



GOVERNMENT OF
WESTERN AUSTRALIA

2020-21

ANNUAL REPORT ON STATE FINANCES

September 2021



2020-21

**Annual Report on
State Finances**

SEPTEMBER 2021

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 and present.

Enquiries related to this report should be directed by email to info@treasury.wa.gov.au

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2020-21

Annual Report on State Finances

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Foreword

This *Annual Report on State Finances* (ARSF) provides detail on the State's public sector financial results for 2020-21. It includes disclosure of material differences between these outcomes and estimated outcomes contained in the recent 2021-22 Budget, as well as the original 2020-21 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 purposes 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.

AASB 1059: *Service Concession Arrangements: Grantors* took effect for reporting periods commencing on or after 1 January 2020. The impact of the new standard on Western Australia's financial statements is not material, with some 'property, plant and equipment' assets and 'other borrowings' liabilities now classified to service concession asset and liability lines on the face of the balance sheet respectively. Data has not been backcast for these changes.

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

- the actual outturn for 2020-21, which is the focus of this report;
- movements relative to the 2020-21 estimated outturn contained in the 2021-22 Budget, released on 9 September 2021;
- movements relative to the 2020-21 Budget estimates, presented to the Legislative Assembly on 8 October 2020 (detailed in Appendix 4);
- material Special Purpose Accounts (Appendix 5);

- quarterly results for June 2021, completing the State's quarterly reporting series for 2020-21 (Appendix 6); and
- the Public Ledger outcomes for the year ending 30 June 2021, 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 2021, and the public sector's financial position at 30 June 2021; 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 PSM
UNDER TREASURER



MAGDALENA WITTEK
MANAGER
FINANCIAL REPORTING

23 September 2021

Opinion of the Auditor General



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Annual Report on State Finances

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Government of Western Australia for the year ended 30 June 2021 which comprise:

- the 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 2021 for the General Government Sector and Total Public Sector (Appendix 4)
- the Public Ledger (Appendix 7).

In my opinion, the financial statements are:

- 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 2021 and the financial position at the end of that year; and
- 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 responsibility 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 33 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.

Responsibilities of the Under Treasurer 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*
- 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
- 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 based on my audit. 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf.

Other information

The Under Treasurer is responsible for the other information. The other information is the information in the Annual Report on State Finances for the year ended 30 June 2021, but not the financial statements as defined above and my auditor's report.

My opinion does not cover the other information and, accordingly, 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 2021.

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 2021 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
23 September 2021

2020-21 Annual Report on State Finances

Financial Results

HIGHLIGHTS

- The general government sector realised a record operating surplus of \$5.8 billion in 2020-21. This is \$213 million higher than the \$5.6 billion operating surplus estimated in the recent 2021-22 Budget, predominantly reflecting revised accounting treatment of Native Title settlements.
- The State's Asset Investment Program totalled \$5.8 billion in 2020-21 – \$176 million lower than the \$6 billion estimated in the 2021-22 Budget. Nonetheless, this is the highest level of infrastructure spending since 2013-14, reflecting additional public investment to support the creation of local jobs.
- Total public sector net debt at 30 June 2021 was \$33.5 billion, consistent with the estimated outturn in the recent Budget. This outcome is \$2 billion lower than the level at 30 June 2020, and represents the second consecutive year of declining net debt.

Introduction¹

The following table summarises the key financial outcomes for 2020-21. The final outcomes for 2020-21 represent a modest improvement compared with the estimated outturn published in the 2021-22 Budget on 9 September 2021.

KEY BUDGET AGGREGATES							Table 1
Western Australia							
	2019-20	2020-21				Actual	
	Actual ^(a)	Budget Estimate	MYR Revision	PFPS Revision	Estimated Outturn		
GENERAL GOVERNMENT SECTOR							
Net Operating Balance (\$m)	1,669	1,204	2,162	3,124	5,625	5,838	
Revenue (\$m)	32,162	34,139	35,533	36,622	40,175	40,151	
Revenue Growth (%) ^(a)	5.9	6.1	10.5	13.9	24.9	24.8	
Expenses (\$m)	30,493	32,935	33,371	33,499	34,550	34,313	
Expense Growth (%) ^(a)	5.0	8.0	9.4	9.9	13.3	12.5	
TOTAL PUBLIC SECTOR							
Net Debt at 30 June (\$m)	35,449	39,259	38,125	36,648	33,541	33,482	
Asset Investment Program (\$m)	5,188	7,549	7,568	7,596	5,993	5,816	
Cash Surplus/Deficit (\$m)	2,217	-3,391	-2,288	-814	2,634	2,454	

(a) Annual growth rates for revenue and expenses in 2019-20 abstract from the impact of new accounting standards which took effect for reporting periods commencing on or after 1 January 2019.

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

¹ This chapter mainly focuses on variations in outcomes between the estimated outturn published in the State's 2021-22 Budget and the final outcomes for 2020-21. Comparisons to the original 2020-21 Budget projections (presented to the Legislative Assembly on 8 October 2020) are available in Appendix 4: *Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2021*.

Key economic parameters for 2020-21 are summarised in the following table.

Table 2						
KEY ECONOMIC PARAMETERS						
Western Australia						
	2019-20	2020-21				Actual
	Actual	Budget Estimate	MYR Revision	PFPS Revision	Estimated Outturn	
Demand and Output (%) ^{(a)(b)}						
Household Consumption	-2.3	-2.0	-1.0	0.25	2.5	2.6
Dwelling Investment	-13.2	0.75	0.75	0.75	4.75	3.8
Business Investment	9.7	0.75	2.5	2.5	8.0	4.3
Government Consumption	4.8	3.25	3.5	3.5	5.25	6.2
Government Investment	-0.1	18.0	18.0	18.0	5.0	4.7
State Final Demand	0.8	0.5	1.75	2.25	4.5	4.3
Merchandise Exports	0.5	-	-	-	0.5	-0.1
Merchandise Imports	1.3	-2.5	-1.25	0.25	5.25	6.1
Net Exports ^(c)	2.6	3.25	2.75	2.25	0.75	-0.3
Gross State Product ^(d)	1.4	1.25	2.0	2.0	3.25	3.25
Labour Market (%)						
Population ^{(a)(e)}	1.5	0.8	0.8	0.8	0.8	0.8
Employment ^(a)	0.4	-0.25	1.0	1.5	1.7	1.7
Unemployment Rate ^(f)	6.1	8.0	7.0	6.5	6.1	6.1
Participation Rate ^(f)	67.5	68.0	68.2	68.2	68.0	68.0
Prices (%) ^(a)						
Consumer Price Index	1.3	1.5	1.5	1.5	1.6	1.6
Wage Price Index	1.7	1.5	1.5	1.5	1.5	1.5
Perth Median House Price ^(g)	-2.5	0.7	0.7	1.3	3.5	3.6
Other Key Parameters ^(f)						
Exchange Rate \$US/\$A (cents)	67.1	72.6	72.6	74.8	74.7	74.7
Iron Ore Price (\$US/t) (CFR)	92.9	96.6	103.7	134.3	154.5	154.5
Iron Ore Volumes (million dry tonnes)	837	845	847	847	840	839
Crude Oil Price (\$US/barrel)	51.3	44.6	40.8	46.0	54.6	54.6
Interest Rate Assumptions (%) ^(f)						
Public Bank Account Earnings	1.1	0.7	0.7	0.5	0.5	0.5
Consolidated Account Borrowings	2.8	2.5	2.4	2.4	2.4	2.4

(a) Annual growth.

(b) Based on State Final Demand and Balance of Payment data published for the June quarter 2021. Actual data for 2020-21 for Gross State Product is not available until 19 November 2021.

(c) Net exports include 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 2020-21 is not available until 16 December 2021.

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

(g) 2020-21 actual based on preliminary data from the Real Estate Institute of Western Australia and is subject to revision.

Note: Statistical outcomes sourced from the Australian Bureau of Statistics are subject to periodic revision by that organisation.

Results Compared to Estimated Outturn

General Government Sector

Operating Statement

A record general government operating surplus of \$5.8 billion was recorded in 2020-21, \$213 million higher than the estimated outturn in the recent 2021-22 Budget. This result was primarily driven by lower expenses associated with the accrued costs for Native Title agreements settled in 2020-21.

Table 3

GENERAL GOVERNMENT Operating Statement

	2019-20	2020-21					Actual \$m (5)	Variation on EOT \$m (6)=(5)-(4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	FFPS Revision \$m (3)	Estimated Outturn \$m (4)			
REVENUE								
Taxation	9,055	8,782	9,306	9,530	10,113	10,153	40	
Current grants and subsidies	9,379	8,861	9,200	9,451	9,537	9,421	-116	
Capital grants	642	1,026	1,164	1,195	1,195	1,131	-63	
Sales of goods and services	2,776	2,806	2,786	2,792	2,745	2,821	75	
Interest income	124	100	100	100	96	110	14	
Revenue from public corporations								
Dividends	392	2,776	2,860	1,362	1,360	1,362	2	
Tax equivalent income	732	902	861	861	942	956	15	
Royalty income	8,450	8,287	8,660	10,734	12,147	12,181	34	
Other	614	601	597	598	2,041	2,015	-26	
Total	32,162	34,139	35,533	36,622	40,175	40,151	-24	
EXPENSES								
Salaries	12,887	12,997	13,110	13,148	13,407	13,469	61	
Superannuation								
Concurrent costs	1,276	1,290	1,301	1,305	1,301	1,323	22	
Superannuation interest cost	89	74	72	72	60	60	-	
Other employee costs	401	360	361	361	366	422	56	
Depreciation and amortisation	1,751	1,854	1,823	1,823	1,808	1,741	-67	
Services and contracts	2,590	2,632	2,682	2,691	2,665	2,686	21	
Other gross operating expenses	5,391	5,723	5,761	5,762	5,549	5,602	53	
Interest								
Interest on leases	142	145	137	137	134	134	-	
Other interest	737	664	656	655	651	654	3	
Current transfers	5,003	6,665	6,846	6,820	7,923	7,458	-465	
Capital transfers	228	532	622	724	685	763	78	
Total	30,493	32,935	33,371	33,499	34,550	34,313	-237	
NET OPERATING BALANCE	1,669	1,204	2,162	3,124	5,625	5,838	213	

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

The following table summarises key changes to the general government sector operating balance for 2020-21 relative to the estimated outturn in the 2021-22 Budget. Detail of key movements between the original 2020-21 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 2021-22 BUDGET ESTIMATED OUTTURN	
	\$m
NET OPERATING BALANCE - ESTIMATED OUTTURN (2021-22 Budget)	5,625
Revenue	
Taxation	40
Commonwealth grants, comprising:	
- Transport grants	-154
- All other grants	-26
<i>Sub-Total</i>	<i>-179</i>
Revenue from public corporations	17
Sales of goods and services	75
Royalty income, comprising:	
- Iron ore royalties	23
- All other royalty income	11
<i>Sub-Total</i>	<i>34</i>
All other revenue	-12
TOTAL REVENUE	-24
Expenses	
Native Title settlements - recognition of future obligations	-302
Road transfers to local governments	74
All other expenses	-10
TOTAL EXPENSES	-237
TOTAL VARIANCE	213
NET OPERATING BALANCE - 2020-21 ANNUAL REPORT ON STATE FINANCES	5,838

Note: Column may not add due to rounding.

Revenue

In 2020-21, general government revenue totalled \$40.2 billion (down \$24 million relative to the estimated outturn). The most material, but broadly offsetting, movements in revenue since the estimated outturn contained in the recent Budget were:

- lower Commonwealth transport grants (down \$154 million), largely reflecting delays in the receipt of funding associated with the Duncan and Gordon Downs Roads, Abernethy Road, and Outback Way upgrade projects, and the Lloyd Street Extension;
- higher than forecast collections across a range of minor taxes (up \$40 million), including the Building and Construction Industry Training Fund Levy, gambling taxes, the On-demand Transport Levy, and other vehicle taxes; and
- higher revenue from sales of goods and services (up \$75 million), mainly due to costs recovered from third parties (including local governments and the Public Transport Authority, a public non-financial corporation) for additional works undertaken by Main Roads.

Expenses

General government expenses totalled \$34.3 billion in 2020-21, \$237 million lower than the estimated outturn in the 2021-22 Budget. Material movements in expenses since the estimated outturn include the net impact of:

- lower than forecast accrued costs for Native Title obligations settled in 2020-21 (down \$302 million), mainly reflecting the net impact of:
 - the separation of interest costs from the benefits under the agreements (with the interest costs to be recognised annually over the life of these settlements, rather than as an up-front expense in 2020-21);
 - changes to the timing of some obligations that will be booked in a later year when milestone conditions are met;
 - the treatment of agency service delivery activities under the agreements as emerging annual costs; and
 - higher indexation costs for some obligations (which are to be updated annually under the associated agreements);
- higher expenses (up \$74 million) for Main Roads, mainly reflecting the transfer of New Lord Street to the City of Swan;
- a \$71 million increase in salary expenses for WA Health, mainly due to higher than anticipated accrued leave expenses, driven by the response to the pandemic; and
- lower depreciation expenses (down \$68 million), primarily due to timing changes in relation to a range of WA Health infrastructure projects.

NATIVE TITLE SETTLEMENTS

Two significant Native Title settlements were finalised during the 2020-21 financial year. Finalisation of these settlements has brought additional accounting entries to book, resulting in the recognition of (non-cash) expenses totalling \$1 billion in 2020-21.

South West Native Title Settlement

The South West Native Title Settlement (Settlement) is a landmark Native Title agreement, negotiated between the Noongar people and the Western Australian Government. It comprises six Indigenous Land Use Agreements (ILUAs).

Legal challenges to the ILUAs were dismissed by the High Court in November 2020 and the Settlement commenced late February 2021.

The Settlement package is a long-term investment in the Noongar people and will provide cash and non-cash assets and options for developing Noongar interests, including opportunities for the State Government to work in partnership with the Noongar people to elevate economic, social and community outcomes.

The first annual payment of \$60 million was made to the Noongar Boodja Trust in 2020-21, comprising \$50 million to a Future Fund and \$10 million to an Operations Fund (to support the Noongar Corporations).

Yamatji Nation Indigenous Land Use Agreement

The Yamatji Nation Indigenous Land Use Agreement settles Native Title claims over 48,000 km² of land and water in the Geraldton region. The Agreement was conclusively registered in October 2020 by the National Native Title Tribunal.

The Agreement aims to build a sustainable economic foundation, focuses on Aboriginal empowerment and recognition, and includes a broad range of benefits including a cash component, economic development package, heritage agreements, land transfers, jointly managed conservation estate and robust governance framework.

The first annual payment of \$10 million was made to the Yamatji Nation Trust in 2020-21.

Accounting Treatment

Following the end of legal challenges to the South West Native Title Settlement, the more certain measurement of accounting costs for the associated obligations under both the Settlement and the Yamatji Nation ILUA became possible.

Based on initial interpretation of independent accounting advice, both the 2021-22 Budget and the March 2021 *Quarterly Financial Results Report* recognised estimates of the up-front recognition of these obligations as non-cash financial liabilities and provisions in 2020-21.

These costs have been further refined through the preparation of annual reports for the year ending 30 June 2021, including this *Annual Report on State Finances*.

Together, the obligations under the Settlement and the Yamatji Nation ILUA described above are recognised as a \$1 billion general government sector expense in 2020-21, with interest and other emerging costs to be recognised in 2021-22 and beyond, as well as minor components of the obligations recorded by some public corporations (mainly the Department of Communities (Housing Services) and DevelopmentWA).

Costs relating to these settlements which are not able to be reliably measured are not reflected on the balance sheet but are instead disclosed as contingent liabilities (refer to Note 33: *Contingent Assets and Liabilities* of Appendix 1).

Balance Sheet

At \$112.6 billion, general government sector net worth² (i.e. the value of total assets less total liabilities) increased by \$10.1 billion between 30 June 2020 and 30 June 2021. This is \$2 billion higher than estimated at the time of the 2021-22 Budget, mainly reflecting the net impact of:

- higher asset values (up \$2.4 billion), largely due to:
 - the impact of year-end valuations for land holdings (up \$1.7 billion);
 - a stronger net asset position for the general government sector's ownership interest in the public non-financial corporations sector (up \$1.1 billion), mainly reflecting higher cash operating outcomes for Synergy and the Department of Communities (Housing Services), and an increase in the value of electricity generation and distribution infrastructure based on year-end valuations;
 - lower holdings of property, plant and equipment (down \$1.6 billion), including:
 - the reclassification of assets recognised as service concessions following the implementation of AASB 1059 in this report (now shown as a separate line item on the balance sheet, totalling \$798 million at 30 June 2021); and
 - lower holdings by the Department of Education (down \$815 million), mainly reflecting lower year-end valuations of school buildings, with the Department's new accounting policy for building valuations (to be reflected in the agency's 2020-21 annual report) included in forecasts throughout 2020-21, but determined to be inconsistent with the whole-of-government valuation policy used in this report (see Note 3: *Summary of Significant Accounting Policies* in Appendix 1) – setting aside the change in valuation policy, Education's property, plant and equipment was valued at \$7.5 billion at 30 June 2021, marginally higher than the \$7.4 billion value at 30 June 2020; and
 - higher than expected receivables (up \$365 million), mainly due to the timing of mining royalty receipts, taxation receipts and Commonwealth grants receipts for projects delivered in 2020-21; and

² 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.

- higher liabilities (up \$352 million), due mainly to:
 - movements in payables and 'other' liabilities, largely related to lower Native Title obligations discussed earlier (down \$302 million) and higher road infrastructure contract accruals (up \$148 million);
 - higher superannuation and other employee benefits (up \$243 million), largely due to higher leave entitlements; and
 - an increase in cash deposits (up \$122 million, mainly cash held on behalf of public non-financial corporations) and borrowings (up \$73 million, mainly reflecting the value of leases at 30 June).

Further information on the general government sector balance sheet position relative to the original 2020-21 Budget forecasts can be found in Appendix 4: *Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2021*.

Cash Flow Statement

The general government sector recorded a cash surplus of \$2.6 billion in 2020-21, down \$56 million on the estimated outturn in the 2021-22 Budget. This variance reflects:

- a lower net \$99 million in operating cash flows, with a \$122 million increase in operating receipts more than offset by a \$222 million increase in operating payments, mainly due to minor movements in the timing of receipts and final GST transactions applying to agency purchases and sales; and
- lower infrastructure payments (down \$74 million), partly offset by lower proceeds from the disposal of non-financial assets.

Total Public Sector³

Summary

The record general government sector operating surplus for 2020-21 flowed through to the total public sector, which recorded a \$5.5 billion operating surplus for the year.

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

Table 5

TOTAL PUBLIC SECTOR
Summary Financial Aggregates

	2019-20	2020-21					Variation on EOT \$m (6)=(5)-(4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)	Actual \$m (5)	
OPERATING STATEMENT							
Revenue	65,706	72,303	72,480	74,230	74,949	76,545	1,596
Expenses	63,659	72,423	71,683	70,967	69,048	71,008	1,961
Net Operating Balance	2,047	-120	797	3,263	5,901	5,537	-364
BALANCE SHEET							
Assets	200,161	202,263	203,192	205,523	206,344	207,738	1,394
Liabilities	97,723	99,537	99,654	99,504	95,806	95,156	-650
Net Worth	102,438	102,726	103,538	106,018	110,537	112,582	2,045
CASH FLOW STATEMENT							
Change in net cash held	2,284	-2,823	-1,706	-382	935	1,607	671
Cash surplus/-deficit	2,217	-3,391	-2,288	-814	2,634	2,454	-180
Memorandum Item: Net Debt	35,449	39,259	38,125	36,648	33,541	33,482	-59

Note: Columns may not add due to rounding.

Operating Statement

A \$5.5 billion operating surplus was recorded by the total public sector in 2020-21, \$364 million lower than the estimated outturn in the 2021-22 Budget. This movement reflects the net impact of:

- the stronger general government operating surplus discussed earlier; and
- lower than expected surpluses in both the public financial corporations sector (down \$415 million) and the public non-financial corporations sector (down \$144 million).

³ 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*.

Table 6

TOTAL PUBLIC SECTOR OPERATING BALANCE
By Sector

	2019-20	2020-21				Actual \$m (5)	Variation on EOT \$m (6)=(5)-(4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
Net Operating Balance							
General government sector	1,669	1,204	2,162	3,124	5,625	5,838	213
Public non-financial corporations sector	621	972	1,016	1,023	924	780	-144
Public financial corporations sector	208	560	560	560	849	434	-415
<i>less</i>							
General government dividend revenue	392	2,776	2,860	1,362	1,360	1,362	2
Public non-financial corporations dividend revenue ^(a)	63	88	88	88	140	156	16
Agency depreciation costs on right of use assets leased from other government sectors ^(b)	-3	-8	-7	-7	-2	-3	-
Total public sector net operating balance	2,047	-120	797	3,263	5,901	5,537	-364

(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)

The PNFC sector recorded a \$780 million operating surplus in 2020-21, \$144 million lower than the \$924 million surplus estimated in the 2021-22 Budget. This variance is mainly due to:

- higher than expected depreciation expense (up \$297 million) as a consequence of upward valuations of electricity generation and distribution infrastructure assets;
- a net \$48 million improvement for Racing and Wagering Western Australia, primarily reflecting the impact of online wagering activity on betting turnover and higher dividend payouts; and
- a net \$50 million improvement for Synergy, largely reflecting:
 - an increase in franchise revenue⁴ and associated expenses, primarily driven by the colder winter in 2021 and more people working from home as a result of the COVID-19 pandemic; and
 - an increase in contestable revenue⁵ and associated expenses due to favourable re-contracting and an increase in new customers in 2021.

⁴ Revenue from non-contestable electricity customers, primarily residential and small business customers.

⁵ Revenue from customers that use more than 50MWh per year and can choose which retailer supplies their electricity.

Public Financial Corporations (PFCs)

An operating surplus of \$434 million was recorded for the PFC sector in 2020-21, \$415 million lower than estimated in the 2021-22 Budget. This mainly reflects a lower operating outcome for the Insurance Commission of Western Australia, largely due to the final classification of investment returns (down \$163 million) and higher claims expenses (up \$263 million, based on the Commission's year-end actuarial valuation)⁶. Other material movements included:

- higher RiskCover expenses (up \$73 million) partly offset by higher revenue (up \$26 million), mainly reflecting an increase in the number and cost of claims across general insurance liabilities, medical liability, historic institutional child sexual abuse claims and the workers' compensation classes of insurance, and higher premium revenue from general government and PNFC agencies; and
- a net \$18 million increase in the operating outcome for the Western Australian Treasury Corporation, primarily reflecting the impact of lower interest rates and movement in agency borrowings for 2020-21.

Asset Investment

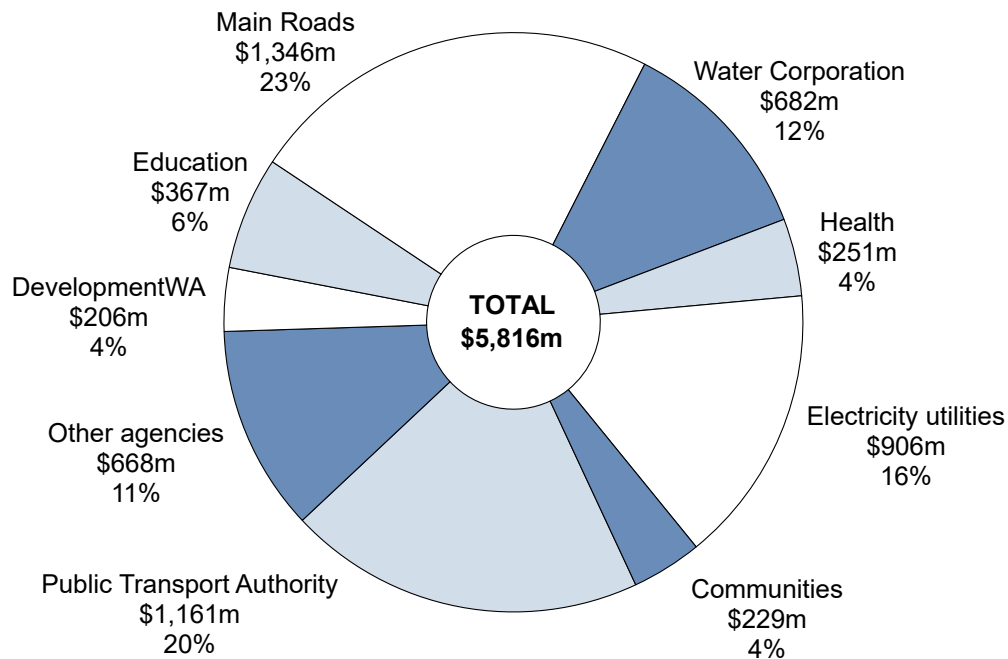
The total public sector Asset Investment Program (AIP) totalled \$5.8 billion in 2020-21, \$176 million lower than estimated in the 2021-22 Budget.

Major areas of investment in 2020-21 included road, rail and transport infrastructure (\$2.5 billion), electricity and water infrastructure (\$1.6 billion), and education and health projects (\$618 million).

⁶ Including investment valuations and other items that do not impact revenue and expense from transactions discussed above, the Commission's investment returns and net profit increased for the purposes of determining tax equivalent and annual dividend costs.

Figure 1

2020-21 ASSET INVESTMENT PROGRAM
Total Public Sector



Note: Segments may not add due to rounding.

Lower than expected infrastructure outcomes mainly reflect:

- Main Roads (down \$103 million), due largely to revised timing of works for major road projects, including Tonkin Highway Corridor Upgrades, Bussell Highway Duplication Stage 1 and 2, and Armadale Road Bridge – North Lake Road Flyover. This was partially offset by expedited work on the Regional Road Safety Program and other projects;
- Communities (Housing Services), down \$26 million, primarily due to delays in residential construction projects as a result of current construction market supply constraints;
- Synergy (down \$20 million), mainly due to lower than expected expenditure across the agency's generation fleet resulting from materials and labour interruptions due to the COVID-19 pandemic; and
- DevelopmentWA (up \$60 million), largely reflecting accelerated work across a range of projects, including Ocean Reef Marina, Perth City Link, East Perth Power Station and the Subi East Precinct.

Other minor movements across the sector account for the remaining difference, and include the recognition of purchases from other agencies.

The following table summarises the material agency movements in AIP spending for 2020-21.

Table 7

INFRASTRUCTURE INVESTMENT

	2019-20	2020-21				Actual \$m (5)	Variation on EOT \$m (6)=(5)-(4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
<i>General Government</i>							
Commissioner of Main Roads	1,256	1,433	1,723	1,723	1,449	1,346	-103
Education	428	456	449	450	370	367	-3
WA Health	152	434	422	424	247	251	4
Western Australia Police Force	62	141	132	132	90	90	-(a)
Finance	128	117	117	117	91	89	-1
Justice	106	78	78	78	63	58	-5
Fire and Emergency Services	33	75	73	73	47	47	-(a)
Provision for Asset Investment Program							
Underspending and Slippage	-	-278	-278	-278	-	-	-
All Other	387	559	565	595	332	365	33
Total General Government	2,553	3,013	3,281	3,316	2,688	2,614	-74
<i>Public Corporations</i>							
Public Transport Authority	642	1,770	1,633	1,626	1,160	1,161	1
Western Power	832	892	893	893	743	746	3
Water Corporation	635	694	694	694	689	682	-7
Communities (Housing Services)	111	485	471	471	251	226	-26
DevelopmentWA	166	325	328	328	146	206	60
Horizon Power (Regional Power Corporation)	72	183	189	189	95	95	-
Synergy (Electricity Generation and Retail Corporation)	68	58	58	58	85	65	-20
Port Authorities	132	274	272	272	71	64	-7
Provision for Asset Investment Program							
Underspending and Slippage	-	-278	-278	-278	-	-	-
All Other	29	195	89	89	64	-17	-81
Total Public Corporations	2,687	4,598	4,349	4,343	3,305	3,228	-77
Internal purchases between sectors	-51	-63	-63	-63	-	-25	-25
TOTAL PUBLIC SECTOR	5,188	7,549	7,568	7,596	5,993	5,816	-176

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

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 \$2.5 billion was recorded in 2020-21, \$180 million lower than estimated in the 2021-22 Budget.

At \$7.8 billion, net cash flows from operating activities were \$265 million lower than estimated in the 2021-22 Budget. This reflects the lower than expected cash operating results in the general government sector (outlined earlier), and lower operating cash outcomes for the public corporations (down \$183 million, representing the impact on cash of the lower accrual operating results discussed above).

Infrastructure spending was \$176 million lower than expected, as noted earlier.

Net Debt⁷

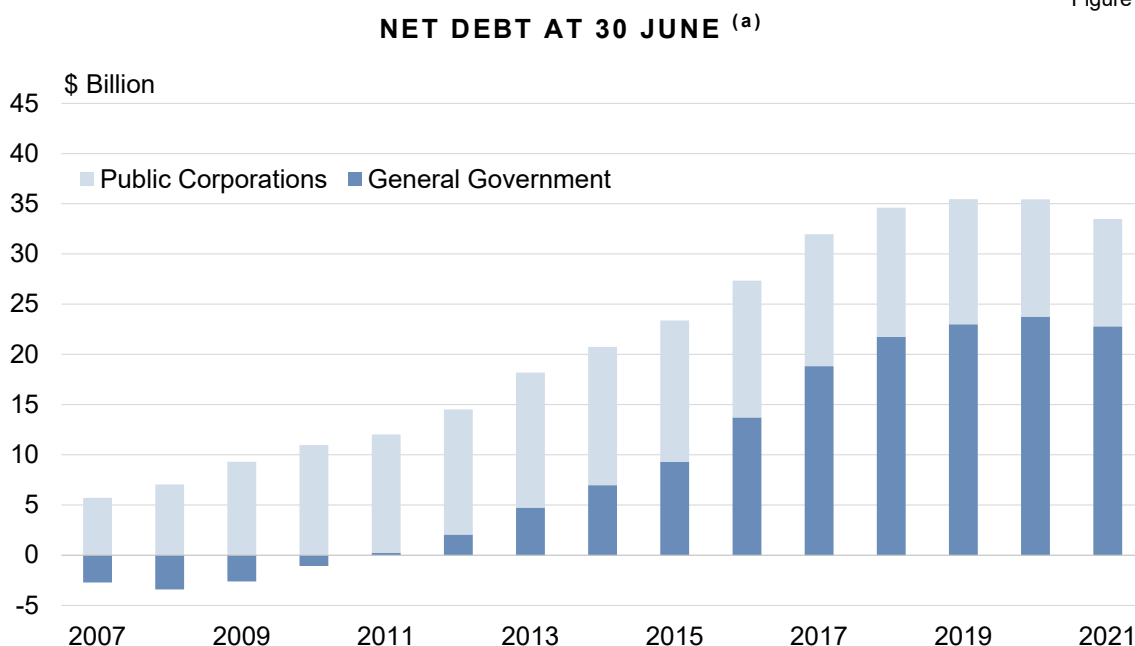
Total public sector net debt at 30 June 2021 totalled \$33.5 billion, broadly unchanged from the estimate contained in the 2021-22 Budget (down \$59 million).

This reflects the net impact from the lower than estimated cash surplus discussed in the previous section, and all other movements in debt-related assets and liabilities (which include year-end valuation changes in investment assets, changes between investment asset classes, and changes to lease liabilities and other movements which have no associated impact on the cash surplus/deficit).

The net debt outcome for 30 June 2021 is \$2 billion lower than the previous year. This represents the second consecutive year of declining net debt levels, following annual increases over the preceding decade.

⁷ 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 2



(a) Broader recognition of leases under AASB 16: Leases applicable for reporting periods after 1 January 2019. Data for the year ending 30 June 2019 and preceding years consistent with measurement under prevailing accounting standards.

The following table shows that the majority of the State’s net debt is in the form of State borrowings held by the Consolidated Account.

Table 8

TOTAL PUBLIC SECTOR NET DEBT
At 30 June

	2020	2021
	\$m	\$m
Consolidated Account borrowings	25,426	25,576
Other Public Bank Account net assets ^(a)	-4,158	-5,205
Western Power	7,587	7,690
Water Corporation	5,623	5,654
Public Transport Authority	1,834	2,267
Horizon Power	930	906
Housing Authority	663	340
Public financial corporations ^(b)	-4,409	-5,204
All other	1,952	1,460
Total Public Sector Net Debt at 30 June	35,449	33,482

(a) Consists mainly of Special Purpose Accounts (such as the Royalties for Regions Fund and the Western Australian Future Health Research and Innovation 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.

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 2020-21 Budget (and unchanged in the 2021-22 Budget) were to:

- maintain a net operating surplus for the general government sector on average over the forward estimates period;
- maintain disciplined general government expense management by:
 - delivering public sector wages outcomes in line with the Government's wages policy; and
 - ensuring key service delivery agency recurrent spending outcomes are in line with budgeted expense limits in Resource Agreements; and
- maintain or increase the net worth (i.e. net assets) of the total public sector.

The following table summarises outcomes for the Government's financial targets in 2020-21, with further detail in the section below.

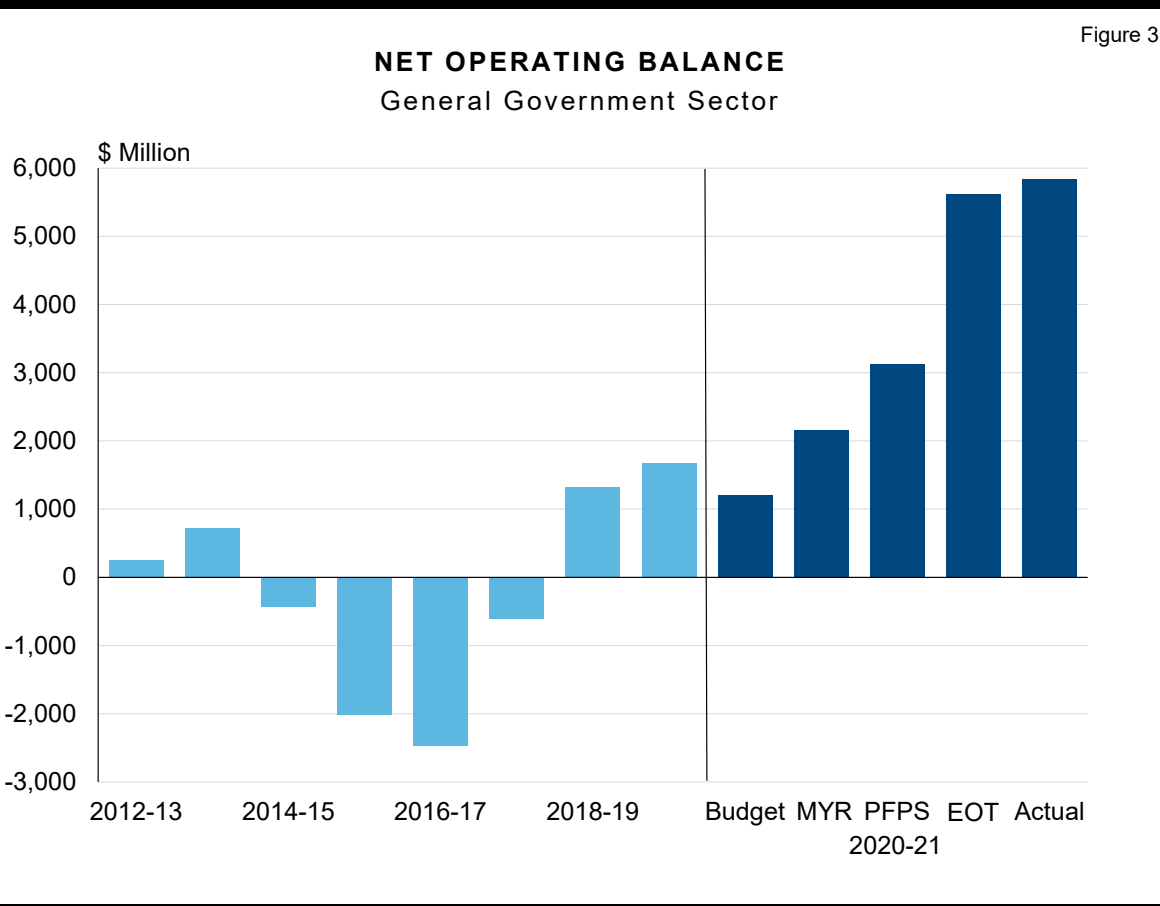
2020-21 FINANCIAL TARGETS					Table 9
Compliance					
	Budget	Mid-year Review	PFPS	EOT	Actual
Maintain a net operating surplus for the general government sector on average over the forward estimates period					
- General government net operating balance (\$m)	1,204	2,162	3,124	5,625	5,838
- Target Met	Yes	Yes	Yes	Yes	Yes
Maintain disciplined general government expense management through:					
- delivering public sector wage outcomes in line with Government wages policy					
- Target Met	Yes	Yes	Yes	Yes	Yes
- ensuring key service delivery agency recurrent spending outcomes are in line with budgeted expense limits					
- Target Met	Yes	No	No	No	No
Maintain or increase net worth of the total public sector					
- Total public sector net worth (\$b)	102.7	103.5	106.0	110.5	112.6
- Target Met	Yes	Yes	Yes	Yes	Yes

Performance Against Financial Targets

Maintain a Net Operating Surplus⁸ for the General Government Sector on Average over the Forward Estimates Period

This target was met in 2020-21, with the general government sector recording an operating surplus of \$5.8 billion. Operating surpluses were also forecast across the entire forward estimates period in the recent 2021-22 Budget.

The 2020-21 outcome is \$213 million higher than the \$5.6 billion estimate included in the 2021-22 Budget, largely reflecting lower accounting costs for Native Title settlements finalised in 2020-21.



⁸ 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.

Maintain Disciplined General Government Expense Management

This target was partially met in 2020-21. Wage outcomes were consistent with the Government's wages policy. However, four of the sector's top spending agencies exceeded budgeted expense limits by more than 2%, mainly reflecting COVID-related cost pressures.

Deliver public sector wages outcomes in line with the Government's wages policy

Agreements that have settled or have been agreed in-principle in the year to 30 June 2021 were in line with the Government's wages policy (limiting annual increases in wages to \$1,000).

INDUSTRIAL AGREEMENTS (a)(b)			
Agreement	Employees	Expiry Date	Status
2019-20			
WA Health System Medical Practitioners	5,225	30 Sep 2019	Under Negotiation
2020-21			
Australian Workers Union ^(c)	500	26 Apr 2021	Under Negotiation
Public Servants and Government Officers	29,918	12 Jun 2021	Agreed in-principle
School Support Officers	4,682	12 Jun 2021	Agreed in-principle
Disability Services Social Trainers	464	12 Jun 2021	Agreed in-principle
Insurance Commission (Government Officers)	405	12 Jun 2021	Agreed in-principle
WA Police	6,641	30 Jun 2021	Under Negotiation
(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 approved expense limits for the financial year. The majority of the largest 15 agencies achieved spending outcomes in line with, or below, the 2020-21 Budget approved expense limits. However, four agencies exceeded the threshold, meaning the target was not met in 2020-21.

Agencies exceeding approved expense targets in 2020-21 were:

- WA Health (up \$248 million), primarily due to additional COVID-19 response costs, including for hotel quarantine, implementation of the vaccination program, Public Health Emergency Operations Centre and State Health Incident Coordination Centre operations, and additional personal protective equipment and pathology costs;
- Justice (up \$83 million), driven by increased payments for Criminal Injuries Compensation and the National Redress Scheme (supporting people who have experienced institutional child sexual abuse), and an increase in leave provisions during COVID-19 travel restrictions;

2020-21 Annual Report on State Finances

- Main Roads (up \$70 million), mainly reflecting the non-cash transfer of New Lord Street to the City of Swan; and
- Western Australia Police Force (up \$45 million), largely due to costs in support of the State's COVID-19 emergency response, higher than anticipated accrual leave expenses and actuarial assessment of medical benefits.

Notwithstanding these increases, total recurrent spending by the general government sector in 2020-21 was \$237 million lower than the estimated outturn published in the 2021-22 Budget.

