

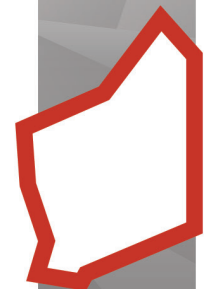


GOVERNMENT OF
WESTERN AUSTRALIA

2018-19

QUARTERLY FINANCIAL RESULTS REPORT

DECEMBER 2018





2018-19

Quarterly Financial Results Report

December 2018

2018-19 Quarterly Financial Results Report
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2018-19

Quarterly Financial Results Report

Six Months Ended 31 December 2018

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Foreword

This *Quarterly Financial Results Report (QFRR)* provides financial results for the Western Australian public sector for the six months to 31 December 2018.

Care should be exercised in extrapolating the likely outcome for the 2018-19 year based on the quarterly results to date, particularly in light of the seasonal and other timing factors that impact the State's finances. For example, the timing of grant revenue (from the Commonwealth), grant payments, and goods and services purchases and sales by agencies can be volatile, making comparisons between quarterly reporting periods difficult.

The presentation in this report is consistent with that used in the 2018-19 State Budget (presented to the Legislative Assembly on 10 May 2018).

The financial statements in this report have been prepared in accordance with applicable Australian Accounting Standards including AASB 134: *Interim Financial Reporting* and AASB 1049: *Whole of Government and General Government Sector Financial Reporting*.

In addition to the financial statements in Appendix 1 and details of operating revenue in Appendix 2, this report includes:

- Appendix 3: *Public Ledger*, which summarises information on the Consolidated Account, Treasurer's Special Purpose Accounts and the Treasurer's Advance;
- Appendix 4: *Special Purpose Accounts*, which details movements in balances for a number of Special Purpose Accounts established for the delivery of key Government policy outcomes; and
- Appendix 5: *General Government Salaries*, which summarises interim salaries spending by general government sector agencies.

Information presented in this QFRR is not audited.

Statement of Responsibility

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

In our opinion, the statements are a true and fair presentation of the operating statements and cash flows of these sectors for the six months ended 31 December 2018 and of the balance sheets of these reporting entities at 31 December 2018. The statements have been prepared in accordance with applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, and where there is no conflict with these standards, they are also consistent with the Australian Bureau of Statistics' *Government Finance Statistics Concepts, Sources and Methods 2015*.

Differences between accounting and economic aggregates are detailed in the notes as Convergence Differences, consistent with the requirements of AASB 1049: *Whole of Government and General Government Sector Financial Reporting*.



MICHAEL BARNES
UNDER TREASURER



MAGDALENA WITTEK
MANAGER
FINANCIAL REPORTING

26 February 2019

Overview

Summary

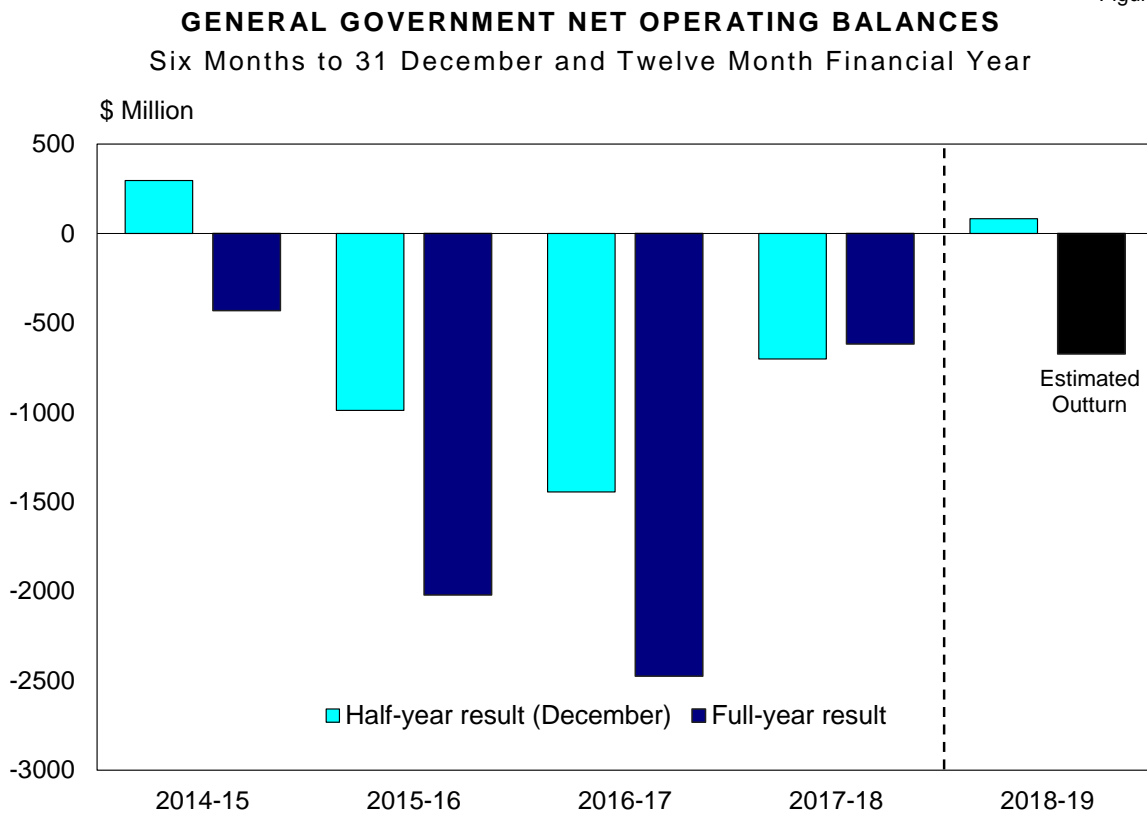
The general government sector recorded an operating surplus of \$83 million for the six months to 31 December 2018, compared to a \$701 million deficit reported for the same period in 2017-18.

- General government revenue for the first six months of 2018-19 was \$1.1 billion (or 8.1%) higher than the same period last year. This growth is primarily driven by higher Commonwealth grants (up \$950 million) and royalty income (up \$339 million). These increases were partially offset by lower dividends from public corporations (down \$430 million).
- General government expenses were \$346 million (or 2.4%) higher than the December 2017 outcome. This growth reflects higher salaries expenditure (up \$106 million or 1.8%), due mainly to higher employee costs in the health, education, and law and order sectors, higher capital transfers (mainly grants, up \$98 million), higher depreciation costs (up \$67 million), and higher borrowing costs (up \$52 million).

Total public sector net debt was \$35.4 billion at 31 December 2018, \$828 million higher than the \$34.6 billion outcome recorded at 30 June 2018.

The December 2018 outcome is the first operating surplus for the initial six months of a financial year since December 2014. Care should be taken in extrapolating the likely outcome for 2018-19 as the December result does not necessarily correlate with the subsequent full-year outcome due to a range of factors, including timing changes (see following chart). For example, the last operating surplus for the first six months of the year was \$296 million reported in the December 2014 *Quarterly Financial Results Report*, but the full-year outcome for 2014-15 was a \$431 million operating deficit.

Figure 1



Results Compared to Prior Year

General Government Sector

The general government sector recorded an operating surplus of \$83 million for the six months to 31 December 2018, a \$784 million turnaround on the \$701 million deficit reported for the same period in 2017-18. This is the first operating surplus recorded during the six months to December since December 2014. The positive outcome highlights the stabilisation of the State’s finances. However, at \$83 million, the December 2018 outcome is a very narrow surplus margin and the recent 2018-19 Mid-year Review forecast a \$674 million operating deficit for the year ending 30 June 2019.

Table 1

SUMMARY OF GENERAL GOVERNMENT SECTOR FINANCES
Western Australia

	2018-19			2017-18		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn ^(a)	Three Months to 31 Dec	Six Months to 31 Dec	Actual ^(b)
	\$m	\$m	\$m	\$m	\$m	\$m
Net operating balance	182	83	-674	-32	-701	-618
Net worth		102,410	102,367		105,593	103,236
Movement in cash balances	-537	-1,180	-1,491	144	1,379	1,521
<i>Memorandum items</i>						
Net lending	-173	-431	-1,918	-402	-1,261	-2,141
Net debt		22,952	24,341		21,144	21,737
Cash surplus/-deficit	-340	-971	-1,856	-803	-2,047	-1,958

(a) Consistent with the revised estimated outcome published in the 2018-19 Mid-year Review, released on 20 December 2018.

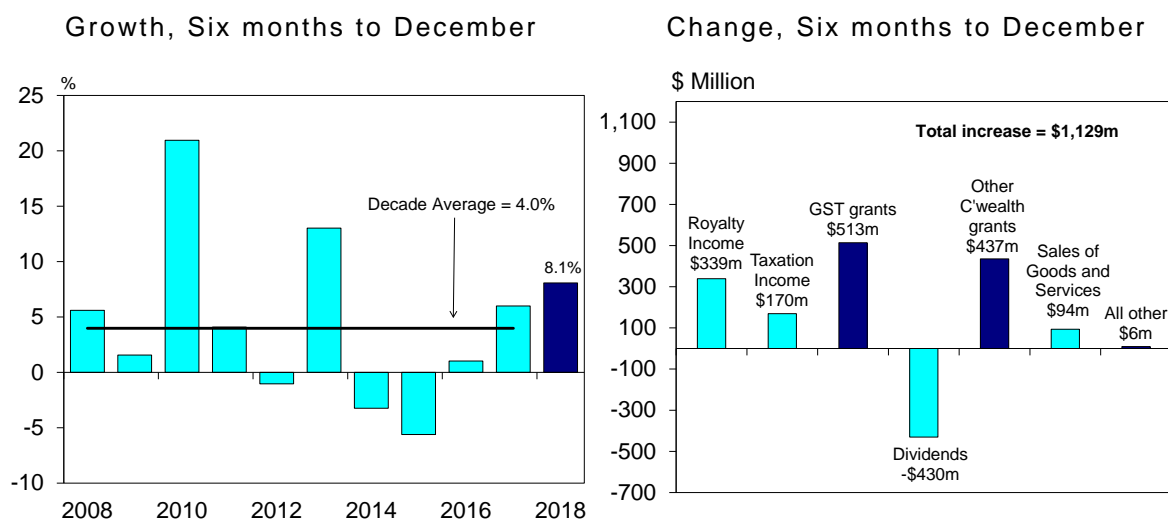
(b) Consistent with final audited data contained in the 2017-18 Annual Report on State Finances, released 26 September 2018.

Revenue

Revenue for the six months to 31 December 2018 totalled \$15,104 million, \$1,129 million (or 8.1%) higher than the same period last year. In aggregate terms, 50% of the full-year revenue forecast in the 2018-19 Mid-year Review was recorded by 31 December 2018, broadly similar to the 48% recorded for the same period in 2017-18.

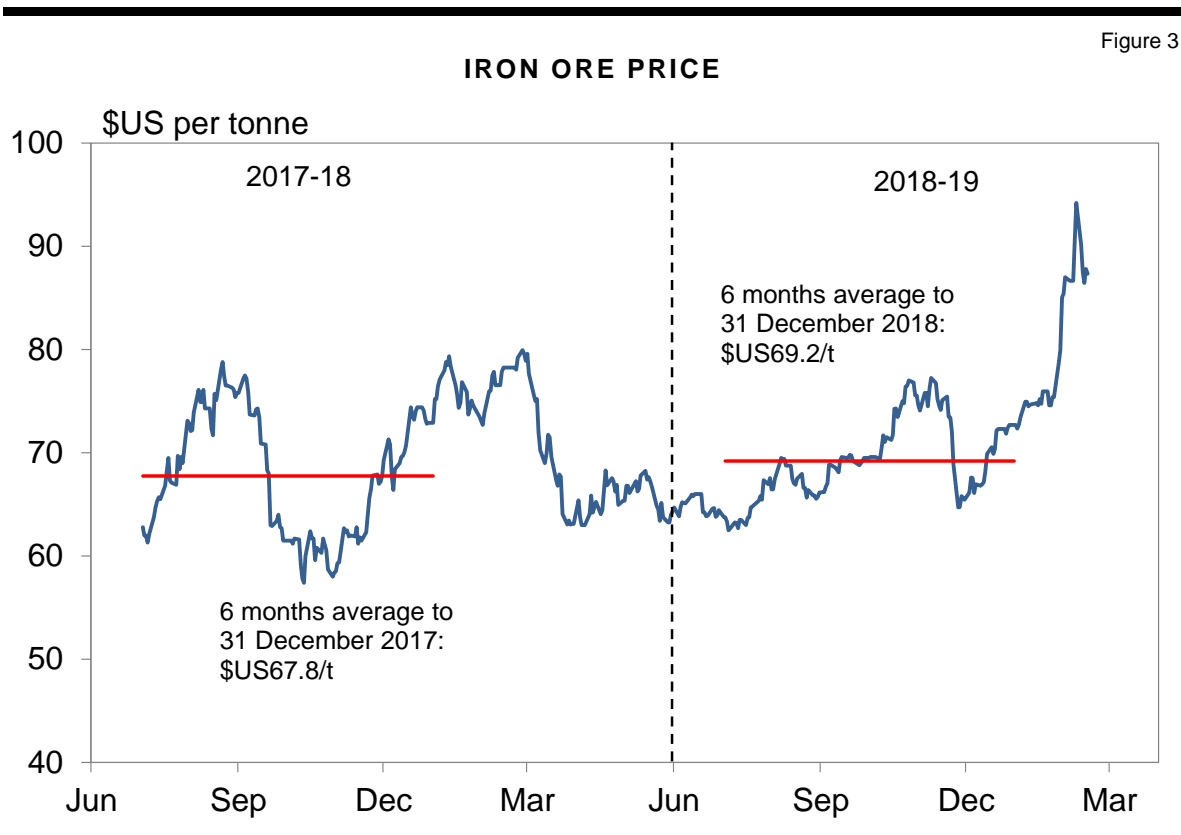
Figure 2

GENERAL GOVERNMENT REVENUE



The higher revenue outcome for the six months to 31 December 2018 primarily reflects the net impact of:

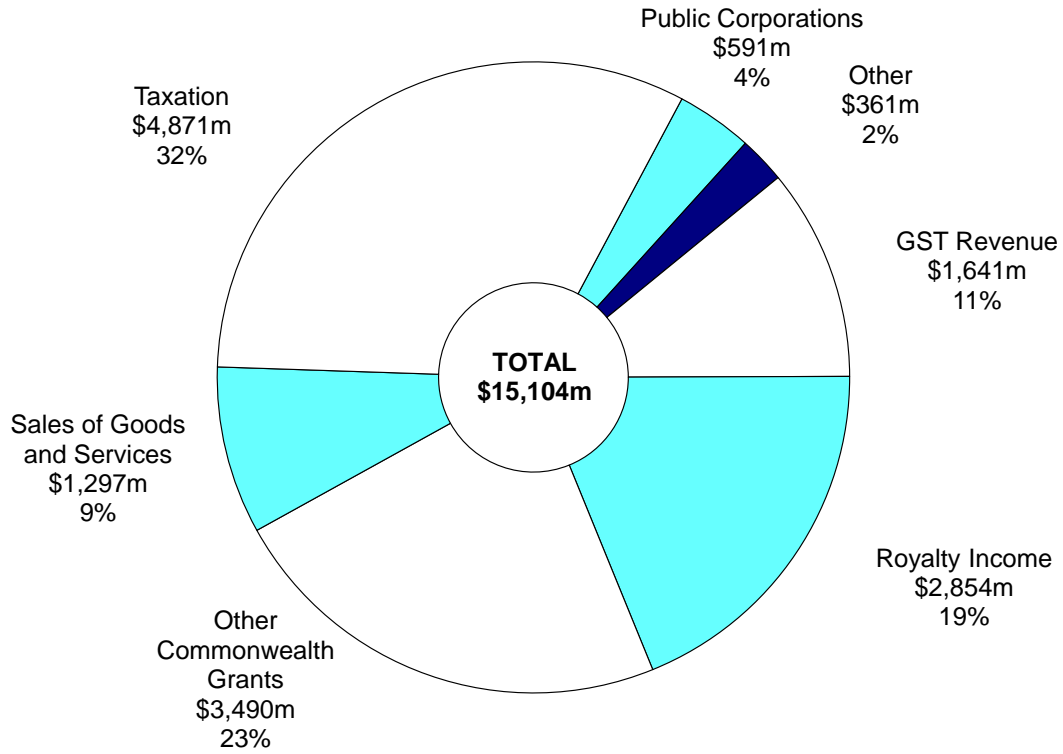
- higher recurrent and capital grants from the Commonwealth (up \$950 million), primarily due to:
 - higher GST grants (up \$513 million), due to an increase in national GST collections as well as Western Australia receiving a higher population share of national collections in 2018-19 (47.3%) compared with 2017-18 (34.4%);
 - higher North West Shelf grants (up \$188 million), mainly due to higher oil and gas prices and a lower \$US/\$A exchange rate, partially offset by lower oil and gas production volumes;
 - higher capital grants for housing (up \$130 million), with 2017-18 funding for Remote Indigenous Housing delayed to 2018-19;
 - higher grants for transport (up \$123 million), reflecting that milestones for various projects have been met;
 - lower Home and Community Care program funding (down \$89 million, accompanied by lower spending), reflecting the discontinuation of Commonwealth funding to the State as part of the transition to the National Disability Insurance Scheme; and
 - higher National Health Reform Agreement funding for the health sector (up \$70 million);
- lower dividend income (down \$430 million), mainly due to the timing of the declaration of interim dividends in 2017-18 for Western Power and Pilbara Ports Authority, and Synergy's 2017-18 payment of a special dividend and profit from the sale (last year) of Synergy's shares in the Mumbida Wind Farm;
- higher royalty income (up \$339 million), largely due to higher iron ore prices and a weaker \$US/\$A exchange rate, partially offset by reduced export volumes:
 - the benchmark iron ore price averaged \$US69.2 per tonne in the six months to 31 December 2018, which was 2.1% higher than the average price in the same period in 2017-18 (\$US67.8 per tonne);
 - the \$US/\$A exchange rate averaged US72.4 cents in the six months to December 2018, which is 7.1% below the average for the corresponding period a year earlier (US77.9 cents); and
 - iron ore export volumes in the six months to December 2018 were 2.4% lower than the same period last year;



- increased taxation revenue (up \$170 million), primarily due to the net impact of:
 - higher payroll tax (up \$134 million), due to the impact of the temporary payroll tax scale change announced in the 2017-18 Budget and a recovery in underlying payroll collections in some of the larger tax paying industries (particularly in the mining sector);
 - lower transfer duty (down \$75 million), due to the combination of a weaker housing market (reflecting tighter credit conditions), and a lower number of large commercial transactions;
 - higher land tax (up \$35 million), due to differences in the timing of land tax assessments in 2018-19 relative to the previous year;
 - higher motor vehicle taxes (up \$42 million), largely due to the increased fees for vehicle registrations implemented in the 2018-19 Budget, and growth in the number of registered vehicles; and
 - higher Emergency Services Levy collections (up \$24 million), mainly due to approved levy increases to fund Comprehensive Crew Cab Protection, Southwest Emergency Rescue Helicopter Services and the Bushfire Risk Management Planning Program, and movements in the timing of collections; and
- higher sale of goods and services (up \$94 million), mainly due to income generated by Optus Stadium following commencement of operations in January 2018.

Figure 4

GENERAL GOVERNMENT REVENUE ^(a)
 Six months to 31 December 2018

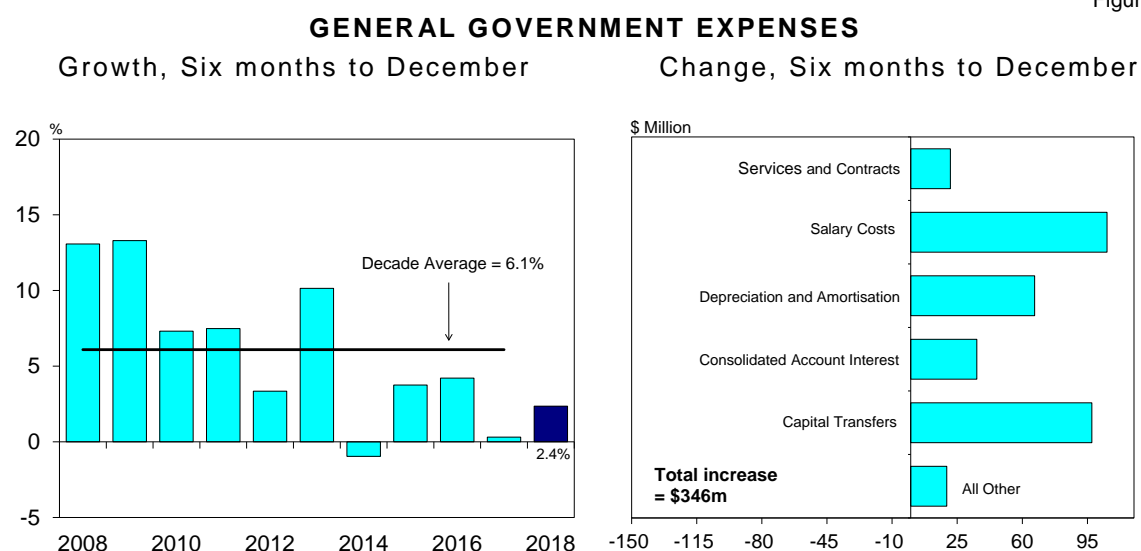


(a) Segments may not add due to rounding.

Expenses

Expenses for the six months to 31 December 2018 totalled \$15,022 million, up \$346 million (or 2.4%) on the same period in 2017-18. This represents 49% of the forecast full-year spend for 2018-19 (contained in the 2018-19 Mid-year Review), which is identical to the outcome for December 2017 as a share of the 2017-18 outcome.

Figure 5



The increase in spending for the six months to 31 December 2018 compared with the same period last year is primarily due to:

- higher salaries (up \$106 million, or 1.8%), mainly due to increased health sector activity levels, growth in teaching staff numbers and the impact of voluntary separation costs for the Department of Education and the Western Australia Police Force¹;
- higher capital transfers (up \$98 million), mainly due higher on-passed housing grants reflecting the timing of associated funding from the Commonwealth (noted earlier), partially offset by lower capital grants;
- higher depreciation and amortisation (up \$67 million), mainly reflecting the flow-on impact of higher asset values reported at 30 June 2018; and
- higher interest costs (up \$52 million, or 12.3%), reflecting the impact of higher Consolidated Account borrowings compared with the same time last year.

¹ Targeted voluntary separation programs under the Voluntary Targeted Separation Scheme (VTSS) were implemented between 1 July and 31 December 2018 in the education sector and the Western Australia Police Force. A total of 82 and 160 separations respectively were finalised by 31 December 2018, with ongoing savings reinvested back into service delivery in these two agencies. Together with 2,311 separations achieved across the sector to 30 June 2018 (detailed in the 2017-18 *Annual Report on State Finances*), the VTSS has achieved 2,553 separations to date. Further separations associated with the transition to the National Disability Insurance Scheme over the period to 30 June 2022 are expected to result in almost all of the 3,000 separations targeted for the scheme being achieved.

Figure 6

SIX MONTHS TO 31 DECEMBER SALARIES GROWTH
General Government

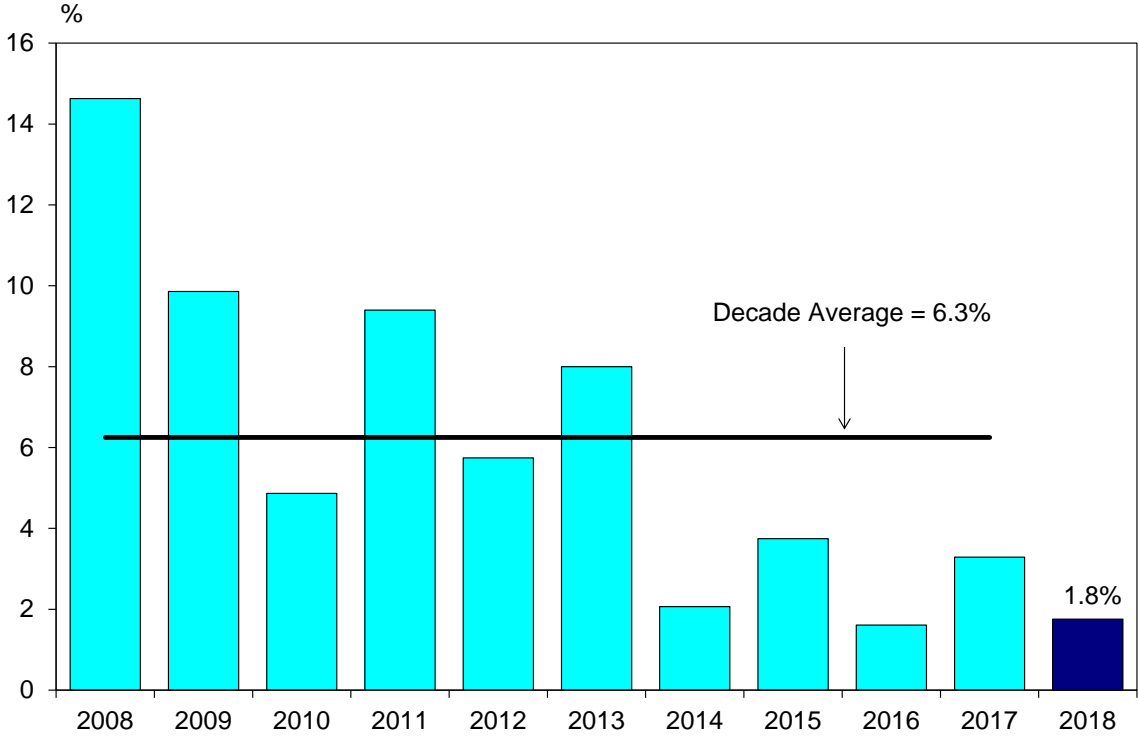
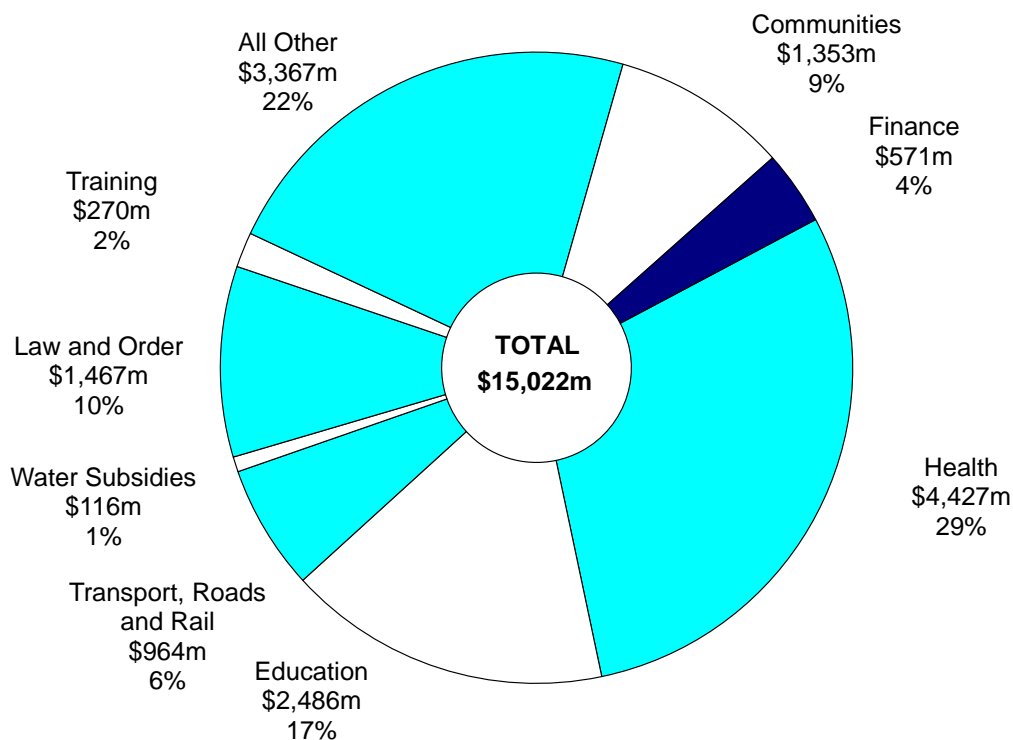


Figure 7

GENERAL GOVERNMENT EXPENSES ^(a)
Six months to 31 December 2018



(a) Segments may not add due to rounding.

