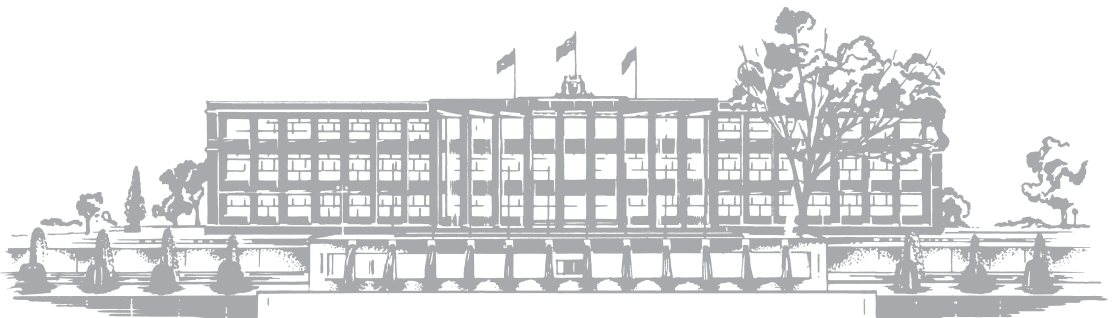




2006-07

QUARTERLY FINANCIAL
RESULTS REPORT

SEPTEMBER 2006



2006–07 Quarterly Financial Results Report
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2006-07

**QUARTERLY FINANCIAL RESULTS REPORT
Three Months Ending 30 September 2006**

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Foreword

This *Quarterly Financial Results Report* (QFRR) provides the Western Australian public sector's financial results for the three months to 30 September 2006.

Care should be exercised in extrapolating the likely outcome for the 2006-07 year based on one quarter's results, 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 '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*, and whole-of-government statements in accordance with AAS 31: *Financial Reporting by Governments*. Information presented in this QFRR is not audited.

The 2005-06 annual results appearing in this document are consistent with the audited *Annual Report on State Finances* for the year ended 30 June 2006 (released on 27 September 2006), while the annual GFS estimates for 2006-07 are consistent with those appearing in the 2006-07 Budget.

Appendix 4: *Treasurer's Accounts* includes summary information on the Consolidated Fund, Trust Fund, Treasurer's Advance and Public Bank Account investments.

CHAPTER 1

Overview

Summary

The Western Australian public sector recorded positive financial results in the first quarter of 2006-07, with the general government and public corporation sectors recording solid operating surpluses for the three months to 30 September 2006.

Continued strength in the State's property market during the September quarter, and the economy more broadly, led to strong growth in conveyance duty and payroll tax, although overall revenue growth in the quarter was moderated due to various timing factors.

Total public sector net worth increased by \$995 million to stand at \$58.9 billion at 30 September 2006, reflecting surplus outcomes and revaluations recorded during the quarter.

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 \$295 million operating surplus for the three months to 30 September 2006, down from the \$518 million surplus for the same period the previous year.

Revenue

Revenue in the three months to 30 September 2006 totalled \$4,117 million. This represents 24.9% of the full-year budget estimate for 2006-07, and is \$162 million (or 4.1%) higher than the same period the previous year.

Relative to the first quarter of 2005-06, the increase in revenue for the first quarter of 2006-07 primarily reflects:

- higher Commonwealth grants (up \$121 million), due to a number of factors, including:
 - higher North West Shelf petroleum royalties (up \$21 million), due to higher international oil prices; and
 - higher specific purpose grants, with increased funding for health and agriculture (up \$38 million), roads (up \$37 million) and non-government schools (up \$11 million);
- lower revenue from public corporations (down \$89 million), primarily due to the timing of dividend declarations by Western Power in September 2005;
- higher sales of goods and services (up \$73 million), reflecting increases in the volume and demand for goods and services across the sector;
- higher royalty income (up \$69 million), reflecting increases in production volumes and prices for iron ore, nickel, gold and other mineral commodities;
- lower taxation revenue (down \$51 million), including:
 - higher conveyance duty revenue (up \$199 million), due to the impact of sustained property market activity during the first quarter of 2006-07;
 - higher payroll tax (up \$68 million), due to strong wages and employment growth in industries like mining, property and business services, and manufacturing;

- higher motor vehicle taxes (up \$19 million), reflecting continued high levels of vehicle sales and registrations;
- lower land tax (down \$267 million), Metropolitan Region Improvement Tax (down \$37 million), workers' compensation levy collections (down \$11 million) and Emergency Services Levy revenue (down \$11 million), reflecting later collection of these items in 2006-07 relative to 2005-06; and
- lower debits tax (down \$8 million), following the abolition of this tax from 1 July 2005¹;
- higher interest revenue (up \$26 million), due to higher Public Bank Account balances and increased interest rates; and
- higher 'other' revenue (up \$13 million), due to an increase in capital user charge revenue from the Public Transport Authority (a public non-financial corporation) as a result of higher net worth (discussed further under *Balance Sheet* below).

Expenses

Expenses in the three months to 30 September 2006 totalled \$3,822 million, \$385 million (or 11.2%) higher than the same period the previous year, and 25.1% of the annual estimate for 2006-07. This increase reflects:

- higher salaries (up \$119 million), mainly due to:
 - higher pay rates for general public servants;
 - employee numbers and pay rates in the health sector (43% of the total increase), driven by winter bed and general demand, and increases in hospital staff numbers; and
 - employee numbers and pay rates in the education sector (25% of the total increase), including the impact of enterprise agreements for teachers;

¹ Although debits tax was abolished from 1 July 2005, the State still received \$8 million during the September 2005 quarter, reflecting outstanding assessments.

- higher current and capital transfers (up \$96 million), mainly due to higher appropriation funding to the Public Transport Authority for higher rail and bus service costs as part of the Metropolitan and Regional Passenger Service, the on-passing of higher specific purpose grants from the Commonwealth, and a range of small grants across a number of agencies (including some spending carried over from 2005-06);
- higher 'other' gross operating expenses (up \$82 million), reflecting increases in recurrent education costs, increased direct patient support costs in the health sector (mainly higher prices for food and drug supplies, medical equipment, prostheses and appliances), and increases in cost and demand factors impacting purchases across agencies;
- higher services and contracts expenses (up \$72 million), reflecting increases in recurrent construction and maintenance costs and increased expenses in the health sector (particularly for cost and activity levels in renal and emergency departments); and
- higher superannuation expenses (up \$13 million), reflecting the increase in salaries discussed above.

Table 1

**SUMMARY OF GENERAL GOVERNMENT FINANCES
THREE MONTHS TO 30 SEPTEMBER 2006**

Western Australia

	2006-07		2005-06	
	Three Months to 30 Sept \$m	Annual Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
Net operating balance	295	1,275	518	2,265
Net worth	58,936	55,892	51,467	57,941
Increase in cash balances	-1,012	-608	-697	1,587
<i>Memorandum items</i>				
Net lending	169	515	524	1,846
Net debt	-1,680	-1,017	-597	-2,737
GFS cash surplus	114	862	69	2,301

(a) Estimate published in the 2006-07 Budget.

(b) Consistent with final audited data contained in the 2005-06 *Annual Report on State Finances*, released 27 September 2006.

