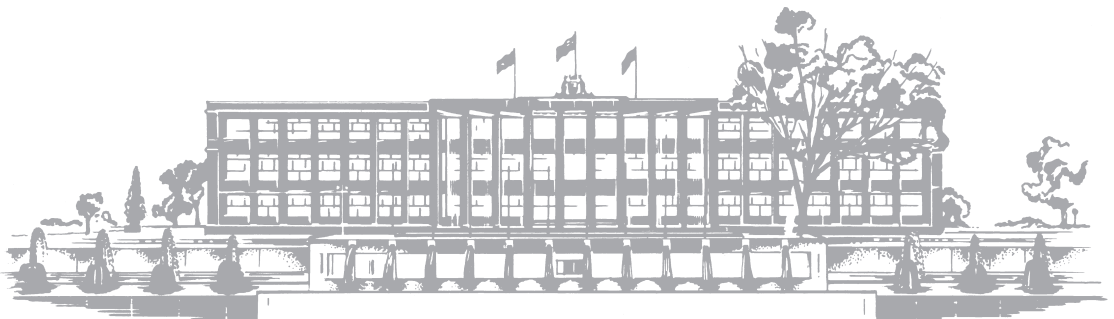




**2005-06**

**QUARTERLY FINANCIAL  
RESULTS REPORT**

MARCH 2006



2005–06 Quarterly Financial Results Report  
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**2005-06**

**QUARTERLY FINANCIAL RESULTS REPORT  
Nine Months Ended 31 March 2006**

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# Foreword

This *Quarterly Financial Results Report* (QFRR) provides the Western Australian public sector's financial results for the nine months to 31 March 2006.

Care should be exercised in extrapolating the likely outcome for the 2005-06 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, 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 quite 'lumpy', making comparisons between monthly and quarterly reporting periods difficult.

The focus of the State budget is the government finance statistics (GFS) 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 financial statements for the total public sector prepared in accordance with accounting standard AASB 134: *Interim Financial Reporting*. The information presented in Appendix 3 is not audited.

The 2004-05 annual results appearing in this publication are consistent with the audited *Consolidated Financial Statements*, released 10 November 2005, while the estimated actuals for 2005-06 are consistent with those published in the 2006-07 Budget, released 11 May 2006.

Appendix 4 of this publication outlines the impact of the Australian equivalents to International Financial Reporting Standards (AIFRS) on the QFRR.

## CHAPTER 1

# Overview

## Summary

The Western Australian public sector continued to record strong financial results in the third quarter of 2005-06 with the general government and total public sectors recording larger operating surpluses than for the same period the previous year.

This reflects continued strong growth in revenue, which has more than offset higher expenses in the period, with taxation (mainly property and payroll tax), GST revenue, and mining and petroleum royalties continuing to be the major sources of revenue growth.

The State's balance sheet also remains in a strong position, with total public sector net worth increasing by \$2.9 billion over the first nine months of 2005-06 to stand at \$53.1 billion at 31 March 2006. Net debt declined over the same period by \$1.1 billion to stand at \$2.9 billion at 31 March 2006.

## 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 \$1,507 million operating surplus for the nine months to 31 March 2006. This compares with a \$939 million surplus for the same period the previous year.

## Revenue

Revenue in the nine months to 31 March 2006 totalled \$11,798 million, which is \$1,284 million (or 12.2%) higher than the same period the previous year. Total revenue at 31 March 2006 represents 73.2% of the estimated actual for the 2005-06 year as published in the 2006-07 Budget.

The increase in revenue for the first nine months of 2005-06 (relative to the first nine months of 2004-05) primarily reflects:

- higher taxation revenue (up \$612 million), reflecting the continued strength of a number of sectors of the Western Australian economy, in particular:
  - higher conveyance duty revenue (up \$473 million), due to an increase in both the number and value of properties assessed and the impact of a very large one-off commercial property transaction;
  - higher payroll tax (up \$93 million), reflecting the combined impact of wage and employment growth;
  - lower debits tax (down \$66 million), following the abolition of this tax from 1 July 2005;
  - higher motor vehicle taxes (up \$46 million), driven mainly by increased sales of new and used motor vehicles; and
  - higher mortgage duty (up \$27 million), reflecting continued strength in property market activity;
- higher Commonwealth grants (up \$504 million), mainly due to:
  - higher GST grants (up \$173 million) due to an increase in national GST collections and a revised Commonwealth payment profile for 2005-06;
  - higher specific purpose payments in the education, health and agricultural sectors (up \$170 million in total), reflecting the combined impact of increased funding and changes in the timing of these receipts during 2005-06;

- higher North West Shelf petroleum royalties (up \$119 million) mainly reflecting the increase in the international oil price, which has been driven in part by continued demand for oil from growing economies such as China and India; and
- increased funding for non-government schools (up \$32 million);
- lower revenue from public corporations (down \$230 million) primarily due to dividend changes in the State’s revenue recognition policy following the introduction of AIFRS in 2005-06 (this is essentially a timing issue only – Appendix 4 provides further information);
- higher royalty income (up \$293 million), due mainly to a significant increase in iron ore prices and higher levels of iron ore production; and
- higher sales of goods and services (up \$101 million), reflecting seasonal factors and increases in the volume and demand for goods and services across a large range of agencies.

## **Expenses**

Expenses in the nine months to 31 March 2006 totalled \$10,290 million, \$715 million (or 7.5%) higher than the same period the previous year, and 72.8% of the estimated actual for the 2005-06 year as published in the 2006-07 Budget. This increase primarily reflects:

- higher salaries (up \$317 million), mainly reflecting cost and demand driven increases in the health, education and law and order sectors (these three sectors account for nearly 80% of the total increase in salaries):
  - the increase in the health sector (up \$149 million) reflects higher EBA award rates and conditions for medical practitioners, registered and enrolled nurses, and higher staff numbers to fund key initiatives including Mental Health, Winter Demand Strategy and Enhanced Cancer Services;
  - the increase in the education sector (up \$80 million) is mainly due to EBA award increases for teachers and non-teaching staff and an increase in the number of education assistants to support children with special needs; and



- the increase in the law and order sector (up \$22 million) reflects 80 additional police officers as a result of the Frontline First initiative, and additional prison officers and prison services staff (up 130 in total) required to support increases in the prison population;
- higher current and capital transfers (up \$175 million), mainly due to the on-passing of higher agriculture and non-government school grants from the Commonwealth, increased funding for patient transport, mental health services and aged care, increased community service obligation payments to the Water Corporation, and higher appropriation funding to the Public Transport Authority (a public non-financial corporation);
- higher 'other' gross operating expenses (up \$133 million), reflecting increased costs in the education sector (particularly school maintenance and technological infrastructure), increased direct patient support costs in the health sector (as part of the Government's initiatives for the Mental Health Strategy and Winter Demand), and seasonal factors associated with the timing of purchases by agencies across the sector; and
- higher services and contracts expenses (up \$51 million), primarily due to changes in the timing of purchases by agencies, and increases in private sector contract expenses in the health sector (following increases in prices and activity, particularly in renal and emergency departments) and the justice sector (due to an increase in private prison services and court security).

Table 1

**SUMMARY OF GENERAL GOVERNMENT FINANCES  
NINE MONTHS TO 31 MARCH 2006**

Western Australia

	2005-06			2004-05		
	Three Months to 31 March \$m	Nine Months to 31 March \$m	Estimated Actual <sup>(a)</sup> \$m	Three Months to 31 March \$m	Nine Months to 31 March \$m	Actual <sup>(b)</sup> \$m
Net operating balance	465	1,507	1,981	88	939	1,192
Net worth		53,106	53,345		45,666	50,192
Increase in cash balances	655	798	599	241	-73	180
<i>Memorandum items</i>						
Net lending	367	1,354	1,394	-17	676	899
Net debt		-1,940	-1,877		-571	-997
Cash surplus	698	1,402	1,463	317	546	859

(a) Estimate published in the 2006-07 Budget, released 11 May 2006.

(b) Consistent with final audited data contained in the 2004-05 *Consolidated Financial Statements*, released 10 November 2005.

## Balance Sheet

The net worth of the general government sector increased by \$2.9 billion in the nine months to 31 March 2006 to stand at \$53.1 billion.

This increase is primarily attributable to changes in the value of the sector's equity holdings in public corporations (up \$1.8 billion, due to higher operating surpluses and the impact of upward asset revaluations), higher investment loans and placements (up \$684 million, primarily resulting from higher operating surpluses), higher non-financial assets (up \$366 million, due to increased holdings of land and fixed assets as a result of significant fixed asset spending by agencies and upward revaluations) and lower borrowings (down \$254 million).

## Cash Flow

Net cash inflows from operating activities totalled \$1,981 million for the nine months ended 31 March 2006. Combined with net capital expenditure (i.e. investment in non-financial assets) of \$580 million, a strong cash surplus of \$1,402 million was recorded in the first nine months of 2005-06 (compared with a \$546 million cash surplus for the same period the previous year).

