



GOVERNMENT OF WESTERN AUSTRALIA
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2003

ISSN 1328-2298

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GOVERNMENT OF WESTERN AUSTRALIA
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2003



CONSOLIDATED FINANCIAL STATEMENTS

Table of Contents

Summary	1
Overview of the Year's Operations	2
Overview of the Government's Financial Position	5
Overview of the Government's Cash Position	9
Statement of Responsibility	12
Opinion of the Auditor General	13
Consolidated Statement of Financial Performance	14
Consolidated Statement of Financial Position	15
Consolidated Statement of Cash Flows	16
Notes to the Consolidated Statements	17
Note 1 Statement of significant accounting policies	17
Note 2 Disaggregated Information	25
Note 3 Taxation revenue	28
Note 4 Territorial revenue	28
Note 5 Sale of goods and services	28
Note 6 Grants and subsidies revenue	28
Note 7 Other revenue	29
Note 8 Borrowing costs	29
Note 9 Depreciation and amortisation	29
Note 10 Other expenses	29
Note 11 Individually significant items	30
Note 12 Net gain/loss on disposal of non-current assets	31
Note 13 Other financial assets – investments	31
Note 14 Inventories	31
Note 15 Receivables	32
Note 16 Other financial assets – loans and advances	32
Note 17 Other assets	32
Note 18 Land	32
Note 19 Buildings	33
Note 20 Infrastructure	34
Note 21 Plant, equipment and other	35
Note 22 Timber	35
Note 23 Reconciliation of property, plant and equipment	36
Note 24 Interest bearing liabilities	36
Note 25 Provisions – employee benefits	38
Note 26 Other liabilities	39
Note 27 Equity	41
Note 28 Reconciliation of net cash flows from operating activities to net result	41
Note 29 Statement of cash flows of public financial corporations	42
Note 30 Closing cash balances	43
Note 31 Restricted financial assets	43
Note 32 Moneys held in trust	43
Note 33 Expenditure commitments	43
Note 34 Contingent Assets	44
Note 35 Contingent liabilities	45
Note 36 Financial Instruments	48
Note 37 Composition of sectors	57



Summary

- The consolidated operating surplus (for the total public sector) for the year ended 30 June 2003 was \$496 million, compared with \$292 million the previous year.
- Total revenues increased by \$1,371 million (or 8.5 per cent) to \$17,571 million.
- Total expenses were \$17,075 million, up \$1,167 million (or 7.3 per cent) from the previous year.
- Total assets increased by \$3,152 million to \$61,139 million, with current assets increasing by \$878 million and non-current assets increasing by \$2,274 million.
- Total liabilities increased by \$1,132 million to \$23,113 million, with a decrease of \$753 million in non-current liabilities partly offsetting a \$1,885 million increase in current liabilities.
- Net assets at 30 June 2003 increased by \$2,020 million to \$38,026 million.
- There was a net increase in cash and highly liquid investments of \$562 million in the year ended 30 June 2003.

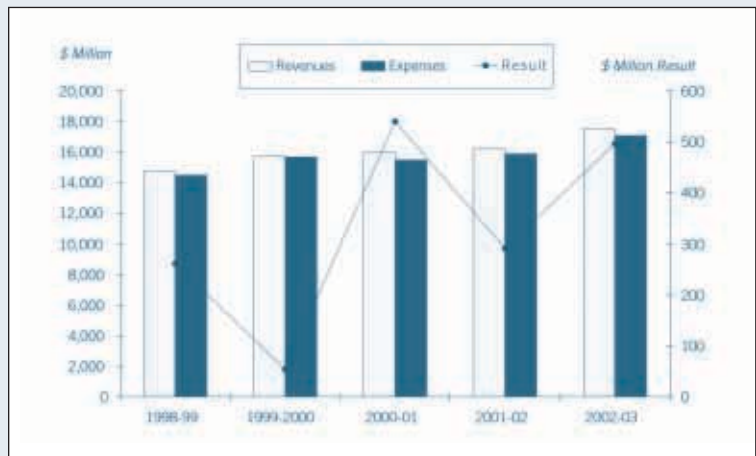
Overview of the Year's Operations

OPERATING RESULT

The net result for the year ended 30 June 2003 was a surplus of \$496 million, up from the \$292 million surplus recorded the previous year.

The higher surplus reflects solid growth in revenues more than offsetting an increase in expenses. The increase in revenues was mainly attributable to higher taxation revenue (particularly property market-related stamp duties), while higher employee benefits (salaries) were the major contributor to the increase in expenses.

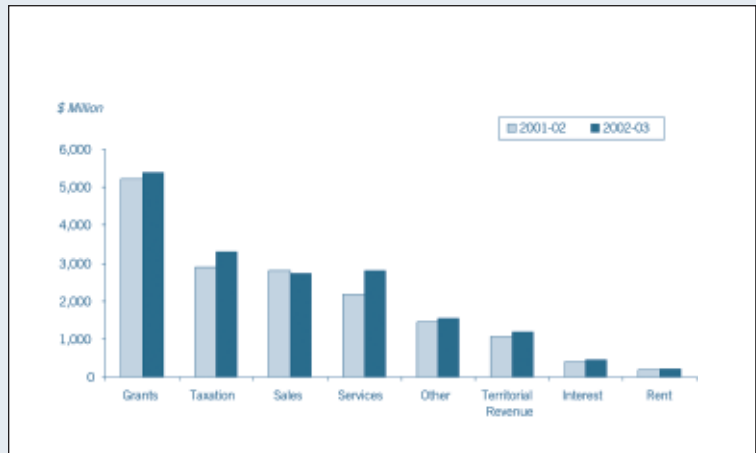
Consolidated Operations



REVENUES

Total revenues for the year ended 30 June 2003 were \$17,571 million, an increase of \$1,371 million or 8.5 per cent compared to 2001-02. The major contributors to this increase were taxation revenue (up \$401 million, mainly due to strong growth in stamp duty revenue), revenue from the sale of goods and services (up \$542 million), grants and subsidies revenue (predominantly Commonwealth grants, up \$159 million), territorial (i.e. mining royalty) revenue (up \$119 million) and 'other' revenues (up \$120 million, largely reflecting the transfer of infrastructure assets to Main Roads from local government).

Total Revenue by Type



CONSOLIDATED FINANCIAL STATEMENTS

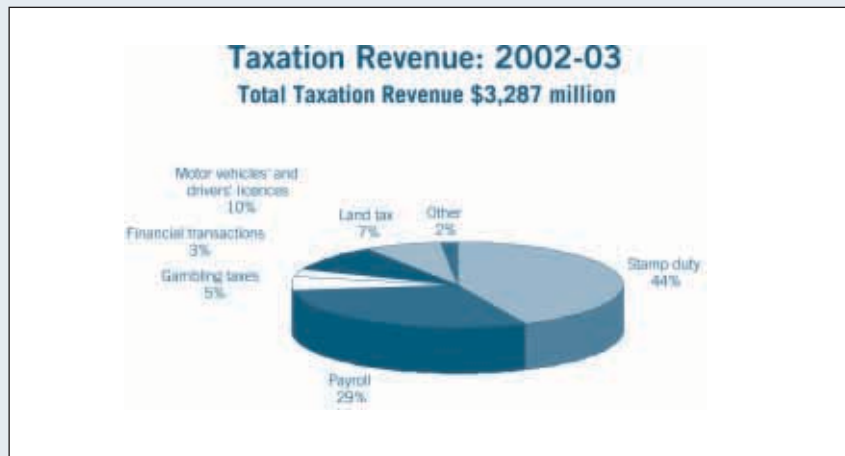
Taxation Revenue

Taxation revenue for the year ended 30 June 2003 was \$3,287 million, an increase of \$401 million or 13.9 per cent from the previous year. This strong rate of growth primarily reflects the impact of the revenue measures introduced in the 2002-03 Budget and the strength of the property market throughout the year.

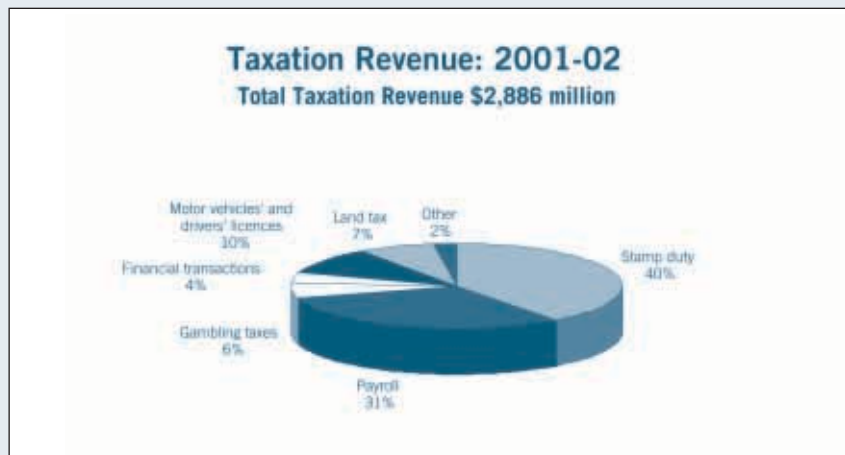
For the major heads of taxation revenue, there was:

- a \$283 million increase in stamp duty (primarily stamp duty on property conveyances);
- an \$86 million increase in payroll tax;
- a \$29 million increase in revenue from motor vehicle and drivers' licences; and
- a \$27 million increase in land tax.

Taxation Revenue by Type: 2002-03



Taxation Revenue by Type: 2001-02

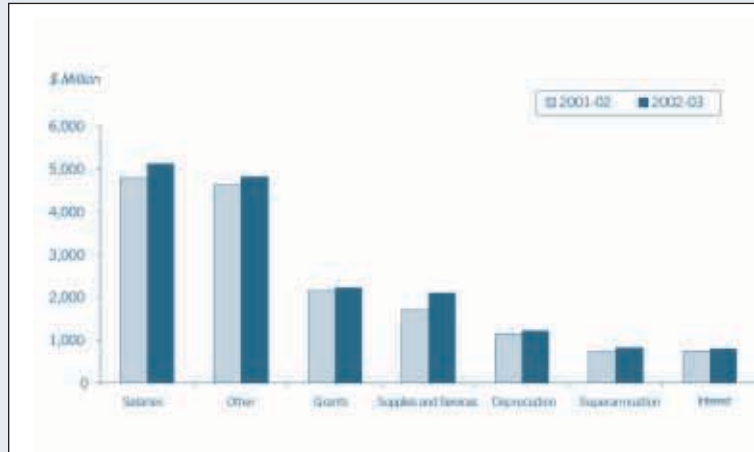


CONSOLIDATED FINANCIAL STATEMENTS

EXPENSES

Total expenses for the year ended 30 June 2003 were \$17,075 million, \$1,167 million or 7.3 per cent higher than the previous year. Increases were recorded across most expense categories, with the largest increases in supplies and services and employee benefits (salaries).

Total Expenses by Type



Factors contributing to the increase in expenses were:

- a \$397 million increase in supplies and services as a result of increased cost of goods sold, in line with the increase in revenue from the sale of goods and services;
- a \$319 million increase in employee benefits (details relating to this increase are provided in the section below titled 'Salaries, Wages and Other Benefits');
- a \$196 million increase in 'other' expenses, mainly contract service expenses, the education to community (e2c) strategy in the education sector, and health sector-specific expenses for medical technology and diagnostic services, as well as a new remuneration agreement for visiting medical practitioners;
- an \$88 million increase in borrowing costs, as a result of higher interest-bearing liabilities;
- a \$70 million increase in grants and subsidies expenses, primarily reflecting the on-passing of higher specific purpose payments from the Commonwealth;
- a \$49 million increase in depreciation and amortisation, mainly due to an upward revaluation of the State's road network; and
- a \$48 million increase in superannuation expenses, in line with the increase in salaries.

Salaries, Wages and Other Benefits

Employee-related costs, representing salaries, wages and leave benefits, increased by \$319 million (or 6.7 per cent) to \$5,108 million in the year ended 30 June 2003. The increase was mainly in the health and education sectors (up \$191 million in total), with the balance (\$128 million) spread across a wide range of agencies, primarily reflecting a general salary rate rise.

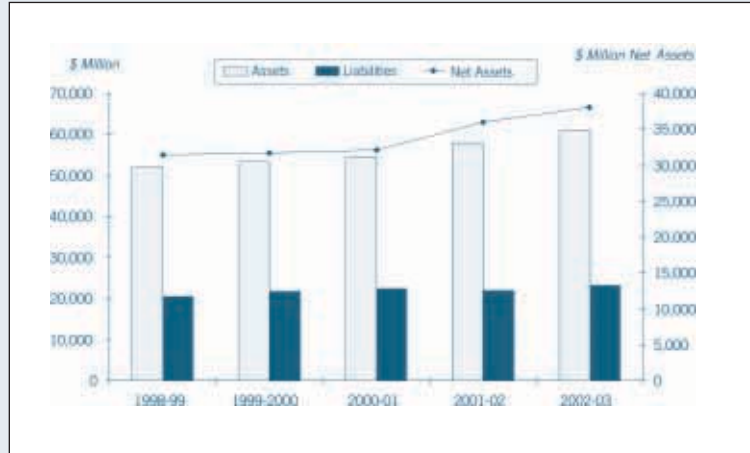
An Industrial Relations Commission ruling in relation to nurses and medical officers, additional staffing costs associated with the Bali tragedy and the successful recruitment of additional specialists for emergency departments, obstetrics and anaesthetics were the major factors for the increase in the health sector (\$103 million). The education and training sector increase (\$88 million) reflects a Government initiative to reduce classroom sizes, the take-up of a full cohort of pupils under the delayed starting age program, salary increases to teachers, teachers' aids, cleaners and gardeners, and long service leave benefits for teachers.

Overview of the Government's Financial Position

NET ASSETS

Total assets of \$61,139 million at 30 June 2003 (2002: \$57,987 million) exceeded total liabilities of \$23,113 million (2002: \$21,981 million), resulting in net assets of \$38,026 million (2002: \$36,006 million).

