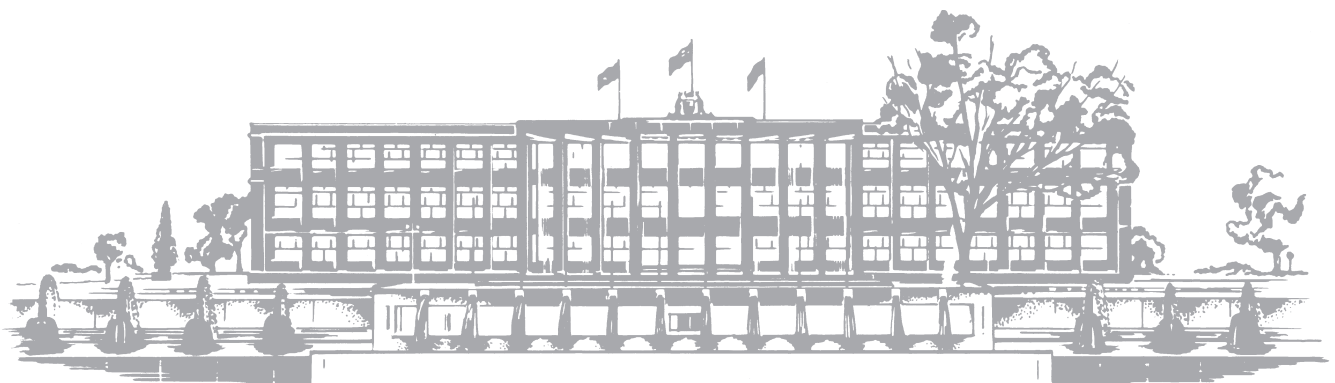




2008-09

**QUARTERLY FINANCIAL
RESULTS REPORT**

SEPTEMBER 2008



2008–09 Quarterly Financial Results Report
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An electronic copy of this report may be obtained at <http://www.dtf.wa.gov.au>
ISSN 1444-9110 (print)
ISSN 1447-9370 (on-line)

2008-09

**QUARTERLY FINANCIAL RESULTS REPORT
Three Months Ended 30 September 2008**

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Foreword

This *Quarterly Financial Results Report* (QFRR) provides the financial results for the Western Australian public sector for the three months to 30 September 2008.

Care should be exercised in extrapolating the likely outcome for the 2008-09 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 net operating balance for the general government sector and the presentation in this report is consistent with the presentation of general government estimates used in the 2008-09 Budget Papers and the 2008 *Pre-election Financial Projections Statement* (released on 16 August 2008 and which updated the budget estimates).

This quarterly report has been prepared in accordance with applicable accounting standards including AASB 134: *Interim Financial Reporting* and AASB 1049: *Whole of Government and General Government Sector Financial Reporting*. AASB 1049 was issued in October 2007 and applies to annual reporting periods beginning on or after 1 July 2008. Comparative information for prior periods have been adjusted to be consistent with the AASB 1049 presentation format used in this report and the 2008-09 Budget Papers.

The 2007-08 annual results have also been adjusted to be consistent with AASB 1049 for comparative purposes. That is, data from the audited 2007-08 *Annual Report on State Finances*, (released on 26 September 2008) has been restated to the new AASB 1049 format. The new standard, which harmonises Government Finance Statistics and Australian Accounting Standards financial presentations is described in the 2008-09 Budget Paper Number 3: *Economic and Fiscal Outlook*, Appendix 4: *Changes to Whole-of-Government Financial Reporting and Presentation*.

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

Information presented in this QFRR, including the revised comparative data, is not audited.

Overview

Summary

The Western Australian public sector recorded positive financial results in the first quarter of 2008-09, with the general government and public corporation sectors recording operating surpluses for the three months to 30 September 2008.

Nevertheless, flatter revenue performance and strong expenditure growth observed in both the July and August 2008 *Monthly Report on General Government Finances* continued in September 2008, delivering lower results for the quarter relative to the same period in 2007-08.

Total public sector net worth increased by \$459 million to stand at \$93.2 billion at 30 September 2008. This largely reflects the impact of operating surpluses across the public sector. At \$3.7 billion, total public sector net debt at 30 September 2008 was largely unchanged from the \$3.6 billion recorded for 30 June 2008.

General Government Sector

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

A general government sector operating surplus of \$220 million was recorded for the three months to 30 September 2008. This is \$514 million lower than the surplus for the same period in 2007-08. This outcome largely reflects timing issues related to taxation revenue and lower transfer duty collections.

In this regard, the later issuing (in the December quarter) of land tax and Metropolitan Region Improvement Tax (MRIT) assessments in 2008-09 (relative to September quarter accounts in 2007-08) represents \$370 million (or 82%) of the lower surplus outcome for the three months to 30 September 2008.

Table 1

SUMMARY OF GENERAL GOVERNMENT FINANCES Western Australia

	2008-09		2007-08	
	Three Months to 30 Sept \$m	Estimated Outturn ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
Net operating balance	220	1,930	734	2,507
Net worth	93,239	84,453	77,157	92,780
Increase in cash balances	4	-155	-15	890
<i>Memorandum items</i>				
Net lending	3	188	530	1,268
Net debt	-3,383	-3,042	-2,722	-3,409
Cash surplus	68	337	116	1,281

(a) Consistent with the revised outturn published in the *Pre-election Financial Projections Statement*, released 16 August 2008.

(b) Data for the 2007-08 outturn (originally published in the *2007-08 Annual Report on State Finances*) and for September 2007 has been adjusted in this report to be consistent with AASB 1049 for comparative purposes. See Foreword for further details.

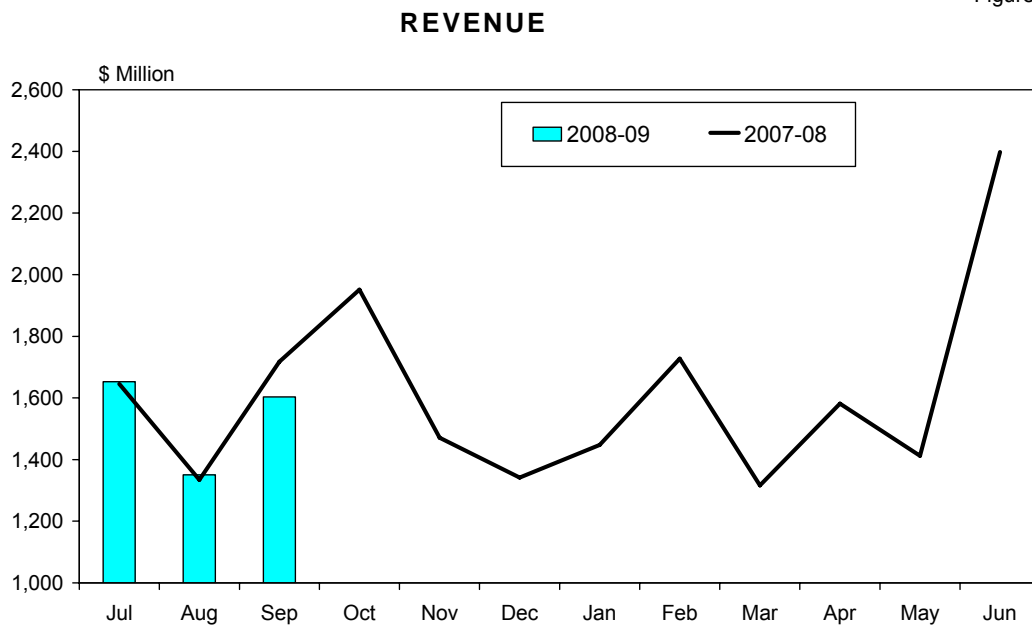
Revenue

Revenue in the three months to 30 September 2008 totalled \$4,607 million, or 23.1% of the full-year budget estimate for 2008-09. This was \$91 million (or 1.9%) lower than the same period in 2007-08 and primarily reflects:

- lower taxation (down \$494 million), mainly due to:
 - the lower land tax and MRIT revenue noted above (down \$332 million and \$38 million respectively), due to the delayed issue of 2008-09 land tax and MRIT assessments, reflecting the decision to adjust land tax and MRIT scales (announced by the Treasurer on 21 October 2008);
 - lower transfer duty (down \$187 million), primarily due to ongoing weakness in the property market, with lower sales and prices impacting the residential market, while the number of significant commercial transactions was also down relative to the September 2007 quarter;
 - higher payroll tax collections (up \$102 million), as a result of private sector employment and wage growth, particularly in the mining sector and related industries; and
 - lower 'other' stamp duties (down \$27 million), primarily due to the abolition of mortgage duty from 1 July 2008;
- higher Commonwealth grants (up \$184 million), mainly due to higher North West Shelf petroleum royalties (up \$115 million), reflecting higher oil prices (which were prevailing in the first three months of the year), and the timing of Commonwealth funding for health (up \$39 million) and roads (up \$33 million);
- higher royalty income (up \$142 million), due primarily to higher contract prices and volumes for iron ore this year, partially offset by the impact of a higher exchange rate (which has reduced significantly since that time) and lower nickel prices; and
- higher sales of goods and services (up \$42 million), mainly due to timing of Department of Health revenue and higher collections from the Perth Parking Fee Levy.

