



2012-13

Quarterly Financial Results Report

September 2012



2012-13

QUARTERLY FINANCIAL RESULTS REPORT

SEPTEMBER 2012

2012-13 Quarterly Financial Results Report
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2012-13

**QUARTERLY FINANCIAL RESULTS REPORT
Three Months Ended 30 September 2012**

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Foreword

This *Quarterly Financial Results Report* (QFRR) provides financial results for the Western Australian public sector for the three months to 30 September 2012.

Care should be exercised in extrapolating the likely outcome for the 2012-13 year based on the quarterly results to date, particularly in light of the seasonal and other timing factors that impact the State's finances. For example, the timing of grant revenue (from the Commonwealth), grant payments, and goods and services purchases and sales by agencies can be volatile, making comparisons between quarterly reporting periods difficult.

The focus of the State Budget is the general government sector net operating balance. The presentation in this report is consistent to that used in the original State Budget (released on 17 May 2012).

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 includes Appendix 3: *Public Ledger* which summarises information on the Consolidated Account, Treasurer's Special Purpose Accounts and the Treasurer's Advance.

This report also includes Appendix 4: *Special Purpose Accounts* which details movements in trust fund balances for Special Purpose Accounts established for the delivery of key Government policy outcomes.

Information presented in this QFRR is not audited.

Overview

Summary

Despite volatile revenue conditions, the Western Australian public sector recorded sound financial outcomes during the three months to 30 September 2012.

The general government sector recorded an operating surplus of \$70 million for the first three months of 2012-13. This is \$255 million lower than the \$325 million surplus reported for the same period in 2011-12.

- General government revenue in the first three months of 2012-13 was \$19 million (or 0.3%) lower than the same period last year. This outcome mainly reflects the combined effect of Western Australia's declining share of national GST collections (down \$200 million on the same time last year), lower royalty income (down \$47 million), mainly iron ore, higher payroll tax collections (up \$144 million) and landholder duty (up \$82 million). Total revenue was also lower due to the impact of a one-off revenue benefit last year from the transfer of two external boards (\$135 million).
- General government expenses grew by \$236 million (or 3.9%), largely reflecting higher agency operating costs and salary costs, partially offset by lower current grants and subsidies.

Total public sector net worth increased by \$370 million over the three months to 30 September 2012, to stand at \$111.8 billion. This outcome is primarily attributable to operating surpluses across the public sector. Total public sector net debt was \$15.3 billion at 30 September 2012, \$760 million higher than the \$14.5 billion recorded at 30 June 2012.

General Government Sector

The general government sector recorded an operating surplus of \$70 million for the three months to 30 September 2012, \$255 million lower than the \$325 million surplus reported for the same period in 2011-12.

Table 1

SUMMARY OF GENERAL GOVERNMENT FINANCES
Western Australia

	2012-13		2011-12	
	Three Months to 30 Sept \$m	Budget Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
Net operating balance	70	196	325	649
Net worth	111,846	116,544	111,904	111,475
Increase in cash balances	-1,680	-469	-1,244	1,378
<i>Memorandum items</i>				
Net lending	-314	-1,735	-366	-1,717
Net debt	3,546	5,552	1,152	2,050
Cash surplus/-deficit	-1,316	-2,074	-774	-1,221

(a) Consistent with the estimate published in the 2012-13 Budget, released 17 May 2012.
 (b) Consistent with final audited data contained in the 2011-12 *Annual Report on State Finances*, released 26 September 2012.

Revenue

Revenue for the three months to 30 September 2012 totalled \$6,390 million, down \$19 million (or 0.3%) on the same period in 2011-12. This decrease mainly reflects the net effect of:

- higher revenue from taxation (up \$326 million), primarily due to:
 - higher payroll tax collections (up \$144 million), as a result of stronger labour market conditions and growth in wages across the State economy;
 - higher landholder duties receipts (up \$82 million), dominated by large commercial transactions; and
 - higher transfer duty (up \$42 million), as the Western Australian property market is showing signs of recovery;
- lower Commonwealth grants (down \$173 million), due mainly to the combined effect of:
 - lower GST grants (down \$201 million), reflecting the effect of Western Australia's lower share of national GST collections in 2012-13 (5.8% in 2012-13 compared to 7.5% in 2011-12);
 - higher on-passed grants to local governments (up \$54 million), due to the timing of Commonwealth payments;
 - lower funding for the education and training sectors (down \$52 million), mainly due to the winding down of Commonwealth stimulus funding;

- higher North West Shelf petroleum and condensate compensation grants (up \$46 million), reflecting higher prices for domestic gas and LNG, and higher volumes for condensate, crude oil and LNG, partially offset by lower condensate and LPG prices, and lower production volumes for domestic gas and LPG; and
- lower health and disability sector funding (down \$10 million), mainly for the *Highly Specialised Drug* program;
- lower ‘other revenue’ (down \$135 million), primarily due to the transfer of the functions and assets of the Real Estate and Business Agents Supervisory Board and the Settlement Agents Supervisory Board to the Department of Commerce in 2011-12¹; and
- lower royalty income (down \$47 million), largely due to lower iron ore prices relative to 2011-12 which were volatile during the September quarter on the back of weaker demand from China (spot prices for iron ore averaged \$US143 per tonne during the last three months of 2011-12, compared with \$US179 per tonne during the same period in 2010-11). Lower prices were partially offset by higher iron ore production volumes.

Expenses

Expenses for the three months to 30 September 2012 totalled \$6,320 million, up \$236 million (or 3.9%) on the same period in 2011-12. In order of magnitude, the increase primarily reflects:

- higher ‘other gross operating expenses’ (up \$215 million), mainly due to a \$108 million reclassification of not-for-profit sector funding previously reported as current transfers², and higher spending (up a combined \$92 million) for the health and disability sectors, as a result of higher contract volumes and growth in State funding;
- lower current transfers (mainly grants and subsidies, down \$202 million), due mainly to:
 - the reclassification of services purchased from non-government organisations (down \$108 million, noted above);
 - lower subsidies paid to the Public Transport Authority (down \$45 million), due to changes in depreciation funding arrangements announced in the 2012-13 Budget; and
 - lower grant payments (down \$31 million) under the *Redress WA Scheme*;
- higher salaries (up \$140 million or 6.0%), due to the increase in pay rates and staff numbers across the health, education, law and order sectors (accounting for 74% of the total increase in salaries costs); and
- higher ‘services and contracts’ expenses (up \$38 million), reflecting increased road maintenance and recurrent road building costs.

¹ These external Boards were wound up with the Department of Commerce assuming these roles from 1 July 2011. The assets transferred to the general government sector include moneys held in trust and funds supporting the regulation of the real estate and settlement agent industries in Western Australia. Changes to the Boards are a consequence of legislative change under the *Acts Amendments (Fair Trading) Act 2010* (which give effect to national uniform Australian consumer law and a standard set of investigative powers under Western Australian consumer protection legislation).

² Following the Government’s not-for-profit sector funding initiative announced in the 2011-12 Budget. This initiative included the immediate rollout from 1 July 2011 of \$87 million to bolster existing contract costs, representing a 15% increase in prior year contract values. In September 2011, an amount of \$157 million was reclassified from current transfers to other gross operating expenses by WA Health. The reclassification impacting this report reflects other spending reclassifications by the Disability Service Commission and Mental Health Commission in later quarters in 2011-12.

