2016-17

Annual Report on
State Finances

SEPTEMBER 2017
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Foreword

This Annual Report on State Finances (ARSF) provides detail on the State’s public sector financial results for 2016-17. It includes disclosure of material differences between these outcomes and the forecasts contained in the recent 2017-18 State Budget and the original 2016-17 Budget.

The Government Financial Responsibility Act 2000 requires the release of audited whole-of-government financial results consistent with external reporting requirements within 90 days of the financial 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 on the Western Australian whole-of-government (and its sub-sectors) for:

• the actual outturn for 2016-17, which is the focus of this report;
• the 2016-17 State Budget estimates, presented to the Legislative Assembly on 12 May 2016 (detailed in Appendix 4);
• the 2016-17 estimated outturn contained in the 2017-18 State Budget, and presented to the Legislative Assembly on 7 September 2017 (in Chapter 1);
• quarterly results for June 2017, completing the State’s 2016-17 quarterly reporting series (Appendix 6);
• material Special Purpose Accounts (Appendix 5); and
• the Public Ledger, which includes the Consolidated Account, the Treasurer’s Advance Account, and the Treasurer’s Special Purpose Accounts (Appendix 7).
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 the 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 2017, and the public sector’s financial position at 30 June 2017; 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
UNDER TREASURER

MAGDA WITTEK
MANAGER
FINANCIAL REPORTING

20 September 2017
Opinion of the 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 2017 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 Comparison of Final Outcomes to Original Budget for the year ending 30 June 2017 for the General Government Sector and Total Public Sector (Appendix 4), and the Public Ledger (Appendix 7).

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 2017 and the financial position at the end of that year; and


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.

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

Matters Relating to the Electronic Publication of the Audited Financial Statements
This auditor’s report relates to the financial statements of the Government of Western Australia for the year ended 30 June 2017 included on the Department of Treasury’s website. The Department’s management is responsible for the integrity of the Department’s website. This audit does not provide assurance on the integrity of the Department’s website. The auditor’s report refers only to the financial statements described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If users of the financial statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements to confirm the information contained in this website version of the financial statements.

Colin Murphy  
Auditor General  
For Western Australia  
Perth, Western Australia  
17 September 2017
HIGHLIGHTS

- The general government sector recorded an operating deficit of $2.5 billion in 2016-17, $565 million lower than the $3 billion deficit estimated in the 2017-18 Budget.

- General government revenue grew by a modest 1.6% in 2016-17, following two consecutive years of declining revenue.

- Recurrent expenditure increased by 3.1% in 2016-17, following growth of 2.4% in 2015-16. Salaries expenditure increased by just 2% in 2016-17.

- The State’s Asset Investment Program totalled $5.1 billion in 2016-17, broadly consistent with the 2017-18 Budget estimate and the $5.2 billion infrastructure spend in 2015-16.

- Total public sector net debt stood at $32 billion at 30 June 2017, $536 million lower than the estimated outturn in the 2017-18 Budget. This is an increase of $4.6 billion on the level of net debt at 30 June 2016, with all of this increase attributable to the general government sector.
Introduction

The following table summarises the key financial outcomes for 2016-17. In broad terms, the final outcomes for 2016-17 are slightly better than estimated in the 2017-18 Budget.

### Table 1
**KEY BUDGET AGGREGATES**

![Table 1](image)

Key economic parameters for 2016-17 are summarised in the following table.

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1 This chapter mainly focuses on variations in outcomes between the estimated outturn published in the State’s 2017-18 Budget and the final outcomes for 2016-17, and where important, comparisons to the previous financial year (2015-16). Comparisons to the original 2016-17 Budget projections (presented to the Legislative Assembly on 12 May 2016) are available in Appendix 4: *Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2017.*
### Financial Results

#### Table 2

**KEY ECONOMIC PARAMETERS**

**Western Australia**

<table>
<thead>
<tr>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand and Output (%)</td>
<td>Budget Estimate</td>
</tr>
<tr>
<td>Household Consumption</td>
<td>1.4</td>
</tr>
<tr>
<td>Dwelling Investment</td>
<td>1.3</td>
</tr>
<tr>
<td>Government Consumption</td>
<td>2.9</td>
</tr>
<tr>
<td>Government Investment</td>
<td>-6.0</td>
</tr>
<tr>
<td>State Final Demand</td>
<td>-4.0</td>
</tr>
<tr>
<td>Merchandise Exports</td>
<td>6.1</td>
</tr>
<tr>
<td>Merchandise Imports</td>
<td>-11.1</td>
</tr>
<tr>
<td>Net Exports (c)</td>
<td>18.1</td>
</tr>
<tr>
<td>Gross State Product (d)</td>
<td>1.9</td>
</tr>
</tbody>
</table>

**Labour market (%)**

| Population (a)(e) | 0.7 | 1.3 | 1.2 | 1.2 | 0.7 | n.a. |
| Employment (a)(f) | -0.4 | 0.25 | -1.5 | -1.5 | -0.8 | -0.9 |
| Unemployment Rate (a) | 6.0 | 6.75 | 6.5 | 6.5 | 6.2 | 6.2 |
| Participation Rate (f)(g) | 68.2 | 68.0 | 66.8 | 66.8 | 67.4 | 67.4 |

**Prices (%)**

| Consumer Price Index | 1.0 | 1.75 | 1.0 | 1.0 | 0.6 | 0.6 |
| Wage Price Index | 1.9 | 1.75 | 1.5 | 1.5 | 1.4 | 1.4 |
| Perth Median House Price | -2.7 | -0.5 | -0.5 | -0.5 | -2.8 | n.a. |

**Other key parameters (g)**

| Exchange Rate $US/$A (cents) | 72.8 | 75.7 | 74.8 | 75.3 | 75.4 | 75.4 |
| Iron Ore Price ($US/t) (CFR) | 50.9 | 47.7 | 64.3 | 70.3 | 68.5 | 68.5 |
| Iron Ore Volumes (million dry tonnes) | 748 | 782 | 797 | 797 | 795 | 790 |
| Crude Oil Price ($US/barrel) | 43.4 | 44.4 | 48.3 | 51.7 | 49.7 | 49.7 |

**Interest Rate Assumptions (%)**

| Public Bank Account Earnings | 2.4 | 1.8 | 1.8 | 1.9 | 2.1 | 2.1 |
| Consolidated Account Borrowings | 3.5 | 3.2 | 3.1 | 3.1 | 3.1 | 3.1 |

(a) Annual growth.

(b) Based on 2015-16 annual State Accounts, updated with State Final Demand data published for the June Quarter 2017. Actual data for 2016-17 for Gross State Product, merchandise imports, and net exports is not available until 17 November 2017.

(c) Net exports refer to international trade in both goods and services.

(d) Forecasts for ownership transfer costs, international trade in services and the balancing item are not separately reported.

(e) Actual population figure for 2016-17 is not available until 14 December 2017.

(f) Employment and participation rate actuals for 2015-16 and 2016-17 differ from those published by the Australian Bureau of Statistics (ABS) as they include Treasury’s estimate of the impact of the downward revision to Western Australia’s population as a result of the 2016 Census. The ABS has yet to include the Census impact into the labour force estimates.

(g) Data expressed as annual average during the financial year.

Note: Statistical outcomes sourced from the Australian Bureau of Statistics are subject to periodic revision by that organisation.
Results Compared to Estimated Outturn

General Government Sector

Operating Statement

The general government sector recorded an operating deficit of $2,474 million for the year ending 30 June 2017, a $565 million improvement on the $3,039 million deficit estimated in the recent 2017-18 Budget. This outcome reflects the net impact of higher than expected revenue (up $241 million) and lower than projected expenses (down $324 million).

The following table summarises general government sector operating revenue and expenses for 2016-17.

<table>
<thead>
<tr>
<th></th>
<th>2015-16 Actual</th>
<th>2016-17 Budget Estimate</th>
<th>MYR Revision</th>
<th>PFPS Revision</th>
<th>Estimated Outturn</th>
<th>2016-17 Actual</th>
<th>Variation on EOT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>9,069</td>
<td>8,927</td>
<td>8,536</td>
<td>8,494</td>
<td>8,568</td>
<td>8,573</td>
<td>5</td>
</tr>
<tr>
<td>Current grants and subsidies</td>
<td>7,407</td>
<td>7,687</td>
<td>7,844</td>
<td>7,820</td>
<td>8,012</td>
<td>8,091</td>
<td>79</td>
</tr>
<tr>
<td>Capital grants</td>
<td>895</td>
<td>779</td>
<td>413</td>
<td>399</td>
<td>506</td>
<td>513</td>
<td>7</td>
</tr>
<tr>
<td>Sales of goods and services</td>
<td>2,155</td>
<td>2,227</td>
<td>2,229</td>
<td>2,225</td>
<td>2,196</td>
<td>2,293</td>
<td>97</td>
</tr>
<tr>
<td>Interest income</td>
<td>192</td>
<td>167</td>
<td>182</td>
<td>182</td>
<td>196</td>
<td>196</td>
<td>-</td>
</tr>
<tr>
<td>Revenue from public corporations</td>
<td>1,415</td>
<td>984</td>
<td>1,034</td>
<td>1,129</td>
<td>837</td>
<td>837</td>
<td>-</td>
</tr>
<tr>
<td>Dividends</td>
<td>631</td>
<td>499</td>
<td>490</td>
<td>521</td>
<td>506</td>
<td>534</td>
<td>28</td>
</tr>
<tr>
<td>Royalty income</td>
<td>4,126</td>
<td>3,842</td>
<td>5,181</td>
<td>5,558</td>
<td>5,260</td>
<td>5,272</td>
<td>12</td>
</tr>
<tr>
<td>Other</td>
<td>594</td>
<td>568</td>
<td>604</td>
<td>612</td>
<td>591</td>
<td>604</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>26,485</td>
<td>25,681</td>
<td>26,513</td>
<td>26,941</td>
<td>26,672</td>
<td>26,913</td>
<td>241</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>11,383</td>
<td>11,819</td>
<td>11,972</td>
<td>11,973</td>
<td>11,659</td>
<td>11,610</td>
<td>-49</td>
</tr>
<tr>
<td>Superannuation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concurrent costs</td>
<td>1,167</td>
<td>1,170</td>
<td>1,216</td>
<td>1,216</td>
<td>1,184</td>
<td>1,166</td>
<td>-17</td>
</tr>
<tr>
<td>Superannuation interest cost</td>
<td>218</td>
<td>200</td>
<td>211</td>
<td>218</td>
<td>206</td>
<td>156</td>
<td>-50</td>
</tr>
<tr>
<td>Other employee costs</td>
<td>370</td>
<td>401</td>
<td>369</td>
<td>364</td>
<td>355</td>
<td>358</td>
<td>3</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>1,359</td>
<td>1,477</td>
<td>1,441</td>
<td>1,433</td>
<td>1,373</td>
<td>1,320</td>
<td>-53</td>
</tr>
<tr>
<td>Services and contracts</td>
<td>2,195</td>
<td>2,356</td>
<td>2,410</td>
<td>2,442</td>
<td>2,308</td>
<td>2,393</td>
<td>85</td>
</tr>
<tr>
<td>Other gross operating expenses</td>
<td>5,518</td>
<td>5,549</td>
<td>5,664</td>
<td>5,645</td>
<td>5,938</td>
<td>5,772</td>
<td>-166</td>
</tr>
<tr>
<td>Other interest</td>
<td>664</td>
<td>778</td>
<td>786</td>
<td>786</td>
<td>784</td>
<td>783</td>
<td>-1</td>
</tr>
<tr>
<td>Current transfers</td>
<td>5,164</td>
<td>5,311</td>
<td>5,284</td>
<td>5,348</td>
<td>5,413</td>
<td>5,280</td>
<td>-132</td>
</tr>
<tr>
<td>Capital transfers</td>
<td>469</td>
<td>535</td>
<td>548</td>
<td>545</td>
<td>491</td>
<td>549</td>
<td>58</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>28,506</td>
<td>29,596</td>
<td>29,901</td>
<td>29,969</td>
<td>29,710</td>
<td>29,387</td>
<td>-324</td>
</tr>
<tr>
<td><strong>Net Operating Balance</strong></td>
<td><strong>-2,021</strong></td>
<td><strong>-3,914</strong></td>
<td><strong>-3,388</strong></td>
<td><strong>-3,028</strong></td>
<td><strong>-3,039</strong></td>
<td><strong>-2,474</strong></td>
<td><strong>565</strong></td>
</tr>
</tbody>
</table>

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

The following table summarises key changes to the general government sector operating deficit for 2016-17 relative to the estimated outturn in the 2017-18 Budget (detail of key movements between the original 2016-17 Budget and the final outcome is available in Appendix 4 of this report).
Revenue

General government revenue totalled $26.9 billion in 2016-17, $241 million (or 0.9%) higher than the estimated outturn in the 2017-18 Budget. This mainly reflects higher agency revenue from the sale of goods and services (up $97 million), higher than projected Commonwealth grants (up $86 million) and higher revenue from public corporations (up $28 million).
Changes to general government revenue since the release of the 2017-18 Budget include:

- higher revenue from sales of goods and services (up $97 million), mainly reflecting:
  - Education (up $31 million), resulting from higher than expected own-source revenue for the State’s schools, primarily reflecting school fund-raising activities and one-off revenue increases for prior year insurance cost adjustments and for donations;
  - WA Health (up $16 million), primarily due to higher than expected revenue for services provided on behalf of the Commonwealth and other third parties, and from hospital parking fees; and
  - higher Racing Bets Levy revenue from the Gaming and Wagering Commission of Western Australia (up $11 million), driven by higher than expected overall turnover by wagering operators, and higher premium turnover reflecting the number of premium race meetings held in 2016-17;

- higher recurrent and capital grants from the Commonwealth (up $86 million), largely due to the net impact of:
  - higher total funding for health services (up $97 million), reflecting final outcomes for National Health Reform funding (up $47 million, primarily as a result of delays in finalising funding for 2015-16 activity levels), higher than expected grants for services delivered on behalf of the Department of Veterans Affairs, final funding for the Aged Care Transitional Care Program, and higher levels of vaccines funding; and
  - lower North West Shelf grants, including Commonwealth compensation for crude oil excise arrangements (down $18 million), primarily reflecting lower than forecast production volumes (which are not known with certainty until well after 30 June 2017); and

- higher revenue from public corporations (up $28 million), largely driven by higher tax equivalent revenue from Synergy (up $13 million), Pilbara Ports Authority (up $9 million), Western Power (up $8 million) and the Water Corporation (up $7 million), partially offset by lower tax equivalent revenue from the Insurance Commission of Western Australia (down $10 million). These outcomes reflect movements in final profit outcomes for these public corporations.

Relative to 2015-16, general government revenue increased by 1.6% (or $428 million). This increase follows two years of declining revenue, with the State’s revenue base contracting by 3.3% in 2015-16 (the largest year-on-year reduction since whole-of-government accrual accounting was introduced in Western Australia’s public sector in 1993-94) and 2% in 2014-15. Following these contractions, revenue in 2016-17 ($26.9 billion) remained lower than in 2013-14 ($28 billion).
The return to positive (albeit very modest) revenue growth in 2016-17 is underpinned by higher royalty income, and changes to Commonwealth funding arrangements.

- Royalty income increased by $1,147 million (or 27.8%) in 2016-17, mainly driven by higher iron ore royalties (up $1,108 million). The iron ore price increased by 34.5% to $US68.5 per tonne in 2016-17, supported by robust demand in China.

- Commonwealth grants increased by a net $302 million relative to 2015-16, with increased current grants and subsidies (up $684 million), primarily for health funding and local government grants, partially offset by lower capital grants (down $382 million), reflecting lower funding under housing and transport National Partnership agreements.

Annual growth in revenue from these sources was partly offset by lower taxation revenue, and revenue from public corporations in 2016-17.

- Relative to 2015-16, taxation revenue declined by $497 million (or 5.5%), the first year-on-year contraction since 2008-09. The decline was mainly due to lower landholder duty revenue (down $268 million), and a record decline in payroll tax (down $236 million).

- Revenue from public corporations declined by $676 million in 2016-17, largely due to lower dividend payments (down $578 million) following the decision to defer interim dividend payments by the electricity corporations and port authorities from 2016-17 to 2017-18 as part of the Budget repair measures announced in the 2017-18 Budget.
The State’s own-source revenue accounted for 68% of general government revenue in 2016-17, with the remaining 32% comprised of grants from the Commonwealth. Royalty income represented 20% of total revenue in 2016-17, while the State’s GST grant comprised just 7% of general government revenue.
Expenses

Expenses for the general government sector totalled $29.4 billion, $324 million (or 1.1%) lower than the estimated outturn in the 2017-18 Budget. This mainly reflects lower than expected outcomes for:

- non-cash superannuation interest costs (down $50 million), largely due to the final actuarial valuation of unfunded scheme liabilities;
- WA Health (down $47 million), primarily due to lower than forecast direct patient support costs (particularly from lower than anticipated high cost drug expenses);
- the Department of Agriculture and Food (down $38 million), as a result of capitalising water infrastructure costs associated with the Gascoyne Food Bowl initiative (previously expected to be expensed), and movements in spending in response to unanticipated biosecurity incidents;
- Education (down $34 million), mainly due to the capitalisation of some schools spending on equipment and minor building works, and lower overall depreciation expense due to end of year revisions in school building valuations;
- the Department of Regional Development (down $20 million), primarily due to lower expenditure on the Community Resource Network and movements in grant programs;
- the Department of Commerce (down $17 million), primarily due to lower than anticipated Home Indemnity Insurance costs (reflecting the actual number of builder failures for the year, and lower numbers of eligible claims), expenditure savings as a result of lower revenue from Commerce’s industry regulatory functions (such as WorkSafe and the Building Commission), and changes in the agency’s expenditure profile (such as grants);
- Western Australia Police (down $12 million), mainly reflecting the expensing of some project costs, lower than expected minor asset purchases expense, and delays in grant spending, partially offset by an increase in cost for vehicle impounds following recent legislative amendments;
- the Department of the Attorney General (down $11 million), primarily reflecting lower employee costs (largely reflecting the actuarial valuation of the judicial pension liabilities), partially offset by higher than expected Information and Communications Technology (ICT) support services costs;
- the Department of Transport (down $10 million), mainly due to lower than forecast expenditure on grant programs;
- the Department of the Premier and Cabinet (down $10 million), largely due to unspent Yarloop Clean-up Project grants, lower legal fees for lower Native Title claims, lower employee-related costs and savings for aircraft maintenance;
- Local Government and Communities (down $10 million), mainly reflecting lower salaries expenses due to lower than expected voluntary separation payouts, and higher staff turnover and vacancy rates; and
• Education Services (down $10 million), primarily attributable to reduced payments to non-government schools reflecting lower than anticipated student enrolments.

In year-on-year terms, general government expense growth was 3.1% in 2016-17 (compared to the 4.2% expected in the 2017-18 Budget). This follows growth of 2.4% in 2015-16 and 2.2% in 2014-15.

At 40% of general government operating expenses in 2016-17, salaries expenditure remains the single largest component of general government recurrent spending. In 2016-17, growth in salaries expenditure was just 2%, down from 2.6% in 2015-16.
**Financial Results**

**Balance Sheet**

At $110.2 billion, the net worth of the general government sector (i.e. the extent to which total assets exceed total liabilities) decreased by $4.7 billion between 30 June 2016 and 30 June 2017, mainly reflecting higher Consolidated Account borrowings.

The outcome for 30 June 2017 was $415 million lower than estimated in the 2017-18 Budget, reflecting the net impact of:

- lower holdings of property, plant and equipment (down $2 billion), mainly due to lower than expected valuations for road infrastructure assets;
- a stronger net asset position for the general government sector’s ownership interest in the public non-financial corporations sector (up $859 million), mainly driven by higher than anticipated valuations for property, plant and equipment (up $1.2 billion, including a very large upward revaluation for the Pilbara Ports Authority for channels and breakwaters, land and berths and jetties, with these classes of assets now valued at fair value); and
- higher holdings of liquid financial assets (up $594 million), largely due to the lower operating deficit outcome (noted earlier).
General government sector liabilities remained largely unchanged relative to the 2017-18 Budget estimate (up $69 million), with lower than expected unfunded superannuation liabilities (down $104 million) more than offset by higher payables (up $102 million), deposits held on behalf of third parties (up $55 million) and all other liabilities (up $15 million).

The vast majority of the sector’s liabilities are held in the form of Consolidated Account borrowings ($22.3 billion or 60%), with unfunded superannuation liabilities the next largest component (at $7 billion or 19% of total liabilities).
Further information on the general government sector balance sheet position relative to the original 2016-17 Budget forecasts can be found in Appendix 4: *Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2017*.

**Cash Flow Statement**

The general government sector recorded a cash deficit of $3.8 billion in 2016-17, a $458 million improvement relative to the $4.2 billion estimated deficit in the 2017-18 Budget. This improved cash result primarily reflects a lower than expected cash deficit on operating activities (down $437 million, in line with the accrual operating balance outcome detailed earlier in this chapter).

The cash deficit from operating activities (of $1.5 billion) is the second consecutive operating cash deficit (following a $1.3 billion deficit in 2015-16), and reflects the significant revenue pressures the State has faced in the past few years.
Total Public Sector\(^2\)

Summary

The total public sector recorded a $2.7 billion operating deficit for 2016-17. This is a $391 million improvement on the $3.1 billion estimated deficit in the 2017-18 Budget. This improvement reflects the better than expected results for the general government sector discussed earlier as well as the public non-financial corporations (PNFC) sector (up $85 million), partly offset by a weaker outcome for the public financial corporations (PFC) sector (down $258 million).

Total public sector net debt at 30 June 2017 was $32 billion, $536 million lower than the estimated outturn in the 2017-18 Budget.

Table 5

<table>
<thead>
<tr>
<th></th>
<th>2015-16</th>
<th>2016-17</th>
<th>Variation on EOT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Budget</td>
<td>MYR</td>
</tr>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>OPERATING STATEMENT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>44,316</td>
<td>41,824</td>
<td>45,095</td>
</tr>
<tr>
<td>Expenses</td>
<td>46,875</td>
<td>46,060</td>
<td>49,063</td>
</tr>
<tr>
<td>Net Operating Balance</td>
<td>-2,559</td>
<td>-4,237</td>
<td>-3,968</td>
</tr>
<tr>
<td>BALANCE SHEET</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>190,366</td>
<td>192,680</td>
<td>188,207</td>
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<tr>
<td>Liabilities</td>
<td>75,499</td>
<td>76,726</td>
<td>76,111</td>
</tr>
<tr>
<td>Net Worth</td>
<td>114,866</td>
<td>115,954</td>
<td>112,095</td>
</tr>
<tr>
<td>CASH FLOW STATEMENT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net cash held</td>
<td>2,706</td>
<td>-587</td>
<td>-204</td>
</tr>
<tr>
<td>Cash Surplus/-deficit</td>
<td>-4,731</td>
<td>-5,526</td>
<td>-5,402</td>
</tr>
<tr>
<td>Memorandum Item: Net Debt</td>
<td>27,347</td>
<td>33,838</td>
<td>33,389</td>
</tr>
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</table>

Note: Columns may not add due to rounding.

Net Operating Balance

A $2.7 billion operating deficit was recorded by the total public sector in 2016-17, $391 million lower than estimated in the 2017-18 Budget, and broadly similar to the outcome recorded in 2015-16.

\(^2\) The total public sector consolidates the general government, public non-financial corporations and public financial corporations sectors. The total public sector is also known as the whole-of-government. Detailed financial disclosures for each of these sectors are contained in Appendix 1: Financial Statements.
Table 6
TOTAL PUBLIC SECTOR OPERATING BALANCE
By Sector

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<th>2015-16 Actual</th>
<th>2016-17 Budget</th>
<th>MYR Revision</th>
<th>PFPS Revision</th>
<th>Estimated Outturn</th>
<th>Actual EOT</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>General government sector</td>
<td>-2,021</td>
<td>-3,914</td>
<td>-3,388</td>
<td>-3,028</td>
<td>-3,039</td>
<td>-2,474</td>
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<tr>
<td>Public non-financial corporations sector</td>
<td>892</td>
<td>577</td>
<td>352</td>
<td>352</td>
<td>396</td>
<td>480</td>
</tr>
<tr>
<td>Public financial corporations sector</td>
<td>72</td>
<td>202</td>
<td>174</td>
<td>415</td>
<td>422</td>
<td>164</td>
</tr>
<tr>
<td>less</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government dividend revenue</td>
<td>1,415</td>
<td>964</td>
<td>1,034</td>
<td>1,129</td>
<td>837</td>
<td>837</td>
</tr>
<tr>
<td>Public non-financial corporations dividend revenue (a)</td>
<td>87</td>
<td>117</td>
<td>72</td>
<td>72</td>
<td>77</td>
<td>78</td>
</tr>
<tr>
<td>Total public sector net operating balance</td>
<td>-2,559</td>
<td>-4,237</td>
<td>-3,968</td>
<td>-3,462</td>
<td>-3,135</td>
<td>-2,744</td>
</tr>
</tbody>
</table>

(a) Dividends received from Keystart (a PFC) by the Housing Authority (a PNFC).
Note: Columns/rows may not add due to rounding.

Public Non-Financial Corporations

An operating surplus of $480 million was recorded in the PNFC sector in 2016-17, $85 million higher than the $396 million surplus estimated in the 2017-18 Budget. This movement includes the combined effect of:

- lower expenses (down $152 million) and income (down $141 million) for the Housing Authority, mainly due to:
  - lower sales from the Affordable Housing and Public Housing Stock Redevelopment programs as a result of a soft property market. This has also resulted in lower commencements and a corresponding reduction in the cost of goods sold; and
  - lower services and contracts, primarily due to lower Aboriginal housing expenditure following delays in signing the 2016-18 National Partnership on Remote Housing agreement with the Commonwealth;
- lower than anticipated expenses for Western Power (down $29 million excluding interest movements noted above), mainly due to:
  - lower than forecast operating costs as a result of ongoing business process improvements, including revised asset maintenance strategies and renegotiated supplier contract agreements; and
  - lower cost of sales for materials sold to third parties, due to a slowdown in the land development market, private sector developers purchasing materials directly from suppliers, and lower product prices; and
- higher than anticipated revenue for the Metropolitan Redevelopment Authority (up $21 million), reflecting the accounting impact of land sales.
**Public Financial Corporations**

An operating surplus of $164 million was recorded for the PFC sector in 2016-17, $258 million weaker than the $422 million surplus estimated in the 2017-18 Budget. The weaker outcome reflects lower revenue (down $332 million) more than offsetting lower expenses (down $74 million).

These movements were largely driven by:

- lower revenue for the Insurance Commission of Western Australia (down $164 million), reflecting the reclassification of investment gains from revenue to (non-cash) valuations, and higher expenses (up $104 million), primarily due to an increase in the expected size of future claims based on the Commission’s actuarial assessment for the year ending 30 June 2017;

- lower revenue (down $38 million) and expenses (down $71 million) for RiskCover, primarily due to lower premium revenue on the back of a reduction in claims expenses (arising from a decrease in the number of claims); and

- lower interest revenue (down $113 million) and interest expenses (down $102 million), mainly due to the timing of agency borrowings through the Western Australian Treasury Corporation.
Asset Investment

The total public sector spent $5.1 billion on infrastructure in 2016-17, $43 million lower than the estimated outturn in the 2017-18 Budget.

- The general government sector accounted for $2.3 billion (or 46%) of the total Asset Investment Program (AIP), with investment in hospitals, roads and school infrastructure accounting for 70% of the sector’s total spending during 2016-17.

- Infrastructure investment in water, electricity and housing accounted for 66% of the public corporations sector’s $2.9 billion AIP in 2016-17.

The estimated outturn included in the 2017-18 Budget incorporated a $500 million provision for underspending that was expected to arise as a result of unidentified slippage in agency programs. Consistent with this expectation, agency infrastructure spending was $543 million lower than the estimated outturn.
Lower than expected agency AIP outcomes reflect the net impact of:

- the Housing Authority (down $191 million), largely due to:
  - lower expenditure on the Social Housing Investment Package (down $87 million), largely due to the lower than budgeted cost per unit for construction and lower average acquisition cost for spot purchases;
  - lower land redevelopment expenditure (down $18 million), due to the deferral of development works pending the finalisation of a partnership with the private sector;
  - lower investment in joint venture land developments (down $17 million) as softening market conditions have resulted in the deferral of expenditure to future years and lower re-investment of sales revenue into joint ventures;
  - lower spending on the Housing for Workers Program (down $12 million), reflecting changes to demand in Karratha and delays in Fitzroy Crossing and Halls Creek due to a prolonged wet season; and
Financial Results

- lower spending on the Government Regional Officers Housing program (down $12 million) due to planning delays, site issues and reduced demand from client agencies;

- Western Power (down $106 million), largely due to project demand-driven delays or projects being placed on hold, slower than expected progress with wood pole replacement works, lower spending on heavy fleet vehicles resulting from a strategic review and rationalisation program, and the Electricity Market Review Transition Program not progressing;

- the Water Corporation (down $85 million), primarily due to the later payment of works completed in 2016-17;

- the port authorities (down $44 million), mainly due to lower spending by the Pilbara Ports Authority (down $27 million), reflecting timing delays associated with projects funded by the Port Improvement Rate and the first gas export from the Chevron Wheatstone project. Lower spending by other ports includes:
  - the Kimberley Ports Authority (down $7 million), due to delays in the Wharf Extension of Life project and associated electrical works; and
  - the Fremantle Port Authority (down $6 million), relating to timing delays to various projects, currently underway and expected to be completed during 2017-18, and minor works;

- WA Health (down $37 million), due primarily to a change in accounting treatment for the Telethon Kids Institute Fit Out project (now recognised as recurrent spending); and

- Horizon Power (up $23 million), mainly due to work progressing ahead of schedule for the Onslow Power Infrastructure Project and Pilbara Underground Power Project, and higher than projected customer-funded works.

The following table summarises the material agency movements in infrastructure investment for 2016-17 across the total public sector.
Balance Sheet

The 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 deficit of $4.7 billion was recorded in 2016-17, $184 million larger than the $4.5 billion deficit estimated in the 2017-18 Budget. The higher than expected deficit outcome reflects the net impact of:

- a weaker operating outcome for the PFC sector (down $531 million), mainly reflecting higher than expected interest payments for the Western Australian Treasury Corporation resulting from timing issues associated with interest rates, borrowings and the draw down of borrowings by agencies;

- a weaker outcome for the PNFC sector, with a stronger cash surplus from operations more than offset by higher than anticipated net cash outflows for investments in non-financial assets, largely reflecting lower than anticipated sales by the Housing Authority; and

- the stronger than anticipated cash operating surplus for the general government sector discussed earlier.

(See Table 7 for details.)
Net Debt

Reflecting the cash deficit outcome outlined earlier, total public sector net debt increased by $4.6 billion during 2016-17, to stand at $32 billion at 30 June 2017.

Net debt at 30 June 2017 was $536 million lower than estimated in the 2017-18 Budget. This includes movements in operating and investing cash outcomes for the general government and public corporations sectors, and the impact of non-cash increases in the value of liquid financial assets, mainly for the Western Australian Treasury Corporation and the Insurance Commission of Western Australia.

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3 Net debt consists of the State’s gross debt liabilities (including deposits held, borrowings, finance leases, etc.), net of cash and other liquid assets (cash holdings and investments, loans and advances by government, etc.).
Increases in net debt continue to be dominated by the general government sector, with a $5.1 billion increase for the sector relative to 30 June 2016 (mainly due to higher Consolidated Account borrowing). The general government sector now holds nearly 60% of total public sector net debt.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Account borrowings</td>
<td>$17,239</td>
<td>$22,250</td>
</tr>
<tr>
<td>Other Public Bank Account net assets</td>
<td>-$3,352</td>
<td>-$3,710</td>
</tr>
<tr>
<td>Western Power</td>
<td>$7,376</td>
<td>$7,236</td>
</tr>
<tr>
<td>Water Corporation</td>
<td>$5,685</td>
<td>$5,875</td>
</tr>
<tr>
<td>Public Transport Authority</td>
<td>$1,956</td>
<td>$1,822</td>
</tr>
<tr>
<td>Horizon Power</td>
<td>$1,080</td>
<td>$1,033</td>
</tr>
<tr>
<td>Housing Authority</td>
<td>$752</td>
<td>$870</td>
</tr>
<tr>
<td>Public financial corporations</td>
<td>-$3,139</td>
<td>-$3,317</td>
</tr>
<tr>
<td>All other</td>
<td>-$250</td>
<td>-$96</td>
</tr>
<tr>
<td><strong>Total Public Sector Net Debt at 30 June</strong></td>
<td><strong>$27,347</strong></td>
<td><strong>$31,964</strong></td>
</tr>
</tbody>
</table>

(a) Consists mainly of Special Purpose Accounts (such as the Royalties for Regions Fund and the Western Australian Future Fund) and other cash investments.

(b) Includes the Insurance Commission of Western Australia which holds significant liquid financial assets for the future payment of non-debt insurance claims.
The table below reconciles movements in net debt since the 2017-18 Budget estimates were finalised on 7 August 2017.

<table>
<thead>
<tr>
<th>Table 9</th>
<th>SUMMARY OF TOTAL PUBLIC SECTOR NET DEBT VARIATIONS SINCE THE 2017-18 BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET DEBT AT 30 JUNE 2017 - 2017-18 BUDGET</strong></td>
<td>$m</td>
</tr>
<tr>
<td>Less</td>
<td>change in net cash flows from operating activities and dividends paid</td>
</tr>
<tr>
<td>General government</td>
<td>436.5</td>
</tr>
<tr>
<td>Public non-financial corporations</td>
<td>109.7</td>
</tr>
<tr>
<td>Public financial corporations</td>
<td>-531.0</td>
</tr>
<tr>
<td><strong>Total Public Sector</strong></td>
<td>15.3</td>
</tr>
<tr>
<td>Plus</td>
<td>purchases of non-financial assets</td>
</tr>
<tr>
<td>Housing Authority</td>
<td>-190.9</td>
</tr>
<tr>
<td>Western Power (including provisions)</td>
<td>-106.4</td>
</tr>
<tr>
<td>Water Corporation</td>
<td>-85.3</td>
</tr>
<tr>
<td>Port Authorities</td>
<td>-44.4</td>
</tr>
<tr>
<td>WA Health</td>
<td>-37.3</td>
</tr>
<tr>
<td>Removal of provision for underspending</td>
<td>500.0</td>
</tr>
<tr>
<td>All other</td>
<td>-79.0</td>
</tr>
<tr>
<td><strong>Total purchases of non-financial assets</strong></td>
<td>-43.4</td>
</tr>
<tr>
<td>Less</td>
<td>proceeds from sale of non-financial assets</td>
</tr>
<tr>
<td></td>
<td>-242.7</td>
</tr>
<tr>
<td>Plus</td>
<td>all other financing transactions</td>
</tr>
<tr>
<td>Net market gains on financial assets (a)</td>
<td>-404.6</td>
</tr>
<tr>
<td>All other financing (b)</td>
<td></td>
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<tr>
<td>General government</td>
<td>-99.2</td>
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<tr>
<td>Public non-financial corporations</td>
<td>-50.1</td>
</tr>
<tr>
<td>Public financial corporations</td>
<td>-166.5</td>
</tr>
<tr>
<td><strong>Cumulative impact on net debt at 30 June</strong></td>
<td>-536</td>
</tr>
<tr>
<td><strong>NET DEBT AT 30 JUNE 2017 - 2016-17 ANNUAL REPORT ON STATE FINANCES</strong></td>
<td>$m</td>
</tr>
<tr>
<td></td>
<td>31,964</td>
</tr>
</tbody>
</table>

(a) Includes the impact from net gains on movements in financial assets and liabilities, particularly in the public financial corporations sector.

(b) Includes other valuation changes to applicable assets and liabilities, restatement of agency net debt assets/liabilities, net acquisition of financial assets for liquidity purposes, etc. These transactions have no associated cash flow reflected in other items in this table.

Note: Column may not add due to rounding.

**Financial Targets**


The targets set out in the previous Government’s 2016-17 Budget were to:

- ensure that annual general government sector expense growth does not exceed revenue growth;
- maintain a cash surplus from operating activities for the general government sector of at least 50% of general government sector infrastructure spend per year;
- maintain the total non-financial public sector (TNPS) net debt to revenue ratio at or below 55%;
2016-17 Annual Report on State Finances

- maintain a cash operating surplus for the TNPS of at least 5% of operating cash receipts; and
- provide a fair and efficient taxation system that is competitive with other Australian States.

As a result of ongoing weakness in the State’s revenue base and the consequent impact on the general government sector operating position, only one of these targets (tax competitiveness) was met in 2016-17 – see table below.

In the case of all of the targets, outcomes are consistent with expectations at the time of the 2016-17 Budget. Movements in key aggregates between the original Budget and final outcomes for 2016-17 are detailed in Appendix 4 of this report.

<table>
<thead>
<tr>
<th>2016-17 FINANCIAL TARGETS</th>
<th>Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure expense growth does not exceed revenue growth</td>
<td>Budget</td>
</tr>
<tr>
<td>- Current estimate/outcome (revenue growth minus expense growth)</td>
<td>-6.8</td>
</tr>
<tr>
<td>- Compliance</td>
<td>No</td>
</tr>
<tr>
<td>Maintain a cash surplus from operating activities for the general government sector of at least 50% of infrastructure spend</td>
<td>-96.9</td>
</tr>
<tr>
<td>- Current estimate/outcome</td>
<td>No</td>
</tr>
<tr>
<td>Maintain TNPS net debt at or below 55% of revenue</td>
<td>91.2</td>
</tr>
<tr>
<td>- Current estimate/outcome</td>
<td>No</td>
</tr>
<tr>
<td>Maintain a TNPS cash operating surplus of at least 5% of receipts</td>
<td>-2.2</td>
</tr>
<tr>
<td>- Current estimate/outcome</td>
<td>No</td>
</tr>
<tr>
<td>Maintain the State's tax competitiveness</td>
<td>Yes</td>
</tr>
<tr>
<td>- Compliance</td>
<td></td>
</tr>
</tbody>
</table>

(a) This target was met in 2016-17, with Western Australia more competitive than other States on two of the three available measures (tax as a share of Gross State Product and tax per capita).
APPENDIX 1

Financial Statements

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<td>Total Non-Financial Public Sector</td>
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<td>12</td>
<td>Land</td>
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<td>14</td>
<td>Reconciliation of land and other property, plant and equipment</td>
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</tr>
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<td>15</td>
<td>Fair Value Measurements</td>
<td>87</td>
</tr>
<tr>
<td>16</td>
<td>Biological assets</td>
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</tr>
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<td>17</td>
<td>Inventories</td>
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<td>18</td>
<td>Intangible assets</td>
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<td>19</td>
<td>Assets classified as held for sale</td>
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<td>20</td>
<td>Investment properties</td>
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<td>21</td>
<td>Borrowings</td>
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<td>22</td>
<td>Unfunded Superannuation</td>
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<td>23</td>
<td>Other employee benefits</td>
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<td>24</td>
<td>Other liabilities</td>
<td>119</td>
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<td>25</td>
<td>Reconciliation of net cash flows from operating activities to surplus for period</td>
<td>121</td>
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<td>26</td>
<td>Closing cash balances</td>
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<td>27</td>
<td>Restricted financial assets</td>
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<td>Moneys held in trust</td>
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<td>Expenditure commitments</td>
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<td>Contingent assets and liabilities</td>
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<td>31</td>
<td>Financial instruments</td>
<td>133</td>
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<td>32</td>
<td>Other disaggregated information</td>
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<td>33</td>
<td>Events occurring after the reporting period</td>
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<td>34</td>
<td>Related Party Disclosures</td>
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</tr>
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<td>35</td>
<td>Composition of sectors</td>
<td>156</td>
</tr>
<tr>
<td>36</td>
<td>Budgetary information – comparison of final outcomes to original budget</td>
<td>159</td>
</tr>
</tbody>
</table>
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 2016-17 Budget Papers presented to the Legislative Assembly on 12 May 2016, facilitating comparisons between estimates and outturns.

These financial statements (Operating Statement, Balance Sheet, Statement of Changes in Equity 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 sector;
- the public non-financial corporations sector;
- the total non-financial public sector, representing the consolidation of the general government sector and the public non-financial corporations sector;
- the public financial corporations sector; and
- the total public sector (or whole-of-government).

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

<table>
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<tr>
<th></th>
<th>2015-16</th>
<th>Budget</th>
<th>MFR</th>
<th>SFPS</th>
<th>Estimated</th>
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<td><strong>REVENUE</strong></td>
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<td>Items that will not be reclassified to operating result</td>
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<td>Gains recognised directly in equity</td>
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<td>Change in net worth of the public corporations sectors</td>
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<td>Total all other movements in equity</td>
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<td>TOTAL CHANGE IN NET WORTH</td>
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<td><strong>NET OPERATING BALANCE</strong></td>
<td>10</td>
<td>-2,021</td>
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<td>-3,028</td>
<td>-3,039</td>
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<td>Less Net acquisition of non-financial assets</td>
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<td>Purchase of non-financial assets</td>
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<td>Other movement in non-financial assets</td>
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<td>Total net acquisition of non-financial assets</td>
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<td><strong>NET LENDING/-BORROWING</strong></td>
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<td>-4,139</td>
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</table>

(a) The accompanying notes form part of these financial statements.
(b) Also known as the ‘Net Result From Transactions’.
(c) Also known as the ‘Comprehensive Result’.

Note: Columns/rows may not add due to rounding.
## General Government (a)

### Balance Sheet at 30 June

<table>
<thead>
<tr>
<th>Notes</th>
<th>2016 Actual</th>
<th>2017 Budget Estimate</th>
<th>MYR Revision</th>
<th>PRSP Revision</th>
<th>Estimated Outturn</th>
<th>Variation on EOT</th>
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<td>(4)</td>
<td>(5)</td>
<td>(5) - (4)</td>
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### Assets

#### Financial assets

- **Cash and deposits**
  - 2016: $820
  - 2017: $852, $745, $745, $777
- **Advances paid**
  - 2016: $711, $712, $719, $719, $726
- **Investments, loans and placements**
  - 2016: $4,042, $2,620, $3,439, $3,576, $3,728
- **Receivables**
  - 2016: $266, $265, $271, $272

#### Shares and other equity

- **Investments in other public sector entities - equity method**
  - 2016: $47,654, $49,403, $47,922
- **Investments in other public sector entities - direct injections**
  - 2016: $8,180, $9,058, $8,940
- **Investments in other entities**
  - 2016: $48, $50

#### Other financial assets

- 2016: $8

#### Total financial assets

- 2016: $64,384
- 2017: $65,241, $64,647, $65,122

### Non-financial assets

- **Land**
  - 2016: $38,551
- **Property, plant and equipment**
  - 2016: $13,14
- **Biological assets**
  - 2016: $4
- **Inventories**
  - 2016: $650
- **Intangibles**
  - 2016: $650

#### Total non-financial assets

- 2016: $83,182
- 2017: $88,396, $84,776

#### Total assets

- 2016: $147,566
- 2017: $153,637, $149,424

### Liabilities

- **Deposits held**
  - 2016: $518
- **Advances received**
  - 2016: $392
- **Borrowings**
  - 2016: $18,379
- **Superannuation**
  - 2016: $7,939
- **Other employee benefits**
  - 2016: $2,892
- **Payables**
  - 2016: $1,228
- **Other liabilities**
  - 2016: $1,352

#### Total liabilities

- 2016: $32,700
- 2017: $37,682, $37,329

#### Total assets

- 2016: $147,566
- 2017: $153,637

#### Net assets

- 2016: $114,866
- 2017: $115,954, $112,095

#### Net financial worth

- 2016: $31,684
- 2017: $27,559, $27,319

#### Net financial liabilities

- 2016: $24,150
- 2017: $20,393, $19,496

#### Net debt

- 2016: $13,717
- 2017: $23,977

### Notes

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

Note: Columns/rows may not add due to rounding.
<table>
<thead>
<tr>
<th>Note: Columns/rows may not add due to rounding.</th>
<th>Asset Revaluation Surplus $m</th>
<th>Accumulated net gain on equity investments in other sector entities $m</th>
<th>Accumulated Surplus/deficit $m</th>
<th>Total Equity $m</th>
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<tr>
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<td>All other</td>
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<td>Total change in net worth</td>
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<td>114,866</td>
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<td>Balance at 1 July 2016</td>
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<td>All other</td>
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<td>Total change in net worth</td>
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### Table 1.4

**GENERAL GOVERNMENT (a)**

**Cash Flow Statement**

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<th>MRPS</th>
<th>Revised</th>
<th>Estimated Outturn</th>
<th>Actual on EOT</th>
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<td>(4)</td>
<td>(5)</td>
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<td>(7)</td>
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<td>Receipts from sales of goods and services</td>
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<td>2,273</td>
<td>2,269</td>
<td>2,235</td>
<td>2,335</td>
</tr>
<tr>
<td>Interest received</td>
<td>187</td>
<td>159</td>
<td>173</td>
<td>174</td>
<td>194</td>
<td>193</td>
</tr>
<tr>
<td>Dividends and tax equivalents</td>
<td>2,087</td>
<td>1,562</td>
<td>1,647</td>
<td>1,745</td>
<td>1,455</td>
<td>1,484</td>
</tr>
<tr>
<td>Other</td>
<td>9,522</td>
<td>5,711</td>
<td>6,836</td>
<td>7,562</td>
<td>6,939</td>
<td>7,218</td>
</tr>
<tr>
<td>Total cash received</td>
<td>27,929</td>
<td>27,050</td>
<td>27,721</td>
<td>27,948</td>
<td>27,754</td>
<td>28,191</td>
</tr>
</tbody>
</table>

**Cash paid**

| Wages, salaries and supplements, and superannuation | -13,374 | -13,437 | -13,611 | -13,613 | -13,193 | -13,141 |
| Payments for goods and services | -8,083 | -8,190 | -8,397 | -8,406 | -8,662 | -8,608 |
| Interest paid | -631   | -737  | -762  | -761   | -762   | -758   |
| Grants and subsidies paid | -5,364 | -5,654 | -5,645 | -5,706 | -5,479 | -5,389 |
| Dividends and tax equivalents | -        | -       | -     | -       | -       | -       |
| Other payments | -1,769 | -1,439 | -1,404 | -1,402 | -1,635 | -1,836 |
| Total cash paid | -29,221 | -29,456 | -29,819 | -29,887 | -29,732 | -29,732 |

**Net cash flows from operating activities**

| 25   | -1,291 | -2,406 | -2,098 | -1,939 | -1,977 | -1,541 |

**Cash flows from non-financial investments**

| Purchase of non-financial assets | -2,475 | -2,484 | -2,259 | -2,296 | -2,404 | -2,341 |
| Sales of non-financial assets | 102    | 207    | 180    | 202    | 173    | 132    |
| Total cash flows from investments in non-financial assets | -2,373 | -2,278 | -2,079 | -2,094 | -2,231 | -2,210 |

**Cash flows from financial investments**

| For policy purposes | 140    | 10     | 10     | 10     | 10     | 14     |
| For liquidity purposes | 101    | 35     | 78     | 78     | 58     | 83     |
| Total cash receipts from financial activities | -694  | -917  | -893  | -890  | -779  | -809  |

**Net cash flows from financial activities**

| -3,067  | -3,195  | -2,972  | -2,984  | -3,009  | -3,018  |

**Key Fiscal aggregates**

| Net cash flows from operating activities | -1,291 | -2,406 | -2,098 | -1,939 | -1,977 | -1,541 |
| Net cash flows from investing in non-financial assets | -2,373 | -2,278 | -2,079 | -2,094 | -2,231 | -2,210 |
| Cash surplus/deficit | -3,067  | -3,195  | -2,972  | -2,984  | -3,009  | -3,018  |

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

Note: Columns/rows may not add due to rounding.
### PUBLIC NON-FINANCIAL CORPORATIONS

#### Operating Statement

<table>
<thead>
<tr>
<th>Notes</th>
<th>2015-16 Actual</th>
<th>Budget Estimate</th>
<th>MYR Revision</th>
<th>PPRS Revision</th>
<th>Estimated Outturn</th>
<th>Variation on EOT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
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<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(5) - (4)</td>
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#### RESULTS FROM TRANSACTIONS

**Revenue**

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<tr>
<th>Item</th>
<th>2015-16</th>
<th>2016-17</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current grants and subsidies</td>
<td>2,212</td>
<td>2,149</td>
<td>-63</td>
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<tr>
<td>Capital grants</td>
<td>200</td>
<td>211</td>
<td>11</td>
</tr>
<tr>
<td>Sales of goods and services</td>
<td>19,170</td>
<td>16,885</td>
<td>-2285</td>
</tr>
<tr>
<td>Interest income</td>
<td>159</td>
<td>144</td>
<td>-15</td>
</tr>
<tr>
<td>Other</td>
<td>551</td>
<td>610</td>
<td>59</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>22,392</td>
<td>19,999</td>
<td>-2393</td>
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**Expenses**

<table>
<thead>
<tr>
<th>Item</th>
<th>2015-16</th>
<th>2016-17</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>1,191</td>
<td>1,210</td>
<td>19</td>
</tr>
<tr>
<td>Superannuation</td>
<td>123</td>
<td>120</td>
<td>-3</td>
</tr>
<tr>
<td>Other employee costs</td>
<td>51</td>
<td>47</td>
<td>-4</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>1,988</td>
<td>2,121</td>
<td>133</td>
</tr>
<tr>
<td>Services and contracts</td>
<td>981</td>
<td>894</td>
<td>-87</td>
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<tr>
<td><strong>Total</strong></td>
<td>21,500</td>
<td>19,422</td>
<td>-2078</td>
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</table>

**Net Operating Balance**

<table>
<thead>
<tr>
<th>2015-16</th>
<th>2016-17</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>892</td>
<td>577</td>
<td>-315</td>
</tr>
</tbody>
</table>

**Other economic flows - included in the operating result**

<table>
<thead>
<tr>
<th>Item</th>
<th>2015-16</th>
<th>2016-17</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net gains on assets/liabilities</td>
<td>21</td>
<td>163</td>
<td>142</td>
</tr>
<tr>
<td>Superannuation interest cost</td>
<td>-23</td>
<td>-23</td>
<td>-23</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>-6</td>
<td>-21</td>
<td>15</td>
</tr>
<tr>
<td>Changes in accounting policy/adjustment of prior periods</td>
<td>-666</td>
<td>-1,068</td>
<td>-402</td>
</tr>
<tr>
<td><strong>Total other economic flows</strong></td>
<td>-704</td>
<td>-1,069</td>
<td>-365</td>
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</table>

**Operating Result**

<table>
<thead>
<tr>
<th>2015-16</th>
<th>2016-17</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>189</td>
<td>723</td>
<td>534</td>
</tr>
</tbody>
</table>

**Other non-owner movements in equity**

<table>
<thead>
<tr>
<th>Item</th>
<th>2015-16</th>
<th>2016-17</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revaluations</td>
<td>-1,520</td>
<td>590</td>
<td>-1,030</td>
</tr>
<tr>
<td>Gains recognised directly in equity</td>
<td>1,655</td>
<td>50</td>
<td>1,605</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total other non-owner movements in equity</strong></td>
<td>135</td>
<td>1,289</td>
<td>1,154</td>
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</tbody>
</table>

**Movements in owner equity**

<table>
<thead>
<tr>
<th>Item</th>
<th>2015-16</th>
<th>2016-17</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>-1,273</td>
<td>-935</td>
<td>-338</td>
</tr>
<tr>
<td>Capital injections</td>
<td>712</td>
<td>1,004</td>
<td>292</td>
</tr>
<tr>
<td><strong>Total movements in owner equity</strong></td>
<td>-561</td>
<td>157</td>
<td>718</td>
</tr>
</tbody>
</table>

**Total Change in Net Worth**

<table>
<thead>
<tr>
<th>2015-16</th>
<th>2016-17</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>-237</td>
<td>1,327</td>
<td>1,564</td>
</tr>
</tbody>
</table>

**Key Fiscal Aggregates**

<table>
<thead>
<tr>
<th>Item</th>
<th>2015-16</th>
<th>2016-17</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less Net acquisition of non-financial assets</td>
<td>892</td>
<td>577</td>
<td>-315</td>
</tr>
<tr>
<td>Purchase of non-financial assets</td>
<td>2,877</td>
<td>3,370</td>
<td>493</td>
</tr>
<tr>
<td>Changes in inventories</td>
<td>1,009</td>
<td>253</td>
<td>-756</td>
</tr>
<tr>
<td>Other movement in non-financial assets</td>
<td>156</td>
<td>155</td>
<td>-1</td>
</tr>
<tr>
<td>Sales of non-financial assets</td>
<td>718</td>
<td>863</td>
<td>145</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,988</td>
<td>2,121</td>
<td>133</td>
</tr>
<tr>
<td><strong>Total net acquisition of non-financial assets</strong></td>
<td>1,335</td>
<td>795</td>
<td>-540</td>
</tr>
</tbody>
</table>

**Net Lending/Borrowing**

<table>
<thead>
<tr>
<th>2015-16</th>
<th>2016-17</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>-442</td>
<td>-218</td>
<td>-224</td>
</tr>
</tbody>
</table>

Note: Columns/rows may not add due to rounding.
## PUBLIC NON-FINANCIAL CORPORATIONS

**Balance Sheet at 30 June**

<table>
<thead>
<tr>
<th>Notes</th>
<th>Actual $m</th>
<th>Budget Estimate $m</th>
<th>MRR Revision $m</th>
<th>FRFS Revision $m</th>
<th>Estimated Outturn $m</th>
<th>Variation on EOT $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(5) - (4)</td>
<td></td>
</tr>
</tbody>
</table>

### ASSETS

#### Financial assets

- **Cash and deposits**: 1,267, 1,547, 1,314, 1,312, 1,610, 1,750, 140
- **Advances paid**: -
- **Investments, loans and placements**: 5,072, 5,477, 4,472, 4,464, 3,904, 4,034, 130
- **Receivables**: 1,137, 1,222, 1,443, 1,441, 1,392, 1,117, -276

#### Shares and other equity

- **Investments in other public sector entities - equity method**: -
- **Investments in other public sector entities - direct injections**: -
- **Investments in other entities**: 24, 46, 21, 21, -

#### Other financial assets

- **Total financial assets**: 8,349, 9,076, 8,050, 8,039, 7,708, 7,702, -5

#### Non-financial assets

- **Land**: 14,682, 15,248, 14,682, 14,682, 13,595, 13,601, 6
- **Property, plant and equipment**: 54,064, 55,682, 55,087, 55,084, 54,726, 55,889, 1,163
- **Biological assets**: 330, 319, 331, 331, 328, 326, -2
- **Inventories**: 2,059, 2,089, 2,082, 2,082, 2,025, 1,966, -59
- **Intangibles**: 4,417, 4,276, 4,627, 4,627, 4,002, 3,980, -22
- **Assets classified as held for sale**: 28, 36, 28, 28, -
- **Investment property**: 65, 51, 65, 65, 59, -6
- **Other**: 144, 163, 120, 120, 145, 138, -7

#### Total non-financial assets

- **Total assets**: 84,579, 87,369, 85,498, 85,484, 83,057, 84,119, 1,062

### LIABILITIES

- **Deposits held**: -
- **Advances received**: 392, 376, 376, 376, 376, 376, -
- **Borrowings**: 22,716, 23,509, 22,651, 22,649, 21,614, 21,869, 255
- **Superannuation**: 120, 22, 78, 78, 82, 116, 34
- **Other employee benefits**: 442, 440, 423, 423, 425, 388, -37
- **Payables**: 5,197, 5,200, 5,309, 5,305, 4,779, 4,955, 176
- **Other liabilities**: 144, 163, 120, 120, 145, 138, -7

#### Total liabilities

- **Total LIABILITIES**: 30,525, 30,982, 30,489, 30,483, 28,959, 29,202, 243

### NET ASSETS

- **Net assets**: 54,054, 56,387, 55,009, 55,001, 54,098, 54,917, 819

#### Of which:

- **Contributed equity**: 8,164, 9,055, 8,924, 8,921, 8,813, 9,033, 220
- **Accumulated surplus**: 19,344, 19,062, 19,649, 19,638, 19,958, 19,337, 621
- **Other reserves**: 26,546, 28,270, 26,445, 26,442, 25,327, 26,547, 1,219

#### NET WORTH

- **Net worth**: 54,054, 56,387, 55,009, 55,001, 54,098, 54,917, 819

### MEMORANDUM ITEMS

- **Net financial worth**: -76,229, -78,293, -77,448, -77,445, -75,349, -76,416, -1,067
- **Net debt**: -
- **Less: liquid financial assets**: 6,339, 7,023, 5,786, 5,777, 5,515, 5,784, 270
- **Less: convergence differences impacting net debt**: -
- **Net debt**: 16,769, 16,862, 17,241, 17,248, 16,475, 16,460, -15

Note: Columns/rows may not add due to rounding.
## Table 1.7
PUBLIC NON-FINANCIAL CORPORATIONS
Statement of Changes in Equity

<table>
<thead>
<tr>
<th></th>
<th>Contributed Equity $m</th>
<th>Asset Revaluation Surplus $m</th>
<th>Accumulated Surplus/deficit $m</th>
<th>Total Equity $m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July 2015</strong></td>
<td>7,452</td>
<td>28,107</td>
<td>18,732</td>
<td>54,291</td>
</tr>
<tr>
<td>Operating result</td>
<td>-</td>
<td>-</td>
<td>189</td>
<td>189</td>
</tr>
<tr>
<td>Other movements in equity</td>
<td>-</td>
<td>-1,520</td>
<td>1,655</td>
<td>135</td>
</tr>
<tr>
<td>All other</td>
<td>-</td>
<td>-42</td>
<td>42</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total change in net worth</strong></td>
<td>-</td>
<td>-1,562</td>
<td>1,885</td>
<td>324</td>
</tr>
<tr>
<td>Transactions with owners in their capacity as owners</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed Capital</td>
<td>712</td>
<td>-</td>
<td>-</td>
<td>712</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-1,273</td>
<td>1,273</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>712</td>
<td>-</td>
<td>-1,273</td>
<td>-561</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2016</strong></td>
<td>8,164</td>
<td>26,546</td>
<td>19,344</td>
<td>54,054</td>
</tr>
<tr>
<td>Operating result</td>
<td>-</td>
<td>-</td>
<td>-589</td>
<td>-589</td>
</tr>
<tr>
<td>Other movements in equity</td>
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<td>237</td>
<td>1,058</td>
<td>1,295</td>
</tr>
<tr>
<td>All other</td>
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<td>-236</td>
<td>236</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total change in net worth</strong></td>
<td>-</td>
<td>1</td>
<td>705</td>
<td>706</td>
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<tr>
<td>Transactions with owners in their capacity as owners</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Contributed Capital</td>
<td>870</td>
<td>-</td>
<td>-</td>
<td>870</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-713</td>
<td>-713</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>870</td>
<td>-</td>
<td>-713</td>
<td>157</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2017</strong></td>
<td>9,033</td>
<td>26,547</td>
<td>19,337</td>
<td>54,917</td>
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Note: Columns/rows may not add due to rounding.
# PUBLIC NON-FINANCIAL CORPORATIONS

## Cash Flow Statement

<table>
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<th>Notes</th>
<th>Actual</th>
<th>Variation on EOT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
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<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Grants and subsidies received</th>
<th>2,498</th>
<th>2,362</th>
<th>2,319</th>
<th>2,320</th>
<th>2,184</th>
<th>2,250</th>
<th>66</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from sales of goods and services</td>
<td>19,335</td>
<td>17,210</td>
<td>19,570</td>
<td>19,545</td>
<td>18,228</td>
<td>17,976</td>
<td>-252</td>
</tr>
<tr>
<td>Interests</td>
<td>148</td>
<td>144</td>
<td>131</td>
<td>131</td>
<td>142</td>
<td>151</td>
<td>9</td>
</tr>
<tr>
<td>Dividends and tax equivalents</td>
<td>69</td>
<td>117</td>
<td>117</td>
<td>117</td>
<td>87</td>
<td>87</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>1,416</td>
<td>953</td>
<td>900</td>
<td>895</td>
<td>828</td>
<td>1,323</td>
<td>496</td>
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<tr>
<td>Total cash received</td>
<td>23,465</td>
<td>20,786</td>
<td>23,038</td>
<td>23,008</td>
<td>21,470</td>
<td>21,787</td>
<td>318</td>
</tr>
<tr>
<td>Cash paid</td>
<td>-1,402</td>
<td>-1,414</td>
<td>-1,469</td>
<td>-1,469</td>
<td>-1,472</td>
<td>-1,387</td>
<td>85</td>
</tr>
<tr>
<td>Total cash paid</td>
<td>-20,915</td>
<td>-18,402</td>
<td>-20,900</td>
<td>-20,872</td>
<td>-19,201</td>
<td>-19,409</td>
<td>-208</td>
</tr>
<tr>
<td>NET CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td>2,550</td>
<td>2,385</td>
<td>2,138</td>
<td>2,135</td>
<td>2,269</td>
<td>2,378</td>
<td>110</td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM INVESTING ACTIVITIES

| Purchase of non-financial assets | -2,877 | -3,370 | -3,281 | -3,284 | -2,797 | -2,874 | -77 |
| Total cash flows from investments in non-financial assets | -2,159 | -2,507 | -2,569 | -2,572 | -2,124 | -2,347 | -224 |
| Cash received | 718 | 863 | 712 | 712 | 674 | 527 | -147 |
| Cash paid | -3 | - | -3 | -3 | -3 | -3 | -3 |
| Total cash flows from investments in financial assets | -31 | -24 | -37 | -37 | 3 | 45 | 42 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | -2,190 | -2,531 | -2,606 | -2,608 | -2,121 | -2,302 | -181 |

## CASH FLOWS FROM FINANCING ACTIVITIES

| Advances received | 12,583 | 30,172 | 24,826 | 24,850 | 17,599 | 17,641 | 42 |
| Deposits received | 900 | 1,010 | 1,016 | 1,013 | 874 | 904 | 31 |
| Total cash received | 13,483 | 31,182 | 25,842 | 25,863 | 18,473 | 18,545 | 72 |
| Advances paid | -16 | -16 | -16 | -16 | -16 | -16 | - |
| Borrowings repaid | -12,283 | -29,504 | -24,029 | -24,036 | -17,738 | -17,450 | 288 |
| Deposits paid | -51 | -30 | -37 | -37 | -33 | -49 | -16 |
| Total cash paid | -13,623 | -30,485 | -25,087 | -25,094 | -18,500 | -18,228 | 272 |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | -140 | 698 | 755 | 769 | -27 | 317 | 344 |

## KEY FISCAL AGGREGATES

| Net cash flows from operating activities | 2,550 | 2,385 | 2,138 | 2,135 | 2,269 | 2,378 | 110 |
| Net cash flows from investing in non-financial assets | -2,190 | -2,531 | -2,606 | -2,608 | -2,121 | -2,302 | -181 |
| Dividends paid | -1,273 | -955 | -1,006 | -1,005 | -713 | -713 | - |
| Cash surplus/deficit | 10 | -882 | -1,058 | -1,437 | -1,441 | -568 | -682 | -114 |
## TOTAL NON-FINANCIAL PUBLIC SECTOR
### Operating Statement

<table>
<thead>
<tr>
<th></th>
<th>2015-16 Notes</th>
<th>2016-17 Actual</th>
<th>Variation on EOT</th>
</tr>
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<td>$m</td>
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<tr>
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<td>(2)</td>
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<td><strong>RESULTS FROM TRANSACTIONS</strong></td>
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<td><strong>REVENUE</strong></td>
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<td>Other</td>
<td>1,111</td>
<td>1,041</td>
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<td>1,290</td>
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<td>3,598</td>
<td>-3,502</td>
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<td>45,120</td>
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<td>-4,273</td>
<td>-3,735</td>
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<td><strong>KEY FISCAL AGGREGATES</strong></td>
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<td>Net operating balance</td>
<td>-2,401</td>
<td>-4,273</td>
<td>-3,735</td>
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<td>Less Net acquisition of non-financial assets</td>
<td>-5,232</td>
<td>-5,544</td>
<td>-5,173</td>
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<td>Purchase of non-financial assets</td>
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<td>5,544</td>
<td>-5,173</td>
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<td>Changes in inventories</td>
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<td>-211</td>
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<td>Other movement in non-financial assets</td>
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<td>195</td>
<td>-363</td>
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<tr>
<td>Sales of non-financial assets</td>
<td>701</td>
<td>893</td>
<td>-888</td>
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<td><strong>Total net acquisition of non-financial assets</strong></td>
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<td>1,710</td>
<td>-1,739</td>
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<td><strong>NET LENDING/-BORROWING</strong></td>
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<td>-5,906</td>
<td>-5,420</td>
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</table>

(a) Also known as the ‘Net Result From Transactions’.
(b) Also known as the ‘Comprehensive Result’.

