



2014-15

Annual Report on State Finances

September 2015



2014-15

**Annual Report on
State Finances**

SEPTEMBER 2015

2014-15 Annual Report on State Finances
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An electronic copy of this report may be obtained at <http://www.treasury.wa.gov.au>
ISSN 1834-1101 (print)
ISSN 1834-111X (on-line)

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Foreword

This *Annual Report on State Finances* (ARSF) provides detail on the State's public sector financial results for 2014-15. It includes disclosure of material differences between these outcomes and the forecasts contained in the 2015-16 State Budget and the original 2014-15 Budget.

The *Government Financial Responsibility Act 2000* requires the release of audited whole-of-government financial results consistent with external reporting requirements within 90 days of year-end.

For the purpose of this ARSF, 'external reporting requirements' are embodied in Australian Accounting Standards Board (AASB) 1049: *Whole of Government and General Government Sector Financial Reporting*.

All Australian State, Territory and Commonwealth governments publish financial disclosures consistent with AASB 1049, and with the requirements of the Uniform Presentation Framework (UPF). The UPF ensures consistent minimum levels of detail in whole-of-government disclosures. Western Australia's disclosures in this ARSF are consistent with the requirements of AASB 1049, other applicable accounting standards, Government Finance Statistics concepts, sources and methods, and exceed the minimum requirements specified in the UPF.

This ARSF contains information on the Western Australian whole-of-government (and its sub-sectors) for:

- the actual outturn for 2014-15, which is the focus of this report;
- the 2014-15 State Budget estimates, presented to the Legislative Assembly on 8 May 2014;
- the 2014-15 estimated outturn contained in the 2015-16 State Budget, and presented to the Legislative Assembly on 14 May 2015;
- quarterly results for June 2015, completing the State's 2014-15 quarterly reporting series;
- material Special Purpose Accounts; and
- the Public Ledger, which includes the Consolidated Account, the Treasurer's Advance Account, and the Treasurer's Special Purpose Accounts.

Statement of Responsibility

This ARSF is a statutory requirement of the *Government Financial Responsibility Act 2000*. It contains whole-of-government financial information in the same format as the State's budget presentations, reflecting applicable Australian Accounting Standards and the Australian Bureau of Statistics' (ABS') accrual Government Finance Statistics standards.

The consolidated financial statements included in this report have been prepared by the Department of Treasury from information provided by State public sector agencies.

In our opinion, the financial information presented in this report:

- fairly represents the operating results and cash flows of the Government of Western Australia for the year ended 30 June 2015, and the public sector's financial position at 30 June 2015; and
- has been prepared in accordance with Australian Accounting Standard AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, other applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and complies with statistical standards promulgated by the ABS.

At the date of signing, we are not aware of any circumstances which would cause any information included in the financial disclosures in this report to be misleading or inaccurate.



MICHAEL BARNES
UNDER TREASURER



MAGDA WITTEK
ACTING MANAGER
FINANCIAL REPORTING

17 September 2015

Opinion of the Auditor General



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

ANNUAL REPORT ON STATE FINANCES – GOVERNMENT OF WESTERN AUSTRALIA

I have audited the financial statements of the Government of Western Australia for the year ended 30 June 2015 which comprise an Operating Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement for General Government, Public Non-Financial Corporations, Total Non-Financial Public Sector, Public Financial Corporations and Total Public Sector, and Notes comprising a summary of significant accounting policies and other explanatory information (Appendix 1), the Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2015 for the General Government Sector and Total Public Sector (Appendix 4), and the Public Ledger (Appendix 7).

Under Treasurer's Responsibility for the Financial Statements

The Under Treasurer is responsible for the preparation and fair presentation of the Annual Report on State Finances that includes the preparation of the financial statements in accordance with Australian Accounting Standard AASB 1049 "Whole of Government and General Government Sector Financial Reporting", other applicable Australian Accounting Standards and the Government Financial Responsibility Act 2000, and for such internal control as the Under Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Government Financial Responsibility Act 2000, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Under Treasurer, as well as evaluating the overall presentation of the financial statements. In addition, all the financial and non-financial information in the Annual Report on State Finances is read to identify material inconsistencies with the audited financial statements. If any apparent material misstatements or inconsistencies are identified, the implications for my audit opinion are considered.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing Standards, and other relevant ethical requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements

This auditor's report relates to the financial statements of the Government of Western Australia for the year ended 30 June 2015 included on the Department of Treasury's website. The Department's management is responsible for the integrity of the Department's website. This audit does not provide assurance on the integrity of the Department's website. The auditor's report refers only to the financial statements described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If users of the financial statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements to confirm the information contained in this website version of the financial statements.

Opinion

In my opinion, the financial statements

- (i) have been properly drawn up so as to present fairly, in all material respects, the operating results and cash flows of the Government of Western Australia for the year ended 30 June 2015 and the financial position at the end of that year; and
- (ii) have been prepared in accordance with Australian Accounting Standard AASB 1049 "Whole of Government and General Government Sector Financial Reporting", other applicable Australian Accounting Standards and the Government Financial Responsibility Act 2000.



COLIN MURPHY
AUDITOR GENERAL
18 September 2015

Financial Results

HIGHLIGHTS

- Western Australia's domestic economy and labour market continued to weaken during 2014-15, with State Final Demand (a measure of economic activity that excludes net exports) contracting by 3.6%. This resulted in flat growth in taxation revenue of just 0.4%.
- At the same time, both GST revenue and commodity prices were significantly lower than in the previous year (with the iron ore price down 42%, and the oil price down 33%, on 2013-14).
- These factors led to general government revenue declining by \$556 million or 2% in 2014-15, the first annual decline in the State's revenue base in 18 years.
- Population growth, although moderating from its peak in 2012-13, continued to drive demand for services.
- The combined result is a general government operating deficit for 2014-15 of \$431 million, which is an improvement on the \$788 million deficit expected at the time of the 2015-16 Budget in May 2015¹.
- The size of the operating deficit has been contained by the Government's expenditure control measures, which have resulted in expense growth of just 2.2% – the lowest in 20 years.
- Total public sector net debt increased to \$23.4 billion at 30 June 2015 in support of the Government's Asset Investment Program. This outcome is \$2.1 billion lower than estimated in the recent Budget, mainly reflecting the additional Commonwealth road funding received in June 2015 (\$499 million), lower than expected general government expenses (down \$501 million) and lower than expected capital spending (down \$777 million).

¹ After allowing for the receipt of \$499 million in additional road funding from the Commonwealth Government in recognition of the State's record low GST relativity.

Introduction

This chapter focuses on variations in outcomes between the estimated outturn published in the State's 14 May 2015 Budget and the final outcomes for 2014-15. Comparisons to the original 2014-15 Budget projections (released on 8 May 2014) are available in Appendix 4: *Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2015*.

Relative to the previous year, general government revenue contracted by \$556 million or 2% in 2014-15. This outcome is a significant turnaround on the 8.7% growth in 2013-14, and is the first decline in the State's revenue base in 18 years.

- Royalty income declined by \$1.4 billion (or 23.6%) in 2014-15, primarily due to lower iron ore royalties. The decline in iron ore royalties reflects the substantial fall in the iron ore price, which averaged \$US71.1 per tonne in 2014-15, down from \$US122.8 per tonne in 2013-14.
- Current grants and subsidies from the Commonwealth decreased by a total of \$148 million (or 1.8%) in 2014-15, largely due to lower GST revenue and North West Shelf grants, the latter reflecting the lower oil price over 2014-15.
 - However, tied capital grants to the State more than doubled over the year, mainly due to the \$499 million contribution for road infrastructure from the Commonwealth, paid in acknowledgement of the State's record low GST relativity (of just 0.3) in 2015-16.
- Taxation revenue recorded a year-on-year increase of \$33 million, or just 0.4%. This is down from 5.2% growth in 2013-14 and is the lowest rate of growth in tax collections since the Global Financial Crisis in 2008-09.
 - Transfer duty revenue declined by 13.7% in 2014-15, reflecting a substantial fall in the value of large commercial transactions and a moderation in housing market activity.
 - Payroll tax revenue rose by just 1% in 2014-15, reflecting subdued employment growth, weak wages growth, and a further shift in the composition of employment growth from the high paying resources sector towards part-time jobs in lower paying industries.

As a result of Government measures to rein in expenditure growth, general government expenses grew by just 2.2% in 2014-15, which is the lowest annual increase in 20 years (and well below the 8.5% average of the previous decade). This compares to the 2.6% expense growth forecast in the original 2014-15 Budget in May 2014.

Expenses totalled \$27.8 billion for the year, \$501 million lower than the estimated outturn published in the 2015-16 Budget, reflecting lower than expected spending by agencies such as Main Roads, the Department of Education, Western Australia Police and the Department of Regional Development. Costs associated with the Government's Targeted Voluntary Separation Scheme were also lower than expected.

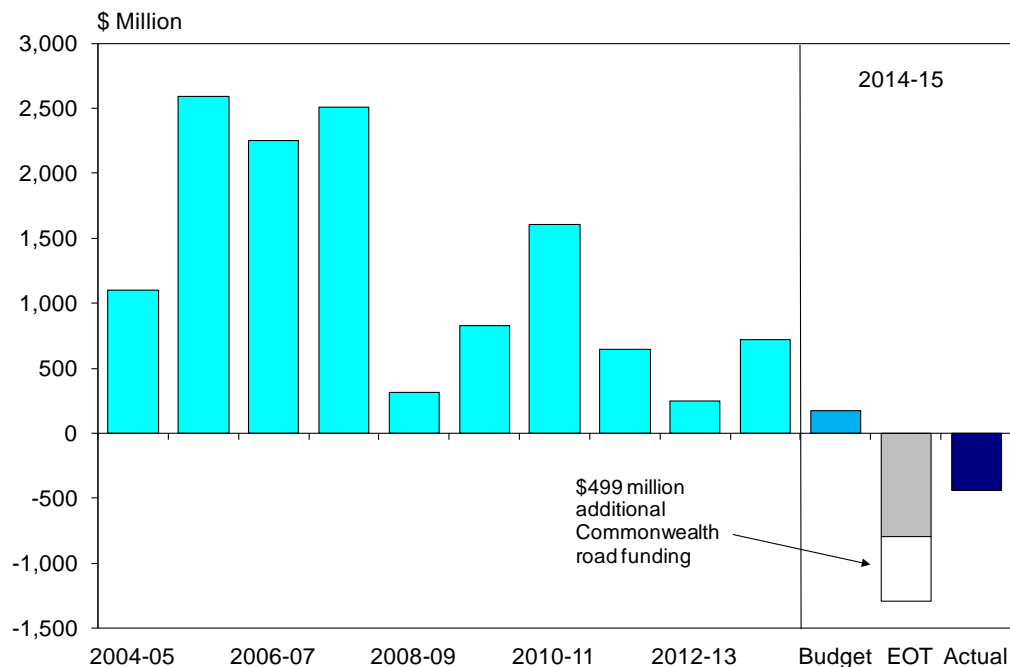
Agency underspending included a \$203 million lower than expected salaries outcome for 2014-15. General government salaries growth moderated to 3.8% in 2014-15, down from 5.2% the previous year. This is significantly less than the 8.4% average over the previous decade, and is the lowest rate of growth since 1998-99. This result reflects the impact of the Government’s policies to improve the efficiency of the public sector, including the Consumer Price Index (CPI)-based Public Sector Wages Policy, the commencement of the Workforce Renewal Policy and previous rounds of voluntary separations (which have resulted in 3,612 staff leaving the public sector).

The combined impact of all of the above factors is a general government sector operating deficit of \$431 million in 2014-15. This is the first deficit outcome since 1999-2000. Relative to the estimated deficit of \$1,287 million published in the 2015-16 Budget, the final deficit result is \$856 million lower than expected.

However, as noted in the Treasurer’s Budget Speech, the \$499 million in additional road funding from the Commonwealth that was agreed just after the Budget cut-off date effectively reduced the estimated deficit to \$788 million. The final deficit outcome of \$431 million represents a \$357 million improvement relative to this expectation, and reflects the lower than expected agency expenditure outlined above.

NET OPERATING BALANCE
General Government Sector

Figure 1



The Asset Investment Program (AIP) totalled \$5.8 billion in 2014-15 as work on key projects continued. Nevertheless, infrastructure spending by agencies was \$777 million lower than the estimated outturn, mainly due to slower than anticipated progress against scheduled works.

Other key financial outcomes for 2014-15 include:

- total public sector net debt of \$23.4 billion at 30 June 2015, \$2.1 billion lower than the estimated outturn in the 2015-16 Budget;
- a cash deficit of \$2.5 billion for the total public sector (\$1.6 billion less than the estimated outturn), with the cash surplus from operating activities insufficient to cover infrastructure spending requirements; and
- a net debt to revenue ratio for the total non-financial public sector of 61.4%, which is above the Government's 55% target limit, but is 6.4 percentage points below the estimated outturn.

The following table summarises the key financial outcomes for 2014-15.

KEY BUDGET AGGREGATES						Table 1
Western Australia						
	2013-14	2014-15			Actual	
	Actual	Budget Estimate	MYR Revision	Estimated Outturn		
GENERAL GOVERNMENT SECTOR						
Net Operating Balance (\$m)	719	175	-1,287	-1,287	-431	
Revenue (\$m)	27,956	28,683	27,096	27,045	27,400	
Revenue Growth (%)	8.7	2.6	-3.1	-3.3	-2.0	
Expenses (\$m)	27,236	28,508	28,383	28,332	27,831	
Expense Growth (%)	6.9	2.6	4.2	4.0	2.2	
TOTAL PUBLIC SECTOR						
Net Debt at 30 June (\$m)	20,754	24,918	25,375	25,455	23,374	
Asset Investment Program (\$m)	6,814	6,728	6,615	6,555	5,777	
Cash Position (\$m)	-2,465	-2,668	-4,282	-4,143	-2,500	
Gross Borrowings at 30 June (\$m)	41,216	43,473	44,490	44,610	44,252	
KEY FINANCIAL RATIOS ^(a)						
Cash operating surplus as a share of receipts (%)	7.5	5.3	2.1	2.1	5.1	
Net debt to revenue (%)	55.2	61.2	67.4	67.9	61.4	

(a) For the total non-financial public sector.
Note: Columns may not add due to rounding.

Results Compared to Estimated Outturn

General Government Sector

Operating Statement

The general government sector recorded an operating deficit of \$431 million for the year ending 30 June 2015. This is \$856 million lower than the \$1,287 million estimated deficit included in the recent 2015-16 Budget, reflecting the net impact of higher than expected revenue (up \$355 million, or 1.3%) and lower expenses (down \$501 million, or 1.8%).

The following table summarises general government sector operating revenue and expenses for 2014-15.

Table 2

GENERAL GOVERNMENT
Operating Statement

	2013-14	2014-15			Actual \$m (4)	Variation on EOT \$m (5)=(4)-(3)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
REVENUE						
Taxation	8,849	9,500	9,220	9,052	8,882	-170
Current grants and subsidies	8,199	8,006	7,884	7,926	8,051	125
Capital grants	547	677	1,001	922	1,263	342
Sales of goods and services	2,064	2,188	2,238	2,213	2,105	-108
Interest income	194	210	187	189	185	-4
Revenue from public corporations						
Dividends	901	938	1,226	1,277	1,187	-90
Tax equivalent income	602	530	491	494	592	98
Royalty income	6,025	6,176	4,368	4,440	4,603	163
Other	575	458	482	533	532	-1
<i>Total</i>	<i>27,956</i>	<i>28,683</i>	<i>27,096</i>	<i>27,045</i>	<i>27,400</i>	<i>355</i>
EXPENSES						
Salaries	10,682	11,345	11,340	11,292	11,089	-203
Superannuation						
Concurrent costs	1,030	1,118	1,116	1,111	1,107	-4
Superannuation interest cost	297	354	251	191	266	75
Other employee costs	432	472	448	449	430	-19
Depreciation and amortisation	1,197	1,289	1,307	1,274	1,235	-39
Services and contracts	2,041	2,337	2,373	2,352	2,057	-295
Other gross operating expenses	4,943	5,036	5,084	5,164	5,131	-33
Other interest	492	538	551	544	543	-
Current transfers	5,357	5,454	5,352	5,377	5,465	88
Capital transfers	765	565	562	577	507	-71
<i>Total</i>	<i>27,236</i>	<i>28,508</i>	<i>28,383</i>	<i>28,332</i>	<i>27,831</i>	<i>-501</i>
NET OPERATING BALANCE	719	175	-1,287	-1,287	-431	856

Note: Columns may not add due to rounding.

The \$431 million deficit outcome for 2014-15 is a significant turnaround on the \$719 million operating surplus recorded in 2013-14, and is largely due to a substantial reduction in royalty revenue (down \$1.4 billion relative to 2013-14), driven by significant declines in commodity prices (particularly iron ore).

The following table summarises key changes to the general government sector operating balance for 2014-15 relative to the estimated outturn published in the 2015-16 Budget (detail of key movements between the 2014-15 Budget and the final outcome is available in Appendix 4 of this report.)

Table 3

**SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE
VARIATIONS SINCE THE 2015-16 BUDGET ESTIMATED OUTTURN**

	\$m
NET OPERATING BALANCE - ESTIMATED OUTTURN (2015-16 BUDGET)	-1,287
Revenue	
Taxation, comprising:	
- Total duty on transfers	-104.1
- Payroll tax	-52.8
- All other taxes	-13.3
<i>Sub Total</i>	<i>-170.3</i>
Royalty Income, comprising:	
- Iron ore	170.0
- All other royalties	-6.8
<i>Sub Total</i>	<i>163.3</i>
Commonwealth grants, comprising:	
- Grants through the State	147.6
- Transport grants	453.8
- Housing grants	-87.3
- North West Shelf grants	-43.2
- All other grants	-4.3
<i>Sub Total</i>	<i>466.6</i>
Agency goods and services	
Goods and services global entry ^(a)	-133.1
Other agency goods and services movements	25.0
<i>Sub Total</i>	<i>-108.1</i>
Revenue from public corporations	7.8
All other revenue	3.3
TOTAL REVENUE	354.8

Note: Columns may not add due to rounding.

Table 3 (cont.)

SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE VARIATIONS SINCE THE 2015-16 BUDGET ESTIMATED OUTTURN	
	\$m
Expenses	
Salaries	-202.9
Education	-76.4
Main Roads	-10.9
Finance	-10.3
Targeted Voluntary Separation Scheme	-35.5
Health	26.2
Other agency salaries expenses	-96.0
Superannuation interest	75.1
Grants 'through' the State	147.6
Land assets expected to be transferred to the Town of Cambridge	-26.8
Tax refunds	-27.7
On-passed housing grants	-86.8
Non-salaries expenditure	
Main roads	-50.1
Police	-37.6
Regional Development	-33.0
State Development (including administered operations)	-32.1
Commerce (including administered operations)	-28.9
Mines and Petroleum (including administered operations)	-24.3
Fire and Emergency Services	25.4
Parks and Wildlife	24.5
Corrective Services	19.1
Goods and services global entry ^(a)	-133.1
All other expenses	-109.4
TOTAL EXPENSES	-500.9
TOTAL VARIANCE	855.7
NET OPERATING BALANCE - 2014-15 ANNUAL REPORT ON STATE FINANCES	-431

(a) The Budget projections include global provisions to account for the historical tendency for general government agencies to underestimate the revenue earned from the sale of goods and services, and the costs incurred to deliver these services. The provisions are calculated once agency estimates are finalised, comparing agency projections with long-run growth in actuals. These provisions have no impact on the net operating balance as the revenue and expense impacts are offsetting.

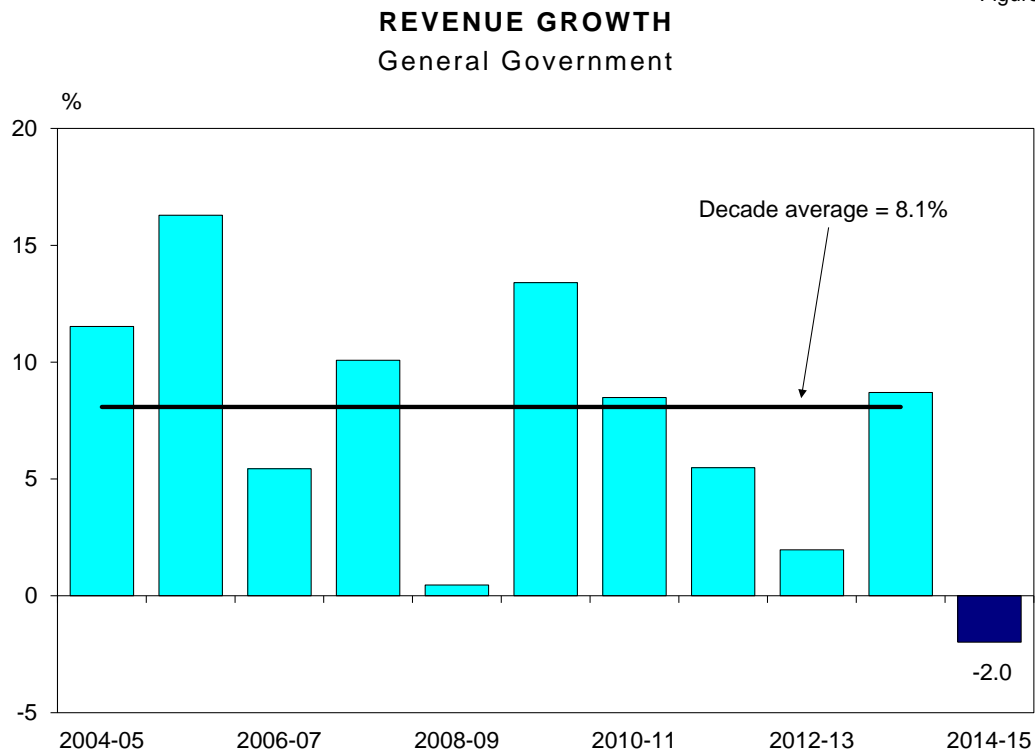
Note: Columns may not add due to rounding.

Revenue

General government revenue totalled \$27.4 billion in 2014-15, \$355 million (or 1.3%) higher than the estimated outturn in the 2015-16 Budget. This mainly reflects the net impact of additional Commonwealth funding for road infrastructure (\$499 million), higher than expected iron ore royalty income (\$170 million), lower taxation revenue (down \$170 million) and lower agency revenue from the sale of goods and services (down \$108 million).

Relative to 2013-14, revenue contracted in 2014-15 (by 2%), the first year-on-year contraction in the State's revenue base since 1996-97.

Figure 2



Changes to general government revenue since the release of the 2015-16 Budget include:

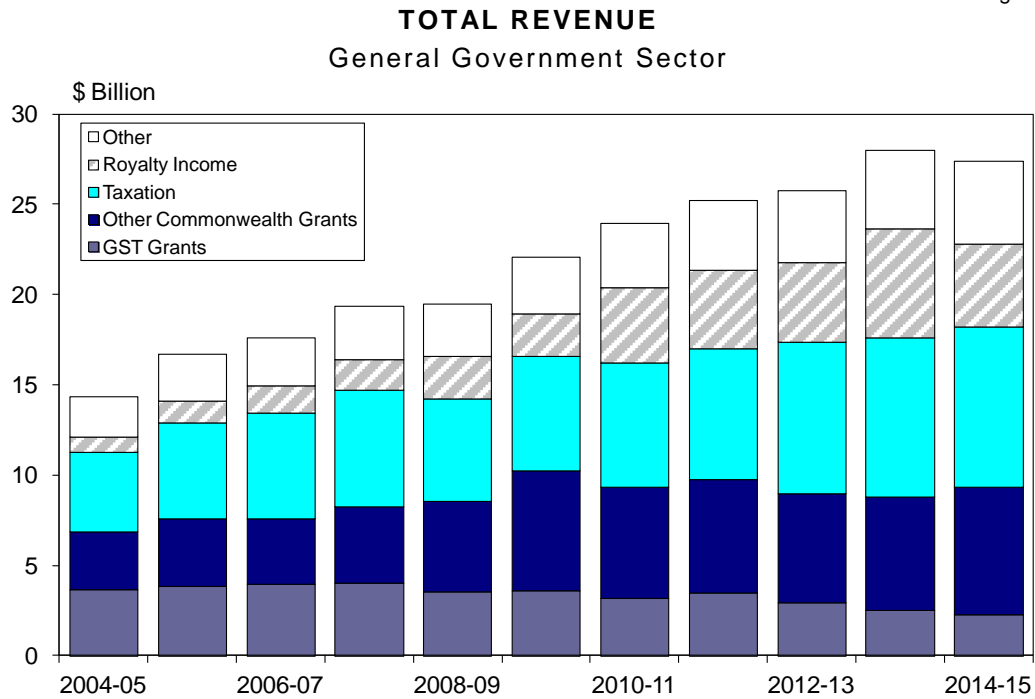
- an increase in recurrent and capital funding from the Commonwealth (up \$467 million), mainly reflecting the Commonwealth Government's additional \$499 million investment in road infrastructure announced in its 2015-16 Budget, which was released after the State Budget was finalised on 21 April 2015. Other material changes to Commonwealth funding during the June quarter included:
 - higher on-passed local government grants (up \$143 million), reflecting the Commonwealth Government's decision to distribute part of the 2015-16 local government funding prior to 30 June 2015;
 - lower capital grants for housing (down \$87 million), as a result of protracted negotiations with the Commonwealth over the National Partnership Agreement on Remote Indigenous Housing (which delayed payment until 2015-16);
 - lower North West Shelf grants and Commonwealth compensation for changed crude oil excise arrangements (down \$43 million), primarily driven by lower than forecast production volumes (due to an unplanned production shutdown at the North West Shelf project in the June quarter); and
 - higher than expected health funding (up \$20 million), related to national partnerships and direct grants including increases for services delivered to veterans, partially offset by lower National Health reform funding;

- lower than expected taxation revenue (down \$170 million), mainly reflecting:
 - lower transfer and landholder duty collections (down \$104 million), due to lower than expected revenue from large commercial transactions and weaker than expected activity in the residential housing market;
 - lower payroll tax collections (down \$53 million), due to weaker than forecast employment growth and compositional shifts within the labour market;
 - lower collections from the Mining Rehabilitation Levy (down \$18 million), reflecting lower than expected rehabilitation costs across the different categories of environmental disturbance; and
 - lower collections from insurance duty (down \$8 million) and motor vehicle licence duty (down \$6 million), due to lower than expected premium growth and vehicle sales respectively;
- higher than expected royalty income (up \$163 million), primarily due to the iron ore price exceeding forecasts, averaging \$US71.1 per tonne for 2014-15 compared to the estimate of \$US68.8 per tonne at the time of the 2015-16 Budget;
- lower revenue from sales of goods and services (down \$108 million), primarily reflecting movement in demand for services across the sector (that are subject to cost recovery arrangements)²; and
- slightly higher revenue from public corporations (up \$8 million), as a result of the following offsetting movements:
 - lower than expected dividend revenue from Western Power (down \$114 million), Synergy (down \$28 million) and Horizon Power (down \$12 million). In line with interim dividend arrangements for other Western Australian government trading enterprises, amendments to the *Electricity Corporations Act 2005* require the electricity corporations to pay 75% of their expected current year dividend before 30 June of that year (the amount of which was included in the 2015-16 Budget). However, late passage of the legislation delayed declaration of the interim dividend, which will now commence in the 2015-16 financial year;
 - Water Corporation tax equivalent payments (up \$58 million) and dividends (up \$54 million), reflecting a higher than expected operating surplus, primarily due to increased external contributions for infrastructure as a result of higher development activity in the metropolitan area; and
 - Pilbara Ports Authority tax equivalent payments (up \$21 million), reflecting a higher than expected tax expense associated with gifted assets at the Port of Dampier, and higher than forecast profitability.

² The forecasts for 2014-15 assumed underlying growth of 5% for goods and services revenue across the sector (matched by an equivalent service delivery cost). Final outcomes reflect actual levels of demand experienced across agencies that recover various costs.

Own-source revenue accounted for 66% of the State’s operating revenue in 2014-15, with the remaining 34% received as GST and tied grants from the Commonwealth. Royalty income represented almost 17% of total revenue in 2014-15, down from nearly 22% in 2013-14, while the State’s GST grant continued to decline from 9% of operating revenue in 2013-14 to 8.2% in 2014-15.

Figure 3



Issues Impacting Royalty Revenue in 2014-15

In 2014-15, commodity prices were volatile with iron ore and oil prices in particular falling significantly through the year. This resulted in substantially lower revenue being raised than was projected at the time of the 2014-15 Budget. However, relative to the estimated outturn in the 2015-16 Budget, a modest up-tick in iron ore prices in the June 2015 quarter resulted in a higher than expected outcome for the year ending 30 June 2015.

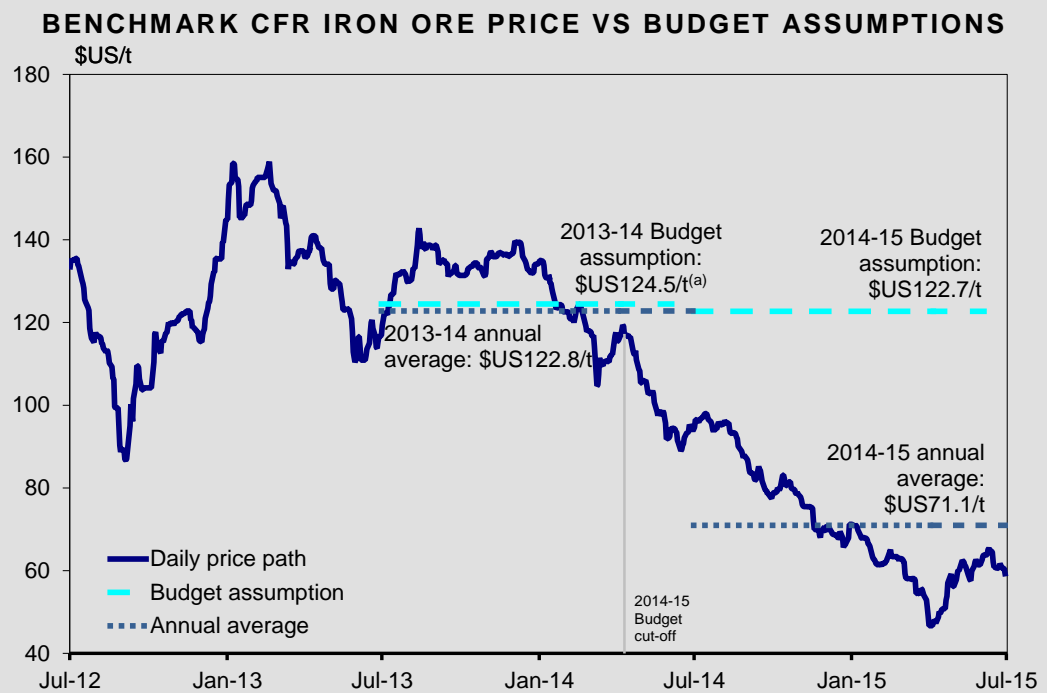
Royalty collections in 2014-15 totalled \$4.6 billion, compared to the original forecast of \$6.2 billion in the 2014-15 Budget. The \$1.6 billion shortfall in revenue reflected a sharp decline in iron ore royalty income. Royalties from all other commodities rose to \$580 million, or just \$1.7 million higher than forecast at the time of the 2014-15 Budget.

Iron ore

The decline in iron ore royalty revenue was the result of the sharp fall in the iron ore price, which averaged \$US71.1 per tonne in 2014-15, 42% lower than the average for 2013-14 of \$US122.8 per tonne. The revenue impact of the lower price was partially offset by higher than anticipated iron ore sales volumes and a lower \$US/\$A exchange rate.

The large decline in price reflected a combination of factors, particularly the faster than expected ramp-up of new mines and project expansions, and a reduction in Chinese domestic demand for steel as a result of a downturn in the property sector.

Figure 4



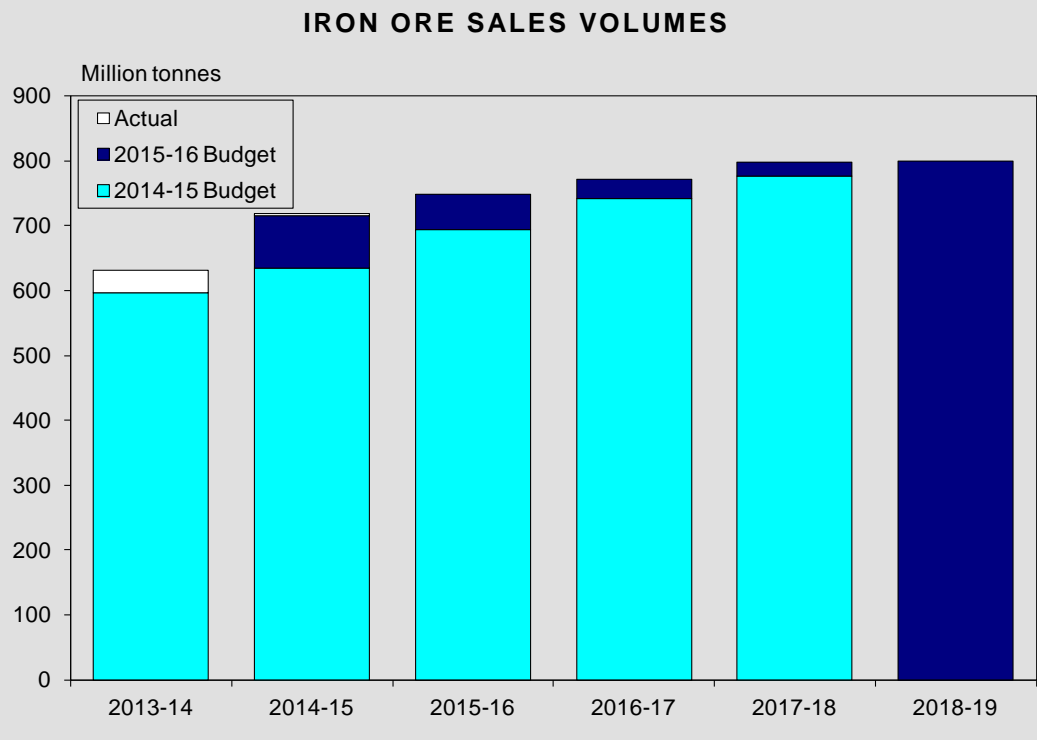
(a) Benchmark prices are quoted in terms of The Steel Index (TSI). In the 2013-14 Budget, price assumptions were based on the SteelHome index. The benchmark was changed to TSI as the latter is the benchmark used to settle Singapore Exchange derivative contracts (which inform price assumptions), and the TSI is more closely correlated with the most commonly used industry benchmark, the Platts IODEX.

Higher than expected iron ore sales volumes (of 719 million tonnes, compared to the 2014-15 Budget forecast of 634 million tonnes) were driven by a combination of new projects (and expansions) being delivered at a faster rate than expected, and greater than anticipated productivity gains from existing facilities.

Iron ore volume projections are informed by an annual survey of producers, conducted by the Department of Mines and Petroleum (DMP), and are finalised following consultation with DMP, the Department of State Development and an independent consultant.

Given the higher than forecast iron ore sales volumes in 2013-14 and 2014-15, projections were revised up in the 2015-16 Budget (see chart below).

Figure 5



North West Shelf grants³

North West Shelf grants are derived from the State’s share of royalties levied on the sale of petroleum products from the North West Shelf project. These products include crude oil and Liquefied Natural Gas (LNG).

In 2014-15, North West Shelf grants declined by \$256 million (from \$1,169 million in 2013-14 to \$913 million in 2014-15). This was driven by a 33% decline in the price of oil. As prices for most LNG sold from Western Australia are linked to the price of oil, the decline in the oil price also impacted LNG prices.

³ Includes compensation for Commonwealth crude oil excise arrangements.

The lower oil price was the result of a weaker outlook for demand from emerging markets, particularly China, coming at a time of robust supply growth from North America and expectations that supply from the Middle East may increase, as a result of the potential removal of sanctions on Iran. Moreover, producers from the oil cartel OPEC⁴ largely maintained production volumes over the year, rather than reducing production in response to weakening prices as they have done on a number of previous occasions.

Exchange rate

The \$US/\$A exchange rate declined from an average of 91.8 US cents in 2013-14 to 83.6 US cents in 2014-15, a depreciation of 9%. The average exchange rate was below the forecast of 90.6 US cents in the 2014-15 Budget. The lower than forecast exchange rate partially offset the revenue impact of the lower prices for iron ore and oil.

The fall in the \$US/\$A exchange rate was attributable to a strengthening of the US dollar against all other currencies, as well as a depreciation of the Australian dollar against its major trading partners. The strengthening of the US dollar reflected an improved outlook for the US economy increasing expectations of a rise in US interest rates, prompting a flow of capital to the US and increasing demand for the US dollar. The weaker Australian dollar reflected reduced demand as a result of a cut to Australian interest rates due to softer economic conditions and a decline in Australia's terms of trade (the ratio of export prices to import prices), particularly due to the fall in the value of the nation's largest export, iron ore.

Expenses

Expenses for the general government sector totalled \$27.8 billion in 2014-15, \$501 million (or 1.8%) lower than the estimated outturn included in the 2015-16 Budget. This reflects the net impact of:

- lower salaries expenses across the sector (down \$203 million), reflecting the impact of policies introduced to improve the efficiency of the public sector, such as the Workforce Renewal Policy (which came into effect from January 2015). Significant movements in salaries expenses include:
 - Education (down \$76 million), mainly due to tighter spending control by schools during a year of reform across the education sector, and fewer student enrolments than forecast;
 - lower than anticipated costs for the Targeted Voluntary Separation Scheme (down \$35 million), reflecting lower take-up of the scheme (i.e. 1,362 separated positions out of the 1,500 target), the timing of separating employees leaving the sector, and the levels of employees accessing the scheme (i.e. more lower level staff accessed the scheme than in previous rounds of voluntary separations);

⁴ The Organisation of the Petroleum Exporting Countries.

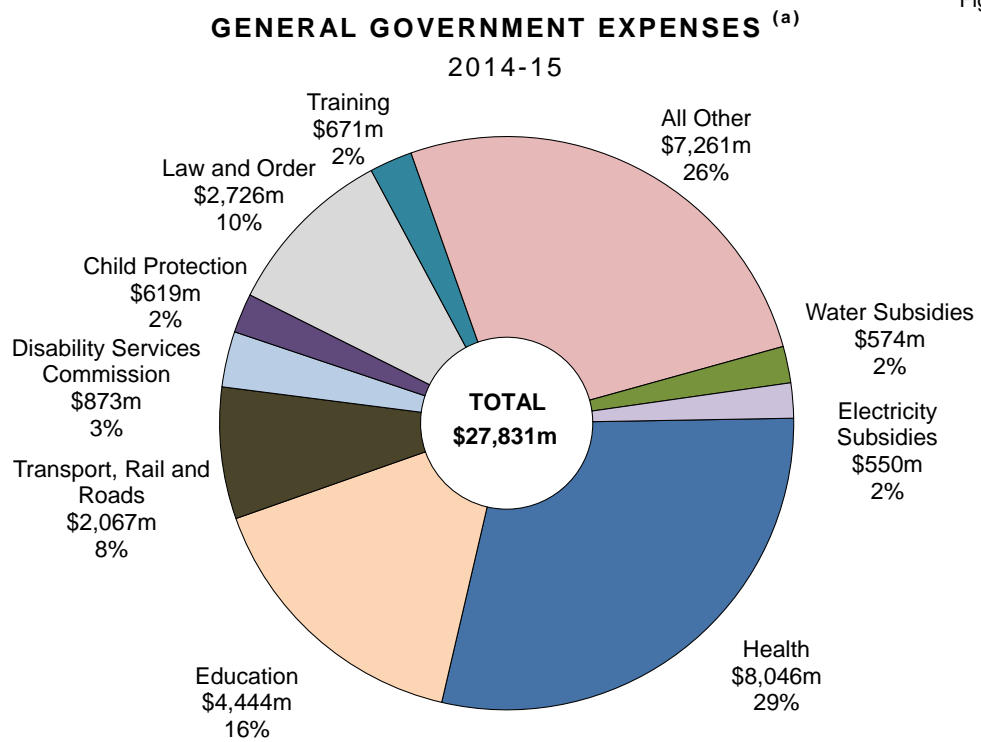
- WA Health (up \$26 million), reflecting a higher than anticipated wage outcome in a recent Enterprise Bargaining Agreement, growth in full-time equivalent staff, and increases in leave liability balances;
- Main Roads (down \$11 million), reflecting the reclassification of some salaries expenditure from recurrent spending to capital investment; and
- Finance (down \$10 million), mainly due to a reduction in staff numbers through the early take-up of separations in line with agencies' revised capital works programs and savings from the Government's procurement reforms;
- the flow-through of higher than budgeted Commonwealth grants to the local government sector (up \$143 million), as detailed above;
- lower than expected on-passed grants for housing (down \$87 million), reflecting the expense impact of the Commonwealth Government's decision to delay funding for the National Partnership Agreement on Remote Indigenous Housing to 2015-16;
- higher than expected superannuation interest costs (up \$75 million), mainly due to an increase in the discount rate used by the actuary to value unfunded scheme liabilities and associated scheme costs at year-end⁵;
- lower non-salaries expenses for Main Roads (down \$50 million), mainly due to rescheduling of works on minor roads on behalf of local governments;
- lower expenses for Western Australia Police (down \$38 million), reflecting lower regional officer housing expenses, lower depreciation (particularly for information and communication technology (ICT) assets), and lower office accommodation expenses arising from the renegotiation and rationalisation of associated leases;
- lower spending by the Department of Regional Development (down \$33 million), mainly due to delays across various Royalties for Regions projects;
- lower expenses for the Department of State Development (down \$32 million, including administered operations), reflecting delays with infrastructure works under the Onslow Infrastructure Package;
- lower than expected expenses for the Department of Commerce (down \$29 million), mainly reflecting:
 - the early adoption of efficiency and reform activities (including the deferral of system and process improvement projects) in preparation for the Department's Agency Expenditure Review; and

⁵ Long term government bond rates are used by the actuary in year-end valuations of unfunded superannuation liabilities. Bond rates remained at low levels during the 2014-15 financial year. An increase in the bond rate means that the future value of unfunded liabilities decreases in value (and vice versa). However, a higher (lower) discount rate also increases (decreases) superannuation interest costs. The discount rate was 3% applying for the 2014-15 valuation, compared with a Budget estimate of 2.4%.

- lower than expected Home Indemnity Insurance claims (administered by the Department);
- lower than expected tax refunds (down \$28 million), with the magnitude of refunds being smaller than expected (the number and average value of refund claims is volatile from year to year, making Budget forecasts difficult);
- a delay in transferring land to the Town of Cambridge to allow for the finalisation of the Perry Lakes development project under the *Perry Lakes Development Act 2005*. This transfer (worth \$27 million) occurred after 30 June 2015, reflecting later than expected achievement of project milestones;
- lower expenses for the Department of Mines and Petroleum (down \$24 million, including administered operations), mainly reflecting lower than expected claims under the Magnetite Rebate program, and deferral of the South West Hub project deep well drilling program, due to a review of the project by the Commonwealth;
- higher than expected spending by the Department of Fire and Emergency Services (up \$25 million), mainly due to unbudgeted costs associated with bushfire suppression, and emergency response and recovery operations;
- higher spending by the Department of Parks and Wildlife (up \$25 million), mainly reflecting unbudgeted expenditure on bushfire suppression, including for deployment to a number of significant interstate bushfires; and
- higher expenses for the Department of Corrective Services (up \$19 million), mainly reflecting higher spending on services and contracts due to increased prisoner movements, additional costs for public and private prison operations due to a higher prison population, and higher departmental reform costs.

Reflecting the combined impact of lower than expected salaries and agency operating costs, general government expense growth was just 2.2% in 2014-15. This compares to estimated growth of 4% in the May 2015 Budget and the original forecast in the 2014-15 Budget of 2.6%, and is the lowest rate of expense growth since 1994-95.

Figure 6



(a) Segments may not add due to rounding.

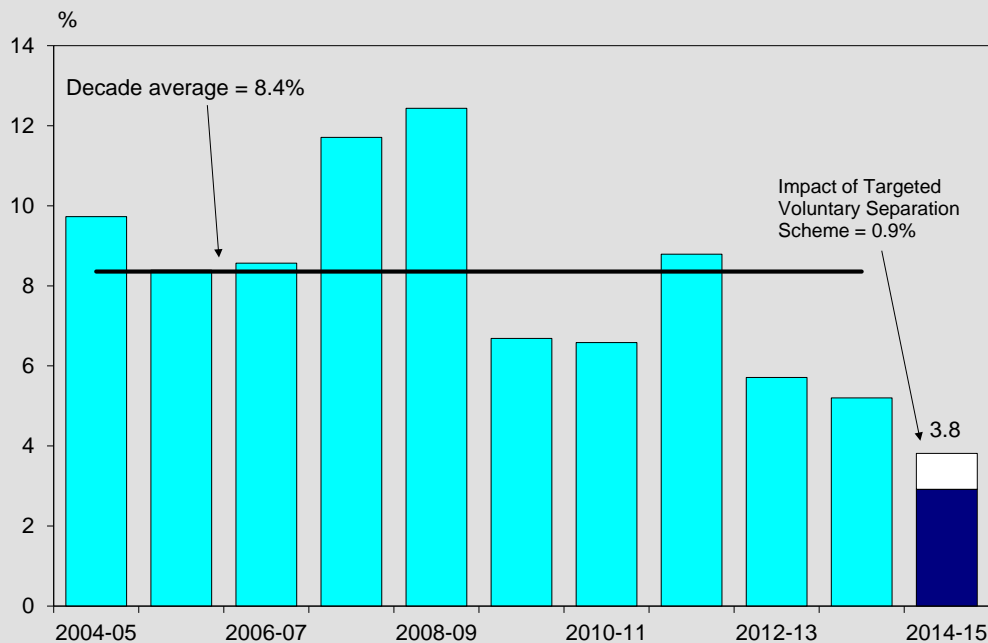
Progress on Workforce Reforms

Salaries expenditure remains the single largest component of general government recurrent spending, accounting for around 40% of total operating expenses. Salaries expense growth moderated to 3.8% in 2014-15, down from 5.2% the previous year and well below annual average growth of 8.4% recorded over the previous decade.

The success of the Government's workforce reform measures is demonstrated by 2014-15 having the lowest rate of growth in salaries expenditure in 16 years (3.8% in headline terms, or 2.9% when the up-front cost of \$99 million relating to the 2014-15 Targeted Voluntary Separation Scheme (TVSS) is excluded).

Figure 7

GENERAL GOVERNMENT SECTOR SALARIES GROWTH



Notwithstanding the moderate salaries growth across the general government sector in 2014-15, wage costs increased substantially in some agencies, notably WA Health (8.2%) and the Department of Corrective Services (6.3%). Excluding these two agencies, salaries expenditure grew by just 1% across the rest of the general government sector in 2014-15. Controlling salaries costs across all agencies will continue to be a major focus for the Government.

The subdued growth in 2014-15 salaries expenditure reflects a combination of lower staff numbers and moderate wages growth:

- between 30 June 2013 and 30 March 2015 (the latest date for which full-time equivalent (FTE) data is available), the public sector workforce decreased by 1,565 FTEs (reflecting the impact of voluntary separation schemes); and

- Western Australia's Public Sector Wage Price Index increased by 2.9% in annual average terms to June 2015 (the lowest rate of increase since the statistic was first published in 1997-98).

A summary of general government sector salary outcomes, relative to forecasts, is contained in Appendix 8 of this report.

Targeted Voluntary Separation Scheme

In October 2014, the Government announced a TVSS to achieve an estimated reduction of 1,500 public sector employees across agencies with identified surplus staff. The scheme was finalised and all separations concluded by 30 June 2015, resulting in 1,362 voluntary separations at a one-off salaries cost of \$99 million in 2014-15. These separations bring to 3,612 the total number of staff that have left the public sector over five rounds of voluntary separations since 2009.

Table 4

2014-15 TARGETED VOLUNTARY SEPARATION SCHEME OUTCOMES

	Forecast	Actual	Variance
Number of separations ^(a)	1,500	1,362	-138
Salary expense (\$m)	134.0	98.5	-35.5
Leave liability payments (\$m)	49.0	31.8	-17.2
Total cost (\$m)	183.0	130.3	-52.7
<i>Of which:</i>			
appropriation funding (\$m)	183.0	106.3	-76.7
internal agency funding (\$m)	-	24.0	24.0

(a) Separation of individuals, not full time equivalents.

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

Ongoing salary expense savings (from 2015-16) will be allocated to the associated agencies' budgets in the 2015-16 Mid-year Review.

Other Reforms

In addition to the successive rounds of voluntary separations, other workforce reforms contributing to the moderation in the growth in salary costs include:

- the capping of general government agencies' salaries budgets to projected growth in the Perth Consumer Price Index (CPI);
- introduction of a new Public Sector Wages Policy from November 2013, capping wage and conditions increases to projected growth in the CPI;
- the freeze on recruitment processes from April to June 2014;
- initial savings from the Workforce Renewal Policy which commenced on 1 January 2015; and
- enhanced leave liability management.

Over the next few years, salaries growth is expected to remain low by historical standards with the continued implementation of the Workforce Renewal Policy and ongoing savings from the impact of the 2014-15 TVSS.

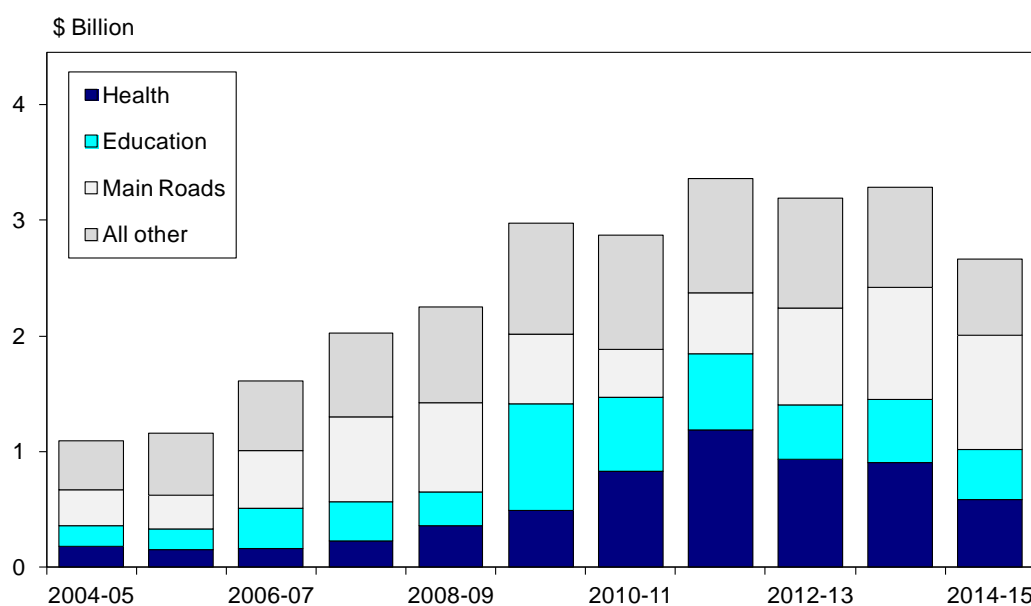
It is also paramount that the various wage agreements expiring throughout 2016-17 are settled at the projected CPI, in accordance with the Government's wages policy.

Asset Investment⁶

The general government sector spent \$2.7 billion on infrastructure in 2014-15, with just over three quarters of this spent on road infrastructure (\$985 million), health facilities (\$588 million) and schools (\$432 million).

ASSET INVESTMENT PROGRAM
General Government

Figure 8



Infrastructure spending for the general government sector in 2014-15 was \$410 million (or 13.3%) lower than estimated in the 2015-16 Budget. The largest agency contributions to this outcome included:

- WA Health (down \$328 million), reflecting issues such as the timing of invoices, delays with some project design and planning approval, and the timing of construction, tendering and procurement. Projects affected by one or more of these factors included:
 - the Perth Children's Hospital Development (\$124 million);

⁶ Asset investment by the public non-financial corporations sector is discussed later in this chapter.

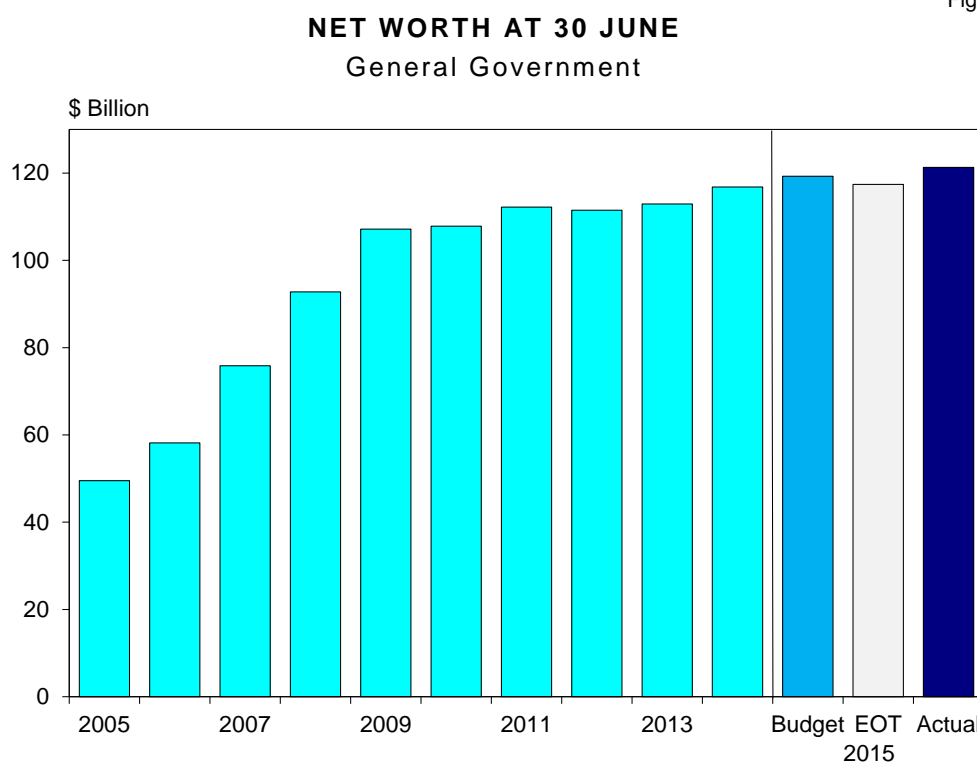
- the Perth Children’s Hospital ICT project (\$75 million);
 - the Midland Health Campus Development (\$15 million);
 - the Esperance Health Campus Redevelopment (\$13 million);
 - spending on the National Partnership Agreement on Improving Public Hospital Services (\$11 million); and
 - the Carnarvon Health Campus (\$10 million);
- Finance (down \$50 million), due mainly to a reduction in State Fleet vehicle turnover as agencies have opted for lease extensions to reduce associated operating costs, rather than purchase replacement vehicles;
 - Main Roads (down \$47 million), mainly due to revised project scheduling and timing of works on the Gateway WA, Coalfields Highway, and North West Coastal Highway projects;
 - Education (down \$35 million), primarily due to delays in invoicing for projects including the Willetton, Banksia Grove, and Applecross high schools projects; and
 - Fire and Emergency Services (down \$20 million), mainly due to delays in the construction of new and replacement fire stations including for Perth West (as a result of delayed land acquisition) and Bunbury (due to planning and design modifications), and some delays in the construction and commissioning of emergency appliances.

Balance Sheet

The net worth of the general government sector (i.e. the difference between total assets and total liabilities) increased by \$4.5 billion between 30 June 2014 and 30 June 2015, to be \$121.3 billion at the end of 2014-15.

This was \$3.9 billion higher than anticipated at the time of the 2015-16 Budget, with higher asset holdings (up \$2.9 billion) and lower liabilities (down \$1 billion) accounting for the stronger outcome.

Figure 9



Higher than expected asset holdings relative to the 2015-16 Budget estimates reflect:

- higher holdings of liquid financial assets (up \$1.2 billion), due largely to the better than expected general government sector operating outcome discussed earlier in this chapter;
- a downward revision to non-financial assets⁷ (down \$797 million), mainly due to:
 - a \$628 million increase in land holdings, due largely to an upward valuation in land under roads reflecting the Valuer General's annual road network assessment, partially offset by lower aggregate land holdings for the remainder of the sector; and
 - lower holdings of property, plant and equipment (down \$1.2 billion), mainly reflecting a lower than anticipated valuation of road infrastructure works (due largely to a lower than expected increase in the construction cost index used to value these assets); and

⁷ Non-financial assets are mainly physical assets (such as land, buildings, plant and equipment), inventories, and intangible assets (such as software and licences).

- a stronger net asset position for the general government sector's ownership interest in the public non-financial corporations sector (up \$2.3 billion), mainly driven by an increase in property, plant and equipment values of electricity generation and distribution assets in Synergy (see *Total Public Sector* discussion later in this chapter).

Lower than expected liabilities at 30 June 2015 were largely due to a decline in the value of unfunded superannuation liabilities (down \$1 billion relative to the estimated outturn in the 2015-16 Budget). This downward revision mainly reflects a higher than anticipated discount rate used by the actuary to value these obligations and the impact of retirements associated with the TVSS (see feature box earlier in this chapter).

Further information on the general government sector balance sheet position can be found in Appendix 4: *Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2015*.

Cash Flow Statement

The general government sector recorded a cash deficit of \$1.5 billion in 2014-15. This is a substantial \$1.1 billion lower than the \$2.6 billion cash deficit estimated in the 2015-16 Budget, due mainly to the net impact of:

- stronger cash operating outcomes (up \$848 million), reflecting the cash impact of the smaller than expected operating deficit discussed earlier in this chapter; and
- lower than anticipated infrastructure spending (down \$410 million, noted in the *Asset Investment* discussion earlier).

Cash deficits in 2014-15 and the preceding six years have been in support of large capital programs, with average infrastructure spending of \$2.9 billion per annum more than offsetting cash surpluses from operations (which have averaged \$1.7 billion per annum). Of the \$20.6 billion general government infrastructure expenditure over this period, \$14.4 billion (or 70%) has been for essential hospital, school and road infrastructure.

Total Public Sector⁸

Summary

The total public sector recorded a \$464 million operating deficit for 2014-15, significantly lower than the \$2 billion operating deficit estimated in the 2015-16 Budget. This outcome reflects:

- stronger than expected results for the general government sector (with an \$856 million lower operating deficit, discussed earlier) and the public non-financial corporations (PNC) sector (which recorded a \$1,049 million operating surplus in 2014-15, up \$671 million on the expected outcome in the 2015-16 Budget); and
- a slightly weaker result for the public financial corporations (PFC) sector (down \$46 million).

Net debt at 30 June 2015 was \$23.4 billion, \$2.1 billion lower than the estimated outcome. This mainly reflects a lower than expected cash deficit (\$2.5 billion), due largely to the impact of the operating outcomes above and lower than expected spending on infrastructure.

These outcomes are discussed in the following sections of this chapter.

Table 5

TOTAL PUBLIC SECTOR						
Summary Financial Aggregates						
	2013-14	2014-15			Actual \$m (4)	Variation on EOT \$m (5)=(4)-(3)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
OPERATING STATEMENT						
Revenue	42,630	45,285	42,260	42,161	43,292	1,131
Expenses	42,406	45,523	44,275	44,192	43,756	-436
Net Operating Balance	225	-238	-2,015	-2,031	-464	1,567
BALANCE SHEET						
Assets	180,857	185,640	185,517	184,856	187,989	3,133
Liabilities	64,029	66,346	67,110	67,450	66,690	-761
Net Worth	116,828	119,294	118,406	117,406	121,299	3,893
CASH FLOW STATEMENT						
Change in net cash held	-2,827	-140	-1,681	-1,822	857	2,679
Cash Surplus/-deficit	-2,465	-2,668	-4,282	-4,143	-2,500	1,643
Memorandum Item: Net Debt	20,754	24,918	25,375	25,455	23,374	-2,081

Note: Columns may not add due to rounding.

⁸ The total public sector consolidates the general government, public non-financial corporations and public financial corporations sectors. The total public sector is also known as the 'whole-of-government'. Detailed financial disclosures for each of these sectors are contained in Appendix 1: *Financial Statements*.

Net Operating Balance

A \$464 million operating deficit was recorded by the total public sector in 2014-15, a \$1.6 billion lower outcome than the deficit estimated in the 2015-16 Budget. More than half of the lower deficit result is due to the general government outcome detailed earlier in this chapter. Public corporation outcomes are discussed below.

TOTAL PUBLIC SECTOR OPERATING BALANCE By Sector

Table 6

	2013-14	2014-15				Variation on EOT \$m (5)=(4)-(3)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
Net Operating Balance						
General government sector	719	175	-1,287	-1,287	-431	856
Public non-financial corporations sector	571	371	372	378	1,049	671
Public financial corporations sector	-86	210	194	222	176	-46
<i>less</i>						
General government dividend revenue	901	938	1,226	1,277	1,187	-90
Public non-financial corporations dividend revenue ^(a)	78	56	68	68	72	4
Total public sector net operating balance	225	-238	-2,015	-2,031	-464	1,567

(a) Dividends received from Keystart (a PFC) by the Housing Authority (a PNC).

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

Public Non-Financial Corporations

An operating surplus of \$1,049 million was recorded in the PNC sector in 2014-15, \$671 million higher than the \$378 million surplus estimated in the 2015-16 Budget.

Revenue was \$705 million (or 3.6%) higher than expected and expenses were \$34 million (or 0.2%) higher than forecast. These outcomes were largely driven by increases in both sales revenue and associated expenditure for the Gold Corporation (of \$669 million and \$693 million respectively), mainly due to higher than anticipated bullion trading volumes, which also resulted in a corresponding increase in the Corporation's cost of goods sold.

Across the sector:

- lower than expected interest expenses were recorded in 2014-15 compared to the expected outturn in the 2015-16 Budget (down \$129 million), reflecting lower borrowings in the sector; and

- depreciation expenses were \$114 million lower than budget-time estimates, mainly due to changes in the calculation of depreciation for Synergy's fair value assets (down \$75 million) and lower valued holdings of property, plant and equipment by other agencies in the sector^{9 10}.

