



2012-13

Annual Report on State Finances

September 2013



2012-13

**Annual Report on
State Finances**

SEPTEMBER 2013

2012-13 Annual Report on State Finances
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Foreword

This *Annual Report on State Finances* (ARSF) provides detail on the State's public sector financial results for 2012-13. It includes disclosure of material differences between these outcomes and the forecasts contained in the 2013-14 State Budget (delivered to Parliament on 8 August 2013) and the original 2012-13 Budget (delivered on 17 May 2012).

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

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

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

This ARSF contains information for:

- the 2012-13 State Budget estimates;
- the 2012-13 mid-year review (released on 21 December 2012);
- the 2012-13 estimated outturn as published in the 2012-13 *Pre-election Financial Projections Statement*, released on 7 February 2013;
- the 2012-13 estimated outturn as published in the 2013-14 State Budget, delivered on 8 August 2013;
- the actual outturn for 2012-13, which is the focus of this report;
- quarterly results for June 2013, completing the State's 2012-13 quarterly reporting series;

- information on a number of Special Purpose Accounts which have a high profile in relation to the delivery of public sector services; and
- Public Ledger summary information, which includes the Consolidated Account, the Treasurer's Advance Account, and the Treasurer's Special Purpose Accounts.

Statement of Responsibility

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

The consolidated financial statements included in this report have been prepared by the Department of Treasury from information provided by State public sector agencies.

In our opinion, the financial information presented in this report:

- fairly represents the operating results and cash flows of the Government of Western Australia for the year ended 30 June 2013, and the public sector's financial position at 30 June 2013; and
- has been prepared in accordance with Australian Accounting Standard AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, other applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and complies with statistical standards promulgated by the ABS.

At the date of signing, we are not aware of any circumstances which would cause any information included in the financial disclosures in this report to be misleading or inaccurate.



TIMOTHY MARNEY
UNDER TREASURER



MAGDA WITTEK
A/ASSISTANT DIRECTOR
FINANCIAL REPORTING

19 September 2013

Opinion of the Auditor General



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

ANNUAL REPORT ON STATE FINANCES – GOVERNMENT OF WESTERN AUSTRALIA

I have audited the financial statements of the Government of Western Australia for the year ended 30 June 2013 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 2013 for the General Government Sector and Total Public Sector (Appendix 4), and the Public Ledger (Appendix 7).

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.

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 2013 and the financial position at the end of that year; and
- (ii) have been prepared in accordance with Australian Accounting Standard AASB 1049 "Whole of Government and General Government Sector Financial Reporting", other applicable Australian Accounting Standards and the Government Financial Responsibility Act 2000.

Emphasis of Matter

As required by AASB 1049: *Whole of Government and General Government Financial Reporting*, comparison of final outcomes for the year to the original budget has been reported in Appendix Four. In addition, Chapter One discloses material differences between the most recent budget estimate (the estimated outturn contained in the August 2013 budget) and the final outcomes. My opinion is not modified in respect of this matter.



COLIN MURPHY
AUDITOR GENERAL
20 September 2013

Financial Results

HIGHLIGHTS

- Notwithstanding solid growth in the State's economy during 2012-13, general government revenue grew by a very subdued 2% during the year, with a significant reduction in the State's GST revenue and other grants from the Commonwealth largely offsetting growth in the State's own-source revenue.
- Reflecting various measures implemented by the State Government to rein in recurrent expenditure growth, general government expenses grew by just 3.7% in 2012-13, the lowest rate of expense growth since 1998-99.
- The general government sector recorded an operating surplus – the excess of revenue over day-to-day or recurrent expenditure – of \$249 million in 2012-13. This is well down on the operating surpluses achieved in prior years (particularly during the peak of the State's property cycle in the mid-2000s), and represents just 1% of the general government sector's revenue base (\$25.7 billion).
- Operating surpluses provide a source of funding for capital expenditure on infrastructure, such as new hospitals, schools, roads and electricity infrastructure. When the cash available from operating surpluses is insufficient to meet the cash required to fund new infrastructure, a cash shortfall results and the public sector needs to borrow to address this shortfall.
- As has been the case in recent years, such a cash shortfall was evident in 2012-13, with the small operating surplus not providing a sufficient source of funding for the Government's record investment in infrastructure during the year (\$7.4 billion).
- As expected, additional borrowings were required to meet this funding shortfall, which saw total public sector net debt increase over the year by \$3.7 billion (to stand at \$18.2 billion at 30 June 2013).
- This increase in net debt supported capital expenditure on electricity transmission infrastructure (\$1 billion), new hospitals and other health infrastructure (\$934 million), water and wastewater infrastructure (\$930 million), roads (\$829 million), schools (\$475 million) and other essential economic and social infrastructure.
- Current net debt levels remain affordable, with net interest costs as a share of revenue (for the total non-financial public sector) reaching 2.3% in 2012-13, well below the Government's target limit of 4.5%.

Introduction

This chapter focuses on changes in outcomes between the estimated outturn published in the 8 August 2013 State Budget and the final outcomes for 2012-13. Comparisons to the original 2012-13 Budget projections (released on 17 May 2012) are available in Appendix 4: *Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2013*.

The Western Australian economy grew strongly in 2012-13, but at a slightly lower rate than estimated in the 2013-14 Budget. The domestic economy, as measured by State Final Demand (SFD), grew by 4.9% in 2012-13. This was the strongest growth of all States, but lower than the 6% increase in SFD estimated at budget-time. The weaker than anticipated growth was largely due to lower than expected household spending. Dwelling investment was also softer than projected over 2012-13, while business investment grew broadly in line with expectations.

Table 1

KEY PARAMETERS Western Australia

	2011-12	2012-13				
	Actual	Budget Estimate	MYR Revision	PFPS Estimate	Estimated Outturn	Latest Estimate ^(a)
Real Gross State Product growth (%)	6.7	4.75	6.0	6.0	5.75	5.75
Real State Final Demand growth (%)	14.3	6.75	7.0	7.0	6.0	4.9
Employment growth (%)	3.9	2.75	3.25	3.25	3.6	3.6
Unemployment rate (%) ^(b)	4.0	4.25	4.25	4.25	4.4	4.4
Wage Price Index growth (%)	4.3	4.5	4.5	4.5	4.0	4.0
Perth Consumer Price Index growth (%)	2.2	3.5	3.25	2.75	2.3	2.3
Effective Iron Ore Price (\$US/tonne FOB) ^(c)	145.5	127.3	118.4	123.0	121.1	121.1
Crude oil price (\$US per barrel)	95.0	104.5	89.3	92.7	92.2	92.2
Exchange rate (US cents)	103.2	99.0	103.4	104.1	102.7	102.7
Population growth (%)	3.1	2.3	2.8	2.8	3.2	3.2
Interest rate assumptions (%):						
- Public Bank Account interest earnings ^(b)	4.8	3.9	3.4	3.4	3.4	3.4
- Consolidated Account borrowings ^(b)	4.6	4.6	4.1	4.2	4.0	4.0

(a) Final outturn for 2012-13 not available until December 2013 for some parameters.

(b) Average rate over the year.

(c) The free on board (FOB) effective iron ore price published at budget is a benchmark price with a standardised grade of 62% iron content. This is distinct from the average actual iron ore price, which reflects the various grades of ore actually sold by Western Australian iron ore producers.

General government revenue increased by a very subdued 2% in 2012-13, compared to average growth of 8.5% per annum over the past decade. However, there was significant variability in the major components of revenue.

In this regard, key State tax collections improved during 2012-13, reflecting Western Australia's relatively strong domestic economic conditions. Compared to 2011-12:

- payroll tax collections increased by 12.3% in 2012-13, driven by a lift in employment levels in mid-2012, which supported payroll tax growth over the year (despite a slowdown in employment growth in the first half of 2013); and
- transfer duty collections increased by a buoyant 31.2% in 2012-13, reflecting a pick-up in the housing market in the first half of 2013 following an extended period of relatively weak conditions, as well as a number of large one-off transfer duty assessments from very large commercial property and mining sector transactions.

Royalty income grew by just 1.9% in 2012-13, weighed down by a persistently high \$US/\$A exchange rate (which averaged 102.7 US cents during the year) and a softening in iron ore prices (the effective iron ore price averaged \$US121.1/tonne during 2012-13, down from \$US145.5/tonne in 2011-12).

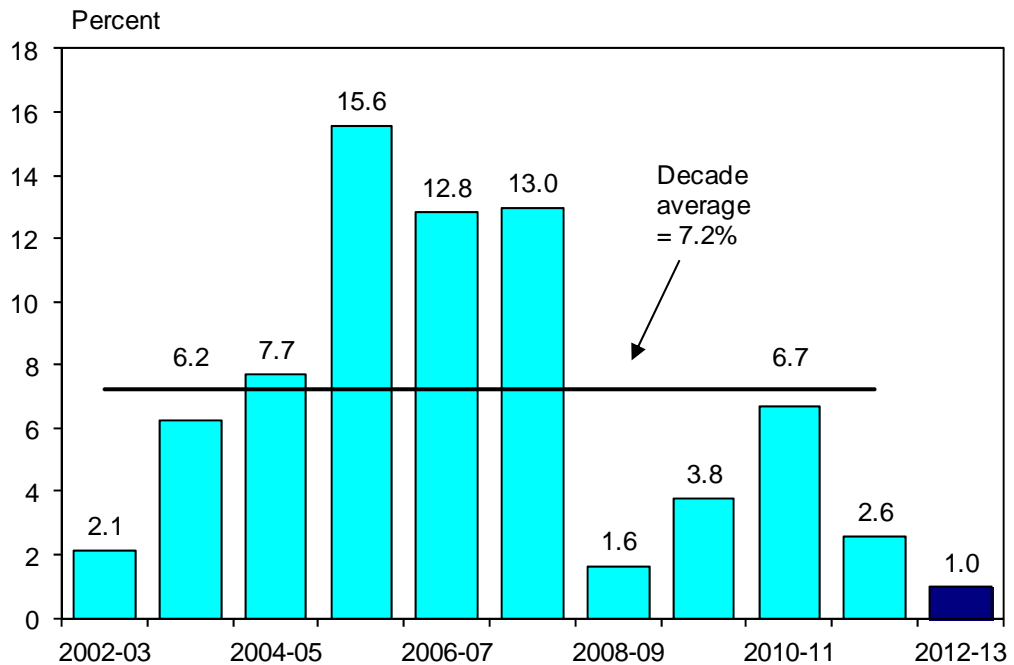
Total Commonwealth grants received by Western Australia in 2012-13 were down \$823 million relative to 2011-12, with the State's GST revenue grant falling by \$518 million. This significant reduction, combined with the relatively flat growth in royalty income, largely offset the growth in taxation revenue during 2012-13, resulting in overall revenue growth of just 2%.

General government sector expenses in 2012-13 were \$25.5 billion, \$11 million higher than the estimated outturn included in the 2013-14 Budget. This represents growth of just 3.7% relative to 2011-12, the lowest rate of expense growth since 1998-99.

The general government sector recorded an operating surplus of \$249 million in 2012-13, a small increase on the \$239 million estimated outturn included in the 2013-14 Budget. This surplus outcome represents just 1% of revenue, well down on the 7.2% average recorded over the last decade, as shown in the following chart.

Figure 1

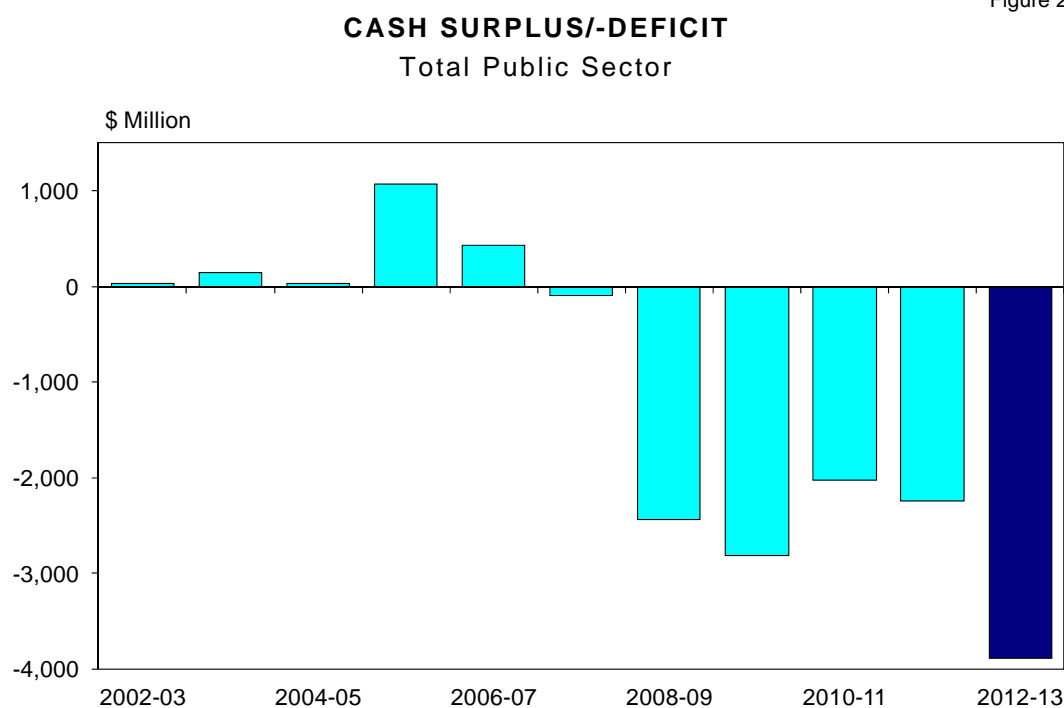
NET OPERATING BALANCE AS A SHARE OF REVENUE
General Government



Other key financial outcomes for 2012-13 include:

- record infrastructure spending of \$7.4 billion, building on the \$6.8 billion invested in infrastructure in 2011-12;
- a cash deficit of \$3.9 billion for the total public sector, with the cash surplus on day-to-day operating activities falling short of the cash requirements for infrastructure spending; and
- total public sector net debt of \$18.2 billion at 30 June 2013, slightly lower than the estimated outturn in the 2013-14 Budget (\$18.5 billion), but \$3.7 billion higher than net debt at 30 June 2012, reflecting the record infrastructure spending and associated cash deficit noted above.

Figure 2



The following table summarises the key financial outcomes for 2012-13.

Table 2

KEY BUDGET AGGREGATES
Western Australia

	2011-12		2012-13			
	Actual	Budget Estimate	MYR Revision	PFPS Estimate	Estimated Outturn	Actual
GENERAL GOVERNMENT SECTOR						
Net Operating Balance (\$m)	649	196	140	241	239	249
Revenue (\$m)	25,220	25,477	25,318	25,477	25,696	25,718
Revenue Growth (%)	5.5	2.9	0.4	1.0	1.9	2.0
Expenses (\$m)	24,571	25,281	25,178	25,236	25,457	25,468
Expense Growth (%)	10.2	4.2	2.5	2.7	3.6	3.7
TOTAL PUBLIC SECTOR						
Net Debt at 30 June (\$m)	14,523	18,594	18,225	18,263	18,480	18,188
Asset Investment Program (\$m)	6,782	7,639	7,323	7,324	7,302	7,355
Cash Surplus/-deficit (\$m)	-2,240	-3,364	-3,589	-3,525	-3,677	-3,888
KEY FINANCIAL RATIOS ^(a)						
Net financial liabilities to revenue (%)	64.0	72.0	72.9	71.9	70.7	71.7
Net interest costs to revenue (%)	2.0	2.4	2.1	2.1	2.3	2.3
Cash operating surplus as a share of receipts (%)	8.3	5.8	5.0	5.2	5.1	5.9
Net debt to revenue (%)	40.3	50.2	49.2	49.0	48.7	50.6

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

Note: Columns may not add due to rounding.

2012-13 Corrective Measures

Total recurrent expenditure by the general government sector amounted to \$25.5 billion in 2012-13, an increase of \$897 million or 3.7% relative to 2011-12. This is the lowest rate of expense growth recorded since 1998-99.

Several rounds of corrective measures implemented during 2012-13 helped contain the sector's expense growth. The net effect of these measures was a reduction in expenditure of \$380 million, indicating that had no corrective action been taken, the general government operating balance would have ended the year in a deficit position.

General government agencies delivered greater efficiencies in 2012-13 as a result of the following measures:

- a 2% efficiency dividend (1% for the Department of Education) implemented in the 2012-13 Budget;
- a once-off re-alignment of agencies' Full-time Equivalent (FTE) staff ceilings to reflect actual FTE levels (announced in September 2012 and implemented in the 2012-13 mid-year review);
- capping leave liabilities at 30 June 2012 levels (announced in September 2012 and implemented in the 2012-13 mid-year review);
- a 1.5% reduction in budgeted procurement expenditure (announced in September 2012 and implemented in the 2012-13 mid-year review); and
- a temporary freeze (to 30 June 2013) on advertising and procurement expenditure (announced in May 2013).

Table 3

CORRECTIVE MEASURES General Government Expenses

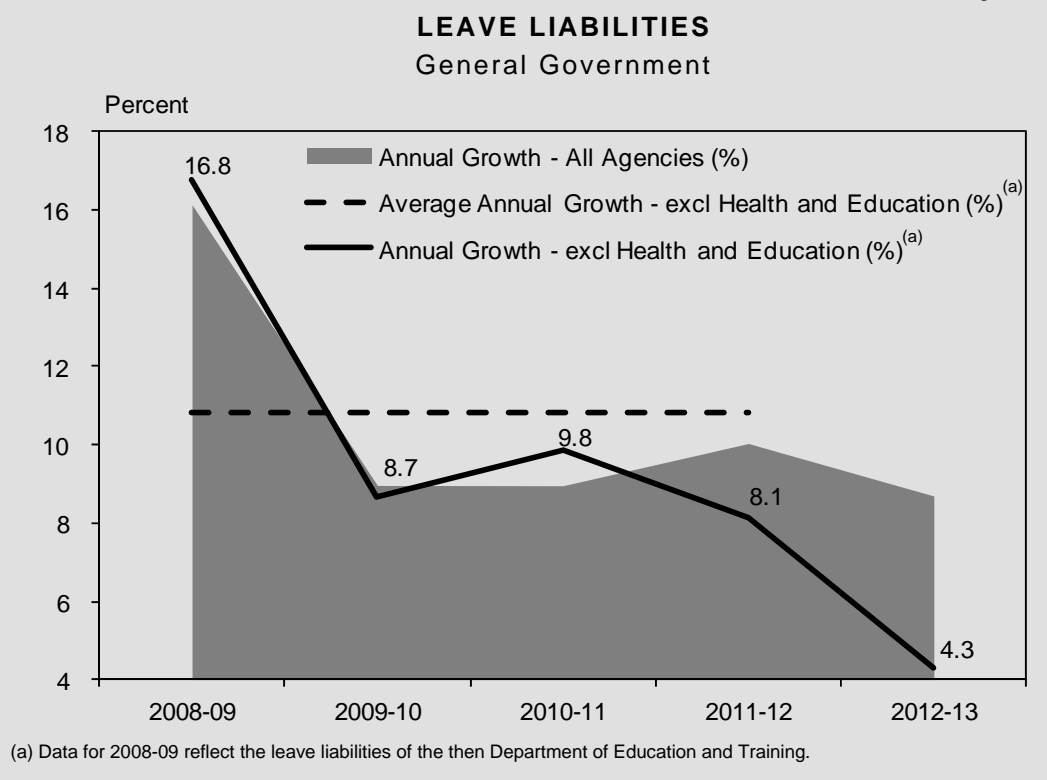
	2012-13		Variation on Estimate \$m
	Estimate \$m	Actual \$m	
CORRECTIVE MEASURE			
Efficiency Dividend	-244	-248	-4
FTE Ceiling Re-alignment	-108	-99	9
Capping Leave Liabilities at 30 June 2012 Levels	-100	114	214
1.5% Procurement Savings	-63	-63	-
Temporary Procurement Freeze	-78	-78	-
Temporary Advertising Freeze	-6	-6	-
Total	-599	-380	219

Note: Columns may not add due to rounding.

As the previous table shows, the main variation to the estimated savings is due to the growth in leave liabilities over the 12 month period to 30 June 2013 (rather than these being capped at 30 June 2012 levels, leave liabilities increased by \$214 million during 2012-13). Nonetheless, at 8.7%, the increase in leave liabilities in 2012-13 compares favourably to average annual growth of 11% over the period 2008-09 to 2011-12.

Moreover, the vast majority of the increased leave liabilities in 2012-13 (more than 80%) is accounted for by WA Health and the Department of Education. As the following figure shows, abstracting from these two agencies, leave liabilities in 2012-13 increased by just 4.3%, a marked reduction on the average annual growth of 10.8% over the period 2008-09 to 2011-12.

Figure 3



The table above also indicates that the efficiency dividend delivered more than its estimated savings during 2012-13, with the Public Transport Authority bringing forward a large portion of its dividend by maximising opportunities for reducing the cost of its borrowings.

Exclusive of the cap on leave liabilities, the general government sector achieved savings totalling \$494 million from the corrective measures implemented in 2012-13, representing 99% of the targeted savings.

Movements in the key financial aggregates between the estimated outturn published in the recent 2013-14 Budget and the actual results for 2012-13 released in this report are discussed in the remainder of this chapter.

Results Compared to Estimated Outturn

General Government Sector

Operating Statement

The general government sector recorded an operating surplus of \$249 million in 2012-13. This result is slightly higher than the estimated outturn included in the 2013-14 Budget (\$239 million), reflecting the impact of a small upward revision to revenue (up \$21 million), partially offset by higher than expected expenses across the sector (up \$11 million).

Relative to the estimated outturn, the small increase in revenue is mainly attributable to the net impact of:

- higher revenue from agencies' sales of goods and services (up \$59 million), mainly due to the recognition of some revenue by Main Roads in its 2012-13 accounts and not in 2013-14 as expected in the recent budget;
- increased tax equivalent revenue from public corporations (up \$18 million), due to higher than expected profit outcomes across a range of agencies, partially offset by a lower than expected outcome for Synergy;
- lower grants from the Commonwealth (down \$49 million), largely reflecting a reduction in tied grants for transport;
- lower royalty income (down \$34 million), mainly reflecting lower iron ore royalties (down \$27 million or 0.7%) due to a lower than expected average grade of ore sold, which was partly offset by higher production volumes (513 million tonnes compared to the estimated outturn of 505 million tonnes); and
- higher than expected revenue from the transfer of roads from the private sector to the general government sector (up \$21 million).

Expenses for the general government sector totalled \$25.5 billion in 2012-13, \$11 million higher than the estimated outturn. The higher than expected outcome reflects a number of expense movements across agencies, including key service agencies such as WA Health (up \$70 million), Western Australia Police (down \$39 million) and Education (down \$14 million). Relative to 2011-12, expenses grew by just 3.7% over 2012-13, the lowest rate of expense growth since 1998-99.

Of note, salaries growth of 5.7% in 2012-13 was the lowest rate of growth since 2000-01, and substantially below the average 8.6% growth over the past decade.

These variances are discussed in more detail in the table below.

Table 4

GENERAL GOVERNMENT
Operating Statement

	2011-12	2012-13				Actual \$m (5)	Variation on EOT \$m (6)=(5)-(4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Estimate \$m (3)	Estimated Outturn \$m (4)		
REVENUE							
Taxation	7,173	7,739	8,195	8,200	8,342	8,335	-7
Current grants and subsidies	8,678	8,083	8,139	8,154	8,274	8,316	42
Capital grants	1,082	929	688	689	712	622	-91
Sales of goods and services	1,929	1,933	2,030	2,030	2,030	2,089	59
Interest income	304	268	281	282	261	255	-6
Revenue from public corporations							
Dividends	704	764	820	820	796	796	-
Tax equivalent income	381	504	382	398	363	381	18
Royalty income	4,343	4,871	4,366	4,488	4,460	4,425	-34
Other	627	388	417	417	459	499	41
<i>Total</i>	<i>25,220</i>	<i>25,477</i>	<i>25,318</i>	<i>25,477</i>	<i>25,696</i>	<i>25,718</i>	<i>21</i>
EXPENSES							
Salaries	9,605	10,013	9,881	9,883	10,115	10,154	39
Superannuation							
Concurrent costs	913	949	935	936	958	965	7
Superannuation interest cost	317	343	281	313	336	369	34
Other employee costs	419	406	443	443	452	446	-6
Depreciation and amortisation	990	1,101	1,064	1,064	1,085	1,108	23
Services and contracts	1,728	1,916	1,862	1,864	1,922	1,902	-20
Other gross operating expenses	4,656	4,611	4,942	4,934	4,782	4,725	-57
Other interest	371	424	400	401	448	442	-6
Current transfers	5,053	4,902	4,903	4,929	4,887	4,895	8
Capital transfers	520	616	467	469	473	462	-12
<i>Total</i>	<i>24,571</i>	<i>25,281</i>	<i>25,178</i>	<i>25,236</i>	<i>25,457</i>	<i>25,468</i>	<i>11</i>
NET OPERATING BALANCE	649	196	140	241	239	249	11

Note: Columns may not add due to rounding.

The \$249 million surplus outcome for 2012-13 is \$400 million lower than the \$649 million surplus recorded in 2011-12. This largely reflects the impact of the State's rapid decline in GST revenue grants, which were \$518 million lower in 2012-13 than in 2011-12.

The following table summarises key changes to the general government sector operating surplus since release of the 2013-14 Budget on 8 August 2013.

Table 5

SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE VARIATIONS SINCE THE 2013-14 BUDGET ESTIMATED OUTTURN

	\$m
2013-14 BUDGET - NET OPERATING BALANCE	239
Revenue	
Royalty Income	
- Iron Ore	-27.0
- All other royalties	-7.3
<i>Sub Total</i>	<i>-34.3</i>
Commonwealth grants	
- North West Shelf grants	-19.7
- Transport grants	-64.6
- Health grants	25.9
- All other grants	9.6
<i>Sub Total</i>	<i>-48.7</i>
Revenue from Public Corporations	18.0
Agency Goods and Services	58.8
Roads transferred from the private sector	21.1
Other	6.5
TOTAL REVENUE	21.4
Expenses	
WA Health	69.8
Police	-38.5
Education	-14.0
Nominal superannuation interest	33.6
Other	29.9
TOTAL EXPENSES	10.9
TOTAL VARIANCE	10.5
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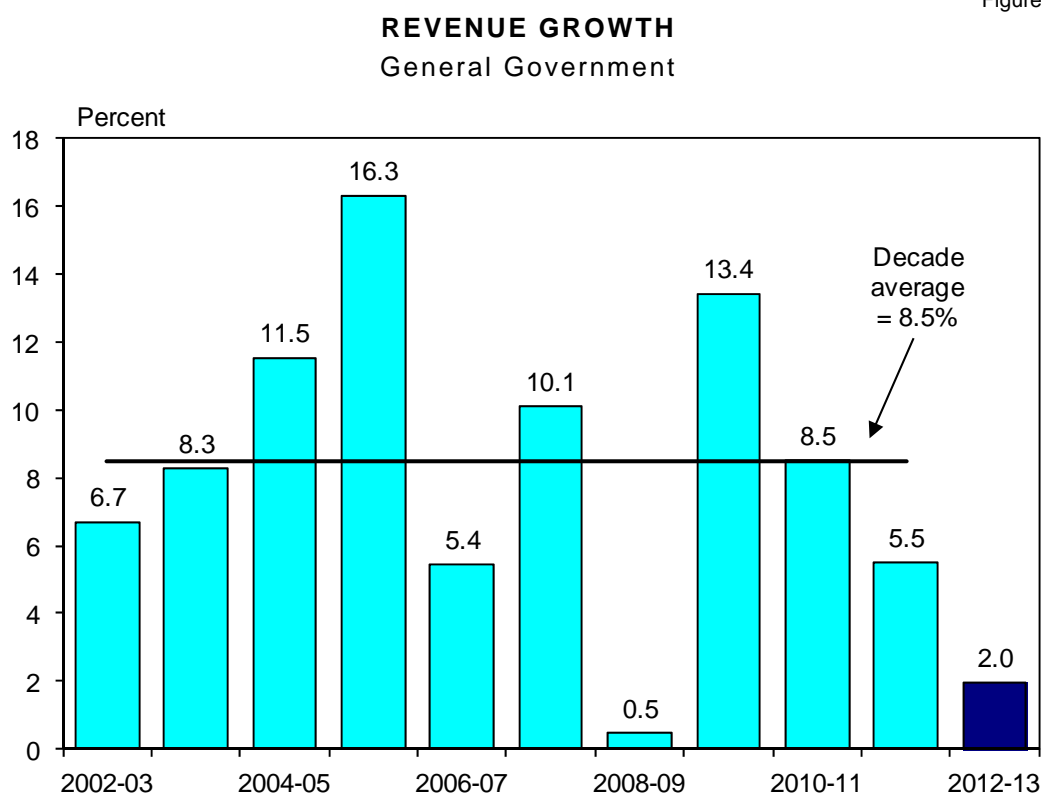
Note: Columns may not add due to rounding.

Revenue

General government revenue totalled \$25,718 million in 2012-13, \$21 million (or 0.1%) higher than the estimated outturn in the 2013-14 Budget. This mainly reflects higher than expected revenue from sales of goods and services and grants and subsidies revenue from the Commonwealth, partially offset by lower tied capital grants and royalty income.

Revenue growth of just 2% was recorded in 2012-13, down from the 5.5% growth achieved in 2011-12 and consistent with the 2013-14 Budget estimate of 1.9%. As shown in the following chart, this rate of growth is well below the average growth of 8.5% recorded over the decade to 2011-12, and largely reflects the State's declining share of GST grants, as well as relatively flat growth in royalty revenue in 2012-13 (due to softer iron ore prices relative to 2011-12 and a high \$US/\$A exchange rate).

Figure 4

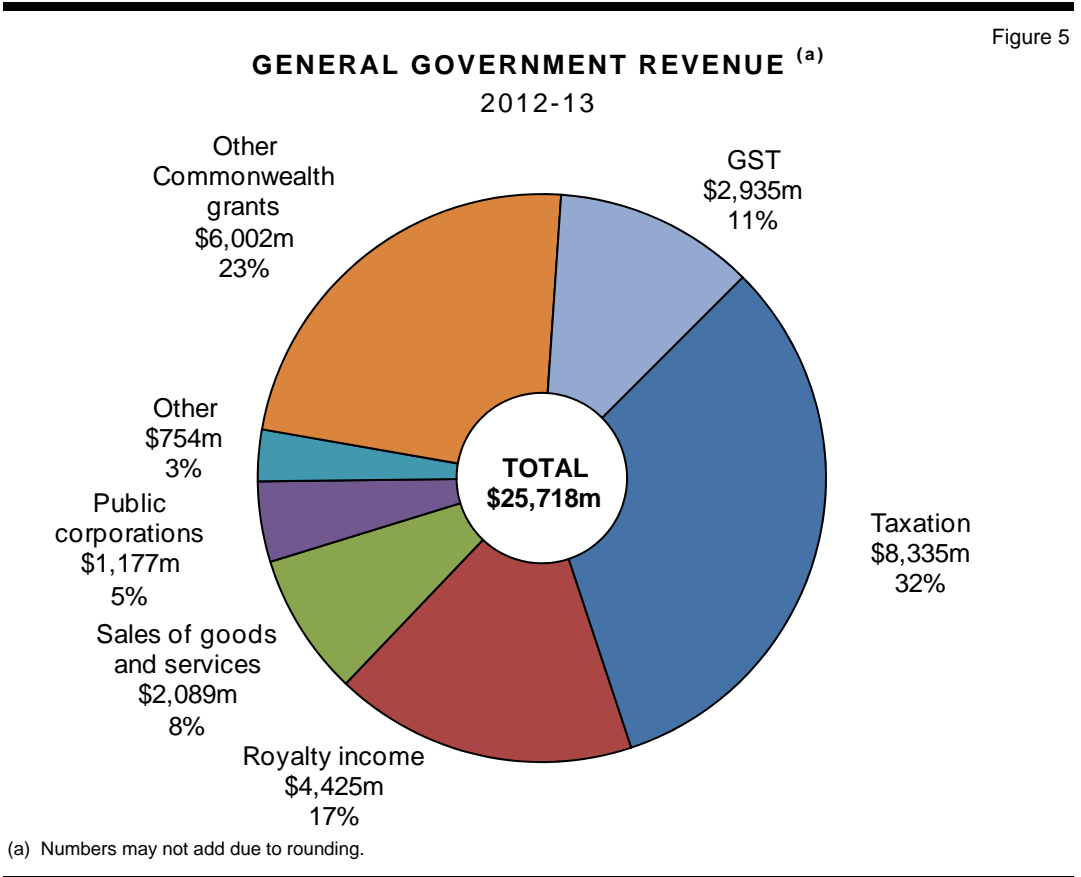


Changes to general government revenue since the release of the 2013-14 Budget include:

- a reduction in recurrent and capital Commonwealth funding (down \$49 million, or 0.5%), mainly reflecting the net impact of:
 - lower grants for transport (down \$65 million) due to the receipt of grant funding for the Gateway WA project from the Commonwealth in early 2013-14 rather than 2012-13 as previously expected;
 - lower North West Shelf grants (down \$20 million), primarily due to lower than expected LNG sales volumes; and
 - higher than expected National Partnership payments to WA Health (up \$26 million) reflecting the new National Partnership Agreement on Treating More Public Dental Patients, and higher than anticipated funding received for treating veterans due to the receipt in 2012-13 of back payment for services provided in an earlier year. These were partially offset by lower than expected receipts under the Commonwealth's Highly Specialised Drugs Program.
- increased revenue from the sale of goods and services across the sector (up \$59 million, or 2.9%), mainly due to revenue (including Commonwealth grant funding) for the Carnarvon Flood Levee works recognised by Main Roads in its 2012-13 accounts and not in 2013-14 as expected in the recent budget (up \$44 million);

- higher than expected revenue from the transfer of road assets from private sector organisations such as mining companies (up \$21 million);
- increased tax equivalent revenue from public corporations (up \$18 million or 4.9%), reflecting the net impact of:
 - higher than expected final profit outcomes across a range of agencies, particularly Verve Energy (with tax equivalent revenue up \$7 million following stronger than expected sales revenue), Fremantle Port Authority (up \$6 million, due mainly to revenue for an insurance claim for the Kwinana Bulk Terminal fire of 2007, and revenue from the termination of the contract with HIsmelt), together with a range of smaller profit improvements across the State’s public corporations; and
 - a lower than forecast outcome for Synergy (down \$5 million), reflecting lower customer revenue (including as a result of lower demand and competition in contestable markets) and higher operating costs associated with the Feed-in Tariff; and
- lower royalty income (down \$34 million), mainly reflecting lower iron ore royalties (down \$27 million) due to a lower than expected average grade of ore sold.

Taxation revenue was essentially unchanged from the estimated outturn in the 2013-14 Budget, with total taxation receipts of \$8.3 billion recorded in 2012-13. At \$2.9 billion in 2012-13, the level of GST grants received by the State is also unchanged from the estimated outturn.



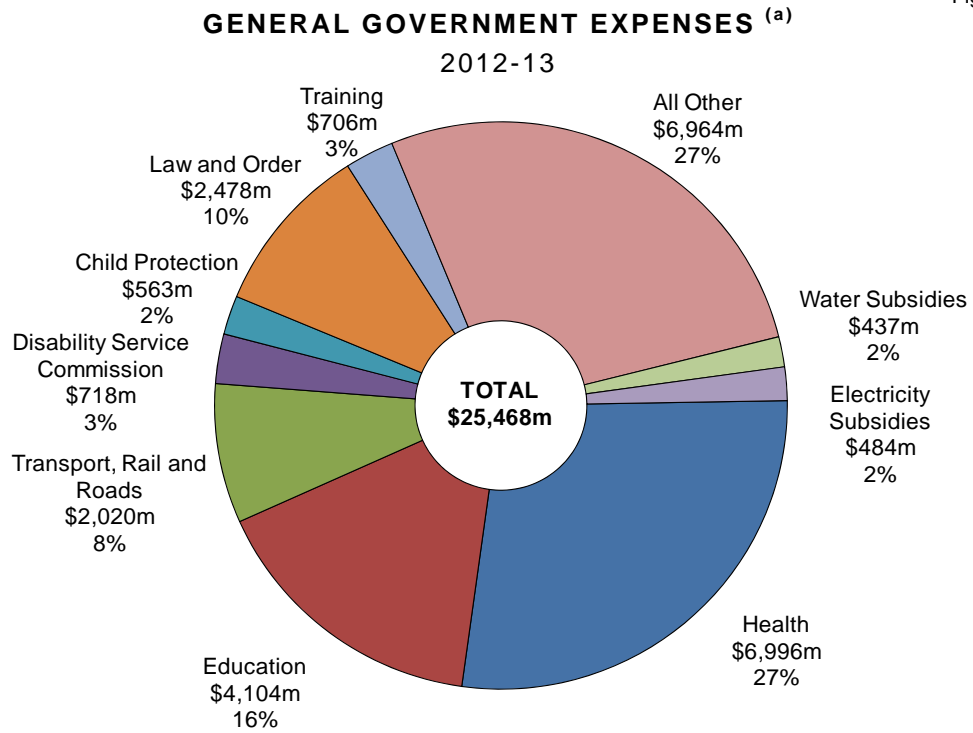
Expenses

General government expenses totalled \$25.5 billion in 2012-13, \$11 million (less than 0.1%) higher than estimated at the time of the 2013-14 Budget. This small variance reflects the net impact of:

- higher expenses for WA Health (up \$70 million), mainly reflecting an increase in depreciation costs (up \$51 million), following a review of the useful life of the Princess Margaret, Swan District and Shenton Park hospitals, driven by new hospital infrastructure expected to come on line in the near future;
- lower spending by Western Australia Police (down \$39 million) primarily due to:
 - a reduction in project expenses (down \$12 million), mainly due to negotiations between external stakeholders taking longer than expected, causing delays in infrastructure projects including the Community Safety Network, Information Communication Technology Core Business Systems, Perth Police Complex, West Metropolitan District Accommodation Upgrade, Police Facilities Major Refurbishment Program and the Relocation of Fremantle Police Complex;
 - lower than expected salaries expenses (down \$7 million) due to better than expected outcomes for the FTE cap policy and movements in expected recruitment resulting in a lower average FTE result; and
 - lower than expected depreciation/amortisation expenses (down \$6 million) due to the slower than expected works noted above, and lower building valuations;
- lower spending by the Department of Education (down \$14 million), mainly reflecting schools not fully expending salary and cash allocations by 30 June 2013, and increased cost restraint in Central and Regional Offices; and
- higher nominal superannuation interest costs (up \$34 million), due mainly to the actuarial valuation of unfunded scheme liabilities and associated scheme costs.

Expense growth for the general government sector was 3.7% in 2012-13, the lowest rate of growth since 1998-99. This low rate of expense growth reflects the impact of a number of savings measures implemented by the Government in 2012-13 (see feature box earlier in this chapter) and the higher than expected outcome for 2011-12 (detailed in the 2011-12 *Annual Report on State Finances*).

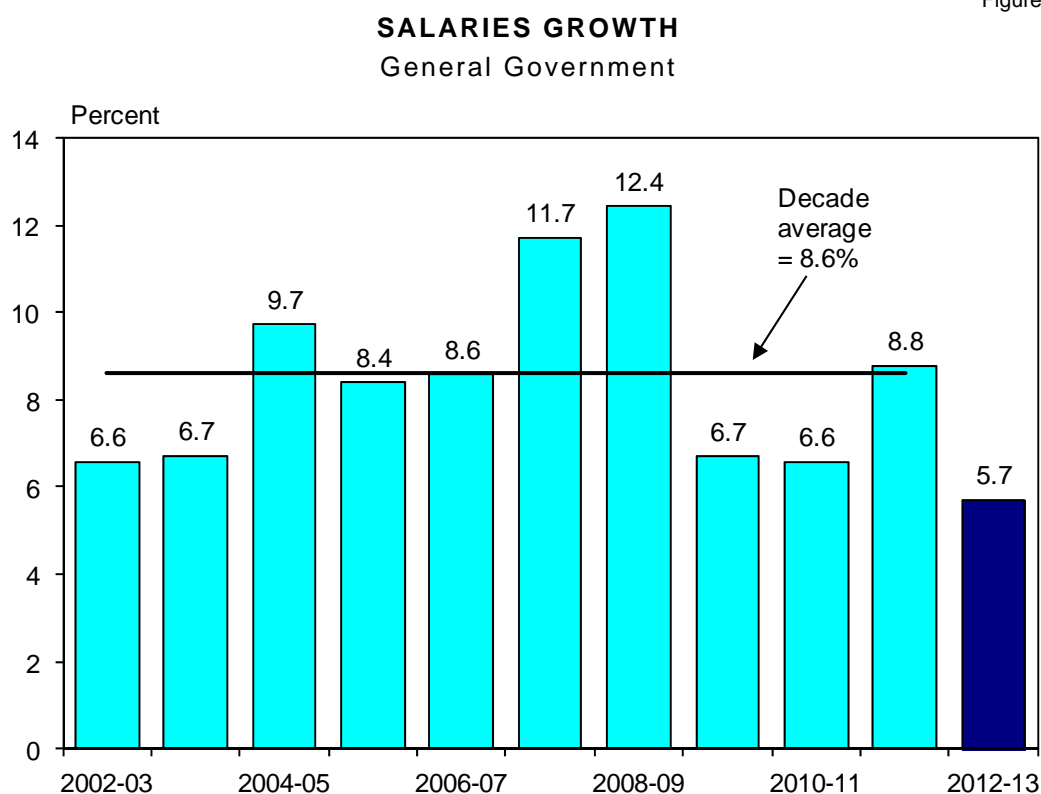
Figure 6



(a) Numbers may not add due to rounding.

Salaries expenditure remains the single largest component of general government recurrent spending, accounting for around 40% of total operating expenses for the sector. In 2012-13, growth in salaries costs was 5.7%, up slightly from the 5.3% growth estimated in the 2013-14 Budget. This is the lowest rate of growth since 2000-01, and is a significant reduction on the average growth of 8.6% recorded over the previous decade (see chart below).

Figure 7



Expenditure on salaries increased by \$39 million (or 0.4%) relative to the estimated outturn. The main driver for this was higher salaries expenses for WA Health (up \$109 million)¹, partly offset by lower salaries outcomes for Education (down \$55 million) and Corrective Services (down \$21 million), which were largely matched by offsetting changes to other expenses.

Asset Investment

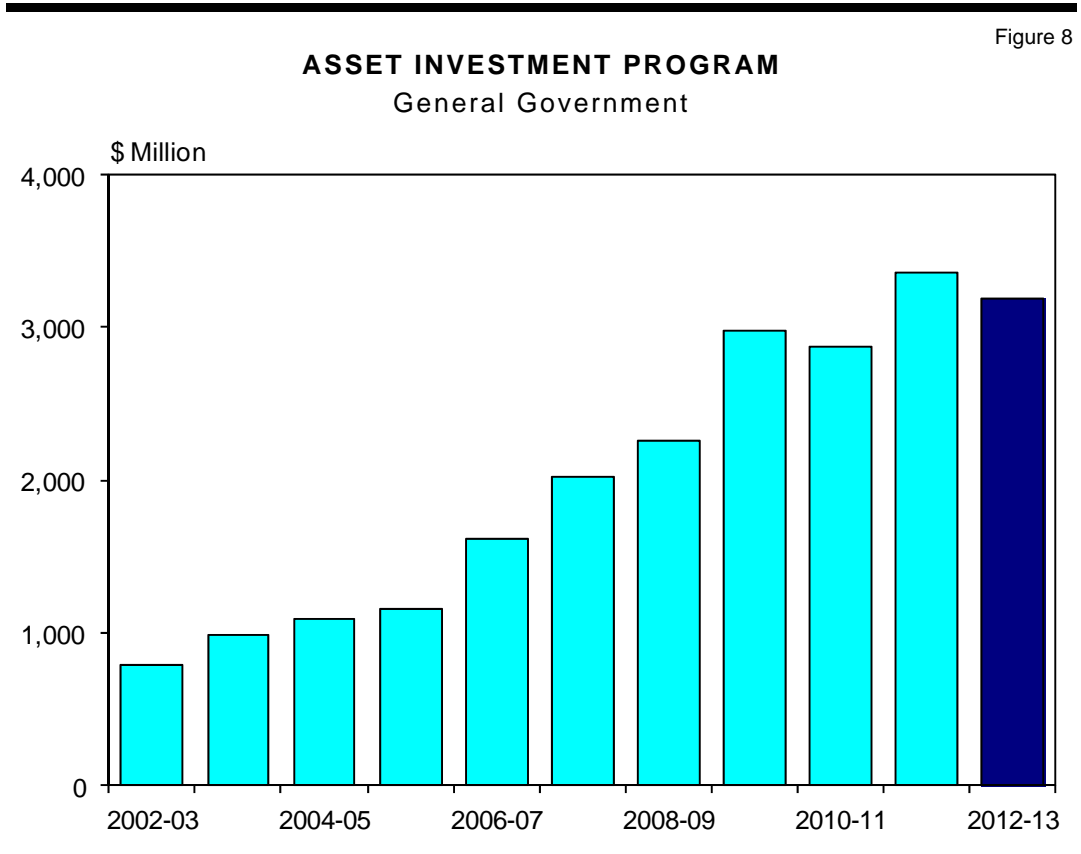
Following record general government sector investment in infrastructure in 2011-12 of \$3.4 billion, the general government sector Asset Investment Program was a still very strong \$3.2 billion in 2012-13.

Reflecting increased demand for government services from the expanding economy and population, expenditure on infrastructure in 2012-13 included:

- \$934 million on metropolitan and regional health facilities;
- \$829 million on expanding the road network and improvement of existing roads; and
- \$475 million on education infrastructure including new schools and additions or improvements to existing schools.

¹ Includes District Allowances expense. WA Health's overall recurrent spending increased by \$70 million (or 1%) relative to the estimated outturn. This mainly reflects additional depreciation charges noted above and a number of offsetting movements between expenditure categories (mainly between non-salary direct patient support costs and salaries expense) largely reflecting classification changes relative to the expected outturn in the recent budget.

Asset investment by the public non-financial corporations sector is discussed later in this chapter.



General government sector infrastructure spending in 2012-13 was \$22 million (or 0.7%) lower than estimated in the 2013-14 Budget. The estimated outturn included a \$300 million provision for then un-identified slippage across the sector's program. This slippage has materialised in the 2012-13 outcome, with the largest contributors including:

- WA Health (down \$106 million), primarily reflecting slower than expected works and timing of payments across the range of very large hospital projects as part of WA Health's \$934 million infrastructure spend for the year ending 30 June 2013;
- Education (down \$32 million), due to:
 - timing changes to a range of projects including Baldivis Secondary College, Butler College, Tuart Forest Primary School and Hammond Park Primary School; and
 - reclassification of a number of projects from capital to recurrent spending since the 2013-14 Budget was finalised, including the air cooling program (\$2 million) and shared facilities at the Roebourne Leisure centre adjacent to the Karratha Senior High School (\$8 million);

- Fire and Emergency Services (down \$25 million), mainly reflecting the net impact of:
 - delays in the acquisition of land for the replacement of the Career Fire and Rescue station in Kensington due to the local council's difficulty in identifying a suitable site;
 - delays to modifications and construction of replacement career and volunteer stations, and the replacement of plant and equipment;
 - delays on construction of the Kiara and Kambalda stations as a result of contracted builders going into administration; and
 - additional outlays on new and replacement fire appliances (\$1.5 million);
- Finance (down \$19 million), reflecting:
 - lower than expected prices for the purchase of State Fleet vehicles; and
 - later than expected payment for works on the Cabinet office (Hale House) due to additional time taken by the building contractor to finalise variation claims and complete works outstanding at the time of occupancy;
- Western Australian Sports Centre Trust (down \$17 million), primarily reflecting additional time taken to finalise variations on capital works at the Perth Arena;
- Attorney General (down \$15 million), due mainly to project management-related delays affecting various capital works projects, including the Carnarvon Police and Justice Complex, Kununurra Courthouse and the upgrade of payroll and financial systems; and
- Sport and Recreation (down \$15 million), due to actual works in progress being less than anticipated and delays in invoicing for projects, including the Perth Rectangular Stadium, Western Australian Institute of Sport High Performance Service Centre and State Netball Centre.

Balance Sheet

The net worth of the general government sector increased by \$1.5 billion between 30 June 2012 and 30 June 2013, to \$112.9 billion.

Relative to the estimated outturn, assets were \$3.2 billion (or 2.2%) lower than expected at 30 June 2013, mainly reflecting lower than anticipated land valuations across both the general government and public non-financial corporations sectors (down a combined \$3.8 billion) reflecting end of year valuations. This is partially offset by higher receivables (up \$279 million), primarily due to higher tax receivables from transactions that were assessed but yet to be paid at 30 June 2013.

Driven primarily by higher borrowings in support of infrastructure spending during 2012-13 (up \$2.2 billion), general government liabilities at 30 June 2013 were \$1.4 billion higher than at 30 June 2012. Higher borrowings were partly offset by lower unfunded superannuation liabilities (down \$937 million), reflecting actuarial valuation changes².

Further information on the general government sector balance sheet position can be found in Appendix 4: *Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2013*.

