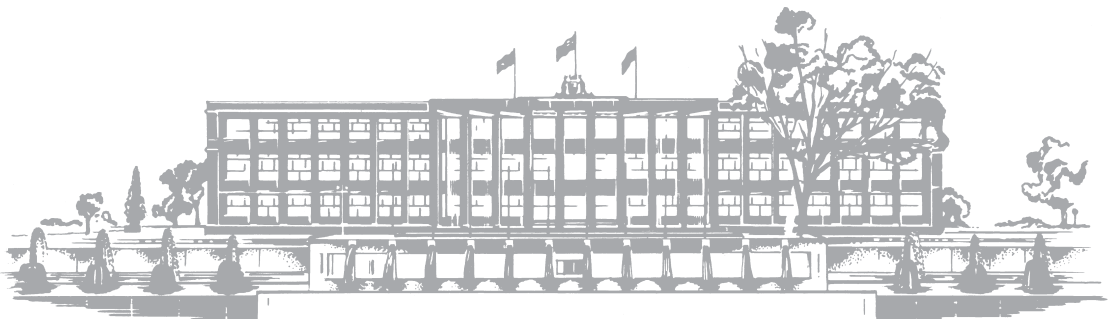




2007-08

QUARTERLY FINANCIAL
RESULTS REPORT

SEPTEMBER 2007



2007–08 Quarterly Financial Results Report
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2007-08

**QUARTERLY FINANCIAL RESULTS REPORT
Three Months Ended 30 September 2007**

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Foreword

This *Quarterly Financial Results Report* (QFRR) provides the Western Australian public sector's financial results for the three months to 30 September 2007.

Care should be exercised in extrapolating the likely outcome for the 2007-08 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, revenue is typically stronger in the first half of the financial year, with full-year land tax revenue usually recognised in the first or second quarters (when land tax assessments are issued), while expenses typically accelerate in the latter months of the financial year as programs with a 30 June completion date come to conclusion. The timing of grant revenue (from the Commonwealth) and grant payments can also be volatile, making comparisons between monthly and quarterly reporting periods difficult.

The focus of the State budget is the Government Finance Statistics (GFS) net operating balance for the general government sector. The GFS presentation in this report can be compared directly with the format of the budget.

In addition to the GFS presentation that is the focus of this QFRR, a series compliant with Australian Accounting Standards (AAS) is presented in Appendix 3, which includes interim consolidated financial statements for the total public sector prepared in accordance with accounting standard AASB 134: *Interim Financial Reporting*, and whole-of-government statements in accordance with AAS 31: *Financial Reporting by Governments*. Information presented in this QFRR is not audited.

Appendix 4: *Public Ledger* includes summary information on the Consolidated Account, Treasurer's Special Purpose Accounts and Treasurer's Advance.

The 2006-07 annual results appearing in this document are consistent with the audited *Annual Report on State Finances* for the year ended 30 June 2007 (released on 26 September 2007), while the annual GFS estimates for 2007-08 are those published in the 2007-08 Budget, released on 10 May 2007.

CHAPTER 1

Overview

Summary

The Western Australian public sector recorded positive financial results in the first quarter of 2007-08, with the general government and public corporation sectors recording operating surpluses for the three months to 30 September 2007.

The continued strength of the resources sector and the economy more broadly led to strong growth in payroll tax and royalty income. Combined with the earlier issue of land tax assessments relative to the previous year, these factors resulted in significantly higher revenue growth compared with the same quarter in 2006-07.

Total public sector net worth increased by \$1.3 billion to stand at \$77.0 billion at 30 September 2007, reflecting the impact of operating surpluses across the public sector. Net debt at 30 September 2007 was a low \$2.8 billion.

General Government Sector

The general government sector is the focus of the Government's headline measure of budget performance (the general government net operating balance). This sector is responsible for the collection of central revenue such as taxation, mining royalties and Commonwealth grants, and for the provision of key services to the community such as health, education and law and order.

The general government sector recorded a \$746 million operating surplus for the three months to 30 September 2007, \$451 million higher than the surplus for the same period in 2006-07. **This outcome largely reflects timing issues, particularly for land tax collections.**

- In this regard, the earlier issuing of land tax and Metropolitan Region Improvement Tax (MRIT) assessments in 2007-08 relative to 2006-07 accounts for \$368 million (or 82%) of the higher surplus outcome for the three months to 30 September 2007. This timing factor will disappear in the December quarter results.

Revenue

Revenue in the three months to 30 September 2007 totalled \$4,676 million, or 26.6% of the full-year budget estimate for 2007-08. This was \$559 million (or 13.6%) higher than the same period in 2006-07, reflecting:

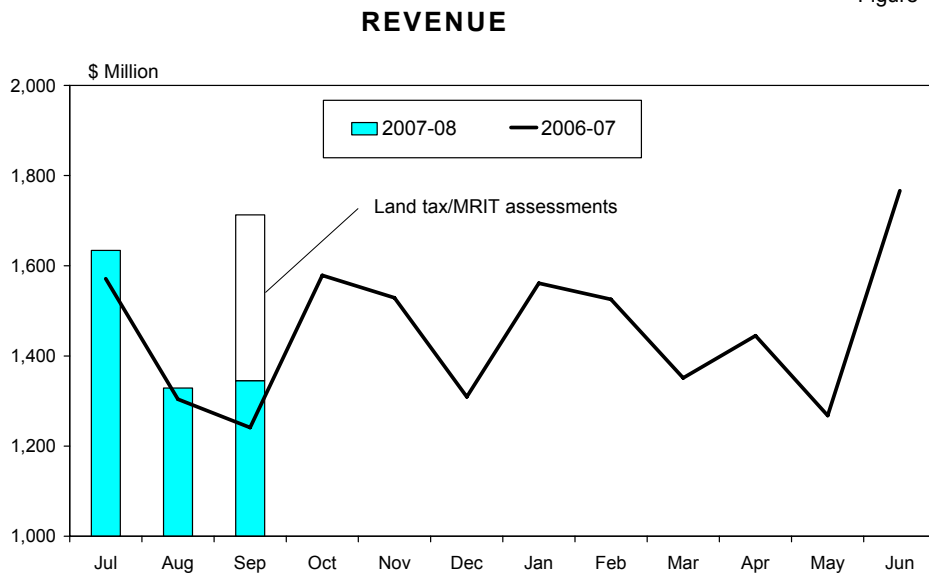
- higher taxation (up \$463 million), mainly due to:
 - higher land tax and MRIT revenue (up \$330 million and \$38 million respectively), due to the earlier issue of 2007-08 land tax assessments¹. Abstracting from the changed timing of land tax and MRIT assessments, revenue growth in the first quarter of 2007-08 (relative to the first quarter of 2006-07) was a much more modest 4.6%;
 - higher payroll tax collections (up \$82 million), mainly reflecting strong wages growth in the private sector, particularly in the mining and related industries;
 - higher receipts from motor vehicle taxes (up \$16 million), reflecting continued high levels of vehicle sales and registrations; and

¹ Land tax assessments are usually issued during the September quarter each year. Assessments for 2006-07 were issued during November and December 2006, and are the principal source of significant variance discussed in this report.

- lower 'other' stamp duties (down \$9 million), primarily due to the abolition of hire of goods duty from 1 January 2007.
- higher Commonwealth grants (up \$51 million), mainly due to higher specific purpose grants, with increased funding for public education and health (up \$39 million), and non-government schools (up \$7 million);
- higher royalty income (up \$40 million), reflecting higher commodity prices and production volumes, particularly for nickel and iron ore;
- lower 'other' income (down \$22 million), due largely to the abolition of the Capital User Charge collected from the Public Transport Authority;
- higher sales of goods and services (up \$11 million), reflecting increases in the volume and demand for goods and services across the sector, particularly in health and education; and
- higher revenue from public corporations (up \$11 million), primarily due to higher final dividend declarations for 2006-07 by the Water Corporation, partially offset by lower tax equivalent revenue due to increased depreciation and other operating expenses.