Other significant movements in PNC operating results relative to the estimated outturn in the 2015-16 Budget include:

- higher revenue for the Water Corporation (up \$164 million), mainly due to an increase in developer contributions from higher than forecast lot development activity (particularly increased subdivisions and asset handovers in the metropolitan area);
- higher than expected revenue (up \$81 million) combined with lower than expected expenses (down \$88 million) for Western Power. The higher revenue outcome is largely attributable to higher than anticipated customer contributions (reflecting an increase in assets received free of charge and higher than expected customer distribution projects completed during the year). Operating costs were lower than forecast, mainly due to lower interest costs (discussed above), ongoing work to improve efficiency, and a reduced need to invest in corrective maintenance resulting from favourable weather conditions and below-average equipment failures;
- lower revenue for Synergy (down \$168 million), mainly due to lower than forecast demand in Synergy's retail segment, largely due to the impact of milder average climatic conditions (which reduced demand through less use of air conditioning and heating appliances). Expenses were also lower (down \$119 million), reflecting lower electricity purchases and fuel savings associated with lower customer demand;
- lower revenue and expenses for Racing and Wagering Western Australia (RWWA), down \$101 million and \$117 million respectively. This mainly reflects:
 - lower betting revenue from the Authority's 'VIP' wagering business, and lower than estimated core wagering activity (due to the delayed rollout of the Racewall technology which provides enhanced racing vision and improved betting information across RWWA's retail outlets); and
 - reduced dividend payouts and other direct costs of sales;

⁹ AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, on which the public sector consolidated accounts presented in this *Annual Report on State Finances* are based, requires the use of fair value asset valuation where practical. The accounts of some agencies present property, plant and equipment on a cost basis, consistent with accounting standards applying to agency financial reporting in their own accounts. Provision is made in the whole-of-government accounts for fair value adjustments to cost data for the property, plant and equipment holdings of agencies based on valuations provided by those agencies.

¹⁰ Synergy has included a change to its fair value calculation methodology whereby the fair values of its buildings and electricity generation and distribution assets are now based on a 'reinstatement of asset' value (being the amount of money at the date of valuation to allow for reinstatement by similar property in a condition equal to but not better than (nor more extensive than) the condition when new). This valuation methodology change also brought about changes to Synergy's depreciation calculation for these assets (in accordance with AASB 13: *Fair Value Measurement* and AASB 116: *Property, Plant and Equipment*), which results in lower than expected depreciation costs in 2014-15.

- lower revenue (down \$131 million) and expenses (down \$139 million) for the Housing Authority, mainly due to:
 - lower Commonwealth grants revenue for the National Partnership Agreement on Remote Indigenous Housing (NPARIH, down \$87 million), as a result of protracted negotiations with the Commonwealth (which delayed payment until 2015-16);
 - lower sales from the Affordable Housing Program (down \$26 million)¹¹, including the SharedStart program, resulting from increased construction timeframes (which delayed practical completion of properties), and the impact of falling metropolitan property prices as a result of changed market conditions;
 - lower transfers of housing stock to community housing organisations (down \$48 million), mainly as a result of the timing of associated approvals;
 - lower services and contracts expenses (down \$43 million), mostly due to lower spending for the NPARIH related to protracted negotiations with the Commonwealth; and
 - lower building maintenance expenses (down \$29 million), mainly due to the net impact of higher than expected tenant recoveries (reflecting enhanced identification and recording effort by the Authority); and
- higher revenue for the Pilbara Ports Authority (up \$49 million), mainly reflecting assets provided free of charge by the private sector (related to the Floating Deck Transshipment System at the Port of Dampier).

Public Financial Corporations

An operating surplus of \$176 million was recorded for the PFC sector in 2014-15, down \$46 million relative to the \$222 million surplus estimated in the 2015-16 Budget. Revenue and expenses were lower than estimated by \$233 million and \$187 million respectively, mainly reflecting lower outcomes for both interest revenue (down \$135 million) and interest expenses (down \$133 million). These interest outturns are largely due to lower borrowings from the Western Australian Treasury Corporation, mainly by agencies from the PNC sector.

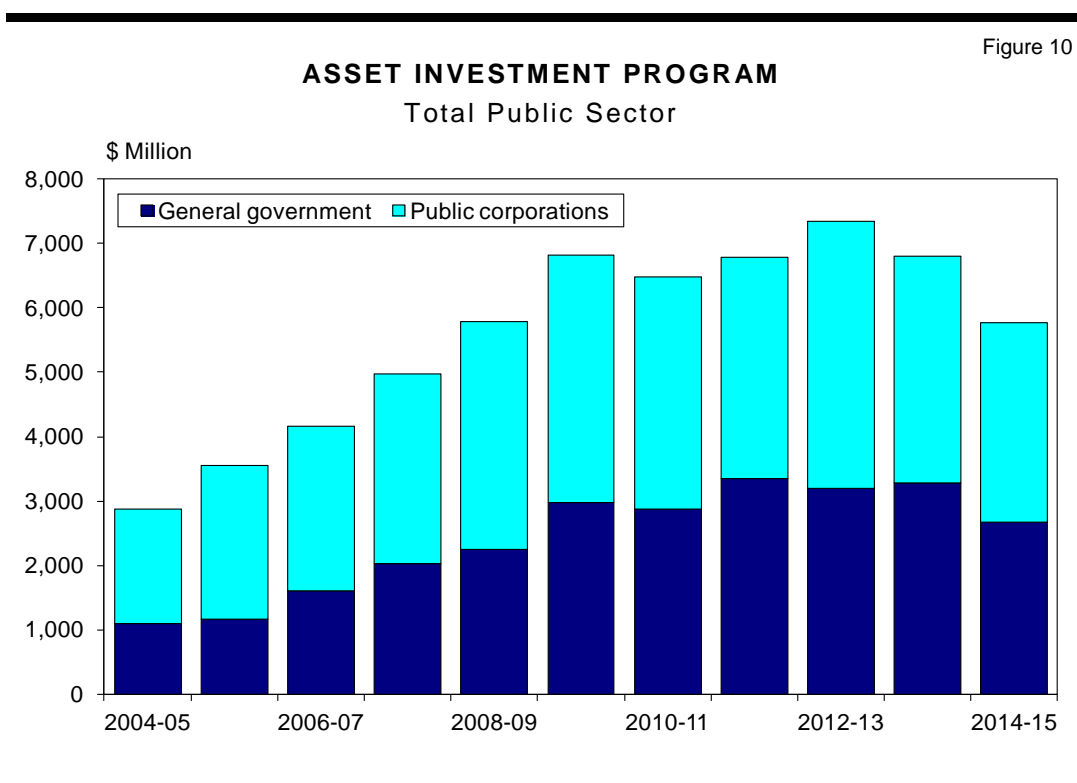
¹¹ A portion of construction work undertaken by the Authority is for housing stock built for on-selling. In accordance with accounting standards, these works are treated as inventories and are recorded as recurrent transactions (rather than as infrastructure).

Other material downward movements in revenue and expenses for the sector were largely driven by:

- lower 'other' revenue for the Insurance Commission of Western Australia (ICWA) (down \$58 million), mainly reflecting the impact of final investment outcomes against budget estimates¹² and lower claims expenses (down \$15 million), due to a downward revision to actuarial forecasts of both the number and value of claims; and
- lower claims expenses for RiskCover (down \$64 million), due to fewer than expected new insurance claims during the year, partially offset by lower premium revenue (down \$33 million), reflecting revised premium rates and changes to insurance needs of client agencies during 2014-15.

Asset Investment

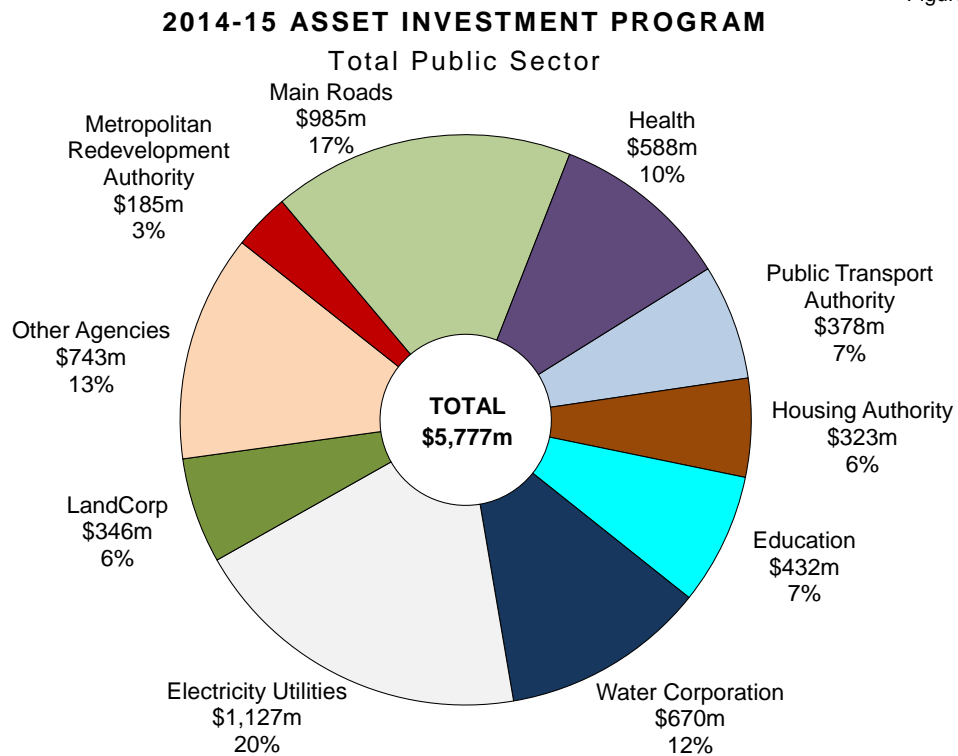
The total public sector spent \$5.8 billion on infrastructure in 2014-15, \$777 million lower than the \$6.6 billion estimate in the 2015-16 Budget.



The general government sector infrastructure program accounted for \$2.7 billion (or 46%) of the total AIP, with substantial hospital, roads and school infrastructure delivered during 2014-15 (see earlier discussion). Infrastructure spending by the State's PNCs totalled \$3.1 billion in 2014-15.

¹² ICWA's total investment returns increased over the year ending 30 June 2015 (up \$173 million) compared to the forecast in the 2015-16 Budget. However, the bulk of this increase is recorded as a valuation gain under 'Other economic flows' on the PFC operating statement, rather than as revenue as was forecast in the recent 2015-16 Budget.

Figure 11



Note: Segments may not add due to rounding.

Relative to the expected outturn for 2014-15 reflected in the 2015-16 Budget, the general government sector underspent by \$410 million (see discussion earlier in this chapter) and public corporations underspent by an aggregate \$368 million, including:

- the Water Corporation (down \$172 million), primarily due to the non-cash transfer of the Ord M2 and M2S Channel Assets from the Department of State Development, rather than the asset purchase transaction envisaged in the Budget (\$97.5 million). The remaining lower spend is attributable to favourable contract prices across a number of projects compared with estimates, and a range of project deferrals in response to changing economic conditions;
- the port authorities (down \$82 million), mainly due to the combined effect of lower spending by the:
 - Pilbara Ports Authority (down \$26 million), reflecting lower than expected spending on the Integrated Marine Operations Centre (due to delays in design and project planning), the impact of late changes in project and contract methodology on the Channel Marker Replacement Program, delays with landside development work at the Port of Ashburton, and slower than expected offshore construction at the Main Street Jetty Project;

- Southern Ports Authority¹³ (down \$24 million), due to the deferral of a number of projects (including the Hughes Road Upgrade at the Port of Esperance (\$11.2 million)), and the cancellation of the Rail Enhancement project at the Port of Albany (\$3.8 million) and the Iron Ore Shed Ventilation Upgrade at the Port of Esperance (\$2.5 million) due to changes in market conditions; and
- Kimberley Ports Authority (down \$13 million), due to delays in contract scoping negotiations and implementation, as well as in obtaining the necessary land development approvals, for the Wharf Extension of Life project (\$10.2 million), sewerage and effluent works (\$1.3 million), Wharf Electrical Upgrade project (\$0.8 million) and smaller land development projects (\$0.8 million);
- the Housing Authority (down \$78 million), largely due to:
 - lower land development expenditure (down \$18.2 million) stemming from delays in commencing works in Yanchep (contracting delays), Kwinana (subject to Aboriginal heritage surveys) and Armadale (related to asbestos discovery mitigation activities);
 - a lower investment contribution to the joint venture developing Ellenbrook estate (down \$17.8 million, following higher than expected profit from the arrangement) and reduced development costs for Butler and Brookdale (following lower land sales at these estates);
 - lower spending on the Royalties for Regions Housing for Workers program (down \$18.5 million), primarily on the Hamilton Precinct at South Hedland (which has been delayed by a market assessment of housing demand in the Pilbara), and lower tender results on some other Housing for Workers projects; and
 - lower spending on redevelopment of land (down \$7.5 million), mainly due to a planning delay for Stage Two of the Beachlands development in Geraldton;
- the Metropolitan Redevelopment Authority (down \$62 million), which relates primarily to delays with infrastructure works in the Midland and Riverside projects. This reflects changes to the scope of both works and land assembly, and the timing of payments across a range of other projects;
- Western Power (down \$45 million), largely reflecting lower than expected spending on the Transmission Capacity Expansion and customer driven projects due to softening demand;
- Horizon Power (down \$29 million), due mainly to project delays caused by cyclone/storm related events, a request for a local government tax waiver (which required additional approvals before project commencement) and a delay in the receipt of equipment; and

¹³ Albany, Bunbury and Esperance Port Authorities amalgamated to form the Southern Ports Authority on 1 October 2014.

- Synergy (down \$24 million), primarily reflecting an underspend on the Corporation's generation plants, and its retail and corporate shared services assets (that resulted from a review of both the cost and timing of its capital expenditure requirements that was undertaken as part of its Business Efficiency Plan).

The following table summarises the material agency movements in infrastructure investment for 2014-15 across the total public sector.

Table 7

INFRASTRUCTURE INVESTMENT						
	2013-14		2014-15		Actual \$m (4)	Variation on EOT \$m (5)=(4)-(3)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
<i>General Government</i>						
Health	905	994	1,018	916	588	-328
Finance	99	168	182	153	103	-50
Main Roads	983	883	1,063	1,033	985	-47
Education	546	440	462	467	432	-35
Fire and Emergency Services	16	43	52	39	19	-20
Provision for underspending	-	-	-350	-200	-	200
Royalties for Regions underspending provision	-	-	-	-	-	-
	-	-	-45	-43	-	43
All Other	739	642	699	713	540	-173
Total General Government	3,289	3,169	3,082	3,077	2,667	-410
<i>Public Corporations</i>						
Water Corporation	790	859	842	842	670	-172
Port Authorities	93	136	154	127	45	-82
Housing Authority	524	352	482	401	323	-78
Metropolitan Redevelopment Authority	123	221	248	248	185	-62
Western Power ^(a)	1,026	793	881	1,014	969	-45
Horizon Power ^(a)	176	93	139	118	89	-29
Synergy	96	69	93	93	69	-24
Provision for underspending	-	-	-350	-100	-	100
All other	697	1,036	1,046	735	760	25
Total Public Corporations	3,525	3,559	3,534	3,478	3,110	-368
TOTAL PUBLIC SECTOR	6,814	6,728	6,615	6,555	5,777	-777

(a) The entries for Western Power and Horizon Power at the time of the original Budget, Mid-year Review and estimated outturn include provisions which are released upon approval of business cases.

Balance Sheet

The net worth of the total public sector is identical to that of the general government sector (discussed earlier). This is because the net worth of public corporations is recorded as an asset on the general government sector balance sheet.

Cash Flow Statement

A \$2.5 billion cash deficit was recorded for the total public sector in 2014-15, with net spending on infrastructure more than offsetting the cash surplus from operations.

This cash shortfall is \$1.6 billion smaller than the \$4.1 billion cash deficit foreshadowed at the time of the 2015-16 Budget. This primarily reflects:

- a larger than expected cash surplus from operations (up \$1.1 billion), with stronger than anticipated operating outcomes for the general government and PNC sectors. These results reflect the cash impact of accrual operating outcomes discussed earlier in this chapter; and
- \$777 million in lower than expected AIP spending (see the total public sector *Asset Investment* discussion above).

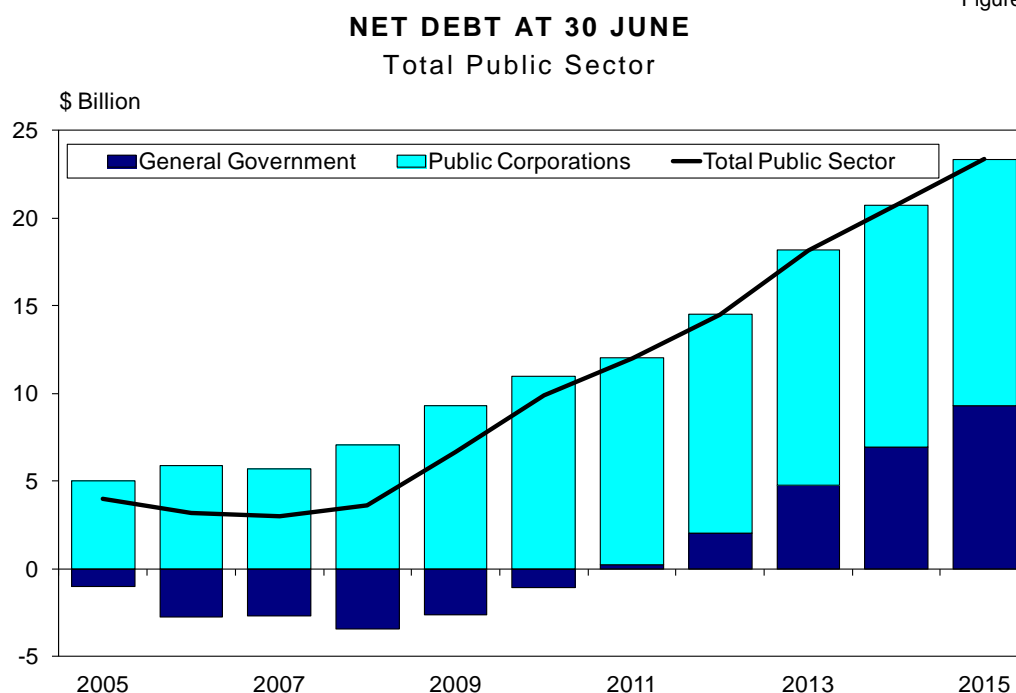
Total public sector cash deficits in recent years have been in support of large infrastructure programs at the same time as operating surplus outcomes have been declining. Accordingly, net debt levels have increased over the same period.

Net Debt¹⁴ and Gross Borrowing

Total public sector net debt increased by \$2.6 billion in 2014-15 to reach \$23.4 billion at 30 June 2015. General government sector net debt accounted for \$2.3 billion of the total increase, to stand at \$9.3 billion at 30 June 2015.

Net debt was \$2.1 billion lower than estimated in the 2015-16 Budget, largely reflecting the smaller than expected cash deficit discussed earlier (\$1.6 billion) and lower than expected finance lease liabilities (down \$292 million), due mainly to a delay in the completion and commissioning of the Eastern Goldfields Regional Prison.

Figure 12



¹⁴ Net debt consists of the State's gross debt liabilities (including deposits held, borrowings, finance leases, etc.), net of cash and other liquid assets (cash holdings and investments, loans and advances by government, etc.).

The general government sector now accounts for almost 40% of total public sector net debt. This compositional change reflects weaker cash operating outcomes combined with substantial investment in centrally funded infrastructure such as new hospitals, schools and roads.

At \$12.1 billion, Consolidated Account borrowings are the largest component of total public sector net debt. This reflects the central funding of much of the public sector's infrastructure spending. Western Power and the Water Corporation also contribute significantly to net debt (\$7.2 billion and \$5.6 billion respectively at 30 June 2015), as shown in the following table.

Table 8

TOTAL PUBLIC SECTOR NET DEBT
At 30 June

	2014	2015
	\$m	\$m
Consolidated Account borrowings	10,139	12,139
Other Public Bank Account net assets ^(a)	-3,004	-2,684
Western Power	6,838	7,172
Water Corporation	5,422	5,599
Public Transport Authority	1,623	1,724
Horizon Power	1,024	1,085
Housing Authority	891	936
Public Financial Corporations	-2,384	-2,714
All Other	207	117
Total Public Sector Net Debt	20,754	23,374

(a) Consists mainly of Special Purpose Accounts (such as the Royalties for Regions fund and the Western Australian Future Fund) and other cash investments.

The table below reconciles movements in net debt since the 2015-16 Budget was finalised on 21 April 2015.

Table 9

**SUMMARY OF TOTAL PUBLIC SECTOR NET DEBT VARIATIONS
SINCE THE 2015-16 BUDGET**

	\$m
NET DEBT AT 30 JUNE 2015 - 2015-16 BUDGET	25,455
<i>Less change in net cash flows from operating activities and dividends paid</i>	
- General government	848.4
- Public non-financial corporations	511.9
- Public financial corporations	-247.8
<i>Total Public Sector</i>	<i>1,112.5</i>
<i>Plus purchases of non-financial assets</i>	
Health	-327.6
Water Corporation	-171.6
Port Authorities	-82.4
Housing Authority	-78.2
Metropolitan Redevelopment Authority	-62.4
Finance	-50.0
Provision for Underspending	300.0
All Other	-305.3
<i>Total purchases of non-financial assets</i>	<i>-777.5</i>
<i>Less proceeds from sale of non-financial assets</i>	<i>-247.0</i>
<i>Plus all other financing</i>	
Net acquisition under finance leases and similar arrangements ^(a)	-292.3
All other ^(b)	-145.4
<i>Cumulative impact on net debt at 30 June</i>	<i>-2,080.7</i>
Of which:	
Gross borrowing and other net debt-related liabilities	-493.5
Movements in liquid financial assets	1,587.2
NET DEBT AT 30 JUNE 2015 - 2014-15 ANNUAL REPORT ON STATE FINANCES	23,374

(a) Assets acquired under finance leases increase net debt but have no associated cash flow reflected in other items in this table.

(b) Includes revaluations of investment assets, restatement of agency net debt assets/liabilities, and net acquisitions of financial assets for liquidity purposes, etc. These transactions have no associated cash flow reflected in other items in this table.

Note: Columns may not add due to rounding.

Since 30 June 2008, the State has invested \$45.8 billion in essential economic and social infrastructure, with net debt increasing by \$19.7 billion over the same period. Despite this increase, total public sector borrowing costs remain affordable, with net interest costs representing 2% of revenue in 2014-15.

Financial Targets

HIGHLIGHTS

- Only two of the Government's five financial targets were met in 2014-15, which is reflective of the challenging economic and fiscal environment.
- Nevertheless, performance against all of the Government's financial targets in 2014-15 improved relative to the estimates contained in the 2015-16 Budget.
- While general government expense growth (2.2%) exceeded revenue growth (-2.0%), meaning that this target was not met, this was a function of the first decline in the State's revenue base since 1996-97, rather than poor expenditure management. Indeed, expense growth in 2014-15 was lower than the original 2014-15 Budget forecast, and was the lowest rate of expense growth in 20 years.

Introduction

As part of its annual Financial Strategy Statement, the Government is required under the *Government Financial Responsibility Act 2000* to report on the progress of a number of financial targets in the *Annual Report on State Finances*. This chapter assesses the financial results outlined in Chapter 1 of this report against the financial targets set out in the 2014-15 Budget¹. The targets applied in 2014-15 were unchanged from those in 2013-14 and were to:

- ensure that annual general government sector expense growth does not exceed revenue growth;
- maintain a cash surplus from operating activities for the general government sector of at least 50% of general government sector infrastructure spend per year;

¹ Movements in underlying financial aggregates relative to the original Budget are discussed in more detail in Appendix 4: *Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2015*. Comparisons to the expected outcome in the May 2015 Budget are discussed in Chapter 1.

- maintain the total non-financial public sector net debt to revenue ratio at or below 55%;
- maintain a cash operating surplus for the total non-financial public sector of at least 5% of operating cash receipts; and
- provide a fair and efficient taxation system that is competitive with other Australian States.

The forecast performance against the Government's targets at the time of the 2014-15 Budget highlighted the challenging outlook for the State's finances, with two of the five targets expected to not be met during the year. The subsequent deterioration in the revenue outlook, particularly for iron ore royalties (see Chapter 1), reduced the number of financial targets expected to be met to just one by the time of the 2015-16 Budget in May 2015.

However, the better than expected financial outcomes detailed in Chapter 1 are consistent with a modest improvement relative to the May 2015 expected outcome, with two targets achieved by 30 June 2015.

2014-15 FINANCIAL TARGETS			
Compliance			
	Budget	Estimated Outturn	Actual
Ensure expense growth does not exceed revenue growth			
- Current estimate (revenue growth minus expense growth)	-	-7.3	-4.2
- Compliance	Yes	No	No
Maintain a cash surplus from operating activities for the general government sector of at least 50% of infrastructure spend			
- Current estimate	39.6	6.2	39.0
- Compliance	No	No	No
Maintain TNPS net debt at or below 55% of revenue			
- Current estimate	61.2	67.9	61.4
- Compliance	No	No	No
Maintain a TNPS cash operating surplus of at least 5% of receipts			
- Current estimate	5.3	2.1	5.1
- Compliance	Yes	No	Yes
Maintain the State's tax competitiveness			
- Compliance	Yes	Yes	Yes

Table 1

Performance Against Financial Targets

Ensure That Annual General Government Sector Expense Growth Does Not Exceed Revenue Growth²

This target was not met in 2014-15, consistent with expectations in the 2015-16 Budget.

However, general government expense growth was just 2.2% in 2014-15, the lowest annual increase in 20 years. This outcome was lower than the original 2014-15 Budget forecast (of 2.6%) and 1.8 percentage points lower than the estimated outturn in the 2015-16 Budget. Relative to the recent Budget, lower than expected spending by a range of agencies, lower costs associated with the Targeted Voluntary Separation Scheme, and significantly lower than expected salaries costs across the general government sector (down \$203 million) have contributed to the lower than expected rate of expense growth.

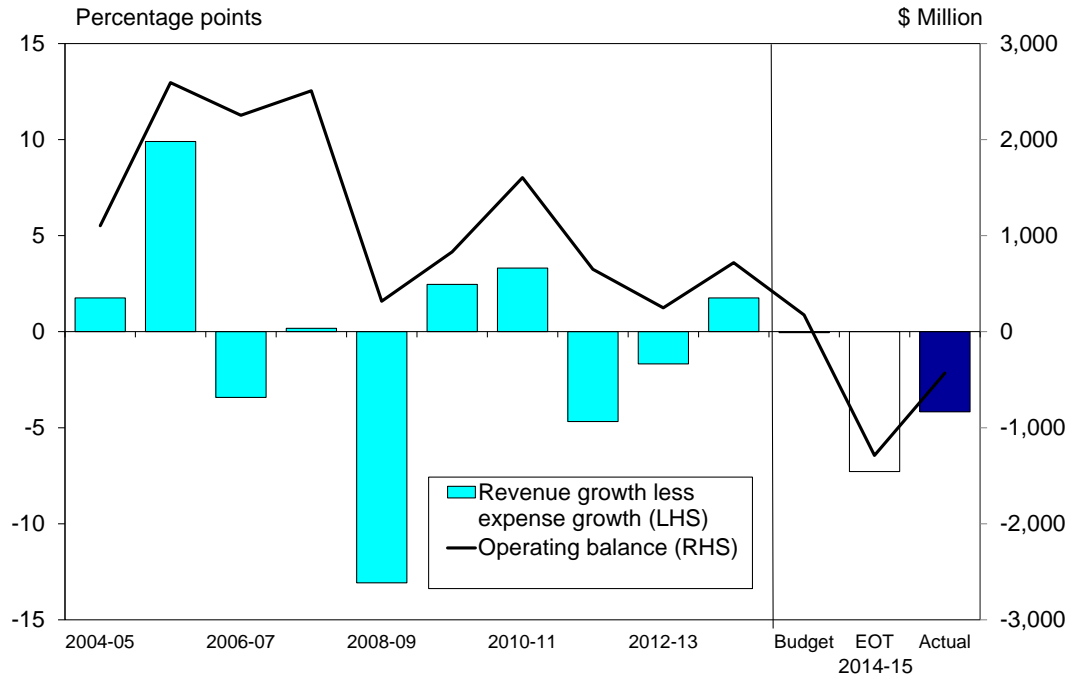
General government revenue contracted by 2% in 2014-15, the first decline in the State's revenue base since 1996-97. The revenue contraction reflects a significant reduction in royalty income during 2014-15 (down \$1.4 billion or 23.6% on 2013-14), driven mainly by the substantial fall in the iron ore price (see feature box in Chapter 1). Western Australia's share of national GST collections also declined in 2014-15 (to 37.6% of the State's population share, down from 44.6% in 2013-14). The State's GST grant was \$2.3 billion in 2014-15, \$249 million lower than in 2013-14 and the lowest level since GST arrangements commenced in 2000-01.

Although revenue declined in 2014-15, the 2% contraction is smaller than the 3.3% decline estimated in the recent 2015-16 Budget. This mainly reflects the Commonwealth's decision to provide \$499 million in additional road funding after the State Budget was finalised on 21 April 2015.

² Maintaining revenue growth in excess of expense growth indicates that, in the long run, the public sector is operating on a sustainable basis with its spending capacity limited by the revenue it receives (i.e. the State is living within its means).

Figure 1

**REVENUE GROWTH LESS EXPENSE GROWTH
AND OPERATING BALANCE**
General Government Sector



Operating Result: Maintain A Cash Surplus From Operating Activities For The General Government Sector Of At Least 50% of General Government Sector Infrastructure Spend Per Year³

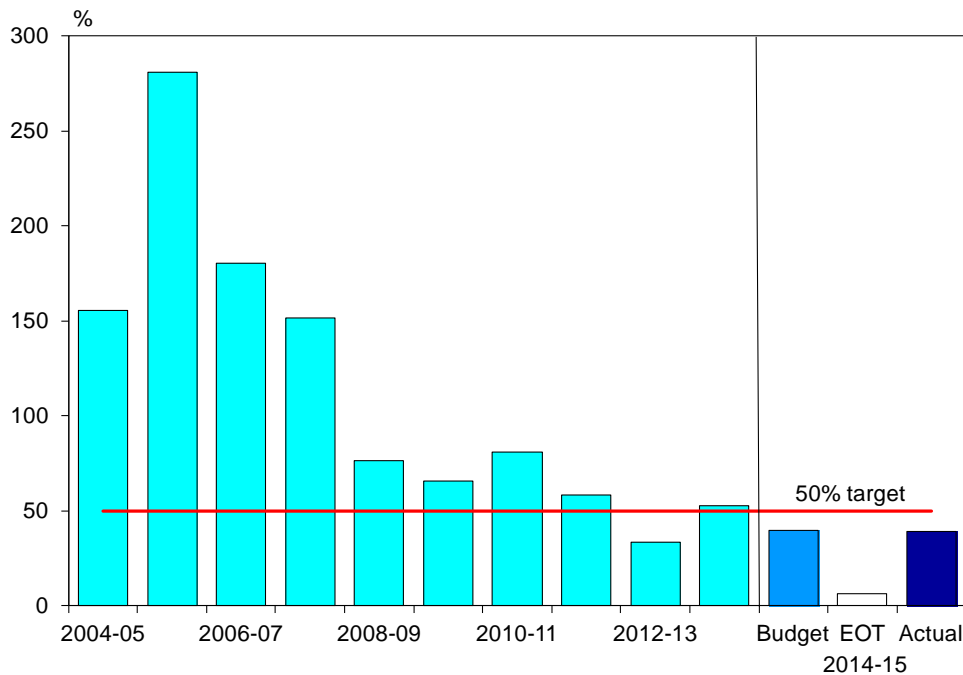
This target was not met in 2014-15, consistent with expectations in the 2015-16 Budget.

A \$1 billion cash surplus from operating activities was recorded for the general government sector in 2014-15, \$848 million higher than estimated in the 2015-16 Budget, largely reflecting the substantially lower than expected operating deficit outcome for the sector (see Chapter 1). At the same time, infrastructure spending by the general government sector totalled \$2.7 billion in 2014-15, \$410 million lower than the estimated outturn.

These outcomes resulted in a cash operating surplus equivalent to 39% of general government infrastructure spending in 2014-15, which was a significant improvement on the 6.2% expected at the time of the 2015-16 Budget, but nevertheless remained below the 50% target.

Figure 2

CASH OPERATING SURPLUS AS A SHARE OF INFRASTRUCTURE SPENDING
General Government Sector



³ Achieving a cash surplus from operating activities indicates that non-debt funds are available to meet infrastructure investment.

Net Debt Affordability: Maintain The Total Non-Financial Public Sector⁴ Net Debt To Revenue Ratio At Or Below 55%

Consistent with expectations at the time of the 2015-16 Budget, this target was not met in 2014-15.

The ratio of total non-financial public sector net debt to revenue was 61.4% in 2014-15, 6.4 percentage points lower than the 2015-16 Budget estimate, but still in excess of the 55% target limit.

The lower ratio since the May 2015 Budget reflects:

- a \$1.9 billion lower net debt outcome for the sector, driven by the combined effect of:
 - stronger operating outcomes for both the general government and public non-financial corporations sectors; and
 - lower than expected infrastructure investment (as discussed elsewhere in this report); and
- higher than forecast operating revenue, mainly due to the additional \$499 million road funding from the Commonwealth (discussed earlier), and stronger public corporation income, particularly for the Gold Corporation.

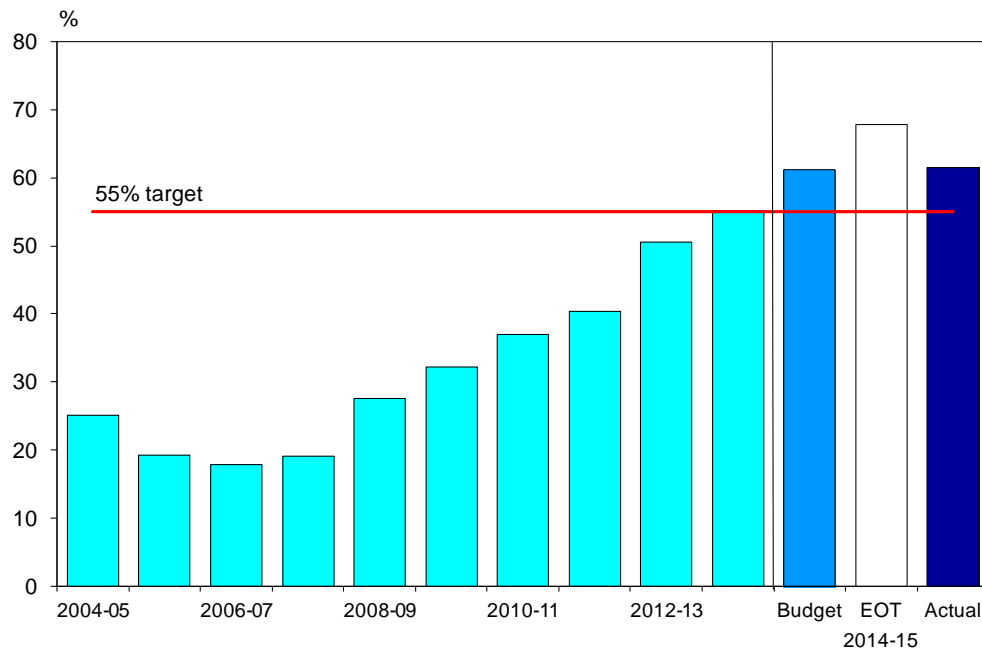
Notwithstanding that this target was not met in 2014-15, the Government has worked to contain increases in net debt in response to the substantial revenue downturn that emerged after the 2014-15 Budget was released. This includes implementation of a range of corrective measures, such as the workforce reforms outlined in Chapter 1. The Government is also proceeding with a program of asset sales, including Perth Market Authority, Fremantle Port, and the Utah Point Bulk Handling Facility at Port Hedland.

Despite this, the emerging pressures that are impacting net debt have resulted in both Moody's and Standard & Poor's placing the State's credit rating on a 'negative' outlook in recent months. Importantly, both credit rating agencies reaffirmed the State's Aa1 (Moody's) and AA+ (Standard & Poor's) credit ratings in 2015.

⁴ The total non-financial public sector includes general government sector agencies such as the Department of Education and WA Health (which are largely funded by central revenue collections such as taxation and royalty receipts) and public non-financial corporations such as the electricity utilities and port authorities (which are largely funded by user charges).

Figure 3

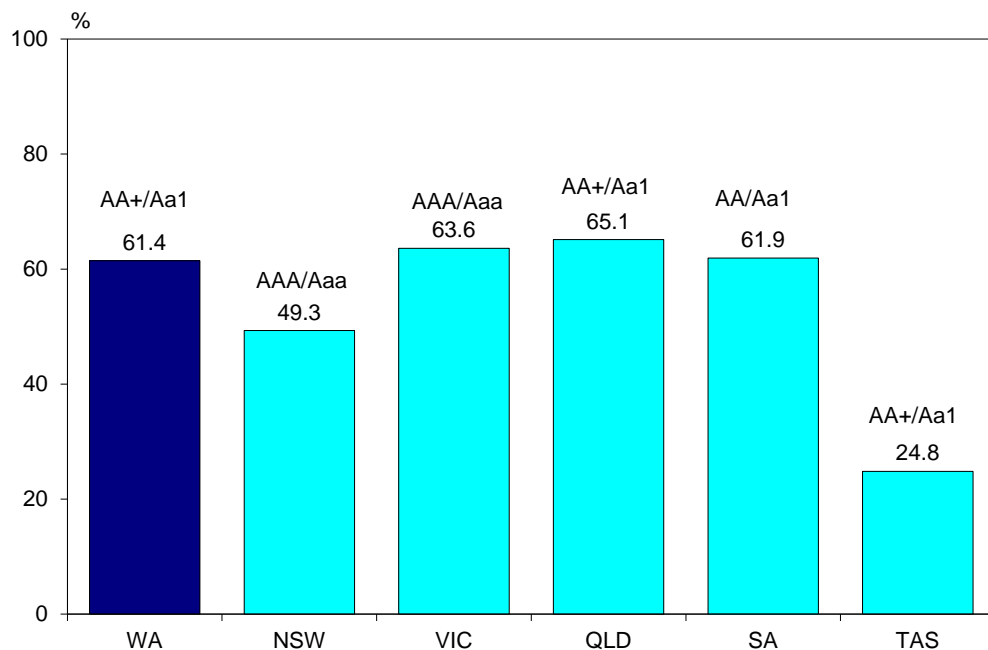
NET DEBT AS A SHARE OF REVENUE
Total Non-Financial Public Sector



The figure below illustrates that Western Australia’s net debt burden as a share of revenue is broadly in line with other Australian States.

Figure 4

STATES’ CREDIT RATING STATUS^(a) AND NET DEBT AS A SHARE OF REVENUE – 2014-15^(b)
Total Non-Financial Public Sector



(a) Standard & Poor’s rating / Moody’s rating (e.g. Western Australia AA+/Aa1).

(b) Based on 2014-15 final outcomes for Western Australia. All other jurisdictions’ ratios are derived from 2015-16 Budget data.

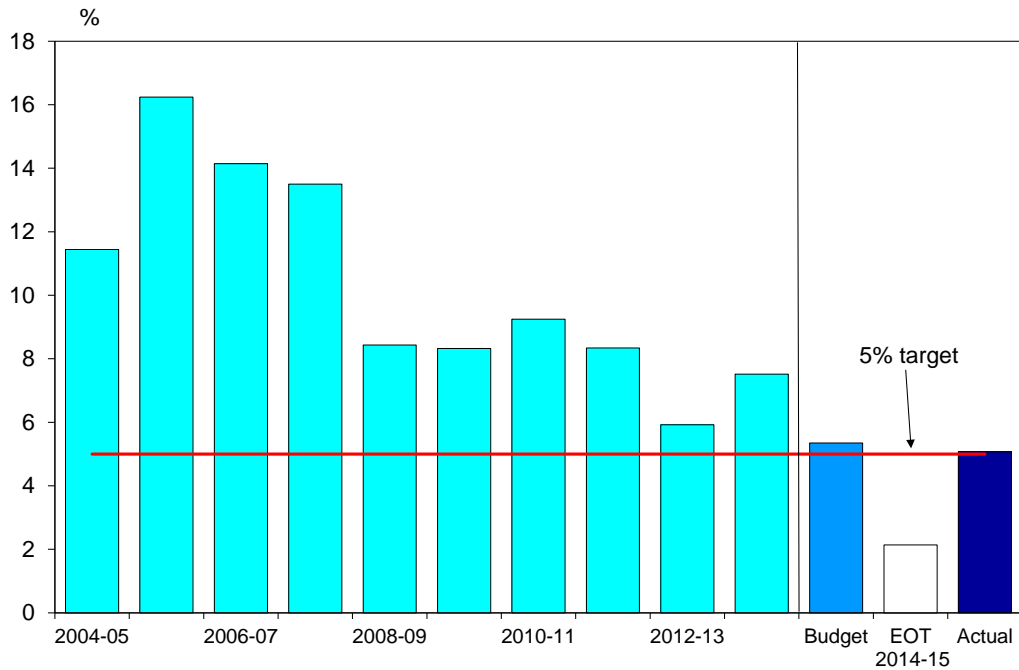
Maintain A Cash Operating Surplus For The Total Non-Financial Public Sector Of At Least 5% Of Operating Cash Receipts⁵

This target was met in 2014-15. This outcome represents an improvement on the expected outcome at the time of the 2015-16 Budget.

The total non-financial public sector cash surplus as a share of cash receipts was 5.1% in 2014-15, 3 percentage points higher than the estimated outcome in the recent Budget. The improved outcome is primarily due to the cash impact of the better than expected net operating balance outcomes for both the general government and public non-financial corporations sectors (see Chapter 1 for further detail).

Figure 5

CASH OPERATING SURPLUS AS A SHARE OF OPERATING RECEIPTS Total Non-Financial Public Sector



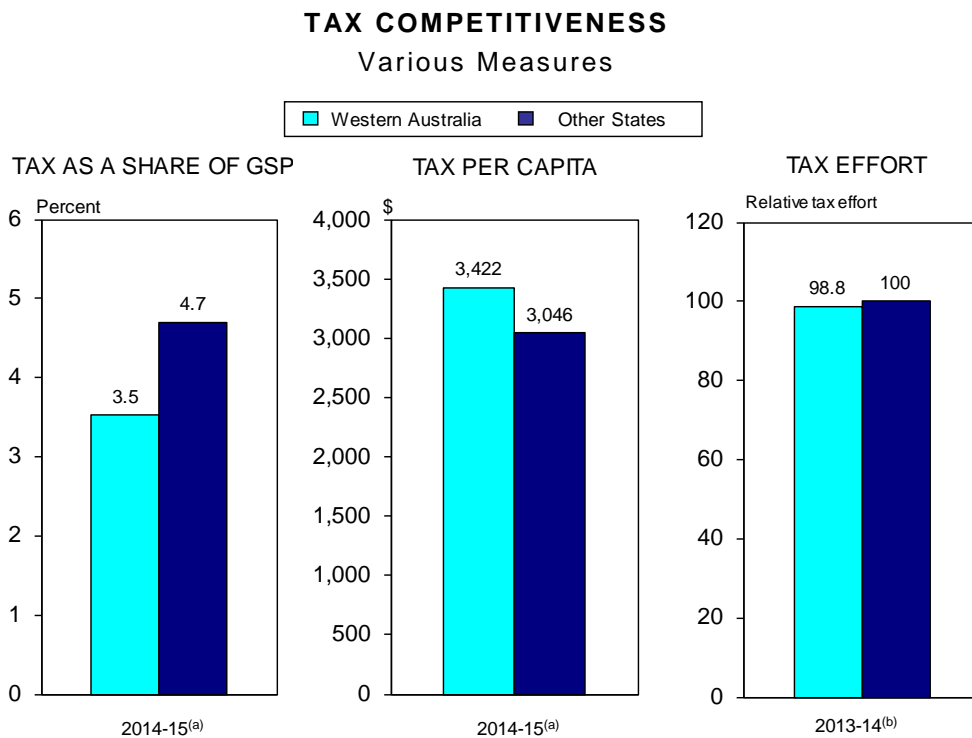
⁵ This target reflects the extent to which the total non-financial public sector can finance its day-to-day operating and service delivery costs from operating receipts. A high cash operating balance indicates that the public sector has self-financing capacity to fund infrastructure investment.

Tax Competitiveness: Provide a Fair and Efficient Tax System That is Competitive with Other States

As expected in the 2015-16 Budget, this target was met in 2014-15, with Western Australia continuing to be more competitive than other States on two of the three available measures (tax as a share of Gross State Product (GSP) and tax 'effort' based on Commonwealth Grants Commission data).

In 2014-15, Western Australia's tax revenue as a share of GSP was 3.5%, which is the lowest of all the States, and substantially below the 4.7% average across other State jurisdictions. Based on Commonwealth Grants Commission data, Western Australia's tax 'effort' (i.e. average tax rate) was 1.2% lower than the national average in 2013-14⁶.

Figure 6



(a) Taxation revenue and GSP estimates for other jurisdictions are based on 2014-15 estimated outturns published in 2015-16 Budget Papers. Actual GSP figures for all States will not be available from the Australian Bureau of Statistics until November 2015.

(b) Latest available information.

In contrast, Western Australia's tax per capita ranking exceeds the average of the other Australian States. This mainly reflects Western Australia's stronger per capita economic performance compared to other States, rather than higher tax rates.

⁶ Tax effort refers to the level of tax actually raised in a State, divided by a State's 'standardised' tax revenue (i.e. the level of tax revenue that the Grants Commission estimates the State would have raised had it applied national average State tax rates). Data for 2013-14 is the latest available from the Grants Commission.

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Introduction

Financial information presented in this appendix has been prepared in accordance with Australian Accounting Standards and pronouncements, in particular AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, and requirements under section 14A(3) of the *Government Financial Responsibility Act 2000*. The formats used in this report are the same as those used in 2014-15 Budget Papers presented to the Legislative Assembly on 8 May 2014, facilitating comparisons between estimates and outturns.

These financial statements (Operating Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement) also comply with Uniform Presentation Framework (UPF) disclosure requirements by reporting the finances of all sub-sectors of government. These sub-sectors are:

- the general government sector;
- the public non-financial corporations sector;
- the total non-financial public sector, representing the consolidation of the general government sector and the public non-financial corporations sector;
- the public financial corporations sector; and
- the total public sector (or whole-of-government).

Other UPF disclosure requirements are included in the notes to the financial statements, and in Appendices 2 and 3 of this report.

Table 1.1

GENERAL GOVERNMENT^(a)
Operating Statement

	Notes	2013-14	2014-15			Actual \$m (4)	Variation on EOT \$m (4) - (3)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
RESULTS FROM TRANSACTIONS							
REVENUE							
Taxation		8,849	9,500	9,220	9,052	8,882	-170
Current grants and subsidies		8,199	8,006	7,884	7,926	8,051	125
Capital grants		547	677	1,001	922	1,263	342
Sales of goods and services		2,064	2,188	2,238	2,213	2,105	-108
Interest income		194	210	187	189	185	-4
Revenue from public corporations							
Dividends from other sectors		901	938	1,226	1,277	1,187	-90
Tax equivalent income		602	530	491	494	592	98
Royalty income		6,025	6,176	4,368	4,440	4,603	163
Other		575	458	482	533	532	-1
Total	6	27,956	28,683	27,096	27,045	27,400	355
EXPENSES							
Salaries		10,682	11,345	11,340	11,292	11,089	-203
Superannuation							
Concurrent costs		1,030	1,118	1,116	1,111	1,107	-4
Superannuation interest cost		297	354	251	191	266	75
Other employee costs		432	472	448	449	430	-19
Depreciation and amortisation	9	1,197	1,289	1,307	1,274	1,235	-39
Services and contracts		2,041	2,337	2,373	2,352	2,057	-295
Other gross operating expenses	10	4,943	5,036	5,084	5,164	5,131	-33
Other interest	8	492	538	551	544	543	-
Current transfers	7	5,357	5,454	5,352	5,377	5,465	88
Capital transfers	7	765	565	562	577	507	-71
Total		27,236	28,508	28,383	28,332	27,831	-501
NET OPERATING BALANCE^(b)	4	719	175	-1,287	-1,287	-431	856
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		-34	12	11	10	-21	-31
Net actuarial gains/-loss - superannuation		-114	5	-438	-1,070	98	1,168
Provision for doubtful debts		-37	-4	-4	-4	-36	-32
Changes in accounting policy/adjustment of prior periods		40	-	-	-	-504	-504
Total other economic flows		-146	13	-431	-1,063	-463	601
OPERATING RESULT		574	188	-1,719	-2,350	-894	1,456
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		1,910	2,093	2,153	2,427	2,229	-198
Gains recognised directly in equity		-1	-1	-1	-1	-4	-3
Change in net worth of the public corporations sectors		1,419	890	1,145	503	3,140	2,638
All other		-	-	-	-	-	-
Total all other movements in equity		3,327	2,982	3,297	2,928	5,365	2,437
TOTAL CHANGE IN NET WORTH^(c)	4	3,901	3,170	1,579	578	4,472	3,893
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE		719	175	-1,287	-1,287	-431	856
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		3,289	3,169	3,082	3,077	2,667	-410
Changes in inventories		1	-	-2	-2	-9	-8
Other movement in non-financial assets		-22	216	372	345	90	-255
<i>less:</i>							
Sales of non-financial assets		224	291	293	306	134	-172
Depreciation		1,197	1,289	1,307	1,274	1,235	-39
Total net acquisition of non-financial assets		1,847	1,804	1,851	1,840	1,378	-462
NET LENDING/-BORROWING	4	-1,127	-1,629	-3,138	-3,127	-1,809	1,318

(a) The accompanying notes form part of these financial statements.

(b) Also known as the 'Net Result From Transactions'.

(c) Also known as the 'Comprehensive Result'.

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

GENERAL GOVERNMENT^(a)
Balance Sheet at 30 June

Table 1.2

	Notes	2014		2015			Variation on EOT \$m (4) - (3)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
ASSETS							
<i>Financial assets</i>							
Cash and deposits		692	586	577	593	785	192
Advances paid		664	721	672	694	678	-17
Investments, loans and placements		3,904	3,187	2,941	2,565	3,571	1,007
Receivables	12	3,054	3,264	2,754	2,530	2,660	130
<i>Shares and other equity</i>							
Investments in other public sector entities - equity method		45,706	46,367	46,851	46,208	48,846	2,638
Investments in other public sector entities - direct injections		6,731	7,083	7,249	7,753	7,455	-298
Investments in other entities		11	11	11	44	44	-
Other financial assets		-	-	-	-	-	-
Total financial assets		60,762	61,219	61,054	60,387	64,038	3,652
<i>Non-financial assets</i>							
Land	16	37,606	37,719	38,359	38,209	38,837	628
Property, plant and equipment	17,18	43,162	47,314	46,258	46,160	45,003	-1,156
Biological assets	13	1	2	1	1	2	-
<i>Inventories</i>							
Land inventories	11	96	55	82	82	106	24
Other inventories	11	79	72	77	77	69	-8
Intangibles	20	574	502	622	627	609	-18
Assets classified as held for sale	14	16	14	15	13	27	14
Investment property	15	8	8	8	8	9	1
Other		247	205	537	532	249	-283
Total non-financial assets		81,789	85,890	85,960	85,708	84,911	-797
TOTAL ASSETS		142,551	147,109	147,014	146,095	148,949	2,854
LIABILITIES							
Deposits held		522	470	404	458	417	-40
Advances received		438	459	408	408	407	-1
Borrowings	21	11,362	13,607	14,120	13,742	13,603	-140
Superannuation	22	7,890	7,556	8,090	8,592	7,573	-1,019
Other employee benefits	23	3,140	3,257	2,951	2,904	3,292	387
Payables		1,048	1,148	1,032	1,347	1,071	-277
Other liabilities	24	1,323	1,318	1,603	1,237	1,287	50
TOTAL LIABILITIES		25,723	27,815	28,608	28,689	27,649	-1,039
NET ASSETS		116,828	119,294	118,406	117,406	121,299	3,893
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		11,917	11,279	9,556	8,834	11,012	2,178
Other reserves		104,910	108,015	108,851	108,572	110,287	1,715
NET WORTH	4	116,828	119,294	118,406	117,406	121,299	3,893
MEMORANDUM ITEMS							
<i>Net financial worth</i>		35,039	33,411	32,447	31,698	36,389	4,691
<i>Net financial liabilities</i>		17,398	20,038	21,653	22,263	19,912	-2,351
<i>Net debt</i>							
Gross debt liabilities		12,322	14,536	14,932	14,608	14,427	-181
less: liquid financial assets		5,260	4,494	4,189	3,852	5,034	1,182
less: convergence differences impacting net debt		88	88	88	88	88	-
<i>Net debt</i>		6,973	9,953	10,655	10,669	9,306	-1,363

(a) The accompanying notes form part of these financial statements.

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

Table 1.3

GENERAL GOVERNMENT
Statement of Changes in Equity

	Asset Revaluation Surplus \$m	Accumulated net gain on equity investments in other sector entities \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
Balance at 1 July 2013	57,290	44,287	11,351	112,927
Operating result	-	-	574	574
Other movements in equity	1,916	1,419	-8	3,327
<i>Total change in net worth</i>	<i>1,916</i>	<i>1,419</i>	<i>566</i>	<i>3,901</i>
Balance at 30 June 2014	59,205	45,706	11,917	116,828
Balance at 1 July 2014	59,205	45,706	11,917	116,828
Operating result	-	-	-894	-894
Other movements in equity	2,237	3,140	-11	5,365
<i>Total change in net worth</i>	<i>2,237</i>	<i>3,140</i>	<i>-905</i>	<i>4,471</i>
Balance at 30 June 2015	61,441	48,846	11,012	121,299

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

Table 1.4

GENERAL GOVERNMENT^(a)
Cash Flow Statement

	2013-14		2014-15			Actual \$m (4)	Variation on EOT \$m (4) - (3)
	Notes	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received		8,712	9,514	9,234	9,070	8,846	-225
Grants and subsidies received		8,614	8,689	8,932	8,903	9,394	491
Receipts from sales of goods and services		2,121	2,228	2,275	2,273	2,129	-145
Interest receipts		219	199	176	178	180	2
Dividends and tax equivalents		1,497	1,447	1,707	1,811	1,865	55
Other		7,843	7,609	6,280	6,621	6,799	178
<i>Total cash received</i>		<i>29,006</i>	<i>29,685</i>	<i>28,604</i>	<i>28,857</i>	<i>29,213</i>	<i>356</i>
<i>Cash Paid</i>							
Wages, salaries and supplements, and superannuation		-12,157	-12,874	-12,944	-13,012	-12,546	466
Payments for goods and services		-7,526	-7,814	-7,870	-7,921	-7,761	160
Interest paid		-485	-523	-533	-533	-537	-3
Grants and subsidies paid		-5,567	-5,841	-5,706	-5,786	-5,767	19
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-1,538	-1,377	-1,397	-1,413	-1,562	-150
<i>Total cash paid</i>		<i>-27,273</i>	<i>-28,429</i>	<i>-28,450</i>	<i>-28,665</i>	<i>-28,173</i>	<i>492</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES	25	1,733	1,256	154	192	1,040	848
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-3,289	-3,169	-3,082	-3,077	-2,667	410
Sales of non-financial assets		224	291	293	306	134	-172
<i>Total cash flows from investments in non-financial assets</i>		<i>-3,065</i>	<i>-2,878</i>	<i>-2,788</i>	<i>-2,771</i>	<i>-2,533</i>	<i>238</i>
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		22	-	-	-	18	18
For liquidity purposes		1	-	-	1	5	4
<i>Cash paid</i>							
For policy purposes		-551	-597	-616	-644	-566	78
For liquidity purposes		-1	-	-	-25	-22	3
<i>Total cash flows from investments in financial assets</i>		<i>-529</i>	<i>-597</i>	<i>-616</i>	<i>-668</i>	<i>-565</i>	<i>103</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES		-3,594	-3,475	-3,405	-3,439	-3,098	341
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		30	40	15	15	16	1
Borrowings		77	2,271	2,478	2,097	2,065	-32
Deposits received		-	-	-	-	-	-
Other financing receipts		504	39	35	37	448	411
<i>Total cash receipts from financing activities</i>		<i>611</i>	<i>2,351</i>	<i>2,528</i>	<i>2,149</i>	<i>2,529</i>	<i>380</i>
<i>Cash paid</i>							
Advances paid		-16	-15	-15	-15	-16	-1
Borrowings repaid		-98	-127	-80	-74	-79	-5
Deposits paid		-	-	-	-	-	-
Other financing payments		-410	-217	-153	-166	-424	-258
<i>Total payments for financing activities</i>		<i>-524</i>	<i>-360</i>	<i>-249</i>	<i>-256</i>	<i>-519</i>	<i>-264</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES		86	1,991	2,280	1,894	2,010	116
Net increase in cash and cash equivalents		-1,775	-228	-971	-1,353	-48	1,305
Cash and cash equivalents at the beginning of the year		6,263	3,843	4,488	4,488	4,488	-
Cash and cash equivalents at the end of the year	26	4,488	3,615	3,517	3,135	4,440	1,305
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		1,733	1,256	154	192	1,040	848
Net cash flows from investing in non-financial assets		-3,065	-2,878	-2,788	-2,771	-2,533	238
Cash surplus/-deficit	4	-1,333	-1,622	-2,635	-2,579	-1,493	1,086

(a) The accompanying notes form part of these financial statements.

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

Table 1.5

PUBLIC NON-FINANCIAL CORPORATIONS
Operating Statement

	Notes	2013-14		2014-15		Actual \$m (4)	Variation on EOT \$m (4) - (3)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
RESULTS FROM TRANSACTIONS							
REVENUE							
Current grants and subsidies		2,368	2,416	2,306	2,320	2,307	-12
Capital grants		231	199	202	202	113	-89
Sales of goods and services		15,536	17,429	16,263	16,273	16,778	505
Interest Income		175	204	176	170	163	-7
Other		659	487	527	537	846	309
<i>Total</i>		18,969	20,734	19,473	19,502	20,208	705
EXPENSES							
Salaries		1,209	1,206	1,219	1,220	1,173	-47
Superannuation							
Concurrent costs		115	119	120	120	118	-2
Superannuation interest cost		-	-	-	-	-	-
Other employee costs		60	42	44	43	80	37
Depreciation and amortisation		2,005	2,077	2,096	2,093	1,979	-114
Services and contracts		972	833	806	800	937	138
Other gross operating expenses		11,392	13,475	12,242	12,276	12,379	103
Other interest		955	1,046	994	974	845	-129
Tax equivalents		595	498	459	464	546	82
Current transfers		1,011	1,032	1,032	1,043	1,054	11
Capital transfers		83	35	90	91	47	-44
<i>Total</i>		18,398	20,363	19,102	19,124	19,158	34
NET OPERATING BALANCE ^(a)	4	571	371	372	378	1,049	671
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		90	96	85	109	95	-13
Net actuarial gains/-loss - superannuation		-28	-	-	-	-40	-40
Provision for doubtful debts		-13	-19	-17	-17	-6	11
Changes in accounting policy/adjustment of prior periods		-820	-	-	-	-24	-24
<i>Total other economic flows</i>		-770	76	68	92	25	-67
OPERATING RESULT		-199	448	439	470	1,074	604
<i>Other non-owner movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		1,943	1,283	1,822	1,172	2,583	1,411
Gains recognised directly in equity		462	-57	-65	-65	405	470
All other		-	-	-	-	-	-
<i>Total other non-owner movements in equity</i>		2,405	1,226	1,757	1,106	2,988	1,881
<i>Movements in owner equity</i>							
Dividends		-825	-893	-1,182	-1,233	-1,142	91
Capital injections		575	653	518	1,026	721	-305
<i>Total movements in owner equity</i>		-250	-240	-664	-207	-421	-215
TOTAL CHANGE IN NET WORTH ^(b)	4	1,956	1,434	1,532	1,370	3,640	2,271
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE		571	371	372	378	1,049	671
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		3,534	3,681	3,624	3,577	3,125	-452
Changes in inventories		514	-93	-193	-526	183	709
Other movement in non-financial assets		339	35	49	62	328	266
<i>less:</i>							
Sales of non-financial assets		940	1,189	961	960	804	-156
Depreciation		2,005	2,077	2,096	2,093	1,979	-114
<i>Total net acquisition of non-financial assets</i>		1,441	356	423	59	853	794
NET LENDING/-BORROWING	4	-870	16	-51	319	196	-123

(a) Also known as the 'Net Result From Transactions'.

(b) Also known as the 'Comprehensive Result'.

