



2008-09

GOVERNMENT MID-YEAR FINANCIAL
PROJECTIONS STATEMENT

DECEMBER 2008

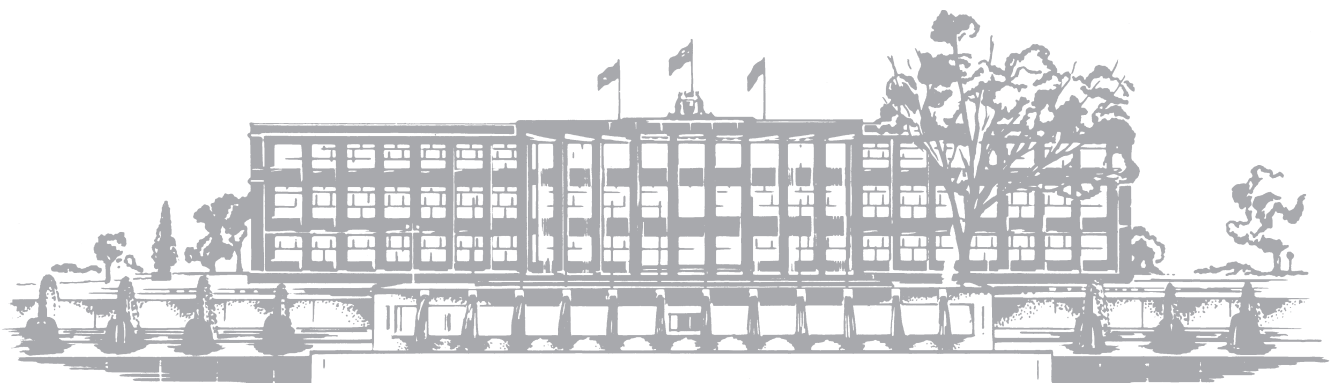




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PROJECTIONS STATEMENT**

DECEMBER 2008



2008–09 Government Mid-Year Financial Projections Statement
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TABLE OF CONTENTS

FOREWORD	i
CHAPTER 1: FINANCIAL PROJECTIONS	1
Overview	1
General Government Sector	4
Total Public Sector	18
Net Debt	20
Statement of Risks.....	22
CHAPTER 2: FINANCIAL STRATEGY	27
Overview	27
Financial Targets	28
CHAPTER 3: THE WESTERN AUSTRALIAN ECONOMY	33
Overview	33
State Final Demand	38
Trade Balance.....	41
Labour Market.....	44
Prices	45
Risks to the Outlook.....	46
APPENDIX 1: DETAILED FINANCIAL PROJECTIONS	49
APPENDIX 2: GENERAL GOVERNMENT OPERATING REVENUE	75
APPENDIX 3: POLICY DECISIONS AFFECTING SPENDING	79
APPENDIX 4: THE TREASURER'S ADVANCE	109

Foreword

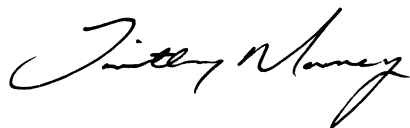
This *Government Mid-year Financial Projections Statement* (mid-year review) outlines developments in the State's financial position and economic outlook since the *Pre-election Financial Projections Statement* (PFPS), released on 16 August 2008.

It has been prepared under my instruction, and is based upon Government decisions I was aware of, or that were made available to me by the Treasurer, by close of business on the mid-year review cut-off date of 1 December 2008. The mid-year review does not include the impact of any decisions that may have been taken, or other issues arising, after the cut-off date.

The financial projections are influenced by the economic assumptions outlined in Chapter 3: *The Western Australian Economy*, which were also finalised on 1 December 2008.

The mid-year review financial projections comply with the Australian Accounting Standards Board AASB 1049: *Whole of Government and General Government Sector Financial Reporting* and, where appropriate, Australian Bureau of Statistics' government finance statistics (GFS) standards. They are compiled using financial estimates provided by State public sector agencies that are consistent with Australian Accounting Standards. The disclosures in this publication meet the mid-year review requirements of both the Uniform Presentation Framework, agreed by the Australian Loan Council, and the *Government Financial Responsibility Act 2000*.

Financial data for 2007-08 included in this publication (for comparative purposes) are consistent with final audited data contained in the 2007-08 *Annual Report on State Finances*, but have been restated to be consistent with AASB 1049 which applies to reporting periods from 1 July 2008 and which was the basis of the presentation used in the 2008-09 Budget Papers and the PFPS.



Timothy Marney
UNDER TREASURER

December 2008

Financial Projections

Overview

A range of risks have crystallised since the publication of the *Pre-election Financial Projections Statement* (PFPS) on 16 August 2008.

The key changes to the financial outlook presented in this mid-year review include:

- a more rapid decline in revenue than previously forecast, driven mainly by a weaker than expected housing market and deteriorating international conditions;
- the impact of implementing the Government's election commitments, including the *Royalties for Regions* program;
- a sharp rise in net debt levels, reflecting the impact of the issues noted above and other parameter¹ changes (including a weaker operating outlook for the State's major public corporations); and
- pressure on the State's financial targets, including the operating surplus and net debt to revenue ratio targets.

Unprecedented volatility on international financial markets and the flow-on effect to the global economy have seen rapid falls in confidence and forecast economic activity and, in turn, commodity prices. Since the PFPS estimates were finalised, spot prices for oil and iron ore have fallen by around 60% in \$US terms, while Western Australia's property market has declined more sharply than expected. Similar factors have led the Commonwealth government to revise down its estimates of national GST revenue, reducing the State's GST grants by \$682 million over the forward estimates period.

¹ Parameter changes include movements due to issues not subject to policy decisions, such as variations in Commonwealth grants, cost escalation, movements in interest and depreciation, etc.

At the same time, there has been a total \$3.9 billion increase to recurrent and capital spending across the forward estimates period to accommodate the Government's election commitments. This includes \$2.4 billion on the *Royalties for Regions* program (see feature later in this chapter). A further \$250 million has been factored into the estimates in line with the Government's tax relief election commitment.

These substantial impacts on State finances have been partially offset by an unprecedented rapid depreciation of the \$US/\$A exchange rate, from US95.5 cents at the time of the PFPS, to a current six week average of US66 cents in this mid-year review. This has added nearly \$6 billion in revenue to the forward estimates.

Despite this substantial windfall, the outlook for the general government operating balance has deteriorated significantly since the PFPS. Across the four year forward estimates period, the cumulative operating balance has been revised down by around \$5.2 billion, including a \$744 million reduction in the 2008-09 operating surplus (from \$1,930 million in the PFPS to \$1,186 million in this mid-year review). This mid-year review also includes a forecast deficit of \$361 million in 2011-12, compared to a forecast surplus of \$995 million in the PFPS.

As a result of this deteriorating operating outlook there is a significant deterioration in the capacity to fund the State's Capital Works Program. Combined with new capital spending commitments, total public sector net debt is projected to rise to \$16.7 billion by the end of the forward estimates period (an increase of around \$7.6 billion on the PFPS estimates), while the net debt to revenue ratio is forecast to exceed the 47% target limit in the last two years of the forward estimates.

KEY BUDGET AGGREGATES Western Australia

Table 1

	2007-08 Actual ^(a)	2008-09 PFPS Revision	2008-09 Mid-Year Revision	2009-10 Forward Estimate	2010-11 Forward Estimate	2011-12 Forward Estimate
GENERAL GOVERNMENT SECTOR						
Revenue (\$m)	19,345	19,903	20,039	20,297	20,461	21,001
Revenue Growth (%)	10.1	4.6	3.6	1.3	0.8	2.6
Expenses (\$m)	16,837	17,972	18,853	19,574	20,356	21,362
Expense Growth (%)	9.9	7.5	12.0	3.8	4.0	4.9
Net Operating Balance (\$m)	2,507	1,930	1,186	723	105	-361
TOTAL NON-FINANCIAL PUBLIC SECTOR						
Net Debt to Revenue Ratio (%)	18.3	30.6	29.1	41.8	50.0	60.9
TOTAL PUBLIC SECTOR						
Net Debt at 30 June (\$m)	3,634	6,826	6,921	10,287	12,897	16,722
Capital Works Program (\$m)	6,024	7,867	7,688	7,656	6,577	6,913

(a) Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) have been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

The forward estimates presented in this mid-year review require significant corrective action to ensure the State remains in a financially sustainable position. This will be the primary focus of the 2009-10 Budget, aided by the first stage of recommendations from the Government's Economic Audit Committee and the previously announced audit of the Capital Works Program. The Government is also committed to the full implementation of the 3% efficiency dividend, which was announced as a global provision in the PFPS and has been allocated to individual agencies as part of this mid-year review (see Appendix 3: *Policy Decisions Affecting Spending*). Realisation of this 3% savings measure is integral to maintaining the State's financial health and follows substantial growth in spending in recent years, with a projected 12.0% growth in 2008-09 even after the implementation of 3% savings from 1 January 2009.

These projections for the State's finances suggest that, without corrective action, a number of the financial targets (established as part of the 2008-09 Budget) will not be met (the impact of these projections on the State's financial targets is discussed in Chapter 2: *Fiscal Strategy*).

Of note, the Council of Australian Governments (COAG) met on 29 November 2008 and agreed a number of funding arrangements going forward (see following feature box). However, as details of the new arrangements had not been finalised by the cut-off date for finalising these estimates (1 December 2008), the COAG outcomes are not reflected in this mid-year review.

COUNCIL OF AUSTRALIAN GOVERNMENTS (COAG)

The 29 November 2008 COAG meeting agreed to a Commonwealth funding offer for the reform of Federal financial relations. The funding offer represents a total of \$15.1 billion in additional funding to States and Territories over the period to 2012-13. Western Australia is expected to receive just over 10% of the funding.

Western Australia was a strong proponent of the agreed framework reforms to specific purpose payments (SPPs). These will see Commonwealth controls on State spending replaced by an outcomes focus that retains State accountability to the community but gives States flexibility to align funding with State priorities and challenges for service delivery. The SPP reforms will also reduce complexity and administrative costs by rationalising the number of agreements down to five major agreements (from over 90 at present).

The funding package involves an additional \$6.3 billion for SPPs, \$8.0 billion for National Partnership Payments (NPPs) to fund specific projects or encourage reform, and a further \$0.8 billion towards implementation costs of the Commonwealth's Digital Education election commitment.

Improved levels of indexation in the health, schools and disabilities SPPs will lead to more equitable sharing of cost pressures between the Commonwealth and the State. However, deficiencies remain in the indexation of the Skills and Housing SPPs.

- The national healthcare SPP receives the majority of additional SPP funding (\$4.8 billion), reflecting \$500 million in additional base funding across the States and Territories in 2008-09 and a more comprehensive measure of cost pressures which increases indexation from 5.6% to 7.3%.
- The disabilities SPP receives an additional \$408 million nationally, mainly for improved indexation (around 6%, up from 1.8% at present).
- The national schools SPP receives \$412 million for improved indexation and an additional \$635 million in base funding. The additional base funding will correct an existing anomaly where government primary schools receive a lower share of funding than government secondary schools.

COAG also agreed to a new NPP for business regulation and competition reform. The Commonwealth has committed to provide funding of \$550 million over five years to facilitate the implementation, and reward the delivery of a reform agenda to create a seamless national economy. The reform agenda is intended to deliver more consistent regulation across jurisdictions and address unnecessary or poorly designed regulation. It is also aimed at reducing excessive compliance costs on business, remove unnecessary restrictions on competition and minimise distortions in the allocation of resources in the economy.

The \$8 billion in funding for NPPs, in areas like hospital emergency departments, low socio-economic schools, homelessness, and indigenous services, requires the State to undertake reforms and/or provide additional State services. The payments generally involve a State co-investment requirement, the details of which will be finalised in the lead-up to the 2009-10 Budget.

The major factors affecting the financial projections for each sector of the Western Australian public sector (general government and the public corporations as part of the aggregate total public sector) are detailed below.

General Government Sector

Operating Statement

The operating outlook for the general government sector has deteriorated significantly since the PFPS was released on 16 August 2008.

An operating surplus of \$1,186 million is now forecast for 2008-09, down a substantial \$744 million from the PFPS estimate of \$1,930 million. Relative to the PFPS, lower (and declining) surpluses are projected across the outyears, and a deficit of \$361 million is now forecast for 2011-12 (down from a forecast surplus of \$995 million for that year in the PFPS).

Table 2

GENERAL GOVERNMENT
Operating Statement

	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
2008-09 MID-YEAR REVIEW ^(a)					
Revenue	19,345	20,039	20,297	20,461	21,001
Expenses	16,837	18,853	19,574	20,356	21,362
Net Operating Balance	2,507	1,186	723	105	-361
2008-09 PFPS					
Revenue	19,035	19,903	20,860	21,162	21,349
Expenses	16,725	17,972	18,697	19,424	20,355
Net Operating Balance	2,310	1,930	2,163	1,738	995
VARIANCE					
Revenue	310	136	-563	-701	-349
Expenses	112	881	877	932	1,007
Net Operating Balance	197	-744	-1,440	-1,633	-1,356

(a) Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) have been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

Note: Columns may not add due to rounding

The deterioration in the operating outlook since the PFPS totals \$5.2 billion over the forward estimates period, with \$1.5 billion of this due to weaker revenue (mainly duty on property transfers, interest income and GST grants), and \$3.7 billion due to increased expenses (mainly associated with implementing the Government's election commitments, including the *Royalties for Regions* program, and associated borrowing costs).

In this regard, the flow-on impact of changes to the outlook have added a total of \$250 million in interest costs to be met by the general government sector across the forward estimates (including \$50 million in interest costs of public corporations subsidised by the general government sector).

The following table summarises the variances in general government revenue and expenses between the PFPS and this mid-year review. Further detail is provided later in this chapter.

Table 3

**SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE
VARIATIONS SINCE THE 2008-09 PFPS**

	2008-09	2009-10	2010-11	2011-12	Total
	\$m	\$m	\$m	\$m	\$m
2008-09 PFPS - Net Operating Balance	1,930	2,163	1,738	995	
Changes between the 2008-09 PFPS and 2008-09 Mid-Year Review					
Revenue					
<i>Policy Decisions</i>					
- Election Commitment - Provision for tax cuts	-	-77.0	-83.0	-90.0	-250.0
- Adjustment to land tax and MRIT scales	-43.0	-47.3	-52.1	-57.3	-199.7
- Other ^(a)	5.9	4.9	5.0	5.1	20.9
<i>Total Policy</i>	<i>-37.1</i>	<i>-119.4</i>	<i>-130.1</i>	<i>-142.2</i>	<i>-428.8</i>
<i>Parameter</i>					
Taxation	-348.1	-576.6	-506.3	-427.5	-1,858.4
- Duty on transfers	-489.2	-735.5	-636.5	-530.9	-2,392.1
- Vehicle licence duty	-66.4	-50.0	-29.6	-39.8	-185.8
- Insurance duty	-7.8	-16.6	-31.1	-49.1	-104.6
- Land tax/MRIT	40.3	45.8	13.8	-20.9	79.0
- Payroll tax	169.1	169.8	167.1	202.0	707.9
- All other taxes	5.9	9.9	10.0	11.3	37.2
Commonwealth grants	59.1	-43.0	-29.8	3.9	-9.7
- North West Shelf (NWS) petroleum royalties	-21.9	-23.2	40.8	69.5	65.2
- Compensation for condensate excise	55.0	60.0	57.0	57.0	229.0
- First Home Owners Boost	101.0	31.0	-	-	132.0
- SPPs 'to' the State	53.1	8.7	6.2	0.5	68.5
- GST revenue grants	-128.1	-129.3	-138.7	-130.0	-526.1
- All other Commonwealth grants	-	9.8	5.0	6.9	21.7
Mining and land royalties	325.4	96.0	-41.8	205.3	584.9
- Iron ore	369.3	96.9	-87.3	109.0	487.9
- Alumina	16.8	27.7	30.1	17.9	92.5
- Diamonds	6.5	10.2	11.1	12.6	40.4
- Nickel	-40.6	-26.7	-16.2	11.1	-72.4
- Gold	4.9	19.5	29.1	44.9	98.4
- Petroleum (excluding NWS)	-19.3	-19.8	-12.1	-7.7	-58.9
- All other royalties	-12.2	-11.8	3.5	17.5	-3.0
Interest income	-33.2	-126.7	-209.3	-279.5	-648.6
Agency goods and services revenue	154.7	176.5	200.2	225.6	757.0
Revenue from public corporations	-4.0	20.5	8.1	57.5	82.2
Other	19.3	9.3	8.2	8.2	45.1
<i>Total Parameter</i>	<i>173.3</i>	<i>-443.9</i>	<i>-570.6</i>	<i>-206.4</i>	<i>-1,047.5</i>
TOTAL REVENUE	136.2	-563.3	-700.7	-348.6	-1,476.3

(a) Includes higher revenue for the Fire and Emergency Services Authority (FESA) related to increased revenue from customers who currently receive Direct Brigade Alarm monitoring through the Permitted Access Private Line (PAPL) service, which is to be withdrawn by Telstra and replaced by FESA with a fully cost reflective system.

Note: Columns may not add due to rounding.

Table 3 (cont.)

**SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE
VARIATIONS SINCE THE 2008-09 PFPS**

	2008-09	2009-10	2010-11	2011-12	Total
	\$m	\$m	\$m	\$m	\$m
Expenses					
<i>Policy Decisions</i> ^(b)					
Election Commitments - <i>Royalties for Regions</i> recurrent expenditure ^(c)	229.2	335.5	347.0	353.0	1,264.8
Election Commitments - All other (excluding Teachers EBA)	115.0	174.8	190.8	209.7	690.3
Agency allocation of efficiency dividend	-187.0	-386.2	-397.3	-410.0	-1,380.5
Removal of PFPS provision for efficiency dividend	191.0	400.0	418.0	440.0	1,449.0
Other policy decisions	2.5	18.1	16.9	34.4	71.8
<i>Total Policy</i>	350.6	542.2	575.5	627.0	2,095.4
<i>Parameter</i>					
EBA offers	59.8	88.2	112.7	115.3	375.9
- Teachers (Election Commitment)	35.0	40.0	45.0	50.0	170.0
- Hospital Salaried Officers	27.2	38.4	52.0	49.7	167.2
- Bus Drivers	-2.4	9.8	15.7	15.6	38.7
First Home Owners Boost	101.0	31.0	-	-	132.0
First Home Owners Grants	29.7	-16.0	-6.2	-	7.5
Interest costs ^(d)	37.8	17.1	61.5	133.1	249.5
Depreciation costs ^(d)	35.9	43.8	43.2	43.4	166.3
Oil price impacts	-7.9	-17.7	-13.3	-9.7	-48.7
Agency spending funded by higher own-source revenue	154.7	176.5	200.2	225.6	757.0
Other	119.0	11.7	-41.4	-127.8	-38.5
<i>Total Parameter</i>	530.0	334.5	356.6	379.9	1,601.0
TOTAL EXPENSES	880.6	876.7	932.1	1,007.0	3,696.4
TOTAL VARIANCE	-744.4	-1,439.9	-1,632.8	-1,355.5	-5,172.7
2008-09 Mid-year Review - Net Operating Balance	1,186	723	105	-361	

(b) An agency breakdown is provided in Appendix 3.

(c) Capital expenditure increases the total allocation for Royalties for Regions to \$2.4 billion over the forward estimates.

(d) Includes subsidies provided to public non-financial corporations for interest and depreciation costs.

Note: Columns may not add due to rounding.

Revenue

Substantial changes to the revenue outlook are included in this mid-year review, reflecting the impact of the continued turmoil on world financial markets, the consequent international economic slowdown, and the State's declining share of now lower projections of national GST collections.

Western Australia's share of national GST revenue is projected to decline from 9.4% in 2007-08 to 5.7% by 2011-12, well below the State's population share of over 10%. This represents 'lost' revenue of around \$6.0 billion over the forward estimates period compared to if Western Australia received its population share of the GST pool.

The decline in GST grant revenue incorporates the lagged effect of the State's recent boom, and coincides with expectations of already lower growth in other government revenue, on the back of lower domestic economic activity and the slump in global commodity markets.

2008-09

While overall revenue is expected to grow in 2008-09, the operating surplus is estimated to decline due to increased expenditure.

There has been a substantial slump in transfer duty revenue, on the back of a sharp decline in housing turnover. However, the rapid depreciation in the \$A has so far insulated the State's mining royalties against the substantial reduction in \$US commodity prices (as royalties are assessed in domestic currency terms). So too has the contractual arrangements which underpin the State's iron ore exports, which will see high \$US prices fixed for the duration of the 2008-09 Japanese fiscal year (which begins on 1 April each year)². Thus, notwithstanding the dramatic slide in \$US prices for most commodities, as well as downgrades to production estimates, mining revenue in Western Australia is still expected to grow strongly in 2008-09 (relative to 2007-08).

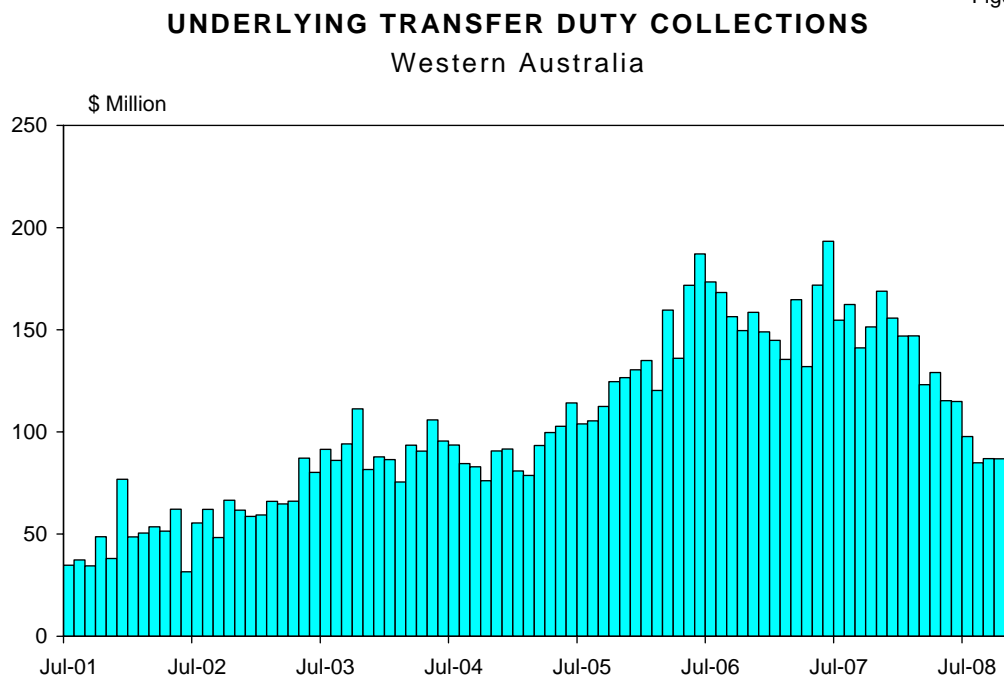
Overall in 2008-09, upward revisions to mining royalties and agency-based goods and services revenue have more than offset downward revisions to taxation revenue and GST grants from the Commonwealth. General government revenue is now estimated to be \$20,039 million in 2008-09, up \$136 million (or 0.7%) on the PFPS estimate, and 3.6% higher than actual collections for 2007-08.

The major changes to revenue estimates for 2008-09 relative to the PFPS are outlined below. Appendix 2: *General Government Operating Revenue* includes the more detailed revenue projections.

- Taxation revenue estimates have been revised down by \$391 million since the PFPS, incorporating downward revisions to:
 - transfer and landholder duty (down \$489 million), due to further weakness in Western Australia's property market. The volume of housing transactions has decreased significantly since the beginning of the year, and the prospect of a quick recovery has diminished (with the possible exception of first-home buyer activity). Similarly, the outlook for property prices has deteriorated since the PFPS, with the latest data suggesting that house prices have contracted by 6.5% over the past year;

² That said, Chinese steel mills may be successful in their bid to renegotiate prices with effect from 1 January 2009, i.e. three months ahead of schedule.

Figure 1



- vehicle licence duty (down \$66 million), due to a reduction in the number of motor vehicle sales; and
- a partially offsetting increase in the payroll tax estimate for 2008-09 (up \$169 million), reflecting strong growth in employment and wages in year-to-date outcomes.
- Commonwealth grants are estimated to be \$59 million higher relative to the PFPS, due to:
 - an upward revision to North West Shelf (NWS) petroleum royalties³ of \$33 million, with lower energy prices and downgrades to production being offset by a substantially lower \$A;
 - the Commonwealth Government’s decision to boost the first home owner grant for all contracts entered into during the period 14 October 2008 to 30 June 2009 (resulting in additional funding of \$101 million in 2008-09); and
 - a downward revision to GST revenue grants (by \$128 million), primarily reflecting a decrease in the Commonwealth’s forecast of national GST collections in its recent 2008-09 *Mid-Year Economic and Fiscal Outlook*.

³ Includes compensation from the Commonwealth due to the removal of the excise exemption for condensate.

- Mining royalties (excluding NWS royalties) have been revised up by \$322 million in 2008-09, with the impact of the lower \$A more than offsetting the reduction in \$US commodity prices and downward revisions to the mining production forecasts. Key changes include:
 - a substantially lower \$US/\$A exchange rate, which is projected to average US66 cents over the remainder of 2008-09, compared with an assumption of US95.5 cents in the PFPS. This adds around \$1,305 million to estimated revenue in 2008-09;
 - a revised outlook for the iron ore contract price in the Japanese fiscal year beginning 1 April 2009, reflecting a moderation in global demand and a sharp decline in spot prices of iron ore. Contract prices are now assumed to decline by 25% in 2009-10, compared with a PFPS assumption that they would remain unchanged⁴;
 - lower \$US prices for other key commodities, including crude oil, which has fallen by almost 60% since the finalisation of the PFPS estimates; and
 - a revised outlook for iron ore shipments, consistent with recent company announcements of reduced volumes of production.
- Revenue from agencies' sales of goods and services has been revised up by \$155 million in 2008-09, reflecting the flow-on impact of stronger than expected outcomes for 2007-08, largely resulting from increased demand for goods and services provided by general government agencies.

2009-10 to 2011-12

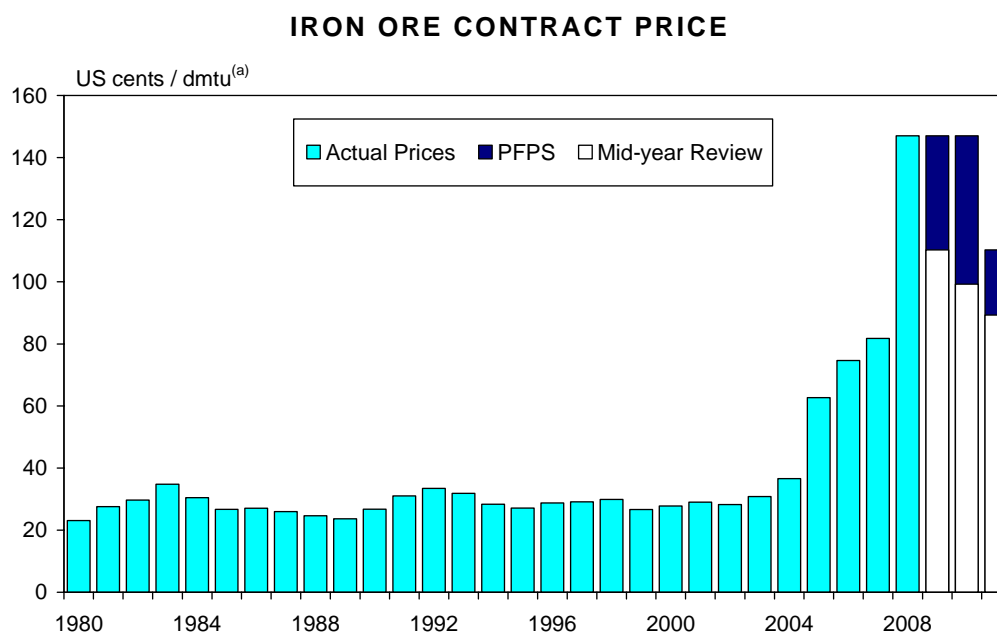
The medium-term outlook for general government revenue has deteriorated significantly since the PFPS. Across the outyears, general government revenue has been revised down by a total of \$1,613 million to 2011-12. These revisions reflect:

- the flow-through effect of lower taxation revenue in 2008-09, as well as forecasts that economic growth will weaken in 2009-10 and the likelihood that a recovery in the housing market will take longer than previously expected. The revised taxation estimates also incorporate the Government's commitment to cut taxes by \$250 million in this term of office;
- reduced GST grant revenue estimates, primarily reflecting decreases in the Commonwealth's projections of national GST collections in its 2008-09 *Mid-Year Economic and Fiscal Outlook*;
- a modest upward revision to mining royalties, largely due to the lower \$US/\$A exchange rate (revised down from US95.5 cents at the PFPS to US66.0 cents), which more than offsets a fall in \$US commodity prices. As noted above, iron ore prices are now assumed to decline by 25% in 2009-10 and a further 10% in both 2010-11 and 2011-12, due to weaker demand from China and expansions in global supply. This compares with the PFPS price profile of flat prices in 2009-10 and 2010-11 and a 25% decline in 2011-12 (see chart below);

⁴ This affects mining revenue in the June quarter 2009.

- lower interest revenue as cash balances decline on the back of lower operating surpluses; and
- the flow-through effect of higher revenue from agencies' sales of goods and services in 2008-09, as discussed earlier.

Figure 2



(a) Dry metric tonne unit.

The following table illustrates the major factors impacting general government revenue relative to the PFPS.

Table 4

**MAJOR FACTORS AFFECTING THE REVENUE ESTIMATES
SINCE THE 2008-09 PFPS**

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	Total \$m
\$US/\$A exchange rate	1,305.2	1,618.8	1,553.3	1,474.8	5,952.1
Iron ore price	-176.8	-804.8	-870.8	-466.6	-2,319.0
Oil price	-379.8	-383.6	-313.7	-260.7	-1,337.9
All other commodity prices	-186.4	-233.9	-194.4	-124.7	-739.4
Volume and other changes to commodities	-203.7	-63.7	-118.4	-291.0	-676.7
Impact of revised GST pool	-121.8	-165.1	-177.2	-217.8	-681.9
Duty on transfers	-489.2	-735.5	-636.5	-530.9	-2,392.1
Agency goods and services revenue	154.7	176.5	200.2	225.6	757.0
Interest revenue	-33.2	-126.7	-209.3	-279.5	-648.6
All other	267.1	154.7	66.1	122.2	610.2
TOTAL	136.2	-563.3	-700.7	-348.6	-1,476.3

Note: Columns may not add due to rounding

Expenses

Material increases in expenses are reflected in the mid-year review, including the cost of implementing the Government's election commitments over the forward estimates period.