Note: Columns/rows may not add due to rounding.
# TOTAL NON-FINANCIAL PUBLIC SECTOR

Balance Sheet at 30 June

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<thead>
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<th>Notes</th>
<th>2016</th>
<th>2017</th>
<th>Variation on EOT</th>
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<td>Estimate</td>
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<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
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<td>Financial assets</td>
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<td></td>
</tr>
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<td>Cash and deposits</td>
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<td>1,623</td>
<td>1,541</td>
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<td>Advances paid</td>
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<td>336</td>
<td>343</td>
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<td>Investments, loans and placements</td>
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<td>8,094</td>
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<td>Receivables</td>
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<td></td>
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<td>Investments in other public sector entities - equity method</td>
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<td>2,073</td>
<td>1,853</td>
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<tr>
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<td>-</td>
<td>-</td>
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<td>Investments in other entities</td>
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<td>84</td>
<td>65</td>
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<td>-</td>
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<tr>
<td><strong>Total financial assets</strong></td>
<td>16,823</td>
<td>15,879</td>
<td>16,067</td>
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<td>Non-financial assets</td>
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<tr>
<td>Property, plant and equipment</td>
<td>97,320</td>
<td>103,312</td>
<td>99,596</td>
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<td>Biological assets</td>
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<td>319</td>
<td>335</td>
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<tr>
<td>Inventories</td>
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<tr>
<td>Land inventories</td>
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<td>Other inventories</td>
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<td>Intangibles</td>
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<td>1,082</td>
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<td>Assets classified as held for sale</td>
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<td>65</td>
<td>63</td>
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<td>Investment property</td>
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<td>73</td>
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<td>Other</td>
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<td>882</td>
<td>801</td>
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<td><strong>Total non-financial assets</strong></td>
<td>159,412</td>
<td>166,688</td>
<td>162,224</td>
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<td><strong>TOTAL ASSETS</strong></td>
<td>176,235</td>
<td>182,567</td>
<td>178,291</td>
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<td><strong>LIABILITIES</strong></td>
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<td>Deposits held</td>
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<td>57</td>
<td>32</td>
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<td>Advances received</td>
<td>392</td>
<td>376</td>
<td>376</td>
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<td>Borrowings</td>
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<td>46,875</td>
<td>46,120</td>
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<td>8,059</td>
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<td>Other employee benefits</td>
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<td>3,463</td>
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<td>6,303</td>
<td>6,167</td>
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<td>Other liabilities</td>
<td>2,157</td>
<td>1,880</td>
<td>2,171</td>
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<td><strong>TOTAL LIABILITIES</strong></td>
<td>61,369</td>
<td>66,613</td>
<td>66,110</td>
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<td><strong>NET ASSETS</strong></td>
<td>114,866</td>
<td>115,954</td>
<td>112,095</td>
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<td>Of which:</td>
<td></td>
<td></td>
<td></td>
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<td>Contributed equity</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>Accumulated surplus</td>
<td>27,811</td>
<td>28,563</td>
<td>28,188</td>
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<td>Other reserves</td>
<td>87,055</td>
<td>89,391</td>
<td>83,907</td>
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<td><strong>NET WORTH</strong></td>
<td>114,866</td>
<td>115,954</td>
<td>112,095</td>
</tr>
</tbody>
</table>

**MEMORANDUM ITEMS**

- Net financial liabilities: $46,399, $52,891, $52,047, $51,638, $50,214, $49,841, $-373
- Net debt: $41,515, $47,308, $46,529, $46,515, $45,613, $45,846, $233
- Gross debt liabilities: $11,029, $10,053, $9,792, $9,919, $9,761, $10,565, $804
- Net debt: $30,486, $37,255, $36,737, $36,597, $35,852, $35,281, $-571

Note: Columns/rows may not add due to rounding.
## TOTAL NON-FINANCIAL PUBLIC SECTOR

Statement of Changes in Equity

<table>
<thead>
<tr>
<th></th>
<th>Accumulated net gain on equity investments in other sector entities $m</th>
<th>Accumulated Surplus/deficit $m</th>
<th>Total Equity $m</th>
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<tr>
<td><strong>Asset Revaluation Surplus</strong></td>
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<tr>
<td>Balance at 1 July 2015</td>
<td>89,539</td>
<td>2,010</td>
<td>29,751</td>
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<tr>
<td>Operating result</td>
<td>-</td>
<td>-</td>
<td>-3,811</td>
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<td>Other movements in equity</td>
<td>-4,069</td>
<td>-216</td>
<td>1,663</td>
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<tr>
<td>All other</td>
<td>-195</td>
<td>-13</td>
<td>208</td>
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<tr>
<td><strong>Total change in net worth</strong></td>
<td>-4,264</td>
<td>-229</td>
<td>-1,940</td>
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<tr>
<td>Balance at 30 June 2016</td>
<td>85,275</td>
<td>1,780</td>
<td>27,811</td>
</tr>
</tbody>
</table>

|                                |                                                                        |                                |                 |
| Balance at 1 July 2016         | 85,275                                                                | 1,780                          | 27,811          | 114,866         |
| Operating result                | -                                                                      | -                              | -3,147          | -3,147          |
| Other movements in equity       | -2,804                                                                | 201                            | 1,073           | -1,531          |
| All other                       | -189                                                                  | 30                             | 159             | -               |
| **Total change in net worth**   | -2,994                                                                | 231                            | -1,915          | -4,677          |
| Balance at 30 June 2017         | 82,281                                                                | 2,011                          | 25,897          | 110,189         |

Note: Columns/rows may not add due to rounding.
Table 1.12

TOTAL NON-FINANCIAL PUBLIC SECTOR
Cash Flow Statement

<table>
<thead>
<tr>
<th>Notes</th>
<th>Actual</th>
<th>Budget Estimate</th>
<th>MYR Revision</th>
<th>MYR PHIS Revision</th>
<th>MYR Estimated Outturn</th>
<th>Actual on EOT</th>
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<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
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<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(5) - (4)</td>
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<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
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</tr>
<tr>
<td>Cash received</td>
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<td>Taxes received</td>
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<td>7,998</td>
<td>7,954</td>
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<td>8,437</td>
<td>8,240</td>
<td>8,190</td>
<td>8,498</td>
<td>8,529 31</td>
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<tr>
<td>Receipts from sales of goods and services</td>
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<td>18,972</td>
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<td>21,362</td>
<td>20,017</td>
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<td>271</td>
<td>269</td>
<td>269</td>
<td>303</td>
<td>311 8</td>
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<td>Dividends and tax equivalents</td>
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<td>272</td>
<td>252</td>
<td>349</td>
<td>320</td>
<td>343 23</td>
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<td>Total cash received</td>
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<td></td>
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<td>Wages, salaries and supplements, and superannuation</td>
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<td>Payments for goods and services</td>
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<td>-1,528</td>
<td>-1,541</td>
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<td>Dividends and tax equivalents</td>
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<td>-3,532</td>
<td>-3,796</td>
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<tr>
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<td>-3,535</td>
<td>-4,452</td>
<td>-656</td>
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<td>NET CASH FLOWS FROM OPERATING ACTIVITIES</td>
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<td>-966</td>
<td>-808</td>
<td>-422</td>
<td>125 546</td>
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<td>CASH FLOWS FROM INVESTING ACTIVITIES</td>
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<td>Cash flows from investments in non-financial assets</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Purchase of non-financial assets</td>
<td>-5,232</td>
<td>-5,854</td>
<td>-5,541</td>
<td>-5,554</td>
<td>-5,173</td>
<td>-5,133 40</td>
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<tr>
<td>Sales of non-financial assets</td>
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<td>888</td>
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<td>576 -243</td>
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<td>49</td>
<td>116</td>
<td>116</td>
<td>102</td>
<td>216 114</td>
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<td></td>
</tr>
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<td>For policy purposes</td>
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<td>87 41</td>
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Note: Columns/rows may not add due to rounding.
### PUBLIC FINANCIAL CORPORATIONS

#### Operating Statement

Table 1.13

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<td>174</td>
<td>415</td>
<td>422</td>
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<td>190</td>
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<tr>
<td><strong>NET OPERATING BALANCE</strong></td>
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<td>202</td>
<td>174</td>
<td>415</td>
<td>422</td>
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<td>Less: Net acquisition of non-financial assets</td>
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<td>Less:</td>
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<td>Sales of non-financial assets</td>
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<td>Total net acquisition of non-financial assets</td>
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<td>-</td>
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<td>-3</td>
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<td>201</td>
<td>174</td>
<td>414</td>
<td>420</td>
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</table>

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

(b) Also known as the 'Comprehensive Result'.

Note: Columns/rows may not add due to rounding.
### PUBLIC FINANCIAL CORPORATIONS

#### Balance Sheet at 30 June

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<th>Notes</th>
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<th>Budget</th>
<th>Actual</th>
<th>Actual</th>
<th>Variation</th>
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</table>

#### ASSETS

**Financial assets**

- Cash and deposits: 275 24 260 245 185 224 38
- Advances paid: 4,413 4,390 3,495 3,447 3,340 3,372 33
- Investments, loans and placements: 52,977 55,309 53,686 53,721 56,820 57,333 513
- Receivables: 873 446 868 863 865 633 -232

**Shares and other equity**

- Investments in other public sector entities - equity method: - - - - - -
- Investments in other public sector entities - direct injections: - - - - - -
- Investments in other entities: 1,471 1,833 1,611 1,666 1,666 2,050 384

**Other financial assets**

- Land: - - - - - -
- Property, plant and equipment: 4 6 4 5 5 4 -1
- Biological assets: - - - - - -
- Inventories: - - - - - -
  - Land inventories: - - - - - -
  - Other inventories: - - - - - -
- Intangibles: 8 10 7 8 9 7 -2
- Assets classified as held for sale: - 87 - - - -
- Investment property: 224 406 242 236 236 196 -47
- Other: 5 2 2 2 2 4 1

**Total non-financial assets:** 328 424 255 251 252 210 -42

**TOTAL ASSETS:** 60,347 62,433 60,186 60,203 63,138 63,829 691

#### LIABILITIES

- Deposits held: - - - - - -
- Advances received: 3 3 3 3 3 3 -
- Borrowings: 54,523 56,303 54,090 54,059 56,990 57,609 619
- Superannuation: 8 11 10 10 10 7 -2
- Other employee benefits: 10 10 10 10 10 11 1
- Payables: 204 139 185 248 251 205 -47
- Other liabilities: 3,739 3,894 4,034 3,874 3,904 3,983 79

**TOTAL LIABILITIES:** 58,567 60,360 58,333 58,203 61,167 61,817 650

**NET ASSETS:** 1,780 2,073 1,853 1,999 1,971 1,971 2,011 41

**Of which:**

- Contributed equity: 16 3 16 16 -14 -14 -
- Accumulated surplus: 1,743 1,800 1,816 1,963 1,964 2,003 39
- Other reserves: 21 271 20 20 20 22 2

**NET WORTH:** 10 1,780 2,073 1,853 1,999 1,971 2,011 41

#### MEMORANDUM ITEMS

- Net financial worth: -328 -424 -255 -251 -252 -210 -42
- Net debt: -
- Gross debt liabilities: 54,526 56,306 54,093 54,062 56,993 57,612 619
- Less: liquid financial assets: 57,665 59,723 57,441 57,412 60,344 60,929 584
- Less: convergence differences impacting net debt: - - - - - -

**Note:** Columns/rows may not add due to rounding.
### Public Financial Corporations

#### Statement of Changes in Equity

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<th>Asset Revaluation Surplus $m</th>
<th>Accumulated Surplus/deficit $m</th>
<th>Total Equity $m</th>
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<td>-97</td>
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<td><strong>Other movements in equity</strong></td>
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<td>191</td>
<td>84</td>
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<td><strong>Total change in net worth</strong></td>
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<td>94</td>
<td>-13</td>
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<td><strong>Transactions with owners in their capacity as owners</strong></td>
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<td>Contributed Capital</td>
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<td>Dividends</td>
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<td>1,780</td>
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Note: Columns/rows may not add due to rounding.
## PUBLIC FINANCIAL CORPORATIONS

### Cash Flow Statement

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<th>Budget Estimate $m</th>
<th>MYR Revision $m</th>
<th>PPS Revision $m</th>
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<th>Variation on EOT $m</th>
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<td>Receipts from sales of goods and services</td>
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<td>1,431</td>
<td>1,433</td>
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<td>Wages, salaries and supplements, and superannuation</td>
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#### CASH FLOWS FROM INVESTING ACTIVITIES

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<td>47,301</td>
<td>42,995</td>
<td>43,020</td>
<td>34,392</td>
<td>33,750</td>
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<tr>
<td>Cash paid</td>
<td>29,000</td>
<td>-7,333</td>
<td>-4,873</td>
<td>-4,916</td>
<td>-35,387</td>
<td>-33,266</td>
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<tr>
<td>Total cash paid</td>
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<td>-7,333</td>
<td>-4,873</td>
<td>-4,916</td>
<td>-35,387</td>
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#### CASH FLOWS FROM FINANCING ACTIVITIES

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<td>47,301</td>
<td>42,995</td>
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<td>34,392</td>
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<td>42,995</td>
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<td>47,301</td>
<td>42,995</td>
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<td>Cash paid</td>
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<td>Total cash paid</td>
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<td>-44,158</td>
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#### KEY FISCAL AGGREGATES

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<th>PPS Revision $m</th>
<th>Outturn $m</th>
<th>Variation on EOT $m</th>
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#### Note:
Columns/rows may not add due to rounding.
### Table 1.17
操作收入表

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### 注释

(a) 附注反映了这些财务报表。
(b) 也被称为‘净结果来自交易’。
(c) 也被称为‘全面结果’。

注：行/列可能不会因为四舍五入而完全对齐。
Table 1.18

TOTAL PUBLIC SECTOR (a)
Balance Sheet at 30 June

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<th>Budget Estimate $m</th>
<th>MYR Revision $m</th>
<th>PPR $m</th>
<th>Estimated Outturn $m</th>
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<td>(2)</td>
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### ASSETS

**Financial assets**

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and deposits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity - Investments in other entities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total financial assets</td>
<td>30,626</td>
<td>30,764</td>
</tr>
</tbody>
</table>

**Non-financial assets**

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land inventories</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other inventories</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangibles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets classified as held for sale</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment property</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total non-financial assets</td>
<td>159,740</td>
<td>158,178</td>
</tr>
</tbody>
</table>

**Total assets**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>190,366</td>
<td>188,942</td>
</tr>
</tbody>
</table>

### LIABILITIES

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits held</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances received</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Superannuation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other employee benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>75,499</td>
<td>78,753</td>
</tr>
</tbody>
</table>

**Total liabilities**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>190,366</td>
<td>193,701</td>
</tr>
</tbody>
</table>

### NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>114,866</td>
<td>110,189</td>
</tr>
</tbody>
</table>

**Of which:**

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributed equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Net worth**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>114,866</td>
<td>110,189</td>
</tr>
</tbody>
</table>

### MEMORANDUM ITEMS

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net financial worth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net financial liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net debt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross debt liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: liquid financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net debt</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

(a) The accompanying notes form part of these financial statements.
### TOTAL PUBLIC SECTOR

#### Statement of Changes in Equity

<table>
<thead>
<tr>
<th>Asset</th>
<th>Revaluation Surplus $m</th>
<th>Accumulated Surplus/deficit $m</th>
<th>Total Equity $m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July 2015</strong></td>
<td>89,669</td>
<td>31,630</td>
<td>121,299</td>
</tr>
<tr>
<td>Operating result</td>
<td>-</td>
<td>-4,111</td>
<td>-4,111</td>
</tr>
<tr>
<td>Other movements in equity</td>
<td>-4,176</td>
<td>1,854</td>
<td>-2,322</td>
</tr>
<tr>
<td>All other</td>
<td>-182</td>
<td>182</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total change in net worth</strong></td>
<td>-4,358</td>
<td>-2,075</td>
<td>-6,433</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2016</strong></td>
<td>85,312</td>
<td>29,555</td>
<td>114,866</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Asset</th>
<th>Revaluation Surplus $m</th>
<th>Accumulated Surplus/deficit $m</th>
<th>Total Equity $m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July 2016</strong></td>
<td>85,312</td>
<td>29,555</td>
<td>114,866</td>
</tr>
<tr>
<td>Operating result</td>
<td>-</td>
<td>-3,030</td>
<td>-3,030</td>
</tr>
<tr>
<td>Other movements in equity</td>
<td>-2,803</td>
<td>1,155</td>
<td>-1,648</td>
</tr>
<tr>
<td>All other</td>
<td>-219</td>
<td>219</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total change in net worth</strong></td>
<td>-3,022</td>
<td>-1,655</td>
<td>-4,677</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2017</strong></td>
<td>82,289</td>
<td>27,900</td>
<td>110,189</td>
</tr>
</tbody>
</table>

Note: Columns/rows may not add due to rounding.
### Table 1.20

**TOTAL PUBLIC SECTOR (a)**

**Cash Flow Statement**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2015-16</th>
<th>2016-17</th>
<th>Variation on EOT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Estimate</td>
<td>Revision</td>
</tr>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td></td>
<td>- (4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes received</td>
<td>8,556</td>
<td>8,318</td>
<td>7,946</td>
</tr>
<tr>
<td>Grants and subsidies received</td>
<td>8,310</td>
<td>8,437</td>
<td>8,240</td>
</tr>
<tr>
<td>Receipts from sales of goods and services</td>
<td>21,979</td>
<td>19,942</td>
<td>22,359</td>
</tr>
<tr>
<td>Interest receipts</td>
<td>667</td>
<td>642</td>
<td>593</td>
</tr>
<tr>
<td>Dividends and tax equivalents</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>7,156</td>
<td>6,482</td>
<td>7,555</td>
</tr>
<tr>
<td><strong>Total cash received</strong></td>
<td>46,668</td>
<td>43,821</td>
<td>46,692</td>
</tr>
<tr>
<td>Cash paid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages, salaries and supplements, and superannuation</td>
<td>-14,834</td>
<td>-14,912</td>
<td>-15,141</td>
</tr>
<tr>
<td>Payments for goods and services</td>
<td>-22,112</td>
<td>-19,924</td>
<td>-22,873</td>
</tr>
<tr>
<td>Interest paid</td>
<td>-1,940</td>
<td>-1,695</td>
<td>-1,658</td>
</tr>
<tr>
<td>Grants and subsidies paid</td>
<td>-3,470</td>
<td>-4,066</td>
<td>-3,675</td>
</tr>
<tr>
<td>Dividends and tax equivalents</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other payments</td>
<td>-4,507</td>
<td>-3,958</td>
<td>-3,675</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td>$25</td>
<td>$-195</td>
<td>$-733</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from investments in non-financial assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of non-financial assets</td>
<td>-5,237</td>
<td>-5,862</td>
<td>-5,548</td>
</tr>
<tr>
<td>Sales of non-financial assets</td>
<td>701</td>
<td>1,070</td>
<td>893</td>
</tr>
<tr>
<td><strong>Total cash flows from investments in non-financial assets</strong></td>
<td>-4,536</td>
<td>-4,793</td>
<td>-4,655</td>
</tr>
<tr>
<td>Cash flows from investments in financial assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For policy purposes</td>
<td>140</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>For liquidity purposes</td>
<td>4,850</td>
<td>7,246</td>
<td>5,797</td>
</tr>
<tr>
<td><strong>Cash paid</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For policy purposes</td>
<td>-16</td>
<td>-10</td>
<td>-10</td>
</tr>
<tr>
<td>For liquidity purposes</td>
<td>-4,457</td>
<td>-7,398</td>
<td>-5,006</td>
</tr>
<tr>
<td><strong>Total cash paid</strong></td>
<td>-4,573</td>
<td>-7,495</td>
<td>-5,706</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td>-4,020</td>
<td>-4,944</td>
<td>-3,864</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances received</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings</td>
<td>18,612</td>
<td>17,475</td>
<td>18,667</td>
</tr>
<tr>
<td>Deposits received</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other financing receipts</strong></td>
<td>49</td>
<td>35</td>
<td>42</td>
</tr>
<tr>
<td><strong>Total cash received</strong></td>
<td>18,660</td>
<td>17,510</td>
<td>18,708</td>
</tr>
<tr>
<td>Cash paid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances paid</td>
<td>-16</td>
<td>-16</td>
<td>-16</td>
</tr>
<tr>
<td>Borrowings repaid</td>
<td>-11,333</td>
<td>-11,972</td>
<td>-13,862</td>
</tr>
<tr>
<td>Deposits paid</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other financing payments</strong></td>
<td>-391</td>
<td>-432</td>
<td>-423</td>
</tr>
<tr>
<td><strong>Total cash paid</strong></td>
<td>-11,740</td>
<td>-12,419</td>
<td>-14,301</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td>6,921</td>
<td>5,091</td>
<td>4,408</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>2,706</td>
<td>-587</td>
<td>-204</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>9,239</td>
<td>10,519</td>
<td>11,946</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period</td>
<td>26</td>
<td>11,946</td>
<td>9,932</td>
</tr>
<tr>
<td><strong>KEY FISCAL AGGREGATES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash flows from operating activities</td>
<td>-195</td>
<td>-733</td>
<td>-747</td>
</tr>
<tr>
<td>Net cash flows from investing in non-financial assets</td>
<td>-4,536</td>
<td>-4,793</td>
<td>-4,655</td>
</tr>
<tr>
<td>Cash surplus/deficit</td>
<td>-4,731</td>
<td>-5,526</td>
<td>-5,402</td>
</tr>
</tbody>
</table>

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

Note: Columns/rows 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’) is created by the Western Australian Constitution Act 1889.

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

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

A State election was held on 11 March 2017 and a new Government elected to office. The Government’s mission comprises four key goals, to:

• achieve sustainable finances, including responsible financial management and better public sector service delivery;
• grow and diversify the economy, create jobs and support skills development;
• promote strong communities, by providing safe communities and support for families; and
• ensure that Western Australia has liveable and affordable communities, strong and vibrant regions, and that the environment is protected and enhanced.

As part of the Government’s objective to return the State’s finances to sustainable position, a new set of financial targets is detailed in the Government Financial Strategy Statement in the 2017-18 Budget (see Budget Paper No. 3: Economic and Fiscal Outlook, page 54). The targets include a focus on reducing the general government sector operating deficits, with the 2017-18 Budget projecting an operating surplus outcome in 2020-21, and on reducing the proportion of total public sector net debt held by the general government sector. In line with section 14A (3)(bb) of the Government Financial Responsibility Act 2000, performance against the 2016-17 Budget financial targets for the year ending 30 June 2017 is discussed in Chapter 1 of this report.

The public sector is a not for profit entity funded primarily through Commonwealth grants, State taxation, territorial revenue (i.e. mining royalties) 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 2016 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 statements are 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 whole-of-government financial statements of the Government of Western Australia 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 (also referred to as the total public sector and/or whole-of-government) and the general government sector, and include entities under their control.
The general government sector is 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 Government’s stewardship of central government, and accountability for the resources entrusted to it. The statements also provide information about the financial position, changes in net assets/liabilities, performance and cash flows of the general government sector.

The statistical framework classifies the 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). The entities forming part of each sector are referred to as agencies in these financial statements and Note 34: *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 public sector insurance services.

**Control**

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

- agency is accountable to the Government;
- the Government, through the public sector, has a residual financial interest in the net assets of that agency; and
- the Government has the power to control the financial and operating policies of an agency so as to obtain benefits 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 Government and consolidated in the public sector are shown in Note 34: Composition of sectors. A detailed list of other entities nominally referred to as public sector agencies that are not included in the consolidated financial statements, is also shown in Note 34. 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 statements in these cases does not have a material effect on these consolidated financial statements.

(c) Basis of Preparation

The financial statements of the total public sector and the general government sector 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, total change in net worth, net operating balance, 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 or financial obligations 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.

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. Actual results may differ from these estimates.

Contingent assets and liabilities are not recognised in the Balance Sheet but are discussed in a note 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 notes to the financial statements. These judgements and assumptions relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 15: Fair value measurements);
- superannuation expense and liability (refer to Note 22: Superannuation);
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 23: Other employee benefits); and
- provisions for outstanding insurance claims (refer Note 24: Other liabilities).

(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 and rows may not always 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 31: Financial Instruments for details of the public sector accounting policies in respect of such derivative 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 for 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 the Government’s 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 revenue and expenses or the assets and liabilities at the reporting date.

(h) Revenue 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.

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

**Grants and subsidies revenue**

With the exception of North West Shelf royalty grants and Commonwealth Condensate Compensation grants (which are subject to lags between production, assessment and cash payments), 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 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, while tax and rate equivalent revenue is recognised in the period it is earned.

Royalty income

Mineral and petroleum royalties from companies operating under Western Australian 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, redundancy payments and district allowances.

Superannuation

The superannuation expense (concurrent cost) 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 (concurrent cost) of the defined contribution plans is recognised as and when the contributions fall due.
Actuarial gains or losses relating to remeasurement 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 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. Interest expense is recognised as it accrues and includes items of a similar nature realised in managing portfolios. Any realised gains or losses on financial liabilities are also recognised as interest.

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 when the grantee meets conditions such as grant eligibility criteria, or has provided the service or facilities required under the grant agreement.

**(j) Other Economic Flows**

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

**Net gains on assets/liabilities**

**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) – Superannuation**

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

**(k) Land, and other Property, Plant and Equipment**

**Initial recognition and measurement**

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

**Subsequent recognition and measurement**

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

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

**Revaluations**

Non-financial physical assets are revalued with sufficient regularity to ensure that the carrying amount of an asset does not differ materially from its fair value at the end of the reporting period.

Revaluation increases or decreases arise from differences between an asset’s carrying value and fair value.

Net revaluation movements are recognised in ‘all other movements in equity’ and accumulated in equity under the asset revaluation surplus.

**Land**

The fair value attributed to the land component of government owned non-current real estate assets (excluding land under roads) 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

**Buildings**

The fair value of buildings is based on current market 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 Western Australian Land Information Authority (Valuation Services), or 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.

Buildings 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.
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 2016 is based on the current depreciated replacement cost determined at 30 June 2016 by Main Roads and the ABS Road and Bridge Construction Cost Index has been applied to ensure asset values do not materially differ from fair value. When Infrastructure – Road Network is revalued, the accumulated depreciation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Infrastructure in the course of construction is 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 property, plant and equipment 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

<table>
<thead>
<tr>
<th>CLASS OF ASSET</th>
<th>DEPRECIATION YEARS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Buildings</strong></td>
<td>20 – 80 years</td>
</tr>
<tr>
<td><strong>Infrastructure – Road network</strong></td>
<td></td>
</tr>
<tr>
<td>Seals</td>
<td>12 – 19 years</td>
</tr>
<tr>
<td>Pavements and drainage</td>
<td>15 – 50 years</td>
</tr>
<tr>
<td>Road furniture</td>
<td>25 – 40 years</td>
</tr>
<tr>
<td>Bridges</td>
<td>60 – 100 years</td>
</tr>
<tr>
<td>Earthworks</td>
<td>Up to 173 years</td>
</tr>
<tr>
<td><strong>Infrastructure – Water, storage and distribution</strong></td>
<td></td>
</tr>
<tr>
<td>Pipelines and fittings</td>
<td>30 – 110 years</td>
</tr>
<tr>
<td>Drains and channels</td>
<td>20 – 150 years</td>
</tr>
<tr>
<td>Dams and reservoirs</td>
<td>50 – 120 years</td>
</tr>
<tr>
<td><strong>Infrastructure – Electric generation and transmission</strong></td>
<td></td>
</tr>
<tr>
<td>Infrastructure – Other</td>
<td>2 – 50 years</td>
</tr>
<tr>
<td><strong>Infrastructure – Other</strong></td>
<td></td>
</tr>
<tr>
<td>Public transport</td>
<td>5 – 75 years</td>
</tr>
<tr>
<td>Harbour and ports</td>
<td>10 – 100 years</td>
</tr>
<tr>
<td><strong>Plant, equipment and other</strong></td>
<td>3 – 100 years</td>
</tr>
</tbody>
</table>

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 been previously revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is retained in the asset revaluation surplus.

**(l) 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 its 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 fair value model. Investment properties 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 all classes of intangible asset are assumed to be 3 to 5 years.

**(p) Assets Held for Sale**

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, 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 declining 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, other than inventories held for distribution, 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.

(t) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents also comprise restricted cash and cash equivalents (which includes cash held for specific purposes). 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 the government’s proportional share of the carrying amount of net assets of public corporations sector entities before consolidation eliminations.

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, which operates within the capital markets as the central borrowing authority of the public sector.

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

Subsequent fair value measurements are calculated using 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 ongoing 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 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.

In accordance with legislative requirements, the Government Employees Superannuation Board (GESB) administers, the following State public sector plans:

- Defined Benefit Plans:
  - Pension Scheme, which was closed to new members on 15 August 1986; and
Appendix 1

− Gold State Superannuation (GSS) Scheme, which was closed to new members on 29 December 1995; and

• Defined Contribution Plans:
  − West State Superannuation (WSS) Scheme which was closed to new members on 16 April 2007; and
  − GESB Super Scheme which commenced on 16 April 2007.

From 30 March 2012, existing members of the WSS, GESBs and new employees have been able to chose their preferred superannuation fund provider. Agencies make contributions to GESB or other fund providers on behalf of employees in compliance with the Commonwealth Government’s Superannuation Guarantee (Administration) Act 1992. Contributions to these accumulation schemes extinguish agency liabilities for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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 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.

Actuarial gains and losses of the 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 associated plan assets. The assets of these plans are held separately from the public sector’s general assets.

The value of unfunded liabilities reported in the ARSF will differ to the liabilities reported by GESB due to the application of different accounting standards which result in the application of different measurement methodologies\(^1\).

\(^1\) From 2016-17 GESB will value and report unfunded superannuation liabilities in accordance with the requirements of AASB 1056: Superannuation Entities, while for the purposes of the Annual Report on State Finances, the liabilities will continue to be valued as per AASB 119: Employee Benefits. The two standards allow for the use of different discount factors which will result in a different valuation for the two entities. In addition, GESB will now report an employer-sponsored receivable (being the difference between the defined benefit liability and the assets available to meet the liability). The employer sponsored receivable is not reciprocated in a separately identifiable payable in the Annual Report on State Finances.
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 WSS scheme, left over after full-funding arrangements were put in place in 2001, is being amortised over the period to 2021.

See also Note 3(i): Expense Recognition.

**Other employee benefits**

*Annual Leave and Long Service Leave*

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be ‘other long-term employee benefits’. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

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 payments.

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 constructive obligation in respect of plant decommissioning, restoration and site rehabilitation works. Estimates are based on the present value of expected future cash payments.

(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 2016.

- AASB 2014–3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]. This standard amends AASB 11 to provide guidance on accounting for acquisition of interests in joint operations in which the activity constitutes a business, as defined in AASB 3. If so the principles in AASB 3 will apply unless they conflict with guidance in AASB 11. There is no financial impact from the application of this Standard.

- AASB 2014–4: Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]. This Standard establishes the basis of depreciation and amortisation including clarifying the use of revenue-based methods. There is no financial impact from the application of this Standard.

- AASB 2014–9: Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements. This Standard amends AASB 127, and consequently amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The full impact of this Standard is still being assessed.

- AASB 2015–2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]. This Standard provides amendments to AASB 101 to provide clarification to disclosure and presentation requirements. There is no financial impact resulting from this standard.

- AASB 2015–6: Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not for Profit Public Sector Entities [AASB 10, 124 & 1049]. This Standard provides guidance to assist in the application of the Standard by not for profit public sector. There is no financial impact resulting from this Standard.

- AASB 2015–10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 & 128. This Standard becomes defers the mandatory effective date (application date) of amendments to AASB 10 & 128 that were originally made in AASB 2014–10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. The full impact of AASB 2014–10 is still being assessed.

- AASB 1057: Application of Australian Accounting Standards. This Standard lists the application paragraphs for each other Standard and Interpretation, grouped where they are the same. There is no financial impact from the application of this Standard.

**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. This Standard supersedes AASB 139: Financial Instruments: Recognition and Measurement introducing a number of changes to accounting treatments. The mandatory application date of this Standard is currently 1 January 2018. The full impact of this Standard is still being assessed.

- AASB 15: Revenue from Contracts with Customers. This Standard establishes the principles that shall be applied to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer to become effective for reporting periods beginning on or after 1 January 2018. The full impact of this Standard is still being assessed.

- AASB 16: Leases. This Standard becomes effective for reporting periods beginning on or after 1 January 2019 and introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The full impact of this Standard is still being assessed.
Appendix 1

- **AASB 1058**: *Income of Not for Profit Entities*. This Standard clarifies and simplifies the income recognition requirements that apply to not for profit entities, more closely reflecting the economic reality of not for profit entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, a performance obligation (a promise to transfer a good or service), or an obligation to acquire an asset. The full impact of this Standard is still being assessed.

- **AASB 2010–7**: *Amendments to Australian Accounting Standards Arising From AASB 9 (December 2010)* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]. This Standard becomes effective for reporting periods beginning on or after 1 January 2018 and makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The full impact of this Standard is still being assessed.

- **AASB 2014–1**: *Amendments to Australian Accounting Standards*. This Standard makes amendments to AASB 9 and consequential amendments to other Standards and becomes effective for reporting periods beginning on or after 1 January 2018. The full impact of this Standard is still being assessed.

- **AASB 2014–5**: *Amendments to Australian Accounting Standards arising from AASB 15*. This Standard becomes effective for reporting periods beginning on or after 1 January 2018 and makes consequential amendments to Australian Accounting Standards and Interpretations as a result of issuing AASB 15. The full impact of this Standard is still being assessed.

- **AASB 2014–7**: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*. This Standard gives effect to the consequential amendments to Australian Accounting Standards (including interpretations) arising from the issuance of AASB 9 (December 2014). This Standard becomes effective for reporting periods beginning on or after 1 January 2018. The full impact of this Standard is still being assessed.

- **AASB 2014–10**: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]*. This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011) and provides guidance in dealing with the sale or contribution of assets between an investor and its associate or joint venture. This Standard becomes effective for reporting periods beginning on or after 1 January 2018. The full impact of this Standard is still being assessed.

- **AASB 2015–8**: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*. This Standard becomes effective on or after 1 January 2018 and makes amendments to the effective date of AASB 15: *Revenue from Contracts with Customers* so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. The full impact of this Standard is still being assessed.
• AASB 2016–2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107. This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes and becomes effective for reporting periods beginning on or after 1 January 2017. There is no financial impact from the application of this Standard.

• AASB 2016–3: Amendments to Australian Accounting Standards – Clarifications to AASB 15. This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. This Standard becomes effective for reporting periods beginning on or after 1 January 2018 and the full impact of is still being assessed.

• AASB 2016–4: Amendments to Australian Accounting Standards – Recoverable Amount of Non–Cash–Generating Specialised Assets of Not–for–Profit Entities. This Standard becomes effective for reporting periods beginning on or after 1 January 2017 and clarifies that not for profit public sector entities carrying non-cash generating specialised assets at fair value (current replacement cost) in accordance with AASB 13 Fair Value Measurement. The full impact of this Standard is still being assessed.

• AASB 2016–7: Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not for Profit Entities. This Standard amends the mandatory effective date (application date) of AASB 15 for not for profit entities so that AASB 15 is required to be applied by such entities for annual reporting periods beginning on or after 1 January 2019 instead of 1 January 2018. The full impact of this Standard is still being assessed.

• AASB 2016–8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not for Profit Entities [AASB 9 and AASB 15]. This Standard becomes effective for reporting periods beginning on or after 1 January 2019 and provides guidance to assist not for profit entities in applying AASB 9 and AASB 15 to particular transactions and other events. The full impact of this Standard is still being assessed.

• AASB 2017–2: Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle. This Standard clarifies the scope of AASB 12: Disclosure of Interests in Other Entities (August 2015) by specifying that the disclosure requirements apply to an entity’s interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinues operations in accordance with AASB 5: Non-Current Assets Held for Sale and Discontinued Operations. This Standard becomes effective for reporting periods beginning on or after 1 January 2017. The full impact of this Standard is still being assessed.

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

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

NOTE 4: GOVERNMENT PURPOSE CLASSIFICATION

The following allocation of expenses and assets is consistent with the ABS’ Government Purpose Classification. A 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

<table>
<thead>
<tr>
<th>General Government</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXPENSES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General public services</td>
<td>506</td>
<td>206</td>
</tr>
<tr>
<td>Public order and safety</td>
<td>3,357</td>
<td>3,372</td>
</tr>
<tr>
<td>Education</td>
<td>7,058</td>
<td>7,017</td>
</tr>
<tr>
<td>Health</td>
<td>8,672</td>
<td>8,306</td>
</tr>
<tr>
<td>Social security and welfare</td>
<td>2,171</td>
<td>2,137</td>
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<tr>
<td>Housing and community amenities</td>
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<td>2,021</td>
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<tr>
<td>Recreation and culture</td>
<td>832</td>
<td>789</td>
</tr>
<tr>
<td>Fuel and energy</td>
<td>470</td>
<td>464</td>
</tr>
<tr>
<td>Agriculture, forestry, fishing and hunting</td>
<td>361</td>
<td>386</td>
</tr>
<tr>
<td>Mining and mineral resources other than fuels; manufacturing and construction</td>
<td>228</td>
<td>216</td>
</tr>
<tr>
<td>Transport and communications</td>
<td>2,342</td>
<td>2,003</td>
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<tr>
<td>Other economic affairs</td>
<td>663</td>
<td>620</td>
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<tr>
<td>Other purposes</td>
<td>1,202</td>
<td>968</td>
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<tr>
<td>TOTAL EXPENSES</td>
<td>29,387</td>
<td>28,506</td>
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<table>
<thead>
<tr>
<th>ASSETS AT 30 JUNE</th>
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</thead>
<tbody>
<tr>
<td>General public services</td>
<td>7,063</td>
<td>6,469</td>
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<tr>
<td>Public order and safety</td>
<td>3,943</td>
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<tr>
<td>Education</td>
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<td>13,857</td>
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<tr>
<td>Health</td>
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<td>8,366</td>
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<tr>
<td>Social security and welfare</td>
<td>4,779</td>
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</tr>
<tr>
<td>Housing and community amenities</td>
<td>6,348</td>
<td>6,014</td>
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<tr>
<td>Recreation and culture</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Fuel and energy</td>
<td>397</td>
<td>394</td>
</tr>
<tr>
<td>Agriculture, forestry, fishing and hunting</td>
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<td>1,371</td>
</tr>
<tr>
<td>Mining and mineral resources other than fuels; manufacturing and construction</td>
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<td>45,721</td>
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<tr>
<td>Transport and communications</td>
<td>297</td>
<td>290</td>
</tr>
<tr>
<td>plus Investments in other public sector entities</td>
<td>56,928</td>
<td>55,834</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>147,410</td>
<td>147,566</td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.
### GOVERNMENT PURPOSE CLASSIFICATION

#### Total Public Sector

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EXPENSES</strong></td>
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<td>$m</td>
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<tr>
<td>General public services</td>
<td>258</td>
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<tr>
<td>Public order and safety</td>
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<td>3,293</td>
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<tr>
<td>Education</td>
<td>6,902</td>
<td>6,850</td>
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<tr>
<td>Health</td>
<td>8,614</td>
<td>8,243</td>
</tr>
<tr>
<td>Social security and welfare</td>
<td>2,145</td>
<td>2,090</td>
</tr>
<tr>
<td>Housing and community amenities</td>
<td>3,289</td>
<td>3,613</td>
</tr>
<tr>
<td>Recreation and culture</td>
<td>3,513</td>
<td>3,611</td>
</tr>
<tr>
<td>Fuel and energy</td>
<td>3,118</td>
<td>3,210</td>
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<tr>
<td>Agriculture, forestry, fishing and hunting</td>
<td>451</td>
<td>476</td>
</tr>
<tr>
<td>Mining and mineral resources other than fuels; manufacturing and construction</td>
<td>227</td>
<td>215</td>
</tr>
<tr>
<td>Transport and communications</td>
<td>3,301</td>
<td>2,923</td>
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<tr>
<td>Other economic affairs</td>
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<td>10,403</td>
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<td>Other purposes</td>
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<td>1,947</td>
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<tr>
<td><strong>TOTAL EXPENSES</strong></td>
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<td>46,875</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS AT 30 JUNE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General public services</td>
<td>6,482</td>
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<tr>
<td>Public order and safety</td>
<td>3,954</td>
<td>3,914</td>
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<tr>
<td>Education</td>
<td>13,254</td>
<td>13,857</td>
</tr>
<tr>
<td>Health</td>
<td>8,434</td>
<td>8,366</td>
</tr>
<tr>
<td>Social security and welfare</td>
<td>269</td>
<td>289</td>
</tr>
<tr>
<td>Housing and community amenities</td>
<td>47,853</td>
<td>50,004</td>
</tr>
<tr>
<td>Recreation and culture</td>
<td>7,099</td>
<td>6,785</td>
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<tr>
<td>Fuel and energy</td>
<td>23,441</td>
<td>22,962</td>
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<tr>
<td>Agriculture, forestry, fishing and hunting</td>
<td>777</td>
<td>769</td>
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<tr>
<td>Mining and mineral resources other than fuels; manufacturing and construction</td>
<td>1,472</td>
<td>1,371</td>
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<tr>
<td>Transport and communications</td>
<td>55,670</td>
<td>55,871</td>
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<tr>
<td>Other economic affairs</td>
<td>20,236</td>
<td>20,421</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>188,942</td>
<td>190,366</td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.

### NOTE 5: 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 6: DEPRECIATION AND AMORTISATION EXPENSE

<table>
<thead>
<tr>
<th></th>
<th>General Government</th>
<th></th>
<th>Total Public Sector</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>505</td>
<td>564</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td>384</td>
<td>358</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant, equipment and other</td>
<td>339</td>
<td>339</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,228</strong></td>
<td><strong>1,262</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Amortisation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>92</td>
<td>98</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>92</strong></td>
<td><strong>98</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total depreciation and amortisation expenses</strong></td>
<td><strong>1,320</strong></td>
<td><strong>1,359</strong></td>
<td><strong>3,399</strong></td>
<td><strong>3,354</strong></td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.
### NOTE 7: OTHER GROSS OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Health sector specific expenses</td>
<td>1,339</td>
<td>1,267</td>
</tr>
<tr>
<td>Education sector specific expenses</td>
<td>729</td>
<td>827</td>
</tr>
<tr>
<td>Services purchased from non-government agencies</td>
<td>1,921</td>
<td>1,859</td>
</tr>
<tr>
<td>Operating leases</td>
<td>582</td>
<td>563</td>
</tr>
<tr>
<td>Other</td>
<td>1,200</td>
<td>1,001</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,772</td>
<td>5,518</td>
</tr>
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</table>

### NOTE 8: OTHER INTEREST

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Interest on borrowings</td>
<td>744</td>
<td>644</td>
</tr>
<tr>
<td>Finance charges on finance leases</td>
<td>38</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>783</td>
<td>664</td>
</tr>
<tr>
<td>Less: Capitalised interest on borrowings</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total other interest</strong></td>
<td>783</td>
<td>664</td>
</tr>
</tbody>
</table>

### General Government

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on borrowings</td>
<td>1,585</td>
<td>1,566</td>
</tr>
<tr>
<td>Finance charges on finance leases</td>
<td>130</td>
<td>108</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,715</td>
<td>1,674</td>
</tr>
<tr>
<td>Less: Capitalised interest on borrowings</td>
<td>1</td>
<td>31</td>
</tr>
<tr>
<td><strong>Total other interest</strong></td>
<td>1,714</td>
<td>1,643</td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.
NOTE 9: TRANSFER EXPENSES

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

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.

<table>
<thead>
<tr>
<th>TRANSFER EXPENSES (a)</th>
<th>General Government</th>
<th>2017</th>
<th>2016</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td></td>
</tr>
<tr>
<td>CURRENT TRANSFERS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local government</td>
<td>278</td>
<td>413</td>
<td></td>
</tr>
<tr>
<td>Local government on-passing</td>
<td>262</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td>Private and not-for-profit sector</td>
<td>1,422</td>
<td>1,319</td>
<td></td>
</tr>
<tr>
<td>Private and not-for-profit sector on-passing</td>
<td>1,172</td>
<td>1,110</td>
<td></td>
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<tr>
<td>Other sectors of government</td>
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<td>2,237</td>
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</tr>
<tr>
<td>Total Current Transfers</td>
<td>5,280</td>
<td>5,164</td>
<td></td>
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<tr>
<td>CAPITAL TRANSFERS</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Local government</td>
<td>138</td>
<td>88</td>
<td></td>
</tr>
<tr>
<td>Local government on-passing</td>
<td>163</td>
<td>54</td>
<td></td>
</tr>
<tr>
<td>Private and not-for-profit sector</td>
<td>103</td>
<td>111</td>
<td></td>
</tr>
<tr>
<td>Private and not-for-profit sector on-passing</td>
<td>16</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Other sectors of government</td>
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<td>200</td>
<td></td>
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<tr>
<td>Total Capital Transfers</td>
<td>549</td>
<td>469</td>
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</table>

<table>
<thead>
<tr>
<th>Total Public Sector</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT TRANSFERS</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Local government</td>
<td>281</td>
<td>419</td>
</tr>
<tr>
<td>Local government on-passing</td>
<td>262</td>
<td>85</td>
</tr>
<tr>
<td>Private and not-for-profit sector</td>
<td>2,186</td>
<td>2,044</td>
</tr>
<tr>
<td>Private and not-for-profit sector on-passing</td>
<td>1,172</td>
<td>1,110</td>
</tr>
<tr>
<td>Other sectors of government</td>
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<td>25</td>
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<tr>
<td>Total Current Transfers</td>
<td>3,927</td>
<td>3,683</td>
</tr>
<tr>
<td>CAPITAL TRANSFERS</td>
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<td></td>
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<tr>
<td>Local government</td>
<td>138</td>
<td>89</td>
</tr>
<tr>
<td>Local government on-passing</td>
<td>163</td>
<td>54</td>
</tr>
<tr>
<td>Private and not-for-profit sector</td>
<td>165</td>
<td>182</td>
</tr>
<tr>
<td>Private and not-for-profit sector on-passing</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Total Capital Transfers</td>
<td>482</td>
<td>340</td>
</tr>
</tbody>
</table>

(a) Includes grants, subsidies and other transfer expenses.
Note: Columns may not add due to rounding.
NOTE 10: 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 2017 results.

