



2010-11 Quarterly Financial Results Report

December 2010



2010-11

Quarterly Financial Results Report

DECEMBER 2010

2010–11 Quarterly Financial Results Report
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2010-11

**QUARTERLY FINANCIAL RESULTS REPORT
Six Months Ended 31 December 2010**

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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 2010.

Care should be exercised in extrapolating the likely outcome for the 2010-11 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 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 that used in the 2010-11 *Government Mid-year Financial Projections Statement* (mid-year review) released on 17 December 2010, and the 2010-11 State Budget presented to Parliament on 20 May 2010.

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 3: *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

The Western Australian public sector recorded strong financial outcomes across all sub-sectors during the six months to 31 December 2010. These results are consistent with the revised outturn published in the 2010-11 mid-year review released on 17 December 2010 and include significant timing issues relative to the same period in 2009-10.

The general government sector recorded an operating surplus of \$1,106 million for the six months to 31 December 2010. This is a significant turnaround on the \$259 million deficit reported for the same period in 2009-10.

- General government sector revenue in the six months of 2010-11 grew by \$2,126 million (or 20.9%), compared with the same period last year. This outcome is mainly due to higher royalty revenue and tax collections (which partly reflects the removal of concessional iron ore ‘fines’ royalty rates and a one-off contribution of \$350 million from BHP Billiton and Rio Tinto due to changes to State Agreements Acts), and the earlier receipt of Commonwealth education funding.
- General government sector expenses increased by \$761 million (or 7.3%), mainly reflecting higher salaries and current transfer (i.e. grants) costs, including a one-off payroll tax rebate.

The Western Australian total public sector recorded a \$1,505 million operating surplus in the first half of 2010-11. This result was mainly due to the general government operating surplus, and smaller surpluses in the public corporations sectors.

Total public sector net worth increased by \$2.9 billion over the six months to 31 December 2010, to stand at \$110.7 billion.

Total public sector net debt was \$10.3 billion at 31 December 2010, \$446 million higher than the \$9.9 billion recorded at 30 June 2010.

General Government Sector

The general government sector recorded an operating surplus of \$1,106 million for the six months to 31 December 2010. This is a \$1,365 million turnaround on the \$259 million deficit reported for the same period in 2009-10.

This outcome was largely driven by a stronger revenue performance in the second quarter of 2010-11, reflecting higher iron ore royalty income, higher taxation collections and higher Commonwealth capital grants. These outcomes are consistent with the full-year projection contained in the December 2010 mid-year review.

SUMMARY OF GENERAL GOVERNMENT FINANCES Western Australia

Table 1

	2010-11		2009-10	
	Six Months to 31 Dec	Estimated Outturn ^(a)	Six Months to 31 Dec	Actual ^(b)
	\$m	\$m	\$m	\$m
Net operating balance	1,106	758	-259	831
Net worth	110,499	112,495	107,839	107,844
Increase in cash balances	-569	-1,302	-1,216	1,012
<i>Memorandum items</i>				
Net lending	273	-1,779	-1,045	-1,058
Net debt	-446	1,436	-720	-1,076
Cash surplus/-deficit	-121	-1,808	-1,467	-867

(a) Consistent with the revised outturn published in the 2010-11 mid-year review, released 17 December 2010.

(b) Consistent with final audited data contained in the 2009-10 *Annual Report on State Finances*, released 28 September 2010.

Revenue

Revenue for the six months to 31 December 2010 totalled \$12,274 million, up \$2,126 million or 20.9% on the same period in 2009-10. This growth primarily reflects:

- higher royalty income (up \$964 million), due mainly to higher production volumes and prices for iron ore, an increase in the royalty rate for iron ore fines in State Agreements Acts, and a one-off back-payment of \$55 million relating to the Robe River Mesa J Mine, partially offset by the effect of a stronger Australian dollar;
- higher taxation revenue (up \$509 million), reflecting:
 - a one-off contribution from Rio Tinto and BHP Billiton (\$350 million) in response to changes to State Agreement Acts¹; and
 - higher payroll tax collections (up \$135 million), due to stronger labour market conditions;

¹ The Government announced in December 2010 that this contribution, together with the Mesa J royalty back-payment noted above and \$100 million in higher than expected royalty collections at the end of 2009-10, will be used to fund the construction of the New Children's Hospital, with building work to commence in 2012.

- higher Commonwealth capital grants (up \$429 million), which is primarily due to higher funding for *Primary Schools for the 21st Century* program and increased funding for non-government schools;
- higher sale of goods and services (up \$128 million), largely due to increased demand for goods and services and the timing of transactions across the general government sector; and
- lower transfer duty (down \$89 million) and GST grants (down \$19 million).

Expenses

Expenses for the six months to 31 December 2010 totalled \$11,169 million, up 7.3% on the same period in 2009-10. This outcome primarily reflects:

- higher current transfers (up \$228 million), due largely to the net effect of:
 - a payroll tax rebate of \$97 million paid to eligible employers, an initiative outlined in the 2009-10 State Budget;
 - lower general government funding to the Housing Authority (down \$62 million), predominantly due to an offsetting dividend to be received from Keystart (a public financial corporation);
 - higher on-passed grant payments to external health providers (up \$52 million), mainly for Home and Community Care programs, aged care and patient transport services and mental health services;
 - higher ex-gratia payments under the WA Redress program and seniors cost of living rebate payments (up \$47 million);
 - higher on-passed grants by the Office of Native Title under the Yawuru Agreements (up \$38 million);
 - lower on-passed education grants (down \$36 million), mainly due to a one-off Commonwealth grant payment for the Catholic education sector received in 2009-10;
 - higher grant payments by the Department of Regional Development and Lands (up \$29 million) for the Pilbara Revitalisation Plan Phase 2;
 - higher *Royalties for Regions* payments to the Land Authority (up \$25 million), for the South Headland town centre revitalisation initiative; and
 - higher funding for disability service providers (up \$18 million), as a result of new initiatives under the State business plan and the National Disabilities Agreement;
- higher services and contracts expense (up \$219 million), primarily due to spending on school maintenance and increased health sector spending on contract services; and
- higher salaries costs (up \$201 million, or 4.9%), due mainly to increased pay rates and staff numbers, particularly in the health, education and training, and law and order sectors (accounting for around 74.5% of the total increase).

Balance Sheet

The net worth of the general government sector increased by \$2.9 billion for the six months to 31 December 2010, to stand at \$110.7 billion. This increase reflects the general government operating surplus outlined above, operating surpluses in the public corporations sectors and estimated revaluations of land holdings.

The general government sector continued to be net debt-free during the first six months of 2010-11, with financial assets exceeding borrowings and other debt liabilities by \$446 million at 31 December 2010.