Balance Sheet

The net worth of the general government sector increased by \$995 million in the three months to 30 September 2006 to stand at \$58.9 billion.

This increase is primarily attributable to:

- increases in the value of the sector's equity holdings in public corporations (up \$1.9 billion), largely due to;
 - the repayment of New MetroRail borrowings held by the Public Transport Authority²; and
 - the impact of revaluations on Housing Authority assets following amalgamation of the State Housing Commission and the Government Employees Housing Authority during the September quarter; and
- lower investments, loans and placements (down \$954 million), due largely to the transfer of Consolidated Fund cash for the New MetroRail debt repayment, outlined above.

The Government also repaid \$49 million of remaining Consolidated Fund debt in September 2006, leaving the Fund debt-free for the first time.

Cash Flow

Net cash inflow from operating activities totalled \$386 million for the three months ended 30 September 2006. Together with net capital expenditure (i.e. investment in non-financial assets) of \$273 million, a cash surplus of \$114 million was recorded in the September quarter 2006 (compared with a \$69 million cash surplus in the same period the previous year).

² The 2006-07 Budget included the payment of surplus Consolidated Fund cash from 2005-06 to fully fund the New MetroRail project.

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 electricity utilities, the Water Corporation and the Public Transport Authority) and the public financial corporations sector (including agencies such as the Western Australian Treasury Corporation and the Insurance Commission of Western Australia).

Operating Statement

An operating surplus of \$565 million was recorded by the total public sector for the first three months of 2006-07, down from the \$872 million surplus recorded for the same period the previous year. This largely reflects the impact of the lower general government operating surplus discussed above.

The public non-financial corporations sector recorded an operating surplus of \$109 million for the three months ended 30 September 2006, compared with an \$82 million surplus for the same period the previous year. This primarily reflects a difference in the timing of expenses for the Public Transport Authority compared to the previous year.

The public financial corporations sector recorded an operating surplus of \$160 million for the first quarter of 2006-07, down on the \$272 million operating surplus recorded for the same period the previous year. The decrease is largely due to lower first quarter earnings on financial investments held by the Insurance Commission of Western Australia, as well as higher claims expenses.

Table 2

**SUMMARY OF TOTAL PUBLIC SECTOR FINANCES
THREE MONTHS TO 30 SEPTEMBER 2006**

Western Australia

	2006-07		2005-06	
	Three Months to 30 Sept \$m	Annual Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
Net operating balance	565	1,439	872	2,610
Net worth	58,936	55,892	51,467	57,941
Increase in cash balances	236	-699	-526	735
<i>Memorandum items</i>				
Net lending	270	-433	543	636
Net debt	2,993	5,413	3,711	3,179
GFS cash surplus	193	-566	346	1,064

(a) Estimate published in the 2006-07 Budget.

(b) Consistent with final audited data contained in the 2005-06 *Annual Report on State Finances*, released 27 September 2006.

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

Net debt of the total public sector declined by \$186 million in the first quarter of 2006-07, to stand at \$3.0 billion at 30 September 2006. This movement largely reflects the cash impact of the surplus outcomes discussed above, together with spending on fixed assets during the three months to 30 September 2006³.

³ Readers are reminded to treat individual quarterly outcomes with caution, particularly on the balance sheet. Movements in balance sheet aggregates such as net debt are generally volatile through the year, reflecting the timing of cash transactions.

Cash Flow

A cash surplus of \$193 million was recorded for the three months ended 30 September 2006 (compared with a \$346 million surplus for the same period in 2005-06), reflecting a net cash inflow from operating activities of \$984 million and a net cash outflow from capital investment of \$792 million.

Net capital investment of \$792 million in the three months to 30 September 2006 was \$225 million (or 40%) higher than the same period the previous year. This significant increase mainly reflects:

- \$43 million on building and upgrade work in schools and TAFE colleges;
- \$57 million of Water Corporation spending, predominantly for the completion of the Perth Seawater Desalination Project; and
- \$117 million spending by the electricity utilities on infrastructure supporting the desalination plant and other transmission and distribution projects.

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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GENERAL GOVERNMENT
Operating Statement

	2006-07		2005-06	
	Three Months to 30 Sept \$m	Annual Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
REVENUE				
Taxation	1,385	5,082	1,436	5,195
Current grants and subsidies	1,706	7,163	1,623	6,890
Capital grants	93	402	55	375
Sales of goods and services	319	1,046	246	1,115
Interest income	63	151	37	170
Revenue from public corporations				
Dividends	24	456	90	534
Tax equivalent payments	84	294	107	304
Royalty income	341	1,504	272	1,184
Other	101	410	88	440
<i>Total</i>	4,117	16,510	3,955	16,207
EXPENSES				
Gross operating expenses				
Salaries	1,482	5,904	1,363	5,694
Depreciation and amortisation	148	637	143	591
Superannuation	144	580	131	557
Services and contracts	351	1,753	279	1,367
Other gross operating expenses	570	1,873	488	1,876
Nominal superannuation interest	76	306	74	242
Other interest	31	132	36	120
Other property expenses	-	-	-	-
Current transfers	926	3,466	834	3,007
Capital transfers	93	583	89	487
<i>Total</i>	3,822	15,234	3,437	13,942
NET OPERATING BALANCE	295	1,275	518	2,265
NET ACQUISITION OF				
NON-FINANCIAL ASSETS				
Purchase of non-financial assets	315	1,620	193	1,161
Sales of non-financial assets	-42	-227	-58	-203
less depreciation	148	637	143	591
plus change in inventories	1	1	2	-
plus other movements in non-financial assets	-	4	-	51
<i>Total</i>	126	760	-6	419
NET LENDING/BORROWING	169	515	524	1,846

Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards (AAS)

NET OPERATING BALANCE	295	1,275	518	2,265
less provisions for doubtful debts	-	1	-	18
plus net gains on assets (including derivatives)	10	106	12	6
plus capitalised interest	-	-	-	-
less revaluation of superannuation liabilities	-	-	-	-335
plus all other adjustments	-1	3	-5	329
AAS OPERATING RESULT	304	1,383	525	2,916

(a) Estimate published in the 2006-07 Budget.

(b) Consistent with final audited data contained in the 2005-06 *Annual Report on State Finances*, released 27 September 2006.

Note: Columns may not add due to rounding.

Table 1.2

GENERAL GOVERNMENT
Balance Sheet at End of Period

	2006-07		2005-06	
	30 Sept \$m	Annual Estimate ^(a) \$m	30 Sept \$m	Actual ^(b) \$m
ASSETS				
<i>Financial assets</i>				
Cash and deposits	449	306	575	378
Advances paid	828	739	817	910
Investments, loans and placements	2,426	1,965	1,256	3,380
Other non-equity assets	1,281	913	1,438	1,117
Equity	23,746	23,313	21,002	21,870
<i>Total</i>	<i>28,730</i>	<i>27,236</i>	<i>25,088</i>	<i>27,655</i>
<i>Non-Financial assets</i>				
Land and fixed assets	40,376	38,664	35,984	40,187
Other non-financial assets	218	320	174	211
<i>Total</i>	<i>40,594</i>	<i>38,985</i>	<i>36,158</i>	<i>40,398</i>
TOTAL ASSETS	69,324	66,221	61,246	68,053
LIABILITIES				
Deposits held	493	281	441	369
Advances received	536	523	549	536
Borrowings	993	1,189	1,061	1,026
Unfunded superannuation liabilities	5,471	5,639	5,605	5,459
Other employee entitlements and provisions	1,610	1,554	1,467	1,551
Non-equity liabilities	1,285	1,143	656	1,171
TOTAL LIABILITIES	10,388	10,329	9,779	10,112
NET WORTH	58,936	55,892	51,467	57,941
<i>Memorandum Item: Net Debt</i>	<i>-1,680</i>	<i>-1,017</i>	<i>-597</i>	<i>-2,737</i>

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

NET WORTH	58,936	55,892	51,467	57,941
<i>less equity (net worth) of PNFC and PFC sectors</i>	21,589	20,809	20,077	20,830
<i>less provisions for doubtful debts</i>	-	1	-	18
<i>less all other adjustments</i>	-321	-	-	-235
AAS NET ASSETS	37,668	35,082	31,390	37,328

(a) Estimate published in the 2006-07 Budget.

