



GOVERNMENT OF  
WESTERN AUSTRALIA

**2019-20**

# **ANNUAL REPORT ON STATE FINANCES**

**September 2020**



**2019-20**

**Annual Report on  
State Finances**

SEPTEMBER 2020

2019-20 Annual Report on State Finances  
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2019-20  
Annual Report on State Finances

**Table of Contents**

<b>FOREWORD .....</b>	<b>i</b>
Statement of Responsibility .....	ii
Opinion of the Auditor General .....	iv
<b>FINANCIAL RESULTS .....</b>	<b>1</b>
Introduction .....	2
Results Compared to Estimated Outturn .....	5
General Government Sector .....	5
Total Public Sector .....	14
Net Debt .....	22
Financial Targets .....	26
<b>APPENDIX 1: FINANCIAL STATEMENTS .....</b>	<b>33</b>
<b>APPENDIX 2: OPERATING REVENUE .....</b>	<b>169</b>
<b>APPENDIX 3: SPENDING BY CLASSIFICATION OF THE FUNCTIONS     OF GOVERNMENT-AUSTRALIA (COFOG-A).....</b>	<b>175</b>
<b>APPENDIX 4: COMPARISON OF FINAL OUTCOMES TO ORIGINAL     BUDGET FOR THE YEAR ENDING 30 JUNE 2020.....</b>	<b>179</b>
<b>APPENDIX 5: SPECIAL PURPOSE ACCOUNTS.....</b>	<b>205</b>
<b>APPENDIX 6: QUARTERLY FINANCIAL RESULTS – JUNE 2020.....</b>	<b>213</b>
<b>APPENDIX 7: PUBLIC LEDGER .....</b>	<b>223</b>
<b>APPENDIX 8: GENERAL GOVERNMENT SECTOR SALARIES .....</b>	<b>237</b>
<b>APPENDIX 9: EXPENSE LIMIT OUTCOMES .....</b>	<b>239</b>
<b>APPENDIX 10: KEY TECHNICAL TERMS USED IN THE FINANCIAL     REPORT .....</b>	<b>241</b>



# Foreword

This *Annual Report on State Finances* (ARSF) provides detail on the State's public sector financial results for 2019-20. It includes disclosure of material differences between these outcomes and estimated outcomes contained in the 2019-20 Mid-year Review and in the original 2019-20 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 the financial 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.

Three new accounting standards took effect for reporting periods commencing on or after 1 January 2019, and their impact was included in the 2019-20 Budget, 2019-20 Mid-year Review, and has been reflected in the general government and whole-of-government quarterly series of reports released through 2019-20 and in this ARSF. These standards are:

- AASB 16: *Leases*, which brings operating leases and associated leased assets onto the balance sheet for the first time;
- AASB 15: *Revenue From Contracts With Customers*, which amends revenue recognition rules, particularly around the nature, amounts, timing and uncertainty of revenue arising from customer contracts; and
- AASB 1058: *Income of Not-For-Profit Entities*, which simplifies some of the new AASB 15 rules, particularly for public sector entities (where concepts of contracts with customers can be ambiguous).

Further details about the impact of each standard can be found in Chapter 3: *Fiscal Outlook and Strategy* of the 2019-20 Budget Paper No. 3. The 2019-20 Budget included backcast data for the expected outturn for 2018-19 and for prior years to aid with comparisons and trend analysis. However, prior period results detailed in Appendix 1 of this report have not been restated for comparative purposes, in line with the transition provisions contained in paragraph C3(b) of AASB 15 and paragraph C3(b) of AASB 1058 and a Treasury Circular mandating those approaches for actuals reporting in State public sector reporting entities.

Where practical, general government sector revenue and expense movements discussed in the *Financial Results* chapter of this report abstract from the impact of the new standards to assist the user in understanding underlying changes in these aggregates between rounds of estimates and relative to 2018-19.

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

- the actual outturn for 2019-20, which is the focus of this report;
- movements in the 2019-20 outturn relative to the 2019-20 estimated outturn contained in the 2019-20 Mid-year Review, released on 18 December 2019;
- movements in the 2019-20 outturn relative to the 2019-20 Budget estimates, presented to the Legislative Assembly on 9 May 2019 (detailed in Appendix 4);
- material Special Purpose Accounts (Appendix 5);
- quarterly results for June 2020, completing the State's quarterly reporting series for 2019-20 (Appendix 6); and
- the Public Ledger outcomes for the year ending 30 June 2020, which includes the Consolidated Account, the Treasurer's Advance Account, and the Treasurer's Special Purpose Accounts (Appendix 7).

General government sector salary outcomes and expense limit outcomes under Resource Agreements for appropriation-funded agencies are also included in Appendices 8 and 9 respectively.

## 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 2020, and the public sector's financial position at 30 June 2020; 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



MAGDALENA WITTEK  
MANAGER  
FINANCIAL REPORTING

24 September 2020



# 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

#### **Opinion**

I have audited the financial statements of the Government of Western Australia for the year ended 30 June 2020, 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, Notes comprising a summary of significant accounting policies and other explanatory information (Appendix 1), the comparison of Final Outcomes to the Original Budget for the year ended 30 June 2020 for the General Government Sector and Total Public Sector (Appendix 4), and the Public Ledger (Appendix 7).

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 2020 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*.

#### **Basis for Opinion**

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Government of Western Australia in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of Matter – Contingent Liability**

A contingent liability has been disclosed in Note 32 of Appendix 1 of the Annual Report on State Finances, recognising that a claim of \$28 billion was made against the State in respect of a legal dispute between the parties to a State Agreement, and the Western Australian Government. This claim is still current. My opinion is not modified in this regard.

#### **Other Information**

The Under Treasurer is responsible for the other information. Other information comprises the information in the Annual Report on State Finances but does not include the financial statements as defined above and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard for the year ended 30 June 2020.

**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.

The Under Treasurer is also responsible for disclosing matters related to going concern, if applicable, and using the going concern basis of accounting, unless this is assessed as not appropriate.

**Auditor's Responsibility for the Audit of the Financial Statements**

As required by the *Government Financial Responsibility Act 2000*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at [https://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of my auditor's report.

**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 2020 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.



CAROLINE SPENCER  
AUDITOR GENERAL  
FOR WESTERN AUSTRALIA  
Perth, Western Australia  
25 September 2020



# Financial Results

## HIGHLIGHTS

- As with the global and national economies, the Western Australian economy was substantially impacted by the COVID-19 pandemic in the June quarter of 2020.
- However, Western Australia was the only State whose domestic economy grew (by 1.1%) over the 2019-20 year. This was underpinned by growth in business investment of 9.3%, the first increase in seven years.
- The general government sector recorded a \$1.7 billion operating surplus in 2019-20, \$920 million lower than forecast in the December 2019 Mid-year Review.
  - Revenue was \$390 million lower than expected, and expenses were \$529 million higher than expected, largely reflecting the impact of the Government's immediate response to the pandemic.
- At \$35.4 billion, total public sector net debt at 30 June 2020 was \$724 million lower than forecast in the Mid-year Review, primarily reflecting lower infrastructure investment as a result of delays associated with the onset of COVID-19.

## Introduction<sup>1</sup>

The general government sector recorded a \$1.7 billion operating surplus in 2019-20. This outcome is \$920 million lower than the \$2.6 billion estimate included in the 2019-20 Mid-year Review, largely reflecting the net impact of:

- higher royalty income (up \$945 million), primarily due to higher iron ore prices;
- lower revenue from public corporations (down \$839 million, largely due to the deferral of interim dividend payments to 2020-21) and grants from the Commonwealth (down \$533 million, mainly transport-related grants retimed to later years and accounting standards changes<sup>2</sup>); and
- higher recurrent spending (up \$529 million), mainly reflecting the State's immediate response to the COVID-19 pandemic.

Abstracting from accounting standards changes that took effect in 2019-20, general government revenue increased by 5.9% (or \$1.8 billion) relative to 2018-19. This primarily reflects the impact of a higher iron ore price, a lower \$US/\$A exchange rate and higher iron ore volumes on iron ore royalty income.

After adjusting for new accounting standards changes, general government expenses increased by 5% (or \$1.4 billion) in 2019-20 compared to 2018-19, slightly above the decade average of 4.8%. Relative to the Mid-year Review estimated growth of 3.1%, this increase mainly reflects unanticipated spending in relation to the COVID-19 pandemic response.

Capital spending on infrastructure in 2019-20 was \$5.2 billion, \$457 million lower than the Mid-year Review estimate. This lower outcome was largely attributed to construction delays, including as a result of COVID-19 pandemic restrictions and supply disruptions.

Total public sector net debt at 30 June 2020 was \$35.4 billion, \$724 million lower than estimated in the Mid-year Review. Net debt was largely unchanged from the \$35.5 billion recorded at 30 June 2019, reflecting a stronger total public sector cash outcome for 2019-20, offset by new lease recognition arrangements under AASB 16: *Leases*.

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<sup>1</sup> This chapter mainly focuses on variations in outcomes between the mid-year revision published in the State's 2019-20 Mid-year Review and the final outcomes for 2019-20 and, where important, comparisons to the previous financial year (2018-19). Comparisons to the original 2019-20 Budget projections (presented to the Legislative Assembly on 9 May 2019) are available in Appendix 4: *Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2020*.

<sup>2</sup> Two new revenue standards came into effect for periods commencing on or after 1 January 2019. AASB 15: *Revenue From Contracts With Customers* and AASB 1058: *Income of Not-For-Profit Entities* include a number of changes to rules for revenue recognition. The key change from these standards for the 2019-20 Annual Report on State Finances is the removal of Commonwealth grants paid 'through' the State to local governments and non-government schools. To assist readers to understand movements in aggregates discussed in this report, explanatory information about changes since the 2018-19 outcomes removes \$1.6 billion in grants revenue and expenses from 2018-19 data to present a consistent basis of comparison for annual movements. Readers should note that in line with accounting standards requirements, numerical data in tables throughout this chapter and the appendices to this report are unadjusted and remain in line with the applicable accounting standards for the periods reported.

The following table summarises the key financial outcomes for 2019-20.

<b>KEY BUDGET AGGREGATES</b>					Table 1
Western Australia					
	2018-19 <sup>(a)</sup>	2019-20			
	Actual	Budget Estimate	MYR Revision	Actual	
<b>GENERAL GOVERNMENT SECTOR</b>					
<b>Net Operating Balance (\$m)</b>	<b>1,317</b>	<b>1,533</b>	<b>2,589</b>	<b>1,669</b>	
Revenue (\$m)	32,006	31,334	32,553	32,162	
Revenue Growth (%) <sup>(b)</sup>	9.1	4.7	6.9	5.9	
Expenses (\$m)	30,689	29,801	29,964	30,493	
Expense Growth (%) <sup>(b)</sup>	2.5	1.5	3.1	5.0	
Net Debt at 30 June (\$m)	22,990	27,705	23,251	23,758	
General Government Net Debt as a Share of Total Public Sector Net Debt (%)	64.8	70.1	64.3	67.0	
<b>TOTAL PUBLIC SECTOR</b>					
Net Debt at 30 June (\$m)	35,462	39,531	36,173	35,449	
Asset Investment Program (\$m)	4,965	5,646	5,646	5,188	
Cash Surplus/Deficit (\$m)	-924	-248	1,961	2,217	

(a) As published in the 2018-19 *Annual Report on State Finances* (ARSF). Excludes new accounting standards applicable in 2019-20.

(b) Budget, Mid-year Review and actual growth rates for 2019-20 abstract from the impact of new accounting standards which take effect for reporting periods commencing on or after 1 January 2019. Annual growth in revenue and expenses in 2019-20 compared with the unadjusted outturn published in the 2018-19 ARSF was 0.5% and -0.6% respectively.

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

Key economic parameters for 2019-20 are summarised in the following table.

<b>KEY ECONOMIC PARAMETERS</b>					Table 2
Western Australia					
	2018-19	2019-20			
	Actual	Budget Estimate	MYR Revision	Actual	
<b>Demand and Output (%) <sup>(a)(b)</sup></b>					
Household Consumption	1.0	1.75	1.25	-2.0	
Dwelling Investment	-3.8	-2.75	-7.0	-13.1	
Business Investment	-7.1	6.0	6.0	9.3	
Government Consumption	1.8	1.75	1.5	5.2	
Government Investment	-1.4	10.5	10.5	3.2	
State Final Demand	-0.8	3.0	2.25	1.1	
Merchandise Exports	1.6	4.0	4.0	0.7	
Merchandise Imports	-7.2	2.5	2.0	1.4	
Net Exports <sup>(c)</sup>	4.9	4.5	4.5	3.8	
Gross State Product <sup>(d)</sup>	1.0	3.5	3.0	2.0	
<b>Labour Market (%)</b>					
Population <sup>(a)(e)</sup>	1.0	1.3	1.3	1.3	
Employment <sup>(a)</sup>	0.9	1.75	1.5	0.1	
Unemployment Rate <sup>(f)</sup>	6.1	6.0	5.75	6.1	
Participation Rate <sup>(f)</sup>	68.3	68.6	68.2	67.5	
<b>Prices (%) <sup>(a)</sup></b>					
Consumer Price Index	1.3	1.75	1.75	1.3	
Wage Price Index	1.6	2.25	2.0	1.7	
Perth Median House Price <sup>(g)</sup>	-2.3	1.1	-1.1	-2.5	
<b>Other Key Parameters <sup>(f)</sup></b>					
Exchange Rate \$US/\$A (cents)	71.5	71.4	68.2	67.1	
Iron Ore Price (\$US/t) (CFR)	80.4	73.5	85.8	92.9	
Iron Ore Volumes (million dry tonnes)	795	837	832	836	
Crude Oil Price (\$US/barrel)	68.6	67.1	61.8	51.3	
<b>Interest Rate Assumptions (%) <sup>(f)</sup></b>					
Public Bank Account Earnings	2.2	2.1	1.2	1.1	
Consolidated Account Borrowings	3.1	3.0	2.8	2.8	

(a) Annual growth.

(b) Based on 2018-19 annual State Accounts, updated with State Final Demand and Balance of Payments data published for the June quarter 2020. Actual data for 2019-20 for Gross State Product, merchandise imports, and net exports is not available until 20 November 2020.

(c) Net exports refer to international trade in both goods and services.

(d) Forecasts for ownership transfer costs, international trade in services and the balancing item are not separately reported.

(e) Actual population figure for 2019-20 is not available until 17 December 2020.

(f) Data expressed as annual average during the financial year.

(g) 2019-20 actual based on preliminary data from the Real Estate Institute of Western Australia and is subject to revision.

Note: Statistical outcomes sourced from the ABS are subject to periodic revision by that organisation.

## Results Compared to Estimated Outturn

**General Government Sector****Operating Statement**

The general government sector recorded a \$1.7 billion operating surplus in 2019-20, the second consecutive surplus after four years of operating deficits. The 2019-20 outcome was \$920 million lower than estimated in the Mid-year Review, reflecting lower than projected revenue (down \$390 million) and higher than expected expenses (up \$529 million).

Table 3

**GENERAL GOVERNMENT**  
Operating Statement

	2018-19	2019-20			Variation on MYR \$m (4)=(3)-(2)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Actual \$m (3)	
<b>REVENUE</b>					
Taxation	8,616	9,088	9,011	9,077	66
Current grants and subsidies	10,210	9,607	9,573	9,379	-194
Capital grants	873	943	980	642	-339
Sales of goods and services	2,734	2,724	2,796	2,754	-42
Interest income	168	160	148	124	-24
Revenue from public corporations					
Dividends	1,350	1,203	1,334	392	-942
Tax equivalent income	642	641	628	732	103
Royalty income	6,713	6,375	7,505	8,450	945
Other	701	594	577	614	37
<i>Total</i>	<i>32,006</i>	<i>31,334</i>	<i>32,553</i>	<i>32,162</i>	<i>-390</i>
<b>EXPENSES</b>					
Salaries	12,269	12,520	12,595	12,887	293
Superannuation					
Concurrent costs	1,213	1,228	1,242	1,276	34
Superannuation interest cost	135	138	79	89	10
Other employee costs	447	234	350	401	51
Depreciation and amortisation	1,445	1,865	1,852	1,751	-101
Services and contracts	2,538	2,751	2,877	2,590	-287
Other gross operating expenses	5,645	5,704	5,035	5,391	356
Interest					
Interest on leases	89	194	168	142	-27
Other interest	859	811	745	737	-8
Current transfers	5,426	4,123	4,778	5,003	225
Capital transfers	625	235	243	228	-16
<i>Total</i>	<i>30,689</i>	<i>29,801</i>	<i>29,964</i>	<i>30,493</i>	<i>529</i>
<b>NET OPERATING BALANCE</b>	<b>1,317</b>	<b>1,533</b>	<b>2,589</b>	<b>1,669</b>	<b>-920</b>

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



Key changes to the general government sector operating surplus for 2019-20 relative to the estimated outturn in the Mid-year Review are shown in the following table. Detail of key movements between the original 2019-20 Budget and the final outcome is available in Appendix 4 of this report.

Table 4

**SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE  
VARIATIONS SINCE THE 2019-20 MID-YEAR REVIEW**

	\$m
<b>NET OPERATING BALANCE - 2019-20 MID-YEAR REVIEW</b>	<b>2,589</b>
<b>Revenue</b>	
Taxation, comprising:	
- Payroll tax	-139.2
- Total duty on transfers	146.1
- Insurance duty	30.7
- Motor vehicle registrations	15.5
- All other taxes	12.8
<i>Sub-Total</i>	65.9
Commonwealth grants, comprising:	
- GST grants	-93.1
- North West Shelf grants/condensate compensation	-147.9
- Health grants	247.0
- Transport grants	-414.9
- All other grants	-124.0
<i>Sub-Total</i>	-532.9
Revenue from public corporations	-838.9
Royalty income, comprising:	
- Iron ore royalties	1,039.7
- All other royalty income	-95.1
<i>Sub-Total</i>	944.6
All other revenue	-29.1
<b>TOTAL REVENUE</b>	<b>-390.4</b>
<b>Expenses</b>	
WA Health	141.2
Operating subsidies	
- Synergy	450.8
- Public Transport Authority	38.3
Transfer of Crown reserves to local governments	32.1
Fire and Emergency Services	19.5
Reversal of 2019-20 Budget underspend provision	300.0
<i>Fully offset by:</i>	
Main Roads	-323.4
Primary Industries and Regional Development	-63.7
Education	-37.4
Training and Workforce Development	-31.4
Jobs, Tourism, Science and Innovation	-29.8
Justice	-23.1
Communities	
- Commonwealth-administered National Disability Insurance Scheme	-320.8
- State-administered disability services	253.8
- Other expenses	57.9
All other expenses	65.0
<b>TOTAL EXPENSES</b>	<b>529.2</b>
<b>TOTAL VARIANCE</b>	<b>-919.6</b>
<b>NET OPERATING BALANCE - 2019-20 ANNUAL REPORT ON STATE FINANCES</b>	<b>1,669</b>

Note: Column may not add due to rounding.

## Revenue

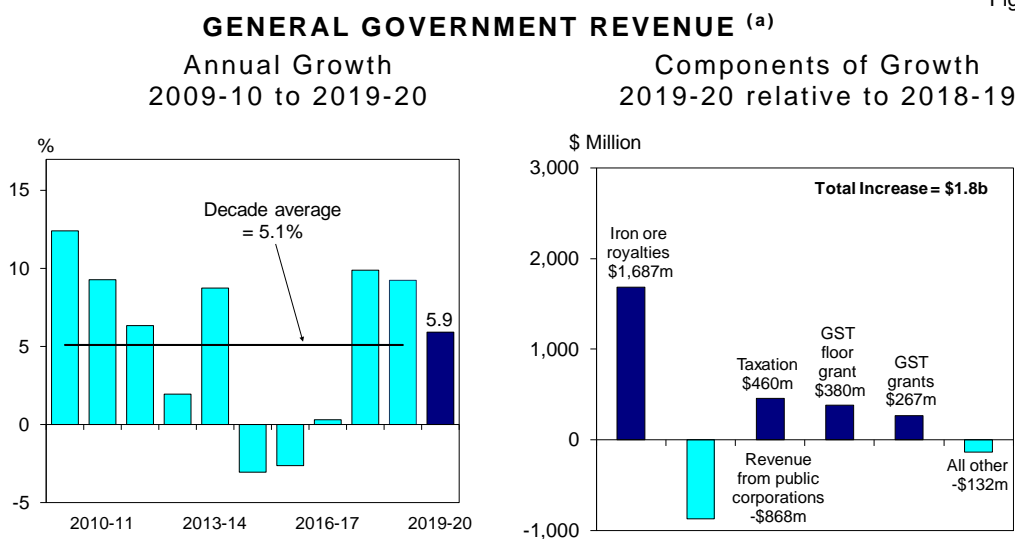
General government revenue in 2019-20 was \$32.2 billion, \$390 million (or 1.2%) lower than the estimated outturn in the 2019-20 Mid-year Review. This lower outcome mainly reflects the combined impact of:

- higher royalty income (up \$945 million), primarily due to a higher benchmark iron ore price (which averaged \$US92.9 per tonne through the year relative to the Mid-year Review assumption of \$US85.8 per tonne);
- lower revenue from public corporations (down \$839 million), largely driven by:
  - lower dividend payments from the Water Corporation (down \$592 million), Western Power (down \$214 million), Pilbara Ports Authority (down \$58 million), Fremantle Port Authority (down \$29 million) and Southern Ports Authority (down \$28 million), primarily reflecting the deferral of 2019-20 interim dividend payments to 2020-21 to reduce the need for new borrowing late in 2019-20 during a period of financial market uncertainty resulting from the COVID-19 pandemic; and
  - higher income tax equivalent payments by the Insurance Commission of Western Australia (up \$69 million, mainly due to higher than expected investment returns in 2018-19 that resulted in a higher final tax payment in December 2019) and the Water Corporation (up \$35 million, largely as a result of increased volumetric water consumption and lower interest expenses);
- lower grants from the Commonwealth (down \$533 million), largely reflecting:
  - lower transport-related grants (down \$329 million), mainly due to:
    - the retiming from 2019-20 to later years of road and METRONET project funding, including for Armadale Road Bridge - North Lake Road Flyover, Roe Highway - Kalamunda Road, Great Northern Highway - Muchea to Wubin and Kwinana Freeway - Russell to Roe (down \$147 million); and
    - the inclusion in the 2019-20 Mid-year Review of retimed infrastructure grants expected under new Australian accounting standard AASB 15: *Revenue from Contracts With Customers* (\$200 million) which did not emerge following clarification of the application of the new standard for 2019-20 annual reporting;
  - higher health-related grants (up \$247 million), mainly due to funding received under the National Partnership Agreement for COVID-19 Response, reflecting the Commonwealth's financial contribution to increase the capacity of the health system to effectively respond to the COVID-19 pandemic, and increased funding under the National Health Reform Agreement following the annual reconciliation of prior year activity;
  - lower North West Shelf grants, including Commonwealth compensation for crude oil excise arrangements (down \$148 million), largely due to lower than forecast oil prices (benchmark Brent crude averaged \$US51.3/bbl compared to the \$US61.8/bbl Mid-year Review assumption) and lower Liquefied Natural Gas (LNG) prices;

- lower GST grants (down \$93 million), mainly due to reduced national GST collections, in line with the Commonwealth’s forecast for the GST pool in its December 2019 *Mid-Year Economic and Fiscal Outlook* (further downward revisions as a result of the COVID-19 pandemic are expected to be made in arrears as an offset to the 2020-21 GST grant throughout 2020-21);
- lower transport-related recurrent grants (down \$86 million), primarily reflecting timing of spending on remote projects including Tanami Road, Outback Way and Duncan and Gordon Downs Road, due in part to COVID-19 restrictions; and
- lower ‘other’ Commonwealth grants (down \$124 million), mostly due to movement in the timing of National Partnership grants now expected to be received in later years; and
- higher taxation revenue (up \$66 million), mainly due to:
  - higher total duty on transfers (up \$146 million), primarily reflecting a higher than forecast value of large one-off commercial transactions, the number and value of which tend to be infrequent and volatile;
  - lower payroll tax (down \$139 million), largely due to the Government’s payroll tax waiver for small to medium businesses from March to June 2020, an exemption for JobKeeper payments, and softer underlying labour market conditions due to the COVID-19 pandemic;
  - higher insurance duty (up \$31 million), consistent with increases in the volume and prices of dutiable insurance products and an unexpected lump sum payment received in January 2020; and
  - higher motor vehicle registrations (up \$16 million), largely due to an increase in the number of registrations for both light and heavy vehicles.

After adjustment for accounting standards changes, general government revenue increased by 5.9% (or \$1.8 billion) relative to 2018-19.

Figure 1



(a) Prior years adjusted for accounting changes for comparability.

Royalties, taxation and other own-source revenue accounted for just over two thirds of general government revenue in 2019-20, with the remaining almost one third comprised of Commonwealth grants (including the GST grant and Western Australia's GST floor grant<sup>3</sup>, which together comprised 13.3% of total revenue in 2019-20).

## Expenses

General government expenses totalled \$30.5 billion in 2019-20, \$529 million (or 1.8%) higher than the estimated outturn in the 2019-20 Mid-year Review. This higher outcome primarily relates to additional spending associated with the COVID-19 pandemic response, and includes:

- WA Health (up \$141 million), mainly due to higher salaries (as the sector responded to the pandemic) and additional COVID-19 related expenditure (funded by both the State and the Commonwealth as part of the National Partnership on COVID-19 Response); and
- higher operating subsidies for:
  - Synergy (up \$451 million), mainly reflecting the funding of COVID-19 support and stimulus measures, including the Small Business and Charity Tariff Offset and one-off doubling of the Energy Assistance Payment. The higher than expected subsidy also funded a range of revenue shortfalls for costs for initiatives that Synergy is unable to recover, including in relation to the Tariff Equalisation Contribution, Renewable Energy Buyback Scheme and Feed-in Tariff scheme; and
  - the Public Transport Authority (up \$38 million), largely due to foregone revenue as a result of the impact of the COVID-19 pandemic on public transport patronage, and increased cleaning on the public transport fleet and facilities to reduce the risk of virus transmission.

Other material increases since the 2019-20 Mid-year Review include:

- higher than expected transfers of reserves by the Department of Planning, Lands and Heritage to various local governments (up \$32 million), for care, management and control through Management Orders; and
- Fire and Emergency Services (up \$20 million), primarily reflecting expenditure associated with bushfire suppression and natural hazard incidents.

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<sup>3</sup> Western Australia's GST floor grant totalled \$1,248 million for 2019-20 and reflects the difference between the Commonwealth Grants Commission recommended GST relativity equivalent to 51.8% of the State's population share of national GST collections, and the Commonwealth Government's agreement with Western Australia for a 70% relativity floor. Of the total grant, the Commonwealth paid \$434 million in April 2019 with the remaining \$814 million received in 2019-20.

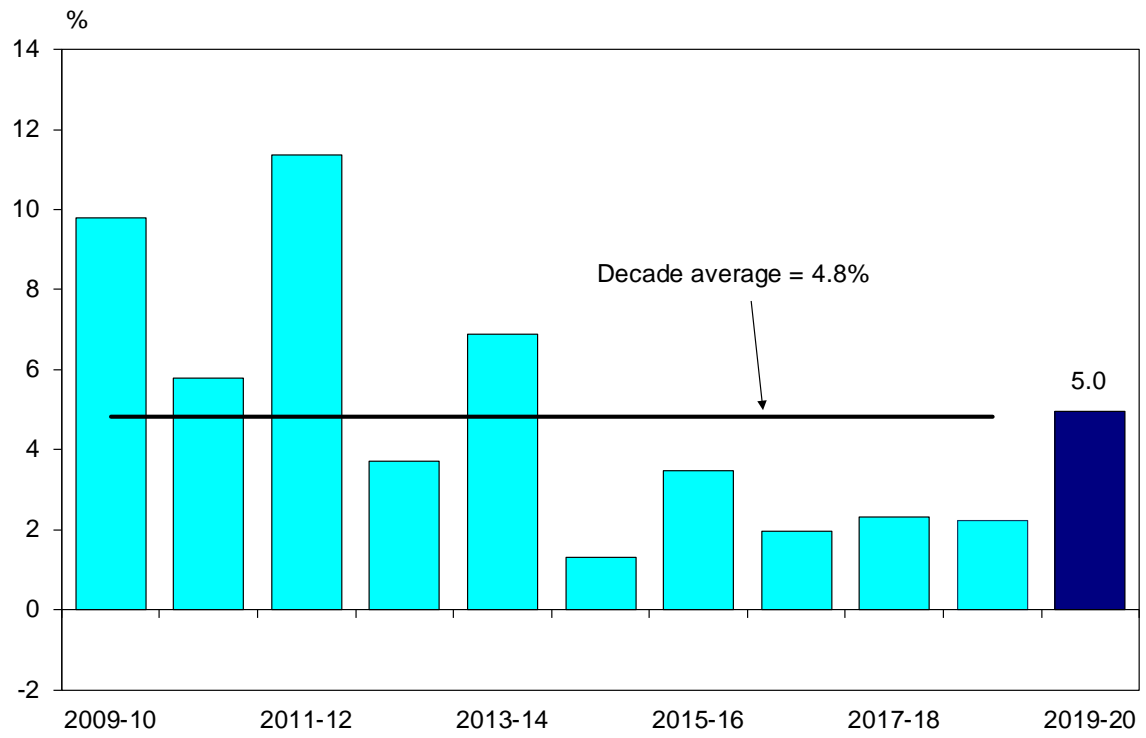
The 2019-20 Mid-year Review (and the original 2019-20 Budget) included a \$300 million global provision for anticipated agency recurrent underspending for the year, based on the average recurrent underspend for the general government sector over the past five years. Actual outcomes for the following agencies more than offset this provision:

- Main Roads (down \$323 million), mainly reflecting the reclassification of recurrent maintenance expenditure to capital investment, lower spending on grants for flood damage and on local government road works, underspending on remote road projects (partially due to COVID-19 regional travel restrictions) and lower depreciation and asset transfer expenses;
- Primary Industries and Regional Development (down \$64 million), largely due to delays in various Royalties for Regions projects such as the Regional Telecommunications Project, State Agricultural Telecommunication Infrastructure Fund, Regional Development Leverage Unit and the Regional Aged Accommodation Program, reflecting later than expected submission of project proposals by proponents, travel restrictions during the COVID-19 pandemic, and grant recipients being unable to meet milestones and financial obligations due to the pandemic;
- Education (down \$37 million), primarily due to the retiming of some maintenance expenditure from 2019-20 to 2020-21;
- Training and Workforce Development (down \$31 million), largely reflecting a reduction in grants to training providers, due to lower than forecast training enrolments partly as a result of the onset of the pandemic;
- Jobs, Tourism, Science and Innovation (down \$30 million), mainly due to lower tourism marketing and events expenditure as a result of COVID-19;
- Justice (down \$23 million), mainly reflecting lower than forecast participation in the National Redress Scheme for Institutional Child Sexual Abuse and lower than expected services and contracts expenses, partly offset by higher salaries; and
- Communities (down \$9 million), largely reflecting the combined impact of:
  - lower payments to the National Disability Insurance Agency for the Commonwealth-administered National Disability Insurance Scheme (NDIS) (down \$321 million), as a result of the slower than expected transition of State clients into the NDIS;
  - higher spending for State-administered disability services (up \$254 million), as a result of the continued provision of State-administered services to clients prior to their transition to the NDIS; and
  - higher grants payments (up \$34 million), primarily as a result of increased demand for front line child protection services, as well as high needs and specialised placements for children in care, and subsidy payments related to the COVID-19 response.

Adjusting 2018-19 data for the impacts of new accounting standards, growth in expenses was 5% in 2019-20, up from the Mid-year Review estimate of 3.1%. The increase mainly reflects additional spending in relation to the COVID-19 pandemic response, particularly by WA Health, Synergy and the Public Transport Authority.

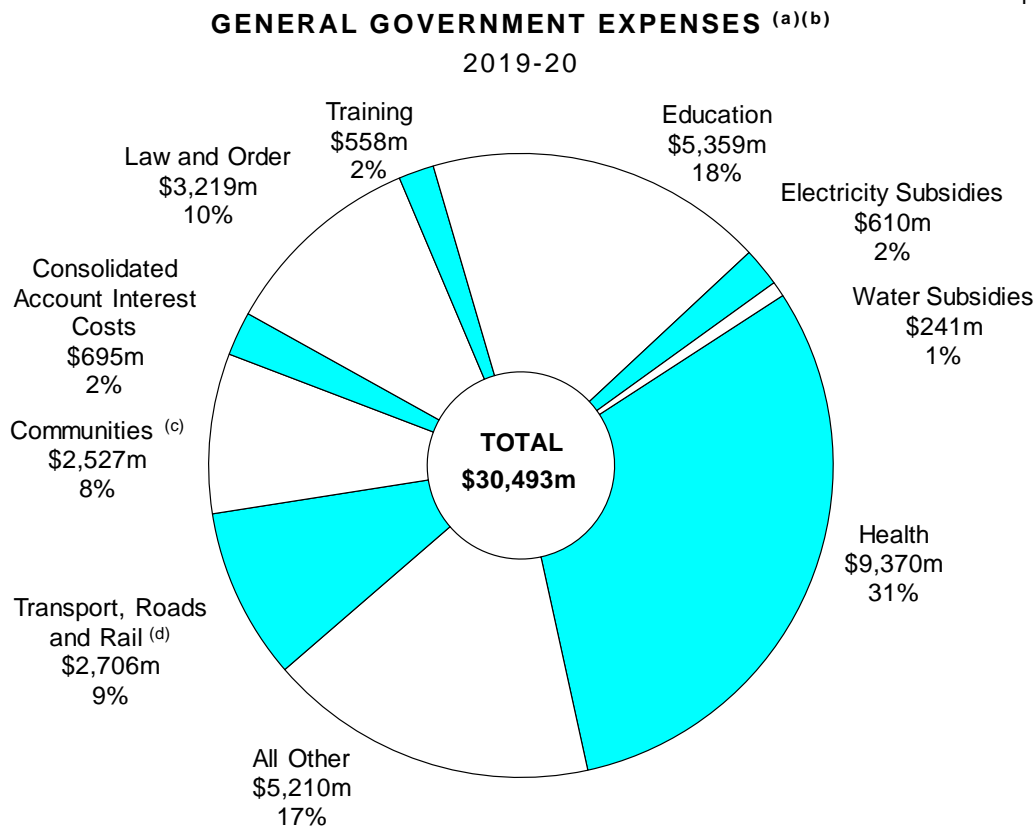
Figure 2

**EXPENSE GROWTH (a)**  
General Government Sector



(a) Prior years adjusted for accounting changes for comparability.

Figure 3



- (a) Segments may not add due to rounding.
- (b) Excludes valuation decrement expenses brought to account in some agencies. Valuation changes represent the impact of accounting remeasurement of assets and/or liabilities on the balance sheet and are not a recurrent cost of providing services or a component of general government expense transactions.
- (c) The \$2.5 billion for the Department of Communities in this chart represents the general government portion of the Department's recurrent spending (with some expenditure from the former Housing Authority remaining within the public non-financial corporations sector for the purposes of whole-of government reporting).
- (d) Rail component reflects operating subsidies paid to the Public Transport Authority.

At 42%, salaries expenditure remains the single largest component of general government recurrent spending in 2019-20. Growth in salaries expenditure in 2019-20 was 5%, up slightly on the average growth of 4.7% per annum over the last decade.

## Balance Sheet

The net worth<sup>4</sup> of the general government sector (i.e. the value of total assets less total liabilities) increased by \$1.8 billion between 30 June 2019 and 30 June 2020, to stand at \$102.4 billion. This was \$500 million higher than anticipated at the time of the 2019-20 Mid-year Review, mainly reflecting the net impact of:

- higher holdings of financial assets (up \$1.6 billion), largely due to higher than expected liquid financial asset holdings (up \$749 million, mainly for the Public Bank Account), and higher than expected receivables (up \$635 million, mainly reflecting the timing of mining royalty receipts);
- lower general government sector holdings of non-financial assets (down \$566 million), due largely to lower than forecast valuations of land under roads. Partly offsetting this decrease were small increases in other categories of non-financial assets, including property, plant and equipment, right-of-use assets (representing the value of leased assets under AASB 16) and biological assets; and
- higher liabilities (up \$541 million), mainly higher borrowings (up \$760 million) and higher deposits held on behalf of third parties (up \$521 million), partially offset by lower than estimated 'other' liabilities (down \$787 million, largely due to the inclusion in the 2019-20 Mid-year Review of liabilities expected under AASB 15: *Revenue from Contracts With Customers* which did not emerge following clarification of the application of the new standard for 2019-20 annual reporting).

Further information on the general government sector balance sheet position relative to the original 2019-20 Budget forecasts can be found in Appendix 4: *Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2020*.

## Cash Flow Statement

A cash surplus of \$2.1 billion was recorded for the general government sector in 2019-20, the first such surplus since 2007-08, and a \$2.6 billion turnaround on the 2018-19 cash deficit result. This outcome is \$1.2 billion lower than estimated in the 2019-20 Mid-year Review, primarily reflecting lower net cash from operating activities (down \$1.1 billion)<sup>5</sup>, representing the impact on cash of the weaker than expected operating surplus discussed earlier in this chapter.

The cash surplus outcome included \$1.41 billion in proceeds from the partial commercialisation of Landgate, received in October 2019.

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<sup>4</sup> Net worth represents the difference between total assets and total liabilities. Net worth of the total public sector is equivalent to general government sector net worth. This is because the net worth of the public corporations sectors is recorded as an asset on the general government sector balance sheet.

<sup>5</sup> The net cash flow from operating activities is the cash equivalent of the operating balance on the operating statement discussed earlier in this chapter. 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 when cash is paid or received.



## Total Public Sector<sup>6</sup>

### Summary

Reflecting modest improvements in each of the public corporations sectors, and the general government result noted earlier in this chapter, the total public sector operating balance was \$194 million higher than estimated in the 2019-20 Mid-year Review.

Stronger cash results more than offset the implementation of AASB 16: *Leases* and other movements in the balance sheet to deliver a \$724 million lower than expected outcome for total public sector net debt at 30 June 2020.

The following table summarises the key financial aggregates for the total public sector.

<b>TOTAL PUBLIC SECTOR</b>					
Summary Financial Aggregates					
	2018-19	2019-20			Variation on MYR \$m (4)=(3)-(2)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	
<b>OPERATING STATEMENT</b>					
Revenue	51,214	62,297	66,136	65,706	-430
Expenses	50,498	61,203	64,283	63,659	-624
<b>Net Operating Balance</b>	<b>716</b>	<b>1,094</b>	<b>1,853</b>	<b>2,047</b>	<b>194</b>
<b>BALANCE SHEET</b>					
Assets	186,610	189,051	192,144	200,161	8,017
Liabilities	86,017	85,073	90,207	97,723	7,516
<b>Net Worth</b>	<b>100,593</b>	<b>103,978</b>	<b>101,938</b>	<b>102,438</b>	<b>500</b>
<b>CASH FLOW STATEMENT</b>					
Change in net cash held	-1,863	-311	560	2,284	1,724
Cash surplus/-deficit	-924	-248	1,961	2,217	257
<b>Memorandum Item: Net Debt</b>	<b>35,462</b>	<b>39,531</b>	<b>36,173</b>	<b>35,449</b>	<b>-724</b>

Note: Columns may not add due to rounding.

<sup>6</sup> 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*.

## Operating Statement

The total public sector recorded a \$2 billion operating surplus for 2019-20. Excluding dividend transfers (which are counted as revenue in the general government sector), this \$194 million improvement on the surplus estimated in the 2019-20 Mid-year Review largely reflects better than expected results for the public non-financial corporations (PNFC) sector and public financial corporations (PFC) sector (up \$87 million and \$100 million respectively).

### TOTAL PUBLIC SECTOR OPERATING BALANCE

Table 6

#### By Sector

	2018-19 Actual \$m	2019-20			Variation on MYR \$m (4)=(3)-(2)
		Budget Estimate \$m (1)	MYR Revision \$m (2)	Actual \$m (3)	
<b>Net Operating Balance</b>					
General government sector	1,317	1,533	2,589	1,669	-920
Public non-financial corporations sector	648	639	534	621	87
Public financial corporations sector	161	128	109	208	100
<i>less</i>					
General government dividend revenue	1,350	1,203	1,334	392	-942
Public non-financial corporations dividend revenue <sup>(a)</sup>	61	57	70	63	-8
Agency depreciation costs on right of use assets leased from other government sectors <sup>(b)</sup>	-	-54	-26	-3	23
<b>Total public sector net operating balance</b>	<b>716</b>	<b>1,094</b>	<b>1,853</b>	<b>2,047</b>	<b>194</b>

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

(b) Depreciation costs incurred by agencies for right of use assets leased from other agencies within the same sub sector of government are eliminated directly on consolidation. Equivalent costs between internal sectors of government contribute to expenses (and the operating balance) in the sector in which the lessee is classified, but is not matched by a 'depreciation revenue' by the sector in which the lessor is classified. This gives rise to an adjustment against equity for this unmatched internal cost when consolidating the total public sector.

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

### Public Non-Financial Corporations (PNFCs)

An operating surplus of \$621 million was recorded in the PNFC sector in 2019-20, \$87 million higher than estimated in the 2019-20 Mid-year Review. Revenue was \$221 million (or 0.6%) lower than expected, while expenses were \$308 million (or 0.8%) lower, primarily reflecting the net impact of:

- higher revenue (up \$442 million) and expenses (up \$423 million) for Synergy, largely driven by:
  - operating subsidies provided to Synergy to:
    - meet the cost of COVID-19 stimulus measures (the Small Business and Charity Tariff Offset and a one-off doubling of the Energy Assistance Payment); and

- fund a range of revenue shortfalls for costs that cannot be recovered including those associated with the Tariff Equalisation Contribution, Renewable Energy Buyback Scheme and Feed-in Tariff Scheme; and
- a higher than expected electricity cost of supply, including the impact of higher renewable energy obligations;
- lower revenue (down \$424 million) and expenses (down \$444 million) for the Gold Corporation, mainly reflecting marginally lower than anticipated metal volumes;
- lower revenue (down \$202 million) and expenses (down \$216 million) for Racing and Wagering Western Australia, primarily reflecting lower betting turnover, broadly matched by lower betting dividend payouts and other direct costs of sales due to the temporary closure of the retail network and reduction in sporting events during the COVID-19 pandemic;
- lower revenue (down \$90 million) and expenses (down \$54 million) for the Department of Communities (Housing Services), primarily due to:
  - lower sales from the Affordable Housing Program, with a largely equivalent reduction in related expenses, due to softening market conditions and impacts of the COVID-19 pandemic;
  - lower than forecast rent revenue from the Department’s housing portfolio; and
  - movements in remote communities spending due to restrictions related to COVID-19, resulting in a slowdown in works;
- higher revenue (up \$69 million) and expenses (up \$71 million) for Lotterywest, primarily reflecting increased sales broadly matched by increased cost of goods sold, COVID-19 assistance to retailers (\$15 million) and the reallocation of existing grants and additional new grants (\$18 million) associated with the Lotterywest COVID-19 Relief Fund. Increased sales resulted in higher statutory grants to the health, arts and sports sectors (up \$10 million);
- lower revenue (down \$41 million) and expenses (down \$36 million) for the Public Transport Authority, mainly reflecting the impact of the COVID-19 pandemic on Transperth and Transwa patronage, parking, and advertising revenues, and lower debt servicing costs due to lower than forecast interest rates and changes in the timing of asset investment spending; and
- lower revenue (down \$35 million) and expenses (down \$33 million) for DevelopmentWA, mainly reflecting a reduction in development contributions expense as a result of achieving exit outcomes in metropolitan precincts and delays in various regional projects, and underspends in other projects including Subi East and East Perth Power Station.

### ***Public Financial Corporations***

An operating surplus of \$208 million was recorded by the PFC sector in 2019-20, \$100 million stronger than the estimate in the 2019-20 Mid-year Review.

This outcome was largely driven by the net impact of:

- lower revenue (down \$156 million) and expenses (down \$219 million) for the Western Australian Treasury Corporation, primarily due to the revenue and expense impact of lower interest rates;
- lower expenses (down \$87 million) for the Insurance Commission of Western Australia, mainly due to a lower value of insurance claims to 30 June 2020 (arising from a decline in the forecast inflation rate), partially offset by higher tax expenses as a result of stronger profitability; and
- higher revenue (up \$38 million) and expenses (up \$51 million) for RiskCover, largely due to increased premiums, increases in the numbers of large claims and workers' compensation costs.

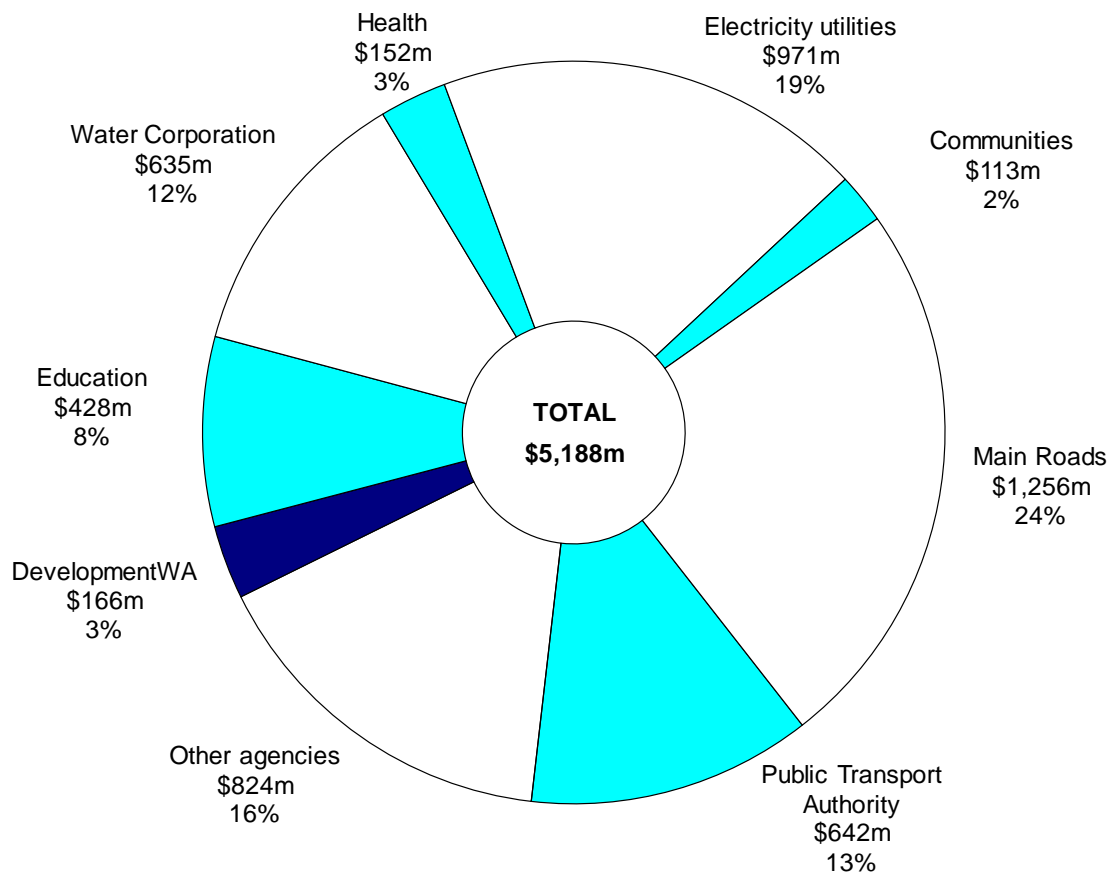
### **Asset Investment**

Infrastructure spending by the total public sector totalled \$5.2 billion in 2019-20, \$457 million lower than estimated in the 2019-20 Mid-year Review.

Both the general government sector and public corporations each spent \$2.6 billion (or 50%) of the State's Asset Investment Program (AIP) in 2019-20, with major areas of investment in roads and public transport (\$1.9 billion), electricity (\$971 million), water (\$635 million), and schools (\$428 million).

Figure 4

**2019-20 ASSET INVESTMENT PROGRAM**  
Total Public Sector



Note: Segments may not add due to rounding.

A significant factor in delivery of the 2019-20 AIP was the onset of the COVID-19 pandemic. Relative to the 2019-20 Mid-year Review, the lower than expected agency AIP outcomes in 2019-20 largely reflect the impact of the following changes:

- Public Transport Authority (including separate provisions for METRONET projects under development, down \$434 million), primarily due to scheduling delays impacted by the COVID-19 pandemic for the Yanchep Rail Extension and Thornlie-Cockburn Link, the Railcar Program, and the Radio Systems Replacement project;
- WA Health (down \$157 million), reflecting delays and timing changes associated with project design activity and procurement processes, mainly in relation to the Medical Equipment Replacement Program, Fiona Stanley Hospital (capital costs for information technology replacement), Perth Children’s Hospital (development and ICT projects), the Quadriplegic Centre Redevelopment, the Newman Health Service Redevelopment and other minor building works;
- DevelopmentWA (down \$124 million), largely due to the impact on the Authority’s land development activities following reduced demand for land and softening in the land and property development market across the regional, metropolitan and industrial programs;

- Communities (Housing Services), down \$103 million, primarily due to continued soft housing market conditions and the COVID-19 pandemic which has impacted the agency's land development and construction activities;
- Education (down \$72 million), mainly reflecting the net impact of changes to timing of capital works expenditure to match construction progress across a number of projects including Harrisdale North Primary School, Balcatta Senior High School and the Infrastructure Power Upgrades program, combined with timing changes in the land acquisition program;
- Fremantle Port Authority (down \$63 million), mainly for Land Acquisition at North Quay, plant and equipment purchases, the replacement of assets and minor works reflecting changes in port user requirements, the reprioritisation of projects, and delays due to COVID-19;
- Water Corporation (down \$60 million), primarily driven by the deferral and reprofiling of capital projects impacted by the COVID-19 pandemic, and delays in approvals and resolving contractual issues;
- Finance (down \$36 million), largely due to underspends in office accommodation fit-outs including new public sector offices in Fremantle, and lower vehicle purchases through State Fleet;
- Justice (down \$29 million), mainly due to timing changes in relation to various projects including Greenough Prison Female Unit, Casuarina Prison Expansion Stage 2, Casuarina Security System Upgrade and Supreme Court Building Upgrades;
- Main Roads (down \$25 million), mainly due to revised project schedules, partially offset by the capitalisation of some spending previously expected to be expensed;
- Western Power (down \$24 million), largely due to COVID-19 pandemic impacts, and contractor and approval delays impacting various projects including the conductor management program and the State Underground Power Program;
- Primary Industries and Regional Development (down \$24 million), primarily due to delays with spending on core systems and information management systems following slower than expected progress with finalising tender contracts. The Department's Kensington site laboratory upgrades have been deferred pending the finalisation of revised planning and scope for the project. COVID-19 restrictions also delayed expenditure across various Royalties for Regions projects;
- Fire and Emergency Services (down \$23 million), mainly due to delays in releasing tenders and awarding contracts, and from COVID-19 impacts including regional boundary and non-essential travel restrictions;
- Synergy (up \$21 million), mainly due to higher than expected expenditure on Kwinana Power Station site rehabilitation works, refurbishment of the cooling tower at Collie Power Station and higher capital works that Synergy undertook on behalf of Western Power in accordance with a network control service arrangement between the entities;

- Western Australia Police Force (down \$19 million), mainly due to delays in spending across a number of projects including the Armadale Courthouse and Police Complex, Capel Police Station, Multifunctional Police Facility Heating, Ventilation and Air-conditioning Systems Replacement, and the Helicopter Replacement Project;
- Horizon Power (down \$15 million), largely due to delays arising from supplier deliveries, Cyclone Damien and the COVID-19 pandemic; and
- the inclusion in the 2019-20 Mid-year Review of an \$858 million underspend provision for the total public sector in anticipation of lower actual spending that would emerge for infrastructure projects by 30 June 2020. This provisioned underspend was in anticipation of the financial impact of the agency movements noted above.

The following table summarises the material agency movements in infrastructure investment for 2019-20 across the total public sector.

<b>INFRASTRUCTURE INVESTMENT</b>					
	2018-19 Actual \$m	2019-20			Variation on MYR \$m (4)=(3)-(2)
		Budget Estimate \$m (1)	MYR Revision \$m (2)	Actual \$m (3)	
<i>General Government</i>					
Commissioner of Main Roads	1,281	1,265	1,281	1,256	-25
Education	417	453	500	428	-72
WA Health	205	340	309	152	-157
Finance	93	139	164	128	-36
Local Government, Sport and Cultural Industries	136	95	127	114	-14
Justice	74	110	135	106	-29
Primary Industries and Regional Development	16	46	37	13	-24
Western Australia Police Force	59	87	81	62	-19
Fire and Emergency Services	30	51	57	33	-23
Royalties for Regions underspending provision	-	-30	-28	-	28
Provision for Asset Investment Program Underspending and Slippage	-	-350	-415	-	415
All Other	228	299	314	260	-54
<b>Total General Government</b>	<b>2,540</b>	<b>2,505</b>	<b>2,563</b>	<b>2,553</b>	<b>-10</b>
<i>Public Corporations</i>					
Western Power	672	850	856	832	-24
Public Transport Authority	417	1,169	1,017	642	-375
METRONET Projects Under Development	-	61	60	-	-60
Water Corporation	658	700	695	635	-60
DevelopmentWA	144	246	290	166	-124
Port Authorities	204	139	220	132	-88
Communities (Housing Services)	154	216	213	111	-103
Horizon Power (Regional Power Corporation)	80	62	87	72	-15
Synergy (Electricity Generation and Retail)	69	41	47	68	21
Provision for Asset Investment Program Underspending and Slippage	-	-350	-415	-	415
All Other	50	69	93	29	-63
<b>Total Public Corporations</b>	<b>2,448</b>	<b>3,203</b>	<b>3,162</b>	<b>2,687</b>	<b>-476</b>
Internal purchases between sectors	-24	-61	-79	-51	28
<b>TOTAL PUBLIC SECTOR</b>	<b>4,965</b>	<b>5,646</b>	<b>5,646</b>	<b>5,188</b>	<b>-457</b>

## 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 total public sector cash surplus of \$2.2 billion was recorded for 2019-20, a \$257 million improvement on the 2019-20 Mid-year Review forecast. This represents a substantial \$3.1 billion turnaround on the \$924 million cash deficit recorded in 2018-19, and is the first cash surplus result since 2007-08. The cash surplus includes \$1.41 billion in proceeds from the partial commercialisation of Landgate (received in October 2019).

At \$5.7 billion, net cash flows from operating activities were \$52 million higher than estimated in the 2019-20 Mid-year Review. This reflects the weaker than expected cash operating outcomes for the general government sector discussed earlier (down \$1.1 billion) and a softer cash operating outturn for the PFC sector (down \$238 million), partially offset by higher cash outcomes in the PNC sector (up \$478 million).

Net cash flows from infrastructure spending were \$3.5 billion in 2019-20 (down \$205 million relative to the 2019-20 Mid-year Review). This included \$457 million in lower than expected spending on the State's Asset Investment Program, partially offset by lower sales of non-financial assets (down \$253 million, mainly due to lower land sales reflecting property market conditions).

## Net Debt<sup>7</sup>

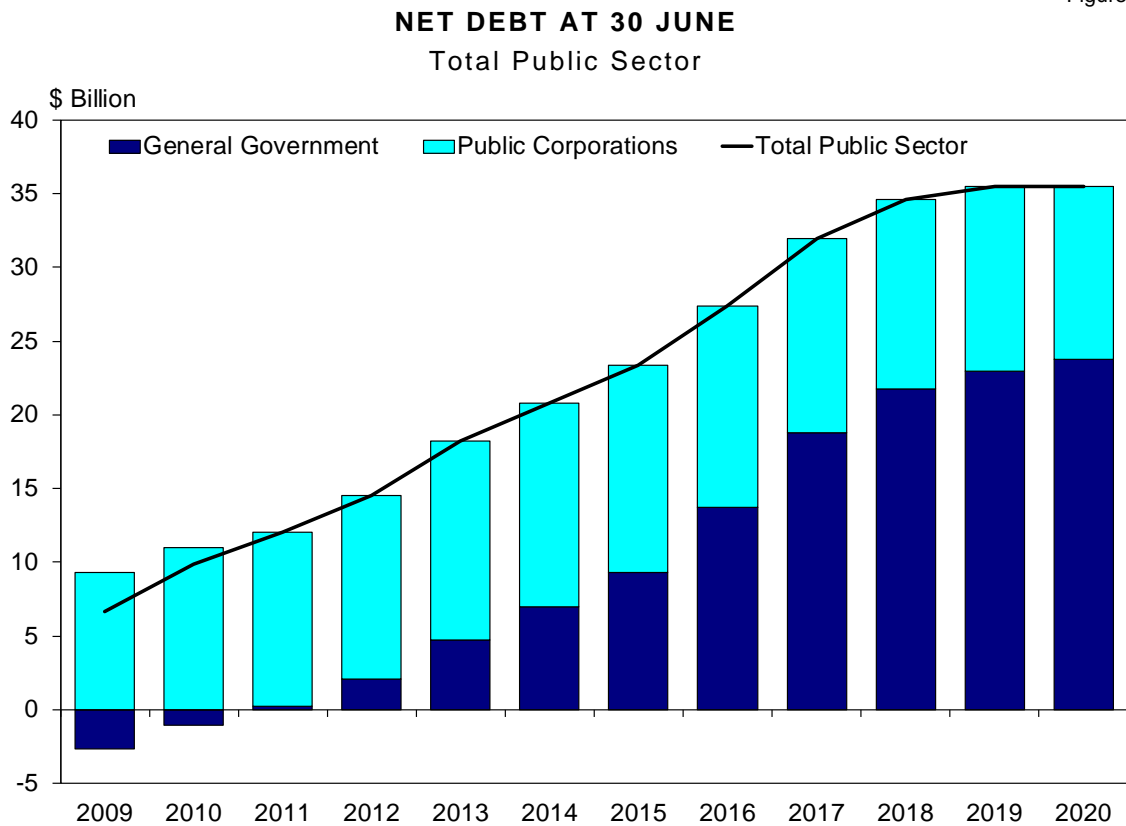
Total public sector net debt at 30 June 2020 totalled \$35.4 billion, \$724 million lower than estimated in the 2019-20 Mid-year Review. This largely reflects the lower than expected Asset Investment Program and lower than expected lease liabilities (following implementation of AASB 16: *Leases* this year), along with other net changes to gross debt and liquid financial assets.