Balance Sheet

General government sector net worth decreased by an estimated \$826 million during the six months to 31 December 2018, to stand at \$102.4 billion². This lower outcome mainly reflects the combined impact of:

- lower liquid assets (down \$1.3 billion), mainly due to the timing of cash receipts and payments through the Public Bank Account;
- an estimated \$200 million net increase in general government sector land and physical assets, reflecting investment over the period, partly offset by depreciation, and lower estimated land values;
- higher receivables (up \$171 million), primarily due to an increase in cash yet to be received for iron ore royalties (reflecting the normal payment timeframes); and
- a \$130 million net decrease in all other general government sector liabilities (including movements in unfunded superannuation liabilities, leave accrual and accounts payable, and other liabilities).

² Net worth is the widest measure of financial value of the public sector and includes the value of all assets less the value of all liabilities recorded on the balance sheet.

Cash Flow

A cash deficit of \$971 million was recorded by the general government sector for the six months to 31 December 2018, which is around half of the \$2 billion cash deficit reported for the same period in 2017-18. This outcome reflects:

- a net cash surplus from operating activities of \$176 million, compared with a \$912 million cash deficit reported for the same period last year, due to the cash impact of the higher operating surplus outcome discussed earlier; and
- \$1.2 billion in general government infrastructure spending, broadly in line with the amount reported for the same period last year. General government investment in infrastructure during the first six months of 2018-19 included increased spending on major road projects, partially offset by lower spending on largely completed health projects.

Total Public Sector

Operating Statement

The total public sector recorded an operating surplus of \$450 million for the six months to 31 December 2018, up from the \$1,126 million operating deficit recorded in the same period a year earlier.

Table 2

SUMMARY OF TOTAL PUBLIC SECTOR FINANCES
Western Australia

	2018-19			2017-18		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
Net operating balance	198	450	-1,010	-531	-1,126	-1,623
Net worth		102,410	102,367		105,593	103,236
Movement in cash balances	-2,173	-886	-1,867	-1,588	-137	-446
<i>Memorandum items</i>						
Net lending	-1,149	-1,008	-3,147	-747	-2,039	-3,021
Net debt		35,434	37,203		33,782	34,606
Cash surplus/-deficit	-368	-914	-2,582	-1,507	-2,415	-3,007

(a) Consistent with the revised estimated outcome published in the 2018-19 Mid-year Review, released on 20 December 2018.
(b) Consistent with final audited data contained in the 2017-18 *Annual Report on State Finances*, released on 26 September 2018.

The total public sector operating surplus for the six months to 31 December 2018 incorporates:

- the \$83 million operating surplus for the general government sector outlined earlier;
- an operating surplus of \$434 million for the public non-financial corporations sector, \$362 million higher than the surplus recorded in the same period in 2017-18, primarily due to higher Remote Indigenous Housing grants income for the Housing Authority and higher developer contributions received by Synergy; and

- an operating surplus of \$262 million for the public financial corporations sector, equivalent to the surplus recorded in the same period in 2017-18.

TOTAL PUBLIC SECTOR OPERATING BALANCE By Sector

Table 3

	2018-19			2017-18		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
Net Operating Balance						
General government sector	182	83	-674	-32	-701	-618
Public non-financial corporations sector	388	434	743	47	72	458
Public financial corporations sector	-43	262	291	-51	262	320
<i>less</i>						
General government dividend revenue	329	329	1,314	495	759	1,718
Public non-financial corporations dividend revenue ^(c)	-	-	57	-	-	64
Total public sector net operating balance	198	450	-1,010	-531	-1,126	-1,623

(a) Consistent with the revised estimated outcome published in the 2018-19 Mid-year Review, released on 20 December 2018.
(b) Consistent with the final audited data contained in the 2017-18 *Annual Report on State Finances*, released on 26 September 2018.
(c) Dividends received from Keystart (a public financial corporation) by the Housing Authority (a public non-financial corporation).

Balance Sheet

The value of the total public sector balance sheet (measured by net worth, or total assets less total liabilities) is identical to that of the general government sector (discussed earlier). This is because the net worth of the public corporations sectors is recognised as an investment asset of the general government sector.

Total public sector net debt increased by \$828 million during the six months to 31 December 2018 to stand at \$35.4 billion. Borrowings decreased by \$1.1 billion while liquid financial assets (which offset gross debt liabilities when calculating net debt) decreased \$1.9 billion. This primarily reflects movements in the Public Bank Account noted earlier, and the timing of borrowing and investment activities of the Western Australian Treasury Corporation during the period.

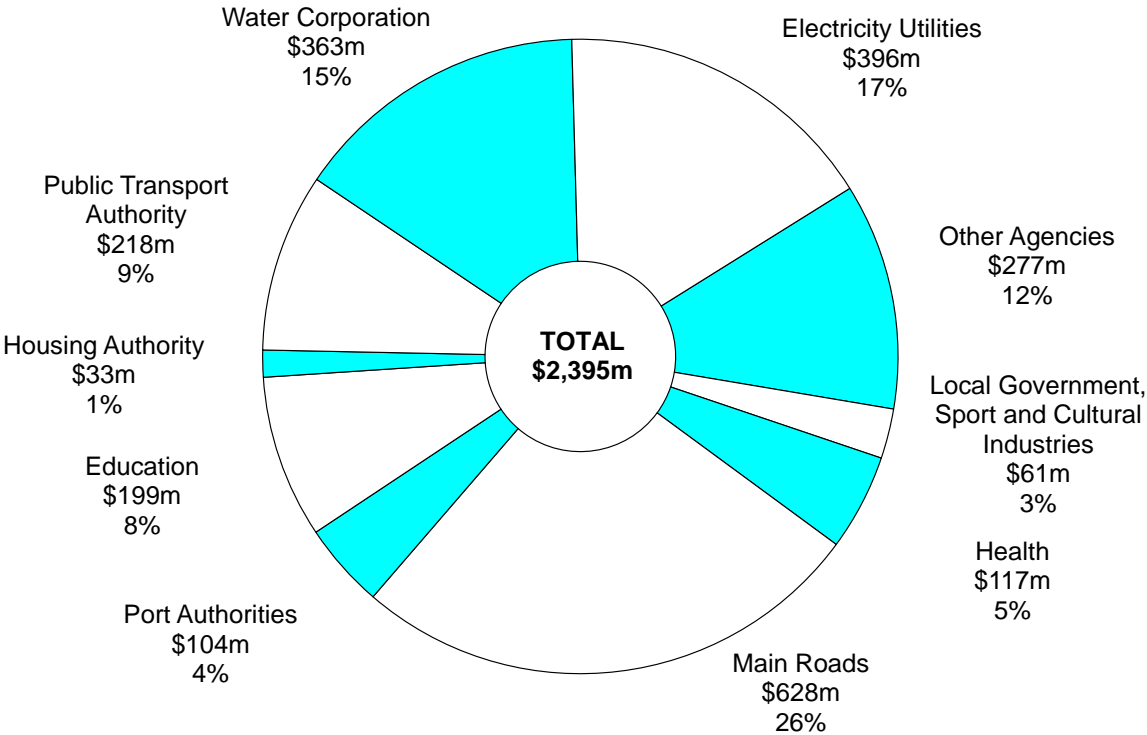
Cash Flow

A cash deficit of \$914 million was recorded for the total public sector for the six months to 31 December 2018. This is \$1.5 billion lower than the deficit for the same period in 2017-18. The lower cash deficit outcome includes the impact of a \$1.3 billion operating cash surplus, reflecting the impact on cash of the operating outcomes detailed earlier³. Total public sector infrastructure investment of \$2.4 billion for the six months to 31 December 2018 was \$152 million lower than the same period in 2017-18. This outcome reflects the combined effect of general government sector investment discussed earlier and lower capital expenditure by the Water Corporation (due to a number of projects coming to an end and a one-off land acquisition in 2017-18).

³ The key difference between the accrual operating deficit discussed earlier, and the cash operating surplus is non-cash depreciation costs.

Figure 8

ASSET INVESTMENT PROGRAM (a)
Six months to 31 December 2018



(a) Segments may not add due to rounding.

Interim Financial Statements

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Introduction

Financial information presented in this appendix has been prepared in accordance with Australian Accounting Standards and pronouncements, including AASB 134: *Interim Financial Reporting*, AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, and requirements of the *Government Financial Responsibility Act 2000*. The formats used in this report are the same as those used in 2018-19 State Budget Papers presented to the Legislative Assembly on 10 May 2018, facilitating comparisons between estimates and outturns.

These financial statements (Operating Statement, Balance Sheet and Cash Flow Statement) are also consistent with Uniform Presentation Framework (UPF) disclosure requirements to assist with comparison to reporting in the Budget, Mid-year Review and the *Annual Report on State Finances* (ARSF). Disclosures consistent with other UPF disclosure requirements are included in the notes to the financial statements, and in Appendix 2 of this report.

The value of the public corporation land was restated in the 2017-18 ARSF to correct overstated balances in previous years' financial reporting outcomes (see note 3(y) to the financial statements in Appendix 1 of the 2017-18 ARSF for details). To facilitate comparisons comparative data for December 2017 has been adjusted. Restated values have been reflected in the balance sheet for the general government sector and total public sector included in this appendix.

Net actuarial gains/losses on superannuation have been reclassified from 'other economic flows' to 'all other movements in equity' to comply with AASB 119: *Employee Benefits*, which requires that re-measurements of the defined benefit liability or asset (including actuarial gains and losses) be recognised as other economic flows. This change has been reflected in the Operating Statement and net asset/worth Balance Sheet disclosures of the general government sector and the total public sector included in this appendix.

Table 1.1

GENERAL GOVERNMENT OPERATING STATEMENT

	2018-19			2017-18			
	Note	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Restated Three Months to 31 Dec \$m	Restated Six Months to 31 Dec \$m	Actual ^(b) \$m
RESULTS FROM TRANSACTIONS							
REVENUE							
Taxation		2,353	4,871	8,748	2,588	4,701	8,601
Current grants and subsidies		2,452	4,798	9,542	2,050	4,107	8,529
Capital grants		174	333	856	16	74	1,263
Sales of goods and services		666	1,297	2,569	623	1,203	2,456
Interest Income		42	86	169	41	80	170
Revenue from public corporations							
Dividends from other sectors		329	329	1,314	495	759	1,718
Tax equivalent income		99	262	655	119	252	677
Royalty income		1,530	2,854	5,549	1,223	2,515	5,231
Other		119	275	608	120	283	688
Total	2	7,766	15,104	30,010	7,275	13,975	29,332
EXPENSES							
Salaries		3,091	6,115	12,245	3,029	6,009	12,193
Superannuation							
Concurrent costs		305	602	1,206	305	606	1,199
Superannuation interest cost		32	76	189	42	92	177
Other employee costs		109	210	379	93	171	359
Depreciation and amortisation		353	708	1,504	320	641	1,343
Services and contracts		608	1,205	2,624	613	1,184	2,432
Other gross operating expenses		1,402	2,954	5,705	1,373	2,967	5,852
Other interest		238	474	959	218	422	891
Current transfers	3	1,244	2,420	5,366	1,242	2,424	5,061
Capital transfers	3	200	258	506	71	160	442
Total		7,583	15,022	30,684	7,307	14,676	29,949
NET OPERATING BALANCE	4	182	83	-674	-32	-701	-618
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		-28	-39	137	-52	-42	-132
Provision for doubtful debts		-4	-5	-14	20	-1	-51
Changes in accounting policy/adjustments of prior periods		-22	-47	-	-46	-3	-41
Total other economic flows		-54	-91	124	-78	-47	-224
OPERATING RESULT		128	-8	-550	-110	-748	-842
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		-156	-159	42	99	173	-713
Net actuarial gains/-loss - superannuation ^(c)		-461	-469	-262	-90	20	211
Gains recognised directly in equity		-	-6	-	-	-6	-9
Change in net worth of the public corporations sectors		-443	-184	-98	-129	-72	-1,638
All other		-	-	-	-	-	-
Total all other movements in equity		-1,061	-818	-318	-120	115	-2,149
TOTAL CHANGE IN NET WORTH	4	-933	-826	-869	-230	-633	-2,991
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	4	182	83	-674	-32	-701	-618
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		660	1,183	2,868	652	1,172	2,438
Changes in inventories		7	7	-1	-5	-3	-3
Other movement in non-financial assets		66	67	55	64	68	513
<i>less:</i>							
Sales of non-financial assets		24	36	174	20	37	82
Depreciation		353	708	1,504	320	641	1,343
Total net acquisition of non-financial assets		355	513	1,244	370	560	1,524
NET LENDING/-BORROWING	4	-173	-431	-1,918	-402	-1,261	-2,141

(a) Consistent with the revised estimated outcome published in the 2018-19 Mid-year Review, released on 20 December 2018.