Of note, the Government announced a cap on Full Time Equivalent (FTE) staff growth in the general government sector for 2012-13 (detailed in the 2012-13 Budget) and further initiatives to contain recurrent employee costs in late September 2012 (including a temporary 'freeze' of current FTE levels, which is expected to achieve savings of around \$149 million in 2012-13). These measures are not expected to have any notable impact on quarterly employee costs until later this year, reflecting the lead time for agencies to implement the September 2012 announcement.

Balance Sheet

The net worth of the general government sector increased by \$0.3 billion (or 0.3%) in the three months to 30 September 2012, to stand at \$111.8 billion. This increase is primarily attributable to operating surpluses across the public sector, reflected in lower cash investments (down \$1.2 billion), a \$0.3 billion increase in unfunded superannuation liabilities (a result of changes in the discount rates used to value these liabilities, due to the volatile global financial market conditions on bond rates)³, and a \$0.5 billion increase in holdings of physical assets and inventories.

General government sector net debt totalled \$3.5 billion during the first three months to 30 September 2012. This reflects funding requirements for the State's substantial asset investment program, and compares with the \$5.6 billion projection for general government sector net debt for 30 June 2013 contained in the May 2012 State Budget.

Cash Flow

A cash deficit of \$1.3 billion was recorded for the three months ended 30 September 2012.

The cash deficit outcome included the impact on receipts of lower operating revenue discussed earlier, the timing of cash payments for goods and services across the sector, and a \$136 million lower infrastructure spend in September 2012 relative to the same period a year earlier.

The lower quarterly spend on infrastructure reflects cash flows for the Fiona Stanley Hospital, which remains on target for completion in 2013.

³ Long term government bond rates are used by the actuary in year-end valuations of unfunded superannuation liabilities. Bond rates declined in the September 2012 quarter. A decrease in the bond rate means that unfunded liabilities increase in value (and vice versa). The quarterly impact of these changes is estimated by Treasury.

Total Public Sector⁴

The total public sector recorded an operating surplus of \$401 million for the three months to 30 September 2012. This is \$124 million lower than the surplus recorded in the same period in 2011-12, with operating surplus outcomes recorded in all three sectors across government.

SUMMARY OF TOTAL PUBLIC SECTOR FINANCES Western Australia

Table 2

	2012-13		2011-12	
	Three Months to 30 Sept \$m	Budget Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
Net operating balance	401	63	525	466
Net worth	111,846	116,544	111,904	111,475
Increase in cash balances	-2,754	-350	-184	3,379
<i>Memorandum items</i>				
Net lending	-820	-3,153	-1,093	-2,872
Net debt	15,283	18,594	12,341	14,523
Cash surplus/-deficit	-1,013	-3,364	-556	-2,240

(a) Consistent with the estimate published in the 2012-13 Budget, released 17 May 2012.

(b) Consistent with final audited data contained in the 2011-12 *Annual Report on State Finances*, released 26 September 2012.

Operating Statement

The total public sector operating surplus for the first three months of 2012-13 includes the net impact of:

- the \$70 million operating surplus for the general government sector discussed earlier;
- a public non-financial corporations sector operating surplus of \$7 million, \$151 million less than the surplus recorded by the sector for the same period in 2011-12, reflecting:
 - higher depreciation costs for the sector, particularly for electricity and water utilities⁵; and
 - the 2012-13 Budget decision to cease funding the Public Transport Authority's non-cash depreciation costs; and
- an operating surplus of \$324 million for the public financial corporations sector, \$282 million higher than the surplus recorded in the same period in 2011-12. This outcome is mainly due to higher net investment income for the Insurance Commission of Western Australia.

⁴ 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).

⁵ Higher depreciation expenditures result from increased fair values of infrastructure assets of electricity and water utilities where adjusted in consolidated results to comply with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Balance Sheet

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

Total public sector net debt increased by \$760 million during the first three months of 2012-13, to stand at \$15.3 billion at 30 September 2012. This compares to the \$18.6 billion estimate for 30 June 2013 (reflected in the May 2012-13 State Budget) with increases in net debt supporting the State's significant asset investment program (which is projected to be \$7.6 billion in 2012-13).

Cash Flow

A cash deficit of \$1.0 billion was recorded for the three months to 30 September 2012, which is a \$457 million increase on the \$556 million deficit recorded for the same period in 2011-12. The increase in the cash deficit largely reflects the movements noted in the general government cash flow discussion earlier in this chapter. Infrastructure spending in the September 2012 quarter was \$1.6 billion, broadly similar to the level of spending in the same period in 2011-12.

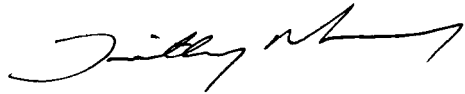
Interim Financial Statements

Statement of Responsibility

The following Interim Financial Statements and accompanying notes for the general government sector and the whole-of-government have been prepared by the Department of Treasury 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 three months ended 30 September 2012 and of the balance sheets of these reporting entities at 30 September 2012. 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



MARK HORT
A/ASSISTANT DIRECTOR
FINANCIAL REPORTING

27 November 2012

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Table 1.1

GENERAL GOVERNMENT OPERATING STATEMENT
For the three months ended 30 September 2012

	Note	2012-13		2011-12	
		Three Months to 30 Sept \$m	Budget Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
<i>Results from Transactions</i>					
REVENUE					
Taxation		2,373	7,739	2,047	7,173
Current grants and subsidies		2,109	8,083	2,165	8,678
Capital grants		63	929	179	1,082
Sales of goods and services		518	1,933	499	1,929
Interest Income		70	268	81	304
Dividends from other sectors		-	764	-	704
Tax equivalent income		73	504	72	381
Royalty income		1,082	4,871	1,129	4,343
Other		102	388	237	627
Total	2	6,390	25,477	6,409	25,220
EXPENSES					
Salaries		2,481	10,013	2,341	9,605
Superannuation					
Concurrent costs		235	949	221	913
Superannuation interest cost		65	343	77	317
Other employee costs		104	406	96	419
Depreciation and amortisation		257	1,101	234	990
Services and contracts		388	1,916	350	1,728
Other gross operating expenses		1,329	4,611	1,114	4,656
Other interest		109	424	86	371
Current transfers	3	1,210	4,902	1,412	5,053
Capital transfers	3	142	616	154	520
Total		6,320	25,281	6,084	24,571
NET OPERATING BALANCE	4	70	196	325	649
<i>Other economic flows</i>					
Net gains on assets/liabilities		6	2	3	92
Net actuarial gains - superannuation		-338	234	-1,100	-1,676
Provision for doubtful debts		-1	-2	-	-26
All other		-	-	-	-
Total other economic flows		-333	233	-1,097	-1,611
OPERATING RESULT		-263	430	-772	-962
<i>All other movements in equity</i>					
Revaluations		261	1,656	424	-4
Gains recognised directly in equity		-5	-1	-6	-7
Changes in accounting policy/correction of prior period errors		-123	-92	-214	-263
Change in net worth of the public corporations sectors		500	596	268	508
All other		-	-	-	-
Total all other movements in equity		633	2,160	472	234
TOTAL CHANGE IN NET WORTH		370	2,589	-300	-728
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE	4	70	196	325	649
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		691	3,301	827	3,358
Changes in inventories		5	-1	5	-
Other movement in non-financial assets		-	-47	139	183
<i>less:</i>					
Sales of non-financial assets		54	220	45	184
Depreciation		257	1,101	234	990
Total net acquisition of non-financial assets		384	1,931	691	2,366
NET LENDING/-BORROWING	4	-314	-1,735	-366	-1,717

(a) Consistent with the estimate published in the 2012-13 Budget, released 17 May 2012.

