



GOVERNMENT OF
WESTERN AUSTRALIA

2020-21

QUARTERLY FINANCIAL RESULTS REPORT

December 2020



2020-21

Quarterly Financial Results Report

December 2020

Acknowledgement of Country

The Government of Western Australia acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of Aboriginal communities and their cultures; and to Elders past, present and emerging.

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ISSN 1444-8548 (print)

ISSN 1447-9370 (on-line)

2020-21

Quarterly Financial Results Report

Six Months Ended 31 December 2020

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Foreword

This *Quarterly Financial Results Report* (QFRR) provides financial results for the Western Australian public sector for the six months to 31 December 2020.

Care should be exercised in extrapolating the likely outcome for the 2020-21 year based on the quarterly results to date, particularly in light of the seasonal and other timing factors that impact the State's finances. For example, the timing of grant revenue (from the Commonwealth), grant payments, and goods and services purchases and sales by agencies can be volatile, making comparisons between quarterly reporting periods difficult.

The presentation in this report is consistent with that used in the 2020-21 State Budget (presented to the Legislative Assembly on 8 October 2020).

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

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

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

Information presented in this QFRR is not audited.

Statement of Responsibility

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

In our opinion, the statements are a true and fair presentation of the operating statements and cash flows of these sectors for the six months ended 31 December 2020 and of the balance sheets of these reporting entities at 31 December 2020. The statements have been prepared in accordance with applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and, where there is no conflict with these standards, they are also consistent with the Australian Bureau of Statistics' *Government Finance Statistics Concepts, Sources and Methods 2015*.

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



MICHAEL BARNES
UNDER TREASURER



MAGDALENA WITTEK
MANAGER
FINANCIAL REPORTING

26 February 2021

Overview

Summary

The general government sector recorded an operating surplus of \$2,945 million for the six months to 31 December 2020, a \$634 million increase on the \$2,310 million surplus reported for the same period in 2019-20.

- General government revenue for the first six months of 2020-21 was \$2,247 million higher than the same period last year. This is mainly driven by the impact of higher iron ore prices on royalty income (up \$924 million across all royalties), higher dividends from public corporations (up \$834 million, following the deferral of some 2019-20 interim dividends to 2020-21), and higher GST-related grants from the Commonwealth (up \$234 million, mainly due to the timing of Western Australia's 70% GST top-up payment).
- General government expenses were \$1,612 million higher than the December 2019 outcome. This increase largely reflects the impact of spending related to the COVID-19 pandemic and includes higher current and capital transfers (up \$1,407 million) and higher salaries expenditure (up \$316 million).

Total public sector net debt was \$34.6 billion at 31 December 2020, \$869 million lower than the \$35.4 billion outcome recorded at 30 June 2020.

Results Compared to Prior Year

General Government Sector

The general government sector recorded an operating surplus of \$2,945 million for the six months to 31 December 2020, a \$634 million increase on the \$2,310 million surplus reported for the same period in 2019-20.

Table 1

SUMMARY OF GENERAL GOVERNMENT SECTOR FINANCES
Western Australia

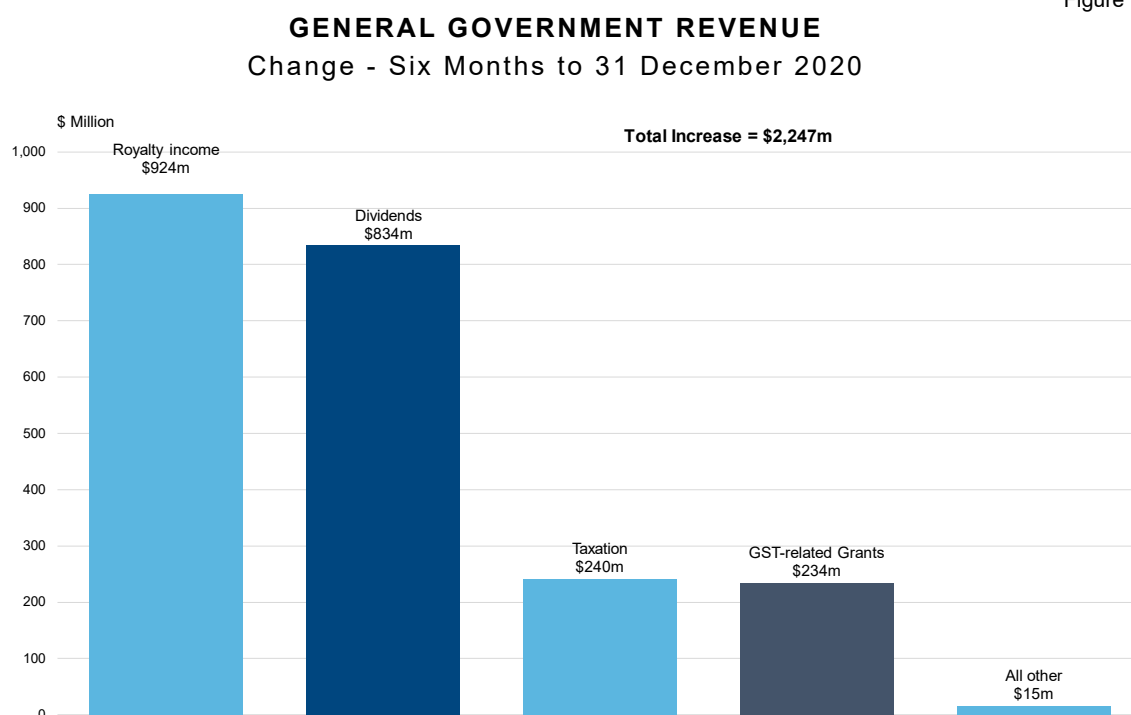
	2020-21			2019-20		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
Net operating balance	912	2,945	3,124	699	2,310	1,669
Net worth		105,967	106,018		102,199	94,851
Movement in cash balances	71	739	-462	1,002	1,587	640
<i>Memorandum items</i>						
Net lending	848	2,822	1,722	1,929	3,504	2,320
Net debt		23,157	24,409		22,146	23,758
Cash surplus/-deficit	426	1,485	1,265	2,062	3,161	2,134

(a) Consistent with the revised estimated outcome published in the *Pre-election Financial Projections Statement*, released on 8 February 2021.

(b) Consistent with the final audited data contained in the *2019-20 Annual Report on State Finances*, released on 25 September 2020.

Revenue

Revenue for the six months to 31 December 2020 totalled \$19,147 million, \$2,247 million higher than the same period last year.



The higher revenue outcome for the six months to 31 December 2020 primarily reflects:

- higher royalty income (up \$924 million), largely due to the combined impact of:
 - the benchmark iron ore price which averaged \$US125.6 per tonne over the six months to 31 December 2020, 32.3% higher than the average price in the same period in 2019-20 (\$US95 per tonne);
 - the \$US/\$A exchange rate average of US72.3 cents in the six months to 31 December 2020, compared to an average of US68.4 cents for the corresponding period a year earlier; and
 - an increase in iron ore export volumes (up 2.3%) in the six months to 31 December 2020;

Figure 2

IRON ORE PRICE



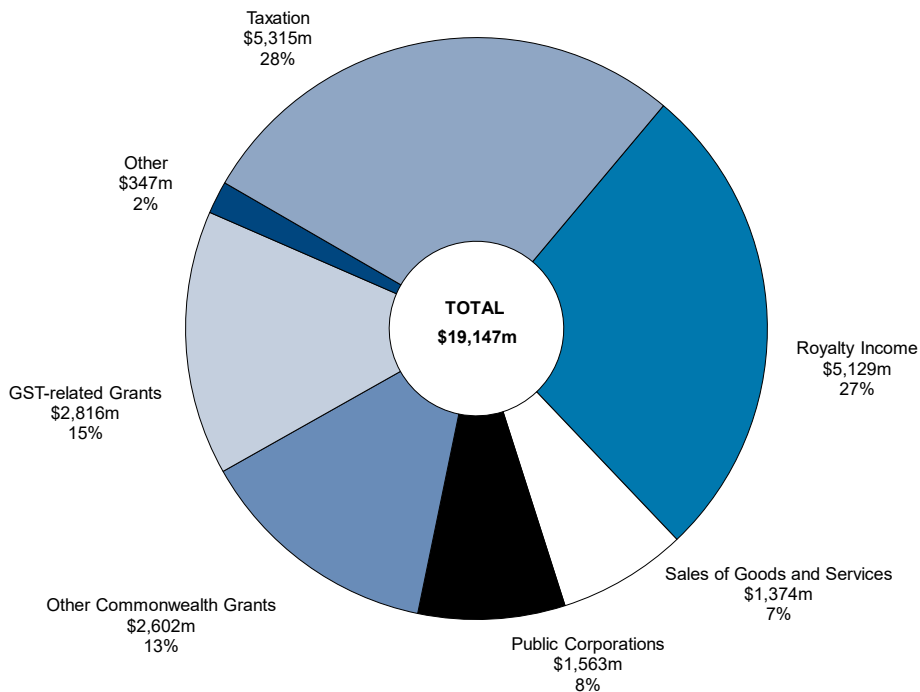
- higher dividend income (up \$834 million), mainly due to the later timing of 2019-20 interim dividends for a number of public corporations (deferred to 2020-21 as detailed in the October 2020 Budget), partially offset by lower dividends from the Insurance Commission of Western Australia due to weaker investment income performance;
- higher Commonwealth funding (up \$280 million), primarily due to the net impact of:
 - the timing of Western Australia’s 70% GST top-up payment for 2020-21 (up \$732 million)¹;
 - lower GST grants (down \$499 million), mainly due to a reduction in Western Australia’s GST share (45% of the State’s population share of GST in 2020-21, compared with 51.8% in 2019-20), and the recoup of an overpayment that occurred in 2019-20;
 - lower North West Shelf petroleum grants (down \$200 million), mainly due to lower international prices for gas and oil, lower gas production volumes, and the higher \$US/\$A exchange rate (noted earlier);

¹ The Commonwealth paid the full \$1,546 million GST top-up payment for 2020-21 in the September 2020 quarter. This compares with the 2019-20 funding which was received in two payments (\$434 million in the June 2019 quarter and \$814 million in the September 2019 quarter).

- higher Commonwealth funding received by WA Health (up \$106 million) in response to the COVID-19 pandemic;
- lower disability sector grants (down \$85 million), mainly due to the cessation of Commonwealth payments under the Disability Services National Specific Purpose Payment arrangements in June 2020. These payments have been redirected to the National Disability Insurance Agency (NDIA) as clients have transitioned to the National Disability Insurance Scheme. From 1 July 2020, the Commonwealth is providing its funding directly to the NDIA;
- higher National Health Reform Agreement funding (up \$73 million) due to increased in-patient admissions and emergency department activity across the State;
- higher capital grants (up \$57 million), for the fast-tracking of transport and other infrastructure projects in Western Australia; and
- Western Australia's share of an increase in national legal aid funding (up \$44 million); and
- higher taxation revenue (up \$240 million), primarily due to the net impact of:
 - higher transfer duty (up \$219 million), mainly due an increase in the number of transactions in the established housing market;
 - lower payroll tax (down \$120 million), reflecting the impact of COVID-19 on employment and the introduction of a payroll tax exemption for JobKeeper payments in response to the pandemic;
 - higher landholder duty (up \$117 million), due to a large number of high value commercial transactions;
 - lower land tax (down \$64 million), mainly reflecting changes in the timing of assessments (including the value of assessments issued during the second half of 2020-21); and
 - higher motor vehicle licence duty (up \$57 million), mainly due to an increase in the number of vehicle transactions.