The following chart shows September 2007 revenue collections relative to monthly revenue recorded through 2006-07.

Figure 1



Expenses

Expenses in the three months to 30 September 2007 totalled \$3,930 million, or 24.3% of the annual budget estimate for 2007-08. This was \$108 million (or 2.8%) higher than the same period in 2006-07, reflecting:

- higher salaries (up \$101 million), mainly due to:
 - higher pay rates for general public servants;
 - higher employee numbers and pay rates in the health sector (up \$36 million), as a result of general demand, mental health strategies and other health initiatives impacting hospital staff numbers;
 - the impact of enterprise bargaining agreements and employee numbers in the law and order sector (up \$21 million); and
 - higher teaching and non-teaching staff numbers and pay rates in the education sector (up \$10 million);

- lower ‘other’ gross operating expenses (down \$94 million), which generally reflect changes in timing of purchases by general government agencies and which follows a higher quarterly expense in the preceding June 2007 quarter;
- higher services and contract expenses (up \$62 million), mainly due to higher recurrent construction and maintenance expenditure in the education and health sectors, together with increased road construction activity expensed by Main Roads;
- higher capital transfers (up \$23 million), largely reflecting higher First Home Owner Grant payments (up \$5.3 million on the same quarter last year), and the on-passing of Commonwealth grants to housing, public transport, roads and non-government schools; and
- higher depreciation expenses (up \$23 million), largely as a result of higher asset values following year-end valuations for 2006-07.

Figure 2 shows that relative to monthly expenses in 2006-07, general government spending is tracking broadly in line with the same time last year.

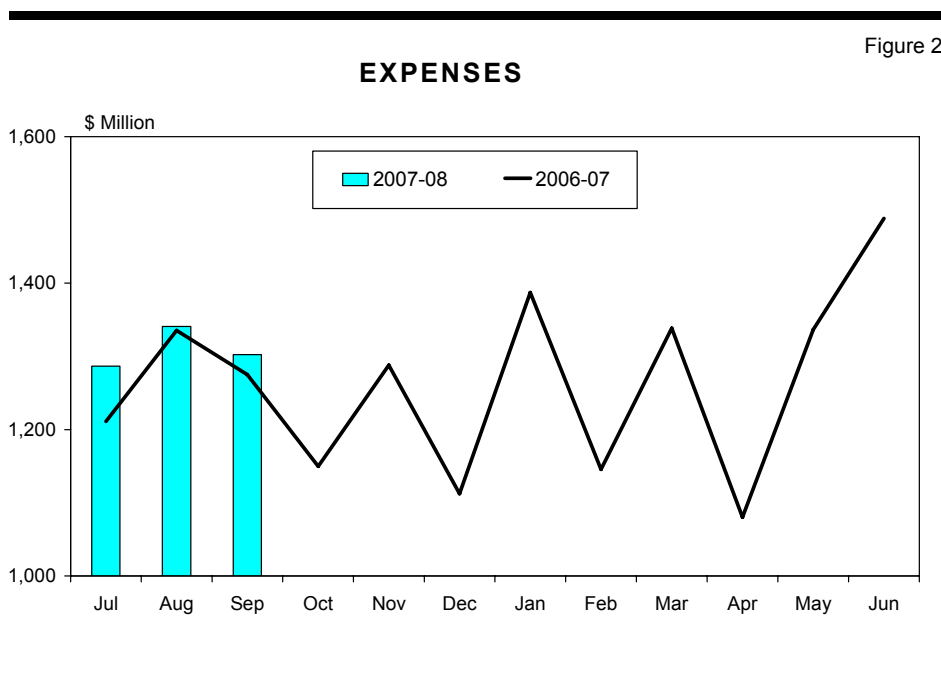


Table 1

**SUMMARY OF GENERAL GOVERNMENT FINANCES
THREE MONTHS TO 30 SEPTEMBER 2007**

Western Australia

	2007-08		2006-07	
	Three Months to 30 Sept \$m	Annual Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
Net operating balance	746	1,453	295	2,303
Net worth	76,988	65,765	58,936	75,709
Increase in cash balances	-15	-35	-1,012	74
<i>Memorandum items</i>				
Net lending	542	294	169	1,527
Net debt	-2,722	-1,903	-1,680	-2,716
Cash surplus	116	220	114	1,460

(a) Estimate published in the 2007-08 Budget.
(b) Consistent with final audited data contained in the 2006-07 *Annual Report on State Finances*, released 26 September 2007.

Balance Sheet

The net worth of the general government sector increased by \$1.3 billion in the three months to 30 September 2007 to stand at \$77.0 billion. This increase is primarily due to operating surpluses across all sectors of government.

The general government sector continued to be net debt-free during the first quarter of 2007-08, with financial assets exceeding borrowings and other debt liabilities by \$2.7 billion at 30 September 2007.

Cash Flow

A cash surplus of \$116 million was recorded in the September quarter 2007, almost identical to the \$114 million cash surplus for the same period the previous year.

Reflecting the impact of the operating surplus (discussed above), net cash inflows from operating activities totalled \$488 million for the three months ended 30 September 2007 (up \$102 million on the same period a year earlier). Net cash outflows for capital investment (i.e. investment in non-financial assets) increased to \$372 million (up \$99 million from the same period in 2006-07), mainly reflecting increased spending on road infrastructure.

Total Public Sector

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

Operating Statement

An operating surplus of \$1,071 million was recorded by the total public sector for the first three months of 2007-08, up \$506 million on the surplus recorded for the same period in 2006-07. This includes the \$746 million operating result for the general government sector (see above).

The PNC sector recorded an operating surplus of \$146 million for the three months ended 30 September 2007, up \$37 million from the surplus recorded for the same period the previous year. This mainly reflects stronger first quarter results reported by the Housing Authority and the Public Transport Authority.

The PFC sector recorded an operating surplus of \$179 million for the three months ended 30 September 2007, up \$19 million from the surplus recorded in the same period last year, reflecting positive first quarter results reported by the Insurance Commission of Western Australia.

Table 2

SUMMARY OF TOTAL PUBLIC SECTOR FINANCES
THREE MONTHS TO 30 SEPTEMBER 2007
 Western Australia

	2007-08		2006-07	
	Three Months to 30 Sept \$m	Annual Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
Net operating balance	1,071	1,519	565	2,772
Net worth	76,988	65,765	58,936	75,709
Increase in cash balances	381	-56	236	1,304
<i>Memorandum items</i>				
Net lending	-293	-743	270	977
Net debt	2,797	5,799	2,993	2,984
Cash surplus	191	-1,342	193	426

(a) Estimate published in the 2007-08 Budget.

(b) Consistent with final audited data contained in the 2006-07 *Annual Report on State Finances*, released 26 September 2007.

Balance Sheet

Under GFS standards, the net worth of the general government sector includes the net worth of the public corporations sectors as an equity asset. Thus, total public sector net worth is identical to that of the general government sector (discussed earlier).

Net debt of the total public sector moved \$187 million lower in the first quarter of 2007-08, to stand at \$2.8 billion at 30 September 2007. This continues the low level of net debt recorded at the end of 2006-07, and reflects the strong surplus outcomes across all sectors of government, particularly the general government sector.

Cash Flow

A cash surplus of \$191 million was recorded for the three months ended 30 September 2007, almost identical to the same period the previous year. This reflects a net cash inflow from operating activities of \$1,002 million and a net cash outflow for capital investment of \$811 million.