2008-09

General government expenses in 2008-09 are projected to be \$18,853 million, \$881 million (or 4.9%) higher than the PFPS estimate. Growth in expenses in 2008-09 is now estimated at 12.0%, up from the PFPS estimate of 7.5%.

Policy decisions since the PFPS account for \$351 million (or 40%) of this increase. A full disclosure of policy decisions by agency since the PFPS can be found in Appendix 3: *Policy Decisions Affecting Spending*. Major policy decisions impacting expenses include:

- \$229 million in *Royalties for Regions* recurrent spending (including \$100 million for the Country Local Government Fund, \$40 million for the Regional Development Infrastructure and Services Grants Fund, \$20 million for the Country Age Pension Fuel Card, \$20 million for the Exploration Incentive Scheme, and \$10 million each for the Northern Towns Development Fund and the Bushchange Housing Grant). Further detail of the *Royalties for Regions* program is available later in this chapter; and
- \$117 million in other election commitments, with \$46 million in health initiatives (including the Friend in Need Emergency Health and the Elective Surgery Waitlist initiatives), \$26 million for the Seniors Cost of Living Rebate, and \$10 million for Disability Services commitments (such as the Alternatives to Employment Program).

The remaining increase in expenses in 2008-09 since the PFPS reflects a broad range of parameter changes across agencies, including:

- \$60 million to finalise Enterprise Bargaining Agreements (EBAs), including \$35 million for teachers (consistent with the Government's election commitment), and \$27 million for Hospital Salaried Officers;
- \$101 million in grants on-passed from the Commonwealth for its First Home Owner Boost (FHOB) initiative. The FHOB (effective until 30 June 2009) will provide an additional \$7,000 on the purchase of an established home and an additional \$14,000 in the case of contracts to build a new home, buying a previously unoccupied new home, or for certain owner-builder arrangements;
- related to the above, grants paid under the existing \$7,000 First Home Owners Grant scheme are expected to be \$30 million higher in 2008-09, reflecting the pull-forward effect from future years due to anticipated increases in demand for grants resulting from the FHOB;
- higher refunds of prior years revenue (up \$80 million);

- additional spending on the provision of goods and services by agencies, up \$155 million (fully matched by higher agency own-source revenue, reflecting the cost-recovery nature of these items); and
- higher interest costs (\$38 million) and depreciation costs (\$36 million), reflecting increases in the value of borrowings and depreciable assets respectively. Both of these factors reflect the substantial impact of infrastructure spending, and associated debt increases.

Salaries, the single largest area of expenses for the general government sector, are forecast to grow by 6.9% in 2008-09, broadly consistent with the 6.6% growth forecast in the PFPS, with the increase in costs mainly reflecting the impact of the EBA outcomes discussed above.

2009-10 to 2011-12

Across the outyears, expenses have increased by between \$877 million and \$1 billion per annum relative to the PFPS projections. Across these years, expenses are forecast to grow at an average annual rate of 4.3%, comparable to PFPS estimates.

Of the \$2.8 billion increase in expenses across the outyears (2009-10 to 2011-12), \$1.6 billion (or 57%) relates to election commitments, many of which have their first full year impact in 2009-10. In this regard, the expense impact of *Royalties for Regions* spending is estimated at \$1,036 million over the outyears, while other election commitments account for a further \$582 million (further detail is available in Appendix 3). Other policy decisions taken since the PFPS account for a further \$63 million, and includes \$37 million in operating costs for increased prison staff in support of the Government's law and order election commitments.

Parameter movements in expenses account for a further \$1.1 billion across the three outyears, including:

- the impact of Government offers on EBAs (\$316 million), of which \$135 million is associated with the Government's election commitment to increase the teachers' EBA offer;
- \$602 million in agency spending on goods and services (with over 60% of this increase accounted for by the Departments of Health and Education and Training and the TAFE network). This follows the higher than estimated 2007-08 outcome and subsequent rebasing of forward estimates. Of note, this spending is fully matched by higher agency own-source revenue; and
- \$212 million in higher interest costs, reflecting the debt servicing costs associated with increased borrowings (with lower surpluses to provide funding to support continued high levels of infrastructure spending and new capital works election commitments).

ROYALTIES FOR REGIONS

The *Royalties for Regions* program was a key decision of the new Government that was formed following the State election on 6 September 2008. The intent of the program is to build the capacity of regions with additional funding above and beyond that which was included in the forward estimates at the time of the PFPS.

Under the program, an agreed amount, based on 25% of estimated mineral royalty revenue, is to be appropriated to a Royalties for Regions Fund each year. However, given the current volatility in commodity markets, accurate forecasting of royalty revenue is difficult. Future movements in commodity prices, commodity volumes and the \$US/\$A exchange rate could have a significant impact on total royalty revenue. The amount to be contributed to the Fund is therefore projected at \$675 million per annum and the total balance of the Fund will be capped at \$1 billion. A half-year allocation is to be provided in 2008--09 (\$337 million).

The overall Royalties for Regions Fund will comprise three specific-purpose funds, being the:

- Regional Infrastructure and Headworks Fund;
- Country Local Government Fund; and
- Regional Community Services Fund.

Amounts in these Funds will be invested in rural and regional Western Australia based around six policy objectives:

- building capacity in communities;
- retaining benefits in local communities;
- improving services to achieve equality with metropolitan communities;
- attaining sustainability;
- expanding opportunity; and
- growing prosperity.

The currently approved application of the Royalties for Regions Fund is shown in the following table.

ROYALTIES FOR REGIONS					
Project/Service	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	Total \$m
<i>Recurrent</i>					
Country Local Government Fund	100.0	100.0	100.0	100.0	400.0
Regional Development Infrastructure and Services Grants Fund	40.0	110.0	120.0	130.0	400.0
BushChange Housing Grant	10.0	25.0	25.0	25.0	85.0
Country Age Pension Fuel Card	20.0	20.0	20.0	20.0	80.0
Exploration Incentive Scheme	20.0	20.0	20.0	20.0	80.0
Housing Our Workforce	8.3	16.9	17.2	17.5	59.8
Telecentres	5.0	10.0	12.0	13.0	40.0
Northern Towns Development Fund	10.0	10.0	10.0	10.0	40.0
Patient Assisted Travel Service	7.7	7.7	7.7	7.7	30.8
Royal Flying Doctor Service	5.7	9.2	8.3	2.9	26.1
Regional Airport Development Fund	2.0	5.0	5.0	5.0	17.0
Boarding Away From Home Allowance	-	1.8	1.9	1.9	5.6
Pre-Feasibility Funding for Gascoyne Food Bowl and Pilbara Water Project	0.5	-	-	-	0.5
Total Recurrent	229.2	335.6	347.1	353.0	1,264.8
<i>Capital</i>					
Housing Our Workforce	64.7	143.1	156.8	173.5	538.2
Ord River Scheme Stage 2	30.0	90.0	60.0	40.0	220.0
Bunbury to Albany Gas pipeline	-	-	-	20.0	20.0
Kalgoorlie Hospital – additional funding ^(a)	-	-	10.0	2.0	12.0
Currently unallocated	13.1	106.3	101.1	86.7	307.2
Total Capital	107.8	339.4	327.9	322.2	1,097.4
Total	337.0	675.0	675.0	675.0	2,362.0
<small>(a) This initiative is not included in Appendix 3: <i>Policy Decisions Affecting Spending</i> as it represents cost escalation, which is not treated as a policy decision.</small>					

Capital Investment

2008-09

General government infrastructure spending is expected to be around \$23 million (or 1.0%) higher in 2008-09 than forecast in the PFPS. The impact of expected delays in existing works and the timing of cash flows for various projects are expected to largely offset additions to the Capital Works Program and the impact of some costs carried over from project delays in 2007-08. Material increases to infrastructure spending in 2008-09 include:

- Main Roads (up \$74 million), largely due to Commonwealth-funded road projects as announced in the 2008-09 Commonwealth Budget;
- Education and Training (up \$58 million), reflecting the Government's Investing in Schools election commitment to build a minimum of fourteen new schools over six years;
- Industry and Resources (up \$32 million), largely to commence Stage 2 of the Ord River project under the *Royalties for Regions* program;

- Police Service (up \$28 million), largely reflecting the Government's commitment for new and upgraded police stations, including a new police station in the south metropolitan region, and the impact of project delays from 2007-08 (mainly information technology infrastructure and the South Hedland, Derby and Kimberley Police Stations);
- Health (up \$17 million), reflecting the Government's commitments to complete the Albany Hospital by 2012, and to initiate a new Health Services Development Fund to improve health and hospital services across the State; and
- Corrective Services (up \$8 million), to commence work on a new juvenile prison facility for 18 to 22 year-olds, and a new medium to maximum security prison as part of the Government's law and order election commitments.

2009-10 to 2011-12

Across the forward estimates, capital investment has been revised upwards by an average \$335 million per annum relative to the PFPS, largely reflecting the impact of the Government's election commitments. Significant increases include:

- Corrective Services (up \$343 million across the period 2009-10 to 2011-12), for commencement of the Custodial Infrastructure Program, including additional spending on increased capacity of the Kimberley Prison and election commitments for the new juvenile prison facility for 18 to 22 year-olds and a new medium to maximum security prison;
- Industry and Resources (up \$192 million), predominantly for Stage 2 of the Ord River Scheme;
- Education and Training (up \$173 million), reflecting the Government's election commitments to invest in capital works and improvements to schools;
- Health (up \$102 million), including election commitments related to Albany Hospital, Royal Perth Hospital, Kalgoorlie Hospital and Nickol Bay Hospital;
- Police Service (up \$69 million), largely due to commitments for new and upgraded police stations, the Metropolitan Radio Network, and two drug buses; and
- Main Roads (up \$55 million), for commitments to the Eelup Roundabout Flyover in Bunbury, Roe Highway Stage 8, and the Coalfields Highway near Collie, as well as movements in the timing of existing road projects.

Balance Sheet

Notwithstanding the deteriorating outlook in this mid-year review, the State's net worth (i.e. assets less liabilities) is projected to rise from \$93 billion at 30 June 2008 to \$104 billion by 30 June 2012, an increase of \$11 billion.

Table 5

GENERAL GOVERNMENT
Balance Sheet at 30 June

	2008	2009	2010	2011	2012
	\$m	\$m	\$m	\$m	\$m
2008-09 MID-YEAR REVIEW ^(a)					
Assets	103,533	107,037	111,177	114,906	118,710
Liabilities	10,753	11,024	11,860	12,961	14,704
Net Worth	92,780	96,013	99,316	101,945	104,005
<i>Net Debt</i>	-3,409	-2,607	-1,409	11	2,522
2008-09 PFPS					
Assets	90,722	94,657	99,284	103,389	106,935
Liabilities	10,263	10,204	10,291	10,288	10,283
Net Worth	80,459	84,453	88,993	93,101	96,651
<i>Net Debt</i>	-3,082	-3,042	-3,829	-4,520	-4,043
VARIANCE					
Assets	12,811	12,380	11,892	11,517	11,775
Liabilities	490	820	1,569	2,673	4,421
Net Worth	12,321	11,560	10,323	8,844	7,354
<i>Net Debt</i>	-327	434	2,419	4,531	6,565

(a) Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) have been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

Note: Columns may not add due to rounding

General government assets are projected to increase by \$15.2 billion over the forward estimates period. This reflects:

- a \$3.0 billion increase in the value of financial assets, largely due to:
 - a rise in the value of general government ownership interests in public corporations, which are forecast to rise by \$5.6 billion across the forward estimates, reflecting the direct injection of equity into that sector, including for election commitments to be undertaken by the Housing Authority and Horizon Power;
 - partly offset by a \$2.5 billion reduction in general government cash and liquid assets over the forward estimates in line with the projected deterioration in operating performance since the PFPS; and
- a \$12.2 billion increase in the stock of non-financial assets (mainly land and other fixed assets), largely reflecting the impact of the State's record Capital Works Program.

General government liabilities are projected to increase by \$4.0 billion over the forward estimates period, from \$10.8 billion at 30 June 2008 to \$14.7 billion at 30 June 2012 (compared with a broadly flat outlook in the PFPS). This is largely due to borrowing requirements in support of infrastructure spending at the same time that the operating outlook is expected to deteriorate.

Net debt of the general government sector is discussed later in this chapter.

Total Public Sector

Summary

The total public sector^{5,6} is projected to remain in surplus over each year of the forward estimates period. However, lower operating surpluses, particularly in the general government sector, and continuing high levels of infrastructure spending increase the need for borrowing, with total public sector net debt projected to reach \$16.7 billion by 30 June 2012, up significantly on the PFPS estimate of \$9.1 billion.

Operating Statement

Operating surpluses are in prospect for each year of the forward estimates period. A surplus of \$896 million is projected for 2008-09, with surpluses forecast to decline to almost balance in 2011-12.

Downward revisions relative to the PFPS are mainly driven by the weaker general government sector operating outlook discussed earlier.

However, the public non-financial corporations (PNC) sector is also projected to have lower surplus outcomes over the forward estimates. This sector is projecting a \$296 million deficit in 2008-09, \$104 million more than the deficit projection at the time of the PFPS. This reflects upward revisions to revenue and expenses of \$1.1 billion and \$1.2 billion respectively, which are primarily due to:

- higher revenue and expenses for the Gold Corporation (up \$1.2 billion each), due to the impact of stronger than anticipated gold prices and volumes; and
- lower profitability for the electricity entities, largely the result of increased production costs. This includes higher fuel costs caused by the flow-on impact of the June 2008 gas supply disruption on Varanus Island, and the impact of shut downs of coal plant (requiring the use of more expensive liquid fuels).

Lower projected electricity sector profitability (reflecting the impact of projected lower demand and increasing costs) is reflected in lower PNC surplus projections across the outyears.

The public financial corporations sector is forecast to record a surplus of \$5 million in 2008-09, down \$44 million on the PFPS projection. This largely reflects weaker investment market returns for the Insurance Commission of Western Australia (due to current volatile financial market conditions). Surpluses across the outyears are expected to range between \$38 million and \$50 million, marginally higher than projected in the PFPS.

⁵ The total public sector consolidates the general government sector (discussed above), the public non-financial corporations sector (which includes entities operating on a predominantly cost recovery basis like the State's ports, and the electricity and water utilities), and the public financial corporations sector (which includes agencies such as the Western Australian Treasury Corporation and the Insurance Commission of Western Australia).

⁶ The net worth of the general government sector includes the net worth of the public corporations as an equity asset. As a result, total public sector net worth is identical to that of the general government sector (discussed earlier).

Capital Investment

Increases to infrastructure spending since the PFPS over the period 2008-09 to 2011-12, across both the general government and PNC sectors, include the impact of the Government's election commitments.

For 2008-09, and in addition to the infrastructure changes for the general government sector discussed earlier, the estimates accommodate \$149 million worth of policy-related decisions, including:

- \$70 million for the continuation of the First Start shared equity housing assistance scheme;
- \$65 million for the Housing our Workforce program (as part of *Royalties for Regions*); and
- \$9 million for public transport commitments.

Details of these and other decisions are available at Appendix 3.

Parameter changes to PNC sector investment have acted to significantly reduce net capital spending in 2008-09, in particular:

- works delayed beyond 2008-09 by the Fremantle Port Authority (\$101 million); and
- anticipated underspending of \$435 million across the rest of the sector's Capital Works Program.

These changes are partially offset by an increase of \$199 million for the Western Australian Land Authority, due mainly to an accounting change in the disclosure of land and development costs. This change impacts the classification of cash payments on the public sector cash flow statements included in Appendix 1. However, for the purposes of net debt and other key budget aggregates, including the Capital Works Program, this classification change has no overall impact as the cash flows were already accounted for in these aggregates.

Over the remainder of the forward estimates to 2011-12, upward revisions to PNC capital spending projections total \$1.3 billion, which includes \$0.8 billion for election commitments and post-election decisions (detailed at Appendix 3). Parameter changes include the outyear impact of the Western Australian Land Authority accounting change outlined above (\$0.4 billion) and the catch up of the delayed works from 2008-09 by the Fremantle Port Authority (\$0.1 billion).

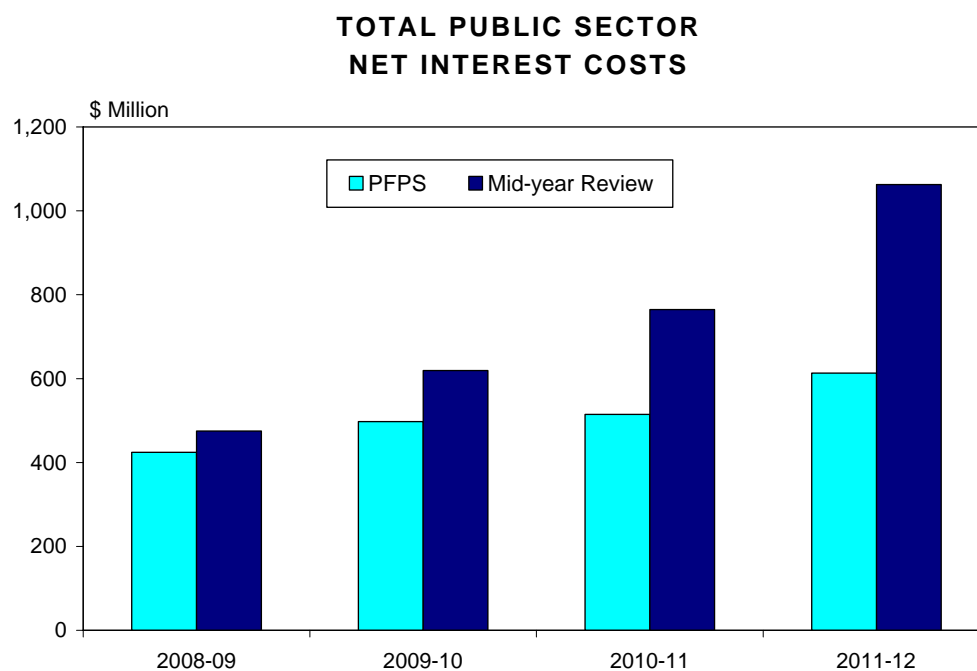
Net Debt⁷

Total public sector net debt is projected to rise to \$16.7 billion by 30 June 2012. This is substantially higher than the \$9.1 billion PFPS estimate. This increase mainly reflects:

- the significantly weaker operating surpluses now in prospect for the general government and PNC sectors (down a combined \$5.6 billion over the period 2008-09 to 2011-12, as discussed earlier in this chapter); and
- an increased Capital Works Program (totalling \$28.8 billion over the forward estimates period, up from \$26.7 billion in the PFPS), including the impact of the Government’s election commitments.

The increase in borrowing requirements results in higher net interest costs for the total public sector, which have risen by \$873 million across the forward estimates period.

Figure 3



The following table further details the key changes in net debt since the PFPS.

⁷ Net debt is a balance sheet indicator based on Government Finance Statistics concepts. It is calculated as the difference between liquid financial assets (such as loans and placements by governments) and financial liabilities. Net debt is an indicator of the strength of the public sector’s financial position and the sustainability of the future call on public sector cash.

Table 6

NET DEBT OF THE TOTAL PUBLIC SECTOR AT 30 JUNE

	2009 \$m	2010 \$m	2011 \$m	2012 \$m
2008-09 PFPS - Total Public Sector Net Debt	6,826	7,761	7,936	9,091
<i>Plus</i> improvement from 2007-08 outturn	-297.3			
<i>Less</i> change in net cash flows from operating activities				
- general government	-710.9	-1,414.1	-1,551.4	-1,493.7
- public non-financial corporations	28.9	112.0	-39.7	44.8
- public financial corporations	42.8	68.2	71.7	66.5
Total public sector	-639.2	-1,234.0	-1,519.4	-1,382.3
<i>Plus</i> purchases of non-financial assets				
<i>Policy decisions</i> ^(a)				
- Election Commitments - <i>Royalties for Regions</i> capital	107.8	339.5	318.0	320.2
- Election Commitments - All other capital	96.9	183.4	184.6	175.6
- Other policy decisions	70.2	73.7	61.7	162.2
<i>Total Policy</i>	275.0	596.5	564.3	658.1
<i>Parameter movements</i>				
- Western Australian Land Authority	199.3	63.6	87.7	208.9
- Main Roads	73.2	-21.2	1.1	-
- Horizon Power	1.1	5.0	33.7	9.7
- Western Power	21.8	72.2	-10.0	-55.0
- Fremantle Port Authority	-101.3	96.5	21.3	-8.1
- Provision for underspend - general government	-215.0	-	-	-
- Provision for underspend - public non-financial corporations	-435.0	-	-	-
- All other	102.8	29.0	-13.9	-38.8
<i>Total parameter</i>	-353.1	245.1	119.9	116.7
<i>Total purchases of non-financial assets</i>	-78.1	841.6	684.2	774.8
<i>Less</i> proceeds from sale of non-financial assets	-213.2	-216.5	-170.6	41.9
<i>Plus</i> all other financing				
- Net acquisition under finance leases and similar arrangements ^(b)	-438.4	142.9	-0.7	498.9
- All other ^(c)	56.5	-4.1	60.7	56.0
<i>Cumulative impact on net debt at 30 June</i>	95.1	2,526.1	4,960.4	7,630.5
2008-09 Mid-year Review - Total Public Sector Net Debt	6,921	10,287	12,897	16,722

(a) Further information on policy decisions impacting fixed asset spending is provided in Appendix 3: *Policy Decisions Affecting Spending*.

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

(c) Includes revaluations of investment assets, net acquisitions of financial assets for liquidity purposes, etc.

Note: Columns may not add due to rounding.

The substantial changes to the public sector's financial outlook, detailed above, will see the total non-financial public sector net debt to revenue ratio increase substantially over the forward estimates period and to levels significantly higher than the target ratio of 47% set as part of the 2008-09 Budget. Further detail on this financial target is provided in Chapter 2: *Fiscal Strategy*.

Statement of Risks

The mid-year review estimates are necessarily based on a number of forecasting assumptions and are subject to a variety of risks. Details on these risks, as well as the major economic parameters underlying the projections, are provided below.

Estimating Assumptions

The major economic parameters underlying the mid-year review projections are outlined in the following table.

Table 7

MAJOR ECONOMIC PARAMETERS
Western Australia

	2007-08	2008-09	2008-09	2009-10	2010-11	2011-12
	Actual	PFPS	Mid-Year	Forward	Forward	Forward
	%	Revision	Revision	Estimate	Estimate ^(d)	Estimate ^(d)
		%	%	%	%	%
Real Gross State Product Growth ^(a)	5.2	6.25	6.0	1.5	4.5	4.5
Real State Final Demand Growth ^(a)	9.3	3.75	5.0	0.75	5.25	5.25
Employment Growth	3.6	2.5	4.25	1.25	2.5	2.5
Unemployment Rate	3.3	3.25	3.0	4.0	3.75	3.75
Wage Price Index Growth ^(b)	5.8	5.25	5.0	4.25	3.75	3.75
Average Weekly Earnings Growth ^(b)	9.8	6.25	4.5	3.0	5.5	5.5
Consumer Price Index Growth	3.6	3.75	3.75	3.0	3.25	3.25
Public Consumption Deflator	4.0	2.5	3.75	3.0	3.25	3.25
Oil Price (\$US per barrel)	97.0	134.3	62.0	69.1	75.7	80.3
\$US/\$A (cents)	89.7	95.5	66.0	66.0	66.0	66.0
Population Growth ^(c)	2.4	2.3	2.2	2.3	1.7	1.7

(a) In real (chain volume) terms, which abstract from price effects.

(b) The Wage Price Index is a better measure of underlying wages growth than Average Weekly Earnings, as it is designed to measure wage changes rather than levels, and is not influenced by changes in the composition of the workforce (unlike Average Weekly Earnings).

(c) Growth in mean resident population over the year. Estimates for 2008-09 and 2009-10 are based on the Commonwealth Treasury's 2008-09 *Mid-Year Economic and Fiscal Outlook* "GST payment pool" population projections for Western Australia, while for 2010-11 and beyond, the long-term historical growth rate has been used.

(d) Beyond 2009-10, forward estimates are not forecasts, but are generally projections based on long-term averages (usually 10 years). The only exception is the unemployment rate, which is based on a shorter period (the past four years).

Revenue Estimates

The revenue estimates are sensitive to changes in a number of key economic parameters, including the \$US/\$A exchange rate, energy prices (both crude oil and LNG) and contract prices for iron ore (which are negotiated on an annual basis). The following table sets out the estimated revenue impact of changes in these parameters⁸.

⁸ These impacts are not mutually exclusive and vary over time in accordance with movements in the underlying *level* of each variable.

Table 8

APPROXIMATE PARAMETER SENSITIVITY OF REVENUE ESTIMATES

	Variability (\$m)	Detail
Total mining revenue ^(a)	+59	For each US1.0 cent fall in the \$US/\$A exchange rate.
Petroleum royalties ^(b)	-6	For each \$US1 fall in the price of a barrel of crude oil.
Iron ore royalties	-22	For a 1% fall in the level of iron ore prices.
Transfer duty	-17	For each percentage point fall in the growth rate of average property prices.

(a) Includes North West Shelf petroleum royalties.

(b) The petroleum sensitivity varies according to the strength of the relationship between crude oil prices and the price of LNG.

In addition to the above parameter sensitivities, specific factors that are considered to represent a potential risk to the revenue estimates are discussed below.

Revenue from the Commonwealth

Western Australia's GST revenue grants are a function of the Commonwealth's national GST collections and the Commonwealth Grants Commission's (CGC) recommended distribution of GST revenue among the States.

Forecasts of the national GST pool are based on the Commonwealth Government's 2008-09 *Mid-year Economic and Fiscal Outlook*. Even though the Commonwealth revised these forecasts down significantly, subsequent global economic developments mean there is a risk that actual collections could be lower still.

For 2008-09, the GST revenue estimates also incorporate the CGC's approved recommendation that Western Australia receive an 8.7% share of the national GST pool. However, the GST revenue estimates for 2009-10 and beyond incorporate Department of Treasury and Finance projections of Western Australia's GST share (8.0% in 2009-10, 6.7% in 2010-11 and 5.7% in 2011-12), which requires complex and uncertain estimates to be made of future movements in States' relative revenue raising capacities and costs of providing services. The CGC's current review of its methods adds further uncertainty to grant shares from 2010-11 onwards.

The specific purpose payment estimates do not reflect the outcome of the 29 November 2008 Council of Australian Governments (COAG) meeting, which agreed a package of reforms and funding. A full assessment of the financial implications for the State was yet to be finalised as at the mid-year review cut-off date.

Mining Royalties

The mining royalty estimates are sensitive to movements in the \$US/\$A exchange rate and energy prices, which have been particularly volatile in recent months. For example, since the finalisation of the PFPS estimates:

- the price of crude oil has ranged from a high of \$US121 per barrel to a low of \$US49 per barrel; and
- the \$A has traded between US90 cents and US60 cents.

Iron ore contract prices are traditionally negotiated on an annual basis between major producers and Asian and European steel mills. These contracts commence at the start of the Japanese fiscal year (from 1 April). The mid-year review estimates assume that iron ore prices will decline by 25% in 2009-10, reflecting the recent sharp declines in iron ore spot prices and a more subdued outlook for iron ore demand. This assumption is consistent with the consensus of external analysts, but there is nevertheless a possibility that prices could fall further, particularly if economic growth in China falters.

As noted, the reduction in \$US commodity prices has so far been offset by the rapid depreciation of the \$A. However, there is a risk that the \$A has been oversold (or that the strengthening of the \$US has been unsustainable), potentially exposing the State to a rebound in the exchange rate without a corresponding recovery in \$US commodity prices. It is worth noting that the longer-run average exchange rate is around US72 cents. If this were to be the basis of the revenue projections, it would represent a deterioration from current estimates by \$1.2 billion over the forward estimates.

In addition to price and exchange rate risk, the mining royalty estimates are sensitive to the level of output in the State's mining sector. Estimated royalty payments from proposed new mining projects and expansions of existing projects are included in the revenue estimates when the company commits to the project, and all necessary government approvals have been received. In this sense, there is usually some (medium-term) upside risk to mining royalty estimates in the form of currently non-approved or uncommitted projects that are under consideration. That said, the weaker global outlook has prompted a number of small operations to shutdown until demand recovers, and there is a risk of further production cuts from larger existing projects in at least the short term.

State Taxes

The taxation estimates incorporate expectations of more subdued economic growth as a consequence of the global financial crisis and emerging weakness in the global economy. However, since these developments are yet to fully unfold, there is a high level of uncertainty about the scale and duration of any moderation in domestic economic activity and taxation revenue.

If the moderation in economic activity is more severe than currently expected, further downward revisions to the tax estimates may be required. For instance, there is a possibility that transfer duty could be lower than forecast, particularly if household confidence deteriorates and this further reduces activity in the State's housing market. On the other hand, it is possible that confidence could be restored relatively quickly (buoyed by expansionary fiscal and monetary policy settings), resulting in a faster than expected recovery in the housing market and transfer duty collections.

Revenue from Public Corporations

Estimates of tax equivalent and dividend revenue are sensitive to the performance and profitability of a number of public corporations. A particular risk is the potential impact of competition on the profitability of the electricity entities. The Economic Regulation Authority is currently considering proposed revisions to the access arrangement impacting Western Power. The Authority's final recommendations on access arrangements may affect Western Power's projected financial position and performance.

Expenses

Specific Purpose Payments (SPPs) and Matching Requirements

The 29 November COAG meeting agreed to a Commonwealth funding offer for the reform of Federal financial relations. The funding package involves an additional \$6.3 billion for Specific Purpose Payments (SPPs), \$8.0 billion for National Partnership Payments (NPPs) to fund specific projects or encourage reform, and an additional \$0.8 billion towards implementation costs of the Commonwealth's Digital Education election commitment.

Reliable estimates of the impacts on Western Australia are not yet available but potentially include:

- reduced cost pressures on the State through a more equitable sharing of risks because of improved levels of indexation in the health, schools and disabilities SPPs;
- additional SPP-related expenses commensurate with expectations of additional activity; and
- additional State expenditure in the form of NPP co-investments.

Wages

The forward estimates include provision for all Enterprise Bargaining Agreements (EBAs) that have been agreed or finalised, or where Government offers have been made as part of ongoing negotiations. Where wage outcomes are higher than those provisions, expenses will generally be higher. For example, a 1% increase in general government wages in 2008-09 amounts to an increase in general government salaries and superannuation costs of around \$81 million.

At the time of the mid-year review cut-off, EBAs that are due to expire in the next 12 months (or have expired and are subject to negotiation and/or finalisation) include those for police officers and miscellaneous public transport workers.

Potential Under-expenditure

There is a risk that agencies may not fully spend their allocations in 2008-09, and may seek to carryover this under-expenditure into subsequent years. To the extent that this occurs, there is a risk that actual expense growth in 2008-09 may not be as high as currently estimated, and that expense growth in 2009-10 and later years may increase.

