



2009-10 Quarterly Financial Results Report

December 2009



2009-10

Quarterly Financial Results Report

DECEMBER 2009

2009–10 Quarterly Financial Results Report
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2009-10

**QUARTERLY FINANCIAL RESULTS REPORT
Six Months Ended 31 December 2009**

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Foreword

This *Quarterly Financial Results Report* (QFRR) provides financial results for the Western Australian public sector for the six months to 31 December 2009.

Care should be exercised in extrapolating the likely outcome for the 2009-10 year based on the quarterly results to date, particularly in light of the seasonal and other timing factors that impact the State's finances. The timing of grant revenue from the Commonwealth and grant payments can also be volatile, making comparisons between monthly and quarterly reporting periods difficult. The impact of Commonwealth stimulus spending, where it is on-passed through the State, also distorts both revenue and spending.

The focus of the State budget is the net operating balance for the general government sector. The presentation in this report is consistent with the revised outturn published in the 2009-10 *Government Mid-year Financial Projections Statement* (mid-year review) released on 17 December 2009.

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

This report also includes Appendix 4: *Public Ledger* which summarises information on the Consolidated Account, Treasurer's Special Purpose Accounts and the Treasurer's Advance.

Information presented in this QFRR is not audited.

Overview

Summary

Financial conditions continue to present a challenge to public sector outcomes in Western Australia. However, the December quarter of 2009-10 represented an improvement relative to the September quarter, with some Commonwealth stimulus funding received for costs incurred by the State earlier in the year.

The general government sector operating deficit narrowed during the December quarter, standing at \$259 million for the six months to 31 December 2009. This compares with an \$806 million surplus for the same period in 2008-09.

- General government revenue in the six months of 2009-10 grew by 1.6% compared with the same period last year, reflecting the impact of the global economic downturn on the national and State economies, and Western Australia's declining share of national GST collections.
- At the same time, general government expenses grew by a very strong 13.3%, reflecting extraordinary items such as the impact of Commonwealth stimulus spending, and the timing of Enterprise Bargaining Agreements on public sector wages.

The Western Australian total public sector recorded a \$401 million operating surplus in the first half of 2009-10. This result reflects strong operating surpluses for the public corporations sectors which more than offset the general government sector operating deficit noted above.

Total public sector net worth increased by \$677 million over the six months to 31 December 2009 to stand at \$107.8 billion. This largely reflects the impact of the operating surpluses in the public corporations sectors and higher holdings of land, infrastructure and other non-financial assets, partially offset by higher borrowings. At \$8.6 billion, total public sector net debt at 31 December 2009 was \$1.9 billion higher than the \$6.7 billion recorded at 30 June 2009, in line with anticipated growth forecast for 2009-10. Users should note that balance sheet aggregates can move significantly in the State's interim financial reporting series.

General Government Sector

The general government sector is the focus of the State's financial management, reflecting its sensitivity to Government policy decisions on a day-to-day basis. The general government net operating balance is the headline measure of budget performance in Western Australia. The general government sector is responsible for the collection of central revenue, such as taxation, royalties and Commonwealth grants, and for the provision of key services to the community, such as health, education and law and order.

The general government sector recorded an operating deficit of \$259 million for the six months to 31 December 2009, an improvement of \$520 million on the operating deficit recorded for the September quarter.

Table 1

SUMMARY OF GENERAL GOVERNMENT FINANCES Western Australia

	2009-10			2008-09		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn ^(a)	Three Months to 31 Dec	Six Months to 31 Dec	Actual ^(b)
	\$m	\$m	\$m	\$m	\$m	\$m
Net operating balance	520	-259	51	586	806	318
Net worth		107,839	109,983		94,242	107,162
Increase in cash balances	180	-1,216	-508	-161	-158	98
<i>Memorandum items</i>						
Net lending	33	-1,049	-2,477	284	288	-987
Net debt		-720	686		-3,139	-2,618
Cash surplus/-deficit	-424	-1,467	-2,277	-100	-32	-375

(a) Consistent with the revised outturn published in the 2009-10 mid-year review, released 17 December 2009.

(b) Consistent with final audited data contained in the 2008-09 *Annual Report on State Finances*, released 24 September 2009.

The deficit outcome for the first six months of 2009-10 compares with an \$806 million surplus recorded in the corresponding period in 2008-09, and largely reflects:

- softer revenue, particularly for payroll and motor vehicle taxes (which have shown little aggregate growth to date), lower year-to-date land tax and Metropolitan Region Improvement Tax (MRIT) collections (due to timing), lower royalty and GST revenue, offset by Commonwealth stimulus funding and higher transfer duty collections; and
- extraordinary spending which has boosted expense growth throughout the first six months of 2009-10.

The following table summarises extraordinary spending and significant timing differences for the six months to 31 December 2009 compared with the same period in 2008-09.

Table 2

EXTRAORDINARY EXPENSE GROWTH 2009-10
Six Months to 31 December

	\$m
Commonwealth spending (stimulus, grants on-passed to local governments and non-governments schools, etc.)	451
Community Service Obligation payment to Synergy	91
Extraordinary expenses	542

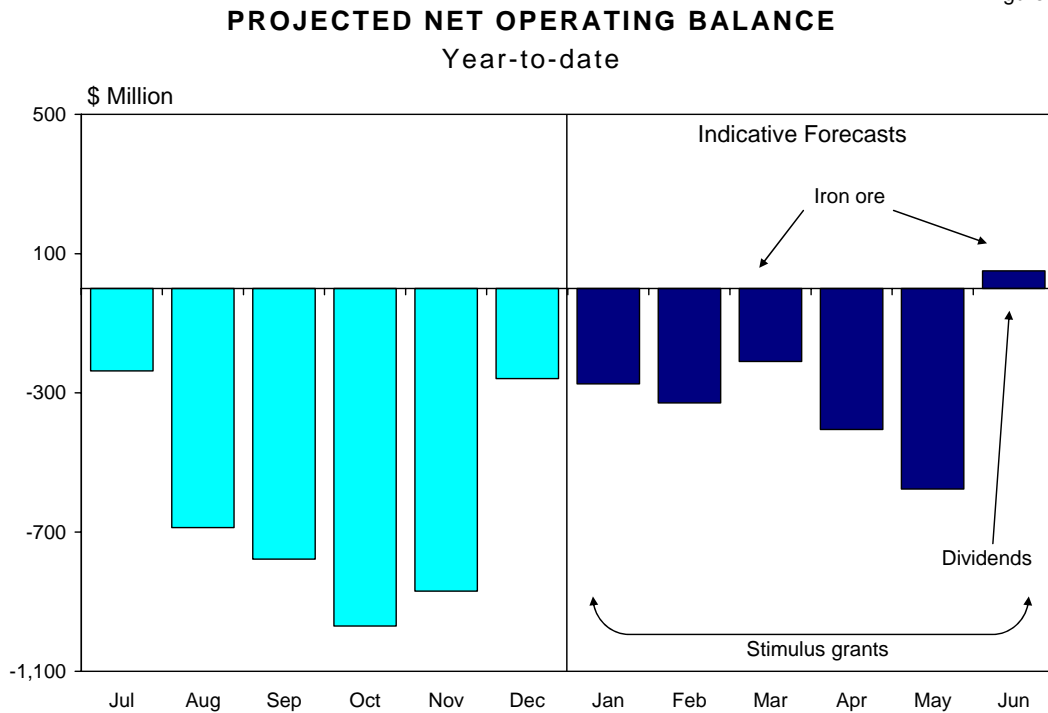
The extraordinary spending items noted above have had a significant impact on spending growth for each month of 2009-10. However, it should be noted that the full-year impact of these items was reflected in the 2009-10 Budget and in the mid-year review estimates. Readers should note that:

- stimulus funding from the Commonwealth is subject to timing differences between revenue and spending (e.g. at 31 December 2009, First Home Owner Boost (FHOB) funding paid by the Commonwealth was \$37 million in arrears of the State payments made to first home buyers);
- some stimulus initiatives began in late 2008-09 and were already well underway in early 2009-10 (e.g. Commonwealth non-government schools and local government programs); and
- higher Community Service Obligation payments in support of below-cost electricity tariffs were budgeted to commence in 2009-10.

Abstracting from these extraordinary items, the six month period to 31 December 2009 recorded an 'underlying' operating surplus of around \$283 million.

The results in this quarterly report remain consistent with expectations of a surplus outcome for 2009-10. The following chart updates projected year-to-date monthly results published at the time of the mid-year review.

Figure 1



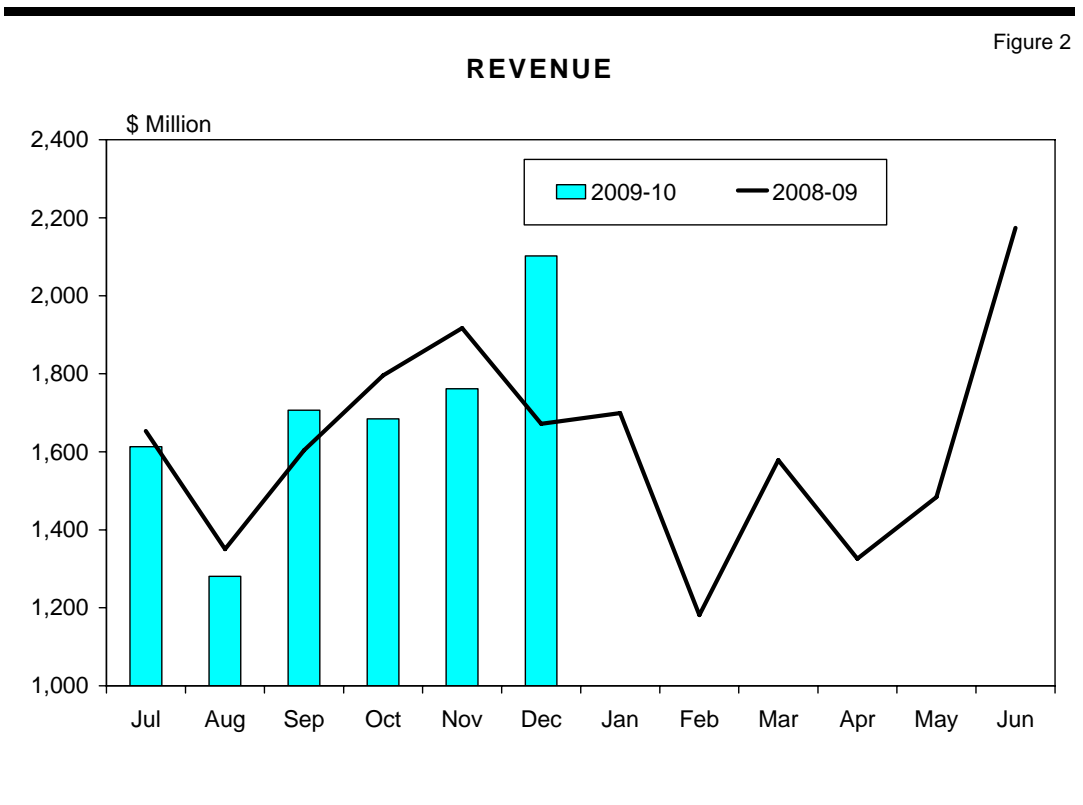
Revenue

At \$10,148 million, revenue for the six months to 31 December 2009 grew by 1.6% on the same period in 2008-09. This low growth primarily reflects:

