



GOVERNMENT OF
WESTERN AUSTRALIA

2017-18

**QUARTERLY
FINANCIAL
RESULTS REPORT**

DECEMBER 2017



2017-18

Quarterly Financial Results Report

December 2017

2017-18 Quarterly Financial Results Report
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2017-18

Quarterly Financial Results Report

Six Months Ended 31 December 2017

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Foreword

This *Quarterly Financial Results Report (QFRR)* provides financial results for the Western Australian public sector for the six months to 31 December 2017.

Care should be exercised in extrapolating the likely outcome for the 2017-18 year based on the quarterly results to date, particularly in light of the seasonal and other timing factors that impact the State's finances. For example, the timing of grant revenue (from the Commonwealth), grant payments, and goods and services purchases and sales by agencies can be volatile, making comparisons between quarterly reporting periods difficult.

The presentation in this report is consistent with that used in the 2017-18 State Budget (presented to the Legislative Assembly on 7 September 2017).

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

In addition to the financial statements in Appendix 1 and details of operating revenue in Appendix 2, this report includes:

- Appendix 3: *Public Ledger*, which summarises information on the Consolidated Account, Treasurer's Special Purpose Accounts and the Treasurer's Advance; and
- Appendix 4: *Special Purpose Accounts*, which details movements in balances for a number of Special Purpose Accounts established for the delivery of key Government policy outcomes.

Information presented in this QFRR is not audited.

Statement of Responsibility

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

In our opinion, the statements are a true and fair presentation of the operating statements and cash flows of these sectors for the three months ended 31 December 2017 and of the balance sheets of these reporting entities at 31 December 2017. The statements have been prepared in accordance with applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, and where there is no conflict with these standards, they are also consistent with the Australian Bureau of Statistics' *Government Finance Statistics Concepts, Sources and Methods 2005*.

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



MICHAEL BARNES
UNDER TREASURER



MAGDALENA WITTEK
MANAGER
FINANCIAL REPORTING

28 February 2018

Overview

Summary

The general government sector recorded an operating deficit of \$701 million for the six months to 31 December 2017, compared to a \$1.4 billion deficit reported for the same period in 2016-17.

- General government revenue for the first six months of 2017-18 was \$790 million (or 6%) higher than the same period last year. This growth is primarily driven by higher dividend income (up \$558 million), higher recurrent Commonwealth grants (up \$138 million) and higher sales of goods and services (up \$122 million). These increases were partially offset by lower taxation revenue (down \$159 million).
- General government expenses were \$45 million (or 0.3%) higher than the December 2016 outcome. This low growth rate reflects lower current and capital transfers (down \$156 million, mainly for lower operating subsidies to Synergy and the Water Corporation), and lower 'other' gross operating expenses across the sector (down \$90 million). Salaries expenditure was \$191 million (or 3.3%) higher than the same time last year, primarily due to Machinery of Government changes¹ and employee costs in the health sector.
- Total public sector net debt was \$33.8 billion at 31 December 2017, \$1.8 billion higher than the \$32 billion outcome recorded at 30 June 2017.

¹ In April 2017, the Government announced Machinery of Government changes that reduced the number of Departments from 41 to 25 with effect from 1 July 2017. As part of these changes, the Housing Authority and the Rottnest Island Authority (which were public non-financial corporation functions in 2016-17) were transferred to the new Department of Communities and Department of Biodiversity, Conservation and Attractions respectively. The two new Departments are general government sector agencies. For accounting purposes in the State's whole-of-government financial disclosures (including this report), Housing Authority functions remain part of the public non-financial corporations sector. However, the former employees of the Housing Authority are now employed by the Department of Communities with a service delivery arrangement existing between the general government and public non-financial corporations sectors. This arrangement results in a one-off increase in salaries costs for the general government sector from 1 July 2017, funded by payment for these costs by the Housing Authority.

Results Compared to Prior Year

General Government Sector

The general government sector recorded an operating deficit of \$701 million for the six months to 31 December 2017, \$744 million lower than the \$1,445 million deficit reported for the same period in 2016-17.

Table 1

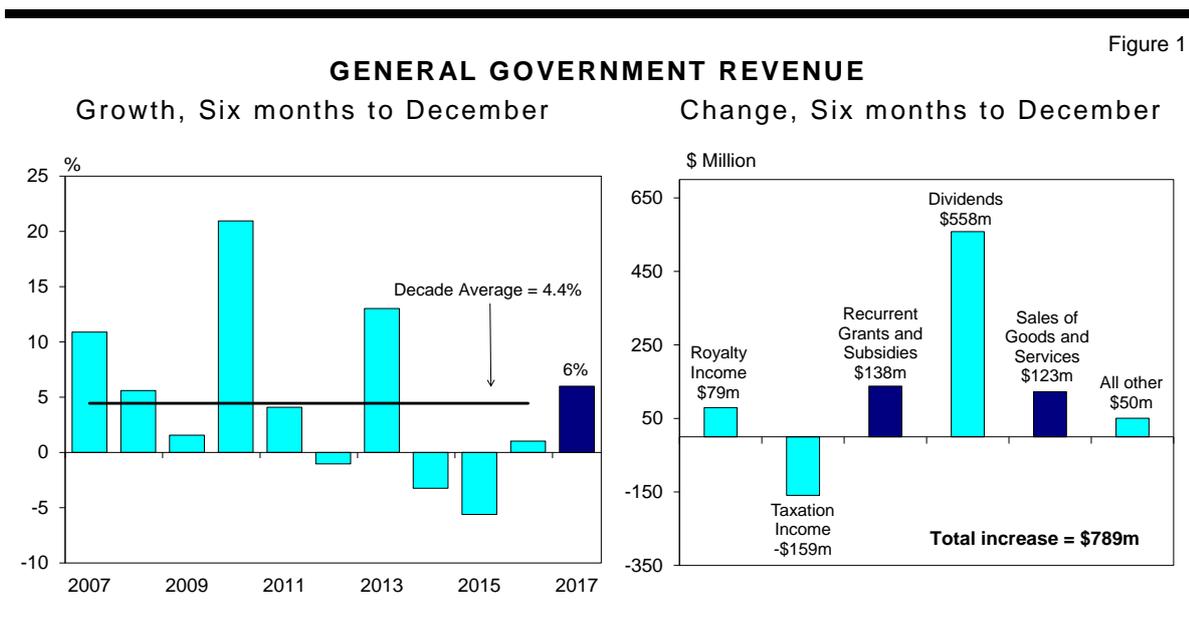
SUMMARY OF GENERAL GOVERNMENT SECTOR FINANCES
Western Australia

	2017-18			2016-17		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn (a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual (b) \$m
Net operating balance	-32	-701	-2,605	-932	-1,445	-2,474
Net worth		109,501	107,319		115,543	110,189
Movement in cash balances	144	1,379	-189	276	1,280	66
<i>Memorandum items</i>						
Net lending	-402	-1,261	-3,878	-1,399	-2,045	-3,592
Net debt		21,144	23,410		17,253	18,820
Cash surplus/-deficit	-803	-2,047	-3,588	-1,016	-2,437	-3,751

(a) Consistent with the revised estimated outcome published in the 2017-18 Mid-year Review, released on 20 December 2017.
 (b) Consistent with final audited data contained in the 2016-17 Annual Report on State Finances, released 22 September 2017.

Revenue

Revenue for the six months to 31 December 2017 totalled \$13,975 million, \$789 million (or 6%) higher than the same period last year.



The higher revenue outcome for the December quarter primarily reflects the net impact of:

- higher dividend income (up \$558 million), mainly due to a number of efficiency measures introduced for Government Trading Enterprises as part of the 2017-18 Budget²:
 - Synergy (up \$148 million), reflecting a special dividend payment of \$100 million and \$48 million profit on the sale of Synergy’s shares in Mumbida Wind Farm Holdings Pty Ltd;
 - Western Power (up \$145 million), mainly due to the timing of the declaration of interim dividends paid for 2016-17;
 - Pilbara Ports Authority (up \$123 million), due to an increase in the dividend payout ratio from 65% to 90% of net profit after tax for 2016-17 (paid in 2017-18 – the dividend payout ratio declines to 85% from 2017-18); and
 - Insurance Commission of Western Australia (up \$76 million) due to a special dividend of \$54 million and a final dividend for 2016-17 of \$22 million (paid in 2017-18);
- lower tax collections (down \$159 million), largely reflecting the combination of:
 - lower land tax (down \$131 million) due to the later issuing of assessment notices for 2017-18 and a reduction in land values and taxable land parcels relative to 2016-17;
 - lower landholder duty (down \$44 million), mainly due to the timing of large one-off commercial landholder transactions paid in 2016-17;
 - higher transfer duty (up \$35 million), following a number of large commercial transfer duty transactions in the December 2017 quarter;
 - higher motor vehicle taxes (up \$27 million), due to increases in licence fees for light and heavy vehicles and an increase in vehicle registrations; and
 - lower payroll tax (down \$27 million), reflecting a change in composition away from some payroll tax intensive sectors;
- higher recurrent grants and subsidies from the Commonwealth (up \$138 million), primarily due to:
 - higher GST grants (up \$124 million), due to an increase in the national GST pool, and Western Australia receiving a slightly larger share of national collections in 2017-18 (34.4%) compared to 2016-17 (30.3%);
 - lower local government road and general purpose funding (down \$72 million), largely reflecting the earlier timing of grants received from the Commonwealth;
 - higher funding for non-government schools (up \$30 million), mainly due to higher student enrolment numbers and indexation; and

² These efficiency measures included increased dividend payout ratios for a number of Government Trading Enterprises, deferral of 2016-17 interim dividend payments by the electricity corporations to 2017-18, and a special dividend payment of \$100 million by Synergy (more information on the measures is available in 2017-18 Budget Paper No. 3: *Economic and Fiscal Outlook*).