The following chart shows monthly revenue collections for the first three months of 2008-09, relative to monthly revenue recorded through 2007-08.

Figure 1



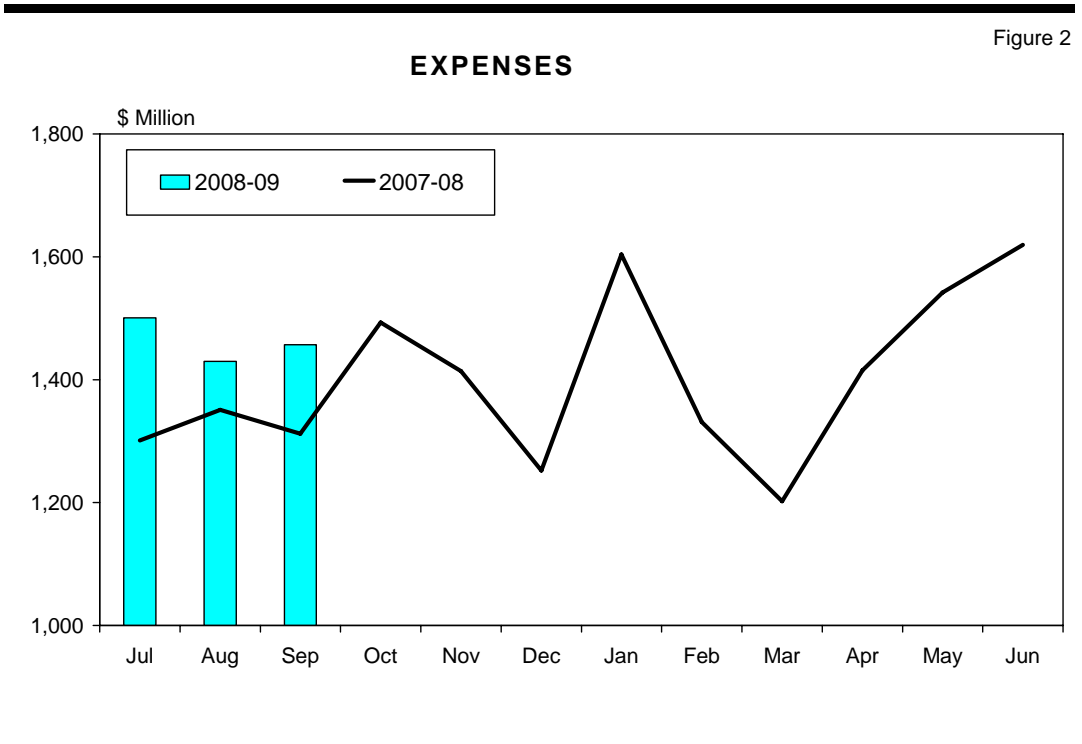
Expenses

Expenses for the three months to 30 September 2008 totalled \$4,387 million, or 24.4% of the annual budget estimate for 2008-09. This was \$423 million (or 10.7%) higher than the same period in 2007-08, and reflects:

- higher salaries (up \$215 million), mainly due to:
 - higher employee numbers and pay rates in the health sector (up \$97 million), as a result of general demand, the cost of increasing mental health and other health services impacting hospital staff numbers, and the impact of significant Enterprise Bargaining Agreements (EBAs) settled during 2007-08;
 - higher teaching and non-teaching staff numbers and pay rates in the education sector (up \$59 million);
 - the impact of EBAs and employee numbers in the law and order sector (up \$19 million); and
 - higher pay rates for general public servants following settlement of a new Public Sector General Agreement in July 2008;
- higher current and capital transfers (up \$95 million), due to increased funding for community housing and maintenance in remote indigenous communities (up \$25 million), increased grants for health related services (up \$19 million), higher community services obligation payments (up \$16 million) for water services, and the on-passing of Commonwealth grants to non-government schools (up \$11 million); and

- higher services and contract expenses (up \$57 million), mainly due to higher property lease expenses for commercial property and higher recurrent construction costs for government schools, the Rockingham/Kwinana hospital and the Joondalup and Peel health campuses.

Figure 2 shows that relative to monthly expenses in 2008-09, general government spending is tracking consistently higher than the same time last year.



Balance Sheet

The net worth of the general government sector increased by \$459 million in the three months to 30 September 2008 to stand at \$93.2 billion. This increase reflects operating surplus results across the public sector.

The general government sector continued to be net debt free during the first quarter of 2008-09, with financial assets exceeding borrowings and other debt liabilities by \$3.4 billion at 30 September 2008.

Further detail on balance sheet aggregates is available below (see Total Public Sector).

Cash Flow

A cash surplus of \$68 million was recorded in the September quarter 2008. This was lower than the \$116 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 \$472 million for the three months ended 30 September 2008 (down \$16 million on the same period a year earlier). Net cash outflows for capital investment (i.e. investment in non-financial assets such as infrastructure and land) increased to \$404 million (up \$32 million from the same period in 2007-08), mainly reflecting continued growth in the State's Capital Works Program for 2008-09, particularly for Perry Lakes sporting facilities, roads and health projects.

Total Public Sector¹

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).

SUMMARY OF TOTAL PUBLIC SECTOR FINANCES Western Australia

Table 2

	2008-09		2007-08	
	Three Months to 30 Sept \$m	Estimated Outturn ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
Net operating balance	359	1,788	1,058	2,423
Net worth	93,239	84,453	77,157	92,780
Increase in cash balances	567	-169	381	337
<i>Memorandum items</i>				
Net lending	-389	-2,274	-305	-419
Net debt	3,665	6,826	2,797	3,634
Cash surplus	-42	-2,383	191	-92

(a) Consistent with the revised outturn published in the *Pre-election Financial Projections Statement*, released 16 August 2008.

(b) Data for the 2007-08 outturn (originally published in the *2007-08 Annual Report on State Finances*) and for September 2007 has been adjusted in this report to be consistent with AASB 1049 for comparative purposes. See Foreword for further details.

Operating Statement

A total public sector operating surplus of \$359 million was recorded for the first three months of 2008-09, down \$699 million on the surplus recorded for the same period in 2007-08. This includes the \$220 million operating result for the general government sector (see above).

The PNC sector recorded an operating surplus of \$48 million for the three months ended 30 September 2008, \$98 million lower than the surplus recorded for the same period the previous year. This is mainly due to lower profitability of Verve Energy (the State's public sector electricity generator), due to a decrease in sales and higher fuel costs (driven by increased energy input costs and gas supply disruptions).

¹ Also known as whole-of-government.

The PFC sector recorded an operating surplus of \$92 million for the three months ended 30 September 2008, \$87 million lower than the surplus recorded in the same period last year. This mainly reflects lower investment revenue reported by the Insurance Commission of Western Australia, reflecting the impact of international financial market turmoil.

Balance Sheet

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 remained consistent during the first quarter of 2008-09, standing at \$3.7 billion at 30 September 2008, broadly unchanged from the level of net debt recorded at the end of 2007-08.

Total assets increased by \$2.5 billion during the quarter, mainly due to:

- higher holdings of land and infrastructure assets reflecting spending on the State's substantial Capital Works Program (up \$1.0 billion); and
- higher financial asset holdings (up \$1.5 billion), reflecting higher investments, loans and placements due to increased investment activity by the Western Australian Treasury Corporation.