Cash Flow Statement

The general government sector recorded a cash deficit of \$2 billion in 2012-13. A cash surplus of \$1.1 billion was achieved on day-to-day operating activities³, while a shortfall of \$3 billion was recorded for net infrastructure spending.

The \$2 billion cash deficit is \$200 million higher than the \$1.8 billion deficit estimated in the 2013-14 Budget, and is reflected in a higher level of general government sector net debt at 30 June 2013. Relative to the estimated outturn, this outcome is a result of:

- weaker cash operating outcomes, mainly reflecting lower than anticipated taxation receipts (primarily reflecting revenue accrued but not collected by 30 June 2013), lower grant receipts (noted earlier), and higher than anticipated receipts from public corporations;
- lower infrastructure spending (down \$22 million, noted in the Asset Investment discussion earlier); and
- lower sales of non-financial assets (down \$111 million), mainly reflecting lower than anticipated sales of Crown land, following delays in clearances and preparation of land for sale.

General government sector cash deficits in recent years reflect:

- lower net cash flows from operating activities since 2008-09, following the impact of the Global Financial Crisis on receipts, and the impact of higher demand on operating expenditure; and
- the acceleration in capital investment by the sector, including investment in hospital infrastructure, roads, schools etc.

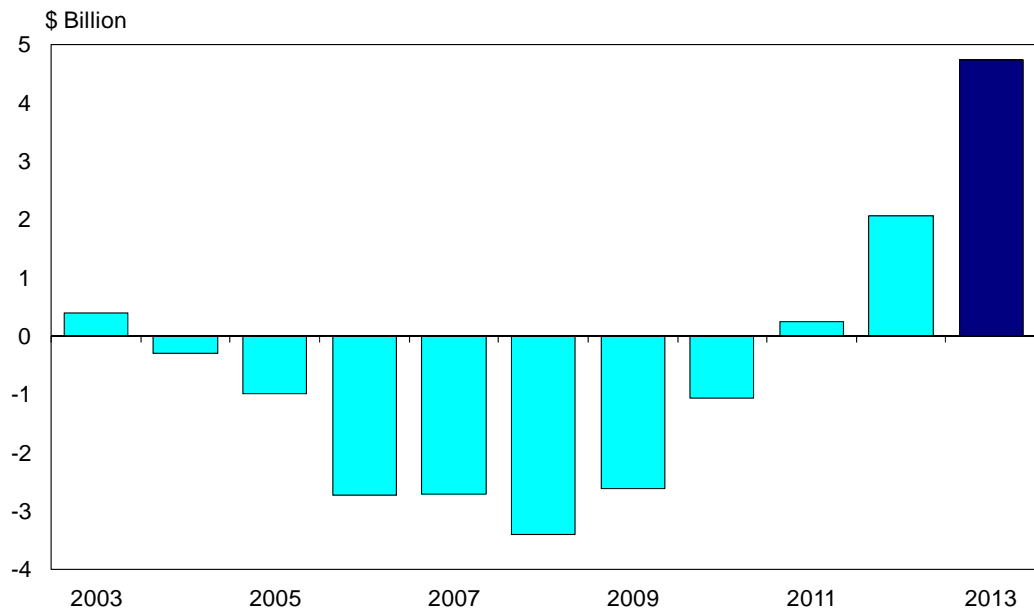
Accordingly, growing general government sector cash deficits have resulted in a turnaround to a net debt position in recent years.

² Long term government bond rates are used by the actuary in year end valuations of unfunded superannuation liabilities. Bond rates have increased during the 2012-13 financial year. An increase in bond rate means that unfunded liabilities decrease in value (and vice versa).

³ That is, the cash equivalent of the operating surplus discussed earlier. The operating surplus recognises cash and non-cash costs and benefits at the time they are accrued by the general government sector (e.g. a tax revenue is recorded when a tax assessment is issued). The cash result recognises cash transactions only (e.g. when a tax assessment is actually paid).

Figure 9

NET DEBT AT 30 JUNE^(a)
 General Government Sector



(a) Negative net debt occurs where there is an excess of net debt financial assets over gross debt liabilities.

Total Public Sector⁴

Summary

The total public sector recorded a \$208 million operating deficit in 2012-13, an increase of \$31 million on the estimated outturn reflected in the 2013-14 Budget (\$178 million).

A stronger than expected operating surplus in both the general government sector and public non-financial corporations (PNC) sector, up \$11 million and \$199 million respectively, was offset by a weaker than expected operating surplus for the public financial corporations (PFC) sector (down \$240 million).

Net debt at 30 June 2013 was \$18.2 billion, \$292 million lower than the most recent budget estimate (\$18.5 billion), but \$3.7 billion higher than the level of net debt at 30 June 2012.

Table 6

TOTAL PUBLIC SECTOR							
Summary Financial Aggregates							
	2011-12	2012-13					Variation on EOT \$m (6)=(5)-(4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Estimate \$m (3)	Estimated Outturn \$m (4)	Actual \$m (5)	
OPERATING STATEMENT							
Revenue	40,699	41,327	41,087	41,302	42,563	40,794	-1,769
Expenses	40,233	41,264	41,627	41,707	42,741	41,003	-1,738
Net Operating Balance	466	63	-541	-405	-178	-208	-31
BALANCE SHEET							
Assets	172,733	173,694	178,969	179,159	179,399	174,904	-4,495
Liabilities	61,258	57,150	63,923	63,633	63,506	61,977	-1,528
Net Worth	111,475	116,544	115,046	115,526	115,893	112,927	-2,966
CASH FLOW STATEMENT							
Change in net cash held	3,379	-350	-2,618	-2,669	-2,878	-771	2,107
Cash Surplus/-deficit	-2,240	-3,364	-3,589	-3,525	-3,677	-3,888	-211
Memorandum Item: Net Debt	14,523	18,594	18,225	18,263	18,480	18,188	-292

Note: Columns may not add due to rounding.

Net Operating Balance

A \$208 million operating deficit was recorded by the total public sector in 2012-13, \$31 million higher than the \$178 million deficit estimated in the recent budget.

⁴ 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*.

The general government sector recorded a slightly stronger than forecast operating surplus of \$249 million (up \$11 million on the recent budget, outlined earlier in this chapter). Consolidated public corporation operating outcomes offset the stronger general government sector result.

Public Non-Financial Corporations

An operating surplus of \$304 million was recorded in the PNC sector in 2012-13, \$199 million higher than estimated in the 2013-14 Budget.

Compared to the recent budget, revenue was \$1.2 billion (or 6%) lower than expected while expenses were \$1.4 billion (or 7.1%) lower. These outcomes were largely driven by a \$1.4 billion downward revision to both revenue and expenditure for the Gold Corporation, due mainly to year-end adjustments to the Gold Corporation's non-cash precious metals transactions and weaker global demand for precious metals.

Other significant movements in operating results since the 2012-13 estimated outturn include:

- higher goods and services revenue for the Housing Authority (up \$97 million), due largely to a reclassification of sales from the Affordable Housing Program (which in the budget were included as sales of non-financial assets and thus not counted as revenue)⁵; and
- higher revenue (up \$46 million) and lower expenses (down \$16 million) for the Water Corporation. The increase in revenue was largely driven by higher developer contributions (up \$30 million) as the low interest rate environment spurred land development, together with higher non-regulated revenue. The lower expenditure was largely driven by savings from efficiency programs.

Public Financial Corporations

An operating surplus of \$91 million was recorded for the PFC sector in 2012-13, \$240 million lower than the \$330 million surplus projected in the estimated outturn. Revenue and expenses were \$690 million and \$450 million lower than estimated respectively, mainly reflecting outcomes for the Western Australian Treasury Corporation due to movements in interest rates and final borrowings relative to previous expectations.

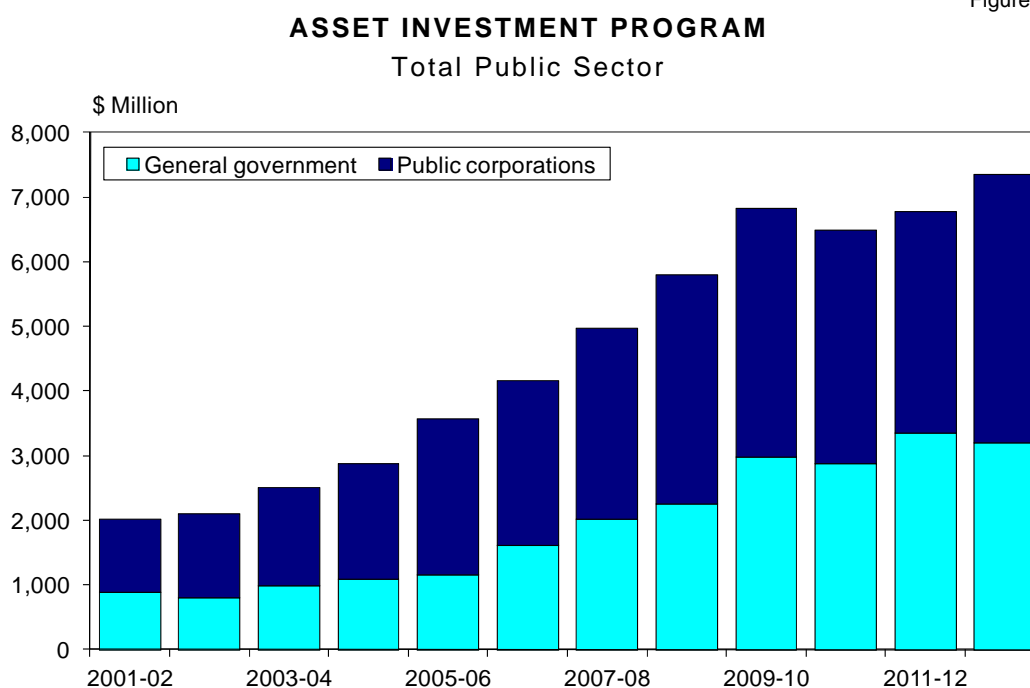
Abstracting from the Corporation's interest outcomes, other movements in revenue and expenses were largely driven by the Insurance Commission of Western Australia and RiskCover, reflecting final investment outcomes and year-end actuarial advice relating to claims.

Asset Investment

The total public sector spent a record \$7.4 billion on infrastructure in 2012-13, broadly in line with the estimated outturn (\$7.3 billion) and an increase of \$573 million on the \$6.8 billion infrastructure program in 2011-12.

⁵ This change in treatment reflects classification advice from the Australian Bureau of Statistics.

Figure 10



The general government sector infrastructure program accounted for \$3.2 billion, or 43% of the total Asset Investment Program, with substantial hospital, roads and school infrastructure delivered during 2012-13 (see earlier discussion).

Infrastructure spending by the State's public non-financial corporations totalled \$4.2 billion in 2012-13. Like the general government sector, the estimated 2012-13 Asset Investment Program in the 2013-14 Budget included a \$300 million provision for underspending across the public corporations which was expected to arise in final outturns. In this regard, material underspending by agencies which emerged subsequent to the estimated outturn included:

- the Housing Authority (down \$159 million), mainly due to slower than expected progress in acquiring land for the Affordable Housing Program (including Shared Start). Land acquisition was delayed as result of strong overall demand for lower priced lots suitable for the program; and
- Verve Energy (down \$118 million), reflecting a reclassification of Muja AB costs associated with the termination of the joint venture, but with no impact on net debt at 30 June 2013⁶.

⁶ These Muja AB costs have been treated as part of the net transfer of assets and liabilities associated with Verve Energy having assumed the full control of the project from its private sector joint venture partner. Lower infrastructure spending for 2012-13 (relative to the recent budget forecasts), reflects a classification issue for the nature of the spending in the final accounts for the year. The public sector has recognised a total \$217 million in additional debt at 30 June 2013 following the termination of the joint venture arrangement with Muja AB, identical to the debt recognised in the recent budget. The recent budget included expectations of further costs in 2013-14 and beyond.

Infrastructure investment for some agencies increased relative to the estimated outturn, including:

- Western Power (up \$56 million), largely resulting from an increase in safety related expenditure (including wood pole and conductor management) and a decision to reduce the number of outstanding accounts (that is, bring forward the payment of invoices) in the 2012-13 financial year across Western Power's total asset investment program; and
- the Western Australian Land Authority (up \$78 million), reflecting higher than anticipated expenditure in various regional projects.

The following table summarises the material agency movements in infrastructure investment for 2012-13 since the 2013-14 Budget.

Table 7

INFRASTRUCTURE INVESTMENT

	2011-12	2012-13				Actual \$m (5)	Variation on EOT \$m (6)=(5)-(4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Estimate \$m (3)	Estimated Outturn \$m (4)		
<i>General Government</i>							
Health	1,187	1,174	1,144	1,149	1,041	934	-106
Education	674	518	616	616	507	475	-32
Fire and Emergency Services	36	36	48	48	46	21	-25
Finance	251	212	221	221	171	152	-19
<i>Western Australian Sports</i>							
Centre Trust	132	6	63	64	64	47	-17
Attorney General	31	75	73	73	50	35	-15
Sport and Recreation	10	120	118	118	103	88	-15
Provision for underspending	-	-500	-750	-750	-300	-	300
All Other	1,037	1,659	1,658	1,653	1,535	1,443	-93
Total General Government	3,358	3,301	3,191	3,192	3,217	3,195	-22
<i>Public Corporations</i>							
Housing Authority	600	971	1,101	1,101	894	735	-159
Verve Energy	180	81	81	81	192	74	-118
Water Corporation	833	1,071	1,004	1,004	959	930	-29
<i>Metropolitan Redevelopment</i>							
Authority	39	250	199	199	139	115	-24
Western Power	803	1,039	1,038	1,038	972	1,027	56
<i>Western Australian Land</i>							
Authority	390	432	384	384	352	429	78
Provision for underspending	-	-500	-750	-750	-300	-	300
All other	580	994	1,074	1,074	879	850	-30
Total Public Corporations	3,424	4,339	4,132	4,132	4,086	4,160	75
TOTAL PUBLIC SECTOR	6,782	7,639	7,323	7,324	7,302	7,355	53

Balance Sheet

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

Cash Flow Statement

The total public sector recorded a cash deficit of \$3.9 billion in 2012-13.

Net cash flows from operating activities totalled \$2.6 billion (\$190 million stronger than forecast at the estimated outturn), reflecting the net impact of a stronger than expected PNC sector operating outcome, and weaker than expected general government and PFC sector outcomes.

Net cash flows from infrastructure spending (gross payments less receipts from asset disposals) were \$6.5 billion, \$401 million higher than the estimated outturn mainly due to:

- the \$53 million increase in infrastructure spending discussed under total public sector asset investment; and
- lower receipts from asset disposals (down \$349 million), mainly the result of lower sales of Crown land (see earlier), the change in classification of Housing Authority asset sales (see operating statement above), and the impact of lower property market activity on Western Australian Land Authority sales.

Net Debt⁷

Total public sector net debt increased to \$18.2 billion at 30 June 2013, up \$3.7 billion from the level recorded at 30 June 2012. Higher levels of net debt are consistent with the cash funding requirement in support of the State's record infrastructure program.

Net debt at 30 June 2013 was \$292 million lower than the estimated outturn in the 2013-14 Budget. In addition to changes in cash flows detailed above, the lower net debt position reflects movements in the market value of financial assets held by the Western Australian Treasury Corporation and the Insurance Commission of Western Australia, partly offset by a \$103 million increase in the value of finance leases (which are treated as borrowings on the State's balance sheet).

The following figure shows the public sector bodies holding substantial levels of net debt at 30 June 2013.

⁷ Net debt is derived by taking gross borrowings (deposits held, borrowings, finance leases, etc.) and netting off cash and other liquid assets (cash holdings and investments, loans and advances by government, etc.).

TOTAL PUBLIC SECTOR NET DEBT		Table 8
At 30 June 2013		
	\$m	
Consolidated Account Borrowings	10,139	
Other Public Bank Account net assets ^(a)	-2,239	
Western Power	6,101	
Water Corporation	5,077	
Public Transport Authority	1,473	
Public Financial Corporations	-2,060	
All Other	-303	
Total Public Sector Net Debt	18,188	

(a) Mainly Special Purpose Accounts, and other cash investments.

The following table reconciles movements in net debt since the 2013-14 Budget.

Table 9

**SUMMARY OF TOTAL PUBLIC SECTOR NET DEBT VARIATIONS
SINCE THE 2013-14 BUDGET**

	\$m
2013-14 BUDGET - NET DEBT AT 30 JUNE 2013	18,480
<i>Less</i> change in net cash flows from operating activities and dividends paid	
- General government	-111.9
- Public non-financial corporations	455.5
- Public financial corporations	-153.6
<i>Total Public Sector</i>	<i>190.0</i>
<i>Plus</i> purchases of non-financial assets	
- Housing Authority	-158.9
- Verve Energy	-117.5
- Health	-106.4
- Education	-32.2
- Water Corporation	-28.9
- Fire and Emergency Services	-24.8
- Metropolitan Redevelopment Authority	-24.1
- Finance	-19.5
- Western Australian Sports Centre Trust	-17.0
- Sport and Recreation	-15.0
- Attorney General	-14.5
- Western Australian Land Authority	77.7
- Western Power	55.9
- Budget-time underspend provision	600.0
- All other	-122.1
<i>Total purchases of non-financial assets</i>	<i>52.5</i>
<i>Less</i> proceeds from sale of non-financial assets	
- Housing Authority	-259.6
- Regional Development and Lands	-100.5
- Western Australian Land Authority	-49.6
- All other	61.2
<i>Total sales of non-financial assets</i>	<i>-348.5</i>
<i>Plus</i> all other financing	
Net acquisition under finance leases and similar arrangements ^(a)	103.5
All other ^(b)	-606.7
<i>Cumulative impact on net debt at 30 June</i>	<i>-292.2</i>
2012-13 ANNUAL REPORT ON STATE FINANCES - NET DEBT AT 30 JUNE 2013	18,188

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

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

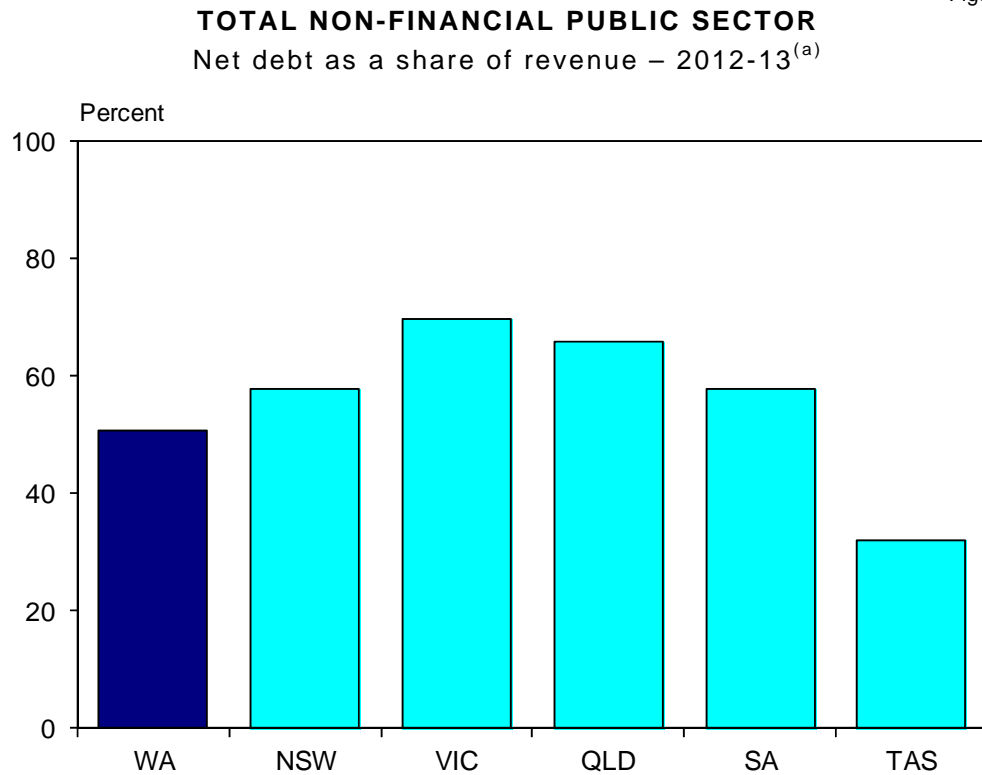
Note: Columns may not add due to rounding.

Despite significant increases in recent years, total non-financial public sector⁸ net interest costs as a share of operating revenue were a low 2.3% in 2012-13, well below the Government's financial target level of 4.5% (financial targets are discussed further in the next chapter).

⁸ The total non-financial public sector includes general government sector and public non-financial sector agencies (i.e. excludes public financial corporations which deal in financial markets). The total non-financial public sector raises net debt to support infrastructure spending.

At the same time, total non-financial public sector net debt as a share of revenue (a new financial target in the 2013-14 Budget) was 50.6% in 2012-13, which is below the new 55% target limit and below that of most other States (see figure below).

Figure 11



(a) Based on Western Australia's 2012-13 final outcomes and 2012-13 estimates published in other jurisdictions' 2013-14 Budget papers.

Financial Targets

HIGHLIGHTS

- With the exception of the broad measure of net worth, all of the financial targets contained in the 2012-13 Budget were met in 2012-13.
- Of particular note, this is the first time since 2003-04 that real per capita own-purpose expenses have declined in the general government sector, with recurrent spending growing by just 3.7% in 2012-13 - the lowest rate of expense growth since 1998-99.

Introduction

The *Government Financial Responsibility Act 2000* requires the Government to specify a number of financial targets and to report on these targets over the budget cycle. This chapter assesses the financial results outlined in Chapter 1 of this report against the financial targets set out in the 2012-13 Budget¹. The 2012-13 Budget targets were to:

- maintain or increase real net worth of the total public sector;
- achieve an operating surplus for the general government sector;
- maintain the ratio of total non-financial public sector (TNPS) net interest costs as a share of revenue at or below 4.5%;
- ensure that real per capita own-purpose expenses for the general government sector do not increase; and
- provide a fair and efficient taxation system that is competitive with other Australian States.

The following table outlines compliance with these targets for 2012-13.

¹ Movements in underlying financial aggregates relative to the original budget are discussed in more detail in Appendix 4.

Table 1

COMPLIANCE WITH FINANCIAL TARGETS

	2012-13		
	Budget	Estimated Outturn	Actual
2012-13 BUDGET FINANCIAL TARGETS			
Real net worth be maintained or increased	Yes	Yes	No
General government operating surplus	Yes	Yes	Yes
Net interest costs as a share of revenue for the TNPS at or below 4.5%	Yes	Yes	Yes
No increase in real per capita own-purpose general government expenses	Yes	Yes	Yes
Tax competitiveness	Yes	Yes	Yes

2012-13 Outturn against Financial Targets in the 2013-14 Budget

Following the 2013 State Election and the commencement of a new Parliamentary term in March 2013, the Government reviewed its existing financial targets and decided to adopt a range of new measures, which were detailed in the 2013-14 Budget and will apply from 2013-14 onwards. These new targets are more closely aligned with the criteria assessed by the credit rating agencies and will assist the Government in formulating appropriate whole-of-government financial outcomes in a challenging fiscal environment. These new targets are to:

- ensure that general government sector expense growth does not exceed revenue growth (new target);
- maintain a cash surplus from operating activities for the general government sector of at least 50% of general government sector infrastructure spend per year (new target);
- maintain the total non-financial public sector net debt to revenue ratio at or below 55% (new target);
- maintain a cash operating surplus for the total non-financial public sector of at least 5% of operating cash receipts (new target); and
- provide a fair and efficient taxation system that is competitive with other Australian States (existing target).

While these new targets do not formally apply for reporting in 2012-13, the following table compares the 2012-13 financial outcomes with these new measures.

Table 2

COMPLIANCE WITH NEW FINANCIAL TARGETS

	2012-13	
	Estimated Outturn	Actual
2013-14 BUDGET FINANCIAL TARGETS		
Ensure expense growth does not exceed revenue growth	No	No
Maintain a cash surplus from operating activities for the general government sector of at least 50% of infrastructure spend	No	No
Maintain TNPS net debt at or below 55% of revenue	Yes	Yes
Maintain a TNPS cash operating surplus of at least 5% of receipts	Yes	Yes
Maintain the State's tax competitiveness	Yes	Yes

The remainder of this chapter outlines performance against the financial targets published in the 2012-13 Budget.

Performance Against Financial Targets

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

Net worth measures the strength of the State's financial position by calculating the difference between total assets and total liabilities. The target removes the impact of price movements².

This target was not met in 2012-13 following a very small (1%) reduction in the real (inflation-adjusted) value of the sector's net worth between 30 June 2012 and 30 June 2013. In nominal (unadjusted) terms, this largely reflects the net effect of:

- lower liquid investments as cash holdings for large infrastructure projects such as Fiona Stanley Hospital and the New Children's Hospital were drawn down to pay for construction work;
- a downward revision (for the second consecutive year) of the sector's very substantial land holdings, reflecting:
 - a \$608 million decline in the value of rural and other land held by the (then) Department of Environment and Conservation (due to a general lowering of assessed land values per hectare by the Valuer General's Office); and
 - an \$803 million decline in the value of land under roads (reflecting movements in the value of nearby land);
- a \$5 billion increase in the value of other non-financial public sector assets (mainly property, plant and equipment), due mainly to the record \$7.4 billion infrastructure spending program in 2012-13, and changes in annual valuations of these assets;
- a \$2 billion increase in gross borrowings³, in support of the infrastructure program; and
- a \$1 billion decline in unfunded superannuation liabilities, reflecting actuarial valuation changes outlined in Chapter 1.

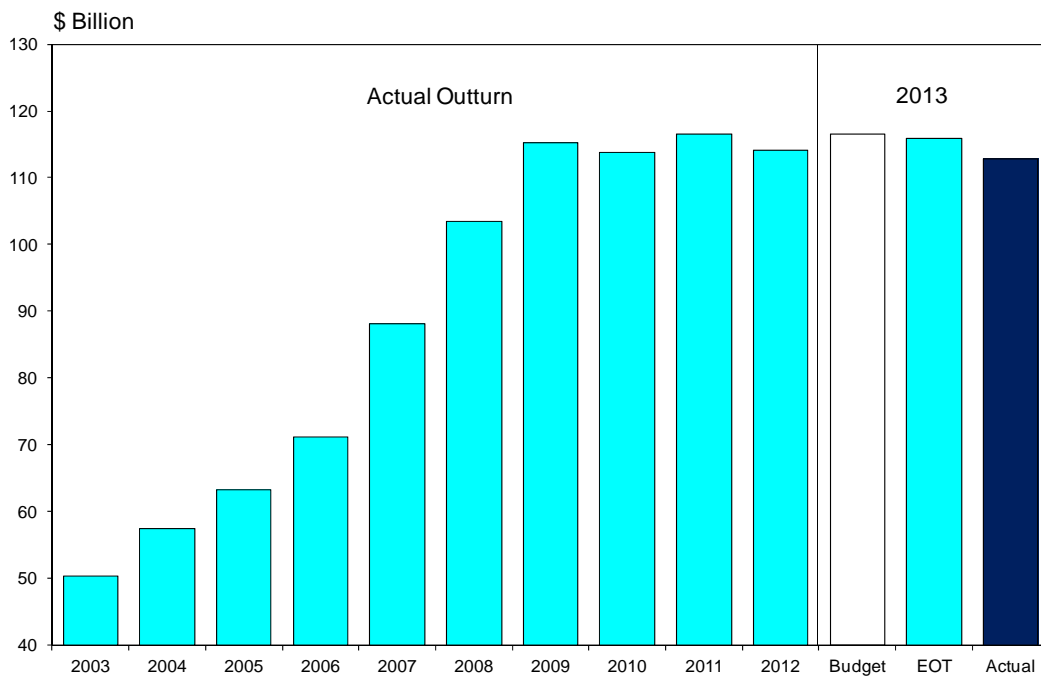
Notwithstanding the real decline in net worth, the nominal value of the total public sector stood at a substantial \$112.9 billion at 30 June 2013 (i.e. \$174.9 billion in assets more than offset \$62 billion in liabilities), up from \$111.5 billion at 30 June 2012.

² As measured by growth in the Australian Bureau of Statistics' State Final Demand implicit price deflator, the widest measure of prices in the Western Australian domestic economy.

³ Together with movements in cash investments, gross borrowings are a key component of total public sector net debt.

Figure 1

REAL NET WORTH AT 30 JUNE
Total Public Sector

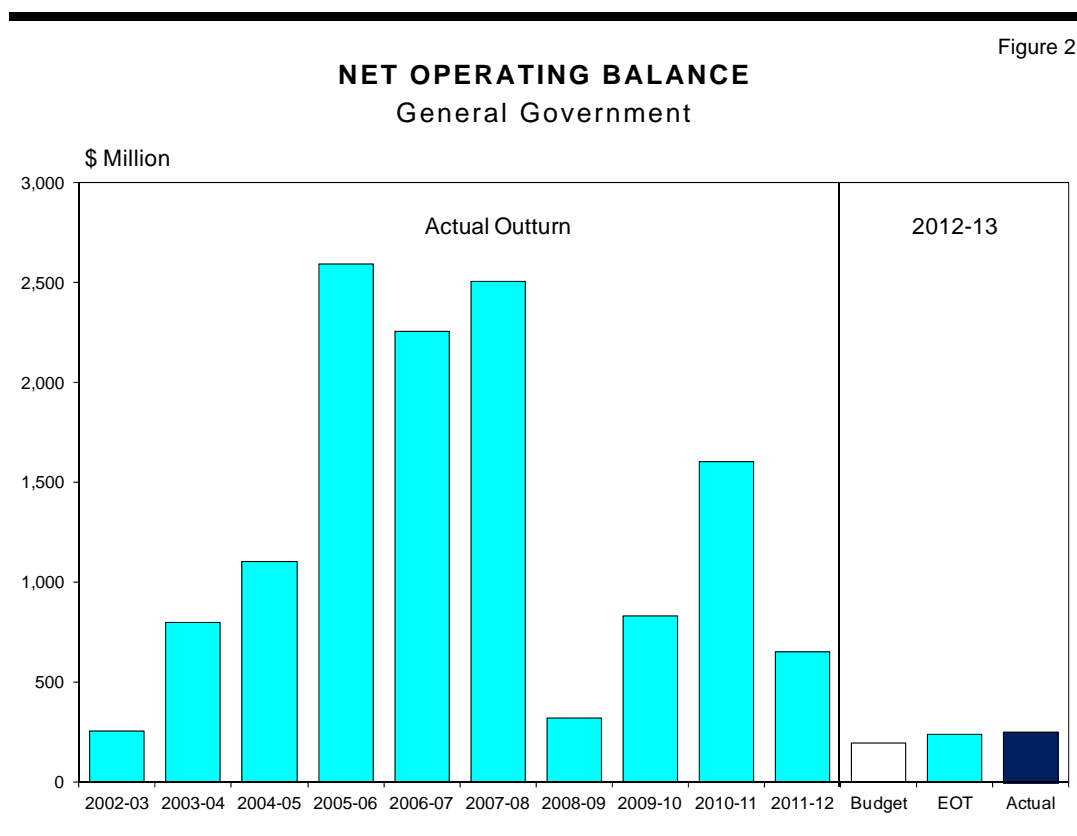


Operating Result: Achieve An Operating Surplus For The General Government Sector

This target was met in 2012-13.

The net operating balance is an accrual based measure of the day-to-day operations of the general government sector (excluding capital spending on infrastructure). It represents the difference between revenue and expense transactions during the year.

The general government sector recorded an operating surplus of \$249 million in 2012-13, a small increase on the \$239 million estimated outturn included in the 2013-14 Budget, reflecting the combined impact of a slightly better than expected revenue outcome (up \$21 million) and higher than expected expenses (up \$11 million).



The 2012-13 operating surplus is \$400 million lower than the \$649 million surplus recorded in 2011-12. This reflects the very low rate of growth in revenue (2%) in 2012-13, which is below the rate of growth in recurrent expenditure (3.7%).

Further detail is available in Chapter 1: *Financial Results*.

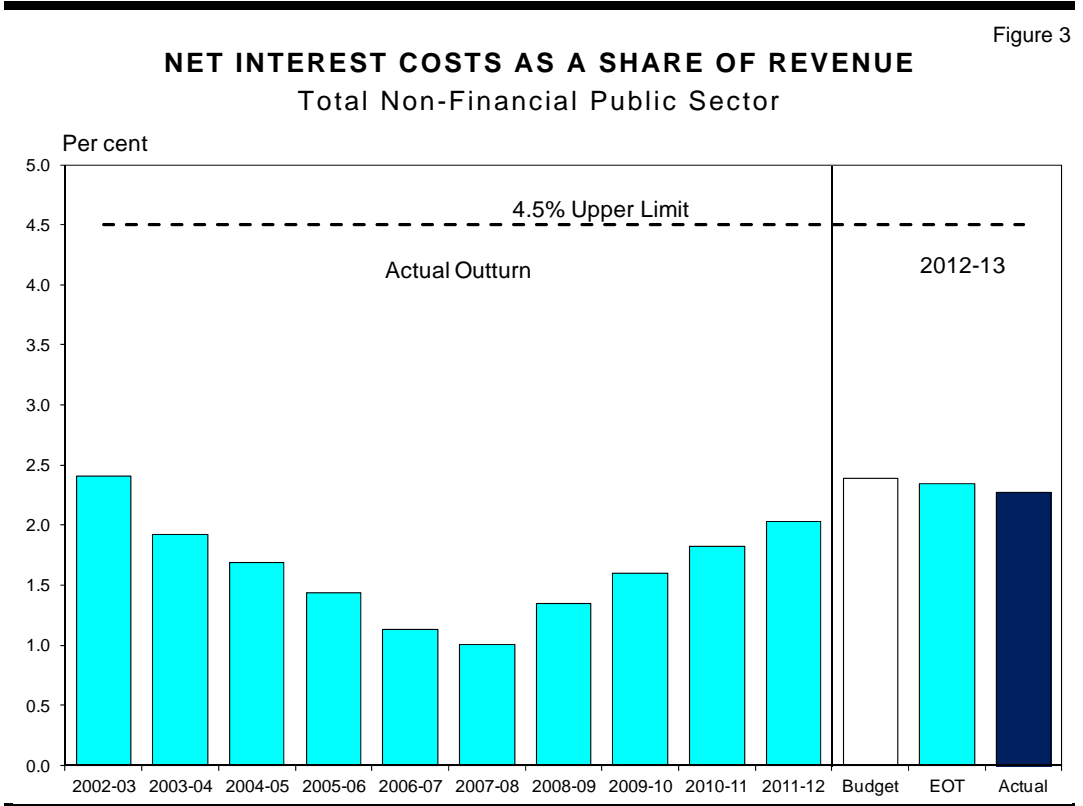
Net Debt Affordability: Maintain Net Interest Costs As A Share of Revenue Below 4.5%

This target was met in 2012-13.

The target provides a measure of the overall affordability of net debt levels. It is based on the share of total non-financial public sector revenue required to service the sector’s net debt. The total non-financial public sector includes general government sector agencies such as the Departments of Education and Health (which are largely funded by central revenue collections such as taxation and royalty receipts) and public non-financial corporations such as the electricity utilities and port authorities (which are largely funded by user charges).

The ratio of net interest costs to revenue was 2.3% in 2012-13, consistent with the estimate contained in the 2013-14 Budget. The outcome for 2012-13 was higher than the 2% recorded in 2011-12, reflecting the impact of growth in net debt (up \$3.7 billion on the previous year) in support of the public sector’s record \$7.4 billion infrastructure investment during 2012-13.

The 2012-13 result is well below the Government’s 4.5% upper limit for this financial target.



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

This target was met in 2012-13.

This is the first time since 2003-04 that real per capita own-purpose expenses have declined in the general government sector, and demonstrates the effectiveness of measures introduced by the Government to contain growth in recurrent expenditure. This historically low level of expense growth has been achieved despite an environment of increasing demand for government services brought about by a rapidly growing population and strong domestic economy.

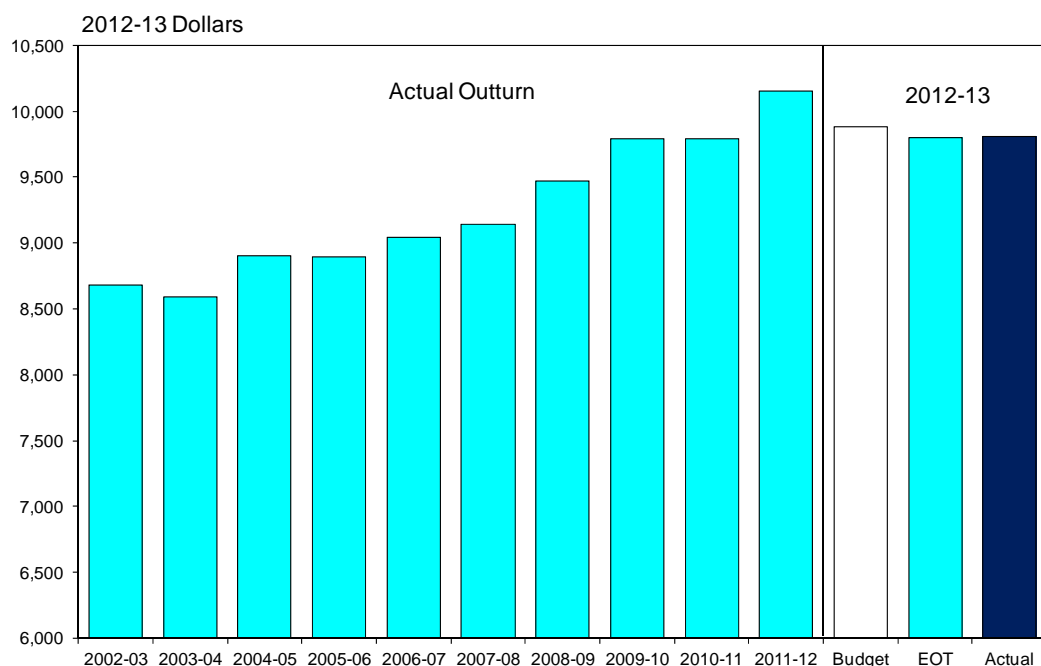
The expense target measures growth in recurrent expenditure under the State Government’s control. It incorporates the combined effect of population and wage growth, and excludes Commonwealth grants passed ‘through’ the State to third parties such as local governments.

In nominal terms, expense growth in the general government sector for 2012-13 was 3.7%, the lowest rate of growth since 1998-99. After adjusting for Commonwealth grants that pass ‘through’ the State, own-purpose expenses also grew by a low 3.7% in 2012-13 - compared to maximum growth under the target of 7.2%.

This low rate of growth is the cumulative result of a number of savings measures introduced by the Government in 2012-13 and previous years. More information on the impact of corrective measures in 2012-13 is contained in Chapter 1: *Financial Results*.

Figure 4

REAL PER CAPITA OWN PURPOSE EXPENSES General Government Sector

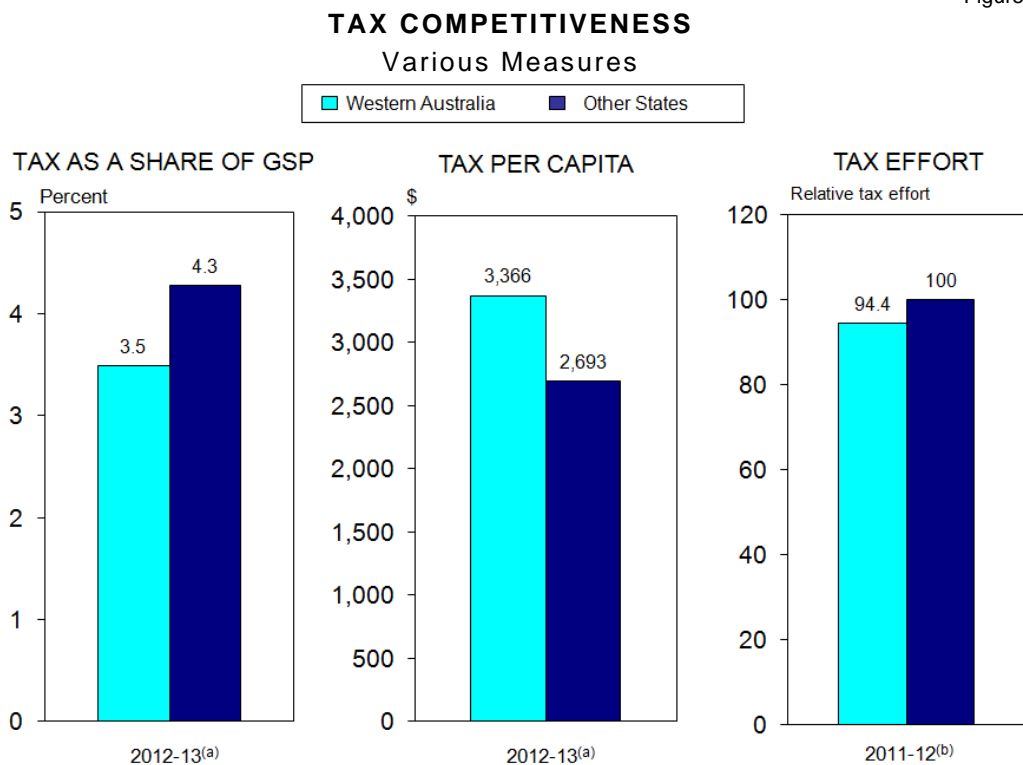


Tax Competitiveness: Provide a Fair And Efficient Tax System That is Competitive With Other States

This target was met in 2012-13, with Western Australia more competitive than other States on two of the three available measures (tax as a share of Gross State Product (GSP) and tax ‘effort’ based on Commonwealth Grants Commission data).

In 2012-13, Western Australia’s tax revenue as a share of GSP was 3.5%, which is the lowest of all the States, and substantially below the 4.3% average across other State jurisdictions. In addition, based on data from the Commonwealth Grants Commission, Western Australia’s tax ‘effort’ (i.e. average tax rate) was 5.6% lower than the national average in 2011-12⁴. This primarily reflects Western Australia’s lower land tax and gambling tax effort relative to other jurisdictions.

Figure 5



(a) Taxation revenue and GSP estimates for other jurisdictions are based on 2012-13 estimated outturns published in 2013-14 Budget papers. Actual GSP figures for all States will not be available from the Australian Bureau of Statistics until November 2013.

(b) Latest available information.

⁴ Tax effort refers to the level of tax actually raised in a State, divided by a State’s ‘standardised’ tax revenue (i.e. the level of tax revenue that the Grants Commission estimates the State would have raised had it applied national average State tax rates). Data for 2011-12 is the latest available from the Grants Commission.

In contrast, Western Australia's tax per capita ranking exceeds the average of the other Australian States. However, higher per capita taxation largely reflects Western Australia's stronger per capita economic performance compared to other States, rather than higher tax rates. Under the Commonwealth Grants Commission process, this relative economic advantage is redistributed to other States through a reduction in Western Australia's share of national GST revenue.

Financial Statements

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Introduction

Financial information presented in this appendix has been prepared in accordance with Australian Accounting Standards and pronouncements, in particular AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, and requirements under section 14A(3) of the *Government Financial Responsibility Act 2000*. The formats used in this report are the same as those used in 2012-13 State Budget Papers released on 17 May 2012, 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 consolidation of the general government sector and the public non-financial corporations sector known as the total non-financial public 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

GENERAL GOVERNMENT^(a)
Operating Statement

	2011-12		2012-13			Actual \$m (5)	Variation on EOT \$m (5) - (4)	
	Notes	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)			Estimated Outturn \$m (4)
RESULTS FROM TRANSACTIONS								
REVENUE								
Taxation		7,173	7,739	8,195	8,200	8,342	8,335	-7
Current grants and subsidies		8,678	8,083	8,139	8,154	8,274	8,316	42
Capital grants		1,082	929	688	689	712	622	-91
Sales of goods and services		1,929	1,933	2,030	2,030	2,030	2,089	59
Interest Income		304	268	281	282	261	255	-6
Revenue from public corporations								
Dividends from other sectors		704	764	820	820	796	796	-
Tax equivalent income		381	504	382	398	363	381	18
Royalty income		4,343	4,871	4,366	4,488	4,460	4,425	-34
Other		627	388	417	417	459	499	41
Total	6	25,220	25,477	25,318	25,477	25,696	25,718	21
EXPENSES								
Salaries		9,605	10,013	9,881	9,883	10,115	10,154	39
Superannuation								
Concurrent costs		913	949	935	936	958	965	7
Superannuation interest cost		317	343	281	313	336	369	34
Other employee costs		419	406	443	443	452	446	-6
Depreciation and amortisation	9	990	1,101	1,064	1,064	1,085	1,108	23
Services and contracts		1,728	1,916	1,862	1,864	1,922	1,902	-20
Other gross operating expenses	10	4,656	4,611	4,942	4,934	4,782	4,725	-57
Other interest	8	371	424	400	401	448	442	-6
Current transfers	7	5,053	4,902	4,903	4,929	4,887	4,895	8
Capital transfers	7	520	616	467	469	473	462	-12
Total		24,571	25,281	25,178	25,236	25,457	25,468	11
NET OPERATING BALANCE^(b)	4	649	196	140	241	239	249	11
<i>Other economic flows</i>								
Net gains on assets/liabilities		92	2	3	3	-6	-63	-58
Net actuarial gains - superannuation		-1,676	234	-330	-6	218	895	677
Provision for doubtful debts		-26	-2	-2	-2	-4	-28	-24
All other		-	-	-	-	-	-	-
Total other economic flows		-1,611	233	-329	-6	209	804	595
OPERATING RESULT		-962	430	-189	235	447	1,053	606
<i>All other movements in equity</i>								
Revaluations		-4	1,656	2,104	2,110	1,454	-424	-1,878
Gains recognised directly in equity		-7	-1	-1	-1	-1	-4	-3
Changes in accounting policy/correction of prior period errors		-263	-92	-706	-693	-	-72	-72
Change in net worth of the public corporations sectors		508	596	2,362	2,399	2,517	898	-1,619
All other		-	-	-	-	-	-	-
Total all other movements in equity		234	2,160	3,760	3,816	3,970	398	-3,572
TOTAL CHANGE IN NET WORTH^(c)		-728	2,589	3,571	4,051	4,418	1,452	-2,966
KEY FISCAL AGGREGATES								
NET OPERATING BALANCE		649	196	140	241	239	249	11
<i>Less Net acquisition of non-financial assets</i>								
Purchase of non-financial assets		3,358	3,301	3,191	3,192	3,217	3,195	-22
Changes in inventories		-	-1	-2	-2	2	14	12
Other movement in non-financial assets		183	-47	1	1	40	167	127
<i>less:</i>								
Sales of non-financial assets		184	220	262	262	276	166	-111
Depreciation		990	1,101	1,064	1,064	1,085	1,108	23
Total net acquisition of non-financial assets		2,366	1,931	1,864	1,865	1,898	2,102	204
NET LENDING/-BORROWING	4	-1,717	-1,735	-1,724	-1,624	-1,659	-1,852	-193

(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.