Consolidated Financial Position



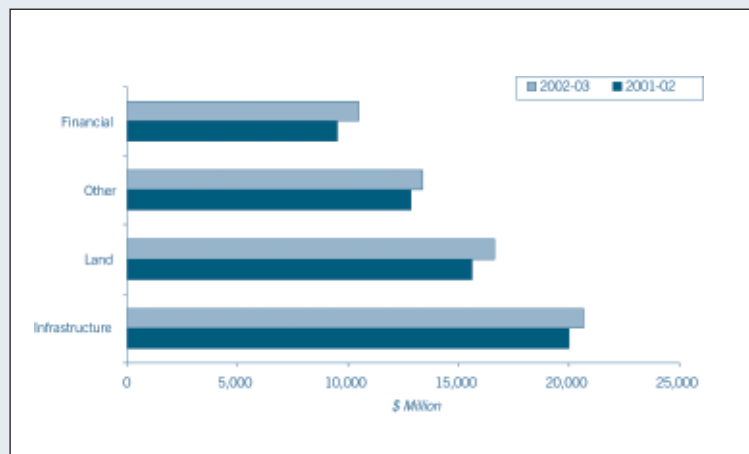
ASSETS

Total assets increased by \$3,152 million in the year ended 30 June 2003, with increases recorded in both current assets (of \$878 million) and non-current assets (of \$2,274 million).

Current assets were boosted by increases in other financial assets – investments (\$781 million), receivables (\$186 million) and cash (\$60 million).

The main factor contributing to the increase in non-current assets was a \$2,231 million increase in land, infrastructure, and plant, equipment and other, primarily reflecting asset revaluations and new capital expenditure.

Total Assets by Type



CONSOLIDATED FINANCIAL STATEMENTS

Financial Assets

Financial assets increased by \$991 million during the year to \$10,501 million at 30 June 2003 (2002: \$9,510 million).

Increases in current investments (including term deposits and shares) and receivables were the major factors contributing to this increase.

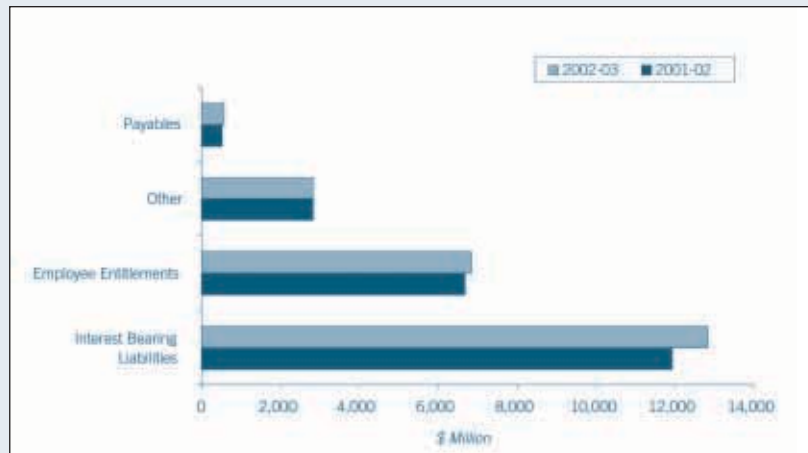
Physical Assets

Physical assets (comprising inventories, land, buildings, infrastructure, plant and equipment, timber and other assets) increased by \$2,161 million during the year to \$50,638 million at 30 June 2003 (2002: \$48,477 million). This was mainly due to revaluations of land and roads and acquisition of water storage and distribution infrastructure.

LIABILITIES

Total liabilities increased by \$1,132 million to \$23,113 million at 30 June 2003 (2002: \$21,981 million), mainly due to an increase in interest bearing liabilities.

Total Liabilities by Type



Interest Bearing Liabilities

Borrowings increased by \$914 million to \$12,847 million at 30 June 2003 (2002: \$11,933 million), with a \$1,811 million increase in current interest bearing liabilities partly offset by an \$897 million decrease in non-current interest bearing liabilities.

However, as noted above, investment assets increased strongly during the year, resulting in net debt at 30 June 2003 (\$4,497 million) remaining broadly unchanged from the previous year (\$4,491 million). Net debt is a key indicator of the Government's financial position in Government Finance Statistics-based reporting, and is defined as the excess of borrowings, advances received and deposits held, over investments, cash and advances paid.

CONSOLIDATED FINANCIAL STATEMENTS

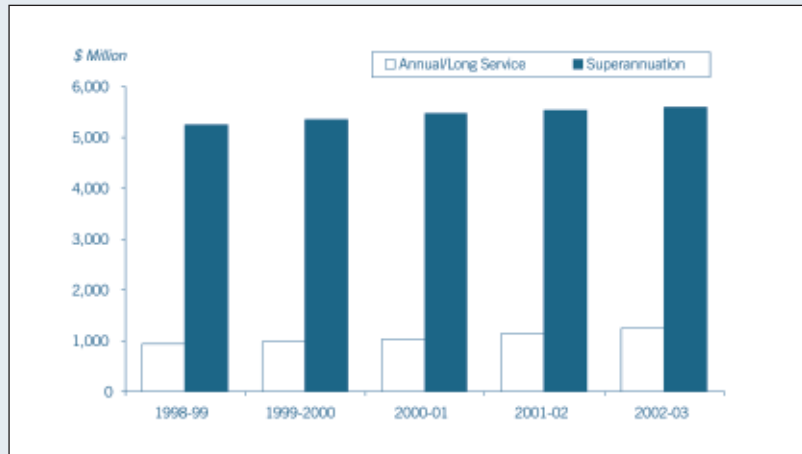
Employee Benefits

Employee benefits increased by \$178 million to \$6,851 million at 30 June 2003, reflecting:

- a \$44 million increase in annual leave;
- a \$67 million increase in long service leave; and
- a \$68 million increase in superannuation benefits.

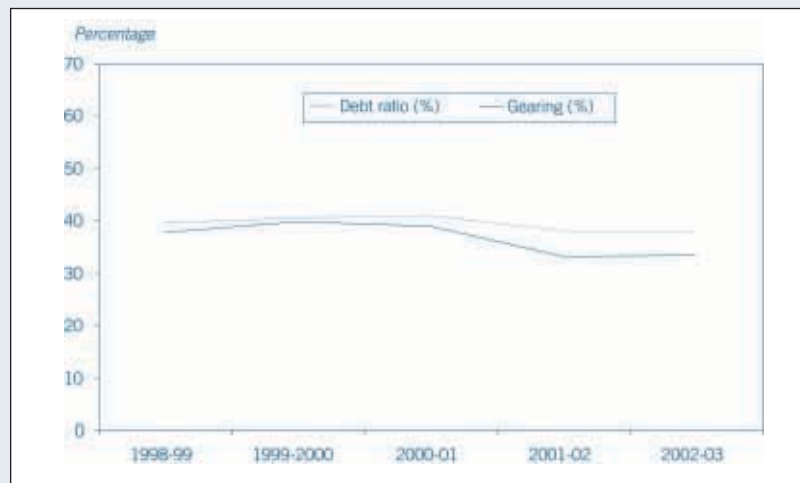
Compared with the previous year, the pension scheme liability at 30 June 2003 decreased by \$40 million while the lump sum scheme liability increased by \$108 million, with increases reflected for an additional year's accruals for both current members (\$72 million) and deferred members (\$36 million). The liability under the West State Super Scheme decreased by \$17 million at 30 June 2003 to \$602 million, due to the amortisation of the unfunded liability over a fixed period of 20 years (commencing in 2001-02). The liabilities under the Judges' Pension Scheme and the Parliamentary Superannuation Scheme increased by \$14 million and \$3 million respectively.

Employee Benefits



FINANCIAL STABILITY RATIOS

Financial Stability Ratios



CONSOLIDATED FINANCIAL STATEMENTS

Debt Ratio

The debt ratio is the ratio of total liabilities to total assets. This ratio declined marginally to 37.8 per cent at 30 June 2003 (2002: 37.9 per cent).

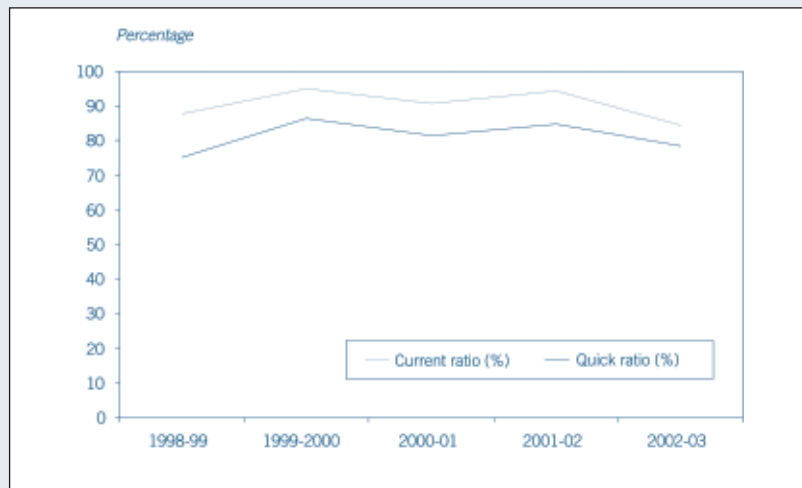
Gearing Ratio

The gearing ratio represents the proportion of borrowings to net assets, and increased to 33.8 per cent at 30 June 2003 (2002: 33.1 per cent).

LIQUIDITY RATIOS

The current and quick ratios represent the Government's ability to meet short term liabilities.

Liquidity Ratios



Current Ratio

The current ratio, indicating current assets as a percentage of current liabilities, decreased to 84.5 per cent at 30 June 2003 (2002: 94.4 per cent). While both current assets and current liabilities increased, the increase in current liabilities (mainly interest bearing liabilities) was greater than the increase in current assets, resulting in a decrease in the ratio.

Quick Ratio

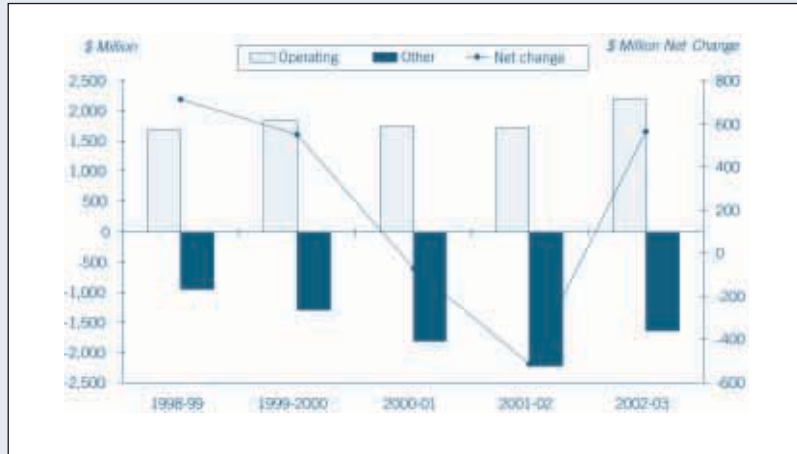
The quick ratio, representing cash, investments and receivables as a percentage of current liabilities, decreased to 78.4 per cent at 30 June 2003 (2002: 84.7 per cent), mainly reflecting the increase in current interest-bearing liabilities discussed earlier.

Overview of the Government's Cash Position

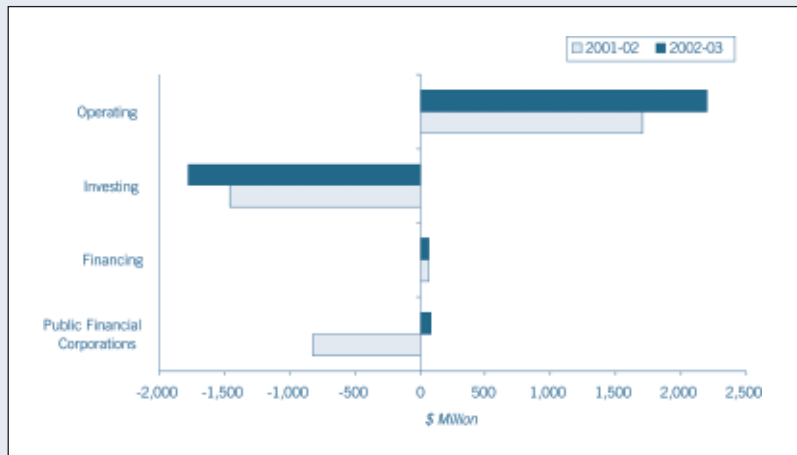
CASH FLOWS

There was a net increase of \$562 million in cash and highly liquid investments over the year ended 30 June 2003, compared with a net decrease of \$513 million the previous year.

Consolidated Cash Flows



Cash Flows by Type



CONSOLIDATED FINANCIAL STATEMENTS

Operating Activities

Operating activities comprise cash received from taxation, sales, grants and other receipts of \$17,328 million (2002: \$15,986 million), less cash paid for salaries, grants and other payments of \$15,132 million (2002: \$14,280 million), resulting in a net cash inflow of \$2,196 million (2002: net inflow of \$1,706 million).

Investing Activities

Proceeds from the sale of non-current physical assets and investments totalled \$577 million (2002: \$738 million). Purchases of non-current physical assets and investments totalled \$2,363 million (2002: \$2,188 million). There was a net inflow from other investing activities of \$5 million (2002: net outflow of \$8 million). Overall, cash flows from investing activities recorded a net outflow of \$1,781 million for the year (2002: net outflow of \$1,458 million).

Financing Activities

Proceeds from borrowings and other proceeds totalled \$677 million (2002: \$684 million). Outflows for repayment of borrowings and other repayments totalled \$612 million (2002: \$619 million). Overall, financing activities resulted in a net inflow of \$65 million, unchanged from the previous year.

Public Financial Corporations

The Accounting Standards require that the net cash flows of public financial corporations be disclosed separately to the cash flows from operating, investing and financing activities of the other sectors of government.