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

Table 1.6

PUBLIC NON-FINANCIAL CORPORATIONS
Balance Sheet at 30 June

	Notes	2014		2015		Actual \$m (4)	Variation on EOT \$m (4) - (3)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
ASSETS							
<i>Financial assets</i>							
Cash and deposits		1,199	913	494	817	1,157	339
Advances paid		-	-	-	-	-	-
Investments, loans and placements		4,526	5,614	5,756	4,977	4,713	-264
Receivables		1,198	1,381	1,057	1,079	1,079	-
<i>Shares and other equity</i>							
Investments in other public sector entities - equity method		-	-	-	-	-	-
Investments in other public sector entities - direct injections		-	-	-	-	-	-
Investments in other entities		33	-	38	38	33	-4
Other financial assets		946	910	910	910	910	-
Total financial assets		7,902	8,817	8,254	7,822	7,893	71
<i>Non-financial assets</i>							
Land		14,799	15,780	15,539	15,391	15,248	-143
Property, plant and equipment		50,421	50,908	51,890	52,110	53,627	1,517
Biological assets		333	319	321	316	314	-2
<i>Inventories</i>							
Land inventories		1,905	2,110	2,088	2,083	2,175	92
Other inventories		3,225	3,410	3,032	2,699	3,408	709
Intangibles		507	461	438	430	512	82
Assets classified as held for sale		13	31	13	5	44	39
Investment property		24	23	25	25	51	26
Other		137	247	173	162	203	41
Total non-financial assets		71,365	73,289	73,518	73,220	75,581	2,361
TOTAL ASSETS		79,267	82,107	81,772	81,041	83,474	2,432
LIABILITIES							
Deposits held		-	-	-	-	-	-
Advances received		424	409	408	408	407	-1
Borrowings		21,467	23,299	23,053	22,724	22,245	-479
Superannuation		127	71	96	96	129	33
Other employee benefits		425	450	467	429	461	32
Payables		4,810	4,606	4,049	4,039	4,680	641
Other liabilities		1,364	1,759	1,516	1,325	1,260	-64
TOTAL LIABILITIES		28,616	30,593	29,589	29,021	29,183	162
NET ASSETS		50,651	51,513	52,183	52,020	54,291	2,271
<i>Of which:</i>							
Contributed equity		6,731	7,083	7,249	7,757	7,452	-305
Accumulated surplus		18,378	18,109	17,228	16,720	18,732	2,012
Other reserves		25,542	26,322	27,706	27,543	28,107	564
NET WORTH	4	50,651	51,513	52,183	52,020	54,291	2,271
MEMORANDUM ITEMS							
<i>Net financial worth</i>		-71,365	-73,289	-73,518	-73,220	-75,581	-2,361
<i>Net debt</i>							
Gross debt liabilities		21,890	23,708	23,462	23,132	22,652	-480
less: liquid financial assets		5,725	6,527	6,250	5,794	5,870	75
less: convergence differences impacting net debt		-	-	-	-	-	-
Net debt		16,166	17,181	17,212	17,338	16,783	-555

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

Table 1.7

PUBLIC NON-FINANCIAL CORPORATIONS
Statement of Changes in Equity

	Contributed Equity \$m	Asset Revaluation Surplus \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
Balance at 1 July 2013	6,156	23,637	18,902	48,694
Operating result			-199	-199
Other movements in equity	-	1,906	500	2,405
<i>Total change in net worth</i>	-	1,906	301	2,207
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	575	-	-	575
Dividends	-	-	-825	-825
<i>Total</i>	575	-	-825	-250
Balance at 30 June 2014	6,731	25,542	18,378	50,651
Balance at 1 July 2014	6,731	25,542	18,378	50,651
Operating result			1,074	1,074
Other movements in equity	-	2,566	422	2,988
<i>Total change in net worth</i>	-	2,566	1,496	4,062
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	721	-	-	721
Dividends	-	-	-1,142	-1,142
<i>Total</i>	721	-	-1,142	-421
Balance at 30 June 2015	7,452	28,107	18,732	54,291

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

Table 1.8

PUBLIC NON-FINANCIAL CORPORATIONS
Cash Flow Statement

	2013-14		2014-15			Variation on EOT \$m (4) - (3)	
	Notes	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		Actual \$m (4)
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Grants and subsidies received		2,597	2,620	2,513	2,572	2,476	-96
Receipts from sales of goods and services		15,932	17,289	16,423	16,719	17,457	737
Interest receipts		166	204	176	174	168	-7
Dividends and tax equivalents		78	56	68	68	68	-
Other		1,706	1,229	1,225	951	1,439	488
<i>Total cash received</i>		20,479	21,399	20,406	20,485	21,608	1,123
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-1,325	-1,375	-1,366	-1,406	-1,316	91
Payments for goods and services		-10,653	-12,402	-11,720	-11,877	-12,648	-771
Interest paid		-968	-965	-930	-914	-784	129
Grants and subsidies paid		-738	-766	-782	-786	-774	12
Tax equivalents		-573	-495	-480	-533	-660	-127
Other payments		-3,817	-3,316	-3,185	-2,997	-3,029	-32
<i>Total cash paid</i>		-18,076	-19,319	-18,464	-18,512	-19,211	-699
NET CASH FLOWS FROM OPERATING ACTIVITIES		2,403	2,080	1,941	1,973	2,397	424
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-3,534	-3,681	-3,624	-3,577	-3,125	452
Sales of non-financial assets		940	1,189	961	960	804	-156
<i>Total cash flows from investments in non-financial assets</i>		-2,594	-2,491	-2,663	-2,617	-2,321	296
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		-	-	-	-	-	-
For liquidity purposes		422	70	119	79	197	118
<i>Cash paid</i>							
For policy purposes		-	-4	-	-2	-13	-11
For liquidity purposes		-386	-14	-32	-74	-154	-81
<i>Total cash flows from investments in financial assets</i>		36	52	87	3	30	27
NET CASH FLOWS FROM INVESTING ACTIVITIES		-2,557	-2,440	-2,576	-2,614	-2,292	322
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	-	-	-	-
Borrowings		23,781	14,459	15,475	15,270	17,993	2,722
Deposits received		-	-	-	-	-	-
Other financing receipts		590	634	653	680	604	-75
<i>Total cash received</i>		24,372	15,092	16,128	15,950	18,597	2,647
<i>Cash paid</i>							
Advances paid		-15	-15	-15	-15	-16	-1
Borrowings repaid		-23,071	-13,715	-15,083	-14,566	-17,754	-3,188
Deposits paid		-	-	-	-	-	-
Other financing payments		-23	-59	-28	-28	-32	-5
Dividends paid		-825	-887	-1,176	-1,230	-1,142	88
<i>Total cash paid</i>		-23,934	-14,677	-16,302	-15,839	-18,945	-3,106
NET CASH FLOWS FROM FINANCING ACTIVITIES		438	415	-174	111	-348	-459
Net increase in cash and cash equivalents		284	55	-809	-530	-243	287
Cash and cash equivalents at the beginning of the year		1,519	1,184	1,803	1,803	1,803	-
Cash and cash equivalents at the end of the year		1,803	1,239	994	1,273	1,560	287
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		2,403	2,080	1,941	1,973	2,397	424
Net cash flows from investing in non-financial assets		-2,594	-2,491	-2,663	-2,617	-2,321	296
Dividends paid		-825	-887	-1,176	-1,230	-1,142	88
Cash surplus/-deficit	4	-1,015	-1,299	-1,898	-1,874	-1,066	808

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

Table 1.9

TOTAL NON-FINANCIAL PUBLIC SECTOR
Operating Statement

	2013-14	2014-15			Actual \$m (4)	Variation on EOT \$m (4) - (3)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
RESULTS FROM TRANSACTIONS						
REVENUE						
Taxation	8,387	9,029	8,766	8,587	8,404	-183
Current grants and subsidies	8,199	8,006	7,884	7,926	8,051	125
Capital grants	547	677	1,001	922	1,263	342
Sales of goods and services	17,119	19,100	17,976	17,960	18,404	444
Interest Income	342	386	335	332	319	-13
Royalty income	6,025	6,176	4,368	4,440	4,603	163
Dividends and tax equivalents	161	133	144	142	162	21
Other	1,108	859	897	960	1,258	298
Total	41,887	44,366	41,370	41,267	42,463	1,197
EXPENSES						
Salaries	11,890	12,551	12,559	12,512	12,262	-250
Superannuation						
Concurrent costs	1,146	1,237	1,236	1,231	1,225	-7
Superannuation interest cost	297	354	251	191	266	75
Other employee costs	287	261	265	265	296	31
Depreciation and amortisation	3,202	3,367	3,403	3,367	3,214	-153
Services and contracts	3,008	3,174	3,181	3,154	2,983	-171
Other gross operating expenses	15,866	18,041	16,820	16,935	17,059	123
Other interest	1,420	1,556	1,518	1,490	1,359	-131
Other property expenses	-	-	-	-	-	-
Current transfers	3,694	3,771	3,786	3,796	3,885	89
Capital transfers	611	401	450	466	439	-28
Total	41,421	44,713	43,468	43,408	42,987	-421
NET OPERATING BALANCE ^(a)	465	-347	-2,098	-2,141	-524	1,617
<i>Other economic flows - included in the operating result</i>						
Net gains on assets/liabilities	56	107	95	119	74	-45
Net actuarial gains/-loss - superannuation	-142	5	-438	-1,070	58	1,128
Provision for doubtful debts	-50	-23	-21	-21	-42	-21
Changes in accounting policy/adjustment of prior periods	-780	-	-	-	-534	-534
Total other economic flows	-916	89	-363	-972	-443	528
OPERATING RESULT	-450	-258	-2,461	-3,113	-967	2,146
<i>All other movements in equity</i>						
<i>Items that will not be reclassified to operating result</i>						
Revaluations	3,853	3,376	3,974	3,607	4,812	1,205
Gains recognised directly in equity	461	-57	-66	-66	401	467
Change in net worth of the public corporations sectors	38	109	131	150	226	76
All other	-	-	-	-	-	-
Total all other movements in equity	4,351	3,427	4,040	3,691	5,439	1,747
TOTAL CHANGE IN NET WORTH ^(b)	3,901	3,170	1,579	578	4,472	3,893
KEY FISCAL AGGREGATES						
NET OPERATING BALANCE	465	-347	-2,098	-2,141	-524	1,617
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets	6,809	6,720	6,608	6,547	5,767	-781
Changes in inventories	515	-93	-195	-528	173	701
Other movement in non-financial assets	317	251	420	406	418	12
<i>less:</i>						
Sales of non-financial assets	1,150	1,351	1,157	1,160	913	-247
Depreciation	3,202	3,367	3,403	3,367	3,214	-153
Total net acquisition of non-financial assets	3,288	2,160	2,274	1,899	2,231	332
NET LENDING/-BORROWING	-2,823	-2,507	-4,371	-4,041	-2,755	1,285

(a) Also known as the 'Net Result From Transactions'.

(b) Also known as the 'Comprehensive Result'.

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

Table 1.10

TOTAL NON-FINANCIAL PUBLIC SECTOR
Balance Sheet at 30 June

	2014		2015		Actual \$m (4)	Variation on EOT \$m (4) - (3)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
ASSETS						
<i>Financial assets</i>						
Cash and deposits	1,560	1,213	859	1,143	1,579	436
Advances paid	240	313	263	286	270	-16
Investments, loans and placements	8,427	8,798	8,693	7,538	8,282	744
Receivables	4,077	4,401	3,585	3,408	3,645	237
<i>Shares and other equity</i>						
Investments in other public sector entities - equity method	1,786	1,936	1,917	1,941	2,010	69
Investments in other public sector entities - direct injections	-	-	-	-	-	-
Investments in other entities	44	11	48	82	77	-5
Other financial assets	-	-	-	-	-	-
Total financial assets	16,134	16,672	15,365	14,398	15,863	1,466
<i>Non-financial assets</i>						
Land	52,405	53,499	53,898	53,599	54,084	485
Property, plant and equipment	93,583	98,222	98,149	98,269	98,630	361
Biological assets	335	321	322	318	316	-2
<i>Inventories</i>						
Land inventories	2,002	2,166	2,170	2,165	2,281	116
Other inventories	3,304	3,482	3,109	2,776	3,477	701
Intangibles	1,081	963	1,060	1,057	1,121	64
Assets classified as held for sale	28	44	28	17	71	53
Investment property	32	31	33	33	59	27
Other	384	452	710	693	452	-241
Total non-financial assets	153,153	159,179	159,478	158,928	160,492	1,564
TOTAL ASSETS	169,287	175,851	174,843	173,325	176,355	3,030
LIABILITIES						
Deposits held	187	181	188	187	53	-135
Advances received	438	459	408	408	407	-1
Borrowings	32,829	36,906	37,174	36,466	35,848	-619
Superannuation	8,017	7,624	8,185	8,687	7,702	-986
Other employee benefits	3,564	3,707	3,418	3,333	3,752	419
Payables	5,715	5,517	4,857	5,188	5,661	473
Other liabilities	1,709	2,165	2,207	1,649	1,633	-15
TOTAL LIABILITIES	52,459	56,558	56,437	55,919	55,055	-864
NET ASSETS	116,828	119,294	118,406	117,406	121,299	3,893
<i>Of which:</i>						
Contributed equity	-	-	-	-	-	-
Accumulated surplus	30,302	29,395	26,791	25,561	29,751	4,190
Other reserves	86,525	89,899	91,616	91,845	91,548	-297
NET WORTH	116,828	119,294	118,406	117,406	121,299	3,893
MEMORANDUM ITEMS						
<i>Net financial worth</i>	-36,326	-39,855	-41,072	-41,522	-39,192	2,329
<i>Net financial liabilities</i>	38,156	41,803	43,037	43,544	41,279	-2,265
<i>Net debt</i>						
Gross debt liabilities	33,454	37,546	37,770	37,062	36,308	-754
less: liquid financial assets	10,227	10,323	9,815	8,967	10,131	1,164
less: convergence differences impacting net debt	88	88	88	88	88	-
Net debt	23,139	27,134	27,867	28,007	26,088	-1,919

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

Table 1.11

TOTAL NON-FINANCIAL PUBLIC SECTOR
Statement of Changes in Equity

	Asset Revaluation Surplus \$m	Accumulated net gain on equity investments in other sector entities \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
Balance at 1 July 2013	80,919	1,748	30,260	112,927
Operating result	-	-	-450	-450
Other movements in equity	3,821	38	493	4,351
<i>Total change in net worth</i>	<i>3,821</i>	<i>38</i>	<i>43</i>	<i>3,901</i>
Balance at 30 June 2014	84,740	1,786	30,302	116,828
Balance at 1 July 2014	84,740	1,786	30,302	116,828
Operating result	-	-	-967	-967
Other movements in equity	4,799	224	416	5,438
<i>Total change in net worth</i>	<i>4,799</i>	<i>224</i>	<i>-551</i>	<i>4,471</i>
Balance at 30 June 2015	89,539	2,010	29,751	121,299

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

Table 1.12

TOTAL NON-FINANCIAL PUBLIC SECTOR
Cash Flow Statement

	2013-14	2014-15				Variation on EOT \$m (4) - (3)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Taxes received	8,244	9,040	8,780	8,595	8,366	-229
Grants and subsidies received	8,614	8,689	8,932	8,903	9,394	491
Receipts from sales of goods and services	17,573	19,006	18,179	18,469	19,113	644
Interest receipts	357	375	325	325	319	-6
Dividends and tax equivalents	177	121	119	116	131	15
Other	9,087	8,541	7,194	7,262	7,927	665
<i>Total cash received</i>	<i>44,051</i>	<i>45,772</i>	<i>43,528</i>	<i>43,670</i>	<i>45,250</i>	<i>1,580</i>
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-13,482	-14,249	-14,310	-14,418	-13,861	557
Payments for goods and services	-17,276	-19,433	-18,797	-19,001	-19,665	-663
Interest paid	-1,426	-1,460	-1,435	-1,419	-1,293	127
Grants and subsidies paid	-3,674	-3,964	-3,942	-3,966	-4,029	-63
Dividends and tax equivalents	-	-	-	-	-	-
Other payments	-4,882	-4,217	-4,125	-3,931	-4,108	-177
<i>Total cash paid</i>	<i>-40,740</i>	<i>-43,324</i>	<i>-42,609</i>	<i>-42,736</i>	<i>-42,956</i>	<i>-220</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES	3,311	2,448	919	934	2,295	1,360
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-6,809	-6,720	-6,608	-6,547	-5,767	781
Sales of non-financial assets	1,150	1,351	1,157	1,160	913	-247
<i>Total cash flows from investments in non-financial assets</i>	<i>-5,659</i>	<i>-5,369</i>	<i>-5,451</i>	<i>-5,388</i>	<i>-4,854</i>	<i>534</i>
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	22	-	-	-	18	18
For liquidity purposes	423	70	119	80	202	122
<i>Cash paid</i>						
For policy purposes	-23	-	-	-	-17	-17
For liquidity purposes	-387	-14	-32	-99	-176	-77
<i>Total cash flows from investments in financial assets</i>	<i>35</i>	<i>56</i>	<i>87</i>	<i>-19</i>	<i>27</i>	<i>45</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES	-5,624	-5,313	-5,364	-5,407	-4,828	579
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	15	25	-	-	-	-
Borrowings	23,858	16,730	17,953	17,368	20,058	2,690
Deposits received	-	-	-	-	-	-
Other financing receipts	510	35	35	34	454	420
<i>Total cash received</i>	<i>24,383</i>	<i>16,790</i>	<i>17,988</i>	<i>17,402</i>	<i>20,512</i>	<i>3,110</i>
<i>Cash paid</i>						
Advances paid	-16	-15	-15	-15	-16	-1
Borrowings repaid	-23,170	-13,842	-15,163	-14,640	-17,833	-3,193
Deposits paid	-	-	-	-	-	-
Other financing payments	-375	-240	-144	-158	-421	-263
<i>Total cash paid</i>	<i>-23,561</i>	<i>-14,098</i>	<i>-15,323</i>	<i>-14,813</i>	<i>-18,270</i>	<i>-3,457</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES	821	2,692	2,665	2,589	2,242	-347
Net increase in cash and cash equivalents	-1,491	-173	-1,780	-1,883	-291	1,592
Cash and cash equivalents at the beginning of the year	7,781	5,026	6,290	6,290	6,290	-
Cash and cash equivalents at the end of the year	6,290	4,853	4,510	4,407	5,999	1,592
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	3,311	2,448	919	934	2,295	1,360
Net cash flows from investing in non-financial assets	-5,659	-5,369	-5,451	-5,388	-4,854	534
Cash surplus/-deficit	-2,348	-2,921	-4,532	-4,453	-2,560	1,894

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

PUBLIC FINANCIAL CORPORATIONS
Operating Statement

	Notes	2013-14	2014-15			Actual \$m (4)	Variation on EOT \$m (4) - (3)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
RESULTS FROM TRANSACTIONS							
REVENUE							
Current grants and subsidies		-	-	-	-	-	-
Capital grants		-	-	-	-	-	-
Sales of goods and services		915	1,062	1,062	1,081	980	-100
Interest Income		1,712	1,989	1,882	1,837	1,702	-135
Other		7	-	-	-	3	3
Total		2,634	3,052	2,945	2,918	2,685	-233
EXPENSES							
Salaries		47	51	52	51	52	1
Superannuation							
Concurrent costs		5	5	5	5	5	-
Superannuation interest cost		-	-	-	-	-	-
Other employee costs		2	2	2	2	2	-
Depreciation and amortisation		18	16	16	15	13	-2
Services and contracts		9	11	9	9	8	-1
Other gross operating expenses		1,065	938	941	925	858	-66
Other interest		1,563	1,780	1,688	1,653	1,520	-133
Tax equivalents		6	32	32	30	46	16
Current transfers		4	4	4	4	5	1
Capital transfers		2	3	2	2	1	-1
Total		2,720	2,843	2,751	2,696	2,509	-187
NET OPERATING BALANCE ^(a)	4	-86	210	194	222	176	-46
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		311	-	-	-	253	253
Net actuarial gains/-loss - superannuation		2	-	-	-	2	2
Provision for doubtful debts		-	-	-2	-1	-3	-2
Changes in accounting policy/adjustment of prior periods		-148	-	-	-	-159	-159
Total other economic flows		165	-	-2	-1	92	93
OPERATING RESULT		79	210	193	221	268	47
<i>Other non-owner movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		-22	-	50	50	-88	-137
Gains recognised directly in equity		135	-	-	-	156	156
All other		-	-	-	-	-	-
Total other non-owner movements in equity		113	-	50	50	69	19
<i>Movements in owner equity</i>							
Dividends		-154	-101	-112	-112	-116	-5
Capital injections		-	-	-	-4	3	7
Total movements in owner equity		-154	-101	-112	-116	-114	3
TOTAL CHANGE IN NET WORTH ^(b)	4	38	109	131	155	223	69
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE		-86	210	194	222	176	-46
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		5	8	7	7	11	3
Changes in inventories		-	-	-	-	-	-
Other movement in non-financial assets		-	-	-	-	-	-
<i>less:</i>							
Sales of non-financial assets		-	-	-	-	-	-
Depreciation		18	16	16	15	13	-2
Total net acquisition of non-financial assets		-13	-9	-9	-8	-2	6
NET LENDING/-BORROWING	4	-73	218	203	230	178	-52

(a) Also known as the 'Net Result From Transactions'.

(b) Also known as the 'Comprehensive Result'.

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

Table 1.14

PUBLIC FINANCIAL CORPORATIONS
Balance Sheet at 30 June

	Notes	2014		2015		Actual \$m (4)	Variation on EOT \$m (4) - (3)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
ASSETS							
<i>Financial assets</i>							
Cash and deposits		51	24	28	24	52	29
Advances paid		3,731	5,039	4,983	4,270	4,162	-108
Investments, loans and placements		41,700	44,394	45,457	44,989	44,788	-202
Receivables		596	634	600	587	555	-32
<i>Shares and other equity</i>							
Investments in other public sector entities - equity method		-	-	-	-	-	-
Investments in other public sector entities - direct injections		-	-	-	-	-	-
Investments in other entities		1,414	1,553	1,529	1,552	1,593	41
Other financial assets		17	24	17	17	7	-10
Total financial assets		47,509	51,668	52,615	51,438	51,156	-281
<i>Non-financial assets</i>							
Land		119	118	119	119	-	-119
Property, plant and equipment		197	248	197	197	5	-192
Biological assets		-	-	-	-	-	-
<i>Inventories</i>							
Land inventories		-	-	-	-	-	-
Other inventories		-	-	-	-	-	-
Intangibles		10	10	9	10	8	-1
Assets classified as held for sale		-	-	-	-	808	808
Investment property		549	621	594	603	-	-603
Other		2	64	51	47	2	-45
Total non-financial assets		878	1,061	971	976	824	-152
TOTAL ASSETS		48,387	52,729	53,586	52,413	51,980	-433
LIABILITIES							
Deposits held		-	-	-	-	-	-
Advances received		3	2	2	2	3	1
Borrowings		43,095	47,239	47,976	46,729	46,285	-444
Superannuation		10	12	10	11	9	-2
Other employee benefits		10	9	10	10	10	1
Payables		97	81	123	188	182	-5
Other liabilities		3,387	3,451	3,548	3,534	3,481	-53
TOTAL LIABILITIES		46,601	50,793	51,669	50,472	49,971	-502
NET ASSETS		1,786	1,936	1,917	1,941	2,010	69
<i>Of which:</i>							
Contributed equity		-	-	-	-4	3	7
Accumulated surplus		1,571	1,681	1,695	1,723	1,879	156
Other reserves		215	255	222	222	128	-95
NET WORTH	4	1,786	1,936	1,917	1,941	2,010	69
MEMORANDUM ITEMS							
<i>Net financial worth</i>		-878	-1,061	-971	-976	-824	152
<i>Net debt</i>							
Gross debt liabilities		43,098	47,240	47,977	46,730	46,288	-443
less: liquid financial assets		45,483	49,457	50,469	49,282	49,002	-281
less: convergence differences impacting net debt		-	-	-	-	-	-
Net debt		-2,384	-2,217	-2,492	-2,552	-2,714	-162

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

Table 1.15

PUBLIC FINANCIAL CORPORATIONS
Statement of Changes in Equity

	Contributed Equity \$m	Asset Revaluation Surplus \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
Balance at 1 July 2013	-	237	1,511	1,748
Operating result	-	-	79	79
Other movements in equity	-	-22	135	113
<i>Total change in net worth</i>	-	-22	214	192
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	-	-	-	-
Dividends	-	-	-154	-154
<i>Total</i>	-	-	-154	-154
Balance at 30 June 2014	-	215	1,571	1,786
Balance at 1 July 2014	-	215	1,571	1,786
Operating result	-	-	268	268
Other movements in equity	-	-88	156	69
<i>Total change in net worth</i>	-	-88	425	337
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	3	-	-	3
Dividends	-	-	-116	-116
<i>Total</i>	3	-	-116	-114
Balance at 30 June 2015	3	128	1,879	2,010

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

Table 1.16

PUBLIC FINANCIAL CORPORATIONS
Cash Flow Statement

	Notes	2013-14		2014-15		Actual \$m (4)	Variation on EOT \$m (4) - (3)
		Actual \$m (1)	Budget Estimate \$m (2)	MYR Revision \$m (3)	Estimated Outturn \$m (4)		
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Grants and subsidies received		-	5	5	34	29	-5
Receipts from sales of goods and services		1,043	1,102	1,101	1,127	1,085	-42
Interest receipts		1,699	1,989	1,882	1,837	1,677	-161
Dividends and tax equivalents		-	-	-	-	-	-
Other		138	107	106	138	143	5
Total cash received		2,881	3,204	3,095	3,136	2,933	-203
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-50	-56	-56	-55	-56	-
Payments for goods and services		-883	-821	-809	-800	-822	-22
Interest paid		-1,689	-1,780	-1,688	-1,652	-1,654	-2
Grants and subsidies paid		-	-	-	-	-	-
Tax equivalents		-22	-20	-7	-4	-19	-14
Other payments		-194	-165	-165	-195	-201	-6
Total cash paid		-2,839	-2,842	-2,726	-2,707	-2,752	-44
NET CASH FLOWS FROM OPERATING ACTIVITIES		42	361	369	429	182	-247
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-5	-8	-7	-7	-11	-3
Sales of non-financial assets		-	-	-	-	-	-
Total cash flows from investments in non-financial assets		-4	-7	-7	-7	-10	-3
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		-	-	-	-	-	-
For liquidity purposes		6,689	1,585	6,692	6,706	6,855	149
<i>Cash paid</i>							
For policy purposes		-	-	-	-	-	-
For liquidity purposes		-7,019	-2,409	-8,172	-7,511	-6,556	955
Total cash flows from investments in financial assets		-330	-824	-1,481	-805	299	1,104
NET CASH FLOWS FROM INVESTING ACTIVITIES		-334	-831	-1,488	-812	288	1,100
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	-	-	-	-
Borrowings		48,837	45,116	48,801	47,778	34,072	-13,706
Deposits received		-	-	-	-	-	-
Other financing receipts		-	-	-	-	-	-
Total cash received		48,837	45,116	48,801	47,778	34,072	-13,706
<i>Cash paid</i>							
Advances paid		-	-	-	-	-	-
Borrowings repaid		-49,726	-44,512	-47,472	-47,222	-33,282	13,940
Deposits paid		-	-	-	-	-	-
Other financing payments		-	-	-	-	-	-
Dividends paid		-154	-101	-112	-112	-112	-1
Total cash paid		-49,880	-44,613	-47,583	-47,334	-33,395	13,939
NET CASH FLOWS FROM FINANCING ACTIVITIES		-1,043	503	1,217	444	677	233
Net increase in cash and cash equivalents		-1,336	33	99	61	1,148	1,087
Cash and cash equivalents at the beginning of the year		3,430	3,477	2,094	2,094	2,094	-
Cash and cash equivalents at the end of the year		2,094	3,510	2,193	2,155	3,242	1,087
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		42	361	369	429	182	-247
Net cash flows from investing in non-financial assets		-4	-7	-7	-7	-10	-3
Dividends paid		-154	-101	-112	-112	-112	-1
Cash surplus/-deficit	4	-117	253	251	310	59	-251

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

Table 1.17

TOTAL PUBLIC SECTOR^(a)
Operating Statement

	Notes	2013-14	2014-15			Actual \$m (4)	Variation on EOT \$m (4) - (3)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
RESULTS FROM TRANSACTIONS							
REVENUE							
Taxation		8,384	9,025	8,762	8,583	8,400	-183
Current grants and subsidies		8,199	8,006	7,884	7,926	8,051	125
Capital grants		547	677	1,001	922	1,263	342
Sales of goods and services		17,759	19,839	18,715	18,701	19,071	370
Interest income		614	702	634	630	648	18
Royalty income		6,025	6,176	4,368	4,440	4,603	163
Other		1,102	859	897	959	1,256	296
<i>Total</i>	6	42,630	45,285	42,260	42,161	43,292	1,131
EXPENSES							
Salaries		11,937	12,602	12,610	12,564	12,314	-250
Superannuation							
Concurrent costs		1,150	1,242	1,241	1,236	1,230	-7
Superannuation interest cost		297	354	251	191	266	75
Other employee costs		288	263	267	267	298	31
Depreciation and amortisation	9	3,220	3,383	3,419	3,382	3,226	-155
Services and contracts		3,017	3,174	3,181	3,154	2,991	-163
Other gross operating expenses	10	16,645	18,665	17,446	17,530	17,600	70
Other interest	8	1,543	1,664	1,622	1,604	1,506	-98
Other property expenses		-	-	-	-	-	-
Current transfers	7	3,695	3,772	3,786	3,796	3,886	89
Capital transfers	7	613	404	452	468	440	-28
<i>Total</i>		42,406	45,523	44,275	44,192	43,756	-436
NET OPERATING BALANCE^(b)	4	225	-238	-2,015	-2,031	-464	1,567
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		368	107	95	119	327	208
Net actuarial gains/-loss - superannuation		-140	5	-438	-1,070	60	1,130
Provision for doubtful debts		-50	-23	-23	-22	-45	-23
Changes in accounting policy/adjustment of prior periods		-928	-	-	-	-688	-688
<i>Total other economic flows</i>		-750	89	-365	-973	-345	627
OPERATING RESULT		-526	-149	-2,380	-3,004	-810	2,194
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		3,831	3,376	4,025	3,648	4,724	1,076
Gains recognised directly in equity		595	-57	-66	-66	557	623
All other		-	-	-	-	-	-
<i>Total all other movements in equity</i>		4,427	3,319	3,959	3,582	5,281	1,699
TOTAL CHANGE IN NET WORTH^(c)	4	3,901	3,170	1,579	578	4,472	3,893
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE		225	-238	-2,015	-2,031	-464	1,567
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		6,814	6,728	6,615	6,555	5,777	-777
Changes in inventories		515	-93	-195	-528	173	701
Other movement in non-financial assets		317	251	420	406	418	12
<i>less:</i>							
Sales of non-financial assets		1,151	1,351	1,157	1,160	913	-247
Depreciation		3,220	3,383	3,419	3,382	3,226	-155
<i>Total net acquisition of non-financial assets</i>		3,275	2,151	2,265	1,891	2,229	338
NET LENDING/-BORROWING	4	-3,050	-2,390	-4,280	-3,922	-2,693	1,229

(a) The accompanying notes form part of these financial statements.

(b) Also known as the 'Net Result From Transactions'.

(c) Also known as the 'Comprehensive Result'.

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

TOTAL PUBLIC SECTOR^(a)
Balance Sheet at 30 June

Table 1.18

	Notes	2014		2015		Actual \$m (4)	Variation on EOT \$m (4) - (3)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
ASSETS							
<i>Financial assets</i>							
Cash and deposits		1,610	1,236	886	1,166	1,631	465
Advances paid		3,968	5,350	5,245	4,554	4,429	-125
Investments, loans and placements		15,419	12,520	13,491	13,942	15,190	1,247
Receivables	12	4,355	4,704	3,851	3,640	3,747	107
Equity - Investments in other entities		1,457	1,564	1,578	1,634	1,670	36
Other financial assets		17	24	17	17	7	-10
<i>Total financial assets</i>		26,826	25,400	25,068	24,953	26,674	1,721
<i>Non-financial assets</i>							
Land	16	52,524	53,617	54,017	53,718	54,084	366
Property, plant and equipment	17,18	93,780	98,470	98,346	98,467	98,636	169
Biological assets	13	335	321	322	318	316	-2
Inventories	11						
Land inventories		2,002	2,166	2,170	2,165	2,281	116
Other inventories		3,304	3,482	3,109	2,776	3,477	701
Intangibles	20	1,091	973	1,069	1,067	1,129	63
Assets classified as held for sale	14	28	44	28	17	879	861
Investment property	15	581	652	627	635	59	-576
Other		386	515	762	740	454	-286
<i>Total non-financial assets</i>		154,031	160,240	160,449	159,903	161,315	1,412
TOTAL ASSETS		180,857	185,640	185,517	184,856	187,989	3,133
LIABILITIES							
Deposits held		186	181	187	187	52	-135
Advances received		438	459	408	408	407	-1
Borrowings	21	41,216	43,473	44,490	44,610	44,252	-358
Superannuation	22	8,027	7,635	8,196	8,698	7,710	-988
Other employee benefits	23	3,574	3,716	3,427	3,343	3,763	420
Payables		5,757	5,522	4,921	4,719	5,705	986
Other liabilities	24	4,832	5,361	5,481	5,485	4,800	-685
TOTAL LIABILITIES		64,029	66,346	67,110	67,450	66,690	-761
NET ASSETS		116,828	119,294	118,406	117,406	121,299	3,893
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		31,873	31,076	28,485	27,284	31,630	4,346
Other reserves		84,955	88,218	89,921	90,122	89,669	-453
NET WORTH	4	116,828	119,294	118,406	117,406	121,299	3,893
MEMORANDUM ITEMS							
<i>Net financial worth</i>		-37,204	-40,295	-42,043	-42,497	-40,016	2,481
<i>Net financial liabilities</i>		38,661	41,859	43,621	44,131	41,686	-2,445
<i>Net debt</i>							
Gross debt liabilities		41,840	44,112	45,085	45,205	44,712	-494
less: liquid financial assets		20,997	19,106	19,622	19,662	21,250	1,587
less: convergence differences impacting net debt		88	88	88	88	88	-
<i>Net debt</i>		20,754	24,918	25,375	25,455	23,374	-2,081

(a) The accompanying notes form part of these financial statements.

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

Table 1.19

TOTAL PUBLIC SECTOR
Statement of Changes in Equity

	Asset Revaluation Surplus \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
Balance at 1 July 2013	81,155	31,772	112,928
Operating result	-	-526	-526
Other movements in equity	3,799	627	4,426
<i>Total change in net worth</i>	<i>3,799</i>	<i>101</i>	<i>3,900</i>
Balance at 30 June 2014	84,955	31,873	116,828
Balance at 1 July 2014	84,955	31,873	116,828
Operating result	-	-810	-810
Other movements in equity	4,715	567	5,281
<i>Total change in net worth</i>	<i>4,715</i>	<i>-243</i>	<i>4,472</i>
Balance at 30 June 2015	89,669	31,630	121,299

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

Table 1.20

TOTAL PUBLIC SECTOR^(a)
Cash Flow Statement

	Notes	2013-14		2014-15			Variation on EOT \$m (4) - (3)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received		8,186	8,976	8,716	8,532	8,305	-227
Grants and subsidies received		8,614	8,689	8,932	8,903	9,394	491
Receipts from sales of goods and services		18,277	19,763	18,936	19,236	19,836	600
Interest receipts		692	737	695	683	748	65
Dividends and tax equivalents		-	-	-	-	-	-
Other		9,217	8,644	7,295	7,394	8,065	671
Total cash received		44,987	46,809	44,573	44,748	46,347	1,600
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-13,533	-14,304	-14,367	-14,474	-13,917	557
Payments for goods and services		-17,815	-19,910	-19,910	-19,441	-20,123	-682
Interest paid		-1,751	-1,614	-1,610	-1,592	-1,699	-107
Grants and subsidies paid		-3,674	-3,960	-3,937	-3,932	-4,001	-68
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-5,016	-4,314	-4,222	-4,057	-4,244	-187
Total cash paid		-41,789	-44,101	-43,397	-43,496	-43,983	-487
NET CASH FLOWS FROM OPERATING ACTIVITIES	25	3,198	2,708	1,176	1,252	2,364	1,113
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-6,814	-6,728	-6,615	-6,555	-5,777	777
Sales of non-financial assets		1,151	1,351	1,157	1,160	913	-247
Total cash flows from investments in non-financial assets		-5,663	-5,376	-5,458	-5,395	-4,864	530
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		22	-	-	-	18	18
For liquidity purposes		7,112	1,655	6,811	6,786	7,056	270
<i>Cash paid</i>							
For policy purposes		-23	-	-	-	-17	-17
For liquidity purposes		-7,406	-2,423	-8,204	-7,610	-6,732	878
Total cash flows from investments in financial assets		-295	-768	-1,394	-824	325	1,149
NET CASH FLOWS FROM INVESTING ACTIVITIES		-5,958	-6,144	-6,852	-6,219	-4,539	1,680
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		15	25	-	-	-	-
Borrowings		25,724	31,214	33,185	33,161	16,256	-16,905
Deposits received		-	-	-	-	-	-
Other financing receipts		510	35	35	34	454	420
Total cash received		26,249	31,275	33,220	33,195	16,711	-16,485
<i>Cash paid</i>							
Advances paid		-16	-15	-15	-15	-16	-1
Borrowings repaid		-25,924	-27,723	-29,066	-29,877	-13,242	16,636
Deposits paid		-	-	-	-	-	-
Other financing payments		-375	-240	-144	-158	-421	-263
Total cash paid		-26,316	-27,979	-29,225	-30,051	-13,679	16,372
NET CASH FLOWS FROM FINANCING ACTIVITIES		-67	3,296	3,994	3,145	3,032	-113
Net increase in cash and cash equivalents		-2,827	-140	-1,681	-1,822	857	2,679
Cash and cash equivalents at the beginning of the period		11,210	8,502	8,383	8,383	8,383	-
Cash and cash equivalents at the end of the period	26	8,383	8,361	6,702	6,560	9,239	2,679
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		3,198	2,708	1,176	1,252	2,364	1,113
Net cash flows from investing in non-financial assets		-5,663	-5,376	-5,458	-5,395	-4,864	530
Cash surplus/-deficit	4	-2,465	-2,668	-4,282	-4,143	-2,500	1,643

(a) The accompanying notes form part of these financial statements.

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

Notes to the Financial Statements

NOTE 1: MISSION STATEMENT THE GOVERNMENT OF WESTERN AUSTRALIA

The Government of Western Australia (the reporting entity hereafter referred to as ‘the public sector’) is created by the Western Australian *Constitution Act 1889*.

The Executive Council is the governing body responsible for the control and management of the operations, affairs, concerns and property of the public sector. The Executive Council consists of the Governor, the Premier, and Ministers of the Crown, and is hereafter referred to as ‘the State Government’.

The principal office of the State Government is situated at Parliament House, Harvest Terrace, West Perth, Western Australia.

The State Government’s mission is to achieve four key objectives:

- contribute to securing Western Australia’s economic future;
- provides efficient delivery of high quality health, education and other services;
- supports and protect the community to improve the lives of Western Australians now and into the future; and
- invests in infrastructure that is critical to build the State and to deliver the Government’s vision.

This was summarised in the 2014-15 Government Financial Strategy Statement in Budget Paper No. 3: *Economic and Fiscal Outlook*:

“The Government is committed to increasing prosperity and securing the State’s economic future. Critical to this objective is the provision of high quality, cost-efficient government services and an infrastructure program that will substantially increase the State’s productive and social capital.”

Consistent with the requirements of the *Government Financial Responsibility Act 2000*, the Financial Strategy Statement also includes reference to whole-of-government financial targets which are discussed in Chapter 2 of this report.

The public sector is a not-for-profit entity funded primarily through Commonwealth grants, State taxation, territorial (mining) revenue and user charges.

NOTE 2: STATEMENT OF COMPLIANCE

Compliance Framework

The financial statements of the general government sector and the total public sector for the year ended 30 June 2015 have been prepared in accordance with applicable Australian Accounting Standards (AAS) and Interpretations, in particular AASB 1049: *Whole of Government and General Government Sector Financial Reporting*.

The Standard under which the general government sector financial statements are prepared does not require full application of AASB 127: *Consolidated and Separate Financial Statements* and AASB 139: *Financial Instruments: Recognition and Measurement*. Assets, liabilities, income, expenses and cash flows of government controlled entities that are in the public non-financial corporations sector and the public financial corporations sector are not separately recognised in the general government sector financial statements. Instead, the general government sector financial statements recognise an asset, being the controlling equity investment in those entities, and recognise a gain or loss relating to changes in the carrying amount of that asset, measured in accordance with AASB 1049.

In compliance with AASB 1049, and where consistent with accounting standards, Government Financial Statistics (GFS) concepts, sources and methods are used. In Australia, GFS standards are promulgated by the Australian Bureau of Statistics (ABS).

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Statement

The whole-of-government financial statements of the Government of Western Australia constitute general purpose financial statements.

The financial statements presented in this *Annual Report on State Finances* are required under section 14A(3) of the *Government Financial Responsibility Act 2000* (GFRA) and the regulations of that Act.

(b) Reporting Entity

The reporting entities are the Government of Western Australia (the total public sector or whole-of-government) and the general government sector, and include entities under their control.

The general government sector is not a separate entity, but represents a component of the Government of Western Australia reporting entity. The purpose of the general government sector financial statements is to provide users with information about the stewardship of central government by the State Government and accountability for the resources entrusted to it. It also provides information about the financial position, changes in net assets/liabilities, performance and cash flows of the general government sector.

The statistical framework also classifies sub-sectors in accordance with the principles and rules contained in the ABS' *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005* (ABS GFS Manual). The entities forming part of each sector are referred to as agencies in these financial statements and Note 34: *Composition of sectors* contains a full list of agencies forming each of the sectors listed below.

General government sector

The general government sector comprises public sector agencies that are engaged mainly in the provision of services outside the normal market mechanism, or that provide for the transfer of income for public policy purposes. Costs are financed predominantly from centrally collected revenue such as taxes, Commonwealth grants and mining royalties.

Public non-financial corporation sector

The public non-financial corporation sector comprises those non-financial public sector agencies engaged mainly in the production of goods and services for sale in the market and whose objective is to recover at least a significant proportion of operating costs through charges for their goods and services.

Public financial corporation sector

The public financial corporation sector comprises those public sector agencies engaged primarily in financial activities, such as providing central borrowing authority and public sector insurance services.

Control

The control of an agency by the State Government is taken to exist where the:

- agency is accountable to the State Government;
- the State Government, through the public sector, has a residual financial interest in the net assets of that agency; and
- the State Government has the power to control the financial and operating policies of an agency so as to obtain benefits from its activities.

Where control of an agency is obtained during a financial year, results are included in the Operating Statement from the date on which control commenced. Where control of an agency ceased during a financial year, results are included for that part of the year for which control existed.

Specific details of agencies controlled by the State Government and consolidated in the public sector are shown in Note 34: *Composition of sectors*. A detailed list of other entities nominally referred to as public sector agencies that are not included in the consolidated financial statements, is also shown in Note 34. Exclusion of these agencies is based on the criteria of control noted above.

Most agencies have 30 June reporting dates. Where agencies have reporting dates other than 30 June, the data incorporated in this appendix are based on either:

- management accounts to 30 June; or
- the latest financial statements.

The use of management financial data or the latest financial statements in these cases does not have a material effect on these consolidated financial statements.

(c) Basis of Preparation

The financial statements of the total public sector and the general government sector have been prepared in accordance with AASB 1049, the Compliance Framework and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The ABS 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.

The Balance Sheet and Operating Statement have been prepared on an accrual basis of accounting and assets and liabilities are shown at fair value unless otherwise stated.

The accounting policies applied in the preparation of the financial statements have been consistently applied throughout all periods presented.

Assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to or from the reporting entity and the amounts of the assets or liabilities can be reliably measured.

Accounting policies are selected and applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability. The judgements made in the process of applying accounting policies consistent with AASs that had the most significant effect on the amounts recognised in the financial statements are disclosed, where applicable, in the relevant notes to the financial statements.

(d) Accounting Judgements, Estimates and Assumptions

In the preparation of the consolidated financial statements, public sector entities are required to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at reporting date and the reported revenue and expenses during the reporting period.

On an ongoing basis, the public sector and its controlled entities evaluate estimates and judgements in relation to assets, liabilities, contingent assets and liabilities, revenue and expenses, based on historical experience and various other factors (such as discount rates used in estimating provisions and estimating the useful life of key assets) that are believed to be reasonable under the circumstance, the results of which form the basis of making judgements about the carrying values of assets and liabilities. Actual results may differ from these estimates.

Contingent assets and liabilities are not recognised in the Balance Sheet but are discussed in a note to the consolidated financial statements. They may arise through uncertainty as to the existence, settlement or measurement of an asset or liability and are recognised once this uncertainty is removed.

Judgements, estimates and assumptions that have significant effects on the financial statements are disclosed in the notes to the financial statements. These judgements and assumptions relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 19: *Fair value measurements*);
- superannuation expense and liability (refer to Note 22: *Superannuation*);
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 23: *Other employee benefits*); and
- provisions for outstanding insurance claims (refer Note 24: *Other liabilities*).

(e) Presentation and Rounding of Amounts

The consolidated financial statements are presented in Australian dollars and all amounts are rounded to the nearest million dollars (\$m). As a consequence, columns and rows may not always add due to rounding.

(f) Foreign Currency

Transactions in currencies other than Australian dollars are recorded at the rates of exchange prevailing on the settlement date of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

In order to hedge its exposure to certain foreign exchange risks, the public sector enters into forward contracts and options (see *Derivatives* in Note 31: *Financial Instruments* for details of the public sector accounting policies in respect of such derivative financial instruments).

(g) Basis of Consolidation

The consolidated financial statements of the reporting entity include the assets and the liabilities of the public sector and its controlled agencies at the end of the financial year and the revenue and expenses of the public sector and its controlled agencies for the year.

The consolidated financial statements include the information and results of each controlled agency from the date on which the State Government obtained control and until such time as the State Government ceased to control the agency.

For the purposes of reporting the public sector as a single economic entity, all material transactions and balances and unrealised gains between agencies under State Government control are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, the accounting policies and reporting periods of controlled agencies have been aligned with those adopted by the public sector as a whole, to achieve consistency. This approach has not materially affected the revenue and expenses or the assets and liabilities at the reporting date.

(h) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable net of the amount of goods and services tax payable and net of discounts, rebates, concessions and allowances.

The policies adopted for the recognition of significant categories of revenue are as follows.

Taxation revenue

Revenue is recognised at the time when tax payments are due and payable, according to taxation law or upon issue of an assessment. The basis of recognition for each major type of taxation revenue is shown in the following table.

Major Type of Taxation Revenue	Basis of Revenue Recognition
Stamp duty	On receipt of cash (self-assessment method), plus on the issue of an assessment.
Payroll tax and betting taxes	On receipt of cash (self-assessment method), plus on the issue of an assessment to amend self-assessed liability.
Land tax	On issue of assessment.
Motor vehicle and drivers licences	On receipt of cash.

Grants and subsidies revenue

With the exception of North West Shelf royalty grants and Commonwealth Condensate Compensation grants (which are subject to lags between production, assessment and cash payments), revenue from the Commonwealth and other grant contributions, whether for recurrent operational or for capital purposes, are recognised as revenue in the period in which the public sector gains control over the assets, which is usually when cash is received.

Sale of goods and services

Revenue from the sale of goods, including regulatory fees, is recognised (net of returns, discounts, rebates, concessions and allowances) when control of the goods and the significant risks and benefits incidental to ownership have passed to the buyer.

Revenue from rendering of services is recognised on a stage of completion basis. The stage of completion is determined according to the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

Interest income

Interest revenue is accrued on a time proportion basis, by reference to the principal outstanding and taking into account the effective yield on the financial asset.

Revenue from public corporations

Dividends, income tax equivalent revenue and local government rate equivalent revenue for the general government sector represents income from the public corporations sectors. Dividends are recognised as revenue when the right to receive payment is established, while tax and rate equivalent revenue is recognised in the period it is earned.

Royalty income

Mineral and petroleum royalties from companies operating under government legislation are recognised on an accrual basis in accordance with the substance of the relative agreements considering the base on which the royalty is calculated. Under current systems, the base can be production, royalty value, net cash flows or profit.

(i) Expense Recognition

Expenses are recognised when incurred and are reported in the financial year to which they relate. The policies adopted for the recognition of significant categories of expenses are as follows.

Salaries

Salaries include wages and salaries, leave entitlements, redundancy payments and district allowances.

Superannuation

The superannuation expense (concurrent cost) of the defined benefit plans relates to current service cost which is the cost of employer financed benefits that are expected to accrue for defined benefit members during the reporting period.

The superannuation expense (concurrent cost) of the defined contribution plans is recognised as and when the contributions fall due.

Actuarial gains or losses relating to remeasurement adjustments and changes in actuarial assumptions of the defined benefit plans are reported separately as 'other economic flows'.

Superannuation interest cost

The carrying cost of superannuation liabilities is recognised as an interest cost. This cost is estimated based on the discount rate used to value the gross superannuation liability, less the expected return on plan assets.

Depreciation and amortisation

Depreciation of non-financial physical assets (excluding inventories) is generally provided on a straight line basis at rates based on the expected useful lives of those assets. The expected useful life for each class of depreciable asset is provided at Note 3(k).

Amortisation is provided on leasehold improvements, intangible assets and on assets held under finance leases and is calculated on a straight line basis, generally over the expected useful lives of the underlying assets.

Other interest

Interest costs include interest charges, finance lease charges and borrowing costs. Interest costs are expensed in the period in which they are incurred. Interest expense is recognised as it accrues and includes items of a similar nature realised in managing portfolios. Any realised gains or losses on financial liabilities are also recognised as interest.

Borrowing costs for qualifying assets are capitalised net of any investment income earned on the unexpended portion of the borrowings.

Current and capital transfers

Current and capital transfers include grants and subsidies and other payments made to other sectors of government and to non-government organisations for the delivery of services. They are recognised as an expense to the extent when the grantee meets conditions such as grant eligibility criteria, or has provided the service or facilities required under the grant agreement.

(j) Other Economic Flows

Other economic flows are changes in volume or value of an asset or liability that do not result from transactions.

Net gains on assets/liabilities***Realised gains (or losses) on disposal of non-financial assets***

Net gains (or losses) arising on the disposal or retirement of a non-current asset are recognised when control of the asset and the significant risks and benefits incidental to ownership have passed to the buyer.

Impairment – non-financial assets

Impairment losses are recognised as a non-transaction cost when an asset's carrying amount exceeds its recoverable amount.

Net actuarial gains (or losses)

Actuarial gains (or losses) on superannuation defined benefit plans are recognised in the period in which they occur.

(k) Land, and other Property, Plant and Equipment***Initial recognition and measurement***

All items of land and other property, plant and equipment are initially recognised at cost.

Subsequent recognition and measurement

After initial recognition, the public sector has adopted the following measurement models.

Class of Asset	Subsequent Measurement
Land (including land under roads)	Fair value
Buildings	Fair value less accumulated depreciation and accumulated impairment losses
Infrastructure – road network	Fair value less accumulated depreciation and accumulated impairment losses
Infrastructure – water storage and distribution	Fair value less accumulated depreciation and accumulated impairment losses
– electricity generation and transmission	
– other	
Plant, equipment and other	Fair value less accumulated depreciation and accumulated impairment losses

Revaluations

Non-financial physical assets are revalued with sufficient regularity to ensure that the carrying amount of an asset does not differ materially from its fair value at the end of the reporting period.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation movements are recognised in 'all other movements in equity' and accumulated in equity under the asset revaluation surplus.

Land

The fair value attributed to the land component of government owned non-current real estate assets (excluding land under roads) for financial reporting purposes is determined on the basis of highest and best use taking into consideration the legal, physical and economic restrictions affecting the sites ability to realise that potential.

Fair value is defined in AASB 116: *Property, Plant and Equipment* as the amount for which an asset could be exchanged, between knowledgeable parties in an ‘arm’s length’ transaction. There is a going concern presumption and it is assumed that an asset is exchanged after an adequate period of marketing.

The fair value of land under roads (i.e. land within road reserves) is based on the market value of the land adjoining the road reserve. The land values are provided by geographic location on an annual basis by the Western Australian Land Information Authority (Valuation Services) as follows:

- Metropolitan area - median value for single residential land for each Local Government Area. Land parcels up to 899 square metres are assumed to have a single residential zoning;
- South West region – nominal unimproved valuation rates covering the south west of the State from Geraldton to Esperance; and
- Balance of State – nominal unimproved valuation rates based on leasehold rates for Crown land.

Buildings

The fair value of buildings is based on current market values determined by reference to recent market transactions. Where market evidence is not available, the fair value of buildings is determined on the basis of existing use where buildings are specialised. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset (i.e. the depreciated replacement cost).

Building valuations are provided by the Western Australian Land Information Authority (Valuation Services), or by other independent professional valuers, with sufficient regularity, such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Buildings in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the asset is ready for their intended use.

Infrastructure

The fair value of Infrastructure – Road Network, has been determined by reference to the current depreciated replacement cost (existing use basis) as the assets are specialised and no market evidence of value is available. The replacement cost is determined by Main Roads every three years by reference to the cost of a new asset and adjusted in the intervening years by reference to a cost index (ABS Road and Bridge Construction Cost Index) to ensure asset values do not materially differ from fair value. The value of roads and principal shared paths (earthworks, drainage, pavements and seals), bridges and road furniture at 30 June 2015 is based on the current depreciated replacement cost determined at 30 June 2014 by Main Roads and the ABS Road and Bridge Construction Cost Index has been applied to ensure asset values do not materially differ from fair value. When Infrastructure – Road Network is revalued, the accumulated depreciation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Infrastructure in the course of construction is carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the asset is ready for their intended use.

Plant, equipment and other assets

Plant, equipment and other assets are stated at fair value which approximates carrying value (cost less accumulated depreciation and accumulated impairment losses).

Art collections and artefacts classified as heritage assets are stated at fair value. The revaluation of art works and artefacts is an independent valuation, provided by independent professional valuers, by reference to the current replacement cost as the assets are specialised and no market evidence of value is available.

Depreciation

All property, plant and equipment assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Land is not depreciated as it is deemed to have an indefinite life.

Depreciation is generally calculated using the straight-line method (as adjusted for any impairment), over the estimated useful lives of the assets. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each financial year.

The following table summarises the expected useful lives for each class of depreciable asset in both the current and prior years used in compiling these financial statements.

CLASS OF ASSET	DEPRECIATION YEARS
<i>Buildings</i>	20 – 50 years
<i>Infrastructure – Road network</i>	
Roads	40 – 50 years
Bridges	60 – 100 years
Earthworks	Up to 173 years
<i>Infrastructure – Water, storage and distribution</i>	
Pipelines and fittings	30 – 110 years
Dams and reservoirs	30 – 120 years
Drains and channels	20 – 150 years
<i>Infrastructure – Electricity generation and transmission</i>	
Electricity generation and transmission	20 – 45 years
<i>Infrastructure – Other</i>	
Harbour and ports	40 – 100 years
Forestry	20 years
<i>Plant, equipment and other</i>	4 – 15 years

Assets held under finance leases are depreciated over the shorter of the lease term and their expected useful lives on the same basis as owned assets.

Disposal

The gain or loss arising on disposal or retirement of an asset (calculated as the difference between the carrying amount of the asset at the time of disposal and the net disposal proceeds), is included in the Operating Statement in the period the item is disposed.

Where an asset that has been previously revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is retained in the asset revaluation surplus.

(I) Private Sector Financed Infrastructure Assets (Service Concession Arrangements)

Certain private sector financed infrastructure arrangements provide for a private sector entity to design, construct, operate and maintain certain infrastructure assets for a specified concession period, after which the infrastructure is transferred back to the public sector.

There is currently no accounting standard or Interpretation applicable to the public sector that specifically addresses the accounting for private sector financed infrastructure assets.

Pending the development of an accounting model applicable to the public sector for assets used to provide public services under service concession arrangements, the interest of the public sector in such arrangements is recognised as an asset, being the emerging interest in the remaining service potential to be transferred. The emerging interest is recognised from the date of completion of construction and valued by reference to the written down value of the right to receive the asset at the date of transfer.

(m) Biological Assets

Biological assets in the form of standing trees in native and plantation forests are stated at fair value less estimated point-of-sale costs and costs necessary to get the assets to market. Standing trees are physically attached to land located within forest plantations which are measured separately from land.

The fair value of the biological asset is based on its present location and condition and is measured as the present value of expected net cash flows of the harvest based on the productive forestland, discounted at a current market-determined pre-tax rate.

Gains or losses arising from changes in the fair value of standing trees, are taken to account as gains or losses in the Operating Statement.

(n) Investment Properties

Initial recognition and measurement

Investment properties are held for rental yield and capital appreciation and are initially recognised at cost.

Subsequent recognition and measurement

After initial recognition, the public sector has adopted the fair value model. Investment properties are carried at fair value and no depreciation is provided in respect of buildings.

The fair value of investment properties is determined by reference to market based evidence, having regard to current economic and market conditions at reporting date. Valuations are performed annually by an independent professional valuer.

Gains and losses arising from changes in the fair value of investment properties are included in the Operating Statement in the year in which they arise.

(o) Intangible Assets

Acquired and internally developed intangible assets are initially measured at cost. The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Amortisation is calculated for the period of the expected benefit (estimated useful life) on a straight-line basis using rates which are reviewed annually. All intangible assets controlled by the public sector have a finite useful life and zero residual value.

Expected useful lives for all classes of intangible asset are assumed to be 3 to 5 years.

(p) Assets Held for Sale

Assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell and are presented separately from other assets in the Balance Sheet. These assets are not depreciated or amortised while they are classified as held for sale.

(q) Impairment of Assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the public sector is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of asset is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

Intangible assets not yet available for use or with an indefinite useful life are tested for impairment each reporting period irrespective of whether there is any indication of impairment. Tests are undertaken by agencies at the end of each reporting period.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

(r) Leases

Finance lease rights and obligations are initially recognised, at the commencement of the lease term, as assets and liabilities at amounts equal to the fair value of the leased item or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The assets are disclosed as holdings, infrastructure and/or property, plant and equipment (as applicable), and depreciated over the estimated useful life of the assets.

Minimum lease payments are apportioned between finance charges and reduction of the outstanding lease liability according to the interest rate implicit in the lease. Finance charges are taken to account as a finance cost expense in the Operating Statement.

(s) Inventories

Inventories, other than inventories held for distribution, are measured at the lower of cost and net realisable value. Costs are assigned using the weighted average cost or the 'first in first out' method.

Inventories consisting of land held for development and resale are valued at the lower of cost and net realisable value. Costs include the cost of acquisition and development.

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential.

(t) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents also comprise restricted cash and cash equivalents (which includes cash held for specific purposes). These include cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

(u) Financial Instruments

Financial assets and liabilities are recognised on the Balance Sheet when the public sector becomes a party to the contractual provisions of the financial instrument. The public sector has the following categories of financial instruments:

- cash and cash equivalents;
- loans and receivables;
- held-for-trading financial assets;
- available-for-sale financial assets with quoted market price in an active market;
- available-for-sale without quoted market price in an active market;
- trading financial liabilities;
- non-trading financial liabilities; and
- derivatives.

Fair value of financial instruments

The fair value of financial instruments is determined based on quoted market prices, where available, or on estimates using present values or other valuation techniques. These techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Where market prices are not readily available, fair value is either based on estimates obtained from independent experts or quoted market prices of comparable instruments. The principal methods and assumptions used in estimating the fair value of the following financial instruments are outlined below.

Receivables

Receivables are recognised and carried at original invoice amount less any allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amount (doubtful debts) is based on objective evidence of impairment. The carrying amount is equivalent to fair value, as it is due for settlement within 30 days. Receivables generally do not carry any interest.

Investments

Investments in controlled agencies are recorded at the general government sector's proportional share of the carrying amount of net assets of public corporations sector entities before consolidation eliminations.

Investments are classified as an available-for-sale investment if that asset can be revalued to fair value where an active market exists. For available-for-sale investments at fair value, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the Operating Statement for the period.

Other investments are also classified as an available-for-sale investment but are stated at cost where an active market does not exist or when fair value cannot otherwise be determined. For available-for-sale investments at cost, the gains and losses are recognised directly in the Operating Statement on disposal or if determined to be impaired.

Dividend revenue is recognised in the Operating Statement when the right to receive payment is established.

Loans and advances

Loans and advances are recognised at the original loan and advance amount at cost less principal repayments and any appropriate allowances and provision for uncollectible amounts (impairment).

Interest revenue is accrued on a time basis, by reference to the principal outstanding and using the effective interest rate yield method.

Payables

Payables are recognised when the public sector becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are settled within 30 days. Accounts payable are not interest bearing.

Borrowings

Borrowings are predominantly conducted by the Western Australian Treasury Corporation (WATC), which operates in capital markets as the central borrowing authority of the public sector.

All borrowings are initially recognised at the fair value of the net proceeds received.

Subsequent fair value measurements are calculated using current lending rates for similar borrowings with remaining maturities consistent with the debt being valued. Unrealised gains or losses arising from changes in fair value are recognised in the Operating Statement.

Derivatives

The public sector does not speculate on trading of derivatives, but uses appropriate hedging strategies to limit any material currency risk and interest rate risk. Derivatives are used exclusively to hedge interest rate and foreign currency exposures.

All derivative financial instruments are recognised in the Balance Sheet and measured at fair value. The fair values for derivative financial instruments are obtained from quoted market prices. Application of hedge accounting will only be available where specific designation and effectiveness criteria are satisfied. Where hedge accounting cannot be achieved for on-going risk mitigation activity, the changes in the fair value of derivative financial instruments are recognised in the Operating Statement as they arise.

(v) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Superannuation

The public sector provides superannuation benefits under two types of schemes: defined benefit plans and defined contribution plans.

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers the following State public sector plans:

- Defined Benefit Plans:
 - Pension Scheme, which was closed to new members on 15 August 1986;
 - Judges Pension Scheme; which is open to members of the judiciary;
 - Parliamentary Pension Scheme, which was closed to new members on 10 October 2000; and
 - Gold State Superannuation (GSS) Scheme, which was closed to new members on 29 December 1995;

- Defined Contribution Plans:
 - West State Superannuation (WSS) Scheme which was closed to new members on 16 April 2007; and
 - GESB Super Scheme which commenced on 16 April 2007 for all new Western Australian public sector employees.

From 30 March 2012, existing members of the WSS, GESB Super schemes, and new employees, have been able to choose their preferred superannuation fund provider. Agencies make contributions to GESB or other fund providers on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish agency liabilities for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS Scheme.

The defined benefit plans are superannuation plans that define the benefit amount that an employee will be entitled to receive upon retirement taking into account expected future salary increases and other actuarial assumptions such as mortality and retirement rates. Defined benefit plan contributions are calculated based upon regulatory requirements and/or plan terms. The defined benefit obligations and the related services costs are determined separately for each plan at each reporting date by a qualified actuary, using the Projected Unit Credit method.