AGENCY RECURRENT SPENDING OUTCOMES ^(a)

Table 11

2020-21

	Approved Resource Agreement (PFPS) \$m	Functional Transfers Since Approved Limit ^(b) \$m	Revised Limit \$m (1)	Unadjusted Agency Outturn \$m	Less Remeasurements ^(c) \$m	Outcome for Target \$m (2)	Variance from Revised Limit % (2) vs (1)
WA Health	9,979	-	9,979	10,233	5.7	10,227	2.5
Education	5,503	-	5,503	5,603	-	5,603	1.8
Communities	3,245	22.2	3,267	3,314	-	3,314	1.4
Public Transport Authority of Western Australia	1,835	-	1,835	1,733	-	1,733	-5.5
Justice	1,732	-	1,732	1,815	0.3	1,814	4.8
Western Australia Police Force	1,634	-	1,634	1,679	-	1,679	2.7
Finance	1,492	-	1,492	1,362	1.6	1,361	-8.8
Commissioner of Main Roads	1,305	-	1,305	1,375	-	1,375	5.3
Mental Health Commission	1,003	-	1,003	1,005	-	1,005	0.1
Training and Workforce Development	696	-	696	627	-	627	-9.9
Primary Industries and Regional Development	501	-	501	477	5.3	472	-5.8
Transport	496	-	496	440	1.3	439	-11.4
Fire and Emergency Services	476	-	476	479	-	479	0.5
Biodiversity, Conservation and Attractions	425	-	425	420	-	420	-1.2
Local Government, Sport and Cultural Industries	377	-	377	346	0.6	345	-8.4

(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*.

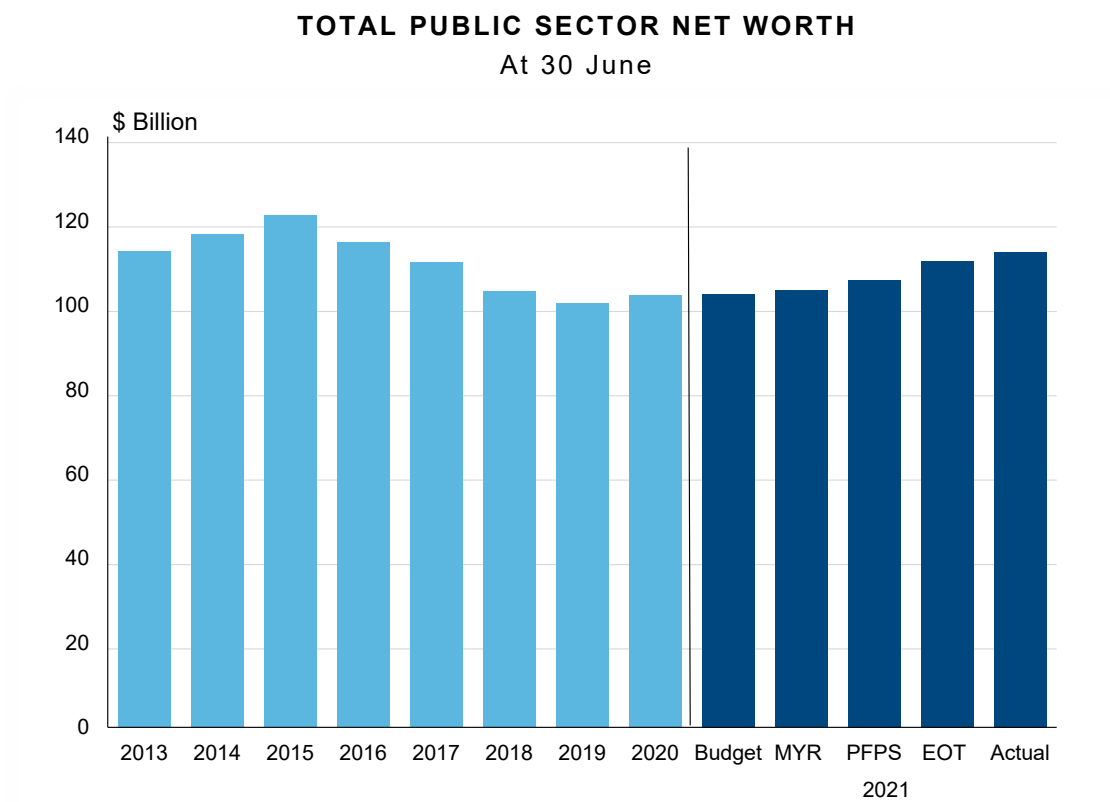
(c) Excludes accounting remeasurement expenses brought to account in some agencies. Valuation decrements represent the accounting remeasurement of assets on the balance sheet and are not a recurrent cost of providing services or a component of general government expenses.

Maintain or Increase the Net Worth (i.e. Net Assets) of the Total Public Sector

This target was met in 2020-21. Public sector net worth increased from \$102.4 billion at 30 June 2020 to \$112.6 billion at 30 June 2021.

This largely reflects the impact of operating surpluses across the general government and public corporations sectors, increases in the value of physical assets, and a lower value of unfunded superannuation obligations this year (reflecting the impact of factors in the actuarial measurement of these liabilities).

Figure 4



2020-21 Annual Report on State Finances

Financial Statements

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Introduction

Financial information presented in this appendix has been prepared in accordance with Australian Accounting Standards and pronouncements, in particular AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, and requirements under section 14A(3) of the *Government Financial Responsibility Act 2000*. The formats used in this report are the same as those used in 2020-21 Budget Papers presented to the Legislative Assembly on 8 October 2020, 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.

GENERAL GOVERNMENT (a)
Operating Statement

	2019-20	2020-21					Actual \$m	Variation on EOT \$m (5) - (4)
		Notes	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
RESULTS FROM TRANSACTIONS								
REVENUE								
Taxation (d)		9,055	8,782	9,306	9,530	10,113	10,153	40
Current grants and subsidies		9,379	8,861	9,200	9,451	9,537	9,421	-116
Capital grants		642	1,026	1,164	1,195	1,195	1,131	-63
Sales of goods and services (d)		2,776	2,806	2,786	2,792	2,745	2,821	75
Interest income		124	100	100	100	96	110	14
Revenue from public corporations								
Dividends from other sectors		392	2,776	2,860	1,362	1,360	1,362	2
Tax equivalent income		732	902	861	861	942	956	15
Royalty income		8,450	8,287	8,660	10,734	12,147	12,181	34
Other		614	601	597	598	2,041	2,015	-26
Total	6	32,162	34,139	35,533	36,622	40,175	40,151	-24
EXPENSES								
Salaries		12,887	12,997	13,110	13,148	13,407	13,469	61
Superannuation								
Concurrent costs		1,276	1,290	1,301	1,305	1,301	1,323	22
Superannuation interest cost		89	74	72	72	60	60	-
Other employee costs		401	360	361	361	366	422	56
Depreciation and amortisation	7	1,751	1,854	1,823	1,823	1,808	1,741	-67
Services and contracts		2,590	2,632	2,682	2,691	2,665	2,686	21
Other gross operating expenses	8	5,391	5,723	5,761	5,762	5,549	5,602	53
Interest	9							
Interest on leases		142	145	137	137	134	134	-
Other interest		737	664	656	655	651	654	3
Current transfers	10	5,003	6,665	6,846	6,820	7,923	7,458	-465
Capital transfers	10	228	532	622	724	685	763	78
Total		30,493	32,935	33,371	33,499	34,550	34,313	-237
NET OPERATING BALANCE (b)	4	1,669	1,204	2,162	3,124	5,625	5,838	213
<i>Other economic flows - included in the operating result</i>								
Net gains on assets/liabilities		-27	-18	-13	-8	459	-173	-632
Provision for doubtful debts		-126	-14	-14	-14	-14	-51	-37
Changes in accounting policy/adjustment of prior periods		-44	-	-	-	-	9	9
Total other economic flows		-197	-31	-27	-22	445	-215	-660
OPERATING RESULT		1,472	1,173	2,135	3,102	6,071	5,623	-447
<i>All other movements in equity</i>								
<i>Items that will not be reclassified to operating result</i>								
Revaluations		392	67	56	71	-78	1,827	1,905
Net actuarial gains/-loss - superannuation		5	-207	-228	-228	1,063	1,072	9
Gains recognised directly in equity		-1	-54	-46	-46	-46	2	48
Change in net worth of the public corporations sectors		217	-691	-816	681	1,090	1,620	530
All other		-239	-	-	-	-	-	-
Total all other movements in equity		373	-885	-1,035	478	2,029	4,520	2,492
TOTAL CHANGE IN NET WORTH (c)	4	1,845	288	1,100	3,580	8,099	10,144	2,045
KEY FISCAL AGGREGATES								
NET OPERATING BALANCE		1,669	1,204	2,162	3,124	5,625	5,838	213
Less <i>Net acquisition of non-financial assets</i>								
Purchase of non-financial assets		2,553	3,013	3,281	3,316	2,688	2,614	-74
Changes in inventories		38	21	47	47	63	70	7
Other movement in non-financial assets		-15	-	6	6	1,381	1,337	-44
less:								
Sales of non-financial assets		1,476	143	143	143	121	90	-31
Depreciation		1,751	1,854	1,823	1,823	1,808	1,741	-67
Total net acquisition of non-financial assets		-651	1,038	1,367	1,402	2,203	2,189	-14
NET LENDING/-BORROWING	4	2,320	167	794	1,722	3,422	3,649	227

(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'.

(d) In line with Government Finance Statistics classifications, 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. Comparative data have been restated.

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

Table 1.2

GENERAL GOVERNMENT (a)
Balance Sheet at 30 June

	Notes	2020		2021			Actual \$m	Variation on EOT \$m (5) - (4)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
ASSETS								
<i>Financial assets</i>								
Cash and deposits		513	477	520	520	5,240	5,230	-10
Advances paid		715	748	775	774	727	729	2
Investments, loans and placements		5,924	3,441	4,543	5,226	2,094	2,105	11
Receivables	11	3,938	3,184	2,906	3,883	5,577	5,942	365
Shares and other equity								
Investments in other public sector entities - equity method		40,962	40,271	40,146	41,643	42,052	42,581	530
Investments in other public sector entities - direct injections		10,602	12,013	11,866	11,797	11,411	11,751	340
Investments in other entities		22	22	22	22	22	30	8
Other financial assets	8	8	8	8	8	8	8	-
Total financial assets		62,684	60,164	60,786	63,874	67,131	68,376	1,245
<i>Non-financial assets</i>								
Land	12	35,183	35,353	35,364	35,364	36,141	37,821	1,679
Property, plant and equipment	13,14	45,652	48,162	48,436	48,471	49,000	47,428	-1,571
Right of use assets	16,17	2,484	2,465	2,482	2,482	2,377	2,394	18
Service concession assets	18	800	-	-	-	-	798	798
Biological assets	19	109	109	109	109	109	54	-55
Inventories	20							
Land inventories		-	-	-	-	-	-	-
Other inventories		108	130	156	156	171	179	7
Intangibles	21	568	585	585	585	542	586	45
Assets classified as held for sale	22	21	17	17	17	14	107	93
Investment property	23	7	7	7	7	-	7	7
Other		229	217	222	222	219	352	133
Total non-financial assets		85,162	87,044	87,377	87,411	88,574	89,726	1,152
TOTAL ASSETS		147,847	147,208	148,163	151,285	155,705	158,102	2,397
LIABILITIES								
Deposits held		1,472	730	743	1,375	1,212	1,333	122
Advances received		326	309	309	309	309	309	-
Borrowings	24							
Lease liabilities		2,722	3,098	3,108	3,108	2,682	2,753	70
Service concession liabilities		-	-	-	-	-	5	5
Other borrowings		26,389	26,104	26,130	26,137	26,454	26,451	-3
Superannuation	25	6,818	6,643	6,685	6,688	5,522	5,516	-6
Other employee benefits	26	3,543	3,574	3,564	3,564	3,626	3,875	249
Payables		1,463	1,471	1,431	1,431	2,766	2,537	-229
Other liabilities	27	2,674	2,553	2,655	2,654	2,596	2,740	144
TOTAL LIABILITIES		45,408	44,482	44,625	45,267	45,167	45,520	352
NET ASSETS		102,438	102,726	103,538	106,018	110,537	112,582	2,045
<i>Of which:</i>								
Contributed equity		-	-	-	-	-	-	-
Accumulated surplus		7,587	8,209	9,138	10,109	14,681	14,298	-382
Other reserves		94,851	94,517	94,401	95,910	95,857	98,284	2,427
NET WORTH	4	102,438	102,726	103,538	106,018	110,537	112,582	2,045
MEMORANDUM ITEMS								
<i>Net financial worth</i>		17,276	15,682	16,162	18,607	21,964	22,856	892
<i>Net financial liabilities</i>		34,288	36,602	35,850	34,833	31,499	31,476	-23
<i>Net debt</i>								
Gross debt liabilities		30,910	30,241	30,290	30,930	30,657	30,851	195
less: liquid financial assets		7,152	4,665	5,838	6,520	8,061	8,063	3
Net debt		23,758	25,576	24,452	24,409	22,596	22,788	192

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

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

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 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>	<u>53,531</u>	<u>40,745</u>	<u>6,078</u>	<u>100,354</u>
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 (a)	-33	-	272	239
Balance at 30 June 2020	<u>53,889</u>	<u>40,962</u>	<u>7,587</u>	<u>102,438</u>
<i>Balance at 1 July 2020</i>	53,889	40,962	7,587	102,438
Operating result	-	-	5,623	5,623
All other movements in equity	1,813	1,620	1,088	4,520
<i>Total change in net worth</i>	1,813	1,620	6,711	10,144
Balance at 30 June 2021	<u>55,702</u>	<u>42,581</u>	<u>14,298</u>	<u>112,582</u>

(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

	Notes	2019-20		2020-21			Actual \$m	Variation on EOT \$m
		Actual \$m	Budget Estimate \$m	MYR Revision \$m	PFPS Revision \$m	Estimated Outturn \$m		
CASH FLOWS FROM OPERATING ACTIVITIES								
<i>Cash received</i>								
Taxes received (b)		8,996	8,692	9,216	9,440	10,027	9,847	-180
Grants and subsidies received		11,825	11,564	11,919	12,195	12,434	12,167	-267
Receipts from sales of goods and services (b)		2,611	2,779	2,749	2,752	2,686	2,858	172
Interest receipts		119	95	94	94	90	88	-2
Dividends and tax equivalents		1,071	3,761	3,830	2,332	2,305	2,331	26
Other		10,825	10,780	11,353	12,453	12,320	12,694	374
Total cash received		35,447	37,671	39,161	39,266	39,863	39,985	122
<i>Cash Paid</i>								
Wages, salaries and supplements, and superannuation		-14,192	-14,711	-14,824	-14,862	-14,969	-14,851	118
Payments for goods and services		-8,494	-8,848	-8,939	-8,949	-8,730	-8,904	-174
Interest paid		-905	-819	-805	-805	-798	-803	-5
Grants and subsidies paid		-6,641	-8,356	-8,482	-8,558	-8,518	-8,456	62
Dividends and tax equivalents		-	-	-	-	-	-	-
Other payments		-2,004	-1,664	-1,672	-1,654	-1,605	-1,828	-223
Total cash paid		-32,237	-34,399	-34,721	-34,828	-34,620	-34,842	-222
NET CASH FLOWS FROM OPERATING ACTIVITIES	28	3,211	3,272	4,439	4,437	5,243	5,143	-99
CASH FLOWS FROM INVESTING ACTIVITIES								
<i>Cash flows from investments in non-financial assets</i>								
Purchase of non-financial assets		-2,553	-3,013	-3,281	-3,316	-2,688	-2,614	74
Sales of non-financial assets		1,476	143	143	143	121	90	-31
Total cash flows from investments in non-financial assets		-1,077	-2,870	-3,138	-3,172	-2,567	-2,524	43
<i>Cash flows from investments in financial assets</i>								
<i>Cash received</i>								
For policy purposes		64	10	10	10	10	14	4
For liquidity purposes		56	64	67	67	50	86	36
<i>Cash paid</i>								
For policy purposes		-862	-1,786	-1,644	-1,568	-1,202	-1,210	-8
For liquidity purposes		-38	-46	-57	-57	-46	-94	-48
Total cash flows from investments in financial assets		-780	-1,758	-1,625	-1,549	-1,189	-1,205	-16
NET CASH FLOWS FROM INVESTING ACTIVITIES		-1,857	-4,628	-4,762	-4,721	-3,756	-3,728	27
CASH FLOWS FROM FINANCING ACTIVITIES								
<i>Cash received</i>								
Advances received		17	17	17	17	17	18	-
Borrowings		845	284	308	315	273	198	-74
Deposits received		-	-	-	-	-	-	-
Other financing receipts		312	54	55	57	40	233	193
Total cash receipts from financing activities		1,174	355	380	389	330	449	119
<i>Cash paid</i>								
Advances paid		-17	-17	-17	-17	-17	-17	-
Borrowings repaid		-1,379	-118	-120	-120	-119	-45	74
Deposits paid		-	-	-	-	-	-	-
Other financing payments		-492	-492	-431	-431	-410	-503	-93
Total payments for financing activities		-1,888	-628	-568	-568	-547	-566	-19
NET CASH FLOWS FROM FINANCING ACTIVITIES		-714	-272	-187	-179	-217	-117	100
Net increase in cash and cash equivalents		640	-1,628	-511	-462	1,270	1,298	28
Cash and cash equivalents at the beginning of the year		5,005	5,645	5,645	5,645	5,645	5,645	-
Cash and cash equivalents at the end of the year	29	5,645	4,016	5,134	5,182	6,915	6,943	28
KEY FISCAL AGGREGATES								
Net cash flows from operating activities		3,211	3,272	4,439	4,437	5,243	5,143	-99
Net cash flows from investing in non-financial assets		-1,077	-2,870	-3,138	-3,172	-2,567	-2,524	43
Cash surplus/deficit		2,134	402	1,301	1,265	2,675	2,620	-56

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

(b) In line with Government Finance Statistics classifications, 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. Comparative data have been restated.

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

PUBLIC NON-FINANCIAL CORPORATIONS
Operating Statement

	Notes	2019-20	2020-21				Actual \$m (5)	Variation on EOT \$m (5) - (4)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
RESULTS FROM TRANSACTIONS								
REVENUE								
Current grants and subsidies		2,446	3,466	3,554	3,598	3,427	3,344	-84
Capital grants		64	138	120	127	109	97	-12
Sales of goods and services		34,089	40,540	39,616	38,780	35,661	37,404	1,743
Interest Income		126	124	124	124	82	88	6
Other		468	440	443	443	563	601	38
<i>Total</i>		37,192	44,707	43,857	43,071	39,842	41,535	1,692
EXPENSES								
Salaries		1,101	1,251	1,312	1,312	1,267	1,142	-125
Superannuation								
Concurrent costs		110	124	130	130	123	125	2
Superannuation interest cost		-	-	-	-	-	-	-
Other employee costs		34	24	24	24	29	59	30
Depreciation and amortisation		2,152	2,183	2,202	2,202	2,191	2,488	297
Services and contracts		792	830	843	843	789	851	62
Other gross operating expenses		29,615	36,197	35,235	34,402	31,418	33,009	1,590
Interest								
Interest on leases		90	92	90	88	85	75	-10
Other interest		572	554	519	519	475	451	-24
Tax equivalents		609	665	625	625	656	637	-19
Current transfers		1,482	1,813	1,854	1,897	1,877	1,854	-23
Capital transfers		15	-	6	6	7	63	56
<i>Total</i>		36,571	43,734	42,841	42,048	38,918	40,754	1,836
NET OPERATING BALANCE (a)	4	621	972	1,016	1,023	924	780	-144
<i>Other economic flows - included in the operating result</i>								
Net gains on assets/liabilities		-65	-215	-265	-272	-169	-210	-41
Provision for doubtful debts		-72	-34	-35	-35	-36	-13	23
Changes in accounting policy/adjustment of prior periods		-44	-	-	-	-	-112	-112
<i>Total other economic flows</i>		-181	-249	-300	-306	-204	-335	-131
OPERATING RESULT		440	723	716	716	720	445	-275
<i>Other non-owner movements in equity</i>								
<i>Items that will not be reclassified to operating result</i>								
Revaluations		459	618	580	580	312	1,422	1,110
Net actuarial gains/-loss - superannuation		-27	2	1	1	8	-2	-10
Gains recognised directly in equity		4	-	-	-	1	-21	-21
All other		-105	-	-	-	-	-	-
<i>Total other non-owner movements in equity</i>		331	620	581	581	320	1,399	1,079
<i>Movements in owner equity</i>								
Dividends		-162	-2,269	-2,348	-1,328	-1,339	-1,341	-2
Capital injections		652	1,424	1,277	1,208	822	1,114	292
<i>Total movements in owner equity</i>		490	-845	-1,071	-121	-517	-227	290
TOTAL CHANGE IN NET WORTH (b)	4	1,261	498	226	1,177	524	1,618	1,094
KEY FISCAL AGGREGATES								
NET OPERATING BALANCE		621	972	1,016	1,023	924	780	-144
<i>Less Net acquisition of non-financial assets</i>								
Purchase of non-financial assets		2,683	4,593	4,344	4,338	3,300	3,224	-76
Changes in inventories		2,050	119	124	124	14	-400	-414
Other movement in non-financial assets		109	134	130	130	152	66	-86
<i>less:</i>								
Sales of non-financial assets		311	408	434	434	469	434	-36
Depreciation		2,152	2,183	2,202	2,202	2,191	2,488	297
<i>Total net acquisition of non-financial assets</i>		2,380	2,255	1,963	1,957	805	-32	-837
NET LENDING/-BORROWING	4	-1,758	-1,282	-947	-934	119	813	693

(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	2020		2021			Actual \$m (5)	Variation on EOT \$m (5) - (4)
		Actual	Budget	MYR	PFPS	Estimated		
		\$m	Estimate \$m (1)	Revision \$m (2)	Revision \$m (3)	Outturn \$m (4)		
ASSETS								
<i>Financial assets</i>								
Cash and deposits		2,938	1,701	1,674	2,452	2,477	2,961	484
Advances paid		-	-	-	-	-	-	-
Investments, loans and placements		5,407	6,123	6,168	6,188	5,671	5,860	188
Receivables		2,026	2,079	2,050	2,050	1,485	1,646	162
<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		9	25	25	25	25	29	4
Other financial assets		580	438	488	488	484	484	-
Total financial assets		10,960	10,366	10,405	11,203	10,142	10,980	838
<i>Non-financial assets</i>								
Land		8,361	8,276	8,276	8,276	7,982	8,195	213
Property, plant and equipment		55,993	58,350	58,073	58,067	57,308	58,068	759
Right of use assets		494	459	435	435	432	442	11
Service concession assets		215	-	-	-	-	207	207
Biological assets		209	212	212	212	213	210	-3
<i>Inventories</i>								
Land inventories		1,809	2,141	2,086	2,086	1,869	1,566	-304
Other inventories		6,325	6,444	6,449	6,449	6,339	5,925	-414
Intangibles		445	425	422	422	450	504	55
Assets classified as held for sale		16	16	12	12	12	5	-6
Investment property		26	45	45	45	45	21	-24
Other		190	284	322	322	189	170	-19
Total non-financial assets		74,081	76,650	76,332	76,326	74,837	75,312	475
TOTAL ASSETS		85,041	87,016	86,737	87,529	84,979	86,292	1,313
LIABILITIES								
Deposits held		-	-	-	-	-	-	-
Advances received		326	309	309	309	309	309	-
<i>Borrowings</i>								
Lease liabilities		815	1,069	1,058	1,058	780	768	-11
Service concession liabilities		-	-	-	-	-	343	343
Other borrowings		23,310	24,951	24,962	24,804	23,538	23,299	-240
Superannuation		97	83	90	90	80	82	3
Other employee benefits		423	392	392	392	393	453	60
Payables		8,488	8,311	8,301	8,301	7,673	7,609	-64
Other liabilities		1,796	1,619	1,613	1,613	1,898	2,027	129
TOTAL LIABILITIES		35,255	36,733	36,725	36,566	34,670	34,889	219
NET ASSETS		49,786	50,283	50,012	50,962	50,309	51,403	1,094
<i>Of which:</i>								
Contributed equity		10,887	12,312	12,164	12,095	11,709	12,001	292
Accumulated surplus		17,448	18,106	17,997	19,012	19,017	16,658	-2,359
Other reserves		21,450	19,865	19,850	19,855	19,583	22,743	3,160
NET WORTH	4	49,786	50,283	50,012	50,962	50,309	51,403	1,094
MEMORANDUM ITEMS								
<i>Net financial worth</i>		-24,295	-26,367	-26,320	-25,363	-24,528	-23,909	619
<i>Net debt</i>								
Gross debt liabilities		24,451	26,329	26,329	26,170	24,627	24,719	92
less: liquid financial assets		8,345	7,824	7,842	8,640	8,148	8,821	673
Net debt		16,106	18,505	18,487	17,530	16,479	15,898	-581

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 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>	<u>10,235</u>	<u>20,991</u>	<u>17,195</u>	<u>48,420</u>
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 (a)	-	-	105	105
Balance at 30 June 2020	<u>10,887</u>	<u>21,451</u>	<u>17,448</u>	<u>49,786</u>
<i>Balance at 1 July 2020</i>	10,887	21,451	17,448	49,786
Operating result	-	-	445	445
All other movements in equity	-	1,294	106	1,399
<i>Total change in net worth</i>	-	1,294	551	1,845
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	1,114	-	-	1,114
Dividends	-	-	-1,341	-1,341
<i>Total</i>	1,114	-	-1,341	-227
Balance at 30 June 2021	<u>12,001</u>	<u>22,744</u>	<u>16,658</u>	<u>51,403</u>

(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

	2019-20	2020-21				Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Actual \$m (1)	Budget Estimate \$m (2)	MYR Revision \$m (3)	PFPS Revision \$m (4)	Estimated Outturn \$m (5)		
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Grants and subsidies received	2,507	3,595	3,639	3,680	3,482	3,491	8
Receipts from sales of goods and services	25,130	26,102	25,688	25,257	25,888	26,107	219
Interest receipts	129	121	121	121	81	83	2
Dividends and tax equivalents	61	63	63	63	63	63	-
Other	1,361	1,033	1,038	1,038	1,455	1,457	2
Total cash received	29,189	30,913	30,548	30,158	30,969	31,200	231
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation	-1,184	-1,433	-1,495	-1,493	-1,425	-1,257	168
Payments for goods and services	-19,602	-20,973	-20,543	-20,091	-20,208	-20,397	-189
Interest paid	-689	-599	-566	-591	-556	-576	-19
Grants and subsidies paid	-708	-731	-769	-811	-777	-706	71
Tax equivalents	-614	-764	-683	-683	-684	-683	1
Other payments	-3,628	-4,117	-4,118	-4,108	-4,665	-4,210	455
Total cash paid	-26,424	-28,617	-28,175	-27,778	-28,315	-27,829	486
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,764	2,296	2,373	2,380	2,654	3,371	717
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets	-2,683	-4,593	-4,344	-4,338	-3,300	-3,224	76
Sales of non-financial assets	311	408	434	434	469	434	-36
Total cash flows from investments in non-financial assets	-2,372	-4,185	-3,911	-3,904	-2,830	-2,790	40
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes	-	-	-	-	-	-	-
For liquidity purposes	74	67	54	54	46	3	-42
<i>Cash paid</i>							
For policy purposes	-21	-22	-23	-23	-6	-18	-11
For liquidity purposes	-30	-23	-34	-34	-52	-100	-48
Total cash flows from investments in financial assets	23	21	-3	-3	-12	-114	-102
NET CASH FLOWS FROM INVESTING ACTIVITIES	-2,349	-4,164	-3,913	-3,907	-2,843	-2,904	-62
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received	-	-	-	-	-	-	-
Borrowings	7,014	6,791	6,847	6,688	5,267	4,322	-946
Deposits received	-	-	-	-	-	-	-
Other financing receipts	902	1,918	1,726	1,650	1,288	1,305	17
Total cash received	7,916	8,709	8,573	8,338	6,555	5,627	-929
<i>Cash paid</i>							
Advances paid	-17	-17	-17	-17	-17	-17	-
Borrowings repaid	-6,565	-5,682	-5,727	-5,727	-5,306	-4,365	941
Deposits paid	-	-	-	-	-	-	-
Other financing payments	-172	-176	-175	-175	-187	-230	-43
Dividends paid	-162	-2,204	-2,348	-1,328	-1,339	-1,341	-2
Total cash paid	-6,917	-8,079	-8,268	-7,248	-6,849	-5,954	895
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,000	629	305	1,090	-294	-327	-33
Net increase in cash and cash equivalents	1,415	-1,239	-1,235	-437	-482	140	622
Cash and cash equivalents at the beginning of the year	1,818	3,233	3,233	3,233	3,233	3,233	-
Cash and cash equivalents at the end of the year	3,233	1,994	1,998	2,796	2,751	3,373	622
KEY FISCAL AGGREGATES							
Net cash flows from operating activities	2,764	2,296	2,373	2,380	2,654	3,371	717
Net cash flows from investing in non-financial assets	-2,372	-4,185	-3,911	-3,904	-2,830	-2,790	40
Dividends paid	-162	-2,204	-2,348	-1,328	-1,339	-1,341	-2
Cash surplus/-deficit	230	-4,093	-3,885	-2,852	-1,515	-760	755

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

TOTAL NON-FINANCIAL PUBLIC SECTOR
Operating Statement

	Notes	2019-20	2020-21				Actual \$m (5)	Variation on EOT \$m (5) - (4)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
RESULTS FROM TRANSACTIONS								
REVENUE								
Taxation (c)		8,533	8,300	8,809	9,033	9,578	9,610	32
Current grants and subsidies		9,379	8,861	9,200	9,451	9,537	9,421	-116
Capital grants		642	1,026	1,164	1,195	1,195	1,131	-63
Sales of goods and services (c)		36,273	42,681	41,746	40,916	37,844	39,633	1,789
Interest income		229	202	202	202	159	179	21
Royalty income		8,450	8,287	8,660	10,734	12,147	12,181	34
Dividends and tax equivalents		415	831	836	359	447	496	49
Other		980	913	907	907	2,411	2,415	3
Total		64,899	71,101	71,525	72,798	73,318	75,067	1,749
EXPENSES								
Salaries		13,989	14,248	14,422	14,460	14,675	14,611	-63
Superannuation								
Concurrent costs		1,385	1,414	1,431	1,435	1,424	1,448	23
Superannuation interest cost		89	74	72	72	60	60	-
Other employee costs		355	304	306	306	314	403	88
Depreciation and amortisation		3,899	4,029	4,018	4,018	3,997	4,227	230
Services and contracts		3,374	3,469	3,532	3,540	3,461	3,537	77
Other gross operating expenses		34,286	41,135	40,206	39,375	36,239	37,849	1,610
Interest								
Interest on leases		230	233	223	221	218	208	-10
Other interest		1,289	1,201	1,157	1,157	1,108	1,087	-21
Other property expenses		-	-	-	-	-	-	-
Current transfers		3,693	4,684	4,818	4,790	6,032	5,629	-404
Capital transfers		178	394	502	598	576	728	152
Total		62,769	71,186	70,689	69,973	68,104	69,786	1,682
NET OPERATING BALANCE (a)	4	2,131	-85	837	2,825	5,213	5,280	67
<i>Other economic flows - included in the operating result</i>								
Net gains on assets/liabilities		-92	-232	-278	-280	290	-383	-674
Provision for doubtful debts		-198	-48	-49	-49	-49	-64	-14
Changes in accounting policy/adjustment of prior periods		13	-	-	-	-	-174	-174
Total other economic flows		-277	-281	-327	-328	241	-621	-862
OPERATING RESULT		1,854	-366	510	2,497	5,455	4,660	-795
<i>All other movements in equity</i>								
<i>Items that will not be reclassified to operating result</i>								
Revaluations		850	711	661	676	259	3,248	2,990
Net actuarial gains/-loss - superannuation		-22	-205	-227	-227	1,071	1,070	-
Gains recognised directly in equity		-1	-62	-53	-53	-47	-21	26
Change in net worth of the public corporations sectors		-493	210	210	687	1,363	1,187	-176
All other		-344	-	-	-	-	-	-
Total all other movements in equity		-9	654	590	1,083	2,645	5,484	2,839
TOTAL CHANGE IN NET WORTH (b)	4	1,845	288	1,100	3,580	8,099	10,144	2,045
KEY FISCAL AGGREGATES								
NET OPERATING BALANCE		2,131	-85	837	2,825	5,213	5,280	67
<i>Less Net acquisition of non-financial assets</i>								
Purchase of non-financial assets		5,185	7,544	7,563	7,591	5,988	5,812	-175
Changes in inventories		2,088	140	172	172	77	-330	-407
Other movement in non-financial assets		94	134	136	136	1,533	1,403	-130
<i>less:</i>								
Sales of non-financial assets		1,735	489	514	514	590	499	-91
Depreciation		3,899	4,029	4,018	4,018	3,997	4,227	230
Total net acquisition of non-financial assets		1,732	3,300	3,338	3,366	3,010	2,160	-851
NET LENDING/-BORROWING	4	399	-3,385	-2,501	-541	2,203	3,121	918

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

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

(c) In line with Government Finance Statistics classifications, 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. Comparative data have been restated.

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

Table 1.10

TOTAL NON-FINANCIAL PUBLIC SECTOR
Balance Sheet at 30 June

	Notes	2020		2021			Actual \$m (5)	Variation on EOT \$m (5) - (4)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
ASSETS								
<i>Financial assets</i>								
Cash and deposits		1,995	1,464	1,467	1,613	6,520	6,875	355
Advances paid		389	439	467	465	418	420	2
Investments, loans and placements		11,270	9,499	10,645	11,349	7,703	7,892	189
Receivables		5,824	5,151	4,883	5,860	6,920	7,472	552
Shares and other equity								
Investments in other public sector entities - equity method		1,778	2,000	2,000	2,477	3,153	2,929	-224
Investments in other public sector entities - direct injections		-	-	-	-	-	-	-
Investments in other entities		32	48	48	48	48	59	11
Other financial assets		8	8	8	8	8	8	-
Total financial assets		21,294	18,608	19,518	21,820	24,770	25,655	885
<i>Non-financial assets</i>								
Land		43,544	43,628	43,639	43,639	44,123	46,015	1,892
Property, plant and equipment		101,645	106,512	106,510	106,538	106,309	105,496	-813
Right of use assets		2,973	2,881	2,878	2,878	2,798	2,836	38
Service concession assets		1,015	-	-	-	-	1,005	1,005
Biological assets		317	321	321	321	322	264	-58
Inventories								
Land inventories		1,809	2,141	2,086	2,086	1,869	1,566	-304
Other inventories		6,433	6,573	6,605	6,605	6,510	6,104	-407
Intangibles		1,012	1,009	1,006	1,006	991	1,091	100
Assets classified as held for sale		37	33	29	29	25	112	87
Investment property		33	51	51	51	45	28	-17
Other		419	494	536	536	400	519	119
Total non-financial assets		159,238	163,645	163,662	163,690	163,393	165,035	1,642
TOTAL ASSETS		180,532	182,253	183,180	185,510	188,163	190,690	2,527
LIABILITIES								
Deposits held		14	14	14	14	13	16	3
Advances received		326	309	309	309	309	309	-
Borrowings								
Lease liabilities		3,471	4,061	4,063	4,063	3,391	3,449	58
Service concession liabilities		-	-	-	-	-	348	348
Other borrowings		49,700	51,056	51,092	50,941	49,992	50,098	106
Superannuation		6,915	6,726	6,775	6,778	5,602	5,598	-4
Other employee benefits		3,966	3,965	3,956	3,956	4,019	4,327	309
Payables		9,812	9,670	9,660	9,660	10,298	10,031	-267
Other liabilities		3,889	3,726	3,772	3,772	4,001	3,931	-71
TOTAL LIABILITIES		78,094	79,527	79,642	79,492	77,626	78,108	482
NET ASSETS		102,438	102,726	103,538	106,018	110,537	112,582	2,045
<i>Of which:</i>								
Contributed equity		-	-	-	-	-	-	-
Accumulated surplus		25,043	26,322	27,142	29,128	33,705	30,964	-2,741
Other reserves		77,396	76,404	76,396	76,890	76,833	81,618	4,786
NET WORTH	4	102,438	102,726	103,538	106,018	110,537	112,582	2,045
MEMORANDUM ITEMS								
<i>Net financial worth</i>		-56,800	-60,919	-60,124	-57,672	-52,856	-52,453	403
<i>Net financial liabilities</i>		58,578	62,919	62,124	60,149	56,009	55,382	-627
<i>Net debt</i>								
Gross debt liabilities		53,511	55,440	55,478	55,326	53,706	54,221	515
less: liquid financial assets		13,653	11,401	12,579	13,426	14,641	15,186	546
Net debt		39,858	44,038	42,899	41,900	39,065	39,035	-31

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

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 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>	<u>74,748</u>	<u>2,220</u>	<u>23,280</u>	<u>100,249</u>
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 (a)	18	50	275	344
Balance at 30 June 2020	<u>75,617</u>	<u>1,778</u>	<u>25,043</u>	<u>102,438</u>
<i>Balance at 1 July 2020</i>	75,617	1,778	25,043	102,438
Operating result	-	-	4,660	4,660
All other movements in equity	3,071	1,151	1,261	5,484
<i>Total change in net worth</i>	3,071	1,151	5,921	10,144
Balance at 30 June 2021	<u>78,688</u>	<u>2,929</u>	<u>30,964</u>	<u>112,582</u>

(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

	2019-20	2020-21				Actual \$m	Variation on EOT \$m (5) - (4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	FFPS Revision \$m (3)	Estimated Outturn \$m (4)		
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received (a)	8,474	8,198	8,707	8,931	9,480	9,298	-182
Grants and subsidies received	11,825	11,564	11,919	12,195	12,434	12,167	-267
Receipts from sales of goods and services (a)	27,073	28,185	27,750	27,323	27,963	28,323	359
Interest receipts	226	195	194	194	153	152	-
Dividends and tax equivalents	355	856	861	383	345	369	24
Other	11,808	11,409	11,986	13,086	13,363	13,739	376
Total cash received	59,760	60,407	61,417	62,112	63,738	64,048	310
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation	-15,375	-16,145	-16,318	-16,355	-16,394	-16,108	286
Payments for goods and services	-27,194	-28,817	-28,487	-28,045	-28,023	-28,335	-312
Interest paid	-1,572	-1,397	-1,350	-1,375	-1,336	-1,360	-24
Grants and subsidies paid	-4,809	-5,460	-5,579	-5,658	-5,771	-5,633	138
Dividends and tax equivalents	-	-	-	-	-	-	-
Other payments	-5,105	-5,285	-5,280	-5,252	-5,722	-5,485	237
Total cash paid	-54,056	-57,105	-57,015	-56,684	-57,246	-56,921	324
NET CASH FLOWS FROM OPERATING ACTIVITIES	5,704	3,302	4,403	5,428	6,492	7,127	635
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets	-5,185	-7,544	-7,563	-7,591	-5,988	-5,812	175
Sales of non-financial assets	1,735	489	514	514	590	499	-91
Total cash flows from investments in non-financial assets	-3,449	-7,055	-7,048	-7,077	-5,397	-5,313	84
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes	64	10	10	10	10	14	4
For liquidity purposes	130	110	112	112	96	89	-7
<i>Cash paid</i>							
For policy purposes	-63	-10	-10	-10	-10	-17	-7
For liquidity purposes	-67	-48	-82	-82	-98	-194	-96
Total cash flows from investments in financial assets	64	61	30	30	-2	-109	-106
NET CASH FLOWS FROM INVESTING ACTIVITIES	-3,386	-6,994	-7,019	-7,047	-5,399	-5,422	-22
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received	-	-	-	-	-	-	-
Borrowings	7,859	7,075	7,155	7,003	5,540	4,520	-1,020
Deposits received	-	-	-	-	-	-	-
Other financing receipts	300	21	21	22	22	232	209
Total cash received	8,159	7,095	7,176	7,026	5,563	4,752	-810
<i>Cash paid</i>							
Advances paid	-17	-17	-17	-17	-17	-17	-
Borrowings repaid	-7,944	-5,800	-5,847	-5,847	-5,425	-4,410	1,015
Deposits paid	-	-	-	-	-	-	-
Other financing payments	-462	-453	-441	-441	-425	-592	-167
Total cash paid	-8,424	-6,270	-6,305	-6,305	-5,867	-5,019	848
NET CASH FLOWS FROM FINANCING ACTIVITIES	-264	825	871	721	-305	-267	38
Net increase in cash and cash equivalents	2,055	-2,867	-1,745	-899	788	1,438	650
Cash and cash equivalents at the beginning of the year	6,822	8,876	8,876	8,876	8,876	8,876	-
Cash and cash equivalents at the end of the year	8,876	6,010	7,131	7,978	9,664	10,315	650
KEY FISCAL AGGREGATES							
Net cash flows from operating activities	5,704	3,302	4,403	5,428	6,492	7,127	635
Net cash flows from investing in non-financial assets	-3,449	-7,055	-7,048	-7,077	-5,397	-5,313	84
Cash surplus/-deficit	2,255	-3,753	-2,646	-1,649	1,095	1,813	718

(a) In line with Government Finance Statistics classifications, 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. Comparative data have been restated.