## Total Public Sector

The total public sector is the consolidation of the general government sector (discussed in the previous section), the public non-financial corporations sector (comprising entities such as Western Power, the Water Corporation and the Public Transport Authority) and the public financial corporations sector (comprising entities such as the Western Australian Treasury Corporation and the Insurance Commission of Western Australia).

### **Operating Statement**

An operating surplus of \$2,299 million was recorded by the total public sector for the first nine months of 2005-06, an increase of \$859 million from the \$1,440 million surplus recorded for the same period the previous year.

This increase reflects the \$1,507 million operating surplus recorded in the general government sector, discussed earlier, as well as operating surpluses in both the public financial and public non-financial corporations sectors.

The public non-financial corporations sector recorded an operating surplus of \$385 million for the nine months ended 31 March 2006, an increase of \$107 million compared to the same period the previous year. The increase is mainly attributable to the Water Corporation and Western Power.

The public financial corporations sector recorded an operating surplus of \$406 million for the nine months ended 31 March 2006, an increase of \$183 million compared to the previous year. The increase is largely due to higher earnings on financial investments held by the Insurance Commission of Western Australia.

Table 2

**SUMMARY OF TOTAL PUBLIC SECTOR FINANCES  
NINE MONTHS TO 31 MARCH 2006**

Western Australia

	2005-06			2004-05		
	Three Months to 31 March \$m	Nine Months to 31 March \$m	Estimated Actual <sup>(a)</sup> \$m	Three Months to 31 March \$m	Nine Months to 31 March \$m	Actual <sup>(b)</sup> \$m
Net operating balance	721	2,299	2,068	283	1,440	1,690
Net worth		53,106	53,345		45,666	50,192
Increase in cash balances	627	914	513	243	567	419
<i>Memorandum items</i>						
Net lending	308	1,030	72	-3	634	646
Net debt		2,948	4,501		3,838	4,001
Cash surplus	441	856	-236	217	475	32

(a) Estimate published in the 2006-07 Budget, released 11 May 2006.

(b) Consistent with final audited data contained in the 2004-05 *Consolidated Financial Statements*, released 10 November 2005.

## 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. Therefore, total public sector net worth is identical to that of the general government sector (discussed earlier).

Net debt of the total public sector fell by \$1.1 billion in the first nine months of 2005-06 to stand at \$2.9 billion. This movement largely reflects the surplus outcomes discussed above<sup>1</sup>.

## Cash Flow

A cash surplus of \$856 million was recorded for the nine months ended 31 March 2006. This is an increase of \$381 million compared to the same period the previous year. This outcome reflects a net cash inflow from operating activities of \$2,786 million and net capital expenditure of \$1,929 million.

<sup>1</sup> It should be noted that movements in balance sheet aggregates such as net debt are generally quite volatile through the year, reflecting the timing of cash transactions. In this regard, net debt generally increases in the latter months of the financial year, when agencies' spending (both operating and capital) typically accelerates.

For the first nine months of 2005-06, fixed asset spending was \$393 million (or 20.4%) higher than the same period in 2004-05, mainly as a result of Capital Works Program spending by the Water Corporation (this includes capital spending on the Perth Seawater Desalination Plant), Western Power (primarily works to connect new commercial and domestic customers to the electricity network) and the Public Transport Authority (mainly on the New MetroRail project).

# 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, although the UPF does not require presentation of quarterly statistics.

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Table 1.1

## GENERAL GOVERNMENT Operating Statement

	2005-06			2004-05		
	Three Months to 31 March \$m	Nine Months to 31 March \$m	Estimated Actual <sup>(a)</sup> \$m	Three Months to 31 March \$m	Nine Months to 31 March \$m	Actual <sup>(b)</sup> \$m
<b>REVENUE</b>						
Taxation	1,172	3,919	5,100	924	3,307	4,314
Current grants and subsidies	1,778	5,222	6,894	1,566	4,703	6,468
Capital grants	105	248	406	80	263	347
Sales of goods and services	292	810	1,027	247	709	982
Interest income	46	120	195	38	106	142
Revenue from public corporations						
Dividends	68	158	536	121	360	468
Tax equivalent payments	39	201	296	15	229	292
Royalty income	297	843	1,276	186	550	841
Other	102	276	394	90	287	368
<i>Total</i>	<b>3,899</b>	<b>11,798</b>	<b>16,123</b>	<b>3,267</b>	<b>10,514</b>	<b>14,222</b>
<b>EXPENSES</b>						
Gross operating expenses						
Salaries	1,376	4,144	5,559	1,267	3,827	5,253
Depreciation and amortisation	142	426	594	128	392	607
Superannuation	118	383	546	121	367	519
Services and contracts	321	958	1,545	300	907	1,263
Other gross operating expenses	426	1,368	1,865	416	1,235	1,730
Nominal superannuation interest	76	228	304	69	213	294
Other interest	28	93	151	34	119	155
Other property expenses	-	-	-	-	-	-
Current transfers	805	2,357	3,080	736	2,142	2,728
Capital transfers	143	334	497	108	374	482
<i>Total</i>	<b>3,434</b>	<b>10,290</b>	<b>14,141</b>	<b>3,179</b>	<b>9,575</b>	<b>13,030</b>
<b>NET OPERATING BALANCE</b>	<b>465</b>	<b>1,507</b>	<b>1,981</b>	<b>88</b>	<b>939</b>	<b>1,192</b>
<b>NET ACQUISITION OF NON-FINANCIAL ASSETS</b>						
Purchase of non-financial assets	283	727	1,381	280	761	1,092
Sales of non-financial assets	-41	-147	-241	-46	-167	-253
less depreciation	142	426	594	128	392	607
plus change in inventories	-	2	-6	-1	2	2
plus other movements in non-financial assets	-3	-3	46	-	58	59
<i>Total</i>	<b>97</b>	<b>154</b>	<b>587</b>	<b>105</b>	<b>263</b>	<b>293</b>
<b>NET LENDING/BORROWING</b>	<b>367</b>	<b>1,354</b>	<b>1,394</b>	<b>-17</b>	<b>676</b>	<b>899</b>
<b>Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards (AAS)</b>						
<b>NET OPERATING BALANCE</b>	<b>465</b>	<b>1,507</b>	<b>1,981</b>	<b>88</b>	<b>939</b>	<b>1,192</b>
less provisions for doubtful debts	-	-	1	-	-	15
plus net gains on assets (including derivatives)	15	37	154	-9	18	24
plus capitalised interest	-	-	-	-	-	-
less revaluation of superannuation liabilities	-	-	-	-	-	131
plus valuation changes due to AIFRS implementation <sup>(c)</sup>	-	-	-	-77	-176	43
plus all other adjustments	2	-	-	-1	-34	-130
<b>AAS OPERATING RESULT</b>	<b>482</b>	<b>1,545</b>	<b>2,135</b>	<b>1</b>	<b>747</b>	<b>982</b>

(a) Estimated actual published in the 2006-07 Budget, released 11 May 2006.

(b) Consistent with final audited data contained in the 2004-05 *Consolidated Financial Statements*, released 10 November 2005.

(c) AAS data for 2004-05 has been adjusted for comparability purposes for the implementation of AIFRS for reporting periods from 2005-06. GFS results for 2004-05 remain unadjusted from previous quarterly reports.

Note: Columns may not add due to rounding.

Table 1.2

**GENERAL GOVERNMENT**  
Balance Sheet at End of Period

	2005-06		2004-05	
	31 March \$m	Estimated Actual <sup>(a)</sup> \$m	31 March \$m	Actual <sup>(b)</sup> \$m
<b>ASSETS</b>				
<i>Financial assets</i>				
Cash and deposits	421	311	381	350
Advances paid	904	930	937	934
Investments, loans and placements	2,600	2,621	1,676	1,916
Other non-equity assets	1,038	979	1,236	1,071
Equity	21,666	21,398	19,169	19,883
<i>Total</i>	<i>26,630</i>	<i>26,239</i>	<i>23,399</i>	<i>24,154</i>
<i>Non-Financial assets</i>				
Land and fixed assets	36,163	36,973	32,061	35,864
Other non-financial assets	167	301	61	100
<i>Total</i>	<i>36,329</i>	<i>37,274</i>	<i>32,122</i>	<i>35,964</i>
<b>TOTAL ASSETS</b>	<b>62,959</b>	<b>63,513</b>	<b>55,521</b>	<b>60,117</b>
<b>LIABILITIES</b>				
Deposits held	377	284	530	338
Advances received	549	536	561	549
Borrowings	1,060	1,165	1,332	1,315
Unfunded superannuation liabilities	5,645	5,642	5,492	5,633
Other employee entitlements and provisions	1,489	1,472	1,334	1,390
Non-equity liabilities	733	1,069	606	701
<b>TOTAL LIABILITIES</b>	<b>9,853</b>	<b>10,168</b>	<b>9,855</b>	<b>9,926</b>
<b>NET WORTH</b>	<b>53,106</b>	<b>53,345</b>	<b>45,666</b>	<b>50,192</b>
<i>Memorandum Item: Net Debt</i>	<i>-1,940</i>	<i>-1,877</i>	<i>-571</i>	<i>-997</i>

**Reconciliation of GFS net worth to net assets result obtained in accordance with Australian Accounting Standards (AAS)**

<b>NET WORTH</b>	<b>53,106</b>	<b>53,345</b>	<b>45,666</b>	<b>50,192</b>
<i>less</i> equity (net worth) of PNFC and PFC sectors	20,685	20,353	18,651	19,341
<i>less</i> provision for doubtful debts	-	1	-	-
<i>plus</i> valuation changes due to AIFRS implementation <sup>(c)</sup>	-	-	-341	-130
<i>less</i> all other adjustments	88	88	-	88
<b>AAS NET ASSETS</b>	<b>32,333</b>	<b>32,902</b>	<b>26,674</b>	<b>30,632</b>

(a) Estimated actual published in the 2006-07 Budget, released 11 May 2006.