The expected future payments are discounted to present value using market yields at the reporting date on Commonwealth government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses of the defined benefits superannuation plans are immediately recognised in the Operating Statement. The superannuation expense of the defined contribution plans is recognised as and when the contributions fall due.

The amounts recognised in the Balance Sheet represent the present value of the defined benefit obligations, reduced by the fair value of the associated plan assets. The assets of these plans are held separately from the public sector's general assets.

The defined contribution plans are superannuation plans in which the employer pays a defined contribution amount into a separate fund. Contributions to defined contribution plans are charged to the Operating Statement as incurred. The public sector has no further obligation to the plans as scheme members assume the investment risk. The unfunded portion of the WSS scheme, left over after full-funding arrangements were put in place in 2001, is being amortised over the period to 2021.

See also Note 3(i): *Expense Recognition – Superannuation*.

Other employee benefits

Annual Leave and Long Service Leave

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments, consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match as closely as possible the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the public sector does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Other compensated absences

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken in each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised in the Operating Statement for this leave as it is taken.

Other provisions

Employment On-costs

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

Decommissioning, Restoration and Rehabilitation

A provision is recognised where the public sector has a legal or constructive obligation in respect of plant decommissioning, restoration and site rehabilitation works. Estimates are based on the present value of expected future cash outflows.

(w) Initial Application of Australian Accounting Standards

The following Australian Accounting Standards have been applied effective for annual reporting periods beginning on or after 1 July 2014.

- AASB 10: *Consolidated Financial Statements*. This Standard introduces a number of changes to accounting treatments. There is no financial impact resulting from the application of this Standard.
- AASB 11: *Joint Arrangements*. This Standard supersedes AASB 131: *Interests in Joint Ventures* and introduces new principles for determining the type of joint arrangement that exists, which are more aligned to the actual rights and obligations of the parties to the arrangement. There is no financial impact resulting from the application of this Standard.
- AASB 12: *Disclosure of Interest in Other Entities*. This Standard replaces disclosure requirements under AASB 127: *Consolidated and Separate Financial Statements* and AASB 131: *Interests in Joint Ventures*. There is no financial impact resulting from the application of this Standard.
- AASB 127: *Separate Financial Statements*. This Standard introduces a number of changes to accounting treatments, replacing AASB 127: *Consolidated and Separate Financial Statements*. There is no financial impact resulting from the application of this Standard.
- AASB 128: *Investments in Associates and Joint Ventures*. This Standard replaces AASB 128: *Investments in Associates*, introducing a number of changes to accounting treatments. There is no financial impact resulting from the application of this Standard.
- AASB 1031: *Materiality*. This Standard removes Australian guidance on materiality not available under International Financial Reporting Standards (IFRS) and makes references to other Australian pronouncements that contain guidance on materiality. There is no financial impact resulting from the application of this Standard.
- AASB 1055: *Budgetary Reporting*. This specifies budgetary disclosure requirements for the general government sector. There is no financial impact resulting from the application of this Standard.
- AASB 2011-7: *Amendments to Australian Accounting Standards Arising From the Consolidation and Joint Arrangements Standard [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]*. This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 and AASB 128. There is no financial impact resulting from the application of this Standard.

- AASB 2012-3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]*. This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria. There is no financial impact resulting from the application of this Standard.
- AASB 2013-3: *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*. This Standard introduces editorial and disclosure changes. There is no financial impact resulting from the application of this Standard.
- AASB 2013-4: *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]*. This Standard permits the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counter-party to a central counter-party as a consequence of laws or regulations. There is no financial impact resulting from the application of this Standard.
- AASB 2013-8: *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]*. This Standard becomes effective for reporting periods on or after 1 January 2014 and provides guidance in determining whether a not-for-profit entity controls another entity when financial returns are not a key attribute of the investor’s relationship. The full impact of this amendment is still being assessed.
- AASB 2013-9: *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*. This Standard becomes effective for periods beginning on or after 1 January 2014 and makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards. There is no financial impact resulting from the application of this Standard.
- AASB 2014-1: *Amendments to Australian Accounting Standards*. This Standard consists primarily of clarifications to other Standards and removes references to AASB 1031: *Materiality* from a number of Accounting Standards. There is no financial impact resulting from this Standard.
- AASB 2015-7: *Amendments to Australia Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. This Standard relieves not-for-profit public sector entities from the reporting burden associated with various disclosures required by AASB 13 for assets within the scope of AASB 116 that are held for their current service potential rather than to generate future net cash inflows. There is no financial impact resulting from this Standard. Following approval from the Under Treasurer, this standard has been early adopted in 2014-15.
- Interpretation 21: *Levies*. This Interpretation outlines the circumstances under which a liability to pay a government levy imposed shall be recognised. There is no financial impact resulting from this Interpretation.

(x) Future Impact of Australian Accounting Standards Not Yet Operative

The public sector and general government sector have not applied the following Australian Accounting Standards that have been issued but are not yet effective. These will be applied from their application date:

- *AASB 9: Financial Instruments*. This Standard supersedes AASB 139: *Financial Instruments: Recognition and Measurement* and amends the mandatory application date of this Standard to become effective for reporting periods beginning on or after 1 January 2018. The full impact of these Standards is still being assessed.
- *AASB 15: Revenue from Contracts with Customers*. This Standard becomes effective for reporting periods beginning on or after 1 January 2017 and establishes the principles that apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The full impact of this Standard is still being assessed.
- *AASB 2010-7: Amendments to Australian Accounting Standards Arising From AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]*. This Standard becomes effective for reporting periods beginning on or after 1 January 2018 and makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The full impact of this Standard is still being assessed.
- *AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*. Part B of this Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 and Part C defers the application of AASB 9 to become effective on 1 January 2017. The full impact of this Standard is still being assessed.
- *AASB 2014-1: Amendments to Australian Accounting Standards*. This Standard makes amendments to AASB 9 and consequential amendments to other Standards and becomes effective for reporting periods beginning on or after 1 January 2018. The full impact of this Standard is still being assessed.
- *AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]*. This Standard becomes effective for reporting periods beginning on or after 1 January 2016. The full impact of this Standard is still being assessed.
- *AASB 2014-4: Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]*. This Standard becomes effective for reporting periods beginning on or after 1 January 2016 and establishes the basis of depreciation and amortisation including clarifying the use of revenue-based methods. The full impact of this Standard is still being assessed.

- AASB 2014-5: *Amendments to Australian Accounting Standards arising From AASB 15*. This Standard becomes effective for reporting periods beginning on or after 1 January 2017 and makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 15. The full impact of this Standard is still being assessed.
- AASB 2014-7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*. This Standard gives effect to the consequential amendments to Australian Accounting Standards (including interpretations) arising from the issuance of AASB 9 (December 2014). This Standard becomes effective for reporting periods beginning on or after 1 January 2018. The full impact of this Standard is still being assessed.
- AASB 2014-8: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]*. This Standard makes amendments to AASB 9: *Financial Instruments (December 2009)* and AASB 9: *Financial Instruments (December 2010)*, arising from the issuance of AASB 9: *Financial Instruments* in December 2014. This Standard became effective for reporting periods beginning on or after 1 January 2015. The full impact of this Standard is still being assessed.
- AASB 2014-9: *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]*. This Standard amends AASB 127, AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates. This Standard becomes effective for reporting periods beginning on or after 1 January 2016. The full impact of this Standard is still being assessed.
- AASB 2014-10: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]*. This Standard amends AASB 10 and AASB 128 (August 2011), in dealing with the sale or contribution of assets with associate or joint venture. This Standard becomes effective for reporting periods beginning on or after 1 January 2016. The full impact of this Standard is still being assessed.
- AASB 2015-1: *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]*. This Standard becomes effective for reporting periods beginning on or after 1 January 2016 and provides clarification regarding disclosure requirements. The full impact of this Standard is still being assessed.
- AASB 2015-2: *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]*. This Standard provides amendments to AASB 101 to provide clarification to disclosure and presentation requirements. This Standard becomes effective for reporting periods on or after 1 January 2016. There is no financial impact resulting from this Standard.

- *AASB 2015-3: Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031: Materiality.* This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. This Standard becomes effective for reporting periods on or after 1 July 2015. There is no financial impact resulting from this Standard.
- *AASB 2015-6: Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049].* This Standard provides guidance to assist in the application of the Standard by not-for-profit public sector entities and becomes effective for reporting periods on or after 1 July 2016. The full impact of this Standard is still being assessed.

All other Australian Accounting Standards and Interpretations with future commencement dates are either not applicable or have no material impact on the total public sector or the general government sector.

(y) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

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 30 June 2015 results.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Net Operating Balance

	2015	2014
	\$m	\$m
<i><u>General government</u></i>		
AASB 1049 net operating balance	-431	719
Plus GFS revenue adjustments		
Capital grants - prepaid road grants	-499	-
Total GFS revenue adjustments	-499	-
Less GFS expense adjustments	-	-
Total GFS adjustments to AASB 1049 net operating balance	-499	-
GFS net operating balance	-930	719
<i><u>Public non-financial sector</u></i>		
AASB 1049 net operating balance	1,049	571
Plus GFS revenue adjustments	-	-
Less GFS expense adjustments		
Capitalised interest	33	42
Dividends	1,142	825
Total GFS expense adjustments	1,175	867
Total GFS adjustments to AASB 1049 net operating balance	-1,175	-867
GFS net operating balance	-125	-296

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Operating Balance (cont.)

	2015	2014
	\$m	\$m
<u>Public financial sector</u>		
AASB 1049 net operating balance	176	-86
Plus GFS revenue adjustments	-	-
Less GFS expense adjustments		
Dividends	116	154
Total GFS expense adjustments	116	154
Total GFS adjustments to AASB 1049 net operating balance	-116	-154
GFS net operating balance	60	-241
<u>Total public sector</u>		
AASB 1049 net operating balance	-464	225
Plus GFS revenue adjustments		
Capital grants - prepaid road grants	-499	-
Total GFS revenue adjustments	-499	-
Less GFS expense adjustments		
Capitalised interest	33	42
Total GFS expense adjustments	33	42
Total GFS adjustments to AASB 1049 net operating balance	-533	-42
GFS net operating balance	-996	183

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Lending/-Borrowing

	2015	2014
	\$m	\$m
<u>General government</u>		
AASB 1049 net lending/-borrowing	-1,809	-1,127
Plus Net operating balance convergence differences (noted above)	-499	-
GFS net lending/-borrowing	-2,308	-1,127
<u>Public non-financial corporations</u>		
AASB 1049 net lending/-borrowing	196	-870
Plus Net operating balance convergence differences (noted above)	-1,175	-867
GFS net lending/-borrowing	-979	-1,737
<u>Public financial corporations</u>		
AASB 1049 net lending/-borrowing	178	-73
Plus Net operating balance convergence differences (noted above)	-116	-154
GFS net lending/-borrowing	62	-227
<u>Total public sector</u>		
AASB 1049 net lending/-borrowing	-2,693	-3,050
Plus Net operating balance convergence differences (noted above)	-533	-42
GFS net lending/-borrowing	-3,225	-3,092

AASB 1049 TO GFS CONVERGENCE DIFFERENCES		
Net Worth		
	2015	2014
	\$m	\$m
<i><u>General government</u></i>		
AASB 1049 net worth	121,299	116,828
Plus		
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88
Provision for doubtful debts		
General government sector	236	216
Impact on public corporations net worth	25	42
Impact of road grants prepayments	-499	-
Total GFS net worth adjustments	-150	347
GFS net worth	121,149	117,174
<i><u>Public non-financial corporations</u></i>		
AASB 1049 net worth	54,291	50,651
Plus		
Impact of general government equity injections	-6,891	-6,374
Provision for doubtful debts	25	33
Total GFS net worth adjustments	-6,866	-6,340
GFS net worth	47,425	44,310
<i><u>Public financial corporations</u></i>		
AASB 1049 net worth	2,010	1,786
Plus		
Impact of general government equity injections		
Provision for doubtful debts	-	9
Total GFS net worth adjustments	-	9
GFS net worth	2,010	1,795
<i><u>Total public sector</u></i>		
AASB 1049 net worth	121,299	116,828
Plus		
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88
Provision for doubtful debts	261	259
Impact of road grants prepayments	-499	-
Total GFS net worth adjustments	-150	347
GFS net worth	121,149	117,174

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Change in Net Worth

	2015	2014
	\$m	\$m
<u>General government</u>		
AASB 1049 change in net worth	4,472	3,901
Plus change in:		
Provision for doubtful debts		
General government sector	20	8
Impact on public corporations net worth	-17	-55
Impact of road grant prepayments	-499	-
Total GFS change in net worth adjustments	-497	-46
GFS change in net worth	3,975	3,854
<u>Public non-financial corporations</u>		
AASB 1049 change in net worth	3,640	1,956
Plus change in:		
Impact of general government equity injections	-518	-528
Provision for doubtful debts	-8	4
Total GFS change in net worth adjustments	-526	-524
GFS change in net worth	3,114	1,433
<u>Public financial corporations</u>		
AASB 1049 change in net worth	223	38
Plus change in:		
Impact of general government equity injections	-	-
Provision for doubtful debts	-9	-59
Total GFS change in net worth adjustments	-9	-59
GFS change in net worth	214	-21
<u>Total public sector</u>		
AASB 1049 change in net worth	4,472	3,901
Plus change in:		
Provision for doubtful debts	2	-46
Impact of road grant prepayments	-499	-
Total GFS change in net worth adjustments	-497	-46
GFS change in net worth	3,975	3,854

AASB 1049 TO GFS CONVERGENCE DIFFERENCES		
Cash Surplus/-Deficit		
	2015	2014
	\$m	\$m
<i>General government</i>		
AASB 1049 cash surplus/-deficit	-1,493	-1,333
Less Acquisitions under finance leases and similar arrangements	80	109
GFS cash surplus/-deficit	-1,573	-1,441
<i>Public non-financial corporations</i>		
AASB 1049 cash surplus/-deficit	-1,066	-1,015
Less Acquisitions under finance leases and similar arrangements	-	264
GFS cash surplus/-deficit	-1,066	-1,279
<i>Public financial corporations</i>		
AASB 1049 cash surplus/-deficit	59	-117
Less Acquisitions under finance leases and similar arrangements	-	-
GFS cash surplus/-deficit	59	-117
<i>Total public sector</i>		
AASB 1049 cash surplus/-deficit	-2,500	-2,465
Less Acquisitions under finance leases and similar arrangements	80	372
GFS cash surplus/-deficit	-2,580	-2,837

NOTE 5: GOVERNMENT PURPOSE CLASSIFICATION

The following allocation of expenses and assets is consistent with the ABS' Government Purpose Classification. A more detailed dissection of general government expenses, consistent with the Uniform Presentation Framework requirements, is contained in Appendix 3: *Other Uniform Presentation Framework Information*.

GOVERNMENT PURPOSE CLASSIFICATION

General Government		
	2015	2014
	\$m	\$m
EXPENSES		
General public services	286	514
Public order and safety	3,203	3,088
Education	6,690	6,455
Health	7,942	7,336
Social security and welfare	2,072	1,931
Housing and community amenities	1,833	1,870
Recreation and culture	908	906
Fuel and energy	609	708
Agriculture, forestry, fishing and hunting	343	348
Mining and mineral resources other than fuels; manufacturing and construction	221	220
Transport and communications	2,003	2,118
Other economic affairs	650	785
Other purposes	1,071	958
TOTAL EXPENSES	27,831	27,236
ASSETS AT 30 JUNE		
General public services	5,772	5,814
Public order and safety	3,927	3,621
Education	16,075	15,048
Health	8,371	7,986
Social security and welfare	311	311
Housing and community amenities	5,697	6,375
Recreation and culture	5,659	6,166
Fuel and energy	27	42
Agriculture, forestry, fishing and hunting	389	363
Mining and mineral resources other than fuels; manufacturing and construction	1,253	1,597
Transport and communications	44,889	42,308
Other economic affairs	278	484
<i>plus</i> Investments in other public sector entities	56,301	52,437
TOTAL ASSETS	148,949	142,551

Note: Columns may not add due to rounding.

GOVERNMENT PURPOSE CLASSIFICATION

Total Public Sector	2015	2014
	\$m	\$m
EXPENSES		
General public services	25	266
Public order and safety	3,113	2,990
Education	6,500	6,263
Health	7,882	7,269
Social security and welfare	1,975	1,897
Housing and community amenities	3,497	3,346
Recreation and culture	3,676	3,679
Fuel and energy	3,355	4,035
Agriculture, forestry, fishing and hunting	431	436
Mining and mineral resources other than fuels; manufacturing and construction	219	218
Transport and communications	2,926	2,951
Other economic affairs	8,123	7,047
Other purposes	2,034	2,008
TOTAL EXPENSES	43,756	42,406
ASSETS AT 30 JUNE		
General public services	5,156	5,206
Public order and safety	3,937	3,630
Education	16,075	15,048
Health	8,371	7,986
Social security and welfare	310	311
Housing and community amenities	51,279	50,513
Recreation and culture	6,401	6,934
Fuel and energy	23,255	21,421
Agriculture, forestry, fishing and hunting	751	741
Mining and mineral resources other than fuels; manufacturing and construction	1,253	1,597
Transport and communications	54,058	50,725
Other economic affairs	17,144	16,747
TOTAL ASSETS	187,989	180,857

Note: Columns may not add due to rounding.

NOTE 6: OPERATING REVENUE

A detailed disclosure of general government and total public sector operating revenue (which includes Uniform Presentation Framework requirements) is included in Appendix 2: *Operating Revenue*.

NOTE 7: TRANSFER EXPENSES

Transfer expenses are defined as the provision of something of value for no specific return or consideration, such as grants, subsidies, donations, transfers of assets free of charge.

The following tables provide detail of current and capital transfer expenses of the general government sector and the total public sector, in line with Uniform Presentation Framework disclosure requirements.

TRANSFER EXPENSES^(a)

General Government

	2015	2014
	\$m	\$m
<i>CURRENT TRANSFERS</i>		
Local government	380	316
Local government on-passing	262	168
Private and not-for-profit sector	1,435	1,537
Private and not-for-profit sector on-passing	1,064	951
Other sectors of government	2,325	2,384
Total Current Transfers	5,465	5,357
<i>CAPITAL TRANSFERS</i>		
Local government	87	274
Local government on-passing	162	107
Private and not-for-profit sector	129	130
Private and not-for-profit sector on-passing	16	22
Other sectors of government	113	232
Total Capital Transfers	507	765

Total Public Sector

	2015	2014
	\$m	\$m
<i>CURRENT TRANSFERS</i>		
Local government	380	317
Local government on-passing	262	168
Private and not-for-profit sector	2,162	2,243
Private and not-for-profit sector on-passing	1,064	951
Other sectors of government	18	16
Total Current Transfers	3,886	3,695
<i>CAPITAL TRANSFERS</i>		
Local government	88	274
Local government on-passing	162	107
Private and not-for-profit sector	174	210
Private and not-for-profit sector on-passing	16	22
Total Capital Transfers	440	613

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

Note: Columns may not add due to rounding.

NOTE 8: OTHER INTEREST

General Government		
	2015	2014
	\$m	\$m
Interest on borrowings	522	477
Finance charges on finance leases	21	15
Total	543	492
Less: Capitalised interest on borrowings	-	-
Total other interest	543	492
Total Public Sector		
	2015	2014
	\$m	\$m
Interest on borrowings	1,420	1,480
Finance charges on finance leases	119	105
Total	1,539	1,539
Less: Capitalised interest on borrowings	33	42
Total other interest	1,506	1,543

Note: Columns may not add due to rounding.

NOTE 9: DEPRECIATION AND AMORTISATION EXPENSE

General Government		
	2015	2014
	\$m	\$m
<i>Depreciation</i>		
Buildings	545	500
Infrastructure	270	264
Plant, equipment and other	337	306
<i>Total</i>	<i>1,152</i>	<i>1,070</i>
<i>Amortisation</i>		
Intangible assets	84	127
<i>Total</i>	<i>84</i>	<i>127</i>
Total depreciation and amortisation expenses	1,235	1,197
Total Public Sector		
	2015	2014
	\$m	\$m
<i>Depreciation</i>		
Buildings	752	707
Infrastructure	1,544	1,595
Plant, equipment and other	751	702
<i>Total</i>	<i>3,048</i>	<i>3,005</i>
<i>Amortisation</i>		
Intangible assets	179	215
<i>Total</i>	<i>179</i>	<i>215</i>
Total depreciation and amortisation expenses	3,226	3,220

Note: Columns may not add due to rounding.

NOTE 10: OTHER GROSS OPERATING EXPENSES

General Government		
	2015	2014
	\$m	\$m
Health sector specific expenses	1,156	1,094
Education sector specific expenses	660	296
Other	3,316	3,553
Total	5,131	4,943
Total Public Sector		
	2015	2014
	\$m	\$m
Betting dividends payouts	1,775	1,804
Health sector specific expenses	1,156	1,094
Education sector specific expenses	660	296
Insurance claims expenses	741	949
Other	13,268	12,502
Total	17,600	16,645

Note: Columns may not add due to rounding.

NOTE 11: INVENTORIES

General Government		
	2015	2014
	\$m	\$m
<i>Land Inventories</i>		
Land acquisition and development - at cost	-	-
Land acquisition and development - at net realisable value	106	96
<i>Total Land inventories</i>	<i>106</i>	<i>96</i>
<i>Other Inventories</i>		
Other materials and stores - at cost	43	38
Other materials and stores - at net replacement cost	1	1
Other - at cost	22	38
Other - at net realisable value	3	1
<i>Total Other inventories</i>	<i>69</i>	<i>79</i>
Total Inventories	175	175
Total Public Sector		
	2015	2014
	\$m	\$m
<i>Land Inventories</i>		
Land acquisition and development - at cost	2,144	1,881
Land acquisition and development - at net realisable value	137	120
<i>Total Land inventories</i>	<i>2,281</i>	<i>2,002</i>
<i>Other Inventories</i>		
Precious metals - at net realisable value	3,021	2,833
Power station fuel stocks - at cost	48	30
Other materials and stores - at cost	44	42
Other materials and stores - at net replacement cost	9	10
Other - at cost	352	389
Other - at net realisable value	3	1
<i>Total Other inventories</i>	<i>3,477</i>	<i>3,304</i>
Total Inventories	5,758	5,305
Note: Columns may not add due to rounding.		

NOTE 12: RECEIVABLES

General Government		
	2015	2014
	\$m	\$m
Receivables	2,896	3,270
Provision for impairment of receivables	-236	-216
Total receivables	2,660	3,054
<i>Reconciliation of changes in the allowance for impairment of receivables:</i>		
<i>Balance at start of year</i>	216	208
Doubtful debts expense recognised in the income statement	39	38
Amounts written off during the year	-19	-29
Amounts recovered during the year	-	-1
Balance at the end of year	236	216
Ageing of receivables past due but not impaired at the balance sheet date:		
Not more than 3 months	1,377	2,076
More than 3 Months but less than 6 months	109	68
More than 6 months but less than 1 year	162	58
More than 1 year	393	159
Total	2,041	2,361
Receivables individually determined as impaired at the balance sheet date:		
Carrying amount before deducting any impairment loss	74	72
Impairment loss	-5	-7
Carrying amount at the end of year	68	65
Total Public Sector		
	2015	2014
	\$m	\$m
Receivables	4007	4,613
Provision for impairment of receivables	-260	-259
Total receivables	3,747	4,355
<i>Reconciliation of changes in the allowance for impairment of receivables:</i>		
<i>Balance at start of year</i>	259	305
Doubtful debts expense recognised in the income statement	53	50
Amounts written off during the year	-51	-94
Amounts recovered during the year	-1	-2
Balance at the end of year	260	259
Ageing of receivables past due but not impaired at the balance sheet date:		
Not more than 3 months	1,624	2,912
More than 3 Months but less than 6 months	158	157
More than 6 months but less than 1 year	196	166
More than 1 year	412	179
Total	2,389	3,414
Receivables individually determined as impaired at the balance sheet date:		
Carrying amount before deducting any impairment loss	175	197
Impairment loss	-20	-17
Carrying amount at the end of year	155	180

Note: Columns may not add due to rounding.

NOTE 13: BIOLOGICAL ASSETS

 General Government

	2015	2014
	\$m	\$m
Native and plantation standing trees	-	-
Livestock and other	2	1
Total Biological Assets	2	1

Reconciliation of Biological Assets

Reconciliation of changes in the carrying amount of biological assets at the beginning and the end of the year are set out below .

30 June 2015	Standing Trees \$m	Livestock and Other \$m	Total \$m
<i>Carrying amount at beginning of year</i>	-	1	1
Gain/-loss from changes in fair value	-	-	-
Purchases	-	-	-
Other	-	1	1
Carrying amount at end of year	-	2	2

30 June 2014	Standing Trees \$m	Livestock and Other \$m	Total \$m
<i>Carrying amount at beginning of year</i>	-	2	2
Gain/-loss from changes in fair value	-	-	-
Purchases	-	-	-
Other	-	-1	-1
Carrying amount at end of year	-	1	1

Note: Columns may not add due to rounding.

NOTE 13: BIOLOGICAL ASSETS (CONT.)

Total Public Sector		
	2015	2014
	\$m	\$m
Native and plantation standing trees ^(a)	314	333
Livestock and other	2	1
Total Biological Assets	316	335

(a) Biological assets (non-current) consist of mature and maturing standing trees stated at fair value less estimated selling costs, determined by valuations provided by Forest Products Commission each year, based on discounted cash flow models using a pre-tax weighted average cost of capital, supported by market evidence.

Reconciliation of Biological Assets

Reconciliation of changes in the carrying amount of biological assets at the beginning and the end of the year are set out below .

30 June 2015	Standing Trees	Livestock and Other	Total
	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	333	1	334
Gain/-loss from changes in fair value	-1	-	-1
Purchases	6	-	6
Other	-24	1	-23
Carrying amount at end of year	314	2	316

30 June 2014	Standing Trees	Livestock and Other	Total
	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	322	2	324
Gain/-loss from changes in fair value	10	-	10
Other	1	-1	1
Carrying amount at end of year	333	1	335

Note: Columns may not add due to rounding.

NOTE 14: ASSETS CLASSIFIED AS HELD FOR SALE

General Government		
	2015	2014
	\$m	\$m
Land	22	11
Other	5	5
Total Current	27	16

Assets held for sale primarily relates to: the Department for Child Protection and Family Support (\$9 million, land and buildings held for distribution to owners), the Commissioner for Main Roads (\$7 million, land held for sale, \$4 million, land sold during the year), the Department of Agriculture and Food (\$3 million, land held for distribution to owners), and the Department of Education (\$1 million, land held for sale, \$18 million land sold during the year).

Reconciliation of Assets classified as held for sale

Reconciliation of changes in the carrying amount of assets classified as held for sale at the beginning and the end of the year are set out below .

30 June 2015	Land	Other	Total
	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	11	5	16
Assets reclassified as held for sale	38	3	40
Assets sold	-26	-2	-29
Impairment losses	-	-1	-1
Carrying amount at end of year	22	5	27
30 June 2014	Land	Other	Total
	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	25	14	39
Assets reclassified as held for sale	20	6	26
Assets sold	-10	-2	-12
Revaluation increment/-decrement	-	-1	-1
Impairment losses	-	-12	-12
Transfers out/other	-24	-	-24
Carrying amount at end of year	11	5	16

Note: Columns may not add due to rounding.

NOTE 14: ASSETS CLASSIFIED AS HELD FOR SALE (CONT.)

Total Public Sector		
	2015	2014
	\$m	\$m
Land	69	23
Other	809	6
Total	879	28

Assets held for sale primarily relates to: the Insurance Commission of Western Australia (\$808 million, property assets held for sale), the Housing Authority (\$35 million, rental properties that form part of the New Living and Redevelopment programs held for sale – during the year there was \$18 million in sales), the Department for Child Protection and Family Support (\$9 million, land and buildings held for distribution to owners), the Commissioner for Main Roads (\$7 million, land held for sale, with \$4 million, land sold during the year), the Public Transport Authority (\$7 million, land held for sale), the Department of Agriculture and Food (\$3 million, land held for distribution to owners), and the Department of Education (\$1 million, land held for sale, with \$18 million land sold during the year).

Reconciliation of Assets classified as held for sale

Reconciliation of changes in the carrying amount of assets classified as held for sale at the beginning and the end of the year are set out below :

30 June 2015	Land	Other	Total
	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	23	6	28
Assets reclassified as held for sale	76	828	904
Assets sold	-26	-20	-47
Revaluation increment/-decrement	-3	-	-3
Impairment losses	-	-3	-3
Transfers out/other	-	-1	-1
Carrying amount at end of year	69	809	879
30 June 2014	Land	Other	Total
	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	35	34	70
Assets reclassified as held for sale	22	32	53
Assets sold	-10	-47	-57
Revaluation increment/-decrement	-	-1	-1
Impairment losses	-	-12	-12
Transfers out/other	-24	-1	-25
Carrying amount at end of year	23	6	28

Note: Columns may not add due to rounding.

NOTE 15: INVESTMENT PROPERTIES

General Government		
	2015	2014
	\$m	\$m
<i>Carrying amount at beginning of year</i>	8	8
Additions	-	-
Revaluation increments/-decrements	1	-
Transfers to property held for sale	-	-
Carrying amount at end of year	9	8
Total Public Sector		
	2015	2014
	\$m	\$m
<i>Carrying amount at beginning of year</i>	581	571
Additions	3	-
Revaluation increments/-decrements	45	10
Transfers to property held for sale ^(a)	-570	-
Carrying amount at end of year	59	581

(a) The Insurance Commission released an Information Memorandum during June 2015 inviting non-binding indicative offers for the purchase of its property portfolio which includes all its investment property holdings. The investment properties of Westralia Square at 141 St Georges Terrace, Westralia Plaza at 167 St Georges Terrace, Livingston Marketplace Shopping Centre and The Shops at Ellenbrook Shopping Centre have been reclassified as property assets held for sale.

Note: Columns may not add due to rounding.

NOTE 16: LAND

General Government		
	2015	2014
	\$m	\$m
Land, at fair value ^(a)	14,626	15,264
Land under roads, at fair value ^(b)	24,211	22,342
Total	38,837	37,606
Total Public Sector		
	2015	2014
	\$m	\$m
Land, at fair value ^(a)	29,873	30,182
Land under roads, at fair value ^(b)	24,211	22,342
Total	54,084	52,524

(a) Land valuations are provided by the Western Australian Land Information Authority (Valuation Services Branch) each financial year with an effective date of 1 July. The valuation is based on information on the stock of land at 30 June 2014. Land vested in local authorities of \$2,186 million (2014: \$2,137 million) is not recognised in the consolidated Balance Sheet, as it is not under State public sector control.

(b) Land under roads valuations are provided by the Western Australian Land Information Authority (Valuation Services Branch) each financial year with an effective date of 1 July. The valuation is based on information on the stock of land at 30 June 2014.

Note: Columns may not add due to rounding.

NOTE 17: OTHER PROPERTY, PLANT AND EQUIPMENT

General Government		
	2015	2014
	\$m	\$m
Buildings, at fair value ^(a)	20,993	18,412
Accumulated depreciation and impairment losses	-390	-377
<i>Total</i>	<i>20,603</i>	<i>18,035</i>
Electricity generation and transmission, at fair value ^(b)	1	1
Accumulated depreciation	-	-
<i>Total</i>	<i>1</i>	<i>1</i>
Road networks, at fair value ^(c)	28,321	27,847
Accumulated depreciation	-10,329	-10,107
<i>Total</i>	<i>17,992</i>	<i>17,740</i>
Other infrastructure, at fair value	823	605
Accumulated depreciation	-275	-259
<i>Total</i>	<i>548</i>	<i>346</i>
Plant, equipment and other, at fair value	3,961	3,561
Accumulated depreciation and impairment losses	-1,591	-1,351
<i>Total</i>	<i>2,370</i>	<i>2,210</i>
Fixed assets under construction	3,490	4,831
Total Property, Plant and Equipment	45,003	43,162
Total Public Sector		
	2015	2014
	\$m	\$m
Buildings, at fair value ^(a)	29,460	27,071
Accumulated depreciation and impairment losses	-1,010	-1,009
<i>Total</i>	<i>28,450</i>	<i>26,062</i>
Electricity generation and transmission, at fair value ^(b)	18,812	15,462
Accumulated depreciation	-4,046	-3,584
<i>Total</i>	<i>14,766</i>	<i>11,879</i>
Road networks, at fair value ^(c)	28,321	27,847
Accumulated depreciation	-10,329	-10,107
<i>Total</i>	<i>17,992</i>	<i>17,740</i>
Water storage and distribution, at fair value ^(d)	29,061	28,223
Accumulated depreciation	-10,707	-10,294
<i>Total</i>	<i>18,354</i>	<i>17,929</i>
Other infrastructure, at fair value	13,966	11,069
Accumulated depreciation	-7,584	-5,598
<i>Total</i>	<i>6,381</i>	<i>5,471</i>
Plant, equipment and other, at fair value	12,349	11,532
Accumulated depreciation and impairment losses	-5,241	-4,681
<i>Total</i>	<i>7,108</i>	<i>6,851</i>
Fixed assets under construction	5,585	7,848
Total Property, Plant and Equipment	98,636	93,780

(a) Building valuations are provided by Western Australian Land Information Authority (Valuation Services Branch) and by other independent professional valuers. Revaluations are made with sufficient regularity to ensure that the carrying amount does not materially differ from fair value at reporting date.

(b) Electricity generation and transmission includes the cost of decommissioning of property, plant and equipment including the cost of dismantling and removing the asset and restoring the site on which it is located, to the extent that these costs are also recognised as a provision.

(c) Road infrastructure comprising roads, bridges and road furniture was valued at fair value by the Commissioner of Main Roads' Engineer at 30 June 2015.

(d) Water storage and distribution, comprising pipelines, outfalls and fittings, dams, reservoirs, bores and tanks, ocean outfalls, pump stations and treatment plants, drains and channels and other structures, are reported at deemed cost being a revalued amount prior to transition that approximates the fair value as at date of valuation.

Note: Columns may not add due to rounding.

NOTE 18: RECONCILIATION OF LAND AND OTHER PROPERTY, PLANT AND EQUIPMENT

General Government

	Land	Land under Roads	Buildings	Electricity generation and transmission	Road netw orks	Other Infra- structure	Plant, equip & other	Fixed Assets under Construction	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
30 June 2015									
<i>Carrying amount at beginning of year</i>	15,264	22,342	18,035	1	17,740	346	2,210	4,831	80,768
Assets classified as held for sale	-33	-	-7	-	-	-	-	-	-41
Additions	58	17	76	-	583	48	283	1,737	2,802
Disposals	-66	-	-40	-	-18	-1	-107	-2	-234
Transfers in/-out	12	-3	2,575	-	-58	170	268	-3,068	-105
Revaluation increments/-decrements	-613	1,855	51	-	-1	-13	-53	-	1,227
Depreciation	-	-	-545	-	-254	-16	-337	-	-1,152
Impairment losses	-	-	-	-	-	-	-	-	-
Accumulated depreciation w ritten back	-	-	475	-	1	16	105	-	597
Other	3	-	-16	-	-	-2	1	-7	-23
Carrying amount at end of year	14,626	24,211	20,603	1	17,992	548	2,370	3,490	83,840
30 June 2014									
<i>Carrying amount at beginning of year</i>	15,276	20,946	16,599	1	17,505	289	2,650	3,805	77,074
Assets classified as held for sale	-4	-	-20	-	-	-	-	-	-24
Additions	83	14	58	-	567	11	337	2,180	3,249
Disposals	-73	-	-21	-	-19	-2	-109	-15	-238
Transfers in/-out	-14	-9	1,089	-	-63	57	-131	-1,134	-204
Revaluation increments/-decrements	-23	1,392	535	-	1	1	-345	-	1,561
Depreciation	-	-	-500	-	-252	-12	-306	-	-1,070
Impairment losses	-	-	-	-	-	-	-2	-	-2
Accumulated depreciation w ritten back	-	-	288	-	-	2	113	-	403
Other	21	-	5	-	-	-	2	-6	21
Carrying amount at end of year	15,264	22,342	18,035	1	17,740	346	2,210	4,831	80,768

Note: Columns may not add due to rounding.

NOTE 18: RECONCILIATION OF LAND AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONT.)

Total Public Sector										
	Land	Land under Roads	Buildings	Electricity generation and transmission	Road networks	Water storage and distribution	Other Infra-structure	Plant, equip & other	Fixed Assets under Construction	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
30 June 2015										
<i>Carrying amount at beginning of year</i>	30,182	22,342	26,062	11,879	17,740	17,929	5,471	6,851	7,848	146,304
Assets classified as held for sale	-76	-	-239	-	-	-	-	-	-	-315
Additions	160	17	154	-	583	101	58	403	4,077	5,554
Disposals	-134	-	-147	-52	-18	-8	-4	-210	-15	-588
Transfers in/-out	38	-3	2,826	1,694	-58	662	483	673	-6,304	10
Revaluation increments/-decrements	-303	1,855	-123	1,707	-1	82	2,352	-59	-	5,512
Depreciation	-	-	-752	-631	-254	-402	-256	-751	-	-3,048
Impairment losses	-	-	-	-	-	-	-1	-	-12	-14
Accumulated depreciation written back	-	-	684	178	1	-11	-1,717	199	-	-666
Other	5	-	-15	-8	-	-	-4	2	-9	-29
Carrying amount at end of year	29,873	24,211	28,450	14,766	17,992	18,354	6,381	7,108	5,585	152,720
30 June 2014										
<i>Carrying amount at beginning of year</i>	29,707	20,946	24,353	10,733	17,505	17,275	4,883	6,876	7,474	139,754
Assets classified as held for sale	-11	-	-41	-	-	-	-	-	-	-51
Additions	158	14	397	233	567	-	25	439	4,998	6,829
Disposals	-215	-	-99	-8	-19	-6	-112	-170	-27	-656
Transfers in/-out	-60	-9	1,252	1,014	-63	962	703	533	-4,588	-256
Revaluation increments/-decrements	583	1,392	723	312	1	130	27	-315	-1	2,852
Depreciation	-	-	-707	-692	-252	-411	-240	-702	-	-3,005
Impairment losses	-	-	-	-	-	-	-	-2	-	-2
Accumulated depreciation written back	-	-	182	286	-	-22	203	193	-	842
Other	19	-	3	2	-	-	-18	-	-7	-2
Carrying amount at end of year	30,182	22,342	26,062	11,879	17,740	17,929	5,471	6,851	7,848	146,304

Note: Columns may not add due to rounding.

NOTE 19: FAIR VALUE MEASUREMENTS

General Government

Assets measured at fair value

	Level 1 ^(a)	Level 2 ^(b)	Level 3 ^(c)	Fair value at end of period
	\$m	\$m	\$m	\$m
30 June 2015				
Assets classified as held for sale (Note 14)	-	14	13	27
Land (Note 16,18)	9	5,308	9,309	14,626
Land under roads (Note 16,18)	-	-	24,211	24,211
Buildings (Note 17,18)	34	521	20,047	20,603
Electricity generation and transmission (Note 17,18)	-	-	1	1
Road networks (Note 17,18)	-	-	17,992	17,992
Other infrastructure (Note 17,18)	-	79	469	548
Plant, equipment and other (Note 17,18)	1	62	2,307	2,370
Biological assets (Note 13)	-	1	-	2
Investment property (Note 15)	-	9	-	9
Total	44	5,994	74,349	80,388

	Level 1 ^(a)	Level 2 ^(b)	Level 3 ^(c)	Fair value at end of period
	\$m	\$m	\$m	\$m
30 June 2014				
Assets classified as held for sale (Note 14)	-	12	4	16
Land (Note 16,18)	-	2,390	12,875	15,264
Land under roads (Note 16,18)	-	-	22,342	22,342
Buildings (Note 17,18)	-	702	17,333	18,035
Electricity generation and transmission (Note 17,18)	-	-	1	1
Road networks (Note 17,18)	-	-	17,740	17,740
Other infrastructure (Note 17,18)	-	77	269	346
Plant, equipment and other (Note 17,18)	2	64	2,144	2,210
Biological assets (Note 13)	-	-	1	1
Investment property (Note 15)	-	8	-	8
Total	2	3,252	72,709	75,963

(a) Assets valued using quoted prices (unadjusted) in active markets for identical assets.

(b) Assets valued using inputs based on observable market data (either directly or indirectly).

(c) Assets valued using inputs not based on observable market data.

Note: Columns may not add due to rounding.

Measurement of fair values

Transfers between Level 1, 2 and 3

The following transfers between fair value hierarchy levels have been identified for agencies with significant asset values within the general government sector for the period ending 30 June 2015.

- The Department for Child Protection and Family Support transferred six assets with a total value of \$10 million from Level 2 to Level 3 during the current period due to refurbishments that resulted in the properties not having an active liquid market for fair value measurement.

NOTE 19: FAIR VALUE MEASUREMENTS (CONT.)

General Government

- The Department of Lands reported \$4,898 million in land assets at Level 3 in 2013-14. The asset classification was reassessed during the year and is now reported at Level 2.
- The Department of Parks and Wildlife transferred \$581 million in land assets from Level 2 to Level 3 in 2014-15.

There were no significant transfers between Levels 1, 2 and 3 for the period ending 30 June 2014.

Valuation techniques to derive Level 2 fair values

There were no significant changes in valuation techniques during the period.

The following valuation techniques to derive Level 2 fair values have been identified for agencies with significant asset values within the general government sector.

- Level 2 fair values of assets classified as held for sale, land, buildings, other infrastructure, and plant, equipment and other are derived using the market approach. Market evidence of sales prices of comparable assets is used to determine price per square metre, with adjustments made for differences in key attributes.
- Assets held for sale have been written down to fair value less costs to sell. Fair value has been determined by reference to market evidence of sales prices of comparable data.

NOTE 19: FAIR VALUE MEASUREMENTS (CONT.)

General Government

Fair value measurements using significant unobservable inputs (Level 3)^{(a) (b)}

	Assets classified as held for sale \$m	Land \$m	Land under Roads \$m	Buildings \$m	Electricity generation and transmission \$m	Road networks \$m	Other Infra- structure \$m	Plant, equip & other \$m	Biological assets \$m	Investment property \$m
30 June 2015										
<i>Fair value at start of period</i>	4	12,875	22,342	17,333	1	17,740	269	2,144	1	-
Additions	10	92	17	2,761	-	599	213	783	-	-
Revaluation increments/-decrements recognised in All other movements in equity	-	653	1,855	565	-	-1	-	-42	-	-
Transfers from/-to Level 2	-	-4,211	-	88	-	-	-	-45	-1	-
Disposals	-	-99	-	-173	-	-92	-	-199	-	-
Depreciation	-	-	-3	-527	-	-254	-12	-334	-	-
Fair value at end of period	13	9,309	24,211	20,047	1	17,992	469	2,307	-	-
30 June 2014										
<i>Fair value at start of period</i>	3	12,636	20,946	16,353	1	17,505	235	2,480	2	-
Additions	4	171	14	965	-	656	43	301	-	-
Revaluation increments/-decrements recognised in All other movements in equity	-	221	1,392	829	-	1	3	-233	-	-
Transfers from/-to Level 2	-	1	-	-	-	-	-	-	-	-
Disposals	-3	-153	-10	-347	-	-170	-2	-109	-	-
Depreciation	-	-	-	-467	-	-252	-9	-293	-	-
Impairment loss	-	-	-	-	-	-	-	-2	-	-
Fair value at end of period	4	12,875	22,342	17,333	1	17,740	269	2,144	1	-

(a) There were no gains or losses for the period included in Operating Result for assets held at the end of the reporting period, under 'Net gains on assets/liabilities'.

(b) There was no change in unrealised gains or loss for the period included in the Operating Result for assets held at the end of the reporting period.

Note: Columns may not add due to rounding.

NOTE 19: FAIR VALUE MEASUREMENTS (CONT.)

General Government

Valuation processes

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as assets held for sale as Treasurer's instructions require valuations of land, buildings and infrastructure to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Valuation techniques to derive Level 3 fair values

There were no significant changes in valuation techniques during the period.

The following valuation techniques have been identified for agencies with significant Level 3 asset values within the general government sector.

Fair value for restricted-use land is based on market value, by either using market evidence of sales of comparable land that is unrestricted less restoration costs to return the site to a vacant and marketable condition (low restricted-use land), or, comparison with market evidence for land with low level utility (high restricted-use land).

Fair value for existing use specialised buildings, other infrastructure, road networks, and plant, equipment and other is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset (i.e. the depreciated replacement cost). Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. Current replacement cost is generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications.

The Level 3 inputs used are derived and evaluated as follows.

Selection of land with similar approximate utility

Fair value for restricted-use land is determined by comparison with market evidence for land with low level utility. Relevant comparators of land with low level utility are selected by the Western Australian Land Information Authority (Valuation Services).

Difference between hypothetical alternate land use value and current use land value

For current use land assets, fair value is measured firstly by establishing the opportunity cost of public purpose land, which is termed the hypothetical alternate land use value.

NOTE 19: FAIR VALUE MEASUREMENTS (CONT.)

General Government

Selection of land adjoining road reserve

The fair value of road infrastructure comprising of land under roads is determined by comparison with the unimproved land values for land tax purposes maintained by the Western Australian Land Information Authority (Valuation Services).

Consumed economic benefit/obsolescence of assets

This is estimated by the Western Australian Land Information Authority (Valuation Services). This unobservable input has been used for the majority of the asset classes.

Effective age

The effective age is determined by the Quantity Surveyor after taking into account factors such as planned routine maintenance, building improvements and upgrades.

Percentage rate of add-on cost

The costs relating to contingencies, headworks, demolitions costs, professional and project fees is determined by the Quantity Surveyor. These costs reflect the additional costs incurred during the construction of similar buildings in the past.

Average installation costs – transportable

The cost of transportation and connection of services is determined by the Quantity Surveyor.

Residual value of 25% of current replacement cost

The straight line method of depreciation is applied to derive the depreciated replacement cost, assuming a uniform pattern of consumption over the initial 37 years of asset life (up to 75% of current replacement costs). All specialised buildings are assumed to have a residual value of 25% of their current replacement costs.

Historical cost per cubic metre – Road networks

The fair value of road infrastructure comprising of earthworks, pavements (including drainage and seals), bridges and road furniture is calculated using construction unit rates determined by a professional quantity surveying firm and multiplying these by the units that form the infrastructure asset.

The fair value of road infrastructure comprising of principal shared paths and certain road furniture are extracted from financial records of the Commissioner of Main Roads and indexed by movements in the ABS Road and Bridge Construction cost index.

NOTE 19: FAIR VALUE MEASUREMENTS (CONT.)

General Government

Application of a cost construction index to historical cost

The application of a construction index for some buildings and infrastructure is applied to the construction cost to derive fair value.

Collection and Artworks Costs

The cost approach is based on the principle that the price that a buyer in the market would pay no more for an asset than the cost to obtain an asset of equal utility or similar characteristics, whether by purchase, by construction or by fieldwork. The cost of the fieldworks for collecting collections is extracted from financial records of the Western Australian Museum.

Information about significant unobservable inputs (Level 3) in fair value measurements

The below table shows the valuation techniques used in measuring Level 3 fair values, for significant asset classes, including the significant unobservable inputs used.

General Government

Asset Measured at Fair Value	Valuation Technique(s)	Unobservable inputs
Assets classified as held for sale	Depreciated Replacement Cost Market Approach	Consumed economic benefit/obsolescence of asset Selection of land with similar approximate utility
Land	Market Approach	Selection of land with similar approximate utility
	Value in Use	Difference between hypothetical alternate land use value and current use land value
Land under roads	Market Approach	Selection of land with adjoining road reserve
Buildings	Depreciated Replacement Cost	Effective Age Percentage add-on cost Residual value of 25% of current replacement cost Consumed economic benefit/obsolescence for asset
Road networks	Depreciated Replacement Cost	Historical cost per cubic metre (m ³)
Other infrastructure	Depreciated Replacement Cost	Consumed economic benefit/obsolescence of asset Application of a cost of construction index to historical
Plant, equipment and other	Existing Use	Selection of artworks with similar characteristics such as historical, contemporary, international, indigenous
	Depreciated Replacement Cost	Historical Cost per collection

Reconciliations of the opening and closing balances are provided in Note 13,14,15 and 18.

NOTE 19: FAIR VALUE MEASUREMENTS (CONT.)

General Government

Basis of valuation

In the absence of market-based evidence, due to the specialised nature of some non-financial assets, these assets are valued at Level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on the use and disposal of these assets when they are not determined to be surplus to requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service.

NOTE 19: FAIR VALUE MEASUREMENTS (CONT.)

Total Public Sector

Assets measured at fair value

	Level 1 ^(a)	Level 2 ^(b)	Level 3 ^(c)	Fair value at end of period
	\$m	\$m	\$m	\$m
30 June 2015				
Assets classified as held for sale (Note 14)	-	58	820	879
Land (Note 16,18)	9	13,799	16,066	29,873
Land under roads (Note 16,18)	-	-	24,211	24,211
Buildings (Note 17,18)	34	7,207	21,209	28,450
Electricity generation and transmission (Note 17,18)	-	-	14,766	14,766
Road netw orks (Note 17,18)	-	-	17,992	17,992
Water storage and distribution (Note 17,18)	-	-	18,354	18,354
Other infrastructure (Note 17,18)	-	79	6,302	6,381
Plant, equipment and other (Note 17,18)	1	1,063	6,043	7,108
Biological assets (Note 13)	-	1	314	316
Investment property (Note 15)	-	59	-	59
Total	44	22,267	126,078	148,389
30 June 2014				
Assets classified as held for sale (Note 14)	-	25	4	28
Land (Note 16,18)	-	10,183	19,999	30,182
Land under roads (Note 16,18)	-	-	22,342	22,342
Buildings (Note 17,18)	-	7,689	18,373	26,062
Electricity generation and transmission (Note 17,18)	-	-	11,879	11,879
Road netw orks (Note 17,18)	-	-	17,740	17,740
Water storage and distribution (Note 17,18)	-	-	17,929	17,929
Other infrastructure (Note 17,18)	-	77	5,394	5,471
Plant, equipment and other (Note 17,18)	2	987	5,862	6,851
Biological assets (Note 13)	-	-	335	335
Investment property (Note 15)	-	32	549	581
Total	2	18,994	120,405	139,400

(a) Assets valued using quoted prices (unadjusted) in active markets for identical assets.

(b) Assets valued using inputs based on observable market data (either directly or indirectly).

(c) Assets valued using inputs not based on observable market data.

Note: Columns may not add due to rounding.

Measurement of fair values***Transfers between Level 1, 2 and 3***

All significant transfers that apply to the total public sector have been disclosed in the general government sector above.

There were no significant transfers between Levels 1, 2 and 3 for the period ending 30 June 2014.

NOTE 19: FAIR VALUE MEASUREMENTS (CONT.)

Total Public Sector

Valuation techniques to derive Level 2 fair values

There were no significant changes in valuation techniques during the period.

The following valuation techniques to derive Level 2 fair values have been identified for agencies with significant asset values within the total public sector.

- Total public sector Level 2 identified the assets classified as held for sale, land, buildings, and other infrastructure are derived using the market approach. The fair values of these assets have been derived using sale prices of comparable assets to determine the price per square metre for land and buildings, with adjustments made for differences in key attributes.
- Investment property fair values have been derived using either the market or current use approaches. For market type improved assets (land and improvements), the notional land value is measured by comparison and analysis of open market transactions on the assumption that the land is in a vacant and marketable condition. For current use land assets, fair value is measured firstly by establishing the opportunity cost of public purpose land. This approach is termed the hypothetical alternate land use value, and assumes unencumbered land use based upon potential highest and best alternative use as represented by surrounding land uses and market analysis.
- Assets classified as held for sale have been written down to fair value less cost to sell. Fair value has been determined by reference to market evidence of sales process of comparable assets.
- Level 2 fair values of plant, equipment and other is predominately made up of rollingstock and buses, which is owned by the Public Transport Authority. The fair values for the Level 2 assets are derived using the market approach. Market evidence of sales prices of rollingstock and bus contracts held by the Public Transport Authority are used to determine price per railcar and bus respectively. It should be noted that rollingstock is classified as both Level 2 and Level 3 on the fair value hierarchy as market information is available for urban railcars, however, regional rollingstock has been valued by an independent third party as no observable inputs are available.

NOTE 19: FAIR VALUE MEASUREMENTS (CONT.)

Total Public Sector

Fair value measurements using significant unobservable inputs (Level 3)^{(a) (b)}

	Assets classified as held for sale \$m	Land \$m	Land under Roads \$m	Buildings \$m	Electricity generation and transmission \$m	Road networks \$m	Water storage and distribution \$m	Other Infra- structure \$m	Plant, equip & other \$m	Biological assets \$m	Investment property \$m
30 June 2015											
<i>Fair value at start of period</i>	4	19,999	22,342	18,373	11,879	17,740	17,929	5,394	5,862	335	549
Additions	10	130	17	2,846	1,704	599	763	539	1,162	6	3
Revaluation increments/-decrements recognised in Operating Result	-	-	-	-	-	-	-	-	-	-	22
Revaluation increments/-decrements recognised in All other movements in equity	-	295	1,855	804	1,848	-1	68	2,404	-38	1	-
Transfers from/-to Level 2	-	-4,214	-	91	-	-	-	-1	-41	-1	-
Transfers between asset classes	808	-38	-	-183	-	-	-	-	-	-	-574
Disposals	-	-106	-3	-127	-33	-92	-4	-5	-224	-26	-
Depreciation	-	-	-	-595	-631	-254	-402	-2,028	-677	-	-
Fair value at end of period	820	16,066	24,211	21,209	14,766	17,992	18,354	6,302	6,043	314	-
30 June 2014											
<i>Fair value at start of period</i>	3	19,768	20,946	17,671	10,733	17,505	17,275	4,941	5,811	324	538
Additions	4	193	14	927	1,248	656	962	666	971	2	-
Revaluation increments/-decrements recognised in Operating Result	-	-	-	-	-	-	-	-	-	-	11
Revaluation increments/-decrements recognised in All other movements in equity	-	324	1,392	668	598	1	108	139	-137	10	-
Transfers from/-to Level 2	-	1	-	-	-	-	-	-	-	-	-
Disposals	-3	-287	-10	-354	-8	-170	-6	-115	-158	-	-
Depreciation	-	-	-	-538	-692	-252	-411	-237	-623	-	-
Impairment loss	-	-	-	-	-	-	-	-	-2	-1	-
Fair value at end of period	4	19,999	22,342	18,373	11,879	17,740	17,929	5,394	5,862	335	549

(a) There were no gains or losses for the period included in Operating Result for assets held at the end of the reporting period, under 'Net gains on assets/liabilities'.

(b) There was no change in unrealised gains or loss for the period included in the Operating Result for assets held at the end of the reporting period.

Note: Columns may not add due to rounding.

NOTE 19: FAIR VALUE MEASUREMENTS (CONT.)

Total Public Sector

Valuation processes

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for sale as Treasurer's Instructions require valuations of land, buildings and infrastructure to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Valuation techniques to derive Level 3 fair values

There were no significant changes in valuation techniques during the period.

The following valuation techniques have been identified for agencies with significant Level 3 asset values within the total public sector.

- Fair value for restricted-use land is based on market value, by either using market evidence of sales of comparable land that is unrestricted less restoration costs to return the site to a vacant and marketable condition (low restricted-use land), or, comparison with market evidence for land with low level utility (high restricted-use land).
- Fair value for existing use specialised buildings, electricity generation and transmission, water storage and distribution, other infrastructure, road networks, and plant, equipment and other is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset (i.e. the depreciated replacement cost). Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset.
- Fair value for existing use specialised infrastructure assets is calculated by reference to the historical cost indexed by a combination of the following price indices as published by the Australian Bureau of Statistics (ABS):
 - Producer Price Index (PPI) for building construction in Western Australia (approximately 80% weighting).
 - Labour Price Index (LPI) for total hourly rates of pay excluding bonuses using the index covering Australia; private industry; electricity, gas, water and waste supply; and all occupations (approximately 15% weighting).
 - Consumer Price Index (CPI) for all groups in Perth (approximately 5% weighting).

NOTE 19: FAIR VALUE MEASUREMENTS (CONT.)

Total Public Sector

- Fair value for biological assets is determined using the discounted cash flow method to measure fair values of standing timber. The valuation model for standing timber considers the present value of the net cash flows to be generated from the forest. The cash flows projections include specific estimates for Native forest and Sandalwood of 50 years and for Plantations of 38 years. The expected net cash flows are discounted using a risk adjusted discounted rate.
- Fair value for assets classified as held for sale for property has been derived using the discounted cash flow and capitalisation of net income methods.

The Level 3 inputs disclosed in the general government sector above also applies to the total public sector. In addition the disclosures below are specific to the total public sector.

Historical cost of electricity infrastructure per square kilometre

Historical cost of electricity infrastructure per square kilometre is extracted from the financial records of Western Power, then indexed by a combination of observable price indices for electricity related goods and services. That is, electricity infrastructure equates to plant and equipment, communications equipment, lines, sub-stations, transformers and switch yards.

Replacement cost per kilometre of freight network

The costs of kilometres of freight network are extracted from 2010 valuation reports supplied by independent valuation experts Mitchell Munn Valuations.

Replacement cost per cubic metre of ballast

The costs of cubic metre of ballast are extracted from 2015 valuation reports supplied by independent valuation experts Griffin Valuation Advisory.

Replacement cost per sleeper

The costs of sleeper are extracted from 2015 valuation reports supplied by independent valuation experts Griffin Valuation Advisory.

Station Replacement cost per square metre floor area

The costs of station structures are extracted from 2012 valuation reports supplied by independent valuation experts Turner & Townsend.

Replacement cost per kilometre of freight rail track

The costs of kilometres of freight rail track are extracted from 2015 valuation reports supplied by independent valuation experts Griffin Valuation Advisory.

NOTE 19: FAIR VALUE MEASUREMENTS (CONT.)

Total Public Sector

Tunnel Replacement cost per metre

The costs of tunnel replacement are extracted from 2012 valuation reports prepared by the Public Transport Authority's Senior Rail Project Engineer.

Replacement cost per square metre floor area

The costs of constructing specialised buildings relating to bus infrastructure with similar utility are extracted from 2014 valuation reports supplied by independent valuation expert Ralph Beattie Bosworth.

Replacement cost per individual item

The costs of significant specialised items for Public Transport Authority's buildings relating to bus infrastructure are extracted from 2014 valuation reports supplied by independent valuation experts Ralph Beattie Bosworth.

Estimated variables associated with biological assets

The unobservable variables are mainly represented by estimated future timber market price per square cubic metre and estimated average volume per annum, discounted at the rate for 2015 provided by an independent valuation company Indufor Asia Pacific.

Risk adjusted target and adjusted terminal yield

The discounted cash flow approach takes into account the ability of the investment property to generate income over a 10 year period based on certain assumptions. Provision is made for leasing up periods upon the expiry of the various leases throughout the 10 year time horizon. Each year's net operating income during the period is discounted to arrive at the present value of expected future cash flows. The property's anticipated sale value at the end of the period (i.e. its terminal or reversionary value) is also discounted to its present value and added to the discounted income stream to arrive at the total present market value of the property.

Adopted capitalisation rate

The income approach is computed by taking the estimated net market income generated by the investment property and dividing it by the capitalisation rate (the investor's rate of return). Below the line adjustments are made to reflect items such as letting up costs for current and pending vacancies, immediate capital expenditure and rental reversionary interests.

Information about significant unobservable inputs (Level 3) in fair value measurements

The following table shows the valuation techniques used in measuring Level 3 fair values, for significant asset classes, including the significant unobservable inputs used.

NOTE 19: FAIR VALUE MEASUREMENTS (CONT.)

Total Public Sector

Asset Measured at Fair Value	Valuation Technique(s)	Unobservable inputs
Assets classified as held for sale	Discounted Cash Flow	Risk adjusted target discount rates for cash flow over 10 year investment horizon Adopted terminal yield applied to adopted market income at year 11 of the cash flow
	Capitalisation of Net Income	Adopted capitalisation rates based on comparative evidence
Land	Market Approach	Selection of land with similar approximate utility
	Value in Use	Difference between hypothetical alternate land use value and current use land value
Land under roads	Market Approach	Selection of land with adjoining road reserve
Buildings	Depreciated Replacement Cost	Effective Age Residual value of 25% of current replacement cost Consumed economic benefit/obsolescence for asset
Electricity generation and transmission	Depreciated Replacement Cost (current use)	Consumed economic benefit/obsolescence of electricity infrastructure Historical cost of electricity infrastructure per km ²
Road networks	Depreciated Replacement Cost	Historical cost per cubic metre (m ³)
Water storage and distribution	Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset
Other infrastructure	Freight Network Infrastructure - Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset
		Replacement cost per kilometre of network
		Replacement cost per kilometre of rail
		Replacement cost per cubic metres of ballast Replacement cost per sleeper
Railway Infrastructure - Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset	
	Tunnel Replacement cost per metre Station replacement cost per m ² floor area	
Bus Infrastructure - Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset Replacement cost per square metre floor area (m ²) Replacement cost per individual items	
Plant, equipment and other	Existing Use	Selection of artworks with similar characteristics such as historical, contemporary, international, indigenous
	Depreciated Replacement Cost	Historical Cost per collection Consumed economic benefit/ obsolescence of asset
Biological assets	Standing Timber (Native Forests) - Discounted Cash Flow	Estimated future timber market prices (gross profit) per cubic metre
		Estimated average volume per annum Estimated management costs per cubic metre to sell the volume
	Standing Timber (Sandlewood) - Discounted Cash Flow	Estimated future timber market prices based on forward exchange rates over the 50 year horizon provided by Western Australian Treasury Corporation. The exchange rate decreases over the period Weighted average price for products in the domestic market and export market Estimated average volume per annum Estimated cost per tonne to harvest, produce and sell the volume over the forecast horizon
		The area stocked Estimated future timber market prices per cubic metre Future wood flow projections

Reconciliations of the opening and closing balances are provided in Note 13,14,15 and 18.