Higher infrastructure spending (up \$53 million, or around 5.5%) included spending for the general government sector noted above, partially offset by the timing of spending on electricity-related projects and lower payments for the New MetroRail project (as this significant project nears completion).

APPENDIX 1

Government Finance Statistics

The tables in this appendix satisfy Uniform Presentation Framework (UPF) formats for the core statements of the general government and total public sectors. The UPF does not require presentation of quarterly statistics.

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Table 1.1

GENERAL GOVERNMENT
Operating Statement

	2007-08		2006-07	
	Three Months to 30 Sept \$m	Annual Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
REVENUE				
Taxation	1,848	5,527	1,385	5,718
Current grants and subsidies	1,754	7,272	1,706	7,155
Capital grants	96	513	93	448
Sales of goods and services	330	1,181	319	1,229
Interest income	69	213	63	246
Revenue from public corporations				
Dividends	49	441	24	421
Tax equivalent payments	70	327	84	311
Royalty income	381	1,815	341	1,468
Other	79	304	101	453
<i>Total</i>	<i>4,676</i>	<i>17,593</i>	<i>4,117</i>	<i>17,451</i>
EXPENSES				
Gross operating expenses				
Salaries	1,583	6,436	1,482	6,182
Depreciation and amortisation	171	710	148	672
Superannuation	154	625	144	602
Services and contracts	413	2,018	351	1,663
Other gross operating expenses	476	1,999	570	1,822
Nominal superannuation interest	70	279	76	289
Other interest	25	118	31	112
Other property expenses	-	-	-	-
Current transfers	922	3,464	926	3,392
Capital transfers	116	492	93	413
<i>Total</i>	<i>3,930</i>	<i>16,141</i>	<i>3,822</i>	<i>15,147</i>
NET OPERATING BALANCE	746	1,453	295	2,303
NET ACQUISITION OF				
NON-FINANCIAL ASSETS				
Purchase of non-financial assets	415	2,070	315	1,610
Sales of non-financial assets	-43	-202	-42	-169
less depreciation	171	710	148	672
plus change in inventories	2	-	1	1
plus other movements in non-financial assets	-	-	-	7
<i>Total</i>	<i>204</i>	<i>1,158</i>	<i>126</i>	<i>777</i>
NET LENDING/BORROWING	542	294	169	1,527
Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards (AAS)				
NET OPERATING BALANCE	746	1,453	295	2,303
less provisions for doubtful debts	-	-	-	27
plus net gains on assets (including derivatives)	-5	140	10	-2
plus capitalised interest	-	-	-	-
less revaluation of superannuation liabilities	-	35	-	51
plus all other adjustments	-13	-75	-1	-50
AAS OPERATING RESULT	728	1,483	304	2,173

(a) Estimate published in the 2007-08 Budget.

(b) Consistent with final audited data contained in the 2006-07 Annual Report on State Finances, released 26 September 2007.

Note: Columns may not add due to rounding.

Table 1.2

GENERAL GOVERNMENT
Balance Sheet at End of Period

	2007-08		2006-07	
	30 Sept \$m	Annual Estimate ^(a) \$m	30 Sept \$m	Actual ^(b) \$m
ASSETS				
<i>Financial assets</i>				
Cash and deposits	544	442	449	394
Advances paid	842	707	828	840
Investments, loans and placements	3,228	2,678	2,426	3,287
Other non-equity assets	1,771	1,283	1,281	1,295
Equity	29,125	26,151	23,746	28,553
<i>Total</i>	<i>35,510</i>	<i>31,261</i>	<i>28,730</i>	<i>34,370</i>
<i>Non-Financial assets</i>				
Land and fixed assets	51,516	44,502	40,376	51,279
Other non-financial assets	277	294	218	295
<i>Total</i>	<i>51,794</i>	<i>44,796</i>	<i>40,594</i>	<i>51,574</i>
TOTAL ASSETS	87,304	76,057	69,324	85,944
LIABILITIES				
Deposits held	411	253	493	286
Advances received	523	510	536	523
Borrowings	958	1,163	993	996
Unfunded superannuation liabilities	5,465	5,387	5,471	5,498
Other employee entitlements and provisions	1,681	1,724	1,610	1,636
Non-equity liabilities	1,278	1,256	1,285	1,297
TOTAL LIABILITIES	10,317	10,292	10,388	10,235
NET WORTH	76,988	65,765	58,936	75,709
MEMORANDUM ITEM: NET DEBT	-2,722	-1,903	-1,680	-2,716
Reconciliation of GFS net worth to net assets result obtained in accordance with Australian Accounting Standards (AAS)				
NET WORTH	76,988	65,765	58,936	75,709
<i>less</i> equity (net worth) of PNFC and PFC sectors	26,580	23,303	21,589	26,104
<i>less</i> provision for doubtful debts	-	-	-	27
<i>less</i> all other adjustments	-173	-213	-321	-182
AAS NET ASSETS	50,580	42,675	37,668	49,759

(a) Estimate published in the 2007-08 Budget.

(b) Consistent with final audited data contained in the 2006-07 *Annual Report on State Finances*, released 26 September 2007.

Note: Columns may not add due to rounding.

Table 1.3

GENERAL GOVERNMENT
Cash Flow Statement

	2007-08		2006-07	
	Three Months to 30 Sept \$m	Annual Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
RECEIPTS FROM OPERATING ACTIVITIES				
Taxes received	1,413	5,556	1,318	5,675
Receipts from sales of goods and services	359	1,215	336	1,280
Grants and subsidies received	1,835	7,721	1,791	7,550
Other receipts	798	3,821	701	3,542
<i>Total</i>	4,405	18,313	4,146	18,046
PAYMENTS FOR OPERATING ACTIVITIES				
Payments for goods and services	-2,784	-11,357	-2,629	-10,541
Grants and subsidies paid	-850	-3,690	-853	-3,526
Interest paid	-26	-115	-25	-112
Other payments	-257	-1,063	-252	-966
<i>Total</i>	-3,917	-16,225	-3,759	-15,145
Net Cash Flow from Operating Activities	488	2,088	386	2,901
INVESTMENT IN NON-FINANCIAL ASSETS				
Purchase of non-financial assets	-415	-2,070	-315	-1,610
Sales of non-financial assets	43	202	42	169
<i>Total</i>	-372	-1,868	-273	-1,441
INVESTMENT IN FINANCIAL ASSETS				
Policy purposes	-100	-271	-1,115	-1,405
Liquidity purposes	1	-5	1	31
<i>Total</i>	-98	-276	-1,113	-1,374
Net Cash Flow from Investing Activities	-471	-2,144	-1,386	-2,815
FINANCING ACTIVITIES				
Advances received (net)	-	-	-4	-4
Borrowings (net)	-36	31	-36	-24
Deposits received (net)	-	-	-5	-
Distributions paid	-	-	-	-
Other financing	4	-10	33	16
<i>Total</i>	-32	21	-12	-12
<i>Opening cash balance</i>	4,535	4,009	4,462	4,462
NET INCREASE IN CASH HELD	-15	-35	-1,012	74
<i>Closing cash balance</i>	4,520	3,975	3,450	4,535
<i>Net cash from operating activities, investments in non-financial assets and distributions paid</i>	116	220	114	1,460
<i>less finance leases and similar arrangements</i>	-	-	-	-
Surplus	116	220	114	1,460

(a) Estimate published in the 2007-08 Budget.

(b) Consistent with final audited data contained in the 2006-07 Annual Report on State Finances, released 26 September 2007.

Note: Columns may not add due to rounding.