### AASB 1049 TO GFS CONVERGENCE DIFFERENCES

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
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<tr>
<td><strong>General government</strong></td>
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<td></td>
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<tr>
<td>AASB 1049 net operating balance</td>
<td>-2,474</td>
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<tr>
<td>Plus GFS revenue adjustments</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Less GFS expense adjustments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dampier to Bunbury Natural Gas Pipeline loan asset</td>
<td>-88</td>
<td>88</td>
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<tr>
<td><strong>Total GFS expense adjustments</strong></td>
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<td>-88</td>
</tr>
<tr>
<td><strong>Total GFS adjustments to AASB 1049 net operating balance</strong></td>
<td>-88</td>
<td>-88</td>
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<tr>
<td><strong>GFS net operating balance</strong></td>
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<td>-2,109</td>
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<tr>
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<td>892</td>
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<tr>
<td>Plus GFS revenue adjustments</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Less GFS expense adjustments</td>
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<td></td>
</tr>
<tr>
<td>Capitalised interest</td>
<td>1</td>
<td>31</td>
</tr>
<tr>
<td>Dividends</td>
<td>713</td>
<td>1,273</td>
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<tr>
<td><strong>Total GFS expense adjustments</strong></td>
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<td>1,304</td>
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<tr>
<td><strong>Total GFS adjustments to AASB 1049 net operating balance</strong></td>
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<td>-1,304</td>
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<tr>
<td><strong>GFS net operating balance</strong></td>
<td>-233</td>
<td>-411</td>
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<td><strong>Total non-financial public sector</strong></td>
<td></td>
<td></td>
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<tr>
<td>AASB 1049 net operating balance</td>
<td>-2,706</td>
<td>-2,401</td>
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<td>Plus GFS revenue adjustments</td>
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<td>-</td>
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<tr>
<td>Less GFS expense adjustments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capitalised interest</td>
<td>1</td>
<td>31</td>
</tr>
<tr>
<td>Dampier to Bunbury Natural Gas Pipeline loan asset</td>
<td>-88</td>
<td>88</td>
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<tr>
<td><strong>Total GFS expense adjustments</strong></td>
<td>119</td>
<td>119</td>
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<tr>
<td><strong>Total GFS adjustments to AASB 1049 net operating balance</strong></td>
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<td>-119</td>
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<td><strong>GFS net operating balance</strong></td>
<td>2,707</td>
<td>-2,520</td>
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### AASB 1049 TO GFS CONVERGENCE DIFFERENCES

#### Net Operating Balance (cont.)

<table>
<thead>
<tr>
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<th>2016</th>
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<tr>
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<td>164</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Less GFS expense adjustments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>202</td>
<td>230</td>
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<tr>
<td>Total GFS expense adjustments</td>
<td>202</td>
<td>230</td>
</tr>
<tr>
<td>Total GFS adjustments to AASB 1049 net operating balance</td>
<td>-202</td>
<td>-230</td>
</tr>
<tr>
<td><strong>GFS net operating balance</strong></td>
<td>-38</td>
<td>-158</td>
</tr>
</tbody>
</table>

| **Total public sector**        |      |      |
| AASB 1049 net operating balance| -2,744 | -2,559 |
| Plus GFS revenue adjustments   | -    | -    |
| Less GFS expense adjustments   |      |      |
| Capitalised interest           | 1    | 31   |
| Dampier to Bunbury Natural Gas Pipeline loan asset | - | 88 |
| Total GFS expense adjustments  | 1    | 119  |
| Total GFS adjustments to AASB 1049 net operating balance | -1 | -119 |
| **GFS net operating balance**  | -2,745 | -2,678 |
### AASB 1049 TO GFS CONVERGENCE DIFFERENCES

**Net Lending/-Borrowing**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General government</strong></td>
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<td></td>
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<tr>
<td>AASB 1049 net lending/-borrowing</td>
<td>-3,592</td>
<td>-3,064</td>
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<td>Plus Net operating balance convergence differences (noted above)</td>
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<td>-88</td>
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<tr>
<td>GFS net lending/-borrowing</td>
<td>-3,592</td>
<td>-3,152</td>
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<td><strong>Public non-financial corporations</strong></td>
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<td></td>
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<tr>
<td>AASB 1049 net lending/-borrowing</td>
<td>514</td>
<td>-442</td>
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<tr>
<td>Plus Net operating balance convergence differences (noted above)</td>
<td>-714</td>
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<tr>
<td>GFS net lending/-borrowing</td>
<td>-200</td>
<td>-1,746</td>
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<td><strong>Total non-financial public sector</strong></td>
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<td>AASB 1049 net lending/-borrowing</td>
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<td></td>
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<td>AASB 1049 net lending/-borrowing</td>
<td>165</td>
<td>74</td>
</tr>
<tr>
<td>Plus Net operating balance convergence differences (noted above)</td>
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<td>-230</td>
</tr>
<tr>
<td>GFS net lending/-borrowing</td>
<td>-37</td>
<td>-156</td>
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<tr>
<td>AASB 1049 net lending/-borrowing</td>
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<td>Plus Net operating balance convergence differences (noted above)</td>
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<td>-119</td>
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<tr>
<td>GFS net lending/-borrowing</td>
<td>-3,830</td>
<td>5,054</td>
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</table>
## AASB 1049 TO GFS CONVERGENCE DIFFERENCES
### Net Worth

<table>
<thead>
<tr>
<th></th>
<th>2017 ($m)</th>
<th>2016 ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General government</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AASB 1049 net worth</td>
<td>110,189</td>
<td>114,866</td>
</tr>
<tr>
<td>Plus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dampier to Bunbury Natural Gas Pipeline loan asset</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government sector</td>
<td>266</td>
<td>263</td>
</tr>
<tr>
<td>Impact on public corporations net worth</td>
<td>84</td>
<td>31</td>
</tr>
<tr>
<td>Total GFS net worth adjustments</td>
<td>350</td>
<td>293</td>
</tr>
<tr>
<td>GFS net worth</td>
<td>110,539</td>
<td>115,160</td>
</tr>
</tbody>
</table>

| **Public non-financial corporations** |           |           |
| AASB 1049 net worth                  | 54,917    | 54,054    |
| Plus                                 |           |           |
| Impact of general government equity injections | -8,487   | -7,643    |
| Provision for doubtful debts          |           |           |
| Total GFS net worth adjustments       | -8,403    | -7,643    |
| GFS net worth                         | 46,514    | 46,411    |

| **Total non-financial public sector** |           |           |
| AASB 1049 net worth                  | 110,189   | 114,866   |
| Plus                                 |           |           |
| Dampier to Bunbury Natural Gas Pipeline loan asset | -        | -        |
| Provision for doubtful debts          |           |           |
| Total non-financial public sector    | 350       | 293       |
| Impact on public corporations net worth | -        | -        |
| Total GFS net worth adjustments       | 350       | 293       |
| GFS net worth                         | 110,539   | 115,160   |

| **Public financial corporations** |           |           |
| AASB 1049 net worth                | 2,011     | 1,780     |
| Plus                                |           |           |
| Impact of general government equity injections | -        | -        |
| Total GFS net worth adjustments     | -         | -         |
| GFS net worth                       | 2,011     | 1,780     |

| **Total public sector**             |           |           |
| AASB 1049 net worth                 | 110,189   | 114,866   |
| Plus                                |           |           |
| Dampier to Bunbury Natural Gas Pipeline loan asset | -        | -        |
| Provision for doubtful debts         | 350       | 293       |
| Total GFS net worth adjustments      | 350       | 293       |
| GFS net worth                        | 110,539   | 115,160   |
## AASB 1049 TO GFS CONVERGENCE DIFFERENCES

### Change in Net Worth

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td><strong>General government</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AASB 1049 change in net worth</td>
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<td>-6,433</td>
</tr>
<tr>
<td>Plus change in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dampier to Bunbury Natural Gas Pipeline loan asset</td>
<td>-</td>
<td>-88</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government sector</td>
<td>4</td>
<td>27</td>
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<tr>
<td>Impact on public corporations net worth</td>
<td>53</td>
<td>6</td>
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<tr>
<td>Total GFS change in net worth adjustments</td>
<td>56</td>
<td>-55</td>
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<tr>
<td><strong>GFS change in net worth</strong></td>
<td>-4,621</td>
<td>-6,488</td>
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<tr>
<td><strong>Public non-financial corporations</strong></td>
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<td></td>
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<td>AASB 1049 change in net worth</td>
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<td>-237</td>
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<td>Plus change in:</td>
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<td></td>
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<td>Impact of general government equity injections</td>
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<td>-782</td>
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<td>Provision for doubtful debts</td>
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<td>-776</td>
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<td></td>
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<tr>
<td>AASB 1049 change in net worth</td>
<td>-4,677</td>
<td>-6,433</td>
</tr>
<tr>
<td>Plus change in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dampier to Bunbury Natural Gas Pipeline loan asset</td>
<td>-</td>
<td>-88</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total non-financial public sector</td>
<td>56</td>
<td>33</td>
</tr>
<tr>
<td>Impact of public corporations net worth</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total GFS change in net worth adjustments</td>
<td>56</td>
<td>-55</td>
</tr>
<tr>
<td><strong>GFS change in net worth</strong></td>
<td>-4,621</td>
<td>-6,488</td>
</tr>
<tr>
<td><strong>Public financial corporations</strong></td>
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<td></td>
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<tr>
<td>AASB 1049 change in net worth</td>
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<td>-229</td>
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<td>Plus change in:</td>
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<td></td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total GFS change in net worth adjustments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>GFS change in net worth</strong></td>
<td>231</td>
<td>-229</td>
</tr>
<tr>
<td><strong>Total public sector</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AASB 1049 change in net worth</td>
<td>-4,677</td>
<td>-6,433</td>
</tr>
<tr>
<td>Plus change in:</td>
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<td></td>
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<tr>
<td>Dampier to Bunbury Natural Gas Pipeline loan asset</td>
<td>-</td>
<td>-88</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>56</td>
<td>33</td>
</tr>
<tr>
<td>Total GFS change in net worth adjustments</td>
<td>56</td>
<td>-55</td>
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<tr>
<td><strong>GFS change in net worth</strong></td>
<td>-4,621</td>
<td>-6,488</td>
</tr>
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</table>
## Appendix 1

### AASB 1049 TO GFS CONVERGENCE DIFFERENCES

#### Cash Surplus/-Deficit

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<thead>
<tr>
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<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
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<tr>
<td><strong>General government</strong></td>
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<tr>
<td>AASB 1049 cash surplus/-deficit</td>
<td>-3,751</td>
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<tr>
<td>Less Acquisitions under finance leases and similar arrangements</td>
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<td><strong>GFS cash surplus/-deficit</strong></td>
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<td>-3,664</td>
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<td><strong>Public non-financial corporations</strong></td>
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<td></td>
</tr>
<tr>
<td>AASB 1049 cash surplus/-deficit</td>
<td>-682</td>
<td>-882</td>
</tr>
<tr>
<td>Less Acquisitions under finance leases and similar arrangements</td>
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<td>-</td>
</tr>
<tr>
<td><strong>GFS cash surplus/-deficit</strong></td>
<td>-682</td>
<td>-882</td>
</tr>
<tr>
<td><strong>Total non-financial public sector</strong></td>
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<td></td>
</tr>
<tr>
<td>AASB 1049 cash surplus/-deficit</td>
<td>-4,432</td>
<td>-4,546</td>
</tr>
<tr>
<td>Less Acquisitions under finance leases and similar arrangements</td>
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<td>-</td>
</tr>
<tr>
<td><strong>GFS cash surplus/-deficit</strong></td>
<td>-4,721</td>
<td>-4,546</td>
</tr>
<tr>
<td><strong>Public financial corporations</strong></td>
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<td></td>
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<tr>
<td>AASB 1049 cash surplus/-deficit</td>
<td>-243</td>
<td>-185</td>
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<td>Less Acquisitions under finance leases and similar arrangements</td>
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<td>-</td>
</tr>
<tr>
<td><strong>GFS cash surplus/-deficit</strong></td>
<td>-243</td>
<td>-185</td>
</tr>
<tr>
<td><strong>Total public sector</strong></td>
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<td></td>
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<tr>
<td>AASB 1049 cash surplus/-deficit</td>
<td>-4,675</td>
<td>-4,731</td>
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<tr>
<td>Less Acquisitions under finance leases and similar arrangements</td>
<td>288</td>
<td>-</td>
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<tr>
<td><strong>GFS cash surplus/-deficit</strong></td>
<td>-4,963</td>
<td>-4,731</td>
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## NOTE 11: RECEIVABLES

### General Government

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<tr>
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<tr>
<td>Receivables</td>
<td>3,365</td>
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<td>Provision for impairment of receivables</td>
<td>-266</td>
<td>-263</td>
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<td><strong>Total receivables</strong></td>
<td><strong>3,099</strong></td>
<td><strong>2,921</strong></td>
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</table>

**Reconciliation of changes in the allowance for impairment of receivables:**

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<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at start of year</td>
<td>263</td>
<td>236</td>
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<tr>
<td>Doubtful debts expense recognised in the income statement</td>
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<td>62</td>
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<tr>
<td>Amounts written off during the year</td>
<td>-36</td>
<td>-34</td>
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<tr>
<td>Amounts recovered during the year</td>
<td>-3</td>
<td>-1</td>
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<tr>
<td><strong>Balance at the end of year</strong></td>
<td><strong>266</strong></td>
<td><strong>263</strong></td>
</tr>
</tbody>
</table>

### Ageing of receivables past due but not impaired at the balance sheet date:

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<thead>
<tr>
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<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not more than 3 months</td>
<td>1,595</td>
<td>1,279</td>
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<td>More than 3 Months but less than 6 months</td>
<td>238</td>
<td>157</td>
</tr>
<tr>
<td>More than 6 months but less than 1 year</td>
<td>193</td>
<td>248</td>
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<tr>
<td>More than 1 year</td>
<td>451</td>
<td>344</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,477</strong></td>
<td><strong>2,027</strong></td>
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</table>

**Receivables individually determined as impaired at the balance sheet date:**

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<th>2017</th>
<th>2016</th>
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</thead>
<tbody>
<tr>
<td>Carrying amount before deducting any impairment loss</td>
<td>91</td>
<td>93</td>
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<tr>
<td>Impairment loss</td>
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<td>-2</td>
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<tr>
<td><strong>Carrying amount at the end of year</strong></td>
<td><strong>89</strong></td>
<td><strong>91</strong></td>
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### Total Public Sector

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<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Receivables</td>
<td>4,539</td>
<td>4,433</td>
</tr>
<tr>
<td>Provision for impairment of receivables</td>
<td>-350</td>
<td>-293</td>
</tr>
<tr>
<td><strong>Total receivables</strong></td>
<td><strong>4,190</strong></td>
<td><strong>4,140</strong></td>
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</tbody>
</table>

**Reconciliation of changes in the allowance for impairment of receivables:**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at start of year</td>
<td>293</td>
<td>261</td>
</tr>
<tr>
<td>Doubtful debts expense recognised in the income statement</td>
<td>115</td>
<td>88</td>
</tr>
<tr>
<td>Amounts written off during the year</td>
<td>-55</td>
<td>-53</td>
</tr>
<tr>
<td>Amounts recovered during the year</td>
<td>-3</td>
<td>-2</td>
</tr>
<tr>
<td><strong>Balance at the end of year</strong></td>
<td><strong>350</strong></td>
<td><strong>293</strong></td>
</tr>
</tbody>
</table>

### Ageing of receivables past due but not impaired at the balance sheet date:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not more than 3 months</td>
<td>1,804</td>
<td>1,507</td>
</tr>
<tr>
<td>More than 3 Months but less than 6 months</td>
<td>276</td>
<td>205</td>
</tr>
<tr>
<td>More than 6 months but less than 1 year</td>
<td>201</td>
<td>291</td>
</tr>
<tr>
<td>More than 1 year</td>
<td>459</td>
<td>351</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,741</strong></td>
<td><strong>2,355</strong></td>
</tr>
</tbody>
</table>

**Receivables individually determined as impaired at the balance sheet date:**

<table>
<thead>
<tr>
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<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount before deducting any impairment loss</td>
<td>337</td>
<td>239</td>
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<tr>
<td>Impairment loss</td>
<td>-84</td>
<td>-27</td>
</tr>
<tr>
<td><strong>Carrying amount at the end of year</strong></td>
<td><strong>253</strong></td>
<td><strong>212</strong></td>
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</tbody>
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Note: Columns may not add due to rounding.
## NOTE 12: LAND

### General Government

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land, at fair value</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>13,448</td>
<td>14,168</td>
</tr>
<tr>
<td>Land under roads, at fair value</td>
<td>23,821</td>
<td>24,382</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>37,269</strong></td>
<td><strong>38,551</strong></td>
</tr>
</tbody>
</table>

### Total Public Sector

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land, at fair value</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>27,050</td>
<td>28,850</td>
</tr>
<tr>
<td>Land under roads, at fair value</td>
<td>23,821</td>
<td>24,382</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50,870</strong></td>
<td><strong>53,233</strong></td>
</tr>
</tbody>
</table>

(a) Land valuations are provided by the Western Australian Land Information Authority (Valuation Services Branch) each financial year with an effective date of 1 July. The valuation is based on information on the stock of land at 30 June 2016. Land vested in local authorities of $2,047 million (2016: $2,071 million) is not recognised in the consolidated Balance Sheet, as it is not under State public sector control.

(b) Land under roads valuations are provided by the Western Australian Land Information Authority (Valuation Services Branch) each financial year with an effective date of 1 July. The valuation is based on information on the stock of land at 30 June 2016.

Note: Columns may not add due to rounding.
NOTE 13: OTHER PROPERTY, PLANT AND EQUIPMENT

### General Government

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings, at fair value (a)</td>
<td>18,496</td>
<td>18,659</td>
</tr>
<tr>
<td>Accumulated Depreciation and impairment losses</td>
<td>-302</td>
<td>-449</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>18,194</td>
<td>18,210</td>
</tr>
<tr>
<td>Electricity generation and transmission, at fair value (b)</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Road networks, at fair value (c)</td>
<td>28,933</td>
<td>29,780</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>-10,778</td>
<td>-10,529</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>18,155</td>
<td>19,251</td>
</tr>
<tr>
<td>Other infrastructure, at fair value</td>
<td>963</td>
<td>845</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>-347</td>
<td>-290</td>
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<tr>
<td><strong>Total</strong></td>
<td>616</td>
<td>555</td>
</tr>
<tr>
<td>Plant, equipment and other, at fair value</td>
<td>3,886</td>
<td>4,178</td>
</tr>
<tr>
<td>Accumulated Depreciation and impairment losses</td>
<td>-1,376</td>
<td>-1,680</td>
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<tr>
<td><strong>Total</strong></td>
<td>2,510</td>
<td>2,499</td>
</tr>
<tr>
<td>Fixed Assets under construction</td>
<td>3,164</td>
<td>2,741</td>
</tr>
<tr>
<td><strong>Total Property, Plant and Equipment</strong></td>
<td>42,640</td>
<td>43,256</td>
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</table>

### Total Public Sector

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings, at fair value (a)</td>
<td>26,378</td>
<td>26,154</td>
</tr>
<tr>
<td>Accumulated Depreciation and impairment losses</td>
<td>-1,034</td>
<td>-1,165</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25,344</td>
<td>24,988</td>
</tr>
<tr>
<td>Electricity generation and transmission, at fair value (b)</td>
<td>20,181</td>
<td>19,701</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>-4,760</td>
<td>-4,406</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15,421</td>
<td>15,295</td>
</tr>
<tr>
<td>Road networks, at fair value (c)</td>
<td>28,933</td>
<td>29,780</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>-10,778</td>
<td>-10,529</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>18,155</td>
<td>19,251</td>
</tr>
<tr>
<td>Water storage and distribution, at fair value (d)</td>
<td>29,552</td>
<td>29,296</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
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<td>-10,983</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>18,218</td>
<td>18,313</td>
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<tr>
<td>Other infrastructure, at fair value</td>
<td>16,386</td>
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<tr>
<td>Accumulated Depreciation</td>
<td>-9,370</td>
<td>-9,020</td>
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<tr>
<td><strong>Total</strong></td>
<td>7,016</td>
<td>6,815</td>
</tr>
<tr>
<td>Plant, equipment and other, at fair value</td>
<td>15,520</td>
<td>13,495</td>
</tr>
<tr>
<td>Accumulated Depreciation and impairment losses</td>
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<td>-5,852</td>
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<tr>
<td><strong>Total</strong></td>
<td>8,633</td>
<td>7,643</td>
</tr>
<tr>
<td>Fixed Assets under construction</td>
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<td>5,019</td>
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<tr>
<td><strong>Total Property, Plant and Equipment</strong></td>
<td>98,534</td>
<td>97,324</td>
</tr>
</tbody>
</table>

Notes:

(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 2017.

(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: Columns may not add due to rounding.
### NOTE 14: RECONCILIATION OF LAND AND OTHER PROPERTY, PLANT AND EQUIPMENT (a)

<table>
<thead>
<tr>
<th></th>
<th>Land ($m)</th>
<th>Roads ($m)</th>
<th>Buildings ($m)</th>
<th>Electric Generation and Transmission ($m)</th>
<th>Road Networks ($m)</th>
<th>Other Infrastructure ($m)</th>
<th>Plant &amp; Equipment &amp; Other ($m)</th>
<th>Fixed Assets under Construction ($m)</th>
<th>Total ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>30 June 2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying amount at beginning of year</td>
<td>14,168</td>
<td>24,382</td>
<td>18,210</td>
<td>19,251</td>
<td>555</td>
<td>2,499</td>
<td>2,741</td>
<td>81,807</td>
<td></td>
</tr>
<tr>
<td>Assets classified as held for sale</td>
<td>-84</td>
<td>-17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Additions</td>
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<td>-</td>
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<td>257</td>
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<td>-55</td>
<td>-1</td>
<td>-85</td>
<td>-1</td>
<td>-206</td>
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<td></td>
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<tr>
<td>Transfers in/out</td>
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<td>445</td>
<td>614</td>
<td>19</td>
<td>222</td>
<td>-1,381</td>
<td>-111</td>
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<tr>
<td>Revaluation increments/decrements</td>
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<td>-562</td>
<td>-323</td>
<td>-1,292</td>
<td>56</td>
<td>-13</td>
<td>-2,831</td>
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<tr>
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<td>-364</td>
<td>-20</td>
<td>-339</td>
<td>-</td>
<td>-1,228</td>
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<td></td>
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<tr>
<td>Other</td>
<td>45</td>
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<td>-</td>
<td>-2</td>
<td>-31</td>
<td>-76</td>
<td>-79</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td>13,448</td>
<td>23,821</td>
<td>18,194</td>
<td>18,155</td>
<td>616</td>
<td>2,510</td>
<td>3,164</td>
<td>79,909</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Land ($m)</th>
<th>Roads ($m)</th>
<th>Buildings ($m)</th>
<th>Electric Generation and Transmission ($m)</th>
<th>Road Networks ($m)</th>
<th>Other Infrastructure ($m)</th>
<th>Plant &amp; Equipment &amp; Other ($m)</th>
<th>Fixed Assets under Construction ($m)</th>
<th>Total ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>30 June 2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying amount at beginning of year</td>
<td>14,626</td>
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<td>548</td>
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<td>-</td>
<td>-1</td>
<td>-</td>
<td>-</td>
<td>-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions</td>
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<td>17</td>
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<td>331</td>
<td>1,790</td>
<td>2,354</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
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<td>-98</td>
<td>-55</td>
<td>-4</td>
<td>-265</td>
<td>-23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in/out</td>
<td>5</td>
<td>18</td>
<td>801</td>
<td>1,538</td>
<td>25</td>
<td>105</td>
<td>-2,515</td>
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<td></td>
</tr>
<tr>
<td>Revaluation increments/decrements</td>
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<td>136</td>
<td>-2,709</td>
<td>160</td>
<td>-18</td>
<td>-339</td>
<td>-1,262</td>
<td></td>
<td></td>
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<tr>
<td>Depreciation</td>
<td>-</td>
<td>-564</td>
<td>-340</td>
<td>-18</td>
<td>-339</td>
<td>-</td>
<td>-1,262</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-124</td>
<td>-17</td>
<td>-</td>
<td>-1</td>
<td>-4</td>
<td>-20</td>
<td>-165</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td>14,168</td>
<td>24,382</td>
<td>18,210</td>
<td>19,251</td>
<td>555</td>
<td>2,499</td>
<td>2,741</td>
<td>81,807</td>
<td></td>
</tr>
</tbody>
</table>
### NOTE 14: RECONCILIATION OF LAND AND OTHER PROPERTY, PLANT AND EQUIPMENT (a) (CONT.)

<table>
<thead>
<tr>
<th></th>
<th>Land $m</th>
<th>Roads $m</th>
<th>Buildings $m</th>
<th>Electricity generation and transmission $m</th>
<th>Water storage and transmission $m</th>
<th>Road networks $m</th>
<th>Infrastructure $m</th>
<th>Plant, equip &amp; other $m</th>
<th>Construction $m</th>
<th>Total $m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>30 June 2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying amount at beginning of year</td>
<td>26,850</td>
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<td>24,988</td>
<td>15,295</td>
<td>19,251</td>
<td>18,313</td>
<td>6,815</td>
<td>7,643</td>
<td>5,019</td>
<td>150,557</td>
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<td>Assets classified as held for sale</td>
<td>-84</td>
<td>-</td>
<td>-43</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-127</td>
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<tr>
<td>Additions</td>
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<td>14</td>
<td>90</td>
<td>16</td>
<td>346</td>
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<tr>
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<td>-101</td>
<td>-6</td>
<td>-55</td>
<td>-2</td>
<td>-4</td>
<td>-122</td>
<td>-1</td>
<td>-459</td>
<td></td>
</tr>
<tr>
<td>Transfers in/-out</td>
<td>76</td>
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<td>661</td>
<td>537</td>
<td>614</td>
<td>297</td>
<td>398</td>
<td>749</td>
<td>-185</td>
<td></td>
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<tr>
<td>Revaluation increments/-decrements</td>
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</tr>
<tr>
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<td>-</td>
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<td>-583</td>
<td>-364</td>
<td>-407</td>
<td>-353</td>
<td>-802</td>
<td>-3,199</td>
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</tr>
<tr>
<td>Other</td>
<td>44</td>
<td>-15</td>
<td>-131</td>
<td>-</td>
<td>-2</td>
<td>-32</td>
<td>-74</td>
<td>-210</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td>27,050</td>
<td>23,821</td>
<td>25,344</td>
<td>15,421</td>
<td>18,155</td>
<td>18,218</td>
<td>7,016</td>
<td>8,633</td>
<td>5,746</td>
<td>149,404</td>
</tr>
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<td><strong>30 June 2016</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying amount at beginning of year</td>
<td>29,873</td>
<td>24,211</td>
<td>28,450</td>
<td>14,766</td>
<td>17,992</td>
<td>18,354</td>
<td>6,381</td>
<td>7,108</td>
<td>5,585</td>
<td>152,720</td>
</tr>
<tr>
<td>Assets classified as held for sale</td>
<td>-14</td>
<td>-</td>
<td>-33</td>
<td>-</td>
<td>-2</td>
<td>247</td>
<td>11</td>
<td>434</td>
<td>-48</td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>147</td>
<td>17</td>
<td>186</td>
<td>94</td>
<td>-</td>
<td>247</td>
<td>11</td>
<td>434</td>
<td>3,970</td>
<td>5,107</td>
</tr>
<tr>
<td>Disposals</td>
<td>-287</td>
<td>-</td>
<td>-179</td>
<td>-23</td>
<td>-98</td>
<td>-3</td>
<td>-1</td>
<td>-86</td>
<td>-4</td>
<td>-681</td>
</tr>
<tr>
<td>Transfers in/-out</td>
<td>5</td>
<td>18</td>
<td>911</td>
<td>876</td>
<td>1,538</td>
<td>199</td>
<td>127</td>
<td>768</td>
<td>-4,512</td>
<td>-70</td>
</tr>
<tr>
<td>Revaluation increments/-decrements</td>
<td>-751</td>
<td>136</td>
<td>-3,577</td>
<td>162</td>
<td>-160</td>
<td>-96</td>
<td>608</td>
<td>191</td>
<td>-3,167</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
<td>-755</td>
<td>-577</td>
<td>-340</td>
<td>-388</td>
<td>-312</td>
<td>-779</td>
<td>-3,150</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-124</td>
<td>-</td>
<td>-15</td>
<td>-3</td>
<td>-1</td>
<td>8</td>
<td>-20</td>
<td>154</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td>28,850</td>
<td>24,382</td>
<td>24,988</td>
<td>15,295</td>
<td>19,251</td>
<td>18,313</td>
<td>6,815</td>
<td>7,643</td>
<td>5,019</td>
<td>150,557</td>
</tr>
</tbody>
</table>

(a) Information on fair value measurements is provided in Note 15.

Note: Columns may not add due to rounding.
## NOTE 15: FAIR VALUE MEASUREMENTS

### General Government

#### Assets measured at fair value

<table>
<thead>
<tr>
<th></th>
<th>Level 1 (a) $m</th>
<th>Level 2 (b) $m</th>
<th>Level 3 (c) $m</th>
<th>Fair value at end of period $m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>30 June 2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets classified as held for sale (Note 19)</td>
<td>-</td>
<td>27</td>
<td>85</td>
<td>111</td>
</tr>
<tr>
<td>Land (Note 12,14)</td>
<td>9</td>
<td>4,346</td>
<td>9,094</td>
<td>13,448</td>
</tr>
<tr>
<td>Land under roads (Note 12,14)</td>
<td>-</td>
<td>-</td>
<td>23,821</td>
<td>23,821</td>
</tr>
<tr>
<td>Buildings (Note 13,14)</td>
<td>39</td>
<td>431</td>
<td>17,724</td>
<td>18,194</td>
</tr>
<tr>
<td>Electricity generation and transmission (Note 13,14)</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Road networks (Note 13,14)</td>
<td>-</td>
<td>-</td>
<td>18,155</td>
<td>18,155</td>
</tr>
<tr>
<td>Other infrastructure (Note 13,14)</td>
<td>-</td>
<td>-</td>
<td>616</td>
<td>616</td>
</tr>
<tr>
<td>Plant, equipment and other (Note 13,14)</td>
<td>-</td>
<td>364</td>
<td>2,146</td>
<td>2,510</td>
</tr>
<tr>
<td>Biological assets (Note 16)</td>
<td>-</td>
<td>8</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Investment property (Note 20)</td>
<td>-</td>
<td>7</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>48</td>
<td>5,182</td>
<td>71,641</td>
<td>76,872</td>
</tr>
<tr>
<td><strong>30 June 2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets classified as held for sale (Note 19)</td>
<td>-</td>
<td>20</td>
<td>12</td>
<td>32</td>
</tr>
<tr>
<td>Land (Note 12,14)</td>
<td>111</td>
<td>4,637</td>
<td>9,421</td>
<td>14,168</td>
</tr>
<tr>
<td>Land under roads (Note 12,14)</td>
<td>-</td>
<td>-</td>
<td>24,382</td>
<td>24,382</td>
</tr>
<tr>
<td>Buildings (Note 13,14)</td>
<td>33</td>
<td>448</td>
<td>17,728</td>
<td>18,210</td>
</tr>
<tr>
<td>Electricity generation and transmission (Note 13,14)</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Road networks (Note 13,14)</td>
<td>-</td>
<td>-</td>
<td>19,251</td>
<td>19,251</td>
</tr>
<tr>
<td>Other infrastructure (Note 13,14)</td>
<td>-</td>
<td>94</td>
<td>461</td>
<td>555</td>
</tr>
<tr>
<td>Plant, equipment and other (Note 13,14)</td>
<td>4</td>
<td>361</td>
<td>2,134</td>
<td>2,499</td>
</tr>
<tr>
<td>Biological assets (Note 16)</td>
<td>-</td>
<td>4</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Investment property (Note 20)</td>
<td>-</td>
<td>8</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>148</td>
<td>5,571</td>
<td>73,390</td>
<td>79,110</td>
</tr>
</tbody>
</table>

(a) Assets valued using quoted prices (unadjusted) in active markets for identical assets.
(b) Assets valued using inputs based on observable market data (either directly or indirectly).
(c) Assets valued using inputs not based on observable market data.

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

### Measurement of fair values

#### Transfers between Level 1, 2 and 3

There were no material transfers between fair value hierarchy levels for agencies with significant asset values within the general government sector for the period ending 30 June 2017.

The following transfers between fair value hierarchy levels were identified for agencies with significant asset values within the general government sector for the period ending 30 June 2016.
NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

- The Department of Culture and the Arts transferred $297 million in works of art from Level 3 to Level 2.
- The Department of Water transferred $113 million in land assets and $1 million in buildings from Level 3 to Level 2.
- Western Australia Police transferred $18 million in buildings from Level 2 to Level 3 in 2015-16 to reflect the correct valuation methodology.
- The Western Australian Planning Commission transferred $11 million in land assets from Level 2 to Level 3.
- The Department of Health transferred $2 million in land assets from Level 2 to Level 3.
- The Department for Child Protection and Family Support transferred property of $2 million from Level 2 to Level 3.

Valuation techniques to derive Level 2 fair values

There were no significant changes in valuation techniques during the period.

The following valuation techniques to derive Level 2 fair values have been identified for agencies with significant asset values within the general government sector.

- Level 2 fair values of assets classified as held for sale, land, buildings, other infrastructure, plant, equipment and ‘other’, and investment property are derived using the market approach. Market evidence of sales prices of comparable assets is used to determine price per square metre, with adjustments made for differences in key attributes.
- Level 2 fair values of biological assets are derived using the market rates less costs to sell.
- Assets held for sale have been written down to fair value less costs to sell. Fair value has been determined by reference to market evidence of sales prices of comparable assets.
### Note 15: Fair Value Measurements (Cont.)

#### General Government

Fair value measurements using significant unobservable inputs (Level 3) *(a) (b)*

<table>
<thead>
<tr>
<th>Assets classified as held for sale</th>
<th>Land under Roads</th>
<th>Electricity generation and transmission</th>
<th>Road networks</th>
<th>Other Infrastructure</th>
<th>Plant, equip &amp; other</th>
<th>Biological assets</th>
<th>Investment property</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 June 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value at start of period</td>
<td>12</td>
<td>9,421</td>
<td>24,382</td>
<td>17,728</td>
<td>1</td>
<td>19,251</td>
<td>461</td>
</tr>
<tr>
<td>Additions</td>
<td>83</td>
<td>116</td>
<td>11</td>
<td>814</td>
<td>-</td>
<td>675</td>
<td>18</td>
</tr>
<tr>
<td>Revaluation increments/decrements recognised in All other movements in equity</td>
<td>-9</td>
<td>-385</td>
<td>-562</td>
<td>-275</td>
<td>-</td>
<td>-1,292</td>
<td>156</td>
</tr>
<tr>
<td>Transfers from/to Level 2</td>
<td>-</td>
<td>-5</td>
<td>-1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-1</td>
<td>-34</td>
<td>-10</td>
<td>-74</td>
<td>-</td>
<td>-116</td>
<td>-1</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
<td>-438</td>
<td>-</td>
<td>-364</td>
<td>-16</td>
<td>-339</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-18</td>
<td>-30</td>
<td>-</td>
<td>-2</td>
<td>-30</td>
<td>-</td>
</tr>
<tr>
<td>Fair value at end of period</td>
<td>85</td>
<td>9,094</td>
<td>23,821</td>
<td>17,724</td>
<td>1</td>
<td>18,155</td>
<td>616</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets classified as held for sale</th>
<th>Land under Roads</th>
<th>Electricity generation and transmission</th>
<th>Road networks</th>
<th>Other Infrastructure</th>
<th>Plant, equip &amp; other</th>
<th>Biological assets</th>
<th>Investment property</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 June 2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value at start of period</td>
<td>13</td>
<td>9,309</td>
<td>24,211</td>
<td>20,047</td>
<td>1</td>
<td>17,992</td>
<td>469</td>
</tr>
<tr>
<td>Additions</td>
<td>1</td>
<td>100</td>
<td>35</td>
<td>913</td>
<td>-</td>
<td>1,543</td>
<td>11</td>
</tr>
<tr>
<td>Revaluation increments/decrements recognised in All other movements in equity</td>
<td>-1</td>
<td>197</td>
<td>136</td>
<td>-2,638</td>
<td>-</td>
<td>160</td>
<td>-6</td>
</tr>
<tr>
<td>Transfers from/to Level 2</td>
<td>-</td>
<td>-158</td>
<td>-10</td>
<td>-</td>
<td>-</td>
<td>-158</td>
<td>-</td>
</tr>
<tr>
<td>Transfers between asset classes</td>
<td>-</td>
<td>-</td>
<td>-4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-6</td>
</tr>
<tr>
<td>Disposals</td>
<td>-1</td>
<td>-30</td>
<td>-68</td>
<td>-</td>
<td>-103</td>
<td>-1</td>
<td>-61</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
<td>-539</td>
<td>-</td>
<td>-340</td>
<td>-13</td>
<td>-340</td>
</tr>
<tr>
<td>Fair value at end of period</td>
<td>12</td>
<td>9,421</td>
<td>24,382</td>
<td>17,728</td>
<td>1</td>
<td>19,251</td>
<td>461</td>
</tr>
</tbody>
</table>

*(a)* There were no gains or losses for the period included in Operating Result for assets held at the end of the reporting period, under "Net gains on assets/liabilities".

*(b)* There was no change in unrealised gains or loss for the period included in the Operating Result for assets held at the end of the reporting period.

Note: Columns may not add due to rounding.
NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

Valuation processes

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as assets held for sale as the State’s Treasurer’s Instructions require valuations of land, buildings and infrastructure to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Valuation techniques to derive Level 3 fair values

There were no significant changes in valuation methodologies within the general government sector for the period ending 30 June 2017.

For the period ending 30 June 2016 the following changes in valuation methodologies were identified for agencies with significant asset values within the general government sector.

- For the year ending 30 June 2016, the Department of Education has adopted the school building valuations from the Western Australian Land information Authority (Valuation Services). The valuations have been supplemented by valuations from the Department of Education’s valuer for building sub-classes (school infrastructure) consisting of analyses data to determine costs attributed to school infrastructure, which is added to the building valuations to present the fair value of buildings (including school infrastructure). Information from the quantity surveyor engaged by the Department of Education, together with previous analysis of school infrastructure and a cross reference to industry cost guide publication, is considered when estimating the building replacement cost for school infrastructure. This compares with the previous year (ending 30 June 2015), where the valuation of buildings was provided by the Department of Education’s valuer. In that year, the valuer engaged a quantity surveyor to determine such elements as building areas and to provide appropriate analysis, thereby enabling the Department’s valuer to determine such key issues, but not limited to, effective age and replacement costs per square metre, to complete the valuations.

- In addition, the Department of Education, commencing 2015–16, has reassessed the useful life of school buildings from 50 to 80 years. This aligns with Landgate’s established practice of 80 years for school buildings, and is similar to the treatment in other Australian jurisdictions.

The following valuation techniques have been identified for agencies with significant Level 3 asset values within the general government sector, reflecting the accounting policy of the agencies with such assets.
NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

• Fair value for restricted-use land is based on comparison with market evidence for land with low level utility (high restricted use land). The relevant comparators of land with low level utility is selected by Valuation Services and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

• Fair value for current-use land assets, is measured firstly by establishing the opportunity cost of public purpose land, which is termed the hypothetical alternate land use value. This approach assumes unencumbered land use based upon potential highest and best alternative use as represented by surrounding land uses and market analysis. Fair value of the land is then determined on the assumption that the site is rehabilitated to a vacant marketable condition. This requires costs associated with rehabilitation to be deducted from the hypothetical alternate land use value of the land. Costs may include building demolition, clearing, planning approvals and time allowances associated with realising that potential. In some instances the legal, physical, economic and socio political restrictions on a land results in a minimal or negative current use land value. In this situation the land value adopted is the higher of the calculated rehabilitation amount or the amount determined on the basis of comparison to market corroborated evidence of land with low level utility. Land of low level utility is considered to be grazing land on the urban fringe of the metropolitan area with no economic farming potential or foreseeable development or redevelopment potential at the measurement date.

• Fair value for existing use specialised buildings, other infrastructure, road networks, and plant, equipment and ‘other’ is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset (i.e. the depreciated replacement cost). Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. Current replacement cost is generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications.

• Current replacement cost for road networks is determined 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 or rates obtained by professional estimators specialising in road infrastructure works) to ensure asset values do not materially differ from fair value.

The Level 3 inputs used are derived and evaluated as follows.

Selection of land with similar approximate utility

Fair value for restricted-use land is determined by comparison with market evidence for land with low level utility. Relevant comparators of land with low level utility are selected by Valuation Services.
NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

**Difference between hypothetical alternate land use value and current-use land value**

For current-use land assets, fair value is measured firstly by establishing the opportunity cost of public purpose land, which is termed the hypothetical alternate land use value.

**Selection of land adjoining road reserve**

The fair value of road infrastructure comprising of land under roads is determined by comparison with the unimproved land values for land tax purposes maintained by Valuation Services.

**Consumed economic benefit/obsolescence of assets**

This is estimated by Valuation Services and applies to the majority of the asset classes.

**Effective age**

The effective age is determined by Valuation Services for buildings and by the Department of Education’s valuer for its building sub-classes, after taking into account factors such as planned routine maintenance, building improvements and upgrades.

**Percentage rate of add-on cost – buildings and building sub-classes**

Valuation Services has determined that the costs relating to contingencies, headworks, demolition costs, professional and project fees are inherent in the building valuations and therefore should not be added to its valuations. This also applies to the building sub-classes.

**Average installation costs – transportable**

The cost of transportation and connection of services is determined by a quantity surveyor.

**Residual value of 25% of current replacement cost**

The straight line method of depreciation is applied to derive the depreciated replacement cost, assuming a uniform pattern of consumption over the initial 37 years of asset life (up to 75% of current replacement costs). All specialised buildings are assumed to have a residual value of 25% of their current replacement costs.

**Historical cost per cubic metre – Road networks**

The fair value of road infrastructure comprising of earthworks, pavements (including drainage and seals), bridges and road furniture is calculated using construction unit rates determined by a professional quantity surveying firm and multiplying these by the units that form the infrastructure asset.
NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

The fair value of road infrastructure comprising of principal shared paths and certain road furniture are extracted from financial records of the Commissioner of Main Roads and indexed by movements in the ABS Road and Bridge Construction cost index.

Application of a cost construction index to historical cost

The application of a construction index for some buildings and infrastructure is applied to the construction cost to derive fair value.

Historical drilling cost per metre depth adjusted for regional costs

The application of a Cordell location index to bores is applied to factor location specific costs to derive the estimated costs of bore constructed in Perth, Western Australia.

The cost for creation and design of a bore in compliance with the current minimum construction requirements for water bores in Australia is determined by a quantity surveyor.

Historical cost per library and artwork collection

The cost approach is based on the principle that the price that a buyer in the market would pay no more for an asset then the cost to obtain an asset of equal utility or similar characteristics, whether by purchase, by construction or by fieldwork. The cost of works of art and fieldworks for collections is extracted from financial records of the State Library of Western Australia and the Western Australian Museum.

Information about significant unobservable inputs (Level 3) in fair value measurements

The following table shows the valuation techniques used in measuring Level 3 fair values for significant asset classes, including the significant unobservable inputs used.
## NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

### General Government (a)

<table>
<thead>
<tr>
<th>Asset Measured at Fair Value</th>
<th>Valuation Technique(s)</th>
<th>Unobservable inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets classified as held for sale</td>
<td>Depreciated Replacement Cost</td>
<td>Consumed economic benefit/obsolescence of asset</td>
</tr>
<tr>
<td></td>
<td>Market Approach</td>
<td>Selection of land with similar approximate utility</td>
</tr>
<tr>
<td>Land</td>
<td>Market Approach</td>
<td>Selection of land with similar approximate utility</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Selection of land with restricted utility</td>
</tr>
<tr>
<td></td>
<td>Value in Use</td>
<td>Difference between hypothetical alternate land use value and current use land value</td>
</tr>
<tr>
<td>Land under roads</td>
<td>Market Approach</td>
<td>Selection of land adjoining road reserve</td>
</tr>
<tr>
<td>Buildings</td>
<td>Depreciated Replacement Cost</td>
<td>Effective Age</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage rate add-on cost</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Average installation costs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Residual value of 25% of current replacement cost</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Consumed economic benefit/obsolescence of asset</td>
</tr>
<tr>
<td>Road networks</td>
<td>Depreciated Replacement Cost</td>
<td>Historical cost per cubic metre (m³)</td>
</tr>
<tr>
<td>Other infrastructure</td>
<td>Depreciated Replacement Cost</td>
<td>Consumed economic benefit/obsolescence of asset</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Historical drilling cost per metre depth adjusted for regional costs</td>
</tr>
<tr>
<td>Plant, equipment and other</td>
<td>Depreciated Replacement Cost</td>
<td>Historical cost per library and artwork collection</td>
</tr>
</tbody>
</table>

(a) Reconciliations of the opening and closing balances are provided in Notes 14, 16, 19 and 20.

### Basis of valuation

In the absence of market-based evidence, due to the specialised nature of some non-financial assets, these assets are valued at Level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on the use and disposal of these assets when they are not determined to be surplus to requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service.
### Appendix 1

#### NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

**Total Public Sector**

<table>
<thead>
<tr>
<th>Assets measured at fair value</th>
<th>Level 1 (a) $m</th>
<th>Level 2 (b) $m</th>
<th>Level 3 (c) $m</th>
<th>Fair value at end of period $m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>30 June 2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets classified as held for sale (Note 19)</td>
<td>-</td>
<td>51</td>
<td>85</td>
<td>135</td>
</tr>
<tr>
<td>Land (Note 12,14)</td>
<td>9</td>
<td>11,778</td>
<td>23,821</td>
<td>27,050</td>
</tr>
<tr>
<td>Land under roads (Note 12,14)</td>
<td>-</td>
<td>-</td>
<td>23,821</td>
<td>23,821</td>
</tr>
<tr>
<td>Buildings (Note 13,14)</td>
<td>39</td>
<td>6,371</td>
<td>18,934</td>
<td>25,344</td>
</tr>
<tr>
<td>Electricity generation and transmission (Note 13,14)</td>
<td>-</td>
<td>-</td>
<td>15,421</td>
<td>15,421</td>
</tr>
<tr>
<td>Road networks (Note 13,14)</td>
<td>-</td>
<td>-</td>
<td>18,155</td>
<td>18,155</td>
</tr>
<tr>
<td>Water storage and distribution (Note 13,14)</td>
<td>-</td>
<td>-</td>
<td>18,218</td>
<td>18,218</td>
</tr>
<tr>
<td>Other infrastructure (Note 13,14)</td>
<td>-</td>
<td>-</td>
<td>7,016</td>
<td>7,016</td>
</tr>
<tr>
<td>Plant, equipment and other (Note 13,14)</td>
<td>-</td>
<td>1,549</td>
<td>7,064</td>
<td>8,633</td>
</tr>
<tr>
<td>Biological assets (Note 16)</td>
<td>-</td>
<td>8</td>
<td>326</td>
<td>334</td>
</tr>
<tr>
<td>Investment property (Note 20)</td>
<td>-</td>
<td>67</td>
<td>196</td>
<td>262</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>48</td>
<td>19,823</td>
<td>124,519</td>
<td>144,390</td>
</tr>
<tr>
<td><strong>30 June 2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets classified as held for sale (Note 19)</td>
<td>87</td>
<td>48</td>
<td>12</td>
<td>147</td>
</tr>
<tr>
<td>Land (Note 12,14)</td>
<td>111</td>
<td>13,187</td>
<td>24,382</td>
<td>28,850</td>
</tr>
<tr>
<td>Land under roads (Note 12,14)</td>
<td>-</td>
<td>-</td>
<td>24,988</td>
<td>28,850</td>
</tr>
<tr>
<td>Buildings (Note 13,14)</td>
<td>33</td>
<td>6,024</td>
<td>19,251</td>
<td>24,988</td>
</tr>
<tr>
<td>Electricity generation and transmission (Note 13,14)</td>
<td>-</td>
<td>-</td>
<td>15,295</td>
<td>15,295</td>
</tr>
<tr>
<td>Road networks (Note 13,14)</td>
<td>-</td>
<td>-</td>
<td>19,251</td>
<td>19,251</td>
</tr>
<tr>
<td>Water storage and distribution (Note 13,14)</td>
<td>-</td>
<td>-</td>
<td>18,313</td>
<td>18,313</td>
</tr>
<tr>
<td>Other infrastructure (Note 13,14)</td>
<td>-</td>
<td>94</td>
<td>6,721</td>
<td>6,815</td>
</tr>
<tr>
<td>Plant, equipment and other (Note 13,14)</td>
<td>4</td>
<td>1,464</td>
<td>6,175</td>
<td>7,643</td>
</tr>
<tr>
<td>Biological assets (Note 16)</td>
<td>-</td>
<td>4</td>
<td>330</td>
<td>334</td>
</tr>
<tr>
<td>Investment property (Note 20)</td>
<td>-</td>
<td>73</td>
<td>224</td>
<td>297</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>235</td>
<td>20,894</td>
<td>125,187</td>
<td>146,317</td>
</tr>
</tbody>
</table>

(a) Assets valued using quoted prices (unadjusted) in active markets for identical assets.
(b) Assets valued using inputs based on observable market data (either directly or indirectly).
(c) Assets valued using inputs not based on observable market data.

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

### Measurement of fair values

#### Transfers between Level 1, 2 and 3

All significant transfers that apply to the total public sector for the periods ending 30 June 2017 and 30 June 2016 have been disclosed in the general government sector earlier in this note.
NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

Valuation techniques to derive Level 2 fair values

There were no significant changes in valuation techniques during the period.

The following valuation techniques to derive Level 2 fair values have been identified for agencies with significant asset values within the total public sector.

- **Total public sector Level 2 assets classified as held for sale, land, buildings, and other infrastructure, are derived using the market approach.** The fair values of these assets have been derived using sale prices of comparable assets to determine the price per square metre for land and buildings, with adjustments made for differences in key attributes.

- **Fair value for investment property has been derived using either the market or income approaches.** For market valued assets free of encumbrances the value is measured by market transactions involving comparison and analysis of identical or comparable assets. For assets with encumbrances, the income approach was used which converts future cashflow amounts to a single current discounted amount to arrive at a fair value.

- **The fair values of Level 2 biological assets are derived using the market rates less costs to sell.**

- **Assets classified as held for sale have been written down to fair value less cost to sell.** Fair value has been determined by reference to market evidence of sales process of comparable assets.

- **The fair values of Level 2 plant, equipment and other are derived using the market approach.** These assets include rollingstock and buses, which are owned by the Public Transport Authority. Market evidence of sales prices of rollingstock and bus contracts held by the Public Transport Authority are used to determine price per railcar and bus respectively. It should be noted that rollingstock is classified as both Level 2 and Level 3 on the fair value hierarchy as market information is available for urban railcars. However, regional rollingstock has been valued by an independent third party as no observable inputs are available.
### Note 15: Fair Value Measurements (Cont.)

#### Total Public Sector

Fair value measurements using significant unobservable inputs (Level 3)

<table>
<thead>
<tr>
<th>Assets classified as held for sale</th>
<th>$m</th>
<th>Land $m</th>
<th>Land under Roads $m</th>
<th>Buildings $m</th>
<th>Electricity generation and transmission $m</th>
<th>Road networks $m</th>
<th>Water storage and distribution $m</th>
<th>Other Infrastructure $m</th>
<th>Plant, equip &amp; other $m</th>
<th>Biological assets $m</th>
<th>Investment property $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 June 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value at start of period</td>
<td>12</td>
<td>15,552</td>
<td>24,382</td>
<td>18,931</td>
<td>15,295</td>
<td>19,251</td>
<td>18,313</td>
<td>6,721</td>
<td>6,175</td>
<td>330</td>
<td>224</td>
</tr>
<tr>
<td>Additions</td>
<td>83</td>
<td>229</td>
<td>11</td>
<td>864</td>
<td>557</td>
<td>675</td>
<td>387</td>
<td>401</td>
<td>991</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Revaluation increments/-decrements recognised in Operating Result (3)\</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Revaluation increments/-decrements recognised in All other movements in equity</td>
<td>-9</td>
<td>-384</td>
<td>-562</td>
<td>-256</td>
<td>296</td>
<td>-1,292</td>
<td>-73</td>
<td>244</td>
<td>781</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers from/-to Level 2</td>
<td>-</td>
<td>-79</td>
<td>-</td>
<td>-2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-1</td>
<td>-37</td>
<td>-10</td>
<td>-83</td>
<td>-6</td>
<td>-116</td>
<td>-2</td>
<td>-7</td>
<td>-122</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
<td>-911</td>
<td>-590</td>
<td>-364</td>
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<td>-341</td>
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<tr>
<td>Other</td>
<td>-</td>
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<td>-</td>
<td>-30</td>
<td>-131</td>
<td>-</td>
<td>-</td>
<td>-2</td>
<td>-31</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fair value at end of period</td>
<td>85</td>
<td>15,263</td>
<td>23,821</td>
<td>18,934</td>
<td>15,421</td>
<td>18,155</td>
<td>18,218</td>
<td>7,016</td>
<td>7,084</td>
<td>326</td>
<td>196</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets classified as held for sale</th>
<th>$m</th>
<th>Land $m</th>
<th>Land under Roads $m</th>
<th>Buildings $m</th>
<th>Electricity generation and transmission $m</th>
<th>Road networks $m</th>
<th>Water storage and distribution $m</th>
<th>Other Infrastructure $m</th>
<th>Plant, equip &amp; other $m</th>
<th>Biological assets $m</th>
<th>Investment property $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 June 2016</td>
<td>820</td>
<td>16,066</td>
<td>24,211</td>
<td>21,209</td>
<td>14,766</td>
<td>17,992</td>
<td>18,354</td>
<td>6,302</td>
<td>6,043</td>
<td>314</td>
<td>-</td>
</tr>
<tr>
<td>Additions</td>
<td>7</td>
<td>126</td>
<td>35</td>
<td>993</td>
<td>957</td>
<td>1,543</td>
<td>447</td>
<td>124</td>
<td>1,042</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Revaluation increments/-decrements recognised in Operating Result (3)\</td>
<td>-5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-50</td>
</tr>
<tr>
<td>Revaluation increments/-decrements recognised in All other movements in equity</td>
<td>-1</td>
<td>-430</td>
<td>136</td>
<td>-2,599</td>
<td>162</td>
<td>159</td>
<td>-96</td>
<td>608</td>
<td>193</td>
<td>16</td>
<td>-</td>
</tr>
<tr>
<td>Transfers from/-to Level 2</td>
<td>-</td>
<td>-156</td>
<td>-</td>
<td>8</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-296</td>
<td>-</td>
<td>272</td>
<td>-</td>
</tr>
<tr>
<td>Transfers from/-to Level 1</td>
<td>-87</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Lease incentives paid</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net proceeds from sale of Assets classified as held for sale</td>
<td>-488</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Realised gain on sale of Assets classified as held for sale</td>
<td>35</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-296</td>
<td>-</td>
<td>272</td>
<td>-</td>
</tr>
<tr>
<td>Transfers between asset classes</td>
<td>-280</td>
<td>1</td>
<td>-</td>
<td>4</td>
<td>19</td>
<td>-</td>
<td>-</td>
<td>-6</td>
<td>-19</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-1</td>
<td>-54</td>
<td>-</td>
<td>-95</td>
<td>-32</td>
<td>-103</td>
<td>-5</td>
<td>-1</td>
<td>-87</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
<td>-900</td>
<td>-577</td>
<td>-340</td>
<td>-388</td>
<td>-307</td>
<td>-701</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fair value at end of period</td>
<td>12</td>
<td>15,552</td>
<td>24,382</td>
<td>18,931</td>
<td>15,295</td>
<td>19,251</td>
<td>18,313</td>
<td>6,721</td>
<td>6,175</td>
<td>330</td>
<td>224</td>
</tr>
</tbody>
</table>

(a) There was no change in unrealised gains or loss for the period included in the Operating Result for assets held at the end of the reporting period.

(b) Represents gains or losses for the period included in the Operating Result for assets held at the end of the reporting period, under 'Net gains on assets/liabilities'.

Note: Columns may not add due to rounding.
NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

Valuation processes

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for sale as the State’s Treasurer’s Instructions require valuations of land, buildings and infrastructure to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Valuation techniques to derive Level 3 fair values

All significant changes in valuation techniques during the period have been disclosed in the general government sector earlier in this note. In addition, the following valuation techniques have been identified for public corporations with significant Level 3 asset values within the total public sector.

- Fair value for restricted-use land is based on comparison with market evidence for land with low level utility (high restricted-use land). The relevant comparators of land with low level utility is selected by Valuation Services and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

- Fair value for existing use specialised buildings, electricity generation and transmission, water storage and distribution, other infrastructure, road networks, and plant, equipment and ‘other’ is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset (i.e. the depreciated replacement cost). Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. Current replacement cost is generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications.

- Fair value for existing use specialised infrastructure assets is calculated by reference to the historical cost indexed by a combination of the following price indices as published by the ABS:
  - Producer Price Index for building construction in Western Australia (approximately 81% weighting).
  - Labour Price Index for total hourly rates of pay excluding bonuses using the index covering Australia; private industry; electricity, gas, water and waste supply; and all occupations (approximately 15% weighting).
  - Consumer Price Index for all groups in Perth (approximately 4% weighting).
NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

- Fair value for biological assets is determined using the discounted cash flow method to measure fair values of standing timber and plantations. The valuation model for standing timber considers the present value of the net cash flows to be generated from the forest. The cash flows projections include specific estimates for Sandalwood of 19 years and for Plantations of 38 years. The expected net cash flows are discounted using a risk adjusted discounted rate.

- Fair value for investment property is determined by reference to market based evidence, future income streams of the property, current economic and market conditions and based on an orderly sale between a knowledgeable willing buyer and a knowledgeable willing seller in an arm’s length transaction at the end of the reporting period.

The Level 3 inputs disclosed in the general government sector above also applies to the total public sector. In addition, the disclosures below are specific to the total public sector.

**Historical cost of electricity infrastructure per square kilometre**

Historical cost of electricity infrastructure per square kilometre is extracted from the financial records of Western Power, then indexed by a combination of observable price indices for electricity related goods and services. That is, electricity infrastructure equates to plant and equipment, communications equipment, lines, sub-stations, transformers and switch yards.

**Freight, Railway and Bus Infrastructure**

Independent valuations were obtained by the Public Transport Authority for the following unobservable inputs.