Cash Flow

A cash deficit of \$121 million was recorded for the six months ended 31 December 2010. This was \$1.3 billion lower than the cash deficit for the same period in 2009-10 and was primarily due to the impact of the operating surplus recorded for the first half of 2010-11.

Net cash outflows for infrastructure spending totalled \$1,254 million, up \$57 million from the same period in 2009-10. This increase mainly reflects spending on the Fiona Stanley Hospital and other health infrastructure.

Total Public Sector²

The total public sector recorded an operating surplus of \$1,505 million for the six months to 31 December 2010. This is \$1,115 million higher than the surplus recorded in the same period in 2009-10, with operating surpluses recorded in the general government and public corporations sectors.

Table 2

SUMMARY OF TOTAL PUBLIC SECTOR FINANCES Western Australia

	2010-11		2009-10	
	Six Months to 31 Dec	Estimated Outturn ^(a)	Six Months to 31 Dec	Actual ^(b)
	\$m	\$m	\$m	\$m
Net operating balance	1,505	225	401	859
Net worth	110,702	112,495	107,839	107,844
Increase in cash balances	-725	-2,029	-385	2,125
<i>Memorandum items</i>				
Net lending	-552	-3,611	-1,291	-4,232
Net debt	10,341	14,009	8,590	9,896
Cash surplus/-deficit	-647	-4,302	-2,042	-2,816

(a) Consistent with the revised outturn published in the 2010-11 mid-year review, released 17 December 2010.

(b) Consistent with final audited data contained in the 2009-10 *Annual Report on State Finances*, released 28 September 2010.

Operating Statement

The total public sector operating surplus for the first six months of 2010-11 includes the combined impact of:

- the \$1,106 million operating surplus for the general government sector (noted above);
- a public non-financial corporations sector operating surplus of \$158 million, \$164 million lower than the surplus recorded for the same period 2009-10, primarily due to lower subsidies for the Housing Authority (in anticipation of dividend funding to be received from Keystart later in 2010-11) and lower National Partnership revenue from the Commonwealth; and
- a public financial corporations sector operating surplus of \$302 million which compares to a \$434 million surplus recorded in the same period last year. The decrease in the surplus of \$132 million on the same period last year is mainly due to lower net investment income for the Insurance Commission of Western Australia.

² 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).

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.

Net debt of the total public sector increased by \$445 million during the first six months of 2010-11, to stand at \$10.3 billion at 31 December 2010. This reflects the effect of the State's substantial Asset Investment Program which is forecast to be \$7.6 billion in 2010-11.

Cash Flow

A cash deficit of \$647 million was recorded for the six months ended 31 December 2010 compared with a \$2.0 billion deficit for the same period in 2009-10. The lower deficit outcome reflects the net cash impact of the operating surplus outlined above and net cash outflows for infrastructure spending of \$3.0 billion for the six months ended 31 December 2010.

Infrastructure spending for the six months to 31 December 2010 was \$338 million (or 11.6%) higher than the same period in 2009-10, due mainly to the increase in general government investment outlined earlier and spending by the Water Corporation on the Southern Seawater Desalination plant.

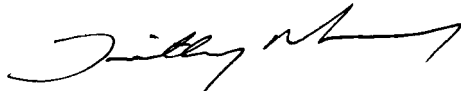
Interim Financial Statements

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 2010 and of the balance sheets of these reporting entities at 31 December 2010. 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



MAGDALENA WITTEK
A/ASSISTANT DIRECTOR
FINANCIAL REPORTING

25 February 2011

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Table 1.1

GENERAL GOVERNMENT OPERATING STATEMENT
For the six months ended 31 December 2010

	Note	2010-11		2009-10	
		Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
<i>Results from Transactions</i>					
REVENUE					
Taxation		3,883	6,447	3,374	6,324
Current grants and subsidies		4,033	7,869	4,086	8,228
Capital grants		820	1,460	390	1,978
Sales of goods and services		896	1,756	767	1,635
Interest Income		162	288	89	227
Dividends from other sector entities		61	720	107	570
Tax equivalent income		253	337	146	350
Royalty income		1,937	4,045	973	2,324
Other		230	448	216	405
Total	2	12,274	23,373	10,148	22,039
EXPENSES					
Salaries		4,328	8,928	4,127	8,284
Superannuation					
Concurrent costs		412	852	395	793
Superannuation interest cost		206	393	185	338
Other employee costs		165	357	151	323
Depreciation and amortisation		428	911	409	848
Services and contracts		779	1,709	561	1,523
Other gross operating expenses		1,511	2,904	1,488	2,959
Other interest		142	336	69	187
Other property expenses		-	-	-	-
Current transfers	3	2,747	5,525	2,519	4,882
Capital transfers	3	449	699	505	1,071
Total		11,169	22,614	10,407	21,208
NET OPERATING BALANCE	4	1,106	758	-259	831
<i>Other economic flows</i>					
Net gains on assets/liabilities		7	34	1	228
Net actuarial gains - superannuation		-	-21	-	-169
Provision for doubtful debts		-2	-	-	-32
All other		-	-	-	-
Total other economic flows		5	12	1	27
OPERATING RESULT		1,111	771	-258	858
<i>All other movements in equity</i>					
Revaluations		660	2,387	169	-2,055
Gains recognised directly in equity		-6	-1	-8	-5
Changes in accounting policy/correction of prior period errors		-18	-177	82	117
Change in net worth of the public corporations sectors		975	1,671	691	1,768
All other		-	-	-	-
Total all other movements in equity		1,748	3,881	935	-176
TOTAL CHANGE IN NET WORTH		2,858	4,651	677	682
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE	4	1,106	758	-259	831
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		1,323	3,752	1,209	2,974
Changes in inventories		3	-3	-3	-4
Other movement in non-financial assets		5	-10	-	-72
<i>less:</i>					
Sales of non-financial assets		69	290	12	161
Depreciation		428	911	409	848
Total net acquisition of non-financial assets		833	2,537	786	1,889
NET LENDING/-BORROWING	4	273	-1,779	-1,045	-1,058

(a) Consistent with the revised outturn published in the 2010-11 mid-year review, released 17 December 2010.

(b) Consistent with final audited data contained in the 2009-10 Annual Report on State Finances, released 28 September 2010.