Net debt at 30 June 2020 was largely unchanged from the outcome reported in the 2018-19 ARSF. This follows over a decade of annual increases averaging \$2.7 billion. Relative to 30 June 2019, the improving general government sector financial outlook (including the cumulative impact of recent Budget repair measures and higher than expected revenue from iron ore royalties) largely offset the impact of bringing the broader definition of leases to book as borrowings as a result of implementing AASB 16.

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<sup>7</sup> Net debt consists of the State's gross debt liabilities (including borrowings, deposits held, leases, etc.), less cash and other liquid assets (cash holdings and investments, loans and advances by government to other sectors, etc.).

Figure 5



General government sector net debt increased by \$767 million during 2019-20, while net debt for the public corporations sectors decreased by \$781 million. The proportion of net debt held by the general government sector increased from 64.8% at 30 June 2019 to 67% at 30 June 2020.

State borrowings held by the Consolidated Account reduced by \$540 million during 2019-20, with \$1.3 billion repaid through the Debt Reduction Account, partially offset by new borrowings undertaken as the COVID-19 pandemic commenced (\$777 million). The \$1.3 billion repayment of debt was sourced from the State's GST floor grant for 2019-20 (totalling \$1.2 billion) and surplus funds returned to the Consolidated Account by RiskCover (\$69 million).

Table 8

**TOTAL PUBLIC SECTOR NET DEBT**  
At 30 June

	2019	2020
	\$m	\$m
Consolidated Account borrowings	25,966	25,426
Other Public Bank Account net assets <sup>(a)</sup>	-3,466	-4,158
Western Power	7,383	7,587
Water Corporation	6,177	5,623
Public Transport Authority	1,924	1,834
Horizon Power	934	930
Housing Authority	639	663
Public financial corporations <sup>(b)</sup>	-4,340	-4,409
All other <sup>(c)</sup>	245	1,953
<b>Total Public Sector Net Debt at 30 June</b>	<b>35,462</b>	<b>35,449</b>

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

(b) Includes the Insurance Commission of Western Australia which holds significant liquid financial assets for the future payment of non-debt insurance claims.

(c) The increase in 2020 reflects the recognition of lease liabilities across the remainder of the public sector (net debt for the agencies listed above includes lease remeasurements under AASB 16).

The table below reconciles movements in net debt at 30 June 2020 since the 2019-20 Mid-year Review.

Table 9

**SUMMARY OF TOTAL PUBLIC SECTOR NET DEBT VARIATIONS  
SINCE THE 2019-20 MID-YEAR REVIEW**

	\$m
<b>NET DEBT AT 30 JUNE 2020 - 2019-20 MID-YEAR REVIEW</b>	<b>36,173</b>
<i>Less change in net cash flows from operating activities and dividends paid</i>	
- General government	-1,111.9
- Public non-financial corporations	1,417.0
- Public financial corporations	-211.6
<i>Total</i>	<i>93.5</i>
<i>Plus purchases of non-financial assets</i>	
Public Transport Authority	-374.8
METRONET Projects Under Development	-59.6
WA Health	-156.7
DevelopmentWA	-123.9
Communities (Housing Services)	-102.7
Port Authorities	-88.2
Education	-72.0
Water Corporation	-59.9
Finance	-35.6
Justice	-29.3
Commissioner of Main Roads	-25.2
Western Power	-24.1
Provision for Asset Investment Program Underspending and Slippage	830.0
All other	-135.3
<i>Total purchases of non-financial assets</i>	<i>-457.3</i>
<i>Less proceeds from sale of non-financial assets</i>	
Communities (Housing Services)	-119.4
DevelopmentWA	-71.2
All other	-62.0
<i>Total proceeds from sale of non-financial assets</i>	<i>-252.6</i>
<i>Plus: all other financing transactions <sup>(a)</sup></i>	<i>-426.1</i>
<i>Cumulative impact on net debt at 30 June</i>	<i>-724</i>
<b>NET DEBT AT 30 JUNE 2020 - 2019-20 ANNUAL REPORT ON STATE FINANCES</b>	<b>35,449</b>

(a) Includes changes to lease liabilities, other valuation changes to applicable assets and liabilities, movements in nature of asset classes (which includes changes in the mix of assets that contribute to the calculation of net debt and asset classes outside the debt calculation), restatement of agency net debt assets/liabilities, net acquisition of financial assets for liquidity purposes, etc. These transactions have no associated cashflow reflected in other items in this table. Lease valuations following adoption of AASB 16: Leases for the first time in 2019-20 are largely matched by changes in (non-debt) related right to use assets, and have no material operating or infrastructure cash flows reflected in other items in this table.

Note: Column may not add due to rounding.

## Financial Targets

The *Government Financial Responsibility Act 2000* requires that the Government report on performance against its medium-term financial targets each year in the *Annual Report on State Finances*.

The targets set out in the Government's 2019-20 Budget were to:

- progress towards a net operating surplus for the general government sector, measured by a reduction in the operating deficit outcome relative to the previous year;
- progress towards a cash surplus for the total public sector;
- maintain disciplined general government expense management by:
  - delivering public sector wages outcomes in line with Government wages policy; and
  - ensuring key service delivery agency recurrent spending outcomes are in line with budgeted expense limits in Resource Agreements; and
- reduce the proportion of total public sector net debt held by the general government sector.

Notwithstanding the impact of COVID-19 on the State's finances towards the end of the financial year, the 2019-20 outturn is consistent with achieving three of the Government's five financial targets in 2019-20.

The following table summarises outcomes for the Government's financial targets in 2019-20, with further detail in the section below.

<b>2019-20 FINANCIAL TARGETS</b>			
Compliance			
	Budget	Mid-year Review	Actual
Progress towards a net operating surplus for the general government sector			
- General government net operating balance (\$m)	1,533	2,589	1,669
- <b>Compliance</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
Progress towards a cash surplus for the total public sector			
- Total public sector cash surplus/deficit (\$m)	-248	1,961	2,217
- <b>Compliance</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
Maintain disciplined general government expense management through:			
- delivering public sector wages outcomes in line with Government wages policy			
- <b>Compliance</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
- ensuring key service delivery agency recurrent spending outcomes are in line with budgeted expense limits			
- <b>Compliance</b>	<b>Yes</b>	<b>No</b>	<b>No</b>
Reduce the proportion of total public sector net debt held by the general government sector			
- General government net debt as a share of TPS net debt (%)	70.1	64.3	67.0
- <b>Compliance</b>	<b>No</b>	<b>Yes</b>	<b>No</b>

Table 10

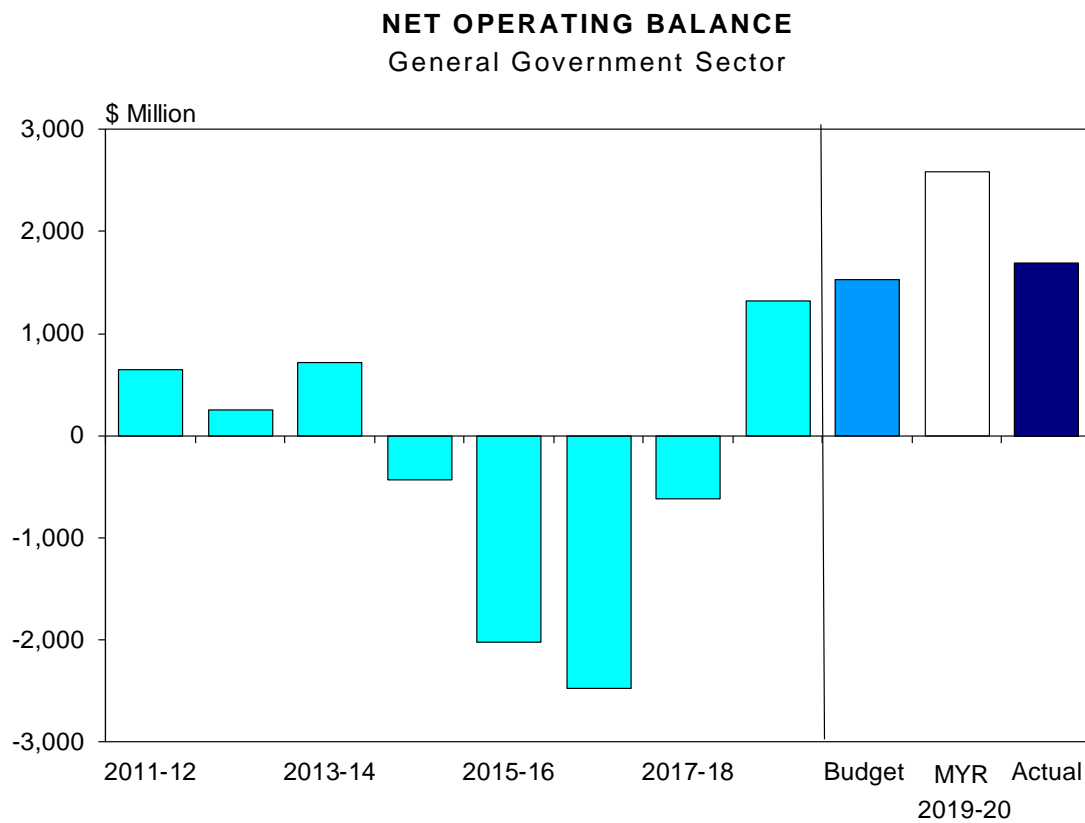
## Performance Against Financial Targets

### Progress Towards a Net Operating Surplus<sup>8</sup> for the General Government Sector

This target was met in 2019-20, with the general government sector recording its second consecutive operating surplus after four years of operating deficits. An operating surplus of \$1.7 billion was recorded in 2019-20.

The 2019-20 outcome is \$920 million lower than the \$2.6 billion estimate included in the 2019-20 Mid-year Review, reflecting lower revenue and higher recurrent spending as a result of the State’s immediate response to the COVID-19 pandemic.

Figure 6

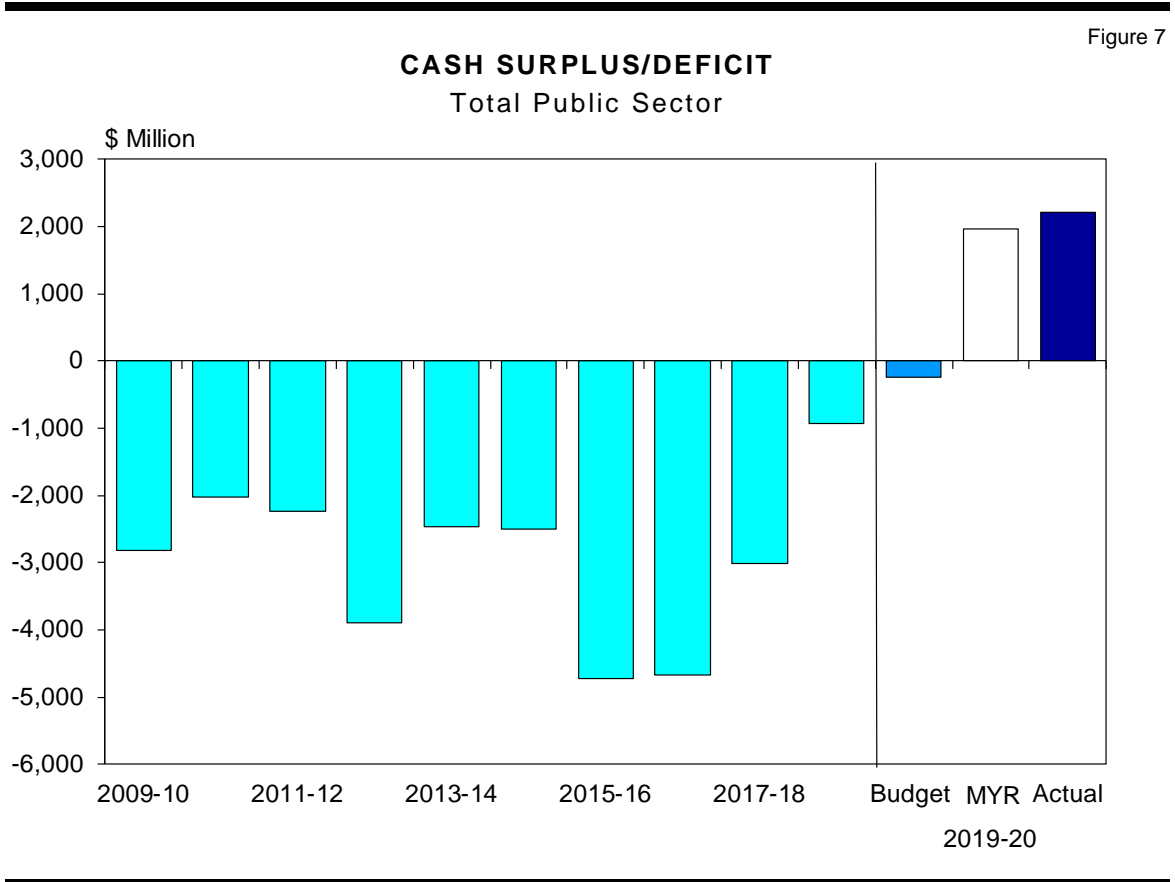


<sup>8</sup> The net operating balance is an accrual-based measure of the day to day operations of the general government sector (excluding capital spending on infrastructure). An operating surplus indicates that the Government can deliver day to day services sustainably, financing them using revenue generated in that financial year.

## Progress Towards a Cash Surplus for the Total Public Sector<sup>9</sup>

This target was met in 2019-20, with the \$2.2 billion cash surplus being the State’s first such surplus since 2006-07.

The cash surplus outcome in 2019-20 represents a \$3.1 billion turnaround on the 2018-19 result (a \$924 million deficit), and includes \$1.41 billion in proceeds from the partial commercialisation of Landgate. The result is a slight improvement on the \$2 billion cash surplus estimated in the Mid-year Review, mainly reflecting lower than expected asset investment spending.



<sup>9</sup> The cash surplus/deficit of the total public sector is a broad measure of financial performance, taking into account the impact of both operating and investing activities across all sectors of government. It provides a comprehensive indication of the public sector’s borrowing requirement.

## Maintain Disciplined General Government Expense Management

This target was partially met in 2019-20. While wage outcomes were in line with the Government's wages policy, three of the sector's top spending agencies exceeded budgeted expense limits by more than 2%.

### *Deliver public sector wages outcomes in line with Government wages policy*

Although a small number of agreements that expired in 2019-20 remain under negotiation, those agreements that have settled, or have been agreed in-principle in the year to 30 June 2020, were all in line with the Government's wages policy (limiting annual increases in wages to \$1,000).

<b>INDUSTRIAL AGREEMENTS (a)(b)</b>			
<b>Agreement</b>	<b>Employees</b>	<b>Expiry Date</b>	<b>Status</b>
<b>Expired in 2018-19</b>			
Enrolled Nurses	2,100	6 Oct 2018	Agreement registered in Jul 2019
Registered Nurses	15,470	11 Oct 2018	Agreement registered in Apr 2019
PTA Salaried Officers	770	25 Oct 2018	Agreement registered in Feb 2019
Education Assistants	10,605	31 Dec 2018	Agreement registered in Feb 2019
Government Services (Miscellaneous)	4,572	31 Dec 2018	Agreement registered in Feb 2019
VenuesWest General Agreement	455	31 Dec 2018	Agreement registered in Mar 2019
Perth Theatre Trust Venues Management	300	31 Dec 2018	Agreement registered in May 2019
Australian Workers' Union <sup>(c)</sup>	500	25 Apr 2019	Agreement registered in Nov 2019
Public Service and General Government Officers	31,845	12 Jun 2019	Agreement registered in Nov 2019
Disability Services Social Trainers	564	12 Jun 2019	Agreement registered in Jan 2020
Insurance Commission (Government Officers)	360	12 Jun 2019	Agreement registered in Jan 2020
School Support Officers	4,212	12 Jun 2019	Agreement registered in Feb 2020
Western Australia Police Officers	6,442	30 Jun 2019	Undergoing Arbitration
<b>Expired in 2019-20</b>			
Medical Practitioners	5,225	30 Sep 2019	Under Negotiation
Education - Teachers and Administrators	29,157	5 Dec 2019	Agreement registered in June 2020
Main Roads	852	31 Jan 2020	Agreement registered in June 2020
TAFE Lecturers	2,521	15 Dec 2019	Agreement registered in Aug 2020
Western Australian Fire Service	1,236	9 Jun 2020	Under Negotiation
Prison Officers	2,358	10 Jun 2020	Agreed in-principle as at 30 Aug 2020
Health Professional, Administrative, Clerical, Technical and Supervisory	16,341	30 Jun 2020	Agreed in-principle as at 30 Aug 2020
(a) Employee numbers sourced from each current agreement.			
(b) Agreements covering 300 or more employees.			
(c) Covers multiple employee groups across a number of agencies.			

### *Ensure key service delivery agency recurrent spending outcomes are in line with budgeted expense limits in Resource Agreements*

This target is met when the 15 largest appropriation-funded agencies remain within 2% of their approved expense limits for the financial year. While the majority of these agencies achieved spending outcomes in line with, or significantly below, the target expense limits, three agencies exceeded the threshold, meaning the target was not met in 2019-20.



Agencies exceeding their approved expense targets in 2019-20 were:

- Finance (up \$40 million), primarily due to a change in accounting treatment of accommodation leases, with most agency office accommodation lease expense impacts (under AASB 16: *Leases*) now reflected directly in the Department's accounts;
- Fire and Emergency Services (up \$20 million), primarily relating to expenditure associated with bushfire suppression and natural hazard incidents; and
- Mines, Industry Regulation and Safety (up \$6.3 million) due to an increase in accrued leave and other expenses (such as software licensing and services provided by other government agencies), partially offset by lower industry management costs (\$10 million).

Overall, recurrent spending by the general government sector was \$529 million (or 1.8%) higher than the estimated outturn in the 2019-20 Mid-year Review.

**AGENCY RECURRENT SPENDING OUTCOMES (a)**  
2019-20

Table 12

	Approved Resource Agreement (MYR)	Functional Transfers Since Approved Limit (b)	Revised Limit	Unadjusted Agency Outturn	Less Remeasurements (c)	Outcome for Target	Variance % (3)=(2)/(1)
	\$m	\$m	\$m	\$m	\$m	\$m	%
			(1)			(2)	(3)=(2)/(1)
WA Health	9,224	-	9,224	9,424	53.4	9,370	1.6
Education	5,328	-	5,328	5,359	-	5,359	0.6
Communities	3,351	6.5	3,358	3,305	-	3,305	-1.6
Western Australia Police Force	1,610	-	1,610	1,595	-	1,595	-0.9
Justice	1,646	-	1,646	1,623	-	1,623	-1.4
Public Transport Authority	1,634	-	1,634	1,602	-	1,602	-2.0
Finance	1,272	-	1,272	1,312	0.7	1,312	3.1
Commissioner of Main Roads	1,550	-	1,550	1,244	-	1,244	-19.7
Mental Health Commission	940	-	940	947	(d)	947	0.7
Training and Workforce Development	589	-	589	558	-	558	-5.3
Primary Industries and Regional Development	501	-0.4	500	451	3.9	447	-10.7
Biodiversity, Conservation and Attractions	404	-	404	618	215.5	402	-0.4
Transport	562	-	562	560	-	560	-0.4
Fire and Emergency Services	451	-	451	471	-	471	4.4
Mines, Industry Regulation and Safety	280	-	280	287	-	287	2.3

(a) The target is met when agencies' recurrent spending outcomes are no more than 2% higher than the amount approved for Resource Agreements for the year.

(b) Included in Appendix 7: *Public Ledger*.

(c) Excludes accounting remeasurement expenses brought to account in some agencies. Valuation decrements represent the accounting remeasurement of assets on the balance sheet and are not a recurrent cost of providing services or a component of general government expenses.

(d) Amount less than \$500,000.

## Reduce the Proportion of Total Public Sector Net Debt Held by the General Government Sector

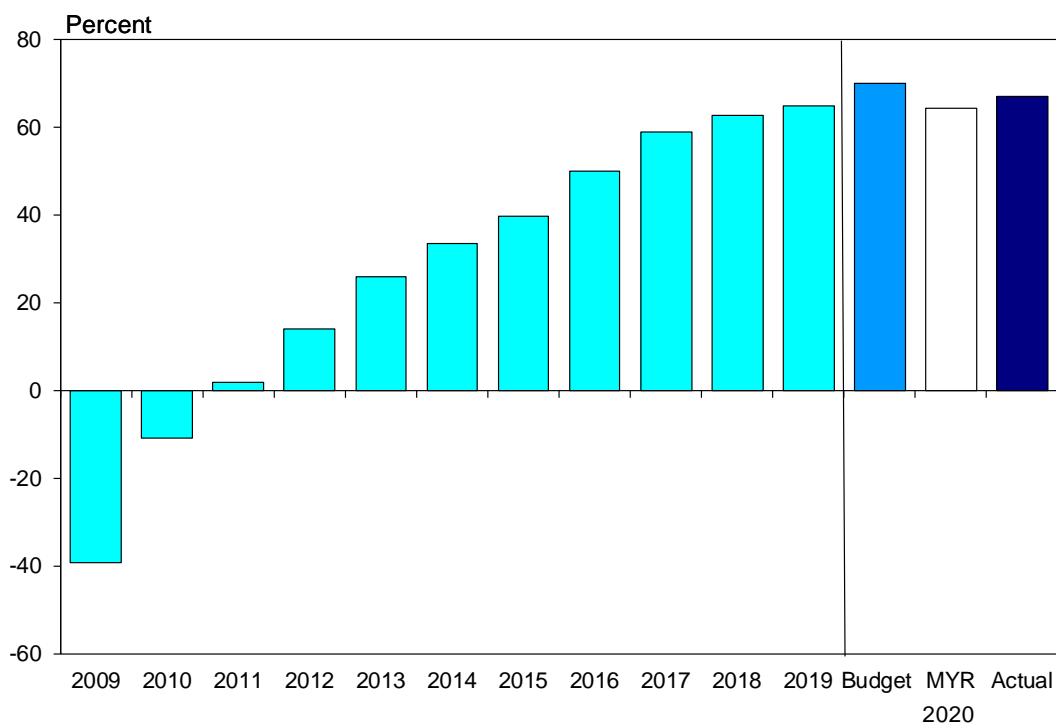
This target was not met in 2019-20. The proportion of total public sector net debt held by the general government sector increased to 67% at 30 June 2020, up from 64.8% the previous year.

With total public sector net debt largely unchanged over 2019-20, the increase in the ratio largely reflects an increase in general government sector net debt, which increased by \$767 million to \$23.8 billion at 30 June 2020. Although the sector recorded a \$2.1 billion cash surplus outcome in 2019-20, the increase in net debt is largely the result of the remeasurement of leases (which are reflected as borrowings following implementation of AASB 16: *Leases* in 2019-20). Abstracting from the impact of the remeasurement of leases, the ratio of general government sector net debt as a share of total public sector net debt would have remained at 64.8%, unchanged from 2018-19.

The largest component of general government sector net debt is State borrowings held by the Consolidated Account. Consolidated Account borrowings were \$540 million lower at 30 June 2020 compared with a year earlier.

Figure 8

### GENERAL GOVERNMENT NET DEBT AS A PERCENTAGE OF TOTAL PUBLIC SECTOR NET DEBT At 30 June





# Financial Statements

<b>Contents</b>	<b>Page</b>
<b>Introduction</b> .....	35
<b>General Government</b>	
Table 1.1: Operating Statement .....	36
Table 1.2: Balance Sheet at 30 June .....	37
Table 1.3: Statement of Changes in Equity .....	38
Table 1.4: Cash Flow Statement .....	39
<b>Public Non-Financial Corporations</b>	
Table 1.5: Operating Statement .....	40
Table 1.6: Balance Sheet at 30 June .....	41
Table 1.7: Statement of Changes in Equity .....	42
Table 1.8: Cash Flow Statement .....	43
<b>Total Non-Financial Public Sector</b>	
Table 1.9: Operating Statement .....	44
Table 1.10: Balance Sheet at 30 June .....	45
Table 1.11: Statement of Changes in Equity .....	46
Table 1.12: Cash Flow Statement .....	47
<b>Public Financial Corporations</b>	
Table 1.13: Operating Statement .....	48
Table 1.14: Balance Sheet at 30 June .....	49
Table 1.15: Statement of Changes in Equity .....	50
Table 1.16: Cash Flow Statement .....	51
<b>Total Public Sector</b>	
Table 1.17: Operating Statement .....	52
Table 1.18: Balance Sheet at 30 June .....	53
Table 1.19: Statement of Changes in Equity .....	54
Table 1.20: Cash Flow Statement .....	55

<b>Contents - continued</b>	<b>Page</b>
<b>Notes to the Consolidated Financial Statements:</b>	
1 Mission Statement - The Government of Western Australia .....	56
2 Statement of compliance .....	56
3 Summary of significant accounting policies .....	57
4 Convergence differences .....	76
5 Classification of the Functions of Government .....	77
6 Operating revenue .....	79
7 Depreciation and amortisation expense .....	79
8 Other gross operating expenses .....	80
9 Other interest .....	80
10 Transfer expenses .....	81
11 Receivables .....	82
12 Land .....	83
13 Other property, plant and equipment .....	84
14 Reconciliation of land and other property, plant and equipment .....	85
15 Fair value measurements .....	87
16 Right-of-use assets .....	102
17 Reconciliation of right-of-use assets .....	103
18 Biological assets .....	105
19 Inventories .....	107
20 Intangible assets .....	108
21 Assets classified as held for sale .....	110
22 Investment properties .....	112
23 Other borrowings .....	113
24 Unfunded superannuation .....	114
25 Other employee benefits .....	119
26 Other liabilities .....	120
27 Reconciliation of net cash flows from operating activities to operating surplus for period.....	123
28 Closing cash balances .....	124
29 Restricted financial assets .....	124
30 Moneys held in trust .....	124
31 Capital expenditure commitments .....	125
32 Contingent assets and liabilities .....	126
33 Financial instruments .....	136
34 Other disaggregated information .....	149
35 Initial application of Australian Accounting Standards.....	155
36 Related party disclosures .....	160
37 Events occurring after the reporting period.....	164
38 Composition of sectors .....	165
39 Budgetary information - comparison of final outcomes to original budget .....	167

## 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 2019-20 Budget Papers presented to the Legislative Assembly on 9 May 2019, 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	2018-19	2019-20		Variation on MYR \$(3) - (2)	
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)		Actual \$m (3)
<b>RESULTS FROM TRANSACTIONS</b>						
<b>REVENUE</b>						
Taxation		8,616	9,088	9,011	9,077	66
Current grants and subsidies		10,210	9,607	9,573	9,379	-194
Capital grants		873	943	980	642	-339
Sales of goods and services		2,734	2,724	2,796	2,754	-42
Interest income		168	160	148	124	-24
Revenue from public corporations						
Dividends from other sectors		1,350	1,203	1,334	392	-942
Tax equivalent income		642	641	628	732	103
Royalty income		6,713	6,375	7,505	8,450	945
Other		701	594	577	614	37
<b>Total</b>	6	<b>32,006</b>	<b>31,334</b>	<b>32,553</b>	<b>32,162</b>	<b>-390</b>
<b>EXPENSES</b>						
Salaries		12,269	12,520	12,595	12,887	293
Superannuation						
Concurrent costs		1,213	1,228	1,242	1,276	34
Superannuation interest cost		135	138	79	89	10
Other employee costs		447	234	350	401	51
Depreciation and amortisation	7	1,445	1,865	1,852	1,751	-101
Services and contracts		2,538	2,751	2,877	2,590	-287
Other gross operating expenses	8	5,645	5,704	5,035	5,391	356
Interest	9					
Interest on leases		89	194	168	142	-27
Other interest		859	811	745	737	-8
Current transfers	10	5,426	4,123	4,778	5,003	225
Capital transfers	10	625	235	243	228	-16
<b>Total</b>		<b>30,689</b>	<b>29,801</b>	<b>29,964</b>	<b>30,493</b>	<b>529</b>
<b>NET OPERATING BALANCE (b)</b>	4	<b>1,317</b>	<b>1,533</b>	<b>2,589</b>	<b>1,669</b>	<b>-920</b>
<i>Other economic flows - included in the operating result</i>						
Net gains on assets/liabilities		59	-60	-106	-27	79
Provision for doubtful debts		2	-14	-14	-126	-112
Changes in accounting policy/adjustment of prior periods		-172	-	-	-44	-44
<b>Total other economic flows</b>		<b>-111</b>	<b>-74</b>	<b>-119</b>	<b>-197</b>	<b>-78</b>
<b>OPERATING RESULT</b>		<b>1,206</b>	<b>1,459</b>	<b>2,469</b>	<b>1,472</b>	<b>-997</b>
<i>All other movements in equity</i>						
<i>Items that will not be reclassified to operating result</i>						
Revaluations		-1,374	861	682	392	-290
Net actuarial gains/loss - superannuation		-814	-261	-447	5	452
Gains recognised directly in equity		-	-60	-71	-1	69
Change in net worth of the public corporations sectors		-1,661	-120	-495	217	712
All other		-	-	-	-239	-239
<b>Total all other movements in equity</b>		<b>-3,849</b>	<b>420</b>	<b>-331</b>	<b>373</b>	<b>704</b>
<b>TOTAL CHANGE IN NET WORTH (c)</b>	4	<b>-2,642</b>	<b>1,879</b>	<b>2,139</b>	<b>1,845</b>	<b>-294</b>
<b>KEY FISCAL AGGREGATES</b>						
<b>NET OPERATING BALANCE</b>		<b>1,317</b>	<b>1,533</b>	<b>2,589</b>	<b>1,669</b>	<b>-920</b>
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets		2,540	2,505	2,563	2,553	-10
Changes in inventories		-	-	1	38	37
Other movement in non-financial assets		146	-	-13	-15	-2
<i>Less:</i>						
Sales of non-financial assets		100	137	1,539	1,476	-63
Depreciation		1,445	1,865	1,852	1,751	-101
<b>Total net acquisition of non-financial assets</b>		<b>1,142</b>	<b>502</b>	<b>-840</b>	<b>-651</b>	<b>189</b>
<b>NET LENDING/-BORROWING</b>	4	<b>175</b>	<b>1,030</b>	<b>3,429</b>	<b>2,320</b>	<b>-1,109</b>

(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.

Table 1.2

**GENERAL GOVERNMENT (a)**  
Balance Sheet at 30 June

	Notes	2019	2020			Variation on MYR \$m (3) - (2)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Actual \$m (3)	
<b>ASSETS</b>						
<i>Financial assets</i>						
Cash and deposits		601	1,178	967	513	-454
Advances paid		713	775	740	715	-25
Investments, loans and placements		4,470	2,924	4,697	5,924	1,228
Receivables	11	3,999	3,127	3,303	3,938	635
Shares and other equity						
Investments in other public sector entities - equity method		40,745	42,148	40,250	40,962	712
Investments in other public sector entities - direct injections		10,000	10,876	11,083	10,602	-482
Investments in other entities		20	15	20	22	2
Other financial assets		8	8	17	8	-9
<b>Total financial assets</b>		<b>60,556</b>	<b>61,052</b>	<b>61,077</b>	<b>62,684</b>	<b>1,607</b>
<i>Non-financial assets</i>						
Land	12	35,600	36,155	36,279	35,238	-1,041
Property, plant and equipment	13,14	45,344	47,199	46,160	46,363	203
Right of use assets	16,17	-	3,865	2,407	2,484	77
Biological assets	18	3	3	3	109	106
Inventories	19					
Land inventories		-	-	-	-	-
Other inventories		71	69	71	108	37
Intangibles	20	626	582	578	603	25
Assets classified as held for sale	21	43	34	43	21	-22
Investment property	22	7	7	-	7	7
Other		245	378	187	229	43
<b>Total non-financial assets</b>		<b>81,940</b>	<b>88,291</b>	<b>85,728</b>	<b>85,162</b>	<b>-566</b>
<b>TOTAL ASSETS</b>		<b>142,496</b>	<b>149,343</b>	<b>146,805</b>	<b>147,847</b>	<b>1,041</b>
<b>LIABILITIES</b>						
Deposits held		686	847	951	1,472	521
Advances received		343	377	351	326	-25
Borrowings						
Lease liabilities		-	3,809	2,405	2,722	317
Other borrowings	23	27,745	27,549	25,946	26,389	443
Superannuation	24	7,062	6,817	7,102	6,818	-284
Other employee benefits	25	3,197	3,103	3,237	3,543	306
Payables		1,425	1,301	1,412	1,463	51
Other liabilities	26	1,445	1,562	3,461	2,674	-787
<b>TOTAL LIABILITIES</b>		<b>41,903</b>	<b>45,365</b>	<b>44,868</b>	<b>45,408</b>	<b>541</b>
<b>NET ASSETS</b>		<b>100,593</b>	<b>103,978</b>	<b>101,938</b>	<b>102,438</b>	<b>500</b>
<i>Of which:</i>						
Contributed equity		-	-	-	-	-
Accumulated surplus		6,317	6,528	9,202	7,587	-1,615
Other reserves		94,276	97,450	92,736	94,851	2,115
<b>NET WORTH</b>	4	<b>100,593</b>	<b>103,978</b>	<b>101,938</b>	<b>102,438</b>	<b>500</b>
<b>MEMORANDUM ITEMS</b>						
<i>Net financial worth</i>		18,653	15,687	16,210	17,276	1,066
<i>Net financial liabilities</i>		32,091	37,352	35,124	34,288	-836
<i>Net debt</i>						
Gross debt liabilities		28,774	32,582	29,654	30,910	1,256
less: liquid financial assets		5,784	4,877	6,403	7,152	749
less: convergence differences impacting net debt		-	-	-	-	-
<b>Net debt</b>		<b>22,990</b>	<b>27,705</b>	<b>23,251</b>	<b>23,758</b>	<b>507</b>

(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
<i>Balance at 1 July 2018</i>	54,923	42,406	5,907	103,236
Operating result	-	-	1,206	1,206
All other movements in equity	-1,392	-1,661	-796	-3,849
<i>Total change in net worth</i>	-1,392	-1,661	411	-2,642
<b>Balance at 30 June 2019</b>	<b>53,531</b>	<b>40,745</b>	<b>6,317</b>	<b>100,593</b>
<i>Balance at 1 July 2019</i>	53,531	40,745	6,317	100,593
Initial application of AASB 16	-	-	-2	-2
Initial application of AASB 15/1058	-	-	-237	-237
<i>Restated balance at 1 July 2019</i>	53,531	40,745	6,078	100,354
Operating result	-	-	1,472	1,472
Movements in equity	392	217	-235	373
<i>Total change in net worth</i>	392	217	1,237	1,845
Other <sup>(a)</sup>	-33	-	272	239
<b>Balance at 30 June 2020</b>	<b>53,889</b>	<b>40,962</b>	<b>7,587</b>	<b>102,438</b>

(a) Adjustment to recognise the impact of the initial application of the new revenue and lease accounting standards on the operating result for 2019-20.

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

Table 1.4

**GENERAL GOVERNMENT (a)**  
**Cash Flow Statement**

	2018-19		2019-20		Variation on MYR \$m (3) - (2)	
	Notes	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)		Actual \$m (3)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<i>Cash received</i>						
Taxes received		8,911	9,104	9,022	9,018	-4
Grants and subsidies received		11,082	11,762	11,788	11,825	37
Receipts from sales of goods and services		2,599	2,750	2,796	2,589	-207
Interest receipts		173	155	143	119	-24
Dividends and tax equivalents		2,092	1,863	2,002	1,071	-931
Other		7,659	8,519	10,099	10,825	727
<i>Total cash received</i>		32,517	34,153	35,850	35,447	-402
<i>Cash Paid</i>						
Wages, salaries and supplements, and superannuation		-13,766	-14,233	-14,285	-14,192	93
Payments for goods and services		-8,473	-8,693	-8,361	-8,494	-133
Interest paid		-950	-1,080	-936	-905	31
Grants and subsidies paid		-5,635	-5,519	-6,166	-6,641	-476
Dividends and tax equivalents		-	-	-	-	-
Other payments		-1,679	-1,574	-1,780	-2,004	-225
<i>Total cash paid</i>		-30,503	-31,099	-31,527	-32,237	-709
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	27	2,014	3,054	4,323	3,211	-1,112
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets		-2,540	-2,505	-2,563	-2,553	10
Sales of non-financial assets		100	137	1,539	1,476	-63
<i>Total cash flows from investments in non-financial assets</i>		-2,441	-2,367	-1,024	-1,077	-53
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes		33	10	10	64	54
For liquidity purposes		308	65	117	56	-61
<i>Cash paid</i>						
For policy purposes		-790	-1,272	-1,285	-862	423
For liquidity purposes		-66	-33	-38	-38	-
<i>Total cash flows from investments in financial assets</i>		-516	-1,230	-1,196	-780	416
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		-2,956	-3,598	-2,220	-1,857	363
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<i>Cash received</i>						
Advances received		17	17	17	17	-
Borrowings		61	1,750	166	845	680
Deposits received		-	-	-	-	-
Other financing receipts		253	181	140	312	171
<i>Total cash receipts from financing activities</i>		330	1,948	323	1,174	851
<i>Cash paid</i>						
Advances paid		-17	-17	-17	-17	-
Borrowings repaid		-513	-1,434	-1,443	-1,379	63
Deposits paid		-	-	-	-	-
Other financing payments		-214	-564	-511	-492	19
<i>Total payments for financing activities</i>		-744	-2,014	-1,970	-1,888	82
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		-414	-66	-1,647	-714	933
<b>Net increase in cash and cash equivalents</b>		<b>-1,355</b>	<b>-610</b>	<b>456</b>	<b>640</b>	<b>184</b>
Cash and cash equivalents at the beginning of the year		6,360	4,276	5,005	5,005	-
Cash and cash equivalents at the end of the year	28	5,005	3,666	5,460	5,645	184
<b>KEY FISCAL AGGREGATES</b>						
Net cash flows from operating activities		2,014	3,054	4,323	3,211	-1,112
Net cash flows from investing in non-financial assets		-2,441	-2,367	-1,024	-1,077	-53
<b>Cash surplus/deficit</b>		<b>-426</b>	<b>687</b>	<b>3,299</b>	<b>2,134</b>	<b>-1,165</b>

(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	2018-19	2019-20		Variation on MYR \$m (3) - (2)	
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)		Actual \$m (3)
<b>RESULTS FROM TRANSACTIONS</b>						
<b>REVENUE</b>						
Current grants and subsidies		1,824	1,992	1,958	2,446	488
Capital grants		338	76	59	64	5
Sales of goods and services		20,591	31,909	34,813	34,089	-723
Interest Income		181	193	137	126	-11
Other		478	489	446	468	21
<i>Total</i>		23,412	34,658	37,413	37,192	-221
<b>EXPENSES</b>						
Salaries		1,056	1,208	1,215	1,101	-114
Superannuation						
Concurrent costs		104	118	120	110	-10
Superannuation interest cost		-	-	-	-	-
Other employee costs		39	25	23	34	11
Depreciation and amortisation		1,982	2,153	2,128	2,152	24
Services and contracts		764	667	645	792	147
Other gross operating expenses		16,313	27,195	30,269	29,615	-654
Interest						
Interest on leases		85	107	95	90	-6
Other interest		691	745	609	572	-37
Tax equivalents		577	599	579	609	30
Current transfers		1,134	1,195	1,196	1,482	286
Capital transfers		19	7	-	15	15
<i>Total</i>		22,764	34,019	36,879	36,571	-308
<b>NET OPERATING BALANCE <sup>(a)</sup></b>	4	<b>648</b>	<b>639</b>	<b>534</b>	<b>621</b>	<b>87</b>
<i>Other economic flows - included in the operating result</i>						
Net gains on assets/liabilities		47	16	15	-65	-80
Provision for doubtful debts		-18	-34	-37	-72	-35
Changes in accounting policy/adjustment of prior periods		-145	-	-	-44	-44
<i>Total other economic flows</i>		-116	-17	-22	-181	-159
<b>OPERATING RESULT</b>		<b>532</b>	<b>622</b>	<b>512</b>	<b>440</b>	<b>-72</b>
<i>Other non-owner movements in equity</i>						
<i>Items that will not be reclassified to operating result</i>						
Revaluations		-1,070	127	224	459	234
Net actuarial gains/-loss - superannuation		-38	1	-2	-27	-25
Gains recognised directly in equity		8	1	3	4	1
All other		-	-	-	-105	-105
<i>Total other non-owner movements in equity</i>		-1,100	130	225	331	106
<i>Movements in owner equity</i>						
Dividends		-1,229	-1,113	-1,101	-162	939
Capital injections		758	1,158	1,109	652	-456
<i>Total movements in owner equity</i>		-471	44	7	490	482
<b>TOTAL CHANGE IN NET WORTH <sup>(b)</sup></b>	4	<b>-1,039</b>	<b>796</b>	<b>744</b>	<b>1,261</b>	<b>517</b>
<b>KEY FISCAL AGGREGATES</b>						
<b>NET OPERATING BALANCE</b>		<b>648</b>	<b>639</b>	<b>534</b>	<b>621</b>	<b>87</b>
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets		2,441	3,194	3,154	2,683	-472
Changes in inventories		614	74	83	2,050	1,967
Other movement in non-financial assets		127	175	153	109	-44
<i>less:</i>						
Sales of non-financial assets		578	628	528	311	-218
Depreciation		1,982	2,153	2,128	2,152	24
<i>Total net acquisition of non-financial assets</i>		622	662	734	2,380	1,645
<b>NET LENDING/-BORROWING</b>	4	<b>26</b>	<b>-23</b>	<b>-200</b>	<b>-1,758</b>	<b>-1,558</b>

(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	2019		2020		Variation on MYR \$m (3) - (2)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Actual \$m (3)	
<b>ASSETS</b>						
<i>Financial assets</i>						
Cash and deposits		1,391	1,613	1,694	2,938	1,244
Advances paid		-	-	-	-	-
Investments, loans and placements		5,003	5,670	5,604	5,407	-197
Receivables		1,804	1,968	1,813	2,026	213
Shares and other equity		-	-	-	-	-
Investments in other public sector entities - equity method		-	-	-	-	-
Investments in other public sector entities - direct injections		-	-	-	-	-
Investments in other entities		3	17	18	9	-9
Other financial assets		673	518	553	580	27
<i>Total financial assets</i>		<b>8,874</b>	<b>9,786</b>	<b>9,682</b>	<b>10,960</b>	<b>1,278</b>
<i>Non-financial assets</i>						
Land		8,209	8,502	8,063	8,361	297
Property, plant and equipment		55,749	57,405	56,708	56,208	-501
Right of use assets		-	201	210	494	284
Biological assets		342	319	197	209	12
Inventories		-	-	-	-	-
Land inventories		1,852	2,025	2,022	1,809	-213
Other inventories		4,275	3,801	4,358	6,325	1,967
Intangibles		395	381	381	445	64
Assets classified as held for sale		16	59	11	16	5
Investment property		60	54	53	26	-27
Other		134	122	138	190	52
<i>Total non-financial assets</i>		<b>71,032</b>	<b>72,869</b>	<b>72,142</b>	<b>74,081</b>	<b>1,939</b>
<b>TOTAL ASSETS</b>		<b>79,906</b>	<b>82,655</b>	<b>81,823</b>	<b>85,041</b>	<b>3,218</b>
<b>LIABILITIES</b>						
Deposits held		-	-	-	-	-
Advances received		343	327	326	326	-
Borrowings		-	-	-	-	-
Lease liabilities		-	617	364	815	451
Other borrowings		22,862	23,757	23,935	23,310	-624
Superannuation		98	66	86	97	11
Other employee benefits		368	364	367	423	56
Payables		5,875	5,479	5,937	8,488	2,551
Other liabilities		1,835	1,421	1,647	1,796	149
<b>TOTAL LIABILITIES</b>		<b>31,381</b>	<b>32,030</b>	<b>32,661</b>	<b>35,255</b>	<b>2,594</b>
<b>NET ASSETS</b>		<b>48,525</b>	<b>50,625</b>	<b>49,162</b>	<b>49,786</b>	<b>624</b>
<i>Of which:</i>						
Contributed equity		10,235	11,052	11,344	10,887	-456
Accumulated surplus		17,299	18,161	17,954	17,448	-506
Other reserves		20,990	21,413	19,864	21,450	1,586
<b>NET WORTH</b>	4	<b>48,525</b>	<b>50,625</b>	<b>49,162</b>	<b>49,786</b>	<b>624</b>
<b>MEMORANDUM ITEMS</b>						
<i>Net financial worth</i>		-22,507	-22,244	-22,980	-24,295	-1,316
<i>Net debt</i>		-	-	-	-	-
Gross debt liabilities		23,205	24,701	24,625	24,451	-174
less: liquid financial assets		6,393	7,282	7,298	8,345	1,047
less: convergence differences impacting net debt		-	-	-	-	-
<i>Net debt</i>		<b>16,812</b>	<b>17,418</b>	<b>17,327</b>	<b>16,106</b>	<b>-1,221</b>

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
<i>Balance at 1 July 2018</i>	9,477	22,070	18,016	49,563
Operating result	-	-	532	532
All other movements in equity	-	-1,079	-21	-1,100
<i>Total change in net worth</i>	-	-1,079	512	-568
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	758	-	-	758
Dividends	-	-	-1,229	-1,229
<i>Total</i>	758	-	-1,229	-471
<b>Balance at 30 June 2019</b>	<b>10,235</b>	<b>20,991</b>	<b>17,299</b>	<b>48,525</b>
<i>Balance at 1 July 2019</i>	10,235	20,991	17,299	48,525
Initial application of AASB 16	-	-	-111	-111
Initial application of AASB 15/1058	-	-	6	6
<i>Restated balance at 1 July 2019</i>	10,235	20,991	17,195	48,420
Operating result	-	-	440	440
Movements in equity	-	460	-129	331
<i>Total change in net worth</i>	-	460	312	771
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	652	-	-	652
Dividends	-	-	-162	-162
<i>Total</i>	652	-	-162	490
Other <sup>(a)</sup>	-	-	105	105
<b>Balance at 30 June 2020</b>	<b>10,887</b>	<b>21,451</b>	<b>17,448</b>	<b>49,786</b>

(a) Adjustment to recognise the impact of the initial application of the new revenue and lease accounting standards on the operating result for 2019-20.

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

Table 1.8

**PUBLIC NON-FINANCIAL CORPORATIONS**  
Cash Flow Statement

	2018-19	2019-20			Variation on MYR \$m (3) - (2)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Actual \$m (3)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<i>Cash received</i>					
Grants and subsidies received	2,171	2,082	2,033	2,507	475
Receipts from sales of goods and services	20,786	20,951	22,218	25,130	2,912
Interest receipts	166	196	134	129	-5
Dividends and tax equivalents	64	60	61	61	-
Other	1,424	1,237	944	1,361	418
<i>Total cash received</i>	<b>24,611</b>	<b>24,526</b>	<b>25,389</b>	<b>29,189</b>	<b>3,799</b>
<i>Cash paid</i>					
Wages, salaries and supplements, and superannuation	-1,235	-1,340	-1,361	-1,184	178
Payments for goods and services	-15,377	-15,097	-16,528	-19,602	-3,074
Interest paid	-772	-852	-673	-689	-16
Grants and subsidies paid	-689	-711	-712	-708	4
Tax equivalents	-614	-618	-601	-614	-13
Other payments	-3,319	-3,381	-3,228	-3,628	-400
<i>Total cash paid</i>	<b>-22,006</b>	<b>-21,999</b>	<b>-23,103</b>	<b>-26,424</b>	<b>-3,321</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2,604</b>	<b>2,526</b>	<b>2,286</b>	<b>2,764</b>	<b>478</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets	-2,441	-3,194	-3,154	-2,683	472
Sales of non-financial assets	578	628	528	311	-218
<i>Total cash flows from investments in non-financial assets</i>	<b>-1,863</b>	<b>-2,566</b>	<b>-2,626</b>	<b>-2,372</b>	<b>254</b>
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes	-	-	-	-	-
For liquidity purposes	11	26	31	74	43
<i>Cash paid</i>					
For policy purposes	-	-52	-21	-21	-
For liquidity purposes	-61	-32	-39	-30	9
<i>Total cash flows from investments in financial assets</i>	<b>-50</b>	<b>-58</b>	<b>-29</b>	<b>23</b>	<b>52</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-1,913</b>	<b>-2,624</b>	<b>-2,655</b>	<b>-2,349</b>	<b>306</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<i>Cash received</i>					
Advances received	-	-	-	-	-
Borrowings	4,301	6,778	7,156	7,014	-142
Deposits received	-	-	-	-	-
Other financing receipts	849	1,417	1,396	902	-494
<i>Total cash received</i>	<b>5,150</b>	<b>8,195</b>	<b>8,552</b>	<b>7,916</b>	<b>-636</b>
<i>Cash paid</i>					
Advances paid	-29	-17	-17	-17	-
Borrowings repaid	-4,583	-6,543	-6,699	-6,565	134
Deposits paid	-	-	-	-	-
Other financing payments	-71	-154	-147	-172	-25
Dividends paid	-1,229	-1,113	-1,101	-162	939
<i>Total cash paid</i>	<b>-5,912</b>	<b>-7,827</b>	<b>-7,963</b>	<b>-6,917</b>	<b>1,047</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-762</b>	<b>368</b>	<b>589</b>	<b>1,000</b>	<b>411</b>
<b>Net increase in cash and cash equivalents</b>	<b>-71</b>	<b>270</b>	<b>220</b>	<b>1,415</b>	<b>1,195</b>
Cash and cash equivalents at the beginning of the year	1,889	1,683	1,818	1,818	-
Cash and cash equivalents at the end of the year	1,818	1,953	2,038	3,233	1,195
<b>KEY FISCAL AGGREGATES</b>					
Net cash flows from operating activities	2,604	2,526	2,286	2,764	478
Net cash flows from investing in non-financial assets	-1,863	-2,566	-2,626	-2,372	254
Dividends paid	-1,229	-1,113	-1,101	-162	939
<b>Cash surplus/-deficit</b>	<b>-487</b>	<b>-1,153</b>	<b>-1,441</b>	<b>230</b>	<b>1,671</b>

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

Table 1.9

**TOTAL NON-FINANCIAL PUBLIC SECTOR**  
Operating Statement

	Notes	2018-19	2019-20		Variation on MYR \$(3) - (2)	
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)		Actual \$m (3)
<b>RESULTS FROM TRANSACTIONS</b>						
<b>REVENUE</b>						
Taxation		8,100	8,565	8,488	8,554	66
Current grants and subsidies		10,210	9,607	9,573	9,379	-194
Capital grants		873	943	980	642	-339
Sales of goods and services		22,714	34,170	37,058	36,251	-807
Interest income		323	318	261	229	-32
Royalty income		6,713	6,375	7,505	8,450	945
Dividends and tax equivalents		246	189	353	415	62
Other		1,079	1,001	927	980	53
<i>Total</i>		50,258	61,166	65,145	64,899	-246
<b>EXPENSES</b>						
Salaries		13,325	13,727	13,810	13,989	179
Superannuation						
Concurrent costs		1,317	1,346	1,362	1,385	23
Superannuation interest cost		135	138	79	89	10
Other employee costs		348	258	293	355	62
Depreciation and amortisation		3,426	3,965	3,953	3,899	-54
Services and contracts		3,295	3,422	3,526	3,374	-152
Other gross operating expenses		21,261	32,220	34,616	34,286	-330
Interest						
Interest on leases		174	291	262	230	-32
Other interest		1,524	1,532	1,332	1,289	-42
Other property expenses		-	-	-	-	-
Current transfers		4,410	2,989	3,680	3,693	13
Capital transfers		305	166	184	178	-6
<i>Total</i>		49,522	60,054	63,098	62,769	-329
<b>NET OPERATING BALANCE <sup>(a)</sup></b>	4	<b>737</b>	<b>1,112</b>	<b>2,048</b>	<b>2,131</b>	<b>83</b>
<i>Other economic flows - included in the operating result</i>						
Net gains on assets/liabilities		107	-44	-91	-92	-1
Provision for doubtful debts		-16	-47	-51	-198	-147
Changes in accounting policy/adjustment of prior periods		-46	-	-	13	13
<i>Total other economic flows</i>		44	-92	-142	-277	-135
<b>OPERATING RESULT</b>		<b>781</b>	<b>1,020</b>	<b>1,906</b>	<b>1,854</b>	<b>-52</b>
<i>All other movements in equity</i>						
<i>Items that will not be reclassified to operating result</i>						
Revaluations		-2,444	667	850	850	1
Net actuarial gains/-loss - superannuation		-852	-260	-449	-22	427
Gains recognised directly in equity		8	-112	-94	-1	93
Change in net worth of the public corporations sectors		-136	80	-74	-493	-419
All other		-	-	-	-344	-344
<i>Total all other movements in equity</i>		-3,424	375	233	-9	-242
<b>TOTAL CHANGE IN NET WORTH <sup>(b)</sup></b>	4	<b>-2,642</b>	<b>1,395</b>	<b>2,139</b>	<b>1,845</b>	<b>-294</b>
<b>KEY FISCAL AGGREGATES</b>						
<b>NET OPERATING BALANCE</b>		<b>737</b>	<b>1,112</b>	<b>2,048</b>	<b>2,131</b>	<b>83</b>
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets		4,957	5,638	5,638	5,185	-453
Changes in inventories		614	74	84	2,088	2,004
Other movement in non-financial assets		273	175	139	94	-46
<i>less:</i>						
Sales of non-financial assets		654	704	1,988	1,735	-253
Depreciation		3,426	3,965	3,953	3,899	-54
<i>Total net acquisition of non-financial assets</i>		1,765	1,218	-80	1,732	1,812
<b>NET LENDING/-BORROWING</b>	4	<b>-1,028</b>	<b>-106</b>	<b>2,128</b>	<b>399</b>	<b>-1,729</b>

(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

	Notes	2019		2020		Variation on MYR \$m (3) - (2)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Actual \$m (3)	
<b>ASSETS</b>						
<i>Financial assets</i>						
Cash and deposits		1,321	1,959	1,726	1,995	269
Advances paid		370	449	414	389	-25
Investments, loans and placements		9,470	8,342	10,161	11,270	1,108
Receivables		5,661	4,986	5,000	5,824	823
<i>Shares and other equity</i>						
Investments in other public sector entities - equity method		2,220	2,399	2,171	1,778	-394
Investments in other public sector entities - direct injections		-	-	-	-	-
Investments in other entities		23	32	38	32	-7
Other financial assets		8	8	17	8	-9
<b>Total financial assets</b>		<b>19,074</b>	<b>18,175</b>	<b>19,528</b>	<b>21,294</b>	<b>1,766</b>
<i>Non-financial assets</i>						
Land		43,809	44,657	44,342	43,599	-744
Property, plant and equipment		101,093	104,603	102,868	102,570	-298
Right of use assets		-	2,946	2,365	2,973	608
Biological assets		345	322	200	317	117
<i>Inventories</i>						
Land inventories		1,852	2,025	2,022	1,809	-213
Other inventories		4,345	3,870	4,429	6,433	2,004
Intangibles		1,022	963	958	1,047	89
Assets classified as held for sale		59	93	54	37	-17
Investment property		67	61	53	33	-20
Other		378	499	324	419	95
<b>Total non-financial assets</b>		<b>152,971</b>	<b>160,040</b>	<b>157,617</b>	<b>159,238</b>	<b>1,621</b>
<b>TOTAL ASSETS</b>		<b>172,045</b>	<b>178,215</b>	<b>177,145</b>	<b>180,532</b>	<b>3,387</b>
<b>LIABILITIES</b>						
Deposits held		13	12	13	14	1
Advances received		343	377	351	326	-25
<i>Borrowings</i>						
Lease liabilities		-	3,027	2,632	3,471	839
Other borrowings		50,607	51,306	49,881	49,700	-181
Superannuation		7,160	6,883	7,188	6,915	-273
Other employee benefits		3,564	3,467	3,604	3,966	362
Payables		7,161	6,673	7,236	9,812	2,576
Other liabilities		2,603	2,493	4,301	3,889	-411
<b>TOTAL LIABILITIES</b>		<b>71,452</b>	<b>74,237</b>	<b>75,207</b>	<b>78,094</b>	<b>2,887</b>
<b>NET ASSETS</b>		<b>100,593</b>	<b>103,978</b>	<b>101,938</b>	<b>102,438</b>	<b>500</b>
<i>Of which:</i>						
Contributed equity		-	-	-	-	-
Accumulated surplus		23,624	24,671	26,912	25,043	-1,869
Other reserves		76,970	79,307	75,026	77,396	2,369
<b>NET WORTH</b>	4	<b>100,593</b>	<b>103,978</b>	<b>101,938</b>	<b>102,438</b>	<b>500</b>
<b>MEMORANDUM ITEMS</b>						
<i>Net financial worth</i>		-52,377	-56,062	-55,679	-56,800	-1,121
<i>Net financial liabilities</i>		54,598	58,494	57,851	58,578	727
<i>Net debt</i>						
Gross debt liabilities		50,963	54,722	52,878	53,511	633
less: liquid financial assets		11,161	10,749	12,301	13,653	1,352
less: convergence differences impacting net debt		-	-	-	-	-
<b>Net debt</b>		<b>39,802</b>	<b>43,973</b>	<b>40,577</b>	<b>39,858</b>	<b>-719</b>

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
<i>Balance at 1 July 2018</i>	77,085	2,221	23,930	103,236
Operating result	-	-	781	781
All other movements in equity	-2,336	1	-1,089	-3,424
<i>Total change in net worth</i>	-2,336	1	-307	-2,642
<b>Balance at 30 June 2019</b>	<b>74,748</b>	<b>2,220</b>	<b>23,624</b>	<b>100,593</b>
<i>Balance at 1 July 2019</i>	74,748	2,220	23,624	100,593
Initial application of AASB 16	-	-	-112	-112
Initial application of AASB 15/1058	-	-	-231	-231
<i>Restated balance at 1 July 2019</i>	74,748	2,220	23,280	100,249
Operating result	-	-	1,854	1,854
Movements in equity	850	-493	-366	-9
<i>Total change in net worth</i>	850	-493	1,488	1,845
Other <sup>(a)</sup>	18	50	275	344
<b>Balance at 30 June 2020</b>	<b>75,617</b>	<b>1,778</b>	<b>25,043</b>	<b>102,438</b>

(a) Adjustment to recognise the impact of the initial application of the new revenue and lease accounting standards on the operating result for 2019-20.