(b) Consistent with final audited data contained in the 2011-12 *Annual Report on State Finances*, released 26 September 2012.

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 30 September 2012

	Note	2012-13		2011-12	
		30 Sept \$m	Budget Estimate ^(a) \$m	30 Sept \$m	Actual ^(b) \$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		709	668	710	840
Advances paid		679	666	698	675
Investments, loans and placements	5	4,973	4,020	3,942	6,200
Receivables	6	3,025	2,581	2,762	2,488
Investment property		8	9	9	8
Shares and other equity					
Investments in other public sector entities - equity method		43,889	44,551	43,150	43,389
Investments in other public sector entities - direct injections		5,689	6,077	5,182	5,544
Investments in other entities		10	-	-	9
Other financial assets		-	-	-	-
Total financial assets		58,982	58,573	56,453	59,153
<i>Non-financial assets</i>					
Land		37,750	40,384	39,232	37,599
Property, plant and equipment		38,239	41,287	34,817	37,849
Biological assets		2	2	2	2
Inventories					
Land inventories		88	98	102	95
Other inventories		68	68	68	63
Intangibles		500	377	460	511
Non-current assets held for sale		91	33	51	91
Other		262	173	256	213
Total non-financial assets		77,001	82,423	74,988	76,423
TOTAL ASSETS		135,983	140,996	131,441	135,577
LIABILITIES					
Deposits held		703	290	553	528
Advances received		454	440	468	454
Borrowings	7	8,837	10,264	5,569	8,871
Unfunded superannuation		9,215	8,420	8,391	8,937
Other employee benefits		2,682	2,749	2,489	2,797
Payables		712	609	667	885
Other liabilities		1,534	1,680	1,399	1,630
TOTAL LIABILITIES		24,137	24,452	19,537	24,101
NET ASSETS		111,846	116,544	111,904	111,475
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		9,163	10,550	9,855	9,547
Other reserves		102,683	105,994	102,049	101,928
NET WORTH	4	111,846	116,544	111,904	111,475
MEMORANDUM ITEMS					
<i>Net financial worth</i>		34,845	34,121	36,916	35,052
<i>Net financial liabilities</i>		14,734	16,507	11,416	13,881
<i>Net debt</i>					
Gross debt liabilities		9,994	10,994	6,591	9,853
less: liquid financial assets		6,361	5,354	5,351	7,715
less: convergence differences impacting net debt		88	88	88	88
Net debt		3,546	5,552	1,152	2,050

(a) Consistent with the estimate published in the 2012-13 Budget, released 17 May 2012.

(b) Consistent with final audited data contained in the 2011-12 Annual Report on State Finances, released 26 September 2012.

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 three months ended 30 September 2012

	Accumulated surplus/deficit \$m	Reserves \$m	Total Equity \$m
<i>Balance as at 1 July 2012</i>	9,547	101,928	111,475
Net Operating Balance	70	-	70
Revaluations	-	261	261
Change in net worth of the other sectors	-	500	500
All other	-454	-6	-460
Balance as at 30 September 2012	9,163	102,683	111,846

For the three months ended 30 September 2011

	Accumulated surplus/deficit \$m	Reserves \$m	Total Equity \$m
<i>Balance as at 1 July 2011</i>	10,833	101,371	112,203
Net Operating Balance	325	-	325
Revaluations	-	424	424
Change in net worth of the other sectors	-	268	268
Equity reclassification	17	-17	-
All other	-1,320	3	-1,317
Balance as at 30 September 2011	9,855	102,049	111,904

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

Table 1.4

GENERAL GOVERNMENT CASH FLOW STATEMENT
For the three months ended 30 September 2012

	Note	2012-13		2011-12	
		Three Months to 30 Sept \$m	Budget Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash received</i>					
Taxes received		1,817	7,749	1,584	7,091
Grants and subsidies received		2,002	8,993	2,280	9,831
Receipts from sales of goods and services		504	1,971	512	1,983
Interest receipts		69	262	76	299
Dividends and tax equivalents		79	1,164	96	1,127
Other		1,536	5,997	1,599	6,101
<i>Total cash received</i>		6,007	26,135	6,148	26,433
<i>Cash paid</i>					
Wages, salaries and supplements, and superannuation		-2,937	-11,255	-2,648	-10,635
Payments for goods and services		-2,170	-6,858	-1,692	-6,815
Interest paid		-104	-414	-75	-353
Grants and subsidies paid		-1,072	-5,289	-1,308	-5,289
Dividends and tax equivalents		-	-	-	-
Other		-403	-1,312	-416	-1,388
<i>Total cash paid</i>		-6,687	-25,128	-6,139	-24,480
NET CASH FLOWS FROM OPERATING ACTIVITIES		-680	1,007	9	1,953
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets		-691	-3,301	-827	-3,358
Sales of non-financial assets		54	220	45	184
<i>Total cash flows from investments in non-financial assets</i>		-637	-3,080	-783	-3,174
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes	2	-	-	1	6
For liquidity purposes		-	-	-	1
<i>Cash paid</i>					
For policy purposes		-153	-751	-285	-669
For liquidity purposes		-	-	-1	-6
<i>Total cash flows from investments in financial assets</i>		-151	-752	-286	-668
NET CASH FLOWS FROM INVESTING ACTIVITIES		-788	-3,832	-1,068	-3,842
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash received</i>					
Advances received		-	14	-	14
Borrowings		14	2,523	14	3,416
Deposits received		-	-	-	-
Other financing receipts		14	34	8	32
<i>Total cash received</i>		28	2,571	22	3,463
<i>Cash paid</i>					
Advances paid		-	-14	-	-14
Borrowings repaid		-214	-127	-179	-95
Deposits paid		-	-	-	-
Other financing payments		-25	-72	-28	-86
<i>Total cash paid</i>		-240	-214	-207	-196
NET CASH FLOWS FROM FINANCING ACTIVITIES		-212	2,357	-185	3,267
Net increase in cash and cash equivalents		-1,680	-469	-1,244	1,378
Cash and cash equivalents at the beginning of the year		6,796	5,094	5,418	5,418
Cash and cash equivalents at the end of the year		5,117	4,625	4,174	6,796
KEY FISCAL AGGREGATES					
Net cash flows from operating activities		-680	1,007	9	1,953
Net cash flows from investing in non-financial assets		-637	-3,080	-783	-3,174
Cash surplus/-deficit	4	-1,316	-2,074	-774	-1,221

(a) Consistent with the estimate published in the 2012-13 Budget, released 17 May 2012.

(b) Consistent with final audited data contained in the 2011-12 Annual Report on State Finances, released 26 September 2012.