Table 1.2

GENERAL GOVERNMENT^(a)
Balance Sheet at 30 June

	Notes	2011-12		2012-13			Actual \$m (5)	Variation on EOT \$m (5) - (4)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
ASSETS								
<i>Financial assets</i>								
Cash and deposits		840	668	575	574	650	688	38
Advances paid		675	666	662	662	665	665	-
Investments, loans and placements		6,200	4,020	5,882	5,909	5,668	5,722	54
Receivables	12	2,488	2,581	2,484	2,621	2,591	2,870	279
Investment property	15	8	9	8	8	8	8	-
Shares and other equity								
Investments in other public sector entities - equity method		43,389	44,551	45,752	45,788	45,906	44,287	-1,619
Investments in other public sector entities - direct injections		5,544	6,077	6,056	6,060	5,921	6,156	235
Investments in other entities		10	-	10	10	10	8	-1
Other financial assets		-	-	-	-	-	-	-
Total financial assets		59,153	58,573	61,427	61,632	61,419	60,403	-1,015
<i>Non-financial assets</i>								
Land	16	37,599	40,384	38,180	38,185	38,202	36,222	-1,980
Property, plant and equipment	17,18	37,849	41,287	41,111	41,108	41,137	40,850	-286
Biological assets	13	2	2	2	2	2	2	-
Inventories								
Land inventories	11	95	98	93	93	93	84	-9
Other inventories	11	63	68	62	62	66	77	12
Intangibles	19	511	377	463	461	467	554	87
Assets classified as held for sale	14	91	33	86	86	65	39	-26
Other		213	173	142	142	143	208	64
Total non-financial assets		76,423	82,423	80,140	80,140	80,175	78,037	-2,138
TOTAL ASSETS		135,577	140,996	141,567	141,771	141,594	138,440	-3,154
LIABILITIES								
Deposits held		528	290	454	454	387	362	-25
Advances received		454	440	439	439	439	439	-
Borrowings	20	8,871	10,264	11,113	11,131	10,728	11,104	376
Superannuation	21	8,937	8,420	9,106	8,816	8,636	8,000	-636
Other employee benefits	22	2,797	2,749	2,828	2,827	2,950	3,043	92
Payables		885	609	936	936	943	884	-59
Other liabilities	23	1,630	1,680	1,645	1,643	1,618	1,682	63
TOTAL LIABILITIES		24,101	24,452	26,521	26,245	25,701	25,513	-188
NET ASSETS		111,475	116,544	115,046	115,526	115,893	112,927	-2,966
<i>Of which:</i>								
Contributed equity		-	-	-	-	-	-	-
Accumulated surplus		9,547	10,550	10,460	10,897	12,119	10,579	-1,540
Other reserves		101,928	105,994	104,587	104,629	103,774	102,348	-1,426
NET WORTH	4	111,475	116,544	115,046	115,526	115,893	112,927	-2,966
MEMORANDUM ITEMS								
<i>Net financial worth</i>		35,052	34,121	34,907	35,387	35,718	34,890	-828
<i>Net financial liabilities</i>		13,881	16,507	16,901	16,461	16,109	15,552	-557
<i>Net debt</i>								
Gross debt liabilities		9,853	10,994	12,006	12,024	11,554	11,905	351
less: liquid financial assets		7,715	5,354	7,118	7,145	6,983	7,075	92
less: convergence differences impacting net debt		88	88	88	88	88	88	-
Net debt		2,050	5,552	4,800	4,791	4,482	4,742	259

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

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

Table 1.3

GENERAL GOVERNMENT
Statement of Changes in Equity

	Contributed Equity \$m	Asset Revaluation Surplus \$m	Accumulated net gain on equity investments in other sector entities \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2011</i>	-	58,488	42,882	10,833	112,203
Total Comprehensive Result	-	-4	508	-962	-458
<i>Transactions with owners in their capacity as owners</i>					
Contributed Capital	-	-	-	-	-
Dividends	-	-	-	-	-
Other	-	54	-	-324	-270
Balance at 30 June 2012	-	58,538	43,390	9,547	111,475
<i>Balance at 1 July 2012</i>	-	58,538	43,390	9,547	111,475
Total Comprehensive Result	-	-424	898	1,053	1,527
<i>Transactions with owners in their capacity as owners</i>					
Contributed Capital	-	-	-	-	-
Dividends	-	-	-	-	-
Other	-	-53	-1	-21	-75
Balance at 30 June 2013	-	58,061	44,287	10,579	112,927

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

Table 1.4

GENERAL GOVERNMENT^(a)
Cash Flow Statement

	Notes	2011-12		2012-13			Actual \$m (5)	Variation on EOT \$m (5) - (4)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
CASH FLOWS FROM OPERATING ACTIVITIES								
<i>Cash received</i>								
Taxes received		7,091	7,749	8,204	8,209	8,279	8,156	-123
Grants and subsidies received		9,831	8,993	8,823	8,836	9,008	8,934	-74
Receipts from sales of goods and services		1,983	1,971	2,059	2,059	2,052	2,120	68
Interest receipts		299	262	274	274	252	249	-4
Dividends and tax equivalents		1,127	1,164	1,170	1,169	1,169	1,215	46
Other		6,101	5,997	5,764	5,784	5,741	6,068	326
Total cash received		26,433	26,135	26,294	26,332	26,501	26,742	241
<i>Cash Paid</i>								
Wages, salaries and supplements, and superannuation		-10,635	-11,255	-11,219	-11,221	-11,317	-11,304	14
Payments for goods and services		-6,815	-6,858	-7,167	-7,157	-7,017	-7,336	-319
Interest paid		-353	-414	-364	-367	-444	-439	4
Grants and subsidies paid		-5,289	-5,289	-5,201	-5,229	-5,172	-5,144	28
Dividends and tax equivalents		-	-	-	-	-	-	-
Other payments		-1,388	-1,312	-1,318	-1,317	-1,362	-1,441	-79
Total cash paid		-24,480	-25,128	-25,268	-25,290	-25,311	-25,664	-353
NET CASH FLOWS FROM OPERATING ACTIVITIES	24	1,953	1,007	1,026	1,042	1,189	1,077	-112
CASH FLOWS FROM INVESTING ACTIVITIES								
<i>Cash flows from investments in non-financial assets</i>								
Purchase of non-financial assets		-3,358	-3,301	-3,191	-3,192	-3,217	-3,195	22
Sales of non-financial assets		184	220	262	262	276	166	-111
Total cash flows from investments in non-financial assets		-3,174	-3,080	-2,929	-2,931	-2,940	-3,029	-88
<i>Cash flows from investments in financial assets</i>								
<i>Cash received</i>								
For policy purposes		6	-	-	-	-	7	7
For liquidity purposes		1	-	-	-	1	1	-
<i>Cash paid</i>								
For policy purposes		-669	-751	-759	-763	-621	-619	1
For liquidity purposes		-6	-	-15	-58	-19	-18	1
Total cash flows from investments in financial assets		-668	-752	-773	-821	-639	-629	10
NET CASH FLOWS FROM INVESTING ACTIVITIES		-3,842	-3,832	-3,703	-3,751	-3,579	-3,657	-78
CASH FLOWS FROM FINANCING ACTIVITIES								
<i>Cash received</i>								
Advances received		14	14	15	15	15	15	-
Borrowings		3,416	2,523	2,376	2,394	1,929	2,425	496
Deposits received		-	-	-	-	-	-	-
Other financing receipts		32	34	40	40	36	35	-1
Total cash receipts from financing activities		3,463	2,571	2,431	2,449	1,980	2,475	495
<i>Cash paid</i>								
Advances paid		-14	-14	-15	-15	-15	-15	-
Borrowings repaid		-95	-127	-129	-129	-67	-322	-255
Deposits paid		-	-	-	-	-	-	-
Other financing payments		-86	-72	-73	-73	-106	-91	15
Total payments for financing activities		-196	-214	-216	-216	-188	-428	-240
NET CASH FLOWS FROM FINANCING ACTIVITIES		3,267	2,357	2,215	2,233	1,792	2,047	255
Net increase in cash and cash equivalents		1,378	-469	-462	-476	-598	-533	65
Cash and cash equivalents at the beginning of the year		5,418	5,094	6,796	6,796	6,796	6,796	-
Cash and cash equivalents at the end of the year	25	6,796	4,625	6,334	6,320	6,198	6,263	65
KEY FISCAL AGGREGATES								
Net cash flows from operating activities		1,953	1,007	1,026	1,042	1,189	1,077	-112
Net cash flows from investing in non-financial assets		-3,174	-3,080	-2,929	-2,931	-2,940	-3,029	-88
Cash surplus/-deficit	4	-1,221	-2,074	-1,904	-1,888	-1,751	-1,952	-200

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

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

Table 1.5

PUBLIC NON-FINANCIAL CORPORATIONS
Operating Statement

	2011-12		2012-13			Actual \$m (5)	Variation on EOT \$m (5) - (4)	
	Notes	Actual \$m (1)	Budget Estimate \$m (2)	MYR Revision \$m (3)	PFPS Revision \$m (4)			Estimated Outturn \$m (4)
RESULTS FROM TRANSACTIONS								
REVENUE								
Current grants and subsidies		2,194	1,989	2,042	2,067	1,936	1,934	-1
Capital grants		188	159	107	107	111	116	5
Sales of goods and services		15,676	16,186	16,242	16,312	16,918	15,727	-1,191
Interest income		253	316	213	216	215	191	-24
Other		408	439	431	431	465	490	25
<i>Total</i>		18,719	19,089	19,035	19,133	19,645	18,459	-1,185
EXPENSES								
Salaries		1,024	1,103	1,121	1,121	1,099	1,110	10
Superannuation								
Concurrent costs		97	104	106	106	104	102	-2
Superannuation interest cost		-	-	-	-	-	-	-
Other employee costs		50	39	42	42	49	61	12
Depreciation and amortisation		1,698	1,607	1,792	1,792	1,819	1,899	80
Services and contracts		844	732	819	819	789	875	86
Other gross operating expenses		12,173	12,462	12,656	12,700	13,342	11,791	-1,552
Other interest		991	1,123	949	952	994	914	-80
Tax equivalents		373	469	356	372	358	374	16
Current transfers		784	887	906	906	912	948	36
Capital transfers		52	81	248	248	73	82	9
<i>Total</i>		18,085	18,608	18,996	19,060	19,540	18,156	-1,384
NET OPERATING BALANCE^(a)	4	635	481	39	74	105	304	199
<i>Other economic flows</i>								
Net gains on assets/liabilities		55	106	134	134	129	-118	-247
Net actuarial gains - superannuation		-58	-	-	-	-	-16	-16
Provision for doubtful debts		-17	-16	-17	-17	-17	-18	-1
All other		-	-	-	-	-	-	-
<i>Total other economic flows</i>		-20	90	117	117	113	-151	-264
OPERATING RESULT		614	571	156	191	218	152	-65
<i>Other non-owner movements in equity</i>								
Revaluations		321	688	2,652	2,653	2,812	571	-2,241
Gains recognised directly in equity		455	-51	-43	-43	-46	528	574
Changes in accounting policy/correction of prior period errors		-22	-6	247	247	-	-31	-31
All other		-	-	-	-	-	-	-
<i>Total other non-owner movements in equity</i>		754	631	2,855	2,857	2,766	1,068	-1,698
<i>Movements in owner equity</i>								
Dividends		-696	-758	-782	-782	-784	-785	-
Capital injections		645	705	512	516	377	612	235
<i>Total movements in owner equity</i>		-52	-53	-270	-266	-407	-173	235
TOTAL CHANGE IN NET WORTH^(b)		1,317	1,149	2,741	2,782	2,576	1,047	-1,529
KEY FISCAL AGGREGATES								
NET OPERATING BALANCE		635	481	39	74	105	304	199
<i>Less Net acquisition of non-financial assets</i>								
Purchase of non-financial assets		3,447	4,364	4,160	4,160	4,113	4,171	58
Changes in inventories		-8	113	118	118	461	-668	-1,129
Other movement in non-financial assets		-24	-123	-289	-227	-47	48	95
<i>less:</i>								
Sales of non-financial assets		743	1,452	1,274	1,274	1,009	751	-258
Depreciation		1,698	1,607	1,792	1,792	1,819	1,899	80
<i>Total net acquisition of non-financial assets</i>		973	1,295	923	985	1,699	901	-798
NET LENDING/-BORROWING	4	-338	-814	-883	-912	-1,594	-597	997

(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.

Table 1.6

PUBLIC NON-FINANCIAL CORPORATIONS
Balance Sheet at 30 June

	2011-12		2012-13			Actual \$m (5)	Variation on EOT \$m (5) - (4)	
	Notes	Budget	MYR	PFPS	Estimated			
		Actual \$m (1)	Estimate \$m (2)	Revision \$m (3)	Revision \$m (4)			Outturn \$m (5)
ASSETS								
<i>Financial assets</i>								
Cash and deposits		1,090	903	1,162	1,126	1,063	1,100	37
Advances paid		-	-	-	-	-	-	-
Investments, loans and placements		4,009	5,469	5,499	5,499	5,505	3,871	-1,635
Receivables		1,278	1,201	1,181	1,181	1,147	1,272	126
Investment property		27	21	27	27	27	26	-1
Shares and other equity								
Investments in other public sector entities - equity method		-	-	-	-	-	-	-
Investments in other public sector entities - direct injections		-	-	-	-	-	-	-
Investments in other entities		19	28	8	108	8	37	29
Other financial assets		1,028	1,003	1,003	1,003	1,003	1,003	-
Total financial assets		7,450	8,625	8,880	8,943	8,752	7,308	-1,444
<i>Non-financial assets</i>								
Land		14,152	14,822	16,189	16,191	16,177	14,313	-1,864
Property, plant and equipment		45,828	46,609	47,419	47,419	47,639	48,006	367
Biological assets		333	341	329	329	329	322	-7
Inventories								
Land inventories		1,736	1,933	2,013	2,013	1,984	1,944	-40
Other inventories		3,379	3,843	3,498	3,498	3,840	2,711	-1,129
Intangibles		418	264	374	374	392	551	159
Assets classified as held for sale		19	28	19	19	244	31	-213
Other		172	117	109	109	125	298	173
Total non-financial assets		66,037	67,957	69,950	69,952	70,730	68,177	-2,553
TOTAL ASSETS		73,488	76,582	78,830	78,895	79,482	75,485	-3,997
LIABILITIES								
Deposits held		3	-	3	3	3	1	-1
Advances received		454	440	439	439	439	439	-
Borrowings		18,609	20,598	21,152	21,163	21,697	20,037	-1,660
Superannuation		150	82	115	115	119	133	14
Other employee benefits		397	369	397	397	411	414	2
Payables		4,258	4,610	4,280	4,297	4,505	3,768	-737
Other liabilities		1,972	1,510	2,057	2,053	2,086	1,999	-86
TOTAL LIABILITIES		25,841	27,610	28,442	28,466	29,260	26,791	-2,469
NET ASSETS		47,647	48,972	50,388	50,429	50,223	48,694	-1,529
<i>Of which:</i>								
Contributed equity		5,544	6,077	6,056	6,060	5,921	6,156	235
Accumulated surplus		18,961	18,749	18,213	18,247	18,288	18,757	469
Other reserves		23,142	24,146	26,120	26,122	26,014	23,782	-2,232
NET WORTH	4	47,647	48,972	50,388	50,429	50,223	48,694	-1,529
MEMORANDUM ITEMS								
<i>Net financial worth</i>		-66,037	-67,957	-69,950	-69,952	-70,730	-68,177	2,553
<i>Net debt</i>								
Gross debt liabilities		19,065	21,038	21,594	21,605	22,139	20,477	-1,661
less: liquid financial assets		5,099	6,372	6,662	6,625	6,568	4,971	-1,598
less: convergence differences impacting net debt		-	-	-	-	-	-	-
Net debt		13,966	14,666	14,932	14,980	15,570	15,507	-63

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

Table 1.7

PUBLIC NON-FINANCIAL CORPORATIONS
Statement of Changes in Equity

	Contributed Equity \$m	Asset Revaluation Surplus \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2011</i>	4,899	22,806	18,625	46,330
Total Comprehensive Result	-	321	614	936
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	645	-	-	645
Dividends	-	-	-696	-696
Other	-	14	418	432
Balance at 30 June 2012	5,544	23,142	18,961	47,647
<i>Balance at 1 July 2012</i>	5,544	23,142	18,961	47,647
Total Comprehensive Result	-	571	152	723
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	612	-	-	612
Dividends	-	-	-785	-785
Other	-	69	428	497
Balance at 30 June 2013	6,156	23,782	18,756	48,694

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

Table 1.8

PUBLIC NON-FINANCIAL CORPORATIONS
Cash Flow Statement

	2011-12		2012-13			Actual \$m (5)	Variation on EOT \$m (5) - (4)	
	Notes	Actual \$m (1)	Budget Estimate \$m (2)	MYR Revision \$m (3)	PFPS Revision \$m (4)			Estimated Outturn \$m
CASH FLOWS FROM OPERATING ACTIVITIES								
<i>Cash received</i>								
Grants and subsidies received		2,214	2,151	2,153	2,179	2,050	2,049	-2
Receipts from sales of goods and services		15,829	16,183	16,211	16,197	16,802	15,885	-917
Interest receipts		253	316	214	216	216	206	-9
Dividends and tax equivalents		73	41	45	45	56	56	-
Other		1,262	948	1,031	1,114	1,149	1,741	592
Total cash received		19,632	19,638	19,653	19,751	20,273	19,937	-336
<i>Cash paid</i>								
Wages, salaries and supplements, and superannuation		-1,166	-1,241	-1,285	-1,285	-1,258	-1,187	71
Payments for goods and services		-11,804	-11,640	-11,591	-11,596	-12,235	-11,350	885
Interest paid		-964	-1,027	-869	-875	-907	-884	24
Grants and subsidies paid		-523	-664	-679	-679	-684	-702	-18
Tax equivalents		-418	-397	-346	-345	-365	-416	-51
Other payments		-2,546	-2,519	-3,026	-3,064	-3,072	-3,190	-117
Total cash paid		-17,421	-17,487	-17,795	-17,844	-18,520	-17,728	792
NET CASH FLOWS FROM OPERATING ACTIVITIES		2,211	2,151	1,858	1,907	1,753	2,209	456
CASH FLOWS FROM INVESTING ACTIVITIES								
<i>Cash flows from investments in non-financial assets</i>								
Purchase of non-financial assets		-3,447	-4,364	-4,160	-4,160	-4,113	-4,171	-58
Sales of non-financial assets		743	1,452	1,274	1,274	1,009	751	-258
Total cash flows from investments in non-financial assets		-2,703	-2,912	-2,886	-2,886	-3,104	-3,420	-315
<i>Cash flows from investments in financial assets</i>								
<i>Cash received</i>								
For policy purposes		-	-	-	-	-	-	-
For liquidity purposes		177	5	86	86	102	416	314
<i>Cash paid</i>								
For policy purposes		-	-	-5	-5	-5	-5	-
For liquidity purposes		-210	-4	-110	-110	-110	-528	-418
Total cash flows from investments in financial assets		-32	1	-30	-130	-12	-117	-105
NET CASH FLOWS FROM INVESTING ACTIVITIES		-2,736	-2,911	-2,915	-3,015	-3,117	-3,537	-420
CASH FLOWS FROM FINANCING ACTIVITIES								
<i>Cash received</i>								
Advances received		-	-	-	-	-	-	-
Borrowings		12,748	16,071	8,013	8,024	16,036	23,157	7,121
Deposits received		-	-	-	-	-	-	-
Other financing receipts		723	827	830	834	646	622	-24
Total cash received		13,472	16,898	8,843	8,858	16,683	23,780	7,097
<i>Cash paid</i>								
Advances paid		-14	-14	-15	-15	-15	-15	-
Borrowings repaid		-11,778	-15,189	-6,944	-6,944	-14,560	-21,647	-7,087
Deposits paid		-	-	-	-	-	-	-
Other financing payments		-62	-64	-18	-18	-18	-7	11
Dividends paid		-695	-757	-782	-782	-787	-788	-
Total cash paid		-12,549	-16,024	-7,758	-7,758	-15,380	-22,457	-7,077
NET CASH FLOWS FROM FINANCING ACTIVITIES		923	874	1,085	1,100	1,303	1,323	20
Net increase in cash and cash equivalents		398	114	28	-8	-61	-4	56
Cash and cash equivalents at the beginning of the year		1,126	958	1,523	1,523	1,523	1,523	-
Cash and cash equivalents at the end of the year		1,523	1,072	1,550	1,514	1,462	1,519	57
KEY FISCAL AGGREGATES								
Net cash flows from operating activities		2,211	2,151	1,858	1,907	1,753	2,209	456
Net cash flows from investing in non-financial assets		-2,703	-2,912	-2,886	-2,886	-3,104	-3,420	-315
Dividends paid		-695	-757	-782	-782	-787	-788	-
Cash surplus/-deficit	4	-1,188	-1,518	-1,809	-1,760	-2,138	-1,998	140

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

Table 1.9

TOTAL NON-FINANCIAL PUBLIC SECTOR
Operating Statement

	2011-12	2012-13				Actual \$m	Variation on EOT \$m (5) - (4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
RESULTS FROM TRANSACTIONS							
REVENUE							
Taxation	6,852	7,338	7,790	7,795	7,918	7,897	-21
Current grants and subsidies	8,678	8,083	8,139	8,154	8,274	8,316	42
Capital grants	1,082	929	688	689	712	622	-91
Sales of goods and services	17,203	17,698	17,818	17,888	18,492	17,361	-1,131
Interest Income	520	547	459	461	441	413	-28
Royalty income	4,343	4,871	4,366	4,488	4,460	4,425	-34
Dividends and tax equivalents	60	82	108	108	73	74	2
Other	955	758	771	771	840	896	57
Total	39,694	40,306	40,140	40,356	41,209	40,004	-1,205
EXPENSES							
Salaries	10,629	11,116	11,002	11,004	11,215	11,264	49
Superannuation							
Concurrent costs	1,010	1,053	1,041	1,042	1,062	1,068	6
Superannuation interest cost	317	343	281	313	336	369	34
Other employee costs	303	260	271	271	288	313	25
Depreciation and amortisation	2,688	2,708	2,856	2,856	2,904	3,007	103
Services and contracts	2,566	2,641	2,673	2,675	2,717	2,770	53
Other gross operating expenses	16,415	16,665	17,179	17,215	17,678	16,064	-1,614
Other interest	1,324	1,510	1,313	1,317	1,407	1,322	-84
Current transfers	3,470	3,553	3,518	3,518	3,608	3,630	22
Capital transfers	384	538	608	610	436	428	-8
Total	39,107	40,387	40,743	40,823	41,650	40,235	-1,414
NET OPERATING BALANCE ^(a)	587	-81	-603	-467	-441	-232	209
<i>Other economic flows</i>							
Net gains on assets/liabilities	147	107	137	137	124	-181	-305
Net actuarial gains - superannuation	-1,735	234	-330	-6	218	879	661
Provision for doubtful debts	-43	-18	-19	-19	-20	-45	-25
All other	-	-	-	-	-	-	-
Total other economic flows	-1,631	323	-212	111	321	653	331
OPERATING RESULT	-1,044	243	-815	-355	-119	421	541
<i>All other movements in equity</i>							
Revaluations	317	2,344	4,756	4,764	4,266	147	-4,119
Gains recognised directly in equity	448	-51	-44	-44	-47	524	571
Changes in accounting policy/correction of prior period errors	-285	-99	-459	-446	-	-103	-103
Change in net worth of the public corporations sectors	-164	152	133	133	318	462	144
All other	-	-	-	-	-	-	-
Total all other movements in equity	316	2,347	4,386	4,407	4,537	1,030	-3,507
TOTAL CHANGE IN NET WORTH ^(b)	-728	2,589	3,571	4,051	4,418	1,452	-2,966
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	587	-81	-603	-467	-441	-232	209
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets	6,768	7,633	7,316	7,317	7,295	7,350	55
Changes in inventories	-8	112	117	117	463	-654	-1,117
Other movement in non-financial assets	158	-170	-288	-226	-7	215	221
<i>less:</i>							
Sales of non-financial assets	891	1,640	1,501	1,501	1,250	901	-349
Depreciation	2,688	2,708	2,856	2,856	2,904	3,007	103
Total net acquisition of non-financial assets	3,339	3,227	2,787	2,851	3,597	3,003	-595
NET LENDING/-BORROWING	-2,752	-3,307	-3,390	-3,318	-4,038	-3,234	804

(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.

Table 1.10

TOTAL NON-FINANCIAL PUBLIC SECTOR
Balance Sheet at 30 June

	2011-12	2012-13				Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
ASSETS							
<i>Financial assets</i>							
Cash and deposits	1,591	1,359	1,472	1,435	1,515	1,570	55
Advances paid	222	226	223	223	226	226	-
Investments, loans and placements	10,209	9,479	11,381	11,408	11,173	9,592	-1,581
Receivables	3,670	3,522	3,540	3,660	3,618	4,019	401
Investment property	35	30	35	35	35	33	-1
Shares and other equity							
Investments in other public sector entities - equity method	1,286	1,656	1,420	1,420	1,604	1,748	144
Investments in other public sector entities - direct injections	-	-	-	-	-	-	-
Investments in other entities	28	28	17	117	17	45	27
Other financial assets	-	-	-	-	-	-	-
Total financial assets	17,041	16,300	18,087	18,297	18,189	17,234	-955
<i>Non-financial assets</i>							
Land	51,751	55,206	54,369	54,376	54,379	50,536	-3,844
Property, plant and equipment	83,676	87,897	88,530	88,528	88,776	88,857	81
Biological assets	335	343	331	331	331	324	-7
Inventories							
Land inventories	1,831	2,031	2,106	2,106	2,077	2,028	-49
Other inventories	3,443	3,911	3,559	3,559	3,906	2,789	-1,117
Intangibles	929	640	837	834	859	1,105	246
Assets classified as held for sale	110	61	105	105	309	70	-239
Other	385	290	251	251	269	506	237
Total non-financial assets	142,461	150,380	150,090	150,091	150,905	146,214	-4,691
TOTAL ASSETS	159,502	166,680	168,176	168,388	169,094	163,448	-5,646
LIABILITIES							
Deposits held	193	67	191	191	191	145	-46
Advances received	454	440	439	439	439	439	-
Borrowings	27,479	30,862	32,265	32,294	32,424	31,141	-1,283
Superannuation	9,086	8,503	9,222	8,930	8,755	8,133	-622
Other employee benefits	3,193	3,117	3,224	3,224	3,362	3,456	95
Payables	5,050	4,965	5,095	5,095	5,332	4,531	-801
Other liabilities	2,571	2,181	2,694	2,689	2,697	2,676	-21
TOTAL LIABILITIES	48,026	50,136	53,130	52,862	53,201	50,521	-2,680
NET ASSETS	111,475	116,544	115,046	115,526	115,893	112,927	-2,966
<i>Of which:</i>							
Contributed equity	-	-	-	-	-	-	-
Accumulated surplus	28,575	29,364	28,739	29,211	30,474	29,343	-1,131
Other reserves	82,900	87,180	86,307	86,316	85,419	83,584	-1,836
NET WORTH	111,475	116,544	115,046	115,526	115,893	112,927	-2,966
MEMORANDUM ITEMS							
<i>Net financial worth</i>	-30,985	-33,836	-35,043	-34,565	-35,012	-33,287	1,725
<i>Net financial liabilities</i>	32,300	35,520	36,480	36,102	36,634	35,080	-1,554
<i>Net debt</i>							
Gross debt liabilities	28,126	31,370	32,895	32,924	33,054	31,725	-1,330
less: liquid financial assets	12,022	11,063	13,075	13,065	12,914	11,389	-1,525
less: convergence differences impacting net debt	88	88	88	88	88	88	-
Net debt	16,016	20,218	19,732	19,770	20,052	20,248	196

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

Table 1.11

TOTAL NON-FINANCIAL PUBLIC SECTOR
Statement of Changes in Equity

	Contributed Equity \$m	Asset Revaluation Surplus \$m	Accumulated net gain on equity investments in other sector entities \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2011</i>	-	81,230	1,450	29,523	112,203
Total Comprehensive Result	-	317	-164	-1,044	-891
<i>Transactions with owners in their capacity as owners</i>					
Contributed Capital	-	-	-	-	-
Dividends	-	-	-	-	-
Other	-	66	-	96	162
Balance at 30 June 2012	-	81,613	1,286	28,575	111,475
<i>Balance at 1 July 2012</i>	-	81,613	1,286	28,575	111,475
Total Comprehensive Result	-	147	462	421	1,030
<i>Transactions with owners in their capacity as owners</i>					
Contributed Capital	-	-	-	-	-
Dividends	-	-	-	-	-
Other	-	75	-	347	422
Balance at 30 June 2013	-	81,835	1,748	29,343	112,927

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

Table 1.12

TOTAL NON-FINANCIAL PUBLIC SECTOR
Cash Flow Statement

	2011-12		2012-13			Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received	6,760	7,342	7,793	7,798	7,866	7,733	-133
Grants and subsidies received	9,831	8,993	8,823	8,836	9,008	8,934	-74
Receipts from sales of goods and services	17,411	17,738	17,822	17,807	18,401	17,561	-840
Interest receipts	514	540	451	454	433	422	-12
Dividends and tax equivalents	88	51	87	87	73	67	-5
Other	6,973	6,919	6,766	6,871	6,866	7,468	602
Total cash received	41,577	41,583	41,744	41,854	42,646	42,184	-462
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation	-11,801	-12,496	-12,503	-12,505	-12,575	-12,490	85
Payments for goods and services	-17,857	-18,083	-18,304	-18,299	-18,799	-17,934	865
Interest paid	-1,279	-1,404	-1,197	-1,206	-1,316	-1,289	27
Grants and subsidies paid	-3,574	-3,781	-3,707	-3,709	-3,782	-3,770	13
Dividends and tax equivalents	-	-	-	-	-	-	-
Other payments	-3,598	-3,418	-3,931	-3,968	-4,019	-4,203	-183
Total cash paid	-38,108	-39,182	-39,641	-39,687	-40,491	-39,686	805
NET CASH FLOWS FROM OPERATING ACTIVITIES	3,469	2,401	2,102	2,167	2,155	2,499	344
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets	-6,768	-7,633	-7,316	-7,317	-7,295	-7,350	-55
Sales of non-financial assets	891	1,640	1,501	1,501	1,250	901	-349
Total cash flows from investments in non-financial assets	-5,877	-5,993	-5,815	-5,816	-6,045	-6,448	-404
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes	6	-	-	-	-	12	12
For liquidity purposes	178	5	86	86	103	417	314
<i>Cash paid</i>							
For policy purposes	-6	-	-	-	-	-12	-12
For liquidity purposes	-216	-4	-125	-269	-128	-546	-417
Total cash flows from investments in financial assets	-37	1	-39	-183	-25	-129	-103
NET CASH FLOWS FROM INVESTING ACTIVITIES	-5,914	-5,992	-5,855	-5,999	-6,070	-6,577	-507
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received	-	-	-	-	-	-	-
Borrowings	16,164	18,594	10,390	10,419	17,965	25,583	7,617
Deposits received	-	-	-	-	-	-	-
Other financing receipts	52	84	82	82	31	30	-1
Total cash received	16,217	18,678	10,471	10,500	17,997	25,613	7,616
<i>Cash paid</i>							
Advances paid	-14	-14	-15	-15	-15	-15	-
Borrowings repaid	-11,873	-15,316	-7,073	-7,073	-14,627	-21,969	-7,342
Deposits paid	-	-	-	-	-	-	-
Other financing payments	-108	-111	-65	-65	-98	-87	11
Total cash paid	-11,995	-15,442	-7,153	-7,153	-14,740	-22,071	-7,331
NET CASH FLOWS FROM FINANCING ACTIVITIES	4,222	3,236	3,318	3,347	3,256	3,541	285
Net increase in cash and cash equivalents	1,776	-355	-434	-484	-659	-537	121
Cash and cash equivalents at the beginning of the year	6,543	6,052	8,319	8,319	8,319	8,319	-
Cash and cash equivalents at the end of the year	8,319	5,697	7,884	7,833	7,659	7,781	122
KEY FISCAL AGGREGATES							
Net cash flows from operating activities	3,469	2,401	2,102	2,167	2,155	2,499	344
Net cash flows from investing in non-financial assets	-5,877	-5,993	-5,815	-5,816	-6,045	-6,448	-404
Cash surplus/-deficit	-2,408	-3,592	-3,713	-3,649	-3,890	-3,950	-60

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

Table 1.13

PUBLIC FINANCIAL CORPORATIONS
Operating Statement

	2011-12		2012-13			Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Notes	Actual \$m (1)	Budget Estimate \$m (2)	MYR Revision \$m (3)	PFPS Revision \$m (4)		
RESULTS FROM TRANSACTIONS							
REVENUE							
Current grants and subsidies		-	-	-	-	-	-
Capital grants		-	-	-	-	-	-
Sales of goods and services		957	956	923	923	1,059	871
Interest Income		1,768	2,260	1,876	1,880	2,148	1,648
Other		5	-	-	-	1	-
Total		2,730	3,216	2,799	2,803	3,209	2,519
EXPENSES							
Salaries		42	44	45	45	45	44
Superannuation							
Concurrent costs		4	4	4	4	4	4
Superannuation interest cost		-	-	-	-	-	-
Other employee costs		2	2	2	2	2	2
Depreciation and amortisation		15	18	17	17	16	17
Services and contracts		13	13	13	13	13	11
Other gross operating expenses		1,086	831	830	830	820	700
Other interest		1,626	2,071	1,706	1,710	1,962	1,641
Tax equivalents		8	35	26	26	5	7
Current transfers		3	4	4	4	4	4
Capital transfers		-	4	7	7	7	-
Total		2,798	3,026	2,654	2,658	2,878	2,428
NET OPERATING BALANCE^(a)	4	-69	190	145	145	330	91
<i>Other economic flows</i>							
Net gains on assets/liabilities		-58	-	-	-	-	496
Net actuarial gains - superannuation		-2	-	-	-	-	1
Provision for doubtful debts		-	-	-	-	-	-61
All other		-	-	-	-	-	-
Total other economic flows		-60	-	-	-	-	437
OPERATING RESULT		-129	190	145	145	330	527
<i>Other non-owner movements in equity</i>							
Revaluations		15	7	2	2	55	2
Gains recognised directly in equity		97	-	-	-	-	32
Changes in accounting policy/correction of prior period errors		-94	2	69	69	-	-32
Capital injections from general government		-	-	-	-	-	-
All other		-	-	-	-	-	-
Total other non-owner movements in equity		18	9	71	71	55	2
<i>Movements in owner equity</i>							
Dividends		-52	-47	-83	-83	-67	-67
Capital injections		-	-	-	-	-	-
Total movements in owner equity		-52	-47	-83	-83	-67	-
TOTAL CHANGE IN NET WORTH^(b)		-164	152	133	133	318	462
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE		-69	190	145	145	330	91
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		13	7	7	7	8	5
Changes in inventories		-	-	-	-	-	-
Other movement in non-financial assets		-	-	-	-	-	-
<i>less:</i>							
Sales of non-financial assets		-	-	-	-	-	-
Depreciation		15	18	17	17	16	17
Total net acquisition of non-financial assets		-2	-11	-11	-11	-9	-12
NET LENDING/-BORROWING	4	-67	201	156	156	339	103

(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.

Table 1.14

PUBLIC FINANCIAL CORPORATIONS
Balance Sheet at 30 June

	2011-12		2012-13				Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Notes	Actual	Budget	MYR	PFPS	Estimated		
		\$m	Estimate \$m (1)	Revision \$m (2)	Revision \$m (3)	Outturn \$m (4)		
ASSETS								
<i>Financial assets</i>								
Cash and deposits		16	23	17	17	16	28	13
Advances paid		3,411	5,072	5,003	5,003	5,003	3,330	-1,673
Investments, loans and placements		38,338	38,301	41,325	41,329	40,630	40,450	-180
Receivables		1,035	848	1,054	1,054	1,051	646	-404
Investment property		510	575	551	551	580	538	-42
Shares and other equity								
Investments in other public sector entities - equity method		-	-	-	-	-	-	-
Investments in other public sector entities - direct injections		-	-	-	-	-	-	-
Investments in other entities		1,208	1,361	1,305	1,305	1,373	1,341	-32
Other financial assets		39	52	39	39	39	24	-15
Total financial assets		44,558	46,232	49,294	49,298	48,691	46,358	-2,334
<i>Non-financial assets</i>								
Land		118	35	118	118	118	118	-
Property, plant and equipment		250	240	253	253	258	243	-15
Biological assets		-	-	-	-	-	-	-
Inventories								
Land inventories		-	-	-	-	-	-	-
Other inventories		-	-	-	-	-	-	-
Intangibles		14	12	12	12	14	13	-2
Assets classified as held for sale		-	-	-	-	-	-	-
Other		6	75	68	68	68	3	-66
Total non-financial assets		386	362	451	451	458	376	-82
TOTAL ASSETS		44,944	46,594	49,745	49,748	49,149	46,734	-2,416
LIABILITIES								
Deposits held		-	-	-	-	-	-	-
Advances received		3	1	3	3	3	3	-
Borrowings		40,269	41,771	44,834	44,838	44,073	41,745	-2,328
Superannuation		11	10	11	11	12	11	-1
Other employee benefits		9	8	9	9	9	9	-
Payables		93	145	96	96	135	17	-118
Other liabilities		3,272	3,003	3,371	3,371	3,313	3,201	-112
TOTAL LIABILITIES		43,658	44,938	48,325	48,329	47,545	44,985	-2,560
NET ASSETS		1,286	1,656	1,420	1,420	1,604	1,748	144
<i>Of which:</i>								
Contributed equity		-	-	-	-	-	-	-
Accumulated surplus		1,054	1,298	1,114	1,114	1,253	1,511	258
Other reserves		233	358	306	306	351	237	-114
NET WORTH	4	1,286	1,656	1,420	1,420	1,604	1,748	144
MEMORANDUM ITEMS								
<i>Net financial worth</i>		-386	-362	-451	-451	-458	-376	82
<i>Net debt</i>								
Gross debt liabilities		40,272	41,772	44,837	44,841	44,076	41,748	-2,328
less: liquid financial assets		41,765	43,396	46,345	46,348	45,648	43,808	-1,840
less: convergence differences impacting net debt		-	-	-	-	-	-	-
Net debt		-1,493	-1,624	-1,508	-1,508	-1,572	-2,060	-488

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

Table 1.15

PUBLIC FINANCIAL CORPORATIONS
Statement of Changes in Equity

	Contributed Equity \$m	Asset Revaluation Surplus \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2011</i>	-	218	1,232	1,450
Total Comprehensive Result	-	15	-129	-115
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	-	-	-	-
Dividends	-	-	-52	-52
Other	-	-	3	3
Balance at 30 June 2012	-	233	1,053	1,286
<i>Balance at 1 July 2012</i>	-	233	1,053	1,286
Total Comprehensive Result	-	2	527	529
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	-	-	-	-
Dividends	-	-	-67	-67
Other	-	2	-2	-
Balance at 30 June 2013	-	237	1,511	1,748

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

Table 1.16

PUBLIC FINANCIAL CORPORATIONS
Cash Flow Statement

	2011-12		2012-13				Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Notes	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
CASH FLOWS FROM OPERATING ACTIVITIES								
<i>Cash received</i>								
Grants and subsidies received	6	5	5	5	2	-	-2	
Receipts from sales of goods and services	922	936	888	888	977	977	-	
Interest receipts	1,717	2,260	1,877	1,880	2,152	1,665	-487	
Dividends and tax equivalents	-	-	-	-	-	-	-	
Other	124	124	118	118	97	130	34	
Total cash received	2,770	3,325	2,887	2,891	3,228	2,772	-456	
<i>Cash paid</i>								
Wages, salaries and supplements, and superannuation	-44	-49	-50	-50	-49	-48	1	
Payments for goods and services	-767	-748	-753	-753	-783	-739	44	
Interest paid	-1,517	-2,071	-1,706	-1,710	-1,962	-1,672	289	
Grants and subsidies paid	-	-	-	-	-	-	-	
Tax equivalents	-7	-4	-5	-5	-5	-	5	
Other payments	-173	-171	-160	-160	-141	-180	-38	
Total cash paid	-2,508	-3,044	-2,674	-2,678	-2,941	-2,639	302	
NET CASH FLOWS FROM OPERATING ACTIVITIES	262	281	213	213	287	134	-154	
CASH FLOWS FROM INVESTING ACTIVITIES								
<i>Cash flows from investments in non-financial assets</i>								
Purchase of non-financial assets	-13	-7	-7	-7	-8	-5	3	
Sales of non-financial assets	-	-	-	-	-	-	-	
Total cash flows from investments in non-financial assets	-13	-7	-7	-7	-7	-5	3	
<i>Cash flows from investments in financial assets</i>								
<i>Cash received</i>								
For policy purposes	-	-	-	-	-	-	-	
For liquidity purposes	6,110	1,096	1,156	1,156	1,490	6,819	5,329	
<i>Cash paid</i>								
For policy purposes	-	-	-	-	-	-	-	
For liquidity purposes	-6,303	-1,827	-4,952	-4,952	-5,313	-5,855	-542	
Total cash flows from investments in financial assets	-193	-731	-3,796	-3,796	-3,823	964	4,787	
NET CASH FLOWS FROM INVESTING ACTIVITIES	-206	-738	-3,802	-3,802	-3,831	959	4,790	
CASH FLOWS FROM FINANCING ACTIVITIES								
<i>Cash received</i>								
Advances received	-	-	-	-	-	-	-	
Borrowings	38,986	41,599	38,525	38,525	43,051	53,398	10,347	
Deposits received	-	-	-	-	-	-	-	
Other financing receipts	-	-	-	-	-	-	-	
Total cash received	38,986	41,599	38,525	38,525	43,051	53,398	10,347	
<i>Cash paid</i>								
Advances paid	-	-	-	-	-	-	-	
Borrowings repaid	-37,358	-41,091	-37,038	-37,038	-41,660	-54,658	-12,998	
Deposits paid	-	-	-	-	-	-	-	
Other financing payments	-	-	-	-	-	-	-	
Dividends paid	-81	-47	-83	-83	-67	-67	-	
Total cash paid	-37,439	-41,138	-37,120	-37,120	-41,727	-54,725	-12,998	
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,547	461	1,405	1,405	1,324	-1,327	-2,651	
Net increase in cash and cash equivalents	1,603	5	-2,184	-2,184	-2,219	-234	1,985	
Cash and cash equivalents at the beginning of the year	2,060	2,043	3,664	3,664	3,664	3,664	-	
Cash and cash equivalents at the end of the year	3,664	2,048	1,479	1,479	1,444	3,430	1,985	
KEY FISCAL AGGREGATES								
Net cash flows from operating activities	262	281	213	213	287	134	-154	
Net cash flows from investing in non-financial assets	-13	-7	-7	-7	-7	-5	3	
Dividends paid	-81	-47	-83	-83	-67	-67	-	
Cash surplus/-deficit	4	168	228	124	212	62	-151	

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

Table 1.17

TOTAL PUBLIC SECTOR^(a)
Operating Statement

	2011-12		2012-13			Actual \$m (5)	Variation on EOT \$m (5) - (4)	
	Notes	Actual \$m (1)	Budget Estimate \$m (2)	MYR Revision \$m (3)	PFPS Revision \$m (4)			Estimated Outturn \$m (4)
RESULTS FROM TRANSACTIONS								
REVENUE								
Taxation		6,850	7,335	7,787	7,792	7,915	7,894	-21
Current grants and subsidies		8,678	8,083	8,139	8,154	8,274	8,316	42
Capital grants		1,082	929	688	688	712	622	-91
Sales of goods and services		17,867	18,371	18,457	18,527	19,259	17,955	-1,304
Interest income		924	980	878	881	1,104	687	-417
Royalty income		4,343	4,871	4,366	4,488	4,460	4,425	-34
Other		954	758	771	771	840	896	56
Total	6	40,699	41,327	41,087	41,302	42,563	40,794	-1,769
EXPENSES								
Salaries		10,671	11,160	11,047	11,049	11,260	11,307	48
Superannuation								
Concurrent costs		1,014	1,057	1,045	1,046	1,066	1,071	5
Superannuation interest cost		317	343	281	313	336	369	34
Other employee costs		305	262	273	274	290	315	25
Depreciation and amortisation	9	2,702	2,726	2,874	2,874	2,920	3,024	103
Services and contracts		2,579	2,653	2,686	2,688	2,717	2,782	65
Other gross operating expenses	10	17,204	17,212	17,725	17,761	18,219	16,487	-1,731
Other interest	8	1,587	1,755	1,562	1,566	1,882	1,588	-294
Current transfers	7	3,470	3,554	3,518	3,518	3,608	3,631	22
Capital transfers	7	384	542	615	617	442	428	-15
Total		40,233	41,264	41,627	41,707	42,741	41,003	-1,738
NET OPERATING BALANCE^(b)	4	466	63	-541	-405	-178	-208	-31
<i>Other economic flows</i>								
Net gains on assets/liabilities		89	107	137	137	124	315	191
Net actuarial gains - superannuation		-1,737	234	-330	-6	218	881	662
Provision for doubtful debts		-43	-18	-19	-19	-20	-106	-85
All other		-	-	-	-	-	-	-
Total other economic flows		-1,692	323	-212	111	321	1,089	768
OPERATING RESULT		-1,226	386	-753	-294	144	881	737
<i>All other movements in equity</i>								
Revaluations		332	2,351	4,758	4,766	4,321	149	-4,172
Gains recognised directly in equity		545	-51	-44	-44	-47	556	603
Changes in accounting policy/correction of prior period errors		-379	-96	-390	-378	-	-135	-135
All other		-	-	-	-	-	-	-
Total all other movements in equity		498	2,203	4,324	4,345	4,274	571	-3,703
TOTAL CHANGE IN NET WORTH^(c)		-728	2,589	3,571	4,051	4,418	1,452	-2,966
KEY FISCAL AGGREGATES								
NET OPERATING BALANCE		466	63	-541	-405	-178	-208	-31
<i>Less Net acquisition of non-financial assets</i>								
Purchase of non-financial assets		6,782	7,639	7,323	7,324	7,302	7,355	53
Changes in inventories		-8	112	117	117	463	-654	-1,117
Other movement in non-financial assets		158	-170	-288	-226	-7	215	222
<i>less:</i>								
Sales of non-financial assets		892	1,640	1,501	1,501	1,250	902	-349
Depreciation		2,702	2,726	2,874	2,874	2,920	3,024	103
Total net acquisition of non-financial assets		3,338	3,216	2,776	2,840	3,588	2,991	-598
NET LENDING/-BORROWING	4	-2,872	-3,153	-3,317	-3,245	-3,766	-3,199	567

(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.

Table 1.18

TOTAL PUBLIC SECTOR^(a)
Balance Sheet at 30 June

	Notes	2011-12		2012-13			Actual \$m (5)	Variation on EOT \$m (5) - (4)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
ASSETS								
<i>Financial assets</i>								
Cash and deposits		1,606	1,381	1,488	1,451	1,529	1,598	68
Advances paid		3,630	5,296	5,222	5,222	5,225	3,552	-1,673
Investments, loans and placements		18,575	10,261	15,568	15,571	14,934	16,896	1,962
Receivables	12	4,255	3,967	4,206	4,327	4,304	4,286	-17
Investment property	15	545	605	586	586	615	571	-44
Equity - Investments in other entities		1,236	1,389	1,322	1,422	1,391	1,386	-5
Other financial assets		39	52	39	39	39	24	-15
Total financial assets		29,886	22,952	28,431	28,619	28,037	28,314	277
<i>Non-financial assets</i>								
Land	16	51,869	55,242	54,487	54,494	54,497	50,653	-3,844
Property, plant and equipment	17,18	83,926	88,137	88,783	88,780	89,034	89,100	66
Biological assets	13	335	343	331	331	331	324	-7
Inventories	11							
Land inventories		1,831	2,031	2,106	2,106	2,077	2,028	-49
Other inventories		3,443	3,911	3,559	3,559	3,906	2,789	-1,117
Intangibles	19	943	652	849	847	873	1,118	245
Assets classified as held for sale	14	110	61	105	105	309	70	-239
Other		391	365	318	318	335	509	173
Total non-financial assets		142,847	150,742	150,539	150,540	151,362	146,590	-4,772
TOTAL ASSETS		172,733	173,694	178,969	179,159	179,399	174,904	-4,495
LIABILITIES								
Deposits held		192	67	190	190	190	144	-46
Advances received		454	440	439	439	439	439	-
Borrowings	20	37,776	35,114	39,961	39,966	39,628	39,740	111
Superannuation	21	9,097	8,512	9,233	8,942	8,767	8,143	-623
Other employee benefits	22	3,203	3,125	3,234	3,233	3,371	3,465	94
Payables		5,032	4,977	5,110	5,110	5,386	4,486	-900
Other liabilities	23	5,503	4,914	5,756	5,753	5,725	5,560	-165
TOTAL LIABILITIES		61,258	57,150	63,923	63,633	63,506	61,977	-1,528
NET ASSETS		111,475	116,544	115,046	115,526	115,893	112,927	-2,966
<i>Of which:</i>								
Contributed equity		-	-	-	-	-	-	-
Accumulated surplus		29,629	30,662	29,853	30,324	31,727	30,855	-873
Other reserves		81,846	85,882	85,194	85,202	84,166	82,072	-2,094
NET WORTH	4	111,475	116,544	115,046	115,526	115,893	112,927	-2,966
MEMORANDUM ITEMS								
<i>Net financial worth</i>		-31,372	-34,198	-35,492	-35,014	-35,469	-33,663	1,806
<i>Net financial liabilities</i>		32,608	35,587	36,814	36,436	36,859	35,049	-1,810
<i>Net debt</i>								
Gross debt liabilities		38,422	35,621	40,590	40,595	40,257	40,323	66
less: liquid financial assets		23,811	16,938	22,278	22,244	21,689	22,046	358
less: convergence differences impacting net debt		88	88	88	88	88	88	-
Net debt		14,523	18,594	18,225	18,263	18,480	18,188	-292

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

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

Table 1.19

TOTAL PUBLIC SECTOR
Statement of Changes in Equity

	Contributed Equity \$m	Asset Revaluation Surplus \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2011</i>	-	81,449	30,755	112,203
Total Comprehensive Result	-	332	-1,226	-894
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	-	-	-	-
Dividends	-	-	-	-
Other	-	65	100	165
Balance at 30 June 2012	-	81,846	29,629	111,475
<i>Balance at 1 July 2012</i>	-	81,846	29,629	111,475
Total Comprehensive Result	-	149	881	1,030
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	-	-	-	-
Dividends	-	-	-	-
Other	-	77	345	422
Balance at 30 June 2013	-	82,072	30,855	112,927

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

Table 1.20

TOTAL PUBLIC SECTOR^(a)
Cash Flow Statement

	2011-12		2012-13				Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Notes	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
CASH FLOWS FROM OPERATING ACTIVITIES								
<i>Cash received</i>								
Taxes received		6,709	7,289	7,745	7,750	7,816	7,678	-137
Grants and subsidies received		9,831	8,993	8,823	8,836	9,008	8,934	-74
Receipts from sales of goods and services		18,061	18,392	18,426	18,412	19,052	18,205	-847
Interest receipts		920	1,065	954	951	1,168	811	-357
Dividends and tax equivalents		-	-	-	-	-	-	-
Other		7,093	7,039	6,880	6,984	6,959	7,594	635
Total cash received		42,613	42,777	42,828	42,933	44,003	43,223	-780
<i>Cash paid</i>								
Wages, salaries and supplements, and superannuation		-11,845	-12,544	-12,553	-12,555	-12,624	-12,538	86
Payments for goods and services		-18,351	-18,548	-18,773	-18,768	-19,256	-18,339	917
Interest paid		-1,485	-1,740	-1,529	-1,532	-1,861	-1,687	174
Grants and subsidies paid		-3,568	-3,777	-3,702	-3,705	-3,780	-3,770	10
Dividends and tax equivalents		-	-	-	-	-	-	-
Other payments		-3,715	-3,531	-4,038	-4,075	-4,107	-4,324	-217
Total cash paid		-38,963	-40,141	-40,595	-40,635	-41,627	-40,658	970
NET CASH FLOWS FROM OPERATING ACTIVITIES	24	3,650	2,635	2,233	2,298	2,375	2,565	190
CASH FLOWS FROM INVESTING ACTIVITIES								
<i>Cash flows from investments in non-financial assets</i>								
Purchase of non-financial assets		-6,782	-7,639	-7,323	-7,324	-7,302	-7,355	-53
Sales of non-financial assets		892	1,640	1,501	1,501	1,250	902	-349
Total cash flows from investments in non-financial assets		-5,890	-5,999	-5,822	-5,823	-6,052	-6,453	-401
<i>Cash flows from investments in financial assets</i>								
<i>Cash received</i>								
For policy purposes		6	-	-	-	-	12	12
For liquidity purposes		6,288	1,101	1,242	1,242	1,593	7,236	5,644
<i>Cash paid</i>								
For policy purposes		-6	-	-	-	-	-12	-12
For liquidity purposes		-6,518	-1,831	-5,077	-5,221	-5,441	-6,401	-960
Total cash flows from investments in financial assets		-230	-730	-3,835	-3,979	-3,849	835	4,684
NET CASH FLOWS FROM INVESTING ACTIVITIES		-6,120	-6,729	-9,657	-9,801	-9,901	-5,618	4,283
CASH FLOWS FROM FINANCING ACTIVITIES								
<i>Cash received</i>								
Advances received		-	-	-	-	-	-	-
Borrowings		27,171	25,175	30,571	30,572	27,829	31,930	4,100
Deposits received		-	-	-	-	-	-	-
Other financing receipts		52	84	82	82	31	30	-1
Total cash received		27,224	25,259	30,653	30,653	27,861	31,960	4,099
<i>Cash paid</i>								
Advances paid		-14	-14	-15	-15	-15	-15	-
Borrowings repaid		-21,252	-21,390	-25,767	-25,739	-23,100	-29,576	-6,476
Deposits paid		-	-	-	-	-	-	-
Other financing payments		-108	-111	-65	-65	-98	-87	11
Total cash paid		-21,374	-21,515	-25,847	-25,819	-23,213	-29,678	-6,465
NET CASH FLOWS FROM FINANCING ACTIVITIES		5,849	3,744	4,806	4,835	4,648	2,282	-2,366
Net increase in cash and cash equivalents		3,379	-350	-2,618	-2,669	-2,878	-771	2,107
Cash and cash equivalents at the beginning of the period		8,602	8,095	11,981	11,981	11,981	11,981	-
Cash and cash equivalents at the end of the period	25	11,981	7,745	9,362	9,312	9,103	11,210	2,107
KEY FISCAL AGGREGATES								
Net cash flows from operating activities		3,650	2,635	2,233	2,298	2,375	2,565	190
Net cash flows from investing in non-financial assets		-5,890	-5,999	-5,822	-5,823	-6,052	-6,453	-401
Cash surplus/-deficit	4	-2,240	-3,364	-3,589	-3,525	-3,677	-3,888	-211

(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 State Government’.