- higher Commonwealth grants and subsidies (up \$338 million) as a result of:
 - higher funding for the education sector (up \$478 million), due mainly to increased funding for non-government schools (up \$204 million), funding for the National Schools and National Skills and Workforce Development programs and stimulus funding for the Building the Education Revolution (BER) program;
 - lower GST grants (down \$186 million), mainly reflecting Western Australia's lower share of the national GST pool and the timing of grant payments;
 - higher funding for housing (up \$147 million), mainly for the National Affordable Housing and social and indigenous housing programs;
 - lower North West Shelf petroleum grants (down \$143 million), reflecting lower energy prices and lower domestic and crude oil production volumes, partially offset by higher production volumes of LNG, condensate and LPG;
 - lower road funding (down \$124 million), following completion of the New Perth-Bunbury Highway project in September 2009; and
 - FHOB stimulus funding receipts (\$88 million);

- lower royalty income (down \$281 million), primarily due to lower prices for iron ore and coal, partially offset by higher production volumes for iron ore;
- lower interest income (down \$91 million), as a result of lower interest rates compared to the same period last year and lower holdings of interest earning assets;
- higher taxation revenue (up \$68 million), mainly due to:
 - lower land tax and MRIT (down \$87 million), following the later issue of assessments this year;
 - higher transfer duty (up \$64 million), driven by the recovery of the Western Australian property market;
 - higher insurance duty (up \$21 million), attributable to higher premiums and customer demand; and
 - higher Emergency Services Levy collections (up \$14 million), due to changes in the size of assessments and timing of collections;
- higher sale of goods and services (up \$61 million), mainly due to higher collections of regulatory fees and higher demand for land registration and land title searches; and
- higher dividends (up \$49 million), reflecting the timing of the declaration of Synergy and Gold Corporation’s final dividend for the 2008-09 financial year.

Revenue collections for the first six months of 2009-10 were just under half (48.6%) of the full-year forecast contained in the 2009-10 mid-year review. Monthly revenue collections are shown in the following chart.



Expenses

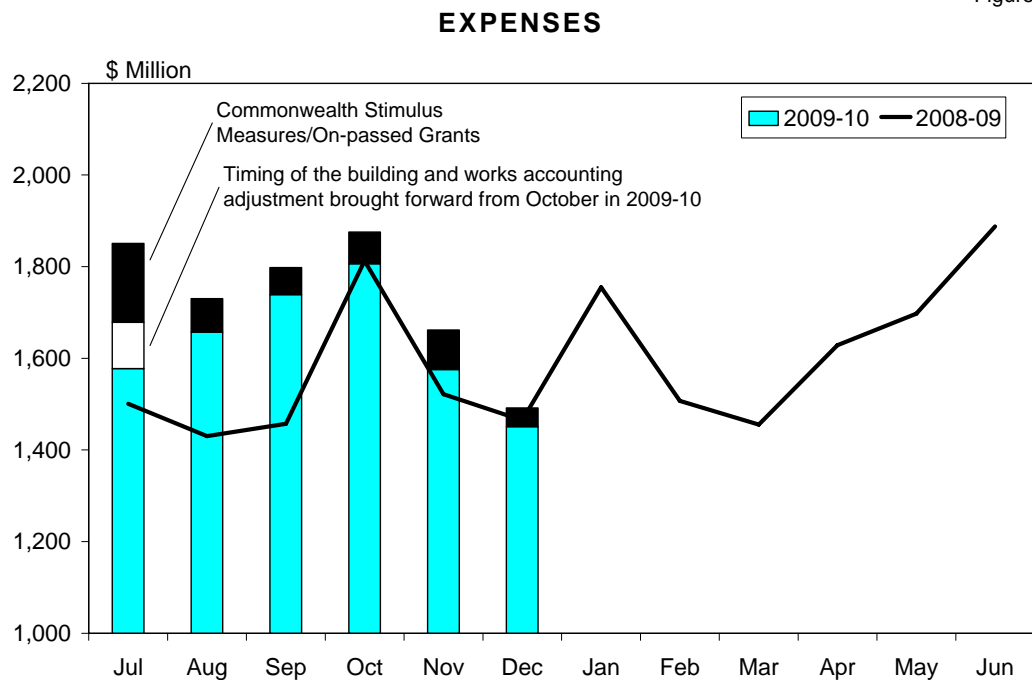
Expenses for the six months to 31 December 2009 totalled \$10,407 million, up 13.3% on the same period in 2008-09. This includes substantial timing issues and other extraordinary spending noted above. Excluding these extraordinary items, expenses were \$679 million (or 7.4%) higher than the six months to 31 December last year.

This outcome primarily reflects:

- higher salaries costs (up \$370 million or 9.8%), including the impact of the voluntary severance program announced in the 2009-10 Budget and now fully subscribed (with costs to December 2009 of \$46 million), with the remainder mainly attributable to the health, education and training, and law and order sectors (which accounted for 71% of the total increase, due largely to higher staff numbers and higher pay rates);
- higher current and capital transfers (up \$662 million), largely reflecting:
 - higher on-passed education grants (up \$292 million), due mainly to increased funding for non-government schools (up \$265 million), Commonwealth stimulus funding for the BER program, higher student enrolment numbers and indexation, and funding for the National School Program, National Skills and Workforce Development Program and Better TAFE Facilities program (up \$27 million);
 - higher First Home Owners' Grants (up \$138 million) mainly due to the Commonwealth's Boost initiative;
 - higher public non-financial corporation subsidy payments, mainly to Synergy (up \$91 million) for tariff adjustments and energy rebates, and to the Water Corporation (up \$28 million) for country water, sewerage and drainage operations;
 - higher payments to the Housing Authority, mainly for Commonwealth stimulus funding for the Investments in Social Housing program (up \$63 million);
 - lower taxation refunds (down \$71 million), following the impact of a large assessment in 2008-09;
 - higher science, innovation and business grants (up \$31 million), and increased funding for disability services (up \$22 million), under the National Disability Agreement;
 - higher on-passed grants to local governments for general purposes and roads (up \$31 million); and
 - higher on-passed grants to external health providers (up \$16 million), mainly for Home and Community Care programs, aged care and patient transport services; and
- higher 'other' gross operating expenses (up \$155 million), primarily due to increased spending on school maintenance costs, higher payments for software licensing and higher direct patient support costs in the health sector.

The following chart shows the monthly pattern of expenses incurred through the year.

Figure 3



Balance Sheet

The net worth of the general government sector increased by \$677 million in the six months to 31 December 2009, to stand at \$107.8 billion. This increase largely reflects the net impact of:

- a \$1.2 billion decline in investments, loans and placements, due to the impact of the operating deficit discussed above, and non-debt funding of the Asset Investment Program;
- higher general government ownership of the public corporations sectors (up \$1.1 billion), due mainly to the operating surpluses recorded by these sectors during the period (discussed below);
- a \$1.0 billion increase in land and other holdings of physical assets, reflecting infrastructure spending by State agencies as part of the Asset Investment Program; and
- a \$0.6 billion increase in borrowings in support of infrastructure spending.

The general government sector continued to be net debt-free during the first six months of 2009-10, with financial assets exceeding borrowings and other debt liabilities by \$0.7 billion at 31 December 2009.

Cash Flow

A cash deficit of \$1.5 billion was recorded for the six months ended 31 December 2009. This was a \$1.4 billion increase on the cash deficit for the same period in 2008-09 and was mainly due to the cash impact of the operating statement issues noted above.

Net cash outflows for infrastructure spending totalled \$1,197 million, up \$311 million from the same period in 2008-09. This increase mainly reflects spending on the Commonwealth BER stimulus program by the Department of Education, work on Perth Arena, spending on the new Fiona Stanley Hospital and other health infrastructure, and land acquisitions by the State Planning Commission.

Total Public Sector¹

The total public sector recorded an operating surplus of \$401 million for the six months to 31 December 2009. This was broadly half the size of the surplus recorded in the same period in 2008-09, with operating surpluses in the public corporations sectors more than offsetting the general government deficit described above.

Table 3

SUMMARY OF TOTAL PUBLIC SECTOR FINANCES Western Australia

	2009-10			2008-09		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
Net operating balance	607	401	70	460	819	87
Net worth		107,839	109,983		94,242	107,162
Increase in cash balances	363	-385	-701	-337	230	335
<i>Memorandum items</i>						
Net lending	-430	-1,291	-4,895	-533	-925	-3,681
Net debt		8,590	11,921		4,702	6,688
Cash surplus/-deficit	-1,070	-2,042	-5,119	-848	-890	-2,439

(a) Consistent with the revised outturn published in the 2009-10 mid-year review, released 17 December 2009.

(b) Consistent with final audited data contained in the 2008-09 *Annual Report on State Finances*, released 24 September 2009.

Operating Statement

The total public sector operating surplus for the first six months of 2009-10 includes the combined impact of:

- the \$259 million operating deficit for the general government sector (noted above);
- a public non-financial corporations sector operating surplus of \$225 million, broadly similar to the \$212 million surplus recorded for the same period in 2008-09; and
- a public financial corporations sector operating surplus of \$435 million (compared with a \$199 million deficit recorded in the same period last year) with this \$634 million turnaround mainly due to stronger investment returns for the Insurance Commission of Western Australia (following the substantial weakening in markets during 2008-09) and a decrease in insurance claims expenses compared to the same period last year.

Balance Sheet

The value of the total public sector balance is identical to that of the general government sector in terms of net worth. This is because the net worth of the public corporations is recognised as an investment asset of the general government sector (discussed earlier).

¹ The total public sector (also known as the whole-of-government) consolidates the general government sector (discussed in the previous section), the public non-financial corporations sector (which includes entities such as the electricity utilities, Water Corporation, ports and the Public Transport Authority), and the public financial corporations sector (including agencies such as the Western Australian Treasury Corporation and the Insurance Commission of Western Australia).

Net debt of the total public sector increased by \$1.9 billion during the first six months of 2009-10, standing at \$8.6 billion at 31 December 2009. This outcome reflects the impact of the State's substantial Asset Investment Program which is projected to be a record \$7.7 billion in 2009-10.