(b) Consistent with final audited data contained in the 2004-05 *Consolidated Financial Statements*, released 10 November 2005.

(c) AAS data for 2004-05 has been adjusted for comparability purposes for the implementation of AIFRS for reporting periods from 2005-06. GFS results for 2004-05 remain unadjusted from previous quarterly reports.

Note: Columns may not add due to rounding.



Table 1.3

**GENERAL GOVERNMENT**  
**Cash Flow Statement**

	2005-06			2004-05		
	Three Months to 31 March \$m	Nine Months to 31 March \$m	Estimated Actual <sup>(a)</sup> \$m	Three Months to 31 March \$m	Nine Months to 31 March \$m	Actual <sup>(b)</sup> \$m
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>						
Taxes received	1,355	3,756	5,119	999	3,235	4,328
Receipts from sales of goods and services	291	871	1,055	250	750	1,031
Grants and subsidies received	1,881	5,463	7,292	1,653	4,970	6,786
Other receipts	666	2,073	3,161	507	1,595	2,481
<i>Total</i>	<i>4,193</i>	<i>12,162</i>	<i>16,626</i>	<i>3,408</i>	<i>10,550</i>	<i>14,626</i>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>						
Payments for goods and services	-2,238	-7,075	-9,723	-1,908	-6,442	-9,002
Grants and subsidies paid	-816	-2,416	-3,293	-731	-2,271	-2,966
Interest paid	-21	-78	-142	-30	-110	-162
Other payments	-178	-611	-865	-188	-587	-798
<i>Total</i>	<i>-3,253</i>	<i>-10,181</i>	<i>-14,023</i>	<i>-2,857</i>	<i>-9,409</i>	<i>-12,928</i>
<b>Net Cash Flow from Operating Activities</b>	<b>940</b>	<b>1,981</b>	<b>2,603</b>	<b>551</b>	<b>1,141</b>	<b>1,698</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>						
Purchase of non-financial assets	-283	-727	-1,381	-280	-761	-1,092
Sales of non-financial assets	41	147	241	46	167	253
<i>Total</i>	<i>-242</i>	<i>-580</i>	<i>-1,140</i>	<i>-234</i>	<i>-594</i>	<i>-839</i>
<b>INVESTMENT IN FINANCIAL ASSETS</b>						
Policy purposes	-	-432	-505	-9	-93	-122
Liquidity purposes	-3	36	-42	-30	-174	-62
<i>Total</i>	<i>-3</i>	<i>-396</i>	<i>-547</i>	<i>-39</i>	<i>-266</i>	<i>-184</i>
<b>Net Cash Flow from Investing Activities</b>	<b>-245</b>	<b>-976</b>	<b>-1,687</b>	<b>-273</b>	<b>-861</b>	<b>-1,022</b>
<b>FINANCING ACTIVITIES</b>						
Advances received (net)	-	-1	-	-	-	-
Borrowings (net)	-44	-215	-296	-35	-351	-395
Deposits received (net)	3	-	-	-1	-3	-1
Distributions paid	-	-	-	-	-	-
Other financing	2	10	-20	-1	-	-100
<i>Total</i>	<i>-39</i>	<i>-207</i>	<i>-316</i>	<i>-37</i>	<i>-353</i>	<i>-496</i>
<i>Opening cash balance</i>	<i>3,012</i>	<i>2,869</i>	<i>2,869</i>	<i>2,375</i>	<i>2,690</i>	<i>2,690</i>
<b>NET INCREASE IN CASH HELD</b>	<b>655</b>	<b>798</b>	<b>599</b>	<b>241</b>	<b>-73</b>	<b>180</b>
<i>Closing cash balance</i>	<i>3,668</i>	<i>3,668</i>	<i>3,468</i>	<i>2,616</i>	<i>2,616</i>	<i>2,869</i>
<i>Net cash from operating activities, investments in non-financial assets and distributions paid</i>	<i>698</i>	<i>1,402</i>	<i>1,463</i>	<i>317</i>	<i>546</i>	<i>859</i>
<i>less finance leases and similar arrangements</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Surplus</b>	<b>698</b>	<b>1,402</b>	<b>1,463</b>	<b>317</b>	<b>546</b>	<b>859</b>

(a) Estimated actual published in the 2006-07 Budget, released 11 May 2006.

(b) Consistent with final audited data contained in the 2004-05 *Consolidated Financial Statements*, released 10 November 2005.

Note: Columns may not add due to rounding.

Table 1.4

**GENERAL GOVERNMENT**  
**Taxation Revenue**

	2005-06			2004-05		
	Three Months to 31 March \$m	Nine Months to 31 March \$m	Estimated Actual <sup>(a)</sup> \$m	Three Months to 31 March \$m	Nine Months to 31 March \$m	Actual <sup>(b)</sup> \$m
<b>TAXATION</b>						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	344	1,003	1,351	286	910	1,211
Property taxes						
<i>Land tax</i>	1	312	320	10	315	315
Conveyances and transfers	463	1,364	1,833	266	891	1,218
Mortgages	43	125	171	30	98	140
Other stamp duties	8	24	36	8	28	36
<i>Total stamp duties on financial and capital transactions</i>	514	1,513	2,040	304	1,016	1,394
Debits Tax	-	8	8	26	74	100
<i>Total financial institutions taxes</i>	-	8	8	26	74	100
Metropolitan Region						
Improvement Tax	-	54	54	-	47	47
Emergency Services Levy	21	123	129	9	113	119
Loan guarantee fees	3	10	12	3	8	10
<i>Total other property taxes</i>	24	187	195	12	168	176
Taxes on provision of goods and services						
Lotteries Commission	25	76	101	24	71	98
less rebates	-6	-16	-22	-6	-16	-21
Video lottery terminals	-	-	1	-	-	-
Casino Tax	14	44	57	14	39	52
less rebates	-7	-22	-32	-8	-21	-28
TAB betting tax	15	48	62	14	44	59
less rebates	-7	-21	-27	-7	-19	-25
<i>Total taxes on gambling</i>	35	109	139	32	98	134
Stamp duty on insurance policies	73	227	303	69	214	280
Other	1	22	23	1	18	19
<i>Total taxes on insurance</i>	74	249	326	70	233	299
Taxes on use of goods and performance of activities						
Stamp duty on vehicle licences	82	249	351	83	218	303
Permits - oversize vehicles and loads	1	2	3	-	1	3
Motor vehicle recording fee	7	22	30	9	31	37
Motor vehicle registrations	89	266	338	91	243	341
<i>Total motor vehicle taxes</i>	179	539	722	184	493	684
<b>Total Taxation</b>	<b>1,172</b>	<b>3,919</b>	<b>5,100</b>	<b>924</b>	<b>3,307</b>	<b>4,314</b>

(a) Estimated actual published in the 2006-07 Budget, released 11 May 2006.

(b) Consistent with final audited data contained in the 2004-05 *Consolidated Financial Statements*, released 10 November 2005.

Note: Columns may not add due to rounding.