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

The State Government’s mission is to achieve three key objectives:

- provides leadership and strong financial management to ensure sustainable financial outcomes for the State;
- supports the community to improve the lives of Western Australians now and into the future; and
- invests in infrastructure that is critical to build the State and to deliver the Government’s vision

This was summarised in the 2012-13 Fiscal Strategy Statement in Budget Paper Number 3: *Economic and Fiscal Outlook*:

“The Government is committed to delivering strong financial leadership and the responsible management of Western Australia’s public sector finances to ensure they are sustainable and consistent with a triple-A credit rating. Strong financial leadership creates an attractive business environment in which to invest and a secure place in which to live and work”

The Financial Statement also includes reference to whole-of-government financial targets which are discussed in Chapter 2 of this report.

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

NOTE 2: STATEMENT OF COMPLIANCE

Compliance Framework

The financial statements of the general government sector and the total public sector for the year ended 30 June 2013 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 (the total public sector or whole-of-government) and the general government sector, and include entities under their control.

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

The statistical framework also classifies sub-sectors in accordance with the principles and rules contained in the ABS' *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005* (ABS GFS Manual). The entities forming part of each sector are referred to as agencies in these financial statements and Note 33: *Composition of sectors* contains a full list of agencies forming each of the sectors listed below.

General government sector

The general government sector comprises public sector agencies that are engaged mainly in the provision of services outside the normal market mechanism, or that provide for the transfer of income for public policy purposes. Costs are financed predominantly from centrally collected revenue such as taxes, Commonwealth grants and mining royalties.

Public non-financial corporation sector

The public non-financial corporation sector comprises those non-financial public sector agencies engaged mainly in the production of goods and services for sale in the market and whose objective is to recover at least a significant proportion of operating costs through charges for their goods and services.

Public financial corporation sector

The public financial corporation sector comprises those public sector agencies engaged primarily in financial activities, such as providing central borrowing authority and insurance services.

Control

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

- agency is accountable to the State Government;
- the State Government, through the public sector, has a residual financial interest in the net assets of that agency; and
- the State Government has the power to control the financial and operating policies of an agency so as to obtain 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 State Government and consolidated in the public sector are shown in Note 33. 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 33. 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 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, 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 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 the relevant notes to the consolidated financial statements. They may arise through uncertainty as to the existence, settlement or measurement of an asset or liability and are recognised once this uncertainty is removed.

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

(e) Presentation and Rounding of Amounts

The consolidated financial statements are presented in Australian dollars and all amounts are rounded to the nearest million dollars (\$m). As a consequence, columns 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 3(u): *Financial Instruments – Derivatives* 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 State Government ceased to control the agency.

For the purposes of reporting the public sector as a single economic entity, all material transactions and balances and unrealised gains between agencies under State Government control are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, the accounting policies and reporting periods of controlled agencies have been aligned with those adopted by the public sector as a whole, to achieve consistency. This approach has not materially affected the income and expenses or the assets and liabilities at the reporting date.

(h) Income Recognition

Revenue is measured at the fair value of the consideration received or receivable net of the amount of goods and services tax payable and net of discounts, rebates, concessions and allowances.

The policies adopted for the recognition of significant categories of revenue are as follows.

Taxation revenue

Revenue is recognised at the time when tax payments are due and payable, according to taxation law or upon issue of an assessment. The basis of recognition for each major type of taxation revenue, is shown in the following table.

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

Grants and subsidies revenue

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 upon delivery of the service or on a stage of completion basis. The stage of completion is determined according to the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

Interest income

Interest revenue is accrued on a time proportion basis, by reference to the principal outstanding and taking into account the effective yield on the financial asset.

Revenue from public corporations

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

Royalty income

Mineral and petroleum royalties from companies operating under government legislation are recognised on an accrual basis in accordance with the substance of the relative agreements considering the base on which the royalty is calculated. Under current systems, the base can be production, royalty value, net cash flows or profit.

(i) Expense Recognition

Expenses are recognised when incurred and are reported in the financial year to which they relate. The policies adopted for the recognition of significant categories of expenses are as follows.

Salaries

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

Superannuation

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

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

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.

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

Current and capital transfers

Current and capital transfers include grants and subsidies and other payments made to other sectors of government and to non-government organisations for the delivery of services. They are recognised as an expense to the extent that:

- the service required to be performed by the grantee has been performed; or
- the grant eligibility criteria have been satisfied, but payments due have not been made.

(j) Other Economic Flows

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

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

Net gains (or losses) arising on the disposal or retirement of a non-current asset are recognised when control of the asset and the significant risks and benefits incidental to ownership have passed to the buyer.

Impairment – non-financial assets

Impairment losses are recognised as a non-transaction cost when an asset's carrying amount exceeds its recoverable amount.

Net actuarial gains (or losses)

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

(k) Land, and Other Property, Plant and Equipment and Infrastructure

Initial recognition and measurement

All items of 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.

Class of Asset	Subsequent Measurement
Land (including land under roads)	Fair value
Buildings	Fair value less accumulated depreciation and accumulated impairment losses
Infrastructure – road network	Fair value less accumulated depreciation and accumulated impairment losses
Infrastructure – water storage and distribution – electricity generation and transmission – other	Fair value less accumulated depreciation and accumulated impairment losses
Plant, equipment and other	Fair value less accumulated depreciation and accumulated impairment losses

Land

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

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

The fair value of land under roads (i.e. land within road reserves) is based on the market value of the land adjoining the road reserve. The land values are provided by geographic location on an annual basis by the Western Australian Land Information Authority (Valuation Services) as follows:

- Metropolitan area - median value for single residential land for each Local Government Area. Land parcels up to 899 square metres are assumed to have a single residential zoning;
- South West region - nominal unimproved valuation rates covering the south west of the State from Geraldton to Esperance; and
- Balance of State – nominal unimproved valuation rates based on leasehold rates for Crown land.

Buildings

The fair value of buildings is based on current market 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), and by other independent professional valuers, with sufficient regularity, such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

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 2013 is based on the current depreciated replacement cost determined at 30 June 2012 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.

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 non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Land is not depreciated as it is deemed to have an indefinite life.

Depreciation is generally calculated using the straight-line method (as adjusted for any impairment), over the estimated useful lives of the assets. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

The following table summarises the expected useful lives for each class of depreciable asset in both the current and prior years used in compiling these financial statements.

CLASS OF ASSET	DEPRECIATION YEARS
<i>Buildings</i>	20 – 50 years
<i>Infrastructure – Road network</i>	
Roads	40 – 50 years
Bridges	60 – 100 years
Earthworks	Up to 173 years
<i>Infrastructure – Water, storage and distribution</i>	
Pipelines and fittings	30 – 110 years
Dams and reservoirs	30 – 120 years
Drains and channels	20 – 150 years
<i>Infrastructure – Electricity generation and transmission</i>	
Electricity generation and transmission	20 – 45 years
<i>Infrastructure – Other</i>	
Harbour and ports	40 – 100 years
Forestry	20 years
Plant, equipment and other	4 – 15 years

Assets held under finance leases are depreciated over the shorter of the lease term and their expected useful lives on the same basis as owned assets.

Disposal

The gain or loss arising on disposal or retirement of an asset (calculated as the difference between the carrying amount of the asset at the time of disposal and the net disposal proceeds), is included in the Operating Statement in the period the item is disposed.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

(I) Private Sector Financed Infrastructure Assets (Service Concession Arrangements)

Certain private sector financed infrastructure arrangements provide for a private sector entity to design, construct, operate and maintain certain infrastructure assets for a specified concession period, after which the infrastructure is transferred back to the public sector.

There is currently no accounting standard or Interpretation applicable to the public sector that specifically addresses the accounting for private sector financed infrastructure assets.

Pending the development of an accounting model applicable to the public sector for assets used to provide public services under service concession arrangements, the interest of the public sector in such arrangements is recognised as an asset, being the emerging interest in the remaining service potential to be transferred. The emerging interest is recognised from the date of completion of construction and valued by reference to the written down value of the right to receive the asset at the date of transfer.

(m) Biological Assets

Biological assets in the form of standing trees in native and plantation forests are stated at fair value less estimated point-of-sale costs and costs necessary to get the assets to market. Standing trees are physically attached to land located within forest plantations which are measured separately from land.

The fair value of the biological asset is based on their present location and condition and is measured as the present value of expected net cash flows of the harvest based on the productive forestland, discounted at a current market-determined pre-tax rate.

Gains or losses arising from changes in the fair value of standing trees, are taken to account as gains or losses in the Operating Statement.

(n) Investment Properties

Initial recognition and measurement

Investment properties are held for rental yield and capital appreciation and are initially recognised at cost.

Subsequent recognition and measurement

After initial recognition, the public sector has adopted the 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 each class of intangible asset are 3 to 5 years for software and all other intangibles.

(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 and equipment, infrastructure and intangible assets are tested for any indication of impairment at each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the public sector is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of asset is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from 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. These include cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

(u) Financial Instruments

Financial assets and liabilities are recognised on the Balance Sheet when the public sector becomes a party to the contractual provisions of the financial instrument. The public sector has the following categories of financial instruments:

- cash and cash equivalents;
- loans and receivables;
- held-for-trading financial assets;
- available-for-sale financial assets with quoted market price in an active market;
- available-for-sale without quoted market price in an active market;
- trading financial liabilities;
- non-trading financial liabilities; and

- derivatives.

Fair value of financial instruments

The fair value of financial instruments is determined based on quoted market prices, where available, or on estimates using present values or other valuation techniques. These techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Where market prices are not readily available, fair value is either based on estimates obtained from independent experts or quoted market prices of comparable instruments. The principal methods and assumptions used in estimating the fair value of the following financial instruments are outlined below.

Receivables

Receivables are recognised and carried at original invoice amount less any allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amount (doubtful debts) is based on objective evidence of impairment. The carrying amount is equivalent to fair value, as it is due for settlement within 30 days. Receivables generally do not carry any interest.

Investments

Investments in controlled agencies are recorded at cost. The carrying amounts of investments at cost are reviewed annually for impairment. The recoverable amount is assessed from the underlying net assets and the expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Investments are classified as an available-for-sale investment if that asset can be revalued to fair value where an active market exists. For available-for-sale investments at fair value, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the Operating Statement for the period.

Other investments are also classified as an available-for-sale investment but are stated at cost where an active market does not exist or when fair value cannot otherwise be determined. For available-for-sale investments at cost, the gains and losses are recognised directly in the Operating Statement on disposal or if determined to be impaired.

Dividend revenue is recognised in the Operating Statement when the right to receive payment is established.

Loans and advances

Loans and advances are recognised at the original loan and advance amount at cost less principal repayments and any appropriate allowances and provision for uncollectible amounts (impairment).

Interest revenue is accrued on a time basis, by reference to the principal outstanding and using the effective interest rate yield method.

Payables

Payables are recognised when the public sector becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are settled within 30 days. Accounts payable are not interest bearing.

Borrowings

Borrowings are predominantly conducted by the Western Australian Treasury Corporation (WATC), which operates within the capital markets as the central borrowing authority of the public sector.

All borrowings are initially recognised at cost, being 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 on-going risk mitigation activity, the changes in the fair value of derivative financial instruments are recognised in the Operating Statement as they arise.

(v) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal or equitable or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Superannuation

The public sector provides superannuation benefits under two types of schemes, defined benefit plans and defined contribution plans.

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

- Defined Benefit Plans:
 - Pension Scheme; which was closed to new members on 15 August 1986;
 - Judges' Pension Scheme; which is open to members of the judiciary;
 - Parliamentary Pension Scheme, which was closed to new members on 10 October 2000; and
 - Gold State Superannuation Scheme, which was closed to new members on 29 December 1995;
- Defined Contribution Plans:
 - West State Superannuation Scheme which was closed to new members on 16 April 2007; and
 - GESB Super Scheme which commenced on 16 April 2007 for all new Western Australian public sector employees.

The defined benefit plans are superannuation plans that define the benefit amount that an employee will be entitled to receive upon retirement taking into account expected future salary increases and other actuarial assumptions such as mortality and retirement rates. Defined benefit plan contributions are calculated based upon regulatory requirements and/or plan terms. The defined benefit obligations and the related services costs are determined separately for each plan at each reporting date by a qualified actuary, using the Projected Unit Credit method.

The expected future payments are discounted using market yields at the reporting date on Commonwealth government 10 year bonds with a weighted average term consistent with that of the defined benefit obligation. Actuarial gains and losses attributable to defined benefits superannuation plans are immediately recognised in the Operating Statement.

The amounts recognised in the Balance Sheet represent the present value of the defined benefit obligations, reduced by the fair value of the plan assets. The assets of these plans are held separately from the public sector's general assets.

The defined contribution plans are superannuation plans in which the employer pays a defined contribution amount into a separate fund. Contributions to defined contribution plans are charged to the Operating Statement as incurred. The public sector has no further obligation to the plans as scheme members assume the investment risk. The unfunded portion of the West State Superannuation Scheme, left over after full-funding arrangements were put in place in 2001, is being funded over the period to 2021.

See also Note 3(i): *Expense Recognition - Superannuation*.

Other employee benefits

Annual Leave and Long Service Leave

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

When assessing expected future payments, consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match as closely as possible the estimated future cash outflows.

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

Other Compensated Absences

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

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

Other provisions

Employment On-costs

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

Decommissioning, Restoration and Rehabilitation

A provision is recognised where the public sector has a legal or equitable or constructive obligation in respect of plant decommissioning, restoration and site rehabilitation works. Estimates are based on the present value of expected future cash outflows.

(w) Initial Application of Australian Accounting Standards

The public sector and general government sector have applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2012.

- AASB 2011-3: *Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]*. The full impact of this Standard is still being assessed.
- AASB 2011-9: *Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]*. This Standard groups items presented in other comprehensive income on the basis of whether they are potentially re-classifiable to profit or loss subsequently. The full impact of this Standard is still being assessed.
- AASB 2011-13: *Amendments to Australian Accounting Standard – Improvements to AASB 1049*. This Standard makes editorial amendments to improve AASB 1049. There is expected to be no financial impact as a result of the application of this Standard.

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

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

- AASB 9: *Financial Instruments*, AASB 2012-6: *Amendments to Australian Accounting Standards – Mandatory Effective Date to AASB 9 and Transition Disclosures*. This Standard becomes effective for reporting periods beginning on or after 1 January 2015 and amends the mandatory application date of this Standard to 1 January 2015. The impact of these Standards is still being assessed.
- AASB 10: *Consolidated Financial Statements*. This Standard supersedes AASB 127: *Consolidated and Separate Financial Statements* and Int 112 *Consolidation – Special Purpose Entities*. The Standard becomes effective for reporting periods beginning on or after 1 January 2014 and introduces a number of changes to accounting treatments. The impact of this Standard is still being assessed.
- AASB 11: *Joint Arrangements*. This Standard supersedes AASB 131: *Interests in Joint Ventures* and introduces a number of changes to accounting treatments. The Standard becomes effective for reporting periods beginning on or after 1 January 2014. The impact of this Standard is still being assessed.
- AASB 12: *Disclosure of Interest in Other Entities*. This Standard becomes effective for reporting periods beginning on or after 1 January 2014, replacing disclosure requirements under AASB 127: *Consolidated and Separate Financial Statements* and AASB 131: *Interests in Joint Ventures*. The full impact of this Standard has not yet been determined.

- AASB 13: *Fair Value Measurement*. This Standard becomes effective for reporting periods beginning on or after 1 January 2013. The Standard sets out definitions, measurement and disclosures relating to fair value measurement. There is expected to be no financial impact resulting from the application of this Standard.
- AASB 119: *Employee Benefits*. This Standard becomes effective for reporting periods beginning on or after 1 January 2013 making changes to the recognition, presentation and disclosure requirements. The full impact of this Standard is still being assessed.
- AASB 127: *Separate Financial Statements*. This Standard becomes effective for reporting periods beginning on or after 1 January 2014, replacing AASB 127: *Consolidated and Separate Financial Statements*, and introduces a number of changes to accounting treatments. AASB 2012-10 amends the mandatory application date of the Standard to 1 January 2015 for not-for-profit entities. The full impact of this Standard is still being assessed.
- AASB 128: *Investments in Associates and Joint Ventures*. This Standard becomes effective for reporting periods beginning on or after 1 January 2014, replacing AASB 128: *Investments in Associates*, introducing a number of changes to accounting treatments. AASB 2012-10 amends the mandatory application date of the Standard to 1 January 2015 for not-for-profit entities. The full impact of this Standard is still being assessed.
- AASB 1053: *Application of Tiers of Australian Accounting Standards*. This Standard becomes effective for reporting periods beginning on or after 1 July 2013 and establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is not expected to be any financial impact resulting from the application of this standard.
- AASB 1055: *Budgetary Information*. This standard becomes effective for reporting periods beginning on or after 1 July 2014 and specifies budgetary disclosure requirements for the whole of government, general government sector. The full impact of this standard is still being assessed.
- AASB 2010-2: *Amendments to Australian Accounting Standards Arising From Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 134 136, 137, 138, 140, 141, 1050 & 1052 and Int 2, 4, 5, 15, 17, 127, 129 & 1052]*. This Standard becomes effective for reporting periods beginning on or after 1 July 2013 and makes amendments to many Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities. The Standard is not expected to have any financial impact. However, its full impact is still being assessed.

- *AASB 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 2015 and makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. There is no financial impact resulting from the application of this Standard.
- *AASB 2011-2: Amendments to Australian Accounting Standards Arising From the Trans-Tasman Convergence Project – Reduced Disclosure Requirements (AASB 101 & AASB 1054).* This Amending Standard becomes effective for reporting periods beginning on or after 1 July 2013 and removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. The potential impact of the amendments to these Standards is yet to be determined.
- *AASB 2011-6: Amendments to Australian Accounting Standards - Extending Relief From Consolidation, the Equity Method and Proportionate Consolidation-Reduced Disclosure Requirements [AASB 127, 128 & 131].* The Standard becomes effective for reporting periods beginning on or after 1 July 2013. This Standard removes the requirement for the consolidated financial statements to be prepared in International Financial Reporting Standard (IFRS) compliancy, provided that Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements are complied with. There is no financial impact resulting from the application of this Standard.
- *AASB 2011-7: Amendments to Australian Accounting Standards Arising From the Consolidation and Joint Arrangements Standard [AASB 1, 2, 3, 5, 7, 101, 107, 112, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17].* This Standard becomes effective for reporting periods beginning on or after 1 January 2013, and gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*. For not-for-profit entities it applies to annual reporting periods beginning on or after 1 January 2014 as a result of issuing AASB 13: *Fair Value Measurement* in September 2011. The full impact of this Standard is still being assessed.
- *AASB 2011-8: Amendments to Australian Accounting Standards Arising From AASB 13 [AASB 1, 2, 3, 4, 5, 7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132].* This Standard becomes effective for reporting periods beginning on or after 1 January 2013 and replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations. There is no financial impact resulting from the application of this Standard.

- AASB 2011-10: *Amendments to Australian Accounting Arising From AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]*. This Standard becomes effective for reporting periods beginning on or after 1 January 2013 and makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 *Employee Benefits* in September 2011. There is limited financial impact resulting from the application of this Standard.
- AASB 2011-11: *Amendments to AASB 119 (September 2011) Arising From Reduced Disclosure Requirements*. This Standard will become effective for reporting periods beginning on or after 1 July 2013. This Standard aims to give effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is expected to be no financial impact resulting from the application of this Standard.
- AASB 2012-1: *Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements [AASB 3, 7, 13, 140 & 141]*. This Standard will become effective for reporting periods beginning on or after 1 July 2013. This Standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and consequential amendments implemented through AASB 2011-8. There is expected to be no financial impact resulting from the application of this Standard.
- AASB 2012-2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 132]*. This Standard becomes effective for reporting periods beginning on or after 1 January 2013 and amends the required disclosures in AASB 7 to include information that will enable users of an entity’s financial statements to evaluate the effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position. There is no financial impact resulting from the application of this Standard.
- AASB 2012-3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]*. This Standard becomes effective for reporting periods beginning on or after 1 January 2014 and adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria. There is expected to be no financial impact resulting from the application of this Standard.
- AASB 2012-5: *Amendments to Australian Accounting Standards Arising From Annual Improvements 2009-11 Cycle [AASB 1, 101, 116, 132 & 134 and Int 2]*. This Standard becomes effective for reporting periods beginning on or after 1 January 2013 and makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact resulting from the application of this Standard.

- *AASB 2012-6: Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8].* This Standard becomes effective for reporting periods beginning on or after 1 January 2013 and makes amendments to the mandatory effective date of AASB 9 *Financial Instruments* to 1 January 2015. Amendments were also made to consequential amendments arising from AASB 9 that will now apply from 1 January 2015 and to consequential amendments arising out of the Standards that will still apply from 1 January 2013. There is no financial impact resulting from the application of this Standard.
- *AASB 2012-7: Amendments to Australian Accounting Standards Arising From Reduced Disclosure Requirements [AASB 7, 12, 101 & 127].* This Standard will become effective for reporting periods beginning on or after 1 July 2013 and adds or amends the Australian Accounting Standards to provide further information regarding the differential reporting framework and the two tiers of reporting requirement for preparing general financial statements. There is expected to be no financial impact resulting from the application of this Standard.
- *AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049, & 2011-7 and Int 12].* This Standard becomes effective for reporting periods beginning on or after 1 January 2013. This Standard makes amendments to AASB 10 and related Standards to revise the transition guidance relevant to the initial application of those Standards, and to clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The full impact of this Standard is still being assessed.
- *AASB 2012-11: Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments [AASB 1, 2, 8, 10, 107, 128, 133, 134 & 2011-4].* This Standard will become effective for reporting period beginning on or after 1 July 2013. This Standard makes various editorial corrections to Australian Accounting Standards – Reduced Disclosure Requirements (Tier 2) and extends the relief from consolidation and the equity method (in the new Consolidation and Joint Arrangements Standards) to entities complying with Australian Accounting Standards) to entities complying with Australian Accounting Standards – Reduced Disclosure Requirements. There is expected to be no financial impact resulting from the application of this Standard.

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

(y) Comparative Figures

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

NOTE 4: CONVERGENCE DIFFERENCES

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

The following tables detail convergence differences reflected in the 30 June 2013 results.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Net Operating Balance

	2013	2012
	\$m	\$m
<i><u>General government</u></i>		
AASB1049 net operating balance	249	649
Plus GFS revenue adjustments	-	-
Less GFS expense adjustments	-	-
Total GFS adjustments to AASB 1049 net operating balance	-	-
GFS net operating balance	249	649
<i><u>Public non-financial sector</u></i>		
AASB1049 net operating balance	304	635
Plus GFS revenue adjustments	-	-
Less GFS expense adjustments		
Capitalised interest	27	37
Dividends	785	696
Total GFS expense adjustments	811	734
Total GFS adjustments to AASB 1049 net operating balance	-811	-734
GFS net operating balance	-507	-99
<i><u>Public financial sector</u></i>		
AASB1049 net operating balance	91	-69
Plus GFS revenue adjustments	-	-
Less GFS expense adjustments		
Capitalised interest	67	52
Total GFS expense adjustments	67	52
Total GFS adjustments to AASB 1049 net operating balance	-67	-52
GFS net operating balance	23	-121

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Operating Balance (Cont)

	2013	2012
	\$m	\$m
<i><u>Total public sector</u></i>		
AASB1049 net operating balance	-208	466
Plus GFS revenue adjustments	-	-
Less GFS expense adjustments		
Capitalised interest	27	37
Total GFS expense adjustments	27	37
Total GFS adjustments to AASB 1049 net operating balance	-27	-37
GFS net operating balance	-235	429

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Lending/-Borrowing

	2013	2012
	\$m	\$m
<i><u>General government</u></i>		
AASB1049 net lending/-borrowing	-1,852	-1,717
Plus Net operating balance convergence differences (noted above)	-	-
GFS net lending/-borrowing	-1,852	-1,717
<i><u>Public non-financial corporations</u></i>		
AASB1049 net lending/-borrowing	-597	-338
Plus Net operating balance convergence differences (noted above)	-811	-734
GFS net lending/-borrowing	-1,408	-1,072

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Lending/-Borrowing (Cont)

	2013	2012
	\$m	\$m
<i>Public financial corporations</i>		
AASB1049 net lending/-borrowing	103	-67
Plus Net operating balance convergence differences (noted above)	-67	-52
GFS net lending/-borrowing	35	-120
<i>Total public sector</i>		
AASB1049 net lending/-borrowing	-3,199	-2,872
Plus Net operating balance convergence differences (noted above)	-27	-37
GFS net lending/-borrowing	-3,226	-2,909

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Worth

	2013	2012
	\$m	\$m
<i>General government</i>		
AASB1049 net worth	112,927	111,475
<i>Plus</i>		
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88
Provision for doubtful debts		
General government sector	208	202
Impact on public corporations net worth	97	22
<i>Total GFS net worth adjustments</i>	393	312
GFS net worth	113,320	111,787

AASB 1049 TO GFS CONVERGENCE DIFFERENCES		
Net Worth (Cont)		
	2013	2012
	\$m	\$m
<u>Public non-financial corporations</u>		
<i>AASB1049 net worth</i>	48,694	47,647
<i>Plus</i>		
Impact of general government equity injections	-5,846	-5,239
Provision for doubtful debts	29	22
<i>Total GFS net worth adjustments</i>	-5,817	-5,217
GFS net worth	42,878	42,430
<u>Public financial corporations</u>		
<i>AASB1049 net worth</i>	1,748	1,286
<i>Plus</i>		
Impact of general government equity injections		
Provision for doubtful debts	68	-
All other		
<i>Total GFS net worth adjustments</i>	68	-
GFS net worth	1,816	1,286
<u>Total public sector</u>		
<i>AASB1049 net worth</i>	112,927	111,475
<i>Plus</i>		
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88
Provision for doubtful debts	305	223
<i>Total GFS net worth adjustments</i>	393	312
GFS net worth	113,320	111,787

AASB 1049 TO GFS CONVERGENCE DIFFERENCES		
Cash Surplus/-Deficit		
	2013	2012
	\$m	\$m
<u>General government</u>		
AASB1049 cash surplus/-deficit	-1,952	-1,221
Less Acquisitions under finance leases and similar arrangements	104	19
GFS cash surplus/-deficit	-2,056	-1,239
<u>Public non-financial corporations</u>		
AASB1049 cash surplus/-deficit	-1,998	-1,188
Less Acquisitions under finance leases and similar arrangements	-	63
GFS cash surplus/-deficit	-1,998	-1,251
<u>Public financial corporations</u>		
AASB1049 cash surplus/-deficit	62	168
Less Acquisitions under finance leases and similar arrangements	-	-
GFS cash surplus/-deficit	62	168
<u>Total public sector</u>		
AASB1049 cash surplus/-deficit	-3,888	-2,240
Less Acquisitions under finance leases and similar arrangements	104	82
GFS cash surplus/-deficit	-3,992	-2,322

NOTE 5: 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

General Government	2013	2012
	\$m	\$m
EXPENSES		
General public services	569	327
Public order and safety	2,940	3,013
Education	6,154	5,870
Health	6,903	6,268
Social security and welfare	1,787	1,677
Housing and community amenities	1,675	1,983
Recreation and culture	851	831
Fuel and energy	543	528
Agriculture, forestry, fishing and hunting	376	400
Mining and mineral resources other than fuels; manufacturing and construction	194	200
Transport and communications	1,788	1,871
Other economic affairs	719	753
Other purposes	969	853
TOTAL EXPENSES	25,468	24,571
ASSETS AT 30 JUNE		
General public services	8,224	8,594
Public order and safety	3,476	3,334
Education	13,943	13,490
Health	7,063	6,186
Social security and welfare	298	281
Housing and community amenities	6,191	6,104
Recreation and culture	6,285	6,757
Fuel and energy	31	29
Agriculture, forestry, fishing and hunting	373	361
Mining and mineral resources other than fuels; manufacturing and construction	1,433	1,251
Transport and communications	40,163	39,855
Other economic affairs	519	400
<i>plus</i> Investments in other public sector entities	50,443	48,933
TOTAL ASSETS	138,440	135,577

Note: Columns may not add due to rounding.

GOVERNMENT PURPOSE CLASSIFICATION

Total Public Sector	2013	2012
	\$m	\$m
EXPENSES		
General public services	328	1
Public order and safety	2,834	2,883
Education	5,973	5,716
Health	6,840	6,219
Social security and welfare	1,764	1,658
Housing and community amenities	3,301	3,193
Recreation and culture	3,538	3,380
Fuel and energy	3,763	3,318
Agriculture, forestry, fishing and hunting	462	487
Mining and mineral resources other than fuels; manufacturing and construction	192	198
Transport and communications	2,603	2,439
Other economic affairs	7,290	8,675
Other purposes	2,116	2,069
TOTAL EXPENSES	41,003	40,233
ASSETS AT 30 JUNE		
General public services	7,670	8,058
Public order and safety	3,485	3,343
Education	13,943	13,490
Health	7,063	6,186
Social security and welfare	297	281
Housing and community amenities	48,453	46,850
Recreation and culture	7,061	7,502
Fuel and energy	20,585	19,594
Agriculture, forestry, fishing and hunting	744	741
Mining and mineral resources other than fuels; manufacturing and construction	1,433	1,251
Transport and communications	48,027	47,397
Other economic affairs	16,144	18,040
TOTAL ASSETS	174,904	172,733

Note: Columns may not add due to rounding.

NOTE 6: OPERATING REVENUE

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

NOTE 7: TRANSFER EXPENSES

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

The following tables provide detail of current and capital transfer expenses of the general government sector and the total public sector, in line with Uniform Presentation Framework disclosure requirements.

TRANSFER EXPENSES^(a)

General Government		
	2013	2012
	\$m	\$m
<i>CURRENT TRANSFERS</i>		
Local government	322	450
Local government on-passing	158	154
Private and not-for-profit sector	1,590	1,407
Private and not-for-profit sector on-passing	873	831
Other sectors of government	1,952	2,211
Total Current Transfers	4,895	5,053
<i>CAPITAL TRANSFERS</i>		
Local government	65	64
Local government on-passing	101	101
Private and not-for-profit sector	155	123
Private and not-for-profit sector on-passing	25	40
Other sectors of government	116	192
Total Capital Transfers	462	520
Total Public Sector		
	2013	2012
	\$m	\$m
<i>CURRENT TRANSFERS</i>		
Local government	322	450
Local government on-passing	158	154
Private and not-for-profit sector	2,260	2,018
Private and not-for-profit sector on-passing	873	831
Other sectors of government	17	17
Total Current Transfers	3,631	3,470
<i>CAPITAL TRANSFERS</i>		
Local government	65	70
Local government on-passing	101	101
Private and not-for-profit sector	237	173
Private and not-for-profit sector on-passing	25	40
Total Capital Transfers	428	384

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

NOTE 8: OTHER INTEREST

General Government		
	2013	2012
	\$m	\$m
Interest on borrow ings	433	364
Finance charges on finance leases	9	7
Total	442	371
Less: Capitalised interest on borrow ings	-	-
Total other interest	442	371
Total Public Sector		
	2013	2012
	\$m	\$m
Interest on borrow ings	1,530	1,539
Finance charges on finance leases	85	85
Total	1,615	1,624
Less: Capitalised interest on borrow ings	27	37
Total other interest	1,588	1,587

NOTE 9: DEPRECIATION AND AMORTISATION EXPENSE

General Government		
	2013	2012
	\$m	\$m
<i>Depreciation</i>		
Buildings	431	391
Infrastructure	258	226
Plant, equipment and other	303	282
<i>Total</i>	992	899
<i>Amortisation</i>		
Intangible assets	117	91
<i>Total</i>	117	91
Total depreciation and amortisation expenses	1,108	990
Total Public Sector		
	2013	2012
	\$m	\$m
<i>Depreciation</i>		
Buildings	618	571
Infrastructure	1,539	1,361
Plant, equipment and other	679	614
<i>Total</i>	2,836	2,546
<i>Amortisation</i>		
Intangible assets	187	156
<i>Total</i>	187	156
Total depreciation and amortisation expenses	3,024	2,702

NOTE 10: OTHER GROSS OPERATING EXPENSES

General Government		
	2013	2012
	\$m	\$m
Health sector specific expenses	1,080	1,075
Education sector specific expenses	268	267
Other	3,377	3,313
Total	4,725	4,656
Total Public Sector		
	2013	2012
	\$m	\$m
Betting dividends payouts	1,726	1,643
Health sector specific expenses	1,080	1,075
Education sector specific expenses	268	267
Insurance claims expenses	584	970
Other	12,830	13,247
Total	16,487	17,204

NOTE 11: INVENTORIES

General Government		
	2013	2012
	\$m	\$m
<i>Land Inventories</i>		
Land acquisition and development - at cost	-	-
Land acquisition and development - at net realisable value	84	95
<i>Total Land inventories</i>	<i>84</i>	<i>95</i>
<i>Other Inventories</i>		
Other materials and stores - at cost	34	33
Other materials and stores - at net replacement cost	1	1
Other - at cost	42	27
Other - at net realisable value	1	1
<i>Total Other inventories</i>	<i>77</i>	<i>63</i>
Total Inventories	162	158
Total Public Sector		
	2013	2012
	\$m	\$m
<i>Land Inventories</i>		
Land acquisition and development - at cost	1,915	1,707
Land acquisition and development - at net realisable value	112	125
<i>Total Land inventories</i>	<i>2,028</i>	<i>1,831</i>
<i>Other Inventories</i>		
Precious metals - at net realisable value	2,360	3,048
Power station fuel stocks - at cost	75	26
Other materials and stores - at cost	36	37
Other materials and stores - at net replacement cost	29	26
Other - at cost	287	304
Other - at net realisable value	1	1
<i>Total Other inventories</i>	<i>2,789</i>	<i>3,443</i>
Total Inventories	4,817	5,274

NOTE 12: RECEIVABLES

General Government		
	2013	2012
	\$m	\$m
Receivables	3,078	2,689
Provision for impairment of receivables	-208	-202
Total receivables	2,870	2,488
<i>Reconciliation of changes in the allowance for impairment of receivables:</i>		
<i>Balance at start of year</i>	202	191
Doubtful debts expense recognised in the income statement	28	26
Amounts written off during the year	-21	-15
Amounts recovered during the year	-1	-
Balance at the end of year	208	202
Ageing of receivables past due but not impaired at the balance sheet date:		
Not more than 3 months	501	368
More than 3 Months but less than 6 months	43	37
More than 6 months but less than 1 year	36	38
More than 1 year	165	158
Total	744	600
Receivables individually determined as impaired at the balance sheet date:		
Carrying amount before deducting any impairment loss	63	72
Impairment loss	-1	-
Carrying amount at the end of year	62	72
Total Public Sector		
	2013	2012
	\$m	\$m
Receivables	4,591	4,478
Provision for impairment of receivables	-305	-223
Total receivables	4,286	4,255
<i>Reconciliation of changes in the allowance for impairment of receivables:</i>		
<i>Balance at start of year</i>	223	215
Doubtful debts expense recognised in the income statement	106	43
Amounts written off during the year	-22	-33
Amounts recovered during the year	-2	-2
Balance at the end of year	305	223
Ageing of receivables past due but not impaired at the balance sheet date:		
Not more than 3 months	630	432
More than 3 Months but less than 6 months	74	65
More than 6 months but less than 1 year	59	45
More than 1 year	179	170
Total	941	713
Receivables individually determined as impaired at the balance sheet date:		
Carrying amount before deducting any impairment loss	353	72
Impairment loss	-69	-8
Carrying amount at the end of year	284	65

NOTE 13: BIOLOGICAL ASSETS

General Government

	2013	2012
	\$m	\$m
Native and plantation standing trees	-	-
Livestock and other	2	2
Total Biological Assets	2	2

Reconciliation of Biological Assets

Reconciliation of changes in the carrying amount of biological assets at the beginning and the end of the year are set out below .

	Standing Trees \$m	Livestock and Other \$m	Total \$m
30 June 2013			
Carrying amount at beginning of year	-	2	2
Gain/-loss from changes in fair value	-	-	-
Purchases	-	-	-
Other	-	-	-
Carrying amount at end of year	-	2	2

	Standing Trees \$m	Livestock and Other \$m	Total \$m
30 June 2012			
Carrying amount at beginning of year	-	2	2
Gain/-loss from changes in fair value	-	-	-
Purchases	-	1	1
Other	-	-1	-1
Carrying amount at end of year	-	2	2

NOTE 13: BIOLOGICAL ASSETS (CONT.)

Total Public Sector		
	2013	2012
	\$m	\$m
Native and plantation standing trees ^(a)	322	333
Livestock and other	2	2
Total Biological Assets	324	335

(a) Biological assets (non-current) consist of mature and maturing standing trees stated at fair value less estimated selling costs, determined by valuations provided by Forest Products Commission each year, based on discounted cash flow models using a pre-tax weighted average cost of capital, supported by market evidence.

Reconciliation of Biological Assets

Reconciliation of changes in the carrying amount of biological assets at the beginning and the end of the year are set out below .

30 June 2013	Standing Trees	Livestock and Other	Total
	\$m	\$m	\$m
Carrying amount at beginning of year	333	2	335
Gain/-loss from changes in fair value	-14	-	-14
Purchases	-	-	-
Other	3	-	3
Carrying amount at end of year	322	2	324

30 June 2012	Standing Trees	Livestock and Other	Total
	\$m	\$m	\$m
Carrying amount at beginning of year	333	2	335
Gain/-loss from changes in fair value	1	-	1
Purchases	6	1	7
Other	-7	-1	-8
Carrying amount at end of year	333	2	335

NOTE 14: ASSETS CLASSIFIED AS HELD FOR SALE

General Government

	2013	2012
	\$m	\$m
Land	25	66
Other	14	25
Total	39	91

Assets held for sale primarily relates to: the Department of Agriculture (\$8 million as land held for sale), the Department of Fire and Emergency Services (\$10 million as buildings held for sale and \$7 million as land held for sale), the Commissioner of Main Roads (\$5 million as land held for sale with \$8 million land and buildings sold during the year), the Department of Education (\$1 million as land held for sale with \$28 million land sold during the year), and the Department of Training and Workforce Development (\$20 million land 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 :

30 June 2013	Land	Other	Total
	\$m	\$m	\$m
Carrying amount at beginning of year	66	25	91
Assets reclassified as held for sale	16	2	18
Assets sold	-62	-1	-63
Revaluation increment/-decrement	-	-	-1
Impairment losses	-	-10	-10
Transfers out/other	5	-1	3
Carrying amount at end of year	25	14	39

30 June 2012	Land	Other	Total
	\$m	\$m	\$m
Carrying amount at beginning of year	47	5	52
Assets reclassified as held for sale	39	22	61
Additions	-	2	2
Assets sold	-13	-1	-14
Transfers out/other	-7	-3	-10
Carrying amount at end of year	66	25	91

NOTE 14: ASSETS CLASSIFIED AS HELD FOR SALE (CONT.)

Total Public Sector

	2013	2012
	\$m	\$m
Land	35	78
Other	34	32
Total	70	110

Assets held for sale primarily relates to: the Public Transport Authority (\$10 million as land held for sale), the Water Corporation (\$16 million for system assets), the Department of Agriculture (\$8 million as land held for sale), the Department of Fire and Emergency Services (\$10 million as buildings held for sale and \$7 million as land held for sale), the Housing Authority (sale of rental properties of \$52 million during the year), the Commissioner of Main Roads (\$5 million as land held for sale with \$8 million land and buildings sold during the year), the Department of Education (\$1 million land held for sale with \$28 million land sold during the year), and the Department of Training and Workforce Development (\$20 million land 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 :

30 June 2013	Land	Other	Total
	\$m	\$m	\$m
Carrying amount at beginning of year	78	32	110
Assets reclassified as held for sale	16	77	93
Assets sold	-62	-51	-113
Revaluation increment/-decrement	-2	-	-2
Impairment losses	-	-10	-10
Transfers out/other	5	-13	-8
Carrying amount at end of year	35	34	70

30 June 2012	Land	Other	Total
	\$m	\$m	\$m
Carrying amount at beginning of year	64	17	81
Assets reclassified as held for sale	39	65	104
Additions	-	2	2
Assets sold	-16	-49	-65
Revaluation increment/-decrement	-2	-	-2
Transfers out/other	-7	-3	-10
Carrying amount at end of year	78	32	110

NOTE 15: INVESTMENT PROPERTIES

General Government		
	2013	2012
	\$m	\$m
Carrying amount at beginning of year	8	9
Additions	-	-
Revaluation increments/-decrements	-	-1
Transfers from property, plant and equipment	-	-
Carrying amount at end of year	8	8
Total Public Sector		
	2013	2012
	\$m	\$m
Carrying amount at beginning of year	545	533
Additions	1	6
Revaluation increments/-decrements	26	6
Transfers from property, plant and equipment	-	-
Carrying amount at end of year	571	545

NOTE 16: LAND

General Government		
	2013	2012
	\$m	\$m
Land, at fair value ^(a)	15,276	15,851
Land under roads, at fair value ^(b)	20,946	21,749
Total	36,222	37,599
Total Public Sector		
	2013	2012
	\$m	\$m
Land, at fair value ^(a)	29,707	30,120
Land under roads, at fair value ^(b)	20,946	21,749
Total	50,653	51,869

(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 as at 30 June 2012. Land vested in local authorities of \$2,065 million (2012: \$2,129 million) is not recognised in the consolidated Balance Sheet, as it is not under State public sector control.

(b) Land under roads valuations are provided by the Western Australian Land Information Authority each financial year with an effective date of 1 July. The valuation based on information on the stock of land as at 30 June 2012.

NOTE 17: OTHER PROPERTY, PLANT AND EQUIPMENT

General Government		
	2013	2012
	\$m	\$m
Buildings, at fair value ^(a)	16,787	14,877
Accumulated Depreciation	-188	-75
<i>Total</i>	<i>16,599</i>	<i>14,802</i>
Electricity generation and transmission, at fair value ^(b)	1	1
Accumulated Depreciation	-	-
<i>Total</i>	<i>1</i>	<i>1</i>
Road networks, at fair value ^(c)	27,144	25,396
Accumulated Depreciation	-9,639	-8,976
<i>Total</i>	<i>17,505</i>	<i>16,420</i>
Other infrastructure, at fair value	536	476
Accumulated Depreciation	-246	-237
<i>Total</i>	<i>289</i>	<i>239</i>
Plant, equipment and other, at fair value	3,886	3,603
Accumulated depreciation and impairment losses	-1,236	-1,165
<i>Total</i>	<i>2,650</i>	<i>2,438</i>
Fixed Assets under construction	3,805	3,950
Total Property, Plant and Equipment	40,850	37,849
Total Public Sector		
	2013	2012
	\$m	\$m
Buildings, at fair value ^(a)	24,908	22,853
Accumulated Depreciation	-556	-427
<i>Total</i>	<i>24,353</i>	<i>22,426</i>
Electricity generation and transmission, at fair value ^(b)	13,903	12,718
Accumulated Depreciation	-3,170	-2,774
<i>Total</i>	<i>10,733</i>	<i>9,944</i>
Road networks, at fair value ^(c)	27,144	25,396
Accumulated Depreciation	-9,639	-8,976
<i>Total</i>	<i>17,505</i>	<i>16,420</i>
Water storage and distribution, at fair value ^(d)	27,136	26,636
Accumulated Depreciation	-9,861	-10,144
<i>Total</i>	<i>17,275</i>	<i>16,493</i>
Other infrastructure, at fair value	10,411	10,314
Accumulated Depreciation	-5,528	-5,303
<i>Total</i>	<i>4,883</i>	<i>5,011</i>
Plant, equipment and other, at fair value	11,131	10,538
Accumulated depreciation and impairment losses	-4,255	-3,922
<i>Total</i>	<i>6,876</i>	<i>6,616</i>
Fixed Assets under construction	7,474	7,015
Total Property, Plant and Equipment	89,100	83,925

(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 2013.

(d) Water storage and distribution, comprising pipelines, outfalls and fittings, dams, reservoirs, bores and tanks, ocean outfalls, pump stations and treatment plants, drains and channels and other structures, are reported at deemed cost being a revalued amount prior to transition that approximates the fair value as at date of valuation.