(b) Consistent with final audited data contained in the 2005-06 *Annual Report on State Finances*, released 27 September 2006.

Note: Columns may not add due to rounding.

GENERAL GOVERNMENT
Cash Flow Statement

	2006-07		2005-06	
	Three Months to 30 Sept \$m	Annual Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
RECEIPTS FROM OPERATING ACTIVITIES				
Taxes received	1,318	5,097	1,037	5,119
Receipts from sales of goods and services	336	1,072	299	1,194
Grants and subsidies received	1,791	7,556	1,673	7,583
Other receipts	701	3,480	629	3,094
<i>Total</i>	4,146	17,206	3,639	16,990
PAYMENTS FOR OPERATING ACTIVITIES				
Payments for goods and services	-2,629	-10,313	-2,389	-9,538
Grants and subsidies paid	-853	-3,683	-790	-3,207
Interest paid	-25	-123	-33	-122
Other payments	-252	-832	-223	-864
<i>Total</i>	-3,759	-14,951	-3,435	-13,730
Net Cash Flow from Operating Activities	386	2,255	204	3,260
INVESTMENT IN NON-FINANCIAL ASSETS				
Purchase of non-financial assets	-315	-1,620	-193	-1,161
Sales of non-financial assets	42	227	58	203
<i>Total</i>	-273	-1,393	-135	-958
INVESTMENT IN FINANCIAL ASSETS				
Policy purposes	-1,115	-1,453	-379	-488
Liquidity purposes	1	-21	37	74
<i>Total</i>	-1,113	-1,474	-342	-415
Net Cash Flow from Investing Activities	-1,386	-2,867	-477	-1,373
FINANCING ACTIVITIES				
Advances received (net)	-4	-	-	-1
Borrowings (net)	-36	27	-422	-286
Deposits received (net)	-5	-	-4	-
Distributions paid	-	-	-	-
Other financing	33	-23	3	-12
<i>Total</i>	-12	4	-424	-300
<i>Opening cash balance</i>	4,462	3,468	2,875	2,875
NET INCREASE IN CASH HELD	-1,012	-608	-697	1,587
<i>Closing cash balance</i>	3,450	2,860	2,178	4,462
<i>Net cash from operating activities, investments in non-financial assets and distributions paid</i>	114	862	69	2,301
<i>less finance leases and similar arrangements</i>	-	-	-	-
Surplus	114	862	69	2,301

(a) Estimate published in the 2006-07 Budget.

(b) Consistent with final audited data contained in the 2005-06 *Annual Report on State Finances*, released 27 September 2006.

Note: Columns may not add due to rounding.

Table 1.4

GENERAL GOVERNMENT
Taxation Revenue

	2006-07		2005-06	
	Three Months to 30 Sept \$m	Annual Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
TAXATION				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	399	1,428	331	1,355
Property taxes				
<i>Land tax</i>	-	342	267	313
Conveyances and transfers	541	1,741	342	1,906
Mortgages	35	101	38	173
Other stamp duties	11	24	9	33
<i>Total stamp duties on financial and capital transactions</i>	587	1,866	389	2,113
Debits Tax	-	-	8	8
<i>Total financial institutions taxes</i>	-	-	8	8
Metropolitan Region Improvement Tax				
Emergency Services Levy	69	138	80	130
Loan guarantee fees	3	14	3	13
<i>Total other property taxes</i>	71	209	120	197
Taxes on provision of goods and services				
Lotteries Commission	26	103	25	102
less rebates	-6	-23	-6	-22
Video lottery terminals	-	1	-	-
Casino Tax	15	58	14	59
less rebates	-9	-33	-6	-30
TAB betting tax	16	64	15	64
less rebates	-7	-28	-6	-27
<i>Total taxes on gambling</i>	35	141	36	146
Stamp duty on insurance policies	88	315	86	296
Other	5	24	17	30
<i>Total taxes on insurance</i>	93	339	103	326
Taxes on use of goods and performance of activities				
Stamp duty on vehicle licences	93	369	82	342
Permits – oversize vehicles and loads	1	3	1	3
Motor vehicle recording fee	8	31	8	30
Motor vehicle registrations	100	354	92	361
<i>Total motor vehicle taxes</i>	201	757	182	736
Total Taxation	1,385	5,082	1,436	5,195

(a) Estimate published in the 2006-07 Budget.

(b) Consistent with final audited data contained in the 2005-06 *Annual Report on State Finances*, released 27 September 2006.

Note: Columns may not add due to rounding.

Table 1.5

TOTAL PUBLIC SECTOR
Operating Statement

	2006-07		2005-06	
	Three Months to 30 Sept \$m	Annual Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
REVENUE				
Taxation	1,348	4,897	1,390	5,001
Current grants and subsidies	1,706	7,163	1,623	6,890
Capital grants	93	402	55	375
Sales of goods and services	2,052	7,047	1,789	7,864
Interest income	167	522	148	527
Royalty income	341	1,504	272	1,184
Other	169	539	162	732
<i>Total</i>	<i>5,876</i>	<i>22,075</i>	<i>5,440</i>	<i>22,575</i>
EXPENSES				
Gross operating expenses				
Salaries	1,640	6,566	1,496	6,265
Depreciation and amortisation	326	1,376	299	1,280
Superannuation	160	645	144	608
Services and contracts ^(c)	438	2,169	384	1,872
Other gross operating expenses	1,676	5,502	1,231	6,157
Nominal superannuation interest	76	306	74	242
Other interest	204	906	191	792
Other property expenses	-	-	-	-
Current transfers	729	2,707	681	2,419
Capital transfers	61	459	67	330
<i>Total</i>	<i>5,311</i>	<i>20,636</i>	<i>4,568</i>	<i>19,965</i>
NET OPERATING BALANCE	565	1,439	872	2,610
NET ACQUISITION OF NON-FINANCIAL ASSETS				
Purchase of non-financial assets	967	4,059	725	3,562
Sales of non-financial assets	-175	-822	-158	-724
less depreciation	326	1,376	299	1,280
plus change in inventories	-166	13	63	374
plus other movements in non-financial assets	-5	-2	-1	42
<i>Total</i>	<i>295</i>	<i>1,872</i>	<i>329</i>	<i>1,975</i>
NET LENDING/BORROWING	270	-433	543	636
Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards (AAS)				
NET OPERATING BALANCE	565	1,439	872	2,610
less provisions for doubtful debts	1	7	-3	19
plus net gains on assets (including derivatives)	42	241	15	14
plus capitalised interest	5	-	1	9
less revaluation of superannuation liabilities	-	-	-	-322
plus all other adjustments	-1	3	-4	329
AAS OPERATING RESULT	608	1,677	887	3,264

(a) Estimate published in the 2006-07 Budget.