Table 1.5

## TOTAL PUBLIC SECTOR Operating Statement

	2005-06			2004-05		
	Three Months to 31 March	Nine Months to 31 March	Estimated Actual <sup>(a)</sup>	Three Months to 31 March	Nine Months to 31 March	Actual <sup>(b)</sup>
	\$m	\$m	\$m	\$m	\$m	\$m
<b>REVENUE</b>						
Taxation	1,134	3,777	4,920	889	3,176	4,139
Current grants and subsidies	1,778	5,222	6,894	1,566	4,703	6,468
Capital grants	105	248	406	80	263	347
Sales of goods and services	2,111	5,783	6,777	1,662	5,019	6,802
Interest income	145	428	557	142	451	592
Royalty income	297	843	1,276	186	550	841
Other	153	491	586	140	439	618
<i>Total</i>	<i>5,724</i>	<i>16,791</i>	<i>21,416</i>	<i>4,666</i>	<i>14,602</i>	<i>19,807</i>
<b>EXPENSES</b>						
Gross operating expenses						
Salaries	1,520	4,557	6,137	1,389	4,199	5,760
Depreciation and amortisation	311	914	1,274	291	871	1,264
Superannuation	132	423	603	133	402	569
Services and contracts <sup>(c)</sup>	449	1,319	1,969	389	1,182	1,700
Other gross operating expenses	1,598	4,354	5,375	1,226	3,682	5,136
Nominal superannuation interest	76	228	304	69	213	294
Other interest	191	569	861	213	645	856
Other property expenses	-	-	-	-	-	-
Current transfers	657	1,921	2,477	609	1,712	2,198
Capital transfers	69	208	348	64	257	340
<i>Total</i>	<i>5,004</i>	<i>14,492</i>	<i>19,348</i>	<i>4,383</i>	<i>13,162</i>	<i>18,117</i>
<b>NET OPERATING BALANCE</b>	<b>721</b>	<b>2,299</b>	<b>2,068</b>	<b>283</b>	<b>1,440</b>	<b>1,690</b>
<b>NET ACQUISITION OF NON-FINANCIAL ASSETS</b>						
Purchase of non-financial assets	761	2,322	3,987	628	1,929	2,883
Sales of non-financial assets	-69	-392	-773	-121	-467	-686
<i>less</i> depreciation	311	914	1,274	291	871	1,264
<i>plus</i> change in inventories	37	262	10	72	161	56
<i>plus</i> other movements in non-financial assets	-6	-8	46	-1	55	55
<i>Total</i>	<i>413</i>	<i>1,269</i>	<i>1,996</i>	<i>287</i>	<i>806</i>	<i>1,044</i>
<b>NET LENDING/BORROWING</b>	<b>308</b>	<b>1,030</b>	<b>72</b>	<b>-3</b>	<b>634</b>	<b>646</b>
<b>Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards (AAS)</b>						
<b>NET OPERATING BALANCE</b>	<b>721</b>	<b>2,299</b>	<b>2,068</b>	<b>283</b>	<b>1,440</b>	<b>1,690</b>
<i>less</i> provisions for doubtful debts	3	1	6	2	6	21
<i>plus</i> net gains on assets (including derivatives)	31	74	290	-45	45	78
<i>plus</i> capitalised interest	2	5	-	1	3	4
<i>less</i> revaluation of superannuation liabilities	-	-	-	-	-	58
<i>plus</i> valuation changes due to AIFRS implementation <sup>(c)</sup>	-	-	-	1	17	38
<i>plus</i> all other adjustments	-	-	-	-1	-41	-143
<b>AAS OPERATING RESULT</b>	<b>751</b>	<b>2,378</b>	<b>2,351</b>	<b>237</b>	<b>1,458</b>	<b>1,588</b>

(a) Estimated actual published in the 2006-07 Budget, released 11 May 2006.

(b) Consistent with final audited data contained in the 2004-05 *Consolidated Financial Statements*, released 10 November 2005.

(c) AAS data for 2004-05 has been adjusted for comparability purposes for the implementation of AIFRS for reporting periods from 2005-06. GFS results for 2004-05 remain unadjusted from previous quarterly reports.

Note: Columns may not add due to rounding.

Table 1.6

**TOTAL PUBLIC SECTOR**  
Balance Sheet at End of Period

	2005-06		2004-05	
	31 March \$m	Estimated Actual <sup>(a)</sup> \$m	31 March \$m	Actual <sup>(b)</sup> \$m
<b>ASSETS</b>				
<i>Financial assets</i>				
Cash and deposits	618	460	534	499
Advances paid	2,098	2,225	2,111	2,159
Investments, loans and placements	7,866	7,578	6,593	6,800
Other non-equity assets	2,413	2,177	1,767	2,039
Equity	1,157	1,050	1,010	965
<i>Total</i>	<i>14,152</i>	<i>13,490</i>	<i>12,016</i>	<i>12,462</i>
<i>Non-Financial assets</i>				
Land and fixed assets	64,183	66,242	57,523	62,266
Other non-financial assets	442	543	283	346
<i>Total</i>	<i>64,624</i>	<i>66,785</i>	<i>57,805</i>	<i>62,612</i>
<b>TOTAL ASSETS</b>	<b>78,777</b>	<b>80,275</b>	<b>69,821</b>	<b>75,074</b>
<b>LIABILITIES</b>				
Deposits held	177	159	150	158
Advances received	549	536	561	549
Borrowings	12,805	14,069	12,365	12,753
Unfunded superannuation liabilities	5,754	5,751	5,692	5,749
Other employee entitlements and provisions	1,871	1,679	1,529	1,586
Non-equity liabilities	4,515	4,737	3,859	4,087
<b>TOTAL LIABILITIES</b>	<b>25,671</b>	<b>26,931</b>	<b>24,156</b>	<b>24,882</b>
<b>NET WORTH</b>	<b>53,106</b>	<b>53,345</b>	<b>45,666</b>	<b>50,192</b>
<i>Memorandum Item: Net Debt</i>	<i>2,948</i>	<i>4,501</i>	<i>3,838</i>	<i>4,001</i>
<b>Reconciliation of GFS net worth to net assets result obtained in accordance with Australian Accounting Standards (AAS)</b>				
<b>NET WORTH</b>	<b>53,106</b>	<b>53,345</b>	<b>45,666</b>	<b>50,192</b>
<i>less</i> provision for doubtful debts	1	6	-	-
<i>plus</i> valuation changes due to AIFRS implementation <sup>(c)</sup>	-	-	-181	-164
<i>less</i> all other adjustments	88	88	-	88
<b>AAS NET ASSETS</b>	<b>53,018</b>	<b>53,250</b>	<b>45,485</b>	<b>49,940</b>

(a) Estimate published in the 2006-07 Budget, released 11 May 2006.

(b) Consistent with final audited data contained in the 2004-05 *Consolidated Financial Statements*, released 10 November 2005.

(c) AAS data for 2004-05 has been adjusted for comparability purposes for the implementation of AIFRS for reporting periods from 2005-06. GFS results for 2004-05 remain unadjusted from previous quarterly reports.

Note: Columns may not add due to rounding.

Table 1.7

**TOTAL PUBLIC SECTOR**  
**Cash Flow Statement**

	2005-06			2004-05		
	Three Months to 31 March \$m	Nine Months to 31 March \$m	Estimated Actual <sup>(a)</sup> \$m	Three Months to 31 March \$m	Nine Months to 31 March \$m	Actual <sup>(b)</sup> \$m
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>						
Taxes received	1,328	3,654	4,905	971	3,139	4,112
Receipts from sales of goods and services	1,898	5,759	6,867	1,560	4,985	6,836
Grants and subsidies received	1,881	5,463	7,292	1,653	4,970	6,786
Other receipts	746	2,333	3,089	647	1,946	2,529
<i>Total</i>	<i>5,853</i>	<i>17,209</i>	<i>22,154</i>	<i>4,831</i>	<i>15,040</i>	<i>20,263</i>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>						
Payments for goods and services	-3,606	-10,915	-14,343	-2,985	-9,640	-13,381
Grants and subsidies paid	-714	-2,010	-2,613	-653	-1,834	-2,362
Interest paid	-71	-408	-823	-157	-586	-870
Other payments	-328	-1,090	-1,398	-312	-1,043	-1,422
<i>Total</i>	<i>-4,720</i>	<i>-14,423</i>	<i>-19,176</i>	<i>-4,107</i>	<i>-13,103</i>	<i>-18,034</i>
<b>Net Cash Flow from Operating Activities</b>	<b>1,134</b>	<b>2,786</b>	<b>2,978</b>	<b>723</b>	<b>1,937</b>	<b>2,229</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>						
Purchase of non-financial assets	-761	-2,322	-3,987	-628	-1,929	-2,883
Sales of non-financial assets	69	392	773	121	467	686
<i>Total</i>	<i>-692</i>	<i>-1,929</i>	<i>-3,214</i>	<i>-507</i>	<i>-1,462</i>	<i>-2,197</i>
<b>INVESTMENT IN FINANCIAL ASSETS</b>						
Policy purposes	-	-	-	-1	-1	-
Liquidity purposes	22	-74	-247	-75	-354	-347
<i>Total</i>	<i>22</i>	<i>-74</i>	<i>-247</i>	<i>-76</i>	<i>-355</i>	<i>-347</i>
<b>Net Cash Flow from Investing Activities</b>	<b>-670</b>	<b>-2,003</b>	<b>-3,461</b>	<b>-583</b>	<b>-1,817</b>	<b>-2,544</b>
<b>FINANCING ACTIVITIES</b>						
Advances received (net)	-	-1	-13	-	-	-12
Borrowings (net)	128	-21	926	80	375	740
Deposits received (net)	3	-	-	-1	-3	-1
Distributions paid	-	-	-	-	-	-
Other financing	33	153	83	24	75	8
<i>Total</i>	<i>164</i>	<i>131</i>	<i>996</i>	<i>102</i>	<i>447</i>	<i>735</i>
<i>Opening cash balance</i>	<i>6,632</i>	<i>6,346</i>	<i>6,346</i>	<i>6,251</i>	<i>5,927</i>	<i>5,927</i>
<b>NET INCREASE IN CASH HELD</b>	<b>627</b>	<b>914</b>	<b>513</b>	<b>243</b>	<b>567</b>	<b>419</b>
<i>Closing cash balance</i>	<i>7,260</i>	<i>7,260</i>	<i>6,859</i>	<i>6,494</i>	<i>6,494</i>	<i>6,346</i>
<i>Net cash from operating activities, investments in non-financial assets and distributions paid less finance leases and similar arrangements</i>	<i>441</i>	<i>856</i>	<i>-236</i>	<i>217</i>	<i>475</i>	<i>32</i>
Surplus	441	856	-236	217	475	32