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 2010

	Note	2010-11		2009-10	
		31 Dec \$m	Estimated Outturn ^(a) \$m	31 Dec \$m	Actual ^(b) \$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		521	412	511	586
Advances paid		714	698	738	708
Investments, loans and placements	5	4,496	3,855	2,987	5,174
Receivables	6	2,166	2,206	1,960	2,042
Investment property		-	8	-	8
Shares and other equity					
Investments in other public sector entities - equity method		43,586	44,145	41,397	42,474
Investments in other public sector entities - direct injections		4,564	4,755	3,839	4,075
Investments in other entities		-	-	-	-
Other financial assets		-	-	-	-
<i>Total financial assets</i>		<i>56,048</i>	<i>56,079</i>	<i>51,433</i>	<i>55,067</i>
<i>Non-financial assets</i>					
Land		38,431	38,940	39,607	37,890
Property, plant and equipment		31,929	35,056	30,401	31,056
Biological assets		2	2	2	2
Inventories					
Land inventories		104	101	95	102
Other inventories		70	64	69	68
Intangibles		423	404	340	408
Non-current assets held for sale		57	51	24	49
Other		190	137	140	155
<i>Total non-financial assets</i>		<i>71,207</i>	<i>74,755</i>	<i>70,678</i>	<i>69,730</i>
TOTAL ASSETS		127,254	130,834	122,111	124,797
LIABILITIES					
Deposits held		564	308	632	683
Advances received		482	468	496	482
Borrowings	7	4,328	5,713	2,476	4,315
Unfunded superannuation		7,256	7,288	7,092	7,249
Other employee benefits		2,343	2,408	2,210	2,296
Payables		295	695	324	675
Other liabilities		1,284	1,459	1,041	1,253
<i>TOTAL LIABILITIES</i>		<i>16,552</i>	<i>18,339</i>	<i>14,273</i>	<i>16,953</i>
NET ASSETS		110,702	112,495	107,839	107,844
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		10,452	4,881	8,277	9,367
Other reserves		100,251	107,615	99,562	98,478
NET WORTH	4	110,702	112,495	107,839	107,844
MEMORANDUM ITEMS					
<i>Net financial worth</i>		<i>39,496</i>	<i>37,741</i>	<i>37,161</i>	<i>38,114</i>
<i>Net financial liabilities</i>		<i>8,654</i>	<i>11,159</i>	<i>8,076</i>	<i>8,435</i>
<i>Net debt</i>					
Gross debt liabilities		5,374	6,489	3,605	5,480
less: liquid financial assets		5,732	4,965	4,236	6,468
less: convergence differences impacting net debt		88	88	88	88
<i>Net debt</i>		<i>-446</i>	<i>1,436</i>	<i>-720</i>	<i>-1,076</i>

(a) Consistent with the revised outturn published in the 2010-11 mid-year review, released 17 December 2010.

(b) Consistent with final audited data contained in the 2009-10 *Annual Report on State Finances*, released 28 September 2010.

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

For the six months ended 31 December 2010

	Accumulated surplus/deficit \$m	Reserves \$m	Total Equity \$m
<i>Balance as at 1 July 2010</i>	9,367	98,478	107,844
Net Operating Balance	1,106	-	1,106
Revaluations	-	660	660
Change in net worth of the other sectors	-	975	975
All other	-21	138	117
Balance as at 31 December 2010	10,452	100,251	110,702

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

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

Table 1.4

GENERAL GOVERNMENT CASH FLOW STATEMENT
For the six months ended 31 December 2010

	Note	2010-11		2009-10	
		Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash received</i>					
Taxes received		3,639	6,459	2,817	6,329
Grants and subsidies received		4,826	9,384	4,410	10,113
Receipts from sales of goods and services		866	1,804	802	1,767
Interest receipts		143	282	70	203
Dividends and tax equivalents		318	1,104	337	882
Other		2,807	5,258	1,774	3,558
<i>Total cash received</i>		<i>12,600</i>	<i>24,291</i>	<i>10,210</i>	<i>22,853</i>
<i>Cash paid</i>					
Wages, salaries and supplements, and superannuation		-4,865	-9,993	-4,569	-9,221
Payments for goods and services		-2,780	-5,253	-2,488	-4,594
Interest paid		-128	-317	-52	-146
Grants and subsidies paid		-2,996	-5,858	-2,563	-5,364
Dividends and tax equivalents		-	-	-	-
Other		-699	-1,216	-808	-1,582
<i>Total cash paid</i>		<i>-11,467</i>	<i>-22,636</i>	<i>-10,480</i>	<i>-20,907</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES		1,133	1,654	-270	1,946
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets		-1,323	-3,752	-1,209	-2,974
Sales of non-financial assets		69	290	12	161
<i>Total cash flows from investments in non-financial assets</i>		<i>-1,254</i>	<i>-3,462</i>	<i>-1,197</i>	<i>-2,813</i>
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes		10	-	3	19
For liquidity purposes		37	-	60	83
<i>Cash paid</i>					
For policy purposes		-498	-816	-437	-659
For liquidity purposes		-2	-6	-1	-2
<i>Total cash flows from investments in financial assets</i>		<i>-454</i>	<i>-821</i>	<i>-376</i>	<i>-559</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES		-1,708	-4,283	-1,572	-3,371
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash received</i>					
Advances received		-	14	-	14
Borrowings		46	1,459	770	2,754
Deposits received		-	-	-	-
Other financing receipts		15	31	18	32
<i>Total cash received</i>		<i>60</i>	<i>1,504</i>	<i>788</i>	<i>2,799</i>
<i>Cash paid</i>					
Advances paid		-	-14	-	-14
Borrowings repaid		-23	-73	-134	-299
Deposits paid		-	-	-	-
Other financing payments		-32	-90	-28	-49
<i>Total cash paid</i>		<i>-54</i>	<i>-177</i>	<i>-162</i>	<i>-362</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES		6	1,327	627	2,438
Net increase in cash and cash equivalents		-569	-1,302	-1,216	1,012
Cash and cash equivalents at the beginning of the year		5,346	5,346	4,334	4,334
Cash and cash equivalents at the end of the year		4,777	4,044	3,118	5,346
KEY FISCAL AGGREGATES					
Net cash flows from operating activities		1,133	1,654	-270	1,946
Net cash flows from investing in non-financial assets		-1,254	-3,462	-1,197	-2,813
Cash surplus/-deficit	4	-121	-1,808	-1,467	-867

(a) Consistent with the revised outturn published in the 2010-11 mid-year review, released 17 December 2010.

(b) Consistent with final audited data contained in the 2009-10 Annual Report on State Finances, released 28 September 2010.