GENERAL GOVERNMENT
Taxation Revenue

	2007-08		2006-07	
	Three Months to 30 Sept \$m	Annual Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
TAXATION				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	481	1,722	399	1,607
Property taxes				
<i>Land tax</i>	330	430	-	386
Conveyances and transfers	536	1,697	541	2,037
Mortgages	29	108	35	121
Other stamp duties	2	1	11	26
<i>Total stamp duties on financial and capital transactions</i>	568	1,806	587	2,184
Metropolitan Region Improvement Tax	38	78	-	65
Emergency Services Levy	68	152	69	137
Loan guarantee fees	4	14	3	14
<i>Total other property taxes</i>	109	244	71	217
Taxes on provision of goods and services				
Lotteries Commission	28	111	26	112
less rebates	-6	-24	-6	-24
Video lottery terminals	-	1	-	-
Casino Tax	20	70	15	77
less rebates	-9	-36	-9	-40
TAB betting tax	13	29	16	69
less rebates	-3	-5	-7	-30
<i>Total taxes on gambling</i>	43	145	35	164
Stamp duty on insurance policies	95	324	88	308
Other	6	23	5	27
<i>Total taxes on insurance</i>	101	347	93	335
Taxes on use of goods and performance of activities				
Stamp duty on vehicle licences	100	367	93	393
Permits – oversize vehicles and loads	1	3	1	4
Motor vehicle recording fee	9	34	8	32
Motor vehicle registrations	108	430	100	396
<i>Total motor vehicle taxes</i>	217	834	201	825
Total Taxation	1,848	5,527	1,385	5,718

(a) Estimate published in the 2007-08 Budget.

(b) Consistent with final audited data contained in the 2006-07 *Annual Report on State Finances*, released 26 September 2007.

Note: Columns may not add due to rounding.

TOTAL PUBLIC SECTOR
Operating Statement

Table 1.5

	2007-08		2006-07	
	Three Months to 30 Sept \$m	Annual Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
REVENUE				
Taxation	1,799	5,344	1,348	5,519
Current grants and subsidies	1,754	7,272	1,706	7,155
Capital grants	96	513	93	448
Sales of goods and services	2,109	8,107	2,052	8,323
Interest income	189	597	167	602
Royalty income	381	1,815	341	1,468
Other	169	561	169	738
<i>Total</i>	6,496	24,209	5,876	24,253
EXPENSES				
Gross operating expenses				
Salaries	1,760	7,160	1,640	6,820
Depreciation and amortisation	375	1,548	326	1,418
Superannuation	171	695	160	664
Services and contracts	510	2,244	438	2,023
Other gross operating expenses	1,505	6,649	1,676	6,492
Nominal superannuation interest	70	279	76	289
Other interest	218	928	204	817
Other property expenses	-	-	-	-
Current transfers	742	2,822	729	2,699
Capital transfers	74	366	61	260
<i>Total</i>	5,426	22,690	5,311	21,481
NET OPERATING BALANCE	1,071	1,519	565	2,772
NET ACQUISITION OF NON-FINANCIAL ASSETS				
Purchase of non-financial assets	1,020	4,707	967	4,169
Sales of non-financial assets	-209	-881	-175	-859
<i>less</i> depreciation	375	1,548	326	1,418
<i>plus</i> change in inventories	928	-16	-166	-98
<i>plus</i> other movements in non-financial assets	-	-	-5	1
<i>Total</i>	1,364	2,262	295	1,794
NET LENDING/BORROWING	-293	-743	270	977
Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards (AAS)				
NET OPERATING BALANCE	1,071	1,519	565	2,772
<i>less</i> provisions for doubtful debts	1	9	1	35
<i>plus</i> net gains on assets (including derivatives)	42	370	42	238
<i>plus</i> capitalised interest	-	-	5	-
<i>less</i> revaluation of superannuation liabilities	-	35	-	72
<i>plus</i> all other adjustments	-13	-75	-1	-50
AAS OPERATING RESULT	1,099	1,771	608	2,852

(a) Estimate published in the 2007-08 Budget.

(b) Consistent with final audited data contained in the 2006-07 Annual Report on State Finances, released 26 September 2007.

Note: Columns may not add due to rounding.

TOTAL PUBLIC SECTOR
Balance Sheet at End of Period

	2007-08		2006-07	
	30 Sept \$m	Annual Estimate ^(a) \$m	30 Sept \$m	Actual ^(b) \$m
ASSETS				
<i>Financial assets</i>				
Cash and deposits	808	817	820	805
Advances paid	1,568	1,167	1,803	1,567
Investments, loans and placements	8,991	6,416	7,745	8,567
Other non-equity assets	2,836	2,568	2,896	2,772
Equity	1,384	1,299	1,150	1,350
<i>Total</i>	<i>15,585</i>	<i>12,267</i>	<i>14,415</i>	<i>15,060</i>
<i>Non-Financial assets</i>				
Land and fixed assets	88,938	79,923	70,673	88,313
Other non-financial assets	572	817	498	621
<i>Total</i>	<i>89,511</i>	<i>80,740</i>	<i>71,171</i>	<i>87,934</i>
TOTAL ASSETS	105,096	93,007	85,586	102,994
LIABILITIES				
Deposits held	127	195	196	126
Advances received	523	510	536	523
Borrowings	13,513	13,495	12,629	13,274
Unfunded superannuation liabilities	5,633	5,544	5,634	5,664
Other employee entitlements and provisions	2,292	2,194	2,160	2,275
Non-equity liabilities	6,020	5,304	5,495	5,425
TOTAL LIABILITIES	28,108	27,242	26,651	27,285
NET WORTH	76,988	65,765	58,936	75,709
<i>Memorandum Item: Net Debt</i>	<i>2,797</i>	<i>5,799</i>	<i>2,993</i>	<i>2,984</i>
Reconciliation of GFS net worth to net assets result obtained in accordance with Australian Accounting Standards (AAS)				
NET WORTH	76,988	65,765	58,936	75,709
less provision for doubtful debts	1	9	1	35
less all other adjustments	-170	-213	-321	-182
AAS NET ASSETS	77,157	65,970	59,255	75,856

(a) Estimate published in the 2007-08 Budget.

(b) Consistent with final audited data contained in the 2006-07 *Annual Report on State Finances*, released 26 September 2007.

Note: Columns may not add due to rounding.

Table 1.7

TOTAL PUBLIC SECTOR
Cash Flow Statement

	2007-08		2006-07	
	Three Months to 30 Sept \$m	Annual Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
RECEIPTS FROM OPERATING ACTIVITIES				
Taxes received	1,381	5,343	1,293	5,396
Receipts from sales of goods and services	2,442	8,160	2,388	8,510
Grants and subsidies received	1,835	7,721	1,791	7,550
Other receipts	1,011	4,025	908	3,725
<i>Total</i>	6,669	25,249	6,381	25,180
PAYMENTS FOR OPERATING ACTIVITIES				
Payments for goods and services	-4,293	-17,028	-4,050	-16,258
Grants and subsidies paid	-768	-2,998	-750	-2,756
Interest paid	-93	-901	-112	-662
Other payments	-513	-1,839	-485	-1,769
<i>Total</i>	-5,667	-22,765	-5,397	-21,444
Net Cash Flow from Operating Activities	1,002	2,484	984	3,735
INVESTMENT IN NON-FINANCIAL ASSETS				
Purchase of non-financial assets	-1,020	-4,707	-967	-4,169
Sales of non-financial assets	209	881	175	859
<i>Total</i>	-811	-3,825	-792	-3,310
INVESTMENT IN FINANCIAL ASSETS				
Policy purposes	-	-	-	-
Liquidity purposes	47	236	220	341
<i>Total</i>	47	236	220	341
Net Cash Flow from Investing Activities	-764	-3,590	-571	-2,968
FINANCING ACTIVITIES				
Advances received (net)	-	-13	-4	-17
Borrowings (net)	141	1,070	-199	550
Deposits received (net)	-	-	-5	-
Distributions paid	-	-	-	-
Other financing	2	-7	31	5
<i>Total</i>	143	1,050	-177	537
<i>Opening cash balance</i>	7,489	5,695	6,185	6,185
NET INCREASE IN CASH HELD	381	-56	236	1,304
<i>Closing cash balance</i>	7,870	5,639	6,421	7,489
<i>Net cash from operating activities, investments in non-financial assets and distributions paid</i>	191	-1,342	193	426
<i>less finance leases and similar arrangements</i>	-	-	-	-
Surplus	191	-1,342	193	426

(a) Estimate published in the 2007-08 Budget.