(a) Estimate published in the 2006-07 Budget, released 11 May 2006.

(b) Consistent with final audited data contained in the 2004-05 *Consolidated Financial Statements*, released 10 November 2005.

Note: Columns may not add due to rounding.

## APPENDIX 2

# General Government Monthly Financial Results – March 2006

This appendix provides a summary of the Western Australian general government sector's finances for the month of March 2006. 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 \$13 million for the month of March 2006, \$146 million higher than the \$133 million deficit recorded in March 2005.

Revenue in March 2006 totalled \$1,195 million, up \$282 million from the same period the prior year.

This change reflects: higher taxation revenue (up \$105 million, due mainly to continued property market activity); higher current and capital grants (up \$97 million, due to a combination of higher funding and timing differences associated with the receipt of education, health, agriculture and road grants and higher North West Shelf petroleum royalties); higher royalty income (up \$85 million, primarily as a result of increased iron ore prices); lower revenue from public corporations (down \$50 million, due mainly to the change in dividend recognition policy during 2005-06).

Expenses in the month of March 2006 totalled \$1,182 million, up \$136 million from March 2005. This increase primarily reflects higher current and capital transfers (up \$59 million), higher services and contracts (up \$32 million, resulting primarily from timing differences) and higher salaries (up \$29 million, driven by factors similar to those outlined earlier in this publication).

## Cash Flow Statement

A \$200 million net cash inflow resulted from operating activities in the month of March 2006. Combined with net capital expenditure (i.e. investment in non-financial assets) of \$66 million, this resulted in a cash surplus of \$134 million in March 2006, broadly similar to the \$119 million cash surplus recorded in March 2005.

Table 2.1

### GENERAL GOVERNMENT Operating Statement

	2005-06			2004-05	
	Month of Feb \$m	Month of March \$m	Estimated Actual <sup>(a)</sup> \$m	Month of March \$m	Actual <sup>(b)</sup> \$m
<b>REVENUE</b>					
Taxation	381	413	5,100	308	4,314
Current grants and subsidies	714	414	6,894	344	6,468
Capital grants	32	47	406	20	347
Sales of goods and services	104	109	1,027	62	982
Interest income	15	18	195	13	142
Revenue from public corporations					
Dividends	-	9	536	40	468
Tax equivalent payments	22	-18	296	1	292
Royalty income	30	179	1,276	94	841
Other	48	24	394	31	368
<b>Total</b>	<b>1,346</b>	<b>1,195</b>	<b>16,123</b>	<b>913</b>	<b>14,222</b>
<b>EXPENSES</b>					
Gross operating expenses					
Salaries	438	495	5,559	466	5,253
Depreciation and amortisation	47	48	594	41	607
Superannuation	29	46	546	45	519
Services and contracts	106	118	1,545	86	1,263
Other	122	191	1,865	185	1,730
Nominal superannuation interest	26	25	304	24	294
Other interest	7	10	151	10	155
Other property expenses	-	-	-	-	-
Current transfers	190	190	3,080	166	2,728
Capital transfers	47	58	497	23	482
<b>Total</b>	<b>1,014</b>	<b>1,182</b>	<b>14,141</b>	<b>1,046</b>	<b>13,030</b>
<b>NET OPERATING BALANCE</b>	<b>332</b>	<b>13</b>	<b>1,981</b>	<b>-133</b>	<b>1,192</b>

(a) Estimate published in the 2006-07 Budget, released 11 May 2006.

(b) Consistent with final audited data contained in the 2004-05 *Consolidated Financial Statements*, released 10 November 2005.

Note: Columns may not add due to rounding.

**GENERAL GOVERNMENT**  
Cash Flow Statement

	2005-06			2004-05	
	Month of Feb \$m	Month of March \$m	Estimated Actual <sup>(a)</sup> \$m	Month of March \$m	Actual <sup>(b)</sup> \$m
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>					
Taxes received				346	4,328
Receipts from sales of goods and services	526	439	5,119	90	1,031
Grants and subsidies received	107	120	1,055	367	6,786
Other receipts	749	460	7,292	200	2,481
<i>Total</i>	128	316	3,161	1,004	14,626
	1,511	1,335	16,626		
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>					
Payments for goods and services	-646	-849	-9,723	-581	-9,002
Grants and subsidies paid	-238	-204	-3,293	-144	-2,966
Interest paid	-4	-5	-142	-8	-162
Other payments	-49	-78	-865	-75	-798
<i>Total</i>	-937	-1,135	-14,023	-808	-12,928
<b>Net Cash Flow from Operating Activities</b>	<b>573</b>	<b>200</b>	<b>2,603</b>	<b>196</b>	<b>1,698</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>					
Purchase of non-financial assets	-119	-79	-1,381	-97	-1,092
Sales of non-financial assets	15	13	241	20	253
<i>Total</i>	-104	-66	-1,140	-77	-839
<b>INVESTMENT IN FINANCIAL ASSETS</b>					
Policy purposes	-1	5	-505	-4	-122
Liquidity purposes	-17	-3	-42	-31	-62
<i>Total</i>	-19	1	-547	-34	-184
<b>Net Cash Flow from Investing Activities</b>	<b>-123</b>	<b>-65</b>	<b>-1,687</b>	<b>-111</b>	<b>-1,022</b>
<b>FINANCING ACTIVITIES</b>					
Advances received (net)	-	-	-	7	-
Borrowings (net)	78	-25	-296	31	-395
Deposits received (net)	-2	1	-	2	-1
Distributions paid	-	-	-	-	-
Other financing	4	-1	-20	1	-100
<i>Total</i>	80	-24	-316	41	-496
<i>Opening cash balance</i>	3,026	3,557	2,869	2,490	2,690
<b>NET INCREASE IN CASH HELD</b>	<b>531</b>	<b>110</b>	<b>599</b>	<b>126</b>	<b>180</b>
<i>Closing cash balance</i>	3,557	3,668	3,468	2,616	2,869
<i>Net cash from operating activities, investments in non-financial assets and distributions paid</i>	469	134	1,463	119	859
<i>less finance leases and similar arrangements</i>	-	-	-	-	-
<b>Surplus</b>	469	134	1,463	119	859

(a) Estimate published in the 2006-07 Budget, released 11 May 2006.

(b) Consistent with final audited data contained in the 2004-05 *Consolidated Financial Statements*, released 10 November 2005.

Note: Columns may not add due to rounding.



Table 2.3

**GENERAL GOVERNMENT**  
Taxation Revenue

	2005-06			2004-05	
	Month of Feb \$m	Month of March \$m	Estimated Actual <sup>(a)</sup> \$m	Month of March \$m	Actual <sup>(b)</sup> \$m
<b>TAXATION</b>					
Taxes on employers' payroll and labour force					
<i>Payroll tax</i>	108	111	1,351	92	1,211
Property taxes					
<i>Land tax</i>	3	-2	320	4	315
Conveyances and transfers	139	178	1,833	94	1,218
Mortgages	13	16	171	11	140
Other stamp duties	3	2	36	4	36
<i>Total stamp duties on financial and capital transactions</i>	155	196	2,040	109	1,394
Debits Tax	-	-	8	8	100
<i>Total financial institutions taxes</i>	-	-	8	8	100
Metropolitan Region Improvement Tax	-	-	54	-	47
Emergency Services Levy	20	1	129	1	119
Loan guarantee fees	1	1	12	1	10
<i>Total other property taxes</i>	22	2	195	2	176
Taxes on provision of goods and services					
Lotteries Commission	8	8	101	8	98
less rebates	-1	-2	-22	-1	-21
Video lottery terminals	-	-	1	-	-
Casino Tax	5	5	57	4	52
less rebates	-2	-2	-32	-3	-28
TAB betting tax	5	11	62	6	59
less rebates	-2	-3	-27	-2	-25
<i>Total taxes on gambling</i>	12	17	139	12	134
Stamp duty on insurance policies	23	23	303	23	280
Other	2	-2	23	2	19
<i>Total taxes on insurance</i>	25	21	326	21	299
Taxes on use of goods and performance of activities					
Stamp duty on vehicle licences	26	33	351	29	303
Permits - oversize vehicles and loads	-	-	3	-	3
Motor vehicle recording fee	2	3	30	3	37
Motor vehicle registrations	27	32	338	29	341
<i>Total motor vehicle taxes</i>	56	68	722	61	684
<b>Total Taxation</b>	<b>381</b>	<b>413</b>	<b>5,100</b>	<b>308</b>	<b>4,314</b>

(a) Estimate published in the 2006-07 Budget, released 11 May 2006.

