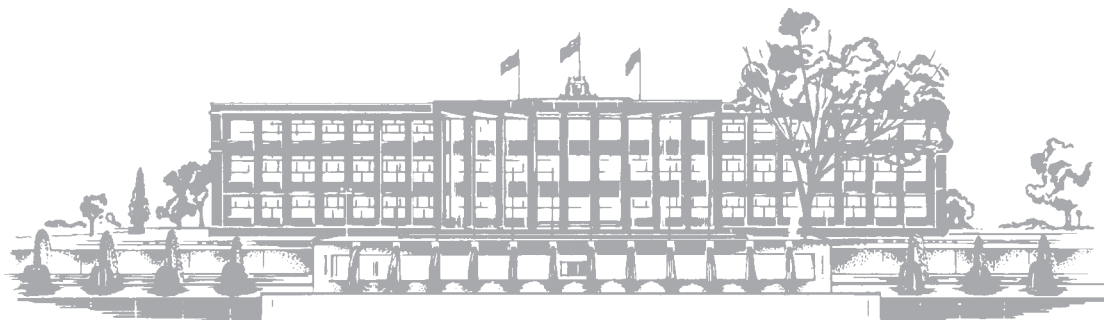




**2002-03**

**GOVERNMENT FINANCIAL  
RESULTS REPORT**

SEPTEMBER 2003



2002–03 Government Financial Results Report  
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For further information or enquiries related to this report, please contact one of the following officers:

Michael Barnes	Director Fiscal Strategy	(08) 9222 9134
Chris Wright	Assistant Director Fiscal Analysis and Budget	(08) 9222 9826
Valerie Jayasinghe	Assistant Director Financial Reporting	(08) 9222 9327
Facsimile		(08) 9222 9338

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**GOVERNMENT FINANCIAL RESULTS REPORT**

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# Foreword

This *Government Financial Results Report* (GFRR) provides the State's public sector financial results for 2002-03, and outlines material differences between these results and the financial projections contained in the 2002-03 Budget (delivered on 16 May 2002).

This report contains comparable information for:


- the actual outturn for 2001-02;
- the 2002-03 Budget estimates;
- the 2002-03 estimated outturn as projected in the 2003-04 Budget (delivered on 8 May 2003);
- the (unaudited) actual outturn for 2002-03, which is the focus of this report;
- monthly results for the general government sector for June 2003 (completing the 2002-03 monthly general government reporting series); and
- quarterly results for June 2003 on a government finance statistics (GFS) basis, completing the quarterly GFS series for 2002-03.

## Notes on Presentation of Public Sector Finances

This GFRR is a statutory requirement of the *Government Financial Responsibility Act 2000*. It is in the same format as the State's budget presentations, reflecting the Australian Bureau of Statistics' accrual GFS standards.

The use of the GFS standards reflects a decision by all Australian governments to adopt the accrual GFS methodology for the purposes of the Uniform Presentation Framework (UPF) for public finances. The accrual UPF format was agreed to by the Australian Loan Council in March 2000.

The data in this report have been sourced from the accounts of State public sector entities controlled by the Government of Western Australia. The data underlying this report have not been audited, reflecting its early release and its basis in statistical rather than accounting standards.

A handwritten signature in black ink, appearing to read 'J L Langoulant', with a long horizontal stroke extending to the right.

J L LANGOULANT  
UNDER TREASURER

September 2003

CHAPTER 1

# Financial Results

## Overview

The financial results presented in this report indicate that the Western Australian public sector performed more strongly than expected against most of the financial targets projected in the 2002-03 Budget, with significant improvements in key aggregates such as the general government sector operating surplus (the budget 'bottom line'), total public sector net debt and the net debt to revenue ratio<sup>1</sup>.

In the general government sector, a net operating surplus of \$250 million was recorded for 2002-03, up from the \$119 million surplus estimated in the 2002-03 Budget. This improved outcome reflects stronger than expected growth in revenue, driven principally by high levels of property market activity throughout 2002-03 (which boosted stamp duty on property conveyances) and a higher than expected oil price (boosting petroleum royalties). These revenue gains were partly offset by increased expenses, with the largest increase in the area of health, which accounts for around one quarter of total general government expenses.

---

<sup>1</sup> For the total non-financial public sector, which comprises general government sector agencies and public non-financial corporations such as Western Power and the Water Corporation.

Table 1

**KEY BUDGET AGGREGATES**  
Western Australia

	2001-02	2002-03			Variation on Budget \$m (c) - (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)	Actual \$m (c)	
<b>GENERAL GOVERNMENT</b>					
Revenue (\$m)	11,035	11,163	11,527	11,798	635
Expenses (\$m)	10,838	11,044	11,349	11,548	504
<b>Net Operating Balance (\$m)</b>	<b>197</b>	<b>119</b>	<b>178</b>	<b>250</b>	<b>131</b>
<b>TOTAL NON-FINANCIAL PUBLIC SECTOR</b>					
Net Debt to Revenue Ratio (%)	33.6	42.4	37.1	32.3	-10.1
<b>TOTAL PUBLIC SECTOR</b>					
Net Debt at 30 June (\$m)	4,491	5,857	5,009	4,465	-1,392

Note: Columns may not add due to rounding.

The better than expected operating performance in the general government sector, combined with lower than expected capital spending in both the general government and public non-financial corporations sectors, are the major reasons behind a substantial reduction in total public sector net debt (see Table 1). The reduced net debt levels, combined with the stronger than expected revenue outcome, have resulted in a total non-financial public sector net debt to revenue ratio of just 32.3%. This is comfortably below both the Government's target upper limit of 47% and the 42.4% ratio estimated in the 2002-03 Budget.

As discussed in Chapter 2: *Financial Strategy and Targets*, the financial results are consistent with all but one of the Government's financial targets, with one-off and parameter driven expenses preventing the general government real per capita expense target being met in 2002-03<sup>2</sup>.

Of note is that the Government's tax competitiveness target has been met, notwithstanding an increase in taxation revenue (predominantly conveyance duty) since the 2002-03 Budget. This reflects similar increases in taxation revenue across all States, with Western Australia's per capita tax ranking remaining unchanged.

<sup>2</sup> This breach of the expense growth target was previously flagged in the 2002-03 *Government Mid-Year Financial Projections Statement* and the 2003-04 Budget.

Further detail on the financial results for 2002-03, and how these compare to the 2002-03 Budget estimates, is provided in the remainder of this chapter. A discussion of performance against the Government's financial targets is provided in Chapter 2.

## **Results Compared to Estimates**

### **General Government**

#### **Operating Statement**

The 2002-03 general government net operating surplus was \$250 million. This is \$131 million higher than the 2002-03 Budget estimate of \$119 million, and is the result of higher than anticipated revenue, partially offset by higher expenses.

The following table summarises the major variations in general government revenue and expenses between the 2002-03 Budget and actual outturn. As the table shows, the major expense and revenue changes since the 2002-03 Budget are attributable to parameter factors (such as economic conditions, increased Commonwealth grants and changes to accounting treatment), rather than Government policy decisions.



Table 2

**SUMMARY OF GENERAL GOVERNMENT  
REVENUE AND EXPENSE VARIATIONS  
SINCE THE 2002-03 BUDGET**

	2002-03 \$m
<b>2002-03 BUDGET – NET OPERATING BALANCE</b>	<b>119</b>
<b>Revenue</b>	
<i>Taxation Policy Decisions<sup>(a)</sup></i>	
Review of State Business Taxes	-0.2
Other	-4.3
<i>Total Policy</i>	-4.5
<i>Parameter<sup>(b)</sup></i>	
Taxation	199.1
Commonwealth grants:	
- North West Shelf royalties	111.0
- GST/BBA revenue grants	16.0
- Non-government schools grants	21.0
- National Health Development Fund	23.0
- Meningococcal vaccination program	10.7
- Natural Heritage Trust Agreement 2	6.8
- Other Commonwealth grants	100.5
Mining royalties	30.2
Agency sales of goods and services	81.5
Revenue from public corporations	22.4
Other	16.8
<i>Total Parameter</i>	639.1
<b>TOTAL REVENUE</b>	<b>634.6</b>
<b>Expenses</b>	
<i>Expense Policy Decisions<sup>(a),(c)</sup></i>	79.0
<i>Parameter<sup>(b)</sup></i>	
Meningococcal vaccination program grants on-passed	10.7
Natural Heritage Trust Agreement 2 grants on-passed	6.8
Non-government schools grants on-passed	21.0
National Health Development Fund	23.0
Depreciation of road network	44.6
First Home Owner Grants	10.1
Carryover from 2001-02	72.6
Perth Convention and Exhibition Centre (changed accounting treatment)	21.9
Road works expensed	26.7
Schools expenses (change in accounting arrangements)	16.9
Other	170.4
<i>Total Parameter</i>	424.7
<b>TOTAL EXPENSES</b>	<b>503.7</b>
<b>TOTAL VARIANCE</b>	<b>130.9</b>
<b>2002-03 GOVERNMENT FINANCIAL RESULTS REPORT – NET OPERATING BALANCE</b>	<b>250</b>

(a) Excludes the public debt net interest effect of policy measures.

(b) 'Parameter' variations refer to all movements in revenue and expenses that are not directly related to a policy decision of the Government.

(c) An agency listing of the expense policy decisions taken since the 2002-03 Budget is provided in Appendix 3: *Policy Decisions Affecting Expenses*.

Note: Columns may not add due to rounding.

## 2002-03 Government Financial Results Report

Total operating revenue was \$11.8 billion in 2002-03, up \$763 million or 6.9% on 2001-02, and up \$635 million from the 2002-03 Budget estimate. The variance from budget was largely a result of stronger than expected property market activity throughout 2002-03 and a higher than expected average oil price for the year.

During 2002-03, the property market proved to be stronger than expected in all jurisdictions, including Western Australia. As a result, the State's conveyance duty revenue was higher than forecast at the time of the 2002-03 Budget.

In 2002-03, the higher than expected oil price reflected a number of one-off factors. In particular, temporary events such as disruption to oil markets by labour strikes in the Venezuelan petroleum industry and the conflict in Iraq saw oil prices pushed to around \$US29 per barrel in year-average terms, well above the original 2002-03 Budget forecast of \$US23 per barrel.

The major factors resulting in the variation in revenue compared with the 2002-03 Budget estimates are (further detail is provided in Appendix 2: *General Government Operating Revenue*):

- taxation revenue, up \$194 million compared to budget, largely reflecting:
  - higher conveyance duty (up \$181 million), due to the continued strength in the property market throughout 2002-03 (particularly in the residential sector) and a number of large, one-off commercial property transactions;
  - higher revenue from motor vehicle taxes (up \$40 million), due to stronger than expected motor vehicle licence transfer activity and registrations; and
  - lower payroll tax revenue (down \$18 million), due to various compositional effects such as employment growth in small firms that are below the payroll tax exemption threshold and growth in contract employment (which may not be subject to payroll tax in certain circumstances);

- current grants and subsidies (which consist solely of grants from the Commonwealth), \$294 million higher than budgeted, mainly due to:
  - higher North West Shelf petroleum royalties (which are collected by the Commonwealth and passed to the State as a grant), up \$111 million due to stronger than expected oil prices and volumes, which more than offset the negative impact of a higher than expected exchange rate; and
  - a \$168 million increase in specific purpose payments, primarily reflecting an unbudgeted back payment from the Commonwealth for the cost of providing health services to veterans (\$53 million), an \$11 million grant for the meningococcal vaccination program, increases in grants for government (\$14 million) and non-government (\$21 million) schools, vocational training (\$13 million) and minor movements across all other Commonwealth funded programs;
- stronger than expected revenue from the sale of goods and services (up \$82 million), with the largest increases in the Departments of Health and Education and Training (up \$31 million and \$19 million respectively). These increases are attributable to income from client/patient services, driven by demand and changing cost factors;
- higher revenue from public corporations (up \$22 million), with tax equivalent revenue and dividends each up around \$11 million. The increase in tax equivalent revenue and dividends is mainly due to increased profitability of the Water Corporation (arising from higher than expected contributions from developers as a result of the continued strength in the housing market); and
- royalty income (excluding North West Shelf petroleum royalties which, as noted above, are classified as a Commonwealth grant) was \$30 million higher than expected, due to stronger than expected volumes and prices for on-shore petroleum, iron ore, diamonds and gold, partly offset by a higher than expected \$A/\$US exchange rate in 2002-03.