Capital Works

The Western Australian Government has made a number of submissions for funding under the Commonwealth Government's Infrastructure Australia program. All but one of these submissions will, if approved, require matching funding from the State. Consequently, if any of these submissions are approved by Infrastructure Australia, the State will be required to commit an amount of funding broadly equivalent to that provided by the Commonwealth Government. It is expected that the outcomes of Infrastructure Australia's deliberations will be known by the time of the 2009-10 Budget.

Contingent Liabilities

Contingent liabilities are costs that the Government will have to meet should a particular event occur. Typically, contingent liabilities consist of guarantees, indemnities and sureties, as well as legal and contractual claims. They constitute a potential risk to the financial projections.

Details of the quantified contingent liabilities of the State at 30 June 2008 are provided in the *2007-08 Annual Report on State Finances*, released on 26 September 2008, which showed that quantified guarantees, indemnities and sureties totalled \$1.6 billion at the end of 2007-08. No material change to that disclosure has been noted to date.

Financial Strategy

Overview

The State's fiscal strategy was presented to Parliament as part of the 2008-09 Budget on 8 May 2008, and included a series of medium-term financial targets. These targets were to:

- maintain or increase real net worth of the total public sector (i.e. the value of the State's net assets is not diminished);
- achieve an operating surplus for the general government sector (i.e. day to day revenue exceeds day to day spending);
- retain the State's triple-A credit rating, represented by the following specific targets:
 - maintain the net debt to revenue ratio for the total non-financial public sector at or below 47% (as a proxy measure of a sustainable level of debt burden); and
 - ensure that real per capita own-purpose expenses for the general government sector do not increase (i.e. contain spending to the rate of increase in inflation and population); and
- maintain Western Australia's tax competitiveness, as measured by maintaining tax revenue as a share of Gross State Product (GSP) below the other States' average.

This chapter assesses the mid-year review financial projections against these financial targets, as required by the *Government Financial Responsibility Act 2000*.

The recently elected Government is in the process of reviewing the financial targets that will form the basis of its fiscal strategy going into the 2009-10 Budget process.

Performance against the current set of financial targets is summarised in the following table.

Table 1

FINANCIAL TARGET COMPLIANCE

	2008-09	2009-10	2010-11	2011-12
Maintain or increase real net worth	Yes	Yes	No	No
Achieve a general government operating surplus	Yes	Yes	Yes	No
Maintain net debt to revenue ratio below upper limit	Yes	Yes	No	No
Ensure real per capita own-purpose expenses do not increase	No	Yes	Yes	Yes
Maintain the State's tax competitiveness	Yes	Yes	Yes	Yes

Financial Targets

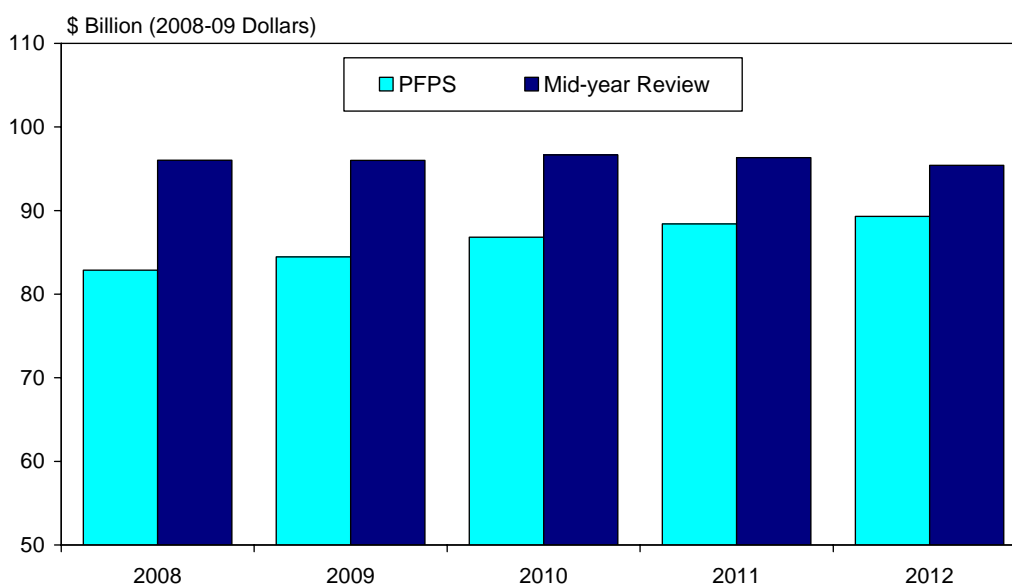
Net Worth: Maintain or Increase Real Net Worth of the Total Public Sector

The impact of lower surpluses indicate that this target will not be met at 30 June 2011 and 2012 (see Chapter 1: *Financial Projections*), with a real decline of less than 1% in these two outyears. Nevertheless, in nominal terms, total public sector net worth is projected to increase from almost \$93 billion at 30 June 2008 to a projected \$104 billion by 30 June 2012.

As indicated in the chart below, net worth is projected to be higher than the PFPS estimates, mainly reflecting the flow-on impact of higher year-end results at 30 June 2008 detailed in the 2007-08 *Annual Report on State Finances*.

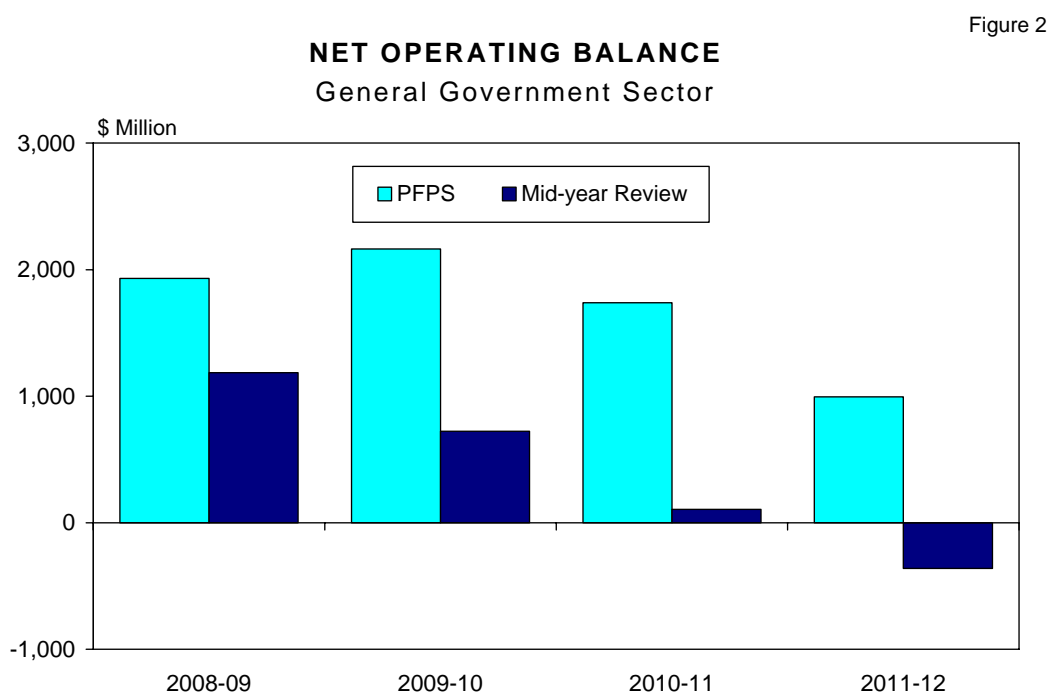
Figure 1

REAL NET WORTH AT 30 JUNE Total Public Sector



Operating Result: Achieve an Operating Surplus for the General Government Sector

This target is expected to be met in 2008-09, 2009-10, and 2010-11. However, reflecting the downturn in the State's revenue outlook and the recurrent cost of parameter changes and implementing the Government's election commitments (see Chapter 1), an operating deficit is currently in prospect in 2011-12.



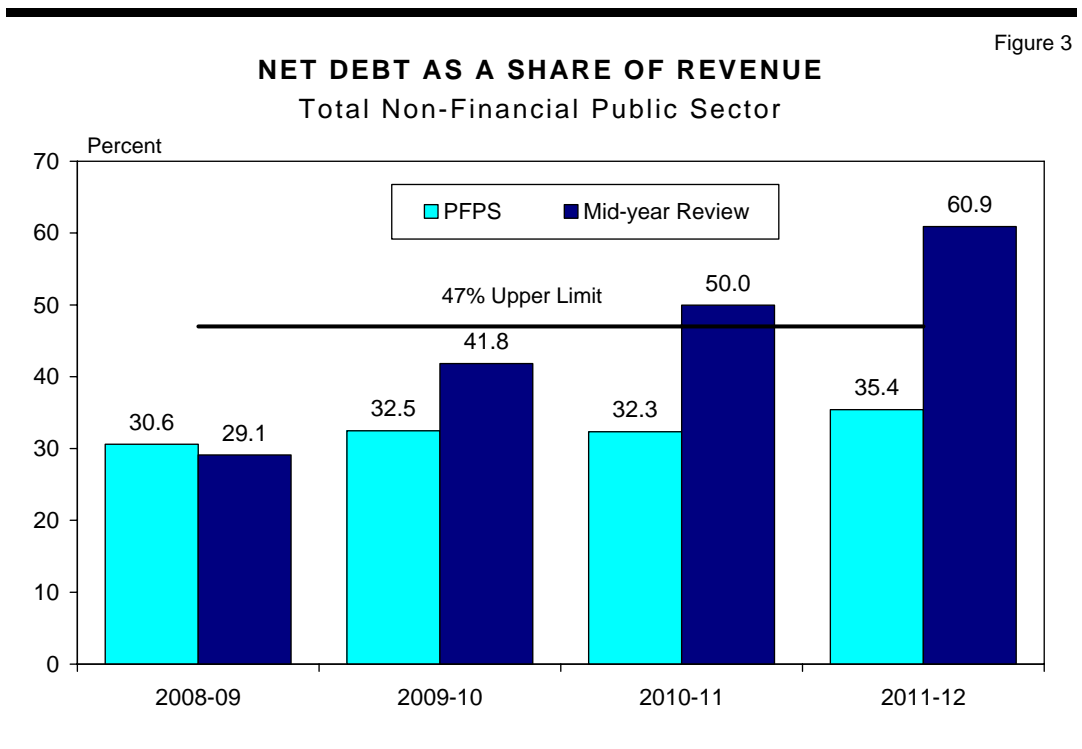
The rapidly declining surplus projections across the forward estimates reflect a combination of factors, including:

- a forecast reduction in Western Australia's share of GST revenue as a result of the lagged Commonwealth Grants Commission process. In this regard, the State's GST grants are forecast to fall from \$3.8 billion in 2008-09 to \$2.9 billion by 2011-12;
- subdued growth in tax collections (particularly for property-related taxes), including the impact of the Government's election commitment to provide \$250 million in tax relief;
- a forecast 45% fall in contract iron ore prices over the period 2009-10 to 2011-12; and
- a \$2.1 billion increase in expenses to accommodate the financial impact of election commitments.

The 3% efficiency dividend has been applied to agency expenditures from 1 January 2009. Further corrective action will be reflected in the 2009-10 Budget, informed by the outcome of the Capital Works Program Audit and the first stage of recommendations from the recently established Economic Audit Committee.

Maintain Net Debt to Revenue for the Total Non-financial Public Sector at or Below 47%

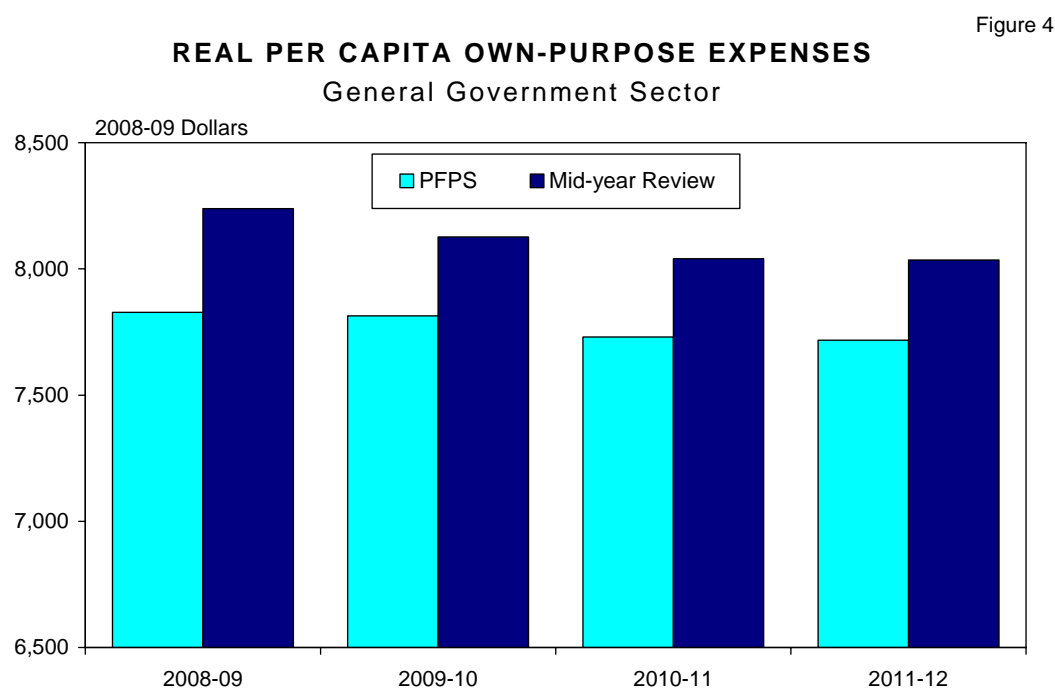
This target is expected to be achieved in 2008-09 with a projected ratio of 29.1%, a minor improvement on the 30.6% ratio estimated at the time of the PFPS. However, the combined impact of a sharp downturn in the revenue outlook and higher spending is expected to result in a rapid increase in net debt. The net debt to revenue ratio is now projected to exceed the 47% target limit in both 2010-11 and 2011-12.



While the outyear projections for the ratio are above the target limit, the State's balance sheet remains in a strong position.

Ensure That Real Per Capita Own-Purpose Expenses for the General Government Sector do not Increase

As forecast in the 2008-09 Budget and PFPS, this target is not expected to be met in 2008-09, with general government expenses expected to grow by 12.0% in the current financial year. Nevertheless, the target is projected to be met in each of the outyears, with forecast expense growth averaging 4.3% per annum.

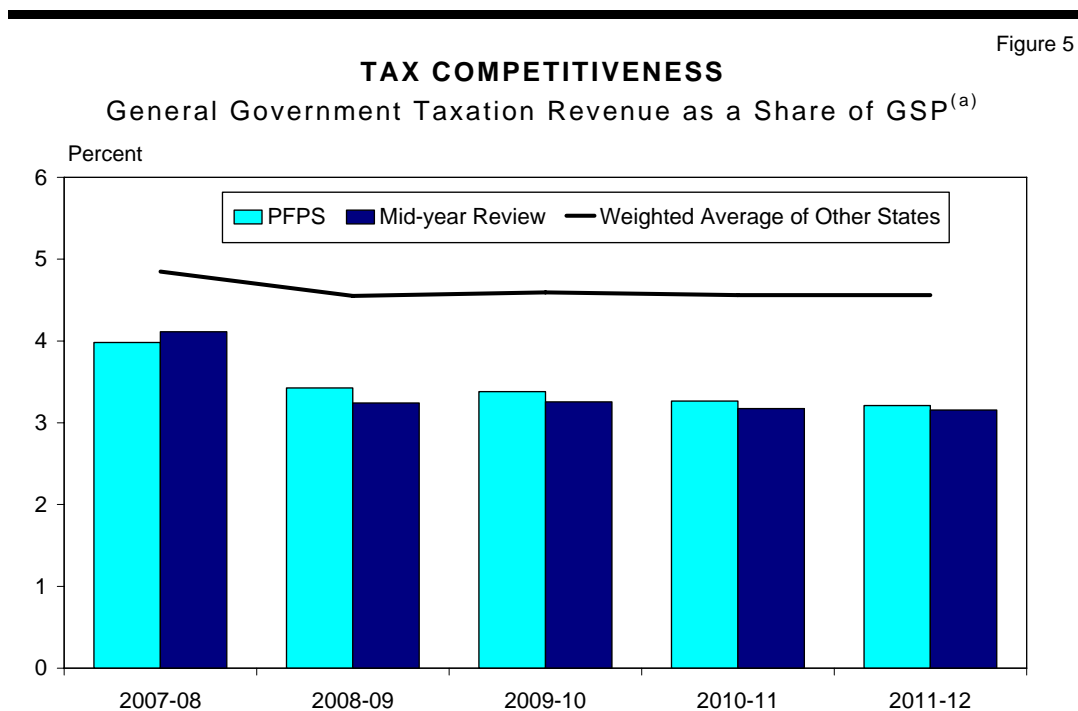


Growth in 2008-09 is influenced by a number of one-off expense impacts, including higher First Home Owners Assistance (both the recently introduced and finite First Home Owners Boost program and upward revisions to the original First Home Owner Grants scheme), asset transfers to the local government sector (mainly roads and related infrastructure – these non-cash transfers do not have a net debt impact), unusually large refunds of prior years' revenue, and a range of capital transfers by agencies across the sector (which can be lumpy from year to year).

In addition, from 2009-10 onwards, a lower rate of expense growth results from the full-year impact of the 3% efficiency dividend, and salaries growth reverting to annual rates closer to the long-run average.

Tax Competitiveness: Maintain Western Australia’s Tax Competitiveness, as Measured by Maintaining Tax Revenue as a share of Gross State Product below the other States’ Average

This target is expected to be achieved in 2008-09 and each of the outyears.



(a) Estimates for other States are based on the latest published data available at the time this mid-year review was finalised.

Relative to the PFPS, tax revenue as share of GSP is expected to decline slightly in 2008-09, due mainly to weaker conditions in the State’s housing market and a corresponding decrease in transfer duty collections.

In 2009-10 and beyond, tax revenue as a share of the economy is projected to remain relatively constant. This reflects expectations that both tax collections and GSP should grow at broadly similar rates.

The Western Australian Economy

Overview

In recent months global financial markets have been in turmoil, and it is now clear that the financial crisis has spilled over to affect real economic activity worldwide.

The economies of the USA, UK, Japan, and Euro area are in or entering recession, and growth forecasts for emerging economies have been cut. Economic growth in China, Western Australia's largest export market, is forecast to slow in 2009. The IMF recently downgraded its forecast of global economic growth in 2009 to 2.2%, which is below the 3% benchmark it generally uses to mark a global recession.

The slowdown of the global economy, weaker commodity prices and demand, lack of credit and increased risk aversion are affecting the Australian investment and export outlook, although for many exporters US dollar price decreases have so far been largely offset by the drop in the Australian dollar since August 2008.

The Australian economy is relatively well placed to endure the global financial and economic crisis. Its financial institutions are comparatively sound, its fiscal position is relatively secure, and many of its key export markets are emerging economies such as China, which are forecast to grow less quickly in 2009, but not to contract.

National policy responses to the developing financial and economic crisis will influence Western Australia's economic trends in the next few months. The response has been expansionary, with the Reserve Bank of Australia cutting interest rates by 3.0 percentage points between September and December 2008. In October 2008, the Australian Government announced a fiscal stimulus package worth \$10.4 billion over three years (equivalent to around 0.9% of Australia's GDP).

The impact of the global financial and economic crisis on Western Australia will become clearer over the next few months (the extent of which represents a major risk to the economic outlook). Data on recent trends mostly reflect relatively strong economic conditions before the crisis intensified in the later months of 2008. In this regard, Western Australia's real Gross State Product (GSP) increased by 5.2% in 2007-08, which was the second highest growth of all States and Territories (behind Queensland, which recorded growth of 5.3%). Since then, economic activity in certain sectors of the Western Australian economy has slowed.

Table 1

MAJOR ECONOMIC AGGREGATES, WESTERN AUSTRALIA
(2008-09 *Pre-election Financial Projections Statement* Forecasts shown in brackets)

	2007-08	2008-09	2009-10	2010-11	2011-12
	Actual ^(a)	Mid-year	Forward	Forward	Forward
	%	Revision	Estimate	Estimate ^(d)	Estimate ^(d)
		%	%	%	%
Real Gross State Product Growth ^(b)	5.2	6.0 (6.25)	1.5 (6.25)	4.5 (4.5)	4.5 (4.5)
Real State Final Demand Growth ^(b)	9.3	5.0 (3.75)	0.75 (4.0)	5.25 (5.25)	5.25 (5.25)
Employment Growth	3.6	4.25 (2.5)	1.25 (2.25)	2.5 (2.5)	2.5 (2.5)
Unemployment Rate	3.3	3.0 (3.25)	4.0 (3.5)	3.75 (4.25)	3.75 (4.25)
Wage Price Index Growth ^(c)	5.8	5.0 (5.25)	4.25 (4.5)	3.75 (3.5)	3.75 (3.5)
Average Weekly Earnings Growth ^(c)	9.8	4.5 (6.25)	3.0 (5.5)	5.5 (4.75)	5.5 (4.75)
Consumer Price Index Growth	3.6	3.75 (3.75)	3.0 (3.5)	3.25 (3.0)	3.25 (2.75)

(a) Gross State Product (GSP) and State Final Demand (SFD) data are based on 2007-08 State Accounts data, released by the Australian Bureau of Statistics (ABS) on 14 November 2008 (ABS Catalogue Number 5220.0); all other data are based on other various ABS data sources.

(b) In real (chain volume) terms, which abstract from price effects.

(c) The Wage Price Index is a better measure of underlying wages growth than Average Weekly Earnings, as it is designed to measure wage changes rather than levels, and is not influenced by changes in the composition of the workforce (unlike Average Weekly Earnings).

(d) Beyond 2009-10, forward estimates are not forecasts, but are generally projections based on long-term averages (usually 10 years). The only exception is the unemployment rate, which is based on a shorter period (the past four years).

Other forecasting notes: Currency exchange rates and interest rates are assumed to be constant over the forecast period, and are based on actual data prior to the forecasting cut-off date. Population growth assumptions are based on the Commonwealth Treasury's GST payment projections for all States and Territories, as well as long-term historical growth averages for the out-years.

Growth in consumer spending in Western Australia is slowing. Real household consumption rose by 0.4% in the September quarter following a 0.6% contraction in June 2008⁹, and retail sales growth is sluggish. New motor vehicle sales have trended downwards since January 2008, and consumer sentiment¹⁰ is at its lowest level since January 1992.

⁹ Source: ABS Catalogue Number 5206.0.

¹⁰ Source: Westpac-Melbourne Institute Index of Consumer Sentiment, November 2008.

Even so, the outlook for Western Australia's economy through to early 2009 is quite strong, due to the large value of investment projects currently underway or committed. ABS data¹¹ show that there is \$24.2 billion in engineering construction activity committed to but yet to be completed (broadly equivalent to actual engineering activity of \$19.6 billion undertaken in the State over 2007-08).

This large pipeline of current and committed investment on major resource projects, such as the \$11.2 billion Pluto LNG plant, should cushion Western Australia's economy in the short term from the global downturn. However, if the global recession is prolonged, the features of the State's economy that served it so well during the resources boom – its commodity endowment and export focus – could turn into points of comparative vulnerability.

Following the usual practice for this mid-year update to the forecasts, the projections of economic growth for the two out-years (2010-11 and 2011-12) are long-term historical average growth rates and do not reflect any assumptions or analysis of how the current crisis will unfold. Consequently, the apparent acceleration in economic growth in 2010-11 is merely an estimating assumption and, depending on the severity and duration of the global economic downturn, there is a risk that growth could be significantly lower than these long-term averages.

¹¹ Source: ABS Catalogue Number 8762. This compares to the record total \$19.6 billion of work actually done in 2007-08.

Table 2

COMPONENTS OF GROSS STATE PRODUCT
Western Australia

	2007-08		2008-09		2009-10	
	PFPS ^(a) Estimate %	Actual ^(b) %	PFPS ^(a) Estimate %	Mid-Year Revision %	PFPS ^(a) Estimate %	Mid-Year Revision %
Annual Average Growth ^(c)						
Private						
Household Consumption	4.75	5.0	4.0	3.75	4.0	3.5
Business Investment	16.5	22.6	5.25	10.0	5.0	-5.0
Dwelling Investment ^(d)	6.75	9.9	-1.25	-1.5	0.0	0.0
Public						
Consumption	2.0	3.6	2.75	2.75	2.5	2.25
Investment	2.75	8.1	9.5	7.75	7.5	4.5
STATE FINAL DEMAND	7.25	9.3	3.75	5.0	4.0	0.75
External Sector						
Merchandise Exports	7.5	2.9	11.0	5.0	9.75	4.25
Merchandise Imports	8.75	13.8	6.0	7.5	4.25	4.5
Net Exports ^(e)	na ^(e)	-8.3	14.5	10.0	13.25	3.75
Balancing Item ^(f)	7.0	8.8	6.25	6.0	5.75	1.5
GROSS STATE PRODUCT	7.0	5.2	6.25	6.0	6.25	1.5
Contributions To Growth ^(g)						
Private						
Household Consumption	2.0	2.0	1.7	1.5	1.7	1.4
Business Investment	3.8	5.1	1.3	2.6	1.3	-1.3
Dwelling Investment	0.2	0.7	-0.1	-0.1	0.0	0.0
Public						
Consumption	0.2	0.4	0.3	0.3	0.3	0.3
Investment	0.1	0.3	0.3	0.3	0.3	0.2
STATE FINAL DEMAND	6.6	8.2	3.4	4.4	3.6	0.6
External Sector						
Merchandise Exports	3.5	1.3	5.1	3.2	4.7	2.0
Merchandise Imports	1.8	2.2	1.2	1.3	0.9	0.8
Net Exports ^(e)	na ^(e)	-2.3	3.7	2.4	3.7	1.0
Balancing Item ^(f)	-1.2	-1.4	-1.1	-1.0	-1.0	-0.2
GROSS STATE PRODUCT	7.0	5.2	6.25	6.0	6.25	1.5

(a) 2008-09 Pre-election Financial Projections Statement (PFPS) forecasts.

(b) Actual data are based on 2007-08 State Accounts data, released on 14 November 2008 (Source: ABS Catalogue 5220.0).

(c) Growth rate forecasts for ownership transfer costs, international trade in services exports and imports, and the statistical discrepancy components of the State Accounts are not reported.

(d) Dwelling investment excludes ownership transfer costs.

(e) Net exports refer to international trade in both merchandise and services. International services trade was not included in the PFPS forecasts, hence the PFPS forecasts for the international merchandise and services trade are not available (na).

(f) The balancing item includes interstate trade and changes in stocks. Given the balancing item's significant size (over the past few years it has fluctuated between 15% and 17% of GSP), the forecasts above include an estimation of the balancing item. However, given the difficulty of forecasting individual components of the balancing item, for any given forecast year the estimation is based on a fixed ratio of GSP (based on the balancing item's proportion of the domestic economy and net exports from the previous year).

(g) The contribution to growth of ownership transfer costs, international trade in services, and the statistical discrepancy of the State Accounts are not reported.

Note: Columns may not add due to rounding and also omission of some line items – see point (g) above.

2008-09 Forecasts

The Western Australian economy is forecast to grow by 6.0% in 2008-09 (in real terms), underpinned mainly by strong growth in business investment, which is forecast to grow at 10% in 2008-09. This is higher than the 5.25% business investment growth forecast in the *Pre-election Financial Projections Statement* (PFPS) released in August 2008. The upward revision partly reflects strong growth in the September quarter and business expectations surveys suggesting that the mining industry nationally plans large investment expansions in 2008-09¹². Even though the investment climate has deteriorated significantly since this survey was taken, a somewhat higher and later peak in the State's investment cycle is forecast.

Growth in consumer spending of 3.75% is forecast for 2008-09, below its long-term average of 4.5%. Falling household net worth resulting from lower house and share prices and reductions in household debt in response to economic uncertainty are expected to offset any boost to consumption from interest rate reductions and benefit increases.

Dwelling investment is forecast to decline slightly in 2008-09. The pipeline of outstanding work that sustained activity for much of the past year is nearing completion. Industry feedback and declining building approvals suggest that new work taken on will not fully offset completions.

Net exports are forecast to grow by 10.0% in 2008-09 and contribute 2.4 percentage points to the 6.0% GSP growth forecast for 2008-09.

Growth in the Wage Price Index is forecast to slow from 5.8% in 2007-08 to 5.0% in 2008-09.

The employment growth forecast has been revised upwards to 4.25%, from 2.5% forecast in the PFPS. Employment growth of 4% in just five months between May and August 2008 makes strong annual average growth likely for 2008-09, even if employment stagnates for the rest of this financial year.

2009-10 Forecasts

Growth in the State's economy is forecast to slow to 1.5% in 2009-10 due to a decline in business investment, fairly weak consumption growth, flat dwelling construction and modest growth in net exports. This is significantly weaker than the 6.25% growth forecast in the PFPS, due mainly to weaker investment and net exports.

Business investment is forecast to fall by 5% in 2009-10 (the first decrease since 2000-01), as the pipeline of projects currently underway is completed, and fewer new large scale projects replace them. Even so, business investment will be at historically high levels, with activity in 2009-10 still higher than in 2006-07.

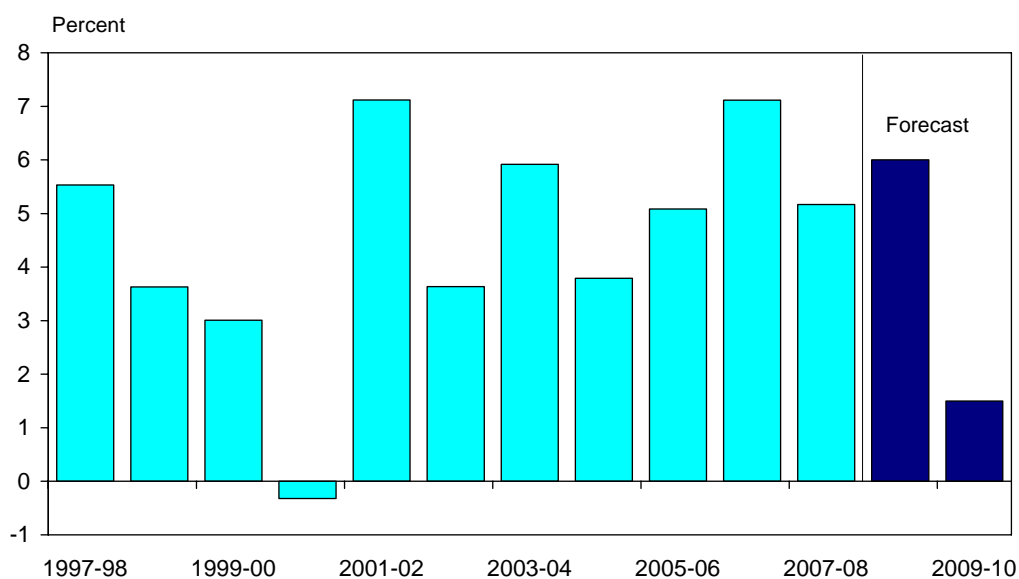
¹² The September quarter Private New Capital Expenditure and Expected Expenditure (ABS Cat. 5625.0) includes actual State and Australian business investment data, and expected expenditure by industry at a national level but not a State level. The December quarter publication will include state expectations data.