(b) Consistent with final audited data contained in the 2004-05 *Consolidated Financial Statements*, released 10 November 2005.

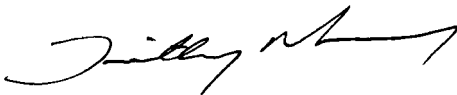
Note: Columns may not add due to rounding.

# Interim Consolidated Financial Statements<sup>2</sup>

## 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 nine months ended 31 March 2006 and the balance sheet of the Government as at 31 March 2006. 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

22 May 2006

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<sup>2</sup> For comparability purposes, previously published accounting data for 2004-05 have been adjusted in this appendix to reflect the implementation of Australian equivalents to International Financial Reporting Standards.

Table 3.1

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the nine months ended 31 March 2006

	2005-06		2004-05			
	Note	Three Months to 31 March \$m	Nine Months to 31 March \$m	Three Months to 31 March \$m	Nine Months to 31 March \$m	Twelve Months to 30 June \$m
<b>REVENUE FROM ORDINARY ACTIVITIES</b>						
Taxation	2	1,122	3,665	925	3,163	4,033
Territorial revenue		479	1,369	308	941	1,419
Regulatory fees and fines		105	376	77	330	419
Sale of goods and services	3	1,745	4,802	1,401	4,221	5,825
Grants and subsidies	4	1,756	5,096	1,571	4,696	6,398
Interest revenue		146	428	114	363	471
Other revenue		465	1,337	280	1,088	1,576
<b>Total revenues from ordinary activities</b>		<b>5,817</b>	<b>17,072</b>	<b>4,676</b>	<b>14,802</b>	<b>20,142</b>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>						
Supplies and services		732	1,764	447	1,384	1,896
Employee benefits		1,565	4,696	1,428	4,312	5,950
Superannuation		208	651	202	616	921
Borrowing costs		189	564	217	651	863
Depreciation and amortisation		311	914	289	864	1,253
Grants and subsidies		746	2,206	700	2,049	2,737
Other expenses	5	1,315	3,899	1,155	3,467	4,932
<b>Total expenses from ordinary activities</b>		<b>5,066</b>	<b>14,694</b>	<b>4,438</b>	<b>13,344</b>	<b>18,553</b>
<b>NET RESULT</b>		<b>751</b>	<b>2,378</b>	<b>237</b>	<b>1,458</b>	<b>1,588</b>

The accompanying notes form part of these financial statements.

Table 3.2

**CONDENSED CONSOLIDATED BALANCE SHEET**

As at 31 March 2006

	Note	2005-06		2004-05	
		31 March \$m	31 March \$m	30 June \$m	
<b>CURRENT ASSETS</b>					
Cash & cash equivalents		618	534	656	
Other financial assets – Investments	6	7,395	6,137	6,150	
Inventories		858	624	573	
Receivables	7	2,143	1,524	1,795	
Other financial assets – Loans and advances	8	11	9	26	
Non-current assets held for sale		20	21	21	
Biological assets		35	32	34	
Other assets		161	109	75	
<i>Total current assets</i>		<i>11,241</i>	<i>8,990</i>	<i>9,330</i>	
<b>NON-CURRENT ASSETS</b>					
Other financial assets – Investments	6	614	602	578	
Inventories		796	696	722	
Receivables	7	218	225	298	
Intangibles		156	111	113	
Other financial assets – Loans and advances	8	3,082	3,041	3,022	
Land		22,888	20,594	22,735	
Buildings		10,770	8,933	10,450	
Infrastructure		22,936	21,504	22,669	
Plant, equipment and other		5,511	4,553	4,571	
Biological assets		315	313	312	
Other assets		74	120	82	
<i>Total non-current assets</i>		<i>67,359</i>	<i>60,693</i>	<i>65,552</i>	
<b>TOTAL ASSETS</b>		<b>78,600</b>	<b>69,683</b>	<b>74,882</b>	
<b>CURRENT LIABILITIES</b>					
Payables		748	642	699	
Interest bearing liabilities	9	5,639	4,805	5,066	
Provisions – Employee benefits		1,675	1,591	1,720	
Other liabilities		1,339	1,377	1,391	
<i>Total current liabilities</i>		<i>9,400</i>	<i>8,415</i>	<i>8,875</i>	
<b>NON-CURRENT LIABILITIES</b>					
Interest bearing liabilities	9	8,740	8,573	8,820	
Provisions – Employee benefits		5,758	5,607	5,594	
Other liabilities		1,684	1,603	1,654	
<i>Total non-current liabilities</i>		<i>16,182</i>	<i>15,783</i>	<i>16,068</i>	
<b>TOTAL LIABILITIES</b>		<b>25,582</b>	<b>24,198</b>	<b>24,943</b>	
<b>NET ASSETS</b>		<b>53,018</b>	<b>45,485</b>	<b>49,940</b>	
<b>EQUITY</b>					
Accumulated funds/Retained earnings		19,749	16,701	16,974	
Reserves		33,185	28,743	32,919	
Non-current assets held for sale		83	41	46	
<b>TOTAL EQUITY</b>		<b>53,018</b>	<b>45,485</b>	<b>49,940</b>	

The accompanying notes form part of these financial statements.

Table 3.3

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
As at 31 March 2006

	2005-06	2004-05	
	31 March \$m	31 March \$m	30 June \$m
<b>Balance of Equity at the start of the period</b>	49,940	43,754	43,754
<b>RESERVES</b>			
Balance at start of the period	32,965	29,099	29,099
Net adjustment on transition to AIFRS	-	(589)	(589)
Changes in accounting policy or correction of prior period error	-	-	-
<b>Restated balance at start of period</b>	<b>32,965</b>	<b>28,510</b>	<b>28,510</b>
Gains/(losses) from asset revaluation	303	274	4,455
Balance at end of the period	33,268	28,784	32,965
<b>Accumulated funds/ Retained earnings</b>			
Balance at start of the period	16,974	14,655	14,655
Net adjustment on transition to AIFRS	-	444	444
Change in accounting policy or correction of prior period error	109	(38)	(61)
<b>Restated balance at start of period</b>	<b>17,083</b>	<b>15,061</b>	<b>15,037</b>
Surplus/(deficit) for the period	2,378	1,458	1,588
Gain/(losses) recognised directly in equity	288	181	349
<b>Total income for the period</b>	<b>2,666</b>	<b>1,640</b>	<b>1,937</b>
Balance at end of the period	19,749	16,701	16,974
<b>Balance of Equity at end of the period</b>	<b>53,018</b>	<b>45,485</b>	<b>49,940</b>

The accompanying notes form part of these financial statements.