Figure 3

GENERAL GOVERNMENT REVENUE (a)
Six Months to 31 December 2020

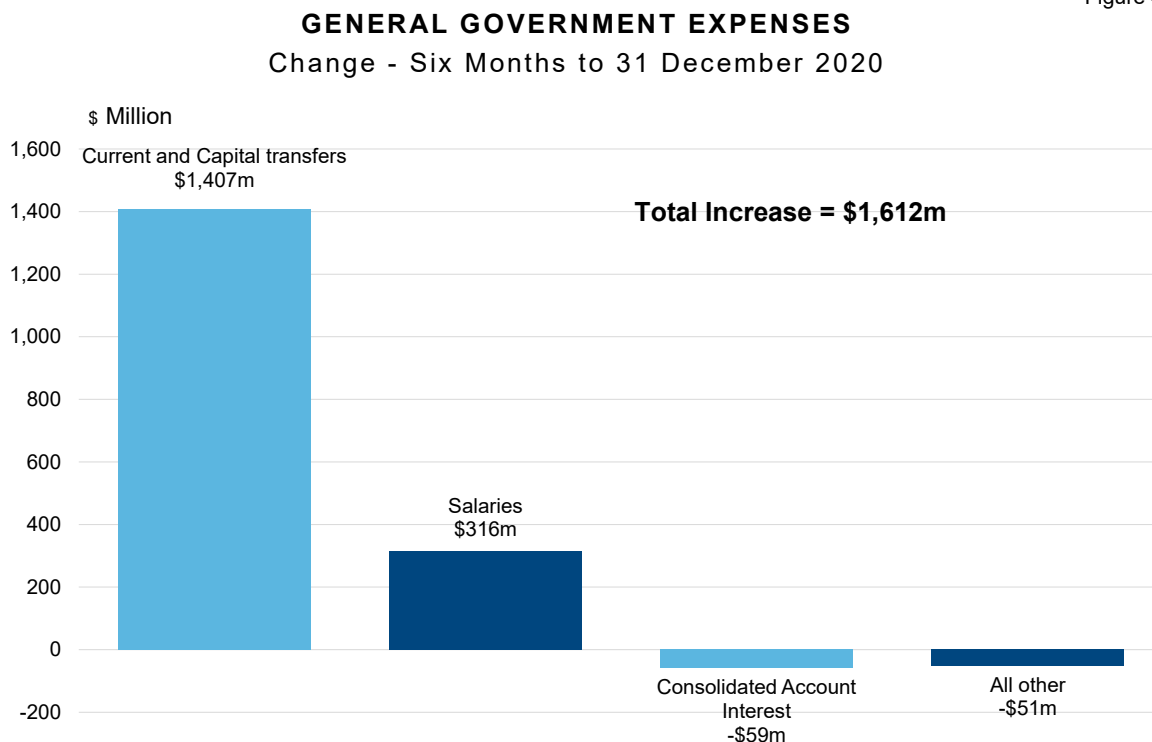


(a) Segments may not add due to rounding.

Expenses

Expenses for the six months to 31 December 2020 totalled \$16,202 million, up \$1,612 million on the same period in 2019-20.

Figure 4

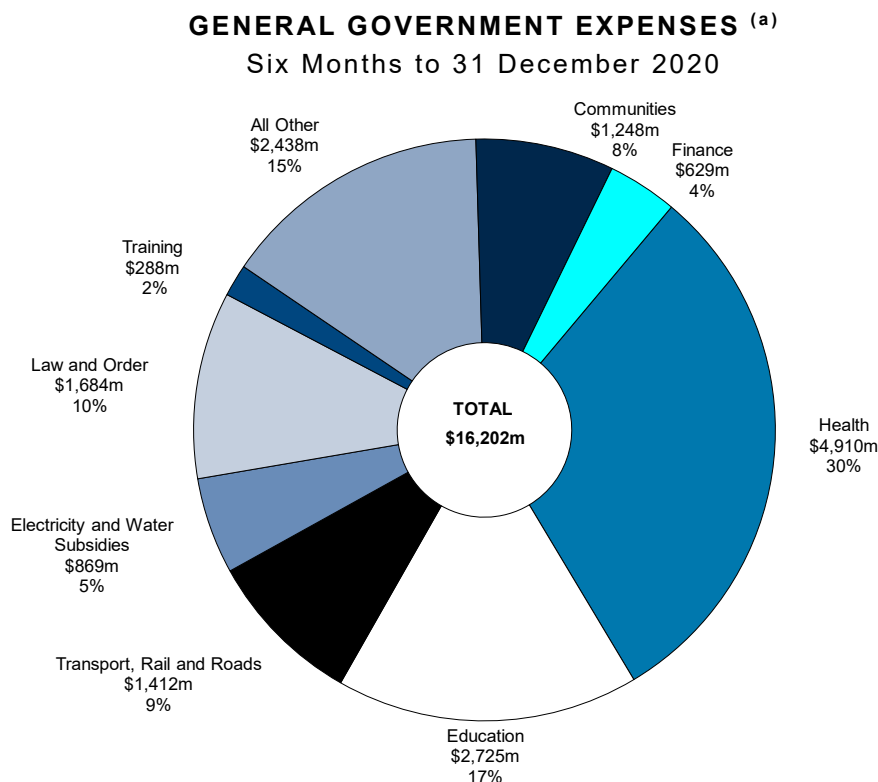


Higher spending for the six months to 31 December 2020 compared with the same period last year, mainly reflects:

- higher current and capital transfers (up \$1,407 million), due to the net impact of:
 - higher operating subsidy payments to Synergy and Horizon Power (up \$397 million) to administer the \$600 Household Electricity Credit, and to the Public Transport Authority (up \$154 million) for additional cleaning, other service delivery costs and lower revenue associated with the COVID-19 pandemic;
 - the timing of Regional Community Services funding to the Water Corporation (up \$250 million);
 - higher grant expenses by the Department of Communities (up \$203 million), reflecting an increase in the State’s contribution to the National Disability Insurance Scheme as Western Australia transitions to the Commonwealth-run scheme;
 - the timing of the Voluntary Taxi Plate Buyback Payment Scheme (down \$117 million), reflecting a one-off payment made in July 2019 by the Department of Transport; and
 - Small Business Payroll Tax Grant payments made in the six months to 31 December 2020 (\$103 million), to assist businesses to manage the impact of COVID-19; and

- higher salaries (up \$316 million), primarily due to growth in workforce numbers across the education, health, and law and order sectors in response to COVID-19.

Figure 5



(a) Segments may not add due to rounding.

Balance Sheet

General government sector net worth increased by an estimated \$3.5 billion during the six months to 31 December 2020, to stand at \$106 billion². This increase mainly reflects the combined impact of:

- an increase in the value of equity in public corporations (up \$1.1 billion), mainly due to operating surpluses recorded by these sectors (see Total Public Sector later in this chapter);
- higher receivables (up \$681 million), mainly reflecting the value of royalties and land tax assessments issued in the December quarter and which have yet to be paid;

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

- higher liquid assets (up \$309 million), mainly due to the timing of cash receipts and payments through the Public Bank Account³;
- an increase in general government sector physical asset holdings (up \$199 million), including new purchases, disposals, the impact of depreciation and estimated valuation changes; and
- a decrease of \$521 million in payables across the general government sector.

Cash Flow

A cash surplus of \$1,485 million was recorded by the general government sector for the six months to 31 December 2020, a decrease of \$1,676 million compared to the cash surplus reported for the same period in 2019-20. This largely reflects the impact in 2019-20 of the cash proceeds from the partial commercialisation of Landgate (\$1.41 billion) received in October 2019.

³ At 31 December 2020, a total of \$4.4 billion of Public Bank Account funds are being held as cash rather than as 'investments, loans and placements' on the balance sheet. This change in the nature of these holdings improves returns on these assets in the current low interest rate environment. This change in asset classes is evident on the balance sheet shown in Appendix 1 of this report. However, both cash and 'investments, loans and placements' are treated as liquid financial assets for the purposes of the balance sheet discussion in this chapter, and for the calculation of net debt.

Total Public Sector

Operating Statement

The total public sector recorded an operating surplus of \$2,993 million for the six months to 31 December 2020, \$689 million higher than the \$2,304 million operating surplus recorded in the same period a year earlier.

SUMMARY OF TOTAL PUBLIC SECTOR FINANCES Western Australia

Table 2

	2020-21			2019-20		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
Net operating balance	82	2,993	3,263	614	2,304	2,047
Net worth		105,967	106,018		102,199	102,438
Movement in cash balances	-660	623	-382	-768	1,208	2,284
<i>Memorandum items</i>						
Net lending	800	2,109	-99	1,640	3,092	320
Net debt		34,580	36,648		35,108	35,449
Cash surplus/-deficit	-185	1,307	-814	1,610	2,640	2,217

(a) Consistent with the revised estimated outcome published in the *Pre-election Financial Projections Statement*, released on 8 February 2021.

(b) Consistent with the final audited data contained in the *2019-20 Annual Report on State Finances*, released on 25 September 2020.

The total public sector operating surplus for the six months to 31 December 2020 incorporates:

- the \$2,945 million operating surplus for the general government sector outlined earlier;
- an operating surplus of \$218 million for the public non-financial corporations sector, which is \$200 million higher than the surplus recorded in the same period in 2019-20, mainly due to increased profitability reported by the Water Corporation, Housing Authority and Public Transport Authority, partially offset by an operating deficit reported by Synergy; and
- an operating surplus of \$1,002 million for the public financial corporations sector, \$688 million higher than the surplus reported in the same period in 2019-20, mainly due to \$665 million in proceeds from the Bell Group settlement received by the Insurance Commission of Western Australia in September 2020.

Table 3

TOTAL PUBLIC SECTOR OPERATING BALANCE
By Sector

	2020-21			2019-20		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
Net Operating Balance						
General government sector	912	2,945	3,124	699	2,310	1,669
Public non-financial corporations sector	75	218	1,023	-12	18	621
Public financial corporations sector	47	1,002	560	83	314	208
<i>less</i>						
General government dividend revenue	952	1,172	1,362	154	339	392
Public non-financial corporations dividend revenue ^(c)	-	-	88	-	-	63
Agency depreciation costs on right of use assets leased from other government sectors ^(d)	-	-1	-7	1	-	-3
Total public sector net operating balance	82	2,993	3,263	614	2,304	2,047

(a) Consistent with the revised estimated outcome published in the *Pre-election Financial Projections Statement*, released on 8 February 2021.