The outlook for the global economy and commodity demand is expected to deteriorate further in 2009-10. Net exports are forecast to grow by 3.75% and contribute 1.0 percentage points of the 1.5% growth in GSP projected for the year.

As domestic economic activity weakens, employment growth is forecast to slow to 1.25% in 2009-10. The unemployment rate is forecast to rise to an average of 4.0% over the year. Growth in the Wage Price Index is forecast to slow further to 4.25%.

Figure 1

WESTERN AUSTRALIAN ECONOMIC GROWTH
Annual Change



State Final Demand

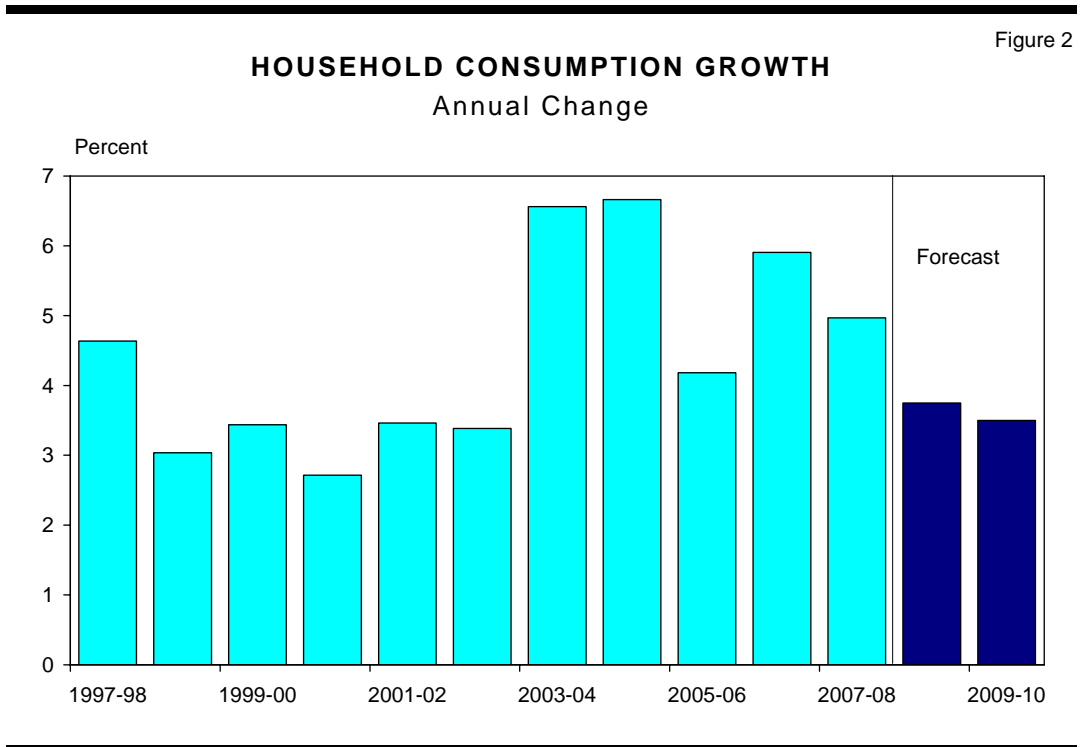
Household Consumption

Real household consumption expenditure increased at an average annual rate of 5.7% over the five years to 2007-08, with growth of 5.0% in 2007-08. Recently household consumption in Western Australia has weakened, with growth of 0.4% in the September quarter 2008 following a contraction of 0.6% in the June quarter.

The recent deceleration reflects constraints on the willingness and ability of consumers to spend. This is a consequence of higher interest rates (the recent reductions will not be reflected in consumption until the December 2008 and subsequent quarters) and falling share and house prices causing subdued consumer confidence.

Since the global financial and economic crisis intensified from September, share prices have dropped further (down approximately 50% over the year), and credit has become harder to attain. The Westpac-Melbourne Institute Index of Consumer Sentiment dropped in November to its lowest level since January 1992. The Commonwealth Government’s fiscal stimulus package and the Reserve Bank of Australia’s 3.0 percentage point drop in interest rates between September and December should bolster consumer spending, but the negative influences on consumer spending are likely to offset this in the short term.

Household consumption is forecast to grow modestly, by 3.75% in 2008-09 and 3.5% in 2009-10.



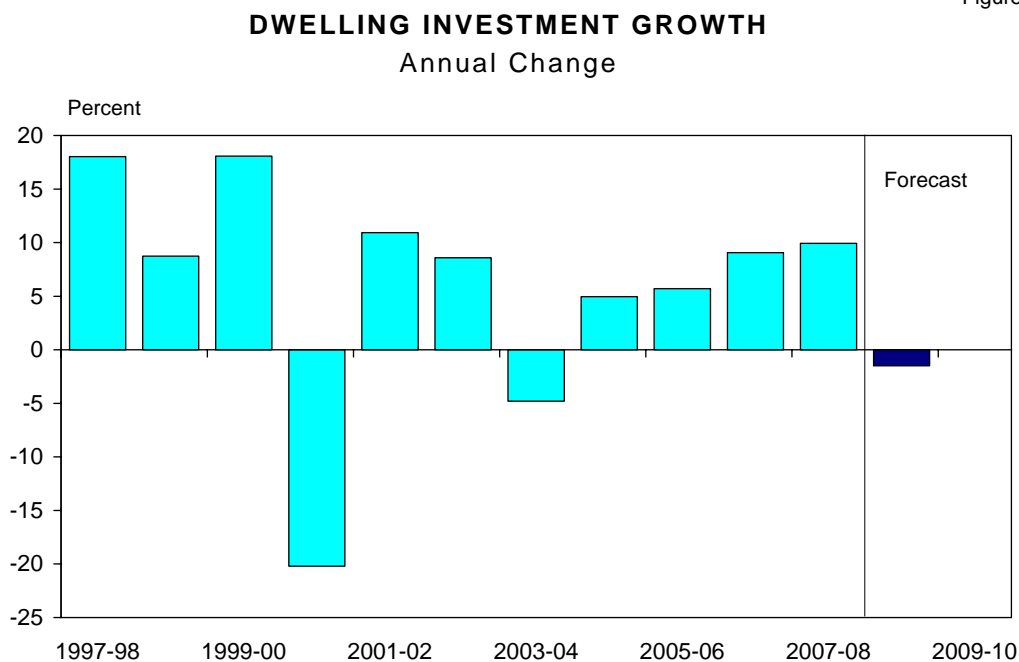
Dwelling Investment

Dwelling investment is forecast to contract by 1.5% in 2008-09 and remain flat in 2009-10. This follows growth of 9.9% in 2007-08 and 9.1% in 2006-07. Weak demand, tighter credit and poor affordability (despite recent drops in house prices) are likely to offset the positive effects of recent interest rate cuts.

Building approvals and new housing finance commitments have fallen sharply in 2008. New dwelling commencements are likely to be weak over the forecast period compared to the boom conditions of 2006. The stock of dwellings under construction is likely to diminish as homes are completed.

The State’s established housing market is also weak, with falling prices and low turnover despite around 17,000 properties being listed for sale (the highest level since June 1995). Real Estate Institute of Western Australia data for the September quarter 2008 show that the Perth median house price has fallen for three consecutive quarters to \$435,000, some 8% below its peak nine months earlier.

Figure 3



Business Investment

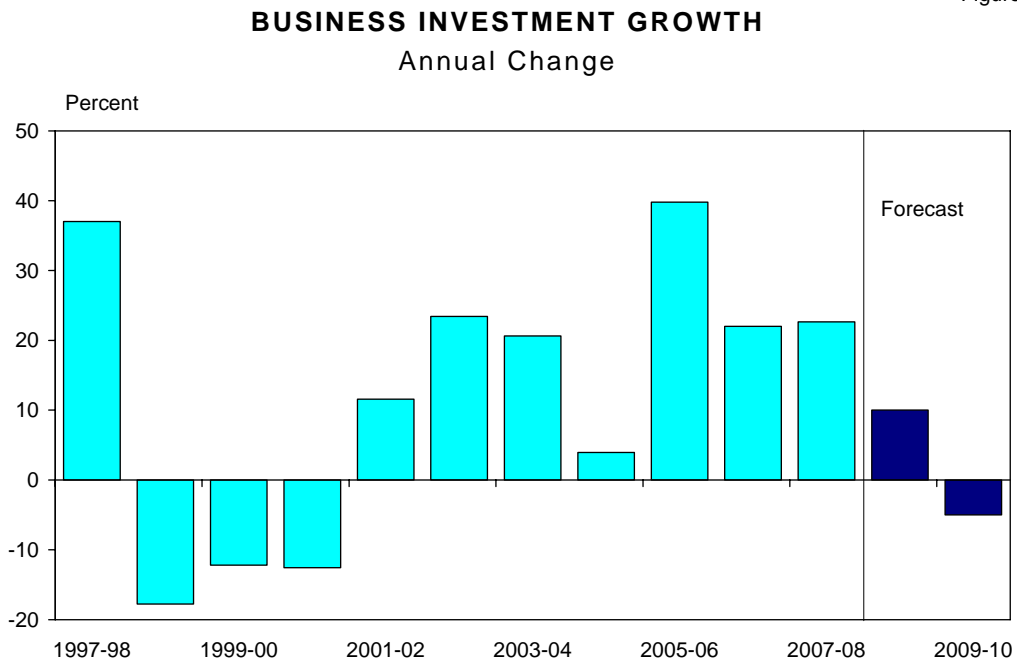
Business investment in Western Australia has grown rapidly in recent years, dominated by a small number of large export-orientated resource projects. Recent financial market turmoil and the weakening economic and commodity outlook are forecast to lead to lower investment levels over the medium term. However, the large pipeline of projects currently underway is likely to support investment spending into 2009.

Business investment grew by 4.9% over the quarter and 18.3% through the year to September 2008, while survey results suggest that the mining sector nationally expects strong investment growth in 2008-09. This has led to an upward revision of the business investment forecast in 2008-09 to 10%.

As current projects are completed and fewer new ones come on stream to take their place, business investment is forecast to decline by 5% in 2009-10.

Components of business investment besides resource capital expenditure, such as petroleum and mineral exploration, and commercial property, are also likely to be negatively affected by the global economic downturn.

Figure 4



Public Expenditure

Public consumption grew by 3.6% in 2007-08, slightly higher than the five-year average of 3.5%. Growth is forecast to slow to 2.75% in 2008-09 and 2.25% in 2009-10.

Public investment grew by 8.1% in 2007-08, below the five-year average of 10.4%. Public investment is forecast to grow by 7.75% in 2008-09 and 4.5% in 2009-10 (see Chapter 1 for details of the Western Australian Government’s Capital Works Program).

Trade Balance

The State’s international trade outlook depends on the extent to which its major export markets in Asia, notably China (the State’s largest export market), are able to sustain economic growth and demand for commodities despite the current or imminent recessions in the USA, UK, Europe, Japan and the global economy.

Recent forecasts suggest that growth will slow but remain positive in emerging and developing economies, with the IMF projecting 5.1% growth in 2009. This was down one percentage point from its October forecast, partly due to falling commodity prices¹³. While that has helped ease inflation, it is hurting commodity exporters.

¹³ Source: IMF (International Monetary Fund), *World Economic Outlook Update*, November 2008. The IMF took the unusual step of updating its October 2008 *World Economic Outlook* forecasts in November in response to the deepening world financial crisis.

For China, the IMF revised its economic growth forecast to 8.5% in 2009 from its October forecast of 9.3%. There are clear signs that growth in China's economy is slowing, and more recent private forecasts are less optimistic. If domestic demand and industrial production growth slow, Western Australia's key iron ore export market will be affected¹⁴. Iron ore spot prices have fallen sharply in recent months, as have other global commodity prices.

In 2007-08, the State's net exports of goods and services fell by 8.2%, detracting 2.3 percentage points from GSP growth¹⁵. This was largely due to a 53.6% increase in services imports, mainly in 'architectural, engineering and other technical services' and 'agriculture, mining and on-site processing'.

The current GSP forecasts include a separate assessment of services imports to reflect the large increase in 2007-08 and its implications for future growth¹⁶. As the increase appears to be due to a few large contracts, the forecasts assume that part of the jump in services imports unwinds in 2008-09, boosting the contribution of net trade to GSP growth.

Net exports are forecast to grow by 10.0% and contribute 2.4 percentage points to the 6.0% GSP growth forecast for 2008-09. Despite the decrease in services exports, stronger merchandise imports growth and weaker expected demand and prices for exports mean this is lower than the 3.4 percentage point growth contribution anticipated in the PFPS forecasts.

The global economy and international commodity demand are forecast to weaken further in 2009-10. Net exports are forecast to grow by 3.75% and contribute 1.0 percentage point of the 1.5% growth in GSP expected for that year.

Exports

Prices of many of the State's key commodity exports have fallen sharply as a result of the global economic crisis. Recent company announcements indicate that major producers including Rio Tinto¹⁷, BHP Billiton¹⁸, and Fortescue Metals Group¹⁹ are responding to falling commodity demand by cutting production and delaying expansion plans. However, the depreciation of the Australian dollar has cushioned the effect of falling commodity prices for most exporters.

Growth in merchandise exports was 2.9% over 2007-08, while services exports grew by 11.8%.

¹⁴ In a recent speech Reserve Bank of Australia Governor Glenn Steven said that the Bank's estimates suggest Chinese industrial production fell in the four months to October: http://www.rba.gov.au/Speeches/2008/sp_gov_091208.html.

¹⁵ The difference between exports and imports (also called the trade balance).

¹⁶ In past economic forecasts the Department of Treasury and Finance has compiled forecasts for merchandise imports and exports only, excluding services. Services usually make little difference to the pattern of economic growth.

¹⁷ Source: Rio Tinto, *Rio Tinto Revises Iron Ore Shipments Guidance for 2008*, Media Release, 10 November 2008.

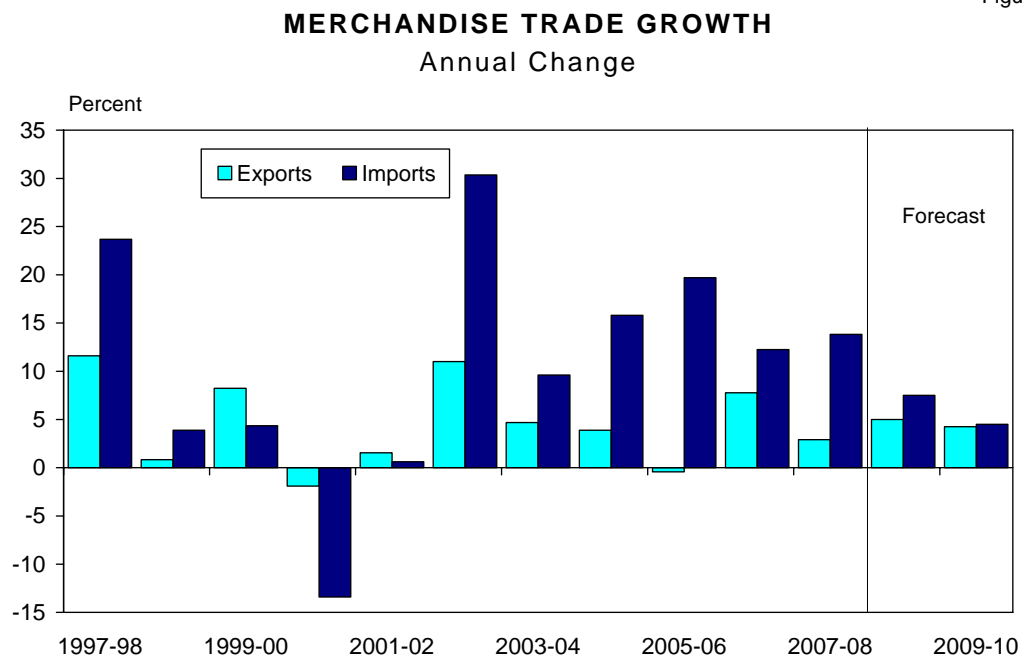
¹⁸ Source: Australian Mining, *Clients Defer BHP Shipments*, 17 November 2008.

¹⁹ Source: Australian Mining, *Pilbara Shut Down*, 10 November 2008.

A number of large export-orientated resource projects are under construction and expected to be completed over the next two years. This includes Woodside’s development of the Pluto LNG project, Newmont/AngloGold’s expansion of the Boddington gold mine, BHP Billiton’s Rapid Growth Project 4, expansion of Worsley Alumina refinery and Hamersley Iron’s development of the Brockman Syncline 4. Another three projects are committed to enter into construction over the next two years – Woodside’s North Rankin Redevelopment (NR2), BHP Petroleum/Apache Corporation’s development of Pyrenees oil field, and Apache/Impex Alpha’s Van Gogh Oil project.

Growth in merchandise exports is forecast to be 5.0% over 2008-09, while services exports are expected to grow by 5.0% in the same year. However, a sharp slowdown in the global economy is expected to cut demand for commodities and hence slow export growth further, with expected growth rates for exports of merchandise and services of 4.25% and 4.5%, respectively, in 2009-10.

Figure 5



Imports

Merchandise imports grew by 13.8% in 2007-08 underpinned by both household consumption and business investment. Services imports grew by an unprecedented 53.6% in 2007-08.

Merchandise imports are forecast to grow by 7.5% in 2008-09, as investment in the State’s resources sector is expected to be strong. Services imports are forecast to fall by 28.0% under the assumption that some of the 2007-08 jump in services imports will unwind, and that growth in services imports will return to a normal trend.

In 2009-10, merchandise imports are forecast to grow by 4.5% and services imports by 5.0%. Weaker consumer spending growth and lower business investment will reduce the rate of growth of imports to its lowest level in several years. The lower exchange rate will also slow demand for imports.

Labour Market

Employment

Employment in Western Australia grew by 3.6% over 2007-08, due to high labour demand, growth in the working age population, and rising labour force participation.

The disruption in the State's domestic gas supplies from June 2008 following the explosion at a gas processing plant on Varanus Island had no discernable effect on aggregate employment levels. Employment grew by 4.0% in the five months to October 2008, and this growth is the main reason for the relatively strong increase in employment of 4.25% forecast for 2008-09.

While the large pipeline of resource projects currently underway is expected to support employment levels over the next year or so, such projects are highly capital intensive, and a large proportion of the goods and services they use are imported. Therefore, the 10.0% growth forecast for business investment over 2008-09 is not expected to raise employment significantly. Broader evidence suggests the labour market is weakening. Some resource companies have announced recruitment freezes and layoffs²⁰. The ANZ Bank's count of job advertisement data shows a fall in labour demand in the State.

Weaker demand, particularly for construction workers in the housing industry and resource sector, is expected to pull employment growth down to 1.25% in 2009-10, below its long-term average annual growth rate of 2.5%.

Unemployment and Participation Rates

In October 2008 the State's seasonally adjusted unemployment rate fell to 2.2%, its lowest rate since mid 1974²¹. The trend unemployment rate in Western Australia fluctuated around 3.2% to 3.4% over 2007-08, about one percentage point lower than the national rate.

The State's participation rate reached a record high of 69.2% in October and is assumed to remain around this level over the remainder of 2008-09 and into 2009-10. Western Australia's unemployment rate is forecast to rise from an average rate of 3.0% over 2008-09 to 4.0% in 2009-10.

²⁰ Source: P. Klinger, *ConsMin slashes 182 jobs as prices plunge*, 15 November 2008, Available at: <http://www.thewest.com.au/default.aspx?MenuID=32&ContentID=108196>.

²¹ Prior to February 1978 the ABS only compile quarterly unemployment rate estimates and did not seasonally adjust State estimates, so the 2008 and 1974 estimates are not directly comparable.

Prices

Consumer Price Index

Between September 2004 and December 2007, Perth's inflation rate was significantly higher than the average rate across all eight capitals, due mainly to stronger growth in Perth's house prices.

With the recent easing in Perth house prices, Perth's inflation has trended back to track the national rate closely. Nationally, the Consumer Price Index rose by 5.0% in the year to the September quarter 2008, compared to Perth's rise of 4.9%.

The RBA recently reduced interest rates by 100 basis points, from 5.25% to 4.25% (its equal lowest level since the 4.25% rate reached in December 2001 at the bottom of the previous loosening cycle). Even with the RBA Board's decision to "...take monetary policy to an expansionary setting", it also said that easing global inflationary pressures and capacity constraints, and subdued private demand in the near term meant that it is likely that inflation in Australia will soon start to fall²².

Forecast inflation for Perth is similar to national expectations for prices growth, at 3.75% in 2008-09 and 3.0% in 2009-10.

Wages

In recent quarters growth in the State's Wage Price Index has been high by national and historical standards due to tight labour market conditions, with low unemployment, a high labour force participation rate, and strong economic conditions.

In the year to the September quarter 2008 Western Australia's Wage Price Index rose by 5.1%, down from a peak of 5.9% growth two quarters earlier. The 5.1% growth rate was one percentage point above the national rate – the sixth consecutive quarter for which Western Australia's wages growth has been a percentage point or more higher than Australia's.

Above-average wages growth of 5.0% is forecast over 2008-09, with Wage Price Index growth forecast to slow to 4.25% in 2009-10 as a result of weaker employment demand.

Growth in Average Weekly Earnings is forecast to slow more markedly than the Wage Price Index, due to a reversal of the compositional factors that have until recently generated relatively high earnings growth (e.g. full-time relative to part-time employment growth, and employment growth in higher paying industries such as mining and construction).

²² Source: Statement By Glenn Stevens, Governor - Monetary Policy, Reserve Bank of Australia, 2 December 2008

Risks to the Outlook

Global Risks

These mid-year review forecasts have been prepared against rapidly deteriorating and extremely volatile international and national conditions. Further financial market volatility and risk aversion are likely over the rest of 2008 and into 2009. The world economy is facing a major downturn against the backdrop of repeated shocks in global financial markets since mid 2007.

In its November 2008 update of the *World Economic Outlook*, the IMF downgraded its 2009 global growth forecast to 2.2% (from 3.0% forecast in October). Advanced economies are forecast to contract by 0.3% in 2009 (the first decline since World War II), and the IMF now projects 5.1% growth in 2009 for developing and emerging countries, down one percentage point from its October forecast. For China, the IMF revised its economic growth forecast to 8.5% in 2009 (down from its October forecast of 9.3%), with recent private forecasts being as low as 7.2% in 2009²³.

These events are likely to affect the outlook for Western Australia's economy, with key risks to the outlook being:

- the economic slowdown could turn into a deep and prolonged recession in the advanced economies and generate significantly slower growth in emerging economies over 2009, and possibly longer if global financial markets do not recover and instability continues;
- commodity demand and prices could fall further, especially if China's growth slows;
- a significant slowing in China's domestic demand and industrial production growth would affect Western Australia's key iron ore export market. Iron ore spot prices have fallen sharply over the past two months, from \$US181 a tonne to \$US66 a tonne (about 38% below the current landed price of contract ore from Australia)²⁴; and
- sustained low asset prices, lack of credit and risk aversion in financial markets could deter investment and consumption, and affect consumer and business confidence.

Domestic Risks

These mid-year review forecasts assume no change to monetary and fiscal policy settings. In particular, interest rates and exchange rates are assumed to remain constant over the forecast period.

²³ Source: CNBC, *China Growth Forecasts Drop Below 8% Tipping Point*, 4 November 2008.

²⁴ Source: According to China Iron and Steel Association (CISA) officials, China's steel industry is facing cost pressures, as dropping demand for steel drives prices below the cost of raw materials. CISA forecasts global steel production will stop rising in 2009. It also projects that China's steel production will barely rise in 2008.

Substantial falls in the share market and falling residential property prices are the two significant risks to household consumption growth. These factors have led to a reduction in household wealth that until recently had been an important contributor to growth in consumer spending.

The three percentage points cut to official interest rates from September to December 2008 will at least partly offset some of the influences depressing consumer spending growth, as will the Commonwealth's fiscal stimulus package. However, in uncertain economic times people may be more inclined to save than spend – an Australian National Retailers Association survey reports that 60% of those who will receive a bonus from the Commonwealth's fiscal stimulus package say they will pay off their mortgage, reduce credit card debt or put it in the bank²⁵.

The combined effects of lower demand and prices for commodities, lower share prices, credit shortages and risk aversion in financial markets present a risk to the outlook for business investment. The number of large projects underway and high value of work yet to be done will sustain activity in the short term, but activity levels will fall if new projects do not come on stream as current ones are completed.

Weak property market conditions and the deteriorating economic outlook pose a risk to new dwelling construction and established housing turnover. Prospective house buyers may defer purchases in the expectation of lower prices in future. If the temporary increase in the first-home owners' grant pulls forward some activity in 2008-09, this could lead to a further downturn in activity in 2009-10.

The strong employment growth forecast for 2008-09 mainly reflects growth in employment between May and October 2008. Employment growth is likely to slow in 2009, and weaker domestic demand represents a significant risk to the labour market in the medium term.

²⁵ Source: Australian National Retailers Association, *Interest Rate Cut to Help Retail Sales*, 4 November 2008.

Detailed Financial Projections

This appendix contains detailed financial projections for the Western Australian public sector and its sub-sectors. The tables in this section satisfy Uniform Presentation Framework (UPF) requirements, and are consistent with Australian Accounting Standards and the presentation of whole-of-government financial projections contained in the 2008-09 Budget.

Contents

General Government	
Table 1.1: Operating Statement	51
Table 1.2: Balance Sheet at 30 June	52
Table 1.3: Cash Flow Statement	53
Public Non-Financial Corporations	
Table 1.4: Operating Statement	54
Table 1.5: Balance Sheet at 30 June	55
Table 1.6: Cash Flow Statement	56
Total Non-Financial Public Sector	
Table 1.7: Operating Statement	57
Table 1.8: Balance Sheet at 30 June	58
Table 1.9: Cash Flow Statement	59
Public Financial Corporations	
Table 1.10: Operating Statement	60
Table 1.11: Balance Sheet at 30 June	61
Table 1.12: Cash Flow Statement.....	62
Total Public Sector	
Table 1.13: Operating Statement	63
Table 1.14: Balance Sheet at 30 June	64
Table 1.15: Cash Flow Statement.....	65
Notes to the Financial Projections	
Note 1: Statement of Compliance	66
Note 2: Summary of Significant Accounting Policies.....	66
Note 3: General Government Operating Revenue.....	67
Note 4: General Government Transfer Expenses	67
Note 5: General Government Expenses and Spending on the Purchase of Non-Financial Assets by Government Purpose Classification	68
Note 6: Convergence Differences	68
Note 7: Loan Council Allocation	72

Table 1.1

GENERAL GOVERNMENT
Operating Statement

	Note	2007-08	2008-09	2008-09	2009-10	2010-11	2011-12
		Actual ^(a)	PFPS	Mid-Year	Mid-Year	Mid-Year	Mid-Year
		\$m	Revision	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m	\$m
<i>Revenue</i>							
Taxation		6,447	6,287	5,896	6,190	6,641	7,266
Current grants and subsidies		7,800	7,751	7,817	7,842	7,525	7,314
Capital grants		436	446	440	249	378	408
Sales of goods and services		1,407	1,330	1,484	1,566	1,652	1,743
Interest Income		332	241	208	155	147	116
Revenue from public corporations							
Dividends		512	476	495	558	548	596
Tax equivalent payments		368	355	332	365	366	439
Royalty income		1,680	2,715	3,037	3,061	2,894	2,809
Other		364	302	331	311	311	311
Total revenue	3	19,345	19,903	20,039	20,297	20,461	21,001
<i>Expenses</i>							
Salaries		6,906	7,224	7,383	7,681	8,200	8,754
Superannuation							
Concurrent costs		666	697	709	735	781	830
Superannuation interest cost		359	312	341	334	328	322
Other employee costs		276	280	282	275	284	293
Depreciation and amortisation		709	776	787	832	871	902
Services and contracts		1,981	2,195	2,334	2,443	2,444	2,533
Other gross operating expenses		1,560	1,819	1,770	1,720	1,807	1,940
Other interest		120	121	128	131	173	241
Other property expenses		-	-	-	-	-	-
Current transfers	4	3,769	4,066	4,482	5,020	5,090	5,196
Capital transfers	4	491	482	638	402	379	351
Total expenses	5	16,837	17,972	18,853	19,574	20,356	21,362
NET OPERATING BALANCE	6	2,507	1,930	1,186	723	105	-361
<i>Other economic flows</i>							
Net gains on sale of non-financial assets		179	183	119	276	79	1
Net actuarial gains		-291	-	74	-5	-5	-34
Provision for doubtful debts		-59	-	-	-	-	-
All other		-	-3	-	-	-	-
Total other economic flows		-170	179	193	271	74	-33
OPERATING RESULT		2,337	2,110	1,379	995	179	-394
<i>All other movements in equity</i>							
Revaluations		11,296	1,004	1,064	1,239	1,434	1,362
Gains recognised directly in equity		8	-1	-1	-1	-1	-1
Changes in accounting policy/correction of prior period errors		328	-	-	-	-	-
Change in net worth of the public corporations sectors		2,955	881	791	1,070	1,015	1,094
All other		-	-	-	-	-	-
Total all other movements in equity		14,587	1,885	1,854	2,309	2,449	2,455
TOTAL CHANGE IN NET WORTH		16,924	3,995	3,234	3,303	2,628	2,061
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	6	2,507	1,930	1,186	723	105	-361
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets	5	2,022	2,721	2,743	2,669	2,477	2,844
Changes in inventories		3	-	-	-	-	-
Other movement in non-financial assets		167	-37	-41	-3	-5	1
<i>less:</i>							
Sales of non-financial assets		244	165	161	139	262	119
Depreciation		709	776	787	832	871	902
Total net acquisition of non-financial assets		1,239	1,742	1,755	1,695	1,339	1,825
NET LENDING/-BORROWING	6	1,268	188	-569	-972	-1,234	-2,186

(a) Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) have been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

Note: Columns may not add due to rounding.