(b) Consistent with the final audited data contained in the 2017-18 *Annual Report on State Finances*, released on 26 September 2018.

(c) Net actuarial gains/-loss on superannuation has been reclassified from 'other economic flows' to 'all other movements in equity' as detailed in the introduction to this appendix.

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

Table 1.2

GENERAL GOVERNMENT BALANCE SHEET

	Note	For the period ending			
		31 Dec	30 June	Restated	30 June
		2018	2019 (a)	2017	2018 (b)
		\$m	\$m	\$m	\$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		1,044	865	1,080	862
Advances paid		739	758	736	741
Investments, loans and placements	5	4,240	4,183	5,073	5,682
Receivables	6	3,383	2,997	3,492	3,212
Shares and other equity					
Investments in other public sector entities - equity method (c)		42,222	42,308	43,972	42,406
Investments in other public sector entities - direct injections		9,548	9,861	9,202	9,377
Investments in other entities		48	15	45	48
Other financial assets		8	8	8	8
Total financial assets		61,232	60,995	63,609	62,337
<i>Non-financial assets</i>					
Land (c)		36,179	36,122	37,285	36,406
Property, plant and equipment		45,136	46,401	43,166	44,709
Biological assets		3	3	4	3
Inventories					
Land inventories (c)		-	-	-	-
Other inventories		77	70	70	70
Intangibles		591	607	666	627
Assets classified as held for sale		32	40	90	125
Investment property		7	7	7	7
Other		319	388	802	248
Total non-financial assets		82,344	83,638	82,090	82,196
TOTAL ASSETS		143,576	144,634	145,699	144,532
LIABILITIES					
Deposits held		480	587	312	553
Advances received		360	368	376	360
Borrowings	7	28,136	29,192	27,345	28,109
Unfunded superannuation		6,838	6,452	6,878	6,541
Other employee benefits		3,081	3,076	2,962	3,033
Payables		865	1,285	844	1,277
Other liabilities		1,407	1,307	1,389	1,425
TOTAL LIABILITIES		41,167	42,267	40,106	41,297
NET ASSETS		102,410	102,367	105,593	103,236
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus (d)		5,645	2,173	5,759	5,626
Other reserves (d)		96,764	100,194	99,834	97,610
NET WORTH	4	102,410	102,367	105,593	103,236
MEMORANDUM ITEMS					
<i>Net financial worth</i>		20,065	18,728	23,503	21,040
<i>Net financial liabilities</i>		31,704	33,441	29,672	30,744
<i>Net debt</i>					
Gross debt liabilities		28,975	30,146	28,033	29,022
less: liquid financial assets		6,023	5,806	6,889	7,285
less: convergence differences impacting net debt		-	-	-	-
Net debt		22,952	24,341	21,144	21,737

(a) Consistent with the revised estimated outcome published in the 2018-19 Mid-year Review, released on 20 December 2018.

(b) Consistent with the final audited data contained in the 2017-18 *Annual Report on State Finances*, released on 26 September 2018.

(c) Reflects restated land balances as discussed in the introduction of this appendix.

(d) Includes reclassification of actuarial gains/-loss on superannuation noted in the introduction to this appendix.

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

Table 1.3

GENERAL GOVERNMENT STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2018

	Accumulated net gain on equity			Total Equity
	Asset Revaluation Surplus	investments in other sector entities	Accumulated Surplus/deficit	
	\$m	\$m	\$m	\$m
<i>Balance at 1 July 2018</i>	55,203	42,406	5,626	103,236
Operating result	-	-	-8	-8
Other movements in equity	-627	-184	-6	-818
All other	-34	-	34	-
<i>Total change in net worth</i>	-661	-184	20	-826
Balance at 31 December 2018	54,542	42,222	5,645	102,410

For the six months ended 31 December 2017

	Accumulated net gain on equity			Total Equity
	Asset Revaluation Surplus	investments in other sector entities	Accumulated Surplus/deficit	
	\$m	\$m	\$m	\$m
<i>Balance at 1 July 2017</i>	55,699	44,044	6,483	106,226
Operating result	-	-	-748	-748
Other movements in equity	193	-72	-6	115
All other	-31	-	31	-
<i>Total change in net worth</i>	162	-72	-724	-633
Balance at 31 December 2017	55,861	43,972	5,759	105,593

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

Table 1.4

GENERAL GOVERNMENT CASH FLOW STATEMENT

	2018-19			2017-18		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Taxes received	2,657	4,742	8,934	2,177	4,136	8,567
Grants and subsidies received	2,622	5,094	10,418	2,039	4,172	9,773
Receipts from sales of goods and services	613	1,193	2,583	671	1,294	2,662
Interest receipts	36	81	161	35	67	158
Dividends and tax equivalents	620	747	2,035	878	1,016	2,280
Other	1,751	3,669	7,396	1,875	3,758	7,230
Total cash received	8,298	15,525	31,527	7,676	14,443	30,670
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-3,679	-6,904	-13,972	-3,665	-6,856	-13,801
Payments for goods and services	-2,150	-4,583	-8,698	-2,124	-4,656	-8,759
Interest paid	-235	-465	-948	-203	-397	-860
Grants and subsidies paid	-1,503	-2,513	-5,464	-1,335	-2,428	-5,125
Dividends and tax equivalents	-	-	-	-	-	-
Other	-434	-884	-1,607	-519	-1,017	-1,727
Total cash paid	-8,002	-15,349	-30,689	-7,847	-15,355	-30,271
NET CASH FLOWS FROM OPERATING ACTIVITIES	296	176	838	-171	-912	399
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-660	-1,183	-2,868	-652	-1,172	-2,438
Sales of non-financial assets	24	36	174	20	37	82
Total cash flows from investments in non-financial assets	-635	-1,147	-2,694	-631	-1,135	-2,357
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	6	25	23	4	6	13
For liquidity purposes	21	28	231	16	26	76
<i>Cash paid</i>						
For policy purposes	-162	-297	-923	-234	-274	-573
For liquidity purposes	-4	-24	-9	-4	-23	-57
Total cash flows from investments in financial assets	-138	-267	-680	-219	-265	-541
NET CASH FLOWS FROM INVESTING ACTIVITIES	-774	-1,414	-3,374	-850	-1,401	-2,898
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	-	-	17	-	-	16
Borrowings	22	36	1,629	1,263	3,786	4,318
Deposits received	-	-	-	-	-	-
Other financing receipts	11	182	231	10	115	156
Total cash received	33	218	1,877	1,273	3,901	4,490
<i>Cash paid</i>						
Advances paid	-	-	-17	-	-	-16
Borrowings repaid	-14	-26	-527	-17	-39	-182
Deposits paid	-	-	-	-	-	-
Other financing payments	-79	-134	-289	-90	-171	-271
Total cash paid	-92	-160	-832	-108	-210	-469
NET CASH FLOWS FROM FINANCING ACTIVITIES	-59	58	1,045	1,166	3,691	4,020
Net increase in cash and cash equivalents	-537	-1,180	-1,491	144	1,379	1,521
Cash and cash equivalents at the beginning of the year	5,717	6,360	6,360	6,073	4,839	4,839
Cash and cash equivalents at the end of the year	5,180	5,180	4,870	6,217	6,217	6,360
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	296	176	838	-171	-912	399
Net cash flows from investing in non-financial assets	-635	-1,147	-2,694	-631	-1,135	-2,357
Cash surplus/deficit	-340	-971	-1,856	-803	-2,047	-1,958

(a) Consistent with the revised estimated outcome published in the 2018-19 Mid-year Review, released on 20 December 2018.

(b) Consistent with the final audited data contained in the 2017-18 Annual Report on State Finances, released on 26 September 2018.

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

Table 1.5

TOTAL PUBLIC SECTOR OPERATING STATEMENT

	2018-19			2017-18			Actual ^(b) \$m
	Note	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Restated Three Months to 31 Dec \$m	Restated Six Months to 31 Dec \$m	
<i>Results from Transactions</i>							
REVENUE							
Taxation		2,225	4,611	8,216	2,464	4,455	8,114
Current grants and subsidies		2,452	4,798	9,542	2,050	4,107	8,529
Capital grants		174	333	856	16	74	1,263
Sales of goods and services		6,183	11,991	21,935	5,402	10,546	21,067
Interest Income		164	310	644	135	271	585
Royalty income		1,530	2,854	5,549	1,223	2,515	5,231
Other		262	497	1,019	222	454	1,031
Total	2	12,991	25,393	47,760	11,512	22,423	45,819
EXPENSES							
Salaries		3,391	6,708	13,408	3,304	6,553	13,297
Superannuation							
Concurrent costs		335	661	1,320	333	661	1,305
Superannuation interest cost		32	76	189	42	92	177
Other employee costs		82	159	261	73	128	263
Depreciation and amortisation		854	1,706	3,583	839	1,695	3,362
Services and contracts		791	1,561	3,269	881	1,642	3,285
Other gross operating expenses		5,839	11,133	20,278	5,108	9,929	19,726
Other interest		439	882	1,873	427	809	1,688
Other property expenses		-	-	-	-	-	-
Current transfers	3	979	1,958	4,313	942	1,884	3,975
Capital transfers	3	52	99	276	93	155	365
Total		12,793	24,943	48,771	12,043	23,549	47,442
NET OPERATING BALANCE	4	198	450	-1,010	-531	-1,126	-1,623
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		-347	-316	219	93	153	111
Provision for doubtful debts		-10	-17	-49	24	-2	-66
Changes in accounting policy/adjustment of prior periods		-104	-1,413	-	87	-1,080	-1,192
Total other economic flows		-461	-1,746	170	204	-928	-1,147
OPERATING RESULT		-263	-1,296	-841	-326	-2,054	-2,769
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		-206	-365	228	187	155	-1,669
Net actuarial gains/-loss - superannuation ^(c)		-464	-471	-261	-92	21	206
Gains recognised directly in equity		1	1,306	5	1	1,245	1,241
All other		-	-	-	-	-	-
Total all other movements in equity		-669	470	-28	96	1,421	-222
TOTAL CHANGE IN NET WORTH	4	-933	-826	-869	-230	-633	-2,991
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	4	198	450	-1,010	-531	-1,126	-1,623
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		1,324	2,395	5,835	1,357	2,547	5,052
Changes in inventories		895	833	524	-212	269	-321
Other movement in non-financial assets		100	130	231	70	94	596
<i>less:</i>							
Sales of non-financial assets		118	194	870	159	301	567
Depreciation		854	1,706	3,583	839	1,695	3,362
Total net acquisition of non-financial assets		1,347	1,457	2,136	217	913	1,398
NET LENDING/-BORROWING	4	-1,149	-1,008	-3,147	-747	-2,039	-3,021

(a) Consistent with the revised estimated outcome published in the 2018-19 Mid-year Review, released on 20 December 2018.

(b) Consistent with the final audited data contained in the 2017-18 Annual Report on State Finances, released on 26 September 2018.

(c) Net actuarial gains/-loss on superannuation has been reclassified from 'other economic flows' to 'all other movements in equity' as detailed in the introduction to this appendix.

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

Table 1.6

TOTAL PUBLIC SECTOR BALANCE SHEET

	Note	For the period ending			
		31 Dec	30 June	Restated	30 June
		2018	2019 (a)	2017	2018 (b)
		\$m	\$m	\$m	\$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		2,115	1,692	2,131	2,079
Advances paid		4,583	4,850	4,045	4,345
Investments, loans and placements	5	14,496	15,358	15,279	16,733
Receivables	6	5,150	4,984	4,692	4,976
Equity - investments in other entities		1,665	1,947	1,786	1,854
Other financial assets		13	13	13	13
<i>Total financial assets</i>		28,023	28,845	27,946	30,001
<i>Non-financial assets</i>					
Land (c)		45,053	44,768	47,072	45,508
Property, plant and equipment		100,908	102,775	98,994	100,294
Biological assets		332	324	330	332
Inventories					
Land inventories (c)		1,875	2,005	2,000	1,902
Other inventories		4,564	4,255	4,321	3,731
Intangibles		1,058	1,023	1,135	1,085
Assets classified as held for sale		35	99	91	183
Investment property		69	67	68	77
Other		484	562	935	408
<i>Total non-financial assets</i>		154,378	155,880	154,947	153,520
TOTAL ASSETS		182,401	184,724	182,894	183,521
LIABILITIES					
Deposits held		23	11	12	23
Advances received		360	368	376	360
Borrowings	7	56,246	58,723	54,849	57,379
Unfunded superannuation		6,943	6,516	6,989	6,636
Other employee benefits		3,443	3,447	3,309	3,398
Payables		6,744	6,930	5,997	6,473
Other liabilities		6,232	6,362	5,769	6,016
TOTAL LIABILITIES		79,992	82,358	77,301	80,285
NET ASSETS		102,410	102,367	105,593	103,236
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus (d)		26,380	23,296	27,097	26,322
Other reserves (d)		76,030	79,071	78,496	76,914
NET WORTH	4	102,410	102,367	105,593	103,236
MEMORANDUM ITEMS					
<i>Net financial worth</i>		-51,969	-53,513	-49,355	-50,285
<i>Net financial liabilities</i>		53,634	55,460	51,141	52,139
<i>Net debt</i>					
Gross debt liabilities		56,629	59,103	55,237	57,763
less: liquid financial assets		21,195	21,900	21,455	23,157
less: convergence differences impacting net debt		-	-	-	-
<i>Net debt</i>		35,434	37,203	33,782	34,606

(a) Consistent with the revised estimated outcome published in the 2018-19 Mid-year Review, released on 20 December 2018.