**GENERAL GOVERNMENT**  
Operating Statement

	2001-02	2002-03			Variation on Budget \$m (c) - (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)	Actual \$m (c)	
<b>REVENUE</b>					
Taxation	2,945	3,194	3,255	3,388	194
Current grants and subsidies	5,253	5,170	5,396	5,464	294
Capital grants	267	292	290	287	-5
Sales of goods and services	905	919	946	1,002	82
Interest income	122	109	104	107	-1
Revenue from public corporations					
Dividends	406	379	389	390	11
Tax equivalent payments	237	228	230	239	12
Royalty income	636	655	679	685	30
Other	264	218	238	236	18
<i>Total</i>	<i>11,035</i>	<i>11,163</i>	<i>11,527</i>	<i>11,798</i>	<i>635</i>
<b>EXPENSES</b>					
Gross operating expenses					
Salaries	4,209	4,320	4,397	4,490	170
Depreciation and amortisation	568	534	614	598	64
Superannuation	375	396	405	442	46
Other	2,660	2,698	2,814	2,925	227
Nominal superannuation interest	278	281	277	277	-4
Other interest	214	247	215	197	-50
Current transfers	2,277	2,313	2,383	2,286	-27
Capital transfers	257	255	245	333	78
<i>Total</i>	<i>10,838</i>	<i>11,044</i>	<i>11,349</i>	<i>11,548</i>	<i>504</i>
<b>NET OPERATING BALANCE</b>	<b>197</b>	<b>119</b>	<b>178</b>	<b>250</b>	<b>131</b>

Note: Columns may not add due to rounding.

Total operating expenses were \$11.5 billion in 2002-03, \$504 million higher than estimated in the 2002-03 Budget.

As indicated in Table 2, only \$79 million of the \$504 million increase in expenses (relative to the 2002-03 Budget estimate) is directly attributable to Government policy decisions. The rest of the increase is attributable to various parameter driven factors, such as:

- changes in accounting treatment that have increased the proportion of expenditure that is expensed rather than capitalised (with no net change in cash), including higher than expected expensing of road works (\$27 million) and construction grants for the Perth Convention and Exhibition Centre (\$22 million);

- non-cash depreciation costs for roads (up \$45 million relative to the 2002-03 Budget), due to upward revaluation of the State's \$7.9 billion road network;
- increases in grant expenses matched by Commonwealth funding, including a meningococcal vaccination program (\$11 million), First Home Owner Grants (\$10 million), National Health Development Fund grants (\$23 million) and non-government schools funding (\$21 million); and
- a substantial carryover of expenses from 2001-02 to 2002-03 due to timing issues across a wide range of agency activities (\$73 million).

All of these unbudgeted expense increases are essentially one-off in nature. By excluding such one-off factors, which total around \$245 million, a measure of on-going (or underlying) expense growth in 2002-03 is determined at 3.6%. This rate of expense growth is consistent with the Government's target of restricting growth in expenses to real per capita growth, and is similar to actual expense growth in 2001-02 of 3.9%.

Compared with the 2002-03 Budget estimates, the following variations are evident in general government expenses in 2002-03:

- higher salaries (up \$170 million), largely in the Departments of Health, Education and Training, Conservation and Land Management, and Planning and Infrastructure. Factors underlying these increases include remuneration decisions by the Industrial Relations Commission in relation to nurses, additional staffing costs due to unexpected events such as the Bali tragedy and an unusually severe bushfire season, as well as a significant increase in employee expenses associated with long service leave entitlements for teachers;
- higher depreciation expenses (up \$64 million), mainly reflecting an upward revaluation of the State's road network;
- higher concurrent superannuation expenses (up \$46 million), reflecting the increase in salaries discussed above as well as differences in the mix of superannuation scheme memberships relative to budget;
- higher 'other' gross operating expenses (up \$227 million), including increased health sector costs for medical technology and diagnostic services, higher than expected building maintenance expenses, the expensing of payments for road works that were previously capitalised and the \$73 million carryover of expenses from 2001-02 to 2002-03 mentioned above;

- lower interest costs (down \$50 million), due to lower than expected interest rates through 2002-03, accelerated Consolidated Fund debt repayments (extinguishing longer term debt attracting higher interest rates) and lower borrowing requirements (see net debt discussion later in this chapter); and
- higher current and capital transfers (up a total of \$51 million), with the full expensing of construction grants for the Perth Convention and Exhibition Centre and the on-passing of Commonwealth grants for non-government schools, first home owners and other Commonwealth funded programs accounting for most of this increase.

### **Balance Sheet**

General government sector net worth increased by \$1.7 billion in 2002-03, ending the year at \$37.7 billion. This is significantly higher than the \$33.4 billion forecast for 30 June 2003 included in the 2002-03 Budget, due in part to stronger operating outcomes in 2002-03, but also higher than expected closing net worth balances for 2001-02.

The higher net worth compared to budget largely reflects:

- higher cash, advances (loans) and investments (up \$617 million relative to budget), reflecting the improved operating performance of the sector through the year;
- an increase in public corporations equity holdings (up \$131 million), due to increased profitability and capital worth in agencies such as the Water Corporation and Western Power;
- an increase in land and fixed asset holdings (up \$1.1 billion after adjusting for the impact of revaluations at the end of 2001-02), reflecting the State's substantial Capital Works Program and a further upward revaluation of the road network in 2002-03; and
- lower borrowings (down \$332 million), with lower than expected capital spending and a higher operating surplus reducing the need to raise debt.

Net debt of the general government sector at 30 June 2003 was \$364 million, which is a substantial \$888 million lower than originally budgeted. This was largely a result of the lower level of borrowings and higher level of cash reserves mentioned above, as well as a lower closing balance at 30 June 2002 relative to the 2002-03 Budget estimate (reflecting lower than expected capital spending and a higher than expected operating surplus in 2001-02).

## Cash Flow Statement

The general government sector recorded a cash surplus of \$270 million in 2002-03, a substantial improvement on the \$95 million deficit estimated in the 2002-03 Budget. This turnaround reflects the improved net operating result discussed earlier and lower than expected capital spending.

Net cash flows from operating activities (ie. day-to-day, current operations) were \$280 million higher than budgeted, with cash receipts up \$344 million (mainly reflecting increased receipts from Commonwealth grants), partly offset by increased cash payments of \$64 million.

It is noteworthy that cash payments for operating activities were only \$64 million higher than budgeted, while operating expenses were up \$504 million. This substantial difference reflects the normal timing differences between cash and accrual results, as well as the non-cash costs (such as depreciation) and changes in accounting treatment referred to earlier that resulted in increased expenses but no change in cash payments.

Cash flows from fixed asset spending were \$95 million lower than budget, reflecting lower than expected capitalised road spending, building maintenance work expensed rather than capitalised, and small movements across all other general government agencies' capital spending profiles.

## Total Public Sector

### Summary

The following table provides summary financial outcomes for the total public sector<sup>3</sup>.

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<sup>3</sup> The total public sector consolidates the general government, public non-financial corporations and public financial corporations sectors.

**TOTAL PUBLIC SECTOR**  
Summary Financial Statements

	2001-02	2002-03			<i>Variation on Budget \$m (c) - (a)</i>
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)	Actual \$m (c)	
<b>OPERATING STATEMENT</b>					
Revenue	15,752	16,400	16,363	16,592	192
Expenses	15,375	15,976	15,980	16,224	247
<b>Net Operating Balance</b>	<b>377</b>	<b>423</b>	<b>383</b>	<b>368</b>	<b>-55</b>
<b>BALANCE SHEET</b>					
Assets	58,044	57,573	59,673	60,918	3,344
Liabilities	22,039	24,212	23,005	23,191	-1,021
<b>Net Worth</b>	<b>36,006</b>	<b>33,361</b>	<b>36,668</b>	<b>37,726</b>	<b>4,365</b>
<b>CASH FLOW STATEMENT</b>					
Change in net cash held	-514	97	-2	598	501
GFS Cash Surplus	-143	-535	-809	52	587
<b>Memorandum Item: Net Debt</b>	<b>4,491</b>	<b>5,857</b>	<b>5,009</b>	<b>4,465</b>	<b>-1,392</b>

Note: Columns may not add due to rounding.

### Net Operating Balance

The total public sector recorded a net operating surplus for 2002-03 of \$368 million, down \$55 million on the 2002-03 Budget estimate. Offsetting the stronger than expected general government net operating surplus discussed earlier:

- the public non-financial corporations (PNFC) sector recorded a \$77 million lower than expected operating surplus (of \$47 million), with the November 2002 restructure of the Grain Pool of Western Australia impacting the sector's revenue and expense aggregates, and resulting in an unbudgeted \$83 million capital transfer expense (representing the movement of the net assets of the agency off the State's books); and
- the public financial corporations (PFC) sector recorded a \$109 million lower than expected operating surplus (of \$71 million), due mainly to lower investment market returns for the Insurance Commission of Western Australia and lower interest revenue from subsidised housing loans (Keystart).



## **Balance Sheet**

The net worth of the general government sector (discussed earlier) includes the net worth of the PNFC and PFC sectors (as equity assets). Hence, the total public sector's net worth is identical to that of the general government sector.

## **Cash Flow Statement**

The total public sector recorded a cash surplus of \$52 million for 2002-03. This is a substantial \$587 million turnaround from the \$535 million cash deficit estimated at budget, due to stronger cash surpluses in the general government and PFC sectors, as well as a significant improvement in the PNFC sector deficit.

The improvement in the PNFC sector cash deficit primarily reflects lower than expected capital spending (down \$133 million). This, in turn, mainly reflects the timing of cash flows for the New MetroRail project, following the August 2002 decision to modify the route, and the timing of associated rolling stock and land acquisitions.

## **Net Debt**

### **Total Public Sector Net Debt**

At 30 June 2003, total public sector net debt was \$4.5 billion. This is largely unchanged from the net debt level at 30 June 2002, but is substantially lower than the \$5.9 billion estimate contained in the 2002-03 Budget. This much better than expected net debt outcome reflects the stronger cash positions of all sectors (discussed above), as well as a lower net debt outcome for 2001-02 than expected in the 2002-03 Budget.

## 2002-03 Government Financial Results Report

The lower net debt level, together with stronger operating revenue performance, has resulted in a significant improvement in the net debt to revenue ratio for the total non-financial public sector. This ratio, which is a key determinant of the State's credit rating, was a low 32.3% for 2002-03. This is similar to the ratio recorded for 2001-02 (33.6%), but is a substantial 10.1 percentage points lower than the 2002-03 Budget estimate<sup>4</sup>.

This outcome highlights the lower net debt gearing of the State relative to the much higher ratio levels in the early to mid 1990s, and supports the State's triple-A credit rating assessment. The lower net debt outcome for 2002-03 will also reduce net debt across the forward estimates, although the extent of this reduction cannot be estimated adequately until the 2003-04 *Government Mid-Year Financial Projections Statement* is prepared in December 2003.

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<sup>4</sup> It should be noted that the 2002-03 Budget projections included a 45% upper limit on the total non-financial public sector net debt to revenue ratio (and a projected level of 42.4% for 2002-03). The target limit was revised up by two percentage points to 47% in a Ministerial Statement made by the Treasurer in Parliament on 5 November 2002. This was a technical change necessitated by the restructure of the Grain Pool of Western Australia, which removed a significant revenue flow (fully matched by equivalent expenses) from the sector, thus distorting calculation of the ratio. This change was accepted by the credit rating agencies.

CHAPTER 2

# Financial Strategy and Targets

## Overview

This chapter discusses the extent to which the 2002-03 results for the State public sector met the financial targets specified by the Government in the 2002-03 Budget Financial Strategy Statement, included in Budget Paper No. 3: *Economic and Fiscal Outlook*.

Required by the *Government Financial Responsibility Act 2000*, the financial targets emphasise the Government's commitment to sound financial management, and remain unchanged since the Government took office in February 2001<sup>5</sup>. For 2002-03, the targets were to:

- maintain or increase the net worth of the total public sector;
- achieve an operating surplus for the general government sector;

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<sup>5</sup> With the exception of the technical change to the upper limit of the net debt to revenue ratio arising from the restructure of the Grain Pool of Western Australia in November 2002, as noted in Chapter 1.

## 2002-03 Government Financial Results Report

- retain Western Australia's triple-A credit rating, represented by the following two specific target measures:
  - maintain the net debt to revenue ratio for the total non-financial public sector at or below 47%; and
  - ensure that real per capita expenses for the general government sector do not increase; and
- maintain Western Australia's tax competitiveness.

The following table summarises the extent to which the results for 2002-03 are consistent with these targets.

<b>COMPLIANCE WITH FINANCIAL TARGETS</b>		Table 1	
		2002-03	
		Budget Estimate	Actual
<b>FINANCIAL TARGET</b>			
Net worth be maintained or increased		Yes	Yes
General government net operating surplus		Yes	Yes
Triple-A credit rating be maintained via:			
- Net debt as a share of revenue at or below 47% <sup>(a)</sup>		Yes	Yes
- No increase in real per capita general government expenses		Yes	No
Tax competitiveness be maintained <sup>(b)</sup>		Yes	Yes
(a) Net debt at 30 June 2003 as a share of operating revenue for the total non-financial public sector.			
(b) No change in Western Australia's interstate ranking, expressed in terms of general government taxation revenue per capita.			

The following discussion details performance against the Government's five specific financial targets.

## Performance against Financial Targets

### Net worth: Net worth of the total public sector be maintained or increased

This target was met in 2002-03.