Table 1.2

GENERAL GOVERNMENT
Balance Sheet at 30 June

	Note	2008	2009	2009	2010	2011	2012
		Actual ^(a)	PFPS	Mid-Year	Mid-Year	Mid-Year	Mid-Year
		\$m	Revision	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m	\$m
ASSETS							
<i>Financial assets</i>							
Cash and deposits		497	398	405	451	431	432
Advances paid		736	730	726	711	696	682
Investments, loans and placements		3,970	3,583	3,353	2,798	2,401	1,543
Receivables		1,734	1,736	1,698	1,716	1,672	1,662
Investment property		9	12	9	9	9	9
Equity							
Investments in other public sector entities - equity method		29,052	28,165	29,843	30,913	31,928	33,022
Investments in other public sector entities - direct injections		2,797	3,232	3,298	3,681	4,100	4,447
Investments in external entities - shareholdings		-	-	-	-	-	-
Other financial assets		-	5	-	-	-	-
Total financial assets		38,795	37,860	39,332	40,279	41,237	41,798
<i>Non-financial assets</i>							
Land		37,624	29,769	38,389	39,176	40,015	40,895
Property, plant and equipment		26,603	26,649	28,840	31,293	33,264	35,651
Biological assets		2	2	2	2	2	2
Inventories							
Land inventories		93	44	73	71	70	68
Other inventories		59	56	59	59	59	59
Intangibles		259	199	242	229	193	170
Non-current assets held for sale		44	76	49	16	16	16
Other		54	-	50	50	50	51
Total non-financial assets		64,737	56,797	67,704	70,898	73,669	76,912
TOTAL ASSETS		103,533	94,657	107,037	111,177	114,906	118,710
LIABILITIES							
Deposits held		326	248	325	286	283	292
Advances received		510	496	496	483	469	456
Borrowings		1,046	1,012	1,144	1,870	2,873	4,521
Unfunded superannuation		5,796	5,224	5,610	5,507	5,375	5,214
Other employee benefits		1,848	1,850	1,966	2,064	2,169	2,254
Payables		381	303	469	478	474	479
Other liabilities		846	1,069	1,012	1,172	1,317	1,488
TOTAL LIABILITIES		10,753	10,204	11,024	11,860	12,961	14,704
NET ASSETS		92,780	84,453	96,013	99,316	101,945	104,005
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		8,934	11,125	10,313	11,307	11,487	11,093
Other reserves		83,846	73,329	85,700	88,009	90,458	92,913
NET WORTH	6	92,780	84,453	96,013	99,316	101,945	104,005
MEMORANDUM ITEMS							
<i>Net financial worth</i>		28,042	27,656	28,309	28,419	28,276	27,094
<i>Net financial liabilities</i>		3,807	3,740	4,832	6,175	7,753	10,375
<i>Net debt</i>							
Gross debt liabilities		1,882	1,757	1,966	2,639	3,626	5,268
less: liquid financial assets		5,203	4,711	4,485	3,960	3,527	2,658
less: convergence differences impacting net debt		88	88	88	88	88	88
Net debt		-3,409	-3,042	-2,607	-1,409	11	2,522

(a) Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) have been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

Note: Columns may not add due to rounding.

Table 1.3

GENERAL GOVERNMENT
Cash Flow Statement

	Note	2007-08	2008-09	2008-09	2009-10	2010-11	2011-12
		Actual ^(a)	PFPS	Mid-Year	Mid-Year	Mid-Year	Mid-Year
		\$m	Revision	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m	\$m
OPERATING ACTIVITIES							
<i>Receipts from operating activities</i>							
Taxes received		6,294	6,305	6,014	6,150	6,599	7,217
Grants and subsidies received		8,192	8,179	8,227	8,080	7,896	7,725
Receipts from sales of goods and services		1,505	1,471	1,533	1,615	1,704	1,811
Interest receipts		314	248	216	169	165	145
Dividends and tax equivalents		827	851	850	916	935	990
Other receipts		2,736	3,887	4,140	4,354	4,261	4,181
<i>Total receipts from operating activities</i>		19,867	20,942	20,980	21,285	21,560	22,070
<i>Payments for operating activities</i>							
Wages, salaries and supplements, and superannuation		-7,684	-8,292	-8,376	-8,709	-9,291	-9,958
Payments for goods and services		-4,068	-4,307	-4,376	-4,438	-4,566	-4,782
Interest paid		-112	-120	-149	-149	-184	-252
Grants and subsidies paid		-3,844	-4,123	-4,444	-4,984	-5,071	-5,148
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-1,099	-1,208	-1,453	-1,331	-1,300	-1,344
<i>Total payments for operating activities</i>		-16,807	-18,049	-18,799	-19,610	-20,412	-21,484
NET CASH FLOWS FROM OPERATING ACTIVITIES		3,060	2,892	2,182	1,674	1,149	586
INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-2,022	-2,721	-2,743	-2,669	-2,477	-2,844
Sales of non-financial assets		244	165	161	139	262	119
<i>Total cash flows from investments in non-financial assets</i>		-1,778	-2,555	-2,583	-2,530	-2,214	-2,725
<i>Cash flows from investments in financial assets</i>							
<i>Receipts from investing activities:</i>							
For policy purposes		1	-	-	-	-	-
For liquidity purposes		83	-	-	-	-	-
<i>Payments for investing activities:</i>							
For policy purposes		-349	-283	-358	-383	-420	-347
For liquidity purposes		-1	-10	-8	-2	-1	-2
<i>Total cash flows from investments in financial assets</i>		-267	-293	-366	-385	-421	-349
NET CASH FLOWS FROM INVESTING ACTIVITIES		-2,045	-2,849	-2,948	-2,915	-2,635	-3,074
FINANCING ACTIVITIES							
<i>Receipts from financing activities</i>							
Advances received		13	1	14	14	14	14
Borrowings		45	58	338	936	1,093	1,740
Deposits received		-	-	-	-	-	-
Other financing receipts		54	27	27	27	26	24
<i>Total receipts from financing activities</i>		111	85	379	977	1,133	1,778
<i>Payments for financing activities</i>							
Advances paid		-16	-	-17	-13	-14	-14
Borrowings repaid		-189	-177	-201	-203	-109	-159
Deposits paid		-	-	-	-	-	-
Other financing payments		-31	-107	-49	-45	-47	-48
<i>Total payments for financing activities</i>		-236	-284	-267	-261	-169	-220
NET CASH FLOWS FROM FINANCING ACTIVITIES		-125	-199	112	715	964	1,557
Net increase in cash and cash equivalents		890	-155	-655	-525	-523	-930
Opening balance		3,346	3,923	4,236	3,581	3,056	2,533
Closing balance		4,236	3,768	3,581	3,056	2,533	1,603
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		3,060	2,892	2,182	1,674	1,149	586
Net cash flows from investing in non-financial assets		-1,778	-2,555	-2,583	-2,530	-2,214	-2,725
Cash surplus/-deficit	6	1,281	337	-401	-856	-1,066	-2,139

(a) Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) have been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

Note: Columns may not add due to rounding.

Table 1.4

PUBLIC NON-FINANCIAL CORPORATIONS
Operating Statement

	Note	2007-08	2008-09	2008-09	2009-10	2010-11	2011-12
		Actual ^(a)	PFPS	Mid-Year	Mid-Year	Mid-Year	Mid-Year
		\$m	Revision	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
<i>Revenue</i>							
Current grants and subsidies		1,289	1,447	1,567	1,888	1,892	1,816
Capital grants		120	98	108	93	91	88
Sales of goods and services		7,471	7,516	8,489	8,119	8,872	9,613
Interest Income		169	146	154	146	152	151
Other		431	456	472	402	395	590
<i>Total revenue</i>		<i>9,480</i>	<i>9,663</i>	<i>10,789</i>	<i>10,648</i>	<i>11,403</i>	<i>12,258</i>
<i>Expenses</i>							
Salaries		702	793	814	845	866	896
Superannuation							
Concurrent costs		71	77	78	81	82	85
Superannuation interest cost		-	-	-	-	-	-
Other employee costs		38	20	27	28	29	30
Depreciation and amortisation		837	937	946	1,021	1,101	1,167
Services and contracts		484	259	422	376	407	425
Other gross operating expenses		5,088	5,379	6,343	5,515	5,875	6,300
Other interest		642	785	812	893	1,000	1,204
Dividend and tax equivalents		822	806	819	904	893	1,010
Current transfers		633	793	807	855	874	817
Capital transfers		66	6	17	7	7	8
<i>Total expenses</i>		<i>9,384</i>	<i>9,855</i>	<i>11,085</i>	<i>10,525</i>	<i>11,136</i>	<i>11,942</i>
NET OPERATING BALANCE	6	96	-192	-296	123	267	316
<i>Other economic flows</i>							
Net gains on sale of non-financial assets		227	322	266	326	338	325
Net actuarial gains		-10	-	-	-	-	-
Provision for doubtful debts		-11	-8	-8	-9	-9	-9
All other		-	3	-	-	-	-
<i>Total other economic flows</i>		<i>205</i>	<i>317</i>	<i>259</i>	<i>317</i>	<i>329</i>	<i>316</i>
OPERATING RESULT		301	125	-37	440	596	632
<i>All other movements in equity</i>							
Revaluations		3,089	757	806	637	403	456
Gains recognised directly in equity		248	-46	-43	-45	-33	-51
Changes in accounting policy/correction of prior period errors		-683	-	-	-	-	-
Capital injections from general government		348	283	501	383	420	347
All other		-47	-	-	-	-	-
<i>Total all other movements in equity</i>		<i>2,956</i>	<i>995</i>	<i>1,264</i>	<i>975</i>	<i>790</i>	<i>751</i>
TOTAL CHANGE IN NET WORTH		3,257	1,120	1,227	1,415	1,386	1,383
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	6	96	-192	-296	123	267	316
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		2,965	3,820	3,719	3,994	3,115	3,089
Changes in inventories		371	-16	114	-18	-8	-4
Other movement in non-financial assets		187	413	-17	98	-21	486
<i>less:</i>							
Sales of non-financial assets		664	951	742	977	928	1,059
Depreciation		837	937	946	1,021	1,101	1,167
<i>Total net acquisition of non-financial assets</i>		<i>2,023</i>	<i>2,328</i>	<i>2,127</i>	<i>2,075</i>	<i>1,057</i>	<i>1,345</i>
NET LENDING/-BORROWING	6	-1,927	-2,520	-2,423	-1,952	-790	-1,030

(a) Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) have been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

Note: Columns may not add due to rounding.

Table 1.5

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

	Note	2008	2009	2009	2010	2011	2012
		Actual ^(a)	PFPS Revision	Mid-Year Revision	Mid-Year Revision	Mid-Year Revision	Mid-Year Revision
		\$m	\$m	\$m	\$m	\$m	\$m
ASSETS							
<i>Financial assets</i>							
Cash and deposits		505	448	499	530	543	690
Advances paid		7	-	7	7	7	7
Investments, loans and placements		2,007	2,964	2,733	2,826	2,842	2,928
Receivables		1,862	1,249	1,857	1,916	2,000	2,090
Investment property		-	-	-	-	-	-
Equity		-	-	-	-	-	-
Investments in other public sector entities - equity method		-	-	-	-	-	-
Investments in other public sector entities - direct injections		-	-	-	-	-	-
Investments in external entities - shareholdings		37	27	19	66	69	69
Other financial assets		406	638	573	737	906	1,074
Total financial assets		4,824	5,326	5,689	6,082	6,368	6,858
<i>Non-financial assets</i>							
Land		10,622	9,841	11,153	11,710	12,296	12,911
Property, plant and equipment		27,744	30,190	30,544	33,443	35,013	36,852
Biological assets		348	353	377	379	381	383
Inventories							
Land inventories		1,227	1,458	1,450	1,382	1,496	1,502
Other inventories		999	830	1,113	1,095	1,087	1,083
Intangibles		167	118	172	206	234	269
Non-current assets held for sale		11	11	12	12	12	12
Other		34	-	29	30	31	31
Total non-financial assets		41,152	42,802	44,850	48,257	50,549	53,044
TOTAL ASSETS		45,976	48,129	50,539	54,339	56,917	59,901
LIABILITIES							
Deposits held		3	1	1	1	1	1
Advances received		510	496	496	483	469	456
Borrowings		10,375	14,113	13,607	15,947	17,237	18,856
Unfunded superannuation		114	147	88	62	35	7
Other employee benefits		265	250	259	269	278	278
Payables		2,662	1,850	2,829	2,860	2,810	2,894
Other liabilities		1,510	1,275	1,496	1,538	1,522	1,462
TOTAL LIABILITIES		15,439	18,133	18,775	21,161	22,352	23,954
NET ASSETS		30,537	29,996	31,764	33,178	34,564	35,947
<i>Of which:</i>							
Contributed equity		2,797	3,232	3,298	3,681	4,100	4,447
Accumulated surplus		20,690	18,408	20,653	21,093	21,689	22,320
Other reserves		7,050	8,356	7,813	8,405	8,775	9,180
NET WORTH	6	30,537	29,996	31,764	33,178	34,564	35,947
MEMORANDUM ITEMS							
<i>Net financial worth</i>		-41,152	-42,802	-44,850	-48,257	-50,549	-53,044
<i>Net debt</i>							
Gross debt liabilities		10,888	14,610	14,105	16,431	17,708	19,313
less: liquid financial assets		2,519	3,412	3,239	3,363	3,393	3,625
less: convergence differences impacting net debt		-	-	-	-	-	-
Net debt		8,369	11,198	10,865	13,068	14,315	15,688

(a) Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) have been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

Note: Columns may not add due to rounding.

Table 1.6

PUBLIC NON-FINANCIAL CORPORATIONS
Cash Flow Statement

	Note	2007-08	2008-09	2008-09	2009-10	2010-11	2011-12
		Actual ^(a)	PFPS	Mid-Year	Mid-Year	Mid-Year	Mid-Year
		\$m	Revision	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m	\$m
OPERATING ACTIVITIES							
<i>Receipts from operating activities</i>							
Grants and subsidies received		1,273	1,416	1,511	1,779	1,814	1,737
Receipts from sales of goods and services		7,634	7,584	8,946	8,347	9,058	9,832
Interest receipts		170	144	151	148	153	152
Dividends and tax equivalents		20	-	-	-	-	-
Other receipts		751	649	606	723	731	784
<i>Total receipts from operating activities</i>		9,849	9,794	11,215	10,997	11,755	12,505
<i>Payments for operating activities</i>							
Wages, salaries and supplements, and superannuation		-784	-917	-959	-984	-1,021	-1,056
Payments for goods and services		-5,464	-5,549	-6,857	-5,850	-6,227	-6,664
Interest paid		-620	-788	-830	-960	-1,112	-1,182
Grants and subsidies paid		-579	-727	-731	-725	-784	-724
Dividends and tax equivalents		-802	-834	-846	-912	-922	-969
Other payments		-1,015	-946	-930	-1,045	-1,095	-1,130
<i>Total payments for operating activities</i>		-9,266	-9,761	-11,153	-10,476	-11,161	-11,726
NET CASH FLOWS FROM OPERATING ACTIVITIES		583	33	62	521	594	779
INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-2,965	-3,820	-3,719	-3,994	-3,115	-3,089
Sales of non-financial assets		664	951	742	977	928	1,059
<i>Total cash flows from investments in non-financial assets</i>		-2,302	-2,868	-2,976	-3,016	-2,187	-2,030
<i>Cash flows from investments in financial assets</i>							
<i>Receipts from investing activities:</i>							
For policy purposes		-	-	-	-	-	-
For liquidity purposes		135	165	103	-	-	30
<i>Payments for investing activities:</i>							
For policy purposes		-	-	-	-	-	-
For liquidity purposes		-315	-187	-61	-55	-94	-63
<i>Total cash flows from investments in financial assets</i>		-180	-22	42	-55	-94	-32
NET CASH FLOWS FROM INVESTING ACTIVITIES		-2,482	-2,891	-2,934	-3,071	-2,281	-2,062
FINANCING ACTIVITIES							
<i>Receipts from financing activities</i>							
Advances received		-	-	-	-	-	-
Borrowings		8,623	8,084	8,549	8,683	7,701	7,486
Deposits received		-	-	-	-	-	-
Other financing receipts		383	284	359	383	420	347
<i>Total receipts from financing activities</i>		9,007	8,368	8,908	9,065	8,120	7,834
<i>Payments for financing activities</i>							
Advances paid		-13	-13	-13	-13	-14	-14
Borrowings repaid		-7,111	-5,515	-5,786	-6,597	-6,519	-6,473
Deposits paid		-	-	-	-	-	-
Other financing payments		-52	-1	-39	-43	-57	-57
<i>Total payments for financing activities</i>		-7,176	-5,530	-5,838	-6,654	-6,590	-6,544
NET CASH FLOWS FROM FINANCING ACTIVITIES		1,831	2,838	3,070	2,412	1,530	1,290
Net increase in cash and cash equivalents		-68	-20	198	-139	-156	7
Opening balance		880	1,427	812	1,009	871	714
Closing balance		812	1,407	1,009	871	714	721
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		583	33	62	521	594	779
Net cash flows from investing in non-financial assets		-2,302	-2,868	-2,976	-3,016	-2,187	-2,030
Cash surplus/-deficit	6	-1,719	-2,835	-2,914	-2,495	-1,593	-1,251

(a) Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) have been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

Note: Columns may not add due to rounding.

Table 1.7

TOTAL NON-FINANCIAL PUBLIC SECTOR
Operating Statement

	Note	2007-08	2008-09	2008-09	2009-10	2010-11	2011-12
		Actual ^(a)	PFPS	Mid-Year	Mid-Year	Mid-Year	Mid-Year
		\$m	Revision	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m	\$m
<i>Revenue</i>							
Taxation		6,215	6,067	5,652	5,931	6,371	6,986
Current grants and subsidies		7,800	7,751	7,817	7,842	7,525	7,314
Capital grants		436	446	440	249	378	408
Sales of goods and services		8,654	8,546	9,680	9,364	10,156	10,943
Interest Income		464	354	341	282	281	251
Royalty income		1,680	2,715	3,037	3,061	2,894	2,809
Other		825	770	798	719	713	911
Total revenue		26,073	26,650	27,764	27,448	28,318	29,621
<i>Expenses</i>							
Salaries		7,608	8,018	8,197	8,526	9,066	9,650
Superannuation							
Concurrent costs		738	773	787	815	863	915
Superannuation interest cost		359	312	341	334	328	322
Other employee costs		227	195	214	211	218	222
Depreciation and amortisation		1,545	1,713	1,733	1,853	1,972	2,068
Services and contracts		2,466	2,453	2,755	2,820	2,851	2,958
Other gross operating expenses		6,386	6,879	7,785	6,870	7,267	7,778
Other interest		726	873	919	1,005	1,156	1,430
Other property expenses		-	-	-	-	-	-
Current transfers		2,988	3,303	3,595	3,852	3,930	4,051
Capital transfers		428	390	547	315	295	271
Total expenses		23,469	24,911	26,873	26,602	27,946	29,666
NET OPERATING BALANCE	6	2,604	1,739	890	846	372	-45
<i>Other economic flows</i>							
Net gains on sale of non-financial assets		406	505	386	602	417	326
Net actuarial gains		-301	-	74	-5	-5	-34
Provision for doubtful debts		-70	-9	-8	-9	-9	-9
All other		-	-	-	-	-	-
Total other economic flows		34	496	452	588	403	283
OPERATING RESULT		2,638	2,235	1,342	1,435	775	238
<i>All other movements in equity</i>							
Revaluations		14,385	1,762	1,870	1,876	1,837	1,818
Gains recognised directly in equity		256	-46	-43	-46	-33	-52
Changes in accounting policy/correction of prior period errors		-355	-	-	-	-	-
Change in net worth of the PFC sector		46	44	65	38	49	57
All other		-47	-	-	-	-	-
Total all other movements in equity		14,286	1,760	1,892	1,869	1,853	1,823
TOTAL CHANGE IN NET WORTH		16,924	3,995	3,234	3,303	2,628	2,061
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	6	2,604	1,739	890	846	372	-45
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		4,959	6,467	6,388	6,609	5,531	5,933
Changes in inventories		374	-16	114	-18	-8	-4
Other movement in non-financial assets		354	376	-57	95	-26	487
<i>less:</i>							
Sales of non-financial assets		879	1,043	829	1,063	1,130	1,178
Depreciation		1,545	1,713	1,733	1,853	1,972	2,068
Total net acquisition of non-financial assets		3,263	4,071	3,882	3,770	2,396	3,170
NET LENDING/-BORROWING	6	-659	-2,332	-2,991	-2,924	-2,023	-3,215

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Note: Columns may not add due to rounding.

Table 1.8

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

	Note	2008	2009	2009	2010	2011	2012
		Actual ^(a)	PFFPS	Mid-Year	Mid-Year	Mid-Year	Mid-Year
		\$m	Revision	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m	\$m
ASSETS							
<i>Financial assets</i>							
Cash and deposits		803	729	730	846	841	982
Advances paid		410	234	413	411	409	410
Investments, loans and placements		5,977	6,536	6,076	5,614	5,233	4,461
Receivables		3,405	2,869	3,412	3,498	3,537	3,588
Investment property		9	12	9	9	9	9
Equity							
Investments in other public sector entities - equity method		1,312	1,400	1,377	1,415	1,464	1,522
Investments in other public sector entities - direct injections		-	-	-	-	-	-
Investments in external entities - shareholdings		37	28	32	19	66	69
Other financial assets		-	73	-	-	-	-
Total financial assets		11,953	11,883	12,050	11,813	11,560	11,039
<i>Non-financial assets</i>							
Land		48,245	39,610	49,542	50,886	52,311	53,806
Property, plant and equipment		54,347	57,231	59,385	64,737	68,278	72,503
Biological assets		351	356	379	381	384	386
Inventories							
Land inventories		1,320	1,111	1,523	1,454	1,565	1,570
Other inventories		1,058	886	1,171	1,154	1,146	1,142
Intangibles		426	317	413	434	426	439
Non-current assets held for sale		55	87	61	28	28	28
Other		88	-	80	80	81	82
Total non-financial assets		105,889	99,599	112,554	119,155	124,218	129,955
TOTAL ASSETS		117,841	111,482	124,604	130,967	135,778	140,994
LIABILITIES							
Deposits held		129	122	142	142	142	142
Advances received		510	496	496	483	469	456
Borrowings		11,422	15,125	14,751	17,817	20,111	23,378
Unfunded superannuation		5,909	5,371	5,698	5,569	5,410	5,221
Other employee benefits		2,113	2,101	2,225	2,334	2,447	2,532
Payables		2,887	2,040	3,179	3,229	3,177	3,236
Other liabilities		2,092	1,773	2,099	2,077	2,079	2,025
TOTAL LIABILITIES		25,062	27,029	28,590	31,651	33,834	36,989
NET ASSETS		92,780	84,453	96,013	99,316	101,945	104,005
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		29,624	29,533	30,966	32,400	33,176	33,413
Other reserves		63,156	54,920	65,047	66,916	68,769	70,592
NET WORTH	6	92,780	84,453	96,013	99,316	101,945	104,005
MEMORANDUM ITEMS							
<i>Net financial worth</i>		-13,109	-15,146	-16,541	-19,838	-22,274	-25,950
<i>Net financial liabilities</i>		14,458	16,574	17,950	21,272	23,804	27,540
<i>Net debt</i>							
Gross debt liabilities		12,061	15,744	15,389	18,442	20,722	23,975
less: liquid financial assets		7,189	7,499	7,219	6,871	6,484	5,852
less: convergence differences impacting net debt		88	88	88	88	88	88
Net debt		4,783	8,156	8,082	11,483	14,150	18,035

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Note: Columns may not add due to rounding.

Table 1.9

TOTAL NON-FINANCIAL PUBLIC SECTOR
Cash Flow Statement

	Note	2007-08	2008-09	2008-09	2009-10	2010-11	2011-12
		Actual ^(a)	PFPS	Mid-Year	Mid-Year	Mid-Year	Mid-Year
		\$m	Revision	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
OPERATING ACTIVITIES							
<i>Receipts from operating activities</i>							
Taxes received		6,065	6,087	5,775	5,898	6,336	6,944
Grants and subsidies received		8,192	8,179	8,227	8,080	7,896	7,725
Receipts from sales of goods and services		8,906	8,760	10,179	9,639	10,390	11,225
Interest receipts		446	335	321	268	270	251
Dividends and tax equivalents		45	22	4	4	13	21
Other receipts		3,317	4,523	4,739	5,067	4,982	4,954
<i>Total receipts from operating activities</i>		26,971	27,907	29,245	28,957	29,887	31,121
<i>Payments for operating activities</i>							
Wages, salaries and supplements, and superannuation		-8,469	-9,209	-9,336	-9,693	-10,312	-11,014
Payments for goods and services		-9,157	-9,560	-10,933	-9,964	-10,422	-11,028
Interest paid		-695	-850	-933	-1,060	-1,247	-1,388
Grants and subsidies paid		-3,099	-3,403	-3,635	-3,897	-4,007	-4,099
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-1,909	-1,958	-2,165	-2,147	-2,156	-2,227
<i>Total payments for operating activities</i>		-23,328	-24,981	-27,002	-26,761	-28,144	-29,756
NET CASH FLOWS FROM OPERATING ACTIVITIES		3,643	2,926	2,244	2,195	1,743	1,365
INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-4,959	-6,467	-6,388	-6,609	-5,531	-5,933
Sales of non-financial assets		879	1,043	829	1,063	1,130	1,178
<i>Total cash flows from investments in non-financial assets</i>		-4,080	-5,424	-5,559	-5,546	-4,401	-4,754
<i>Cash flows from investments in financial assets</i>							
<i>Receipts from investing activities:</i>							
For policy purposes		1	-	-	-	-	-
For liquidity purposes		218	165	103	-	-	30
<i>Payments for investing activities:</i>							
For policy purposes		-1	-	-	-	-	-
For liquidity purposes		-317	-197	-69	-57	-95	-64
<i>Total cash flows from investments in financial assets</i>		-99	-33	34	-57	-95	-34
NET CASH FLOWS FROM INVESTING ACTIVITIES		-4,179	-5,456	-5,525	-5,604	-4,496	-4,788
FINANCING ACTIVITIES							
<i>Receipts from financing activities</i>							
Advances received		-	1	1	1	1	1
Borrowings		8,668	8,142	8,888	9,619	8,793	9,226
Deposits received		-	-	-	-	-	-
Other financing receipts		62	27	27	27	26	24
<i>Total receipts from financing activities</i>		8,730	8,169	8,915	9,646	8,820	9,251
<i>Payments for financing activities</i>							
Advances paid		-16	-13	-17	-13	-14	-14
Borrowings repaid		-7,300	-5,693	-5,987	-6,800	-6,628	-6,631
Deposits paid		-	-	-	-	-	-
Other financing payments		-56	-107	-86	-88	-104	-106
<i>Total payments for financing activities</i>		-7,372	-5,813	-6,091	-6,902	-6,746	-6,751
NET CASH FLOWS FROM FINANCING ACTIVITIES		1,358	2,356	2,824	2,744	2,074	2,500
Net increase in cash and cash equivalents		822	-175	-457	-664	-679	-923
Opening balance		4,226	5,351	5,048	4,591	3,927	3,248
Closing balance		5,048	5,176	4,591	3,927	3,248	2,324
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		3,643	2,926	2,244	2,195	1,743	1,365
Net cash flows from investing in non-financial assets		-4,080	-5,424	-5,559	-5,546	-4,401	-4,754
Cash surplus/-deficit	6	-437	-2,498	-3,315	-3,351	-2,658	-3,389

(a) Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) have been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

Note: Columns may not add due to rounding.

Table 1.10

PUBLIC FINANCIAL CORPORATIONS
Operating Statement

	Note	2007-08	2008-09	2008-09	2009-10	2010-11	2011-12
		Actual ^(a)	PFPS	Mid-Year	Mid-Year	Mid-Year	Mid-Year
		\$m	Revision	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
<i>Revenue</i>							
Current grants and subsidies		-	-	-	-	-	-
Capital grants		-	-	-	-	-	-
Sales of goods and services		459	739	649	696	743	793
Interest Income		977	1,150	1,160	1,158	1,266	1,397
Other		7	-	3	-	-	-
Total revenue		1,442	1,890	1,812	1,854	2,009	2,190
<i>Expenses</i>							
Salaries		29	33	35	36	38	39
Superannuation							
Concurrent costs		3	3	3	3	4	4
Superannuation interest cost		-	-	-	-	-	-
Other employee costs		1	2	2	2	2	2
Depreciation and amortisation		3	13	15	15	16	16
Services and contracts		7	8	8	8	7	6
Other gross operating expenses		573	697	675	674	721	764
Other interest		925	1,056	1,057	1,055	1,156	1,281
Dividend and tax equivalents		79	25	8	19	20	25
Current transfers		3	3	3	3	3	3
Capital transfers		-	2	2	1	1	1
Total expenses		1,623	1,840	1,807	1,816	1,966	2,140
NET OPERATING BALANCE	6	-180	50	5	38	42	50
<i>Other economic flows</i>							
Net gains on sale of non-financial assets		-29	-	-	-	-	-
Net actuarial gains		1	-	-	-	-	-
Provision for doubtful debts		-	-	-	-	-	-
All other		-	-	-	-	-	-
Total other economic flows		-28	-	-	-	-	-
OPERATING RESULT		-208	50	5	38	42	50
<i>All other movements in equity</i>							
Revaluations		54	-5	60	-	7	7
Gains recognised directly in equity		223	-	-	-	-	-
Changes in accounting policy/correction of prior period errors		-22	-	-	-	-	-
Capital injections from general government		-	-	-	-	-	-
All other		-	-	-	-	-	-
Total all other movements in equity		254	-5	60	-	7	7
TOTAL CHANGE IN NET WORTH		46	44	65	38	49	57
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	6	-180	50	5	38	42	50
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		14	5	5	4	4	3
Changes in inventories		-	-	-	-	-	-
Other movement in non-financial assets		-	-	-	-	-	-
<i>less:</i>		-	-	-	-	-	-
Sales of non-financial assets		-	-	-	-	-	-
Depreciation		3	13	15	15	16	16
Total net acquisition of non-financial assets		10	-8	-10	-11	-12	-13
NET LENDING/-BORROWING	6	-190	58	16	49	55	63

(a) Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) have been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

Note: Columns may not add due to rounding.