(b) Consistent with the final audited data contained in the 2017-18 *Annual Report on State Finances*, released on 26 September 2018.

(c) Reflects restated land balances as discussed in the introduction of this appendix.

(d) Includes reclassification of actuarial gains/-loss on superannuation noted in the introduction to this appendix.

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

Table 1.7

TOTAL PUBLIC SECTOR STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 December 2018

	Asset		Total Equity \$m
	Revaluation Surplus \$m	Accumulated Surplus/deficit \$m	
<i>Balance at 1 July 2018</i>	76,914	26,322	103,236
Operating result	-	-1,296	-1,296
Other movements in equity	-836	1,306	470
All other	-48	48	-
<i>Total change in net worth</i>	-884	58	-826
Balance at 31 December 2018	76,030	26,380	102,410

	Asset		Total Equity \$m
	Revaluation Surplus \$m	Accumulated Surplus/deficit \$m	
<i>Balance at 1 July 2017</i>	78,354	27,873	106,226
Operating result	-	-2,054	-2,054
Other movements in equity	176	1,245	1,421
All other	-33	33	-
<i>Total change in net worth</i>	143	-776	-633
Balance at 31 December 2017	78,496	27,097	105,593

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

Table 1.8

TOTAL PUBLIC SECTOR CASH FLOW STATEMENT

	2018-19			2017-18		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Taxes received	2,559	4,578	8,384	2,091	3,988	8,077
Grants and subsidies received	2,622	5,094	10,418	2,039	4,172	9,773
Receipts from sales of goods and services	6,137	11,946	21,800	5,268	10,606	21,346
Interest receipts	179	325	671	156	288	604
Other receipts	2,031	4,348	8,357	2,098	4,425	8,460
Total cash received	13,528	26,290	49,629	11,652	23,478	48,260
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-4,014	-7,552	-15,281	-3,998	-7,482	-15,101
Payments for goods and services	-6,086	-12,170	-21,622	-5,380	-10,964	-21,489
Interest paid	-497	-990	-1,879	-526	-907	-1,899
Grants and subsidies paid	-940	-1,820	-3,999	-879	-1,763	-3,712
Other payments	-1,152	-2,472	-4,466	-1,178	-2,533	-4,581
Total cash paid	-12,689	-25,003	-47,246	-11,960	-23,648	-46,782
NET CASH FLOWS FROM OPERATING ACTIVITIES	838	1,287	2,382	-308	-170	1,478
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-1,324	-2,395	-5,835	-1,357	-2,547	-5,052
Sales of non-financial assets	118	194	870	159	301	567
Total cash flows from investments in non-financial assets	-1,206	-2,201	-4,965	-1,198	-2,245	-4,485
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	6	12	10	4	6	13
For liquidity purposes	2,638	4,065	6,693	1,643	3,674	6,189
<i>Cash paid</i>						
For policy purposes	-7	-11	-10	-5	-7	-16
For liquidity purposes	-1,833	-3,330	-7,153	-1,452	-3,368	-7,249
Total cash flows from investments in financial assets	805	736	-460	190	304	-1,063
NET CASH FLOWS FROM INVESTING ACTIVITIES	-401	-1,465	-5,425	-1,008	-1,941	-5,548
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	-	-	-	-	-	-
Borrowings	4,605	10,171	21,478	3,239	9,593	18,015
Deposits received	-	-	-	-	-	-
Other financing receipts	12	25	63	78	88	57
Total cash received	4,617	10,196	21,540	3,318	9,681	18,072
<i>Cash paid</i>						
Advances paid	-	-	-17	-	-	-16
Borrowings repaid	-7,172	-10,804	-20,127	-3,504	-7,546	-14,181
Deposits paid	-	-	-	-	-	-
Other financing payments	-56	-100	-221	-84	-162	-251
Total cash paid	-7,228	-10,904	-20,365	-3,588	-7,708	-14,448
NET CASH FLOWS FROM FINANCING ACTIVITIES	-2,611	-708	1,175	-271	1,973	3,624
Net increase in cash and cash equivalents	-2,173	-886	-1,867	-1,588	-137	-446
Cash and cash equivalents at the beginning of the year	11,860	10,573	10,573	12,469	11,019	11,019
Cash and cash equivalents at the end of the year	9,687	9,687	8,706	10,882	10,882	10,573
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	838	1,287	2,382	-308	-170	1,478
Net cash flows from investing in non-financial assets	-1,206	-2,201	-4,965	-1,198	-2,245	-4,485
Cash surplus/-deficit	-368	-914	-2,582	-1,507	-2,415	-3,007

(a) Consistent with the revised estimated outcome published in the 2018-19 Mid-year Review, released on 20 December 2018.

(b) Consistent with the final audited data contained in the 2017-18 Annual Report on State Finances, released on 26 September 2018.

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

Notes to the Interim Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Statement

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

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

(b) The Reporting Entity

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

The total public sector includes the general government sector and the public corporations sector. The general government sector consists of those agencies and Crown entities that provide services that are predominantly funded from central revenue. Public corporations generally seek to recover the majority of the costs of operations through user charges and other own-source revenue.

(c) Basis of Preparation

The financial statements for the six months ended 31 December 2018 have been prepared in accordance with Australian Accounting Standards, in particular AASB 134: *Interim Financial Reporting*, and AASB 1049: *Whole of Government and General Government Sector Financial Reporting* and other authoritative pronouncements of the AASB.

The ABS Government Finance Statistics (GFS) Manual provides the basis upon which GFS information that is contained in the financial statements is prepared. In particular, notes disclosing key fiscal aggregates of net worth, total change in net worth, net operating balance, net lending/-borrowing and cash surplus/-deficit determined using the principles and rules in the ABS GFS Manual are included in the financial statements, together with a reconciliation of those key fiscal aggregates to the corresponding key fiscal aggregates recognised in the financial statements.

This interim financial report does not include all the note disclosures that are 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 2018, presented in Appendix 1 of the 2017-18 *Annual Report on State Finances* (ARSF) released on 26 September 2018. The accounting policies adopted in this publication are consistent with those outlined in the 2017-18 ARSF. The specific accounting policies of the Government of Western Australia are described in Note 3: *Summary of Significant Accounting Policies* in Appendix 1 of the 2017-18 ARSF.

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

(d) Unaudited Data

The Interim Financial Statements are not audited.

NOTE 2: OPERATING REVENUE

A detailed dissection of general government sector and total public sector operating revenue is included in Appendix 2: *Operating Revenue*.

NOTE 3: TRANSFER EXPENSES

Transfer expenses are defined as the provision of something of value for no specific return or consideration and include grants, subsidies, donations, transfers of assets free of charge, etc. The following tables provide detail of current and capital transfer expenses of the general government sector and total public sector.

TRANSFER EXPENSES (a)

	General Government			Total Public Sector		
	2018-19		Estimated Outturn (b) \$m	2017-18		Actual (c) \$m
	Three Months to 31 Dec	Six Months to 31 Dec \$m		Three Months to 31 Dec	Six Months to 31 Dec \$m	
<i>CURRENT TRANSFERS</i>						
Local Government	96	191	436	90	165	356
Local Government on-passing	22	45	89	20	40	169
Private and Not-for-profit sector	340	697	1,601	342	713	1,381
Private and Not-for-profit sector on-passing	311	627	1,288	298	598	1,233
Other sectors of Government	474	860	1,952	491	908	1,922
Total Current Transfers	1,244	2,420	5,366	1,242	2,424	5,061
<i>CAPITAL TRANSFERS</i>						
Local Government	8	9	57	17	26	55
Local Government on-passing	14	29	58	14	28	113
Private and Not-for-profit sector	13	34	134	20	45	107
Private and Not-for-profit sector on-passing	5	10	18	5	9	17
Other sectors of Government	160	176	239	16	52	151
Total Capital Transfers	200	258	506	71	160	442

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

(b) Consistent with the revised estimated outcome published in the 2018-19 Mid-year Review, released on 20 December 2018.

(c) Consistent with the final audited data contained in the 2017-18 *Annual Report on State Finances*, released on 26 September 2018.

Note: Columns may not add due to rounding.

NOTE 4: CONVERGENCE DIFFERENCES

Where possible, AASB 1049 harmonises GFS and accounting concepts into a single presentation. Where harmonisation cannot be achieved (e.g. the recognition of a doubtful debts provision is excluded from GFS net worth), a convergence difference arises.

The following tables detail convergence differences reflected in the December 2018 results.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Operating Balance

	2018-19			2017-18		Actual \$m
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	
<i><u>General government</u></i>						
AASB1049 net operating balance	182	83	-674	-32	-701	-618
Plus GFS revenue adjustments	-	-	-	-	-	-
Less GFS expense adjustments	-	-	-	-	-	-
Total GFS adjustments to AASB 1049 net operating balance	-	-	-	-	-	-
GFS net operating balance	182	83	-674	-32	-701	-618
<i><u>Total public sector</u></i>						
AASB1049 net operating balance	198	450	-1,010	-531	-1,126	-1,623
Plus GFS revenue adjustments	-	-	-	-	-	-
Less GFS expense adjustments	-	-	-	-	-	-
Capitalised interest	-	-	-	-	-	-
Total GFS expense adjustments	-	-	-	-	-	-
Total GFS adjustments to AASB 1049 net operating balance	-	-	-	-	-	-
GFS net operating balance	198	450	-1,010	-531	-1,126	-1,623

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Net Lending/-Borrowing

	2018-19			2017-18		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn	Three Months to 31 Dec	Six Months to 31 Dec	Actual
	\$m	\$m	\$m	\$m	\$m	\$m
<i><u>General government</u></i>						
AASB1049 net lending/-borrowing	-173	-431	-1,918	-402	-1,261	-2,141
Plus Net operating balance convergence differences (noted above)	-	-	-	-	-	-
GFS net lending/-borrowing	-173	-431	-1,918	-402	-1,261	-2,141
<i><u>Total public sector</u></i>						
AASB1049 net lending/-borrowing	-1,149	-1,008	-3,147	-747	-2,039	-3,021
Plus Net operating balance convergence differences (noted above)	-	-	-	-	-	-
GFS net lending/-borrowing	-1,149	-1,008	-3,147	-747	-2,039	-3,021

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Net Worth

	2018-19		2017-18	
	Six Months to 31 Dec	Estimated Outturn	Six Months to 31 Dec	Actual
	\$m	\$m	\$m	\$m
<i><u>General government</u></i>				
AASB1049 net worth	102,410	102,367	105,593	103,236
<i>Plus</i>				
Provision for doubtful debts				
General government sector	265	265	279	265
Impact on public corporations net worth	94	119	79	87
<i>Total GFS net worth adjustments</i>	<i>358</i>	<i>384</i>	<i>359</i>	<i>352</i>
GFS net worth	102,768	102,751	105,952	103,587
<i><u>Total public sector</u></i>				
AASB1049 net worth	102,410	102,367	105,593	103,236
<i>Plus</i>				
Provision for doubtful debts	358	384	359	352
<i>Total GFS net worth adjustments</i>	<i>358</i>	<i>384</i>	<i>359</i>	<i>352</i>
GFS net worth	102,768	102,751	105,952	103,587

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Change in Net Worth

	2018-19			2017-18		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual \$m
<i>General government</i>						
AASB 1049 change in net worth	-933	-826	-869	-230	-633	-2,991
Plus change in:						
Provision for doubtful debts						
General government sector	-10	-	-	-6	13	-1
Impact on public corporations net worth	4	7	32	-7	-4	3
Total GFS change in net worth adjustments	-6	7	32	-13	9	2
GFS change in net worth	-938	-819	-836	-243	-625	-2,989
<i>Total public sector</i>						
AASB 1049 change in net worth	-933	-826	-869	-230	-633	-2,991
Plus change in:						
Provision for doubtful debts	-6	7	32	-13	9	2
Total GFS change in net worth adjustments	-6	7	32	-13	9	2
GFS change in net worth	-938	-819	-836	-243	-625	-2,989

NOTE 5: INVESTMENTS, LOANS AND PLACEMENTS

General Government

	2018-19		2017-18	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
<i>Investments</i>				
Term deposits	4,223	4,166	5,057	5,665
Government securities	3	3	4	3
Total	4,226	4,169	5,061	5,668
<i>Loans and advances</i>				
Loans	13	14	12	14
Financial Assets held for trading/available for sale	-	-	-	-
Total	13	14	12	14
Total	4,240	4,183	5,073	5,682

Total Public Sector

	2018-19		2017-18	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
<i>Investments</i>				
Term deposits	10,607	11,215	11,732	12,623
Government securities	1,216	1,034	972	1,034
Total	11,824	12,249	12,704	13,657
<i>Loans and advances</i>				
Loans	2,254	2,663	2,165	2,630
Financial Assets held for trading/available for sale	418	446	410	446
Total	2,673	3,109	2,575	3,076
Total	14,496	15,358	15,279	16,733

NOTE 6: RECEIVABLES

General Government				
	2018-19		2017-18	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Accounts Receivable	3,647	3,262	3,771	3,477
Provision for impairment of receivables	-265	-265	-279	-265
Total	3,383	2,997	3,492	3,212

Total Public Sector				
	2018-19		2017-18	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Accounts Receivable	5,508	5,368	5,051	5,328
Provision for impairment of receivables	-358	-384	-359	-352
Total	5,150	4,984	4,692	4,976

NOTE 7: BORROWINGS

General Government				
	2018-19		2017-18	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Bank overdrafts	-	-	-	-
Finance leases	1,207	1,167	800	1,184
Borrowings	26,929	28,025	26,545	26,924
Total	28,136	29,192	27,345	28,109

Total Public Sector				
	2018-19		2017-18	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Bank overdrafts	3	1	6	-
Finance leases	1,973	1,914	1,598	1,971
Borrowings	54,270	56,809	53,245	55,408
Total	56,246	58,723	54,849	57,379

NOTE 8: DETAILS OF AGENCIES CONSOLIDATED

The agencies included in these financial statements are detailed in Note 35: *Composition of Sectors* in the 2017-18 *Annual Report on State Finances*. The following changes took effect from 1 July 2018:

- the Office of the Government Chief Information Officer was integrated into the Department of the Premier and Cabinet; and
- the functions of the Office of Emergency Management was integrated into the Department of Fire and Emergency Services.