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 three months ended 30 September 2012

	Note	2012-13		2011-12	
		Three Months to 30 Sept \$m	Budget Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
<i>Results from Transactions</i>					
REVENUE					
Taxation		2,289	7,335	1,968	6,850
Current grants and subsidies		2,109	8,083	2,165	8,678
Capital grants		63	929	179	1,082
Sales of goods and services		4,276	18,371	4,752	17,867
Interest Income		181	980	249	924
Royalty income		1,082	4,871	1,129	4,343
Other		186	758	335	954
Total	2	10,186	41,327	10,776	40,699
EXPENSES					
Salaries		2,774	11,160	2,622	10,671
Superannuation					
Concurrent costs		263	1,057	248	1,014
Superannuation interest cost		65	343	77	317
Other employee costs		71	262	69	305
Depreciation and amortisation		716	2,726	631	2,702
Services and contracts		577	2,653	557	2,579
Other gross operating expenses		3,882	17,212	4,459	17,204
Other interest		376	1,755	417	1,587
Other property expenses		-	-	-	-
Current transfers	3	949	3,554	1,047	3,470
Capital transfers	3	112	542	124	384
Total		9,785	41,264	10,252	40,233
NET OPERATING BALANCE	4	401	63	525	466
<i>Other economic flows</i>					
Gains on net assets		29	107	29	89
Net actuarial gains - superannuation		-344	234	-1,115	-1,737
Provision for doubtful debts		-6	-18	-3	-43
All other		-	-	-	-
Total other economic flows		-321	323	-1,089	-1,692
OPERATING RESULT		80	386	-564	-1,226
<i>All other movements in equity</i>					
Revaluations		-18	2,351	159	332
Gains recognised directly in equity		520	-51	467	545
Changes in accounting policy/correction of prior period errors		-212	-96	-361	-379
All other		-	-	-	-
Total all other movements in equity		290	2,203	264	498
TOTAL CHANGE IN NET WORTH		370	2,589	-300	-728
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE	4	401	63	525	466
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		1,552	7,639	1,497	6,782
Changes in inventories		580	112	774	-8
Other movement in non-financial assets		-8	-170	166	158
<i>less:</i>					
Sales of non-financial assets		187	1,640	188	892
Depreciation		716	2,726	631	2,702
Total net acquisition of non-financial assets		1,221	3,216	1,617	3,338
NET LENDING/-BORROWING	4	-820	-3,153	-1,093	-2,872

(a) Consistent with the estimate published in the 2012-13 Budget, released 17 May 2012.

(b) Consistent with final audited data contained in the 2011-12 Annual Report on State Finances, released 26 September 2012.

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 30 September 2012

	Note	2012-13		2011-12	
		30 Sept \$m	Budget Estimate ^(a) \$m	30 Sept \$m	Actual ^(b) \$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		1,741	1,381	1,518	1,606
Advances paid		3,558	5,296	4,012	3,630
Investments, loans and placements	5	14,282	10,261	11,991	18,575
Receivables	6	4,517	3,967	4,063	4,255
Investment property		543	605	533	545
Equity - investments in other entities		1,195	1,389	1,051	1,236
Other financial assets		23	52	53	39
<i>Total financial assets</i>		25,859	22,952	23,221	29,886
<i>Non-financial assets</i>					
Land		52,069	55,242	53,219	51,869
Property, plant and equipment		84,652	88,137	79,246	83,926
Biological assets		335	343	346	335
Inventories					
Land inventories		1,758	2,031	1,669	1,831
Other inventories		4,023	3,911	4,225	3,443
Intangibles		958	652	849	943
Non-current assets held for sale		117	61	86	110
Other		445	365	396	391
<i>Total non-financial assets</i>		144,358	150,742	140,036	142,847
TOTAL ASSETS		170,217	173,694	163,257	172,733
LIABILITIES					
Deposits held		199	67	67	192
Advances received		454	440	468	454
Borrowings	7	34,299	35,114	29,415	37,776
Unfunded superannuation		9,374	8,512	8,535	9,097
Other employee benefits		3,066	3,125	2,844	3,203
Payables		5,769	4,977	5,651	5,032
Other liabilities		5,210	4,914	4,372	5,503
TOTAL LIABILITIES		58,371	57,150	51,353	61,258
NET ASSETS		111,846	116,544	111,904	111,475
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		22,680	30,662	30,110	29,629
Other reserves		89,165	85,882	81,794	81,846
NET WORTH	4	111,846	116,544	111,904	111,475
MEMORANDUM ITEMS					
<i>Net financial worth</i>		-32,512	-34,198	-28,132	-31,372
<i>Net financial liabilities</i>		33,708	35,587	29,183	32,608
<i>Net debt</i>					
Gross debt liabilities		34,952	35,621	29,950	38,422
less: liquid financial assets		19,581	16,938	17,520	23,811
less: convergence differences impacting net debt		88	88	88	88
<i>Net debt</i>		15,283	18,594	12,341	14,523

(a) Consistent with the estimate published in the 2012-13 Budget, released 17 May 2012.

(b) Consistent with final audited data contained in the 2011-12 Annual Report on State Finances, released 26 September 2012.

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 three months ended 30 September 2012

	Accumulated surplus/deficit \$m	Reserves \$m	Total Equity \$m
<i>Balance as at 1 July 2012</i>	29,629	81,846	111,475
Net Operating Balance	401	-	401
Revaluations	-	-18	-18
All other	-7,350	7,337	-13
Balance as at 30 September 2012	22,680	89,165	111,845

For the three months ended 30 September 2011

	Accumulated surplus/deficit \$m	Reserves \$m	Total Equity \$m
<i>Balance as at 1 July 2011</i>	30,755	81,449	112,203
Net Operating Balance	525	-	525
Revaluations	-	159	159
Equity reclassification	-175	175	-
All other	-995	11	-984
Balance as at 30 September 2011	30,110	81,794	111,904

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

Table 1.8

TOTAL PUBLIC SECTOR CASH FLOW STATEMENT
For the three months ended 30 September 2012

	2012-13		2011-12		
	Note	Three Months to 30 Sept \$m	Budget Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash received</i>					
Taxes received		1,766	7,289	1,536	6,709
Grants and subsidies received		2,002	8,993	2,280	9,831
Receipts from sales of goods and services		4,714	18,392	5,287	18,061
Interest receipts		237	1,065	258	920
Other receipts		1,929	7,039	1,921	7,093
<i>Total cash received</i>		10,648	42,777	11,282	42,613
<i>Cash paid</i>					
Wages, salaries and supplements, and superannuation		-3,274	-12,544	-2,970	-11,845
Payments for goods and services		-4,683	-18,548	-5,301	-18,351
Interest paid		-361	-1,740	-329	-1,485
Grants and subsidies paid		-860	-3,777	-1,018	-3,568
Other payments		-1,118	-3,531	-911	-3,715
<i>Total cash paid</i>		-10,296	-40,141	-10,530	-38,963
NET CASH FLOWS FROM OPERATING ACTIVITIES		352	2,635	753	3,650
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets		-1,552	-7,639	-1,497	-6,782
Sales of non-financial assets		187	1,640	188	892
<i>Total cash flows from investments in non-financial assets</i>		-1,365	-5,999	-1,309	-5,890
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes		2	-	1	6
For liquidity purposes		2,373	1,101	2,027	6,288
<i>Cash paid</i>					
For policy purposes		-2	-	-1	-6
For liquidity purposes		-1,801	-1,831	-1,503	-6,518
<i>Total cash flows from investments in financial assets</i>		571	-730	524	-230
NET CASH FLOWS FROM INVESTING ACTIVITIES		-794	-6,729	-785	-6,120
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash received</i>					
Advances received		-	-	-	-
Borrowings		7,152	25,175	5,660	27,171
Deposits received		-	-	-	-
Other financing receipts		13	84	9	52
<i>Total cash received</i>		7,165	25,259	5,669	27,224
<i>Cash paid</i>					
Advances paid		-	-14	-	-14
Borrowings repaid		-9,447	-21,390	-5,788	-21,252
Deposits paid		-	-	-	-
Other financing payments		-30	-111	-33	-108
<i>Total cash paid</i>		-9,477	-21,515	-5,821	-21,374
NET CASH FLOWS FROM FINANCING ACTIVITIES		-2,312	3,744	-152	5,849
Net increase in cash and cash equivalents		-2,754	-350	-184	3,379
Cash and cash equivalents at the beginning of the year		11,981	8,095	8,602	8,602
Cash and cash equivalents at the end of the year		9,227	7,745	8,418	11,981
KEY FISCAL AGGREGATES					
Net cash flows from operating activities		352	2,635	753	3,650
Net cash flows from investing in non-financial assets		-1,365	-5,999	-1,309	-5,890
Cash surplus/-deficit	4	-1,013	-3,364	-556	-2,240

(a) Consistent with the estimate published in the 2012-13 Budget, released 17 May 2012.