NOTE 19: FAIR VALUE MEASUREMENTS (CONT.)

Total Public Sector

Basis of valuation

In the absence of market-based evidence, due to the specialised nature of some non-financial assets, these assets are valued at Level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on the use and disposal of these assets when they are not determined to be surplus to requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service.

NOTE 20: INTANGIBLE ASSETS

General Government

	2015	2014
	\$m	\$m
Computer software	867	690
Accumulated amortisation	-483	-423
<i>Total</i>	385	267
Software in progress	121	217
Other	303	273
Accumulated amortisation and impairment losses	-199	-184
<i>Total</i>	104	89
Total Intangible Assets	609	574

Reconciliation of Intangibles

	Computer Software	Software in progress	Other	Total
	\$m	\$m	\$m	\$m
30 June 2015				
<i>Carrying amount at beginning of year</i>	267	217	89	574
Additions	65	85	5	155
Disposals	-1	-	-6	-8
Transfers in/-out	115	-173	30	-28
Revaluation increments/-decrements	-	-2	-2	-4
Amortisation	-62	-	-21	-84
Accumulated amortisation written back	2	-	9	11
Other	-1	-7	-	-8
Carrying amount at end of year	385	121	104	609

	Computer Software	Software in progress	Other	Total
	\$m	\$m	\$m	\$m
30 June 2014				
<i>Carrying amount at beginning of year</i>	308	159	88	554
Additions	35	106	9	150
Disposals	-2	-7	-	-9
Transfers in/-out	30	-43	20	8
Amortisation	-98	-	-28	-127
Other	-5	3	-	-2
Carrying amount at end of year	267	217	89	574

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

NOTE 20: INTANGIBLES ASSETS (CONT.)

Total Public Sector		
	2015	2014
	\$m	\$m
Computer software	1,801	1,466
Accumulated amortisation	-1,055	-899
<i>Total</i>	<i>746</i>	<i>567</i>
Software in progress	130	236
Renewable Energy Certificates	66	50
Other	424	464
Accumulated amortisation and impairment losses	-237	-226
<i>Total</i>	<i>187</i>	<i>238</i>
Total Intangible Assets	1,129	1,091

Reconciliation of Intangibles

	Computer Software	Software in progress	Renewable Energy Certificates	Other	Total
	\$m	\$m	\$m	\$m	\$m
30 June 2015					
<i>Carrying amount at beginning of year</i>	<i>567</i>	<i>236</i>	<i>50</i>	<i>238</i>	<i>1,091</i>
Additions	112	89	81	20	302
Disposals	-10	-	-90	-7	-107
Transfers in/-out	228	-185	25	-48	20
Revaluation increments/-decrements	-	-2	-	-2	-4
Amortisation	-156	-	-	-23	-179
Accumulated amortisation written back	6	-	-	9	15
Other	-1	-8	-	-	-9
Carrying amount at end of year	746	130	66	187	1,129

	Computer Software	Software in progress	Renewable Energy Certificates	Other	Total
	\$m	\$m	\$m	\$m	\$m
30 June 2014					
<i>Carrying amount at beginning of year</i>	<i>614</i>	<i>172</i>	<i>64</i>	<i>269</i>	<i>1,118</i>
Additions	92	110	65	13	280
Disposals	-4	-7	-79	-	-89
Transfers in/-out	45	-42	-	17	20
Impairment losses	-	-	-	-22	-22
Amortisation	-176	-	-	-40	-215
Other	-4	3	-	-	-1
Carrying amount at end of year	567	236	50	238	1,091

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

NOTE 21: BORROWINGS

General Government		
	2015	2014
	\$m	\$m
Bank Overdrafts	304	171
Finance leases - secured ^(a)	594	524
Domestic and foreign borrowings ^(b)	12,704	10,667
Total^(c)	13,603	11,362
 (a) Finance Leases		
Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Amounts payable under finance leases are as follows.		
	2015	2014
	\$m	\$m
Minimum lease payments due:		
- not later than one year	101	76
- later than one year and not later than five years	278	221
- later than five years	273	276
Minimum lease payments	652	573
Future finance charges	-57	-49
Total finance lease liabilities	594	524
Amounts expected to be settled:		
- not later than one year	85	63
- later than one year	510	461
Total	594	524
 (b) Foreign currency borrowings		
The general government sector had no foreign currency borrowings at the reporting date or at the same time last year.		
 (c) Borrowings - maturity profile		
	2015	2014
	\$m	\$m
The maturity profile of borrowings, at fair value is as follows:		
- not later than one year	2,094	438
- later than one year and not later than five years	6,422	7,009
- later than five years	5,086	3,915
Total	13,603	11,362
Note: Columns/rows may not add due to rounding.		

NOTE 21: BORROWINGS (CONT.)

Total Public Sector		
	2015	2014
	\$m	\$m
Bank overdrafts	304	171
Finance leases - secured ^(a)	1,481	1,441
Domestic and foreign borrowings ^(b)	42,467	39,603
Total^(c)	44,252	41,216

(a) Finance Leases

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Amounts payable under finance leases are as follows.

	2015	2014
	\$m	\$m
Minimum lease payments due:		
- not later than one year	134	107
- later than one year and not later than five years	433	367
- later than five years	971	1,016
Minimum lease payments	1,539	1,490
Future finance charges	-57	-49
Total finance lease liabilities	1,481	1,441
Amounts expected to be settled:		
- not later than one year	119	94
- later than one year	1,363	1,347
Total	1,481	1,441

(b) Foreign currency borrowings

The following foreign currency borrowings are reported at Australian dollar equivalents applicable at the reporting date and the amounts in foreign currency included.

	Current	Non-current
30 June 2015		
United States Dollars	52	-
Great Britain Pounds	-	-
EUR	-	-
	52	-
30 June 2014		
United States Dollars	756	-
Great Britain Pounds	-	-
EUR	-	-
	756	-

At the reporting date, all foreign currency borrowings have either been hedged, swapped, covered forward specifically or invested in the foreign currency market. Consequently, any gain or loss on the transaction of the foreign currency borrowing is matched by a corresponding loss or gain made on the foreign currency contract or the foreign currency investment.

(c) Borrowings - maturity profile

	2015	2014
	\$m	\$m
The maturity profile of borrowings, at fair value is as follows:		
- not later than one year	16,267	16,385
- later than one year and not later than five years	15,509	13,016
- later than five years	12,476	11,814
Total	44,252	41,216

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

NOTE 22: SUPERANNUATION

General Government		
	2015	2014
	\$m	\$m
Defined Benefit superannuation schemes:		
Pension Scheme	2,350	2,351
Gold State Superannuation Scheme	4,227	4,559
Judges' Pension Scheme	465	440
Parliamentary Superannuation Scheme	210	176
Total Defined Benefit superannuation schemes	7,252	7,526
Defined contribution superannuation scheme: West State Superannuation Scheme	321	364
Total	7,573	7,890

The superannuation liability for the general government sector at 30 June 2015 was \$7,573 million (2014: \$7,890 million). The liability represents 98.2% (2014: 98.3%) of the whole-of-government total superannuation liability of \$7,710 million at 30 June 2015 (2014: \$8,027 million).

The disclosure information included in the total public sector note below also applies to the general government sector.

Total Public Sector		
	2015	2014
	\$m	\$m
Defined Benefit superannuation schemes:		
Pension Scheme	2,488	2,487
Gold State Superannuation Scheme	4,226	4,559
Judges' Pension Scheme	465	440
Parliamentary Superannuation Scheme	210	176
Total Defined Benefit superannuation schemes	7,389	7,662
Defined contribution superannuation scheme: West State Superannuation Scheme	321	364
Total	7,710	8,027

(i) The Government Employee Superannuation Board (GESB) administers the following superannuation schemes.

Defined Benefit Superannuation Schemes

The defined benefit schemes are:

- Pension Scheme, a defined benefit pension scheme now closed to new members;
- Gold State Superannuation Scheme, a defined benefit lump sum scheme closed to new members;
- Judges' Pension Scheme, a defined benefit pension scheme which remains open to new members; and
- Parliamentary Superannuation Scheme, a defined benefit pension scheme closed to new members.

These benefits are partially unfunded and the liabilities for future payments are provided for at reporting date. The liabilities under these schemes have been calculated annually by the actuary, PricewaterhouseCoopers Securities Ltd, using the Projected Unit Credit method. The expected future payments are discounted to present value using market yields at the reporting date on Commonwealth government 10 year bonds with terms to maturity that match, as closely as possible the estimated future cash outflows.

Defined Contribution Superannuation Schemes

Employees who do not qualify for membership to the various defined benefit plan schemes become non-contributory members of the defined contribution plan, compliant with the Commonwealth's *Superannuation Guarantee (Administration) Act 1992*. The West State Superannuation Scheme, an accumulation fund is administered by GESB. From 30 March 2012, existing members of the West State Superannuation or GESB Super schemes and new employees have been able to choose their preferred superannuation fund provider.

The public sector has no further obligation to the plan if there are insufficient assets to pay employees the benefits relating to their services rendered in current and prior periods, except for, the unfunded portion of the West State Superannuation scheme for which the unfunded West State Super benefits are being amortised over the period to 2021. The then Government agreed to amortise the unfunded liability over 20 years from 1 July 2001, when GESB introduced Member Investment Choice from the same date. The liability has been determined as the present value of the amortisation payments, discounted at market yields at the reporting date.

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

NOTE 22: SUPERANNUATION (CONT.)

(ii) The actuary has applied the following principal assumptions in assessing the defined benefit superannuation liabilities at the reporting date and for following year expense.

	2015	2014
	%	%
Discount rate (gross of tax) ^(a)	3.0	3.5
Salary rate ^(b)	4.5	4.5
Inflation (pensions)	2.5	2.5

(a) The discount rate is based on the average term of liabilities.

(b) Assumed rate of salary inflation is 3.0% per annum for the first year, 2.5% per annum for the next three years and 4.0% per annum thereafter plus an additional 0.5% for promotional increases.

(iii) Major categories of defined benefit plan assets as a percentage of total fund assets ^(c) are as follows.

	Quoted in active markets (Class 1)	Significant observable inputs (Class 2)	Unobservable inputs (Class 3)	Total
	2015 %	2015 %	2015 %	2015 %
Equities	60	-	-	60
Cash and Investment funds	13	10	5	28
Others	-	12	-	12
	Quoted in active markets (Class 1)	Significant observable inputs (Class 2)	Unobservable inputs (Class 3)	Total
	2014 %	2014 %	2014 %	2014 %
Equities	68	-	-	68
Cash and Investment funds	7	7	5	19
Others	-	13	-	13

(c) Only the Pension Scheme and Gold State Superannuation Scheme have plan assets. The Judges' Pension and Parliamentary Superannuation Schemes are unfunded with no employer/employee contributions.

(iv) Movement in net liability

	2015	2014
	\$m	\$m
<i>Net liability/(asset) at the beginning of the year</i>	7,663	7,761
Expense recognised in profit and loss	465	492
Employer contributions	-670	-694
Remeasurements	-69	104
Net liability/(asset) at the end of the year	7,389	7,663

(v) The net liability of defined benefit plans recognised in the balance sheet is as follows.

	2015	2014
	\$m	\$m
Total defined benefit obligations	10,324	10,483
Scheme assets ^(d)	-2,936	-2,820
Net liability	7,389	7,663

(d) Based on estimated accounts.

	2015	2014
	\$m	\$m
Not later than one year	22	22
Later than one year	7,367	7,641
Total	7,389	7,663

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

NOTE 22: SUPERANNUATION (CONT.)

(vi) Details of the deficit of the defined benefit plans measured in accordance with AAS 25: *Financial Reporting by Superannuation Plans* as determined from the plans' most recent financial report are shown below.

	Pension Scheme	Gold State Super Scheme ^(e)	Judges' Pension Scheme	Parliamentary Super Scheme	Total
	2015	2015	2015	2015	2015
	\$m	\$m	\$m	\$m	\$m
Gross accrued benefits	2,576	7,074	465	210	10,324
Net market value of plan assets	-89	-2,847	-	-	-2,936
Net liability	2,487	4,227	465	210	7,389
	Pension Scheme	Gold State Super Scheme ^(e)	Judges' Pension Scheme	Parliamentary Super Scheme	Total
	2014	2014	2014	2014	2014
	\$m	\$m	\$m	\$m	\$m
Gross accrued benefits	2,577	7,290	440	176	10,483
Net market value of plan assets	-89	-2,731	-	-	-2,820
Net liability	2,488	4,559	440	176	7,663

The amounts recorded for the Gold State Superannuation Scheme relate to the scheme as a whole (i.e. the pre-transfer benefit component plus the concurrently funded benefit component). The funding policy in respect of the defined benefit plans is directed at ensuring that benefits accruing to members and beneficiaries are fully funded at the time the benefits become payable. As such, the actuary has considered long-term trends in such factors as scheme membership, salary growth and average market value of the schemes' assets when advising on employer and employee contribution rates.

(vii) The amounts recognised in the operating statement in respect of the defined benefit plans are as follows.

	2015	2014
	\$m	\$m
Total employer current service cost	209	212
Net interest cost	256	280
Recognised actuarial -gains/losses	-69	104
Total	396	597

(viii) Reconciliation of the fair value of defined benefit superannuation assets at the beginning and at the end of the year are set out below.

	2015	2014
	\$m	\$m
<i>Fair value plan assets at beginning of year</i>	2,819	2,594
Employer contributions	670	694
Actual participant contributions	60	66
Actual benefit payments	-922	-939
Interest income	94	95
<i>Expected plan assets at end of year</i>	2,722	2,510
Return in excess of interest income	214	309
Fair value of plan assets at end of year	2,935	2,820

(ix) Reconciliation of the fair value of defined benefit superannuation obligations at the beginning and at the end of the year are set out below.

	2015	2014
	\$m	\$m
<i>Defined benefit obligation at beginning of year</i>	10,482	10,333
Employer service cost plus operating costs	207	236
Interest cost	352	376
Actual participant contributions	60	65
Actual benefit payments	-922	-939
<i>Expected defined benefit obligations at end of year</i>	10,180	10,070
Actuarial -gain/loss on liabilities	145	412
Adjustment for asset ceiling	-	-
Defined benefit obligation at end of year	10,324	10,483

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

NOTE 22: SUPERANNUATION (CONT.)

(x)	Reconciliation of actuarial -gain/loss on assets and liabilities are set out below.		
		2015	2014
		\$m	\$m
	Actuarial -gain/loss due to demographic assumptions	29	-
	Actuarial -gain/loss due to financial assumptions	195	269
	Actuarial -gain/loss arising from experience	-79	141
	Return in excess of interest income	-214	-305
	Amount recognised during year in other Comprehensive Income	-69	104
(xi)	History Summary.		
		2015	2014
		2013	2012
		2011	2010
		\$m	\$m
	Total defined benefit obligations	10,324	10,483
	Actual assets	-2,936	-2,820
	Deficit/-surplus	7,389	7,663
		7,739	8,642
		8,642	6,984
(xii)	Sensitivity Analysis ^(e) for the defined benefit obligation is presented on the following scenarios.		
		+1.0	-1.0
		percentage	percentage
		point	point
		discount rate	discount rate
	Discount rate (%)	4.0	2.0
	Defined benefit obligation (\$m)	9,456	11,204
	Changes in obligation (\$m)	822	925
	Percentage changes in obligation (percentage points)	8.0	9.0
	<i>Sensitivity to future salary increase</i>		
		+1.0 percentage point future salary increase rate	-1.0 percentage point future salary increase rate
	Future salary increases	4.5% in the first year, 4% for the next three years and 5.5% thereafter	2.5% in the first year, 2% for the next three years and 3.5% thereafter
	Defined benefit obligation (\$m)	10,792	9,867
	Changes in obligation (\$m)	514	411
	Percentage changes in obligation (percentage points)	5.0	-4.0
	<i>Sensitivity to pension indexation rate</i>		
		+1.0 percentage point pension indexation rate	-1.0 percentage point pension indexation rate
	Pension increases (%)	3.5	3.5
	Defined benefit obligation (\$m)	10,690	9,970
	Changes in obligation (\$m)	411	308
	Percentage changes in obligation (percentage points)	4.0	-3.0
	<i>Sensitivity to mortality</i>		
		1 year increase in future life expectancy	1 year decrease in future life expectancy
	Defined benefit obligation (\$m)	10,484	10,073
	Changes in obligation (\$m)	206	206
	Percentage changes in obligation (percentage points)	2.0	-2.0

(e) Sensitivity figures do not include Goldstate reserves amounting to \$47 million.

Note: Columns may not add due to rounding.

NOTE 23: OTHER EMPLOYEE BENEFITS

 General Government

	2015	2014
	\$m	\$m
Annual leave	853	810
Long service leave	1,739	1,727
Other	700	603
Total	3,292	3,140

Assessments indicate that actual settlement of the annual leave liabilities is expected to occur as follows.

	2015	2014
	\$m	\$m
Within 12 months of reporting date	680	634
More than 12 months after reporting date	173	176
Total	853	810

Assessments indicate that actual settlement of the long service leave liabilities is expected to occur as follows.

	2015	2014
	\$m	\$m
Within 12 months of reporting date	372	358
More than 12 months after reporting date	1,367	1,369
Total	1,739	1,727

 Total Public Sector

	2015	2014
	\$m	\$m
Annual leave	1,009	964
Long service leave	1,984	1,961
Other	769	649
Total	3,763	3,574

Assessments indicate that actual settlement of the annual leave liabilities is expected to occur as follows.

	2015	2014
	\$m	\$m
Within 12 months of reporting date	787	745
More than 12 months after reporting date	222	219
Total	1,009	964

Assessments indicate that actual settlement of the long service leave liabilities is expected to occur as follows.

	2015	2014
	\$m	\$m
Within 12 months of reporting date	440	410
More than 12 months after reporting date	1,544	1,551
Total	1,984	1,961

Note: Columns may not add due to rounding.

NOTE 24: OTHER LIABILITIES

General Government		2015	2014
		\$m	\$m
Insurance claims		9	10
Interest payable		96	89
Other provisions		22	34
Other liabilities		1,159	1,190
Total Other Liabilities		1,287	1,323

Reconciliation of Other Provisions

30 June 2015

	Employment on-costs	Decommissioning costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	31	-	2	-	34
Additional provisions recognised	5	-	-	2	7
Amounts used	-5	-	-	-	-6
Unused amounts reversed	-13	-	-	-	-13
Unwinding of the discount	-	-	-	-	-
Other	-	-	-	-	-
Carrying amount at end of year	18	-	2	2	22

30 June 2014

	Employment on-costs	Decommissioning costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	29	-	2	-	31
Additional provisions recognised	5	-	1	-	6
Amounts used	-5	-	-	-	-5
Unused amounts reversed	-	-	-	-	-
Unwinding of the discount	-	-	-	-	-
Other	1	-	-	-	1
Carrying amount at end of year	31	-	2	-	34

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

NOTE 24: OTHER LIABILITIES (CONT.)

Total Public Sector		2015	2014		
		\$m	\$m		
Insurance claims ^(a)		2,751	2,710		
Interest payable		481	463		
Other provisions		595	644		
Other liabilities		973	1,015		
Total Other Liabilities		4,800	4,832		
Reconciliation of Other Provisions					
30 June 2015					
	Employment on-costs	Decommissioning costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	40	440	51	113	644
Additional provisions recognised	8	34	5	57	104
Amounts used	-7	-4	-11	-60	-82
Unused amounts reversed	-13	-19	-1	-24	-56
Unwinding of the discount	-	-8	-	-	-8
Other	-1	-	-1	-5	-7
Carrying amount at end of year	27	443	44	81	595
30 June 2014					
	Employment on-costs	Decommissioning costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	38	425	32	321	816
Additional provisions recognised	8	5	28	44	85
Amounts used	-6	-6	-9	-7	-28
Unused amounts reversed	-	-	-	-	-
Unwinding of the discount	-	15	-	-	15
Other	-	1	-	-245	-244
Carrying amount at end of year	40	440	51	113	644
				2015	2014
				\$m	\$m
(a) Insurance claims					
The liabilities for outstanding insurance claims comprise:					
Third Party Insurance Fund				1,976	1,928
Government Insurance Fund				37	37
RiskCover				634	648
Other				104	98
<i>Total</i>				2,751	2,710
Liability for outstanding claims (undiscounted)				3,023	3,028
Discount to present value				-272	-318
<i>Total Liability for outstanding claims (undiscounted)</i>				2,751	2,710
				2015	2014
				%	%
Claims expected to be paid:					
Not later than one year					
Inflation rate				2.50	3.60
Discount rate				2.00	2.50
Later than one year					
Inflation rate				2.66	4.40
Discount rate				2.08	4.34

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

NOTE 25: RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS FOR PERIOD

General Government		
	2015	2014
	\$m	\$m
Surplus for period	-431	719
Non-cash movements		
Depreciation	1,235	1,197
Increase/-decrease in accrual in employees benefits	-84	-148
-Increase/-decrease in inventories	10	-2
-Increase/-decrease in receivables	371	-148
-Increase/-decrease in prepayments and other assets	-2	-39
Increase/-decrease in payables	23	-148
Increase/-decrease in other liabilities and accruals	-36	-47
Net GST receipts/-payments	-7	1
Other non-cash net asset transfers	14	216
Adjustment for other non-cash items	-53	132
Net cash flows from operating activities as shown in the Cash Flow Statement	1,040	1,733
Total Public Sector		
	2015	2014
	\$m	\$m
Surplus /-deficit for period	-464	225
Non-cash movements		
Depreciation	3,226	3,220
Premium discount amortisation	-190	-155
Increase/-decrease in accrual in employees benefits	-107	-149
-Increase/-decrease in inventories	-173	-515
-Increase/-decrease in receivables	634	-22
-Increase/-decrease in prepayments and other assets	-58	130
Increase/-decrease in payables	-52	803
Increase/-decrease in other liabilities and accruals	-32	-260
Net GST receipts/-payments	-107	22
Other non-cash net asset transfers	-297	99
Adjustment for other non-cash items	-16	-201
Net cash flows from operating activities as shown in the Cash Flow Statement	2,364	3,198
Note: Columns may not add due to rounding.		

NOTE 26: CLOSING CASH BALANCES

For the purposes of the Cash Flow Statement, cash includes cash on hand, cash at bank and investments in highly liquid money market instruments, net of outstanding bank overdrafts.

Cash for the purposes of the Cash Flow Statement is defined differently to 'Cash' for the purposes of the consolidated Balance Sheet (which only includes cash holdings at the balance date and not other liquid assets included in the Cash Flow Statement). As a result, the Cash reported on the Cash Flow Statement does not equal 'Cash' in the Balance Sheet.

General Government		
	2015	2014
	\$m	\$m
Cash assets on the Balance Sheet	785	692
Bank Overdrafts	-304	-171
Investments included as cash on the Cash Flow Statement	3,959	3,967
Total closing cash balance	4,440	4,488
Total Public Sector		
	2015	2014
	\$m	\$m
Cash assets on the Balance Sheet	1,631	1,610
Bank Overdrafts	-304	-171
Investments included as cash on the Cash Flow Statement	7,912	6,944
Total closing cash balance	9,239	8,383

Note: Columns may not add due to rounding.

NOTE 27: RESTRICTED FINANCIAL ASSETS

There are restrictions on the uses of specific purpose Commonwealth grants. Funding received and not yet expensed total \$775 million (2014: \$375 million).

NOTE 28: MONEYS HELD IN TRUST

Moneys held in a trustee capacity are not controlled by the State and are excluded from assets and liabilities. An amount of \$448 million was held as at 30 June 2015, compared with \$428 million at 30 June 2014.

NOTE 29: EXPENDITURE COMMITMENTS

General Government

Capital expenditure commitments^(a)

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are expected to require payment as follows.

	2015	2014
	\$m	\$m
Not later than one year	1,233	1,712
Later than one year and not later than five years	1,032	1,258
Later than five years	-	61
Total	2,265	3,031

Operating leases expenditure commitments

In addition to the finance leases for which the liabilities are incorporated in the balance sheet, the public sector has non-cancellable operating leases of buildings for office accommodation and motor vehicles, under which the following amounts are payable.

	2015	2014
	\$m	\$m
Not later than one year	176	188
Later than one year and not later than five years	374	371
Later than five years	275	289
Total	825	848

Operating lease expenses for the year amounted to \$661 million (2013-14: \$648 million).

Finance lease expenditure commitments

	2015	2014
	\$m	\$m
Not later than one year	-	-
Later than one year and not later than five years	112	-
Later than five years	774	-
Total	886	-

The Western Australian Sports Centre Trust has been appointed the governance agency for the Perth Stadium. A lease commitment effective from January 2018 (when the Stadium is forecast to be opened) until December 2043 when the financing of the Stadium construction and development is completed.

Other Commitments

The public sector has commitments with private sector contractors for the provision of various services including health services, rail and bus operations. These commitments are payable as follows.

	2015	2014
	\$m	\$m
Not later than one year	2,637	2,584
Later than one year and not later than five years	5,197	4,573
Later than five years	4,737	5,755
Total	12,571	12,913

(a) The capital commitments include the following material amounts:

- major health infrastructure totalling \$622 million (2014: \$868 million) including spending on various country hospitals (\$405 million), Midland Health Campus (\$56 million), the New Children's Hospital (\$37 million), and final payments for the Fiona Stanley Hospital (\$26 million);
- school and State Training Provider infrastructure of \$355 million (2014: \$478 million) for the building of new schools, additions and improvements to metropolitan and district high schools, remote community schools, trade training centres and agricultural colleges;
- spending on the New State Museum \$413 million (2014: \$435 million); and
- road infrastructure spending of \$707 million (2014: \$877 million), including the Gateway WA – Perth Airport and Freight Access project (\$221 million), Mitchell Freeway extension (\$154 million), the North West Coastal Highway upgrade (\$63 million), Reid Highway duplication (\$55 million) and the Great Northern Highway upgrade (\$36 million).

Note: Columns may not add due to rounding.

NOTE 29: EXPENDITURE COMMITMENTS (CONT.)

Total Public Sector

Capital expenditure commitments^(b)

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are expected to require payment as follows.

	2015	2014
	\$m	\$m
Not later than one year	2,546	2,828
Later than one year and not later than five years	1,558	1,812
Later than five years	7	61
Total	4,112	4,701

Operating leases expenditure commitments

In addition to the finance leases for which the liabilities are incorporated in the balance sheet, the public sector has non-cancellable operating leases of buildings for office accommodation and motor vehicles, under which the following amounts are payable.

	2015	2014
	\$m	\$m
Not later than one year	431	463
Later than one year and not later than five years	1,144	1,145
Later than five years	1,636	1,863
Total	3,211	3,471

Operating lease expenses for the year amounted to \$816 million (2013-14: \$816 million).

Finance lease expenditure commitments

	2015	2014
	\$m	\$m
Not later than one year	-	-
Later than one year and not later than five years	112	-
Later than five years	774	-
Total	886	-

The Western Australian Sports Centre Trust has been appointed the governance agency for the Perth Stadium. A lease commitment effective from January 2018 when the Stadium is forecast to be opened until December 2043 when the financing of the Stadium construction and development is completed.

Other Commitments

The public sector has commitments with private sector contractors for the purchase of electricity and gas, and for the provision of various services including health services and rail and bus operations. These commitments are payable as follows.

	2015	2014
	\$m	\$m
Not later than one year	4,749	4,675
Later than one year and not later than five years	11,850	11,197
Later than five years	13,682	20,635
Total	30,281	36,507

(b) In addition to the major commitments for the general government sector disclosed above, the following material commitments are included for the total public sector:

- rail and bus infrastructure of \$660 million (2014: \$721 million), including the Stadium Rail project, Perth City Link bus station and additional purchases of buses, coaches and railcars, and miscellaneous projects;
- waste and wastewater projects including the Intergrated Water Supply Scheme Perth Groundwater Replenishment project, the East Rockingham and Pemberton Wastewater Treatment Plants and Desalination Plant 2 \$153 million (2014: \$215 million);
- housing infrastructure of \$254 million (2014: \$224 million), including dwelling construction and upgrades, land development and redevelopment, crisis accommodation program, joint venture land development, new living, local government and community housing programs and affordable housing;
- land development projects \$229 million (2014: \$192 million) including Karratha City of the North (\$39 million), Karratha City infrastructure (\$38 million), Hamilton Hill Cockburn Coast (\$18 million), Alkimos Beach (\$16 million), Claremont on the Park (\$13 million), Broome Road General Industrial (\$10 million), Karratha Madigan Road (\$4 million) and Shenton Park Hospital (\$4 million);
- contracts for various projects managed by the Metropolitan Redevelopment Authority \$202 million (2014: \$298 million), including for Elizabeth Quay (\$79 million), the Perth City Link (\$66 million) and various roads upgrades; and
- upgrade of the electricity distribution network and other transmission line upgrades \$90 million (2014: \$239 million).

Note: Columns may not add due to rounding.

NOTE 30: CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities and assets represent benefits and costs that could materialise in future under certain conditions. The consolidated financial statements do not contain any provision in respect of the material quantifiable or unquantifiable contingent assets and liabilities noted below.

More information on the contingencies identified in this section can be found in the annual reports of the associated agencies.

1. Quantifiable Contingent Assets and Liabilities at 30 June

	2015	2014
	\$m	\$m
<i>Contingent Assets</i>		
General Government ^(a)	35	37
Public Non-Financial Corporations	-	-
Total	35	37
<i>Contingent Liabilities</i>		
Contingent liabilities under guarantees, warranties, indemnities and sureties ^(b)	278	291
Other contingent liabilities ^(c)	508	500
Contingent liabilities in relation to public universities' superannuation liabilities ^(d)	100	101
Total	887	892

(a) Contingent assets

Department of Finance

The Department of Finance has contingent assets of \$18.6 million (30 June 2014: \$19.5 million), mainly attributable to adjudication of disputes under the *Construction Contracts Act 2004*.

Department of Environmental Regulation

The Department of Environmental Regulation has litigation claims to the value of \$12.7 million (30 June 2014: \$11.7 million).

Various Agencies

A range of agencies have a number of small quantifiable contingent assets totalling almost \$4 million (30 June 2014: \$6 million).

(b) Contingent liabilities under guarantees, warranties, indemnities and sureties

Public Trustee Common Fund

Deposits in the Public Trustee's Common Fund include balances held on behalf of third parties at 30 June each year. Guarantees for balances held in the Common Fund at 30 June 2015 totalled \$270 million (30 June 2014: \$284 million).

Department of Treasury

The State Government has provided a guarantee of \$7.5 million (30 June 2014: \$7.4 million) to the Australia and New Zealand Banking Group in relation to loan facilities provided to the Western Australian Football Commission.

(c) Other contingent liabilities

Commissioner of Main Roads

Claims have been lodged by owners of property acquired for road construction purposes. A contingent liability of \$298 million (30 June 2014: \$256 million) reflects the difference between the owners' claims and estimated settlement prices determined by Main Roads in accordance with independent valuations, and also includes claims that have also been submitted by contractors in relation to services provided under roadwork contracts.

Department of Commerce

As the responsible Minister under the *Industry and Technology Development Act 1998*, the Minister for Commerce (or his predecessors) is a signatory to six Investment Security Guarantees (ISGs) between the Minister, the General Manager of the Forest Products Commission (FPC) and timber processors. Under the ISGs, the Minister is liable to pay compensation in the event of certain circumstances where the FPC is unable to supply contracted amounts of timber. The total contingent liability for these ISGs at 30 June 2015 was \$13 million (30 June 2014: \$31 million). The reduction in the annual value of this contingent liability reflects the expiration of all previous ISGs, with only one new ISG being entered into during 2014-15.

Western Australian Planning Commission

Under the operation of the Metropolitan, Peel and Greater Bunbury Region Schemes, reservations exist on properties that may result in compensation being paid to the landholder or the property being acquired for the Western Australian Planning Commission's (WAPC) estate. The Commission, on an annual basis, sets such compensation and acquisition priorities. In some cases, the landholder disputes the compensation offered by the WAPC, either through arbitration or through Court action. Resolving such disputes forms part of the ordinary business of the WAPC and any additional payments that arise are managed within the resources of the Metropolitan Region Improvement Fund and the Regional Land Acquisition appropriation. The current estimate of this liability is approximately \$34 million (30 June 2014: \$47 million).

Department of the Attorney General

The Department of the Attorney General is subject to claims regarding criminal injuries. A number of these are yet to be assessed. The current estimate of this liability is approximately \$37 million (30 June 2014: \$28 million).

Department of Mines and Petroleum

Mining companies owing royalties of approximately \$1 million are currently under administration and action is being taken to recover the funds that were due in the quarter that they went into administration. The calculated value of outstanding royalty obligations from such companies is currently estimated at approximately \$30 million. In the event that these funds are not collected, a bad debt expense may arise.

Forest Products Commission

The Forest Products Commission has identified a potential shortfall of current pine resources that would be available to meet future contracted supply commitments. For the year ending 30 June 2015, there is a high degree of uncertainty regarding the likelihood, timing and amount of any potential shortfall and the Commission is therefore unable to determine a reliable estimate of the amount of any potential obligation that may arise in the future. The Commission is undertaking further analysis in order to develop and implement mitigation strategies if necessary and will continue to monitor the need for further disclosure, or a provision, at future reporting dates.

Various Agencies

Other quantifiable contingent liabilities include various legal and contractual claims against individual agencies totalling \$95 million (30 June 2014: \$138 million) as reported in the annual reports of those agencies.

(d) Contingent liabilities in relation to public universities' superannuation liabilities

The *State Superannuation Act 2000* (SSA) repealed the *Government Employees Superannuation Act 1987* and the *Superannuation and Family Benefits Act 1938*. The schemes operating under those Acts continue under the SSA. The State guarantees the benefits payable under those schemes. Entitlements for State government employees under this guarantee are recognised as part of unfunded superannuation liabilities on the face of the balance sheet. However, public university employees are not employees of the State for the purposes of this *Annual Report on State Finances* (in recognition of the national control of higher education institutions exercised by the Commonwealth).

The guarantee for public universities' superannuation liabilities is \$100 million based on the actuarially assessed value of these entitlements at 30 June 2015 (30 June 2014: \$101 million).

2. Non-quantifiable Contingent Assets

Bell Recovery Action

In 1995, the Insurance Commission of Western Australia (ICWA) agreed to fund the costs of the Liquidators of the Bell Group in the Liquidators' action against 20 banks. ICWA has since advanced \$198.5 million to the Liquidators in this action.

This action finally involved an award in favour of the Bell Group of \$2.7 billion by the Court of Appeal of the Western Australian Supreme Court. The banks sought to appeal part of this judgement in the High Court of Australia but a conditional settlement was reached in September 2013.

The conditions of the settlement have now been satisfied. The effect of this settlement is that the banks have relinquished all claims in Bell, leaving a sum of \$1.7 billion with the Liquidators for distribution between the remaining creditors.

Since settlement, litigation over the distribution of the settlement funds has commenced and mediation attempts have failed.

In May 2015, the Western Australian Government introduced the *Bell Group Companies (Finalisation of Matters and Distribution of Proceeds) Bill 2015* to ensure an expeditious end to the Bell litigation and the equitable distribution of the pool of funds by a WA Bell Companies Administration Authority.

The Bill causes the Bell funds to be transferred to the Authority. The Authority will make recommendations to the Governor as to the amounts to be paid to creditors.

ICWA considers that it has a contingent asset that will eventually materialise from the Bell distribution process. The total amount of the recoveries it will ultimately receive from Bell cannot yet be ascertained.

The Commission has a potential exposure to a range of indemnities associated with funding the Liquidators' action. Due to the uncertainty associated with litigation, it is not practical to estimate the potential financial effect of these indemnities upon ICWA at the end of the reporting period.

3. Non-quantifiable Contingent Liabilities

Champion Lakes Regatta Centre Dispute

The Metropolitan Redevelopment Authority (MRA) was served with a writ of summons on 12 June 2013, which sets out a damages claim arising out of an assertion of trespass to an interest in certain land purportedly created by way of adverse possession prior to 2007.

Ownership of the land, the subject matter of the claim, was transferred from the Authority to VenuesWest in January 2014 and forms part of the Champion Lakes Regatta Centre which was constructed in 2007. The State Solicitor's Office is acting for the MRA and VenuesWest to defend the action.

Contaminated Sites

Under the *Contaminated Sites Act 2003*, agencies are required to report known and suspected contaminated sites to the Department of Environmental Regulation (DER), formerly the Department of Environment and Conservation. In accordance with the Act, DER classifies these sites on the basis of risk to human health, the environment and environmental issues. Where sites are classified as ‘contaminated – remediation required’, or ‘possibly contaminated – investigation required’, the agency may have a liability in respect of investigation or remediation expenses. DER has not yet finalised the classification of sites that have been reported by agencies. As agencies are unable to assess the likely outcome of the classification process, it is not possible to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Agencies are required to have on-going management plans to remediate contaminated sites as they are identified.

Department of State Development

The Department of State Development is currently in a formal arbitration process with a resource project proponent. The timing or likely outcome remains uncertain as is the quantification of any possible financial claim.

Elizabeth Quay – Grand Palace Lease Dispute

The Metropolitan Redevelopment Authority (MRA) is currently in negotiation with the party that formerly occupied the now demolished Florence Hummerston Kiosk. The matter is being dealt with on behalf of the MRA by the Western Australian Planning Commission. In consultation with the State Solicitor’s Office, \$5 million was paid by the Commission to the former business owner as an advance payment prior to a formal compensation claim being lodged. In late 2014, the former owner rejected a formal offer of compensation but accepted an offer of \$2.2 million as a second advance payment. This brings the total payments to date to \$7.2 million. The MRA will be required to fund any additional compensation amount as determined from the project budget.

Home Indemnity Insurance

The State, through the Minister for Commerce, previously entered into Deeds of Indemnity with private insurers QBE and Calliden that provided cover for large losses under the Home Indemnity Insurance (HII) scheme resulting from death, insolvency or disappearance of a builder or building group.

The Heads of Agreements with private insurers covering the previous HII arrangement, where the State reinsured private sector insurers for losses against any builder failure exceeding \$10 million, expired on 30 June 2013. These were subsequently extended until 31 October 2013 to allow the Government to consider long term options.

Since 1 November 2013, the State wholly underwrites the provision of new HII policies to provide cover on an emerging cost basis for financial loss resulting from the death, insolvency or disappearance of a builder or building group. This arrangement was recently extended until 31 October 2016 to provide additional time to develop a longer term market-based HII solution. From 1 July 2015, the premiums for HII policies are paid into the Home Indemnity Insurance Reinsurance Account (the Account) administered by the Department of Commerce, with any claims arising from these policies being met from the Account rather than on an emerging cost basis.

James Point Proprietary Limited

James Point Proprietary Limited (JPPL) has initiated legal action in the Supreme Court of Western Australia against the Minister for Transport, the Minister for Lands and the State of Western Australia in relation to a claimed breach of agreement to which JPPL was to construct, own and operate a multi-function port, and provide port services at the James Point port.

Native Title claims

The *Commonwealth Native Title Act 1993*, as amended, creates a liability for the States for any compensation in regards to loss or impairment of native title right and interests that occurred after 31 October 1975.

In addition to the general risks arising from native title claims, a specific contingent liability arises in relation to Perth and South West native title offers. In July 2013, the Government announced a final offer to resolve native title, consisting of a significant cash and land offer to be made to native title claimants in Perth and the South West for descendants of the Noongar people. If accepted, the settlement is to provide security of ownership for home owners, Kings Park, the Swan River and State forests. Negotiations still need to be progressed to finalise the offer, which may include a cash component over a 10 year period, as well as negotiation around large tracts of Crown land.

Negotiations surrounding the State Government's July 2013 final offer for the resolution of native title in the South West of Western Australia, the South West Native Title Settlement, which includes the Perth metropolitan area, have been finalised. In March 2015, the six Noongar groups represented by the South West Aboriginal Land and Sea Council accepted the Government's final offer and on 8 June 2015 the State Government executed the six South West Native Title Settlement Indigenous Land Use Agreements (ILUAs). The ILUAs have been lodged for registration with the National Native Title Tribunal (NNTT) who will shortly begin the three month notification period, prior to consideration of their registration which will enable commencement of the ILUAs. A contingent liability exists until the six agreements are registered with the NNTT and the final legal proceedings are resolved. These outstanding actions are unlikely to be completed before July 2016.

The Settlement includes both cash compensation, the transfer of housing and land parcels. The cash component has been finalised and provided for in the forward estimates. However, there remains a contingent liability until details of the land transfers are finalised. This process is expected to be completed within five years of commencement of the Settlement.

Petroleum and Geothermal Energy Legislation

On 27 May 2013, Cabinet approved the printing and introduction of *the Petroleum and Geothermal Energy Legislation Amendment Bill 2013* (the Bill) to provide the legislative framework for the onshore transport and geological storage of greenhouse gases (GHG) or geosequestration (predominantly carbon dioxide) in Western Australia. Under the provisions of the Bill, the State accepts long-term liability for stored GHG conditional on the provision of a site closing certificate and the declaration of a closure assurance period for the GHG storage formation and if the GHG titleholder has ceased to exist. Long-term liability refers to risks beyond the operational phase of the project, the risks of harm to health, the environment, or property due to the leakage or migration of injected carbon dioxide.

Southern Ports Authority Bulk Loader

The Southern Ports Authority (which includes the former Esperance Port Authority) has a contract to load bulk nickel for BHP Billiton Nickel West. This contract has encountered difficulty since 8 October 2011 as the bulk loader is no longer fit for purpose and deemed to be unviable.

BHP Billiton Nickel West has confirmed a temporary suspension of the current contract with a view to negotiating a new agreement utilising alternative methods. The likelihood of any legal action being taken by BHP Billiton Nickel West for breach of contract is considered to be low and insufficient information is currently available to determine the financial impact.

Synergy (Electricity Generation and Retail Corporation)

Synergy operates a portfolio of thermal power stations that utilised asbestos for its insulation and fire resistant qualities prior to the market becoming aware of the dangers of this material. Synergy has a current asbestos management process in place and addresses these risks on an ongoing basis. However diseases which emanate from asbestos, such as asbestosis may take many years to develop. As such Synergy many have a liability to those workers and other contractors who came in contact with asbestos at one of its power stations in the past. Workers compensation insurance and public liability insurance does not cover all of this liability. Accordingly, Synergy has a contingent liability for undiagnosed illnesses which may arise from exposure to asbestos at one of its sites. The quantum of this liability is extremely uncertain and cannot be quantified with any accuracy.

Other – litigation in progress

A number of government agencies are currently involved with different legal proceedings, all at varying stages. Due to the wide variety and nature of the claims and the uncertainty around the likely outcomes of these cases, it is not possible to reliably quantify the potential impact should the State be found liable.

NOTE 31: FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

Exposure to credit risk, liquidity risk, interest rate risk and other financial risks arise in the normal course of public sector activity. Public sector agencies adopt various programs for managing market risk, which include derivative financial instruments. The two main sources of market risk are fluctuations in interest and foreign exchange rates. Derivatives in use include interest rate swaps, interest rate futures, cross-currency swaps and forward foreign exchange contracts. Whenever derivative positions are created, cash or an underlying physical security is held to cover any potential liability.

Credit risk

Credit risk in relation to financial assets is the risk that a third party will not meet its obligation in accordance with agreed terms. The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the Balance Sheet. Credit risk in relation to cash assets and fixed interest securities is mitigated by investing in counter-parties that have acceptable credit ratings. Credit risk concentration is minimised in relation to financial assets and hedging instruments, and public sector agencies do not have significant exposures to any concentrations of credit risk. Generally, agencies exposures are to a large number of customers or highly rated counter-parties and their credit risks are very low. There is a high degree of geographically-based concentrations of recognised financial assets in Australia. Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 12: *Receivables*.

Liquidity risk

Liquidity management is undertaken by the Western Australian Treasury Corporation (WATC) on behalf of public sector agencies. WATC maintains a minimum prudent level of highly liquid quality assets at all times to ensure that commitments are met. The risk is minimised through the diversification of its funding activity across domestic and offshore markets and across the maturity spectrum.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency exposures are managed through the use of foreign exchange contracts and derivatives.

Market risk

Exposure to market risk for changes in interest rates relates primarily to long-term debt obligations. The risk is managed by WATC through portfolio diversification and maturity spread.

Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The interest rate risk by class of recognised financial asset and financial liability at 30 June 2015 is shown in the table below. The interest rate shown is the effective interest rate or weighted average effective interest rate in respect of a class of assets or liabilities. For ‘floating’ instruments, the rate is the current market rate. The bands reflect the earlier of the next contractual repricing date or the maturity date of the asset or liability.

(b) Fair Value of Financial Assets and Liabilities

The carrying amount of financial assets and financial liabilities recorded in the consolidated Balance Sheet are not materially different from their fair value.

(c) Derivative Financial Instruments

The public sector limits dealings in derivatives to only those counter-parties that are recognised financial intermediaries and possess a credit rating of ‘A’ or better. The public sector does not have a material exposure to any individual counter-party. The following table provides details of outstanding derivatives used for hedging purposes at 30 June 2015.

NOTE 31: FINANCIAL INSTRUMENTS (CONT.)

General Government

Categories of Financial Instruments

In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows.

	2015	2014
	\$m	\$m
Financial Assets		
Cash and deposits	785	692
Receivables	2,383	2,771
Investments, loans and placements	3,571	3,904
Advances paid	678	664
Shares and other equity	56,344	52,447
Financial Liabilities		
Deposits held	413	522
Advances received	407	438
Borrowings	13,603	11,362
Payables	1,071	1,048
Other employee benefits	494	407
Other financial liabilities	146	184

Financial assets and liabilities exclude GST receivable/payable to the Australian Taxation Office and National Tax Equivalent arrangements.

<i>Fair Values</i>	Notional face	Net fair	Credit
	Value	Value	Exposure
	2015	2015	2015
	\$m	\$m	\$m
Interest rate contracts	-	-	-
Forward exchange contracts	-	22	-
Futures contracts	-	-	-
Commodity contracts	-	-	-
Total	-	22	-

<i>Fair Values</i>	Notional face	Net fair	Credit
	Value	Value	Exposure
	2014	2014	2014
	\$m	\$m	\$m
Interest rate contracts	-	-	-
Forward exchange contracts	-	-	-
Futures contracts	-	-	-
Commodity contracts	-	-	-
Total	-	-	-

Note: Columns may not add due to rounding.

NOTE 31: FINANCIAL INSTRUMENTS (CONT.)

Total Public Sector

Categories of Financial Instruments

In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows.

	2015	2014
	\$m	\$m
Financial Assets		
Cash and deposits	1,631	1,610
Receivables	3,548	4,184
Investments, loans and placements	15,190	15,419
Advances paid	4,429	3,968
Shares and other equity	1,670	1,457
Other financial assets	7	-
Financial Liabilities		
Deposits held	52	186
Advances received	407	438
Borrowings	44,252	41,216
Payables	5,705	5,754
Guarantees	278	291
Other employee benefits	565	455
Other financial liabilities	3,307	3,513

Financial assets and liabilities exclude GST receivable/payable to the Australian Taxation Office and National Tax Equivalent arrangements.

<i>Fair Values</i>	Notional face	Net fair	Credit
	Value	Value	Exposure
	2015	2015	2015
	\$m	\$m	\$m
Interest rate contracts	9,566	502	791
Forward exchange contracts	1,658	7	-
Futures contracts	-	-34	-
Commodity contracts	1,550	10	-1
Total	12,774	486	790

<i>Fair Values</i>	Notional face	Net fair	Credit
	Value	Value	Exposure
	2014	2014	2014
	\$m	\$m	\$m
Interest rate contracts	10,937	444	681
Forward exchange contracts	5	5	-
Futures contracts	-	-37	-
Commodity contracts	439	-5	-
Total	11,381	407	681

Note: Columns may not add due to rounding.

NOTE 31: FINANCIAL INSTRUMENTS (CONT.)

General Government

30 June 2015

Fixed Interest Maturing in

	Floating interest rate \$m	up to 3 months \$m	3 to 12 months \$m	1 year to 5 years \$m	Over 5 years \$m	Total Fixed interest rate \$m	Non-interest bearing \$m	Total carrying amount \$m	Weighted average effective interest rate %
Financial assets									
Cash and deposits	364	170	28	27	-	226	195	785	2.1
Receivables ^(a)	1	-	2	2	-	4	2,378	2,383	4.2
Investments, loans and placements	8	1,532	489	1,183	319	3,522	41	3,571	2.8
Advances paid:									
Non-government schools	-	7	21	98	101	227	-	227	6.6
Other	-	-	-	3	6	9	441	450	2.7
Shares and other equity	-	-	-	-	-	-	56,344	56,344	-
Total financial assets	373	1,709	540	1,314	426	3,989	59,399	63,761	
Financial liabilities									
Deposits held	-	48	151	132	34	365	48	413	2.8
Advances received	-	-	-	-	-	-	407	407	-
Borrowings	59	234	1,452	6,422	5,086	13,194	350	13,603	3.9
Payables ^(b)	1	-	-	-	-	-	1,069	1,071	2.3
Other employee benefits	-	-	-	-	-	-	494	494	-
Other financial liabilities	-	-	-	-	-	-	146	146	-
Total financial liabilities	61	282	1,603	6,554	5,120	13,560	2,514	16,134	

(a) The amount of receivables excludes GST recoverable from the Australian Taxation Office (statutory receivable) and National Tax Equivalent Regimes.

(b) The amount of payables excludes GST payable to the Australian Taxation Office and National Tax Equivalent arrangements.

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

NOTE 31: FINANCIAL INSTRUMENTS (CONT.)

General Government

30 June 2014

Fixed Interest Maturing in

	Floating interest rate	up to 3 months	3 to 12 months	1 year to 5 years	Over 5 years	Total Fixed interest rate	Non-interest bearing	Total carrying amount	Weighted average effective interest rate
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Financial assets									
Cash and deposits	288	170	36	26	-	233	172	692	2.4
Receivables ^(a)	2	2	-	-	-	2	2,768	2,771	4.1
Investments, loans and placements	7	1,658	1,205	747	227	3,837	60	3,904	3.0
Advances paid:									
Non-government schools	-	7	21	98	76	202	-	202	7.1
Other	3	-	-	-	-	-	460	462	3.1
Shares and other equity	-	-	-	-	-	-	52,447	52,447	-
Total financial assets	299	1,837	1,262	871	303	4,274	55,907	60,479	
Financial liabilities									
Deposits held	-	85	213	38	-	336	186	522	2.9
Advances received	-	-	-	-	-	-	438	438	-
Borrowings	65	27	125	7,009	3,915	11,076	222	11,362	4.1
Payables ^(b)	-	-	-	-	-	-	1,048	1,048	-
Other employee benefits	-	-	-	-	-	-	407	407	-
Other financial liabilities	-	2	-	-	-	2	182	184	7.3
Total financial liabilities	65	117	337	7,047	3,915	11,414	2,483	13,961	

(a) The amount of receivables excludes GST recoverable from the Australian Taxation Office (statutory receivable).

(b) The amount of payables excludes National Tax Equivalent arrangements.

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

NOTE 31: FINANCIAL INSTRUMENTS (CONT.)

Total Public Sector

Interest rate risk exposure

The total public sector's exposure to interest rate risk and the effective interest rate by class of recognised financial asset and financial liability are shown below.

30 June 2015

	Fixed Interest Maturing in					Total Fixed interest rate \$m	Non-interest bearing \$m	Total carrying amount \$m	Weighted average effective interest rate %
	Floating interest rate \$m	up to 3 months \$m	3 to 12 months \$m	1 year to 5 years \$m	Over 5 years \$m				
Financial assets									
Cash and deposits	1,004	372	28	27	-	428	199	1,631	2.3
Receivables ^(a)	1	1	2	2	-	6	3,541	3,548	4.4
Investments, loans and placements	1,800	5,791	1,912	3,087	1,675	12,464	938	15,190	3.3
Advances paid:									
Homebuyers	4,162	-	-	-	-	-	-	4,162	5.2
Non-government schools	-	7	21	98	101	227	-	227	6.6
Other	-	-	-	3	6	9	31	40	2.7
Shares and other equity	-	-	-	-	-	-	1,670	1,670	0.0
Other financial assets	-	-	-	-	-	-	7	7	0.0
Total financial assets	6,967	6,171	1,963	3,218	1,782	13,134	6,385	26,475	
Financial liabilities									
Deposits held	-	-	-	-	-	-	52	52	-
Advances received	-	-	16	66	326	407	-	407	4.6
Borrowings	62	9,270	3,658	15,509	12,476	40,913	3,277	44,252	3.8
Payables ^(b)	-	606	-	-	-	606	5,099	5,705	0.1
Guarantees ^(c)	-	-	-	-	-	-	278	278	-
Other employee benefits	-	-	-	-	-	-	564	565	-
Other financial liabilities	-	-	-	-	-	-	3,307	3,307	-
Total financial liabilities	63	9,876	3,673	15,575	12,802	41,926	12,577	54,566	

(a) The amount of receivables excludes GST recoverable from the Australian Taxation Office (statutory receivable).

(b) The amount of payables excludes National Tax Equivalent arrangements.

(c) Includes guarantees issued for the Public Trustee Common Fund and Western Australian Football Commission borrowings. See Note 30: *Contingent Assets and Liabilities*.

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

NOTE 31: FINANCIAL INSTRUMENTS (CONT.)

Total Public Sector

30 June 2014

	Fixed Interest Maturing in					Total Fixed interest rate \$m	Non-interest bearing \$m	Total carrying amount \$m	Weighted average effective interest rate %
	Floating interest rate \$m	up to 3 months \$m	3 to 12 months \$m	1 year to 5 years \$m	Over 5 years \$m				
Financial assets									
Cash and deposits	1,122	241	36	26	-	303	185	1,610	2.8
Receivables ^(a)	1	5	1	-	-	6	4,177	4,184	2.8
Investments, loans and placements	599	5,722	3,113	3,152	1,815	13,802	1,018	15,419	3.5
Advances paid:									
Homebuyers	3,731	-	-	-	-	-	-	3,731	7.1
Non-government schools	-	7	21	98	76	202	-	202	5.1
Other	3	-	-	-	-	-	33	35	3.1
Shares and other equity	-	-	-	-	-	-	1,457	1,457	-
Total financial assets	5,456	5,974	3,172	3,276	1,892	14,313	6,870	26,639	
Financial liabilities									
Deposits held	-	-	-	-	-	-	186	186	-
Advances received	-	-	34	134	256	424	14	438	4.6
Borrowings	-	8,109	4,798	13,016	11,814	37,738	3,478	41,216	4.2
Payables ^(b)	-	344	-	-	-	344	5,410	5,754	0.5
Guarantees ^(c)	-	-	-	-	-	-	291	291	-
Other employee benefits	-	-	-	-	-	-	455	455	-
Other financial liabilities	-	3	1	-	-	4	3,509	3,513	-
Total financial liabilities	-	8,456	4,833	13,150	12,070	38,515	13,343	51,853	

(a) The amount of receivables excludes GST recoverable from the Australian Taxation Office (statutory receivable).

(b) The amount of payables excludes GST payable to the Australian Taxation Office and National Tax Equivalent arrangements.

(c) Includes guarantees issued for the Public Trustee Common Fund and Western Australian Football Commission borrowings. See Note 30: *Contingent Assets and Liabilities*.

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

NOTE 31: FINANCIAL INSTRUMENTS (CONT.)

General Government

	30 June 2015					30 June 2014				
	Carrying amount	-1% change		+1% change		Carrying amount	-1% change		+1% change	
		Profit	Equity	Profit	Equity		Profit	Equity	Profit	Equity
<i>Interest rate sensitivity analysis</i>	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Financial Assets										
Cash and deposits	785	-6	-6	6	6	692	-5	-5	5	5
Receivables	2,383	-	-	-	-	2,771	-	-	-	-
Investments, loans and placements	3,571	-35	-35	35	35	3,904	-38	-38	38	38
Advances paid	678	-2	-2	2	2	664	-2	-2	2	2
Financial Liabilities										
Deposits held	413	4	4	-4	-4	522	3	3	-3	-3
Borrowings	13,603	133	133	-133	-133	11,362	111	111	-111	-111
Payables	1,071	-	-	-	-	1,048	-	-	-	-
Total Increase/-Decrease		93	93	-93	-93		69	69	-69	-69

Total Public Sector

	30 June 2015					30 June 2014				
	Carrying amount	-1% change		+1% change		Carrying amount	-1% change		+1% change	
		Profit	Equity	Profit	Equity		Profit	Equity	Profit	Equity
<i>Interest rate sensitivity analysis</i>	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Financial Assets										
Cash and deposits	1,631	-14	-14	14	14	1,610	-14	-14	14	14
Receivables	3,548	-	-	-	-	4,184	-	-	-	-
Investments, loans and placements	15,190	-143	-143	143	143	15,419	-144	-144	144	144
Advances paid	4,429	-42	-42	42	42	3,968	-39	-39	39	39
Financial Liabilities										
Deposits held	52	-	-	-	-	186	-	-	-	-
Advances received	407	4	4	-4	-4	438	4	4	-4	-4
Borrowings	44,252	410	410	-410	-410	41,216	377	377	-377	-377
Payables	5,705	7	7	-7	-7	5,754	4	4	-4	-4
Total Increase/-Decrease		222	222	-222	-222		188	188	-188	-188

Note: Columns may not add due to rounding.

NOTE 31: FINANCIAL INSTRUMENTS (CONT.)

General Government

	Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using:		
		Level 1 ^(a) \$m	Level 2 ^(b) \$m	Level 3 ^(c) \$m
Financial Assets				
Investments, loans and placements	3,557	1,463	2,089	5
Shares and other equity	56,345	-	-	56,344
Financial Liabilities				
Borrowings	-	-	-	-

	Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using:		
		Level 1 ^(a) \$m	Level 2 ^(b) \$m	Level 3 ^(c) \$m
Financial Assets				
Investments, loans and placements	3,895	1,188	2,673	33
Shares and other equity	52,448	-	-	52,448
Financial Liabilities				
Borrowings	2	-	2	-

Total Public Sector

	Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using:		
		Level 1 ^(a) \$m	Level 2 ^(b) \$m	Level 3 ^(c) \$m
Financial Assets				
Investments, loans and placements	9,730	2,924	6,413	393
Shares and other equity	1,670	1,568	-	102
Financial Liabilities				
Borrowings	39,322	30,035	9,284	3
Payables	3,011	3,011	-	-

	Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using:		
		Level 1 ^(a) \$m	Level 2 ^(b) \$m	Level 3 ^(c) \$m
Financial Assets				
Investments, loans and placements	9,789	2,138	7,280	371
Shares and other equity	1,457	1,378	14	65
Financial Liabilities				
Borrowings	36,231	27,377	8,848	5
Payables	2,824	2,824	-	-

(a) Assets/liabilities valued using quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Assets/liabilities valued using inputs based on observable market data (either directly using prices or indirectly derived from prices).

(c) Assets/liabilities valued using inputs not based on observable market data.

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

NOTE 32: OTHER DISAGGREGATED INFORMATION

(a) Australian Bureau of Statistics Classification of Agencies into Sectors

The total public sector economic entity includes agencies classified into general government, public non-financial corporation and public financial corporation sectors in accordance with the Australian Bureau of Statistics (ABS) coverage for Government Finance Statistics purposes. Details of the classification of State agencies are provided in Note 34: *Composition of Sectors*.

(b) Information by Sectors

Revenue, expenses, assets and liabilities that are reliably attributable to each of the above sectors are set out in the following tables. For the purpose of this disclosure, effects of transactions and balances between sectors have not been eliminated, but those between agencies within each sector have been eliminated.

NOTE 32: OTHER DISAGGREGATED INFORMATION (CONT.)

Operating Statement for the year ended 30 June

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
RESULTS FROM TRANSACTIONS										
REVENUE										
Taxation	8,882	8,849	-	-	-	-	-482	-465	8,400	8,384
Current grants and subsidies	8,051	8,199	2,307	2,368	-	-	-2,307	-2,368	8,051	8,199
Capital grants	1,263	547	113	231	-	-	-113	-231	1,263	547
Sales of goods and services	2,105	2,064	16,778	15,536	980	915	-792	-756	19,071	17,759
Interest Income	185	194	163	175	1,702	1,712	-1,402	-1,467	648	614
Revenue from public corporations										
Dividends	1,187	901	-	-	-	-	-1,187	-901	-	-
Tax equivalent income	592	602	-	-	-	-	-592	-602	-	-
Royalty income	4,603	6,025	-	-	-	-	-	-	4,603	6,025
Other	532	575	846	659	3	7	-126	-139	1,256	1,102
<i>Total</i>	<i>27,400</i>	<i>27,956</i>	<i>20,208</i>	<i>18,969</i>	<i>2,685</i>	<i>2,634</i>	<i>-7,001</i>	<i>-6,928</i>	<i>43,292</i>	<i>42,630</i>
EXPENSES										
Salaries	11,089	10,682	1,173	1,209	52	47	-	-	12,314	11,937
Superannuation										
Concurrent costs	1,107	1,030	118	115	5	5	-	-	1,230	1,150
Superannuation interest cost	266	297	-	-	-	-	-	-	266	297
Other employee costs	430	432	80	60	2	2	-214	-205	298	288
Depreciation and amortisation	1,235	1,197	1,979	2,005	13	18	-	-	3,226	3,220
Services and contracts	2,057	2,041	937	972	8	9	-12	-6	2,991	3,017
Other gross operating expenses	5,131	4,943	12,379	11,392	858	1,065	-769	-755	17,600	16,645
Other interest	543	492	845	955	1,520	1,563	-1,402	-1,467	1,506	1,543
Dividends and tax equivalents	-	-	546	595	46	6	-592	-602	-	-
Current transfers	5,465	5,357	1,054	1,011	5	4	-2,638	-2,677	3,886	3,695
Capital transfers	507	765	47	83	1	2	-115	-236	440	613
<i>Total</i>	<i>27,831</i>	<i>27,236</i>	<i>19,158</i>	<i>18,398</i>	<i>2,509</i>	<i>2,720</i>	<i>-5,742</i>	<i>-5,948</i>	<i>43,756</i>	<i>42,406</i>
NET OPERATING BALANCE	-431	719	1,049	571	176	-86	-1,259	-980	-464	225

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

NOTE 32: OTHER DISAGGREGATED INFORMATION (CONT.)