NOTE 18: RECONCILIATION OF LAND AND OTHER PROPERTY, PLANT AND EQUIPMENT

General Government

	Land	Land under Roads	Buildings	Electricity generation and transmission	Road netw orks	Other Infra- structure	Plant, equip & other	Fixed Assets under Construction	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
30 June 2013									
Carrying amount at beginning of year	15,851	21,749	14,802	1	16,420	239	2,438	3,950	75,449
Assets classified as NCAHFS	-17	-	-1	-	-	-1	-	-	-18
Additions	80	-	146	-	64	11	442	2,608	3,350
Disposals	-95	-	-13	-	-38	-17	-170	-31	-364
Transfers in/-out	35	96	1,683	-	721	66	119	-2,719	1
Revaluation increments/-decrements	-593	-899	109	-	586	-	-46	-	-842
Depreciation	-	-	-431	-	-247	-11	-303	-	-992
Impairment losses	-	-	-14	-	-	-	-	-	-15
Accumulated depreciation w ritten back	-	-	333	-	-	2	170	-	506
Other	15	-	-15	-	-	-	-	-2	-2
Carrying amount at end of year	15,276	20,946	16,599	1	17,505	289	2,650	3,805	77,073
30 June 2012									
Carrying amount at beginning of year	15,985	23,053	13,821	1	15,320	203	2,281	2,740	73,403
Assets classified as NCAHFS	-39	-	-22	-	-	-	-	-	-60
Additions	156	7	105	-	280	4	408	2,426	3,385
Disposals	-104	-	-40	-	-11	-4	-98	-51	-309
Transfers in/-out	24	1	1,017	-	97	30	109	-1,175	102
Revaluation increments/-decrements	-170	-1,312	316	-	952	11	4	15	-183
Depreciation	-	-	-391	-	-218	-7	-282	-	-899
Impairment losses	-	-	-	-	-	-	-	-	-
Accumulated depreciation w ritten back	-	-	9	-	3	-	14	-	27
Other	-1	-	-12	-	-3	3	2	-5	-16
Carrying amount at end of year	15,851	21,749	14,802	1	16,420	239	2,438	3,950	75,449

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

Total Public Sector

	Land \$m	Land under Roads \$m	Buildings \$m	Electricity generation and transmission \$m	Road networks \$m	Water storage and distribution \$m	Other Infra- structure \$m	Plant, equip & other \$m	Fixed Assets under Construction \$m	Total \$m
30 June 2013										
Carrying amount at beginning of year	30,120	21,749	22,426	9,944	16,420	16,493	5,011	6,616	7,015	135,796
Assets classified as NCAHFS	-27	-	-39	-	-	-6	-1	-20	-	-93
Additions	299	-	225	24	64	432	23	684	5,016	6,767
Disposals	-166	-	-107	-59	-38	-13	-24	-240	-72	-718
Transfers in/-out	52	96	1,989	1,387	721	-	108	211	-4,482	82
Revaluation increments/-decrements	-586	-899	-4	-173	586	88	-28	-2	-	-1,019
Depreciation	-	-	-618	-663	-247	-397	-232	-679	-	-2,836
Impairment losses	-	-	-14	-	-	-	-	-	-	-15
Accumulated depreciation written back	-	-	510	273	-	678	35	296	-	1,792
Other	15	-	-15	-	-	2	-10	9	-3	-1
Carrying amount at end of year	29,707	20,946	24,353	10,733	17,505	17,275	4,883	6,876	7,474	139,753
30 June 2012										
Carrying amount at beginning of year	30,072	23,053	20,949	9,247	15,320	15,931	4,996	5,988	5,984	131,541
Assets classified as NCAHFS	-48	-	-56	-	-	-	-	-	-	-104
Additions	245	7	387	259	280	-458	117	964	4,977	6,779
Disposals	-202	-	-105	4	-11	-3	-6	-124	-81	-529
Transfers in/-out	32	1	1,255	662	97	1,527	17	323	-3,860	54
Revaluation increments/-decrements	21	-1,312	436	176	952	-295	104	50	15	149
Depreciation	-	-	-571	-580	-218	-329	-234	-614	-	-2,546
Impairment losses	-	-	-	-1	-	-	-	-1	-10	-13
Accumulated depreciation written back	-	-	144	177	3	119	11	27	-	481
Other	1	-	-14	-1	-3	-	6	5	-10	-16
Carrying amount at end of year	30,120	21,749	22,426	9,944	16,420	16,493	5,011	6,616	7,015	135,795

NOTE 19: INTANGIBLE ASSETS

General Government		2013	2012
		\$m	\$m
Computer software		637	484
Accumulated amortisation		-329	-240
<i>Total</i>		<i>308</i>	<i>244</i>
Software in progress		159	183
Other		243	222
Accumulated amortisation and impairment losses		-156	-138
<i>Total</i>		<i>88</i>	<i>84</i>
Total Intangible Assets		554	511

Reconciliation of Intangibles

	Computer Software	Software in progress	Other	Total
	\$m	\$m	\$m	\$m
30 June 2013				
Carrying amount at beginning of year	244	183	84	511
Additions	38	125	5	169
Disposals	-3	-1	-	-4
Transfers in/-out	131	-148	17	-
Impairment losses	-	-	-1	-1
Amortisation	-99	-	-18	-117
Other	-4	-1	1	-5
Carrying amount at end of year	308	159	88	554

	Computer Software	Software in progress	Other	Total
	\$m	\$m	\$m	\$m
30 June 2012				
Carrying amount at beginning of year	269	84	94	447
Additions	43	107	5	155
Disposals	-	-	-3	-3
Transfers in/-out	9	-10	2	1
Impairment losses	-	-1	-2	-3
Amortisation	-73	-	-17	-91
Other	-4	4	5	5
Carrying amount at end of year	244	183	84	511

NOTE 19: INTANGIBLES ASSETS (CONT.)

Total Public Sector		2013	2012
		\$m	\$m
Computer software		1,361	1,088
Accumulated amortisation		-747	-596
<i>Total</i>		614	492
Software in progress		172	192
Renewable Energy Certificates		64	79
Other		440	328
Accumulated amortisation and impairment losses		-171	-149
<i>Total</i>		269	179
Total Intangible Assets		1,118	943

Reconciliation of Intangibles

	Computer Software	Software in progress	Renewable Energy Certificate	Other	Total
	\$m	\$m	\$m	\$m	\$m
30 June 2013					
Carrying amount at beginning of year	492	192	79	179	943
Additions	91	137	114	33	376
Disposals	-7	-1	-129	-	-137
Transfers in/-out	202	-156	-	79	125
Impairment losses	-	-	-	-1	-1
Amortisation	-166	-	-	-22	-187
Other	1	-1	-	1	-
Carrying amount at end of year	614	172	64	269	1,118

	Computer Software	Software in progress	Renewable Energy Certificate	Other	Total
	\$m	\$m	\$m	\$m	\$m
30 June 2012					
Carrying amount at beginning of year	503	86	45	193	827
Additions	89	113	127	8	338
Disposals	-1	-	-93	-10	-105
Transfers in/-out	43	-10	-	6	38
Impairment losses	-	-1	-	-2	-3
Amortisation	-136	-	-	-20	-156
Other	-5	4	-	5	4
Carrying amount at end of year	492	192	79	179	943

NOTE 20: BORROWINGS

General Government

	2013	2012
	\$m	\$m
Finance leases - secured ^(a)	422	321
Domestic and foreign borrowings ^(b)	10,682	8,550
Borrowings ^(c)	11,104	8,871
Total	11,104	8,871

(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:

	2013	2012
	\$m	\$m
Finance leases due:		
- not later than one year	32	25
- later than one year and not later than five years	163	132
- later than five years	258	176
Minimum lease payments	453	333
Future finance charges	-30	-12
Total finance lease liabilities	422	321
Classified as:		
- current	29	23
- non-current	394	298
Total	422	321

(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

	2013	2012
	\$m	\$m
The maturity profile of borrowings, at fair value is as follows:		
- not later than one year	2,239	4,159
- later than one year and not later than five years	4,828	2,483
- later than five years	4,037	2,229
Total	11,104	8,871

NOTE 20: BORROWINGS (CONT.)

Total Public Sector		
	2013	2012
	\$m	\$m
Bank overdrafts	3	17
Finance leases - secured ^(a)	1,097	1,013
Domestic and foreign borrowings ^(b)	38,639	36,746
Total^(c)	39,740	37,776

(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:

	2013	2012
	\$m	\$m
Finance leases due:		
- not later than one year	52	44
- later than one year and not later than five years	267	228
- later than five years	807	754
Minimum lease payments	1,127	1,026
Future finance charges	-30	-12
Total finance lease liabilities	1,097	1,013
Classified as:		
- current	50	42
- non-current	1,047	971
Total	1,097	1,013

(b) Foreign currency borrowings

The following foreign currency borrowings are reported at Australian dollar equivalents applicable at the reporting date and the amounts in foreign currency included.

	Current	Non-current
2013		
United States Dollar	1,985	-
Great Britain Pound	33	-
EUR	-	-
	2,018	-
2012		
United States Dollar	2,793	-
Great Britain Pound	-	-
EUR	-	-
	2,793	-

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

	2013	2012
	\$m	\$m
The maturity profile of borrowings, at fair value is as follows:		
- not later than one year	17,396	18,057
- later than one year and not later than five years	12,755	8,250
- later than five years	9,589	11,469
Total	39,740	37,776

NOTE 21: SUPERANNUATION

General Government		
	2013	2012
	\$m	\$m
Defined Benefit superannuation schemes:		
Pension Scheme	2,359	2,594
Gold State Superannuation Scheme	4,642	5,284
Judges' Pension Scheme	424	431
Parliamentary Superannuation Scheme	169	171
Total Defined Benefit superannuation schemes	7,594	8,480
Defined contribution superannuation scheme: West State Superannuation Scheme	404	456
Total	8,000	8,937

The superannuation liability for the general government sector at 30 June 2013 was \$8,000 million (2012: \$8,937 million). The general government sector liability represents 98.2% (2012: 98.2%) of the whole-of-government total superannuation liability of \$8,143 million at 30 June 2013 (2012: \$9,097 million).

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

Total Public Sector		
	2013	2012
	\$m	\$m
Defined Benefit superannuation schemes:		
Pension Scheme	2,502	2,755
Gold State Superannuation Scheme	4,642	5,284
Judges' Pension Scheme	424	431
Parliamentary Superannuation Scheme	169	171
Total Defined Benefit superannuation schemes	7,737	8,641
Defined contribution superannuation scheme: West State Superannuation Scheme	404	456
Total	8,143	9,097

(i) GESB administers the following superannuation schemes.

Defined Benefit Superannuation Schemes

The defined benefit schemes are:

- Pension Scheme, a defined benefit pension scheme now closed to new members;
- Gold State Superannuation Scheme, a defined benefit lump sum scheme closed to new members;
- Judges' Pension Scheme, a defined benefit pension scheme which remains open to new members; and
- Parliamentary Superannuation Scheme, a defined benefit pension scheme closed to new members.

These benefits are partially unfunded and the liabilities for future payments are provided for at reporting date. The liabilities under these schemes have been calculated annually by the actuary, PricewaterhouseCoopers Securities Pty Ltd, 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 10 year bonds with terms to maturity that match, as closely as possible the estimated future cash outflows.

Defined Contribution Superannuation Schemes

Employees who do not qualify for membership to the various defined benefit plan schemes become non-contributory members of the defined contribution plan, compliant with the Commonwealth's *Superannuation Guarantee (Administration) Act 1992*. The West State Superannuation Scheme, an accumulation fund is administered by GESB. From 30 March 2012, existing members of the West State Superannuation or GESB Super Scheme and new employees have been able to choose their preferred superannuation fund provider.

The Government has no further obligation to the plan if there are insufficient assets to pay employees the benefits relating to their services rendered in current and prior periods, except for, the unfunded portion of the West State Superannuation Scheme for which the unfunded benefits are being funded over the period to 2021.

The Government agreed to amortise the unfunded liability over 20 years from 1 July 2001, and the GESB introduced Member Investment Choice from the same date. The liability has been determined as the present value of the amortisation payments discounted at market yields at the reporting date.

NOTE 21: SUPERANNUATION (CONT.)

- (i) The actuary has applied the following principal assumptions in assessing the defined benefit superannuation liabilities as at balance date and for following year expense:

	2013	2012
	%	%
Discount rate (gross of tax) ^(a)	3.8	3.3
Salary rate ^(b)	4.5	4.5
Expected return on plan assets	7.5	7.5
Inflation (pensions)	2.5	2.5

- (a) Discount rate is based on the average term of liabilities.

- (b) Assumed rate of salary inflation is 4% pa plus an additional 0.5% for promotional increases.

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

	2013	2012
	%	%
Australian and overseas equities	69	70
Cash and fixed interest securities	21	20
Property	10	10
Other	-	-
Total	100	100

- (c) Only the Pension Scheme and Gold State Superannuation Scheme have plan assets. The Judges' Pension and Parliamentary Superannuation Schemes are unfunded totally.

- (iii) The net liability of defined benefit plans recognised in the balance sheet is as follows:

	2013	2012
	\$m	\$m
Total defined benefit obligations	10,333	10,928
Scheme assets ^(d)	-2,594	-2,286
Deficit/-Surplus	7,739	8,642

- (d) Based on estimated accounts as at 30 June 2013 and audited accounts as at 30 June 2012

Current net liability	39	36
Non-current net liability	7,700	8,606

- (iv) Details of the deficit of the defined benefit plans measured in accordance with AAS 25 *Financial Reporting by Superannuation Plans* as determined from the plans' most recent financial report are shown below.

	Pension Scheme	Gold State Super Scheme ^(e)	Judges' Pension Scheme	Parliamentary Super Scheme	Total
	2013	2013	2013	2013	2013
	\$m	\$m	\$m	\$m	\$m
Gross accrued benefits	-2,585	-7,153	-424	-169	-10,331
Net market value of plan assets	82	2,511	-	-	2,593
Deficit	-2,503	-4,642	-424	-169	-7,739
	Pension Scheme	Gold State Super Scheme ^(e)	Judges' Pension Scheme	Parliamentary Super Scheme	Total
	2012	2012	2012	2012	2012
	\$m	\$m	\$m	\$m	\$m
Gross accrued benefits	-2,828	-7,498	-431	-171	-10,928
Net market value of plan assets	72	2,214	-	-	2,286
Deficit	-2,756	-5,284	-431	-171	-8,642

- (e) The amounts recorded for the Gold State Superannuation Scheme relate to the scheme as a whole (i.e. the pre-transfer benefit component plus the concurrently funded benefit component). The funding policy adopted by the Government in respect of the defined benefit plans is directed at ensuring that benefits accruing to members and beneficiaries are fully funded at the time the benefits become payable. As such, the actuary has considered long-term trends in such factors as scheme membership, salary growth and average market value of the schemes' assets when advising the Government on employer and employee contribution rates.

NOTE 21: SUPERANNUATION (CONT.)

(v)	The amounts recognised in the operating statement in respect of the defined benefit plans are as follows:	2013	2012
		\$m	\$m
	Total employer current service cost	237	193
	Interest cost	348	478
	Expected return on plan assets	-167	-175
	Recognised actuarial -gains/losses	-748	1,689
	Total	-330	2,185
(vi)	Reconciliation of the fair value of defined benefit superannuation assets at the beginning and at the end of the year are set out below:	2013	2012
		\$m	\$m
	Fair value plan assets at beginning of year	2,286	2,402
	Employer contributions	577	538
	Actual participant contributions	68	70
	Actual benefit payments	-757	-735
	Expected return on plan assets	167	175
	Expected plan assets at end of year	2,341	2,449
	Actuarial -gain/loss on assets	253	-168
	Fair value of plan assets at end of year	2,594	2,286
(vii)	Reconciliation of the fair value of defined benefit superannuation obligations at the beginning and at the end of the year are set out below:	2013	2012
		\$m	\$m
	Defined benefit obligation at beginning of year	10,928	9,399
	Employer service cost plus operating costs	237	193
	Interest cost	348	478
	Actual participant contributions	68	70
	Actual benefit payments	-757	-735
	Expected defined benefit obligations at end of year	10,825	9,405
	Actuarial -gain/loss on liabilities	-493	1,523
	Defined benefit obligation at end of year	10,333	10,928
(viii)	Reconciliation of actuarial -gain/loss at the beginning and end of the year are set out below:	2013	2012
		\$m	\$m
	Unrecognised actuarial -gain/loss at beginning of year	-	-
	Actuarial -gain/loss on assets	-253	167
	Actuarial -gain/loss on liabilities	-495	1,522
	Amount recognised during year in operating statement	-748	1,689

NOTE 21: SUPERANNUATION (CONT.)

(ix)	Interest costs are as follows:				
			2013		2012
	Defined benefit obligations at the beginning of the year (\$m)		10,928		9,399
	Actual benefit payments (\$m)		757		735
	Weighted for timing (\$m)		378		367
	Average benefit obligations (\$m)		10,550		9,019
	Discount rate (%)		3.30		5.30
	Calculated interest cost (\$m)		348		478
(x)	Expected return on assets at the beginning and the end of the year are set out below:				
			2013		2012
	Fair value plan assets at beginning of year (\$m)		2,286		2,402
	Actual employer contributions (\$m)		577		538
	Weighted for timing (\$m)		288		269
	Actual participant contributions (\$m)		68		70
	Weighted for timing (\$m)		34		35
	Actual benefit payments (\$m)		-757		-735
	Weighted for timing (\$m)		-378		-367
	Average expected assets (\$m)		2,230		2,338
	Assumed rate of return (%)		7.50		7.50
	Calculated expected return on assets (\$m)		167		175
(xi)	Actuarial gain/-loss				
			2013		2012
			\$m		\$m
	Defined benefit obligations (prior year assumptions)		10,928		9,446
	Defined benefit obligations (current year assumptions)		10,333		10,928
	Actuarial -gain/loss due to assumptions		-595		1,482
	Actuarial -gain/loss due to experience		100		39
	Actuarial -gain/loss on assets		-253		168
	Total actuarial -gain/loss		-748		1,689
(xii)	History Summary				
		2013	2012	2011	2010
		\$m	\$m	\$m	\$m
	Total defined benefit obligations	10,333	10,928	9,387	9,189
	Actual assets	2,594	2,286	2,403	2,296
	Deficit/-surplus	7,739	8,642	6,984	6,893
	Experience adjustment on liabilities	100	39	345	217
	Experience adjustment on assets	-253	168	-53	-215

NOTE 22: OTHER EMPLOYEE BENEFITS

 General Government

	2013	2012
	\$m	\$m
Annual leave	990	920
Long service leave	1,691	1,546
Other	362	330
Total	3,043	2,797

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

	2013	2012
	\$m	\$m
Within 12 months of reporting date	806	749
More than 12 months after reporting date	184	171
Total	990	920

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

	2013	2012
	\$m	\$m
Within 12 months of reporting date	388	416
More than 12 months after reporting date	1,303	1,131
Total	1,691	1,546

 Total Public Sector

	2013	2012
	\$m	\$m
Annual leave	1,134	1,054
Long service leave	1,918	1,754
Other	413	395
Total	3,465	3,203

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

	2013	2012
	\$m	\$m
Within 12 months of reporting date	934	869
More than 12 months after reporting date	200	185
Total	1,134	1,054

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

	2013	2012
	\$m	\$m
Within 12 months of reporting date	454	500
More than 12 months after reporting date	1,464	1,254
Total	1,918	1,754

NOTE 23: OTHER LIABILITIES

General Government		2013	2012
		\$m	\$m
Current			
Insurance claims		87	85
Interest payable		25	22
Other provisions		531	418
Total Current Liabilities		643	525
Non Current			
Insurance claims		-	-
Interest payable		-	-
Other provisions		7	5
Other liabilities and accruals		1,033	1,099
Total Non Current Liabilities		1,039	1,104
Total			
Insurance claims		-	-
Interest payable		87	85
Other provisions		31	27
Other liabilities and accruals		1,563	1,517
Total Other Liabilities		1,682	1,630

Reconciliation of Other Provisions

	Employment on-costs	Decommissioning costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m	\$m
Carrying amount at beginning of year	24	-	4	-1	27
Additional provisions recognised	8	-	-	-	8
Amounts used	-3	-	-	-	-3
Unused amounts reversed	-	-	-	-	-
Unwinding of the discount	-	-	-	-	-
Other	-	-	-1	-	-1
Carrying amount at end of year	29	-	3	-1	31

NOTE 23: OTHER LIABILITIES (CONT.)

Total Public Sector		2013	2012
		\$m	\$m
Current			
Insurance claims ^(a)		675	650
Interest payable		403	388
Other provisions		136	115
Other liabilities and accruals		1,306	1,270
Total Current Liabilities		2,519	2,423
Non Current			
Insurance claims ^(a)		1,848	1,900
Interest payable		-	-
Other provisions		716	661
Other liabilities and accruals		477	519
Total Non Current Liabilities		3,041	3,080
Total			
Insurance claims ^(a)		2,523	2,550
Interest payable		403	388
Other provisions		851	776
Other liabilities and accruals		1,783	1,789
Total Other Liabilities		5,560	5,503

Reconciliation of Other Provisions

	Employment on-costs	Decommissioning costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m	\$m
Carrying amount at beginning of year	32	458	27	259	776
Additional provisions recognised	11	11	12	137	170
Amounts used	-4	-13	-7	-35	-59
Unused amounts reversed	-	-	2	-	2
Unwinding of the discount	-	-31	-	3	-28
Other	-1	-	-1	-8	-10
Carrying amount at end of year	38	425	32	356	851

	2013	2012
	\$m	\$m
(a) Insurance claims		
The liabilities for outstanding insurance claims comprise:		
Third Party Insurance Fund	1,735	1,786
Government Insurance Fund	31	39
RiskCover	678	634
Other	79	90
<i>Total</i>	<i>2,523</i>	<i>2,550</i>
Liability for outstanding claims (undiscounted)	2,831	2,808
Discount to present value	-308	-258
<i>Total Liability for outstanding claims (undiscounted)</i>	<i>2,523</i>	<i>2,550</i>
	2013	2012
	%	%
Claims expected to be paid:		
Not later than one year		
Inflation rate	3.30	5.22
Discount rate	2.50	2.82
Later than one year		
Inflation rate	3.70	4.70
Discount rate	4.47	4.07

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

General Government		
	2013	2012
	\$m	\$m
Surplus for period	249	649
Non-cash movements		
Depreciation	1,108	990
Increase/-decrease in accrual in employees benefits	184	200
-Increase/decrease in inventories	-14	1
-Increase/decrease in receivables	-423	-63
-Increase/decrease in prepayments and other assets	5	5
Increase/-decrease in payables	-1	310
Increase/-decrease in other liabilities and accruals	52	61
Net GST receipts/-payments	133	-34
Other non-cash net asset transfers	14	19
Adjustment for other non-cash items	-230	-185
Total	1,077	1,953
Net cash flows from operating activities per Cash Flow Statement.	1,077	1,953
Total Public Sector		
	2013	2012
	\$m	\$m
Surplus /-deficit for period	-208	466
Non-cash movements		
Depreciation	3,024	2,702
Premium discount amortisation	-43	25
Increase/-decrease in accrual in employees benefits	209	157
-Increase/decrease in inventories	654	8
-Increase/decrease in receivables	-231	-464
-Increase/decrease in prepayments and other assets	-103	-23
Increase/-decrease in payables	-546	499
Increase/-decrease in other liabilities and accruals	57	807
Net cash decrease/-increase in Investment, borrowing and lending	-213	1,353
Net GST receipts/-payments	113	-128
Other non-cash net asset transfers	85	69
Adjustment for other non-cash items	-232	-1,822
Total	2,565	3,650
Net cash flows from operating activities per Cash Flow Statement.	2,565	3,650

NOTE 25: CLOSING CASH BALANCES

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

‘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.

General Government		
	2013	2012
	\$m	\$m
Cash assets as per the Balance Sheet	688	840
Investments included as cash on the Cash Flow Statement	5,575	5,973
Total closing cash balance	6,263	6,796
Total Public Sector		
	2013	2012
	\$m	\$m
Cash assets as per the Balance Sheet	1,598	1,606
Bank Overdrafts	-3	-17
Investments included as cash on the Cash Flow Statement	9,616	10,391
Total closing cash balance	11,210	11,981

NOTE 26: RESTRICTED FINANCIAL ASSETS

There are restrictions on the uses of specific purpose Commonwealth grants. Advances received and not yet expensed total \$524 million (2012: \$737 million).

NOTE 27: MONEYS HELD IN TRUST

Moneys held in a trustee capacity are not controlled by the State and are excluded from assets and liabilities. An amount of \$373 million was held as at 30 June 2013 in comparison to \$323 million in 2012.

NOTE 28: 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.

	2013	2012
	\$m	\$m
Not later than one year	2,154	1,876
Later than one year and not later than five years	1,387	1,418
Later than five years	73	200
Total	3,614	3,494

Operating leases expenditure commitments

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

	2013	2012
	\$m	\$m
Not later than one year	184	395
Later than one year and not later than five years	335	787
Later than five years	212	534
Total	731	1,716

Operating lease expenses for the year amounted to \$638 million (2011-12: \$639 million).

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.

	2013	2012
	\$m	\$m
Not later than one year	2,417	2,063
Later than one year and not later than five years	4,552	4,893
Later than five years	6,184	6,376
Total	13,153	13,333

NOTE 28: EXPENDITURE COMMITMENTS (CONT.)

Total Public Sector

Capital expenditure commitments^(a)

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

	2013	2012
	\$m	\$m
Not later than one year	3,873	3,524
Later than one year and not later than five years	1,955	2,174
Later than five years	128	476
Total	5,956	6,174

Operating leases expenditure commitments

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

	2013	2012
	\$m	\$m
Not later than one year	438	660
Later than one year and not later than five years	1,086	1,657
Later than five years	1,892	2,481
Total	3,417	4,798

Operating lease expenses for the year amounted to \$812 million (2011-12: \$789 million).

Other Commitments

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

	2013	2012
	\$m	\$m
Not later than one year	5,465	4,340
Later than one year and not later than five years	15,006	14,196
Later than five years	24,426	25,456
Total	44,897	43,992

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

New Children's Hospital, Midland Health Campus, Fiona Stanley Hospital, Joondalup Health Campus, Narrogin Hospital, Northam Hospital, Katanning Health Campus, Merredin District Hospital and Esperance Health Campus. \$1,668 million (2012: \$1,550 million).

Perth City Link and Northern Suburbs freeway Extension projects, Railway infrastructure, additional purchase of bus and railcar supply and miscellaneous projects. \$788 million (2012: \$1,080 million).

Mundaring Water Treatment Plant (\$268 million), Port Hedland Wastewater Treatment Plant – Relocations (\$57 million), and Karratha Wastewater Treatment Plant upgrade (\$29 million). \$515 million (2012: \$642 million)

Building new high schools and primary schools, additions and improvements to metropolitan and district high, remote community schools, district high schools, primary schools, trade training centres and agricultural colleges, Royalties for Regions and miscellaneous projects such as power supply upgrade, sewer connections and transportable classrooms. \$822 million (2012: \$478 million).

New State Museum, Global Capital Maintenance Program and Library acquisitions \$435 million. (2012: \$432 million)

Great Northern Highway – Port Hedland Upgrade (\$228 million), Carnavon Flood Levees (\$53 million), Coolgradie – Esperance Highway - Esperance Port Access Project (\$36 million) and Gateway WA – Perth Airport and Freight Access Project (\$26 million). \$395 million (2012: \$545 million).

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. \$343 million (2012: \$224 million).

Distribution Network Upgrade (\$214 million), Mid West Energy Project (\$102 million), other transmission line and substation upgrades (\$60 million). \$402 million (2012: \$454 million).

NOTE 29: CONTINGENT ASSETS AND LIABILITIES

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

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

1. Quantifiable Contingent Assets and Liabilities

	2013	2012
	\$m	\$m
<i>Contingent Assets</i>		
General Government ^(a)	42	19
Public Non-Financial Corporations ^(b)	30	-
Total	72	19
<i>Contingent Liabilities</i>		
Contingent liabilities under guarantees, warranties, indemnities and sureties ^(c)	1,151	1,269
Other contingent liabilities ^(d)	769	690
Contingent liabilities in relation to public universities' superannuation liabilities ^(e)	102	113
Total	2,023	2,072

(a) Contingent assets – General Government Sector

Department of Environment and Conservation

The Department of Environment and Conservation has litigation claims to the value of \$12.2 million (2011-12: nil).

Department of Finance

The Department of Finance has contingent assets of \$21.4 million (2011-12: \$16.4 million) attributable to disputes concerning *Construction Contracts Act 2004* adjudications.

(b) Contingent assets – Public Non-financial Corporations Sector

Verve Energy

During 2012-13, Verve Energy was successful in the Western Australia Court of Appeal with regard to the interpretation of the long term agreement for the supply of gas allowing damages to be recovered for the failure to supply gas as required by the agreement. Verve Energy was awarded a sum of \$9 million plus interest. Verve Energy and North West Shelf gas sellers are both seeking special leave to appeal the Court of Appeal judgement to the High Court for additional damages exceeding \$20 million. Success on this appeal represents a contingent asset exceeding \$30 million. Should Verve Energy not be successful, it may be required to meet the legal costs of the North West Shelf gas sellers.

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

Public Trustee Common Fund

Guarantees for the Public Trustee's Common Fund of \$1,141 million (2011-12: \$1,259 million). Deposits in the Common Fund include balances held on behalf of third parties at 30 June each year.

Department of Treasury

The State Government has provided a guarantee of \$10 million (2011-12: \$10 million) to the Australia and New Zealand Banking Group in relation to facilities provided to the Western Australian Football Commission.

(d) Other contingent liabilities

Commissioner of Main Roads

Claims have been lodged by owners of property acquired for road construction purposes. The contingent liability of \$270 million (2011-12: \$268 million) is the difference between the owners' claims and estimated settlement prices determined by Main Roads in accordance with independent valuations. Claims have also been submitted by contractors in relation to services provided under roadwork contracts.

Department of Commerce

As the responsible Minister under the *Industry and Technology Development Act 1998* (ITD Act), the Minister for Commerce (or his predecessors) is a signatory to seven Investment Security Guarantees (ISGs) between the Minister, the General Manager of the Forest Products Commission (FPC) and timber processors. Under the ISGs, 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 these ISGs at 30 June 2013 was \$62 million (2011-12: \$75 million). Further potential claims totalling up to \$20 million may occur against the ISGs during the 2013-14 year due to a contract breach between FPC and one of the timber processors who holds an associated ISG. Subject to negotiations, these potential liabilities may be reduced.

Public Sector Voluntary Separation Scheme

On 10 June 2013, Cabinet approved an offer of a Voluntary Separation Scheme targeting up to 1,000 full time equivalent positions within appropriation funded general government agencies. The financial impact of this public sector workforce reform is estimated to be worth \$100 million and has been included in the 2013-14 Budget.

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 \$161 million (2011-12: \$194 million).

Various agencies

Other quantifiable contingent liabilities include various legal and contractual claims against individual agencies totalling \$176 million (2011-12: \$50 million) as reported in the annual reports of those agencies.

(e) Contingent liabilities in relation to public universities' superannuation liabilities

The *State Superannuation Act 2000* (SSA) repealed the *Government Employees Superannuation Act 1987* and the *Superannuation and Family Benefits Act 1938*. The schemes operating under those Acts are continued under the SSA. The State guarantees the benefits payable under those schemes.

The liabilities of \$102 million have been actuarially assessed as at 30 June 2013 (2011-12: \$113 million).

2. Non-quantifiable Contingent Assets

Bell recovery action

The Insurance Commission of Western Australia agreed to fund, as an indemnifying creditor, the costs of the liquidators of the Bell Group in the liquidators' action against 20 banks. The Insurance Commission has to date advanced a total of over \$195 million to the liquidators over the last two decades.

In August 2012, judgment was handed down by the Court of Appeal of the Supreme Court of Western Australia in appeals from the decision of the trial judge, Mr Justice Owen. The Court of Appeal judgment resulted in the amount repayable by the banks to the Bell Group plaintiffs being increased to approximately \$2.7 billion plus appeal costs.

The banks appealed to the High Court of Australia against parts of this judgment but conceded defeat on certain statutory claims and paid an uncontested sum of \$718 million to the liquidators to discharge liability against these statutory claims.

In September 2013, the parties in the long running Bell litigation executed a deed to settle the case. The settlement is subject to various approvals being obtained in local and overseas jurisdictions. The High Court appeal has been adjourned. The sum for which the case has been settled is confidential and has not been disclosed.

The Insurance Commission of Western Australia considers that it has a contingent asset in respect of its rights of recovery under this action. The total amount of the recoveries cannot yet be ascertained.

In 1999, the Insurance Commission of Western Australia took out insurance to cater for the risks that advances may not be repaid. Events during 2013 suggest the likelihood of the Insurance Commission calling on that insurance has significantly decreased. Consequently, the Bell Group recovery action receivable has been impaired.

The Insurance 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 upon the Insurance Commission at the end of the reporting period.

3. Non-quantifiable Contingent Liabilities

Champion Lakes Regatta Centre dispute

The Metropolitan Redevelopment Authority (MRA) was served with a writ of summons on 12 June 2013, which sets out a damages claim arising out of an assertion of trespass to an interest in certain land purportedly created by way of adverse possession prior to 2007.

The land subject to the claim forms part of the Champion Lakes Regatta Centre which was constructed in 2007. The facility is currently under management by VenuesWest. At 30 June 2013, the land was owned by the MRA. The MRA is in the process of transferring title to VenuesWest. The State Solicitor's Office is acting for the MRA and VenuesWest to defend the action.

Contaminated Sites

Under the *Contaminated Sites Act 2003*, agencies are required to report known and suspected contaminated sites to the Department of Parks and Wildlife (DPW), formerly the Department of Environment and Conservation. In accordance with the Act, DPW 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. The DPW have not yet finalised the classification of sites that have been reported to them by agencies. As agencies are unable to assess the likely outcome of the classification process, it is not possible to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Agencies have an on-going management plan to remediate contaminated sites as they are identified.

Department of State Development

The Department of State Development is currently in a formal arbitration process with a resource project proponent. The timing or likely outcome remains uncertain as is the quantification of any possible financial claim.

Esperance Port Authority bulk loader

Esperance Ports Sea and Land has a contract to load bulk nickel for BHP Billiton Nickel West. Since 8 October 2011, this contract has encountered difficulty as the bulk loader is no longer fit for purpose and deemed to be unviable.

Legal action may be taken by BHP Billiton Nickel West for breach of contract and the resulting loss of income. The value of the Port's assets may require review should the bulk loading facility remain inoperative. BHP Billiton Nickel West is currently trialling alternative export methods for nickel which has reduced the likelihood of legal action. Presently there is insufficient information to determine the financial impact.

Grand Palace lease dispute – Elizabeth Quay

The Metropolitan Redevelopment Authority (MRA) is currently in negotiation with the party that formerly occupied the now deconstructed Florence Hummerston Kiosk. The matter is being dealt with on behalf of the MRA by the Western Australian Planning Commission. In consultation with the State Solicitor's Office, \$5 million was paid by the Commission to the former business owner as an advance payment prior to a formal compensation claim being lodged.

Home Indemnity Insurance

The State, through the Treasurer, has entered into Deeds of Indemnity that provide catastrophe cover for loss under the Home Indemnity Insurance scheme resulting from death, insolvency or disappearance of a builder or building group.

The Heads of Agreement covering the existing arrangement expired on 30 June 2013 but has been extended until 30 September 2013.

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, the Minister for 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.

Kimberley Ultramarathon fire

The Western Australia Tourism Commission, along with other entities, has been advised of potential litigation by Racing the Planet in respect of the Kimberley Ultramarathon fire. No claims have currently been made against the Commission.

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.

Native title compensation is generally the responsibility of government. In respect of future acts involving mining, the compensation liability has been passed onto the mining industry through legislation.

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 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. If accepted, the settlement is to provide security of ownership for home owners, Kings Park, the Swan River and State forests. Negotiations still need to be progressed to finalise the offer, which may include a cash component over a 10 year period, as well as negotiation around large tracts of Crown land.

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*(the Bill) to provide the legislative framework for the onshore transport and geological storage of greenhouse gases (GHG) or geosequestration (predominantly carbon dioxide) in Western Australia. Under the provisions of the Bill, the State accepts long-term liability for stored GHG 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.

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.

NOTE 30: FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

Exposure to credit risk, liquidity risk, interest rate risk and other financial risks arise in the normal course of government activity. Public sector agencies adopt various programs for managing market risk, which include derivative financial instruments. The two main sources of market risk are fluctuations in interest and foreign exchange rates. Derivatives in use include interest rate swaps, interest rate futures, cross-currency swaps and forward foreign exchange contracts. Whenever derivative positions are created, cash or an underlying physical security is held to cover any potential liability.

Credit risk

Credit risk in relation to financial assets is the risk that a third party will not meet its obligation in accordance with agreed terms. The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the balance sheet. Credit risk in relation to cash assets and fixed interest securities is mitigated by investing in counter-parties that have acceptable credit ratings. Credit risk concentration is minimised in relation to financial assets and hedging instruments, and public sector agencies do not have significant exposures to any concentrations of credit risk. Generally, agencies exposures are to a large number of customers or highly rated counter-parties and their credit risks are very low. There is a high degree of geographically-based concentrations of recognised financial assets in Australia. Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 12: *Receivables*.

Liquidity risk

Liquidity management is undertaken by the Western Australian Treasury Corporation (WATC) on behalf of public sector agencies. WATC maintains a minimum prudent level of highly liquid quality assets at all times to ensure that commitments are met. The risk is minimised through the diversification of its funding activity across domestic and offshore markets and across the maturity spectrum.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency exposures are managed through the use of foreign exchange contracts and derivatives.

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 2012 is shown in the table below. The interest rate shown is the effective interest rate or weighted average effective interest rate in respect of a class of assets or liabilities. For ‘floating’ instruments, the rate is the current market rate. The bands reflect the earlier of the next contractual repricing date or the maturity date of the asset or liability.

(b) Fair Value of Financial Assets and Liabilities

The carrying amount of financial assets and financial liabilities recorded in the consolidated Balance Sheet are not materially different from their net fair value.

(c) Derivative Financial Instruments

The public sector limits dealings in derivatives to only those counter parties that are recognised financial intermediaries and possess a credit rating of ‘A’ or better. The public sector does not have a material exposure to any individual counter-party. The following table provides details of outstanding derivatives used for hedging purposes as at 30 June 2013.

NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

General Government

Categories of Financial Instruments

In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

	2013	2012
	\$m	\$m
Financial Assets		
Cash and deposits	688	840
Receivables	2,663	2,488
Investments, loans and placements	5,722	6,200
Advances paid	665	675
Shares and other equity	50,451	48,943
Financial Liabilities		
Deposits held	362	528
Advances received	439	454
Borrowings	11,104	8,871
Payables	884	885
Other financial liabilities	875	778

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

	Notional face Value 2013 \$m	Net fair Value 2013 \$m	Credit Exposure 2013 \$m
<i>Fair Values</i>			
Interest rate contracts	-	-	-
Forward exchange contracts	16	9	-
Futures contracts	-	-	-
Commodity contracts	-	-	-
Total	16	9	-

	Notional face Value 2012 \$m	Net fair Value 2012 \$m	Credit Exposure 2012 \$m
<i>Fair Values</i>			
Interest rate contracts	-	-	-
Forward exchange contracts	22	12	-
Futures contracts	-	-	-
Commodity contracts	-	-	-
Total	22	12	-

NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

Total Public Sector

Categories of Financial Instruments

In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

	2013	2012
	\$m	\$m
Financial Assets		
Cash and deposits	1,598	1,606
Receivables	4,121	4,255
Investments, loans and placements	16,896	18,575
Advances paid	3,552	3,629
Shares and other equity	1,386	1,236
Other financial assets	-	39
Financial Liabilities		
Deposits held	144	192
Advances received	439	454
Borrowings	39,740	37,776
Payables	4,487	5,032
Guarantees	1,151	1,269
Other financial liabilities	4,441	4,439

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

	Notional face Value 2013 \$m	Net fair Value 2013 \$m	Credit Exposure 2013 \$m
<i>Fair Values</i>			
Interest rate contracts	9,829	242	463
Forward exchange contracts	35	6	-
Futures contracts	12	22	-
Commodity contracts	858	-2	-
Total	10,734	268	463

	Notional face Value 2012 \$m	Net fair Value 2012 \$m	Credit Exposure 2012 \$m
<i>Fair Values</i>			
Interest rate contracts	12,541	435	671
Forward exchange contracts	1,763	34	-
Futures contracts	1,063	-1	-1
Commodity contracts	14	12	-
Total	15,382	480	670

NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

General Government

Interest rate risk exposure

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

30 June 2013

	Fixed Interest Maturing in					Total Fixed interest rate \$ m	Non-interest bearing \$ m	Total carrying amount \$ m	Weighted average effective interest rate %
	Floating interest rate \$ m	up to 3 months \$ m	3 to 12 months \$ m	1 year to 5 years \$ m	Over 5 years \$ m				
Financial assets									
Cash and deposits	287	27	124	-	-	151	250	688	2.8
Receivables ^(a)	2	14	29	85	28	156	2,506	2,663	2.9
Investments, loans and placements	13	4,106	278	1,126	135	5,645	64	5,722	3.6
Advances paid:									
Non-government schools	-	7	21	98	58	184	-	184	7.6
Other	7	-	-	2	1	3	471	481	15
Shares and other equity	-	-	-	-	-	-	50,451	50,451	-
Total financial assets	308	4,154	452	1,311	223	6,139	53,742	60,189	
Financial liabilities									
Deposits held	-	170	9	40	-	219	143	362	3.5
Advances received	-	-	-	-	-	-	439	439	-
Borrowings	7	493	1,737	4,828	4,037	11,095	3	11,104	4.2
Payables ^(b)	-	-	-	-	-	-	884	884	-
Other financial liabilities	-	-	-	-	-	-	875	875	-
Total financial liabilities	7	663	1,745	4,868	4,037	11,314	2,343	13,664	

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

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

NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

General Government

30 June 2012

Fixed Interest Maturing in

	Floating interest rate \$ m	up to 3 months \$ m	3 to 12 months \$ m	1 year to 5 years \$ m	Over 5 years \$ m	Total Fixed interest rate \$ m	Non-interest bearing \$ m	Total carrying amount \$ m	Weighted average effective interest rate %
Financial assets									
Cash and deposits	433	94	5	-	71	169	237	840	4.2
Receivables ^(a)	4	38	-	-	-	38	2,446	2,488	4.4
Investments, loans and placements	11	4,589	536	1,029	6	6,159	29	6,200	4.7
Advances paid:									
Non-government schools	-	7	21	99	56	183	-	183	7.8
Other	-	-	-	-	-	-	492	492	5.4
Shares and other equity	-	-	-	-	-	-	48,943	48,943	-
Total financial assets	448	4,727	562	1,127	133	6,549	52,147	59,146	
Financial liabilities									
Deposits held	5	259	26	198	-	483	40	528	4.7
Advances received	-	-	-	-	-	-	454	454	-
Borrowings	242	1,809	2,105	2,483	2,229	8,625	3	8,871	4.7
Payables ^(b)	-	-	-	-	-	-	884	885	-
Other financial liabilities	-	-	-	-	-	-	778	778	-
Total financial liabilities	247	2,068	2,131	2,681	2,229	9,109	2,159	11,516	

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

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

NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

Total Public Sector

30 June 2013

	Fixed Interest Maturing in					Total Fixed interest rate \$ m	Non-interest bearing \$ m	Total carrying amount \$ m	Weighted average effective interest rate %
	Floating interest rate \$ m	up to 3 months \$ m	3 to 12 months \$ m	1 year to 5 years \$ m	Over 5 years \$ m				
Financial assets									
Cash and deposits	643	121	560	4	-	686	270	1,598	3.1
Receivables ^(a)	53	14	35	85	28	162	3,905	4,121	4.1
Investments, loans and placements	813	8,532	1,282	2,554	1,205	13,574	2,510	16,896	3.6
Advances paid:									
Homebuyers	3,330	-	-	-	-	-	-	3,330	5.5
Non-government schools	-	7	21	98	58	184	-	184	7.6
Other	-	-	-	-	-	-	32	39	-
Shares and other equity	-	-	-	-	-	-	1,386	1,386	-
Other financial assets	-	-	-	-	-	-	-	-	-
Total financial assets	4,845	8,675	1,897	2,741	1,292	14,605	8,103	27,553	
Financial liabilities									
Deposits held	-	-	-	-	-	-	144	144	3.4
Advances received	-	-	15	64	360	439	-	439	4.6
Borrowings	-	9,728	5,594	12,755	9,589	37,666	2,074	39,740	4.7
Payables ^(b)	85	-	-	-	-	-	4,401	4,487	-
Guarantees ^(c)	-	-	-	-	-	-	1,151	1,151	-
Other financial liabilities	-	-	-	-	-	-	4,441	4,441	-
Total financial liabilities	85	9,728	5,610	12,819	9,949	38,106	12,211	50,402	

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

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

(c) Includes guarantees issued for the Public Trustee Common Fund and Western Australian Football Commission borrowings. See Note 29: Contingent Assets and Liabilities.

NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

Total Public Sector

30 June 2012

	Fixed Interest Maturing in					Total Fixed interest rate \$m	Non-interest bearing \$m	Total carrying amount \$m	Weighted average effective interest rate %
	Floating interest rate \$m	up to 3 months \$m	3 to 12 months \$m	1 year to 5 years \$m	Over 5 years \$m				
Financial assets									
Cash and deposits	707	474	69	-	71	614	285	1606	4.1
Receivables ^(a)	3	28	-	-	-	28	4,224	4,255	4.7
Investments, loans and placements	524	11,551	2,322	2,615	1,524	18,012	40	18,575	4.8
Advances paid:									
Homebuyers	3,411	-	-	-	-	-	-	3,411	6.4
Non-government schools	-	7	21	155	-	182	-	182	7.8
Other	-	-	-	-	-	-	36	36	-
Shares and other equity	-	-	-	-	-	-	1,236	1,236	-
Other financial assets	-	-	-	-	-	-	39	39	-
Total financial assets	4,500	12,060	2,412	2,770	1,595	19,164	5,678	29,341	
Financial liabilities									
Deposits held	5	-	-	144	-	144	43	192	5.0
Advances received	-	-	15	62	377	454	-	454	4.6
Borrowings	-	9,749	7,835	8,250	11,469	37,303	473	37,776	5.0
Payables ^(b)	-	-	-	-	-	-	5,031	5,032	-
Guarantees ^(c)	-	-	-	-	-	-	1,269	1,269	-
Other financial liabilities	-	-	-	-	-	-	4,439	4,439	-
Total financial liabilities	5	9,749	7,850	8,456	11,846	37,902	11,255	49,162	

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

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

(c) Includes guarantees issued for the Public Trustee Common Fund and Western Australian Football Commission borrowings. See Note 29: Contingent Assets and Liabilities.

NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

General Government										
	30 June 2013					30 June 2012				
	Carrying amount	-1% change		+1% change		Carrying amount	-1% change		+1% change	
		Profit	Equity	Profit	Equity		Profit	Equity	Profit	Equity
<i>Interest rate sensitivity analysis</i>	\$ m	\$ m	\$ m	\$ m	\$ m	\$ m	\$ m	\$ m	\$ m	\$ m
Financial Assets										
Cash and deposits	688	-4	-4	4	4	840	-8	-8	8	8
Receivables	2,663	-2	-2	2	2	2,488	-	-	-	-
Investments, loans and placements	5,722	-57	-57	57	57	6,200	-62	-62	62	62
Advances paid	665	-2	-2	2	2	675	-2	-2	2	2
Financial Liabilities										
Deposits held	362	2	2	-2	-2	528	5	5	-5	-5
Borrowings	11,104	111	111	-111	-111	8,871	89	89	-89	-89
Total Increase/-Decrease		49	49	-49	-49		23	23	-23	-23
Total Public Sector										
	30 June 2013					30 June 2012				
	Carrying amount	-1% change		+1% change		Carrying amount	-1% change		+1% change	
		Profit	Equity	Profit	Equity		Profit	Equity	Profit	Equity
<i>Interest rate sensitivity analysis</i>	\$ m	\$ m	\$ m	\$ m	\$ m	\$ m	\$ m	\$ m	\$ m	\$ m
Financial Assets										
Cash and deposits	1,598	-13	-13	13	13	1,606	-15	-15	15	15
Receivables	4,121	-2	-2	2	2	4,255	-	-	-	-
Investments, loans and placements	16,896	-144	-144	144	144	18,575	-185	-185	185	185
Advances paid	3,552	-35	-35	35	35	3,629	-36	-36	36	36
Financial Liabilities										
Deposits held	144	-	-	-	-	192	2	2	-2	-2
Advances received	439	4	4	-4	-4	454	5	5	-5	-5
Borrowings	39,740	377	377	-377	-377	37,776	373	373	-373	-373
Total Increase/-Decrease		187	187	-187	-187		143	143	-143	-143

NOTE 31: OTHER DISAGGREGATED INFORMATION

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

The public sector economic entity includes agencies classified into general government, public non-financial corporation and public financial corporation sectors in accordance with the Australian Bureau of Statistics (ABS) coverage for Government Finance Statistics purposes. Details of the classification of State agencies are provided in Note 32: *Composition of Sectors*.

(b) Information by Sectors

Revenue, expenses, assets and liabilities that are reliably attributable to each of the above sectors are set out in the following tables. For the purpose of this disclosure, effects of transactions and balances between sectors have not been eliminated, but those between agencies within each sector have been eliminated.

NOTE 31: OTHER DISAGGREGATED INFORMATION (CONT.)