(b) Consistent with final audited data contained in the 2011-12 *Annual Report on State Finances*, released 26 September 2012.

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

NOTES TO THE INTERIM 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 three months ended 30 September 2012 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 2012, presented in Appendix 1 of the 2011-12 *Annual Report on State Finances* (ARSF) released on 26 September 2012. The accounting policies adopted in this publication are consistent with those outlined in the 2011-12 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 2011-12 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/rows 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 sector 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					
	2012-13		2011-12		
	Three Months to 30 Sept	Budget Estimate ^(b)	Three Months to 30 Sept	Actual ^(c)	
	\$m	\$m	\$m	\$m	\$m
<i>CURRENT TRANSFERS</i>					
Local Government	73	324	93	450	
Local Government on-passing	100	161	67	154	
Private and Not-for-profit sector	405	1,569	553	1,407	
Private and Not-for-profit sector on-passing	201	848	184	831	
Other sectors of Government	431	2,000	515	2,211	
Total Current Transfers	1,210	4,902	1,412	5,053	
<i>CAPITAL TRANSFERS</i>					
Local Government	11	188	7	64	
Local Government on-passing	65	105	44	101	
Private and Not-for-profit sector	31	139	25	123	
Private and Not-for-profit sector on-passing	3	24	23	40	
Other sectors of Government	32	159	54	192	
Total Capital Transfers	142	616	154	520	
Total Public Sector					
	2012-13		2011-12		
	Three Months to 30 Sept	Budget Estimate ^(b)	Three Months to 30 Sept	Actual ^(c)	
	\$m	\$m	\$m	\$m	\$m
<i>CURRENT TRANSFERS</i>					
Local Government	73	324	93	450	
Local Government on-passing	100	161	67	154	
Private and Not-for-profit sector	569	2,209	699	2,018	
Private and Not-for-profit sector on-passing	201	848	184	831	
Other sectors of Government	6	12	4	17	
Total Current Transfers	949	3,554	1,047	3,470	
<i>CAPITAL TRANSFERS</i>					
Local Government	13	188	7	69	
Local Government on-passing	65	105	44	101	
Private and Not-for-profit sector	31	224	49	173	
Private and Not-for-profit sector on-passing	3	24	23	40	
Other sectors of Government	-	-	-	-	
Total Capital Transfers	112	542	124	384	

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

(b) Consistent with the estimate published in the 2012-13 Budget, released 17 May 2012.

(c) Consistent with final audited data contained in the 2011-12 *Annual Report on State Finances*, released 26 September 2012.

Note: Columns may not add due to rounding.

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 September 2012 results.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Net Operating Balance

	2012-13		2011-12	
	Three Months to 30 Sept \$m	Budget Estimate \$m	Three Months to 30 Sept \$m	Actual \$m
<u>General government</u>				
AASB1049 net operating balance	70	196	325	649
Plus GFS revenue adjustments	-	-	-	-
Less GFS expense adjustments	-	-	-	-
Total GFS adjustments to AASB 1049 net operating balance	-	-	-	-
GFS net operating balance	70	196	325	649
<u>Total public sector</u>				
AASB1049 net operating balance	401	63	525	466
Plus GFS revenue adjustments	-	-	-	-
Less GFS expense adjustments				
Capitalised interest	8	42	14	37
Total GFS expense adjustments	8	42	14	37
Total GFS adjustments to AASB 1049 net operating balance	-8	-42	-14	-37
GFS net operating balance	393	21	510	429

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Net Lending/- Borrowing

	2012-13		2011-12	
	Three Months to 30 Sept \$m	Budget Estimate \$m	Three Months to 30 Sept \$m	Actual \$m
<u>General government</u>				
AASB1049 net lending/-borrowing	-314	-1,735	-366	-1,717
Plus Net operating balance convergence differences (noted above)	-	-	-	-
GFS net lending/-borrowing	-314	-1,735	-366	-1,717
<u>Total public sector</u>				
AASB1049 net lending/-borrowing	-820	-3,153	-1,093	-2,872
Plus Net operating balance convergence differences (noted above)	-8	-42	-14	-37
GFS net lending/-borrowing	-828	-3,194	-1,107	-2,909

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Worth

	2012-13		2011-12	
	Three Months to 30 Sept \$m	Budget Estimate \$m	Three Months to 30 Sept \$m	Actual \$m
<i>General government</i>				
AASB1049 net worth	111,846	116,544	111,904	111,475
<i>Plus</i>				
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88	88	88
Provision for doubtful debts				
General government sector	202	189	192	202
Impact on public corporations net worth	26	29	24	22
Total GFS net worth adjustments	316	306	304	312
GFS net worth	112,161	116,850	112,208	111,787
<i>Total public sector</i>				
AASB1049 net worth	111,846	116,544	111,904	111,475
<i>Plus</i>				
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88	88	88
Provision for doubtful debts	228	218	216	223
Total GFS net worth adjustments	316	306	304	312
GFS net worth	112,161	116,850	112,208	111,787

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Cash Surplus/-Deficit

	2012-13		2011-12	
	Three Months to 30 Sept \$m	Budget Estimate \$m	Three Months to 30 Sept \$m	Actual \$m
<i>General government</i>				
AASB1049 cash surplus/-deficit	-1,316	-2,074	-774	-1,221
Less Acquisitions under finance leases and similar arrangements	-	-	2	19
GFS cash surplus/-deficit	-1,316	-2,074	-776	-1,239
<i>Total public sector</i>				
AASB1049 cash surplus/-deficit	-1,013	-3,364	-556	-2,240
Less Acquisitions under finance leases and similar arrangements	-	-	67	82
GFS cash surplus/-deficit	-1,013	-3,364	-623	-2,322

NOTE 5: INVESTMENTS, LOANS AND PLACEMENTS

General Government				
	2012-13		2011-12	
	30 Sept \$m	Budget Estimate \$m	30 Sept \$m	Actual \$m
<i>Investments</i>				
Term deposits	4,956	4,004	3,923	6,171
Government securities	7	8	8	7
Total	4,964	4,012	3,931	6,178
<i>Loans and advances</i>				
Loans	8	8	9	9
Financial Assets held for trading/available for sale	1	-	2	13
Total	9	8	11	22
Total	4,973	4,020	3,942	6,200