Cash Flow

A cash deficit of \$2.0 billion was recorded for the six months ended 31 December 2009 compared with a \$890 million deficit for the same period in 2008-09. This reflects the cash impact of the lower operating surplus outlined above, and net cash outflows for infrastructure spending of \$2.6 billion for the six months ended 31 December 2009.

Infrastructure spending for the six months to 31 December 2009 was \$349 million (or 13.6%) higher than the same period in 2008-09, with the record Asset Investment Program driven in part by Commonwealth stimulus funding in 2009-10.

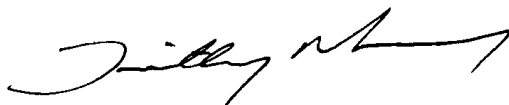
Interim Financial Statements

Statement of Responsibility

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

In our opinion, the statements are a true and fair presentation of the operating statements and cash flows of these sectors for the six months ended 31 December 2009 and of the balance sheets of these reporting entities at 31 December 2009. The statements have been prepared in accordance with applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and where there is no conflict with these standards, they are also consistent with the Australian Bureau of Statistics' *Government Finance Statistics Concepts, Sources and Methods 2005*.

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



TIMOTHY MARNEY
UNDER TREASURER



ROY PICARDO
ASSISTANT DIRECTOR
FINANCIAL REPORTING

26 February 2010

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Table 1.1

GENERAL GOVERNMENT OPERATING STATEMENT
For the six months ended 31 December 2009

	2009-10			2008-09			Actual ^(b) \$m
	Note	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	
<i>Results from Transactions</i>							
REVENUE							
Taxation		2,000	3,374	6,046	1,920	3,306	5,706
Current grants and subsidies		2,134	4,086	8,230	1,985	3,898	8,089
Capital grants		293	390	1,620	132	240	411
Sales of goods and services		379	776	1,523	343	715	1,410
Interest Income		43	89	153	86	180	285
Dividends from other sector entities		17	107	592	21	58	466
Tax equivalent income		73	146	387	90	169	355
Royalty income		492	973	2,000	726	1,254	2,348
Other		119	208	334	82	173	364
Total	2	5,548	10,148	20,884	5,384	9,992	19,435
EXPENSES							
Salaries		2,108	4,127	8,254	1,959	3,757	7,764
Superannuation							
Concurrent costs		202	395	791	192	366	746
Superannuation interest cost		98	185	425	82	159	330
Other employee costs		77	151	334	79	148	326
Depreciation and amortisation		210	409	847	183	370	764
Services and contracts ^(c)		262	561	1,464	344	624	1,339
Other gross operating expenses ^(c)		665	1,488	2,874	726	1,333	2,575
Other interest		32	69	156	40	67	118
Other property expenses		-	-	-	-	-	-
Current transfers	3	1,122	2,519	5,090	1,079	2,153	4,554
Capital transfers	3	254	505	598	116	209	600
Total		5,029	10,407	20,834	4,798	9,186	19,117
NET OPERATING BALANCE	4	520	-259	51	586	806	318
<i>Other economic flows</i>							
Gains on net assets		1	1	283	-23	-8	52
Net actuarial gains - superannuation		-	-	204	-	-	-1,277
Provision for doubtful debts		-	-	-	-	-	24
All other		-	-	-	-	-	-
Total other economic flows		1	1	486	-23	-8	-1,201
OPERATING RESULT		521	-258	537	563	797	-883
<i>All other movements in equity</i>							
Revaluations		113	169	1,212	388	430	3,563
Gains recognised directly in equity		-	-8	18	-	-6	6
Changes in accounting policy/correction of prior period errors		66	88	-179	-	-	-204
Change in net worth of the public corporations sectors		142	686	1,233	52	241	11,901
All other		-	-	-	-	-	-
Total all other movements in equity		322	935	2,285	439	665	15,266
TOTAL CHANGE IN NET WORTH		843	677	2,821	1,003	1,462	14,382
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	4	520	-259	51	586	806	318
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		686	1,209	3,619	503	969	2,255
Changes in inventories		-1	-3	-	3	2	13
Other movement in non-financial assets		5	5	3	-	-	-36
<i>less:</i>							
Sales of non-financial assets		-8	12	247	22	84	164
Depreciation		210	409	847	183	370	764
Total net acquisition of non-financial assets		487	790	2,527	302	518	1,305
NET LENDING/-BORROWING	4	33	-1,049	-2,477	284	288	-987

(a) Consistent with the revised outturn published in the 2009-10 mid-year review, released 17 December 2009.

(b) Consistent with final audited data contained in the 2008-09 Annual Report on State Finances, released 24 September 2009.

(c) Internal transactions between State agencies occur through out the year and improved alignment of such transactions has resulted in the reclassification of some spending previously recognised as 'services and contracts' to 'other gross operating expenses' from this year. Figures for 2008-09 have been adjusted for comparability.

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

Table 1.2

GENERAL GOVERNMENT BALANCE SHEET
As at 31 December 2009

	Note	2009-10		2008-09	
		31-Dec \$m	Estimated Outturn ^(a) \$m	31-Dec \$m	Actual ^(b) \$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		511	544	490	380
Advances paid		738	704	736	716
Investments, loans and placements	5	2,987	3,452	3,774	4,168
Receivables	6	1,960	1,509	1,938	1,549
Investment property		-	8	9	8
Shares and other equity					
Investments in other public sector entities - equity method		41,638	42,185	29,292	40,952
Investments in other public sector entities - direct injections		3,598	4,139	2,960	3,164
Investments in other entities		-	-	-	-
Other financial assets		-	-	-	-
Total financial assets		51,433	52,541	39,200	50,937
<i>Non-financial assets</i>					
Land		39,607	39,986	38,025	39,389
Property, plant and equipment		30,401	33,486	27,100	29,657
Biological assets		2	2	2	2
Inventories					
Land inventories		95	101	113	96
Other inventories		69	72	61	72
Intangibles		340	313	260	336
Non-current assets held for sale		24	37	30	18
Other		140	118	161	117
Total non-financial assets		70,678	74,115	65,753	69,686
TOTAL ASSETS		122,111	126,656	104,953	120,624
LIABILITIES					
Deposits held		632	535	229	391
Advances received		496	487	510	496
Borrowings	7	2,476	4,452	1,210	1,847
Unfunded superannuation		7,092	6,959	5,790	7,086
Other employee benefits		2,210	2,157	1,855	2,072
Payables		324	730	270	481
Other liabilities		1,041	1,353	847	1,088
TOTAL LIABILITIES		14,273	16,673	10,711	13,462
NET ASSETS		107,839	109,983	94,242	107,162
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		8,277	12,670	10,160	8,516
Other reserves		99,562	97,313	84,082	98,646
NET WORTH	4	107,839	109,983	94,242	107,162
MEMORANDUM ITEMS					
<i>Net financial worth</i>		37,161	35,868	28,489	37,476
<i>Net financial liabilities</i>		8,076	10,456	3,764	6,641
<i>Net debt</i>					
Gross debt liabilities		3,605	5,474	1,949	2,734
less: liquid financial assets		4,236	4,700	5,001	5,264
less: convergence differences impacting net debt		88	88	88	88
Net debt		-720	686	-3,139	-2,618

(a) Consistent with the revised outturn published in the 2009-10 mid-year review, released 17 December 2009.

(b) Consistent with final audited data contained in the 2008-09 *Annual Report on State Finances*, released 24 September 2009.

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

Table 1.3

GENERAL GOVERNMENT STATEMENT OF CHANGES IN EQUITY^(a)
For the six months ended 31 December 2009

	Accumulated surplus/deficit \$m	Reserves \$m	Total Equity \$m
<i>Balance as at 1 July 2009</i>	8,516	98,646	107,162
Net Operating Balance	-259	-	-259
Revaluations	-	-8	-8
Change in net worth of the other sectors	-	686	686
All other	20	238	258
Balance as at 31 December 2009	8,277	99,562	107,839

For the six months ended 31 December 2008

	Accumulated surplus/deficit \$m	Reserves \$m	Total Equity \$m
<i>Balance as at 1 July 2008</i>	8,934	83,846	92,780
Net Operating Balance	806	-	806
Revaluations	-	430	430
Change in net worth of the other sectors	-	241	241
All other	420	-435	-15
Balance as at 31 December 2008	10,160	84,082	94,242

(a) Accounting Standard AASB 2008-9: *Amendments to AASB 1049 for consistency with AASB 101* released in December 2008 requires all financial statements for reporting periods beginning on or after 1 January 2009 to include a Statement of Changes in Equity.

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

Table 1.4

GENERAL GOVERNMENT CASH FLOW STATEMENT
For the six months ended 31 December 2009

	2009-10			2008-09		
	Three Months Note to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Taxes received	1,483	2,817	6,050	1,366	2,859	5,865
Grants and subsidies received	2,413	4,410	9,816	2,118	4,134	8,538
Receipts from sales of goods and services	386	810	1,549	374	809	1,556
Interest receipts	34	70	140	83	171	295
Dividends and tax equivalents	283	337	973	274	352	877
Other	899	1,766	3,303	1,033	1,921	3,692
Total cash received	5,497	10,210	21,833	5,248	10,246	20,822
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-2,459	-4,569	-9,246	-2,273	-4,245	-8,595
Payments for goods and services	-1,000	-2,488	-4,722	-1,152	-2,396	-4,441
Interest paid	-23	-52	-102	-33	-58	-131
Grants and subsidies paid	-1,348	-2,563	-5,225	-1,131	-2,099	-4,650
Dividends and tax equivalents	-	-	-	-	-	-
Other	-397	-808	-1,443	-278	-595	-1,289
Total cash paid	-5,228	-10,480	-20,739	-4,867	-9,393	-19,106
NET CASH FLOWS FROM OPERATING ACTIVITIES	270	-270	1,095	381	853	1,717
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-686	-1,209	-3,619	-503	-969	-2,255
Sales of non-financial assets	-8	12	247	22	84	164
Total cash flows from investments in non-financial assets	-694	-1,197	-3,371	-481	-886	-2,091
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	2	3	-	-	1	1
For liquidity purposes	13	60	2	8	25	25
<i>Cash paid</i>						
For policy purposes	-282	-437	-847	-113	-166	-368
For liquidity purposes	-1	-1	-2	-4	-7	-3
Total cash flows from investments in financial assets	-268	-376	-848	-108	-148	-345
NET CASH FLOWS FROM INVESTING ACTIVITIES	-962	-1,572	-4,219	-589	-1,034	-2,437
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	-	-	10	-	-	14
Borrowings	780	770	2,824	34	167	1,012
Deposits received	-	-	-	-	-	-
Other financing receipts	10	18	30	8	13	30
Total cash received	790	788	2,864	41	180	1,056
<i>Cash paid</i>						
Advances paid	-	-	-9	-4	-4	-14
Borrowings repaid	91	-134	-169	24	-128	-182
Deposits paid	-	-	-	-	-	-
Other financing payments	-8	-28	-69	-14	-26	-43
Total cash paid	82	-162	-247	6	-158	-239
NET CASH FLOWS FROM FINANCING ACTIVITIES	872	627	2,616	47	23	818
Net increase in cash and cash equivalents	180	-1,216	-508	-161	-158	98
Cash and cash equivalents at the beginning of the year	-	4,334	4,334	-	4,236	4,236
Cash and cash equivalents at the end of the year	180	3,118	3,826	-161	4,078	4,334
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	270	-270	1,095	381	853	1,717
Net cash flows from investing in non-financial assets	-694	-1,197	-3,371	-481	-886	-2,091
Cash surplus/-deficit	4	-424	-2,277	-100	-32	-375

(a) Consistent with the revised outturn published in the 2009-10 mid-year review, released 17 December 2009.