(b) Consistent with the final audited data contained in the 2019-20 *Annual Report on State Finances*, released on 25 September 2020.

(c) Dividends received from Keystart (a public financial corporation) by the Housing Authority (a public non-financial corporation).

(d) 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.

Balance Sheet

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

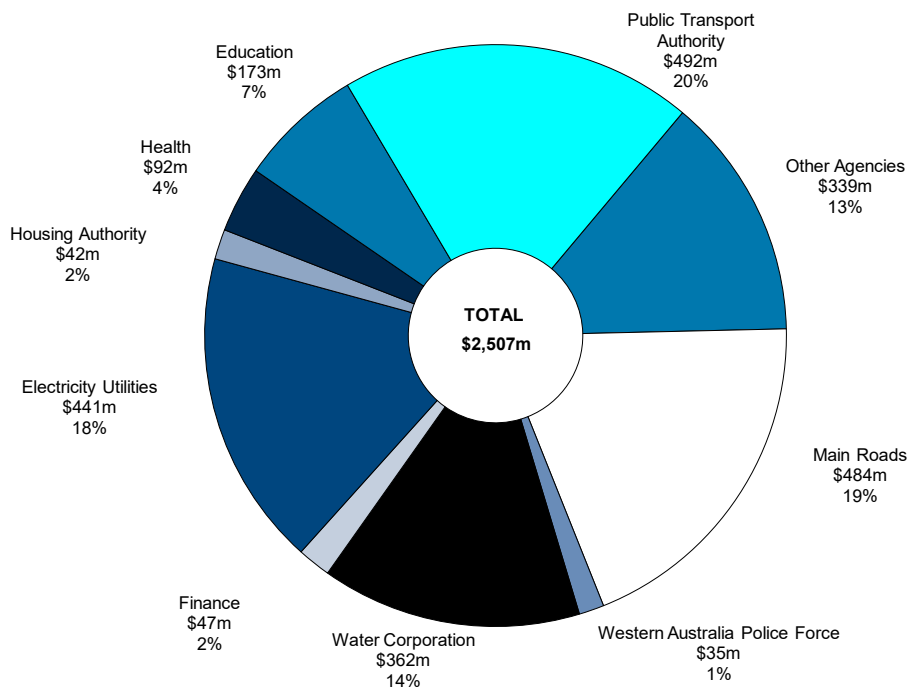
Total public sector net debt decreased by \$869 million during the six months to 31 December 2020 to stand at \$34.6 billion. This mainly reflects the cash surplus recorded in the six months to 31 December 2020 (see below).

Cash Flow

A cash surplus of \$1,307 million was recorded for the total public sector for the six months to 31 December 2020, due mainly to the general government cash outcome noted earlier. Asset investment spending totalled \$2,507 million (which is consistent with the same period a year earlier).

Figure 6

ASSET INVESTMENT PROGRAM (a)
Six Months to 31 December 2020



(a) Segments may not add due to rounding.

Interim Financial Statements

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Introduction

Financial information presented in this appendix has been prepared in accordance with Australian Accounting Standards and pronouncements, including AASB 134: *Interim Financial Reporting*, AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, and requirements of the *Government Financial Responsibility Act 2000*. The formats used in this report are the same as those used in 2020-21 State Budget Papers presented to the Legislative Assembly on 8 October 2020, facilitating comparisons between estimates and outturns.

These financial statements (Operating Statement, Balance Sheet and Cash Flow Statement) also comply with Uniform Presentation Framework (UPF) disclosure requirements. Other UPF disclosure requirements are included in the notes to the financial statements, and in Appendix 2 of this report.

Table 1.1

GENERAL GOVERNMENT OPERATING STATEMENT

	Note	2020-21			2019-20		
		Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
RESULTS FROM TRANSACTIONS							
REVENUE							
Taxation ^(c)		2,450	5,315	9,530	2,412	5,075	9,055
Current grants and subsidies		1,893	5,188	9,451	2,098	4,981	9,379
Capital grants		140	230	1,195	110	157	642
Sales of goods and services ^(c)		714	1,374	2,792	749	1,457	2,776
Interest Income		50	68	100	34	69	124
Revenue from public corporations							
Dividends from other sectors		952	1,172	1,362	154	339	392
Tax equivalent income		202	391	861	144	323	732
Royalty income		2,691	5,129	10,734	2,042		8,450
Other		133	280	598	130	294	614
Total	2	9,225	19,147	36,622	7,872	16,901	32,162
EXPENSES							
Salaries		3,350	6,669	13,148	3,212	6,352	12,887
Superannuation							
Concurrent costs		329	661	1,305	317	628	1,276
Superannuation interest cost		18	33	72	30	48	89
Other employee costs		99	186	361	88	166	401
Depreciation and amortisation		421	840	1,823	444	875	1,751
Services and contracts		617	1,235	2,691	674	1,297	2,590
Other gross operating expenses		1,259	2,758	5,762	1,248	2,744	5,391
Interest							
Interest on leases		39	68	137	41	75	142
Other interest		163	324	655	187	384	737
Current transfers	3	1,840	3,217	6,820	900	1,964	5,003
Capital transfers	3	177	211	724	31	58	228
Total		8,313	16,202	33,499	7,173	14,590	30,493
NET OPERATING BALANCE		912	2,945	3,124	699	2,310	1,669
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		-19	-2	-8	4	5	-27
Provision for doubtful debts		-1	-2	-14	-2	-1	-126
Changes in accounting policy/adjustments of prior periods		-49	15	-	-17	-36	-44
<i>Total other economic flows</i>		<i>-69</i>	<i>12</i>	<i>-22</i>	<i>-15</i>	<i>-32</i>	<i>-197</i>
OPERATING RESULT		843	2,956	3,102	684	2,279	1,472
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		243	-34	71	14	-61	392
Net actuarial gains/-loss - superannuation		282	219	-228	301	47	5
Gains recognised directly in equity		-	-	-46	-3	-6	-1
Change in net worth of the public corporations sectors		-364	388	681	-111	-414	217
All other		-	-	-	-	-239	-239
<i>Total all other movements in equity</i>		<i>161</i>	<i>573</i>	<i>478</i>	<i>201</i>	<i>-673</i>	<i>373</i>
TOTAL CHANGE IN NET WORTH		1,004	3,529	3,580	885	1,606	1,845
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE		912	2,945	3,124	699	2,310	1,669
Less <i>Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		563	1,040	3,316	635	1,122	2,553
Changes in inventories		11	33	47	1	1	38
Other movement in non-financial assets		-72	-78	6	1	-4	-15
<i>less:</i>							
Sales of non-financial assets		16	32	143	1,423	1,439	1,476
Depreciation		421	840	1,823	444	875	1,751
<i>Total net acquisition of non-financial assets</i>		<i>64</i>	<i>123</i>	<i>1,402</i>	<i>-1,231</i>	<i>-1,194</i>	<i>-651</i>
NET LENDING/-BORROWING		848	2,822	1,722	1,929	3,504	2,320

(a) Consistent with the revised estimated outcome published in the *Pre-election Financial Projections Statement (PFPS)*, released on 8 February 2021. Taxes and goods and services revenue have been restated for a recent reclassification issue (see footnote (c)).

(b) Consistent with the final audited data contained in the *2019-20 Annual Report on State Finances*, released on 25 September 2020.

(c) The motor vehicle inspection fee and 'other' driver and vehicle fees have been reclassified from taxation revenue to sales of goods and services on advice from the Australian Bureau of Statistics. Prior periods have been restated for comparability purposes. These reclassifications (totalling around \$19 million for the six months to 31 December 2020) were not quantified at the time of finalising the PFPS.

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

GENERAL GOVERNMENT BALANCE SHEET

Table 1.2

	Note	For the period ending			
		31 Dec 2020	30 June 2021 ^(a)	31 Dec 2019	30 June 2020 ^(b)
		\$m	\$m	\$m	\$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		4,691	520	627	513
Advances paid		758	774	728	715
Investments, loans and placements	5	2,011	5,226	5,765	5,924
Receivables	6	4,619	3,883	3,810	3,938
Shares and other equity					
Investments in other public sector entities - equity method		41,349	41,643	40,332	40,962
Investments in other public sector entities - direct injections		11,305	11,797	10,173	10,602
Investments in other entities		22	22	20	22
Other financial assets		16	8	8	8
Total financial assets		64,773	63,874	61,461	62,684
<i>Non-financial assets</i>					
Land		35,181	35,364	35,536	35,238
Property, plant and equipment		46,676	48,471	44,981	46,363
Right-of-use assets		2,427	2,482	2,678	2,484
Biological assets		109	109	3	109
Inventories					
Land inventories		-	-	-	-
Other inventories		141	156	72	108
Intangibles		581	585	608	603
Assets classified as held for sale		16	17	22	21
Investment property		7	7	7	7
Other		361	222	293	229
Total non-financial assets		85,498	87,411	84,200	85,162
TOTAL ASSETS		150,272	151,285	145,662	147,847
LIABILITIES					
Deposits held		1,122	1,375	530	1,472
Advances received		326	309	343	326
Borrowings	7				
Lease liabilities		2,707	3,108	2,780	2,722
Other borrowings		26,463	26,137	25,611	26,389
Unfunded superannuation		6,483	6,688	6,878	6,818
Other employee benefits		3,680	3,564	3,289	3,543
Payables		942	1,431	1,291	1,463
Other liabilities		2,582	2,654	2,739	2,674
TOTAL LIABILITIES		44,305	45,267	43,463	45,408
NET ASSETS		105,967	106,018	102,199	102,438
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		10,773	10,109	8,433	7,587
Other reserves		95,194	95,910	93,766	94,851
NET WORTH		105,967	106,018	102,199	94,851
MEMORANDUM ITEMS					
<i>Net financial worth</i>		20,468	18,607	17,999	17,276
<i>Net financial liabilities</i>		32,186	34,833	32,506	34,288
<i>Net debt</i>					
Gross debt liabilities		30,618	30,930	29,265	30,910
less: liquid financial assets		7,461	6,520	7,119	7,152
Net debt		23,157	24,409	22,146	23,758

(a) Consistent with the revised estimated outcome published in the *Pre-election Financial Projections Statement*, released on 8 February 2021.

(b) Consistent with the final audited data contained in the *2019-20 Annual Report on State Finances*, released on 25 September 2020.