Total Public Sector				
	2012-13		2011-12	
	30 Sept \$m	Budget Estimate \$m	30 Sept \$m	Actual \$m
<i>Investments</i>				
Term deposits	11,110	9,588	9,262	13,981
Government securities	7	178	115	7
Total	11,118	9,766	9,376	13,988
<i>Loans and advances</i>				
Loans	2,724	142	2,204	4,061
Financial Assets held for trading/available for sale	441	353	411	525
Total	3,165	495	2,615	4,586
Total	14,282	10,261	11,991	18,575

NOTE 6: RECEIVABLES

General Government				
	2012-13		2011-12	
	30 Sept \$m	Budget Estimate \$m	30 Sept \$m	Actual \$m
Accounts Receivable	3,227	2,770	2,954	2,689
Provision for impairment of receivables	-202	-189	-192	-202
Total	3,025	2,581	2,762	2,488

Total Public Sector				
	2012-13		2011-12	
	30 Sept \$m	Budget Estimate \$m	30 Sept \$m	Actual \$m
Accounts Receivable	4,745	4,186	4,278	4,478
Provision for impairment of receivables	-228	-218	-216	-223
Total	4,517	3,967	4,063	4,255

NOTE 7: BORROWINGS

 General Government

	2012-13		2011-12	
	30 Sept \$m	Budget Estimate \$m	30 Sept \$m	Actual \$m
Bank overdrafts	-	-	-	17
Finance leases	318	287	309	321
Borrowings	8,519	9,977	5,260	8,533
Total	8,837	10,264	5,569	8,871

 Total Public Sector

	2012-13		2011-12	
	30 Sept \$m	Budget Estimate \$m	30 Sept \$m	Actual \$m
Bank overdrafts	-	-	63	17
Finance leases	1,006	982	1,013	1,013
Borrowings	33,294	34,132	28,338	36,746
Total	34,299	35,114	29,415	37,776

NOTE 8: DETAILS OF AGENCIES CONSOLIDATED

The agencies included in these financial statements were detailed in Note 32, Composition of Sectors in the 2011-12 *Annual Report on State Finances*. Changes since that date include the Goldfields Institute of Technology which was created with effect from 1 July 2012.

NOTE 9: CONTINGENT LIABILITIES

There have been no material changes in contingent liabilities since the release of the 2011-12 *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 corporations 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 internal 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

	2012-13		2011-12	
	Three Months to 30 Sept \$m	Budget Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
TAXATION				
<i>Payroll tax</i>	918	3,368	774	3,096
Property taxes				
<i>Land tax</i>	387	541	391	552
Transfer Duty	332	1,450	290	1,261
Landholder Duty	100	53	18	101
<i>Total duty on transfers</i>	432	1,502	308	1,362
Other stamp duties	-	-	-	-
Metropolitan Region Improvement Tax	39	83	39	84
Emergency Services Levy	90	231	79	220
Loan guarantee fees	8	107	3	25
<i>Total other property taxes</i>	138	422	122	329
Taxes on provision of goods and services				
Lotteries Commission	35	141	34	140
Video lottery terminals	-	1	-	-
Casino Tax	28	117	29	108
Betting tax	10	37	9	38
Other	-	-	-	19
<i>Total taxes on gambling</i>	73	295	73	305
Insurance Duty	143	512	128	487
Other	5	22	7	22
<i>Total taxes on insurance</i>	149	534	135	509
Taxes on use of goods and performance of activities				
Vehicle Licence Duty	101	388	86	367
Permits - Oversize Vehicles and Loads	1	5	1	7
Motor Vehicle recording fee	12	47	11	46
Motor Vehicle registrations	162	636	145	599
<i>Total motor vehicle taxes</i>	276	1,077	244	1,019
Total Taxation	2,373	7,739	2,047	7,173
CURRENT GRANTS AND SUBSIDIES				
<i>General Purpose Grants</i>				
GST grants	699	2,792	900	3,454
North West Shelf grants	288	1,012	242	925
Compensation for Commonw ealth crude oil excise arrangements	15	56	18	75
<i>Grants through the State</i>				
Schools assistance – non-government schools	201	848	184	831
Local government financial assistance grants	100	161	67	154
Local government roads	65	105	44	101
First Home Owners' Boost	-	-	1	1
Other	-	25	-	-
<i>National Health Reform^(c)</i>	328	1,402	-	-
<i>National Specific Purpose Payment Agreement Grants</i>				
Healthcare	-	-	330	1,312
Schools	102	405	95	378
Skills and Workforce Development	36	143	35	139
Disability Services	31	123	27	110
Affordable Housing	33	132	32	129
<i>Other Grants/National Partnerships</i>				
Health	82	467	94	505
Housing	-	14	-	2
Transport	32	67	16	68
Other	97	332	80	493
Total Current Grants and Subsidies	2,109	8,083	2,165	8,678

Table 2.1 (cont.)

GENERAL GOVERNMENT
Operating Revenue

	2012-13		2011-12	
	Three Months to 30 Sept \$m	Budget Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
CAPITAL GRANTS				
<i>Grants through the State</i>				
Schools assistance – non-government schools	3	24	23	40
<i>Nation Building and Jobs Plan</i>				
Schools	-	-	40	40
Housing	-	-	-	20
<i>National Partnerships/Other Grants</i>				
Housing	28	139	32	181
Transport	30	608	42	505
Other	1	158	41	296
Total Capital Grants	63	929	179	1,082
SALES OF GOODS AND SERVICES	518	1,933	499	1,929
INTEREST INCOME	70	268	81	304
REVENUE FROM PUBLIC CORPORATIONS				
Dividends	-	764	-	704
Tax Equivalent Regime	73	504	72	381
Total Revenue from Public Corporations	73	1,267	72	1,085
ROYALTY INCOME	1,082	4,871	1,129	4,343
OTHER				
Lease Rentals	24	82	26	91
Fines	41	173	38	159
Revenue not elsew here counted	38	133	173	377
Total Other	102	388	237	627
GRAND TOTAL	6,390	25,477	6,409	25,220

(a) Consistent with the estimate published in the 2012-13 Budget, released 17 May 2012.

(b) Consistent with final audited data contained in the 2011-12 *Annual Report on State Finances*, released 26 September 2012.

(c) The new Health Reform arrangements commenced on 1 July 2012.

Note: Columns may not add due to rounding.