<table>
<thead>
<tr>
<th>Unobservable input</th>
<th>Input from independent valuation report obtained in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacement cost per kilometre of rail network</td>
<td>2015</td>
</tr>
<tr>
<td>Replacement cost per cubic metre of railway ballast</td>
<td>2015</td>
</tr>
<tr>
<td>Replacement cost per sleeper (other rail)</td>
<td>2016</td>
</tr>
<tr>
<td>Replacement cost per sleeper (freight)</td>
<td>2015</td>
</tr>
<tr>
<td>Replacement cost per kilometre of overhead railway traction wiring</td>
<td>2016</td>
</tr>
<tr>
<td>Railway station replacement cost per square metre floor area</td>
<td>2016</td>
</tr>
<tr>
<td>Replacement cost per kilometre of rail line (freight)</td>
<td>2015</td>
</tr>
<tr>
<td>Replacement cost per kilometre of rail line (other rail)</td>
<td>2016</td>
</tr>
<tr>
<td>Replacement cost per railway signalling system</td>
<td>2016</td>
</tr>
<tr>
<td>Railway tunnel replacement cost per metre</td>
<td>2016</td>
</tr>
<tr>
<td>Replacement cost per square metre floor area (bus stations)</td>
<td>2014</td>
</tr>
<tr>
<td>Replacement cost per individual bus infrastructure items</td>
<td>2014</td>
</tr>
<tr>
<td>Replacement cost per individual systems infrastructure items</td>
<td>2017</td>
</tr>
<tr>
<td>Replacement cost per kilometre of systems infrastructure cabling</td>
<td>2017</td>
</tr>
</tbody>
</table>
NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

Estimated variables associated with biological assets

The unobservable variables are mainly represented by estimated future timber market price per cubic metre and estimated average volume per annum, discounted at the rate for 2017 provided by an independent valuation obtained by the Forest Products Commission.

Risk adjusted target and adjusted terminal yield

The discounted cash flow approach takes into account the ability of the investment property to generate income over a 10 year period based on certain assumptions. Provision is made for leasing up periods upon the expiry of the various leases throughout the 10 year time horizon. Each year’s net operating income during the period is discounted to arrive at the present value of expected future cash flows. The property’s anticipated sale value at the end of the period (i.e. its terminal or reversionary value) is also discounted to its present value and added to the discounted income stream to arrive at the total present market value of the property.

Adopted capitalisation rate

The income approach is computed by taking the estimated net market income generated by the investment property and dividing it by the capitalisation rate (the investor’s rate of return). ‘Below the line’ adjustments are made to reflect items such as letting up costs for current and pending vacancies, immediate capital expenditure and rental reversionary interests.

Information about significant unobservable inputs (Level 3) in fair value measurements

The following table shows the valuation techniques used in measuring Level 3 fair values, for significant asset classes, including the significant unobservable inputs used.
## NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

<table>
<thead>
<tr>
<th>Asset Measured at Fair Value</th>
<th>Valuation Technique(s)</th>
<th>Unobservable inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets classified as held for sale</td>
<td>Depreciated Replacement Cost</td>
<td>Consumed economic benefit/obsolescence of asset</td>
</tr>
<tr>
<td>Land</td>
<td>Market Approach</td>
<td>Selection of land with similar approximate utility</td>
</tr>
<tr>
<td>Land under roads</td>
<td>Market Approach</td>
<td>Selection of land with similar approximate utility</td>
</tr>
<tr>
<td>Buildings</td>
<td>Depreciated Replacement Cost</td>
<td>Effective Age</td>
</tr>
<tr>
<td>Electricity generation and transmission</td>
<td>Depreciated Replacement Cost (current use)</td>
<td>Consumed economic benefit/obsolescence of electricity infrastructure</td>
</tr>
<tr>
<td>Road networks</td>
<td>Depreciated Replacement Cost</td>
<td>Historical cost per cubic metre (m³)</td>
</tr>
<tr>
<td>Water storage and distribution</td>
<td>Depreciated Replacement Cost</td>
<td>Consumed economic benefit/obsolescence of asset</td>
</tr>
<tr>
<td>Other infrastructure</td>
<td>Freight Network Infrastructure - Depreciated Replacement Cost</td>
<td>Consumed economic benefit/obsolescence of asset</td>
</tr>
<tr>
<td></td>
<td>Railway Infrastructure - Depreciated Replacement Cost</td>
<td>Consumed economic benefit/obsolescence of asset</td>
</tr>
<tr>
<td>Plant, equipment and other</td>
<td>Depreciated Replacement Cost</td>
<td>Historical Cost per collection</td>
</tr>
<tr>
<td>Biological assets</td>
<td>Standing Timber (Native Forests) - Discounted Cash Flow</td>
<td>Estimated future timber market prices (gross profit) per cubic metre</td>
</tr>
<tr>
<td></td>
<td>Standing Timber (Sandlewood) - Discounted Cash Flow</td>
<td>Estimated future timber market prices based on AUS/USD forward exchange rates provided by Western Australian Treasury Corporation</td>
</tr>
</tbody>
</table>

Total Public Sector (a)

- Freight Network Infrastructure - Depreciated Replacement Cost
- Railway Infrastructure - Depreciated Replacement Cost
- Systems Infrastructure - Depreciated Replacement Cost
- Bus Infrastructure - Depreciated Replacement Cost
- Standing Timber (Native Forests) - Discounted Cash Flow
- Standing Timber (Sandlewood) - Discounted Cash Flow
NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

<table>
<thead>
<tr>
<th>Asset Measured at Fair Value</th>
<th>Valuation Technique(s)</th>
<th>Unobservable inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biological assets (cont.)</td>
<td><strong>Standing Timber</strong> <em>(Plantations) - Discounted</em> Cash Flow</td>
<td>The area stocked&lt;br&gt;Estimated future timber market prices per cubic metre&lt;br&gt;Future wood flow projections</td>
</tr>
<tr>
<td></td>
<td><strong>Sandalwood Plantations - Discounted Cash Flow</strong></td>
<td>Estimated future timber market prices based on AUD/USD forward exchange rates to 2037 provided by Western Australian Treasury Corporation.&lt;br&gt;The weighted average price for products&lt;br&gt;Estimated average volume per annum&lt;br&gt;Estimated cost per tonne to harvest, produce and sell the volume over the forecast horizon</td>
</tr>
<tr>
<td>Investment Property</td>
<td>Discounted Cash Flow</td>
<td>Risk adjusted target discount rates for cash flow over 10 year investment horizon&lt;br&gt;Adopted terminal yield applied to adopted market income at year 11 of the cash flow</td>
</tr>
<tr>
<td></td>
<td>Capitalisation of Net Income</td>
<td>Adopted capitalisation rates based on comparative evidence</td>
</tr>
</tbody>
</table>

(a) Reconciliations of the opening and closing balances are provided in Notes 14, 16, 19 and 20.

Basis of valuation

In the absence of market-based evidence, due to the specialised nature of some non-financial assets, these assets are valued at Level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on the use and disposal of these assets when they are not determined to be surplus to requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service.
## NOTE 16: BIOLOGICAL ASSETS (a)

### General Government

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
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<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Native and plantation standing trees</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Livestock and other</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total Biological Assets</strong></td>
<td><strong>8</strong></td>
<td><strong>4</strong></td>
</tr>
</tbody>
</table>

### 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.

#### 30 June 2017

<table>
<thead>
<tr>
<th></th>
<th>Standing Trees</th>
<th>Livestock and Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td><strong>Carrying amount at beginning of year</strong></td>
<td>-</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Gain/-loss from changes in fair value</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Purchases</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td>-</td>
<td>8</td>
<td>8</td>
</tr>
</tbody>
</table>

#### 30 June 2016

<table>
<thead>
<tr>
<th></th>
<th>Standing Trees</th>
<th>Livestock and Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td><strong>Carrying amount at beginning of year</strong></td>
<td>-</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Gain/-loss from changes in fair value</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Purchases</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td>-</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>
NOTE 16: BIOLOGICAL ASSETS (a) (CONT.)

Total Public Sector

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Native and plantation standing trees (b)</td>
<td>326</td>
<td>330</td>
</tr>
<tr>
<td>Livestock and other</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total Biological Assets</strong></td>
<td><strong>334</strong></td>
<td><strong>334</strong></td>
</tr>
</tbody>
</table>

(b) Native and plantation standing trees 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.

30 June 2017

<table>
<thead>
<tr>
<th></th>
<th>Standing Trees</th>
<th>Livestock and Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at beginning of year</td>
<td>330</td>
<td>4</td>
<td>334</td>
</tr>
<tr>
<td>Gain/-loss from changes in fair value</td>
<td>-7</td>
<td>-</td>
<td>-7</td>
</tr>
<tr>
<td>Purchases</td>
<td>5</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Other</td>
<td>-2</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td><strong>326</strong></td>
<td><strong>8</strong></td>
<td><strong>334</strong></td>
</tr>
</tbody>
</table>

30 June 2016

<table>
<thead>
<tr>
<th></th>
<th>Standing Trees</th>
<th>Livestock and Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at beginning of year</td>
<td>314</td>
<td>2</td>
<td>316</td>
</tr>
<tr>
<td>Gain/-loss from changes in fair value</td>
<td>5</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Purchases</td>
<td>6</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td><strong>330</strong></td>
<td><strong>4</strong></td>
<td><strong>334</strong></td>
</tr>
</tbody>
</table>

(a) Information on fair value measurements is provided in Note 15.

Note: Columns/rows may not add due to rounding.
## NOTE 17: INVENTORIES

### General Government

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td><strong>Land Inventories</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land acquisition and development - at cost</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Land acquisition and development - at net realisable value</td>
<td>98</td>
<td>113</td>
</tr>
<tr>
<td><strong>Total Land inventories</strong></td>
<td>98</td>
<td>113</td>
</tr>
<tr>
<td><strong>Other Inventories</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other materials and stores - at cost</td>
<td>59</td>
<td>43</td>
</tr>
<tr>
<td>Other materials and stores - at net replacement cost</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Other - at cost</td>
<td>12</td>
<td>38</td>
</tr>
<tr>
<td>Other - at net realisable value</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Other inventories</strong></td>
<td>73</td>
<td>84</td>
</tr>
<tr>
<td><strong>Total Inventories</strong></td>
<td>171</td>
<td>197</td>
</tr>
</tbody>
</table>

### Total Public Sector

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td><strong>Land Inventories</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land acquisition and development - at cost</td>
<td>1,737</td>
<td>1,776</td>
</tr>
<tr>
<td>Land acquisition and development - at net realisable value</td>
<td>327</td>
<td>396</td>
</tr>
<tr>
<td><strong>Total Land inventories</strong></td>
<td>2,065</td>
<td>2,172</td>
</tr>
<tr>
<td><strong>Other Inventories</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Precious metals - at net realisable value</td>
<td>3,633</td>
<td>4,065</td>
</tr>
<tr>
<td>Power station fuel stocks - at cost</td>
<td>44</td>
<td>48</td>
</tr>
<tr>
<td>Other materials and stores - at cost</td>
<td>341</td>
<td>44</td>
</tr>
<tr>
<td>Other materials and stores - at net replacement cost</td>
<td>-</td>
<td>18</td>
</tr>
<tr>
<td>Other - at cost</td>
<td>32</td>
<td>324</td>
</tr>
<tr>
<td>Other - at net realisable value</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Other inventories</strong></td>
<td>4,052</td>
<td>4,501</td>
</tr>
<tr>
<td><strong>Total Inventories</strong></td>
<td>6,117</td>
<td>6,673</td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.
### NOTE 18: INTANGIBLE ASSETS

#### Reconciliation of Intangibles

<table>
<thead>
<tr>
<th></th>
<th>Computer Software</th>
<th>Software in progress</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 June 2016</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Carrying amount at beginning of year</td>
<td>379</td>
<td>126</td>
<td>104</td>
<td>609</td>
</tr>
<tr>
<td>Additions</td>
<td>30</td>
<td>107</td>
<td>8</td>
<td>145</td>
</tr>
<tr>
<td>Disposals</td>
<td>-46</td>
<td>-1</td>
<td>-6</td>
<td>-53</td>
</tr>
<tr>
<td>Transfers in/-out</td>
<td>54</td>
<td>-77</td>
<td>30</td>
<td>7</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>-78</td>
<td>-</td>
<td>-19</td>
<td>-98</td>
</tr>
<tr>
<td>Amortisation</td>
<td>35</td>
<td>-</td>
<td>6</td>
<td>41</td>
</tr>
<tr>
<td>Other</td>
<td>-1</td>
<td>-</td>
<td>-</td>
<td>-1</td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td><strong>373</strong></td>
<td><strong>155</strong></td>
<td><strong>122</strong></td>
<td><strong>650</strong></td>
</tr>
</tbody>
</table>

| 30 June 2017        | $m                | $m                   | $m    | $m    |
| Carrying amount at beginning of year | 373               | 155                  | 122   | 650   |
| Additions           | 18                | 72                   | 3     | 93    |
| Disposals           | -21               | -                    | -3    | -24   |
| Transfers in/-out   | -2                | -52                  | 48    | 40    |
| Impairment losses   | -                 | -3                   | -5    | -8    |
| Amortisation        | -70               | -                    | -21   | -92   |
| Accumulated amortisation written back | 19    | -                    | 2     | 22    |
| Other               | -3                | -1                   | 2     | -2    |
| **Carrying amount at end of year** | **360** | **172** | **148** | **680** |

**General Government**

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer software</td>
<td>$858</td>
<td>$899</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>-$498</td>
<td>-$526</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$360</td>
<td>$373</td>
</tr>
<tr>
<td>Software in progress</td>
<td>$172</td>
<td>$155</td>
</tr>
<tr>
<td>Other</td>
<td>$377</td>
<td>$334</td>
</tr>
<tr>
<td>Accumulated amortisation and impairment losses</td>
<td>-$228</td>
<td>-$212</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$148</td>
<td>$122</td>
</tr>
<tr>
<td><strong>Total Intangible Assets</strong></td>
<td>$680</td>
<td>$650</td>
</tr>
</tbody>
</table>
## NOTE 18: INTANGIBLES ASSETS (CONT.)

### Reconciliation of Intangibles

<table>
<thead>
<tr>
<th>30 June 2017</th>
<th>Computer Software</th>
<th>Software in progress</th>
<th>Renewable Energy Certificate</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Carrying amount at beginning of year</td>
<td>680</td>
<td>178</td>
<td>43</td>
<td>196</td>
<td>1,097</td>
</tr>
<tr>
<td>Additions</td>
<td>41</td>
<td>81</td>
<td>111</td>
<td>27</td>
<td>259</td>
</tr>
<tr>
<td>Disposals</td>
<td>-29</td>
<td>-</td>
<td>-124</td>
<td>-5</td>
<td>-158</td>
</tr>
<tr>
<td>Transfers in/-out</td>
<td>128</td>
<td>-73</td>
<td>-</td>
<td>53</td>
<td>109</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>-</td>
<td>-3</td>
<td>-</td>
<td>-10</td>
<td>-13</td>
</tr>
<tr>
<td>Amortisation</td>
<td>-173</td>
<td>-</td>
<td>-</td>
<td>-27</td>
<td>-200</td>
</tr>
<tr>
<td>Accumulated amortisation written back</td>
<td>25</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>28</td>
</tr>
<tr>
<td>Other</td>
<td>-5</td>
<td>-1</td>
<td>-</td>
<td>2</td>
<td>-4</td>
</tr>
<tr>
<td>Carrying amount at end of year</td>
<td>667</td>
<td>182</td>
<td>30</td>
<td>240</td>
<td>1,119</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>30 June 2016</th>
<th>Computer Software</th>
<th>Software in progress</th>
<th>Renewable Energy Certificate</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Carrying amount at beginning of year</td>
<td>741</td>
<td>135</td>
<td>66</td>
<td>187</td>
<td>1,129</td>
</tr>
<tr>
<td>Additions</td>
<td>75</td>
<td>111</td>
<td>108</td>
<td>8</td>
<td>301</td>
</tr>
<tr>
<td>Disposals</td>
<td>-49</td>
<td>-1</td>
<td>-109</td>
<td>-72</td>
<td>-231</td>
</tr>
<tr>
<td>Transfers in/-out</td>
<td>57</td>
<td>-67</td>
<td>-22</td>
<td>87</td>
<td>56</td>
</tr>
<tr>
<td>Amortisation</td>
<td>-164</td>
<td>-</td>
<td>-</td>
<td>-20</td>
<td>-204</td>
</tr>
<tr>
<td>Accumulated amortisation written back</td>
<td>38</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>44</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Carrying amount at end of year</td>
<td>680</td>
<td>178</td>
<td>43</td>
<td>196</td>
<td>1,097</td>
</tr>
</tbody>
</table>

Note: Columns/rows may not add due to rounding.
### NOTE 19: ASSETS CLASSIFIED AS HELD FOR SALE (a)

<table>
<thead>
<tr>
<th>General Government</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Land</td>
<td>94</td>
<td>29</td>
</tr>
<tr>
<td>Other</td>
<td>18</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>111</td>
<td>32</td>
</tr>
</tbody>
</table>

Assets held for sale primarily relates to: the Department of Agriculture and Food ($73 million land and $2 million buildings held for sale), the Department of Fire and Emergency Services ($8 million land held for sale relating to the former FESA House site), the Department for Child Protection and Family Support ($5 million of land and $2 million of buildings held for sale), and the Commissioner of Main Roads ($2 million buildings held for sale, with $14 million of land and $2 million of buildings sold during the year).

#### Reconciliation of Assets classified as held for sale

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

<table>
<thead>
<tr>
<th>30 June 2017</th>
<th>Land</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Carrying amount at beginning of year</td>
<td>29</td>
<td>3</td>
<td>32</td>
</tr>
<tr>
<td>Assets reclassified as held for sale</td>
<td>92</td>
<td>17</td>
<td>109</td>
</tr>
<tr>
<td>Assets sold</td>
<td>-20</td>
<td>-2</td>
<td>-22</td>
</tr>
<tr>
<td>Revaluation increment/-decrement</td>
<td>-4</td>
<td>-</td>
<td>-4</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>-1</td>
<td>-</td>
<td>-1</td>
</tr>
<tr>
<td>Transfers out/other</td>
<td>-3</td>
<td>-</td>
<td>-3</td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td><strong>94</strong></td>
<td><strong>18</strong></td>
<td><strong>111</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>30 June 2016</th>
<th>Land</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Carrying amount at beginning of year</td>
<td>22</td>
<td>5</td>
<td>27</td>
</tr>
<tr>
<td>Assets reclassified as held for sale</td>
<td>16</td>
<td>1</td>
<td>17</td>
</tr>
<tr>
<td>Assets sold</td>
<td>-7</td>
<td>-2</td>
<td>-10</td>
</tr>
<tr>
<td>Revaluation increment/-decrement</td>
<td>-1</td>
<td>-</td>
<td>-1</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>-1</td>
<td>-</td>
<td>-1</td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td><strong>29</strong></td>
<td><strong>3</strong></td>
<td><strong>32</strong></td>
</tr>
</tbody>
</table>

(a) Information on fair value measurements is provided in Note 15.

Note: Columns may not add due to rounding.
In addition to those disclosed for the general government sector, assets held for sale by the total public sector primarily comprise of: the Insurance Commission of Western Australia ($87 million of property assets sold during the year) and the Housing Authority ($23 million rental properties held for sale, during the year there was $29 million sold).

### Reconciliation of Assets classified as held for sale

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

#### 30 June 2017

<table>
<thead>
<tr>
<th></th>
<th>Land</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at beginning of year</td>
<td>29</td>
<td>118</td>
<td>147</td>
</tr>
<tr>
<td>Assets reclassified as held for sale</td>
<td>93</td>
<td>43</td>
<td>136</td>
</tr>
<tr>
<td>Write Down less cost to sell</td>
<td>-</td>
<td>-2</td>
<td>-2</td>
</tr>
<tr>
<td>Assets sold</td>
<td>-20</td>
<td>-118</td>
<td>-138</td>
</tr>
<tr>
<td>Revaluation increment/-decrement</td>
<td>-4</td>
<td>-</td>
<td>-4</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>-1</td>
<td>-</td>
<td>-1</td>
</tr>
<tr>
<td>Transfers out/other</td>
<td>-3</td>
<td>-</td>
<td>-3</td>
</tr>
<tr>
<td>Carrying amount at end of year</td>
<td>94</td>
<td>41</td>
<td>135</td>
</tr>
</tbody>
</table>

#### 30 June 2016

<table>
<thead>
<tr>
<th></th>
<th>Land</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at beginning of year</td>
<td>69</td>
<td>809</td>
<td>879</td>
</tr>
<tr>
<td>Assets reclassified as held for sale</td>
<td>16</td>
<td>-247</td>
<td>-231</td>
</tr>
<tr>
<td>Write Down less cost to sell</td>
<td>-</td>
<td>-1</td>
<td>-1</td>
</tr>
<tr>
<td>Additions</td>
<td>-54</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Assets sold</td>
<td>-1</td>
<td>-442</td>
<td>-496</td>
</tr>
<tr>
<td>Revaluation increment/-decrement</td>
<td>-1</td>
<td>-5</td>
<td>-6</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>-</td>
<td>-1</td>
<td>-1</td>
</tr>
<tr>
<td>Carrying amount at end of year</td>
<td>29</td>
<td>118</td>
<td>147</td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.
NOTE 20: INVESTMENT PROPERTIES

General Government

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at beginning of year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Revaluation increments/-decrements</td>
<td>-1</td>
<td>-1</td>
</tr>
<tr>
<td>Transfers to property held for sale</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td>7</td>
<td>8</td>
</tr>
</tbody>
</table>

Total Public Sector

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at beginning of year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>297</td>
<td>59</td>
</tr>
<tr>
<td>Revaluation increments/-decrements</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Transfers to property held for sale (b)/-disposals</td>
<td>-3</td>
<td>-54</td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td>262</td>
<td>297</td>
</tr>
</tbody>
</table>

(a) Information on fair value measurements is provided in Note 15.

(b) The Insurance Commission released an Information Memorandum during June 2015 inviting non-binding indicative offers for the purchase of its property portfolio which includes all its investment property holdings. At 30 June 2016, the Westralia Square property at 141 St Georges Terrace was no longer deemed to be classified as a property held for sale and was reclassified as Investment Property.

Note: Columns may not add due to rounding.
NOTE 21: BORROWINGS

General Government

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Finance leases - secured (a)</td>
<td>771</td>
<td>560</td>
</tr>
<tr>
<td>Domestic and foreign borrowings (b)</td>
<td>22,801</td>
<td>17,819</td>
</tr>
<tr>
<td>Total (c)</td>
<td>23,572</td>
<td>18,379</td>
</tr>
</tbody>
</table>

(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.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum lease payments due:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- not later than one year</td>
<td>101</td>
<td>107</td>
</tr>
<tr>
<td>- later than one year and not later than five years</td>
<td>308</td>
<td>257</td>
</tr>
<tr>
<td>- later than five years</td>
<td>394</td>
<td>242</td>
</tr>
<tr>
<td>Minimum lease payments</td>
<td>803</td>
<td>606</td>
</tr>
<tr>
<td>Future finance charges</td>
<td>-32</td>
<td>-46</td>
</tr>
<tr>
<td>Total finance lease liabilities</td>
<td>771</td>
<td>560</td>
</tr>
</tbody>
</table>

Amounts expected to be settled:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>- not later than one year</td>
<td>90</td>
<td>93</td>
</tr>
<tr>
<td>- later than one year</td>
<td>681</td>
<td>467</td>
</tr>
<tr>
<td>Total</td>
<td>771</td>
<td>560</td>
</tr>
</tbody>
</table>

(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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>The maturity profile of borrowings, at fair value is as follows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- not later than one year</td>
<td>2,528</td>
<td>3,884</td>
</tr>
<tr>
<td>- later than one year and not later than five years</td>
<td>13,218</td>
<td>14,058</td>
</tr>
<tr>
<td>- later than five years</td>
<td>7,826</td>
<td>437</td>
</tr>
<tr>
<td>Total</td>
<td>23,572</td>
<td>18,379</td>
</tr>
</tbody>
</table>
## NOTE 21: BORROWINGS (CONT.)

### Total Public Sector

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance leases - secured</td>
<td>$1,589</td>
<td>$1,414</td>
</tr>
<tr>
<td>Domestic and foreign borrowings</td>
<td>$54,431</td>
<td>$50,438</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$56,021</td>
<td>$51,852</td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum lease payments due:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- not later than one year</td>
<td>$138</td>
<td>$143</td>
</tr>
<tr>
<td>- later than one year and not later than five years</td>
<td>$474</td>
<td>$421</td>
</tr>
<tr>
<td>- later than five years</td>
<td>$1,009</td>
<td>$895</td>
</tr>
<tr>
<td>Minimum lease payments</td>
<td>$1,622</td>
<td>$1,460</td>
</tr>
<tr>
<td>Future finance charges</td>
<td>-$32</td>
<td>-$46</td>
</tr>
<tr>
<td><strong>Total finance lease liabilities</strong></td>
<td>$1,589</td>
<td>$1,414</td>
</tr>
</tbody>
</table>

Amounts expected to be settled:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>- not later than one year</td>
<td>$128</td>
<td>$129</td>
</tr>
<tr>
<td>- later than one year</td>
<td>$1,462</td>
<td>$1,285</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,589</td>
<td>$1,414</td>
</tr>
</tbody>
</table>

(b) Foreign currency borrowings

At 30 June 2017, a total of $357 million in currency borrowings was reported at Australian dollar equivalents with the amounts in United States dollars (30 June 2016: $719 million).

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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>The maturity profile of borrowings, at fair value is as follows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- not later than one year</td>
<td>$17,688</td>
<td>$15,173</td>
</tr>
<tr>
<td>- later than one year and not later than five years</td>
<td>$21,834</td>
<td>$20,805</td>
</tr>
<tr>
<td>- later than five years</td>
<td>$16,499</td>
<td>$15,873</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$56,021</td>
<td>$51,852</td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.
NOTE 22: UNFUNDED SUPERANNUATION

The superannuation liability for the general government sector at 30 June 2017 was $7,043 million (30 June 2016: $7,939 million). The liability represents 98.3% (30 June 2016: 98.4%) of the whole-of-government total superannuation liability of $7,166 million at 30 June 2017 (30 June 2016: $8,068 million).

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

<table>
<thead>
<tr>
<th>General Government</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>$m</td>
<td>$m</td>
<td></td>
</tr>
<tr>
<td>Defined Benefit superannuation schemes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension Scheme</td>
<td>2,093</td>
<td>2,501</td>
</tr>
<tr>
<td>Gold State Superannuation Scheme</td>
<td>4,087</td>
<td>4,384</td>
</tr>
<tr>
<td>Judges’ Pension Scheme</td>
<td>444</td>
<td>536</td>
</tr>
<tr>
<td>Parliamentary Superannuation Scheme</td>
<td>197</td>
<td>240</td>
</tr>
<tr>
<td>Total Defined Benefit superannuation schemes</td>
<td>6,821</td>
<td>7,661</td>
</tr>
<tr>
<td>Defined contribution superannuation scheme: West State Superannuation Scheme</td>
<td>222</td>
<td>278</td>
</tr>
<tr>
<td>Total</td>
<td>7,043</td>
<td>7,939</td>
</tr>
</tbody>
</table>

The superannuation liability for the general government sector at 30 June 2017 was $7,043 million (30 June 2016: $7,939 million). The liability represents 98.3% (30 June 2016: 98.4%) of the whole-of-government total superannuation liability of $7,166 million at 30 June 2017 (30 June 2016: $8,068 million).

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

<table>
<thead>
<tr>
<th>Total Public Sector</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>$m</td>
<td>$m</td>
<td></td>
</tr>
<tr>
<td>Defined Benefit superannuation schemes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension Scheme</td>
<td>2,216</td>
<td>2,630</td>
</tr>
<tr>
<td>Gold State Superannuation Scheme</td>
<td>4,087</td>
<td>4,384</td>
</tr>
<tr>
<td>Judges’ Pension Scheme</td>
<td>444</td>
<td>536</td>
</tr>
<tr>
<td>Parliamentary Superannuation Scheme</td>
<td>197</td>
<td>240</td>
</tr>
<tr>
<td>Total Defined Benefit superannuation schemes</td>
<td>6,944</td>
<td>7,790</td>
</tr>
<tr>
<td>Defined contribution superannuation scheme: West State Superannuation Scheme</td>
<td>222</td>
<td>278</td>
</tr>
<tr>
<td>Total</td>
<td>7,166</td>
<td>8,068</td>
</tr>
</tbody>
</table>

The Government Employee Superannuation Board (GESB) administers a range of defined benefit superannuation schemes (see Note 3 (Superannuation)).

The benefits under these schemes 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 an actuary engaged by Treasury, 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.

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 untaxed West State Superannuation Scheme and its taxed successor scheme GESB Super, are, accumulation funds that are also administered by GESB. Since 30 March 2012, existing members of the West State Superannuation or GESB Super schemes and new employees have been able to choose their preferred superannuation fund provider.

The public sector 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 West State Super benefits are being amortised over the period to 30 June 2021. The then Government agreed to amortise the unfunded liability over 20 years from 1 July 2001, when 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: Columns may not add due to rounding.
The actuary has applied the following principal assumptions in assessing the defined benefit superannuation liabilities at the reporting date and for following year expense.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate (gross of tax) (a)</td>
<td>2.6%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Salary rate (b)</td>
<td>4.2%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Inflation (pensions)</td>
<td>2.5%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

(a) The discount rate is based on the average term of liabilities.
(b) Assumed rate of salary inflation is 2.0% per annum for the first year, 1.5% per annum for the next four years and 4.2% per annum thereafter.

Major categories of defined benefit plan assets as a percentage of total fund assets are as follows (c).

<table>
<thead>
<tr>
<th>Class 1 (d)</th>
<th>2017</th>
<th>Class 2 (e)</th>
<th>2017</th>
<th>Class 3 (f)</th>
<th>2017</th>
<th>Total 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>54%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>54%</td>
</tr>
<tr>
<td>Cash and Investment funds</td>
<td>9%</td>
<td>3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12%</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>29%</td>
<td>5%</td>
<td>3%</td>
<td>-</td>
<td>34%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Class 1 (d)</th>
<th>2016</th>
<th>Class 2 (e)</th>
<th>2016</th>
<th>Class 3 (f)</th>
<th>2016</th>
<th>Total 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>56%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>56%</td>
</tr>
<tr>
<td>Cash and Investment funds</td>
<td>14%</td>
<td>10%</td>
<td>5%</td>
<td>29%</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>15%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15%</td>
</tr>
</tbody>
</table>

(c) Only the Pension Scheme and Gold State Superannuation Scheme have plan assets. The Judges’ Pension and Parliamentary Superannuation Schemes are unfunded with no employer/employee contributions.

(d) Quoted in active markets.
(e) Significant observable inputs.
(f) Unobservable inputs.

Movement in net liability.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net liability/(asset) in balance sheet at the end of prior year</td>
<td>7,790</td>
<td>7,389</td>
</tr>
<tr>
<td>Expense recognised in profit and loss</td>
<td>344</td>
<td>406</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>-558</td>
<td>-602</td>
</tr>
<tr>
<td>Remeasurements</td>
<td>-634</td>
<td>598</td>
</tr>
<tr>
<td>Net liability/(asset) in balance sheet at end of year</td>
<td>6,944</td>
<td>7,790</td>
</tr>
</tbody>
</table>

The net liability of defined benefit plans recognised in the balance sheet is as follows.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total defined benefit obligations</td>
<td>9,861</td>
<td>10,647</td>
</tr>
<tr>
<td>Scheme assets (g)</td>
<td>-2,917</td>
<td>-2,857</td>
</tr>
<tr>
<td>Net liability</td>
<td>6,944</td>
<td>7,790</td>
</tr>
</tbody>
</table>

(g) Based on the actuarial valuation, the net liabilities fall due with the following profile.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>23</td>
<td>24</td>
</tr>
<tr>
<td>Later than one year</td>
<td>6,921</td>
<td>7,766</td>
</tr>
<tr>
<td>Total</td>
<td>6,944</td>
<td>7,790</td>
</tr>
</tbody>
</table>

Note: Columns/rows may not add due to rounding.
### NOTE 22: UNFUNDED SUPERANNUATION (CONT.)

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.

<table>
<thead>
<tr>
<th>Pension Scheme</th>
<th>Gold State Super Scheme (h) 2017</th>
<th>Judges’ Pension Scheme 2017</th>
<th>Parliamentary Super Scheme 2017</th>
<th>Total 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross accrued benefits</td>
<td>2,304 $m</td>
<td>6,916 $m</td>
<td>444 $m</td>
<td>197 $m</td>
</tr>
<tr>
<td>Net market value of plan assets</td>
<td>-88 $m</td>
<td>-2,828 $m</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net liability</td>
<td>2,216 $m</td>
<td>4,087 $m</td>
<td>444 $m</td>
<td>197 $m</td>
</tr>
</tbody>
</table>

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 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 on employer and employee contribution rates.

### The amounts recognised in the operating statement in respect of the defined benefit plans are as follows.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total employer current service cost</td>
<td>195 $m</td>
<td>194 $m</td>
</tr>
<tr>
<td>Net interest cost</td>
<td>150 $m</td>
<td>212 $m</td>
</tr>
<tr>
<td>Recognised actuarial gains/losses</td>
<td>-634</td>
<td>598</td>
</tr>
<tr>
<td>Total</td>
<td>-290</td>
<td>1,004</td>
</tr>
</tbody>
</table>

### Reconciliation of the fair value of defined benefit superannuation assets at the beginning and at the end of the year are set out below.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value plan assets at beginning of year</td>
<td>2,857 $m</td>
<td>2,935 $m</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>558</td>
<td>602</td>
</tr>
<tr>
<td>Actual participant contributions</td>
<td>52</td>
<td>57</td>
</tr>
<tr>
<td>Actual benefit payments</td>
<td>-805</td>
<td>-804</td>
</tr>
<tr>
<td>Interest income</td>
<td>59</td>
<td>89</td>
</tr>
<tr>
<td>Expected plan assets at end of year</td>
<td>2,721 $m</td>
<td>2,880 $m</td>
</tr>
<tr>
<td>Return in excess of interest income</td>
<td>196</td>
<td>23</td>
</tr>
<tr>
<td>Fair value of plan assets at end of year</td>
<td>2,917 $m</td>
<td>2,857 $m</td>
</tr>
</tbody>
</table>

Note: Columns/rows may not add due to rounding.
NOTE 22: UNFUNDED SUPERANNUATION (CONT.)

Reconciliation of the fair value of defined benefit superannuation obligations at the beginning and at the end of the year are set out in the following table.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit obligation at beginning of year</td>
<td>10,647</td>
<td>10,324</td>
</tr>
<tr>
<td>Employer service cost plus operating costs</td>
<td>193</td>
<td>192</td>
</tr>
<tr>
<td>Interest cost</td>
<td>206</td>
<td>299</td>
</tr>
<tr>
<td>Actual participant contributions</td>
<td>52</td>
<td>57</td>
</tr>
<tr>
<td>Actual benefit payments</td>
<td>-805</td>
<td>-804</td>
</tr>
<tr>
<td>Expected defined benefit obligations at end of year</td>
<td>10,293</td>
<td>10,068</td>
</tr>
<tr>
<td>Actuarial –gain/loss on liabilities</td>
<td>-431</td>
<td>579</td>
</tr>
<tr>
<td>Defined benefit obligation at end of year</td>
<td>9,861</td>
<td>10,647</td>
</tr>
</tbody>
</table>

Reconciliation of actuarial -gain/loss on assets and liabilities are set out below.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial –gain/loss due to demographic assumptions</td>
<td>193</td>
<td>-</td>
</tr>
<tr>
<td>Actuarial –gain/loss due to financial assumptions</td>
<td>-597</td>
<td>586</td>
</tr>
<tr>
<td>Actuarial –gain/loss arising from experience</td>
<td>-39</td>
<td>-11</td>
</tr>
<tr>
<td>Return in excess of interest income</td>
<td>-192</td>
<td>23</td>
</tr>
<tr>
<td>Amount recognised during the year in other Comprehensive Income</td>
<td>-634</td>
<td>598</td>
</tr>
</tbody>
</table>

History Summary.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total defined benefit obligations</td>
<td>9,861</td>
<td>10,647</td>
<td>10,325</td>
<td>10,483</td>
<td>10,333</td>
</tr>
<tr>
<td>Plan assets</td>
<td>-2,917</td>
<td>-2,857</td>
<td>-2,936</td>
<td>-2,820</td>
<td>-2,594</td>
</tr>
<tr>
<td>Deficit/surplus</td>
<td>6,944</td>
<td>7,790</td>
<td>7,389</td>
<td>7,663</td>
<td>7,739</td>
</tr>
</tbody>
</table>

Sensitivity analysis for the defined benefit obligation is presented on the following scenarios (h).

<table>
<thead>
<tr>
<th></th>
<th>+1.0 percentage point discount</th>
<th>-1.0 percentage point discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>3.6</td>
<td>1.6</td>
</tr>
<tr>
<td>Defined benefit obligation ($m)</td>
<td>9,031</td>
<td>10,700</td>
</tr>
<tr>
<td>Changes in obligation ($m)</td>
<td>-785</td>
<td>883</td>
</tr>
<tr>
<td>Percentage changes in obligation</td>
<td>-8.0</td>
<td>9.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>+1.0% future salary for the first four years and 5% thereafter</th>
<th>-1.0% future salary for the first four years and 3% thereafter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Future salary increases</td>
<td>3.5% for the first four years and 5% thereafter</td>
<td>1.5% for the first four years and 3% thereafter</td>
</tr>
<tr>
<td>Defined benefit obligation ($m)</td>
<td>10,209</td>
<td>9,424</td>
</tr>
<tr>
<td>Changes in obligation ($m)</td>
<td>393</td>
<td>-393</td>
</tr>
<tr>
<td>Percentage changes in obligation</td>
<td>4.0</td>
<td>-4.0</td>
</tr>
</tbody>
</table>

Note: Columns/rows may not add due to rounding.
## NOTE 22: UNFUNDED SUPERANNUATION (CONT.)

### Sensitivity to pension indexation rate

<table>
<thead>
<tr>
<th></th>
<th>+1.0% pension indexation</th>
<th>-1.0% pension indexation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension increases</td>
<td>3.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Defined benefit obligation ($m)</td>
<td>10,405</td>
<td>9,325</td>
</tr>
<tr>
<td>Changes in obligation ($m)</td>
<td>589</td>
<td>-491</td>
</tr>
<tr>
<td>Percentage changes in obligation</td>
<td>6.0</td>
<td>-5.0</td>
</tr>
</tbody>
</table>

### Sensitivity to mortality

<table>
<thead>
<tr>
<th></th>
<th>1 year increase in future life expectancy</th>
<th>1 year decrease in future life expectancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit obligation ($m)</td>
<td>10,013</td>
<td>9,620</td>
</tr>
<tr>
<td>Changes in obligation ($m)</td>
<td>196</td>
<td>-196</td>
</tr>
<tr>
<td>Percentage changes in obligation</td>
<td>2.0</td>
<td>-2.0</td>
</tr>
</tbody>
</table>

(h) Sensitivity figures do not include Gold State Superannuation Scheme reserves amounting to $46 million.

Note: Columns may not add due to rounding.
NOTE 23: OTHER EMPLOYEE BENEFITS

### General Government

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual leave</strong></td>
<td>849</td>
<td>835</td>
</tr>
<tr>
<td><strong>Long service leave</strong></td>
<td>1,630</td>
<td>1,688</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>432</td>
<td>369</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,911</td>
<td>2,892</td>
</tr>
</tbody>
</table>

Assessments indicate that actual settlement of the annual leave liabilities is expected to occur as follows.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Within 12 months of reporting date</strong></td>
<td>679</td>
<td>677</td>
</tr>
<tr>
<td><strong>More than 12 months after reporting date</strong></td>
<td>170</td>
<td>158</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>849</td>
<td>835</td>
</tr>
</tbody>
</table>

Assessments indicate that actual settlement of the long service leave liabilities is expected to occur as follows.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Within 12 months of reporting date</strong></td>
<td>306</td>
<td>354</td>
</tr>
<tr>
<td><strong>More than 12 months after reporting date</strong></td>
<td>1,324</td>
<td>1,334</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,630</td>
<td>1,688</td>
</tr>
</tbody>
</table>

### Total Public Sector

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual leave</strong></td>
<td>991</td>
<td>985</td>
</tr>
<tr>
<td><strong>Long service leave</strong></td>
<td>1,852</td>
<td>1,918</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>467</td>
<td>441</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,310</td>
<td>3,345</td>
</tr>
</tbody>
</table>

Assessments indicate that actual settlement of the annual leave liabilities is expected to occur as follows.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Within 12 months of reporting date</strong></td>
<td>786</td>
<td>790</td>
</tr>
<tr>
<td><strong>More than 12 months after reporting date</strong></td>
<td>204</td>
<td>196</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>991</td>
<td>985</td>
</tr>
</tbody>
</table>

Assessments indicate that actual settlement of the long service leave liabilities is expected to occur as follows.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Within 12 months of reporting date</strong></td>
<td>366</td>
<td>424</td>
</tr>
<tr>
<td><strong>More than 12 months after reporting date</strong></td>
<td>1,486</td>
<td>1,494</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,852</td>
<td>1,918</td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.
### NOTE 24: OTHER LIABILITIES

#### General Government

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance claims</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Interest payable</td>
<td>148</td>
<td>126</td>
</tr>
<tr>
<td>Other provisions</td>
<td>52</td>
<td>47</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>1,165</td>
<td>1,164</td>
</tr>
<tr>
<td><strong>Total Other Liabilities</strong></td>
<td>1,380</td>
<td>1,352</td>
</tr>
</tbody>
</table>

#### Reconciliation of Other Provisions

<table>
<thead>
<tr>
<th></th>
<th>30 June 2017</th>
<th></th>
<th>30 June 2016</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employment  on-costs</td>
<td>Restoration costs</td>
<td>Other</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Carrying amount at beginning of year</td>
<td>19</td>
<td>2</td>
<td>26</td>
<td>47</td>
</tr>
<tr>
<td>Additional provisions recognised</td>
<td>6</td>
<td>6</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>Amounts used</td>
<td>-4</td>
<td>-</td>
<td>-5</td>
<td>-9</td>
</tr>
<tr>
<td>Unused amounts reversed</td>
<td>-4</td>
<td>-</td>
<td>-5</td>
<td>-4</td>
</tr>
<tr>
<td>Unwinding of the discount</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td>17</td>
<td>8</td>
<td>28</td>
<td>52</td>
</tr>
</tbody>
</table>

Note: Columns/rows may not add due to rounding.
### Note 24: Other Liabilities (Cont.)

#### Total Public Sector

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance claims (a)</td>
<td>$3,039</td>
<td>$2,834</td>
</tr>
<tr>
<td>Interest payable</td>
<td>$546</td>
<td>$579</td>
</tr>
<tr>
<td>Other provisions</td>
<td>$810</td>
<td>$967</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>$1,223</td>
<td>$1,066</td>
</tr>
<tr>
<td><strong>Total Other Liabilities</strong></td>
<td><strong>$5,619</strong></td>
<td><strong>$5,446</strong></td>
</tr>
</tbody>
</table>

#### Reconciliation of Other Provisions

**30 June 2017**

<table>
<thead>
<tr>
<th>Employment on-costs</th>
<th>Decommissioning costs</th>
<th>Restoration costs</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Carrying amount at beginning of year</td>
<td>29</td>
<td>460</td>
<td>51</td>
<td>427</td>
</tr>
<tr>
<td>Additional provisions recognised</td>
<td>8</td>
<td>-</td>
<td>16</td>
<td>104</td>
</tr>
<tr>
<td>Amounts used</td>
<td>-6</td>
<td>-6</td>
<td>-14</td>
<td>-93</td>
</tr>
<tr>
<td>Unused amounts reversed</td>
<td>-4</td>
<td>-</td>
<td>-2</td>
<td>-22</td>
</tr>
<tr>
<td>Unwinding of the discount</td>
<td>-</td>
<td>13</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-131</td>
<td>-</td>
<td>-28</td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td><strong>27</strong></td>
<td><strong>336</strong></td>
<td><strong>52</strong></td>
<td><strong>395</strong></td>
</tr>
</tbody>
</table>

**30 June 2016**

<table>
<thead>
<tr>
<th>Employment on-costs</th>
<th>Decommissioning costs</th>
<th>Restoration costs</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Carrying amount at beginning of year</td>
<td>27</td>
<td>443</td>
<td>44</td>
<td>81</td>
</tr>
<tr>
<td>Additional provisions recognised</td>
<td>9</td>
<td>13</td>
<td>19</td>
<td>122</td>
</tr>
<tr>
<td>Amounts used</td>
<td>-7</td>
<td>-3</td>
<td>-11</td>
<td>-75</td>
</tr>
<tr>
<td>Unused amounts reversed</td>
<td>-</td>
<td>-4</td>
<td>-</td>
<td>-3</td>
</tr>
<tr>
<td>Unwinding of the discount</td>
<td>-</td>
<td>14</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-3</td>
<td>-</td>
<td>292</td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td><strong>29</strong></td>
<td><strong>460</strong></td>
<td><strong>51</strong></td>
<td><strong>427</strong></td>
</tr>
</tbody>
</table>

#### (a) Insurance claims

The liabilities for outstanding insurance claims comprise:

- **Third Party Insurance Fund**: $2,147, $2,083
- **Government Insurance Fund**: $32, $36
- **RiskCover**: $569, $595
- **Motor Vehicle (Catastrophic Injuries) Fund**: $185, $-
- **Other**: $106, $120
- **Total**: $3,039, $2,834

#### Liability for outstanding claims (undiscounted)

- 2017: $3,517
- 2016: $3,061

#### Discount to present value

- 2017: $-478
- 2016: $-227

#### Total Liability for outstanding claims (undiscounted)

- 2017: $3,039
- 2016: $2,834

#### Claims expected to be paid:

- **Not later than one year**
  - Inflation rate: 1.77, 2.80
  - Discount rate: 1.60, 1.60

- **Later than one year**
  - Inflation rate: 2.57, 2.89
  - Discount rate: 2.45, 2.76

**Note:** Columns/rows may not add due to rounding.
## NOTE 25: RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO OPERATING SURPLUS FOR THE PERIOD

### General Government

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus /-deficit for period</td>
<td>-2,474</td>
<td>-2,021</td>
</tr>
<tr>
<td>Non-cash movements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,302</td>
<td>1,359</td>
</tr>
<tr>
<td>Increase/-decrease in accrual in employees benefits</td>
<td>-209</td>
<td>-606</td>
</tr>
<tr>
<td>Increase/decrease in inventories</td>
<td>11</td>
<td>-15</td>
</tr>
<tr>
<td>Increase/decrease in receivables</td>
<td>-204</td>
<td>-271</td>
</tr>
<tr>
<td>Increase/decrease in payables</td>
<td>-181</td>
<td>-235</td>
</tr>
<tr>
<td>Increase/-decrease in payables</td>
<td>8</td>
<td>157</td>
</tr>
<tr>
<td>Increase/-decrease in other liabilities and accruals</td>
<td>74</td>
<td>65</td>
</tr>
<tr>
<td>Net GST receipts/-payments</td>
<td>35</td>
<td>31</td>
</tr>
<tr>
<td>Other non-cash net asset transfers</td>
<td>13</td>
<td>50</td>
</tr>
<tr>
<td>Adjustment for other non-cash items</td>
<td>84</td>
<td>257</td>
</tr>
<tr>
<td><strong>Net cash flows from operating activities as shown in the Cash Flow Statement</strong></td>
<td><strong>-1,541</strong></td>
<td><strong>-1,291</strong></td>
</tr>
</tbody>
</table>

### Total Public Sector

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus /-deficit for period</td>
<td>-2,744</td>
<td>-2,559</td>
</tr>
<tr>
<td>Non-cash movements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,381</td>
<td>3,354</td>
</tr>
<tr>
<td>Premium discount amortisation</td>
<td>-349</td>
<td>-301</td>
</tr>
<tr>
<td>Increase/-decrease in accrued in employees benefits</td>
<td>-332</td>
<td>-691</td>
</tr>
<tr>
<td>Increase/decrease in inventories</td>
<td>556</td>
<td>-915</td>
</tr>
<tr>
<td>Increase/decrease in receivables</td>
<td>-112</td>
<td>-418</td>
</tr>
<tr>
<td>Increase/decrease in payables</td>
<td>-168</td>
<td>-191</td>
</tr>
<tr>
<td>Increase/-decrease in payables</td>
<td>-339</td>
<td>665</td>
</tr>
<tr>
<td>Increase/-decrease in other liabilities and accruals</td>
<td>219</td>
<td>646</td>
</tr>
<tr>
<td>Net GST receipts/-payments</td>
<td>-34</td>
<td>-39</td>
</tr>
<tr>
<td>Other non-cash net asset transfers</td>
<td>-119</td>
<td>-135</td>
</tr>
<tr>
<td>Adjustment for other non-cash items</td>
<td>-72</td>
<td>389</td>
</tr>
<tr>
<td><strong>Net cash flows from operating activities as shown in the Cash Flow Statement</strong></td>
<td><strong>-114</strong></td>
<td><strong>-195</strong></td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.
NOTE 26: 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.

Cash for the purposes of the Cash Flow Statement is defined differently to ‘Cash’ for the purposes of the consolidated Balance Sheet (which only includes cash holdings at the balance date and not other liquid assets included in the Cash Flow Statement). As a result, the Cash reported on the Cash Flow Statement does not equal ‘Cash’ in the Balance Sheet.

<table>
<thead>
<tr>
<th>General Government</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>$m</td>
<td>$m</td>
<td></td>
</tr>
<tr>
<td>Cash assets as per the Balance Sheet</td>
<td>784</td>
<td>820</td>
</tr>
<tr>
<td>Bank Overdrafts</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investments included as cash on the Cash Flow Statement</td>
<td>4,055</td>
<td>3,953</td>
</tr>
<tr>
<td><strong>Total closing cash balance</strong></td>
<td><strong>4,839</strong></td>
<td><strong>4,773</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Public Sector</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>$m</td>
<td>$m</td>
<td></td>
</tr>
<tr>
<td>Cash assets as per the Balance Sheet</td>
<td>2,142</td>
<td>1,873</td>
</tr>
<tr>
<td>Bank Overdrafts</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investments included as cash on the Cash Flow Statement</td>
<td>8,877</td>
<td>10,073</td>
</tr>
<tr>
<td><strong>Total closing cash balance</strong></td>
<td><strong>11,019</strong></td>
<td><strong>11,946</strong></td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.

NOTE 27: RESTRICTED FINANCIAL ASSETS

There are restrictions on the uses of specific purpose Commonwealth grants. Funding received and not yet expensed total $629 million (2016: $319 million).

NOTE 28: 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 $423 million was held as at 30 June 2017, compared with $471 million at 30 June 2016.
NOTE 29: EXPENDITURE COMMITMENTS

General Government

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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>1,370</td>
<td>1,299</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>1,228</td>
<td>887</td>
</tr>
<tr>
<td>Later than five years</td>
<td>75</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>2,673</td>
<td>2,185</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>213</td>
<td>245</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>435</td>
<td>673</td>
</tr>
<tr>
<td>Later than five years</td>
<td>684</td>
<td>674</td>
</tr>
<tr>
<td>Total</td>
<td>1,332</td>
<td>1,592</td>
</tr>
</tbody>
</table>

Operating lease expenses for the year amounted to $693 million (30 June 2016: $693 million).

Finance lease expenditure commitments

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>22</td>
<td>-</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>174</td>
<td>155</td>
</tr>
<tr>
<td>Later than five years</td>
<td>688</td>
<td>731</td>
</tr>
<tr>
<td>Total</td>
<td>884</td>
<td>886</td>
</tr>
</tbody>
</table>

The Western Australian Sports Centre Trust has been appointed the governance agency for the Perth Stadium. A lease commitment will be recognised effective from January 2018, when the Stadium is forecast to be opened, until the end of the term of the contract with the private sector in December 2043.

Other Commitments
The public sector has commitments with private sector contractors for the provision of various services including health services, rail and bus operations. These commitments are payable as follows.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>3,111</td>
<td>2,922</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>6,091</td>
<td>5,305</td>
</tr>
<tr>
<td>Later than five years</td>
<td>7,881</td>
<td>8,800</td>
</tr>
<tr>
<td>Total</td>
<td>17,083</td>
<td>17,027</td>
</tr>
</tbody>
</table>

(a) The capital commitments include the following material amounts:
- major health infrastructure totalling $406 million (30 June 2016: $498 million) including spending for the Western Australian Country Health Service Southern Inland Initiative program, Karratha Health Campus and at the North Metropolitan Health Service's medical equipment and the National Partnership Agreement on improving public hospital services;
- school infrastructure of $574 million (30 June 2016: $525 million) for the building of new schools, additions and improvements to primary and high schools, including remote community schools;
- road infrastructure spending of $1.1 billion (30 June 2016: $461 million), including the Northlink Stage 2: Perth Darwin National Highway from Reid Highway to Ellenbrook ($339 million), Northlink Stage 3: Perth Darwin National Highway from Ellenbrook to Mutchea ($173 million), Northlink Stage 1: Tonkin Grade Separation and Reconstruction ($64 million), Ellenbrook Town Centre to Marshall Road bus transit way ($41 million) and the Swan River Pedestrian Bridge ($23 million); and
- spending on the New State Museum $343 million (30 June 2016: $392 million).

Note: Columns may not add due to rounding.
NOTE 29: EXPENDITURE COMMITMENTS (CONT.)

Total Public Sector

Capital expenditure commitments (b)

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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>2,695</td>
<td>2,568</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>2,169</td>
<td>2,071</td>
</tr>
<tr>
<td>Later than five years</td>
<td>134</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>4,998</td>
<td>4,641</td>
</tr>
</tbody>
</table>

Operating leases expenditure commitments

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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>427</td>
<td>486</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>1,182</td>
<td>1,444</td>
</tr>
<tr>
<td>Later than five years</td>
<td>1,685</td>
<td>1,905</td>
</tr>
<tr>
<td>Total</td>
<td>3,294</td>
<td>3,835</td>
</tr>
</tbody>
</table>

Operating lease expenses for the year amounted to $813 million (30 June 2016: $819 million).

Finance lease expenditure commitments

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>22</td>
<td>-</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>174</td>
<td>155</td>
</tr>
<tr>
<td>Later than five years</td>
<td>688</td>
<td>731</td>
</tr>
<tr>
<td>Total</td>
<td>884</td>
<td>886</td>
</tr>
</tbody>
</table>

The Western Australian Sports Centre Trust has been appointed the governance agency for the Perth Stadium. A lease commitment will be recognised effective from January 2018, when the Stadium is forecast to be opened, until the end of the term of the contract with the private sector in December 2043.

Other Commitments

The public sector has commitments with private sector contractors for the provision of various services including health services, rail and bus operations. These commitments are payable as follows.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>5,030</td>
<td>4,697</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>12,180</td>
<td>11,480</td>
</tr>
<tr>
<td>Later than five years</td>
<td>20,988</td>
<td>16,693</td>
</tr>
<tr>
<td>Total</td>
<td>38,198</td>
<td>32,870</td>
</tr>
</tbody>
</table>

(b) In addition to the major commitments for the general government sector disclosed above, the following material commitments are included for the total public sector:

- Rail and bus infrastructure of $1.2 billion (30 June 2016: $1.6 million), including the new Forrestfield–Airport Link ($792 million), additional purchases of buses, coaches and railcars ($169 million), Perth Stadium transport project ($71 million) and miscellaneous projects;
- Waste and wastewater projects of $338 million (30 June 2016: $154 million) including the Woodman Point Wastewater Treatment Plant upgrade;
- Housing infrastructure of $137 million (30 June 2016: $216 million), including dwelling construction and upgrades, land development and redevelopment, crisis accommodation program, joint venture land development, new living, local government and community housing programs and affordable housing;
- Land development projects and community service obligations totalling $137 million (30 June 2016: $149 million) including the Port Hedland Former Hospital site ($27 million), Shenton Park Hospital ($22 million), Eglinton ($9 million), Collie Shots ($8 million), Halls Creek ($5 million) and various other smaller projects;
- Contracts for various projects managed by the Metropolitan Redevelopment Authority $116 million (30 June 2016: $141 million), including the Perth City Link, Scarborough and Midland redevelopment projects; and
- Transmission and distribution capital expenditure associated with asset replacements, and information technology $156 million (30 June 2016: $104 million).

Note: Columns may not add due to rounding.
NOTE 30: CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities represent potential benefits and costs that could materialise in future under certain conditions. The consolidated financial statements do not contain any provision in respect of the material quantifiable or unquantifiable contingent assets and liabilities noted below.

More information on the contingencies identified in this section can be found in the annual reports of the associated agencies.