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

PUBLIC FINANCIAL CORPORATIONS
Operating Statement

	2019-20		2020-21				Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Notes	Budget	MYR	PFPS	Estimated			
		Estimate \$m (1)	Revision \$m (2)	Revision \$m (3)	Outturn \$m (4)			
RESULTS FROM TRANSACTIONS								
REVENUE								
Current grants and subsidies		-	-	-	-	-	-	-
Capital grants		-	-	-	-	-	-	-
Sales of goods and services		1,186	1,870	1,870	1,870	1,878	1,965	87
Interest income		1,626	1,699	1,421	1,421	1,420	1,368	-52
Other		100	112	127	127	317	162	-155
Total		2,912	3,681	3,418	3,418	3,616	3,495	-120
EXPENSES								
Salaries		62	67	67	67	65	64	-1
Superannuation								
Concurrent costs		6	7	7	7	6	6	-
Superannuation interest cost		-	-	-	-	-	-	-
Other employee costs		1	2	2	2	1	1	-
Depreciation and amortisation		8	9	9	9	8	8	-
Services and contracts		11	11	11	11	11	12	1
Other gross operating expenses		1,127	1,295	1,310	1,310	1,193	1,534	341
Interest								
Interest on leases		1	1	1	1	1	1	-
Other interest		1,344	1,480	1,201	1,201	1,178	1,099	-80
Tax equivalents		123	236	236	236	286	319	34
Current transfers		4	5	5	5	4	4	-
Capital transfers		16	10	10	10	12	13	1
Total		2,704	3,121	2,858	2,858	2,767	3,062	295
NET OPERATING BALANCE (a)	4	208	560	560	560	849	434	-415
<i>Other economic flows - included in the operating result</i>								
Net gains on assets/liabilities		-316	271	271	271	696	855	159
Provision for doubtful debts		-	-	-	-	-	-	-
Changes in accounting policy/adjustment of prior periods		8	-	-	-	-	5	5
Total other economic flows		-307	271	271	271	696	859	163
OPERATING RESULT		-99	831	831	831	1,545	1,293	-252
<i>Other non-owner movements in equity</i>								
<i>Items that will not be reclassified to operating result</i>								
Revaluations		-	-	4	4	4	3	-1
Net actuarial gains/-loss - superannuation		-	-	-	-	-	1	-
Gains recognised directly in equity		1	-	-	-	-	-3	-3
All other		-2	-	-	-	-	-	-
Total other non-owner movements in equity		-1	-	4	4	4	-	-4
<i>Movements in owner equity</i>								
Dividends		-292	-595	-600	-122	-161	-177	-16
Capital injections		-50	-13	-13	-13	-13	35	48
Total movements in owner equity		-343	-608	-613	-135	-174	-142	32
TOTAL CHANGE IN NET WORTH (b)	4	-443	223	222	700	1,375	1,151	-224
KEY FISCAL AGGREGATES								
NET OPERATING BALANCE		208	560	560	560	849	434	-415
<i>Less Net acquisition of non-financial assets</i>								
Purchase of non-financial assets		4	5	5	5	5	4	-1
Changes in inventories		-	-	-	-	-	-	-
Other movement in non-financial assets		-	-	-	-	-	-	-
<i>less:</i>								
Sales of non-financial assets		-	-	-	-	-	-	-
Depreciation		8	9	9	9	8	8	-
Total net acquisition of non-financial assets		-5	-4	-4	-4	-3	-5	-1
NET LENDING/-BORROWING	4	213	564	564	564	852	438	-414

(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	2020		2021			Actual \$m (5)	Variation on EOT \$m (5) - (4)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	FFPS Revision \$m (3)	Estimated Outturn \$m (4)		
ASSETS								
<i>Financial assets</i>								
Cash and deposits		354	341	337	337	280	241	-39
Advances paid		4,873	5,671	5,671	5,671	5,298	5,204	-94
Investments, loans and placements		67,860	70,187	70,220	70,546	67,596	66,077	-1,519
Receivables		651	698	698	698	697	694	-3
<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		1,812	1,985	1,985	1,985	2,358	2,718	360
Other financial assets		7	7	7	7	7	-	-6
Total financial assets		75,558	78,888	78,917	79,243	76,236	74,934	-1,302
<i>Non-financial assets</i>								
Land		-	-4	-	-	-	-	-
Property, plant and equipment		4	5	5	5	5	5	-
Right of use assets		24	20	20	20	20	20	-
Service concession assets		-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-
<i>Inventories</i>								
Land inventories		-	-	-	-	-	-	-
Other inventories		-	-	-	-	-	-	-
Intangibles		7	7	7	7	7	6	-1
Assets classified as held for sale		-	-	-	-	-	-	-
Investment property		-	-	-	-	-	-	-
Other		5	5	5	5	5	3	-2
Total non-financial assets		41	33	37	37	38	34	-4
TOTAL ASSETS		75,599	78,921	78,954	79,280	76,274	74,968	-1,306
LIABILITIES								
Deposits held		-	-	-	-	-	-	-
Advances received		3	3	3	3	3	3	-
<i>Borrowings</i>								
Lease liabilities		29	25	25	25	25	25	-
Service concession liabilities		-	-	-	-	-	-	-
Other borrowings		68,646	71,391	71,425	71,273	67,622	66,290	-1,332
Superannuation		5	5	5	5	5	4	-
Other employee benefits		15	16	16	16	15	16	1
Payables		319	269	269	269	276	213	-63
Other liabilities		4,803	5,212	5,212	5,212	5,175	5,488	313
TOTAL LIABILITIES		73,821	76,920	76,954	76,802	73,120	72,039	-1,082
NET ASSETS		1,778	2,000	2,000	2,477	3,153	2,929	-224
<i>Of which:</i>								
Contributed equity		-286	-299	-299	-299	-299	-251	48
Accumulated surplus		2,041	2,258	2,253	2,731	3,248	3,154	-94
Other reserves		23	41	45	45	204	26	-178
NET WORTH	4	1,778	2,000	2,000	2,477	3,153	2,929	-224
MEMORANDUM ITEMS								
<i>Net financial worth</i>		1,737	1,968	1,963	2,441	3,115	2,895	-220
<i>Net debt</i>								
Gross debt liabilities		68,678	71,419	71,453	71,301	67,650	66,318	-1,333
less: liquid financial assets		73,088	76,199	76,227	76,553	73,175	71,522	-1,653
Net debt		-4,409	-4,779	-4,775	-5,252	-5,524	-5,204	320

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 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>	<u>-236</u>	<u>23</u>	<u>2,431</u>	<u>2,219</u>
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 (a)	-	-	2	2
Balance at 30 June 2020	<u>-286</u>	<u>23</u>	<u>2,041</u>	<u>1,778</u>
<i>Balance at 1 July 2020</i>	-286	23	2,041	1,778
Operating result	-	-	1,293	1,293
Movements in equity	-	3	-3	-
<i>Total change in net worth</i>	-	3	1,290	1,293
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	35	-	-	35
Dividends	-	-	-177	-177
<i>Total</i>	35	-	-177	-142
Balance at 30 June 2021	<u>-251</u>	<u>26</u>	<u>3,154</u>	<u>2,929</u>

(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

	2019-20	2020-21				Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Grants and subsidies received	-	5	5	5	8	2	-6
Receipts from sales of goods and services	1,203	1,998	1,998	1,998	2,642	2,016	-625
Interest receipts	1,712	1,699	1,421	1,421	1,420	1,436	16
Dividends and tax equivalents	-	-	-	-	-	-	-
Other	163	175	190	190	173	175	2
Total cash received	3,078	3,878	3,614	3,614	4,242	3,629	-613
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation	-66	-73	-73	-73	-72	-68	3
Payments for goods and services	-866	-934	-950	-950	-931	-929	1
Interest paid	-1,665	-1,479	-1,201	-1,201	-1,180	-1,450	-270
Grants and subsidies paid	-	-	-	-	-	-	-
Tax equivalents	-65	-764	-286	-286	-261	-285	-24
Other payments	-160	-167	-167	-167	-171	-168	3
Total cash paid	-2,822	-3,418	-2,677	-2,677	-2,614	-2,901	-287
NET CASH FLOWS FROM OPERATING ACTIVITIES	256	460	937	937	1,628	728	-900
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets	-4	-5	-5	-5	-5	-4	1
Sales of non-financial assets	-	-	-	-	-	-	-
Total cash flows from investments in non-financial assets	-4	-5	-5	-5	-5	-4	1
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes	-	-	-	-	-	-	-
For liquidity purposes	11,914	6,910	6,910	6,910	7,733	12,685	4,952
<i>Cash paid</i>							
For policy purposes	-70	-1	-1	-1	-1	-	1
For liquidity purposes	-14,128	-8,003	-8,003	-8,003	-9,423	-12,422	-2,998
Total cash flows from investments in financial assets	-2,284	-1,094	-1,094	-1,094	-1,691	263	1,954
NET CASH FLOWS FROM INVESTING ACTIVITIES	-2,287	-1,099	-1,098	-1,098	-1,696	259	1,955
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received	-	-	-	-	-	-	-
Borrowings	28,790	28,812	28,845	28,694	25,828	33,890	8,061
Deposits received	-	-	-	-	-	-	-
Other financing receipts	19	36	36	36	36	36	-
Total cash received	28,809	28,848	28,881	28,730	25,864	33,926	8,061
<i>Cash paid</i>							
Advances paid	-	-	-	-	-	-	-
Borrowings repaid	-26,254	-28,069	-28,102	-27,950	-25,560	-34,656	-9,096
Deposits paid	-	-	-	-	-	-	-
Other financing payments	-4	-5	-5	-5	-5	-4	-
Dividends paid	-290	-92	-574	-97	-84	-84	-
Total cash paid	-26,549	-28,166	-28,681	-28,052	-25,649	-34,745	-9,096
NET CASH FLOWS FROM FINANCING ACTIVITIES	2,260	682	200	678	215	-819	-1,034
Net increase in cash and cash equivalents	229	43	39	517	147	168	21
Cash and cash equivalents at the beginning of the year	1,890	2,119	2,119	2,119	2,119	2,119	-
Cash and cash equivalents at the end of the year	2,119	2,162	2,158	2,635	2,266	2,287	21
KEY FISCAL AGGREGATES							
Net cash flows from operating activities	256	460	937	937	1,628	728	-900
Net cash flows from investing in non-financial assets	-4	-5	-5	-5	-5	-4	1
Dividends paid	-290	-92	-574	-97	-84	-84	-
Cash surplus/-deficit	-38	363	358	836	1,539	641	-898

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

Table 1.17

TOTAL PUBLIC SECTOR (a)
Operating Statement

	Notes	2019-20	2020-21				Actual \$m (5)	Variation on EOT \$m (5) - (4)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
RESULTS FROM TRANSACTIONS								
REVENUE								
Taxation (d)		8,529	8,296	8,805	9,029	9,574	9,606	32
Current grants and subsidies		9,379	8,861	9,200	9,451	9,537	9,421	-116
Capital grants		642	1,026	1,164	1,195	1,195	1,131	-63
Sales of goods and services (d)		37,076	44,160	43,223	42,393	39,321	41,172	1,851
Interest income		555	664	424	424	460	478	17
Royalty income		8,450	8,287	8,660	10,734	12,147	12,181	34
Other		1,077	1,011	1,005	1,005	2,715	2,556	-159
Total	6	65,706	72,303	72,480	74,230	74,949	76,545	1,596
EXPENSES								
Salaries		14,051	14,315	14,489	14,527	14,740	14,676	-64
Superannuation								
Concurrent costs		1,392	1,421	1,438	1,442	1,431	1,454	23
Superannuation interest cost		89	74	72	72	60	60	-
Other employee costs		356	306	307	307	316	404	88
Depreciation and amortisation	7	3,908	4,038	4,027	4,027	4,005	4,235	230
Services and contracts		3,385	3,469	3,532	3,540	3,461	3,549	89
Other gross operating expenses	8	35,027	42,035	41,105	40,274	37,028	38,936	1,908
Interest	9							
Interest on leases		231	234	224	222	219	209	-10
Other interest		1,333	1,442	1,159	1,158	1,168	1,116	-52
Other property expenses		-	-	-	-	-	-	-
Current transfers	10	3,693	4,685	4,818	4,791	6,033	5,629	-404
Capital transfers	10	194	404	513	608	588	741	153
Total		63,659	72,423	71,683	70,967	69,048	71,008	1,961
NET OPERATING BALANCE (b)	4	2,047	-120	797	3,263	5,901	5,537	-364
<i>Other economic flows - included in the operating result</i>								
Net gains on assets/liabilities		-408	-47	-93	-95	901	471	-429
Provision for doubtful debts		-198	-48	-49	-49	-49	-64	-14
Changes in accounting policy/adjustment of prior periods		-79	-	-	-	-	-98	-98
Total other economic flows		-685	-96	-142	-143	851	309	-542
OPERATING RESULT		1,362	-216	655	3,119	6,753	5,846	-906
<i>All other movements in equity</i>								
<i>Items that will not be reclassified to operating result</i>								
Revaluations		850	771	725	741	323	3,251	2,928
Net actuarial gains/-loss - superannuation		-22	-205	-227	-227	1,071	1,071	-
Gains recognised directly in equity		-	-62	-53	-53	-47	-24	23
All other		-345	-	-	-	-	-	-
Total all other movements in equity		483	504	445	461	1,347	4,298	2,951
TOTAL CHANGE IN NET WORTH (c)	4	1,845	288	1,100	3,580	8,099	10,144	2,045
KEY FISCAL AGGREGATES								
NET OPERATING BALANCE		2,047	-120	797	3,263	5,901	5,537	-364
<i>Less Net acquisition of non-financial assets</i>								
Purchase of non-financial assets		5,188	7,549	7,568	7,596	5,993	5,816	-176
Changes in inventories		2,088	140	172	172	77	-330	-407
Other movement in non-financial assets		94	134	136	136	1,533	1,403	-130
<i>Less:</i>								
Sales of non-financial assets		1,736	489	515	515	591	499	-92
Depreciation		3,908	4,038	4,027	4,027	4,005	4,235	230
Total net acquisition of non-financial assets		1,727	3,296	3,334	3,362	3,007	2,155	-852
NET LENDING/-BORROWING	4	320	-3,416	-2,537	-99	2,894	3,382	488

(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'.

(d) In line with Government Finance Statistics classifications, 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. Comparative data have been restated.

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

Table 1.18

TOTAL PUBLIC SECTOR (a)
Balance Sheet at 30 June

	Notes	2020		2021			Actual \$m (5)	Variation on EOT \$m (5) - (4)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
ASSETS								
<i>Financial assets</i>								
Cash and deposits		2,346	1,802	1,801	1,946	6,798	7,113	315
Advances paid		5,259	6,107	6,135	6,133	5,714	5,621	-93
Investments, loans and placements		25,495	23,282	24,428	25,609	20,998	19,670	-1,328
Receivables	11	5,923	5,347	5,082	6,059	6,983	7,480	497
Equity - Investments in other entities		1,844	2,033	2,033	2,033	2,405	2,776	371
Other financial assets		15	15	15	15	15	9	-6
Total financial assets		40,882	38,585	39,493	41,796	42,913	42,669	-244
<i>Non-financial assets</i>								
Land	12	43,544	43,624	43,639	43,639	44,123	46,015	1,892
Property, plant and equipment	13,14	101,650	106,516	106,514	106,542	106,314	105,501	-813
Right of use assets	16,17	2,997	2,902	2,898	2,898	2,819	2,856	38
Service concession assets	18	1,015	-	-	-	-	1,005	1,005
Biological assets	19	317	321	321	321	322	264	-58
Inventories	20							
Land inventories		1,809	2,141	2,086	2,086	1,869	1,566	-304
Other inventories		6,433	6,573	6,605	6,605	6,510	6,104	-407
Intangibles	21	1,019	1,016	1,013	1,013	998	1,097	99
Assets classified as held for sale	22	37	33	29	29	25	112	87
Investment property	23	33	51	51	51	45	28	-17
Other		424	499	541	541	406	523	117
Total non-financial assets		159,279	163,677	163,699	163,727	163,431	165,069	1,638
TOTAL ASSETS		200,161	202,263	203,192	205,523	206,344	207,738	1,394
LIABILITIES								
Deposits held	12	12	12	11	11	11	13	2
Advances received		326	309	309	309	309	309	-
Borrowings	24							
Lease liabilities		3,500	4,086	4,088	4,088	3,416	3,474	58
Service concession liabilities		-	-	-	-	-	348	348
Other borrowings		64,711	66,043	66,080	65,928	63,314	61,741	-1,573
Superannuation	25	6,920	6,731	6,780	6,783	5,607	5,602	-4
Other employee benefits	26	3,981	3,981	3,971	3,971	4,034	4,343	310
Payables		9,978	9,834	9,824	9,824	10,389	10,021	-369
Other liabilities	27	8,294	8,541	8,591	8,590	8,727	9,304	578
TOTAL LIABILITIES		97,723	99,537	99,654	99,504	95,806	95,156	-650
NET ASSETS		102,438	102,726	103,538	106,018	110,537	112,582	2,045
<i>Of which:</i>								
Contributed equity		-	-	-	-	-	-	-
Accumulated surplus		27,083	28,581	29,395	31,859	36,953	34,118	-2,835
Other reserves		75,355	74,145	74,143	74,159	73,585	78,464	4,880
NET WORTH	4	102,438	102,726	103,538	106,018	110,537	112,582	2,045
MEMORANDUM ITEMS								
<i>Net financial worth</i>		-56,841	-60,951	-60,161	-57,709	-52,894	-52,487	406
<i>Net financial liabilities</i>		56,841	60,951	60,161	57,709	52,894	52,487	-406
<i>Net debt</i>								
Gross debt liabilities		68,549	70,450	70,488	70,336	67,050	65,885	-1,165
less: liquid financial assets		33,100	31,191	32,364	33,689	33,509	32,404	-1,106
Net debt		35,449	39,259	38,125	36,648	33,541	33,482	-59

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

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

TOTAL PUBLIC SECTOR
Statement of Changes in Equity

	Asset Revaluation Surplus \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
<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>	<u>74,537</u>	<u>25,711</u>	<u>100,248</u>
Operating result	-	1,362	1,362
Movements in equity	850	-367	483
<i>Total change in net worth</i>	850	995	1,845
Other (a)	-32	377	345
Balance at 30 June 2020	<u>75,355</u>	<u>27,083</u>	<u>102,438</u>
<i>Balance at 1 July 2020</i>	75,355	27,083	102,438
Operating result	-	5,846	5,846
All other movements in equity	3,109	1,188	4,298
<i>Total change in net worth</i>	3,109	7,034	10,144
Balance at 30 June 2021	<u>78,464</u>	<u>34,118</u>	<u>112,582</u>

(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	2019-20	2020-21				Actual \$m (5)	Variation on EOT \$m (5) - (4)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
CASH FLOWS FROM OPERATING ACTIVITIES								
<i>Cash received</i>								
Taxes received (b)		8,470	8,188	8,698	8,922	9,468	9,294	-174
Grants and subsidies received		11,825	11,564	11,919	12,195	12,434	12,167	-267
Receipts from sales of goods and services (b)		27,978	29,792	29,355	28,927	30,231	29,970	-261
Interest receipts		565	659	415	415	447	466	19
Dividends and tax equivalents		-	-	-	-	-	-	-
Other		11,965	11,566	12,144	13,243	13,522	13,901	379
Total cash received		60,802	61,770	62,530	63,702	66,102	65,797	-304
<i>Cash paid</i>								
Wages, salaries and supplements, and superannuation		-15,441	-16,218	-16,391	-16,428	-16,466	-16,177	289
Payments for goods and services		-27,762	-29,359	-29,042	-28,601	-28,578	-28,895	-316
Interest paid		-1,864	-1,642	-1,351	-1,375	-1,391	-1,688	-298
Grants and subsidies paid		-4,810	-5,455	-5,574	-5,653	-5,764	-5,632	132
Dividends and tax equivalents		-	-	-	-	-	-	-
Other payments		-5,256	-5,427	-5,407	-5,378	-5,868	-5,635	232
Total cash paid		-55,132	-58,100	-57,765	-57,435	-58,066	-58,026	40
NET CASH FLOWS FROM OPERATING ACTIVITIES	28	5,670	3,669	4,765	6,268	8,036	7,771	-265
CASH FLOWS FROM INVESTING ACTIVITIES								
<i>Cash flows from investments in non-financial assets</i>								
Purchase of non-financial assets		-5,188	-7,549	-7,568	-7,596	-5,993	-5,816	176
Sales of non-financial assets		1,736	489	515	515	591	499	-92
Total cash flows from investments in non-financial assets		-3,453	-7,060	-7,053	-7,081	-5,402	-5,317	85
<i>Cash flows from investments in financial assets</i>								
<i>Cash received</i>								
For policy purposes		64	10	10	10	10	14	4
For liquidity purposes		12,044	7,020	7,023	7,023	7,829	12,774	4,945
<i>Cash paid</i>								
For policy purposes		-63	-10	-10	-10	-10	-17	-7
For liquidity purposes		-14,195	-8,052	-8,086	-8,086	-9,521	-12,616	-3,095
Total cash flows from investments in financial assets		-2,150	-1,032	-1,063	-1,063	-1,693	154	1,847
NET CASH FLOWS FROM INVESTING ACTIVITIES		-5,603	-8,092	-8,116	-8,145	-7,094	-5,162	1,932
CASH FLOWS FROM FINANCING ACTIVITIES								
<i>Cash received</i>								
Advances received		-	-	-	-	-	-	-
Borrowings		20,848	23,014	23,000	22,849	20,440	29,482	9,042
Deposits received		-	-	-	-	-	-	-
Other financing receipts		231	20	20	22	22	232	210
Total cash received		21,078	23,033	23,020	22,870	20,461	29,714	9,252
<i>Cash paid</i>								
Advances paid		-17	-17	-17	-17	-17	-17	-
Borrowings repaid		-18,397	-20,996	-20,949	-20,949	-20,057	-30,138	-10,081
Deposits paid		-	-	-	-	-	-	-
Other financing payments		-448	-421	-409	-409	-393	-560	-167
Total cash paid		-18,862	-21,434	-21,375	-21,375	-20,467	-30,716	-10,248
NET CASH FLOWS FROM FINANCING ACTIVITIES		2,217	1,599	1,645	1,495	-6	-1,002	-996
Net increase in cash and cash equivalents		2,284	-2,823	-1,706	-382	935	1,607	671
Cash and cash equivalents at the beginning of the period		8,710	10,994	10,994	10,994	10,994	10,994	-
Cash and cash equivalents at the end of the period	29	10,994	8,170	9,287	10,612	11,929	12,600	671
KEY FISCAL AGGREGATES								
Net cash flows from operating activities		5,670	3,669	4,765	6,268	8,036	7,771	-265
Net cash flows from investing in non-financial assets		-3,453	-7,060	-7,053	-7,081	-5,402	-5,317	85
Cash surplus/-deficit		2,217	-3,391	-2,288	-814	2,634	2,454	-180

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

(b) In line with Government Finance Statistics classifications, 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. Comparative data have been restated.

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

Notes to the Financial Statements

NOTE 1: MISSION STATEMENT THE GOVERNMENT OF WESTERN AUSTRALIA

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

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

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

The Government's mission is summarised in the following key goals:

- achievement of strong and sustainable finances;
- implementation of its WA Jobs Plan, creating Western Australian jobs and training for the jobs of the future by promoting local manufacturing and production;
- creating safe, strong and fair communities; and
- protecting our environment and supporting thriving suburbs and regions.

The financial targets detailed in the 2020-21 Budget remain unchanged in the 2020-21 Mid-year Review and 2020-21 Pre-Election Financial Projections Statement, and include maintaining a net operating surplus for the general government sector on average over the forward estimates period; maintaining disciplined 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 maintaining or increasing the net worth of the total public sector. In line with section 14A (3)(bb) of the *Government Financial Responsibility Act 2000*, performance against the 2020-21 Budget financial targets for the year ending 30 June 2021 is discussed in the *Financial Results* chapter of this report.

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).

NOTE 2: STATEMENT OF COMPLIANCE

Compliance Framework

The financial statements of the general government sector and the total public sector for the year ended 30 June 2021 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*.

The Standard under which the general government sector financial statements are prepared does not require full application of AASB 127: *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).

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Statement

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

The financial statements and other information 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 of the public sector (including the general government sector, the public corporations sectors and consolidated non-financial public sector and total public sector) 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 39: *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 39: *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 39. Exclusion of these agencies is based on the criteria of control noted above, and ABS classifications in the GFS manual.

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 25: *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 26: *Other employee benefits*); and
- provisions for outstanding insurance claims (refer Note: 27 *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, totals for columns and rows shown in tables 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 34: *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 the 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 represent income from 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 revenue or expense 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.

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

Revaluations

Non-financial physical assets are revalued with sufficient regularity to ensure that the carrying amount of an asset does not differ materially from its fair value at the end of the reporting period. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation movements are recognised in 'all other 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 m² 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 2021 is based on the current depreciated replacement cost determined at 30 June 2021 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 including service concession 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, the majority of earthworks, art collections and artifacts are not depreciated as they are 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.

Class of Asset	Depreciation (Years)
<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(a)	Up to 100 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 - 100 years
Harbour and ports	10 - 100 years
<i>Plant, equipment and other</i>	3 - 100 years

(a) While road earthworks are generally assumed to have an infinite life, a small percentage of earthworks are depreciated in accordance with UIG Interpretation 1055: *Accounting for Road Earthworks*.

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'.

(I) 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(s): *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) Service Concession Assets

Initial recognition and measurement

A service concession asset is initially measured at current replacement cost in accordance with the cost approach to fair value in AASB 13: *Fair Value Measurement*.

Subsequent recognition and measurement

Subsequent to initial recognition, a service concession asset is depreciated or amortised in accordance with AASB 116: *Property, Plant and Equipment* with any impairment recognised in accordance with AASB 136.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) Leases

Effective 1 January 2019, AASB 16: *Leases* superseded 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).

(u) Service Concession Arrangements

Effective 1 January 2020, AASB 1059: *Service Concession Arrangements: Grantors* addresses the accounting for a service concession arrangement by a grantor that is a public sector agency by prescribing the accounting for the arrangement from the grantor's perspective. The service concession arrangement is a type of public private partnership which involves an operator that is contractually obliged to provide public services related to a service concession asset on behalf of the grantor and managing at least some of those services under its own discretion, rather than at the discretion of the grantor.

Further information on the implementation of this standard is available in Note 36: *Initial application of Australian Accounting Standards*.

(v) 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).

(w) Service Concession liabilities

Initial recognition and measurement

If an amount is initially recognised as a service concession asset, the State is required to recognise a corresponding liability, adjusted by the amount of any other consideration.

Subsequent recognition and measurement

Depending on the nature of the service concession arrangement, the State may compensate the operator by any combination of either making payments to the operator and/ or compensating through no-monetary exchange. The State recognises the liability based on the 'financial liability' model or 'grant of right to the operator' model (as deferred service concession assets revenue) or a combination of both.

(x) 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 measured at fair value, being market prices ruling at the reporting date.

(y) 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.

(z) 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:

- 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
- 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 and service concession liabilities measured using the financial liability model, 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.

(aa) 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 methodologies¹.

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.

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.

¹ 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*.

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.

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:

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

(bb) Future Impact of Australian Accounting Standards That Are 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 17: *Insurance Contracts*.** This Standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. An initial assessment of the financial impact of the standard has been undertaken by the Insurance Commission of Western Australia. AASB 17 is expected to be expanded to include non-profit entities and include 'insurance-like' arrangements that are created by statute rather than contractual arrangement. The standard is not expected to have a material impact overall on the financial statements of the Insurance Commission of Western Australia. However, it is anticipated there will be significant disclosure changes. The inclusion of 'insurance-like' arrangements may have a material impact on the RiskCover Fund, which currently applies AASB 137: *Provisions, Contingent Liabilities and Contingent Assets*. If the RiskCover Fund is classed as 'insurance-like', a risk margin will be required on its outstanding claims liabilities and there will be significant disclosure changes. Once the exposure draft amendments and the inclusion of non-profit entities have been finalised a full review of the impacts will be undertaken.
- **AASB 1060: *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.** This Standard sets out a new, separate disclosure standard to be applied by all entities that are reporting under Tier 2 of the Differential Reporting Framework in AASB 1053. There is no financial impact from this Amendment.
- **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.
- **AASB 2020-3: *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*.** This Standard amends: (a) AASB 1 to simplify the application of AASB 1; (b) AASB 3 to update a reference to the Conceptual Framework for Financial Reporting; (c) AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; (d) AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset; (e) AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and (f) AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value. There are no financial impacts from these Amendments.

- *AASB 2020-5: Amendments to Australian Accounting Standards - Insurance Contracts*. This Standard amends AASB 17 to reduce the costs of applying AASB 17 by simplifying some of its requirements. The Agency has not assessed the impact of the Standard.
- *AASB 2020-6: Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date*. This Standard amends AASB 101 to defer requirements for the presentation of liabilities in the statement of financial position as current or non-current that were added to AASB 101 in AASB 2020-1. There is no financial impact from this Amendment.
- *AASB 2020-7: Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions: Tier 2 Disclosures*. This Standard adds new disclosure requirements to AASB 1060. There is no financial impact from this Amendment.
- *AASB 2021-1: Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*. This Standard amends AASB 1060 to provide not-for-profit entities with optional relief from presenting comparative information in the notes to the financial statements where the entity did not disclose the comparable information in its most recent previous general purpose financial statements. There is no financial impact from this Amendment.
- *AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*. This Standard amends: (a) AASB 7 to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; (b) AASB 101 to require entities to disclose their material accounting policy information rather than their significant accounting policies; (c) AASB 108 to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; (d) AASB 134 to identify material accounting policy information as a component of a complete set of financial statements; and (e) AASB Practice Statement 2 to provide guidance on how to apply the concept of materiality to accounting policy disclosures. There are no financial impacts from these Amendments.
- *AASB 2021-3: Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions beyond 30 June 2021*. This Standard amends AASB 16 to extend by one year the application period of the practical expedient added to AASB 16 by AASB 2020-4. There is no financial impact from this Amendment.

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

(cc) Comparative Figures

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

NOTE 4: CONVERGENCE DIFFERENCES

Where possible, AASB 1049 harmonises GFS and accounting concepts into a single presentation. Where harmonisation cannot be achieved 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 2021 results.

- GFS recognises dividends to owners by the public corporations 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.

These convergence differences do not present material variations in the presentation of Western Australia's data under GAAP and GFS.

With the adoption of AASB 16: *Leases* from 2019-20, the distinction between operating leases and finance leases under previous accounting standards disappears. Accordingly, convergence differences for net debt aggregates produced in this report (which includes all leases in the calculation of net debt) and GFS concepts (which excludes leases previously classified as operating leases from GFS net debt) is not currently available.

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

General Government

	2021	2020
	\$m	\$m
EXPENSES		
General public services	1,453	1,334
Public order and safety	3,881	3,826
Economic affairs	2,186	1,651
Environmental protection	415	395
Housing and community amenities	2,887	1,223
Health	10,357	9,557
Recreation, culture and religion	871	806
Education	6,912	6,536
Social protection	2,693	2,674
Transport	2,657	2,490
TOTAL EXPENSES	34,313	30,493
 ASSETS AT 30 JUNE		
General public services	10,623	9,074
Public order and safety	4,307	4,166
Economic affairs	4,252	2,650
Environmental protection	3,740	3,584
Housing and community amenities	4,473	4,957
Health	8,083	7,965
Recreation, culture and religion	3,660	3,578
Education	13,593	13,332
Social protection	213	241
Transport	50,827	46,736
<i>plus</i> Investments in other public sector entities	54,332	51,563
TOTAL ASSETS	158,102	147,847

Note: Columns may not add due to rounding.

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

Total Public Sector

	2021	2020
	\$m	\$m
EXPENSES		
General public services	1,445	1,560
Public order and safety	3,829	3,771
Economic affairs	33,785	29,626
Environmental protection	412	391
Housing and community amenities	3,654	2,342
Health	10,297	9,493
Recreation, culture and religion	3,950	3,386
Education	6,748	6,369
Social protection	3,207	3,179
Transport	3,681	3,543
TOTAL EXPENSES	71,008	63,659
ASSETS AT 30 JUNE		
General public services	22,534	24,072
Public order and safety	4,306	4,166
Economic affairs	36,498	33,366
Environmental protection	3,740	3,584
Housing and community amenities	30,110	30,289
Health	8,094	7,979
Recreation, culture and religion	4,322	4,113
Education	13,592	13,332
Social protection	17,909	18,030
Transport	66,633	61,230
TOTAL ASSETS	207,738	200,161

Note: Columns may not add due to rounding.

NOTE 6: OPERATING REVENUE

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

NOTE 7: DEPRECIATION AND AMORTISATION EXPENSE (a)

General Government		
	2021	2020
	\$m	\$m
<i>Depreciation</i>		
Property, Plant and Equipment		
Buildings	470	534
Infrastructure	483	433
Plant, equipment and other	327	303
Right-of-use assets	323	351
Service concession assets		
Buildings	15	15
Infrastructure	1	1
Plant, equipment and other	7	4
<i>Total</i>	1,627	1,641
<i>Amortisation</i>		
Intangible assets	104	104
Service concession intangible assets	10	6
<i>Total</i>	113	109
Total depreciation and amortisation expenses	1,741	1,751
Total Public Sector		
	2021	2020
	\$m	\$m
<i>Depreciation</i>		
Property, Plant and Equipment		
Buildings	644	689
Infrastructure	2,148	1,777
Plant, equipment and other	770	756
Right-of-use assets	411	435
Service concession assets		
Buildings	15	15
Infrastructure	4	4
Plant, equipment and other	12	9
<i>Total</i>	4,005	3,685
<i>Amortisation</i>		
Intangible assets	220	217
Service concession intangible assets	10	6
<i>Total</i>	230	222
Total depreciation and amortisation expenses	4,235	3,908

(b) The application of AASB 1059 has resulted in the reclassification of property, plant and equipment held under a service concession arrangement as service concession assets. This reclassification has resulted in a restatement of June 2020 figures shown in this note.

Note: Columns may not add due to rounding.

NOTE 8: OTHER GROSS OPERATING EXPENSES

General Government

	2021	2020
	\$m	\$m
Services purchased from non-government agencies	1,231	1,458
Health sector specific expenses	1,639	1,488
Education sector specific expenses	778	734
Consumable expenses	555	498
Other	1,400	1,213
Total	5,602	5,391

Total Public Sector

	2021	2020
	\$m	\$m
Gold Corporation cost of goods sold	26,180	23,721
Betting dividends payouts	1,996	1,549
Health sector specific expenses	1,639	1,488
Services purchased from non-government agencies	1,242	1,473
Electricity, gas and other direct costs	1,695	1,455
Insurance claims expenses	1,400	982
Education sector specific expenses	778	734
Consumable expenses	396	330
Other	3,611	3,295
Total	38,936	35,027

Note: Columns may not add due to rounding.

NOTE 9: OTHER INTEREST

General Government

	2021	2020
	\$m	\$m
Other Interest	654	737
Interest on Leases	134	142
Total	788	878

Total Public Sector

	2021	2020
	\$m	\$m
Other Interest	1,116	1,333
Interest on Leases	209	231
Total	1,325	1,564

Note: Columns may not add due to rounding.

NOTE 10: TRANSFER EXPENSES

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

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

TRANSFER EXPENSES (a)

General Government		
	2021	2020
	\$m	\$m
<i>CURRENT TRANSFERS</i>		
Local government	302	323
Local government on-passing	-	-
Private and not-for-profit sector	2,868	1,609
Private and not-for-profit sector on-passing	-	-
Other sectors of government	4,288	3,071
Total Current Transfers	7,458	5,003
<i>CAPITAL TRANSFERS</i>		
Local government	138	96
Local government on-passing	-	-
Private and not-for-profit sector	527	68
Private and not-for-profit sector on-passing	-	-
Other sectors of government	97	64
Total Capital Transfers	763	228
Total Public Sector		
	2021	2020
	\$m	\$m
<i>CURRENT TRANSFERS</i>		
Local government	305	323
Local government on-passing	-	-
Private and not-for-profit sector	4,420	2,744
Private and not-for-profit sector on-passing	-	-
Other sectors of government	904	626
Total Current Transfers	5,629	3,693
<i>CAPITAL TRANSFERS</i>		
Local government	138	96
Local government on-passing	-	-
Private and not-for-profit sector	602	99
Private and not-for-profit sector on-passing	-	-
Total Capital Transfers	741	194

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

Note: Columns may not add due to rounding.

NOTE 11: RECEIVABLES

General Government

	2021	2020
	\$m	\$m
Receivables	6,139	4,195
Provision for impairment of receivables	-197	-257
Total receivables	5,942	3,938
<i>Reconciliation of changes in the allowance for impairment of receivables:</i>		
<i>Balance at start of year</i>	257	196
Expected credit losses expense	51	126
Amounts written off during the year	-43	-66
Amounts recovered during the year	-68	-
Balance at the end of year	197	257

Total Public Sector

	2021	2020
	\$m	\$m
Receivables	7,828	6,329
Provision for impairment of receivables	-347	-406
Total receivables	7,480	5,923
<i>Reconciliation of changes in the allowance for impairment of receivables:</i>		
<i>Balance at start of year</i>	406	293
Expected credit losses expense	64	198
Amounts written off during the year	-54	-90
Amounts recovered during the year	-69	5
Balance at the end of year	347	406

Note: Columns may not add due to rounding.

NOTE 12: LAND

General Government

	2021	2020
	\$m	\$m
Land, at fair value ^{(a)(b)}	12,527	12,319
Land under roads, at fair value ^(c)	25,293	22,864
Total	37,821	35,183

Total Public Sector

	2021	2020
	\$m	\$m
Land, at fair value ^{(a)(b)}	20,722	20,680
Land under roads, at fair value ^(c)	25,293	22,864
Total	46,015	43,544

- (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 2020. Land vested in local authorities of \$2,019 million (2020: \$1,960 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 2020.
- (c) The application of AASB 1059 has resulted in the reclassification of property, plant and equipment held under a service concession arrangement as service concession assets. This reclassification has resulted in a restatement of June 2020 figures in this note.

Note: Columns may not add due to rounding.