Table 1.11

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

	Note	2008	2009	2009	2010	2011	2012
		Actual ^(a)	PFPS Revision	Mid-Year Revision	Mid-Year Revision	Mid-Year Revision	Mid-Year Revision
		\$m	\$m	\$m	\$m	\$m	\$m
ASSETS							
<i>Financial assets</i>							
Cash and deposits		20	28	28	28	32	36
Advances paid		1,512	1,908	1,982	2,009	2,037	2,065
Investments, loans and placements		15,925	16,950	18,698	20,703	21,799	22,806
Receivables		455	399	507	502	501	501
Investment property		388	416	419	454	489	526
Equity							
Investments in other public sector entities - equity method		-	-	-	-	-	-
Investments in other public sector entities - direct injections		-	-	-	-	-	-
Investments in external entities - shareholdings		1,052	1,506	1,144	1,250	1,353	1,463
Other financial assets		11	50	11	11	11	11
Total financial assets		19,365	21,257	22,789	24,957	26,222	27,408
<i>Non-financial assets</i>							
Land		40	18	41	42	43	44
Property, plant and equipment		260	229	270	266	260	253
Biological assets		8	7	7	8	9	9
Inventories							
Land inventories		-	-	-	-	-	-
Other inventories		-	-	-	-	-	-
Intangibles		8	7	7	8	9	9
Non-current assets held for sale		-	-	-	-	-	-
Other		1	-	1	1	1	1
Total non-financial assets		316	261	325	325	321	317
TOTAL ASSETS		19,681	21,518	23,114	25,282	26,543	27,725
LIABILITIES							
Deposits held		-	-	-	-	-	-
Advances received		3	3	1	-1	-3	-5
Borrowings		16,129	17,553	19,371	21,369	22,441	23,423
Unfunded superannuation		10	12	11	11	11	12
Other employee benefits		7	6	7	7	7	7
Payables		75	272	75	84	92	95
Other liabilities		2,145	2,273	2,274	2,397	2,531	2,671
TOTAL LIABILITIES		18,369	20,118	21,737	23,867	25,079	26,203
NET ASSETS		1,312	1,400	1,377	1,415	1,464	1,522
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		969	1,282	975	1,012	1,055	1,105
Other reserves		342	118	402	402	410	417
NET WORTH	6	1,312	1,400	1,377	1,415	1,464	1,522
MEMORANDUM ITEMS							
<i>Net financial worth</i>		-316	-261	-325	-325	-321	-317
<i>Net debt</i>							
Gross debt liabilities		16,132	17,556	19,371	21,369	22,438	23,418
less: liquid financial assets		17,458	18,887	20,708	22,740	23,868	24,907
less: convergence differences impacting net debt		-	-	-	-	-	-
Net debt		-1,326	-1,330	-1,337	-1,371	-1,430	-1,489

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Note: Columns may not add due to rounding.

Table 1.12

PUBLIC FINANCIAL CORPORATIONS
Cash Flow Statement

	Note	2007-08 Actual ^(a) \$m	2008-09 PFPS Revision \$m	2008-09 Mid-Year Revision \$m	2009-10 Mid-Year Revision \$m	2010-11 Mid-Year Revision \$m	2011-12 Mid-Year Revision \$m
OPERATING ACTIVITIES							
<i>Receipts from operating activities</i>							
Grants and subsidies received		-	-	-	-	-	-
Receipts from sales of goods and services		733	694	628	702	781	817
Interest receipts		1,010	1,150	1,160	1,158	1,266	1,397
Dividends and tax equivalents		-	-	-	-	-	-
Other receipts		91	72	1,763	102	86	93
<i>Total receipts from operating activities</i>		1,835	1,916	3,552	1,962	2,134	2,307
<i>Payments for operating activities</i>							
Wages, salaries and supplements, and superannuation		-31	-35	-38	-39	-41	-43
Payments for goods and services		-514	-563	-542	-548	-582	-619
Interest paid		-761	-1,048	-1,049	-1,055	-1,156	-1,281
Grants and subsidies paid		-1	-1	-1	-1	-	-
Dividends and tax equivalents		-45	-22	-4	-4	-13	-21
Other payments		-126	-126	-1,754	-134	-145	-155
<i>Total payments for operating activities</i>		-1,477	-1,796	-3,389	-1,781	-1,936	-2,119
NET CASH FLOWS FROM OPERATING ACTIVITIES		358	120	163	181	197	189
INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-14	-5	-5	-4	-4	-3
Sales of non-financial assets		-	-	-	-	-	-
<i>Total cash flows from investments in non-financial assets</i>		-13	-5	-5	-4	-4	-3
<i>Cash flows from investments in financial assets</i>							
<i>Receipts from investing activities:</i>							
For policy purposes		-	-	-	-	-	-
For liquidity purposes		2,866	1,227	1,047	1,245	1,279	1,315
<i>Payments for investing activities:</i>							
For policy purposes		-	-	-	-	-	-
For liquidity purposes		-3,740	-1,666	-1,676	-1,452	-1,497	-1,526
<i>Total cash flows from investments in financial assets</i>		-874	-440	-629	-207	-218	-211
NET CASH FLOWS FROM INVESTING ACTIVITIES		-887	-444	-633	-211	-222	-213
FINANCING ACTIVITIES							
<i>Receipts from financing activities</i>							
Advances received		-	-	-	-	-	-
Borrowings		19,866	24,012	25,494	24,826	23,921	23,844
Deposits received		-	-	-	-	-	-
Other financing receipts		-	-	-	-	-	-
<i>Total receipts from financing activities</i>		19,866	24,012	25,494	24,826	23,921	23,844
<i>Payments for financing activities</i>							
Advances paid		-	-	-	-	-	-
Borrowings repaid		-19,804	-23,537	-25,015	-24,794	-23,888	-23,812
Deposits paid		-	-	-	-	-	-
Other financing payments		-2	-	-	-	-	-
<i>Total payments for financing activities</i>		-19,806	-23,537	-25,015	-24,794	-23,888	-23,812
NET CASH FLOWS FROM FINANCING ACTIVITIES		60	475	478	32	32	33
Net increase in cash and cash equivalents							
Opening balance		2,073	2,073	1,604	1,612	1,614	1,622
Closing balance		1,604	2,224	1,612	1,614	1,622	1,630
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		358	120	163	181	197	189
Net cash flows from investing in non-financial assets		-13	-5	-5	-4	-4	-3
Cash surplus/-deficit	6	345	116	158	177	194	186

(a) Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) have been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

Note: Columns may not add due to rounding.

Table 1.13

TOTAL PUBLIC SECTOR
Operating Statement

	Note	2007-08	2008-09	2008-09	2009-10	2010-11	2011-12
		Actual ^(a)	PFPS	Mid-Year	Mid-Year	Mid-Year	Mid-Year
		\$m	Revision	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m	\$m
<i>Revenue</i>							
Taxation		6,214	6,065	5,650	5,929	6,369	6,983
Current grants and subsidies		7,800	7,751	7,817	7,842	7,525	7,314
Capital grants		436	446	440	249	378	408
Sales of goods and services		8,894	9,105	10,120	9,843	10,677	11,504
Interest Income		757	678	645	491	464	396
Royalty income		1,680	2,715	3,037	3,061	2,894	2,809
Other		746	745	789	699	692	886
Total revenue		26,525	27,505	28,497	28,114	28,999	30,300
<i>Expenses</i>							
Salaries		7,637	8,050	8,231	8,562	9,104	9,690
Superannuation							
Concurrent costs		740	776	791	819	867	919
Superannuation interest cost		359	312	341	334	328	322
Other employee costs		228	197	216	212	219	224
Depreciation and amortisation		1,549	1,726	1,748	1,869	1,988	2,084
Services and contracts		2,473	2,461	2,763	2,827	2,858	2,965
Other gross operating expenses		6,733	7,396	8,251	7,328	7,766	8,310
Other interest		966	1,102	1,120	1,110	1,228	1,459
Other property expenses		-	-	-	-	-	-
Current transfers		2,988	3,303	3,592	3,853	3,930	4,051
Capital transfers		428	392	549	316	296	272
Total expenses		24,101	25,717	27,602	27,230	28,584	30,295
NET OPERATING BALANCE	6	2,423	1,788	896	884	415	5
<i>Other economic flows</i>							
Net gains on sale of non-financial assets		376	505	386	602	417	326
Net actuarial gains		-300	-	74	-5	-5	-34
Provision for doubtful debts		-70	-9	-8	-9	-9	-9
All other		-	-	-	-	-	-
Total other economic flows		6	496	452	588	403	282
OPERATING RESULT		2,430	2,284	1,347	1,472	817	288
<i>All other movements in equity</i>							
Revaluations		14,439	1,757	1,929	1,877	1,844	1,825
Gains recognised directly in equity		479	-46	-43	-46	-33	-52
Changes in accounting policy/correction of prior period errors		-76	-	-	-	-	-
All other		-	-	-	-	-	-
Total all other movements in equity		14,494	1,710	1,886	1,831	1,811	1,773
TOTAL CHANGE IN NET WORTH		16,924	3,995	3,234	3,303	2,628	2,061
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	6	2,423	1,788	896	884	415	5
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		4,973	6,471	6,393	6,614	5,534	5,935
Changes in inventories		374	-16	114	-18	-8	-4
Other movement in non-financial assets		354	376	-57	95	-26	487
less:		-	-	-	-	-	-
Sales of non-financial assets		880	1,043	829	1,063	1,130	1,178
Depreciation		1,549	1,726	1,748	1,869	1,988	2,084
Total net acquisition of non-financial assets		3,273	4,062	3,871	3,759	2,383	3,157
NET LENDING/-BORROWING	6	-849	-2,274	-2,976	-2,875	-1,969	-3,152

(a) Data for the 2007-08 outturn (originally published in the 2007-08 Annual Report on State Finances) have been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

Note: Columns may not add due to rounding.

Table 1.14

TOTAL PUBLIC SECTOR
Balance Sheet at 30 June

	Note	2008	2009	2009	2010	2011	2012
		Actual ^(a)	PFPS	Mid-Year	Mid-Year	Mid-Year	Mid-Year
		\$m	Revision	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m	\$m
ASSETS							
<i>Financial assets</i>							
Cash and deposits		822	757	757	874	873	1,017
Advances paid		1,743	2,139	2,218	2,245	2,273	2,304
Investments, loans and placements		9,852	7,611	9,143	7,850	6,520	4,693
Receivables		3,599	2,866	3,564	3,599	3,628	3,650
Investment property		398	428	428	464	499	535
Equity - investments in external entities - shareholdings		1,089	1,534	1,176	1,269	1,419	1,532
Other financial assets		12	83	12	12	12	12
<i>Total financial assets</i>		<i>17,515</i>	<i>15,419</i>	<i>17,299</i>	<i>16,313</i>	<i>15,224</i>	<i>13,742</i>
<i>Non-financial assets</i>							
Land		48,285	39,628	49,583	50,928	52,354	53,850
Property, plant and equipment		54,614	57,076	59,661	65,010	68,546	72,765
Biological assets		351	356	379	381	384	386
Inventories							
Land inventories		1,320	1,503	1,523	1,454	1,565	1,570
Other inventories		1,058	886	1,171	1,154	1,146	1,142
Intangibles		434	325	421	443	436	449
Non-current assets held for sale		55	87	61	28	28	28
Other		88	-	80	81	81	82
<i>Total non-financial assets</i>		<i>106,205</i>	<i>99,860</i>	<i>112,879</i>	<i>119,479</i>	<i>124,539</i>	<i>130,272</i>
TOTAL ASSETS		123,719	115,279	130,178	135,792	139,763	144,014
LIABILITIES							
Deposits held		129	122	141	141	141	141
Advances received		510	496	496	483	469	456
Borrowings		15,500	16,803	18,490	20,720	22,040	24,227
Unfunded superannuation		5,920	5,383	5,709	5,580	5,421	5,233
Other employee benefits		2,119	2,106	2,232	2,341	2,453	2,539
Payables		2,890	2,273	3,183	3,234	3,182	3,242
Other liabilities		3,872	3,642	3,914	3,976	4,112	4,171
TOTAL LIABILITIES		30,940	30,826	34,165	36,475	37,819	40,009
NET ASSETS		92,780	84,453	96,013	99,316	101,945	104,005
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		28,214	30,671	29,561	31,033	31,851	32,139
Other reserves		64,566	53,782	66,452	68,283	70,094	71,867
NET WORTH	6	92,780	84,453	96,013	99,316	101,945	104,005
MEMORANDUM ITEMS							
<i>Net financial worth</i>		<i>-13,425</i>	<i>-15,407</i>	<i>-16,866</i>	<i>-20,163</i>	<i>-22,594</i>	<i>-26,266</i>
<i>Net financial liabilities</i>		<i>14,515</i>	<i>16,941</i>	<i>18,042</i>	<i>21,432</i>	<i>24,014</i>	<i>27,798</i>
<i>Net debt</i>							
Gross debt liabilities		16,139	17,421	19,127	21,344	22,651	24,823
less: liquid financial assets		12,417	10,507	12,118	10,969	9,666	8,014
less: convergence differences impacting net debt		88	88	88	88	88	88
<i>Net debt</i>		<i>3,634</i>	<i>6,826</i>	<i>6,921</i>	<i>10,287</i>	<i>12,897</i>	<i>16,722</i>

(a) Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) have been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

Note: Columns may not add due to rounding.

Table 1.15

TOTAL PUBLIC SECTOR
Cash Flow Statement

	Note	2007-08	2008-09	2008-09	2009-10	2010-11	2011-12
		Actual ^(a)	PFPS	Mid-Year	Mid-Year	Mid-Year	Mid-Year
		\$m	Revision	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
OPERATING ACTIVITIES							
<i>Receipts from operating activities</i>							
Taxes received		6,023	6,046	5,734	5,852	6,286	6,891
Grants and subsidies received		8,192	8,179	8,227	8,080	7,896	7,725
Receipts from sales of goods and services		9,496	9,273	10,629	10,140	10,953	11,814
Interest receipts		762	640	613	421	352	347
Dividends and tax equivalents		-	-	-	-	-	-
Other receipts		3,401	4,585	6,498	5,164	5,063	5,042
<i>Total receipts from operating activities</i>		<i>27,874</i>	<i>28,724</i>	<i>31,700</i>	<i>29,658</i>	<i>30,551</i>	<i>31,820</i>
<i>Payments for operating activities</i>							
Wages, salaries and supplements, and superannuation		-8,500	-9,245	-9,373	-9,733	-10,353	-11,057
Payments for goods and services		-9,526	-9,943	-11,297	-10,313	-10,785	-11,419
Interest paid		-761	-1,052	-1,114	-1,109	-1,220	-1,368
Grants and subsidies paid		-3,100	-3,404	-3,636	-3,897	-4,007	-4,099
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-1,985	-2,034	-3,874	-2,230	-2,246	-2,323
<i>Total payments for operating activities</i>		<i>-23,872</i>	<i>-25,678</i>	<i>-29,294</i>	<i>-27,282</i>	<i>-28,611</i>	<i>-30,266</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES		4,001	3,046	2,406	2,376	1,940	1,554
INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-4,973	-6,471	-6,393	-6,614	-5,534	-5,935
Sales of non-financial assets		880	1,043	829	1,063	1,130	1,178
<i>Total cash flows from investments in non-financial assets</i>		<i>-4,094</i>	<i>-5,429</i>	<i>-5,564</i>	<i>-5,551</i>	<i>-4,405</i>	<i>-4,757</i>
<i>Cash flows from investments in financial assets</i>							
<i>Receipts from investing activities:</i>							
For policy purposes		-15	-	-17	-13	-13	-13
For liquidity purposes		3,074	1,246	1,150	1,245	1,279	1,346
<i>Payments for investing activities:</i>							
For policy purposes		-1	-	-	-	-	-
For liquidity purposes		-4,046	-1,864	-1,745	-1,509	-1,592	-1,590
<i>Total cash flows from investments in financial assets</i>		<i>-988</i>	<i>-617</i>	<i>-611</i>	<i>-277</i>	<i>-326</i>	<i>-257</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES		-5,082	-6,046	-6,175	-5,828	-4,731	-5,015
FINANCING ACTIVITIES							
<i>Receipts from financing activities</i>							
Advances received		-	1	1	1	1	1
Borrowings		12,629	18,320	19,701	18,006	17,550	17,320
Deposits received		-	-	-	-	-	-
Other financing receipts		62	27	27	27	26	24
<i>Total receipts from financing activities</i>		<i>12,691</i>	<i>18,347</i>	<i>19,728</i>	<i>18,033</i>	<i>17,577</i>	<i>17,344</i>
<i>Payments for financing activities</i>							
Advances paid		-16	-13	-17	-13	-14	-14
Borrowings repaid		-11,200	-15,396	-16,322	-15,156	-15,353	-14,692
Deposits paid		-	-	-	-	-	-
Other financing payments		-58	-107	-86	-88	-104	-106
<i>Total payments for financing activities</i>		<i>-11,273</i>	<i>-15,517</i>	<i>-16,426</i>	<i>-15,257</i>	<i>-15,471</i>	<i>-14,812</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES		1,418	2,831	3,303	2,776	2,106	2,533
Net increase in cash and cash equivalents		337	-169	-466	-676	-684	-928
Opening balance		6,299	7,424	6,636	6,171	5,495	4,811
Closing balance		6,636	7,254	6,171	5,495	4,811	3,883
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		4,001	3,046	2,406	2,376	1,940	1,554
Net cash flows from investing in non-financial assets		-4,094	-5,429	-5,564	-5,551	-4,405	-4,757
Cash surplus/-deficit	6	-92	-2,383	-3,157	-3,174	-2,464	-3,203

(a) Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) have been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

Note: Columns may not add due to rounding.

NOTE 1: STATEMENT OF COMPLIANCE

The projected public sector financial statements presented in this appendix have been prepared in accordance with Australian Accounting Standards and the Australian Bureau of Statistics' *Government Finance Statistics Concepts, Sources and Methods 2005*.

The presentation in this appendix is consistent with AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, applying to all reporting periods from 1 July 2008.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements constitute general purpose financial reports for the total public sector (also known as the whole-of-government), general government sector, and each of the subsidiary public corporations sectors. The financial projections of the non-financial public sector (i.e. general government and the public non-financial corporations – such as water and electricity utilities, and the ports) are also presented as the total non-financial public sector.

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

(a) *The reporting entity*

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

(b) *Basis of preparation*

These financial projections do not include all the notes of the type normally included in an annual financial report. The accounting policies adopted in this publication are consistent with those outlined in the *2007-08 Annual Report on State Finances (ARSF)*, which are described in detail in Note 3: *Summary of Significant Accounting Policies* in Appendix 6 of the 2007-08 ARSF.

The projections are presented in Australian dollars and all amounts are rounded to the nearest million dollars (\$m).

(c) *Unaudited data*

These financial projections are not subject to audit.

(d) *Comparative figures*

Comparative information for 2007-08 are based on the audited actual data presented in the 2007-08 ARSF.

NOTE 3: GENERAL GOVERNMENT OPERATING REVENUE

A detailed dissection of general government revenue is included at Appendix 2: *General Government Operating Revenue*.

NOTE 4: GENERAL GOVERNMENT TRANSFER EXPENSES

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

The following table provides detail of current and capital transfer expenses of the general government sector, in line with Uniform Presentation Framework disclosure requirements.

TRANSFER EXPENSES ^(a)
General Government

	2007-08	2008-09	2008-09	2009-10	2010-11	2011-12
	Actual	PFPS Revision	Mid-Year Revision	Mid-Year Revision	Mid-Year Revision	Mid-Year Revision
	\$m	\$m	\$m	\$m	\$m	\$m
<i>CURRENT TRANSFERS</i>						
Local Government	85	104	216	196	206	211
Local Government on-passing	122	130	130	137	143	150
Private and Not-for-profit sector	1,607	1,727	1,890	2,083	2,087	2,204
Private and Not-for-profit sector on-passing	603	588	609	654	696	749
Other sectors of Government	1,351	1,518	1,637	1,951	1,957	1,881
<i>Total Current Transfers</i>	<i>3,769</i>	<i>4,066</i>	<i>4,482</i>	<i>5,020</i>	<i>5,090</i>	<i>5,196</i>
<i>CAPITAL TRANSFERS</i>						
Local Government	141	116	139	82	54	39
Local Government on-passing	83	87	88	92	95	99
Private and Not-for-profit sector	117	162	290	135	139	125
Private and Not-for-profit sector on-passing	31	18	12	-	-	-
Other sectors of Government	120	98	108	93	91	88
<i>Total Capital Transfers</i>	<i>491</i>	<i>482</i>	<i>638</i>	<i>402</i>	<i>379</i>	<i>351</i>

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

**NOTE 5: GENERAL GOVERNMENT EXPENSES AND SPENDING ON
THE PURCHASE OF NON-FINANCIAL ASSETS BY GOVERNMENT
PURPOSE CLASSIFICATION ^(a)**

	2007-08	2008-09	2008-09	2009-10	2010-11	2011-12
	Actual	PFPS Revision	Mid-Year Revision	Mid-Year Revision	Mid-Year Revision	Mid-Year Revision
	\$m	\$m	\$m	\$m	\$m	\$m
<i>Expenses</i>						
General public services	292	614	595	727	904	1,309
Public order and safety	1,977	2,064	2,080	2,125	2,210	2,313
Education	4,359	4,554	4,672	4,776	5,048	5,233
Health	4,200	4,386	4,498	4,693	4,905	5,172
Social security and welfare	925	1,031	1,108	1,237	1,234	1,277
Housing and community amenities	1,389	1,449	1,851	1,752	1,715	1,701
Recreation and culture	562	574	595	581	587	595
Fuel and energy	91	116	89	423	401	261
Agriculture, forestry, fishing and hunting	423	404	427	381	369	376
Mining and mineral resources other than fuels; manufacturing; and construction	263	293	316	269	246	234
Transport and communications	1,503	1,669	1,750	1,767	1,837	1,947
Other economic affairs	370	384	403	378	398	380
Other purposes	482	433	468	465	501	563
Total General Government Expenses	16,837	17,972	18,853	19,574	20,356	21,362
<i>Purchases of new non-financial assets</i>						
General public services	173	234	32	252	230	200
Public order and safety	177	224	255	344	230	248
Education	335	344	412	353	323	280
Health	224	462	479	623	646	828
Social security and welfare	26	31	33	37	29	45
Housing and community amenities	214	375	361	251	112	103
Recreation and culture	59	178	179	64	65	304
Fuel and energy	3	1	2	6	1	1
Agriculture, forestry, fishing and hunting	18	16	19	39	95	74
Mining and mineral resources other than fuels; manufacturing; and construction	15	5	35	86	57	38
Transport and communications	743	770	846	542	611	539
Other economic affairs	36	80	90	52	35	21
Other purposes	-	-	-	20	44	162
Total Purchases of Non-financial Assets	2,022	2,721	2,743	2,669	2,477	2,844

(a) Data in this table are for consolidated general government aggregates. The data exclude internal transactions within the sector. In relation to purchases of non-financial assets, the information in this table represents spending by function on fixed assets, which may be different to Capital Works Program spending which has a broader definition and different sectoral coverage.

NOTE 6: CONVERGENCE DIFFERENCES

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

The following tables detail all convergence differences in the forward estimates.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Net Operating Balance

	2007-08	2008-09	2008-09	2009-10	2010-11	2011-12
	Actual	PFPS	Mid-Year	Mid-Year	Mid-Year	Mid-Year
	\$m	Revision	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m
<u>General government</u>						
AASB1049 net operating balance	2,507	1,930	1,186	723	105	-361
<i>Plus GFS revenue adjustments</i>						
Capital grants - prepaid AusLink road grants	69	112	112	83	7	-
Goods and services revenue - intersector equity/asset transfers recorded as revenue	-7	-	-	-	-	-
All other	-	-	-	-	-	-
Total GFS revenue adjustments	62	112	112	83	7	-
Total GFS adjustments to AASB 1049 net operating balance	62	112	112	83	7	-
GFS net operating balance	2,569	2,043	1,298	807	112	-361
<u>Public non-financial corporations</u>						
AASB1049 net operating balance	96	-192	-296	123	267	316
<i>Less GFS expense adjustments</i>						
Capitalised interest	30	5	17	31	21	13
All other	-	-	-	-	-	-
Total GFS expense adjustments	30	5	17	31	21	13
Total GFS adjustments to AASB 1049 net operating balance	-30	-5	-17	-31	-21	-13
GFS net operating balance	66	-197	-313	92	246	302
<u>Total non-financial public sector</u>						
AASB1049 net operating balance	2,604	1,739	890	846	372	-45
<i>Plus GFS revenue adjustments</i>						
Capital grants - prepaid AusLink road grants	69	112	112	83	7	-
Goods and services revenue - intersector equity/asset transfers recorded as revenue	-7	-	-	-	-	-
All other	-	-	-	-	-	-
Total GFS revenue adjustments	62	112	112	83	7	-
<i>Less GFS expense adjustments</i>						
Capitalised interest	30	5	17	31	21	13
All other	-	-	-	-	-	-
Total GFS expense adjustments	30	5	17	31	21	13
Total GFS adjustments to AASB 1049 net operating balance	32	107	95	52	-14	-13
GFS net operating balance	2,635	1,845	985	898	358	-58
<u>Public financial corporations</u>						
AASB1049 net operating balance	-180	50	5	38	42	50
Total GFS adjustments to AASB 1049 net operating balance	-	-	-	-	-	-
GFS net operating balance	-180	50	5	38	42	50
<u>Total public sector</u>						
AASB1049 net operating balance	2,423	1,788	896	884	415	5
<i>Plus GFS revenue adjustments</i>						
Capital grants - prepaid AusLink road grants	69	112	112	83	7	-
Goods and services revenue - intersector equity/asset transfers recorded as revenue	-7	-	-	-	-	-
All other	-	-	-	-	-	-
Total GFS revenue adjustments	62	112	112	83	7	-
<i>Less GFS expense adjustments</i>						
Capitalised interest	30	5	17	31	21	13
All other	-	-	-	-	-	-
Total GFS expense adjustments	30	5	17	31	21	13
Total GFS adjustments to AASB 1049 net operating balance	32	107	95	52	-14	-13
GFS net operating balance	2,455	1,895	991	936	401	-8

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Net Lending/-Borrowing

	2007-08 Actual	2008-09 PFPS Revision	2008-09 Mid-Year Revision	2009-10 Mid-Year Revision	2010-11 Mid-Year Revision	2011-12 Mid-Year Revision
	\$m	\$m	\$m	\$m	\$m	\$m
<u>General Government</u>						
AASB1049 net lending/-borrowing	1,268	188	-569	-972	-1,234	-2,186
Plus Net operating balance convergence differences (noted above)	62	112	112	83	7	-
GFS net lending/-borrowing	1,330	300	-456	-888	-1,227	-2,186
<u>Public non-financial corporations</u>						
AASB1049 net lending/-borrowing	-1,927	-2,520	-2,423	-1,952	-790	-1,030
Plus Net operating balance convergence differences (noted above)	-30	-5	-17	-31	-21	-13
GFS net lending/-borrowing	-1,957	-2,525	-2,440	-1,984	-811	-1,043
<u>Total non-financial public sector</u>						
AASB1049 net lending/-borrowing	-659	-2,332	-2,991	-2,924	-2,023	-3,215
Plus Net operating balance convergence differences (noted above)	32	107	95	52	-14	-13
GFS net lending/-borrowing	-627	-2,225	-2,896	-2,872	-2,037	-3,229
<u>Public financial corporations</u>						
AASB1049 net lending/-borrowing	-190	58	16	49	55	63
Plus Net operating balance convergence differences (noted above)	-	-	-	-	-	-
GFS net lending/-borrowing	-190	58	16	49	55	63
<u>Total public sector</u>						
AASB1049 net lending/-borrowing	-849	-2,274	-2,976	-2,875	-1,969	-3,152
Plus Net operating balance convergence differences (noted above)	32	107	95	52	-14	-13
GFS net lending/-borrowing	-818	-2,167	-2,881	-2,823	-1,983	-3,165

AASB 1049 TO GFS CONVERGENCE DIFFERENCES (CONT.)

Net Worth at 30 June

	2007-08 Actual \$m	2008-09 PFPS Revision \$m	2008-09 Mid-Year Revision \$m	2009-10 Mid-Year Revision \$m	2010-11 Mid-Year Revision \$m	2011-12 Mid-Year Revision \$m
<u>General government</u>						
AASB1049 net worth	92,780	84,453	96,013	99,316	101,945	104,005
<i>Plus</i>						
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88	88	88	88	88
Provision for doubtful debts						
General government sector	183	138	184	184	184	184
Impact on public corporations net worth	25	12	11	12	14	15
Impact of AusLink Road grants prepayments	-202	-89	-90	-7	-	-
<i>Total GFS net worth adjustments</i>	94	149	193	278	286	287
GFS net worth	92,874	84,602	96,206	99,594	102,231	104,293
<u>Public non-financial corporations</u>						
AASB1049 net worth	30,537	29,996	31,764	33,178	34,564	35,947
<i>Plus</i>						
Impact of general government equity injections	-2,797	-3,232	-3,298	-3,681	-4,100	-4,447
Provision for doubtful debts	25	12	11	12	13	14
<i>Total GFS net worth adjustments</i>	-2,772	-3,220	-3,287	-3,669	-4,087	-4,433
GFS net worth	27,765	26,776	28,477	29,510	30,477	31,514
<u>Total non-financial public sector</u>						
AASB1049 net worth	92,780	84,453	96,013	99,316	101,945	104,005
<i>Plus</i>						
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88	88	88	88	88
Provision for doubtful debts						
Total non-financial public sector	208	150	194	196	197	198
Impact on public corporations net worth	1	-	1	1	1	1
Impact of AusLink Road grants prepayments	-202	-89	-90	-7	-	-
<i>Total GFS net worth adjustments</i>	94	149	193	278	286	287
GFS net worth	92,874	84,602	96,206	99,594	102,231	104,293
<u>Public financial corporations</u>						
AASB1049 net worth	1,312	1,400	1,377	1,415	1,464	1,522
<i>Plus</i>						
Provision for doubtful debts	1	-	1	1	1	1
<i>Total GFS net worth adjustments</i>	1	-	1	1	1	1
GFS net worth	1,312	1,400	1,378	1,416	1,465	1,522
<u>Total public sector</u>						
AASB1049 net worth	92,780	84,453	96,013	99,316	101,945	104,005
<i>Plus</i>						
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88	88	88	88	88
Provision for doubtful debts	209	151	195	196	198	199
Impact of AusLink Road grants prepayments	-202	-89	-90	-7	-	-
<i>Total GFS net worth adjustments</i>	94	150	193	278	286	287
GFS net worth	92,874	84,603	96,206	99,594	102,231	104,293

AASB 1049 TO GFS CONVERGENCE DIFFERENCES (CONT.)**Cash Surplus/-Deficit**

	2007-08 Actual \$m	2008-09 PFPS Revision \$m	2008-09 Mid-Year Revision \$m	2009-10 Mid-Year Revision \$m	2010-11 Mid-Year Revision \$m	2011-12 Mid-Year Revision \$m
<i>General government</i>						
AASB1049 cash surplus/-deficit	1,281	337	-401	-856	-1,066	-2,139
Less Acquisitions under finance leases and similar arrangements	213	-	1	1	-	1
GFS cash surplus/-deficit	1,281	337	-402	-857	-1,066	-2,140
<i>Public non-financial corporations</i>						
AASB1049 cash surplus/-deficit	-1,719	-2,835	-2,914	-2,495	-1,593	-1,251
Less Acquisitions under finance leases and similar arrangements	218	419	-	129	-	499
GFS cash surplus/-deficit	-1,719	-3,254	-2,915	-2,625	-1,593	-1,750
<i>Total non-financial public sector</i>						
AASB1049 cash surplus/-deficit	-437	-2,498	-3,315	-3,351	-2,658	-3,389
Less Acquisitions under finance leases and similar arrangements	431	419	1	130	-	501
GFS cash surplus/-deficit	-437	-2,917	-3,317	-3,481	-2,658	-3,890
<i>Public financial corporations</i>						
AASB1049 cash surplus/-deficit	345	116	158	177	194	186
Less Acquisitions under finance leases and similar arrangements	-	-	-	-	-	-
GFS cash surplus/-deficit	345	116	158	177	194	186
<i>Total public sector</i>						
AASB1049 cash surplus/-deficit	-92	-2,383	-3,157	-3,174	-2,464	-3,203
Less Acquisitions under finance leases and similar arrangements	431	419	1	130	-	501
GFS cash surplus/-deficit	-92	-2,801	-3,158	-3,305	-2,465	-3,704

NOTE 7: LOAN COUNCIL ALLOCATION

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 position²⁶.