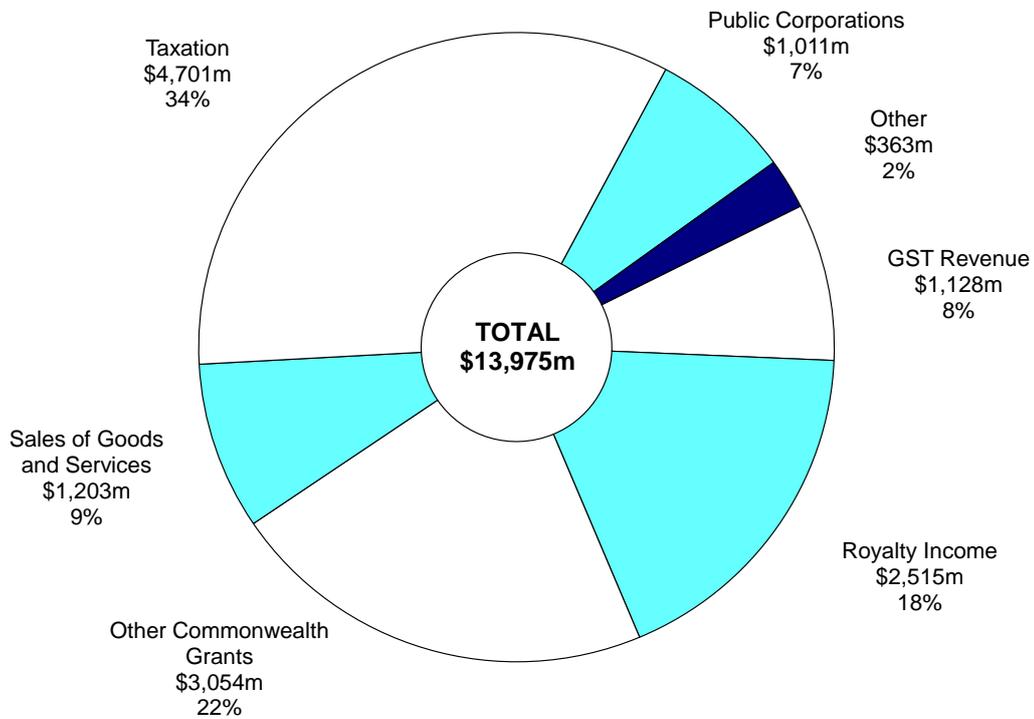
- higher funding for the disability and health sectors (up a combined \$42 million), mainly reflecting increased funding under the Pay Equity for the Social and Community Services Sector program, funding for the Western Australian National Disability Insurance Scheme and the Multi-purpose Service Sites program;
- higher sales of goods and services (up \$123 million), largely reflecting the recoup of salaries and on-costs by the Department of Communities as a result of Machinery of Government changes from 1 July 2017 (refer to earlier footnote); and
- higher royalty income (up \$79 million), mainly due to a higher iron ore benchmark price and increased export volumes, partially offset by a higher \$US/\$A exchange rate and lower prices for lower quality iron ore (compared to the standard benchmark price):
 - the benchmark iron ore price averaged \$US67.8 per tonne in the six months to 31 December 2017, which was 6% higher than the average price in the same period in 2016-17 (\$US63.9 per tonne);
 - iron ore export volumes in the six months to December 2017 were 2.4% higher than the same period last year; and
 - the \$US/\$A exchange rate averaged US77.9 cents in the six months to December 2017, which is 3.4% higher than the average for the corresponding period a year earlier (US75.4 cents).

Figure 2



Figure 3

GENERAL GOVERNMENT REVENUE^(a)
Six months to 31 December 2017



(a) Segments may not add due to rounding.

Expenses

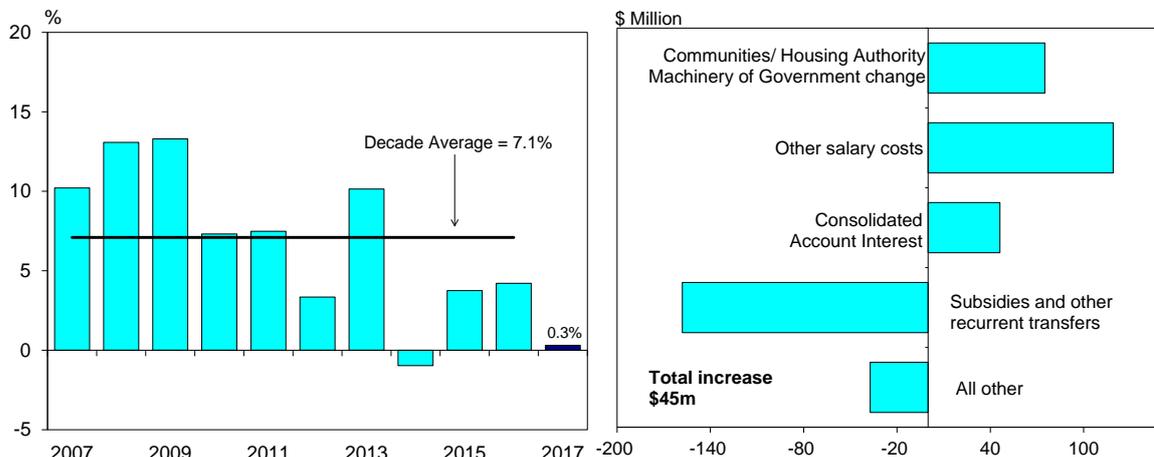
Expenses for the six months to 31 December 2017 totalled \$14,676 million, up \$45 million (or 0.3%) on the same period in 2016-17.

Figure 4

GENERAL GOVERNMENT EXPENSES

Growth, Six months to December

Change, Six months to December

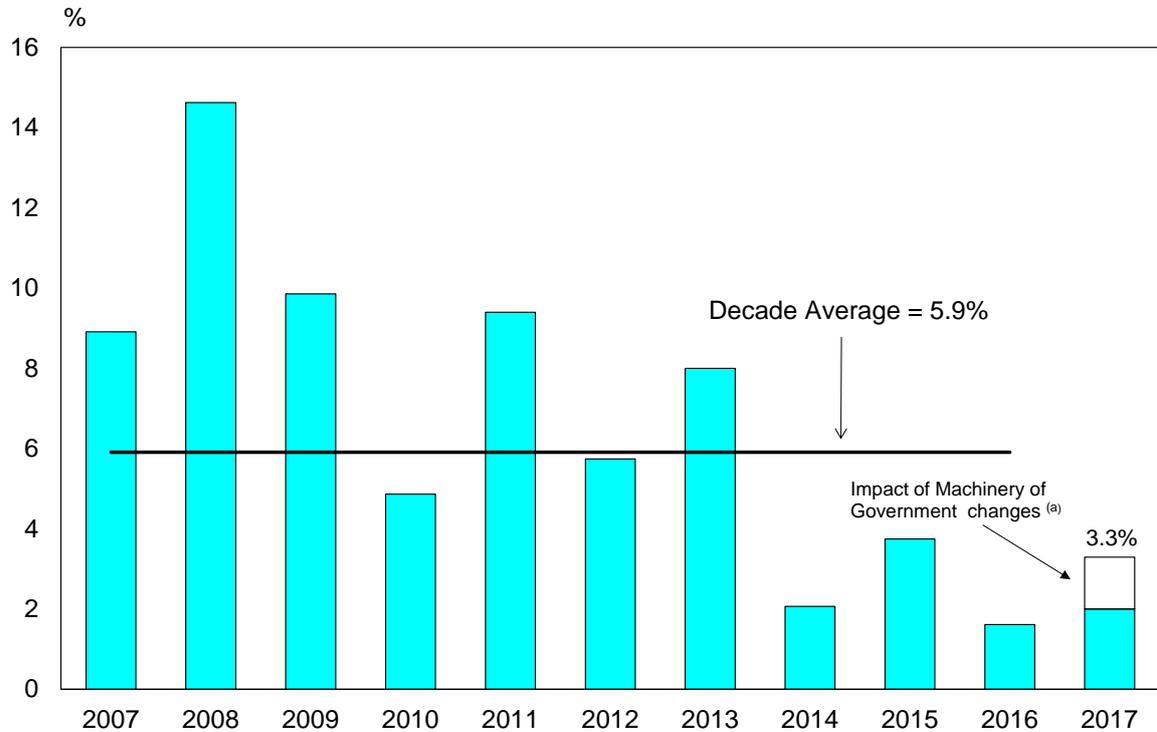


This small increase in spending for the six months to 31 December 2017, compared with the same period last year, is mainly due to the net effect of:

- higher salaries (up \$191 million, or 3.3%), due to:
 - the impact of recent Machinery of Government changes – abstracting from these changes, salaries growth was just 2% (see figure below); and
 - increased hospital activity for WA Health (up \$65 million);
- lower current and capital transfers (down \$156 million, or 5.7%), mainly due to the combined effect of:
 - a lower operating subsidy for Synergy (down \$92 million), reflecting a decrease in tariff adjustment payment rates applying from 1 July 2017;
 - a lower operating subsidy for the Water Corporation (down \$54 million), mainly due to lower than anticipated operating expenditure and the deferral of other expenditure to future years;
 - lower on-passed local government grants (down \$72 million), reflecting the timing of the associated funding from the Commonwealth (noted earlier);
 - a higher operating subsidy for the Public Transport Authority (up \$44 million), primarily due to the Authority's higher operating costs, including increased interest expenses on borrowings for asset investment and one-off expenses in 2017-18 for the construction of the Nicholson Road grade separation;
 - the on-passing of higher non-government schools grants (up \$30 million) due to higher student enrolment numbers and indexation (noted earlier); and
 - higher grant payments to Horizon Power for the Onslow Power infrastructure upgrade project (up \$29 million); and
- lower 'other' gross operating expenses (down \$90 million, or 2.9%), mainly due to lower health sector spending (down \$67 million, reflecting lower private sector contract costs and patient support costs), and an overall reduction in operating spending across the general government sector.

Figure 5

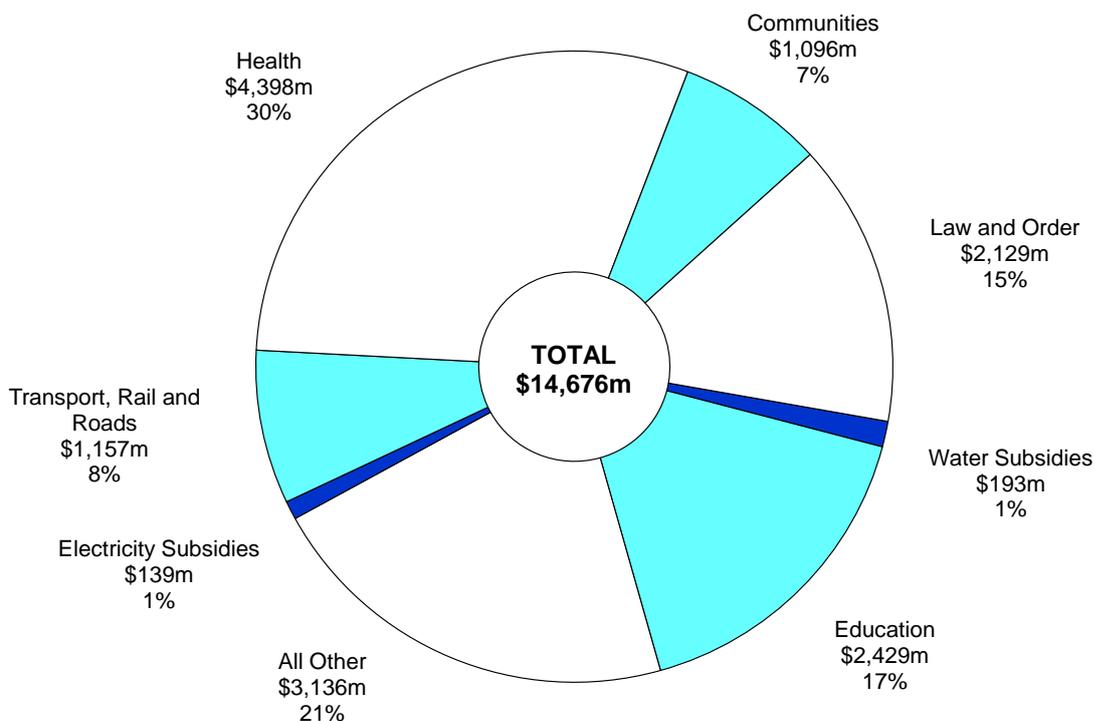
SIX MONTHS TO 31 DECEMBER SALARIES GROWTH
General Government



(a) Following Machinery of Government changes which took effect from 1 July 2017, staff previously employed by the Housing Authority and Rottneest Island Authority (which are both public non-financial corporations) are now employed by the Department of Communities and the Department of Biodiversity, Conservation and Attractions respectively (general government agencies). This change, which streamlines the delivery of related services, results in a one-off increase to salary costs in 2017-18.

Figure 6

GENERAL GOVERNMENT EXPENSES^(a)
Six months to 31 December 2017



(a) Segments may not add due to rounding.