(b) Consistent with final audited data contained in the 2006-07 Annual Report on State Finances, released 26 September 2007.

Note: Columns may not add due to rounding.

General Government Monthly Financial Results – September 2007

This appendix provides a summary of the Western Australian general government sector's finances for the month of September 2007. Care should be taken in interpreting monthly results, which can vary significantly from month to month due to various seasonal and other timing factors.

Operating Statement

The general government sector recorded an operating surplus of \$411 million for the month of September 2007, \$445 million higher than the deficit of \$34 million recorded in September 2006.

Revenue in September 2007 totalled \$1,713 million, \$472 million higher than the same month the previous year. The increase primarily reflects:

- higher taxation revenue (up \$388 million), mainly due to the earlier issuance of land tax and Metropolitan Region Improvement Tax assessments in 2007-08 relative to 2006-07 (up \$330 million and \$38 million respectively);
- higher royalty income (up \$37 million), reflecting higher prices, volumes and timing for iron ore receipts;
- higher Commonwealth grants (up \$29 million), primarily due to higher specific purpose grants for government and non-government schools; and
- higher sales of goods and services (up \$22 million), largely reflecting increases in the volume and demand for goods and services across the sector.

Expenses for the month of September 2007 totalled \$1,302 million, up \$27 million from September 2006. This increase largely reflects:

- lower ‘other’ gross operating expenses (down \$52 million), reflecting changes in timing of payments for day-to-day operating costs across general government agencies;
- higher services and contract expenses (up \$34 million), primarily due to higher recurrent construction and maintenance expenditure in the education and health sectors, and increased road expenditure;
- higher salaries (up \$28 million), mainly reflecting higher pay rates and employee numbers in the health, education and law and order sectors (representing 80% of the total increase in salaries); and
- higher capital transfers (up \$12 million), reflecting similar factors outlined in the quarterly overview earlier in this publication.

Cash Flow Statement

A cash deficit of \$15 million was recorded in September 2007, compared to the \$54 million cash deficit recorded in September 2006.

This reflects stronger net cash inflows from operating activities (up \$45 million compared with the month of September 2006), with broadly unchanged capital expenditure (i.e. investment in non-financial assets).

GENERAL GOVERNMENT
Operating Statement

	2007-08			2006-07	
	Month of Aug \$m	Month of Sept \$m	Annual Estimate ^(a) \$m	Month of Sept \$m	Actual ^(b) \$m
REVENUE					
Taxation	509	869	5,527	481	5,718
Current grants and subsidies	560	400	7,272	383	7,155
Capital grants	48	26	513	14	448
Sales of goods and services	91	102	1,181	80	1,229
Interest income	24	21	213	18	246
Revenue from public corporations					
Dividends	-	49	441	24	421
Tax equivalent payments	27	16	327	35	311
Royalty income	33	211	1,815	174	1,468
Other	37	19	304	31	453
<i>Total</i>	<i>1,329</i>	<i>1,713</i>	<i>17,593</i>	<i>1,241</i>	<i>17,451</i>
EXPENSES					
Gross operating expenses					
Salaries	559	518	6,436	490	6,182
Depreciation and amortisation	58	56	710	50	672
Superannuation	54	50	625	48	602
Services and contracts	148	165	2,018	131	1,663
Other	147	180	1,999	232	1,822
Nominal superannuation interest	23	23	279	25	289
Other interest	10	7	118	7	112
Current transfers	284	277	3,464	278	3,392
Capital transfers	56	25	492	13	413
<i>Total</i>	<i>1,341</i>	<i>1,302</i>	<i>16,141</i>	<i>1,275</i>	<i>15,147</i>
NET OPERATING BALANCE	-12	411	1,453	-34	2,303

(a) Estimate published in the 2007-08 Budget.

(b) Consistent with final audited data contained in the 2006-07 *Annual Report on State Finances*, released 26 September 2007.

Note: Columns may not add due to rounding.

Table 2.2

GENERAL GOVERNMENT
Cash Flow Statement

	2007-08			2006-07	
	Month of Aug \$m	Month of Sept \$m	Annual Estimate ^(a) \$m	Month of Sept \$m	Actual ^(b) \$m
RECEIPTS FROM OPERATING ACTIVITIES					
Taxes received	478	481	5,556	443	5,675
Receipts from sales of goods and services	118	100	1,215	111	1,280
Grants and subsidies received	609	417	7,721	389	7,550
Other receipts	160	306	3,821	267	3,542
<i>Total</i>	<i>1,365</i>	<i>1,303</i>	<i>18,313</i>	<i>1,210</i>	<i>18,046</i>
PAYMENTS FOR OPERATING ACTIVITIES					
Payments for goods and services	-903	-899	-11,357	-859	10,541
Grants and subsidies paid	-223	-221	-3,690	-219	-3,526
Interest paid	-7	-1	-115	-4	-112
Other payments	-80	-88	-1,063	-80	-966
<i>Total</i>	<i>-1,213</i>	<i>-1,210</i>	<i>-16,225</i>	<i>-1,162</i>	<i>15,145</i>
Net Cash Flow from Operating Activities	153	93	2,088	48	2,901
INVESTMENT IN NON-FINANCIAL ASSETS					
Purchase of non-financial assets	-136	-118	-2,070	-113	-1,610
Sales of non-financial assets	18	10	202	11	169
<i>Total</i>	<i>-118</i>	<i>-108</i>	<i>-1,868</i>	<i>-102</i>	<i>-1,441</i>
INVESTMENT IN FINANCIAL ASSETS					
Policy purposes	-28	-28	-271	-951	-1,405
Liquidity purposes	-	21	-5	1	31
<i>Total</i>	<i>-28</i>	<i>-7</i>	<i>-276</i>	<i>-950</i>	<i>-1,374</i>
Net Cash Flow from Investing Activities	-147	-115	-2,144	-1,052	-2,815
FINANCING ACTIVITIES					
Advances received (net)	-	-	-	-4	-4
Borrowings (net)	-176	112	31	432	-24
Deposits received (net)	-	-	-	2	-
Other financing	-13	12	-10	30	16
<i>Total</i>	<i>-189</i>	<i>124</i>	<i>21</i>	<i>459</i>	<i>-12</i>
<i>Opening cash balance</i>	<i>4,601</i>	<i>4,418</i>	<i>4,009</i>	<i>3,994</i>	<i>4,462</i>
NET INCREASE IN CASH HELD	-183	102	-35	-544	74
<i>Closing cash balance</i>	<i>4,418</i>	<i>4,520</i>	<i>3,975</i>	<i>3,450</i>	<i>4,535</i>
<i>Net cash from operating activities, investments in non-financial assets and distributions paid less finance leases and similar arrangements</i>	<i>34</i>	<i>-15</i>	<i>220</i>	<i>-54</i>	<i>1,460</i>
<i>Surplus</i>	<i>34</i>	<i>-15</i>	<i>220</i>	<i>-54</i>	<i>1,460</i>

(a) Estimate published in the 2007-08 Budget.

(b) Consistent with final audited data contained in the 2006-07 Annual Report on State Finances, released 26 September 2007.

Note: Columns may not add due to rounding.