Table 2.2

**TOTAL PUBLIC SECTOR
Operating Revenue**

	2012-13		2011-12	
	Three Months to 30 Sept \$m	Budget Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
TAXATION				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	899	3,294	757	3,022
Property taxes				
<i>Land tax</i>	375	493	379	509
Transfer Duty	332	1,450	290	1,261
Landholder Duty	100	53	18	101
<i>Total duty on transfers</i>	432	1,502	308	1,362
Other stamp duties	-	-	-	-
Metropolitan Region Improvement Tax	39	83	39	84
Emergency Services Levy	90	231	75	216
Loan guarantee fees	-	3	-	1
<i>Total other property taxes</i>	130	318	115	301
Taxes on provision of goods and services				
Lotteries Commission	-	-	-	-
Video lottery terminals	-	1	-	-
Casino Tax	28	117	29	108
Betting tax	-	-	-	-
Other	-	-	-	19
<i>Total taxes on gambling</i>	28	118	29	127
Insurance Duty	143	512	128	487
Other	5	22	7	22
<i>Total taxes on insurance</i>	149	534	135	509
Taxes on use of goods and performance of activities				
Vehicle Licence Duty	101	388	86	367
Permits - Oversize Vehicles and Loads	1	5	1	7
Motor Vehicle recording fee	12	47	11	46
Motor Vehicle registrations	162	636	145	599
<i>Total motor vehicle taxes</i>	276	1,077	244	1,019
Total Taxation	2,289	7,335	1,968	6,850
CURRENT GRANTS AND SUBSIDIES				
<i>General Purpose Grants</i>				
GST grants	699	2,792	900	3,454
North West Shelf grants	288	1,012	242	925
Compensation for Commonwealth crude oil excise arrangements	15	56	18	75
<i>Grants through the State</i>				
Schools assistance – non-government schools	201	848	184	831
Local government financial assistance grants	100	161	67	154
Local government roads	65	105	44	101
First Home Owners' Boost	-	-	1	1
Other	-	25	-	-
<i>National Health Reform^(c)</i>				
National Specific Purpose Payment Agreement Grants	328	1,402	-	-
<i>Healthcare</i>				
Healthcare	-	-	330	1,312
<i>Schools</i>				
Schools	102	405	95	378
<i>Skills and Workforce Development</i>				
Skills and Workforce Development	36	143	35	139
<i>Disability Services</i>				
Disability Services	31	123	27	110
<i>Affordable Housing</i>				
Affordable Housing	33	132	32	129
<i>Other Grants/National Partnerships</i>				
Health	82	467	94	505
Housing	-	14	-	2
Transport	32	67	16	68
Other	97	332	80	493
Total Current Grants and Subsidies	2,109	8,083	2,165	8,678

**TOTAL PUBLIC SECTOR
Operating Revenue**

Table 2.2 (cont.)

	2012-13		2011-12	
	Three Months to 30 Sept \$m	Budget Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
CAPITAL GRANTS				
<i>Grants through the State</i>				
Schools assistance – non-government schools	3	24	23	40
<i>Nation Building and Jobs Plan</i>				
Schools	-	-	40	40
Housing	-	-	-	20
<i>National Partnerships/Other Grants</i>				
Housing	28	139	32	181
Transport	30	608	42	505
Other	1	158	41	296
Total Capital Grants	63	929	179	1,082
SALES OF GOODS AND SERVICES	4,276	18,371	4,752	17,867
INTEREST INCOME	181	980	249	924
ROYALTY INCOME	1,082	4,871	1,129	4,343
OTHER				
Lease Rentals	24	82	26	91
Fines	42	173	39	160
Revenue not elsew here counted	120	503	270	704
Total Other	186	758	335	954
GRAND TOTAL	10,186	41,327	10,776	40,699

(a) Consistent with the estimate published in the 2012-13 Budget, released 17 May 2012.

(b) Consistent with final audited data contained in the 2011-12 *Annual Report on State Finances*, released 26 September 2012.

(c) The new Health Reform arrangements commenced on 1 July 2012.

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 30 September 2012 increased by \$364 million compared with 30 September 2011. This increase mainly reflects the net impact of a \$752 million increase in the Consolidated Account deficit, and an increase of \$1,111 million in the Treasurer's Special Purpose Accounts.

PUBLIC LEDGER BALANCES AT 30 SEPTEMBER		
	2012	2011
	\$m	\$m
THE PUBLIC LEDGER		
Consolidated Account ^(a)	-8,225	-7,473
Treasurer's Special Purpose Accounts	8,759	7,648
Treasurer's Advance Account – Net Advances	-16	-21
TOTAL	518	154

(a) The balance of the Consolidated Account at 30 September 2012 includes non-cash appropriations of \$6,580 million (30 September 2011: \$5,781 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.

Note: Columns may not add due to rounding.

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 \$8,225 million at 30 September 2012. This included \$6,580 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 an accumulated cash deficit of \$1,645 million at 30 September 2012, compared with an accumulated cash deficit of \$1,692 million at 30 September 2011. Cash balances vary significantly through the year, depending on the timing of receipts into, and payments from, the Account.

Table 3.2

CONSOLIDATED ACCOUNT TRANSACTIONS
For the three months ended 30 September

	2012	2011
	\$m	\$m
REVENUE		
<i>Operating Activities</i>		
Taxation	1,542	1,332
Commonwealth Grants	980	1,541
Government Enterprises	80	97
Revenue from other agencies	1,335	1,375
Other	61	52
<i>Total Operating Activities</i>	3,998	4,397
<i>Financing Activities</i>		
Repayments of Recoverable Advances	1	5
Transfers from:		
Public Bank Account Interest Earned Account	-	-
Bankwest Pension Trust	1	-
Other Receipts	1	-
Borrowings	-	-
<i>Total Financing Activities</i>	3	5
TOTAL REVENUE	4,001	4,402
EXPENDITURE		
<i>Recurrent</i>		
Authorised by Other Statutes	386	378
Appropriation Act (No. 1)	4,992	5,293
Recurrent Expenditure under the Treasurer's Advance	-	-
<i>Total Recurrent Expenditure</i>	5,378	5,671
<i>Investing Activities</i>		
Authorised by Other Statutes	14	25
Appropriation Act (No. 2)	750	793
Investing Expenditure under the Treasurer's Advance	-	1
<i>Total Investing Activities</i>	764	819
<i>Financing Activities</i>		
Loan repayments	-	-
Other financing	1	-
<i>Total Financing Activities</i>	1	-
TOTAL EXPENDITURE	6,143	6,490
NET MOVEMENT (REVENUE LESS EXPENDITURE)	-2,142	-2,088
Consolidated Account Balance		
Opening balance at 1 July	-6,083	-5,385
Closing balance at 30 September	-8,225	-7,473
Of which:		
Appropriations payable	-6,580	-5,781
Cash balance at 30 September	-1,645	-1,692

Note: Columns may not add due to rounding.

Treasurer's Special Purpose Accounts

The Treasurer's Special Purpose Accounts (TSPAs) consist 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.

Relative to 30 September 2011, a \$1,111 million increase in aggregate TSPA balances at 30 September 2012 mainly reflects:

- higher Holding Account balances for accrual appropriations to agencies for depreciation and accrued leave entitlements (up \$799 million);
- the draw down of cash reserves set aside for construction of the Fiona Stanley Hospital (\$434 million) as work on the project proceeds;
- a \$469 million balance in the New Children's Hospital Account;
- a \$100 million balance for the Perth's New Major Stadium Construction Account, transferred in July 2012 using surplus Consolidated Account cash from 2010-11; and
- an increase in *Royalties for Regions* balances (up \$74 million), mainly due to differences in the timing of royalty receipts paid to the account and payments for approved projects.

Details of key Special Purpose Accounts are disclosed in Appendix 4: *Special Purpose Accounts*.

TREASURER'S SPECIAL PURPOSE ACCOUNTS		
At 30 September		
	2012	2011
	\$m	\$m
Agency Holding Accounts	6,580	5,781
Fiona Stanley Hospital Construction Account	224	658
Royalties for Regions Special Purpose Account	868	794
New Children's Hospital Account	469	-
Perth's New Major Stadium Construction Account	100	-
Other Special Purpose Accounts	518	415
TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 30 SEPTEMBER	8,759	7,648

Note: Columns may not add due to rounding.

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 \$651.5 million is authorised under section 29 of the FMA for the year ended 30 June 2013, compared with a total of \$577.1 million authorised limit applying at the same time last year.

Of the \$651.5 million authorised limit, \$15.5 million was held in the form of net recoverable advances at 30 September 2012 (see Table 3.4).