Operating Statement for the year ended 30 June

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2013 \$m	2012 \$m	2013 \$m	2012 \$m	2013 \$m	2012 \$m	2013 \$m	2012 \$m	2013 \$m	2012 \$m
RESULTS FROM TRANSACTIONS										
REVENUE										
Taxation	8,335	7,173	-	-	-	-	-440	-323	7,894	6,850
Current grants and subsidies	8,316	8,678	1,934	2,194	-	-	-1,934	-2,194	8,316	8,678
Capital grants	622	1,082	116	188	-	-	-116	-188	622	1,082
Sales of goods and services	2,089	1,929	15,727	15,676	871	957	-732	-695	17,955	17,867
Interest Income	255	304	191	253	1,648	1,768	-1,408	-1,400	687	924
Revenue from public corporations										
Dividends	796	704	-	-	-	-	-796	-704	-	-
Tax equivalent income	381	381	-	-	-	-	-381	-381	-	-
Royalty income	4,425	4,343	-	-	-	-	-	-	4,425	4,343
Other	499	627	490	408	-	5	-94	-85	896	954
<i>Total</i>	<i>25,718</i>	<i>25,220</i>	<i>18,459</i>	<i>18,719</i>	<i>2,519</i>	<i>2,730</i>	<i>-5,902</i>	<i>-5,970</i>	<i>40,794</i>	<i>40,699</i>
EXPENSES										
Salaries	10,154	9,605	1,110	1,024	44	42	-	-	11,307	10,671
Superannuation										
Concurrent costs	965	913	102	97	4	4	-	-	1,071	1,014
Superannuation interest cost	369	317	-	-	-	-	-	-	369	317
Other employee costs	446	419	61	50	2	2	-194	-166	315	305
Depreciation and amortisation	1,108	990	1,899	1,698	17	15	-	-	3,024	2,702
Services and contracts	1,902	1,728	875	844	11	13	-7	-6	2,782	2,579
Other gross operating expenses	4,725	4,656	11,791	12,173	700	1,086	-728	-710	16,487	17,204
Other interest	442	371	914	991	1,641	1,626	-1,408	-1,400	1,588	1,587
Dividends and tax equivalents	-	-	374	373	7	8	-381	-381	-	-
Current transfers	4,895	5,053	948	784	4	3	-2,216	-2,369	3,631	3,470
Capital transfers	462	520	82	52	-	-	-116	-188	428	384
<i>Total</i>	<i>25,468</i>	<i>24,571</i>	<i>18,156</i>	<i>18,085</i>	<i>2,428</i>	<i>2,798</i>	<i>-5,050</i>	<i>-5,221</i>	<i>41,003</i>	<i>40,233</i>
NET OPERATING BALANCE	249	649	304	635	91	-69	-852	-749	-208	466

NOTE 31: OTHER DISAGGREGATED INFORMATION (CONT.)

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

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2013 \$m	2012 \$m	2013 \$m	2012 \$m	2013 \$m	2012 \$m	2013 \$m	2012 \$m	2013 \$m	2012 \$m
<i>Other economic flows</i>										
Net gains on assets/liabilities	-63	92	-118	55	496	-58	-	-	315	89
Net actuarial gains - superannuation	895	-1,676	-16	-58	1	-2	-	-	881	-1,737
Provision for doubtful debts	-28	-26	-18	-17	-61	-	-	-	-106	-43
All other	-	-	-	-	-	-	-	-	-	-
<i>Total other economic flows</i>	<i>804</i>	<i>-1,611</i>	<i>-151</i>	<i>-20</i>	<i>437</i>	<i>-60</i>	<i>-</i>	<i>-</i>	<i>1,089</i>	<i>-1,692</i>
OPERATING RESULT	1,053	-962	152	614	527	-129	-852	-749	881	-1,226
<i>Other non-owner movements in equity</i>										
Revaluations	-424	-4	571	321	2	15	-	-	149	332
Gains recognised directly in equity	-4	-7	528	455	32	97	-	-	556	545
Changes in accounting policy/correction of prior period errors	-72	-263	-31	-22	-32	-94	-	-	-135	-379
Change in net worth of the public corporations sectors	898	508	-	-	-	-	-898	-508	-	-
All other	-	-	-	-	-	-	-	-	-	-
<i>Total other non-owner movements in equity</i>	<i>398</i>	<i>234</i>	<i>1,068</i>	<i>754</i>	<i>2</i>	<i>18</i>	<i>-898</i>	<i>-508</i>	<i>571</i>	<i>498</i>
<i>Movements in owner equity</i>										
Dividends	-	-	-785	-696	-67	-52	852	749	-	-
Capital injections	-	-	612	645	-	-	-612	-645	-	-
<i>Total movements in owner equity</i>	<i>-</i>	<i>-</i>	<i>-173</i>	<i>-52</i>	<i>-67</i>	<i>-52</i>	<i>240</i>	<i>104</i>	<i>-</i>	<i>-</i>
TOTAL CHANGE IN NET WORTH	1,452	-728	1,047	1,317	462	-164	-1,509	-1,153	1,452	-728
KEY FISCAL AGGREGATES										
NET OPERATING BALANCE	249	649	304	635	91	-69	-852	-749	-208	466
<i>Less Net acquisition of non-financial assets</i>										
Purchase of non-financial assets	3,195	3,358	4,171	3,447	5	13	-15	-36	7,355	6,782
Changes in inventories	14	-	-668	-8	-	-	-	-	-654	-8
Other movement in non-financial assets	167	183	48	-24	-	-	-	-	215	158
<i>less:</i>										
Sales of non-financial assets	166	184	751	743	-	-	-15	-36	902	892
Depreciation	1,108	990	1,899	1,698	17	15	-	-	3,024	2,702
<i>Total net acquisition of non-financial assets</i>	<i>2,102</i>	<i>2,366</i>	<i>901</i>	<i>973</i>	<i>-12</i>	<i>-2</i>	<i>-</i>	<i>-</i>	<i>2,991</i>	<i>3,338</i>
NET LENDING/-BORROWING	-1,852	-1,717	-597	-338	103	-67	-852	-749	-3,199	-2,872

NOTE 31: OTHER DISAGGREGATED INFORMATION (CONT.)

Balance Sheet as at 30 June

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2013 \$m	2012 \$m	2013 \$m	2012 \$m	2013 \$m	2012 \$m	2013 \$m	2012 \$m	2013 \$m	2012 \$m
ASSETS										
<i>Financial assets</i>										
Cash and deposits	688	840	1,100	1,090	28	16	-219	-339	1,598	1,606
Advances paid	665	675	0	0	3,330	3,411	-442	-457	3,552	3,630
Investments, loans and placements	5,722	6,200	3,871	4,009	40,450	38,338	-33,146	-29,973	16,896	18,575
Receivables	2,870	2,488	1,272	1,278	646	1,035	-502	-546	4,286	4,255
Investment property	8	8	26	27	538	510	-	-0	571	545
Shares and other equity										
Investments in other public sector entities - equity method	44,287	43,389	-	-	-	-	-44,287	-43,389	-	-
Investments in other public sector entities - direct injections	6,156	5,544	-	-	-	-	-6,156	-5,544	-	-
Investments in other entities	8	10	37	19	1,341	1,208	0	-0	1,386	1,236
Other financial assets	-	-	1,003	1,028	24	39	-1,003	-1,028	24	39
<i>Total financial assets</i>	<i>60,403</i>	<i>59,153</i>	<i>7,308</i>	<i>7,450</i>	<i>46,358</i>	<i>44,558</i>	<i>-85,755</i>	<i>-81,276</i>	<i>28,314</i>	<i>29,886</i>
<i>Non-financial assets</i>										
Land	36,222	37,599	14,313	14,152	118	118	-	-	50,653	51,869
Property, plant and equipment	40,850	37,849	48,006	45,828	243	250	-	-	89,100	83,926
Biological assets	2	2	322	333	-	-	-	-	324	335
Inventories										
Land inventories	84	95	1,944	1,736	-	-	-	-	2,028	1,831
Other inventories	77	63	2,711	3,379	-	-	-	-	2,789	3,443
Intangibles	554	511	551	418	13	14	-	-	1,118	943
Assets held for sale	39	91	31	19	-	-	-	-	70	110
Other	208	213	298	172	3	6	-	-	509	391
<i>Total non-financial assets</i>	<i>78,037</i>	<i>76,423</i>	<i>68,177</i>	<i>66,037</i>	<i>376</i>	<i>386</i>	<i>-</i>	<i>-</i>	<i>146,590</i>	<i>142,847</i>
TOTAL ASSETS	138,440	135,577	75,485	73,488	46,734	44,944	-85,755	-81,276	174,904	172,733

NOTE 31: OTHER DISAGGREGATED INFORMATION (CONT.)

 Balance Sheet as at 30 June (cont.)

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2013 \$m	2012 \$m	2013 \$m	2012 \$m	2013 \$m	2012 \$m	2013 \$m	2012 \$m	2013 \$m	2012 \$m
LIABILITIES										
Deposits held	362	528	1	3	-	-	-219	-339	144	192
Advances received	439	454	439	454	3	3	-442	-457	439	454
Borrowings	11,104	8,871	20,037	18,609	41,745	40,269	-33,146	-29,973	39,740	37,776
Superannuation	8,000	8,937	133	150	11	11	-	-	8,143	9,097
Other employee benefits	3,043	2,797	414	397	9	9	-	-	3,465	3,203
Payables	884	885	3,768	4,258	17	93	-183	-204	4,486	5,032
Other liabilities	1,682	1,630	1,999	1,972	3,201	3,272	-1,322	-1,370	5,560	5,503
TOTAL LIABILITIES	25,513	24,101	26,791	25,841	44,985	43,658	-35,312	-32,343	61,977	61,258
NET ASSETS	112,927	111,475	48,694	47,647	1,748	1,286	-50,443	-48,933	112,927	111,475
<i>Of which:</i>										
Contributed equity	-	-	6,156	5,544	-	-	-6,156	-5,544	-	-
Accumulated surplus	10,579	9,547	18,757	18,961	1,511	1,054	7	66	30,855	29,629
Other reserves	102,348	101,928	23,782	23,142	237	233	-44,294	-43,456	82,072	81,846
NET WORTH	112,927	111,475	48,694	47,647	1,748	1,286	-50,443	-48,933	112,927	111,475

NOTE 31: OTHER DISAGGREGATED INFORMATION (CONT.)

Statement of Changes in Equity for the year ended 30 June

	Equity at 1 July 2012 \$m	Total Comprehensive Result \$m	Contributed capital \$m	Dividends \$m	Other \$m	Equity at 30 June 2013 \$m
General Government Sector						
Accumulated surplus/(deficit)	9,547	1,053	-	-	-21	10,579
Reserves	58,538	-424	-	-	-53	58,061
Accumulated net gain on equity investments in other sector entities	43,390	898			-1	44,288
	111,475	1,527	-	-	-75	112,928
Public Non Financial Corporations sector						
Contributed equity	5,544	-	612	-	-	6,156
Accumulated surplus/(deficit)	18,961	152		-785	428	18,757
Reserves	23,142	572			69	23,782
	47,647	724	612	-785	497	48,694
Public Financial Corporations sector						
Contributed Equity	-					-
Accumulated surplus/(deficit)	1,053	527	-67		-2	1,511
Reserves	233	2			2	237
	1,286	529	-67	-	-	1,748
Public Corporation net assets held by general government	-48,933	-1,329	-545	785	-422	-50,443
Total Public Sector	111,475	1,452	-	-	-	112,928

NOTE 31: OTHER DISAGGREGATED INFORMATION (CONT.)

Cash Flow Statement for the year ended 30 June

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2013 \$m	2012 \$m	2013 \$m	2012 \$m	2013 \$m	2012 \$m	2013 \$m	2012 \$m	2013 \$m	2012 \$m
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>										
<i>Cash received</i>										
Taxes received	8,156	7,091	-	-	-	-	-478	-383	7,678	6,709
Grants and subsidies received	8,934	9,831	2,049	2,214	-	6	-2,049	-2,220	8,934	9,831
Receipts from sales of goods and services	2,120	1,983	15,885	15,829	977	922	-777	-673	18,205	18,061
Interest receipts	249	299	206	253	1,665	1,717	-1,308	-1,350	811	920
Dividends and tax equivalents	1,215	1,127	56	73	-	-	-1,271	-1,201	-	-
Other	6,068	6,101	1,741	1,262	130	124	-345	-396	7,594	7,093
<i>Total cash received</i>	<i>26,742</i>	<i>26,433</i>	<i>19,937</i>	<i>19,632</i>	<i>2,772</i>	<i>2,770</i>	<i>-6,228</i>	<i>-6,222</i>	<i>43,223</i>	<i>42,613</i>
<i>Cash Paid</i>										
Wages, salaries and supplements, and superannuation	-11,304	-10,635	-1,187	-1,166	-48	-44	-	-	-12,538	-11,845
Payments for goods and services	-7,336	-6,815	-11,350	-11,804	-739	-767	1,085	1,036	-18,339	-18,351
Interest paid	-439	-353	-884	-964	-1,672	-1,517	1,308	1,350	-1,687	-1,485
Grants and subsidies paid	-5,144	-5,289	-702	-523	-0	-0	2,076	2,244	-3,770	-3,568
Dividends and tax equivalents	-	-	-416	-418	-	-7	416	425	-	-
Other payments	-1,441	-1,388	-3,190	-2,546	-180	-173	487	392	-4,324	-3,715
<i>Total cash paid</i>	<i>-25,664</i>	<i>-24,480</i>	<i>-17,728</i>	<i>-17,421</i>	<i>-2,639</i>	<i>-2,508</i>	<i>5,373</i>	<i>5,446</i>	<i>-40,658</i>	<i>-38,963</i>
<i>NET CASH FLOWS FROM OPERATING ACTIVITIES</i>	<i>1,077</i>	<i>1,953</i>	<i>2,209</i>	<i>2,211</i>	<i>134</i>	<i>262</i>	<i>-855</i>	<i>-776</i>	<i>2,565</i>	<i>3,650</i>
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>										
<i>Cash flows from investments in non-financial assets</i>										
Purchase of non-financial assets	-3,195	-3,358	-4,171	-3,447	-5	-13	15	36	-7,355	-6,782
Sales of non-financial assets	166	184	751	743	-	-	-15	-36	902	892
<i>Total cash flows from investments in non-financial assets</i>	<i>-3,029</i>	<i>-3,174</i>	<i>-3,420</i>	<i>-2,703</i>	<i>-5</i>	<i>-13</i>	<i>-</i>	<i>-</i>	<i>-6,453</i>	<i>-5,890</i>
<i>Cash flows from investments in financial assets</i>										
<i>Cash received</i>										
For policy purposes	7	6	-	-	-	-	5	-	12	6
For liquidity purposes	1	1	416	177	6,819	6,110	-	-	7,236	6,288
<i>Cash paid</i>										
For policy purposes	-619	-669	-5	-	-	-	612	663	-12	-6
For liquidity purposes	-18	-6	-528	-210	-5,855	-6,303	-	0	-6,401	-6,518
<i>Total cash flows from investments in financial assets</i>	<i>-629</i>	<i>-668</i>	<i>-117</i>	<i>-32</i>	<i>964</i>	<i>-193</i>	<i>617</i>	<i>663</i>	<i>835</i>	<i>-230</i>
<i>NET CASH FLOWS FROM INVESTING ACTIVITIES</i>	<i>-3,657</i>	<i>-3,842</i>	<i>-3,537</i>	<i>-2,736</i>	<i>959</i>	<i>-206</i>	<i>617</i>	<i>663</i>	<i>-5,618</i>	<i>-6,120</i>

NOTE 31: OTHER DISAGGREGATED INFORMATION (CONT.)

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

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2013 \$m	2012 \$m	2013 \$m	2012 \$m	2013 \$m	2012 \$m	2013 \$m	2012 \$m	2013 \$m	2012 \$m
<i>CASH FLOWS FROM FINANCING ACTIVITIES</i>										
<i>Cash received</i>										
Advances received	15	14	-	-	-	-	-15	-14	-	-
Borrowings	2,425	3,416	23,157	12,748	53,398	38,986	-47,051	-27,979	31,930	27,171
Deposits received	-	-	-	-	-	-	-	-	-	-
Other financing receipts	35	32	622	723	-	-	-627	-703	30	52
<i>Total cash receipts from financing activities</i>	<i>2,475</i>	<i>3,463</i>	<i>23,780</i>	<i>13,472</i>	<i>53,398</i>	<i>38,986</i>	<i>-47,693</i>	<i>-28,697</i>	<i>31,960</i>	<i>27,224</i>
<i>Cash paid</i>										
Advances paid	-15	-14	-15	-14	-	-	15	14	-15	-14
Borrowings repaid	-322	-95	-21,647	-11,778	-54,658	-37,358	47,051	27,979	-29,576	-21,252
Deposits paid	-	-	-	-	-	-	-	-	-	-
Other financing payments	-91	-86	-7	-62	-	-	11	40	-87	-108
Dividends paid	-	-	-788	-695	-67	-81	855	776	-	-
<i>Total payments for financing activities</i>	<i>-428</i>	<i>-196</i>	<i>-22,457</i>	<i>-12,549</i>	<i>-54,725</i>	<i>-37,439</i>	<i>47,931</i>	<i>28,809</i>	<i>-29,678</i>	<i>-21,374</i>
<i>NET CASH FLOWS FROM FINANCING ACTIVITIES</i>	<i>2,047</i>	<i>3,267</i>	<i>1,323</i>	<i>923</i>	<i>-1,327</i>	<i>1,547</i>	<i>239</i>	<i>112</i>	<i>2,282</i>	<i>5,849</i>
Net increase in cash and cash equivalents	-533	1,378	-4	398	-234	1,603	-0	-	-771	3,379
Cash and cash equivalents at the beginning of the year	6,796	5,418	1,523	1,125	3,664	2,059	-2	-	11,981	8,602
Cash and cash equivalents at the end of the year	6,263	6,796	1,519	1,523	3,430	3,664	-2	-2	11,210	11,981
KEY FISCAL AGGREGATES										
Net cash flows from operating activities	1,077	1,953	2,209	2,211	134	262	-855	-776	2,565	3,650
Net cash flows from investing in non-financial assets	-3,029	-3,174	-3,420	-2,703	-5	-13	-	-	-6,453	-5,890
Dividends paid	-	-	-788	-695	-67	-81	855	776	-	-
Cash surplus/-deficit	-1,952	-1,221	-1,998	-1,188	62	168	-	-	-3,888	-2,240

NOTE 32: EVENTS OCCURRING AFTER THE REPORTING PERIOD

Dividend Legislation

On 19 August 2013, the *Insurance Commission of Western Australia Amendment Bill 2013* received Royal Assent. The Bill amends the *Insurance Commission of Western Australia Act 1986* to allow dividends to be paid to the Government of Western Australia. The Legislation contains transitional provisions to enable dividends to be paid in respect of the 2013 year. However, at 30 June 2013 no binding legal obligation for a dividend payment existed and therefore no dividend had been declared by the Board of Commissioners.

Bell Recovery Action

In September 2013, the parties in the long running Bell litigation executed a deed to settle the case. The settlement is subject to various approvals being obtained in local and overseas jurisdictions. The sum for which the case has been settled has not been disclosed. This matter is discussed further in Note 29: *Contingent Assets and Liabilities*.

Machinery of Government changes

On 10 April 2013, the Government announced changes to a range of public sector agencies aimed at improving the delivery of services. The following changes took effect from 1 July 2013:

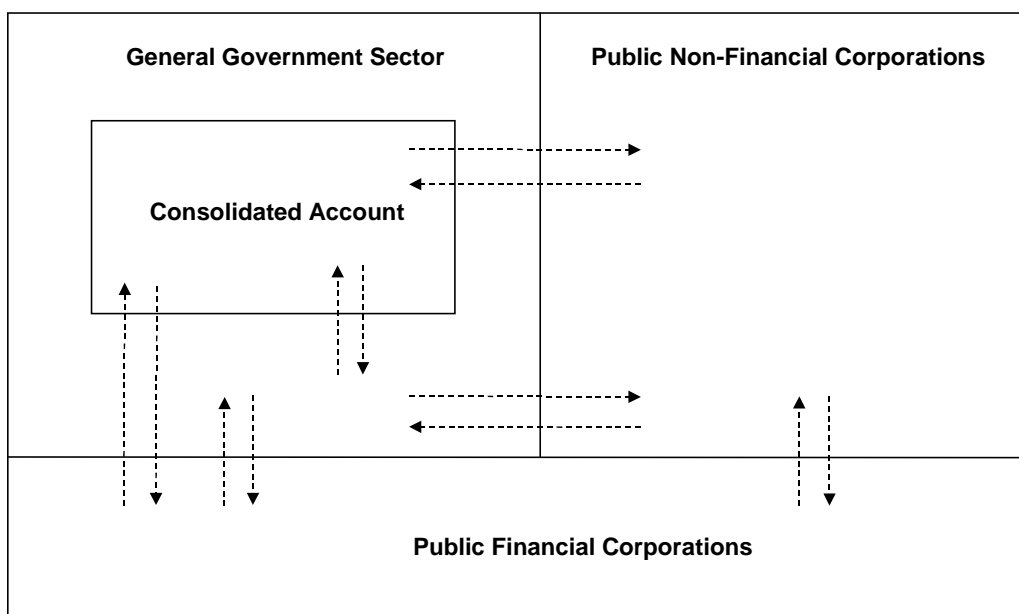
- the merger of Verve Energy with the Electricity Retail Corporation (Synergy). In accordance with the announcement, a common board for both Verve Energy and Synergy was put in place on 1 July 2013 for the period 1 July to 31 December 2013 (the interim merger period), prior to full merger on 1 January 2014;
- a new Department of Lands created and the Department of Regional Development and Lands renamed to Department of Regional Development;
- a Department of Environment Regulation created and the Department of Environment and Conservation renamed to Department of Parks and Wildlife;
- the establishment of the Department of Local Government and Communities through the amalgamation of the Departments of Local Government and Communities;

Other than those disclosed above, there are no significant events after the reporting period.

NOTE 33: COMPOSITION OF SECTORS

The following diagram shows the financial relationship between sectors within which agencies have been classified by the ABS and which are included in the 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.

General Government

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

(a) Agency which has been either created, abolished, amalgamated or renamed since the 17 May 2012 presentation of the 2012-13 Budget and up to 30 June 2013.

General Government (cont.)

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

Public Non-Financial Corporations

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

Public Financial Corporations

Country Housing Authority

Insurance Commission of Western Australia (and subsidiary State Government Insurance Corporation)

Keystart Housing Scheme, comprising:

- Keystart Bonds Ltd
- Keystart Loans Ltd
- Keystart Support Pty Ltd
- Keystart Support (Subsidiary) Pty Ltd
- Keystart Housing Scheme Trust
- Keystart Support Trust

RiskCover

Western Australian Treasury Corporation

Agencies Outside the State Public Sector

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

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

NOTE 34: BUDGETARY INFORMATION – COMPARISON OF FINAL OUTCOMES TO ORIGINAL BUDGET

Explanations of significant variances between actual results for 2012-13 and the original budget (presented in May 2012) for the general government sector and the total public sector are included in Appendix 4 of this publication. 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 recent State Budget, presented to the Parliament on 8 August 2013.

NOTE 35: KEY TECHNICAL TERMS USED IN THE FINANCIAL REPORT

ABS GFS manual

Australian Bureau of Statistics (ABS) publications Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005 (ABS Catalogue No. 5514.0) and Amendments to Australian System of Government Finance Statistics, 2005 (ABS Catalogue No. 5514.0) published on the ABS website.

Cash surplus/deficit

Reported in the cash flow statement, this aggregate measures the net economic impact of cash flows during the period. It equals net cash flows from operating activities plus net cash flows from acquisition and disposal of non-financial assets, less distributions paid.

Capital transfers

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

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 in the same sectors are eliminated on consolidation.

Contingent asset

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

Contingent liability

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

Convergence difference

The difference between the amounts recognised in the financial statements (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 transfers

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

Derivatives

Held for trading financial instruments valued at fair value as at balance sheet date, in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*.

Finance lease

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

Financial asset

Any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

General government sector

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

Government Finance Statistics (GFS)

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

Government Purpose Classification

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

Key fiscal aggregates

Financial aggregates that are important for analytical purposes, including assessing the impact of the public sector and its sub-sectors on the economy.

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

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

Net actuarial gains

Includes actuarial gains and losses on defined benefit superannuation entitlements.

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). A simplified concept is also often used in external commentary by the credit ratings agency Standard & Poor's and is based on net debt plus unfunded superannuation liabilities.

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 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 in a general government sector context.

Operating result

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

Other revenue

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

Other economic flows

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

Public financial corporations (PFC) sector

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

Public non-financial corporations (PNC) sector

The PNC sector comprises those non-financial public sector agencies engaged mainly in the production of goods and services for sale in the market and whose objective is to recover at least a significant proportion of operating costs through charges for their goods and services.

Public Private Partnerships (PPPs)

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

Securities other than shares

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

Superannuation concurrent cost

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

Superannuation interest cost

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

Tax equivalents regime

The mechanism to ensure that public corporations incur similar tax liabilities 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 sector formed through a consolidation of the general government and public non-financial corporations sub-sectors.

Transaction

An interaction between two or more parties for the exchange of goods, services, cash or financial instruments.

Uniform Presentation Framework (UPF)

The UPF was first agreed by the Australian Loan Council in 1993. The current UPF incorporates the use of accounting standard AASB 1049: *Whole 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.

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.

Table 2.1

OPERATING REVENUE
General Government

	2011-12	2012-13				Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
Taxation							
Taxes on employers' payroll and labour force							
<i>Payroll tax</i>	3,096	3,368	3,584	3,584	3,477	3,476	-1
Property taxes							
<i>Land tax</i>	552	541	569	569	568	568	-
Transfer Duty	1,261	1,450	1,486	1,486	1,654	1,654	-
Landholder Duty	101	53	138	138	217	216	-
<i>Total duty on transfers</i>	1,362	1,502	1,624	1,624	1,870	1,870	-
Other stamp duties	-	-	-	5	5	5	-
Metropolitan Region Improvement Tax	84	83	86	86	85	85	-
Emergency Services Levy	220	231	231	231	235	237	2
Loan guarantee fees	25	107	105	105	104	104	-
<i>Total other property taxes</i>	329	422	423	428	429	431	1
Taxes on provision of goods and services							
Lotteries Commission	140	141	141	141	152	151	-
Video lottery terminals	-	1	1	1	-	-	-
Casino Tax	108	117	125	125	112	112	-
Betting tax	38	37	37	37	41	41	-
Other	19	-	-	-	-	-	-
<i>Total taxes on gambling</i>	305	295	303	303	305	304	-1
Insurance Duty	487	512	558	558	555	555	-
Other	22	22	22	22	22	22	-1
<i>Total taxes on insurance</i>	509	534	580	580	577	576	-1
Taxes on use of goods and performance of activities							
Vehicle Licence Duty	367	388	416	416	404	404	-
Permits - Oversize Vehicles and Loads	7	5	5	5	8	8	-
Motor Vehicle recording fee	46	47	46	46	47	48	-
Motor Vehicle registrations	599	636	646	646	656	650	-7
<i>Total motor vehicle taxes</i>	1,019	1,077	1,113	1,113	1,116	1,109	-6
Total Taxation	7,173	7,739	8,195	8,200	8,342	8,335	-7

Note: Columns may not add due to rounding.

Table 2.1 (cont.)

OPERATING REVENUE
General Government

	2011-12	2012-13				Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
Current Grants and Subsidies							
<i>General Purpose Grants</i>							
GST grants	3,454	2,792	2,961	2,961	2,935	2,935	-
North West Shelf grants	925	1,012	917	928	1,050	1,031	-20
Compensation for Commonw ealth crude oil excise arrangements	75	56	50	51	58	63	5
<i>Grants through the State</i>							
Schools assistance – non-government schools	831	848	817	817	873	873	1
Local government financial assistance grants	154	161	162	162	164	158	-6
Local government roads	101	105	105	105	104	101	-3
First Home Owners' Boost	1	-	-	-	-	-	-
Other	-	25	25	25	-	-	-
<i>National Specific Purpose Payment Agreement Grants</i>							
National Healthcare ^(a)	1,312	-	-	-	-	-	-
National Schools	378	405	401	401	406	406	-
National Agreement for Skills and Workforce Development	139	143	145	145	146	146	-
National Disability Services	110	123	126	126	127	127	-
National Affordable Housing	129	132	134	134	135	135	-
<i>National Health Reform^(a)</i>	-	1,402	1,395	1,395	1,398	1,398	-
<i>National Partnerships/Other Grants</i>							
Health	505	467	399	399	448	474	26
Housing	2	14	14	14	14	6	-8
Transport	68	67	70	70	69	69	-
Other	493	332	417	420	347	394	47
Total Current Grants and Subsidies	8,678	8,083	8,139	8,154	8,274	8,316	42
Capital Grants							
<i>Grants Through the State</i>							
Schools assistance – non-government schools	40	24	25	25	26	25	-1
<i>Nation Building and Jobs Plan</i>							
Schools	40	-	-	-	-	-	-
Housing	20	-	-	-	-	-	-
<i>National Partnerships/Other Grants</i>							
Housing	181	139	82	82	87	93	6
Transport	505	608	485	485	509	445	-64
Other	296	158	96	98	90	59	-32
Total Capital Grants	1,082	929	688	689	712	622	-91

Note: Columns may not add due to rounding.

Table 2.1 (cont.)

OPERATING REVENUE
General Government

	2011-12		2012-13			Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Actual	Budget	MYR	PFPS	Estimated		
	\$m	Estimate \$m (1)	Revision \$m (2)	Revision \$m (3)	Outturn \$m (4)		
Sales of Goods and Services							
WA Health	460	429	484	484	510	494	-15
Transport	177	194	181	181	182	198	15
Education	155	167	172	168	157	160	3
State Training Providers	114	122	121	121	121	120	-1
Training and Workforce Development	43	47	47	49	49	43	-6
Western Australian Land Information Authority	110	120	120	120	122	125	4
Environment and Conservation	111	106	106	106	111	103	-8
Attorney General	92	86	96	96	98	101	3
Commerce	85	74	74	74	74	81	7
Western Australia Police	43	43	47	47	47	44	-2
Culture and the Arts	30	33	31	31	34	33	-
Fisheries	32	30	30	30	26	28	2
Corrective Services	31	24	24	24	30	28	-2
All Other	445	457	497	499	470	529	59
Total Sales of Goods and Services	1,929	1,933	2,030	2,030	2,030	2,089	59
Interest Income	304	268	281	282	261	255	-6
Revenue from Public Corporations							
Dividends	704	764	820	820	796	796	-
Tax Equivalent Regime	381	504	382	398	363	381	18
Total Revenue from Public Corporations	1,085	1,267	1,201	1,218	1,159	1,177	18
Royalty Income	4,343	4,871	4,366	4,488	4,460	4,425	-34
Other							
Lease Rentals	91	82	82	82	88	91	3
Fines	159	173	174	174	163	157	-6
Revenue not elsew here counted	377	133	161	161	207	252	44
Total Other	627	388	417	417	459	499	41
TOTAL REVENUE	25,220	25,477	25,318	25,477	25,696	25,718	21

Note: Columns may not add due to rounding.

Table 2.2

OPERATING REVENUE
Total Public Sector

	2011-12	2012-13				Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
Taxation							
Taxes on employers' payroll and labour force							
<i>Payroll tax</i>	3,022	3,294	3,503	3,503	3,395	3,390	-5
Property taxes							
<i>Land tax</i>	509	493	522	522	521	511	-10
Transfer Duty	1,261	1,450	1,486	1,486	1,654	1,654	-
Landholder Duty	101	53	138	138	217	216	-
<i>Total duty on transfers</i>	1,362	1,502	1,624	1,624	1,870	1,870	-
Other stamp duties	-	-	-	5	5	5	-
Metropolitan Region Improvement Tax	84	83	86	86	85	85	-
Emergency Services Levy	216	231	231	231	230	233	2
Loan guarantee fees	1	3	3	3	3	3	-
<i>Total other property taxes</i>	301	318	321	326	324	326	2
Taxes on provision of goods and services							
Lotteries Commission	-	-	-	-	-	-	-
Video lottery terminals	-	1	1	1	-	-	-
Casino Tax	108	117	125	125	112	112	-
Betting tax	-	-	-	-	-	-	-
Other	19	-	-	-	-	-	-
<i>Total taxes on gambling</i>	127	118	126	126	113	112	-
Insurance Duty	487	512	558	558	555	555	-
Other	22	22	22	22	22	22	-1
<i>Total taxes on insurance</i>	509	534	580	580	577	576	-1
Taxes on use of goods and performance of activities							
Vehicle Licence Duty	367	388	416	416	404	404	-
Permits - Oversize Vehicles and Loads	7	5	5	5	8	8	-
Motor Vehicle recording fee	46	47	46	46	47	48	-
Motor Vehicle registrations	599	636	646	646	656	650	-7
<i>Total motor vehicle taxes</i>	1,019	1,077	1,113	1,113	1,116	1,109	-6
Total Taxation	6,850	7,335	7,787	7,792	7,915	7,894	-21

Note: Columns may not add due to rounding.

Table 2.2 (cont.)

OPERATING REVENUE
Total Public Sector

	2011-12	2012-13				Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
Current Grants and Subsidies							
<i>General Purpose Grants</i>							
GST grants	3,454	2,792	2,961	2,961	2,935	2,935	-
North West Shelf grants	925	1,012	917	928	1,050	1,031	-20
Compensation for Commonwealth crude oil excise arrangements	75	56	50	51	58	63	5
<i>Grants through the State</i>							
Schools assistance – non-government schools	831	848	817	817	873	873	1
Local government financial assistance grants	154	161	162	162	164	158	-6
Local government roads	101	105	105	105	104	101	-3
First Home Owners' Boost	1	-	-	-	-	-	-
Other	-	25	25	25	-	-	-
<i>National Specific Purpose Payment Agreement Grants</i>							
National Healthcare ^(a)	1,312	-	-	-	-	-	-
National Schools	380	405	401	401	406	406	-
National Agreement for Skills and Workforce Development	138	143	145	145	146	146	-
National Disability Services	110	123	126	126	127	127	-
National Affordable Housing	129	132	134	134	135	135	-
<i>National Health Reform^(a)</i>	-	1,402	1,395	1,395	1,398	1,398	-
<i>National Partnerships/Other Grants</i>							
Health	505	467	399	399	448	474	26
Housing	68	14	14	14	14	6	-8
Transport	138	67	70	70	69	69	-
Other	358	332	417	420	347	394	47
Total Current Grants and Subsidies	8,678	8,083	8,139	8,154	8,274	8,316	42
Capital Grants							
<i>Grants Through the State</i>							
Schools assistance – non-government schools	40	24	25	25	26	25	-1
<i>Nation Building and Jobs Plan</i>							
Schools	40	-	-	-	-	-	-
Housing	20	-	-	-	-	-	-
<i>National Partnerships/Other Grants</i>							
Housing	194	139	82	82	87	93	6
Transport	505	608	485	485	509	445	-64
Other	281	158	96	98	90	59	-32
Total Capital Grants	1,081	929	688	689	712	622	-91
Sales of Goods and Services	17,867	18,371	18,457	18,527	19,259	17,955	-1,304
Interest Income	924	980	878	881	1,104	687	-417
Royalty Income	4,343	4,871	4,366	4,488	4,460	4,425	-34
Other							
Lease Rentals	91	82	82	82	88	91	3
Fines	160	173	174	174	163	157	-6
Revenue not elsewhere counted	704	503	515	515	588	647	59
Total Other	954	758	771	771	840	896	56
TOTAL REVENUE	40,699	41,327	41,087	41,302	42,563	40,794	-1,769

Note: Columns may not add due to rounding.

Other Uniform Presentation Framework Information

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

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

Western Australia's whole-of-government financial disclosures, found in its annual Budget Papers, mid-year review, *Pre-election Financial Projection 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 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).

Table 3.1

SPENDING BY GOVERNMENT PURPOSE CLASSIFICATION (a)
General Government

	2011-12	2012-13				Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Actual	Budget	MYR	PFPS	Estimated		
	\$m	Estimate \$m (1)	Revision \$m (2)	Revision \$m (3)	Outturn \$m (4)		
EXPENSES							
<i>General public services</i>	327	676	539	537	605	569	-36
Government superannuation benefits	47					148	
Other general public services	280					421	
<i>Public order and safety</i>	3,013	2,863	2,969	2,969	3,000	2,940	-59
Police and fire protection services	1,428					1,375	
Police services	1,050					1,046	
Fire protection services	378					329	
Law courts and legal services	805					715	
Prisons and corrective services	750					819	
Other public order and safety	30					32	
<i>Education</i>	5,870	6,099	6,145	6,146	6,175	6,154	-21
Primary and secondary education	4,759					4,955	
Primary education	2,662					2,765	
Secondary education	2,097					2,120	
Primary and secondary education nec.	-					69	
Tertiary education	593					635	
University education	15					17	
Technical and further education	577					618	
Tertiary education nec.	-					-	
Pre-school education and education not definable by level	415					450	
Pre-school education	190					200	
Special education	224					249	
Other education not definable by level	-					2	
Transportation of students	104					114	
Transportation of non-urban school students	104					111	
Transportation of other students	-					3	
Education nec.	-					-	
<i>Health</i>	6,268	6,604	6,731	6,731	6,881	6,903	22
Acute care institutions	4,130					4,650	
Admitted patient services in acute care institutions	3,058					3,503	
Non-admitted patient services in acute care institutions	1,072					1,146	
Mental health institutions	201					156	
Nursing homes for the aged	115					121	
Community health services	923					1,035	
Community mental health services	328					421	
Patient transport	172					192	
Other community health services	422					422	
Public health services	264					292	
Pharmaceuticals, medical aids and appliances	517					531	
Health research	45					28	
Health administration nec.	73					89	

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

Table 3.1 (cont.)
(a)

SPENDING BY GOVERNMENT PURPOSE CLASSIFICATION
General Government

	2011-12	2012-13				Actual \$m	Variation on EOT \$m (5) - (4)
	Actual \$m	Budget Estimate \$m	MYR Revision \$m	PFPS Revision \$m	Estimated Outturn \$m		
<i>Social security and welfare</i>	1,677	1,743	1,742	1,742	1,718	1,787	69
Social security	-					-	
Welfare services	1,677					1,787	
Family and child welfare services	568					589	
Welfare services for the aged	361					384	
Welfare services for people with a disability	657					728	
Welfare services nec.	90					86	
Social security and welfare nec.	-					-	
<i>Housing and community amenities</i>	1,983	1,834	1,714	1,714	1,660	1,675	15
Housing and community development	1,208					878	
Housing	508					392	
Aboriginal community development	6					8	
Other community development	694					478	
Water supply	547					527	
Sanitation and protection of the environment	95					106	
Other community amenities	133					165	
<i>Recreation and culture</i>	831	816	827	828	803	851	48
Recreation facilities and services	501					537	
National parks and wildlife	247					252	
Recreation facilities and services nec.	254					285	
Cultural facilities and services	226					212	
Broadcasting and film production	13					15	
Recreation and culture nec.	91					87	
<i>Fuel and energy</i>	528	535	534	560	557	543	-13
Fuel affairs and services	-					-	
Gas	-					-	
Fuel affairs and services nec.	-					-	
Electricity and other energy	505					520	
Electricity	505					497	
Other energy	-					23	
Fuel and energy nec.	22					23	
<i>Agriculture, forestry, fishing and hunting</i>	400	384	377	375	356	376	20
Agriculture	293					273	
Forestry, fishing and hunting	106					103	
<i>Mining and mineral resources other than fuels; manufacturing; and construction</i>	200	220	221	221	201	194	-7
Mining and mineral resources other than fuels	168					165	
Manufacturing	-					-	
Construction	32					29	

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

Table 3.1 (cont.)
(a)

SPENDING BY GOVERNMENT PURPOSE CLASSIFICATION
General Government

	2011-12		2012-13			Actual \$m	Variation on EOT \$m (5) - (4)
	Actual	Budget	MYR	PFPS	Estimated		
	\$m	Estimate \$m	Revision \$m	Revision \$m	Outturn \$m		
<i>Transport and communications</i>	1,871	1,815	1,836	1,837	1,878	1,788	-90
Road transport	1,143					1,204	
Road maintenance	750					597	
Road rehabilitation/Aboriginal community road transport services	92					140	
Road construction	153					299	
Road transport nec.	148					168	
Water transport	28					24	
Urban water transport services	-					-	
Other water transport services	28					24	
Rail transport	42					45	
Urban rail transport services	-					-	
Non-urban rail transport freight services	3					12	
Non-urban rail transport passenger services	39					33	
Air transport	20					12	
Pipelines	-					-	
Other transport	638					502	
Multi-mode urban transport	638					502	
Other transport nec.	-					-	
Communications	-					-	
<i>Other economic affairs</i>	753	759	685	687	665	719	54
Storage, saleyards and markets	4					3	
Tourism and area promotion	120					122	
Labour and employment affairs	389					376	
Vocational training	283					255	
Other labour and employment affairs	106					122	
Other economic affairs	241					218	
<i>Other purposes</i>	853	932	857	890	959	969	10
Public debt transactions	687					811	
General purpose inter-government transactions	154					158	
Natural disaster relief	11					-	
Other purposes nec.	-					-	
TOTAL EXPENSES	24,571	25,281	25,178	25,236	25,457	25,468	11
PURCHASES OF NON-FINANCIAL ASSETS							
General public services	260	218	252	233	169	161	-8
Public order and safety	282	401	422	420	275	216	-59
Education	691	567	654	670	572	506	-65
Health	1,141	1,130	1,102	1,107	1,007	901	-106
Social security and welfare	62	57	69	69	57	53	-4
Housing and community amenities	132	166	48	48	115	107	-8
Recreation and culture	184	186	251	253	221	181	-40
Fuel and energy	10	5	10	10	10	8	-2
Agriculture, forestry, fishing and hunting	18	30	32	32	34	23	-11
Mining and mineral resources other than fuels; manufacturing; and construction	1	3	3	3	3	2	-1
Transport and communications	544	857	871	871	849	852	3
Other economic affairs	34	181	226	225	205	185	-20
Other purposes	-	-500	-750	-750	-300	-	300
TOTAL PURCHASE OF NON-FINANCIAL ASSETS	3,358	3,301	3,191	3,192	3,217	3,195	-22

(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.

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 government's deficit position¹.

Western Australia recorded an LCA deficit of \$3,568 million in 2012-13, \$13 million lower than the \$3,581 million deficit forecast in the 2012-13 Budget.

Material changes in the composition of this outcome since the 2012-13 Budget include:

- a higher than anticipated cash deficit for the total non-financial public sector (up \$358 million), with a higher cash deficit in the public non-financial corporations sector (up \$480 million) which more than offset a lower than expected cash deficit in the general government sector (down \$122 million);
- an increase in acquisitions under finance leases and similar arrangements (up \$104 million), mainly due to an increase in finance leases liabilities of WA Health reflecting the Serco Facilities Management contract related to the new Fiona Stanley Hospital; and
- lower than expected outcomes for memorandum items² (down \$475 million), primarily levels of home lending by Keystart, partly offset by an increase in loans to universities.

Key variations in State financial outcomes relative to the original 2012-13 Budget are detailed in Appendix 4 of this report.

Table 3.2

2012-13 LOAN COUNCIL ALLOCATIONS Western Australia

	Nomination ^(a)	Budget Estimate	Estimated Outturn	Actual	Variation on Budget
	\$m	\$m	\$m	\$m	\$m
		(1)	(2)	(3)	(3)-(1)
General government cash surplus/deficit	2,054	2,074	1,751	1,952	-122
Public non-financial Corporations sector cash surplus/deficit	1,897	1,518	2,138	1,998	480
<i>Total non-financial public sector cash surplus/deficit</i>	<i>3,951</i>	<i>3,592</i>	<i>3,890</i>	<i>3,950</i>	<i>358</i>
Acquisitions under finance leases and similar arrangements	-	-	1	104	104
<i>GFS cash surplus/deficit</i>	<i>3,951</i>	<i>3,592</i>	<i>3,890</i>	<i>4,054</i>	<i>462</i>
Less: Non-financial public sector net cash flows from investments in financial assets for policy purposes	-	-	-	-	-
Plus: Memorandum items	-76	-11	1,179	-486	-475
Loan Council Allocation	3,875	3,581	5,070	3,568	-13
<i>Tolerance Limit^(b)</i>	<i>864</i>				

(a) 2012-13 Government Mid-year Financial Projections Statement, released 21 December 2012.

(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.

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

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).

Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2013

This appendix contains explanations for material variations in general government and total public sector financial aggregates compared to the original budget presented to Parliament on 17 May 2012, in line with the requirements of AASB 1049: *Whole of Government and General Government Sector Reporting requirements*¹.

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 expenses (salaries, transfers and other gross operating expenses). Explanations are also provided for other revenue and expense items where the variance since budget is greater or equal to \$10 million and 10%, and for key line items that appear on the face of the operating statement.

In regard to the other financial statements (the general government balance sheet and cash flow statement, and the three financial statements for the total public sector), high level explanations are provided for key line items.

¹ Paragraph 59(f) of this standard indicates that major variances between original budget estimates and outcomes need to be explained in the financial statements. Paragraph 61 indicates that the original budget is the first budget presented to Parliament in respect of the reporting period.

Table 4.1

GENERAL GOVERNMENT
Operating Statement

	Notes	2012-13			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
RESULTS FROM TRANSACTIONS					
REVENUE					
Taxation	a	7,739	8,335	596	7.7
Current grants and subsidies	b	8,083	8,316	233	2.9
Capital grants	b	929	622	-307	-33.1
Sales of goods and services		1,933	2,089	156	8.1
Interest Income		268	255	-13	-4.9
Revenue from public corporations					
Dividends from other sectors		764	796	32	4.2
Tax equivalent income	c	504	381	-123	-24.3
Royalty income	d	4,871	4,425	-446	-9.2
Other	e	388	499	112	28.8
Total		25,477	25,718	240	0.9
EXPENSES					
Salaries	f	10,013	10,154	141	1.4
Superannuation					
Concurrent costs		949	965	16	1.7
Superannuation interest cost		343	369	27	7.8
Other employee costs		406	446	40	9.9
Depreciation and amortisation		1,101	1,108	7	0.7
Services and contracts		1,916	1,902	-13	-0.7
Other gross operating expenses	g	4,611	4,725	114	2.5
Other interest		424	442	17	4.1
Current transfers	h	4,902	4,895	-7	-0.1
Capital transfers	h	616	462	-154	-25.0
Total		25,281	25,468	188	0.7
NET OPERATING BALANCE	i	196	249	53	26.9
<i>Other economic flows</i>					
Net gains on assets/liabilities		2	-63	-65	-3,763.2
Net actuarial gains - superannuation		234	895	661	282.8
Provision for doubtful debts		-2	-28	-25	1,094.4
All other		-	-	-	-
Total other economic flows	j	233	804	571	244.8
OPERATING RESULT		430	1,053	624	145.2
<i>All other movements in equity</i>					
Revaluations		1,656	-424	-2,080	-125.6
Gains recognised directly in equity		-1	-4	-3	652.2
Changes in accounting policy/correction of prior period		-92	-72	20	-22.1
Change in net worth of the public corporations sectors		596	898	302	50.6
All other		-	-	-	-
Total all other movements in equity	k	2,160	398	-1,762	-81.6
TOTAL CHANGE IN NET WORTH	l	2,589	1,452	-1,138	-43.9
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE		196	249	53	26.9
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		3,301	3,195	-106	-3.2
Changes in inventories		-1	14	15	-1,519.7
Other movement in non-financial assets		-47	167	214	-453.9
<i>less:</i>					
Sales of non-financial assets		220	166	-55	-24.8
Depreciation		1,101	1,108	7	0.7
Total net acquisition of non-financial assets		1,931	2,102	170	8.8
NET LENDING/-BORROWING	m	-1,735	-1,852	-117	6.8

General Government Sector Operating Statement

- (a) Taxation revenue was \$596 million (or 7.7%) higher than budgeted, with:
- transfer duty up \$204 million (or 14.1%), reflecting stronger than expected property market activity, including the impact of a number of large commercial transactions, as well as stronger underlying activity in the housing market;
 - landholder duty up \$164 million (or 312.3%), mainly due to higher than expected large value transactions recorded during the year;
 - payroll tax up \$108 million (or 3.2%), reflecting stronger than expected employment growth that more than offset the effect of weaker than expected growth in wages;
 - insurance duty up \$43 million (or 8.4%), due to higher than expected rises in premiums charged by insurers, coupled with stronger than expected demand for insurance products;
 - land tax up \$28 million (or 5.1%), due to higher than expected assessable land valuations from increased numbers of taxpayers; and
 - a net increase of \$50 million (or 2.7%) across all other taxes.
- (b) Grants from the Commonwealth (current and capital) were \$74 million (or 0.8%) lower than budgeted, driven by net changes to a range of grants including:
- GST grants (up \$144 million or 5.2%), primarily to due upward revisions of the State's population, including amendments arising from the 2011 Census;
 - transport-related tied grants (down \$161 million or 23.8%), largely due to lower capital grants for roads, mainly reflecting the early payment (in 2011-12) of Commonwealth funding (largely related to the Great Northern Highway Port Hedland upgrade and faster than anticipated work on Great Eastern Highway, with part of the 2012-13 allocation being completed in 2011-12), as well as a number of other delays with the progress of works (and subsequently Commonwealth grant revenue) in 2012-13;
 - housing-related grants (down \$54 million or 35.2%), mainly due to an early payment (in 2011-12) by the Commonwealth of the 2012-13 allocation for Remote Indigenous Housing program; and
 - a net decrease of \$3 million (or 0.1%) across all other Commonwealth grants.

(c) Tax equivalent income from the State's public corporations were \$123 million (or 24.3%) lower than budgeted, driven by net changes to a range of agencies including:

- Western Power (down \$60 million), due to lower than budgeted profit and an increase in tax deductible costs, mainly related to a significant increase in pole replacement during 2012-13;
- Insurance Commission of Western Australia (down \$30 million), reflecting deferred tax credits following investment losses in 2011-12; and
- Synergy (down \$23 million), reflecting lower customer revenue (including as a result of lower demand and competition in contestable markets) and higher operating costs associated with the Feed-in Tariff.