GENERAL GOVERNMENT
Taxation Revenue

	2007-08			2006-07	
	Month of Aug \$m	Month of Sept \$m	Annual Estimate ^(a) \$m	Month of Sept \$m	Actual ^(b) \$m
TAXATION					
Taxes on employers' payroll and labour force					
<i>Payroll tax</i>	157	159	1,722	129	1,607
Property taxes					
<i>Land tax</i>	-	330	430	-	386
Conveyances and transfers	182	181	1,697	172	2,037
Mortgages	10	9	108	9	121
Other stamp duties	1	-	1	2	26
<i>Total stamp duties on financial and capital transactions</i>	194	191	1,806	183	2,184
Metropolitan Region Improvement					
Tax	-	38	78	-	65
Emergency Services Levy	34	34	152	62	137
Loan guarantee fees	1	1	14	1	14
<i>Total other property taxes</i>	35	73	244	62	217
Taxes on provision of goods and services					
Lotteries Commission	11	9	111	9	112
less rebates	-2	-2	-24	-2	-24
Video lottery terminals	-	-	1	-	-
Casino Tax	7	7	70	3	77
less rebates	-3	-4	-36	-3	-40
TAB betting tax	6	5	29	5	69
less rebates	-	-	-5	-3	-30
<i>Total taxes on gambling</i>	18	15	145	9	164
Stamp duty on insurance policies	32	31	324	32	308
Other	2	2	23	1	27
<i>Total taxes on insurance</i>	34	33	347	33	335
Taxes on use of goods and performance of activities					
Stamp duty on vehicle licences	34	33	367	31	393
Permits - oversize vehicles and loads	-	-	3	-	4
Motor vehicle recording fee	3	3	34	2	32
Motor vehicle registrations	35	33	430	31	396
<i>Total motor vehicle taxes</i>	72	68	834	64	825
Total Taxation	509	869	5,527	481	5,718

(a) Estimate published in the 2007-08 Budget.

(b) Consistent with final audited data contained in the 2006-07 Annual Report on State Finances, released 26 September 2007.

Note: Columns may not add due to rounding.

Interim Consolidated Financial Statements

Statement of Responsibility

The following Interim Consolidated Financial Statements and accompanying notes for the Government of Western Australia 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 income statement and cash flows of the Government for the three months ended 30 September 2007 and the balance sheet of the Government as at 30 September 2007. The statements have been prepared in accordance with applicable accounting standards (AAS and AASB), including AASB 134: *Interim Financial Reporting*, UIG Interpretations, and other mandatory professional requirements.



TIMOTHY MARNEY
UNDER TREASURER



ROY PICARDO
ASSISTANT DIRECTOR
FINANCIAL REPORTING

29 November 2007

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Table 3.1

CONSOLIDATED INCOME STATEMENT
For the three months ended 30 September 2007

	Note	2007-08	2006-07	
		Three Months to 30 Sept \$m	Three Months to 30 Sept \$m	Twelve Months to 30 June \$m
INCOME				
Taxation	2	1,745	1,287	5,449
Territorial revenue		576	541	2,204
Regulatory fees and fines		172	149	477
Sale of goods and services	3	1,831	1,647	7,495
Grants and subsidies	4	1,680	1,646	7,020
Interest revenue		189	167	602
Other revenue		458	576	1,911
TOTAL INCOME		6,652	6,012	25,158
EXPENSES				
Supplies and services		617	940	2,855
Employee benefits		2,043	1,922	8,044
Finance costs		218	199	817
Depreciation, amortisation and impairment		375	326	1,423
Grants and subsidies		847	819	3,067
Other expenses	5	1,451	1,197	6,100
TOTAL EXPENSES		5,553	5,404	22,306
SURPLUS FOR THE PERIOD		1,099	608	2,852

The accompanying notes form part of these financial statements.

Table 3.2

CONSOLIDATED BALANCE SHEET

As at 30 September 2007

	2007		2006-07	
	Note	30 Sept \$m	30 Sept \$m	30 June \$m
CURRENT ASSETS				
Cash & cash equivalents		808	820	805
Inventories		1,891	789	1,004
Receivables	6	2,814	2,799	2,731
Other financial assets	7	8,798	7,122	8,668
Biological assets		60	62	60
Non-current assets classified as held for sale		99	69	172
Other non-financial assets/Investment				
Properties		127	171	72
Total current assets		14,596	11,832	13,511
NON-CURRENT ASSETS				
Inventories		882	819	783
Receivables	6	276	264	301
Land		37,713	26,222	37,434
Buildings		14,248	11,535	14,354
Infrastructure		26,138	24,110	25,880
Plant, equipment and other		7,403	6,662	7,172
Biological assets		277	307	273
Intangible assets		310	217	322
Other financial assets	7	2,696	3,184	2,425
Other non-financial assets/Investment				
Properties		449	338	406
Total non-current assets		90,394	73,659	89,350
TOTAL ASSETS		104,989	85,491	102,861
CURRENT LIABILITIES				
Payables		1,397	1,339	996
Borrowings	8	5,924	5,356	5,652
Provisions		1,610	1,520	1,592
Other liabilities		1,749	1,471	1,661
Total current liabilities		10,679	9,686	9,902
NON-CURRENT LIABILITIES				
Borrowings	8	9,130	8,610	9,032
Provisions		6,308	6,270	6,339
Other liabilities		1,716	1,670	1,733
Total non-current liabilities		17,154	16,550	17,104
TOTAL LIABILITIES		27,834	26,236	27,006
NET ASSETS		77,157	59,255	75,856
EQUITY				
Accumulated funds		27,252	23,389	25,784
Reserves		49,905	35,866	50,072
TOTAL EQUITY		77,157	59,255	75,856

The accompanying notes form part of these financial statements.

Table 3.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 September 2007

	2007-08	2006-07	
	Three Months to 30 Sept \$m	Three Months to 30 Sept \$m	Twelve Months to 30 June \$m
Balance of Equity at the start of the period	75,856	58,156	58,156
RESERVES			
Balance at start of the period	50,072	36,382	36,382
Changes in accounting policy/correction of prior period errors	(180)	(410)	(410)
Restated balance at start of period	49,892	35,972	35,972
Gains/losses from asset revaluation and other	13	(106)	14,100
Balance at end of the period	49,905	35,866	50,072
ACCUMULATED FUNDS			
Balance at start of the period	25,784	21,774	21,774
Change in accounting policy /correction of prior period errors	(68)	628	860
Restated balance at start of period	25,716	22,402	22,634
Surplus/(deficit) for the period	1,099	608	2,852
Gains(losses) recognised directly in equity	437	379	297
Balance at end of period	27,252	23,389	25,784
BALANCE OF EQUITY AT END OF PERIOD	77,157	59,255	75,856
Total income and expense for the period	1,549	881	17,250

The accompanying notes form part of these financial statements.