(b) Consistent with final audited data contained in the 2008-09 Annual Report on State Finances, released 24 September 2009.

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

Table 1.5

TOTAL PUBLIC SECTOR OPERATING STATEMENT
For the six months ended 31 December 2009

	2009-10			2008-09			
	Note	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
<i>Results from Transactions</i>							
REVENUE							
Taxation		1,926	3,233	5,789	1,840	3,172	5,432
Current grants and subsidies		2,134	4,086	8,230	1,985	3,898	8,089
Capital grants		293	390	1,620	132	240	411
Sales of goods and services		2,610	5,379	10,738	2,378	4,741	10,797
Interest Income		131	267	645	205	486	648
Royalty income		492	973	2,000	726	1,254	2,348
Other		214	400	782	271	471	926
Total	2	7,800	14,729	29,803	7,536	14,261	28,651
EXPENSES							
Salaries		2,346	4,599	9,187	2,188	4,186	8,634
Superannuation							
Concurrent costs		224	439	881	213	407	829
Superannuation interest cost		98	185	425	82	159	330
Other employee costs		58	110	215	61	113	248
Depreciation and amortisation		562	1,105	2,174	422	842	2,088
Services and contracts ^(c)		396	824	1,955	478	878	1,889
Other gross operating expenses ^(c)		2,150	4,237	9,321	2,410	4,457	9,498
Other interest		259	499	1,177	276	549	1,000
Other property expenses		-	-	-	-	-	-
Current transfers	3	859	1,901	3,932	839	1,676	3,477
Capital transfers	3	241	428	465	105	174	570
Total expenses		7,193	14,328	29,733	7,076	13,442	28,564
NET OPERATING BALANCE	4	607	401	70	460	819	87
<i>Other economic flows</i>							
Gains on net assets		39	64	461	-4	34	-122
Net actuarial gains - superannuation		-	-	177	-	-	-1,301
Provision for doubtful debts		-5	-8	-9	-2	-5	3
All other		-11	-11	-	-	-	-
Total other economic flows		23	44	628	-6	30	-1,420
OPERATING RESULT		630	445	698	454	849	-1,332
<i>All other movements in equity</i>							
Revaluations		109	-350	2,283	516	219	15,724
Gains recognised directly in equity		32	289	-31	34	394	452
Changes in accounting policy/correction of prior period errors		72	292	-129	-	-	-461
All other		-	-	-	-	-	-
Total all other movements in equity		213	231	2,123	549	613	15,715
TOTAL CHANGE IN NET WORTH		843	677	2,821	1,003	1,462	14,382
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	4	607	401	70	460	819	87
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		1,571	2,910	7,649	1,384	2,561	5,795
Changes in inventories		176	189	217	136	258	714
Other movement in non-financial assets		-7	-18	103	3	-5	-79
<i>less:</i>							
Sales of non-financial assets		142	284	829	107	227	574
Depreciation		562	1,105	2,174	422	842	2,088
Total net acquisition of non-financial assets		1,036	1,692	4,965	993	1,744	3,768
NET LENDING/-BORROWING	4	-430	-1,291	-4,895	-533	-925	-3,681

(a) Consistent with the revised outturn published in the 2009-10 mid-year review, released 17 December 2009.

(b) Consistent with final audited data contained in the 2008-09 Annual Report on State Finances, released 24 September 2009.

(c) Internal transactions between State agencies occur throughout the year and improved alignment of such transactions has resulted in the reclassification of some spending previously recognised as 'services and contracts' to 'other gross operating expenses' from this year. Figures for 2008-09 have been adjusted for comparability.

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

Table 1.6

TOTAL PUBLIC SECTOR BALANCE SHEET

As at 31 December 2009

	Note	2009-10		2008-09	
		31-Dec \$m	Estimated Outturn ^(a) \$m	31-Dec \$m	Actual ^(b) \$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		893	994	925	916
Advances paid		3,964	3,769	2,193	2,871
Investments, loans and placements	5	8,733	8,512	11,672	9,528
Receivables	6	3,828	3,717	4,175	3,293
Investment property		427	439	417	386
Equity - investments in other entities		1,165	1,158	880	1,004
Other financial assets		23	26	19	26
<i>Total financial assets</i>		<i>19,033</i>	<i>18,616</i>	<i>20,282</i>	<i>18,024</i>
<i>Non-financial assets</i>					
Land		53,291	53,883	48,963	52,850
Property, plant and equipment		70,006	75,688	55,772	68,921
Biological assets		383	378	360	364
Inventories					
Land inventories		1,463	1,530	1,501	1,483
Other inventories		1,961	1,988	1,316	1,771
Intangibles		619	526	437	580
Non-current assets held for sale		24	39	37	19
Other		290	215	321	204
<i>Total non-financial assets</i>		<i>128,038</i>	<i>134,247</i>	<i>108,707</i>	<i>126,192</i>
TOTAL ASSETS		147,070	152,863	128,988	144,216
LIABILITIES					
Deposits held		153	147	105	141
Advances received		496	487	510	496
Borrowings	7	21,618	24,651	18,966	19,453
Unfunded superannuation		7,216	7,087	5,907	7,221
Other employee benefits		2,517	2,488	2,122	2,382
Payables		3,506	3,975	3,426	3,387
Other liabilities		3,725	4,044	3,712	3,973
TOTAL LIABILITIES		39,232	42,879	34,747	37,054
NET ASSETS		107,839	109,983	94,242	107,162
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		27,846	32,125	29,180	27,194
Other reserves		79,993	77,859	65,062	79,968
NET WORTH	4	107,839	109,983	94,242	107,162
MEMORANDUM ITEMS					
<i>Net financial worth</i>		<i>-20,199</i>	<i>-24,264</i>	<i>-14,465</i>	<i>-19,030</i>
<i>Net financial liabilities</i>		<i>21,364</i>	<i>25,422</i>	<i>15,345</i>	<i>20,034</i>
<i>Net debt</i>					
Gross debt liabilities		22,267	25,285	19,581	20,091
less: liquid financial assets		13,590	13,275	14,791	13,315
less: convergence differences impacting net debt		88	88	88	88
<i>Net debt</i>		<i>8,590</i>	<i>11,921</i>	<i>4,702</i>	<i>6,688</i>

(a) Consistent with the revised outturn published in the 2009-10 mid-year review, released 17 December 2009.

(b) Consistent with final audited data contained in the 2008-09 Annual Report on State Finances, released 24 September 2009.

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

Table 1.7

TOTAL PUBLIC SECTOR STATEMENT OF CHANGES IN EQUITY^(a)
 For the six months ended 31 December 2009

	Accumulated surplus/deficit \$m	Reserves \$m	Total Equity \$m
<i>Balance as at 1 July 2009</i>	27,194	79,968	107,162
Net Operating Balance	401	-	401
Revaluations	-	-350	-350
All other	251	375	626
Balance as at 31 December 2009	27,846	79,993	107,839

For the six months ended 31 December 2008

	Accumulated surplus/deficit \$m	Reserves \$m	Total Equity \$m
<i>Balance as at 1 July 2008</i>	28,214	64,566	92,780
Net Operating Balance	819	-	819
Revaluations	-	219	219
All other	147	277	424
Balance as at 31 December 2008	29,180	65,062	94,242

(a) Accounting Standard AASB 2008-9: *Amendments to AASB 1049 for consistency with AASB 101* released in December 2008 requires all financial statements for reporting periods beginning on or after 1 January 2009 to include a Statement of Changes in Equity.

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

Table 1.8

TOTAL PUBLIC SECTOR CASH FLOW STATEMENT
For the six months ended 31 December 2009

	2009-10			2008-09			
	Note	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received		1,434	2,726	5,757	1,307	2,768	5,559
Grants and subsidies received		2,413	4,410	9,816	2,118	4,134	8,538
Receipts from sales of goods and services		2,479	5,595	10,657	2,632	5,586	11,978
Interest receipts		141	263	623	233	455	729
Other receipts		1,068	2,239	4,031	1,237	2,307	4,431
<i>Total cash received</i>		7,534	15,232	30,885	7,526	15,250	31,234
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-2,719	-5,094	-10,448	-2,526	-4,717	-9,516
Payments for goods and services		-2,509	-5,659	-11,099	-2,913	-5,885	-12,122
Interest paid		-288	-447	-1,131	-338	-467	-914
Grants and subsidies paid		-1,023	-2,042	-4,085	-801	-1,648	-3,658
Other payments		-636	-1,406	-2,422	-520	-1,088	-2,243
<i>Total cash paid</i>		-7,174	-14,648	-29,185	-7,097	-13,806	-28,453
NET CASH FLOWS FROM OPERATING ACTIVITIES		360	584	1,700	429	1,444	2,782
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-1,571	-2,910	-7,649	-1,384	-2,561	-5,795
Sales of non-financial assets		142	284	829	107	227	574
<i>Total cash flows from investments in non-financial assets</i>		-1,430	-2,626	-6,819	-1,277	-2,333	-5,221
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		2	3	-	-	1	1
For liquidity purposes		1,645	2,592	1,709	1,426	2,159	4,242
<i>Cash paid</i>							
For policy purposes		-2	-3	-2	-2	-2	-1
For liquidity purposes		-1,787	-3,031	-2,769	-1,492	-2,311	-5,402
<i>Total cash flows from investments in financial assets</i>		-142	-440	-1,062	-68	-154	-1,160
NET CASH FLOWS FROM INVESTING ACTIVITIES		-1,572	-3,066	-7,882	-1,344	-2,487	-6,381
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	1	-	-	-
Borrowings		5,915	11,100	22,051	5,392	8,252	16,230
Deposits received		-	-	-	-	-	-
Other financing receipts		14	24	53	18	24	47
<i>Total cash received</i>		5,929	11,124	22,105	5,410	8,276	16,277
<i>Cash paid</i>							
Advances paid		-	-	-9	-4	-4	-14
Borrowings repaid		-4,342	-8,985	-16,496	-4,794	-6,942	-12,231
Deposits paid		-	-	-	-	-	-
Other financing payments		-11	-43	-119	-34	-57	-98
<i>Total cash paid</i>		-4,354	-9,027	-16,624	-4,832	-7,003	-12,343
NET CASH FLOWS FROM FINANCING ACTIVITIES		1,575	2,097	5,480	578	1,273	3,934
Net increase in cash and cash equivalents		363	-385	-701	-337	230	335
Cash and cash equivalents at the beginning of the year		-	6,987	6,987	-	6,652	6,652
Cash and cash equivalents at the end of the year		363	6,601	6,285	-337	6,882	6,987
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		360	584	1,700	429	1,444	2,782
Net cash flows from investing in non-financial assets		-1,430	-2,626	-6,819	-1,277	-2,333	-5,221
Cash surplus/-deficit	4	-1,070	-2,042	-5,119	-848	-890	-2,439

(a) Consistent with the revised outturn published in the 2009-10 mid-year review, released 17 December 2009.