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 2010

	Note	2010-11		2009-10	
		Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
<i>Results from Transactions</i>					
REVENUE					
Taxation		3,728	6,162	3,233	6,026
Current grants and subsidies		4,033	7,869	4,086	8,228
Capital grants		820	1,460	390	1,978
Sales of goods and services		7,244	15,496	5,379	14,905
Interest Income		476	854	267	633
Royalty income		1,937	4,045	973	2,324
Other		448	878	400	801
Total	2	18,684	36,765	14,729	34,895
EXPENSES					
Salaries		4,832	9,862	4,599	9,203
Superannuation					
Concurrent costs		461	941	439	878
Superannuation interest cost		206	393	185	338
Other employee costs		118	237	110	238
Depreciation and amortisation		1,213	2,506	1,105	2,292
Services and contracts		1,055	2,331	824	2,112
Other gross operating expenses		5,891	13,653	4,237	13,318
Other interest		747	1,535	499	1,116
Other property expenses		-	-	-	-
Current transfers	3	2,196	4,254	1,901	3,642
Capital transfers	3	461	827	428	897
Total		17,179	36,540	14,328	34,036
NET OPERATING BALANCE	4	1,505	225	401	859
<i>Other economic flows</i>					
Gains on net assets		102	190	64	506
Net actuarial gains - superannuation		-	-21	-	-193
Provision for doubtful debts		-12	-9	-8	-57
All other		-	-	-11	-
Total other economic flows		90	160	44	256
OPERATING RESULT		1,595	386	445	1,115
<i>All other movements in equity</i>					
Revaluations		767	4,271	-350	-1,168
Gains recognised directly in equity		335	-45	289	396
Changes in accounting policy/correction of prior period errors		161	40	292	339
All other		-	-	-	-
Total all other movements in equity		1,264	4,266	231	-433
TOTAL CHANGE IN NET WORTH		2,858	4,651	677	682
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE	4	1,505	225	401	859
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		3,248	7,619	2,910	6,828
Changes in inventories		336	-59	189	1,331
Other movement in non-financial assets		-24	-303	-18	13
<i>less:</i>					
Sales of non-financial assets		290	914	284	789
Depreciation		1,213	2,506	1,105	2,292
Total net acquisition of non-financial assets		2,057	3,837	1,692	5,091
NET LENDING/-BORROWING	4	-552	-3,611	-1,291	-4,232

(a) Consistent with the revised outturn published in the 2010-11 mid-year review, released 17 December 2010.

(b) Consistent with final audited data contained in the 2009-10 *Annual Report on State Finances*, released 28 September 2010.

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 2010

	Note	2010-11		2009-10	
		31 Dec \$m	Estimated Outturn ^(a) \$m	31 Dec \$m	Actual ^(b) \$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		1,195	996	893	1,255
Advances paid		4,298	4,866	3,964	4,347
Investments, loans and placements	5	11,475	9,483	8,733	11,211
Receivables	6	3,252	3,764	3,828	3,469
Investment property		490	484	427	464
Equity - investments in other entities		1,210	1,109	1,165	1,029
Other financial assets		60	36	23	36
<i>Total financial assets</i>		21,980	20,738	19,033	21,811
<i>Non-financial assets</i>					
Land		52,004	53,269	53,291	50,927
Property, plant and equipment		75,853	80,313	70,006	74,158
Biological assets		348	354	383	330
Inventories					
Land inventories		1,667	1,827	1,463	1,609
Other inventories		3,438	3,044	1,961	3,102
Intangibles		768	704	619	743
Non-current assets held for sale		78	66	24	64
Other		439	357	290	306
<i>Total non-financial assets</i>		134,595	139,934	128,038	131,238
TOTAL ASSETS		156,575	160,672	147,070	153,049
LIABILITIES					
Deposits held		199	198	153	201
Advances received		482	468	496	482
Borrowings	7	26,716	28,776	21,618	26,114
Unfunded superannuation		7,379	7,410	7,216	7,386
Other employee benefits		2,676	2,722	2,517	2,625
Payables		4,331	4,195	3,506	4,155
Other liabilities		4,090	4,407	3,725	4,241
TOTAL LIABILITIES		45,872	48,176	39,232	45,205
NET ASSETS		110,702	112,495	107,839	107,844
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		31,004	10,629	27,846	28,958
Other reserves		79,699	101,866	79,993	78,887
NET WORTH	4	110,702	112,495	107,839	107,844
MEMORANDUM ITEMS					
<i>Net financial worth</i>		-23,892	-27,438	-20,199	-23,394
<i>Net financial liabilities</i>		25,102	28,548	21,364	24,423
<i>Net debt</i>					
Gross debt liabilities		27,397	29,442	22,267	26,797
less: liquid financial assets		16,968	15,345	13,590	16,814
less: convergence differences impacting net debt		88	88	88	88
<i>Net debt</i>		10,341	14,009	8,590	9,896

(a) Consistent with the revised outturn published in the 2010-11 mid-year review, released 17 December 2010.

(b) Consistent with final audited data contained in the 2009-10 Annual Report on State Finances, released 28 September 2010.

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

For the six months ended 31 December 2010

	Accumulated surplus/deficit \$m	Reserves \$m	Total Equity \$m
<i>Balance as at 1 July 2010</i>	28,958	78,887	107,844
Net Operating Balance	1,505	-	1,505
Revaluations	-	767	767
All other	541	45	586
Balance as at 31 December 2010	31,004	79,699	110,702

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

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 2010

	Note	2010-11		2009-10	
		Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash received</i>					
Taxes received		3,520	6,140	2,726	5,991
Grants and subsidies received		4,826	9,384	4,410	10,113
Receipts from sales of goods and services		7,469	15,750	5,586	15,134
Interest receipts		463	882	263	646
Other receipts		3,331	6,164	2,247	4,499
<i>Total cash received</i>		<i>19,609</i>	<i>38,320</i>	<i>15,232</i>	<i>36,382</i>
<i>Cash paid</i>					
Wages, salaries and supplements, and superannuation		-5,431	-11,194	-5,094	-10,251
Payments for goods and services		-7,390	-15,709	-5,659	-15,052
Interest paid		-643	-1,522	-447	-976
Grants and subsidies paid		-2,456	-4,645	-2,042	-4,076
Other payments		-1,377	-2,847	-1,406	-2,805
<i>Total cash paid</i>		<i>-17,298</i>	<i>-35,917</i>	<i>-14,648</i>	<i>-33,160</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES		2,312	2,403	584	3,223
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets		-3,248	-7,619	-2,910	-6,828
Sales of non-financial assets		290	914	284	789
<i>Total cash flows from investments in non-financial assets</i>		<i>-2,958</i>	<i>-6,705</i>	<i>-2,626</i>	<i>-6,038</i>
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes		5	-	3	19
For liquidity purposes		2,100	1,814	2,592	4,430
<i>Cash paid</i>					
For policy purposes		-5	-	3	-19
For liquidity purposes		-3,336	-2,483	-3,031	-5,065
<i>Total cash flows from investments in financial assets</i>		<i>-1,236</i>	<i>-669</i>	<i>-440</i>	<i>-635</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES		-4,194	-7,374	-3,066	-6,674
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash received</i>					
Advances received		-	-	-	-
Borrowings		12,450	18,171	11,100	23,727
Deposits received		-	-	-	-
Other financing receipts		27	59	24	68
<i>Total cash received</i>		<i>12,477</i>	<i>18,230</i>	<i>11,124</i>	<i>23,795</i>
<i>Cash paid</i>					
Advances paid		-	-14	-	-14
Borrowings repaid		-11,251	-15,124	-8,985	-18,111
Deposits paid		-	-	-	-
Other financing payments		-68	-149	-43	-95
<i>Total cash paid</i>		<i>-11,319</i>	<i>-15,288</i>	<i>-9,027</i>	<i>-18,219</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES		1,158	2,942	2,097	5,576
Net increase in cash and cash equivalents		-725	-2,029	-385	2,125
Cash and cash equivalents at the beginning of the year		9,112	9,112	6,986	6,986
Cash and cash equivalents at the end of the year		8,387	7,083	6,601	9,112
KEY FISCAL AGGREGATES					
Net cash flows from operating activities		2,312	2,403	584	3,223
Net cash flows from investing in non-financial assets		-2,958	-6,705	-2,626	-6,038
Cash surplus/-deficit	4	-647	-4,302	-2,042	-2,816