Table 3.4

CONSOLIDATED CASH FLOW STATEMENT
For the three months ended 30 September 2007

	2007-08		2006-07	
	Note	Three Months to 30 Sept \$m	Three Months to 30 Sept \$m	Twelve Months to 30 June \$m
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Receipts</i>				
Taxation		1,348	1,259	5,276
Territorial revenue		576	541	2,156
Regulatory fees and fines		140	118	484
Sale of goods and services		2,063	2,008	7,246
Grants and subsidies received		1,677	1,637	7,017
Interest received		74	67	266
GST receipts on sales		143	104	566
GST receipts from taxation authority		226	211	748
Other receipts		314	297	1,226
<i>Payments</i>				
Salaries, wages and other benefits		(1,749)	(1,634)	(6,826)
Superannuation paid		(264)	(220)	(962)
Finance cost paid		(19)	(33)	(80)
Grants and subsidies paid		(856)	(834)	(3,027)
GST payments on purchases		(331)	(284)	(1,222)
GST payments to taxation authority		(41)	(70)	(127)
Contract services paid		(549)	(459)	(1,926)
Other payments		(1,680)	(1,667)	(6,466)
Net cash flows from operating activities		1,071	1,041	4,348
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of non-current physical assets		53	61	211
Purchase of non-current physical assets		(974)	(926)	(3,890)
Proceeds from sale of investments		72	38	158
Purchase of investments		(124)	(19)	(153)
Other receipts		-	3	17
Other payments		(13)	(12)	(67)
Net cash flows used in investing activities		(986)	(855)	(3,724)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		-	-	-
Repayment of borrowings		-	(1)	(13)
Other proceeds		26	66	142
Other repayments		(5)	(11)	(64)
Net cash flows from financing activities		21	54	65
NET CASH FLOWS/(OUTFLOWS) FROM PUBLIC FINANCIAL CORPORATIONS	9	275	(5)	614
NET INCREASE/(DECREASE) IN CASH HELD		381	235	1,304
CASH ASSETS AT THE BEGINNING OF PERIOD		6,299	4,995	4,995
CASH ASSETS AT THE END OF PERIOD		6,680	5,230	6,299

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements for the Three Months Ended 30 September 2007

1. Statement of significant accounting policies

(a) The reporting entity

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

(b) Basis of Preparation

This general purpose financial report for the three months ended 30 September 2007 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting*, AAS 31: *Financial Reporting by Government*, UIG Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (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 2007, presented in Appendix 6 of the 2006-07 *Annual Report on State Finances* (ARSF) released on 26 September 2007. The accounting policies adopted in this publication are consistent with those outlined in the 2006-07 ARSF. The specific accounting policies of the Government of Western Australia are described in Note 3: *Summary of Significant Accounting Policies* in Appendix 6 of the 2006-07 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.

(c) Unaudited data

The Interim Consolidated Financial Statements are not subject to audit.

(d) Comparative figures

Comparative information has been restated where necessary, in relation to the following:

- reclassification of investment properties in the Balance Sheet totalling \$259 million from other financial assets to other non-financial assets; and
- correction of prior period errors directly through equity totalling \$410 million. These errors occurred prior to June 2006 and relate to reclassifications of realised gains on inventory (land) disposals (\$340 million) and a replacement reserve (\$70 million) from Reserves to Accumulated Funds.

NOTE 2. TAXATION REVENUE

	2007-08	2006-07	
	Three Months to 30 Sept \$m	Three Months to 30 Sept \$m	Twelve Months to 30 June \$m
Stamp duty	772	771	2,927
Payroll tax	469	389	1,559
Motor vehicles and drivers' licences	119	111	440
Gambling taxes and licences	20	15	77
Land tax	326	-	371
Other taxes and licences	40	-	76
Total	1,745	1,287	5,449

NOTE 3. SALE OF GOODS AND SERVICES

	2007-08	2006-07	
	Three Months to 30 Sept \$m	Three Months to 30 Sept \$m	Twelve Months to 30 June \$m
Revenue from sale of goods	1,035	921	4,299
Revenue from the provision of services	797	726	3,196
Total	1,831	1,647	7,495

NOTE 4. GRANTS AND SUBSIDIES

	2007-08	2006-07	
	Three Months to 30 Sept \$m	Three Months to 30 Sept \$m	Twelve Months to 30 June \$m
Commonwealth grants	1,625	1,625	6,915
Other grants and subsidies	55	22	105
Total	1,680	1,646	7,020

NOTE 5. OTHER EXPENSES

	2007-08	2006-07	
	Three Months to 30 Sept \$m	Three Months to 30 Sept \$m	Twelve Months to 30 June \$m
Betting dividend payouts	314	277	1,234
Health sector specific expenses	213	197	812
Education sector specific expenses	96	76	328
Insurance claims expenses	138	119	478
Contract services expense	463	389	1,841
Other	227	139	1,408
Total	1,451	1,197	6,100

NOTE 6. RECEIVABLES

	2007-08	2006-07	
	30 Sept \$m	30 Sept \$m	30 June \$m
<i>Current</i>			
Accounts Receivable	2,969	2,913	2,887
Provision for impairment of receivables	(155)	(114)	(156)
Total Current	2,814	2,799	2,731
<i>Non-current</i>			
Accounts Receivable	278	265	302
Provision for impairment of receivables	(1)	(1)	(1)
Total Non-current	276	264	301

NOTE 7. OTHER FINANCIAL ASSETS

	2007-08	2006-07	
	30 Sept \$m	30 Sept \$m	30 June \$m
Current			
<i>Investments</i>			
Unlisted/Listed shares	1,210	988	1,161
Term deposits	7,274	5,888	6,972
Government securities	237	193	248
<i>Total</i>	8,720	7,068	8,381
<i>Loans and advances</i>			
Non-government schools	24	24	26
Other	54	31	260
<i>Total</i>	78	55	287
Total current	8,798	7,122	8,668
Non-current			
<i>Investments</i>			
Government securities	155	242	172
Other investments	252	149	191
<i>Total</i>	407	391	363
<i>Loans and advances</i>			
Homebuyers	1,248	1514	1,253
Non-government schools	167	221	160
GESB	540	540	523
Other	334	518	126
<i>Total</i>	2,289	2,793	2,062
Total non-current	2,696	3,184	2,425

NOTE 8. BORROWINGS

	2007-08	2006-07	
	30 Sept \$m	30 Sept \$m	30 June \$m
Bank overdrafts	98	76	78
Finance leases	22	16	22
Liability to the Commonwealth			
Government	13	13	13
Domestic and foreign borrowings	5,790	5,251	5,539
Total Current	5,924	5,356	5,652
Finance leases	366	388	362
Liability to the Commonwealth			
Government	510	523	510
Domestic and foreign borrowings	8,255	7,699	8,160
Total Non-current	9,130	8,610	9,032

NOTE 9. STATEMENT OF CASH FLOWS OF PUBLIC FINANCIAL CORPORATIONS

	2007-08	2006-07	
	Three Months to 30 Sept \$m	Three Months to 30 Sept \$m	Twelve Months to 30 June \$m
Cash flows from operating activities			
Interest received	89	92	355
Premiums received	106	99	383
GST received on sales	11	22	50
GST received from taxation authority	10	10	32
Other receipts	71	48	129
Salaries, wages and other benefits paid	(7)	(6)	(27)
Superannuation paid	(1)	(1)	(2)
Borrowing costs paid	(74)	(78)	(580)
Claims paid	(106)	(100)	(389)
GST paid on purchases	(10)	(10)	(32)
GST paid to taxation authority	(11)	(23)	(50)
Other payments	(32)	(39)	(65)
Net cash flows used in operating activities	47	14	(196)
Cash flows from investing activities			
Purchase of non-current physical assets	(1)	(1)	(7)
Proceeds from investments	550	860	3,860
Purchase of investments	(444)	(652)	3,528
Net cash flows used in investing activities	106	208	326
Cash flows from financing activities			
Proceeds from borrowings	1,789	2,207	8,681
Repayment of borrowings	(1,668)	(2,434)	(8,196)
Net cash flows from financing activities	122	(226)	485
Net cash flows from public financial corporations	275	(5)	614

In accordance with AAS31, the net cash flows of the public financial corporations sector are disclosed in the Consolidated Statement of Cash Flows separately to the other cash flows from operating, investing and financing activities of the general government and public non-financial corporations sectors.

NOTE 10. DETAILS OF AGENCIES CONSOLIDATED

The agencies included in these financial statements were detailed in Note 38, Composition of Sectors in the *Annual Report on State Finances* for the year ended 30 June 2007. The only change since that date is that the Chemistry Centre (WA) has been established with effect from 1 August 2007.