(b) Consistent with final audited data contained in the 2008-09 Annual Report on State Finances, released 24 September 2009.

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

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) *General Statement*

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

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

(b) *The reporting entity*

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

The total public sector includes the general government sector and the public corporations sector (which seek to recover the majority of costs of their operations through user charges and other revenue sources).

The general government sector consists of those agencies and Crown entities that provide services that are predominantly funded from central revenue.

(c) *Basis of Preparation*

The financial statements for the six months ended 31 December 2009 have been prepared in accordance with Australian Accounting Standards, in particular AASB 134: *Interim Financial Reporting*, and AASB 1049: *Whole of Government and General Government Sector Financial Reporting* and other authoritative pronouncements of the AASB.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the audited Consolidated Financial Statements for the year ended 30 June 2009, presented in Appendix 1 of the *2008-09 Annual Report on State Finances (ARSF)* released on 24 September 2009. The accounting policies adopted in this publication are consistent with those outlined in the 2008-09 ARSF. The specific accounting policies of the Government of Western Australia are described in Note 3: *Summary of Significant Accounting Policies* in Appendix 1 of the 2008-09 ARSF.

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

(d) *Unaudited data*

The Interim Financial Statements are not subject to audit.

NOTE 2: OPERATING REVENUE

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

NOTE 3: TRANSFER EXPENSES

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

The following tables provide detail of current and capital transfer expenses of the general government sector and total public sector.

TRANSFER EXPENSES^(a)

	General Government					
	2009-10			2008-09		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn	Three Months to 31 Dec	Six Months to 31 Dec	Actual
	\$m	\$m	\$m	\$m	\$m	\$m
<i>CURRENT TRANSFERS</i>						
Local government	31	66	218	19	44	216
Local government on-passing	25	86	137	33	66	132
Private and not-for-profit sector	436	1,018	1,887	453	944	1,792
Private and not-for-profit sector on-passing ^(b)	202	417	967	189	336	751
Other sectors of government	427	931	1,883	385	764	1,663
Total Current Transfers	1,122	2,519	5,090	1,079	2,153	4,554
<i>CAPITAL TRANSFERS</i>						
Local government	14	22	81	20	34	171
Local government on-passing	16	56	92	22	44	89
Private and not-for-profit sector	106	215	279	46	74	276
Private and not-for-profit sector on-passing ^(b)	102	134	-	6	11	18
Other sectors of government	15	77	146	22	46	46
Total Capital Transfers	254	505	598	116	209	600
	Total Public Sector					
	2009-10			2008-09		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn	Three Months to 31 Dec	Six Months to 31 Dec	Actual
	\$m	\$m	\$m	\$m	\$m	\$m
<i>CURRENT TRANSFERS</i>						
Local government	32	67	217	22	47	216
Local government on-passing	27	86	136	33	66	132
Private and not-for-profit sector	589	1,317	2,600	586	1,215	2,335
Private and not-for-profit sector on-passing ^(b)	202	417	966	189	336	751
Other sectors of government	9	12	10	6	12	43
Total Current Transfers	859	1,901	3,932	839	1,676	3,477
<i>CAPITAL TRANSFERS</i>						
Local government	14	22	89	31	45	188
Local government on-passing	16	56	92	22	44	89
Private and not-for-profit sector	106	215	279	46	74	276
Private and not-for-profit sector on-passing ^(b)	103	135	-	6	11	18
Other sectors of government	-	-	4	-	-	-
Total Capital Transfers	241	428	465	105	174	570

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

(b) The Estimated Outturn for 2009-10 assumed funding on-passed to non-government schools was all of a current nature. However, actuals to date recognise a current and capital component of these transfers. The 2010-11 Budget will reflect revisions to the annual estimates consistent with year-to-date outcomes.

NOTE 4: CONVERGENCE DIFFERENCES

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

The following tables detail convergence differences reflected in the December 2009 results.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES Net Operating Balance

	2009-10			2008-09		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual \$m
<i>General government</i>						
<i>AASB1049 net operating balance</i>	520	-259	51	586	806	318
<i>Plus GFS revenue adjustments</i>						
Capital grants - prepaid AusLink road grants	-	3	3	28	65	199
Goods and services revenue - intersector equity/asset transfers recorded as revenue	-	-	-	-	-	-
All other	-	-	-	-	-	-
<i>Total GFS revenue adjustments</i>	-	3	3	28	65	199
<i>Less GFS expense adjustments</i>						
Capitalised interest	-	-	-	-	-	-
All other	-	-	-	-	-	-
<i>Total GFS expense adjustments</i>	-	-	-	-	-	-
<i>Total GFS adjustments to AASB 1049 net operating balance</i>	-	3	3	28	65	199
GFS net operating balance	520	-256	53	614	871	517
<i>Total public sector</i>						
<i>AASB1049 net operating balance</i>	607	401	70	460	819	87
<i>Plus GFS revenue adjustments</i>						
Capital grants - prepaid AusLink road grants	-	3	3	28	65	199
Goods and services revenue - intersector equity/asset transfers recorded as revenue	-	-	-	-	-	-
All other	-	-	-	-	-	-
<i>Total GFS revenue adjustments</i>	-	3	3	28	65	199
<i>Less GFS expense adjustments</i>						
Capitalised interest	12	23	29	11	22	43
All other	-	-	-	-	-	-
<i>Total GFS expense adjustments</i>	12	23	29	11	22	43
<i>Total GFS adjustments to AASB 1049 net operating balance</i>	-12	-20	-26	17	43	157
GFS net operating balance	595	381	44	477	862	244

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Lending/-Borrowing

	2009-10			2008-09		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn	Three Months to 31 Dec	Six Months to 31 Dec	Actual
	\$m	\$m	\$m	\$m	\$m	\$m
<i>General government</i>						
AASB1049 net lending/-borrowing	33	-1,049	-2,477	284	288	-987
Plus Net operating balance convergence differences (noted above)	-	3	3	28	65	199
GFS net lending/-borrowing	33	-1,046	-2,474	312	353	-787
<i>Total public sector</i>						
AASB1049 net lending/-borrowing	-430	-1,291	-4,895	-533	-925	-3,681
Plus Net operating balance convergence differences (noted above)	-12	-20	-26	17	43	157
GFS net lending/-borrowing	-441	-1,311	-4,921	-515	-882	-3,524

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Worth

	2009-10		2008-09	
	Six Months to 31 Dec	Estimated Outturn	Six Months to 31 Dec	Actual
	\$m	\$m	\$m	\$m
<i>General government</i>				
AASB1049 net worth	107,839	109,983	94,242	107,162
<i>Plus</i>				
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88	88	88
Provision for doubtful debts				
General government sector	158	158	182	158
Impact on public corporations net worth	34	7	26	29
Impact of AusLink Road grants prepayments	-69	-	-206	-72
All other	-	-	-	-
<i>Total GFS net worth adjustments</i>	211	253	90	204
GFS net worth	108,050	110,236	94,332	107,366
<i>Total public sector</i>				
AASB1049 net worth	107,839	109,983	94,242	107,162
<i>Plus</i>				
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88	88	88
Provision for doubtful debts	192	165	208	187
Impact of AusLink Road grants prepayments	-69	-	-206	-72
All other	-	-	-	-
<i>Total GFS net worth adjustments</i>	211	253	90	204
GFS net worth	108,050	110,236	94,332	107,366

AASB 1049 TO GFS CONVERGENCE DIFFERENCES Cash Surplus/-Deficit

	2009-10			2008-09		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn	Three Months to 31 Dec	Six Months to 31 Dec	Actual
	\$m	\$m	\$m	\$m	\$m	\$m
<i>General government</i>						
AASB1049 cash surplus/-deficit	-424	-1,467	-2,277	-100	-32	-375
Less Acquisitions under finance leases and similar arrangements	5	5	5	-0	-	213
GFS cash surplus/-deficit	-428	-1,471	-2,281	-100	-32	-588
<i>Total public sector</i>						
AASB1049 cash surplus/-deficit	-1,070	-2,042	-5,119	-848	-890	-2,439
Less Acquisitions under finance leases and similar arrangements	5	5	136	13	17	431
GFS cash surplus/-deficit	-1,074	-2,047	-5,255	-861	-906	-2,870

NOTE 5: INVESTMENTS, LOANS AND PLACEMENTS

General Government

	2009-10		2008-09	
	31-Dec	Estimated Outturn	31-Dec	Actual
	\$m	\$m	\$m	\$m
<i>Investments</i>				
Term deposits	2,861	3,298	3,597	3,981
Government securities	116	145	177	176
Total	2,977	3,443	3,774	4,157
<i>Loans and advances</i>				
Loans	10	8	-	10
Financial assets held for trading/available for sale	-	1	-	1
Total	10	9	-	11
Total	2,987	3,452	3,774	4,168

Total Public Sector

	2009-10		2008-09	
	31-Dec	Estimated Outturn	31-Dec	Actual
	\$m	\$m	\$m	\$m
<i>Investments</i>				
Term deposits	6,981	7,043	7,782	7,883
Government securities	321	323	404	362
Total	7,302	7,366	8,186	8,245
<i>Loans and advances</i>				
Loans	1,329	1,143	3,448	1,279
Financial assets held for trading/available for sale	102	3	39	4
Total	1,431	1,146	3,487	1,283
Total	8,733	8,512	11,672	9,528

NOTE 6: RECEIVABLES

General Government

	2009-10		2008-09	
	31-Dec \$m	Estimated Outturn \$m	31-Dec \$m	Actual \$m
Accounts receivable	2,118	1,667	2,120	1,708
Provision for impairment of receivables	-158	-158	-182	-158
Total	1,960	1,509	1,938	1,549