(a) Consistent with the revised outturn published in the 2010-11 mid-year review, released 17 December 2010.

(b) Consistent with final audited data contained in the 2009-10 *Annual Report on State Finances*, released 28 September 2010.

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 2010, presented in Appendix 1 of the 2009-10 *Annual Report on State Finances* (ARSF) released on 28 September 2010. The accounting policies adopted in this publication are consistent with those outlined in the 2009-10 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 2009-10 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				
	2010-11		2009-10	
	Six Months to 31 Dec \$m	Estimated Outturn \$m	Six Months to 31 Dec \$m	Actual \$m
<i>CURRENT TRANSFERS</i>				
Local Government	83	248	66	154
Local Government on-passing	92	110	87	136
Private and Not-for-profit sector	1,272	2,451	1,020	1,934
Private and Not-for-profit sector on-passing	403	712	417	769
Other sectors of Government	898	2,004	929	1,889
Total Current Transfers	2,747	5,525	2,519	4,882
<i>CAPITAL TRANSFERS</i>				
Local Government	79	118	23	64
Local Government on-passing	-	72	56	91
Private and Not-for-profit sector	71	188	216	421
Private and Not-for-profit sector on-passing	278	215	134	310
Other sectors of Government	21	105	76	186
Total Capital Transfers	449	699	505	1,071
Total Public Sector				
	2010-11		2009-10	
	Six Months to 31 Dec \$m	Estimated Outturn \$m	Six Months to 31 Dec \$m	Actual \$m
<i>CURRENT TRANSFERS</i>				
Local Government	83	248	69	155
Local Government on-passing	92	110	87	136
Private and Not-for-profit sector	1,602	3,183	1,317	2,550
Private and Not-for-profit sector on-passing	403	712	417	769
Other sectors of Government	16	1	10	32
Total Current Transfers	2,196	4,254	1,901	3,642
<i>CAPITAL TRANSFERS</i>				
Local Government	79	121	22	66
Local Government on-passing	-	72	56	90
Private and Not-for-profit sector	103	418	215	421
Private and Not-for-profit sector on-passing	278	215	134	308
Other sectors of Government	-	-	-	9
Total Capital Transfers	461	827	428	897

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

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 2010 results.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Operating Balance

	2010-11		2009-10	
	Six Months to 31 Dec \$m	Estimated Outturn \$m	Six Months to 31 Dec \$m	Actual \$m
<i>General government</i>				
AASB1049 net operating balance	1,106	758	-259	831
<i>Plus GFS revenue adjustments</i>				
Capital grants - prepaid AusLink road grants	-	-	3	3
Goods and services revenue - intersector equity/asset transfers recorded as revenue	-	-	-	-
All other	-	-	-	-
<i>Total GFS revenue adjustments</i>	-	-	3	3
<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
GFS net operating balance	1,106	758	-256	834
<i>Total public sector</i>				
AASB1049 net operating balance	1,505	225	401	859
<i>Plus GFS revenue adjustments</i>				
Capital grants - prepaid AusLink road grants	-	-	3	3
Goods and services revenue - intersector equity/asset transfers recorded as revenue	-	-	-	-
All other	-	-	-	-
<i>Total GFS revenue adjustments</i>	-	-	3	3
<i>Less GFS expense adjustments</i>				
Capitalised interest	29	64	23	51
All other	-	-	-	-
<i>Total GFS expense adjustments</i>	29	64	23	51
<i>Total GFS adjustments to AASB 1049 net operating balance</i>	-29	-64	-20	-48
GFS net operating balance	1,476	162	381	811

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Lending/- Borrowing

	2010-11		2009-10	
	Six Months to 31 Dec	Estimated Outturn	Six Months to 31 Dec	Actual
	\$m	\$m	\$m	\$m
<i>General government</i>				
AASB1049 net lending/-borrowing	273	-1,779	-1,045	-1,058
Plus Net operating balance convergence differences (noted above)	-	-	3	3
GFS net lending/-borrowing	273	-1,779	-1,042	-1,055
<i>Total public sector</i>				
AASB1049 net lending/-borrowing	-552	-3,611	-1,291	-4,232
Plus Net operating balance convergence differences (noted above)	-29	-64	-20	-48
GFS net lending/-borrowing	-581	-3,675	-1,311	-4,280

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Worth

	2010-11		2009-10	
	Six Months to 31 Dec	Estimated Outturn	Six Months to 31 Dec	Actual
	\$m	\$m	\$m	\$m
<i>General government</i>				
AASB1049 net worth	110,702	112,495	107,839	107,844
<i>Plus</i>				
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88	88	88
Provision for doubtful debts				
General government sector	182	179	158	179
Impact on public corporations net worth	22	35	34	44
Impact of AusLink Road grants prepayments	-69	-	-69	-69
All other	-	-	-	-
<i>Total GFS net worth adjustments</i>	<i>223</i>	<i>302</i>	<i>211</i>	<i>242</i>
GFS net worth	110,926	112,797	108,050	108,086
<i>Total public sector</i>				
AASB1049 net worth	110,702	112,495	107,839	107,844
<i>Plus</i>				
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88	88	88
Provision for doubtful debts	204	214	192	223
Impact of AusLink Road grants prepayments	-69	-	-69	-69
All other	-	-	-	-
<i>Total GFS net worth adjustments</i>	<i>223</i>	<i>302</i>	<i>211</i>	<i>242</i>
GFS net worth	110,926	112,797	108,050	108,086