(b) Consistent with final audited data contained in the 2005-06 *Annual Report on State Finances*, released 27 September 2006.

Note: Columns may not add due to rounding.

Table 1.6

TOTAL PUBLIC SECTOR
Balance Sheet at End of Period

	2006-07		2005-06	
	30 Sept \$m	Annual Estimate ^(a) \$m	30 Sept \$m	Actual ^(b) \$m
ASSETS				
<i>Financial assets</i>				
Cash and deposits	820	451	721	702
Advances paid	1,803	2,183	2,068	2,025
Investments, loans and placements	7,745	7,725	6,329	7,606
Other non-equity assets	2,896	2,167	2,619	2,495
Equity	1,150	1,104	1,053	1,124
<i>Total</i>	<i>14,415</i>	<i>13,631</i>	<i>12,789</i>	<i>13,952</i>
<i>Non-Financial assets</i>				
Land and fixed assets	70,673	69,740	62,874	69,913
Other non-financial assets	498	565	472	478
<i>Total</i>	<i>71,171</i>	<i>70,305</i>	<i>63,346</i>	<i>70,392</i>
TOTAL ASSETS	85,586	83,936	76,135	84,344
LIABILITIES				
Deposits held	196	164	161	195
Advances received	536	523	549	536
Borrowings	12,629	15,085	12,120	12,782
Unfunded superannuation liabilities	5,634	5,745	5,720	5,622
Other employee entitlements and provisions	2,160	1,751	1,665	2,080
Non-equity liabilities	5,495	4,776	4,454	5,189
TOTAL LIABILITIES	26,651	28,044	24,668	26,403
NET WORTH	58,936	55,892	51,467	57,941
<i>Memorandum Item: Net Debt</i>	<i>2,993</i>	<i>5,413</i>	<i>3,711</i>	<i>3,179</i>

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

NET WORTH	58,936	55,892	51,467	57,941
<i>less</i> provision for doubtful debts	1	7	-	19
<i>less</i> all other adjustments	-321	-	-	-235
AAS NET ASSETS	59,255	55,885	51,467	58,156

(a) Estimate published in the 2006-07 Budget.

(b) Consistent with final audited data contained in the 2005-06 *Annual Report on State Finances*, released 27 September 2006.

Note: Columns may not add due to rounding.

TOTAL PUBLIC SECTOR
Cash Flow Statement

	2006-07		2005-06	
	Three Months to 30 Sept \$m	Annual Estimate ^(a) \$m	Three Months to 30 Sept \$m	Actual ^(b) \$m
RECEIPTS FROM OPERATING ACTIVITIES				
Taxes received	1,293	4,877	1,011	4,890
Receipts from sales of goods and services	2,388	7,088	2,075	7,916
Grants and subsidies received	1,791	7,556	1,673	7,583
Other receipts	908	3,314	856	3,191
<i>Total</i>	6,381	22,835	5,615	23,580
PAYMENTS FOR OPERATING ACTIVITIES				
Payments for goods and services	-4,050	-15,092	-3,555	-14,900
Grants and subsidies paid	-750	-2,883	-716	-2,527
Interest paid	-112	-853	-39	-698
Other payments	-485	-1,336	-392	-1,552
<i>Total</i>	-5,397	-20,164	-4,702	-19,677
Net Cash Flow from Operating Activities	984	2,671	913	3,903
INVESTMENT IN NON-FINANCIAL ASSETS				
Purchase of non-financial assets	-967	-4,059	-725	-3,562
Sales of non-financial assets	175	822	158	724
<i>Total</i>	-792	-3,237	-567	-2,838
INVESTMENT IN FINANCIAL ASSETS				
Policy purposes	-	-	-	-
Liquidity purposes	220	-278	-28	163
<i>Total</i>	220	-278	-28	163
Net Cash Flow from Investing Activities	-571	-3,515	-595	-2,676
FINANCING ACTIVITIES				
Advances received (net)	-4	-13	-	-14
Borrowings (net)	-199	50	-937	-556
Deposits received (net)	-5	-	-4	-
Distributions paid	-	-	-	-
Other financing	31	107	97	77
<i>Total</i>	-177	145	-844	-492
<i>Opening cash balance</i>	6,185	6,859	5,450	5,450
NET INCREASE IN CASH HELD	236	-699	-526	735
<i>Closing cash balance</i>	6,421	6,160	4,924	6,185
<i>Net cash from operating activities, investments in non-financial assets and distributions paid</i>	193	-566	346	1,064
<i>less finance leases and similar arrangements</i>	-	-	-	-
Surplus	193	-566	346	1,064

(a) Estimate published in the 2006-07 Budget.

(b) Consistent with final audited data contained in the 2005-06 *Annual Report on State Finances*, released 27 September 2006.

Note: Columns may not add due to rounding.

APPENDIX 2

General Government Monthly Financial Results – September 2006

This appendix provides a summary of the Western Australian general government sector's finances for the month of September 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 deficit of \$34 million for the month of September 2006, compared with a \$387 million surplus recorded in September 2005.

Revenue in September 2006 totalled \$1,241 million, \$259 million lower than the same month the previous year. The variation in revenue between the two periods primarily reflects:

- lower taxation revenue (down \$223 million) due mainly to the later timing of land tax, Metropolitan Region Improvement Tax and workers' compensation levy collections (down \$267 million, \$34 million and \$11 million respectively), partially offset by an increase in conveyance duty (up \$54 million) and payroll tax (up \$14 million); and
- lower revenue from public corporations (down \$63 million), predominantly due to the timing of Western Power dividends in September 2005.

Expenses for the month of September 2006 totalled \$1,275 million, up \$162 million from September 2005. This increase is mainly due to higher 'other' gross operating expenses (up \$59 million), services and contracts (up \$32 million), current transfers (up \$33 million) and salaries (up \$27 million). These movements largely reflect similar factors outlined in the quarterly overview earlier in this publication.

Cash Flow Statement

A cash deficit of \$54 million was recorded in September 2006, compared with a \$39 million cash surplus in September 2005. This is largely due to timing and price movements for goods and services (including salaries costs) and the impact of higher capital spending in September 2006 (up \$55 million from September 2005).