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

Table 1.12

**TOTAL NON-FINANCIAL PUBLIC SECTOR**  
**Cash Flow Statement**

	2018-19	2019-20			Variation on MYR \$m (3) - (2)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Actual \$m (3)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<i>Cash received</i>					
Taxes received	8,395	8,574	8,495	8,496	-
Grants and subsidies received	11,082	11,762	11,788	11,825	37
Receipts from sales of goods and services	22,790	23,184	24,404	27,051	2,647
Interest receipts	314	316	253	226	-27
Dividends and tax equivalents	313	191	361	355	-6
Other	8,658	9,393	10,678	11,808	1,129
<i>Total cash received</i>	<i>51,553</i>	<i>53,420</i>	<i>55,980</i>	<i>59,760</i>	<i>3,781</i>
<i>Cash paid</i>					
Wages, salaries and supplements, and superannuation	-15,002	-15,573	-15,646	-15,375	271
Payments for goods and services	-22,858	-23,037	-24,003	-27,194	-3,191
Interest paid	-1,697	-1,897	-1,585	-1,572	13
Grants and subsidies paid	-4,129	-4,128	-4,824	-4,809	14
Dividends and tax equivalents	-	-	-	-	-
Other payments	-4,478	-4,425	-4,481	-5,105	-625
<i>Total cash paid</i>	<i>-48,163</i>	<i>-49,060</i>	<i>-50,539</i>	<i>-54,056</i>	<i>-3,517</i>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>3,390</b>	<b>4,360</b>	<b>5,441</b>	<b>5,704</b>	<b>263</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets	-4,957	-5,638	-5,638	-5,185	453
Sales of non-financial assets	654	704	1,988	1,735	-253
<i>Total cash flows from investments in non-financial assets</i>	<i>-4,304</i>	<i>-4,934</i>	<i>-3,650</i>	<i>-3,449</i>	<i>201</i>
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes	21	10	10	64	54
For liquidity purposes	318	70	127	130	3
<i>Cash paid</i>					
For policy purposes	-19	-10	-10	-63	-53
For liquidity purposes	-128	-44	-56	-67	-12
<i>Total cash flows from investments in financial assets</i>	<i>193</i>	<i>26</i>	<i>72</i>	<i>64</i>	<i>-8</i>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-4,111</b>	<b>-4,907</b>	<b>-3,578</b>	<b>-3,386</b>	<b>193</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<i>Cash received</i>					
Advances received	-	-	-	-	-
Borrowings	4,362	8,528	7,322	7,859	537
Deposits received	-	-	-	-	-
Other financing receipts	261	129	119	300	181
<i>Total cash received</i>	<i>4,623</i>	<i>8,657</i>	<i>7,441</i>	<i>8,159</i>	<i>718</i>
<i>Cash paid</i>					
Advances paid	-17	-17	-17	-17	-
Borrowings repaid	-5,097	-7,977	-8,141	-7,944	197
Deposits paid	-	-	-	-	-
Other financing payments	-215	-456	-470	-462	8
<i>Total cash paid</i>	<i>-5,329</i>	<i>-8,450</i>	<i>-8,629</i>	<i>-8,424</i>	<i>205</i>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-706</b>	<b>207</b>	<b>-1,188</b>	<b>-264</b>	<b>923</b>
<b>Net increase in cash and cash equivalents</b>	<b>-1,426</b>	<b>-340</b>	<b>675</b>	<b>2,055</b>	<b>1,379</b>
Cash and cash equivalents at the beginning of the year	8,248	5,958	6,822	6,822	-
Cash and cash equivalents at the end of the year	6,822	5,618	7,497	8,876	1,379
<b>KEY FISCAL AGGREGATES</b>					
Net cash flows from operating activities	3,390	4,360	5,441	5,704	263
Net cash flows from investing in non-financial assets	-4,304	-4,934	-3,650	-3,449	201
<b>Cash surplus/-deficit</b>	<b>-913</b>	<b>-573</b>	<b>1,791</b>	<b>2,255</b>	<b>464</b>

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

Table 1.13

**PUBLIC FINANCIAL CORPORATIONS**  
Operating Statement

	Notes	2018-19	2019-20		Variation on MYR \$m (3) - (2)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	
<b>RESULTS FROM TRANSACTIONS</b>					
<b>REVENUE</b>					
Current grants and subsidies		-	-	-	-
Capital grants		-	-	-	-
Sales of goods and services		1,136	1,191	1,169	17
Interest Income		1,882	1,998	1,787	-160
Other		113	100	107	-8
<i>Total</i>		3,130	3,290	3,063	-151
<b>EXPENSES</b>					
Salaries		57	60	62	1
Superannuation					
Concurrent costs		6	6	6	-
Superannuation interest cost		-	-	-	-
Other employee costs		2	3	3	-2
Depreciation and amortisation		4	10	9	-1
Services and contracts		11	11	12	-
Other gross operating expenses		1,182	1,217	1,223	-96
Interest					
Interest on leases		-	1	1	-
Other interest		1,623	1,800	1,574	-230
Tax equivalents		65	42	49	73
Current transfers		4	5	5	-
Capital transfers		14	8	12	4
<i>Total</i>		2,969	3,161	2,955	-251
<b>NET OPERATING BALANCE <sup>(a)</sup></b>	4	<b>161</b>	<b>128</b>	<b>109</b>	<b>208</b>
<i>Other economic flows - included in the operating result</i>					
Net gains on assets/liabilities		147	155	177	-316
Provision for doubtful debts		-	-	-	-
Changes in accounting policy/adjustment of prior periods		7	-	-	8
<i>Total other economic flows</i>		155	155	177	-484
<b>OPERATING RESULT</b>		<b>315</b>	<b>283</b>	<b>286</b>	<b>-99</b>
<i>Other non-owner movements in equity</i>					
<i>Items that will not be reclassified to operating result</i>					
Revaluations		-	-2	-6	6
Net actuarial gains/-loss - superannuation		1	-	-	-
Gains recognised directly in equity		-	-	-	1
All other		-	-	-	-2
<i>Total other non-owner movements in equity</i>		1	-1	-6	5
<i>Movements in owner equity</i>					
Dividends		-181	-147	-303	11
Capital injections		-136	-27	-25	-25
<i>Total movements in owner equity</i>		-317	-174	-328	-14
<b>TOTAL CHANGE IN NET WORTH <sup>(b)</sup></b>	4	<b>-</b>	<b>108</b>	<b>-49</b>	<b>-394</b>
<b>KEY FISCAL AGGREGATES</b>					
<b>NET OPERATING BALANCE</b>		<b>161</b>	<b>128</b>	<b>109</b>	<b>208</b>
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		7	8	8	-4
Changes in inventories		-	-	-	-
Other movement in non-financial assets		-	-	-	-
<i>less:</i>					
Sales of non-financial assets		-	-	-	-
Depreciation		4	10	9	-1
<i>Total net acquisition of non-financial assets</i>		3	-1	-1	-3
<b>NET LENDING/-BORROWING</b>	4	<b>158</b>	<b>129</b>	<b>110</b>	<b>213</b>

(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	2019	2020		Variation on MYR \$m (3) - (2)	
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)		Actual \$m (3)
<b>ASSETS</b>						
<i>Financial assets</i>						
Cash and deposits		198	271	165	354	189
Advances paid		4,415	4,927	4,982	4,873	-109
Investments, loans and placements		62,777	60,235	62,693	67,860	5,167
Receivables		690	727	694	651	-43
<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		1,897	2,051	2,048	1,812	-236
Other financial assets		5	5	5	7	2
<b>Total financial assets</b>		<b>69,982</b>	<b>68,216</b>	<b>70,588</b>	<b>75,558</b>	<b>4,970</b>
<i>Non-financial assets</i>						
Land		-	-	-	-	-
Property, plant and equipment		5	7	6	4	-2
Right of use assets		-	25	25	24	-1
Biological assets		-	-	-	-	-
<i>Inventories</i>						
Land inventories		-	-	-	-	-
Other inventories		-	-	-	-	-
Intangibles		7	11	9	7	-2
Assets classified as held for sale		-	-	-	-	-
Investment property		-	-	-	-	-
Other		3	10	3	5	3
<b>Total non-financial assets</b>		<b>15</b>	<b>53</b>	<b>43</b>	<b>41</b>	<b>-2</b>
<b>TOTAL ASSETS</b>		<b>69,997</b>	<b>68,269</b>	<b>70,631</b>	<b>75,599</b>	<b>4,968</b>
<b>LIABILITIES</b>						
Deposits held		-	-	-	-	-
Advances received		3	2	3	3	-
<i>Borrowings</i>						
Lease liabilities		-	28	30	29	-1
Other borrowings		63,047	60,962	63,405	68,646	5,241
Superannuation		5	8	6	5	-1
Other employee benefits		13	12	13	15	2
Payables		129	69	85	319	234
Other liabilities		4,580	4,790	4,917	4,803	-114
<b>TOTAL LIABILITIES</b>		<b>67,776</b>	<b>65,870</b>	<b>68,459</b>	<b>73,821</b>	<b>5,362</b>
<b>NET ASSETS</b>		<b>2,220</b>	<b>2,399</b>	<b>2,171</b>	<b>1,778</b>	<b>-394</b>
<i>Of which:</i>						
Contributed equity		-236	-176	-260	-286	-25
Accumulated surplus		2,433	2,513	2,423	2,041	-382
Other reserves		23	62	9	23	14
<b>NET WORTH</b>	<b>4</b>	<b>2,220</b>	<b>2,399</b>	<b>2,171</b>	<b>1,778</b>	<b>-394</b>
<b>MEMORANDUM ITEMS</b>						
<i>Net financial worth</i>		2,205	2,346	2,129	1,737	-392
<i>Net debt</i>						
Gross debt liabilities		63,050	60,992	63,438	68,678	5,240
less: liquid financial assets		67,390	65,433	67,841	73,088	5,247
less: convergence differences impacting net debt		-	-	-	-	-
<b>Net debt</b>		<b>-4,340</b>	<b>-4,441</b>	<b>-4,403</b>	<b>-4,409</b>	<b>-7</b>

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
<i>Balance at 1 July 2018</i>	-100	23	2,297	2,221
Operating result	-	-	315	315
All other movements in equity	-	-	1	1
<i>Total change in net worth</i>	-	-	317	318
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	-136	-	-	-136
Dividends	-	-	-181	-181
<i>Total</i>	-136	-	-181	-317
<b>Balance at 30 June 2019</b>	<b>-236</b>	<b>23</b>	<b>2,433</b>	<b>2,220</b>
<i>Balance at 1 July 2019</i>	-236	23	2,433	2,220
Initial application of AASB 16	-	-	-2	-2
Initial application of AASB 15/1058	-	-	-	-
<i>Restated balance at 1 July 2019</i>	-236	23	2,431	2,219
Operating result	-	-	-99	-99
Movements in equity	-	-	-1	-1
<i>Total change in net worth</i>	-	-	-100	-100
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	-50	-	-	-50
Dividends	-	-	-292	-292
<i>Total</i>	-50	-	-292	-343
Other <sup>(a)</sup>	-	-	2	2
<b>Balance at 30 June 2020</b>	<b>-286</b>	<b>23</b>	<b>2,041</b>	<b>1,778</b>

(a) Adjustment to recognise the impact of the initial application of the new revenue and lease accounting standards on the operating result for 2019-20.

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

Table 1.16

**PUBLIC FINANCIAL CORPORATIONS**  
**Cash Flow Statement**

	2018-19	2019-20			Variation on MYR \$m (3) - (2)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Actual \$m (3)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<i>Cash received</i>					
Grants and subsidies received	-	5	5	-	-5
Receipts from sales of goods and services	1,196	1,294	1,301	1,203	-98
Interest receipts	1,901	1,998	1,787	1,712	-75
Dividends and tax equivalents	-	-	-	-	-
Other	155	162	162	163	1
<b>Total cash received</b>	<b>3,253</b>	<b>3,460</b>	<b>3,255</b>	<b>3,078</b>	<b>-177</b>
<i>Cash paid</i>					
Wages, salaries and supplements, and superannuation	-60	-64	-66	-66	-
Payments for goods and services	-857	-906	-912	-866	46
Interest paid	-1,874	-1,801	-1,575	-1,665	-90
Grants and subsidies paid	-	-	-	-	-
Tax equivalents	-128	-42	-67	-88	-21
Other payments	-152	-163	-163	-160	3
<b>Total cash paid</b>	<b>-3,072</b>	<b>-2,976</b>	<b>-2,784</b>	<b>-2,845</b>	<b>-61</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>181</b>	<b>483</b>	<b>471</b>	<b>233</b>	<b>-238</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets	-7	-8	-8	-4	4
Sales of non-financial assets	-	-	-	-	-
<b>Total cash flows from investments in non-financial assets</b>	<b>-7</b>	<b>-8</b>	<b>-8</b>	<b>-4</b>	<b>4</b>
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes	-	-	-	-	-
For liquidity purposes	6,177	7,148	6,580	11,914	5,333
<i>Cash paid</i>					
For policy purposes	-164	-80	-70	-70	-
For liquidity purposes	-8,656	-7,884	-7,362	-14,128	-6,766
<b>Total cash flows from investments in financial assets</b>	<b>-2,643</b>	<b>-815</b>	<b>-852</b>	<b>-2,284</b>	<b>-1,432</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-2,650</b>	<b>-824</b>	<b>-859</b>	<b>-2,287</b>	<b>-1,428</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<i>Cash received</i>					
Advances received	-	-	-	-	-
Borrowings	26,539	27,875	26,621	28,790	2,169
Deposits received	-	-	-	-	-
Other financing receipts	28	19	19	19	-
<b>Total cash received</b>	<b>26,567</b>	<b>27,895</b>	<b>26,640</b>	<b>28,809</b>	<b>2,169</b>
<i>Cash paid</i>					
Advances paid	-	-	-	-	-
Borrowings repaid	-24,350	-27,375	-26,072	-26,254	-182
Deposits paid	-	-	-	-	-
Other financing payments	-	-1	-1	-4	-3
Dividends paid	-185	-149	-294	-267	26
<b>Total cash paid</b>	<b>-24,535</b>	<b>-27,526</b>	<b>-26,367</b>	<b>-26,526</b>	<b>-158</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>2,032</b>	<b>369</b>	<b>273</b>	<b>2,283</b>	<b>2,011</b>
<b>Net increase in cash and cash equivalents</b>	<b>-437</b>	<b>29</b>	<b>-116</b>	<b>229</b>	<b>345</b>
Cash and cash equivalents at the beginning of the year	2,326	2,247	1,890	1,890	-
Cash and cash equivalents at the end of the year	1,890	2,275	1,774	2,119	345
<b>KEY FISCAL AGGREGATES</b>					
Net cash flows from operating activities	181	483	471	233	-238
Net cash flows from investing in non-financial assets	-7	-8	-8	-4	4
Dividends paid	-185	-149	-294	-267	26
<b>Cash surplus/-deficit</b>	<b>-11</b>	<b>326</b>	<b>170</b>	<b>-38</b>	<b>-208</b>

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

Table 1.17

**TOTAL PUBLIC SECTOR (a)**  
**Operating Statement**

	Notes	2018-19	2019-20		Variation on MYR \$m (3) - (2)	
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)		Actual \$m (3)
<b>RESULTS FROM TRANSACTIONS</b>						
<b>REVENUE</b>						
Taxation		8,097	8,561	8,485	8,550	66
Current grants and subsidies		10,210	9,607	9,573	9,379	-194
Capital grants		873	943	980	642	-339
Sales of goods and services		23,488	35,028	37,887	37,054	-833
Interest income		639	685	674	555	-119
Royalty income		6,713	6,375	7,505	8,450	945
Other		1,193	1,099	1,032	1,077	45
<i>Total</i>	6	<i>51,214</i>	<i>62,297</i>	<i>66,136</i>	<i>65,706</i>	<i>-430</i>
<b>EXPENSES</b>						
Salaries		13,382	13,787	13,872	14,051	180
Superannuation						
Concurrent costs		1,323	1,352	1,368	1,392	24
Superannuation interest cost		135	138	79	89	10
Other employee costs		350	261	296	356	60
Depreciation and amortisation	7	3,431	3,974	3,962	3,908	-54
Services and contracts		3,306	3,422	3,526	3,385	-141
Other gross operating expenses	8	22,084	33,114	35,509	35,027	-481
Interest	9					
Interest on leases		174	291	262	231	-32
Other interest		1,583	1,700	1,533	1,333	-200
Other property expenses		-	-	-	-	-
Current transfers	10	4,411	2,989	3,680	3,693	13
Capital transfers	10	319	174	196	194	-2
<i>Total</i>		<i>50,498</i>	<i>61,203</i>	<i>64,283</i>	<i>63,659</i>	<i>-624</i>
<b>NET OPERATING BALANCE (b)</b>	4	<b>716</b>	<b>1,094</b>	<b>1,853</b>	<b>2,047</b>	<b>194</b>
<i>Other economic flows - included in the operating result</i>						
Net gains on assets/liabilities		254	111	86	-408	-494
Provision for doubtful debts		-16	-47	-51	-198	-147
Changes in accounting policy/adjustment of prior periods		-310	-	-	-79	-79
<i>Total other economic flows</i>		<i>-72</i>	<i>63</i>	<i>35</i>	<i>-685</i>	<i>-720</i>
<b>OPERATING RESULT</b>		<b>644</b>	<b>1,157</b>	<b>1,888</b>	<b>1,362</b>	<b>-526</b>
<i>All other movements in equity</i>						
<i>Items that will not be reclassified to operating result</i>						
Revaluations		-2,444	988	794	850	56
Net actuarial gains/-loss - superannuation		-850	-260	-449	-22	427
Gains recognised directly in equity		8	-113	-95	-	94
All other		-	-	-	-345	-345
<i>Total all other movements in equity</i>		<i>-3,286</i>	<i>615</i>	<i>250</i>	<i>483</i>	<i>233</i>
<b>TOTAL CHANGE IN NET WORTH (c)</b>	4	<b>-2,642</b>	<b>1,773</b>	<b>2,139</b>	<b>1,845</b>	<b>-294</b>
<b>KEY FISCAL AGGREGATES</b>						
<b>NET OPERATING BALANCE</b>		<b>716</b>	<b>1,094</b>	<b>1,853</b>	<b>2,047</b>	<b>194</b>
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets		4,965	5,646	5,646	5,188	-457
Changes in inventories		614	74	84	2,088	2,004
Other movement in non-financial assets		273	175	139	94	-46
<i>less:</i>						
Sales of non-financial assets		654	705	1,988	1,736	-253
Depreciation		3,431	3,974	3,962	3,908	-54
<i>Total net acquisition of non-financial assets</i>		<i>1,767</i>	<i>1,217</i>	<i>-81</i>	<i>1,727</i>	<i>1,808</i>
<b>NET LENDING/-BORROWING</b>	4	<b>-1,051</b>	<b>-123</b>	<b>1,935</b>	<b>320</b>	<b>-1,615</b>

(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.

Table 1.18

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

	Notes	2019	2020			Variation on MYR \$m (3) - (2)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Actual \$m (3)	
<b>ASSETS</b>						
<i>Financial assets</i>						
Cash and deposits		1,517	2,229	1,889	2,346	457
Advances paid		4,782	5,373	5,393	5,259	-134
Investments, loans and placements		19,567	14,034	19,840	25,495	5,655
Receivables	11	5,825	5,225	5,255	5,923	667
Equity - Investments in other entities		1,920	2,084	2,087	1,844	-243
Other financial assets		13	13	22	15	-7
<i>Total financial assets</i>		33,624	28,959	34,486	40,882	6,396
<i>Non-financial assets</i>						
Land	12	43,809	44,657	44,342	43,599	-744
Property, plant and equipment	13,14	101,099	104,610	102,874	102,575	-299
Right of use assets	16,17	-	2,969	2,388	2,997	608
Biological assets	18	345	322	200	317	117
Inventories	19					
Land inventories		1,852	2,025	2,022	1,809	-213
Other inventories		4,345	3,870	4,429	6,433	2,004
Intangibles	20	1,028	974	968	1,054	87
Assets classified as held for sale	21	59	93	54	37	-17
Investment property	22	67	61	53	33	-20
Other		381	510	327	424	98
<i>Total non-financial assets</i>		152,985	160,092	157,658	159,279	1,621
<b>TOTAL ASSETS</b>		<b>186,610</b>	<b>189,051</b>	<b>192,144</b>	<b>200,161</b>	<b>8,017</b>
<b>LIABILITIES</b>						
Deposits held		11	11	11	12	1
Advances received		343	377	351	326	-25
<i>Borrowings</i>						
Lease liabilities		-	3,054	2,661	3,500	839
Other borrowings	23	60,974	57,725	60,272	64,711	4,439
Superannuation	24	7,165	6,891	7,194	6,920	-274
Other employee benefits	25	3,577	3,478	3,617	3,981	364
Payables		7,211	6,612	7,260	9,978	2,718
Other liabilities	26	6,736	6,925	8,840	8,294	-546
<i>TOTAL LIABILITIES</i>		<i>86,017</i>	<i>85,073</i>	<i>90,207</i>	<i>97,723</i>	<i>7,516</i>
<b>NET ASSETS</b>		<b>100,593</b>	<b>103,978</b>	<b>101,938</b>	<b>102,438</b>	<b>500</b>
<i>Of which:</i>						
Contributed equity		-	-	-	-	-
Accumulated surplus		26,056	27,184	29,334	27,083	-2,251
Other reserves		74,537	76,794	72,604	75,355	2,751
<b>NET WORTH</b>	4	<b>100,593</b>	<b>103,978</b>	<b>101,938</b>	<b>102,438</b>	<b>500</b>
<b>MEMORANDUM ITEMS</b>						
<i>Net financial worth</i>		-52,392	-56,114	-55,720	-56,841	-1,121
<i>Net financial liabilities</i>		52,392	56,114	55,720	56,841	1,121
<i>Net debt</i>						
Gross debt liabilities		61,329	61,167	63,295	68,549	5,254
less: liquid financial assets		25,867	21,636	27,122	33,100	5,978
less: convergence differences impacting net debt		-	-	-	-	-
<i>Net debt</i>		35,462	39,531	36,173	35,449	-724

(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
<i>Balance at 1 July 2018</i>	77,008	26,227	103,236
Operating result	-	644	644
All other movements in equity	-2,471	-815	-3,286
<i>Total change in net worth</i>	-2,471	-171	-2,642
<b>Balance at 30 June 2019</b>	<b>74,537</b>	<b>26,056</b>	<b>100,593</b>
<i>Balance at 1 July 2019</i>	74,537	26,056	100,593
Initial application of AASB 16	-	-114	-114
Initial application of AASB 15/1058	-	-231	-231
<i>Restated balance at 1 July 2019</i>	74,537	25,711	100,248
Operating result	-	1,362	1,362
Movements in equity	850	-367	483
<i>Total change in net worth</i>	850	995	1,845
Other <sup>(a)</sup>	-32	377	345
<b>Balance at 30 June 2020</b>	<b>75,355</b>	<b>27,083</b>	<b>102,438</b>

(a) Adjustment to recognise the impact of the initial application of the new revenue and lease accounting standards on the operating result for 2019-20.

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

Table 1.20

**TOTAL PUBLIC SECTOR (a)**  
**Cash Flow Statement**

	Notes	2018-19	2019-20			Variation on MYR \$m (3) - (2)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Actual \$m (3)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<i>Cash received</i>						
Taxes received		8,392	8,565	8,486	8,492	5
Grants and subsidies received		11,082	11,762	11,788	11,825	37
Receipts from sales of goods and services		23,693	24,145	25,365	27,956	2,591
Interest receipts		661	689	647	565	-82
Dividends and tax equivalents		-	-	-	-	-
Other		8,807	9,548	10,833	11,965	1,132
<i>Total cash received</i>		52,635	54,711	57,119	60,802	3,683
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation		-15,062	-15,637	-15,712	-15,441	271
Payments for goods and services		-23,421	-23,610	-24,575	-27,762	-3,187
Interest paid		-2,017	-2,073	-1,767	-1,864	-97
Grants and subsidies paid		-4,129	-4,123	-4,819	-4,810	9
Dividends and tax equivalents		-	-	-	-	-
Other payments		-4,620	-4,573	-4,629	-5,256	-627
<i>Total cash paid</i>		-49,248	-50,017	-51,501	-55,132	-3,631
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	27	3,386	4,694	5,618	5,670	52
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets		-4,965	-5,646	-5,646	-5,188	457
Sales of non-financial assets		654	705	1,988	1,736	-253
<i>Total cash flows from investments in non-financial assets</i>		-4,310	-4,942	-3,658	-3,453	205
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes		21	10	10	64	54
For liquidity purposes		6,495	7,219	6,708	12,044	5,336
<i>Cash paid</i>						
For policy purposes		-19	-10	-10	-63	-53
For liquidity purposes		-8,784	-7,928	-7,418	-14,195	-6,777
<i>Total cash flows from investments in financial assets</i>		-2,286	-709	-710	-2,150	-1,441
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		-6,597	-5,651	-4,367	-5,603	-1,236
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<i>Cash received</i>						
Advances received		-	-	-	-	-
Borrowings		21,444	19,900	18,481	20,848	2,366
Deposits received		-	-	-	-	-
Other financing receipts		98	49	49	231	182
<i>Total cash received</i>		21,542	19,949	18,530	21,078	2,548
<i>Cash paid</i>						
Advances paid		-17	-17	-17	-17	-
Borrowings repaid		-19,990	-18,849	-18,752	-18,397	355
Deposits paid		-	-	-	-	-
Other financing payments		-188	-438	-452	-448	5
<i>Total cash paid</i>		-20,194	-19,303	-19,221	-18,862	360
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		1,348	646	-691	2,217	2,908
<b>Net increase in cash and cash equivalents</b>		<b>-1,863</b>	<b>-311</b>	<b>560</b>	<b>2,284</b>	<b>1,724</b>
Cash and cash equivalents at the beginning of the period		10,573	8,203	8,710	8,710	-
Cash and cash equivalents at the end of the period	28	8,710	7,892	9,270	10,994	1,724
<b>KEY FISCAL AGGREGATES</b>						
Net cash flows from operating activities		3,386	4,694	5,618	5,670	52
Net cash flows from investing in non-financial assets		-4,310	-4,942	-3,658	-3,453	205
<b>Cash surplus/-deficit</b>		<b>-924</b>	<b>-248</b>	<b>1,961</b>	<b>2,217</b>	<b>257</b>

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

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

## Notes to the Financial Statements

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### **NOTE 1: MISSION STATEMENT THE GOVERNMENT OF WESTERN AUSTRALIA**

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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 Government'.

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

The Government's mission comprises four key goals, to:

- achieve sustainable finances, including responsible financial management and better public sector service delivery;
- grow and diversify the economy, create jobs and support skills development;
- promote strong and safe communities, and support for families; and
- ensure that Western Australia has liveable and affordable communities, and that the environment is protected and enhanced.

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

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### **NOTE 2: STATEMENT OF COMPLIANCE**

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#### **Compliance Framework**

The financial statements of the general government sector and the total public sector for the year ended 30 June 2020 have been prepared in accordance with applicable Australian Accounting Standards (AASs) and Interpretations, in particular AASB 1049: *Whole of Government and General Government Sector Financial Reporting*.

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## NOTE 2: STATEMENT OF COMPLIANCE (CONT.)

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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, 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).

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## NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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### (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* and the regulations of that Act.

### (b) Reporting Entity

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

The general government sector is a component of the total public sector reporting entity. The purpose of the general government sector financial statements is to provide users with information about the Government's stewardship of central government, and accountability for the resources entrusted to it. The statements also provide information about the financial position, changes in net assets/liabilities, performance and cash flows of the general government sector.

The statistical framework classifies the sub-sectors in accordance with the principles and rules contained in the ABS' *Australian System of Government Finance Statistics: Concepts, Sources and Methods, Australia 2015* (ABS GFS Manual). The entities forming part of each sector are referred to as agencies in these financial statements and Note 38: *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 Government is taken to exist where the:

- agency is accountable to the Government;
- the Government, through the public sector, has a residual financial interest in the net assets of that agency; and
- the Government has the power to control the financial and operating policies of an agency so as to obtain benefits for the State 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 Government and consolidated in the public sector are shown in Note 38: *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 38. 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 applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) in particular, AASB 1049-*Whole of Government and General Government Sector Financial Reporting*.

AASB 1049 harmonises Government Finance Statistics (GFS) with Generally Accepted Accounting Principles (GAAP) to the extent that GFS does not conflict with GAAP. This requires the selection of options within the Australian Accounting Standards that harmonise with the ABS GFS Manual. Further details are contained in Note 4: *Convergence Differences*.

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 or financial obligations 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 15: *Fair Value Measurements*);
- identifying leases within contracts, estimation of the lease term, determination of the appropriate discount rate to discount the lease payments and assessing whether the right-of-use assets need to be impaired (refer to Note 16: *Right-of-use assets*);
- superannuation expense and liability (refer to Note 24: *Unfunded 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 25: *Other employee benefits*); and
- provisions for outstanding insurance claims (refer Note 26 *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 Note 33: *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 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 the Government's 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 for each type of taxation revenue when the taxable event occurs and the receivables arising from the taxable event can be reliably measured. Taxes such as casino tax insurance duty, payroll tax, and landfill levy are recognised as income when the taxable event occurs, if they can be reliably measured. Vehicle licence duty is recognised when payment is received. Taxes such as transfer duty, land tax and the emergency services levy are recognised as income when the notice/assessment is issued. Licences such as the Perth parking levy and vehicle licence charges are recognised as revenue when the licence is issued and payment is received.

### ***Grants and subsidies income***

Revenue from the Commonwealth, including GST grants, Specific Purpose and National Partnership grants are recognised when payment is received unless a contract (that creates enforceable rights and obligations) exists. From 2019-20, capital grants are recognised as income when agencies achieve the milestones specified in the grant agreements in line with AASB 15: *Revenue from Contracts with Customers*.

### ***Sale of goods and services***

Revenue from the sale of goods and services, including regulatory fees, is recognised (net of returns, discounts, rebates, concessions and allowances) when performance obligations are satisfied through transferring a promised good or service to a customer and is based upon the transfer of control rather than transfer of significant risks and benefits. The performance obligations may be satisfied over time or at a point in time.

### ***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 other sectors of government. Dividends are recognised as revenue when the right to receive payment is established (i.e. when the dividend is declared). Tax and rate equivalent revenue is recognised when assessment notices are issued or payment is received.



### ***Royalty income***

Mineral and petroleum royalties from companies operating under Western Australian legislation are recognised when the taxable event occurs and the receivables arising from the taxable event can be measured reliably. Royalties are calculated 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 concurrent costs***

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 movements in equity'.

#### ***Superannuation interest cost***

The carrying cost of superannuation liabilities is recognised as an interest cost. This cost is estimated by an actuary 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 and intangible assets, 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 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. Borrowing costs are recognised immediately as an expense, even when they are directly attributable to the acquisition, construction or production of a qualifying asset.

### ***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) - superannuation**

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.

<b>Class of Asset</b>	<b>Subsequent Measurement</b>
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 non-owner movements in equity' and accumulated in equity under 'Other Reserves'.

## ***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 its 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 2020 is based on the current depreciated replacement cost determined at 30 June 2020 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 its 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 the asset's estimated useful life in a manner that reflects the consumption of its 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 each financial year end.

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.

<b>Class of Asset</b>	<b>Depreciation (Years)</b>
<i>Buildings</i>	20 - 80 years
<i>Infrastructure - Road network</i>	
Seals	12- 19 years
Pavements and drainage	15 - 50 years
Road furniture	25 - 40 years
Bridges	60 - 100 years
Earthworks	Up to 173 years
<i>Infrastructure - Water, storage and distribution</i>	
Pipelines and fittings	30 - 110 years
Drains and channels	20 - 150 years
Dams and reservoirs	50 - 120 years
<i>Infrastructure - Electricity generation and transmission</i>	2 - 50 years
<i>Infrastructure - Other</i>	
Public transport	5 - 75 years
Harbour and ports	10 - 100 years
<i>Plant, equipment and other</i>	3 - 100 years

## ***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 'Other Reserves'.

## **(l) Right-of-use Assets**

### **Initial recognition**

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs, including dismantling and removing the underlying asset.

This includes all leased assets other than investment property right-of-use assets, which are measured in accordance with AASB 140: *Investment Property*.

In line with AASB 16: *Leases*, Western Australia's public sector agencies do not recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

### **Subsequent Measurement**

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of lease liability.

### **Depreciation and impairment of right-of-use assets**

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to an agency at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 3(r): *Impairment of Assets*.

### **(m) Infrastructure Assets Financed by the Private Sector**

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.

### **(n) 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 'net gains on assets/liabilities' in the Operating Statement.

### **(o) 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.

### **(p) 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 between 3 to 5 years.

### **(q) 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.

### **(r) Impairment of Assets**

Property, plant, 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 a revaluation decrement through 'All other movements in equity' in the Operating Statement. 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 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.

### **(s) Leases**

Effective 1 January 2019, AASB 16: *Leases* supersedes AASB 117: *Leases*. The main changes introduced by the new Standard includes a comprehensive model for the identification of lease arrangements and requires lessees to recognise most leases (operating and finance leases) on the Balance Sheet as right-of-use assets and lease liabilities. This change excludes short-term leases (lease terms of 12 months or less at commencement date) and low-value assets (valued less than \$5,000). Under transitional arrangements, the new Standard preserves a small number of finance leases as ‘other borrowings’ on the Balance Sheet, where these leases are associated with social concession arrangements which will be subject to AASB 1059: *Service Concession Arrangements: Grantors* in the 2020-21 reporting year.

### **(t) Lease Liabilities**

Lease liabilities at commencement date, are measured at present value of lease payments that are not paid at that date. Lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, then the incremental borrowing rate provided by Western Australia Treasury Corporation is applied.

The lease payments that form part of the present value calculation of lease liabilities include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise of purchase options (where these are reasonably certain to be exercised); and
- payments for penalties for terminating a lease, where the lease term reflects the exercising of options to terminate leases.

Interest on lease liabilities is recognised in the Operating Statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.



Periods covered by extension or termination options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liabilities, that are dependent on sales are recognised by agencies in the profit and loss in the period in which the condition that triggers those payments occurs.

### ***Subsequent measurement***

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount at amortised cost (subject to adjustments to reflect any reassessment or lease modifications).

### **(u) 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.

Precious metal inventories are valued at fair value, being market prices ruling at reporting date.

### **(v) 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.

### **(w) 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 deposits;
- receivables/payables;
- investments, loans and placements;
- advances paid/received;
- shares and other equity;
- deposits held;

- borrowings;
- other employee benefits; and
- other financial assets/liabilities.

Financial assets are measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification is based on two criteria:

- the business model for managing the assets; and
- whether the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

The following classifications are applied to financial assets and liabilities.

- Financial assets are measured at amortised cost if they are held to collect the contractual cash flows and those cash flows are solely payments of principal and interest.
- Financial assets are measured at fair value through other comprehensive income:
  - (a) for debt instruments - if the assets are held both to collect contractual cash flows, comprising solely payments of principal and interest, and to sell the financial assets; and
  - (b) for equity instruments - if they have been irrevocably elected to be measured at fair value through other comprehensive income.
- Other financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or fair value through other comprehensive income as explained above.
- 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 usually settled within 30 days. Payables are measured at either amortised cost or at fair value through profit or loss.
- 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. With the exclusion of leases, borrowings are predominantly conducted by the Western Australian Treasury Corporation, which operates within the capital markets as the central borrowing authority of the public sector. Borrowings are measured at either amortised cost, at fair value through profit or loss, or at fair value through other comprehensive income.
- 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 ongoing risk mitigation activity, the changes in the fair value of derivative financial instruments are recognised in the Operating Statement as they arise. Derivative financial instruments are measured at fair value through profit or loss.

## **(x) 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 to settle the obligation 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.

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

- Defined Benefit Plans:
  - Pension Scheme, which was closed to new members on 15 August 1986; and
  - Gold State Superannuation (GSS) Scheme, which was closed to new members on 29 December 1995; and
- 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.

From 30 March 2012, existing members of the WSS, GESB Super Scheme 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.

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 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 value of unfunded liabilities reported in the ARSF will differ to the liabilities reported by GESB due to the application of different accounting standards which result in the application of different measurement methodologies<sup>1</sup>.

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*.

### ***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 payments.

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.

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<sup>1</sup> Since 2016-17, GESB has valued and reported unfunded superannuation liabilities in accordance with the requirements of AASB 1056: *Superannuation Entities*, while for the purposes of the *Annual Report on State Finances*, the liabilities will continue to be valued in line with AASB 119: *Employee Benefits*. The two standards allow for the use of different discount factors which will result in a different valuation for the two entities. In addition, GESB reports an employer-sponsored receivable (being the difference between the defined benefit liability and the assets available to meet the liability). The employer sponsored receivable is not reciprocated in a separately identifiable payable in the *Annual Report on State Finances*.

Past experience indicates that on average, sick leave taken 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 payments.

Where leased premises are required to be restored to their original condition at the end of their respective lease terms, a provision is recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs are capitalised as part of the cost of leasehold improvements or right-of-use assets and are amortised over the shorter of the lease term and the useful life of the assets.

A restoration provision is recognised when:

- (a) there is a present obligation as a result of agencies' activities undertaken;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) the amount of the provision can be measured reliably.

### **(y) 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 1059: Service Concession Arrangements: Grantors*. This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector agency by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided. The mandatory effective date of this Standard is currently 1 January 2020 following amendment by AASB 2018-5. The full impact of this standard is still being assessed.

- *AASB 2018-5: Amendments to Australian Accounting Standards - Deferral of AASB 1059.* This Standard amends the mandatory effective date of AASB 1059 so that AASB 1059 is required to be applied for annual reporting periods beginning on or after 1 January 2020 instead of 1 January 2019. There is no financial impact from this Amendment.
- *AASB 2018-6: Amendments to Australian Accounting Standards - Definition of a Business.* The standard amends AASB 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. There is no financial impact from this Amendment.
- *AASB 2018-7: Amendments to Australian Accounting Standards - Definition of Material.* The Standard principally amends AASB 101 and AASB 108. The amendments refine the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material. There is no financial impact from this Amendment.
- *AASB 2019-1: Amendments to Australian Accounting Standards - References to the Conceptual Framework.* This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. There is no financial impact from this Amendment.
- *AASB 2019-2: Amendments to Australian Accounting Standards - Implementation of AASB 1059.* This Standard makes amendments to AASB 16 and AASB 1059 to: (a) amend the modified retrospective method set out in paragraph C4 of AASB 1059; (b) modify AASB 16 to provide a practical expedient to grantors of service concession arrangements so that AASB 16 would not need to be applied to assets that would be recognised as service concession assets under AASB 1059; and (c) include editorial amendments to the application guidance and implementation guidance accompanying AASB 1059. The full impact of this standard is still being assessed.
- *AASB 2020-1: Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current.* This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. There is no financial impact from this Amendment.

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.

### **(z) Comparative Figures**

The modified retrospective approach has been adopted on transition to AASB 15, AASB 16 and AASB 1058. No comparative information is restated under this approach and the cumulative effect of initially applying the Standards is recognised as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

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

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## **NOTE 4: CONVERGENCE DIFFERENCES**

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Where possible, AASB 1049 harmonises GFS and accounting concepts into a single presentation. Where harmonisation cannot be achieved as a result of differences in definition, recognition, measurement, classification and consolidation principles and rules, a convergence difference arises.

Full convergence on GFS and Generally Accepted Accounting Principles (GAAP) has not been achieved. This means that there are some differences between AASB 1049 aggregates in this report and the GFS information that the ABS reports.

The following key convergence differences relate to the 30 June 2020 results.

- GFS recognises dividends to owners by the PNFC and PFC sectors as a GFS expense, whereas under GAAP they are treated as a distribution to owners and therefore a direct reduction of accumulated funds. This difference does not flow through to the total public sector as dividends are eliminated on consolidation.
- GFS does not recognise an allowance for doubtful debts as the statistical framework only recognises bad debts when they are written off. Under GAAP, an allowance for doubtful debts is recognised in the balance sheet and doubtful debts are recognised in the Operating Statement as 'other economic flows'.
- Transactions with owners as owners (such as equity injections) are excluded from the 'total change in net worth'. However, these transactions are included in the movement in GFS net worth. These types of transactions result in a convergence difference as the total change in net worth under GAAP is disclosed before such transactions, while under GFS, these transactions are included in the movement in GFS net worth.

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**NOTE 5: CLASSIFICATION OF THE FUNCTIONS OF  
GOVERNMENT**

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General Government

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	2020	2019
	\$m	\$m
<b>EXPENSES</b>		
General public services	1,334	1,510
Public order and safety	3,826	3,585
Economic affairs	1,651	1,104
Environmental protection	395	387
Housing and community amenities	1,223	1,441
Health	9,557	9,013
Recreation, culture and religion	806	767
Education	6,536	7,601
Social protection	2,674	2,855
Transport	2,490	2,425
<b>TOTAL EXPENSES</b>	<b>30,493</b>	<b>30,689</b>
<b>ASSETS AT 30 JUNE</b>		
General public services	9,074	6,181
Public order and safety	4,166	3,900
Economic affairs	2,650	2,828
Environmental protection	3,584	3,299
Housing and community amenities	4,957	5,074
Health	7,965	8,126
Recreation, culture and religion	3,578	3,684
Education	13,332	13,021
Social protection	241	228
Transport	46,736	45,410
<i>plus</i> Investments in other public sector entities	51,563	50,745
<b>TOTAL ASSETS</b>	<b>147,847</b>	<b>142,496</b>

Note: Columns may not add due to rounding.

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**NOTE 5: CLASSIFICATION OF THE FUNCTIONS OF  
GOVERNMENT (CONT.)**

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Total Public Sector

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	2020	2019
	\$m	\$m
<b>EXPENSES</b>		
General public services	1,560	1,909
Public order and safety	3,771	3,502
Economic affairs	29,626	15,783
Environmental protection	391	382
Housing and community amenities	2,342	2,309
Health	9,493	8,941
Recreation, culture and religion	3,386	3,502
Education	6,369	7,416
Social protection	3,179	3,310
Transport	3,543	3,443
<b>TOTAL EXPENSES</b>	<b>63,659</b>	<b>50,498</b>
<b>ASSETS AT 30 JUNE</b>		
General public services	24,072	16,418
Public order and safety	4,166	3,899
Economic affairs	33,366	30,322
Environmental protection	3,584	3,299
Housing and community amenities	30,289	30,259
Health	7,979	8,140
Recreation, culture and religion	4,113	4,212
Education	13,332	13,021
Social protection	18,030	17,977
Transport	61,230	59,062
<b>TOTAL ASSETS</b>	<b>200,161</b>	<b>186,610</b>

Note: Columns may not add due to rounding.

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## NOTE 6: OPERATING REVENUE

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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*.

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## NOTE 7: DEPRECIATION AND AMORTISATION EXPENSE

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### General Government

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	2020	2019
	\$m	\$m
<i>Depreciation</i>		
Buildings	549	548
Infrastructure	434	415
Plant, equipment and other	307	369
Right-of-use assets	351	-
<i>Total</i>	<b>1,641</b>	<b>1,332</b>
<i>Amortisation</i>		
Intangible assets	109	113
<i>Total</i>	<b>109</b>	<b>113</b>
<b>Total depreciation and amortisation expenses</b>	<b>1,751</b>	<b>1,445</b>

### Total Public Sector

---

	2020	2019
	\$m	\$m
<i>Depreciation</i>		
Buildings	705	713
Infrastructure	1,781	1,638
Plant, equipment and other	765	854
Right-of-use assets	435	-
<i>Total</i>	<b>3,685</b>	<b>3,205</b>
<i>Amortisation</i>		
Intangible assets	222	225
<i>Total</i>	<b>222</b>	<b>225</b>
<b>Total depreciation and amortisation expenses</b>	<b>3,908</b>	<b>3,431</b>

Note: Columns may not add due to rounding.

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**NOTE 8: OTHER GROSS OPERATING EXPENSES**


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**General Government**


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	2020	2019
	\$m	\$m
Services purchased from non-government agencies	1,458	1,794
Health sector specific expenses	1,488	1,380
Other	1,213	1,302
Education sector specific expenses	734	687
Consumable expenses	498	482
<b>Total</b>	<b>5,391</b>	<b>5,645</b>

---

**Total Public Sector**


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	2020	2019
	\$m	\$m
Gold Corporation inventories	24,578	11,018
Other	2,438	2,519
Betting dividends payouts	1,549	1,680
Health sector specific expenses	1,488	1,380
Services purchased from non-government agencies	1,473	1,807
Electricity, gas and other direct costs	1,455	1,628
Insurance claims expenses	982	1,056
Education sector specific expenses	734	687
Consumable expenses	330	309
<b>Total</b>	<b>35,027</b>	<b>22,084</b>

Note: Columns may not add due to rounding.

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**NOTE 9: OTHER INTEREST**


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**General Government**


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	2020	2019
	\$m	\$m
Other Interest	737	859
Interest on Leases	142	89
<b>Total</b>	<b>878</b>	<b>948</b>

---

**Total Public Sector**


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	2020	2019
	\$m	\$m
Other Interest	1,333	1,583
Interest on Leases	231	174
<b>Total</b>	<b>1,564</b>	<b>1,756</b>

Note: Columns may not add due to rounding.

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## NOTE 10: TRANSFER EXPENSES

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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.

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### TRANSFER EXPENSES (a)

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General Government		
	2020	2019
	\$m	\$m
<i>CURRENT TRANSFERS</i>		
Local government	323	384
Local government on-passing	-	181
Private and not-for-profit sector	1,609	1,377
Private and not-for-profit sector on-passing	-	1,323
Other sectors of government	3,071	2,161
<b>Total Current Transfers</b>	<b>5,003</b>	<b>5,426</b>
<i>CAPITAL TRANSFERS</i>		
Local government	96	64
Local government on-passing	-	118
Private and not-for-profit sector	68	87
Private and not-for-profit sector on-passing	-	18
Other sectors of government	64	338
<b>Total Capital Transfers</b>	<b>228</b>	<b>625</b>
Total Public Sector		
	2020	2019
	\$m	\$m
<i>CURRENT TRANSFERS</i>		
Local government	323	385
Local government on-passing	-	181
Private and not-for-profit sector	2,744	2,185
Private and not-for-profit sector on-passing	-	1,323
Other sectors of government	626	337
<b>Total Current Transfers</b>	<b>3,693</b>	<b>4,411</b>
<i>CAPITAL TRANSFERS</i>		
Local government	96	65
Local government on-passing	-	118
Private and not-for-profit sector	99	119
Private and not-for-profit sector on-passing	-	18
<b>Total Capital Transfers</b>	<b>194</b>	<b>319</b>

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

Note: Columns may not add due to rounding.

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**NOTE 11: RECEIVABLES**


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**General Government**


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	2020	2019
	\$m	\$m
Receivables	4,195	4,195
Provision for impairment of receivables	-257	-196
<b>Total receivables</b>	<b>3,938</b>	<b>3,999</b>
<i>Reconciliation of changes in the allowance for impairment of receivables:</i>		
<i>Balance at start of year</i>	<i>196</i>	<i>265</i>
Expected credit losses expense	126	-2
Amounts written off during the year	-66	-61
Amounts recovered during the year	-	-6
<b>Balance at the end of year</b>	<b>257</b>	<b>196</b>

**Total Public Sector**


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	2020	2019
	\$m	\$m
Receivables	6,329	6,117
Provision for impairment of receivables	-406	-293
<b>Total receivables</b>	<b>5,923</b>	<b>5,825</b>
<i>Reconciliation of changes in the allowance for impairment of receivables:</i>		
<i>Balance at start of year</i>	<i>293</i>	<i>352</i>
Expected credit losses expense	198	16
Amounts written off during the year	-90	-82
Amounts recovered during the year	5	7
<b>Balance at the end of year</b>	<b>406</b>	<b>293</b>

Note: Columns may not add due to rounding.

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**NOTE 12: LAND**


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**General Government**


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	2020	2019
	\$m	\$m
Land, at fair value <sup>(a)</sup>	12,374	12,424
Land under roads, at fair value <sup>(b)</sup>	22,864	23,177
<b>Total</b>	<b>35,238</b>	<b>35,600</b>

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**Total Public Sector**


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	2020	2019
	\$m	\$m
Land, at fair value <sup>(a)</sup>	20,735	20,633
Land under roads, at fair value <sup>(b)</sup>	22,864	23,177
<b>Total</b>	<b>43,599</b>	<b>43,809</b>

(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 as at 30 June 2019. Land vested in local authorities of \$1,960 million (2019: \$1,976 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) each financial year with an effective date of 1 July. The valuation is based on information on the stock of land at 30 June 2019.

Note: Columns may not add due to rounding.

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## NOTE 13: OTHER PROPERTY, PLANT AND EQUIPMENT

### General Government

	2020	2019
	\$m	\$m
Buildings, at fair value <sup>(a)</sup>	19,438	19,843
Accumulated Depreciation and impairment losses	-522	-473
<b>Total</b>	<b>18,917</b>	<b>19,369</b>
Electricity generation and transmission, at fair value <sup>(b)</sup>	-	1
Accumulated Depreciation	-	-1
<b>Total</b>	<b>-</b>	<b>-</b>
Road networks, at fair value <sup>(c)</sup>	32,801	30,519
Accumulated Depreciation	-12,150	-11,421
<b>Total</b>	<b>20,652</b>	<b>19,098</b>
Other infrastructure, at fair value	1,615	1,545
Accumulated Depreciation	-315	-267
<b>Total</b>	<b>1,300</b>	<b>1,278</b>
Plant, equipment and other, at fair value	4,354	4,511
Accumulated Depreciation and impairment losses	-1,876	-1,825
<b>Total</b>	<b>2,478</b>	<b>2,685</b>
Fixed Assets under construction	3,016	2,914
<b>Total Property, Plant and Equipment</b>	<b>46,363</b>	<b>45,344</b>

### Total Public Sector

	2020	2019
	\$m	\$m
Buildings, at fair value <sup>(a)</sup>	26,881	27,619
Accumulated Depreciation and impairment losses	-1,428	-1,381
<b>Total</b>	<b>25,453</b>	<b>26,238</b>
Electricity generation and transmission, at fair value <sup>(b)</sup>	20,625	19,924
Accumulated Depreciation	-7,339	-6,929
<b>Total</b>	<b>13,286</b>	<b>12,995</b>
Road networks, at fair value <sup>(c)</sup>	32,801	30,519
Accumulated Depreciation	-12,150	-11,421
<b>Total</b>	<b>20,652</b>	<b>19,098</b>
Water storage and distribution, at fair value <sup>(d)</sup>	30,937	30,443
Accumulated Depreciation	-12,572	-12,134
<b>Total</b>	<b>18,364</b>	<b>18,309</b>
Other infrastructure, at fair value	24,902	23,501
Accumulated Depreciation	-15,938	-14,815
<b>Total</b>	<b>8,964</b>	<b>8,686</b>
Plant, equipment and other, at fair value	17,900	18,363
Accumulated Depreciation and impairment losses	-8,647	-8,726
<b>Total</b>	<b>9,254</b>	<b>9,637</b>
Fixed Assets under construction	6,601	6,136
<b>Total Property, Plant and Equipment</b>	<b>102,575</b>	<b>101,099</b>

(a) Building valuations are provided by Western Australian Land Information Authority (Valuation Services) 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 2020.