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Cash Surplus/-Deficit

	2010-11		2009-10	
	Six Months to 31 Dec	Estimated Outturn	Six Months to 31 Dec	Actual
	\$m	\$m	\$m	\$m
<i>General government</i>				
AASB1049 cash surplus/-deficit	-121	-1,808	-1,467	-867
Less Acquisitions under finance leases and similar arrangements	4	-	-	8
GFS cash surplus/-deficit	-125	-1,808	-1,467	-875
<i>Total public sector</i>				
AASB1049 cash surplus/-deficit	-647	-4,302	-2,042	-2,816
Less Acquisitions under finance leases and similar arrangements	4	1	-	143
GFS cash surplus/-deficit	-651	-4,303	-2,042	-2,960

NOTE 5: INVESTMENTS, LOANS AND PLACEMENTS

General Government

	2010-11		2009-10	
	31 Dec	Estimated Outturn	31 Dec	Actual
	\$m	\$m	\$m	\$m
Accounts Receivable	2,348	2,385	2,118	2,221
Provision for impairment of receivables	-182	-179	-158	-179
Total	2,166	2,206	1,960	2,042

Total Public Sector

	2010-11		2009-10	
	31 Dec	Estimated Outturn	31 Dec	Actual
	\$m	\$m	\$m	\$m
Accounts Receivable	3,456	3,978	4,020	3,691
Provision for impairment of receivables	-204	-214	-192	-223
Total	3,252	3,764	3,828	3,469

NOTE 6: RECEIVABLES

General Government

	2010-11		2009-10	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
<i>Investments</i>				
Term deposits	4,430	3,778	2,861	5,070
Government securities	56	69	116	93
Total	4,486	3,847	2,977	5,163
<i>Loans and advances</i>				
Loans	10	7	10	10
Financial Assets held for trading/available for sale	-	-	-	-
Total	10	8	10	10
Total	4,496	3,855	2,987	5,174

Total Public Sector

	2010-11		2009-10	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
<i>Investments</i>				
Term deposits	9,645	7,684	6,981	9,085
Government securities	182	185	321	219
Total	9,827	7,869	7,302	9,303
<i>Loans and advances</i>				
Loans	1,426	1,416	1,329	1,674
Financial Assets held for trading/available for sale	222	198	102	234
Total	1,648	1,614	1,431	1,908
Total	11,475	9,483	8,733	11,211

NOTE 7: BORROWINGS

General Government

	2010-11		2009-10	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Bank overdrafts	8	-	90	-
Finance leases	278	263	274	281
Borrowings	4,041	5,451	2,112	4,034
Total	4,328	5,713	2,476	4,315

Total Public Sector

	2010-11		2009-10	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Bank overdrafts	10	-	94	-
Finance leases	928	907	790	938
Borrowings	25,777	27,868	20,734	25,176
Total	26,716	28,776	21,618	26,114

NOTE 8: DETAILS OF AGENCIES CONSOLIDATED

The agencies included in these financial statements were detailed in Note 32, Composition of Sectors in the 2009-10 *Annual Report on State Finances*. Changes since that date are:

- with effect from 1 October 2010, the designation of South West Regional College of TAFE has been altered to South West Institute of Technology;
- with effect from 19 October 2010, the designation of C.Y. O'Connor College of TAFE been altered to C.Y. O'Connor Institute;
- with effect from 30 November 2010, the designation of the Office of Health Review was altered to Health and Disability Services Complaints Office;
- the functions of the Office of the Public Sector Standards Commissioner have been transferred to the Public Sector Commission with effect from 1 December 2010; and
- the Agriculture Protection Board was abolished with effect from 20 December 2010.

NOTE 9: CONTINGENT LIABILITIES

There have been no material changes in contingent liabilities since the release of the 2009-10 *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

	2010-11		2009-10	
	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
TAXATION				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	1,306	2,636	1,172	2,303
Property taxes				
<i>Land tax</i>	515	528	486	528
Transfer Duty	601	1,254	690	1,552
Landholder Duty	31	46	52	87
<i>Total duty on transfers</i>	632	1,300	743	1,639
Other stamp duties	-	-	-	-
Metropolitan Region Improvement Tax	78	79	67	78
Emergency Services Levy	135	201	111	169
Loan guarantee fees	12	25	15	28
<i>Total other property taxes</i>	225	306	195	275
Taxes on provision of goods and services				
Lotteries Commission	67	133	63	130
Video lottery terminals	-	1	-	-
Casino Tax	47	112	46	92
TAB betting tax	18	33	17	32
Other	20	-	-	-
<i>Total taxes on gambling</i>	152	279	126	254
Insurance Duty	225	431	208	404
Other	16	22	11	24
<i>Total taxes on insurance</i>	241	453	219	428
Taxes on use of goods and performance of activities				
Vehicle Licence Duty	168	350	159	332
Permits - Oversize Vehicles and Loads	1	5	2	5
Motor Vehicle recording fee	22	45	21	43
Motor Vehicle registrations	270	546	252	516
<i>Total motor vehicle taxes</i>	462	946	434	895
Other taxes on use of goods and performance of activities	350	-	-	-
Total Taxation	3,883	6,447	3,374	6,324
CURRENT GRANTS AND SUBSIDIES				
General Purpose Grants				
GST Revenue grants	1,667	3,270	1,686	3,590
North West Shelf grants	475	869	344	897
Compensation for Crude Oil Excise Condensate	23	48	22	50
Grants through the State				
Schools assistance – non-government schools	403	712	417	769
Local government financial assistance grants	92	110	85	136
Local government roads	61	72	56	90
First Home Owners' Boost	25	26	88	168
Other	-	25	-	-
National Specific Purpose Payment Agreement Grants				
National Healthcare	615	1,230	568	1,136
National Schools	103	353	165	329
National Skills and Workforce Development	29	135	66	132
National Disability Services	11	95	39	78
National Affordable Housing	11	127	62	125
Nation Building and Jobs Plan				
Schools	-	-	70	70
Housing	-	-	10	20
Transport	-	-	-	5
Other Grants/National Partnerships				
Health	166	368	162	318
Housing	52	16	71	23
Roads	22	66	16	2
Other	277	350	160	290
Total Current Grants and Subsidies	4,033	7,869	4,086	8,228

GENERAL GOVERNMENT
Operating Revenue

Table 2.1 (cont.)