Table 2.1

GENERAL GOVERNMENT
Operating Statement

	2006-07			2005-06	
	Month of Aug \$m	Month of Sept \$m	Annual Estimate ^(a) \$m	Month of Sept \$m	Actual ^(b) \$m
REVENUE					
Taxation	437	481	5,082	704	5,195
Current grants and subsidies	560	383	7,163	392	6,890
Capital grants	55	14	402	6	375
Sales of goods and services	109	80	1,046	73	1,115
Interest income	25	18	151	9	170
Revenue from public corporations					
Dividends	-	24	456	56	534
Tax equivalent payments	25	35	294	66	304
Royalty income	55	174	1,504	166	1,184
Other	38	31	410	28	440
<i>Total</i>	<i>1,304</i>	<i>1,241</i>	<i>16,510</i>	<i>1,500</i>	<i>16,207</i>
EXPENSES					
Gross operating expenses					
Salaries	525	490	5,904	463	5,694
Depreciation and amortisation	50	50	637	49	591
Superannuation	51	48	580	45	557
Services and contracts	144	131	1,753	99	1,367
Other	197	232	1,873	173	1,876
Nominal superannuation interest	25	25	306	25	242
Other interest	12	7	132	9	120
Other property expenses	-	-	-	-	-
Current transfers	282	278	3,466	245	3,007
Capital transfers	49	13	583	7	487
<i>Total</i>	<i>1,335</i>	<i>1,275</i>	<i>15,234</i>	<i>1,113</i>	<i>13,942</i>
NET OPERATING BALANCE	-31	-34	1,275	387	2,265

(a) Estimate published in the 2006-07 Budget.

(b) Consistent with final audited data contained in the 2005-06 *Annual Report on State Finances*, released 27 September 2006.

Note: Columns may not add due to rounding.

GENERAL GOVERNMENT
Cash Flow Statement

	2006-07			2005-06	
	Month of Aug \$m	Month of Sept \$m	Annual Estimate ^(a) \$m	Month of Sept \$m	Actual ^(b) \$m
RECEIPTS FROM OPERATING ACTIVITIES					
Taxes received	441	443	5,097	368	5,119
Receipts from sales of goods and services	108	111	1,072	100	1,194
Grants and subsidies received	643	389	7,556	395	7,583
Other receipts	155	267	3,480	286	3,094
<i>Total</i>	<i>1,347</i>	<i>1,210</i>	<i>17,206</i>	<i>1,149</i>	<i>16,990</i>
PAYMENTS FOR OPERATING ACTIVITIES					
Payments for goods and services	-870	-859	-10,313	-773	-9,538
Grants and subsidies paid	-285	-219	-3,683	-202	-3,207
Interest paid	-3	-4	-123	-12	-122
Other payments	-87	-80	-832	-75	-864
<i>Total</i>	<i>-1,245</i>	<i>-1,162</i>	<i>-14,951</i>	<i>-1,063</i>	<i>-13,730</i>
Net Cash Flow from Operating Activities	102	48	2,255	86	3,260
INVESTMENT IN NON-FINANCIAL ASSETS					
Purchase of non-financial assets	-111	-113	-1,620	-61	-1,161
Sales of non-financial assets	13	11	227	15	203
<i>Total</i>	<i>-97</i>	<i>-102</i>	<i>-1,393</i>	<i>-47</i>	<i>-958</i>
INVESTMENT IN FINANCIAL ASSETS					
Policy purposes	-55	-951	-1,453	-2	-488
Liquidity purposes	-	1	-21	-	74
<i>Total</i>	<i>-55</i>	<i>-950</i>	<i>-1,474</i>	<i>-2</i>	<i>-415</i>
Net Cash Flow from Investing Activities	-152	-1,052	-2,867	-49	-1,373
FINANCING ACTIVITIES					
Advances received (net)	-	-4	-	-	-1
Borrowings (net)	-479	432	27	-202	-286
Deposits received (net)	-5	2	-	-8	-
Distributions paid	-	-	-	-	-
Other financing	5	30	-23	-	-12
<i>Total</i>	<i>-479</i>	<i>459</i>	<i>4</i>	<i>-210</i>	<i>-300</i>
<i>Opening cash balance</i>	<i>4,522</i>	<i>3,994</i>	<i>3,468</i>	<i>2,351</i>	<i>2,875</i>
NET INCREASE IN CASH HELD	-528	-544	-608	-174	1,587
<i>Closing cash balance</i>	<i>3,994</i>	<i>3,450</i>	<i>2,860</i>	<i>2,178</i>	<i>4,462</i>
<i>Net cash from operating activities, investments in non-financial assets and distributions paid</i>	<i>5</i>	<i>-54</i>	<i>862</i>	<i>39</i>	<i>2,301</i>
<i>less finance leases and similar arrangements</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Surplus	5	-54	862	39	2,301

(a) Estimate published in the 2006-07 Budget.

(b) Consistent with final audited data contained in the 2005-06 *Annual Report on State Finances*, released 27 September 2006.

Note: Columns may not add due to rounding.

Table 2.3

GENERAL GOVERNMENT
Taxation Revenue

	2006-07			2005-06	
	Month of Aug \$m	Month of Sept \$m	Annual Estimate ^(a) \$m	Month of Sept \$m	Actual ^(b) \$m
TAXATION					
Taxes on employers' payroll and labour force					
<i>Payroll tax</i>	134	129	1,428	115	1,355
Property taxes					
<i>Land tax</i>	-	-	342	267	313
Conveyances and transfers	172	172	1,741	118	1,906
Mortgages	15	9	101	13	173
Other stamp duties	5	2	24	3	33
<i>Total stamp duties on financial and capital transactions</i>	192	183	1,866	134	2,113
Debits Tax	-	-	-	-	8
<i>Total financial institutions taxes</i>	-	-	-	-	8
Metropolitan Region					
Improvement Tax	-	-	58	34	53
Emergency Services Levy	-	62	138	39	130
Loan guarantee fees	1	1	14	1	13
<i>Total other property taxes</i>	1	62	209	74	197
Taxes on provision of goods and services					
Lotteries Commission	9	9	103	8	102
less rebates	-2	-2	-23	-2	-22
Video lottery terminals	-	-	1	-	-
Casino Tax	6	3	58	6	59
less rebates	-4	-3	-33	-3	-30
TAB betting tax	5	5	64	6	64
less rebates	-2	-3	-28	-2	-27
<i>Total taxes on gambling</i>	12	9	141	14	146
Stamp duty on insurance policies	28	32	315	29	296
Other	2	1	24	14	30
<i>Total taxes on insurance</i>	30	33	339	43	326
Taxes on use of goods and performance of activities					
Stamp duty on vehicle licences	33	31	369	28	342
Permits - oversize vehicles and loads	-	-	3	-	3
Motor vehicle recording fee	3	2	31	2	30
Motor vehicle registrations	31	31	354	28	361
<i>Total motor vehicle taxes</i>	67	64	757	58	736
Total Taxation	437	481	5,082	704	5,195

(a) Estimate published in the 2006-07 Budget.

(b) Consistent with final audited data contained in the 2005-06 *Annual Report on State Finances*, released 27 September 2006.

Note: Columns may not add due to rounding.

Interim Consolidated Financial Statements

Statement of Responsibility

The following Interim Consolidated Financial Statements and accompanying notes for the Government of Western Australia have been prepared by the Department of Treasury and Finance from information provided by agencies.