NOTE 9: CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities of the State were disclosed in Note 30 of the 2017-18 *Annual Report on State Finances*. There have been no material changes since that disclosure.

Operating Revenue

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

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

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

Table 2.1

GENERAL GOVERNMENT
Operating Revenue

	2018-19			2017-18		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn (a)	Three Months to 31 Dec	Six Months to 31 Dec	Actual (b)
	\$m	\$m	\$m	\$m	\$m	\$m
TAXATION						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	900	1,805	3,511	820	1,671	3,279
Property taxes						
<i>Land tax</i>	334	769	798	657	734	840
Transfer Duty	309	569	1,120	342	644	1,223
Landholder Duty	8	8	101	6	31	234
<i>Total duty on transfers</i>	317	576	1,221	347	675	1,457
Metropolitan Region Improvement Tax	58	86	91	87	92	93
Perth Parking Levy	3	54	58	3	54	58
Emergency Services Levy	99	243	372	104	219	338
Loan guarantee fees	38	76	155	35	71	143
Building and Construction Industry Training Fund Levy	5	11	33	6	13	25
<i>Total other property taxes</i>	203	469	709	235	450	658
Taxes on provision of goods and services						
Lotteries Commission	41	91	160	42	83	156
Video lottery terminals	-	-	-	-	-	-
Casino Tax	14	27	71	14	28	61
Betting tax	12	22	64	11	22	41
<i>Total taxes on gambling</i>	66	140	295	67	134	258
Insurance Duty	164	335	647	156	323	625
Other	4	9	17	5	10	20
<i>Total taxes on insurance</i>	169	344	664	161	333	645
<i>On-demand Transport Levy</i>	-	-	3	-	-	-
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	87	179	379	82	169	355
Permits - Oversize Vehicles and Loads	2	4	8	2	4	7
Motor Vehicle recording fee	14	28	59	14	30	61
Motor Vehicle registrations	240	487	991	222	453	937
<i>Total motor vehicle taxes</i>	344	698	1,436	321	656	1,360
<i>Mining Rehabilitation Levy</i>	-	30	28	-	29	29
<i>Landfill Levy</i>	21	40	83	-19	19	75
Total Taxation	2,353	4,871	8,748	2,588	4,701	8,601
CURRENT GRANTS AND SUBSIDIES						
General Purpose Grants						
GST grants	812	1,641	3,290	546	1,128	2,249
North West Shelf grants	255	498	909	166	310	695
Compensation for Commonwealth crude oil excise arrangements	11	20	50	6	14	28
Grants through the State						
Schools assistance – non-government schools	311	627	1,288	298	598	1,233
Local government financial assistance grants	22	45	89	20	40	169
Local government roads	14	29	58	14	28	113
National Specific Purpose Payment Agreement Grants						
National Skills and Workforce Development	39	79	157	36	77	152
National Disability Services	48	111	88	37	76	158
National Affordable Housing	82	82	164	38	69	140
Quality Schools	181	353	743	165	318	660
National Health Reform	573	1,132	2,234	531	1,062	2,174
National Partnerships/Other Grants						
Health	51	83	125	97	201	386
Housing	-	-	-	2	8	14
Transport	36	49	95	40	59	74
Disability Services	-	-	35	30	38	96
Other	15	51	218	23	81	187
Total Current Grants and Subsidies	2,452	4,798	9,542	2,050	4,107	8,529

GENERAL GOVERNMENT
Operating Revenue

Table 2.1 (cont.)

	2018-19			2017-18		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CAPITAL GRANTS						
<i>Grants through the State</i>						
Schools assistance – non-government schools	5	10	18	5	9	17
<i>National Partnerships/Other Grants</i>						
Housing	-	130	130	-	-	48
Transport	170	193	686	11	59	990
Other	-	-	22	-	6	208
Total Capital Grants	174	333	856	16	74	1,263
SALES OF GOODS AND SERVICES	666	1,297	2,569	623	1,203	2,456
INTEREST INCOME	42	86	169	41	80	170
REVENUE FROM PUBLIC CORPORATIONS						
Dividends	329	329	1,314	495	759	1,718
Tax Equivalent Regime	99	262	655	119	252	677
Total Revenue from Public Corporations	428	591	1,969	613	1,011	2,395
ROYALTY INCOME	1,530	2,854	5,549	1,223	2,515	5,231
OTHER						
Lease Rentals	30	58	99	28	57	105
Fines	45	93	202	46	93	206
Revenue not else here counted	44	125	307	46	132	376
Total Other	119	275	608	120	283	688
GRAND TOTAL	7,766	15,104	30,010	7,275	13,975	29,332

(a) Consistent with the revised outcome published in the 2018-19 Mid-year Review, released on 20 December 2018.

(b) Consistent with the final audited data contained in the 2017-18 *Annual Report on State Finances*, released on 26 September 2018.

Note: Columns may not add due to rounding.

Table 2.2

TOTAL PUBLIC SECTOR
Operating Revenue

	2018-19			2017-18		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
TAXATION						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	878	1,762	3,423	798	1,630	3,194
Property taxes						
<i>Land tax</i>	317	736	730	641	701	775
Transfer Duty	309	569	1,120	342	644	1,223
Landholder Duty	8	8	101	6	31	234
<i>Total duty on transfers</i>	317	576	1,221	347	675	1,457
Metropolitan Region Improvement Tax	58	86	91	87	92	93
Perth Parking Levy	3	54	58	3	54	58
Emergency Services Levy	99	243	367	104	219	334
Loan guarantee fees	1	4	7	1	4	8
Building and Construction Industry Training Fund Levy	5	11	33	6	13	25
<i>Total other property taxes</i>	166	397	556	201	383	518
Taxes on provision of goods and services						
Video lottery terminals	-	-	-	-	-	-
Casino Tax	14	27	71	14	28	61
<i>Total taxes on gambling</i>	14	28	71	14	29	61
Insurance Duty	164	335	647	156	323	625
Other	4	9	17	5	10	20
<i>Total taxes on insurance</i>	169	344	664	161	333	645
<i>On-demand Transport Levy</i>	-	-	3	-	-	-
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	87	179	379	82	169	355
Permits - Oversize Vehicles and Loads	2	4	8	2	4	7
Motor Vehicle recording fee	14	28	59	14	30	61
Motor Vehicle registrations	240	487	991	222	453	937
<i>Total motor vehicle taxes</i>	344	698	1,436	321	656	1,360
<i>Mining Rehabilitation Levy</i>	-	30	28	-	29	29
<i>Landfill Levy</i>	21	40	83	-19	19	75
Total Taxation	2,225	4,611	8,216	2,464	4,455	8,114
CURRENT GRANTS AND SUBSIDIES						
General Purpose Grants						
GST grants	812	1,641	3,290	546	1,128	2,249
North West Shelf grants	255	498	909	166	310	695
Compensation for Common earth crude oil excise arrangements	11	20	50	6	14	28
Grants through the State						
Schools assistance – non-government schools	311	627	1,288	298	598	1,233
Local government financial assistance grants	22	45	89	20	40	169
Local government roads	14	29	58	14	28	113
National Specific Purpose Payment Agreement Grants						
National Agreement for Skills and Workforce Development	39	79	157	36	77	152
National Disability Services	48	111	88	37	76	158
National Affordable Housing	82	82	164	38	69	140
Quality Schools	181	353	743	165	318	660
National Health Reform	573	1,132	2,234	531	1,062	2,174
National Partnerships\Other Grants						
Health	51	83	125	97	201	386
Housing	-	-	-	2	8	14
Transport	36	49	95	40	59	74
Disability Services	-	-	35	30	38	96
Other	15	51	218	23	81	187
Total Current Grants and Subsidies	2,452	4,798	9,542	2,050	4,107	8,529

TOTAL PUBLIC SECTOR
Operating Revenue

Table 2.2 (cont.)

	2018-19			2017-18		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CAPITAL GRANTS						
<i>Grants through the State</i>						
Schools assistance – non-government schools	5	10	18	5	9	17
<i>National Partnerships/Other Grants</i>						
Housing	-	130	130	-	-	48
Transport	170	193	686	11	59	990
Other	-	-	22	-	6	208
Total Capital Grants	174	333	856	16	74	1,263
SALES OF GOODS AND SERVICES	6,183	11,991	21,935	5,402	10,546	21,067
INTEREST INCOME	164	310	644	135	271	585
ROYALTY INCOME	1,530	2,854	5,549	1,223	2,515	5,231
OTHER						
Lease Rentals	30	58	99	28	57	105
Fines	46	95	202	47	95	207
Revenue not elsew here counted	185	344	718	147	302	720
Total Other	262	497	1,019	222	454	1,031
GRAND TOTAL	12,991	25,393	47,760	11,512	22,423	45,819

(a) Consistent with the revised outcome published in the 2018-19 Mid-year Review, released on 20 December 2018.

(b) Consistent with the final audited data contained in the 2017-18 *Annual Report on State Finances*, released on 26 September 2018.

Note: Columns may not add due to rounding.

APPENDIX 3

Public Ledger

The Public Ledger, established by section 7 of the *Financial Management Act 2006* (FMA), includes those transactions and operations that are conducted through the Consolidated Account, the Treasurer's Advance Account and Treasurer's Special Purpose Accounts (TSPAs). Together with agency cash balances held at Treasury, the total of these accounts form the Public Bank Account.

PUBLIC LEDGER BALANCES AT 31 DECEMBER			
	2018 \$m	2017 \$m	Variance \$m
THE PUBLIC LEDGER			
Consolidated Account ^(a)	-16,139	-12,929	-3,210
Treasurer's Special Purpose Accounts ^(b)	14,911	13,149	1,762
Treasurer's Advance Account – Net Advances and Overdraw n Trusts	-24	-24	-
TOTAL	-1,253	196	-1,448
Agency Special Purpose Account ^(b)	5,830	5,178	651
TOTAL PUBLIC BANK ACCOUNT INVESTMENTS	4,577	5,374	-797

(a) The balance of the Consolidated Account at 31 December 2018 includes non-cash appropriations of \$12,484 million (31 December 2017: \$11,014 million), representing the non-cash cost of agency services. These appropriations are credited to agency Holding Accounts that are included in the TSPAs balance. In cash terms, the Consolidated Account recorded a deficit of \$3,655 million at 31 December 2018 (compared with a deficit position of \$1,916 million at 31 December 2017).

(b) Treasurer's Special Purpose Account balances in December 2017 have been restated for corrected classification of some agency Special Purpose Accounts.

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

Consolidated Account

The *Constitution Act 1889* requires that all revenue of the Crown that is not permanently appropriated by legislation to another entity, shall be credited to the Consolidated Account. The Act also requires that payments out of the Account must be appropriated by Parliament.

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

The Consolidated Account accrual deficit at 31 December 2018 was \$16,139 million, an increase of \$3.2 billion on the accumulated deficit at 31 December 2017. This included \$12,484 million associated with accrual (non-cash) appropriations for depreciation and leave entitlements, matched by equivalent non-cash balances in agency Holding Accounts.

In cash terms, the Consolidated Account was overdrawn by \$3,655 million at 31 December 2018. This compares with a \$1,916 million deficit cash balance at 31 December 2017.

There were no Consolidated Account borrowings in the December 2018 quarter. Centrally held borrowings totalled \$26.4 billion at 31 December 2018 (unchanged from the balance at 30 September 2018, and compared with \$26 billion at 31 December 2017). This remains below the \$34.5 billion cumulative limit approved by the *Loan Act 2017* and preceding *Loan Acts*¹.

¹ The *Loan Act 2017* received Royal Assent on 3 July 2017 and increased the cumulative loan limit under preceding *Loan Acts* from \$23.5 billion to \$34.5 billion. Consolidated Account borrowings cannot exceed the cumulative limit authorised by these Acts without further approval through a new *Loan Act*.

Table 3.2

CONSOLIDATED ACCOUNT TRANSACTIONS
For the six months ended 31 December

	2018 \$m	2017 \$m	Variance \$m
REVENUE			
<i>Operating Activities</i>			
Taxation	3,733	3,209	523
Commonwealth Grants	2,118	1,451	667
Government Enterprises	752	1,027	-275
Revenue from other agencies	3,246	3,149	97
Other	341	299	42
<i>Total Operating Activities</i>	10,190	9,136	1,053
<i>Financing Activities</i>			
Repayments of Recoverable Advances	3	3	-
Transfers from:			
Bankwest Pension Trust	1	1	-
Other Receipts	9	4	5
Borrowings	-	3,750	-3,750
<i>Total Financing Activities</i>	13	3,758	-3,745
TOTAL REVENUE	10,203	12,895	-2,692
EXPENDITURE			
<i>Recurrent</i>			
Authorised by Other Statutes ^(a)	1,366	1,288	78
Appropriation Act (No. 1) ^(a)	10,246	9,728	518
Recurrent Expenditure under the Treasurer's Advance	28	-	28
<i>Total Recurrent Expenditure</i>	11,640	11,016	623
<i>Investing Activities</i>			
Authorised by Other Statutes	170	154	16
Appropriation Act (No. 2)	655	724	-68
Investing Expenditure under the Treasurer's Advance	-	-	-
<i>Total Investing Activities</i>	826	878	-53
<i>Financing Activities</i>			
Loan repayments	-	-	-
Other financing	9	4	5
<i>Total Financing Activities</i>	9	4	5
TOTAL EXPENDITURE	12,474	11,899	576
NET MOVEMENT (REVENUE LESS EXPENDITURE)	-2,271	996	-3,267
Consolidated Account Balance			
Opening balance at 1 July	-13,868	-13,925	57
Closing balance at 31 December	-16,139	-12,929	-3,210
Of which:			
Appropriations payable	-12,484	-11,014	-1,471
Cash balance at 31 December	-3,655	-1,916	-1,739

(a) Data for December 2017 includes a reclassification of \$2 million in payments from 'Authorised by Other Statutes (recurrent)' to 'Appropriation Act (No.1)' to correct the treatment of appropriations for the \$5,000 boost under the First Home Owners Grants in 2016-17.