1. Quantifiable Contingent Assets and Liabilities at 30 June

The following material contingent assets and liabilities have been identified across the public sector.

<table>
<thead>
<tr>
<th>QUANTIFIABLE CONTINGENT ASSETS AND LIABILITIES AT 30 JUNE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>Contingent Assets</td>
</tr>
<tr>
<td>General Government (a)</td>
</tr>
<tr>
<td>Public Non-Financial Corporations</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Contingent Liabilities</td>
</tr>
<tr>
<td>Contingent liabilities under guarantees, warranties, indemnities and sureties (b)</td>
</tr>
<tr>
<td>Other contingent liabilities (c)</td>
</tr>
<tr>
<td>Contingent liabilities in relation to public universities’ superannuation liabilities (d)</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.

(a) Quantifiable Contingent assets

A range of agencies have a number of small quantifiable contingent assets totalling $8 million (30 June 2016: $25 million)

(b) Contingent liabilities under guarantees, warranties, indemnities and sureties

Public Trustee Common Fund

Deposits in the Public Trustee’s Common Fund include balances held on behalf of third parties at 30 June each year. Guarantees for balances held in the Common Fund at 30 June 2017 totalled $285 million (30 June 2016: $270 million).
**Water Corporation**

The Water Corporation issues bank guarantees in the normal course of business to guarantee the performance of the Water Corporation under contracts. At 30 June 2017, the value of these guarantees was $10 million (30 June 2016: $7 million).

**Department of Treasury**

The State Government has provided a guarantee of $6.5 million (30 June 2016: $6.2 million) to the Australia and New Zealand Banking Group in relation to loan facilities provided to the Western Australian Football Commission.

(c) Other contingent liabilities

**Asbestos Injuries Compensation Fund**

On 16 October 2015, the Commonwealth Treasurer and all State and Territory Treasurers agreed on an approach for sharing the default risk of the Asbestos Injuries Compensation Fund (AICF). Each State’s and Territory’s share of the total default risk will reflect the proportion of claims paid in each jurisdiction since the inception of the Fund (after the Commonwealth takes responsibility for one-third of the default risk as it has agreed to do). According to the latest available information, in the 12 months to 31 March 2017, approximately 17% of all filed claims were in Western Australia, which equates to an estimated contingent liability of $36.3 million. The arrangement for sharing the default risk will not have an immediate financial impact and a loan default scenario would only occur if James Hardie Pty Ltd, which is directly responsible for the AICF, went into receivership and was no longer able to contribute funding to the fund to pay for compensation claims.

**Commissioner of Main Roads**

Claims have been lodged by owners of property acquired for road construction purposes and services provided under roadwork contracts. A contingent liability of $259 million at 30 June 2017 (30 June 2016: $201 million) reflects the difference between the owners’ claims and estimated settlement prices determined by Main Roads in accordance with independent valuations, and also includes claims that have been submitted by contractors in relation to services provided under roadwork contracts.

**Department of Planning, Lands and Heritage**

The previous Department of Lands was subject to three discrete sets of claims for compensation under Part 10 of the Land Administration Act (1997) for taking of land under Taking Orders. The claims are for $89 million (30 June 2016: $88 million) and are the subject of statutory processes.

**Department of Justice**

The Department of Justice (which includes the former Department of the Attorney General) is subject to claims regarding criminal injuries with a number of these yet to be assessed, and also a number of criminal injuries compensation court appeals. The current estimate of this liability is approximately $53 million (30 June 2016: $49 million).
Home Indemnity Insurance

The contingent liability for Home indemnity Insurance (HII) is administered by the Department of Mines, Industry Regulation and Safety (which includes the former Department of Commerce). HII has been assessed to be the future claims liability (FCL) at 30 June 2017. The FCL is an estimation of the future claims costs which will arise as a result of events which will occur in the future for currently in-force HII policies. In accordance with the annual PricewaterhouseCoopers actuarial report, the future claims liability has been assessed at an approximate value of $23 million. An unquantifiable contingent liability is disclosed later in this note.

Department of Mines, Industry Regulation and Safety

As the responsible Minister under the Industry and Technology Development Act 1998, the Minister for Mines, Industry Regulation and Safety (or his predecessors) is a signatory to an Investment Security Guarantee (ISG) between the Minister, the General Manager of the Forest Products Commission (FPC) and timber processors. Under the ISG, the Minister is liable to pay compensation in the event of certain circumstances where the FPC is unable to supply contracted amounts of timber. The total contingent liability for this ISG at 30 June 2017 was $12 million, similar to last year.

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 Western Australian Planning Commission’s (WAPC) estate. The Commission, on an annual basis, sets such compensation and acquisition priorities. In some cases, the landholder disputes the compensation offered by the WAPC, either through arbitration or through Court action. Resolving such disputes forms part of the ordinary business of the WAPC and any additional payments that arise are managed within the resources of the Metropolitan Region Improvement Fund and the Regional Land Acquisition appropriation. The current estimate of this liability is approximately $17 million (30 June 2016: $108 million).

Department of Mines, Industry Regulation and Safety

Mining companies owing royalties (previously to the Department of Mines and Petroleum) of approximately $6 million are currently under administration and action is being taken to recover the funds that were due in the quarter they went into administration. In the event that these funds are not collected, a bad debt expense may arise.

Various Agencies

Other quantifiable contingent liabilities include various legal and contractual claims against individual agencies totalling $53 million (30 June 2016: $70 million) as reported in the annual reports of those agencies.
(d) 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 continue under the SSA. The State guarantees the benefits payable under those schemes. Entitlements for State government employees under this guarantee are recognised as part of unfunded superannuation liabilities on the face of the balance sheet. However, public university employees are not employees of the State for the purposes of this Annual Report on State Finances (in recognition of the national control of higher education institutions exercised by the Commonwealth).

The guarantee for public universities’ superannuation liabilities is $89 million based on the actuarially assessed value of these entitlements at 30 June 2017 (30 June 2016: $104 million).

2. Non-quantifiable Contingent Assets

Bell Recovery Action

In 1995, the Insurance Commission of Western Australia (ICWA) agreed to fund the costs of the Liquidators of the Bell Group in the Liquidators’ action against 20 banks. ICWA has since advanced $198.5 million to the Liquidators in this action.

This action finally involved an award in favour of the Bell Group of $2.7 billion by the Court of Appeal of the Western Australian Supreme Court. The banks sought to appeal part of this judgement in the High Court of Australia but a conditional settlement was reached in September 2013. The effect of the settlement was that the banks relinquished all claims in Bell, leaving a sum that now amounts to approximately $1.8 billion with the Liquidators, for eventual distribution between the remaining creditors.

Since settlement, litigation over the distribution of the settlement funds has commenced and mediation attempts have failed.

ICWA considers that it has a contingent asset that will eventually materialise from the Bell distribution process. The total amount of the recoveries it will ultimately receive from Bell cannot yet be ascertained.

The Commission has a potential exposure to a range of indemnities associated with funding the Liquidators’ action. Due to the uncertainty associated with litigation, it is not practical to estimate the potential financial effect of these indemnities at the end of the reporting period.

Department of Water and Environmental Regulation

The Department of Water and Environmental Regulation (which includes the former Department of Environment Regulation) has contingent assets, mainly in relation to Supreme Court action to recover unpaid landfill levy and penalties. It is not possible to reliably estimate the asset.
3. Non-quantifiable Contingent Liabilities

**Contaminated Sites**

Under the *Contaminated Sites Act 2003*, agencies are required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (WER), which includes the previous Department of Environment Regulation. In accordance with the Act, WER 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. WER has not yet finalised the classification of sites that have been reported 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 are required to have ongoing management plans to remediate contaminated sites as they are identified.

**Forest Products Commission**

The Forest Products Commission has identified a potential shortfall of current pine resources that would be available to meet future contracted supply commitments. For the year ending 30 June 2017, there is a high degree of uncertainty regarding the likelihood, timing and amount of any potential shortfall and the Commission is therefore unable to determine a reliable estimate of the amount of any potential obligation that may arise in the future. The Commission is undertaking further analysis in order to develop and implement mitigation strategies, if necessary, and will continue to monitor the need for further disclosure, or a provision, at future reporting dates.

**Home Indemnity Insurance**

In addition to the quantified HII liability noted earlier, the State, through the Minister for Mines, Industry Regulation and Safety, previously entered into Deeds of Indemnity with private insurers QBE and Calliden (now Great Lakes Australia) that provided cover for large losses under the HII scheme resulting from death, insolvency or disappearance of a builder or building group.

The Heads of Agreements with private insurers covering the previous HII arrangement, where the State reinsured private sector insurers for losses against any builder failure exceeding $10 million, expired on 30 June 2013. These were subsequently extended until 31 October 2013 to allow the Government to consider long term options. Since 1 November 2013, the State has wholly underwritten the provision of new HII policies to provide cover on an emerging cost basis for financial loss resulting from the death, insolvency or disappearance of a builder or building group. This arrangement was extended until 31 October 2018 to provide additional time to develop a longer term market based HII solution. From 1 July 2015, premiums for HII policies have been paid into the Home Indemnity Insurance Reinsurance Account administered by the Department of Mines, Industry Regulation and Safety, with any claims arising from these policies being met from the Account rather than on an emerging cost basis.
James Point Proprietary Limited

James Point Proprietary Limited (JPPL) has initiated legal action in the Supreme Court of Western Australia against the Minister for Transport, Planning and Lands and the State of Western Australia in relation to a claimed breach of agreement to which JPPL was to construct, own and operate a multi function port, and provide port services at the James Point port.

Native Title claims

The Commonwealth Native Title Act 1993, as amended, creates a liability for the States for any compensation in regards to loss or impairment of native title right and interests that occurred after 31 October 1975.

In addition to the general risks arising from native title claims, a specific contingent liability arises in relation to Perth and South West native title offers. In July 2013, the then Government announced a final offer to resolve native title, consisting of a significant cash and land offer to be made to native title claimants in Perth and the South West for descendants of the Noongar people.

Between January and March 2015, the six Noongar groups represented by the South West Aboriginal Land and Sea Council authorised the Government’s final offer and on 8 June 2015 the State Government executed the six South West Native Title Settlement Indigenous Land Use Agreements (ILUAs). The settlement resolves native title over the South West of WA. In July 2015 the ILUAs were lodged for registration with the National Native Title Tribunal (NNTT) and the Native Title Registrar commenced consideration of the valid objections lodged against the registration of the ILUAs. Four High Court applications commenced in December 2015 against the Native Title Registrar and the parties to the ILUAs on the basis that four ILUAs were not ILUAs as defined by the Native Title Act 1993. The matter was remitted to the Federal Court on 2 February 2017. The Federal Court found that the Native Title Registrar does not have the jurisdiction to register the four Agreements as not all named applicants had signed the Agreements, in the judgement known as the McGlade decision.

In response to the uncertainty created by the McGlade decision, the Commonwealth Government introduced and on 22 June 2017 passed the Native Title Amendment (Indigenous Land Use Agreements) Act 2017 (Amendment Act). The Act amends the Commonwealth Native Title Act 1993 and confirms the validity of registered Indigenous Land Use Agreements. Importantly the Amendment Act confirms that the four ILUAs, the subject of the McGlade decision, are valid ILUAs and can now be considered for registration. The two unaffected ILUAs are taken to be, and to have always been valid ILUAs. On 22 August 2017 fresh applications for registration were submitted to the Registrar for the Ballardong People, South West Boorjarah #2, Wagyl Kaip-Southern Noongar and the Whadjuk People ILUAs.

A contingent liability exists until the six agreements are registered with the NNTT and the final legal proceedings are resolved.
The Settlement, which comprises the full and final resolution of all native title claims in the State’s South West, provides Noongar people with $1.3 billion in assets including a future fund of $50 million each year for 12 years, $10 million each year for 12 years into an operations fund and up to 320,000 hectares of Crown land. The cash component has been provided for in the forward estimates. A Trustee company (Perpetual Trustee Company Limited) has been selected as the initial Trustee to manage the Noongar Boodja Trust. However, the Trustee will only be appointed at the ‘Trust effective date’ which will be after conclusive registration of the ILUAs.

As a result of the delays to registration the earliest likely date for Conclusive Registration of all 6 ILUAs is around mid-2018. The Settlement would then commence during the second half of 2018, Subject to any applications for judicial review of the NNTT registration decision the Noongar Boodja Trust would then be established, followed by the appointment of the six Noongar Regional Corporations.

**Perth Airport Pty Ltd**

In April 2016, the Public Transport Authority granted an indemnity to Perth Airport Pty Ltd for any loss or liability it suffers or incurs due to personal injury, third party property damage and consequential losses arising in connection with the construction of the Forrestfield-Airport Link project on and underneath Perth Airport. The Authority has put in place insurance to reduce the State’s exposure to claims under the indemnity.

**Petroleum and Geothermal Energy Legislation**

On 27 May 2013, Cabinet approved the printing and introduction of the Petroleum and Geothermal Energy Legislation Amendment Bill 2013 to provide the legislative framework for the onshore transport and geological storage of greenhouse gases (GHGs) or geosequestration (predominantly carbon dioxide) in Western Australia. Under the provisions of the Bill, the State accepts long-term liability for stored GHGs conditional on the provision of a site closing certificate and the declaration of a closure assurance period for the GHG storage formation and if the GHG titleholder has ceased to exist. Long term liability refers to risks beyond the operational phase of the project, the risks of harm to health, the environment, or property due to the leakage or migration of injected carbon dioxide.

**Southern Ports Authority Bulk Loader**

The Southern Ports Authority has a contract to load bulk nickel for BHP Billiton Nickel West. This contract has encountered difficulty since 8 October 2011 as the bulk loader is no longer fit for purpose and deemed to be unviable.

BHP Billiton Nickel West currently does not export its bulk nickel from Esperance. However, this situation may change. The bulk loader is currently not operational and will require funding for repairs to render it operational. The status of the Authority’s obligations is not determined and insufficient information is currently available to determine the financial impact, if any, in the event of a claim under the contract arrangements.
Synergy (Electricity Generation and Retail Corporation)

Synergy operates a portfolio of thermal power stations that utilised asbestos for its insulation and fire resistant qualities prior to the market becoming aware of the dangers of this material. Synergy has a current asbestos management process in place and addresses these risks on an ongoing basis. However, diseases which emanate from asbestos, such as asbestosis, may take many years to develop. As such, Synergy may have a liability to those workers and other contractors who came in contact with asbestos at one of its power stations in the past. Workers’ compensation insurance and public liability insurance does not cover all of this potential liability. Accordingly, a contingent liability arises for undiagnosed illnesses which may emerge from exposure to asbestos at one of Synergy’s sites. The quantum of this liability is extremely uncertain and cannot be quantified with any accuracy.

Royal Commission into Institutional Responses to Child Sexual Abuse

The Government has proposed the drafting of legislation to remove statutory limitation periods for civil litigation by victims of historical child sexual abuse, in line with the recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse.

The removal of statutory limitation periods potentially exposes organisations in which abuse occurred (including State-based institutions) to claims for damages and compensation. The implementation of this reform represents a potentially significant (and as yet unquantified) liability to the State that will be assessed on an emerging basis in line with the passage of legislation.

Other – litigation in progress

A number of government agencies are currently involved with different legal proceedings, all at varying stages. Due to the wide variety and nature of the claims and the uncertainty around the likely outcomes of these cases, it is not possible to reliably quantify the potential impact should the State be found liable.

A range of significant infrastructure projects have reached or are reaching completion (such as the Perth Children’s Hospital). There may be claims that arise in relation to works or activities associated with such projects. Claims will generally be subject to a period of negotiation and may either be withdrawn, subsequently settled (at a value agreed between the two parties), or proceed to some alternative process for resolution such as through legal action. Where costs are negotiated and claims settled, these are reflected in the financial statements.
NOTE 31: 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 public sector 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 counterparties 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 counterparties 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 11: 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.

Market risk

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.
**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 2017 is shown in the tables 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) **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 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 at 30 June 2017.
NOTE 31: 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.

Financial Assets
- Cash and deposits: 778 m, 820 m
- Receivables: 2,871 m, 2,571 m
- Investments, loans and placements: 4,278 m, 4,042 m
- Advances paid: 717 m, 711 m
- Shares and other equity: 56,928 m, 55,873 m
- Other financial assets: 8 m, 8 m

Financial Liabilities
- Deposits held: 646 m, 518 m
- Advances received: 376 m, 392 m
- Borrowings: 23,572 m, 18,379 m
- Payables: 1,294 m, 72 m
- Other liabilities: 1,027 m

Fair Values
- Interest rate contracts: -
- Forward exchange contracts: 1 m
- Futures contracts: -
- Commodity contracts: -
- Total: 1 m

Note: Columns may not add due to rounding.
NOTE 31: 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.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
</tbody>
</table>

Financial Assets
Cash and deposits                            2,136 1,873
Receivables                                  3,997 3,942
Investments, loans and placements            18,631 18,322
Advances paid                                3,710 4,729
Shares and other equity                      2,101 1,510
Other financial assets                       14    8

Financial Liabilities
Deposits held                                 26    27
Advances received                            376   392
Borrowings                                   56,021 51,852
Payables                                     6,085 6,367
Guarantees                                   302   283
Other employee benefits                      135   92
Other financial liabilities                  3,641 3,449

Financial assets and liabilities exclude GST receivable/payable to the Australian Taxation Office and National Tax Equivalent arrangements.

<table>
<thead>
<tr>
<th></th>
<th>Notional face</th>
<th>Net fair</th>
<th>Credit Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>Value</td>
<td>Exposure</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>2017</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
</tbody>
</table>

|                  | Interest rate contracts | 14,312 | 497 | 736 |
|                  | Forward exchange contracts | 4 | 1 | - |
|                  | Futures contracts | - | -2 | - |
|                  | Commodity contracts | 480 | 50 | - |
|                  | Total | 14,796 | 547 | 736 |

<table>
<thead>
<tr>
<th></th>
<th>Notional face</th>
<th>Net fair</th>
<th>Credit Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>Value</td>
<td>Exposure</td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>2016</td>
<td>2016</td>
</tr>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
</tbody>
</table>

|                  | Interest rate contracts | 13,532 | 640 | 927 |
|                  | Forward exchange contracts | 7 | 8 | - |
|                  | Futures contracts | - | -23 | - |
|                  | Commodity contracts | 1,058 | 18 | - |
|                  | Total | 14,596 | 644 | 927 |

Note: Columns may not add due to rounding.
**NOTE 31: FINANCIAL INSTRUMENTS (CONT.)**

**General Government**

**Interest rate risk exposure**

The general government sector's exposure to interest rate risk and the effective interest rate by class of recognised financial asset and financial liability are shown below.

**30 June 2017**

<table>
<thead>
<tr>
<th>Fixed Interest Maturing in</th>
<th>Floating interest rate</th>
<th>up to 3 months</th>
<th>3 to 12 months</th>
<th>1 year to 5 years</th>
<th>Over 5 years</th>
<th>Total Fixed interest rate</th>
<th>Non-interest bearing</th>
<th>Total carrying amount</th>
<th>Weighted average effective interest rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>316</td>
<td>117</td>
<td>7</td>
<td>33</td>
<td>-</td>
<td>157</td>
<td>306</td>
<td>778</td>
<td>1.5</td>
</tr>
<tr>
<td>Receivables <em>(a)</em></td>
<td>5</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>2</td>
<td>2,864</td>
<td>2,871</td>
<td>2.4</td>
</tr>
<tr>
<td>Investments, loans and placements</td>
<td>56</td>
<td>449</td>
<td>2,332</td>
<td>1,077</td>
<td>329</td>
<td>4,188</td>
<td>35</td>
<td>4,278</td>
<td>2.0</td>
</tr>
<tr>
<td>Advances paid:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Non-government schools</td>
<td>-</td>
<td>8</td>
<td>23</td>
<td>118</td>
<td>129</td>
<td>278</td>
<td>-</td>
<td>278</td>
<td>5.8</td>
</tr>
<tr>
<td>Other advances</td>
<td>-</td>
<td>-</td>
<td>5</td>
<td>17</td>
<td>11</td>
<td>33</td>
<td>407</td>
<td>439</td>
<td>3.7</td>
</tr>
<tr>
<td>Shares and other equity</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>56,928</td>
<td>56,928</td>
<td>-</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>377</td>
<td>574</td>
<td>2,368</td>
<td>1,245</td>
<td>469</td>
<td>4,656</td>
<td>60,548</td>
<td>65,581</td>
<td></td>
</tr>
</tbody>
</table>

| Financial liabilities      |                        |                |                |                   |             |                         |                     |                     |                                          |
| Deposits held              | -                      | 65             | 346            | 159               | 50          | 620                     | 26                  | 646                 | 2.0                                      |
| Advances received          | -                      | -              | -              | -                 | -           | -                       | 376                 | 376                 | -                                        |
| Borrowings                 | 42                     | 339            | 1,912          | 13,218            | 7,626       | 23,294                  | 235                 | 23,572               | 3.2                                      |
| Payables *(b)*             | -                      | -              | -              | -                 | -           | -                       | 1,294               | 1,294               | -                                        |
| Other employee benefits    | -                      | -              | -              | -                 | -           | -                       | 116                 | 116                 | -                                        |
| Other financial liabilities| -                      | -              | -              | -                 | -           | -                       | 996                 | 996                 | 4.0                                      |
| Total financial liabilities| 42                     | 403            | 2,259          | 13,377            | 7,875       | 23,914                  | 3,043               | 26,999               |                                          |

(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 GST payable to the Australian Taxation Office (statutory payable).

Note: Columns/rows may not add due to rounding.
### NOTE 31: FINANCIAL INSTRUMENTS (CONT.)

#### General Government

#### Fixed Interest Maturing in 30 June 2016

<table>
<thead>
<tr>
<th></th>
<th>Floating interest rate</th>
<th>Up to 3 months</th>
<th>3 to 12 months</th>
<th>1 year to 5 years</th>
<th>Over 5 years</th>
<th>Total Fixed interest rate</th>
<th>Non-interest bearing</th>
<th>Total carrying amount</th>
<th>Weighted average effective interest rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>470</td>
<td>124</td>
<td>8</td>
<td>31</td>
<td>-</td>
<td>163</td>
<td>186</td>
<td>820</td>
<td>1.9</td>
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<tr>
<td>Receivables (a)</td>
<td>4</td>
<td>-</td>
<td>1</td>
<td>2</td>
<td>-</td>
<td>3</td>
<td>2,564</td>
<td>2,571</td>
<td>3.7</td>
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<tr>
<td>Investments, loans and placements</td>
<td>8</td>
<td>1,351</td>
<td>403</td>
<td>1,860</td>
<td>370</td>
<td>3,983</td>
<td>50</td>
<td>4,042</td>
<td>2.4</td>
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<td>Advances paid:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-government schools</td>
<td>-</td>
<td>7</td>
<td>23</td>
<td>108</td>
<td>115</td>
<td>253</td>
<td>-</td>
<td>253</td>
<td>6.2</td>
</tr>
<tr>
<td>Other advances</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>2</td>
<td>24</td>
<td>31</td>
<td>427</td>
<td>458</td>
<td>3.8</td>
</tr>
<tr>
<td>Shares and other equity</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>482</td>
<td>1,482</td>
<td>440</td>
<td>2,003</td>
<td>509</td>
<td>4,434</td>
<td>59,107</td>
<td>64,023</td>
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<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits held</td>
<td>-</td>
<td>167</td>
<td>47</td>
<td>231</td>
<td>47</td>
<td>491</td>
<td>27</td>
<td>518</td>
<td>2.3</td>
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<tr>
<td>Advances received</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>392</td>
<td>392</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings</td>
<td>253</td>
<td>1,327</td>
<td>2,275</td>
<td>14,058</td>
<td>437</td>
<td>16,097</td>
<td>29</td>
<td>18,379</td>
<td>3.5</td>
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<tr>
<td>Payables (b)</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,222</td>
<td>1,224</td>
<td>2.7</td>
</tr>
<tr>
<td>Other employee benefits</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>72</td>
<td>72</td>
<td>-</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,027</td>
<td>1,027</td>
<td>4.5</td>
</tr>
<tr>
<td>Total financial liabilities</td>
<td>256</td>
<td>1,494</td>
<td>2,321</td>
<td>14,289</td>
<td>484</td>
<td>18,588</td>
<td>2,769</td>
<td>21,613</td>
<td></td>
</tr>
</tbody>
</table>

(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 GST payable to the Australian Taxation Office (statutory payable).

Note: Columns/rows may not add due to rounding.
### Interest rate risk exposure

The total public sector’s exposure to interest rate risk and the effective interest rate by class of recognised financial asset and financial liability are shown below.

#### 30 June 2017

#### Fixed Interest Maturing in

<table>
<thead>
<tr>
<th>Interest Rate</th>
<th>Floating Interest Rate $m</th>
<th>up to 3 months $m</th>
<th>3 to 12 months $m</th>
<th>1 year to 5 years $m</th>
<th>Over 5 years $m</th>
<th>Total Fixed Interest Rate $m</th>
<th>Non-interest Bearing $m</th>
<th>Total Carrying Amount $m</th>
<th>Weighted Average Effective Interest Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>1,383</td>
<td>370</td>
<td>7</td>
<td>33</td>
<td>-</td>
<td>409</td>
<td>344</td>
<td>2,136</td>
<td>1.9</td>
</tr>
<tr>
<td>Receivables (a)</td>
<td>14</td>
<td>-</td>
<td>3</td>
<td>1</td>
<td>-</td>
<td>4</td>
<td>3,979</td>
<td>3,997</td>
<td>3.9</td>
</tr>
<tr>
<td>Investments, loans and placements</td>
<td>848</td>
<td>6,393</td>
<td>4,286</td>
<td>3,248</td>
<td>1,870</td>
<td>15,797</td>
<td>1,986</td>
<td>18,631</td>
<td>2.4</td>
</tr>
<tr>
<td>Advances paid:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homebuyers</td>
<td>3,372</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,372</td>
<td>3,372</td>
<td>4.8</td>
</tr>
<tr>
<td>Non-government schools</td>
<td>-</td>
<td>8</td>
<td>23</td>
<td>118</td>
<td>129</td>
<td>278</td>
<td>-</td>
<td>-</td>
<td>5.8</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>5</td>
<td>17</td>
<td>11</td>
<td>33</td>
<td>60</td>
<td>60</td>
<td>3.7</td>
</tr>
<tr>
<td>Shares and other equity</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,101</td>
<td>2,101</td>
<td>-</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14</td>
<td>14</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td>5,618</td>
<td>6,770</td>
<td>4,325</td>
<td>3,416</td>
<td>2,009</td>
<td>16,520</td>
<td>8,452</td>
<td>30,590</td>
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</table>

#### Financial liabilities

<table>
<thead>
<tr>
<th>Interest Rate</th>
<th>Deposits held $m</th>
<th>Advances received $m</th>
<th>Borrowings $m</th>
<th>Payables (b) $m</th>
<th>Guarantees (c) $m</th>
<th>Other employee benefits $m</th>
<th>Other financial liabilities $m</th>
<th><strong>Total financial liabilities</strong> $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed interest rate</td>
<td></td>
<td></td>
<td>1,130</td>
<td>13,642</td>
<td>734</td>
<td>21,834</td>
<td>16,499</td>
<td>52,709</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>-</td>
<td>-</td>
<td>291</td>
<td>376</td>
<td>-</td>
<td>699</td>
<td>5,386</td>
<td>6,085</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>-</td>
<td>302</td>
<td>302</td>
<td>-</td>
<td>135</td>
<td>3,641</td>
<td>3,641</td>
</tr>
</tbody>
</table>

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

(b) The amount of payables excludes GST payable to the Australian Taxation Office (statutory payable).

(c) Includes guarantees, indemnities and sureties. See Note 30: Contingent Assets and Liabilities.

Note: Columns/rows may not add due to rounding.
**NOTE 31: FINANCIAL INSTRUMENTS (CONT.)**

Total Public Sector

30 June 2016

<table>
<thead>
<tr>
<th>Floating interest rate</th>
<th>up to 3 months</th>
<th>3 to 12 months</th>
<th>1 year to 5 years</th>
<th>Over 5 years</th>
<th>Total Fixed interest rate</th>
<th>Non-interest bearing</th>
<th>Total carrying amount</th>
<th>Weighted average effective interest rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>1,450</td>
<td>174</td>
<td>8</td>
<td>31</td>
<td>-</td>
<td>214</td>
<td>209</td>
<td>1,873</td>
</tr>
<tr>
<td>Receivables (a)</td>
<td>7</td>
<td>-</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>3</td>
<td>3,932</td>
<td>3,942</td>
</tr>
<tr>
<td>Investments, loans and placements</td>
<td>1,162</td>
<td>7,169</td>
<td>2,506</td>
<td>3,707</td>
<td>2,025</td>
<td>15,408</td>
<td>1,752</td>
<td>18,322</td>
</tr>
<tr>
<td>Advances paid:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homebuyers</td>
<td>4,413</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,413</td>
<td>5.0</td>
</tr>
<tr>
<td>Non-government schools</td>
<td>-</td>
<td>7</td>
<td>23</td>
<td>108</td>
<td>115</td>
<td>253</td>
<td>-</td>
<td>253</td>
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<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>2</td>
<td>24</td>
<td>31</td>
<td>32</td>
<td>63</td>
</tr>
<tr>
<td>Shares and other equity</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,510</td>
<td>1,510</td>
<td>-</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8</td>
<td>-</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td><strong>7,031</strong></td>
<td><strong>7,351</strong></td>
<td><strong>2,544</strong></td>
<td><strong>3,850</strong></td>
<td><strong>2,164</strong></td>
<td><strong>15,910</strong></td>
<td><strong>7,443</strong></td>
<td><strong>30,384</strong></td>
</tr>
</tbody>
</table>

| Financial liabilities  |                |                |                   |              |                          |                     |                      |                                          |
| Deposits held          | -              | -              | -                 | -            | -                       | -                   | 27                   | 27                       | 3.2                                      |
| Advances received      | -              | -              | 16                | 67           | 309                     | 392                 | -                    | 392                       | 4.6                                      |
| Borrowings             | 62             | 11,723         | 366               | 20,805       | 15,873                   | 48,768              | 3,022                | 51,852                    | 3.6                                      |
| Payables (b)           | 3              | 986            | -                 | -            | -                       | 986                 | 5,377                | 6,367                     | 0.3                                      |
| Guarantees (c)         |                |                |                   |              | -                       | 283                 | 283                  | -                         |                                          |
| Other employee benefits| -              | -              | -                 | -            | -                       | 92                  | 92                   | -                         |                                          |
| Other financial liabilities | - | - | - | - | - | - | 3,449 | 3,449 | - |
| **Total financial liabilities** | **66** | **12,709** | **382** | **20,873** | **16,182** | **50,146** | **12,250** | **62,461** | **62,461** |

(a) The amount of receivables excludes GST recoverable from the Australian Taxation Office (statutory receivable).
(b) The amount of payables excludes GST payable to the Australian Taxation Office (statutory payable).
(c) Includes guarantees, warranties, indemnities and sureties. See Note 30: Contingent Assets and Liabilities.

Note: Columns/rows may not add due to rounding.
### NOTE 31: FINANCIAL INSTRUMENTS (CONT.)

#### General Government

<table>
<thead>
<tr>
<th>Interest rate sensitivity analysis</th>
<th>30 June 2017</th>
<th>30 June 2016</th>
<th>30 June 2017</th>
<th>30 June 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-1% change</td>
<td>+1% change</td>
<td>-1% change</td>
<td>+1% change</td>
</tr>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>472</td>
<td>-5</td>
<td>5</td>
<td>633</td>
</tr>
<tr>
<td>Receivables</td>
<td>7</td>
<td>-</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Investments, loans and placements</td>
<td>4,243</td>
<td>-42</td>
<td>-42</td>
<td>3,992</td>
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<tr>
<td>Advances paid</td>
<td>310</td>
<td>-3</td>
<td>3</td>
<td>285</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits held</td>
<td>620</td>
<td>6</td>
<td>6</td>
<td>491</td>
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<tr>
<td>Borrowings</td>
<td>23,337</td>
<td>233</td>
<td>233</td>
<td>18,350</td>
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<tr>
<td>Total Increase/Decrease</td>
<td>189</td>
<td>189</td>
<td>-189</td>
<td>140</td>
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Note: Columns may not add due to rounding.
### General Government

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>Carrying amount as at 30 June 2017</th>
<th>Level 1(a)</th>
<th>Level 2(b)</th>
<th>Level 3(c)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Investments, loans and placements</td>
<td>4,263</td>
<td>237</td>
<td>4,001</td>
<td>26</td>
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<tr>
<td>Shares and other equity</td>
<td>56,979</td>
<td>3</td>
<td>12</td>
<td>56,964</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>8</td>
<td>-</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>Carrying amount as at 30 June 2016</th>
<th>Level 1(a)</th>
<th>Level 2(b)</th>
<th>Level 3(c)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Investments, loans and placements</td>
<td>4,020</td>
<td>208</td>
<td>3,768</td>
<td>43</td>
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<tr>
<td>Shares and other equity</td>
<td>55,866</td>
<td>1</td>
<td>9</td>
<td>55,856</td>
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<tr>
<td>Other financial assets</td>
<td>7</td>
<td>-</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
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</tbody>
</table>

### Total Public Sector

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>Carrying amount as at 30 June 2017</th>
<th>Level 1(a)</th>
<th>Level 2(b)</th>
<th>Level 3(c)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Investments, loans and placements</td>
<td>14,404</td>
<td>1,971</td>
<td>11,672</td>
<td>760</td>
</tr>
<tr>
<td>Shares and other equity</td>
<td>2,124</td>
<td>2,050</td>
<td>37</td>
<td>36</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>8</td>
<td>-</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings</td>
<td>88,304</td>
<td>76,433</td>
<td>11,868</td>
<td>4</td>
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<tr>
<td>Payables</td>
<td>3,584</td>
<td>3,584</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>Carrying amount as at 30 June 2016</th>
<th>Level 1(a)</th>
<th>Level 2(b)</th>
<th>Level 3(c)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Investments, loans and placements</td>
<td>12,194</td>
<td>1,338</td>
<td>10,247</td>
<td>609</td>
</tr>
<tr>
<td>Shares and other equity</td>
<td>1,503</td>
<td>1,467</td>
<td>4</td>
<td>32</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>7</td>
<td>-</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings</td>
<td>47,369</td>
<td>35,978</td>
<td>11,391</td>
<td>-</td>
</tr>
<tr>
<td>Payables</td>
<td>4,015</td>
<td>4,015</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(a) Assets/liabilities valued using quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Assets/liabilities valued using inputs based on observable market data (either directly using prices or indirectly derived from prices).

(c) Assets/liabilities valued using inputs not based on observable market data.

Note: Columns/rows may not add due to rounding.
NOTE 32: OTHER DISAGGREGATED INFORMATION

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

The total public sector (or whole-of-government) 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 34: 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.
# Operating Statement for the year ended 30 June

## RESULTS FROM TRANSACTIONS

<table>
<thead>
<tr>
<th></th>
<th>General Government</th>
<th>Public Non-Financial Corporations</th>
<th>Public Financial Corporations</th>
<th>Inter-sector Eliminations</th>
<th>Total Public Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>8,573</td>
<td>9,069</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current grants and subsidies</td>
<td>8,091</td>
<td>7,407</td>
<td>2,121</td>
<td>2,212</td>
<td>-</td>
</tr>
<tr>
<td>Capital grants</td>
<td>513</td>
<td>895</td>
<td>129</td>
<td>200</td>
<td>-</td>
</tr>
<tr>
<td>Sales of goods and services</td>
<td>2,293</td>
<td>2,155</td>
<td>17,943</td>
<td>19,170</td>
<td>1,129</td>
</tr>
<tr>
<td>Interest Income</td>
<td>196</td>
<td>192</td>
<td>145</td>
<td>159</td>
<td>1,765</td>
</tr>
<tr>
<td>Revenue from public corporations</td>
<td>837</td>
<td>1,415</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends</td>
<td>534</td>
<td>631</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Royalty income</td>
<td>5,272</td>
<td>4,126</td>
<td>493</td>
<td>651</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>604</td>
<td>594</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>26,913</td>
<td>26,485</td>
<td>20,830</td>
<td>22,392</td>
<td>2,894</td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th></th>
<th>General Government</th>
<th>Public Non-Financial Corporations</th>
<th>Public Financial Corporations</th>
<th>Inter-sector Eliminations</th>
<th>Total Public Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salaries</strong></td>
<td>11,610</td>
<td>11,383</td>
<td>1,147</td>
<td>1,191</td>
<td>55</td>
</tr>
<tr>
<td><strong>Superannuation</strong></td>
<td>1,166</td>
<td>1,167</td>
<td>115</td>
<td>123</td>
<td>5</td>
</tr>
<tr>
<td>Concurrent costs</td>
<td>156</td>
<td>218</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Superannuation interest cost</td>
<td>358</td>
<td>370</td>
<td>57</td>
<td>51</td>
<td>2</td>
</tr>
<tr>
<td>Other employee costs</td>
<td>1,320</td>
<td>1,359</td>
<td>2,074</td>
<td>1,988</td>
<td>5</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>2,393</td>
<td>2,195</td>
<td>912</td>
<td>981</td>
<td>11</td>
</tr>
<tr>
<td>Services and contracts</td>
<td>5,772</td>
<td>5,518</td>
<td>13,551</td>
<td>14,689</td>
<td>1,013</td>
</tr>
<tr>
<td>Other gross operating expenses</td>
<td>783</td>
<td>664</td>
<td>861</td>
<td>807</td>
<td>1,579</td>
</tr>
<tr>
<td>Other interest</td>
<td>528</td>
<td>516</td>
<td>1,094</td>
<td>1,072</td>
<td>51</td>
</tr>
<tr>
<td>Capital transfers</td>
<td>549</td>
<td>469</td>
<td>57</td>
<td>70</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>29,387</td>
<td>28,506</td>
<td>20,630</td>
<td>21,583</td>
<td>2,730</td>
</tr>
</tbody>
</table>

## NET OPERATING BALANCE

<table>
<thead>
<tr>
<th></th>
<th>General Government</th>
<th>Public Non-Financial Corporations</th>
<th>Public Financial Corporations</th>
<th>Inter-sector Eliminations</th>
<th>Total Public Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net operating balance</strong></td>
<td>-2,474</td>
<td>-2,021</td>
<td>480</td>
<td>892</td>
<td>164</td>
</tr>
</tbody>
</table>

Note: Columns/rows may not add due to rounding.
### Operating Statement for the year ended 30 June (cont.)

<table>
<thead>
<tr>
<th>Note: Columns/rows may not add due to rounding.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>$m</td>
</tr>
<tr>
<td>Other economic flows - included in the operating result</td>
</tr>
<tr>
<td>Net gains on assets/liabilities</td>
</tr>
<tr>
<td>Net actuarial gains - superannuation</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
</tr>
<tr>
<td>Changes in accounting policy/adjustment of prior periods</td>
</tr>
<tr>
<td>Total other economic flows</td>
</tr>
<tr>
<td>OPERATING RESULT</td>
</tr>
<tr>
<td>All other movements in equity</td>
</tr>
<tr>
<td>Items that will not be reclassified to operating result</td>
</tr>
<tr>
<td>Revaluations</td>
</tr>
<tr>
<td>Gains recognised directly in equity</td>
</tr>
<tr>
<td>Change in net worth of the public corporations sectors</td>
</tr>
<tr>
<td>All other</td>
</tr>
<tr>
<td>Total all other movements in equity</td>
</tr>
<tr>
<td>Movements in owner equity</td>
</tr>
<tr>
<td>Dividends</td>
</tr>
<tr>
<td>Capital injections</td>
</tr>
<tr>
<td>Total movements in owner equity</td>
</tr>
<tr>
<td>TOTAL CHANGE IN NET WORTH</td>
</tr>
</tbody>
</table>

### KEY FISCAL AGGREGATES

#### NET OPERATING BALANCE

-2,474 | -2,021 | 480 | 892 | 164 | 72 | -914 | -1,503 | -2,744 | -2,559

Less: Net acquisition of non-financial assets

- Purchase of non-financial assets 2,341 | 2,475 | 2,874 | 2,877 | 4 | 5 | -83 | -119 | 5,137 | 5,237

- Changes in inventories -11 | 15 | -437 | 1,009 | - | - | - | - | -449 | 1,024

- Other movement in non-financial assets 240 | 15 | 131 | 156 | - | - | - | - | 371 | 171

- Total net acquisition of non-financial assets 1,119 | 1,043 | -33 | 1,335 | -1 | -2 | - | - | 1,085 | 2,376

Note: Columns/rows may not add due to rounding.
### NOTE 32: OTHER DISAGGREGATED INFORMATION (CONT.)

#### Balance Sheet as at 30 June

**ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>General Government</th>
<th>Public Non-Financial Corporations</th>
<th>Public Financial Corporations</th>
<th>Inter-sector Eliminations</th>
<th>Total Public Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017 $m</td>
<td>2016 $m</td>
<td>2017 $m</td>
<td>2016 $m</td>
<td>2017 $m</td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>778</td>
<td>820</td>
<td>1,750</td>
<td>1,267</td>
<td>224</td>
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<tr>
<td></td>
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<tr>
<td>Advances paid</td>
<td>717</td>
<td>711</td>
<td>-</td>
<td>-</td>
<td>3,372</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-379</td>
</tr>
<tr>
<td>Investments, loans and placements</td>
<td>4,278</td>
<td>4,042</td>
<td>4,034</td>
<td>5,072</td>
<td>57,333</td>
</tr>
<tr>
<td>Receivables</td>
<td>3,099</td>
<td>2,921</td>
<td>1,117</td>
<td>1,137</td>
<td>633</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-659</td>
</tr>
<tr>
<td>Shares and other equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,190</td>
</tr>
<tr>
<td>Investments in other public sector entities - equity method</td>
<td>47,909</td>
<td>47,654</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investments in other public sector entities - direct injections</td>
<td>9,019</td>
<td>8,180</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investments in other entities</td>
<td>51</td>
<td>48</td>
<td>0</td>
<td>24</td>
<td>2,050</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>8</td>
<td>8</td>
<td>801</td>
<td>849</td>
<td>6</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>65,859</td>
<td>64,384</td>
<td>7,702</td>
<td>8,349</td>
<td>63,618</td>
</tr>
<tr>
<td>Non-financial assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Land</td>
<td>37,269</td>
<td>38,551</td>
<td>13,601</td>
<td>14,682</td>
<td>-</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>42,640</td>
<td>43,256</td>
<td>55,889</td>
<td>54,064</td>
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<tr>
<td>Biological assets</td>
<td>8</td>
<td>4</td>
<td>326</td>
<td>330</td>
<td>-</td>
</tr>
<tr>
<td>Inventories</td>
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<td></td>
<td></td>
<td></td>
<td>334</td>
</tr>
<tr>
<td>Land inventories</td>
<td>98</td>
<td>113</td>
<td>1,966</td>
<td>2,059</td>
<td>-</td>
</tr>
<tr>
<td>Other inventories</td>
<td>73</td>
<td>84</td>
<td>3,980</td>
<td>4,417</td>
<td>-</td>
</tr>
<tr>
<td>Intangibles</td>
<td>680</td>
<td>650</td>
<td>432</td>
<td>439</td>
<td>7</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>111</td>
<td>122</td>
<td>24</td>
<td>28</td>
<td>7</td>
</tr>
<tr>
<td>Investment property</td>
<td>7</td>
<td>8</td>
<td>59</td>
<td>65</td>
<td>196</td>
</tr>
<tr>
<td>Other</td>
<td>665</td>
<td>484</td>
<td>138</td>
<td>144</td>
<td>14</td>
</tr>
<tr>
<td>Total non-financial assets</td>
<td>81,551</td>
<td>83,182</td>
<td>76,416</td>
<td>76,229</td>
<td>210</td>
</tr>
</tbody>
</table>

**TOTAL ASSETS**

<table>
<thead>
<tr>
<th>2017 $m</th>
<th>2016 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>147,410</td>
<td>147,566</td>
</tr>
</tbody>
</table>

Note: Columns/rows may not add due to rounding.
## NOTE 32: OTHER DISAGGREGATED INFORMATION (CONT.)

**Balance Sheet as at 30 June (cont.)**

<table>
<thead>
<tr>
<th></th>
<th>General Government</th>
<th>Public Non-Financial Corporations</th>
<th>Public Financial Corporations</th>
<th>Inter-sector Eliminations</th>
<th>Total Public Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES</strong></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Deposits held</td>
<td>646</td>
<td>518</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Advances received</td>
<td>376</td>
<td>392</td>
<td>376</td>
<td>392</td>
<td>3</td>
</tr>
<tr>
<td>Borrowings</td>
<td>23,572</td>
<td>18,379</td>
<td>21,869</td>
<td>22,716</td>
<td>57,609</td>
</tr>
<tr>
<td>Superannuation</td>
<td>7,043</td>
<td>7,939</td>
<td>118</td>
<td>120</td>
<td>7</td>
</tr>
<tr>
<td>Other employee benefits</td>
<td>2,911</td>
<td>2,892</td>
<td>388</td>
<td>442</td>
<td>11</td>
</tr>
<tr>
<td>Payables</td>
<td>1,294</td>
<td>1,228</td>
<td>4,985</td>
<td>5,197</td>
<td>205</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>1,380</td>
<td>1,352</td>
<td>1,498</td>
<td>1,657</td>
<td>3,983</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>37,221</td>
<td>32,700</td>
<td>29,202</td>
<td>30,525</td>
<td>61,817</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td>110,189</td>
<td>114,866</td>
<td>54,917</td>
<td>54,054</td>
<td>2,011</td>
</tr>
<tr>
<td>Of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed equity</td>
<td>-</td>
<td>-</td>
<td>9,033</td>
<td>8,164</td>
<td>-14</td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td>6,553</td>
<td>8,460</td>
<td>19,337</td>
<td>19,344</td>
<td>2,003</td>
</tr>
<tr>
<td>Other reserves</td>
<td>103,636</td>
<td>106,406</td>
<td>26,547</td>
<td>26,546</td>
<td>22</td>
</tr>
<tr>
<td><strong>NET WORTH</strong></td>
<td>110,189</td>
<td>114,866</td>
<td>54,917</td>
<td>54,054</td>
<td>2,011</td>
</tr>
</tbody>
</table>

Note: Columns/rows may not add due to rounding.
### NOTE 32: OTHER DISAGGREGATED INFORMATION (CONT.)

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

<table>
<thead>
<tr>
<th>Equity at</th>
<th>Change in net</th>
<th>Contributed capital</th>
<th>Dividends</th>
<th>Other</th>
<th>Equity at</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 July 2016</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>30 June 2017</td>
</tr>
<tr>
<td><strong>General Government Sector</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated surplus/(deficit)</td>
<td>8,460</td>
<td>-1,905</td>
<td>-</td>
<td>-</td>
<td>-2</td>
</tr>
<tr>
<td>Reserves</td>
<td>58,752</td>
<td>-3,042</td>
<td>-</td>
<td>-</td>
<td>17</td>
</tr>
<tr>
<td>Accumulated net gain on equity investments in other sector entities</td>
<td>47,654</td>
<td>254</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>114,866</td>
<td>-4,693</td>
<td>-</td>
<td>-</td>
<td>15</td>
</tr>
<tr>
<td><strong>Public Non Financial Corporations sector</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated surplus/(deficit)</td>
<td>19,344</td>
<td>-589</td>
<td>-</td>
<td>-713</td>
<td>1,294</td>
</tr>
<tr>
<td>Contributed equity</td>
<td>8,164</td>
<td>-</td>
<td>870</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reserves</td>
<td>26,546</td>
<td>237</td>
<td>-</td>
<td>-</td>
<td>-235</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>54,054</td>
<td>-351</td>
<td>870</td>
<td>-713</td>
<td>1,059</td>
</tr>
<tr>
<td><strong>Public Financial Corporations sector</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated surplus/(deficit)</td>
<td>1,743</td>
<td>379</td>
<td>-</td>
<td>-202</td>
<td>83</td>
</tr>
<tr>
<td>Contributed Equity</td>
<td>16</td>
<td>-</td>
<td>-30</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reserves</td>
<td>21</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,780</td>
<td>380</td>
<td>-30</td>
<td>-202</td>
<td>83</td>
</tr>
<tr>
<td><strong>Inter-sector eliminations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated surplus/(deficit)</td>
<td>7</td>
<td>-914</td>
<td>-</td>
<td>914</td>
<td>-</td>
</tr>
<tr>
<td>Contributed Equity</td>
<td>-8,180</td>
<td>-</td>
<td>-839</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reserves</td>
<td>-7</td>
<td>-</td>
<td>-</td>
<td>-1</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated net gain on equity investments in other sector entities</td>
<td>-47,654</td>
<td>-254</td>
<td>-</td>
<td>-</td>
<td>-47,909</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-55,834</td>
<td>-1,169</td>
<td>-839</td>
<td>914</td>
<td>-1</td>
</tr>
<tr>
<td><strong>Total Public Sector</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated surplus/(deficit)</td>
<td>29,555</td>
<td>-3,030</td>
<td>-</td>
<td>-</td>
<td>1,375</td>
</tr>
<tr>
<td>Contributed Equity</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reserves</td>
<td>85,312</td>
<td>-2,803</td>
<td>-</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td>114,866</td>
<td>-5,833</td>
<td>-</td>
<td>-</td>
<td>1,156</td>
</tr>
</tbody>
</table>

Note: Columns/rows may not add due to rounding.
### Cash Flow Statement for the year ended 30 June

<table>
<thead>
<tr>
<th></th>
<th>General Government</th>
<th>Public Non-Financial Corporations</th>
<th>Public Financial Corporations</th>
<th>Inter-sector Eliminations</th>
<th>Total Public Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received</td>
<td>8,432</td>
<td>9,130</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grants and subsidies received</td>
<td>8,529</td>
<td>8,310</td>
<td>2,250</td>
<td>2,498</td>
<td>-</td>
</tr>
<tr>
<td>Receipts from sales of goods and services</td>
<td>2,335</td>
<td>2,294</td>
<td>17,976</td>
<td>19,335</td>
<td>1,210</td>
</tr>
<tr>
<td>Interest receipts</td>
<td>193</td>
<td>187</td>
<td>151</td>
<td>148</td>
<td>1,731</td>
</tr>
<tr>
<td>Dividends and tax equivalents</td>
<td>1,484</td>
<td>2,087</td>
<td>87</td>
<td>69</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>7,218</td>
<td>5,922</td>
<td>1,323</td>
<td>1,416</td>
<td>154</td>
</tr>
<tr>
<td><strong>Total cash received</strong></td>
<td>28,191</td>
<td>27,929</td>
<td>21,787</td>
<td>23,465</td>
<td>3,095</td>
</tr>
<tr>
<td>Cash Paid</td>
<td>-13,141</td>
<td>-13,374</td>
<td>-1,387</td>
<td>-1,402</td>
<td>-58</td>
</tr>
<tr>
<td>Payments for goods and services</td>
<td>-8,608</td>
<td>-8,083</td>
<td>-12,922</td>
<td>-14,316</td>
<td>-815</td>
</tr>
<tr>
<td>Interest paid</td>
<td>-758</td>
<td>-631</td>
<td>-811</td>
<td>-836</td>
<td>-1,965</td>
</tr>
<tr>
<td>Dividends and tax equivalents</td>
<td>-1,836</td>
<td>-1,648</td>
<td>-3,109</td>
<td>-2,991</td>
<td>-152</td>
</tr>
<tr>
<td><strong>Total cash paid</strong></td>
<td>-29,732</td>
<td>-29,221</td>
<td>-19,409</td>
<td>-20,915</td>
<td>-3,122</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td>-1,541</td>
<td>-1,291</td>
<td>2,378</td>
<td>2,550</td>
<td>-27</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from investments in non-financial assets</td>
<td>-2,341</td>
<td>-2,475</td>
<td>-2,874</td>
<td>-2,877</td>
<td>-4</td>
</tr>
<tr>
<td>Purchase of non-financial assets</td>
<td>132</td>
<td>102</td>
<td>527</td>
<td>718</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total cash flows from investments in non-financial assets</strong></td>
<td>-2,210</td>
<td>-2,373</td>
<td>-2,347</td>
<td>-2,159</td>
<td>-4</td>
</tr>
<tr>
<td>Cash flows from investments in financial assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received</td>
<td>14</td>
<td>140</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>For policy purposes</td>
<td>83</td>
<td>101</td>
<td>133</td>
<td>332</td>
<td>5,920</td>
</tr>
<tr>
<td>Cash paid</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>For policy purposes</td>
<td>-861</td>
<td>-798</td>
<td>-3</td>
<td>-3</td>
<td>-</td>
</tr>
<tr>
<td>For liquidity purposes</td>
<td>-46</td>
<td>-136</td>
<td>-84</td>
<td>-359</td>
<td>-7,548</td>
</tr>
<tr>
<td><strong>Total cash flows from investments in financial assets</strong></td>
<td>-809</td>
<td>-694</td>
<td>45</td>
<td>-31</td>
<td>-1,628</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td>-3,018</td>
<td>-3,067</td>
<td>-2,302</td>
<td>-2,190</td>
<td>-1,632</td>
</tr>
</tbody>
</table>

Note: Columns/rows may not add due to rounding.
### Cash Flow Statement for the year ended 30 June (cont.)

<table>
<thead>
<tr>
<th>General Government</th>
<th>Public Non-Financial Corporations</th>
<th>Public Financial Corporations</th>
<th>Inter-sector Eliminations</th>
<th>Total Public Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM FINANCING ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances received</td>
<td>16</td>
<td>16</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings</td>
<td>5,166</td>
<td>5,194</td>
<td>17,641</td>
<td>12,583</td>
</tr>
<tr>
<td>Deposits received</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other financing receipts</td>
<td>46</td>
<td>41</td>
<td>904</td>
<td>900</td>
</tr>
<tr>
<td>Total cash receipts from financing activities</td>
<td>5,227</td>
<td>5,250</td>
<td>18,545</td>
<td>13,483</td>
</tr>
<tr>
<td>Cash paid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances paid</td>
<td>-16</td>
<td>-16</td>
<td>-16</td>
<td>-16</td>
</tr>
<tr>
<td>Borrowings repaid</td>
<td>-168</td>
<td>-97</td>
<td>-17,450</td>
<td>-12,283</td>
</tr>
<tr>
<td>Deposits paid</td>
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<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other financing payments</td>
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<td>-447</td>
<td>-49</td>
<td>-51</td>
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<tr>
<td>Dividends paid</td>
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<td>-</td>
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<tr>
<td>Total payments for financing activities</td>
<td>-602</td>
<td>-560</td>
<td>-18,228</td>
<td>-13,623</td>
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<tr>
<td>NET CASH FLOWS FROM FINANCING ACTIVITIES</td>
<td>4,626</td>
<td>4,691</td>
<td>317</td>
<td>-140</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Public Non-Financial Corporations</th>
<th>Public Financial Corporations</th>
<th>Inter-sector Eliminations</th>
<th>Total Public Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financing receipts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cash receipts from operating activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash paid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances paid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings repaid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits paid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financing payments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total payments for operating activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NET CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net increase in cash and cash equivalents: 66 333 394 221 1,387 2,153 927 2,706
Cash and cash equivalents at the beginning of the year: 4,773 4,440 1,781 1,560 5,365 3,242 -2 -2 11,948 9,239
Cash and cash equivalents at the end of the year: 4,839 4,773 2,174 1,781 4,008 5,395 -2 -2 11,019 11,946

Net cash flows from operating activities: -1,541 -1,291 2,378 2,550 -27 31 -924 -1,484 -114 -195
Net cash flows from investing in non-financial assets: -2,210 -2,373 -2,347 -2,159 -4 -4 - -4,561 -4,536
Dividends paid: - - -713 -1,273 -212 -211 924 1,484 - -
Cash surplus/-deficit: -3,751 -3,664 -682 -882 -243 -185 - -4,675 -4,731

Note: Columns/rows may not add due to rounding.
NOTE 33: EVENTS OCCURRING AFTER THE REPORTING PERIOD

The following matters have arisen or taken effect in the period between the end of the reporting year and the date of this report, and are likely to significantly impact the operations and/or outlook of the total public sector in subsequent reporting years.

2017-18 State Budget

The 2017-18 Budget was presented to the Legislative Assembly on 7 September 2017, four months later than the usual presentation of the Budget in May. This follows the election of a new Government in the March 2017 State election. The Budget reflects implementation of the Government’s revenue and spending policies which will materially impact the State’s finances. The Budget Papers are available from www.ourstatebudget.wa.gov.au.

Machinery of government changes

The Government announced a range of changes to amalgamate and restructure some agencies on 28 April 2017. These changes took effect from 1 July 2017. For the purposes of reporting financial outcomes to 30 June 2017, agency finances were consolidated based on the structure before these changes took effect.