Balance Sheet

General government sector net worth decreased by an estimated \$688 million during the six months to 31 December 2017, to stand at \$109.5 billion³. This lower outcome mainly reflects the combined impact of:

- a \$3.8 billion increase in borrowings (mainly central borrowings held by the Consolidated Account);
- higher liquid assets (up \$1.1 billion), mainly due to the timing of cash receipts and payments through the Public Bank Account;
- a \$888 million net decrease in all other general government sector liabilities (including movements in unfunded superannuation liabilities, leave accrual and accounts payable, etc.);
- an estimated \$541 million increase in general government sector land and physical assets, reflecting infrastructure spending and projected increases in the value of the sector’s existing land holdings; and

³ Net worth is the widest measure of financial value of the public sector and includes the value of all assets less the value of all liabilities recorded on the balance sheet.

- a net increase in all other general government sector assets (up \$540 million), mainly reflecting movement in receivables for the timing of cash receipts.

Cash Flow

A cash deficit of \$2 billion was recorded for the six months to 31 December 2017, a \$390 million improvement on the cash deficit recorded for the same period in 2016-17. This outcome reflects:

- a net cash deficit from operating activities of \$912 million, compared with a \$1.5 billion cash deficit reported for the same period last year, due to the cash impact of the lower operating deficit outcome discussed earlier; and
- \$1.2 billion in general government infrastructure spending (\$153 million higher than the amount reported for the same period last year), primarily due to spending on the Southern Inland Health Initiative and the Karratha Health Campus.

Total Public Sector

Operating Statement

The total public sector recorded an operating deficit of \$1,126 million for the six months to 31 December 2017, up from the \$1,061 million operating deficit recorded in the same period a year earlier.

SUMMARY OF TOTAL PUBLIC SECTOR FINANCES Western Australia

Table 2

	2017-18			2016-17		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
Net operating balance	-531	-1,126	-3,591	-870	-1,061	-2,744
Net worth		109,501	107,319		115,543	110,189
Movement in cash balances	-1,588	-137	-916	-108	222	-927
<i>Memorandum items</i>						
Net lending	-747	-2,039	-5,373	-807	-1,298	-3,829
Net debt		33,782	37,354		29,672	31,964
Cash surplus/-deficit	-1,507	-2,415	-4,855	116	-1,184	-4,675

(a) Consistent with the revised estimated outcome published in the 2017-18 Mid-year Review, released on 20 December 2017.

(b) Consistent with final audited data contained in the 2016-17 *Annual Report on State Finances*, released on 22 September 2017.

The total public sector operating deficit for the six months to 31 December 2017 incorporates:

- the \$701 million operating deficit for the general government sector outlined earlier;
- an operating surplus of \$72 million for the public non-financial corporations sector, \$233 million lower than the surplus recorded in the same period in 2016-17 mainly due to lower operating subsidies received by Synergy (as a result of changes in the tariff adjustment payment mentioned earlier) and a lower operating surplus reported by the Housing Authority; and

- an operating surplus of \$262 million for the public financial corporations sector, broadly in line with the surplus recorded in the same period in 2016-17.

TOTAL PUBLIC SECTOR OPERATING BALANCE By Sector

Table 3

	2017-18			2016-17		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
Net Operating Balance						
General government sector	-32	-701	-2,605	-932	-1,445	-2,474
Public non-financial corporations sector	47	72	489	243	305	480
Public financial corporations sector	-51	262	324	9	280	164
<i>less</i>						
General government dividend revenue	495	759	1,728	190	201	837
Public non-financial corporations dividend revenue ^(c)	-	-	70	-	-	78
Total public sector net operating balance	-531	-1,126	-3,591	-870	-1,061	-2,744

(a) Consistent with the revised estimated outcome published in the 2017-18 Mid-year Review, released on 20 December 2017.

(b) Consistent with the final audited data contained in the 2016-17 *Annual Report on State Finances*, released on 22 September 2017.

(c) Dividends received from Keystart (a public financial corporation) by the Housing Authority (a public non-financial corporation).

Balance Sheet

The value of the total public sector balance sheet (measured by net worth, or total assets less total liabilities) is identical to that of the general government sector (discussed earlier). This is because the net worth of the public corporations sectors is recognised as an investment asset of the general government sector.

Total public sector net debt increased by \$1.8 billion during the six months to 31 December 2017 to stand at \$33.8 billion. The majority of gross borrowings (the largest component of net debt) is held by the Consolidated Account, which increased borrowings to \$26 billion at 31 December 2017 (see Appendix 3: Public Ledger).

Cash Flow

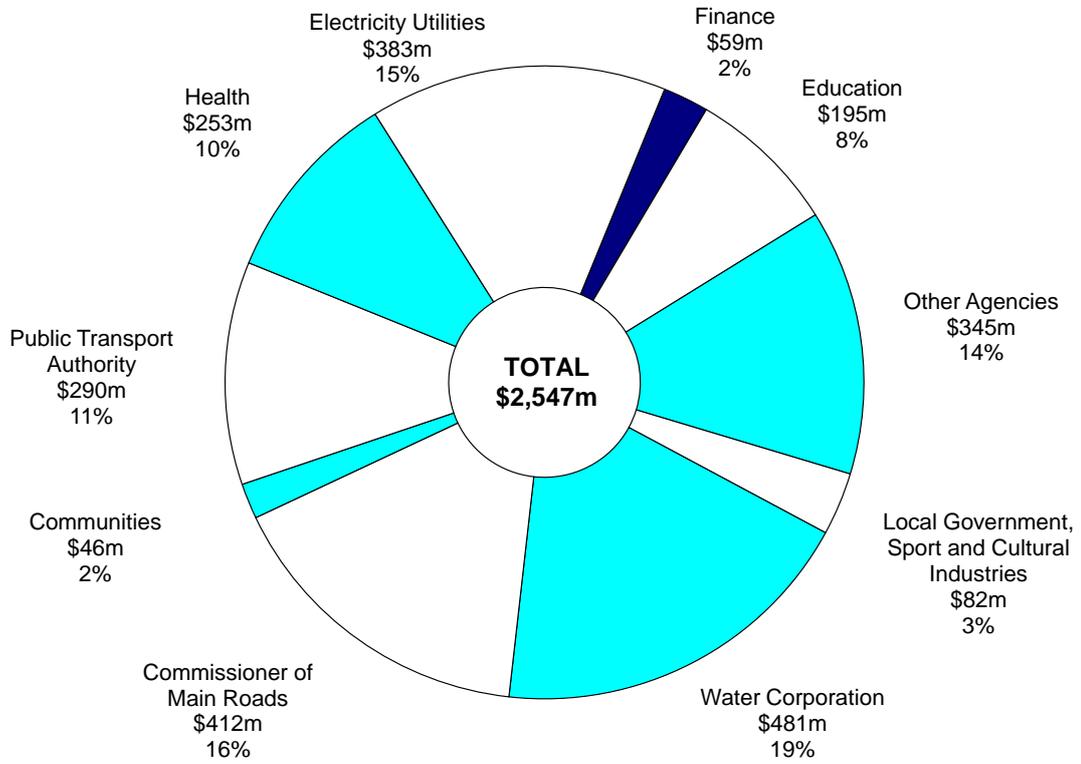
A cash deficit of \$2.4 billion was recorded for the total public sector for the six months to 31 December 2017. This is a \$1.2 billion increase over the same period in 2016-17. The higher cash deficit outcome includes the impact of a \$170 million operating cash deficit⁴. The net cash deficit on infrastructure spending in the December quarter was \$2.2 billion.

This included infrastructure investment totalling \$2.5 billion, \$338 million higher than the same period in 2016-17. In addition to general government sector investment discussed earlier, the higher infrastructure outcome reflects spending by the Water Corporation on land acquisition and on the Woodman Point Wastewater Treatment Plant.

⁴ The key difference between the accrual operating deficit discussed earlier, and the cash operating surplus is non-cash depreciation costs.

Figure 7

ASSET INVESTMENT PROGRAM^(a)
 Six months to 31 December 2017



(a) Segments may not add due to rounding.

Interim Financial Statements

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Introduction

Financial information presented in this appendix has been prepared in accordance with Australian Accounting Standards and pronouncements, including AASB 134: *Interim Financial Reporting*, 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 2017-18 State Budget Papers presented to the Legislative Assembly on 7 September 2017, facilitating comparisons between estimates and outturns.

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

Table 1.1

GENERAL GOVERNMENT OPERATING STATEMENT

	2017-18			2016-17			
	Note	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn (a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual (b) \$m
RESULTS FROM TRANSACTIONS							
REVENUE							
Taxation		2,588	4,701	8,498	1,940	4,861	8,604
Current grants and subsidies		2,050	4,107	8,401	2,010	3,970	8,091
Capital grants		16	74	643	37	52	513
Sales of goods and services		623	1,203	2,451	512	1,081	2,261
Interest Income		41	80	166	54	105	196
Revenue from public corporations							
Dividends from other sectors		495	759	1,728	190	201	837
Tax equivalent income		119	252	601	124	229	534
Royalty income		1,223	2,515	5,132	1,307	2,436	5,272
Other		120	283	572	112	252	604
Total	2	7,275	13,975	28,193	6,286	13,185	26,913
EXPENSES							
Salaries		3,029	6,009	12,450	2,931	5,818	11,610
Superannuation							
Concurrent costs		305	606	1,255	308	594	1,166
Superannuation interest cost		42	92	193	72	109	156
Other employee costs		93	171	400	82	162	322
Depreciation and amortisation		320	641	1,452	321	648	1,320
Services and contracts		613	1,184	2,438	549	1,122	2,393
Other gross operating expenses		1,373	2,967	6,022	1,432	3,056	5,808
Other interest		218	422	895	199	383	783
Current transfers	3	1,242	2,424	5,188	1,261	2,581	5,280
Capital transfers	3	71	160	503	63	159	549
Total		7,307	14,676	30,797	7,217	14,631	29,387
NET OPERATING BALANCE	4	-32	-701	-2,605	-932	-1,445	-2,474
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		-52	-42	-25	-26	-32	-193
Net actuarial gains/-loss - superannuation		-90	20	-341	656	575	659
Provision for doubtful debts		20	-1	-13	-3	-	-41
Changes in accounting policy/adjustments of prior periods		-46	-3	-	-24	24	143
Total other economic flows		-168	-27	-379	603	567	568
OPERATING RESULT		-200	-728	-2,983	-329	-878	-1,905
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		99	172	358	-26	45	-3,042
Gains recognised directly in equity		-	-6	-	-	-7	15
Change in net worth of the public corporations sectors		-156	-126	-244	-60	1,518	254
All other		-	-	-	-	-	-
Total all other movements in equity		-57	40	114	-86	1,555	-2,772
TOTAL CHANGE IN NET WORTH	4	-257	-688	-2,870	-415	677	-4,677
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	4	-32	-701	-2,605	-932	-1,445	-2,474
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		652	1,172	2,427	540	1,019	2,341
Changes in inventories		-5	-3	2	-3	-1	-11
Other movement in non-financial assets		64	68	469	292	293	240
<i>less:</i>							
Sales of non-financial assets		20	37	174	41	63	132
Depreciation		320	641	1,452	321	648	1,320
Total net acquisition of non-financial assets		370	560	1,273	467	600	1,119
NET LENDING/-BORROWING	4	-402	-1,261	-3,878	-1,399	-2,045	-3,592

(a) Consistent with the revised estimated outcome published in the 2017-18 Mid-year Review, released on 20 December 2017.

(b) Consistent with the final audited data contained in the 2016-17 Annual Report on State Finances, released on 22 September 2017.