NOTE 13: OTHER PROPERTY, PLANT AND EQUIPMENT (a)

General Government

	2021 \$m	2020 \$m
Buildings, at fair value ^(b)	17,653	18,772
Accumulated Depreciation	-604	-506
<i>Total</i>	<i>17,048</i>	<i>18,266</i>
Road networks, at fair value ^(c)	34,814	32,801
Accumulated Depreciation	-12,770	-12,150
<i>Total</i>	<i>22,044</i>	<i>20,652</i>
Other infrastructure, at fair value ^(b)	3,102	1,579
Accumulated Depreciation	-401	-314
<i>Total</i>	<i>2,702</i>	<i>1,265</i>
Plant, equipment and other, at fair value	4,848	4,326
Accumulated Depreciation	-2,020	-1,872
<i>Total</i>	<i>2,828</i>	<i>2,454</i>
Fixed assets under construction	2,806	3,016
Total Property, Plant and Equipment	47,428	45,652

Total Public Sector

	2021 \$m	2020 \$m
Buildings, at fair value ^(b)	25,002	26,204
Accumulated Depreciation	-1,567	-1,411
<i>Total</i>	<i>23,434</i>	<i>24,793</i>
Electricity generation and transmission, at fair value ^(d)	22,560	20,625
Accumulated Depreciation	-8,292	-7,339
<i>Total</i>	<i>14,269</i>	<i>13,286</i>
Road networks, at fair value ^(c)	34,814	32,801
Accumulated Depreciation	-12,770	-12,150
<i>Total</i>	<i>22,044</i>	<i>20,652</i>
Water storage and distribution, at fair value ^(e)	31,702	30,767
Accumulated Depreciation	-13,210	-12,551
<i>Total</i>	<i>18,491</i>	<i>18,216</i>
Other infrastructure, at fair value ^(b)	26,778	24,866
Accumulated Depreciation	-16,664	-15,937
<i>Total</i>	<i>10,114</i>	<i>8,929</i>
Plant, equipment and other, at fair value	18,298	17,785
Accumulated Depreciation	-8,850	-8,612
<i>Total</i>	<i>9,448</i>	<i>9,172</i>
Fixed assets under construction	7,700	6,601
Total Property, Plant and Equipment	105,501	101,650

- (a) The application of AASB 1059 has resulted in the reclassification of property, plant and equipment held under a service concession arrangement as service concession assets. This reclassification has resulted in a restatement of June 2020 figures in this note.
- (b) 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.
- (c) Road infrastructure comprising roads, bridges and road furniture was valued at fair value by the Commissioner of Main Roads' Engineer at 30 June 2021.
- (d) 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.
- (e) 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	Land under Roads	Buildings	Electricity generation and transmission	Road networks	Other Infra-structure	Plant, equip & other	Fixed Assets under Construction	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
30 June 2021									
Carrying amount at beginning of year	12,319	22,864	18,266	-	20,652	1,265	2,454	3,016	80,836
Assets classified as held for sale	-53	-	-4	-	-	-1	1	-	-57
Additions	209	1,198	204	-	241	6	200	2,250	4,308
Disposals	-110	-7	-17	-	-131	-2	-55	-1	-323
Transfers in/-out	-20	96	-1,046	-	1,297	1,508	551	-2,449	-64
Revaluation increments/-decrements	182	1,143	128	-	392	6	32	-	1,884
Depreciation	-	-	-470	-	-406	-78	-327	-	-1,281
Impairment losses	-	-	-	-	-	-	-	-	-
Other	-	-	-13	-	-	-3	-29	-10	-54
Carrying amount at end of year	12,527	25,293	17,048	-	22,044	2,702	2,828	2,806	85,249
30 June 2020									
Carrying amount at beginning of year	12,424	23,177	19,369	-	19,098	1,278	2,685	2,914	80,945
Adjustment for change in accounting policy - AASB 16	-8	-	-593	-	-	-	-145	-	-746
Adjustment for change in accounting policy - AASB 1059	-56	-	-664	-	-	-35	-29	-	-784
<i>Restated carrying amount at beginning of year</i>	<i>12,359</i>	<i>23,177</i>	<i>18,113</i>	<i>-</i>	<i>19,098</i>	<i>1,242</i>	<i>2,512</i>	<i>2,914</i>	<i>79,414</i>
Assets classified as held for sale	14	-	2	-	-	-	-	-	17
Additions	206	19	78	-	-	3	230	2,084	2,619
Disposals	-40	-	-11	-	-98	-6	-82	-12	-249
Transfers in/-out	-7	22	548	-	1,199	64	69	-1,955	-61
Revaluation increments/-decrements	-211	-353	68	-	845	3	24	-	377
Depreciation	-	-	-534	-	-385	-48	-303	-	-1,270
Impairment losses	-	-	-	-	-	-	-	-	-
Other	-1	-	2	-	-7	6	4	-15	-11
Carrying amount at end of year	12,319	22,864	18,266	-	20,652	1,265	2,454	3,016	80,836

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 Infra-structure	Plant, equip & other	Fixed Assets under Construction	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
30 June 2021										
Carrying amount at beginning of year	20,680	22,864	24,793	13,286	20,652	18,216	8,929	9,172	6,601	145,194
Assets classified as held for sale	-50	-	-1	-	-	-	-1	1	-	-50
Additions	236	1,198	228	16	241	81	17	257	5,164	7,439
Disposals	-161	-7	-54	-21	-131	-9	-3	-70	-1	-456
Transfers in/-out	-	96	-950	795	1,297	348	1,561	660	-4,036	-230
Revaluation increments/-decrements	20	1,143	84	1,027	392	272	103	226	-	3,267
Depreciation	-	-	-644	-835	-406	-417	-491	-770	-	-3,563
Impairment losses	-	-	-	-	-	-	-	-	-17	-17
Other	-3	-	-22	-	-	-	-2	-29	-12	-67
Carrying amount at end of year	20,722	25,293	23,434	14,269	22,044	18,491	10,114	9,448	7,700	151,516
30 June 2020										
Carrying amount at beginning of year	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	-8	-	-593	-	-	-	-	-437	-	-1,038
Adjustment for change in accounting policy - AASB 1059	-56	-	-673	-	-	-152	-35	-90	-	-1,007
<i>Restated carrying amount at beginning of year</i>	<i>20,568</i>	<i>23,177</i>	<i>24,972</i>	<i>12,995</i>	<i>19,098</i>	<i>18,157</i>	<i>8,651</i>	<i>9,110</i>	<i>6,136</i>	<i>142,863</i>
Assets classified as held for sale	14	-	-9	-	-	-	-	-	-	6
Additions	221	19	87	25	-	68	44	290	4,494	5,248
Disposals	-92	-	-54	-24	-98	-5	-8	-90	-20	-391
Transfers in/-out	248	22	551	663	1,199	322	165	664	-4,004	-170
Revaluation increments/-decrements	-275	-353	-63	152	845	74	518	-49	-	848
Depreciation	-	-	-689	-545	-385	-401	-446	-756	-	-3,222
Impairment losses	-	-	-	-	-	-	-	-	-4	-4
Other	-4	-	-2	20	-7	-	6	4	-	16
Carrying amount at end of year	20,680	22,864	24,793	13,286	20,652	18,216	8,929	9,172	6,601	145,194

(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 ^(a)	Level 2 ^(b)	Level 3 ^(c)	Fair value at end of period
	\$m	\$m	\$m	\$m
30 June 2021				
Assets classified as held for sale (Note 22)	-	70	37	107
Land (Note 12,14)	-	2,736	9,791	12,527
Land under roads (Note 12,14)	-	-	25,293	25,293
Buildings (Note 13,14)	-	459	16,589	17,048
Electricity generation and transmission (Note 13,14)	-	-	-	-
Road networks (Note 13,14)	-	-	22,044	22,044
Other infrastructure (Note 13,14)	-	-	2,702	2,702
Plant, equipment and other (Note 13,14)	-	1	2,827	2,828
Service concession assets - Land (Note 18)	-	-	55	55
Service concession assets - Buildings (Note 18)	-	-	657	657
Service concession assets - Other infrastructure (Note 18)	-	-	38	38
Service concession assets - Plant, equipment and other (Note 18)	-	-	19	19
Biological assets (Note 19)	4	-	50	54
Investment property (Note 23)	-	7	-	7
Total	4	3,272	80,103	83,379

	Level 1 ^(a)	Level 2 ^(b)	Level 3 ^(c)	Fair value at end of period
	\$m	\$m	\$m	\$m
Restated 30 June 2020^(d)				
Assets classified as held for sale (Note 22)	-	17	4	21
Land (Note 12,14)	3	3,008	9,309	12,319
Land under roads (Note 12,14)	-	-	22,864	22,864
Buildings (Note 13,14)	-	459	17,807	18,266
Electricity generation and transmission (Note 13,14)	-	-	-	-
Road networks (Note 13,14)	-	-	20,652	20,652
Other infrastructure (Note 13,14)	-	-	1,265	1,265
Plant, equipment and other (Note 13,14)	-	1	2,452	2,454
Service concession assets - Land (Note 18)	-	-	55	55
Service concession assets - Buildings (Note 18)	-	-	651	651
Service concession assets - Other infrastructure (Note 18)	-	-	35	35
Service concession assets - Plant, equipment and other (Note 18)	-	-	24	24
Biological assets (Note 19)	2	-	107	109
Investment property (Note 23)	-	7	-	7
Total	5	3,492	75,224	78,722

(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.

(d) The application of AASB 1059 has resulted in the reclassification of property, plant and equipment held under a service concession arrangement as service concession assets. This reclassification has resulted in a restatement of June 2020 figures in this note.

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

NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

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

There were no material transfers between fair value hierarchy levels for agencies with significant asset values within the general government sector for the period ending 30 June 2021

Transfers between fair value hierarchy levels have been identified for the Department for the Local Government, Sport and Cultural Industries transferred \$374 million of museum collection from level 2 to level 3 in 2019-20.

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.

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)

	Fair value at start of period	Additions	Revaluation increments/-decrements (c)	Revaluation increments/-decrements (d)	Transfers from/-to Level 2	Transfers between asset classes	Disposals	Depreciation	Other	Fair value at end of period
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
30 June 2021										
Assets classified as held for sale	4	3	-	-	-	33	-4	-	-	37
Land	9,309	81	-	448	14	-26	-59	-	24	9,791
Land under Roads	22,864	1,293	-	1,143	-	-	-7	-	-	25,293
Buildings	17,807	464	-	77	38	-1,507	-16	-446	172	16,589
Road networks	20,652	1,525	-	392	-	-	-118	-406	-	22,044
Other Infrastructure	1,265	11	-	2	7	1,499	-19	-63	-	2,702
Plant, equip & other	2,452	723	-	33	1	-	-55	-327	-1	2,827
Service Concession assets - Land	55	-	-	-	-	-	-	-	-	55
Service Concession assets - Buildings	651	28	-	-3	-	-3	-	-15	-1	657
Service concession assets - Other infrastructure	35	-	-	-	-	3	-	-1	-	38
Service concession assets - Plant, equip & other	24	6	-	-	-	-	-4	-7	-	19
Biological assets	106	-	-56	-	-	-	-	-	-	50

(a) There was \$56 million in 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.

(c) Recognised in Operating Statement.

(d) Recognised in 'All other movements in equity'.

Note: Columns may not add due to rounding.

NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

General Government

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

30 June 2020	Fair value at start of period \$m	Adjustment for change in accounting policy AASB 16 \$m	Adjustment for change in accounting policy AASB 1059 \$m	Recognition on initial application of AASB 1059 \$m	Restated fair value at beginning of year \$m	Additions \$m	Revaluation increments/- decrements (c) \$m	Revaluation increments/- decrements (d) \$m	Transfers from/to Level 2 \$m	Transfers between asset classes \$m	Disposals \$m	Depreciation \$m	Other \$m	Fair value at end of period \$m
Assets classified as held for sale	10	-	-	-	10	-	-	-	-4	-	-2	-	-	4
Land	9,557	-	-56	-	9,501	155	-	-325	47	-	-61	-	-8	9,309
Land under Roads	23,177	-	-	-	23,177	41	-	-353	-	-	-	-	-	22,864
Buildings	18,862	-559	-664	-	17,639	612	-	75	8	-	-10	-508	-9	17,807
Road networks	19,098	-	-	-	19,098	1,189	-	845	-	-	-89	-392	-	20,652
Other Infrastructure	1,112	-	-35	-	1,077	27	-	-	177	26	-6	-44	8	1,265
Plant, equip & other	2,311	-145	-29	-	2,138	331	-	24	374	-26	-82	-303	-4	2,452
Service Concession assets - Land	-	-	-	56	56	-	-	-1	-	-	-1	-	-	55
Service Concession assets - Buildings	-	-	-	664	664	3	-	-1	-	-	-	-15	-	651
Service concession assets - Other infrastructure	-	-	-	35	35	1	-	-	-	-	-	-1	-	35
Service concession assets - Plant, equip & other	-	-	-	29	29	-	-	-	-	-	-	-4	-	24
Biological assets	1	-	-	-	1	134	-29	-	-	-	-	-	-	107

(a) There was \$29 million in 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.

(c) Recognised in Operating Statement.

(d) Recognised in 'All other movements in equity'.

Note: Columns may not add due to rounding.

NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

Valuation processes

There were no significant changes to valuation processes within the general government sector for the period ending 30 June 2021.

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 2021.

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.

NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

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.

Fair value for biological assets is based on their present location and condition, as a result, fair value is determined based on historical volume increases and historical cash flows, adjusted for known variances. The valuation model for standing timber considers the present value of the net cash flows to be generated from the forest.

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.

NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

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.

Percentage rate of add-on cost - buildings and land improvements

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 land improvements.

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.

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.

NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

Works of Art

Where market-based evidence is available, the fair value of works of art is determined on the basis of current market values by reference to recent market transactions.

Estimated variables associated with biological assets

The unobservable variables are mainly represented by estimated future timber market price per cubic metre, estimated average volume per annum and estimated harvest, haulage and regeneration costs, applying a discount rate to assess net present value of cash flows.

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 ^(a)		
Asset Measured at Fair Value	Valuation Technique(s)	Unobservable inputs
Assets classified as held for sale	Current Replacement Cost	Selection of land with restricted 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
	Market Approach	Selection of land adjoining road reserve
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
		Consumed economic benefit/obsolescence of asset
Road networks	Current Replacement Cost	Historical cost per cubic metre (m ³)
Other infrastructure	Current Replacement Cost	Percentage rate add-on cost
Plant, equipment and other	Current Replacement Cost	Historical cost per library and artwork collection
		Market value for works of art
Biological assets	Standing Timber (Native Forests) - Discounted Cash Flow	Estimated average volume per annum Estimated future timber market prices
		Standing Timber (Sandalwood) - Discounted Cash Flow

(a) Reconciliations of the opening and closing balances are provided in Notes 14, 18, 19, 22 and 23.

NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

Basis of valuation

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

NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

Total Public Sector

Assets measured at fair value

	Level 1 ^(a)	Level 2 ^(b)	Level 3 ^(c)	Fair value at end of period
	\$m	\$m	\$m	\$m
30 June 2021				
Assets classified as held for sale (Note 22)	-	75	37	112
Land (Note 12,14)	-	9,061	11,661	20,722
Land under roads (Note 12,14)	-	-	25,293	25,293
Buildings (Note 13,14)	-	5,857	17,578	23,434
Electricity generation and transmission (Note 13,14)	-	-	14,269	14,269
Road networks (Note 13,14)	-	-	22,044	22,044
Water storage and distribution (Note 13,14)	-	-	18,491	18,491
Other infrastructure (Note 13,14)	-	-	10,114	10,114
Plant, equipment and other (Note 13,14)	-	1,108	8,340	9,448
Service concession assets - Land (Note 18)	-	-	55	55
Service concession assets - Buildings (Note 18)	-	-	657	657
Service concession assets - Water storage and distribution (Note 18)	-	-	145	145
Service concession assets - Other infrastructure (Note 18)	-	-	38	38
Service concession assets - Plant, equipment and other (Note 18)	-	-	80	80
Biological assets (Note 19)	4	-	260	264
Investment property (Note 23)	-	28	-	28
Total	4	16,128	129,063	145,195

	Level 1 ^(a)	Level 2 ^(b)	Level 3 ^(c)	Fair value at end of period
	\$m	\$m	\$m	\$m
Restated 30 June 2020^(d)				
Assets classified as held for sale (Note 22)	-	33	4	37
Land (Note 12,14)	24	9,004	11,652	20,680
Land under roads (Note 12,14)	-	-	22,864	22,864
Buildings (Note 13,14)	10	5,998	18,785	24,793
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)	-	-	18,216	18,216
Other infrastructure (Note 13,14)	-	-	8,929	8,929
Plant, equipment and other (Note 13,14)	-	1,252	7,921	9,172
Service concession assets - Land (Note 18)	-	-	55	55
Service concession assets - Buildings (Note 18)	-	-	651	651
Service concession assets - Water storage and distribution (Note 18)	-	-	149	149
Service concession assets - Other infrastructure (Note 18)	-	-	35	35
Service concession assets - Plant, equipment and other (Note 18)	-	-	90	90
Biological assets (Note 19)	2	-	315	317
Investment property (Note 23)	-	33	-	33
Total	36	16,321	123,603	139,960

(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.

(d) The application of AASB 1059 has resulted in the reclassification of property, plant and equipment held under a service concession arrangement as service concession assets. This reclassification has resulted in a restatement of June 2020 figures in this Note.

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

NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

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 2021 have been disclosed in the general government sector earlier in this note.

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)

	Fair value at start of period	Additions	Revaluation increments/-decrements (c)	Revaluation increments/-decrements (d)	Transfers from/-to Level 2	Transfers between asset classes	Disposals	Depreciation	Other	Fair value at end of period
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
30 June 2021										
Assets classified as held for sale	4	3	-	-	-	33	-4	-	-	37
Land	11,652	117	-	196	-242	-26	-70	-	34	11,661
Land under Roads	22,864	1,293	-	1,143	-	-	-7	-	-	25,293
Buildings	18,785	545	-	100	25	-1,507	-30	-511	171	17,578
Electricity generation and transmission	13,286	812	-	1,027	-	-	-21	-835	-	14,269
Road networks	20,652	1,525	-	392	-	-	-118	-406	-	22,044
Water storage and distribution	18,216	429	-	272	-	-	-9	-417	-	18,491
Other Infrastructure	8,929	76	-	98	7	1,499	-20	-476	1	10,114
Plant, equip & other	7,921	855	-	224	109	-	-85	-684	-1	8,340
Service Concession assets - Land	55	-	-	-	-	-	-	-	-	55
Service Concession assets - Buildings	651	28	-	-3	-	-3	-	-15	-1	657
Service Concession Assets - Water storage and distribution	149	-	-	-	-	-	-	-3	-	145
Service concession assets - Other infrastructure	35	-	-	-	-	3	-	-1	-	38
Service concession assets - Plant, equip & other	90	6	-	-	-	-	-4	-12	-	80
Biological assets	315	-	-55	-	-	-	-	-	-	260

(a) There was \$55 million in 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.

(c) Recognised in Operating Statement.

(d) Recognised in 'All other movements in equity'.

Note: Columns may not add due to rounding.

NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

Total Public Sector

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

30 June 2020	Fair value at	Adjustment for	Adjustment for	Recognition	Restated fair	Revaluation	Revaluation	Transfers	Transfers	Disposals	Depreciation	Other	Fair value at
	start of period	change in	change in	on initial	value at	increments/-	increments/-	from/-to	between asset				end of
	\$m	accounting	accounting	application	beginning of	decrements	decrements	Level 2	classes	\$m	\$m	\$m	period
		policy	policy	of AASB 1059	year	(c)	(d)						\$m
		AASB 16	AASB 1059	of AASB 1059									
Assets classified as held for sale	10	-	-	-	10	-	-	-4	-	-2	-	-	4
Land	11,760	-	-56	-	11,704	216	-241	47	-	-66	-	-8	11,652
Land under Roads	23,177	-	-	-	23,177	41	-353	-	-	-	-	-	22,864
Buildings	19,788	-559	-673	-	18,556	687	81	8	-	-11	-553	17	18,785
Electricity generation and transmission	12,995	-	-	-	12,995	701	153	6	-	-25	-545	-	13,286
Road networks	19,098	-	-	-	19,098	1,189	845	-	-	-89	-392	-	20,652
Water storage and distribution	18,309	-	-152	-	18,157	390	74	-	-	-5	-401	-	18,216
Other Infrastructure	8,520	-	-35	-	8,485	175	508	168	26	-8	-433	8	8,929
Plant, equip & other	7,940	-437	-90	-	7,413	905	5	374	-26	-90	-657	-4	7,921
Service Concession assets - Land	-	-	-	56	56	-	-1	-	-	-1	-	-	55
Service Concession assets - Buildings	-	-	-	664	664	3	-1	-	-	-	-15	-	651
Service Concession Assets - Water storage and distribution	-	-	-	152	152	-	-	-	-	-	-3	-	149
Service concession assets - Other infrastructure	-	-	-	35	35	1	-	-	-	-	-1	-	35
Service concession assets - Plant, equip & other	-	-	-	99	99	-	-	-	-	-	-9	-	90
Biological assets	343	-	-	-	343	-	-28	-	-	-	-	-	315

(a) There was \$28 million in 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.

(c) Recognised in Operating Statement.

(d) Recognised in 'All other movements in equity'.

Note: Columns may not add due to rounding.

NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

Valuation processes

There were no significant changes to valuation processes for the period ending 30 June 2021.

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: to be updated.

- 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 10% weighting).
- Consumer Price Index for all groups in Perth (approximately 4% weighting).

NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

Fair value for biological assets is based on their present location and condition, as a result, fair value is determined based on historical volume increases and historical cash flows, adjusted for known variances. 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 16 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.

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	2019
Replacement cost per kilometre of rail line (freight)	2020
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	2021
Replacement cost per kilometre of systems infrastructure cabling	2021

NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

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 2021 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.

NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

Total Public Sector ^(a)

Asset Measured at Fair Value	Valuation Technique(s)	Unobservable inputs
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 ²
Road networks	Current Replacement Cost	Historical cost per cubic metre (m ³)
Water storage and distribution	Current Replacement Cost	Consumed economic benefit/obsolescence of asset
Other infrastructure	Freight Network Infrastructure - Current Replacement Cost	Consumed economic benefit/obsolescence of asset Replacement cost per kilometre of network Replacement cost per kilometre of rail Replacement cost per cubic metres of ballast Replacement cost per sleeper

NOTE 15: FAIR VALUE MEASUREMENTS (CONT.)

Total Public Sector ^(a) (Cont.)

Asset Measured at Fair Value	Valuation Technique(s)	Unobservable inputs
Other infrastructure	Railway Infrastructure - Current Replacement Cost	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 Replacement Cost	Consumed economic benefit/obsolescence of asset Replacement cost per individual items Replacement cost per kilometre of cabling
	Bus Infrastructure- Current Replacement Cost	Consumed economic benefit/ obsolescence of asset Replacement cost per square metre floor area (m ²) Replacement cost per individual items
Plant, equipment and other	Current Replacement Cost	Consumed economic benefit/obsolescence of asset
Biological assets	Standing Timber (Native Forests) - Discounted Cash Flow	Estimated average selling price per cubic meter Estimated average volume per annum Estimated variable and fixed costs to harvest over the forecast horizon
	Standing Timber (Sandallowood) - 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
	Sandallowood 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

(a) Reconciliations of the opening and closing balances are provided in Notes 14, 18, 19, 22 and 23.

Basis of valuation

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

NOTE 16: RIGHT-OF-USE ASSETS

General Government

	2021	2020
	\$m	\$m
Depreciation expense of right-of-use assets	323	351
Lease interest expense	116	114
Expenses relating to variable lease payments not included in lease liabilities	91	94
Short-term leases	34	38
Low -value leases	9	2
Total amount recognised in the Operating Statement	573	600
Total cash outflow for leases	454	423

Total Public Sector

	2021	2020
	\$m	\$m
Depreciation expense of right-of-use assets	411	435
Lease interest expense	179	182
Expenses relating to variable lease payments not included in lease liabilities	91	95
Short-term leases	43	46
Low -value leases	10	3
Total amount recognised in the Operating Statement	734	760
Total cash outflow for leases	621	519

Note: Columns may not add due to rounding.

NOTE 17: RECONCILIATION OF RIGHT-OF-USE ASSETS

General Government

	Land	Buildings	Plant, Equipment and Other	Vehicles	Total
	\$m	\$m	\$m	\$m	\$m
30 June 2021					
<i>Carrying amount at beginning of year</i>	16	2,333	124	12	2,484
Additions	-	358	29	-	387
Transfers in/-out	-8	-108	10	-10	-116
Disposals	-	-42	-	-	-43
Depreciation	-	-259	-63	-	-323
Other	-	1	4	-	5
Carrying amount at end of year	7	2,283	103	1	2,394
Gross carrying amount	8	2,738	253	2	3,001
Accumulated depreciation and impairment loss	-	-456	-150	-1	-607
30 June 2020					
	\$m	\$m	\$m	\$m	\$m
at 30 June 2019					
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
1 July 2019					
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
Carrying amount at end of year	16	2,333	124	12	2,484
Gross carrying amount	16	2,581	217	24	2,838
Accumulated depreciation and impairment loss	-	-248	-93	-13	-354

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

Total Public Sector

	Land	Buildings	Plant, Equipment and Other	Vehicles	Power purchase agreements	Total
	\$m	\$m	\$m	\$m	\$m	\$m
30 June 2021						
<i>Carrying amount at beginning of year</i>	35	2,457	375	46	84	2,997
Additions	-	380	35	13	-	430
Transfers in/-out	-8	-108	-201	-10	211	-116
Lease adjustments	-	-	-	-	3	3
Disposals	-	-43	-1	-7	-	-51
Depreciation	-1	-284	-76	-12	-38	-411
Other	-	-	5	-	-	5
Carrying amount at end of year	25	2,402	137	31	261	2,856
Gross carrying amount	32	2,923	317	63	750	4,085
Accumulated depreciation and impairment loss	-7	-520	-180	-32	-489	-1,229
30 June 2020						
	\$m	\$m	\$m	\$m	\$m	\$m
at 30 June 2019						
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
1 July 2019						
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
Impairment losses	-	-	-	-	-	-
Carrying amount at end of year	35	2,457	375	46	84	2,997
Gross carrying amount	40	2,746	785	76	247	3,894
Accumulated depreciation and impairment loss	-6	-289	-410	-31	-162	-898

NOTE 18: SERVICE CONCESSION ASSETS (a)

General Government

	Land	Buildings	Other Infra- structure	Plant, equip & other	Commer- cialised assets	Softw are	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
30 June 2021							
Carrying amount at beginning of year	55	651	35	24	35	-	800
Additions	-	29	-	-	5	-	34
Transfers in/-out	-	-4	3	2	-	-	1
Revaluation increments/-decrements	-	-3	-	-	-	-	-3
Depreciation and amortisation	-	-15	-1	-7	-10	-	-33
Carrying amount at end of year	55	657	38	19	29	-	798
Gross carrying amount	55	658	40	31	73	1	857
Accumulated depreciation and amortisation	-	-1	-2	-12	-44	-1	-59
30 June 2020							
Opening net carrying amount	-	-	-	-	-	-	-
Recognition of service concession assets on initial application of AASB 1059	56	664	35	29	-	-	784
<i>Restated carrying amount at 1 July 2019</i>	56	664	35	29	-	-	784
1 July 2019							
Gross carrying amount	56	664	35	29	-	-	784
Accumulated depreciation and amortisation	-	-	-	-	-	-	-
<i>Carrying amount at beginning of year</i>	56	664	35	29	-	-	784
Additions	-	2	1	-	13	-	16
Disposals	-1	-	-	-	-	-	-1
Transfers in/-out	-	1	-	-	28	-	29
Revaluation increments/-decrements	-1	-1	-	-	-	-	-1
Depreciation and amortisation	-	-15	-1	-4	-6	-	-26
Carrying amount at end of year	55	651	35	24	35	-	800
Gross carrying amount	55	666	36	29	68	-	854
Accumulated depreciation and amortisation	-	-15	-1	-4	-33	-	-54

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

NOTE 18: SERVICE CONCESSION ASSETS (CONT.)

AASB 1059: *Service Concession Arrangements: Grantors* is effective for financial reporting periods commencing on or after 1 January 2020. The general government sector has adopted AASB 1059 retrospectively by recognising and measuring service concession assets at the date of initial application on 1 July 2019.

Service concession arrangements are contracts between a grantor and an operator where an operator provides public services related to a service concession asset on behalf of a public sector grantor for a specified period and manages at least some of those services.

The following service concession arrangements have been identified for agencies with significant service concession asset values.

Queen Elizabeth II Medical Centre (QEIMC) Multi-Deck Car Park

In 2011, a public-private partnership project agreement was executed between the State Government of Western Australia and Capella Parking Pty Ltd, to facilitate the construction of the Queen Elizabeth II Medical Centre (QEIMC) Multi-Deck car park. The project agreement requires Capella Parking Pty Ltd to own, operate and manage the car park, in exchange for the right to collect and retain car park charges. Upon expiry of the Agreement in November 2037, Capella is required to hand over the legal ownership of the Car Park to the State Government for nil consideration. In 2019, Capella assigned its rights under the Agreement to the International Parking Group. The QEIMC multi-deck car park was previously recorded as a finance lease receivable in the Balance Sheet. Following the implementation of the new accounting standard AASB 1059: *Service Concession Arrangements: Grantors*, the finance lease receivable has been reduced to nil and the QEIMC multi-deck car park service concession arrangement has been recognised.

Peel Health Campus

Peel Health Campus is a general hospital that was established in September 1997 by the State Government of Western Australia. The hospital is operated on behalf of the State Government under a 20 year service contract by Health Solutions WA until 2013 when the remainder of the licence was transferred to Ramsay Health Care. The agreement was made between South Metropolitan Health Service (Grantor) and Ramsay Health Care Australia Pty Ltd (Operator).

The facility, known as the Peel Health Campus, was developed on the site and then sublet to the Operator. Service concession assets identified within the service agreement are the facility and facility equipment. The facility and facility equipment are existing assets of the grantor, which the operator is given access to, to provide public services, as the basic purpose of the campus is to provide health services that are necessary or essential to the general public.

NOTE 18: SERVICE CONCESSION ASSETS (CONT.)

St John of God Health Care

In 2012, St John of God Health Care signed a 20 year public-private partnership agreement with the State Government of Western Australia, to operate a hospital for public patients in St John of God Midland Public Hospital.

Ramsay Health Care

Ramsay Health Care (Ramsay) holds a 20 year contract to provide a range of services to public patients at the Joondalup Health Campus. The contract specifies an annual maximum operating budget for required levels of activity and the services to be provided to public patients.

Other

WA Health have identified three public-private partnership agreements with private providers who provide medical imaging and radiation oncology services in the South West and Great Southern regions. Under all three arrangements, services provided by these private contractors are delivered within buildings owned by the State.

Camp Schools and Landsdale Farm

The Department of Education has leased six camp schools to Fairbridge Western Australia Incorporated for a period of 15 years (renewable for another two to five year lease terms) for a nominal cost, and Landsdale Farm to Family Support WA Incorporated for an initial period of five years (renewable for another two to five year lease terms) at an annual rental amount.

Commercialised intangible assets

On 22 October 2019, Landgate entered into partial commercialisation arrangement with Land Services WA for a maximum term of 40 years. In consideration of this arrangement, Landgate received an upfront lump sum payment of \$1.4 billion. The asset types included within the commercialised intangible asset category includes major computer software packages and internally developed software.

NOTE 18: SERVICE CONCESSION ASSETS (CONT.) (a)

Total Public Sector

	Land	Buildings	Water storage and distribution	Other Infra- structure	Plant, equip & other	Commer- cialised assets	Softw are	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
30 June 2021								
Carrying amount at beginning of year	55	651	149	35	90	35	-	1,015
Additions	-	26	-	-	-	5	-	31
Transfers in/-out	-	-1	-	3	2	-	-	4
Revaluation increments/-decrements	-	-3	-	-	-	-	-	-3
Depreciation	-	-15	-3	-1	-12	-10	-	-41
Impairment losses	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Carrying amount at end of year	55	657	145	38	80	29	-	1,005
Gross carrying amount	55	658	170	40	128	73	1	1,125
Accumulated depreciation and amortisation	-	-1	-24	-2	-48	-44	-1	-120
30 June 2020								
Opening net carrying amount	-	-	-	-	-	-	-	-
Recognition of service concession assets on initial application of AASB 1059	56	664	152	35	99	-	-	1,007
<i>Restated carrying amount at 1 July 2019</i>	<i>56</i>	<i>664</i>	<i>152</i>	<i>35</i>	<i>99</i>	<i>-</i>	<i>-</i>	<i>1,007</i>
1 July 2019								
Gross carrying amount	56	664	170	35	126	-	-	1,052
Accumulated depreciation and amortisation	-	-	-18	-	-27	-	-	-45
<i>Carrying amount at beginning of year</i>	<i>56</i>	<i>664</i>	<i>152</i>	<i>35</i>	<i>99</i>	<i>-</i>	<i>-</i>	<i>1,007</i>
Additions	-	2	-	1	-	13	-	16
Disposals	-1	-	-	-	-	-	-	-1
Transfers in/-out	-	1	-	-	-	28	-	29
Revaluation increments/-decrements	-1	-1	-	-	-	-	-	-1
Depreciation and amortisation	-	-15	-3	-1	-9	-6	-	-34
Other	-	-	-	-	-	-	-	-
Carrying amount at end of year	55	651	149	35	90	35	-	1,015
Gross carrying amount	55	666	170	36	127	68	-	1,122
Accumulated depreciation and amortisation	-	-15	-21	-1	-36	-33	-	-107

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

NOTE 18: SERVICE CONCESSION ASSETS (CONT.)

In addition to those service concession arrangements identified for the general government sector, the following arrangement with significant service concession asset values has been identified for the total public sector.

Mundaring Water Treatment Plant

In 2012, the Water Corporation entered into a public-private partnership with Helena Water Pty Ltd (Helena Water) to privately finance, design, construct, own and operate Mundaring Water Treatment Plant under a 35 year operating concession.

The Water Corporation supplies raw water to Helena Water and purchases the treated product water that is pumped to Sawyer's Valley tank at the flow rate specified by the Water Corporation's operation centre.

The agreement between the Water Corporation and Helena Water requires Helena Water to use reasonable endeavours to obtain the most favourable terms from existing or potential financiers when refinancing. Gains or losses will be allocated to each party on ratios determined by the agreement with the next refinancing event scheduled for 2027.

The agreement allows for the review of goods and services costs at set intervals across the term of the contract. This review process has the potential to impact the monthly service charge. The purpose of the review and benchmarking process is to ensure that both parties receive a degree of protection from volatile price increase/decrease (outside of consumer price index changes) on goods and services that are procured during the term of the contract.

Termination options for the Water Corporation include convenience, force majeure, substantial damage to infrastructure, and default events. The Water Corporation may step in to operate and maintain the infrastructure in certain circumstances.

NOTE 19: BIOLOGICAL ASSETS (a)

General Government

	2021	2020
	\$m	\$m
Native and plantation standing trees ^(b)	49	105
Livestock and other	5	4
Total Biological Assets	54	109

Reconciliation of Biological Assets

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

30 June 2021	Standing Trees	Livestock and Other	Total
	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	105	4	109
Transfers	-	-	-
Gain/-loss from changes in fair value	-56	1	-55
Purchases	-	-	-
Other	-	-	-
Carrying amount at end of year	49	5	54
30 June 2020	Standing Trees	Livestock and Other	Total
	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	-	3	3
Gain/-loss from changes in fair value	134	-	134
Purchases	-29	1	-28
Other	-	-	-
Carrying amount at end of year	105	4	109

(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.

NOTE 19: BIOLOGICAL ASSETS ^(a) (CONT.)

Total Public Sector

	2021	2020
	\$m	\$m
Native and plantation standing trees ^(b)	259	314
Livestock and other	5	4
Total Biological Assets	264	317

Reconciliation of Biological Assets

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

30 June 2021	Standing Trees \$m	Livestock and Other \$m	Total \$m
<i>Carrying amount at beginning of year</i>	314	4	317
Gain/-loss from changes in fair value	-51	1	-50
Purchases	5	-	5
Other	-9	-	-9
Carrying amount at end of year	259	5	264
30 June 2020	Standing Trees \$m	Livestock and Other \$m	Total \$m
<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
Carrying amount at end of year	314	4	317

(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.

NOTE 20: INVENTORIES

General Government

	2021	2020
	\$m	\$m
<i>Other Inventories</i>		
Other materials and stores	161	98
Other	18	10
<i>Total Other inventories</i>	<i>179</i>	<i>108</i>
Total Inventories	179	108

Total Public Sector

	2021	2020
	\$m	\$m
<i>Land Inventories</i>		
Land acquisition and development	1,566	1,809
<i>Total Land inventories</i>	<i>1,566</i>	<i>1,809</i>
<i>Other Inventories</i>		
Precious metals	5,592	5,982
Power station fuel stocks	99	124
Other materials and stores	374	295
Other	39	33
<i>Total Other inventories</i>	<i>6,104</i>	<i>6,433</i>
Total Inventories	7,669	8,242

Note: Columns may not add due to rounding.

NOTE 21: INTANGIBLE ASSETS

General Government

	2021	2020
	\$m	\$m
Computer software	1,336	1,238
Accumulated Amortisation and impairment losses	-947	-864
<i>Total</i>	389	374
Software in progress	97	110
Commercialised assets	-	-
Accumulated Amortisation and impairment losses	-	-
<i>Total</i>	-	-
Other	186	160
Accumulated Amortisation and impairment losses	-86	-77
<i>Total</i>	100	84
Total Intangible Assets	586	568

Reconciliation of Intangibles

	Computer Software	Software in progress	Commercialised assets	Other	Total
	\$m	\$m		\$m	\$m
30 June 2021					
Carrying amount at beginning of year	374	110	-	84	568
Additions	47	60	-	14	121
Disposals	-13	-	-	-3	-17
Transfers in/-out	64	-72	-	16	8
Amortisation	-94	-	-	-9	-104
Accumulated amortisation written back	10	-	-	-	10
Other	1	-1	-	-	1
Carrying amount at end of year	389	97	-	100	586

	Computer Software	Software in progress	Commercialised assets	Other	Total
	\$m	\$m		\$m	\$m
30 June 2020					
Carrying amount at beginning of year	446	93	-	87	626
Adjustment for change in accounting policy - AASB 1059	-	-	-	-	-
<i>Restated carrying amount at beginning of year</i>	<i>446</i>	<i>93</i>	<i>-</i>	<i>87</i>	<i>626</i>
Additions	20	76	-	4	101
Disposals	-11	-13	-	-3	-27
Transfers in/-out	13	-45	-	6	-27
Amortisation	-95	-	-	-9	-104
Accumulated amortisation written back	10	-	-	1	11
Other	-10	-1	-	-2	-13
Carrying amount at end of year	374	110	-	84	568

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

NOTE 21: INTANGIBLES ASSETS (CONT.)

Total Public Sector

	2021	2020
	\$m	\$m
Computer software	2,880	2,639
Accumulated Amortisation	-2,105	-1,918
Total	774	721
Software in progress	134	131
Commercialised assets	-	-
Accumulated Amortisation and impairment losses	-	-
Total	-	-
Renewable Energy Certificates	31	23
Other	292	261
Accumulated Amortisation and impairment losses	-134	-117
Total	158	144
Total Intangible Assets	1,097	1,019

Reconciliation of Intangibles

	Computer Software	Software in progress	Commercialised assets	Renewable Energy Certificates	Other	Total
	\$m	\$m		\$m	\$m	\$m
30 June 2021						
Carrying amount at beginning of year	721	131	-	23	144	1,019
Additions	62	78	-	159	14	313
Disposals	-19	-	-	-152	-3	-174
Transfers in/-out	198	-74	-	-	22	145
Impairment losses	-3	-	-	-	-	-3
Amortisation	-202	-	-	-	-19	-220
Accumulated amortisation written back	16	-	-	-	-	16
Other	-	-1	-	-	-	-
Carrying amount at end of year	774	134	-	31	158	1,097
30 June 2020						
Carrying amount at beginning of year	748	110	-	31	139	1,028
Adjustment for change in accounting policy - AASB 1059	-	-	-	-	-	-
<i>Restated carrying amount at beginning of year</i>	<i>748</i>	<i>110</i>	<i>-</i>	<i>31</i>	<i>139</i>	<i>1,028</i>
Additions	37	86	-	117	4	244
Disposals	-12	-13	-	-125	-3	-153
Transfers in/-out	136	-50	-	-	28	114
Amortisation	-193	-	-	-	-24	-217
Accumulated amortisation written back	14	-	-	-	1	15
Other	-10	-1	-	-	-2	-12
Carrying amount at end of year	721	131	-	23	144	1,019

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

NOTE 22: ASSETS CLASSIFIED AS HELD FOR SALE (a)

General Government

	2021	2020
	\$m	\$m
Land	54	17
Other	52	5
Total Current	107	21

Assets held for sale primarily relate to; The Department of Finance (\$40 million land and buildings held for sale), the Department of Education (\$26 million land held for sale), the Department of Transport (\$21 million land and buildings, relating to the Welshpool Vehicle Examination Centre property), the Western Australian Planning Commission (\$10 million land held for sale), and the Commissioner of Main Roads (\$8 million land and buildings held for sale).

Reconciliation of Assets classified as Held for Sale

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

30 June 2021	Land	Other	Total
	\$m	\$m	\$m
Carrying amount at beginning of year	17	5	21
Assets reclassified as held for sale	35	22	57
Assets sold	-6	-	-6
Transfers out/other	9	27	35
Carrying amount at end of year	54	52	107
30 June 2020	Land	Other	Total
	\$m	\$m	\$m
Carrying amount at beginning of year	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
Carrying amount at end of year	17	5	21

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

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

**NOTE 22: ASSETS CLASSIFIED
AS HELD FOR SALE (CONT.) (a)**

Total Public Sector

	2021	2020
	\$m	\$m
Land	54	20
Other	58	17
Total Current	112	37

The assets held for sale disclosed above in the general government sector also applies to the total public sector.