	2010-11		2009-10	
	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CAPITAL GRANTS				
Grants through the State				
Schools assistance – non-government schools	186	215	135	309
Nation Building and Jobs Plan				
Schools	351	443	102	651
Housing	60	155	56	368
Transport	-	-	-	5
Other Grants/National Partnerships				
Housing	9	96	15	180
Roads	45	201	35	232
Other	168	350	46	233
Total Capital Grants	820	1,460	390	1,978
SALES OF GOODS AND SERVICES	896	1,756	767	1,635
INTEREST INCOME	162	288	89	227
REVENUE FROM PUBLIC CORPORATIONS				
Dividends	61	720	107	570
Tax Equivalent Regime	253	337	146	350
Total Revenue from Public Corporations	314	1,057	253	920
ROYALTY INCOME	1,937	4,045	973	2,324
OTHER				
Lease Rentals	42	67	40	76
Fines	67	194	75	136
Revenue not elsewhere counted	121	187	101	193
Total Other	230	448	216	405
GRAND TOTAL	12,274	23,373	10,148	22,039

(a) Consistent with the revised outturn published in the 2010-11 mid-year review, released 17 December 2010.

(b) Consistent with final audited data contained in the 2009-10 *Annual Report on State Finances*, released 28 September 2010.

Note: Columns may not add due to rounding.

Table 2.2

**TOTAL PUBLIC SECTOR
Operating Revenue**

	2010-11		2009-10	
	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
TAXATION				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	1,273	2,586	1,150	2,241
Property taxes				
<i>Land tax</i>	492	482	463	484
Transfer Duty	601	1,254	690	1,551
Landholder Duty	31	46	52	87
<i>Total duty on transfers</i>	632	1,300	743	1,639
Other stamp duties	-	-	-	-
Metropolitan Region Improvement Tax	78	79	68	78
Emergency Services Levy	132	201	110	165
Loan guarantee fees	-	2	1	1
<i>Total other property taxes</i>	211	282	179	245
Taxes on provision of goods and services				
Lotteries Commission	-	-	-	-
Video lottery terminals	-	1	-	-
Casino Tax	47	112	46	92
TAB betting tax	-	-	-	-
Other	20	-	-	-
<i>Total taxes on gambling</i>	67	113	46	92
Insurance Duty	225	431	208	404
Other	16	22	11	23
<i>Total taxes on insurance</i>	241	453	219	428
Taxes on use of goods and performance of activities				
Vehicle Licence Duty	168	350	159	331
Permits - Oversize Vehicles and Loads	1	5	2	4
Motor Vehicle recording fee	22	45	21	43
Motor Vehicle registrations	270	546	252	515
<i>Total motor vehicle taxes</i>	462	946	434	895
Other taxes on use of goods and performance of activities	350	-	-	-
Total Taxation	3,728	6,162	3,233	6,026
CURRENT GRANTS AND SUBSIDIES				
General Purpose Grants				
GST Revenue grants	1,667	3,270	1,686	3,590
North West Shelf grants	475	869	344	897
Compensation for Crude Oil Excise Condensate	23	48	22	50
Grants through the State				
Schools assistance – non-government schools	403	712	417	769
Local government financial assistance grants	92	110	85	136
Local government roads	61	72	56	90
First Home Owners' Boost	25	26	88	168
Other	-	25	-	-
National Specific Purpose Payment Agreement Grants				
National Healthcare	615	1,230	568	1,136
National Schools	103	353	165	329
National Skills and Workforce Development	29	135	66	132
National Disability Services	11	95	39	78
National Affordable Housing	11	127	62	125
Nation Building and Jobs Plan				
Schools	-	-	70	70
Housing	-	-	10	20
Transport	-	-	-	5
Other Grants/National Partnerships				
Health	166	368	162	318
Housing	52	16	71	23
Roads	22	66	16	2
Other	277	350	160	290
Total Current Grants and Subsidies	4,033	7,869	4,086	8,228

Table 2.2 (cont.)

TOTAL PUBLIC SECTOR
Operating Revenue

	2010-11		2009-10	
	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Six Months to 31 Dec	Actual ^(b) \$m
CAPITAL GRANTS				
Grants through the State				
Schools assistance – non-government schools	186	215	135	309
Nation Building and Jobs Plan				
Schools	351	443	102	651
Housing	60	155	56	368
Transport	-	-	-	5
Other Grants/National Partnerships				
Housing	9	96	15	180
Roads	45	201	35	232
Other	168	350	46	233
Total Capital Grants	820	1,460	390	1,978
SALES OF GOODS AND SERVICES	7,244	15,496	5,379	14,905
INTEREST INCOME	476	854	267	633
ROYALTY INCOME	1,937	4,045	973	2,324
OTHER				
Lease Rentals	42	67	40	76
Fines	69	194	77	139
Revenue not elsewhere counted	337	617	291	587
Total Other	448	878	408	801
GRAND TOTAL	18,684	36,765	14,736	34,895

(a) Consistent with the revised outturn published in the 2010-11 mid-year review, released 17 December 2010.

(b) Consistent with final audited data contained in the 2009-10 *Annual Report on State Finances*, released 28 September 2010.

Note: Columns may not add due to rounding.

APPENDIX 3

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 3.1 shows that the aggregate balance of the Public Ledger at 31 December 2010 increased by \$1,348 million compared with 31 December 2009. This mainly reflects the net impact of a \$485 million decrease in the Consolidated Account deficit, partially offset by a \$830 million increase in the Treasurer's Special Purpose Accounts.

Table 3.1

PUBLIC LEDGER BALANCES AT 31 DECEMBER

	2010	2009
	\$m	\$m
THE PUBLIC LEDGER		
Consolidated Account ^(a)	-5,598	-6,083
Treasurer's Special Purpose Accounts	6,923	6,093
Treasurer's Advance Account – Net Advances	-27	-60
Total	1,298	-50

(a) The balance of the Consolidated Account at 31 December 2010 includes non-cash appropriations of \$5,200 million (31 December 2009: \$4,429 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* 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 \$5,598 million at 31 December 2010. This included \$5,200 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 \$398 million at 31 December 2010, compared with an accumulated cash deficit of \$1,654 million for the period ended December 2009.