(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 14: RECONCILIATION OF LAND AND OTHER PROPERTY, PLANT AND EQUIPMENT (a)

### General Government

	Land \$m	Land under Roads \$m	Buildings \$m	Electricity generation and transmission \$m	Road netw orks \$m	Other Infra- structure \$m	Plant, equip & other \$m	Fixed Assets under Construction \$m	Total \$m
<b>30 June 2020</b>									
<i>Carrying amount at beginning of year</i>	12,424	23,177	19,369	-	19,098	1,278	2,685	2,914	80,945
Adjustment for change in accounting policy - AASB 16(a)	-8	-	-593	-	-	-	-145	-	-746
<i>Restated carrying amount at beginning of year</i>	12,415	23,177	18,777	-	19,098	1,278	2,540	2,914	80,199
Assets classified as held for sale	14	-	2	-	-	-	-	-	17
Additions	205	19	80	-	-	4	230	2,084	2,621
Disposals	-40	-	-11	-	-98	-6	-82	-12	-249
Transfers in/-out	-7	22	549	-	1,199	64	69	-1,955	-60
Revaluation increments/-decrements	-212	-353	68	-	845	3	24	-	376
Depreciation	-	-	-549	-	-385	-49	-307	-	-1,290
Other	-1	-	2	-	-7	6	4	-15	-11
<b>Carrying amount at end of year</b>	<b>12,374</b>	<b>22,864</b>	<b>18,917</b>	<b>-</b>	<b>20,652</b>	<b>1,300</b>	<b>2,478</b>	<b>3,016</b>	<b>81,601</b>
<b>30 June 2019</b>									
<i>Carrying amount at beginning of year</i>	12,866	23,540	19,576	1	18,630	1,252	2,806	2,444	81,115
Assets classified as held for sale	69	-	-	-	-	-	-	-	69
Additions	127	-	157	-	-	4	246	2,101	2,635
Disposals	-93	-	-16	-	-86	-5	-38	-1	-240
Transfers in/-out	-5	22	673	-	914	55	37	-1,630	67
Revaluation increments/-decrements	-538	-386	-456	-1	14	14	2	-	-1,352
Depreciation	-	-	-548	-	-367	-48	-369	-	-1,332
Other	-2	-	-17	-	-7	6	1	1	-18
<b>Carrying amount at end of year</b>	<b>12,424</b>	<b>23,177</b>	<b>19,369</b>	<b>-</b>	<b>19,098</b>	<b>1,278</b>	<b>2,685</b>	<b>2,914</b>	<b>80,945</b>



## NOTE 14: RECONCILIATION OF LAND AND OTHER PROPERTY, PLANT AND EQUIPMENT (a) (CONT.)

Total Public Sector										
	Land	Land under	Buildings	Electricity generation and transmission	Road networks	Water storage and distribution	Other Infrastructure	Plant, equip & other	Fixed Assets under Construction	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>30 June 2020</b>										
<i>Carrying amount at beginning of year</i>	20,633	23,177	26,238	12,995	19,098	18,309	8,686	9,637	6,136	144,908
Adjustment for change in accounting policy - AASB 16(a)	-8	-	-593	-	-	-	-	-437	-	-1,038
<i>Restated carrying amount at beginning of year</i>	20,624	23,177	25,645	12,995	19,098	18,309	8,686	9,200	6,136	143,869
Assets classified as held for sale	14	-	-9	-	-	-	-	-	-	6
Additions	220	19	89	25	-	68	45	290	4,494	5,250
Disposals	-92	-	-54	-24	-98	-5	-8	-90	-20	-391
Transfers in/-out	248	22	552	663	1,199	322	165	664	-4,004	-169
Revaluation increments/-decrements	-276	-353	-63	152	845	74	518	-49	-	847
Depreciation	-	-	-705	-545	-385	-404	-447	-765	-	-3,251
Impairment losses	-	-	-	-	-	-	-	-	-4	-4
Other	-4	-	-2	20	-7	-	6	4	-	16
<b>Carrying amount at end of year</b>	<b>20,735</b>	<b>22,864</b>	<b>25,453</b>	<b>13,286</b>	<b>20,652</b>	<b>18,364</b>	<b>8,964</b>	<b>9,254</b>	<b>6,601</b>	<b>146,174</b>
<b>30 June 2019</b>										
<i>Carrying amount at beginning of year</i>	21,967	23,540	26,401	15,150	18,630	18,215	7,705	8,839	5,353	145,802
Assets classified as held for sale	65	-	-1	-	-	-	-	-	-	64
Additions	144	-	204	15	-	73	24	377	4,243	5,080
Disposals	-173	-	-50	-13	-86	-4	-8	-54	-1	-389
Transfers in/-out	-546	22	1,334	692	914	372	157	487	-3,448	-15
Revaluation increments/-decrements	-823	-386	-921	-2,366	14	49	1,162	840	-	-2,431
Depreciation	-	-	-713	-513	-367	-397	-361	-854	-	-3,205
Impairment losses	-	-	-	-	-	-	-	-	-12	-12
Other	-2	-	-16	31	-7	-	6	2	1	14
<b>Carrying amount at end of year</b>	<b>20,633</b>	<b>23,177</b>	<b>26,238</b>	<b>12,995</b>	<b>19,098</b>	<b>18,309</b>	<b>8,686</b>	<b>9,637</b>	<b>6,136</b>	<b>144,908</b>

(a) Information on fair value measurements is provided in Note 15.

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

## NOTE 15: FAIR VALUE MEASUREMENTS

### General Government

#### Assets measured at fair value

	Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>	Fair value at end of period
	\$m	\$m	\$m	\$m
<b>30 June 2020</b>				
Assets classified as held for sale (Note 21)	-	17	4	21
Land (Note 12,14)	3	3,008	9,363	12,374
Land under roads (Note 12,14)	-	-	22,864	22,864
Buildings (Note 13,14)	-	459	18,458	18,917
Electricity generation and transmission (Note 13,14)	-	-	-	-
Road networks (Note 13,14)	-	-	20,652	20,652
Other infrastructure (Note 13,14)	-	-	1,300	1,300
Plant, equipment and other (Note 13,14)	-	1	2,477	2,478
Biological assets (Note 18)	2	-	106	109
Investment property (Note 22)	-	7	-	7
<b>Total</b>	<b>5</b>	<b>3,492</b>	<b>75,224</b>	<b>78,721</b>

	Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>	Fair value at end of period
	\$m	\$m	\$m	\$m
<b>30 June 2019</b>				
Assets classified as held for sale (Note 21)	-	33	10	43
Land (Note 12,14)	24	2,843	9,557	12,424
Land under roads (Note 12,14)	-	-	23,177	23,177
Buildings (Note 13,14)	53	454	18,862	19,369
Electricity generation and transmission (Note 13,14)	-	-	-	-
Road networks (Note 13,14)	-	-	19,098	19,098
Other infrastructure (Note 13,14)	-	166	1,112	1,278
Plant, equipment and other (Note 13,14)	-	374	2,311	2,685
Biological assets (Note 18)	-	2	1	3
Investment property (Note 22)	-	7	-	7
<b>Total</b>	<b>78</b>	<b>3,879</b>	<b>74,128</b>	<b>78,084</b>

(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/rows 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 2020.

- The Department for Local Government, Sport and Cultural Industries transferred \$374 million of museum collection from level 2 to level 3 in 2019-20.

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**NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)**

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*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 and investment property are derived using the market approach. Market evidence of sales prices of comparable assets is used to determine price per square metre for land and buildings, with adjustments made for differences in key attributes.
- Level 2 fair values of biological assets are derived using the market rates less costs to sell.
- 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-assets.

## NOTE 15: 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
<b>30 June 2020</b>									
<i>Fair value at start of period</i>	10	9,557	23,177	18,862	-	19,098	1,112	2,311	1
Adjustment for change in accounting policy - AASB 16(a)	-	-	-	-559	-	-	-	-145	-
Restated fair value at the start of period	10	9,557	23,177	18,303	-	19,098	1,112	2,166	1
Transfers	-	-	-	-	-	-	-	-	134
Additions	-	154	41	614	-	1,189	27	331	-
Revaluation increments/-decrements recognised in All other movements in equity	-	-326	-353	74	-	845	-	24	-29
Transfers from/-to Level 2	-4	47	-	8	-	-	177	374	-
Transfers between asset classes	-	-	-	-	-	-	26	-26	-
Disposals	-2	-61	-	-10	-	-89	-6	-82	-
Depreciation	-	-	-	-523	-	-392	-45	-307	-
Other	-	-8	-	-9	-	-	8	-4	-
<b>Fair value at end of period</b>	<b>4</b>	<b>9,363</b>	<b>22,864</b>	<b>18,458</b>	<b>-</b>	<b>20,652</b>	<b>1,300</b>	<b>2,477</b>	<b>106</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
<b>30 June 2019</b>									
<i>Fair value at start of period</i>	91	8,613	23,540	18,977	1	18,630	1,252	2,437	1
Additions	-	21	22	694	-	950	51	286	-
Revaluation increments/-decrements recognised in All other movements in equity	-	-536	-386	-441	-1	14	10	-1	-
Transfers from/-to Level 2	-	1,458	-	155	-	-	-162	-2	-
Transfers between asset classes	-84	53	-	32	-	-	-	-	-
Disposals	-1	-49	-	-20	-	-122	-	-38	-
Depreciation	-	-	-	-521	-	-373	-44	-369	-
Other	4	-3	-	-14	-	-	5	-2	-
<b>Fair value at end of period</b>	<b>10</b>	<b>9,557</b>	<b>23,177</b>	<b>18,862</b>	<b>-</b>	<b>19,098</b>	<b>1,112</b>	<b>2,311</b>	<b>1</b>

(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.

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## NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

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### 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 the State's 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 methodologies within the general government sector for the period ending 30 June 2020.

The following valuation techniques have been identified for agencies with significant Level 3 asset values within the general government sector, reflecting the accounting policy of the agencies with such assets.

- Fair value for restricted-use land is based on comparison with market evidence for land with low level utility (high restricted-use land). The relevant comparators of land with low level utility is selected by Valuation Services and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.
- Fair value for current-use land assets, is measured firstly by establishing the opportunity cost of public purpose land, which is termed the hypothetical alternate land use value. This approach assumes unencumbered land use based upon potential highest and best alternative use as represented by surrounding land uses and market analysis. Fair value of the land is then determined on the assumption that the site is rehabilitated to a vacant marketable condition. This requires costs associated with rehabilitation to be deducted from the hypothetical alternate land use value of the land. Costs may include building demolition, clearing, planning approvals and time allowances associated with realising that potential. In some instances the legal, physical, economic and socio political restrictions on a land results in a minimal or negative current use land value. In this situation the land value adopted is the higher of the calculated rehabilitation amount or the amount determined on the basis of comparison to market-corroborated evidence of land with low level utility. Land of low-level utility is considered to be grazing land on the urban fringe of the metropolitan area with no economic farming potential or foreseeable development or redevelopment potential at the measurement date.

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## NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

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- 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 current replacement cost). Current replacement cost is the current 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.
- Current replacement cost for road networks is determined 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 or rates obtained by professional estimators specialising in road infrastructure works) to ensure asset values do not materially differ from fair value.
- Fair value for assets classified as held for sale or for distribution to owners has 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 assets.

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 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.

### *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 Valuation Services.

### *Consumed economic benefit/obsolescence of assets*

This is estimated by Valuation Services and applies to the majority of the asset classes.

### *Effective age*

The effective age is determined by Valuation Services for buildings and by the Department of Education's valuer for its building sub-classes, after taking into account factors such as planned routine maintenance, building improvements and upgrades.

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## **NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)**

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### ***Percentage rate of add-on cost - buildings and building sub-classes***

Valuation Services has determined that the costs relating to contingencies, headworks, demolition costs, professional and project fees are inherent in the building valuations and therefore should not be added to its valuations. This also applies to the building sub-classes.

### ***Average installation costs - transportable***

The cost of transportation and connection of services is determined by a 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.

### ***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.

### ***Historical cost per library and artwork collection***

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 works of art and fieldworks for collections is extracted from financial records of the State Library of Western Australia and the Western Australian Museum.

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## NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

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### 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.

General Government <sup>(a)</sup>		
Asset Measured at Fair Value	Valuation Technique(s)	Unobservable inputs
Assets classified as held for sale	Current Replacement Cost Market Approach	Consumed economic benefit/obsolescence of asset Percentage rate of add-on cost - buildings and building sub-classes Average installation costs - transportables Selection of land with similar approximate utility
Land	Market Approach  Value in Use	Selection of land with similar approximate utility Selection of land with restricted utility Difference between hypothetical alternate land use value and current use land value
Land under roads	Market Approach	Selection of land adjoining road reserve
Buildings	Current Replacement Cost	Effective Age Percentage rate add-on cost Average installation costs Residual value of 25% of current replacement cost Application of a cost of construction index to historical cost Consumed economic benefit/obsolescence of asset
Road networks	Current Replacement Cost	Historical cost per cubic metre (m <sup>3</sup> )
Other infrastructure	Current Replacement Cost	Consumed economic benefit/obsolescence of asset Application of a cost of construction index to historical cost
Plant, equipment and other	Current Replacement Cost	Historical cost per library and artwork collection

(a) Reconciliations of the opening and closing balances are provided in Notes 14 and 21.

### 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.



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**NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)**


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**Total Public Sector**


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**Assets measured at fair value**

	Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>	Fair value at end of period
	\$m	\$m	\$m	\$m
<b>30 June 2020</b>				
Assets classified as held for sale (Note 21)	-	33	4	37
Land (Note 12,14)	24	9,004	11,707	20,735
Land under roads (Note 12,14)	-	-	22,864	22,864
Buildings (Note 13,14)	10	5,998	19,445	25,453
Electricity generation and transmission (Note 13,14)	-	-	13,286	13,286
Road networks (Note 13,14)	-	-	20,652	20,652
Water storage and distribution (Note 13,14)	-	-	18,364	18,364
Other infrastructure (Note 13,14)	-	-	8,964	8,964
Plant, equipment and other (Note 13,14)	-	1,252	8,002	9,254
Biological assets (Note 18)	2	-	315	317
Investment property (Note 22)	-	33	-	33
<b>Total</b>	<b>36</b>	<b>16,321</b>	<b>123,603</b>	<b>139,960</b>

	Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>	Fair value at end of period
	\$m	\$m	\$m	\$m
<b>30 June 2019</b>				
Assets classified as held for sale (Note 21)	-	49	10	59
Land (Note 12,14)	45	8,827	11,760	20,633
Land under roads (Note 12,14)	-	-	23,177	23,177
Buildings (Note 13,14)	64	6,385	19,788	26,238
Electricity generation and transmission (Note 13,14)	-	-	12,995	12,995
Road networks (Note 13,14)	-	-	19,098	19,098
Water storage and distribution (Note 13,14)	-	-	18,309	18,309
Other infrastructure (Note 13,14)	-	166	8,520	8,686
Plant, equipment and other (Note 13,14)	-	1,697	7,940	9,637
Biological assets (Note 18)	-	2	343	345
Investment property (Note 22)	-	67	-	67
<b>Total</b>	<b>111</b>	<b>17,193</b>	<b>121,939</b>	<b>139,243</b>

(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/rows may not add due to rounding.

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

All significant transfers that apply to the total public sector for the periods ending 30 June 2020 have been disclosed in the general government sector above.

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**NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)**

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*Valuation techniques to derive Level 2 fair values*

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

The valuation techniques to derive Level 2 fair values disclosed in the general government sector above also applies to the total public sector. In addition, the disclosure below is specific to the total public sector.

The fair values of Level 2 plant, equipment and 'other' are derived using the market approach. These assets include rollingstock and buses, which are owned by the Public Transport Authority. 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 15: 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	Water storage and distribution \$m	Road networks \$m	Other Infra- structure \$m	Plant, equip & other \$m	Biological assets \$m
<b>30 June 2020</b>										
<i>Fair value at start of period</i>	10	11,760	23,177	19,788	12,995	19,098	18,309	8,520	7,940	343
Adjustment for change in accounting policy - AASB 16(a)	-	-	-	-559	-	-	-	-	-437	-
Restated fair value at the start of period	10	11,760	23,177	19,229	12,995	19,098	18,309	8,520	7,503	343
Additions	-	216	41	690	701	1189	390	176	905	-
Revaluation increments/-decrements recognised in All other movements in equity	-	-242	-353	81	153	845	74	508	5	-28
Transfers from/-to Level 2	-4	47	-	8	6	-	-	168	374	-
Transfers between asset classes	-	-	-	-	-	-	-	26	-26	-
Disposals	-2	-66	-	-11	-25	-89	-5	-8	-90	-
Depreciation	-	-	-	-569	-545	-392	-404	-434	-666	-
Other	-	-8	-	16	-	-	-	8	-4	-
<b>Fair value at end of period</b>	<b>4</b>	<b>11,707</b>	<b>22,864</b>	<b>19,445</b>	<b>13,286</b>	<b>20,652</b>	<b>18,364</b>	<b>8,787</b>	<b>8,002</b>	<b>315</b>
<b>30 June 2019</b>										
<i>Fair value at start of period</i>	91	10,960	23,540	20,118	15,150	18,630	18,215	7,705	7,299	330
Additions	-	54	22	771	707	950	445	174	729	6
Revaluation increments/-decrements recognised in All other movements in equity	-	-704	-386	-685	-2,366	14	49	1,159	838	7
Transfers from/-to Level 2	-	1,466	-	156	-	-	-	-162	-115	-
Transfers between asset classes	-84	53	-	32	-	-	-	-	-	-
Disposals	-1	-67	-	-21	-13	-122	-4	-3	-53	-
Depreciation	-	-	-	-570	-513	-373	-397	-358	-758	-
Other	4	-3	-	-13	31	-	-	6	-	-
<b>Fair value at end of period</b>	<b>10</b>	<b>11,760</b>	<b>23,177</b>	<b>19,788</b>	<b>12,995</b>	<b>19,098</b>	<b>18,309</b>	<b>8,520</b>	<b>7,940</b>	<b>343</b>

(a) 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.

(b) Represents gains or losses for the period included in the Operating Result for assets held at the end of the reporting period, under 'Net gains on assets/liabilities'.

Note: Columns may not add due to rounding

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## NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

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### 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 the State's 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. In addition, the following valuation techniques have been identified for public corporations with significant Level 3 asset values within the total public sector.

- Fair value for restricted-use land is based on comparison with market evidence for land with low level utility (high restricted-use land). The relevant comparators of land with low level utility is selected by Valuation Services and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of 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 current replacement cost). Current replacement cost is the current 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.
- 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 ABS:
  - Producer Price Index for building construction in Western Australia (approximately 81% weighting).
  - Labour Price Index 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 for all groups in Perth (approximately 4% weighting).

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## NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

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- Fair value for biological assets is determined using the discounted cash flow method to measure fair values of standing timber and plantations. 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 Sandalwood Plantations of 17 years, standing timber Plantations of 38 years. The expected net cash flows are discounted using a risk adjusted discounted rate.

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.

### *Freight, Railway and Bus Infrastructure*

Independent valuations were obtained by the Public Transport Authority for the following unobservable inputs.

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Unobservable input	Input from independent valuation report obtained in
Replacement cost per kilometre of rail network	2019
Replacement cost per cubic metre of railway ballast	2019
Replacement cost per sleeper (other rail)	2020
Replacement cost per sleeper (freight)	2019
Replacement cost per kilometre of overhead railway traction wiring	2020
Railway station replacement cost per square metre floor area	2020
Replacement cost per kilometre of rail line (freight)	2019
Replacement cost per kilometre of rail line (other rail)	2020
Replacement cost per railway signalling system	2020
Railway tunnel replacement cost per individual tunnel	2020
Replacement cost per square metre floor area (bus stations)	2018
Replacement cost per individual bus infrastructure items	2018
Replacement cost per individual systems infrastructure items	2017
Replacement cost per kilometre of systems infrastructure cabling	2017

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**NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)**

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***Estimated variables associated with biological assets***

The unobservable variables are mainly represented by estimated future timber market price per cubic metre and estimated average volume per annum, discounted at the rate for 2018 provided by an independent valuation obtained by the Forest Products Commission.

**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.

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**NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)**


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**Total Public Sector <sup>(a)</sup>**


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<b>Asset Measured at Fair Value</b>	<b>Valuation Technique(s)</b>	<b>Unobservable inputs</b>
Assets classified as held for sale	Current Replacement Cost	Consumed economic benefit/obsolescence of asset
	Market Approach	Selection of land with similar approximate utility
Land	Market Approach	Selection of land with similar approximate utility Selection of land with restricted utility
	Value in Use	Difference between hypothetical alternate land use value and current use land value
Land under roads	Market Approach	Selection of land adjoining road reserve
Buildings	Current Replacement Cost	Effective Age Percentage rate add-on cost Average installation costs Residual value of 25% of current replacement cost Application of a cost of construction index to historical cost Consumed economic benefit/obsolescence for asset
Electricity generation and transmission	Current Replacement Cost	Consumed economic benefit/obsolescence of electricity infrastructure Historical cost of electricity infrastructure per km <sup>2</sup>
Road networks	Current Replacement Cost	Historical cost per cubic metre (m <sup>3</sup> )
Water storage and distribution	Current Replacement Cost	Consumed economic benefit/ obsolescence of asset
Other infrastructure	Freight Network Infrastructure -	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 - Current	Consumed economic benefit/ obsolescence of asset Replacement cost per individual tunnel Replacement cost per station structure Replacement cost per kilometre of rail line Replacement cost per signal Replacement cost per sleeper Replacement cost per kilometre of overhead traction wiring
	Systems Infrastructure - Current	Consumed economic benefit/obsolescence of asset Replacement cost per individual items Replacement cost per kilometre of cabling
	Bus Infrastructure- Current	Consumed economic benefit/ obsolescence of asset Replacement cost per square metre floor area (m <sup>2</sup> ) Replacement cost per individual items
Plant, equipment and other	Current Replacement Cost	Consumed economic benefit/ obsolescence of asset Historical cost per library and artwork collection

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**NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)**


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**Total Public Sector <sup>(a)</sup> (Cont.)**


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<b>Asset Measured at Fair Value</b>	<b>Valuation Technique(s)</b>	<b>Unobservable inputs</b>
Biological assets	Standing Timber (Native Forests) - Discounted Cash Flow	Estimated weighted average selling price per cubic meter
		Estimated average volume per annum
		Estimated variable and fixed costs to harvest over the forecast horizon
	Standing Timber (Sandlewood) - Discounted Cash Flow	Estimated future timber market prices
		Average selling price for products Estimated average volume per annum Estimated cost per tonne to harvest, produce and sell the volume over the forecast horizon
Standing Timber (Plantations) - Discounted Cash Flow	The area stocked Estimated future timber market prices per cubic metre Future wood flow projections	
Sandalwood Plantations - Discounted Cash Flow	Estimated future timber market prices based on \$US/\$A forward exchange rates to 2037 provided by Western Australian Treasury Corporation. The weighted average price for products Estimated average volume per annum Estimated cost per tonne to harvest, produce and sell the volume over the forecast horizon	
Esperance pine Plantations - Discounted Cash Flow	The area stocked Estimated future timber average market prices per hectare Estimated average volume per annum Estimated cost per hectare to harvest, produce and sell the volume over the forecast horizon	

(a) Reconciliations of the opening and closing balances are provided in Notes 14, 18 and 21.

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**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.



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**NOTE 16: RIGHT-OF-USE ASSETS**


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**General Government**


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	2020	2019
	\$m	\$m
Depreciation expense of right-of-use assets	351	-
Lease interest expense	114	-
Expenses relating to variable lease payments not included in lease liabilities	94	-
Short-term leases	38	-
Low -value leases	2	-
<b>Total amount recognised in the Operating Statement</b>	<b>600</b>	<b>-</b>
Total cash outflow for leases	423	-

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**Total Public Sector**


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	2020	2019
	\$m	\$m
Depreciation expense of right-of-use assets	435	-
Lease interest expense	182	-
Expenses relating to variable lease payments not included in lease liabilities	95	-
Short-term leases	46	-
Low -value leases	3	-
<b>Total amount recognised in the Operating Statement</b>	<b>760</b>	<b>-</b>
Total cash outflow for leases	519	-

Note: Columns may not add due to rounding.

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## NOTE 17: RECONCILIATION OF RIGHT-OF-USE ASSETS

### General Government

	Land \$m	Buildings \$m	Plant, Equipment and Other \$m	Vehicles \$m	Total \$m
<b>At 30 June 2019</b>					
Opening net carrying amount	-	-	-	-	-
Recognition of right-of-use assets on initial application of AASB 16	16	2,392	176	22	2,607
<i>Restated opening carrying amount</i>	16	2,392	176	22	2,607
<b>1 July 2019</b>					
Gross carrying amount	16	2,394	202	25	2,637
Accumulated depreciation and impairment loss	-	-2	-26	-2	-30
<i>Carrying amount at beginning of year</i>	16	2,392	176	22	2,607
Additions	-	441	16	1	458
Disposals	-	-229	-	-	-229
Depreciation	-	-272	-68	-11	-351
<b>Carrying amount at end of year 30 June 2020</b>	<b>16</b>	<b>2,333</b>	<b>124</b>	<b>12</b>	<b>2,484</b>
Gross carrying amount	16	2,581	217	24	2,838
Accumulated depreciation and impairment loss	-	-248	-93	-13	-354

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**NOTE 17: RECONCILIATION OF RIGHT-OF-USE ASSETS (CONT.)**


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Total Public Sector

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	Land \$m	Buildings \$m	Plant, Equipment and Other \$m	Vehicles \$m	Power purchase agreements \$m	Total \$m
<b>At 30 June 2019</b>						
Opening net carrying amount	-	-	-	-	-	-
Recognition of right-of-use assets on initial application of AASB 16	36	2,506	423	61	94	3,120
<i>Restated opening carrying amount</i>	36	2,506	423	61	94	3,120
<b>1 July 2019</b>						
Gross carrying amount	40	2,525	726	65	247	3,602
Accumulated depreciation and impairment loss	-4	-19	-303	-4	-153	-482
<i>Carrying amount at beginning of year</i>	36	2,506	423	61	94	3,120
Additions	-	477	58	14	-	550
Disposals	-	-229	-	-9	-	-238
Depreciation	-1	-297	-106	-21	-10	-435
<b>Carrying amount at end of year 30 June 2020</b>	<b>35</b>	<b>2,457</b>	<b>375</b>	<b>46</b>	<b>84</b>	<b>2,997</b>
Gross carrying amount	40	2,746	785	76	247	3,894
Accumulated depreciation and impairment loss	-6	-289	-410	-31	-162	-898

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**NOTE 18: BIOLOGICAL ASSETS (a)**


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**General Government**


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	2020	2019
	\$m	\$m
Native and plantation standing trees <sup>(b)</sup>	105	-
Livestock and other	4	3
<b>Total Biological Assets</b>	<b>109</b>	<b>3</b>

**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 .

<b>30 June 2020</b>	<b>Standing Trees</b>	<b>Livestock and Other</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<i>Carrying amount at beginning of year</i>	-	3	3
Transfers	134	-	134
Gain/-loss from changes in fair value	-29	1	-28
Other	-	-	-
<b>Carrying amount at end of year</b>	<b>105</b>	<b>4</b>	<b>109</b>
<b>30 June 2019</b>	<b>Standing Trees</b>	<b>Livestock and Other</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<i>Carrying amount at beginning of year</i>	-	3	3
Gain/-loss from changes in fair value	-	-	-
Purchases	-	-	-
Other	-	-	-
<b>Carrying amount at end of year</b>	<b>-</b>	<b>3</b>	<b>3</b>

(a) Information on fair value measurements is provided in Note 15.

(b) Native and plantation standing trees consist of mature and maturing standing trees stated at fair value less estimated selling costs, based on discounted cash flow models using a pre-tax weighted average cost of capital, supported by market evidence.

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

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**NOTE 18: BIOLOGICAL ASSETS <sup>(a)</sup> (CONT.)**


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**Total Public Sector**


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	2020	2019
	\$m	\$m
Native and plantation standing trees <sup>(b)</sup>	314	342
Livestock and other	4	3
<b>Total Biological Assets</b>	<b>317</b>	<b>345</b>

**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.

<b>30 June 2020</b>	<b>Standing Trees</b>	<b>Livestock and Other</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<i>Carrying amount at beginning of year</i>	342	3	345
Gain/-loss from changes in fair value	-33	1	-33
Purchases	6	-	6
Other	-1	-	-1
<b>Carrying amount at end of year</b>	<b>314</b>	<b>4</b>	<b>317</b>
<b>30 June 2019</b>	<b>Standing Trees</b>	<b>Livestock and Other</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<i>Carrying amount at beginning of year</i>	329	3	332
Gain/-loss from changes in fair value	3	-	3
Purchases	6	-	6
Other	4	-	4
<b>Carrying amount at end of year</b>	<b>342</b>	<b>3</b>	<b>345</b>

(a) Information on fair value measurements is provided in Note 15.

(b) Native and plantation standing trees consist of mature and maturing standing trees stated at fair value less estimated selling costs, based on discounted cash flow models using a pre-tax weighted average cost of capital, supported by market evidence.

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

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**NOTE 19: INVENTORIES**


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General Government

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	2020	2019
	\$m	\$m
<i>Other Inventories</i>		
Other materials and stores	98	61
Other	10	10
<i>Total Other inventories</i>	108	71
<b>Total Inventories</b>	<b>108</b>	<b>71</b>

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Total Public Sector

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	2020	2019
	\$m	\$m
<i>Land Inventories</i>		
Land acquisition and development	1,809	1,852
<i>Total Land inventories</i>	1,809	1,852
<i>Other Inventories</i>		
Precious metals	5,982	3,913
Power station fuel stocks	124	119
Other materials and stores	295	282
Other	33	31
<i>Total Other inventories</i>	6,433	4,345
<b>Total Inventories</b>	<b>8,242</b>	<b>6,197</b>

Note: Columns may not add due to rounding.

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**NOTE 20: INTANGIBLE ASSETS**


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**General Government**


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	2020	2019
	\$m	\$m
Computer software	1,239	1,265
Accumulated amortisation and impairment losses	-864	-818
<i>Total</i>	<i>374</i>	<i>446</i>
Software in progress	110	93
Commercialised assets	68	-
Accumulated Amortisation and impairment losses	-33	-
<i>Total</i>	<i>35</i>	<i>-</i>
Other	160	156
Accumulated amortisation and impairment losses	-77	-70
<i>Total</i>	<i>84</i>	<i>87</i>
<b>Total Intangible Assets</b>	<b>603</b>	<b>626</b>

**Reconciliation of Intangibles**

	Computer Software	Software in progress	Commercialised assets	Other	Total
	\$m	\$m	\$m	\$m	\$m
<b>30 June 2020</b>					
<i>Carrying amount at beginning of year</i>	<i>446</i>	<i>93</i>	<i>-</i>	<i>87</i>	<i>626</i>
Additions	20	76	13	4	113
Disposals	-11	-13	-	-3	-27
Transfers in/-out	13	-45	28	6	1
Amortisation	-95	-	-6	-9	-109
Accumulated amortisation written back	10	-	-	1	11
Other	-10	-1	-	-2	-13
<b>Carrying amount at end of year</b>	<b>374</b>	<b>110</b>	<b>35</b>	<b>84</b>	<b>603</b>

	Computer Software	Software in progress	Commercialised assets	Other	Total
	\$m	\$m	\$m	\$m	\$m
<b>30 June 2019</b>					
<i>Carrying amount at beginning of year</i>	<i>482</i>	<i>62</i>	<i>-</i>	<i>83</i>	<i>627</i>
Additions	19	57	-	1	77
Disposals	-10	-2	-	-	-12
Transfers in/-out	51	-22	-	12	41
Impairment losses	-	-	-	-	-
Amortisation	-104	-	-	-8	-113
Accumulated amortisation written back	8	-	-	-	8
Other	-	-1	-	-	-2
<b>Carrying amount at end of year</b>	<b>446</b>	<b>93</b>	<b>-</b>	<b>87</b>	<b>626</b>

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

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## NOTE 20: INTANGIBLES ASSETS (CONT.)

### Total Public Sector

	2020	2019
	\$m	\$m
Computer software	2,639	2,530
Accumulated amortisation and impairment losses	-1,918	-1,782
<i>Total</i>	<i>721</i>	<i>748</i>
Software in progress	131	110
Commercialised assets	68	-
Accumulated Amortisation and impairment losses	-33	-
<i>Total</i>	<i>35</i>	<i>-</i>
Renewable Energy Certificates	23	31
Other	261	235
Accumulated amortisation and impairment losses	-117	-96
<i>Total</i>	<i>144</i>	<i>139</i>
<b>Total Intangible Assets</b>	<b>1,054</b>	<b>1,028</b>

### Reconciliation of Intangibles

	Computer Software	Software in progress	Commer- cialised assets	Renewable Energy Certificate	Other	Total
	\$m	\$m	\$m	\$m	\$m	\$m
<b>30 June 2020</b>						
<i>Carrying amount at beginning of year</i>	748	110	-	31	139	1,028
Additions	37	86	13	117	4	257
Disposals	-12	-13	-	-125	-3	-153
Transfers in/-out	136	-50	28	-	28	142
Amortisation	-193	-	-6	-	-24	-222
Accumulated amortisation written back	14	-	-	-	1	15
Other	-10	-1	-	-	-2	-12
<b>Carrying amount at end of year</b>	<b>721</b>	<b>131</b>	<b>35</b>	<b>23</b>	<b>144</b>	<b>1,054</b>

	Computer Software	Software in progress	Commer- cialised assets	Renewable Energy Certificate	Other	Total
	\$m	\$m	\$m	\$m	\$m	\$m
<b>30 June 2019</b>						
<i>Carrying amount at beginning of year</i>	811	80	-	49	145	1,085
Additions	41	58	-	134	30	263
Disposals	-14	-2	-	-152	-61	-229
Transfers in/-out	130	-24	-	-	14	119
Impairment losses	-21	-	-	-	-	-21
Amortisation	-210	-	-	-	-15	-225
Accumulated amortisation written back	8	-	-	-	27	35
Other	3	-2	-	-	-	1
<b>Carrying amount at end of year</b>	<b>748</b>	<b>110</b>	<b>-</b>	<b>31</b>	<b>139</b>	<b>1,028</b>

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



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**NOTE 21: ASSETS CLASSIFIED AS HELD FOR SALE (a)**


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**General Government**


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	2020	2019
	\$m	\$m
Land	17	30
Other	5	13
<b>Total</b>	<b>21</b>	<b>43</b>

Assets held for sale primarily relates to: the Western Australian Planning Commission (\$7 million land held for sale), the Commissioner of Main Roads (\$5 million land and buildings held for sale and \$5 million of land sold during the year), the Mental Health Commission (\$4 million land and buildings held for sale), the Department of Planning, Lands and Heritage (reclassified \$18 million of land held for sale to property, plant and equipment), and the Department of Transport (reclassified \$8 million land and buildings to property, plant and equipment, relating to the Welshpool Vehicle Examination Centre which has been temporarily re-opened to cater for the additional demand from learner drivers whose non-essential Practical Driving Assessment bookings were deferred during the COVID-19 restrictions).

**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 .

<b>30 June 2020</b>	<b>Land</b>	<b>Other</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<i>Carrying amount at beginning of year</i>	30	13	43
Assets reclassified as held for sale	-10	-7	-17
Write Down less cost to sell	-	-1	-1
Assets sold	-5	-	-6
Transfers out/other	2	-	2
<b>Carrying amount at end of year</b>	<b>17</b>	<b>5</b>	<b>21</b>
<b>30 June 2019</b>	<b>Land</b>	<b>Other</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<i>Carrying amount at beginning of year</i>	113	12	125
Assets reclassified as held for sale	-73	3	-69
Assets sold	-8	-1	-9
Impairment losses	-	-	-2
Transfers out/other	-2	-	-2
<b>Carrying amount at end of year</b>	<b>30</b>	<b>13</b>	<b>43</b>

(a) Information on fair value measurements is provided in Note 15.

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

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**NOTE 21: ASSETS CLASSIFIED  
AS HELD FOR SALE (CONT.) (a)**

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Total Public Sector

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	2020	2019
	\$m	\$m
Land	20	36
Other	17	23
<b>Total</b>	<b>37</b>	<b>59</b>

In addition to those disclosed for the general government sector, assets held for sale by the total public sector primarily comprise of the Department of Communities (Housing Authority, \$12 million rental properties held for sale, during the year there was \$6 million sold).

**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 .

	Land	Other	Total
	\$m	\$m	\$m
<b>30 June 2020</b>			
<i>Carrying amount at beginning of year</i>	36	23	59
Assets reclassified as held for sale	-10	3	-6
Write Down less cost to sell	-	-1	-1
Assets sold	-8	-7	-15
Impairment losses	-	-1	-2
Transfers out/other	2	-	2
<b>Carrying amount at end of year</b>	<b>20</b>	<b>17</b>	<b>37</b>

	Land	Other	Total
	\$m	\$m	\$m
<b>30 June 2019</b>			
<i>Carrying amount at beginning of year</i>	116	68	183
Assets reclassified as held for sale	-69	5	-64
Write Down less cost to sell	-	-	-1
Assets sold	-8	-48	-56
Impairment losses	-	-1	-1
Transfers out/other	-2	-1	-2
<b>Carrying amount at end of year</b>	<b>36</b>	<b>23</b>	<b>59</b>

(a) Information on fair value measurements is provided in Note 15.

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

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**NOTE 22: INVESTMENT PROPERTIES (a)**


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**General Government**


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	2020	2019
	\$m	\$m
<i>Carrying amount at beginning of year</i>	7	7
Revaluation increments/-decrements	-	-
<b>Carrying amount at end of year</b>	<b>7</b>	<b>7</b>

**Total Public Sector**


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	2020	2019
	\$m	\$m
<i>Carrying amount at beginning of year</i>	67	77
Additions	-	1
Revaluation increments/-decrements	-5	-
Transfers to property held for sale /-disposals	-29	-10
Transfers to Buildings	-	-2
<b>Carrying amount at end of year</b>	<b>33</b>	<b>67</b>

(a) Information on fair value measurements is provided in Note 15.

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

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**NOTE 23: OTHER BORROWINGS**


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**General Government**


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	2020	2019
	\$m	\$m
Finance leases - secured <sup>(a)</sup>	362	1,156
Domestic and foreign borrowings <sup>(b)</sup>	26,028	26,589
<b>Total <sup>(c)</sup></b>	<b>26,389</b>	<b>27,745</b>

(a) Finance leases - leases based on the terms and conditions of arrangements previously recognised in accordance with AASB 117 *Leases*. As of 1 July 2020, these will be treated in accordance with AASB 1059 *Service Concession Arrangements: Grantors*.

	2020	2019
	\$m	\$m
Minimum lease payments due:		
- not later than one year	8	89
- later than one year and not later than five years	37	217
- later than five years	317	863
Minimum lease payments	<b>362</b>	<b>1,170</b>
Future finance charges	-	-14
<b>Total finance lease liabilities</b>	<b>362</b>	<b>1,156</b>
Amounts expected to be settled:		
- not later than one year	8	84
- later than one year	354	1,072

(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) Other Borrowings - maturity profile

Information on the maturity profile of Other Borrowings is provided in Note 33 - Financial Instruments.

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**NOTE 23: OTHER BORROWINGS (CONT.)**


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Total Public Sector

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	2020	2019
	\$m	\$m
Finance leases - secured <sup>(a)</sup>	577	1,902
Domestic and foreign borrowings <sup>(b)</sup>	64,134	59,072
<b>Total <sup>(c)</sup></b>	<b>64,711</b>	<b>60,974</b>

(a) Finance leases - leases based on the terms and conditions of arrangements previously recognised in accordance with AASB 117 *Leases*. As of 1 July 2020, these will be treated in accordance with AASB 1059 *Service Concession Arrangements: Grantors*.

	2020	2019
	\$m	\$m
Minimum lease payments due:		
- not later than one year	17	133
- later than one year and not later than five years	69	398
- later than five years	491	1,386
Minimum lease payments	<b>577</b>	<b>1,916</b>
Future finance charges	-	-14
<b>Total finance lease liabilities</b>	<b>577</b>	<b>1,902</b>
Amounts expected to be settled:		
- not later than one year	17	127
- later than one year	560	1,775

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

<i>2020</i>	Current	Non-current
United States Dollar	650	-
	<b>650</b>	-
<i>2019</i>	Current	Non-current
United States Dollars	-	-

At the reporting date, any foreign currency loans are either economically hedged, swapped or covered forward specifically or invested in the foreign currency. Consequently, any gain or loss on the translation of the overseas borrowing is matched by a corresponding loss or gain made on the foreign currency contract, the overseas investment or the back to back lending and the net exchange gain or loss is therefore zero.

(c) Other Borrowings - maturity profile

Information on the maturity profile of Other Borrowings is provided in Note 33 - Financial Instruments.

Note: Columns may not add due to rounding.

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## NOTE 24: UNFUNDED SUPERANNUATION

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### General Government

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	2020	2019
	\$m	\$m
Defined Benefit superannuation schemes:		
Pension Scheme	1,933	2,013
Gold State Super Scheme	3,963	4,153
Judges' Pension Scheme	645	569
Parliamentary Superannuation Scheme	220	212
<i>Total Defined Benefit superannuation schemes</i>	<i>6,761</i>	<i>6,947</i>
Defined contribution superannuation scheme: West State Superannuation Scheme	58	115
<b>Total</b>	<b>6,818</b>	<b>7,062</b>

The superannuation liability for the general government sector at 30 June 2020 was \$6,818 million (2019 \$7,062 million). The liability represents 98.5% (2019: 98.6%) of the whole-of-government total superannuation liability of \$6,920 million at 30 June 2020 (2019: \$7,166 million).

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

### Total Public Sector

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	2020	2019
	\$m	\$m
Defined Benefit superannuation schemes:		
Pension Scheme	2,036	2,116
Gold State Super Scheme	3,963	4,154
Judges' Pension Scheme	644	569
Parliamentary Superannuation Scheme	220	212
<i>Total Defined Benefit superannuation schemes</i>	<i>6,864</i>	<i>7,051</i>
Defined contribution superannuation scheme: West State Superannuation Scheme	58	115
<b>Total</b>	<b>6,920</b>	<b>7,166</b>

The Government Employee Superannuation Board (GESB) administers a range of defined benefit superannuation schemes (see Note 3 (Superannuation)).

Note: Columns may not add due to rounding.

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## NOTE 24: UNFUNDED SUPERANNUATION (CONT.)

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

	2020	2019
	%	%
Discount rate (gross of tax) <sup>(a)</sup>	0.9	1.3
Salary rate <sup>(b)</sup>	2.8	4.2
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 1.5% per annum for the first two years and 2.75% per annum thereafter.

Major categories of defined benefit plan assets as a percentage of total fund assets are as follows <sup>(c)</sup>.

	Class 1 <sup>(d)</sup> 2020	Class 2 <sup>(e)</sup> 2020	Class 3 <sup>(f)</sup> 2020	Total 2020
	%	%	%	%
Equities	58	-	-	58
Cash and Investment funds	5	2	-	7
Others	-	33	2	35

	Class 1 <sup>(d)</sup> 2019	Class 2 <sup>(e)</sup> 2019	Class 3 <sup>(f)</sup> 2019	Total 2019
	%	%	%	%
Equities	58	-	-	58
Cash and Investment funds	6	3	-	9
Others	-	31	2	33

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

(d) Quoted in active markets.

(e) Significant observable inputs.

(f) Unobservable inputs.

Movement in net liability.

	2020	2019
	\$m	\$m
Net liability/-asset in balance sheet at end of prior year	7,051	6,468
Expense recognised in profit and loss	281	318
Employer contributions	-487	-586
Remeasurements	19	852
<b>Net liability/-asset in balance sheet at end of year</b>	<b>6,864</b>	<b>7,051</b>

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

	2020	2019
	\$m	\$m
Total defined benefit obligations	9,619	10,014
Scheme assets	-2,755	-2,963
<b>Net liability<sup>(g)</sup></b>	<b>6,864</b>	<b>7,051</b>

(g) Based on the actuarial valuation, the net liabilities fall due with the following profile.

	2020	2019
Not later than one year	26	25
Later than one year	6,838	7,026
<b>Total</b>	<b>6,864</b>	<b>7,051</b>

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

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**NOTE 24: UNFUNDED SUPERANNUATION (CONT.)**


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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 2020 \$m	Gold State Super Scheme 2020 \$m	Judges' Pension Scheme 2020 \$m	Parliamentary Superannuation Scheme 2020 \$m	Total 2020 \$m
Gross accrued benefits	2,130	6,624	645	220	9,619
Net market value of plan assets	-93	-2,661	-	-	-2,755
<b>Net liability</b>	<b>2,036</b>	<b>3,963</b>	<b>645</b>	<b>220</b>	<b>6,864</b>

	Pension Scheme 2019 \$m	Gold State Super Scheme 2019 \$m	Judges' Pension Scheme 2019 \$m	Parliamentary Superannuation Scheme 2019 \$m	Total 2019 \$m
Gross accrued benefits	2,210	7,023	569	212	10,014
Net market value of plan assets	-94	-2,869	-	-	-2,963
<b>Net liability</b>	<b>2,116</b>	<b>4,154</b>	<b>569</b>	<b>212</b>	<b>7,051</b>

The amounts recorded for the Gold State Super 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.

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

	2020 \$m	2019 \$m
Total employer current service cost	192	180
Net interest cost	89	134
Recognised actuarial -gains/losses	19	852
<b>Total</b>	<b>300</b>	<b>1,165</b>

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

	2020 \$m	2019 \$m
Fair value plan assets at beginning of year	2,962	2,957
Employer contributions	487	586
Actual participant contributions	8	9
Actual benefit payments	-631	-789
Interest income	37	74
<i>Expected plan assets at end of year</i>	<i>2,863</i>	<i>2,836</i>
Return in excess of interest income	-108	125
<b>Fair value of plan assets at end of year</b>	<b>2,755</b>	<b>2,962</b>

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

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## NOTE 24: UNFUNDED SUPERANNUATION (CONT.)

Reconciliation of the fair value of defined benefit superannuation obligations at the beginning and at the end of the year are set out in the following table.

	2020	2019
	\$m	\$m
Defined benefit obligation at beginning of year	10,014	9,425
Employer service cost plus operating costs	190	178
Interest cost	126	207
Actual participant contributions	8	9
Actual benefit payments	-631	-789
<i>Expected defined benefit obligations at end of year</i>	9,706	9,030
Actuarial -gain/loss on liabilities	-87	984
<b>Defined benefit obligation at end of year</b>	<b>9,619</b>	<b>10,014</b>

Reconciliation of actuarial gain/loss on assets and liabilities are set out below.

	2020	2019
	\$m	\$m
Actuarial -gain/loss due to demographic assumptions	2	-72
Actuarial -gain/loss due to financial assumptions	77	1,138
Actuarial -gain/loss arising from experience	-159	-88
Return in excess of interest income	99	-126
<b>Amount recognised during year in 'other changes in equity'</b>	<b>19</b>	<b>852</b>

Liabilities for defined benefit scheme at 30 June for the last five years are as follows.

	2020	2019	2018	2017	2016
	\$m	\$m	\$m	\$m	\$m
Total defined benefit obligations	9,619	10,014	9,425	9,861	10,647
Actual assets	-2,755	-2,963	-2,957	-2,917	-2,857
<b>Deficit/-surplus</b>	<b>6,864</b>	<b>7,051</b>	<b>6,468</b>	<b>6,944</b>	<b>7,790</b>

Sensitivity analysis for the defined benefit obligation is presented on the following scenarios <sup>(h)</sup>.

<i>Sensitivity to discount rate</i>	2020	2020
	+1.0	-1.0
	percentage	percentage
	point	point
	discount	discount
	rate	rate
Discount rate (%)	1.4	0.4
Defined benefit obligation (\$m)	9,169	10,013
Changes in obligation (\$m)	-406	439
Percentage changes in obligation (%)	-4.0	5.0
<i>Sensitivity to discount rate</i>	2019	2019
	+1.0	-1.0
	percentage	percentage
	point	point
	discount	discount
	rate	rate
Discount rate (%)	2.3	0.3
Defined benefit obligation (\$m)	9,149	10,930
Changes in obligation (\$m)	-820	961
Percentage changes in obligation (%)	-8.0	10.0

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



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**NOTE 24: UNFUNDED SUPERANNUATION (CONT.)**


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<i>Sensitivity to future salary increase</i>	2020	2020
	+1.0% future salary increase rate	-1.0% future salary increase rate
Future salary increases	2.0% for the first two years and 3.25% thereafter	1.0% for the first two years and 2.25% thereafter
Defined benefit obligation (\$m)	9,768	9,396
Changes in obligation (\$m)	194	-179
Percentage changes in obligation (%)	2.0	-2.0
<i>Sensitivity to future salary increase</i>	2019	2019
	+1.0% future salary increase	-1.0% future salary increase
Future salary increases	2.5% for the first four years and 5.2% thereafter	0.5% for the first four years and 3.2% thereafter
Defined benefit obligation (\$m)	10,406	9,584
Changes in obligation (\$m)	437	-385
Percentage changes in obligation (%)	4.0	-4.0
<i>Sensitivity to pension indexation rate</i>	2020	2020
	+1.0% pension indexation rate	-1.0% pension indexation rate
Pension increases (%)	3.0	2.0
Defined benefit obligation (\$m)	9,862	9,311
Changes in obligation (\$m)	287	-263
Percentage changes in obligation (%)	3.0	-3.0
<i>Sensitivity to pension indexation rate</i>	2019	2019
	+1.0% pension indexation rate	-1.0% pension indexation rate
Pension increases (%)	3.5	1.5
Defined benefit obligation (\$m)	10,562	9,459
Changes in obligation (\$m)	593	-510
Percentage changes in obligation (%)	6.0	-5.0
<i>Sensitivity to mortality</i>	2020	2020
	1 year increase in future life expectancy	1 year decrease in future life expectancy
Defined benefit obligation (\$m)	9,711	9,424
Changes in obligation (\$m)	137	-150
Percentage changes in obligation (%)	1.0	-2.0
<i>Sensitivity to mortality</i>	2019	2019
	1 year increase in future life expectancy	1 year decrease in future life expectancy
Defined benefit obligation (\$m)	10,153	9,816
Changes in obligation (\$m)	184	-153
Percentage changes in obligation (%)	2.0	-2.0

(h) Sensitivity figures do not include Gold State Super Scheme reserves amounting to \$44.2 million (30 June 2019 \$44.5 million).

Note: Columns may not add due to rounding.

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**NOTE 25: OTHER EMPLOYEE BENEFITS**


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**General Government**


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	2020	2019
	\$m	\$m
Annual leave	1,042	928
Long service leave	1,929	1,795
Other	572	473
<b>Total</b>	<b>3,543</b>	<b>3,197</b>

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

	2020	2019
	\$m	\$m
Within 12 months of reporting date	760	626
More than 12 months after reporting date	282	302
<b>Total</b>	<b>1,042</b>	<b>928</b>

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

	2020	2019
	\$m	\$m
Within 12 months of reporting date	455	600
More than 12 months after reporting date	1,473	1,195
<b>Total</b>	<b>1,929</b>	<b>1,795</b>

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**Total Public Sector**


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	2020	2019
	\$m	\$m
Annual leave	1,197	1,064
Long service leave	2,146	2,002
Other	639	511
<b>Total</b>	<b>3,981</b>	<b>3,577</b>

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

	2020	2019
	\$m	\$m
Within 12 months of reporting date	885	741
More than 12 months after reporting date	312	323
<b>Total</b>	<b>1,197</b>	<b>1,064</b>

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

	2020	2019
	\$m	\$m
Within 12 months of reporting date	563	699
More than 12 months after reporting date	1,583	1,303
<b>Total</b>	<b>2,146</b>	<b>2,002</b>

Note: Columns may not add due to rounding.

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## NOTE 26: OTHER LIABILITIES

### General Government

	2020	2019
	\$m	\$m
Deferred revenue	1,424	489
Grant liabilities <sup>(a)</sup>	228	-
Interest payable	141	172
Contract liabilities <sup>(b)</sup>	83	-
Insurance claims	24	25
Other provisions	46	45
Other liabilities	728	714
<b>Total Other Liabilities</b>	<b>2,674</b>	<b>1,445</b>

### Reconciliation of Other Provisions

30 June 2020

	Employment on-costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	12	4	29	45
Additional provisions recognised	7	8	8	23
Amounts used	-4	-5	-13	-21
Unused amounts reversed	-1	-1	-	-
Other	-2	-	1	-2
<b>Carrying amount at end of year</b>	<b>13</b>	<b>8</b>	<b>25</b>	<b>46</b>

30 June 2019

	Employment on-costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	19	4	27	50
Additional provisions recognised	3	2	1	6
Amounts used	-3	-2	-1	-4
Other	-7	-	1	-6
<b>Carrying amount at end of year</b>	<b>12</b>	<b>4</b>	<b>29</b>	<b>45</b>

	2020	2019
	\$m	\$m
(a) Grant liabilities		
<i>Reconciliation of changes in grant liabilities:</i>		
Opening balance	-	-
Additions	926	-
Income recognised in the reporting period	-699	-
<b>Balance at the end of period</b>	<b>228</b>	<b>-</b>
Income recognition:		
- not later than one year	227	-
- later than one year and not later than five years	1	-
- later than five years	-	-
<b>Total</b>	<b>228</b>	<b>-</b>

(b) Contract liabilities		
<i>Reconciliation of changes in contract liabilities:</i>		
Opening balance	-	-
Additions	241	-
Revenue recognised in the reporting period	-157	-
<b>Balance at the end of period</b>	<b>83</b>	<b>-</b>

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

## NOTE 26: OTHER LIABILITIES (CONT.)

### Total Public Sector

	2020	2019
	\$m	\$m
Insurance claims <sup>(a)</sup>	3,847	3,604
Deferred revenue	1,912	687
Interest payable	579	576
Grant liabilities <sup>(b)</sup>	232	-
Contract liabilities <sup>(c)</sup>	299	-
Other provisions	928	989
Other liabilities	495	879
<b>Total Other Liabilities</b>	<b>8,292</b>	<b>6,736</b>

### Reconciliation of Other Provisions

#### 30 June 2020

	Employment on-costs	Decommiss- ioning costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	19	351	50	568	989
Additional provisions recognised	10	-	17	221	249
Amounts used	-6	-16	-12	-294	-329
Unused amounts reversed	-1	-2	-4	-3	-9
Unwinding of the discount	-	6	-	5	10
Other	-2	19	-	-	17
<b>Carrying amount at end of year</b>	<b>21</b>	<b>357</b>	<b>52</b>	<b>497</b>	<b>928</b>

#### 30 June 2019

	Employment on-costs	Decommiss- ioning costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	25	328	50	395	798
Additional provisions recognised	6	6	19	408	439
Amounts used	-5	-21	-10	-240	-277
Unused amounts reversed	-	-	-9	-2	-12
Unwinding of the discount	-	8	-	7	16
Other	-6	31	-	-	25
<b>Carrying amount at end of year</b>	<b>19</b>	<b>351</b>	<b>50</b>	<b>568</b>	<b>989</b>

	2020	2019
	\$m	\$m

#### (a) Insurance claims

The liabilities for outstanding insurance claims comprise:

Third Party Insurance Fund	2,437	2,412
Government Insurance Fund	89	71
RiskCover	606	561
Motor Vehicle (Catastrophic Injuries) Fund	612	451
Other	104	108
<b>Total</b>	<b>3,847</b>	<b>3,604</b>
Liability for outstanding claims (undiscounted)	4,255	4,039
Discount to present value	-406	-435
<b>Total liability for outstanding claims (undiscounted)</b>	<b>3,847</b>	<b>3,604</b>

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

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**NOTE 26: OTHER LIABILITIES (CONT.)**


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Total Public Sector

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	2020	2019
	%	%
Claims expected to be paid:		
Not later than one year		
Inflation rate	1.00	2.30
Discount rate	0.20	1.00
Later than one year		
Inflation rate	2.30	2.79
Discount rate	1.00	0.90
	2020	2019
	\$m	\$m
(b) Grant liabilities		
<i>Reconciliation of changes in grant liabilities:</i>		
Opening balance		
Additions	930	-
Income recognised in the reporting period	-699	-
<b>Balance at the end of period</b>	<b>232</b>	<b>-</b>
Income recognition:		
- not later than one year	230	-
- later than one year and not later than five years	1	-
- later than five years	-	-
<b>Total</b>	<b>232</b>	<b>-</b>
(c) Contract liabilities		
<i>Reconciliation of changes in contract liabilities:</i>		
Opening balance	-	-
Additions	688	-
Revenue recognised in the reporting period	-390	-
<b>Balance at the end of period</b>	<b>299</b>	<b>-</b>

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

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**NOTE 27: RECONCILIATION OF NET CASH FLOWS FROM  
OPERATING ACTIVITIES TO OPERATING SURPLUS  
FOR THE PERIOD**

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General Government

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	2020	2019
	\$m	\$m
Surplus /-deficit for period	1,669	1,317
Non-cash movements		
Depreciation	1,751	1,445
Increase/-decrease in accrual in employees benefits	60	-152
-Increase/decrease in inventories	-37	-1
-Increase/decrease in receivables	12	-718
-Increase/decrease in prepayments and other assets	3	3
Increase/-decrease in payables	38	148
Increase/-decrease in other liabilities and accruals	-358	16
Net GST receipts/-payments	-13	19
Other non-cash net asset transfers	-6	11
Adjustment for other non-cash items	92	-74
<b>Net cash flows from operating activities as shown in the Cash Flow Statement</b>	<b>3,211</b>	<b>2,014</b>

Total Public Sector

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	2020	2019
	\$m	\$m
Surplus /-deficit for period	2,047	716
Non-cash movements		
Depreciation	3,908	3,431
Premium discount amortisation	-236	-254
Increase/-decrease in accrual in employees benefits	91	-227
-Increase/decrease in inventories	-2,088	-614
-Increase/decrease in receivables	-192	-773
-Increase/decrease in prepayments and other assets	-45	14
Increase/-decrease in payables	2,767	738
Increase/-decrease in other liabilities and accruals	-131	716
Net GST receipts/-payments	-84	-54
Other non-cash net asset transfers	-84	-62
Adjustment for other non-cash items	-284	-245
<b>Net cash flows from operating activities as shown in the Cash Flow Statement</b>	<b>5,670</b>	<b>3,386</b>

Note: Columns may not add due to rounding.

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### NOTE 28: CLOSING CASH BALANCES

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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		
	2020	2019
	\$m	\$m
Cash assets as per the Balance Sheet	513	601
Investments included as cash on the Cash Flow Statement	5,132	4,404
<b>Total closing cash balance</b>	<b>5,645</b>	<b>5,005</b>
Total Public Sector		
	2020	2019
	\$m	\$m
Cash assets as per the Balance Sheet	2,346	1,517
Investments included as cash on the Cash Flow Statement	8,648	7,193
<b>Total closing cash balance</b>	<b>10,994</b>	<b>8,710</b>

Note: Columns may not add due to rounding.

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### NOTE 29: RESTRICTED FINANCIAL ASSETS

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There are restrictions on the uses of specific purpose Commonwealth grants. Funding received and not yet spent total \$161 million (2019: \$109 million).