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

Table 1.2

GENERAL GOVERNMENT BALANCE SHEET

	Note	For the period ending			
		31 Dec	30 June	31 Dec	30 June
		2017	2018 ^(a)	2016	2017 ^(b)
		\$m	\$m	\$m	\$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		1,080	788	805	778
Advances paid		736	715	740	717
Investments, loans and placements	5	5,073	3,915	5,697	4,278
Receivables	6	3,492	3,066	3,183	3,099
Shares and other equity					
Investments in other public sector entities - equity method		47,783	47,665	49,172	47,909
Investments in other public sector entities - direct injections		9,202	8,949	8,830	9,019
Investments in other entities		45	45	49	51
Other financial assets		8	8	8	8
Total financial assets		67,419	65,151	68,484	65,859
<i>Non-financial assets</i>					
Land		37,285	37,433	38,788	37,269
Property, plant and equipment		43,166	45,151	43,820	42,640
Biological assets		4	4	4	8
Inventories					
Land inventories		98	107	113	98
Other inventories		70	75	83	73
Intangibles		666	697	647	680
Assets classified as held for sale		90	88	27	111
Investment property		7	-	8	7
Other		802	242	684	665
Total non-financial assets		82,188	83,797	84,175	81,551
TOTAL ASSETS		149,607	148,948	152,658	147,410
LIABILITIES					
Deposits held		312	432	864	646
Advances received		376	360	392	376
Borrowings	7	27,345	28,035	23,240	23,572
Unfunded superannuation		6,878	7,083	7,462	7,043
Other employee benefits		2,962	2,986	2,958	2,911
Payables		844	1,378	855	1,294
Other liabilities		1,389	1,354	1,345	1,380
TOTAL LIABILITIES		40,106	41,629	37,115	37,221
NET ASSETS		109,501	107,319	115,543	110,189
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		5,850	2,886	7,574	6,553
Other reserves		103,652	104,433	107,969	103,636
NET WORTH	4	109,501	107,319	115,543	110,189
MEMORANDUM ITEMS					
<i>Net financial worth</i>		27,313	23,522	31,369	28,638
<i>Net financial liabilities</i>		29,672	33,091	26,633	28,290
<i>Net debt</i>					
Gross debt liabilities		28,033	28,828	24,496	24,594
less: liquid financial assets		6,889	5,418	7,242	5,773
less: convergence differences impacting net debt		-	-	-	-
Net debt		21,144	23,410	17,253	18,820

(a) Consistent with the revised estimated outcome published in the 2017-18 Mid-year Review, released on 20 December 2017.

(b) Consistent with the final audited data contained in the 2016-17 *Annual Report on State Finances*, released on 22 September 2017.

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

Table 1.3

GENERAL GOVERNMENT STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2017

	Revaluation Surplus \$m	Asset investments in other sector entities \$m	Accumulated net gain on equity Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2017</i>	55,727	47,909	6,553	110,189
Operating result	-	-	-728	-728
Other movements in equity	172	-126	-6	40
All other	-31	-	31	-
<i>Total change in net worth</i>	141	-126	-704	-688
Balance at 31 December 2017	55,869	47,783	5,850	109,501

For the six months ended 31 December 2016

	Revaluation Surplus \$m	Asset investments in other sector entities \$m	Accumulated net gain on equity Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2016</i>	58,752	47,654	8,460	114,866
Operating result	-	-	-878	-878
Other movements in equity	45	1,518	-7	1,555
All other	1	-	-1	-
<i>Total change in net worth</i>	46	1,518	-886	677
Balance at 31 December 2016	58,798	49,172	7,574	115,543

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

Table 1.4

GENERAL GOVERNMENT CASH FLOW STATEMENT

	2017-18			2016-17			
	Note	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn (a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual (b) \$m
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received		2,171	4,123	8,480	2,471	4,469	8,432
Grants and subsidies received		2,039	4,172	9,037	2,028	3,986	8,529
Receipts from sales of goods and services		678	1,307	2,531	554	1,166	2,335
Interest receipts		35	67	161	34	85	193
Dividends and tax equivalents		878	1,016	2,340	394	557	1,484
Other		1,875	3,758	6,999	1,608	3,328	7,218
<i>Total cash received</i>		7,676	14,443	29,548	7,088	13,592	28,191
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-3,665	-6,856	-14,174	-3,487	-6,519	-13,141
Payments for goods and services		-2,124	-4,656	-8,866	-2,112	-4,696	-8,608
Interest paid		-203	-397	-866	-185	-355	-758
Grants and subsidies paid		-1,335	-2,428	-5,347	-1,497	-2,669	-5,389
Dividends and tax equivalents		-	-	-	-	-	-
Other		-519	-1,017	-1,628	-325	-834	-1,836
<i>Total cash paid</i>		-7,847	-15,355	-30,883	-7,605	-15,073	-29,732
NET CASH FLOWS FROM OPERATING ACTIVITIES		-171	-912	-1,335	-518	-1,481	-1,541
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-652	-1,172	-2,427	-540	-1,019	-2,341
Sales of non-financial assets		20	37	174	41	63	132
<i>Total cash flows from investments in non-financial assets</i>		-631	-1,135	-2,254	-499	-956	-2,210
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		4	6	10	5	8	14
For liquidity purposes		16	26	37	-2	-	83
<i>Cash paid</i>							
For policy purposes		-234	-274	-598	-114	-678	-861
For liquidity purposes		-4	-23	-15	-2	-10	-46
<i>Total cash flows from investments in financial assets</i>		-219	-265	-566	-112	-680	-809
NET CASH FLOWS FROM INVESTING ACTIVITIES		-850	-1,401	-2,820	-611	-1,636	-3,018
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	16	-4	-	16
Borrowings		1,263	3,786	4,423	1,330	4,655	5,166
Deposits received		-	-	-	-	-	-
Other financing receipts		10	115	168	8	15	46
<i>Total cash received</i>		1,273	3,901	4,608	1,333	4,670	5,227
<i>Cash paid</i>							
Advances paid		-	-	-16	4	-	-16
Borrowings repaid		-17	-39	-347	-15	-27	-168
Deposits paid		-	-	-	-	-	-
Other financing payments		-90	-171	-279	81	-246	-418
<i>Total cash paid</i>		-108	-210	-642	71	-273	-602
NET CASH FLOWS FROM FINANCING ACTIVITIES		1,166	3,691	3,966	1,404	4,397	4,626
Net increase in cash and cash equivalents		144	1,379	-189	276	1,280	66
Cash and cash equivalents at the beginning of the year		6,073	4,839	4,839	5,777	4,773	4,773
Cash and cash equivalents at the end of the year		6,217	6,217	4,650	6,053	6,053	4,839
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		-171	-912	-1,335	-518	-1,481	-1,541
Net cash flows from investing in non-financial assets		-631	-1,135	-2,254	-499	-956	-2,210
Cash surplus/-deficit	4	-803	-2,047	-3,588	-1,016	-2,437	-3,751

(a) Consistent with the revised estimated outcome published in the 2017-18 Mid-year Review, released on 20 December 2017.

(b) Consistent with the final audited data contained in the 2016-17 *Annual Report on State Finances*, released on 22 September 2017.

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

Table 1.5

TOTAL PUBLIC SECTOR OPERATING STATEMENT

	Note	2017-18			2016-17		Actual ^(b) \$m
		Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	
<i>Results from Transactions</i>							
REVENUE							
Taxation		2,464	4,455	7,998	1,823	4,617	8,117
Current grants and subsidies		2,050	4,107	8,401	2,010	3,970	8,091
Capital grants		16	74	643	37	52	513
Sales of goods and services		5,402	10,546	21,711	6,190	11,531	20,602
Interest income		135	271	549	104	230	597
Royalty income		1,223	2,515	5,132	1,307	2,436	5,272
Other		222	454	1,009	197	442	979
Total	2	11,512	22,423	45,443	11,667	23,278	44,172
EXPENSES							
Salaries		3,304	6,553	13,622	3,258	6,455	12,811
Superannuation							
Concurrent costs		333	661	1,373	342	659	1,287
Superannuation interest cost		42	92	193	72	109	156
Other employee costs		78	128	298	58	122	179
Depreciation and amortisation		839	1,695	3,588	726	1,680	3,399
Services and contracts		881	1,642	3,259	773	1,568	3,309
Other gross operating expenses		5,103	9,929	20,623	5,920	10,890	19,652
Other interest		427	809	1,742	380	813	1,714
Other property expenses		-	-	-	-	-	-
Current transfers	3	942	1,884	4,071	943	1,907	3,927
Capital transfers	3	93	155	265	67	135	482
Total		12,043	23,549	49,034	12,537	24,339	46,916
NET OPERATING BALANCE	4	-531	-1,126	-3,591	-870	-1,061	-2,744
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		93	153	64	55	219	187
Net actuarial gains/-loss - superannuation		-92	21	-341	667	586	638
Provision for doubtful debts		24	-2	-49	-11	-10	-102
Changes in accounting policy/adjustment of prior periods		87	-1,080	-	20	192	-1,008
<i>Total other economic flows</i>		<i>112</i>	<i>-907</i>	<i>-326</i>	<i>730</i>	<i>987</i>	<i>-285</i>
OPERATING RESULT		-419	-2,034	-3,917	-140	-75	-3,030
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		160	101	-45	-291	-111	-2,803
Gains recognised directly in equity		1	1,245	1,092	16	863	1,155
All other		-	-	-	-	-	-
<i>Total all other movements in equity</i>		<i>161</i>	<i>1,345</i>	<i>1,047</i>	<i>-275</i>	<i>752</i>	<i>-1,648</i>
TOTAL CHANGE IN NET WORTH	4	-257	-688	-2,870	-415	677	-4,677
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	4	-531	-1,126	-3,591	-870	-1,061	-2,744
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		1,357	2,547	5,550	1,162	2,209	5,137
Changes in inventories		-212	269	81	-728	-398	-449
Other movement in non-financial assets		70	94	592	331	376	371
<i>less:</i>							
Sales of non-financial assets		159	301	852	102	269	576
Depreciation		839	1,695	3,588	726	1,680	3,399
<i>Total net acquisition of non-financial assets</i>		<i>217</i>	<i>913</i>	<i>1,782</i>	<i>-63</i>	<i>237</i>	<i>1,085</i>
NET LENDING/-BORROWING	4	-747	-2,039	-5,373	-807	-1,298	-3,829

(a) Consistent with the revised estimated outcome published in the 2017-18 Mid-year Review, released on 20 December 2017.

(b) Consistent with the final audited data contained in the 2016-17 Annual Report on State Finances, released on 22 September 2017.