(d) Royalty income was \$446 million (or 9.2%) lower relative to the 2012-13 Budget forecast. Iron ore royalties were \$412 million lower than expected due to lower average iron ore prices and a higher than expected average exchange rate, which more than offset the impact of higher than expected sales volumes.

The benchmark 'free on board' iron ore price for 2012-13 was \$US121.1 per tonne², \$US6.2 lower than the 2012-13 Budget \$US127.3 per tonne estimate. The average \$US/\$A exchange rate was 102.7 cents, which was US3.7 cents higher than the forecast of US99.0 cents. At around 513 million tonnes, the volume of iron ore sales were around 3% higher than forecast at the 2012-13 Budget (499 million tonnes).

(e) 'Other' revenue was \$112 million (or 28.8%) higher than budgeted, which reflects the net impact of the following changes:

- net assets transferred to the general government sector (up \$64 million), including \$61 million of unbudgeted road assets (bridges, roads, etc.) transferred to Main Roads by private organisations such as mining companies; and
- contributions from the private sector and other sources (up \$42 million) including for the Onslow Social and Critical Infrastructure Package by Chevron Australia (\$19 million), and higher external contributions to WA Health.

(f) Salaries expenses were \$141 million (or 1.4%) higher than budgeted, due mainly to outcomes in:

- WA Health (up \$194 million), largely due to higher than budgeted levels of health system activity; and
- the Department of Finance (down \$38 million), reflecting lower staffing levels as the process of decommissioning the Office of Shared Services proceeds.

² The 2012-13 benchmark free on board iron ore price is the spot price adjusted for factors such as grade, moisture and freight cost.

- (g) Other gross operating expenses (largely made up of the day-to-day non-salaries operating costs of agencies, including accommodation costs, building and maintenance costs, electricity and water costs, administration costs, etc.) were \$114 million (or 2.5%) higher than budgeted, which represents a relatively small forecasting variation across the 100 or so entities that make up the general government sector.
- (h) Total transfer expenses (mainly current and capital grant payments) were \$161 million (or 2.9%) lower than budgeted, with net changes including:
- lower grants by the (then) Department of Regional Development and Lands (down \$74 million), mainly due to a number of Royalties for Regions (RfR) funded projects held by the Department of Regional Development until business cases have been approved and the funding recipient has been identified. The differences are due to the transfer of funding for these projects to other agencies, including the Pilbara Cities Initiative, the Mid West Investment Plan and the Gascoyne Revitalisation Plan. The Country Local Government Fund estimated actual was reduced due to lower than expected spending by funding recipients;
 - lower Commonwealth grants on-passed to the Housing Authority³ (down \$48 million), largely related to the earlier receipt of Remote Indigenous Housing grants received in 2011-12 (detailed under Commonwealth grants revenue earlier);
 - a delay in the transfer of Ord-East Kimberley Expansion Project assets to the Shire of Wyndham East Kimberley (\$47 million), reflecting slower than expected completion of these works. The transfer is now expected to occur in 2013-14;
 - revised timing for a range of grants paid by the Department of the Premier and Cabinet (down \$28 million) including grants associated with the then expected Browse LNG Precinct Project and other native title grants, reflecting delays in negotiating Government Indigenous Land Use Agreements and associated granting of titles;
 - lower grants by the Department of Transport (down \$27 million), primarily due to program delays for the WA Bicycle Network, Regional Airport Development Scheme, Country Age Pension Fuel Card, and Recreational Boating Facilities, and savings for the Taxi User Subsidy Scheme and the Grain Freight Network Rescue – Transitional assistance Package;
 - lower appropriations to the Housing Authority (down \$25 million) following higher than expected own-source revenue outcomes for the Authority (including a refund of prior years' GST payments by the Australian Tax Office following a review of the GST treatment of property-related transactions);
 - lower grants by the Department of Agriculture and Food (down \$21 million), due to a realignment of the research grants revenue and expenses;

³ The Housing Authority is a public corporation outside the general government sector.

- lower grants by the Department of Environment and Conservation (down \$16 million), primarily due to Low Emissions Energy Development Fund grant recipients not achieving project milestones, and lower grants from the Contaminated Sites Management Account;
 - lower grants by the (then) Department of Commerce (down \$13 million), largely reflecting lower spending on RfR programs (including for the Regional Mobile Communications Project and the Pilbara Maritime Common Use Facility Project) as a result of various project milestones not being achieved, and lower spending on industry and innovation programs (including the Centres of Excellence Program and the Research and Innovation Fund) due to delays in contract and grant payments;
 - higher than budgeted taxation refunds (up \$103 million), mainly relating to large infrastructure and property transfers recorded in prior years, and for payroll tax matters – these refunds have been subject to long standing legal appeals that were settled in 2012-13; and
 - higher than budgeted grants by WA Health (up \$60 million), related to admitted and non-admitted patients, health-related prevention, promotion and protection programs, continuing care, and other, largely demand-driven, health costs.
- (i) The net operating balance in 2012-13 was \$249 million, up \$53 million (or 26.9%) from budget. Revenue was \$240 million (or 0.9%) higher than budget while expenses were \$188 million (or 0.7%) higher than budget, as detailed above.
- (j) Total other economic flows were \$804 million, up \$571 million from budget. This was largely due to higher than budgeted net actuarial gains on superannuation (up \$661 million). This outcome reflects movements in the actuary's valuation of unfunded superannuation liabilities, including the flow-on impact of higher than expected obligations for the year ending 30 June 2012, changes in retirement and longevity rates, actual earnings on defined benefit superannuation assets, and movements in the value of the discount rate used to estimate the future value of unfunded superannuation entitlements.
- (k) Total all other movements in equity were \$398 million, down \$1.8 billion from budget. This was mainly due to lower than estimated valuations for land and other physical assets across the sector for both 2011-12 (as reported in the 2011-12 *Annual Report on State Finances*) and for 2012-13. Lower land values more than offset a higher change in the net worth of the public corporations sectors (up \$302 million, which includes the increase in the value of the State's trading enterprises due to profit, asset revaluations, etc.).
- (l) The total change in net worth at 30 June 2013 was \$1.5 billion compared with \$2.6 billion 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, explained above.

- (m) Net lending/borrowing (which includes the net operating balance, less non-cash depreciation costs plus the net cost of infrastructure investment activities) was in a \$1.9 billion deficit position in 2012-13, compared to the original budget forecast of a \$1.7 billion deficit. A discussion on changes in general government sector purchases and sales of non-financial assets is contained later in this appendix (under the cash flow statement). Depreciation and changes in inventories were largely unchanged from budget, while other net operating changes relative to budget are detailed above.

Table 4.2

GENERAL GOVERNMENT
Balance Sheet

	Notes	2012-13			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
ASSETS					
<i>Financial assets</i>					
Cash and deposits		668	688	20	3.0
Advances paid		666	665	-1	-0.1
Investments, loans and placements		4,020	5,722	1,702	42.3
Receivables		2,581	2,870	289	11.2
Investment property		9	8	-1	-15.6
Shares and other equity					
Investments in other public sector entities - equity method		44,551	44,287	-264	-0.6
Investments in other public sector entities - direct injections		6,077	6,156	78	1.3
Investments in other entities		-	8	8	-
Other financial assets		-	-	-	-
Total financial assets	a	58,573	60,403	1,830	3.1
<i>Non-financial assets</i>					
Land		40,384	36,222	-4,162	-10.3
Property, plant and equipment		41,287	40,850	-437	-1.1
Biological assets		2	2	-	-17.6
Inventories					
Land inventories		98	84	-14	-14.3
Other inventories		68	77	10	14.0
Intangibles		377	554	177	47.1
Non-current assets held for sale		33	39	6	16.8
Other		173	208	34	19.9
Total non-financial assets	b	82,423	78,037	-4,386	-5.3
TOTAL ASSETS	c	140,996	138,440	-2,556	-1.8
LIABILITIES					
Deposits held		290	362	72	24.7
Advances received		440	439	-1	-0.2
Borrowings		10,264	11,104	840	8.2
Unfunded superannuation		8,420	8,000	-420	-5.0
Other employee benefits		2,749	3,043	294	10.7
Payables		609	884	276	45.3
Other liabilities		1,680	1,682	2	0.1
TOTAL LIABILITIES	d	24,452	25,513	1,061	4.3
NET ASSETS		116,544	112,927	-3,617	-3.1
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		10,550	10,579	29	0.3
Other reserves		105,994	102,348	-3,646	-3.4
NET WORTH	e	116,544	112,927	-3,617	-3.1
MEMORANDUM ITEMS					
<i>Net financial worth</i>		34,121	34,890	769	2.3
<i>Net financial liabilities</i>		16,507	15,552	-955	-5.8
<i>Net debt</i>					
Gross debt liabilities		10,994	11,905	911	8.3
less: liquid financial assets		5,354	7,075	1,721	32.1
less: convergence differences impacting net debt		88	88	-	-
Net debt	f	5,552	4,742	-810	-14.6

General Government Sector Balance Sheet

- (a) General government sector financial assets totalled \$60.4 billion at 30 June 2013, up \$1.8 billion (3.1%) from the original budget. This reflected higher liquid financial assets (up a net \$1.7 billion), the majority of which are Public Bank Account (PBA) investments⁴, and accounts receivables (up \$289 million). The latter largely reflects higher tax receivables (up \$234 million), including several large transactions that were assessed but yet to be paid at 30 June 2013.
- (b) Non-financial assets (such as land and infrastructure holdings, etc.) totalled \$78.0 billion at 30 June 2013, down \$4.4 billion (or 5.3%) from the original budget. This reflected lower than forecast land holdings (down \$4.2 billion) and property, plant and equipment (down \$437 million), partly offset by higher intangibles (up \$177 million).
- (c) Total assets were \$138.4 billion at 30 June 2013, down \$2.6 billion (or 1.8%) compared to budget, reflecting movements outlined above.
- (d) Total liabilities were \$25.5 billion at 30 June 2013, up \$1.1 billion (or 4.3%) from the original budget. This largely reflected the net movement of:
- higher borrowings (up \$840 million or 8.2% on budget), largely due to the higher than expected outcome for the year ending 30 June 2012. Finance lease obligations totalled \$422 million at 30 June 2013, \$136 million higher than budget. Partly offsetting these increases, the net cash flows from operations and investment in physical assets (which are detailed in the cash flow discussion later in this appendix) were in a lower than expected borrowing position (\$122 million);
 - higher employee benefit liabilities (up \$294 million or 10.7%) largely reflects higher than budgeted annual and long service leave entitlements, particularly in the education and health sectors (which account for around 64% of general government sector employees);
 - higher payables (up \$276 million or 45.3%) due to timing issues for works undertaken by Building Management and Works and large construction projects overseen by the Office of Strategic Projects; and
 - lower than budgeted unfunded superannuation liabilities (down \$420 million or 5.0%), due mainly to movements outlined earlier in this appendix.
- (e) Net worth (the difference between total assets and total liabilities) was \$112.9 billion at 30 June 2013. This outcome is \$3.6 billion (or 3.1%) lower than the forecast \$116.5 billion at budget and reflects the outcomes detailed above.
- (f) General government sector net debt was \$4.7 billion at 30 June 2013, \$810 million lower than the \$5.6 billion estimated in the original budget.

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 overseen by the State Treasury with funds management provided by the Western Australian Treasury Corporation. Key components of the PBA are discussed further in Appendix 7: *Public Ledger*.

Table 4.3

GENERAL GOVERNMENT
Cashflow Statement

	Notes	2012-13			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash received</i>					
Taxes received		7,749	8,156	407	5.3
Grants and subsidies received		8,993	8,934	-59	-0.7
Receipts from sales of goods and services		1,971	2,120	149	7.6
Interest receipts		262	249	-13	-4.8
Dividends and tax equivalents		1,164	1,215	51	4.4
Other		5,997	6,068	70	1.2
<i>Total cash received</i>		<i>26,135</i>	<i>26,742</i>	<i>606</i>	<i>2.3</i>
<i>Cash Paid</i>					
Wages, salaries and supplements, and superannuation		-11,255	-11,304	-49	0.4
Payments for goods and services		-6,858	-7,336	-478	7.0
Interest paid		-414	-439	-25	6.0
Grants and subsidies paid		-5,289	-5,144	145	-2.7
Dividends and tax equivalents		-	-	-	-
Other payments		-1,312	-1,441	-129	9.8
<i>Total cash paid</i>		<i>-25,128</i>	<i>-25,664</i>	<i>-536</i>	<i>2.1</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES	a	1,007	1,077	71	7.0
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets	b	-3,301	-3,195	106	-3.2
Sales of non-financial assets	c	220	166	-55	-24.8
<i>Total cash flows from investments in non-financial assets</i>	<i>d</i>	<i>-3,080</i>	<i>-3,029</i>	<i>51</i>	<i>-1.7</i>
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes		-	7	7	-
For liquidity purposes		-	1	1	-
<i>Cash paid</i>					
For policy purposes		-751	-619	132	-17.6
For liquidity purposes		-	-18	-18	-
<i>Total cash flows from investments in financial assets</i>		<i>-752</i>	<i>-629</i>	<i>123</i>	<i>-16.4</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES		-3,832	-3,657	174	-4.6
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash received</i>					
Advances received		14	15	1	5.2
Borrowings		2,523	2,425	-98	-3.9
Deposits received		-	-	-	-
Other financing receipts		34	35	1	3.6
<i>Total cash receipts from financing activities</i>		<i>2,571</i>	<i>2,475</i>	<i>-96</i>	<i>-3.7</i>
<i>Cash paid</i>					
Advances paid		-14	-15	-1	5.2
Borrowings repaid		-127	-322	-194	152.4
Deposits paid		-	-	-	-
Other financing payments		-72	-91	-18	25.5
<i>Total payments for financing activities</i>		<i>-214</i>	<i>-428</i>	<i>-214</i>	<i>99.9</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES		2,357	2,047	-310	-13.1
Net increase in cash and cash equivalents		-469	-533	-65	13.8
Cash and cash equivalents at the beginning of the year		5,094	6,796	1,703	33.4
Cash and cash equivalents at the end of the year		4,625	6,263	1,638	35.4
KEY FISCAL AGGREGATES					
Net cash flows from operating activities		1,007	1,077	71	7.0
Net cash flows from investing in non-financial assets		-3,080	-3,029	51	-1.7
Cash surplus/-deficit	e	-2,074	-1,952	122	-5.9

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 \$1.1 billion cash surplus position in 2012-13, up \$71 million (or 7.0%) since budget⁵. Total cash received in 2012-13 was \$26.7 billion, \$606 million (or 2.3%) higher than budget while total cash paid in 2012-13 was \$25.7 billion, up \$536 million (or 2.1%) since budget. These upward movements reflect the cash equivalent of the operating statement issues discussed earlier in this appendix.
- (b) Purchases of non-financial assets were \$3.2 billion in 2012-13, \$106 million (or 3.2%) lower than budget. The budget included an underspend provision of \$500 million for expected shortfalls across the general government sector. By year-end, these shortfalls were larger than expected, with net changes across key agencies including:
- WA Health (down \$240 million), due to the expensing of a number of projects which were budgeted to be capitalised, differences in expected and actual payment of contractors and the signing of contracts, and changes in project timelines that emerged over the course of the year;
 - Department of Corrective Services (down \$76 million), primarily reflecting a change to the accounting treatment for the Eastern Goldfields Regional Prison to reclassify \$76 million of fixed asset purchases in 2012-13 to the recognition of a finance lease transaction commencing in 2015-16;
 - Department of Finance (down \$60 million), due mainly to lower than forecast State Fleet vehicle acquisitions related to the extension of standard vehicle lease terms, and delays in works at Dumas House and Albert Facey House;
 - Western Australia Police (down \$52 million), due primarily to:
 - delays with the Regional Radio Network Replacement Program (including negotiations over tower sites with various shires), and with the ICT Core Business Systems Development Program (reflecting later than expected project approval); and
 - reclassification of works to expense under applicable accounting standards;

⁵ The net cash flow from operating activities is the cash equivalent of the net operating balance on the operating statement discussed earlier. The 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.

- Department of Regional Development and Lands (down \$48 million), mainly due to a number of RfR funded projects held by the Department of Regional Development until business cases have been approved and the funding recipient has been identified. The differences are due to the transfer of funding for these projects to other agencies, including the Pilbara Cities Strategic Infrastructure Project, the Regional Capital Works Initiative and the Jigalong Essential Services Pilot;
 - Department of Education (down \$44 million), due to timing changes to a range of projects, and the reclassification of some works to recurrent spending (under applicable accounting standards);
 - Department of the Attorney General (down \$40 million), due to changes in timing and net under-expenditure for projects including the Carnarvon Justice Complex, Kununurra Court, and Central Law Courts;
 - Department of Sport and Recreation (down \$31 million), mainly due to timing changes for the construction of the State Netball Centre and new Perth Stadium included in the 2013-14 Budget;
 - Department of Training and Workforce Development (down \$27 million), due to slower than anticipated progress in building construction and/or tender processes for projects including the Rockingham Campus Redevelopment, the Bunbury Heavy Duty Automotive facility, Narrogin Campus Upgrade and various Skills Training Initiative projects and the Remedial Works Program;
 - Country High Schools Hostels Authority (down \$16 million), due largely to delays in the upgrade of Regional Residential Colleges which are now scheduled to occur in 2013-14, 2014-15 and 2015-16;
 - Department of Fire and Emergency Services (down \$15 million), mainly due to planning and construction delays for the replacement of various Career and Volunteer Fire and Rescue Stations and delays in the acquisition of land for the replacement of the Career Fire and Rescue station in Kensington, due to the local council's difficulty in identifying a suitable site;
 - Western Australian Sports Centre Trust (up \$40 million), due to delays in the completion of the Perth Arena; and
 - Department of State Development (up \$34 million), due to higher spending on the Ord-East Kimberley Expansion Project, with unspent 2011-12 monies being spent in 2012-13.
- (c) Sales of non-financial assets were \$166 million in 2012-13, \$55 million (or 24.8%) lower than budget. This was mainly due to lower sales of Crown land by the Department of Regional Development and Lands (down \$40 million following delays in clearances and preparation of land for sale), and lower car fleet sales by the Department of Finance (down \$28 million reflecting a combination of factors).

- (d) Net cash flows from investments in non-financial assets totalled \$3.0 billion in 2012-13, a variance of \$51 million (or 1.7%) lower than budget, reflecting the variances in purchases and sales outlined above.
- (e) The general government sector recorded a \$2.0 billion cash deficit in 2012-13, \$122 million (or 5.9%) lower than forecast in the original budget. This reflects the combination of a higher net cash flow on operations (up \$71 million) and a lower net cash flow on investments in non-financial asset (down \$51 million). The cash deficit is the key driver in movements in net debt (discussed above and in Chapter 1).

Table 4.4

TOTAL PUBLIC SECTOR
Operating Statement

	Notes	2012-13			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
RESULTS FROM TRANSACTIONS					
REVENUE					
Taxation		7,335	7,894	559	7.6
Current grants and subsidies		8,083	8,316	233	2.9
Capital grants		929	622	-307	-33.1
Sales of goods and services		18,371	17,955	-416	-2.3
Interest income		980	687	-294	-30.0
Royalty income		4,871	4,425	-446	-9.2
Other		758	896	137	18.1
<i>Total</i>	a	41,327	40,794	-533	-1.3
EXPENSES					
Salaries		11,160	11,307	147	1.3
Superannuation					
Concurrent costs		1,057	1,071	14	1.3
Superannuation interest cost		343	369	27	7.8
Other employee costs		262	315	53	20.3
Depreciation and amortisation		2,726	3,024	298	10.9
Services and contracts		2,653	2,782	128	4.8
Other gross operating expenses		17,212	16,487	-725	-4.2
Other interest		1,755	1,588	-166	-9.5
Current transfers		3,554	3,631	77	2.2
Capital transfers		542	428	-114	-21.1
<i>Total</i>	b	41,264	41,003	-262	-0.6
NET OPERATING BALANCE	c	63	-208	-271	-430.4
<i>Other economic flows</i>					
Net gains on assets/liabilities		107	315	207	193.2
Net actuarial gains - superannuation		234	881	647	276.6
Provision for doubtful debts		-18	-106	-88	486.4
All other		-	-	-	-
<i>Total other economic flows</i>	d	323	1,089	766	237.2
OPERATING RESULT		386	881	495	128.2
<i>All other movements in equity</i>					
Revaluations		2,351	149	-2,202	-93.7
Gains recognised directly in equity		-51	556	608	-1,182.6
Changes in accounting policy/correction of prior period errors		-96	-135	-39	40.1
All other		-	-	-	-
<i>Total all other movements in equity</i>	e	2,203	571	-1,633	-74.1
TOTAL CHANGE IN NET WORTH	f	2,589	1,452	-1,138	-43.9
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE		63	-208	-271	-430.4
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		7,639	7,355	-284	-3.7
Changes in inventories		112	-654	-766	-682.4
Other movement in non-financial assets		-170	215	385	-226.5
<i>less:</i>					
Sales of non-financial assets		1,640	902	-738	-45.0
Depreciation		2,726	3,024	298	10.9
<i>Total net acquisition of non-financial assets</i>		3,216	2,991	-225	-7.0
NET LENDING/-BORROWING	g	-3,153	-3,199	-46	1.5

Total Public Sector⁶ Operating Statement

- (a) Operating revenue in 2012-13 was \$40.8 billion, \$533 million (or 1.3%) lower than budget. This overall decrease included higher taxation and 'other' revenue which were more than offset by lower royalties, sales of goods and services, interest income, and Commonwealth grants. Movements for taxation, royalties, Commonwealth grants and other revenue have been explained previously under the general government sector discussion earlier in this appendix⁷.

Sales of goods and services were \$416 million (or 2.3%) lower than budget, with net movements including:

- lower sales of precious metals by the Gold Corporation (down \$992 million), due to a decline in metal prices and world demand;
- higher sales of goods by, and rent revenue for, the Housing Authority (up \$139 million), due largely to the reclassification of sales from the Affordable Housing Program (which in the budget were included as sales of non-financial assets);
- higher sales and services revenue for Racing and Wagering Western Australia (up \$175 million) reflecting higher internet and telephone betting turnover;
- higher sales and services generated by Main Roads (up \$68 million), due to work undertaken for various external customers, particularly the local government sector, including revenue from the Carnarvon Flood Levee works;
- higher Lotteries Commission sales (up \$62 million), due largely to higher than anticipated Oz Lotto and Powerball jackpot prize pools which increased demand during the year; and
- higher sales and services by the WA Health (up \$62 million), due to higher Pharmaceutical Benefits Scheme recoveries, and daily bed charges for private and overseas patients.

Interest income was \$294 million (or 30%) lower than budget. This mainly reflects lower interest earnings on Western Australian Treasury Corporation (WATC) investments, and lower official interest rates (which declined from 3.75% in May 2012 to 2.75% in June 2013).

⁶ The total public sector (also known as the whole-of-government) consolidates the general government sector (discussed above), 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).

⁷ 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 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.

- (b) Operating expenses in 2012-13 were \$41.0 billion, \$262 million (or 0.6%) lower than budget. This movement included lower transfer expenses (mainly grants), interest costs and other gross operating expenses, which more than offset higher salaries, superannuation, depreciation, and services and contracts expenses.

'Other' gross operating expenses were \$725 million (or 4.2%) lower than budget, with net movements including Gold Corporation (down \$1.0 billion), Racing and Wagering (up \$167 million) and Lotteries Commission (up \$35 million) which are associated with the movements in revenue outlined above.

Depreciation costs (i.e. the cost of using part of the useful life of a physical asset during the year) were \$298 million (or 10.9%) higher than budget. This largely reflects:

- a \$267 million increase in depreciation attributable to 'fair value' and other increases in the public sector's approximately \$28 billion holdings in water and electricity infrastructure⁸;
- a \$48 million increase in depreciation costs for the State's road network, following a post-budget review of State road asset values;
- a \$39 million increase in depreciation costs for WA Health, mainly reflecting accelerated depreciation charges following a review of the useful life of the Princess Margaret, Swan District and Shenton Park hospitals, driven by new hospital infrastructure expected to come on line in the near future;
- a \$30 million decrease in depreciation cost for the Department of Finance, largely related to the decommissioning of the Office of Share Services' Oracle system; and
- a \$23 million decrease in Department of Education depreciation costs, mainly due to standardisation of school building depreciation accounting policy with that of other agencies with large holdings of buildings, and similar depreciation policy in other jurisdictions (moving to a recognised useful life of 50 years rather than 40 years).

Salaries were \$147 million (or 1.3%) higher than budget, driven by the \$141 million higher salaries for the general government sector agencies outlined earlier, with the State's major public corporations recording salaries outcomes that were broadly in line with the budget forecasts (up just \$6 million or 0.6% on budget).

⁸ AASB 1049 requires that larger physical asset classes be recorded at 'fair value' rather than at the cost of original purchase of the assets. Property, plant and equipment holdings by the State are very large and are sensitive to changes in fair value from year to year. Accordingly, annual depreciation costs can fluctuate significantly as these relate to significant movements in the value of the State's asset base.

Interest expenses were \$166 million (or 9.5%) lower than budget, due mainly to the impact of lower interest costs for the WATC following reductions in official cash rates by the Reserve Bank of Australia during 2012-13. Partially offsetting official changes in rates, the market also factored in slightly higher costs for borrowing following the State's 'negative outlook' status for both Moody's and Standard & Poor's triple-A credit rating assessments in late 2012.

- (c) The total public sector net operating balance in 2012-13 was a \$208 million deficit, a \$271 million turnaround compared with the \$63 million surplus projected at the time of the budget. Revenue was \$533 million (or 1.3%) lower than budget while expenses were \$262 million (or 0.6%) lower than budget. The main drivers of these movements have been explained above.
- (d) Total other economic flows were \$1.1 billion, up \$766 million from budget. This was largely due to higher than budgeted net actuarial gains on superannuation (up \$647 million), discussed earlier under the general government sector.
- (e) Total all other movements in equity were \$571 million, down \$1.6 billion from budget. This was mainly due to lower than estimated valuations for land and other physical assets across the sector for both 2011-12 and 2012-13.
- (f) The total change in net worth at 30 June 2013 was \$1.5 billion compared with \$2.6 billion 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, explained above.
- (g) Net lending/borrowing (which includes the net operating balance, less non-cash depreciation costs plus the net cost of infrastructure investment activities) was in a \$3.2 billion deficit position in 2012-13, \$46 million (or 1.5%) higher than the 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).

Table 4.5

TOTAL PUBLIC SECTOR
Balance Sheet

	Notes	2012-13			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
ASSETS					
<i>Financial assets</i>					
Cash and deposits		1,381	1,598	217	15.7
Advances paid		5,296	3,552	-1,744	-32.9
Investments, loans and placements		10,261	16,896	6,635	64.7
Receivables		3,967	4,286	319	8.0
Investment property		605	571	-33	-5.5
Equity - Investments in other entities		1,389	1,386	-3	-0.2
Other financial assets		52	24	-28	-53.4
<i>Total financial assets</i>		<i>22,952</i>	<i>28,314</i>	<i>5,363</i>	<i>23.4</i>
<i>Non-financial assets</i>					
Land		55,242	50,653	-4,589	-8.3
Property, plant and equipment		88,137	89,100	963	1.1
Biological assets		343	324	-19	-5.6
Inventories					
Land inventories		2,031	2,028	-3	-0.2
Other inventories		3,911	2,789	-1,122	-28.7
Intangibles		652	1,118	466	71.4
Non-current assets held for sale		61	70	9	14.0
Other		365	509	143	39.3
<i>Total non-financial assets</i>		<i>150,742</i>	<i>146,590</i>	<i>-4,152</i>	<i>-2.8</i>
TOTAL ASSETS		173,694	174,904	1,210	0.7
LIABILITIES					
Deposits held		67	144	78	116.6
Advances received		440	439	-1	-0.2
Borrowings		35,114	39,740	4,625	13.2
Unfunded superannuation		8,512	8,143	-369	-4.3
Other employee benefits		3,125	3,465	340	10.9
Payables		4,977	4,486	-492	-9.9
Other liabilities		4,914	5,560	646	13.2
TOTAL LIABILITIES		57,150	61,977	4,828	8.4
NET ASSETS		116,544	112,927	-3,617	-3.1
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		30,662	30,855	193	0.6
Other reserves		85,882	82,072	-3,810	-4.4
NET WORTH	a	116,544	112,927	-3,617	-3.1
MEMORANDUM ITEMS					
<i>Net financial worth</i>		-34,198	-33,663	535	-1.6
<i>Net financial liabilities</i>		35,587	35,049	-538	-1.5
<i>Net debt</i>					
Gross debt liabilities		35,621	40,323	4,702	13.2
less: liquid financial assets		16,938	22,046	5,108	30.2
less: convergence differences impacting net debt		88	88	-	-
<i>Net debt</i>	b	<i>18,594</i>	<i>18,188</i>	<i>-406</i>	<i>-2.2</i>

Total Public Sector Balance Sheet

- (a) Net worth of the total public sector was \$112.9 billion at 30 June 2013, identical to that of the general government sector (discussed earlier). 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 (down \$3.6 billion or 3.1%) 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.

The higher than budget asset position was largely due to higher liquid financial assets (up a net \$5.1 billion) and higher property, plant and equipment (up \$963 million), partly offset by lower than forecast land holdings (down \$4.6 billion) and other inventories (down \$1.1 billion). The higher than budget liabilities was predominantly due to higher gross debt liabilities (up \$4.7 billion). These movements since original budget largely reflect the lower than expected outcome for the year ending 30 June 2012, changes due to operating and investing operations through the year (discussed in cash flow terms below), and movements in the valuation of assets (particularly land and other physical assets).

- (b) Total public sector net debt was \$18.2 billion at 30 June 2013, \$406 million (or 2.2%) lower than \$18.6 billion estimated in the original budget. Higher gross debt liabilities (up \$4.7 billion) were more than offset by higher holdings of liquid financial assets (up \$5.1 billion). These variances include a \$646 million lower than expected outcome for the year ending 30 June 2012, with the remaining \$240 million (of higher net debt) including the recognition of \$217 million in additional debt following the termination of the joint venture arrangement for the refurbishment of the Muja AB generating facility (forecast at the time of the 2012-13 Budget to have no public sector net debt impact)⁹, and a \$124 million increase in finance lease liabilities of WA Health reflecting the Serco Facilities Management contract related to the new Fiona Stanley Hospital (finance lease obligations are recognised as borrowings). These increases were partly offset by other net movements in cash flows over the year.

⁹ Further details are provided at footnote 6 in Chapter 1: *Financial Results*.

Table 4.6

TOTAL PUBLIC SECTOR
Cashflow Statement

	Notes	2012-13			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash received</i>					
Taxes received		7,289	7,678	390	5.3
Grants and subsidies received		8,993	8,934	-59	-0.7
Receipts from sales of goods and services		18,392	18,205	-186	-1.0
Interest receipts		1,065	811	-253	-23.8
Dividends and tax equivalents		-	-	-	-
Other		7,039	7,594	555	7.9
<i>Total cash received</i>		<i>42,777</i>	<i>43,223</i>	<i>446</i>	<i>1.0</i>
<i>Cash paid</i>					
Wages, salaries and supplements, and superannuation		-12,544	-12,538	6	-0.1
Payments for goods and services		-18,548	-18,339	209	-1.1
Interest paid		-1,740	-1,687	53	-3.1
Grants and subsidies paid		-3,777	-3,770	7	-0.2
Dividends and tax equivalents		-	-	-	-
Other payments		-3,531	-4,324	-793	22.4
<i>Total cash paid</i>		<i>-40,141</i>	<i>-40,658</i>	<i>-517</i>	<i>1.3</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES	a	2,635	2,565	-70	-2.7
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets	b	-7,639	-7,355	284	-3.7
Sales of non-financial assets	c	1,640	902	-738	-45.0
<i>Total cash flows from investments in non-financial assets</i>	d	<i>-5,999</i>	<i>-6,453</i>	<i>-454</i>	<i>7.6</i>
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes		-	12	12	-
For liquidity purposes		1,101	7,236	6,136	557.5
<i>Cash paid</i>					
For policy purposes		-	-12	-12	-
For liquidity purposes		-1,831	-6,401	-4,570	249.7
<i>Total cash flows from investments in financial assets</i>		<i>-730</i>	<i>835</i>	<i>1,565</i>	<i>-214.4</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES		-6,729	-5,618	1,111	-16.5
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash received</i>					
Advances received		-	-	-	-
Borrowings		25,175	31,930	6,755	26.8
Deposits received		-	-	-	-
Other financing receipts		84	30	-55	-64.5
<i>Total cash received</i>		<i>25,259</i>	<i>31,960</i>	<i>6,701</i>	<i>26.5</i>
<i>Cash paid</i>					
Advances paid		-14	-15	-1	5.2
Borrowings repaid		-21,390	-29,576	-8,186	38.3
Deposits paid		-	-	-	-
Other financing payments		-111	-87	24	-21.7
<i>Total cash paid</i>		<i>-21,515</i>	<i>-29,678</i>	<i>-8,163</i>	<i>37.9</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES		3,744	2,282	-1,462	-39.1
Net increase in cash and cash equivalents		-350	-771	-421	120.5
Cash and cash equivalents at the beginning of the period		8,095	11,981	3,886	48.0
Cash and cash equivalents at the end of the period		7,745	11,210	3,465	44.7
KEY FISCAL AGGREGATES					
Net cash flows from operating activities		2,635	2,565	-70	-2.7
Net cash flows from investing in non-financial assets		-5,999	-6,453	-454	7.6
Cash surplus/-deficit	e	-3,364	-3,888	-524	15.6

Total Public Sector Cash Flow Statement

- (a) Net cash flows from operating activities were \$2.6 billion in 2012-13, down \$70 million (or 2.7%) since budget. Total cash receipts in 2012-13 were \$43.2 billion, \$446 million (or 1.0%) higher than budget, while total cash payments in 2012-13 were \$40.7 billion, up \$517 million (or 1.3%) since budget. Movements for key cash aggregates including taxes, Commonwealth grants, wages and salaries mirror equivalent items on the operating statement, discussed earlier in this appendix.
- (b) Purchases of non-financial assets were \$7.4 billion in 2012-13, \$284 million (or 3.7%) lower than budget. The budget included an underspend provision of \$1.0 billion for expected shortfalls across the sector, with \$500 million in both the general government and public non-financial corporations sectors. In addition to the general government sector variations noted earlier in this appendix, net changes in infrastructure spending by key public corporations include:
- the Housing Authority (down \$236 million or 24% on budget), due to slower than expected progress in the Affordable Housing Program (including Shared Start Program);
 - the Water Corporation (down \$141 million), reflecting a reduction in developer contributions, and delays and deferrals for a number of projects (including the Perdaman Urea Project, a water main associated with the Perth Foreshore Development Project, a waste water pressure main in Karratha, and the relocation of the Port Hedland Wastewater Treatment Plant);
 - the Metropolitan Redevelopment Authority (down \$136 million), due to delays in the Elizabeth Quay project (including the time taken to appoint contractors and changes in design and planning activities), and slower than expected works that were dependent on asset sales in the suburbs of Champion Lakes and Wungong (reflecting lower than expected sales market conditions);
 - the Fremantle Port Authority (down \$81 million), due partly to scope changes for the Rous Head Marina and the Fremantle Waterfront Implementation Plan (after consultation with proponents and approval bodies), and timing changes for a range of other works;
 - the Public Transport Authority (down \$29 million), due largely to timing changes for the Authority's Grain Freight Resleeper Program and the extension of the northern suburbs railway to Butler (which have been pushed out following delays in finalising designs with customers and further consultation with key stakeholders). These reductions were partly offset by earlier spending on the Railcar program; and

- Horizon Power (down \$26 million), largely resulting from delays in works across the Pilbara Underground Power Project and the Murchison Radio Observatory Power Station, reflecting issues such as the timing of contract negotiations and revisions to the scope of works for these projects. These reductions were partly offset by new spending on the South Hedland Site and Transmission Works (approved by the Government in October 2012).
- (c) Sales of non-financial assets were \$902 million in 2012-13, \$738 million or (45.0%) lower than budget. In addition to lower sales by general government sector agencies discussed earlier (down \$55 million), lower sales were also realised for the:
- Housing Authority (down \$508 million), reflecting the impact of lower acquisition of suitable vacant land for the Affordable Housing Program and the subsequent sales program following construction. Asset sales were also affected by the reclassification of some transactions to operating receipts as outlined earlier;
 - Western Australian Land Authority (down \$115 million), mainly due to slower than expected property market activity and some delays in obtaining titles in time for settlement in the 2012-13 financial year; and
 - Metropolitan Redevelopment Authority (down \$81 million), due to project delays and lower than expected market conditions, which affected sales in the Subiaco, Midland, Riverside and Armadale precincts.
- (d) Net cash flows from investments in non-financial assets were \$6.5 billion in 2012-13, \$454 million (or 7.6%) higher than budget, with movements in purchases and sales outlined above.
- (e) The total public sector recorded a \$3.9 billion cash deficit in 2012-13, \$524 million (or 15.6%) higher than forecast in the budget. This reflects the combination of the lower net cash surplus on operations (down \$70 million) and the higher net cash out flow in non-financial assets (up \$454 million) discussed above.

Special Purpose Accounts

Special Purpose Accounts (SPAs) are established under various sections of the *Financial Management Act 2006* (FMA). All such accounts include a trust fund statement outlining the purpose of the individual SPA. Some SPAs arise as a result of statute (e.g. the Fiona Stanley Hospital Construction Account and the Royalties for Regions Fund), while others are established administratively under the authority of the FMA.

This appendix details the year-to-date position of SPAs established to deliver key Government policy initiatives. This is not an exhaustive list of all SPAs, but it covers the major/material SPAs in existence at 30 June 2013. The SPA balances, and transactions in and out of these accounts, form part of the overall consolidated projections outlined elsewhere in this report.

The SPA balances detailed in this appendix provide a funding source for particular initiatives or policy areas. However, it is important to note that each dollar that is spent from these SPA balances will increase net debt (and reduce the net operating balance if the spending is for recurrent purposes) by the same amount. In this way, these SPA balances are no different from other funding sources, including new borrowings.

Fiona Stanley Hospital Construction Account

This SPA was established in October 2007 to set aside funds to be used for the construction of the Fiona Stanley Hospital.

Receipts during 2012-13 reflect \$125 million appropriated by the Parliament as part of the 2012-13 Budget and interest revenue earned on the account balances through the year. Funds are drawn from the account and paid to WA Health as payments for construction work fall due. Draw downs from the account are reducing the end-of-year balance as construction of the new facility is now well advanced.

Table 5.1		
FIONA STANLEY HOSPITAL CONSTRUCTION ACCOUNT		
	2012-13	2011-12
	\$m	\$m
<i>Balance at 1 July</i>	309	808
Receipts	134	33
Payments	339	532
CLOSING BALANCE	104	309

Note: Columns may not add due to rounding.

New Children's Hospital Account

This SPA was established in October 2010 to hold money for the construction and start up of the New Children's Hospital. The hospital is expected to be completed by mid-2015 and utilise all available funds in the SPA. A total of \$645 million (or 55%) of the construction costs have been funded from one-off royalty revenue and Consolidated Account surplus outcomes recorded over the period 2009-10 to 2011-12 (including \$70 million from the 2011-12 year, to be paid into the Account in 2013-14).

Funds are drawn from the SPA and paid to WA Health as payments for construction work fall due.

Table 5.2		
NEW CHILDREN'S HOSPITAL ACCOUNT		
	2012-13	2011-12
	\$m	\$m
<i>Balance at 1 July</i>	423	-
Receipts	70	505
Payments	216	82
CLOSING BALANCE	277	423

Note: Columns may not add due to rounding.

Perth Parking Licensing Account

This SPA was established in July 1999 to address various needs in the transport system such as traffic, bicycle access and enhancing the pedestrian environment which will increase access to the Perth city area.

Receipts reflect application fees, license fees, penalties, money appropriated by Parliament and interest revenue earned on the account balances. Funds drawn from the account are spent on the Central Area Transit system, improving public transport access, enhancing the pedestrian environment, supporting bicycle access and for administration of the *Perth Parking Management Act 1999*. Spending from the account in 2012-13 includes increased Central Area Transit and Free Transit Zone public transport services, and Central Business District Transport Plan initiatives.

PERTH PARKING LICENSING ACCOUNT			Table 5.3
	2012-13	2011-12	
	\$m	\$m	
<i>Balance at 1 July</i>	56	39	
Receipts	34	32	
Payments	20	15	
CLOSING BALANCE	70	56	

Note: Columns may not add due to rounding.

Road Trauma Trust Account

This account was established in 1990 originally as the Road Trauma Trust Account to provide for road safety initiatives.

Receipts reflect prescribed penalties paid during the year, other funds collected under the *Road Traffic Act 1974*, and interest revenue earned on the account balance. Key road safety initiatives funded from the account in 2012-13 include safety improvements to metropolitan intersections and vehicle run-off treatments on regional roads, continuation of the electronic school zone sign project, neurotrauma research, strategic traffic enforcement and increased breath and drug testing by Western Australia Police, road safety community and school education programs and the continuation of support for 'Roadwise' (the Local Government and Community Road Safety Program).

ROAD TRAUMA TRUST ACCOUNT			Table 5.4
	2012-13	2011-12	
	\$m	\$m	
<i>Balance at 1 July</i>	43	3	
Receipts	94	63	
Payments	73	22	
CLOSING BALANCE	65	43	

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 25% of the State's annual royalty income to fund investment in regional Western Australia.

Receipts reflect moneys appropriated by the Parliament and interest revenue earned on the account balance. Funds are drawn to support regional economic, business and social infrastructure. Consistent with the 2012-13 Budget decision to establish the Western Australian Future Fund (WAFF, discussed later in this appendix), accumulated balances totalling \$198 million (sourced from successive rounds of Government savings measures since the 2009-10 Budget) and \$100 million of funds sourced from the 2011-12 Budget decision to remove the concessional iron ore 'fines' royalty rate were transferred as 'seed capital' to the WAFF in November 2012.

Table 5.5

ROYALTIES FOR REGIONS FUND		
	2012-13	2011-12
	\$m	\$m
<i>Balance at 1 July</i>	687	670
Receipts	1,273	1,258
Payments	1,079	1,242
CLOSING BALANCE	881	687

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*.

The initiative seeks to improve access to regional health care services through the provision of additional resources, improvements to local hospitals and health facilities, and investment in telehealth services in the Great Southern, Mid West, Goldfields, South West and Wheatbelt regions. During 2012-13, WA Health outlaid from the SPA \$11 million on the District Medical Workforce Investment Program, \$3 million on the District Hospital Investment Program and \$1 million on the Telehealth Investment Program.

Table 5.6

ROYALTIES FOR REGIONS SOUTHERN INLAND HEALTH INITIATIVE		
	2012-13	2011-12
	\$m	\$m
<i>Balance at 1 July</i>	226	-
Receipts	-	226
Payments	15	-
CLOSING BALANCE	211	226

Note: Columns may not add due to rounding.

The New Perth Stadium Account

This SPA was established in October 2011 to set aside funds to be used for the construction of the New Perth Stadium and associated transport infrastructure. Construction is expected to be completed by 2018 and utilise all available funds in the SPA as part of the funding to support the construction.

This Account received a \$100 million injection of funds in July 2012, sourced from the better than expected Consolidated Account cash surplus for the 2010-11 financial year (appropriated to the SPA in the 2012-13 Budget). The Public Transport Authority drew down \$5 million in 2012-13, to support spending on planning and initial ground works. A further \$5 million was drawn against the account by the Department of Sport and Recreation which was not subsequently required in 2012-13 and was receipted back into the SPA.

Funds will be drawn from the SPA as payments for stadium and related transport infrastructure construction work fall due.

THE NEW PERTH STADIUM ACCOUNT			Table 5.7
	2012-13	2011-12	
	\$m	\$m	
<i>Balance at 1 July</i>	-	-	
Receipts	105	-	
Payments	10	-	
CLOSING BALANCE	95	-	

Note: Columns may not add due to rounding.

Western Australian Future Fund

The Western Australian Future Fund (WAFF) was established as a Treasurer's SPA following the passage of the *Western Australian Future Fund Act 2012* in November 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 across Western Australia.

Announced as part of the 2012-13 Budget, the Future Fund will receive around \$1 billion in 'seed capital' to be transferred from the Royalties for Regions Fund over the period 2012-13 to 2015-16. From 2016-17 onwards, a minimum of 1% of the State's annual royalty revenue will be paid into the WAFF. A total of \$298 million was transferred from the Royalties for Regions Fund as 'seed capital' in November 2012, with interest earnings on the account to 30 June 2013 totalling \$8 million.

WESTERN AUSTRALIAN FUTURE FUND			Table 5.8
	2012-13	2011-12	
	\$m	\$m	
<i>Balance at 1 July</i>	-	-	
Receipts	306	-	
Payments	-	-	
CLOSING BALANCE	306	-	

Note: Columns may not add due to rounding.

Quarterly Financial Results – June 2013

This appendix completes the quarterly data series for the 2012-13 year.

June quarterly data presented in this appendix are subject to year-end finalisation of audited accounts by agencies submitting source data. They may contain final year-end accruals that differ from estimated accruals submitted by agencies through the year, and reclassification of some aggregates in previously reported, unaudited data. Accordingly, quarterly outcomes for June 2013 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 2013

The general government sector recorded a \$134 million operating surplus for the three months to 30 June 2013, a turnaround on the \$239 million deficit for the same period in 2011-12.

Revenue for the three months to 30 June 2013 totalled \$6,903 million, \$570 million (or 9.0%) higher than the same period the previous year. This mainly reflects the combined effects of:

- higher royalty income (up \$477 million), primarily due to higher production volumes for iron ore and a lower exchange rate, partially offset by lower iron ore prices; and
- higher taxation revenue (up \$307 million), largely attributable to:
 - higher transfer and landholder duty collections (up \$204 million), due to stronger property market activity and an increase in high-value transactions assessed during the last quarter of 2012-13;

- higher payroll tax collections (up \$67 million), as a result of stronger labour market conditions and wage growth across the State economy;
 - higher loan guarantee fees (up \$28 million), due to the 2012-13 Budget decision to increase this charge for a number of public non-financial corporation sector agencies, and the impact of higher agency borrowings during 2012-13; and
 - higher insurance duty (up \$12 million), largely driven by increases in insurance premiums and demand for insurance products.
- lower Commonwealth grants (down \$333 million), primarily due to:
 - lower capital funding related to housing (down \$96 million), primarily due to a decrease in funding for Remote Indigenous Housing (down \$82 million), and Investment in Social Housing (second stage capital) in 2012-13 (down \$10 million), as funding for these projects winds down;
 - lower capital and recurrent transport grants (down \$75 million), due to lower funding received for the Nation Building Program (down \$87 million) and infrastructure employment projects, due to capital funding winding down for these projects, partially offset by a new Regional Infrastructure Fund (up \$25 million);
 - lower ‘other’ capital funding (down \$75 million), primarily due to decreases in funding received for the Health and Hospital Fund (down \$55 million), and East Kimberley Development Package (down \$19 million);
 - lower GST grants (down \$68 million), reflecting Western Australia’s smaller share of the national GST pool in 2012-13 (down from 7.5% to 5.9% in 2012-13; and
 - lower recurrent school funding (down \$39 million), mainly due to overall decrease in funding for the ‘Smarter Schools’ program (down \$43 million), partially offset by increases in funding for non-government schools and literacy and numeracy improvement initiatives.
 - higher sales of goods and services (up \$104 million), primarily due to higher health sector activity, additional motor vehicle drivers licences and a range of small movements in other regulatory fee collections.

Expenses for the quarter ended 30 June 2013 totalled \$6,769 million, \$197 million (or 3.0%) higher than the \$6,572 million reported in the same quarter last year. This includes the net effect of:

- higher salaries costs (up \$130 million or 5.2%) due to revised Enterprise Bargaining Agreements and higher staff numbers, particularly in the health, education and law and order sectors (which account for the majority of the total increase in salaries costs in the June quarter);
- higher services and contracts expense (up \$166 million), primarily due to timing of payments for day-to-day running costs across the general government sector;

- lower 'other' gross operating expenses (down \$167 million), mainly due to lower patient support costs, lower grant funding to non-government agencies (down \$23 million), lower direct school expenses and lower consumables expenses across the sector; and
- lower capital transfers (down \$88 million), primarily due to the timing of Commonwealth funding for Remote Indigenous Housing projects.

A cash deficit of \$69 million was recorded for the June 2013 quarter, reflecting the cash impact of the operating outcome above (\$784 million) and a net cash outflow for capital investment of \$853 million (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 2013

The total public sector recorded a \$390 million operating deficit for the June 2013 quarter, a \$212 million reduction relative to the \$602 million operating deficit recorded for the same quarter in 2011-12. Revenue totalled \$10,834 million, up \$751 million (or 7.4%) on the same period in 2011-12, while expenses were \$11,224 million, up \$540 million (or 5.1%) on the same period in 2011-12.