NOTE 11. CONTINGENT LIABILITIES

There have been no material changes in contingent liabilities since the issue of the *Annual Report on State Finances* for the year ended 30 June 2007.

Public Ledger

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

Table 4.1 shows that the aggregate balance of the Public Ledger at 30 September 2007 increased by \$917 million compared with 30 September 2006. This primarily reflects a \$534 million increase in the Treasurer's Special Purpose Accounts and a \$375 million improvement in the Consolidated Account deficit.

Table 4.1		
PUBLIC LEDGER BALANCES AT 30 SEPTEMBER		
	2007 \$m	2006 \$m
THE PUBLIC LEDGER		
Consolidated Account ^(a)	(2,267)	(2,642)
Treasurer's Special Purpose Accounts	3,033	2,499
Treasurer's Advance Account – Net Advances	(7)	(15)
Total	759	(158)

(a) The balance of the Consolidated Account at 30 September 2007 includes non-cash appropriations of \$2,811 million (30 September 2006: \$2,305 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 \$2,267 million at 30 September 2007. This included \$2,811 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 surplus of \$544 million at 30 September 2007, compared with a cash deficit of \$337 million in September 2006.

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

CONSOLIDATED ACCOUNT TRANSACTIONS

Table 4.2

For the three months ended 30 September

	2007 \$m	2006 \$m
REVENUE		
<i>Operating Activities</i>		
Taxation	1,247	1,173
Commonwealth Grants	943	932
Government Enterprises	62	62
Revenue from other agencies	1,010	918
Other	47	129
<i>Total Operating Activities</i>	3,309	3,214
<i>Financing Activities</i>		
Repayments of Recoverable Advances	3	3
Transfers from the Public Bank Account		
Interest Earned Account	-	-
Transfers from other accounts:		
Bankwest Pension Trust	1	1
Other Receipts	6	4
<i>Total Financing Activities</i>	10	8
TOTAL REVENUE	3,319	3,222
EXPENDITURE		
<i>Recurrent</i>		
Authorised by Other Statutes	326	244
Appropriation Act (No. 1)	3,410	3,537
Unforeseen Expenditure under the Financial Management Act	-	-
<i>Total Recurrent Expenditure</i>	3,736	3,781
<i>Investing Activities</i>		
Authorised by Other Statutes	25	11
Appropriation Act (No. 2)	473	1,248
Unforeseen Expenditure under the Financial Management Act	-	-
<i>Total Investing Activities</i>	498	1,259
<i>Financing Activities</i>		
Capital repayments	-	49
Other financing	-	4
<i>Total Financing Activities</i>	-	53
TOTAL EXPENDITURE	4,234	5,093
NET MOVEMENT (REVENUE LESS EXPENDITURE)	(915)	(1,871)
Consolidated Account Balance		
Opening balance at 1 July	(1,352)	(771)
Closing balance at 30 September	(2,267)	(2,642)
Of which:		
Appropriations payable	(2,811)	(2,305)
Cash balance at 30 September	544	(337)

Note: Columns may not add due to rounding.

Treasurer’s Special Purpose Accounts

The Treasurer’s Special Purpose Accounts (TSPA) 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.

The \$534 million increase in the TSPA largely reflects the value of Holding Account balances for accrual appropriations to agencies. These include appropriations payable for depreciation and accrued leave entitlements.

Table 4.3

TREASURER’S SPECIAL PURPOSE ACCOUNTS AT 30 SEPTEMBER

	2007 \$m	2006 \$m
Agency Holding Accounts	2,811	2,305
Other Special Purpose Accounts	222	194
TREASURER’S SPECIAL PURPOSE ACCOUNTS AT 30 SEPTEMBER	3,033	2,499

Treasurer's Advance

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

A total of \$436 million is authorised under section 29 of the FMA for the year ended 30 June 2008, compared with a \$365 million authorised limit for the preceding year.

Of the \$436 million authorised limit for 2007-08, \$7.4 million was held at 30 September 2007 in the form of net unrecouped advances (see Table 4.4) and \$0.5 million against increases in recurrent appropriations (see Table 4.5).

TREASURER'S ADVANCE AT 30 SEPTEMBER		
	2007 \$m	2006 \$m
AUTHORISED LIMIT	436.0	365.0
Total Drawn Against Treasurer's Advance authorisation	7.9	15.2
Comprising:		
Net unrecouped balances as at 30 September (see below)	7.4	15.2
Excesses and New Items (see Table 4.5)		
- recurrent	0.5	-
- capital	-	-
NET UNRECOUPED BALANCES		
Appeals Cost Board	1.1	1.0
Public Sector Standards Commissioner – CEO selection	0.5	0.5
Electoral Distribution Commission	1.3	0.1
Energy Smart Government Program	1.9	2.9
Gas Review Board	0.5	-
Medical Radiation Technologists Registration Board	0.1	-
Ministerial Air Service	-	6.1
Perry Lakes Redevelopment Project	-	2.6
Planning and Infrastructure	2.0	2.0
TOTAL UNRECOUPED TREASURER'S ADVANCES	7.4	15.2

Transfers, Excesses and New Items

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

Transfers of appropriations between agencies were for the following purposes:

- \$3.1 million (consisting of \$2.7 million and \$0.4 million for recurrent and capital purposes respectively) from the Department of Industry and Resources to the Chemistry Centre (WA) for the delivery of the Scientific Services function;
- \$0.2 million from the Waters and Rivers Commission to the Department of Environment and Conservation for the management of the wetlands function;
- \$13.2 million from the Department of the Attorney General to the Department of Corrective Services for the transfer of corporate service functions; and
- \$0.3 million from the Department of Environment and Conservation to the Department of Treasury and Finance for the transfer of the operations of the National Emissions Trading Team.

Table 4.5

TRANSFERS, EXCESSES AND NEW ITEMS

For the three months to 30 September 2007

	Budget \$m	Transfers ^(a) \$m	Treasurer's Advance		Revised Appropriation \$m	Drawn against Treasurer's Advance to date \$m
			New Items \$m	Excesses \$m		
Recurrent Appropriations						
<i>Treasury and Finance</i>						
Item 9: Delivery of Services	108.1	0.3	-	-	108.4	-
<i>Industry and Resources</i>						
Item 42: Delivery of Services	168.0	(2.7)	-	-	165.3	-
<i>Waters and Rivers</i>						
Item 58: Delivery of Services	60.4	(0.2)	-	-	60.2	-
<i>Attorney General</i>						
Item 63: Delivery of Services	185.2	(13.2)	-	-	172.0	-
<i>South West Development Commission</i>						
Item 101: Delivery of Services	8.9	-	-	_(b)	9.0	-
<i>Corrective Services</i>						
Item 107: Delivery of Services	417.2	13.2	-	-	430.4	-
<i>Environment and Conservation</i>						
Item 110: Delivery of Services	182.9	(0.1)	-	-	182.8	-
<i>Peel Development Commission</i>						
Item 115: Delivery of Services	2.8	-	-	2.1	4.9	0.5
<i>Chemistry Centre (WA)</i>						
New Item: Delivery of Services	-	2.7	-	-	2.7	-
Capital Appropriations						
<i>Industry and Resources</i>						
Item 141: Capital Contribution	15.3	(0.4)	-	-	14.9	-
<i>Chemistry Centre (WA)</i>						
New Item 42: Capital Contribution	-	0.4	-	-	0.4	-
TOTAL	-	-	-	2.1	-	0.5

(a) Authorised under section 25 of the FMA.

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

Further information for items with approved excesses is provided below.

Peel Development Commission

Item 115: **Net amount appropriated to deliver services** (\$2.1 million) for the Hotham Valley Tourist Railway.

South West Development Commission

Item 101: **Net amount appropriated to deliver services** for higher salaries for employees covered by the Public Service General Agreement (\$32,000).