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
30 June 2021			
Carrying amount at beginning of year	20	17	37
Assets reclassified as held for sale	35	16	50
Assets sold	-9	-1	-10
Transfers out/other	9	27	35
Carrying amount at end of year	54	58	112

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

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

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

NOTE 23: INVESTMENT PROPERTIES (a)

General Government		
	\$m	\$m
<i>Carrying amount at beginning of year</i>	7	7
Revaluation increments/-decrements	-	-
Carrying amount at end of year	7	7

Total Public Sector		
	2021	2020
	\$m	\$m
<i>Carrying amount at beginning of year</i>	33	67
Additions	-	-
Revaluation increments/-decrements	-6	-5
Transfers to property held for sale /-disposals	-	-29
Transfers to Buildings	-	-
Carrying amount at end of year	28	33

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

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

NOTE 24: BORROWINGS

General Government		
	2021	2020
	\$m	\$m
Lease Liabilities	2,753	2,722
Loan Liabilities	354	362
Service Concession Liabilities - financial liability ^(a)	5	-
Domestic and foreign borrowings ^(b)	26,097	26,028
Total ^(c)	29,209	29,112

(a) Service concession liabilities are recognised according to AASB 1059: *Service Concession Arrangements : Grantors*.

	2021	2020
	\$m	\$m
Minimum lease payments due:		
- not later than one year	5	-
- later than one year and not later than five years	-	-
- later than five years	-	-
Minimum lease payments	5	-
Future finance charges	-	-
Total service concession liabilities	5	-
Amounts expected to be settled:		
- not later than one year	5	-
- later than one year	-	-

(b) Foreign currency borrowings - the general government sector had no foreign currency borrowings at the reporting date or at the same time last year.

(c) Borrowings maturity profile - information on the maturity profile of Borrowings is provided in Note 34: Financial Instruments.

NOTE 24: BORROWINGS (CONT.)

Total Public Sector

	2021	2020
	\$m	\$m
Lease Liabilities	3,474	3,500
Loan Liabilities	354	577
Service Concession Liabilities - financial liability ^(a)	348	-
Domestic and foreign borrowings ^(b)	61,387	64,134
Total ^(c)	65,564	68,211

(a) Service concession liabilities are recognised according to AASB 1059: *Service Concession Arrangements : Grantors*.

	2021	2020
	\$m	\$m
Minimum lease payments due:		
- not later than one year	23	-
- later than one year and not later than five years	63	-
- later than five years	262	-
Minimum lease payments	348	-
Future Finance charges	-	-
Total service concession liabilities	348	-
Amounts expected to be settled:		
- not later than one year	23	-
- later than one year	325	-

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

<i>2021</i>	Current	Non-current
United States Dollars	598	-
	598	-
<i>2020</i>	Current	Non-current
United States Dollars	650	-
	650	-

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) Borrowings maturity profile - information on the maturity profile of Borrowings is provided in Note 34: Financial Instruments.

Note: Columns may not add due to rounding.

NOTE 25: UNFUNDED SUPERANNUATION

General Government

	2021	2020
	\$m	\$m
Defined Benefit superannuation schemes:		
Pension Scheme	1,657	1,933
Gold State Super Scheme	3,094	3,963
Judges' Pension Scheme	570	645
Parliamentary Superannuation Scheme	196	220
<i>Total Defined Benefit superannuation schemes</i>	<i>5,516</i>	<i>6,761</i>
Defined contribution superannuation scheme: West State Superannuation Scheme	-	58
Total	5,516	6,818

The superannuation liability for the general government sector at 30 June 2021 was \$5,516 million (2020: \$6,818 million). The liability represents 98.5% (2020: 98.5%) of the whole-of-government total superannuation liability of \$5,602 million at 30 June 2021 (2020: \$6,920 million).

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

Total Public Sector

	2021	2020
	\$m	\$m
Defined Benefit superannuation schemes:		
Pension Scheme	1,742	2,036
Gold State Super Scheme	3,094	3,963
Judges' Pension Scheme	570	644
Parliamentary Superannuation Scheme	196	220
<i>Total Defined Benefit superannuation schemes</i>	<i>5,602</i>	<i>6,864</i>
Defined contribution superannuation scheme: West State Superannuation Scheme	-	58
Total	5,602	6,920

The Government Employee Superannuation Board (GESB) administers a range of defined benefit superannuation schemes provided in Note 3 (aa): *Provisions-Superannuation*.

Note: Columns may not add due to rounding.

NOTE 25: UNFUNDED SUPERANNUATION (CONT.)

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

	2021	2020
	%	%
Discount rate (gross of tax) ^(a)	1.4	0.9
Salary rate ^(b)	2.5	2.8
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 2.5% per annum thereafter.

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

	Class 1 ^(d)	Class 2 ^(e)	Class 3 ^(f)	Total
	2021	2021	2021	2021
	%	%	%	%
Equities	61	-	-	61
Cash and Investment funds	10	7	8	25
Others	-	14	-	14
	Class 1 ^(d)	Class 2 ^(e)	Class 3 ^(f)	Total
	2020	2020	2020	2020
	%	%	%	%
Equities	58	-	-	58
Cash and Investment funds	5	18	2	25
Others	-	17	-	17

(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.

	2021	2020
	\$m	\$m
Net liability/-asset in balance sheet at end of prior year	6,864	7,051
Expense recognised in profit and loss	227	281
Employer contributions	-421	-487
Remeasurements	-1,070	19
Net liability/-asset in balance sheet at end of year	5,602	6,864

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

	2021	2020
	\$m	\$m
Total defined benefit obligations	8,782	9,619
Scheme assets	-3,180	-2,755
Net liability^(g)	5,602	6,864

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

	2021	2020
Not later than one year	26	26
Later than one year	5,576	6,838
Total	5,602	6,864

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

NOTE 25: UNFUNDED SUPERANNUATION (CONT.)

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 2021 \$m	Gold State Super Scheme 2021 \$m	Judges' Pension Scheme 2021 \$m	Parliamentary Superannuation Scheme 2021 \$m	Total 2021 \$m
Gross accrued benefits	1,844	6,173	570	196	8,782
Net market value of plan assets	-102	-3,079	-	-	-3,180
Net liability	1,742	3,094	570	196	5,602

	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
Net liability	2,036	3,963	645	220	6,864

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.

	2021 \$m	2020 \$m
Total employer current service cost	167	192
Net interest cost	60	89
Recognised actuarial -gains/losses	-1,070	19
Total	-843	300

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

	2021 \$m	2020 \$m
Fair value plan assets at beginning of year	2,756	2,962
Employer contributions	421	487
Actual participant contributions	8	8
Actual benefit payments	-543	-631
Interest income	24	37
<i>Expected plan assets at end of year</i>	<i>2,665</i>	<i>2,863</i>
Return in excess of interest income	516	-108
Fair value of plan assets at end of year	3,180	2,755

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

NOTE 25: 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.

	2021	2020
	\$m	\$m
Defined benefit obligation at beginning of year	9,619	10,014
Employer service cost plus operating costs	166	190
Interest cost	84	126
Actual participant contributions	8	8
Actual benefit payments	-544	-631
<i>Expected defined benefit obligations at end of year</i>	<i>9,333</i>	<i>9,706</i>
Actuarial -gain/loss on liabilities	-552	-87
Defined benefit obligation at end of year	8,782	9,619

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

	2021	2020
	\$m	\$m
Actuarial -gain/loss due to demographic assumptions	-	2
Actuarial -gain/loss due to financial assumptions	-485	77
Actuarial -gain/loss arising from experience	-70	-159
Return in excess of interest income	-516	99
Amount recognised during year in 'other changes in equity'	-1,070	19

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

	2021	2020	2019	2018	2017
	\$m	\$m	\$m	\$m	\$m
Total defined benefit obligations	8,782	9,619	10,014	9,425	9,861
Actual assets	-3,180	-2,755	-2,963	-2,957	-2,917
Deficit/-surplus	5,602	6,864	7,051	6,468	6,944

Sensitivity analysis for the defined benefit obligation is presented on the following scenarios ^(h).

<i>Sensitivity to discount rate</i>		2021	2021
		+0.5	-0.5
		percentage	percentage
		point	point
		discount	discount
Discount rate (%)		1.9	0.9
Defined benefit obligation (\$m)		8,396	9,110
Changes in obligation (\$m)		-344	370
Percentage changes in obligation (%)		-4.0	4.0
<i>Sensitivity to discount rate</i>		2020	2020
		+0.5	-0.5
		percentage	percentage
		point	point
		discount	discount
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

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

NOTE 25: UNFUNDED SUPERANNUATION (CONT.)

<i>Sensitivity to future salary increase</i>	2021	2021
	+0.5% future salary increase	-0.5% future salary increase
Future salary increases	2.0% for the first two years and 3.0% thereafter	1.0% for the first two years and 2.0% thereafter
Defined benefit obligation (\$m)	8,901	8,589
Changes in obligation (\$m)	161	-151
Percentage changes in obligation (%)	2.0	-2.0
<i>Sensitivity to future salary increase</i>	2020	2020
	+0.5% future salary increase	-0.5% future salary increase
Future salary increases	2.0% for the first year and 3.25% thereafter	1% for the first year 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 pension indexation rate</i>	2021	2021
	+0.5% pension indexation rate	-0.5% pension indexation rate
Pension increases (%)	3.0	2.0
Defined benefit obligation (\$m)	8,987	8,510
Changes in obligation (\$m)	247	-230
Percentage changes in obligation (%)	3.0	-3.0
<i>Sensitivity to pension indexation rate</i>	2020	2020
	+0.5% pension indexation rate	-0.5% 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 mortality</i>	2021	2021
	1 year increase in future life expectancy	1 year decrease in future life expectancy
Defined benefit obligation (\$m)	8,869	8,666
Changes in obligation (\$m)	129	-74
Percentage changes in obligation (%)	1.0	-1.0
<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

(h) Sensitivity figures do not include Gold State Super Scheme reserves amounting to \$42.1 million (30 June 2020 \$44.2 million).

Note: Columns may not add due to rounding.

NOTE 26: OTHER EMPLOYEE BENEFITS

General Government

	2021	2020
	\$m	\$m
Annual leave	1,151	1,042
Long service leave	2,057	1,929
Other	667	572
Total	3,875	3,543

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

	2021	2020
	\$m	\$m
Within 12 months of reporting date	808	760
More than 12 months after reporting date	343	282
Total	1,151	1,042

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

	2021	2020
	\$m	\$m
Within 12 months of reporting date	461	455
More than 12 months after reporting date	1,595	1,473
Total	2,057	1,929

Total Public Sector

	2021	2020
	\$m	\$m
Annual leave	1,328	1,197
Long service leave	2,293	2,146
Other	722	639
Total	4,343	3,981

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

	2021	2020
	\$m	\$m
Within 12 months of reporting date	949	885
More than 12 months after reporting date	379	312
Total	1,328	1,197

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

	2021	2020
	\$m	\$m
Within 12 months of reporting date	575	563
More than 12 months after reporting date	1,719	1,583
Total	2,293	2,146

Note: Columns may not add due to rounding.

NOTE 27: OTHER LIABILITIES

General Government

	2021	2020
	\$m	\$m
Deferred Revenue	100	46
Service Concession Liabilities - Grant of Right to Operate	1,440	1,387
Grant liabilities ^(a)	228	228
Interest payable	127	141
Contract liabilities ^(b)	85	83
Insurance claims	35	24
Other provisions	107	46
Other liabilities	618	718
Total Other Liabilities	2,740	2,674

Reconciliation of Other Provisions

30 June 2021

	Employment on-costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m
Carrying amount at beginning of year	13	8	25	46
Additional provisions recognised	4	1	63	68
Amounts used	-5	-	-5	-9
Unused amounts reversed	-	-1	-	-1
Unwinding of the discount	-	-	-	-
Other	-	4	-	4
Carrying amount at end of year	12	11	83	107

30 June 2020

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

	2021	2020
	\$m	\$m

(a) Grant liabilities

Reconciliation of changes in grant liabilities:

Opening balance	228	-
Additions	1,080	926
Income recognised in the reporting period	-1,080	-699
Balance at the end of period	228	228

Income recognition

- not later than one year	228	227
- later than one year and not later than five years	-	1
- later than five years	-	-
Total	228	228

(b) Contract Liabilities

Reconciliation of changes in contract liabilities:

Opening balance	83	-
Additions	81	241
Revenue recognised in the reporting period	-79	-157
Balance at the end of period	85	83

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

NOTE 27: OTHER LIABILITIES (CONT.)

Total Public Sector

	2021	2020
	\$m	\$m
Insurance claims ^(a)	4,475	3,847
Deferred Revenue	603	536
Service Concession Liabilities - Grant of Right to Operate	1,440	1,387
Grant liabilities ^(b)	238	232
Interest payable	536	579
Contract liabilities ^(c)	308	302
Other provisions	1,305	996
Other liabilities	400	416
Total Other Liabilities	9,304	8,294

Reconciliation of Other Provisions

30 June 2021

	Employment on-costs	Decommissioning costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m	\$m
Carrying amount at beginning of year	21	357	52	565	996
Additional provisions recognised	13	94	18	535	660
Amounts used	-12	-25	-13	-278	-328
Unused amounts reversed	-	-2	-2	-22	-27
Unwinding of the discount	-	-	-1	2	3
Other	-	-1	4	-2	1
Carrying amount at end of year	23	424	59	800	1,305

30 June 2020

	Employment on-costs	Decommissioning costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m	\$m
Carrying amount at beginning of year	19	351	50	636	1,057
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
Carrying amount at end of year	21	357	52	565	996

	2021	2020
	\$m	\$m

(a) Insurance claims

The liabilities for outstanding insurance claims comprise:

Third Party Insurance Fund	2,549	2,437
Government Insurance Fund	280	89
RiskCover	788	606
Motor Vehicle (Catastrophic Injuries) Fund	732	612
Other	125	102
Total	4,475	3,847

Liability for outstanding claims (undiscounted)	5,120	4,253
Discount to present value	-646	-406
Total Liability for outstanding claims (undiscounted)	4,475	3,847

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

NOTE 27: OTHER LIABILITIES (CONT.)

Total Public Sector

	2021	2020
	%	%
Claims expected to be paid:		
Not later than one year		
Inflation rate	1.80	1.00
Discount rate	0.00	0.20
Later than one year		
Inflation rate	2.00	0.91
Discount rate	0.10	0.30
	2021	2020
	\$m	\$m
(b) Grant liabilities		
<i>Reconciliation of changes in grant liabilities:</i>		
Opening balance	232	-
Additions	1,090	930
Income recognised in the reporting period	-1,084	-699
Balance at the end of period	238	232
Income recognition		
- not later than one year	238	230
- later than one year and not later than five years	-	1
- later than five years	-	-
Total	238	232
(c) Contract Liabilities		
<i>Reconciliation of changes in contract liabilities</i>		
Opening balance	302	-
Additions	246	691
Revenue recognised in the reporting period	-239	-390
Balance at the end of period	308	302

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

**NOTE 28: RECONCILIATION OF NET CASH FLOWS FROM
OPERATING ACTIVITIES TO OPERATING SURPLUS
FOR THE PERIOD**

General Government

	2021	2020
	\$m	\$m
Surplus /-deficit for period	5,838	1,669
Non-cash movements		
Depreciation	1,741	1,751
Increase/-decrease in accrual in employees benefits	1	60
-Increase/decrease in inventories	-71	-37
-Increase/decrease in receivables	-1,918	12
-Increase/decrease in prepayments and other assets	-123	3
Increase/-decrease in payables	1,045	38
Increase/-decrease in other liabilities and accruals	66	-358
Net GST receipts/-payments	-44	-13
Other non-cash net asset transfers	-1,431	-6
Adjustment for other non-cash items	38	92
Net cash flows from operating activities as shown in the Cash Flow Statement	5,143	3,211

Total Public Sector

	2021	2020
	\$m	\$m
Surplus /-deficit for period	5,537	2,047
Non-cash movements		
Depreciation	4,235	3,908
Premium discount amortisation	-247	-236
Increase/-decrease in accrual in employees benefits	13	91
-Increase/decrease in inventories	329	-2,088
-Increase/decrease in receivables	-1,467	-192
-Increase/decrease in prepayments and other assets	-93	-45
Increase/-decrease in payables	14	2,767
Increase/-decrease in other liabilities and accruals	1,010	-131
Net GST receipts/-payments	-135	-84
Other non-cash net asset transfers	-1,500	-84
Adjustment for other non-cash items	75	-284
Net cash flows from operating activities as shown in the Cash Flow Statement	7,771	5,670

Note: Columns may not add due to rounding.

NOTE 29: CLOSING CASH BALANCES

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

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

General Government		
	2021	2020
	\$m	\$m
Cash assets as per the Balance Sheet	5,230	513
Investments included as cash on the Cash Flow Statement	1,713	5,132
Total closing cash balance	6,943	5,645
Total Public Sector		
	2021	2020
	\$m	\$m
Cash assets as per the Balance Sheet	7,113	2,346
Investments included as cash on the Cash Flow Statement	5,487	8,648
Total closing cash balance	12,600	10,994

Note: Columns may not add due to rounding.

NOTE 30: RESTRICTED FINANCIAL ASSETS

There are restrictions on the uses of specific purpose Commonwealth grants. Funding received and not yet spent total \$204 million (2020: \$161 million).

NOTE 31: MONEYS HELD IN TRUST

Moneys held in a trustee capacity are not controlled by the State and are excluded from assets and liabilities. An amount of \$564 million was held as at 30 June 2021, compared with \$449 million at 30 June 2020.

NOTE 32: CAPITAL EXPENDITURE COMMITMENTS (a)

General Government

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

	2021	2020
	\$m	\$m
Capital expenditure commitments ^(a)	2,992	1,506

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

- road infrastructure spending of \$1.5 billion (30 June 2020: \$707 million), including the design and construction of the Bunbury Outer Ring Road (\$561 million), Swan River Crossings - Fremantle Road and Rail (\$231 million), Great Eastern Highway Bypass interchanges (\$195 million), Mitchell Freeway Extension - Hester Avenue to Romeo Road (\$169 million), Albany Ring Road (\$32 million), Coolgardie Esperance Highway Upgrade - Emu Rocks Station (\$31 million) and the Great Northern Highway, Ord River North section (\$30 million);
- school infrastructure of \$714 million (30 June 2020: \$433 million) for the building of new schools, additions and improvements to primary and high schools (\$425 million), as well as a component for the State's COVID-19 Recovery (\$290 million); and
- major health infrastructure totalling \$284 million (30 June 2020: \$65 million) including contracted purchases of medical equipment replacements, COVID-19 vaccination equipment, Royal Perth Hospital WiFi rollout, infrastructure upgrades at King Edward Memorial Hospital, Sir Charles Gairdner Hospital Emergency Department upgrade and Stage 2 development of Joondalup Health Campus.

Note: Columns may not add due to rounding.

Total Public Sector

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

	2021	2020
	\$m	\$m
Capital expenditure commitments ^(b)	7,091	5,325

(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 \$3.7 billion (30 June 2020: \$3 billion), includes outstanding commitments surrounding the METRONET railcar procurement (\$1.6 billion), the supply and delivery of buses (\$170 million), as well as the continued development of the Morley-Ellenbrook Line (\$700 million) and Yanchep Railway Extension (\$663 million);
- waste and wastewater projects of \$246 million (30 June 2020: \$269 million) including the design and construction of Quinn's main sewer extension with 1,931 meters of DN1800 (\$26 million); and
- land development projects of \$270 million (30 June 2020: \$76 million) including the Ocean Reef Marina (\$50 million) and Australian Marine complex (\$56.6 million) developments.

Note: Columns may not add due to rounding.

NOTE 33: CONTINGENT ASSETS AND LIABILITIES

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.

Quantifiable Contingent Assets and Liabilities at 30 June

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

QUANTIFIABLE CONTINGENT ASSETS AND LIABILITIES AT 30 JUNE

	2021	2020
	\$m	\$m
<i>Contingent Assets</i>		
General government ^(a)	24	24
Public non-financial corporations	-	-
Total	24	24
<i>Contingent Liabilities</i>		
Contingent liabilities under guarantees, w warranties, indemnities and sureties ^(b)	390	347
Contingent liabilities for superannuation entitlements of public universities ^(c)	65	77
Other contingent liabilities ^(d)	536	395
Total	990	818

Note: Columns may not add due to rounding.

(a) Quantifiable Contingent Assets – General Government Sector

WA Health has contingent assets of \$14 million (2020: \$13 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 \$10 million (2020: \$12 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 2021 totalled \$378 million (30 June 2020: \$335 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 2021, the value of these guarantees was \$12 million (unchanged from 30 June 2020).

(c) Contingent Liabilities for Superannuation Entitlements of Public Universities

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).

Based on the actuarially assessed value of these entitlements at 30 June 2021 the guarantee for superannuation entitlements of public universities is \$65 million (30 June 2020: \$77 million).

(d) 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 2020-21, approximately 14.6% of all filed claims were in Western Australia, which equates to an estimated contingent liability of \$31.2 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 \$218 million at 30 June 2021 (30 June 2020: \$231 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.

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 \$67 million (30 June 2020: \$10 million).

Native Title

South West Native Title Settlement

Under the South West Settlement Indigenous Land Use Agreement and subject to meeting certain conditions, a State-managed Noongar Land Fund of up to a maximum of \$47 million will be used over 10 years to meet the Settlement's land, joint management and heritage objectives through the development of effective partnerships between the Noongar Regional Corporations and the State's key land/heritage agencies.

Yamatji Nation Indigenous Land Use Agreement

Under the Yamatji Nation Indigenous Land Use Agreement, the State has agreed to provide the Trustee of the Charitable Trust on behalf of the Yamatji Nation, with an annual payment calculated as a percentage of rent received from mining tenements with the Agreement Area, for a period of 10 years between 1 July 2022 and 30 June 2032, to meet the Settlement's economic development objectives. The current estimate for these payments is approximately \$9 million.

Other Claims

An unquantified contingent liability for other Native Title claims is also disclosed later in this note.

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 2021. 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 \$28 million (2020: \$19 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 depending on outcomes for these cases, a total amount of \$24 million (30 June 2020: \$13 million) may be payable as compensation to claimants at some future point in time.

WA Health

WA Health has contingent liabilities of \$44 million (30 June 2020: \$39 million), which are mainly associated with 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).

Justice

The Department of Justice is subject to claims against the Department and Attorney General by the general public and offenders, and a number of criminal injuries compensation court appeals. The current estimate of this liability is approximately \$16 million (30 June 2020: nil).

Various Agencies

Other quantifiable contingent liabilities include various legal and contractual claims against individual agencies totalling \$52 million (30 June 2020: \$47 million), as reported in the annual reports of those agencies.

1. Non-quantifiable Contingent Assets***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.

2. 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, 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 Clive 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. The claim by Zeph Investments was discontinued on 24 December 2020 with costs to Western Australia. The claims by Mr Palmer, Mineralogy and International Minerals were heard by the High Court on 15 to 18 June 2021 and judgment is currently reserved. It is anticipated that the Act is likely to withstand scrutiny by the High Court.

Mineralogy and International Minerals also commenced proceedings in the Federal Court of Australia in connection with the enactment of the Act and obtained orders in the Supreme Court of Queensland to enforce two arbitral awards. The State succeeded in setting aside the enforcement orders, and Mineralogy and International Minerals have appealed to the Queensland Court of Appeal. Both the Federal Court and Queensland Court of Appeal proceedings are currently adjourned pending the High Court's decision concerning the validity of the Act.

Aboriginal Stolen Wages Class Action

A class action has been brought against the State of Western Australia in the Federal Court based on the State's duties in respect of payment for work undertaken by Aboriginal people in Western Australia during the period between 1936 and 1972 and monies held in trust on behalf of working Aboriginal people during that period. At this stage, it is too early to estimate the potential financial effects, if any.

Casual Employee's Entitlement to Long Service Leave

Under the *Long Service Leave Act 1958* casual employees who have been employed for more than 10 years and meet continuous service requirements may be entitled to long service leave. Where agencies have been able to reliably measure obligations for long service leave for casual employees, these liabilities have been recognised in the Annual Report on State Finances. However, many entities have not been able to reliably measure long service leave obligations for current or former casual employees at the reporting date. The impact is currently being assessed.

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

As the responsible Minister under the *Industry and Technology Development Act 1998*, the Minister for State Development (or his predecessors), the Forest Products Commission’s (FPC’s) General Manager, and timber processors are signatories to an Investment Security Guarantee (ISG). Under the ISG, the Minister is liable to pay compensation under certain circumstances where the FPC is unable to supply contracted amounts of timber.

The FPC has identified a potential shortfall of current pine resources that would be available to meet future contracted supply commitments. At the reporting date of the financial statements in this report, 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 Government’s \$350 million investment in expanding the softwood estate (announced in the 2021-22 Budget, released on 9 September 2021) will help to mitigate the risk of long-term pine supply constraints.

Gold Corporation

Ground Water Contamination

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 expensed in the financial statements. The Corporation is still assessing the estimated potential financial effects, if any, of any ongoing remediation.

Treasurer's Guarantee

Under the *Gold Corporation Act 1987*, the Treasurer guarantees the payment of all financial obligations including cash equivalent of precious metal due, payable and deliverable by the Gold Corporation (including metal held on behalf of third parties). The probability of any outflow associated with this guarantee is considered remote.

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 certainty for the availability of HII in the State and allow additional time to develop a longer-term 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. A related quantified contingent liability for the item is disclosed earlier in this note.

Investigation by the Economic Regulation Authority

In May and June 2021, Synergy appeared before the Electricity Review Board (ERB) to defend an application by the Economic Regulation Authority (ERA) for orders that in 11,012 trading intervals from April 2016 to July 2017, Synergy breached a provision in the Western Australian Wholesale Electricity Market (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 ERB has reserved its decision on the matter.

No provision has been made at 30 June 2021 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 a wide discretion as to the amount of any penalty, and hence it is not possible at this stage to estimate any potential liability.

Keystart

The following issues were under investigation at 30 June 2021 and could potentially result in remediation in 2021-22 and associated costs. Due to the complexity of these matters, a reliable estimate of the financial impacts is unavailable.

- Throughout the life of a loan, Keystart may incur fees and charges in connection with a customer's loan account. Loans originated before July 2020 do not contain explicit clauses which enable Keystart to capitalise the fee into the customer's outstanding principal balance. While Keystart is able to recover these costs from customers, interest charges on these fees should not apply.

- Keystart is investigating application of its credit policy to loans originated before December 2020 and specifically if adequate consideration was given to customers where it was reasonably expected that their financial circumstances would change as a result of approaching retirement. Any obligation that may arise would be dependent on a number of assumptions including the customer's financial situation and the underlying property value.

Lotteries Commission

A recent decision handed down by the Industrial Appeal Court (IAC) changed the basis for calculating voluntary separation payments. The 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 conducting a search of 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. The Public Sector Commissioner recommends dealing with potential claims from individuals as and when they come forward. The potential liabilities cannot be reliably measured at this time.

DevelopmentWA (Metropolitan Redevelopment Authority)

At 30 June 2021, excessive settlement risk in the Central Perth Redevelopment area was alleged to have been occurring. The parties had been in extensive discussions to reach a commercial resolution of the dispute. If an agreement had been reached, a Deed of Variation of the Project Agreement and a Deed of Settlement would have been entered into.

Native Title Settlements

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 km². There is currently 1,826,997 km² of land in Western Australia where Native Title is determined.

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.

In addition to the quantified contingent liabilities for the South West and Yamatji Native Title agreements disclosed earlier, land and building transfers which are yet to be finalised represent an unquantifiable contingent liability.

Public Transport Authority

Litigation in Progress

Two claims have been lodged by third parties with the Supreme Court in relation to taking orders for the acquisition of land for the construction of public transport infrastructure. These claims are expected to be heard during 2021-22. The size of the claims are subject to settlement negotiations.

The PTA has entered into a contractual agreement with two parties for the delivery of transport infrastructure assets. This contractual agreement has been terminated as a result of a force majeure event. Negotiations on a contractual settlement in relation to the termination are continuing.

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 of varying ages. Many of these power stations utilised asbestos for its insulation and fire-resistant qualities prior to the market becoming aware of the dangers of asbestos. 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 contain asbestos. 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 of 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.

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. Recent results published in June 2021 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 5 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.

NOTE 34: FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

Exposure to credit risk, liquidity risk, interest rate risk and other financial risks arise in the normal course of public sector activity. Public sector agencies adopt various techniques 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 the 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 primarily relates 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 instruments 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 2021 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 2021.

FINANCIAL INSTRUMENTS

General Government

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.

	2021	2020
	\$m	\$m
Financial Assets at amortised cost		
Cash and deposits	5,230	513
Receivables	5,522	3,589
Investments, loans and placements	2,105	5,924
Advances paid	729	715
Shares and other equity	54,362	51,586
Other financial assets	8	8
Financial Liabilities at amortised cost		
Deposits held	1,333	1,472
Advances received	309	326
Lease liabilities	2,753	2,722
Other borrowings	26,451	26,389
Payables	2,537	1,463
Other employee benefits	292	241
Other financial liabilities	683	784

Note: Columns may not add due to rounding.

NOTE 34: FINANCIAL INSTRUMENTS (CONT.)

Total Public Sector

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.

	2021	2020
	\$m	\$m
Financial assets at amortised cost		
Cash and deposits	7,113	2,346
Receivables	6,835	4,836
Investments, loans and placements	6,817	8,194
Advances paid	5,621	5,259
Shares and other equity	116	105
Other financial assets	9	15
Financial assets at fair value through profit or loss		
Receivables	385	887
Investments, loans and placements	12,863	17,301
Shares and other equity	2,660	1,739
Financial Liabilities at amortised cost		
Deposits held	13	12
Advances received	309	326
Borrowings		
Lease liabilities	3,474	3,500
Service concession liabilities	348	-
Other borrowings	3,055	4,125
Payables	4,096	3,575
Guarantees	390	347
Other employee benefits	327	290
Other financial liabilities	5,011	4,469
Financial liabilities at fair value through profit or loss		
Borrowings	58,650	60,502
Payables	5,920	6,398
Financial liabilities at fair value through other comprehensive income		
Borrowings	36	84

Note: Columns may not add due to rounding.

NOTE 34: FINANCIAL INSTRUMENTS (CONT.)

Total Public Sector

The following derivatives are all held by public corporations with nil balances applicable to the general government sector.

<i>Fair Values</i>	Notional face Value 2021 \$m	Net fair Value 2021 \$m	Credit Exposure 2021 \$m
Interest rate contracts	14,070	799	844
Forward exchange contracts	-26	-28	-26
Equity Contracts	-	-	-
Other commodity contracts	414	24	-255
Total	14,458	795	564

<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
Total	14,049	839	873

NOTE 34: 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 2021							Total carrying amount \$m	Weighted average effective interest rate %
	Fixed Interest Maturing in					Total Fixed interest rate \$m	Non-interest bearing \$m		
	Floating interest rate \$m	up to 3 months \$m	3 to 12 months \$m	1 year to 5 years \$m	Over 5 years \$m				
Financial assets									
Cash and deposits	396	4,694	14	16	-	4,724	110	5,230	0.1
Receivables ^(a)	-	-	-	-	-	-	5,522	5,522	0.5
Investments, loans and placements	52	53	70	1,406	518	2,048	5	2,105	1.4
Advances paid:									
Non-government schools	-	9	29	148	170	356	-	356	4.4
Other advances	32	-	-	-	-	-	341	373	1.4
Shares and other equity	-	-	-	-	-	-	54,362	54,362	-
Other financial assets	-	-	-	-	-	-	8	8	-
Total financial assets^(b)	480	4,756	113	1,570	688	7,128	60,349	67,956	
Financial liabilities									
Deposits held	5	74	92	898	256	1,320	8	1,333	0.5
Advances received	-	-	-	-	-	-	309	309	-
Borrowings:									
Lease Liabilities	-	31	264	888	1,569	2,753	-	2,753	4.0
Service concession liabilities	-	-	-	-	-	-	5	5	-
Other borrowings	387	1,362	2,431	13,329	8,928	26,050	14	26,451	2.7
Payables ^(c)	-	-	-	-	-	-	2,537	2,537	-
Other employee benefits	-	-	-	-	-	-	292	292	-
Other financial liabilities	-	-	-	-	-	-	683	683	-
Total financial liabilities^(b)	391	1,467	2,787	15,115	10,753	30,123	3,849	34,363	

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

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

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

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

NOTE 34: FINANCIAL INSTRUMENTS (CONT.)

General Government

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				
Financial assets									
Cash and deposits	325	91	21	17	-	128	59	513	0.4
Receivables ^(a)	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	-
Total financial assets^(b)	359	3,238	1,347	1,410	331	6,326	55,651	62,335	
Financial liabilities									
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
Borrowings:									
Payables ^(c)	2	-	-	-	-	-	1,461	1,463	-
Other borrowings	532	1,484	2,603	13,006	8,755	25,847	10	26,389	3.1
Other employee benefits	-	-	-	-	-	-	241	241	-
Other financial liabilities	26	-	-	-	-	-	758	784	-
Total financial liabilities^(b)	561	2,544	3,186	13,920	10,380	30,030	2,807	33,397	

(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 34: 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 2021

	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	\$m	\$m	%
Financial assets									
Cash and deposits	2,105	4,828	14	16	-	4,858	150	7,113	0.2
Receivables ^(a)	-	26	-	-	-	26	7,194	7,220	2.0
Investments, loans and placements	555	7,011	825	4,373	2,744	14,953	4,171	19,679	1.6
Advances paid:	-	-	-	-	-	-	-	-	-
Homebuyers	5,204	-	-	-	-	-	-	5,204	4.3
Non-government schools	-	9	29	148	170	356	-	356	4.4
Other	32	-	-	-	-	-	29	61	-
Shares and other equity	-	-	-	-	-	-	2,776	2,776	-
Other financial assets	-	-	-	-	-	-	9	9	-
Total financial assets ^(b)	7,897	11,873	868	4,537	2,914	20,192	14,329	42,418	
Financial liabilities									
Deposits held	5	-	-	-	-	-	8	13	0.2
Advances received	-	-	18	148	143	309	-	309	4.6
Borrowings:	-	-	-	-	-	-	-	-	-
Lease liabilities	-	43	359	1,236	1,836	3,474	-	3,474	-
Service concession liabilities	-	5	13	63	262	343	5	348	0.1
Other borrowings	416	15,786	788	21,796	20,338	58,709	2,616	61,741	1.8
Payables ^(c)	-	724	-	-	-	724	9,292	10,016	0.2
Guarantees ^(d)	-	-	-	-	-	-	390	390	-
Other employee benefits	-	-	-	-	-	-	327	327	-
Other financial liabilities	-	-	-	-	-	-	5,011	5,011	-
Total financial liabilities ^(b)	421	16,559	1,177	23,244	22,580	63,560	17,258	81,239	

(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 33: *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 34: FINANCIAL INSTRUMENTS (CONT.)

Total Public Sector

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				%	%
Financial assets										
Cash and deposits	1,795	429	21	17	-	466	84	2,346	0.7	
Receivables ^(a)	1	545	-	-	-	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	-	
Total financial assets ^(b)	7,348	12,380	2,980	4,297	3,337	22,994	10,341	40,682		
Financial liabilities										
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 ^(c)	1	1,721	-	-	-	1,721	8,252	9,974	0.3	
Guarantees ^(d)	-	-	-	-	-	-	347	347	-	
Other employee benefits	-	-	-	-	-	-	290	290	-	
Other financial liabilities	11	-	-	-	-	-	4,458	4,469	-	
Total financial liabilities ^(b)	527	17,660	717	23,372	24,574	66,323	16,779	83,629		

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

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

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

(d) Includes guarantees, warranties, indemnities and sureties. See Note 33: *Contingent Assets and Liabilities*.

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

NOTE 34: FINANCIAL INSTRUMENTS (CONT.)

General Government

	30 June 2021					30 June 2020				
	Carrying amount	-1% change		+1% change		Carrying amount	-1% change		+1% change	
		Profit	Equity	Profit	Equity		Profit	Equity	Profit	Equity
<i>Interest rate sensitivity analysis</i>	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Financial Assets										
Cash and deposits	5,089	-51	-51	51	51	416	-4	-4	4	4
Receivables	-	-	-	-	-	1	-	-	-	-
Investments, loans and placements	105	-1	-1	1	1	3,145	-31	-31	31	31
Advances paid	42	-	-	-	-	35	-	-	-	-
Financial Liabilities										
Deposits held	79	1	1	-1	-1	984	10	10	-10	-10
Borrowings	1,780	17	17	-17	-17	2,016	20	20	-20	-20
Total Increase/-Decrease		-34	-34	34	34		-6	-6	6	6

Total Public Sector

	30 June 2021					30 June 2020				
	Carrying amount	-1% change		+1% change		Carrying amount	-1% change		+1% change	
		Profit	Equity	Profit	Equity		Profit	Equity	Profit	Equity
<i>Interest rate sensitivity analysis</i>	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Financial Assets										
Cash and deposits	6,933	-69	-69	69	69	2,224	-22	-22	22	22
Receivables	26	-	-	-	-	546	-5	-5	5	5
Investments, loans and placements	7,566	-76	-76	76	76	12,049	-120	-120	120	120
Advances paid	5,204	-52	-52	52	52	4,908	-49	-49	49	49
Financial Liabilities										
Borrowings	16,202	162	162	-162	-162	16,361	160	160	-160	-160
Payables	724	7	7	-7	-7	1,722	17	17	-17	-17
Total Increase/-Decrease		-28	-28	28	28		-20	-20	20	20

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

NOTE 34: FINANCIAL INSTRUMENTS (CONT.)