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### NOTE 30: MONEYS HELD IN TRUST

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Moneys held in a trustee capacity are not controlled by the State and are excluded from assets and liabilities. An amount of \$449 million was held as at 30 June 2020, compared with \$455 million at 30 June 2019.

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## NOTE 31: CAPITAL EXPENDITURE COMMITMENTS (a)

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### General Government

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

	2020	2019
	\$m	\$m
Capital expenditure commitments <sup>(a)</sup>	<b>1,506</b>	<b>1,538</b>

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

- road infrastructure spending of \$707 million (30 June 2019: \$716 million), including the Design and Construct Tonkin Highway gap Collier Road to Stanton Road (\$392 million), Armadale Road Bridge over Kwinana Freeway (\$100 million), High Street upgrade Stirling Highway to Carrington Street (\$35 million), Design and Construct of a grade separated interchange for Roe Highway and Kalamunda Road (\$26 million);
- school infrastructure of \$433 million (30 June 2019: \$458 million) for the building of new schools, and additions and improvements to primary and high schools; and
- major health infrastructure totalling \$65 million (30 June 2019: \$53 million) including spending for the HealthNext Project, PathWest Laboratory Information System, medical imaging equipment, information and communication technology upgrades, and the medical equipment replacement program across the health sector.

Note: Columns may not add due to rounding.

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### Total Public Sector

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

	2020	2019
	\$m	\$m
Capital expenditure commitments <sup>(b)</sup>	<b>5,325</b>	<b>3,649</b>

(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 \$3 billion (30 June 2019: \$1.3 billion), due to the award of the Railcar purchase contract for METRONET and 'A' series replacement and the award of an alliance contract to build the Yanchep Rail Extension and Thornlie-Cockburn Link; and
- waste and wastewater projects of \$269 million (30 June 2019: \$230 million) including Merredin new 42ML water storage tank.

Note: Columns may not add due to rounding.

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## NOTE 32: CONTINGENT ASSETS AND LIABILITIES

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Contingent assets and liabilities represent potential benefits and costs that could materialise in the future under certain conditions. Given their uncertain nature, 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

The following material contingent assets and liabilities have been identified across the public sector.

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#### QUANTIFIABLE CONTINGENT ASSETS AND LIABILITIES AT 30 JUNE

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	2020	2019
	\$m	\$m
<i>Contingent Assets</i>		
General government <sup>(a)</sup>	24	27
Public non-financial corporations	-	18
<b>Total</b>	<b>24</b>	<b>45</b>
<i>Contingent Liabilities</i>		
Contingent liabilities under guarantees, warranties, indemnities and sureties <sup>(b)</sup>	347	368
Other contingent liabilities <sup>(c)</sup>	395	500
Contingent liabilities in relation to public universities' superannuation liabilities <sup>(d)</sup>	77	81
<b>Total</b>	<b>818</b>	<b>949</b>

Note: Columns may not add due to rounding.

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#### (a) Quantifiable Contingent Assets - General Government Sector

WA Health has contingent assets of \$13 million (2019: \$12 million), mainly for cross border receipts for residents from other Australian jurisdictions treated in hospitals in Western Australia.

Other smaller contingent assets make up the residual \$12 million (2019: \$15 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 2020 totalled \$335 million (30 June 2019: \$356 million).

### ***Water Corporation***

The Water Corporation issues bank guarantees in the normal course of business to guarantee the Corporation's performance under contracts. At 30 June 2020, the value of these guarantees was \$12 million (unchanged from 30 June 2019).

### **(c) Other Contingent Liabilities**

#### ***Asbestos Injuries Compensation Fund***

On 16 October 2015, the Commonwealth Treasurer and all State and Territory Treasurers agreed on an approach for sharing the default risk of the Asbestos Injuries Compensation Fund (AICF). Each State's and Territory's share of the total default risk will reflect the proportion of claims paid in each jurisdiction since the inception of the Fund (after the Commonwealth takes responsibility for one-third of the default risk as it has agreed to do). From 2007-08 until 2019-20, approximately 15% of all filed claims were in Western Australia, which equates to an estimated contingent liability of \$32 million. The arrangement for sharing the default risk is only triggered if James Hardie Pty Ltd, which is directly responsible for the AICF, went into receivership and was no longer able to contribute to the Fund to pay for compensation claims.

#### ***Commissioner of Main Roads***

Claims have been lodged by owners of property acquired for road construction purposes and services provided under roadwork contracts. A contingent liability of \$231 million at 30 June 2020 (30 June 2019: \$294 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 been submitted by contractors in relation to services provided under roadwork contracts.

#### ***WA Health***

WA Health has contingent liabilities of \$39 million (30 June 2019: \$44 million), which is mainly comprised of cross border charges for Western Australian residents treated in hospitals in other Australian jurisdictions (\$22 million), and facilities management matters under negotiation for South Metropolitan Health Service (\$16 million, which are an ongoing part of contract management processes invoking formal contractual dispute mechanisms).

#### ***Home Indemnity Insurance***

The contingent liability for Home Indemnity Insurance (HII) is administered by the Department of Mines, Industry Regulation and Safety. Future claims liability (FCL) of the HII have been actuarially assessed as at 30 June 2020. The FCL is an estimation of the future claims costs which may arise as a result of events which may occur in the future for currently in-force HII policies. The FCL has been assessed at an approximate value of \$19 million (2019: \$20 million). An unquantifiable contingent liability for HII is also disclosed later in this note.

### ***Communities***

There are currently a number of legal cases pending for which the outcomes are not certain. The State Solicitor's Office has estimated that a total amount of \$13 million (30 June 2019: \$6 million) may be payable as compensation to claimants at some future point in time. Whilst this is acknowledged as a contingent liability of the Department, it has yet to be determined whether the Department will ultimately be responsible for funding the actual amounts paid as compensation, if any.

### ***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 sets such compensation and acquisition priorities on an annual basis. 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 contingent liability is approximately \$10 million (30 June 2019: \$74 million).

### ***Various Agencies***

Other quantifiable contingent liabilities include various legal and contractual claims against individual agencies totalling \$47 million (30 June 2019: \$31 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 \$77 million based on the actuarially assessed value of these entitlements at 30 June 2020 (30 June 2019: \$81 million).

## **2. Non-quantifiable Contingent Assets**

### ***Bell Recovery Action***

At 30 June 2020, the Insurance Commission of Western Australia considered that it had a contingent asset that would eventually materialise from the Bell Liquidation distribution process. At the time the total amount of the recoveries it will ultimately receive and the timing of receipt could not yet be ascertained.

The Commission has a potential exposure to costs of litigation and indemnities associated with funding the Liquidator's action. Due to the uncertainty of litigation recommencing, it is not feasible to estimate potential costs upon the Commission at the end of the reporting period.

This matter was settled in August 2020 and further information is available in Note 36: *Events occurring after the reporting period*.

### ***WA Health***

Cross border receipts are anticipated to be received for residents from other Australian jurisdictions staying in hotels in Western Australia for hotel quarantine in response to the COVID-19 pandemic. These receipts are yet to be determined.

### ***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 benefits that may flow to agencies should favourable outcomes emerge.

## **3. Non-quantifiable Contingent Liabilities**

### ***Litigation***

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 uncertainty around the likely outcomes of these cases, it is not possible to reliably quantify the potential impact should the State be found liable.

#### ***Claims by Mr Clive Palmer, Mineralogy and International Minerals***

A legal dispute between Mineralogy Pty Ltd and International Minerals Pty Ltd, and the Western Australian Government has been reported extensively in the media.

The dispute relates to a State Agreement originally made in 2002 and the subsequent impact of Ministerial decisions. The entities are claiming compensation of around \$28 billion (including interest penalties).

Given the size of the claim and to address the potential financial risk to Western Australia, the Western Australian Parliament passed the Iron Ore Processing (Mineralogy Pty. Ltd.) Agreement Amendment Bill 2020 on 13 August 2020. The Act removes the capacity for Mr Clive Palmer, Mineralogy and International Minerals to pursue litigation and damages claims connected with this dispute and prevent future damages claims in relation to the consideration of future proposals that might be submitted under the State Agreement. The Act is specific and precisely targeted at this dispute and the associated parties noted above.

It is anticipated that the Act will withstand scrutiny should a challenge be taken to the High Court.

The Government has stated that the claims will be vigorously defended by Western Australia.

### ***Contaminated Sites***

Under the *Contaminated Sites Act 2003*, agencies are required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the Act, DWER 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. DWER 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 ongoing management plans to remediate contaminated sites as they are identified.

#### ***Forrestfield-Airport Link Project - Poly-fluoroalkyl Substances***

Contaminated soil is a risk to the approved budget of the Forrestfield-Airport Link project. Spoil (i.e. excavated soil) from tunnelling has been found to contain minor concentrations of poly-fluoroalkyl substances. There is a risk that some of this spoil may be unable to be reused and instead must be disposed of in landfill at an additional cost to the project.

### ***Forestry Contracts***

The FPC has identified a potential shortfall of current pine resources that would be available to meet future contracted supply commitments. As at the date of the financial statements, 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 magnitude of any potential obligation that may arise in the future. The Commission is undertaking further analysis to develop and implement mitigation strategies.

In addition, as the responsible Minister under the *Industry and Technology Development Act of 1998* (ITD Act), the Minister for State Development (or his predecessors) is a signatory to one Investment Security Guarantee (ISG). ISGs are signed by the Minister, General Manager of the Forest Products Commission (FPC) and timber processors. Under an ISG, the Minister is liable to pay compensation under circumstances where the FPC is unable to supply contracted amounts of hardwood timber.

### ***Gold Corporation***

In prior years, ground water contamination occurred at the Newburn site of the AGR Matthey refinery. The AGR Joint Venture partners (Western Australian Mint and Australian Gold Alliance Pty Ltd) were responsible for any remediation and restoration of the site. Pursuant to the dissolution of the AGR Matthey Partnership on 29 March 2010, Western Australian Mint has assumed full responsibility for any future liabilities. Expenses incurred to date have been recorded in the financial statements. The Corporation is still assessing the estimated potential financial effects, if any, of remediation. Hence it is not possible to quantify these as at 30 June 2020.

### ***WA Health***

Cross-border charges are anticipated to emerge for Western Australian residents staying in hotels in other Australian jurisdictions for hotel quarantine in response to the COVID-19 pandemic. These charges are yet to be determined.

### ***Home Indemnity Insurance***

Since 1 November 2013, the State has wholly underwritten the provision of new Home Indemnity Insurance (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 December 2025 to provide additional time to develop a longer-term market-based HII solution. From 1 July 2015, premiums for HII policies have been paid into the HII Reinsurance Account administered by the Department of Mines, Industry Regulation and Safety, with any claims arising from these policies being met from the Account.

### ***Investigation by the Economic Regulatory Authority***

In April 2019, the Economic Regulation Authority (ERA) concluded its investigations of Synergy's pricing in balancing submissions made in the Western Australian Wholesale Electricity Market (WEM) between March 2016 and July 2017. The ERA considered that Synergy had breached a provision in the WEM rules prohibiting a market participant from offering prices in its balancing submissions that are above its reasonable expectation of the short run marginal cost of generating electricity, when such behaviour relates to market power. The ERA has referred Synergy to the Electricity Review Board (ERB) to establish whether Synergy has breached the WEM Rules and, if so, to seek orders for monetary penalties.

At 30 June 2020, no provision had been made as Synergy denies any wrongdoing or liability in this regard, and is defending the ERA's claims before the ERB. In the event the ERB finds that Synergy has breached the WEM rules, the ERB has discretion to set the amount of any penalty, and hence it is not possible at this stage to estimate any potential liability.

### ***Lotteries Commission***

A recent decision handed down by the Industrial Appeal Court (IAC) changed the way voluntary separation payments are calculated. IAC found that the definition of 'continuous service' in the Regulations includes time served in the employment of the Commonwealth or another State public sector.

Lotterywest is reviewing staff records to identify any individuals who were paid under this scheme in the past and have served in the employment of the Commonwealth or another State public sector. Any potential liabilities cannot be reliably measured at this time, and may only emerge as and when individual claimants come forward.

### ***DevelopmentWA (Metropolitan Redevelopment Authority)***

The Metropolitan Redevelopment Authority (now trading as DevelopmentWA) is in dispute in relation to construction works undertaken on its behalf within the Central Perth Redevelopment Area. In accordance with the contract's dispute resolution process, the parties commenced mediation which is continuing. DevelopmentWA's objective is for an outcome which will safeguard the Authority from any ongoing financial risk and liability associated with outstanding defects and incomplete works. In addition, potential excessive settlement risk within a separate Central Perth Redevelopment Area is currently under investigation. The parties are progressing this matter in accordance with the contract provisions. The termination of the sale of a parcel of land within the Central Perth Redevelopment Area has resulted in the implementation of the dispute resolution clause in the sale contract, with a court-appointed mediation having been held. As the parties were not able to achieve a resolution of the dispute at mediation, court orders have been made requiring the parties to finalise their pleadings and give discovery.

### ***Native Title***

The Commonwealth's *Native Title Act 1993*, as amended, creates a potential liability for all jurisdictions for compensation for the loss or impairment of Native Title rights and interests that occurred after 31 October 1975. There are currently 65 Native Title claimant applications, and 117 Native Title determinations in Western Australia. The extent of the State's liability is difficult to quantify but the Timber Creek decision awarded \$2.53 million to the Native Title holders for the impairment and extinguishment of their Native Title over 1.19 km<sup>2</sup>. There is currently 1,826,997 km<sup>2</sup> of land in Western Australia where Native Title is determined.

#### ***Timber Creek High Court Decision***

The High Court's 2019 Timber Creek decision provided some guidance to parties as to how compensation for economic and non-economic loss might be evaluated.

The State is continuing to negotiate agreements with Native Title holders that better support their economic and social development aspirations, and to provide full and final settlement of any compensation liability for the State. These are preferred to Court-determined settlements, which can be costly and time consuming for all parties. The Tjiwarl Native Title holders have recently filed two compensation claims in the Federal Court which will provide further guidance on the legal principles of compensation.

#### ***South West Native Title Settlement***

In July 2013, the then Government announced a final offer to resolve Native Title to be made to Noongar Native Title claimants across the South West of Western Australia. In December 2015, six South West Native Title Settlement Indigenous Land Use Agreements (ILUAs) were executed and lodged for registration with the National Native Title Tribunal (NNTT). Since execution, the ILUAs have been subject to a number of legal proceedings which have resulted in a delay to the final registration of the ILUAs and the commencement of the Settlement.

A contingent liability exists until the six agreements are registered with the NNTT and the final legal proceedings are resolved.

The Settlement, which comprises the full and final resolution of all Native Title claims in the State's South West, includes a number of components including cash, property transfers and capital works. It also provides Noongar people with assets including a 'future fund' of \$50 million each year for 12 years, \$10 million each year for 12 years into an operations fund and up to 320,000 hectares of Crown land. The cash component has been provided for in the forward estimates in the State Budget. A Trustee company (Perpetual Trustee Company Limited) has been selected as the initial Trustee to manage the Noongar Boodja Trust. However, the Trustee will only be appointed at the 'Trust effective date' which will be after conclusive registration of the ILUAs.

### ***Public Transport Authority***

#### *Litigation in progress*

A former contractor has commenced action in the Supreme Court against the Public Transport Authority (PTA) relating to a claim for breach of contractual obligations and the Australian Consumer Law. The PTA has denied all liability and is defending the action. The plaintiff is still to quantify the claim and it is not possible to estimate the amount of any potential payments in relation to this claim at balance sheet date.

A claim has been lodged by a third party with the Supreme Court in relation to taking orders for the acquisition of land for the construction of public transport infrastructure. A trial will be scheduled to be heard in the next financial year. It is not possible to disclose the amount of the claim as it could compromise settlement negotiation.

The PTA has entered into a contractual agreement with two parties for the delivery of Transport Infrastructure assets. It is anticipated that one of the parties to the agreement will cease to participate in the delivery of the project and PTA is currently negotiating with the party for a release from the contract (in the form of a deed of settlement and release). The right to terminate for an event of force majeure accrued in February 2020. It is not possible to disclose the amount of the claim as it could compromise settlement negotiation.

#### *Perth Airport Pty Ltd*

In April 2016, the PTA granted an indemnity to Perth Airport Pty Ltd for any loss or liability it suffers or incurs due to personal injury, third party property damage and consequential losses arising in connection with the construction of the Forrestfield-Airport Link project on and underneath Perth Airport. The PTA has put in place insurance to reduce the State's exposure to claims under the indemnity.

### ***Southern Ports Authority Bulk Loader***

The Southern Ports Authority has a contract to load bulk nickel for BHP Billiton Nickel West. BHP Billiton Nickel West currently does not export its bulk nickel from Esperance. However, this situation may change. The status of the Authority's obligations is not determined and insufficient information is currently available to determine the financial impact, if any, in the event of a claim under the contract arrangements.



### ***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 awareness 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 may have a liability to those workers and other contractors who came in contact with asbestos at one of its power stations in the past. Synergy has a contingent liability for undiagnosed illnesses which may arise from exposure to asbestos at one of Synergy's sites. The magnitude of this liability is extremely uncertain and cannot be quantified with any accuracy.

### ***Horizon Power***

A number of the properties, including power stations and residential accommodations, owned by Horizon Power have asbestos containing materials. Horizon Power has a robust management and monitoring process in place for the on-going identification and risk assessment of asbestos hazards and implements safe systems of works during any repair, maintenance and demolition works at these sites. Horizon Power complies with the relevant regulations, including the Code of Practice for the Management and Control of Asbestos in Workplaces and commissions compliance surveys on a regular basis and has a long-term objective to remove asbestos materials from all its sites.

There is currently no claim against Horizon Power from current or past employees and contractors for illnesses arising from exposure to asbestos that is not covered by RiskCover. Should any claim arise in the future, Horizon Power is likely to be appropriately covered by its workers' compensation and public liability insurance, or RiskCover.

### ***Removal of Statutory Limitation Periods for Civil Litigation by Victims of Child Sexual Abuse - the Civil Liability Legislation Amendment (Child Sexual Abuse Actions) Act 2018***

The *Civil Liability Legislation Amendment (Child Sexual Abuse Actions) Act 2018* to remove statutory limitation periods for victims of historical child sexual abuse came into operation on 1 July 2018. The removal of statutory limitation periods potentially exposes organisations in which abuse occurred (including State-based institutions) to claims for damages and compensation. The implementation of this reform represents an unquantified liability to the State.

The Insurance Commission of Western Australia (ICWA), through the Government Insurance Fund, Insurance Commission General Fund and the RiskCover Fund, is exposed to claims arising from this legislative change.

For these insurable claims, the number and size is highly uncertain. Based on the evidence available it has been determined that a reliable estimate cannot be made and included with known claims recorded in ICWA's outstanding Balance Sheet liabilities at 30 June 2020. An actuarial assessment has estimated that the range of these claims may lie between \$25.6 million and \$77.3 million.

Further claims under this reform may arise that are not insurable and which will be assessed and funded on an emerging basis, in line with the settlement of resulting claims. The State Government has also established an account to hold funds for any future claims under the National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse (see Appendix 5 of this ARSF).

***State-wide Building Cladding Audit***

In September 2017, the Department of Mines, Industry Regulation and Safety contacted all government departments and agencies regarding the risk presented by combustible building cladding and requested that they undertake audits of their respective portfolios. The latest published results note that of the buildings within scope that were reviewed, 50 buildings have been cleared after detailed risk assessment, 15 buildings require remedial action and remedial action has been completed for 3 buildings. The nature and costs of any remediation are uncertain and cannot be quantified at this time.

***Industrial Processing Facility***

Cabinet has agreed in-principle to develop infrastructure in support of a major industrial project which will only proceed if a number of financial, environmental and other conditions are met.

***Other Contingent Liabilities***

There may be claims that arise in relation to works or activities associated with infrastructure projects that have reached or are reaching completion. Claims will generally be subject to a period of negotiation and may either be withdrawn, subsequently settled (at a value agreed between the two parties), or proceed to some alternative process for resolution such as through legal action. Where costs are negotiated and claims settled, these are reflected in the financial statements.

Other contingent liabilities may arise from time to time under certain conditions under various statutes. The circumstances for such potential future liabilities are varied and may be subject to quantification and further detail if and when provisions under an Act give rise to a potential obligation.

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## NOTE 33: FINANCIAL INSTRUMENTS

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### (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 11: *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 2020 is shown in the tables 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 2020.

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**NOTE 33: FINANCIAL INSTRUMENTS (CONT.)**


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**General Government**


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*Categories of Financial Instruments*

The carrying amounts of each of the following categories of financial assets and financial liabilities at balance date are as follows.

	2020	2019
	\$m	\$m
<b>Financial Assets at amortised cost</b>		
Cash and deposits	513	601
Receivables	3,589	3,775
Investments, loans and placements	5,924	4,470
Advances paid	715	713
Shares and other equity	51,586	50,765
Other financial assets	8	8
<b>Financial Liabilities at amortised cost</b>		
Deposits held	1,472	686
Advances received	326	343
Lease liabilities	2,722	-
Other borrowings	26,389	27,746
Payables	1,463	1,438
Other employee benefits	241	146
Other financial liabilities	784	903

Note: Columns may not add due to rounding.

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**NOTE 33: FINANCIAL INSTRUMENTS (CONT.)**

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Total Public Sector

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*Categories of Financial Instruments*

The carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows.

	2020	2019
	\$m	\$m
<b>Financial assets at amortised cost</b>		
Cash and deposits	2,346	1,517
Receivables	4,836	5,110
Investments, loans and placements	8,194	9,288
Advances paid	5,259	4,782
Shares and other equity	105	23
Other financial assets	15	8
<b>Financial assets at fair value through profit or loss</b>		
Receivables	887	536
Investments, loans and placements	17,301	10,302
Shares and other equity	1,739	1,897
Other financial assets		
<b>Financial Liabilities at amortised cost</b>		
Deposits held	12	11
Advances received	326	343
Lease liabilities	3,500	-
Other borrowings	4,125	3,189
Payables	3,575	3,993
Guarantees	347	368
Other employee benefits	290	168
Other financial liabilities	4,469	4,182
<b>Financial liabilities at fair value through profit or loss</b>		
Borrowings	60,502	57,713
Payables	6,398	3,228
<b>Financial liabilities at fair value through other comprehensive income</b>		
Borrowings	84	69

Note: Columns may not add due to rounding.

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**NOTE 33: FINANCIAL INSTRUMENTS (CONT.)**


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**General Government**


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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
	2020	2020	2020
	\$m	\$m	\$m
Interest rate contracts	-	-	-
Forward exchange contracts	-	-	-
Futures contracts	-	-	-
Commodity contracts	-	-	-
<b>Total</b>	-	-	-

<i>Fair Values</i>	Notional face	Net fair	Credit
	Value	Value	Exposure
	2019	2019	2019
	\$m	\$m	\$m
Interest rate contracts	-	-	-
Forward exchange contracts	-	-	-
Futures contracts	-	-	-
Commodity contracts	-	-	-
<b>Total</b>	-	-	-

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**NOTE 33: FINANCIAL INSTRUMENTS (CONT.)**

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Total Public Sector

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<i>Fair Values</i>	Notional face Value 2020 \$m	Net fair Value 2020 \$m	Credit Exposure 2020 \$m
Interest rate contracts	12,763	763	802
Forward exchange contracts	19	19	19
Equity Contracts	-	-15	-
Other commodity contracts	1,267	72	53
<b>Total</b>	<b>14,049</b>	<b>839</b>	<b>873</b>

<i>Fair Values</i>	Notional face Value 2019 \$m	Net fair Value 2019 \$m	Credit Exposure 2019 \$m
Interest rate contracts	12,661	520	754
Forward exchange contracts	7	7	-
Equity Contracts	-	-42	-
Other commodity contracts	522	-	-
<b>Total</b>	<b>13,190</b>	<b>485</b>	<b>754</b>

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## NOTE 33: FINANCIAL INSTRUMENTS (CONT.)

### General Government

#### Interest rate risk exposure

The general government 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 2020

	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				
<b>Financial assets</b>									
Cash and deposits	325	91	21	17	-	128	59	513	0.4
Receivables <sup>(a)</sup>	1	-	-	-	-	-	3,588	3,589	0.4
Investments, loans and placements	6	3,139	1,299	1,255	171	5,865	54	5,924	1.4
Advances paid:									
Non-government schools	-	9	26	139	160	333	-	333	4.9
Other advances	26	-	-	-	-	-	356	382	3.0
Shares and other equity	-	-	-	-	-	-	51,586	51,586	-
Other financial assets	-	-	-	-	-	-	8	8	-
<b>Total financial assets<sup>(c)</sup></b>	<b>359</b>	<b>3,238</b>	<b>1,347</b>	<b>1,410</b>	<b>331</b>	<b>6,326</b>	<b>55,651</b>	<b>62,335</b>	
<b>Financial liabilities</b>									
Deposits held	1	983	368	110	-	1,460	11	1,472	1.0
Advances received	-	-	-	-	-	-	326	326	-
Lease Liabilities	-	77	215	805	1,625	2,722	-	2,722	4.2
Other borrowings	532	1,484	2,603	13,006	8,755	25,847	10	26,389	3.1
Payables <sup>(b)</sup>	2	-	-	-	-	-	1,461	1,463	-
Other employee benefits	-	-	-	-	-	-	241	241	-
Other financial liabilities	26	-	-	-	-	-	758	784	-
<b>Total financial liabilities<sup>(c)</sup></b>	<b>561</b>	<b>2,544</b>	<b>3,186</b>	<b>13,920</b>	<b>10,380</b>	<b>30,030</b>	<b>2,807</b>	<b>33,397</b>	

(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 (statutory payable).

(c) Excludes non-financial assets and liabilities that are reported on the face of the balance sheet.

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



## NOTE 33: FINANCIAL INSTRUMENTS (CONT.)

### General Government

30 June 2019

	Fixed Interest Maturing in						Non-interest bearing	Total carrying amount	Weighted average effective interest rate
	Floating interest rate	up to 3 months	3 to 12 months	1 year to 5 years	Over 5 years	Total Fixed interest rate			
	\$m	\$m	\$m	\$m	\$m	\$m			
<b>Financial assets</b>									
Cash and deposits	290	98	19	25	-	141	169	601	1.3
Receivables <sup>(a)</sup>	1	-	-	-	-	1	3,775	3,777	2.2
Investments, loans and placements	25	2,021	939	1,094	362	4,415	29	4,470	3.4
Advances paid:									
Non-government schools	-	8	24	131	148	311	-	311	5.3
Other advances	-	7	5	12	5	29	373	402	4.0
Shares and other equity	-	-	-	5	-	5	50,760	50,765	-
Other financial assets	-	-	-	-	-	-	8	8	-
<b>Total financial assets<sup>(c)</sup></b>	<b>317</b>	<b>2,134</b>	<b>988</b>	<b>1,267</b>	<b>515</b>	<b>4,903</b>	<b>55,114</b>	<b>60,334</b>	
<b>Financial liabilities</b>									
Deposits held	1	313	135	170	57	675	11	686	3.2
Advances received	-	-	-	-	-	-	343	343	-
Other borrowings	1,006	560	3,514	13,214	9,439	26,727	12	27,746	3.2
Payables <sup>(b)</sup>	-	-	-	-	-	-	1,438	1,438	-
Other employee benefits	-	-	-	-	-	-	146	146	-
Other financial liabilities	-	4	-	-	-	4	899	903	-
<b>Total financial liabilities<sup>(c)</sup></b>	<b>1,007</b>	<b>877</b>	<b>3,650</b>	<b>13,384</b>	<b>9,495</b>	<b>27,407</b>	<b>2,849</b>	<b>31,263</b>	

(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 (statutory payable).

(c) Excludes non-financial assets and liabilities that are reported on the face of the balance sheet.

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

## NOTE 33: 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 2020

	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				
<b>Financial assets</b>									
Cash and deposits	1,795	429	21	17	-	466	84	2,346	0.7
Receivables <sup>(a)</sup>	1	545	0	-	-	545	5,177	5,723	1.0
Investments, loans and placements	651	11,397	2,933	4,142	3,177	21,649	3,194	25,495	1.7
Advances paid:									
Homebuyers	4,873	-	-	-	-	-	-	4,873	4.5
Non-government schools	-	9	26	139	160	333	-	333	4.9
Other	26	-	-	-	-	-	27	53	-
Shares and other equity	-	-	-	-	-	-	1,844	1,844	-
Other financial assets	-	-	-	-	-	-	15	15	-
<b>Total financial assets<sup>(d)</sup></b>	<b>7,348</b>	<b>12,380</b>	<b>2,980</b>	<b>4,297</b>	<b>3,337</b>	<b>22,994</b>	<b>10,341</b>	<b>40,682</b>	
<b>Financial liabilities</b>									
Deposits held	1	-	-	-	-	-	11	12	1.1
Advances received	-	-	17	71	238	326	-	326	4.6
Lease liabilities	-	91	299	1,143	1,967	3,500	-	3,500	-
Other borrowings	514	15,848	400	22,158	22,369	60,775	3,423	64,711	2.2
Payables <sup>(b)</sup>	1	1,721	-	-	-	1,721	8,252	9,974	0.3
Guarantees <sup>(c)</sup>	-	-	-	-	-	-	347	347	-
Other employee benefits	0	-	-	-	-	-	290	290	-
Other financial liabilities	11	-	-	-	-	-	4,458	4,469	-
<b>Total financial liabilities<sup>(d)</sup></b>	<b>527</b>	<b>17,660</b>	<b>717</b>	<b>23,372</b>	<b>24,574</b>	<b>66,323</b>	<b>16,779</b>	<b>83,629</b>	

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

(b) The amount of payable excludes GST payable to the Australian Taxation Office (statutory payable).

(c) Includes guarantees, warranties indemnities and sureties. See Note 32: Contingent Assets and Liabilities.

(d) Excludes non-financial assets and liabilities that are reported on the face of the balance sheet.

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

## NOTE 33: FINANCIAL INSTRUMENTS (CONT.)

### Total Public Sector

30 June 2019

	Fixed Interest Maturing in						Non-interest bearing	Total carrying amount	Weighted average effective interest rate
	Floating interest rate	up to 3 months	3 to 12 months	1 year to 5 years	Over 5 years	Total Fixed interest rate			
	\$m	\$m	\$m	\$m	\$m	\$m			
<b>Financial assets</b>									
Cash and deposits	1,106	178	19	25	-	221	190	1,517	1.6
Receivables(a)	1	333	-	-	-	333	5,312	5,646	1.4
Investments, loans and placements	692	5,190	5,200	3,508	1,946	15,845	3,053	19,590	2.7
Advances paid:									
Homebuyers	4,415	-	-	-	-	-	-	4,415	5.0
Non-government schools	-	8	24	131	148	311	-	311	5.3
Other	-	7	5	12	5	29	27	56	4.0
Shares and other equity	-	-	-	5	-	5	1,915	1,920	-
Other financial assets	-	-	-	-	-	-	8	8	-
<b>Total financial assets(d)</b>	<b>6,214</b>	<b>5,716</b>	<b>5,249</b>	<b>3,681</b>	<b>2,099</b>	<b>16,744</b>	<b>10,505</b>	<b>33,464</b>	
<b>Financial liabilities</b>									
Deposits held	1	-	-	-	-	-	11	11	2.0
Advances received	-	-	17	71	256	343	-	343	4.8
Borrowings	1,591	10,847	5,184	23,007	20,089	59,126	253	60,971	2.9
Payables(b)	-	1,226	-	-	-	1,226	5,994	7,221	0.3
Guarantees(c)	-	-	-	-	-	-	368	368	-
Other employee benefits	-	-	-	-	-	-	168	168	-
Other financial liabilities	-	2	-	-	-	2	4,181	4,182	-
<b>Total financial liabilities(d)</b>	<b>1,591</b>	<b>12,074</b>	<b>5,201</b>	<b>23,077</b>	<b>20,344</b>	<b>60,697</b>	<b>10,975</b>	<b>73,263</b>	

(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 (statutory payable).

(c) Includes guarantees, warranties, indemnities and sureties. See Note 32: *Contingent Assets and Liabilities*.

(d) Excludes non-financial assets and liabilities that are reported on the face of the balance sheet.

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

## NOTE 33: FINANCIAL INSTRUMENTS (CONT.)

### General Government

	30 June 2020					30 June 2019					
	Carrying amount	-1% change		+1% change		Carrying amount	-1% change		+1% change		
		\$m	Profit \$m	Equity \$m	Profit \$m		Equity \$m	\$m	Profit \$m	Equity \$m	Profit \$m
<i>Interest rate sensitivity analysis</i>											
<b>Financial Assets</b>											
Cash and deposits	416	-4	-4	4	4	388	-4	-4	4	4	
Receivables	1	-	-	-	-	1	-	-	-	-	
Investments, loans and placements	3,145	-31	-31	31	31	2,046	-20	-20	20	20	
Advances paid	35	-	-	-	-	15	-	-	-	-	
<b>Financial Liabilities</b>											
Deposits held	984	10	10	-10	-10	313	3	3	-3	-3	
Borrowings	2,016	20	20	-20	-20	1,566	16	16	-16	-16	
<b>Total Increase/-Decrease</b>		<b>-6</b>	<b>-6</b>	<b>6</b>	<b>6</b>		<b>-6</b>	<b>-6</b>	<b>6</b>	<b>6</b>	

### Total Public Sector

	30 June 2020					30 June 2019					
	Carrying amount	-1% change		+1% change		Carrying amount	-1% change		+1% change		
		\$m	Profit \$m	Equity \$m	Profit \$m		Equity \$m	\$m	Profit \$m	Equity \$m	Profit \$m
<i>Interest rate sensitivity analysis</i>											
<b>Financial Assets</b>											
Cash and deposits	2,224	-22	-22	22	22	1,284	-13	-13	13	13	
Receivables	546	-5	-5	5	5	334	-3	-3	3	3	
Investments, loans and placements	12,049	-120	-120	120	120	5,883	-59	-59	59	59	
Advances paid	4,908	-49	-49	49	49	4,430	-44	-44	44	44	
<b>Financial Liabilities</b>											
Borrowings	16,361	-160	-160	160	160	12,437	124	124	-124	-124	
Payables	1,722	17	17	-17	-17	1,226	12	12	-12	-12	
<b>Total Increase/-Decrease</b>		<b>-340</b>	<b>-340</b>	<b>340</b>	<b>340</b>		<b>17</b>	<b>17</b>	<b>-17</b>	<b>-17</b>	

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

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**NOTE 33: FINANCIAL INSTRUMENTS (CONT.)**


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**General Government**


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	Carrying amount as at 30 June 2020 \$m	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>
		\$m	\$m	\$m
<b>Financial Assets</b>				
Investments, loans and placements	5,903	2,963	2,918	22
Shares and other equity	51,586	22	-	51,563
Other financial assets	8	-	-	8
<b>Financial Liabilities</b>				
Borrowings	58	-	-	58
<hr/>				
	Carrying amount as at 30 June 2019 \$m	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>
		\$m	\$m	\$m
<b>Financial Assets</b>				
Investments, loans and placements	4,454	156	4,282	15
Shares and other equity	50,765	17	-	50,747
Other financial assets	8	-	-	8
<b>Financial Liabilities</b>				
Borrowings	57	-	-	57

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**Total Public Sector**


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	Carrying amount as at 30 June 2020 \$m	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>
		\$m	\$m	\$m
<b>Financial Assets</b>				
Investments, loans and placements	18,116	5,762	11,460	894
Shares and other equity	1,844	1,761	73	9
Other financial assets	8	-	-	8
<b>Financial Liabilities</b>				
Borrowings	60,603	47,327	13,276	-
Payables	6,398	6,398	-	-
<hr/>				
	Carrying amount as at 30 June 2019 \$m	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>
		\$m	\$m	\$m
<b>Financial Assets</b>				
Investments, loans and placements	14,950	3,663	10,318	969
Shares and other equity	1,920	1,894	23	3
Other financial assets	8	-	-	8
<b>Financial Liabilities</b>				
Borrowings	57,782	45,763	12,019	-
Payables	4,454	4,454	-	-

(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.

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**NOTE 34: OTHER DISAGGREGATED INFORMATION**

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The total public sector (or whole-of-government) 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 38: *Composition of 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 34: 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	
	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m
<b>RESULTS FROM TRANSACTIONS</b>										
<b>REVENUE</b>										
Taxation	9,077	8,616	-	-	-	-	-526	-520	8,550	8,097
Current grants and subsidies	9,379	10,210	2,446	1,824	-	-	-2,446	-1,824	9,379	10,210
Capital grants	642	873	64	338	-	-	-64	-338	642	873
Sales of goods and services	2,754	2,734	34,089	20,591	1,186	1,136	-975	-972	37,054	23,488
Interest Income	124	168	126	181	1,626	1,882	-1,320	-1,591	555	639
Revenue from public corporations										
Dividends	392	1,350	-	-	-	-	-392	-1,350	-	-
Tax equivalent income	732	642	-	-	-	-	-732	-642	-	-
Royalty income	8,450	6,713	-	-	-	-	-	-	8,450	6,713
Other	614	701	468	478	100	113	-105	-99	1,077	1,193
<b>Total</b>	<b>32,162</b>	<b>32,006</b>	<b>37,192</b>	<b>23,412</b>	<b>2,912</b>	<b>3,130</b>	<b>-6,560</b>	<b>-7,335</b>	<b>65,706</b>	<b>51,214</b>
<b>EXPENSES</b>										
Salaries	12,887	12,269	1,101	1,056	62	57	-	-	14,051	13,382
Superannuation										
Concurrent costs	1,276	1,213	110	104	6	6	-	-	1,392	1,323
Superannuation interest cost	89	135	-	-	-	-	-	-	89	135
Other employee costs	401	447	34	39	1	2	-80	-138	356	350
Depreciation and amortisation	1,751	1,445	2,152	1,982	8	4	-3	-	3,908	3,431
Services and contracts	2,590	2,538	792	764	11	11	-8	-7	3,385	3,306
Other gross operating expenses	5,391	5,645	29,615	16,313	1,127	1,182	-1,105	-1,056	35,027	22,084
Interest										
Interest on leases	142	89	90	85	1	-	-1	-	231	174
Other interest	737	859	572	691	1,344	1,623	-1,319	-1,591	1,333	1,583
Tax equivalents	-	-	609	577	123	65	-732	-642	-	-
Current transfers	5,003	5,426	1,482	1,134	4	4	-2,796	-2,153	3,693	4,411
Capital transfers	228	625	15	19	16	14	-64	-338	194	319
<b>Total</b>	<b>30,493</b>	<b>30,689</b>	<b>36,571</b>	<b>22,764</b>	<b>2,704</b>	<b>2,969</b>	<b>-6,109</b>	<b>-5,924</b>	<b>63,659</b>	<b>50,498</b>
<b>NET OPERATING BALANCE</b>	<b>1,669</b>	<b>1,317</b>	<b>621</b>	<b>648</b>	<b>208</b>	<b>161</b>	<b>-452</b>	<b>-1,410</b>	<b>2,047</b>	<b>716</b>

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

## NOTE 34: 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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$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	-27	59	-65	47	-316	147	-	-	-408	254
Provision for doubtful debts	-126	2	-72	-18	-	-	-	-	-198	-16
Changes in accounting policy/adjustment of prior periods	-44	-172	-44	-145	8	7	1	-	-79	-310
<i>Total other economic flows</i>	<i>-197</i>	<i>-111</i>	<i>-181</i>	<i>-116</i>	<i>-307</i>	<i>155</i>	<i>-</i>	<i>-</i>	<i>-685</i>	<i>-72</i>
<b>OPERATING RESULT</b>	<b>1,472</b>	<b>1,206</b>	<b>440</b>	<b>532</b>	<b>-99</b>	<b>315</b>	<b>-451</b>	<b>-1,410</b>	<b>1,362</b>	<b>644</b>
<i>All other movements in equity</i>										
<i>Items that will not be reclassified to operating result</i>										
Revaluations	392	-1,374	459	-1,070	-	-	-	-	850	-2,444
Net actuarial gains - superannuation	5	-814	-27	-38	-	1	-	-	-22	-850
Gains recognised directly in equity	-1	-	4	8	1	-	-3	-	-	8
Change in net worth of the public corporations sectors	217	-1,661	-	-	-	-	-217	1,661	-	-
All other	-239	-	-105	-	-2	-	1	-	-345	-
<i>Total all other movements in equity</i>	<i>373</i>	<i>-3,849</i>	<i>331</i>	<i>-1,100</i>	<i>-1</i>	<i>1</i>	<i>-220</i>	<i>1,661</i>	<i>483</i>	<i>-3,286</i>
<i>Movements in owner equity</i>										
Dividends	-	-	-162	-1,229	-292	-181	455	1,410	-	-
Capital injections	-	-	652	758	-50	-136	-602	-622	-	-
<i>Total movements in owner equity</i>	<i>-</i>	<i>-</i>	<i>490</i>	<i>-471</i>	<i>-343</i>	<i>-317</i>	<i>-147</i>	<i>788</i>	<i>-</i>	<i>-</i>
<b>TOTAL CHANGE IN NET WORTH</b>	<b>1,845</b>	<b>-2,642</b>	<b>1,261</b>	<b>-1,039</b>	<b>-443</b>	<b>-</b>	<b>-819</b>	<b>1,039</b>	<b>1,845</b>	<b>-2,642</b>
<b>KEY FISCAL AGGREGATES</b>										
<b>NET OPERATING BALANCE</b>	<b>1,669</b>	<b>1,317</b>	<b>621</b>	<b>648</b>	<b>208</b>	<b>161</b>	<b>-452</b>	<b>-1,410</b>	<b>2,047</b>	<b>716</b>
<i>Less Net acquisition of non-financial assets</i>										
Purchase of non-financial assets	2,553	2,540	2,683	2,441	4	7	-51	-24	5,188	4,965
Changes in inventories	38	-	2,050	614	-	-	-	-	2,088	614
Other movement in non-financial assets	-15	146	109	127	-	-	-	-	94	273
<i>less:</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Sales of non-financial assets	1,476	100	311	578	-	-	-51	-23	1,736	654
Depreciation	1,751	1,445	2,152	1,982	8	4	-3	-	3,908	3,431
<i>Total net acquisition of non-financial assets</i>	<i>-651</i>	<i>1,142</i>	<i>2,380</i>	<i>622</i>	<i>-5</i>	<i>3</i>	<i>3</i>	<i>-</i>	<i>1,727</i>	<i>1,767</i>
<b>NET LENDING/-BORROWING</b>	<b>2,320</b>	<b>175</b>	<b>-1,758</b>	<b>26</b>	<b>213</b>	<b>158</b>	<b>-455</b>	<b>-1,410</b>	<b>320</b>	<b>-1,051</b>

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



## NOTE 34: 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	
	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m
<b>ASSETS</b>										
<i>Financial assets</i>										
Cash and deposits	513	601	2,938	1,391	354	198	-1,459	-672	2,346	1,517
Advances paid	715	713	-	-	4,873	4,415	-329	-346	5,259	4,782
Investments, loans and placements	5,924	4,470	5,407	5,003	67,860	62,777	-53,697	-52,683	25,495	19,567
Receivables	3,938	3,999	2,026	1,804	651	690	-692	-668	5,923	5,825
Shares and other equity										
Investments in other public sector entities - equity method	40,962	40,745	-	-	-	-	-40,962	-40,745	-	-
Investments in other public sector entities - direct injections	10,602	10,000	-	-	-	-	-10,602	-10,000	-	-
Investments in other entities	22	20	9	3	1,812	1,897	-	-	1,844	1,920
Other financial assets	8	8	580	673	7	5	-580	-673	15	13
<b>Total financial assets</b>	<b>62,684</b>	<b>60,556</b>	<b>10,960</b>	<b>8,874</b>	<b>75,558</b>	<b>69,982</b>	<b>-108,320</b>	<b>-105,788</b>	<b>40,882</b>	<b>33,624</b>
<i>Non-financial assets</i>										
Land	35,238	35,600	8,361	8,209	-	-	-	-	43,599	43,809
Property, plant and equipment	46,363	45,344	56,208	55,749	4	5	-	-	102,575	101,099
Right-of-use assets	2,484	-	494	-	24	-	-5	-	2,997	-
Biological assets	109	3	209	342	-	-	-	-	317	345
Inventories	-	-	-	-	-	-	-	-	-	-
Land inventories	-	-	1,809	1,852	-	-	-	-	1,809	1,852
Other inventories	108	71	6,325	4,275	-	-	-	-	6,433	4,345
Intangibles	603	626	445	395	7	7	-	-	1,054	1,028
Assets held for sale	21	43	16	16	-	-	-	-	37	59
Investment property	7	7	26	60	-	-	-	-	33	67
Other	229	245	190	134	5	3	-	-1	424	381
<b>Total non-financial assets</b>	<b>85,162</b>	<b>81,940</b>	<b>74,081</b>	<b>71,032</b>	<b>41</b>	<b>15</b>	<b>-5</b>	<b>-1</b>	<b>159,279</b>	<b>152,985</b>
<b>TOTAL ASSETS</b>	<b>147,847</b>	<b>142,496</b>	<b>85,041</b>	<b>79,906</b>	<b>75,599</b>	<b>69,997</b>	<b>-108,325</b>	<b>-105,788</b>	<b>200,161</b>	<b>186,610</b>

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

## NOTE 34: 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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<i>LIABILITIES</i>										
Deposits held	1,472	686	-	-	-	-	-1,460	-675	12	11
Advances received	326	343	326	343	3	3	-329	-346	326	343
Borrowings	-	-	-	-	-	-	-	-	-	-
Lease Liabilities	2,722	-	815	-	29	-	-66	-	3,500	-
Other borrowings	26,389	27,745	23,310	22,862	68,646	63,047	-53,635	-52,680	64,711	60,974
Superannuation	6,818	7,062	97	98	5	5	0	-0	6,920	7,165
Other employee benefits	3,543	3,197	423	368	15	13	0	0	3,981	3,577
Payables	1,463	1,425	8,488	5,875	319	129	-292	-219	9,978	7,211
Other liabilities	2,674	1,445	1,796	1,835	4,803	4,580	-979	-1,124	8,294	6,736
<b>TOTAL LIABILITIES</b>	<b>45,408</b>	<b>41,903</b>	<b>35,255</b>	<b>31,381</b>	<b>73,821</b>	<b>67,776</b>	<b>-56,762</b>	<b>-55,044</b>	<b>97,723</b>	<b>86,017</b>
<b>NET ASSETS</b>	<b>102,438</b>	<b>100,593</b>	<b>49,786</b>	<b>48,525</b>	<b>1,778</b>	<b>2,220</b>	<b>-51,563</b>	<b>-50,745</b>	<b>102,438</b>	<b>100,593</b>
<i>Of which:</i>										
Contributed equity	-	-	10,887	10,235	-286	-236	-10,602	-10,000	-	-
Accumulated surplus	7,587	6,317	17,448	17,299	2,041	2,433	7	7	27,083	26,056
Other reserves	94,851	94,276	21,450	20,990	23	23	-40,969	-40,752	75,355	74,537
<b>NET WORTH</b>	<b>102,438</b>	<b>100,593</b>	<b>49,786</b>	<b>48,525</b>	<b>1,778</b>	<b>2,220</b>	<b>-51,563</b>	<b>-50,745</b>	<b>102,438</b>	<b>100,593</b>

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

## NOTE 34: OTHER DISAGGREGATED INFORMATION (CONT.)

### Statement of Changes in Equity for the year ended 30 June

	Restated Equity at 1 July 2019 \$m	Change in net worth \$m	Contributed capital \$m	Dividends \$m	Other \$m	Equity at 30 June 2020 \$m
<b>General Government</b>						
Accumulated surplus/(deficit)	6,317	1,231	-	-	39	7,587
Reserves	53,531	397	-	-	-39	53,889
Accumulated net gain on equity investments in other sector entities	40,745	217	-	-	-	40,962
<b>Total</b>	<b>100,593</b>	<b>1,845</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,438</b>
<b>Public Non Financial Corporations</b>						
Accumulated surplus/(deficit)	17,299	335	-	-162	-23	17,448
Contributed equity	10,235	-	652	-	-	10,887
Reserves	20,990	432	-	-	28	21,450
<b>Total</b>	<b>48,525</b>	<b>767</b>	<b>652</b>	<b>-162</b>	<b>5</b>	<b>49,786</b>
<b>Public Financial Corporations</b>						
Accumulated surplus/(deficit)	2,433	-99	-	-292	-1	2,041
Contributed Equity	-236	-	-50	-	-	-286
Reserves	23	-	-	-	-	23
<b>Total</b>	<b>2,220</b>	<b>-99</b>	<b>-50</b>	<b>-292</b>	<b>-1</b>	<b>1,778</b>
Inter-sector eliminations						
Accumulated surplus/(deficit)	7	-450	-	455	-4	7
Contributed Equity	-10,000	-	-602	-	-	-10,602
Reserves	-7	-	-	-	-	-7
Accumulated net gain on equity investments in other sector entities	-40,745	-217	-	-	-	-40,962
<b>Total</b>	<b>-50,745</b>	<b>-667</b>	<b>-602</b>	<b>455</b>	<b>-4</b>	<b>-51,563</b>
<b>Total Public Sector</b>						
Accumulated surplus/(deficit)	26,056	1,017	-	-	10	27,083
Contributed Equity	-	-	-	-	-	-
Reserves	74,537	828	-	-	-10	75,355
<b>Total</b>	<b>100,593</b>	<b>1,845</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,438</b>

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

## NOTE 34: 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	
	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>										
<i>Cash received</i>										
Taxes received	9,018	8,911	-	-	-	-	-526	-520	8,492	8,392
Grants and subsidies received	11,825	11,082	2,507	2,171	-	-	-2,507	-2,171	11,825	11,082
Receipts from sales of goods and services	2,589	2,599	25,130	20,786	1,203	1,196	-966	-889	27,956	23,693
Interest receipts	119	173	129	166	1,712	1,901	-1,395	-1,580	565	661
Dividends and tax equivalents	1,071	2,092	61	64	-	-	-1,132	-2,156	-	-
Other	10,825	7,659	1,361	1,424	163	155	-385	-432	11,965	8,807
<i>Total cash received</i>	<i>35,447</i>	<i>32,517</i>	<i>29,189</i>	<i>24,611</i>	<i>3,078</i>	<i>3,253</i>	<i>-6,912</i>	<i>-7,746</i>	<i>60,802</i>	<i>52,635</i>
<i>Cash Paid</i>										
Wages, salaries and supplements, and superannuation	-14,192	-13,766	-1,184	-1,235	-66	-60	-	-	-15,441	-15,062
Payments for goods and services	-8,494	-8,473	-19,602	-15,377	-866	-857	1,200	1,285	-27,762	-23,421
Interest paid	-905	-950	-689	-772	-1,665	-1,874	1,395	1,580	-1,864	-2,017
Grants and subsidies paid	-6,641	-5,635	-708	-689	-	-	2,539	2,195	-4,810	-4,129
Dividends and tax equivalents	-	-	-614	-614	-88	-128	702	742	-	-
Other payments	-2,004	-1,679	-3,628	-3,319	-160	-152	537	531	-5,256	-4,620
<i>Total cash paid</i>	<i>-32,237</i>	<i>-30,503</i>	<i>-26,424</i>	<i>-22,006</i>	<i>-2,845</i>	<i>-3,072</i>	<i>6,374</i>	<i>6,333</i>	<i>-55,132</i>	<i>-49,248</i>
<i>NET CASH FLOWS FROM OPERATING ACTIVITIES</i>	<i>3,211</i>	<i>2,014</i>	<i>2,764</i>	<i>2,604</i>	<i>233</i>	<i>181</i>	<i>-538</i>	<i>-1,414</i>	<i>5,670</i>	<i>3,386</i>
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>										
<i>Cash flows from investments in non-financial assets</i>										
Purchase of non-financial assets	-2,553	-2,540	-2,683	-2,441	-4	-7	51	24	-5,188	-4,965
Sales of non-financial assets	1,476	100	311	578	-	-	-51	-23	1,736	654
<i>Total cash flows from investments in non-financial assets</i>	<i>-1,077</i>	<i>-2,441</i>	<i>-2,372</i>	<i>-1,863</i>	<i>-4</i>	<i>-7</i>	<i>-</i>	<i>-</i>	<i>-3,453</i>	<i>-4,310</i>
<i>Cash flows from investments in financial assets</i>										
<i>Cash received</i>										
For policy purposes	64	33	-	-	-	-	-	-13	64	21
For liquidity purposes	56	308	74	11	11,914	6,177	-	-	12,044	6,495
<i>Cash paid</i>										
For policy purposes	-862	-790	-21	-	-70	-164	890	935	-63	-19
For liquidity purposes	-38	-66	-30	-61	-14,128	-8,656	-	-	-14,195	-8,784
<i>Total cash flows from investments in financial assets</i>	<i>-780</i>	<i>-516</i>	<i>23</i>	<i>-50</i>	<i>-2,284</i>	<i>-2,643</i>	<i>890</i>	<i>922</i>	<i>-2,150</i>	<i>-2,286</i>
<i>NET CASH FLOWS FROM INVESTING ACTIVITIES</i>	<i>-1,857</i>	<i>-2,956</i>	<i>-2,349</i>	<i>-1,913</i>	<i>-2,287</i>	<i>-2,650</i>	<i>890</i>	<i>922</i>	<i>-5,603</i>	<i>-6,597</i>

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

## NOTE 34: 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	
	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<i>Cash received</i>										
Advances received	17	17	-	-	-	-	-17	-17	-	-
Borrowings	845	61	7,014	4,301	28,790	26,539	-15,801	-9,457	20,848	21,444
Deposits received	-	-	-	-	-	-	-	-	-	-
Other financing receipts	312	253	902	849	19	28	-1,002	-1,032	231	98
<b>Total cash receipts from financing activities</b>	<b>1,174</b>	<b>330</b>	<b>7,916</b>	<b>5,150</b>	<b>28,809</b>	<b>26,567</b>	<b>-16,821</b>	<b>-10,506</b>	<b>21,078</b>	<b>21,542</b>
<i>Cash paid</i>										
Advances paid	-17	-17	-17	-29	-	-	17	29	-17	-17
Borrowings repaid	-1,379	-513	-6,565	-4,583	-26,254	-24,350	15,801	9,457	-18,397	-19,990
Deposits paid	-	-	-	-	-	-	-	-	-	-
Other financing payments	-492	-214	-172	-71	-4	-0	221	97	-448	-188
Dividends paid	-	-	-162	-1,229	-267	-185	430	1,414	-	-
<b>Total payments for financing activities</b>	<b>-1,888</b>	<b>-744</b>	<b>-6,917</b>	<b>-5,912</b>	<b>-26,526</b>	<b>-24,535</b>	<b>16,469</b>	<b>10,997</b>	<b>-18,862</b>	<b>-20,194</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-714</b>	<b>-414</b>	<b>1,000</b>	<b>-762</b>	<b>2,283</b>	<b>2,032</b>	<b>-352</b>	<b>491</b>	<b>2,217</b>	<b>1,348</b>
<b>Net increase in cash and cash equivalents</b>	<b>640</b>	<b>-1,355</b>	<b>1,415</b>	<b>-71</b>	<b>229</b>	<b>-437</b>	<b>-</b>	<b>-</b>	<b>2,284</b>	<b>-1,863</b>
Cash and cash equivalents at the beginning of the year	5,005	6,360	1,818	1,889	1,890	2,326	-2	-2	8,710	10,573
Cash and cash equivalents at the end of the year	5,645	5,005	3,233	1,818	2,119	1,890	-2	-2	10,994	8,710
<hr/>										
Net cash flows from operating activities	3,211	2,014	2,764	2,604	233	181	-538	-1,414	5,670	3,386
Net cash flows from investing in non-financial assets	-1,077	-2,441	-2,372	-1,863	-4	-7	-	-	-3,453	-4,310
Dividends paid	-	-	-162	-1,229	-267	-185	430	1,414	-	-
<b>Cash surplus/-deficit</b>	<b>2,134</b>	<b>-426</b>	<b>230</b>	<b>-487</b>	<b>-38</b>	<b>-11</b>	<b>-</b>	<b>-</b>	<b>2,217</b>	<b>-924</b>

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

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## NOTE 35: INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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### (a) AASB 15: Revenue from Contract with Customers and AASB 1058: Income of Not-for-Profit Entities

AASB 15: *Revenue from Contracts with Customers* replaces AASB 118: *Revenue* and AASB 111: *Construction Contracts* for annual reporting periods on or after 1 January 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service and is based upon the transfer of control rather than transfer of risks and rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- identifying contracts with customers;
- identifying separate performance obligations;
- determine the transaction price of the contract;
- allocating the transaction price to each of the performance obligations; and
- recognising revenue as each performance obligation is satisfied.

Revenue is recognised over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

When either party to the contract has performed the obligation, the agency shall present the contract in the balance sheet as a contract asset or a contract liability. The agency shall present any unconditional rights to consideration separately as a receivable.