Sale of Westralia Square

On 29 August 2017, the Insurance Commission of Western Australia accepted an offer of $216.25 million for the sale of Westralia Square. No adjustment to the financial statements has been made. Settlement is expected to be finalised in October 2017 and reflected in the financial outcomes for the year ended 30 June 2018.

Office of State Revenue

On 11 September 2017, Western Australia’s Court of Appeal ruled in favour of a taxpayer in a matter concerning the calculation of mining related stamp duty charges. As the matter has been referred to the State Administrative Tribunal for rehearing, insufficient information is currently available to determine the financial exposure, if any, for the State.

NOTE 34: RELATED PARTY DISCLOSURES

General Government

Parent and controlling entity

The general government sector comprises public sector agencies that are wholly owned and controlled by the Government of Western Australia and which are largely funded by central collected revenue such as taxes, royalties and Commonwealth grants. The agencies 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.
Related parties of the general government sector include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- all public non-financial and public financial corporations, included in Note 35: Composition of sectors;
- all associates and joint ventures; and
- the Government Employees Superannuation Board (GESB).

**Key Management Personnel (KMP)**

**KMP Compensation**

For the general government sector, KMP include all senior officers and Ministers that manage portfolios within the sector.

Compensation of all Ministers is disclosed later in this note, while the disclosure of senior officers’ compensation can be found in the annual reports of relevant agencies.

**Significant transactions with government-related entities**

Transactions between general government agencies are eliminated on consolidation and are not included in this disclosure. The transactions below represent those between the general government sector and public corporations.

Significant transactions include:

- Community Service Obligations ($1,741 million);
- Royalties for Regions grants ($143 million);
- capital appropriations ($62 million);
- loan guarantee fees ($131 million);
- services rendered ($30 million);
- payroll tax ($93 million);
- land tax ($68 million);
- Government Regional Officer Housing expenses ($141 million);
- dividend revenue ($837 million);
- Tax Equivalent Regime revenue ($534 million);
- betting tax revenue ($40 million);
NOTE 34: RELATED PARTY DISCLOSURES (CONT.)

- other revenue ($42 million);
- grants and subsidies:
  - (a) revenue ($30 million);
  - (b) capital transfers ($51 million); and
  - (c) recurrent transfers ($146 million);
- Public Bank Account interest expense ($17 million);
- insurance premiums ($241 million);
- water and electricity expenses ($212 million); and
- borrowings ($23 billion).

Material transactions with other related parties

General government agencies make superannuation contributions for their staff to the GESB. GESB is considered to be a related party to the sector. In 2016-17, these payments totalled $1.6 billion.

There were no other related party transactions (including general citizen-type transactions1) with Ministers/senior officers or their close family member or their controlled (or jointly controlled) entities that are material for disclosure.

<table>
<thead>
<tr>
<th>Total Public Sector</th>
</tr>
</thead>
</table>

Parent and controlling entity

The total public sector (or whole-of-government) includes agencies across the general government, public non-financial and financial corporations sectors. These agencies are wholly-owned or controlled by the Government of Western Australia and are consolidated to form the total public sector financial statements contained in this report. Details of agencies controlled by the Government and consolidated in the total public sector are shown in Note 35: Composition of sectors.

Related parties of the total public sector include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- all associates and joint ventures; and
- GESB.

---

1 General citizen-type transactions are transactions where Ministers/senior officers or their close family members interact with a public sector entity under the same terms and conditions as a public citizen, such as paying taxes, levies or other statutory fees/charges and using public services such as hospitals, schools or public transport.
NOTE 34: RELATED PARTY DISCLOSURES (CONT.)

Significant transactions with government related entities

Transactions between public sector agencies are eliminated on consolidation and are not included in this disclosure. The significant transactions below represent transactions between public sector agencies and their associates and joint ventures.

**Synergy**

During the financial year, Synergy purchased goods and services from its associate, Premier Coal Ltd, to the value of $184.2 million. A further $69.4 million had been committed at 30 June 2017.

**Material transactions with other related parties**

**Government Employee Superannuation Board**

Public sector agencies make superannuation contributions for their staff to GESB. GESB is considered to be a related party to the sector. In 2016-17, these payments totalled $1.7 billion.

**Keystart**

During the financial year, Bendigo and Adelaide Bank purchased $1.33 billion of standard residential home loans from Keystart Housing Scheme Trust by equitable assignment. The Chairman of the Trustee Company, Glyn Yates, declared a conflict of interest in the assignment and subsequent transaction, as he is the Chairman of Bendigo and Adelaide Collie and District Community Bank and did not participate in deliberations or voting by the Board on this matter.

**Water Corporation**

During the financial year, the Corporation, after a public tender process, sold its Engineering and Construction Services Branch, to RCR Tomlinson, for a total cash consideration of $10.4 million. Pursuant to the terms of the sale the Corporation guaranteed to procure goods and services from RCR Tomlinson to the value of $130 million over three years. The Corporation’s previous Chairman, Eva Skira, declared a conflict of interest in the sale and subsequent transactions as she was non-executive director of RCR Tomlinson and did not participate in deliberations or voting by the Board on this matter. The total cost of goods and services acquired from RCR Tomlinson during the six month period ended 31 December 2016, while Eva Skira was a director of the Corporation, was $44.6 million.

There were no other related party transactions (including general citizen-type transactions) with Ministers/senior officers or their close family member or their controlled (or jointly controlled) entities that are material for disclosure.
NOTE 34: RELATED PARTY DISCLOSURES (CONT.)

KMP Compensation

Key management personnel of the total public sector include all Ministers. Total compensation for KMP for the reporting period are presented in the following bands.

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<thead>
<tr>
<th>Remuneration ($)</th>
<th>2017 (number)</th>
<th>2016 (number)</th>
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<tbody>
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<td>2</td>
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<tr>
<td>100,000-150,000</td>
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<td>1</td>
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<tr>
<td>150,000-200,000</td>
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<td>200,000-250,000</td>
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<td>300,000-350,000</td>
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<td>450,000-500,000</td>
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<td>4</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term employee benefits (^{(a)})</td>
<td>7.2</td>
<td>6.9</td>
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<tr>
<td>Post-employment benefits</td>
<td>0.5</td>
<td>0.4</td>
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<tr>
<td><strong>Total compensation of Ministers</strong></td>
<td><strong>7.7</strong></td>
<td><strong>7.3</strong></td>
</tr>
</tbody>
</table>

\(^{(a)}\) Short term employee benefits include electorate allowances, motor vehicle allowances and accommodation allowances paid to Ministers. Total 2017 benefits include $0.47 million resettlement allowance paid to Ministers who ceased to be members of Parliament during the financial year.
NOTE 35: COMPOSITION OF SECTORS

The following diagram shows the financial relationship between sectors within which agencies are classified using the Australian Bureau of Statistics GFS manual, and which are included in the consolidated financial statements.

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 or controlled by the Government of Western Australia.
NOTE 35: COMPOSITION OF SECTORS (CONT.)

**General Government**

Agricultural Produce Commission  
Botanic Gardens and Parks Authority  
Building and Construction Industry Training Board  
Central Regional TAFE  
Chemistry Centre (WA)  
Combat Sports Commission  
Commissioner for Children and Young People  
Commissioner for Equal Opportunity  
Commissioner of Main Roads  
Corruption and Crime Commission  
Country High School Hostels Authority  
Department of Aboriginal Affairs  
Department of Agriculture and Food  
Department for Child Protection and Family Support  
Department of Commerce  
Department of Corrective Services  
Department of Culture and the Arts  
Department of Education  
Department of Education Services  
Department of Environment Regulation  
Department of Finance  
Department of Fire and Emergency Services  
Department of Fisheries  
Department of Health (including public hospitals)  
Department of Lands  
Department of Local Government and Communities  
Department of Mines and Petroleum  
Department of Planning  
Department of Parks and Wildlife  
Department of Racing, Gaming and Liquor  
Department of Regional Development  
Department of Sport and Recreation  
Department of State Development  
Department of State Heritage Office  
Department of Training and Workforce Development  
Department of Transport  
Department of Treasury  
Department of the Attorney General  
Department of the Legislative Assembly  
Department of the Legislative Council  
Department of the Premier and Cabinet  
Department of the Registrar, Western Australian Industrial Relations Commission  
Department of Water  
Disability Services Commission  
Economic Regulation Authority  
Gaming and Wagering Commission of Western Australia  
Gascoyne Development Commission  
Goldfields Esperance Development Commission  
Governor’s Establishment  
Great Southern Development Commission  
Health and Disability Services Complaints Office  
Heritage Council of Western Australia  
Independent Market Operator  
Keep Australia Beautiful Council (W.A.)  
Kimberley Development Commission  
Law Reform Commission of Western Australia  
Legal Aid Commission of Western Australia  
Legal Costs Committee  
Local Health Authorities Analytical Committee  
Mental Health Commission  
Mid West Development Commission  
Minerals Research Institute of Western Australia  
North Metropolitan TAFE  
North Regional TAFE  
Office of the Auditor General  
Office of the Director of Public Prosecutions  
Office of the Environmental Protection Authority  
Office of the Government Chief Information Officer  
Office of the Information Commissioner  
Office of the Inspector of Custodial Services  
Office of the Parliamentary Inspector of the Corruption and Crime Commission  
Parliamentary Commissioner for Administrative Investigations  
Parliamentary Services Department  
Peel Development Commission  
Perth Theatre Trust  
Pilbara Development Commission  
Professional Standards Council  
Public Sector Commission  
Racing Penalties Appeal Tribunal of Western Australia  
Rural Business Development Corporation  
Road Safety Commission  
Salaries and Allowances Tribunal  
School Curriculum and Standards Authority  
Screen West Inc.  
Small Business Development Corporation  
South Metropolitan TAFE  
South Regional TAFE  
South West Development Commission  
State Emergency Management Committee Secretariat  
The Aboriginal Affairs Planning Authority  
The ANZAC Day Trust  
The Board of the Art Gallery of Western Australia  
The Burswood Park Board  
The Coal Miners’ Welfare Board of Western Australia  
The Library Board of Western Australia  
The National Trust of Australia (W.A.)  
The Queen Elizabeth II Medical Centre Trust  
The Western Australia Museum  
The Trustees of the Public Education Endowment  
Western Australia Police  
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
### NOTE 35: COMPOSITION OF SECTORS (CONT.)

**Public Non-Financial Corporations**

- Animal Resources Authority
- Bunbury Water Corporation
- Busselton Water Corporation
- Electricity Networks Corporation (Western Power)
- Electricity Generation and Retail Corporation (Synergy)
- Forest Products Commission
- Fremantle Port Authority
- Gold Corporation and its subsidiaries
- Housing Authority
- Kimberley Ports Authority
- Lotteries Commission
- Metropolitan Cemeteries Board
- Metropolitan Redevelopment Authority
- Mid West Ports Authority
- Pilbara Ports Authority
- Public Transport Authority of Western Australia
- Racing and Wagering Western Australia
- Regional Power Corporation (Horizon Power)
- Rottnest Island Authority
- Southern Ports Authority
- Water Corporation
- Western Australian Coastal Shipping Commission
- Western Australian Land Authority

**Public Financial Corporations**

- Country Housing Authority
- Insurance Commission of Western Australia
- 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.

- Construction Industry Long Service Leave Payments Board
- Curtin University and its subsidiaries
- Edith Cowan University
- Fire and Emergency Services Superannuation Board
- Government Employees Superannuation Board
- Legal Contribution Trust
- Murdoch University and its subsidiaries
- Public Trustee
- Parliamentary Superannuation Board
- The University of Western Australia and its subsidiaries
NOTE 36: BUDGETARY INFORMATION – COMPARISON OF FINAL OUTCOMES TO ORIGINAL BUDGET

Explanations of significant variances between actual results for 2016-17 and the original Budget (presented to the Legislative Assembly in May 2016) for the general government sector and the total public sector are included in Appendix 4 of this report. For the purposes of these financial statements, and the associated notes to the financial statements, the discussion in Appendix 4 meets the requirements of paragraphs 59(f) and 61 of AASB 1049: Whole of Government and General Government Financial Reporting.

Chapter 1 of this report details variations from the estimated outturn contained in the State Budget, presented to the Parliament on 12 May 2016.
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 corporations 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.
## OPERATING REVENUE
### General Government

<table>
<thead>
<tr>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
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<tr>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td>(2)</td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
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</tr>
<tr>
<td>Taxes on employers' payroll and labour force</td>
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<tr>
<td>Payroll tax</td>
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<tr>
<td>Payroll tax</td>
<td>3,502</td>
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<tr>
<td>Property taxes</td>
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<tr>
<td>Land tax</td>
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<tr>
<td>Land tax</td>
<td>948</td>
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<tr>
<td>Transfer Duty</td>
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<tr>
<td>Transfer Duty</td>
<td>1,338</td>
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<td>Landholder Duty</td>
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<tr>
<td>Landholder Duty</td>
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<tr>
<td>Total duty on transfers</td>
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<tr>
<td>Total duty on transfers</td>
<td>1,756</td>
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<tr>
<td>Other stamp duties</td>
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<tr>
<td>Metropolitan Region Improvement Tax</td>
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<tr>
<td>Metropolitan Region Improvement Tax</td>
<td>98</td>
</tr>
<tr>
<td>Perth Parking Levy</td>
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<tr>
<td>Perth Parking Levy</td>
<td>57</td>
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<tr>
<td>Emergency Services Levy</td>
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<tr>
<td>Emergency Services Levy</td>
<td>307</td>
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<tr>
<td>Loan guarantee fees</td>
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<tr>
<td>Loan guarantee fees</td>
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<tr>
<td>Total other property taxes</td>
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<tr>
<td>Total other property taxes</td>
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</tr>
<tr>
<td>Taxes on provision of goods and services</td>
<td></td>
</tr>
<tr>
<td>Lotteries Commission</td>
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<tr>
<td>Lotteries Commission</td>
<td>163</td>
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<tr>
<td>Video lottery terminals</td>
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<tr>
<td>Video lottery terminals</td>
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<tr>
<td>Casino Tax</td>
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<td>Casino Tax</td>
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<td>Betting tax</td>
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<td>Betting tax</td>
<td>42</td>
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<tr>
<td>Other</td>
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<td>Other</td>
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<td>Total taxes on gambling</td>
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<td>Total taxes on gambling</td>
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<td>Insurance Duty</td>
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<td>Insurance Duty</td>
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<tr>
<td>Other</td>
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<tr>
<td>Other</td>
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<td>Total taxes on insurance</td>
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<td>Total taxes on insurance</td>
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<td>Taxes on use of goods and performance of activities</td>
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<tr>
<td>Vehicle Licence Duty</td>
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<td>Vehicle Licence Duty</td>
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<td>Permits - Oversize Vehicles and Loads</td>
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<td>Permits - Oversize Vehicles and Loads</td>
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<td>Motor Vehicle recording fee</td>
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<td>Motor Vehicle recording fee</td>
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<td>Motor Vehicle registrations</td>
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<td>Motor Vehicle registrations</td>
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<td>Total motor vehicle taxes</td>
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<td>Mining Rehabilitation Levy</td>
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<td>Mining Rehabilitation Levy</td>
<td>28</td>
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<tr>
<td>Landfill Levy</td>
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<td>Landfill Levy</td>
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<td>Total Taxation</td>
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<td>Total Taxation</td>
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Note: Columns/rows may not add due to rounding.
## Table 2.1 (cont.)

### OPERATING REVENUE

#### General Government

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<thead>
<tr>
<th></th>
<th>2015-16</th>
<th>2016-17</th>
<th>Variance on EOT</th>
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<tbody>
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<td>Budget</td>
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<tr>
<td>Current Grants and Subsidies</td>
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<tr>
<td>General Purpose Grants</td>
<td></td>
<td></td>
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<tr>
<td>GST grants</td>
<td>1,881</td>
<td>2,035</td>
<td>2,011</td>
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<td>North West Shelf grants</td>
<td>616</td>
<td>457</td>
<td>520</td>
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<tr>
<td>Commonwealth compensation for changed crude oil excise arrangements</td>
<td>29</td>
<td>25</td>
<td>29</td>
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<tr>
<td>Grants through the State</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schools assistance – non-government schools</td>
<td>1,110</td>
<td>1,191</td>
<td>1,167</td>
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<tr>
<td>Local government financial assistance grants</td>
<td>85</td>
<td>177</td>
<td>173</td>
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<td>Local government roads</td>
<td>54</td>
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<td>108</td>
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<td>National Specific Purpose Payment Agreement Grants</td>
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<td>National Agreement for Skills and Workforce Development</td>
<td>157</td>
<td>163</td>
<td>161</td>
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<tr>
<td>National Disability Services</td>
<td>147</td>
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<td>147</td>
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<td>Students First</td>
<td>558</td>
<td>604</td>
<td>598</td>
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<td>National Health Reform</td>
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<td>1,956</td>
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<td>National Partnerships/Other Grants</td>
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<td>Health</td>
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<td>Housing</td>
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<td>Transport</td>
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<td>Disability Services</td>
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<td>Other</td>
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<td>Total Current Grants and Subsidies</td>
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<td>Grants Through the State</td>
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<td>Schools assistance – non-government schools</td>
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<td>National Partnerships/Other Grants</td>
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<td>Housing</td>
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<td>Other</td>
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<td>Total Capital Grants</td>
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Note: Columns/rows may not add due to rounding.
## OPERATING REVENUE

### General Government

<table>
<thead>
<tr>
<th>Sales of Goods and Services</th>
<th>2015-16</th>
<th>2016-17</th>
<th>Variation on EOT</th>
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<tr>
<td></td>
<td>Actual</td>
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Note: Columns/rows may not add due to rounding.
## Table 2.2

### OPERATING REVENUE

**Total Public Sector**

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### Taxation

**Taxes on employers’ payroll and labour force**

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**Property taxes**

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**Taxes on provision of goods and services**

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**Taxes on use of goods and performance of activities**

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

**Total Public Sector**

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</table>

Note: Columns/rows may not add due to rounding.
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. This Uniform Presentation Framework (UPF) supports transparency and interjurisdictional comparisons.

Western Australia’s whole-of-government financial disclosures, found in its annual Budget Papers, Mid-year Review, Pre-election Financial Projections Statements 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 which 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>
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<tr>
<th>EXPENSES</th>
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<th>2016-17</th>
<th>Variation on EOT</th>
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<td>Police services</td>
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<th>PPPS Revision</th>
<th>FYRS Estimated Outturn</th>
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<td>371</td>
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<td>234</td>
<td>230</td>
<td>236</td>
<td>239</td>
<td>228</td>
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**Note:** Columns/rows may not add due to rounding.
Table 3.1 (cont.)

**SPENDING BY GOVERNMENT PURPOSE CLASSIFICATION (a)**

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<td><strong>2015-16</strong></td>
</tr>
<tr>
<td>$m</td>
</tr>
<tr>
<td>(1)</td>
</tr>
</tbody>
</table>

| **Transport and communications** | 2,003 | 2,276 | 2,300 | 2,330 | 2,361 | 2,342 | -19 |
| Road transport | 1,302 | 1,619 |
| Road maintenance | 860 | 997 |
| Road rehabilitation/Aboriginal community road transport services | 75 | 123 |
| Road construction | 76 | 181 |
| Road transport nec. | 291 | 318 |
| Water transport | 30 | 35 |
| Urban water transport services | - | - |
| Other water transport services | 30 | 35 |
| Rail transport | 41 | 41 |
| Urban rail transport services | - | - |
| Non-urban rail transport freight services | 8 | 6 |
| Non-urban rail transport passenger services | 32 | 35 |
| Air transport | 9 | 10 |
| Pipelines | - | - |
| Other transport | 622 | 638 |
| Multi-mode urban transport | 622 | 638 |
| Other transport nec. | - | - |
| Communications | - | - |
| **Other economic affairs** | 620 | 706 | 714 | 686 | 663 | -24 |
| Storage, saleyards and markets | 4 | 5 |
| Tourism and area promotion | 141 | 143 |
| Labour and employment affairs | 320 | 305 |
| Vocational training | 212 | 188 |
| Other labour and employment affairs | 108 | 118 |
| Other economic affairs | 155 | 209 |
| **Other purposes** | 968 | 1,156 | 1,170 | 1,176 | 1,252 | 1,220 | -51 |
| Public debt transactions | 882 | 939 |
| General purpose inter-government transactions | 85 | 262 |
| Natural disaster relief | 1 | 1 |
| Other purposes nec. | - | - |
| Other (b) | - | - | - | - | -1 | - | 1 |
| **TOTAL EXPENSES** | 28,506 | 29,596 | 29,901 | 29,969 | 29,710 | 29,387 | -324 |

**PURCHASES OF NON-FINANCIAL ASSETS**

| General public services | 191 | 122 | 198 | 205 | 153 | 152 | -1 |
| Public order and safety | 167 | 169 | 215 | 221 | 177 | 170 | -7 |
| Education | 326 | 310 | 347 | 356 | 354 | 351 | -4 |
| Health | 385 | 517 | 597 | 605 | 346 | 311 | -35 |
| Social security and welfare | 32 | 25 | 29 | 29 | 19 | 21 | 2 |
| Housing and community amenities | 151 | 24 | 38 | 38 | 86 | 80 | -7 |
| Recreation and culture | 110 | 218 | 200 | 200 | 138 | 137 | -1 |
| Fuel and energy | 1 | 2 | 2 | 2 | 2 | 2 | - |
| Agriculture, forestry, fishing and hunting | 27 | 30 | 28 | 28 | 27 | 30 | 2 |
| Mining and mineral resources other than fuels; manufacturing; and construction | 8 | 10 | 15 | 15 | 14 | 10 | -4 |
| Transport and communications | 1,032 | 1,278 | 1,054 | 1,062 | 1,015 | 1,012 | -3 |
| Other economic affairs | 46 | 80 | 86 | 86 | 72 | 66 | -6 |
| Other purposes | - | -300 | -550 | -550 | - | - | - |
| **TOTAL PURCHASE OF NON-FINANCIAL ASSETS** | 2,475 | 2,484 | 2,259 | 2,296 | 2,404 | 2,341 | -62 |

(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.

(b) Budget provisions not allocated by GPC.

Note: Columns/rows 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 jurisdiction’s total non-financial public sector cash deficit position, adjusted for certain memorandum items.

Western Australia recorded an LCA deficit of $3,128 million in 2016-17, $2,024 million lower than the deficit forecast in the 2016-17 Budget.

Material changes in the composition of this outcome since the 2016-17 Budget include:

- a lower than anticipated cash deficit for the total non-financial public sector (down $1,310 million), with lower cash deficits for the general government (down $933 million) and public non-financial corporations (down $377 million) sectors;

- higher than expected acquisitions under finance leases and similar arrangements (up $209 million) reflecting the delayed (from 2015-16) recognition for the Eastern Goldfields Regional Prison; and

- lower than expected outcomes for memorandum items (down $923 million), mainly reflecting levels of home lending by Keystart; and

Key variations in State financial outcomes relative to the original 2016-17 Budget are detailed in Appendix 4 of this report.

---

1 For the purposes of LCAs, deficits are shown as positive numbers and surpluses are shown as negative numbers.
2 LCA memorandum items include additional factors that can increase a jurisdiction’s demand for cash but which are outside the scope of the general government sector and/or the public non-financial corporations sector (e.g. borrowings by public universities and public sector home lending schemes).
### 2016-17 LOAN COUNCIL ALLOCATIONS

#### Western Australia

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<th></th>
<th>Nomination (a)</th>
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<th>Outturn</th>
<th>Actual on Outturn</th>
<th>Variation on Budget</th>
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(b) ±2% of total non-financial public sector operating receipts at the time of the original LCA nomination.

Note: Columns/rows may not add due to rounding.
This appendix contains explanations for material variations in general government and total public sector financial aggregates compared to the original Budget presented to the Legislative Assembly on 12 May 2016, in line with the requirements of AASB 1055: *Budgetary Reporting*.

For the general government operating statement, explanations are provided in this appendix for the three largest revenue sources (taxation, Commonwealth grants and royalties) and the three largest categories of expense (salaries, transfers and ‘other gross operating expenses’). Explanations are also provided for other revenue and expense items where the variance since the 2016-17 Budget is greater or equal to $10 million and 10%, and for key line items that appear on the face of the operating statement.

High level explanations are also provided for the other financial statements (the general government balance sheet and cash flow statement, and the three financial statements for the total public sector).

Detailed explanations of key variations to the estimates for 2016-17 can also be reviewed as these emerged in:

- the 2016-17 *Government Mid-year Financial Projections Statement* (released in December 2016), describing changes since the Budget during the first half of 2016-17;

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1 Paragraph 6(f) of this standard indicates that major variances between the original Budget estimates and outcomes need to be explained in the financial statements. Paragraph 9 indicates that the original Budget is the first Budget presented to Parliament in respect of the reporting period.
the 2016-17 Pre-election Financial Projections Statement (PFPS, released in February 2017), describing updates since the Mid-year Review and up to the PFPS cut-off date of 2 February 2017;

the 2017-18 Budget Paper No. 3: Economic and Fiscal Outlook (presented to the Legislative Assembly on 7 September 2017), describing changes since the PFPS and up to the 7 August 2017 cut-off date for the 2017-18 Budget; and

Chapter 1 of this report (detailing final outcomes since the 2017-18 Budget estimates were finalised on the 7 August 2017 cut-off date).

Each of these publications can be accessed through the Treasury website (www.treasury.wa.gov.au).
## GENERAL GOVERNMENT
### Operating Statement

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<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
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### RESULTS FROM TRANSACTIONS

#### REVENUE
- **Taxation**
  - a 8,927 8,573 -355 -4.0
- **Current grants and subsidies**
  - b 7,687 8,091 404 5.3
- **Capital grants**
  - b 779 513 -266 -34.2
- **Sales of goods and services**
  - 2,227 2,293 66 3.0
- **Interest Income**
  - c 167 196 29 17.4
- **Revenue from public corporations**
  - d 984 837 -147 -14.9
- **Tax equivalent income**
  - 499 534 35 6.9
- **Royalty income**
  - e 3,842 5,272 1,430 37.2
- **Other**
  - 568 604 36 6.3
  - Total 25,681 26,913 1,232 4.8

#### EXPENSES
- **Salaries**
  - f 11,819 11,610 -209 -1.8
- **Superannuation**
  - Concurrent costs 1,170 1,166 -4 -0.3
  - Superannuation interest cost
  - g 200 156 -44 -22.1
  - Other employee costs h 401 358 -43 -10.5
  - Depreciation and amortisation
  - i 1,477 1,320 -157 -10.6
  - Services and contracts 2,356 2,393 37 1.6
  - Other gross operating expenses
  - j 5,549 5,772 223 4.0
  - Other interest 778 783 5 0.6
  - Current transfers k 5,311 5,280 -31 -0.6
  - Capital transfers
  - k 535 549 14 2.6
  - Total 29,596 29,387 -209 -0.7

#### NET OPERATING BALANCE
- **Operating result**
  - -4,066 -1,905 2,160 -53.1

#### Operating balance - included in the operating result
- **Net gains on assets/liabilities** 7 -193 -200 -2,789.9
- **Net actuarial gains - superannuation** -154 659 813 -528.0
- **Provision for doubtful debts** -4 -143 -37 840.9
- **Changes in accounting policy/adjustment of prior periods** - 143 -
  - **Total other economic flows** m -151 568 719 -475.8

#### OPERATING RESULT
- **-4,066**
- **1,905**
- **2,160**
- **-53.1**

#### All other movements in equity
- **Gains recognised directly in equity**
  - -154 659 813 -528.0
- **Change in net worth of the public corporations sectors** 359 254 -105 -29.1
- **All other**
  - - - -
  - **Total all other movements in equity** n 1,097 -2,772 -3,869 -352.6

#### TOTAL CHANGE IN NET WORTH
- **-3,914**
- **-2,474**
- **1,441**
- **-36.8**

### KEY FISCAL AGGREGATES

#### NET OPERATING BALANCE
- **-3,914**
- **-2,474**
- **1,441**
- **-36.8**

#### Other movements in equity
- **Revaluations** 739 -3,042 -3,780 -511.7
- **Gains recognised directly in equity**
  - - - -
- **Change in net worth of the public corporations sectors** 359 254 -105 -29.1
- **All other**
  - - - -
  - **Total all other movements in equity** n 1,097 -2,772 -3,869 -352.6

#### TOTAL CHANGE IN NET WORTH
- **-3,914**
- **-2,474**
- **1,441**
- **-36.8**

#### NET LENDING/BORROWING
- **-4,753**
- **-3,592**
- **1,161**
- **-24.4**

### 2016-17
General Government Sector Operating Statement

(a) Taxation revenue was $355 million (or 4%) lower than budgeted, with:

- payroll tax, down $270 million (or 7.6%), following weaker than expected growth in employment and wages, which were particularly subdued in large taxpaying industries (such as mining and construction);

- transfer duty, down $30 million (or 2.2%), reflecting weaker than expected residential transaction volumes and lower median house prices. These lower outcomes in the residential market were partly offset by a high value commercial property assessment worth $169 million issued in May 2017;

- gambling taxes, down $30 million (or 10.5%), mainly reflecting $18 million lower statutory grants from the Lotteries Commission (which are directed to spending on health, sport, and the arts) as a consequence of reduced sales revenue (driven by the sequence of jackpots through the year, and the impact of a softening economy on betting activity);

- motor vehicle taxes, down $27 million (or 2.1%), due mainly to lower than forecast growth in motor vehicle sales;

- land tax, down $20 million (or 2.2%), mainly reflecting fewer land tax payers than expected;

- landholder duty, up $50 million (or 48.9%), reflecting a number of large commercial transactions, which are often significant in magnitude, infrequent and volatile within, and between, years; and

- a net decrease of $26 million (or 1.9%) across all other taxes.

(b) Current and capital grants from the Commonwealth were $137 million (or 1.6%) higher than budgeted, driven by net changes to a range of grants including:

- transport-related grants, down $183 million (or 27.2%), largely due to the reallocation of funds for the cancelled Perth Freight Link project to new road and rail projects in 2017-18, and delays to other major capital works projects (such as Northlink WA and Great Northern Highway – Muchea to Wubin), partially offset by a $226 million top-up grant from the Commonwealth (in lieu of Western Australia’s low GST relativity in 2017-18);

- housing-related grants, down $78 million (or 53.7%), primarily Indigenous housing grants, following delays in finalising the 2016-18 National Partnership on Remote Housing Agreement (which resulted in 2016-17 funding being carried over to 2017-18);
• health-related grants, up $225 million (or 9.9%), comprising an additional $134 million of National Health Reform Agreement funding (reflecting higher than expected activity levels and revisions to the Commonwealth’s funding parameters), along with $91 million for National Partnership and other grants (primarily due to the renewal of a number of Commonwealth Own Purpose Expenditure agreements and additional funding from the Department of Veteran Affairs);

• local government grants on-passed through the State, up $141 million (or 49.5%), both for general purposes (up $85 million) and for roads (up $56 million), mainly reflecting the Commonwealth Government’s decision to bring forward part of the 2017-18 allocation to 2016-17. This was matched by an equivalent increase in general government sector transfer expenses, discussed later;

• Commonwealth grants for non-government schools (which are also on-passed by the State) down $20 million (or 1.7%), reflecting changes in non-government school enrolment numbers, indexation rates and changes in Commonwealth Government funding policy.

Lower revenue for this funding is matched by an equivalent reduction in transfer expenses, discussed later;

• North West Shelf grants, including Commonwealth compensation for crude oil excise arrangements, up $158 million (or 32.7%), largely reflecting higher than forecast oil and gas market prices and production volumes through 2016-17;

• GST grants, down $91 million (or 4.5%), primarily reflecting the impact of Commonwealth estimates (in its 2016-17 and 2017-18 Budgets, and its 2016-17 Mid-year Economic and Fiscal Outlook) of a lower than expected national GST pool (reducing Western Australia’s GST grants by $52 million) and lower than expected population growth relative to other States (reducing Western Australia’s grants by $39 million); and

• a net decrease of $13 million (or 0.9%) across all other Commonwealth grants.

(c) Interest income was $29 million (or 17.4%) higher than budgeted. This mainly reflects higher than expected Public Bank Account (PBA) investment pool balances compared with 2016-17 Budget assumptions, combined with a higher average interest rate on these balances (at an average 2.1% compared with an estimated average 1.8% assumption in the 2016-17 Budget). PBA balances vary substantially during the year as a result of the timing of transactions in and out of the Account.

(d) Dividend income from the State’s public corporations was $147 million (or 14.9%) lower than budgeted, with the main drivers being:

• Pilbara Ports Authority (down $89 million), due to the Government’s decision to defer the interim dividend for 2016-17 to 2017-18 as part of the 2017-18 Budget;
• Western Power (down $72 million), due to the Government’s decision to defer the interim dividend for 2016-17 to 2017-18 as part of the recent Budget, partially offset by improved profitability in 2015-16 (which was paid as an adjustment to the final dividend in 2016-17);

• the Water Corporation (down $63 million), largely due to lower developer contributions and lower customer revenue (both of which impact profit outcomes); and

• the Insurance Commission of Western Australia (up $75 million), primarily reflecting a once-off special dividend of $95 million paid in 2016-17, following higher than expected investment returns.

(e) Royalty income was $1,430 million (or 37.2%) higher relative to the 2016-17 Budget forecast. This was primarily due to higher projected iron ore royalties, which were $1,413 million (or 42.9%) higher than budgeted. Royalties for gold, alumina, petroleum, and ‘other’ minerals were collectively $41 million higher than budgeted, while royalties for diamonds, nickel and mineral sands were a combined $23 million lower than budgeted. The higher iron ore royalties were due to a combination of:

• the iron ore price averaging $US68.50 per tonne through the year, 43.6% above the 2016-17 Budget price assumption of $US47.7 per tonne; and

• higher than forecast production volumes, which totalled 790 million tonnes compared to the 2016-17 Budget estimate of 782 million tonnes.

(f) Salaries expenses were $209 million (or 1.8%) lower than budgeted, due mainly to WA Health (down $203 million, or 4.5%). This primarily reflected differences in the allocation of costs (to other classes of expense) and workforce management strategies that have reduced full-time equivalents by 3.2% since the Budget forecast, partially offset by the impact of higher than expected hospital activity and costs associated with the Department’s Voluntary Separation Scheme.

(g) Superannuation interest costs were $44 million (or 22.1%) lower than budgeted, due mainly to the actuarial valuation of unfunded scheme liabilities and associated scheme costs determined after 30 June 2017. This was largely due to a substantially lower outcome for the unfunded liabilities at 30 June 2017 (down $729 million relative to the Budget forecast) and against which the superannuation interest cost is calculated. The lower liability cost reflects the outcome of the full-year valuation for 2016-17 and in turn reflects:

• a higher than expected discount rate increase of 0.6 percentage points from 2015-16 to 2016-17 (up from 2.0% in 2015-16 to 2.6% in 2016-17) compared to an expected 0.1 percentage point increase forecast at Budget time (from an expected 2.4% in 2015-16 to an estimated 2.5% in 2016-17); and

• lower than expected salary assumptions following the Government’s May 2017 announcement to cap increases in public sector wages and associated conditions at $1,000 per annum (compared with a 1.5% per year wages policy); and
• a higher than expected membership decline in the Gold State and Pension Schemes.

(h) Other employee costs were $42 million (or 10.5%) lower than budgeted, primarily reflecting lower costs for Government Regional Officers’ Housing (GROH) (down $50 million), particularly for the Department of Education (which accounted for $22 million of the total change), WA Health ($10 million), and Western Australia Police ($6 million). The lower costs also include the impact of a downturn in residential market rents in regional areas.

(i) Depreciation and amortisation expenses were $157 million (or 10.6%) lower than budgeted, driven by lower outcomes for the Departments of Health (down $59 million), Education (down $53 million), and Finance (down $22 million), reflecting lower than expected annual valuations for physical assets (particularly for the Department of Education, which changed its valuation policy for buildings, detailed in the 2015-16 Annual Report on State Finances (ARSF), slower than expected progress on some infrastructure spending, and delayed commissioning for some assets (such as for the Perth Children’s Hospital).

(j) ‘Other’ gross operating expenses (largely made up of the day-to-day non-salaries operating costs of agencies, such as office accommodation costs, building and maintenance costs, electricity and water costs, and administration costs) were $223 million (or 4%) higher than budgeted. This largely reflects higher than forecast spending by WA Health (primarily due to differences in the allocation of costs from other classes of expense, particularly salaries), and higher than expected costs related to the Perth Children’s Hospital (due to changes in the classification of some infrastructure spending to expenses, and delayed practical completion and commissioning activities). These increases were partly offset by lower uptake of high cost drugs.

(k) Transfer expenses (mainly current and capital grant payments) were $17 million (or 0.3%) lower than budgeted, with lower current transfers (down $31 million) partly offset by higher capital transfers (up $14 million). Grants programs are typically volatile due to changes in timing of grants on-passed on behalf of the Commonwealth, milestones in grant agreements, funding parameters, and other such issues. Material changes impacting 2016-17 outcomes include:

• the flow-through of (net) higher than budgeted Commonwealth grants to the local government sector (up $141 million) and to non-government schools (down $20 million), as detailed above under revenue;
• operating subsidies to the State’s public corporations (down $29 million), predominantly to the Water Corporation (down $22 million), driven by lower than budgeted expenditure in country regions in 2016-17 (due mainly to softer inflationary cost pressures and a reduction in growth-driven investment). Subsidy costs were also lower than budgeted for Synergy (down $7 million) and the Public Transport Authority (down $7 million), but higher for Horizon Power (up $5 million) and the Western Australian Land Authority (up $3 million) reflecting a range of relatively minor movements in these agencies;

• the inclusion in the original Budget of a $60 million provision for costs associated with resolution of Native Title in the South West of Western Australia, with these costs now expected to be incurred in 2018-19;

• lower grants paid by the Department of the Premier and Cabinet (down $43 million), due to the deferral of the Browse LNG Precinct Regional Benefits Package to 2018-19 ($31 million), the timing of Native Title grants ($10 million), and the later than expected timing for funding of the Great Kimberley Marine Park ($2 million);

• lower than forecast tax refunds (down $37 million), particularly transfer duty refunds. The number and average value of refund claims is volatile from year to year, making Budget forecasts difficult;

• lower grants to the Housing Authority² (down $78 million), reflecting the lower grants received under the Remote Indigenous Housing National Partnership agreement, as discussed under revenue;

• higher grants by Main Roads to the local government sector (up $75 million), mainly due to higher payments under the Western Australia Natural Disaster Relief and Recovery Arrangements for repairs to local roads after the Great Southern floods in February 2017, and grants to the City of Wanneroo towards the duplication of Marmion Avenue between Butler and Yanchep; and

• higher general government sector asset transfers to local governments (up $25 million), reflecting roads/bridges and other minor road assets transferred to councils, including the transfers of sections of Lloyd Street to the City of Swan and South Coast Highway to the Shire of Ravensthorpe (at higher values than previously estimated).

(I) The net operating balance in 2016-17 was a $2,474 million deficit, a $1,441 million improvement from the Budget projection for a $3,914 million deficit. Revenue was $1,232 million (or 4.8%) higher than budgeted while expenses were $209 million (or 0.7%) lower than forecast, as detailed above.

² The Housing Authority is a public corporation outside of the general government sector.
(m) ‘Other economic flows’ resulted in an aggregate increase in net worth of $568 million. This was $719 million higher than expectations at the time of the Budget. This was largely due to higher than budgeted net actuarial gains on superannuation (up $813 million), reflecting movements in the actuary’s valuation of unfunded superannuation liabilities at 30 June 2017 noted earlier in this section.

(n) All other movements in equity equated to an aggregate decrease in net worth of $2.8 billion, a $3.9 billion turnaround compared to the 2016-17 Budget estimates (following lower annual asset valuation outcomes (mainly land) for both 2015-16 and 2016-17 and which account for $3.8 billion of the change). This item accounts for all changes in the net worth of the public sector balance sheet that are not accounted for on the general government sector operating statement, including the operations of public corporations, valuation changes across the sector, and the impact of investing and financial activities. These other sources of variance are discussed throughout the following sections of this appendix.

(o) Net worth at 30 June 2017 declined $4.7 billion on the final outcome for 2015-16. This compared with a $3 billion decrease forecast in the original Budget, which was based on the expected outturn for 2015-16 at that time. The higher than expected decline in net worth is comprised of the changes in the net operating balance, other economic flows and all other movements in equity variances, noted above. This is the second consecutive annual decrease in net worth, with the level of net worth now broadly similar to the level it was around 30 June 2012, and is driven predominantly by protracted operating deficit outcomes for the general government sector, and consecutive material revisions to the value of the State’s substantial holdings of land and buildings.

(p) A $3.6 billion deficit outcome for net lending/borrowing (which includes the net operating balance from transactions, less non-cash depreciation costs plus the net cost of infrastructure investment activities) compares with the original $4.8 billion deficit forecast at the time of the 2016-17 Budget.

A discussion on changes in general government sector purchases and sales of non-financial assets is contained later in this appendix (as part of the cash flow statement).

Inventory levels were budgeted to decline by $3 million in 2016-17 Budget forecasts (compared with an $11 million decrease in this ARSF), while depreciation was $157 million lower than budgeted (mostly reflecting lower than anticipated expenses for WA Health, Education and Finance, as previously discussed).

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3 Changes in the value of assets or liabilities that do not result from transactions are referred to as ‘other economic flows’. They include net gains on assets/liabilities, including superannuation actuarial gains/losses, changes in accounting policy/adjustment of prior periods (which are not forecast in the Budget), and provisions for doubtful debts.
Other movements in non-financial assets (which comprises the value of assets transferred in/out of the sector, and assets acquired under finance leases) were $200 million higher than expected in the original Budget. This outcome largely reflects the delayed finance lease recognition (from 2015-16 as expected in the original Budget) due to the delay in opening of the Eastern Goldfields Regional Prison ($216 million), with movements in net assets transferred in/out of the sector broadly comparable to 2016-17 Budget expectations.
### Table 4.2

**GENERAL GOVERNMENT Balance Sheet**

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<th>Notes</th>
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<th>Actual</th>
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<th>Variation on Budget</th>
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2016-17
General Government Sector Balance Sheet

(a) General government sector financial assets totalled $65.9 billion at 30 June 2017, up $618 million (or 0.9%) from the original Budget. This largely reflected higher than budgeted holdings of liquid financial assets which were up $1.6 billion (or 38%), mainly due to higher Public Bank Account (PBA) investments. This in turn reflected the better than expected final results for the year ending 30 June 2016 compared to the then expected outcome for that year (discussed in the 2015-16 ARSF), and the better than expected results in 2016-17.

Other changes included a $1.5 billion (or 2.6%) decrease in the value of investments in other public sector entities (i.e. public corporations), mainly reflecting lower land values in the public non-financial corporations sector, and a $539 million higher than expected outturn for receivables (mainly due to the timing of transactions).

(b) Non-financial assets (such as land and infrastructure holdings) totalled $81.6 billion at 30 June 2017, down $6.8 billion (or 7.7%) from the original Budget. This primarily reflects lower than forecast property, plant and equipment (down $5 billion) and land (down $2 billion). These results were partly driven by the lower than expected outcome for the year ending 30 June 2016 discussed in the 2015-16 ARSF, along with lower than budgeted year-end valuations for land (including land under roads) for 2016-17.

(c) Total assets were $147.4 billion at 30 June 2017, down $6.2 billion (or 4.1%) compared to the original Budget, reflecting the movements outlined above.

(d) Total liabilities were $37.2 billion at 30 June 2017, down $462 million (or 1.2%) from the original Budget. Key movements in different classes of liabilities included:

- debt liabilities (up a net $17 million), largely due to higher borrowings (up $206 million) more than offsetting lower deposits held (down $189 million); and

- non-debt liabilities (down a net $478 million), with lower unfunded superannuation (down $729 million) and employee benefits such as accruing leave entitlements (down $112 million), more than offsetting higher than Budget outcomes for payables (up $217 million) and ‘other’ liabilities (up $146 million, which are subject to the timing of cash payments by the sector).

(e) Net worth (the difference between total assets and total liabilities) was $110.2 billion at 30 June 2017. This outcome is $5.8 billion (or 5%) lower than the forecast $116 billion in the 2016-17 Budget and reflects the net impact of the outcomes noted above.

(f) General government sector net debt was $18.8 billion at 30 June 2017, $1.6 billion (or 7.7%) lower than the $20.4 billion estimated in the original Budget.

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4 The PBA is the central bank account of the Western Australian public sector. Divisions of the PBA include the Consolidated Account, agency and Treasurer’s Special Purpose Accounts and other centrally managed bank accounts. The PBA is administered by the Treasury with funds management provided by the Western Australian Treasury Corporation. Key components of the PBA are discussed further in Appendix 7: Public Ledger.

5 Accounts for goods and services that have been invoiced but for which cash is still to be received.

6 Payables include short and long term trade creditors, and accounts payable.
### GENERAL GOVERNMENT

#### Cash Flow Statement

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget Estimate</th>
<th>Actual $m</th>
<th>Variation on Budget $m</th>
<th>Variation on Budget %</th>
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<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
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<tr>
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<td>Receipts from sales of goods and services</td>
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<tr>
<td>Interest receipts</td>
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<td>Dividends and tax equivalents</td>
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<td>1,484</td>
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<td>Cash Paid</td>
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<td>Wages, salaries and supplements, and superannuation</td>
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<td>Other payments</td>
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<td><strong>NET CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
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<td>-36.0</td>
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<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
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<tr>
<td>Cash flows from investments in non-financial assets</td>
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<td>Purchase of non-financial assets</td>
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<td>Sales of non-financial assets</td>
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<td>Total cash flows from investments in non-financial assets</td>
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<td>Cash flows from investments in financial assets</td>
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<tr>
<td>Cash received</td>
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<td>For policy purposes</td>
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<td>For liquidity purposes</td>
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<tr>
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<td>-45</td>
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<td><strong>NET CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
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<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
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<tr>
<td>Cash received</td>
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<td>Advances received</td>
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<td>5,166</td>
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<tr>
<td>Other financing receipts</td>
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<td>5,227</td>
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<tr>
<td>Cash paid</td>
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<tr>
<td>Advances paid</td>
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<td>-16</td>
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<tr>
<td>Borrowings repaid</td>
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<tr>
<td>Deposits paid</td>
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<tr>
<td>Other financing payments</td>
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<td>-418</td>
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<td>-10.3</td>
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<td>Total payments for financing activities</td>
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<td>-602</td>
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<td><strong>NET CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
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<td>4,626</td>
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<td><strong>Net increase in cash and cash equivalents</strong></td>
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<td>66</td>
<td>1,225</td>
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<td>Cash and cash equivalents at the beginning of the year</td>
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<td>4,773</td>
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<td>-4.9</td>
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<td>Cash and cash equivalents at the end of the year</td>
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<td>4,839</td>
<td>978</td>
<td>25.3</td>
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<tr>
<td><strong>KEY FISCAL AGGREGATES</strong></td>
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<tr>
<td>Net cash flows from operating activities</td>
<td>-2,406</td>
<td>-1,541</td>
<td>865</td>
<td>-36.0</td>
</tr>
<tr>
<td>Net cash flows from investing in non-financial assets</td>
<td>-2,278</td>
<td>-2,210</td>
<td>68</td>
<td>-3.0</td>
</tr>
<tr>
<td>Cash surplus/-deficit</td>
<td>-4,684</td>
<td>-3,751</td>
<td>933</td>
<td>-19.9</td>
</tr>
</tbody>
</table>
General Government Sector Cash Flow Statement

(a) Net cash flows from operating activities (i.e. the receipts and payments of day-to-day operating activities of general government agencies) were in a net $1.5 billion cash deficit position in 2016-17, a $865 million (or 36%) improvement on the $2.4 billion cash operating deficit forecast in the 2016-17 Budget. Total operating cash received in 2016-17 was $28.2 billion, $1.1 billion (or 4.2%) higher than Budget, while total cash paid in 2016-17 was $29.7 billion, $276 million (or 0.9%) lower than Budget.

The $865 million improvement in the cash operating deficit reflects similar considerations to the more moderate improvement for the accrual operating deficit on the operating statement discussed earlier in this appendix. In particular, reductions in tax and dividend revenue were more than offset by significantly higher mining revenue and Commonwealth grants, and have brought about an increase in cash receipts relative to the Budget.

At the same time, the cash flow equivalents to the lower than budgeted accrual expenses (in the areas of salaries and transfer expenses) whilst also lower, are offset by the inclusion on the cash flow statement of GST payments incurred by agencies on their purchases (included in the ‘other payments’ line item and largely offset by GST input credits available to public sector agencies, included in ‘other operating receipts’). These transactions were significantly higher than budgeted, and as a result, overall cash payments are higher than the original Budget. This contrasts to operating expenses which, as discussed earlier, were $209 million lower.

Other changes in non-cash transactions such as depreciation and superannuation interest on the operating statement (which were lower than the original Budget and discussed earlier in this appendix) do not appear on the cash flow statement, and also contribute to the divergence in outcomes for operating expenses compared to operating payments.

(b) Purchases of non-financial assets (i.e. largely land and infrastructure investment) were $2.3 billion in 2016-17, $143 million (or 5.8%) lower than the 2016-17 Budget, with key changes including:

- Main Roads (down $266 million), due largely to deferral of works for the cancelled Perth Freight Link project. Spending was also lower than anticipated due to revised timing of works for major road projects, including sections of the NorthLink WA and the Great Northern Highway – Muchea to Wubin project following delays in awarding contracts;

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7 The net cash flow from operating activities is the cash equivalent of the operating balance on the operating statement discussed earlier in this appendix and in Chapter 1 of this report. This cash flow aggregate is based on cash information only while the accrual operating balance includes non-cash transactions such as depreciation charges, and recognises costs (expenses) and benefits (revenue) as they occur rather than only when cash is paid or received.

8 Mining revenue comprises royalty income, North West Shelf grants (including condensate compensation) and lease rentals for exploration and production licences.
• WA Health (down $205 million), reflecting delays or changes in timing associated with project design activity, planning approval and procurement processes for a number of Southern Inland Health Initiatives, Karratha Health Campus, the Perth Children’s Hospital, and the medical imaging system replacement project;

• Department of Culture and the Arts (down $54 million), mainly due to a delay in the appointment of the Managing Contractor for the New Museum Project impacting on the associated scheduling of payments, partially offset by a reclassification of some spending investment to operating outlays;

• Department of Sport and Recreation (down $21 million), mainly due to revised project scheduling for various components of works on the Perth Stadium and Plaza, and the surrounding Sports Precinct;

• the Department of Finance (up $29 million), due mainly to negotiated lease incentives from landlords associated with Government Office Accommodation fit-outs;

• Department of Education (up $39 million), primarily due to unanticipated increases in small asset spending by schools (previously expected to be largely accounted for in recurrent school budgets), an increase in investment in facilities for students with disabilities, and increased investment to expand the new primary schools’ capacity. Changes in timing of key projects including Shenton College, North Butler and Margaret River Senior High Schools, as well as delays in investment on the Student Information System, have offset the overall higher outturn, reflecting the actual timing of payments for works and movement in scheduled procurement processes for some projects; and

• the inclusion in the original Budget of a $300 million general underspend provision, and a $72 million Royalties for Regions underspend provision, in anticipation of lower actual spending that would emerge for infrastructure projects across the general government sector by 30 June 2017 (and detailed above).

(c) Sales of non-financial assets were $132 million in 2016-17, $75 million (or 36.3%) lower than Budget, with key changes including:

• lower land sales by the Department of Lands (down $84 million), mainly reflecting a $63 million Land Asset Sales Program target that was included in the 2016-17 Budget as a provision for the sale of freehold land owned by other agencies. Freehold land sales totalling $28 million were achieved in 2016-17, and these sales are included in individual agency statements. Crown land sales were $21 million lower than the original Budget, primarily due to the retention of a parcel of land in North Lake, and changes in the timing of other sales;
lower disposals by the Western Australian Planning Commission (down $11 million), mainly due to the subdued local market during the year, and the withdrawal of a number of surplus properties from the disposal program; and

- the Department of Finance (up $27 million), largely resulting from the sale of vehicles to the Water Corporation (as a result of the Corporation exiting from the State Fleet leasing arrangement).

(d) Net cash flows from investments in non-financial assets totalled $2.2 billion in 2016-17, $68 million lower than Budget and reflecting the changes in purchases and sales outlined above.

(e) The general government sector recorded a $3.8 billion cash deficit in 2016-17, $933 million (or 19.9%) lower than the cash deficit forecast in the original Budget. This reflects the combination of net cash receipts from operations and net investment in non-financial assets described above. The cash deficit is the key driver of movements in net debt (discussed above and in Chapter 1).
### TOTAL PUBLIC SECTOR

#### Operating Statement

<table>
<thead>
<tr>
<th>NOTES</th>
<th>BUDGET ESTIMATE</th>
<th>ACTUAL</th>
<th>VARIATION ON BUDGET</th>
<th>VARIATION ON BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>%</td>
</tr>
</tbody>
</table>

#### RESULTS FROM TRANSACTIONS

**REVENUE**

<table>
<thead>
<tr>
<th>Item</th>
<th>Budget</th>
<th>Actual</th>
<th>Variation on Budget</th>
<th>Variation on Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxation</strong></td>
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<td><strong>Current grants and subsidies</strong></td>
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<td>8,091</td>
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<td><strong>Capital grants</strong></td>
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<td><strong>Sales of goods and services</strong></td>
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<td>20,833</td>
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<td><strong>Interest income</strong></td>
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<td>597</td>
<td>13</td>
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<td><strong>Royalty income</strong></td>
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<td>5,572</td>
<td>1,730</td>
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<td><strong>Other</strong></td>
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<td>979</td>
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<td>-4.9</td>
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<td><strong>Total</strong></td>
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<td>44,172</td>
<td>2,348</td>
<td>5.6</td>
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**EXPENSES**

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<tr>
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<th>Actual</th>
<th>Variation on Budget</th>
<th>Variation on Budget</th>
</tr>
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<tbody>
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<td><strong>Salaries</strong></td>
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<td>12,811</td>
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<td><strong>Superannuation</strong></td>
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<td></td>
<td></td>
</tr>
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<td><strong>Concurrent costs</strong></td>
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<td>1,287</td>
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<td><strong>Superannuation interest cost</strong></td>
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<td>156</td>
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<td>-22.1</td>
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<td><strong>Other employee costs</strong></td>
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<td>277</td>
<td>18</td>
<td>6.9</td>
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<tr>
<td><strong>Depreciation and amortisation</strong></td>
<td>3,605</td>
<td>3,399</td>
<td>-206</td>
<td>-5.7</td>
</tr>
<tr>
<td><strong>Services and contracts</strong></td>
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<td>3,309</td>
<td>55</td>
<td>1.7</td>
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<td><strong>Other gross operating expenses</strong></td>
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<td>19,554</td>
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<td><strong>Current transfers</strong></td>
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<td><strong>Capital transfers</strong></td>
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<td><strong>Total</strong></td>
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<td>46,916</td>
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**NET OPERATING BALANCE**

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<tr>
<th>Item</th>
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<th>Actual</th>
<th>Variation on Budget</th>
<th>Variation on Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other economic flows</strong></td>
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</tr>
<tr>
<td><strong>Net gains on assets/liabilities</strong></td>
<td>170</td>
<td>187</td>
<td>17</td>
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<tr>
<td><strong>Net actuarial gains - superannuation</strong></td>
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<td>638</td>
<td>792</td>
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<td><strong>Provision for doubtful debts</strong></td>
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<td><strong>Total other economic flows</strong></td>
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<td><strong>Operating Result</strong></td>
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<td>1,212</td>
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**TOTAL CHANGE IN NET WORTH**

<table>
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<tr>
<th>Item</th>
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<th>Actual</th>
<th>Variation on Budget</th>
<th>Variation on Budget</th>
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</thead>
<tbody>
<tr>
<td><strong>Changes in inventories</strong></td>
<td>251</td>
<td>-449</td>
<td>-699</td>
<td>-278.9</td>
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<td><strong>Gains recognised directly in equity</strong></td>
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<td>1,155</td>
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<td><strong>Total net acquisition of non-financial assets</strong></td>
<td>1,070</td>
<td>576</td>
<td>-493</td>
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<tr>
<td><strong>Depreciation</strong></td>
<td>3,605</td>
<td>3,399</td>
<td>-206</td>
<td>-5.7</td>
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<td><strong>Sales of non-financial assets</strong></td>
<td>1,634</td>
<td>1,085</td>
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<td>-33.6</td>
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<tr>
<td><strong>Total</strong></td>
<td>-4,237</td>
<td>-2,744</td>
<td>1,492</td>
<td>-35.2</td>
</tr>
</tbody>
</table>

**KEY FISCAL AGGREGATES**

<table>
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<tr>
<th>Item</th>
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<th>Actual</th>
<th>Variation on Budget</th>
<th>Variation on Budget</th>
</tr>
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<tbody>
<tr>
<td><strong>Less Net acquisition of non-financial assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Changes in inventories</strong></td>
<td>251</td>
<td>-449</td>
<td>-699</td>
<td>-278.9</td>
</tr>
<tr>
<td><strong>Gains recognised directly in equity</strong></td>
<td>-55</td>
<td>1,155</td>
<td>1,210</td>
<td>-2,214.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-4,242</td>
<td>-3,030</td>
<td>1,212</td>
<td>-28.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-4,237</td>
<td>-2,744</td>
<td>1,492</td>
<td>-35.2</td>
</tr>
</tbody>
</table>

**NET OPERATING BALANCE**

<table>
<thead>
<tr>
<th>Item</th>
<th>Budget</th>
<th>Actual</th>
<th>Variation on Budget</th>
<th>Variation on Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Changes in inventories</strong></td>
<td>251</td>
<td>-449</td>
<td>-699</td>
<td>-278.9</td>
</tr>
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<td>-55</td>
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<td>-2,214.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-4,242</td>
<td>-3,030</td>
<td>1,212</td>
<td>-28.6</td>
</tr>
<tr>
<td><strong>NET LENDING/-BORROWING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-4,237</td>
<td>-2,744</td>
<td>1,492</td>
<td>-35.2</td>
</tr>
</tbody>
</table>
Total Public Sector\(^9\) Operating Statement

(a) Operating revenue in 2016-17 was $44.2 billion, $2.3 billion (or 5.6%) higher than budgeted, with higher sales of goods and services, royalty income, interest income and Commonwealth grants more than offsetting lower taxation and ‘other’ income. Movements for taxation, royalties, and Commonwealth grants (which also appear on the general government operating statement with most of this income received by that sector) have been outlined earlier in this appendix\(^{10}\).