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

Table 1.6

TOTAL PUBLIC SECTOR BALANCE SHEET

	Note	For the period ending			
		31 Dec	30 June	31 Dec	30 June
		2017	2018 ^(a)	2016	2017 ^(b)
		\$m	\$m	\$m	\$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		2,131	1,753	2,162	2,136
Advances paid		4,045	4,382	3,501	3,710
Investments, loans and placements	5	15,279	18,565	15,328	18,613
Receivables	6	4,692	4,272	4,203	4,190
Equity - investments in other entities		1,786	2,311	1,714	2,101
Other financial assets		13	15	14	14
<i>Total financial assets</i>		<i>27,946</i>	<i>31,298</i>	<i>26,922</i>	<i>30,764</i>
<i>Non-financial assets</i>					
Land		50,883	51,034	53,470	50,870
Property, plant and equipment		98,994	101,623	99,036	98,534
Biological assets		330	321	334	334
Inventories					
Land inventories		2,097	2,177	2,055	2,065
Other inventories		4,321	4,133	4,103	4,052
Intangibles		1,135	1,118	1,125	1,119
Assets classified as held for sale		91	111	28	135
Investment property		68	109	293	262
Other		935	352	849	806
<i>Total non-financial assets</i>		<i>158,856</i>	<i>160,980</i>	<i>161,294</i>	<i>158,178</i>
TOTAL ASSETS		186,802	192,278	188,216	188,942
LIABILITIES					
Deposits held		12	26	33	26
Advances received		376	360	392	376
Borrowings	7	54,849	61,668	50,239	56,021
Unfunded superannuation		6,989	7,181	7,578	7,166
Other employee benefits		3,306	3,352	3,362	3,310
Payables		5,997	6,288	5,716	6,235
Other liabilities		5,771	6,084	5,353	5,619
TOTAL LIABILITIES		77,301	84,959	72,672	78,753
NET ASSETS		109,501	107,319	115,543	110,189
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		27,144	25,352	30,305	27,900
Other reserves		82,357	81,968	85,239	82,289
NET WORTH	4	109,501	107,319	115,543	110,189
MEMORANDUM ITEMS					
<i>Net financial worth</i>		<i>-49,355</i>	<i>-53,661</i>	<i>-45,751</i>	<i>-47,989</i>
<i>Net financial liabilities</i>		<i>51,141</i>	<i>55,972</i>	<i>47,464</i>	<i>50,089</i>
<i>Net debt</i>					
Gross debt liabilities		55,237	62,054	50,663	56,423
less: liquid financial assets		21,455	24,700	20,992	24,459
less: convergence differences impacting net debt		-	-	-	-
<i>Net debt</i>		<i>33,782</i>	<i>37,354</i>	<i>29,672</i>	<i>31,964</i>

(a) Consistent with the revised estimated outcome published in the 2017-18 Mid-year Review, released on 20 December 2017.

(b) Consistent with the final audited data contained in the 2016-17 *Annual Report on State Finances*, released on 22 September 2017.

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

Table 1.7

TOTAL PUBLIC SECTOR STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 December 2017

	Asset		Total Equity
	Revaluation Surplus	Accumulated Surplus/deficit	
	\$m	\$m	\$m
<i>Balance at 1 July 2017</i>	82,289	27,900	110,189
Operating result	-	-2,034	-2,034
Other movements in equity	101	1,245	1,345
All other	-33	33	-
<i>Total change in net worth</i>	68	-756	-688
Balance at 31 December 2017	82,357	27,144	109,501

For the six months ended 31 December 2016

	Asset		Total Equity
	Revaluation Surplus	Accumulated Surplus/deficit	
	\$m	\$m	\$m
<i>Balance at 1 July 2016</i>	85,312	29,555	114,866
Operating result	-	-75	-75
Other movements in equity	-111	863	752
All other	38	-38	-
<i>Total change in net worth</i>	-73	750	677
Balance at 31 December 2016	85,239	30,305	115,543

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

Table 1.8

TOTAL PUBLIC SECTOR CASH FLOW STATEMENT

	2017-18			2016-17			
	Note	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received		2,085	3,974	7,965	2,368	4,284	7,939
Grants and subsidies received		2,039	4,172	9,037	2,028	3,986	8,529
Receipts from sales of goods and services		5,275	10,619	21,935	7,536	13,020	20,819
Interest receipts		156	288	592	28	194	609
Other receipts		2,098	4,425	7,849	1,868	3,957	8,355
<i>Total cash received</i>		<i>11,652</i>	<i>23,478</i>	<i>47,378</i>	<i>13,827</i>	<i>25,442</i>	<i>46,252</i>
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-3,998	-7,482	-15,501	-3,897	-7,291	-14,586
Payments for goods and services		-5,380	-10,964	-22,337	-6,221	-12,178	-21,342
Interest paid		-526	-907	-1,718	-485	-1,037	-2,068
Grants and subsidies paid		-879	-1,763	-3,774	-1,086	-1,987	-3,773
Other payments		-1,178	-2,533	-4,206	-963	-2,193	-4,596
<i>Total cash paid</i>		<i>-11,960</i>	<i>-23,648</i>	<i>-47,536</i>	<i>-12,651</i>	<i>-24,686</i>	<i>-46,366</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES		-308	-170	-158	1,176	756	-114
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-1,357	-2,547	-5,550	-1,162	-2,209	-5,137
Sales of non-financial assets		159	301	852	102	269	576
<i>Total cash flows from investments in non-financial assets</i>		<i>-1,198</i>	<i>-2,245</i>	<i>-4,697</i>	<i>-1,060</i>	<i>-1,939</i>	<i>-4,561</i>
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		4	6	10	5	8	14
For liquidity purposes		1,643	3,674	6,479	1,448	2,421	6,136
<i>Cash paid</i>							
For policy purposes		-5	-7	-10	-6	-7	-13
For liquidity purposes		-1,452	-3,368	-7,555	-1,949	-3,327	-7,678
<i>Total cash flows from investments in financial assets</i>		<i>190</i>	<i>304</i>	<i>-1,075</i>	<i>-503</i>	<i>-906</i>	<i>-1,541</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES		-1,008	-1,941	-5,773	-1,563	-2,845	-6,102
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	-	-	-	-
Borrowings		3,239	9,593	18,043	2,537	6,576	16,150
Deposits received		-	-	-	-	-	-
Other financing receipts		78	88	36	10	20	45
<i>Total cash received</i>		<i>3,318</i>	<i>9,681</i>	<i>18,079</i>	<i>2,547</i>	<i>6,596</i>	<i>16,195</i>
<i>Cash paid</i>							
Advances paid		-	-	-16	4	-	-16
Borrowings repaid		-3,504	-7,546	-12,801	-2,355	-4,043	-10,477
Deposits paid		-	-	-	-	-	-
Other financing payments		-84	-162	-249	82	-241	-413
<i>Total cash paid</i>		<i>-3,588</i>	<i>-7,708</i>	<i>-13,066</i>	<i>-2,269</i>	<i>-4,284</i>	<i>-10,906</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES		-271	1,973	5,014	279	2,312	5,289
Net increase in cash and cash equivalents		-1,588	-137	-916	-108	222	-927
Cash and cash equivalents at the beginning of the year		12,469	11,019	11,019	12,276	11,946	11,946
Cash and cash equivalents at the end of the year		10,882	10,882	10,103	12,168	12,168	11,019
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		-308	-170	-158	1,176	756	-114
Net cash flows from investing in non-financial assets		-1,198	-2,245	-4,697	-1,060	-1,939	-4,561
Cash surplus/-deficit	4	-1,507	-2,415	-4,855	116	-1,184	-4,675

(a) Consistent with the revised estimated outcome published in the 2017-18 Mid-year Review, released on 20 December 2017.

(b) Consistent with the final audited data contained in the 2016-17 Annual Report on State Finances, released on 22 September 2017.

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

Notes to the Interim Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Statement

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

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

(b) The Reporting Entity

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

The total public sector includes the general government sector and the public corporations sector. The general government sector consists of those agencies and Crown entities that provide services that are predominantly funded from central revenue. Public corporations generally seek to recover the majority of the costs of operations through user charges and other own-source revenue.

(c) Basis of Preparation

The financial statements for the three months ended 31 December 2017 have been prepared in accordance with Australian Accounting Standards, in particular AASB 134: *Interim Financial Reporting*, and AASB 1049: *Whole of Government and General Government Sector Financial Reporting* and other authoritative pronouncements of the AASB.

This interim financial report does not include all the note disclosures that are included in an annual financial report. Accordingly, this report is to be read in conjunction with the audited Consolidated Financial Statements for the year ended 30 June 2017, presented in Appendix 1 of the *2016-17 Annual Report on State Finances (ARSF)* released on 22 September 2017. The accounting policies adopted in this publication are consistent with those outlined in the 2016-17 ARSF. The specific accounting policies of the Government of Western Australia are described in Note 3: *Summary of Significant Accounting Policies* in Appendix 1 of the 2016-17 ARSF.

The Interim Financial Statements are presented in Australian dollars and all amounts are rounded to the nearest million dollars (\$m). As a consequence, totals and sub-totals quoted in this report may not add due to rounding.

(d) Unaudited Data

The Interim Financial Statements are not audited.

NOTE 2: OPERATING REVENUE

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

NOTE 3: TRANSFER EXPENSES

Transfer expenses are defined as the provision of something of value for no specific return or consideration and include grants, subsidies, donations, transfers of assets free of charge, etc. The following tables provide detail of current and capital transfer expenses of the general government sector and total public sector.

TRANSFER EXPENSES^(a)

General Government						
	2017-18			2016-17		
	Three Months to 31 Dec	Six Months to 31 Dec	Budget Estimate ^(b)	Three Months to 31 Dec	Six Months to 31 Dec	Actual ^(c)
		\$m	\$m		\$m	\$m
<i>CURRENT TRANSFERS</i>						
Local Government	90	165	315	68	150	278
Local Government on-passing	20	40	90	43	86	262
Private and Not-for-profit sector	342	713	1,585	361	730	1,422
Private and Not-for-profit sector on-passing	298	598	1,233	280	567	1,172
Other sectors of Government	491	908	1,966	509	1,048	2,147
Total Current Transfers	1,242	2,424	5,188	1,261	2,581	5,280
<i>CAPITAL TRANSFERS</i>						
Local Government	17	26	50	13	28	138
Local Government on-passing	14	28	56	27	54	163
Private and Not-for-profit sector	20	45	92	21	47	103
Private and Not-for-profit sector on-passing	5	9	18	-	-	16
Other sectors of Government	16	52	287	2	31	129
Total Capital Transfers	71	160	503	63	159	549
Total Public Sector						
	2017-18			2016-17		
	Three Months to 31 Dec	Six Months to 31 Dec	Budget Estimate ^(b)	Three Months to 31 Dec	Six Months to 31 Dec	Actual ^(c)
		\$m	\$m		\$m	\$m
<i>CURRENT TRANSFERS</i>						
Local Government	91	165	315	68	150	281
Local Government on-passing	20	40	90	43	86	262
Private and Not-for-profit sector	532	1,078	2,415	546	1,093	2,186
Private and Not-for-profit sector on-passing	298	598	1,233	280	567	1,172
Other sectors of Government	2	4	18	6	11	26
Total Current Transfers	942	1,884	4,071	943	1,907	3,927
<i>CAPITAL TRANSFERS</i>						
Local Government	17	26	52	14	28	138
Local Government on-passing	14	28	56	27	54	163
Private and Not-for-profit sector	58	91	140	26	53	165
Private and Not-for-profit sector on-passing	5	9	18	-	-	16
Other sectors of Government	-	-	-	-	-	-
Total Capital Transfers	93	155	265	67	135	482

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

(b) Consistent with the revised estimated outcome published in the 2017-18 Mid-year Review, released on 20 December 2017.

(c) Consistent with the final audited data contained in the 2016-17 *Annual Report on State Finances*, released on 22 September 2017.

Note: Columns may not add due to rounding.