General Government

	Carrying amount as at 30 June 2021 \$m	Fair value measurement at end of reporting period using:		
		Level 1 ^(a) \$m	Level 2 ^(b) \$m	Level 3 ^(c) \$m
Financial Assets				
Investments, loans and placements	2,100	97	2,004	-
Shares and other equity	54,392	14	16	54,362
Other financial assets	8	-	-	8
Financial Liabilities				
Borrowings	59	-	-	59
<hr/>				
	Carrying amount as at 30 June 2020 \$m	Fair value measurement at end of reporting period using:		
		Level 1 ^(a) \$m	Level 2 ^(b) \$m	Level 3 ^(c) \$m
Financial Assets				
Investments, loans and placements	5,903	2,963	2,918	22
Shares and other equity	51,586	22	-	51,563
Other financial assets	8	-	-	8
Financial Liabilities				
Borrowings	58	-	-	58

Total Public Sector

	Carrying amount as at 30 June 2021 \$m	Fair value measurement at end of reporting period using:		
		Level 1 ^(a) \$m	Level 2 ^(b) \$m	Level 3 ^(c) \$m
Financial Assets				
Investments, loans and placements	15,549	3,189	11,349	1,010
Shares and other equity	2,776	2,674	73	29
Other financial assets	8	-	-	8
Financial Liabilities				
Borrowings	58,700	46,583	12,117	-
Payables	5,920	5,920	-	-
<hr/>				
	Carrying amount as at 30 June 2020 \$m	Fair value measurement at end of reporting period using:		
		Level 1 ^(a) \$m	Level 2 ^(b) \$m	Level 3 ^(c) \$m
Financial Assets				
Investments, loans and placements	18,116	5,762	11,460	894
Shares and other equity	1,844	1,761	73	9
Other financial assets	8	-	-	8
Financial Liabilities				
Borrowings	60,603	47,327	13,276	-
Payables	6,398	6,398	-	-

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

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

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

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

NOTE 35: OTHER DISAGGREGATED INFORMATION

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 35: 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
RESULTS FROM TRANSACTIONS										
REVENUE										
Taxation	10,153	9,055	-	-	-	-	-547	-526	9,606	8,529
Current grants and subsidies	9,421	9,379	3,344	2,446	-	-	-3,344	-2,446	9,421	9,379
Capital grants	1,131	642	97	64	-	-	-97	-64	1,131	642
Sales of goods and services	2,821	2,776	37,404	34,089	1,965	1,186	-1,017	-975	41,172	37,076
Interest Income	110	124	88	126	1,368	1,626	-1,088	-1,320	478	555
Revenue from public corporations										
Dividends	1,362	392	-	-	-	-	-1,362	-392	-	-
Tax equivalent income	956	732	-	-	-	-	-956	-732	-	-
Royalty income	12,181	8,450	-	-	-	-	-	-	12,181	8,450
Other	2,015	614	601	468	162	100	-223	-105	2,556	1,077
Total	40,151	32,162	41,535	37,192	3,495	2,912	-8,636	-6,560	76,545	65,706
EXPENSES										
Salaries	13,469	12,887	1,142	1,101	64	62	-	-	14,676	14,051
Superannuation										
Concurrent costs	1,323	1,276	125	110	6	6	-	-	1,454	1,392
Superannuation interest cost	60	89	-	-	-	-	-	-	60	89
Other employee costs	422	401	59	34	1	1	-78	-80	404	356
Depreciation and amortisation	1,741	1,751	2,488	2,152	8	8	-3	-3	4,235	3,908
Services and contracts	2,686	2,590	851	792	12	11	-0	-8	3,549	3,385
Other gross operating expenses	5,602	5,391	33,009	29,615	1,534	1,127	-1,208	-1,105	38,936	35,027
Interest										
Interest on leases	134	142	75	90	1	1	-1	-1	209	231
Other interest	654	737	451	572	1,099	1,344	-1,087	-1,319	1,116	1,333
Tax equivalents	-	-	637	609	319	123	-956	-732	-	-
Current transfers	7,458	5,003	1,854	1,482	4	4	-3,688	-2,796	5,629	3,693
Capital transfers	763	228	63	15	13	16	-99	-64	741	194
Total	34,313	30,493	40,754	36,571	3,062	2,704	-7,120	-6,109	71,008	63,659
NET OPERATING BALANCE	5,838	1,669	780	621	434	208	-1,516	-452	5,537	2,047

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

NOTE 35: 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$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	-173	-27	-210	-65	855	-316	-	-	471	-408
Provision for doubtful debts	-51	-126	-13	-72	-	-	-	-	-64	-198
Changes in accounting policy/adjustment of prior periods	9	-283	-112	-148	5	7	-	-	-98	-425
<i>Total other economic flows</i>	-215	-436	-335	-285	859	-309	-	-	309	-1,030
OPERATING RESULT	5,623	1,233	445	336	1,293	-100	-1,516	-452	5,846	1,017
<i>All other movements in equity</i>										
<i>Items that will not be reclassified to operating result</i>										
Revaluations	1,827	392	1,422	459	3	-	-	-	3,251	850
Net actuarial gains - superannuation	1,072	5	-2	-27	-	-	-	-	1,071	-22
Gains recognised directly in equity	2	-1	-21	4	-3	-	-3	-2	-24	-
Change in net worth of the public corporations sectors	1,620	217	-	-	-	-	-1,620	-217	-	-
All other	-	-	-	-	-	-	-	-	-	-
<i>Total all other movements in equity</i>	<i>4,520</i>	<i>612</i>	<i>1,399</i>	<i>435</i>	<i>-</i>	<i>-</i>	<i>-1,622</i>	<i>-219</i>	<i>4,298</i>	<i>828</i>
<i>Movements in owner equity</i>										
Dividends	-	-	-1,341	-162	-177	-292	1,518	455	-	-
Capital injections	-	-	1,114	652	35	-50	-1,149	-602	-	-
<i>Total movements in owner equity</i>	<i>-</i>	<i>-</i>	<i>-227</i>	<i>490</i>	<i>-142</i>	<i>-343</i>	<i>369</i>	<i>-147</i>	<i>-</i>	<i>-</i>
TOTAL CHANGE IN NET WORTH	10,144	1,845	1,618	1,261	1,151	-443	-2,769	-819	10,144	1,845
KEY FISCAL AGGREGATES										
NET OPERATING BALANCE	5,838	1,669	780	621	434	208	-1,516	-452	5,537	2,047
<i>Less Net acquisition of non-financial assets</i>										
Purchase of non-financial assets	2,614	2,553	3,224	2,683	4	4	-25	-51	5,816	5,188
Changes in inventories	70	38	-400	2,050	-	-	-	-	-330	2,088
Other movement in non-financial assets	1,337	-15	66	109	-	-	-	-	1,403	94
<i>less:</i>										
Sales of non-financial assets	90	1,476	434	311	-	-	-25	-51	499	1,736
Depreciation	1,741	1,751	2,488	2,152	8	8	-3	-	4,235	3,908
<i>Total net acquisition of non-financial assets</i>	<i>2,189</i>	<i>-651</i>	<i>-32</i>	<i>2,380</i>	<i>-5</i>	<i>-5</i>	<i>3</i>	<i>-</i>	<i>2,155</i>	<i>1,727</i>
NET LENDING/-BORROWING	3,649	2,320	813	-1,758	438	213	-1,518	-455	3,382	320

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

NOTE 35: 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	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m
ASSETS										
<i>Financial assets</i>										
Cash and deposits	5,230	513	2,961	2,938	241	354	-1,319	-1,459	7,113	2,346
Advances paid	729	715	-	-	5,204	4,873	-312	-329	5,621	5,259
Investments, loans and placements	2,105	5,924	5,860	5,407	66,077	67,860	-54,372	-53,697	19,670	25,495
Receivables	5,942	3,938	1,646	2,026	694	651	-802	-692	7,480	5,923
Shares and other equity										
Investments in other public sector entities - equity method	42,581	40,962	-	-	-	-	-42,581	-40,962	-	-
Investments in other public sector entities - direct injections	11,751	10,602	-	-	-	-	-11,751	-10,602	-	-
Investments in other entities	30	22	29	9	2,718	1,812	-	-	2,776	1,844
Other financial assets	8	8	484	580	-	7	-484	-580	9	15
Total financial assets	68,376	62,684	10,980	10,960	74,934	75,558	-111,621	-108,320	42,669	40,882
<i>Non-financial assets</i>										
Land	37,821	35,183	8,195	8,361	-	-	-	-	46,015	43,544
Property, plant and equipment	47,428	45,652	58,068	55,993	5	4	-	-	105,501	101,650
Right-of-use assets	2,394	2,484	442	494	20	24	-	-5	2,856	2,997
Service concession assets	798	800	207	215	-	-	-	-	1,005	1,015
Biological assets	54	109	210	209	-	-	-	-	264	317
Inventories										
Land inventories	-	-	1,566	1,809	-	-	-	-	1,566	1,809
Other inventories	179	108	5,925	6,325	-	-	-	-	6,104	6,433
Intangibles	586	568	504	445	6	7	-	-	1,097	1,019
Assets held for sale	107	21	5	16	-	-	-	-	112	37
Investment property	7	7	21	26	-	-	-	-	28	33
Other	352	229	170	190	3	5	-3	-	523	424
Total non-financial assets	89,726	85,162	75,312	74,081	34	41	-3	-5	165,069	159,279
TOTAL ASSETS	158,102	147,847	86,292	85,041	74,968	75,599	-111,624	-108,325	207,738	200,161

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

NOTE 35: 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	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m
LIABILITIES										
Deposits held	1,333	1,472	-	-	-	-	-1,320	-1,460	13	12
Advances received	309	326	309	326	3	3	-312	-329	309	326
Borrowings										
Lease Liabilities	2,753	2,722	768	815	25	29	-72	-66	3,474	3,500
Service concession liabilities	5	-	343	-	-	-	-	-	348	-
Other borrowings	26,451	26,389	23,299	23,310	66,290	68,646	-54,299	-53,635	61,741	64,711
Superannuation	5,516	6,818	82	97	4	5	-	-	5,602	6,920
Other employee benefits	3,875	3,543	453	423	16	15	-	-	4,343	3,981
Payables	2,537	1,463	7,609	8,488	213	319	-338	-292	10,021	9,978
Other liabilities	2,740	2,674	2,027	1,796	5,488	4,803	-950	-979	9,304	8,294
TOTAL LIABILITIES	45,520	45,408	34,889	35,255	72,039	73,821	-57,291	-56,762	95,156	97,723
NET ASSETS	112,582	102,438	51,403	49,786	2,929	1,778	-54,332	-51,563	112,582	102,438
<i>Of which:</i>										
Contributed equity	-	-	12,001	10,887	-251	-286	-11,751	-10,602	-	-
Accumulated surplus	14,298	7,587	16,658	17,448	3,154	2,041	7	7	34,118	27,083
Other reserves	98,284	94,851	22,743	21,450	26	23	-42,588	-40,969	78,464	75,355
NET WORTH	112,582	102,438	51,403	49,786	2,929	1,778	-54,332	-51,563	112,582	102,438

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

NOTE 35: OTHER DISAGGREGATED INFORMATION (CONT.)

Statement of Changes in Equity for the year ended 30 June

	Restated Equity at 1 July 2020 \$m	Change in net worth \$m	Contributed capital \$m	Dividends \$m	Other \$m	Equity at 30 June 2021 \$m
General Government						
Accumulated surplus/(deficit)	7,587	6,698	-	-	13	14,298
Reserves	53,889	1,827	-	-	-13	55,702
Accumulated net gain on equity investments in other sector entities	40,962	1,620	-	-	-	42,581
Total	102,438	10,144	-	-	-	112,582
Public Non Financial Corporations						
Accumulated surplus/(deficit)	17,448	423	-	-1,341	128	16,658
Contributed equity	10,887	-	1,114	-	-	12,001
Reserves	21,450	1,422	-	-	-128	22,743
Total	49,786	1,845	1,114	-1,341	-	51,403
Public Financial Corporations						
Accumulated surplus/(deficit)	2,041	1,293	-	-177	-3	3,154
Contributed Equity	-286	-	35	-	-	-251
Reserves	23	3	-	-	-	26
Total	1,778	1,296	35	-177	-3	2,929
Inter-sector eliminations						
Accumulated surplus/(deficit)	7	-1,521	-	1,518	4	7
Contributed Equity	-10,602	-	-1,149	-	-	-11,751
Reserves	-7	-	-	-	-	-7
Accumulated net gain on equity investments in other sector entities	-40,962	-1,620	-	-	-	-42,581
Total	-51,563	-3,140	-1,149	1,518	4	-54,332
Total Public Sector						
Accumulated surplus/(deficit)	27,083	6,893	-	-	142	34,118
Contributed Equity	-	-	-	-	-	-
Reserves	75,355	3,251	-	-	-142	78,464
Total	102,438	10,144	-	-	-	112,582

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

NOTE 35: 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>										
<i>Cash received</i>										
Taxes received	9,847	8,996	-	-	-	-	-553	-526	9,294	8,470
Grants and subsidies received	12,167	11,825	3,491	2,507	2	-	-3,493	-2,507	12,167	11,825
Receipts from sales of goods and services	2,858	2,611	26,107	25,130	2,016	1,203	-1,012	-966	29,970	27,978
Interest receipts	88	119	83	129	1,436	1,712	-1,141	-1,395	466	565
Dividends and tax equivalents	2,331	1,071	63	61	-	-	-2,393	-1,132	-	-
Other	12,694	10,825	1,457	1,361	175	163	-425	-385	13,901	11,965
<i>Total cash received</i>	<i>39,985</i>	<i>35,447</i>	<i>31,200</i>	<i>29,189</i>	<i>3,629</i>	<i>3,078</i>	<i>-9,017</i>	<i>-6,912</i>	<i>65,797</i>	<i>60,802</i>
<i>Cash Paid</i>										
Wages, salaries and supplements, and superannuation	-14,851	-14,192	-1,257	-1,184	-68	-66	-	-	-16,177	-15,441
Payments for goods and services	-8,904	-8,494	-20,397	-19,602	-929	-866	1,336	1,200	-28,895	-27,762
Interest paid	-803	-905	-576	-689	-1,450	-1,665	1,141	1,395	-1,688	-1,864
Grants and subsidies paid	-8,456	-6,641	-706	-708	-	-	3,530	2,539	-5,632	-4,810
Dividends and tax equivalents	-	-	-683	-614	-285	-65	968	679	-	-
Other payments	-1,828	-2,004	-4,210	-3,628	-168	-160	571	537	-5,635	-5,256
<i>Total cash paid</i>	<i>-34,842</i>	<i>-32,237</i>	<i>-27,829</i>	<i>-26,424</i>	<i>-2,901</i>	<i>-2,822</i>	<i>7,545</i>	<i>6,351</i>	<i>-58,026</i>	<i>-55,132</i>
<i>NET CASH FLOWS FROM OPERATING ACTIVITIES</i>	<i>5,143</i>	<i>3,211</i>	<i>3,371</i>	<i>2,764</i>	<i>728</i>	<i>256</i>	<i>-1,471</i>	<i>-561</i>	<i>7,771</i>	<i>5,670</i>
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>										
<i>Cash flows from investments in non-financial assets</i>										
Purchase of non-financial assets	-2,614	-2,553	-3,224	-2,683	-4	-4	25	51	-5,816	-5,188
Sales of non-financial assets	90	1,476	434	311	-	-	-25	-51	499	1,736
<i>Total cash flows from investments in non-financial assets</i>	<i>-2,524</i>	<i>-1,077</i>	<i>-2,790</i>	<i>-2,372</i>	<i>-4</i>	<i>-4</i>	<i>-</i>	<i>-</i>	<i>-5,317</i>	<i>-3,453</i>
<i>Cash flows from investments in financial assets</i>										
<i>Cash received</i>										
For policy purposes	14	64	-	-	-	-	-	-	14	64
For liquidity purposes	86	56	3	74	12,685	11,914	-	-	12,774	12,044
<i>Cash paid</i>										
For policy purposes	-1,210	-862	-18	-21	-	-70	1,210	890	-17	-63
For liquidity purposes	-94	-38	-100	-30	-12,422	-14,128	-	-	-12,616	-14,195
<i>Total cash flows from investments in financial assets</i>	<i>-1,205</i>	<i>-780</i>	<i>-114</i>	<i>23</i>	<i>263</i>	<i>-2,284</i>	<i>1,210</i>	<i>890</i>	<i>154</i>	<i>-2,150</i>
<i>NET CASH FLOWS FROM INVESTING ACTIVITIES</i>	<i>-3,728</i>	<i>-1,857</i>	<i>-2,904</i>	<i>-2,349</i>	<i>259</i>	<i>-2,287</i>	<i>1,210</i>	<i>890</i>	<i>-5,162</i>	<i>-5,603</i>

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

NOTE 35: 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	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m
<i>CASH FLOWS FROM FINANCING ACTIVITIES</i>										
<i>Cash received</i>										
Advances received	18	17	-	-	-	-	-18	-17	-	-
Borrowings	198	845	4,322	7,014	33,890	28,790	-8,928	-15,801	29,482	20,848
Deposits received	-	-	-	-	-	-	-	-	-	-
Other financing receipts	233	312	1,305	902	36	19	-1,342	-1,002	232	231
<i>Total cash receipts from financing activities</i>	<i>449</i>	<i>1,174</i>	<i>5,627</i>	<i>7,916</i>	<i>33,926</i>	<i>28,809</i>	<i>-10,288</i>	<i>-16,821</i>	<i>29,714</i>	<i>21,078</i>
<i>Cash paid</i>										
Advances paid	-17	-17	-17	-17	-	-	17	17	-17	-17
Borrowings repaid	-45	-1,379	-4,365	-6,565	-34,656	-26,254	8,928	15,801	-30,138	-18,397
Deposits paid	-	-	-	-	-	-	-	-	-	-
Other financing payments	-503	-492	-230	-172	-4	-4	178	221	-560	-448
Dividends paid	-	-	-1,341	-162	-84	-290	1,425	453	-	-
<i>Total payments for financing activities</i>	<i>-566</i>	<i>-1,888</i>	<i>-5,954</i>	<i>-6,917</i>	<i>-34,745</i>	<i>-26,549</i>	<i>10,549</i>	<i>16,492</i>	<i>-30,716</i>	<i>-18,862</i>
<i>NET CASH FLOWS FROM FINANCING ACTIVITIES</i>	<i>-117</i>	<i>-714</i>	<i>-327</i>	<i>1,000</i>	<i>-819</i>	<i>2,260</i>	<i>261</i>	<i>-329</i>	<i>-1,002</i>	<i>2,217</i>
Net increase in cash and cash equivalents	1,298	640	140	1,415	168	229	-	-	1,607	2,284
Cash and cash equivalents at the beginning of the year	5,645	5,005	3,233	1,818	2,119	1,890	-2	-2	10,994	8,710
Cash and cash equivalents at the end of the year	6,943	5,645	3,373	3,233	2,287	2,119	-2	-2	12,600	10,994
Net cash flows from operating activities	5,143	3,211	3,371	2,764	728	256	-1,471	-561	7,771	5,670
Net cash flows from investing in non-financial assets	-2,524	-1,077	-2,790	-2,372	-4	-4	-	-	-5,317	-3,453
Dividends paid	-	-	-1,341	-162	-84	-290	1,425	453	-	-
Cash surplus/-deficit	2,620	2,134	-760	230	641	-38	-	-	2,454	2,217

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

NOTE 36: INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

(a) AASB 1059: Service Concession Arrangements: Grantors

AASB 1059 addresses the accounting measurement of service concession arrangements (a type of Public Private Partnership) by a grantor that is a public sector agency. The standard prescribes the measurement of 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.

AASB 1059 is applied to service concession arrangement which involve an operator:

- providing public services related to a service concession asset on behalf of a grantor; and
- managing at least some of those services under its own discretion, rather than at the direction of the grantor.

The grantor recognises an asset provided by the operator (including upgrades to, or major component replacement for, an existing asset of the grantor) as a service concession asset, if the grantor controls the asset. The grantor controls the asset if (and only if):

- the grantor controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price; and
- the grantor controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement.

Where the grantor recognises a service concession asset, the grantor also recognises a liability. The grantor does not recognise a liability when an existing asset of the grantor is reclassified as a service concession asset (except in circumstances where additional consideration is provided by the operator).

Financial liability model

Where the grantor has a contractual obligation to pay cash (or another financial asset) to the operator for the construction, development, acquisition or upgrade of a service concession asset, the grantor accounts for the liability as a financial liability.

Grant of a right to the operator model

Where the grantor does not have a contractual obligation to pay cash (or another financial asset) to the operator for the construction, development, acquisition, or upgrade of a service concession asset (and instead grants the operator the right to earn revenue from third-party users or access to another revenue-generating asset) the grantor accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the grantor and the operator. The unearned revenue is not a financial liability but instead is recorded as a provision. The grantor recognises revenue, and thus reduce the liability, according to the economic substance of the service concession arrangement.

To assist users, the initial application of this standard has resulted in the restatement of the comparative information for 2019-20 detailed in Note 18: *Service Concession Arrangements*.

NOTE 37: RELATED PARTY DISCLOSURES

General Government

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)¹.

Key Management Personnel (KMP)

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.

¹ GESB is a public sector entity but is not included in the definition of the public sector used in this report, making it a related party for the purposes of this Note. The public sector also makes superannuation contributions to private sector scheme providers which are not related parties as they are outside government. For more details on the sectoral classification of agencies, refer to Note 38: *Composition of Sectors*.

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 for the year ending 30 June 2021 include:

- taxation revenue:
 - a) loan guarantee fees (\$135 million, 2020: \$151 million);
 - b) payroll tax (\$97 million, 2020: \$92 million);
 - c) land tax (\$68 million, 2020: \$65 million); and
 - d) betting tax (\$53 million, 2020: \$41 million);
- sales of goods and services:
 - a) services rendered (\$75 million, 2020: \$47 million);
 - b) service delivery agreement (\$188 million, 2020: \$198 million); and
 - c) other revenue (\$36 million, 2020: \$48 million);
- dividend revenue (\$1,362 million, 2020: \$392 million);
- Tax Equivalent Regime revenue (\$956 million, 2020: \$732 million);
- other revenue (\$37 million, 2020: \$33 million);
- current transfers:
 - a) operating subsidies (\$2,526 million, 2020: \$1,841 million);
 - b) Royalties for Regions grants (\$376 million, 2020: \$279 million); and
 - c) recurrent transfers (\$158 million, 2020: \$170 million);
- capital appropriations (\$969 million, 2020: \$492 million);
- Government Regional Officers' Housing expenses (\$78 million, 2020: \$80 million);
- Public Bank Account interest expense (\$3 million, 2020: \$3 million);
- capital transfers (\$87 million, 2020: \$43 million);
- insurance premiums (\$332 million, 2020: \$292 million);
- water and electricity expenses (\$231 million, 2020: \$238 million);
- lease liabilities (\$71 million, 2020: \$60 million); and
- borrowings (\$26 billion, 2020: \$26 billion).

Material transactions with other related parties

General government agencies make superannuation contributions for their staff to GESB. In 2020-21, these payments totalled \$1.1 billion (2020: \$1.1 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.

During the year, WA Health procured personal protective equipment totalling approximately \$2 million from a company whose Chief Executive Officer is related to a Government Minister, who was not the Minister responsible for the agency.

There were no other related party transactions (including general citizen-type transactions²) with Ministers or their close family members or their controlled (or jointly controlled) entities that are material for disclosure.

Total Public Sector

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.

² 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.

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 \$164.5 million (2020: \$162 million) and sold goods and services to related parties to the value of \$2 million (2020: \$3 million).

Government Employees Superannuation Board

Public sector agencies make superannuation contributions for their staff to GESB. In 2020-21, these payments totalled \$1.1 billion (2020: \$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.

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.

	2020-21 (number)	2019-20 (number)
Remuneration (\$)		
100,000-150,000	5	-
250,000-300,000	1	-
300,000-350,000	1	-
350,000-400,000	1	2
400,000-450,000	10	9
450,000-500,000	3	5
500,000-550,000	1	1
	2020-21	2019-20
	\$m	\$m
Short-term employee benefits ^(a)	6.9	7.0
Post-employment benefits	0.6	0.6
Termination benefits	0.4	-
Total compensation of Ministers	7.8	7.6

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

NOTE 38: EVENTS OCCURRING AFTER THE REPORTING PERIOD

Forest Management Plan 2024-33

On 8 September 2021, the Government announced an end to logging of native forests in Western Australia's South West region from 2024. The full effect of this announcement is still being assessed. However, it may impact on the valuation of the State's biological assets.

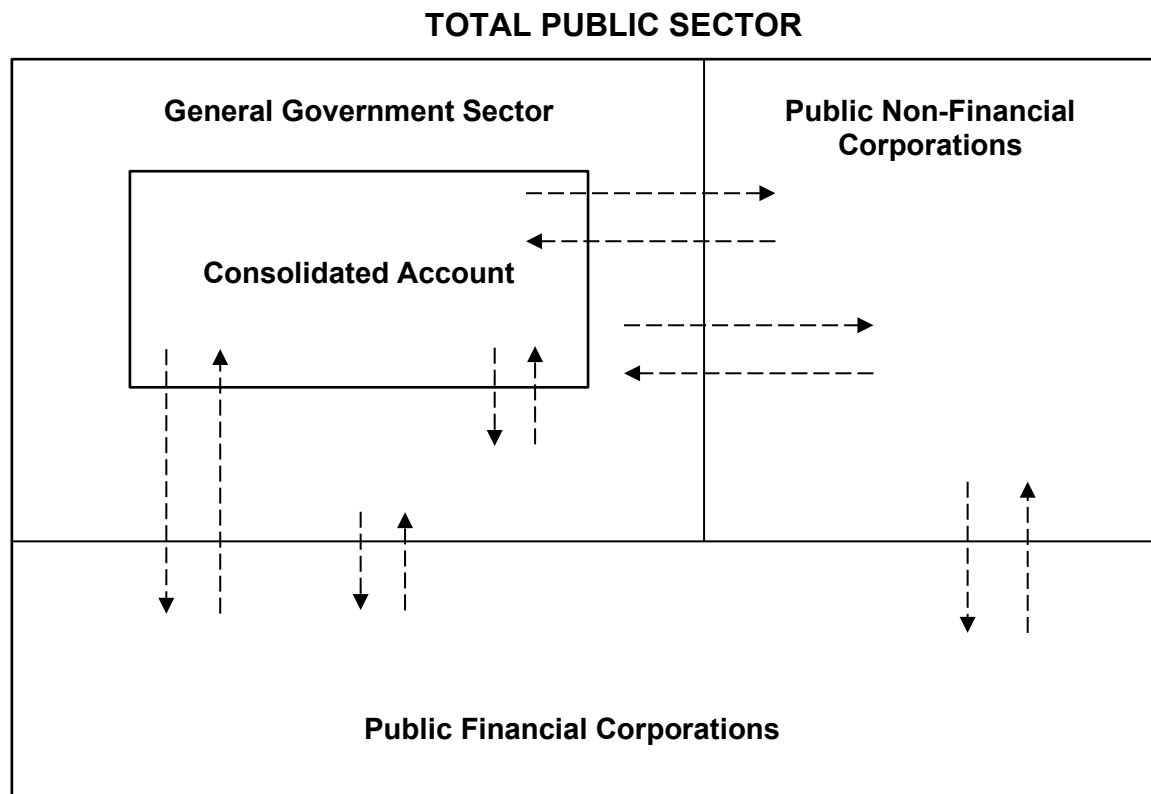
Land Development Projects

In July 2021, as part of a State Government initiative to streamline government land development activities, several land development projects and apartment projects were transferred from the Department of Communities (Housing Services) to DevelopmentWA. The projects will continue to be delivered by private sector developers in partnership with DevelopmentWA.

The Government has approved the transfer of the land and projects. The financial impacts of the transfer are subject to ongoing due diligence which is anticipated to be completed during 2021-22.

NOTE 39: COMPOSITION OF SECTORS

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.



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.

NOTE 39: COMPOSITION OF SECTORS (CONT.)

General Government

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

NOTE 39: COMPOSITION OF SECTORS (CONT.)

Public Non-Financial Corporations

Animal Resources Authority	Metropolitan Cemeteries Board
Bunbury Water Corporation	Mid West Ports Authority
Busselton Water Corporation	Pilbara Ports Authority
Department of Communities (Housing Authority)	Public Transport Authority of Western Australia
DevelopmentWA ³	Racing and Wagering Western Australia
Electricity Networks Corporation (Western Power)	Regional Power Corporation (Horizon Power)
Electricity Generation and Retail Corporation (Synergy)	Rottneest Island Authority
Forest Products Commission	Southern Ports Authority
Fremantle Port Authority	Water Corporation
Gold Corporation and its subsidiaries	Western Australian Coastal Shipping Commission
Kimberly Ports Authority	
Lotteries Commission	

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

³ DevelopmentWA includes the Metropolitan Redevelopment Authority and the Western Australian Land Authority.

**NOTE 40: BUDGETARY INFORMATION - COMPARISON OF FINAL
OUTCOMES TO ORIGINAL BUDGET**

Explanations of significant variances between actual results for 2020-21 and the original Budget (presented to the Legislative Assembly on 8 October 2020) 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 2021-22 Budget, released on 9 September 2021.

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 equivalent general government taxation revenue aggregate.

OPERATING REVENUE

General Government

	2019-20	2020-2021				Actual \$m	Variation on EOT \$m (5) - (4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
TAXATION (a)							
Taxes on employers' payroll and labour force							
<i>Payroll tax</i>	3,642	3,566	3,674	3,674	3,746	3,748	2
Property taxes							
<i>Land tax</i>	792	770	756	756	755	755	-
Transfer Duty	1,190	1,121	1,423	1,614	1,860	1,860	-
Foreign Buyers Surcharge	19	19	19	19	17	17	-
Landholder Duty	120	119	119	119	222	222	-
<i>Total duty on transfers</i>	1,329	1,259	1,561	1,752	2,099	2,099	-
Mortgages	-	-	-	-	-	-	-
Other stamp duties	-	-	-	-	-	-	-
Metropolitan Region Improvement Tax	88	86	80	80	84	84	-
Perth Parking Levy	56	51	51	51	51	53	2
Emergency Services Levy	387	353	353	353	355	354	-
Loan guarantee fees	157	134	134	134	134	141	7
Building and Construction Industry Training Fund Levy	39	24	37	37	37	46	9
<i>Total other property taxes</i>	726	649	656	656	662	679	17
Taxes on provision of goods and services							
Lotteries Commission	174	146	160	160	188	191	3
Video lottery terminals	-	-	-	-	-	-	-
Casino Tax	40	41	41	41	52	55	3
Betting tax	-	-	-	-	-	-	-
Point of Consumption tax	77	84	102	102	114	114	-
Other	-	-	-	-	-	-	-
<i>Total taxes on gambling</i>	291	272	303	303	353	360	6
Insurance Duty	694	678	719	719	727	727	-
Other	19	20	20	20	20	20	-
<i>Total taxes on insurance</i>	713	697	738	738	747	747	-
<i>On-demand Transport Levy</i>	41	30	30	30	39	44	6
Taxes on use of goods and performance of activities							
Vehicle Licence Duty	375	380	426	459	514	514	-
Permits - Oversize Vehicles and Loads	9	8	8	8	10	10	-
Motor Vehicle registrations	997	1,010	1,010	1,010	1,048	1,048	-
Other vehicle taxes	26	26	26	26	26	36	9
<i>Total motor vehicle taxes</i>	1,407	1,424	1,471	1,503	1,598	1,607	9
<i>Mining Rehabilitation Levy</i>	33	32	35	35	35	35	-
<i>Landfill Levy</i>	80	83	83	83	79	79	-1
Total Taxation	9,055	8,782	9,306	9,530	10,113	10,153	40

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

Table 2.1 (cont.)

OPERATING REVENUE
General Government

	2019-20	2020-2021				Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
CURRENT GRANTS AND SUBSIDIES							
General Purpose Grants							
GST grants	3,466	2,322	2,536	2,688	3,006	3,006	-
Commonwealth-funded 70% floor	814	1,547	1,547	1,547	1,547	1,547	-
North West Shelf grants	629	361	335	345	413	425	13
Commonwealth compensation for changed crude oil excise arrangements	21	14	13	14	17	18	2
National Specific Purpose Payment Agreement Grants							
Skills and Workforce Development	158	159	161	161	163	163	-
National Disability Services	176	-	1	1	1	1	-
National Housing and Homelessness Agreement	166	168	168	170	171	172	1
National School Reform Agreement - Quality Schools	829	918	920	923	925	925	-
National Health Reform Agreement	2,402	2,521	2,521	2,521	2,433	2,418	-15
National Partnerships/Other Grants							
Health	365	187	313	313	365	358	-6
Housing	-	-	-	-	-	-	-
Transport	88	207	206	206	188	74	-114
Disability Services	62	30	30	30	4	4	-
Other	203	428	449	531	306	309	4
Total Current Grants and Subsidies	9,379	8,861	9,200	9,451	9,537	9,421	-116
CAPITAL GRANTS							
National Partnerships/Other Grants							
Housing	-	-	-	-	-	-	-
Transport	621	985	1,114	1,114	1,038	999	-39
Other	20	41	50	82	156	133	-24
Total Capital Grants	642	1,026	1,164	1,195	1,195	1,131	-63

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

Table 2.1 (cont.)

OPERATING REVENUE

General Government

	2019-20	2020-21				Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
SALES OF GOOD AND SERVICES (a)							
WA Health	748	779	783	823	818	844	27
Department of Transport	248	240	239	239	239	257	18
Department of Education	194	214	217	217	219	200	-19
State Training Providers/TAFE Colleges	121	71	80	104	104	106	2
Department of Training and Workforce Development	29	20	20	20	23	23	-
Western Australian Land Information Authority	97	75	75	209	71	71	-
Department of Biodiversity, Conservation and Attractions	99	99	101	102	110	110	-
Department of Justice	153	155	155	143	143	150	8
Department of Mines, Industry Regulation and Safety	241	146	141	141	144	147	3
All Other	845	1,008	976	796	876	913	37
Total Sales of Goods and Services	2,776	2,806	2,786	2,792	2,745	2,821	75
INTEREST INCOME	124	100	100	100	96	110	14
REVENUE FROM PUBLIC CORPORATIONS							
Dividends	392	2,776	2,860	1,362	1,360	1,362	2
Tax Equivalent Regime	732	902	861	861	942	956	15
Total Revenue from Public Corporations	1,123	3,678	3,721	2,223	2,302	2,319	17
ROYALTY INCOME	8,450	8,287	8,660	10,734	12,147	12,181	34
OTHER							
Lease Rentals	115	116	119	119	133	132	-1
Fines	192	194	194	194	204	204	1
Revenue not elsew here counted	308	291	285	285	1,704	1,679	-25
Total Other	614	601	597	598	2,041	2,015	-26
GRAND TOTAL	32,162	34,139	35,533	36,622	40,175	40,151	-24

(a) In line with Government Finance Statistics classifications, 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. Comparative data have been restated.

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

Table 2.2

OPERATING REVENUE
Total Public Sector

	2019-20	2020-2021				Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)		
TAXATION (a)							
Taxes on employers' payroll and labour force							
<i>Payroll tax</i>	3,550	3,472	3,580	3,580	3,654	3,651	-2
Property taxes							
<i>Land tax</i>	727	698	684	684	677	687	9
Transfer Duty	1,190	1,121	1,423	1,614	1,860	1,860	-
Foreign Buyers Surcharge	19	19	19	19	17	17	-
Landholder Duty	120	119	119	119	222	222	-
<i>Total duty on transfers</i>	1,329	1,259	1,561	1,752	2,099	2,099	-
Mortgages	-	-	-	-	-	-	-
Other stamp duties	-	-	-	-	-	-	-
Metropolitan Region Improvement Tax	88	51	51	80	84	84	-
Perth Parking Levy	56	86	80	51	51	53	2
Emergency Services Levy	382	348	348	348	349	351	2
Loan guarantee fees	7	7	6	6	6	6	-
Building and Construction Industry Training Fund Levy	39	24	37	37	37	46	9
<i>Total other property taxes</i>	570	516	523	523	528	540	12
Taxes on provision of goods and services							
Lotteries Commission	-	-	-	-	-	-	-
Video lottery terminals	-	-	-	-	-	-	-
Casino Tax	40	41	41	41	52	55	3
Point of Consumption tax	37	43	60	60	66	61	-5
Other	-	-	-	-	-	-	-
<i>Total taxes on gambling</i>	77	84	101	101	117	116	-2
Insurance Duty	694	678	719	719	727	727	-
Other	19	20	20	20	20	20	-
<i>Total taxes on insurance</i>	713	697	738	738	747	747	-
<i>On-demand Transport Levy</i>	41	30	30	30	39	44	6
Taxes on use of goods and performance of activities							
Vehicle Licence Duty	375	380	426	459	514	514	-
Permits - Oversize Vehicles and Loads	9	8	8	8	10	10	-
Motor Vehicle registrations	997	1,010	1,010	1,010	1,048	1,048	-
Other vehicle taxes	26	26	26	26	26	36	9
<i>Total motor vehicle taxes</i>	1,407	1,424	1,471	1,503	1,598	1,607	9
<i>Mining Rehabilitation Levy</i>	33	32	35	35	35	35	-
<i>Landfill Levy</i>	80	83	83	83	79	79	-1
Total Taxation	8,529	8,296	8,805	9,029	9,574	9,606	32

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

Table 2.2 (cont.)

OPERATING REVENUE

Total Public Sector

	2019-20	2020-2021				Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	FFPS Revision \$m (3)	Estimated Outturn \$m (4)		
CURRENT GRANTS AND SUBSIDIES							
<i>General Purpose Grants</i>							
GST grants	3,466	2,322	2,536	2,688	3,006	3,006	-
Commonwealth-funded 70% floor	814	1,547	1,547	1,547	1,547	1,547	-
North West Shelf grants	629	361	335	345	413	425	13
Commonwealth compensation for changed crude oil excise arrangements	21	14	13	14	17	18	2
<i>National Specific Purpose Payment Agreement Grants</i>							
Skills and Workforce Development	158	159	161	161	163	163	-
National Disability Agreement	176	-	1	1	1	1	-
National Housing and Homelessness Agreement	166	168	168	170	171	172	1
National School Reform Agreement - Quality Schools	829	918	920	923	925	925	-
National Health Reform Agreement	2,402	2,521	2,521	2,521	2,433	2,418	-15
<i>National Partnerships/Other Grants</i>							
Health	365	187	313	313	365	358	-6
Housing	-	-	-	-	-	-	-
Transport	88	207	206	206	188	74	-114
Disability Services	62	30	30	30	4	4	-
Other	203	428	449	532	306	309	4
Total Current Grants and Subsidies	9,379	8,861	9,200	9,451	9,537	9,421	-116
CAPITAL GRANTS							
<i>National Partnerships/Other Grants</i>							
Housing	-	-	-	-	-	-	-
Transport	621	985	1,114	1,114	1,038	999	-39
Other	20	41	50	82	156	133	-24
Total Capital Grants	642	1,026	1,164	1,195	1,195	1,131	-63
SALES OF GOOD AND SERVICES (a)	37,076	44,160	43,223	42,393	39,321	41,172	1,851
INTEREST INCOME	555	664	424	424	460	478	17
ROYALTY INCOME	8,450	8,287	8,660	10,734	12,147	12,181	34
OTHER							
Lease Rentals	115	116	119	119	133	132	-1
Fines	195	194	194	194	204	204	1
Revenue not elsewhere counted	767	701	692	692	2,378	2,220	-158
Total Other	1,077	1,011	1,005	1,005	2,715	2,556	-159
GRAND TOTAL	65,706	72,303	72,480	74,230	74,949	76,545	1,596

(a) In line with Government Finance Statistics classifications, 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. Comparative data have been restated.

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

Spending by Classification of the Functions 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).

CLASSIFICATION OF THE FUNCTIONS OF GOVERNMENT

General Government

	2019-20	2020-21				Actual \$m (5)	Variation on EOT \$m (5) - (4)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	FFPS Revision \$m (3)	Estimated Outturn \$m (4)		
EXPENSES							
<i>General public services</i>	1,334	1,502	1,532	1,540	1,419	1,453	34
Executive and legislative organs, financial and fiscal affairs, external affairs	327					538	
General services	27					28	
Public debt transactions	968					848	
Transfers of a general character between different levels of government	-					-	
General public services n.e.c.	13					40	
<i>Public order and safety</i>	3,826	3,776	3,809	3,840	3,879	3,881	2
Police services	1,312					1,365	
Civil and fire protection services	492					514	
Law courts	969					917	
Prisons	993					1,026	
Research and development — public order and safety	29					28	
Public order and safety n.e.c.	31					32	
<i>Economic Affairs</i>	1,651	2,257	2,392	2,396	2,252	2,186	-66
General economic, commercial and labour affairs	315					528	
General economic and commercial affairs	219					323	
General labour affairs	96					205	
Agriculture, forestry, fishing and hunting	179					200	
Agriculture	94					114	
Forestry	18					18	
Fishing and hunting	67					68	
Fuel and energy	636					971	
Petroleum and natural gas	-					5	
Electricity	610					935	
Fuel and energy n.e.c.	26					30	
Mining, manufacturing and construction	297					304	
Mining of mineral resources and other than mineral fuels	269					258	
Construction	28					46	
Other industries	119					76	
Distributive trades, storage and warehousing	5					5	
Hotel and restaurants	11					12	
Tourism	104					59	
Research and development — agriculture, forestry, fishing and hunting	63					65	
Research and development — mining, manufacturing and construction	42					43	
<i>Environmental protection</i>	395	426	424	425	421	415	-6
Pollution abatement	2					2	
Protection of biodiversity and landscape	300					314	
Environmental protection n.e.c.	94					99	
<i>Housing and community amenities</i>	1,223	1,647	1,673	1,975	3,256	2,887	-369
Housing development	44					292	
Community development	661					2,049	
Indigenous community development	87					1,225	
Community development n.e.c.	573					824	
Water supply	519					547	

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

Table 3.1 (cont.)