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

Table 1.3

GENERAL GOVERNMENT STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2020

	Asset Revaluation Surplus \$m	investments in other sector entities \$m	Accumulated net gain on equity Accumulated Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2020</i>	53,889	40,962	7,587	102,438
Operating result	-	-	2,956	2,956
All other movements in equity	-45	388	230	573
<i>Total change in net worth</i>	-45	388	3,186	3,529
Balance at 31 December 2020	53,844	41,349	10,773	105,967

For the six months ended 31 December 2019

	Asset Revaluation Surplus \$m	investments in other sector entities \$m	Accumulated net gain on equity Accumulated Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2019</i>	53,531	40,745	6,317	100,593
Initial application of AASB 16 ^(a)	-	-	-2	-2
Initial application of AASB 15/1058 ^(a)	-	-	-237	-237
<i>Restated balance at 1 July 2019</i>	53,531	40,745	6,078	100,354
Operating result	-	-	2,279	2,279
Movements in equity	-61	-414	-198	-673
<i>Total change in net worth</i>	-61	-414	2,080	1,606
Other	-36	-	275	239
Balance at 31 December 2019	53,434	40,332	8,433	102,199

(a) Details of these new accounting standards, which applied for the first time for reporting periods commencing 1 January 2020, is available in the 2019-20 *Annual Report on State Finances*.

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

Table 1.4

GENERAL GOVERNMENT CASH FLOW STATEMENT

	2020-21			2019-20		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn ^(a)	Three Months to 31 Dec	Six Months to 31 Dec	Actual ^(b)
	\$m	\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Taxes received ^(c)	2,729	4,742	9,440	2,565	4,661	8,996
Grants and subsidies received	2,416	6,010	12,195	2,560	5,861	11,825
Receipts from sales of goods and services ^(c)	666	1,401	2,752	719	1,408	2,611
Interest receipts	14	33	94	23	63	119
Dividends and tax equivalents	1,248	1,649	2,332	507	685	1,071
Other	3,039	5,875	12,453	2,946	5,939	10,825
Total cash received	10,112	19,709	39,266	9,320	18,618	35,447
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-3,969	-7,354	-14,862	-3,805	-7,080	-14,192
Payments for goods and services	-2,177	-4,709	-8,949	-2,041	-4,464	-8,494
Interest paid	-198	-391	-805	-226	-469	-905
Grants and subsidies paid	-2,328	-3,781	-8,558	-1,378	-2,669	-6,641
Dividends and tax equivalents	-	-	-	-	-	-
Other	-467	-981	-1,654	-595	-1,092	-2,004
Total cash paid	-9,139	-17,216	-34,828	-8,045	-15,774	-32,237
NET CASH FLOWS FROM OPERATING ACTIVITIES	973	2,493	4,437	1,275	2,845	3,211
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-563	-1,040	-3,316	-635	-1,122	-2,553
Sales of non-financial assets	16	32	143	1,423	1,439	1,476
Total cash flows from investments in non-financial assets	-547	-1,008	-3,172	788	316	-1,077
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	3	5	10	8	10	64
For liquidity purposes	24	38	67	45	59	56
<i>Cash paid</i>						
For policy purposes	-270	-721	-1,568	-126	-274	-862
For liquidity purposes	-15	-63	-57	-	-8	-38
Total cash flows from investments in financial assets	-257	-741	-1,549	-72	-213	-780
NET CASH FLOWS FROM INVESTING ACTIVITIES	-804	-1,749	-4,721	715	104	-1,857
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	-	-	17	-	-	17
Borrowings	11	178	315	18	34	845
Deposits received	-	-	-	-	-	-
Other financing receipts	71	117	57	76	173	312
Total cash received	82	295	389	93	207	1,174
<i>Cash paid</i>						
Advances paid	-	-	-17	-	-	-17
Borrowings repaid	-6	-10	-120	-912	-1,274	-1,379
Deposits paid	-	-	-	-	-	-
Other financing payments	-174	-289	-431	-169	-295	-492
Total cash paid	-180	-299	-568	-1,081	-1,568	-1,888
NET CASH FLOWS FROM FINANCING ACTIVITIES	-98	-5	-179	-988	-1,362	-714
Net increase in cash and cash equivalents	71	739	-462	1,002	1,587	640
Cash and cash equivalents at the beginning of the year	6,313	5,645	5,645	5,590	5,005	5,005
Cash and cash equivalents at the end of the year	6,384	6,384	5,182	6,591	6,591	5,645
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	973	2,493	4,437	1,275	2,845	3,211
Net cash flows from investing in non-financial assets	-547	-1,008	-3,172	788	316	-1,077
Cash surplus/-deficit	426	1,485	1,265	2,062	3,161	2,134

- (a) Consistent with the revised estimated outcome published in the *Pre-election Financial Projections Statement* (PFPS), released on 8 February 2021. Taxes and goods and services revenue have been restated for a recent reclassification issue (see footnote (c)).
- (b) Consistent with the final audited data contained in the 2019-20 *Annual Report on State Finances*, released on 25 September 2020.
- (c) The motor vehicle inspection fee and 'other' driver and vehicle fees have been reclassified from taxes received to receipts from sales of goods and services on advice from the Australian Bureau of Statistics. Prior periods have been restated for comparability purposes. These reclassifications (totalling around \$19 million for the six months to 31 December 2020) were not quantified at the time of finalising the PFPS.

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

Table 1.5

TOTAL PUBLIC SECTOR OPERATING STATEMENT

	Note	2020-21			2019-20		
		Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn ^(a)	Three Months to 31 Dec	Six Months to 31 Dec	Actual ^(b)
		\$m	\$m	\$m	\$m	\$m	\$m
<i>Results from Transactions</i>							
REVENUE							
Taxation ^(c)		2,319	5,052	9,029	2,283	4,808	8,529
Current grants and subsidies		1,893	5,188	9,451	2,098	4,981	9,379
Capital grants		140	230	1,195	110	157	642
Sales of goods and services ^(c)		10,874	22,576	42,393	9,191	19,237	37,076
Interest Income		139	261	424	137	285	555
Royalty income		2,691	5,129	10,734	2,042	4,205	8,450
Other		278	558	1,005	207	517	1,077
Total	2	18,334	38,994	74,230	16,069	34,191	65,706
EXPENSES							
Salaries		3,650	7,273	14,527	3,530	6,980	14,051
Superannuation							
Concurrent costs		359	721	1,442	349	690	1,392
Superannuation interest cost		18	33	72	30	48	89
Other employee costs		91	167	307	98	179	356
Depreciation and amortisation		1,038	2,016	4,027	979	1,943	3,908
Services and contracts		800	1,589	3,540	847	1,654	3,385
Other gross operating expenses		10,307	20,772	40,274	8,424	17,874	35,027
Interest							
Interest on leases		58	107	222	63	120	231
Other interest		279	580	1,158	336	710	1,333
Other property expenses		-	-	-	-	-	-
Current transfers	3	1,514	2,571	4,791	761	1,627	3,693
Capital transfers	3	137	173	608	38	63	194
Total		18,252	36,002	70,967	15,454	31,887	63,659
NET OPERATING BALANCE		82	2,993	3,263	614	2,304	2,047
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		318	414	-95	72	146	-408
Provision for doubtful debts		17	11	-49	3	-5	-198
Changes in accounting policy/adjustment of prior periods		-55	-171	-	12	7	-79
Total other economic flows		280	254	-143	87	147	-685
OPERATING RESULT		362	3,246	3,119	701	2,451	1,362
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		339	62	741	-114	-541	850
Net actuarial gains/-loss - superannuation		284	220	-227	305	46	-22
Gains recognised directly in equity		19	-	-53	-7	-6	-
All other		-	-	-	-	-345	-345
Total all other movements in equity		642	282	461	183	-845	483
TOTAL CHANGE IN NET WORTH		1,004	3,528	3,580	885	1,606	1,845
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE		82	2,993	3,263	614	2,304	2,047
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		1,358	2,507	7,596	1,286	2,419	5,188
Changes in inventories		-883	601	172	135	271	2,088
Other movement in non-financial assets		-41	-23	136	24	48	94
<i>less:</i>							
Sales of non-financial assets		113	185	515	1,492	1,583	1,736
Depreciation		1,038	2,016	4,027	979	1,943	3,908
Total net acquisition of non-financial assets		-718	883	3,362	-1,026	-788	1,727
NET LENDING/-BORROWING		800	2,109	-99	1,640	3,092	320

(a) Consistent with the revised estimated outcome published in the *Pre-election Financial Projections Statement* (PFPS), released on 8 February 2021. Taxes and goods and services revenue have been restated for a recent reclassification issue (see footnote (c)).

(b) Consistent with the final audited data contained in the *2019-20 Annual Report on State Finances*, released on 25 September 2020.

(c) The motor vehicle inspection fee and 'other' driver and vehicle fees have been reclassified from taxation revenue to sales of goods and services on advice from the Australian Bureau of Statistics. Prior periods have been restated for comparability purposes. These reclassifications (totalling around \$19 million for the six months to 31 December 2020) were not quantified at the time of finalising the PFPS.

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

TOTAL PUBLIC SECTOR BALANCE SHEET

Table 1.6

	Note	For the period ending			
		31 Dec 2020 \$m	30 June 2021 ^(a) \$m	31 Dec 2019 \$m	30 June 2020 ^(b) \$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		6,318	1,946	1,542	2,346
Advances paid		5,572	6,133	5,052	5,259
Investments, loans and placements	5	17,418	25,609	17,794	25,495
Receivables	6	6,535	6,059	5,595	5,923
Equity - investments in other entities		2,452	2,033	2,033	1,844
Other financial assets		20	15	14	15
Total financial assets		38,315	41,796	32,029	40,882
<i>Non-financial assets</i>					
Land		43,499	43,639	43,690	43,599
Property, plant and equipment		103,230	106,542	100,709	102,575
Right-of-use assets		2,912	2,898	2,713	2,997
Biological assets		317	321	344	317
Inventories					
Land inventories		1,765	2,086	1,840	1,809
Other inventories		7,034	6,605	4,616	6,433
Intangibles		1,060	1,013	1,031	1,054
Assets classified as held for sale		21	29	28	37
Investment property		33	51	67	33
Other		557	541	485	424
Total non-financial assets		160,428	163,727	155,523	159,279
TOTAL ASSETS		198,743	205,523	187,553	200,161
LIABILITIES					
Deposits held		10	11	17	12
Advances received		326	309	343	326
Borrowings	7				
Lease liabilities		3,459	4,088	3,592	3,500
Other borrowings		60,093	65,928	55,544	64,711
Unfunded superannuation		6,570	6,783	6,967	6,920
Other employee benefits		4,115	3,971	3,674	3,981
Payables		9,914	9,824	7,157	9,978
Other liabilities		8,289	8,590	8,059	8,294
TOTAL LIABILITIES		92,776	99,504	85,354	97,723
NET ASSETS		105,967	106,018	102,199	102,438
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		30,572	31,859	28,241	27,083
Other reserves		75,395	74,159	73,957	75,355
NET WORTH		105,967	106,018	102,199	102,438
MEMORANDUM ITEMS					
<i>Net financial worth</i>		-54,461	-57,709	-53,325	-56,841
<i>Net financial liabilities</i>		54,461	57,709	53,325	56,841
<i>Net debt</i>					
Gross debt liabilities		63,888	70,336	59,496	68,549
less: liquid financial assets		29,308	33,689	24,388	33,100
Net debt		34,580	36,648	35,108	35,449

(a) Consistent with the revised estimated outcome published in the *Pre-election Financial Projections Statement*, released on 8 February 2021.