Liabilities increased \$2.1 billion during the three months to 30 September 2008, primarily due to:

- higher borrowing (up \$1.5 billion), related to the Capital Works Program; and
- higher payables (up \$0.5 billion), largely for issues reflecting timing differences between expenses incurred and cash payments.

Cash Flow

A cash deficit of \$42 million was recorded for the three months ended 30 September 2008 (compared with a \$191 million surplus for the same period in 2007-08). This reflects the cash impact of the operating surplus outlined above and net cash outflows for infrastructure spending of \$1,057 million.

Spending on fixed assets was \$157 million higher (or around 15%) relative to the same time in 2007-08, and included the general government sector investment noted earlier, and higher spending on electricity, housing and water projects.

Interim Financial Statements

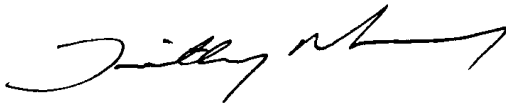
Statement of Responsibility

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

In our opinion, the statements are a true and fair presentation of the operating statements and cash flows of these sectors for the three months ended 30 September 2008 and of the balance sheets of these reporting entities at 30 September 2008. 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*.

In each of the following financial statement disclosures, the 2008-09 annual estimate is consistent with the revised outturn published in the *Pre-election Financial Projections Statement*, released 16 August 2008. Data for the 2007-08 outturn (originally published in the *2007-08 Annual Report on State Finances*) and for September 2007 has been adjusted in this report to be consistent with AASB 1049 for comparative purposes. See Foreword for further details.



TIMOTHY MARNEY
UNDER TREASURER



MAGDALENA WITTEK
A/ASSISTANT DIRECTOR
FINANCIAL REPORTING

26 November 2008

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Table 1.1

GENERAL GOVERNMENT
Operating Statement

	Note	2008-09		2007-08	
		Three Months to 30 Sept	Annual Estimate	Three Months to 30 Sept	Actual
		\$m	\$m	\$m	\$m
<i>Revenue</i>					
Taxation		1,385	6,287	1,879	6,447
Current grants and subsidies		1,913	7,751	1,754	7,800
Capital grants		108	446	83	436
Sales of goods and services		372	1,330	330	1,407
Interest Income		94	241	69	332
Revenue from public corporations					
Dividends		37	476	49	512
Tax equivalent payments		78	355	70	368
Royalty income		528	2,715	386	1,680
Other		91	302	79	364
Total revenue	2	4,607	19,903	4,698	19,345
<i>Expenses</i>					
Salaries		1,798	7,224	1,583	6,906
Superannuation					
Concurrent costs		174	697	154	666
Superannuation interest cost		77	312	70	359
Other employee costs		69	280	55	276
Depreciation and amortisation		187	776	171	709
Services and contracts		470	2,195	413	1,981
Other gross operating expenses		417	1,819	421	1,560
Other interest		27	121	25	120
Other property expenses		-	-	-	-
Current transfers	3	1,074	4,066	957	3,769
Capital transfers	3	94	482	116	491
Total expenses		4,387	17,972	3,964	16,837
NET OPERATING BALANCE	4	220	1,930	734	2,507
<i>Other economic flows</i>					
Net gains on sale of non-financial assets		14	183	-5	179
Net actuarial gains		-	-	-	-291
Provision for doubtful debts		-	-	-	-59
All other		-	-3	-	-
Total other economic flows		14	179	-5	-170
OPERATING RESULT		234	2,110	728	2,337
<i>All other movements in equity</i>					
Revaluations		42	1,004	96	11,296
Gains recognised directly in equity		-6	-1	-5	8
Changes in accounting policy/correction of prior period errors		-	-	-	328
Change in net worth of the public corporations sectors		189	881	482	2,955
All other		-	-	-	-
Total all other movements in equity		226	1,885	573	14,587
TOTAL CHANGE IN NET WORTH		459	3,995	1,301	16,924
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE	4	220	1,930	734	2,507
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		466	2,721	415	2,022
Changes in inventories		-1	-	2	3
Other movement in non-financial assets		-	-37	-	167
<i>less:</i>					
Sales of non-financial assets		62	165	43	244
Depreciation		187	776	171	709
Total net acquisition of non-financial assets		216	1,742	204	1,239
NET LENDING/-BORROWING	4	3	188	530	1,268

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

GENERAL GOVERNMENT
Balance Sheet at End of Period

Table 1.2

	Note	2008-09		2007-08	
		30-Sep \$m	Annual Estimate \$m	30-Sep \$m	Actual \$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		486	398	544	497
Advances paid		740	730	754	736
Investments, loans and placements	5	3,908	3,583	3,228	3,970
Receivables	6	1,569	1,736	1,711	1,734
Investment property		9	12	-	9
Equity					
Investments in other public sector entities - equity method		29,241	28,165	26,579	29,052
Investments in other public sector entities - direct injections		2,849	3,232	2,548	2,797
Investments in external entities - shareholdings		-	-	-	-
Other financial assets		-	5	-	-
Total financial assets		38,802	37,860	35,364	38,795
<i>Non-financial assets</i>					
Land		37,836	29,769	28,656	37,624
Property, plant and equipment		26,724	26,649	22,729	26,603
Biological assets		2	2	2	2
Inventories					
Land inventories		101	44	54	93
Other inventories		57	56	58	59
Intangibles		256	199	208	259
Non-current assets held for sale		31	76	87	44
Other		131	-	58	54
Total non-financial assets		65,139	56,797	51,852	64,737
TOTAL ASSETS		103,940	94,657	87,216	103,533
LIABILITIES					
Deposits held		327	248	411	326
Advances received		510	496	523	510
Borrowings	7	1,002	1,012	958	1,046
Unfunded superannuation		5,788	5,224	5,465	5,796
Other employee benefits		1,894	1,850	1,681	1,848
Payables		355	303	323	381
Other liabilities		825	1,069	697	846
TOTAL LIABILITIES		10,701	10,204	10,059	10,753
NET ASSETS		93,239	84,453	77,157	92,780
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		9,168	11,125	7,325	8,934
Other reserves		84,071	73,329	69,832	83,846
NET WORTH	4	93,239	84,453	77,157	92,780
MEMORANDUM ITEMS					
<i>Net financial worth</i>		28,100	27,656	25,305	28,042
<i>Net financial liabilities</i>		3,989	3,740	3,822	3,807
<i>Net debt</i>					
Gross debt liabilities		1,839	1,757	1,892	1,882
less: liquid financial assets		5,134	4,711	4,526	5,203
less: convergence differences impacting net debt		88	88	88	88
Net debt		-3,383	-3,042	-2,722	-3,409

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

Table 1.3

GENERAL GOVERNMENT
Cash Flow Statement

	Note	2008-09		2007-08	
		Three Months to 30 Sept \$m	Annual Estimate \$m	Three Months to 30 Sept \$m	Actual \$m
OPERATING ACTIVITIES					
<i>Receipts from operating activities</i>					
Taxes received		1,482	6,305	1,432	6,294
Grants and subsidies received		2,016	8,179	1,835	8,192
Receipts from sales of goods and services		435	1,471	359	1,505
Interest receipts		87	248	62	314
Dividends and tax equivalents		79	851	63	827
Other receipts		885	3,887	673	2,736
<i>Total receipts from operating activities</i>		4,985	20,942	4,424	19,867
<i>Payments for operating activities</i>					
Wages, salaries and supplements, and superannuation		-1,972	-8,292	-1,786	-7,684
Payments for goods and services		-1,244	-4,307	-998	-4,068
Interest paid		-25	-120	-26	-112
Grants and subsidies paid		-955	-4,123	-869	-3,844
Dividends and tax equivalents		-	-	-	-
Other payments		-317	-1,208	-257	-1,099
<i>Total payments for operating activities</i>		-4,512	-18,049	-3,936	-16,807
NET CASH FLOWS FROM OPERATING ACTIVITIES		472	2,892	488	3,060
INVESTING ACTIVITIES					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets		-466	-2,721	-415	-2,022
Sales of non-financial assets		62	165	43	244
<i>Total cash flows from investments in non-financial assets</i>		-404	-2,555	-372	-1,778
<i>Cash flows from investments in financial assets</i>					
<i>Receipts from investing activities:</i>					
For policy purposes		-	-	-	1
For liquidity purposes		16	-	21	83
<i>Payments for investing activities:</i>					
For policy purposes		-53	-283	-100	-349
For liquidity purposes		-3	-10	-20	-1
<i>Total cash flows from investments in financial assets</i>		-40	-293	-98	-267
NET CASH FLOWS FROM INVESTING ACTIVITIES		-444	-2,849	-471	-2,045
FINANCING ACTIVITIES					
<i>Receipts from financing activities</i>					
Advances received		-	1	-	13
Borrowings		133	58	21	45
Deposits received		-	-	-	-
Other financing receipts		6	27	6	54
<i>Total receipts from financing activities</i>		139	85	27	111
<i>Payments for financing activities</i>					
Advances paid		-	-	-	-16
Borrowings repaid		-152	-177	-57	-189
Deposits paid		-	-	-	-
Other financing payments		-11	-107	-2	-31
<i>Total payments for financing activities</i>		-163	-284	-59	-236
NET CASH FLOWS FROM FINANCING ACTIVITIES		-24	-199	-32	-125
Net increase in cash and cash equivalents		4	-155	-15	890
Opening balance		4,236	3,923	3,346	3,346
Closing balance		4,240	3,768	3,331	4,236
KEY FISCAL AGGREGATES					
Net cash flows from operating activities		472	2,892	488	3,060
Net cash flows from investing in non-financial assets		-404	-2,555	-372	-1,778
Cash surplus/-deficit	4	68	337	116	1,281