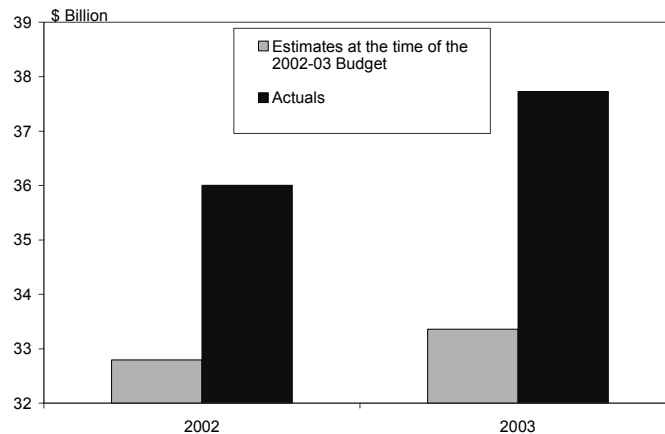
Net worth comprises total assets (both financial and non-financial) less total liabilities. It provides a comprehensive picture of a government's overall financial position. Positive net worth indicates that there are more assets at the disposal of the public sector than the liabilities it must satisfy in the future.

When the 2002-03 Budget went to press, the net worth target was expected to be met, with an increase in net worth from an estimated \$32.8 billion at 30 June 2002 to \$33.4 billion at 30 June 2003 (an increase of \$566 million).

The results for 2002-03 show that net worth increased by \$1.7 billion, from an actual outturn of \$36.0 billion at 30 June 2002 to \$37.7 billion at 30 June 2003. The increase in net worth at 30 June 2002 relative to the 2002-03 Budget estimate primarily reflects a significant increase in land valuations at 30 June 2002.

**NET WORTH AT 30 JUNE**  
Total Public Sector

Figure 1



## Operating Result: Achieve a Net Operating Surplus for the General Government Sector

This target was met in 2002-03.

The net operating balance represents the difference between operating revenue and expenses, and is the principal budget ‘bottom line’. It excludes expenditure on the acquisition of capital assets but includes non-cash costs such as accruing superannuation entitlements and the consumption of capital (ie. depreciation).

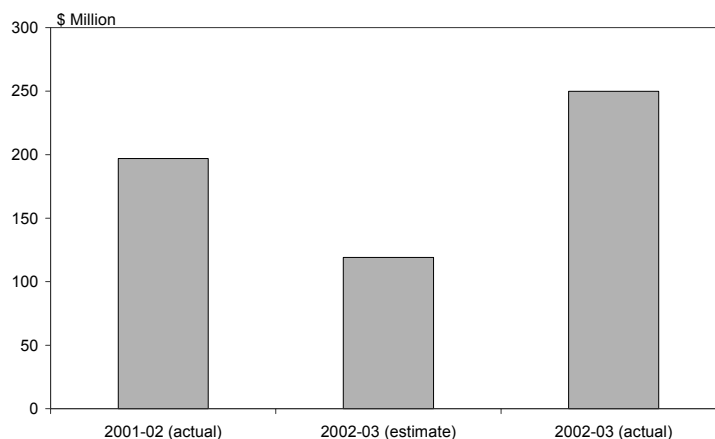
By including all accruing costs, the net operating balance encompasses the full costs of providing public services, making it a good measure of the sustainability of the Government’s operations over time.

The general government sector is the focus of this target as this sector is responsible for the delivery of key community services such as health and education and the collection of general revenue such as taxation and royalties, and is most subject to direct policy control by the Government.

This target was expected to be met in the 2002-03 Budget, which estimated a surplus of \$119 million for 2002-03. As projected, the target was achieved, with a better than expected operating surplus of \$250 million. Details of the higher than expected surplus are outlined in Chapter 1: *Financial Results*.

Figure 2

### NET OPERATING BALANCE General Government



In recent years the operating surplus outcome has been between \$125-\$145 million higher than projected at the time of the original budget estimate. These more favourable outcomes are welcome as they assist in managing net debt outcomes to acceptable levels. However, it is of note that the higher surpluses represent only around 2% of total revenues and expenses and therefore are highly susceptible to very small changes in financial and economic outcomes.

## Retain Triple-A Credit Rating – Net Debt: Maintain Net Debt to Revenue for the Total Non-Financial Public Sector at or below 47%

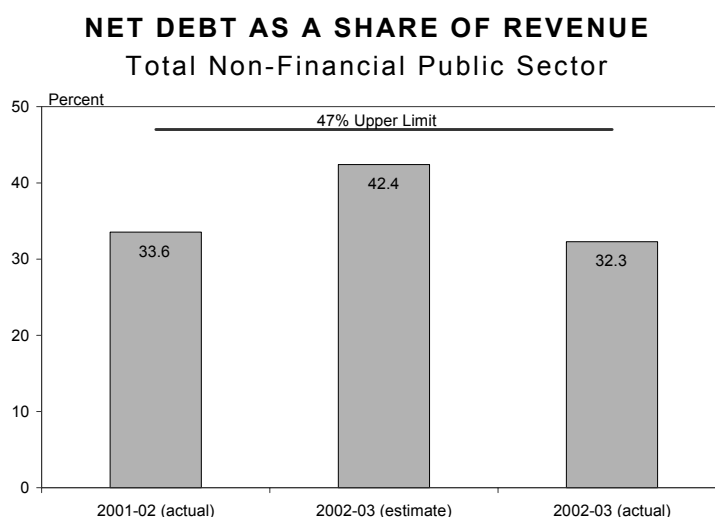
This target was met in 2002-03, by a comfortable margin.

This is the Government's target to manage net debt levels. Together with the real per capita expenses target, it gives effect to the objective to maintain the State's triple-A credit rating.

The target encompasses the operations of the non-financial public sector<sup>6</sup>, the part of the public sector responsible for day-to-day services and provision of economic and social infrastructure.

At the time of the 2002-03 Budget, the net debt to revenue ratio was estimated at 42.4% for the budget year. The ratio ended the year at just 32.3%. The factors underlying this much better than expected outcome are discussed in Chapter 1: *Financial Results*.

Figure 3



<sup>6</sup> Comprising the general government and public non-financial corporations sectors.

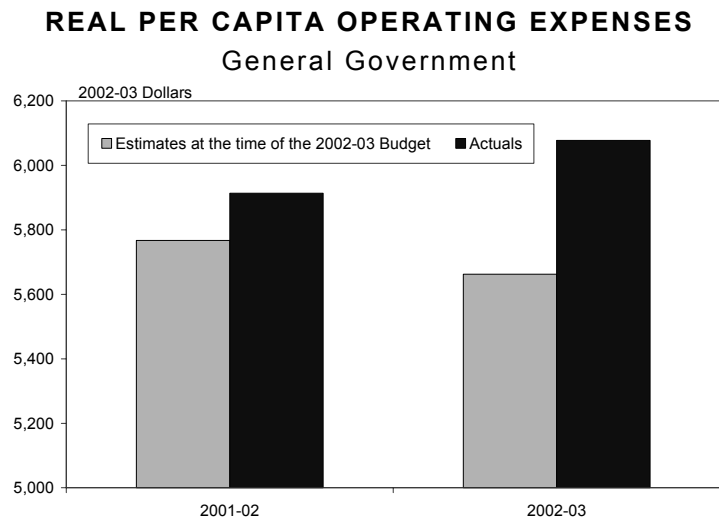


## Retain Triple-A Credit Rating – Operating Expenses: Real Per Capita Expenses for the General Government Sector to not Increase

This was the only target not met in 2002-03, although as explained in Chapter 1: *Financial Results* this primarily reflected parameter driven increases in expenses rather than Government policy decisions.

This target is aimed at capping expense growth and allows for increases in expenses up to, but not exceeding, the combined growth in population and inflation<sup>7</sup>.

At the time of the 2002-03 Budget, this target was expected to be met in the budget year. However, as illustrated in the following figure, an increase in real per capita expenses was recorded in 2002-03.



As noted in Chapter 1: *Financial Results*, abstracting from the significant one-off factors that contributed to the higher than budgeted expense growth in 2002-03 (such as the carryover impact from 2001-02, on-passing of higher than expected Commonwealth grants and changes in accounting treatment) results in an underlying measure of expense growth of 3.6%, which is marginally less than real per capita growth (consistent with the target).

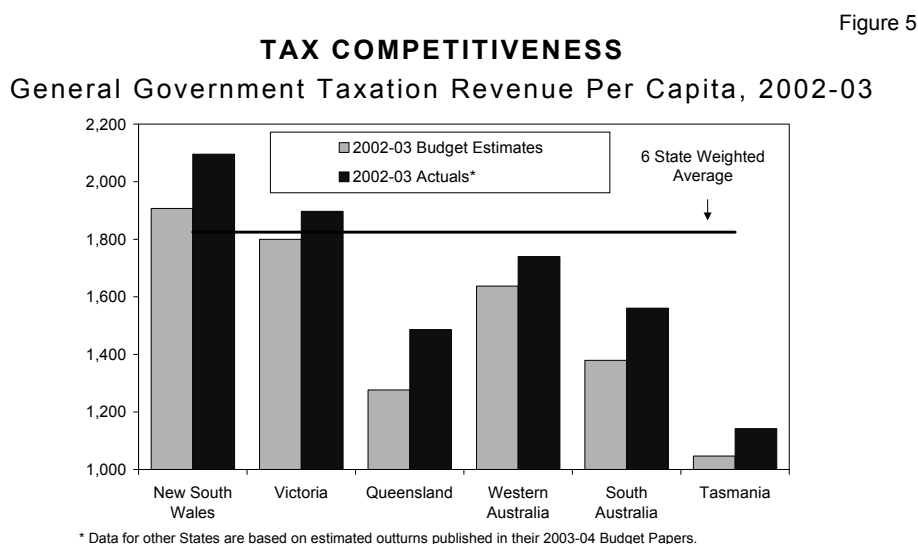
<sup>7</sup> Inflation as measured by growth in the gross State product implicit price deflator, which is the widest measure of prices in the Western Australian economy.

## Tax Competitiveness: Maintain Western Australia's Tax Competitiveness

This target was met in 2002-03.

The Government recognises the importance of taxation levels in providing an incentive and a competitive advantage to Western Australian business. Reflecting this, the Government aims to maintain Western Australia's tax competitiveness, as measured by the State's interstate ranking in terms of taxation revenue per capita.

The results for 2002-03 indicate that Western Australia's tax competitiveness ranking has remained unchanged, consistent with the expectation in the 2002-03 Budget.



It should be noted that all other States underestimated their taxation revenue in 2002-03. As indicated in Figure 5, the extent of the underestimation in Western Australia (in per capita terms) was relatively modest compared with other jurisdictions.

## APPENDIX 1

## Uniform Presentation of Public Sector Finances - Statistical Tables

This appendix contains details of variations between 2002-03 Budget estimates and actuals for various sectors within the total public sector under the accrual GFS framework. The tables in this section satisfy Uniform Presentation Framework requirements.

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**GENERAL GOVERNMENT**  
Operating Statement

	2001-02	2002-03		Actual \$m (c)	Variation on Budget \$m (c) - (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)		
<b>REVENUE</b>					
Taxation	2,945	3,194	3,255	3,388	194
Current grants and subsidies	5,253	5,170	5,396	5,464	294
Capital grants	267	292	290	287	-5
Sales of goods and services	905	919	946	1,002	82
Interest income	122	109	104	107	-1
Revenue from public corporations					
Dividends	406	379	389	390	11
Tax equivalent payments	237	228	230	239	12
Royalty income	636	655	679	685	30
Other	264	218	238	236	18
<b>Total</b>	<b>11,035</b>	<b>11,163</b>	<b>11,527</b>	<b>11,798</b>	<b>635</b>
<b>EXPENSES</b>					
Gross operating expenses					
Salaries	4,209	4,320	4,397	4,490	170
Depreciation and amortisation	568	534	614	598	64
Superannuation	375	396	405	442	46
Other gross operating expenses	2,660	2,698	2,814	2,925	227
Nominal superannuation interest	278	281	277	277	-4
Other interest	214	247	215	197	-50
Other property expenses	-	-	-	-	-
Current transfers	2,277	2,313	2,383	2,286	-27
Capital transfers	257	255	245	333	78
<b>Total</b>	<b>10,838</b>	<b>11,044</b>	<b>11,349</b>	<b>11,548</b>	<b>504</b>
<b>NET OPERATING BALANCE</b>	<b>197</b>	<b>119</b>	<b>178</b>	<b>250</b>	<b>131</b>
<b>NET ACQUISITION OF NON-FINANCIAL ASSETS</b>					
Purchase of non-financial assets	894	890	859	795	-95
Sales of non-financial assets	-102	-128	-118	-118	9
less depreciation	568	534	614	598	64
plus change in inventories	3	-1	-1	7	8
plus other movements in non-financial assets	-3	-	-	-29	-28
<b>Total</b>	<b>223</b>	<b>228</b>	<b>126</b>	<b>57</b>	<b>-170</b>
<b>NET LENDING/BORROWING</b>	<b>-27</b>	<b>-108</b>	<b>52</b>	<b>192</b>	<b>301</b>
<b>Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards (AAS)</b>					
<b>NET OPERATING BALANCE</b>	<b>197</b>	<b>119</b>	<b>178</b>	<b>250</b>	<b>131</b>
less provisions for doubtful debts	3	-	-	-10	-10
plus net gains on assets (including derivatives)	-8	72	48	250	178
plus capitalised interest	-	-	-	-	-
less revaluation of superannuation liabilities	42	-	-	47	47
plus all other adjustments	-	-	-	-	-
<b>AAS OPERATING RESULT</b>	<b>144</b>	<b>191</b>	<b>226</b>	<b>463</b>	<b>272</b>

Note: Columns may not add due to rounding.