In the year ended 30 June 2003, there was a net inflow of \$82 million from the public financial corporations sector (2002: net outflow of \$826 million).

Operating activities of the public financial corporations comprise interest received, premiums received and other receipts of \$839 million (2002: \$704 million), less cash paid for borrowing costs, claims and other payments of \$1,254 million (2002: \$1,228 million), resulting in a net outflow of \$415 million (2002: net outflow of \$524 million).

Proceeds from the sale of investments totalled \$1,862 million (2002: \$2,960 million). Purchases of investments totalled \$2,023 million (2002: \$2,983 million) and purchases of non-current physical assets totalled \$6 million (2002: \$5 million). Net cash flows from investing activities recorded a net outflow of \$167 million for the year (2002: net outflow of \$28 million).

Reflecting increased proceeds from borrowings, financing activities of the public financial corporations sector resulted in a net inflow of \$664 million in the year ended 30 June 2003, compared with a net outflow of \$274 million the previous year.

**Audited
Consolidated
Financial
Statements**

CONSOLIDATED FINANCIAL STATEMENTS

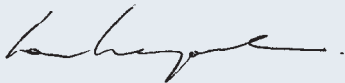
GOVERNMENT OF WESTERN AUSTRALIA CONSOLIDATED FINANCIAL STATEMENTS STATEMENT OF RESPONSIBILITY

The *Consolidated Financial Statements* for the Government of Western Australia have been prepared by the Department of Treasury and Finance from information provided by State government agencies.

In our opinion, the Statements:

- fairly represent the operating results and cashflows of the Government of Western Australia for the year ended 30 June 2003 and the financial position of the Government as at 30 June 2003; and
- have been prepared in accordance with applicable Australian Accounting Standards, in particular AAS 31 *Financial Reporting by Governments* and Urgent Issues Group Consensus Views.

At the date of signing, we are not aware of any circumstances which would render any particulars included in the Statements to be misleading or inaccurate.



J L LANGOULANT
UNDER TREASURER



VALERIE JAYASINGHE CA
ASSISTANT DIRECTOR,
FINANCIAL REPORTING

15 October 2003

CONSOLIDATED FINANCIAL STATEMENTS

GOVERNMENT OF WESTERN AUSTRALIA
CONSOLIDATED FINANCIAL STATEMENTS
OPINION OF THE AUDITOR GENERAL



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Treasurer of Western Australia

GOVERNMENT OF WESTERN AUSTRALIA
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

Audit Opinion

In my opinion, the financial statements present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Government of Western Australia at June 30, 2003 and its financial performance and cash flows for the year ended on that date.

Scope

The Under Treasurer's Role

The Under Treasurer is responsible for preparing the financial statements.

The financial statements consist of the Consolidated Statement of Financial Performance, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, the Notes to the Consolidated Financial Statements and the Statement of Responsibility.

Summary of my Role

I have independently audited the financial statements to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
December 8, 2003

4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664

CONSOLIDATED FINANCIAL STATEMENTS

**GOVERNMENT OF WESTERN AUSTRALIA
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003**

	Note	2003 \$m	2002 \$m
REVENUES FROM ORDINARY ACTIVITIES			
Taxation	3	3,287	2,886
Territorial revenue	4	1,178	1,059
Regulatory fees and fines		304	322
Sale of goods and services	5	5,528	4,986
Grants and subsidies	6	5,380	5,221
Interest revenue		447	399
Other revenues	7,11, 12	1,447	1,327
TOTAL REVENUES FROM ORDINARY ACTIVITIES		17,571	16,200
EXPENSES FROM ORDINARY ACTIVITIES			
Supplies and services		2,106	1,709
Employee benefits		5,108	4,789
Superannuation		804	756
Borrowing costs	8	819	731
Depreciation and amortisation	9	1,204	1,155
Grants and subsidies		2,222	2,152
Other expenses	10,11,12	4,812	4,616
TOTAL EXPENSES FROM ORDINARY ACTIVITIES		17,075	15,908
NET RESULT		496	292
Increase/ (Decrease) in asset revaluation reserve		1,521	3,510
Net initial adjustment on adoption of new accounting standards		3	-
Total revenue, expenses and valuation adjustments recognised directly in equity	27	1,524	3,510
TOTAL CHANGES IN EQUITY		2,020	3,802

The accompanying notes form part of these financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

**GOVERNMENT OF WESTERN AUSTRALIA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003**

	Note	2003 \$m	2002 \$m
CURRENT ASSETS			
Cash assets		440	380
Other financial assets – Investments	13	5,387	4,606
Inventories	14	426	504
Receivables	15	1,299	1,113
Other financial assets – Loans and advances	16	30	28
Other assets	17	93	166
Total current assets		7,675	6,797
NON-CURRENT ASSETS			
Other financial assets – Investments	13	484	453
Inventories	14	243	261
Receivables	15	187	146
Other financial assets – Loans and advances	16	2,674	2,784
Land	18	16,635	15,630
Buildings	19	8,432	8,329
Infrastructure	20	20,643	20,007
Plant, equipment and other	21	3,843	3,253
Timber	22	299	300
Other assets	17	24	27
Total non-current assets		53,464	51,190
TOTAL ASSETS		61,139	57,987
CURRENT LIABILITIES			
Payables		585	532
Interest bearing liabilities	24	5,873	4,062
Provisions – Employee benefits	25	1,274	1,172
Other liabilities	26	1,352	1,433
Total current liabilities		9,084	7,199
NON-CURRENT LIABILITIES			
Interest bearing liabilities	24	6,974	7,871
Provisions – Employee benefits	25	5,577	5,501
Other liabilities	26	1,478	1,410
Total non-current liabilities		14,029	14,782
TOTAL LIABILITIES		23,113	21,981
NET ASSETS		38,026	36,006
EQUITY			
Accumulated funds	27	12,959	12,460
Asset revaluation reserve		25,067	23,546
TOTAL EQUITY		38,026	36,006

The accompanying notes form part of these financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

**GOVERNMENT OF WESTERN AUSTRALIA
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2003**

	Note	2003 Inflows (Outflows) \$m	2002 Inflows (Outflows) \$m
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Taxation		3,082	2,949
Territorial revenue		1,175	1,065
Regulatory fees and fines		333	285
Sale of goods and services		5,582	4,908
Grants and subsidies received		5,424	5,219
Interest received		134	148
GST receipts on sales		350	345
GST receipts from taxation authority		512	490
Other receipts		736	577
Payments			
Salaries, wages and other benefits		(4,951)	(4,634)
Superannuation paid		(734)	(703)
Borrowing costs paid		(81)	(81)
Grants and subsidies paid		(2,238)	(2,146)
GST payments on purchases		(759)	(725)
GST payments to taxation authority		(120)	(112)
Contract services paid		(1,318)	(1,473)
Other payments		(4,931)	(4,406)
Net cash flows from operating activities	28	2,196	1,706
CASH FLOWS USED IN INVESTING ACTIVITIES			
Proceeds from sale of non-current physical assets		249	402
Purchase of non-current physical assets		(2,056)	(1,727)
Proceeds from sale of investments		328	336
Purchase of investments		(307)	(461)
Other receipts		40	39
Other payments		(35)	(47)
Net cash flows used in investing activities		(1,781)	(1,458)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		550	599
Repayment of borrowings		(561)	(576)
Other proceeds		127	85
Other repayments		(51)	(43)
Net cash flows from financing activities		65	65
NET CASH INFLOWS/(OUTFLOWS) FROM PUBLIC FINANCIAL CORPORATIONS	29	82	(826)
NET INCREASE/(DECREASE) IN CASH HELD		562	(513)
CASH ASSETS AT THE BEGINNING OF THE FINANCIAL YEAR		3,955	4,468
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	30	4,517	3,955

The accompanying notes form part of these financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

GOVERNMENT OF WESTERN AUSTRALIA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) ACCOUNTING STANDARDS

This general purpose financial report has been prepared in accordance with applicable Australian Accounting Standards, in particular AAS 31 *Financial Reporting by Governments* and other authoritative pronouncements of the Australian Accounting Standards Board and the Urgent Issues Group (UIG) Consensus Views.

Except where specifically noted, the accounting policies used are consistent with those in the previous year.

(b) THE REPORTING ENTITY

The reporting entity is the Government of Western Australia and includes entities controlled by the Government. These entities are referred to as agencies in these financial statements.

The *Consolidated Financial Statements* include the assets, liabilities, equities, revenues, expenses and cash flows of the Government, including those of agencies controlled by the Government.

The agencies consolidated in these financial statements are detailed in Note 37, Composition of Sectors.

Certain entities not consolidated are also detailed in Note 37, Composition of Sectors.

(c) BASIS OF CONSOLIDATION

All agencies that are controlled by the Government are consolidated.

Where control of an agency is obtained during the financial year, its revenues, expenses and cash flows are included from the date on which control commenced and its assets and liabilities included at reporting date.

Where control of an agency ceased during the financial year, its revenues, expenses and cash flows are included to the date of cessation of control and its assets and liabilities are not included at reporting date.

There are several instances where the accounting policies adopted by agencies are not consistent with the policies adopted for the preparation of these *Consolidated Financial Statements*. Where the effect is considered material, adjustments have been made to ensure that consistent policies are adopted in these *Consolidated Financial Statements*.

Transactions and balances reported by agencies as transactions or balances between agencies are eliminated in the consolidation.

(d) ACCOUNTING PERIODS

Most agencies have 30 June reporting dates.

Where agencies have reporting dates other than 30 June, the data incorporated in the *Consolidated Financial Statements* are based on either:

- management accounts to 30 June; or
- the latest financial statements as detailed in Note 37, Composition of Sectors.

The use of management data or the latest financial statements does not have a material effect on these *Consolidated Financial Statements*.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES – continued

(e) BASIS OF MEASUREMENT

The financial statements have been prepared using the accrual accounting basis and in accordance with the historical cost convention except for certain non-current assets which are recorded at fair value where noted.

(f) REVENUE RECOGNITION

Revenues from taxation, territorial revenue, sale of goods and services, rent and interest are, where possible, recognised when the transaction or event giving rise to the revenue occurs. In some instances, however, the revenue is not measurable until the cash is received.

The policies adopted for the recognition of the major types of revenue are as follows:

Taxation

Type	Recognition policy
Land Tax	On issue of assessment.
Payroll tax and betting taxes	On receipt of cash (self-assessment method), plus on the issue of an assessment to amend a self-assessed liability.
Stamp Duty	On receipt of cash (self-assessment method), plus on the issue of an assessment.
Motor vehicle licences and motor drivers licences	On receipt of cash.

Territorial revenue

Mineral and petroleum royalties from companies operating under Government legislation are recognised in accordance with the royalty payment period (generally monthly or quarterly) considering the base on which royalty is calculated. Under current systems, the base can be production, royalty value, net cashflows or profit.

Regulatory fees and fines

Revenues are predominantly received in the form of various registration and licence fees and fines. Revenue is recognised at the time cash is received.

Sale of goods and services

Sales revenue comprises revenue earned (net of returns, rebates/concessions, discounts and allowances) from the provision of goods and services. Revenue from the sale of goods and services is recognised when the goods and services have been provided.

Rent revenue

Rent revenue is recognised as it accrues.

Grants and subsidies revenue

Commonwealth and other grants, whether for recurrent or capital purposes, are treated as revenue when cash is received, except for grants received in advance.

Interest revenue

Interest revenue is recognised as it accrues.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES – continued

(f) REVENUE RECOGNITION – continued

Asset sales

The revenue from sale of assets is brought to account at the date an unconditional contract of sale is signed. The revenue recognition policy for land and associated development held for resale is described at Note 1(i) Inventories.

(g) EXPENSES RECOGNITION

Expenses are recognised when incurred and are reported in the financial year to which they relate.

(h) INVESTMENTS

Listed shares are stated at net market value.

Properties held as investments are measured at net market value.

Other investments including short term money market investments and Government securities are measured at historical cost.

(i) INVENTORIES

Land and associated development held for resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition and development. Revenue from sales is recognised from the earlier of the date of possession and the date of transfer of title.

Inventories of coal stocks are valued at the lower of cost and net realisable value.

Other inventories are valued at the lower of cost and net realisable value. Cost is assigned using the average cost or the 'first in first out' method.

Precious metal inventories are valued at market prices prevailing at reporting date.

(j) RECEIVABLES

Receivables are carried at amounts due. The collectability of receivables is assessed at reporting date and allowance is made for any doubtful debts.

(k) LOANS AND ADVANCES

Loans and advances are carried at the original amount advanced less principal repayments and any allowance for doubtful debts.

(l) NON-CURRENT PROPERTY, PLANT AND EQUIPMENT ASSETS

Measurement and Valuation

Cost or fair value

Non-current property, plant and equipment assets are stated at either:

- cost (valued at acquisition cost plus other costs incidental to the acquisition); or
- fair value.

Valuation methodologies for specific non-current physical assets follow.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES – continued

(I) NON-CURRENT PROPERTY, PLANT AND EQUIPMENT ASSETS – continued

Land

Land (excluding improvements) is valued at either:

- current market buying price, taking into account the nature of the parcel, any legal restriction on use, the opportunities for or impediments to development that are inherent to the specific parcel of land, any other constraints that exist in respect of that land and any special attributes that the land may possess (value in use); or
- current market value (selling price) based on its feasible alternative use taking account of the cost of achieving the alternative use.

Land under roads

Land values were provided by geographic location as follows:

- metropolitan area – average land value estimates for local government areas based on R20 zoning for 899 square metre land parcels;
- 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

Buildings are valued at depreciated replacement cost.

Water storage and distribution

Water storage and distribution infrastructure previously carried at valuation were reverted to a cost basis of measurement. For the purpose of transitioning to a cost basis, the existing revalued carrying amounts at 1 July 2000 were deemed to be their cost.

Other infrastructure

Rail infrastructure is valued at cost. Harbour and port facilities previously carried at valuation were reverted to a cost basis of measurement. For the purpose of transitioning to a cost basis, the existing revalued carrying amounts at 1 July 2000 were deemed to be their cost.