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

Table 1.4

TOTAL PUBLIC SECTOR OPERATING STATEMENT
For the three months ended 30 September 2008

	2008-09		2007-08		
	Note	Three Months to 30 Sept	Annual Estimate	Three Months to 30 Sept	Actual
		\$m	\$m	\$m	\$m
<i>Revenue</i>					
Taxation		1,332	6,065	1,821	6,214
Current grants and subsidies		1,913	7,751	1,754	7,800
Capital grants		108	446	83	436
Sales of goods and services		2,363	9,105	2,109	8,894
Interest Income		281	678	189	757
Royalty income		528	2,715	386	1,680
Other		200	745	169	746
<i>Total revenue</i>	2	6,726	27,505	6,510	26,525
<i>Expenses</i>					
Salaries		1,998	8,050	1,760	7,637
Superannuation					
Concurrent costs		194	776	171	740
Superannuation interest cost		77	312	70	359
Other employee costs		52	197	43	228
Depreciation and amortisation		420	1,726	375	1,549
Services and contracts		589	2,461	510	2,473
Other gross operating expenses		1,857	7,396	1,462	6,733
Other interest		272	1,102	218	966
Other property expenses		-	-	-	-
Current transfers	3	837	3,303	769	2,988
Capital transfers	3	69	392	74	428
<i>Total expenses</i>		6,366	25,717	5,452	24,101
NET OPERATING BALANCE	4	359	1,788	1,058	2,423
<i>Other economic flows</i>					
Net gains on sale of non-financial assets		38	505	42	376
Net actuarial gains		-	-	-	-300
Provision for doubtful debts		-2	-9	-1	-70
All other		-	-	-	-
<i>Total other economic flows</i>		36	496	41	6
OPERATING RESULT		395	2,284	1,099	2,430
<i>All other movements in equity</i>					
Revaluations		-296	1,757	-235	14,439
Gains recognised directly in equity		361	-46	437	479
Changes in accounting policy/correction of prior period errors		-	-	-	-76
All other		-	-	-	-
<i>Total all other movements in equity</i>		64	1,710	202	11,444
TOTAL CHANGE IN NET WORTH		459	3,995	1,301	13,873
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE	4	359	1,788	1,058	2,423
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		1,177	6,471	1,020	4,973
Changes in inventories		123	-16	928	374
Other movement in non-financial assets		-11	376	-	-77
<i>less:</i>					
Sales of non-financial assets		120	1,043	209	880
Depreciation		420	1,726	375	1,549
<i>Total net acquisition of non-financial assets</i>		749	4,062	1,364	2,842
NET LENDING/-BORROWING	4	-389	-2,274	-305	-419

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

Table 1.5

TOTAL PUBLIC SECTOR BALANCE SHEET
As at 30 September 2008

	Note	2008-09		2007-08	
		30-Sep \$m	Annual Estimate \$m	30-Sep \$m	Actual \$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		889	757	808	822
Advances paid		1,942	2,139	1,480	1,743
Investments, loans and placements	5	11,012	7,611	8,991	9,852
Receivables	6	3,690	2,866	2,691	3,599
Investment property		417	428	368	398
Equity - investments in external entities - shareholdings		1,020	1,534	1,384	1,089
Other financial assets		19	83	3	12
<i>Total financial assets</i>		<i>18,990</i>	<i>15,419</i>	<i>15,723</i>	<i>17,515</i>
<i>Non-financial assets</i>					
Land		48,641	39,628	37,713	48,285
Property, plant and equipment		55,006	57,076	47,911	54,614
Biological assets		357	356	337	351
Inventories					
Land inventories		1,365	1,503	1,161	1,320
Other inventories		1,180	886	1,612	1,058
Intangibles		429	325	310	434
Non-current assets held for sale		40	87	99	55
Other		221	-	142	88
<i>Total non-financial assets</i>		<i>107,240</i>	<i>99,860</i>	<i>89,285</i>	<i>106,205</i>
TOTAL ASSETS		126,230	115,279	105,008	123,719
LIABILITIES					
Deposits held		131	122	127	129
Advances received		510	496	523	510
Borrowings	7	16,956	16,803	13,513	15,500
Unfunded superannuation		5,908	5,383	5,633	5,920
Other employee benefits		2,168	2,106	1,932	2,119
Payables		3,399	2,273	2,415	2,890
Other liabilities		3,920	3,642	3,708	3,872
TOTAL LIABILITIES		32,991	30,826	27,851	30,940
NET ASSETS		93,239	84,453	77,157	92,780
<i>Of which:</i>					
<i>Contributed equity</i>					
Accumulated surplus		33,861	31,067	26,883	33,466
Other reserves		59,378	53,387	50,274	59,314
NET WORTH	4	93,239	84,453	77,157	92,780
MEMORANDUM ITEMS					
<i>Net financial worth</i>		<i>-14,002</i>	<i>-15,407</i>	<i>-12,128</i>	<i>-13,425</i>
<i>Net financial liabilities</i>		<i>15,022</i>	<i>16,941</i>	<i>13,511</i>	<i>14,515</i>
<i>Net debt</i>					
Gross debt liabilities		17,596	17,421	14,163	16,139
less: liquid financial assets		13,843	10,507	11,278	12,417
less: convergence differences impacting net debt		88	88	88	88
<i>Net debt</i>		<i>3,665</i>	<i>6,826</i>	<i>2,797</i>	<i>3,634</i>

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

Table 1.6

TOTAL PUBLIC SECTOR CASH FLOW STATEMENT
For the three months ended 30 September 2008

	Note	2008-09		2007-08	
		Three Months to 30 Sept	Annual Estimate	Three Months to 30 Sept	Actual
		\$m	\$m	\$m	\$m
OPERATING ACTIVITIES					
<i>Receipts from operating activities</i>					
Taxes received		1,450	6,046	1,392	6,023
Grants and subsidies received		2,016	8,179	1,835	8,192
Receipts from sales of goods and services		2,954	9,273	2,442	9,496
Interest receipts		222	640	163	762
Other receipts		1,068	4,585	848	3,401
<i>Total receipts from operating activities</i>		7,710	28,724	6,680	27,874
<i>Payments for operating activities</i>					
Wages, salaries and supplements, and superannuation		-2,192	-9,245	-1,982	-8,500
Payments for goods and services		-2,972	-9,943	-2,311	-9,526
Interest paid		-129	-1,052	-93	-761
Grants and subsidies paid		-834	-3,404	-778	-3,100
Other payments		-569	-2,034	-513	-1,985
<i>Total payments for operating activities</i>		-6,695	-25,678	-5,678	-23,872
NET CASH FLOWS FROM OPERATING ACTIVITIES		1,015	3,046	1,002	4,001
INVESTING ACTIVITIES					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets		-1,177	-6,471	-1,020	-4,973
Sales of non-financial assets		120	1,043	209	880
<i>Total cash flows from investments in non-financial assets</i>		-1,057	-5,429	-811	-4,094
<i>Cash flows from investments in financial assets</i>					
<i>Receipts from investing activities:</i>					
For policy purposes		-	-	-	-15
For liquidity purposes		734	1,246	624	3,074
<i>Payments for investing activities:</i>					
For policy purposes		-	-	-	-1
For liquidity purposes		-820	-1,864	-577	-4,046
<i>Total cash flows from investments in financial assets</i>		-86	-617	47	-988
NET CASH FLOWS FROM INVESTING ACTIVITIES		-1,143	-6,046	-764	-5,082
FINANCING ACTIVITIES					
<i>Receipts from financing activities</i>					
Advances received		-	1	-	-
Borrowings		2,860	18,320	1,809	12,629
Deposits received		-	-	-	-
Other financing receipts		6	27	6	62
<i>Total receipts from financing activities</i>		2,866	18,347	1,815	12,691
<i>Payments for financing activities</i>					
Advances paid		-	-13	-	-16
Borrowings repaid		-2,148	-15,396	-1,668	-11,200
Deposits paid		-	-	-	-
Other financing payments		-23	-107	-5	-58
<i>Total payments for financing activities</i>		-2,171	-15,517	-1,672	-11,273
NET CASH FLOWS FROM FINANCING ACTIVITIES		695	2,831	143	1,418
Net increase in cash and cash equivalents		567	-169	381	337
Opening balance		6,636	7,424	6,299	6,299
Closing balance		7,204	7,254	6,681	6,636
KEY FISCAL AGGREGATES					
Net cash flows from operating activities		1,015	3,046	1,002	4,001
Net cash flows from investing in non-financial assets		-1,057	-5,429	-811	-4,094
Cash surplus/-deficit	4	-42	-2,383	191	-92