- a) A receivable is the agency's right to consideration that is unconditional and only passage of time is required before payment of the consideration is due.
- b) A contract asset is recognised if the agency transfers goods or services to a customer before the customer pays consideration or the payment is due.
- c) A contract liability is recognised if a customer pays consideration before the agency transfers a good or service to the customer.

In addition, income other than from contracts with customers are subject to AASB 1058: *Income of Not-for-Profit Entities*. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by an agency.

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**NOTE 35: INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (CONT.)**

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The modified retrospective approach has been adopted on transition to AASB 15 and AASB 1058. No comparative information will be restated under this approach, and the cumulative effect of initially applying the standards has been recognised as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

Under this transition method, the Standard has been applied retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Refer to Note 3(h) for the revenue and income accounting policies adopted from 1 July 2019.

## NOTE 35: INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (CONT.)

The effects of adopting AASB 15 and AASB 1058 are as follows.

General Government			
	Actual	Adjustments	Actual under AASB 118 and 1004
	\$m	\$m	\$m
<b>REVENUE</b>			
Taxation	9,077	-1	9,076
All Grants and Subsidies (Recurrent and Capital)	10,020	3,427	13,447
Sales of goods and services	2,754	-7	2,747
All Other	10,311	<sup>(a)</sup>	10,311
<b>Net result</b>	<b>32,162</b>	<b>3,419</b>	<b>35,581</b>
<b>EXPENSES</b>			
Transfers (Current and Capital)	5,230	3,573	8,803
Other gross operating expenses	5,391	-	5,391
<b>Net result</b>	<b>10,621</b>	<b>3,573</b>	<b>14,194</b>
<b>LIABILITIES</b>			
Other liabilities	2,674	158	2,832
<b>Net result</b>	<b>2,674</b>	<b>158</b>	<b>2,832</b>
Total Public Sector			
	Actual	Adjustments	Actual under AASB 118 and 1004
	\$m	\$m	\$m
<b>REVENUE</b>			
Taxation	8,550	-1	8,549
All Grants and Subsidies (Recurrent and Capital)	10,020	3,437	13,458
Sales of goods and services	37,054	-9,055	27,999
All Other	10,082	30	10,112
<b>Net result</b>	<b>65,706</b>	<b>-5,588</b>	<b>60,118</b>
<b>EXPENSES</b>			
Transfers (Current and Capital)	3,887	3,573	7,460
Other gross operating expenses	35,027	-9,048	25,980
<b>Net result</b>	<b>38,915</b>	<b>-5,475</b>	<b>33,439</b>
<b>LIABILITIES</b>			
Other liabilities	8,291	158	8,449
<b>Net result</b>	<b>8,291</b>	<b>158</b>	<b>8,449</b>



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## NOTE 35: INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (CONT.)

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### (b) AASB 16: Leases

AASB 16: *Leases* supersedes AASB 117: *Leases* and introduces a single lessee accounting treatment for annual reporting periods beginning on or after 1 January 2019. The new standard removes the distinction between most finance and operating leases and instead introduces a single lessee accounting model. It requires lessees to recognise most leases (operating and finance leases) on the Balance Sheet as a right-of-use asset and lease liability, except for short term leases (lease terms of 12 months or less at the commencement date) and low-value assets (valued less than \$5,000). For the 2019-20 reporting year, the transitional arrangements in the new Standard preserves a small number of finance leases as 'other borrowings' on the Balance Sheet, where these leases are associated with social concession arrangements which will be subject to AASB 1059: *Service Concession Arrangements: Grantors* in the 2020-21 reporting year

The modified retrospective approach has been applied on initial adoption. The cumulative effect of initially applying this Standard has been recognised as an adjustment to the opening balance of accumulated surplus as permitted under the AASB 16.C5(b). Lease liabilities recognised are measured at present value of the remaining lease payments (where previously classified as an operating lease), discounted using the incremental borrowing rate as per AASB16.C8(a).

Under AASB 116, agencies take into consideration all operating leases that were off balance sheet under AASB 117 and recognises:

- a) right-of-use assets and lease liabilities in the Balance Sheet, initially measured at the present value of future lease payments, discounted using the incremental borrowing rate of 1 July 2019;
- b) depreciation of right-of-use assets and interest on lease liabilities in the Operating Statement; and
- c) the total amount of cash paid as principal amount, which is presented in the cash flows from financing activities, and interest paid, which is presented in the cash flows from operating activities, in the Cash Flow Statement.

In relation to leased vehicles that were previously classified as finance leases, their carrying amount before transition is used as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application.

Agencies that are in possession of concessionary leases that are of low value terms and conditions at the date of transition, measure these leases at cost at inception.

The right-of-use assets are assessed for impairment at the date of transition.

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## NOTE 35: INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (CONT.)

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On transition, agencies have elected to apply the following practical expedients in the assessment of their leases that were previously classified as operating leases under AASB 117:

- a) a single discount rate has been applied to a portfolio of leases with reasonably similar characteristics;
- b) agencies have relied on their assessment of whether existing leases were onerous in applying AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of initial application as an alternative to performing an impairment review. Agencies have adjusted the ROU asset at 1 July 2019 by the amount of any provisions included for onerous leases recognised in the balance sheet at 30 June 2019;
- c) where the lease term at initial application ended within 12 months, agencies have accounted for these leases as short-term leases;
- d) initial direct costs have been excluded from the measurement of the right-of-use assets; and
- e) hindsight has been used to determine if the contracts contained options to extend or terminate the lease.

Agencies have not reassessed whether existing contracts are or contained a lease at 1 July 2019. The requirements of paragraphs 9-11 of AASB 16 are applied to contracts that came into existence after 1 July 2019.

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### General Government

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<b>Measurement of lease liabilities</b>	\$m
Operating lease commitments disclosed as at 30 June 2019	772
Discounted using incremental borrowing rate at date of initial application <sup>(a)</sup>	245
Finance lease liabilities recognised as at 30 June 2019	368
Other lease commitments not previously disclosed	1,504
Short-term leases not recognised as liability	-15
Low value leases not recognised as liability	-1
<b>Lease liability recognised at 1 July 2019</b>	<b>2,100</b>

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### Total Public Sector

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<b>Measurement of lease liabilities</b>	\$m
Operating lease commitments disclosed as at 30 June 2019	2,081
Discounted using incremental borrowing rate at date of initial application <sup>(a)</sup>	539
Finance lease liabilities recognised as at 30 June 2019	682
Other lease commitments not previously disclosed	1,536
Short-term leases not recognised as liability	-19
Low value leases not recognised as liability	-7
Extension options reasonably certain to be exercised	7
<b>Lease liability recognised at 1 July 2019</b>	<b>2,738</b>

(a) Applicable WATC incremental borrowing rates were used for the purposes of measuring leases that were previously classified as operating leases.

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## NOTE 36: RELATED PARTY DISCLOSURES

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### General Government

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#### Parent and controlling entity

The general government sector comprises public sector agencies that are wholly-owned and controlled by the Government of Western Australia and which are largely funded by centrally collected revenue such as taxes, royalties and Commonwealth grants. The agencies 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. Related parties of the general government sector include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all public non-financial and public financial corporations, included in Note 38: *Composition of sectors*;
- all associates and joint ventures; and
- the Government Employees Superannuation Board (GESB).

#### Key Management Personnel (KMP)

##### *KMP Compensation*

KMP are those people having authority and responsibility for planning, directing and controlling the activities of the State. As the Western Australian Cabinet is the decision making body for the State, all State Cabinet Ministers are considered to be KMP of the State.

Compensation of all Ministers is disclosed later in this note.

#### Significant transactions with government-related entities

Transactions between general government agencies are eliminated on consolidation and are not included in this disclosure. The transactions below represent those between the general government sector and public corporations.

Significant transactions and balances include:

- taxation revenue:
  - a) loan guarantee fees (\$151 million, 2019: \$145 million);
  - b) payroll tax (\$92 million, 2019: \$86 million);
  - c) land tax (\$65 million, 2019: \$62 million); and
  - d) betting tax (\$41 million, 2019: \$40 million).

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**NOTE 36: RELATED PARTY DISCLOSURES (CONT.)**


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- current grants and subsidies revenue (\$33 million, 2019: \$26 million);
- sales of goods and services:
  - a) services rendered (\$47 million, 2019: \$34 million);
  - b) service delivery agreement (\$198 million, 2019: \$191 million); and
  - c) other revenue (\$48 million, 2019: \$48 million);
- dividend revenue (\$1,387 million, 2019: \$1,494 million);
- Tax Equivalent Regime revenue (\$1,134 million, 2019: \$672 million);
- current transfers:
  - a) operating subsidies (\$1,841 million, 2019: \$1,442 million);
  - b) Royalties for Regions grants (\$279 million, 2019: \$25 million); and
  - c) recurrent transfers (\$170 million, 2019: \$166 million);
- capital appropriations (\$492 million, 2019: \$477 million);
- Government Regional Officers' Housing expenses (\$80 million, 2019: \$138 million);
- Public Bank Account interest expense (\$3 million, 2019: \$10 million);
- capital transfers (\$43 million, 2019: \$45 million);
- insurance premiums (\$292 million, 2019: \$263 million);
- water and electricity expenses (\$238 million, 2019: \$236 million);
- lease liabilities (\$60 million); and
- borrowings (\$26 billion, 2019: \$26 billion).

**Material transactions with other related parties**

General government agencies make superannuation contributions for their staff to GESB. In 2019-20, these payments totalled \$1 billion (2019: \$1 billion).

The Department of Primary Industries and Regional Development has a number of joint venture arrangements. Further details of these arrangements can be found in the Department's annual report. There were no other related party transactions (including general citizen-type transactions<sup>1</sup>) with Ministers or their close family members or their controlled (or jointly controlled) entities that are material for disclosure.

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<sup>1</sup> General citizen-type transactions are transactions where Ministers/senior officers or their close family members interact with a public sector entity under the same terms and conditions as a public citizen, such as paying taxes, levies or other statutory fees/charges and using public services such as hospitals, schools or public transport.

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## NOTE 36: RELATED PARTY DISCLOSURES (CONT.)

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### Total Public Sector

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#### **Parent and controlling entity**

The total public sector (or whole-of-government) includes agencies across the general government, public non-financial and financial corporations sectors. These agencies are wholly owned or controlled by the Government of Western Australia and are consolidated to form the total public sector financial statements contained in this report. Details of agencies controlled by the Government and consolidated in the total public sector are shown in Note 38: *Composition of sectors*.

Related parties of the total public sector include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all associates and joint ventures; and
- GESB.

#### **Significant transactions with government-related entities**

Transactions between public sector agencies are eliminated on consolidation and are not included in this disclosure. The significant transactions below represent transactions between public sector agencies and their associates and joint ventures.

#### **Material transactions with other related parties**

A number of government agencies procured legal services from a service provider totalling approximately \$3.4 million during the financial year. The KMP of the service provider is related to a Minister, who was not the Minister responsible for the agencies. This entity also provided services to the agencies in prior years.

During the financial year, Synergy purchased goods and services from its associate to the value of \$162 million (2019: \$137 million) and sold goods and services to related parties to the value of \$3 million (2019: \$189 million).

#### ***Government Employees Superannuation Board***

Public sector agencies make superannuation contributions for their staff to GESB. In 2019-20, these payments totalled \$1.1 billion (2019: \$1.1 billion).

There were no other related party transactions (including general citizen-type transactions) with Ministers or their close family members or their controlled (or jointly controlled) entities that are material for disclosure.

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**NOTE 36: RELATED PARTY DISCLOSURES (CONT.)**


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**KMP Compensation**

Total public sector KMP include all Ministers. Total compensation for the State's KMP for the reporting period is presented in the following bands.

	2019-20 (number)	2018-19 (number)
<b>Remuneration (\$)</b>		
350,000-400,000	2	2
400,000-450,000	9	10
450,000-500,000	5	4
500,000-550,000	1	1
	2019-20	2018-19
	\$m	\$m
Short-term employee benefits <sup>(a)</sup>	7.0	6.9
Post-employment benefits	0.6	0.6
<b>Total compensation of Ministers</b>	<b>7.6</b>	<b>7.5</b>

(a) Short-term employee benefits include salaries, electorate allowances, motor vehicle allowances and accommodation allowances paid to Ministers.

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## **NOTE 37: EVENTS OCCURRING AFTER THE REPORTING PERIOD**

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### ***Bell Recovery Action***

On 12 August 2020, various Bell Group companies and their creditors agreed to liquidation settlement scheme arrangements. On 20 August 2020, the Supreme Court of Western Australia made orders approving the settlement. Those orders were lodged with the Australian Securities and Investments Commission on 21 August 2020 at which point the scheme became effective. On 11 September 2020, the Insurance Commission of Western Australia (ICWA) received a settlement amount of \$665.4 million.

Whilst ICWA's exposure under the indemnities cannot be eliminated entirely, discontinuance of the Bell-related litigation following settlement completion is likely to significantly reduce such exposure.

### ***Aboriginal Stolen Wages***

The State Solicitor's Office has received a representative complaint from the Australian Human Rights Commission (AHRC) against the State of Western Australia in relation to wages held in trust for Aboriginal workers over the period from December 1939 to June 1972, but not distributed to them. The complaint precedes a potential legal class action on behalf of claimants, and as such, represents an as yet unquantified liability.

### ***Yamatji Nation Indigenous Land Use Agreement***

The State Government has settled Native Title compensation liability with respect to approximately 49,000 hectares of land in the Mid-West region through the Yamatji Nation Indigenous Land Use Agreement. This Agreement was registered by the National Native Title Tribunal on 30 July 2020 and is anticipated to be conclusively registered by late October 2020.

### ***Sale of Western Australian TAB***

The market process for the sale of the Western Australian TAB has been suspended due to uncertainty associated with the impacts of COVID-19. The status of the sale process will be reassessed in the second half of 2020-21.

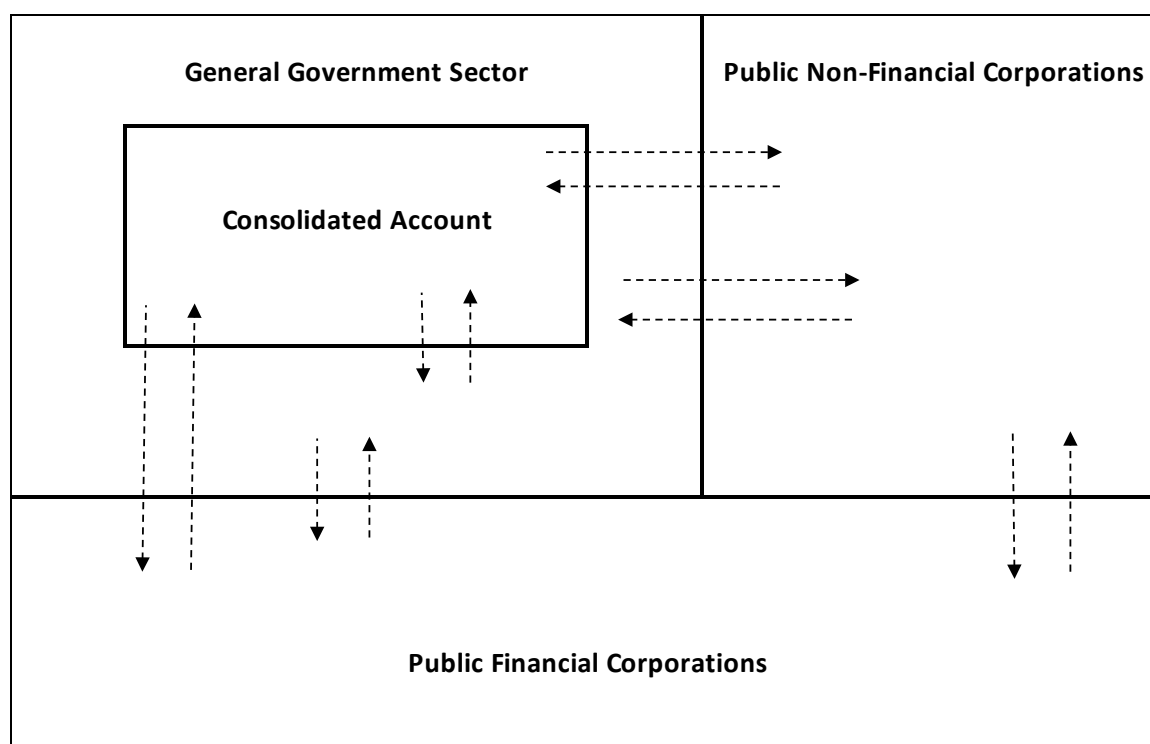
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## NOTE 38: COMPOSITION OF SECTORS

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The following diagram shows the financial relationship between sectors within which agencies are classified using the Australian Bureau of Statistics' GFS manual, which are included in the consolidated financial statements and described in Note 3 to these 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.



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**NOTE 38: COMPOSITION OF SECTORS (CONT.)**


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**General Government**

Agricultural Produce Commission	North Metropolitan TAFE
Building and Construction Industry Training Board	North Metropolitan Health Service
Botanical Gardens and Parks Authority	North Regional TAFE
Central Regional TAFE	Office of the Auditor General
Chemistry Centre (WA)	Office of the Director of Public Prosecutions
Child and Adolescent Health Service	Office of the Information Commissioner
Combat Sports Commission	Office of the Inspector of Custodial Services
Commissioner for Children and Young People	Office of the Parliamentary Inspector of the Corruption and Crime Commission
Commissioner for Equal Opportunity	Parliamentary Commissioner for Administrative Investigations
Commissioner of Main Roads	Parliamentary Services Department
Corruption and Crime Commission	Peel Development Commission
Department of Biodiversity Conservation and Attractions	Perth Theatre Trust
Department of Community Services	Pilbara Development Commission
Department of Education	Professional Standards Council
Department of Finance	Public Sector Commission
Department of Fire and Emergency Services	Quadriplegic Centre Board
Department of Health (including public hospitals)	Racing Penalties Appeal Tribunal of Western Australia
Department of Jobs, Tourism, Science and Innovation	Rural Business Development Corporation
Department of Justice	Salaries and Allowances Tribunal
Department of Local Government, Sport and Cultural Industries	School Curriculum and Standards Authority
Department of Mines, Industry Regulation and Safety	ScreenWest Inc.
Department of Planning, Lands and Heritage	Small Business Development Corporation
Department of Primary Industries and Regional Development	South Metropolitan TAFE
Department of Training and Workforce Development	South Metropolitan Health Service
Department of Transport	South Regional TAFE
Department of Treasury	South West Development Commission
Department of the Legislative Assembly	The Aboriginal Affairs Planning Authority
Department of the Legislative Council	The ANZAC Day Trust
Department of the Premier and Cabinet	The Board of the Art Gallery of Western Australia
Department of the Registrar, Western Australian Industrial Relations Commission	The Burswood Park Board
Department of Water and Environmental Regulation	The Coal Miners' Welfare Board of Western Australia
Disability Services Commission	The Library Board of Western Australia
East Metropolitan Health Service	The National Trust of Australia (W.A.)
Economic Regulation Authority	The Queen Elizabeth II Medical Centre Trust
Energy Policy WA	The Western Australia Museum
Gascoyne Development Commission	Trustees of the Public Education Endowment
Gaming and Wagering Commission of Western Australia	Western Australia Police Force
Goldfields Development Commission	Western Australian Country Health Service
Governor's Establishment	Western Australian Building Management Authority
Great Southern Development Commission	Western Australian Electoral Commission
Health and Disability Services Complaints Office	Western Australian Energy Disputes Arbitrator
Health Support Services	Western Australian Greyhound Racing Association
Heritage Council of Western Australia	Western Australian Health Promotion Foundation
Infrastructure WA	Western Australian Institute of Sport
Keep Australia Beautiful Council (W.A.)	Western Australian Land Information Authority
Kimberley Development Commission	Western Australian Meat Industry Authority
Law Reform Commission of Western Australia	Western Australian Planning Commission
Legal Aid Commission of Western Australia	Western Australian Sports Centre Trust
Legal Costs Committee	WorkCover Western Australia Authority
Local Health Authorities Analytical Committee	Wheatbelt Development Commission
Mental Health Commission	Zoological Parks Authority
Mid-West Development Commission	
Minerals Research Institute of Western Australia	

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## NOTE 38: COMPOSITION OF SECTORS (CONT.)

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### Public Non-Financial Corporations

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

### Public Financial Corporations

Country Housing Authority	RiskCover
Insurance Commission of Western Australia	Western Australian Treasury 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	

### 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.

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

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## NOTE 39: BUDGETARY INFORMATION - COMPARISON OF FINAL OUTCOMES TO ORIGINAL BUDGET

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Explanations of significant variances between actual results for 2019-20 and the original Budget (presented to the Legislative Assembly on 9 May 2019) for the general government sector and the total public sector are included in Appendix 4 of this report. 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*.

The *Financial Results* chapter of this report details variations from the estimated outturn contained in the 2019-20 Mid-year Review, released on 18 December 2019.



# 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.

Users of this report should note that two new accounting standards became effective from 1 January 2019. These are AASB 15: *Revenue From Contracts With Customers* and AASB 1058: *Income of Not-For-Profit Entities*. The key changes from these two standards are in the timing of some revenue recognised over time, and the ‘grossing up’ of some revenue and expenses. These changes are broadly neutral for the operating balance over time (although individual years may move up or down in line with the timing of the spending for which revenue is received, such as Commonwealth infrastructure funding paid in advance of project works carried out by the State in future periods).

Under these standards, revenue is to be recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. In practical terms, material consequences of these changes for the State’s whole-of-government financial statements will be to:

- remove revenue and expenses where the State acts only as an agent of a third party in a relationship and exerts no control over the underlying assets (for example, general government operating revenue and expenses will be reduced by equivalent amounts to remove on-passed Commonwealth funding for local governments and non-government schools);

- de-recognise Commonwealth revenue paid in advance in earlier years (such as recent transport and hospital infrastructure funding) and then recognise it in future years in line with spending on the works which may be in a different reporting period to the receipt of the grant; and
- recognise revenue as or when an entitlement to consideration emerges or when a good or service is delivered to a customer (in particular, this grosses up Gold Corporation revenue and expenses in the public non-financial corporations sector in recognition of both non-cash precious metal transactions (mainly gold inventory) as well as cash transactions).

Table 2.1

## OPERATING REVENUE

### General Government

	2018-19	2019-20			Variation on MYR \$m (3) - (2)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Actual \$m (3)	
<b>TAXATION</b>					
Taxes on employers' payroll and labour force					
<i>Payroll tax</i>	3,565	3,750	3,781	3,642	-139
Property taxes					
<i>Land tax</i>	807	789	773	792	18
Transfer Duty	1,073	1,161	1,152	1,190	38
Foreign Buyers Surcharge	-	-	-	19	19
Landholder Duty	32	100	31	120	89
<i>Total duty on transfers</i>	1,105	1,261	1,183	1,329	146
Metropolitan Region Improvement Tax	89	89	88	88	-1
Perth Parking Levy	59	59	59	56	-3
Emergency Services Levy	374	385	386	387	1
Loan guarantee fees	152	160	158	157	-1
Building and Construction Industry Training Fund Levy	27	36	37	39	2
<i>Total other property taxes</i>	702	730	728	726	-1
Taxes on provision of goods and services					
Lotteries Commission	180	164	164	174	10
Video lottery terminals	-	-	-	-	-
Casino Tax	59	71	71	40	-31
Betting tax	25	-	-	-	-
Point of Consumption tax	30	78	78	77	-2
Other	-	-	-	-	-
<i>Total taxes on gambling</i>	294	313	313	291	-22
Insurance Duty	645	677	664	694	31
Other	17	19	19	19	-
<i>Total taxes on insurance</i>	662	696	683	713	31
<i>On-demand Transport Levy</i>	5	30	30	41	12
Taxes on use of goods and performance of activities					
Vehicle Licence Duty	363	373	368	375	7
Permits - Oversize Vehicles and Loads	8	8	8	9	1
Motor Vehicle registrations	995	1,027	1,029	1,045	16
<i>Total motor vehicle taxes</i>	1,367	1,407	1,405	1,429	24
<i>Mining Rehabilitation Levy</i>	31	30	32	33	1
<i>Landfill Levy</i>	79	83	83	80	-3
<b>Total Taxation</b>	<b>8,616</b>	<b>9,088</b>	<b>9,011</b>	<b>9,077</b>	<b>66</b>

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

Table 2.1 (cont.)

**OPERATING REVENUE**  
**General Government**

	2018-19	2019-20			Variation on MYR \$m (3) - (2)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Actual \$m (3)	
<b>CURRENT GRANTS AND SUBSIDIES</b>					
<i>General Purpose Grants</i>					
GST grants	3,200	3,581	3,559	3,466	-93
Commonwealth-funded 70% floor	434	814	814	814	-
North West Shelf grants	886	817	767	629	-138
Commonwealth compensation for changed crude oil excise arrangements	30	45	31	21	-10
<i>Grants Through the State <sup>(a)</sup></i>					
Schools assistance – non-government schools	1,323	-	-	-	-
Local government financial assistance grants	181	-	-	-	-
Local government roads	118	-	-	-	-
<i>National Specific Purpose Payment Agreement Grants</i>					
National Agreement for Skills and Workforce Development	157	159	158	158	-
National Disability Agreement	167	173	173	176	3
National Housing and Homelessness Agreement	164	167	166	166	-
<i>National School Reform Agreement - Quality Schools</i>	739	826	826	829	3
<i>National Health Reform Agreement</i>	2,269	2,375	2,342	2,402	61
<i>National Partnerships/Other Grants</i>					
Health	194	128	178	365	187
Housing	-	-	1	-	-1
Transport	54	153	174	88	-86
Disability Services	55	54	82	62	-20
Other	239	316	303	203	-100
<b>Total Current Grants and Subsidies <sup>(a)</sup></b>	<b>10,210</b>	<b>9,607</b>	<b>9,573</b>	<b>9,379</b>	<b>-194</b>
<b>CAPITAL GRANTS</b>					
<i>Grants Through the State <sup>(a)</sup></i>					
Schools assistance – non-government schools	18	-	-	-	-
<i>National Partnerships/Other Grants</i>					
Housing	251	-	-	-	-
Transport	593	913	950	621	-329
Other	11	29	30	20	-10
<b>Total Capital Grants <sup>(a)</sup></b>	<b>873</b>	<b>943</b>	<b>980</b>	<b>642</b>	<b>-339</b>

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

Table 2.1 (cont.)

**OPERATING REVENUE**  
General Government

	2018-19	2019-20			Variation on MYR \$m (3) - (2)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Actual \$m (4)	
<b>SALES OF GOOD AND SERVICES <sup>(a)</sup></b>					
WA Health	784	760	760	748	-11
Department of Transport	221	223	224	226	2
Department of Education	209	188	205	194	-11
State Training Providers/TAFE Colleges	115	122	117	121	4
Department of Training and Workforce Development	32	36	35	29	-6
Western Australian Land Information Authority	99	118	182	183	1
Department of Biodiversity, Conservation and Attractions	109	107	110	99	-10
Department of Justice	140	142	145	153	7
Department of Mines, Industry Regulation and Safety	235	161	157	155	-2
All Other	789	867	862	845	-17
<b>Total Sales of Goods and Services <sup>(a)</sup></b>	<b>2,734</b>	<b>2,724</b>	<b>2,796</b>	<b>2,754</b>	<b>-42</b>
<b>INTEREST INCOME</b>	<b>168</b>	<b>160</b>	<b>148</b>	<b>124</b>	<b>-24</b>
<b>REVENUE FROM PUBLIC CORPORATIONS</b>					
Dividends	1,350	1,203	1,334	392	-942
Tax Equivalent Regime	642	641	628	732	103
<b>Total Revenue from Public Corporations</b>	<b>1,991</b>	<b>1,844</b>	<b>1,962</b>	<b>1,123</b>	<b>-839</b>
<b>ROYALTY INCOME</b>	<b>6,713</b>	<b>6,375</b>	<b>7,505</b>	<b>8,450</b>	<b>945</b>
<b>OTHER</b>					
Lease Rentals	107	105	105	115	10
Fines	224	201	200	192	-9
Revenue not elsewhere counted	370	288	272	308	36
<b>Total Other</b>	<b>701</b>	<b>594</b>	<b>577</b>	<b>614</b>	<b>37</b>
<b>GRAND TOTAL</b>	<b>32,006</b>	<b>31,334</b>	<b>32,553</b>	<b>32,162</b>	<b>-390</b>

(a) Reporting aggregates impacted by new accounting standards in 2019-20 (see introduction to the appendix).

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

Table 2.2

**OPERATING REVENUE**  
Total Public Sector

	2018-19	2019-20			Variation on MYR \$m (3) - (2)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Actual \$m (3)	
<b>TAXATION</b>					
Taxes on employers' payroll and labour force					
<i>Payroll tax</i>	3,479	3,658	3,689	3,550	-139
Property taxes					
<i>Land tax</i>	744	720	703	727	24
Transfer Duty	1,073	1,161	1,152	1,190	38
Foreign Buyers surcharge	-	-	-	19	19
Landholder Duty	32	100	31	120	89
<i>Total duty on transfers</i>	1,105	1,261	1,183	1,329	146
Metropolitan Region Improvement Tax	89	89	88	88	-1
Perth Parking Levy	59	59	59	56	-3
Emergency Services Levy	369	380	380	382	2
Loan guarantee fees	8	7	7	7	-
Building and Construction Industry Training Fund Levy	27	36	37	39	2
<i>Total other property taxes</i>	552	571	571	570	-1
Taxes on provision of goods and services					
Video lottery terminals	-	-	-	-	-
Casino Tax	59	71	71	40	-31
Betting tax	-	-	-	-	-
Point of Consumption tax	13	35	35	37	2
Other	-	-	-	-	-
<i>Total taxes on gambling</i>	73	106	106	77	-29
Insurance Duty	645	677	664	694	31
Other	17	19	19	19	
<i>Total taxes on insurance</i>	662	696	683	713	31
<i>On-demand Transport Levy</i>	5	30	30	41	12
Taxes on use of goods and performance of activities					
Vehicle Licence Duty	363	373	368	375	7
Permits - Oversize Vehicles and Loads	8	8	8	9	1
Motor Vehicle registrations	995	1,027	1,029	1,045	16
<i>Total motor vehicle taxes</i>	1,367	1,407	1,405	1,429	24
<i>Mining Rehabilitation Levy</i>	31	30	32	33	1
<i>Landfill Levy</i>	79	83	83	80	-3
<b>Total Taxation</b>	<b>8,097</b>	<b>8,561</b>	<b>8,485</b>	<b>8,550</b>	<b>66</b>

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



Table 2.2 (cont.)

**OPERATING REVENUE**  
Total Public Sector

	2018-19	2019-20			Variation on MYR \$m (3) - (2)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Actual \$m (3)	
<b>CURRENT GRANTS AND SUBSIDIES</b>					
<i>General Purpose Grants</i>					
GST grants	3,200	3,581	3,559	3,466	-93
Commonwealth-funded 70% floor	434	814	814	814	-
North West Shelf grants	886	817	767	629	-138
Commonwealth compensation for changed crude oil excise arrangements	30	45	31	21	-10
<i>Grants Through the State <sup>(a)</sup></i>					
Schools assistance – non-government schools	1,323	-	-	-	-
Local government financial assistance grants	181	-	-	-	-
Local government roads	118	-	-	-	-
<i>National Specific Purpose Payment Agreement Grants</i>					
National Agreement for Skills and Workforce Development	157	159	158	158	-
National Disability Agreement	167	173	173	176	3
National Housing and Homelessness Agreement	164	167	166	166	-
<i>National School Reform Agreement - Quality Schools</i>	739	826	826	829	3
<i>National Health Reform Agreement</i>	2,269	2,375	2,342	2,402	61
<i>National Partnerships/Other Grants</i>					
Health	194	128	178	365	187
Housing	-	-	1	-	-1
Transport	54	153	174	88	-86
Disability Services	55	54	82	62	-20
Other	239	316	303	203	-100
<b>Total Current Grants and Subsidies <sup>(a)</sup></b>	<b>10,210</b>	<b>9,607</b>	<b>9,573</b>	<b>9,379</b>	<b>-194</b>
<b>CAPITAL GRANTS</b>					
<i>Grants Through the State <sup>(a)</sup></i>					
Schools assistance – non-government schools	18	-	-	-	-
<i>National Partnerships/Other Grants</i>					
Housing	251	-	-	-	-
Transport	593	913	950	621	-329
Other	11	29	30	20	-10
<b>Total Capital Grants</b>	<b>873</b>	<b>943</b>	<b>980</b>	<b>642</b>	<b>-339</b>
<b>SALES OF GOOD AND SERVICES <sup>(a)</sup></b>	<b>23,488</b>	<b>35,028</b>	<b>37,887</b>	<b>37,054</b>	<b>-833</b>
<b>INTEREST INCOME</b>	<b>639</b>	<b>685</b>	<b>674</b>	<b>555</b>	<b>-119</b>
<b>ROYALTY INCOME</b>	<b>6,713</b>	<b>6,375</b>	<b>7,505</b>	<b>8,450</b>	<b>945</b>
<b>OTHER</b>					
Lease Rentals	107	105	105	115	10
Fines	224	201	200	195	-5
Revenue not elsewhere counted	862	793	727	767	40
<b>Total Other</b>	<b>1,193</b>	<b>1,099</b>	<b>1,032</b>	<b>1,077</b>	<b>45</b>
<b>GRAND TOTAL</b>	<b>51,214</b>	<b>62,297</b>	<b>66,136</b>	<b>65,706</b>	<b>-430</b>

(a) Reporting aggregates impacted by new accounting standards in 2019-20 (see introduction to the appendix).

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

## Spending by Classification of the Function of Government

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 financial information in a consistent format. This Uniform Presentation Framework (UPF) 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 Projections 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 which 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 (detailed in this appendix).

Table 3.1

**CLASSIFICATION OF THE FUNCTIONS OF GOVERNMENT**  
General Government

	2018-19	2019-20		Actual \$m (3)	Variation on MYR \$m (3) - (2)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)		
<b>EXPENSES</b>					
<i>General public services</i>	1,510	1,953	1,853	1,334	-519
Executive and legislative organs, financial and fiscal affairs, external affairs	215			327	
General services	23			27	
Public debt transactions	1,083			968	
Transfers of a general character betw een different levels of government	181			-	
General public services n.e.c.	9			13	
<i>Public order and safety</i>	3,585	3,534	3,542	3,826	284
Police services	1,251			1,312	
Civil and fire protection services	435			492	
Law courts	989			969	
Prisons	855			993	
Research and development — public order and safety	27			29	
Public order and safety n.e.c.	27			31	
<i>Economic Affairs</i>	1,104	1,336	1,226	1,651	425
General economic, commercial and labour affairs	317			315	
General economic and commercial affairs	226			219	
General labour affairs	90			96	
Agriculture, forestry, fishing and hunting	159			179	
Agriculture	83			94	
Forestry	20			18	
Fishing and hunting	57			67	
Fuel and energy	147			636	
Electricity	125			610	
Fuel and energy n.e.c.	22			26	
Mining, manufacturing and construction	273			297	
Mining of mineral resources and other than mineral fuels	246			269	
Construction	27			28	
Other industries	115			119	
Distributive trades, storage and warehousing	5			5	
Hotel and restaurants	11			11	
Tourism	99			104	
Research and development — agriculture, forestry, fishing and hunting	67			63	
Research and development — mining, manufacturing and construction	27			42	
<i>Environmental protection</i>	387	397	400	395	-5
Pollution abatement	2			2	
Protection of biodiversity and landscape	306			300	
Environmental protection n.e.c.	79			94	
<i>Housing and community amenities</i>	1,441	1,204	1,252	1,223	-28
Housing development	53			44	
Community development	880			661	
Indigenous community development	345			87	
Community development n.e.c.	535			573	
Water supply	508			519	

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

Table 3.1 (cont.)

**CLASSIFICATION OF THE FUNCTIONS OF GOVERNMENT**  
General Government

	2018-19	2019-20		Actual \$m	Variation on MYR (3) - (2)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)		
<i>Health</i>	9,013	9,341	9,154	9,557	403
Medical products, appliances and equipment	625			658	
Pharmaceutical products	331			349	
Other medical products	170			182	
Therapeutic appliances and equipment	124			126	
Outpatient services	1,862			2,025	
General medical services	26			26	
Specialised medical services	1,460			1,598	
Dental services	6			6	
Paramedical services	370			395	
Hospital services	4,166			4,411	
General hospital services	3,648			3,853	
Specialised hospital services	383			409	
Nursing and convalescent home services	135			149	
Mental health institutions	336			323	
Community health services	1,212			1,258	
Community mental health services	532			535	
Patient transport	260			276	
Community health services n.e.c.	420			447	
Public health services	271			274	
Research and development — health	35			37	
Health n.e.c.	506			572	
<i>Recreation, culture and religion</i>	767	736	753	806	53
Recreational and sporting services	544			557	
Cultural services	223			249	
Film production services	9			6	
Cultural services n.e.c.	214			243	
<i>Education</i>	7,601	6,463	6,574	6,536	-38
Pre-primary and primary education	3,497			3,103	
Government pre-primary education	257			264	
Non-government pre-primary education	15			15	
Government primary education	2,436			2,640	
Non-government primary education	788			184	
Secondary education	2,953			2,246	
Government secondary education	1,930			1,967	
Non-government secondary education	1,023			279	
Tertiary education	696			701	
University education	10			10	
Vocational education and training (excl apprenticeships and traineeships)	686			690	
Education not definable by level	14			15	
Apprenticeships and traineeships	7			8	
Education not definable by level n.e.c.	7			7	
Subsidiary services to education	155			158	
Transportation of non-urban school students	103			108	
Transportation of other students	52			50	
Special education	286			315	

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

Table 3.1 (cont.)

**CLASSIFICATION OF THE FUNCTIONS OF GOVERNMENT**  
General Government

	2018-19	2019-20		Actual \$m	Variation on MYR (3) - (2)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)		
<i>Social protection</i>	2,855	2,747	3,047	2,674	-372
Sickness and disability	1,269			1,232	
Old age	472			232	
Family and children	695			748	
Housing	312			325	
Social exclusion n.e.c.	54			56	
Research and development — social protection	3			3	
Social protection n.e.c.	50			79	
Natural disaster relief	4			1	
Social protection n.e.c.	46			78	
<i>Transport</i>	2,425	2,690	2,764	2,490	-274
Road transport	1,673			1,645	
Road maintenance	900			781	
Road rehabilitation	77			89	
Road construction	341			266	
Road transport n.e.c.	355			510	
Bus transport	386			416	
Urban bus transport	351			381	
Non-urban bus transport	35			36	
Water transport	61			85	
Urban water transport passenger services	1			1	
Non-urban water transport services	60			85	
Railway transport	296			338	
Urban railway transport services	271			310	
Non-urban railway transport freight services	8			10	
Non-urban railway transport passenger services	17			18	
Air transport	10			5	
<i>Other <sup>(a)</sup></i>	-	-300	-300	-	300
<b>TOTAL EXPENSES</b>	<b>30,689</b>	<b>29,801</b>	<b>29,964</b>	<b>30,493</b>	<b>529</b>
<b>PURCHASES OF NON-FINANCIAL ASSETS</b>					
General public services	113	146	173	137	-36
Public order and safety	165	246	270	203	-67
Economic affairs	19	57	35	18	-17
Environmental protection	38	48	54	41	-13
Housing and community amenities	89	102	111	125	13
Health	199	342	303	152	-151
Recreation, culture and religion	152	115	148	131	-17
Education	443	481	530	450	-80
Social protection	13	8	20	5	-16
Transport	1,308	1,308	1,334	1,292	-42
Other <sup>(a)</sup>	-	-350	-415	-	415
<b>TOTAL PURCHASE OF NON-FINANCIAL ASSETS</b>	<b>2,540</b>	<b>2,505</b>	<b>2,563</b>	<b>2,553</b>	<b>-10</b>

(a) Budget provisions.

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

# Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2020

This appendix contains explanations for material variations in general government and total public sector financial aggregates compared to the original 2019-20 Budget presented to the Legislative Assembly on 9 May 2019, in line with the requirements of AASB 1055: *Budgetary Reporting*<sup>1</sup>.

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 categories of expense (salaries, transfers and ‘other gross operating expenses’). Explanations are also provided for other revenue and expense items where the variance since the 2019-20 Budget is greater than or equal to \$10 million and 10%, and for key line items that appear on the face of the operating statement.

High-level explanations are also provided for the other financial statements (the general government balance sheet and cash flow statement, and the three financial statements for the total public sector).

Detailed explanations of key variations to the estimates for 2019-20 can also be reviewed in:

- the 2019-20 *Government Mid-year Financial Projections Statement* (or Mid-year Review, released in December 2019), describing changes since the original Budget during the first half of 2019-20; and
- Chapter 1 of this report (detailing final outcomes since the 2019-20 Mid-year Review estimates were finalised).
- The Mid-year Review can be accessed online at [www.wa.gov.au/organisation/departments-of-treasury](http://www.wa.gov.au/organisation/departments-of-treasury).

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<sup>1</sup> 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	2019-20			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
<b>RESULTS FROM TRANSACTIONS</b>					
<b>REVENUE</b>					
Taxation	a	9,088	9,077	-11	-0.1
Current grants and subsidies	b	9,607	9,379	-228	-2.4
Capital grants	b	943	642	-301	-31.9
Sales of goods and services		2,724	2,754	29	1.1
Interest Income	c	160	124	-36	-22.5
Revenue from public corporations					
Dividends from other sectors	d	1,203	392	-811	-67.4
Tax equivalent income	d	641	732	91	14.1
Royalty income	e	6,375	8,450	2,075	32.6
Other		594	614	20	3.3
<i>Total</i>		31,334	32,162	828	2.6
<b>EXPENSES</b>					
Salaries	f	12,520	12,887	368	2.9
Superannuation					
Concurrent costs		1,228	1,276	48	3.9
Superannuation interest cost	g	138	89	-48	-35.1
Other employee costs	h	234	401	167	71.4
Depreciation and amortisation		1,865	1,751	-114	-6.1
Services and contracts		2,751	2,590	-161	-5.9
Other gross operating expenses	i	5,704	5,391	-313	-5.5
Interest					
Interest on leases	j	194	142	-53	-27.2
Other interest	j	811	737	-74	-9.1
Current transfers	k	4,123	5,003	880	21.3
Capital transfers	k	235	228	-8	-3.2
<i>Total</i>		29,801	30,493	692	2.3
<b>NET OPERATING BALANCE</b>	<b>l</b>	<b>1,533</b>	<b>1,669</b>	<b>136</b>	<b>8.9</b>
<i>Other economic flows - included in the operating result</i>					
Net gains on assets/liabilities		-60	-27	33	-55.1
Provision for doubtful debts		-14	-126	-113	826.1
Changes in accounting policy/adjustment of prior periods		-	-44	-44	-
<i>Total other economic flows</i>	m	-74	-197	-123	167.9
<b>OPERATING RESULT</b>		<b>1,459</b>	<b>1,472</b>	<b>13</b>	<b>0.9</b>
<i>All other movements in equity</i>					
<i>Items that will not be reclassified to operating result</i>					
Revaluations		861	392	-469	-54.5
Net actuarial gains - superannuation		-261	5	266	-102.0
Gains recognised directly in equity		-60	-1	59	-97.6
Change in net worth of the public corporations sectors		-120	217	336	-281.2
All other		-	-239	-239	-
<i>Total all other movements in equity</i>	n	420	373	-47	-11.2
<b>TOTAL CHANGE IN NET WORTH</b>	<b>o</b>	<b>1,879</b>	<b>1,845</b>	<b>-34</b>	<b>-1.8</b>
<b>KEY FISCAL AGGREGATES</b>					
<b>NET OPERATING BALANCE</b>		<b>1,533</b>	<b>1,669</b>	<b>136</b>	<b>8.9</b>
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		2,505	2,553	49	1.9
Changes in inventories		-	38	38	-
Other movement in non-financial assets		-	-15	-15	-
<i>less:</i>					
Sales of non-financial assets		137	1,476	1,339	976.7
Depreciation		1,865	1,751	-114	-6.1
<i>Total net acquisition of non-financial assets</i>		502	-651	-1,153	-229.6
<b>NET LENDING/-BORROWING</b>	<b>p</b>	<b>1,030</b>	<b>2,320</b>	<b>1,290</b>	<b>125.2</b>

## General Government Sector Operating Statement

(a) Taxation revenue was \$11 million (or 0.1%) lower than budgeted, including the net impact of:

- payroll tax, down \$108 million (or 2.9%), due to softer underlying labour market conditions due to COVID-19 restrictions, along with the Government's payroll tax waiver for small to medium businesses from March to June, and a payroll tax exemption for JobKeeper payments;
- casino tax, down \$31 million (or 44%), mainly due to the impact of COVID-19 operating restrictions and associated lower customer activity;
- transfer duty, up \$48 million (or 4.2%), primarily due to higher than forecast values for very large one-off commercial transactions. The number and/or value of high value commercial transactions tend to be infrequent and volatile within and between years;
- landholder duty, up \$21 million (or 20.8%), reflecting the impact of a high value commercial landholder transaction in the June quarter. The number and/or value of high value commercial transactions tend to be infrequent and volatile within and between years;
- motor vehicle taxes, up \$22 million (or 1.6%), largely due to higher motor vehicle registration collections (up \$18 million) following an increase in the number of registrations for both light and heavy vehicles (and the flow-on effect to revenue);
- insurance duty, up \$17 million (or 2.6%), consistent with increases in the volume and prices of dutiable insurance products and movements in the frequency of some collections through the year;
- the On-demand Transport Levy, up \$12 million (or 39.4%), due to higher than anticipated collections from On-demand Transport booking services; and
- a net increase of \$8 million (or 0.4%) across all other taxes.

(b) Current and capital grants from the Commonwealth were \$529 million (or 5%) lower than budgeted, driven by net changes to a range of grants including:

- GST grants, down \$115 million (or 3.2%), reflecting movements in the Commonwealth's forecast for national GST collections in its December 2019 *Mid-Year Economic and Fiscal Outlook*;
- North West Shelf grants, including Commonwealth compensation for crude oil excise arrangements, down \$212 million (or 24.6%), largely due to lower than forecast oil prices (benchmark Brent crude averaged \$US51.3/bbl compared to the \$US67.1/bbl Budget assumption) and lower Liquefied Natural Gas prices. This was partly offset by the impact of a lower than anticipated \$US/\$A exchange rate (US67.1 cents in 2019-20 relative to the 2019-20 Budget forecast of US71.4 cents);



- transport-related grants, down \$357 million (or 33.5%), largely due to the retiming from 2019-20 to later years of road and METRONET project funding, including for Armadale Road Bridge – North Lake Road Flyover, Roe Highway – Kalamunda Road, and Great Northern Highway – Muchea to Wubin. The 2019-20 Budget also included adjustment for revised timing of infrastructure grants paid in earlier reporting periods in line with the expected impact of Australian Accounting Standard AASB 15: *Revenue from Contracts With Customers* (\$231 million), which was not ultimately required following clarification of the application of the new Standard;
  - health-related grants, up \$264 million (or 10.6%), primarily reflecting the post-budget signing of a new agreements with the Commonwealth to ensure a rapid health response to the COVID-19 pandemic, and to improve access to aged care services, along with an increase in Commonwealth funding paid to Health Service Providers; and
  - a net decrease of \$109 million (or 6.3%) across all other Commonwealth grants, mainly reflecting changes in timing (to later years) for a number of National Partnership grants.
- (c) Interest income was \$36 million (or 22.5%) lower than budgeted. This largely reflects lower than expected average interest rates applying to Public Bank Account (PBA) investment balances (at an average 1.1% compared with an estimated average of 2.1% at budget-time).
- (d) Revenue from public corporations, comprising dividends and tax equivalent regime (TER) collections were \$720 million (or 39.1%) lower than budgeted, with dividends down \$811 million (or 67.4%) and TERs up \$91 million (or 14.1%).
- For dividends, the large decrease reflects the Government’s decision to defer 2019-20 interim dividends to 2020-21 (reducing pressure for new borrowings as the COVID-19 pandemic began to impact financial markets in March/April 2020). Material reductions were recorded for the Water Corporation (down \$616 million), Western Power (down \$197 million), Pilbara Ports Authority (down \$66 million), Southern Ports Authority (down \$26 million) and Fremantle Port Authority (down \$24 million). These lower than forecast outcomes were partly offset by a higher dividend from the Insurance Commission of Western Australia (up \$134 million), largely reflecting higher than expected investment returns in 2018-19 which resulted in the final 2018-19 dividend payment in December 2019 being significantly above budget.
  - For TERs, higher revenue from the Insurance Commission of Western Australia (up \$77 million) was the largest individual movement, largely reflecting higher than expected investment returns in 2018-19, resulting in a higher than estimated final tax payment in December 2019.
- (e) Royalty income was \$2,075 million (or 32.6%) higher relative to the 2019-20 Budget forecast. This was primarily due to higher projected iron ore royalties, which were \$2,199 million (or 40.5%) higher than budget, largely reflecting the combination of:
- higher iron ore prices, which averaged \$US92.9 per tonne through the year, 26.4% above the 2019-20 Budget price assumption of \$US73.5 per tonne (see *Financial Results* and the Mid-year Review for further detail on this significant movement); and

- a lower than expected average \$US/\$A exchange rate of US67.1 cents relative to the 2019-20 Budget forecast of US71.4 cents.

Material variances in other royalty collections were also recorded for gold (up \$45 million), lithium (down \$98 million), copper (down \$22 million), and alumina (down \$15 million).

(f) Salaries expenses were \$368 million (or 2.9%) higher than budgeted. The largest increases were for:

- WA Health (\$97 million), mainly due to an increase in accrued leave entitlements driven by the sector's response to the pandemic;
- Department of Justice (up \$68 million), primarily due to additional overtime and full-time equivalents (FTEs) to meet demand in the prison system;
- Communities (up \$61 million), primarily due to resourcing required to meet increased demand, including for frontline child protection services and Communities' welfare incident response to the COVID-19 pandemic, along with increases in accrued leave entitlements;
- Education (up \$55 million), mainly due to schools allocating more of their one-line budgets to staffing (which was previously budgeted against other gross operating expenses), and additional staffing costs resulting from the implementation of enhanced cleaning regimes across the Department's sites (including schools) in response to the COVID-19 pandemic; and
- Western Australia Police Force (up \$45 million), mainly due to higher levels of temporary employees, overtime and related expenditure as part of the COVID-19 response, additional overtime expenditure for a summer crime campaign (Operation Heat Shield), and higher than anticipated accrued leave expenses, including higher accrued leave hours resulting from the COVID-19 pandemic.

- (g) Superannuation interest costs were \$48 million (or 35.1%) lower than budgeted, reflecting the impact on the whole-of-government superannuation liability of a lower than expected discount rate used by the actuary to value unfunded superannuation entitlements (down from the Budget estimate of 1.95% to 0.9%, reflecting movements in bond markets). The lower discount rate results in a significant increase in the value of superannuation liabilities at 30 June 2020, but also reduces the carrying cost (or notional interest charge) for the liability, which is recorded in this line item.
- (h) Other employee costs were \$167 million (or 71.4%) higher than budgeted, with this outcome incorporating the reclassification of \$63 million of these costs by WA Health from ‘other gross operating expenses’ into this category of expenses. Education reported a \$69 million higher than budgeted spend for these costs related to reclassification of Government Regional Officers’ Housing (GROH) lease costs under AASB 16: *Leases* while workers’ compensation benefits for Justice were \$11 million higher than budgeted due largely to higher FTE levels.
- (i) ‘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, along with services purchased from non-government organisations) were \$313 million (or 5.5%) lower than budgeted. This was largely due to the following net movements:
- lower (net) spending in this category by the Department of Communities (Disability Services, down \$690 million), largely due to the reclassification (to transfer expenses) of \$611 million related to State-funded NDIS spending;
  - higher than budgeted spending by WA Health (up a net \$94 million), including for electricity and water, equipment repairs and maintenance expenditure, direct and indirect patient support costs, including drug supplies, medical and surgical instruments, and prostheses costs, offset by the reclassification of RiskCover insurance premiums to ‘other employee costs’ (noted above), and on services purchased from the non-government sector;
  - higher than budgeted spending by the Department of Finance (up \$75 million), reflecting higher than expected variable costs (such as energy and cleaning costs) as part of implementing AASB 16, which were originally classified as services and contracts expense;
  - higher than budgeted spending by the Department of Transport (up \$47 million), largely reflecting settlement of a claim against the State;
  - the inclusion in the original budget of an \$89 million Royalties for Regions recurrent underspend provision in anticipation of lower spending that would emerge across the general government sector by 30 June 2020; and
  - a \$72 million (or 3.5%) increase across the remainder of the general government sector.

- (j) Interest expenses were \$127 million (or 12.6%) lower than budget, with both interest on leases and on borrowing costs lower than anticipated, down by \$53 million and \$74 million respectively.
- For interest on leases, the lower than anticipated result reflects lower outcomes for the Department of Finance (down \$22 million) and WA Health (down \$18 million) as part of the implementation of AASB 16.
  - For other interest costs (i.e. interest paid on debt), largely due to lower than expected new borrowings by the Consolidated Account in 2019-20 (\$777 million compared with a forecast \$2 billion at the time of the original Budget), and lower than expected average interest rates (with an average 2.8% rate applying in 2019-20 compared with the Budget assumption of 3%).
- (k) Transfer expenses (mainly current and capital grant payments) were \$872 million (or 20%) higher than budgeted, with higher current transfers (up \$880 million) marginally offset by lower capital transfers (down \$8 million)<sup>2</sup>. Material changes impacting 2019-20 outcomes include:
- grants paid by the Department of Communities (Disability Services) to the NDIS (up \$611 million), reflecting the reclassification noted earlier;
  - higher operating subsidies to the State's public corporations (up \$459 million), predominantly for Synergy and Horizon (up \$451 million and \$18 million respectively), mainly reflecting the cost of COVID-19 stimulus measures and funding for a range of non-recoverable revenue shortfalls;
  - higher than budgeted grants by the Department of Communities (up \$26 million), primarily due to increased demand for frontline child protection services and the Department's welfare incident response to the COVID-19 pandemic;
  - higher than anticipated grants by the Department of Local Government, Sport and Cultural Industries (up \$24 million), largely reflecting the impact of a reclassification of costs associated with the public library collection (up \$43 million), partially offset by lower than expected payments (down \$19 million) due to COVID-19 impacts and timing issues;
  - lower than budgeted grant expenses by the Department of Justice (down a net \$56 million), with \$72 million of forecast National Redress Scheme grants for survivors of institutional child sexual abuse reflowed to later years reflecting the timing of actual applications, partly offset by higher spending on a range of court-related grants (up \$16 million), largely for payments under the *Criminal Injuries Compensation Act 2003*;

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<sup>2</sup> Grant programs are typically volatile due to changes in timing of grants on-passed on behalf of the Commonwealth, milestones in grant agreements, funding parameters, and other issues.

- lower than anticipated grants by Main Roads (down a net \$35 million), with lower than expected grants to the local government sector under the Disaster Recovery Funding Arrangements Western Australia (down \$58 million), partly offset by higher road assets transferred to local governments (up \$14 million) and higher grants to the Public Transport Authority reflecting payments for road works related to the Bayswater Station (up \$9 million);
  - lower than budgeted grants by WA Health (down \$34 million), largely reflecting classification and timing issues;
  - lower than budgeted grants paid by the Department of Primary Industries and Regional Development to the local government sector (down \$33 million), primarily due to spending deferred into 2020-21 and across the forward estimates for various Royalties for Regions projects such as the Regional Telecommunications Project, State Agricultural Telecommunication Infrastructure Fund, Regional Development Leverage Unit and the Regional Aged Accommodation Program (following delays for matters such as proponents submitting project proposals, travel restrictions during the pandemic and grant recipients being unable to meet milestones and financial obligations due to COVID-19);
  - lower Royalties for Regions grants to DevelopmentWA<sup>3</sup> (a public corporation, down \$30 million), mainly reflecting delays in various regional projects including Transforming Bunbury's Waterfront, Transform Peel and Moonamang Road; and
  - the inclusion in the original budget of a \$60 million provision for costs associated with resolution of Native Title in the South West of Western Australia, with these costs now expected to be incurred after conclusive registration of the South West Native Title Settlement Indigenous Land Use Agreements (ILUAs);
- (l) The net operating balance in 2019-20 was in a \$1.7 billion surplus position at 30 June 2020, a \$136 million increase from the Budget projection. Revenue was \$828 million (or 2.6%) higher than budgeted while expenses were \$692 million (or 2.3%) higher than forecast, as detailed above.
- (m) 'Other economic flows'<sup>4</sup> resulted in an aggregate decrease in net worth of \$197 million, a \$123 million variance from that expected at the time of the Budget. The revised outcome is primarily driven by changes in accounting policies/adjustment of prior periods<sup>5</sup>, revisions to valuation increments across the range of other general government sector assets/liabilities, and provisions for doubtful debts.