Table 1.2

**GENERAL GOVERNMENT**  
Balance Sheet at 30 June

	2001-02	2002-03			Variation on Budget \$m (c) - (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)	Actual \$m (c)	
<b>ASSETS</b>					
<i>Financial assets</i>					
Cash and deposits	299	189	289	283	94
Advances paid	874	853	868	867	14
Investments, loans and placements	1,356	961	1,090	1,470	509
Other non-equity assets	734	736	724	760	23
Equity	15,867	16,140	16,309	16,271	131
<i>Total</i>	<i>19,131</i>	<i>18,880</i>	<i>19,280</i>	<i>19,651</i>	<i>771</i>
<i>Non-Financial assets</i>					
Land and fixed assets	26,775	24,438	27,219	28,246	3,808
Other non-financial assets	11	89	35	11	-78
<i>Total</i>	<i>26,787</i>	<i>24,526</i>	<i>27,254</i>	<i>28,257</i>	<i>3,731</i>
<b>TOTAL ASSETS</b>	<b>45,918</b>	<b>43,406</b>	<b>46,533</b>	<b>47,908</b>	<b>4,502</b>
<b>LIABILITIES</b>					
Deposits held	298	236	226	298	61
Advances received	593	582	581	581	-
Borrowings	2,111	2,437	2,112	2,105	-332
Unfunded superannuation liabilities	5,236	5,268	5,219	5,316	47
Other employee entitlements and provisions	1,128	1,150	1,159	1,225	75
Non-equity liabilities	545	372	567	657	285
<b>TOTAL LIABILITIES</b>	<b>9,912</b>	<b>10,045</b>	<b>9,864</b>	<b>10,182</b>	<b>136</b>
<b>NET WORTH</b>	<b>36,006</b>	<b>33,361</b>	<b>36,669</b>	<b>37,726</b>	<b>4,365</b>
<i>Memorandum Item: Net Debt</i>	<i>472</i>	<i>1,252</i>	<i>672</i>	<i>364</i>	<i>-888</i>
<b>Reconciliation of GFS net worth to net assets result obtained in accordance with Australian Accounting Standards (AAS)</b>					
<b>NET WORTH</b>	<b>36,006</b>	<b>33,361</b>	<b>36,669</b>	<b>37,726</b>	<b>4,365</b>
<i>less equity (net worth) of PNFC and PFC sectors</i>	<i>15,705</i>	<i>15,801</i>	<i>16,007</i>	<i>15,983</i>	<i>182</i>
<i>less all other adjustments</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>AAS NET ASSETS</b>	<b>20,302</b>	<b>17,561</b>	<b>20,662</b>	<b>21,744</b>	<b>4,183</b>
Note: Columns may not add due to rounding.					

**GENERAL GOVERNMENT**  
Cash Flow Statement

	2001-02	2002-03			Variation on Budget \$m (c) - (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)	Actual \$m (c)	
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>					
Taxes received	2,968	3,322	3,257	3,339	17
Receipts from sales of goods and services	891	1,035	908	956	-79
Grants and subsidies received	5,531	5,469	5,656	5,801	332
Other receipts	2,116	2,081	2,149	2,156	74
<b>Total</b>	<b>11,506</b>	<b>11,908</b>	<b>11,970</b>	<b>12,251</b>	<b>344</b>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>					
Payments for goods and services	-7,376	-7,794	-7,779	-7,920	-126
Grants and subsidies paid	-2,294	-2,464	-2,492	-2,417	47
Interest paid	-220	-245	-211	-195	50
Other payments	-855	-737	-782	-772	-36
<b>Total</b>	<b>-10,746</b>	<b>-11,241</b>	<b>-11,264</b>	<b>-11,304</b>	<b>-64</b>
<b>Net Cash Flow from Operating Activities</b>	<b>760</b>	<b>667</b>	<b>706</b>	<b>947</b>	<b>280</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>					
Purchase of non-financial assets	-894	-890	-859	-795	95
Sales of non-financial assets	102	128	118	118	-9
<b>Total</b>	<b>-792</b>	<b>-762</b>	<b>-741</b>	<b>-677</b>	<b>85</b>
<b>INVESTMENT IN FINANCIAL ASSETS</b>					
Policy purposes	-93	-132	-116	-107	25
Liquidity purposes	-11	64	42	48	-15
<b>Total</b>	<b>-105</b>	<b>-68</b>	<b>-74</b>	<b>-59</b>	<b>9</b>
<b>Net Cash Flow from Investing Activities</b>	<b>-896</b>	<b>-830</b>	<b>-815</b>	<b>-735</b>	<b>95</b>
<b>FINANCING ACTIVITIES</b>					
Advances received (net)	-13	-	-	-	-
Borrowings (net)	13	224	1	17	-207
Deposits received (net)	-92	-	-	-9	-9
Distributions paid	-	-	-	-	-
Other financing	-25	-19	-27	-65	-46
<b>Total</b>	<b>-117</b>	<b>205</b>	<b>-26</b>	<b>-57</b>	<b>-262</b>
Opening cash balance	1,167	644	913	913	270
<b>NET INCREASE IN CASH HELD<sup>(a)</sup></b>	<b>-253</b>	<b>42</b>	<b>-135</b>	<b>155</b>	<b>113</b>
Closing cash balance	913	686	779	1,068	382
<i>Net cash from operating activities, investments in non-financial assets and distributions paid</i>					
less finance leases and similar arrangements	-31	-95	-35	270	365
Surplus	-31	-95	-35	270	365

(a) The GFS concept of net increase in cash held is identical to the AAS 31 concept of net increase in cash held.

Note: Columns may not add due to rounding.

Table 1.4

**PUBLIC NON-FINANCIAL CORPORATIONS**  
Operating Statement

	2001-02	2002-03		Actual \$m (c)	Variation on Budget \$m (c) - (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)		
<b>REVENUE</b>					
Current grants and subsidies	504	506	538	519	13
Capital grants	110	110	120	123	12
Sales of goods and services	4,830	5,143	4,797	4,736	-407
Interest income	103	79	96	114	35
Other	158	95	112	228	133
<i>Total</i>	5,705	5,933	5,663	5,719	-214
<b>EXPENSES</b>					
Gross operating expenses					
Salaries	379	432	407	424	-8
Depreciation and amortisation	570	595	590	597	2
Superannuation	45	50	43	42	-7
Other gross operating expenses	3,291	3,530	3,218	3,231	-299
Nominal superannuation interest	-	-	-	-	-
Other interest	404	391	406	415	25
Other property expenses	627	601	613	627	26
Current transfers	220	211	234	254	42
Capital transfers	20	-	83	83	83
<i>Total</i>	5,556	5,809	5,594	5,672	-136
<b>NET OPERATING BALANCE</b>	<b>148</b>	<b>124</b>	<b>69</b>	<b>47</b>	<b>-77</b>
<b>NET ACQUISITION OF NON-FINANCIAL ASSETS</b>					
Purchase of non-financial assets	1,110	1,427	1,469	1,295	-133
Sales of non-financial assets	-308	-309	-359	-370	-61
less depreciation	570	595	589	597	2
plus change in inventories	34	5	-128	-71	-76
plus other movements in non-financial assets	-33	-	-82	-82	-82
<i>Total</i>	233	529	311	174	-354
<b>NET LENDING/BORROWING</b>	<b>-85</b>	<b>-404</b>	<b>-242</b>	<b>-127</b>	<b>277</b>
<b>Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards (AAS)</b>					
<b>NET OPERATING BALANCE</b>	<b>148</b>	<b>124</b>	<b>69</b>	<b>47</b>	<b>-77</b>
less provisions for doubtful debts	7	-	-	7	7
plus net gains on assets (including derivatives)	39	53	57	158	105
plus capitalised interest	14	-	-	6	6
less revaluation of superannuation liabilities	14	-	-	2	2
plus all other adjustments	-	-	-	-	-
<b>AAS OPERATING RESULT</b>	<b>181</b>	<b>177</b>	<b>126</b>	<b>202</b>	<b>25</b>

Note: Columns may not add due to rounding.

**PUBLIC NON-FINANCIAL CORPORATIONS**  
Balance Sheet at 30 June

	2001-02	2002-03			Variation on Budget \$m (c) - (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)	Actual \$m (c)	
<b>ASSETS</b>					
<i>Financial assets</i>					
Cash and deposits	248	207	231	301	93
Advances paid	186	190	162	156	-33
Investments, loans and placements	1,229	1,070	1,177	1,549	479
Other non-equity assets	576	640	683	745	105
Equity	8	1	1	8	7
<i>Total</i>	<i>2,247</i>	<i>2,108</i>	<i>2,254</i>	<i>2,759</i>	<i>651</i>
<i>Non-Financial assets</i>					
Land and fixed assets	21,500	22,124	22,142	21,892	-232
Other non-financial assets	22	11	114	131	121
<i>Total</i>	<i>21,522</i>	<i>22,134</i>	<i>22,256</i>	<i>22,023</i>	<i>-112</i>
<b>TOTAL ASSETS</b>	<b>23,769</b>	<b>24,242</b>	<b>24,510</b>	<b>24,782</b>	<b>540</b>
<b>LIABILITIES</b>					
Deposits held	2	-	1	2	2
Advances received	585	573	573	573	-
Borrowings	5,693	6,231	6,118	6,194	-36
Unfunded superannuation liabilities	275	257	262	260	3
Other employee entitlements and provisions	235	202	193	224	23
Non-equity liabilities	1,268	1,128	1,262	1,456	329
<b>TOTAL LIABILITIES</b>	<b>8,058</b>	<b>8,390</b>	<b>8,409</b>	<b>8,710</b>	<b>320</b>
Shares and other contributed capital	163	339	302	288	-51
<b>NET WORTH</b>	<b>15,547</b>	<b>15,513</b>	<b>15,799</b>	<b>15,784</b>	<b>271</b>
<i>Memorandum Item: Net Debt</i>	<i>4,617</i>	<i>5,337</i>	<i>5,121</i>	<i>4,763</i>	<i>-574</i>
<b>Reconciliation of GFS net worth to net assets result obtained in accordance with Australian Accounting Standards (AAS)</b>					
<b>NET WORTH</b>	<b>15,547</b>	<b>15,513</b>	<b>15,799</b>	<b>15,784</b>	<b>271</b>
<i>plus</i> shares and other contributed capital	163	339	302	288	-51
<i>less</i> all other adjustments	-	-	-	-	-
<b>AAS NET ASSETS</b>	<b>15,710</b>	<b>15,852</b>	<b>16,101</b>	<b>16,072</b>	<b>220</b>
Note: Columns may not add due to rounding.					



Table 1.6

**PUBLIC NON-FINANCIAL CORPORATIONS**  
Cash Flow Statement

	2001-02	2002-03			Variation on Budget \$m (c) - (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)	Actual \$m (c)	
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>					
Receipts from sales of goods and services	4,918	5,066	4,733	4,943	-123
Grants and subsidies received	616	627	660	637	11
Other receipts	455	363	397	499	136
<i>Total</i>	<i>5,990</i>	<i>6,056</i>	<i>5,789</i>	<i>6,080</i>	<i>23</i>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>					
Payments for goods and services	-3,663	-3,840	-3,634	-3,652	188
Grants and subsidies paid	-162	-103	-165	-209	-106
Interest paid	-356	-413	-433	-428	-16
Other payments	-491	-521	-426	-563	-42
<i>Total</i>	<i>-4,672</i>	<i>-4,876</i>	<i>-4,658</i>	<i>-4,852</i>	<i>24</i>
<b>Net Cash Flow from Operating Activities</b>	<b>1,318</b>	<b>1,180</b>	<b>1,132</b>	<b>1,227</b>	<b>47</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>					
Purchase of non-financial assets	-1,110	-1,427	-1,469	-1,295	133
Sales of non-financial assets	308	309	359	370	61
<i>Total</i>	<i>-802</i>	<i>-1,118</i>	<i>-1,110</i>	<i>-924</i>	<i>194</i>
<b>INVESTMENT IN FINANCIAL ASSETS</b>					
Policy purposes	-	-	-	-	-
Liquidity purposes	-37	-12	-47	-19	-7
<i>Total</i>	<i>-37</i>	<i>-12</i>	<i>-47</i>	<i>-19</i>	<i>-7</i>
<b>Net Cash Flow from Investing Activities</b>	<b>-840</b>	<b>-1,131</b>	<b>1,157</b>	<b>-943</b>	<b>187</b>
<b>FINANCING ACTIVITIES</b>					
Advances received (net)	-11	-13	-12	-11	2
Borrowings (net)	89	428	438	240	-188
Deposits received (net)	-	-	-	-	-
Distributions paid	-626	-616	-662	-655	-39
Other financing	155	201	187	209	7
<i>Total</i>	<i>-394</i>	<i>-</i>	<i>-48</i>	<i>-218</i>	<i>-218</i>
<i>Opening cash balance</i>	<i>375</i>	<i>425</i>	<i>460</i>	<i>460</i>	<i>35</i>
<b>NET INCREASE IN CASH HELD<sup>(a)</sup></b>	<b>84</b>	<b>49</b>	<b>-74</b>	<b>66</b>	<b>17</b>
<i>Closing cash balance</i>	<i>460</i>	<i>474</i>	<i>386</i>	<i>526</i>	<i>52</i>
<i>Net cash from operating activities, investments in non-financial assets and distributions paid less finance leases and similar arrangements</i>	<i>-111</i>	<i>-555</i>	<i>-640</i>	<i>-353</i>	<i>202</i>
<i>Surplus</i>	<i>-111</i>	<i>-555</i>	<i>-640</i>	<i>-353</i>	<i>202</i>

(a) The GFS concept of net increase in cash held is identical to the AAS 31 concept of net increase in cash held.