CLASSIFICATION OF THE FUNCTIONS OF GOVERNMENT
General Government

	2019-20	2020-21				Actual \$m (5)	Variation on EOT (5) - (4)
	Actual	Budget	MYR	PFPS	Estimated		
	\$m	Estimate \$m (1)	Revision \$m (2)	Revision \$m (3)	Outturn \$m (4)		
<i>Health</i>	9,557	9,928	10,150	10,150	10,369	10,357	-12
Medical products, appliances and equipment	658					711	
Pharmaceutical products	349					386	
Other medical products	182					196	
Therapeutic appliances and equipment	126					129	
Outpatient services	2,025					2,332	
General medical services	26					33	
Specialised medical services	1,598					1,856	
Dental services	6					5	
Paramedical services	395					438	
Hospital services	4,411					4,686	
General hospital services	3,853					4,079	
Specialised hospital services	409					448	
Nursing and convalescent home services	149					159	
Mental health institutions	323					330	
Community health services	1,258					1,418	
Community mental health services	535					582	
Patient transport	276					300	
Community health services n.e.c.	447					536	
Public health services	274					307	
Research and development — health	37					38	
Health n.e.c.	572					535	
<i>Recreation, culture and religion</i>	806	811	815	816	818	871	53
Recreational and sporting services	557					616	
Cultural services	249					255	
Film production services	6					3	
Cultural services n.e.c.	243					252	
<i>Education</i>	6,536	6,828	6,868	6,855	6,852	6,912	60
Pre-primary and primary education	3,103					3,206	
Government pre-primary education	264					272	
Non-government pre-primary education	15					14	
Government primary education	2,640					2,738	
Non-government primary education	184					183	
Secondary education	2,246					2,323	
Government secondary education	1,967					2,045	
Non-government secondary education	279					279	
Tertiary education	693					827	
University education	10					111	
Vocational education and training (excl apprenticeships and traineeships)	683					716	
Education not definable by level	22					33	
Apprenticeships and traineeships	15					33	
Education not definable by level n.e.c.	7					-	
Subsidiary services to education	158					188	
Transportation of non-urban school students	108					106	
Transportation of other students	50					50	
Subsidiary services to education n.e.c.	-					31	
Special education	315					334	

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

Table 3.1 (cont.)

CLASSIFICATION OF THE FUNCTIONS OF GOVERNMENT
General Government

	2019-20	2020-21					Actual \$m (5)	Variation on EOT (5) - (4)
	Actual	Budget	MYR	PFPS	Estimated			
	\$m	Estimate \$m (1)	Revision \$m (2)	Revision \$m (3)	Outturn \$m (4)			
<i>Social protection</i>	2,674	2,925	2,923	2,723	2,678	2,693	15	
Sickness and disability	1,232					1,131		
Old age	232					216		
Family and children	748					790		
Housing	325					379		
Social exclusion n.e.c.	56					59		
Research and development — social protection	3					3		
Social protection n.e.c.	79					115		
Natural disaster relief	1					3		
Social protection n.e.c.	78					111		
<i>Transport</i>	2,490	2,835	2,785	2,777	2,606	2,657	51	
Road transport	1,645					1,672		
Road maintenance	781					830		
Road rehabilitation	89					217		
Road construction	266					258		
Road transport n.e.c.	510					367		
Bus transport	416					450		
Urban bus transport	381					412		
Non-urban bus transport	36					38		
Water transport	85					95		
Urban water transport passenger services	1					1		
Non-urban water transport services	85					94		
Railway transport	338					435		
Urban railway transport services	310					402		
Non-urban railway transport freight services	10					15		
Non-urban railway transport passenger services	18					19		
Air transport	5					4		
<i>Other</i>	-	-	-	-	-	-	-	
TOTAL EXPENSES	30,493	32,935	33,371	33,499	34,550	34,313	-237	
PURCHASES OF NON-FINANCIAL ASSETS								
General public services	137	125	126	126	98	97	-	
Public order and safety	203	293	283	283	200	194	-5	
Economic affairs	18	70	65	68	25	27	2	
Environmental protection	41	86	84	88	56	59	4	
Housing and community amenities	125	180	188	188	119	119	-	
Health	152	436	426	427	248	253	5	
Recreation, culture and religion	131	98	105	131	73	69	-4	
Education	450	505	497	499	410	407	-3	
Social protection	5	7	7	7	6	6	-	
Transport	1,292	1,491	1,777	1,777	1,455	1,383	-73	
Other ^(a)	-	-278	-278	-278	-	-	-	
TOTAL PURCHASE OF NON-FINANCIAL ASSETS	2,553	3,013	3,281	3,316	2,688	2,614	-74	

(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 2021

This appendix contains explanations for material variations in general government and total public sector financial aggregates compared to the original 2020-21 Budget presented to the Legislative Assembly on 8 October 2020, in line with the requirements of AASB 1055: *Budgetary Reporting*¹.

For the general government operating statement, explanations are provided in this appendix for the three largest revenue sources (taxation, Commonwealth grants and royalties) and the three largest 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 2020-21 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 2020-21 can also be reviewed in:

- the 2020-21 Government Mid-year Financial Projections Statement (or Mid-year Review, released in December 2020), describing changes since the cut-off dates for the original Budget (7 September 2020), and the Mid-year Review (30 November 2020);

¹ Paragraph 6(f) of this standard indicates that major variances between the original Budget estimates and outcomes need to be explained in the financial statements. Paragraph 9 indicates that the original Budget is the first Budget presented to Parliament in respect of the reporting period.

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- the 2020-21 *Pre-election Financial Projections Statement* (PFPS), released in February 2021, describing changes since the Mid-year Review and up to the 1 February 2021 PFPS cut-off date;
- the 2021-22 Budget Paper No. 3: *Economic and Fiscal Outlook* (presented to the Legislative Assembly on 9 September 2021), which updated estimated outturns since the PFPS cut-off date; and
- the *Financial Results* chapter in this report, which describes variations in final outcomes relative to the estimated outturn included in the 2021-22 Budget estimates.

The most recent whole-of-government financial forecasts are available in the 2021-22 Budget Papers, which can be accessed online at www.ourstatebudget.wa.gov.au.

Table 4.1

GENERAL GOVERNMENT
Operating Statement

	Notes	2020-21			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
RESULTS FROM TRANSACTIONS					
REVENUE					
Taxation (a)	a	8,782	10,153	1,371	15.6
Current grants and subsidies	b	8,861	9,421	560	6.3
Capital grants	b	1,026	1,131	106	10.3
Sales of goods and services (a)		2,806	2,821	14	0.5
Interest Income	c	100	110	10	10.2
Revenue from public corporations					
Dividends from other sectors	d	2,776	1,362	-1,414	-50.9
Tax equivalent income		902	956	55	6.1
Royalty income	e	8,287	12,181	3,894	47.0
Other	f	601	2,015	1,415	235.5
Total		34,139	40,151	6,011	17.6
EXPENSES					
Salaries	g	12,997	13,469	472	3.6
Superannuation					
Concurrent costs		1,290	1,323	33	2.6
Superannuation interest cost	h	74	60	-14	-18.7
Other employee costs	i	360	422	63	17.4
Depreciation and amortisation		1,854	1,741	-113	-6.1
Services and contracts		2,632	2,686	54	2.1
Other gross operating expenses	j	5,723	5,602	-121	-2.1
Interest					
Interest on leases		145	134	-11	-7.8
Other interest		664	654	-10	-1.5
Current transfers	k	6,665	7,458	792	11.9
Capital transfers	k	532	763	231	43.5
Total		32,935	34,313	1,377	4.2
NET OPERATING BALANCE	l	1,204	5,838	4,634	384.8
<i>Other economic flows - included in the operating result</i>					
Net gains on assets/liabilities		-18	-173	-156	887.5
Provision for doubtful debts		-14	-51	-37	266.8
Changes in accounting policy/adjustment of prior periods		-	9	9	-
Total other economic flows	m	-31	-215	-183	583.0
OPERATING RESULT		1,173	5,623	4,451	379.5
<i>All other movements in equity</i>					
<i>Items that will not be reclassified to operating result</i>					
Revaluations		67	1,827	1,759	2,610.2
Net actuarial gains - superannuation		-207	1,072	1,279	-617.3
Gains recognised directly in equity		-54	2	56	-104.2
Change in net worth of the public corporations sectors		-691	1,620	2,311	-334.3
All other		-	-	-	-
Total all other movements in equity	n	-885	4,520	5,405	-610.8
TOTAL CHANGE IN NET WORTH	o	288	10,144	9,856	3,425.0
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE		1,204	5,838	4,634	384.8
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		3,013	2,614	-400	-13.3
Changes in inventories		21	70	49	231.1
Other movement in non-financial assets		-	1,337	1,337	-
<i>less:</i>					
Sales of non-financial assets		143	90	-53	-37.0
Depreciation		1,854	1,741	-113	-6.1
Total net acquisition of non-financial assets		1,038	2,189	1,152	111.0
NET LENDING-BORROWING	p	167	3,649	3,482	2,089.9

(a) In line with Government Finance Statistics classifications, 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. Comparative data have been restated.

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

General Government Sector Operating Statement

(a) Taxation revenue was \$1.4 billion (or 15.6%) higher than budgeted, including the net impact of higher receipts from:

- transfer duty, up \$738 million (or 65.8%), reflecting a stronger than expected lift in both the number of residential property transactions and house prices over the year;
- payroll tax, up \$183 million (or 5.1%), due to a faster than anticipated recovery in overall labour market conditions, consistently strong activity in the resources sector and bonuses paid to employees during the year by payroll tax-paying employers;
- vehicle licence duty and motor vehicle registrations, up a total of \$172 million (or 12.3%) reflecting a stronger than expected rise in the number of vehicle transactions and prices across all vehicle types over the year;
- landholder duty, up \$103 million (or 86.3%), largely due to a number of very high commercial landholder transactions in 2020-21;
- gambling taxes, up \$88 million (or 32.3%), reflecting a lift in consumer confidence in 2020-21, and a constrained capacity to spend on alternative activities such as international travel;
- insurance duty, up \$49 million (or 7.3%), supported by an increase in the volume and prices of dutiable insurance products;
- the Building and Construction Industry Training Fund Levy, up \$22 million (or 90.4%) reflecting higher than expected levels of construction activity across all sectors. In particular the residential housing sector was boosted by government incentives, the civil and commercial sectors experienced an increase due to the number of infrastructure projects committed to, and the resource sector benefited from investments in gas projects;
- the On-demand Transport Levy, up \$15 million (or 50.6%), due to higher than anticipated activity for On-demand Transport booking services; and
- a net increase of \$2 million (or 0.1%) across all other taxes.

(b) Current and capital grants from the Commonwealth were \$666 million (or 6.7%) higher than budgeted, driven by net changes to a range of grants including:

- GST grants, up \$685 million (or 29.5%), reflecting higher national GST collections than estimated at the time of the 2020-21 Budget;
- North West Shelf grants, including Commonwealth compensation for crude oil excise arrangements, up \$68 million (or 18.1%), largely due to higher than forecast crude oil prices, and the consequent flow through to liquefied natural gas prices which are linked to oil. This was partly offset by the impact of a higher than forecast \$US/\$A exchange rate;

- higher health-related grants, up \$79 million (or 2.%), primarily reflecting higher grants received as a result of the COVID-19 health response, along with post-Budget extension of several Commonwealth agreements;
 - lower transport-related grants, down \$119 million (or 10%), largely due to revised project delivery schedules;
 - lower than anticipated natural disaster relief and recovery grants, down \$71 million, reflecting the reflow of unpaid claims to 2021-22; and
 - a net increase of \$24 million (or 0.8%) across all other Commonwealth grants.
- (c) Interest income was \$10 million (or 10.2%) higher than budgeted. This reflects higher interest revenue on the Western Australian Future Health Research and Innovation Fund (up \$20 million), partly offset by lower earnings across a range of agencies.
- (d) Revenue from public corporations, comprising dividends and tax equivalent regime (TER) collections were \$1.4 billion (or 37%) lower than budgeted, with dividends accounting for almost all of this change, following the Government's decision in January 2021 to defer 2020-21 interim dividends to 2021-22. Material reductions were recorded for the Water Corporation (down \$616 million), the Insurance Commission of Western Australia (down \$490 million), Western Power (down \$192 million), and the Pilbara Ports Authority (down \$78 million).
- (e) Royalty income was \$3.9 billion (or 47%) higher relative to the 2020-21 Budget forecast, primarily due to higher iron ore royalties (up \$4 billion, or 53.6%), largely reflecting higher iron ore prices, which averaged \$US154.5 per tonne through the year, 59.8% above the 2020-21 Budget price assumption of \$US96.6 per tonne.
- (f) 'Other' revenue was \$1.4 billion (or 235.5%) higher than budgeted, primarily reflecting road transfers in from local governments, including parts of Marmion Avenue, Ocean Reef/Gnangara Road and Curtin Avenue, and the Broome-Cape Leveque Road, due to their strategic importance to Western Australia's road network.
- (g) Salaries expenses were \$472 million (or 3.6%) higher than budgeted. The largest movements were for:
- WA Health (up \$252 million), primarily due to additional staff costs related to the COVID-19 response;
 - Education (up \$96 million), mainly due to schools allocating more of their budgets to staffing (which was previously budgeted against other non-salary expenses), and additional staffing costs to enhance cleaning regimes across the Department's sites (including schools) in response to the COVID-19 pandemic, partly offset by lower leave expense;
 - Justice (up \$66 million), mainly due higher costs for Corrective Services and increased leave provisions as a consequence of COVID-19 travel restrictions; and

- Western Australia Police Force (up \$35 million), mainly due to higher levels of overtime and related expenditure as part of the COVID-19 response, higher than anticipated accrued leave expense, and additional overtime expenditure for Operation Heat Shield (a summer crime campaign).
- (h) Superannuation interest costs were \$14 million (or 18.7%) 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 2.1% to 1.4%, reflecting movements in bond markets).
- (i) Other employee costs were \$63 million (or 17.4%) higher than budgeted, primarily driven by the reclassification of these costs from 'other gross operating expenses' by WA Health (up \$58 million).
- (j) '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 \$121 million (or 2.1%) lower than budgeted. This was largely due to the following net movements:
- lower expenditure by the Department of Communities on State-administered disability services provided to existing clients prior to their transition to the National Disability Insurance Scheme (NDIS, down \$160 million)²;
 - higher than budgeted spending by WA Health (up a net \$193 million), including for additional consumables expense, direct patient support costs (such as personal protective equipment and medical supplies) and an increase to outsourced services expenditure which includes security, ICT and cleaning, as well as consultant costs – all largely related to COVID-19 response measures, partly offset by the treatment change in workers' compensation costs as 'other employee costs' (noted above)³;
 - lower than budgeted spending by Education (down \$45 million), mainly due to schools allocating more of their budgets to staffing (noted earlier), as well as lower water and electricity expenditure, partly offset by increased spending on repairs, maintenance and minor works; and
 - the inclusion in the 2020-21 Budget of provisions for the National Redress Scheme (\$36 million), and Business Case Development Fund (\$13 million). These provisions were subsequently allocated to agencies (in 2020-21 and beyond).

² Following an increase in transition of participants to the Commonwealth-run NDIS, the Department of Communities spent an additional \$118 million on disability services supports in 2020-21 compared to budget, with the reduction in State-administered services offset by additional NDIS contributions (reflected in 'transfer expenses' later in this section, up \$278 million).

³ This increase was partially offset by the inclusion in the 2020-21 Budget of an \$80 million provision for COVID-19 health costs. Of this provision, \$35 million was allocated to 'other gross operating expenses', \$30 million to services and contracts expenses, with the remainder across the other expense categories.

- (k) Transfer expenses were \$1 billion (or 14.2%) higher than budgeted, with higher current transfers (up \$792 million) and capital transfers (up \$231 million). Material changes impacting 2020-21 outcomes include:
- the recognition of \$1 billion in non-cash expenses relating to Native Title Agreements that became effective during 2020-21;
 - \$278 million in higher grants paid by the Department of Communities (Disability Services) to the NDIS (see 'other gross operating expenses' above);
 - higher than anticipated grants paid under the Commonwealth's HomeBuilder stimulus scheme (up \$48 million);
 - lower operating subsidies to the State's public corporations (down \$128 million), predominantly for:
 - DevelopmentWA (down \$63 million), reflecting timing of COVID-19 response projects and delayed spending across a number of projects including Subi East, East Perth Power Station and Ocean Reef Marina; and
 - the Public Transport Authority (down \$54 million), primarily reflecting the update to various parameters such as the operating costs for the Forrestfield-Airport Link and Yanchep Rail Extension;
 - the inclusion of a provision in the original Budget for a COVID-19 Industry Support Fund (\$72 million), subsequently allocated to Government support measures;
 - lower than anticipated grants by the Department of Fire and Emergency Services (down \$64 million), in line with lower than anticipated natural disaster relief and recovery grants provided by the Commonwealth (noted earlier);
 - lower than budgeted grant expenses by the Department of Primary Industries and Regional Development (down \$54 million), with lower than anticipated expenditure across a range of projects, such as the Regional Economic Development Grants Scheme, Myalup Wellington Water for Growth, Regional Development Leverage Unit, and the Greenbushes Lithium Supply Chain;
- (l) The \$5.8 billion net operating balance for 2020-21 was \$4.6 billion higher than forecast in the original Budget. Revenue was \$6 billion (or 17.6%) higher than budgeted while expenses were \$1.4 billion (or 4.2%) higher than forecast, as detailed above.

- (m) Unbudgeted changes to 'Other economic flows'⁴ resulted in a \$215 million reduction in net worth, primarily driven by changes in accounting policies/adjustment of prior periods⁵, revisions to valuation increments across the range of other general government sector assets/liabilities, and provisions for doubtful debts.
- (n) All other movements in equity equated to an aggregate increase in net worth of \$4.5 billion, a \$5.4 billion increase on 2020-21 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 2021 increased by \$10.1 billion on the final outcome for 30 June 2020, representing a \$9.9 billion increase relative to the forecast in the original Budget. The higher than expected 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.
- (p) A \$3.6 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 a projected \$167 million surplus at the time of the 2020-21 Budget. This \$3.5 billion improvement primarily reflects the \$4.6 billion improvement in the net operating balance, partly offset by a \$1.3 billion movement in non-financial assets, mainly related to roads transferred in from local governments (as discussed earlier).

⁴ 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.

⁵ 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.

GENERAL GOVERNMENT
Balance Sheet ^(a)

Table 4.2

	Notes	2021			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
ASSETS					
<i>Financial assets</i>					
Cash and deposits		477	5,230	4,753	997.3
Advances paid		748	729	-19	-2.6
Investments, loans and placements		3,441	2,105	-1,336	-38.8
Receivables		3,184	5,942	2,758	86.6
<i>Shares and other equity</i>					
Investments in other public sector entities - equity method		40,271	42,581	2,311	5.7
Investments in other public sector entities - direct injections		12,013	11,751	-262	-2.2
Investments in other entities		22	30	8	34.0
Other financial assets		8	8	-	-0.8
Total financial assets	a	60,164	68,376	8,212	13.6
<i>Non-financial assets</i>					
Land		35,353	37,821	2,468	7.0
Property, plant and equipment		48,162	47,428	-734	-1.5
Right-of-use assets		2,465	2,394	-71	-2.9
Service concession assets		-	798	798	-
Biological assets		109	54	-55	-50.6
<i>Inventories</i>					
Land inventories		-	-	-	-
Other inventories		130	179	49	37.8
Intangibles		585	586	2	0.3
Assets classified as held for sale		17	107	89	516.2
Investment property		7	7	-	-
Other		217	352	135	62.1
Total non-financial assets	b	87,044	89,726	2,682	3.1
TOTAL ASSETS	c	147,208	158,102	10,893	7.4
LIABILITIES					
Deposits held		730	1,333	604	82.7
Advances received		309	309	-	-
<i>Borrowings</i>					
Lease liabilities		3,098	2,753	-346	-11.2
Service concession liabilities		-	5	5	-
Other borrowings		26,104	26,451	347	1.3
Superannuation		6,643	5,516	-1,127	-17.0
Other employee benefits		3,574	3,875	301	8.4
Payables		1,471	2,537	1,066	72.5
Other liabilities		2,553	2,740	187	7.3
TOTAL LIABILITIES	d	44,482	45,520	1,037	2.3
NET ASSETS		102,726	112,582	9,856	9.6
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		8,209	14,298	6,089	74.2
Other reserves		94,517	98,284	3,767	4.0
NET WORTH	e	102,726	112,582	9,856	9.6
MEMORANDUM ITEMS					
<i>Net financial worth</i>		15,682	22,856	7,175	45.8
<i>Net financial liabilities</i>		36,602	31,476	-5,126	-14.0
<i>Net debt</i>					
Gross debt liabilities		30,241	30,851	610	2.0
less: liquid financial assets		4,665	8,063	3,398	72.8
Net debt	f	25,576	22,788	-2,788	-10.9

(a) Recognition of service concession assets and liabilities reflect a classification change from property plant and equipment assets and borrowing liabilities for the 30 June 2021 outturn resulting from implementation of AASB 1059 from this year.

General Government Sector Balance Sheet

- (a) General government sector financial assets totalled \$68.4 billion at 30 June 2021, up \$8.2 billion (or 13.6%) from the original Budget. This reflected higher than budgeted holdings of liquid financial assets which were up \$3.4 billion (or 72.8%), mainly due to higher PBA investment holdings⁶, an increase in the value of investments in other public sector entities (up \$2 billion), and a higher than expected outturn for receivables⁷ (up \$2.8 billion), mainly due to the timing of transactions.
- (b) Non-financial assets (such as land, infrastructure holdings and leased assets) totalled \$89.7 billion at 30 June 2021, up \$2.7 billion (or 3.1%) from Budget, largely reflecting higher values for the sector's land holdings (up \$2.5 billion).
- (c) Total assets were \$158.1 billion at 30 June 2021, up \$10.9 billion (or 7.4%) compared to the original Budget, reflecting the movements outlined above.
- (d) Total liabilities were \$45.5 billion at 30 June 2021, \$1 billion higher than forecast in the original Budget. Key movements included:
- debt liabilities (up \$610 million), which includes deposits held on behalf of public corporations and other parties, advances from the Commonwealth, and borrowings (both lease liabilities, service concession liabilities, and other borrowings); and
 - non-debt liabilities (up \$427 million), largely reflecting higher than budget outcomes for payables⁸ (up \$1.1 billion, which are subject to the timing of cash payments by the sector), other employee benefits such as accruing leave and salary entitlements (up \$301 million), and 'other' liabilities (up \$187 million), partly offset by lower unfunded superannuation liabilities (down \$1.1 billion), largely reflecting year-end actuarial valuations.
- (e) Net worth (the difference between total assets and total liabilities) was \$112.6 billion at 30 June 2021. This outcome is \$9.9 billion (or 9.6%) higher than the forecast \$102.7 billion in the 2020-21 Budget and reflects the net impact of the outcomes noted above.
- (f) General government sector net debt was \$22.8 billion at 30 June 2021, \$2.8 billion (or 10.9%) lower than the \$25.6 billion estimate in the original Budget. This mainly reflected the better than expected cash outcome for 2020-21, detailed in the next section.

⁶ The PBA is the central bank account of the Western Australian public sector. Divisions of the PBA include the Consolidated Account, agency and Treasurer's Special Purpose Accounts and other centrally managed or held bank accounts. The PBA is administered by Treasury with funds management provided by the Western Australian Treasury Corporation. Key components of the PBA are discussed further in Appendix 7: *Public Ledger*.

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

⁸ Payables include short and long-term trade creditors, and accounts payable. This includes the recognition in 2020-21 of future obligations for Native Title settlements which came into effect during the year.

Table 4.3

GENERAL GOVERNMENT
Cash Flow Statement

	Notes	2020-21			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash received</i>					
Taxes received (a)		8,692	9,847	1,155	13.3
Grants and subsidies received		11,564	12,167	603	5.2
Receipts from sales of goods and services (a)		2,779	2,858	79	2.8
Interest receipts		95	88	-7	-7.3
Dividends and tax equivalents		3,761	2,331	-1,430	-38.0
Other		10,780	12,694	1,914	17.8
Total cash received		37,671	39,985	2,314	6.1
<i>Cash Paid</i>					
Wages, salaries and supplements, and superannuation		-14,711	-14,851	-140	0.9
Payments for goods and services		-8,848	-8,904	-56	0.6
Interest paid		-819	-803	16	-2.0
Grants and subsidies paid		-8,356	-8,456	-100	1.2
Dividends and tax equivalents		-	-	-	-
Other payments		-1,664	-1,828	-164	9.9
Total cash paid		-34,399	-34,842	-443	1.3
NET CASH FLOWS FROM OPERATING ACTIVITIES	a	3,272	5,143	1,871	57.2
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets	b	-3,013	-2,614	400	-13.3
Sales of non-financial assets	c	143	90	-53	-37.0
Total cash flows from investments in non-financial assets	d	-2,870	-2,524	347	-12.1
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes		10	14	4	39.5
For liquidity purposes		64	86	22	34.0
<i>Cash paid</i>					
For policy purposes		-1,786	-1,210	576	-32.2
For liquidity purposes		-46	-94	-48	105.2
Total cash flows from investments in financial assets		-1,758	-1,205	553	-31.5
NET CASH FLOWS FROM INVESTING ACTIVITIES		-4,628	-3,728	900	-19.4
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash received</i>					
Advances received		17	18	-	2.0
Borrowings		284	198	-86	-30.2
Deposits received		-	-	-	-
Other financing receipts		54	233	179	332.7
Total cash receipts from financing activities		355	449	94	26.4
<i>Cash paid</i>					
Advances paid		-17	-17	-	-
Borrowings repaid		-118	-45	73	-61.9
Deposits paid		-	-	-	-
Other financing payments		-492	-503	-11	2.2
Total payments for financing activities		-628	-566	62	-9.9
NET CASH FLOWS FROM FINANCING ACTIVITIES		-272	-117	156	-57.2
Net increase in cash and cash equivalents		-1,628	1,298	2,927	-179.7
Cash and cash equivalents at the beginning of the year		5,645	5,645	-	-
Cash and cash equivalents at the end of the year		4,016	6,943	2,927	72.9
KEY FISCAL AGGREGATES					
Net cash flows from operating activities		3,272	5,143	1,871	57.2
Net cash flows from investing in non-financial assets		-2,870	-2,524	347	-12.1
Cash surplus/-deficit	e	402	2,620	2,218	551.7

(a) In line with Government Finance Statistics classifications, 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. Comparative data have been restated.

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

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 \$5.1 billion cash surplus position in 2020-21, a \$1.9 billion improvement on the \$3.3 billion cash operating surplus forecast in the 2020-21 Budget⁹. Total operating cash received in 2020-21 was \$40 billion, \$2.3 billion (or 6.1%) higher than Budget, while total cash paid in 2020-21 was \$34.8 billion, \$443 million (or 1.3%) higher than Budget.

The \$1.9 billion increase in the cash operating result largely reflects the cash impact of higher royalty and taxation collections, partly offset by lower receipts of dividends and tax equivalents from public corporations (discussed earlier in this appendix). Changes in accrual revenue for taxation and revenue from public corporations were matched with broadly similar increases in operating receipts. Royalty receipts increased by \$1.7 billion (compared with \$3.9 billion in accrued terms), with this lower cash increase reflecting payment terms for royalty revenue accrued late in the financial year (with cash usually lagging the revenue by around one quarter).

- (b) Purchases of non-financial assets (i.e. largely land and infrastructure investment) totalled \$2.6 billion in 2020-21, \$400 million (or 13.3%) lower than the 2020-21 Budget. Key changes included:

- WA Health (down \$182 million), reflecting delays and other changes in timing associated with project design activity, procurement processes, and completion of projects. This is largely related to the Medical Equipment Replacement Program, Replacement of the Medical Imaging System (PACS-RIS), Newman Health Service Redevelopment Project, Perth Children Hospital commissioning projects, Primary Health Centres Demonstration Program and Sir Charles Gairdner Hospital Good Manufacturing Product Laboratories and Cyclotron;
- Department of Education (down \$89 million), largely reflecting the net impact of general timing changes across the primary and secondary school works program and changes in timing in the primary school land acquisition program;
- Main Roads (down \$86 million), due largely to revised timing of works for major road projects, including Tonkin Highway Corridor Upgrades, Bussell Highway Duplication Stage 1 and 2 and Armadale Road Bridge – North Lake Road Flyover. This was partially offset by expedited work on projects announced as part of the 2020-21 Commonwealth Budget, such as the Regional Road Safety Program;

⁹ 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.

- Planning Commission (down \$57 million), mainly due to the deferral of land acquisition for METRONET projects, and conversion of capital to recurrent expenditure to meet compensation payments related to the Commission's metropolitan land acquisition program;
 - Primary Industries and Regional Development (down \$55 million), reflecting delays across a range of projects including for Laboratory Upgrades at the Department's Kensington Site, the Industry Attraction and Development Fund for Collie, the Wild Dogs Action Plan, and the Geraldton Finfish Nursery;
 - Western Australia Police Force (down \$51 million), largely reflecting delays across a number of infrastructure projects including the Armadale Courthouse and Police Complex and the refurbishment of police stations under the COVID-19 WA Recovery Plan;
 - Fire and Emergency Services (down \$28 million), reflecting delays across a number of projects including the Primary and Secondary Fire and Emergency Fleet, the Facility Modification Program, and the Koolinup Emergency Services Project in Collie;
 - Finance (down \$27 million), mainly attributable to lower than anticipated vehicle purchases (with supply issues related to the availability of new vehicles), and savings in fit-out costs for Government Office Accommodation in Fremantle;
 - Biodiversity, Conservation and Attractions (down \$26 million), with delays in a number of projects including the Sustainable Development of the Abrolhos Islands, Kalgalup Regional Park, Rottnest Island National Tourism Icons and Jetty Upgrades, and for the Perth Zoo Café and Function Centre and Collie Adventure Trails; and
 - the inclusion in the original Budget of \$313 million in underspending provisions across the general governments sector, in anticipation of lower actual spending that would emerge for infrastructure projects across the general government sector by 30 June 2021 (ultimately anticipating the reductions shown above).
- (c) Sales of non-financial assets were \$90 million in 2020-21, \$53 million lower than Budget, largely reflecting:
- lower land sales recorded for the Department of Planning, Lands and Heritage (down \$36 million), mainly for a \$21 million Land Asset Sales Program target that was included in the 2020-21 Budget as a notional provision for the sale of freehold land owned by other agencies. Freehold land sales totalling \$13 million were achieved in 2020-21 – these sales are included in individual agency statements. The remaining \$16 million variance reflects lower than forecast sales of high value land assets in the 2020-21 financial year that were delayed due to ongoing negotiations; and

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- the Department of Finance (down \$14 million), attributable to lower than anticipated vehicle sales, with some vehicles being repurposed for COVID-19 related projects, partially offset by higher than anticipated vehicle sale prices driven by the demand for used vehicles due to the lack of availability of new vehicles.
- (d) Net cash flows from investments in non-financial assets totalled \$2.5 billion in 2020-21, a \$347 million lower outcome than budgeted, reflecting the combined effect of changes in purchases and sales outlined above.
- (e) The general government sector recorded a \$2.6 billion cash surplus in 2020-21, \$2.2 billion larger than the \$402 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 surplus/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	2020-21			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
RESULTS FROM TRANSACTIONS					
REVENUE					
Taxation (a)		8,296	9,606	1,310	15.8
Current grants and subsidies		8,861	9,421	560	6.3
Capital grants		1,026	1,131	106	10.3
Sales of goods and services (a)		44,160	41,172	-2,987	-6.8
Interest income		664	478	-186	-28.1
Royalty income		8,287	12,181	3,894	47.0
Other		1,011	2,556	1,546	152.9
Total	a	72,303	76,545	4,242	5.9
EXPENSES					
Salaries		14,315	14,676	361	2.5
Superannuation					
Concurrent costs		1,421	1,454	33	2.3
Superannuation interest cost		74	60	-14	-18.7
Other employee costs		306	404	98	32.0
Depreciation and amortisation		4,038	4,235	197	4.9
Services and contracts		3,469	3,549	80	2.3
Other gross operating expenses		42,035	38,936	-3,099	-7.4
Interest					
Interest on leases		234	209	-25	-10.7
Other interest		1,442	1,116	-327	-22.6
Current transfers		4,685	5,629	944	20.2
Capital transfers		404	741	336	83.2
Total	b	72,423	71,008	-1,415	-2.0
NET OPERATING BALANCE	c	-120	5,537	5,657	-4,702.4
<i>Other economic flows - included in the operating result</i>					
Net gains on assets/liabilities		-47	471	519	-1,094.1
Provision for doubtful debts		-48	-64	-15	31.6
Changes in accounting policy/adjustment of prior periods		-	-98	-98	-
Total other economic flows	d	-96	309	405	-423.0
OPERATING RESULT		-216	5,846	6,062	-2,805.3
<i>All other movements in equity</i>					
<i>Items that will not be reclassified to operating result</i>					
Revaluations		771	3,251	2,480	321.7
Net actuarial gains - superannuation		-205	1,071	1,276	-621.3
Gains recognised directly in equity		-62	-24	38	-60.9
All other		-	-	-	-
Total all other movements in equity	e	504	4,298	3,794	752.9
TOTAL CHANGE IN NET WORTH	f	288	10,144	9,856	3,425.0
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE		-120	5,537	5,657	-4,702.4
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		7,549	5,816	-1,733	-23.0
Changes in inventories		140	-330	-470	-335.6
Other movement in non-financial assets		134	1,403	1,269	949.8
<i>less:</i>					
Sales of non-financial assets		489	499	10	2.0
Depreciation		4,038	4,235	197	4.9
Total net acquisition of non-financial assets		3,296	2,155	-1,141	-34.6
NET LENDING/-BORROWING	g	-3,416	3,382	6,798	-199.0

(a) In line with Government Finance Statistics classifications, 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. Comparative data have been restated.

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

Total Public Sector¹⁰ Operating Statement

- (a) Operating revenue in 2020-21 was \$76.5 billion, \$4.2 billion (or 5.9%) higher than budgeted. This higher outcome largely reflects movements for taxation, royalties, Commonwealth grants and 'other' revenue (which also appear on the general government operating statement with most of this income received by that sector), as outlined earlier in this appendix¹¹.

Partly offsetting these increases was lower sales of goods and services (down \$3 billion or 6.8% relative to Budget), with this downward revision primarily reflecting lower Gold Corporation revenue (down \$3.9 billion), driven by lower than expected gold prices and trade volumes throughout the year. This significant decrease in forecast revenue is broadly matched by an equivalent decrease in related expenses (see (b) later in this section);

Other material movements in goods and services revenue included:

- Racing and Wagering Western Australia (up \$360 million), due to higher than anticipated betting turnover in 2020-21 driven by strong digital growth and an increase in turnover following the COVID-19 retail shutdown in early 2020. The higher than expected betting revenue is broadly matched by increased betting dividend payouts and other direct cost of sales;
- the Lotteries Commission (up \$247 million), reflecting higher than expected sales performance in 2020-21, with an associated increase in related prize distributions; and
- Synergy (up \$204 million), mostly due to:
 - higher revenue from large business customers reflecting the impact of strong recontracting and acquisition activity by Synergy;
 - recognition of a development fee from Bright Energy Investments following completion of construction of the Warradarge Wind Farm on time;
 - higher decommissioning expenses for the Kwinana Power Station driven by a reassessment of site restoration costs, which includes the Cockburn Gas Turbines; and

¹⁰ 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).

¹¹ 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.

- higher gas contract-related expenses driven by reassessment of Synergy's onerous gas contract.

Interest income was \$186 million (or 28.1%) lower than budgeted, largely reflecting lower than anticipated interest rate forecasts (with rates staying at historic lows throughout 2020-21) and a lower borrowing program for the Western Australian Treasury Corporation. This change is more than offset by a reduction in interest expenses.

- (b) Operating expenses in 2020-21 were \$71 billion, \$1.4 billion (or 2%) lower than Budget, with lower outcomes for 'other' gross operating expenses and interest expenses partially offset by higher spending on current and capital transfers, and salaries expenditure.

'Other' gross operating expenses were \$3.1 billion (or 7.4%) lower than Budget, due to the net impact of the Gold Corporation (down \$4 billion), Lotteries Commission (up \$153 million), Racing and Wagering Western Australia (up \$321 million), and Synergy (up \$331 million), due largely to the impact on expenses of the revenue issues outlined above.

Claims expenses for the Insurance Commission of Western Australia (ICWA) and RiskCover were a net \$272 million higher than budgeted, with:

- the RiskCover Fund (up \$181 million), largely reflecting an increase in the number and cost of claims across general insurance liabilities, medical liability, historic institutional child sexual abuse claims and the workers' compensation classes of insurance; and
- ICWA (up \$91 million), mainly due to an increase in the number of both new and higher value claims.

Salaries were \$361 million higher than forecast in the 2020-21 Budget. General government salary movements were detailed early in this appendix while salaries outcomes for the State's public non-financial corporations were \$109 million lower than forecast. Public financial corporations' salary costs were largely unchanged from Budget (down \$3 million).

Other material movements include for current and capital transfers (up \$1.3 billion, or 25.2%), with this increase primarily driven by movements in the general government sector (discussed earlier).

Across the other classes of expense, higher than budgeted outcomes were recorded for depreciation and amortisation (up \$197 million or 4.9%), other employee costs (up \$98 million or 32%), services and contracts expenditure (up \$80 million or 2.3%), and concurrent superannuation costs (up \$33 million or 2.3%). These increases were partly offset by lower than budgeted outcomes for interest expenses (covering both interest on leases and other interest, down \$352 million or 21%) and superannuation interest (down \$14 million or 18.7%).

- (c) The total public sector recorded a \$5.5 billion operating surplus in 2020-21, a \$5.7 billion turnaround on the \$120 million deficit projected at the time of the 2020-21 Budget. Revenue was \$4.2 billion (or 5.9%) higher than forecast while expenses were \$1.4 billion (or 2%) lower. The main drivers of these movements have been detailed above.
- (d) 'Other' economic flows resulted in an aggregate increase in net worth of \$309 million, a \$405 million turnaround on the forecast decrease of \$96 million in the 2020-21 Budget. This was predominantly due to a \$471 million net increase (gains) in the value of assets/liabilities (compared with the \$47 million decrement forecast in the Budget), partly offset by a \$98 million change in accounting policies/adjustment of prior periods¹² (which are not forecast in the Budget, being issues that are brought to book in year-end outcomes).
- (e) All other movements in equity total to an aggregate increase in net worth of \$4.3 billion in 2020-21, up \$3.8 billion from expectations at the time of the Budget. This was primarily driven by higher than expected valuations (e.g. for land) in 2020-21 (up \$3.3 billion), and net reduction in the actuary's valuation of superannuation liabilities (up \$1.1 million).
- (f) Net worth at 30 June 2021 increased by a total \$10.1 billion, a \$9.9 billion improvement on the 2020-21 Budget forecast. 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 \$3.4 billion surplus position in 2020-21, a \$6.8 billion turnaround on the \$3.4 billion 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 \$140 million but instead declined by \$330 million, primarily due to the volume and value of the Gold Corporation's holdings of precious metals.

Depreciation expenses were \$197 million (or 4.9%) higher than budgeted, while other movements in non-financial assets (which comprises the value of assets transferred in and out of the sector) were \$1.3 million higher than budgeted reflecting road transfers transferred to the State by local governments (discussed earlier).

¹² 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.

TOTAL PUBLIC SECTOR
Balance Sheet ^(a)

Table 4.5

	Notes	2020-21			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
ASSETS					
<i>Financial assets</i>					
Cash and deposits		1,802	7,113	5,310	294.7
Advances paid		6,107	5,621	-486	-8.0
Investments, loans and placements		23,282	19,670	-3,611	-15.5
Receivables		5,347	7,480	2,134	39.9
Equity - Investments in other entities		2,033	2,776	743	36.6
Other financial assets		15	9	-6	-42.4
Total financial assets		38,585	42,669	4,084	10.6
<i>Non-financial assets</i>					
Land		43,624	46,015	2,391	5.5
Property, plant and equipment		106,516	105,501	-1,015	-1.0
Right-of-use assets		2,902	2,856	-45	-1.6
Service concession assets		-	1,005	1,005	-
Biological assets		321	264	-57	-17.9
Inventories					
Land inventories		2,141	1,566	-575	-26.9
Other inventories		6,573	6,104	-470	-7.1
Intangibles		1,016	1,097	81	8.0
Assets classified as held for sale		33	112	79	240.0
Investment property		51	28	-24	-46.5
Other		499	523	24	4.7
Total non-financial assets		163,677	165,069	1,392	0.9
TOTAL ASSETS		202,263	207,738	5,476	2.7
LIABILITIES					
Deposits held		12	13	1	11.5
Advances received		309	309	-	-
Borrowings					
Lease liabilities		4,086	3,474	-612	-15.0
Service concession liabilities		-	348	348	-
Other borrowings		66,043	61,741	-4,302	-6.5
Superannuation		6,731	5,602	-1,129	-16.8
Other employee benefits		3,981	4,343	362	9.1
Payables		9,834	10,021	187	1.9
Other liabilities		8,541	9,304	763	8.9
TOTAL LIABILITIES		99,537	95,156	-4,380	-4.4
NET ASSETS		102,726	112,582	9,856	9.6
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		28,581	34,118	5,537	19.4
Other reserves		74,145	78,464	4,319	5.8
NET WORTH	a	102,726	112,582	9,856	9.6
MEMORANDUM ITEMS					
<i>Net financial worth</i>		-60,951	-52,487	8,464	-13.9
<i>Net financial liabilities</i>		60,951	52,487	-8,464	-13.9
<i>Net debt</i>					
Gross debt liabilities		70,450	65,885	-4,564	-6.5
less: liquid financial assets		31,191	32,404	1,213	3.9
Net debt	b	39,259	33,482	-5,777	-14.7

(a) Recognition of service concession assets and liabilities reflect a classification change from property plant and equipment assets and borrowing liabilities for the 30 June 2021 outturn resulting from implementation of AASB 1059 from this year.