NOTE 4: CONVERGENCE DIFFERENCES

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

The following tables detail convergence differences reflected in the December 2017 results.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Operating Balance

	2017-18			2016-17		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual \$m
<i><u>General government</u></i>						
AASB1049 net operating balance	-32	-701	-2,605	-932	-1,445	-2,474
Plus GFS revenue adjustments	-	-	-	-	-	-
Less GFS expense adjustments	-	-	-	-	-	-
Total GFS expense adjustments	-	-	-	-	-	-
Total GFS adjustments to AASB 1049 net operating balance	-	-	-	-	-	-
GFS net operating balance	-32	-701	-2,605	-932	-1,445	-2,474
<i><u>Total public sector</u></i>						
AASB1049 net operating balance	-531	-1,126	-3,591	-870	-1,061	-2,744
Plus GFS revenue adjustments	-	-	-	-	-	-
Less GFS expense adjustments	-	-	17	-4	-	1
Capitalised interest	-	-	17	-4	-	1
Total GFS expense adjustments	-	-	17	-4	-	1
Total GFS adjustments to AASB 1049 net operating balance	-	-	-17	4	-	-1
GFS net operating balance	-531	-1,126	-3,607	-866	-1,061	-2,745

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Lending/-Borrowing

	2017-18			2016-17		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn	Three Months to 31 Dec	Six Months to 31 Dec	Actual
	\$m	\$m	\$m	\$m	\$m	\$m
<u>General government</u>						
AASB1049 net lending/-borrowing	-402	-1,261	-3,878	-1,399	-2,045	-3,592
Plus Net operating balance convergence differences (noted above)	-	-	-	-	-	-
GFS net lending/-borrowing	-402	-1,261	-3,878	-1,399	-2,045	-3,592
<u>Total public sector</u>						
AASB1049 net lending/-borrowing	-747	-2,039	-5,373	-807	-1,298	-3,829
Plus Net operating balance convergence differences (noted above)	-	-	-17	4	-	-1
GFS net lending/-borrowing	-747	-2,039	-5,390	-803	-1,298	-3,830

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Worth

	2017-18		2016-17	
	Six Months to 31 Dec	Estimated Outturn	Six Months to 31 Dec	Actual
	\$m	\$m	\$m	\$m
<u>General government</u>				
AASB1049 net worth	109,501	107,319	115,543	110,189
<i>Plus</i>				
Provision for doubtful debts				
General government sector	279	263	254	266
Impact on public corporations net worth	79	28	37	84
<i>Total GFS net worth adjustments</i>	<i>359</i>	<i>291</i>	<i>290</i>	<i>350</i>
GFS net worth	109,860	107,610	115,834	110,539
<u>Total public sector</u>				
AASB1049 net worth	109,501	107,319	115,543	110,189
<i>Plus</i>				
Provision for doubtful debts	359	291	290	350
<i>Total GFS net worth adjustments</i>	<i>359</i>	<i>291</i>	<i>290</i>	<i>350</i>
GFS net worth	109,860	107,610	115,834	110,539

AASB 1049 TO GFS CONVERGENCE DIFFERENCES Change in Net Worth

	2017-18			2016-17		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn	Three Months to 31 Dec	Six Months to 31 Dec	Actual
	\$m	\$m	\$m	\$m	\$m	\$m
<i>General government</i>						
AASB 1049 change in net worth	-257	-688	-2,870	-415	677	-4,677
Plus change in:						
Provision for doubtful debts						
General government sector	-6	13	-3	-6	-9	4
Impact on public corporations net worth	-7	-4	-56	4	6	53
Total GFS change in net worth adjustments	-13	9	-59	-2	-3	56
GFS change in net worth	-270	-679	-2,929	-417	674	-4,621
<i>Total public sector</i>						
AASB 1049 change in net worth	-257	-688	-2,870	-415	677	-4,677
Plus change in:						
Provision for doubtful debts	-13	9	-59	-2	-3	56
Total GFS change in net worth adjustments	-13	9	-59	-2	-3	56
GFS change in net worth	-270	-679	-2,929	-417	674	-4,621

AASB 1049 TO GFS CONVERGENCE DIFFERENCES Cash Surplus/-Deficit

	2017-18			2016-17		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn	Three Months to 31 Dec	Six Months to 31 Dec	Actual
	\$m	\$m	\$m	\$m	\$m	\$m
<i>General government</i>						
AASB1049 cash surplus/-deficit	-803	-2,047	-3,588	-1,016	-2,437	-3,751
Less Acquisitions under finance leases and similar arrangements	63	68	469	292	292	288
GFS cash surplus/-deficit	-866	-2,115	-4,058	-1,309	-2,729	-4,039
<i>Total public sector</i>						
AASB1049 cash surplus/-deficit	-1,507	-2,415	-4,855	116	-1,184	-4,675
Less Acquisitions under finance leases and similar arrangements	63	68	469	292	292	288
GFS cash surplus/-deficit	-1,570	-2,483	-5,324	-176	-1,476	-4,963

NOTE 5: INVESTMENTS, LOANS AND PLACEMENTS

General Government

	2017-18		2016-17	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
<i>Investments</i>				
Term deposits	5,057	3,899	5,673	4,262
Government securities	4	4	4	4
Total	5,061	3,903	5,677	4,266
<i>Loans and advances</i>				
Loans	12	12	20	13
Financial Assets held for trading/available for sale	-	-	-	-
Total	12	12	20	13
Total	5,073	3,915	5,697	4,278

Total Public Sector

	2017-18		2016-17	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
<i>Investments</i>				
Term deposits	11,732	11,859	12,411	11,902
Government securities	972	947	104	947
Total	12,704	12,806	12,515	12,849
<i>Loans and advances</i>				
Loans	2,165	5,190	2,337	5,195
Financial Assets held for trading/available for sale	410	569	476	569
Total	2,575	5,759	2,813	5,764
Total	15,279	18,565	15,328	18,613

NOTE 6: RECEIVABLES

General Government

	2017-18		2016-17	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Accounts Receivable	3,771	3,329	3,437	3,365
Provision for impairment of receivables	-279	-263	-254	-266
Total	3,492	3,066	3,183	3,099

Total Public Sector

	2017-18		2016-17	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Accounts Receivable	5,051	4,563	4,493	4,539
Provision for impairment of receivables	-359	-291	-290	-350
Total	4,692	4,272	4,203	4,190

NOTE 7: BORROWINGS

General Government				
	2017-18		2016-17	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Bank overdrafts	-	-	4	-
Finance leases	800	1,166	817	771
Borrowings	26,545	26,869	22,418	22,801
Total	27,345	28,035	23,240	23,572

Total Public Sector				
	2017-18		2016-17	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Bank overdrafts	6	-	12	-
Finance leases	1,598	1,948	1,654	1,589
Borrowings	53,245	59,720	48,573	54,431
Total	54,849	61,668	50,239	56,021

NOTE 8: DETAILS OF AGENCIES CONSOLIDATED

The agencies included in these financial statements are detailed in Note 35: *Composition of Sectors* in the 2016-17 *Annual Report on State Finances*.

A range of Machinery of Government changes to amalgamate and restructure a number of agencies took effect from 1 July 2017.

The following new agencies were formed as a result of these changes and included in the whole-of-government financial statements detailed in this report:

- the Department of Biodiversity Conservation and Attractions;
- the Department of Community Services;
- the Department of Education;
- the Department of Jobs, Tourism, Science and Innovation;
- the Department of Justice;
- the Department of Local Government, Sport and Cultural Industries;
- the Department of Mines, Industry Regulation and Safety;
- the Department Planning, Lands and Heritage;
- the Department of Primary Industries and Regional Development;
- the Department of Water and Environmental Regulation; and
- Western Australia Police.

NOTE 8: DETAILS OF AGENCIES CONSOLIDATED (CONT.)

The following change of functions also took effect from 1 July 2017:

- the Economic Reform and Public Utilities Office ceased to be a part of the Department of Finance and were transferred to the Department of Treasury; and
- Strategic Projects was transferred to the Department of Finance from the Department of Treasury.

NOTE 9: CONTINGENT ASSETS AND LIABILITIES

There have been no other material changes in the contingent assets and liabilities of the State since the 2016-17 *Annual Report on State Finances* disclosure.

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: *Interim 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 collections are internal to the whole-of-government and are not shown in the total public sector taxation revenue data which is thus smaller in magnitude than the general government taxation revenue aggregate.

Table 2.1

GENERAL GOVERNMENT
Operating Revenue

	2017-18			2016-17		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn (a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual (b) \$m
TAXATION						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	820	1,671	3,229	810	1,698	3,266
Property taxes						
<i>Land tax</i>	657	734	814	92	866	876
Transfer Duty	342	644	1,237	328	609	1,357
Landholder Duty	6	31	201	19	75	151
<i>Total duty on transfers</i>	347	675	1,438	347	685	1,508
Metropolitan Region Improvement Tax	87	92	92	19	95	96
Perth Parking Levy	3	54	58	3	52	56
Emergency Services Levy	104	219	337	82	210	325
Loan guarantee fees	35	71	146	35	71	140
Building and Construction Industry Training Fund Levy (c)	6	13	31	6	15	31
<i>Total other property taxes</i>	235	450	664	147	442	648
Taxes on provision of goods and services						
Lotteries Commission	42	83	157	33	76	151
Video lottery terminals	-	-	-	-	-	-
Casino Tax	14	28	62	14	29	62
Betting tax	11	22	46	11	20	40
<i>Total taxes on gambling</i>	67	134	265	58	126	253
Insurance Duty	156	323	624	156	342	641
Other	5	10	20	5	10	20
<i>Total taxes on insurance</i>	161	333	644	161	352	661
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	82	169	356	86	171	344
Permits - Oversize Vehicles and Loads	2	4	8	1	5	6
Motor Vehicle recording fee	14	30	59	14	28	59
Motor Vehicle registrations	222	453	916	206	426	885
<i>Total motor vehicle taxes</i>	321	656	1,339	308	630	1,294
Mining Rehabilitation Levy	-	29	28	-	28	28
Landfill Levy	-19	19	76	18	35	69
Total Taxation	2,588	4,701	8,498	1,940	4,861	8,604
CURRENT GRANTS AND SUBSIDIES						
<i>General Purpose Grants</i>						
GST grants	546	1,128	2,225	499	1,004	1,944
North West Shelf grants	166	310	654	166	298	609
Compensation for Commonwealth crude oil excise arrangements	6	14	36	10	17	31
<i>Grants through the State</i>						
Schools assistance – non-government schools	298	598	1,233	280	567	1,172
Local government financial assistance grants	20	40	90	43	86	262
Local government roads	14	28	56	27	54	163
<i>National Specific Purpose Payment Agreement Grants</i>						
National Skills and Workforce Development	36	77	162	40	81	160
National Disability Services	37	76	167	38	77	148
National Affordable Housing	38	69	143	37	73	145
Students First	165	318	649	148	290	598
National Health Reform	531	1,062	2,123	523	1,068	2,089
<i>National Partnerships/Other Grants</i>						
Health	97	201	371	93	179	399
Housing	2	8	24	4	9	17
Transport	40	59	83	53	59	64
Disability Services	30	38	237	16	43	42
Other	23	81	148	33	66	247
Total Current Grants and Subsidies	2,050	4,107	8,401	2,010	3,970	8,091

GENERAL GOVERNMENT
Operating Revenue

Table 2.1 (cont.)