Note: Columns may not add due to rounding.

**TOTAL NON-FINANCIAL PUBLIC SECTOR**  
Operating Statement

	2001-02	2002-03			Variation on Budget \$m (c) - (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)	Actual \$m (c)	
<b>REVENUE</b>					
Taxation	2,803	3,020	3,115	3,227	207
Current grants and subsidies	5,253	5,170	5,396	5,464	294
Capital grants	267	292	290	288	-3
Sales of goods and services	5,599	5,959	5,613	5,586	-373
Interest income	193	154	167	189	35
Royalty income	636	655	679	685	30
Other	416	306	336	449	143
<i>Total</i>	<i>15,166</i>	<i>15,555</i>	<i>15,597</i>	<i>15,888</i>	<i>334</i>
<b>EXPENSES</b>					
Gross operating expenses					
Salaries	4,588	4,752	4,804	4,914	163
Depreciation and amortisation	1,138	1,129	1,204	1,195	66
Superannuation	421	446	448	484	38
Other gross operating expenses	5,716	5,991	5,803	5,902	-90
Nominal superannuation interest	278	281	277	277	-4
Other interest	586	604	588	580	-24
Other property expenses	-	-	-	-	-
Current transfers	1,927	1,964	2,019	1,945	-19
Capital transfers	167	145	208	294	149
<i>Total</i>	<i>14,821</i>	<i>15,311</i>	<i>15,350</i>	<i>15,591</i>	<i>280</i>
<b>NET OPERATING BALANCE</b>	<b>345</b>	<b>243</b>	<b>247</b>	<b>297</b>	<b>54</b>
<b>NET ACQUISITION OF NON-FINANCIAL ASSETS</b>					
Purchase of non-financial assets	2,004	2,317	2,329	2,089	-227
Sales of non-financial assets	-410	-436	-477	-488	-52
less depreciation	1,138	1,129	1,204	1,195	66
plus change in inventories	36	4	-128	-64	-68
plus other movements in non-financial assets	-36	-	-82	-111	-111
<i>Total</i>	<i>457</i>	<i>756</i>	<i>437</i>	<i>232</i>	<i>-524</i>
<b>NET LENDING/BORROWING</b>	<b>-113</b>	<b>-513</b>	<b>-190</b>	<b>65</b>	<b>578</b>
<b>Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards (AAS)</b>					
<b>NET OPERATING BALANCE</b>	<b>345</b>	<b>243</b>	<b>247</b>	<b>297</b>	<b>54</b>
less provisions for doubtful debts	11	-	-	-3	-3
plus net gains on assets (including derivatives)	31	125	106	407	282
plus capitalised interest	14	-	-	6	6
less revaluation of superannuation liabilities	56	-	-	48	48
plus all other adjustments	-	-	-	-	-
<b>AAS OPERATING RESULT</b>	<b>324</b>	<b>368</b>	<b>352</b>	<b>665</b>	<b>297</b>

Note: Columns may not add due to rounding.

Table 1.8

**TOTAL NON-FINANCIAL PUBLIC SECTOR**  
Balance Sheet at 30 June

	2001-02	2002-03		Actual \$m (c)	Variation on Budget \$m (c) - (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)		
<b>ASSETS</b>					
<i>Financial assets</i>					
Cash and deposits	364	299	373	404	106
Advances paid	475	470	457	450	-19
Investments, loans and placements	2,585	2,031	2,267	3,019	988
Other non-equity assets	1,113	1,195	1,241	1,321	126
Equity	165	289	209	207	-82
<b>Total</b>	<b>4,702</b>	<b>4,283</b>	<b>4,547</b>	<b>5,401</b>	<b>1,118</b>
<i>Non-Financial assets</i>					
Land and fixed assets	48,275	46,562	49,360	50,138	3,576
Other non-financial assets	33	99	149	142	43
<b>Total</b>	<b>48,309</b>	<b>46,661</b>	<b>49,509</b>	<b>50,280</b>	<b>3,619</b>
<b>TOTAL ASSETS</b>	<b>53,010</b>	<b>50,944</b>	<b>54,057</b>	<b>55,681</b>	<b>4,737</b>
<b>LIABILITIES</b>					
Deposits held	116	138	80	120	-19
Advances received	593	582	581	581	-
Borrowings	7,804	8,668	8,230	8,299	-369
Unfunded superannuation liabilities	5,511	5,525	5,481	5,575	50
Other employee entitlements and provisions	1,269	1,293	1,297	1,382	88
Non-equity liabilities	1,711	1,376	1,719	1,997	621
<b>TOTAL LIABILITIES</b>	<b>17,004</b>	<b>17,583</b>	<b>17,388</b>	<b>17,955</b>	<b>372</b>
<b>NET WORTH</b>	<b>36,007</b>	<b>33,361</b>	<b>36,669</b>	<b>37,726</b>	<b>4,365</b>
<i>Memorandum Item: Net Debt</i>	5,089	6,589	5,793	5,127	-1,461
<b>Reconciliation of GFS net worth to net assets result obtained in accordance with Australian Accounting Standards (AAS)</b>					
<b>NET WORTH</b>	<b>36,007</b>	<b>33,361</b>	<b>36,669</b>	<b>37,726</b>	<b>4,365</b>
<i>less equity (net worth) of PNFC and PFC sectors</i>	157	288	208	199	-89
<i>less all other adjustments</i>	-	-	-	-	-
<b>AAS NET ASSETS</b>	<b>35,849</b>	<b>33,073</b>	<b>36,461</b>	<b>37,528</b>	<b>4,454</b>

Note: Columns may not add due to rounding.

**TOTAL NON-FINANCIAL PUBLIC SECTOR**  
Cash Flow Statement

	2001-02	2002-03			Variation on Budget \$m (c) - (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)	Actual \$m (c)	
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>					
Taxes received	2,829	3,070	3,121	3,180	110
Receipts from sales of goods and services	5,656	6,083	5,519	5,735	-347
Grants and subsidies received	5,531	5,476	5,656	5,801	324
Other receipts	1,892	1,785	1,836	1,950	165
<b>Total</b>	<b>15,908</b>	<b>16,414</b>	<b>16,133</b>	<b>16,666</b>	<b>252</b>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>					
Payments for goods and services	-10,876	-11,606	-11,281	-11,400	206
Grants and subsidies paid	-1,828	-1,948	-1,991	-1,980	-32
Interest paid	-545	-625	-613	-592	33
Other payments	-1,207	-1,003	-1,072	-1,176	-173
<b>Total</b>	<b>-14,456</b>	<b>-15,182</b>	<b>-14,957</b>	<b>-15,148</b>	<b>34</b>
<b>Net Cash Flow from Operating Activities</b>	<b>1,452</b>	<b>1,233</b>	<b>1,176</b>	<b>1,519</b>	<b>286</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>					
Purchase of non-financial assets	-2,004	-2,317	-2,329	-2,089	227
Sales of non-financial assets	410	436	477	488	52
<b>Total</b>	<b>-1,594</b>	<b>-1,881</b>	<b>-1,851</b>	<b>-1,601</b>	<b>280</b>
<b>INVESTMENT IN FINANCIAL ASSETS</b>					
Policy purposes	16	15	15	16	-
Liquidity purposes	-49	52	-5	30	-22
<b>Total</b>	<b>-33</b>	<b>67</b>	<b>10</b>	<b>45</b>	<b>-22</b>
<b>Net Cash Flow from Investing Activities</b>	<b>-1,627</b>	<b>-1,814</b>	<b>-1,841</b>	<b>-1,556</b>	<b>258</b>
<b>FINANCING ACTIVITIES</b>					
Advances received (net)	-25	-13	-12	-11	1
Borrowings (net)	101	652	440	257	-395
Deposits received (net)	-92	-	-	-9	-9
Distributions paid	-	-2	-	-	2
Other financing	21	35	28	21	-14
<b>Total</b>	<b>6</b>	<b>672</b>	<b>456</b>	<b>258</b>	<b>-414</b>
Opening cash balance	1,883	1,409	1,714	1,714	305
<b>NET INCREASE IN CASH HELD<sup>(a)</sup></b>	<b>-169</b>	<b>91</b>	<b>-209</b>	<b>220</b>	<b>129</b>
Closing cash balance	1,714	1,500	1,505	1,934	434
<i>Net cash from operating activities, investments in non-financial assets and distributions paid</i>					
less finance leases and similar arrangements	-142	-650	-675	-83	568
Surplus	-142	-650	-675	-83	568

(a) The GFS concept of net increase in cash held is identical to the AAS 31 concept of net increase in cash held.

Note: Columns may not add due to rounding.

Table 1.10

**PUBLIC FINANCIAL CORPORATIONS**  
Operating Statement

	2001-02	2002-03		Actual \$m (c)	Variation on Budget \$m (c) - (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)		
<b>REVENUE</b>					
Current grants and subsidies	-	-	1	-	-
Capital grants	-	-	-	-	-
Sales of goods and services	394	573	516	490	-83
Interest income	833	984	938	893	-91
Other	27	3	2	6	4
<i>Total</i>	1,254	1,560	1,457	1,389	-170
<b>EXPENSES</b>					
Gross operating expenses					
Salaries	18	19	19	18	-1
Depreciation and amortisation	3	3	4	4	1
Superannuation	2	3	2	2	-1
Other gross operating expenses	483	543	522	493	-50
Nominal superannuation interest	-	-	-	-	-
Other interest	699	800	760	790	-10
Other property expenses	15	7	7	7	-
Current transfers	2	2	3	2	-
Capital transfers	-	3	4	1	-1
<i>Total</i>	1,222	1,380	1,321	1,318	-61
<b>NET OPERATING BALANCE</b>	<b>32</b>	<b>180</b>	<b>136</b>	<b>71</b>	<b>-109</b>
<b>NET ACQUISITION OF NON-FINANCIAL ASSETS</b>					
Purchase of non-financial assets	5	2	6	6	4
Sales of non-financial assets	-1	-	-	-1	-1
less depreciation	3	3	4	4	1
plus change in inventories	-	-	-	-	-
plus other movements in non-financial assets	-	-	-	-	-
<i>Total</i>	1	-1	2	1	2
<b>NET LENDING/BORROWING</b>	<b>31</b>	<b>181</b>	<b>134</b>	<b>70</b>	<b>-111</b>
<b>Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards (AAS)</b>					
<b>NET OPERATING BALANCE</b>	<b>32</b>	<b>180</b>	<b>136</b>	<b>71</b>	<b>-109</b>
less provisions for doubtful debts	-	-	-	-	-
plus net gains on assets (including derivatives)	-64	-	-	-44	-44
plus capitalised interest	-	-	-	-	-
less revaluation of superannuation liabilities	-	-	-	-1	-1
plus all other adjustments	-	-	-	-	-
<b>AAS OPERATING RESULT</b>	<b>-32</b>	<b>180</b>	<b>135</b>	<b>27</b>	<b>-153</b>

Note: Columns may not add due to rounding.