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

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Statement

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

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

(b) The reporting entities

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

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

(c) Basis of Preparation

The financial statements for the three months ended 30 September 2008 have been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting*, 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 2008, presented in Appendix 6 of the *2007-08 Annual Report on State Finances* (ARSF) released on 26 September 2008. The accounting policies adopted in this publication are consistent with those outlined in the 2007-08 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 2007-08 ARSF.

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

(d) Unaudited data

The Interim Financial Statements are not subject to audit.

(e) *Comparative figures*

Comparative information has been restated to the presentation format consistent with AASB 1049. Key differences between this format and previous disclosures can be found in the 2008-09 Budget Paper Number 3: *Economic and Fiscal Outlook* Appendix 4: *Changes to Whole-of-Government Financial Reporting and Presentation*.

NOTE 2: OPERATING REVENUE

A detailed dissection of total public sector and general government 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

General Government

	2008-09		2007-08	
	Three Months to 30 Sept	Annual Estimate ^(b)	Three Months to 30 Sept	Actual
	\$m	\$m	\$m	\$m
<i>CURRENT TRANSFERS</i>				
Local Government	25	104	27	85
Local Government on-passing	33	130	31	122
Private and Not-for-profit sector	491	1,727	441	1,607
Private and Not-for-profit sector on-passing	147	588	136	603
Other sectors of Government	379	1,518	323	1,351
<i>Total Current Transfers</i>	<i>1,074</i>	<i>4,066</i>	<i>957</i>	<i>3,769</i>
<i>CAPITAL TRANSFERS</i>				
Local Government	14	116	13	141
Local Government on-passing	22	87	21	83
Private and Not-for-profit sector	28	162	35	117
Private and Not-for-profit sector on-passing	5	18	5	31
Other sectors of Government	25	98	42	120
<i>Total Capital Transfers</i>	<i>94</i>	<i>482</i>	<i>116</i>	<i>491</i>

Total Public Sector

	2008-09		2007-08	
	Three Months to 30 Sept	Annual Estimate ^(b)	Three Months to 30 Sept	Actual
	\$m	\$m	\$m	\$m
<i>CURRENT TRANSFERS</i>				
Local Government	22	93	24	79
Local Government on-passing	33	130	31	122
Private and Not-for-profit sector	629	2,383	573	2,149
Private and Not-for-profit sector on-passing	147	588	136	603
Other sectors of Government	7	109	4	35
<i>Total Current Transfers</i>	<i>837</i>	<i>3,303</i>	<i>769</i>	<i>2,988</i>
<i>CAPITAL TRANSFERS</i>				
Local Government	14	118	13	160
Local Government on-passing	22	87	21	83
Private and Not-for-profit sector	28	169	35	154
Private and Not-for-profit sector on-passing	5	18	5	31
Other sectors of Government	-	-	-	-
<i>Total Capital Transfers</i>	<i>69</i>	<i>392</i>	<i>74</i>	<i>428</i>

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

(b) Consistent with the revised outturn published in the *Pre-election Financial Projections Statement*, released 16 August 2008.

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 2008 results.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Operating Balance

	2008-09		2007-08	
	Three Months to 30 Sept	Annual Estimate	Three Months to 30 Sept	Twelve Months to 30 June
	\$m	\$m	\$m	\$m
<i>General government</i>				
<i>AASB1049 net operating balance</i>	220	1,930	734	2,507
<i>Plus GFS revenue adjustments</i>				
Capital grants - prepaid AusLink road grants	37	112	13	69
Goods and services revenue - intersector equity/asset transfers recorded as revenue	-	-	-	-7
All other	-	-	-	-
<i>Total GFS revenue adjustments</i>	37	112	13	62
<i>Less GFS expense adjustments</i>				
Capitalised interest	-	-	-	-
All other	-	-	-	-
<i>Total GFS expense adjustments</i>	-	-	-	-
<i>Total GFS adjustments to AASB 1049 net operating balance</i>	37	112	13	62
GFS net operating balance	257	2,043	746	2,569
<i>Total public sector</i>				
<i>AASB1049 net operating balance</i>	359	1,788	1,058	2,423
<i>Plus GFS revenue adjustments</i>				
Capital grants - prepaid AusLink road grants	37	112	13	69
Goods and services revenue - intersector equity/asset transfers recorded as revenue	-	-	-	-7
All other	-	-	-	-
<i>Total GFS revenue adjustments</i>	37	112	13	62
<i>Less GFS expense adjustments</i>				
Capitalised interest	11	-	-	30
All other	-	-	-	-
<i>Total GFS expense adjustments</i>	11	-	-	30
<i>Total GFS adjustments to AASB 1049 net operating balance</i>	26	107	13	32
GFS net operating balance	385	1,895	1,071	2,455

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Net Lending/- Borrowing

	2008-09		2007-08	
	Three Months to 30 Sept	Annual Estimate	Three Months to 30 Sept	Twelve Months to 30 June
	\$m	\$m	\$m	\$m
<u>General government</u>				
AASB1049 net lending/-borrowing	3	188	530	1,268
Plus Net operating balance convergence differences (noted above)	37	112	13	62
GFS net lending/-borrowing	41	300	542	1,330
<u>Total public sector</u>				
AASB1049 net lending/-borrowing	-389	-2,274	-305	-419
Plus Net operating balance convergence differences (noted above)	26	107	13	32
GFS net lending/-borrowing	-363	-2,167	-293	-387

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Net Worth

	2008-09		2007-08	
	Three Months to 30 Sept	Annual Estimate	Three Months to 30 Sept	Twelve Months to 30 June
	\$m	\$m	\$m	\$m
<u>General government</u>				
AASB1049 net worth	93,239	84,453	77,157	92,780
<u>Plus</u>				
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88	88	88
Provision for doubtful debts				
General government sector	183	-	-	183
Impact on public corporations net worth	53	-	-	25
Impact of AusLink Road grants prepayments	-165	-89	-258	-202
<i>Total GFS net worth adjustments</i>	<i>159</i>	<i>149</i>	<i>-170</i>	<i>94</i>
GFS net worth	93,398	84,602	76,987	92,874
<u>Total public sector</u>				
AASB1049 net worth	93,239	84,453	77,157	92,780
<u>Plus</u>				
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88	88	88
Provision for doubtful debts	236	-	-	209
Impact of AusLink Road grants prepayments	-165	-89	-258	-202
<i>Total GFS net worth adjustments</i>	<i>159</i>	<i>150</i>	<i>-170</i>	<i>94</i>
GFS net worth	93,398	84,603	76,987	92,874