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

Treasurer's Special Purpose Accounts

The Treasurer's Special Purpose Accounts (TSPAs) consist of:

- any account established by the Treasurer as a TSPA for the purposes determined by the Treasurer;
- suspense accounts established for the purposes of section 26 of the FMA;
- any account established to hold money transferred under section 39(5) of the FMA;
- the Public Bank Account Interest Earned Account, established for the purpose of holding money credited to that account under section 38(9) of the FMA pending its allocation and payment as required or permitted under the FMA or another written law;
- any account established under written law and determined by the Treasurer to be a TSPA; and
- any other account established to hold other money and determined by the Treasurer to be a TSPA.

Relative to 31 December 2017, aggregate TSPA balances were \$1,762 million higher at the end of December 2018, mainly reflecting:

- higher Holding Account balances for non-cash accrual appropriations to agencies for depreciation and accrued leave entitlements (up \$1,471 million);
- a net increase in the Royalties for Regions Fund (up \$153 million), reflecting the timing of appropriation payments to the Fund, and draw downs for approved spending on individual programs;
- an increase in the balance of the Western Australian Future Fund reflecting appropriation of 1% of forecast annual royalty receipts (\$51 million) and interest earnings on the balance of the Fund over the year to 31 December 2018 (\$41 million);
- a decrease in the balance of the Perth Stadium Account (down \$45 million), reflecting funds drawn for procurement and works spending to complete the stadium, sports precinct and transport infrastructure incurred during the period to date;
- an increase in the balance of the Commonwealth Grants for Specific Purposes Account (up \$30 million), primarily reflecting the retention of National Disability Specific Purpose Payment funding pending its on-payment to the National Disability Insurance Agency (for the Commonwealth-administered National Disability Insurance Scheme) and interim Skilling Australians funding from the Commonwealth;
- an increase in the Fiona Stanley Construction Hospital Account (up \$18 million), reflecting the return of unspent construction funds by WA Health;
- a net decrease in the Perth Children's Hospital Account balance (down \$15 million), reflecting funds drawn for the hospital's residual construction activities; and
- an increase in the balance of agency accounts that hold cash for the cost of an extra pay period which falls due every 11 years (up \$42 million).

A number of TSPAs and other agency accounts are discussed in Appendix 4: *Special Purpose Accounts*.

TREASURER'S SPECIAL PURPOSE ACCOUNTS

Table 3.3

At 31 December

	2018 \$m	2017 \$m	Variance \$m
Agency Holding Accounts	12,484	11,014	1,471
Royalties for Regions Fund	855	702	153
Western Australian Future Fund	1,290	1,198	92
Agency 27th Pay Accounts	93	52	42
Commonwealth Grants for Specific Purposes	55	25	30
Fiona Stanley Hospital Construction Account	39	21	18
Perth Children's Hospital Account	13	28	-15
Perth Stadium Account	11	56	-45
Other Special Purpose Accounts ^(a)	70	54	16
TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 31 DECEMBER	14,911	13,149	1,762

(a) Treasurer's Special Purpose Account balances in December 2017 have been restated for corrected classification of some agency Special Purpose Accounts.

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

Treasurer's Advance

The Treasurer's Advance allows for short term repayable advances to agencies for working capital purposes (known as 'net recoverable advances'), a short term advance for any overdrawn agency Special Purpose Accounts, and the provision of supplementary appropriation funding for unforeseen and/or extraordinary events during the year (known as 'excesses and new items').

A limit of \$652.2 million is authorised under section 29 of the FMA for the year ended 30 June 2019, compared with a total of \$646.1 million authorised limit applying at the same time last year.

Table 3.4

TREASURER'S ADVANCE AT 31 DECEMBER

	2018	2017	Variance
	\$m	\$m	\$m
AUTHORISED LIMIT	652.2	646.1	6.1
<i>Total Drawn Against Treasurer's Advance Account</i>	<i>52.4</i>	<i>24.0</i>	<i>28.4</i>
Comprising:			
Net recoverable advances as at 31 December (see below)	24.5	10.7	13.8
Overdraw n Special Purpose Accounts ^(a)	-	13.3	-13.3
Excesses and New Items			-
- recurrent	27.9	-	27.9
- capital	-	-	-
NET RECOVERABLE ADVANCES			
Mines Safety	16.5	-	16.5
Petroleum and Geothermal Energy Safety	2.0	-	2.0
Mining Rehabilitation Fund	-	5.3	-5.3
Sport and Recreation	1.1	1.1	-
Dishonoured Electronic Payments - State Revenue	0.1	-	0.1
Suitors Fund	2.5	2.5	-
WA Energy Disputes Arbitrator	0.1	0.1	-
Sundry Debtors	2.2	1.6	0.6
TOTAL RECOVERABLE TREASURER'S ADVANCES	24.5	10.7	13.8

(a) The Treasurer gave approval for the Department of Mines, Industry Regulation and Safety to overdraw a Special Purpose Account in 2017-18. Any overdrawn SPA is taken to be an advance to be charged in the relevant financial year to the Treasurer's Advance Account.

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

Transfers, Excesses and New Items

Table 3.6 summarises transfers of appropriations between agencies, authorised under section 25 of the FMA (and which have no impact on the Treasurer's Advance), and excesses and/or new items approved by the Treasurer under the authority of section 27 of the FMA.

Transfers of appropriation funds are for the provision of an approved service which is now delivered by an alternative agency. These transfers are authorised either under section 25 of the FMA or specific enabling legislation and are summarised in the following table.

In the six months to 31 December 2018, appropriation transfers included:

- \$24.6 million from the provision for the Voluntary Targeted Separation Scheme (VTSS), with payments administered by Treasury to a number of agencies shown in the following table. These transfers reimbursed agencies for costs associated with separations finalised during the month of June 2018. The VTSS closed for most agencies on 30 June 2018 (see feature box in the *Financial Results* chapter of the 2017-18 *Annual Report on State Finances* for further details);

2018-19 VOLUNTARY TARGETED SEPARATION SCHEME
For the six months ended 31 December 2018

Table 3.5

Item	Agency	Transfer from Appropriation
		\$m
5	Premier and Cabinet	0.4
38	Finance	0.3
42	Primary Industries and Regional Development	0.8
44	Mines, Industry Regulation and Safety	0.4
49	WA Health	10.7
54	Education	0.8
58	Justice (including Legal Aid Commission of Western Australia)	1.6
59	Fire and Emergency Services	0.1
64	Office of the Inspector of Custodial Services	0.1
66	Communities	2.6
68	Local Government, Sport and Cultural Industries	0.6
71	Library Board of Western Australia	0.3
73	Western Australian Museum	0.1
75	Western Australian Sports Centre Trust	0.1
76	Transport	0.4
80	Biodiversity, Conservation and Attractions	0.3
81	Planning, Lands and Heritage	4.8
Total		24.6

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

- \$2.2 million from the Library Board of Western Australia to the Department of Local Government, Sport and Cultural Industries for the transfer of Information and Communication Technology services;
- \$0.9 million from the Department of Education to the Department of Training and Workforce Development for the transfer of the Training Accreditation Council; and
- \$0.1 million from the Department of Communities to the Department of Local Government, Sport and Cultural Industries, mainly for the transfer of funding for the Metropolitan Migrant Resource Centre.

Approved excesses and new items during the six months to 31 December 2018 included:

- a new item for \$153 million to the Department of Treasury to fund payments associated with the State's participation in the National Redress Scheme for Survivors of Institutional Child Sex Abuse (\$147.6 million), establishment of a Response Coordination Unit to administer the State's participation in the Scheme (\$3.5 million), and to fund resources to source, evaluate and provide relevant case records as part of the assessment process for the Scheme (\$1.9 million);
- a new item for \$33 million for the Department of Mines, Industry Regulation and Safety to reflect an ex gratia payment to Mineral Resources Limited to facilitate the purchase of Cliffs Asia Pacific Iron Ore Pty Ltd Koolyanobbing mine;

- the provision of \$31.5 million to the Metropolitan Redevelopment Authority primarily for structural reforms and regulatory planning activities (\$16.3 million), the repayment of a loan for the Forrestdale Business Park East project (\$12.2 million), place activation and management of Yagan Square (\$1.4 million), preliminary investigative works for the East Perth Power Station (\$1 million) and to fund external consultants, internal resources and operating costs to facilitate project exits (\$0.5 million);
- an additional \$21.9 million to the Southern Ports Authority for operating subsidy payments which form part of the Government Support Package relating to Mineral Resources Limited's purchase of Cliffs Asia Pacific Iron Ore Pty Ltd's Koolyanobbing Iron Ore Operation (detailed in a feature box in Chapter 1 of the 2018-19 *Government Mid-year Financial Projection Statement*);
- an excess of \$3.6 million to the Fire and Emergency Services to reflect the payment of claims under the Western Australian Natural Disaster Relief and Recovery Arrangements; and
- \$2.5 million for higher than expected claims against the Government Insurance Fund (administered by the Department of Treasury).

TREASURER'S ADVANCE AT 31 DECEMBER 2018

Table 3.6

	Treasurer's Advance					Draw n against Treasurer's Advance to date \$m
	Budget \$m	Transfers \$m	New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
Recurrent Appropriations						
<i>Premier and Cabinet</i>						
Item 5: Delivery of Services	126.7	0.4	-	-	127.1	-
<i>Treasury</i>						
Item 23: Southern Ports Authority	0.3	-	-	21.9	22.2	4.5
Item 28: Metropolitan Redevelopment Authority	10.4	-	-	31.5	41.8	19.8
Item 30: Provision for Unfunded Liabilities in the Government Insurance Fund	1.9	-	-	2.5	4.4	-
Item 31: Provision for Voluntary Targeted Separation Scheme	55.8	-24.6	-	-	31.2	-
<i>Finance</i>						
Item 38: Delivery of Services	151.1	0.3	-	-	151.5	-
<i>Primary Industries and Regional Development</i>						
Item 42: Delivery of Services	166.3	0.8	-	-	167.1	-
<i>Mines, Industry Regulation and Safety</i>						
Item 44: Delivery of Services	125.1	0.4	-	-	125.5	-
<i>WA Health</i>						
Item 49: Delivery of Services	4,819.2	10.7	-	-	4,829.9	-
<i>Education</i>						
Item 54: Delivery of Services	4,042.0	-0.1	-	-	4,041.9	-
<i>Training and Workforce Development</i>						
Item 56: Delivery of Services	354.2	0.9	-	-	355.2	-
<i>Justice</i>						
Item 58: Delivery of Services	1,177.3	1.6	-	-	1,178.8	-
<i>Fire and Emergency Services</i>						
Item 59: Delivery of Services	22.8	0.1	-	-	22.9	-
Item 60: Western Australia Natural Disaster Relief and Recovery Arrangements	45.0	-	-	3.6	48.6	3.6
<i>Office of the Inspector of Custodial Services</i>						
Item 64: Delivery of Services	3.3	0.1	-	-	3.4	-
<i>Communities</i>						
Item 66: Delivery of Services	1,720.8	2.5	-	-	1,723.3	-
<i>Local Government, Sport and Cultural Industries</i>						
Item 68: Delivery of Services	110.3	3.0	-	-	113.2	-
Item 71: Library Board of Western Australia	31.4	-2.0	-	-	29.5	-
Item 73: Western Australian Museum	22.2	0.1	-	-	22.4	-
<i>Western Australian Sports Centre Trust</i>						
Item 75: Delivery of Services	80.0	0.1	-	-	80.1	-
<i>Transport</i>						
Item 76: Delivery of Services	77.3	0.4	-	-	77.7	-
<i>Biodiversity, Conservation and Attractions</i>						
Item 80: Delivery of Services	239.3	0.3	-	-	239.7	-
<i>Planning, Lands and Heritage</i>						
Item 81: Delivery of Services	92.3	4.8	-	-	97.1	-
<i>Mines, Industry Regulation and Safety</i>						
New Item: Ex-gratia Payment	-	-	33.0	-	33.0	-
<i>Treasury</i>						
New Item: National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse	-	-	153.0	-	153.0	-
Total Recurrent		-	186.0	59.5		27.9

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

Special Purpose Accounts

Special Purpose Accounts (SPAs) are established under various sections of the *Financial Management Act 2006* (FMA) or by specific legislation (e.g. the Royalties for Regions Fund). Accounts established by legislation are governed by the relevant provisions of the statute, while accounts that are established administratively are governed by a special purpose statement (operating accounts) or a trust statement (trust accounts) that outline the purpose of the account.

This appendix details balances at 31 December 2018 for a number of key SPAs. It is not an exhaustive coverage of all SPAs but covers the major/material SPAs in existence at 31 December 2018. The SPA balances, and transactions in and out of these accounts, form part of the overall consolidated outcomes outlined elsewhere in this report.

Debt Repayment Account

In line with the Government's election commitments to responsible financial management, a Debt Repayment Account was established in 2017-18 to apply windfall funds to the repayment of Consolidated Account borrowings. A total of \$355 million is forecast to flow through the account in 2018-19. These forecast repayments are scheduled to occur in the second half of the financial year with no receipts or payments occurring in the six months to 31 December 2018.