(b) Consistent with the final audited data contained in the *2019-20 Annual Report on State Finances*, released on 25 September 2020.

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

Table 1.7

TOTAL PUBLIC SECTOR STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 December 2020

	Asset		Total Equity \$m
	Revaluation Surplus \$m	Accumulated Surplus/deficit \$m	
	<i>Balance at 1 July 2020</i>	75,355	
Operating result	-	3,246	3,246
All other movements in equity	40	243	282
<i>Total change in net worth</i>	40	3,489	3,529
Balance at 31 December 2020	75,395	30,572	105,967

For the six months ended 31 December 2019

	Asset		Total Equity \$m
	Revaluation Surplus \$m	Accumulated Surplus/deficit \$m	
	<i>Balance at 1 July 2019</i>	74,537	
Initial application of AASB 16 ^(a)	-	-114	-114
Initial application of AASB 15/1058 ^(a)	-	-231	-231
<i>Restated balance at 1 July 2019</i>	74,537	25,711	100,248
Operating result	-	2,451	2,451
Movements in equity	-541	-305	-845
<i>Total change in net worth</i>	-541	2,146	1,606
Other	-39	384	345
Balance at 31 December 2019	73,957	28,241	102,199

(a) Details of these new accounting standards, which applied for the first time for reporting periods commencing 1 January 2020, is available in the 2019-20 *Annual Report on State Finances*.

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

Table 1.8

TOTAL PUBLIC SECTOR CASH FLOW STATEMENT

	2020-21			2019-20		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Taxes received ^(c)	2,647	4,571	8,922	2,494	4,510	8,470
Grants and subsidies received	2,416	6,010	12,195	2,560	5,861	11,825
Receipts from sales of goods and services ^(c)	7,476	16,003	28,927	6,407	13,002	27,978
Interest receipts	106	241	415	159	308	565
Other receipts	3,294	6,531	13,243	3,120	6,549	11,965
Total cash received	15,939	33,355	63,702	14,740	30,230	60,802
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-4,312	-8,037	-16,428	-4,178	-7,785	-15,441
Payments for goods and services	-7,232	-15,251	-28,601	-6,365	-13,107	-27,762
Interest paid	-386	-871	-1,375	-406	-969	-1,864
Grants and subsidies paid	-1,243	-2,389	-5,653	-1,081	-2,233	-4,810
Other payments	-1,706	-3,178	-5,378	-1,307	-2,660	-5,256
Total cash paid	-14,879	-29,726	-57,435	-13,336	-26,754	-55,132
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,060	3,629	6,268	1,403	3,476	5,670
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-1,358	-2,507	-7,596	-1,286	-2,419	-5,188
Sales of non-financial assets	113	185	515	1,492	1,583	1,736
Total cash flows from investments in non-financial assets	-1,244	-2,322	-7,081	206	-836	-3,453
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	3	5	10	8	10	64
For liquidity purposes	2,295	7,367	7,023	6,081	7,487	12,044
<i>Cash paid</i>						
For policy purposes	-3	-6	-10	-4	-9	-63
For liquidity purposes	-3,930	-6,598	-8,086	-4,471	-6,309	-14,195
Total cash flows from investments in financial assets	-1,634	767	-1,063	1,613	1,179	-2,150
NET CASH FLOWS FROM INVESTING ACTIVITIES	-2,879	-1,555	-8,145	1,819	343	-5,603
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	-	-	-	-	-	-
Borrowings	6,145	13,975	22,849	1,750	7,437	20,848
Deposits received	-	-	-	-	-	-
Other financing receipts	64	119	22	78	89	231
Total cash received	6,209	14,093	22,870	1,828	7,525	21,078
<i>Cash paid</i>						
Advances paid	-	-	-17	-	-	-17
Borrowings repaid	-4,883	-15,255	-20,949	-5,645	-9,841	-18,397
Deposits paid	-	-	-	-	-	-
Other financing payments	-167	-290	-409	-173	-295	-448
Total cash paid	-5,050	-15,545	-21,375	-5,818	-10,136	-18,862
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,159	-1,452	1,495	-3,990	-2,611	2,217
Net increase in cash and cash equivalents	-660	623	-382	-768	1,208	2,284
Cash and cash equivalents at the beginning of the year	12,277	10,994	10,994	10,686	8,710	8,710
Cash and cash equivalents at the end of the year	11,616	11,616	10,612	9,918	9,918	10,994
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	1,060	3,629	6,268	1,403	3,476	5,670
Net cash flows from investing in non-financial assets	-1,244	-2,322	-7,081	206	-836	-3,453
Cash surplus/-deficit	-185	1,307	-814	1,610	2,640	2,217

(a) Consistent with the revised estimated outcome published in the *Pre-election Financial Projections Statement* (PFPS), released on 8 February 2021. Taxes and goods and services revenue have been restated for a recent reclassification issue (see footnote (c)).

(b) Consistent with the final audited data contained in the 2019-20 *Annual Report on State Finances*, released on 25 September 2020.

(c) The motor vehicle inspection fee and 'other' driver and vehicle fees have been reclassified from taxes received to receipts from sales of goods and services on advice from the Australian Bureau of Statistics. Prior periods have been restated for comparability purposes. These reclassifications (totalling around \$19 million for the six months to 31 December 2020) were not quantified at the time of finalising the PFPS.

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

Notes to the Interim Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Statement

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

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

(b) The Reporting Entity

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

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

(c) Basis of Preparation

The financial statements for the six months ended 31 December 2020 have been prepared in accordance with Australian Accounting Standards, in particular AASB 134: *Interim Financial Reporting*, and AASB 1049: *Whole of Government and General Government Sector Financial Reporting* and other authoritative pronouncements of the AASB.

This interim financial report does not include all the note disclosures that are included in an annual financial report. Accordingly, this report is to be read in conjunction with the audited Consolidated Financial Statements for the year ended 30 June 2020, presented in Appendix 1 of the *2019-20 Annual Report on State Finances (ARSF)* released on 25 September 2020. The accounting policies adopted in this publication are consistent with those outlined in the 2019-20 ARSF. The specific accounting policies of the Government of Western Australia are described in Note 3: *Summary of Significant Accounting Policies* in Appendix 1 of the 2019-20 ARSF.

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

(d) Unaudited Data

The Interim Financial Statements are not audited.

NOTE 2: OPERATING REVENUE

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

NOTE 3: TRANSFER EXPENSES

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

TRANSFER EXPENSES (a)

	General Government					
	2020-21			2019-20		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(b) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(c) \$m
<i>CURRENT TRANSFERS</i>						
Local government	64	167	456	52	139	323
Private and not-for-profit sector	439	960	2,098	361	865	1,609
Other sectors of government	1,336	2,090	4,267	487	959	3,071
Total Current Transfers	1,840	3,217	6,820	900	1,964	5,003
<i>CAPITAL TRANSFERS</i>						
Local government	74	83	73	5	13	96
Private and not-for-profit sector	58	80	525	17	32	68
Other sectors of government	46	48	127	8	13	64
Total Capital Transfers	177	211	724	31	58	228
	Total Public Sector					
	2020-21			2019-20		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(b) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(c) \$m
<i>CURRENT TRANSFERS</i>						
Local government	64	167	456	52	139	323
Private and not-for-profit sector	1,277	1,995	3,691	577	1,283	2,744
Other sectors of government	173	409	644	131	204	626
Total Current Transfers	1,514	2,571	4,791	761	1,627	3,693
<i>CAPITAL TRANSFERS</i>						
Local government	74	83	73	5	13	96
Private and not-for-profit sector	63	90	535	33	50	99
Total Capital Transfers	137	173	608	38	63	194

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

(b) Consistent with the revised estimated outcome published in the *Pre-election Financial Projections Statement*, released on 8 February 2021.

(c) Consistent with the final audited data contained in the 2019-20 *Annual Report on State Finances*, released on 25 September 2020.

Note: Columns may not add due to rounding.

NOTE 4: CONVERGENCE DIFFERENCES

Where possible, AASB 1049 harmonises GFS and accounting concepts into a single presentation. Where harmonisation cannot be achieved (e.g. the recognition of a doubtful debts provision is excluded from GFS net worth), a convergence difference arises. The standard requires that such differences are disclosed in annual outturn reports at the end of the financial year.

With the adoption of AASB 16: *Leases*, the distinction between operating leases and finance leases as measured under previous accounting standards has been superseded. Accordingly, convergence data between the AASB 1049 key financial aggregates produced in the December 2020 results and GFS concepts is not currently available. The ABS is currently working with State and Territory jurisdictions to develop a methodological solution that will enable the ongoing distinction between operating and finance leases for GFS purposes.

NOTE 5: INVESTMENTS, LOANS AND PLACEMENTS

General Government				
	2020-21		2019-20	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
<i>Investments</i>				
Term deposits	2,006	5,210	5,718	5,907
Government securities	2	2	3	2
Total	2,008	5,212	5,721	5,909
<i>Loans and advances</i>				
Loans	3	15	44	15
Financial Assets held for trading/available for sale	-	-	-	-
Total	4	15	44	15
Total	2,011	5,226	5,765	5,924
Total Public Sector				
	2020-21		2019-20	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
<i>Investments</i>				
Term deposits	9,236	13,813	12,485	13,674
Government securities	3,223	3,553	1,517	3,553
Total	12,459	17,366	14,001	17,227
<i>Loans and advances</i>				
Loans	4,097	7,330	3,211	7,353
Financial Assets held for trading/available for sale	862	914	582	915
Total	4,959	8,243	3,793	8,268
Total	17,418	25,609	17,794	25,495

NOTE 6: RECEIVABLES

General Government				
	2020-21		2019-20	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Accounts Receivable	4,865	4,140	3,986	4,195
Provision for impairment of receivables	-246	-258	-176	-257
Total	4,619	3,883	3,810	3,938

Total Public Sector				
	2020-21		2019-20	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Accounts Receivable	6,915	6,496	5,861	6,329
Provision for impairment of receivables	-380	-437	-266	-406
Total	6,535	6,059	5,595	5,923

NOTE 7: BORROWINGS

General Government				
	2020-21		2019-20	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Bank overdrafts	-	-	-	90
Lease liabilities	2,707	2,749	2,780	2,722
Finance leases	356	360	381	362
Borrowings	26,107	26,137	25,230	25,938
Total	29,170	29,245	28,392	29,112

Total Public Sector				
	2020-21		2019-20	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Bank overdrafts	-	-	-	90
Lease liabilities	3,459	3,530	3,592	3,500
Finance leases	708	558	600	577
Borrowings	59,385	65,928	54,944	64,045
Total	63,552	70,016	59,136	68,211

NOTE 8: DETAILS OF AGENCIES CONSOLIDATED

The agencies included in these financial statements are detailed in Note 38: *Composition of Sectors* in the 2019-20 *Annual Report on State Finances*. Changes since that date include the Equal Opportunity Commission amalgamating with the Department of Justice on 1 December 2020.