Road network

Roads are valued at fair value based on current replacement cost determined for the major road components of earthworks, drainage, pavement and seal based on the road location within the State.

Bridges are valued at fair value based on current replacement cost for bridge type and geographic location within the State.

Road furniture is valued at fair value based on current replacement cost for asset type.

Library books

The library books collection is valued based on 5 years' purchases as this is deemed to be an appropriate 'useful life' of the stock. Each year, the latest year's purchase is added and the earliest year's purchases, from five years previous, are deleted.

Assets not recognised

Crown land owned by the Government of Western Australia vested in local authorities and other non-governmental entities is not recognised in the Consolidated Statement of Financial Position, as these are not under the 'control' of the Government (see Note 18(a)).

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES – continued

(l) NON-CURRENT PROPERTY, PLANT AND EQUIPMENT ASSETS – continued

Depreciation and amortisation

All items of buildings, infrastructure, plant, equipment and other non-current physical assets having a limited useful life are systematically depreciated/amortised over their useful life in a manner which reflects the consumption of their service potential.

The depreciation/amortisation methods and the estimated useful life for major asset types are:

Buildings

Buildings are depreciated using the straight line method over 40 to 50 years.

Electricity generation and transmission and electricity distribution

Assets that are not subject to continual extension and modification are depreciated using the straight-line method. Such assets include power stations, gas turbines and the transmission network.

Other assets, primarily the electricity distribution network, which are continually extended and modified, are depreciated using the reducing balance method.

Infrastructure: Road network

Road pavement, seal and drainage are depreciated over their useful life on a straight line basis.

Metropolitan asphalt roads and sealed rural roads have useful lives of 40 and 50 years respectively.

Earthworks have a useful life of 100 years and bridges 60 to 100 years; they are both depreciated on a straight line basis.

Infrastructure: Water storage and distribution

Dams, reservoirs, pipelines and fittings and other long life assets are depreciated using the straight line basis over their useful life, which ranges from 42 to 99 years.

Infrastructure: Other

Harbour and port facilities are depreciated using the straight line basis over their useful life which ranges from 40 to 100 years.

Forestry Infrastructure

Forestry infrastructure is depreciated using the straight line basis over 20 years.

Plant, equipment and other

Plant and equipment are depreciated/amortised using the straight-line basis over 10 to 15 years, and office equipment over 5 years.

Assets under construction

Assets under construction are not depreciated until they are commissioned.

(m) TIMBER

Timber (which is a self-generating and regenerating asset), has been measured using a Net Present Value method to estimate the net market value at each reporting date. Increments/decrements in natural resource asset values have been taken to account as revenue/expense in the Consolidated Statement of Financial Performance.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES – continued

(n) PAYABLES

Payables represent amounts to be paid for goods and services provided prior to the end of the reporting period.

(o) INTEREST BEARING LIABILITIES

Borrowings are reported at historic capital value, which is face value adjusted for amortisation of discounts and premiums.

Borrowings are predominantly conducted by the Western Australian Treasury Corporation. The Corporation adopts a policy of marking to market all its financial assets and financial liabilities under an accrual accounting basis. This basis of measurement is common practice amongst other central borrowing authorities in Australia.

The Corporation has recast its figures from a market value basis to an historic capital value basis for the purposes of these *Consolidated Financial Statements*.

(p) LEASED ASSETS

Finance leases (being leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased asset) are capitalised by recording initially an asset and liability equal to the present value of the minimum lease payments. Lease payments are allocated between interest expense in the Consolidated Statement of Financial Performance and reduction of lease liability in the Consolidated Statement of Financial Position.

Lease payments in respect of operating leases (with the lessor effectively retaining substantially the entire risks and benefits incidental to ownership of the leased items) are charged to expense in the Consolidated Statement of Financial Performance in the period in which they are incurred.

(q) FOREIGN CURRENCY

Foreign currency transactions are brought to account in Australian dollars at settlement date at the rate of exchange applying at that date. At reporting date, foreign currency transactions are translated at the exchange rate existing at 30 June 2003. Exchange gains or losses are brought to account in the Consolidated Statement of Financial Performance.

(r) DERIVATIVES

Derivatives are used exclusively to hedge interest rate and foreign currency exposures. Accordingly, the contracts are accounted for in a manner consistent with the accounting treatment of the underlying physical exposures. Further details are provided in Note 36 Financial Instruments.

(s) EMPLOYEE BENEFITS

Employee benefits comprise annual and long service leave and superannuation liabilities at reporting date.

Annual leave

Annual leave liabilities are measured on a nominal basis and are calculated on the remuneration rates expected to be paid in future reporting periods in respect of employees service up to reporting date.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES – continued

(s) EMPLOYEE BENEFITS – continued

Long Service Leave

A liability for long service leave expected to be settled within 12 months of reporting date is measured at the nominal amounts to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given, when assessing expected future payments, to the expected future wage and salary levels including relevant on-costs, experience of employee departures and periods of service.

Sick leave

A liability for accumulated non-vesting sick leave has not been recognised because experience has indicated that it is improbable that existing accumulated benefits will be used by employees, and this experience is expected to recur in future reporting periods.

Superannuation

The superannuation liability represents the portion of members' benefits which are unfunded at reporting date. These benefits are funded by the Government upon the payment of the benefits with the exception of the West State Superannuation Scheme for which the unfunded benefits at 30 June 2001 of \$635 million are being amortised (funded) over 20 years.

The liability has been actuarially determined and is based on the present value of payments expected to occur in respect of those obligations which arise from membership of the funds up to reporting date.

The expected future payments for these unfunded member liabilities take into account expected future salary increases and other actuarial assumptions such as mortality and retirement rates. The present value of these expected future payments is then calculated using a discount rate determined by reference to a long term Government guaranteed security rate.

(t) OUTSTANDING INSURANCE CLAIMS

The liability for outstanding insurance claims at reporting date comprises:

- claims which have been reported but not paid;
- claims incurred but not reported;
- claims incurred but not enough reported;

together with the anticipated direct and indirect claims' settlement costs.

The liability for outstanding insurance claims is the present value of expected future payments (including claims management expenses), which is affected by factors arising during the period to settlement such as normal inflation and 'superimposed' inflation. 'Superimposed' inflation refers to factors such as trends in court awards and changes in legislation, for example increases in the level and period of compensation for injury. The expected future claims payments are then discounted to a present value at reporting date using market-determined risk adjusted rates of return.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES – continued

(u) BORROWING COSTS

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised are those incurred in relation to that borrowing. Borrowing costs are capitalised using a weighted average interest rate.

(v) ROUNDING

All amounts in the *Consolidated Financial Statements* have been rounded to the nearest million dollars.

(w) COMPARATIVES

Where changes in presentation have occurred during the year, the previous year's comparatives have been adjusted to reflect the changes.

2 DISAGGREGATED INFORMATION

(a) AUSTRALIAN BUREAU OF STATISTICS CLASSIFICATION OF AGENCIES INTO SECTORS

The Government 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' coverage for Government Finance Statistics. Details of the agencies falling into each classification are provided in Note 37, Composition of Sectors.

General government sector

The general government sector comprises public sector agencies that are engaged mainly in the production of goods and services outside the normal market mechanism, or that provide for the transfer of income for public policy purposes. Costs are financed predominantly from public revenue.

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 banking and insurance services.

(b) INFORMATION BY SECTORS

Revenues, 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.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

2. DISAGGREGATED INFORMATION – continued Statement of Financial Performance for the year ended 30 June 2003

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Consolidated	
	2003 \$m	2002 \$m	2003 \$m	2002 \$m	2003 \$m	2002 \$m	2003 \$m	2002 \$m	2003 \$m	2002 \$m
REVENUES FROM ORDINARY ACTIVITIES										
Taxation	3,258	2,845	127	123	-	-	(98)	(82)	3,287	2,886
Territorial revenue	1,178	1,059	-	-	-	-	-	-	1,178	1,059
Regulatory fees and fines	303	321	1	1	-	-	-	-	304	322
Sale of goods and services	483	423	4,847	4,365	428	399	(230)	(201)	5,528	4,986
Grants and subsidies	5,270	5,129	681	648	-	-	(571)	(556)	5,380	5,221
Interest revenue	81	95	114	103	801	745	(549)	(544)	447	399
Tax equivalents	244	237	-	-	-	-	(244)	(237)	-	-
Dividends	390	406	-	-	-	-	(390)	(406)	-	-
Other revenues	684	901	861	555	68	23	(166)	(152)	1,447	1,327
TOTAL REVENUES FROM ORDINARY ACTIVITIES	11,891	11,416	6,631	5,795	1,297	1,167	(2,248)	(2,178)	17,571	16,200
EXPENSES FROM ORDINARY ACTIVITIES										
Supplies and services	123	69	1,983	1,641	-	-	-	(1)	2,106	1,709
Salaries, wages and other entitlements	4,676	4,403	454	407	18	18	(40)	(39)	5,108	4,789
Superannuation	759	695	54	68	2	3	(11)	(10)	804	756
Borrowing costs	169	187	409	390	790	699	(549)	(545)	819	731
Depreciation and amortisation	603	582	597	570	4	3	-	-	1,204	1,155
Grants and subsidies	2,606	2,541	187	167	2	-	(573)	(556)	2,222	2,152
Tax equivalents	-	-	242	235	2	2	(244)	(237)	-	-
Dividends	-	-	385	393	5	13	(390)	(406)	-	-
Other expenses	2,690	2,795	2,117	1,744	447	461	(442)	(384)	4,812	4,616
TOTAL EXPENSES FROM ORDINARY ACTIVITIES	11,626	11,272	6,428	5,615	1,270	1,199	(2,249)	(2,178)	17,075	15,908
NET RESULT	265	144	203	180	27	(32)	1	-	496	292
Increase (decrease) in revaluation reserve	1,410	3,107	221	525	15	(15)	(125)	(107)	1,521	3,510
Net initial adjustment on adoption of new accounting standards	3	-	-	-	-	-	-	-	3	-
TOTAL CHANGES IN EQUITY	1,678	3,251	424	705	42	(47)	(124)	(107)	2,020	3,802

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

2. DISAGGREGATED INFORMATION – continued
Statement of Financial Position as at 30 June 2003

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
CURRENT ASSETS										
Cash assets	301	299	301	248	19	17	(181)	(184)	440	380
Other financial assets - investments	1,061	1,074	282	250	3,913	3,307	131	(25)	5,387	4,606
Inventories	57	55	369	449	-	-	-	-	426	504
Receivables	687	666	710	544	215	251	(313)	(348)	1,299	1,113
Other financial assets - loans and advances	31	30	-	-	409	291	(410)	(293)	30	28
Other	70	130	16	14	7	23	-	(1)	93	166
Total current assets	2,207	2,254	1,678	1,505	4,563	3,889	(773)	(851)	7,675	6,797
NON-CURRENT ASSETS										
Other financial assets - investments	454	297	28	26	290	293	(288)	(163)	484	453
Inventories	19	16	224	245	-	-	-	-	243	261
Receivables	11	41	13	15	222	195	(59)	(105)	187	146
Other financial assets - loans and advances	263	259	1,402	1,147	10,019	9,696	(9,010)	(8,318)	2,674	2,784
Land	13,082	12,124	3,553	3,506	-	-	-	-	16,635	15,630
Buildings	5,739	5,713	2,693	2,617	-	-	-	(1)	8,432	8,329
Infrastructure	8,005	7,477	12,639	12,529	-	-	(1)	1	20,643	20,007
Plant, equipment and other	1,562	1,390	2,270	1,853	10	9	1	1	3,843	3,253
Timber	-	-	299	300	-	-	-	-	299	300
Other	2	-	29	25	2	2	(9)	-	24	27
Total non-current assets	29,137	27,317	23,150	22,263	10,543	10,195	(9,366)	(8,585)	53,464	51,190
TOTAL ASSETS	31,344	29,571	24,828	23,768	15,106	14,084	(10,139)	(9,436)	61,139	57,987

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

2. DISAGGREGATED INFORMATION – continued
Statement of Financial Position as at 30 June 2003

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
CURRENT LIABILITIES										
Payables	237	194	508	519	41	56	(201)	(237)	585	532
Interest-bearing liabilities	216	329	641	303	5,446	3,945	(430)	(515)	5,873	4,062
Provisions - employee entitlements	1,147	1,055	122	112	5	5	-	-	1,274	1,172
Other	502	620	251	379	737	727	(138)	(293)	1,352	1,433
Total current liabilities	2,102	2,198	1,522	1,313	6,229	4,733	(769)	(1,045)	9,084	7,199
NON-CURRENT LIABILITIES										
Interest-bearing liabilities	1,915	1,790	6,534	6,087	7,539	8,116	(9,014)	(8,122)	6,974	7,871
Provisions - employee entitlements	5,272	5,193	290	292	15	17	-	(1)	5,577	5,501
Other	75	88	348	366	1,124	1,061	(69)	(105)	1,478	1,410
Total non-current liabilities	7,262	7,071	7,172	6,745	8,678	9,194	(9,083)	(8,228)	14,029	14,782
TOTAL LIABILITIES	9,364	9,269	8,694	8,058	14,907	13,927	(9,852)	(9,273)	23,113	21,981
NET ASSETS	21,980	20,302	16,134	15,710	199	157	(287)	(163)	38,026	36,006
EQUITY										
Accumulated surplus/deficit	(292)	(560)	13,010	12,807	241	214	-	(1)	12,959	12,460
Asset revaluation reserve	22,272	20,862	3,124	2,903	(42)	(57)	(287)	(162)	25,067	23,546
TOTAL EQUITY	21,980	20,302	16,134	15,710	199	157	(287)	(163)	38,026	36,006