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Cash Surplus/- Deficit

	2008-09		2007-08	
	Three Months to 30 Sept	Annual Estimate	Three Months to 30 Sept	Twelve Months to 30 June
	\$m	\$m	\$m	\$m
<i>General government</i>				
AASB1049 cash surplus/-deficit	68	337	116	1,281
Less Acquisitions under finance leases and similar arrangements	-	-	-	213
GFS cash surplus/-deficit	68	337	116	1,068
<i>Total public sector</i>				
AASB1049 cash surplus/-deficit	-42	-2,383	191	-92
Less Acquisitions under finance leases and similar arrangements	-	-	-	-
GFS cash surplus/-deficit	-42	-2,801	191	-92

NOTE 5: INVESTMENTS, LOANS AND PLACEMENTS

General Government

	2008-09		2007-08	
	30-Sep	Annual Estimate	30-Sep	30-Jun
	\$m	\$m	\$m	\$m
<i>Investments</i>				
Term deposits	3,724	3,402	2,965	3,770
Government securities	185	181	263	200
Total	3,908	3,583	3,228	3,970
<i>Loans and advances</i>				
Loans	-	-	-	-
Financial Assets held for trading/available for sale	-	-	-	-
Total	-	-	-	-
Total	3,908	3,583	3,228	3,970

Total Public Sector

	2008-09		2007-08	
	30-Sep	Annual Estimate	30-Sep	30-Jun
	\$m	\$m	\$m	\$m
<i>Investments</i>				
Term deposits	8,293	6,137	7,379	7,944
Government securities	412	292	392	378
Total	8,705	6,430	7,770	8,323
<i>Loans and advances</i>				
Loans	2,261	1,155	1,175	1,495
Financial Assets held for trading/available for sale	46	26	46	34
Total	2,307	1,181	1,221	1,529
Total	11,012	7,611	8,991	9,852

NOTE 6: RECEIVABLES

General Government

	2008-09		2007-08	
	30-Sep	Annual Estimate	30-Sep	30-Jun
	\$m	\$m	\$m	\$m
Accounts Receivable	1,752	1,874	1,847	1,918
Provision for impairment of receivables	-183	-138	-136	-183
Total	1,569	1,736	1,711	1,734

Total Public Sector

	2008-09		2007-08	
	30-Sep	Annual Estimate	30-Sep	30-Jun
	\$m	\$m	\$m	\$m
Accounts Receivable	3,927	3,017	2,847	3,807
Provision for impairment of receivables	-236	-151	-156	-209
Total	3,690	2,866	2,691	3,599

NOTE 7: BORROWINGS

General Government

	2008-09		2007-08	
	30-Sep	Annual Estimate	30-Sep	30-Jun
	\$m	\$m	\$m	\$m
Bank overdrafts	72	78	97	-
Finance leases	284	245	74	285
Derivative Financial Instruments	-	690	-	-
Domestic and foreign borrowings	646	-	787	762
Total Current	1,002	1,012	958	1,046

Total Public Sector

	2008-09		2007-08	
	30-Sep	Annual Estimate	30-Sep	30-Jun
	\$m	\$m	\$m	\$m
Bank overdrafts	75	78	98	1
Finance leases	809	1,058	387	812
Derivative Financial Instruments	15,169	210	12,776	14,082
Domestic and foreign borrowings	903	15,457	251	605
Total Current	16,956	16,803	13,513	15,500

NOTE 8: DETAILS OF AGENCIES CONSOLIDATED

The agencies included in these financial statements were detailed in Note 38, Composition of Sectors in the *2007-08 Annual Report on State Finances*. The only change since that date is that the Eastern Goldfields Transport Board ceased to operate with effect from 29 July 2008.

NOTE 9: CONTINGENT LIABILITIES

There have been no material changes in contingent liabilities since the issue of the *2007-08 Annual Report on State Finances*.

APPENDIX 2

Operating Revenue

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

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

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

Table 2.1

GENERAL GOVERNMENT
Operating Revenue

	2008-09			2007-08		
	Month of Sept	Three Months to 30 Sept	Annual Estimate ^(a)	Month of Sept	Three Months to 30 Sept	Actual ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m
TAXATION						
Taxes on employers' payroll and labour force	189	584	2,112	160	482	1,940
<i>Payroll tax</i>	189	584	2,112	160	482	1,940
Property taxes						
<i>Land tax</i>	1	-	563	-	332	421
Transfer Duty	137	358	1,669	182	545	2,265
Landholder Duty	-	-	138	-	-	-
<i>Total duty on transfers</i>	137	358	1,807	182	545	2,265
Mortgages	-	3	10	9	30	108
Other stamp duties	-2	-	1	-	2	-
Metropolitan Region Improvement Tax	-	-	86	38	38	76
Emergency Services Levy	10	58	154	34	68	150
Loan guarantee fees	1	4	22	1	4	14
<i>Total other property taxes</i>	9	66	273	82	141	348
Taxes on provision of goods and services						
Lotteries Commission	10	29	114	9	28	121
Video lottery terminals	-	-	1	-	-	-
Casino Tax	6	20	81	7	20	84
TAB betting tax	-	5	35	5	13	30
<i>Total taxes on gambling</i>	15	54	230	21	61	235
Insurance Duty	30	97	368	31	95	342
Other	3	5	18	2	6	30
<i>Total taxes on insurance</i>	33	102	386	33	101	372
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	28	86	406	33	100	393
Permits - Oversize Vehicles and Loads	-	1	4	-	-	5
Motor Vehicle recording fee	3	10	40	3	9	34
Motor Vehicle registrations	37	123	465	33	108	434
<i>Total motor vehicle taxes</i>	68	221	916	68	217	866
<i>Total Taxation</i>	451	1,385	6,287	876	1,879	6,447
CURRENT GRANTS AND SUBSIDIES						
General Purpose Grants						
GST Grants	188	887	3,918	187	924	3,984
Competition Reform	-	-	-	4	4	4
Compensation for Condensate Excise	9	9	9	-	-	71
Specific Purpose Grants to the State						
Australian Health Care Agreement	94	262	972	71	229	971
Other health	42	84	322	18	78	349
Schools assistance – government schools	32	61	274	44	86	312
Vocational training	-	24	103	-	23	102
Roads	-	9	27	1	6	36
Other	16	84	312	16	40	364
Specific Purpose Grants through the State						
Schools assistance – non-government schools	3	147	588	-	136	603
Local government financial assistance grants	-	33	130	-	31	122
Local government roads	-	22	87	-	21	83
Other	-	-	31	-	-	-
Other Grants						
North west shelf royalties	101	290	979	59	175	798
<i>Total Current Grants and Subsidies</i>	484	1,913	7,751	400	1,754	7,800

GENERAL GOVERNMENT
Operating Revenue

Table 2.1 (cont.)

	2008-09			2007-08		
	Month	Three	Annual Estimate ^(a)	Month	Three	Actual ^(a)
	of Sept	Months to 30 Sept		of Sept	Months to 30 Sept	
\$m	\$m	\$m	\$m	\$m	\$m	
CAPITAL GRANTS						
Specific Purpose Grants to the State						
Roads	53	60	152	3	-	174
Schools assistance – government schools	3	9	33	3	8	32
Vocational training	-	4	17	-	4	26
Other	3	30	227	14	62	173
Specific Purpose Grants through the State						
Schools assistance – non-government schools	2	5	18	1	5	31
<i>Total Capital Grants</i>	<i>61</i>	<i>108</i>	<i>446</i>	<i>21</i>	<i>83</i>	<i>436</i>
SALES OF GOODS AND SERVICES	112	372	1,330	193	558	1,407
INTEREST INCOME	37	94	241	21	69	332
REVENUE FROM PUBLIC CORPORATIONS						
Dividends	37	37	476	49	-	512
Tax Equivalent Regime	22	78	355	16	70	368
<i>Total Revenue from Public Corporations</i>	<i>59</i>	<i>116</i>	<i>831</i>	<i>64</i>	<i>119</i>	<i>880</i>
ROYALTY INCOME	366	528	2,715	214	386	1,680
OTHER						
Lease Rentals	6	18	58	4	16	65
Fines	12	34	125	10	36	125
Revenue not elsewhere counted	17	39	119	4	27	174
<i>Total Other</i>	<i>34</i>	<i>91</i>	<i>302</i>	<i>19</i>	<i>79</i>	<i>364</i>
GRAND TOTAL	1,603	4,607	19,903	1,718	4,698	19,345

(a) Consistent with the revised outturn published in the *Pre-election Financial Projections Statement*, released 16 August 2008.