In our opinion, the statements are a true and fair presentation of the income statement and cash flows of the Government for the three months ended 30 September 2006 and the balance sheet of the Government as at 30 September 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

27 November 2006

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Table 3.1

CONSOLIDATED INCOME STATEMENT

For the three months ended 30 September 2006

	2006-07		2005-06	
	Note	Three Months to 30 Sept \$m	Three Months to 30 Sept \$m	Twelve Months to 30 June \$m
INCOME				
Taxation	2	1,287	1,303	4,891
Territorial revenue		541	449	1,878
Regulatory fees and fines		149	174	486
Sale of goods and services	3	1,647	1,472	6,881
Grants and subsidies	4	1,646	1,546	7,089
Interest revenue		167	148	527
Other revenue		576	431	1,787
TOTAL INCOME		6,012	5,523	23,540
EXPENSES				
Supplies and services		940	452	3,217
Employee benefits		1,922	1,756	6,986
Finance costs		199	190	783
Depreciation, amortisation and impairment		326	299	1,287
Grants and subsidies		819	775	2,846
Other expenses	5	1,197	1,165	5,158
TOTAL EXPENSES		5,404	4,636	20,277
SURPLUS FOR THE PERIOD		608	887	3,264

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 30 September 2006

	Note	2006	2005-06	
		30 Sept \$m	30 Sept \$m	30 June \$m
CURRENT ASSETS				
Cash & cash equivalents		820	721	702
Inventories		789	621	990
Receivables	7	2,799	2,288	2,412
Other financial assets	6,8	7,122	5,778	7,243
Biological assets		62	-	62
Non-current assets classified as held for sale		69	20	71
Other non-financial assets		171	167	96
Total current assets		11,832	9,595	11,576
NON-CURRENT ASSETS				
Inventories		819	753	766
Receivables	7	264	293	293
Land		26,222	22,884	26,125
Buildings		11,535	10,673	11,167
Infrastructure		24,110	22,721	23,970
Plant, equipment and other		6,662	4,807	6,357
Biological assets		307	348	306
Intangible assets		217	137	212
Other financial assets	6,8	3,443	3,782	3,289
Other non-financial assets		79	64	80
Total non-current assets		73,659	66,463	72,566
TOTAL ASSETS		85,491	76,058	84,142
CURRENT LIABILITIES				
Payables		1,339	858	1,156
Borrowings	9	5,356	5,059	5,270
Provisions		1,520	1,645	1,429
Other liabilities		1,471	1,363	1,371
Total current liabilities		9,686	8,924	9,226
NON-CURRENT LIABILITIES				
Borrowings	9	8,610	8,327	8,902
Provisions		6,270	5,733	6,267
Other liabilities		1,670	1,607	1,591
Total non-current liabilities		16,550	15,667	16,760
TOTAL LIABILITIES		26,236	24,591	25,986
NET ASSETS		59,255	51,467	58,156
EQUITY				
Accumulated funds		22,979	19,470	21,774
Reserves		36,276	31,997	36,381
TOTAL EQUITY		59,255	51,467	58,156

The accompanying notes form part of these financial statements.

Table 3.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 September 2006

	2006-07	2005-06	
	Three Months to 30 Sept \$m	Three Months to 30 Sept \$m	Twelve Months to 30 June \$m
Balance of Equity at the start of the period	58,156	49,535	49,535
RESERVES			
Balance at start of period	36,382	31,699	31,699
Changes in accounting policy (transfer to accumulated funds)	-	(534)	(534)
Restated balance at start of period	36,382	31,164	31,164
Gains from asset revaluation	(106)	833	5,219
Balance at end of period	36,276	31,997	36,382
ACCUMULATED FUNDS			
Balance at start of period	21,774	17,836	17,836
Net adjustment on adoption of AASB 132, AASB139, and AASB 1023	-	(103)	(103)
Changes in accounting policy (transfer from reserves)	218	534	534
Restated balance at start of period	21,992	18,268	18,268
Surplus for the period	608	887	3,264
Gains/(losses) recognised directly in equity	379	315	242
Balance at end of period	22,979	19,470	21,774
BALANCE OF EQUITY AT END OF PERIOD	59,255	51,467	58,156
Total income and expense for the period	881	2,035	8,725

CONSOLIDATED CASH FLOW STATEMENT

For the three months ended 30 September 2006

	Note	2006-07	2005-06	
		Three Months to 30 Sept \$m	Three Months to 30 Sept \$m	Twelve Months to 30 June \$m
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Receipts</i>				
Taxation		1,259	987	4,766
Territorial revenue		541	449	1,800
Regulatory fees and fines		118	111	479
Sale of goods and services		2,008	1,732	6,681
Grants and subsidies received		1,637	1,537	7,079
Interest received		67	47	182
GST receipts on sales		104	103	472
GST receipts from taxation authority		211	165	639
Other receipts		297	261	1,057
<i>Payments</i>				
Salaries, wages and other benefits	(1,634)	(1,634)	(1,464)	(6,213)
Superannuation paid	(220)	(220)	(214)	(879)
Finance cost paid	(33)	(33)	(5)	(52)
Grants and subsidies paid	(834)	(834)	(797)	(2,825)
GST payments on purchases	(284)	(284)	(237)	(1,032)
GST payments to taxation authority	(70)	(70)	(25)	(117)
Contract services paid	(459)	(459)	(439)	(1,738)
Other payments	(1,667)	(1,667)	(1,370)	(5,797)
Net cash flows from operating activities		1,041	842	4,502
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of non-current physical assets		61	66	266
Purchase of non-current physical assets	(926)	(926)	(671)	(3,355)
Proceeds from sale of investments		38	63	261
Purchase of investments	(19)	(19)	(40)	(223)
Other receipts		3	10	(2)
Other payments	(12)	(12)	(14)	(63)
Net cash flows used in investing activities		(855)	(586)	(3,117)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		-	-	-
Repayment of borrowings	(1)	(1)	-	(14)
Other proceeds		66	42	153
Other repayments	(11)	(11)	(174)	(65)
Net cash flows from financing activities		54	(132)	75
NET CASH FLOWS/(OUTFLOWS) FROM PUBLIC FINANCIAL CORPORATIONS	10	(5)	(712)	(726)
NET INCREASE/ (DECREASE) IN CASH HELD		235	(588)	734
CASH ASSETS AT THE BEGINNING OF PERIOD		4,995	4,261	4,261
CASH ASSETS AT THE END OF PERIOD		5,230	3,672	4,995

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements for the Three Months Ended 30 September 2006

1 Summary of significant accounting policies

(a) *The reporting entity*

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

(b) *Basis of Preparation*

This general purpose financial report for the quarter ended 30 September 2006 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting*, Australian equivalents to International Financial Reporting Standards (AIFRS), AAS 31: *Financial Reporting by Government*, UIG Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

This interim financial report does not include all the notes of 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 2006, presented in Appendix 5 of the 2005-06 *Annual Report on State Finances* (ARSF) released on 27 September 2006. The accounting policies adopted in this publication are consistent with those outlined in the 2005-06 ARSF. The specific accounting policies of the Government of Western Australia are described in Note 4: *Summary of Significant Accounting Policies* in Appendix 5 of the 2005-06 ARSF.

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

(c) *Unaudited data*

These interim Consolidated Financial Statements are not subject to audit.

(d) Comparative figures

Some comparative figures in the Consolidated Balance Sheet, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for September 2005 have been restated to reflect classification changes (resulting from the adoption of Australian equivalents to International Financial Reporting Standards) which were finalised subsequent to publication of the September 2005 *Quarterly Financial Results Report*.