Operating Statement for the year ended 30 June (cont.)

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<i>Other economic flows - included in the operating result</i>										
Net gains on assets/liabilities	-21	-34	95	90	253	311	-	-	327	368
Net actuarial gains - superannuation	98	-114	-40	-28	2	2	-	-	60	-140
Provision for doubtful debts	-36	-37	-6	-13	-3	-	-	-	-45	-50
Changes in accounting policy/adjustment of prior periods	-504	40	-24	-820	-159	-148	-	-	-688	-928
<i>Total other economic flows</i>	<i>-463</i>	<i>-145</i>	<i>25</i>	<i>-771</i>	<i>92</i>	<i>165</i>	<i>-</i>	<i>-</i>	<i>-345</i>	<i>-750</i>
OPERATING RESULT	-894	574	1,074	-200	268	79	-1,259	-979	-810	-526
<i>All other movements in equity</i>										
<i>Items that will not be reclassified to operating result</i>										
Revaluations	2,229	1,910	2,583	1,943	-88	-22	-	-	4,724	3,831
Gains recognised directly in equity	-4	-1	405	462	156	135	-	-	557	595
Change in net worth of the public corporations sectors	3,140	1,419	-	-	-	-	-3,140	-1,419	-	-
All other	-	-	-	-	-	-	-	-	-	-
<i>Total all other movements in equity</i>	<i>5,365</i>	<i>3,327</i>	<i>2,988</i>	<i>2,406</i>	<i>69</i>	<i>113</i>	<i>-3,141</i>	<i>-1,419</i>	<i>5,281</i>	<i>4,427</i>
<i>Movements in owner equity</i>										
Dividends	-	-	-1,142	-825	-116	-154	1,259	980	-	-
Capital injections	-	-	721	575	3	-	-724	-575	-	-
<i>Total movements in owner equity</i>	<i>-</i>	<i>-</i>	<i>-421</i>	<i>-250</i>	<i>-114</i>	<i>-154</i>	<i>535</i>	<i>404</i>	<i>-</i>	<i>-</i>
TOTAL CHANGE IN NET WORTH	4,472	3,901	3,640	1,956	223	38	-3,864	-1,994	4,472	3,901
KEY FISCAL AGGREGATES										
NET OPERATING BALANCE	-431	719	1,049	571	176	-86	-1,259	-980	-464	225
<i>Less Net acquisition of non-financial assets</i>										
Purchase of non-financial assets	2,667	3,289	3,125	3,534	11	5	-26	-14	5,777	6,814
Changes in inventories	-9	1	183	514	-	-	-	-	173	515
Other movement in non-financial assets	90	-22	328	339	-	-	-	-	418	317
<i>less:</i>										
Sales of non-financial assets	134	224	804	940	-	-	-25	-13	913	1,151
Depreciation	1,235	1,197	1,979	2,005	13	18	-	-	3,226	3,220
<i>Total net acquisition of non-financial assets</i>	<i>1,378</i>	<i>1,847</i>	<i>853</i>	<i>1,441</i>	<i>-2</i>	<i>-13</i>	<i>-</i>	<i>-</i>	<i>2,229</i>	<i>3,275</i>
NET LENDING/-BORROWING	-1,809	-1,127	196	-870	178	-73	-1,259	-980	-2,693	-3,050

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

NOTE 32: OTHER DISAGGREGATED INFORMATION (CONT.)

Balance Sheet as at 30 June

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m	2015 \$m	2014 \$m	2015 \$m	2014 \$m	2015 \$m	2014 \$m
ASSETS										
<i>Financial assets</i>										
Cash and deposits	785	692	1,157	1,199	52	51	-363	-332	1,631	1,610
Advances paid	678	664	-	0	4,162	3,731	-411	-427	4,429	3,968
Investments, loans and placements	3,571	3,904	4,713	4,526	44,788	41,700	-37,882	-34,712	15,190	15,419
Receivables	2,660	3,054	1,079	1,198	555	596	-547	-494	3,747	4,355
Shares and other equity										
Investments in other public sector entities - equity method	48,846	45,706	-	-	-	-	-48,846	-45,706	-	-
Investments in other public sector entities - direct injections	7,455	6,731	-	-	-	-	-7,455	-6,731	-	-
Investments in other entities	44	11	33	33	1,593	1,414	-	-	1,670	1,457
Other financial assets	-	-	910	946	7	17	-910	-946	7	17
<i>Total financial assets</i>	<i>64,038</i>	<i>60,762</i>	<i>7,893</i>	<i>7,902</i>	<i>51,156</i>	<i>47,509</i>	<i>-96,414</i>	<i>-89,347</i>	<i>26,674</i>	<i>26,826</i>
<i>Non-financial assets</i>										
Land	38,837	37,606	15,248	14,799	-	119	-	-	54,084	52,524
Property, plant and equipment	45,003	43,162	53,627	50,421	5	197	-	-	98,636	93,780
Biological assets	2	1	314	333	-	-	-	-	316	335
Inventories										
Land inventories	106	96	2,175	1,905	-	-	-	-	2,281	2,002
Other inventories	69	79	3,408	3,225	-	-	-	-	3,477	3,304
Intangibles	609	574	512	507	8	10	-	-	1,129	1,091
Assets held for sale	27	16	44	13	808	-	-	-	879	28
Investment property	9	8	51	24	-	549	-	-	59	581
Other	249	247	203	137	2	2	-	-	454	386
<i>Total non-financial assets</i>	<i>84,911</i>	<i>81,789</i>	<i>75,581</i>	<i>71,365</i>	<i>824</i>	<i>878</i>	<i>-</i>	<i>-</i>	<i>161,315</i>	<i>154,031</i>
TOTAL ASSETS	148,949	142,551	83,474	79,267	51,980	48,387	-96,414	-89,347	187,989	180,857

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

NOTE 32: OTHER DISAGGREGATED INFORMATION (CONT.)

Balance Sheet as at 30 June (cont.)

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m	2015 \$m	2014 \$m	2015 \$m	2014 \$m	2015 \$m	2014 \$m
LIABILITIES										
Deposits held	417	522	-	-	-	-	-365	-336	52	186
Advances received	407	438	407	424	3	3	-410	-427	407	438
Borrowings	13,603	11,362	22,245	21,467	46,285	43,095	-37,880	-34,708	44,252	41,216
Superannuation	7,573	7,890	129	127	9	10	-	-	7,710	8,027
Other employee benefits	3,292	3,140	461	425	10	10	-	-	3,763	3,574
Payables	1,071	1,048	4,680	4,810	182	97	-229	-198	5,705	5,757
Other liabilities	1,287	1,323	1,260	1,364	3,481	3,387	-1,229	-1,241	4,800	4,832
TOTAL LIABILITIES	27,649	25,723	29,183	28,616	49,971	46,601	-40,113	-36,911	66,690	64,029
NET ASSETS	121,299	116,828	54,291	50,651	2,010	1,786	-56,301	-52,437	121,299	116,828
<i>Of which:</i>										
Contributed equity	-	-	7,452	6,731	3	-	-7,455	-6,731	-	-
Accumulated surplus	11,012	11,917	18,732	18,378	1,879	1,571	7	7	31,630	31,873
Other reserves	110,287	104,910	28,107	25,542	128	215	-48,853	-45,712	89,669	84,955
NET WORTH	121,299	116,828	54,291	50,651	2,010	1,786	-56,301	-52,437	121,299	116,828

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

NOTE 32: OTHER DISAGGREGATED INFORMATION (CONT.)

Statement of Changes in Equity for the year ended 30 June

	Equity at 1 July 2014 \$m	Change in net worth \$m	Contributed capital \$m	Dividends \$m	Other \$m	Equity at 30 June 2015 \$m
General Government Sector						
Accumulated surplus/(deficit)	11,917	-894	-	-	-11	11,012
Reserves	59,205	2,237	-	-	-	61,441
Accumulated net gain on equity investments in other sector entities	45,706	3,140	-	-	-	48,846
Total	116,828	4,484	-	-	-11	121,299
Public Non Financial Corporations sector						
Contributed equity	6,731	721	-	-	-	7,452
Accumulated surplus/(deficit)	18,378	1,496	-	-1,142	-	18,732
Reserves	25,542	2,566	-	-	-	28,107
Total	50,651	4,783	-	-1,142	-	54,291
Public Financial Corporations sector						
Contributed Equity	-	-	3	-	-	3
Accumulated surplus/(deficit)	1,571	425	-	-116	-	1,879
Reserves	215	-88	-	-	-	128
Total	1,786	337	3	-116	-	2,010
Inter-sector eliminations						
Contributed Equity	-18,648	173	-3	-	11	-18,467
Accumulated surplus/(deficit)	-47,281	-4,968	-	1,258	567	-50,422
Reserves	13,492	-904	-	-	-	12,588
Total	-52,437	-5,699	-3	1,258	578	-56,300
Total Public Sector						
Contributed Equity	-	-	-	-	-	-
Accumulated surplus/(deficit)	31,873	-810	-	-	567	31,630
Reserves	84,955	4,715	-	-	-	89,669
Total	116,828	3,905	-	-	567	121,299

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

NOTE 32: OTHER DISAGGREGATED INFORMATION (CONT.)

Cash Flow Statement for the year ended 30 June

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES										
<i>Cash received</i>										
Taxes received	8,846	8,712	-	-	-	-	-541	-526	8,305	8,186
Grants and subsidies received	9,394	8,614	2,476	2,597	29	-	-2,505	-2,597	9,394	8,614
Receipts from sales of goods and services	2,129	2,121	17,457	15,932	1,085	1,043	-835	-819	19,836	18,277
Interest receipts	180	219	168	166	1,677	1,699	-1,276	-1,391	748	692
Dividends and tax equivalents	1,865	1,497	68	78	-	-	-1,933	-1,575	-	-
Other	6,799	7,843	1,439	1,706	143	138	-317	-470	8,065	9,217
Total cash received	29,213	29,006	21,608	20,479	2,933	2,881	-7,407	-7,378	46,347	44,987
<i>Cash Paid</i>										
Wages, salaries and supplements, and superannuation	-12,546	-12,157	-1,316	-1,325	-56	-50	-	-	-13,917	-13,533
Payments for goods and services	-7,761	-7,526	-12,648	-10,653	-822	-883	1,108	1,247	-20,123	-17,815
Interest paid	-537	-485	-784	-968	-1,654	-1,689	1,276	1,391	-1,699	-1,751
Grants and subsidies paid	-5,767	-5,567	-774	-738	-0	-0	2,541	2,632	-4,001	-3,674
Dividends and tax equivalents	-	-	-660	-573	-19	-22	679	596	-	-
Other payments	-1,562	-1,538	-3,029	-3,817	-201	-194	548	533	-4,244	-5,016
Total cash paid	-28,173	-27,273	-19,211	-18,076	-2,752	-2,839	6,152	6,399	-43,983	-41,789
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,040	1,733	2,397	2,403	182	42	-1,255	-980	2,364	3,198
CASH FLOWS FROM INVESTING ACTIVITIES										
<i>Cash flows from investments in non-financial assets</i>										
Purchase of non-financial assets	-2,667	-3,289	-3,125	-3,534	-11	-5	26	14	-5,777	-6,814
Sales of non-financial assets	134	224	804	940	-	-	-25	-13	913	1,151
Total cash flows from investments in non-financial assets	-2,533	-3,065	-2,321	-2,594	-10	-4	-	-	-4,864	-5,663
<i>Cash flows from investments in financial assets</i>										
<i>Cash received</i>										
For policy purposes	18	22	-	-	-	-	-	-	18	22
For liquidity purposes	5	1	197	422	6,855	6,689	-	-	7,056	7,112
<i>Cash paid</i>	-	-	-	-	-	-	-	-	-	-
For policy purposes	-566	-551	-13	-	-	-	562	528	-17	-23
For liquidity purposes	-22	-1	-154	-386	-6,556	-7,019	-	-	-6,732	-7,406
Total cash flows from investments in financial assets	-565	-529	30	36	299	-330	562	528	325	-295
NET CASH FLOWS FROM INVESTING ACTIVITIES	-3,098	-3,594	-2,292	-2,557	288	-334	562	528	-4,539	-5,958

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

NOTE 32: OTHER DISAGGREGATED INFORMATION (CONT.)

Cash Flow Statement for the year ended 30 June (cont.)

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m	2015 \$m	2014 \$m	2015 \$m	2014 \$m	2015 \$m	2014 \$m
CASH FLOWS FROM FINANCING ACTIVITIES										
<i>Cash received</i>										
Advances received	16	30	-	-	-	-	-16	-15	-	15
Borrowings	2,065	77	17,993	23,781	34,072	48,837	-37,873	-46,971	16,256	25,724
Deposits received	-	-	-	-	-	-	-	-	-	-
Other financing receipts	448	504	604	590	-	-	-598	-584	454	510
<i>Total cash receipts from financing activities</i>	<i>2,529</i>	<i>611</i>	<i>18,597</i>	<i>24,372</i>	<i>34,072</i>	<i>48,837</i>	<i>-38,487</i>	<i>-47,571</i>	<i>16,711</i>	<i>26,249</i>
<i>Cash paid</i>										
Advances paid	-16	-16	-16	-15	-	-	16	15	-16	-16
Borrowings repaid	-79	-98	-17,754	-23,071	-33,282	-49,726	37,873	46,971	-13,242	-25,924
Deposits paid	-	-	-	-	-	-	-	-	-	-
Other financing payments	-424	-410	-32	-23	-	-	36	57	-421	-375
Dividends paid	-	-	-1,142	-825	-112	-154	1,255	980	-	-
<i>Total payments for financing activities</i>	<i>-519</i>	<i>-524</i>	<i>-18,945</i>	<i>-23,934</i>	<i>-33,395</i>	<i>-49,880</i>	<i>39,180</i>	<i>48,023</i>	<i>-13,679</i>	<i>-26,316</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES	2,010	86	-348	438	677	-1,043	693	452	3,032	-67
Net increase in cash and cash equivalents	-48	-1,775	-243	284	1,148	-1,336	-	-	857	-2,827
Cash and cash equivalents at the beginning of the year	4,488	6,263	1,803	1,519	2,094	3,430	-2	-2	8,383	11,210
Cash and cash equivalents at the end of the year	4,440	4,488	1,560	1,803	3,242	2,094	-2	-2	9,239	8,383
<hr/>										
Net cash flows from operating activities	1,040	1,733	2,397	2,403	182	42	-1,255	-980	2,364	3,198
Net cash flows from investing in non-financial assets	-2,533	-3,065	-2,321	-2,594	-10	-4	-	-	-4,864	-5,663
Dividends paid	-	-	-1,142	-825	-112	-154	1,255	980	-	-
Cash surplus/deficit	-1,493	-1,333	-1,066	-1,015	59	-117	-	-	-2,500	-2,465

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

NOTE 33: EVENTS OCCURRING AFTER THE REPORTING PERIOD

Machinery of Government changes

The following changes took effect from 1 July 2015:

- the WA Alcohol and Drug Authority was amalgamated into the Mental Health Commission;
- the Road Safety Commission was established;
- the Fremantle Prison function ceased to be part of the Department of Finance and was transferred to the State Heritage Office;
- the Office of the Government Chief Information Officer was established as a sub-department of the Department of Finance; and
- the Swan River Trust merged with the Department of Parks and Wildlife.

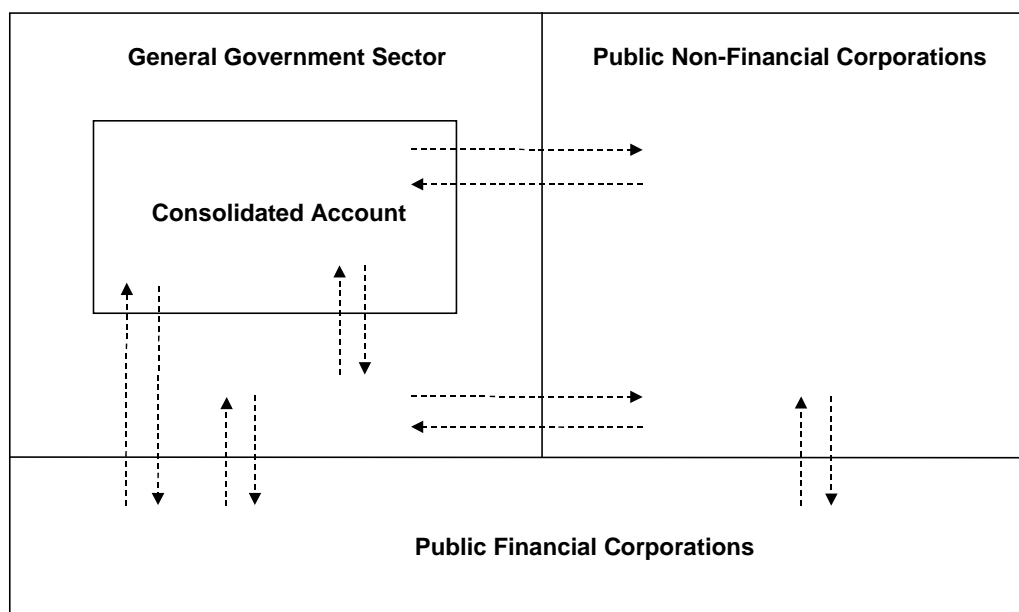
Credit rating

Both Standard & Poor's and Moody's have revised the State's credit rating down from the previous triple-A assessment. Standard & Poor's downgrade was announced in 2013-14 (and noted in last year's annual report). During 2014-15, the increasing volatility of State revenue (particularly the exposure of royalty income to international iron ore price movements) saw Standard & Poor's place Western Australia on a 'negative credit watch'. The negative credit watch was subsequently resolved in July 2015 with Standard & Poor's affirming its existing AA+ credit rating assessment for the State, but revising the previous 'stable outlook' to a 'negative outlook' (which is consistent with a one in three risk of a credit rating downgrade in the next two years). Citing similar concerns with revenue risks and increasing levels of debt, Moody's also downgraded the State from Aaa to Aa1 (on 25 August 2014) and has also placed the State on a 'negative outlook' (on 10 June 2015). These are equivalent credit rating assessments for Western Australia and still represent a very high assessment of credit worthiness. Future improvements in these credit rating assessments are possible should proceeds from the State's pending asset sales and other reforms (such as initiatives to rein in recurrent spending) deliver outcomes that successfully constrain growth in borrowings and mitigate volatile revenue risks.

NOTE 34: COMPOSITION OF SECTORS

The following diagram shows the financial relationship between sectors within which agencies have been classified by the ABS and which are included in the consolidated financial statements.

TOTAL PUBLIC SECTOR



Each agency produces its own annual report. All controlled agencies, regardless of funding source or sector classification, have been included in these consolidated financial statements.

The agencies included within each sector are listed below and are wholly owned or controlled by the Government of Western Australia.

General Government

Agricultural Produce Commission
 Botanic Gardens and Parks Authority
 Building and Construction Industry Training Board
 Central Institute of Technology
 Challenger Institute of Technology
 Chemistry Centre (WA)
 Combat Sports Commission
 Commissioner for Children and Young People
 Commissioner for Equal Opportunity
 Commissioner of Main Roads
 Corruption and Crime Commission
 Country High School Hostels Authority
 C.Y. O'Connor Institute
 Department of Aboriginal Affairs
 Department of Agriculture and Food
 Department for Child Protection and Family Support
 Department of Commerce
 Department of Corrective Services
 Department of Culture and the Arts
 Department of Education
 Department of Education Services
 Department of Environment Regulation
 Department of Finance
 Department of Fire and Emergency Services
 Department of Fisheries
 Department of Health (including public hospitals)
 Department of Lands
 Department of Local Government and Communities
 Department of Mines and Petroleum
 Department of Planning
 Department of Parks and Wildlife
 Department of Racing, Gaming and Liquor
 Department of Regional Development
 Department of Sport and Recreation
 Department of State Development
 Department of State Heritage Office
 Department of Training and Workforce Development
 Department of Transport
 Department of Treasury
 Department of the Attorney General
 Department of the Legislative Assembly
 Department of the Legislative Council
 Department of the Premier and Cabinet
 Department of the Registrar, Western Australian Industrial Relations Commission
 Department of Water
 Disability Services Commission
 Durack Institute of Technology
 Economic Regulation Authority
 Gaming and Wagering Commission of Western Australia
 Gascoyne Development Commission
 Goldfields Esperance Development Commission
 Governor's Establishment
 Great Southern Development Commission
 Great Southern Institute of Technology
 Health and Disability Services Complaints Office
 Heritage Council of Western Australia
 Independent Market Operator
 Keep Australia Beautiful Council (W.A.)
 Kimberley Training Institute
 Kimberley Development Commission
 Law Reform Commission of Western Australia
 Legal Aid Commission of Western Australia
 Legal Costs Committee
 Local Health Authorities Analytical Committee
 Mental Health Commission
 Mid West Development Commission
 Minerals Research Institute of Western Australia
 Office of the Auditor General
 Office of the Director of Public Prosecutions
 Office of the Environmental Protection Authority
 Office of the Information Commissioner
 Office of the Inspector of Custodial Services
 Office of the Parliamentary Inspector of the Corruption and Crime Commission
 Parliamentary Commissioner for Administrative Investigations
 Parliamentary Services Department
 Peel Development Commission
 Perth Theatre Trust
 Pilbara Development Commission
 Pilbara Institute
 Polytechnic West
 Professional Standards Council
 Public Sector Commission
 Racing Penalties Appeal Tribunal of Western Australia
 Rural Business Development Corporation
 Salaries and Allowances Tribunal
 School Curriculum and Standards Authority
 Screen West Inc.
 Small Business Development Corporation
 South West Development Commission
 South West Institute of Technology
 State Emergency Management Committee Secretariat
 Swan River Trust
 The Aboriginal Affairs Planning Authority
 The ANZAC Day Trust
 The Board of the Art Gallery of Western Australia
 The Burswood Park Board
 The Coal Miners' Welfare Board of Western Australia
 The Library Board of Western Australia
 The National Trust of Australia (W.A.)
 The Queen Elizabeth II Medical Centre Trust
 The Western Australia Museum
 Trustees of the Public Education Endowment
 West Coast Institute of Training
 Western Australia Police
 Western Australian Alcohol and Drug Authority
 Western Australian Building Management Authority
 Western Australian Electoral Commission
 Western Australian Energy Disputes Arbitrator
 Western Australian Greyhound Racing Association
 Western Australian Health Promotion Foundation
 Western Australian Institute of Sport
 Western Australian Land Information Authority
 Western Australian Meat Industry Authority
 Western Australian Planning Commission
 Western Australian Sports Centre Trust
 Western Australian Tourism Commission
 Wheatbelt Development Commission
 WorkCover Western Australia Authority
 Zoological Parks Authority

Public Non-Financial Corporations

Animal Resources Authority	Mid West Ports Authority
Bunbury Water Corporation	Perth Market Authority
Busselton Water Corporation	Pilbara Ports Authority
Electricity Networks Corporation (Western Power)	Potato Marketing Corporation of Western Australia
Electricity Generation and Retail Corporation (Synergy)	Public Transport Authority of Western Australia
Forest Products Commission	Racing and Wagering Western Australia
Fremantle Port Authority	Regional Power Corporation (Horizon Power)
Gold Corporation and its subsidiaries	Rottneest Island Authority
Housing Authority	Southern Ports Authority
Kimberly Ports Authority	Water Corporation
Lotteries Commission	Western Australian Coastal Shipping Commission
Metropolitan Cemeteries Board	Western Australian Land Authority
Metropolitan Redevelopment Authority	

Public Financial Corporations

Country Housing Authority
Insurance Commission of Western Australia (and
subsidiary State Government Insurance Corporation)
Keystart Housing Scheme, comprising
Keystart Bonds Ltd
Keystart Loans Ltd
Keystart Support Pty Ltd
Keystart Support (Subsidiary) Pty Ltd
Keystart Housing Scheme Trust
Keystart Support Trust
RiskCover
Western Australian Treasury Corporation

Agencies Outside the State Public Sector

Some State agencies are not covered by the whole-of-government reporting framework as defined under Australian Accounting Standards and/or the GFS framework. The entities listed below, which administer superannuation and like funds and/or hold private funds in trust or fidelity type funds, are examples of such agencies not included in the definition of the public sector used in the budget. This is because the assets are not available for the benefit of, and/or are not controlled by, the State.

Coal Industry Superannuation Board	Government Employees Superannuation Board
Construction Industry Long Service Leave Payments Board	Legal Contribution Trust
Curtin University of Technology and its subsidiaries	Murdoch University and its subsidiaries
Edith Cowan University	Public Trustee
Fire and Emergency Services Superannuation Board	Parliamentary Superannuation Board
	The University of Western Australia and its subsidiaries

NOTE 35: BUDGETARY INFORMATION – COMPARISON OF FINAL OUTCOMES TO ORIGINAL BUDGET

Explanations of significant variances between actual results for 2014-15 and the original budget (presented in May 2014) for the general government sector and the total public sector are included in Appendix 4 of this publication. For the purposes of these financial statements, and the associated notes to the financial statements, the discussion in Appendix 4 meets the requirements of paragraphs 59(f) and 61 of AASB 1049: *Whole of Government and General Government Financial Reporting*.

Chapter 1 of this report details variations from the estimated actual contained in the recent State Budget, presented to the Parliament on 14 May 2015.

NOTE 36: KEY TECHNICAL TERMS USED IN THE FINANCIAL REPORT

Australian Bureau of Statistics Government Finance Statistics Manual

The Australian Bureau of Statistics' publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005* contains a comprehensive and definitive guide to the classification of financial aggregates for National Accounts and GFS purposes. The manual is very detailed and outlines classifications to a level far beyond the depth of public sector disclosures by Australian jurisdictions. Application of the manual determines classifications which address questions such as 'what is a tax?', 'what is net debt?'

Advances Paid

Loans acquired for policy rather than liquidity management purposes. These include long and short term loans, non-marketable debentures and long and short term promissory agreements (bonds and bills) issued to public sector units for achieving government policy objectives.

Accrual accounting

Accounting method that records revenue and expenses when they are incurred, regardless of when cash is exchanged. The term 'accrual' refers to any individual entry recording revenue or expense in the absence of a cash.

Asset Investment Program

Total public sector purchases of non-financial assets (i.e. the State's infrastructure program).

Balance sheet

A financial statement that presents the financial position of a sector by detailing the stock of assets, liabilities and equity at the end of a reporting period.

Biological Assets

Biological assets may comprise of commercial forests and also any living animal, plant or agricultural produce that is the harvested product of biological assets.

Borrowings

Borrowings refer to interest bearing liabilities mainly raised from public borrowings raised through the Western Australian Treasury Corporation and finance leases and other interest bearing arrangements. Borrowings exclude liabilities raised from other government entities (including finance lease arrangements), which are classified as advances received.

Capital grants (transfers)

Transactions in which the ownership of an asset (other than cash and inventories) is transferred from one institutional unit to another, in which cash is transferred to enable the recipient to acquire an asset other than inventories, for which no economic benefits of equal value are receivable in return.

Cash flow statement

A financial statement that presents a summary of all cash receipts and payments for a sector in a reporting period.

Cash flow from operating activities

Receipts and payments of cash relating to a reporting entity's operating activities

Cash flow from investing activities

Relates to the purchase or sale of assets, such as land, buildings and equipment.

Cash flow from financing activities

Shows the cash inflows and outflows related to transactions with the providers of finance.

Cash surplus/deficit

Reported in the cash flow statement, the cash surplus/deficit measures the net impact of cashflows (excluding financing activities) during the period. It equals net cash flows from operating activities (things that agencies do on a daily basis as part of their operations) plus net cash flows from the acquisition and disposal of non-financial assets (i.e. infrastructure activities), less distributions paid (i.e. dividends). For Government Finance Statistics purposes at whole-of-government level, the cash surplus/deficit is further adjusted to account for the value of assets acquired under finance leases and similar arrangements. The Commonwealth refers to this aggregate as the ‘underlying cash balance’ in its publications and is that tier of government’s headline budget measure. A surplus is generally consistent with declining net debt while a deficit indicates a need for more borrowing.

Change in net worth

Change in net worth (also known as comprehensive result) is revenue from transactions less expenses from transactions plus other economic flows and measures the variation in a government’s accumulated assets and liabilities.

Consolidated Account

The *Constitution Act 1889* creates the Consolidated Account. Under section 64 of the *Constitution Act 1889*, all moneys due to the State from taxes, charges, imposts, etc. that are not hypothecated by separate legislation must be credited to the Consolidated Account and can only be expended if authorised by an Appropriation Act. The legislation does not impose any restrictions on the purposes for which the Consolidated Account may be appropriated. See also Public Bank Account below.

Consolidated financial statements

The aggregate financial statements for the whole-of-government (and its sub-sectors), including the financial outcomes of public sector agencies. Transactions, assets and obligations between agencies are eliminated on consolidation.

Consumer Price Index

The Consumer Price Index (CPI) measures changes in the price of a ‘basket’ of goods and services purchased by households. Growth in the CPI is often used as a benchmark estimate of inflation.

Contingent asset

A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised on the balance sheet. For example, the State may expect to receive a cash benefit if it delivers on various obligations in the future.

Contingent liability

A potential financial obligation arising out of a condition, situation, guarantee or indemnity, the ultimate effect of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. Contingent liabilities are not recorded on the balance sheet. Examples include pending legal proceedings and items covered by government guarantees, sureties and indemnities.

Convergence difference

The difference between the amounts recognised in the financial statements (prepared under Australian Accounting Standards) compared with the amounts determined for Government Finance Statistics purposes as a result of differences in definition, recognition, measurement, classification and consolidation principles and rules.

Current grants (transfers)

The provision of something of value for no specific return or consideration (e.g. grants, subsidies and donations).

Derivatives

‘Held for trading’ financial instruments valued at fair value at the balance sheet date, in accordance with AASB 139: *Financial Instruments: Recognition and Measurement*.

Employee expenses

These expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, voluntary separation payments, defined benefits superannuation plans and defined contribution superannuation plans.

Expenses

Expenses are defined as transactions that reduce net worth. They represent the cost of operating. Purchases of services (other than those that are capitalised as infrastructure) are expenses because the services are consumed when provided and net worth is reduced by the cost of the services. For example, the purchase of labour services (commonly known as ‘salaries’) is an expense.

Finance lease

Lease agreements that transfer substantially all the risks and benefits relating to ownership of an asset from the lessor (legal owner) to the lessee (party using the asset). For example, public sector agencies often lease buildings and vehicles, and record such leased assets on the balance sheets. All related costs and the total remaining lease liability is also recorded in the financial statements. Depending on the nature of the arrangement, Public Private Partnerships may be recognised as finance lease arrangements. Finance leases are treated as government debt on the State's balance sheet.

Financial asset

Any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial liability

Financial obligations to a third party. Includes deposits held on behalf of third parties, advances (loans) received from the Commonwealth, borrowings (including finance leases), employee entitlements (such as unfunded superannuation liabilities) accounts payable, etc.

Financial Management Act 2006

The Act sets out the framework for public sector budgeting in Western Australia.

Fiscal aggregates

Analytical balances that are useful for macroeconomic analysis purposes, including assessing the impact of a government and its sectors on the economy. Key fiscal aggregates defined under ABS Government Finance Statistics manual are required to be disclosed under AASB 1049: *Whole of Government and General Government Sector Financial Reporting*. They are opening net worth, net operating balance, net lending/–borrowings, change in net worth due to revaluations, change in net worth due to other changes in the volume of assets, total change in net worth, closing net worth, and cash surplus/–deficit. AASB 1049 also allows additional fiscal aggregates to be included such as net financial worth, net financial liabilities and net debt.

Forward estimates

Estimates of future years. These assume that there will be no significant change in government policy and are designed to provide a longer term perspective to the budget process.

Full-time equivalents

One full-time equivalent staff member is the same as one person working full time for one financial year.

General government sector

Defined in Government Finance Statistics as an entity or group of entities which are mainly engaged in the production of goods and/or services outside the normal market mechanism. General government goods and services are largely provided free of charge or at nominal charges well below costs of production. Government departments are usually recognised as general government sector agencies.

Government Financial Responsibility Act 2000

Legislation to establish a framework for government financial planning with a view to improving government financial outcomes and to facilitate public scrutiny of government financial policy and performance

Government Finance Statistics

Refers to statistics that measure the financial transactions of governments and reflect the impact of those transactions on other sectors of the economy. Government Finance Statistics in Australia are developed by the ABS in conjunction with all governments and are mainly based on international statistical standards developed, in consultation with member countries, by the International Monetary Fund.

Government Purpose Classification

The Government Purpose Classification classifies expenses and acquisitions of non-financial assets of the public sector and general government sector in terms of the purposes for which the transactions are made. As required under AASB 1049, total assets of the State and general government sector are also required to be allocated to purpose classification where possible to do so. The major groups reflect the broad objectives of government and the groups and subgroups details the means by which these broad objectives are met.

Grants and subsidies

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be of a current or capital nature (see current grants and capital grants).

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive benefits directly of approximately equal value. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers.

Grants can be paid as general purpose grants which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants for on-passing

All grants paid to one institutional sector (e.g. a State-based general government entity) to be passed on to another institutional sector (e.g. a local government or a private non-profit institution).

Gross borrowing

Loans and debt obligations liabilities, other than advances, created through direct agreements with lenders, the sale of securities and acquisition of finance leases. Gross borrowing is the largest component of gross debt, used to calculate the State's net debt.

Gross debt

A component of net debt. Gross debt includes borrowings, deposits held on behalf of third parties and advances (loans) from the Commonwealth. Net debt is derived from gross debt less liquid financial assets.

Gross State Product

Gross State Product (GSP) measures the value of all final goods and services produced within a State. GSP is a common measure of economic growth.

Key fiscal aggregates

Financial aggregates that are important for analysis purposes, including assessing the impact of a government and its sectors on the economy. For example, the net operating balance, net debt, etc.

National partnership payment

A Commonwealth government grant to a State and/or Territory to support the delivery of specified outputs or projects, to facilitate reforms or to reward the delivery of nationally significant reforms. Each National partnership payment (NPP) is supported by a National Partnership Agreement which defines mutually agreed objectives, outputs and performance benchmarks.

Net acquisition (disposal) of non-financial assets from transactions

Includes purchases (or acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. Purchases and sales (or net acquisitions) of non-financial assets generally include accrued expenses and payables for capital items. Purchases exclude non-produced assets and valuables which are included in other movements in non-financial assets.

Net actuarial gains

Includes actuarial gains and losses on defined benefit superannuation entitlements.

Net cash flows from investments in financial assets (liquidity management purposes)

Includes cash receipts from liquidation or repayment of investments in financial assets for liquidity management purposes less cash payments for such investments. Investment for liquidity management purposes means making funds available to others with no policy intent and with the aim of earning a commercial rate of return.

Net cash flows from investments in financial assets (policy purposes)

Includes cash receipts from the repayment and liquidation of investments in financial assets for policy purposes less cash payments for acquiring financial assets for policy purposes. Acquisition of financial assets for policy purposes is distinguished from investments in financial assets (liquidity management purposes) by the underlying motivation for acquiring the assets. Acquisition of financial assets for policy purposes is motivated by Government policies such as encouraging the development of certain industries or assisting citizens affected by natural disaster.

Net debt

Net debt measures the public sector's net stock of selected gross financial liabilities less financial assets. Net debt equals the sum of deposits held, advances received, government securities, loans and other borrowing less the sum of cash and deposits, advances paid and investments, loans and placements.

Net financial liabilities

Equals total liabilities less financial assets (other than equity in public corporations and other entities). This measure is broader than net debt as it includes significant liabilities, other than borrowings (for example, accrued employee liabilities such as superannuation and long service leave entitlements).

Net financial worth

Measures the public sector's net holdings of financial assets. It is calculated from the Uniform Presentation Framework balance sheet as financial assets less liabilities. Net financial worth is a broader measure than net debt, as it incorporates provisions (such as superannuation, but excludes depreciation and doubtful debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities.

Net gain on equity investments in other sector entities

Net gain on equity investments in other sector entities measured at proportional share of the carrying amount of net assets/liabilities represents the net gains relating to the equity held by the general government sector in other sector entities. It arises from a change in the carrying amount of net assets of the subsidiaries. The net gains are measured based on the proportional share of the subsidiary's carrying amount of net assets/liabilities before elimination of inter sector balances.

Net lending/borrowing

An operating statement measure that differs from the net operating balance as it includes spending on capital items but excludes depreciation. The net lending/borrowing measure more accurately reflects the cash requirements of the public sector in any given year. A net lending (or fiscal surplus) balance indicates that the public sector is saving more than enough to finance all its investment spending. A net borrowing (or fiscal deficit) position indicates that the public sector's level of investment is greater than its level of savings.

Net operating balance

This is calculated as income from transactions less expenses from transactions. It is a summary measure of the ongoing sustainability of operations and excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions.

Net other economic flows

The net change in the volume or value of assets and liabilities that does not result from transactions.

Net worth

It is an economic measure of wealth and provides a relatively comprehensive picture of the public sector's overall financial position. It is calculated as total assets less total liabilities less shares and other contributed capital. For the general government sector, net worth is assets less liabilities, since shares and contributed capital do not exist for the central government.

Operating statement

A financial statement that presents the operating performance of a reporting entity by detailing all items of revenue and expense recognised as they accrue during a reporting period. Cash flows for these accruing operating activities may occur in the same or subsequent reporting period.

Operating result

A measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'.

Other economic flows

The change in the volume or value of assets and liabilities that does not result from operating activities.

Other revenue

Revenue other than from taxes, sales of goods and services, Commonwealth grants, etc.

Public Bank Account

The Public Bank Account (PBA) is administered by the Department of Treasury and forms the central bank account of the Government of Western Australia. The PBA is created by the *Constitution Act 1889* and the *Financial Management Act 2006*, and is divided into component parts and includes the Consolidated Account, Treasurer's Advance and Treasurer's Special Purpose Accounts (collectively referred to as the Public Ledger and detailed in Appendix 7 of this report), and agency Special Purpose Accounts.

Public corporations

Those agencies that are primarily operating in a market and seek to recover a substantial portion of their costs through user charges. They comprise public financial corporations and public non-financial corporations (see below).

Public financial corporations sector

The sector comprises government controlled entities mainly engaged in financial activities, such as providing banking and insurance services. They are able to incur financial liabilities on their own account (e.g. taking deposits, issuing securities or providing insurance services).

Public non-financial corporations sector

The public non-financial corporations sector comprises those non-financial public sector agencies engaged mainly in the production of goods and services for sale in the market, with an objective to recover at least a significant proportion of operating costs through charges for goods and services.

Public Private Partnerships

A term used to describe a method of procuring government infrastructure and associated services through private sector involvement. Public Private Partnership (PPPs) create opportunities with the private sector for increasing investment in social and economic infrastructure. The accounting rules for PPPs are complex and are based on case by case circumstances. However, they often result in recognition of a finance lease for the public sector balance sheet (which is a component of gross and net debt).

Revenue

Revenue is defined as operating transactions that increase net worth. Examples include tax collections, Commonwealth grants, royalty income, fees for goods and services, etc.

Sales of goods and services

Refers to revenue from the direct provision of goods and services, and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land.

Securities other than shares

Negotiable financial instruments serving as evidence of the obligations to settle by means of providing cash, a financial instrument, or some other item of economic value. The security normally specifies a schedule for interest payments and principal repayments. Examples include bills, bonds and debentures, commercial paper, and securitised mortgage loans.

Superannuation concurrent cost

The current service cost of employees.

Superannuation interest cost

Represents the carrying cost of unfunded superannuation liabilities. Unfunded superannuation is essentially a debt owing to employees. Part of the annual valuation of these 'debts' includes the carrying (or interest) cost. The State of Western Australia now concurrently funds the superannuation costs of almost all of its employees (since 1998-99). As a result, superannuation interest costs are anticipated to decline over the next two to three decades as unfunded entitlements are gradually paid out.

Taxation revenue

Taxation revenue represents revenue received from the State's taxpayers and includes payroll tax, land tax, duties levied principally on conveyances and land transfers, gambling taxes levied mainly on private lotteries and racing, insurance duty relating to compulsory third party policies, motor vehicle taxes, including registration fees and duty on registrations and transfers, levies on statutory corporations in other sectors of government and other taxes, including landfill levies, licence and concession fees.

Tax equivalents regime

The mechanism to ensure that public corporations incur similar tax liabilities as privately owned organisations that are exposed to the tax system. Under these arrangements, greater parity exists between the cost structures of public sector trading entities and the private sector, aiding in the achievement of competitive neutrality.

Total change in net worth

The net result of all items of income and expense recognised for the period. This is sometimes also referred to as the 'Comprehensive Result'. It is the aggregate of operating result and other movements in equity, other than transactions with owners as owners.

Total non-financial assets

Assets that are not 'financial assets', predominantly land and other fixed assets.

Total non-financial public sector

The total non-financial public sector represents the consolidated transactions and assets and liabilities of the general government and public non-financial corporations sectors. In compiling statistics for the total non-financial public sector, transactions and debtor/creditor relationships between sub-sectors are eliminated.

Transaction

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.

Taxation is regarded as mutually agreed interactions between the public sector and tax payers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is in cash. In simple terms, transactions arise from the policy decisions of the Government.

Uniform Presentation Framework

The Uniform Presentation Framework (UPF) was first agreed by the Australian Loan Council in 1993. The current UPF incorporates the use of accounting standard AASB 1049: *Whole of Government and General Government Sector Financial Reporting* and specifies that Commonwealth, State and Territory governments will present a minimum set of budget and financial outcome information on AASB 1049 and Government Finance Statistics bases according to an agreed format specified by Loan Council reporting arrangements.

Whole-of-government financial report

A financial report prepared by a Government that is prepared in accordance with Australian Accounting Standards and thereby separately recognises assets, liabilities, income, expenses and cash flows of all entities under the control of the Government on a line-by-line basis.

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: *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 internal collections are not shown in the total public sector taxation revenue data which is thus smaller than the general government taxation revenue aggregate.

Table 2.1

OPERATING REVENUE
General Government

	2013-14	2014-15			Actual \$m (4)	Variation on EOT \$m (4) - (3)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
Taxation						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	3,566	3,834	3,737	3,655	3,602	-53
Property taxes						
<i>Land tax</i>	661	755	750	746	744	-2
Transfer Duty	1,776	1,823	1,761	1,683	1,598	-84
Landholder Duty	193	123	121	120	101	-20
<i>Total duty on transfers</i>	1,969	1,946	1,882	1,803	1,699	-104
Metropolitan Region Improvement Tax	88	93	91	95	93	-3
Perth Parking Levy	40	48	48	48	48	-
Emergency Services Levy	258	274	274	274	274	-
Loan guarantee fees	119	125	122	123	119	-4
<i>Total other property taxes</i>	504	539	535	540	534	-6
Taxes on provision of goods and services						
Lotteries Commission	147	155	155	155	152	-3
Video lottery terminals	-	1	1	1	-	-1
Casino Tax	127	123	100	100	110	10
Betting tax	43	44	44	44	42	-2
<i>Total taxes on gambling</i>	317	322	299	299	305	6
Insurance Duty	580	638	624	612	604	-8
Other	32	25	25	29	31	2
<i>Total taxes on insurance</i>	611	663	649	641	635	-6
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	385	442	369	369	363	-6
Permits - Oversize Vehicles and Loads	7	8	8	8	7	-1
Motor Vehicle recording fee	53	52	52	52	58	6
Motor Vehicle registrations	728	834	834	834	848	15
<i>Total motor vehicle taxes</i>	1,173	1,336	1,263	1,263	1,277	14
<i>Mining Rehabilitation Levy</i> ^(a)	-	45	45	45	27	-18
<i>Landfill Levy</i>	47	60	60	60	59	-1
Total Taxation	8,849	9,500	9,220	9,052	8,882	-170

Note: Columns may not add due to rounding.

Table 2.1 (cont.)

OPERATING REVENUE
General Government

	2013-14	2014-15				Variation on EOT \$m (4) - (3)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
Current Grants and Subsidies						
<i>General Purpose Grants</i>						
GST grants	2,507	2,215	2,267	2,262	2,258	-4
North West Shelf grants	1,103	1,055	911	906	865	-41
Commonwealth compensation for changed crude oil excise arrangements	65	58	50	50	48	-2
<i>Grants through the State</i>						
Schools assistance – non-government schools	951	1,018	1,040	1,042	1,064	21
Local government financial assistance grants	168	179	173	173	262	88
Local government roads	107	111	107	108	162	54
<i>National Specific Purpose Payment Agreement Grants</i>						
National Agreement for Skills and Workforce Development	151	159	160	159	156	-3
National Disability Services	146	155	155	155	151	-3
National Affordable Housing	139	145	145	145	144	-1
<i>Students First</i>	469	528	528	514	503	-11
<i>National Health Reform</i>	1,518	1,730	1,745	1,760	1,750	-10
<i>National Partnerships/Other Grants</i>						
Health	484	363	325	372	402	30
Housing	15	15	15	16	15	-1
Transport	52	70	65	66	55	-11
Other	323	203	196	198	216	18
Total Current Grants and Subsidies	8,199	8,006	7,884	7,926	8,051	125
Capital Grants						
<i>Grants Through the State</i>						
Schools assistance – non-government schools	22	30	32	32	16	-17
<i>National Partnerships/Other Grants</i>						
Housing	191	166	260	260	173	-87
Transport	242	416	611	527	992	465
Other	92	66	97	102	82	-19
Total Capital Grants	547	677	1,001	922	1,263	342

Note: Columns may not add due to rounding.

Table 2.1 (cont.)

OPERATING REVENUE
General Government

	2013-14	2014-15			Actual \$m (4)	Variation on EA \$m (4) - (3)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Actual \$m (3)		
Sales of Goods and Services						
WA Health	525	546	547	549	545	-4
Department of Transport	167	168	172	172	173	1
Department of Education	149	152	154	164	167	2
State Training Providers	138	163	157	156	145	-11
Department of Training and Workforce Development	42	58	56	56	52	-4
Western Australian Land Information Authority	139	132	132	131	128	-4
Department of Parks and Wildlife	36	44	39	39	39	-
Department of Attorney General	95	93	96	97	94	-2
Department of Commerce	93	82	104	92	104	12
Department of Mines and Petroleum	50	56	56	57	52	-4
All Other	630	694	723	700	607	-94
Total Sales of Goods and Services ^(b)	2,064	2,188	2,238	2,213	2,105	-108
Interest Income	194	210	187	189	185	-4
Revenue from Public Corporations						
Dividends	901	938	1,226	1,277	1,187	-90
Tax Equivalent Regime	602	530	491	494	592	98
Total Revenue from Public Corporations	1,503	1,468	1,717	1,771	1,779	8
Royalty Income	6,025	6,176	4,368	4,440	4,603	163
Other						
Lease Rentals	94	86	86	91	89	-2
Fines ^(b)	155	182	197	203	188	-15
Revenue not elsew here counted ^(a)	326	190	199	239	255	16
Total Other ^{(a)(b)}	575	458	482	533	532	-1
TOTAL REVENUE	27,956	28,683	27,096	27,045	27,400	355

(a) From 1 July 2014 the Mining Rehabilitation Fund Levy became a compulsory levy (the levy was previously a voluntary charge). The ABS has advised that this compulsory levy should be classified as a tax. The voluntary levy is classified as 'other revenue' in prior periods and has not been reclassified. The State collected \$7 million in the twelve months to 30 June 2014.

(b) Fines Enforcement Registry revenue for the Department of the Attorney General has been reclassified from sale of goods and services to 'other revenue' fines. For consistency, this reclassification has been backcast in all comparator periods that appear in this publication (i.e. 2013-14 actual, original 2014-15 Budget, the Mid-year Review, and the estimated outturn for 2014-15).

Note: Columns may not add due to rounding.

Table 2.2

OPERATING REVENUE
Total Public Sector

	2013-14	2014-15				Variation on EOT \$m (4) - (3)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
Taxation						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	3,474	3,747	3,654	3,572	3,503	-68
Property taxes						
<i>Land tax</i>	596	691	698	682	675	-7
Transfer Duty	1,776	1,823	1,761	1,683	1,598	-84
Landholder Duty	193	123	121	120	101	-20
<i>Total duty on transfers</i>	1,969	1,946	1,882	1,803	1,699	-104
Metropolitan Region Improvement Tax	88	93	91	95	93	-3
Perth Parking Levy	40	48	48	48	48	-
Emergency Services Levy	253	270	270	270	270	1
Loan guarantee fees	6	3	3	3	3	-
<i>Total other property taxes</i>	387	414	412	416	415	-2
Taxes on provision of goods and services						
Lotteries Commission	-	-	-	-	-	-
Video lottery terminals	-	1	1	1	-	-1
Casino Tax	127	123	100	100	110	10
Betting tax	-	-	-	-	-	-
Other	-	-	-	-	-	-
<i>Total taxes on gambling</i>	128	124	101	101	111	10
Insurance Duty	580	638	624	612	604	-8
Other	32	25	25	29	31	2
<i>Total taxes on insurance</i>	611	663	649	641	635	-6
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	385	442	369	369	363	-6
Permits - Oversize Vehicles and Loads	7	8	8	8	7	-1
Motor Vehicle recording fee	53	52	52	52	58	6
Motor Vehicle registrations	728	834	834	834	848	15
<i>Total motor vehicle taxes</i>	1,173	1,336	1,263	1,263	1,277	14
<i>Mining Rehabilitation Levy</i> ^(a)	-	45	45	45	27	-18
<i>Landfill Levy</i>	47	60	60	60	59	-1
Total Taxation	8,384	9,025	8,762	8,583	8,400	-183

Note: Columns may not add due to rounding.

Table 2.2 (cont.)

OPERATING REVENUE
Total Public Sector

	2013-14	2014-15				Variation on EOT \$m (4) - (3)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
Current Grants and Subsidies						
<i>General Purpose Grants</i>						
GST grants	2,507	2,215	2,267	2,262	2,258	-4
North West Shelf grants	1,103	1,055	911	906	865	-41
Commonwealth compensation for changed crude oil excise arrangements	65	58	50	50	48	-2
<i>Grants through the State</i>						
Schools assistance – non-government schools	951	1,018	1,040	1,042	1,064	21
Local government financial assistance grants	168	179	173	173	262	88
Local government roads	107	111	107	108	162	54
<i>National Specific Purpose Payment Agreement Grants</i>						
National Agreement for Skills and Workforce Development	151	159	160	159	156	-3
National Disability Services	146	155	155	155	151	-3
National Affordable Housing	139	145	145	145	144	-1
<i>Students First</i>	469	528	528	514	503	-11
<i>National Health Reform</i>	1,518	1,730	1,745	1,760	1,750	-10
<i>National Partnerships/Other Grants</i>						
Health	484	363	325	372	402	30
Housing	15	15	15	16	15	-1
Transport	52	70	65	66	55	-11
Other	323	203	196	198	216	18
Total Current Grants and Subsidies	8,199	8,006	7,884	7,926	8,051	125
Capital Grants						
<i>Grants Through the State</i>						
Schools assistance – non-government schools	22	30	32	32	16	-17
<i>National Partnerships/Other Grants</i>						
Housing	191	166	260	260	173	-87
Transport	242	416	611	527	992	465
Other	92	66	97	102	82	-19
Total Capital Grants	547	677	1,001	922	1,263	342
Sales of Goods and Services ^(b)	17,759	19,839	18,715	18,701	19,071	370
Interest Income	614	702	634	630	648	18
Royalty Income	6,025	6,176	4,368	4,440	4,603	163
Other						
Lease Rentals	94	86	86	91	89	-2
Fines ^(b)	155	182	197	203	188	-15
Revenue not elsewhere counted ^(a)	853	591	614	666	978	313
Total Other ^{(a) (b)}	1,102	859	897	959	1,256	296
TOTAL REVENUE	42,630	45,285	42,260	42,161	43,292	1,131

(a) From 1 July 2014 the Mining Rehabilitation Fund Levy became a compulsory levy (the levy was previously a voluntary charge). The ABS has advised that this compulsory levy should be classified as a tax. The voluntary levy is classified as 'other revenue' in prior periods and has not been reclassified. The State collected \$7 million in the twelve months to 30 June 2014.

(b) Fines Enforcement Registry revenue for the Department of the Attorney General has been reclassified from sale of goods and services to 'other revenue' fines. For consistency, this reclassification has been backcast in all comparator periods that appear in this publication (i.e. 2013-14 actual, original 2014-15 Budget, the Mid-year Review, and the estimated outturn for 2014-15).

Note: Columns may not add due to rounding.

Other Uniform Presentation Framework Information

Under an intergovernmental agreement between the States, Territories and the Commonwealth in the early 1990s, all jurisdictions release whole-of-government and other public sector information in a consistent format.

The Uniform Presentation Framework (UPF) assists users by disclosing information in a consistent format. This supports transparency and interjurisdictional comparisons.

Western Australia's whole-of-government financial disclosures, found in its annual Budget Papers, Mid-year Review, *Pre-election Financial Projection Statements* and quarterly and annual outturn reporting, including this *Annual Report on State Finances* (ARSF), are consistent with the UPF disclosure requirements.

In particular, UPF information in this ARSF includes:

- financial statements by sector of government and for the consolidated total public sector (see Appendix 1: *Financial Statements*);
- information on grants and transfer payments are available in the notes to the financial statements (see Notes to the Financial Statements, Appendix 1);
- detailed operating revenue information (disclosed in Appendix 2: *Operating Revenue*); and
- detailed general government expenses and purchases of non-financial assets by function, along with outcome information for the State's Loan Council Allocation (detailed in this appendix).

Table 3.1

SPENDING BY GOVERNMENT PURPOSE CLASSIFICATION ^(a)
General Government

	2013-14		2014-15		Actual \$m	Variation on EOT \$m (4) - (3)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
EXPENSES						
<i>General public services</i>	514	489	648	628	286	-342
Government superannuation benefits	50				168	
Other general public services	464				117	
<i>Public order and safety</i>	3,088	3,193	3,183	3,192	3,203	11
Police and fire protection services	1,431				1,471	
Police services	1,096				1,114	
Fire protection services	335				356	
Law courts and legal services	752				777	
Prisons and corrective services	865				916	
Other public order and safety	40				40	
<i>Education</i>	6,455	6,850	6,867	6,783	6,690	-93
Primary and secondary education	5,199				5,440	
Primary education	2,931				2,996	
Secondary education	2,247				2,420	
Primary and secondary education nec.	21				24	
Tertiary education	641				619	
University education	17				17	
Technical and further education	624				602	
Tertiary education nec.	-				-	
Pre-school education and education not definable by level	493				505	
Pre-school education	227				238	
Special education	266				264	
Other education not definable by level	1				4	
Transportation of students	122				125	
Transportation of non-urban school students	118				122	
Transportation of other students	3				4	
Education nec.	-				-	
<i>Health</i>	7,336	7,930	7,863	7,940	7,942	2
Acute care institutions	4,986				5,321	
Admitted patient services in acute care institutions	3,793				3,991	
Non-admitted patient services in acute care institutions	1,193				1,330	
Mental health institutions	153				163	
Nursing homes for the aged	145				143	
Community health services	1,029				1,267	
Community mental health services	439				515	
Patient transport	202				238	
Other community health services	387				514	
Public health services	281				284	
Pharmaceuticals, medical aids and appliances	542				567	
Health research	32				30	
Health administration nec.	168				168	

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

Table 3.1 (cont.)

SPENDING BY GOVERNMENT PURPOSE CLASSIFICATION ^(a)
General Government

	2013-14		2014-15			Actual \$m	Variation on EOT \$m (4) - (3)
	Actual	Budget	MYR	Estimated	Actual		
	\$m	Estimate	Revision	Outturn	\$m		
		(1)	(2)	(3)	(4)		
<i>Social security and welfare</i>	1,931	2,079	2,039	2,037	2,072		35
Social security	-				-		
Welfare services	1,931				2,072		
Family and child welfare services	623				626		
Welfare services for the aged	411				449		
Welfare services for people with a disability	804				890		
Welfare services nec.	92				107		
Social security and welfare nec.	-				-		
<i>Housing and community amenities</i>	1,870	1,884	1,867	2,022	1,833		-189
Housing and community development	1,068				1,083		
Housing	515				426		
Aboriginal community development	16				16		
Other community development	537				641		
Water supply	672				644		
Sanitation and protection of the environment	108				100		
Other community amenities	22				5		
<i>Recreation and culture</i>	906	879	844	820	908		88
Recreation facilities and services	570				609		
National parks and wildlife	256				263		
Recreation facilities and services nec.	314				347		
Cultural facilities and services	218				211		
Broadcasting and film production	14				14		
Recreation and culture nec.	104				74		
<i>Fuel and energy</i>	708	683	620	622	609		-12
Fuel affairs and services	-				-		
Gas	-				-		
Fuel affairs and services nec.	-				-		
Electricity and other energy	684				586		
Electricity	666				568		
Other energy	19				18		
Fuel and energy nec.	24				24		
<i>Agriculture, forestry, fishing and hunting</i>	348	331	341	359	343		-16
Agriculture	239				228		
Forestry, fishing and hunting	110				115		
<i>Mining and mineral resources other than fuels; manufacturing; and construction</i>	220	227	242	244	221		-23
Mining and mineral resources other than fuels	188				187		
Manufacturing	-				-		
Construction	31				34		

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

Table 3.1 (cont.)

SPENDING BY GOVERNMENT PURPOSE CLASSIFICATION ^(a)
General Government

	2013-14		2014-15		Actual \$m (4)	Variation on EOT \$m (4) - (3)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
<i>Transport and communications</i>	2,118	2,208	2,220	2,044	2,003	-41
Road transport	1,482				1,337	
Road maintenance	725				931	
Road rehabilitation/Aboriginal community road transport services	73				43	
Road construction	330				66	
Road transport nec.	353				297	
Water transport	24				29	
Urban water transport services	-				-	
Other water transport services	24				29	
Rail transport	43				38	
Urban rail transport services	-				-	
Non-urban rail transport freight services	9				7	
Non-urban rail transport passenger services	34				31	
Air transport	11				12	
Pipelines	-				-	
Other transport	558				586	
Multi-mode urban transport	558				586	
Other transport nec.	-				-	
Communications	-				-	
<i>Other economic affairs</i>	785	683	674	733	650	-84
Storage, saleyards and markets	3				4	
Tourism and area promotion	120				127	
Labour and employment affairs	374				351	
Vocational training	257				246	
Other labour and employment affairs	116				105	
Other economic affairs	287				168	
<i>Other purposes</i>	958	1,073	977	908	1,071	164
Public debt transactions	790				809	
General purpose inter-government transactions	168				262	
Natural disaster relief	-				-	
Other purposes nec.	-				-	
TOTAL EXPENSES	27,236	28,508	28,383	28,332	27,831	-501
PURCHASES OF NON-FINANCIAL ASSETS						
General public services	105	176	190	161	109	-52
Public order and safety	218	247	272	223	179	-43
Education	570	466	491	497	456	-41
Health	873	956	980	881	566	-315
Social security and welfare	59	59	63	62	47	-15
Housing and community amenities	89	53	68	128	84	-43
Recreation and culture	199	200	160	142	124	-18
Fuel and energy	4	5	5	5	3	-2
Agriculture, forestry, fishing and hunting	29	25	26	29	13	-16
Mining and mineral resources other than fuels; manufacturing; and construction	1	3	3	3	2	-1
Transport and communications	1,025	924	1,113	1,077	1,028	-50
Other economic affairs	117	55	61	68	56	-12
Other purposes	-	-	-350	-200	-	200
TOTAL PURCHASE OF NON-FINANCIAL ASSETS	3,289	3,169	3,082	3,077	2,667	-410

(a) The accuracy of spending by Government Purpose Classification (GPC) data is subject to ongoing refinement and improvement. Calculation methods and the allocation of spending to the various GPCs are continually being updated based on data availability and correspondence with the Australian Bureau of Statistics and the Commonwealth Grants Commission.

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

Loan Council Allocations

The Australian Loan Council oversees State, Territory and Commonwealth governments' public sector borrowings using a system of Loan Council Allocations (LCAs). LCAs are based on net borrowings as indicated by a government's total non-financial public sector cash deficit position¹, adjusted for certain memorandum items².

Western Australia recorded an LCA deficit of \$2,463 million in 2014-15, \$710 million lower than the deficit forecast in the 2014-15 Budget.

Material changes in the composition of this outcome since the 2014-15 Budget include:

- a lower than anticipated cash deficit for the total non-financial public sector (down \$361 million), with lower cash deficits for the public non-financial corporations (down \$232 million) and general government (down \$129 million) sectors;
- lower than anticipated acquisitions under finance leases and similar arrangements (down \$137 million), largely reflecting a reduction in the value of finance leases for the Department of Corrective Services as a result of a delay in the completion and commissioning of the Eastern Goldfields Regional Prison (\$216 million), partly offset by higher finance leases for WA Health which were delayed from 2013-14; and
- higher than expected outcomes for memorandum items (down \$212 million), primarily due to levels of home lending by Keystart.

Key variations in State financial outcomes relative to the original 2014-15 Budget are detailed in Appendix 4 of this report.

¹ For the purposes of LCAs, deficits are positive and surpluses are negative.

² LCA memorandum items include additional factors that can increase a jurisdiction's demand for cash but which are outside the scope of the general government sector and/or the public non-financial corporations sector (e.g. borrowings by public universities and public sector home lending schemes).