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

	2003 \$m	2002 \$m
3 TAXATION REVENUE		
Stamp duty	1,427	1,144
Payroll tax	969	883
Motor vehicles' and drivers' licences	330	301
Financial transactions taxes	97	112
Gambling taxes and licences	166	167
Land tax	241	214
Other taxes and licences	57	65
	<u>3,287</u>	<u>2,886</u>
4 TERRITORIAL REVENUE		
Petroleum	496	417
Iron Ore	290	277
Alumina	52	60
Diamonds	91	66
Mineral sands	25	25
Nickel	52	49
Gold	83	81
Other	53	47
Lease and other rentals	36	37
	<u>1,178</u>	<u>1,059</u>
5 SALE OF GOODS AND SERVICES		
Revenue from sale of goods	3,200	2,794
Revenue from provision of services	2,328	2,192
	<u>5,528</u>	<u>4,986</u>
Cost of sales relating to goods sold	<u>1,973</u>	<u>1,633</u>
<p>Water volume sales have been reclassified from the sale of goods to revenue from the provision of services. The comparatives have been restated to reflect this change.</p>		
6 GRANTS AND SUBSIDIES		
Commonwealth grants	5,330	5,146
Other grants and subsidies	50	75
	<u>5,380</u>	<u>5,221</u>

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

	2003 \$m	2002 \$m
7 OTHER REVENUES		
Gross proceeds from the sale of non-current fixed assets (a)	264	403
Donations	26	24
Rent revenue	208	192
Developers contribution	224	157
Other	725	551
	<u>1,447</u>	<u>1,327</u>
 (a)The comparative figure has been restated to reflect gross proceeds from the sale of non-current assets (see Note 10a).		
8 BORROWING COSTS		
Interest on borrowings	821	740
Finance charges on finance leases	4	5
	<u>825</u>	<u>745</u>
 Less: Capitalised interest on borrowings	 6	 14
Borrowing costs expenses	<u>819</u>	<u>731</u>
 Weighted average rate of capitalisation for 2003 is 5.92% (2002: 5.87%).		
9 DEPRECIATION AND AMORTISATION		
Buildings	248	259
Plant and equipment	276	356
Infrastructure	680	540
	<u>1,204</u>	<u>1,155</u>
10 OTHER EXPENSES		
Betting dividends payouts	831	764
Health sector specific expenses	607	539
Education sector specific expenses	290	270
Insurance claims expenses	400	400
Contract services expense	1,260	1,165
Carrying amount of non-current assets disposed of (a)	217	327
Other	1,207	1,151
	<u>4,812</u>	<u>4,616</u>

(a)The comparative figure has been restated to reflect the carrying amount of non-current assets disposed of (further details are provided in Note 7a).

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

	2003 \$m	2002 \$m
11 SIGNIFICANT ITEMS		
Other revenues		
Recovery of investments previously written off (a)	-	27
Assets acquired (b)	83	-
Other expenses		
HIH Insurance claims provisions (c)	(9)	(51)
Infrastructure assets retired/replaced (d)	20	67
Decommissioned assets (e)	21	27
Merger of Grain Pool (f)	82	-
Revaluation decrement (g)	17	-

(a) Recovery of investments previously written off

This relates to amounts recovered and recoverable by the Insurance Commission of Western Australia from the liquidators of Southern Equities Corporation Ltd (in Liquidation), Spedley Securities Limited (in Liquidation) and Rothwells Limited.

(b) Assets acquired

This relates to transfers of infrastructure assets to Main Roads from local government.

(c) HIH Insurance claims provision

This relates to the estimated claim payments provided for under the Employers' Indemnity Supplementation Fund as a consequence of HIH Insurance being placed into provisional liquidation. An actuarial assessment at 30 June 2003 has resulted in a \$9 million reduction in the estimated claim payments.

(d) Infrastructure assets retired/replaced

This relates to infrastructure assets of Main Roads (\$20 million) replaced or retired during the year that have been expensed at their carrying amounts.

(e) Decommissioned assets

Various assets of the Water Corporation were written off and expensed during the year.

(f) Merger of Grain Pool

This relates to the value of net assets transferred out as part of the merger of the Grain Pool of Western Australia with Cooperative Bulk Handling to form a new private sector entity.

(g) Revaluation decrement

This relates to a revaluation decrement recorded for the Peel Hospital building.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

	2003 \$m	2002 \$m
12 NET GAIN/LOSS ON DISPOSAL OF NON-CURRENT ASSETS		
Gain on disposal of non-current assets		
Land	41	102
All other fixed assets	24	12
	<u>65</u>	<u>114</u>
Loss on disposal of non-current assets		
Land	-	(21)
All other fixed assets	(18)	(17)
	<u>(18)</u>	<u>(38)</u>
Net gain/(loss)	<u>47</u>	<u>76</u>
13 OTHER FINANCIAL ASSETS – INVESTMENTS		
Current		
Unlisted / Listed shares	697	607
Term deposits	4,436	3,735
Government securities	254	264
	<u>5,387</u>	<u>4,606</u>
Non-current		
Property (a)	290	293
Government securities	160	129
Other investments	34	31
	<u>484</u>	<u>453</u>
(a) Property		
Property held as investments was valued at 30 June 2003 by Mr S Nutall AAPI ASIA of CB Richard Ellis (W) Pty Ltd. They are measured at net market value after providing for the estimated costs of disposal on an annual basis.		
14 INVENTORIES		
Current		
Land and development, held for resale – at cost	160	167
Precious metals – at net realisable value	74	88
Coal stocks – at cost	47	47
Other – at cost	119	194
– at net realisable value	26	8
	<u>426</u>	<u>504</u>
Non-current		
Land and development, held for resale – at cost	235	261
Other – at cost	8	-
	<u>243</u>	<u>261</u>

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

	2003 \$m	2002 \$m
15 RECEIVABLES		
Current		
Accounts receivable	1,400	1,232
Provision for doubtful debts	(101)	(119)
	1,299	1,113
Non-current		
Accounts receivable	192	151
Provision for doubtful debts	(5)	(5)
	187	146
16 OTHER FINANCIAL ASSETS – LOANS AND ADVANCES		
Current		
Non-government schools	26	25
Others	4	3
	30	28
Non-current		
Homebuyers	1,500	1,635
Non-government schools	218	212
Terminating building societies	9	14
Government Employees Superannuation Board	602	619
Others	345	304
	2,674	2,784
17 OTHER ASSETS		
Current		
Prepayments:		
Gas and coal contracts	4	2
Other prepayments	52	52
Deferred expenses	37	112
	93	166
Non-current		
Prepayments:		
Gas and coal contracts	18	21
Deferred expenses	6	6
	24	27
18 LAND		
Land, at fair value (a)	10,289	9,838
Land under roads, at fair value (b)	6,346	5,792
	16,635	15,630

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

(a) Land

The Government's land holdings records are maintained by the Department of Land Information (formerly Department of Land Administration) in the Government Property Register (GPR).

Land is valued by the Valuer General's Office (VGO) as at 1 July 2002 (2002: land valued 1 July 2001) based on the information on the stock of land contained in the GPR as at 30 June 2003. Land vested in local authorities of \$1,758 million (2002: \$1,363 million) is not recognised in the Consolidated Statement of Financial Position, as it is not under the 'control' of the Government.

(b) Land under roads

Land under roads was valued using valuations provided by the VGO at 1 July 2002 (2002: valued at 30 June 2002).

	2003 \$m	2002 \$m
19 BUILDINGS		
At cost	2,267	2,075
Accumulated depreciation	(475)	(434)
	<u>1,792</u>	<u>1,641</u>
At valuation **	7,440	7,848
Accumulated depreciation	(886)	(1,266)
	<u>6,554</u>	<u>6,582</u>
Leased, at capitalised cost	112	130
Accumulated amortisation	(26)	(24)
	<u>86</u>	<u>106</u>
Total buildings, net	<u>8,432</u>	<u>8,329</u>

** Building valuation details of the major agencies are as follows:

- (a) The Department of Education and Training has a policy of valuing buildings on the basis of depreciated replacement value or cost. Depreciated replacement values were determined in 1996-97.
- (b) The State Housing Commission obtains independent valuations from the VGO on an annual basis. The valuations are as at 1 July 2002 and are based on fair value. The basis of valuations is primarily integrity three assessments (external property inspection).
- (c) The Department of Justice has a policy of valuing buildings at fair value. The annual revaluations of the Department's buildings undertaken by the VGO are recognised in the financial statements. Building infrastructure assets are being progressively revalued to fair value under the transitional provisions in AASB 1041 (8.12)(b).
- (d) The Department of Health's valuations have been carried out in conjunction with the Department of Housing and Works. Buildings are valued at 'Replacement Capital Value', which is the estimated written down replacement cost of the most appropriate modern equivalent replacement facility having a similar service potential to an existing asset. This valuation does not include freestanding furniture and equipment or specialised medical equipment.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

	2003 \$m	2002 \$m
20 INFRASTRUCTURE		
Electricity generation and transmission		
At cost	5,172	5,002
Accumulated depreciation	(1,946)	(1,748)
	3,226	3,254
Road network (a)		
At fair value	12,284	11,320
Accumulated depreciation	(4,444)	(4,003)
	7,840	7,317
Water storage and distribution (b)		
At cost	9,530	9,214
Accumulated depreciation	(1,121)	(965)
	8,409	8,249
Other infrastructure		
At cost	1,728	1,736
Accumulated depreciation	(616)	(591)
	1,112	1,145
Other infrastructure		
At fair value	80	49
Accumulated depreciation	(24)	(7)
	56	42
Total infrastructure, net	20,643	20,007

(a) Road network

Roads infrastructure comprising roads, bridges and road furniture was valued at fair value by Commissioner of Main Roads' engineers. The fair value at 30 June 2003 is based on rates determined at 1 July 2002 (2002: based on rates determined 30 June 2002).

(b) Water storage and distribution

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, have (in accordance with the requirements of AASB 1041 'Revaluation of Non-Current Assets') reverted to a cost basis of measurement. They were previously carried at valuation. For the purpose of transitioning to a cost basis, the existing revalued amounts at 1 July 2000 were deemed to be their cost.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

	2003 \$m	2002 \$m
21 PLANT, EQUIPMENT AND OTHER		
Plant, equipment and other		
At cost	3,368	3,111
Accumulated depreciation	(1,534)	(1,356)
	<u>1,834</u>	<u>1,755</u>
Plant, equipment and other		
At fair value	291	266
Accumulated depreciation	(46)	(43)
	<u>245</u>	<u>223</u>
Plant and equipment under lease		
At capitalised cost	100	98
Accumulated amortisation	(44)	(40)
	<u>56</u>	<u>58</u>
Assets under construction	<u>1,708</u>	<u>1,217</u>
Total plant, equipment, assets under construction and other	<u>3,843</u>	<u>3,253</u>
22 TIMBER		
Timber at net market value (a)		
Plantations reforestation program	4	6
Native forest standing timber	72	82
Standing sandalwood	48	29
Plantations standing timber	172	183
Plantations afforestation program	3	-
Total timber	<u>299</u>	<u>300</u>

(a) Timber was valued by the Forest Products Commission at 30 June 2003.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

23 RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

Reconciliations of the carrying amounts of each class of property and plant and equipment at the end of the year are set out below.

2003	Land	Buildings	Infrastructure	Plant, equipment and other	Total
	\$m	\$m	\$m	\$m	\$m
Carrying amount at beginning of year	15,630	8,329	20,007	3,253	47,219
Additions	184	219	801	1,482	2,686
Disposals	(143)	(93)	(53)	(507)	(796)
Transfers in/ (out)	30	120	4	(154)	-
Revaluation increments/ (decrements)	819	167	666	20	1,672
Depreciation	-	(240)	(581)	(383)	(1,204)
Written back on disposal	-	31	16	88	135
Write-off of assets destroyed	(1)	(71)	(20)	(13)	(105)
Other	116	(30)	(197)	57	(54)
Carrying amount at end of year	16,635	8,432	20,643	3,843	49,553
				2003	2002
				\$m	\$m

24 INTEREST BEARING LIABILITIES

Current

Bank overdrafts	2	2
Finance leases (a)	16	14
Liability to the Commonwealth Government	20	11
Commercial paper (Keystart Bonds Ltd)	20	225
Medium term notes (Keystart Bonds Ltd)	-	200
Domestic and foreign borrowings (b)	5,813	3,608
Borrowings at face value (c)	5,871	4,060
Unamortised net discounts	2	2
Borrowings at historic capital value	5,873	4,062

Non-current

Finance leases (a)	74	90
Liability to Commonwealth Government	561	581
Domestic and foreign borrowings (b)	5,973	6,856
Borrowings at face value (c)	6,608	7,527
Unamortised net discounts	366	344
Borrowings at historic capital value	6,974	7,871

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

	2003 \$m	2002 \$m
24 INTEREST BEARING LIABILITIES – continued		
(a) Finance leases		
Amounts payable under finance leases are as follows:		
Finance leases due:		
not later than one year	16	18
later than one year and not later than five years	43	58
later than five years	65	66
Minimum lease payments	124	142
Future finance charges	(34)	(38)
Total finance lease liabilities	90	104
Classified as:		
Current	16	14
Non-current	74	90
	90	104

(b) Foreign currency borrowings

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

	Current	Non-current
2002-2003		
United States Dollars (89,780,810)	135	-
Japanese Yen (10,000,000,000)	63	63
Eurodollars (59,577,792)	102	-
Great British Pounds (29,908,047)	74	-
	374	63
2001-2002		
United States Dollars (512,155,825)	907	-
Japanese Yen (10,000,000,000)	-	148
Hong Kong Dollars (1,202,607,915)	273	-
Great British Pounds (39,597,897)	107	-
	1,287	148

At reporting date, all foreign currency borrowings have either been hedged, swapped, covered forward specifically or invested in the foreign currency. Consequently, any gain or loss on the translation of the foreign currency borrowing is matched by a corresponding loss or gain made on the foreign currency contract or the foreign currency investment.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

	2003 \$m	2002 \$m
24 INTEREST BEARING LIABILITIES – continued		
(c) Borrowings – maturity profile		
The maturity profile of borrowings, at face value, is as follows:		
not later than one year	5,871	4,060
later than one year and not later than five years	3,059	3,659
later than five years	3,549	3,868
	<u>12,479</u>	<u>11,587</u>
25 PROVISIONS – EMPLOYEE BENEFITS		
Current		
Annual leave	445	401
Long service leave	337	314
Superannuation (a)	482	446
Other employee benefits	10	11
	<u>1,274</u>	<u>1,172</u>
Non-current		
Long service leave	446	402
Superannuation (a)	5,115	5,083
Other employee benefits	16	16
	<u>5,577</u>	<u>5,501</u>
(a) Superannuation		
Government's unfunded liabilities under State Government schemes: (b)		
Pension Scheme	2,502	2,542
Gold State Superannuation Scheme	2,257	2,149
West State Superannuation Scheme (c)	602	619
Judges' Pension Scheme	130	116
Parliamentary Superannuation Scheme	106	103
	<u>5,597</u>	<u>5,529</u>
Classified as:		
Current	482	446
Non-current	5,115	5,083
	<u>5,597</u>	<u>5,529</u>

(b) The Government's unfunded liabilities under State government schemes totalling \$5,597 million (2002: \$5,529 million) have been actuarially determined at 30 June 2003 (except for the West State Superannuation Scheme) by Catherine A Nance, Director, Financial Advisory Services, PriceWaterhouse Coopers Securities Ltd.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

25 PROVISIONS – EMPLOYEE BENEFITS – continued

(c) As at 1 July 2001 the Government agreed to amortise the unfunded liability over 20 years and the Government Employees Superannuation Board (GESB) introduced member investment choice. The amount is no longer actuarially assessed. The amount to be amortised at reporting date is \$602 million in accordance with the amortisation schedule (2002: \$619 million).