**PUBLIC FINANCIAL CORPORATIONS**  
Balance Sheet at 30 June

	2001-02	2002-03			Variation on Budget \$m (c) - (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)	Actual \$m (c)	
<b>ASSETS</b>					
<i>Financial assets</i>					
Cash and deposits	16	21	38	19	-2
Advances paid	1,463	2,052	1,473	1,353	-699
Investments, loans and placements	11,226	12,668	12,136	12,291	-376
Other non-equity assets	472	476	459	441	-35
Equity	606	740	636	696	-44
<i>Total</i>	<b>13,783</b>	<b>15,956</b>	<b>14,742</b>	<b>14,801</b>	<b>-1,156</b>
<i>Non-Financial assets</i>					
Land and fixed assets	302	332	317	301	-31
Other non-financial assets	-	-	16	12	12
<i>Total</i>	<b>302</b>	<b>332</b>	<b>332</b>	<b>313</b>	<b>-19</b>
<b>TOTAL ASSETS</b>	<b>14,085</b>	<b>16,288</b>	<b>15,074</b>	<b>15,113</b>	<b>-1,175</b>
<b>LIABILITIES</b>					
Deposits held	-	-	-	-	-
Advances received	3	3	3	3	-
Borrowings	12,103	14,006	12,858	12,998	-1,007
Unfunded superannuation liabilities	17	15	17	16	1
Other employee entitlements and provisions	7	6	7	6	-
Non-equity liabilities	1,797	1,970	1,980	1,891	-80
<b>TOTAL LIABILITIES</b>	<b>13,927</b>	<b>16,000</b>	<b>14,866</b>	<b>14,915</b>	<b>-1,086</b>
Shares and other contributed capital	-	-	-	-	-
<b>NET WORTH</b>	<b>157</b>	<b>288</b>	<b>208</b>	<b>199</b>	<b>-89</b>
<i>Memorandum Item: Net Debt</i>	-598	-731	-785	-662	69
<b>Reconciliation of GFS net worth to net assets result obtained in accordance with Australian Accounting Standards (AAS)</b>					
<b>NET WORTH</b>	<b>157</b>	<b>288</b>	<b>208</b>	<b>199</b>	<b>-89</b>
<i>plus</i> shares and other contributed capital	-	-	-	-	-
<i>less</i> all other adjustments	-	-	-	-	-
<b>AAS NET ASSETS</b>	<b>157</b>	<b>288</b>	<b>208</b>	<b>199</b>	<b>-89</b>

Note: Columns may not add due to rounding.

Table 1.12

**PUBLIC FINANCIAL CORPORATIONS**  
**Cash Flow Statement**

	2001-02	2002-03			Variation on Budget \$m (c) - (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)	Actual \$m (c)	
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>					
Receipts from sales of goods and services	485	540	508	598	58
Grants and subsidies received	-	3	1	-	-2
Other receipts	822	1,007	913	887	-120
<i>Total</i>	<i>1,307</i>	<i>1,550</i>	<i>1,422</i>	<i>1,486</i>	<i>-64</i>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>					
Payments for goods and services	-494	-524	-500	-452	73
Grants and subsidies paid	-1	-3	-1	-1	2
Interest paid	-734	-850	-757	-788	62
Other payments	-59	-49	-284	-98	-49
<i>Total</i>	<i>-1,289</i>	<i>-1,426</i>	<i>-1,542</i>	<i>-1,338</i>	<i>87</i>
<b>Net Cash Flow from Operating Activities</b>	<b>18</b>	<b>124</b>	<b>-121</b>	<b>148</b>	<b>23</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>					
Purchase of non-financial assets	-5	-2	-6	-6	-4
Sales of non-financial assets	1	-	-	1	1
<i>Total</i>	<i>-4</i>	<i>-2</i>	<i>-6</i>	<i>-5</i>	<i>-3</i>
<b>INVESTMENT IN FINANCIAL ASSETS</b>					
Policy purposes	-	-	-	-	-
Liquidity purposes	-24	-205	-80	-162	43
<i>Total</i>	<i>-24</i>	<i>-205</i>	<i>-80</i>	<i>-162</i>	<i>43</i>
<b>Net Cash Flow from Investing Activities</b>	<b>-28</b>	<b>-207</b>	<b>-86</b>	<b>-167</b>	<b>40</b>
<b>FINANCING ACTIVITIES</b>					
Advances received (net)	-	-	-	-	-
Borrowings (net)	-319	96	216	404	308
Deposits received (net)	-	-	-	-	-
Distributions paid	-15	-7	-7	-8	-1
Other financing	-	-	205	1	1
<i>Total</i>	<i>-335</i>	<i>90</i>	<i>413</i>	<i>397</i>	<i>308</i>
<i>Opening cash balance</i>	<i>2,916</i>	<i>2,913</i>	<i>2,571</i>	<i>2,571</i>	<i>-342</i>
<b>NET INCREASE IN CASH HELD<sup>(a)</sup></b>	<b>-345</b>	<b>6</b>	<b>207</b>	<b>378</b>	<b>371</b>
<i>Closing cash balance</i>	<i>2,571</i>	<i>2,919</i>	<i>2,778</i>	<i>2,949</i>	<i>30</i>
<i>Net cash from operating activities, investments in non-financial assets and distributions paid</i>					
<i>less finance leases and similar arrangements</i>	<i>-1</i>	<i>115</i>	<i>-134</i>	<i>134</i>	<i>19</i>
Surplus	-1	115	-134	134	19

(a) The GFS concept of net increase in cash held is identical to the AAS 31 concept of net increase in cash held.

Note: Columns may not add due to rounding.

**TOTAL PUBLIC SECTOR**  
**Operating Statement**

	2001-02	2002-03			Variation on Budget \$m (c) - (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)	Actual \$m (c)	
<b>REVENUE</b>					
Taxation	2,802	3,018	3,113	3,225	208
Current grants and subsidies	5,253	5,170	5,397	5,464	294
Capital grants	267	292	290	288	-3
Sales of goods and services	5,883	6,398	5,995	5,949	-450
Interest income	487	566	560	539	-27
Royalty income	636	655	679	685	30
Other	424	301	328	441	140
<i>Total</i>	15,752	16,400	16,363	16,592	192
<b>EXPENSES</b>					
Gross operating expenses					
Salaries	4,606	4,771	4,823	4,932	161
Depreciation and amortisation	1,141	1,132	1,208	1,199	67
Superannuation	423	448	450	486	38
Other gross operating expenses	6,090	6,401	6,191	6,267	-133
Nominal superannuation interest	278	281	277	277	-4
Other interest	745	832	804	828	-5
Other property expenses	-	-	-	-	-
Current transfers	1,924	1,964	2,017	1,939	-25
Capital transfers	167	147	211	295	148
<i>Total</i>	15,375	15,976	15,980	16,224	247
<b>NET OPERATING BALANCE</b>	<b>377</b>	<b>423</b>	<b>383</b>	<b>368</b>	<b>-55</b>
<b>NET ACQUISITION OF NON-FINANCIAL ASSETS</b>					
Purchase of non-financial assets	2,010	2,319	2,335	2,095	-224
Sales of non-financial assets	-411	-436	-477	-489	-53
less depreciation	1,141	1,132	1,207	1,199	67
plus change in inventories	36	4	-128	-64	-68
plus other movements in non-financial assets	-36	-	-82	-111	-111
<i>Total</i>	458	755	439	233	-522
<b>NET LENDING/BORROWING</b>	<b>-55</b>	<b>-332</b>	<b>-56</b>	<b>135</b>	<b>467</b>
<b>Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards (AAS)</b>					
<b>NET OPERATING BALANCE</b>	<b>377</b>	<b>423</b>	<b>383</b>	<b>368</b>	<b>-55</b>
less provisions for doubtful debts	11	-	1	-3	-3
plus net gains on assets (including derivatives)	-33	125	106	363	238
plus capitalised interest	14	-	-	6	6
less revaluation of superannuation liabilities	56	-	-	48	48
plus all other adjustments	-	-	-	-	-
<b>AAS OPERATING RESULT</b>	<b>292</b>	<b>548</b>	<b>488</b>	<b>692</b>	<b>144</b>

Note: Columns may not add due to rounding.



Table 1.14

**TOTAL PUBLIC SECTOR**  
Balance Sheet at 30 June

	2001-02	2002-03			Variation on Budget \$m (c) - (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)	Actual \$m (c)	
<b>ASSETS</b>					
<i>Financial assets</i>					
Cash and deposits	380	319	411	421	102
Advances paid	1,934	2,518	1,927	1,800	-718
Investments, loans and placements	5,177	5,393	5,333	5,831	438
Other non-equity assets	1,328	1,609	1,524	1,569	-40
Equity	614	741	637	704	-36
<i>Total</i>	<i>9,434</i>	<i>10,580</i>	<i>9,831</i>	<i>10,325</i>	<i>-255</i>
<i>Non-Financial assets</i>					
Land and fixed assets	48,577	46,893	49,677	50,438	3,545
Other non-financial assets	33	99	165	154	55
<i>Total</i>	<i>48,610</i>	<i>46,993</i>	<i>49,842</i>	<i>50,593</i>	<i>3,600</i>
<b>TOTAL ASSETS</b>	<b>58,044</b>	<b>57,573</b>	<b>59,673</b>	<b>60,918</b>	<b>3,344</b>
<b>LIABILITIES</b>					
Deposits held	116	138	80	78	-60
Advances received	593	582	581	581	-
Borrowings	11,274	13,368	12,019	11,858	-1,510
Unfunded superannuation liabilities	5,528	5,540	5,498	5,591	51
Other employee entitlements and provisions	1,274	1,292	1,302	1,387	95
Non-equity liabilities	3,254	3,292	3,525	3,696	404
<b>TOTAL LIABILITIES</b>	<b>22,039</b>	<b>24,212</b>	<b>23,005</b>	<b>23,191</b>	<b>-1,021</b>
<b>NET WORTH</b>	<b>36,006</b>	<b>33,361</b>	<b>36,668</b>	<b>37,726</b>	<b>4,365</b>
<i>Memorandum Item: Net Debt</i>	<i>4,491</i>	<i>5,857</i>	<i>5,009</i>	<i>4,465</i>	<i>-1,392</i>
<b>Reconciliation of GFS net worth to net assets result obtained in accordance with Australian Accounting Standards (AAS)</b>					
<b>NET WORTH</b>	<b>36,006</b>	<b>33,361</b>	<b>36,668</b>	<b>37,726</b>	<b>4,365</b>
less all other adjustments	-	-	-	-	-
<b>AAS NET ASSETS</b>	<b>36,006</b>	<b>33,361</b>	<b>36,669</b>	<b>37,726</b>	<b>4,365</b>
Note: Columns may not add due to rounding.					

**TOTAL PUBLIC SECTOR**  
Cash Flow Statement

	2001-02	2002-03			Variation on Budget \$m (c) - (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)	Actual \$m (c)	
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>					
Taxes received	2,827	3,068	3,095	3,151	83
Receipts from sales of goods and services	6,023	6,489	5,902	6,213	-277
Grants and subsidies received	5,531	5,476	5,657	5,801	324
Other receipts	2,154	2,152	2,135	2,246	94
<i>Total</i>	<i>16,535</i>	<i>17,186</i>	<i>16,788</i>	<i>17,410</i>	<i>224</i>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>					
Payments for goods and services	-11,252	-11,996	-11,656	-11,729	267
Grants and subsidies paid	-1,826	-1,948	-1,992	-1,980	-32
Interest paid	-768	-867	-787	-816	50
Other payments	-1,234	-1,025	-1,306	-1,226	-201
<i>Total</i>	<i>-15,080</i>	<i>-15,836</i>	<i>-15,741</i>	<i>-15,752</i>	<i>84</i>
<b>Net Cash Flow from Operating Activities</b>	<b>1,455</b>	<b>1,350</b>	<b>1,048</b>	<b>1,658</b>	<b>308</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>					
Purchase of non-financial assets	-2,010	-2,319	-2,335	-2,095	224
Sales of non-financial assets	411	436	477	489	53
<i>Total</i>	<i>-1,598</i>	<i>-1,883</i>	<i>-1,857</i>	<i>-1,606</i>	<i>277</i>
<b>INVESTMENT IN FINANCIAL ASSETS</b>					
Policy purposes	16	15	15	16	-
Liquidity purposes	-73	-153	-85	-132	21
<i>Total</i>	<i>-57</i>	<i>-138</i>	<i>-69</i>	<i>-117</i>	<i>22</i>
<b>Net Cash Flow from Investing Activities</b>	<b>-1,655</b>	<b>-2,021</b>	<b>-1,926</b>	<b>-1,723</b>	<b>298</b>
<b>FINANCING ACTIVITIES</b>					
Advances received (net)	-25	-13	-12	-11	1
Borrowings (net)	-218	748	656	661	-87
Deposits received (net)	-92	-	-	-9	-9
Distributions paid	-	-2	-	-	2
Other financing	21	35	233	22	-13
<i>Total</i>	<i>-314</i>	<i>768</i>	<i>877</i>	<i>663</i>	<i>-105</i>
<i>Opening cash balance</i>	<i>4,456</i>	<i>3,979</i>	<i>3,942</i>	<i>3,942</i>	<i>-37</i>
<b>NET INCREASE IN CASH HELD<sup>(a)</sup></b>	<b>-514</b>	<b>97</b>	<b>-2</b>	<b>598</b>	<b>501</b>
<i>Closing cash balance</i>	<i>3,942</i>	<i>4,076</i>	<i>3,940</i>	<i>4,540</i>	<i>464</i>
<i>Net cash from operating activities, investments in non-financial assets and distributions paid less finance leases and similar arrangements</i>					
	-143	-535	-809	52	587
Surplus	-143	-535	-809	52	587

(a) The GFS concept of net increase in cash held is identical to the AAS 31 concept of net increase in cash held.