Table 3.2

2014-15 LOAN COUNCIL ALLOCATIONS
Western Australia

	Nomination ^(a)	Budget Estimate	Estimated Outturn	Actual	Variation on Budget
	\$m	\$m	\$m	\$m	\$m
		(1)	(2)	(3)	(3)-(1)
General government cash surplus/deficit	1,446	1,622	2,579	1,493	-129
Public non-financial Corporations sector cash surplus/deficit	894	1,299	1,874	1,066	-232
<i>Total non-financial public sector cash surplus/deficit</i>	<i>2,340</i>	<i>2,921</i>	<i>4,453</i>	<i>2,560</i>	<i>-361</i>
Acquisitions under finance leases and similar arrangements	217	216	372	80	-137
<i>GFS cash surplus/deficit</i>	<i>2,557</i>	<i>3,137</i>	<i>4,825</i>	<i>2,639</i>	<i>-498</i>
Less: Non-financial public sector net cash flows from investments in financial assets for policy purposes	-	-	-	-	-
Plus: Memorandum items	56	36	-101	-176	-212
Loan Council Allocation	2,612	3,173	4,724	2,463	-710
<i>Tolerance Limit^(b)</i>	<i>942</i>				

(a) 2013-14 *Government Mid-year Financial Projections Statement*, released 18 December 2013.

(b) ±2% of total non-financial public sector operating receipts at the time of the original LCA nomination.

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

Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2015

This appendix contains explanations for material variations in general government and total public sector financial aggregates compared to the original Budget presented to Parliament on 8 May 2014, in line with the requirements of AASB 1055: *Budgetary Reporting*¹.

For the general government operating statement, explanations are provided in this appendix for the three largest revenue sources (taxation, Commonwealth grants and royalties) and the three largest expenses (salaries, transfers and other gross operating expenses). Explanations are also provided for other revenue and expense items where the variance since the 2014-15 Budget is greater or equal to \$10 million and 10%, and for key line items that appear on the face of the operating statement.

In regard to the other financial statements (the general government balance sheet and cash flow statement, and the three financial statements for the total public sector), high level explanations are provided for key line items.

Detailed explanations of key variations to the estimates for 2014-15 can also be reviewed as these emerged in:

- the 2014-15 *Government Mid-year Financial Projection Statement* (released in December 2014), describing changes since the Budget for the first half of 2014-15;
- the 2015-16 Budget Paper No. 3: *Economic and Fiscal Overview* (presented to Legislative Assembly on 14 May 2015); and
- Chapter 1 of this report (detailing final outcomes since the 2015-16 Budget was finalised on 21 April 2015).

¹ Paragraph 6(f) of this standard indicates that major variances between the original Budget estimates and outcomes need to be explained in the financial statements. Paragraph 9 indicates that the original Budget is the first budget presented to Parliament in respect of the reporting period.

Table 4.1

GENERAL GOVERNMENT
Operating Statement

	Notes	2014-15			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
RESULTS FROM TRANSACTIONS					
REVENUE					
Taxation	a	9,500	8,882	-618	-6.5
Current grants and subsidies	b	8,006	8,051	45	0.6
Capital grants	b	677	1,263	586	86.6
Sales of goods and services		2,188	2,105	-84	-3.8
Interest Income	c	210	185	-24	-11.6
Revenue from public corporations					
Dividends from other sectors	d	938	1,187	248	26.4
Tax equivalent income	e	530	592	62	11.8
Royalty income	f	6,176	4,603	-1,573	-25.5
Other	g	458	532	74	16.1
<i>Total</i>		28,683	27,400	-1,284	-4.5
EXPENSES					
Salaries	h	11,345	11,089	-256	-2.3
Superannuation					
Concurrent costs		1,118	1,107	-11	-1.0
Superannuation interest cost	i	354	266	-89	-25.0
Other employee costs		472	430	-41	-8.8
Depreciation and amortisation		1,289	1,235	-54	-4.2
Services and contracts	j	2,337	2,057	-280	-12.0
Other gross operating expenses	k	5,036	5,131	95	1.9
Other interest		538	543	5	1.0
Current transfers	l	5,454	5,465	11	0.2
Capital transfers	l	565	507	-58	-10.3
<i>Total</i>		28,508	27,831	-677	-2.4
NET OPERATING BALANCE	m	175	-431	-606	-346.0
<i>Other economic flows - included in the operating result</i>					
Net gains on assets/liabilities		12	-21	-32	-279.2
Net actuarial gains - superannuation		5	98	93	1,815.0
Provision for doubtful debts		-4	-36	-32	802.8
Changes in accounting policy/adjustment of prior periods		-	-504	-504	-
<i>Total other economic flows</i>	n	13	-463	-475	-3,737.3
OPERATING RESULT		188	-894	-1,082	-575.5
<i>All other movements in equity</i>					
<i>Items that will not be reclassified to operating result</i>					
Revaluations		2,093	2,229	136	6.5
Gains recognised directly in equity		-1	-4	-4	714.4
Change in net worth of the public corporations sectors		890	3,140	2,251	253.0
All other		-	-	-	-
<i>Total all other movements in equity</i>	o	2,982	5,365	2,384	79.9
TOTAL CHANGE IN NET WORTH	p	3,170	4,472	1,302	41.1
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE		175	-431	-606	-346.0
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		3,169	2,667	-502	-15.8
Changes in inventories		-	-9	-9	-
Other movement in non-financial assets		216	90	-126	-58.3
<i>less:</i>					
Sales of non-financial assets		291	134	-157	-54.0
Depreciation		1,289	1,235	-54	-4.2
<i>Total net acquisition of non-financial assets</i>		1,804	1,378	-426	-23.6
NET LENDING/-BORROWING	q	-1,629	-1,809	-180	11.1

General Government Sector Operating Statement

(a) Taxation revenue was \$618 million (or 6.5%) lower than budgeted, with:

- payroll tax down \$231 million (or 6%), as a result of weaker than expected wages growth and a shift in the composition of employment growth away from the high paying resources sector and toward part-time jobs in lower paying industries, as the economy transitions from a period of significant investment in new mining projects;
- transfer duty down \$225 million (or 12.3%), primarily reflecting a sharper than expected decline in residential transaction volumes and lower than anticipated revenue from large commercial transactions;
- vehicle licence duty down \$79 million (or 17.9%), mainly reflecting lower than anticipated new car sales over the period;
- insurance duty down \$34 million (or 5.4%), reflecting lower than expected premium growth for private sector insurance products;
- landholder duty down \$22 million (or 17.8%), due mainly to lower than anticipated revenue from large and infrequent commercial transactions;
- a net decrease of \$26 million (or 1%) across all other taxes.

(b) Grants from the Commonwealth (current and capital) were \$631 million (or 7.3%) higher than budgeted, driven by net changes to a range of grants including:

- transport-related tied grants up \$561 million (or 115.5%), largely due to a Commonwealth payment of \$499 million paid in acknowledgement of the budget impact of a further decline in Western Australia's GST relativity for 2015-16 (with this funding forming part of the National Partnership on Western Australian Infrastructure Projects announced by the Commonwealth in its May 2015 Budget). Grants related to the Gateway WA and NorthLink WA projects were also higher than expected, mainly due to revised project scheduling and the timing of works;
- Commonwealth local government grants up \$134 million (or 46%), which are on-passed by the State, both for general purposes (up \$83 million) and for roads (up \$51 million), mainly reflecting the Commonwealth Government's decision in late 2015 to distribute part of the forecast 2015-16 allocation prior to 1 July 2015. This is matched by an equivalent transfer expense, discussed further below;
- health-related grants up \$59 million (or 2.8%), comprising an additional \$39 million for tied grants (primarily due to reimbursements and additional revenue for services provided to veterans and for the Treating More Public Dental Patients program), and an additional \$20 million under the National Health Reform Agreement, based on WA Health's revised activity projections;

- GST grants up \$43 million (or 2%), primarily due to upward revisions of national GST collections, which were partly offset by downward revisions of Western Australia's share of national population (Western Australia received 37.6% of its 11% population share of GST grants in 2014-15, down from 44.6% in 2013-14);
 - Commonwealth grants for non-government schools up \$31 million (or 3%), which are on-passed by the State, reflecting changes in non-government school enrolment numbers, indexation and changes in Commonwealth Government funding policy. This is matched by an equivalent transfer expense, discussed further below;
 - housing-related grants up \$8 million (or 4.3%), with an additional \$90 million following the Commonwealth's decision to transfer responsibility to the State for all essential and municipal services for remote Aboriginal communities, partly offset by lower grants under the National Partnership Agreement on Remote Indigenous Housing (down \$82 million) which are now expected to be received in 2015-16 following a revised Implementation Plan;
 - North West Shelf grants, including Commonwealth compensation for crude oil excise arrangements (which changed in 2007-08) down \$201 million (or 18%), reflecting lower than forecast crude oil and Liquefied Natural Gas prices more than offsetting a lower than forecast average \$US/\$A exchange rate; and
 - a net decrease of \$5 million (or 0.4%) across all other Commonwealth grants.
- (c) Interest income was \$24 million (or 11.6%) lower than Budget. This mainly reflects lower Public Bank Account (PBA) interest earnings (down \$20 million) due to a lower than forecast average balance for the PBA investment pool through the year, and slightly lower gross earning rates (due mainly to the lowering of the cash rate by the Reserve Bank of Australia during 2014-15).
- (d) Dividend income from the State's public corporations was \$248 million (or 26.4%) higher than budgeted, with the main drivers being:
- the Water Corporation (up \$93 million), reflecting a higher operating profit, primarily due to higher customer contributions for infrastructure development activity in the metropolitan area;
 - the Pilbara Ports Authority (up \$60 million), reflecting increased throughput at the Port of Port Hedland (on the back of higher iron ore production volumes in the Pilbara), and the introduction of interim dividend arrangements for all port authorities in 2014-15;
 - Western Power (up \$47 million), due to a higher than expected operating profit, mainly reflecting higher customer contributions for infrastructure development and lower than forecast operational expenses (including lower pole maintenance, emergency response, interest costs and depreciation charges);

- Synergy (up \$26 million), reflecting the completion of the Muja AB refurbishment a month ahead of schedule, reduced interest and corporate overhead costs, and a net improvement in Synergy's plant and supply costs due to the cessation of a number of Power Purchase Agreements between the former Verve Energy and Synergy following the 1 January 2014 merger of these entities; and
 - Fremantle Port Authority (up \$19 million), due to higher than expected profitability in 2013-14 and also 2014-15, which impacted the port's 2014-15 interim dividend.
- (e) Tax equivalent income from the State's public corporations was \$62 million (or 11.8%) higher than budgeted, mainly reflecting the net impact of changes for:
- the Water Corporation (up \$62 million), mainly due to the higher than expected operating profit impacting the Corporation's dividend, described above;
 - the Pilbara Ports Authority (up \$37 million), as a result of higher profits, mainly due to reduced expenditure, and assets provided free of charge by the private sector (related to the Floating Deck Transhipment System at the Port of Dampier); and
 - Synergy (down \$49 million), mainly driven by lower than forecast demand across Synergy's retail business and a review into the Corporation's cost to supply electricity (which revised a number of cost inputs and the methodology for estimating Synergy's operating subsidy).
- (f) Royalty income was \$1,573 million (or 25.5%) lower relative to the 2014-15 Budget forecast. This was primarily due to lower projected iron ore royalties, which were \$1,575 million (or 28.1%) lower than budget. The lower iron ore royalties were largely due to the iron ore price averaging \$US71.1 per tonne through the year, 42.1% below the 2014-15 Budget price assumption of \$US122.7 per tonne. This was partially offset by the impact of higher than forecast production volumes, which totalled 719 million tonnes compared to the 2014-15 Budget estimate of 634 million tonnes, and a lower than expected average \$US/\$A exchange rate of US83.6 cents relative to the 2014-15 Budget forecast of US90.6 cents.
- (g) 'Other' revenue was \$74 million (or 16.1%) higher than budgeted, which reflects the impact of a range of lumpy, and often unbudgeted transactions, including net assets transferred to the general government sector such as bridges and roads from local governments and private organisations (such as mining companies and developers), higher than anticipated donations, a (net) increase in grants from private organisations and other sectors of government such as public corporations, the return to Treasury of unclaimed monies from external organisations, higher judicial fines and infringements, and higher mining-related lease rental revenue.

- (h) Salaries expenses were \$256 million (or 2.3%) lower than budgeted, due mainly to the Department of Education (down \$181 million, or 5.9%), primarily reflecting conservative budget management by schools during a year of school funding reform, fewer student enrolments than originally forecast, and the successful implementation of leave management strategies. The next largest variance was for WA Health (down \$50 million or 1.2%). Salaries expenses across the remainder of the sector were \$25 million (or 0.6%) lower than budgeted.
- (i) Superannuation interest costs were \$89 million (or 25%) lower than budgeted, due mainly to the actuarial valuation of unfunded scheme liabilities and associated scheme costs. The main factor in this outcome was a lower than expected value for the discount rate used by the actuary to value these liabilities (with an actual discount rate of 3.0% applying for the 2014-15 valuation, compared with a Budget estimate of 4.6%)².
- (j) Services and contracts expenses were \$280 million (or 12%) lower than budgeted, with WA Health accounting for \$182 million of the total change. This was largely due to deferral of Facilities Management Services Contract payments to Serco Pty Ltd as a result of the delayed and phased commissioning of the Fiona Stanley Hospital³.
- (k) ‘Other’ gross operating expenses (largely made up of the day-to-day non-salaries operating costs of agencies, such as office accommodation costs, building and maintenance costs, electricity and water costs, and administration costs) were \$95 million (or 1.9%) higher than budgeted.
- (l) Total transfer expenses (mainly current and capital grant payments) were \$47 million (or 0.8%) lower than budgeted, with net changes mainly reflecting:
- lower operating subsidies to the State’s public corporations (down \$87 million), predominantly to Synergy (down \$57 million) resulting from a review into Synergy’s efficient cost to supply electricity conducted by the Public Utilities Office and Treasury (which revised a number of cost inputs and the methodology for estimating Synergy’s operating subsidy), and merger-driven savings. Subsidy costs were also lower than budgeted for the Public Transport Authority (down \$10 million), the Water Corporation (down \$9 million) and Horizon Power (down \$8 million);
 - lower grants to the Housing Authority⁴ (down \$82 million), reflecting the lower grants received under the Remote Indigenous Housing National Partnership agreement, as discussed under revenue;

² Long term government bond rates are used by the actuary in year-end valuations of unfunded superannuation liabilities. Bond rates remained at low levels during the 2014-15 financial year. An increase in bond rates means that the future value of unfunded liabilities decreases in value (and vice versa). However, a higher (lower) discount rate also increases (decreases) superannuation interest costs.

³ The underspend in services and contracts costs was instead incurred against other expense categories (such as salaries, superannuation and ‘other’ gross operating expenses) in order to ensure the continuity of hospital services.

⁴ The Housing Authority is a public corporation outside of the general government sector.

- lower than forecast tax refunds (down \$28 million), due to the average amount per refund being lower than expected. The number and average value of refund claims is volatile from year to year, making budget forecasts difficult;
 - lower gambling tax rebates (down \$25 million), due to the cessation of GST rebates and associated changes to casino tax arrangements under a agreement between the Government and Crown Casino;
 - a lower subsidy to the Metropolitan Redevelopment Authority (down \$11 million), due to delays in finalising the Scarborough Master Plan (which outlines a range of foreshore improvements and a vision for facilitating private investment and development of key sites across the entire project area) and negotiations with the City of Stirling resulting in deferred development works for the project;
 - higher than budgeted First Home Owner Grant expenses (up \$24 million), reflecting higher than anticipated demand from first home buyers (partly supported by the low interest rate environment during 2014-15) and the incentive of a higher grant for the purchase of a new home (\$10,000) compared to established homes (\$3,000), announced as part of the 2013-14 Budget. In 2014-15, new home grants accounted for 46% of all grants paid compared to an average of 29% over the preceding decade; and
 - the flow-through of higher than budgeted Commonwealth grants to the local government sector (up \$134 million) and to non-government schools (up \$31 million), as detailed above under revenue.
- (m) The net operating balance in 2014-15 was a \$431 million deficit, a \$606 million turnaround from the Budget projection for a \$175 million surplus. Revenue was \$1,284 million (or 4.5%) lower than budgeted while expenses were \$677 million (or 2.4%) lower than forecast, as detailed above.
- (n) At \$463 million, 'other economic flows' represent a \$475 million turnaround on expectations at the time of the Budget. This was largely due to changes in accounting policy which are not forecast in the Budget and adjustment between revaluations and other reserves. Net gains on assets/liabilities and provisions for doubtful debts were also lower (both down \$32 million each). These decreases were partly offset by higher than budgeted net actuarial gains on superannuation (up \$93 million), reflecting movements in the actuary's valuation of unfunded superannuation liabilities at 30 June 2015. This reflects movements in the value of the discount rate used to estimate the future value of unfunded superannuation entitlements (noted above in relation to superannuation interest costs), and to a lesser extent, changes in retirement and longevity rates, and actual earnings on defined benefit superannuation assets.

- (o) All other movements in equity were \$5.4 billion, up \$2.4 billion (or 79.9%) compared to Budget estimates, with higher changes in the net worth of the public corporations sectors (up \$2.3 billion) and higher revaluations (up \$136 million). This aggregate records all changes in the net worth of the public sector balance sheet that are not accounted for on the general government sector operating statement, including the operations of public corporations, valuation changes across the sector, and the impact of investing and financial activities. These other sources of variance are discussed throughout the following sections of this appendix.
- (p) The total change in net worth at 30 June 2015 was \$4.5 billion compared with \$3.2 billion forecast in the Budget. This change is comprised of the changes in the net operating balance, other economic flows and all other movements in equity variances, noted above.
- (q) A \$1.8 billion deficit outcome for net lending/borrowing (which includes the net operating balance from transactions, less non-cash depreciation costs plus the net cost of infrastructure investment activities) compares with the original \$1.6 billion deficit Budget forecast.

A discussion on changes in general government sector purchases and sales of non-financial assets is contained later in this appendix (as part of the cash flow statement).

Changes in inventories were budgeted to remain unchanged in budget-time forecasts and declined by just \$9 million. Depreciation was \$54 million (or 4.2%) lower than budgeted, due largely to lower outturns for Main Roads, Western Australia Police, and WA Health, which offset higher depreciation by the Department of Education.

Other movements in non-financial assets (which comprises the value of assets transferred in/out of the sector, and assets acquired under finance leases) were \$126 million lower than expected in the Budget. This outcome largely reflects a reduction in the value of finance leases for the Department of Corrective Services as a result of a delay in the completion and commissioning of the Eastern Goldfields Regional Prison (EGRP, \$216 million), partly offset by higher finance leases for WA Health (reflecting deferred recognition of leases from 2013-14 to 2014-15 in relation to hospital commissioning delays). The budget assumed no net assets would be transferred in/out of the sector. However, the 2014-15 outturn indicates that \$26 million of assets were transferred in (mainly roads and the marina at Two Rocks from the private and local government sectors) and \$16 million of assets were transferred out (mainly roads to the local government sector).

Table 4.2

GENERAL GOVERNMENT
Balance Sheet

	Notes	2014-15			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
ASSETS					
<i>Financial assets</i>					
Cash and deposits		586	785	199	34.1
Advances paid		721	678	-44	-6.1
Investments, loans and placements		3,187	3,571	384	12.1
Receivables		3,264	2,660	-604	-18.5
Shares and other equity					
Investments in other public sector entities - equity method		46,367	48,846	2,479	5.3
Investments in other public sector entities - direct injections		7,083	7,455	372	5.3
Investments in other entities		11	44	32	282.8
Other financial assets		-	-	-	-
Total financial assets	a	61,219	64,038	2,819	4.6
<i>Non-financial assets</i>					
Land		37,719	38,837	1,118	3.0
Property, plant and equipment		47,314	45,003	-2,310	-4.9
Biological assets		2	2	-	-2.8
Inventories					
Land inventories		55	106	50	90.7
Other inventories		72	69	-3	-4.4
Intangibles		502	609	107	21.3
Non-current assets held for sale		14	27	13	98.8
Investment property		8	9	1	16.0
Other		205	249	45	21.8
Total non-financial assets	b	85,890	84,911	-979	-1.1
TOTAL ASSETS	c	147,109	148,949	1,840	1.3
LIABILITIES					
Deposits held		470	417	-53	-11.2
Advances received		459	407	-51	-11.1
Borrowings		13,607	13,603	-4	-
Unfunded superannuation		7,556	7,573	17	0.2
Other employee benefits		3,257	3,292	35	1.1
Payables		1,148	1,071	-78	-6.8
Other liabilities		1,318	1,287	-31	-2.4
TOTAL LIABILITIES	d	27,815	27,649	-166	-0.6
NET ASSETS		119,294	121,299	2,006	1.7
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		11,279	11,012	-267	-2.4
Other reserves		108,015	110,287	2,272	2.1
NET WORTH	e	119,294	121,299	2,006	1.7
MEMORANDUM ITEMS					
<i>Net financial worth</i>		33,411	36,389	2,978	8.9
<i>Net financial liabilities</i>		20,038	19,912	-126	-0.6
<i>Net debt</i>					
Gross debt liabilities		14,536	14,427	-108	-0.7
less: liquid financial assets		4,494	5,034	540	12.0
less: convergence differences impacting net debt		88	88	-	-
Net debt	f	9,953	9,306	-648	-6.5

General Government Sector Balance Sheet

- (a) General government sector financial assets totalled \$64 billion at 30 June 2015, up \$2.8 billion (4.6%) from the original Budget. This reflected a \$2.9 billion (or 5.4%) increase in the value of investments in other public sector entities (i.e. public corporations), mainly reflecting higher asset values for Synergy (see Chapter 1) and higher non-land inventories (mainly precious metals held by the Gold Corporation).

Other changes included a \$604 million lower than expected outturn for receivables⁵, due to the timing of transactions (particularly for mining revenue, see also analysis of general government 'net cash flows from operating activities' discussed later), while higher liquid financial assets (up a net \$540 million) are mainly due to higher Public Bank Account (PBA) investments⁶, largely reflecting the then better than expected final results for the year ending 30 June 2014 compared to the then expected outcome for that year (discussed in the 2013-14 *Annual Report on State Finances*).

- (b) Non-financial assets (such as land and infrastructure holdings) totalled \$84.9 billion at 30 June 2015, down \$1 billion (or 1.1%) from the original Budget. This reflects lower than forecast property, plant and equipment (down \$2.3 billion), which was only partly offset by higher land holdings (up \$1.1 billion). The other main movements were for intangibles (up \$107 million), higher inventories (up a net \$47 million) and all 'other' non-financial assets (up \$45 million) which includes items such as prepayments.
- (c) Total assets were \$148.9 billion at 30 June 2015, up \$1.8 billion (or 1.3%) compared to Budget, reflecting the movements outlined above.
- (d) Total liabilities were \$27.6 billion at 30 June 2015, down \$166 million (or 0.6%) from the original Budget. This reflected lower than expected outcomes for:
- debt liabilities (down a net \$108 million), largely due to lower deposits held (down \$53 million), advances received (consisting of loans from the Commonwealth, down \$51 million), and borrowings (down \$4 million); and
 - non-debt liabilities (down a net \$58 million), with lower payables⁷ (down \$78 million) and 'other' liabilities (down \$31 million) more than offsetting higher than budget outcomes for employee benefits such as accruing leave entitlements (up \$35 million) and unfunded superannuation (up \$17 million).
- (e) Net worth (the difference between total assets and total liabilities) was \$121.3 billion at 30 June 2015. This outcome is \$2 billion (or 1.7%) higher than the forecast \$119.3 billion at Budget and reflects the net impact of the outcomes noted above.
- (f) General government sector net debt was \$9.3 billion at 30 June 2015, \$648 million (or 6.5%) lower than the \$10 billion estimated in the original Budget.

⁵ Accounts for goods and services that have been invoiced but for which cash is still yet to be received.

⁶ The PBA is the central bank account of the Western Australian public sector. Divisions of the PBA include the Consolidated Account, agency and Treasurer's Special Purpose Accounts and other centrally managed bank accounts. The PBA is administered by the State Treasury with funds management provided by the Western Australian Treasury Corporation. Key components of the PBA are discussed further in Appendix 7: *Public Ledger*.

⁷ Payables include short and long term trade creditors, and accounts payable.

Table 4.3

GENERAL GOVERNMENT
Cash Flow Statement

	Notes	2014-15			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash received</i>					
Taxes received		9,514	8,846	-668	-7.0
Grants and subsidies received		8,689	9,394	704	8.1
Receipts from sales of goods and services		2,228	2,129	-99	-4.4
Interest receipts		199	180	-19	-9.4
Dividends and tax equivalents		1,447	1,865	418	28.9
Other		7,609	6,799	-810	-10.6
<i>Total cash received</i>		29,685	29,213	-473	-1.6
<i>Cash Paid</i>					
Wages, salaries and supplements, and superannuation		-12,874	-12,546	328	-2.5
Payments for goods and services		-7,814	-7,761	53	-0.7
Interest paid		-523	-537	-13	2.6
Grants and subsidies paid		-5,841	-5,767	74	-1.3
Dividends and tax equivalents		-	-	-	-
Other payments		-1,377	-1,562	-185	13.4
<i>Total cash paid</i>		-28,429	-28,173	257	-0.9
NET CASH FLOWS FROM OPERATING ACTIVITIES	a	1,256	1,040	-216	-17.2
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets	b	-3,169	-2,667	502	-15.8
Sales of non-financial assets	c	291	134	-157	-54.0
<i>Total cash flows from investments in non-financial assets</i>	d	-2,878	-2,533	345	-12.0
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes		-	18	18	-
For liquidity purposes		-	5	5	-
<i>Cash paid</i>					
For policy purposes		-597	-566	31	-5.2
For liquidity purposes		-	-22	-22	-
<i>Total cash flows from investments in financial assets</i>		-597	-565	32	-5.4
NET CASH FLOWS FROM INVESTING ACTIVITIES		-3,475	-3,098	377	-10.8
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash received</i>					
Advances received		40	16	-24	-59.4
Borrowings		2,271	2,065	-206	-9.1
Deposits received		-	-	-	-
Other financing receipts		39	448	408	1,040.9
<i>Total cash receipts from financing activities</i>		2,351	2,529	179	7.6
<i>Cash paid</i>					
Advances paid		-15	-16	-1	6.3
Borrowings repaid		-127	-79	48	-37.5
Deposits paid		-	-	-	-
Other financing payments		-217	-424	-206	94.9
<i>Total payments for financing activities</i>		-360	-519	-160	44.4
NET CASH FLOWS FROM FINANCING ACTIVITIES		1,991	2,010	19	0.9
Net increase in cash and cash equivalents		-228	-48	180	-78.9
Cash and cash equivalents at the beginning of the year		3,843	4,488	645	16.8
Cash and cash equivalents at the end of the year		3,615	4,440	825	22.8
KEY FISCAL AGGREGATES					
Net cash flows from operating activities		1,256	1,040	-216	-17.2
Net cash flows from investing in non-financial assets		-2,878	-2,533	345	-12.0
Cash surplus/-deficit	e	-1,622	-1,493	129	-7.9

General Government Sector Cash Flow Statement

- (a) Net cash flows from operating activities (i.e. the receipts and payments of day-to-day operating activities of general government agencies) were in a net \$1 billion cash surplus position in 2014-15, down \$216 million (or 17.2%) since Budget⁸. Total operating cash received in 2014-15 was \$29.2 billion, \$473 million (or 1.6%) lower than Budget, while total cash paid in 2014-15 was \$28.2 billion, down \$257 million (or 0.9%) since Budget.

The \$216 million deterioration in the cash operating surplus reflects similar considerations to the \$606 million deterioration for the accrual operating surplus on the operating statement discussed earlier in this appendix. In particular, large reductions in mining revenue⁹ have brought about a significant reduction in cash receipts relative to the Budget (and a contraction in accrual revenue relative to 2013-14).

In this regard, mining revenue¹⁰ was \$1,767 million lower than budget (comprising \$201 million for North West Shelf/condensate compensation grants and \$1,567 million for royalty income), while in cash terms, the reduction was \$1,177 million (\$128 million and \$1,048 million respectively). As such, the reduction in the accrual measure of mining revenue is \$592 million larger than the reduction in cash receipts. The variance has been generated by lags between when revenue is accrued and when cash payments are due. This means that some of the reduction in revenue incorporated in the accrual measure will not flow through to cash receipts until 2015-16¹¹.

Other changes in non-cash transactions such as depreciation and superannuation interest on the operating statement, are largely offset by changes in timing of cash transactions such as taxation, grants, and salaries, that appear on both financial statements.

⁸ The net cash flow from operating activities is the cash equivalent of the operating balance on the operating statement discussed earlier and in Chapter 1 of this report. This cash flow aggregate is based on cash information only while the accrual operating balance includes non-cash transactions such as depreciation charges, and recognises costs (expenses) and benefits (revenue) as they occur rather than only when cash is paid or received.

⁹ Mining revenue comprises royalty income, North West Shelf grants (including condensate compensation) and lease rentals for exploration and production licences.

¹⁰ In this discussion, lease rentals are ignored as the variance since budget was \$3 million, and cash receipts are equal to the revenue that is accrued.

¹¹ Iron ore cash receipts are due a quarter after they are accrued and NWS grants are due two months after they are accrued. The variation in NWS grants (between cash and accrual) was exacerbated by an unplanned shutdown in May which will not affect cash receipts until July.

(b) Purchases of non-financial assets were \$2.7 billion in 2014-15, \$502 million (or 15.8%) lower than Budget, with key changes including:

- WA Health (down \$406 million), due primarily to delays or timing changes to a range of projects, including Perth Children's Hospital projects (such as information and communication technology and the hospital building development itself, totalling \$212 million), Southern Inland Health Initiative (\$51 million), Equipment Replacement Program (\$29 million), Fiona Stanley Hospital development project (\$22 million), and the Improving Public Hospital Services Program (\$19 million). In addition, the recognition of some project works as recurrent spending under applicable accounting standards also contributed to the lower than budgeted spending (\$17.5 million);
- the Department of Sport and Recreation (down \$74 million), which mainly reflects a reduction of \$91 million due to the acquisition of the Perth Stadium as a Design, Build, Finance and Maintain Public Private Partnership¹². This reduction was partly offset by (net) increases for other projects due to delays in planning, tendering, construction and invoicing in 2013-14 (including for the State Netball Centre, initial work on the Perth Stadium and the Western Australian Institute of Sport High Performance Service Centre project);
- the Department of Finance (down \$64 million), due mainly to lower than forecast State Fleet vehicle acquisitions as agencies have generally opted for lease extensions to reduce recurrent expense costs, and the deferral of the Dumas House facade works into 2015-16 and 2016-17. These decreases were partly offset by the carryover of 2013-14 spending into 2014-15 for the relocation of the Department of Commerce (from the Forest Centre to Mason Bird and Gordon Stephenson House) and additional spending on the St Georges Cathedral Heritage Precinct office fit-out;
- Western Australia Police (down \$45 million), mainly due to the deferral of a number of projects to 2015-16 and beyond, including the Community Safety Network/Regional Radio Network Replacement and the ICT Replacement and Continuity programs;
- the Department of Fire and Emergency Services (down \$23 million), mainly due to delays in the construction of new and replacement fire stations including for Perth West (as a result of delayed land acquisition) and Bunbury (due to planning and design modifications), and some delays in the construction and commissioning of emergency appliances; and
- Main Roads (up \$102 million), mainly due to revised project scheduling and timing of works on the Gateway WA project and reclassification of the Lloyd Street, Midland underpass works from an operating expense to infrastructure spending.

¹² Previous fixed asset spending by the Department of Sport and Recreation has largely been removed and replaced by financing prepayments. The new arrangement for financing the Perth Stadium was detailed in the 2014-15 Mid-year Review (see page 37 of that publication).

- (c) Sales of non-financial assets were \$134 million in 2014-15, \$157 million (or 54%) lower than Budget. This was mainly due to the anticipated sale by the Department of State Development to the Water Corporation of Ord River Irrigation Channel assets (worth \$97.5 million) that did not proceed in the form envisaged in the Budget (with the assets instead being transferred at no cost between the two agencies).

Crown land sales by the Department of Lands were \$57 million lower than estimated (mainly due to lower than anticipated land values, reflecting market conditions, and longer lead times for the preparation of land for sale). Sales by the Department of Finance (mainly used State Fleet vehicles) were down a net \$13 million (due to lower vehicle turnover outlined earlier in this appendix). Sales were also boosted by higher than budgeted proceeds from the sale of land at Sunset Hospital (which can be directed to restoration works at this heritage site).

The reductions above were partly offset by the 29 December 2014 sale of Kaleeya Hospital (by WA Health) for \$17.5 million which was not included in the Budget, as the development/disposal strategy for WA Health sites had still to be finalised at budget-time.

- (d) Net cash flows from investments in non-financial assets totalled \$2.5 billion in 2014-15, \$345 million (or 12%) lower than Budget, reflecting the variances in purchases and sales outlined above.
- (e) The general government sector recorded a \$1.5 billion cash deficit in 2014-15, \$129 million (or 7.9%) lower than forecast in the original Budget. This reflects the combination of lower net cash payments from investment in non-financial assets (down \$345 million) which was partly offset by lower net cash receipts from operations (down \$216 million). The cash deficit is the key driver in movements in net debt (discussed above and in Chapter 1).

Table 4.4

TOTAL PUBLIC SECTOR
Operating Statement

	Notes	2014-15			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
RESULTS FROM TRANSACTIONS					
REVENUE					
Taxation		9,025	8,400	-625	-6.9
Current grants and subsidies		8,006	8,051	45	0.6
Capital grants		677	1,263	586	86.6
Sales of goods and services		19,839	19,071	-768	-3.9
Interest income		702	648	-54	-7.7
Royalty income		6,176	4,603	-1,573	-25.5
Other		859	1,256	397	46.2
<i>Total</i>	a	45,285	43,292	-1,993	-4.4
EXPENSES					
Salaries		12,602	12,314	-288	-2.3
Superannuation					
Concurrent costs		1,242	1,230	-12	-1.0
Superannuation interest cost		354	266	-89	-25.0
Other employee costs		263	298	34	13.0
Depreciation and amortisation		3,383	3,226	-156	-4.6
Services and contracts		3,174	2,991	-183	-5.8
Other gross operating expenses		18,665	17,600	-1,065	-5.7
Other interest		1,664	1,506	-157	-9.5
Current transfers		3,772	3,886	114	3.0
Capital transfers		404	440	36	8.8
<i>Total</i>	b	45,523	43,756	-1,767	-3.9
NET OPERATING BALANCE	c	-238	-464	-226	94.8
<i>Other economic flows - included in the operating result</i>					
Net gains on assets/liabilities		107	327	220	205.5
Net actuarial gains - superannuation		5	60	55	1,074.2
Provision for doubtful debts		-23	-45	-22	94.7
Changes in accounting policy/adjustment of prior periods		-	-688	-688	-
<i>Total other economic flows</i>	d	89	-345	-434	-487.7
OPERATING RESULT		-149	-810	-660	442.6
<i>All other movements in equity</i>					
<i>Items that will not be reclassified to operating result</i>					
Revaluations		3,376	4,724	1,348	39.9
Gains recognised directly in equity		-57	557	614	-1,069.6
All other		-	-	-	-
<i>Total all other movements in equity</i>	e	3,319	5,281	1,962	59.1
TOTAL CHANGE IN NET WORTH	f	3,170	4,472	1,302	41.1
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE		-238	-464	-226	94.8
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		6,728	5,777	-950	-14.1
Changes in inventories		-93	173	267	-285.5
Other movement in non-financial assets		251	418	167	66.4
<i>less:</i>					
Sales of non-financial assets		1,351	913	-439	-32.5
Depreciation		3,383	3,226	-156	-4.6
<i>Total net acquisition of non-financial assets</i>		2,151	2,229	78	3.6
NET LENDING/-BORROWING	g	-2,390	-2,693	-304	12.7

Total Public Sector¹³ Operating Statement

- (a) Operating revenue in 2014-15 was \$43.3 billion, \$2 billion (or 4.4%) lower than Budget, with lower royalty income, sales of goods and services, taxation and interest income more than offsetting higher Commonwealth grants and ‘other’ income. Movements for taxation, royalties, and Commonwealth grants (which also appear on the general government operating statement with most of this income received by that sector) have been explained earlier in this appendix¹⁴.

Sales of goods and services were \$768 million (or 3.9%) lower than Budget, with material reductions including:

- Synergy (down \$472 million), largely due to lower demand for energy, the merger of Verve Energy and Synergy on 1 January 2014 (with these savings realised as part of the 2014-15 Mid-year Review), a review of the method of estimating costs for the purposes of determining Synergy’s operating subsidy, and the repeal of the Commonwealth’s carbon tax;
- Racing and Wagering Western Australia (down \$117 million), reflecting lower betting revenue from the Authority’s ‘VIP’ wagering business, and lower than estimated core wagering activity (due to the delayed rollout of the Racewall technology which provides enhanced racing vision and improved betting information across the Authority’s retail outlets); and
- the Housing Authority (down \$76 million), due largely to lower than budgeted sales from the Affordable Housing program (including SharedStart) resulting from increased construction timeframes which delayed practical completion of properties, falling metropolitan property prices (as a result of changed market conditions including current high levels of building activity in the residential sector). Delays were also experienced with Public Housing Stock Redevelopment program sales which are now expected to occur in 2015-16.

Interest income was \$54 million (or 7.7%) lower than Budget. This mainly reflects lower interest revenue from Keystart (down \$61 million) due to lower than expected home loan balances.

¹³ The total public sector (also known as the whole-of-government) consolidates the general government sector (discussed earlier), the public non-financial corporations sector (which includes entities operating on a predominantly cost recovery basis like the State’s ports, and the electricity and water utilities), and the public financial corporations sector (which includes agencies mainly engaged in financial activities such as the Western Australian Treasury Corporation and the Insurance Commission of Western Australia).

¹⁴ Internal transfers between the general government sector and agencies in the public corporations sectors are eliminated in the whole-of-government consolidation process. Accordingly, some total public sector financial aggregates may be smaller than the general government equivalent. For example, the general government sector collects payroll tax from some public corporations. These internal collections are not shown in the total public sector taxation revenue data which is thus smaller than the general government taxation revenue aggregate.

‘Other’ revenue was \$397 million (or 46.2%) higher than Budget, primarily reflecting higher than budgeted infrastructure-related developer contributions and asset transfers to the Water Corporation, Western Power, Pilbara Port Authority and Horizon Power (up \$163 million, \$81 million, \$46 million and \$26 million respectively). A range of ‘other’ revenue sources were also higher for the general government sector (such as assets transferred from local government and private organisations, discussed earlier in this appendix).

- (b) Operating expenses in 2014-15 were \$43.8 billion, \$1.7 billion (or 3.9%) lower than Budget, with lower outcomes across almost all line items (with the exception of transfer expenses and other employee costs). Despite the widespread variances, no single line item represented a greater than 10% variance from budget except for both superannuation interest (down \$89 million, or 25%, and explained earlier under general government) and other employee costs (up \$34 million, or 13%, mainly reflecting accrued employee redundancy expenses relating to the Water Corporation’s Business Transformation Program and amounts originally budgeted against ‘other gross operating expenses’).

‘Other’ gross operating expenses were \$1,065 million (or 5.7%) lower than Budget, due largely to the (broadly equivalent) impact on expenses of the revenue issues outlined above for Synergy (\$478 million), Racing and Wagering Western Australia (\$117 million), and the Housing Authority (\$97 million). In addition to these factors, the Housing Authority also recorded a lower than forecast outcome for maintenance expenses (down \$31 million) mainly due to the net impact of higher than expected tenant recoveries (reflecting enhanced identification and recording effort by the Authority), and a later than budgeted start to some spending programs, while regional lease rental expenses were also lower (down \$22 million) reflecting costs declining across the Pilbara region.

In the public financial corporations sector, both RiskCover and the Insurance Commission of Western Australia had lower than anticipated claims expenses (down a combined \$89 million), with fewer than anticipated new insurance claims during the period, and the impact from the annual actuarial evaluation of both the number and value of future claims.

Abstracting from these specific agencies, ‘other’ gross operating expenses for all other agencies were down \$222 million (or 1.7%).

Salaries were \$288 million (or 2.3%) lower than Budget, mainly due to the \$256 million lower salaries for the general government sector agencies outlined earlier. Salaries outcomes in the State’s public non-financial corporations were \$33 million (or 2.7%) lower than budget while salaries for the State’s public financial corporations were \$1 million (or 1.8%) higher than budget.

Interest expenses were \$157 million (or 9.5%) lower than forecast, mainly due to the impact of lower than expected borrowings across the total public sector. In this regard, the budget assumed a (net) increase in borrowings¹⁵ of \$3.5 billion. However, the final outcome was a (net) increase of \$3 billion. Interest rates were also lower, with the Consolidated Account, which accounted for \$2 billion of the \$3 billion (net) change in borrowings, facing an average borrowing rate of 3.9% compared with the budget expectation of 4.1%.

Depreciation expenses were \$156 million (or 4.6%) lower than budgeted, with public non-financial corporations sector outcomes \$99 million lower than anticipated and general government sector outcomes down \$54 million. These outcomes largely reflect lower than expected annual valuations for physical assets (and a change in valuation methodology for Synergy's property, plant and equipment in particular – discussed further in Chapter 1 of this report).

Transfer expenses and other staffing costs were \$149 million and \$34 million higher than budget respectively, and were offset by an equivalent decrease in services and contract costs (down \$183 million).

- (c) The total public sector recorded a \$464 million operating deficit in 2014-15, \$226 million larger than the \$238 million deficit projected at the time of the Budget. Revenue was \$2 billion (or 4.4%) lower than forecast while expenses were \$1.8 billion (or 3.9%) lower than Budget. The main drivers of these movements have been explained above.
- (d) 'Other' economic flows were an aggregate decrease in net worth of \$345 million, a \$434 million turnaround from Budget expectations. This was due to changes in accounting policies (which are not forecast in the Budget)¹⁶ which more than offset higher than budgeted net gains on assets/liabilities (up \$220 million, mainly due to outcomes in the public financial corporations sector).
- (e) All other movements in equity were \$5.3 billion in 2014-15, up \$2 billion from Budget. This was due to both higher than expected revaluations (up \$1.3 billion, reflecting the change in accounting policy noted in (d)) and estimated gains recognised directly in equity (up \$614 million).
- (f) The total change in net worth at 30 June 2015 was \$4.5 billion compared with \$3.2 billion forecast at budget. This change is comprised of the changes in the net operating balance, other economic flows and all other movements in equity variances, outlined above.
- (g) Net lending/borrowing was in a \$2.7 billion deficit position in 2014-15, \$304 million (or 12.7%) greater than the net lending deficit projected in the original Budget.

¹⁵ Gross proceeds of borrowings less gross repayments of borrowings, taken from the cash flow statement.

¹⁶ Movements in the value of the public sector balance sheet that result from a revaluation or restatement of assets and liabilities are included in equity as reserves. These reserves are used to account for any unrealised gains or losses that would otherwise be recognised in the operating statement. This report includes an adjustment to balances between asset revaluation reserve and 'other' reserves.

A discussion on changes in total public sector purchases and sales of non-financial assets is contained later in this appendix (under the cash flow statement).

Inventories were budgeted to decline by \$93 million but increased by \$173 million, a turnaround of \$267 million, with this aggregate driven by the Gold Corporation's holdings of precious metals.

Depreciation expenses were \$156 million (or 4.4%) lower than budgeted, discussed earlier.

Other movements in non-financial assets (which comprises the value of assets transferred in/out of the sector, and assets acquired under finance leases) were \$167 million higher than expected in the Budget, with higher developer contributions more than offsetting a lower value for finance leases in the general government sector (both of these have been discussed earlier).

Table 4.5

TOTAL PUBLIC SECTOR
Balance Sheet

	Notes	2014-15			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
ASSETS					
<i>Financial assets</i>					
Cash and deposits		1,236	1,631	395	32.0
Advances paid		5,350	4,429	-922	-17.2
Investments, loans and placements		12,520	15,190	2,670	21.3
Receivables		4,704	3,747	-957	-20.3
Equity - Investments in other entities		1,564	1,670	106	6.7
Other financial assets		24	7	-18	-72.2
<i>Total financial assets</i>		25,400	26,674	1,274	5.0
<i>Non-financial assets</i>					
Land		53,617	54,084	468	0.9
Property, plant and equipment		98,470	98,636	166	0.2
Biological assets		321	316	-6	-1.7
Inventories					
Land inventories		2,166	2,281	115	5.3
Other inventories		3,482	3,477	-5	-0.1
Intangibles		973	1,129	156	16.0
Non-current assets held for sale		44	879	834	1,889.7
Investment property		652	59	-592	-90.9
Other		515	454	-61	-11.8
<i>Total non-financial assets</i>		160,240	161,315	1,075	0.7
TOTAL ASSETS		185,640	187,989	2,349	1.3
LIABILITIES					
Deposits held		181	52	-129	-71.2
Advances received		459	407	-51	-11.1
Borrowings		43,473	44,252	779	1.8
Unfunded superannuation		7,635	7,710	75	1.0
Other employee benefits		3,716	3,763	47	1.3
Payables		5,522	5,705	183	3.3
Other liabilities		5,361	4,800	-561	-10.5
TOTAL LIABILITIES		66,346	66,690	344	0.5
NET ASSETS		119,294	121,299	2,006	1.7
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		31,076	31,630	554	1.8
Other reserves		88,218	89,669	1,452	1.6
NET WORTH	a	119,294	121,299	2,006	1.7
MEMORANDUM ITEMS					
<i>Net financial worth</i>		-40,295	-40,016	279	-0.7
<i>Net financial liabilities</i>		41,859	41,686	-173	-0.4
<i>Net debt</i>					
Gross debt liabilities		44,112	44,712	600	1.4
less: liquid financial assets		19,106	21,250	2,143	11.2
less: convergence differences impacting net debt		88	88	-	-
<i>Net debt</i>	b	24,918	23,374	-1,543	-6.2

Total Public Sector Balance Sheet

- (a) Net worth of the total public sector was \$121.3 billion at 30 June 2015, identical to that of the general government sector (discussed earlier). This is because the net worth of the public corporations is recorded as an asset on the general government sector balance sheet. Accordingly, the variance from original Budget (up \$2 billion, or 1.7%) is also the same as for the general government sector.

However, total public sector assets and liabilities are different to the general government sector disclosure as the assets and liabilities of the public corporations are disclosed in more detail than the net asset holding in public corporations recorded on the general government sector balance sheet.

For the whole-of-government assets were \$2.3 billion (or 1.3%) higher than Budget due to higher holdings of both financial and non-financial assets (up \$1.3 billion and \$1.1 billion respectively). For financial assets, liquid cash holdings were \$2.1 billion higher than anticipated while receivables were \$957 million lower, with lower mining accruals (discussed earlier) accounting for the largest part of this movement.

In relation to non-financial assets, higher than budget outcomes were evident for land (up \$468 million), property, plant and equipment (up \$166 million), intangibles (up \$156 million), and land and other inventories (up \$110 million). Non-current assets held for sale were \$834 million higher than budgeted, mainly reflecting the announcement by the Insurance Commission of Western Australia that it is in the process of selling a range of investment properties (commercial offices and retail suburban shopping centres). These non-current assets held for sale were budgeted within other asset classes such as investment properties and property, plant and equipment.

Liabilities were \$344 million (or 0.5%) higher than budget, with higher gross debt liabilities (up \$600 million), payables (up \$183 million) unfunded superannuation liabilities (up \$75 million) and 'other employee benefits' (up \$47 million), partially offsetting lower 'other' liabilities (down \$561 million). Movements since original Budget for these items largely reflect variances in the final results for the year ending 30 June 2014 compared to the then expected outcome for that year, changes due to operating and investing operations through 2014-15 (discussed in cash flow terms below), and movements in the valuation of assets (particularly land and other physical assets).

- (b) Total public sector net debt was \$23.4 billion at 30 June 2015, \$1.5 billion (or 6.2 %) lower than the \$24.9 billion estimated in the original Budget. Gross debt liabilities were \$600 million higher while holdings of liquid financial assets were up \$2.1 billion. These variances include a \$1.3 billion lower than expected outcome for the year ending 30 June 2014, with the remaining \$255 million (of lower net debt) including a lower total public sector cash deficit (down \$168 million and detailed in the cash flow discussion later in this appendix), and a \$137 million decrease in assets acquired under finance lease arrangements (largely related to the Department of Corrective Services and WA Health, noted earlier in this appendix).

Table 4.6

TOTAL PUBLIC SECTOR
Cash Flow Statement

	Notes	2014-15			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash received</i>					
Taxes received		8,976	8,305	-671	-7.5
Grants and subsidies received		8,689	9,394	704	8.1
Receipts from sales of goods and services		19,763	19,836	73	0.4
Interest receipts		737	748	11	1.6
Dividends and tax equivalents		-	-	-	-
Other		8,644	8,065	-579	-6.7
<i>Total cash received</i>		46,809	46,347	-462	-1.0
<i>Cash paid</i>					
Wages, salaries and supplements, and superannuation		-14,304	-13,917	387	-2.7
Payments for goods and services		-19,910	-20,123	-213	1.1
Interest paid		-1,614	-1,699	-85	5.3
Grants and subsidies paid		-3,960	-4,001	-41	1.0
Dividends and tax equivalents		-	-	-	-
Other payments		-4,314	-4,244	70	-1.6
<i>Total cash paid</i>		-44,101	-43,983	118	-0.3
NET CASH FLOWS FROM OPERATING ACTIVITIES	a	2,708	2,364	-344	-12.7
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets	b	-6,728	-5,777	950	-14.1
Sales of non-financial assets	c	1,351	913	-439	-32.5
<i>Total cash flows from investments in non-financial assets</i>	d	-5,376	-4,864	512	-9.5
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes		-	18	18	-
For liquidity purposes		1,655	7,056	5,401	326.3
<i>Cash paid</i>					
For policy purposes		-	-17	-17	-
For liquidity purposes		-2,423	-6,732	-4,308	177.8
<i>Total cash flows from investments in financial assets</i>		-768	325	1,093	-142.3
NET CASH FLOWS FROM INVESTING ACTIVITIES		-6,144	-4,539	1,605	-26.1
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash received</i>					
Advances received		25	-	-25	-
Borrowings		31,214	16,256	-14,958	-47.9
Deposits received		-	-	-	-
Other financing receipts		35	454	419	1,188.9
<i>Total cash received</i>		31,275	16,711	-14,564	-46.6
<i>Cash paid</i>					
Advances paid		-15	-16	-1	6.3
Borrowings repaid		-27,723	-13,242	14,481	-52.2
Deposits paid		-	-	-	-
Other financing payments		-240	-421	-180	74.9
<i>Total cash paid</i>		-27,979	-13,679	14,300	-51.1
NET CASH FLOWS FROM FINANCING ACTIVITIES		3,296	3,032	-264	-8.0
Net increase in cash and cash equivalents		-140	857	997	-711.0
Cash and cash equivalents at the beginning of the period		8,502	8,383	-119	-1.4
Cash and cash equivalents at the end of the period		8,361	9,239	878	10.5
KEY FISCAL AGGREGATES					
Net cash flows from operating activities		2,708	2,364	-344	-12.7
Net cash flows from investing in non-financial assets		-5,376	-4,864	512	-9.5
Cash surplus/-deficit	e	-2,668	-2,500	168	-6.3

Total Public Sector Cash Flow Statement

- (a) Net cash flows from operating activities were \$2.4 billion in 2014-15, down \$344 million (or 12.7%) since Budget. Total cash receipts in 2014-15 were \$46.3 billion, \$462 million (or 1%) lower than forecast, while total cash payments in 2014-15 were \$44 billion, down \$118 million (or 0.3%) since Budget. Movements for key cash aggregates including taxes, Commonwealth grants, wages and salaries mirror the equivalent items on the operating statement, discussed earlier in this appendix.
- (b) Purchases of non-financial assets were \$5.8 billion in 2014-15, \$950 million (or 14.1%) lower than forecast. In addition to the general government sector variations noted earlier in this appendix (down \$502 million), net changes in infrastructure spending by key public corporations include:
- the Water Corporation (down \$188 million), primarily due to the non-cash transfer of the Ord River Irrigation Channel assets, rather than as a cash equity contribution and asset purchase transaction noted earlier (\$97.5 million, noted in the general government sector cash flow analysis earlier in this appendix). The remaining variance is due largely to the repeal of the Commonwealth's *Clean Energy Act 2011*, favourable contract prices across a number of projects compared with estimates, and project deferrals in response to changing economic conditions;
 - the Western Australian Land Authority (down \$97 million), reflecting slower than expected regional property market activity, particularly in the Kimberley and Pilbara regions;
 - the Public Transport Authority (down \$46 million), primarily due to changes in the project delivery schedules for a range of projects including the Perth City Link Bus project, Perth Stadium Transport Package, the Butler extension project and the Fremantle Swan River Bridge Pier protection, partly offset by earlier payments for land acquired for the Forrestfield Airport Link and the 22 new B-Series railcars;
 - Western Power (including budget time provisions for electricity works, down \$40 million), due largely to delays and rescheduling for a number of projects which are now to take place in 2015-16 and beyond (including the Regulatory Compliance, Low Voltage Power Quality and Business Support and Information and Communication Technology programs). Spending on Capacity Expansion projects was also lower than anticipated due to softening customer demand and market conditions. The underspends were partially offset by additional spending on safety related projects, and the Mid West Energy Project (which was originally scheduled for 2013-14 but delayed to 2014-15 due to contractual issues);

- the Metropolitan Redevelopment Authority (down \$37 million), due to delays with infrastructure works in the Midland and Riverside projects reflecting changes to the scope of both works and land assembly, and the timing of payments across a range of other projects;
 - the Fremantle Port Authority (down \$34 million), largely due to the deferral of projects relating to the Kwinana Bulk Terminal and Kwinana Bulk Jetty, and other works whilst investigations are underway to assess optimum investment options, and consideration of the proposed sale of these assets as part of the Government's expanded asset sales program; and
 - the Housing Authority (down \$30 million), due largely to the Affordable Housing for Workers project (which is funded by Royalties for Regions) as a result of cancellation of the Junctions project in South Hedland due to the proponent not being able to secure the required number of off-the-plan sales.
- (c) Sales of non-financial assets were \$913 million in 2014-15, \$439 million (or 32.5%) lower than Budget. Lower sales were realised for the:
- Western Australian Land Authority (down \$200 million), due to significantly lower regional and industrial property market activity, particularly in the Kimberley and Pilbara regions;
 - Housing Authority (down \$134 million), mostly as a result of the reduction to the sell-down of key service worker accommodation at Hedland and Hamilton (in the Pilbara region), and lower land sales (primarily due to the economic downturn in the Pilbara, with low sale rates reflecting softer purchaser confidence); and
 - Metropolitan Redevelopment Authority (down \$75 million), primarily relating to delays in the settlement of land and building sites within the Central Perth Redevelopment Area.
- (d) Net cash flows from investments in non-financial assets were \$4.9 billion in 2014-15, \$512 million (or 9.5%) lower than Budget, with movements in purchases and sales outlined above.
- (e) The total public sector recorded a \$2.5 billion cash deficit in 2014-15, \$168 million (or 6.3%) lower than forecast in the Budget. This reflects the combination of the lower net cash surplus on operations (down \$344 million) and the lower net cash out-flow in non-financial assets (down \$512 million) discussed above.

Special Purpose Accounts

Special Purpose Accounts (SPAs) are established under various sections of the *Financial Management Act 2006* (FMA) or by a statute (e.g. the Fiona Stanley Hospital Construction Account and the Royalties for Regions Fund). Accounts established by statute 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 the outcome for the year ending 30 June 2015 for a number of key SPAs established to deliver specific Government policy outcomes. It is not an exhaustive list of all SPAs but covers the major/material SPAs that were in existence during 2014-15. The SPA balances, and transactions in and out of these accounts, form part of the overall consolidated outcomes outlined elsewhere in this report.

It is important to note that each dollar that is spent from these SPA balances will increase net debt (and reduce the operating balance if the spending is for recurrent purposes) by the same amount. In this way, these SPA balances are no different from other funding sources, including new borrowings.

Fiona Stanley Hospital Construction Account

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

The new facility achieved practical completion in December 2013, followed by completion of phased commissioning in February 2015. Project closure arrangements for the Fiona Stanley Hospital project are expected to be finalised in 2015-16, with any remaining unspent funds on closure of the account returning to the Consolidated Account at that time. In 2014-15, \$10 million in receipts reflect funds appropriated by the Parliament to meet expected residual costs, and interest revenue earned on the account balance. No funds were drawn from the account by WA Health during 2014-15.

Table 5.1

FIONA STANLEY HOSPITAL CONSTRUCTION ACCOUNT		
	2014-15 \$m	2013-14 \$m
<i>Balance at 1 July</i>	9	104
Receipts	10	17
Payments	-	112
Closing Balance	20	9

Note: Columns may not add due to rounding.

Metropolitan Region Improvement Fund

This account was established in December 1959 under the *Metropolitan Region Improvement Tax Act 1959* to hold funds for management of the Metropolitan Region Scheme. Receipts are sourced from Metropolitan Region Improvement Tax (MRIT) collections. Funds from the account are used on parks and recreation areas, the purchase of land for future roads, railways and other public purpose reservations, and to compensate owners of compulsory land acquisitions.

Receipts for the Fund in 2014-15 mainly reflect MRIT (\$93 million), proceeds from the sale of land and buildings (\$16 million), and rental and interest revenue (\$11 million). A total of \$62 million was drawn from the account, mainly for:

- the acquisition of land and buildings (\$35 million), largely reflecting:
 - land purchased under the Bush Forever policy, and for parks and recreation (\$14.1 million);
 - sites required for the northern suburbs rail and Mitchell Freeway extensions (\$9.9 million); and
 - primary and other regional roads, including the Perth - Darwin and Roe Highways (\$8.1 million);
- associated service delivery costs (\$21 million); and
- a range of smaller infrastructure and works in progress (\$2 million), reimbursement of remediation costs (\$1 million) and grants to the Department of Parks and Wildlife for park management (\$1 million).

Table 5.2

METROPOLITAN REGION IMPROVEMENT FUND		
	2014-15 \$m	2013-14 \$m
<i>Balance at 1 July</i>	199	145
Receipts	125	121
Payments	62	67
Closing Balance	262	199

Note: Columns may not add due to rounding.

Mining Rehabilitation Fund

The Mining Rehabilitation Fund was established in July 2013 to hold associated levy collections under the *Mining Rehabilitation Fund Act 2012*.

The Mining Rehabilitation Fund Levy was a voluntary charge but became compulsory on 1 July 2014. The Levy is based on the average expected cost of rehabilitation of different types of land disturbances, multiplied by the ‘fund contribution rate’ defined by the Mining Rehabilitation Fund Regulations 2013.

The Levy does not absolve tenement holders of the requirement to properly rehabilitate sites. However, collections can be used for mining tenement rehabilitation where lease holders fail to complete the required work. Interest generated from the Fund can also be used to rehabilitate Western Australia’s legacy abandoned mine sites and cover the administration costs of the Fund.

Receipts during 2014-15 largely reflect contributions to the fund by mining operators (\$25.6 million) and interest revenue (\$0.7 million) on contributions.

A total of \$1 million was drawn from the account for community consultation with tenement holders in regional areas and the establishment of an online system for tenement holders to register and submit disturbance data.

MINING REHABILITATION FUND		
	2014-15 \$m	2013-14 \$m
<i>Balance at 1 July</i> ^(a)	10	-
Receipts	26	11
Payments	1	1
Closing Balance ^(a)	35	10

(a) The balance of the Account at 30 June/1 July 2014 has been revised on advice from the Department of Mines and Petroleum. The 2015-16 Budget Paper No. 3: *Economic and Fiscal Outlook* stated that the closing balance at 30 June 2014 was \$7 million, which only reflected contributions from the levy in 2013-14.

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 commissioning of Perth Children’s Hospital. A total of \$645 million (or 55%) of the estimated construction costs have been funded from one-off royalty revenue and Consolidated Account surplus outcomes recorded over the period 2009-10 to 2011-12.

Receipts of \$350 million in 2014-15 represent Consolidated Account capital contributions budgeted to meet spending on the planned construction schedule. A total of \$256 million was drawn from the SPA and paid to WA Health during the year to meet actual construction payments.

PERTH CHILDREN'S HOSPITAL ACCOUNT			Table 5.4
	2014-15 \$m	2013-14 \$m	
<i>Balance at 1 July</i>	94	277	
Receipts	350	182	
Payments	256	365	
Closing Balance	187	94	

Note: Columns may not add due to rounding.

Perth Parking Licensing Account

This Special Purpose Account was established in July 1999 under section 23 (1) of the *Perth Parking Management Act 1999* (the Act). Money credited to the account reflects licence fees, penalties and money appropriated by Parliament for the purposes of the Act.

In 2014-15, \$64 million was drawn for works on the Perth Busport. Other funds were used to support the Central Area Transit bus system, the Free Transit Zone, improvements to public transport access, enhancements to the pedestrian environment, support for bicycle access and other transport system initiatives.

PERTH PARKING LICENSING ACCOUNT			Table 5.5
	2014-15 \$m	2013-14 \$m	
<i>Balance at 1 July</i>	55	70	
Receipts	48	40	
Payments	91	54	
Closing Balance	13	55	

Note: Columns may not add due to rounding.

Perth Stadium Account¹

This SPA was established in October 2011 to set aside funds to be used for the construction of Perth Stadium and associated transport infrastructure. Construction is expected to be completed by the end of 2017 and utilise all available funds in the SPA.

Receipts of \$145 million reflect appropriation funding approved in the 2014-15 Budget. Funds drawn from the account in 2014-15 totalled \$71 million for procurement and works relating to the stadium, sports precinct and transport infrastructure.

¹ Previously the New Perth Stadium Account. The Account has been renamed following the Government's 16 August 2015 announcement that Perth Stadium will be the official name for the new facility.

PERTH STADIUM ACCOUNT			Table 5.6
	2014-15 \$m	2013-14 \$m	
<i>Balance at 1 July</i>	47	95	
Receipts	145	15	
Payments	71	63	
Closing Balance	121	47	

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 paid during the year, other funds collected under the *Road Traffic (Administration) Act 2008*, and interest revenue earned on the account balance.

Road safety projects funded from the Account are focused on achieving reductions in serious road trauma as part of the Government's *Towards Zero Strategy* for 2008 to 2020. Funds drawn from the account in 2014-15 mainly supported spending on initiatives to reduce:

- single vehicle run-off crashes on regional roads by applying treatments such as shoulder sealing and audible edge-lines (\$35 million);
- addressing access and inappropriate speed (\$16 million);
- impaired driving and speeding crashes through enhanced enforcement (\$7 million); and
- serious crashes at metropolitan intersections using engineering treatments (\$5 million).