The assets and liabilities of the Superannuation Fund are not included in the Consolidated Financial Statements as they are not 'controlled' by the State. Actuarial assessment of the Fund is made annually by the GESB actuary. Information relating to the Fund based on the 30 June 2003 actuarial assessment and the financial report of the Fund for the year ended 30 June 2003 is set out below:

	2003 \$m	2002 \$m
Present value of employees' accrued benefits	7,883	7,555
Net market value of assets held by the Fund to meet future benefit payments	2,706	2,387
Excess of the present value of employees' accrued benefits over the net market value of assets	5,177	5,168
Vested Benefits	7,913	7,283
26 OTHER LIABILITIES		
Current		
Insurance claims (a)	374	399
Interest payable	183	183
Other liabilities and accruals	795	851
	1,352	1,433
Non-current		
Insurance claims (a)	1,104	1,034
Other liabilities	374	376
	1,478	1,410
(a) Insurance claims		
The liabilities for outstanding insurance claims comprise:		
Third Party Insurance Fund	1,073	1,045
Government Insurance Fund	65	61
RiskCover	218	206
Others	122	121
	1,478	1,433

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

	2003 \$m	2002 \$m
26 OTHER LIABILITIES – continued		
Liability for outstanding claims (undiscounted)	1,794	1,742
Discount to present value	(316)	(309)
Liability for outstanding claims	1,478	1,433
Classified as:		
Current	374	399
Non-current	1,104	1,034
	1,478	1,433

The weighted average expected term to settlement from the reporting date of the outstanding claims is estimated to be 3 years and 1 month (2002: 2 years and 8 months).

The following average inflation (normal and superimposed) rates and discount rates were used in measuring the liability for outstanding claims:

Claims expected to be paid:

Not later than one year

Inflation rate	5.67%	10.76%
Discount rate	4.40%	5.30%

Later than one year

Inflation rate	5.86%	10.58%
Discount rate	4.99%	6.06%

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

	2003 \$m	2002 \$m
27 EQUITY		
Accumulated funds		
Opening balance	12,460	4,728
Result for the year	496	292
Transfer from Asset Revaluation Reserve (a)	-	7,440
Net initial adjustment on adoption of new accounting standards	3	-
Closing balance	12,959	12,460
Asset revaluation reserve		
Opening balance	23,546	27,476
Net revaluation increments/(decrements):		
Land	819	2,386
Buildings	167	196
Others	535	928
Transfer to accumulated funds (a)	-	(7,440)
Closing balance	25,067	23,546
 (a) This amount includes \$7,326 million for the Water Corporation relating to accumulated surplus/deficit and reserves of the Water Authority that were not written back upon corporatisation in 1996.		
28 RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT		
Net Result	496	292
Non-cash movements		
Depreciation	1,204	1,155
Assets not previously recognised	(100)	-
Loss/ (Profit) on disposal of fixed assets	(47)	(76)
(Increase)/Decrease in inventories	96	(14)
(Increase)/Decrease in receivables	(206)	183
Increase/(Decrease) in provision for doubtful debts	(18)	12
(Increase)/Decrease in prepayments and other assets	76	63
Increase/(Decrease) in payables	53	12
Increase/(Decrease) in employee benefits	178	148
Increase/(Decrease) in other liabilities and accruals	(14)	29
Net GST receipts/(payments) change in GST in receivables/payables	(31)	4
Adjustment for other non-cash items	94	(626)
Net cash provided from operating activities being:	1,781	1,182
Non-financial corporations per Consolidated Statement of Cash Flows	2,196	1,706
Financial corporations per Note 29	(415)	(524)
	1,781	1,182

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

29 STATEMENT OF CASH FLOWS OF PUBLIC FINANCIAL CORPORATIONS

In accordance with AAS 31 *Financial Reporting by Governments*, the net cash flows of the public financial corporation sector are disclosed in the Consolidated Statement of Cash Flows separately to the other cash flows from operating, investing and financing activities of the general government and public non-financial corporation sectors. The net cash flows of the public financial corporation sector comprise:

	2003 Inflows (Outflows) \$m	2002 Inflows (Outflows) \$m
Cash flows from operating activities		
Interest received	294	270
Premiums received	345	303
GST received on sales	48	44
GST received from taxation authority	14	13
Other receipts	138	74
Salaries, wages and other benefits paid	(18)	(18)
Superannuation paid	(2)	(2)
Borrowing costs	(735)	(688)
Claims paid	(331)	(363)
GST paid on purchases	(23)	(13)
GST paid to taxation authority	(46)	(44)
Other payments	(99)	(100)
Net cash flows used in operating activities	<u>(415)</u>	<u>(524)</u>
Cash flows from investing activities		
Purchase of non-current physical assets	(6)	(5)
Proceeds from investments	1,862	2,960
Purchase of investments	(2,023)	(2,983)
Net cash flows used in investing activities	<u>(167)</u>	<u>(28)</u>
Cash flows from financing activities		
Proceeds from borrowings	20,584	20,330
Repayments from borrowings	(19,920)	(20,604)
Net cash flows from financing activities	<u>664</u>	<u>(274)</u>
Net cash flows from public financial corporations	<u>82</u>	<u>(826)</u>

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

	2003 \$m	2002 \$m
30 CLOSING CASH BALANCES		
For the purposes of the Consolidated Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.		
The amount comprises:		
Cash assets	439	380
Bank overdrafts	(2)	(2)
Highly liquid investments	4,080	3,577
	4,517	3,955

31 RESTRICTED FINANCIAL ASSETS

There are restrictions on the uses of specific purpose Commonwealth grants and advances received and not yet expensed. The restricted financial assets, included in Investments, total \$75 million (2002: \$71 million).

32 MONEYS HELD IN TRUST

Moneys held in a trustee capacity are not controlled by the State, and an amount of \$54 million (2002: \$57 million) is excluded from assets and liabilities.

33 EXPENDITURE COMMITMENTS

(a) Capital expenditure commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the *Consolidated Financial Statements*, are expected to require payment as follows:

Not later than one year	1,172	1,008
Later than one year and not later than five years	1,302	1,055
Later than five years	331	319
	2,805	2,382

The capital commitments include amounts for:

- the Cockburn plant construction, retrospective underground power project and other major capital expenditure programs, \$48 million (2002: \$257 million);
- housing and land development, \$143 million (2002: \$131 million);
- road construction and maintenance, \$916 million (2002: \$784 million);
- prisons and other projects, \$14 million (2002: \$6 million);
- police buildings, complexes and stations, computer infrastructure upgrades and other asset acquisitions, \$230 million (2002: \$185 million);
- new and replacement buildings for various educational institutions, and the commencement of the Secondary Refurbishment Program, \$115 million (2002: \$115 million);
- sewerage infill and water storage and distribution, \$515 million (2002: \$105 million);
- bus replacement program, \$255 million (2002: \$207 million);
- Perth Convention and Exhibition Centre, \$56 million (2002: \$122 million); and
- purchase of new and replacement railcars for the Prospector service and the New MetroRail project, new buildings and stations, and infrastructure, \$288 million (2002: \$291 million).

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

33 EXPENDITURE COMMITMENTS– continued

	2003 \$m	2002 \$m
(b) Operating leases expenditure commitments		
In addition to the finance leases for which the liabilities are incorporated in the Consolidated Statement of Financial Position, the Government has non-cancellable operating leases, including leases of buildings for office accommodation and motor vehicles, under which the following amounts are payable:		
Not later than one year	180	134
Later than one year and not later than five years	364	285
Later than five years	163	103
	707	522

Operating lease expenses for the year amounted to \$195 million (2002: \$132 million).

(c) Other commitments

The Government has commitments with private sector contractors for the provision of health services and rail and bus operations. A commitment has also been made by the Government to the Government Employees Superannuation Board to pay the unfunded West State Superannuation liability over a period of 20 years. These commitments are payable as follows:

Not later than one year	530	518
Later than one year and not later than five years	1,442	1,513
Later than five years	2,542	2,525
	4,514	4,556

34 CONTINGENT ASSETS

The Government has contingent assets totalling \$26 million.

A transitional issue has arisen with Western Power Corporation entering into the National Taxation Equivalent Regime (NTER) environment on 1 July 2001, having previously operated under the State based Taxation Equivalent Regime (TER). The Corporation's 2001-02 assessable income contains a potential timing difference relating to the recognition of unread sales. Western Power is awaiting confirmation from the Australian Taxation Office of the proposed tax treatment, before any adjustment is recognised. The proposed treatment would result in the recognition of a receivable for \$26 million with a corresponding increase in tax liability.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

	2003 \$m	2002 \$m
35 CONTINGENT LIABILITIES		
In addition to the liabilities incorporated in the Consolidated Statement of Financial Position, the Government has the following quantified contingent liabilities:		
Contingent liabilities of the Treasurer under guarantees, indemnities and sureties (a)	244	231
Contingent liabilities in relation to public universities' superannuation liabilities (b)	113	115
Guaranteed obligations of the Bank of Western Australia Ltd at credit risk equivalents (c)	484	649
Other contingent liabilities of agencies (d)	213	203
	1,054	1,198

(a) Contingent liabilities of the Treasurer under guarantees, indemnities and sureties

Contingent liabilities of the Treasurer include guarantees and indemnities for terminating building societies' loans and others of \$7 million (2002: \$12 million) and the liability of the Public Trustee's Common Fund of \$230 million (2002: \$211 million).

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

The State Superannuation Act (SSA) assented to 2 November 2000 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 \$113 million have been actuarially assessed as at 30 June 2003 (2002: \$105 million).

(c) Guaranteed obligations of the Bank of Western Australia Ltd ('BankWest') at credit risk equivalents.

BankWest was privatised on 1 December 1995 with the completion of the sale to the Bank of Scotland and its wholly owned subsidiary Scottish Western Australia Holdings Pty Ltd.

The Bank of Western Australia Act guarantees financial obligations of BankWest at the time of privatisation subject to phase out conditions.

The guaranteed obligations of BankWest at 30 June 2003 comprise various BankWest balance sheet liabilities plus off balance sheet exposures. The off balance sheet exposures are calculated at credit equivalent amounts used for Reserve Bank purposes to reflect the assessed risk levels for such items. The guaranteed exposures amount to \$484 million (2002: \$649 million). The total of the guaranteed on and off balance sheet exposures at face value is \$487 million (2002: \$868 million).

(d) Other contingent liabilities of agencies

Other contingent liabilities include legal and contractual claims against individual agencies as reported in their financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

35 CONTINGENT LIABILITIES – continued

OTHER CONTINGENT LIABILITIES

The *Consolidated Financial Statements* do not contain any provision in respect of either quantified or unquantified contingencies in respect of the following:

Tipperary Developments Pty Ltd

A claim has been lodged by Tipperary Developments against the Government for loss arising from a \$50 million deposit with Rothwells in 1988. Tipperary alleges the Government gave binding assurances that it would ensure Tipperary would not suffer loss as a result of its deposit. The current quantum of the claims by Tipperary (including interest) is approximately \$66 million.

As a result of the many delays by Tipperary in this action, the State has applied to the Courts to strike-out the claim for want of prosecution. The decision has been delivered and the application to strike-out has been successful. Tipperary Developments Pty Ltd has a right to appeal.

Sale of AlintaGas

During the process of the sale of AlintaGas, the Government issued the following indemnities:

- the provision of various indemnities to the directors of AlintaGas Limited, the directors of the Gas Corporation, certain employees of AlintaGas and representatives of the AlintaGas Sale Steering Committee in relation to matters pertaining to the sale of AlintaGas; and
- provision of an indemnity to certain other persons acting on behalf of the Government in respect of the sale of AlintaGas.

Sale of the Dampier to Bunbury Natural Gas Pipeline

The Asset Sale Agreement relating to the sale of the pipeline required the Government to issue the following indemnities:

- in favour of the buyer in relation to certain aspects of the Alcoa Agreement. This indemnity covers the period from completion of the sale process to 30 June 2005; and
- in favour of each of the six AlintaGas directors against any liability incurred as a consequence of acting in accordance with a Ministerial direction. This indemnity is for the period that such directors continue to have any liability.

Native Title

The Commonwealth Native Title Act 1993 (NTA), amended in September 1998, creates a liability for the States for any compensation in regard to loss or impairment of native title rights and interests. The Commonwealth has agreed to contribute 75% of the compensation liability arising from the NTA, any complementary State's legislation or the Racial Discrimination Act for past, intermediate and future acts.