Note: Columns may not add due to rounding.

**LOAN COUNCIL ALLOCATIONS <sup>1</sup>**  
Western Australia

Table 1.16

	2002-03			<i>Variation on Budget \$m (c) – (a)</i>
	Budget Estimate \$m (a)	Estimated Actual \$m (b)	Actual \$m (c)	
General Government Deficit	95	35	-270	-365
Public Non-financial Corporations' Net Financing	555	641	353	-202
Net Capital Advances	15	15	16	-
Total Non-financial Public Sector Deficit	635	660	67	-568
<i>Memorandum Items <sup>2</sup></i>	-155	-310	-390	-236
<b>Loan Council Allocation</b>	<b>480</b>	<b>350</b>	<b>-324</b>	<b>-804</b>

1 The deficit/surplus data quoted here are consistent with the treatment of net capital advances paid (eg. loans to private schools) as outlays. This is consistent with Loan Council treatment but differs from the GFS treatment used in the rest of this document (which treats net capital advances as financing transactions).

2 Memorandum items are used to adjust the ABS deficit/surplus to include in LCAs certain transactions (eg. operating leases) that have many of the characteristics of public sector borrowings but do not constitute formal borrowings. Where appropriate, they are also used to deduct from the deficit/surplus certain transactions that Loan Council has agreed should not be included in LCAs (eg. the funding of more than emerging costs under public superannuation schemes).

Note: Columns may not add due to rounding.

## Loan Council Allocations

The Australian Loan Council oversees State, Territory and Commonwealth governments' public sector borrowings using a system of Loan Council Allocations (LCAs). LCAs are based on net borrowings as indicated by a government's deficit position<sup>8</sup>.

The State's LCA outcome has moved from an estimated \$480 million deficit position in the 2002-03 Budget to a \$324 million surplus outcome.

This turnaround is due to movements in operating and capital spending aggregates that impact the general government and public non-financial corporation sectors' cash deficits, which were discussed in Chapter 1: *Financial Results*. In addition, the LCA memorandum items contribute \$236 million to the improvement, with lower home lending by Keystart the principal factor.

<sup>8</sup> For the purposes of LCAs, deficits are positive and surpluses are negative.

APPENDIX 2

**General Government Operating Revenue**

This appendix contains general government revenue estimates and results for 2002-03 on an accrual GFS basis.

Table 2.1

**OPERATING REVENUE**  
General Government

	2001-02	2002-03			Variation on Budget \$m (c) – (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)	Actual \$m (c)	
<b>TAXATION</b>					
Taxes on employers' payroll and labour force					
<i>Payroll tax</i>	900	1,022	996	1,003	-18
Property taxes					
<i>Land tax</i>	226	267	265	260	-7
Conveyances and transfers	647	652	722	833	181
Mortgages	85	90	92	96	6
Other stamp duties	54	58	56	49	-8
<i>Total stamp duties on financial and capital transactions</i>	787	799	870	978	179
Financial Institutions Duty	16	-	-	2	2
Debits Tax	96	98	96	95	-2
<i>Total financial institutions taxes</i>	112	98	96	97	-1
Metropolitan Region Improvement Tax	38	41	40	39	-2
Emergency Services Levy	-	-	-	-	-
Loan guarantee fees	10	10	10	10	-
<i>Total other property taxes</i>	47	51	50	49	-2
Taxes on provision of goods and services					
Lotteries Commission	88	91	89	94	3
less rebates	-17	-18	-18	-19	-1
Video lottery terminals	-	1	1	-	-
Casino Tax	44	46	41	38	-8
less rebates	-28	-27	-25	-21	6
TAB betting tax	44	46	47	48	2
less rebates	-19	-21	-21	-21	-1
Other gambling	-	-	-	-	-
<i>Total taxes on gambling</i>	113	117	114	119	2
Contribution to fire brigades	64	65	69	69	3
Stamp duty on insurance policies	176	231	230	220	-10
Other	27	10	19	19	9
<i>Total taxes on insurance</i>	267	306	318	308	2
Taxes on use of goods and performance of activities					
Stamp duty on vehicle licences	181	214	225	232	17
Permits – oversize vehicles and loads	2	2	2	2	1
Motor vehicle recording fee	38	40	40	42	2
Motor vehicle registrations	272	279	279	299	20
<i>Total motor vehicle taxes</i>	493	535	545	574	40
<b>Total Taxation</b>	<b>2,945</b>	<b>3,194</b>	<b>3,255</b>	<b>3,388</b>	<b>194</b>

Note: Columns may not add due to rounding.

**OPERATING REVENUE**  
General Government

	2001-02	2002-03			Variation on Budget \$m (c) – (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)	Actual \$m (c)	
<b>CURRENT GRANTS AND SUBSIDIES</b>					
<i>General Purpose Grants</i>					
GST revenue:					
Grants	2,518	2,821	2,811	2,910	89
Budget balancing assistance	352	117	133	44	-73
Competition reform	71	73	72	72	-1
<i>Specific Purpose Grants to the State</i>					
Australian Health Care Agreement	659	689	689	718	29
Other health	211	203	274	268	65
Schools assistance – government schools	185	172	185	186	14
Vocational training	89	87	83	100	13
Roads	55	28	29	34	7
Other	162	134	117	139	5
<i>Specific Purpose Grants through the State</i>					
Schools assistance – non-government schools	357	359	376	380	20
Local government grants	99	96	98	102	6
Local government roads	70	68	67	71	4
First Home Owner Grants – Extension	52	-	5	6	6
<i>Other Grants</i>					
North West Shelf royalties	370	324	457	435	111
<b>Total Current Grants and Subsidies</b>	<b>5,253</b>	<b>5,170</b>	<b>5,396</b>	<b>5,464</b>	<b>294</b>
<b>CAPITAL GRANTS</b>					
<i>Specific Purpose Grants to the State</i>					
Roads	41	60	50	53	-7
Schools assistance – government schools	23	23	23	24	1
Vocational training	14	21	21	5	-16
Other	180	178	188	195	17
<i>Specific Purpose Grants through the State</i>					
Schools assistance – non-government schools	10	9	9	10	1
<b>Total Capital Grants</b>	<b>267</b>	<b>292</b>	<b>290</b>	<b>287</b>	<b>-5</b>

Note: Columns may not add due to rounding.

Table 2.1 (cont)

	2001-02	2002-03		Actual \$m (c)	Variation on Budget \$m (c) – (a)
	Actual \$m	Budget Estimate \$m (a)	Estimated Outturn \$m (b)		
<b>SALES OF GOODS AND SERVICES</b>					
Department for Planning and Infrastructure	139	154	154	155	1
Department of Health	141	149	149	180	31
Department of Education and Training	103	87	107	106	19
TAFE Colleges	75	72	74	78	6
Department of Land Administration	53	58	62	67	9
Department of Justice	48	43	48	50	6
Department of Conservation and Land Management	43	25	26	34	8
State Supply Commission	50	67	59	58	-9
Department of Consumer and Employment Protection	16	18	18	21	3
Department of Fisheries	21	21	21	21	-
Department of Culture and the Arts	18	13	13	17	5
Police Service	15	13	11	14	1
All Others	183	200	207	201	2
<b>Total Sale of Goods and Services</b>	<b>905</b>	<b>919</b>	<b>946</b>	<b>1,002</b>	<b>82</b>
<b>INTEREST INCOME</b>	<b>122</b>	<b>109</b>	<b>104</b>	<b>107</b>	<b>-1</b>
<b>REVENUE FROM PUBLIC CORPORATIONS</b>					
Dividends	406	379	389	390	11
Tax Equivalent Regime	237	228	230	239	12
<b>Total Revenue from Public Corporations</b>	<b>643</b>	<b>607</b>	<b>619</b>	<b>629</b>	<b>22</b>
<b>ROYALTY INCOME</b>					
Revenue from Territorial less petroleum and other refunds	651 -15	670 -15	698 -19	707 -22	37 -7
<b>Total Royalty Income</b>	<b>636</b>	<b>655</b>	<b>679</b>	<b>685</b>	<b>30</b>
<b>OTHER</b>					
Lease rentals	37	37	37	36	-
Fines	85	90	76	69	-21
Revenue not elsewhere counted	142	91	125	131	39
<b>Total Other</b>	<b>264</b>	<b>218</b>	<b>238</b>	<b>236</b>	<b>18</b>
<b>GRAND TOTAL</b>	<b>11,035</b>	<b>11,163</b>	<b>11,527</b>	<b>11,798</b>	<b>635</b>

Note: Columns may not add due to rounding.

APPENDIX 3

**Policy Decisions Affecting Expenses**

This appendix provides a breakdown of agency variations in expenses that have occurred since the 2002-03 Budget due to policy decisions of the Government.



Table 3.1

**EXPENSE POLICY DECISIONS TAKEN SINCE  
THE 2002-03 BUDGET**

	2002-03 \$m
Agriculture	4.2
Community Development	2.4
Conservation and Land Management	4.8
Consumer and Employment Protection	-0.2
Culture and the Arts	-3.0
Director Public Prosecutions	0.2
Disability Services	0.5
Energy	1.5
Environmental Protection	4.8
Fire and Emergency Services Authority	6.6
Health	17.6
Housing and Works	-0.1
Industry and Resources	11.8
Industry and Technology	0.2
Justice	0.6
Land Administration	1.1
Local Government and Regional Development	0.1
Parliament	0.1
Pilbara Development Commission	1.5
Planning and Infrastructure	2.5
Police Service	-9.3
Premier and Cabinet	9.4
Recreation Camps and Reserves Board	0.1
Small Business Development Corporation	0.1
South West Development Commission	0.2
Sports Centre Trust	3.0
State Public Sector Standards Commissioner	0.1
Tourism Commission	0.4
Training	0.4
Treasury and Finance	-0.3
Treasury and Finance – Administered	16.6
Water and Rivers Commission	1.1
Water Regulation	0.1
<b>Total</b>	<b>79.0</b>

Note: Columns may not add due to rounding.

APPENDIX 4

**Monthly and Quarterly Financial Results –  
June 2002-03**

This appendix completes the monthly and quarterly GFS series for the 2002-03 year.

June monthly and quarterly data presented in this appendix:

- are consistent with the full year data presented elsewhere in this publication;
- are subject to year-end reclassifications by agencies submitting source data;
- contain re-estimates of year-end accruals, which may differ from accruals calculated through the year; and
- benefit from the improved accuracy of audit quality accounts.

Accordingly, monthly and quarterly outcomes for June 2003 may include one-off movements in accrual items relative to previous reports, to move them into line with final outcomes.

## **General Government**

### ***Month of June 2003***

Consistent with past trends in the monthly series, a net operating deficit of \$285 million was recorded by the general government sector for the month of June 2003. As in previous years, end of year expenses were in excess of broadly consistent monthly revenue aggregates.

Revenue totalled \$991 million in June, with monthly income across almost all aggregates in line with those recorded in May. The exception to this was negative revenue recorded against Tax Equivalent Regime income, due to year-end adjustments that do not feature in earlier periods (these include the impacts of final assessments of profit and recognition of any applicable refunds for overpaid amounts).

Expenses for the month totalled \$1,276 million, up \$277 million relative to the previous month. This increase in spending is consistent with year-end expense profiles across the sector in previous years, and reflects purchasing activity across most agencies, together with any year-end accrual adjustments.

A cash surplus of \$221 million was recorded in June. Like expenses, operating payments are typically higher in June as end-of-year payments fall due. There was also a modest year-end acceleration in capital spending in the month. However, significant cash receipts were recorded in June, for revenue recognised in earlier periods.

### ***Three Months to 30 June 2003***

A \$153 million net operating deficit was recorded in the general government sector for the June 2003 quarter. This follows the trend for quarterly operating performance in recent years, with accumulating surpluses in the first three quarters, followed by a deficit on operations in the last quarter as year-end spending increases.

Revenue in the June 2003 quarter represented 25.3% of the annual outturn, while expenses for the quarter were 27.1% of annual expenses.

End of year cash receipts resulted in a \$327 million cash surplus for the quarter. The closing cash balance for the quarter increased by \$155 million to close at \$1,068 million.

## **Total Public Sector**

### *Three Months to 30 June 2003*

The total public sector recorded a \$251 million net operating deficit in the June 2003 quarter, similar in magnitude to the deficit recorded in the same period last year.

End of year expense patterns for the public corporations, together with lower equity market returns for the Insurance Commission of Western Australia, account for the quarterly result.

A small cash deficit for the quarter of \$23 million, reflecting end of year spending on operations and capital works, brought the total public sector's closing cash balance to \$4,540 million at 30 June 2003.