(b) Data for the 2007-08 outturn (originally published in the *2007-08 Annual Report on State Finances*) and for September 2007 has been adjusted in this report to be consistent with AASB 1049 for comparative purposes. See Foreword for further details.

Note: Columns may not add due to rounding.

Table 2.2

TOTAL PUBLIC SECTOR
Operating Revenue

	2008-09		2007-08	
	Three Months to 30 Sept \$m	Annual Estimate ^(a) \$m	Three Months to 30 Sept	Actual ^(a) \$m
TAXATION				
Taxes on employers' payroll and labour force	576	2,087	475	1,904
<i>Payroll tax</i>	576	2,087	475	1,904
Property taxes				
<i>Land tax</i>	-6	538	326	391
Transfer Duty	358	1,669	545	2,265
Landholder Duty	-	138	-	-
<i>Total duty on transfers</i>	358	1,807	545	2,265
Mortgages	3	10	30	108
Other stamp duties	-	1	2	-
Metropolitan Region Improvement Tax	-	86	38	76
Emergency Services Levy	58	151	67	146
Loan guarantee fees	-	2	-	1
<i>Total other property taxes</i>	61	250	137	332
Taxes on provision of goods and services				
Lotteries Commission	-	-	-	-
Video lottery terminals	-	1	-	-
Casino Tax	20	81	20	84
TAB betting tax	-	-	-	-
<i>Total taxes on gambling</i>	20	82	20	84
Insurance Duty	97	368	95	342
Other	5	18	6	30
<i>Total taxes on insurance</i>	102	386	101	372
Taxes on use of goods and performance of activities				
Vehicle Licence Duty	86	406	100	393
Permits - Oversize Vehicles and Loads	1	4	1	5
Motor Vehicle recording fee	10	40	9	34
Motor Vehicle registrations	123	465	108	434
<i>Total motor vehicle taxes</i>	221	916	217	866
<i>Total Taxation</i>	1,332	6,065	1,821	6,214
CURRENT GRANTS AND SUBSIDIES				
General Purpose Grants				
GST Grants	887	-	924	-
Competition Reform	-	-	4	4
Compensation for Condensate Excise	9	9	-	71
Specific Purpose Grants to the State				
Australian Health Care Agreement	262	972	229	971
Other health	84	322	78	349
Schools assistance – government schools	61	274	86	312
Vocational training	24	103	23	102
Roads	9	27	6	36
Other	84	312	40	364
Specific Purpose Grants through the State				
Schools assistance – non-government schools	147	588	136	603
Local government financial assistance grants	33	130	31	122
Local government roads	22	87	21	83
Other	-	31	-	-
Other Grants				
North west shelf royalties	290	979	175	798
<i>Total Current Grants and Subsidies</i>	1,913	7,751	1,754	7,800

**TOTAL PUBLIC SECTOR
Operating Revenue**

Table 2.2 (cont.)

	2008-09		2007-08	
	Three Months to 30 Sept \$m	Annual Estimate ^(a) \$m	Three Months to 30 Sept	Actual ^(a) \$m
CAPITAL GRANTS				
Specific Purpose Grants to the State				
Roads	60	152	3	174
Schools assistance – government schools	9	33	8	32
Vocational training	4	17	4	26
Other	30	227	62	173
Specific Purpose Grants through the State				
Schools assistance – non-government schools	5	18	5	31
<i>Total Capital Grants</i>	<i>108</i>	<i>446</i>	<i>83</i>	<i>436</i>
SALES OF GOODS AND SERVICES	2,363	9,105	2,109	8,894
INTEREST INCOME	281	678	189	757
ROYALTY INCOME	528	2,715	386	1,680
OTHER				
Lease Rentals	18	58	16	65
Fines	35	125	37	127
Revenue not elsewhere counted	147	562	117	554
<i>Total Other</i>	<i>200</i>	<i>745</i>	<i>169</i>	<i>746</i>
GRAND TOTAL	6,726	27,505	6,510	26,525

(a) Consistent with the revised outturn published in the *Pre-election Financial Projections Statement*, released 16 August 2008.

(b) Data for the 2007-08 outturn (originally published in the *2007-08 Annual Report on State Finances*) and for September 2007 has been adjusted in this report to be consistent with AASB 1049 for comparative purposes. See Foreword for further details.

Note: Columns may not add due to rounding.

Monthly Report of General Government Finances - September 2008

This appendix provides a summary of the Western Australian general government sector's finances for the month of September 2008. Care should be taken in interpreting monthly results, which can vary significantly from month to month due to various seasonal and other timing factors².

Operating Statement

The general government sector recorded an operating surplus of \$147 million for the month of September 2008, \$259 million lower than the surplus of \$406 million recorded in September 2007.

Revenue in September 2008 totalled \$1,603 million, \$115 million lower than the same month the previous year. The decrease primarily reflects:

- lower taxation (down \$425 million), higher royalty income (up \$152 million) and higher current transfers (up \$84 million), mainly due to the issues discussed in the quarterly Overview earlier in this report; and
- higher capital grants (up \$40 million), due largely to accelerated Commonwealth funding for the New Perth-Bunbury Highway.

Expenses for the month of September 2008 totalled \$1,457 million, up \$145 million from September 2007. This increase largely reflects:

- higher salaries (up \$98 million), mainly reflecting higher pay rates and employee numbers in the health, education and law and order sectors (representing 73% of the total increase in salaries); and
- higher 'other' gross operating expenses (up \$25 million), mainly due to increased patient support costs in the health sector, expensed works on new projects including the Kwinana Hospital and Fiona Stanley Hospital, and expensed works on primary and secondary schools. The increases were partially offset by the timing of payments for day-to-day operating costs across general government agencies.

Cash Flow Statement

A cash surplus of \$137 million was recorded in September 2008, compared to a \$15 million cash deficit recorded in September 2007.

² In each of the following financial statement disclosures, the 2008-09 annual estimate is consistent with the revised outcome published in the *Pre-election Financial Projections Statement*, released 16 August 2008. Data for the 2007-08 outcome (originally published in the *2007-08 Annual Report on State Finances*) and for September 2007 has been adjusted in this report to be consistent with AASB 1049 for comparative purposes. See Foreword for further details.

This reflects stronger net cash inflows from operating activities (up \$245 million compared with the month of September 2007), with broadly similar monthly spending on infrastructure (i.e. investment in non-financial assets).

Table 3.1

GENERAL GOVERNMENT
Operating Statement

	2008-09			2007-08	
	Month of Aug \$m	Month of Sept \$m	Annual Estimate ^(a) \$m	Month of Sept \$m	Actual ^(b) \$m
<i>Revenue</i>					
Taxation	467	451	6,287	876	6,447
Current grants and subsidies	627	484	7,751	400	7,800
Capital grants	29	61	446	21	436
Sales of goods and services	119	112	1,330	102	1,407
Interest Income	27	37	241	21	332
Revenue from public corporations					
Dividends	-	37	476	49	512
Tax equivalent payments	28	22	355	16	368
Royalty income	25	366	2,715	214	1,680
Other	27	34	302	19	364
<i>Total revenue</i>	<i>1,351</i>	<i>1,603</i>	<i>19,903</i>	<i>1,718</i>	<i>19,345</i>
<i>Expenses</i>					
Salaries	590	616	7,224	518	6,906
Superannuation					
Concurrent costs	59	57	697	50	666
Superannuation interest cost	26	26	312	23	359
Other employee costs	25	24	280	19	276
Depreciation and amortisation	64	62	776	56	709
Services and contracts	163	167	2,195	165	1,981
Other gross operating expenses	104	186	1,819	161	1,560
Other interest	11	10	121	7	120
Other property expenses	-	-	-	-	-
Current transfers	338	294	4,066	287	3,769
Capital transfers	51	15	482	25	491
<i>Total expenses</i>	<i>1,430</i>	<i>1,457</i>	<i>17,972</i>	<i>1,312</i>	<i>16,837</i>
NET OPERATING BALANCE	-79	147	1,930	406	2,507

Note: Columns may not add due to rounding.