This outcome reflects the combined impact of:

- the \$134 million operating surplus for the general government sector (discussed above);
- a public non-financial corporations sector operating deficit of \$52 million in the June quarter 2013, with higher sales of goods revenue (particularly for the Gold Corporation as noted in Chapter 1 of this report), more than offset by higher depreciation costs and 'other' gross operating expenditure (also mainly Gold Corporation); and
- a modest operating surplus for the public financial corporations sector (\$26 million), due mainly to the timing of Insurance Commission of Western Australia sales revenue and lower quarterly insurance claims expenses.

The operating surplus outcome in the June quarter was more than offset by capital expenditure in the final three months of 2012-13, resulting in a cash deficit of \$1,225 million for the quarter. More detail on cash outcomes is detailed in Chapter 1 and Appendix 4 of this report.

Table 6.1

GENERAL GOVERNMENT
Operating Statement

	2012-13		2011-12	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
RESULTS FROM TRANSACTIONS				
REVENUE				
Taxation	2,070	8,335	1,763	7,173
Current grants and subsidies	1,854	8,316	1,950	8,678
Capital grants	253	622	490	1,082
Sales of goods and services	600	2,089	496	1,929
Interest Income	62	255	78	304
Revenue from public corporations				
Dividends from other sector entities	487	796	410	704
Tax equivalent income	84	381	115	381
Royalty income	1,344	4,425	867	4,343
Other	148	499	164	627
<i>Total</i>	6,903	25,718	6,333	25,220
EXPENSES				
Salaries	2,623	10,154	2,493	9,605
Superannuation				
Concurrent costs	252	965	258	913
Superannuation interest cost	140	369	83	317
Other employee costs	126	446	128	419
Depreciation and amortisation	365	1,108	282	990
Services and contracts	636	1,902	470	1,728
Other gross operating expenses	1,179	4,725	1,346	4,656
Other interest	120	442	105	371
Current transfers	1,229	4,895	1,219	5,053
Capital transfers	99	462	187	520
<i>Total</i>	6,769	25,468	6,572	24,571
NET OPERATING BALANCE	134	249	-239	649
<i>Other economic flows</i>				
Net gains on assets/liabilities	-91	-63	81	92
Net actuarial gains - superannuation	719	895	-565	-1,676
Provision for doubtful debts	-26	-28	-27	-26
All other	-	-	-	-
<i>Total other economic flows</i>	603	804	-511	-1,611
OPERATING RESULT	737	1,053	-749	-962
<i>All other movements in equity</i>				
Revaluations	-1,031	-424	-1,009	-4
Gains recognised directly in equity	1	-4	5	-7
Changes in accounting policy/correction of prior period errors	66	-72	117	-263
Change in net worth of the public corporations sectors	-260	898	-179	508
All other	-	-	-	-
<i>Total all other movements in equity</i>	-1,223	398	-1,067	234
TOTAL CHANGE IN NET WORTH	-486	1,452	-1,816	-728
KEY FISCAL AGGREGATES				
NET OPERATING BALANCE	134	249	-239	649
<i>Less Net acquisition of non-financial assets</i>				
Purchase of non-financial assets	915	3,195	961	3,358
Changes in inventories	4	14	-9	-
Other movement in non-financial assets	116	167	31	183
<i>less:</i>				
Sales of non-financial assets	61	166	87	184
Depreciation	365	1,108	282	990
<i>Total net acquisition of non-financial assets</i>	608	2,102	615	2,366
NET LENDING/-BORROWING	-474	-1,852	-853	-1,717

Note: Columns may not add due to rounding.

Table 6.2

GENERAL GOVERNMENT
Operating Revenue

	2012-13		2011-12	
	Three Months to 30 June	Actual	Three Months to 30 June	Actual
	\$m	\$m	\$m	\$m
Taxation				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	867	3,476	800	3,096
Property taxes				
<i>Land tax</i>	5	568	2	552
Transfer Duty	541	1,654	372	1,261
Landholder Duty	93	216	58	101
<i>Total duty on transfers</i>	634	1,870	430	1,362
Other stamp duties	-	5	-	-
Metropolitan Region Improvement Tax	-	85	-	84
Emergency Services Levy	20	237	18	220
Loan guarantee fees	35	104	7	25
<i>Total other property taxes</i>	55	431	25	329
Taxes on provision of goods and services				
Lotteries Commission	38	151	37	140
Video lottery terminals	-	-	-	-
Casino Tax	25	112	24	108
Betting tax	10	41	11	38
Other	-	-	19	19
<i>Total taxes on gambling</i>	74	304	90	305
Insurance Duty	141	555	129	487
Other	5	22	5	22
<i>Total taxes on insurance</i>	146	576	134	509
Taxes on use of goods and performance of activities				
Vehicle Licence Duty	103	404	104	367
Permits - Oversize Vehicles and Loads	5	8	3	7
Motor Vehicle recording fee	13	48	12	46
Motor Vehicle registrations	167	650	161	599
<i>Total motor vehicle taxes</i>	288	1,109	280	1,019
Total Taxation	2,070	8,335	1,763	7,173

Note: Columns may not add due to rounding.

Table 6.2 (cont.)

GENERAL GOVERNMENT
Operating Revenue

	2012-13		2011-12	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
Current Grants and Subsidies				
<i>General Purpose Grants</i>				
GST grants	701	2,935	769	3,454
North West Shelf grants	235	1,031	231	925
Compensation for Commonwealth crude oil excise arrangements	15	63	19	75
<i>Grants through the State</i>				
Schools assistance – non-government schools	15	873	16	831
Local government financial assistance grants	19	158	29	154
Local government roads	12	101	19	101
First Home Owners' Boost	-	-	-	1
Other	-	-	-	-
<i>National Specific Purpose Payment Agreement Grants</i>				
National Healthcare ^(a)	-	-	327	1,312
National Schools	104	406	95	378
National Agreement for Skills and Workforce Development	37	146	35	139
National Disability Services	32	127	28	110
National Affordable Housing	34	135	33	129
<i>National Health Reform^(a)</i>	420	1,398	-	-
<i>National Partnerships/Other Grants</i>				
Health	84	474	122	505
Housing	6	6	1	68
Transport	8	69	92	138
Other	133	394	136	358
Total Current Grants and Subsidies	1,854	8,316	1,950	8,678
Capital Grants				
<i>Grants Through the State</i>				
Schools assistance – non-government schools	6	25	5	40
<i>Nation Building and Jobs Plan</i>				
Schools	-	-	-	40
Housing	-	-	10	20
<i>National Partnerships/Other Grants</i>				
Housing	1	93	87	194
Transport	204	445	265	505
Other	41	59	122	281
Total Capital Grants	253	622	490	1,082
Sales of Goods and Services	600	2,089	496	1,929
Interest Income	62	255	78	304
Revenue from Public Corporations				
Dividends	487	796	410	704
Tax Equivalent Regime	84	381	115	381
Total Revenue from Public Corporations	571	1,177	525	1,085
Royalty Income	1,344	4,425	867	4,343
Other				
Lease Rentals	20	91	21	91
Fines	40	157	40	159
Revenue not elsewhere counted	89	252	103	377
Total Other	148	499	164	627
TOTAL REVENUE	6,903	25,718	6,332	25,220

(a) New Health Reform arrangements commenced on 1 July 2012.

Note: Columns may not add due to rounding.

Table 6.3

GENERAL GOVERNMENT
Cash Flow Statement

	2012-13		2011-12	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Cash received</i>				
Taxes received	2,188	8,156	1,953	7,091
Grants and subsidies received	2,253	8,934	2,551	9,831
Receipts from sales and goods and services	545	2,120	501	1,983
Interest receipts	69	249	91	299
Dividends and tax equivalents	573	1,215	496	1,127
Other receipts	1,626	6,068	1,369	6,101
<i>Total cash received</i>	7,252	26,742	6,961	26,433
<i>Cash paid</i>				
Wages, salaries and supplements, and superannuation	-2,749	-11,304	-2,705	-10,635
Payments for goods and services	-1,787	-7,336	-1,690	-6,815
Interest paid	-130	-439	-111	-353
Grants and subsidies paid	-1,473	-5,144	-1,532	-5,289
Dividends and tax equivalents	-	-	-	-
Other payments	-329	-1,441	-350	-1,388
<i>Total cash paid</i>	-6,467	-25,664	-6,387	-24,480
NET CASH FLOWS FROM OPERATING ACTIVITIES	784	1,077	574	1,953
CASH FLOWS FROM INVESTING ACTIVITIES				
<i>Cash flow from investment in non-financial assets</i>				
Purchase of non-financial assets	-915	-3,195	-961	-3,358
Sales of non-financial assets	61	166	87	184
<i>Total cash flows from investments in financial assets</i>	-853	-3,029	-873	-3,174
<i>Cash flows from investments in financial assets</i>				
<i>Cash received</i>				
For policy purposes	-1	7	2	6
For liquidity purposes	1	1	1	1
<i>Cash paid</i>				
For policy purposes	-132	-619	-199	-669
For liquidity purposes	-7	-18	-1	-6
<i>Total cash flows from investments in financial assets</i>	-138	-629	-197	-668
NET CASH FLOWS FROM INVESTING ACTIVITIES	-992	-3,657	-1,071	-3,842
CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Cash received</i>				
Advances received	15	15	14	14
Borrowings	1,422	2,425	2,083	3,416
Deposit received	-	-	-	-
Other financing receipts	7	35	10	32
<i>Total cash received</i>	1,444	2,475	2,108	3,463
<i>Cash paid</i>				
Advances paid	-15	-15	-14	-14
Borrowings repaid	-41	-322	146	-95
Deposits paid	-	-	-	-
Other financing payments	-31	-91	-34	-86
<i>Total cash paid</i>	-86	-428	97	-196
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,358	2,047	2,205	3,267
Net increase in cash and cash equivalents	1,151	-533	1,708	1,378
Cash and cash equivalents at beginning of the period	5,112	6,796	5,089	5,418
Cash and cash equivalents at end of the period	6,263	6,263	6,796	6,796
KEY FISCAL AGGREGATES				
Net cash flows from operating activities	784	1,077	574	1,953
Net cash flows from investing in non-financial assets	-853	-3,029	-873	-3,174
Cash surplus/-deficit	-69	-1,952	-300	-1,221

Note: Columns may not add due to rounding.

Table 6.4

TOTAL PUBLIC SECTOR
Operating Statement

	2012-13		2011-12	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
RESULTS FROM TRANSACTIONS				
REVENUE				
Taxation	1,941	7,894	1,682	6,850
Current grants and subsidies	1,854	8,316	1,950	8,678
Capital grants	253	622	490	1,082
Sales of goods and services	4,981	17,955	4,610	17,867
Interest income	181	687	228	924
Royalty income	1,344	4,425	867	4,343
Other	279	896	255	954
<i>Total revenue</i>	<i>10,834</i>	<i>40,794</i>	<i>10,083</i>	<i>40,699</i>
EXPENSES				
Salaries	2,893	11,307	2,722	10,671
Superannuation				
Concurrent costs	275	1,071	280	1,014
Superannuation interest cost	140	369	83	317
Other employee costs	98	315	100	305
Depreciation and amortisation	915	3,024	714	2,702
Services and contracts	891	2,782	720	2,579
Other gross operating expenses	4,660	16,487	4,767	17,204
Other interest	378	1,588	405	1,587
Current transfers	837	3,631	771	3,470
Capital transfers	137	428	121	384
<i>Total expenses</i>	<i>11,224</i>	<i>41,003</i>	<i>10,684</i>	<i>40,233</i>
NET OPERATING BALANCE	-390	-208	-602	466
<i>Other economic flows</i>				
Net gains on assets/liabilities	-100	315	-28	89
Net actuarial gains - superannuation	703	881	-609	-1,737
Provision for doubtful debts	-95	-106	-32	-43
All other	-	-	-	-
<i>Total other economic flows</i>	<i>509</i>	<i>1,089</i>	<i>-669</i>	<i>-1,692</i>
OPERATING RESULT	119	881	-1,271	-1,226
<i>All other movements in equity</i>				
Revaluations	-636	149	-724	332
Gains recognised directly in equity	-26	556	49	545
Changes in accounting policy/correction of prior period errors	56	-135	129	-379
All other	-	-	-	-
<i>Total all other movements in equity</i>	<i>-605</i>	<i>571</i>	<i>-545</i>	<i>498</i>
TOTAL CHANGE IN NET WORTH	-486	1,452	-1,816	-728
KEY FISCAL AGGREGATES				
NET OPERATING BALANCE	-390	-208	-602	466
<i>Less Net acquisition of non-financial assets</i>				
Purchase of non-financial assets	2,295	7,355	2,282	6,782
Changes in inventories	-659	-654	-539	-8
Other movement in non-financial assets	103	215	-1	158
<i>less:</i>				
Sales of non-financial assets	331	902	429	892
Depreciation	915	3,024	714	2,702
<i>Total net acquisition of non-financial assets</i>	<i>491</i>	<i>2,991</i>	<i>599</i>	<i>3,338</i>
NET LENDING/-BORROWING	-881	-3,199	-1,201	-2,872

Note: Columns may not add due to rounding.

Table 6.5

TOTAL PUBLIC SECTOR
Operating Revenue

	2012-13		2011-12	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
Taxation				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	841	3,390	781	3,022
Property taxes				
<i>Land tax</i>	-14	511	-4	509
Transfer Duty	541	1,654	372	1,261
Landholder Duty	93	216	58	101
<i>Total duty on transfers</i>	634	1,870	430	1,362
Other stamp duties	-	5	-	-
Metropolitan Region Improvement Tax	-	85	-	84
Emergency Services Levy	20	233	18	216
Loan guarantee fees	1	3	-	1
<i>Total other property taxes</i>	21	326	18	301
Taxes on provision of goods and services				
Lotteries Commission	-	-	-	-
Video lottery terminals	-	-	-	-
Casino Tax	25	112	24	108
Betting tax	-	-	-	-
Other	-	-	19	19
<i>Total taxes on gambling</i>	26	112	43	127
Insurance Duty	141	555	129	487
Other	5	22	5	22
<i>Total taxes on insurance</i>	146	576	134	509
Taxes on use of goods and performance of activities				
Vehicle Licence Duty	103	404	104	367
Permits - Oversize Vehicles and Loads	5	8	3	7
Motor Vehicle recording fee	13	48	12	46
Motor Vehicle registrations	167	650	161	599
<i>Total motor vehicle taxes</i>	288	1,109	280	1,019
Total Taxation	1,941	7,894	1,682	6,850

Note: Columns may not add due to rounding.

Table 6.5 (cont.)

TOTAL PUBLIC SECTOR
Operating Revenue

	2012-13		2011-12	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
Current Grants and Subsidies				
<i>General Purpose Grants</i>				
GST grants	701	2,935	769	3,454
North West Shelf grants	235	1,031	231	925
Compensation for Commonwealth crude oil excise arrangements	15	63	19	75
<i>Grants through the State</i>				
Schools assistance – non-government schools	15	873	16	831
Local government financial assistance grants	19	158	29	154
Local government roads	12	101	19	101
First Home Owners' Boost	-	-	-	1
Other	-	-	-	-
<i>National Specific Purpose Payment Agreement Grants</i>				
National Healthcare ^(a)	-	-	327	1,312
National Schools	104	406	95	380
National Agreement for Skills and Workforce Development	37	146	35	138
National Disability Services	32	127	28	110
National Affordable Housing	34	135	33	129
<i>National Health Reform^(a)</i>	420	1,398	-	-
<i>National Partnerships/Other Grants</i>				
Health	84	474	122	505
Housing	6	6	1	68
Transport	8	69	92	138
Other	133	394	136	358
Total Current Grants and Subsidies	1,854	8,316	1,950	8,678
Capital Grants				
<i>Grants Through the State</i>				
Schools assistance – non-government schools	6	25	5	40
<i>Nation Building and Jobs Plan</i>				
Schools	-	-	-	40
Housing	-	-	10	20
<i>National Partnerships/Other Grants</i>				
Housing	1	93	87	194
Transport	204	445	265	505
Other	41	59	122	281
Total Capital Grants	253	622	490	1,081
Sales of Goods and Services	4,981	17,955	4,610	17,867
Interest Income	181	687	228	924
Royalty Income	1,344	4,425	867	4,343
Other				
Lease Rentals	20	91	21	91
Fines	37	157	38	160
Revenue not elsewhere counted	223	647	196	704
Total Other	279	896	255	954
TOTAL REVENUE	10,834	40,794	10,082	40,699

(a) New Health Reform arrangements commenced on 1 July 2012.

Note: Columns may not add due to rounding.

Table 6.6

TOTAL PUBLIC SECTOR
Cash Flow Statement

	2012-13		2011-12	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Cash received</i>				
Taxes received	1,933	7,678	1,741	6,709
Grants and subsidies received	2,253	8,934	2,551	9,831
Receipts from sales and goods and services	5,212	18,205	4,529	18,061
Interest receipts	203	811	217	920
Dividends and tax equivalents	-	-	-	-
Other receipts	2,079	7,594	1,610	7,093
<i>Total cash received</i>	<i>11,680</i>	<i>43,223</i>	<i>10,648</i>	<i>42,613</i>
<i>Cash paid</i>				
Wages, salaries and supplements, and superannuation	-2,997	-12,538	-2,976	-11,845
Payments for goods and services	-5,352	-18,339	-4,438	-18,351
Interest paid	-388	-1,687	-420	-1,485
Grants and subsidies paid	-1,008	-3,770	-884	-3,568
Dividends and tax equivalents	-	-	-	-
Other payments	-1,198	-4,324	-946	-3,715
<i>Total cash paid</i>	<i>-10,942</i>	<i>-40,658</i>	<i>-9,665</i>	<i>-38,963</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES	738	2,565	983	3,650
CASH FLOWS FROM INVESTING ACTIVITIES				
<i>Cash flow from investment in non-financial assets</i>				
Purchase of non-financial assets	-2,295	-7,355	-2,282	-6,782
Sales of non-financial assets	331	902	429	892
<i>Total cash flows from investments in financial assets</i>	<i>-1,963</i>	<i>-6,453</i>	<i>-1,854</i>	<i>-5,890</i>
<i>Cash flows from investments in financial assets</i>				
<i>Cash received</i>				
For policy purposes	3	12	2	6
For liquidity purposes	1,800	7,236	1,036	6,288
<i>Cash paid</i>				
For policy purposes	-3	-12	-2	-6
For liquidity purposes	-2,086	-6,401	-1,365	-6,518
<i>Total cash flows from investments in financial assets</i>	<i>-285</i>	<i>835</i>	<i>-329</i>	<i>-230</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES	-2,248	-5,618	-2,182	-6,120
CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Cash received</i>				
Advances received	-	-	-	-
Borrowings	12,436	31,930	9,385	27,171
Deposit received	-	-	-	-
Other financing receipts	-13	30	16	52
<i>Total cash received</i>	<i>12,423</i>	<i>31,960</i>	<i>9,401</i>	<i>27,224</i>
<i>Cash paid</i>				
Advances paid	-15	-15	-14	-14
Borrowings repaid	-9,449	-29,576	-5,059	-21,252
Deposits paid	-	-	-	-
Other financing payments	-2	-87	-30	-108
<i>Total cash paid</i>	<i>-9,465</i>	<i>-29,678</i>	<i>-5,104</i>	<i>-21,374</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES	2,958	2,282	4,297	5,849
Net increase in cash and cash equivalents	1,447	-771	3,097	3,379
Cash and cash equivalents at beginning of the period	9,762	11,981	8,884	8,602
Cash and cash equivalents at end of the period	11,210	11,210	11,981	11,981
KEY FISCAL AGGREGATES				
Net cash flows from operating activities	738	2,565	983	3,650
Net cash flows from investing in non-financial assets	-1,963	-6,453	-1,854	-5,890
Cash surplus/-deficit	-1,225	-3,888	-871	-2,240

Note: Columns may not add due to rounding.

Public Ledger

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

Table 7.1 shows that the aggregate balance of the Public Ledger at 30 June 2013 was \$105 million higher than the balance at 30 June 2012. This reflects a \$926 million increase in the Consolidated Account accrual deficit and a \$3 million decrease in net advances under the Treasurer's Advance Account, which was more than offset by a \$1,028 million increase in the balances of TSPAs.

PUBLIC LEDGER BALANCES AT 30 JUNE			Table 7.1
	2013 \$m	2012 \$m	
THE PUBLIC LEDGER			
Consolidated Account ^(a)	-7,009	-6,083	
Treasurer's Special Purpose Accounts	9,327	8,299	
Treasurer's Advance Account – Net Advances	-7	-10	
TOTAL	2,311	2,206	

(a) The balance of the Consolidated Account at 30 June 2013 includes cash and non-cash balances. Non-cash appropriations of \$7,207 million at 30 June 2013 (30 June 2012: \$6,371 million) represent the balance of the non-cash cost of agency services. These appropriations are credited to agency Holding Accounts that are included in the Treasurer's Special Purpose Accounts balance. In cash terms, the Consolidated Account recorded a surplus of \$198 million at 30 June 2013 (30 June 2012: \$288 million).

Information on individual agencies' Special Purpose Accounts, which are not part of the Public Ledger, can be found in the annual reports of those agencies.

Consolidated Account

The *Constitution Act 1889* requires that all revenue of the Crown that is not permanently appropriated by legislation to another entity, shall be credited to the Consolidated Account. The Act also requires that payments out of the Account must be appropriated by Parliament.

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

The Consolidated Account accrual deficit at 30 June 2013 was \$7,009 million, an increase of \$926 million on the accumulated deficit a year earlier. This included \$7,207 million in agency Holding Account balances, associated with accrual (non-cash) appropriations for depreciation and leave entitlements, with these accrued balances increasing by \$836 million during 2012-13.

A cash balance of \$198 million was held in the Consolidated Account at 30 June 2013. This compares with a \$288 million cash balance at 30 June 2012.

The Consolidated Account borrowed \$2,153 million during the year to 30 June 2013 (down from \$3,285 million the previous year), in support of capital contributions for the State's Asset Investment Program.

CONSOLIDATED ACCOUNT TRANSACTIONS		Table 7.2	
	2013 \$m	2012 \$m	
REVENUE			
<i>Operating Activities</i>			
Taxation	6,826	5,891	
Commonwealth Grants	4,335	6,076	
Government Enterprises	1,226	1,133	
Revenue from other agencies	5,506	5,663	
Other	299	279	
<i>Total Operating Activities</i>	18,192	19,042	
<i>Financing Activities</i>			
Repayments of Recoverable Advances	26	9	
Transfers from:			
Public Bank Account Interest Earned Account	120	120	
Bankwest Pension Trust	2	2	
Other Receipts	1	2	
Borrowings	2,153	3,285	
<i>Total Financing Activities</i>	2,302	3,418	
TOTAL REVENUE	20,494	22,460	
EXPENDITURE			
<i>Recurrent</i>			
Authorised by Other Statutes	2,059	1,822	
Appropriation Act (No. 1)	16,597	17,652	
Recurrent Expenditure under the Treasurer's Advance	330	324	
<i>Total Recurrent Expenditure</i>	18,986	19,798	
<i>Investing Activities</i>			
Authorised by Other Statutes	88	98	
Appropriation Act (No. 2)	2,334	3,197	
Investing Expenditure under the Treasurer's Advance	10	64	
<i>Total Investing Activities</i>	2,432	3,359	
<i>Financing Activities</i>			
Loan repayments	-	-	
Other financing	1	2	
<i>Total Financing Activities</i>	1	2	
TOTAL EXPENDITURE	21,419	23,159	
NET MOVEMENT (REVENUE LESS EXPENDITURE)	-925	-699	
Consolidated Account Balance			
Opening balance at 1 July	-6,083	-5,385	
Closing balance at 30 June	-7,009	-6,083	
Of which:			
Appropriations payable	-7,207	-6,371	
Cash balance at 30 June	198	288	

Note: Columns may not add due to rounding.

Treasurer's Special Purpose Accounts

The Treasurer's Special Purpose Accounts (TSPAs) consist of:

- any account established by the Treasurer as a TSPA for the purposes determined by the Treasurer;
- suspense accounts established for the purposes of section 26 of the FMA;
- any account established to hold money transferred under section 39(5) of the FMA;
- the Public Bank Account Interest Earned Account, established for the purpose of holding money credited to that account under section 38(9) of the FMA pending its allocation and payment as required or permitted under the FMA or another written law;
- any account established under written law and determined by the Treasurer to be a TSPA; and
- any account established to hold other money and determined by the Treasurer to be a TSPA.

Relative to 30 June 2012, an aggregate increase of \$1,028 million of TSPA balances at 30 June 2013 mainly reflects:

- higher Holding Account balances for accrual appropriations to agencies for depreciation and accrued leave entitlements (up \$836 million);
- the establishment of the Western Australian Future Fund in November 2012 using 'seed capital' sourced from the Royalties for Regions Fund¹, and interest earnings on the balance of the Fund for the part-year (\$306 million);
- the draw down of cash reserves set aside for the construction of the Fiona Stanley Hospital (\$205 million) as work on the project proceeds;
- an increase in the balance of the Royalties for Regions Fund (up \$194 million), mainly due to differences in timing of royalty receipts paid to the account and payments for approved projects, and the transfer of 'seed capital' to the Western Australian Future Fund;
- a net decrease for the New Children's Hospital Account balance (down \$146 million), with \$70 million in surplus Consolidated Account cash from 2010-11 credited to the account during the September 2012 quarter, which was more than offset by draw downs for construction costs during 2012-13;

¹ Further detail of the Western Australian Future Fund can be found in Appendix 5: *Special Purpose Accounts*, and in Appendix 5 of Budget Paper No.3: *Economic and Fiscal Outlook* for the 2012-13 State Budget (presented to the Parliament on 17 May 2012).

- a balance of \$95 million following the establishment of the TSPA for the new Perth Stadium using \$100 million from the better than expected Consolidated Account cash surplus for 2010-11 (appropriated to this new account as part of the 2012-13 Budget), less draw downs from the account for initial transport infrastructure planning works; and
- a decrease in the balances of other Special Purpose Accounts (down \$52 million).

The following table summarises the position of TSPAs at 30 June 2013 and 2012.

TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 30 JUNE			Table 7.3
	2013 \$m	2012 \$m	
Agency Holding Accounts	7,207	6,371	
Fiona Stanley Hospital Construction Account	104	309	
Royalties for Regions Special Purpose Account	881	687	
Western Australian Future Fund	306	-	
New Children's Hospital Account	277	423	
The New Perth Stadium Account	95	-	
Other Special Purpose Accounts	457	509	
TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 30 JUNE	9,327	8,299	

Note: Columns 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 \$651.5 million was authorised by section 29 of the FMA for the year ended 30 June 2013. Of this, \$346.5 million was drawn down in 2012-13, comprising \$339.6 million against increases in recurrent and capital appropriations (detailed below and in Table 7.5), \$6.8 million at 30 June 2013 in the form of net recoverable advances (see Table 7.4) and \$0.1 million for an overdrawn Special Purpose Account chargeable against the Treasurer's Advance under section 19 of the FMA.

Table 7.4		
TREASURER'S ADVANCE AT 30 JUNE		
	2013 \$m	2012 \$m
AUTHORISED LIMIT	651.5	577.1
Total Draw n Against Treasurer's Advance Account	346.5	398.8
<i>Comprising:</i>		
Net recoverable advances as at 30 June (see below)	6.8	9.5
Overdraw n Special Purpose Account ^(a)	0.1	0.9
Excesses and New Items (see Table 7.5)		
- recurrent	329.7	324.0
- capital	9.9	64.4
NET RECOVERABLE ADVANCES		
Building Farm Business Grants	-	4.0
Electoral Boundaries Distribution	0.2	0.2
Mining Rehabilitation Fund	1.0	-
Suitors Fund	1.8	1.8
Sundry Debtors	-	-0.4
Sport and Recreation	1.8	1.9
Transport	2.0	2.0
TOTAL RECOVERABLE TREASURER'S ADVANCES	6.8	9.5

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

Note: Columns may not add due to rounding.

Transfers, Excesses and New Items

Table 7.5 outlines transfers of appropriations between agencies, authorised under section 25 of the FMA (and which have no impact on the Treasurer's Advance), and excesses and/or new items approved by the Treasurer under the authority of section 27 of the FMA.

Table 7.5

TRANSFERS, EXCESSES AND NEW ITEMS
For the twelve months to 30 June 2013

	Treasurer's Advance					Draw n against Treasurer's Advance to date \$m
	Budget \$m	Transfers ^(a) \$m	New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
Recurrent Appropriations						
<i>Parliamentary Commissioner for Administrative Investigations</i>						
Item 4: Delivery of Services	7.2	0.3	-	-	7.6	-
<i>Premier and Cabinet</i>						
Item 5: Delivery of Services	171.9	2.8	-	-	174.7	-
<i>Public Sector Commission</i>						
Item 6: Delivery of Services	27.8	-(b)	-	-	27.8	-
<i>WA Health</i>						
Item 11: Delivery of Services	3,701.7	-1.4	-	59.4	3,759.7	16.1
<i>Western Australian Tourism Commission</i>						
Item 12: Delivery of Services	61.4	0.8	-	-	62.1	-
<i>Fisheries</i>						
Item 15: Delivery of Services	45.2	-	-	2.9	48.1	2.9
Item 16: Administered Grants, Subsidies and Other Transfer Payments	2.4	-2.4	-	0.2	0.2	0.2
<i>Western Australian Electoral Commission</i>						
Item 17: Delivery of Services	23.2	0.1	-	1.7	25.0	1.7
<i>Regional Development and Lands</i>						
Item 18: Delivery of Services	34.9	3.3	-	-	38.3	-
<i>Gascoyne Development Commission</i>						
Item 19: Delivery of Services	1.6	-	-	-(b)	1.6	-(b)
<i>Treasury</i>						
Item 29: Delivery of Services	37.2	0.3	-	0.4	37.9	0.4
Item 37: Department of Finance	26.2	-11.4	-	-	14.8	-
Item 38: Goods and Services Tax Administration Costs	74.8	-	-	1.6	76.4	1.6
<i>Economic Regulation Authority</i>						
Item 47: Delivery of Services	2.3	-(b)	-	-	2.4	-
<i>Attorney General</i>						
Item 49: Delivery of Services	240.7	-	-	7.9	248.6	5.2
<i>Commissioner for Equal Opportunity</i>						
Item 51: Delivery of Services	3.4	-(b)	-	0.3	3.7	0.2
<i>Director of Public Prosecutions</i>						
Item 53: Delivery of Services	31.1	-(b)	-	0.5	31.5	0.4
<i>Commissioner for Children and Young People</i>						
Item 54: Delivery of Services	2.8	-(b)	-	-	2.8	-

Table 7.5 (cont.)

TRANSFERS, EXCESSES AND NEW ITEMS
For the twelve months to 30 June 2013

	Budget \$m	Transfers ^(a) \$m	Treasurer's Advance			Draw n against Treasurer's Advance to date \$m
			New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
Recurrent Appropriations						
<i>Office of the Information Commissioner</i>						
Item 55: Delivery of Services	1.7	0.1	-	-	1.8	-
<i>Education</i>						
Item 57: Delivery of Services	3,414.4	-2.5	-	70.7	3,482.6	70.7
<i>School Curriculum and Standards Authority</i>						
Item 60: Delivery of Services	28.6	3.5	-	-	32.1	-
<i>Finance</i>						
Item 62: Delivery of Services	307.3	-0.3	-	-	307.0	-
Item 63: Administered Grants, Subsidies and Other Transfer Payments	152.3	-	-	121.0	273.3	96.9
<i>Commerce</i>						
Item 64: Delivery of Services	111.4	1.9	-	-	113.3	-
<i>Small Business Development Corporation</i>						
Item 65: Delivery of Services	11.8	0.2	-	-	11.9	-
<i>Registrar, Western Australian Industrial Relations Commission</i>						
Item 66: Delivery of Services	9.2	-(b)	-	-	9.3	-
<i>Western Australian Police</i>						
Item 67: Delivery of Services	1,111.2	0.2	-	25.6	1,137.0	21.1
<i>Western Australian Sports Centre Trust</i>						
Item 71: Delivery of Services	33.5	0.8	-	-	34.3	-
<i>Racing, Gaming and Liquor</i>						
Item 72: Delivery of Services	4.2	0.1	-	-	4.2	-
Item 73: Administered Grants, Subsidies and Other Transfer Payments	106.0	-	-	8.6	114.7	-
<i>Culture and the Arts</i>						
Item 76: Delivery of Services	76.4	0.4	-	-	76.7	-
Item 77: Art Gallery of Western Australia	4.3	-	-	1.0	5.3	1.0
Item 80: Western Australian Museum	6.0	-	-	1.5	7.6	1.5
<i>Training and Workforce Development</i>						
Item 82: Delivery of Services	472.1	-1.0	-	-	471.0	-
<i>Aboriginal Affairs</i>						
Item 83: Delivery of Services	41.2	0.9	-	-	42.1	-
<i>Transport</i>						
Item 84: Delivery of Services	143.2	1.8	-	-	145.0	-

TRANSFERS, EXCESSES AND NEW ITEMS
For the twelve months to 30 June 2013

Table 7.5 (cont.)

	Treasurer's Advance					Draw n against Treasurer's Advance to date \$m
	Budget \$m	Transfers ^(a) \$m	New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
Recurrent Appropriations						
<i>Commissioner of Main Roads</i>						
Item 86: Delivery of Services	199.0	_(b)	-	-	199.1	-
<i>Fire and Emergency Services</i>						
Item 88: Delivery of Services	36.1	-	-	55.0	91.1	55.0
<i>Child Protection</i>						
Item 89: Delivery of Services	483.0	-	-	13.3	496.4	13.3
<i>Local Government</i>						
Item 92: Delivery of Services	20.8	_(b)	-	-	20.8	-
<i>Heritage Council of WA</i>						
Item 93: Delivery of Services	6.6	_(b)	-	-	6.6	-
<i>Agriculture and Food</i>						
Item 95: Delivery of Services	137.5	0.1	-	-	137.6	-
<i>Rural Business Development Corporation</i>						
Item 97: Delivery of Services	0.2	-	-	3.5	3.7	3.5
<i>Corrective Services</i>						
Item 98: Delivery of Services	706.3	-	-	29.9	736.2	29.9
<i>Office of the Inspector of Custodial Services</i>						
Item 99: Delivery of Services	3.1	0.1	-	0.3	3.4	0.3
<i>Water</i>						
Item 105: Delivery of Services	71.2	_(b)	-	-	71.2	-
<i>Mental Health Commission</i>						
Item 107: Delivery of Services	465.8	1.4	-	7.8	475.1	7.8
Total Recurrent		-	-	413.1		329.7
Capital Appropriations						
<i>Western Australian Tourism Commission</i>						
Item 111: Capital Appropriation	0.1	0.2	-	-	0.3	-
<i>Fisheries</i>						
Item 113: Capital Appropriation	12.1	1.4	-	-	13.5	-
<i>Treasury</i>						
Item 119: Department of Finance	11.7	-21.6	-	14.5	4.6	9.9
<i>Attorney General</i>						
Item 133: Capital Appropriation	50.5	-	-	17.2	67.6	-
<i>Commerce</i>						
Item 138: Capital Appropriation	1.0	2.0	-	-	3.0	-
<i>Small Business Development Corporation</i>						
Item 139: Capital Appropriation	0.1	0.1	-	-	0.2	-
<i>Western Australian Sports Centre Trust</i>						
Item 142: Capital Appropriation	1.6	1.3	-	-	2.9	-

Table 7.5 (cont.)

TRANSFERS, EXCESSES AND NEW ITEMS
For the twelve months to 30 June 2013

	Treasurer's Advance					Draw n against Treasurer's Advance to date \$m
	Budget \$m	Transfers ^(a) \$m	New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
Capital Appropriations						
<i>Racing, Gaming and Liquor</i>						
Item 143: Capital Appropriation	2.5	1.3	-	-	3.9	-
<i>Planning</i>						
Item 144: Capital Appropriation	3.8	2.5	-	-	6.2	-
<i>Culture and the Arts</i>						
Item 146: Capital Appropriation	2.7	1.2	-	-	3.9	-
<i>Aboriginal Affairs</i>						
Item 150: Capital Appropriation	1.2	0.3	-	-	1.6	-
<i>Transport</i>						
Item 151: Capital Appropriation	18.2	1.4	-	-	19.6	-
<i>Commissioner of Main Roads</i>						
Item 152: Capital Appropriation	232.8	0.9	-	-	233.7	-
<i>Heritage Council of WA</i>						
Item 156: Capital Appropriation	0.6	_(b)	-	-	0.6	-
<i>Agriculture and Food</i>						
Item 158: Capital Appropriation	6.4	6.0	-	-	12.4	-
<i>Water</i>						
Item 163: Capital Appropriation	4.4	1.0	-	1.6	7.0	-
<i>Parliamentary Commissioner for Administrative Investigations</i>						
New item: Capital Appropriation	-	0.3	-	-	0.3	-
<i>Premier and Cabinet</i>						
New Item: Capital Appropriation	-	0.9	-	-	0.9	-
<i>Public Sector Commission</i>						
New Item: Capital Appropriation	-	_(b)	-	-	_(b)	-
<i>Office of the Director of Public Prosecutions</i>						
New Item: Capital Appropriation	-	0.2	-	-	0.2	-
<i>Regional Development and Lands</i>						
New item: Capital Appropriation	-	0.4	-	-	0.4	-
<i>Commissioner for Equal Opportunity</i>						
New Item: Capital Appropriation	-	_(b)	-	-	_(b)	-
<i>Local Government</i>						
New Item: Capital Appropriation	-	0.2	-	-	0.2	-
Total Capital		-	-	33.3		9.9
TOTAL		-	-	446.4		339.6

(a) Authorised under section 25 of the FMA.

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

Note: Columns and 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 and have no impact on the Treasurer's Advance. In 2012-13, appropriation transfers included:

- \$3.5 million to reflect the transfer of responsibilities for State and National testing from the Department of Education to the School Curriculum and Standards Authority;
- \$2.4 million for the transfer of shark patrol funding from the Department of Fisheries to the Department of the Premier and Cabinet;
- \$1.4 million from WA Health to the Mental Health Commission (MHC) to reflect the transfer of administrative responsibility for the Council of Official Visitors to the MHC;
- \$1.0 million from the Department of Training and Workforce Development to the Department of Education for the transfer of Kindergarten to Year 12 (K-12) Curriculum Development Services following a review and agreement between the two agencies to better align service deliverables;
- \$0.6 million to transfer the Cultural Events Fund from the Department of Culture and the Arts to the Department of the Premier and Cabinet;
- \$0.3 million to transfer human resource and organisational development functions from the Department of Finance to the Department of Treasury;
- \$0.2 million from the Office of the Director of Public Prosecutions to Western Australia Police for the police prosecution functions; and
- the transfer to agencies of \$33.1 million (including both recurrent and capital appropriations) for transition costs and to re-establish corporate service functions relating to the decommissioning of the Office of Shared Services. These costs were provisioned in a central appropriation at the time of the 2012-13 Budget (the allocation by agency for 2012-13 is shown in the following table).

Table 7.6

**DECOMMISSIONING OF SHARED SERVICES
AGENCY TRANSITION COSTS**

Item	Agency	Amount \$m
<i>Recurrent Appropriations</i>		
4	Parliamentary Commissioner for Administrative Investigations	0.3
5	Premier and Cabinet	-0.2 ^(a)
6	Public Sector Commission	- ^(b)
12	Western Australian Tourism Commission	0.8
15	Fisheries	-
17	Western Australian Electoral Commission	0.1
18	Regional Development and Lands	3.3
47	Economic Regulation Authority	- ^(b)
51	Commissioner for Equal Opportunity	- ^(b)
53	Office of the Director of Public Prosecutions	0.2
54	Commissioner for Children and Young People	- ^(b)
55	Office of the Information Commissioner	0.1
64	Commerce	1.9
65	Small Business Development Corporation	0.2
66	Registrar, Western Australian Industrial Relations Commission	- ^(b)
71	Western Australian Sports Centre Trust	0.8
72	Racing, Gaming and Liquor	0.1
74	Planning	-
76	Culture and the Arts	1.0
83	Indigenous Affairs	0.9
84	Transport	1.8
86	Commissioner of Main Roads	- ^(b)
92	Local Government	- ^(b)
93	Heritage Council of Western Australia	- ^(b)
95	Agriculture and Food	0.1
99	Office of the Inspector of Custodial Services	0.1
105	Water	- ^(b)
	<i>Total Recurrent</i>	<i>11.4</i>
<i>Capital Appropriations</i>		
111	Western Australian Tourism Commission	0.2
113	Fisheries	1.4
138	Commerce	2.0
139	Small Business Development Corporation	0.1
142	Western Australian Sports Centre Trust	1.3
143	Racing, Gaming and Liquor	1.3
144	Planning	2.5
146	Culture and the Arts	1.2
150	Indigenous Affairs	0.3
151	Transport	1.4
152	Commissioner of Main Roads	0.9
156	Heritage Council of Western Australia	- ^(b)
158	Agriculture and Food	6.0
163	Water	1.0

Table 7.6 (cont.)

**DECOMMISSIONING OF SHARED SERVICES
AGENCY TRANSITION COSTS**

Item	Agency	Amount \$m
<i>Capital Appropriations</i>		
NEW	Parliamentary Commissioner for Administrative Investigations	0.3
NEW	Premier and Cabinet	0.9
NEW	Public Sector Commission	- (b)
NEW	Regional Development and Lands	0.4
NEW	Commissioner for Equal Opportunity	- (b)
NEW	Office of the Director of Public Prosecutions	0.2
NEW	Local Government	0.2
<i>Total Capital</i>		<i>21.6</i>
TOTAL		33.1

(a) The Department of the Premier and Cabinet returned \$215,000 to the Consolidated Account following savings associated with the cost of re-establishing its corporate services function in 2012-13.

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

Note: Columns may not add due to rounding.

At the time of the 2012-13 *Pre-election Financial Projections Statement*, \$0.5 million was disclosed as an expected transfer from the Public Sector Commission to the Department of Finance for information technology policy functions. This transfer was subsequently managed within both agencies' approved appropriation limits and thus no transfer of appropriation was required in 2012-13.

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 2013.

WA Health

Item 11: **Delivery of Services** (\$59.4 million) for cost pressures associated with the delivery of hospital services, including regional issues related to staff accommodation, locum medical services, and patient assisted travel costs. Of this amount, only \$16.1 million was drawn by WA Health for the delivery of hospital services, with the lower requirement reflecting additional receipts received in June 2013 from other funding sources such as Commonwealth grants and hypothecated revenue.

Fisheries

Item 15: **Delivery of Services** (\$2.9 million) for new funding for Shark Hazard Mitigation measures, and to address unexpected cost pressures and ensure that core research, compliance and policy services were delivered in 2012-13. These increases were partially offset by procurement savings.

Item 16: **Administered Grants, Subsidies and Other Transfer Payments** (\$0.2 million) for compensation payments to commercial fishers affected by the establishment of the Jurien Bay, Barrow and Montebello Islands, Rowley Shoals and Walpole/Normalup marine reserves, under the *Fishing and Related Industries Compensation (Marine Reserves) Act 1997*.

Western Australian Electoral Commission

Item 17: **Delivery of Services** (\$1.7 million) for unforeseen additional costs resulting from the March 2013 State Election (including the lease of premises in Northbridge as the Election's counting centre, higher than expected polling staff costs and for the distribution of the Easy Vote Card to electors).

Gascoyne Development Commission

Item 19: **Delivery of Services** (\$48,000) to meet salary and other unavoidable cost increases.

Treasury

Item 29: **Delivery of Services** (\$0.4 million) for tax advice on the claiming of GST refunds by State government agencies, and to meet salary increases following a Salaries and Allowances Tribunal executive salaries determination (made in January 2013), partly offset by the deferral to 2013-14 of superannuation reform costs (due to the later than expected timing of work on outsourcing the Government Employees Superannuation Board's administration activities).

Item 38: **Goods and Services Tax Administration Costs** (\$1.6 million) for an increase in the State's share of national GST administrative costs, paid to the Australian Taxation Office.

Item 119: **Department of Finance** (\$14.5 million) for the global provision of capital funding for the decommissioning of Shared Services. Of this amount, \$9.9 million was actually drawn down against the Treasurer's Advance, reflecting lower than anticipated capital costs associated with re-establishing client agencies' corporate services systems.

Attorney General

Item 49: **Delivery of Services** (\$7.9 million) primarily to address unfunded emerging costs for the Department in 2012-13. Of this approved increase, only \$5.2 million was drawn down against the Treasurer's Advance, following savings from corrective measures including a reduction in the Full Time Equivalent ceiling and procurement savings.

Item 133: **Capital Appropriation** (\$17.2 million) to upgrade the payroll, financial and budget planning systems required to operate a corporate services (shared) function (\$2.2 million), and funding to enable the Department to address the agency's cash position (\$15.0 million). None of the approved increase was required due to offsetting changes in the timing of funding for projects in the Department's 2012-13 infrastructure program.

Commissioner for Equal Opportunity

Item 51: **Delivery of Services** (\$0.3 million) for increased accommodation costs at Westralia Square, partly offset by a reduction of \$143,000 in line with Cabinet's September 2012 decision to reduce agencies' approved staff ceilings and salary budgets for 2012-13.

Director of Public Prosecutions

Item 53: **Delivery of Services** (\$0.5 million) for an increase in salaries and legal brief expenditure. The increase was offset by a non-cash holding account appropriation adjustment of \$85,000 which was returned to the Consolidated Account following an internal review of depreciation and amortisation expenses.

Education

Item 57: **Delivery of Services** (\$70.7 million) mainly for increased funding to meet the cost of 8,100 additional enrolments in government schools in the first semester of the 2013 school year (relative to enrolments in the previous year).

Finance

Item 63: **Administrative Grants, Subsidies and Other Transfer Payments** (\$121.0 million) to enable the Office of State Revenue to meet several large taxation refunds and for the Energy Concession Extension Scheme. Of the total approved amount, \$96.9 million was drawn against the Treasurer's Advance, due largely to a number of anticipated refunds either not proceeding, or proceeding at amounts lower than forecast.

Western Australia Police

Item 67: **Delivery of Services** (\$25.6 million), mainly for increased costs associated with Government Regional Officers Housing, and additional funds to meet the impact of the Police Officers Enterprise Bargaining Agreement, which came into effect on 1 July 2011 (following the inability to meet these costs from internal savings). A total of \$21.1 million was drawn against the Treasurer's Advance, following offsets and savings from corrective measures and reflows of funding due to delays in capital projects.

Racing, Gaming and Liquor

Item 73: **Administered Grants, Subsidies and Other Transfer Payments** (\$8.6 million) to meet costs associated with the construction of the New Perth Stadium (\$5.4 million) and an increase in the Racing and Wagering Western Australian VIP Tax Concessions (\$3.2 million). These amounts were not drawn against the Treasurer's Advance as a result of savings realised through other operating activities.

Culture and the Arts

Item 77: **Art Gallery of Western Australia** (\$1.0 million) for funding of insurance expenses associated with the Museum of Modern Art Exhibitions.

Item 80: **Western Australian Museum** (\$1.5 million) for a shortfall in internal funds budgeted to meet 2012-13 operating costs.

Fire and Emergency Services

Item 88: **Delivery of Services** (\$55.0 million) primarily for the Western Australian Natural Disaster Relief and Recovery Arrangements (\$37.7 million) and for bush fire suppression (\$14.4 million).

Child Protection

Item 89: **Delivery of Services** (\$13.3 million) for additional demand for out of home care placements, including high needs placements, higher than expected RiskCover insurance premiums, and costs associated with Government Regional Officers Housing, and the impact of reinstating budgeted savings that were to be realised from rolling into Shared Service arrangements (with those arrangements now being wound up).

Rural Business Development Corporation

Item 97: **Delivery of Services** (\$3.5 million) to support farmers in the Wheatbelt.

Corrective Services

Item 98: **Delivery of Services** (\$29.9 million), mainly for costs associated with an increase in the growth of adult prisoner population (originally projected to be a daily average of 4,640 in 2012-13, compared with 4,932 at the end of June 2013) and higher than expected RiskCover insurance premiums.

Office of the Inspector of Custodial Services

Item 99: **Delivery of Services** (\$0.3 million) for costs associated with an inquiry into an incident at the Banksia Hill Detention Centre in January 2013.

Mental Health Commission

Item 107: **Delivery of Services** (\$7.8 million) to meet higher than expected mental health inpatient service demand offset by savings arising from corrective measures and delays to the implementation of the mental health court diversion program.

Water

Item 163: **Capital Appropriation** (\$1.6 million) for increased groundwater investigation activities. None of this approved increase was required, reflecting the reprioritisation of funding from recurrent appropriations.

Acronyms

<i>Acronym</i>	<i>Meaning</i>
AASB	Australian Accounting Standards Board
AAS	Australian Accounting Standards
ABS	Australian Bureau of Statistics
AGAAP	Australian Generally Accepted Accounting Principles
AIFRS	Australian equivalents to International Financial Reporting Standards
ARSF	Annual Report on State Finances
CFS	Consolidated Financial Statements
CWP	Capital Works Program
EOT	Estimated Outturn
FMA	<i>Financial Management Act 2006</i>
GFS	Government Finance Statistics
GSP	Gross State Product
GFRA	<i>Government Financial Responsibility Act 2000</i>
IASB	International Accounting Standards Board
LCA	Loan Council Allocations
nec	Not elsewhere classified
UIG	Urgent Issues Group
UPF	Uniform Presentation Framework