Total Public Sector

	2009-10		2008-09	
	31-Dec \$m	Estimated Outturn \$m	31-Dec \$m	Actual \$m
Accounts receivable	4,020	3,882	4,382	3,481
Provision for impairment of receivables	-192	-165	-208	-187
Total	3,828	3,717	4,175	3,293

NOTE 7: BORROWINGS

General Government

	2009-10		2008-09	
	31-Dec \$m	Estimated Outturn \$m	31-Dec \$m	Actual \$m
Bank overdrafts	90	13	253	13
Finance leases	274	239	288	288
Derivative financial instruments	-	-	-	-
Domestic and foreign borrowings	2,112	4,199	669	1,546
Total	2,476	4,452	1,210	1,847

Total Public Sector

	2009-10		2008-09	
	31-Dec \$m	Estimated Outturn \$m	31-Dec \$m	Actual \$m
Bank overdrafts	94	14	259	14
Finance leases	790	892	810	809
Derivative financial instruments	-	-	1,866	191
Domestic and foreign borrowings	20,734	23,745	16,031	18,439
Total	21,618	24,651	18,966	19,453

NOTE 8: DETAILS OF AGENCIES CONSOLIDATED

The agencies included in these financial statements were detailed in Note 31: *Composition of Sectors* in the 2008-09 Annual Report on State Finances. Changes since that date are:

- With effect from 30 October 2009, the designation of the Department of Education and Training has been altered to the Department of Education, and the Department of Training and Workforce Development has been established.
- The Community Insurance Fund ceased operations with effect from 31 January 2009.
- The Office of the Environmental Protection Authority has been established to come into effect from 27 November 2009.

- With effect from 16 October 2009, the designation of West Coast TAFE has been altered to West Coast Institute of Training.
- With effect from 20 November 2009, the designation of Challenger TAFE has been altered to Challenger Institute of Technology.
- With effect from 24 November 2009, the designation of Central TAFE has been altered to Central Institute of Technology.
- With effect from 22 December 2009, the designation of Central West TAFE has been altered to Durack Institute of Technology.

NOTE 9: CONTINGENT LIABILITIES

There have been no material changes in contingent liabilities since the release of the 2008-09 *Annual Report on State Finances*.

APPENDIX 2

Operating Revenue

The tables below detail operating revenue of the general government and total public sectors. They provide detailed revenue information consistent with the operating statements presented in Appendix 1: *Interim Financial Statements*.

The total public sector consolidates internal transfers between the general government sector and agencies in the public corporation sectors.

Accordingly, some total public sector revenue aggregates may be **smaller** than the general government equivalent. For example, the general government sector collects payroll tax from some public corporations. These collections are not shown in the total public sector taxation revenue data which is thus smaller than the general government taxation revenue aggregate.

Table 2.1

GENERAL GOVERNMENT
Operating Revenue

	2009-10			2008-09		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn ^(a)	Three Months to 31 Dec	Six Months to 31 Dec	Actual ^(b)
	\$m	\$m	\$m	\$m	\$m	\$m
TAXATION						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	581	1,172	2,327	585	1,170	2,246
Property taxes						
<i>Land tax</i>	486	486	541	564	564	568
Transfer Duty	371	690	1,293	268	626	1,102
Landholder Duty	45	52	52	-	-	24
<i>Total duty on transfers</i>	417	743	1,345	268	626	1,126
Mortgages	-	-	-	-	4	4
Other stamp duties	-	-	1	1	1	1
Metropolitan Region Improvement Tax	68	68	81	77	77	82
Emergency Services Levy	54	111	168	38	97	157
Loan guarantee fees	9	15	25	5	9	19
<i>Total other property taxes</i>	132	195	274	122	188	264
Taxes on provision of goods and services						
Lotteries Commission	32	63	126	32	60	134
Video lottery terminals	-	-	-	-	-	-
Casino Tax	21	46	90	23	43	91
TAB betting tax	8	17	34	11	17	32
<i>Total taxes on gambling</i>	61	126	251	66	120	257
Insurance Duty	97	208	401	90	187	377
Other	5	11	18	5	10	21
<i>Total taxes on insurance</i>	102	219	419	95	197	397
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	84	159	328	90	176	318
Permits - Oversize Vehicles and Loads	1	2	4	1	2	4
Motor Vehicle recording fee	10	21	41	10	20	40
Motor Vehicle registrations	126	252	515	119	242	486
<i>Total motor vehicle taxes</i>	222	434	888	219	440	848
Total Taxation	2,000	3,374	6,046	1,920	3,306	5,706
CURRENT GRANTS AND SUBSIDIES						
General Purpose Grants						
GST Revenue grants	853	1,686	3,415	986	1,873	3,529
North West Shelf grants	200	344	746	198	487	844
Compensation for Crude Oil Excise Condensate	12	22	94	-	9	23
Grants through the State						
Schools assistance – non-government schools	202	417	967	189	336	751
Local government financial assistance grants	25	85	137	33	66	132
Local government roads	17	56	92	22	44	89
First Home Owners' Boost	88	88	111	-	-	100
Other	-	-	25	-	-	-
National Specific Purpose Payment Agreement Grants						
National Health Care Agreement	284	568	1,136	244	506	1,056
National Education Agreement	82	165	329	85	146	318
National Agreement for Skills and Workforce Development	33	66	132	28	53	131
National Disability Agreement	19	39	78	22	37	75
National Affordable Housing Agreement	31	62	125	17	38	122
Nation Building and Jobs Plan						
Schools	70	70	77	-	-	78
Housing	5	10	20	-	-	22
Transport	-	-	9	-	-	15
Other Grants/National Partnerships						
Housing	28	71	11	-	-	29
Roads	15	16	52	28	37	38
Other	169	322	675	133	266	737
Total Current Grants and Subsidies	2,134	4,086	8,230	1,985	3,898	8,089

GENERAL GOVERNMENT
Operating Revenue

Table 2.1 (cont.)

	2009-10			2008-09		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn ^(a)	Three Months to 31 Dec	Six Months to 31 Dec	Actual ^(b)
	\$m	\$m	\$m	\$m	\$m	\$m
CAPITAL GRANTS						
Grants through the State						
Schools assistance – non-government schools	103	135	-	6	11	18
Nation Building and Jobs Plan						
Schools	88	102	629	-	-	-
Housing	34	56	368	-	-	4
Transport	-	-	7	-	-	10
Other Grants/National Partnerships						
Housing	8	15	188	20	44	40
Roads	17	35	198	77	138	229
Other	41	47	230	28	47	111
Total Capital Grants	293	390	1,620	132	240	411
SALES OF GOODS AND SERVICES	379	776	1,523	343	715	1,410
INTEREST INCOME	43	89	153	86	180	285
REVENUE FROM PUBLIC CORPORATIONS						
Dividends	17	107	592	21	58	466
Tax Equivalent Regime	73	146	387	90	169	355
Total Revenue from Public Corporations	90	253	979	111	226	821
ROYALTY INCOME	492	973	2,000	726	1,254	2,348
OTHER						
Lease Rentals	21	40	64	15	33	65
Fines	41	75	129	31	65	138
Revenue not elsewhere counted	57	92	140	36	75	161
<i>Total Other</i>	119	208	334	82	173	364
GRAND TOTAL	5,548	10,148	20,884	5,384	9,992	19,434

(a) Consistent with the revised outturn published in the 2009-10 mid-year review, released 17 December 2009.

(b) Consistent with final audited data contained in the 2008-09 *Annual Report on State Finances*, released 24 September 2009.

Note: Columns may not add due to rounding.

Table 2.2

**TOTAL PUBLIC SECTOR
Operating Revenue**

	2009-10			2008-09		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn ^(a)	Three Months to 31 Dec	Six Months to 31 Dec	Actual ^(b)
	\$m	\$m	\$m	\$m	\$m	\$m
TAXATION						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	603	1,183	2,298	573	1,149	2,204
Property taxes						
<i>Land tax</i>	498	486	499	545	538	523
Transfer Duty	371	690	1,293	268	626	1,102
Landholder Duty	45	52	52	-	-	24
<i>Total duty on transfers</i>	417	743	1,345	268	626	1,126
Mortgages	-	-	-	-	4	-
Other stamp duties	-	-	1	1	1	1
Metropolitan Region Improvement Tax	68	68	81	77	77	82
Emergency Services Levy	65	123	165	38	95	154
Loan guarantee fees	17	17	2	-	1	1
<i>Total other property taxes</i>	150	208	248	117	178	243
Taxes on provision of goods and services						
Lotteries Commission	63	63	-	-	-	-
Video lottery terminals	-	-	-	-	-	-
Casino Tax	21	46	90	23	43	91
TAB betting tax	17	17	-	-	-	-
<i>Total taxes on gambling</i>	101	126	90	23	43	91
Insurance Duty	97	208	401	90	187	377
Other	5	11	18	5	10	21
<i>Total taxes on insurance</i>	93	219	419	73	197	397
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	84	159	328	90	176	318
Permits - Oversize Vehicles and Loads	1	2	4	1	2	4
Motor Vehicle recording fee	10	21	41	10	20	40
Motor Vehicle registrations	126	252	515	119	242	486
<i>Total motor vehicle taxes</i>	222	434	888	219	440	848
Total Taxation	1,926	3,233	5,789	1,840	3,172	5,432
CURRENT GRANTS AND SUBSIDIES						
General Purpose Grants						
GST Revenue grants	853	1,686	3,415	986	1,873	3,529
North West Shelf grants	200	344	746	198	487	844
Compensation for Crude Oil Excise Condensate	12	22	94	-	9	23
Grants through the State						
Schools assistance – non-government schools	202	417	967	189	336	751
Local government financial assistance grants	25	85	137	33	66	132
Local government roads	17	56	92	22	44	89
First Home Owners' Boost	88	88	111	-	-	100
Other	-	-	25	-	-	-
National Specific Purpose Payment Agreement Grants						
National Health Care Agreement	284	568	1,136	244	506	1,056
National Education Agreement	82	165	329	85	146	318
National Agreement for Skills and Workforce Development	33	66	132	28	53	131
National Disability Agreement	19	39	78	22	37	75
National Affordable Housing Agreement	31	62	125	17	38	122
Nation Building and Jobs Plan						
Schools	70	70	77	-	-	78
Housing	5	10	20	-	-	22
Transport	-	-	9	-	-	15
Other Grants/National Partnerships						
Housing	28	71	11	-	-	29
Roads	15	16	52	28	37	38
Other	169	322	675	133	266	737
Total Current Grants and Subsidies	2,134	4,086	8,230	1,985	3,898	8,089

TOTAL PUBLIC SECTOR
Operating Revenue

Table 2.2 (cont.)