These high priority crash reduction initiatives were supported by the continuation of road safety community and school education programs (\$5.6 million), support for community involvement through the local government Roadwise Program (\$1.5 million), and data collection, analysis and research programs including Neurotrauma Research.

ROAD TRAUMA TRUST ACCOUNT			Table 5.7
	2014-15 \$m	2013-14 \$m	
<i>Balance at 1 July</i>	72	65	
Receipts	103	89	
Payments	82	81	
Closing Balance	94	72	

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 25% of the State's annual royalty income to fund investment in regional Western Australia. The balance held in the Fund at any time cannot exceed \$1 billion.

Receipts during 2014-15 reflect moneys appropriated from Parliament (\$1,162 million), interest revenue earned on the account balance (\$23 million) and unused funds from associated projects credited back to the Fund by agencies (\$25 million). Funds were drawn to support infrastructure services, business and economic development and other regional initiatives outlined in the 2014-15 Budget. A total of \$247 million was transferred to the Western Australian Future Fund under 'seed capital' arrangements for establishing the Future Fund, while \$4 million was transferred to the SPA supporting the Southern Inland Health Initiative, and \$50 million was used to establish the Regional Reform Fund. These accounts are disclosed separately in this appendix.

ROYALTIES FOR REGIONS FUND

Table 5.8

	2014-15 \$m	2013-14 \$m
<i>Balance at 1 July</i>	940	881
Receipts	1,210	1,489
Payments	1,150	1,430
Closing Balance	1,000	940

Note: Columns may not add due to rounding.

Royalties for Regions Regional Reform Fund

Establishment of this SPA was approved as a part of the 2015-16 Budget. The account is to receive \$50 million per year over three years, commencing in 2014-15, transferred from the Royalties for Regions Fund (i.e. a total of \$150 million). The account will fund strategic reform initiatives in regional Western Australia, and will initially focus on regional Aboriginal reform initiatives. Funds will be allocated to specific projects once the most effective and efficient mode of delivery has been determined.

ROYALTIES FOR REGIONS REGIONAL REFORM FUND

Table 5.9

	2014-15 \$m	2013-14 \$m
<i>Balance at 1 July</i>	-	-
Receipts	50	-
Payments	-	-
Closing Balance	50	-

Note: Columns may not add due to rounding.

Royalties for Regions Southern Inland Health Initiative

This SPA was established in June 2012 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 with \$4 million transferred in 2014-15 for initiatives that will improve healthcare across the southern part of the State. Funds drawn from the SPA support improved access to core health services through the provision of additional resources, improvements to local hospitals and health facilities, and telehealth services in the Great Southern, Mid West, Goldfields, South West and Wheatbelt regions.

Table 5.10

ROYALTIES FOR REGIONS SOUTHERN INLAND HEALTH INITIATIVE

	2014-15 \$m	2013-14 \$m
<i>Balance at 1 July</i> ^(a)	273	211
Receipts	4	106
Payments	59	44
Closing Balance ^(a)	219	273

(a) The balance at 30 June/1 July 2014 has been revised from \$263 million disclosed in the 2015-16 Budget Paper No. 3: *Economic and Fiscal Outlook*. The budget-time disclosure incorrectly included non-cash accrual balances.

Note: Columns may not add due to rounding.

Waste Avoidance and Resource Recovery Account

The Waste Avoidance and Resource Recovery Account was established in 2008 under section 79 of the *Waste Avoidance and Resource Recovery Act 2007* to hold revenue allocated from the landfill levy. The purpose of the Account is to fund spending on the management, reduction, reuse, recycling, monitoring or measurement of waste, other waste management initiatives and the costs of administration and enforcement of the Act consistent with the approved business plan, or other spending approved by the Minister for Environment.

Receipts from the landfill levy paid into the account totalled \$16 million in 2014-15. Draw downs of \$12 million were used to fund the Household Hazardous Waste Program, the Western Australian Transitional E-Waste Program, the Better Bins Kerbside Collection Program, the Regional Funding Program for Local Government Authorities 2011 – 2016, and the Waste and Recycling Inspection and Compliance Program, and services provided by the Department of Environment Regulation.

Table 5.11

WASTE AVOIDANCE AND RESOURCE RECOVERY ACCOUNT

	2014-15 \$m	2013-14 \$m
<i>Balance at 1 July</i>	16	18
Receipts	16	11
Payments	12	14
Closing Balance	21	16

Note: Columns may not add due to rounding.

Western Australian Future Fund

The Western Australian Future Fund was established as a Treasurer’s SPA following the passage of the *Western Australian Future Fund Act 2012* in November 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.

Announced as part of the 2012-13 Budget, the Future Fund will receive around \$1.1 billion in ‘seed capital’ from the Royalties for Regions Fund over the period 2012-13 to 2015-16. From 2016-17 onwards, a minimum of 1% of the State’s annual royalty revenue will be paid into the Fund. Receipts for 2014-15 include the Royalties for Regions ‘seed capital’ contribution (\$247 million) and interest receipts (\$36 million).

WESTERN AUSTRALIAN FUTURE FUND		
	2014-15 \$m	2013-14 \$m
<i>Balance at 1 July</i>	596	306
Receipts	283	290
Payments	-	-
Closing Balance	879	596

Note: Columns may not add due to rounding.

Quarterly Financial Results – June 2015

This appendix completes the quarterly data series for the 2014-15 year¹.

June quarterly data presented in this appendix are subject to year-end finalisation of audited accounts by agencies submitting source data. They may contain final year-end accruals that differ from estimated accruals submitted by agencies through the year, and reclassification of some aggregates in previously reported, unaudited data. Accordingly, quarterly outcomes for June 2015 may include one-off movements in items relative to previous reports, to move them into line with final audited outcomes.

General Government

Three Months to 30 June 2015

The general government sector recorded a \$390 million operating deficit for the three months to 30 June 2015, compared with a \$15 million operating deficit recorded in same period in 2013-14.

Revenue for the three months to 30 June 2015 totalled \$7,158 million, \$156 million (or 2.2%) higher than the same period in the previous year. This mainly reflects the combined effects of:

- higher Commonwealth funding (up \$569 million), due to:
 - higher funding for road infrastructure (up \$621million), mainly due to the additional \$499 million road funding contribution announced in the Commonwealth's May 2015 Budget (discussed in Chapter 1);

¹ Consolidated financial outcomes for the general government sector and for the whole-of-government are published in *Quarterly Financial Results Reports* for the September, December and March quarters in accordance with the requirements of the *Government Financial Responsibility Act 2000*. These publications can be accessed on the Treasury website at www.treasury.wa.gov.au.

- higher local government road funding (up \$178 million), mainly reflecting the Commonwealth’s decision to distribute part of the 2015-16 funding in the June 2015 quarter;
- lower North West Shelf grants (down \$136 million), due to the decline in the price of oil and LNG, and lower production volumes, partially offset by the lower \$US/\$A exchange rate; and
- lower GST grants (down \$88 million), reflecting the continued decline in the State’s population share of GST (discussed in Chapter 1);
- lower royalty income (down \$391 million), mainly due to lower iron ore prices, partially offset by higher production volumes and the lower exchange rate;
- higher revenue from public corporations (up \$73 million), as a result of the introduction of interim dividend arrangements for the State’s port authorities (announced as part of the 2014-15 Budget) and the impact on dividends of higher profits for the Water Corporation and port authorities, partially offset by the timing of tax equivalent payments and lower tax equivalent payments by Synergy (as a result of a lower profit outcome);
- higher sales of goods and services (up \$25 million), due to reclassification of the Landfill Levy and the Perth Parking Levy to taxation in the June 2014 quarter², and increased quarterly demand for goods and services across the sector; and
- lower taxation (down \$21 million), mainly due to:
 - lower transfer and landholder duty (down \$39 million), reflecting a softening in the residential property market and a decrease in the number of large value transactions assessed during the last quarter of 2014-15; and
 - higher motor vehicle licenses (up \$22 million), resulting from an increase in the number of registered vehicles and an increase in annual vehicle licence fees.

Expenses for the three months to 30 June 2015 totalled \$7,548 million, \$530 million (or 7.6%) higher than the \$7,018 million reported in the same quarter last year. This was primarily due to the net impact of:

- higher current transfers (up \$251 million), due to the on-passing of higher local government grants (discussed above) and higher funding for the Royalties for Regions Great Southern Investment Initiative (announced in the 2015-16 Budget);
- higher salaries (up \$210 million), mainly reflecting higher than anticipated wage outcomes in the recent Health Salaried Officers Industrial Agreement and growth in full-time equivalent staff numbers due to the commissioning of the Fiona Stanley Hospital;

² The Australian Bureau of Statistics advised that the Perth Parking Levy and the Landfill Levy should be classified as taxes (rather than as goods and services as presented in the 2014-15 Budget). For the 2013-14 outturn, this adjustment to full-year outcomes was reflected in June quarter and had a material impact on goods and services revenue for the three months ending 30 June 2014.

- lower capital transfers (down \$131 million), primarily due to the transfer of roads as part of the Ord Irrigation Project (and a number of other roads) to local government in the last quarter of 2013-14 (accounting for a total of \$206 million), partially offset by higher Commonwealth funding for local government roads in 2014-15 (up \$68 million);
- higher superannuation interest costs (up \$76 million), mainly due to an increase in the discount rate used by the actuary to value unfunded scheme liabilities and associated scheme costs at year-end (see Chapter 1);
- higher 'other' gross operating expenses (up \$71 million), largely due to not-for-profit sector spending in health, disabilities, and home and community care, and higher patient support costs; and
- lower services and contracts spending (down \$24 million), due to lower private sector contract costs for the health sector (as a result of the delayed and phased commissioning of the Fiona Stanley Hospital) and the timing of transactions across the general government sector.

A cash deficit of \$51 million was recorded for the June 2015 quarter, reflecting a net cash inflow from operating activities of \$673 million and a net cash outflow for capital investment of \$724 million, including \$769 million spent on new works less \$45 million in receipts from the disposal of surplus assets and land. Further detail of the sector's Asset Investment Program is available in Chapter 1 and Appendix 4 of this report.

Total Public Sector

Three Months to 30 June 2015

The total public sector recorded an \$885 million operating deficit for the June 2015 quarter, broadly similar to the \$913 million operating deficit recorded for the same quarter in 2013-14. Revenue totalled \$10,827 million, up \$588 million (or 5.7%) on the same period in 2013-14, while expenses were \$11,712 million, up \$560 million (or 5.0%) on the same period in 2013-14.

This outcome reflects the combined impact of the \$390 million June quarter operating deficit for the general government sector (discussed above), and:

- a public non-financial corporations sector operating surplus of \$341 million for the three months to 30 June 2015, mainly due to increased profitability of Water Corporation and Western Power; and
- a public financial corporations sector June quarter operating deficit of \$60 million, mainly due to higher insurance claims expenses.

Table 6.1

TOTAL PUBLIC SECTOR OPERATING BALANCE

	2014-15		2013-14	
	Three Months to 30 June \$m	Twelve Months to 30 June \$m	Three Months to 30 June \$m	Twelve Months to 30 June \$m
Net Operating Balance				
General government sector	-390	-431	-15	719
Public non-financial corporations sector	341	1,049	-124	571
Public financial corporation sector	-60	176	-184	-86
<i>less</i>				
General government dividend revenue	732	1,187	570	901
Public non-financial corporations dividend revenue ^(a)	44	72	20	78
Total Public sector net operating balance	-885	-464	-913	225

(a) Dividends received from Keystart (a PFC) by the Housing Authority (a PNC).

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

A cash deficit of \$853 million was recorded for the three months to 30 June 2015, compared to a cash deficit of \$705 million recorded for the same period the previous year. This included a net cash inflow from operating activities of \$550 million (\$225 million lower than the June 2014 quarter) and a net cash outflow for capital investment of \$1,403 million (\$77 million lower than June 2014 quarter). Full year infrastructure outcomes for the total public sector are discussed in Chapter 1 and Appendix 4.

Table 6.2

GENERAL GOVERNMENT
Operating Statement

	2014-15		2013-14	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
RESULTS FROM TRANSACTIONS				
REVENUE				
Taxation	1,894	8,882	1,914	8,849
Current grants and subsidies	1,872	8,051	1,934	8,199
Capital grants	737	1,263	169	547
Sales of goods and services	542	2,105	517	2,064
Interest income	41	185	38	194
Revenue from public corporations				
Dividends from other sector entities	732	1,187	570	901
Tax equivalent income	155	592	244	602
Royalty income	1,019	4,603	1,410	6,025
Other	167	532	207	575
<i>Total</i>	<i>7,158</i>	<i>27,400</i>	<i>7,003</i>	<i>27,956</i>
EXPENSES				
Salaries	2,848	11,089	2,638	10,682
Superannuation				
Concurrent costs	296	1,107	254	1,030
Superannuation interest cost	129	266	53	297
Other employee costs	132	430	128	432
Depreciation and amortisation	346	1,235	329	1,197
Services and contracts	637	2,057	661	2,041
Other gross operating expenses	1,326	5,131	1,254	4,943
Other interest	142	543	129	492
Current transfers	1,464	5,465	1,213	5,357
Capital transfers	227	507	358	765
<i>Total</i>	<i>7,548</i>	<i>27,831</i>	<i>7,018</i>	<i>27,236</i>
NET OPERATING BALANCE	-390	-431	-15	719
<i>Other economic flows - included in the operating result</i>				
Net gains on assets/liabilities	-26	-21	-76	-34
Net actuarial gains - superannuation	938	98	-430	-114
Provision for doubtful debts	-35	-36	-45	-37
Changes in accounting policy/adjustment of prior periods	740	-504	-86	40
<i>Total other economic flows</i>	<i>1,618</i>	<i>-463</i>	<i>-637</i>	<i>-146</i>
OPERATING RESULT	1,228	-894	-653	574
<i>All other movements in equity</i>				
<i>Items that will not be reclassified to operating result</i>				
Revaluations	653	2,229	1,339	1,910
Gains recognised directly in equity	1	-4	1	-1
Change in net worth of the public corporations sectors	1,833	3,140	-169	1,419
All other	-	-	-	-
<i>Total all other movements in equity</i>	<i>2,486</i>	<i>5,365</i>	<i>1,172</i>	<i>3,327</i>
TOTAL CHANGE IN NET WORTH	3,715	4,472	519	3,901
KEY FISCAL AGGREGATES				
NET OPERATING BALANCE	-390	-431	-15	719
<i>Less Net acquisition of non-financial assets</i>				
Purchase of non-financial assets	769	2,667	913	3,289
Changes in inventories	-16	-9	-3	1
Other movement in non-financial assets	5	90	-120	-22
<i>less:</i>				
Sales of non-financial assets	45	134	63	224
Depreciation	346	1,235	329	1,197
<i>Total net acquisition of non-financial assets</i>	<i>366</i>	<i>1,378</i>	<i>398</i>	<i>1,847</i>
NET LENDING/-BORROWING	-756	-1,809	-413	-1,127

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

Table 6.3

GENERAL GOVERNMENT
Operating Revenue

	2014-15		2013-14	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
Taxation				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	857	3,602	856	3,566
Property taxes				
<i>Land tax</i>	5	744	-	661
Transfer duty	380	1,598	420	1,776
Landholder duty	22	101	22	193
<i>Total duty on transfers</i>	402	1,699	441	1,969
Metropolitan Region Improvement Tax	-	93	-	88
Perth Parking Levy	2	48	2	40
Emergency Services Levy	27	274	22	258
Loan guarantee fees	39	119	39	119
<i>Total other property taxes</i>	69	534	63	504
Taxes on provision of goods and services				
Lotteries Commission	37	152	36	147
Video lottery terminals	-	-	-	-
Casino tax	23	110	25	127
Betting tax	10	42	10	43
<i>Total taxes on gambling</i>	70	305	72	317
Insurance duty	144	604	142	580
Other	8	31	12	32
<i>Total taxes on insurance</i>	152	635	155	611
Taxes on use of goods and performance of activities				
Vehicle licence duty	92	363	100	385
Permits - Oversize Vehicles and Loads	1	7	2	7
Motor vehicle recording fee	15	58	14	53
Motor vehicle registrations	221	848	199	728
<i>Total motor vehicle taxes</i>	329	1,277	315	1,173
<i>Mining Rehabilitation Levy</i>	-	27	-	-
<i>Landfill Levy</i>	10	59	11	47
Total Taxation	1,894	8,882	1,914	8,849

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

GENERAL GOVERNMENT
Operating Revenue

Table 6.3 (cont.)

	2014-15		2013-14	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
Current Grants and Subsidies				
<i>General Purpose Grants</i>				
GST grants	555	2,258	643	2,507
North West Shelf grants	125	865	261	1,103
Commonwealth compensation for changed crude oil excise arrangements	8	48	13	65
<i>Grants through the State</i>				
Schools assistance – non-government schools	26	1,064	3	951
Local government financial assistance grants	131	262	21	168
Local government roads	81	162	13	107
<i>National Specific Purpose Payment Agreement Grants</i>				
National Agreement for Skills and Workforce Development	35	156	16	151
National Disability Services	36	151	37	146
National Affordable Housing	35	144	32	139
<i>Students First</i>	127	503	123	469
<i>National Health Reform</i>	437	1,750	369	1,518
<i>National Partnerships/Other Grants</i>				
Health	142	402	218	484
Housing	4	15	15	15
Transport	53	55	10	52
Other	78	216	159	323
Total Current Grants and Subsidies	1,872	8,051	1,934	8,199
Capital Grants				
<i>Grants Through the State</i>				
Schools assistance – non-government schools	4	16	5	22
<i>National Partnerships/Other Grants</i>				
Housing	36	173	39	191
Transport	651	992	72	242
Other	47	82	53	92
Total Capital Grants	737	1,263	169	547
Sales of Goods and Services	542	2,105	517	2,064
Interest Income	41	185	38	194
Revenue from Public Corporations				
Dividends	732	1,187	570	901
Tax Equivalent Regime	155	592	244	602
Total Revenue from Public Corporations	887	1,779	814	1,503
Royalty Income	1,019	4,603	1,410	6,025
Other				
Lease Rentals	19	89	20	94
Fines	57	188	39	155
Revenue not elsewhere counted	91	255	148	326
Total Other	167	532	207	575
TOTAL REVENUE	7,158	27,400	7,003	27,956

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

GENERAL GOVERNMENT
Cash Flow Statement

	2014-15		2013-14	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Cash received</i>				
Taxes received	2,188	8,846	2,197	8,712
Grants and subsidies received	2,672	9,394	2,133	8,614
Receipts from sales and goods and services	302	2,129	285	2,121
Interest receipts	58	180	78	219
Dividends and tax equivalents	937	1,865	741	1,497
Other receipts	1,577	6,799	2,004	7,843
<i>Total cash received</i>	<i>7,734</i>	<i>29,213</i>	<i>7,437</i>	<i>29,006</i>
<i>Cash paid</i>				
Wages, salaries and supplements, and superannuation	-3,010	-12,546	-2,885	-12,157
Payments for goods and services	-1,692	-7,761	-1,708	-7,526
Interest paid	-157	-537	-144	-485
Grants and subsidies paid	-1,798	-5,767	-1,456	-5,567
Dividends and tax equivalents	-	-	-	-
Other payments	-404	-1,562	-316	-1,538
<i>Total cash paid</i>	<i>-7,062</i>	<i>-28,173</i>	<i>-6,508</i>	<i>-27,273</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES	673	1,040	929	1,733
CASH FLOWS FROM INVESTING ACTIVITIES				
<i>Cash flow from investment in non-financial assets</i>				
Purchase of non-financial assets	-769	-2,667	-913	-3,289
Sales of non-financial assets	45	134	63	224
<i>Total cash flows from investments in financial assets</i>	<i>-724</i>	<i>-2,533</i>	<i>-850</i>	<i>-3,065</i>
<i>Cash flows from investments in financial assets</i>				
<i>Cash received</i>				
For policy purposes	6	18	2	22
For liquidity purposes	5	5	1	1
<i>Cash paid</i>				
For policy purposes	-250	-566	-152	-551
For liquidity purposes	-15	-22	-	-1
<i>Total cash flows from investments in financial assets</i>	<i>-254</i>	<i>-565</i>	<i>-149</i>	<i>-529</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES	-978	-3,098	-999	-3,594
CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Cash received</i>				
Advances received	16	16	30	30
Borrowings	505	2,065	43	77
Deposit received	-	-	-	-
Other financing receipts	-55	448	-88	504
<i>Total cash received</i>	<i>466</i>	<i>2,529</i>	<i>-14</i>	<i>611</i>
<i>Cash paid</i>				
Advances paid	-16	-16	-16	-16
Borrowings repaid	-27	-79	-20	-98
Deposits paid	-	-	-	-
Other financing payments	193	-424	-51	-410
<i>Total cash paid</i>	<i>150</i>	<i>-519</i>	<i>-88</i>	<i>-524</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES	616	2,010	-102	86
Net increase in cash and cash equivalents	311	-48	-172	-1,775
Cash and cash equivalents at beginning of the period	4,130	4,488	4,660	6,263
Cash and cash equivalents at end of the period	4,440	4,440	4,488	4,488
KEY FISCAL AGGREGATES				
Net cash flows from operating activities	673	1,040	929	1,733
Net cash flows from investing in non-financial assets	-724	-2,533	-850	-3,065
Cash surplus/-deficit	-51	-1,493	79	-1,333

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

Table 6.5

TOTAL PUBLIC SECTOR
Operating Statement

	2014-15		2013-14	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
RESULTS FROM TRANSACTIONS				
REVENUE				
Taxation	1,756	8,400	1,786	8,384
Current grants and subsidies	1,872	8,051	1,934	8,199
Capital grants	737	1,263	169	547
Sales of goods and services	4,889	19,071	4,446	17,759
Interest income	195	648	151	614
Royalty income	1,019	4,603	1,410	6,025
Other	358	1,256	343	1,102
<i>Total revenue</i>	<i>10,827</i>	<i>43,292</i>	<i>10,239</i>	<i>42,630</i>
EXPENSES				
Salaries	3,113	12,314	2,941	11,937
Superannuation				
Concurrent costs	324	1,230	227	1,150
Superannuation interest cost	129	266	53	297
Other employee costs	107	298	95	288
Depreciation and amortisation	770	3,226	854	3,220
Services and contracts	934	2,991	942	3,017
Other gross operating expenses	4,784	17,600	4,564	16,645
Other interest	379	1,506	453	1,543
Current transfers	974	3,886	692	3,695
Capital transfers	199	440	330	613
<i>Total expenses</i>	<i>11,712</i>	<i>43,756</i>	<i>11,152</i>	<i>42,406</i>
NET OPERATING BALANCE	-885	-464	-913	225
<i>Other economic flows - included in the operating result</i>				
Net gains on assets/liabilities	4	327	135	368
Net actuarial gains - superannuation	916	60	-461	-140
Provision for doubtful debts	-40	-45	-49	-50
Changes in accounting policy/adjustment of prior periods	-2,679	-688	-882	-928
<i>Total other economic flows</i>	<i>-1,800</i>	<i>-345</i>	<i>-1,257</i>	<i>-750</i>
OPERATING RESULT	-2,685	-810	-2,170	-526
<i>All other movements in equity</i>				
<i>Items that will not be reclassified to operating result</i>				
Revaluations	6,479	4,724	2,731	3,831
Gains recognised directly in equity	-79	557	-42	595
All other	-	-	-	-
<i>Total all other movements in equity</i>	<i>6,400</i>	<i>5,281</i>	<i>2,689</i>	<i>4,427</i>
TOTAL CHANGE IN NET WORTH	3,715	4,472	519	3,901
KEY FISCAL AGGREGATES				
NET OPERATING BALANCE	-885	-464	-913	225
<i>Less Net acquisition of non-financial assets</i>				
Purchase of non-financial assets	1,741	5,777	1,929	6,814
Changes in inventories	320	173	279	515
Other movement in non-financial assets	99	418	-116	317
<i>less:</i>				
Sales of non-financial assets	337	913	449	1,151
Depreciation	770	3,226	854	3,220
<i>Total net acquisition of non-financial assets</i>	<i>1,052</i>	<i>2,229</i>	<i>788</i>	<i>3,275</i>
NET LENDING/-BORROWING	-1,938	-2,693	-1,702	-3,050

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

Table 6.6

TOTAL PUBLIC SECTOR
Operating Revenue

	2014-15		2013-14	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
Taxation				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	830	3,503	831	3,474
Property taxes				
<i>Land tax</i>	-15	675	-22	596
Transfer Duty	380	1,598	420	1,776
Landholder Duty	22	101	22	193
<i>Total duty on transfers</i>	402	1,699	441	1,969
Metropolitan Region Improvement Tax	-	93	-	88
Perth Parking Levy	2	48	2	40
Emergency Services Levy	23	270	22	253
Loan guarantee fees	-	3	4	6
<i>Total other property taxes</i>	25	415	28	387
Taxes on provision of goods and services				
Lotteries Commission	-	-	-	-
Video lottery terminals	-	-	-	-
Casino Tax	23	110	25	127
Betting tax	-	-	-	-
Other	-	-	-	-
<i>Total taxes on gambling</i>	23	111	25	128
Insurance Duty	144	604	142	580
Other	8	31	12	32
<i>Total taxes on insurance</i>	152	635	155	611
Taxes on use of goods and performance of activities				
Vehicle Licence Duty	92	363	100	385
Permits - Oversize Vehicles and Loads	1	7	2	7
Motor Vehicle recording fee	15	58	14	53
Motor Vehicle registrations	221	848	199	728
<i>Total motor vehicle taxes</i>	329	1,277	315	1,173
Mining Rehabilitation Levy	-	27	-	-
Landfill Levy	10	59	11	47
Total Taxation	1,756	8,400	1,786	8,384

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

TOTAL PUBLIC SECTOR
Operating Revenue

Table 6.6 (cont.)

	2014-15		2013-14	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
Current Grants and Subsidies				
<i>General Purpose Grants</i>				
GST grants	555	2,258	643	2,507
North West Shelf grants	125	865	261	1,103
Commonwealth compensation for changed crude oil excise arrangements	8	48	13	65
<i>Grants through the State</i>				
Schools assistance – non-government schools	26	1,064	3	951
Local government financial assistance grants	131	262	21	168
Local government roads	81	162	13	107
<i>National Specific Purpose Payment Agreement Grants</i>				
National Agreement for Skills and Workforce Development	35	156	16	151
National Disability Services	36	151	37	146
National Affordable Housing	35	144	32	139
<i>Students First</i>	127	503	123	469
<i>National Health Reform</i>	437	1,750	369	1,518
<i>National Partnerships/Other Grants</i>				
Health	142	402	218	484
Housing	4	15	15	15
Transport	53	55	10	52
Other	78	216	159	323
Total Current Grants and Subsidies	1,872	8,051	1,934	8,199
Capital Grants				
<i>Grants Through the State</i>				
Schools assistance – non-government schools	4	16	5	22
<i>National Partnerships/Other Grants</i>				
Housing	36	173	39	191
Transport	651	992	72	242
Other	47	82	53	92
Total Capital Grants	737	1,263	169	547
Sales of Goods and Services	4,889	19,071	4,446	17,759
Interest Income	195	648	151	614
Royalty Income	1,019	4,603	1,410	6,025
Other				
Lease Rentals	19	89	20	94
Fines	55	188	37	155
Revenue not elsew here counted	285	978	286	853
Total Other	358	1,256	343	1,102
TOTAL REVENUE	10,827	43,292	10,239	42,630

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

Table 6.7

TOTAL PUBLIC SECTOR
Cash Flow Statement

	2014-15		2013-14	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Cash received</i>				
Taxes received	1,913	8,305	1,928	8,186
Grants and subsidies received	2,672	9,394	2,133	8,614
Receipts from sales and goods and services	5,484	19,836	4,734	18,277
Interest receipts	216	748	169	692
Dividends and tax equivalents	-	-	-	-
Other receipts	1,861	8,065	2,290	9,217
<i>Total cash received</i>	<i>12,147</i>	<i>46,347</i>	<i>11,252</i>	<i>44,987</i>
<i>Cash paid</i>				
Wages, salaries and supplements, and superannuation	-3,296	-13,917	-3,190	-13,533
Payments for goods and services	-5,736	-20,123	-4,472	-17,815
Interest paid	-451	-1,699	-531	-1,751
Grants and subsidies paid	-1,026	-4,001	-736	-3,674
Dividends and tax equivalents	-	-	-	-
Other payments	-1,089	-4,244	-1,549	-5,016
<i>Total cash paid</i>	<i>-11,596</i>	<i>-43,983</i>	<i>-10,478</i>	<i>-41,789</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES	550	2,364	775	3,198
CASH FLOWS FROM INVESTING ACTIVITIES				
<i>Cash flow from investment in non-financial assets</i>				
Purchase of non-financial assets	-1,741	-5,777	-1,929	-6,814
Sales of non-financial assets	337	913	449	1,151
<i>Total cash flows from investments in financial assets</i>	<i>-1,403</i>	<i>-4,864</i>	<i>-1,480</i>	<i>-5,663</i>
<i>Cash flows from investments in financial assets</i>				
<i>Cash received</i>				
For policy purposes	6	18	2	22
For liquidity purposes	3,317	7,056	2,459	7,112
<i>Cash paid</i>				
For policy purposes	-6	-17	-3	-23
For liquidity purposes	-1,495	-6,732	-1,922	-7,406
<i>Total cash flows from investments in financial assets</i>	<i>1,822</i>	<i>325</i>	<i>537</i>	<i>-295</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES	419	-4,539	-943	-5,958
CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Cash received</i>				
Advances received	-	-	15	15
Borrowings	4,391	16,256	7,018	25,724
Deposit received	-	-	-	-
Other financing receipts	-36	454	-86	510
<i>Total cash received</i>	<i>4,355</i>	<i>16,711</i>	<i>6,947</i>	<i>26,249</i>
<i>Cash paid</i>				
Advances paid	-16	-16	-16	-16
Borrowings repaid	-4,945	-13,242	-8,891	-25,924
Deposits paid	-	-	-	-
Other financing payments	191	-421	-48	-375
<i>Total cash paid</i>	<i>-4,770</i>	<i>-13,679</i>	<i>-8,955</i>	<i>-26,316</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES	-415	3,032	-2,008	-67
Net increase in cash and cash equivalents	553	857	-2,176	-2,827
Cash and cash equivalents at beginning of the period	8,686	8,383	10,559	11,210
Cash and cash equivalents at end of the period	9,239	9,239	8,383	8,383
KEY FISCAL AGGREGATES				
Net cash flows from operating activities	550	2,364	775	3,198
Net cash flows from investing in non-financial assets	-1,403	-4,864	-1,480	-5,663
Cash surplus/-deficit	-853	-2,500	-705	-2,465

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

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).

Table 7.1 shows that the aggregate balance of the Public Ledger at 30 June 2015 was in a \$648 million deficit position, a \$585 million increase on the deficit position at 30 June 2014. This reflects a \$2,459 million increase in the Consolidated Account accrual deficit, which was partly offset by a \$1,874 million increase in TSPA balances.

Table 7.1

PUBLIC LEDGER BALANCES AT 30 JUNE			
	2015	2014	Variance
	\$m	\$m	\$m
THE PUBLIC LEDGER			
Consolidated Account ^(a)	-12,677	-10,218	-2,459
Treasurer's Special Purpose Accounts	12,036	10,162	1,874
Treasurer's Advance Account – Net Advances	-8	-7	-1
TOTAL	-648	-63	-585
Agency Special Purpose Account	4,488	4,183	305
TOTAL PUBLIC BANK ACCOUNT	3,840	4,120	-280

(a) The balance of the Consolidated Account at 30 June 2015 includes cash and non-cash balances. Non-cash appropriations of \$8,522 million at 30 June 2015 (30 June 2014: \$7,956 million) represent the balance of 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 \$4,154 million at 30 June 2015 (30 June 2014: \$2,263 million).

Information on individual agencies' Special Purpose Accounts, which form part of the Public Bank Account but are not part of the Public Ledger, can be found in the annual reports of those agencies.

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 the relevant appropriation clearly specified.

The Consolidated Account accrual deficit at 30 June 2015 was \$12,677 million, an increase of \$2,459 million on the accumulated deficit at the end of 2013-14. This included \$8,522 million associated with accrual (non-cash) appropriations for depreciation and leave entitlements, matched by equivalent non-cash balances in agency Holding Accounts, with these accrued balances increasing by \$566 million during 2014-15.

In cash terms, the Consolidated Account was overdrawn by \$4,154 million at 30 June 2015. This compares with a \$2,263 million deficit cash balance at 30 June 2014.

Consolidated Account borrowings increased by \$2 billion in 2014-15. Centrally held borrowings totalled \$12.1 billion at 30 June 2015 (compared with \$10.1 billion at 30 June 2014), and remained below the \$13.3 billion cumulative limit approved by the *Loan Act 2012*. The Consolidated Account loan limit was increased to \$21.3 billion by the *Loan Act 2015*, passed by the Parliament in June 2015 to accommodate the Account's expected borrowing requirements to 30 June 2017.

Table 7.2

CONSOLIDATED ACCOUNT TRANSACTIONS			
	2015	2014	Variance
	\$m	\$m	\$m
REVENUE			
<i>Operating Activities</i>			
Taxation	7,147	7,188	-41
Commonwealth Grants	3,356	3,784	-428
Government Enterprises	1,899	1,521	378
Revenue from other agencies	6,372	7,314	-942
Other	303	322	-19
<i>Total Operating Activities</i>	19,077	20,129	-1,052
<i>Financing Activities</i>			
Repayments of Recoverable Advances	8	36	-28
Transfers from:			
Public Bank Account Interest Earned Account	5	80	-75
Bankwest Pension Trust	2	2	-
Other Receipts	9	4	5
Borrowings	2,000	-	2,000
<i>Total Financing Activities</i>	2,025	122	1,903
TOTAL REVENUE	21,101	20,251	850
EXPENDITURE			
<i>Recurrent</i>			
Authorised by Other Statutes	2,302	2,223	79
Appropriation Act (No. 1)	18,520	18,075	445
Recurrent Expenditure under the Treasurer's Advance	265	299	-34
<i>Total Recurrent Expenditure</i>	21,087	20,597	490
<i>Investing Activities</i>			
Authorised by Other Statutes	198	136	62
Appropriation Act (No. 2)	2,213	2,657	-444
Investing Expenditure under the Treasurer's Advance	52	68	-16
<i>Total Investing Activities</i>	2,463	2,861	-398
<i>Financing Activities</i>			
Loan repayments	-	-	-
Other financing	9	4	5
<i>Total Financing Activities</i>	9	4	5
TOTAL EXPENDITURE	23,559	23,462	97
NET MOVEMENT (REVENUE LESS EXPENDITURE)	-2,459	-3,211	752
Consolidated Account Balance			
Opening balance at 1 July	-10,218	-7,009	-3,209
Closing balance at 30 June	-12,677	-10,218	-2,459
Of which:			
Appropriations payable	-8,522	-7,956	-566
Cash balance at 30 June	-4,154	-2,263	-1,891

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 account established to hold other money and determined by the Treasurer to be a TSPA.

Relative to 30 June 2014, an aggregate increase of \$1,874 million of TSPA balances at 30 June 2015 mainly reflects:

- higher Holding Account balances for accrual appropriations to agencies for depreciation and accrued leave entitlements (up \$894 million);
- an increase in the balance of the Western Australian Future Fund due to 'seed capital' sourced from the Royalties for Regions Fund (\$247 million), and interest earnings (\$36 million) on the balance of the Fund for the year (\$283 million);
- a net increase in the Perth Children's Hospital Account balance (up \$93 million), reflects the timing of appropriations paid to the account and changes to the timing of draw downs based on project milestones;
- a net increase in the balance of the Perth Stadium Account (up \$74 million), reflecting appropriation receipts of \$145 million, less draw downs from the account of \$71 million for procurement and works relating to the stadium, sports precinct and transport infrastructure;
- a net increase in the balance of the Royalties for Regions Fund (up \$60 million), reflecting appropriation funding paid to the account, and the timing of spending on approved projects and 'seed capital' transferred to the Western Australian Future Fund; and
- a net increase of \$494 million in Commonwealth Payments for Specific Purposes, reflecting \$499 million in road funding announced by the Commonwealth in its May 2015 Budget and received in June 2015.

A number of these accounts (including the Western Australian Future Fund and the various construction accounts noted above) are discussed in Appendix 5: *Special Purpose Accounts*.

The following table summarises the position of TSPAs at 30 June 2015 and 2014.

Table 7.3

TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 30 JUNE			
	2015	2014	Variance
	\$m	\$m	\$m
Agency Holding Accounts	8,850	7,956	894
Royalties for Regions Fund	1,000	940	60
Western Australian Future Fund	879	596	283
Perth Children's Hospital Account	187	94	93
Perth Stadium Account	121	47	74
Fiona Stanley Hospital Construction Account	20	9	11
Commonwealth Payment for Specific Purposes	543	49	494
Other Special Purpose Accounts	437	471	-34
TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 30 June	12,036	10,162	1,874

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

Treasurer's Advance

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

A total of \$638.4 million was authorised by section 29 of the FMA for the year ended 30 June 2015. Of this, \$328.7 million (or 51%) was drawn down in 2014-15, comprising \$316.5 million for excesses and new items (detailed in Table 7.5). A further \$8 million was held in the form of net recoverable advances and \$4.3 million as approved overdrawn Special Purpose Accounts (refer to Table 7.4).

TREASURER'S ADVANCE AT 30 JUNE

Table 7.4

	2015 \$m	2014 \$m	Variance \$m
AUTHORISED LIMIT	638.4	595.7	42.7
<i>Total Drawn Against Treasurer's Advance Account</i>	<i>328.7</i>	<i>373.9</i>	<i>-45.2</i>
Comprising:			
Net recoverable advances as at 30 June (see below)	8.0	7.0	1.0
Overdrawn Special Purpose Accounts ^(a)	4.3	-	4.3
Excesses and New Items			
- recurrent	264.8	299.0	-34.2
- capital	51.7	67.9	-16.2
NET RECOVERABLE ADVANCES			
Mining Rehabilitation Fund	4.5	2.6	1.9
Sport and Recreation	1.2	1.6	-0.4
Suitors Fund	2.0	1.8	0.2
Sundry Debtors	0.2	1.0	-0.8
TOTAL RECOVERABLE TREASURER'S ADVANCES	8.0	7.0	1.0

(a) The Treasurer gave approval to the Department of Mines and Petroleum and the Commissioner of Equal Opportunity to overdraw a Special Purpose Account. 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 7.5 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, EXCESSES AND NEW ITEMS
For the twelve months to 30 June 2015

Table 7.5

	Treasurer's Advance					Draw n against Treasurer's Advance to date \$m
	Budget \$m	Transfers ^(a) \$m	New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
Recurrent Appropriations						
<i>Premier and Cabinet</i>						
Item 6: Administered Grants, Subsidies and Other Transfer Payments	15.0	-	-	30.0	45.0	30.0
<i>WA Health</i>						
Item 13: Delivery of Services	4,577.9	7.1	-	-	4,585.1	-
<i>Training and Workforce Development</i>						
Item 14: Delivery of Services	421.1	-	-	19.6	440.7	15.6
<i>Lands</i>						
Item 25: Delivery of Services	31.5	-	-	10.6	42.2	10.6
<i>Education Services</i>						
Item 29: Administered Grants, Subsidies and Other Transfer Payments	424.7	-	-	0.1	424.8	0.1
<i>Western Australian Electoral Commission</i>						
Item 33: Delivery of Services	6.6	-	-	0.2	6.8	0.2
<i>Planning</i>						
Item 34: Delivery of Services	44.8	-	-	0.8	45.6	0.8
<i>Culture and the Arts</i>						
Item 36: Delivery of Services	35.3	-	-	0.7	36.0	0.7
Item 38: Library Board of Western Australia	30.4	-	-	1.3	31.6	1.3
Item 40: Western Australian Museum	23.2	-	-	0.3	23.4	0.3
<i>Disability Services Commission</i>						
Item 44: Delivery of Services	691.9	-	-	7.2	699.1	7.2
<i>Child Protection and Family Support</i>						
Item 45: Delivery of Services	560.4	-0.5	-	-	559.9	-
<i>Attorney General</i>						
Item 46: Delivery of Services	249.5	-	-	11.7	261.2	11.7
<i>Parliamentary Inspector of the Corruption and Crime Commission</i>						
Item 52: Delivery of Services	0.4	-	-	-(b)	0.4	-(b)
<i>Housing Authority</i>						
Item 58: Delivery of Services	72.9	1.9	-	-	74.8	-
<i>Sport and Recreation</i>						
Item 59: Delivery of Services	40.3	-0.2	-	-	40.1	-

Table 7.5 (cont.)

TRANSFERS, EXCESSES AND NEW ITEMS
For the twelve months to 30 June 2015

	Budget \$m	Transfers ^(a) \$m	Treasurer's Advance			Draw n against Treasurer's Advance to date \$m
			New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
Recurrent Appropriations						
<i>Western Australian Sports Centre Trust</i>						
Item 62: Delivery of Services	47.9	0.2	-	0.1	48.2	0.1
<i>Agriculture and Food</i>						
Item 65: Delivery of Services	128.1	-	-	11.8	139.9	11.8
<i>Treasury</i>						
Item 69: Delivery of Services	41.0	-0.2	-	7.4	48.1	7.4
Item 70: Bunbury Water Corporation	0.4		-	0.1	0.5	0.1
Item 83: Provision for Unfunded Liabilities in the Government Insurance Fund	2.3	-	-	1.1	3.4	0.3
Item 84: Refund of Past Years Revenue Collections - Public Corporations	10.0	-	-	80.0	90.0	76.2
Item 86: Royalties for Regions	783.0		-	35.9	818.9	13.5
Item 89: Sustainable Funding and Contracting with the Not-for-Profit Sector	9.7	-9.0	-	-	0.7	-
<i>Economic Regulation Authority</i>						
Item 92: Delivery of Services	2.5	-	-	1.5	4.0	1.5
<i>Local Government and Communities</i>						
Item 94: Delivery of Services	122.8	0.5	-	-	123.3	-
<i>Parks and Wildlife</i>						
Item 96: Delivery of Services	199.0	-	-	20.4	219.4	20.4
<i>Office of the Environmental Protection Authority</i>						
Item 99: Delivery of Services	14.7	-	-	0.3	15.0	0.3
<i>Heritage Council of Western Australia</i>						
Item 102: Delivery of Services	7.7	-1.9	-	0.6	6.4	0.6
<i>State Heritage Office</i>						
New Item: Delivery of Services	-	1.9	-	-	1.9	-
<i>Fire and Emergency Services</i>						
Item 104: Delivery of Services	30.9	-	-	21.5	52.4	21.5
<i>Corrective Services</i>						
Item 106: Delivery of Services	790.7	-	-	29.2	819.9	29.2
<i>Small Business Development Corporation</i>						
Item 108: Delivery of Services	11.5	-	-	1.2	12.8	1.2
<i>Finance</i>						
Item 113: Delivery of Services	173.9	0.2	-	2.2	176.4	2.2
Total Recurrent		-	-	295.9		264.8

TRANSFERS, EXCESSES AND NEW ITEMS
For the twelve months to 30 June 2015

Table 7.5 (cont.)

	Budget \$m	Transfers ^(a) \$m	Treasurer's Advance			Draw n against Treasurer's Advance to date \$m
			New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
Capital Appropriations						
<i>Training and Workforce Development</i>						
Item 119: Capital Appropriation	0.7	-	-	0.8	1.5	0.8
<i>Attorney General</i>						
Item 133: Capital Appropriation	11.2	-	-	2.6	13.7	2.6
<i>Treasury</i>						
Item 141: Electricity Networks Corporation (Western Power)	76.9	-	-	76.1	153.0	16.0
Item 144: Port Hedland Port Authority	12.8	-	-	19.6	32.4	19.6
New Item: Western Australian Land Authority	-	-	9.1	-	9.1	9.1
<i>Corrective Services</i>						
Item 159: Capital Appropriation	3.1	-	-	3.6	6.7	3.6
<i>Transport</i>						
Item 162: Capital Appropriation	24.8	-	-	1.1	25.9	-
Total Capital		-	9.1	103.7		51.7
TOTAL			9.1	399.6		316.5

(a) Authorised under section 25 of the FMA.

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

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

Transfer 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 have no impact on the Treasurer's Advance.

In 2014-15, appropriation transfers included:

- \$9.0 million from Treasury to WA Health (\$7.1 million) and the Housing Authority (\$1.9 million) for the release of Component Two Funding of the Delivering Community Services in Partnership Policy;
- \$1.9 million from the Heritage Council of Western Australia to the Department of the State Heritage Office for operational functions following the establishment of the Office on 1 July 2014;
- \$0.5 million from the Department of Child Protection and Family Support to the Department of Local Government and Communities for the transfer of corporate service functions;
- \$0.2 million from Treasury to the Department of Finance for office accommodation costs at Gordon Stephenson House; and
- \$0.2 million from the Department of Sport and Recreation to the Western Australian Sports Centre Trust to meet the operating costs of the Western Australian Institute of Sport High Performance Centre.

Excesses and New Items

Funds drawn against the Treasurer's Advance for excesses and new items were for the purposes outlined below. Further detail is available in the annual reports of the listed agencies. Unless otherwise stated, the approved funding was drawn in full by 30 June 2015.

Premier and Cabinet

Item 6: Administered Grants, Subsidies and Other Transfer Payments (\$30.0 million), for claims paid under the Western Australian Natural Disaster Relief and Recovery Arrangements. Payments were made to the Commissioner of Main Roads for the restoration and replacement of roads damaged by various floods across the State, the Department of Parks and Wildlife for costs relating to interstate firefighting assistance, and the Department of Housing and the Shire of Mundaring for assistance to people whose homes were destroyed in the Parkerville bushfire.

Training and Workforce Development

Item 14: Delivery of Services (\$19.6 million), for costs associated with the Government's Targeted Voluntary Separation Scheme which were to be on-passed to State Training Providers. Of this amount, only \$15.6 million was drawn down due to cost reductions achieved by meeting Government savings measures.

Item 119: **Capital Appropriation** (\$0.8 million), reflecting lower than expected efficiency savings for the Department's Asset Investment Program. A total of \$1.9 million in lower infrastructure spending was expected to be achieved in 2014-15. However, detailed project allocation included works where savings could not be achieved by the Department (including Royalties for Region projects worth \$0.5 million and other internally funded works worth \$0.3 million).

Lands

Item 25: **Delivery of Services** (\$10.6 million), mainly for the net impact of an offer of compensation to the Thalanyji Native Title Holders, and to meet a shortfall in agency revenue from lower pastoral lease rental collections, partly offset by the impact of slower than expected finalisation of the South West Native Title Settlement agreement.

Education Services

Item 29: **Administered Grants, Subsidies and Other Transfer Payments** (\$0.1 million), to meet higher costs for vocational education and training in non-government schools following amendments to the attainment requirements for the Western Australian Certificate of Education.

Western Australian Electoral Commission

Item 33: **Delivery of Services** (\$0.2 million), for staffing, advertising and other costs associated with the Vasse by-election held in October 2014.

Planning

Item 34: **Delivery of Services** (\$0.8 million), to progress planning for the future development, infrastructure and environmental conservation needs of the Perth and Peel area in accordance with the *Commonwealth Environmental Protection and Biodiversity Act 1999*. These costs (worth \$1.5 million) were partially offset by the implementation of Government savings measures.

Culture and the Arts

Item 36: **Delivery of Services** (\$0.7 million), to meet the costs of holding the 'Giants' event as part of the Perth International Arts Festival and funding for the Targeted Voluntary Separation Scheme. These higher costs (totalling \$1 million) were partially offset by progress with implementing the Government's 1% efficiency dividend savings measure (announced as part of the 2014-15 Mid-year Review).

Item 38: **Library Board of Western Australia** (\$1.3 million), to address spending pressures at the State Library (mainly related to accommodation, communication, building maintenance, equipment repairs and utilities costs).

Item 40: **Western Australian Museum** (\$0.3 million), to meet the cost associated with implementing the Targeted Voluntary Separation Scheme.

Disability Services Commission

Item 44: **Delivery of Services** (\$7.2 million), for the provision of National Disability Insurance Scheme (NDIS) trial services to people residing in the Perth Hills, and funding for the implementation of the Targeted Voluntary Separation Scheme. These higher costs (totalling \$16.7 million) were partially offset by the implementation of the 1% efficiency dividend savings measure.

Attorney General

Item 46: **Delivery of Services** (\$11.7 million), for payments made on behalf of the State, including ex gratia and Act of Grace payments, and to meet additional lease, electricity, information and communication technology (ICT), and audio visual costs associated with the relocation of the State Administrative Tribunal to the St Georges Cathedral Heritage Precinct. These higher costs (totalling \$16.4 million) were partially offset by the implementation of Government's 1% efficiency dividend savings measure and lower interest payments associated with adjustments to the recurrent and capital payment schedule for the Central Business District Courts and Fremantle Courthouse Public Private Partnerships (see Item 133 for related capital changes).

Item 133: **Capital Appropriation** (\$2.6 million), to reflect higher principal payments associated with the Central Business District Courts and Fremantle Courthouse Public Private Partnerships (see Item 46 for related recurrent changes).

Parliamentary Inspector of the Corruption and Crime Commission

Item 52: **Delivery of Services** (\$46,000), for costs incurred in the relocation to separate accommodation of the Parliamentary Inspector (from shared accommodation with the Department of the Attorney General).

Western Australian Sports Centre Trust

Item 62: **Delivery of Services** (\$0.1 million), to meet costs associated with the transition of the management of nib Stadium from Allia Venue Management Pty Ltd to the Western Australian Sports Centre Trust.

Agriculture and Food

Item 65: **Delivery of Services** (\$11.8 million), primarily to address unexpected costs for financial systems support, and additional funding for the Targeted Voluntary Separation Scheme.

Treasury

Item 69: **Delivery of Services** (\$7.4 million), to establish an Asset Sales Unit and external consultant support following the announcement of the Government's asset sales program in August 2014. The additional funding has progressed work on the planned sales of the Fremantle Port, Utah Point Bulk Handling Facility and the Perth Market Authority.

Item 70: **Bunbury Water Corporation** (\$59,000), due to an increase in the Corporation's operating subsidy, reflecting higher than expected pensioner and seniors' concessions payments.

Item 83: **Provision for Unfunded Liabilities in the Government Insurance Fund** (\$1.1 million), for an anticipated increase in unfunded claims following higher demand in early 2014-15. Of the approved increase, only \$0.3 million was required, reflecting a slow down in claims in the latter part of the year.

Item 84: **Refund of Past Years Revenue Collections – Public Corporations** (\$80.0 million), to meet the State's obligation in 2014-15 to refund public corporations that have overpaid National Tax Equivalent Regime (NTER) instalments into the Consolidated Account¹. Of the approved increase, \$76.2 million was drawn, which together with the budgeted \$10 million provision for payments in 2014-15, addressed refunds to:

- Synergy (\$48.9 million), following the merger with Verve in January 2014, Synergy has carried certain tax losses which offset the value of taxable income for 2013-14. These tax outcomes were not finalised until after 2013-14 tax instalments were paid to the Consolidated Account and hence required a refund;
- the Insurance Commission of Western Australia (\$28.7 million), reflecting an increase in the actuarial valuation of net outstanding claims for Compulsory Third Party insurance at 30 June 2014 was not known until after 2013-14 tax instalments were paid to the Consolidated Account (giving rise to the subsequent refund); and
- a range of smaller refunds to other public corporations (\$8.6 million in total).

Item 86: **Royalties for Regions** (\$35.9 million), to meet the requirements of the *Royalties for Regions Act 2009* following changes to the expected year-end cash balance². Of the increase, \$13.5 million was drawn by 30 June 2015, reflecting further movements in the cash balance of the Royalties for Regions Fund by the end of June.

Item 141: **Electricity Networks Corporation (Western Power)** (\$76.1 million), reflecting the impact of customer contributions on dividends. A total of \$16 million was paid to the Corporation for the impact of customer contributions on the 2013-14 dividend (received in 2014-15). The remaining \$60.1 million of the approved increase will now be paid in 2015-16 following later than expected passage of interim dividend legislation which will now commence in 2015-16.

Item 144: **Port Hedland Port Authority** (\$19.6 million), for Pilbara Ports Authority (formerly Port Hedland Port Authority) for dividends paid on revenue collected under the Port Improvement Rate.

¹ Public corporations subject to the NTER occasionally overpay assessments when final accrual outcomes differ from interim payment expectations.

² The *Royalties for Regions Act 2009* requires that the Royalties for Regions Fund is to receive up to 25% of mining royalties, subject to the cash balance in the Fund not exceeding \$1 billion. In the 2014-15 Budget, the approved appropriation to the Fund was 18.6% of mining royalty income, which was based on the Fund reaching its \$1 billion statutory cap by 30 June 2015.

New Item: **Western Australian Land Authority** (\$9.1 million) for funds transferred equivalent to the National Tax Equivalent Regime liability created by the Royalties for Regions funding of the Karratha Services Workers Accommodation project.

Economic Regulation Authority

Item 92: **Delivery of Services** (\$1.5 million), to cover a shortfall from slower than expected implementation of a full cost-recovery scheme for industry licensing fees.

Parks and Wildlife

Item 96: **Delivery of Services** (\$20.4 million), to meet higher than expected spending on the 2014-15 bushfire season, and for the cost of implementing the Targeted Voluntary Separation Scheme. These higher costs (totalling \$21.9 million) were partially offset by the implementation of Government's 1% efficiency dividend savings measure.

Office of the Environmental Protection Authority

Item 99: **Delivery of Services** (\$0.3 million), to complete work for the Strategic Assessment of the Perth and Peel Regions.

Heritage Council of Western Australia

Item 102: **Delivery of Services** (\$0.6 million), to undertake conservation and adaptive re-use works on heritage properties, partially offset by lower amortisation costs for intangible assets.

Fire and Emergency Services

Item 104: **Delivery of Services** (\$21.5 million), for additional bush fire suppression caused by a number of significant incidents during 2014-15 (such as the Northcliffe and Boddington fires).

Corrective Services

Item 106: **Delivery of Services** (\$29.2 million), to meet costs associated with a higher than expected daily average prisoner population, funding for the Targeted Voluntary Separation Scheme, and an increase in RiskCover insurance premium contributions. These amounts (totalling \$40.1 million) were partially offset by savings achieved under the 1% efficiency dividend measure and a reduction in capitalised building maintenance costs (reflecting a change in accounting policy which also impacts capital costs funded by Item 159 below).

Item 159: **Capital Appropriation** (\$3.6 million), reflecting the change in accounting policy (see Item 106 above).

Small Business Development Corporation

Item 108: **Delivery of Services** (\$1.2 million), to meet higher than expected costs for the Business Migration and Small Business Programs.

Transport

Item 162: **Capital Appropriation** (\$1.1 million), to meet higher than expected costs associated with the Maritime Facilities Program. The additional funding was not required, reflecting lower costs for other transport projects.

Finance

Item 113: **Delivery of Services** (\$2.2 million), additional funds (totalling \$4.1 million) were provided for the implementation of the Targeted Voluntary Separation Scheme. This funding was partially offset by savings from the implementation of the Government's 1% efficiency dividend and the 15% ICT reform measures.

General Government Sector Salaries

Introduction

Salaries expenditure is the single largest component of general government sector expenses, accounting for around 40% of the sector's recurrent spending (or 43% if concurrent superannuation costs are also included).

In 2014-15, general government salaries expenditure grew by 3.8% to total \$11,090 million, including almost \$100 million for the up-front cost of the Targeted Voluntary Separation Scheme (TVSS, see further detail at the end of this appendix). Excluding this cost, salaries growth for 2014-15 was just 2.9%, which is the lowest rate of growth in salaries expenditure since 1998-99.

This outcome reflects the success of recent measures implemented by the Government to contain the rate of growth in salaries expenditure, including its public sector wages policy (which took effect from November 2013 and limits wage increases to projected growth in the Consumer Price Index (CPI)), the associated CPI cap on agencies' salaries budgets, the impact of the TVSS (and previous rounds of voluntary separations schemes), enhanced leave liability management, and the recent implementation of the Workforce Renewal Policy.

The following table summarises general government agency salaries outcomes for 2014-15.

Table 8.1

SALARIES COSTS
General Government Sector

	2013-14		2014-15			Variation on EOT \$m (4) - (3)
	Actual	Budget	MYR	Estimated	Actual	
	\$m	Estimate	Revision	Outturn	\$m	
		(1)	(2)	(3)	(4)	
WA Health	3,868	4,235	4,166	4,159	4,186	26
Education	2,852	3,086	3,065	2,982	2,905	-76
Western Australia Police	784	804	795	785	791	7
Corrective Services	409	419	428	435	435	-(a)
Child Protection and Family Support	205	220	220	220	212	-8
Attorney General	196	208	208	208	201	-6
Department of Fire and Emergency Services	155	162	163	163	163	-(a)
Department of Parks and Wildlife	142	147	144	148	145	-3
Disability Services Commission	145	147	147	147	141	-5
Finance	130	131	130	130	120	-10
Transport	115	118	120	122	117	-5
Agriculture and Food	110	108	108	117	113	-4
Polytechnic West	93	94	88	91	88	-2
Central Institute of Technology	84	87	84	88	86	-2
Mines and Petroleum	81	84	84	83	84	1
Commerce	86	79	79	80	76	-4
Land Information Authority	68	72	73	74	74	-1
Premier and Cabinet	73	73	73	73	70	-2
Culture and the Arts	63	55	60	61	61	-(a)
Challenger Institute of Technology	63	58	60	61	59	-2
Commissioner of Main Roads	57	60	57	69	58	-11
Training and Workforce Development	48	55	55	55	54	-1
Fisheries	47	45	45	45	50	5
Planning	47	46	47	47	47	-1
Water	44	42	44	44	41	-2
Mental Health Commission	35	33	34	34	37	3
Legal Aid Commission of WA	29	32	31	31	29	-3
Department of Environment Regulation	33	32	32	32	29	-4
West Coast Institute of Training	26	26	26	28	27	-1
Office of the Director of Public Prosecutions	26	26	26	26	27	1
Treasury	28	28	29	30	27	-3
Department of Local Government and Communities	33	28	29	29	26	-2
South West Institute of Technology	21	21	22	22	22	-(a)
Legislative Assembly	20	20	20	20	20	-(a)
Pilbara Institute	22	21	21	22	19	-2
Durack Institute of Technology	19	16	19	19	19	-(a)
Kimberley Training Institute	19	17	19	18	19	-(a)
Department of Lands	14	19	20	20	18	-2
Corruption and Crime Commission	18	20	20	20	18	-2
State Development	19	20	20	20	18	-2
Public Sector Commission	17	17	17	17	17	-(a)
WA Sports Centre Trust	16	16	16	16	16	-(a)
Sport and Recreation	15	17	17	17	16	-1
Department of Regional Development	16	12	13	16	16	-(a)

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

Table 8.1 (cont.)

SALARIES COSTS
General Government Sector

	2013-14	2014-15				Variation on EOT \$m (4) - (3)
	Actual	Budget	MYR	Estimated	Actual	
	\$m	Estimate	Revision	Outturn	\$m	
		(1)	(2)	(3)	(4)	
School Curriculum and Standards Authority	15	16	16	16	16	_(a)
Aboriginal Affairs	16	17	17	17	15	-1
Great Southern Institute of Technology	16	16	16	16	15	-2
Office of the Auditor General	13	13	13	13	14	2
Legislative Council	13	14	14	14	14	_(a)
Zoological Parks Authority	12	13	13	13	13	_(a)
WorkCover WA Authority	13	13	13	13	12	-1
Chemistry Centre (WA)	11	12	12	12	11	_(a)
CY OConnor Institute	12	11	12	12	11	-1
Office of the Environmental Protection Authority	11	11	12	11	11	-1
Botanic Gardens and Parks Authority	10	11	11	11	10	_(a)
WA Tourism Commission	10	10	10	10	10	1
Education Services	11	11	11	11	10	-1
All other agencies (with salaries costs below \$10 million)	128	123	128	127	128	1
<i>Provisions</i>						
Targeted Voluntary Separation Scheme ^(b)	-	-	73	75	-	-75
Total salaries	10,682	11,345	11,340	11,292	11,089	-203

(a) Amount is less than \$0.5 million.

(b) The Targeted Voluntary Separation Scheme was provisioned in rounds of forward estimates during 2014-15. Final outcomes for the scheme (discussed below and in the *Overview* chapter of this report) are reflected in agency outcomes for 2014-15.

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

Targeted Voluntary Separation Scheme

On 6 October 2014 Cabinet approved a 2014-15 Voluntary Separation Scheme for up to 1,500 public sector employees. In response to the scheme, a total of 1,362 staff opted to leave the sector with the associated positions abolished and all separations actioned by 30 June 2015. The following table shows the agency distribution of the separations from the TVSS and the associated accrued salary costs for 2014-15. With the completion of this scheme, a total of 3,612 separations have resulted from the Government's five voluntary separation schemes over the period 2009 to 2015.

Table 8.2

2014-15 TVSS AGENCY OUTCOMES

Agency	Separations		Expense \$m
	Target Number	Actual Number	
WA Health	500	419	28
Education	200	271	16
Training and Workforce Development	200	200	17
Agriculture and Food	100	100	8
Corrective Services	100	96	8
Parks and Wildlife	50	50	4
Child Protection and Family Support	40	31	2
Western Australia Police	40	41	3
Attorney General	30	1	-(a)
Disability Services Commission	30	27	2
Finance	30	36	3
Transport	30	31	3
Commerce	20	22	2
Main Roads WA	20	20	2
Culture and the Arts	10	12	1
Unallocated Separations	100		
Mental Health Commission	-	2	-(a)
Industrial Relations Commission	-	1	-
Pilbara Development Commission	-	1	-
Treasury	-	1	-
TOTAL	1,500	1,362	98

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

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