Sales of goods and services were $1.1 billion (or 5.8%) higher than Budget, with material changes attributable to:

- the Gold Corporation (up $2 billion), mainly due to higher than budgeted Australian dollar metal prices, higher than expected refining volumes, and the accounting treatment for actual precious metal transactions recorded at year-end\(^{11}\). This significant increase in forecast revenue is broadly matched by an equivalent increase in related expenses (see further below);

- Racing and Wagering Western Australia (down $299 million), due largely to lower betting turnover, in turn driven by the impact of subdued economic conditions on betting activity. Lower than expected betting revenue is broadly matched by reduced betting dividend payouts and other direct costs of sales;

- the Housing Authority (down $130 million), reflecting lower inventory sales from the Affordable Housing and Public Housing Stock Redevelopment programs, mainly due to softening market demand and lower commencements to ensure production reflects current market conditions. This lower than expected revenue is broadly matched by an equivalent reduction in related expenses;

- Synergy (down $117 million), mainly due to lower sales of electricity as a result of loss of contestable market share (and hence lower volumes sold to contestable customers), combined with lower non-contestable customer sales (due to lower energy demand for heating and cooling, reflecting milder seasonal conditions). These outcomes were partly offset by an increase in wholesale sales to Bluewaters Power (a third party energy generator), following an unplanned outage at the Bluewaters 2 unit;

---

\(^9\) The total public sector (also known as the whole-of-government) consolidates the general government sector (discussed earlier), the public non-financial corporations sector (which includes entities operating on a predominantly cost recovery basis like the State’s ports, and the electricity and water utilities), and the public financial corporations sector (which includes agencies mainly engaged in financial activities such as the Western Australian Treasury Corporation and the Insurance Commission of Western Australia).

\(^{10}\) Internal transfers between the general government sector and agencies in the public corporations sectors are eliminated in the whole-of-government consolidation process. Accordingly, some total public sector financial 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.

\(^{11}\) Accounting standards differentiate between exchanges/swaps of similar goods and all other forms of settlement. When a metals transaction is settled in metal ounces (i.e. a similar good) only the net amount (i.e. the margin) is recognised as revenue whereas cash settlement results in the gross revenue and disclosures (metal value and margin) being recognised. The settlement method is at the customer’s discretion and as such out of the Gold Corporation’s control and can result in significant variations between forecasts and actual outcomes.
the Lotteries Commission (down $92 million), as a result of reduced sales (with a corresponding reduction in related expenditure); and

the Pilbara Ports Authority (down $78 million), due largely to the extension of price relief for junior iron ore miners at the Utah Point Handling Facility, along with no recovery for dredging works at the Port of Ashburton (following a commercial decision by the Authority to not carry out the dredging works).

‘Other’ revenue was $50 million (or 4.9%) lower than the original Budget, primarily reflecting lower than budgeted developer contributions to the Water Corporation (down $51 million), mainly for slower than expected lot development activity in the metropolitan region, where lots cleared in 2016-17 were around 30% lower than budgeted.

(b) Operating expenses in 2016-17 were $46.9 billion, $856 million (or 1.9%) higher than Budget, with higher outcomes for ‘other’ gross operating expenses, capital transfers and to a lesser extent, services and contracts and other employee costs, which more than offset lower outcomes across all other line items.

‘Other’ gross operating expenses were $1.2 billion (or 6.5%) higher than Budget, due largely to the (broadly equivalent) impact on expenses of the revenue issues outlined above for the Gold Corporation (up $2 billion), Racing and Wagering Western Australia (down $274 million), Lotteries Commission (down $64 million), Synergy (down $122 million), and the Housing Authority (down $73 million). The Housing Authority also recorded a lower than forecast outcome for regional lease rental expenses (down $41 million) mainly due to GROH lease rental costs declining across the regions (and matched by lower than expected GROH rent revenue).

In the public financial corporations sector, claims expenses were $74 million lower than budgeted, due to the net impact of:

- lower than anticipated claims for RiskCover (down $100 million), with fewer than anticipated new insurance claims during the period in the short-tail classes of property and motor vehicle, and the impact from the annual actuarial valuation of both the number and value of future claims. The reduction in new property claims is due primarily to schools not lodging as many claims for minor repair work compared to previous years; and

- higher than anticipated claims for the Insurance Commission of Western Australia (up $26 million) with both an increase in the number of new claims received and a higher number of large loss claim settlements. The impact of the annual actuarial valuation of both the number and value of future claims also resulted in an increase in claims.

Excluding from these specific agencies, ‘other’ gross operating expenses for all other agencies were down $107 million (or 1.5%).
Salaries were $275 million (or 2.1%) lower than 2016-17 Budget, mainly due to the $209 million lower salaries outcome for the general government sector outlined earlier. Salaries outcomes in the State’s public non-financial corporations were $63 million lower while public financial corporations’ salary costs were within $3 million of the Budget.

Depreciation and amortisation expenses were $206 million (or 5.7%) lower than the original Budget, with public non-financial corporations sector outcomes $47 million lower than anticipated (general government sector depreciation costs were $157 million lower than forecast and were discussed earlier in this appendix). The lower than expected public non-financial corporations outcome mainly reflects lower annual valuations for physical assets, including Western Power’s assets, (valued on a fair value basis), partly offset by a higher than budgeted outcome for the Public Transport Authority.

Across the other expense line items, lower than budgeted outcomes were recorded for superannuation interest costs (down $44 million, or 22.1%), current transfers (down $20 million, or 0.5%), interest expenses (down $19 million, or 1.1%), and concurrent superannuation costs (down $9 million, or 0.7%). These were broadly offset by higher than budgeted outcomes for services and contracts (up $55 million, or 1.7%), other employee costs (up $18 million, or 6.9%) and capital transfers (up $156 million, or 48.1%). The major factors behind the material higher than budgeted capital transfers outcome were higher on-passed Commonwealth grants to local governments for roads and assets transferred to local governments (both discussed earlier), along with property assets transferred to community housing organisations by the Housing Authority.

(c) The total public sector recorded a $2.7 billion operating deficit in 2016-17, $1.5 billion smaller than the $4.2 billion deficit projected at the time of the 2016-17 Budget. Revenue was $2.3 billion (or 5.6%) higher than forecast while expenses were $856 million (or 1.9%) higher than 2016-17 Budget. The main drivers of these movements have been outlined above.

(d) ‘Other’ economic flows resulted in an aggregate decrease in net worth of $285 million, a $280 million turnaround from 2016-17 Budget expectations. This was due to changes in accounting policies/adjustment of prior periods (which are not forecast in the Budget)12, along with higher than budgeted net actuarial gains on superannuation (up $792 million, outlined earlier).

(e) All other movements in equity equate to an aggregate decrease in net worth of $1.6 billion in 2016-17, a $2.9 billion turnaround from Budget expectations. This was due to lower than expected land valuations in both 2015-16 and 2016-17 (down $4.1 billion), partly offset by higher than estimated gains recognised directly in equity (up $1.2 billion).

12 Movements in the value of the public sector balance sheet that result from a revaluation or restatement of assets and liabilities are included in equity as reserves. These reserves are used to account for any unrealised gains or losses that would otherwise be recognised in the operating statement.
(f) The total change in net worth at 30 June 2017 was a decrease of $4.7 billion compared with a $3 billion decrease forecast at Budget. This change is comprised of the changes in the net operating balance, other economic flows and all other movements in equity variances, outlined above and in the equivalent general government sector discussion earlier in this appendix.

(g) Net lending/borrowing was in a $3.8 billion deficit position in 2016-17, $2 billion (or 34.8%) less than the net lending deficit projected in the original Budget.

A discussion on changes in total public sector purchases and sales of non-financial assets is contained later in this appendix (under the cash flow statement).

Inventories were budgeted to rise by $251 million but decreased by $449 million, with this $699 million turnaround in expectations primarily driven by the Gold Corporation’s holdings of precious metals.

Depreciation expenses were $206 million (or 5.7%) lower than budgeted, as outlined earlier.

Other movements in non-financial assets (which comprises the value of assets transferred in/out of the sector, and assets acquired under finance leases) were $176 million higher than expected in the 2016-17 Budget (discussed earlier in the general government sector).
<table>
<thead>
<tr>
<th>Notes</th>
<th>Budget Estimate</th>
<th>Actual</th>
<th>Variation on Budget</th>
<th>Variation on Budget</th>
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<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>%</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
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</tr>
<tr>
<td>Advances paid</td>
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<td>3,710</td>
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</tr>
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<td>Investments, loans and placements</td>
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<td>18,613</td>
<td>4,963</td>
<td>36.4</td>
</tr>
<tr>
<td>Receivables</td>
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<td>4,190</td>
<td>564</td>
<td>15.6</td>
</tr>
<tr>
<td>Equity - Investments in other entities</td>
<td>1,917</td>
<td>2,101</td>
<td>184</td>
<td>9.6</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>7</td>
<td>14</td>
<td>8</td>
<td>114.0</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
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<td>30,764</td>
<td>5,197</td>
<td>20.3</td>
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<tr>
<td><strong>Non-financial assets</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
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<td>Property, plant and equipment</td>
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<tr>
<td>Biological assets</td>
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<td>334</td>
<td>15</td>
<td>4.8</td>
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<tr>
<td>Inventories</td>
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<td></td>
</tr>
<tr>
<td>Land inventories</td>
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</tr>
<tr>
<td>Other inventories</td>
<td>4,356</td>
<td>4,052</td>
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<td>-7.0</td>
</tr>
<tr>
<td>Intangibles</td>
<td>1,051</td>
<td>1,119</td>
<td>67</td>
<td>6.4</td>
</tr>
<tr>
<td>Non-current assets held for sale</td>
<td>65</td>
<td>135</td>
<td>70</td>
<td>107.7</td>
</tr>
<tr>
<td>Investment property</td>
<td>457</td>
<td>262</td>
<td>-195</td>
<td>-42.6</td>
</tr>
<tr>
<td>Other</td>
<td>884</td>
<td>806</td>
<td>-78</td>
<td>-8.8</td>
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<tr>
<td><strong>Total non-financial assets</strong></td>
<td>167,112</td>
<td>158,178</td>
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<td><strong>TOTAL ASSETS</strong></td>
<td>192,680</td>
<td>188,942</td>
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<td>-1.9</td>
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<td><strong>LIABILITIES</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Deposits held</td>
<td>56</td>
<td>26</td>
<td>-30</td>
<td>-53.7</td>
</tr>
<tr>
<td>Advances received</td>
<td>376</td>
<td>376</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings</td>
<td>53,424</td>
<td>56,021</td>
<td>2,597</td>
<td>4.9</td>
</tr>
<tr>
<td>Unfunded superannuation</td>
<td>7,805</td>
<td>7,166</td>
<td>-639</td>
<td>-8.2</td>
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<tr>
<td>Other employee benefits</td>
<td>3,474</td>
<td>3,310</td>
<td>-164</td>
<td>-4.7</td>
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<tr>
<td>Payables</td>
<td>6,202</td>
<td>6,235</td>
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<tr>
<td>Other liabilities</td>
<td>5,388</td>
<td>5,619</td>
<td>231</td>
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<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
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<td>78,753</td>
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<tr>
<td><strong>NET ASSETS</strong></td>
<td>115,954</td>
<td>110,189</td>
<td>-5,765</td>
<td>-5.0</td>
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<tr>
<td>Of which:</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed equity</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td>28,362</td>
<td>27,900</td>
<td>-462</td>
<td>-1.6</td>
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<tr>
<td>Other reserves</td>
<td>87,592</td>
<td>82,289</td>
<td>-5,303</td>
<td>-6.1</td>
</tr>
<tr>
<td><strong>NET WORTH</strong></td>
<td>a</td>
<td>115,954</td>
<td>110,189</td>
<td>-5,765</td>
</tr>
<tr>
<td><strong>MEMORANDUM ITEMS</strong></td>
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<td></td>
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<td></td>
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<tr>
<td>Net financial worth</td>
<td>-51,158</td>
<td>-47,989</td>
<td>3,170</td>
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</tr>
<tr>
<td>Net financial liabilities</td>
<td>53,075</td>
<td>50,089</td>
<td>-2,985</td>
<td>-5.6</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Gross debt liabilities</td>
<td>53,856</td>
<td>56,423</td>
<td>2,567</td>
<td>4.8</td>
</tr>
<tr>
<td>less: liquid financial assets</td>
<td>20,018</td>
<td>24,459</td>
<td>4,441</td>
<td>22.2</td>
</tr>
<tr>
<td>less: convergence differences impacting net debt</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>b</td>
<td>33,838</td>
<td>31,964</td>
<td>-1,874</td>
</tr>
</tbody>
</table>
Appendix 4

Total Public Sector Balance Sheet

(a) Net worth of the total public sector was $110.2 billion at 30 June 2017, which is equivalent to that of the general government sector (down $5.8 billion, or 5% on the Budget-time forecast, as discussed earlier).

Movements since the original Budget for these balance sheet items largely reflect variances in the final results for the year ending 30 June 2016 compared to the then expected outcome for that year, changes due to operating and investing operations through 2016-17 (discussed in cash flow terms below), and movements in the valuation of assets (particularly land and other physical assets).

- Assets were $3.7 billion (or 1.9%) lower than Budget with higher holdings of financial assets (up $5.2 billion) more than offset by lower holdings of non-financial assets (down $8.9 billion). For financial assets, liquid cash holdings were $4.4 billion higher than anticipated (reflecting both a higher than expected outcome for the year ending 30 June 2016, as detailed in the 2015-16 ARSF, and the better than expected results in 2016-17, while receivables were $564 million higher (with the increase in receivables reflecting timing issues for a range of transactions).

- Lower than budgeted non-financial asset outcomes were evident for a range of asset classes, predominantly for property, plant and equipment (down $4.8 billion) and land (down $3.6 billion), including the general government valuation movements in 2015-16 and 2016-17 discussed earlier, and lower than estimated land values for the public non-financial corporations sector. Also lower than Budget were land and ‘other’ inventories (down $118 million and $304 million respectively), investment property (down $195 million), and other non-financial assets (down $78 million). These lower outcomes were only partly offset by smaller upward variations for non-current assets held for sale, intangibles and biological assets.

- Liabilities were $2 billion (or 2.6%) higher than Budget, with higher gross debt liabilities (up $2.6 billion), ‘other’ liabilities (up $231 million), and payables (up $33 million), partially offset by lower unfunded superannuation liabilities (down $639 million) and ‘other employee benefits’ (down $164 million).

(b) Total public sector net debt was $32 billion at 30 June 2017, $1.9 billion (or 5.5%) lower than the $33.8 billion estimated in the 2016-17 Budget. Gross debt liabilities were $2.6 billion higher while holdings of liquid financial assets were up $4.4 billion. These variances include a $513 million lower than expected outcome for the year ending 30 June 2016, as detailed in the 2015-16 ARSF.

---

13 Net worth of the total public sector is equivalent to general government sector net worth discussed earlier in this appendix. This is because the net worth of the public corporations is recorded as an asset on the general government sector balance sheet. Accordingly, the variance from original Budget is also the same as for the general government sector. However, total public sector assets and liabilities are different to the general government sector disclosure as the assets and liabilities of the public corporations are disclosed in more detail than the net asset holding in public corporations recorded on the general government sector balance sheet.
### Table 4.6

### TOTAL PUBLIC SECTOR

#### Cash Flow Statement

<table>
<thead>
<tr>
<th>Notes</th>
<th>Budget Estimate</th>
<th>Actual</th>
<th>Variation on Budget</th>
<th>Variation on Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>%</td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Cash received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes received</td>
</tr>
<tr>
<td>Grants and subsidies received</td>
</tr>
<tr>
<td>Receipts from sales of goods and services</td>
</tr>
<tr>
<td>Interest receipts</td>
</tr>
<tr>
<td>Dividends and tax equivalents</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Total cash received</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages, salaries and supplements, and superannuation</td>
</tr>
<tr>
<td>Payments for goods and services</td>
</tr>
<tr>
<td>Interest paid</td>
</tr>
<tr>
<td>Grants and subsidies paid</td>
</tr>
<tr>
<td>Dividends and tax equivalents</td>
</tr>
<tr>
<td>Other payments</td>
</tr>
<tr>
<td>Total cash paid</td>
</tr>
</tbody>
</table>

#### NET CASH FLOWS FROM OPERATING ACTIVITIES

| -733 | -114 | 619 | -84.5 |

#### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Cash flows from investments in non-financial assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of non-financial assets</td>
</tr>
<tr>
<td>Sales of non-financial assets</td>
</tr>
<tr>
<td>Total cash flows from investments in non-financial assets</td>
</tr>
</tbody>
</table>

#### Cash flows from investments in financial assets

<table>
<thead>
<tr>
<th>Cash received</th>
</tr>
</thead>
<tbody>
<tr>
<td>For policy purposes</td>
</tr>
<tr>
<td>For liquidity purposes</td>
</tr>
<tr>
<td>Cash paid</td>
</tr>
<tr>
<td>For policy purposes</td>
</tr>
<tr>
<td>For liquidity purposes</td>
</tr>
<tr>
<td>Total cash flows from investments in financial assets</td>
</tr>
</tbody>
</table>

#### NET CASH FLOWS FROM INVESTING ACTIVITIES

| -4,944 | -1,157 | 23.4 |

#### CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Cash received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances received</td>
</tr>
<tr>
<td>Borrowings</td>
</tr>
<tr>
<td>Deposits received</td>
</tr>
<tr>
<td>Other financing receipts</td>
</tr>
<tr>
<td>Total cash received</td>
</tr>
<tr>
<td>Cash paid</td>
</tr>
<tr>
<td>Advances paid</td>
</tr>
<tr>
<td>Borrowings repaid</td>
</tr>
<tr>
<td>Deposits paid</td>
</tr>
<tr>
<td>Other financing payments</td>
</tr>
<tr>
<td>Total cash paid</td>
</tr>
</tbody>
</table>

#### NET CASH FLOWS FROM FINANCING ACTIVITIES

| 5,091 | 5,289 | 198 | 3.9 |

#### Net increase in cash and cash equivalents

| -587 | -927 | -340 | 57.9 |

#### Cash and cash equivalents at the beginning of the period

| 10,519 | 11,046 | 1,427 | 13.6 |

#### Cash and cash equivalents at the end of the period

| 9,932 | 11,019 | 1,087 | 10.9 |

#### KEY FISCAL AGGREGATES

| Net cash flows from operating activities | -733 | -114 | 619 | -84.5 |
| Net cash flows from investing in non-financial assets | -4,793 | -4,561 | 232 | -4.8 |
| Cash surplus/-deficit | -5,526 | -4,675 | 851 | -15.4 |
Total Public Sector Cash Flow Statement

(a) Net cash flows from operating activities were in a deficit position of $114 million in 2016-17, a $619 million improvement from the $733 million cash operating deficit forecast in the 2016-17 Budget. Total cash receipts in 2016-17 were $46.3 billion, $2.4 billion (or 5.5%) higher than forecast, while total cash payments in 2016-17 were $46.4 billion, up $1.8 billion (or 4.1%) since Budget. Movements for key cash aggregates including taxes, Commonwealth grants, wages and salaries are broadly consistent with the equivalent items on the operating statement, discussed earlier in this appendix.

(b) Purchases of non-financial assets were $5.1 billion in 2016-17, $725 million (or 12.4%) lower than forecast. In addition to the general government sector variations noted earlier in this appendix (down $143 million), net changes in infrastructure spending by key public corporations include:

- Western Power (including Budget-time provisions for electricity works, down $286 million), due to cost management improvements in the Corporation’s asset management strategy (resulting in a continuing lower cost trend in unit rates for poles and conductors through improved efficiency), movements in project schedules (including delays and re-scoping of projects such as depots, control centres, offices, and the State Underground Power Program), a rationalisation of heavy vehicle fleet assets following a strategic review, and the Electricity Market Review Transition Program not progressing;

- the Housing Authority (down $177 million), due largely to:
  - lower spending on the Social Housing Investment Package (primarily reflecting a lower than budgeted cost per unit for construction, and lower average acquisition costs for spot purchases under the program);
  - lower land development expenditure (mostly due to deferment of development works as a result of subdued market conditions);
  - less investment on joint venture land developments (reflecting softening market conditions and which have been deferred to future years);
  - lower spending on the Royalties for Regions-funded Housing for Workers project (reflecting changes to demand in Karratha, and weather delays for projects in Fitzroy Crossing and Halls Creek);
  - lower shared equity expenditure (due to market conditions); and
  - lower spending on the construction and purchase of GROH program (reflecting lower demand from client agencies and delays due to planning and site issues).
• the Western Australian Land Authority (down $149 million), reflecting delays in various projects, reduced demand for land, and re-scoping and re-tendering of projects to achieve desired cost reductions;

• the Water Corporation (down $62 million), primarily due to the completion of works in late 2016-17 (and subsequent payment settled in 2017-18, including the Carnarvon bore main replacement, renewals for the Yule collector main, South Hedland main and Metropolitan cast iron reticulation, and the Woodman Point Wastewater Plant upgrade). The purchase of the Water Corporation’s previously leased motor vehicle fleet from the Department of Finance in 2016-17 (mentioned previously) was met from the Corporation’s existing Asset Investment Program budget;

• the Metropolitan Redevelopment Authority (down $56 million), largely due to delays and rescheduling of works for the Perth City Link and Riverside projects, which are now expected to occur in 2017-18 and beyond, and a reduction in capital works in the Armadale Redevelopment Area due to revised project priorities;

• the Pilbara Ports Authority (down $55 million), reflecting delays on projects funded from the Port Improvement Rate, and delays with Chevron’s Wheatstone project (thereby delaying the Port’s own infrastructure program);

• the Fremantle Port Authority (down $48 million), largely due to the combined effects of the previously proposed port sale and changes in customer requirements on the timing and prioritisation of projects. The majority of this expenditure relates to works on Outer Harbour plant and equipment, and Inner Harbour Berth upgrades; and

• the Public Transport Authority (up $59 million), largely reflecting timing changes, in particular, bringing investment in the Forrestfield-Airport Link forward, partly offset by deferral of investment under the Stadium Transport Infrastructure Project.

(c) Sales of non-financial assets were $576 million in 2016-17, $493 million (or 46.1%) lower than Budget. In addition to the general government sector variations noted earlier in this appendix (down $75 million), net changes in sales include:

• Housing Authority (down $215 million), primarily due to lower than expected revenue from Urban Development (due to purchaser finance extensions for lots under contract), and lower revenue from joint ventures (due to difficult market conditions);

• Western Australian Land Authority (down $115 million), driven by reduced property market activity, particularly in the metropolitan region;

• Horizon Power (down $51 million), due to a delay in commissioning the Pilbara Power Station which resulted in the sale of the asset occurring in 2017-18; and
• Western Power (up $29 million), reflecting a rationalisation of heavy vehicle fleet assets following a strategic review, and the sale of other surplus assets.

(d) Net cash flows from investments in non-financial assets were $4.6 billion in 2016-17, $232 million (or 4.8%) lower than Budget, with movements in purchases and sales outlined above.

(e) The total public sector recorded a $4.7 billion cash deficit in 2016-17, $851 million (or 15.4%) lower than forecast in the 2016-17 Budget. This reflects the combination of the better than expected net cash deficit on operations ($619 million) and the lower net cash out-flow in non-financial assets (down $232 million) discussed above.
Special Purpose Accounts

Special Purpose Accounts (SPAs) are established under various sections of the Financial Management Act 2006 (FMA) or by a statute (e.g. the Royalties for Regions Fund). Accounts established by statute are governed by the relevant provisions of the statute, while accounts that are established administratively are governed by a special purpose statement (operating accounts) or a trust statement (trust accounts) that outline the purpose of the account.

This appendix details the outcome for the year ending 30 June 2017 for a number of key SPAs established to deliver specific Government policy outcomes. It is not an exhaustive list of all SPAs but covers the major/material SPAs in existence at 30 June 2017. The SPA balances, and transactions in and out of these accounts, form part of the overall consolidated outcomes outlined elsewhere in this report.

Final account balances at 30 June 2017 may vary from the estimated outturn for the SPAs shown in this appendix relative to the disclosure in Appendix 5 of the 2017-18 Budget Paper No. 3: Economic and Fiscal Outlook. The estimated data used in Budget Paper 3 reflect available agency data at the time of finalising the 2017-18 Budget in early August 2017.

**Fiona Stanley Hospital Construction Account**

This SPA was established in October 2007 to set aside funds to be used for the construction and establishment of the Fiona Stanley Hospital.

The hospital achieved practical completion in December 2013, followed by completion of phased commissioning in February 2015. Project closure arrangements are expected to be finalised by the end of 2017-18, with any remaining unspent funds on closure of the account returning to the Consolidated Account at that time. No funds were drawn from the account during 2016-17.
FIONA STANLEY HOSPITAL CONSTRUCTION ACCOUNT

<table>
<thead>
<tr>
<th>Table 5.1</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016-17</td>
<td>2015-16</td>
</tr>
<tr>
<td>Balance at 1 July</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Receipts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing Balance</td>
<td>20</td>
<td>20</td>
</tr>
</tbody>
</table>

(a) Interest earned on account balance. Amount less than $500,000.
Note: Columns may not add due to rounding.

Forrestfield-Airport Link Account

This SPA was established in May 2016 to support the construction of the Forrestfield-Airport Link.

Receipts in 2016-17 primarily reflect the transfer (from the Consolidated Account) of the Commonwealth’s 2015-16 contribution of $490 million and interest earned on the account balance ($6.5 million). Payments from the account ($279.2 million) were in support of the design and construction contract ($248.7 million), project management costs ($11.5 million), land acquisition ($7.6 million), works by Main Roads ($5.8 million), works at the Perth airport ($2.5 million), utilities and services ($2.1 million), and other project works ($1 million).

<table>
<thead>
<tr>
<th>Table 5.2</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016-17</td>
<td>2015-16</td>
</tr>
<tr>
<td>Balance at 1 July</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Receipts</td>
<td>498</td>
<td>-</td>
</tr>
<tr>
<td>Payments</td>
<td>279</td>
<td>-</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>219</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.

Metropolitan Region Improvement Account

This account was established under the Metropolitan Region Improvement Tax Act 1959 to hold funds for management of the Metropolitan Region Scheme.

Receipts in 2016-17 mainly reflect revenue collected for the Metropolitan Region Improvement Tax ($96 million), proceeds from the sale of land and buildings ($8.8 million), interest revenue ($6.6 million), rental revenue ($5.7 million), the refund of GST payments from the Australian Taxation Office ($2.5 million), and the recoup of costs associated with the settlement of an arbitrated claim ($0.9 million).
A total of $68 million was drawn from the account during 2016-17, mainly for:

- the acquisition of land and buildings ($44 million), largely for land purchased for railways, high schools and parks and recreation ($21 million), and for primary and other regional roads, including Mitchell Freeway, Stirling Highway and Canning Highway ($21 million);

- associated service delivery costs ($22.2 million), including employee costs and overheads ($10 million), property services ($7.3 million), Whiteman Park operating expenses ($3.8 million), and strategic projects expenses ($1.1 million); and

- funding to progress a range of smaller infrastructure and works ($1.2 million).

### Table 5.3

<table>
<thead>
<tr>
<th>METROPOLITAN REGION IMPROVEMENT ACCOUNT</th>
<th>2016-17</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 July</td>
<td>$293</td>
<td>$262</td>
</tr>
<tr>
<td>Receipts</td>
<td>$123</td>
<td>$154</td>
</tr>
<tr>
<td>Payments</td>
<td>$68</td>
<td>$123</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>$348</td>
<td>$293</td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.

### Mining Rehabilitation Fund

The Mining Rehabilitation Fund was established in July 2013 to hold levy collections under the Mining Rehabilitation Fund Act 2012.

Receipts in 2016-17 reflect contributions to the fund by mining operators ($27.6 million) and interest revenue ($1.7 million) on contributions. A total of $1 million was drawn from the fund for administration costs and the rehabilitation of abandoned mine sites.

### Table 5.4

<table>
<thead>
<tr>
<th>MINING REHABILITATION FUND</th>
<th>2016-17</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 July</td>
<td>$63</td>
<td>$35</td>
</tr>
<tr>
<td>Receipts</td>
<td>$29</td>
<td>$29</td>
</tr>
<tr>
<td>Payments</td>
<td>$1</td>
<td>$1</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>$91</td>
<td>$63</td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.

### Municipal and Essential Services Account

This SPA was established in 2015 to administer Commonwealth funds of $90 million, following the withdrawal of the Commonwealth from the provision of municipal and essential services to remote Aboriginal communities at the end of June 2015.
Payments to the end of June 2017 were for the delivery of municipal and essential services at a range of remote communities ($18.6 million), and for the supply of diesel to power stand-alone electricity generators in remote communities ($2.7 million).

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Receipts</strong></td>
<td>63</td>
<td>-</td>
</tr>
<tr>
<td><strong>Payments</strong></td>
<td>21</td>
<td>90</td>
</tr>
<tr>
<td><strong>Closing Balance</strong></td>
<td>42</td>
<td>63</td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.

**Perth Children’s Hospital Account**

This SPA was established in October 2010 to hold money for the construction and commissioning of Perth Children’s Hospital.

A total of $82 million was drawn during the year to meet actual construction payments. Perth Children’s Hospital achieved practical completion in April 2017. Project closure arrangements for the hospital are expected to be finalised in 2019 to accommodate the 24 month defect liability period, with any remaining funds in the account to be returned to the Consolidated Account at that time.

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July</strong></td>
<td>122</td>
<td>187</td>
</tr>
<tr>
<td><strong>Receipts</strong></td>
<td>-</td>
<td>44</td>
</tr>
<tr>
<td><strong>Payments</strong></td>
<td>82</td>
<td>109</td>
</tr>
<tr>
<td><strong>Closing Balance</strong></td>
<td>40</td>
<td>122</td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.

**Perth Parking Licensing Account**

This Special Purpose Account was established in July 1999 under section 23 (1) of the *Perth Parking Management Act 1999* (the Act). Money credited to the account reflects licence fees, penalties and money appropriated by Parliament for the purposes of the Act.

Funds drawn from the account were used to support the Central Area Transit bus system, the Free Transit Zone, improvements to public transport access, enhancements to the pedestrian environment, support for bicycle access and for administration of the Act. Lower spending in 2016-17 mainly reflects lower payments to the Public Transport Authority for works on the now completed Perth Busport.
**Table 5.7**

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts</td>
<td>56</td>
<td>57</td>
</tr>
<tr>
<td>Payments</td>
<td>44</td>
<td>59</td>
</tr>
<tr>
<td><strong>Closing Balance</strong></td>
<td>23</td>
<td>11</td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.

**Perth Stadium Account**

This SPA was established in October 2011 to hold funds in support of the construction of Perth Stadium and associated transport infrastructure. The stadium is expected to be ready for operation in early 2018. Construction will utilise all available funds in the SPA.

Receipts of $370 million reflect appropriation funding approved in the 2016-17 Budget. Funds drawn from the account in 2016-17 totalled $311 million for procurement and works relating to the stadium, sports precinct and transport infrastructure.

**Table 5.8**

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts</td>
<td>370</td>
<td>265</td>
</tr>
<tr>
<td>Payments</td>
<td>311</td>
<td>350</td>
</tr>
<tr>
<td><strong>Closing Balance</strong></td>
<td>96</td>
<td>36</td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.

**Road Trauma Trust Account**

This account was established to provide for road safety initiatives. Receipts mainly reflect prescribed penalties paid during the year ($103 million in 2016-17), other funds collected under the *Road Traffic (Administration) Act 2008* ($13 million in 2016-17), and interest revenue earned on the account balance ($2.3 million in 2016-17).

Projects funded from the Account are focused on achieving reductions in serious road trauma as part of the Government’s *Towards Zero Strategy* for 2008 to 2020. The majority of the funds drawn from the account during 2016-17 ($156.6 million) were for initiatives to reduce:

- run-off crashes on regional roads by applying treatments such as shoulder sealing and audible edge-lines ($62 million);
- inappropriate and excessive speed ($44.6 million); and
- serious crashes at metropolitan intersections ($8.5 million).
Funds were also used for the Impaired Driving Crashes Program ($6.9 million), the community education campaigns ($6 million), the ongoing operational cost of the Road Safety Commission ($5.3 million), and a range of smaller road safety initiatives and support programs.

<table>
<thead>
<tr>
<th>ROAD TRAUMA TRUST ACCOUNT</th>
<th>2016-17</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July</strong></td>
<td>$95</td>
<td>$94</td>
</tr>
<tr>
<td>Receipts</td>
<td>118</td>
<td>115</td>
</tr>
<tr>
<td>Payments</td>
<td>157</td>
<td>113</td>
</tr>
<tr>
<td><strong>Closing Balance</strong></td>
<td>57</td>
<td>95</td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.

**Royalties for Regions Fund**

The Royalties for Regions Fund was established in December 2008 to set aside a share of the State’s annual royalty income to fund investment in regional Western Australia. Under the Royalties for Regions Act 2009, the balance held in the Fund at any time cannot exceed $1 billion.

Receipts during 2016-17 reflect the draw down of moneys appropriated by the Parliament ($748.3 million), interest revenue earned on the account balance ($18.2 million), and unused funds from associated projects returned to the Fund by agencies ($42.6 million). A total of $678.9 million was disbursed from the account to support infrastructure, business and economic development and other regional initiatives funded by the Royalties for Regions program.

<table>
<thead>
<tr>
<th>ROYALTIES FOR REGIONS FUND</th>
<th>2016-17</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July</strong></td>
<td>870</td>
<td>1,000</td>
</tr>
<tr>
<td>Receipts</td>
<td>809</td>
<td>950</td>
</tr>
<tr>
<td>Payments</td>
<td>679</td>
<td>1,080</td>
</tr>
<tr>
<td><strong>Closing Balance</strong></td>
<td>1,000</td>
<td>870</td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.

**Royalties for Regions Regional Reform Fund**

This SPA was established in June 2015 to fund strategic reform initiatives in regional Western Australia. Spending of $0.2 million was drawn from the account in 2017-18 for the Kimberley Schools Project.
Table 5.11

ROYALTIES FOR REGIONS REGIONAL REFORM FUND

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>Payments</td>
<td>-</td>
<td>50</td>
</tr>
<tr>
<td><strong>Closing Balance</strong></td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

(a) Amount less than $500,000.
Note: Columns may not add due to rounding.

Royalties for Regions Southern Inland Health Initiative

This SPA was established in June 2012 to hold funds for expenditure on the Southern Inland Health Initiative, pursuant to section 9(1) of the *Royalties for Regions Act 2009*. Funding is provided by the Royalties for Regions Fund for initiatives to improve healthcare across the southern part of the State.

Payments from the SPA totalled $110.4 million in 2016-17, including payments for the District Hospital Investment Program ($42.1 million), the District Medical Workforce Investment Program ($30.4 million), the Small Hospital and Nursing Post Refurbishment Program ($15 million), the Residential Aged and Dementia Care Program ($14.1 million), Telehealth Investment Program ($4.8 million) and the Primary Health Centres Demonstration Program ($4.0 million).

Table 5.12

ROYALTIES FOR REGIONS SOUTHERN INLAND HEALTH INITIATIVE

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts</td>
<td>156</td>
<td>219</td>
</tr>
<tr>
<td>Payments</td>
<td>11</td>
<td>3</td>
</tr>
<tr>
<td><strong>Closing Balance</strong></td>
<td>110</td>
<td>66</td>
</tr>
</tbody>
</table>

Waste Avoidance and Resource Recovery Account

The Waste Avoidance and Resource Recovery Account was established in 2008 under section 79 of the *Waste Avoidance and Resource Recovery Act 2007* to hold revenue allocated from the landfill levy. The purpose of the account is to fund programs and other initiatives related to the management, reduction, reuse, recycling, monitoring or measurement of waste.
Landfill levy receipts totalled $17.3 million in 2016-17, with late payment penalties, interest income and other miscellaneous receipts totalling a further $1 million. Payments from the account of $15.2 million were used for a range of programs including the Levy Inspection, the Compliance, Enforcement and Illegal Dumping program, the Household Hazardous Waste program, the Better Bins Kerbside Collection program, and other waste management initiatives and services provided by the Department of Environment Regulation.

<table>
<thead>
<tr>
<th>Table 5.13</th>
<th>WASTE AVOIDANCE AND RESOURCE RECOVERY ACCOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016-17 $m</td>
</tr>
<tr>
<td>Balance at 1 July (a)</td>
<td>30</td>
</tr>
<tr>
<td>Receipts</td>
<td>18</td>
</tr>
<tr>
<td>Payments</td>
<td>15</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>33</td>
</tr>
</tbody>
</table>

(a) The closing balance of $30 million at 30 June 2016 (opening balance at 1 July) has been restated from the $31 million reported in the 2015-16 Annual Report on State Finances. The restatement incorporates a minor movement in receipts finalised for the Department for Environment Regulation’s annual report for 2015-16, which revises the closing value at 30 June 2016 after rounding.

Note: Columns may not add due to rounding.

**Western Australian Future Fund**

The Western Australian Future Fund was established under the *Western Australian Future Fund Act 2012*. The Act provides for an accruing balance over 20 years to 2032, after which the annual interest earnings can be drawn down to fund economic or social infrastructure projects across Western Australia.

Receipts in 2016-17 reflect 1% of the State’s forecast annual royalty revenue, consistent with the funding requirements of the Act ($38.4 million) and interest on the account balance ($43 million).

<table>
<thead>
<tr>
<th>Table 5.14</th>
<th>WESTERN AUSTRALIAN FUTURE FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016-17 $m</td>
</tr>
<tr>
<td>Balance at 1 July</td>
<td>1,044</td>
</tr>
<tr>
<td>Receipts</td>
<td>82</td>
</tr>
<tr>
<td>Payments</td>
<td>-</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>1,126</td>
</tr>
</tbody>
</table>

Note: Columns may not add due to rounding.
Quarterly Financial Results – June 2017

This appendix completes the quarterly data series for the 2016-17 year\(^1\).

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 2017 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 2017*

The general government sector recorded a $539 million operating deficit for the three months to 30 June 2017, compared to the $56 million surplus for the same period in 2015-16.

Revenue for the three months to 30 June 2017 totalled $7,015 million, $521 million (or 6.9\%) lower than the same period in the previous year. This mainly reflects the combined effects of:

- lower dividend income (down $438 million), mainly due to the timing of interim dividend payments for Western Power and Pilbara Ports Authority, combined with the impact of lower profits for Synergy and the Water Corporation;

---

\(^1\) Consolidated financial outcomes for the general government sector and for the whole-of-government are published in *Quarterly Financial Results Reports* for the September, December and March quarters in accordance with the requirements of the *Government Financial Responsibility Act 2000*. These publications can be accessed on the Treasury website at [www.treasury.wa.gov.au](http://www.treasury.wa.gov.au).
higher recurrent grants from the Commonwealth (up $252 million), primarily due to:

- higher on-passed local government grants (up $180 million), reflecting the timing of the funding from the Commonwealth;
- higher North West Shelf petroleum grants (up $36 million), mainly due to higher volumes for oil, higher prices for LNG and lower claimed deductions (partially offset by lower volumes for condensate and LNG, lower LPG prices and a higher $US/$A exchange rate); and
- higher funding for the education sector (up $34 million), primarily reflecting revised Commonwealth funding for Students First and the Universal Access to early childhood education programs, with funding to Western Australia unevenly disbursed over the year (based on the achievement of performance milestones), and the timing of the Commonwealth’s payments for the year;

lower capital grants from the Commonwealth (down $246 million), primarily due to:

- lower transport grants (down $227 million), mainly due to the Commonwealth payment of $490 million in 2015-16 for the National Partnership on Infrastructure Projects in WA (in recognition of the State’s continued very low share of national GST collections), compared with a $226 million payment in 2016-17; and
- lower housing grants (down $26 million), due to a reduction in funding for remote Indigenous housing following delays in signing the 2016-18 National Partnership on Remote Housing agreement with the Commonwealth;

lower taxation revenue (down $200 million), largely attributable to:

- lower duty on transfers (down by $168 million), mainly reflecting the combined impact of lower landholder duty and higher transfer duty from a number of high value commercial transactions;
- lower payroll tax collections (down $36 million), as a result of weaker labour market conditions and soft wage growth across the economy; and
- higher insurance duty (up $8 million), reflecting the introduction of the no-fault catastrophic injury compulsory third party insurance scheme from 1 July 2016;

higher royalty income (up $218 million), primarily due to higher prices and production volumes of iron ore, partially offset by a higher exchange rate; and

lower tax equivalent payments (down $94 million), mainly due to lower taxable income for Synergy and the impact of property sales by the Insurance Commission of Western Australia in 2015-16 (which increased tax equivalent payments in that year).
Expenses for the three months to 30 June 2017 totalled $7,555 million, $75 million (or 1%) higher than the $7,480 million reported in the same quarter last year. This was primarily due to the net impact of:

- higher current and capital transfers (up $145 million), primarily due to:
  - higher on-passed local government grants (up $180 million), discussed above;
  - lower grants and subsidies (down $116 million), mainly due to lower Royalties for Regions payments for the Growing our South, and the Midwest and Goldfields Esperance Revitalisation programs; and
  - higher road infrastructure assets transferred to local governments (up $68 million), mainly due to the transfer of Lloyd Street to the City of Swan in June 2017;
- higher salaries (up $55 million), mainly due to higher pay rates and staff numbers in the health and education sectors (further details of general government salaries can be found in Appendix 8 of this report); and
- lower superannuation expenses (down $122 million), mainly due to the final actuarial valuation of unfunded scheme liabilities.

A cash deficit of $644 million was recorded for the June 2017 quarter, reflecting a net cash surplus from operating activities (of $78 million) and a net cash deficit for infrastructure investment (of $723 million). The infrastructure deficit included $771 million spent on new works less $48 million in receipts from the disposal of surplus assets and land. Further detail of the sector’s Asset Investment Program is available in Chapter 1 and Appendix 4 of this report.

**Total Public Sector**

**Three Months to 30 June 2017**

The total public sector recorded a $1,129 million operating deficit for the June 2017 quarter, $325 million higher than the $804 million operating deficit recorded for the same quarter in 2015-16. Revenue totalled $10,883 million (down $398 million, or 3.5% on the same period in 2015-16), while expenses were $12,012 million (down $73 million, or 0.6% on the same period in 2015-16).

This outcome includes the combined impact of:

- the $539 million general government operating deficit outlined earlier;
- a public non-financial corporations sector operating surplus of $64 million for the June 2017 quarter, reflecting the net impact of profitability across the sector;
- an operating deficit for the public financial corporations sector of $58 million; and
- the impact of dividends received from public corporations (which are eliminated on consolidation ($597 million)).
A cash deficit of $2,870 million was recorded for the three months to 30 June 2017, compared to a cash deficit of $1,352 million recorded for the same period the previous year. This included a net cash deficit from operating activities of $1,269 million. The net cash deficit outcome from operating activities included a $1.3 billion adjustment for the equitable assignment of Keystart loan assets (recorded as an operating activity in the March 2017 Quarterly Financial Results Report, rather than as an investing activity in the audited 30 June 2017 outcomes). The net cash deficit for infrastructure investment was $1,601 million. Full year infrastructure outcomes for the total public sector are discussed in Chapter 1 and Appendix 4.
## GENERAL GOVERNMENT
### Operating Statement

### RESULTS FROM TRANSACTIONS

#### REVENUE

<table>
<thead>
<tr>
<th>Description</th>
<th>2016-17 30 June $m</th>
<th>2016-17 Actual $m</th>
<th>2015-16 30 June $m</th>
<th>2015-16 Actual $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxation</td>
<td>1,909</td>
<td>8,573</td>
<td>2,109</td>
<td>9,069</td>
</tr>
<tr>
<td>Current grants and subsidies</td>
<td>1,900</td>
<td>8,091</td>
<td>1,648</td>
<td>7,407</td>
</tr>
<tr>
<td>Capital grants</td>
<td>381</td>
<td>513</td>
<td>627</td>
<td>895</td>
</tr>
<tr>
<td>Sales of goods and services</td>
<td>590</td>
<td>2,293</td>
<td>564</td>
<td>2,155</td>
</tr>
<tr>
<td>Interest Income</td>
<td>47</td>
<td>196</td>
<td>49</td>
<td>192</td>
</tr>
<tr>
<td>Revenue from public corporations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from other sector entities</td>
<td>519</td>
<td>837</td>
<td>957</td>
<td>1,415</td>
</tr>
<tr>
<td>Tax equivalent income</td>
<td>154</td>
<td>534</td>
<td>248</td>
<td>631</td>
</tr>
<tr>
<td>Royalty income</td>
<td>1,341</td>
<td>5,272</td>
<td>1,123</td>
<td>4,126</td>
</tr>
<tr>
<td>Other</td>
<td>175</td>
<td>604</td>
<td>210</td>
<td>594</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,015</td>
<td>26,913</td>
<td>7,536</td>
<td>26,485</td>
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</table>

#### EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>2016-17 30 June $m</th>
<th>2016-17 Actual $m</th>
<th>2015-16 30 June $m</th>
<th>2015-16 Actual $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>2,912</td>
<td>11,610</td>
<td>2,857</td>
<td>11,383</td>
</tr>
<tr>
<td>Superannuation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concurrent costs</td>
<td>279</td>
<td>1,166</td>
<td>320</td>
<td>1,167</td>
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<tr>
<td>Superannuation interest cost</td>
<td>-4</td>
<td>156</td>
<td>76</td>
<td>218</td>
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<tr>
<td>Other employee costs</td>
<td>119</td>
<td>365</td>
<td>100</td>
<td>370</td>
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<tr>
<td>Depreciation and amortisation</td>
<td>348</td>
<td>3,230</td>
<td>364</td>
<td>1,359</td>
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<tr>
<td>Services and contracts</td>
<td>698</td>
<td>2,393</td>
<td>710</td>
<td>2,195</td>
</tr>
<tr>
<td>Other gross operating expenses</td>
<td>1,480</td>
<td>5,772</td>
<td>1,506</td>
<td>5,518</td>
</tr>
<tr>
<td>Other interest</td>
<td>203</td>
<td>783</td>
<td>173</td>
<td>664</td>
</tr>
<tr>
<td>Current transfers</td>
<td>1,253</td>
<td>5,280</td>
<td>1,228</td>
<td>5,164</td>
</tr>
<tr>
<td>Capital transfers</td>
<td>266</td>
<td>549</td>
<td>146</td>
<td>469</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,555</td>
<td>29,387</td>
<td>7,460</td>
<td>28,506</td>
</tr>
</tbody>
</table>

#### NET OPERATING BALANCE

<table>
<thead>
<tr>
<th>Description</th>
<th>2016-17 $m</th>
<th>2015-16 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating result</td>
<td>-548</td>
<td>-1,905</td>
</tr>
<tr>
<td>Items that will not be reclassified to operating result</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revaluations</td>
<td>-2,996</td>
<td>-3,042</td>
</tr>
<tr>
<td>Gains recognised directly in equity</td>
<td>-15</td>
<td>15</td>
</tr>
<tr>
<td>Change in net worth of the public corporations sectors</td>
<td>-1,326</td>
<td>254</td>
</tr>
<tr>
<td>All other</td>
<td>-1,460</td>
<td>-4,300</td>
</tr>
<tr>
<td><strong>Total all other movements in equity</strong></td>
<td>-4,848</td>
<td>-4,677</td>
</tr>
<tr>
<td><strong>TOTAL CHANGE IN NET WORTH</strong></td>
<td>-4,848</td>
<td>-4,677</td>
</tr>
</tbody>
</table>

### KEY FISCAL AGGREGATES

<table>
<thead>
<tr>
<th>Description</th>
<th>2016-17 $m</th>
<th>2015-16 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET OPERATING BALANCE</strong></td>
<td>-539</td>
<td>-2,474</td>
</tr>
<tr>
<td><strong>NET LENDING/-BORROWING</strong></td>
<td>-844</td>
<td>-3,592</td>
</tr>
</tbody>
</table>

**Note:** Columns/rows may not add due to rounding.
### GENERAL GOVERNMENT Operating Revenue

<table>
<thead>
<tr>
<th>Taxation</th>
<th>2016-17</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Three Months to 30 June</td>
<td>Actual</td>
</tr>
<tr>
<td><strong>Taxes on employers’ payroll and labour force</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Payroll tax</strong></td>
<td>785</td>
<td>3,266</td>
</tr>
<tr>
<td><strong>Property taxes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Land tax</strong></td>
<td>-6</td>
<td>876</td>
</tr>
<tr>
<td><strong>Transfer duty</strong></td>
<td>463</td>
<td>1,357</td>
</tr>
<tr>
<td><strong>Landholder duty</strong></td>
<td>32</td>
<td>151</td>
</tr>
<tr>
<td><strong>Total duty on transfers</strong></td>
<td>495</td>
<td>1,508</td>
</tr>
<tr>
<td><strong>Other stamp duties</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Metropolitan Region Improvement Tax</strong></td>
<td>-</td>
<td>96</td>
</tr>
<tr>
<td><strong>Perth Parking Levy</strong></td>
<td>2</td>
<td>56</td>
</tr>
<tr>
<td><strong>Emergency Services Levy</strong></td>
<td>28</td>
<td>325</td>
</tr>
<tr>
<td><strong>Loan guarantee fees</strong></td>
<td>33</td>
<td>140</td>
</tr>
<tr>
<td><strong>Total other property taxes</strong></td>
<td>62</td>
<td>617</td>
</tr>
<tr>
<td><strong>Taxes on provision of goods and services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Lotteries Commission</strong></td>
<td>38</td>
<td>151</td>
</tr>
<tr>
<td><strong>Video lottery terminals</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Casino tax</strong></td>
<td>20</td>
<td>62</td>
</tr>
<tr>
<td><strong>Betting tax</strong></td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td><strong>Total taxes on gambling</strong></td>
<td>68</td>
<td>253</td>
</tr>
<tr>
<td><strong>Insurance duty</strong></td>
<td>146</td>
<td>641</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total taxes on insurance</strong></td>
<td>151</td>
<td>661</td>
</tr>
<tr>
<td><strong>Taxes on use of goods and performance of activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Vehicle licence duty</strong></td>
<td>87</td>
<td>344</td>
</tr>
<tr>
<td><strong>Permits - Oversize Vehicles and Loads</strong></td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td><strong>Motor vehicle recording fee</strong></td>
<td>16</td>
<td>59</td>
</tr>
<tr>
<td><strong>Motor vehicle registrations</strong></td>
<td>235</td>
<td>885</td>
</tr>
<tr>
<td><strong>Total motor vehicle taxes</strong></td>
<td>338</td>
<td>1,294</td>
</tr>
<tr>
<td><strong>Mining Rehabilitation Levy</strong></td>
<td>-</td>
<td>28</td>
</tr>
<tr>
<td><strong>Landfill Levy</strong></td>
<td>16</td>
<td>69</td>
</tr>
<tr>
<td><strong>Total Taxation</strong></td>
<td><strong>1,909</strong></td>
<td><strong>8,573</strong></td>
</tr>
</tbody>
</table>

Note: Columns/rows may not add due to rounding.
Table 6.3 (cont.)