Table 3.4

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

For the nine months ended 31 March 2006

	2005-06		2004-05			
	Note	Three Months to 31 March \$m	Nine Months to 31 March \$m	Three Months to 31 March \$m	Nine Months to 31 March \$m	Twelve Months to 30 June \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<i>Receipts</i>						
Taxation		1,298	3,541	996	3,145	4,005
Territorial revenue		479	1,369	309	941	1,306
Regulatory fees and fines		119	366	102	329	418
Sale of goods and services		1,601	4,819	1,169	3,969	5,807
Grants and subsidies received		1,750	5,087	1,576	4,693	6,373
Interest received		46	125	39	116	156
GST receipts on sales		112	320	112	339	403
GST receipts from taxation authority		141	452	131	400	566
Other receipts		223	736	443	961	854
<i>Payments</i>						
Salaries, wages and other benefits		(1,462)	(4,538)	(1,359)	(4,296)	(5,831)
Superannuation paid		(208)	(642)	(193)	(604)	(830)
Borrowing cost paid		(10)	(20)	(6)	(16)	(44)
Grants and subsidies paid		(780)	(2,244)	(721)	(2,065)	(2,670)
GST payments on purchases		(223)	(706)	(203)	(663)	(902)
GST payments to taxation authority		(25)	(74)	(27)	(89)	(150)
Contract services paid		(420)	(1,331)	(351)	(1,156)	(1,583)
Other payments		(1,416)	(4,178)	(1,184)	(3,543)	(4,870)
<i>Net cash flows from operating activities</i>		1,225	3,081	833	2,461	3,008
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sale of non-current physical assets		58	185	54	148	227
Purchase of non-current physical assets		(739)	(2,185)	(604)	(1,804)	(2,678)
Proceeds from sale of investments		33	169	63	149	256
Purchase of investments		(21)	(107)	(64)	(206)	(263)
Other receipts		(89)	(73)	57	78	37
Other payments		(11)	(36)	(7)	(109)	(35)
<i>Net cash flows used in investing activities</i>		(768)	(2,046)	(500)	(1,744)	(2,456)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Proceeds from borrowings		-	-	-	-	1
Repayment of borrowings		-	-	(4)	(4)	(17)
Other proceeds		5	185	4	265	263
Other repayments		(9)	(23)	(12)	(28)	(139)
<i>Net cash flows from financing activities</i>		(4)	162	(12)	234	109
<b>NET CASH FLOWS/(OUTFLOWS) FROM PUBLIC FINANCIAL CORPORATIONS</b>	10	173	(342)	(86)	(392)	(247)
<i>NET INCREASE/(DECREASE) IN CASH HELD</i>		625	855	236	559	414
<b>CASH ASSETS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		5,279	5,279	4,865	4,865	4,865
<b>CASH ASSETS AT THE END OF THE FINANCIAL PERIOD</b>		5,904	6,134	5,101	5,424	5,279

The accompanying notes form part of these financial statements.

## **Notes to the Condensed Consolidated Financial Statements for the Nine months Ended 31 March 2006**

### **Statement of significant accounting policies**

#### **1 Statement of significant accounting policies**

##### *(a) Accounting standards*

This general purpose financial report has been prepared in accordance with applicable accounting standards, and other authoritative pronouncements of the Australian Accounting Standards Board and the Urgent Issues Group (UIG) Interpretations.

It is intended that this interim financial report be read in conjunction with the *Government of Western Australia Consolidated Financial Statements* (CFS) for the year ended 30 June 2005. Reflecting the condensed nature of this interim report, only significant changes to accounting policies are included in this note.

The Western Australian public sector has adopted AIFRS with effect from 1 July 2005 with the date of transition being 1 July 2004.

##### *(b) The reporting entity*

The reporting entity is the *Government of Western Australia* and includes entities controlled by the Government. These entities are referred to as 'agencies' in the financial report.

The Interim Consolidated Financial Statements include the assets, liabilities, equity, revenue, expenses and the cash flows of the public sector, including those of agencies controlled by the Government.

(c) *Basis of accounting*

The Interim Consolidated Financial Statements have been prepared in accordance with AASB 134: *Interim Financial Reporting* and are covered by AASB 1: *First-time adoption of Australian Equivalents to International Financial Reporting Standards*. They have been prepared in accordance with AIFRS, AAS 31: *Financial Reporting by Government*, UIG Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The statements have been prepared using the full accrual basis of accounting, which recognises the effects of transactions and events when they occur.

The accounting policies used to prepare these financial statements are consistent with those used in the previous year. However, those changes in accounting policies resulting from the adoption of AIFRS have been disclosed below in note 1(e), *AIFRS accounting policies*.

The interim financial statements are presented in Australian dollars and all amounts are rounded to the nearest one million dollars (\$A million).

(d) *Specific accounting policies*

The specific accounting policies of the Government of Western Australia were described in Note 1, *Statement of Significant Accounting Policies* in the CFS for the year ended 30 June 2005. The adoption of AIFRS has resulted in changes to accounting policies. The audited financial statements for 2005-06 will be published after 30 June 2006 and will include a detailed statement of significant accounting policies. A condensed disclosure note is included below outlining new accounting policies that have materially impacted on the statements presented in this interim report.



(e) *AIFRS accounting policies*

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount is to be recovered through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable and the asset is available for immediate sale in its present condition. Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell and are presented separately from other assets in the Balance Sheet. These assets are not depreciated or amortised while they are classified as held for sale.

Intangible assets

Intangible assets comprise externally acquired software for internal use. These assets are initially recognised at cost. After initial recognition, these assets are subsequently stated at cost less accumulated amortisation and any accumulated impairment losses. Software is amortised on a straight-line basis over its anticipated useful life. All costs incurred in the research and feasibility stage (and some development costs) of the development of software are expensed as a result of stricter recognition criteria for capitalisation of intangible assets.

Biological assets (natural resources – standing trees)

Biological assets in the form of standing trees in native and plantation forests are recognised at fair value less estimated point-of-sale costs at harvest. Standing trees are physically attached to land located within forest plantations and are recognised and measured separately from land. The fair value of the biological asset is measured as the present value of expected net cash flows of the harvest based on the productive forest land, discounted at a current market-determined pre-tax rate. Gains or losses arising from changes in the fair value of standing trees, usually as a result of harvesting, are included in the gains or losses in the Income Statement.

### Impairment of assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount of the asset is estimated. Where the recoverable amount is less than the carrying amount, the asset is written down to the recoverable amount and an impairment loss is recognised.

### Provisions

#### Employee benefits

The liability for annual leave and long service leave that will fall due within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual leave and long service leave that will fall due more than 12 months after the end of the reporting date is recognised and measured at the present value of amounts expected to be paid when the liabilities are to be settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

The expected future payments are discounted using market yields on national government bonds. All annual leave and unconditional long service leave provisions are classified as current liabilities.

#### Employee on-costs

Employee on-costs, including workers' compensation insurance, are not employee benefits and are recognised as liabilities and expenses when the employment to which they relate has occurred. Employee on-costs are not included as part of the employee benefits expense and the related on-cost liability is recognised separately from the employee benefit provision.

#### Decommissioning, Restoration and Rehabilitation

Where the public sector has a liability in respect of plant decommissioning, restoration and site rehabilitation works, a provision is recognised where a future sacrifice of economic benefits is probable and can be reliably estimated. Subject to materiality, estimates are based on the present value of expected expenditure required to settle the present obligation.

## Superannuation

The Government Employees Superannuation Board, in accordance with legislative requirements, administers the following plans:

### 1. Defined Benefit Plans:

- Pension Scheme;
- Judges' Pension Scheme;
- Parliamentary Superannuation Scheme; and
- Gold State Superannuation Scheme.

### 2. Defined Contribution Plan:

- West State Superannuation Scheme.

Defined benefit plan contributions are calculated based upon regulatory requirements and/or plan terms. The defined benefit obligations and the related services costs are determined separately for each plan at each reporting date by a qualified actuary, using the Projected Unit Credit Method. The amounts recognised in the Balance Sheet represent the present value of the defined benefit obligations, reduced by the fair value of the plan assets. The assets of these plans are held separately from the Government's general assets.

The expected future payments are discounted using market yields at the reporting date on national government bonds. Actuarial gains and loss movements are recognised in the Income Statement.

March 2005-06 and recast comparative data for 2004-05 remain unchanged and are subsequently reflective of the reporting requirements under Australian Generally Accepted Accounting Principles (AGAAP). The CFS for the year ended 30 June 2005, Note 1, *Statement of Significant Accounting Policies - Superannuation* describes this policy. Sufficient information is not yet available to account for the defined benefit plans. At the time of preparing this report, actuarial valuation of defined benefits superannuation liabilities on an AIFRS basis for whole-of-government purposes is proceeding, in accordance with AASB 119: *Employee Benefits*.

### Financial instruments

In accordance with the options provided by AASB 1.36A: *First-time adoption of Australian Equivalents to International Financial Reporting Standards*, financial instrument information prepared under AASB 132: *Financial Instruments: Disclosure and Presentation*, AASB 139: *Financial Instruments Recognition and Measurement*, and insurance contract information prepared under AASB 1023: *General Insurance Contracts* will transition on 1 July 2005 and consequently comparative information is presented on the previous AGAAP basis.

(f) *Unaudited data*

These Interim Consolidated Financial Statements are not subject to audit.

(g) *Comparative figures*

Figures for reporting periods in 2004-05 are restated to AIFRS (unaudited) for comparability with the AIFRS figures presented in the current financial year.

Where applicable, AIFRS restated comparative figures as at 30 June 2005 have been updated to reflect changes to agency data as a result of the progressive completion of agencies' audit review stage. Subsequently, 30 June 2005 figures as published in this report may differ to those reported in previously published QFRR (Appendix 3), reflecting the progress made on the AIFRS project.