NOTE 2. TAXATION REVENUE

	2006-07	2005-06	
	Three Months to 30 Sept \$m	Three Months to 30 Sept \$m	Twelve Months to 30 June \$m
Stamp duty	771	560	2,765
Payroll tax	389	319	1,306
Motor vehicles and drivers' licences	111	102	403
Financial transactions taxes	-	8	8
Gambling taxes and licences	15	14	60
Land tax	-	262	291
Other taxes and licences	-	37	59
Total	1,287	1,303	4,891

NOTE 3. SALE OF GOODS AND SERVICES

	2006-07	2005-06	
	Three Months to 30 Sept \$m	Three Months to 30 Sept \$m	Twelve Months to 30 June \$m
Revenue from sale of goods	921	781	3,973
Revenue from the provision of services	726	691	2,908
Total	1,647	1,472	6,881

NOTE 4. GRANTS AND SUBSIDIES

	2006-07	2005-06	
	Three Months to 30 Sept \$m	Three Months to 30 Sept \$m	Twelve Months to 30 June \$m
Commonwealth grants	1,625	1,526	6,994
Other grants and subsidies	22	20	95
Total	1,646	1,546	7,089

NOTE 5. OTHER EXPENSES

	2006-07	2005-06	
	Three Months to 30 Sept \$m	Three Months to 30 Sept \$m	Twelve Months to 30 June \$m
Betting dividend payouts	277	265	1,099
Health sector specific expenses	197	164	744
Education sector specific expenses	76	82	313
Insurance claims expenses	119	83	421
Contract services expense	389	356	1,697
Other	139	215	885
Total	1,197	1,165	5,158

NOTE 6. OTHER FINANCIAL ASSETS - INVESTMENTS

	2006-07	2005-06	
	30 Sept \$m	30 Sept \$m	30 June \$m
Unlisted/Listed shares	1,124	1,053	1,098
Property	259	218	258
Other investments (cash deposits and government securities)	6,355	2,416	6,231
Total	7,738	3,687	7,587

NOTE 7. RECEIVABLES

	2006-07	2005-06	
	30 Sept \$m	30 Sept \$m	30 June \$m
<i>Current</i>			
Receivables	2,913	2,382	2,527
Provision for impairment of receivables	(114)	(94)	(115)
Total Current	2,799	2,288	2,412
<i>Non-current</i>			
Receivables	265	296	294
Provision for impairment of receivables	(1)	(3)	(1)
Total non-current	264	293	293

NOTE 8. OTHER FINANCIAL ASSETS – LOANS AND ADVANCES

	2006-07	2005-06	
	30 Sept \$m	30 Sept \$m	30 June \$m
Homebuyers	1,514	1,800	1,654
Non government schools	221	224	218
Terminating building societies	-	2	-
Government Employees Superannuation Board	540	561	545
Others	552	591	522
Total	2,827	3,178	2,940

NOTE 9. INTEREST BEARING LIABILITIES

	2006-07	2005-06	
	30 Sept \$m	30 Sept \$m	30 June \$m
Bank overdrafts	76	6	9
Finance leases	404	87	413
Liability to the Commonwealth Government	536	549	536
Domestic and foreign borrowings	12,950	12,745	13,214
<i>Borrowings at face value</i>	<i>13,966</i>	<i>13,387</i>	<i>14,171</i>
Borrowings at historic capital value	13,966	13,387	14,171

NOTE 10. STATEMENT OF CASH FLOWS OF PUBLIC FINANCIAL CORPORATIONS

	2006-07	2005-06	
	Three Months to 30 Sept \$m	Three Months to 30 Sept \$m	Twelve Months to 30 June \$m
Cash flows from operating activities			
Interest received	92	133	395
Premiums received	99	106	402
GST received on sales	22	23	53
GST received from taxation authority	10	8	31
Other receipts	48	55	118
Salaries, wages and other benefits paid	(6)	(5)	(20)
Superannuation paid	(1)	-	(2)
Borrowing costs paid	(78)	(34)	(646)
Claims paid	(100)	(111)	(403)
GST paid on purchases	(10)	(9)	(33)
GST paid to taxation authority	(23)	(23)	(53)
Other payments	(39)	(41)	(127)
Net cash flows used in operating activities	14	104	(286)
Cash flows from investing activities			
Purchase of non-current physical assets	(1)	(1)	(5)
Proceeds from investments	860	300	3,347
Purchase of investments	(652)	(363)	(3,234)
Net cash flows used in investing activities	208	(64)	108
Cash flows from financing activities			
Proceeds from borrowings	2,207	768	12,391
Repayment of borrowings	(2,434)	(1,520)	(12,939)
Net cash flows from financing activities	(226)	(752)	(548)
Net cash flows from public financial corporations	(5)	(712)	(726)

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

NOTE 11. DETAILS OF AGENCIES CONSOLIDATED

The agencies included in these financial statements were detailed in Note 39, Composition of Sectors in the *Annual Report on State Finances* for the year ended 30 June 2006. Changes since that date are:

- The Department of Environment and the Department of Conservation and Land Management amalgamated on 1 July 2006. The designation of the new agency is the Department of Environment and Conservation.
- The Government Employees Housing Authority merged into the State Housing Commission on 1 July 2006. The merged entity is designated the Housing Authority.

NOTE 12. CONTINGENT LIABILITIES

There have been no material changes in contingent liabilities since the issue of the *Annual Report on State Finances* for the year ended 30 June 2006.

APPENDIX 4

Treasurer's Accounts

The Treasurer's Accounts, established by section 5 of the *Financial Administration and Audit Act 1985* (FAAA), include those transactions and operations that are conducted through the Public Bank Account and maintained by the Treasurer. They comprise the Consolidated Fund, the Treasurer's Advance Account and the Trust Fund.

Table 4.1 shows that the aggregate balance of the Treasurer's Accounts at 30 September 2006 increased by \$968 million compared with 30 September 2005. This reflects the combined impact of a \$1,325 million increase in the Trust Fund balance and a decrease of \$10 million in the unrecouped advances of the Treasurer's Advance Account, partially offset by a \$367 million increase in the Consolidated Fund deficit.

TREASURER'S BALANCES AT 30 SEPTEMBER		
	2006 \$m	2005 \$m
THE TREASURER'S ACCOUNTS		
Consolidated Fund ^(a)	(2,642)	(2,275)
Trust Fund	4,952	3,627
Treasurer's Advance Account – Net Advances	(15)	(25)
Total	2,295	1,327
REPRESENTED BY:		
Investments	2,330	1,154
Cash on Hand	(35) ^(b)	173
Total	2,295	1,327

(a) The balance of the Consolidated Fund at 30 September 2006 includes non-cash appropriations of \$2,305 million (30 September 2005: \$1,815 million), representing the non-cash cost of agency outputs. These appropriations are credited to agency holding accounts which are included in the Trust Fund balance.

(b) Consistent with the policy of maximising the return on cash balances, the Department of Treasury and Finance (DTF) invests the value of agencies' cheques issued but not yet presented to the bank. As a result, DTF books of account show an overdrawn balance at 30 September. However, the account at the bank was in credit.

Consolidated Fund

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 Fund, and that payments out of the Fund must be appropriated by Parliament.