	2009-10			2008-09		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CAPITAL GRANTS						
Grants through the State						
Schools assistance – non-government schools	103	135	-	6	11	18
Nation Building and Jobs Plan						
Schools	88	102	629	-	-	-
Housing	34	56	368	-	-	4
Transport	-	-	7	-	-	10
Other Grants/National Partnerships						
Housing	8	15	188	20	44	40
Roads	17	35	198	77	138	229
Other	41	47	230	28	47	111
Total Capital Grants	293	390	1,620	132	240	411
SALES OF GOODS AND SERVICES	2,610	5,379	10,738	2,378	4,741	10,797
INTEREST INCOME	131	267	645	205	486	648
ROYALTY INCOME	492	973	2,000	726	1,254	2,348
OTHER						
Lease Rentals	21	40	66	15	33	65
Fines	42	77	129	32	67	140
Revenue not elsewhere counted	152	283	587	224	371	721
Total Other	214	400	782	271	471	926
GRAND TOTAL	7,800	14,729	29,803	7,536	14,261	28,651

(a) Consistent with the revised outturn published in the 2009-10 mid-year review, released 17 December 2009.

(b) Consistent with final audited data contained in the 2008-09 *Annual Report on State Finances*, released 24 September 2009.

Note: Columns may not add due to rounding.

Monthly Report of General Government Finances – December 2009

This appendix provides a summary of the Western Australian general government sector's finances for the month of December 2009. Care should be taken in interpreting monthly results, which can vary significantly from month to month due to various seasonal and other timing factors.

Operating Statement

The general government sector recorded an operating surplus of \$611 million for the month of December 2009, \$404 million higher than the \$207 million surplus recorded in December 2008. Timing issues and other factors summarised earlier in this report were largely responsible for this outcome.

Revenue in December 2009 totalled \$2,102 million, \$430 million higher than the same month the previous year. The increase primarily reflects:

- higher grants and subsidies from the Commonwealth (up \$355 million), mainly due to the combined effect of:
 - higher funding to the education sector (up \$140 million), primarily for programs including BER stimulus, National Schools and the National Skills and Workforce Development programs;
 - higher North West Shelf petroleum grants (up \$82 million), mainly due to the timing in which payments are received from the Commonwealth;
 - higher GST collections (up \$79 million), mainly attributed to the timing of these grants;
 - higher funding for the National Affordable Housing program (up \$48 million);
 - completion of the New Perth-Bunbury Highway in September 2009 and an associated end in Commonwealth funding (down \$23 million); and
 - reimbursement of State spending on the Commonwealth's First Home Owners' Boost stimulus initiative (up \$22 million);
- higher taxation revenue (up \$297 million), mainly due to:
 - higher land tax and Metropolitan Regional Improvement Tax (up \$169 million and \$28 million respectively), due to the later issuing of the assessments this year;
 - higher transfer duty (up \$57 million), mainly due to the impact of a recovering housing market;

- higher Emergency Services Levy collections (up \$42 million), mainly due to the timing in which invoices were raised and revenue recognised; and
- lower royalty income (down \$225 million), reflecting lower iron ore contract prices, partially offset by higher iron ore volumes.

Expenses for the month of December 2009 totalled \$1,492 million, up \$28 million from December 2008. This included the monthly impact of extraordinary spending and timing issues noted earlier in this report. In particular, the month of December 2009 included the impact of:

- lower current transfers (down \$72 million), primarily due to lower tax refunds this year;
- higher salaries (up \$69 million, or 10.6%), mainly for higher staff numbers and higher pay rates in the health, education and training, and law and order sectors;
- lower 'services and contracts' (down \$36 million), due to fluctuations in monthly road contract expenses and lower private health sector contract costs; and
- higher 'other gross operating expenses' (up \$29 million), due primarily to indirect patient costs in the health sector.

Cash Flow Statement

A cash surplus of \$87 million was recorded in December 2009, compared to a \$186 million cash surplus recorded in December 2008. This reflects the impact of the operating activities above and a \$101 million increase in monthly infrastructure spending, mainly due to spending on the Commonwealth BER stimulus program.

Table 3.1

GENERAL GOVERNMENT
Operating Statement

	2009-10			2008-09	
	Month of Nov \$m	Month of Dec \$m	Estimated Outturn ^(a) \$m	Month of Dec \$m	Actual ^(b) \$m
Results from Transactions					
<i>REVENUE</i>					
Taxation	759	727	6,046	430	5,706
Current grants and subsidies	648	669	8,230	443	8,089
Capital grants	120	158	1,620	28	411
Sales of goods and services	132	124	1,523	118	1,410
Interest Income	13	21	153	30	285
Dividends from other sector entities	-	17	592	21	466
Tax equivalent income	24	19	387	34	355
Royalty income	29	321	2,000	546	2,348
Other	37	46	334	23	364
<i>Total</i>	<i>1,761</i>	<i>2,102</i>	<i>20,884</i>	<i>1,672</i>	<i>19,435</i>
<i>EXPENSES</i>					
Salaries	685	720	8,254	651	7,764
Superannuation					
Concurrent costs	65	69	791	63	746
Superannuation interest cost	29	40	425	30	330
Other employee costs	19	27	334	29	326
Depreciation and amortisation	69	72	847	61	764
Services and contracts ^(c)	67	81	1,464	117	1,339
Other gross operating expenses ^(c)	228	217	2,874	188	2,575
Other interest	5	15	156	8	118
Other property expenses	-	-	-	-	-
Current transfers	332	217	5,090	289	4,554
Capital transfers	163	34	598	28	600
<i>Total</i>	<i>1,662</i>	<i>1,492</i>	<i>20,834</i>	<i>1,464</i>	<i>19,117</i>
NET OPERATING BALANCE	100	611	51	207	318

(a) Consistent with the revised outturn published in the 2009-10 mid-year review, released 17 December 2009.

(b) Consistent with final audited data contained in the 2008-09 *Annual Report on State Finances*, released 24 September 2009.

(c) Internal transactions between State agencies occur throughout the year and improved alignment of such transactions has resulted in the reclassification of some spending previously recognised as 'services and contracts' to 'other gross operating expenses' from this year. Figures for 2008-09 have been adjusted for comparability.

Note: Columns may not add due to rounding.

Table 3.2

GENERAL GOVERNMENT
Cash Flow Statement

	2009-10			2008-09	
	Month of Nov \$m	Month of Dec \$m	Estimated Outturn ^(a) \$m	Month of Dec \$m	Actual ^(b) \$m
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash received</i>					
Taxes received	507	519	6,050	509	5,865
Grants and subsidies received	773	807	9,816	465	8,538
Receipts from sales of goods and services	134	132	1,549	120	1,556
Interest receipts	1	14	140	26	295
Dividends and tax equivalents	20	109	973	127	877
Other receipts	161	488	3,303	665	3,692
<i>Total cash received</i>	<i>1,596</i>	<i>2,070</i>	<i>21,833</i>	<i>1,912</i>	<i>20,822</i>
<i>Cash paid</i>					
Wages, salaries and supplements, and superannuation	-736	-775	-9,246	-719	-8,595
Payments for goods and services	-306	-405	-4,722	-385	-4,441
Interest paid	5	-3	-102	-	-131
Grants and subsidies paid	-392	-378	-5,225	-392	-4,650
Dividends and tax equivalents	-	-	-	-	-
Other payments	-119	-151	-1,443	-104	-1,289
<i>Total cash paid</i>	<i>-1,549</i>	<i>-1,713</i>	<i>-20,739</i>	<i>-1,600</i>	<i>-19,106</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES	47	356	1,095	311	1,717
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets	-243	-232	-3,619	-131	-2,255
Sales of non-financial assets	15	-37	247	6	164
<i>Total cash flows from investments in non-financial assets</i>	<i>-228</i>	<i>-269</i>	<i>-3,371</i>	<i>-125</i>	<i>-2,091</i>
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes	-	-	-	-	1
For liquidity purposes	-	-	2	-	25
<i>Cash paid</i>					
For policy purposes	-42	-142	-847	-27	-368
For liquidity purposes	-	-1	-2	-2	-3
<i>Total cash flows from investments in financial assets</i>	<i>-41</i>	<i>-143</i>	<i>-848</i>	<i>-30</i>	<i>-345</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES	-269	-412	-4,219	-155	-2,437
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash received</i>					
Advances received	1	-2	10	-2	14
Borrowings	268	356	2,824	14	1,012
Deposits received	-	-	-	-	-
Other financing receipts	3	7	30	5	30
<i>Total cash received</i>	<i>271</i>	<i>361</i>	<i>2,864</i>	<i>17</i>	<i>1,056</i>
<i>Cash paid</i>					
Advances paid	-1	2	-9	2	-14
Borrowings repaid	-2	-8	-169	12	-182
Deposits paid	-	-	-	-	-
Other financing payments	-3	-5	-69	-6	-43
<i>Total cash paid</i>	<i>-6</i>	<i>-11</i>	<i>-247</i>	<i>8</i>	<i>-239</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES	266	350	2,616	25	818
Net increase in cash and cash equivalents	44	294	-508	181	98
Cash and cash equivalents at the beginning of the year	2,780	2,824	4,334	3,897	4,236
Cash and cash equivalents at the end of the year	2,824	3,118	3,826	4,078	4,334
KEY FISCAL AGGREGATES					
Net cash flows from operating activities	47	356	1,095	311	1,717
Net cash flows from investing in non-financial assets	-228	-269	-3,371	-125	-2,091
Cash surplus/-deficit	-181	87	-2,277	186	-375

(a) Consistent with the revised outturn published in the 2009-10 mid-year review, released 17 December 2009.

(b) Consistent with final audited data contained in the 2008-09 Annual Report on State Finances, released 24 September 2009.

Note: Columns may not add due to rounding.

APPENDIX 4

Public Ledger

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

Table 4.1 shows that the aggregate balance of the Public Ledger at 31 December 2009 decreased by \$1,026 million compared with 31 December 2008. This mainly reflects the net impact of a \$1,766 million increase in the Consolidated Account deficit, partially offset by a \$769 million increase in the Treasurer's Special Purpose Accounts.

PUBLIC LEDGER BALANCES AT 31 DECEMBER

Table 4.1

	2009	2008
	\$m	\$m
THE PUBLIC LEDGER		
Consolidated Account ^(a)	-6,083	-4,317
Treasurer's Special Purpose Accounts	6,093	5,324
Treasurer's Advance Account – Net Advances	-60	-31
Total	-50	976

(a) The balance of the Consolidated Account at 31 December 2009 includes non-cash appropriations of \$4,429 million (31 December 2008: \$3,650 million), representing the non-cash cost of agency services. These appropriations are credited to agency holding accounts that are included in the Treasurer's Special Purpose Accounts balance.