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<sup>3</sup> From September 2019, the Metropolitan Redevelopment Authority and the Western Australian Land Authority were restructured under the trading name DevelopmentWA.

<sup>4</sup> Changes in the value of assets or liabilities that do not result from transactions are referred to as 'other economic flows'. They include net gains on assets/liabilities, changes in accounting policy/adjustment of prior periods (which are not forecast in the Budget) and provisions for doubtful debts.

<sup>5</sup> 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.

- (n) All other movements in equity equated to an aggregate increase in net worth of \$373 million, a \$47 million decrease on 2019-20 Budget expectations. This item accounts for 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 and valuation changes of public corporations, valuation changes across the sector's other assets and liabilities (including superannuation), and the impact of investing and financing activities. These other sources of variance are discussed throughout the following sections of this appendix.
- (o) Net worth at 30 June 2020 increased by \$1.8 billion on the final outcome for 30 June 2019, broadly unchanged from the \$1.9 billion increase forecast in the original Budget. The higher rise in net worth is comprised of the changes in the net operating balance, 'other economic flows' and 'all other movements in equity' variances, noted above. The \$1.8 billion rise in net worth over 2019-20 is the first such increase since 2014-15.
- (p) A \$2.3 billion surplus 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 billion surplus forecast at the time of the 2019-20 Budget.

Changes in general government sector purchases and sales of non-financial assets relative to Budget are discussed later in this appendix (as part of the cash flow statement).

Inventory levels were budgeted to remain unchanged in 2019-20 Budget forecasts but increased by \$38 million over the year mainly due to the stockpiling of personal protective equipment by WA Health in response to COVID-19. Depreciation costs were \$114 million lower than budgeted (mostly reflecting lower than anticipated expenses for the Department of Education, WA Health, and the Western Australia Police Force, and related to final asset valuations for 2019-20 and for the impact of implementation of AASB 16: *Leases*).

Other movements in non-financial assets were \$15 million lower than Budget, largely reflecting movements in net assets transferred in and out of the sector.

Table 4.2

**GENERAL GOVERNMENT**  
Balance Sheet <sup>(a)</sup>

	Notes	2019-20			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
<b>ASSETS</b>					
<i>Financial assets</i>					
Cash and deposits		1,178	513	-665	-56.5
Advances paid		775	715	-60	-7.8
Investments, loans and placements		2,924	5,924	3,000	102.6
Receivables		3,127	3,938	811	25.9
<i>Shares and other equity</i>					
Investments in other public sector entities - equity method		42,148	40,962	-1,186	-2.8
Investments in other public sector entities - direct injections		10,876	10,602	-274	-2.5
Investments in other entities		15	22	7	48.7
Other financial assets		8	8	-	-2.7
<b>Total financial assets</b>	a	<b>61,052</b>	<b>62,684</b>	<b>1,632</b>	<b>2.7</b>
<i>Non-financial assets</i>					
Land		36,155	35,238	-916	-2.5
Property, plant and equipment		47,199	46,363	-836	-1.8
Right-of-use assets		3,865	2,484	-1,381	-35.7
Biological assets		3	109	106	3,414.2
<i>Inventories</i>					
Land inventories		-	-	-	-
Other inventories		69	108	39	56.2
Intangibles		582	603	21	3.6
Assets classified as held for sale		34	21	-13	-37.5
Investment property		7	7	-	-4.6
Other		378	229	-148	-39.3
<b>Total non-financial assets</b>	b	<b>88,291</b>	<b>85,162</b>	<b>-3,129</b>	<b>-3.5</b>
<b>TOTAL ASSETS</b>	c	<b>149,343</b>	<b>147,847</b>	<b>-1,497</b>	<b>-1.0</b>
<b>LIABILITIES</b>					
Deposits held		847	1,472	625	73.9
Advances received		377	326	-50	-13.4
<i>Borrowings</i>					
Lease liabilities		3,809	2,722	-1,087	-28.5
Other borrowings		27,549	26,389	-1,160	-4.2
Superannuation		6,817	6,818	1	-
Other employee benefits		3,103	3,543	440	14.2
Payables		1,301	1,463	162	12.4
Other liabilities		1,562	2,674	1,112	71.2
<b>TOTAL LIABILITIES</b>	d	<b>45,365</b>	<b>45,408</b>	<b>44</b>	<b>0.1</b>
<b>NET ASSETS</b>		<b>103,978</b>	<b>102,438</b>	<b>-1,540</b>	<b>-1.5</b>
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		6,528	7,587	1,059	16.2
Other reserves		97,450	94,851	-2,599	-2.7
<b>NET WORTH</b>	e	<b>103,978</b>	<b>102,438</b>	<b>-1,540</b>	<b>-1.5</b>
<b>MEMORANDUM ITEMS</b>					
<i>Net financial worth</i>		15,687	17,276	1,589	10.1
<i>Net financial liabilities</i>		37,352	34,288	-3,064	-8.2
<i>Net debt</i>					
Gross debt liabilities		32,582	30,910	-1,672	-5.1
less: liquid financial assets		4,877	7,152	2,275	46.6
less: convergence differences impacting net debt		-	-	-	-
<b>Net debt</b>	f	<b>27,705</b>	<b>23,758</b>	<b>-3,947</b>	<b>-14.2</b>

## General Government Sector Balance Sheet

- (a) General government sector financial assets totalled \$62.7 billion at 30 June 2020, up \$1.6 billion (or 2.7%) from the original Budget. This reflected higher than budgeted holdings of liquid financial assets which were up \$2.3 billion (or 46.6%), mainly due to higher PBA investment holdings<sup>6</sup>, and a higher than expected outturn for receivables<sup>7</sup> (up \$811 million), mainly due to the timing of transactions. These increases were partly offset by a \$1.5 billion (or 2.8%) decrease in the value of investments in other public sector entities (i.e. public corporations), mainly reflecting lower valuation effects in the public non-financial corporations sector (largely due to the lower than expected outcome for the year ending 30 June 2019 discussed in the 2018-19 ARSF).
- (b) Non-financial assets (such as land and infrastructure holdings) totalled \$85.2 billion at 30 June 2020, down \$3.1 billion (or 3.5%) from Budget. This primarily reflects lower than forecast right-of-use assets reported under AASB 16: *Leases* implemented during 2019-20 (down \$1.4 billion), along with lower than anticipated property, plant and equipment (down \$836 million) and lower valuation of the sector's land holdings (down \$916 million), both due mainly to last year's outcome reported in the 2018-19 ARSF.
- (c) Total assets were \$147.8 billion at 30 June 2020, down \$1.5 billion (or 1%) compared to the original Budget, reflecting the movements outlined above.
- (d) Total liabilities were \$45.4 billion at 30 June 2020, broadly unchanged from the original Budget. Key movements included:
- debt liabilities (down \$1.7 billion), which include deposits held, advances from the Commonwealth and borrowings (both lease liabilities and other borrowings). Lease liabilities were \$1.1 billion lower than anticipated, largely due to changes in treatment of GROH leases following implementation of AASB 16 in 2019-20, while other borrowings were \$1.2 billion lower reflecting a smaller borrowing program for the Consolidated Account. These lower outcomes were partly offset by higher cash deposits held by the PBA on behalf of public non-financial corporations; and
  - non-debt liabilities (up \$1.7 billion), with higher than budget outcomes for employee benefits such as accruing leave entitlements (up \$440 million), payables<sup>8</sup> (up \$162 million, which are subject to the timing of cash payments by the sector), and 'other' liabilities (up \$1.1 billion) which is dominated by a deferred revenue liability following the transaction to partially commercialise Landgate (which was completed in October 2019).

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<sup>6</sup> 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 Treasury with funds management provided by the Western Australian Treasury Corporation. Key components of the PBA are discussed further in Appendix 7: *Public Ledger*.

<sup>7</sup> Accounts for goods and services that have been invoiced but for which cash is still to be received.

<sup>8</sup> Payables include short and long-term trade creditors, and accounts payable.



- (e) Net worth (the difference between total assets and total liabilities) was \$102.4 billion at 30 June 2020. This outcome is \$1.5 billion (or 1.5%) lower than the forecast \$104 billion in the 2019-20 Budget and reflects the net impact of the outcomes noted above.
- (f) General government sector net debt was \$23.8 billion at 30 June 2020, \$3.9 billion (or 14.2%) lower than the \$27.7 billion estimated in the original Budget. This largely reflected the better than expected cash outcome for 2019-20, detailed in the next section, and the lower net debt final outturn for 30 June 2019 (reported in the 2018-19 ARSF).

Table 4.3

**GENERAL GOVERNMENT**  
Cash Flow Statement

	Notes	2019-20			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<i>Cash received</i>					
Taxes received		9,104	9,018	-86	-0.9
Grants and subsidies received		11,762	11,825	63	0.5
Receipts from sales of goods and services		2,750	2,589	-161	-5.9
Interest receipts		155	119	-35	-22.8
Dividends and tax equivalents		1,863	1,071	-792	-42.5
Other		8,519	10,825	2,306	27.1
<i>Total cash received</i>		<b>34,153</b>	<b>35,447</b>	<b>1,295</b>	<b>3.8</b>
<i>Cash Paid</i>					
Wages, salaries and supplements, and superannuation		-14,233	-14,192	42	-0.3
Payments for goods and services		-8,693	-8,494	198	-2.3
Interest paid		-1,080	-905	175	-16.2
Grants and subsidies paid		-5,519	-6,641	-1,122	20.3
Dividends and tax equivalents		-	-	-	-
Other payments		-1,574	-2,004	-430	27.4
<i>Total cash paid</i>		<b>-31,099</b>	<b>-32,237</b>	<b>-1,138</b>	<b>3.7</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>a</b>	<b>3,054</b>	<b>3,211</b>	<b>157</b>	<b>5.1</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets	b	-2,505	-2,553	-49	1.9
Sales of non-financial assets	c	137	1,476	1,339	976.7
<i>Total cash flows from investments in non-financial assets</i>	<b>d</b>	<b>-2,367</b>	<b>-1,077</b>	<b>1,290</b>	<b>-54.5</b>
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes		10	64	54	536.3
For liquidity purposes		65	56	-8	-13.0
<i>Cash paid</i>					
For policy purposes		-1,272	-862	410	-32.2
For liquidity purposes		-33	-38	-5	14.7
<i>Total cash flows from investments in financial assets</i>		<b>-1,230</b>	<b>-780</b>	<b>451</b>	<b>-36.6</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-3,598</b>	<b>-1,857</b>	<b>1,741</b>	<b>-48.4</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<i>Cash received</i>					
Advances received		17	17	-	2.2
Borrowings		1,750	845	-905	-51.7
Deposits received		-	-	-	-
Other financing receipts		181	312	131	72.2
<i>Total cash receipts from financing activities</i>		<b>1,948</b>	<b>1,174</b>	<b>-774</b>	<b>-39.7</b>
<i>Cash paid</i>					
Advances paid		-17	-17	-	2.2
Borrowings repaid		-1,434	-1,379	55	-3.8
Deposits paid		-	-	-	-
Other financing payments		-564	-492	72	-12.7
<i>Total payments for financing activities</i>		<b>-2,014</b>	<b>-1,888</b>	<b>126</b>	<b>-6.3</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-66</b>	<b>-714</b>	<b>-648</b>	<b>979.3</b>
<b>Net increase in cash and cash equivalents</b>		<b>-610</b>	<b>640</b>	<b>1,250</b>	<b>-204.9</b>
Cash and cash equivalents at the beginning of the year		4,276	5,005	729	17.0
Cash and cash equivalents at the end of the year		3,666	5,645	1,979	54.0
<b>KEY FISCAL AGGREGATES</b>					
Net cash flows from operating activities		3,054	3,211	157	5.1
Net cash flows from investing in non-financial assets		-2,367	-1,077	1,290	-54.5
<b>Cash surplus/-deficit</b>	<b>e</b>	<b>687</b>	<b>2,134</b>	<b>1,447</b>	<b>210.8</b>

## 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 \$3.2 billion cash surplus position in 2019-20, a \$157 million improvement on the \$3.1 billion cash operating surplus forecast in the 2019-20 Budget<sup>9</sup>. Total operating cash received in 2019-20 was \$35.5 billion, \$1.3 billion (or 3.8%) higher than Budget, while total cash paid in 2019-20 was \$32.2 billion, \$1.1 billion (or 3.7%) higher than Budget.

The \$157 million improvement in the cash operating result reflects similar factors to the improvement for the accrual operating balance on the operating statement (discussed earlier in this appendix). In particular, improvements in revenue were matched with broadly similar increases in operating receipts while, at the same time, the cash flow equivalents to the higher than budgeted accrual expenses.

Other changes in non-cash transactions such as depreciation and superannuation interest on the operating statement (which were lower than the original Budget and discussed earlier in this appendix) do not appear on the cash flow statement, and also contribute to the difference in outcomes for accrued operating expenses compared to cash operating payments.

- (b) Purchases of non-financial assets (i.e. largely land and infrastructure investment) totalled \$2.6 billion in 2019-20, \$49 million (or 1.9%) higher than the 2019-20 Budget, with key changes including:
- WA Health (down \$188 million), reflecting delays or changes in timing associated with project design activity and procurement processes, mainly in relation to Fiona Stanley Hospital Information and Communications Technology (ICT) Capital Replacement, the Newman Health Service Redevelopment Project, the Quadriplegic Centre Redevelopment, the Small Hospital and Nursing Post Refurbishment Program, the Primary Health Centres Demonstration Program, Royal Perth Hospital Fire Risk, the Carnarvon Aged and Palliative Care Facility, the Royal Perth Hospital Mental Health Observation Area, Replacement of the Medical Imaging System and Perth Children's Hospital ICT and project closure arrangements;
  - Department of Primary Industries and Regional Development (down \$33 million), primarily due to the deferral of spending on core systems and information management systems following delays in finalising tender contracts. The Department's laboratory upgrades project has been deferred pending the finalisation of revised planning and scope for the project. Expenditure on the North West Aboriginal Housing Initiative has also been delayed;

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<sup>9</sup> The net cash flow from operating activities is the cash equivalent of the operating balance on the operating statement discussed earlier in this appendix and in the *Financial Results* chapter 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.

- Department of Education (down \$25 million), reflecting the net impact of timing changes across both primary and secondary school works, the reflow of project tender savings to the Mount Lockyer Primary School rebuild, movements in the timing of elements of the primary schools land acquisition program, and additional spending on the construction of new primary schools;
  - Western Australia Police Force (down \$25 million), primarily due to delays with the Multifunctional Police Facility Heating, Ventilation and Air-conditioning Systems Replacement, Capel Police Station, Armadale Courthouse and Police Complex, the Helicopter Replacement Project, the Fleet and Equipment Replacement Program, and the Speed Camera Replacement Program;
  - Department of Fire and Emergency Services (down \$17 million), due largely to underspends in key infrastructure projects such as the Bushfire Fire Centre of Excellence and Koolinup Emergency Services Centre and the appliance replacement program (reflecting delays in releasing tenders and the awarding of contracts), and the impact of COVID-19 pandemic regional boundary and non-essential travel restrictions. The appliance replacement program was also impacted by COVID-19 related interruptions to the supply of cab chassis and other parts, with many vehicle manufacturers temporarily ceasing production during the State restrictions;
  - Department of Finance (down \$10 million), mainly due to lower vehicle purchases through State Fleet reflecting both impacts from COVID-19 and the deferral of some major special build vehicles into 2020-21; and
  - the inclusion in the original Budget of a \$350 million general government underspend provision, in anticipation of lower actual spending that would emerge for infrastructure projects across the general government sector by 30 June 2020.
- (c) Sales of non-financial assets were \$1.5 billion in 2019-20, \$1.3 billion higher than Budget.

This was largely due to the receipt of \$1.4 billion of upfront proceeds from the partial commercialisation of Landgate received from Land Services WA following its appointment (on 10 September 2019) as the successful service provider to deliver, improve and maintain systems that facilitate automated land titling services. On 22 October 2019, Landgate entered into a commercialised arrangement with Land Services WA over a contract term of 40 years.

Other key sales movements included:

- lower land sales recorded by the Department of Planning, Lands and Heritage (down \$56 million), mainly reflecting a \$30 million Land Asset Sales Program target that was included in the 2019-20 Budget as a notional provision for the sale of freehold land owned by other agencies. Freehold land sales totalling \$17 million were achieved in 2019-20, and these sales are included in individual agency statements. The remaining \$26 million variance reflects lower than forecast high value land sales expected to settle in the 2019-20 financial year that were subsequently postponed by extended negotiations and uncertainty in the property market as a result of COVID-19; and
- the Department of Finance (down \$18 million), attributable to lower than anticipated vehicle sales.

- (d) Net cash flows from investments in non-financial assets totalled \$1.1 billion in 2019-20, a \$1.3 billion variance from Budget, reflecting the combined effect of changes in purchases and sales outlined above.
- (e) The general government sector recorded a \$2.1 billion cash surplus in 2019-20, \$1.4 billion larger than the \$687 million cash surplus forecast in the original Budget. This reflects the combination of net cash receipts from operations and net investment in non-financial assets described above. The cash deficit is the key driver of movements in net debt (discussed above and in the *Financial Results* chapter of this ARSF).

Table 4.4

**TOTAL PUBLIC SECTOR**  
Operating Statement

	Notes	2019-20			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
<b>RESULTS FROM TRANSACTIONS</b>					
<b>REVENUE</b>					
Taxation		8,561	8,550	-11	-0.1
Current grants and subsidies		9,607	9,379	-228	-2.4
Capital grants		943	642	-301	-31.9
Sales of goods and services		35,028	37,054	2,026	5.8
Interest income		685	555	-129	-18.9
Royalty income		6,375	8,450	2,075	32.6
Other		1,099	1,077	-22	-2.0
<i>Total</i>	a	62,297	65,706	3,410	5.5
<b>EXPENSES</b>					
Salaries		13,787	14,051	264	1.9
Superannuation					
Concurrent costs		1,352	1,392	39	2.9
Superannuation interest cost		138	89	-48	-35.1
Other employee costs		261	356	95	36.6
Depreciation and amortisation		3,974	3,908	-66	-1.7
Services and contracts		3,422	3,385	-37	-1.1
Other gross operating expenses		33,114	35,027	1,913	5.8
Interest					
Interest on leases		291	231	-61	-20.9
Other interest		1,700	1,333	-367	-21.6
Current transfers		2,989	3,693	703	23.5
Capital transfers		174	194	20	11.8
<i>Total</i>	b	61,203	63,659	2,457	4.0
<b>NET OPERATING BALANCE</b>	c	<b>1,094</b>	<b>2,047</b>	<b>953</b>	<b>87.1</b>
<i>Other economic flows - included in the operating result</i>					
Net gains on assets/liabilities		111	-408	-519	-468.0
Provision for doubtful debts		-47	-198	-151	318.8
Changes in accounting policy/adjustment of prior periods		-	-79	-79	-
<i>Total other economic flows</i>	d	63	-685	-748	-1,184.1
<b>OPERATING RESULT</b>		<b>1,157</b>	<b>1,362</b>	<b>205</b>	<b>17.7</b>
<i>All other movements in equity</i>					
<i>Items that will not be reclassified to operating result</i>					
Revaluations		988	850	-138	-13.9
Net actuarial gains - superannuation		-260	-22	238	-91.5
Gains recognised directly in equity		-113	-	113	-99.9
All other		-	-345	-345	-
<i>Total all other movements in equity</i>	e	615	483	-132	-21.5
<b>TOTAL CHANGE IN NET WORTH</b>	f	<b>1,773</b>	<b>1,845</b>	<b>72</b>	<b>4.1</b>
<b>KEY FISCAL AGGREGATES</b>					
<b>NET OPERATING BALANCE</b>		<b>1,094</b>	<b>2,047</b>	<b>953</b>	<b>87.1</b>
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		5,646	5,188	-458	-8.1
Changes in inventories		74	2,088	2,014	2,734.1
Other movement in non-financial assets		175	94	-81	-46.5
<i>less:</i>					
Sales of non-financial assets		705	1,736	1,031	146.3
Depreciation		3,974	3,908	-66	-1.7
<i>Total net acquisition of non-financial assets</i>		1,217	1,727	510	41.9
<b>NET LENDING/-BORROWING</b>	g	<b>-123</b>	<b>320</b>	<b>443</b>	<b>-360.5</b>

## Total Public Sector<sup>10</sup> Operating Statement

- (a) Operating revenue in 2019-20 was \$65.7 billion, \$3.4 billion (or 5.5%) higher than budgeted, with a lower outcome for Commonwealth grants, interest income, taxation and ‘other’ income more than offset by higher outcomes for royalties and sales of goods and services. 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 outlined earlier in this appendix<sup>11</sup>.

Sales of goods and services were \$2 billion (or 5.8%) higher than Budget, with material changes attributable to:

- the Gold Corporation (up \$2.6 billion), mainly due to higher than budgeted gold prices through the year, which also increased significantly during the COVID-19 pandemic. This significant increase in forecast revenue is broadly matched by an equivalent increase in related expenses (see (b) later in this section);
- the Lotteries Commission (up \$66 million), as a result of a higher than expected level of first division jackpots with an associated increase in related expenditure on prize distributions;
- Racing and Wagering Western Australia (down \$220 million), due largely to lower betting turnover as a result of reduced racing activity caused by the COVID-19 pandemic. Lower than expected betting revenue is broadly matched by reduced betting dividend payouts and other direct costs of sales;
- the Department of Communities (Housing Services, down \$117 million), mostly reflecting lower sales mainly from the Affordable Housing Program due to softening market conditions and COVID-19 restrictions, and lower rent revenue (reflecting a decline in market rents across the State). This lower than expected revenue is broadly matched by an equivalent reduction in related expenses; and
- the Public Transport Authority (down \$49 million), mostly due to the decline in patronage on Transperth services and reductions in advertising revenue as a result of the COVID-19 pandemic;

Interest income was \$129 million (or 18.9%) lower than budgeted, largely reflecting lower interest revenue from the Western Australian Treasury Corporation, the Insurance Commission of Western Australia, Keystart, and the Public Bank Account.

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<sup>10</sup> 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 delivering non-financial services 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).

<sup>11</sup> 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.

- (b) Operating expenses in 2019-20 were \$63.7 billion, \$2.5 billion (or 4%) higher than Budget, with higher outcomes for ‘other’ gross operating expenses and transfers (current and capital) in particular, along with salaries and employee costs only partly offset by lower outcomes across all other line items.

‘Other’ gross operating expenses were \$1.9 billion (or 5.8%) higher than Budget, due largely to the (broadly equivalent) impact on expenses of the revenue issues outlined above for the Gold Corporation (up \$2.6 billion), Lotteries Commission (up \$44 million), and Racing and Wagering Western Australia (down \$203 million).

Expenses in this category incurred by the Department of Communities (Housing Services) and the Water Corporation were up \$39 million and down \$92 million respectively, with higher expenses for Housing reflecting additional maintenance expenses, and the lower outcome for the Water Corporation due to reclassifications with other expense categories such as services and contracts.

Claims expenses for the public insurance corporations were a net \$80 million lower than budgeted, with:

- the Insurance Commission of Western Australia (down \$132 million), mainly due to a lower annual valuation of insurance claims reflecting a decline in forecast inflation rates and other actuarial assumptions; and
- RiskCover (up \$52 million), mainly reflecting an increase in the number of new large claims and higher costs in the workers’ compensation class of insurance.

Excluding these specific agencies, and the reclassification of State-funded NDIS spending outlined earlier in this appendix, ‘other’ gross operating expenses for all other agencies were \$226 million (or 3.3%) higher than budgeted.

Salaries were \$264 million higher than forecast in the 2019-20 Budget, with a \$107 million lower salaries outcome for the State’s public non-financial corporations, attributable to Water Corporation (down \$89 million), offset by higher than budgeted salaries outcomes for the general government sector (up \$368 million, see earlier discussion in this appendix). Public financial corporations’ salary costs were largely unchanged from Budget (up \$3 million).

Across the other classes of expense, higher than budgeted outcomes were recorded for concurrent superannuation costs (up \$39 million or 2.9%), other employee costs (up \$95 million or 36.6%), and transfers (abstracting from the NDIS reclassification discussed earlier, up \$113 million or 3%). These increases were partly offset by lower than budgeted outcomes for interest expenses (covering both interest on leases and other interest, down \$428 million or 21.5%), depreciation and amortisation (down \$66 million or 1.7%), superannuation interest (down \$48 million or 35.1%), and services and contracts (down \$37 million or 1.1%),

- (c) The total public sector recorded a \$2 billion operating surplus in 2019-20, a \$953 million increase on the \$1.1 billion surplus projected at the time of the 2019-20 Budget. Revenue was \$3.4 billion (or 5.5%) higher than forecast while expenses were \$2.5 billion (or 4%) higher. The main drivers of these movements have been outlined above.



- (d) 'Other' economic flows resulted in an aggregate decrease in net worth of \$685 million, a \$748 million turnaround on the forecast increase of \$63 million in the 2019-20 Budget. This was predominantly due to a \$408 million decrement in the value of net gains on assets/liabilities (compared with a \$111 million forecast increase in the Budget), a \$198 million reduction in net worth driven by provisions for doubtful debts, and a \$79 million change in accounting policies/adjustment of prior periods<sup>12</sup> (which are not forecast in the Budget).
- (e) All other movements in equity total to an aggregate increase in net worth of \$483 million in 2019-20, down \$132 million from expectations at the time of the Budget (up \$615 million). Net actuarial gains on superannuation (up \$238 million) along with gains recognised directly in equity (up \$113 million) were offset by lower than expected valuations (e.g. for land) in 2019-20 (down \$138 million), and "all other" changes (down \$345 million) reflecting the impact of the initial adoption of new accounting standards.
- (f) The total change in net worth at 30 June 2020 was an increase of \$1.8 billion, broadly unchanged from the change 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 and in the equivalent general government sector discussion earlier in this appendix.
- (g) Net lending/borrowing was in a \$320 million surplus position in 2019-20, a \$443 million turnaround on the net lending deficit projected in the original Budget.

This includes changes in total public sector purchases and sales of non-financial assets detailed later in this appendix (under the cash flow statement).

Inventories were budgeted to rise by \$74 million but instead increased by \$2.1 billion, primarily due to the value of the Gold Corporation's holdings of precious metals.

Depreciation expenses were \$66 million (or 1.7%) lower than budgeted, while other movements in non-financial assets (which comprises the value of assets transferred in and out of the sector) were \$81 million lower than budgeted.

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<sup>12</sup> 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.

Table 4.5

**TOTAL PUBLIC SECTOR**  
**Balance Sheet**

	Notes	2019-20			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
<b>ASSETS</b>					
<i>Financial assets</i>					
Cash and deposits		2,229	2,346	117	5.2
Advances paid		5,373	5,259	-114	-2.1
Investments, loans and placements		14,034	25,495	11,461	81.7
Receivables		5,225	5,923	697	13.3
Equity - Investments in other entities		2,084	1,844	-240	-11.5
Other financial assets		13	15	2	12.1
<i>Total financial assets</i>		<b>28,959</b>	<b>40,882</b>	<b>11,923</b>	<b>41.2</b>
<i>Non-financial assets</i>					
Land		44,657	43,599	-1,058	-2.4
Property, plant and equipment		104,610	102,575	-2,035	-1.9
Right-of-use assets		2,969	2,997	28	0.9
Biological assets		322	317	-5	-1.5
Inventories					
Land inventories		2,025	1,809	-216	-10.7
Other inventories		3,870	6,433	2,563	66.2
Intangibles		974	1,054	80	8.3
Assets classified as held for sale		93	37	-56	-60.2
Investment property		61	33	-28	-46.1
Other		510	424	-85	-16.7
<i>Total non-financial assets</i>		<b>160,092</b>	<b>159,279</b>	<b>-813</b>	<b>-0.5</b>
<b>TOTAL ASSETS</b>		<b>189,051</b>	<b>200,161</b>	<b>11,110</b>	<b>5.9</b>
<b>LIABILITIES</b>					
Deposits held		11	12	-	1.8
Advances received		377	326	-50	-13.4
Borrowings					
Lease liabilities		3,054	3,500	446	14.6
Other borrowings		57,725	64,711	6,986	12.1
Superannuation		6,891	6,920	30	0.4
Other employee benefits		3,478	3,981	503	14.4
Payables		6,612	9,978	3,367	50.9
Other liabilities		6,925	8,294	1,369	19.8
<b>TOTAL LIABILITIES</b>		<b>85,073</b>	<b>97,723</b>	<b>12,650</b>	<b>14.9</b>
<b>NET ASSETS</b>		<b>103,978</b>	<b>102,438</b>	<b>-1,540</b>	<b>-1.5</b>
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		27,184	27,083	-101	-0.4
Other reserves		76,794	75,355	-1,439	-1.9
<b>NET WORTH</b>	a	<b>103,978</b>	<b>102,438</b>	<b>-1,540</b>	<b>-1.5</b>
<b>MEMORANDUM ITEMS</b>					
<i>Net financial worth</i>		-56,114	-56,841	-727	1.3
<i>Net financial liabilities</i>		56,114	56,841	727	1.3
<i>Net debt</i>					
Gross debt liabilities		61,167	68,549	7,382	12.1
less: liquid financial assets		21,636	33,100	11,464	53.0
less: convergence differences impacting net debt		-	-	-	-
<i>Net debt</i>	b	<b>39,531</b>	<b>35,449</b>	<b>-4,082</b>	<b>-10.3</b>

## Total Public Sector Balance Sheet<sup>13</sup>

- (a) Net worth of the total public sector was \$102.4 billion at 30 June 2020 (down \$1.5 billion, or 1.5% on the Budget-time forecast).

Movements since the original Budget for these balance sheet items largely reflect variances in the final results for the year ending 30 June 2019 compared to the then expected outcome for that year, changes due to operating and investing operations through 2019-20 (discussed in cash flow terms below), and movements in the valuation of assets (particularly land and other physical assets).

- Assets were \$11.1 billion (or 5.9%) higher than Budget with lower holdings of non-financial assets (down \$813 million) more than offset by a higher stock of financial assets (up \$11.9 billion).
    - For financial assets, liquid cash holdings were \$11.5 billion higher than forecast with higher holdings for the Western Australian Treasury Corporation and the PBA, due in part to a higher than expected outcome for the year ending 30 June 2019 discussed in the 2018-19 ARSF. Receivables were \$697 million higher reflecting timing issues for a range of transactions, including an increase in mining revenue receivables on the back of significant price movements noted earlier.
    - Lower than budgeted non-financial asset outcomes were recorded for a range of asset classes, predominantly for property, plant and equipment (down \$2 billion), and land (down \$1.1 billion), reflecting valuation movements in 2018-19 and 2019-20. These were partly offset by upward variations for ‘other’ inventories (up \$2.6 billion), reflecting a higher than budgeted outcome for the Gold Corporation’s holdings of precious metals.
  - Liabilities were \$12.7 billion (or 14.9%) higher than Budget, with higher gross debt liabilities (up \$7.4 billion), largely held by the Western Australian Treasury Corporation and mainly reflecting the impacts of the prior year actual. Higher than anticipated outcomes were recorded for payables (up \$3.4 billion), ‘other’ liabilities (up \$1.4 billion), and ‘other employee benefits’ (up \$503 million).
- (b) Total public sector net debt was \$35.5 billion at 30 June 2020, \$4.1 billion (or 10.3%) lower than the \$39.5 billion estimated in the 2019-20 Budget. Gross debt liabilities were \$7.4 billion higher while holdings of liquid financial assets were up \$11.5 billion. These variances include a \$819 million lower than expected outcome for the year ending 30 June 2019, as detailed in the 2018-19 ARSF, and movements in assets and liabilities detailed above.

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<sup>13</sup> Net worth of the total public sector is equivalent to general government sector net worth discussed earlier in this appendix. 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 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.

Table 4.6

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

	Notes	2019-20			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<i>Cash received</i>					
Taxes received		8,565	8,492	-74	-0.9
Grants and subsidies received		11,762	11,825	63	0.5
Receipts from sales of goods and services		24,145	27,956	3,811	15.8
Interest receipts		689	565	-125	-18.1
Dividends and tax equivalents		-	-	-	-
Other		9,548	11,965	2,417	25.3
<i>Total cash received</i>		<i>54,711</i>	<i>60,802</i>	<i>6,091</i>	<i>11.1</i>
<i>Cash paid</i>					
Wages, salaries and supplements, and superannuation		-15,637	-15,441	196	-1.3
Payments for goods and services		-23,610	-27,762	-4,152	17.6
Interest paid		-2,073	-1,864	210	-10.1
Grants and subsidies paid		-4,123	-4,810	-687	16.7
Dividends and tax equivalents		-	-	-	-
Other payments		-4,573	-5,256	-683	14.9
<i>Total cash paid</i>		<i>-50,017</i>	<i>-55,132</i>	<i>-5,115</i>	<i>10.2</i>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	a	<b>4,694</b>	<b>5,670</b>	<b>976</b>	<b>20.8</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets	b	-5,646	-5,188	458	-8.1
Sales of non-financial assets	c	705	1,736	1,031	146.3
<i>Total cash flows from investments in non-financial assets</i>	d	<i>-4,942</i>	<i>-3,453</i>	<i>1,489</i>	<i>-30.1</i>
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes		10	64	54	536.3
For liquidity purposes		7,219	12,044	4,825	66.8
<i>Cash paid</i>					
For policy purposes		-10	-63	-53	529.1
For liquidity purposes		-7,928	-14,195	-6,267	79.0
<i>Total cash flows from investments in financial assets</i>		<i>-709</i>	<i>-2,150</i>	<i>-1,441</i>	<i>203.1</i>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-5,651</b>	<b>-5,603</b>	<b>48</b>	<b>-0.8</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<i>Cash received</i>					
Advances received		-	-	-	-
Borrowings		19,900	20,848	948	4.8
Deposits received		-	-	-	-
Other financing receipts		49	231	182	370.6
<i>Total cash received</i>		<i>19,949</i>	<i>21,078</i>	<i>1,129</i>	<i>5.7</i>
<i>Cash paid</i>					
Advances paid		-17	-17	-	2.2
Borrowings repaid		-18,849	-18,397	452	-2.4
Deposits paid		-	-	-	-
Other financing payments		-438	-448	-10	2.2
<i>Total cash paid</i>		<i>-19,303</i>	<i>-18,862</i>	<i>441</i>	<i>-2.3</i>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>646</b>	<b>2,217</b>	<b>1,571</b>	<b>243.2</b>
<b>Net increase in cash and cash equivalents</b>		<b>-311</b>	<b>2,284</b>	<b>2,595</b>	<b>-833.5</b>
Cash and cash equivalents at the beginning of the period		8,203	8,710	507	6.2
Cash and cash equivalents at the end of the period		7,892	10,994	3,102	39.3
<b>KEY FISCAL AGGREGATES</b>					
Net cash flows from operating activities		4,694	5,670	976	20.8
Net cash flows from investing in non-financial assets		-4,942	-3,453	1,489	-30.1
<b>Cash surplus/-deficit</b>	e	<b>-248</b>	<b>2,217</b>	<b>2,465</b>	<b>-995.0</b>

## Total Public Sector Cash Flow Statement

- (a) Net cash flows from operating activities were in a surplus position of \$5.7 billion in 2019-20, a \$976 million improvement from the \$4.7 billion cash operating surplus forecast in the 2019-20 Budget. Total cash receipts in 2019-20 were \$60.8 billion, \$6.1 billion (or 11.1%) higher than forecast, while total cash payments in 2019-20 were \$55.1 billion, up \$5.1 billion (or 10.2%) since Budget. Movements for key cash aggregates including taxes, Commonwealth grants, wages and salaries are broadly consistent with the equivalent items on the operating statement, discussed earlier in this appendix.
- (b) Purchases of non-financial assets were \$5.2 billion in 2019-20, \$458 million (or 8.1%) lower than forecast. In addition to the general government sector variations noted earlier in this appendix (up \$49 million), net changes in infrastructure spending by key public corporations include:
- the Public Transport Authority, including separate provisions for METRONET projects under development, (down \$588 million), primarily reflecting scheduling changes following the tender results of the Yanchep Rail Extension and Thornlie-Cockburn Link, and the Railcar Program, delays with the Forreestfield-Airport Link and the Radio Systems Replacement project and schedule changes across a range of other projects;
  - the Department of Communities (Housing Services, down \$105 million), due largely to continued soft housing market conditions and the impact of COVID-19 on the agency's land development and construction activities;
  - DevelopmentWA (down \$80 million), due to delayed spending across several major projects in the metropolitan region, including Subi East and Forreestdale Business Park, and timing delays across a number of regional projects, and delayed spending on central Perth redevelopment works (Riverside and Perth City Link). Some forecast spending was also subject to reclassification to operating costs;
  - the Water Corporation (down \$65 million), mainly due to the deferral of the Onslow Water Infrastructure Upgrade project from 2019-20, to accommodate additional project investigation work;
  - the Fremantle Port Authority (down \$24 million), reflecting changes in port user requirements and changed assumptions on the timing and prioritisation of projects together with delays due to the impact of COVID-19;
  - Western Power (down \$18 million), largely due to COVID-19 impacts and contractor and approval delays resulting in a shift in timing to 2020-21. The underspend applies to various projects including the conductor program and the State Underground Power Program;
  - Racing and Wagering WA (down \$11 million), reflecting the changing ICT requirements for wagering and other business systems and products;
  - Horizon Power (up \$10 million), reflecting the post-Budget approval of the Karratha - Dampier Transmission Line Upgrade;

- the Pilbara Ports Authority (up \$21 million), predominantly driven by the earlier than forecast completion of projects funded by the Port Improvement Rate. These projects delivered a range of improvements to the Port of Port Hedland and were completed in early 2019-20;
  - Synergy (up \$27 million), reflecting higher than expected investment on Kwinana Power Station site rehabilitation works and the refurbishment of the cooling tower at Collie Power Station, investment in hardware to support a new energy market trading function, site works at generator facilities and investment in ICT systems, and capital spending that Synergy undertook on behalf of Western Power in accordance with a network control service arrangement between the entities; and
  - the inclusion in the original Budget of a \$350 million underspend provision for the public corporations sector in anticipation of lower actual spending that would emerge for infrastructure projects by 30 June 2020 (now reflected in the outcomes for the agencies described above).
- (c) Sales of non-financial assets were \$1.7 billion in 2019-20, \$1 billion higher than Budget. In addition to the general government sector variations noted earlier in this appendix (up \$1 billion), net changes in sales include:
- Department of Communities (Housing Services, down \$158 million), primarily due to lower than expected land and property sales as a result of continued soft housing market conditions and the impact of COVID-19; and
  - DevelopmentWA (down \$131 million), due to delayed sales completions, primarily in the central Perth precincts such as Elizabeth Quay (as a consequence of a more challenging economic environment), and the impact of more subdued economic conditions, with lower buyer activity, particularly in the North West corridor of Perth.
- (d) Net cash flows from investments in non-financial assets were \$3.5 billion in 2019-20, \$1.5 billion (or 30.1%) lower than Budget, with movements in purchases and sales outlined above.
- (e) The total public sector recorded a \$2.2 billion cash surplus in 2019-20, a \$2.5 billion turnaround on the \$248 million deficit forecast in the 2019-20 Budget. This reflects the combination of the better than expected net cash surplus on operations (up \$976 million) and the lower net cash out-flow in non-financial assets (down \$1.5 billion) discussed above.



## Special Purpose Accounts

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

This appendix details balances for the year ending 30 June 2020 for key SPAs established to deliver specific Government policy outcomes. The focus of this Appendix is on major/material SPAs that were in existence at 30 June 2020. The SPA balances, and transactions in and out of these accounts, form part of the overall consolidated outcomes outlined elsewhere in this report.

### Debt Reduction Account

In line with the Government's election commitment for responsible financial management, a Debt Reduction Account was established in 2017-18 to apply windfall funds to the repayment of Consolidated Account borrowings. Receipts of \$1,318 million in 2019-20 were sourced from Western Australia's 2019-20 GST top-up payment (\$1,248 million) and surplus capital returned to the Consolidated Account by RiskCover (\$69 million). These funds were applied to debt repayment through the Western Australian Treasury Corporation during the same period.

<b>DEBT REDUCTION ACCOUNT</b>			Table 5.1
	2019-20 \$m	2018-19 \$m	
<i>Balance at 1 July</i>	-	-	
Receipts	1,318	437	
Payments	1,318	437	
<b>Closing Balance</b>	-	-	

Note: Columns may not add due to rounding.



## METRONET Account

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

Receipts for the year ending 30 June 2020 reflect capital appropriation of \$412.9 million for METRONET projects, \$46.6 million in contributions from other government agencies, and an operating subsidy of \$2.6 million for the METRONET Office. Payments consisted of \$208.4 million for transport infrastructure planning and delivery and \$1.1 million for METRONET Office operating expenses.

<b>METRONET ACCOUNT</b>			Table 5.2
	2019-20 \$m	2018-19 <sup>(a)</sup> \$m	
<i>Balance at 1 July</i>	274	10	
Receipts	462	312	
Payments	210	48	
<b>Closing Balance</b>	<b>527</b>	<b>274</b>	

(a) Payments during 2018-19 were restated from the \$46 million reported in the 2018-19 *Annual Report on State Finances* (ARSF), resulting in a revised closing balance at 30 June 2019 of \$274 million.

Note: Columns may not add due to rounding.

## METRONET Roads Account

This SPA was established in December 2018 to hold motor vehicle licence revenue allocated to METRONET road works, including projects under development.

During the 12 months ending 30 June 2020, receipts from motor vehicle licence revenue allocated to this account totalled \$101 million. Payments of \$30 million have been made during the same period for road works associated with the Forrestfield-Airport Link project and Bayswater Station.

<b>METRONET ROADS ACCOUNT</b>			Table 5.3
	2019-20 \$m	2018-19 \$m	
<i>Balance at 1 July</i>	-	-	
Receipts	101	-	
Payments	30	-	
<b>Closing Balance</b>	<b>72</b>	<b>-</b>	

Note: Columns may not add due to rounding.

## Metropolitan Region Improvement Fund

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

Receipts in 2019-20 reflect MRIT collections (\$87.7 million), proceeds from the sale of land and buildings (\$16.5 million), rental revenue (\$6.2 million), interest revenue (\$5.8 million) and receipts from the Australian Taxation Office for refunds of GST on purchases (\$4.8 million).

Payments from the account during 2019-20 were for the acquisition of land and buildings (\$64.7 million), contribution to the METRONET Yanchep Rail Extension (for improvement works on the rail corridor and Yanchep, Eglinton and Alkimos stations, \$30 million), service delivery costs associated with the Metropolitan Region Improvement Fund (\$28.5 million), compensation authorised by the *Planning and Development Act 2005* (\$3 million), and funding for a range of smaller infrastructure projects (\$1.4 million).

Table 5.4

<b>METROPOLITAN REGION IMPROVEMENT ACCOUNT</b>		
	2019-20 \$m	2018-19 \$m
<i>Balance at 1 July</i>	440	399
Receipts	122	125
Payments	128	84
<b>Closing Balance</b>	<b>434</b>	<b>440</b>

Note: Columns may not add due to rounding.

## Mining Rehabilitation Fund

The Mining Rehabilitation Fund was established in July 2013 to hold levy collections under the *Mining Rehabilitation Fund Act 2012*. Receipts for the year ending 30 June 2020 reflect levy contributions by mining operators (\$33.4 million) and interest earnings (\$2.1 million).

Payments for the year ending 30 June 2020 were for administration costs (\$0.5 million) and mine rehabilitation costs in line with the Act (\$0.3 million).

Table 5.5

<b>MINING REHABILITATION FUND</b>		
	2019-20 \$m	2018-19 \$m
<i>Balance at 1 July</i>	150	122
Receipts	36	34
Payments	1	6
<b>Closing Balance</b>	<b>185</b>	<b>150</b>

Note: Columns may not add due to rounding.

## National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse Account

This account was established in December 2018, to meet the cost of payments associated with the State's participation in the National Redress Scheme and for civil litigation claims by victims of historical institutional child sexual abuse.

Payments totalling \$10.6 million for both the National Redress Scheme and for civil litigation claims were made in 2019-20.

Table 5.6

### NATIONAL REDRESS SCHEME AND CIVIL LITIGATION FOR SURVIVORS OF INSTITUTIONAL CHILD SEXUAL ABUSE ACCOUNT

	2019-20 \$m	2018-19 \$m
<i>Balance at 1 July</i>	151	-
Receipts	-	153
Payments	11	2
<b>Closing Balance</b>	<b>141</b>	<b>151</b>

Note: Columns may not add due to rounding.

## Perth Children's Hospital Account

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

The hospital achieved practical completion in April 2017 and fully opened on 10 June 2018. A total of \$5.5 million was paid from the SPA during 2019-20 to fund residual works. Any remaining funds in the account will be returned to the Consolidated Account following the end of the defect liability period.

Table 5.7

### PERTH CHILDREN'S HOSPITAL ACCOUNT

	2019-20 \$m	2018-19 \$m
<i>Balance at 1 July</i>	13	13
Receipts	-	-
Payments	5	-
<b>Closing Balance</b>	<b>7</b>	<b>13</b>

Note: Columns may not add due to rounding.

## Perth Parking Licensing Account

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

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

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### PERTH PARKING LICENSING ACCOUNT

Table 5.8

	2019-20 \$m	2018-19 \$m
<i>Balance at 1 July</i>	93	54
Receipts	57	59
Payments	19	19
<b>Closing Balance</b>	<b>131</b>	<b>93</b>

Note: Columns may not add due to rounding.

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### Perth Stadium Account

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

There were no receipts or payments during the 12 months to 30 June 2020.

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### PERTH STADIUM ACCOUNT

Table 5.9

	2019-20 \$m	2018-19 <sup>(a)</sup> \$m
<i>Balance at 1 July</i>	12	13
Receipts	-	1
Payments	-	3
<b>Closing Balance</b>	<b>12</b>	<b>12</b>

(a) Comparative information for 2019-20 has been restated since the 2018-19 *Annual Report on State Finances* to reflect minor changes in rounding.

Note: Columns may not add due to rounding.

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### Road Trauma Trust Account

This account was established to provide for road safety initiatives on Western Australian roads. Receipts during 2019-20 reflect collections from prescribed penalties (\$96.7 million), interest revenue on the account balance (\$1 million) and other miscellaneous funds collected during 2019-20 under the *Road Traffic (Administration) Act 2008* (\$0.1 million).

Projects funded from the account are focused on achieving reductions in serious road trauma. The majority of funds drawn during 2019-20 supported initiatives to reduce:

- run-off crashes on regional roads by applying treatments such as shoulder sealing and audible edge lines (\$35.9 million);
- speed management (\$32.9 million);
- death and serious injury of vulnerable road users (\$10.5 million) and of drivers who are impaired by alcohol and/or drugs (\$8.5 million); and
- serious crashes at intersections (\$3.4 million).

Funding of \$12.8 million was also drawn for the operating costs of the Road Safety Commission, including a range of road safety initiatives and support programs (such as community education campaigns).

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### ROAD TRAUMA TRUST ACCOUNT

Table 5.10

	2019-20 \$m	2018-19 <sup>(a)</sup> \$m
<i>Balance at 1 July</i>	60	53
Receipts	98	97
Payments	104	90
<b>Closing Balance</b>	<b>54</b>	<b>60</b>

(a) Comparative information for 2018-19 has been restated since the 2018-19 *Annual Report on State Finances* to reflect minor changes in rounding.

Note: Columns may not add due to rounding.

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## Royalties for Regions Fund

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

Receipts during 2019-20 reflect the draw down of moneys appropriated by the Parliament (\$882.1 million), interest earned on the account balance (\$10.5 million), and unused funds from associated projects returned to the Fund by agencies (\$17.2 million). A total of \$909.7 million was disbursed from the Fund to support infrastructure, business and economic development, and other regional initiatives (detailed in the 2019-20 Budget Paper No.3 and updated in the 2019-20 Mid-year Review).

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### ROYALTIES FOR REGIONS FUND

Table 5.11

	2019-20 \$m	2018-19 \$m
<i>Balance at 1 July</i>	1,000	1,000
Receipts	910	729
Payments	910	729
<b>Closing Balance</b>	<b>1,000</b>	<b>1,000</b>

Note: Columns may not add due to rounding.

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## Royalties for Regions Regional Reform Fund

This SPA was established in June 2015 to fund strategic reform initiatives in regional Western Australia. Payments from the SPA totalled \$10.7 million in 2019-20. This included \$5.9 million paid to the Department of Communities for the funding of essential and municipal services for remote Aboriginal communities and contributions to the North West Aboriginal Housing Fund. A further \$4.7 million was paid to the Department of Education for the Kimberley Schools Project.

Table 5.12

<b>ROYALTIES FOR REGIONS REGIONAL REFORM FUND</b>		
	2019-20	2018-19
	\$m	\$m
<i>Balance at 1 July</i>	80	96
Receipts	-	-
Payments	11	16
<b>Closing Balance</b>	<b>69</b>	<b>80</b>

Note: Columns may not add due to rounding.

## Waste Avoidance and Resource Recovery Account

The Waste Avoidance and Resource Recovery Account was established under the *Waste Avoidance and Resource Recovery Act 2007* to hold revenue allocated from the landfill levy. Funds are drawn from the account to support programs and other initiatives related to the management, reduction, reuse, recycling, monitoring or measurement of waste.

Landfill levy collections totalled \$78 million in 2019-20, of which \$20.7 million was allocated to the account by Ministerial determination under the Act. Draw downs totalling \$21.5 million were for waste programs and the payment of administration costs incurred by the Department of Water and Environmental Regulation.

Table 5.13

<b>WASTE AVOIDANCE AND RESOURCE RECOVERY ACCOUNT</b>		
	2019-20	2018-19
	\$m	\$m
<i>Balance at 1 July</i>	40	39
Receipts	21	21
Payments	21	20
<b>Closing Balance</b>	<b>40</b>	<b>40</b>

Note: Columns may not add due to rounding.

## Western Australian Future Health Research and Innovation Fund

The Western Australian Future Fund was established under the *Western Australian Future Fund Act 2012*. The *Western Australian Future Fund Amendment (Future Health Research and Innovation Fund) Bill 2019* received Royal Assent in late May 2020 and took effect from 24 June 2020. This Act discontinued the Future Fund and created the Western Australian Future Health Research and Innovation Fund into which 1% of forecast annual royalties are to be paid each year. From 2020-21, this Act also applies forecast annual investment income from the new fund to a new account (administered by the Minister for Health) that provides long term support for medical and health research, innovation and commercialisation activities in Western Australia.

Receipts in 2019-20 included appropriation of 1% of annual forecast royalty revenue in the 2019-20 Budget (\$63.7 million) and interest receipts (\$31.2 million).

Table 5.14

**WESTERN AUSTRALIAN FUTURE HEALTH RESEARCH AND  
INNOVATION FUND**

	2019-20 \$m	2018-19 \$m
<i>Balance at 1 July</i>	1,313	1,215
Receipts	95	98
Payments	-	-
<b>Closing Balance</b>	<b>1,408</b>	<b>1,313</b>

Note: Columns may not add due to rounding.

# Quarterly Financial Results - June 2020

This appendix completes the quarterly data series for the 2019-20 year. 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*<sup>1</sup>.

Information on the full-year outcomes for the general government and whole-of-government are available in the *Financial Results* chapter of this report.

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<sup>1</sup> These publications can be accessed on the Treasury website at [www.wa.gov.au/organisation/department-of-treasury](http://www.wa.gov.au/organisation/department-of-treasury). 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 2020 may include one-off movements in items relative to previous reports, to move them into line with final audited outcomes.



Table 6.1

**GENERAL GOVERNMENT**  
Operating Statement

	2019-20		2018-19	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>RESULTS FROM TRANSACTIONS</b>				
<b>REVENUE</b>				
Taxation	1,875	9,077	1,865	8,616
Current grants and subsidies	2,322	9,379	2,738	10,210
Capital grants	358	642	250	873
Sales of goods and services	616	2,754	747	2,734
Interest Income	26	124	39	168
Revenue from public corporations				
Dividends from other sector entities	53	392	1,001	1,350
Tax equivalent income	223	732	220	642
Royalty income	2,307	8,450	2,362	6,713
Other	146	614	238	701
<b>Total</b>	<b>7,928</b>	<b>32,162</b>	<b>9,461</b>	<b>32,006</b>
<b>EXPENSES</b>				
Salaries	3,389	12,887	3,172	12,269
Superannuation				
Concurrent costs	336	1,276	317	1,213
Superannuation interest cost	49	89	48	135
Other employee costs	116	401	132	447
Depreciation and amortisation	440	1,751	378	1,445
Services and contracts	741	2,590	744	2,538
Other gross operating expenses	1,366	5,391	1,448	5,645
Interest				
Interest on leases	36	142	26	89
Other interest	174	737	212	859
Current transfers	1,911	5,003	1,532	5,426
Capital transfers	142	228	197	625
<b>Total</b>	<b>8,698</b>	<b>30,493</b>	<b>8,206</b>	<b>30,689</b>
<b>NET OPERATING BALANCE</b>	<b>-770</b>	<b>1,669</b>	<b>1,255</b>	<b>1,317</b>
<i>Other economic flows - included in the operating result</i>				
Net gains on assets/liabilities	-31	-27	-71	59
Provision for doubtful debts	-122	-126	7	2
Changes in accounting policy/adjustment of prior periods	104	-44	179	-172
<b>Total other economic flows</b>	<b>-48</b>	<b>-197</b>	<b>116</b>	<b>-111</b>
<b>OPERATING RESULT</b>	<b>-819</b>	<b>1,472</b>	<b>1,371</b>	<b>1,206</b>
<i>All other movements in equity</i>				
<i>Items that will not be reclassified to operating result</i>				
Revaluations	463	392	-1,049	-1,374
Net actuarial gains - superannuation	835	5	-143	-814
Gains recognised directly in equity	9	-1	-	-
Change in net worth of the public corporations sectors	1,187	217	-1,850	-1,661
All other	-239	-239	-	-
<b>Total all other movements in equity</b>	<b>2,255</b>	<b>373</b>	<b>-3,042</b>	<b>-3,849</b>
<b>TOTAL CHANGE IN NET WORTH</b>	<b>1,436</b>	<b>1,845</b>	<b>-1,671</b>	<b>-2,642</b>
<b>KEY FISCAL AGGREGATES</b>				
<b>NET OPERATING BALANCE</b>	<b>-770</b>	<b>1,669</b>	<b>1,255</b>	<b>1,317</b>
<i>Less Net acquisition of non-financial assets</i>				
Purchase of non-financial assets	799	2,553	870	2,540
Changes in inventories	28	38	-4	-
Other movement in non-financial assets	-35	-15	81	146
<i>less:</i>				
Sales of non-financial assets	21	1,476	49	100
Depreciation	440	1,751	378	1,445
<b>Total net acquisition of non-financial assets</b>	<b>331</b>	<b>-651</b>	<b>521</b>	<b>1,142</b>
<b>NET LENDING/-BORROWING</b>	<b>-1,101</b>	<b>2,320</b>	<b>735</b>	<b>175</b>

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

**GENERAL GOVERNMENT**  
Operating Revenue

Table 6.2

	2019-20		2018-19	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>Taxation</b>				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	805	3,642	896	3,565
Property taxes				
<i>Land tax</i>	15	792	2	807
Transfer duty	280	1,190	260	1,073
Foreign Buyers Surcharge	19	19	-	-
Landholder duty	60	120	12	32
<i>Total duty on transfers</i>	358	1,329	272	1,105
Metropolitan Region Improvement Tax	1	88	-	89
Perth Parking Levy	-	56	2	59
Emergency Services Levy	32	387	32	374
Loan guarantee fees	39	157	37	152
Building and Construction Industry Training Fund Levy	5	39	8	27
<i>Total other property taxes</i>	78	726	79	702
Taxes on provision of goods and services				
Lotteries Commission	40	174	41	180
Video lottery terminals	-	-	-	-
Casino tax	1	40	20	59
Betting tax	-	-	3	25
Point of Consumption Tax	18	77	15	30
<i>Total taxes on gambling</i>	59	291	79	294
Insurance duty	162	694	155	645
Other	5	19	4	17
<i>Total taxes on insurance</i>	166	713	159	662
<i>On-demand Transport Levy</i>	7	41	5	5
Taxes on use of goods and performance of activities				
Vehicle licence duty	90	375	93	363
Permits - Oversize Vehicles and Loads	2	9	1	8
Motor vehicle registrations	275	1,045	260	995
<i>Total motor vehicle taxes</i>	367	1,429	354	1,367
<i>Mining Rehabilitation Levy</i>	1	33	-	31
<i>Landfill Levy</i>	18	80	18	79
<b>Total Taxation</b>	<b>1,875</b>	<b>9,077</b>	<b>1,865</b>	<b>8,616</b>

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

Table 6.2 (cont.)