**GENERAL GOVERNMENT**

**Operating Revenue**

<table>
<thead>
<tr>
<th>Current Grants and Subsidies</th>
<th>2016-17</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Purpose Grants</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GST grants</td>
<td>$457</td>
<td>$1,944</td>
</tr>
<tr>
<td>North West Shelf grants</td>
<td>$147</td>
<td>$609</td>
</tr>
<tr>
<td>Commonwealth compensation for changed crude oil excise arrangements</td>
<td>$6</td>
<td>$31</td>
</tr>
<tr>
<td><strong>Grants through the State</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schools assistance – non-government schools</td>
<td>$7</td>
<td>$1,172</td>
</tr>
<tr>
<td>Local government financial assistance grants</td>
<td>$133</td>
<td>$262</td>
</tr>
<tr>
<td>Local government roads</td>
<td>$83</td>
<td>$163</td>
</tr>
<tr>
<td><strong>National Specific Purpose Payment Agreement Grants</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Agreement for Skills and Workforce Development</td>
<td>$39</td>
<td>$160</td>
</tr>
<tr>
<td>National Disability Services</td>
<td>$36</td>
<td>$148</td>
</tr>
<tr>
<td>National Affordable Housing</td>
<td>$36</td>
<td>$145</td>
</tr>
<tr>
<td>Students First</td>
<td>$150</td>
<td>$598</td>
</tr>
<tr>
<td>National Health Reform</td>
<td>$522</td>
<td>$2,089</td>
</tr>
<tr>
<td><strong>National Partnerships/Other Grants</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>$137</td>
<td>$399</td>
</tr>
<tr>
<td>Housing</td>
<td>$4</td>
<td>$17</td>
</tr>
<tr>
<td>Transport</td>
<td>$1</td>
<td>$64</td>
</tr>
<tr>
<td>Disability Services</td>
<td>$2</td>
<td>$42</td>
</tr>
<tr>
<td>Other</td>
<td>$145</td>
<td>$247</td>
</tr>
<tr>
<td><strong>Total Current Grants and Subsidies</strong></td>
<td>$1,900</td>
<td>$8,091</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital Grants</th>
<th>2016-17</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grants Through the State</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schools assistance – non-government schools</td>
<td>$4</td>
<td>$16</td>
</tr>
<tr>
<td><strong>National Partnerships/Other Grants</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td>$35</td>
<td>$51</td>
</tr>
<tr>
<td>Transport</td>
<td>$330</td>
<td>$425</td>
</tr>
<tr>
<td>Other</td>
<td>$11</td>
<td>$21</td>
</tr>
<tr>
<td><strong>Total Capital Grants</strong></td>
<td>$381</td>
<td>$513</td>
</tr>
<tr>
<td><strong>Sales of Goods and Services</strong></td>
<td>$590</td>
<td>$2,293</td>
</tr>
<tr>
<td><strong>Interest Income</strong></td>
<td>$47</td>
<td>$196</td>
</tr>
<tr>
<td><strong>Revenue from Public Corporations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>$519</td>
<td>$837</td>
</tr>
<tr>
<td>Tax Equivalent Regime</td>
<td>$154</td>
<td>$534</td>
</tr>
<tr>
<td><strong>Total Revenue from Public Corporations</strong></td>
<td>$673</td>
<td>$1,371</td>
</tr>
<tr>
<td><strong>Royalty Income</strong></td>
<td>$1,341</td>
<td>$5,272</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease Rentals</td>
<td>$25</td>
<td>$99</td>
</tr>
<tr>
<td>Fines</td>
<td>$62</td>
<td>$199</td>
</tr>
<tr>
<td>Revenue not elsewhere counted</td>
<td>$89</td>
<td>$305</td>
</tr>
<tr>
<td><strong>Total Other</strong></td>
<td>$175</td>
<td>$604</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>$7,015</td>
<td>$26,913</td>
</tr>
</tbody>
</table>

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

#### Cash Flow Statement

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Three Months to 30 June</td>
<td>Actual</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes received</td>
<td>2,012</td>
<td>8,432</td>
</tr>
<tr>
<td>Grants and subsidies received</td>
<td>2,244</td>
<td>8,529</td>
</tr>
<tr>
<td>Receipts from sales and goods and services</td>
<td>554</td>
<td>2,335</td>
</tr>
<tr>
<td>Interest receipts</td>
<td>61</td>
<td>193</td>
</tr>
<tr>
<td>Dividends and tax equivalents</td>
<td>789</td>
<td>1,484</td>
</tr>
<tr>
<td>Other receipts</td>
<td>1,994</td>
<td>7,218</td>
</tr>
<tr>
<td>Total cash received</td>
<td>7,653</td>
<td>28,191</td>
</tr>
<tr>
<td>Cash paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages, salaries and supplements, and superannuation</td>
<td>-3,522</td>
<td>-13,141</td>
</tr>
<tr>
<td>Payments for goods and services</td>
<td>-1,936</td>
<td>-8,608</td>
</tr>
<tr>
<td>Interest paid</td>
<td>-213</td>
<td>-758</td>
</tr>
<tr>
<td>Grants and subsidies paid</td>
<td>-1,287</td>
<td>-5,389</td>
</tr>
<tr>
<td>Dividends and tax equivalents</td>
<td>-618</td>
<td>-1,836</td>
</tr>
<tr>
<td>Other payments</td>
<td>-618</td>
<td>-1,836</td>
</tr>
<tr>
<td>Total cash paid</td>
<td>-7,575</td>
<td>-29,732</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td>78</td>
<td>-1,541</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow from investment in non-financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of non-financial assets</td>
<td>-771</td>
<td>-2,341</td>
</tr>
<tr>
<td>Sales of non-financial assets</td>
<td>48</td>
<td>132</td>
</tr>
<tr>
<td>Total cash flows from investments in financial assets</td>
<td>-723</td>
<td>-2,210</td>
</tr>
<tr>
<td>Cash flows from investments in financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received</td>
<td></td>
<td></td>
</tr>
<tr>
<td>For policy purposes</td>
<td>4</td>
<td>14</td>
</tr>
<tr>
<td>For liquidity purposes</td>
<td>68</td>
<td>83</td>
</tr>
<tr>
<td>Cash paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>For policy purposes</td>
<td>-101</td>
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<td>For liquidity purposes</td>
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<td><strong>Net increase in cash and cash equivalents</strong></td>
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<td>Cash and cash equivalents at beginning of the period</td>
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<td>Cash and cash equivalents at end of the period</td>
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**KEY FISCAL AGGREGATES**

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<th>2016-17</th>
<th>2015-16</th>
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<tr>
<td>Net cash flows from operating activities</td>
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<td>Net cash flows from investing in non-financial assets</td>
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<td><strong>Cash surplus/-deficit</strong></td>
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Note: Columns/rows may not add due to rounding.
### Table 6.5

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<th>2016-17</th>
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<tr>
<td></td>
<td>Three Months to 30 June</td>
<td>Three Months to 30 June</td>
</tr>
<tr>
<td></td>
<td>Actual $m</td>
<td>Actual $m</td>
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<td></td>
<td></td>
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<tr>
<td><strong>RESULTS FROM TRANSACTIONS</strong></td>
<td></td>
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<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
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<tr>
<td>Taxation</td>
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<td>1,984</td>
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<td>Current grants and subsidies</td>
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<td>8,560</td>
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<td>Capital grants</td>
<td>513</td>
<td>627</td>
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<tr>
<td>Sales of goods and services</td>
<td>20,633</td>
<td>21,583</td>
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<td>Interest Income</td>
<td>597</td>
<td>241</td>
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<tr>
<td>Royalty income</td>
<td>5,272</td>
<td>1,123</td>
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<tr>
<td>Other</td>
<td>979</td>
<td>368</td>
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<tr>
<td><strong>Total revenue</strong></td>
<td>10,883</td>
<td>11,281</td>
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<td><strong>EXPENSES</strong></td>
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<tr>
<td>Salaries</td>
<td>3,184</td>
<td>3,142</td>
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<td>Superannuation</td>
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<td>Superannuation interest cost</td>
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<td>76</td>
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<td>Other employee costs</td>
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<td>73</td>
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<td>Depreciation and amortisation</td>
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<td>775</td>
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<td>Services and contracts</td>
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<td>Other gross operating expenses</td>
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<td>Other interest</td>
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<td>Current transfers</td>
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<td>Capital transfers</td>
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<td><strong>Total expenses</strong></td>
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<td>12,085</td>
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<tr>
<td><strong>Other economic flows - included in the operating result</strong></td>
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<tr>
<td>Net gains on assets/liabilities</td>
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<td>-34</td>
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<td>Net actuarial gains - superannuation</td>
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<td>Provision for doubtful debts</td>
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<tr>
<td>Changes in accounting policy/adjustment of prior periods</td>
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<td>-631</td>
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<td><strong>Total other economic flows</strong></td>
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<td><strong>OPERATING RESULT</strong></td>
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<td><strong>All other movements in equity</strong></td>
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<tr>
<td>Items that will not be reclassified to operating result</td>
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<td>Revaluations</td>
<td>2,587</td>
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<td>Gains recognised directly in equity</td>
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<td><strong>Total all other movements in equity</strong></td>
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<td><strong>TOTAL CHANGE IN NET WORTH</strong></td>
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### Key Fiscal Aggregates

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<tr>
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</tr>
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<tr>
<td><strong>NET OPERATING BALANCE</strong></td>
<td>-1,129</td>
<td>-2,744</td>
</tr>
<tr>
<td><strong>Less Net acquisition of non-financial assets</strong></td>
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<tr>
<td>Purchase of non-financial assets</td>
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<td>Changes in inventories</td>
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<td>490</td>
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<td>Other movement in non-financial assets</td>
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<td>74</td>
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<tr>
<td><strong>less:</strong></td>
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<td></td>
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<tr>
<td>Sales of non-financial assets</td>
<td>138</td>
<td>262</td>
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<tr>
<td>Depreciation</td>
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<td>775</td>
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<td><strong>Total net acquisition of non-financial assets</strong></td>
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<td><strong>NET LENDING/-BORROWING</strong></td>
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</table>

Note: Columns/rows may not add due to rounding.
## TOTAL PUBLIC SECTOR
### Operating Revenue

<table>
<thead>
<tr>
<th></th>
<th>2016-17 Three Months to 30 June</th>
<th>Actual $m</th>
<th>2015-16 Three Months to 30 June</th>
<th>Actual $m</th>
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<tbody>
<tr>
<td><strong>Taxation</strong></td>
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<tr>
<td>Taxes on employers' payroll and labour force</td>
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<td>98</td>
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<td>465</td>
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<td>19</td>
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<td>138</td>
<td>592</td>
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<td>Other</td>
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<td>Taxes on use of goods and performance of activities</td>
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<td>91</td>
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<td>-</td>
<td>28</td>
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<td>Landfill Levy</td>
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<td>16</td>
<td>69</td>
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<td>8,086</td>
<td>1,984</td>
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Note: Columns/rows may not add due to rounding.
### TOTAL PUBLIC SECTOR
### Operating Revenue

<table>
<thead>
<tr>
<th>Current Grants and Subsidies</th>
<th>2016-17</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Three Months</td>
<td>Actual</td>
</tr>
<tr>
<td></td>
<td>to 30 June</td>
<td>$m</td>
</tr>
<tr>
<td><strong>General Purpose Grants</strong></td>
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<td>1,944</td>
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<td>North West Shelf grants</td>
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<tr>
<td>Commonwealth compensation for changed crude oil excise arrangements</td>
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<td>31</td>
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<tr>
<td><strong>Grants through the State</strong></td>
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<tr>
<td>Schools assistance – non-government schools</td>
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<td>262</td>
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<td>Local government roads</td>
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<td>163</td>
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<td><strong>National Specific Purpose Payment Agreement Grants</strong></td>
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<td>National Agreement for Skills and Workforce Development</td>
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<td>160</td>
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<td>National Disability Services</td>
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<td>148</td>
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<td>National Affordable Housing</td>
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<td>145</td>
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<td>Students First</td>
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<tr>
<td>National Health Reform</td>
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<td>2,089</td>
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<td><strong>National Partnerships/Other Grants</strong></td>
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<td></td>
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<td>Health</td>
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<td>399</td>
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<td>Housing</td>
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<td>17</td>
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<td>Transport</td>
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<td>Disability Services</td>
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<td><strong>Total Current Grants and Subsidies</strong></td>
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<td><strong>Capital Grants</strong></td>
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<td>Grants Through the State</td>
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<tr>
<td>Schools assistance – non-government schools</td>
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<td>16</td>
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<tr>
<td>National Partnerships/Other Grants</td>
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<td></td>
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<tr>
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<td>51</td>
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<td>330</td>
<td>425</td>
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<td>Other</td>
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<td>21</td>
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<tr>
<td><strong>Total Capital Grants</strong></td>
<td>381</td>
<td>513</td>
</tr>
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<td><strong>Sales of Goods and Services</strong></td>
<td>4,946</td>
<td>20,633</td>
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<tr>
<td><strong>Interest Income</strong></td>
<td>252</td>
<td>597</td>
</tr>
<tr>
<td><strong>Royalty Income</strong></td>
<td>1,341</td>
<td>5,272</td>
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<tr>
<td><strong>Other</strong></td>
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<td></td>
</tr>
<tr>
<td>Lease Rentals</td>
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<td>99</td>
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<tr>
<td>Fines</td>
<td>59</td>
<td>200</td>
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<td>Revenue not elsewhere counted</td>
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<td>680</td>
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<td><strong>Total Other</strong></td>
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<td>979</td>
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<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>10,883</td>
<td>44,172</td>
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Note: Columns/rows may not add due to rounding.
## TOTAL PUBLIC SECTOR
### Cash Flow Statement

#### Table 6.7

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES</th>
<th>2016-17</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash received</td>
<td></td>
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</tr>
<tr>
<td>Taxes received</td>
<td>1,830 m</td>
<td>2,157 m</td>
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<td>Grants and subsidies received</td>
<td>2,244 m</td>
<td>2,270 m</td>
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<tr>
<td>Receipts from sales and goods and services</td>
<td>3,651 m</td>
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<td>Interest receipts</td>
<td>171 m</td>
<td>187 m</td>
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<td>Dividends and tax equivalents</td>
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<tr>
<td>Other receipts</td>
<td>2,251 m</td>
<td>1,646 m</td>
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<tr>
<td><strong>Total cash received</strong></td>
<td>10,147 m</td>
<td>11,328 m</td>
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<tr>
<td>Cash paid</td>
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<tr>
<td>Wages, salaries and supplements, and superannuation</td>
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<td>-3,806 m</td>
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<tr>
<td>Payments for goods and services</td>
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<td>-4,953 m</td>
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<tr>
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<tr>
<td>Grants and subsidies paid</td>
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<td>-772 m</td>
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<tr>
<td>Dividends and tax equivalents</td>
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<td></td>
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<tr>
<td>Other payments</td>
<td>-1,388 m</td>
<td>-1,215 m</td>
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<tr>
<td><strong>Total cash paid</strong></td>
<td>-11,416 m</td>
<td>-11,263 m</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td>-1,269 m</td>
<td>-114 m</td>
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#### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Cash flows from investments in non-financial assets</th>
<th>2016-17</th>
<th>2015-16</th>
</tr>
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<tr>
<td>Purchase of non-financial assets</td>
<td>-1,739 m</td>
<td>-1,679 m</td>
</tr>
<tr>
<td>Sales of non-financial assets</td>
<td>138 m</td>
<td>262 m</td>
</tr>
<tr>
<td><strong>Total cash flows from investments in financial assets</strong></td>
<td>-1,601 m</td>
<td>-1,417 m</td>
</tr>
<tr>
<td>Cash flows from investments in financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received</td>
<td></td>
<td></td>
</tr>
<tr>
<td>For policy purposes</td>
<td>4 m</td>
<td>2 m</td>
</tr>
<tr>
<td>For liquidity purposes</td>
<td>2,044 m</td>
<td>1,870 m</td>
</tr>
<tr>
<td><strong>Cash paid</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For policy purposes</td>
<td>-5 m</td>
<td>-4 m</td>
</tr>
<tr>
<td>For liquidity purposes</td>
<td>-1,463 m</td>
<td>-1,898 m</td>
</tr>
<tr>
<td><strong>Total cash flows from investments in financial assets</strong></td>
<td>581 m</td>
<td>30 m</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td>-1,020 m</td>
<td>-1,446 m</td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Cash received</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances received</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>4,513 m</td>
<td>5,617 m</td>
</tr>
<tr>
<td>Deposit received</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financing receipts</td>
<td>9 m</td>
<td>-515 m</td>
</tr>
<tr>
<td><strong>Total cash received</strong></td>
<td>4,523 m</td>
<td>5,102 m</td>
</tr>
<tr>
<td>Cash paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances paid</td>
<td>-16 m</td>
<td>-16 m</td>
</tr>
<tr>
<td>Borrowings repaid</td>
<td>-1,920 m</td>
<td>-4,440 m</td>
</tr>
<tr>
<td>Deposits paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financing payments</td>
<td>-102 m</td>
<td>177 m</td>
</tr>
<tr>
<td><strong>Total cash paid</strong></td>
<td>-2,038 m</td>
<td>-391 m</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td>2,484 m</td>
<td>623 m</td>
</tr>
</tbody>
</table>

#### KEY FISCAL AGGREGATES

| Net cash flows from operating activities             | -1,269 m| -114 m  |
| Net cash flows from investing in non-financial assets | -1,601 m| -1,417 m|
| **Cash surplus/-deficit**                           | -2,870 m| -1,352 m|

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

The Public Ledger, established by section 7 of the Financial Management Act 2006 (FMA), includes those transactions and operations that are conducted through the Consolidated Account, the Treasurer’s Advance Account and through the Treasurer’s Special Purpose Accounts (TSPAs). Together with agency cash balances held at Treasury, the total of these accounts form the Public Bank Account.

Table 7.1

<table>
<thead>
<tr>
<th>Public Ledger Balances at 30 June</th>
<th>2017</th>
<th>2016</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>THE PUBLIC LEDGER</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated Account (a)</td>
<td>-13,925</td>
<td>-12,654</td>
<td>-1,271</td>
</tr>
<tr>
<td>Treasurer’s Special Purpose Accounts</td>
<td>13,692</td>
<td>12,159</td>
<td>1,533</td>
</tr>
<tr>
<td>Treasurer’s Advance Account – Net Advances and Overdrawn Trusts (b)</td>
<td>-23</td>
<td>-21</td>
<td>-2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>-256</td>
<td>-516</td>
<td>260</td>
</tr>
<tr>
<td>Agency Special Purpose Accounts</td>
<td>4,874</td>
<td>4,873</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL PUBLIC BANK ACCOUNT INVESTMENTS</strong></td>
<td>4,618</td>
<td>4,357</td>
<td>261</td>
</tr>
</tbody>
</table>

(a) The balance of the Consolidated Account at 30 June 2017 includes cash and non-cash balances. Non-cash appropriations of $10,882 million at 30 June 2017 (30 June 2016: $9,852 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 TSPAs balance. In cash terms, the Consolidated Account recorded a deficit position of $3,043 million at 30 June 2017 (compared with a deficit position of $2,801 million at 30 June 2016).

(b) The Treasurer’s Advance Account has been restated in 2016 to include overdrawn trust balances ($10.4 million).

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

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 the Parliament, with both the amount and the expressed purpose of the associated appropriation clearly specified.

The Consolidated Account accrual deficit at 30 June 2017 was $13,925 million, an increase of $1,271 million on the accumulated deficit at the end of 2015-16. This included $10,882 million associated with accrual (non-cash) appropriations for depreciation and leave entitlements, matched by equivalent non-cash balances in agency Holding Accounts.

In cash terms, the Consolidated Account was overdrawn by $3,043 million at 30 June 2017. This compares with a $2,801 million deficit cash balance at 30 June 2016.

Consolidated Account borrowings increased by $5.1 billion in 2016-17. Centrally held borrowings totalled $22.3 billion at 30 June 2017 (compared with $17.2 billion at 30 June 2016), and remained below the $34.5 billion cumulative limit approved by the Loan Act 2017 and preceding Loan Acts. Debt repayments of $88.6 million were made in 2016-17, reflecting the allocation of residual cash proceeds from the March 2016 sale of the Perth Market Authority to the repayment of central borrowings.

---

1 The Loan Act 2017 received Royal Assent on 3 July 2017 and increased the cumulative loan limit under preceding Loan Acts from $23.5 billion to $34.5 billion. Consolidated Account borrowings cannot exceed the cumulative limit applied during the year.
### CONSOLIDATED ACCOUNT TRANSACTIONS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>6,658</td>
<td>7,376</td>
<td>-718</td>
</tr>
<tr>
<td>Commonwealth Grants</td>
<td>2,566</td>
<td>3,015</td>
<td>-449</td>
</tr>
<tr>
<td>Government Enterprises</td>
<td>1,492</td>
<td>2,086</td>
<td>-594</td>
</tr>
<tr>
<td>Revenue from other agencies</td>
<td>6,393</td>
<td>5,184</td>
<td>1,209</td>
</tr>
<tr>
<td>Other</td>
<td>567</td>
<td>647</td>
<td>-80</td>
</tr>
<tr>
<td>Total Operating Activities</td>
<td>17,676</td>
<td>18,309</td>
<td>-633</td>
</tr>
<tr>
<td>Financing Activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayments of Recoverable Advances</td>
<td>48</td>
<td>6</td>
<td>42</td>
</tr>
<tr>
<td>Transfers from:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Bank Account Interest Earned Account</td>
<td>-</td>
<td>3</td>
<td>-3</td>
</tr>
<tr>
<td>Bankwide Pension Trust</td>
<td>1</td>
<td>2</td>
<td>-1</td>
</tr>
<tr>
<td>Other Receipts</td>
<td>13</td>
<td>32</td>
<td>-19</td>
</tr>
<tr>
<td>Borrowings</td>
<td>5,100</td>
<td>5,100</td>
<td>-</td>
</tr>
<tr>
<td>Total Financing Activities</td>
<td>5,163</td>
<td>5,143</td>
<td>20</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>22,838</td>
<td>23,452</td>
<td>-614</td>
</tr>
<tr>
<td><strong>EXPENDITURE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurrent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorised by Other Statutes</td>
<td>2,379</td>
<td>2,340</td>
<td>39</td>
</tr>
<tr>
<td>Appropriation Act (No. 1)</td>
<td>19,077</td>
<td>18,685</td>
<td>392</td>
</tr>
<tr>
<td>Recurrent Expenditure under the Treasurer's Advance</td>
<td>297</td>
<td>261</td>
<td>36</td>
</tr>
<tr>
<td>Total Recurrent Expenditure</td>
<td>21,754</td>
<td>21,287</td>
<td>467</td>
</tr>
<tr>
<td>Investing Activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorised by Other Statutes</td>
<td>247</td>
<td>253</td>
<td>-6</td>
</tr>
<tr>
<td>Appropriation Act (No. 2)</td>
<td>1,900</td>
<td>1,628</td>
<td>272</td>
</tr>
<tr>
<td>Investing Expenditure under the Treasurer's Advance</td>
<td>108</td>
<td>230</td>
<td>-122</td>
</tr>
<tr>
<td>Total Investing Activities</td>
<td>2,254</td>
<td>2,110</td>
<td>144</td>
</tr>
<tr>
<td>Financing Activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan repayments</td>
<td>89</td>
<td>-</td>
<td>89</td>
</tr>
<tr>
<td>Other financing</td>
<td>13</td>
<td>32</td>
<td>-19</td>
</tr>
<tr>
<td>Total Financing Activities</td>
<td>102</td>
<td>32</td>
<td>70</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURE</strong></td>
<td>24,110</td>
<td>23,428</td>
<td>682</td>
</tr>
<tr>
<td><strong>NET MOVEMENT (REVENUE LESS EXPENDITURE)</strong></td>
<td>-1,271</td>
<td>23</td>
<td>-1,294</td>
</tr>
<tr>
<td>Consolidated Account Balance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance at 1 July</td>
<td>-12,654</td>
<td>-12,677</td>
<td>23</td>
</tr>
<tr>
<td>Closing balance at 30 June</td>
<td>-13,925</td>
<td>-12,654</td>
<td>-1,271</td>
</tr>
<tr>
<td>Of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriations payable</td>
<td>-10,882</td>
<td>-9,852</td>
<td>-1,030</td>
</tr>
<tr>
<td>Cash balance at 30 June</td>
<td>-3,043</td>
<td>-2,801</td>
<td>-242</td>
</tr>
</tbody>
</table>

Note: Columns/rows 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 30 June 2016, an aggregate increase of $1,533 million in TSPA balances at 30 June 2017 mainly reflects:

- higher Holding Account balances for non-cash accrual appropriations to agencies for depreciation and accrued leave entitlements (up $1,030 million);
- an increase in Commonwealth Payment for Specific Purposes (up $211 million), primarily due to a grant payment received from the Commonwealth to acknowledge Western Australia’s low GST relativity for 2017-18 which was received in 2016-17, with the funds presently sitting in the Commonwealth grant SPA awaiting payment;
- a net increase in the balance of the Royalties for Regions Fund (up $130 million), reflecting higher receipts to the Fund (by way of appropriation payments, interest and the refund of unspent agency balances) relative to drawdowns;
- an increase in the balance of the Western Australian Future Fund, reflecting appropriation of 1% of forecast annual royalty receipts ($38 million) and interest earnings on the balance held in the fund through the year ($43 million);
- a net decrease in the Perth Children’s Hospital Account balance (down $82 million), reflecting payments associated with the hospital’s construction;
- a net increase in the balance of the Perth Stadium Account (up $60 million), reflecting the net impact of procurement and works spending relating to the stadium, sports precinct and transport infrastructure, and appropriation funding approved in the 2016-17 Budget; and
- an increase in the balance of agency accounts that hold cash for the cost of an extra pay period which falls due every 11 years (up $45 million).
A number of accounts and other agency accounts are discussed in Appendix 5: *Special Purpose Accounts*.

The following table summarises the position of TSPAs at 30 June 2017 and 2016.

<table>
<thead>
<tr>
<th>Treauser’s Special Purpose Accounts at 30 June</th>
<th>2017</th>
<th>2016</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency Holding Accounts</td>
<td>10,882</td>
<td>9,852</td>
<td>1,030</td>
</tr>
<tr>
<td>Royalties for Regions Fund</td>
<td>1,000</td>
<td>870</td>
<td>130</td>
</tr>
<tr>
<td>Western Australian Future Fund</td>
<td>1,126</td>
<td>1,044</td>
<td>82</td>
</tr>
<tr>
<td>Commonwealth Payment for Specific Purposes</td>
<td>254</td>
<td>43</td>
<td>211</td>
</tr>
<tr>
<td>Perth Children’s Hospital Account</td>
<td>40</td>
<td>122</td>
<td>-82</td>
</tr>
<tr>
<td>Perth Stadium Account</td>
<td>96</td>
<td>36</td>
<td>60</td>
</tr>
<tr>
<td>Agency 27th Pay Accounts</td>
<td>45</td>
<td>-</td>
<td>45</td>
</tr>
<tr>
<td>Other Treasurer’s Special Purpose Accounts</td>
<td>250</td>
<td>192</td>
<td>58</td>
</tr>
<tr>
<td><strong>Treasurer’s Special Purpose Accounts at 30 June</strong></td>
<td><strong>13,692</strong></td>
<td><strong>12,159</strong></td>
<td><strong>1,533</strong></td>
</tr>
</tbody>
</table>

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

**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 $632.4 million was authorised by section 29 of the FMA for the year ended 30 June 2017. Of this, $427.4 million (or 67.6%) was drawn down in 2016-17, comprising:

- $9.3 million in the form of net recoverable advances;
- $13.6 million in overdrawn Special Purpose Accounts; and
- a further $404.5 million for excesses and new items as detailed in Table 7.5.
Table 7.4

TREASURER’S ADVANCE AT 30 JUNE

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AUTHORISED LIMIT</strong></td>
<td>632.4</td>
<td>645.2</td>
<td>-12.8</td>
</tr>
<tr>
<td>Total Drawn Against Treasurer’s Advance Account</td>
<td>427.4</td>
<td>511.8</td>
<td>-84.4</td>
</tr>
</tbody>
</table>

Comprising:

- Net recoverable advances as at 30 June (see below)  
  - Overdrawn Special Purpose Accounts (a)  
  - Excesses and New Items
    - recurrent
    - capital

**NET RECOVERABLE ADVANCES**

Mining Rehabilitation Fund  
Sport and Recreation  
Suitors Fund  
Western Australian Energy Disputes Arbitrator  
Sundry Debtors

**TOTAL RECOVERABLE TREASURER’S ADVANCES**  

(a) The Treasurer gave 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.

Note: Columns/rows may not add due to rounding.
Transfers, Excesses and New Items

Table 7.5 summarises transfers of appropriations between agencies (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 7.5

<table>
<thead>
<tr>
<th>Recurrent Appropriations</th>
<th>Treasurer’s Advance</th>
<th>Drawn against Treasurer’s Advance by 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget $m</td>
<td>Transfers (a) $m</td>
</tr>
<tr>
<td><strong>Premier and Cabinet</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item 5: Delivery of Services</td>
<td>169.6</td>
<td>-5.2</td>
</tr>
<tr>
<td>Item 6: Administered Grants, Subsidies and Other Transfer Payments</td>
<td>15.8</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Western Australian Tourism Commission</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item 10: Delivery of Services</td>
<td>65.1</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Chemistry Centre (WA)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item 11: Delivery of Services</td>
<td>6.5</td>
<td>-</td>
</tr>
<tr>
<td><strong>Western Australia Police</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item 12: Delivery of Services</td>
<td>1,293.6</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Training and Workforce Development</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item 14: Delivery of Services</td>
<td>350.5</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Lands</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item 25: Delivery of Services</td>
<td>48.1</td>
<td>-</td>
</tr>
<tr>
<td>Item 26: Administered Grants, Subsidies and Other Transfer Payments</td>
<td>2.0</td>
<td>-</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item 28: Delivery of Services</td>
<td>3,969.6</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>WA Health</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item 35: Delivery of Services</td>
<td>4,919.6</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Culture and the Arts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item 36: Delivery of Services</td>
<td>36.0</td>
<td>0.1</td>
</tr>
<tr>
<td>Item 38: Library Board of Western Australia</td>
<td>29.2</td>
<td>-</td>
</tr>
<tr>
<td>Item 39: Perth Theatre Trust</td>
<td>9.0</td>
<td>-</td>
</tr>
<tr>
<td><strong>Treasury</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item 42: Bunbury Water Corporation</td>
<td>0.7</td>
<td>-</td>
</tr>
<tr>
<td>Item 43: Busselton Water Corporation</td>
<td>0.6</td>
<td>-</td>
</tr>
<tr>
<td>Item 48: Regional Power Corporation (Horizon Power)</td>
<td>44.1</td>
<td>-</td>
</tr>
<tr>
<td>Item 51: Western Australian Land Authority</td>
<td>36.3</td>
<td>-</td>
</tr>
<tr>
<td>Item 53: Department of Attorney General</td>
<td>4.8</td>
<td>-</td>
</tr>
<tr>
<td>Item 55: Metropolitan Redevelopment Authority</td>
<td>26.1</td>
<td>-0.5</td>
</tr>
</tbody>
</table>

Note: Columns/rows may not add due to rounding.
### Table 7.5 (cont.)
**TRANSFERS, EXCESSES AND NEW ITEMS**

*For the twelve months to 30 June 2017*

<table>
<thead>
<tr>
<th>Recurrent Appropriations</th>
<th>Budget m</th>
<th>Transfers (a) m</th>
<th>New Items m</th>
<th>Approved Excesses m</th>
<th>Revised Appropriation m</th>
<th>Drawn against Treasurer’s Advance by 30 June m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 58: Provision for Unfunded Liabilities in the Government Insurance Fund</td>
<td>2.9</td>
<td>-</td>
<td>-</td>
<td>0.4</td>
<td>3.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Item 64: All Other Grants, Subsidies and Transfer Payments</td>
<td>6.3</td>
<td>-0.3</td>
<td>-</td>
<td>0.3</td>
<td>6.3</td>
<td>-</td>
</tr>
<tr>
<td>New Item: Bell Group Administration Wind Up and Associated Costs</td>
<td>-</td>
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Note: Columns/rows may not add due to rounding.
Table 7.5 (cont.)

TRANSFERS, EXCESSES AND NEW ITEMS
For the twelve months to 30 June 2017

<table>
<thead>
<tr>
<th>Treasurer's Advance</th>
<th>Budget $m</th>
<th>Transfers (a) $m</th>
<th>New Items $m</th>
<th>Approved Excesses $m</th>
<th>Revised Appropriation $m</th>
<th>Drawn against Treasurer's Advance by 30 June $m</th>
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Note: Columns/rows may not add due to rounding.
## TRANSFERS, EXCESSES AND NEW ITEMS

For the twelve months to 30 June 2017

<table>
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<tr>
<th>Capital Appropriations</th>
<th>Budget $m</th>
<th>Transfers (^{(a)}) $m</th>
<th>New Items $m</th>
<th>Approved Excesses $m</th>
<th>Revised Appropriation $m</th>
<th>Drawn against Treasurer's Advance by 30 June $m</th>
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\(^{(a)}\) Authorised under section 25 of the FMA.

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

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

Transfer of appropriation funds are for the provision of an approved service which is now delivered by an alternative agency. These transfers are authorised either under section 25 of the FMA or specific enabling legislation.
In 2016-17, appropriation transfers included:

- $5 million of recurrent appropriation from the Department of the Premier and Cabinet to the Office of the Government Chief Information Officer for the Innovation Package;
- $4.1 million of recurrent appropriation from the Department of Finance to a number of agencies in response to changes to the procurement service delivery model across government;
- $0.8 million from the Department of Commerce to the Office of the Government Chief Information Officer following the transfer of responsibility and funding for the Innovation Package;
- $0.5 million from the Department of Treasury to the Department of Local Government and Communities for the Chinese New Year 2017 Activation Project;
- $0.5 million from the Department of Agriculture and Food to the Department of State Development for the transfer of the Agribusiness Expansion Unit;
- $0.4 million of recurrent appropriation from the Department of the Premier and Cabinet to the Office of Emergency Management for the transfer of five full-time staff and associated funding to coordinate the Western Australia Natural Disaster Relief and Recovery Arrangements;
- $0.3 million from the Department of Treasury to the Department of the Premier and Cabinet for the Anzac Day Trust; and
- $0.2 million from the Mental Health Commission to the Department of the Premier and Cabinet to develop a communications plan for the Western Australian Meth Strategy.

**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 listed agencies. Unless otherwise stated, the approved funding was drawn in full by 30 June 2017.

**Premier and Cabinet**

Item 5: **Delivery of Services** ($41.3 million), to meet unanticipated costs primarily related to the Yarloop Bushfire Clean-Up ($25.5 million), the 2017 State General Election ($10.2 million), implementation of the Local Projects Local Jobs election commitment ($4.2 million) and expenditure on various other unbudgeted grants ($1.4 million). Of the approved excess, only $36.3 million was drawn due to a $5 million contribution from Alcoa which partially offset the costs of the Yarloop Bushfire Clean-up.

**Western Australian Tourism Commission**

Item 10: **Delivery of Services** ($2.1 million), reflecting additional event costs.
Chemistry Centre (WA)

Item 11: **Delivery of Services** ($0.7 million), following revenue and cost movements, including updates to the Consumer Price Index, Wage Price Index and demand growth.

Item 125: **Capital Appropriation** ($0.3 million), to replace aging forensic equipment used for drug analysis.

Western Australia Police

Item 12: **Delivery of Services** ($9.7 million), primarily for the recurrent costs associated with upgrading police stations and office space to accommodate additional police officers recruited over the period 2013-14 to 2016-17 ($3.6 million), the creation of a dedicated methamphetamine team during 2016-17 ($3.1 million), and overtime costs for police resources at the Roe 8 extension project ($2.3 million).

Item 126: **Capital Appropriation** ($9.5 million), primarily to meet the cost of accelerated building works at police stations ($6.1 million), and the reflow of funding for works originally planned to be spent during 2015-16 (totalling $3.8 million). The delayed works include the upgrade and replacement of information and communications technology (ICT) systems, police stations maintenance and works to construct Mundijong Police Station. The total funding ($9.9 million) was offset by a deferral of funding to upgrade ICT systems to accommodate legislative amendments from 2016-17 to 2017-18.

Lands

Item 25: **Delivery of Services** ($1.9 million), for costs relating to a Native Title Settlement with the Nyiyaparli people in Newman; ICT infrastructure and systems maintenance costs; and compensation payments as part of the Pastoral Lease renewal program.

Item 26: **Administered Grants, Subsidies and Other Transfer Payments** ($1.5 million), to implement the new Government’s election commitment to purchase Carter’s Block (as part of the Urban Wetlands Plan), with a matching payment of $1.5 million made by the City of Bayswater. The approved excess funding was not required to be drawn down against the Treasurer’s Advance following the reallocation from lower spending on other activities administered by the Department.

Health

Item 35: **Delivery of Services** ($156.5 million), driven primarily by the combined impact of:

- a rebasing of price and activity settings for hospital services ($137.3 million);
- support for the ongoing commissioning of the Perth Children’s hospital including contractual payments ($20.1 million);
- the Department’s Voluntary Separation Scheme ($25.8 million);
• a reduction in funding for hospital services as a result of increased own-source revenue ($19.8 million); and

• a reallocation of funding for public hospital activity to the Mental Health Commission ($9.5 million) following an update to the Independent Hospital Pricing Authority’s Pricing Framework for Australian Public Hospital Services.

Of the approved increase, only $98.4 million was drawn against the Consolidated Account. This reflects lower appropriation funding requirements that emerged by 30 June 2017, including a $30.6 million adjustment in Commonwealth funding of hospital services and a $27.4 million reduction in depreciation expense.

**Culture and the Arts**

Item 36: **Delivery of Services** ($1.3 million), reflecting the classification of some capital expenditure to recurrent purposes, and reallocation of funds within the portfolio.

Item 38: **Library Board of Western Australia** ($0.5 million), as a result of classification of some capital spending to recurrent purposes, and reallocation of funds within the portfolio.

Item 39: **Perth Theatre Trust** ($0.1 million) for reallocation of funds within the portfolio for Human Resources payroll processing.

**Treasury**

Item 42: **Bunbury Water Corporation** ($31,000), to offset higher than expected up-take of pensioner and seniors’ concessions that emerged in 2015-16.

Item 43: **Busselton Water Corporation** ($7,000), for higher than expected cost for pensioner and seniors’ concessions in 2015-16. The funds were not drawn due to lower appropriation funding requirements following delays with commencing a rebate program for properties owned by the Department of Housing.

Item 48: **Regional Power Corporation (Horizon Power)** ($4.8 million), reflecting changes to electricity tariffs for medium to large businesses, resulting in a Tariff Equalisation Contribution funding shortfall of $7 million, which was partly offset by reductions in the cost of other subsidised activities.

Item 51: **Western Australian Land Authority** ($3 million), reflecting an increased operating subsidy following lower than expected user charge revenue at the Australian Marine Complex Common User Facility.

Item 53: **Department of Attorney General** ($1.2 million), for the additional costs associated with the relocation of the Supreme Court (Civil) and the former Department of the Attorney General to the David Malcolm Justice Centre. Only $0.4 million of the approved funding was drawn due to lower cleaning, security and maintenance cost outcomes.
Item 58: **Provision for Unfunded Liabilities in the Government Insurance Fund** ($0.4 million), reflecting higher than expected claims. A total of $0.3 million was drawn to 30 June 2017, reflecting the timing and magnitude of claims during the last quarter of 2016-17.

Item 64: **All Other Grants, Subsidies and Transfer Payments** ($0.3 million), reflecting an Act of Grace payment. The approved funding was not drawn as movements in other grants, subsidies and transfer payments were lower than forecast in 2016-17, and were sufficient to fund the finalised Act of Grace payment.

Item 136: **Animal Resources Authority** ($0.3 million), providing an equity contribution to ensure a minimum cash balance to meet commitments.

Item 139: **Electricity Networks Corporation (Western Power)** ($18 million), following higher levels of customer contributions during 2016-17. The 2016-17 interim dividend was deferred as part of the 2017-18 Budget process, together with the associated interim equity contribution. As a result, Western Power only drew $51.6 million of the available funding, and the remaining $62.8 million (including the $18 million in supplementary funding) will instead be paid in 2017-18.

Item 142: **Regional Power Corporation (Horizon Power)** ($0.8 million), to fund the tax liability associated with the gift of LED streetlights in the Goldfields. The full amount of supplementary funding was not drawn due to a delay in invoicing the 2016-17 final quarterly interest payment for the Midwest and Tubridgi to Onslow Pipeline loans.

New Item: **Bell Group Administration Wind Up and Associated Costs** ($8.1 million) for costs to facilitate the winding up of the WA Bell Companies Administrator Authority’s operations following the High Court of Australia’s ruling in May 2016 that the *Bell Group Companies (Finalisation of Matters and Distribution of Proceeds) Act 2015* was invalid. This funding will also meet costs associated with reimbursing the legal expenses of the creditors incurred during the High Court proceedings, the Administrator’s legal costs and the examination summons proceedings. Of the aggregate $8.1 million, only $6.8 million was required in 2016-17 reflecting the timing of costs that emerged by 30 June 2017.

**Finance**

Item 70: **Administered Grants, Subsidies and Other Transfer Payments** ($7.8 million), reflecting the previous Government’s decision to increase First Home Owners Grant Scheme payments, from $10,000 to $15,000, applying from 1 January 2017. The approved excess was not drawn due to savings in other subsidies and grants including lower than expected average pensioner concessions rebate costs.

**Attorney General**

Item 73: **Delivery of Services** ($6.9 million), reflecting an increase in the cost of Legal Aid Commission grants for State-indictable matters ($4.1 million), Act of Grace payments, mesothelioma settlement payments, copyright charges and other minor payments ($2.8 million).
Commissioner for Equal Opportunity

Item 75: Delivery of Services ($0.3 million), reflecting salary payments and the classification of some capital works spending to expense.

Commerce

Item 80: Delivery of Services ($1.5 million), reflecting funding for the establishment of the Western Australian Building and Construction Code Monitoring Unit ($1.4 million, of which only $300,000 was drawn reflecting delays in establishing the Unit) and Defence West ($1.2 million), partially offset by lower depreciation costs ($0.9 million).

Item 81: Administered Grants, Subsidies and Other Transfer Payments ($2 million) for an ex gratia payment for damage caused by subsidence (as a result of a sink hole) at two residential properties in Mullaloo, and the associated costs for demolition of buildings and remediation of the land. The approved excess was not drawn due to an offsetting reduction in payments from the Home Indemnity Insurance Account in 2016-17.

Zoological Parks Authority

Item 87: Delivery of Services ($0.1 million), for costs associated with the planning of an open range zoo in 2016-17.

Fire and Emergency Services

Item 91: Delivery of Services ($7.7 million) to meet unbudgeted spending for the 2016-17 bushfire season, responses to severe flooding during January 2017 and February 2017, and a shortfall in the Emergency Services Levy on State government properties. Of the approved excess, only $0.8 million was drawn as these items were primarily funded from the Department’s cash balances.

Corrective Services

Item 94: Delivery of Services ($39.5 million) primarily for the costs associated with a higher than expected daily average prisoner population ($35.3 million) and the payment of up-front transition costs to a new provider following the retender of the Court Security and Custodial Services contract ($6 million). These amounts (totalling $41.3 million) were partly offset by a decrease in the forecast costs for Government Regional Officers’ Housing ($1.6 million).

Item 158: Capital Appropriation ($23 million), reflecting an equity injection to the Department to improve its cash position, following agency operating deficits each year from 2012-13 to 2015-16.
Water

Item 96: **Delivery of Services** ($1.8 million), to meet additional costs associated with the Department’s Voluntary Separation Scheme, offset by a reduction in recurrent appropriation funding.

Item 159: **Capital Appropriation** ($1.3 million), to meet costs associated with the capitalisation of water modelling expenditure, offset by an equivalent reduction in recurrent appropriation.

Sport and Recreation

Item 97: **Delivery of Services** ($9.3 million), mainly reflecting a one-off grant to community organisations to deliver a range of projects across Western Australia under the Local Projects Local Jobs program ($9 million), and for the Silver Sport pilot program ($0.3 million).

Western Australian Sports Centre Trust

Item 100: **Delivery of Services** ($1.5 million), to meet the costs associated with transitioning Perth Motorplex to VenuesWest, including the ongoing operating costs associated with the management of the venue.

Item 160: **Capital Appropriation** ($0.7 million), to secure access to the assets, proprietary software and business systems at Perth Motorplex required to operate the business.

Commissioner of Main Roads

Item 106: **Delivery of Services** ($3 million) to commence the Broome-Cape Leveque Road project approved as part of the 2016-17 Mid-year Review.

New Item: **Capital Appropriation** ($61 million) primarily to offset deferred Commonwealth revenue for works on the now cancelled Perth Freight Link project ($45 million). Additional funding was also required to commence new road projects including:

- Wanneroo Road duplication between Joondalup Drive and Flynn Drive ($5 million);
- Wanneroo Road grade separation at Ocean Reef Road ($5 million);
- projects joint-funded by the Commonwealth under the Northern Australia Roads and Beef Roads Programs ($3.1 million); and
- Northam-Pithara Road ($3.2 million).
Local Government and Communities

Item 107: **Delivery of Services** ($5.5 million), to provide one-off grants to community organisations to deliver a range of projects across Western Australia under the Local Projects Local Jobs Program.

Racing, Gaming and Liquor

Item 109: **Delivery of Services** ($0.8 million), for the relocation of the Department’s office.

Mental Health Commission

Item 115: **Delivery of Services** ($17.5 million), primarily due to a funding shortfall following a reduction in Commonwealth funding for the National Health Reform Agreement, and funding for specialised mental health hospital services due to an increased activity weighting for such services in the final 2016-17 Independent Hospital Pricing Authority National Framework. Of the approved increase, only $15.4 million was charged to the Consolidated Account, following lower Non-Government Human Services Sector Indexation and a re-cash flow of funding for the Methamphetamine Strategy.

Registrar Western Australian Industrial Relations Commission

Item 151: **Capital Appropriation** ($0.8 million), to undertake planned fit-out works to reconfigure and consolidate the Commission’s office space.

Fisheries

Item 157: **Capital Appropriation** ($1.3 million), for costs associated with the completion of the Albany Multi Species Mollusc Hatchery. The funding was fully offset by a reduction in recurrent appropriations.

Child Protection and Family Support

Item 168: **Capital Appropriation** ($1.6 million), mainly for costs associated with purchasing a new property to replace an existing residential care group home in the metropolitan area, and for capitalised building improvements and software development costs.

Mines and Petroleum

Item 169: **Capital Appropriation** ($5.0 million), to address lower than expected industry revenue.
Office of Emergency Management

New Item: Western Australia Natural Disaster Relief and Recovery Arrangements ($45.3 million) for the Office of Emergency Management to replace roads, bridges, and other public assets following a number of natural disaster events, including floods in the South and Mid-West regions, the Yarloop bushfire, and Cyclone Olwyn in the North West.

Forest Products Commission

New Item: Capital Appropriation ($2.1 million), to compensate the Commission for providing 406 hectares of land to the Department of Mines and Petroleum to facilitate sand mining as part of the Strategic Assessment of the Perth Peel Region. The funding is to purchase alternative land for planting to assist expansion of the Commission’s softwood plantation estate by 10,000 hectares by 2021.
APPENDIX 8

General Government Sector Salaries

Introduction

Salaries represent the single largest component of general government sector expenses (40% in 2016-17, or 43% if concurrent superannuation costs are included).

In 2016-17, general government salaries expenditure grew by 2% to total $11,610 million. This represents the lowest rate of growth in salaries expenditure since 1998-99.

The following table summarises salaries outcomes for general government agencies for 2016-17.

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<th>General Government Sector</th>
<th>Table 8.1</th>
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Note: Columns/rows may not add due to rounding.

239
### Table 8.1 (cont.)

**SALARIES COSTS**  
**General Government Sector**

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(a) Amount is less than $0.5 million.

(b) Provisions which subsequently materialised in agency financial outcomes were included in the forward estimates for 2016-17 for targeted voluntary separations, the salaries portion of Agency Expenditure Review tranche 2 savings, and anticipated salaries underspend.

Note: Columns/rows may not add due to rounding.
Key Technical Terms Used in the Financial Report


**Advances Paid**

Loans acquired for policy rather than liquidity management purposes. These include long and short term loans, non-marketable debentures and long and short term promissory agreements (bonds and bills) issued to public sector units for achieving government policy objectives.

**Accrual accounting**

Accounting method that records revenue and expenses when they are incurred, regardless of when cash is exchanged. The term ‘accrual’ refers to any individual entry recording revenue or expense in the absence of a cash.

**Asset Investment Program**

Total public sector purchases of non-financial assets (i.e. the State’s infrastructure program).

**Balance sheet**

A financial statement that presents the financial position of a sector by detailing the stock of assets, liabilities and equity at the end of a reporting period.
Biological Assets

Biological assets may comprise of commercial forests and also any living animal, plant or agricultural produce that is the harvested product of biological assets.

Borrowings

Borrowings refer to interest bearing liabilities mainly raised from public borrowings raised through the Western Australian Treasury Corporation and finance leases and other interest bearing arrangements. Borrowings exclude liabilities raised from other government entities (including finance lease arrangements), which are classified as advances received.

Capital grants (transfers)

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

Cash flow statement

A financial statement that presents a summary of all cash receipts and payments for a sector in a reporting period.

Cash flow from operating activities

Receipts and payments of cash relating to a reporting entity’s operating activities.

Cash flow from investing activities

Relates to the purchase or sale of assets, such as land, buildings and equipment.

Cash flow from financing activities

Shows the cash receipts and payments related to transactions with the providers of finance.
**Cash surplus/deficit**

Reported in the cash flow statement, the cash surplus/deficit measures the net impact of cashflows (excluding financing activities) during the period. It equals net cash flows from operating activities (things that agencies do on a daily basis as part of their operations) plus net cash flows from the acquisition and disposal of non-financial assets (i.e. infrastructure activities), less distributions paid (i.e. dividends). For Government Finance Statistics purposes at whole-of-government level, the cash surplus/deficit is further adjusted to account for the value of assets acquired under finance leases and similar arrangements. The Commonwealth refers to this aggregate as the ‘underlying cash balance’ in its publications and is that tier of government’s headline budget measure. A surplus is generally consistent with declining levels of net debt while a deficit indicates a need for more borrowing.

**Change in net worth**

Change in net worth (also known as comprehensive result) is revenue from transactions less expenses from transactions plus other economic flows and measures the variation in the public sector’s accumulated assets and liabilities.

**Consolidated Account**

The *Constitution Act 1889* creates the Consolidated Account. Under section 64 of the *Constitution Act 1889*, all moneys due to the State from taxes, charges, imposts, and other sources, and that are not hypothecated by separate legislation, must be credited to the Consolidated Account and can only be expended if authorised by an Appropriation Act. The legislation does not impose any restrictions on the purposes for which the Consolidated Account may be appropriated. See also Public Bank Account below.

**Consolidated financial statements**

The aggregate financial statements for the whole-of-government (and its sub-sectors), including the financial outcomes of public sector agencies. Transactions, assets and obligations between agencies are eliminated on consolidation.

**Consumer Price Index**

The Consumer Price Index (CPI) measures changes in the price of a ‘basket’ of goods and services purchased by households. Growth in the CPI is often used as a benchmark estimate of inflation.

**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 assets are not recognised on the balance sheet. For example, the State may expect to receive a cash benefit if it delivers on various obligations in the future.
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. Contingent liabilities are not recorded on the balance sheet. Examples include pending legal proceedings and items covered by government guarantees, sureties and indemnities.

Convergence difference

The difference between the amounts recognised in the financial statements (prepared under Australian Accounting Standards) 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 grants (transfers)

The provision of something of value for no specific return or consideration (e.g. grants, subsidies and donations).

Derivatives

‘Held for trading’ financial instruments valued at fair value at the balance sheet date, in accordance with AASB 139: Financial Instruments: Recognition and Measurement.

Employee expenses

These expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, voluntary separation payments, defined benefits superannuation plans and defined contribution superannuation plans.

Expenses

Expenses are defined as transactions that reduce net worth. They represent the cost of operating. Purchases of services (other than those that are capitalised as infrastructure) are expenses because the services are consumed when provided and net worth is reduced by the cost of the services. For example, the purchase of labour services (commonly known as ‘salaries’) is an expense.

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). For example, public sector agencies often lease buildings and vehicles, and record such leased assets on the balance sheets. All related costs and the total remaining lease liability is also recorded in the financial statements. Depending on the nature of the arrangement, Public Private Partnerships may be recognised as finance lease arrangements. Finance leases are treated as government debt on the State’s balance sheet.
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.

Assets that are highly liquid (such as cash or very short term investments that convert to cash very easily) are treated as an offset to borrowings and other financial instruments, to derive net debt.

Financial liability

Financial obligations to a third party. Includes deposits held on behalf of third parties, advances (loans) received from the Commonwealth, borrowings (including finance leases), employee entitlements (such as unfunded superannuation liabilities) accounts payable, etc.

Financial Management Act 2006

The Act sets out the framework for public sector budgeting in Western Australia.
Fiscal aggregates

Analytical balances that are useful for macroeconomic analysis purposes, including assessing the impact of a government and its sectors on the economy. Key fiscal aggregates defined under ABS Government Finance Statistics manual are required to be disclosed under AASB 1049: *Whole of Government and General Government Sector Financial Reporting*. They are opening net worth, net operating balance, net lending/borrowings, change in net worth due to revaluations, change in net worth due to other changes in the volume of assets, total change in net worth, closing net worth, and cash surplus/deficit. AASB 1049 also allows additional fiscal aggregates to be included such as net financial worth, net financial liabilities and net debt.

Forward estimates

Estimates of financial aggregates for future years. These assume that there will be no significant change in government policy and are designed to provide a longer term perspective to the budget process.

Full-time equivalents

One full-time equivalent staff member is the same as one person working full time for one financial year.

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. General government goods and services are largely provided free of charge or at nominal charges well below costs of production. Government departments are usually recognised as general government sector agencies.

*Government Financial Responsibility Act 2000*

Western Australian legislation to establish a framework for government financial planning with a view to improving government financial outcomes and to facilitate public scrutiny of government financial policy and performance.

*Government Finance Statistics*

Refers to statistics that measure the financial transactions of governments and reflect the impact of those transactions on other sectors of the economy. Government Finance Statistics 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

The Government Purpose Classification classifies expenses and acquisitions of non-financial assets of the public sector and general government sector in terms of the purposes for which the transactions are made. As required under AASB 1049, total assets of the State and general government sector are also required to be allocated to purpose classification where possible to do so. The major groups reflect the broad objectives of government and the groups and subgroups details the means by which these broad objectives are met.

Grants and subsidies

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be of a current or capital nature (see current grants and capital grants).

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive benefits directly of approximately equal value. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers.

Grants can be paid as general purpose grants which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants for on-passing

All grants paid to one institutional sector (e.g. a State-based general government entity) to be passed on to another institutional sector (e.g. a local government or a private non-profit institution).

Gross borrowing

Loans and debt obligations liabilities, other than advances, created through direct agreements with lenders, the sale of securities and acquisition of finance leases. Gross borrowing is the largest component of gross debt, used to calculate the State’s net debt.

Gross debt

A component of net debt. Gross debt includes borrowings, deposits held on behalf of third parties and advances (loans) from the Commonwealth. Net debt is derived from gross debt less liquid financial assets.
Gross State Product

Gross State Product (GSP) measures the value of all final goods and services produced within a State. GSP is a common measure of economic growth.

Key fiscal aggregates

Financial aggregates that are important for analysis purposes, including assessing the impact of a government and its sectors on the economy. For example, the net operating balance, net debt, etc.

National partnership payment

A Commonwealth government grant to a State and/or Territory to support the delivery of specified outputs or projects, to facilitate reforms or to reward the delivery of nationally significant reforms. Each National partnership payment is supported by a National Partnership Agreement which defines mutually agreed objectives, outputs and performance benchmarks.

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 entitlemets.

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 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 the 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 and other entities). 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 less liabilities. Net financial worth is a broader measure than net debt, as 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 gain on equity investments in other sector entities

Net gain on equity investments in other sector entities measured at proportional share of the carrying amount of net assets/liabilities represents the net gains relating to the equity held by the general government sector in other sector entities. It arises from a change in the carrying amount of net assets of the subsidiaries. The net gains are measured based on the proportional share of the subsidiary’s carrying amount of net assets/liabilities before elimination of inter sector balances.

Net lending/borrowing

An operating statement measure that differs from the net operating balance as 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 less 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 the public sector’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 for the central government.

Operating statement

A financial statement that presents the operating performance of a reporting entity by detailing all items of revenue and expense recognised as they accrue during a reporting period. Cash flows for these accruing operating activities may occur in the same or subsequent reporting period.

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 economic flows

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

Other revenue

Revenue not elsewhere classified or disclosed.

Public Bank Account

The Public Bank Account (PBA) is administered by the Department of Treasury and forms the central bank account of the Government of Western Australia. The PBA is created by the Financial Management Act 2006, and is divided into component parts and includes the Consolidated Account, Treasurer’s Advance and Treasurer’s Special Purpose Accounts (collectively referred to as the Public Ledger and detailed in Appendix 7 of this report), and agency Special Purpose Accounts.

Public corporations

Those agencies that are primarily operating in a market and seek to recover a substantial portion of their costs through user charges. They comprise public financial corporations and public non-financial corporations (see below).
Public financial corporations sector

The sector comprises government controlled entities mainly engaged in financial activities, such as providing banking and insurance services. They are able to incur financial liabilities on their own account (e.g. taking deposits, issuing securities or providing insurance services).

Public non-financial corporations sector

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

Public Private Partnerships

A term used to describe a method of procuring government infrastructure and associated services through private sector involvement. Public Private Partnership (PPPs) create opportunities with the private sector for increasing investment in social and economic infrastructure. The accounting rules for PPPs are complex and are based on case by case circumstances. However, they often result in recognition of a finance lease for the public sector balance sheet (which is a component of gross and net debt).

Revenue

Revenue is defined as operating transactions that increase net worth. Examples include tax collections, Commonwealth grants, royalty income, and fees for goods and services.

Sales of goods and services

Refers to revenue from the direct provision of goods and services, and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land.

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. Examples include bills, bonds and debentures, commercial paper, and securitised mortgage loans.

Superannuation concurrent cost

The current service cost of employees.
Superannuation interest cost

Represents the carrying cost of unfunded superannuation liabilities. Unfunded superannuation is essentially a debt owing to employees. Part of the annual valuation of these ‘debts’ includes the carrying (or interest) cost. The State of Western Australia now concurrently funds the superannuation costs of almost all of its employees (since 1998-99). As a result, superannuation interest costs are anticipated to decline over the next two to three decades as unfunded entitlements are gradually paid out.

Taxation revenue

Taxation revenue represents revenue received from the State’s taxpayers and includes payroll tax, land tax, duties levied principally on conveyances and land transfers, gambling taxes levied mainly on private lotteries and racing, insurance duty relating to compulsory third party policies, motor vehicle taxes, including registration fees and duty on registrations and transfers, levies on statutory corporations in other sectors of government and other taxes, including landfill levies, licence and concession fees.

Tax equivalents regime

The mechanism to ensure that public corporations incur similar tax liabilities as privately owned organisations that are exposed to the tax system. Under these arrangements, greater parity exists between the cost structures of public sector 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 assets

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

Total non-financial public sector

The total non-financial public sector represents the consolidated transactions and assets and liabilities of the general government and public non-financial corporations sectors. In compiling statistics for the total non-financial public sector, transactions and debtor/creditor relationships between sub-sectors are eliminated.
Transaction

Transactions are those economic flows that are considered to arise from an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.

Taxation is regarded as mutually agreed interactions between the public sector and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is in cash.

Uniform Presentation Framework

The Uniform Presentation Framework (UPF) was first agreed by the Australian Loan Council in 1993. The current UPF incorporates the use of accounting standard AASB 1049: Whole of Government and General Government Sector Financial Reporting and specifies that Commonwealth, State and Territory governments will present a minimum set of budget and financial outcome information on AASB 1049 and Government Finance Statistics bases according to an agreed format specified by 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 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.