A formal financial assistance agreement between the Commonwealth and the States is currently being considered by the States.

Compensation in regard to acts carried out before the commencement of the NTA would generally be the responsibility of State governments. In respect of future acts involving mining, the compensation liability has been passed legislatively onto the mining industry, and therefore liability for compensation will not be covered by any Commonwealth agreement with the State.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

35 CONTINGENT LIABILITIES – continued

State Supply Commission

In November 2001 the Government exercised its contractual rights to terminate the Matrix Vehicle Leasing Transaction which had become uneconomic for the State. While the State has no ongoing contractual payment obligations, certain indemnities related to potential taxation exposures remain after termination.

Sale of the Westrail Freight Business

The State has provided a specific warranty in relation to pre-existing environmental contamination at certain freight terminals. The State's liability is capped at \$10 million and exists for seven years from the date of sale (that is, until 17 December 2007).

The State has provided various guarantees and indemnities arising from the sale of Westrail Freight Business in respect of cross border lease arrangements for the freight rollingstock transferred to the purchaser. The potential liability to the State is up to \$70 million in the event of default. The potential liability and risks are similar to what existed before the sale.

Finance Brokers

A writ has been filed against the State on behalf of clients who lost money in the finance brokers scandal, claiming that the Finance Brokers Supervisory Board was responsible for the losses suffered by investors through negligence and misfeasance in public office. Claims totalling approximately \$100 million have been lodged by investors.

Water Corporation

A claim has been lodged against the Corporation by the University of Western Australia seeking damages of \$95 million relating to land endowed to the University that adjoins the Corporation's Subiaco wastewater treatment facility. An agreement has been reached that, subject to approval by Government of a new subdivision application by UWA, their claim will be withdrawn and this matter will be finalised without material financial consequence for the corporation.

Electricity Reform Task Force (ERTF)

The Treasurer has issued indemnities from any loss arising from claims against members of the ERTF in performing the acts prescribed for the role.

Land Resumption

The Department of Land Information has a potential liability claim in respect to land resumption at an estimated cost of \$40 million. There is a Bill before Parliament, which if enacted will settle the rights of the parties which are currently in dispute in the Supreme Court proceedings.

Insurance Commission of Western Australia

Indemnities have been issued by the Treasurer to reimburse claims and administration costs incurred by the Government Insurance Fund, Community Insurance Fund and HIH Rescue Package, all maintained and managed by the Insurance Commission of Western Australia.

Western Power

A dispute currently exists between Epic Energy (WA) Transmission Pty Ltd ('Epic Energy') and Western Power regarding the price of gas transmission. Under section 20 of the Dampier to Bunbury Pipeline Act, Epic Energy is obliged to offer to shippers with existing transmission contracts a variation of those contracts to incorporate the 'statutory price' for the relevant service. The 'statutory price' is the price a person could insist upon paying if entering, at the time, into a contract for the service concerned.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

35 CONTINGENT LIABILITIES – continued

From 1 January 2000, Epic Energy has invoiced Western Power at \$1.18 per gigajoule (as escalated). Western Power has disputed these invoices and has only processed for payment the undisputed portion of \$1.00 per gigajoule (as escalated). The disputed portion of approximately \$0.18 per gigajoule has been excluded from Western Power’s accounting records.

The maximum amount of contingent liability that may become payable as a result of the above is \$20.5 million. It is currently unresolved between Epic Energy and Western Power whether an offer under section 20 has been made and accepted.

36 FINANCIAL INSTRUMENTS

- (a) The accounting policies and terms and conditions of each class of financial asset, financial liability, both recognised and unrecognised at the reporting date, are as follows:

Financial Assets

Financial Instruments	Accounting Policies	Terms and Conditions
Investments		
Cash deposits and government securities	Cash deposits/government securities are measured at historical cost.	Investments comprise cash invested in the short term money market and government securities. The investments generally have maturity dates greater than twelve months, however they are used in the ordinary course of business to provide liquidity for Western Australian Treasury Corporation domestic bonds and are therefore held in the expectation of being realised within twelve months.
Listed shares	Listed shares are stated at net market value as at reporting date. Dividend income is brought to account when declared and payable.	-
Receivables		
	Receivables are carried at amounts due. The collectability of receivables is assessed at reporting date and provision is made for any doubtful debts.	Receivables are generally settled within 30 days.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

36 FINANCIAL INSTRUMENTS – CONTINUED

Investments – continued

Financial Instruments	Accounting Policies	Terms and Conditions
Loans and advances		
Loans to homebuyers	Loans to homebuyers are carried at their original amount less principal repayments	Loans and advances predominantly comprise amounts provided to homebuyers. Loans and advances to homebuyers are secured by a registered mortgage over residential properties within Western Australia.
Loans to terminating building societies	Loans are carried at their original amount less principal repayments. Interest is recognised as revenue when earned.	Loan repayments are received monthly in accordance with the terms of each loan agreement. Final instalments on loans made directly to the terminating building societies are due in 2018. Interest rates on all terminating building society loans are variable.
Loans to non-government schools	Loans are carried at their original amount less principal repayments. Interest is recognised as revenue when earned.	Loan repayments are made quarterly with maturity terms not exceeding 15 years. Interest is due in accordance with the terms of the loans. Loans to schools are at a reduced rate as the interest rate is subsidised.
Other loans	Loans are carried at their original amount less principal repayments. Interest is recognised as revenue when earned.	Loans are secured by debentures.
Loan to Government Employees Superannuation Board	Loans are carried at their original amount less principal repayments. Interest is recognised as revenue when earned.	Loan repayments are made in quarterly instalments over 20 years.
Financial Liabilities		
Payables	Payables represent liabilities for goods and services provided prior to the end of the reporting period that are unpaid.	All commercial payments are made within 30 days of the receipt of the creditor's claim, or within 30 days of provision of the goods or services, whichever is the later. Exceptions occur where terms or conditions of a contract relating to a claim for payment provide alternative payment arrangements or where a discount is available for early payment. Amounts disclosed are unsecured.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

36 FINANCIAL INSTRUMENTS – CONTINUED

Investments – continued

Financial Instruments	Accounting Policies	Terms and Conditions
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Borrowings

Domestic and foreign borrowings	Borrowings are reported at historic capital value, which is face value adjusted for amortisation of discounts charged as an expense as it accrues.	<p>Borrowings are predominantly conducted by the Western Australian Treasury Corporation and are diversified across markets, instruments and maturities. Funds are raised in domestic and offshore capital markets.</p> <p>At reporting date, all foreign currency borrowings have either been hedged, swapped or covered forward specifically, invested in the foreign currency or the foreign currency proceeds lent to agencies participating in the central borrowing arrangements on a back to back basis.</p> <p>In normal circumstances maturities of borrowings are either rolled over or refinanced.</p>
Commonwealth government borrowings	Borrowings are carried at the original amount less principal repayments. Interest is charged as an expense as it accrues.	Borrowings are repayable on an annual basis with final instalments being due between June 2003 and June 2041.
Commercial paper	Borrowings are carried at the original amount less principal repayments. Interest is charged as an expense as it accrues.	The funds owing are secured by a floating charge over the assets of the Keystart Housing Scheme Trust.
Medium term notes	Borrowings are carried at the original amount less principal repayments. Interest is charged as an expense as it accrues.	The funds owing are secured by a floating charge over the assets of the Keystart Housing Scheme Trust.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

36 FINANCIAL INSTRUMENTS – CONTINUED

Financial Liabilities – continued

Financial Instruments	Accounting Policies	Terms and Conditions
Derivatives		
Foreign currency swaps and forwards	Foreign currency swaps and forwards are used exclusively to hedge foreign currency exposures.	The contracts are accounted for in a manner consistent with the accounting treatment of the underlying physical exposures.
	The Government borrows in foreign currencies when the all in cost after swapping back into Australian dollars is cheaper than the equivalent domestic borrowing.	Foreign currency swaps and forwards amounting to A\$436 million at 30 June 2003 (2002: A\$1,435 million) have a fixed future obligation in Australian dollars of A\$453 million (2002: A\$1,481 million).
Interest rate swaps	Interest rate swaps are accounted for in a manner consistent with the accounting treatment of the underlying physical exposures which are marked to market.	Interest rate swaps allow the Government to swap long term fixed rate borrowings into floating rate borrowings, and vice versa, with lower floating rates than if the Government had made the borrowings directly. The Government agrees with counterparties to exchange at predetermined intervals the difference between interest rate amounts calculated by reference to an agreed notional face value.
Forward rate agreements	Forward rate agreements are accounted for in a manner consistent with the accounting treatment of the underlying physical exposures which are marked to market daily.	Forward rate agreements are used to secure a guaranteed return or cost on known cash flows as and when they fall due. These agreements establish an interest rate on a notional principal over a specified period commencing at a future date.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

36 FINANCIAL INSTRUMENTS - continued

(b) Interest rate risk

The Government's exposure to interest rate risk and the effective interest rate by class of recognised financial asset and financial liability at 30 June 2003 are as follows:

	Fixed interest rate maturing in:				Non interest bearing	Total carrying amount	Weighted average effective interest rate %
	Floating interest rate	1 year or less	1 to 5 years	More than 5 years			
	\$m	\$m	\$m	\$m	\$m	\$m	
Financial assets							
Cash assets	292	123	-	-	25	440	3.7%
Receivables	-	344	-	-	1,045	1,389	0.7%
Investments:							
Term deposits	-	3,891	134	201	218	4,444	5.0%
Government Securities	-	56	302	109	-	467	5.2%
Listed shares	-	-	-	-	644	644	-
Other Investments	-	-	-	-	26	26	-
Loans and advances:							
Homebuyers	1,490	-	1	1	9	1,501	6.4%
Non-government schools	-	26	115	102	-	243	2.2%
Terminating building societies	9	-	-	-	-	9	6.1%
Other	-	22	85	844	-	951	6.1%
Total financial assets	1,791	4,462	637	1,257	1,967	10,114	
Financial liabilities							
Payables	-	-	-	-	585	585	-
Borrowings:							
Domestic and foreign borrowings	-	5,623	3,016	2,958	189	11,786	6.3%
Commercial paper (Keystart Bonds Ltd)	20	-	-	-	-	20	5.1%
Medium Term Notes (Keystart Bonds Ltd)	-	-	-	-	-	-	-
Liability to the Commonwealth Government	-	12	58	512	-	582	4.5%
Finance Leases	29	-	20	40	-	89	8.8%
Bank Overdraft	2	-	-	-	-	2	8.4%
Unamortised Net Discounts	-	-	-	-	367	367	-
Outstanding insurance claims	-	-	-	-	1,352	1,352	-
Other liabilities and accruals	-	-	-	-	1,479	1,479	-
Total financial liabilities	51	5,635	3,094	3,510	3,972	16,262	
Net financial assets/(liabilities)	1,740	(1,173)	(2,457)	(2,253)	(2,005)	(6,148)	

The Interest on financial assets and liabilities other than those separately disclosed above is immaterial and does not expose the Government to any significant interest rate risk.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

36 FINANCIAL INSTRUMENTS - continued

(b) Interest rate risk – continued

The Government's exposure to interest rate risk and the effective interest rate by class of recognised financial asset and financial liability for the year ended 30 June 2002 are as follows:

	Fixed interest rate maturing in:				Non interest bearing	Total carrying amount	Weighted average effective interest rate
	Floating interest rate	1 year or less	1 to 5 years	More than 5 years			
	\$m	\$m	\$m	\$m	\$m	\$m	%
Financial assets							
Cash assets	247	105	-	-	28	380	4.0%
Receivables	-	133	-	-	1,047	1,180	1.5%
Investments:							
Term deposits	-	3,504	99	140	-	3,743	4.3%
Government Securities	-	56	195	105	37	393	5.8%
Listed shares	-	-	-	-	607	607	-
Other Investments	-	-	-	-	23	23	-
Loans and advances:							
Homebuyers	1,620	1	1	1	12	1,635	6.2%
Non-government schools	-	25	110	102	-	237	2.4%
Terminating building societies	13	-	-	-	1	14	5.1%
Other	-	20	148	759	-	927	6.4%
Total financial assets	1,880	3,844	553	1,107	1,755	9,139	
Financial liabilities							
Payables	-	-	-	-	532	532	-
Borrowings:							
Domestic and foreign borrowings	-	3,608	3,560	3,296	-	10,464	7.1%
Commercial paper (Keystart Bonds Ltd)	225	-	-	-	-	225	4.7%
Medium Term Notes (Keystart Bonds Ltd)	-	200	-	-	-	200	4.0%
Liability to the Commonwealth Government	-	11	57	524	-	592	4.8%
Finance Leases	37	5	21	41	-	104	8.4%
Bank Overdraft	2	-	-	-	-	2	8.4%
Unamortised Net Discounts	-	-	-	-	346	346	-
Outstanding insurance claims	-	-	-	-	1,433	1,433	-
Other liabilities and accruals	-	-	-	-	1,411	1,411	-
Total financial liabilities	264	3,824	3,638	3,861	3,722	15,309	
Net financial assets/(liabilities)	1,616	20	(3,085)	(2,754)	(1,967)	(6,170)	

The interest on financial assets and liabilities other than those separately disclosed above is immaterial and does not expose the Government to any significant interest rate risk.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

36 FINANCIAL INSTRUMENTS – continued

(c) Reconciliation of net financial assets/(liabilities) to net assets

As at 30 June 2003, the reconciliation of net financial assets/(liabilities) to net assets is as follows:

	2003 \$m	2002 \$m
Net financial assets/(liabilities)	(6,148)	(6,170)
Non-financial assets and liabilities:		
Inventories	669	765
Land	16,635	15,630
Buildings	8,432	8,329
Infrastructure	20,643	20,007
Plant, equipment and other	3,843	3,253
Timber	299	300
Other assets – prepayments and deferred expenses	117	193
Receivables – reinsurance and other recoveries receivable	97	79
Property investments	290	293
Employee entitlements	(6,851)	(6,673)
Net assets per Consolidated Statement of Financial Position	<u>38,026</u>	<u>36,006</u>

(d) Credit risk

Recognised financial assets

The maximum exposure to credit risk of recognised financial assets is the carrying amount of these assets in the Consolidated Statement of Financial Position.