NOTE 9: CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities were reported in full in the Notes to the Financial Statements detailed in the 2019-20 *Annual Report on State Finances* (ARSF). The following material contingent liabilities have emerged or been modified since the release of the ARSF.

Optus Stadium

Additional costs may be incurred to finalise contractual entitlements associated with the Optus Stadium. The State and Westadium Project Co Pty Ltd are currently in negotiations to finalise these matters.

Waterbank Project

DevelopmentWA is currently in commercial negotiations with project partner Lendlease regarding an Excessive Settlement Event in the Waterbank project. DevelopmentWA and Lendlease acknowledge that given the complex and interrelated technical and legal matters involved, predicting the outcome of any litigation is very difficult and will turn on the testimony of technical experts, which is likely to be protracted and costly. There are commercial justifications on both sides to negotiate an agreed pathway for the project to proceed, and the parties presently intend to negotiate a commercial resolution of Lendlease's claim for Excessive Settlement costs. These negotiations are ongoing and the financial impact is currently unable to be reliably quantified.

Claims by Mr Clive Palmer, Mineralogy, International Minerals and Zeph Investments

A contingent liability for a legal dispute between Mineralogy Pty Ltd and International Minerals Pty Ltd, and the Western Australian Government was included in the 2019-20 ARSF.

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

Given the size of the claim and to address the financial risk to Western Australia, the Western Australian Parliament passed the *Iron Ore Processing (Mineralogy Pty. Ltd.) Agreement Amendment Act 2020* (the Act) on 13 August 2020. The Act removed the capacity for the claimants to pursue litigation and damages claims connected with this dispute and prevents 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.

In September 2020, Mr Palmer, Mineralogy, International Minerals and Zeph Investments Pte Ltd (a company incorporated in Singapore ultimately owned by Mr Palmer and holding all of the shares in Mineralogy) commenced three separate proceedings in the High Court of Australia challenging the constitutional validity of the Act. The proceedings are being vigorously defended by Western Australia. On 24 December 2020, one of those proceedings, commenced by Zeph Investments Pte Ltd, was discontinued with costs to Western Australia. The two remaining proceedings are next before the High Court for a directions hearing on 26 February 2021. It is anticipated that the Act will withstand scrutiny should the matters proceed to a substantive hearing before the High Court, expected to be some time in 2021.

There have been no other material changes in the contingent assets and liabilities of the State since the 2019-20 *Annual Report on State Finances* disclosure.

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Operating Revenue

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

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

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

GENERAL GOVERNMENT
Operating Revenue

	2020-21			2019-20		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
TAXATION ^(c)						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	897	1,801	3,674	956	1,923	3,642
Property taxes						
<i>Land tax</i>	130	652	756	238	718	792
Transfer duty	462	830	1,614	340	611	1,190
Foreign Buyers surcharge	4	4	19	-	-	19
Landholder duty	70	137	119	19	21	120
<i>Total duty on transfers</i>	537	972	1,752	359	632	1,329
Metropolitan Region Improvement Tax	24	78	80	48	86	88
Perth Parking Levy	33	48	51	2	53	56
Emergency Services Levy	106	235	353	138	253	387
Loan guarantee fees	32	66	134	38	77	157
Building and Construction Industry Training Fund Levy	12	21	37	15	24	39
<i>Total other property taxes</i>	207	447	656	241	494	726
Taxes on provision of goods and services						
Lotteries Commission	44	93	160	41	94	174
Video lottery terminals	- ^(d)	- ^(d)	- ^(d)	- ^(d)	- ^(d)	- ^(d)
Casino tax	10	26	41	14	28	40
Point of Consumption Tax	31	59	102	21	40	77
<i>Total taxes on gambling</i>	85	178	303	76	163	291
Insurance duty	178	380	719	169	356	694
Other	5	10	20	5	9	19
<i>Total taxes on insurance</i>	183	390	738	174	366	713
<i>On-demand Transport Levy</i>	10	18	30	12	22	41
Taxes on use of goods and performance of activities						
Vehicle licence duty	124	239	459	88	182	375
Permits - oversize vehicles and loads	3	5	8	2	4	9
Motor vehicle registrations	244	519	1,010	238	488	997
Other vehicle taxes	9	19	26	6	13	26
<i>Total motor vehicle taxes</i>	381	782	1,503	334	687	1,407
<i>Mining Rehabilitation Levy</i>	-	35	35	-	32	33
<i>Landfill Levy</i>	20	40	83	21	39	80
Total Taxation	2,450	5,315	9,530	2,412	5,075	9,055
CURRENT GRANTS AND SUBSIDIES						
<i>General Purpose Grants</i>						
GST grants	634	1,269	2,688	872	1,768	3,466
Commonwealth-funded 70% floor	-	1,547	1,547	-	814	814
North West Shelf grants	99	155	345	192	356	629
Commonwealth compensation for changed crude oil excise arrangements	4	6	14	4	10	21
<i>National Specific Purpose Payment Agreement Grants</i>						
Skills and Workforce Development	41	81	161	39	79	158
National Disability Agreement	1	1	1	43	86	176
National Housing and Homelessness Agreement	44	86	170	41	83	166
<i>National School Reform Agreement - Quality Schools</i>	234	448	923	208	400	829
<i>National Health Reform Agreement</i>	625	1,250	2,521	590	1,177	2,402
<i>National Partnerships/Other Grants</i>						
Health	120	187	313	41	91	365
Transport	33	33	206	40	45	88
Disability Services	1	2	30	7	14	62
Other	58	122	531	20	58	203
Total Current Grants and Subsidies	1,893	5,188	9,451	2,098	4,981	9,379

Table 2.1 (cont.)

GENERAL GOVERNMENT
Operating Revenue

	2020-21			2019-20		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn (a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CAPITAL GRANTS						
<i>National Partnerships/Other Grants</i>						
Transport	135	223	1,114	106	153	621
Other	5	6	82	4	4	20
Total Capital Grants	140	230	1,195	110	157	642
SALES OF GOODS AND SERVICES^(c)	714	1,374	2,792	749	1,457	2,776
INTEREST INCOME	50	68	100	34	69	124
REVENUE FROM PUBLIC CORPORATIONS						
Dividends	952	1,172	1,362	154	339	392
Tax Equivalent Regime	202	391	861	144	323	732
Total Revenue from Public Corporations	1,153	1,563	2,223	298	662	1,123
ROYALTY INCOME	2,691	5,129	10,734	2,042	4,205	8,450
OTHER						
Lease rentals	32	70	119	30	60	115
Fines	53	100	194	49	95	192
Revenue not elsewhere counted	49	110	285	51	139	308
Total Other	133	280	598	130	294	614
GRAND TOTAL	9,225	19,147	36,622	7,872	16,901	32,162

(a) Consistent with the revised estimated outturn published in the *Pre-election Financial Projections Statement* (PFPS), released on 8 February 2021. Taxes and goods and services revenue have been restated for a recent reclassification issue (see footnote (c)).

(b) Consistent with the final audited data contained in the *2019-20 Annual Report on State Finances*, released on 25 September 2020.

(c) The motor vehicle inspection fee and 'other' driver vehicle fees have been reclassified from taxation revenue to sales of goods and services on advice from the Australian Bureau of Statistics. Prior periods have been restated for comparability purposes. These reclassifications (totalling around \$19 million in the six months to 31 December 2020) were not quantified at the time of finalising the PFPS.

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

Note: Columns may not add due to rounding.

Table 2.2

TOTAL PUBLIC SECTOR
Operating Revenue

	2020-21			2019-20		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
TAXATION ^(c)						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	873	1,754	3,580	933	1,878	3,550
Property taxes						
<i>Land tax</i>	113	619	684	222	686	727
Transfer Duty	462	830	1,614	340	611	1,190
Foreign Buyers surcharge	4	4	19	-	-	19
Landholder duty	70	137	119	19	21	120
<i>Total duty on transfers</i>	537	972	1,752	359	632	1,329
Metropolitan Region Improvement Tax	24	78	80	48	86	88
Perth Parking Levy	33	48	51	2	53	56
Emergency Services Levy	106	235	348	138	253	382
Loan Guarantee Fees	1	3	6	1	3	7
Building and Construction Industry Training Fund Levy	12	21	37	15	24	39
<i>Total other property taxes</i>	175	384	523	204	420	570
Taxes on provision of goods and services						
Video lottery terminals	- ^(d)	- ^(d)	- ^(d)	- ^(d)	- ^(d)	- ^(d)
Casino tax	10	26	41	14	28	40
Point of Consumption tax	17	31	60	10	19	37
<i>Total taxes on gambling</i>	27	57	101	24	46	77
Insurance duty	178	380	719	169	356	694
Other	5	10	20	5	9	19
<i>Total taxes on insurance</i>	183	390	738	174	366	713
<i>On-demand Transport Levy</i>	10	18	30	12	22	41
Taxes on use of goods and performance of activities						
Vehicle licence duty	124	239	459	88	182	375
Permits - oversize vehicles and loads	3	5	8	2	4	9
Motor vehicle registrations	244	519	1,010	238	488	997
Other vehicle taxes	9	19	26	6	13	26
<i>Total motor vehicle taxes</i>	381	782	1,503	334	687	1,407
<i>Mining Rehabilitation Levy</i>	-	35	35	-	32	33
<i>Landfill Levy</i>	20	40	83	21	39	80
Total Taxation	2,319	5,052	9,029	2,283	4,808	8,529
CURRENT GRANTS AND SUBSIDIES						
<i>General Purpose Grants</i>						
GST grants	634	1,269	2,688	872	1,768	3,466
Commonwealth-funded 70% floor grant	-	1,547	1,547	-	814	814
North West Shelf grants	99	155	345	192	356	629
Commonwealth compensation for changed crude oil excise arrangements	4	6	14	4	10	21
<i>National Specific Purpose Payment Agreement Grants</i>						
Skills and Workforce Development	41	81	161	39	79	158
National Disability Agreement	1	1	1	43	86	176
National Housing and Homelessness Agreement	44	86	170	41	83	166
<i>National School Reform Agreement Quality Schools</i>	234	448	923	208	400	829
<i>National Health Reform Agreement</i>	625	1,250	2,521	590	1,177	2,402
<i>National Partnerships/Other Grants</i>						
Health	120	187	313	41	91	365
Transport	33	33	206	40	45	88
Disability Services	1	2	30	7	14	62
Other	58	122	531	20	58	203
Total Current Grants and Subsidies	1,893	5,188	9,451	2,098	4,981	9,379

Table 2.2 (cont.)