	2017-18			2016-17		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CAPITAL GRANTS						
<i>Grants through the State</i>						
Schools assistance – non-government schools	5	9	18	-	-	16
<i>National Partnerships/Other Grants</i>						
Housing	-	-	179	-	15	51
Transport	11	59	425	35	35	425
Other	-	6	22	2	2	21
Total Capital Grants	16	74	643	37	52	513
SALES OF GOODS AND SERVICES ^(c)	623	1,203	2,451	512	1,081	2,261
INTEREST INCOME	41	80	166	54	105	196
REVENUE FROM PUBLIC CORPORATIONS						
Dividends	495	759	1,728	190	201	837
Tax Equivalent Regime	119	252	601	124	229	534
Total Revenue from Public Corporations	613	1,011	2,329	314	430	1,371
ROYALTY INCOME	1,223	2,515	5,132	1,307	2,436	5,272
OTHER						
Lease Rentals	28	57	98	23	51	99
Fines	46	93	196	47	92	199
Revenue not elsew here counted	46	132	278	42	109	305
Total Other	120	283	572	112	252	604
GRAND TOTAL	7,275	13,975	28,193	6,286	13,185	26,913

(a) Consistent with the revised outcome published in the 2017-18 Mid-year Review, released on 20 December 2017.

(b) Consistent with the final audited data contained in the 2016-17 *Annual Report on State Finances*, released on 22 September 2017.

(c) The Building and Construction Industry Training Fund Levy is a compulsory levy and has been reclassified, on ABS advice, as a tax where previously it was classified as sales of goods and services. Prior periods and the revised estimated outcome have been reclassified accordingly.

Note: Columns may not add due to rounding.

Table 2.2

TOTAL PUBLIC SECTOR
Operating Revenue

	2017-18			2016-17		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
TAXATION						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	798	1,630	3,144	788	1,652	3,173
Property taxes						
<i>Land tax</i>	641	701	743	76	830	807
Transfer Duty	342	644	1,237	328	609	1,357
Landholder Duty	6	31	201	19	75	151
<i>Total duty on transfers</i>	347	675	1,438	347	685	1,508
Metropolitan Region Improvement Tax	87	92	92	19	95	96
Perth Parking Levy	3	54	58	3	52	56
Emergency Services Levy	104	219	334	82	210	322
Loan guarantee fees	1	4	8	1	4	9
Building and Construction Industry Training Fund Levy ^(c)	6	13	31	6	15	31
<i>Total other property taxes</i>	201	383	524	112	376	514
Taxes on provision of goods and services						
Video lottery terminals	-	-	-	-	-	-
Casino Tax	14	28	62	14	29	62
<i>Total taxes on gambling</i>	14	29	62	14	29	62
Insurance Duty	156	323	624	156	342	641
Other	5	10	20	5	10	20
<i>Total taxes on insurance</i>	161	333	644	161	352	661
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	82	169	356	86	171	344
Permits - Oversize Vehicles and Loads	2	4	8	1	5	6
Motor Vehicle recording fee	14	30	59	14	28	59
Motor Vehicle registrations	222	453	916	206	426	885
<i>Total motor vehicle taxes</i>	321	656	1,339	308	630	1,294
Mining Rehabilitation Levy	-	29	28	-	28	28
Landfill Levy	-19	19	76	18	35	69
Total Taxation	2,464	4,455	7,998	1,823	4,617	8,117
CURRENT GRANTS AND SUBSIDIES						
<i>General Purpose Grants</i>						
GST grants	546	1,128	2,225	499	1,004	1,944
North West Shelf grants	166	310	654	166	298	609
Compensation for Commonweath crude oil excise arrangements	6	14	36	10	17	31
<i>Grants through the State</i>						
Schools assistance – non-government schools	298	598	1,233	280	567	1,172
Local government financial assistance grants	20	40	90	43	86	262
Local government roads	14	28	56	27	54	163
<i>National Specific Purpose Payment Agreement Grants</i>						
National Agreement for Skills and Workforce Development	36	77	162	40	81	160
National Disability Services	37	76	167	38	77	148
National Affordable Housing	38	69	143	37	73	145
Students First	165	318	649	148	290	598
National Health Reform	531	1,062	2,123	523	1,068	2,089
<i>National Partnerships\Other Grants</i>						
Health	97	201	371	93	179	399
Housing	2	8	24	4	9	17
Transport	40	59	83	53	59	64
Disability Services	30	38	237	16	43	42
Other	23	81	148	33	66	247
Total Current Grants and Subsidies	2,050	4,107	8,401	2,010	3,970	8,091

Table 2.2 (cont.)

TOTAL PUBLIC SECTOR
Operating Revenue

	2017-18			2016-17		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CAPITAL GRANTS						
<i>Grants through the State</i>						
Schools assistance – non-government schools	5	9	18	-	-	16
<i>National Partnerships/Other Grants</i>						
Housing	-	-	179	-	15	51
Transport	11	59	425	35	35	425
Other	-	6	22	2	2	21
Total Capital Grants	16	74	643	37	52	513
SALES OF GOODS AND SERVICES ^(c)	5,402	10,546	21,711	6,190	11,531	20,602
INTEREST INCOME	135	271	549	104	230	597
ROYALTY INCOME	1,223	2,515	5,132	1,307	2,436	5,272
OTHER						
Lease Rentals	28	57	98	23	51	99
Fines	47	95	196	48	94	200
Revenue not elsew here counted	147	302	714	126	297	680
Total Other	222	454	1,009	197	442	979
GRAND TOTAL	11,512	22,423	45,443	11,667	23,278	44,172

(a) Consistent with the revised outcome published in the 2017-18 Mid-year Review, released on 20 December 2017.

(b) Consistent with the final audited data contained in the 2016-17 *Annual Report on State Finances*, released on 22 September 2017.

(c) The Building and Construction Industry Training Fund Levy is a compulsory levy and has been reclassified, on ABS advice, as a tax where previously it was classified as sales of goods and services. Prior periods and the revised estimated outcome have been reclassified accordingly.

Note: Columns may not add due to rounding.

APPENDIX 3

Public Ledger

The Public Ledger, established by section 7 of the *Financial Management Act 2006* (FMA), includes those transactions and operations that are conducted through the Consolidated Account, the Treasurer's Advance Account and 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 3.1

PUBLIC LEDGER BALANCES AT 31 DECEMBER			
	2017	2016	Variance
	\$m	\$m	\$m
THE PUBLIC LEDGER			
Consolidated Account ^(a)	-12,929	-12,651	-278
Treasurer's Special Purpose Accounts	13,323	12,866	457
Treasurer's Advance Account – Net Advances and Overdraw n Trusts	-24	-42	18
TOTAL	370	173	197
Agency Special Purpose Account	5,004	5,843	-839
TOTAL PUBLIC BANK ACCOUNT INVESTMENTS	5,374	6,016	-642

(a) The balance of the Consolidated Account at 31 December 2017 includes non-cash appropriations of \$11,014 million (31 December 2016: \$10,381 million), representing 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 of \$1,916 million at 31 December 2017 (compared with a deficit position of \$2,270 million at 31 December 2016).

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 each appropriation clearly specified.

The Consolidated Account accrual deficit at 31 December 2017 was \$12,929 million, an increase of \$278 million on the accumulated deficit at 31 December 2016. This included \$11,014 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 \$1,916 million at 31 December 2017. This compares with a \$2,270 million deficit cash balance at 31 December 2016.

Consolidated Account borrowings increased by \$1.3 billion in the December 2017 quarter. Centrally held borrowings totalled \$26 billion at 31 December 2017 (compared with \$21.8 billion at 31 December 2016), and remained below the \$34.5 billion cumulative limit approved by the *Loan Act 2017* and preceding *Loan Acts*¹.

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 authorised by these Acts.

Table 3.2

CONSOLIDATED ACCOUNT TRANSACTIONS
For the six months ended 31 December

	2017 \$m	2016 \$m	Variance \$m
REVENUE			
<i>Operating Activities</i>			
Taxation	3,209	3,597	-388
Commonwealth Grants	1,451	1,298	153
Government Enterprises	1,027	562	465
Revenue from other agencies	3,149	2,909	240
Other	299	200 ^(a)	99
<i>Total Operating Activities</i>	9,136	8,566	570
<i>Financing Activities</i>			
Repayments of Recoverable Advances	3	45 ^(a)	-42
Transfers from:			
Bankwest Pension Trust	1	1	-
Other Receipts	4	7	-3
Borrowings	3,750	4,600	-850
<i>Total Financing Activities</i>	3,758	4,653	-895
TOTAL REVENUE	12,895	13,218	-323
EXPENDITURE			
<i>Recurrent</i>			
Authorised by Other Statutes	1,289	1,327	-38
Appropriation Act (No. 1)	9,728	10,336	-608
Recurrent Expenditure under the Treasurer's Advance	-	6	-6
<i>Total Recurrent Expenditure</i>	11,017	11,669	-652
<i>Investing Activities</i>			
Authorised by Other Statutes	154	140	14
Appropriation Act (No. 2)	724	1,399	-675
Investing Expenditure under the Treasurer's Advance	-	1	-1
<i>Total Investing Activities</i>	878	1,539	-661
<i>Financing Activities</i>			
Loan repayments	-	-	-
Other financing	4	7	-3
<i>Total Financing Activities</i>	4	7	-3
TOTAL EXPENDITURE	11,899	13,215	-1,316
NET MOVEMENT (REVENUE LESS EXPENDITURE)	996	3	993
Consolidated Account Balance			
Opening balance at 1 July	-13,925	-12,654	-1,271
Closing balance at 31 December	-12,929	-12,651	-278
Of which:			
Appropriations payable	-11,014	-10,381	-633
Cash balance at 31 December	-1,916	-2,270	354

(a) Comparatives have been restated to reflect a reallocation of \$24 million from *Repayments of Recoverable Advances* to *Revenue from Other Operating Activities* to correctly reflect the interest received component of the Perry Lakes Loan.

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 other account established to hold other money and determined by the Treasurer to be a TSPA.

Relative to 31 December 2016, aggregate TSPA balances were \$457 million higher at the end of December 2017, mainly reflecting:

- higher Holding Account balances for non-cash accrual appropriations to agencies for depreciation and accrued leave entitlements (up \$633 million);
- a net decrease in the Royalties for Regions Fund (down \$128 million), reflecting the timing of appropriation payments to the Fund, and draw downs for approved spending on individual programs;
- an increase in the balance of the Western Australian Future Fund reflecting appropriation of 1% of forecast annual royalty receipts (\$52 million) and interest earnings on the balance of the Fund for the year to date (\$40 million);
- a net decrease in the Perth Children's Hospital Account balance (down \$46 million), reflecting payments associated with the hospital's residual construction activities;
- a decrease in the balance of the Perth Stadium Account (down \$198 million), representing the net impact of appropriation contributions and procurement and works spending relating to the stadium, sports precinct and transport infrastructure incurred during the period to date; 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 \$52 million).

A number of TSPAs and other agency accounts are discussed in Appendix 4: *Special Purpose Accounts*.

Table 3.3

TREASURER'S SPECIAL PURPOSE ACCOUNTS
At 31 December

	2017 \$m	2016 \$m	Variance \$m
Agency Holding Accounts	11,014	10,381	633
Royalties for Regions Fund	702	830	-128
Western Australian Future Fund	1,198	1,105	93
Perth Children's Hospital Account	28	74	-46
Perth Stadium Account	56	254	-198
Fiona Stanley Hospital Construction Account	21	20	1
Agency 27th Pay Accounts	52	-	52
Other Special Purpose Accounts	254	203	51
TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 31 DECEMBER	13,323	12,866	457

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

Treasurer's Advance

The Treasurer's Advance allows for short term repayable advances to agencies for working capital purposes (known as 'net recoverable advances'), a short term advance for any overdrawn agency Special Purpose Accounts, and the provision of supplementary appropriation funding for unforeseen and/or extraordinary events during the year (known as 'excesses and new items').

A limit of \$646.1 million is authorised under section 29 of the FMA for the year ended 30 June 2018, compared with a total of \$632.4 million authorised limit applying at the same time last year.