The Government does not have a material exposure to any individual counterparty.

Investments credit risk exposure is as follows:

	2003 \$m	2003 %	2002 \$m	2002 %
Credit exposure by rating				
AAA	945	20.5	837	24.5
AA	2,305	56.3	1,886	55.2
A	837	23.2	693	20.3
BBB	-	-	-	-
	<u>4,087</u>	<u>100.0</u>	<u>3,416</u>	<u>100.0</u>

Unrecognised Financial assets

For off-balance sheet financial instruments (derivatives) which are deliverable, credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity.

The credit risk exposure represents the Government's estimate of the exposure at reporting date in the event of non performance by counterparties.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

36 FINANCIAL INSTRUMENTS – continued

(e) Derivative financial assets/(liabilities)

Derivative transactions are largely conducted by the Government in order to minimise exposures to financial risks.

Details of the notional face value, net fair value and credit exposures of derivative financial assets/ (liabilities) used for managing interest rate risk are set out in the following table:

	Notional Face value 2003 \$m	Net fair Value 2003 \$m	Credit Exposure 2003 \$m
Futures	26	-	-
Interest rate swaps	4,313	5	58
Interest rate caps, collars and floors	625	1	(6)
Forward rate agreements	-	-	-
	Notional Face value 2002 \$m	Net fair Value 2002 \$m	Credit Exposure 2002 \$m
Futures	31	-	-
Interest rate swaps	3,322	17	68
Interest rate caps, collars and floors	1,125	(4)	(4)
Forward rate agreements	200	-	1

The Government does not have a material exposure to any individual counterparty.

(f) Net fair value of financial instruments

The net fair value of financial assets and liabilities is the amount at which the asset could be exchanged, or liability settled in a current transaction between knowledgeable, willing parties in an arms length transaction after allowing for transaction costs.

The following methods were used to estimate the net fair value of each class of material financial instrument:

Cash, receivables and payables

Carrying amount approximates fair value.

Investments

Net fair value is market value using quoted market rates wherever possible.

Loans and advances

Carrying amount approximates fair value.

Borrowings

Net fair value is market value using quoted market rates wherever possible.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

36 FINANCIAL INSTRUMENTS – continued

Derivatives

Net fair value is market value using quoted market rates wherever possible.

The carrying amounts and estimated fair values of recognised financial instruments held at 30 June 2003 are as follows:

	Carrying amount 2003 \$m	Net fair Value 2003 \$m
Financial assets		
Cash	440	440
Receivables	1,389	1,389
Investments	5,581	5,591
Loans and advances	2,703	2,703
Total financial assets	<u>10,113</u>	<u>10,123</u>
Financial liabilities		
Payables	585	585
Borrowings	12,846	13,476
Other liabilities and accruals	1,479	1,479
Total financial liabilities	<u>14,910</u>	<u>15,540</u>

The carrying amounts and estimated fair values recognised financial instruments held at 30 June 2002 are as follows:

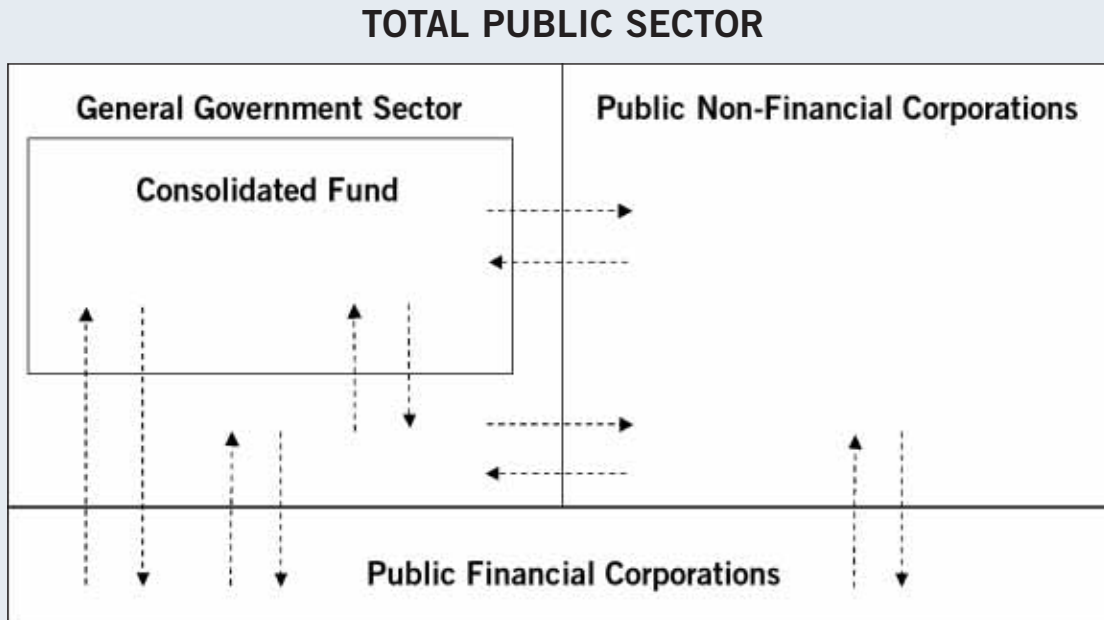
	Carrying amount 2003 \$m	Net fair Value 2003 \$m
Financial assets		
Cash	380	380
Receivables	1,180	1,180
Investments	4,766	4,764
Loans and advances	2,813	2,813
Total financial assets	<u>9,139</u>	<u>9,137</u>
Financial liabilities		
Payables	532	532
Borrowings	11,933	12,298
Other liabilities and accruals	2,844	2,844
Total financial liabilities	<u>15,309</u>	<u>15,674</u>

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

37 COMPOSITION OF SECTORS

The following diagram shows the sectors within which agencies have been classified by the Australian Bureau of Statistics, which are all embraced in the consolidation.



Dashed lines indicate transactions that are removed from the total public sector on consolidation.

Each agency produces its own annual report.

Departments and some statutory authorities receive appropriations from the Consolidated Fund. Details of their funding are provided in the *Treasurer's Annual Statements*.

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.

General Government Sector

- Administration of the Joint House Committee
- Administration of the Legislative Assembly
- Administration of the Legislative Council
- Agricultural Practices Board of Western Australia
- Agricultural Produce Commission
- Anti-Corruption Commission

- Betting Control Board
- Botanic Gardens and Parks Authority
- Building and Construction Industry Training Board

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

37 COMPOSITION OF SECTORS – continued

General Government Sector - continued

Central TAFE

Central West College of TAFE

Challenger TAFE

Commissioner of Equal Opportunity

Commissioner of Main Roads

Country High School Hostels Authority

Curriculum Council

CY O'Connor College of TAFE

Department for Community Development

Department for Planning and Infrastructure

Department of Agriculture

Department of Conservation and Land Management

Department of Consumer and Employment Protection

Department of Culture and the Arts

Department of Education and Training

Department of Education Services

Department of Environmental Protection

Department of Fisheries

Department of Health (including Public Hospitals)

Department of Housing and Works

Department of Indigenous Affairs

Department of Industry and Resources

Department of Justice

Department of Land Administration

Department of Local Government and Regional Development

Department of the Premier and Cabinet

Department of Racing, Gaming and Liquor

Department of the Registrar, Western Australian Industrial Relations Commission

Department of Sport and Recreation

Department of Treasury and Finance

Disability Services Commission

Fire and Emergency Services Authority of Western Australia

Gaming Commission of Western Australia

Gascoyne Development Commission

Goldfields-Esperance Development Commission

Governor's Establishment

Great Southern Development Commission

Great Southern TAFE

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

37 COMPOSITION OF SECTORS – continued

General Government Sector - continued

Heritage Council of Western Australia

Keep Australia Beautiful Council (W.A.)

Kimberley College of TAFE

Kimberley Development Commission

Landcare Trust

Law Reform Commission of Western Australia

Legal Aid Commission of Western Australia

Legal Costs Committee

Local Health Authorities Analytical Committee

Mid-West Development Commission

Minerals and Energy Research Institute of Western Australia

Office of Energy

Office of Health Review

Office of the Auditor General

Office of the Director of Public Prosecutions

Office of the Information Commissioner

Office of the Inspector of Custodial Services

Office of the Public Sector Standards Commissioner

Office of Water Regulation

Parliamentary Commissioner for Administrative Investigations

Peel Development Commission

Perth International Centre for Application of Solar Energy

Perth Theatre Trust

Pilbara Development Commission

Pilbara TAFE

Police Service

Professional Standards Council

Racecourse Development Trust (reporting date of 31 July 2003)

Racing Penalties Appeal Tribunal of Western Australia (reporting date of 31 July 2003)

Recreation Camps and Reserve Board

Royal Commission into Whether There Has Been Any Corrupt or Criminal Conduct by Western

Australian Police Officers

Rural Business Development Corporation

Salaries and Allowances Tribunal

Screen West (Inc.)

Small Business Development Corporation

Swan TAFE

South West Development Commission

South West Regional College of TAFE

State Supply Commission

Swan River Trust

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

37 COMPOSITION OF SECTORS – continued

General government sector - continued

The Aboriginal Affairs Planning Authority
The Agriculture Protection Board of Western Australia
The Anzac Day Trust
The Board of the Art Gallery of Western Australia
The Burswood Park Board
The Coal Miners Welfare Board of Western Australia
The Library Board of Western Australia
The National Trust of Australia (W.A.)
The Potato Growing Industry Trust Fund Advisory Committee
The Poultry Industry Trust Fund Committee (reporting date of 31 July 2003)
The Queen Elizabeth II Medical Centre Trust
The Western Australian Centre for Pathology and Medical Research (PathCentre)
The Western Australian Museum
Trustees of the Public Education Endowment

Water and Rivers Commission
West Coast College of TAFE
Western Australian Alcohol and Drug Authority
Western Australian Boxing Commission
Western Australian Building Management Authority
Western Australian Electoral Commission
Western Australian Gas Disputes Arbitrator
Western Australian Greyhound Racing Authority (reporting date of 31 July 2003)
Western Australian Health Promotion Foundation
Western Australian Independent Gas Pipelines Access Regulator
Western Australian Independent Rail Access Regulator
Western Australian Institute of Sport
Western Australian Meat Industry Authority
Western Australian Planning Commission
Western Australian Sports Centre Trust
Western Australian Tourism Commission
Wheatbelt Development Commission
Workers' Compensation and Rehabilitation Commission

Zoological Parks Authority

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

37 COMPOSITION OF SECTORS – continued

Public Non-Financial Corporation Sector

Albany Port Authority

Animal Resources Authority

Armadale Redevelopment Authority

Broome Port Authority

Bunbury Port Authority

Bunbury Water Board

Busselton Water Board

Dampier Port Authority

East Perth Redevelopment Authority

Esperance Port Authority

Forest Products Commission

Fremantle Cemetery Board

Fremantle Port Authority

Geraldton Port Authority

Gold Corporation and its subsidiaries

Government Employees' Housing Authority

Lotteries Commission

Metropolitan Cemeteries Board

Metropolitan (Perth) Passenger Transport Trust 'Metrobus'

Midland Redevelopment Authority

Perth Market Authority

Port Hedland Port Authority

Potato Marketing Corporation of Western Australia

Rottneet Island Authority

Subiaco Redevelopment Authority

The Eastern Goldfields Transport Board

The State Housing Commission 'Homeswest' (other than Keystart)

The Western Australian Egg Marketing Board (reporting date of 28 June 2003)

The Western Australian Government Railways Commission

Totalisator Agency Board (reporting date of 31 July 2003)

Water Corporation

Western Australian Coastal Shipping Commission 'Stateships'

Western Australian Land Authority

Western Power Corporation

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

37 COMPOSITION OF SECTORS – continued

Public Financial Corporation Sector

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

Entities not consolidated

The entities listed below, which administer superannuation and like funds and/or hold private funds in trust or fidelity type funds, have not been included in these *Consolidated Financial Statements* as the assets are not available for the benefit of the State.

Coal Industry Superannuation Board
Construction Industry Long Service Leave Payments Board
Government Employees Superannuation Board
Legal Contribution Trust
Public Trustee
Real Estate and Business Agents Supervisory Board
Settlement Agents Supervisory Board

The Australian Bureau of Statistics has reclassified the activities of public universities to a multi-jurisdictional sector due to the ambiguity of government control since States generally provide the enabling legislation and guarantee some borrowings while the Commonwealth exercises discretion in the distribution of operating grants. They are not consolidated in the Consolidated Financial Statements.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

Restructure of entities during 2002-03 financial year

- With effect from 1 January 2003, the Eastern Pilbara College of TAFE amalgamated with the West Pilbara College of TAFE and the amalgamated college was renamed Pilbara TAFE.
- With effect from 1 January 2003, the Midland College of TAFE amalgamated with the South East Metropolitan College of TAFE. The part of West Coast College of TAFE known as Balga Campus amalgamated with South East Metropolitan College of TAFE. South East Metropolitan College of TAFE was renamed Swan TAFE.
- The Department of Industry and Technology was abolished with effect from 3 February 2003. The functions were transferred to the Department of Treasury and Finance, Department of Industry and Resources and the Department of the Premier and Cabinet. The Department of Industry and Resources was previously known as the Department of Mineral and Petroleum Resources.
- The Department of Training was abolished with effect from 3 February 2003. The functions were transferred to the Department of Education to become the Department of Education and Training.
- The Grain Pool of Western Australia was abolished on 31 October 2002 to form a private sector entity upon merging with Co-operative Bulk Handling Ltd.
- The Department of Transport was abolished with effect from 1 July 2002.
- The Commissioner of Workplace Agreements was abolished with effect from 15 September 2002.
- The Western Australian Fire Brigades Superannuation Board was abolished with effect from 30 November 2002.

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