Accordingly, Consolidated Fund revenue is not available for use by agencies which collect it, and such receipts must be paid directly to the credit of the Fund. Expenditure is authorised by Parliament, with both the amount and the expressed purpose of the relevant appropriation clearly specified.

The Consolidated Fund recorded an accumulated deficit of \$2,642 million at 30 September 2006. This included \$2,305 million in non-cash Holding Account balances for agencies, associated with accrual (non-cash) appropriations for depreciation and leave entitlements.

CONSOLIDATED FUND TRANSACTIONS

For the three months ended 30 September

	2006 \$m	2005 \$m
REVENUE		
<i>Operating Activities</i>		
Taxation	1,173	913
Commonwealth Grants	932	938
Government Enterprises	62	61
Revenue from other agencies	918	803
Other	129	187
<i>Total Operating Activities</i>	3,214	2,902
<i>Financing Activities</i>		
Repayments of Recoverable Advances	3	4
Transfers from the Public Bank Account		
Interest Earned Account	-	-
Transfers from other trusts:		
Bankwest Pension Trust	1	1
Other Trusts	4	-
<i>Total Financing Activities</i>	8	5
TOTAL REVENUE	3,222	2,907
EXPENDITURE		
<i>Recurrent</i>		
Authorised by Other Statutes	244	261
Appropriation Act (No. 1)	3,537	3,050
Unforeseen Expenditure under the Treasurer's Advance Authorisation Act	-	-
<i>Total Recurrent Expenditure</i>	3,781	3,311
<i>Investing Activities</i>		
Authorised by Other Statutes	11	15
Appropriation Act (No. 2)	1,248	486
Unforeseen Expenditure under the Treasurer's Advance Authorisation Act	-	-
<i>Total Investing Activities</i>	1,259	501
<i>Financing Activities</i>		
Capital repayments	49	244
Other financing	4	-
<i>Total Financing Activities</i>	53	244
TOTAL EXPENDITURE	5,093	4,056
NET MOVEMENT (REVENUE LESS EXPENDITURE)	(1,871)	(1,149)
Consolidated Fund Balance		
Opening balance at 1 July	(771)	(1,126)
Closing balance at 30 September	(2,642)	(2,275)
Of which:		
Appropriations payable	(2,305)	(1,815)
Cash balance at 30 September	(337)	(460)

Note: Columns may not add due to rounding.

Trust Fund

The Trust Fund consists of several hundred individual accounts held centrally on behalf of agencies. The nature of these accounts are diverse but are generally categorised into four groups: Governmental Operating and Trust Accounts, Private Trust Accounts, Suspense Accounts and Commonwealth Grants and Advances Accounts.

Governmental Operating and Trust Account balances held by agencies at 30 September 2006 were up \$806 million relative to 30 September 2005.

Suspense Account balances at 30 September 2006 increased by \$502 million relative to the same time last year, largely reflecting the increase in agencies' non-cash Holding Account balances relating to accumulated depreciation and leave entitlements funded through accrual appropriation arrangements.

Table 4.3

TRUST FUND BALANCE AT 30 SEPTEMBER

	2006 \$m	2005 \$m
Governmental Operating and Trust Accounts	2,543	1,737
Suspense Accounts	2,323	1,821
Private Trust Accounts	46	46
Commonwealth Grants and Advances Accounts	40	23
BALANCE OF FUND AT 30 SEPTEMBER	4,952	3,627

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 \$365 million is authorised by the *Treasurer's Advance Authorisation Act 2006* for the year ended 30 June 2007, compared with a \$500 million authorised limit⁴ for the preceding year.

Of the \$365 million authorised limit for 2006-07, \$15.2 million was held at 30 September 2006 in the form of net unrecouped advances (see Table 4.4).

Table 4.4

TREASURER'S ADVANCE AT 30 SEPTEMBER

	2006 \$m	2005 \$m
AUTHORISED LIMIT	365.0	300.0^(a)
<i>Total Drawn Against Treasurer's Advance Authorisation Act</i>		
Comprising:		
Net unrecouped balances as at 30 September	15.2	25.4
Excesses and New Items		
- recurrent	-	-
- capital	-	-
NET UNRECOUPED BALANCES		
Appeals Cost Board	1.0	1.0
Public Sector Standards Commissioner – CEO selection	0.5	0.3
Chemistry Centre Commercialisation	-	1.2
Electoral Distribution Commission	0.1	-
Energy Smart Government Program	2.9	2.4
Gas Review Board	-	1.8
Harvey Beef Group	-	1.7
Ministerial Air Service	6.1	-
Perry Lakes Redevelopment Project	2.6	-
Planning and Infrastructure	2.0	2.0
Works and Services	-	15.0
TOTAL UNRECOUPED TREASURER'S ADVANCES	15.2	25.4

(a) See footnote 4.

⁴ The final limit for 2005-06 was \$500 million, comprising an initial limit of \$300 million established by the *Treasurer's Advance Authorisation Act 2005* and increased to \$500 million in June 2006 by section 7 of the *Treasurer's Advance Authorisation Act 2006*.

Transfers, Excesses and New Items

Table 4.5 outlines excesses and/or new items approved by the Government (under the authority of section 5(1)(a) of the *Treasurer's Advance Authorisation Act* and section 28 of the FAAA) during the September 2006 quarter. However, no funding for these items had been drawn down as at 30 September 2006 (i.e. these approvals did not impact the Treasurer's Advance at the end of the reporting period).

No transfers of appropriations between agencies, allowed under section 25 of the FAAA (and which have no impact on the Treasurer's Advance), were recorded in the September 2006 quarter.

TRANSFERS, EXCESSES AND NEW ITEMS							Table 4.5
For the three months to 30 September 2006							
	Budget \$m	Transfers ^(a) \$m	Treasurer's Advance		Revised Approp. \$m	Draw on Treasurer's Advance to date \$m	
			New Items \$m	Excesses \$m			
<i>Heritage Council of Western Australia</i>							
Item 78: Output approp.	4.767	-	-	2.105	6.872	-	
TOTAL	4.767	-	-	2.105	6.872	-	

(a) Authorised under section 25 of the FAAA.

The following item was approved during the September 2006 quarter.

Heritage Council of Western Australia

Item 78: **Net amount appropriated to deliver services** (\$2.1 million) for conservation and restoration work at St Mary's Cathedral, and flood protection work on Maley's Bridge in Greenough Shire.

Investments

Invested funds associated with the Treasurer’s Accounts are managed by the Department of Treasury and Finance, with financial market operations conducted by the Western Australian Treasury Corporation. The total amount invested at 30 September 2006 under the provisions of the FAAA increased by \$1,176 million relative to 30 September 2005. The disposition of these investments at 30 September is shown in the following table.

Table 4.6

PUBLIC BANK ACCOUNT INVESTMENTS AT 30 SEPTEMBER

	2006 \$m	2005 \$m
<i>Short Term Money Market Portfolio (Maturities 0-1 Year)</i>		
Deposits at Call with Banks	73	23
Bank Bills and Bank Negotiable Certificates of Deposit	1,946	788
<i>Long Term Bond Portfolio (Maturities 1-5 Years)</i>		
Commonwealth and State Government Guaranteed Securities	298	329
<i>Other Investments</i>		
Commonwealth and State Government Guaranteed Securities	13	14
TOTAL INVESTMENTS	2,330	1,154