TOTAL PUBLIC SECTOR
Operating Revenue

	2020-21			2019-20		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CAPITAL GRANTS						
<i>National Partnerships/Other Grants</i>						
Transport	135	223	1,114	106	153	621
Other	5	6	82	4	4	20
Total Capital Grants	140	230	1,195	110	157	642
SALES OF GOODS AND SERVICES ^(c)	10,874	22,576	42,393	9,191	19,237	37,076
INTEREST INCOME	139	261	424	137	285	555
ROYALTY INCOME	2,691	5,129	10,734	2,042	4,205	8,450
OTHER						
Lease rentals	32	70	119	30	60	115
Fines	54	102	194	50	97	195
Revenue not elsewhere counted	192	387	692	128	360	767
Total Other	278	558	1,005	207	517	1,077
GRAND TOTAL	18,334	38,994	74,230	16,069	34,191	65,706

(a) Consistent with the revised estimated outturn published in the *Pre-election Financial Projections Statement (PFPS)*, released on 8 February 2021. Taxes and goods and services revenue have been restated for a recent reclassification issue (see footnote (c)).

(b) Consistent with the final audited data contained in the *2019-20 Annual Report on State Finances*, released on 25 September 2020.

(c) The motor vehicle inspection fee and 'other' driver vehicle fees have been reclassified from taxation revenue to sales of goods and services on advice from the Australian Bureau of Statistics. Prior periods have been restated for comparability purposes. These reclassifications (totalling around \$19 million in the six months to 31 December 2020) were not quantifiable at the time of finalising the PFPS.

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

Note: Columns may not add due to rounding.

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APPENDIX 3

Public Ledger

The Public Ledger, established by section 7 of the *Financial Management Act 2006* (FMA), includes those transactions and operations that are conducted through the Consolidated Account, the Treasurer's Advance Account and through 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.

Table 3.1

PUBLIC LEDGER BALANCES AT 31 DECEMBER			
	2020 \$m	2019 \$m	Variance \$m
THE PUBLIC LEDGER			
Consolidated Account ^(a)	-18,704	-16,426	-2,278
Treasurer's Special Purpose Accounts	17,908	16,536	1,372
Treasurer's Advance Account – Net Advances and Overdraw n Trusts	-38	-14	-24
TOTAL	-835	96	-931
Agency Special Purpose Accounts	6,729	5,969	760
TOTAL PUBLIC BANK ACCOUNT	5,894	6,065	-171

(a) The balance of the Consolidated Account at 31 December 2020 includes non-cash appropriations of \$15,004 million (31 December 2019: \$13,838 million), representing the non-cash cost of agency services. These appropriations are credited to agency Holding Accounts that are included in the TSPAs balance. In cash terms, the Consolidated Account recorded a deficit of \$3,700 million at 31 December 2020 (compared with a cash deficit position of \$2,588 million at 31 December 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 each appropriation clearly specified.

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The Consolidated Account accumulated deficit at 31 December 2020 was \$18,704 million, \$2,278 million larger than the accumulated deficit at 31 December 2019. This included \$15,004 million associated with accrual (non-cash) appropriations for depreciation and leave entitlements, matched by equivalent non-cash balances in agency Holding Accounts.

In cash terms, the Consolidated Account had a deficit balance of \$3,700 million at 31 December 2020, \$1,112 million higher than the \$2,588 million cash deficit at 31 December 2019.

Borrowings held by the Consolidated Account increased by \$150 million in the six months to 31 December 2020 and totalled \$27.5 billion. This remains below the \$34.5 billion cumulative limit approved by the *Loan Act 2017* and preceding *Loan Acts*¹.

¹ Proceeds of borrowings by the Consolidated Account (i.e. gross borrowings excluding debt repayments) cannot exceed the cumulative limit authorised by the *Loan Acts*.

Table 3.2

CONSOLIDATED ACCOUNT TRANSACTIONS
For the six months ended 31 December

	2020 \$m	2019 \$m	Variance \$m
REVENUE			
<i>Operating Activities</i>			
Taxation	3,855	3,642	212
Commonwealth grants ^(a)	2,961	2,926	34
Government enterprises	1,651	2,112	-461
Revenue from other agencies	5,437	5,411	26
Other receipts ^(a)	186	271	-84
<i>Total Operating Activities</i>	14,090	14,363	-273
<i>Financing Activities</i>			
Repayments of recoverable advances	-(b)	4	-4
Transfers from the Debt Reduction SPA	1,547	-	-
Borrowings	150	-	150
Other receipts	6	5	1
<i>Total Financing Activities</i>	1,703	9	1,694
TOTAL REVENUE	15,794	14,372	1,422
EXPENDITURE			
<i>Recurrent</i>			
Authorised by other statutes	1,423	1,277	146
Appropriation Act (No. 1)	12,463	10,691	1,772
Recurrent expenditure under the Treasurer's Advance	-	2	-2
<i>Total Recurrent Expenditure</i>	13,886	11,970	1,916
<i>Investing Activities</i>			
Authorised by other statutes	164	143	21
Appropriation Act (No. 2)	1,262	802	459
Investing expenditure under the Treasurer's Advance	-	-(b)	-
<i>Total Investing Activities</i>	1,426	945	481
<i>Financing Activities</i>			
Loan repayments	-	1,248	-1,248
Appropriation Act (No. 2)	1,547	-	-
Other financing	6	5	1
<i>Total Financing Activities</i>	1,553	1,253	300
TOTAL EXPENDITURE	16,864	14,168	2,696
NET MOVEMENT (REVENUE LESS EXPENDITURE)	-1,069	204	-1,274
Consolidated Account Balance			
Opening balance at 1 July	-17,634	-16,630	-1,003
Closing balance at 31 December	-18,704	-16,426	-2,278
Of which:			
Appropriations payable	-15,004	-13,838	-1,166
Cash balance at 31 December	-3,700	-2,588	-1,112

(a) Receipt of Western Australia's GST floor grant (received from the Commonwealth and equivalent to the funding required to ensure Western Australia receives 70% of its population share of national GST collections) have been reclassified from 'other' receipts to Commonwealth grants in December 2019 comparative data. This change aligns the Consolidated Account presentation in this table with the accounting treatment of the GST floor grant elsewhere in this report.

(b) 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;

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

Relative to 31 December 2019, aggregate TSPA balances were \$1,372 million higher at the end of December 2020, mainly reflecting:

- higher Holding Account balances for non-cash accrual appropriations to agencies for depreciation and accrued leave entitlements (up \$1,166 million);
- an increase in the balance of the Western Australian Future Health Research and Innovation Fund reflecting appropriation of 1% of forecast annual royalty receipts (\$83 million) and interest earnings on the balance of the Fund over the last 12 months (\$29 million), partly offset by the transfer of \$34 million to the Western Australian Future Health Research and Innovation Account (see Appendix 4 for further information);
- 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 \$60 million);
- a net increase in the Royalties for Regions Fund (up \$42 million), reflecting the timing of appropriation payments to the Fund, and draw downs for approved spending on individual programs;
- a \$40 million increase in Commonwealth Grants for Specific Purposes relating to payments from the Commonwealth to partially fund expenditure incurred by agencies managing the COVID-19 pandemic; and
- a decrease in the National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse Account (down \$27 million), due to payments made to the Commonwealth to cover scheme payments and civil litigation costs incurred by State agencies.

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

TREASURER'S SPECIAL PURPOSE ACCOUNTS
At 31 December

Table 3.3

	2020	2019	Variance
	\$m	\$m	\$m
Agency Holding Accounts	15,004	13,838	1,166
Royalties for Regions Fund	964	923	42
Western Australian Future Health Research and Innovation Fund	1,476	1,399	78
Perth Children's Hospital Account	7	13	-5
Perth Stadium Account	23	12	11
Commonwealth Grants for Specific Purposes	40	-	40
Agency 27th Pay Accounts	198	137	60
Public Bank Account Interest Earned	49	41	8
National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse Account	124	151	-27
Other Special Purpose Accounts	23	23	-0
TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 31 DECEMBER	17,908	16,536	1,372

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 SPAs, and the provision of supplementary appropriation funding for unforeseen and/or extraordinary events during the year (known as 'excesses and new items').

A limit of \$688.8 million is authorised under section 29 of the FMA for the year ended 30 June 2021, compared with a total of \$658.4 million authorised limit applying at the same time last year.

TREASURER'S ADVANCE AT 31 DECEMBER

Table 3.4

	2020	2019	Variance
	\$m	\$m	\$m
AUTHORISED LIMIT	688.8	658.4	30.4
<i>Total Drawn Against Treasurer's Advance Account</i>	<i>38.1</i>	<i>15.7</i>	<i>22.4</i>
Comprising:			
Net recoverable advances (see below)	38.1	13.7	24.4
Overdrawn Special Purpose Accounts	-	-	-
Excesses and New Items			
- recurrent	-	1.9	-1.9
- capital	-	0.1	-0.1
NET RECOVERABLE ADVANCES			
Mines Safety	-	8.0	-8.0
Petroleum and Geothermal Energy Safety	2.0	2.0	-
Western Australian Energy Disputes Arbitrator	0.2	-	0.2
Building Management & Works	30.0	-	30.0
Sport and Recreation	1.0	1.1	-0.1
Suitors Fund	2.5	2.5	-
Sundry Debtors	2.4	0.1	2.3
TOTAL RECOVERABLE TREASURER'S ADVANCES	38.1	13.7	24.4

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

Transfers, Excesses and New Items

There were no transfers of appropriation between agencies, excesses or new items impacting appropriations in the six months to 31 December 2020.

Special Purpose Accounts

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

This appendix details balances at 31 December 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 31 December 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

The Debt Reduction Account was established in 2017-18 to apply windfall funds to the repayment of Consolidated Account borrowings. The receipt of \$1,546.6 million in the account reflects Western Australia's GST floor grant for 2020-21. The equivalent payment from the account reflects funding that has been redirected back to the Consolidated Account to reduce the need for new borrowings that would otherwise be required in 2020-21.

DEBT REDUCTION ACCOUNT

Table 4.1

At 31 December

	2020 \$m	2019 \$m
<i>Balance at 1 July</i>	-	-
Receipts	1,547	1,248
Payments	1,547	1,248
Closing Balance	-	-

Note: Columns may not add due to rounding.

METRONET Account

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

Receipts for the six months to 31 December 2020 reflect capital appropriation of \$215.1 million for METRONET projects and an operating subsidy of \$1.4 million for the METRONET Office. Payments of \$239.2 million were for transport infrastructure planning and delivery and for METRONET Office operating expenses (\$0.8 million).

Table 4.2

METRONET ACCOUNT At 31 December

	2020 \$m	2019 \$m
<i>Balance at 1 July</i>	527	274
Receipts	217	79
Payments	240	55
Closing Balance	503	298

Note: Columns may not add due to rounding.

METRONET Roads Account

This SPA was established in December 2018 to hold funds for road works associated with METRONET, including projects under development.

Receipts are expected to be paid into the account during the second half of 2020-21. Major payments for the six months to 31 December 2020 were for works on Denny Avenue (\$13.8 million) and Bayswater station (\$10.9 million).