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## NOTE 2. TAXATION REVENUE

	2005-06		2004-05		
	Three Months to 31 March \$m	Nine Months to 31 March \$m	Three Months to 31 March \$m	Nine Months to 31 March \$m	Twelve Months to 30 June \$m
Stamp duty	672	1,999	456	1,448	1,976
Payroll tax	332	968	279	883	1,175
Motor vehicle's and drivers' licences	99	297	101	267	380
Financial transactions taxes	-	8	26	74	100
Gambling taxes and licences	15	45	50	139	52
Land tax	4	294	11	299	297
Other taxes and licences	1	54	2	53	53
<b>Total</b>	<b>1,122</b>	<b>3,665</b>	<b>925</b>	<b>3,163</b>	<b>4,033</b>

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**NOTE 3. SALE OF GOODS AND SERVICES**

	2005-06		2004-05		
	Three Months to 31 March \$m	Nine Months to 31 March \$m	Three Months to 31 March \$m	Nine Months to 31 March \$m	Twelve Months to 30 June \$m
Revenue from sale of goods	1,012	2,639	707	2,213	3,146
Revenue from the provision of services	733	2,163	694	2,008	2,679
<b>Total</b>	<b>1,745</b>	<b>4,802</b>	<b>1,401</b>	<b>4,221</b>	<b>5,825</b>

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**NOTE 4. GRANTS AND SUBSIDIES**

	2005-06		2004-05		
	Three Months to 31 March \$m	Nine Months to 31 March \$m	Three Months to 31 March \$m	Nine Months to 31 March \$m	Twelve Months to 30 June \$m
Commonwealth grants	1,734	5,018	1,546	4,644	6,315
Other grants and subsidies	22	78	25	52	83
<b>Total</b>	<b>1,756</b>	<b>5,096</b>	<b>1,571</b>	<b>4,696</b>	<b>6,398</b>

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**NOTE 5. OTHER EXPENSES**

	2005-06		2004-05		
	Three Months to 31 March \$m	Nine Months to 31 March \$m	Three Months to 31 March \$m	Nine Months to 31 March \$m	Twelve Months to 30 June \$m
Betting dividend payouts	262	817	270	677	1,000
Health sector specific expenses	175	537	171	498	681
Education sector specific expenses	82	227	56	209	295
Insurance claims expenses	115	315	94	286	416
Contract services expense	408	1,193	343	1,065	1,536
Carrying amount of non-current assets disposed of	-	-	-	-	-
Other	272	809	221	732	1,004
<b>Total</b>	<b>1,315</b>	<b>3,899</b>	<b>1,155</b>	<b>3,467</b>	<b>4,932</b>

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**NOTE 6. OTHER FINANCIAL ASSETS - INVESTMENTS**

	2005-06	2004-05	
	31 March \$m	31 March \$m	30 June \$m
Unlisted/Listed shares	1,142	1,014	969
Property	227	206	219
Other investments (cash deposits and government securities)	6,639	5,519	5,540
<b>Total</b>	<b>8,009</b>	<b>6,739</b>	<b>6,728</b>

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**NOTE 7. RECEIVABLES**

	2005-06	2004-05	
	31 March \$m	31 March \$m	30 June \$m
Gross accounts receivable	2,504	1,935	2,196
Provision for doubtful debts	(91)	(96)	(103)
<b>Total</b>	<b>2,413</b>	<b>1,839</b>	<b>2,093</b>

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**NOTE 8. OTHER FINANCIAL ASSETS – LOANS AND ADVANCES**

	2005-06	2004-05	
	31 March \$m	31 March \$m	30 June \$m
Homebuyers	1,744	1,742	1,773
Non government schools	232	231	222
Terminating building societies	2	6	4
Government Employees Superannuation Board	550	570	565
Others	565	501	484
<b>Total</b>	<b>3,093</b>	<b>3,050</b>	<b>3,048</b>

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## NOTE 9. INTEREST BEARING LIABILITIES

	2005-06		2004-05	
	31 March \$m		31 March \$m	30 June \$m
Bank overdrafts	26		43	2
Finance leases	81		65	91
Liability to the Commonwealth Government	549		561	549
Commercial paper and medium term notes	-		-	-
Domestic and foreign borrowings	13,723		12,285	12,869
<i>Borrowings at face value</i>	<i>14,379</i>		<i>12,954</i>	<i>13,511</i>
Unamortised net discounts	-		424	375
<b>Borrowings at historic capital value</b>	<b>14,379</b>		<b>13,378</b>	<b>13,886</b>

## NOTE 10. STATEMENT OF CASH FLOWS OF PUBLIC FINANCIAL CORPORATIONS

	2005-06		2004-05		
	Three Months to 31 March \$m	Nine Months to 31 March \$m	Three Months to 31 March \$m	Nine Months to 31 March \$m	Twelve Months to 30 June \$m
<b>Cash flows from operating activities</b>					
Interest received	58	283	91	292	345
Premiums received	96	297	91	276	379
GST received on sales	10	42	9	40	50
GST received from taxation authority	7	23	5	23	31
Other receipts	28	91	15	60	91
Salaries, wages and other benefits paid	(5)	(15)	(4)	(15)	(20)
Superannuation paid	(1)	(2)	(1)	(1)	(2)
Borrowing costs	(61)	(388)	(152)	(572)	(826)
Claims paid	(95)	(303)	(93)	(273)	(377)
GST paid on purchases	(7)	(24)	(4)	(22)	(30)
GST paid to taxation authority	(9)	(42)	(9)	(41)	(50)
Other payments	(26)	(97)	(20)	(102)	(119)
<b>Net cash flows used in operating activities</b>	<b>(4)</b>	<b>(134)</b>	<b>(72)</b>	<b>(335)</b>	<b>(527)</b>
<b>Cash flows from investing activities</b>					
Purchase of non-current physical assets	(1)	(2)	(1)	(2)	(3)
Proceeds from investments	365	1,186	278	1,646	1,936
Purchase of investments	(352)	(1,329)	(382)	(1,871)	(2,234)
<b>Net cash flows used in investing activities</b>	<b>12</b>	<b>(145)</b>	<b>(105)</b>	<b>(227)</b>	<b>(301)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings	7,107	10,362	4,879	15,817	21,083
Repayments of borrowings	(6,942)	(10,425)	(4,788)	(15,647)	(20,502)
<b>Net cash flows from financing activities</b>	<b>165</b>	<b>(63)</b>	<b>91</b>	<b>170</b>	<b>581</b>
<b>Net cash flows from public financial corporations</b>	<b>173</b>	<b>(342)</b>	<b>(86)</b>	<b>(392)</b>	<b>(247)</b>

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.

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### **NOTE 11. DETAILS OF AGENCIES CONSOLIDATED**

The agencies included in these financial statements were detailed in Note 36, Composition of Sectors in the *Consolidated Financial Statements of the Government of Western Australia* for the year ended 30 June 2005. Changes since that date are:

- The Office of Shared Services has been established with effect from 1 July 2005.
- The Western Australian Egg Marketing Board ceased operations on 2 July 2005.
- The Recreation Camps and Reserves Board has been dissolved and its operations have been transferred to the Department of Sport and Recreation effective from 1 July 2005.
- With effect from 1 February 2006, the Department of Justice was disaggregated into two entities – those being the Department of the Attorney General, and the Department of Corrective Services.

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### **NOTE 12. CONTINGENT LIABILITIES**

There have been no changes in contingent liabilities since the issue of the *Government of Western Australia Consolidated Financial Statements* for the year ended 30 June 2005.

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## APPENDIX 4

## Australian equivalents to International Financial Reporting Standards

Australian equivalents to International Financial Reporting Standards (AIFRS) were implemented in the 2005-06 Budget.

For GFS purposes, the headline general government net operating balance and other operating statement aggregates, other than dividends from public corporations which are recognised differently under AIFRS<sup>3</sup>, are largely unaffected by the AIFRS changes. Interested readers should see 2005-06 Budget Paper Number No. 3: *Economic and Fiscal Outlook*, Appendix 9: *Implementation of Australian equivalents to International Financial Reporting Standards (AIFRS)* for further information.

In line with the budget presentation, GFS data for 2004-05 presented in this quarterly publication remain consistent with Australian Generally Accepted Accounting Principles data collected from State agencies and published during that year.

Australian Accounting Standards (AAS) data for 2004-05 (included at Appendix 3) have been restated on an AIFRS basis. In this regard, it should be noted that agencies' AIFRS data for the twelve months ended 30 June 2005 are still being finalised. Accordingly, the AAS 2004-05 full-year comparative data included in this QFRR may vary from the comparative data shown in the previously published QFRR.

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<sup>3</sup> Dividend recognition under AIFRS is directly impacted by implementation of the new standards. Under AIFRS, dividends are accrued in line with their date of declaration. For 2005-06 and beyond, the major declarations occur just after the end of the previous financial year when final dividends are determined, and around January, when interim dividends for some of the State's larger public corporations are declared (e.g. Western Power). For monthly and quarterly reporting in previous years, dividends were shown to accrue uniformly through the year, with final dividend adjustments reflected in year-end publications.