A revised LCA deficit of \$3,169 million is in prospect for 2008-09, compared with \$1,700 million at the time of the 2008-09 Budget. This largely reflects the deterioration in operating performance for the general government sector (see Chapter 1), higher Keystart home lending activity and an increase in capital spending by the public university sector²⁷.

An LCA deficit of \$2,820 million is forecast for 2009-10. Similar factors to those impacting the general government and public non-financial corporations sectors' finances in 2008-09 underlie the 2009-10 nomination. Keystart home lending activity and university capital spending are both projected to ease compared to levels in 2008-09, reducing the size of the projected memorandum items in 2009-10.

²⁶ For the purposes of LCAs, deficits are positive and surpluses are negative.

²⁷ Public universities are included in LCA calculations but do not form part of a State or Territory government's total public sectors.

LOAN COUNCIL ALLOCATIONS
Western Australia

	2008-09		2009-10 Nomination \$m
	Budget Estimate \$m	Mid-Year Revision \$m	
General Government deficit	-150	402	857
Public Non-financial Corporations' net financing requirement	3,343	2,702	2,386
Net Capital Advances	-	-	-
Total Non-Financial Public Sector Deficit	3,193	3,104	3,243
<i>Memorandum Items</i> ^(a)	-398	65	-423
Loan Council Allocation	1,700	3,109	2,820
Tolerance Limit ^(b)	-	-	549

(a) Memorandum items are used to adjust the ABS deficit/surplus to include in LCAs certain transactions (e.g. 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 (e.g. the funding of more than emerging costs under public superannuation schemes).

(b) The tolerance limit is set at 2% of total non-financial public sector revenue and is specified at the time of the nomination. The limit provides an upper and lower bound for LCA variation reporting purposes.

Note: Columns may not add due to rounding.

APPENDIX 2

General Government Operating Revenue

This appendix contains general government revenue estimates prepared on an accrual basis consistent with Australian Accounting Standards and Government Finance Statistics frameworks.

Table 2.1

OPERATING REVENUE						
General Government						
	2007-08	2008-09	2008-09	2009-10	2010-11	2011-12
	Actual ^(a)	PFPS	Mid-Year	Mid-Year	Mid-Year	Mid-Year
	\$m	Revision	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m
TAXATION						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	1,940	2,112	2,281	2,445	2,648	2,910
Property taxes						
<i>Land tax</i>	421	563	562	616	646	679
Transfer Duty	2,265	1,669	1,278	1,297	1,384	1,596
Landholder Duty	-	138	40	40	43	49
<i>Total duty on transfers</i>	2,265	1,807	1,318	1,337	1,427	1,645
Mortgages	108	10	10	-	-	-
Other stamp duties	-	1	2	2	1	2
Metropolitan Region Improvement Tax	76	86	84	93	97	102
Emergency Services Levy	150	154	154	164	175	181
Loan guarantee fees	14	22	21	26	29	31
<i>Total other property taxes</i>	348	273	270	284	303	316
Taxes on provision of goods and services						
Lotteries Commission	121	114	121	126	131	135
Video lottery terminals	-	1	1	1	1	1
Casino Tax	84	81	81	84	87	90
TAB betting tax	30	35	35	37	40	43
<i>Total taxes on gambling</i>	235	230	237	248	258	268
Insurance duty	342	368	360	388	417	448
Other	30	18	18	21	20	20
<i>Total taxes on insurance</i>	372	386	378	410	437	468
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	393	406	340	392	445	483
Permits - Oversize Vehicles and Loads	5	4	4	4	4	4
Motor Vehicle recording fee	34	40	40	42	43	44
Motor Vehicle registrations	434	465	465	489	514	538
<i>Total motor vehicle taxes</i>	866	916	850	927	1,005	1,070
Provision for Tax Cuts	-	-	-	-77	-83	-90
Total Taxation	6,447	6,287	5,896	6,190	6,641	7,266

(a) Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) have been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

Note: Columns may not add due to rounding.

Table 2.1 (cont.)

OPERATING REVENUE
General Government

	2007-08	2008-09	2008-09	2009-10	2010-11	2011-12
	Actual ^(a)	PFPS	Mid-Year	Mid-Year	Mid-Year	Mid-Year
	\$m	Revision	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m
CURRENT GRANTS AND SUBSIDIES						
<i>General Purpose Grants</i>						
GST revenue grants	3,984	3,918	3,790	3,708	3,262	2,931
Competition reform	4	-	-	-	-	-
Compensation for Condensate Excise	71	9	64	60	57	57
<i>Specific Purpose Grants to the State</i>						
Australian Health Care Agreement	971	972	972	1,029	1,088	1,151
Other health	349	322	339	321	331	347
Schools assistance – government schools	312	274	282	289	302	315
Vocational training	102	103	103	106	109	112
Roads	36	27	36	52	49	50
Other	364	312	331	365	356	357
<i>Specific Purpose Grants through the State</i>						
Schools assistance – non-government schools	603	588	609	654	696	749
Local government financial assistance grants	122	130	130	137	143	150
Local government roads	83	87	88	92	95	99
First Home Owner Boost	-	-	101	31	-	-
Other	-	31	14	33	33	33
<i>Other grants</i>						
North West Shelf royalties	798	979	957	965	1,003	963
Total Current Grants and Subsidies	7,800	7,751	7,817	7,842	7,525	7,314
CAPITAL GRANTS						
<i>Specific Purpose Grants to the State</i>						
Roads	174	152	220	85	232	270
Schools assistance – government schools	32	33	33	35	35	35
Vocational training	26	17	26	16	16	16
Other	173	227	148	113	95	86
<i>Specific Purpose Grants through the State</i>						
Schools assistance – non-government schools	31	18	12	-	-	-
Total Capital Grants	436	446	440	249	378	408

(a) Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) have been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

Note: Columns may not add due to rounding.

Table 2.1 (cont.)

OPERATING REVENUE						
General Government						
	2007-08	2008-09	2008-09	2009-10	2010-11	2011-12
	Actual ^(a)	PFPS	Mid-Year	Mid-Year	Mid-Year	Mid-Year
	Revision	Revision	Revision	Revision	Revision	Revision
	\$m	\$m	\$m	\$m	\$m	\$m
SALES OF GOODS AND SERVICES						
Department for Planning and Infrastructure	127	139	133	137	141	145
WA Health	321	282	338	350	366	388
Department of Education and Training	198	156	196	197	202	208
TAFE Colleges	91	87	100	102	105	106
Land Information Authority	91	96	87	102	113	111
Department of the Attorney General	77	58	64	64	66	67
Department of Corrective Services	20	16	16	17	18	18
Department of Environment and Conservation	69	68	65	68	71	74
Department of Consumer and Employment Protection	43	44	46	45	46	48
Department of Fisheries	24	24	25	25	26	27
Department of Culture and the Arts	22	19	22	21	21	22
Western Australia Police	28	22	22	21	22	22
All Others	297	319	370	417	456	507
Total Sales of Goods and Services	1,407	1,330	1,484	1,566	1,652	1,743
INTEREST INCOME	332	241	208	155	147	116
REVENUE FROM PUBLIC CORPORATIONS						
Dividends	512	476	495	558	548	596
Tax Equivalent Regime	368	355	332	365	366	439
Total Revenue from Public Corporations	880	831	827	924	914	1,035
ROYALTY INCOME	1,680	2,715	3,037	3,061	2,894	2,809
OTHER						
Lease rentals	65	58	61	56	53	50
Fines	125	125	125	126	127	126
Revenue not elsewhere counted	174	119	144	130	131	134
Total Other	364	302	331	311	311	311
TOTAL REVENUE	19,345	19,903	20,039	20,297	20,461	21,001

(a) Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) have been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

Note: Columns may not add due to rounding.

Policy Decisions Affecting Spending

This appendix provides a breakdown of the changes in general government expenses and total public sector capital spending due to policy decisions made between the 10 August 2008 cut-off date for the *Pre-election Financial Projections Statement (PFPS)* and the mid-year review cut-off date of 1 December 2008. Details of individual decisions by agency are provided below.

Election Commitments

This appendix includes details of Government election commitments where additional spending has been approved for implementation of the commitments. This includes details of projects funded as part of the *Royalties for Regions* program (further detail on this program is in Chapter 1: *Financial Projections*). However, election commitments which have no spending impact and/or are as yet unclear have not been included in this mid-year review.

It should be noted that the Government's commitment to enhance the offer to teachers to settle an outstanding Enterprise Bargaining Agreement (worth \$170 million over four years) is not treated as a policy change to spending. In this regard, wage costs for existing services are treated as parameter changes to finances and accordingly this item is not included in this appendix.

Table 3.1

**SUMMARY OF SPENDING DECISIONS SINCE THE
2008-09 PRE-ELECTION FINANCIAL PROJECTIONS STATEMENT**

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
GENERAL GOVERNMENT SECTOR EXPENSES				
Reverse Provision for 3% Efficiency Dividend ^(a)	191.0	400.0	418.0	440.0
Provision for Media, Marketing and Advertising Savings (Election Commitment)	-7.4	-14.9	-14.9	-14.9
Agriculture and Food	-2.6	-5.0	-5.0	-5.2
Attorney General	-4.5	-9.2	-9.5	-9.5
Botanic Gardens and Parks Authority	-0.2	-0.5	-0.5	-0.5
Chemistry Centre (WA)	-0.2	-0.4	-0.4	-0.4
Child Protection	-4.4	-9.1	-9.8	-10.2
Commissioner of Main Roads	-4.8	-11.2	-11.7	-7.7
Communities	27.9	27.4	28.3	29.6
Consumer and Employment Protection	-1.5	-3.2	-3.2	-3.3
Corrective Services	-7.6	-11.5	-7.6	-8.7
Corruption and Crime Commission	-0.3	-0.7	-0.8	-0.9
Country High School Hostels Authority	-0.2	-0.4	-0.4	-0.4
Culture and the Arts	-1.2	-2.6	-2.7	-2.7
Curriculum Council	-0.3	-0.5	-0.6	-0.6
Disability Services Commission	7.9	15.8	22.6	33.9
Economic Regulation Authority	-0.1	-0.3	-0.3	-0.3
Education and Training	-43.2	-90.1	-91.1	-92.7
Education Services	-0.3	-0.5	-0.5	-0.4
Environment and Conservation	-0.6	-2.4	-1.8	-1.8
Fire and Emergency Services Authority	-0.1	6.5	0.4	0.4
Fisheries	-0.8	-1.5	-1.5	-1.6
Goldfields-Esperance Development Commission	-	0.5	-	-
Health	-0.6	-36.4	-77.4	-71.7
Housing and Works	-0.5	-1.0	-1.1	-1.1
Housing Authority ^(b)	6.3	13.4	14.4	16.8
Indigenous Affairs	-0.4	-0.7	-0.7	-0.7
Industry and Resources	18.2	16.0	16.3	16.5
Legislative Assembly	-0.4	-0.8	-0.8	-0.8
Legislative Council	-0.2	-0.5	-0.5	-0.5
Local Government and Regional Development	167.3	265.3	277.3	287.6
Office of Energy	1.5	2.8	5.1	8.7
Office of the Auditor General	-0.2	-0.5	-0.5	-0.5
Office of the Director of Public Prosecutions	-0.4	-0.9	-0.9	-0.9
Parliamentary Services Department	-0.2	-0.3	-0.3	-0.4
Planning and Infrastructure	-1.8	-2.7	-2.7	-2.9
Premier and Cabinet	-3.9	-9.4	-9.0	-9.1
Public Transport Authority ^(b)	2.3	-2.9	-2.7	-5.0
Racing, Gaming and Liquor	-0.1	-0.3	-0.3	-0.3
Registrar, WA Industrial Relations Commission	-0.2	-0.3	-0.3	-0.3
Small Business Development Corporation	-0.1	-0.3	-0.3	-0.2
South West Development Commission	8.8	4.0	-	-
Sport and Recreation	9.2	6.9	7.0	10.3
Swan River Trust	-0.1	-0.3	-0.3	-0.3
Treasury and Finance	-2.5	-5.1	-5.2	-5.5
Water	-0.7	-2.2	-2.1	-2.1
Western Australia Police	-11.0	7.9	27.9	45.5
Western Australian Electoral Commission	-0.3	-0.3	-0.2	-0.3
Western Australian Land Authority ^(b)	10.0	10.0	10.0	10.0
Western Australian Land Information Authority	-1.6	-3.3	-3.5	-3.6
Western Australian Meat Industry Authority	-	-	21.5	-
Western Australian Planning Commission	-0.5	-1.1	-1.2	-1.2
Western Australian Sports Centre Trust	-0.3	-0.7	-0.7	-0.7
Western Australian Tourism Commission	-0.9	0.2	0.5	1.0
Zoological Parks Authority	-0.2	-0.5	-0.5	-0.5
TOTAL EXPENSES	350.6	542.2	575.5	627.0

(a) See text below this table.

(b) Represented in general government expenses as grants and subsidies from the Consolidated Account, paid through the Department of Treasury and Finance.

Note: Columns may not add due to rounding.

Table 3.1 (cont.)

**SUMMARY OF SPENDING DECISIONS SINCE THE
2008-09 PRE-ELECTION FINANCIAL PROJECTIONS STATEMENT**

TOTAL PUBLIC SECTOR PURCHASE OF NON-FINANCIAL ASSETS	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Commissioner of Main Roads	0.3	25.0	30.0	20.0
Corrective Services	7.5	84.0	81.7	177.2
Education and Training	57.5	57.5	57.5	57.5
Environment and Conservation	-	0.9	1.3	1.3
Health	9.7	27.5	34.1	16.6
Housing Authority	139.7	149.9	156.8	173.5
Industry and Resources	30.0	90.0	60.0	40.0
Parliamentary Services Department	0.2	2.2	0.1	-
Public Transport Authority	9.0	8.0	25.6	64.4
Royalties for Regions ^(c)	13.1	106.3	101.1	86.7
Western Australia Police	8.0	45.2	16.1	0.9
Western Power	-	-	-	20.0
TOTAL PURCHASE OF NON-FINANCIAL ASSETS	275.0	596.5	564.3	658.1

(c) Unallocated spending.

Note: Columns may not add due to rounding.

Reverse PFPS Provision for a 3% Efficiency Dividend

Expenses	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Efficiency Dividend	191.0	400.0	418.0	440.0
Total expenses	191.0	400.0	418.0	440.0

Expenses

- The PFPS included a global provision for a 3% efficiency dividend worth \$1.449 billion over the period to 2011-12 (see PFPS, Appendix 3: *Post-Budget Policy Decisions Affecting Spending*, page 63). The Government has approved the allocation of this savings initiative against the budgets of individual appropriation-funded agencies. Specific savings requiring achievement by each agency are shown in the following spending disclosures²⁸.

²⁸ Amounts shown against agencies in the following tables represent reductions to spending by the agency which leave the general government sector. In some instances, agencies have met their efficiency dividend target by reducing internal spending (such as motor vehicle lease payments). Such internal savings are immaterial.

Provision for Media, Marketing and Advertising Savings

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
Election Commitment - Media, Marketing and Advertising Savings Initiative	-7.4	-14.9	-14.9	-14.9
Total expenses	-7.4	-14.9	-14.9	-14.9

Expenses

- The Government has committed to reduce public spending on marketing and media (by one-third), consultants (by \$5 million per annum), and advertising (by 15%). The implementation of these savings initiatives results in \$52 million of savings across the forward estimates within the general government sector (and a further \$14 million in the public corporations sectors). Allocation of these savings to agencies will occur in the lead-up to the 2009-10 Budget.

Agriculture and Food

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
Election Commitment - Biosecurity Feasibility Study	0.1	-	-	-
3% Efficiency Dividend	-2.7	-5.0	-5.0	-5.2
Total expenses	-2.6	-5.0	-5.0	-5.2

Expenses

- \$0.1 million will be spent to investigate the technical and economic feasibility of a State biosecurity barrier.

Attorney General

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-4.5	-9.2	-9.5	-9.5
Total expenses	-4.5	-9.2	-9.5	-9.5

Botanic Gardens and Parks Authority

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.2	-0.5	-0.5	-0.5
Total expenses	-0.2	-0.5	-0.5	-0.5

Chemistry Centre (WA)

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.2	-0.4	-0.4	-0.4
Total expenses	-0.2	-0.4	-0.4	-0.4

Child Protection

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-4.4	-9.1	-9.8	-10.2
Total expenses	-4.4	-9.1	-9.8	-10.2

Commissioner of Main Roads

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-4.8	-11.2	-11.7	-12.7
Election Commitment - Ranford Road dual carriageway	-	-	-	5.0
Total expenses	-4.8	-11.2	-11.7	-7.7
Purchase of non-financial assets				
<i>Election Commitments</i>				
- Eelup Roundabout Flyover	-	15.0	15.0	-
- Roe Highway Stage 8	-	-	-	20.0
- Coalfields Highway - reconstruction	-	10.0	15.0	-
- Traffic Signals upgrade – Canning Highway/Ardross St	0.3	-	-	-
Total purchase of non-financial assets	0.3	25.0	30.0	20.0

Expenses

- Ranford Road is to be upgraded to a dual carriageway by way of grant paid to the local government sector, which will be responsible for completing the works.

Purchase of Non-Financial Assets

- \$30 million will be spent on the construction of a flyover to bypass the Eelup Roundabout in Bunbury.
- Construction of Stage 8 of the Roe Highway will commence in 2011-12.
- Reconstruction of the Wellington Dam Turnoff to Collie section of the Coalfields Highway will commence in 2009-10.
- Traffic signals at the intersection of Canning Highway and Ardross Street are to be upgraded.

Communities

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
<i>Election Commitments</i>				
- Seniors Cost of Living Rebate	25.6	26.1	26.8	28.1
- Seniors Security	2.5	2.5	2.5	2.5
- Lions Community Respite Centre	0.2	-	-	-
- Collie Child Care Centre Repair / Upgrade	0.2	0.1	0.1	-
<i>Other</i>				
3% Efficiency Dividend	-0.5	-1.3	-1.1	-1.0
Total expenses	27.9	27.4	28.3	29.6

Expenses

- A total of \$106.6 million over four years will provide Seniors Card holders a cost of living rebate of \$100 per year for singles and \$150 per year for couples.
- The Government is to provide State Seniors Card holders a \$200 rebate for the purchase or installation of home security devices.
- An amount of \$0.2 million will be spent in 2008-09 towards improving the Lions Community Respite Centre for carers in Albany.
- Repairs and upgrades of the Collie Child Care Centre have been approved over the next three years to 2010-11.

Consumer and Employment Protection

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-1.6	-3.4	-3.4	-3.5
Drafting of the <i>Cooperatives Bill</i>	0.1	0.2	0.2	0.2
Total expenses	-1.5	-3.2	-3.2	-3.3

Expenses

- The *Co-operatives Bill 2008* provides Western Australian cooperatives with access to mutual recognition, expanded fundraising opportunities and improved safeguards for members of cooperatives.

Corrective Services

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-7.6	-15.5	-15.8	-16.4
Custodial Infrastructure Program	-	4.0	8.2	25.1
Total expenses	-7.6	-11.5	-7.6	8.7
Purchase of non-financial assets				
<i>Election Commitments</i>				
- Young Male Prison Facility	5.0	10.0	15.0	10.0
- Medium / Maximum Security Male Prison Facility	2.5	2.5	5.0	5.0
<i>Other</i>				
Custodial Infrastructure Program	-	71.5	61.7	162.2
Total purchase of non-financial assets	7.5	84.0	81.7	177.2

Expenses

- Higher costs will be incurred for increases in prison staff numbers, addressing the projected increase in the prison population arising from implementation of the Government's law and order election commitments, including the repeal of the transitional provisions of the *Sentencing Act 1995* relating to the removal of the one-third sentence reduction, provision of additional police, and mandatory sentences for assaults on police officers.

Purchase of Non-Financial Assets

- A young male (18 to 22 year old) prison facility is to be developed in the metropolitan area.
- Planning for a 350 bed metropolitan medium to maximum security prison facility for men is to proceed from 2008-09.

- A total of \$281 million over the forward estimates to provide additional prison facilities under the Custodial Infrastructure Program. This is over and above the election commitments for a young male prison facility and a new medium to maximum security prison facility for men, and follows changes to sentencing and other law and order election commitments of the Government. The release of this funding will be subject to business cases for individual prison facilities.

Corruption and Crime Commission

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.3	-0.7	-0.8	-0.9
Total expenses	-0.3	-0.7	-0.8	-0.9

Country High School Hostels Authority

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.2	-0.4	-0.4	-0.4
Total expenses	-0.2	-0.4	-0.4	-0.4

Culture and the Arts

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-1.2	-2.6	-2.7	-2.7
Total expenses	-1.2	-2.6	-2.7	-2.7

Curriculum Council

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.3	-0.5	-0.6	-0.6
Total expenses	-0.3	-0.5	-0.6	-0.6

Disability Services Commission

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
<i>Election Commitments</i>				
- Disability Services Package:				
Accommodation Support	0.5	4.5	9.7	19.3
School Holiday Respite Fund	0.5	1.1	1.1	1.1
Alternatives to Employment Program	5.4	10.8	12.5	14.3
Early Childhood Intervention	1.0	1.0	1.0	1.0
School Age and Adult Professional Support	1.5	1.5	1.5	1.5
Indexation to the Non-Government Sector	1.2	1.2	1.2	1.2
<i>Other</i>				
3% Efficiency Dividend	-2.1	-4.3	-4.4	-4.5
Total expenses	7.9	15.8	22.6	33.9

Expenses

- A total of \$34 million will be spent over four years to provide 50 new supported accommodation places each year.
- \$3.8 million over four years will be spent to establish holiday camps providing activities and outings for young people with disabilities.
- \$43 million will be spent over the forward estimates period to provide four days of Alternatives to Employment Program support per week to an additional 140 school leavers each year. In addition, current program recipients aged between 18 and 25 will receive an additional 2 days of support per week. The total number of young people supported by 2012 will be 1,144.
- \$3.9 million will be spent over four years to provide an additional 100 places in recognition that access to early intervention services improves developmental opportunities for children. This initiative is also expected to provide information for the future needs of people with disabilities.
- \$6 million over four years will be spent to provide professional support services including physiotherapy, occupational therapy and speech pathology to school age and adult recipients.
- Increased indexation of the non-government sector will be provided by the State government in recognition of the shortfall in Commonwealth funding.

Economic Regulation Authority

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.1	-0.3	-0.3	-0.3
Total expenses	-0.1	-0.3	-0.3	-0.3

Education and Training

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
<i>Election Commitments</i>				
- Better Behaviour in Public Schools	6.3	9.8	11.2	12.7
- Sports Leadership Program	0.1	0.1	0.1	0.1
<i>Royalties for Regions</i>				
- Boarding Away From Home Allowance	-	1.8	1.9	1.9
<i>Other</i>				
3% Efficiency Dividend				
- Department of Education and Training	-45.6	-93.6	-96.3	-99.3
- Central TAFE	-1.0	-1.9	-1.9	-2.0
- Central West TAFE	-0.2	-0.4	-0.4	-0.4
- Challenger TAFE	-0.5	-1.0	-1.0	-1.0
- CY O'Connor TAFE	-0.1	-0.3	-0.3	-0.3
- Great Southern TAFE	-0.2	-0.3	-0.3	-0.3
- Kimberley TAFE	-0.1	-0.3	-0.3	-0.3
- Pilbara TAFE	-0.3	-0.6	-0.6	-0.6
- South West Regional TAFE	-0.3	-0.6	-0.6	-0.6
- Swan TAFE	-0.9	-1.8	-1.8	-1.9
- West Coast TAFE	-0.4	-0.8	-0.9	-0.9
Total expenses	-43.2	-90.1	-91.4	-92.7
Purchase of non-financial assets				
<i>Election Commitments</i>				
- Investing in Schools	45.0	45.0	45.0	45.0
- School Improvement Program	12.5	12.5	12.5	12.5
Total purchase of non-financial assets	57.5	57.5	57.5	57.5

Note: The Government's commitment to provide \$170 million in support of resolving the negotiation of the Teachers' Enterprise Bargaining Agreement is not included in this table. Pay offers are not treated as policy decisions for the purposes of financial disclosures and are included as parameter changes discussed in Chapter 1: *Financial Projections*.

Expenses

- \$40 million will be spent over four years to provide behaviour management specialists and support for schools. This program will see an expansion of the school chaplaincy services as well as the employment of an additional 50 school based psychologists and ten behaviour management specialists attached to district education offices.
- The expansion of a school-based Sports Leadership Program in the Bunbury area will see expenditure of \$400,000 over the forward estimates.
- The *Royalties for Regions* program will provide for an increase in the Boarding Away from Home Allowance for students (from \$1,215 to \$2,000 per annum). Due to timing of payment of the allowance there will be no impact on expenditure until the 2009-10 financial year.

Purchase of Non-Financial Assets

- \$180 million is to be spent over the next four years as part of the Investing in Schools program (with a total cost of \$300 million over six years). The program is to provide additional funding to build a minimum of 14 new schools in addition to the existing Capital Works Program.
- \$50 million is to be spent over the next four years as part of the capital improvements program. A total of 30 schools will receive funding for capital improvements under this initiative.

Education Services

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
Election Commitment - CARE schools funding	0.3	0.6	0.6	0.7
3% Efficiency Dividend	-0.5	-1.1	-1.1	-1.1
Total expenses	-0.3	-0.5	-0.5	-0.4

Expenses

- Schools operated by the non-government sector will be supported with funding under the Curriculum And Re-engagement in Education (CARE) initiative. This provides an alternative setting for specialised education and training programs, smaller class sizes and more individualised support than is generally possible in mainstream schools.

Environment and Conservation

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
<i>Election Commitments</i>				
- Kimberley Science and Conservation Strategy	0.8	1.5	2.0	2.0
- Environmental Community Grants Program	1.5	1.5	1.5	1.5
- Environmental Monitoring and Compliance	0.4	1.2	1.2	1.2
- Great Western Woodlands	0.4	0.8	0.9	0.9
- Kimberley Toad Busters	0.3	0.3	0.3	0.3
<i>Other</i>				
3% Efficiency Dividend	-4.0	-7.7	-7.7	-7.7
Total expenses	-0.6	-2.4	-1.8	-1.8
Purchase of non-financial assets				
<i>Election Commitments</i>				
- Kimberley Conservation Strategy	-	0.7	1.0	1.0
- Great Western Woodlands	-	0.2	0.3	0.3
Total purchase of non-financial assets	-	0.9	1.3	1.3

Expenses

- An integrated Kimberley Science and Conservation Strategy is to be developed, ensuring that natural and cultural values are protected as the region fulfils its economic potential.
- The Department will implement an Environmental Community Grants Program to support local environmental projects at a community level.
- The Environmental Monitoring and Compliance initiative will enable the appointment of seven additional environmental enforcement officers and enhancement of the Government's industry regulation function.
- \$3 million will be spent over four years to better manage and protect the Great Western Woodlands, ensuring long-term conservation of the unique natural and cultural value of this wilderness area.
- An additional \$1.2 million will be spent to support the campaign to stop cane toads from infiltrating the Kimberley and to encourage ongoing control action.

Purchase of Non-Financial Assets

- The Department will purchase assets associated with the Kimberley Science and Conservation Strategy.
- Capital investment in support of the Great Western Woodlands project, which will ensure long-term conservation of the unique natural and cultural values of this area.

Fire and Emergency Services Authority

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
<i>Election Commitments</i>				
- Whitfords Volunteer Sea Rescue Boat	0.1	-	-	-
- Metro Volunteer Sea Rescue Alliance	0.2	0.2	0.2	0.2
<i>Other</i>				
3% Efficiency Dividend	-2.6	-5.5	-5.8	-6.0
Direct Brigade Alarm network	2.2	11.7	6.0	6.2
Total expenses	-0.1	6.5	0.4	0.4

Expenses

- Support has been made available for the purchase of a new patrol boat by the Whitfords Volunteer Sea Rescue.
- The Government has approved a doubling in funding provided to support the operations of the Metropolitan Volunteer Sea Rescue Alliance.
- Development of a new Direct Brigade Alarm Network will provide a new fire monitoring service for government facilities (such as schools and hospitals), and both commercial and residential private sector buildings.

Fisheries

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.8	-1.5	-1.5	-1.6
Total expenses	-0.8	-1.5	-1.5	-1.6

Goldfields-Esperance Development Commission

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
Menzies Town Centre Upgrade	-	0.5	-	-
Total expenses	-	0.5	-	-

Expenses

- A grant of \$500,000 has been provided for the renewal of the Menzies Town Centre.

Health

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
<i>Election Commitments</i>				
- Grants to After Hours GPs	2.0	2.0	2.0	2.0
- Public Hospital Admittance – Friend In Need Emergency Scheme	12.0	24.0	24.0	24.0
- Solaris Care	1.5	-	-	-
- Chemotherapy & Radiotherapy Outpatient Service	5.0	5.0	-	-
- Elective Surgery Waitlist	10.0	20.0	-	-
- Assistance for Palliative and Cancer Patient Support Services	3.5	3.5	3.5	3.5
- Hospital Nurses Support Fund	6.1	5.6	5.8	3.9
- WA State Suicide Prevention Strategy	4.0	9.0	-	-
- Nurses Scholarship	1.0	2.0	2.0	2.0
- Doctors Intern Supervision	0.5	1.0	1.0	1.0
- Waiting List Advocate	0.4	0.8	0.8	0.8
<i>Royalties for Regions</i>				
- Royal Flying Doctors Service	5.7	9.2	8.3	2.9
- Patient Assisted Travel Scheme	7.7	7.7	7.7	7.7
<i>Other</i>				
3% Efficiency Dividend	-59.9	-126.2	-132.4	-139.4
Total expenses	-0.6	-36.4	-77.4	-91.7
Purchase of non-financial assets				
<i>Election Commitments</i>				
- Rebuild Albany Hospital	3.7	21.5	10.3	8.4
- Royal Perth Hospital	-	-	10.0	10.0
- New Princess Margaret Hospital	-	-	7.8	-7.8
- Health Services Development Fund	6.0	6.0	6.0	6.0
Total purchase of non-financial assets	9.7	27.5	34.1	16.6

Expenses

- Operating subsidies for up to 20 general practices in the Perth metropolitan area and regional centres will allow the offer of late-night or 24 hour services.
- The Friend In Need Emergency Scheme allows health and community care organisations to work with emergency departments and general practitioners to help older and chronically-ill patients stay out of hospital.
- A one-off grant of \$1.5 million will be provided to Solaris Care for the provision of sensitive support to cancer patients and their families.
- \$10 million will be spent over two years, commencing in 2008-09, to assist metropolitan and regional hospitals to increase their capacity in chemotherapy and radiotherapy outpatient services.
- \$30 million will be spent over two years, commencing in 2008-09, on strategies to reduce waiting times for lower priority surgery.
- A Palliative Services Project Fund will be established with a special focus on providing palliative care to patients in Indigenous and remote communities.