Table 4.3

METRONET ROADS ACCOUNT At 31 December

	2020 \$m	2019 \$m
<i>Balance at 1 July</i>	72	-
Receipts	-	58
Payments	45	12
Closing Balance	27	46

Note: Columns may not add due to rounding.

Metropolitan Region Improvement Account

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

Receipts for the six months to 31 December 2020 reflect MRIT collections (\$43.4 million), receipts from the Australian Taxation Office for refunds of GST on purchases (\$3 million), rental revenue (\$3.1 million), proceeds from the sale of land and buildings (\$1.2 million) and interest revenue (\$0.9 million). Payments from the account were mainly for the acquisition of land and buildings (\$33.1 million), and for service delivery costs (\$13.4 million).

METROPOLITAN REGION IMPROVEMENT ACCOUNT

At 31 December

Table 4.4

	2020 \$m	2019 \$m
<i>Balance at 1 July</i>	434	440
Receipts	52	58
Payments	48	35
Closing Balance	438	463

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 six months to 31 December 2020 reflect levy contributions by mining operators (\$35 million). Payments for the year to date were for administration (\$0.4 million) and rehabilitation costs (\$0.4 million).

MINING REHABILITATION FUND

At 31 December

Table 4.5

	2020 \$m	2019 \$m
<i>Balance at 1 July</i>	185	150
Receipts	35	33
Payments	1	– ^(a)
Closing Balance	219	182

(a) Amount below \$500,000.

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 child sexual abuse.

During the six months to 31 December 2020, payments totalling \$17 million have been made to meet the costs associated with the State's participation in the National Redress Scheme and for civil litigation claims by victims of historical child sexual abuse.

Table 4.6

NATIONAL REDRESS SCHEME AND CIVIL LITIGATION FOR SURVIVORS OF INSTITUTIONAL CHILD SEXUAL ABUSE ACCOUNT
At 31 December

	2020 \$m	2019 \$m
<i>Balance at 1 July</i>	141	151
Receipts	-	-
Payments	17	- ^(a)
Closing Balance	124	151

(a) Amount below \$500,000.
Note: Columns may not add due to rounding.

Perth Children's Hospital Account

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

The hospital achieved practical completion in April 2017 and fully opened on 10 June 2018. Project closure arrangements for the hospital will be finalised after an extended defect liability period, with any remaining funds in the account to be returned to the Consolidated Account. No transactions were recorded during the six months to 31 December 2020.

Table 4.7

PERTH CHILDREN'S HOSPITAL ACCOUNT
At 31 December

	2020 \$m	2019 \$m
<i>Balance at 1 July</i>	7	13
Receipts	-	-
Payments	-	-
Closing Balance	7	13

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 the Parliament for the purposes of the Act.

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

PERTH PARKING LICENSING ACCOUNT

Table 4.8

At 31 December

	2020 \$m	2019 \$m
<i>Balance at 1 July</i>	131	93
Receipts	47	53
Payments	9	9
Closing Balance	169	138

Note: Columns may not add due to rounding.

Perth Stadium Account

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

The Public Transport Authority returned \$11.2 million of unspent project funds during the six months to 31 December 2020.

PERTH STADIUM ACCOUNT

Table 4.9

At 31 December

	2020 \$m	2019 \$m
<i>Balance at 1 July</i>	12	12
Receipts	11	-
Payments	-	-
Closing Balance	23	12

Note: Columns may not add due to rounding.

Road Trauma Trust Account

This account was established to provide for road safety initiatives. Receipts to the end of 31 December 2020 reflect collections from prescribed penalties (\$47.1 million), interest revenue on the account balance (\$0.1 million), and other miscellaneous funds collected under the *Road Traffic (Administration) Act 2008* (\$0.8 million).

Projects funded from the account to 31 December 2020 included initiatives to:

- reduce run-off crashes on regional roads by applying treatments such as shoulder sealing, audible edge lines and installing safety barriers (\$16.8 million);
- manage speed on Western Australian roads (\$8.6 million);
- improve intersection infrastructure to reduce or eliminate crashes (\$3.9 million);
- reduce the number and rate at which vulnerable road users are killed and seriously injured (\$3.2 million); and
- reduce road death and serious injury from impaired driving from alcohol and/or drugs (\$1.9 million).

A further \$7.1 million was also spent on the operations of the Road Safety Commission, including a range of road safety initiatives and support programs (such as community education campaigns, community grants and Infringement Management Reform Program).

ROAD TRAUMA TRUST ACCOUNT At 31 December

Table 4.10

	2020 \$m	2019 \$m
<i>Balance at 1 July</i>	54	60
Receipts	48	48
Payments	41	30
Closing Balance	61	79

Note: Columns may not add due to rounding.

Royalties for Regions Fund

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

Receipts in the six months to 31 December 2020 reflect the draw down of moneys appropriated by the Parliament (\$550 million), interest revenue earned on the account balance (\$1.1 million), and unused funds from associated projects returned to the Fund by agencies (\$2.1 million).

A total of \$589.1 million was disbursed from the Fund to support infrastructure, business and economic development and other regional initiatives.

ROYALTIES FOR REGIONS FUND

Table 4.11

At 31 December

	2020 \$m	2019 \$m
<i>Balance at 1 July</i>	1,000	1,000
Receipts	553	173
Payments	589	250
Closing Balance	964	923

Note: Columns may not add due to rounding.

Royalties for Regions Regional Reform Fund

This SPA was established in June 2015 to fund strategic reform initiatives in regional Western Australia. A payment of \$2.3 million has been made to the Department of Education for the Kimberley Schools Project during the six months to 31 December 2020.

ROYALITES FOR REGIONS REGIONAL REFORM FUND

Table 4.12

At 31 December

	2020 \$m	2019 \$m
<i>Balance at 1 July</i>	69	80
Receipts	-	-
Payments	2	-
Closing Balance	67	80

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.

A total of \$10.4 million of landfill levy collections was paid into the account in the six months to 31 December 2020. Draw downs totalling \$9.9 million were made for waste programs and the payment of administration costs incurred by the Department of Water and Environmental Regulation. A loan of \$16 million was made to Western Australian Return Recycle Renew Ltd in September 2020 to support rent and other operating costs associated with Western Australia's new Container Deposit Scheme, with repayments expected to commence in March 2021.

WASTE AVOIDANCE AND RESOURCE RECOVERY ACCOUNT

Table 4.13

At 31 December

	2020 \$m	2019 \$m
<i>Balance at 1 July</i>	40	40
Receipts	10	10
Payments	26	8
Closing Balance	24	43

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. The amending 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, the Act also applies forecast annual investment income from the new fund to a new account that provides long term support for medical and health research, innovation and commercialisation activities in Western Australia (see below).

Receipts of \$102.3 million in the six months to 31 December 2020 included the Consolidated Account's annual contribution equivalent to 1% of annual forecast royalty revenue (\$82.9 million) and interest receipts (\$19.4 million).

**WESTERN AUSTRALIAN FUTURE HEALTH RESEARCH
AND INNOVATION FUND (a)**

Table 4.14

At 31 December

	2020 \$m	2019 \$m
<i>Balance at 1 July</i>	1,408	1,313
Receipts	102	86
Payments	34	-
Closing Balance	1,476	1,399

(a) The Fund is a Treasurer's Special Purpose Account.

Note: Columns may not add due to rounding.

A draw down of \$33.9 million was made under the authority of the Amendment Act. At 31 December 2020, these monies were held in the Western Australian Future Health Research and Innovation Account administered by the Minister for Health.

Table 4.15

**WESTERN AUSTRALIAN FUTURE HEALTH RESEARCH
AND INNOVATION ACCOUNT ^(a)**

At 31 December

	2020 \$m	2019 \$m
<i>Balance at 1 July</i>	-	-
Receipts	34	-
Payments	-	-
Closing Balance	34	-

(a) The Account is an agency Special Purpose Account administered by the Minister for Health.

Note: Columns may not add due to rounding.

2020-21 Quarterly Financial Results Report

General Government Salaries

Introduction

Salaries represent the single largest component of general government sector expenses (41% for December 2020, or 45% if concurrent superannuation costs are also included).

General government salaries for the first six months of 2020-21 grew by 5% to total \$6,669 million. Salaries in the health, education, law and order, and community services sectors account for 83% of the general government salaries costs in the December outcome, and account for most of the \$316 million net increase on the same period in 2019-20. This increase includes additional workforce numbers (particularly in the key service agencies), as well as increases in wage rates consistent with wages policy. Increases in staffing levels over the last year include the impact of the health response to COVID-19, additional cleaning staff (such as in schools) as a result of the pandemic, and an increase in custodial staff in the justice system.

The following table summarises salaries outcomes for general government agencies for the six months to 31 December 2020.

Table 5.1

SALARIES COSTS
General Government Sector

	2020-21		2019-20	
	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Six Months to 31 Dec \$m	Actual \$m
Health	2,488	4,905	2,344	4,812
Education	1,881	3,660	1,812	3,591
Western Australia Police Force	499	984	469	970
Justice	380	731	357	720
Communities	286	554	281	582
Fire and Emergency Services	98	197	97	201
Biodiversity, Conservation and Attractions	92	191	92	192
Primary Industries and Regional Development	88	180	84	178
Mines, Industry Regulation and Safety	88	162	79	170
Transport	68	141	64	129
North Metropolitan TAFE	59	120	59	114
South Metropolitan TAFE	59	116	56	111
Finance	54	109	49	97
Water and Environmental Regulation	48	95	47	93
Local Government, Sport and Cultural Industries	43	91	42	86
Planning, Lands and Heritage	44	89	40	85
Premier and Cabinet	46	85	41	84
Commissioner of Main Roads	40	61	31	59
Land Information Authority (Landgate)	25	52	25	50
WA Sports Centre Trust	17	39	28	45
Training and Workforce Development	23	47	22	43
Mental Health Commission	20	37	18	37
South Regional TAFE	20	38	19	37
Jobs, Tourism, Science and Innovation	17	39	17	37
Central Regional TAFE	18	34	17	34
Office of the Director of Public Prosecutions	17	34	16	33
Legal Aid Commission of WA	17	38	16	33
North Regional TAFE	15	37	16	32
Treasury	16	32	16	31
Legislative Assembly	11	24	11	23
Office of the Auditor General	9	20	9	17
Corruption and Crime Commission	8	16	8	16
Legislative Council	8	17	8	16
Public Sector Commission	8	17	7	16
Chemistry Centre (WA)	7	13	7	14
WorkCover WA Authority	7	14	7	13
Parliamentary Services Dept	5	11	5	11
All other agencies (with annual salaries costs below \$10 million)	39	86	36	75
Provisions ^(b)	-	31	-	-
Total salaries	6,669	13,148	6,352	12,887

(a) Consistent with the revised outturn published in the *Pre-election Financial Projections Statement*, released on 8 February 2021.

(b) The 2020-21 Budget includes a provision for salary costs associated with voluntary separations expected to emerge as part of machinery of government changes in the Department of Communities, and the transition to the Commonwealth-run National Disability Insurance Scheme.

Note: Columns may not add due to rounding.