**GENERAL GOVERNMENT**  
Operating Revenue

	2019-20		2018-19	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>Current Grants and Subsidies</b>				
<i>General Purpose Grants</i>				
GST grants	849	3,466	752	3,200
Commonwealth-funded 70% floor	-	814	434	434
North West Shelf grants	95	629	186	886
Commonwealth compensation for changed crude oil excise arrangements	4	21	5	30
<i>Grants through the State</i>				
Schools assistance – non-government schools	-	-	29	1,323
Local government financial assistance grants	-	-	114	181
Local government roads	-	-	74	118
<i>National Specific Purpose Payment Agreement Grants</i>				
National Agreement for Skills and Workforce Development	40	158	39	157
National Disability Agreement	44	176	61	167
National Housing and Homelessness Agreement	42	166	41	164
<i>National School Reform Agreement - Quality Schools</i>	215	829	193	739
<i>National Health Reform Agreement</i>	630	2,402	583	2,269
<i>National Partnerships/Other Grants</i>				
Health	234	365	75	194
Housing	-	-	-	-
Transport	42	88	4	54
Disability Services	62	62	55	55
Other	66	203	95	239
<b>Total Current Grants and Subsidies</b>	<b>2,322</b>	<b>9,379</b>	<b>2,738</b>	<b>10,210</b>
<b>Capital Grants</b>				
<i>Grants Through the State</i>				
Schools assistance – non-government schools	-	-	5	18
<i>National Partnerships/Other Grants</i>				
Housing	-	-	-	251
Transport	341	621	234	593
Other	17	20	11	11
<b>Total Capital Grants</b>	<b>358</b>	<b>642</b>	<b>250</b>	<b>873</b>
<b>Sales of Goods and Services</b>	<b>616</b>	<b>2,754</b>	<b>747</b>	<b>2,734</b>
<b>Interest Income</b>	<b>26</b>	<b>124</b>	<b>39</b>	<b>168</b>
<b>Revenue from Public Corporations</b>				
Dividends	53	392	1,001	1,350
Tax Equivalent Regime	223	732	220	642
<b>Total Revenue from Public Corporations</b>	<b>277</b>	<b>1,123</b>	<b>1,221</b>	<b>1,991</b>
<b>Royalty Income</b>	<b>2,307</b>	<b>8,450</b>	<b>2,362</b>	<b>6,713</b>
<b>Other</b>				
Lease Rentals	26	115	25	107
Fines	49	192	50	224
Revenue not elsewhere counted	71	308	164	370
<b>Total Other</b>	<b>146</b>	<b>614</b>	<b>238</b>	<b>701</b>
<b>TOTAL REVENUE</b>	<b>7,928</b>	<b>32,162</b>	<b>9,461</b>	<b>32,006</b>

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

**GENERAL GOVERNMENT**  
Cash Flow Statement

Table 6.3

	2019-20		2018-19	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<i>Cash received</i>				
Taxes received	2,149	9,018	2,125	8,911
Grants and subsidies received	2,960	11,825	2,988	11,082
Receipts from sales and goods and services	546	2,589	771	2,599
Interest receipts	29	119	54	173
Dividends and tax equivalents	221	1,071	1,202	2,092
Other receipts	2,450	10,825	2,037	7,659
<i>Total cash received</i>	<b>8,355</b>	<b>35,447</b>	<b>9,176</b>	<b>32,517</b>
<i>Cash paid</i>				
Wages, salaries and supplements, and superannuation	-3,809	-14,192	-3,673	-13,766
Payments for goods and services	-2,062	-8,494	-1,983	-8,473
Interest paid	-215	-905	-245	-950
Grants and subsidies paid	-2,202	-6,641	-1,659	-5,635
Dividends and tax equivalents	-	-	-	-
Other payments	-504	-2,004	-434	-1,679
<i>Total cash paid</i>	<b>-8,791</b>	<b>-32,237</b>	<b>-7,993</b>	<b>-30,503</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>-436</b>	<b>3,211</b>	<b>1,183</b>	<b>2,014</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<i>Cash flow from investment in non-financial assets</i>				
Purchase of non-financial assets	-799	-2,553	-870	-2,540
Sales of non-financial assets	21	1,476	49	100
<i>Total cash flows from investments in financial assets</i>	<b>-778</b>	<b>-1,077</b>	<b>-821</b>	<b>-2,441</b>
<i>Cash flows from investments in financial assets</i>				
<i>Cash received</i>				
For policy purposes	47	64	4	33
For liquidity purposes	20	56	62	308
<i>Cash paid</i>				
For policy purposes	-445	-862	-187	-790
For liquidity purposes	-18	-38	-25	-66
<i>Total cash flows from investments in financial assets</i>	<b>-397</b>	<b>-780</b>	<b>-146</b>	<b>-516</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-1,175</b>	<b>-1,857</b>	<b>-967</b>	<b>-2,956</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<i>Cash received</i>				
Advances received	17	17	17	17
Borrowings	800	845	14	61
Deposit received	-	-	-	-
Other financing receipts	114	312	59	253
<i>Total cash received</i>	<b>931</b>	<b>1,174</b>	<b>90</b>	<b>330</b>
<i>Cash paid</i>				
Advances paid	-17	-17	-17	-17
Borrowings repaid	-23	-1,379	-229	-513
Deposits paid	-	-	-	-
Other financing payments	-133	-492	-27	-214
<i>Total cash paid</i>	<b>-173</b>	<b>-1,888</b>	<b>-272</b>	<b>-744</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>758</b>	<b>-714</b>	<b>-182</b>	<b>-414</b>
<b>Net increase in cash and cash equivalents</b>	<b>-854</b>	<b>640</b>	<b>34</b>	<b>-1,355</b>
Cash and cash equivalents at beginning of the period	6,498	5,005	4,971	6,360
Cash and cash equivalents at end of the period	5,645	5,645	5,005	5,005
<b>KEY FISCAL AGGREGATES</b>				
Net cash flows from operating activities	-436	3,211	1,183	2,014
Net cash flows from investing in non-financial assets	-778	-1,077	-821	-2,441
<b>Cash surplus/-deficit</b>	<b>-1,215</b>	<b>2,134</b>	<b>361</b>	<b>-426</b>

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

Table 6.4

**TOTAL PUBLIC SECTOR**  
Operating Statement

	2019-20		2018-19	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>RESULTS FROM TRANSACTIONS</b>				
<b>REVENUE</b>				
Taxation	1,748	8,550	1,741	8,097
Current grants and subsidies	2,322	9,379	2,738	10,210
Capital grants	358	642	250	873
Sales of goods and services	8,201	37,054	5,519	23,488
Interest Income	145	555	188	639
Royalty income	2,307	8,450	2,362	6,713
Other	309	1,077	366	1,193
<i>Total revenue</i>	<i>15,390</i>	<i>65,706</i>	<i>13,165</i>	<i>51,214</i>
<b>EXPENSES</b>				
Salaries	3,650	14,051	3,413	13,382
Superannuation				
Concurrent costs	363	1,392	318	1,323
Superannuation interest cost	49	89	48	135
Other employee costs	86	356	111	350
Depreciation and amortisation	1,015	3,908	858	3,431
Services and contracts	1,011	3,385	1,019	3,306
Other gross operating expenses	7,947	35,027	5,504	22,084
Interest				
Interest on leases	57	231	47	174
Other interest	310	1,333	414	1,583
Current transfers	1,344	3,693	1,189	4,411
Capital transfers	103	194	170	319
<i>Total expenses</i>	<i>15,933</i>	<i>63,659</i>	<i>13,091</i>	<i>50,498</i>
<b>NET OPERATING BALANCE</b>	<b>-543</b>	<b>2,047</b>	<b>74</b>	<b>716</b>
<i>Other economic flows - included in the operating result</i>				
Net gains on assets/liabilities	111	-408	130	254
Provision for doubtful debts	-177	-198	14	-16
Changes in accounting policy/adjustment of prior periods	153	-79	170	-310
<i>Total other economic flows</i>	<i>87</i>	<i>-685</i>	<i>314</i>	<i>-72</i>
<b>OPERATING RESULT</b>	<b>-456</b>	<b>1,362</b>	<b>388</b>	<b>644</b>
<i>All other movements in equity</i>				
<i>Items that will not be reclassified to operating result</i>				
Revaluations	1,411	850	-1,889	-2,444
Net actuarial gains - superannuation	815	-22	-380	-850
Gains recognised directly in equity	12	-	2	8
All other	-345	-345	-	-
<i>Total all other movements in equity</i>	<i>1,893</i>	<i>483</i>	<i>-2,267</i>	<i>-3,286</i>
<b>TOTAL CHANGE IN NET WORTH</b>	<b>1,436</b>	<b>1,845</b>	<b>-1,879</b>	<b>-2,642</b>
<b>KEY FISCAL AGGREGATES</b>				
<b>NET OPERATING BALANCE</b>	<b>-543</b>	<b>2,047</b>	<b>74</b>	<b>716</b>
<i>Less Net acquisition of non-financial assets</i>				
Purchase of non-financial assets	1,524	5,188	1,617	4,965
Changes in inventories	288	2,088	230	614
Other movement in non-financial assets	6	94	115	273
<i>less:</i>				
Sales of non-financial assets	53	1,736	380	654
Depreciation	1,015	3,908	858	3,431
<i>Total net acquisition of non-financial assets</i>	<i>750</i>	<i>1,727</i>	<i>724</i>	<i>1,767</i>
<b>NET LENDING/-BORROWING</b>	<b>-1,293</b>	<b>320</b>	<b>-650</b>	<b>-1,051</b>

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

Table 6.5

**TOTAL PUBLIC SECTOR**  
Operating Revenue

	2019-20		2018-19	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>Taxation</b>				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	781	3,550	874	3,479
Property taxes				
<i>Land tax</i>	-1	727	-11	744
Transfer Duty	280	1,190	260	1,073
Foreign Buyers surcharge	19	19		
Landholder Duty	60	120	12	32
<i>Total duty on transfers</i>	358	1,329	272	1,105
Metropolitan Region Improvement Tax	1	88	-	89
Perth Parking Levy	-	56	2	59
Emergency Services Levy	32	382	29	369
Loan guarantee fees	1	7	1	8
Building and Construction Industry Training Fund Levy	5	39	8	27
<i>Total other property taxes</i>	39	570	40	552
Taxes on provision of goods and services				
Video lottery terminals	-	-	-	-
Casino Tax	1	40	20	59
Betting tax	-	-	-	-
Point of Consumption Tax	11	37	9	13
<i>Total taxes on gambling</i>	11	77	28	73
Insurance Duty	162	694	155	645
Other	5	19	4	17
<i>Total taxes on insurance</i>	166	713	159	662
<i>On-demand Transport Levy</i>	7	41	5	5
Taxes on use of goods and performance of activities				
Vehicle Licence Duty	90	375	93	363
Permits - Oversize Vehicles and Loads	2	9	1	8
Motor Vehicle registrations	275	1,045	260	995
<i>Total motor vehicle taxes</i>	367	1,429	354	1,367
<i>Mining Rehabilitation Levy</i>	1	33	-	31
<i>Landfill Levy</i>	18	80	18	79
<b>Total Taxation</b>	<b>1,748</b>	<b>8,550</b>	<b>1,741</b>	<b>8,097</b>

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

Table 6.5 (cont.)

**TOTAL PUBLIC SECTOR**  
**Operating Revenue**

	2019-20		2018-19	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>Current Grants and Subsidies</b>				
<i>General Purpose Grants</i>				
GST grants	849	3,466	752	3,200
Commonwealth-funded 70% floor grant	-	814	434	434
North West Shelf grants	95	629	186	886
Commonwealth compensation for changed crude oil excise arrangements	4	21	5	30
<i>Grants through the State</i>				
Schools assistance – non-government schools	-	-	29	1,323
Local government financial assistance grants	-	-	114	181
Local government roads	-	-	74	118
<i>National Specific Purpose Payment Agreement Grants</i>				
National Agreement for Skills and Workforce Development	40	158	39	157
National Disability Agreement	44	176	45	167
National Housing and Homelessness Agreement	42	166	41	164
<i>National School Reform Agreement - Quality Schools</i>	215	829	193	739
<i>National Health Reform Agreement</i>	630	2,402	583	2,269
<i>National Partnerships/Other Grants</i>				
Health	234	365	75	194
Housing	-	-	-	-
Transport	42	88	4	54
Disability Services	62	62	55	55
Other	66	203	110	239
<b>Total Current Grants and Subsidies</b>	<b>2,322</b>	<b>9,379</b>	<b>2,738</b>	<b>10,210</b>
<b>Capital Grants</b>				
<i>Grants Through the State</i>				
Schools assistance – non-government schools	-	-	5	18
<i>National Partnerships/Other Grants</i>				
Housing	-	-	-	251
Transport	341	621	234	593
Other	17	20	11	11
<b>Total Capital Grants</b>	<b>358</b>	<b>642</b>	<b>250</b>	<b>873</b>
<b>Sales of Goods and Services</b>	<b>8,201</b>	<b>37,054</b>	<b>5,519</b>	<b>23,488</b>
<b>Interest Income</b>	<b>145</b>	<b>555</b>	<b>188</b>	<b>639</b>
<b>Royalty Income</b>	<b>2,307</b>	<b>8,450</b>	<b>2,362</b>	<b>6,713</b>
<b>Other</b>				
Lease Rentals	26	115	25	107
Fines	50	195	47	224
Revenue not elsewhere counted	233	767	295	862
<b>Total Other</b>	<b>309</b>	<b>1,077</b>	<b>366</b>	<b>1,193</b>
<b>TOTAL REVENUE</b>	<b>15,390</b>	<b>65,706</b>	<b>13,165</b>	<b>51,214</b>

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

Table 6.6

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

	2019-20		2018-19	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<i>Cash received</i>				
Taxes received	1,870	8,492	1,863	8,392
Grants and subsidies received	2,960	11,825	2,988	11,082
Receipts from sales and goods and services	8,107	27,956	5,889	23,693
Interest receipts	123	565	190	661
Dividends and tax equivalents	-	-	-	-
Other receipts	2,705	11,965	2,290	8,807
<i>Total cash received</i>	<b>15,765</b>	<b>60,802</b>	<b>13,220</b>	<b>52,635</b>
<i>Cash paid</i>				
Wages, salaries and supplements, and superannuation	-4,065	-15,441	-4,003	-15,062
Payments for goods and services	-8,199	-27,762	-5,721	-23,421
Interest paid	-400	-1,864	-514	-2,017
Grants and subsidies paid	-1,189	-4,810	-1,119	-4,129
Dividends and tax equivalents	-	-	-	-
Other payments	-1,464	-5,256	-1,162	-4,620
<i>Total cash paid</i>	<b>-15,318</b>	<b>-55,132</b>	<b>-12,519</b>	<b>-49,248</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>447</b>	<b>5,670</b>	<b>701</b>	<b>3,386</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<i>Cash flow from investment in non-financial assets</i>				
Purchase of non-financial assets	-1,524	-5,188	-1,617	-4,965
Sales of non-financial assets	53	1,736	380	654
<i>Total cash flows from investments in financial assets</i>	<b>-1,470</b>	<b>-3,453</b>	<b>-1,237</b>	<b>-4,310</b>
<i>Cash flows from investments in financial assets</i>				
<i>Cash received</i>				
For policy purposes	47	64	4	21
For liquidity purposes	2,034	12,044	1,094	6,495
<i>Cash paid</i>				
For policy purposes	-47	-63	-3	-19
For liquidity purposes	-3,558	-14,195	-3,471	-8,784
<i>Total cash flows from investments in financial assets</i>	<b>-1,524</b>	<b>-2,150</b>	<b>-2,376</b>	<b>-2,286</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-2,995</b>	<b>-5,603</b>	<b>-3,613</b>	<b>-6,597</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<i>Cash received</i>				
Advances received	-	-	-	-
Borrowings	5,139	20,848	4,985	21,444
Deposit received	-	-	-	-
Other financing receipts	115	231	60	98
<i>Total cash received</i>	<b>5,254</b>	<b>21,078</b>	<b>5,045</b>	<b>21,542</b>
<i>Cash paid</i>				
Advances paid	-17	-17	-17	-17
Borrowings repaid	-3,191	-18,397	-3,285	-19,990
Deposits paid	-	-	-	-
Other financing payments	-106	-448	-9	-188
<i>Total cash paid</i>	<b>-3,314</b>	<b>-18,862</b>	<b>-3,311</b>	<b>-20,194</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1,940</b>	<b>2,217</b>	<b>1,734</b>	<b>1,348</b>
<b>Net increase in cash and cash equivalents</b>	<b>-608</b>	<b>2,284</b>	<b>-1,178</b>	<b>-1,863</b>
Cash and cash equivalents at beginning of the period	11,601	8,710	9,888	10,573
Cash and cash equivalents at end of the period	10,994	10,994	8,710	8,710
<b>KEY FISCAL AGGREGATES</b>				
Net cash flows from operating activities	447	5,670	701	3,386
Net cash flows from investing in non-financial assets	-1,470	-3,453	-1,237	-4,310
<b>Cash surplus/-deficit</b>	<b>-1,024</b>	<b>2,217</b>	<b>-536</b>	<b>-924</b>

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





## APPENDIX 7

# 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 the Treasurer's Special Purpose Accounts (TSPAs). Together with agency cash balances held at Treasury, the total of these accounts form the Public Bank Account.

<b>PUBLIC LEDGER BALANCES AT 30 JUNE</b>			
	2020	2019	Variance
	\$m	\$m	\$m
<b>THE PUBLIC LEDGER</b>			
Consolidated Account <sup>(a)</sup>	-17,634	-16,630	-1,003
Treasurer's Special Purpose Accounts	17,156	15,838	1,318
Treasurer's Advance Account – Net Advances and Overdraw n Trusts	-6	-15	9
<b>TOTAL</b>	<b>-484</b>	<b>-807</b>	<b>323</b>
Agency Special Purpose Accounts	6,726	5,641	1,085
<b>TOTAL PUBLIC BANK ACCOUNT</b>	<b>6,242</b>	<b>4,833</b>	<b>1,408</b>

(a) The balance of the Consolidated Account at 30 June 2020 includes non-cash appropriations of \$14,342 million (30 June 2019: \$13,128 million), representing the non-cash cost of agency services. These appropriations are credited to agency Holding Accounts that are included in the TSPAs balance. In cash terms, the Consolidated Account was in a \$3,292 million deficit position at 30 June 2020 (compared with a deficit position of \$3,502 million at 30 June 2019).

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

## Consolidated Account

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

The Consolidated Account was in an accumulated accrual deficit position of \$17,634 million at 30 June 2020, an increase of \$1 billion on the accumulated deficit at 30 June 2019. This included \$14,342 million associated with accrual (non-cash) appropriations for depreciation and leave entitlements, matched by equivalent non-cash balances in agency Holding Accounts (see following table).

In cash terms, the Consolidated Account had an accumulated deficit of \$3,292 million at 30 June 2020. This compares with a \$3,502 million deficit cash balance at 30 June 2019. Receipts totalled \$25.9 billion in 2019-20, up \$4,310 million on 2018-19, mainly due to higher iron ore royalty collections (up \$2,917 million) and proceeds of borrowing (up \$777 million). Consolidated Account spending (including accrual appropriations and other cash transactions) totalled \$26.9 billion in 2019-20, an increase of \$2,551 million on 2018-19 (mainly due to higher service appropriations (up \$1,039 million) and debt repayments (up \$881 million)).

State borrowings held by the Consolidated Account decreased by a net \$540 million in 2019-20 and totalled \$25.4 billion at 30 June 2020 (compared with \$26 billion in June 2019). New borrowings increased by \$777 million in the year while a total of \$1,318 million was repaid (comprising \$1,248 million in GST 'top-up' funding and \$70 million in surplus capital returned to the Consolidated Account by RiskCover). Total proceeds from gross borrowings (i.e. excluding repayments of borrowings) stood at \$27.4 billion at 30 June 2020 and remain below the \$34.5 billion cumulative limit approved by the *Loan Act 2017* and preceding *Loan Acts*<sup>1</sup>.

Further detail on the broader impact of these issues on the whole-of-government is available in the *Financial Results* chapter.

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<sup>1</sup> Proceeds of borrowings by the Consolidated Account (i.e. gross borrowings excluding debt repayments) cannot exceed the cumulative limit authorised by the *Loan Acts*.

## CONSOLIDATED ACCOUNT TRANSACTIONS

Table 7.2

	2020 \$m	2019 \$m	Variance \$m
<b>REVENUE</b>			
<i>Operating Activities</i>			
Taxation	6,971	6,995	-24
Commonwealth grants	4,991	4,605	386
Government enterprises	2,494	2,290	203
Revenue from other agencies	9,960	6,909	3,051
Other receipts	716	795	-80
<i>Total Operating Activities</i>	25,131	21,595	3,536
<i>Financing Activities</i>			
Repayments of recoverable advances	7	7	_(a)
Borrowings	777	-	777
Other receipts	8	12	-4
<i>Total Financing Activities</i>	793	19	774
<b>TOTAL REVENUE</b>	<b>25,924</b>	<b>21,614</b>	<b>4,310</b>
<b>EXPENDITURE</b>			
<i>Recurrent</i>			
Authorised by other statutes	2,594	2,602	-8
Appropriation Act (No. 1)	20,019	18,981	1,039
Recurrent expenditure under the Treasurer's Advance	795	372	423
<i>Total Recurrent Expenditure</i>	23,409	21,955	1,454
<i>Investing Activities</i>			
Authorised by other statutes	259	301	-42
Appropriation Act (No. 2)	1,913	1,659	254
Investing expenditure under the Treasurer's Advance	23	14	9
<i>Total Investing Activities</i>	2,194	1,974	220
<i>Financing Activities</i>			
Loan repayments	1,318	437	881
Other financing	7	11	-4
<i>Total Financing Activities</i>	1,324	447	877
<b>TOTAL EXPENDITURE</b>	<b>26,927</b>	<b>24,376</b>	<b>2,551</b>
<b>NET MOVEMENT (REVENUE LESS EXPENDITURE)</b>	<b>-1,003</b>	<b>-2,763</b>	<b>1,759</b>
<b>Consolidated Account Balance</b>			
Opening balance at 1 July	-16,630	-13,868	-2,763
Closing balance at 30 June	-17,634	-16,630	-1,003
Of which:			
Appropriations payable	-14,342	-13,128	-1,214
Cash balance at 30 June	-3,292	-3,502	210

(a) Amount less than \$500,000.

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

## Treasurer's Special Purpose Accounts

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

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

Relative to 30 June 2019, an aggregate increase of \$1,318 million in TSPA balances at 30 June 2020 mainly reflects:

- higher Holding Account balances for non-cash accrual appropriations to agencies for depreciation and accrued leave entitlements (up \$1,214 million);
- an increase in the balance of the Western Australian Future Health Research and Innovation Fund (previously the Western Australian Future Fund, see Appendix 5), reflecting appropriation of 1% of forecast annual royalty receipts (\$64 million) and interest earnings on the balance of the Fund for the year to date (\$31 million); and
- an increase in the balance of agency accounts that hold cash for the cost of an extra pay period which falls due every 11 years (up \$50 million).

A number of these TSPAs and other agency accounts are discussed in Appendix 5: *Special Purpose Accounts*.

The following table summarises the position of TSPAs at 30 June 2020 and 2019.

<b>TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 30 JUNE</b>			
	2020	2019	Variance
	\$m	\$m	\$m
Agency Holding Accounts	14,342	13,128	1,214
Royalties for Regions Fund	1,000	1,000	-
Western Australian Future Health Research and Innovation Fund	1,408	1,313	95
Agency 27th Pay Accounts	180	130	50
National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse Account	141	151	-11
Other Special Purpose Accounts	85	116	-30
<b>TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 30 JUNE</b>	<b>17,156</b>	<b>15,838</b>	<b>1,318</b>

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'), a short-term advance for any overdrawn agency Special Purpose Accounts, and the provision of supplementary appropriation funding for unforeseen and/or extraordinary events during the year (known as 'excesses and new items').

A total of \$1,658.4 million was authorised for the year ended 30 June 2020. The original \$658.4 million authority (established by section 29 of the FMA) was increased by \$1 billion through the passage of the *Treasurer's Advance Authorisation Amendment Act 2020* which provided for additional spending expected to emerge as a result of the COVID-19 pandemic response.

Of the revised authorised limit, \$824.5 million was drawn down in 2019-20. This included \$818.3 million for excesses and new items (which are included in the Consolidated Account outcome detailed earlier in this appendix). The remaining \$6.2 million was drawn against net recoverable advances as shown in the following table.

<b>TREASURER'S ADVANCE AT 30 JUNE</b>			
			Table 7.4
	2020	2019	Variance
	\$m	\$m	\$m
<b>AUTHORISED LIMIT</b>	<b>1,658.4</b>	<b>652.2</b>	<b>1,006.2</b>
<i>Total Drawn Against Treasurer's Advance Account</i>	<i>824.5</i>	<i>401.6</i>	<i>422.9</i>
Comprising:			
Net recoverable advances as at 30 June (see below)	6.2	15.0	-8.8
Overdraw n Special Purpose Accounts	-	-	-
Excesses and New Items			
- recurrent	795.4	372.4	423.0
- capital	22.9	14.2	8.7
<b>NET RECOVERABLE ADVANCES</b>			
Mines Safety	-	8.0	-8.0
Petroleum and Geothermal Energy Safety	2.0	2.0	-
Sport and Recreation	1.0	1.1	-0.1
Suitors Fund	2.5	2.5	-
Sundry Debtors	0.7	1.4	-0.7
<b>TOTAL RECOVERABLE TREASURER'S ADVANCES</b>	<b>6.2</b>	<b>15.0</b>	<b>-8.8</b>

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

## Transfers, Excesses and New Items

The following table summarises transfers of appropriations between agencies (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.

Table 7.5

**TRANSFERS, EXCESSES AND NEW ITEMS**  
For the Twelve Months to 30 June 2020

	Budget \$m	Transfers <sup>(a)</sup> \$m	Treasurer's Advance			Drawn against Treasurer's Advance to date \$m
			New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
<b>Recurrent Appropriations</b>						
<i>Parliamentary Commissioner for Administrative Investigations</i>						
Item 4: Delivery of Services	7.4	0.6	-	-	8.1	-
<i>Premier and Cabinet</i>						
Item 5: Delivery of Services	142.5	-	-	1.9	144.4	1.7
<i>Treasury</i>						
Item 14: Delivery of Services	79.6	-20.3	-	1.9	61.1	-
Item 15: Bunbury Water Corporation	0.7	-	-	0.1	0.8	0.1
Item 17: Electricity Generation and Retail Corporation (Synergy)	129.9	-	-	486.4	616.4	443.2
Item 19: Public Transport Authority	872.0	-	-	30.6	902.6	29.6
Item 20: Regional Power Corporation (Horizon Power)	18.9	-	-	18.7	37.5	17.5
Item 21: Southern Ports Authority	27.8	-	-	2.6	30.4	2.6
Item 23: Western Australian Land Authority	79.1	-	-	7.5	86.6	-
Item 27: Metropolitan Redevelopment Authority	20.9	-	-	0.7	21.6	0.4
Item 30: Provision for Voluntary Targeted Separation Scheme	15.5	-6.5	-	-	9.0	-
Item 36: WA Health	0.9	-	-	2.8	3.7	2.8
<i>Office of the Auditor General</i>						
Item 39: Delivery of Services	7.8	-	-	0.6	8.4	0.6
<i>Jobs, Tourism, Science and Innovation</i>						
Item 42: Delivery of Services	152.4	0.4	-	3.6	156.4	3.6
<i>Primary Industries and Regional Development</i>						
Item 44: Delivery of Services	163.6	-0.4	-	29.6	192.9	27.0
<i>Mines, Industry Regulation and Safety</i>						
Item 46: Delivery of Services	124.3	-	-	10.6	134.9	10.6
<i>WA Health</i>						
Item 51: Delivery of Services	4,979.4	-0.6	-	89.0	5,067.7	89.0
<i>Western Australia Police Force</i>						
Item 59: Delivery of Services	1,384.5	-	-	19.3	1,403.8	19.3
Item 60: Amount Provided for Administered Grants, Subsidies and Other Transfer Payments	16.1	-	-	0.1	16.2	0.1
<i>Justice</i>						
Item 61: Delivery of Services	1,255.6	-	-	24.1	1,279.7	24.1
<i>Fire and Emergency Services</i>						
Item 62: Delivery of Services	23.7	-	-	26.4	50.1	26.4
<i>Office of the Director of Public Prosecutions</i>						
Item 64: Delivery of Services	37.7	-	-	0.5	38.3	0.5
<i>Chemistry Centre (WA)</i>						
Item 66: Delivery of Services	5.0	-	-	2.7	7.8	2.7
<i>Communities</i>						
Item 69: Delivery of Services	1,768.0	6.5	-	-	1,774.4	-
<i>Local Government, Sport and Cultural Industries</i>						
Item 72: Art Gallery of Western Australia	8.1	-	-	0.2	8.3	0.2
Item 75: Perth Theatre Trust	9.3	-	-	2.5	11.7	2.5
Item 76: Western Australian Museum	24.1	-	-	0.7	24.8	-
Item 77: Amount Provided for Administered	38.4	-	-	26.3	64.7	24.1

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

**TRANSFERS, EXCESSES AND NEW ITEMS**  
For the Twelve Months to 30 June 2020

Table 7.5 (cont.)

	Treasurer's Advance					Draw n against Treasurer's Advance to date \$m
	Budget \$m	Transfers <sup>(a)</sup> \$m	New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
<i>Western Australian Sports Centre Trust</i>						
Item 78: Delivery of Services	95.2	-	-	21.8	117.0	21.5
<i>Transport</i>						
Item 79: Delivery of Services	204.7	-	-	35.0	239.7	20.6
<i>Biodiversity, Conservation and Attractions</i>						
Item 83: Delivery of Services	238.2	-	-	26.2	264.3	20.4
<i>Western Australian Land Information Authority</i>						
Item 86: Delivery of Services	33.4	-	-	0.5	33.9	0.5
<i>National Trust of Australia (WA)</i>						
Item 88: Delivery of Services	3.1	-	-	0.3	3.4	0.3
<i>Energy Policy WA</i>						
New Item: Delivery of Services	-	20.3	-	-	20.3	-
<i>Infrastructure WA</i>						
New Item: Delivery of Services	-	-	4.1	-	4.1	3.9
<b>Total Recurrent</b>		<b>-</b>	<b>4.1</b>	<b>873.0</b>		<b>795.4</b>
<b>Capital Appropriations</b>						
<i>Governor's Establishment</i>						
Item 95: Capital Appropriation	-	-	-	0.2	0.2	0.2
<i>Treasury</i>						
Item 101: Capital Appropriation	0.3	-0.1	-	-	0.3	-
Item 102: Animal Resources Authority	0.8	-	-	0.5	1.3	0.5
Item 106: Department of Justice	65.0	-	-	12.7	77.8	7.2
Item 110: Kimberley Ports Authority	5.9	-	-	3.3	9.2	3.3
<i>Jobs, Tourism, Science and Innovation</i>						
Item 121: Capital Appropriation	0.2	-	-	0.1	0.3	0.1
<i>Primary Industries and Regional Development</i>						
Item 122: Capital Appropriation	16.5	-	-	3.7	20.2	-
<i>WA Health</i>						
Item 125: Capital Appropriation	202.2	-	-	5.8	208.0	5.8
<i>Local Government, Sport and Cultural Industries</i>						
Item 137: Capital Appropriation	87.9	-	-	1.4	89.3	1.4
<i>Western Australian Land Information Authority</i>						
New Item: Capital Appropriation	-	-	4.4	-	4.4	4.4
<i>Energy Policy WA</i>						
New Item: Capital Appropriation	-	0.1	-	-	0.1	-
<i>Infrastructure WA</i>						
New Item: Capital Appropriation	-	-	0.1	-	0.1	-
<b>Total Capital</b>		<b>-</b>	<b>4.5</b>	<b>27.7</b>		<b>22.9</b>
<b>TOTAL</b>						<b>818.3</b>

(a) Authorised under section 25 of the FMA.

(b) Amount less than \$50,000.

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



## Transfers

Transfers of appropriation funds are for the provision of an approved service which is now delivered by an alternative agency. These transfers are authorised under section 25 of the FMA or by specific enabling legislation, and do not impact the Treasurer's Advance.

In 2019-20, appropriation transfers included:

- \$20.4 million (including both recurrent and capital appropriation) transferred from the Department of Treasury to Energy Policy WA (EPWA), involving functions of the former Public Utilities Office and the Energy Transformation Implementation Unit being transferred from Treasury to EPWA. EPWA was established as a sub-department of the Department of Mines, Industry Regulation and Safety on 5 September 2019;
- \$6.5 million from the provision for the Voluntary Targeted Separation Scheme (VTSS, administered by Treasury) to the Department of Communities, as a result of the State's ongoing transition to the Commonwealth-administered National Disability Insurance Scheme;
- \$0.6 million from WA Health to the Parliamentary Commissioner for Administrative Investigations (the Ombudsman) to enable the Ombudsman to undertake the Expanded Child Death Review Function in 2019-20; and
- \$0.4 million from the Department of Primary Industries and Regional Development to the Department of Jobs, Tourism, Science and Innovation for the transfer of the Renewable Hydrogen Fund and associated Unit and Strategy.

## 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 2020.

### Premier and Cabinet

Item 5: **Delivery of Services** (\$1.9 million), reflecting funding for the COVID-19 pandemic communication campaign (\$3 million), increased funding for the annual Telethon donation (\$2.5 million), an adjustment to realign general salaries (funded from the department's service appropriation) and *Salaries and Allowances Act 1975* funding (\$0.5 million), grant funding for the Activate Perth initiative (\$0.2 million) and the Remote Communities Economic Transformation project (\$0.2 million). These costs were partially offset by the reallocation of appropriation funding to Infrastructure WA following its establishment as a statutory authority on 25 July 2019 (\$3.5 million) and lower than expected costs under AASB 16: *Leases* (\$1.1 million). Of the approved excess, only \$1.7 million was drawn as the approved Remote Communities Economic Transformation project funding was delayed due to the COVID-19 pandemic.

## Treasury

Item 14: **Delivery of Services** (\$1.9 million), approved mainly for costs associated with the transaction to partially commercialise Landgate (\$5.2 million), partially offset by lower funding due to delays with the proposed sale of the TAB (\$1.8 million) and reflows of other projects (\$1.5 million). The approved increase was not subsequently required as a result of lower than expected costs for the Landgate transaction (\$1.1 million) and lower costs related to the implementation of AASB 16: *Leases* (\$2.9 million).

Item 15: **Bunbury Water Corporation** (\$0.1 million), reflecting additional operating subsidy totalling \$60,000 to meet higher than expected customer rebates incurred in 2018-19. The final outcome for customer rebates is not known until the accounts for the financial year are prepared after 30 June each year.

Item 17: **Electricity Generation and Retail Corporation (Synergy)** (\$486.4 million), primarily to meet the cost of COVID-19 response measures (being the WA Government Small Business and Charity Tariff Offset and a one-off doubling of the Energy Assistance Payment). Funding was also provided for a range of cost recovery shortfalls that Synergy is currently unable to collect. The operating subsidy was not fully drawn down due to a reduction to the overall cost of the Tariff Offset measure (down \$32.2 million).

Item 19: **Public Transport Authority** (\$30.6 million), mainly in response to reduced own-source revenue as a result of lower public transport patronage due to the COVID-19 pandemic, and increased cleaning on buses, trains, ferries, road coaches, school buses, stations, facilities and offices (to reduce the risk of virus transmission). Of this total, \$29.6 million was drawn in 2019-20 reflecting lower than expected actual cost outcomes.

Item 20: **Regional Power Corporation (Horizon Power)** (\$18.7 million), reflecting additional operating subsidy approved for the WA Small Business and Charity Tariff Offset, Remote Essential Service Subsidy and doubling of the Energy Assistance Payment. A total of \$1.1 million was not drawn against the approved funding for the Tariff Offset.

Item 21: **Southern Ports Authority** (\$2.6 million), mainly for an increase in operating subsidy approved as part of the 2019-20 Mid-year Review, reflecting timing changes for port throughput and associated revisions to revenue and expenditure for the Government Support Package for Koolyanobbing Iron Ore.

Item 23: **Western Australian Land Authority** (\$7.5 million), reflecting an additional operating subsidy provided in 2019-20 in support of the East Perth Power Station redevelopment project (\$6.1 million) and the Government's Rent Relief for Small Business initiative to support small business tenants (\$1.3 million) during the pandemic. This funding was not subsequently drawn down following underspends in other projects, including Forrestdale Business Park West and Subiaco East Demolition works.

Item 27: **Metropolitan Redevelopment Authority** (\$0.7 million), mainly for detailed planning work for the redevelopment of the East Perth Power Station site (\$600,000) and venue hire fees at Elizabeth Quay (\$71,000). A lower than expected drawn down (\$367,000) reflected the impact of corporate service cost savings.

Item 36: **WA Health** (\$2.8 million), reflecting the net impact of higher funding totalling \$3.7 million to support transition costs associated with the insourcing of non-clinical patient support services at Fiona Stanley Hospital, partially offset by delayed funding of \$0.9 million following delays with the Medical Imaging System replacement project.

Item 102: **Animal Resources Authority** (\$0.5 million), with additional funding to manage COVID-19 impacts on operations (\$250,000), capital works costs (\$200,000) and to meet contractual payments for the Authority's steriliser (\$56,000).

Item 106: **Department of Justice** (\$12.7 million), to address the cost of delivering the Custodial Infrastructure Program. Of the approved increase, \$7.2 million was drawn due to timing changes for works that are now expected to be progressed in 2020-21.

Item 110: **Kimberley Ports Authority** (\$3.3 million), reflecting an additional equity contribution of \$3.3 million to fund the impact of the COVID-19 pandemic on cashflows and the establishment of First Point of Entry facilities for cruise vessels at the Port of Broome, to comply with the *Commonwealth Biosecurity Act 2015*.

### **Office of the Auditor General**

Item 39: **Delivery of Services** (\$0.6 million), to establish a forensic audit function and enhance the Office's data analytics capability. The newly created audit branch will conduct targeted investigations of public sector agency accounts and matters related to public money, including contract management and systems.

### **Jobs, Tourism, Science and Innovation**

Item 42: **Delivery of Services** (\$3.6 million), with this funding to support the Tourism Recovery Program (\$6.9 million), costs to expand Defence West and the Full Cycle Docking education campaign (\$1.6 million), delivery of the metropolitan component of the Brand WA strategic marketing campaign (\$966,000), employment costs of staff acting in Salaries and Allowances Tribunal determined positions (\$549,000), sponsorship of the Resources Technology Showcase event (\$500,000), reduced agency own-source revenue as a result of COVID-19 (\$189,000) and reduced rent revenue as a result of the Government's decision to waive rent owed to State government agencies (\$90,000). These increases were partially offset by a reflow of tourism initiatives (\$6.6 million) and science grants (\$407,000), and a reduction in costs for leased vehicles (\$107,000).

Item 121: **Capital Appropriation** (\$0.1 million), to meet capital repayments for leased vehicles following implementation of AASB 16: *Leases*.

## Primary Industries and Regional Development

Item 44: **Delivery of Services** (\$29.6 million), reflecting funding for the Broome Chinatown Revitalisation project, compensation payments for Abalone Managed Fishery scheme applicants following the establishment of the Ngari Capes Marine Park, support for the Renewable Hydrogen Strategy, upgrades to the laboratory facilities at the department's South Perth site, voluntary separation payments, emergency management response incidents impacting the agricultural industry sector, rent relief to the property service provider at the Coral Bay Workers Accommodation Village, and to meet the waiver of various licence and registration fees due to the COVID-19 pandemic. These increases were partially offset by lower than expected costs associated with implementing AASB 16: *Leases*, which resulted in \$27 million of the approved excess being drawn.

Item 122: **Capital Appropriation** (\$3.7 million), to meet the loan repayment on the Fisheries Adjustment Scheme Loan. The approved excess was not drawn, largely due to a Government decision to restructure the Scheme.

## Mines, Industry Regulation and Safety

Item 46: **Delivery of Services** (\$10.6 million), reflecting additional funding to address lower industry revenue, the waiver of various occupational and business license fees due to the COVID-19 pandemic, additional staff to increase the operational capacity of the WorkSafe Division, and to meet other initiatives. These increases were partially offset by lower AASB 16: *Leases* costs.

## WA Health

Item 51: **Delivery of Services** (\$89 million), primarily due to increased funding requirements for hospital and non-hospital services (\$45.6 million), funding for the purchase of COVID-19 related medical equipment, personal protective equipment and medical supplies (\$35.5 million), funding for high priority maintenance projects (\$20.1 million), payment for Western Australian residents receiving treatment in other jurisdictions' hospitals (\$10.6 million) and to meet lower Commonwealth funding under the National Health Reform Agreement (\$9.6 million). These funding increases were partially offset by a decrease in appropriation for AASB 16: *Leases* costs (\$31.8 million).

Item 125: **Capital Appropriation** (\$5.8 million), primarily for the purchase of medical equipment related to COVID-19 (\$14.5 million) and changes to lease costs under AASB 16: *Leases*. These costs were partially offset by a number of project deferrals.

## Western Australia Police Force

Item 59: **Delivery of Services** (\$19.3 million), primarily due to additional funding for the response to the COVID-19 pandemic (\$25.1 million), commencement of the rollout of body armour to all deployable police officers (\$6.3 million), a boost to police resources for the summer crime and safety operation (\$5 million), partially offset by a lower than expected funding requirement for depreciation and for the cost of implementing AASB 16: *Leases*.

Item 60: **Amount Provided for Administered Grants, Subsidies, and Other Transfer Payments** (\$0.1 million), for final payments relating to the Western Australia Medically Retired Police Redress Scheme.

## Justice

Item 61: **Delivery of Services** (\$24.1 million), with increased funding of \$54.7 million required to meet higher than forecast cost and demand pressures for Justice and Legal Aid (\$33.4 million and \$1.6 million respectively), service and staffing costs for the Casuarina Prison Alcohol and Other Drugs Rehabilitation and Treatment Service (\$1.8 million), establishment of the High Risk Offenders Board (\$1.1 million), contract costs at Acacia Prison (\$1 million), payments totalling \$4.2 million for the use of copyright material, Act of Grace and mesothelioma claims, and legal costs incurred by the State Solicitor's Office, COVID-19 related costs (\$3.5 million), funding to meet additional Legal Aid costs for State-indictable matters, expensive cases and related items (\$6.1 million), and a range of other minor costs totalling \$2 million. These increases were partially offset by lower AASB 16: *Leases* costs (\$25.9 million) and lower depreciation charges (\$4.7 million).

## Fire and Emergency Services

Item 62: **Delivery of Services** (\$26.4 million), to meet unbudgeted bushfire suppression costs for significant fire incidents, including those at Esperance, Forrestania, Katanning, Norseman, Stirling Range National Park, and Yanchep (\$25.6 million), and additional support to State Emergency Services volunteers whilst responding to severe weather events, including tropical cyclones Damien and Blake (\$801,000).

## Office of the Director of Public Prosecutions

Item 64: **Delivery of Services** (\$0.5 million), reflecting higher than forecast growth in core prosecution services (\$607,000), a reclassification of Asset Investment Program spending to recurrent expense for information and computing technology contracts (\$200,000) and AASB 16: *Leases* costs for State Fleet vehicles (\$7,000). These impacts were partially offset by lower office accommodation lease costs and movements in depreciation costs.

## Chemistry Centre (WA)

Item 66: **Delivery of Services** (\$2.7 million), to meet own-source revenue shortfalls and some temporary increases in operating costs (including funding the recruitment process for a new chief executive officer and the costs of voluntary separations).

## Local Government, Sport and Cultural Industries

Item 72: **Art Gallery of Western Australia** (\$0.2 million), reflecting an own-source revenue write-down, mainly due to the closure of the Art Gallery as a result of COVID-19.

Item 75: **Perth Theatre Trust** (\$2.5 million), reflecting an own-source revenue write-down, mainly due to event cancellations as a result of COVID-19.

Item 76: **Western Australian Museum** (\$0.7 million), reflecting an own-source revenue write-down, mainly due to the closure of the Maritime Museum and the Submarine in Fremantle, and Brig Amity in Albany, following the onset of the COVID-19 pandemic. The approved excess was not drawn, largely due to an accounting change that reclassified recurrent appropriation to capital purposes (\$0.8 million).

Item 77: **Amount Provided for Administered Grants, Subsidies and Other Transfer Payments** (\$26.3 million), for the Land Tax Assistance for Landlords Program to assist commercial landlords and their small business tenants financially affected by the COVID-19 pandemic (\$25 million), and to pay the anticipated shortfall in the Gambling Tax Rebate payable to Lotterywest (\$1.3 million). Of the approved excess, \$24.1 million was drawn down in 2019-20 due to a \$2.2 million underspend for Gambling Tax Rebates to Lotterywest and Race Betting.

Item 137: **Capital Appropriation** (\$1.4 million), primarily to deliver fit-out of the exhibition galleries at the new Museum (\$5 million), partially offset by lower AASB 16: *Leases* costs (\$3.4 million) and the reclassification of capital appropriation to recurrent purposes for the new Museum (\$0.2 million).

### **Western Australian Sports Centre Trust**

Item 78: **Delivery of Services** (\$21.8 million), reflecting funding provided due to the impact of pandemic-related revenue losses resulting from the closure of the Western Australian Sports Centre Trust's venues, the subsequent staged re-opening of venues at lower capacity, the cancellation of scheduled events, border restrictions and accounting treatment changes. Of the approved excess, \$21.5 million was drawn.

### **Transport**

Item 79: **Delivery of Services** (\$35 million) to fund settlement of an outstanding claim against the State. Of the approved excess, \$20.6 million was drawn due to the reflow of a range of projects to 2020-21.

### **Biodiversity, Conservation and Attractions**

Item 83: **Delivery of Services** (\$26.2 million) to meet increased bushfire suppression expenditure (\$8.9 million) and lower own-source revenue (\$17.3 million) due to COVID-19 related impacts on service delivery. Of the approved excess, \$20.4 million was drawn, mainly due to better than expected revenue outcomes following the reopening of attractions in June 2020 and lower than expected costs under AASB 16: *Leases*.

### **Western Australian Land Information Authority**

Item 86: **Delivery of Services** (\$0.5 million), reflecting additional funding to meet costs associated with the contract management of the Commercialised Services Agreement following the partial commercialisation of Landgate. The approved excess was partially offset by savings of \$17,000 with the termination of a premises lease agreement as part of the government office accommodation reform program.

New Item: **Capital Appropriation** (\$4.4 million), reflecting replacement funding for continuing information technology asset enhancement and core systems development to support Landgate's evolving business needs.

### **National Trust of Australia (WA)**

Item 88: **Delivery of Services** (\$0.3 million), to compensate for the loss of income resulting from the Government's rent waiver initiative (\$180,000) and the impact of foregone own-source revenue following the closure of facilities during the COVID-19 pandemic (\$119,000).

### **Infrastructure WA**

New Item: **Delivery of Services** (\$4.1 million), for the establishment of Infrastructure WA as a statutory authority on 25 July 2019. Of the approved excess, \$3.9 million was drawn down to reflect an adjustment to realign salary funding to be met under the *Salaries and Allowances Act 1975*.

New Item: **Capital Appropriation** (\$0.1 million), to reflect the establishment of the new agency's capital budget. The approved excess was not drawn down due to lower than expected costs under AASB 16: *Leases*.

### **Governor's Establishment**

Item 95: **Capital Appropriation** (\$0.2 million), which includes \$12,000 to meet capital repayments for leased vehicles in accordance with AASB 16: *Leases* and \$165,000 for the purchase and installation of the commemorative statue of Fanny Balbuk in the gardens of Government House.

# General Government Sector Salaries

## Introduction

Salaries are the single largest component of general government sector expenses (42% in 2019-20, or 46% if concurrent superannuation costs are also included).

In 2019-20, general government salaries expenditure grew by 5.0% to total \$12,887 million. This includes increases in workforce numbers particularly in health, education, law and order, and community services, as well as increases in wage rates consistent with the Government's \$1,000 per year wages policy.

The following table summarises salaries outcomes for general government agencies for 2019-20.



Table 8.1

## SALARIES COSTS

### General Government Sector

	2018-19	2019-20		Actual \$m (2)	Variation on MYR \$m (2) - (1)	Annual Growth %
	Actual \$m	Budget Estimate \$m	MYR Revision \$m (1)			
Health	4,608	4,715	4,730	4,812	82	4.4
Education	3,449	3,536	3,535	3,591	56	4.1
Western Australia Police Force	932	925	931	970	39	4.1
Justice	657	652	656	720	65	9.7
Communities	537	521	545	582	37	8.5
Fire and Emergency Services	191	191	193	201	8	5.6
Biodiversity, Conservation and Attractions	181	184	184	192	9	6.2
Primary Industries and Regional Development	167	169	170	178	8	6.3
Mines, Industry Regulation and Safety	149	153	154	170	16	13.8
Transport	122	127	131	129	-2	6.4
North Metropolitan TAFE	114	119	117	114	-3	-0.7
South Metropolitan TAFE	105	108	110	111	1	5.5
Finance	93	104	104	97	-6	4.5
Water and Environmental Regulation	81	86	86	93	7	15.1
Local Government, Sport and Cultural Industries	78	86	86	86	-1	9.1
Planning, Lands and Heritage	77	80	81	84	4	8.9
Premier and Cabinet	81	82	80	84	3	3.7
All other agencies (with salaries costs below \$10 million)	66	71	82	80	-2	21.2
Commissioner of Main Roads	58	58	60	59	-1	3.2
Land Information Authority	48	54	54	50	-4	4.5
Western Australian Sports Centre Trust	55	47	47	45	-2	-18.0
Training and Workforce Development	43	44	45	43	-2	-0.8
South Regional TAFE	36	34	37	37	-(a)	2.1
Jobs, Tourism, Science and Innovation	32	33	35	37	1	13.5
Central Regional TAFE	33	33	33	34	-(a)	1.6
Office of the Director of Public Prosecutions	31	32	32	33	1	7.3
Mental Health Commission	31	30	31	33	2	4.7
Legal Aid Commission of WA	31	32	33	33	-(a)	7.1
North Regional TAFE	31	30	32	32	-1	0.6
Treasury	33	40	33	31	-2	-6.3
Legislative Assembly	22	23	23	23	-(a)	1.1
Office of the Auditor General	16	18	19	17	-2	4.7
Corruption and Crime Commission	14	16	16	16	-(a)	15.9
Legislative Council	16	17	17	16	-(a)	2.0
Public Sector Commission	13	16	16	16	-(a)	25.4
Chemistry Centre (WA)	14	14	14	14	-(a)	1.7
WorkCover WA Authority	12	13	13	13	-(a)	11.0
Parliamentary Services Dept	10	10	11	11	-(a)	2.0
Provisions <sup>(b)</sup>	-	15	19	-	-19	-
<b>Total salaries</b>	<b>12,269</b>	<b>12,520</b>	<b>12,595</b>	<b>12,887</b>		<b>5.0</b>

(a) Amount is less than \$0.5 million.

(b) The 2019-20 Budget included a provision for salary costs associated with voluntary separations expected to emerge as part of the transition to the Commonwealth-run National Disability Insurance Scheme. An additional provision was included in the 2019-20 Mid-year Review, primarily for the in-sourcing of non-clinical services at Fiona Stanley Hospital.

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

# Expense Limit Outcomes

## Introduction

In headline terms, general government expenses increased by 5% in 2019-20, slightly above the decade average of 4.8%. This included increased spending in immediate response to the COVID-19 pandemic. A key part of the Government's spending management is delivered through the control of approved expense limits that underlie Resource Agreements for appropriation-funded agencies.

The following table summarises expense limit outcomes for agencies with Resource Agreements for the 2019-20 year. Variations from the original 2019-20 Budget estimates are adjusted in the table to exclude accounting remeasurements in end-of-year asset valuations that have impacted expenses.

Table 9.1

**TOTAL COST OF SERVICES**  
Agency Resource Agreements

	2019-20					
	Original Budget Estimate	Mid-year Review Revision	Actual	Less Remeasurements	Adjusted Actual	Variation on Original Budget
	\$m (1)	\$m	\$m	\$m	\$m (2)	\$m (2) - (1)
Health	9,135	9,224	9,424	53	9,370	236
Education	5,241	5,328	5,359	-	5,359	118
Communities	3,451	3,351	3,305	-	3,305	-146
Justice	1,638	1,646	1,623	-	1,623	-15
Public Transport Authority	1,559	1,634	1,602	-	1,602	43
Western Australia Police Force	1,581	1,610	1,595	-	1,595	14
Finance	1,271	1,272	1,312	1	1,312	41
Commissioner of Main Roads	1,490	1,550	1,244	-	1,244	-246
Mental Health Commission	942	940	947	_(a)	947	5
Biodiversity, Conservation and Attractions	402	404	618	216	402	_(a)
Transport	555	562	560	-	560	5
Training and Workforce Development	578	589	558	-	558	-20
Fire and Emergency Services	449	451	471	-	471	21
Primary Industries and Regional Development	483	501	451	4	447	-36
Local Government, Sport and Cultural Industries	286	351	327	7	320	33
Mines, Industry Regulation and Safety	280	280	287	-	287	7
Western Australian Sports Centre Trust	244	249	244	-	244	_(a)
Jobs, Tourism, Science and Innovation	211	223	200	10	190	-22
Water and Environmental Regulation	177	182	183	-	183	6
Planning, Lands and Heritage	178	188	178	1	177	-1
Premier and Cabinet	158	158	159	-	159	1
Western Australian Planning Commission	50	54	126	47	79	29
Treasury	89	73	60	-	60	-30
Office of the Director of Public Prosecutions	47	48	48	-	48	1
Public Sector Commission	26	27	26	-	26	_(a)
Small Business Development Corporation	15	15	14	-	14	-1
Economic Regulation Authority	15	15	14	-	14	-1
Registrar, Western Australian Industrial Relations Commission	13	13	12	-	12	-1
National Trust of Australia (WA)	8	8	8	-	8	_(a)
Commissioner for Equal Opportunity	4	4	4	-	4	_(a)
Commissioner for Children and Young People	3	3	3	-	3	_(a)
Heritage Council of Western Australia	3	3	1	-	1	-2
Salaries and Allowances Tribunal	1	1	1	-	1	_(a)
Rural Business Development Corporation	_(a)	_(a)	1	-	1	_(a)

(a) Amounts are less than \$0.5 million.

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

# 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 2015* contains a comprehensive and definitive guide to the classification of financial aggregates for National Accounts and GFS purposes.

### **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, leases and other interest bearing arrangements. Borrowings exclude liabilities raised from other government entities (including other lease arrangements).

## **Capital grants (transfers)**

Transactions in which the ownership of an asset (other than cash and inventories) is transferred from one institutional unit to another, to enable the recipient to acquire another asset or 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 receipts and payments 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 cash flows (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). 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 levels of 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 the public sector's accumulated assets and liabilities.

## **Classification of the Functions of Government**

The Classification of the Functions of Government (COFOG) 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 this functional 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.

## **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, and other sources, and 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 or other statute authorising appropriation. 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 9: *Financial Instruments*.

### **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 day-to-day operations. 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.

### **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.

Assets that are highly liquid (such as cash or very short-term investments that convert to cash very easily) are treated as an offset to borrowings and other financial instruments, to derive net debt.

### **Financial liability**

Financial obligations to a third party. Includes deposits held on behalf of third parties, advances (loans) received from the Commonwealth, borrowings (including leases), employee entitlements (such as unfunded superannuation liabilities), accounts payable, etc.

### ***Financial Management Act 2006***

The Act that 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.

### **Forward estimates**

Estimates of financial aggregates for 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. Government departments are usually recognised as general government sector agencies.

### ***Government Financial Responsibility Act 2000***

Western Australian legislation that establishes a framework for government financial planning with a view to improving government financial outcomes and facilitates 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.

### **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.

### **Gross borrowing**

Loans and debt obligations liabilities, other than advances, created through direct agreements with lenders, the sale of securities and acquisition of 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 and net debt which are a focus of the discussion in the *Financial Results* chapter of this report.

**Leases**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. 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 arrangement, Public Private Partnerships may be recognised as finance lease arrangements (other borrowings in the Balance Sheet). Finance leases are treated as government debt on the State's balance sheet.

**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 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 liquid financial assets. Net debt is derived from the balance sheet as the sum of deposits held, advances received, government securities, loans and borrowings (including lease liabilities), 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 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 transactions.

## **Other revenue**

Revenue not elsewhere classified or disclosed.

## **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 *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 or are associated with the acquisition of an economic benefit. Examples include tax collections, Commonwealth grants, royalty income, and fees for goods and services.

### **Right-of-use Asset**

Represents a lessee's right to use an asset over the life of a lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received.

### **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 which attracts a 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. It is equivalent to the change in the total value of assets less the total value of liabilities on the balance sheet.

### **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.

### **Transactions**

Transactions are those economic flows that are considered to arise from 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.

### **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.