Consolidated Account

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

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

The Consolidated Account recorded an accumulated deficit of \$6,083 million at 31 December 2009. This included \$4,429 million in non-cash Holding Account balances for agencies, associated with accrual (non-cash) appropriations for depreciation and leave entitlements.

In cash terms, the Consolidated Account recorded a cash deficit of \$1,654 million at 31 December 2009, compared with an accumulated cash deficit of \$667 million for the period ended December 2008.

Cash balances vary significantly through the year, depending on the timing of receipts into, and payments from, the Account.

CONSOLIDATED ACCOUNT TRANSACTIONS			Table 4.2
For the six months ended 31 December			
	2009	2008	
	\$m	\$m	
REVENUE			
<i>Operating Activities</i>			
Taxation	2,372	2,424	
Commonwealth Grants ^(a)	2,849	1,899	
Government Enterprises	347	360	
Revenue from other agencies ^(a)	1,542	2,720	
Other	107	85	
<i>Total Operating Activities</i>	7,217	7,488	
<i>Financing Activities</i>			
Repayments of Recoverable Advances	5	6	
Transfers from:			
Public Bank Account Interest Eamed Account	3	-	
Bankwest Pension Trust	1	1	
Other Receipts	1	4	
Borrowings	700	-	
<i>Total Financing Activities</i>	710	11	
TOTAL REVENUE	7,927	7,499	
EXPENDITURE			
<i>Recurrent</i>			
Authorised by Other Statutes	601	553	
Appropriation Act (No. 1)	8,048	7,430	
Recurrent Expenditure under the Treasurer's Advance	85	59	
<i>Total Recurrent Expenditure</i>	8,734	8,042	
<i>Investing Activities</i>			
Authorised by Other Statutes	35	49	
Appropriation Act (No. 2)	1,396	1,126	
Investing Expenditure under the Treasurer's Advance	-	-	
<i>Total Investing Activities</i>	1,431	1,175	
<i>Financing Activities</i>			
Loan repayments	-	-	
Other financing	1	4	
<i>Total Financing Activities</i>	1	4	
TOTAL EXPENDITURE	10,166	9,221	
NET MOVEMENT (REVENUE LESS EXPENDITURE)	-2,239	-1,722	
Consolidated Account Balance			
Opening balance at 1 July	-3,844	-2,595	
Closing balance at 31 December	-6,083	-4,317	
Of which:			
Appropriations payable	-4,429	-3,650	
Cash balance at 31 December	-1,654	-667	

(a) From January 2009, reflecting a national move to streamline the administration of grants, most Commonwealth funding is now received centrally by the Department of Treasury and Finance (DTF). Under these arrangements, most grants are received by a Special Purpose Account and then on-passed to the agencies that spend the funds. Prior to 1 January 2009, these grants were disclosed as Commonwealth grants revenue in the financial statements of the individual agencies that received the funding.

A limited number of grants received by the DTF are paid into the Consolidated Account. This mirrors the arrangements prior to 1 January 2009. Examples include the National Health Care Agreement (previously administered by the Department of Health), the First Home Owners' Boost grant, and funds received under the Commonwealth's *Nation Building and Jobs Plan* (which are by and large used to construct assets such as public housing and schools facilities and are generally appropriated from the Consolidated Account as capital contributions).

Note: Columns may not add due to rounding.

Treasurer's Special Purpose Accounts

The Treasurer's Special Purpose Accounts (TSPA) consists of:

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

The \$769 million increase in the TSPA mainly reflects higher Holding Account balances for accrual appropriations to agencies for depreciation and accrued leave entitlements (up \$779 million).

TREASURER'S SPECIAL PURPOSE ACCOUNTS		
AT 31 DECEMBER		
	2009	2008
	\$m	\$m
Agency Holding Accounts	4,429	3,650
Fiona Stanley Hospital Construction Account	1,268	1,375
Royalties for Regions Special Purpose Account	26	-
Other Special Purpose Accounts	370	299
TREASURER'S SPECIAL PURPOSE ACCOUNTS	6,093	5,324

Table 4.3

Treasurer's Advance

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

A total of \$469.2 million is authorised under section 29 of the FMA for the year ended 30 June 2010, compared with a total of \$437.7 million authorised limit applying at the same time last year.

Of the \$469.2 million authorised limit for 2009-10, \$60.4 million was held at 31 December 2009 in the form of net recoverable advances (see Table 4.4) and \$85.0 million against increases in recurrent appropriations (see Table 4.5).

		Table 4.4	
TREASURER'S ADVANCE AT 31 DECEMBER			
	2009	2008	
	\$m	\$m	
AUTHORISED LIMIT	469.2	437.7	
Total Drawn Against Treasurer's Advance Account	145.4	89.6	
Comprising:			
Net recoverable advances as at 31 December (see below)	60.4	30.5	
Excesses and New Items			
- recurrent (see Table 4.5)	85.0	59.1	
- capital	-	-	
NET RECOVERABLE ADVANCES			
Public Sector Standards Commissioner – CEO selection	0.5	0.5	
Electoral Boundaries Distribution	2.2	0.3	
Energy Smart Government Program	1.1	1.6	
Gas Review Board	0.5	0.5	
Public Sector Commission	-	4.5	
Sport and Recreation	2.0	-	
Suitors Fund	1.1	1.1	
Transport	2.0	2.0	
Building Management and Works	51.0	20.0	
TOTAL RECOVERABLE TREASURER'S ADVANCES	60.4	30.5	

Transfers, Excesses and New Items

Table 4.5 outlines transfers of appropriations between agencies, authorised under section 25 of the FMA (and which have no impact on the Treasurer's Advance), and excesses and/or new items approved by the Treasurer (under the authority of section 27 of the FMA).

Transfer of appropriations between agencies were for the following purposes:

- \$0.1 million from Public Sector Commission to the Department of Local Government for the transfer of accommodation at Dumas House;
- \$48.7 million (including the transfer of both recurrent and capital appropriations) from the Department of Planning to the Department of Transport in support of spending on coastal infrastructure, transport policy and support of the National Transport Commission;
- \$0.1 million from the Department of Agriculture and Food to the Department of Treasury and Finance (DTF) for additional procurement support;
- \$0.7 million from the Department of Health to DTF for the transfer of Health procurement services;
- \$0.2 million from the Department of Premier and Cabinet to the Office of the Information Commissioner for the transfer of the Freedom of Information audit function;
- \$289.3 million (including the transfer of both recurrent and capital appropriations) from the restructured Department of Education to the newly created Department of Training and Workforce Development for the transfer of functions following the disaggregation of the previous Department of Education and Training from 30 October 2009; and
- \$6.3 million (including both recurrent and capital appropriations) from the Department of Environment and Conservation to the newly created Office of the Environmental Protection Authority following the transfer of responsibility for policy development and environmental impact assessments under the *Environmental Protection Act 1986*.

Table 4.5

TRANSFERS, EXCESSES AND NEW ITEMS
For the six months to 31 December 2009

	Treasurer's Advance					Drawn against Treasurer's Advance to date \$m
	Budget \$m	Transfers ^(a) \$m	New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
Recurrent Appropriations						
<i>Premier and Cabinet</i>						
Item 5: Delivery of Services	103.4	-0.2	-	-	103.2	-
<i>Public Sector Commission</i>						
Item 6: Delivery of Services	20.7	-0.1	-	-	20.6	-
<i>Health</i>						
Item 14: Delivery of Services	858.9	-0.7	-	-	858.2	-
<i>Education and Training</i>						
Item 33: Delivery of Services	3,320.7	-254.4	-	-	3,066.3	-
<i>Treasury and Finance</i>						
Item 43: Delivery of Services	189.5	0.8	-	-	190.2	-
Item 53: First Home Owners' Assistance	122.0	-	-	120.0	242.0	85.0
<i>Transport</i>						
Item 39: Delivery of Services	92.4	36.9	-	-	129.3	-
<i>Western Australian Sports Centre Trust</i>						
Item 78: Delivery of Services	8.2	-	-	2.4	10.6	-
<i>Planning</i>						
Item 81: Delivery of Services	63.5	-36.9	-	-	26.6	-
<i>Agriculture and Food</i>						
Item 107: Delivery of Services	159.7	-0.1	-	-	159.6	-
<i>Environment and Conservation</i>						
Item 110: Delivery of Services	171.2	-6.0	-	-	165.2	-
<i>Office of the Information Commissioner</i>						
Item 95: Delivery of Services	1.3	0.2	-	-	1.5	-
<i>Office of the Environmental Protection Authority</i>						
New Item: Delivery of Services	-	6.0	-	-	6.0	-
<i>Training and Workforce Development</i>						
New Item: Delivery of Services	-	254.4	-	-	254.4	-
<i>Local Government</i>						
Item 103: Delivery of Services	16.6	0.1	-	-	16.7	-
Total Recurrent		-	-	122.4	-	85.0

TRANSFERS, EXCESSES AND NEW ITEMS
For the six months to 31 December 2009

Table 4.5 (cont)

	Budget \$m	Transfers ^(a) \$m	Treasurer's Advance			Drawn against Treasurer's Advance to date \$m
			New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
Capital Appropriations						
<i>Education and Training</i>						
Item 126: Capital Appropriation	1,018.3	-34.8	-	-	983.5	-
<i>Transport</i>						
Item 130: Capital Appropriation	3.4	11.8	-	-	15.2	-
<i>Planning</i>						
Item 156: Capital Appropriation	33.9	-11.8	-	-	22.1	-
<i>Environment and Conservation</i>						
Item 172: Capital Appropriation	12.9	-0.4	-	-	12.6	-
<i>Office of the Environmental Protection Authority</i>						
New Item: Capital Appropriation	-	0.4	-	-	0.4	-
<i>Training and Workforce Development</i>						
New item: Capital Appropriation	-	34.8	-	-	34.8	-
<i>Child Protection</i>						
Item 168: Capital Appropriation	6.1	-	-	1.5	7.6	-
Total Capital		-	-	1.5	-	-
TOTAL		-	-	123.9		85.0

(a) Authorised under section 25 of the FMA.

Approved excesses were for the following items:

Western Australian Sports Centre Trust

Item 78: **Net amount appropriated to deliver services** (\$2.4 million) for operating costs for the State Athletics Stadium and the State Basketball Centre (AK Reserve).

Child Protection

Item 168: **Capital Appropriation** (\$1.5 million) for expansion and reform of residential care services.

Treasury and Finance

Item 53: **First Home Owners' Assistance** (\$120.0 million) due to a significant increase in demand for First Home Owner Grants as a result of the extension of the First Home Owner Boost scheme to 31 December 2009, announced in the Commonwealth's 2009-10 Budget.