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

CONSOLIDATED ACCOUNT TRANSACTIONS		Table 3.2	
For the six months ended 31 December			
	2010	2009	
	\$m	\$m	
REVENUE			
<i>Operating Activities</i>			
Taxation	2,779	2,372	
Commonwealth Grants	3,284	2,849	
Government Enterprises	316	347	
Revenue from other agencies	2,807	1,542	
Other	151	107	
<i>Total Operating Activities</i>	9,337	7,217	
<i>Financing Activities</i>			
Repayments of Recoverable Advances	5	5	
Transfers from:			
Public Bank Account Interest Earned Account	50	3	
Bankwest Pension Trust	1	1	
Other Receipts	1	1	
Borrowings	-	700	
<i>Total Financing Activities</i>	57	710	
TOTAL REVENUE	9,394	7,927	
EXPENDITURE			
<i>Recurrent</i>			
Authorised by Other Statutes	671	601	
Appropriation Act (No. 1)	8,497	8,048	
Recurrent Expenditure under the Treasurer's Advance	1	85	
<i>Total Recurrent Expenditure</i>	9,169	8,734	
<i>Investing Activities</i>			
Authorised by Other Statutes	41	35	
Appropriation Act (No. 2)	1,317	1,396	
Investing Expenditure under the Treasurer's Advance	-	-	
<i>Total Investing Activities</i>	1,358	1,431	
<i>Financing Activities</i>			
Loan repayments	-	-	
Other financing	1	1	
<i>Total Financing Activities</i>	1	1	
TOTAL EXPENDITURE	10,528	10,166	
NET MOVEMENT (REVENUE LESS EXPENDITURE)	-1,134	-2,239	
Consolidated Account Balance			
Opening balance at 1 July	-4,465	-3,844	
Closing balance at 31 December	-5,598	-6,083	
Of which:			
Appropriations payable	-5,200	-4,429	
Cash balance at 31 December	-398	-1,654	

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 \$830 million increase in the TSPA mainly reflects higher Holding Account balances for accrual appropriations to agencies for depreciation and accrued leave entitlements (up \$771 million).

TREASURER'S SPECIAL PURPOSE ACCOUNTS		
At 31 December		
	2010	2009
	\$m	\$m
Agency Holding Accounts	5,200	4,429
Fiona Stanley Hospital Construction Account	1,015	1,268
Royalties for Regions Special Purpose Account	334	26
Other Special Purpose Accounts	374	370
TREASURER'S SPECIAL PURPOSE ACCOUNTS	6,923	6,093

Table 3.3

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 limit of \$555.5 million is authorised under section 29 of the FMA for the year ended 30 June 2011, compared with a total of \$469.2 million authorised limit applying at the same time last year (the *Treasurer's Advance Authorization Act 2010* authorised an increase in the 2009-10 limit in May 2010).

Of the \$555.5 million authorised limit applying at 30 December 2010, \$27.1 million was held at 31 December 2010 in the form of net recoverable advances (see Table 3.4) and \$1.3 million against increases in recurrent and capital appropriations (see Table 3.5).

TREASURER'S ADVANCE AT 31 DECEMBER		
	2010	2009
	\$m	\$m
AUTHORISED LIMIT	555.5	469.2
<i>Total Drawn Against Treasurer's Advance Account</i>	28.4	145.4
Comprising:		
Net recoverable advances as at 31 December (see below)	27.1	60.4
Excesses and New Items (see Table 3.5)		
- recurrent	1.2	85.0
- capital	0.1	-
NET RECOVERABLE ADVANCES		
Building Management and Works	-	51.0
Department of Water	- ^(a)	-
Public Sector Standards Commissioner – CEO selection	-	0.5
Electoral Boundaries Distribution	0.3	2.2
Energy Smart Government Program	0.5	1.1
Gas Review Board	0.5	0.5
Local Government Elections	0.1	-
Programmed Building Maintenance	0.1	-
Sport and Recreation	1.9	2.0
Suitors Fund	1.5	1.1
Transport	2.0	2.0
W.A. Health Promotion Foundation	20.1	-
TOTAL RECOVERABLE TREASURER'S ADVANCES	27.1	60.4

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

Transfers, Excesses and New Items

Table 3.5 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 the Legislative Council to the Parliamentary Services Department for the transfer of responsibility and the associated funding for the Electronic Document Records Management System Project Manager function;
- \$0.1 million from the Department of Premier and Cabinet to the Department of the Attorney General for the transfer of the non-government legislative drafting services function;
- \$0.3 million from the Department of Treasury and Finance to the Department of Education for the transfer of the i-procurement function;
- \$0.1 million from the Department for Child Protection to the Department of the Attorney General for the Burial of Unclaimed Bodies Under the Bereavement Assistance Program; and
- \$2.6 million from the Office of the Public Sector Standards Commissioner to the Public Sector Commission for the transfer of all functions and operations of the office.

Table 3.5

TRANSFERS, EXCESSES AND NEW ITEMS
For the six months to 31 December 2010

	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>Legislative Council</i>						
Item 1: Delivery of Services	3.9	-0.1	-	-	3.8	-
<i>Parliamentary Services</i>						
Item 3: Delivery of Services	13.0	0.1	-	-	13.1	-
<i>Premier and Cabinet</i>						
Item 5: Delivery of Services	105.9	-0.1	-	-	105.8	-
<i>Public Sector Commission</i>						
Item 6: Delivery of Services	18.0	2.6	-	-	20.7	-
<i>Public Sector Standards Commission</i>						
Item 8: Delivery of services	4.6	-2.6	-	-	2.0	-
<i>Treasury and Finance</i>						
Item 11: Delivery of Services	208.1	-0.3	-	-	207.8	-
Item 23: Payroll Tax Rebate	100.0	-	-	16.0	116.0	-
Item 34: All Other Grants, Subsidies and Transfer Payments	7.7	-	-	5.0	12.7	1.2
<i>Education</i>						
Item 57: Delivery of Services	3,019.10	0.3	-	-	3,019.30	-
<i>Attorney General</i>						
Item 90: Delivery of Services	304.30	0.2	-	-	304.40	-
<i>Child Protection</i>						
Delivery of Services	393.1	-0.1	-	-	393.8	-
Total Recurrent		-	-	21.0		1.2
Capital Appropriations						
<i>Treasury and Finance</i>						
Item 123: Forest Products Commission	0.1	-	-	3.0	3.1	-
<i>National Trust of Australia (W.A.)</i>						
Item 158: Capital Appropriation	0.4	-	-	1.0	1.4	0.1
Total Capital		-	-	4.0	4.5	0.1
TOTAL		-	-	25.0		1.3

(a) Authorised under section 25 of the FMA.

Approved excesses were for the following items:

Treasury and Finance

Item 23: Payroll Tax Rebate (\$16.0 million) for additional payroll tax rebates during 2010-11.

Item 34: All Other Grants, Subsidies and Transfer Payments (\$5.0 million) for the Consolidated Accounts share of funding for the Toodyay Bushfire Financial Assistance Package.

Item 123: Forest Products Commission (\$3.0 million) to facilitate the downsizing and restructuring of the Forest Products Commission.

National Trust of Australia (WA)

Item 158: **Capital Appropriation** (\$1.0 million) for restorative works and a new toilet block on the Old Perth Boys School site.