Table 3.4

TREASURER'S ADVANCE AT 31 DECEMBER

	2017 \$m	2016 \$m	Variance \$m
AUTHORISED LIMIT	646.1	632.4	13.7
<i>Total Drawn Against Treasurer's Advance Account</i>	23.9	49.3	-25.4
Comprising:			
Net recoverable advances as at 31 December (see below)	10.7	30.5	-19.8
Overdrawn Special Purpose Accounts ^(a)	13.3	12.0	1.3
Excesses and New Items ^(b)			
- recurrent	-	6.0	-6.0
- capital	-	0.8	-0.8
NET RECOVERABLE ADVANCES			
Building Management and Works	-	20.0	-20.0
Mining Rehabilitation Fund	5.3	5.3	-
Sport and Recreation	1.1	1.1	-
Suitors Fund	2.5	2.5	-
WA Energy Disputes Arbitrator	0.1	0.1	-
Sundry Debtors	1.6	1.4	0.2
TOTAL RECOVERABLE TREASURER'S ADVANCES	10.7	30.5	-19.8

(a) The Treasurer has given approval for the Department of Mines, Industry Regulation and Safety 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.

(b) Excesses and new items for 31 December 2016 have been restated to reflect only amounts drawn against the Treasurer's Advance Account. The 31 December 2016 quarter incorrectly reported the approved total of excesses and new items, rather than actual draw downs.

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

Transfers, Excesses and New Items

Table 3.5 summarises transfers of appropriations between agencies, authorised under section 25 of the FMA (and which have no impact on the Treasurer's Advance), and excesses and/or new items approved by the Treasurer under the authority of section 27 of the FMA.

Transfer of 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.

There were no transfers or new items impacting appropriations during the six months of 2017-18.

In the December 2017 quarter, approved excesses included:

- an excess for costs administered by Treasury (\$1.6 million) to fund outstanding litigation relating to the Bell Group High Court of Australia proceedings, examination summons proceedings and the Western Australian Bell Companies Administrator's legal costs.

Table 3.5

TREASURER'S ADVANCE AT 31 DECEMBER						
	Treasurer's Advance					Draw n against Treasurer's Advance to date \$m
	Budget \$m	Transfers \$m	New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
Recurrent Appropriations						
<i>Treasury</i>						
Item 59: Bell Group Administration Wind-up and Associated Costs	1.3	-	-	1.6	2.9	-
Total Recurrent		-	-	1.6		-

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

Special Purpose Accounts

Special Purpose Accounts (SPAs) are established under various sections of the *Financial Management Act 2006* (FMA) or by specific legislation (e.g. the Fiona Stanley Hospital Construction Account and the Royalties for Regions Fund). Accounts established by legislation 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 balances at 31 December 2017 for a number of key SPAs established to deliver specific policy outcomes. This appendix does not seek to provide exhaustive coverage of all SPAs. Rather, it covers the major/material SPAs in existence at 31 December 2017. The SPA balances, and transactions in and out of these accounts, form part of the overall consolidated outcomes outlined elsewhere in this report.

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 have been drawn from the account during 2017-18.

FIONA STANLEY HOSPITAL CONSTRUCTION ACCOUNT

Table 4.1

At 31 December

	2017 \$m	2016 \$m
<i>Balance at 1 July</i>	20	20
Receipts	– ^(a)	– ^(a)
Payments	–	–
Closing Balance	21	20

(a) Amount below \$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 the six months to 31 December 2017 reflect interest earned on the account balance (\$2.5 million). Payments from the account (\$161.3 million) were in support of the design and construction contract (\$151.8 million), project management costs (\$7 million), land acquisition (\$1 million), utilities and services (\$0.5 million) and other project works (\$1 million).

FORRESTFIELD-AIRPORT LINK ACCOUNT			Table 4.2
At 31 December			
	2017 \$m	2016 \$m	
<i>Balance at 1 July</i>	219	-	
Receipts	3	493	
Payments	161	95	
Closing Balance	61	398	

Note: Columns may not add due to rounding.

Metropolitan Region Improvement Account

This account was established in December 1959 under the *Metropolitan Region Improvement Tax Act 1959* to hold funds for management of the Metropolitan Region Scheme, including receipts from the Metropolitan Region Improvement Tax (MRIT).

Receipts for the six months to the end of December 2017 mainly reflect revenue collected for the MRIT (\$49 million), proceeds from the sale of land and buildings (\$1.7 million), rental revenue (\$3 million), interest revenue (\$3.6 million) and the refund of GST payments from the Australian Taxation Office (\$1.3 million). Payments from the account were for associated service delivery costs (\$12.5 million), the acquisition of land and buildings (\$13.9 million), and to progress a range of smaller infrastructure works (\$0.6 million).

METROPOLITAN REGION IMPROVEMENT ACCOUNT			Table 4.3
At 31 December			
	2017 \$m	2016 \$m	
<i>Balance at 1 July</i>	348	293	
Receipts	60	62	
Payments	27	15	
Closing Balance	381	340	

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 reflect levy contributions by mining operators (\$28.9 million) and interest earnings (\$0.4 million).

MINING REHABILITATION FUND			Table 4.4
At 31 December			
	2017 \$m	2016 \$m	
<i>Balance at 1 July</i> ^(a)	92	63	
Receipts	29	28	
Payments	-	1	
Closing Balance	121	91	

(a) The closing balance of \$92 million at 30 June 2017 (opening balance at 1 July) has been restated from the \$91 million reported in the 2016-17 *Annual Report on State Finances*. The restatement incorporates a minor movement in receipts and payments finalised for the Department of Mines and Petroleum's annual report for 2016-17.

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 of \$34.8 million were for the delivery of existing municipal and essential services at a range of remote communities.

MUNICIPAL AND ESSENTIAL SERVICES ACCOUNT			Table 4.5
At 31 December			
	2017 \$m	2016 \$m	
<i>Balance at 1 July</i>	42	63	
Receipts	-	-	
Payments	35	11	
Closing Balance	7	51	

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 establishment of the Perth Children's Hospital.

The Hospital achieved practical completion in April 2017. Payments of \$12 million in the six months to December 2017 were for residual construction costs. 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.

PERTH CHILDREN'S HOSPITAL ACCOUNT		
At 31 December		
	2017 \$m	2016 \$m
<i>Balance at 1 July</i>	40	122
Receipts	-	-
Payments	12	49
Closing Balance	28	74

Note: Columns may not add due to rounding.

Perth Parking Licensing Account

This SPA was established in July 1999 under section 23(1) of the *Perth Parking Management Act 1999* (the Act) to set aside funds to be used to encourage a balanced transport system for gaining access to the Perth city area. 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 are used to support the Central Area Transit bus system, the Free Transit Zone public transport services in the Perth Central Business District, improvements to public transport access, enhancements to the pedestrian environment, support for bicycle access, other transport system initiatives and for the administration of the Act.

PERTH PARKING LICENSING ACCOUNT		
At 31 December		
	2017 \$m	2016 \$m
<i>Balance at 1 July</i>	23	11
Receipts	54	52
Payments	16	10
Closing Balance	61	53

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 commenced operations in early 2018.

Funds drawn from the account over the six months to 31 December 2017 totalled \$162 million for procurement and works.

PERTH STADIUM ACCOUNT At 31 December

Table 4.8

	2017 \$m	2016 \$m
<i>Balance at 1 July</i>	96	36
Receipts	122	370
Payments	162	153
Closing Balance	56	254

Note: Columns may not add due to rounding.

Road Trauma Trust Account

This account was established to provide for road safety initiatives. Receipts reflect prescribed penalties (\$49.4 million), other funds collected under the *Road Traffic (Administration) Act 2008* (\$2.9 million), and interest revenue earned on the account balance (\$0.7 million).

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 (\$32.3 million) were for initiatives to reduce:

- runoff crashes on regional roads by applying treatments such as shoulder sealing and audible edge lines (\$18 million);
- serious crashes at metropolitan intersections (\$5.2 million);
- the ongoing operational cost of the Road Safety Commission (\$3.4 million); and
- a range of smaller road safety initiatives and support programs.

ROAD TRAUMA TRUST ACCOUNT At 31 December

Table 4.9

	2017 \$m	2016 \$m
<i>Balance at 1 July</i>	57	95
Receipts	53	53
Payments	32	51
Closing Balance	78	97

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 the first six months of 2017-18 reflect interest revenue earned on the account balance (\$9.3 million), and unused funds from associated projects returned by agencies (\$1.6 million).

A total of \$308.8 million was disbursed from the account to support regional initiatives.

ROYALTIES FOR REGIONS FUND

At 31 December

Table 4.10

	2017 \$m	2016 \$m
<i>Balance at 1 July</i>	1,000	870
Receipts	11	234
Payments	309	274
Closing Balance	702	830

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. A drawdown of \$0.2 million relates to the Kimberley School Project Unit.

ROYALITES FOR REGIONS REGIONAL REFORM FUND

At 31 December

Table 4.11

	2017 \$m	2016 \$m
<i>Balance at 1 July</i>	100	100
Receipts	-	-
Payments	- (a)	-
Closing Balance	99	100

(a) Amount below \$500,000.

Note: Columns may not add due to rounding.

Royalties for Regions Southern Inland Health Initiative

This SPA was established 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 \$88.6 million to the end of December 2017, including payments for the Hospital Investment Program (\$41.7 million), Small Hospital and Nursing Post Refurbishment Program (\$23 million), the Medical Workforce Investment Program (\$14.6 million), the Primary Health Centres Demonstration Program (\$3.8 million), the Residential Aged and Dementia Care Program (\$3.2 million) and the Telehealth Investment Program (\$2.3 million).

Table 4.12

ROYALTIES FOR REGIONS SOUTHERN INLAND HEALTH INITIATIVE		
At 31 December		
	2017 \$m	2016 \$m
<i>Balance at 1 July</i> ^(a)	56	156
Receipts	53	-
Payments	89	28
Closing Balance	21	127

(a) The closing balance of \$56 million at 30 June 2017 (opening balance at 1 July) has been restated from the \$57 million reported in the 2016-17 *Annual Report on State Finances*. The restatement incorporates a correction to the rounding of the closing balance, which revises the closing value at 30 June 2017.

Note: Columns may not add due to rounding.

Waste Avoidance and Resource Recovery Account

The Waste Avoidance and Resource Recovery Account was established under the *Waste Avoidance and Resource Recovery Act 2007* to hold revenue allocated from the landfill levy. Drawings from the Account are to fund programs and other initiatives related to the management, reduction, reuse, recycling, monitoring and measurement of waste.

A total of \$6.4 million was spent to December 2017 on a range of programs, including the Household Hazardous Waste Program, the Keep Australia Beautiful Council, and other waste management initiatives and services.

Table 4.13

WASTE AVOIDANCE AND RESOURCE RECOVERY ACCOUNT		
At 31 December		
	2017 \$m	2016 \$m
<i>Balance at 1 July</i>	33	30
Receipts	10	9
Payments	6	6
Closing Balance	37	33

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 of \$72.1 million in the six months to December included the Consolidated Account's annual contribution equivalent to 1% of annual forecast royalty revenue (\$52.1 million) and interest receipts (\$20 million).

WESTERN AUSTRALIAN FUTURE FUND		
At 31 December		
	2017 \$m	2016 \$m
<i>Balance at 1 July</i>	1,126	1,044
Receipts	72	62
Payments	-	-
Closing Balance	1,198	1,105

Note: Columns may not add due to rounding.