Table 3.2

GENERAL GOVERNMENT
Cash Flow Statement

	2008-09			2007-08	
	Month of Aug	Month of Sept	Annual Estimate ^(a)	Month of Sept	Actual ^(b)
	\$m	\$m	\$m	\$m	\$m
OPERATING ACTIVITIES					
<i>Receipts from operating activities</i>					
Taxes received	431	438	6,305	487	6,294
Grants and subsidies received	657	542	8,179	417	8,192
Receipts from sales of goods and services	122	149	1,471	100	1,505
Interest receipts	31	29	248	15	314
Dividends and tax equivalents	5	6	851	6	827
Other receipts	129	473	3,887	287	2,751
<i>Total receipts from operating activities</i>	<i>1,375</i>	<i>1,636</i>	<i>20,942</i>	<i>1,312</i>	<i>19,882</i>
<i>Payments for operating activities</i>					
Wages, salaries and supplements, and superannuation	-640	-660	-8,292	-588	-7,684
Payments for goods and services	-336	-397	-4,307	-311	-4,068
Interest paid	-6	2	-120	-1	-112
Grants and subsidies paid	-292	-225	-4,123	-227	-3,844
Dividends and tax equivalents	-	-	-	-	-
Other payments	-109	-109	-1,208	-91	-1,114
<i>Total payments for operating activities</i>	<i>-1,383</i>	<i>-1,389</i>	<i>-18,049</i>	<i>-1,219</i>	<i>-16,823</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES	-8	247	2,892	93	3,060
INVESTING ACTIVITIES					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets	-172	-126	-2,721	-118	-2,022
Sales of non-financial assets	31	16	165	10	244
<i>Total cash flows from investments in non-financial assets</i>	<i>-141</i>	<i>-110</i>	<i>-2,555</i>	<i>-108</i>	<i>-1,778</i>
<i>Cash flows from investments in financial assets</i>					
<i>Receipts from investing activities:</i>					
For policy purposes	-	-	-	-	1
For liquidity purposes	16	-	-	21	83
<i>Payments for investing activities:</i>					
For policy purposes	-8	-8	-283	-28	-349
For liquidity purposes	1	-3	-10	-	-1
<i>Total cash flows from investments in financial assets</i>	<i>9</i>	<i>-11</i>	<i>-293</i>	<i>-7</i>	<i>-267</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES	-132	-122	-2,849	-115	-2,045
FINANCING ACTIVITIES					
<i>Receipts from financing activities</i>					
Advances received	1	-2	1	-2	13
Borrowings	147	-4	58	19	45
Deposits received	-	-	-	-	-
Other financing receipts	-	6	27	-	54
<i>Total receipts from financing activities</i>	<i>148</i>	<i>-1</i>	<i>85</i>	<i>30</i>	<i>111</i>
<i>Payments for financing activities</i>					
Advances paid	-1	2	-	2	-16
Borrowings repaid	25	-131	-177	92	-189
Deposits paid	-	-	-	-	-
Other financing payments	-2	38	-107	-	-31
<i>Total payments for financing activities</i>	<i>22</i>	<i>-91</i>	<i>-284</i>	<i>94</i>	<i>-236</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES	171	-92	-199	124	-125
Net increase in cash and cash equivalents	30	34	-155	102	890
Opening balance	4,176	4,206	3,923	3,229	3,346
Closing balance	4,206	4,240	3,768	3,331	4,236
KEY FISCAL AGGREGATES					
Net cash flows from operating activities	-8	247	2,892	93	3,060
Net cash flows from investing in non-financial assets	-141	-110	-2,555	-108	-1,778
Cash surplus/-deficit	-149	137	337	-15	1,281

Note: Columns may not add due to rounding.

APPENDIX 4

Public Ledger

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

Table 4.1 shows that the aggregate balance of the Public Ledger at 30 September 2008 increased by \$478 million compared with 30 September 2007. This reflects the combined impact of a \$2,066 million increase in the Treasurer's Special Purpose Accounts and a \$1,589 million increase in the Consolidated Account deficit.

PUBLIC LEDGER BALANCES AT 30 SEPTEMBER		
	2008	2007
	\$m	\$m
THE PUBLIC LEDGER		
Consolidated Account ^(a)	-3,856	-2,267
Treasurer's Special Purpose Accounts	5,099	3,033
Treasurer's Advance Account – Net Advances	-6	-7
Total	1,237	759

(a) The balance of the Consolidated Account at 30 September 2008 includes non-cash appropriations of \$3,470 million (30 September 2007: \$2,811 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 \$3,856 million at 30 September 2008. This included \$3,470 million in non-cash Holding Account balances for agencies, associated with accrual (non-cash) appropriations for depreciation and leave entitlements.

In cash terms, the Consolidated Account recorded a cash deficit of \$386 million at 30 September 2008, compared with a cash surplus of \$544 million in September 2007.

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

Table 4.2

CONSOLIDATED ACCOUNT TRANSACTIONS

For the three months ended 30 September

	2008	2007
	\$m	\$m
REVENUE		
<i>Operating Activities</i>		
Taxation	1,294	1,247
Commonwealth Grants	899	943
Government Enterprises	81	62
Revenue from other agencies	1,229	1,010
Other	41	47
<i>Total Operating Activities</i>	3,544	3,309
<i>Financing Activities</i>		
Repayments of Recoverable Advances	3	3
Transfers from:		
Public Bank Account Interest Earned Account	-	-
Bankwest Pension Trust	-	1
Other Receipts	-	6
<i>Total Financing Activities</i>	3	10
TOTAL REVENUE	3,547	3,319
EXPENDITURE		
<i>Recurrent</i>		
Authorised by Other Statutes	296	326
Appropriation Act (No. 1)	3,775	3,410
Recurrent Expenditure under the Treasurer's Advance	-	-
<i>Total Recurrent Expenditure</i>	4,071	3,736
<i>Investing Activities</i>		
Authorised by Other Statutes	26	25
Appropriation Act (No. 2)	711	473
Investing Expenditure under the Treasurer's Advance	-	-
<i>Total Investing Activities</i>	737	498
<i>Financing Activities</i>		
Loan repayments	-	-
Other financing	-	-
<i>Total Financing Activities</i>	-	-
TOTAL EXPENDITURE	4,808	4,234
NET MOVEMENT (REVENUE LESS EXPENDITURE)	-1,261	-915
Consolidated Account Balance		
Opening balance at 1 July	-2,595	-1,352
Closing balance at 30 September	-3,856	-2,267
Of which:		
Appropriations payable	-3,470	-2,811
Cash balance at 30 September	-386	544

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 \$2,066 million increase in the TSPA largely reflects the 3 October 2007 establishment of the Fiona Stanley Hospital Construction Account (with a balance of \$1,349 million at 30 September 2008), and an increase of \$659 million in the Holding Account balances for accrual appropriations to agencies (including appropriations payable for depreciation and accrued leave entitlements).

TREASURER'S SPECIAL PURPOSE ACCOUNTS		
AT 30 SEPTEMBER		
	2008	2007
	\$m	\$m
Agency Holding Accounts	3,470	2,811
Fiona Stanley Hospital Construction Account	1,349	-
Other Special Purpose Accounts	280	222
TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 30 SEPTEMBER	5,099	3,033

Table 4.3

Treasurer's Advance

The Treasurer's Advance allows for short-term repayable advances to agencies for working capital purposes (known as 'net 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 \$437.7 million is authorised under section 29 of the FMA for the year ended 30 June 2009, compared with a total of \$436.0 million authorised limit for the preceding year.

Of the \$437.7 million authorised limit for 2008-09, \$6.0 million was held at 30 September 2008 in the form of net recoverable advances (see Table 4.4). There have been no supplementary funding requirements or new items (under section 27 of the FMA) to 30 September 2008.

TREASURER'S ADVANCE AT 30 SEPTEMBER		
	2008	2007
	\$m	\$m
AUTHORISED LIMIT	437.7	436.0
Total Drawn Against Treasurer's Advance Account	6.0	7.9
Comprising:		
Net recoverable advances as at 30 September (see below)	6.0	7.4
Excesses and New Items		
- recurrent	-	0.5
- capital	-	-
NET RECOVERABLE ADVANCES		
Appeals Cost Board	-	1.1
Public Sector Standards Commissioner – CEO selection	0.5	0.5
Electoral Distribution Commission	0.3	1.3
Energy Smart Government Program	1.6	1.9
Gas Review Board	0.5	0.5
Medical Radiation Technologists Registration Board	-	0.1
Suitors Fund	1.1	-
Planning and Infrastructure	2.0	2.0
TOTAL RECOVERABLE TREASURER'S ADVANCES	6.0	7.4