Table 3.4

TREASURER'S ADVANCE AT 30 SEPTEMBER		
	2012	2011
	\$m	\$m
AUTHORISED LIMIT	651.5	577.1
<i>Total Drawn Against Treasurer's Advance Account</i>	<i>15.5</i>	<i>21.9</i>
Comprising:		
Net recoverable advances as at 30 September (see below)	15.5	21.1
Excesses and New Items		
- recurrent	-	-
- capital	-	0.8
NET RECOVERABLE ADVANCES		
Building Farm Business Grants	4.0	-
Electoral Boundaries Distribution	0.2	-
Energy Smart Government Program	-	0.4
Energy Disputes Arbitrator	-	0.7
Local Government Elections	-	2.2
Suitors Fund	1.8	1.8
Sundry Debtors	0.4	0.1
Sport and Recreation	1.8	1.9
Strategic Projects	5.0	12.0
Teacher Registration Board	0.3	-
Transport	2.0	2.0
TOTAL RECOVERABLE TREASURER'S ADVANCES	15.5	21.1

Transfers, Excesses and New Items

During the year, there are often transfers of appropriations between agencies. These transfers are authorised under section 25 of the FMA (and have no impact on the Treasurer's Advance). Excesses and/or new items (approved by the Treasurer under the authority of section 27 of the FMA) reflect increases in appropriation above the original budgeted amount approved by the Parliament has been revised up, or where appropriation for a new purpose was not contemplated in the budget.

There were no transfers, excesses or new items recorded during the September quarter.

Special Purpose Accounts

Special Purpose Accounts (SPAs) are established under various sections of the *Financial Management Act 2006* (FMA). All such accounts include a trust fund statement outlining the purpose of the individual SPA. Some SPAs arise as a result of statute (e.g. the Fiona Stanley Hospital Construction Account and the Royalties for Regions Fund), while others are established administratively under the authority of the FMA.

This appendix details the year-to-date position of SPAs established to deliver key Government policy outcomes. This is not an exhaustive list of all SPAs, but it covers the major/material SPAs in existence as at 30 September 2012. The SPA balances and transactions in and out of these accounts form part of the overall consolidated projections outlined elsewhere in this report.

Fiona Stanley Hospital Construction Account

This SPA was established in October 2007 to set aside funds to be used for the construction of the Fiona Stanley Hospital. The hospital is expected to reach practical completion in December 2013 and to commence operation in April 2014. Construction will utilise all available funds in the SPA.

Receipts during the September quarter reflect interest revenue earned on the account balances. Funds are drawn from the SPA and paid to WA Health as payments for construction work fall due.

Table 4.1

FIONA STANLEY HOSPITAL CONSTRUCTION ACCOUNT		
At 30 September		
	2012	2011
	\$m	\$m
<i>Balance at 1 July</i>	309	808
Receipts	4	11
Payments	89	161
CLOSING BALANCE	224	658

Note: Columns may not add due to rounding.

New Children's Hospital Account

This SPA was established in October 2010 to hold money for the construction and start up of the New Children's Hospital. The hospital is expected to be completed by mid-2015 and utilise all available funds in the SPA.

Receipts reflect moneys appropriated by Parliament, including \$100 million from the better than expected operating surplus for the 2009-10 financial year, \$70 million from the better than expected operating surplus for the 2010-11 financial year (paid into the account in July 2012), a one-off joint payment of \$350 million contribution by BHP Billiton and Rio Tinto in relation to amendments to relevant State Agreements Acts and a one-off royalty back-payment of \$55 million (related to the Robe River Mesa J mine). Funds are drawn from the SPA and paid to WA Health as payments for construction work fall due.

Table 4.2

NEW CHILDREN'S HOSPITAL ACCOUNT		
At 30 September		
	2012	2011
	\$m	\$m
<i>Balance at 1 July</i>	423	-
Receipts	70	19
Payments	24	19
CLOSING BALANCE	469	-

Note: Columns may not add due to rounding.

Perth Parking Licensing Account

This SPA was established in July 1999 to set aside funds to be used to encourage a balanced transport system for gaining access to the Perth city area.

Receipts reflect money paid by way of application fees, license fees, penalties, money appropriated by Parliament and interest revenue earned on the account balances. Funds drawn from the account are paid to the City of Perth and spent on the Central Area Transit system, improving public transport access, enhancing the pedestrian environment and supporting bicycle access, and for administration of the *Perth Parking Management Act 1999*.

Table 4.3

PERTH PARKING LICENSING ACCOUNT		
At 30 September		
	2012	2011
	\$m	\$m
<i>Balance at 1 July</i>	56	39
Receipts	28	26
Payments	3	4
CLOSING BALANCE	81	61

Note: Columns may not add due to rounding.

Perth's New Major Stadium Construction Account

This SPA was established in October 2011 to set aside funds to be used for the construction of the New Major Stadium. The stadium is expected to be completed by 2018 and utilise all available funds in the SPA as part of the funding to support the construction.

Receipts reflect moneys appropriated by Parliament in the 2012-13 Budget, with \$100 million from the better than expected operating surplus from the 2010-11 financial year. Funds will be drawn from the SPA as payments for construction work fall due.

Table 4.4

PERTH'S NEW MAJOR STADIUM CONSTRUCTION ACCOUNT
At 30 September

	2012 \$m	2011 \$m
<i>Balance at 1 July</i>	-	-
Receipts	100	-
Payments	-	-
CLOSING BALANCE	100	-

Note: Columns may not add due to rounding.

Road Trauma Trust Fund

This account was established in July 2002 to provide for road safety initiatives.

Receipts reflect prescribed penalties paid during the period, other funds collected under the *Road Traffic Act 1974*, and interest revenue earned on the account balance. Payments drawn from the account for the quarter provided for road safety initiatives such as the Advanced Traffic Management Vehicle Project, enhanced speed enforcement and driver breath and drug testing.

Table 4.5

ROAD TRAUMA TRUST FUND
At 30 September

	2012 \$m	2011 \$m
<i>Balance at 1 July</i>	43	3
Receipts	25	14
Payments	10	3
CLOSING BALANCE	59	14

Note: Columns may not add due to rounding.

Royalties for Regions Fund

The Royalties for Regions Fund was established in December 2008 to set aside 25% of the State's annual royalty income to fund investment in regional Western Australia.

Receipts during the first three months of 2012-13 reflect moneys appropriated by Parliament and interest revenue earned on the account balance. Funds were drawn during the September quarter to support infrastructure services, business and economic development, and other regional initiatives outlined in the 2012-13 Budget.

Table 4.6

ROYALTIES FOR REGIONS FUND
At 30 September

	2012	2011
	\$m	\$m
<i>Balance at 1 July</i>	687	670
Receipts	312	304
Payments	131	180
CLOSING BALANCE	868	794

Note: Columns may not add due to rounding.

Royalties for Regions Southern Inland Health Initiative

This SPA was established in June 2012 to hold funds for expenditure on the Southern Inland Health Initiative, pursuant to section 9(1) of the *Royalties for Regions Act 2009*.

Funds are yet to be drawn from the SPA, but will be applied to support local hospitals, health, training and other related regional health services in the Great Southern, Mid-West, Goldfields, South-West and Wheatbelt regions.

Table 4.7

ROYALTIES FOR REGIONS SOUTHERN INLAND HEALTH INITIATIVE
At 30 September

	2012	2011
	\$m	\$m
<i>Balance at 1 July</i>	226	-
Receipts	-	-
Payments	-	-
CLOSING BALANCE	226	-

Note: Columns may not add due to rounding.