- Commencing in 2008-09, the new Hospital Nurses Support Fund will provide for the improvement of facilities in public hospitals.
- A comprehensive WA State Suicide Prevention Strategy is being developed at a cost of \$13 million over 2 years.
- \$7 million will be spent over four years to assist in attracting and retaining nurses through scholarships and transition support.
- \$3.5 million will be spent over four years to assist in attracting and retaining doctors by providing additional supervision for medical interns.
- The Office of the Waiting List Advocate is to be established to collect and publish transparent waiting list data and will be empowered to act on behalf of public patients waiting longer than clinically-appropriate waiting times. It is expected that the associated costs will be offset from savings elsewhere within the department.
- Additional support is to be provided to the Royal Flying Doctors Service for purchasing, equipping and operating three additional aircraft.
- The Government has committed to a \$30.8 million significant boost to the Patient Assisted Travel Scheme.

Purchase of Non-Financial Assets

- Construction of a new Albany Hospital is to begin this year, bringing the total project cost to \$135 million.
- Commencing in 2010-11, \$20 million has been allocated over two years for planning and site works at Royal Perth Hospital (RPH). The new works will support the transformation of RPH into a 400-bed trauma facility with a new emergency department and a new west wing.
- Planning for the New Princess Margaret Hospital will be brought forward as part of the Government's redevelopment plans for this hospital.
- Health infrastructure investment through the Health Services Development Fund will support improvements to local health and hospital services throughout the State.

Housing and Works

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.5	-1.0	-1.1	-1.1
Total expenses	-0.5	-1.0	-1.1	-1.1

Housing Authority

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
<i>Royalties for Regions - Housing our Workforce</i> ^(a)	8.3	16.9	17.2	17.5
3% Efficiency Dividend ^(a)	-2.0	-3.4	-2.8	-0.7
Total expenses	6.3	13.4	14.4	16.8
Purchase of non-financial assets				
<i>Election Commitments</i>				
- Community Disability Housing Program	5.0	6.8	-	-
<i>Royalties for Regions - Housing our Workforce</i>	64.7	143.1	156.8	173.5
<i>Other</i>				
Extension of First Start Shared Equity Scheme	70.0	-	-	-
Total purchase of non-financial assets	139.7	149.9	156.8	173.5

(a) Represented in general government expenses as grants and subsidies from the Consolidated Account, paid through the Department of Treasury and Finance.

Expenses

- The *Royalties for Regions* program will fund a subsidy to reduce regional rental costs for teachers, nurses and police officers to encourage more essential workers to live and work in non-metropolitan areas of Western Australia.

Purchase of Non-Financial Assets

- The Housing Authority will construct five out-of-home respite facilities in metropolitan and rural Western Australia.
- A total of \$538.1 million will be spent over four years to fund the construction of 700 fully-equipped, modern kit-style houses for public sector employees in regional communities.
- An additional \$70 million has been approved to extend the First Start Shared Equity Scheme until 30 June 2009.

Indigenous Affairs

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.4	-0.7	-0.7	-0.7
Total expenses	-0.4	-0.7	-0.7	-0.7

Industry and Resources

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
<i>Royalties for Regions</i> – Exploration Incentive Scheme	20.0	20.0	20.0	20.0
3% Efficiency Dividend	-1.8	-4.0	-3.7	-3.5
Total expenses	18.2	16.0	16.3	16.5
Purchase of non-financial assets				
<i>Royalties for Regions</i> - Ord River Scheme - Stage 2	30.0	90.0	60.0	40.0
Total purchase of non-financial assets	30.0	90.0	60.0	40.0

Expenses

- The Government will provide financial support to encourage and expand mining exploration in Western Australia as part of the *Royalties for Regions* program.

Purchase of Non-Financial Assets

- An amount of \$220 million has been provided over the forward estimates period to deliver the Ord Stage 2 project under the *Royalties for Regions* program. Approximately 14,000 hectares of agricultural land will be developed, leading to a broadening of the State's economic base in agriculture, employment and development opportunities for the region and fulfilment of the commitments and expectations of the Government under the Ord Native Title Final Agreement.

Legislative Assembly

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.4	-0.8	-0.8	-0.8
Total expenses	-0.4	-0.8	-0.8	-0.8

Legislative Council

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.2	-0.5	-0.5	-0.5
Total expenses	-0.2	-0.5	-0.5	-0.5

Local Government and Regional Development

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
<i>Election Commitments</i>				
- Kalamunda Community and Cultural Centre	- _(a)	0.7 _(a)	0.7 _(a)	- _(a)
- Bunbury Choose Respect				
<i>Royalties for Regions</i>				
- Country Local Government Fund	100.0	100.0	100.0	100.0
- Regional Development Infrastructure and Services Grants	40.0	110.0	120.0	130.0
<i>Grants</i>				
- BushChange Housing Grant	10.0	25.0	25.0	25.0
- Country Age Pension Fuel Card	20.0	20.0	20.0	20.0
- Telecentres	5.0	10.0	12.0	13.0
- Pre-feasibility Funding for Gascoyne Food Bowl and Pilbara Water Project	0.5	-	-	-
<i>Other</i>				
3% Efficiency Dividend	-0.2	-0.5	-0.5	-0.5
Total expenses	175.3	265.3	277.3	287.6

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

Expenses

- A grant will be made as a contribution towards the construction of the new Kalamunda Community and Cultural Centre.
- Expenditure on the school-based Bunbury Choose Respect Program will increase by \$160,000 over the forward estimates period.
- The *Royalties for Regions* program will provide \$400 million over the forward estimates through the Country Local Government Fund. The Fund will support projects that address infrastructure backlogs across the country local government sector. The Fund also seeks to ensure improved asset management through standardised asset management practices and capacity building to support local governments to plan for their infrastructure needs. It also aims to assist in improving regional infrastructure governance in local governments. By the provision of funding directly to local governments, local decision making will ensure that the Fund is directed to local infrastructure needs.
- Regional investment will be supported from the *Royalties for Regions* program, by providing \$400 million over the forward estimates for Regional Development Infrastructure and Services Grants.

- The BushChange Housing Grant scheme is a *Royalties for Regions* initiative to encourage new population growth in country communities. One-off grants of \$25,000 per person or couple will be available to people who buy or build a house in a regional BushChange town. People who do not own their own home or property anywhere in Australia will be eligible to receive the grant. BushChange towns will be deemed to be towns with a population of less than 10,000 people.
- Concessions totalling \$20 million per annum will be delivered through a Country Age Pension Fuel Card to pensioners to assist them with high fuel costs and to alleviate travel issues as a result of an inability to readily access public transport. This concession is to be provided as part of the *Royalties for Regions* program.
- *Royalties for Regions* will provide support totalling \$40 million over the forward estimates for maintenance, improvement and expansion of the operations of the 103 Telecentres throughout the State.
- Research is to be conducted to investigate the potential for the Gascoyne region to be developed as a food bowl region. A business case will also be prepared for the Pilbara Water Project through the *Royalties for Regions* program.

Office of Energy

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
<i>Election Commitments</i>				
- Feed-in Tariff	0.8	1.9	3.6	7.2
- Solar Schools Program	1.0	1.5	2.0	2.0
<i>Other</i>				
3% Efficiency Dividend	-0.4	-0.6	-0.5	-0.5
Total expenses	1.5	2.8	5.1	8.7

Expenses

- The Office of Energy has been allocated \$13.5 million over the forward estimates to support a feed-in tariff for homeowners providing electricity back into the grid. The Office will also conduct an investigation of the feasibility of extending the scheme to small business and commercial premises.
- The cost of expanding the Solar Schools program and widening the eligibility criteria to include independent and Catholic schools has been reflected in the forward estimates.

Office of the Auditor General

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.2	-0.5	-0.5	-0.5
Total expenses	-0.2	-0.5	-0.5	-0.5

Office of the Director of Public Prosecutions

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.4	-0.9	-0.9	-0.9
Total expenses	-0.4	-0.9	-0.9	-0.9

Parliamentary Services Department

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.2	-0.3	-0.3	-0.4
Total expenses	-0.2	-0.3	-0.3	-0.4
Purchase of non-financial assets				
Legislative Council Chamber Refurbishment	0.2	2.2	0.1	-
Total purchase of non-financial assets	0.2	2.2	0.1	-

Purchase of Non-Financial Assets

- The Legislative Council chamber will be refurbished to accommodate additional members. The expansion in accommodation is necessitated by changes to electoral boundaries. The additional capacity is also expected to accommodate further expansion in the number of members if required in the future.

Planning and Infrastructure

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
Election Commitment - Hoons and Young Drivers	-	0.1	-	-
<i>Royalties for Regions</i> - Regional Airports Development Scheme	2.0	5.0	5.0	5.0
3% Efficiency Dividend	-3.8	-7.8	-7.7	-7.9
Total expenses	-1.8	-2.7	-2.7	-2.9

Expenses

- A feasibility study will investigate the introduction of vehicle power-to-weight ratio restrictions for novice drivers, based on best-practice research and, if appropriate, legislation to enforce them.
- Under the *Royalties for Regions* program, an additional \$17 million will be provided for the Regional Airports Development Scheme, which will provide grants to local communities and councils for projects that maintain and expand facilities at regional airports throughout Western Australia.

Premier and Cabinet

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
<i>Election Commitments</i>				
- Albany ANZAC Peace Park Contribution	0.4	-	-	-
- Freedom of Information Audit	0.2	-	-	-
- Reduction in the Policy Unit and Media Office	-0.7	-1.3	-1.3	-1.3
- Reduction in Ministerial Office Staff	-2.0	-4.1	-4.1	-4.1
<i>Other</i>				
3% Efficiency Dividend	-2.0	-4.3	-3.9	-4.0
Provision of Research Assistance for Parliamentary Members	0.2	0.3	0.3	0.3
Total expenses	-3.9	-9.4	-9.0	-9.1

Expenses

- \$433,000 has been allocated to enable the completion of the Albany ANZAC Peace Park.
- An audit of Freedom of Information laws in Western Australia will be conducted, with the objective of enhancing accountability and transparency.
- A 25% reduction in the budget for the policy unit and media office will save a forecast \$4.7 million over the forward estimates.

- A cap on Ministerial Office staff numbers is estimated to deliver \$14.3 million in savings over the forward estimates.
- A total of \$1.1 million has been provided towards research assistance and advice for The Greens (WA) party, the Member for Alfred Cove and the Member for Kalgoorlie to enable them to deal with Government legislation.

Public Transport Authority

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
<i>Election Commitments</i>				
- 20 Year Transport Master Plan ^(a)	2.0	2.0	2.0	-
- Seniors Free Public Transport ^(a)	5.5	6.0	6.6	7.2
<i>Other</i>				
3% Efficiency Dividend ^(a)	-5.2	-10.9	-11.3	-12.1
Total expenses	2.3	-2.9	-2.7	-5.0
Purchase of non-financial assets				
<i>Election Commitments</i>				
- Ellenbrook Rail Line	-	-	16.3	52.6
- Better Transport system – 3,000 parking bays	4.0	8.0	9.2	11.8
- North Greenbushes Railway	5.0	-	-	-
Total purchase of non-financial assets	9.0	8.0	25.6	64.4

(a) Represented in general government expenses as grants and subsidies from the Consolidated Account, paid through the Department of Treasury and Finance.

Expenses

- A 20 Year Transport Master Plan of Perth's future transport needs will be developed over the next three years.
- Free public transport for Western Australian Seniors Card holders, aged pensioners and disability support pensioners between 10am and 3pm weekdays, and all day Saturday and Sundays will commence during 2008-09.

Purchase of Non-Financial Assets

- Construction of the Ellenbrook Railway Line (Midland Line Spur) is expected to commence in 2010-11.
- An additional 3,000 car parking bays for the northern and southern rail line car parks are to be provided over the forward estimates period, accommodating growth in the use of passenger rail services.
- Additional expenditure of \$5 million will occur in 2008-09 towards the upgrade of works associated with the North Greenbushes freight railway.

Racing, Gaming and Liquor

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.1	-0.3	-0.3	-0.3
Total expenses	-0.1	-0.3	-0.3	-0.3

Registrar, WA Industrial Relations Commission

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.2	-0.3	-0.3	-0.3
Total expenses	-0.2	-0.3	-0.3	-0.3

Royalties for Regions

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Purchase of non-financial assets				
Unallocated balance	13.1	106.3	101.1	86.7
Total expenses	13.1	106.3	101.1	86.7

Purchases of non-financial assets

- This table represents the portion of the agreed funding for *Royalties for Regions* that is yet to be allocated. In total, the *Royalties for Regions* program allocates \$2.4 billion in spending in this mid-year review, with \$307.2 million to be spent on projects yet to be identified.

Small Business Development Corporation

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.1	-0.3	-0.3	-0.2
Total expenses	-0.1	-0.3	-0.3	-0.2

South West Development Commission

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
<i>Election Commitments</i>				
- Busselton Jetty Refurbishment	8.0	4.0	-	-
- Redevelopment of Collie Town Centre	0.5	-	-	-
- Redevelopment of Balingup Main Street	0.3	-	-	-
Total Expenses	8.8	4.0	-	-

Expenses

- Refurbishment and repairs of the Busselton Jetty will be further supported through a doubling in State support, with the entire program now to be funded by the State.
- \$0.5 million has been allocated in 2008-09 to the redevelopment of the Collie Town Centre main street.
- \$250,000 will be spent on the redevelopment of Balingup Main Street in 2008-09.

Sport and Recreation

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
Election Commitment - Community Sporting and Recreation Facilities Fund	2.7	10.8	10.8	10.8
<i>Other</i>				
Re-Opening Logue Brook Dam for Recreation – return of grant to Water Corporation	10.0	-	-	-
Re-Opening Logue Brook Dam for Recreation – remove previously budgeted grants	-3.3	-3.4	-3.3	-
3% Efficiency Dividend	-0.3	-0.6	-0.6	-0.6
Total expenses	9.2	6.9	7.0	10.3

Expenses

- The expansion of the Community Sporting and Recreation Facilities Fund will provide additional assistance to community groups and local government authorities to develop basic infrastructure for sport and recreation.
- Expenditure will increase by \$10 million in 2008-09 to reflect the return of a grant to the Water Corporation following the Government's decision to re-open Logue Brook Dam for recreational use.
- The decision to return the \$10 million grant to the Water Corporation will reduce associated grants expenditure by \$10 million over the period 2008-09 to 2010-11.

Swan River Trust

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.1	-0.3	-0.3	-0.3
Total expenses	-0.1	-0.3	-0.3	-0.3

Treasury and Finance

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-2.5	-5.1	-5.2	-5.5
Total expenses	-2.5	-5.1	-5.2	-5.5

Water

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
<i>Election Commitments</i>				
- Feasibility of Treating Saline Services	0.2	-	-	-
- Review of Wellington Dam Desalination Proposal	0.2	-	-	-
<i>Other</i>				
3% Efficiency Dividend	-1.2	-2.2	-2.1	-2.1
Total expenses	-0.7	-2.2	-2.1	-2.1

Expenses

- \$250,000 will be spent in 2008-09 to undertake an independent engineering assessment of the feasibility of treating large saline reserves east of the Darling Escarpment.
- An independent, science-based review of desalination plant proposals for Wellington Dam is to be undertaken in 2008-09.

Western Australia Police

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
<i>Election Commitments</i>				
- WA Community Crime Prevention Program	1.5	1.5	1.5	1.5
- 500 Extra Police	-	21.7	37.3	52.1
- 200 Extra Police Specialists	-	8.1	13.1	16.3
- Regional Police Stations	-	2.0	2.0	2.0
<i>Other</i>				
3% Efficiency Dividend	-12.5	-25.4	-25.9	-26.4
Total expenses	-11.0	7.9	27.9	45.5
Purchase of non-financial assets				
<i>Election Commitments</i>				
- New Police Stations and Upgrades	3.0	15.2	4.9	0.9
- Two Drug Buses	-	5.0	-	-
- Metropolitan Radio Network	-	20.1	11.2	-
- South Metropolitan Region Police Station	5.0	5.0	-	-
Total purchase of non-financial assets	8.0	45.2	16.1	0.9

Expenses

- The establishment of the Western Australian Community Crime Prevention Program will provide specific funding to local councils and communities for closed circuit television cameras, crime prevention devices and programs.
- The Government has approved additional funding of \$111.3 million over the forward estimates to meet the full cost of an additional 500 police officers to be recruited over five years commencing in 2009-10.
- The Government has committed to employ 200 extra police specialists over five years.
- \$6 million will be spent over three years from 2009-10 to re-open regional police stations in consultation with local communities.

Purchase of Non-Financial Assets

- Additional capital spending of \$24 million over four years has been approved for the construction of new police facilities and to upgrade existing infrastructure.
- Two additional drug buses are to be purchased in 2009-10.
- Expansion of the Perth Metropolitan Radio Network into high density areas surrounding Perth has been accommodated in the forward estimates with expenditure of \$31.3 million.
- A new police station will be constructed in the South Metropolitan Region at a cost of \$10 million over two years.

Western Australian Electoral Commission

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.3	-0.3	-0.2	-0.3
Total expenses	-0.3	-0.3	-0.2	-0.3

Western Australian Land Authority

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
Royalties for Regions - Northern Towns Development Fund ^(a)	10.0	10.0	10.0	10.0
Total expenses	10.0	10.0	10.0	10.0

(a) Represented in general government expenses as grants and subsidies from the Consolidated Account, paid through the Department of Treasury and Finance.

Expenses

- The Northern Towns Development Fund will resource the development of plans for local development in conjunction with industry, local business, local government and the community. The release of land for residential development and the provision of appropriate housing will be a particular focus. The Land Authority will release the funds after consultation with the Department for Planning and Infrastructure.

Western Australian Land Information Authority

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-1.6	-3.3	-3.5	-3.6
Total expenses	-1.6	-3.3	-3.5	-3.6

Western Australian Meat Industry Authority

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
<i>Election Commitments</i>				
- Katanning Livestock Saleyards	-	-	17.5	-
- Mount Barker Livestock Saleyards	-	-	4.0	-
Total expenses	-	-	21.5	-

Expenses

- A grant of \$17.5 million will be provided for the relocation of the Katanning livestock saleyard.
- An upgrade of the Mount Barker livestock saleyard will be supported through Government grants.

Western Australian Planning Commission

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.5	-1.1	-1.2	-1.2
Total expenses	-0.5	-1.1	-1.2	-1.2

Western Australian Sports Centre Trust

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.3	-0.7	-0.7	-0.7
Total expenses	-0.3	-0.7	-0.7	-0.7

Western Australian Tourism Commission

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.9	-1.6	-1.7	-1.6
Red Bull Air Race 2010, 2011 and 2012	-	1.8	2.2	2.6
Total expenses	-0.9	0.2	0.5	1.0

Expenses

- Future support for Perth to host the Red Bull Air Race has been accommodated in the forward estimates.

Western Power

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Purchase of non-financial assets				
<i>Royalties for Regions – Bunbury to Albany Gas Pipeline</i>	-	-	-	20.0
Total purchase of non-financial assets	-	-	-	20.0

Purchase of Non-Financial Assets

- \$20 million will be spent in 2011-12 on the purchase of land necessary to construct a natural gas pipeline from Bunbury to Albany, through Bridgetown and Manjimup.

Zoological Parks Authority

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Expenses				
3% Efficiency Dividend	-0.2	-0.5	-0.5	-0.5
Total expenses	-0.2	-0.5	-0.5	-0.5

The Treasurer's Advance

The Treasurer's Advance is provided for under the *Financial Management Act 2006* (FMA). It authorises the Treasurer to make short-term recoverable advances to agencies for the temporary financing of works and services (referred to as 'net unrecouped balances') and to provide new or supplementary funding during the year for extraordinary or unforeseen matters (known as 'excesses and new items').

The total amount drawn against unrecouped balances, excesses and new items must remain within the limit of \$437.7 million authorised by the FMA, unless the limit is adjusted by a *Treasurer's Advance Authorisation Act*.

The expected outturn for the 2008-09 Treasurer's Advance (\$996.8 million) is in excess of the authorised limit. Accordingly, the Government will be seeking Parliamentary approval for an increased limit prior to 30 June 2009.

Table 4.1 shows the estimated position of the Treasurer's Advance for 2008-09. This projection is consistent with the agency data underlying these mid-year review projections. However, due to timing changes and underspends that are likely to occur over the remainder of 2008-09, it is considered unlikely that agencies will need to fully draw down the \$996.8 million estimate shown in Table 4.1.

TREASURER'S ADVANCE

Table 4.1

	2007-08 Actual ^(a) \$m	2008-09 Projection ^(b) \$m
AUTHORISED LIMIT	750.0	437.7
<i>Total projected to be drawn against Treasurer's Advance authorisation</i>	611.6	996.8
Comprising:		
Net recoverable advances as at 30 June	6.1	15.0
Excesses and New Items		
- recurrent	443.2	514.3
- capital	162.3	467.6

(a) The final audited outcome for 2007-08 is detailed in the 2007-08 *Annual Report on State Finances*.

(b) Detailed disclosure of the final audited outcome for 2008-09 will be available in the 2008-09 *Annual Report on State Finances*, to be released by 28 September 2009.

Note: Columns may not add due to rounding.

Transfers, Excesses and New Items

Table 4.2 details excesses and/or new items that are projected to occur during 2008-09 and the expected impact of these on the Treasurer's Advance under the authority of section 27 of the FMA.

The projections shown in Table 4.2 are subject to movements in agencies' appropriations through the remainder of 2008-09. Funding in excess of budget for appropriation items shown in the table will only occur if management responses do not achieve compensating shortfalls in other spending supported by these items prior to 30 June 2009.

Section 25 of the FMA allows appropriations originally allocated in the 2008-09 Budget to be transferred to other agencies for the provision of an appropriation-funded service that is now to be delivered by the other agency. These transfers have no impact on the Treasurer's Advance.

Four section 25 appropriation transfers have occurred since the 2008-09 Budget:

- \$5.3 million from the Department for Planning and Infrastructure to Main Roads for the Daddow Road road/rail grade separation project that will alleviate the safety hazard, operational inefficiencies, delays to road users and traffic mix conflict at the entrance to the Kewdale Internodal terminal.
- \$5.0 million from the Department of Corrective Services to Western Australia Police for costs associated with the operation of the Perth Watch House;
- \$0.2 million from the Western Australia Police to the Office of the Director of Public Prosecutions for the civilianisation of the Perth Children's Court replacing two police officers with two legal positions; and
- \$44,000 from the Department of Treasury and Finance to the Department of Industry and Resources for a specialist procurement Contract Administration Officer.

TRANSFERS, EXCESSES AND NEW ITEMS					
Item	Appropriation	Transfers ^(a) \$m	Treasurer's Advance		Draw on Treasurer's Advance to date ^(b) \$m
			New Items \$m	Excesses \$m	
Recurrent Appropriations					
Parliamentary Services Department					
3	Delivery of services	-	-	0.1	-
Parliamentary Commissioner for Administrative Investigations					
4	Delivery of services	-	-	0.1	-
Office of the Public Sector Standards Commissioner					
7	Delivery of services	-	-	0.1	-
Salaries and Allowances Tribunal					
8	Delivery of services	-	-	.(c)	-

TRANSFERS, EXCESSES AND NEW ITEMS

Table 4.2 (cont.)

Item	Appropriation	Treasurer's Advance			Draw on Treasurer's Advance to date ^(b)
		Transfers ^(a) \$m	New Items \$m	Excesses \$m	
Department of Treasury and Finance					
9	Delivery of services	_(c)	-	-	-
22	First Home Owners' Assistance	-	-	130.7	-
25	Office of Health Review	-	-	_(c)	-
30	Refund of Past Years Revenue Collections – Public Corporations	-	-	5.0	-
31	Refund of Past Years Revenue Collections – All Other	-	-	75.0	-
38	All Other Grants, Subsidies and Transfer Payments	-	-	0.2	-
Office of the Auditor General					
40	Delivery of services	-	-	_(c)	-
Department of Industry and Resources					
43	Delivery of services	_(c)	-	0.3	-
44	Administered Grants, Subsidies and Other Transfer Payments	-	-	26.1	-
Department of Agriculture and Food					
45	Delivery of services	-	-	3.2	-
Mid-West Development Commission					
48	Delivery of services	-	-	_(c)	-
Wheatbelt Development Commission					
49	Delivery of services	-	-	_(c)	-
Great Southern Development Commission					
50	Delivery of services	-	-	_(c)	-
Department of Local Government and Regional Development					
51	Delivery of services	-	-	0.1	-
Department of Racing, Gaming and Liquor					
53	Delivery of services	-	-	0.1	-
54	Administered Grants, Subsidies and Other Transfer Payments	-	-	1.1	-
Goldfields-Esperance Development Commission					
55	Delivery of services	-	-	_(c)	-
Western Australia Police					
56	Delivery of services	4.8	-	-	-
Fire and Emergency Services Authority of Western Australia					
57	Delivery of services	-	-	1.5	-
Department of Water					
58	Delivery of services	-	-	0.7	-
Department of Sport and Recreation					
60	Delivery of services	-	-	0.9	-
61	Contribution to Community Sporting and Recreation Facilities Fund	-	-	2.7	-
Commissioner of Equal Opportunity					
64	Delivery of services	-	-	0.1	-
Corruption and Crime Commission					
65	Delivery of services	-	-	0.2	-
Law Reform Commission of Western Australia					
67	Delivery of services	-	-	_(c)	-
Office of the Director of Public Prosecutions					
68	Delivery of services	0.2	-	0.2	-
Commissioner for Children and Young People					
69	Delivery of services	-	-	_(c)	-
Office of the Information Commission					
70	Delivery of services	-	-	_(c)	-

Table 4.2 (cont.)

		Treasurer's Advance			Draw on Treasurer's Advance to date ^(b)
Item	Appropriation	Transfers ^(a) \$m	New Items \$m	Excesses \$m	\$m
WA Health					
71	Delivery of services	-	-	20.2	-
72	Contribution to Hospital Fund	-	-	14.2	-
Western Australian Electoral Commission					
73	Delivery of services	-	-	4.4	-
Department of Housing and Works					
74	Delivery of services	-	-	2.1	-
Housing Authority					
75	Delivery of services	-	-	59.3	-
Department of Indigenous Affairs					
76	Delivery of services	-	-	0.1	-
Heritage Council of Western Australia					
77	Delivery of services	-	-	0.1	-
The National Trust of Australia (W.A.)					
78	Delivery of services	-	-	0.1	-
Western Australian Land Information Authority					
79	Delivery of services	-	-	3.3	-
Department for Planning and Infrastructure					
80	Delivery of services	-5.3	-	10.2	-
Commissioner for Main Roads					
82	Delivery of services	-	-	20.8	-
Public Transport Authority of Western Australia					
83	Delivery of services	-	-	43.6	-
Disability Services Commission					
85	Delivery of services	-	-	14.2	-
Department of Culture and the Arts					
87	Delivery of services	-	-	0.3	-
89	Library Board of Western Australia	-	-	0.5	-
Department of Education and Training					
92	Delivery of services	-	-	5.4	-
Country High School Hostels Authority					
93	Delivery of services	-	-	_(c)	-
Curriculum Council					
94	Delivery of services	-	-	0.1	-
Department of Education Services					
96	Administered Grants, Subsidies and Other Transfer Payments	-	-	0.3	-
South West Development Commission					
97	Delivery of services	-	-	12.1	-
Office of Energy					
98	Delivery of services	-	-	0.5	-
Chemistry Centre (W.A.)					
99	Delivery of services	-	-	_(c)	-
Department of Consumer and Employment Protection					
100	Delivery of services	-	-	1.1	-
Department of Fisheries					
102	Delivery of services	-	-	0.3	-
Kimberley Development Commission					
103	Delivery of services	-	-	0.5	-
Pilbara Development Commission					
104	Delivery of services	-	-	_(c)	-

TRANSFERS, EXCESSES AND NEW ITEMS

Table 4.2 (cont.)

Item	Appropriation	Treasurer's Advance			Draw on Treasurer's Advance to date ^(b)
		Transfers ^(a) \$m	New Items \$m	Excesses \$m	
Gascoyne Development Commission					
105	Delivery of services	-	-	_(c)	-
Department of Corrective Services					
106	Delivery of services	-5.0	-	9.3	-
Office of the Inspector of Custodial Services					
107	Delivery of services	-	-	0.1	-
Small Business Development Corporation					
108	Delivery of services	-	-	_(c)	-
Peel Development Commission					
114	Delivery of services	-	-	_(c)	-
Department for Child Protection					
115	Delivery of services	-	-	2.3	-
Department for Communities					
116	Delivery of services	-	-	29.9	-
Unallocated					
... Appropriation impact of Government offers as part ... of current EBA negotiations		-	-	10.3	-
Total Recurrent		-5.3	-	514.3	-
Capital Appropriations					
Parliamentary Services Department					
118	Capital Contribution	-	-	0.2	-
Department of Treasury and Finance					
123	WA Health	-	-	3.9	-
132	Forest Products Commission	-	-	0.1	-
Great Southern Development Commission					
141	Capital Contribution	-	-	5.0	-
Western Australia Police					
142	Capital Contribution	-	-	7.6	-
Housing Authority					
155	Capital Contribution	-	-	35.0	-
Commissioner for Main Roads					
158	Capital Contribution	5.3	-	0.8	-
Public Transport Authority of Western Australia					
159	Capital Contribution	-	-	12.0	-
Department of Education and Training					
168	Capital Contribution	-	-	57.5	-
Department of Fisheries					
174	Capital Contribution	-	-	1.0	-
Department of Corrective Services					
175	Capital Contribution	-	-	7.5	-
Royalties for Regions					
... Royalties for Regions Fund		-	-	337.0	-
Total Capital		-	-	467.6	-
TOTAL		5.3	-	981.8	-

(a) Authorised under section 25 of the FMA.

(b) Mid-year review cut-off date, 1 December 2008.

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

Note: Columns may not add due to rounding.