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Table 4.1

**GENERAL GOVERNMENT**  
**Operating Statement**

	2002-03			2001-02		
	Month of June \$m	Three Months to June \$m	Actual \$m	Month of June \$m	Three Months to June \$m	Actual \$m
<b>REVENUE</b>						
Taxation	288	836	3,388	143	620	2,945
Current grants and subsidies	440	1,406	5,464	225	1,198	5,253
Capital grants	22	61	287	8	18	267
Sales of goods and services	114	271	1,002	139	303	905
Interest income	11	27	107	15	33	122
Revenue from public corporations						
Dividends	28	113	390	18	128	406
Tax equivalent payments	-7	30	239	-3	24	237
Royalty income	73	185	685	68	177	636
Other	22	56	236	34	77	264
<i>Total</i>	<b>991</b>	<b>2,985</b>	<b>11,798</b>	<b>646</b>	<b>2,577</b>	<b>11,035</b>
<b>EXPENSES</b>						
Gross operating expenses						
Salaries	419	1,198	4,490	427	1,146	4,209
Depreciation and amortisation	68	173	598	132	209	568
Superannuation	78	139	442	39	103	375
Other gross operating expenses	457	913	2,925	307	776	2,660
Nominal superannuation interest	19	70	277	26	70	278
Other interest	23	54	197	12	57	214
Other property expenses	-	-	-	-	-	-
Current transfers	160	518	2,286	157	444	2,277
Capital transfers	52	73	333	-2	3	257
<i>Total</i>	<b>1,276</b>	<b>3,138</b>	<b>11,548</b>	<b>1,098</b>	<b>2,808</b>	<b>10,838</b>
<b>NET OPERATING BALANCE</b>	<b>-285</b>	<b>-153</b>	<b>250</b>	<b>-452</b>	<b>-231</b>	<b>197</b>
<b>NET ACQUISITION OF NON-FINANCIAL ASSETS</b>						
Purchase of non-financial assets	-	238	795	-	268	894
Sales of non-financial assets	-	-42	-118	-	-38	-102
less depreciation	-	173	598	-	209	568
plus change in inventories	-	8	7	-	-4	3
plus other movements in non-financial assets	-	-30	-29	-	-38	-3
<i>Total</i>	-	<b>1</b>	<b>57</b>	-	<b>-22</b>	<b>223</b>
NET LENDING/BORROWING	-	-154	192	-	-210	-27
<b>Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards (AAS)</b>						
<b>NET OPERATING BALANCE</b>	-	<b>-153</b>	<b>250</b>	-	<b>-231</b>	<b>197</b>
less provisions for doubtful debts	-	-10	-10	-	3	3
plus net gains on assets (including derivatives)	-	257	250	-	-68	-8
plus capitalised interest	-	-	-	-	-	-
less revaluation of superannuation liabilities	-	47	47	-	-22	42
plus all other adjustments	-	-	-	-	-10	-
<b>AAS OPERATING RESULT</b>	-	<b>68</b>	<b>463</b>	-	<b>-289</b>	<b>144</b>

Note: Columns may not add due to rounding.

**GENERAL GOVERNMENT**  
Cash Flow Statement

	2002-03			2001-02		
	Month of June \$m	Three Months to June \$m	Actual \$m	Month of June \$m	Three Months to June \$m	Actual \$m
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>						
Taxes received	356	878	3,339	231	802	2,968
Receipts from sales of goods and services	87	233	956	142	259	891
Grants and subsidies received	508	1,510	5,801	245	1,217	5,531
Other receipts	498	760	2,156	381	684	2,116
<b>Total</b>	<b>1,448</b>	<b>3,381</b>	<b>12,251</b>	<b>999</b>	<b>2,962</b>	<b>11,506</b>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>						
Payments for goods and services	-738	-2,015	-7,920	-596	-1,809	-7,376
Grants and subsidies paid	-267	-555	-2,417	-192	-451	-2,294
Interest paid	-36	-71	-195	-24	-81	-220
Other payments	-109	-217	-772	-71	-219	-855
<b>Total</b>	<b>-1,150</b>	<b>-2,859</b>	<b>-11,304</b>	<b>-885</b>	<b>-2,562</b>	<b>-10,746</b>
<b>Net Cash Flow from Operating Activities</b>	<b>298</b>	<b>523</b>	<b>947</b>	<b>114</b>	<b>400</b>	<b>760</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>						
Purchase of non-financial assets	-94	-238	-795	-84	-268	-894
Sales of non-financial assets	17	42	118	15	38	102
<b>Total</b>	<b>-77</b>	<b>-196</b>	<b>-677</b>	<b>-68</b>	<b>-230</b>	<b>-792</b>
<b>INVESTMENT IN FINANCIAL ASSETS</b>						
Policy purposes	-41	-67	-107	-42	-90	-93
Liquidity purposes	50	60	48	-2	14	-11
<b>Total</b>	<b>9</b>	<b>-6</b>	<b>-59</b>	<b>-45</b>	<b>-77</b>	<b>-105</b>
<b>Net Cash Flow from Investing Activities</b>	<b>-68</b>	<b>-202</b>	<b>-735</b>	<b>-112</b>	<b>-307</b>	<b>896</b>
<b>FINANCING ACTIVITIES</b>						
Advances received (net)	-	-	-	11	19	-13
Borrowings (net)	23	11	17	-39	73	13
Deposits received (net)	-9	-21	-9	4	-9	-92
Distributions paid	-	-	-	-	-	-
Other financing	-61	-74	-65	7	-5	-25
<b>Total</b>	<b>-47</b>	<b>-84</b>	<b>-57</b>	<b>-17</b>	<b>78</b>	<b>-117</b>
<i>Opening cash balance</i>	<i>886</i>	<i>831</i>	<i>913</i>	<i>929</i>	<i>742</i>	<i>1,167</i>
<b>NET INCREASE IN CASH HELD</b>	<b>183</b>	<b>237</b>	<b>155</b>	<b>-16</b>	<b>171</b>	<b>-253</b>
<i>Closing cash balance</i>	<i>1,068</i>	<i>1,068</i>	<i>1,068</i>	<i>913</i>	<i>913</i>	<i>913</i>
<i>Net cash from operating activities, investments in non-financial assets and distributions paid less finance leases and similar arrangements</i>	<i>221</i>	<i>327</i>	<i>270</i>	<i>47</i>	<i>171</i>	<i>-31</i>
<b>Surplus</b>	<b>221</b>	<b>327</b>	<b>270</b>	<b>47</b>	<b>171</b>	<b>-31</b>

Note: Columns may not add due to rounding.

Table 4.3

**GENERAL GOVERNMENT**  
Taxation Revenue

	2002-03			2001-02		
	Month of June \$m	Three Months to June \$m	Actual \$m	Month of June \$m	Three Months to June \$m	Actual \$m
<b>TAXES ON EMPLOYER'S PAYROLL AND LABOUR FORCE</b>						
<i>Payroll tax</i>	89	255	1,003	78	234	900
<b>TAXES ON PROPERTY</b>						
Land tax	-2	-1	260	-3	-3	226
Stamp duties on financial and capital transactions	97	290	978	-2	134	787
Financial institutions transaction taxes	9	24	97	8	24	112
Other	1	2	49	1	2	47
<i>Total</i>	105	315	1,384	4	157	1,172
<b>TAXES ON PROVISION OF GOODS AND SERVICES</b>						
Taxes on gambling	12	32	119	3	33	113
Taxes on insurance	25	77	308	15	63	267
<i>Total</i>	37	109	427	18	96	380
<b>TAXES ON USE OF GOODS AND PERFORMANCE OF ACTIVITIES</b>						
<i>Motor vehicle taxes</i>	58	157	574	43	133	493
<b>Total Taxes</b>	<b>288</b>	<b>836</b>	<b>3,388</b>	<b>143</b>	<b>620</b>	<b>2,945</b>

Note: Columns may not add due to rounding.

**TOTAL PUBLIC SECTOR**  
**Operating Statement**

	2002-03		2001-02	
	Three Months to June \$m	Actual \$m	Three Months to June \$m	Actual \$m
<b>REVENUE</b>				
Taxation	791	3,225	604	2,802
Current grants and subsidies	1,406	5,464	1,198	5,253
Capital grants	63	288	18	267
Sales of goods and services	1,108	5,949	1,602	5,883
Interest income	131	539	-68	487
Royalty income	185	685	177	636
Other	131	441	146	424
<i>Total</i>	<b>3,815</b>	<b>16,592</b>	<b>3,677</b>	<b>15,752</b>
<b>EXPENSES</b>				
Gross operating expenses				
Salaries	1,319	4,932	1,244	4,606
Depreciation and amortisation	337	1,199	360	1,141
Superannuation	144	486	110	423
Other	1,512	6,267	1,767	6,090
Nominal superannuation interest	70	277	69	278
Other interest	198	828	22	745
Other property expenses	-	-	-	-
Current transfers	433	1,939	376	1,924
Capital transfers	53	295	7	167
<i>Total</i>	<b>4,066</b>	<b>16,224</b>	<b>3,956</b>	<b>15,375</b>
<b>NET OPERATING BALANCE</b>	<b>-251</b>	<b>368</b>	<b>-279</b>	<b>377</b>
<b>NET ACQUISITION OF NON-FINANCIAL ASSETS</b>				
Purchase of non-financial assets	688	2,095	643	2,010
Sales of non-financial assets	-184	-489	-133	-411
less depreciation	337	1,199	360	1,141
plus change in inventories	-304	-64	-491	36
plus other movements in non-financial assets	-30	-111	-4	-36
<i>Total</i>	<b>-168</b>	<b>233</b>	<b>-345</b>	<b>458</b>
<b>NET LENDING/BORROWING</b>	<b>-84</b>	<b>135</b>	<b>91</b>	<b>-55</b>
<b>Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards (AAS)</b>				
<b>NET OPERATING BALANCE</b>	<b>-251</b>	<b>368</b>	<b>-279</b>	<b>377</b>
less provisions for doubtful debts	-8	-3	6	11
plus net gains on assets (including derivatives)	391	363	-41	-33
plus capitalised interest	6	6	14	14
less revaluation of superannuation liabilities	48	48	-8	56
plus all other adjustments	-	-	-11	-
<b>AAS OPERATING RESULT</b>	<b>106</b>	<b>692</b>	<b>-315</b>	<b>292</b>

Note: Columns may not add due to rounding.



Table 4.5

**TOTAL PUBLIC SECTOR**  
**Cash Flow Statement**

	2002-03		2001-02	
	Three Months to June \$m	Actual \$m	Three Months to June \$m	Actual \$m
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>				
Taxes received	777	3,151	740	2,827
Receipts from sales of goods and services	1,135	6,213	1,546	6,023
Grants and subsidies received	1,510	5,801	1,216	5,531
Other receipts	567	2,246	525	2,154
<i>Total</i>	<b>3,990</b>	<b>17,410</b>	<b>4,027</b>	<b>16,535</b>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>				
Payments for goods and services	-2,561	-11,729	-2,786	-11,252
Grants and subsidies paid	-397	-1,980	-320	-1,826
Interest paid	-221	-816	-193	-768
Other payments	-331	-1,226	-351	-1,234
<i>Total</i>	<b>-3,509</b>	<b>-15,752</b>	<b>-3,650</b>	<b>-15,080</b>
<b>Net Cash Flow from Operating Activities</b>	<b>481</b>	<b>1,658</b>	<b>377</b>	<b>1,455</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>				
Purchase of non-financial assets	-688	-2,095	-643	-2,010
Sales of non-financial assets	184	489	133	411
<i>Total</i>	<b>-503</b>	<b>-1,606</b>	<b>-509</b>	<b>-1,598</b>
<b>INVESTMENT IN FINANCIAL ASSETS</b>				
Policy purposes	4	16	4	16
Liquidity purposes	-5	-132	-28	-73
<i>Total</i>	<b>-1</b>	<b>-117</b>	<b>-24</b>	<b>-57</b>
<b>Net Cash Flow from Investing Activities</b>	<b>-504</b>	<b>-1,723</b>	<b>-533</b>	<b>-1,655</b>
<b>FINANCING ACTIVITIES</b>				
Advances received (net)	-11	-11	-8	-25
Borrowings (net)	662	661	181	-218
Deposits received (net)	-21	-9	-9	-92
Distributions paid	-	-	-	-
Other financing	-3	22	7	21
<i>Total</i>	<b>627</b>	<b>663</b>	<b>172</b>	<b>-314</b>
<i>Opening cash balance</i>	3,937	3,942	3,929	4,456
<b>NET INCREASE IN CASH HELD</b>	<b>603</b>	<b>598</b>	<b>13</b>	<b>-514</b>
<i>Closing cash balance</i>	4,540	4,540	3,942	3,942
<i>Net cash from operating activities, investments in non-financial assets and distributions paid</i>	-23	52	-133	-143
<i>less finance leases and similar arrangements</i>	-	-	-	-
Surplus	-23	52	-133	-143

Note: Columns may not add due to rounding.