Fiona Stanley Hospital Construction Account

This SPA was established in October 2007 to set aside funds to be used for the construction and establishment of the Fiona Stanley Hospital.

The hospital achieved practical completion in December 2013, followed by completion of phased commissioning in February 2015. Project closure is expected to occur later 2018-19, when the account will be closed and any remaining unspent funds to be returned to the Consolidated Account at that time.

Table 4.1

FIONA STANLEY HOSPITAL CONSTRUCTION ACCOUNT
At 31 December

	2018 \$m	2017 \$m
<i>Balance at 1 July</i>	39	20
Receipts	- (a)	- (a)
Payments	-	-
Closing Balance	39	21

(a) Amount below \$500,000.

Note: Columns may not add due to rounding.

METRONET Account

This SPA was established in 2017-18 to support the planning and construction of METRONET transport infrastructure projects.

Receipts for the six months of the end of December 2018 reflect capital appropriation of \$17.3 million for METRONET projects and an operating subsidy of \$1.2 million for the METRONET office. Payments of \$19.4 million were for transport infrastructure and planning activities (such as for the Yanchep Rail Extension and Thornlie-Cockburn Link), and \$0.8 million for METRONET office operating costs.

Table 4.2

METRONET ACCOUNT
At 30 December

	2018 \$m	2017 \$m
<i>Balance at 1 July</i>	10	-
Receipts	18	-
Payments	20	-
Closing Balance	8	-

Note: Columns may not add due to rounding.

Metropolitan Region Improvement Account

This account was established under the *Metropolitan Region Improvement Tax Act 1959* to hold funds for the management of the Metropolitan Region Scheme, including receipts from the Metropolitan Region Improvement Tax (MRIT).

Receipts for the six months to the end of December 2018 mainly reflect MRIT revenue (\$42.3 million), proceeds from the sale of land and buildings (\$9.3 million), interest revenue (\$4.4 million), rental revenue (\$3.2 million), and the return of funds for land acquisition that was not settled (\$0.7 million). Payments from the account were mainly for associated service delivery expenses (\$12.6 million), the acquisition of land and buildings (\$3.8 million), and to the Australian Taxation Office for GST on sales (\$0.9 million).

Table 4.3

METROPOLITAN REGION IMPROVEMENT ACCOUNT
At 31 December

	2018 \$m	2017 \$m
<i>Balance at 1 July</i>	399	348
Receipts	61	60
Payments	18	27
Closing Balance	442	381

Note: Columns may not add due to rounding.

Mining Rehabilitation Fund

The Mining Rehabilitation Fund was established in July 2013 to hold levy collections under the *Mining Rehabilitation Fund Act 2012*. Receipts reflect levy contributions by mining operators (\$30.2 million) and interest received (\$0.8 million). Payments for the year to date include repayment of Treasurer's Advance (\$5.3 million)¹ and administration costs (\$0.2 million).

Table 4.4

MINING REHABILITATION FUND
At 31 December

	2018 \$m	2017 \$m
<i>Balance at 1 July</i>	122	92
Receipts	31	29
Payments	5	-
Closing Balance	148	121

Note: Columns may not add due to rounding.

Municipal and Essential Services Account

This SPA was established in 2015 to administer Commonwealth funds of \$90 million provided in June 2015 for the delivery of municipal and essential services to remote Aboriginal communities.

Payments of \$0.1 million in the six months to December 2018 were for the delivery of existing municipal and essential services at a range of remote communities, and repairs and replacement of equipment required to support these services.

¹ A Treasurer's Advance (reflecting a short term financing arrangement under section 28 of the *Financial Management Act 2006*) was used to fund administration costs for the Fund during prior periods where interest income on the available balance was insufficient to meet these costs in full. The Fund is now self-sustaining for the purpose of these costs.

Table 4.5

MUNICIPAL AND ESSENTIAL SERVICES ACCOUNT
At 31 December

	2018 \$m	2017 \$m
<i>Balance at 1 July</i>	7	42
Receipts	-	-
Payments	- (a)	35
Closing Balance	7	7

(a) Amount below \$500,000.

Note: Columns may not add due to rounding.

Perth Children's Hospital Account

This SPA was established in October 2010 to hold money for the construction and establishment of the Perth Children's Hospital.

The Hospital achieved practical completion in April 2017 and fully opened on 10 June 2018. Project closure arrangements for the hospital are expected to be finalised in 2020 to accommodate the extended defect liability period, with any remaining funds in the account to be returned to the Consolidated Account at that time.

Table 4.6

PERTH CHILDREN'S HOSPITAL ACCOUNT
At 31 December

	2018 \$m	2017 \$m
<i>Balance at 1 July</i>	13	40
Receipts	-	-
Payments	-	12
Closing Balance	13	28

Note: Columns may not add due to rounding.

Perth Parking Licensing Account

This SPA was established under section 23(1) of the *Perth Parking Management Act 1999* (the Act) to set aside funds to be used to encourage a balanced transport system supporting access to the Perth city area. Money credited to the account reflects licence fees, penalties and money appropriated by Parliament for the purposes of the Act.

Funds drawn from the account are used to support the Central Area Transit bus system, the Free Transit Zone public transport services in the Perth Central Business District, improvements to public transport access, enhancements to the pedestrian environment, support for bicycle access, other transport system initiatives and for the administration of the Act.

PERTH PARKING LICENSING ACCOUNT
At 31 December

Table 4.7

	2018 \$m	2017 \$m
<i>Balance at 1 July</i>	54	23
Receipts	54	54
Payments	9	16
Closing Balance	99	61

Note: Columns may not add due to rounding.

Perth Stadium Account

This SPA was established in October 2011 to hold funds in support of the construction of Perth Stadium and associated transport infrastructure. The stadium commenced operations in early 2018.

Payments during the six months to December 2018 were for the replacement of tennis courts at the State Tennis Centre.

PERTH STADIUM ACCOUNT
At 31 December

Table 4.8

	2018 \$m	2017 \$m
<i>Balance at 1 July</i>	13	96
Receipts	-	122
Payments	3	162
Closing Balance	11	56

Note: Columns may not add due to rounding.

Road Trauma Trust Account

This account was established to provide for road safety initiatives. Receipts reflect prescribed penalties (\$47.5 million), other funds collected under the *Road Traffic (Administration) Act 2008* (\$0.1 million), and interest revenue earned on the account balance (\$0.7 million).

Road Safety projects funded from the Account are focused on achieving reductions in serious road trauma as part of the Towards Zero Strategy for 2008 to 2020. The majority of the funds drawn from the account were for the Regional Run-off Crashes program (\$6.8 million), the Inappropriate Speed Crashes program (\$4.6 million), Intersections program (\$3.9 million), the ongoing operational cost of the Road Safety Commission (\$3.1 million), and a range of smaller road safety initiatives and programs.

Table 4.9

ROAD TRAUMA TRUST ACCOUNT
At 31 December

	2018 \$m	2017 \$m
<i>Balance at 1 July</i>	53	57
Receipts	48	53
Payments	23	32
Closing Balance	78	78

Note: Columns may not add due to rounding.

Royalties for Regions Fund

The Royalties for Regions Fund was established in December 2008 to set aside a share of the State's annual royalty income to fund investment in regional Western Australia. Under the *Royalties for Regions Act 2009*, the balance held in the Fund at any time cannot exceed \$1 billion.

Receipts during the first six months of 2018-19 reflect the draw down of moneys appropriated by the Parliament (\$86.5 million), interest revenue earned on the account balance (\$9.9 million), and unused funds from associated projects returned to the Fund by agencies (\$9 million).

A total of \$250 million was disbursed from the account to support regional initiatives.

Table 4.10

ROYALTIES FOR REGIONS FUND
At 31 December

	2018 \$m	2017 \$m
<i>Balance at 1 July</i>	1,000	1000
Receipts	105	11
Payments	250	309
Closing Balance	855	702

Note: Columns may not add due to rounding.

Royalties for Regions Regional Reform Fund

This SPA was established in June 2015 to fund strategic reform initiatives in regional Western Australia. There were no draw downs in the six months to December 2018.

Table 4.11

ROYALTIES FOR REGIONS REGIONAL REFORM FUND
At 31 December

	2018 \$m	2017 \$m
<i>Balance at 1 July</i>	96	100
Receipts	-	-
Payments	-	- (a)
Closing Balance	96	99

(a) Amount below \$500,000.

Note: Columns may not add due to rounding.

Royalties for Regions Southern Inland Health Initiative

This SPA was established to hold funds for expenditure on the Southern Inland Health Initiative, pursuant to section 9(1) of the *Royalties for Regions Act 2009*. Funding is provided by the Royalties for Regions Fund for initiatives to improve healthcare across the southern part of the State.

There have been no payments for projects in the six months to the end of December 2018.

Table 4.12

ROYALTIES FOR REGIONS SOUTHERN INLAND HEALTH INITIATIVE
At 31 December

	2018 \$m	2017 \$m
<i>Balance at 1 July</i>	23	56
Receipts	-	53
Payments	-	89
Closing Balance	23	21

Note: Columns may not add due to rounding.

Waste Avoidance and Resource Recovery Account

The Waste Avoidance and Resource Recovery Account was established under the *Waste Avoidance and Resource Recovery Act 2007* to hold revenue allocated by the Minister from the landfill levy. The Waste Avoidance and Resource Recovery Account (WARRA) 2018-19 Interim Budget was approved in late December, delaying draw downs from the account over the period ending December 2018.

Landfill levy receipts in the first six months totalled \$38 million, of which \$10.8 million was allocated to the WARRA as determined by the Minister. Draw downs totalling \$7 million over the same period were for waste programs, and the payment of administration costs incurred by the Department of Water and Environmental Regulation.

Table 4.13

WASTE AVOIDANCE AND RESOURCE RECOVERY ACCOUNT
At 31 December

	2018 \$m	2017 \$m
<i>Balance at 1 July</i> ^(a)	39	33
Receipts	11	10
Payments	7	6
Closing Balance	43	37

(a) The closing balance of \$39 million at 30 June 2018 (opening balance at 1 July) has been restated from the \$38 million (reported in the 2017-18 *Annual Report on State Finances*). The restatement incorporates a correction to the rounding of the closing balance, which revises the closing value at 30 June 2018.

Note: Columns may not add due to rounding.

Western Australian Future Fund

The Western Australian Future Fund was established under the *Western Australian Future Fund Act 2012*. The Act provides for an accruing balance over 20 years to 2032, after which the annual interest earnings can be drawn down to fund economic or social infrastructure projects across Western Australia.

Receipts of \$74.6 million in the six months to December 2018 included the Consolidated Account's annual contribution equivalent to 1% of annual forecast royalty revenue (\$50.6 million) and interest receipts (\$24 million).

Table 4.14

WESTERN AUSTRALIAN FUTURE FUND
At 31 December

	2018 \$m	2017 \$m
<i>Balance at 1 July</i>	1,215	1,126
Receipts	75	72
Payments	-	-
Closing Balance	1,290	1,198

Note: Columns may not add due to rounding.

General Government Salaries

Introduction

Salaries represent the single largest component of general government sector expenses (40.7% in the first six months of 2018-19).

General government salaries for the first six months of 2018-19 grew by 1.8% to total \$6,115 million. Salaries in the health, education, law and order, and community services sectors account for over 80% of the general government salaries costs in the December outcome, and account for the majority of the \$106 million net movement during the period.

The following table summarises salaries outcomes for general government agencies for the six months to 31 December 2018.

Table 5.1

SALARIES COSTS
General Government Sector

	2018-19		2017-18	
	Six Months to 31 Dec \$m	Estimated Outturn \$m	Six Months to 31 Dec \$m	Actual \$m
WA Health	2,258	4,576	2,202	4,469
Education	1,751	3,472	1,703	3,425
Western Australia Police Force	478	930	441	911
Justice	327	615	331	666
Communities	273	515	265	555
Fire and Emergency Services	91	188	89	181
Biodiversity Conservation and Attractions	89	180	90	185
Primary Industries and Regional Development	81	194	87	185
Mines, Industry Regulation and Safety	72	147	78	152
Transport	61	125	62	123
North Metropolitan TAFE	56	113	58	118
South Metropolitan TAFE	52	103	53	105
Finance	48	101	50	103
Water and Environmental Regulation	41	85	46	88
Local Government, Sport and Cultural Industries	40	84	44	92
Premier and Cabinet	40	72	37	77
Planning, Lands and Heritage	38	78	42	84
Western Australian Sports Centre Trust	27	47	15	43
Commissioner of Main Roads	26	63	33	65
Land Information Authority	25	57	31	60
Training and Workforce Development	22	44	25	50
Mental Health Commission	18	35	18	38
Treasury	17	37	16	32
Central Regional TAFE	17	33	18	34
North Regional TAFE	17	31	16	30
South Regional TAFE	16	34	18	34
Jobs, Tourism, Science and Innovation	16	32	16	33
Legal Aid Commission of WA	15	31	15	30
Office of the Director of Public Prosecutions	15	30	14	29
Legislative Assembly	11	23	11	22
Legislative Council	8	16	7	15
Office of the Auditor General	8	16	7	15
Corruption and Crime Commission	7	16	8	16
Chemistry Centre (WA)	7	13	7	14
Public Sector Commission	7	16	9	17
WorkCover WA	6	13	7	13
All other agencies (with annual salaries costs below \$10 million)	37	76	43	86
Provisions ^(a)	-	5	-	-
Total salaries	6,115	12,245	6,009	12,193

(a) The 2018-19 Mid-year Review, and 2018-19 Budget previously, included a provision for Voluntary Targeted Separations Scheme costs for workforce changes (including salaries costs) for the transition to the Commonwealth-run National Disability Insurance Scheme.

Note: Columns may not add due to rounding.