Total Public Sector Balance Sheet¹³

(a) Net worth of the total public sector was \$112.6 billion at 30 June 2021 (up \$9.9 billion, or 9.6% on the Budget-time forecast).

Movements since the original Budget for these balance sheet items largely reflect changes due to operating and investing operations through 2020-21 (discussed in cash flow terms below), and movements in the valuation of assets (particularly land and other physical assets).

- Assets were \$5.5 billion (or 2.7%) higher than Budget, reflecting a higher stock of financial assets (up \$4.1 billion), and an increase in holdings of non-financial assets (up \$1.4 billion).
 - For financial assets, holdings of liquid assets were a net \$1.2 billion higher than forecast, largely higher holdings for the Western Australian Treasury Corporation and the PBA (the change in the mix of these holdings reflects better investment returns on these assets). Receivables were also significantly higher, with the \$2.1 billion increase mainly reflecting an increase in mining revenue receivables on the back of the significant price movements noted earlier.
 - Higher than budgeted non-financial asset outcomes largely reflects the impact of valuations on land holdings (up \$2.4 billion), partly offset by lower land and other inventories (down \$1 billion).
- Liabilities were \$4.4 billion (or 4.4%) lower than Budget, with lower gross debt liabilities (down \$4.6 billion), largely reflecting improved operating outcomes (discussed earlier). The lower outcome also included downward revisions to unfunded superannuation liabilities (down \$1.1 billion) as a result of the annual actuarial valuation of these liabilities. These movements were partly offset by increases to other employee benefits (up \$362 million), payables (up \$187 million) and 'other' liabilities (up \$763 million).

(b) Total public sector net debt was \$33.5 billion at 30 June 2021, \$5.8 billion (or 14.7%) lower than the \$39.3 billion estimate in the 2020-21 Budget. Gross debt liabilities were \$4.6 billion lower while holdings of liquid financial assets were up a net \$1.2 billion.

¹³ 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.

TOTAL PUBLIC SECTOR
Cash Flow Statement

Table 4.6

	Notes	2020-21			
		Budget Estimate \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash received</i>					
Taxes received (a)		8,188	9,294	1,105	13.5
Grants and subsidies received		11,564	12,167	603	5.2
Receipts from sales of goods and services (a)		29,792	29,970	178	0.6
Interest receipts		659	466	-193	-29.3
Dividends and tax equivalents		-	-	-	-
Other		11,566	13,901	2,335	20.2
<i>Total cash received</i>		61,770	65,797	4,028	6.5
<i>Cash paid</i>					
Wages, salaries and supplements, and superannuation		-16,218	-16,177	41	-0.3
Payments for goods and services		-29,359	-28,895	465	-1.6
Interest paid		-1,642	-1,688	-46	2.8
Grants and subsidies paid		-5,455	-5,632	-177	3.2
Dividends and tax equivalents		-	-	-	-
Other payments		-5,427	-5,635	-209	3.8
<i>Total cash paid</i>		-58,100	-58,026	74	-0.1
NET CASH FLOWS FROM OPERATING ACTIVITIES	a	3,669	7,771	4,102	111.8
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets	b	-7,549	-5,816	1,733	-23.0
Sales of non-financial assets	c	489	499	10	2.0
<i>Total cash flows from investments in non-financial assets</i>	d	-7,060	-5,317	1,743	-24.7
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes		10	14	4	39.0
For liquidity purposes		7,020	12,774	5,754	82.0
<i>Cash paid</i>					
For policy purposes		-10	-17	-7	72.5
For liquidity purposes		-8,052	-12,616	-4,564	56.7
<i>Total cash flows from investments in financial assets</i>		-1,032	154	1,186	-115.0
NET CASH FLOWS FROM INVESTING ACTIVITIES		-8,092	-5,162	2,929	-36.2
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash received</i>					
Advances received		-	-	-	-
Borrowings		23,014	29,482	6,468	28.1
Deposits received		-	-	-	-
Other financing receipts		20	232	212	1,080.8
<i>Total cash received</i>		23,033	29,714	6,680	29.0
<i>Cash paid</i>					
Advances paid		-17	-17	-	-
Borrowings repaid		-20,996	-30,138	-9,142	43.5
Deposits paid		-	-	-	-
Other financing payments		-421	-560	-139	33.0
<i>Total cash paid</i>		-21,434	-30,716	-9,281	43.3
NET CASH FLOWS FROM FINANCING ACTIVITIES		1,599	-1,002	-2,601	-162.7
Net increase in cash and cash equivalents		-2,823	1,607	4,430	-156.9
Cash and cash equivalents at the beginning of the period		10,994	10,994	-	-
Cash and cash equivalents at the end of the period		8,170	12,600	4,430	54.2
KEY FISCAL AGGREGATES					
Net cash flows from operating activities		3,669	7,771	4,102	111.8
Net cash flows from investing in non-financial assets		-7,060	-5,317	1,743	-24.7
Cash surplus/-deficit	e	-3,391	2,454	5,845	-172.4

(a) In line with Government Finance Statistics classifications, 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. Comparative data have been restated.

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

Total Public Sector Cash Flow Statement

- (a) Net cash flows from operating activities were in a surplus position of \$7.8 billion in 2020-21, \$4.1 billion higher than the \$3.7 billion cash operating surplus forecast in the 2020-21 Budget. Total cash receipts in 2020-21 were \$65.8 billion, \$4 billion (or 6.5%) higher than forecast, while total cash payments in 2020-21 were \$58 billion, largely unchanged (up \$74 million) since Budget. Movements for key cash aggregates including taxes, royalties, wages and salaries are largely driven by general government outcomes, discussed earlier in this appendix.
- (b) Purchases of non-financial assets in the State's Asset Investment Program (AIP) totalled \$5.8 billion in 2020-21, \$1.7 billion (or 23%) lower than forecast. In addition to the general government sector variations noted earlier in this appendix (down \$400 million), net changes in infrastructure spending by key public corporations include:
- the Public Transport Authority, including separate provisions for METRONET projects under development (down \$733 million), primarily reflecting the timing of construction work for the Forrestfield-Airport Link, Yanchep Rail Extension and the Railcar program and procurement for the Victoria Park-Canning Level Crossing Removal, and schedule changes across a range of other projects;
 - the Department of Communities (Housing Services, down \$260 million), due largely to a retiming of the Department's building program in response to capacity constraints in the residential construction industry, and a realignment of interagency land transfers with other State agencies;
 - Western Power (down \$146 million), largely due to delays and reduced customer driven works, which are dependent on third parties, as well as delays with the Corporation's depot modernisation program;
 - DevelopmentWA (down \$118 million), due to delayed spending across several major projects in the metropolitan region, including Subi East, Ocean Reef Marina, East Perth Power Station and Australian Marine Complex. AIP project cashflows were also reflowed from 2020-21 to 2021-22 and beyond to reflect changing project schedules and expected milestones;
 - the Pilbara Ports Authority (down \$89 million), driven by delays in the timing of a number of projects, reflecting the impact of border restrictions and stimulus activities, and protracted negotiations with respondents for a number of projects;
 - Horizon Power (down \$88 million), reflecting revised timing across a number of projects resulting from COVID-19 related delays, changes in project schedules and expected milestones, protracted negotiations for some projects, supply chain timeframes, weather events and regional contractor constraints;
 - the Fremantle Port Authority (down \$84 million), mainly due to land acquisitions at North Quay, delays on works at the Kwinana Bulk Terminal, asset purchases and minor works, changes in port user requirements, the reprioritisation of projects and delays due to the impact of COVID-19; and

- the inclusion in the original Budget of a \$278 million underspend provision for the public corporations sector in anticipation of lower actual spending that would emerge for infrastructure projects by 30 June 2021 (now reflected in the outcomes for the agencies described above).
- (c) Sales of non-financial assets were \$499 million in 2020-21, \$10 million higher than Budget. In addition to the general government sector variations noted earlier in this appendix (down \$53 billion), other material changes in sales include:
- Department of Communities (Housing Services, up \$51 million), due largely to higher than forecast demand for residential land through the Department's land development program; and
 - DevelopmentWA (up \$46 million), reflecting higher than expected sales across a number of metropolitan, industrial and regional projects.
- (d) Net cash flows from investments in non-financial assets were \$5.3 billion in 2020-21, \$1.7 billion (or 24.7%) lower than Budget, with movements in purchases and sales outlined above.
- (e) The total public sector recorded a \$2.5 billion cash surplus in 2020-21, a significant \$5.8 billion turnaround on the \$3.4 billion deficit forecast in the 2020-21 Budget. This reflects the combination of the better than expected net cash surplus on operations (up \$4.1 billion) and the lower net cash out-flow in non-financial assets (down \$1.7 billion) discussed earlier in this section.

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 (other accounts) that outline the purpose of the account.

This appendix details balances for the year ending 30 June 2021 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 2021 and which were established to deliver priority policy outcomes. 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		
	2020-21 \$m	2019-20 \$m
<i>Balance at 1 July</i>	-	-
Receipts	1,547	1,318
Payments	1,547	1,318
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 projects.

Receipts for the year ending 30 June 2021 reflect State and Commonwealth contributions totalling \$461 million appropriated for METRONET projects, \$81.4 million in contributions from other government agencies, and an operating subsidy of \$2.8 million for the METRONET Office. Payments were for transport infrastructure projects, including the Thornlie-Cockburn Link, Yanchep Rail Extension and the Level Crossing Removal program (\$638.8 million), and for METRONET Office operating expenses (\$1.9 million).

METRONET ACCOUNT		
	2020-21 \$m	2019-20 \$m
<i>Balance at 1 July</i>	527	274
Receipts	545	462
Payments	641	210
Closing Balance	432	527

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.

During the 12 months ending 30 June 2021, receipts from Motor Vehicle Licence Fees totalled \$115 million. Major payments were for works on the Denny Avenue Level Crossing Removal (\$24.7 million), Bayswater Station upgrade (\$31.9 million), Yanchep Rail Extension (\$10 million), Thornlie-Cockburn link (\$8.8 million) and Lakelands Station (\$5.6 million).

METRONET ROADS ACCOUNT		
	2020-21 \$m	2019-20 \$m
<i>Balance at 1 July</i>	72	-
Receipts	115	101
Payments	81	30
Closing Balance	106	72

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 2020-21 mainly reflect MRIT collections (\$84.7 million), proceeds from the sale of land and buildings (\$37 million), rental revenue (\$6.5 million), interest revenue (\$1.7 million) and receipts from the Australian Taxation Office for refunds of GST on purchases (\$1.7 million).

Payments from the account during 2020-21 were for the acquisition of land and buildings (\$87.9 million), service delivery costs associated with the Metropolitan Region Improvement Fund (\$28.4 million), compensation to landowners for compulsory property acquisitions (\$5.5 million), and funding for a range of smaller infrastructure projects (\$2 million).

METROPOLITAN REGION IMPROVEMENT ACCOUNT			Table 5.4
	2020-21 \$m	2019-20 \$m	
<i>Balance at 1 July</i>	434	440	
Receipts	133	122	
Payments	124	128	
Closing Balance	443	434	

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 2021 reflect levy contributions by mining operators (\$35.4 million) and interest earnings (\$0.8 million). Payments for the year were for rehabilitation costs (\$0.7 million), administration costs (\$0.7 million) and debtors management (\$0.6 million).

MINING REHABILITATION FUND			Table 5.5
	2020-21 \$m	2019-20 \$m	
<i>Balance at 1 July</i>	185	150	
Receipts	36	36	
Payments	2	1	
Closing Balance	219	185	

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 \$64.4 million were made to meet the costs associated with the State's participation in the Scheme and for civil litigation claims.

Table 5.6

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

	2020-21 \$m	2019-20 \$m
<i>Balance at 1 July</i>	141	151
Receipts	-	-
Payments	64	11
Closing Balance	77	141

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 were 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.

Table 5.7

PERTH PARKING LICENSING ACCOUNT

	2020-21 \$m	2019-20 \$m
<i>Balance at 1 July</i>	131	93
Receipts	52	57
Payments	19	19
Closing Balance	165	131

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 Optus 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 12 months to 30 June 2021. An amount of \$0.1 million was paid to support the closeout activities of the Stadium Transport Infrastructure project.

PERTH STADIUM ACCOUNT		
	2020-21 \$m	2019-20 \$m
<i>Balance at 1 July</i>	12	12
Receipts	11	-
Payments	- ^(a)	-
Closing Balance	23	12

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

Road Trauma Trust Account

This account was established to provide for road safety initiatives. Receipts during 2020-21 reflect collections from prescribed penalties (\$100.3 million), interest revenue on the account balance (\$0.3 million) and other miscellaneous funds collected during the year under the *Road Traffic (Administration) Act 2008* (\$1 million).

Projects funded from the account in 2020-21 were focused on achieving reductions in serious road trauma through supported initiatives to:

- reduce run-off crashes on regional roads by applying treatments such as shoulder sealing, audible edge lines and installation of safety barriers (\$39 million);
- manage speed effectively on Western Australian roads (\$30.4 million);
- reduce the number and rate at which vulnerable road users are killed and seriously injured (\$9.8 million);
- reduce road death and serious injury from impaired driving from alcohol and/or drugs (\$9.1 million); and
- improve intersection infrastructure to reduce or eliminate crashes at intersections (\$7.6 million).

A further \$17.1 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 the Infringement Management Reform Program).

ROAD TRAUMA TRUST ACCOUNT

Table 5.9

	2020-21 \$m	2019-20 \$m
<i>Balance at 1 July</i>	54	60
Receipts	102	98
Payments	113	104
Closing Balance	43	54

Note: Columns may not add due to rounding.

Royalties for Regions Fund

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

Receipts during 2020-21 reflect the draw down of moneys appropriated by the Parliament (\$954.5 million), interest earned on the account balance (\$2.6 million), and unused funds from associated projects returned to the Fund by agencies (\$13.4 million). A total of \$970.5 million was disbursed from the Fund to support infrastructure, business and economic development, and other regional initiatives (detailed in Chapter 7 of the 2021-22 Budget Paper No. 3).

ROYALTIES FOR REGIONS FUND

Table 5.10

	2020-21 \$m	2019-20 \$m
<i>Balance at 1 July</i>	1,000	1,000
Receipts	971	910
Payments	971	910
Closing Balance	1,000	1,000

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. Payments from the SPA totalled \$11.9 million in 2020-21. This included \$7.4 million to the Department of Communities (Housing Authority) for the Yawuru Home Ownership Program and \$4.5 million to the Department of Education for the Kimberley Schools Project.

Table 5.11

ROYALTIES FOR REGIONS REGIONAL REFORM FUND		
	2020-21	2019-20
	\$m	\$m
<i>Balance at 1 July</i>	69	80
Receipts	-	-
Payments	12	11
Closing Balance	57	69

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 \$79.4 million in 2020-21, of which \$20.8 million was allocated to the account by Ministerial determination under the Act. Draw downs totalling \$20.5 million were 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 (of which \$5.2 million has since been repaid to the account).

Table 5.12

WASTE AVOIDANCE AND RESOURCE RECOVERY ACCOUNT		
	2020-21	2019-20
	\$m	\$m
<i>Balance at 1 July</i>	40	40
Receipts	21	21
Payments	31	21
Closing Balance	30	40

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 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.

Receipts of \$118 million in the 12 months to 30 June 2021 included the Consolidated Account's annual contribution equivalent to 1% of annual forecast royalty revenue (\$82.9 million) and interest receipts (\$35.1 million).

Table 5.13

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

	2020-21 \$m	2019-20 \$m
<i>Balance at 1 July</i>	1,408	1,313
Receipts	118	95
Payments	34	-
Closing Balance	1,492	1,408

(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 30 June 2021, these monies were held in the Western Australian Future Health Research and Innovation Account administered by the Minister for Health. Interest income receipts of \$80,360 were received to 30 June 2021 and grant payments of \$18.8 million have been drawn for a range of clinical and other research.

Table 5.14

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

	2020-21 \$m	2019-20 \$m
<i>Balance at 1 July</i>	- ^(b)	-
Receipts	34	-
Payments	19	-
Closing Balance	15	-

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

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

Note: Columns may not add due to rounding.

Quarterly Financial Results - June 2021

This appendix completes the quarterly data series for the 2020-21 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*¹.

Information on the full-year outcomes for the general government and whole-of-government are available in the *Financial Results* chapter of this report.

¹ These publications can be accessed on the Treasury website at 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 2021 may include one-off movements in items relative to previous reports, to move them into line with final audited outcomes.

GENERAL GOVERNMENT
Operating Statement

	2020-21		2019-20	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
RESULTS FROM TRANSACTIONS				
REVENUE				
Taxation (a)	2,392	10,153	1,870	9,055
Current grants and subsidies	2,273	9,421	2,322	9,379
Capital grants	709	1,131	358	642
Sales of goods and services (a)	757	2,821	621	2,776
Interest Income	24	110	26	124
Revenue from public corporations				
Dividends from other sector entities	188	1,362	53	392
Tax equivalent income	385	956	223	732
Royalty income	3,935	12,181	2,307	8,450
Other	1,575	2,015	146	614
Total	12,239	40,151	7,928	32,162
EXPENSES				
Salaries	3,501	13,469	3,389	12,887
Superannuation				
Concurrent costs	334	1,323	336	1,276
Superannuation interest cost	-28	60	49	89
Other employee costs	132	422	116	401
Depreciation and amortisation	474	1,741	440	1,751
Services and contracts	852	2,686	741	2,590
Other gross operating expenses	1,486	5,602	1,366	5,391
Interest				
Interest on leases	36	134	36	142
Other interest	168	654	174	737
Current transfers	1,428	7,458	1,911	5,003
Capital transfers	381	763	142	228
Total	8,764	34,313	8,698	30,493
NET OPERATING BALANCE	3,475	5,838	-770	1,669
<i>Other economic flows - included in the operating result</i>				
Net gains on assets/liabilities	-194	-173	-31	-27
Provision for doubtful debts	-49	-51	-122	-126
Changes in accounting policy/adjustment of prior periods	4	9	104	-44
Total other economic flows	-239	-215	-48	-197
OPERATING RESULT	3,236	5,623	-819	1,472
<i>All other movements in equity</i>				
<i>Items that will not be reclassified to operating result</i>				
Revaluations	1,931	1,827	463	392
Net actuarial gains - superannuation	249	1,072	835	5
Gains recognised directly in equity	2	2	9	-1
Change in net worth of the public corporations sectors	353	1,620	1,187	217
All other	-	-	-239	-239
Total all other movements in equity	2,535	4,520	2,255	373
TOTAL CHANGE IN NET WORTH	5,770	10,144	1,436	1,845
KEY FISCAL AGGREGATES				
NET OPERATING BALANCE	3,475	5,838	-770	1,669
<i>Less Net acquisition of non-financial assets</i>				
Purchase of non-financial assets	1,172	2,614	799	2,553
Changes in inventories	-1	70	28	38
Other movement in non-financial assets	1,421	1,337	-35	-15
<i>less:</i>				
Sales of non-financial assets	45	90	21	1,476
Depreciation	474	1,741	440	1,751
Total net acquisition of non-financial assets	2,073	2,189	331	-651
NET LENDING/-BORROWING	1,401	3,649	-1,101	2,320

(a) In line with Government Finance Statistics classifications, 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. Comparative data have been restated.

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

Table 6.2

GENERAL GOVERNMENT
Operating Revenue

	2020-21		2019-20	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
Taxation (a)				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	980	3,748	805	3,642
Property taxes				
<i>Land tax</i>	4	755	15	792
Transfer duty	574	1,860	280	1,190
Foreign Buyers Surcharge	6	17	19	19
Landholder duty	17	222	60	120
<i>Total duty on transfers</i>	596	2,099	358	1,329
Mortgages	-	-	-	-
Other stamp duties	-	-	-	-
Metropolitan Region Improvement Tax	-	84	1	88
Perth Parking Levy	2	53	-	56
Emergency Services Levy	28	354	32	387
Loan guarantee fees	42	141	39	157
Building and Construction Industry Training Fund Levy	13	46	5	39
<i>Total other property taxes</i>	85	679	78	726
Taxes on provision of goods and services				
Lotteries Commission	48	191	40	174
Video lottery terminals	-	-	-	-
Casino tax	11	55	1	40
Point of Consumption Tax	27	114	18	77
<i>Total taxes on gambling</i>	87	360	59	291
Insurance duty	174	727	162	694
Other	5	20	5	19
<i>Total taxes on insurance</i>	178	747	166	713
<i>On-demand Transport Levy</i>	15	44	7	41
Taxes on use of goods and performance of activities				
Vehicle licence duty	144	514	90	375
Permits - Oversize Vehicles and Loads	2	10	2	9
Motor vehicle registrations	271	1,048	262	997
Other Vehicle taxes	9	36	7	26
<i>Total motor vehicle taxes</i>	426	1,607	362	1,407
<i>Mining Rehabilitation Levy</i>	-	35	1	33
<i>Landfill Levy</i>	20	79	18	80
Total Taxation	2,392	10,153	1,870	9,055

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

Table 6.2 (cont.)

GENERAL GOVERNMENT
Operating Revenue

	2020-21		2019-20	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
Current Grants and Subsidies				
General Purpose Grants				
GST grants	1,028	3,006	849	3,466
Commonwealth-funded 70% floor	-	1,547	-	814
North West Shelf grants	138	425	95	629
Commonwealth compensation for changed crude oil excise arrangements	6	18	4	21
National Specific Purpose Payment Agreement Grants				
Skills and Workforce Development	42	163	40	158
National Disability Agreement	-	1	44	176
National Housing and Homelessness Agreement	43	172	42	166
National School Reform Agreement - Quality Schools	238	925	215	829
National Health Reform Agreement	542	2,418	630	2,402
National Partnerships/Other Grants				
Health	75	358	233	365
Housing	-	-	-	-
Transport	18	74	41	88
Disability Services	1	4	40	62
Other	142	309	89	203
Total Current Grants and Subsidies	2,273	9,421	2,322	9,379
Capital Grants				
National Partnerships/Other Grants				
Housing	-	-	-	-
Transport	609	999	341	621
Other	100	133	17	20
Total Capital Grants	709	1,131	358	642
Sales of Goods and Services (a)	757	2,821	621	2,776
Interest Income	24	110	26	124
Revenue from Public Corporations				
Dividends	188	1,362	53	392
Tax Equivalent Regime	385	956	223	732
Total Revenue from Public Corporations	573	2,319	277	1,123
Royalty Income	3,935	12,181	2,307	8,450
Other				
Lease Rentals	26	132	26	115
Fines	56	204	49	192
Revenue not elsewhere counted	1,494	1,679	71	308
Total Other	1,575	2,015	146	614
TOTAL REVENUE	12,239	40,151	7,928	32,162

(a) In line with Government Finance Statistics classifications, 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. Comparative data have been restated.

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

Table 6.3

GENERAL GOVERNMENT
Cash Flow Statement

	2020-21		2019-20	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Cash received</i>				
Taxes received (a)	2,619	9,847	2,144	8,996
Grants and subsidies received	3,171	12,167	2,960	11,825
Receipts from sales and goods and services (a)	844	2,858	551	2,611
Interest receipts	31	88	29	119
Dividends and tax equivalents	468	2,331	221	1,071
Other receipts	3,731	12,694	2,450	10,825
Total cash received	10,864	39,985	8,355	35,447
<i>Cash paid</i>				
Wages, salaries and supplements, and superannuation	-4,039	-14,851	-3,809	-14,192
Payments for goods and services	-2,219	-8,904	-2,062	-8,494
Interest paid	-212	-803	-215	-905
Grants and subsidies paid	-2,307	-8,456	-2,202	-6,641
Dividends and tax equivalents	-	-	-	-
Other payments	-466	-1,828	-504	-2,004
Total cash paid	-9,242	-34,842	-8,791	-32,237
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,621	5,143	-436	3,211
CASH FLOWS FROM INVESTING ACTIVITIES				
<i>Cash flow from investment in non-financial assets</i>				
Purchase of non-financial assets	-1,172	-2,614	-799	-2,553
Sales of non-financial assets	45	90	21	1,476
Total cash flows from investments in financial assets	-1,127	-2,524	-778	-1,077
<i>Cash flows from investments in financial assets</i>				
<i>Cash received</i>				
For policy purposes	4	14	47	64
For liquidity purposes	25	86	20	56
<i>Cash paid</i>				
For policy purposes	-283	-1,210	-445	-862
For liquidity purposes	-14	-94	-18	-38
Total cash flows from investments in financial assets	-268	-1,205	-397	-780
NET CASH FLOWS FROM INVESTING ACTIVITIES	-1,395	-3,728	-1,175	-1,857
CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Cash received</i>				
Advances received	18	18	17	17
Borrowings	15	198	800	845
Deposit received	-	-	-	-
Other financing receipts	108	233	114	312
Total cash received	141	449	931	1,174
<i>Cash paid</i>				
Advances paid	-17	-17	-17	-17
Borrowings repaid	-26	-45	-23	-1,379
Deposits paid	-	-	-	-
Other financing payments	-109	-503	-133	-492
Total cash paid	-152	-566	-173	-1,888
NET CASH FLOWS FROM FINANCING ACTIVITIES	-11	-117	758	-714
Net increase in cash and cash equivalents	215	1,298	-854	640
Cash and cash equivalents at beginning of the period	6,728	5,645	6,498	5,005
Cash and cash equivalents at end of the period	6,943	6,943	5,645	5,645
KEY FISCAL AGGREGATES				
Net cash flows from operating activities	1,621	5,143	-436	3,211
Net cash flows from investing in non-financial assets	-1,127	-2,524	-778	-1,077
Cash surplus/-deficit	494	2,620	-1,215	2,134

(a) In line with Government Finance Statistics classifications, 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. Comparative data have been restated.

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

TOTAL PUBLIC SECTOR
Operating Statement

	2020-21		2019-20	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
RESULTS FROM TRANSACTIONS				
REVENUE				
Taxation (a)	2,249	9,606	1,742	8,529
Current grants and subsidies	2,273	9,421	2,322	9,379
Capital grants	709	1,131	358	642
Sales of goods and services (a)	8,317	41,172	8,206	37,076
Interest Income	119	478	145	555
Royalty income	3,935	12,181	2,307	8,450
Other	1,727	2,556	309	1,077
<i>Total revenue</i>	<i>19,330</i>	<i>76,545</i>	<i>15,390</i>	<i>65,706</i>
EXPENSES				
Salaries	3,804	14,676	3,650	14,051
Superannuation				
Concurrent costs	375	1,454	363	1,392
Superannuation interest cost	-28	60	49	89
Other employee costs	143	404	86	356
Depreciation and amortisation	1,176	4,235	1,015	3,908
Services and contracts	1,155	3,549	1,011	3,385
Other gross operating expenses	8,529	38,936	7,947	35,027
Interest				
Interest on leases	54	209	57	231
Other interest	273	1,116	310	1,333
Current transfers	835	5,629	1,344	3,693
Capital transfers	392	741	103	194
<i>Total expenses</i>	<i>16,709</i>	<i>71,008</i>	<i>15,933</i>	<i>63,659</i>
NET OPERATING BALANCE	2,621	5,537	-543	2,047
<i>Other economic flows - included in the operating result</i>				
Net gains on assets/liabilities	-109	471	111	-408
Provision for doubtful debts	-57	-64	-177	-198
Changes in accounting policy/adjustment of prior periods	26	-98	153	-79
<i>Total other economic flows</i>	<i>-140</i>	<i>309</i>	<i>87</i>	<i>-685</i>
OPERATING RESULT	2,480	5,846	-456	1,362
<i>All other movements in equity</i>				
<i>Items that will not be reclassified to operating result</i>				
Revaluations	3,072	3,251	1,411	850
Net actuarial gains - superannuation	239	1,071	815	-22
Gains recognised directly in equity	-21	-24	12	-
All other	-	-	-345	-345
<i>Total all other movements in equity</i>	<i>3,290</i>	<i>4,298</i>	<i>1,893</i>	<i>483</i>
TOTAL CHANGE IN NET WORTH	5,770	10,144	1,436	1,845
KEY FISCAL AGGREGATES				
NET OPERATING BALANCE	2,621	5,537	-543	2,047
<i>Less Net acquisition of non-financial assets</i>				
Purchase of non-financial assets	2,212	5,816	1,524	5,188
Changes in inventories	490	-330	288	2,088
Other movement in non-financial assets	1,439	1,403	6	94
<i>less:</i>				
Sales of non-financial assets	126	499	53	1,736
Depreciation	1,176	4,235	1,015	3,908
<i>Total net acquisition of non-financial assets</i>	<i>2,840</i>	<i>2,155</i>	<i>750</i>	<i>1,727</i>
NET LENDING/-BORROWING	-219	3,382	-1,293	320

(a) In line with Government Finance Statistics classifications, 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. Comparative data have been restated.

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

Table 6.5

TOTAL PUBLIC SECTOR
Operating Revenue

	2020-21		2019-20	
	Three Months to 30 June	Actual	Three Months to 30 June	Actual
	\$m	\$m	\$m	\$m
Taxation (a)				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	954	3,651	781	3,550
Property taxes				
<i>Land tax</i>	-13	687	-1	727
Transfer Duty	574	1,860	280	1,190
Foreign Buyers surcharge	6	17	19	19
Landholder Duty	17	222	60	120
<i>Total duty on transfers</i>	596	2,099	358	1,329
Mortgages	-	-	-	-
Other stamp duties	-	-	-	-
Metropolitan Region Improvement Tax	-	84	1	88
Perth Parking Levy	2	53	-	56
Emergency Services Levy	30	351	32	382
Loan guarantee fees	-	6	1	7
Building and Construction Industry Training Fund Levy	13	46	5	39
<i>Total other property taxes</i>	46	540	39	570
Taxes on provision of goods and services				
Lotteries Commission	-	-	-	-
Video lottery terminals	-	-	-	-
Casino Tax	11	55	1	40
Point of Consumption Tax	15	61	11	37
<i>Total taxes on gambling</i>	26	116	11	77
Insurance Duty	174	727	162	694
Other	5	20	5	19
<i>Total taxes on insurance</i>	178	747	166	713
<i>On-demand Transport Levy</i>	15	44	7	41
Taxes on use of goods and performance of activities				
Vehicle Licence Duty	144	514	90	375
Permits - Oversize Vehicles and Loads	2	10	2	9
Motor Vehicle registrations	271	1,048	262	997
Other Vehicle taxes	9	36	7	26
<i>Total motor vehicle taxes</i>	426	1,607	362	1,407
<i>Mining Rehabilitation Levy</i>	-	35	1	33
<i>Landfill Levy</i>	20	79	18	80
Total Taxation	2,249	9,606	1,742	8,529

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

Table 6.5 (cont.)

TOTAL PUBLIC SECTOR
Operating Revenue

	2020-21		2019-20	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
Current Grants and Subsidies				
General Purpose Grants				
GST grants	1,028	3,006	849	3,466
Commonwealth-funded 70% floor grant	-	1,547	-	814
North West Shelf grants	138	425	95	629
Commonwealth compensation for changed crude oil excise arrangements	6	18	4	21
National Specific Purpose Payment Agreement Grants				
Skills and Workforce Development	42	163	40	158
National Disability Agreement	-	1	44	176
National Housing and Homelessness Agreement	43	172	42	166
National School Reform Agreement - Quality Schools	238	925	215	829
National Health Reform Agreement	542	2,418	630	2,402
National Partnerships/Other Grants				
Health	75	358	233	365
Housing	-	-	-	-
Transport	18	74	41	88
Disability Services	1	4	40	62
Other	142	309	89	203
Total Current Grants and Subsidies	2,273	9,421	2,322	9,379
Capital Grants				
National Partnerships/Other Grants				
Housing	-	-	-	-
Transport	609	999	341	621
Other	100	133	17	20
Total Capital Grants	709	1,131	358	642
Sales of Goods and Services (a)	8,317	41,172	8,206	37,076
Interest Income	119	478	145	555
Royalty Income	3,935	12,181	2,307	8,450
Other				
Lease Rentals	26	132	26	115
Fines	53	204	50	195
Revenue not elsew here counted	1,648	2,220	233	767
Total Other	1,727	2,556	309	1,077
TOTAL REVENUE	19,330	76,545	15,390	65,706

(a) In line with Government Finance Statistics classifications, 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. Comparative data have been restated.

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

Table 6.6

TOTAL PUBLIC SECTOR
Cash Flow Statement

	2020-21		2019-20	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Cash received</i>				
Taxes received (a)	2,338	9,294	1,865	8,470
Grants and subsidies received	3,171	12,167	2,960	11,825
Receipts from sales and goods and services (a)	7,037	29,970	8,113	27,978
Interest receipts	108	466	123	565
Dividends and tax equivalents	-	-	-	-
Other receipts	4,023	13,901	2,705	11,965
<i>Total cash received</i>	<i>16,677</i>	<i>65,797</i>	<i>15,765</i>	<i>60,802</i>
<i>Cash paid</i>				
Wages, salaries and supplements, and superannuation	-4,337	-16,177	-4,065	-15,441
Payments for goods and services	-6,843	-28,895	-8,199	-27,762
Interest paid	-399	-1,688	-400	-1,864
Grants and subsidies paid	-1,524	-5,632	-1,189	-4,810
Dividends and tax equivalents	-	-	-	-
Other payments	-1,332	-5,635	-1,464	-5,256
<i>Total cash paid</i>	<i>-14,435</i>	<i>-58,026</i>	<i>-15,318</i>	<i>-55,132</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,241	7,771	447	5,670
CASH FLOWS FROM INVESTING ACTIVITIES				
<i>Cash flow from investment in non-financial assets</i>				
Purchase of non-financial assets	-2,212	-5,816	-1,524	-5,188
Sales of non-financial assets	126	499	53	1,736
<i>Total cash flows from investments in financial assets</i>	<i>-2,086</i>	<i>-5,317</i>	<i>-1,470</i>	<i>-3,453</i>
<i>Cash flows from investments in financial assets</i>				
<i>Cash received</i>				
For policy purposes	4	14	47	64
For liquidity purposes	2,135	12,774	2,034	12,044
<i>Cash paid</i>				
For policy purposes	-6	-17	-47	-63
For liquidity purposes	-2,394	-12,616	-3,558	-14,195
<i>Total cash flows from investments in financial assets</i>	<i>-260</i>	<i>154</i>	<i>-1,524</i>	<i>-2,150</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES	-2,347	-5,162	-2,995	-5,603
CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Cash received</i>				
Advances received	-	-	-	-
Borrowings	5,347	29,482	5,139	20,848
Deposit received	-	-	-	-
Other financing receipts	101	232	115	231
<i>Total cash received</i>	<i>5,448</i>	<i>29,714</i>	<i>5,254</i>	<i>21,078</i>
<i>Cash paid</i>				
Advances paid	-17	-17	-17	-17
Borrowings repaid	-4,296	-30,138	-3,191	-18,397
Deposits paid	-	-	-	-
Other financing payments	-149	-560	-106	-448
<i>Total cash paid</i>	<i>-4,462</i>	<i>-30,716</i>	<i>-3,314</i>	<i>-18,862</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES	986	-1,002	1,940	2,217
Net increase in cash and cash equivalents	881	1,607	-608	2,284
Cash and cash equivalents at beginning of the period	11,720	10,994	11,601	8,710
Cash and cash equivalents at end of the period	12,600	12,600	10,994	10,994
KEY FISCAL AGGREGATES				
Net cash flows from operating activities	2,241	7,771	447	5,670
Net cash flows from investing in non-financial assets	-2,086	-5,317	-1,470	-3,453
Cash surplus/-deficit	155	2,454	-1,024	2,217

(a) In line with Government Finance Statistics classifications, 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. Comparative data have been restated.

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 Special Purpose Accounts, the total of these accounts forms the Public Bank Account.

PUBLIC LEDGER BALANCES AT 30 JUNE				Table 7.1
	2021 \$m	2020 \$m	Variance \$m	
THE PUBLIC LEDGER				
Consolidated Account ^{(a)(b)}	-18,130	-17,584	-546	
Treasurer's Special Purpose Accounts	18,662	17,156	1,507	
Treasurer's Advance Account – Net Advances and Overdraw n Trusts	-10	-6	-4	
TOTAL	522	-435	957	
Agency Special Purpose Accounts	7,009	6,726	283	
TOTAL PUBLIC BANK ACCOUNT	7,531	6,291	1,240	

(a) The balance of the Consolidated Account at 30 June 2021 includes non-cash appropriations of \$15,667 million (30 June 2020: \$14,342 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 \$2,463 million deficit position at 30 June 2021 (compared with a deficit position of \$3,243 million at 30 June 2020).

(b) The balance of the Consolidated Account at 30 June 2020 has been restated by \$49.3 million to reflect the cumulative impact of accounting entries associated with the 2009-10 and 2012-13 payroll tax rebate schemes for small businesses.

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 \$18,130 million at 30 June 2021, a \$546 million increase on the deficit position at 30 June 2020. This included \$15,667 million associated with accrual (non-cash) appropriations for depreciation and leave entitlements, matched by equivalent non-cash TSPA balances in agency Holding Accounts (see following table).

The Consolidated Account recorded an accumulated cash deficit of \$2,463 million at 30 June 2021, down from the \$3,243 million deficit balance at 30 June 2020. Receipts totalled \$29.7 billion in 2020-21, up \$3,759 million on 2020-21, mainly due to higher iron ore royalty collections (up \$1,994 million) and transfers from the Debt Reduction Account, reflecting the retention of Western Australia's GST floor grant for 2020-21 as an alternate non-debt source of funding (up \$1,547 million). Consolidated Account spending (including accrual appropriations and other cash transactions) totalled \$30.2 billion in 2020-21, an increase of \$3,302 million on 2019-20, mainly due to higher service appropriations (up \$2,517 million) and appropriations for infrastructure spending.

State borrowings held by the Consolidated Account increased by \$150 million in 2020-21 and totalled \$25.6 billion at 30 June 2021 (compared with \$25.4 billion in June 2020). Total proceeds from gross borrowings (i.e. excluding repayments of borrowings) stood at \$27.5 billion at 30 June 2021 which remains below the \$34.5 billion cumulative limit approved by the *Loan Act 2017* and preceding Loan Acts¹.

Further detail on the broader impact of these issues on the whole-of-government is available in the *Financial Results* chapter.

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 7.2

CONSOLIDATED ACCOUNT TRANSACTIONS (a)

	2021 \$m	2020 \$m	Variance \$m
REVENUE			
<i>Operating Activities</i>			
Taxation	7,905	6,971	935
Commonwealth grants (b)	5,165	5,028	137
Government enterprises	2,334	2,494	-160
Revenue from other agencies	12,029	9,960	2,069
Other receipts	545	679	-133
<i>Total Operating Activities</i>	27,979	25,131	2,847
<i>Financing Activities</i>			
Repayments of recoverable advances	-	7	-7
Transfers from the Debt Reduction Account	1,547	-	1,547
Borrowings	150	777	-627
Other receipts	7	8	-1
<i>Total Financing Activities</i>	1,704	793	912
TOTAL REVENUE	29,683	25,924	3,759
EXPENDITURE			
<i>Recurrent</i>			
Authorised by other statutes	2,491	2,594	-103
Appropriation Act (No. 1)	22,536	20,019	2,517
Recurrent expenditure under the Treasurer's Advance	870	795	75
<i>Total Recurrent Expenditure</i>	25,898	23,409	2,489
<i>Investing Activities</i>			
Authorised by other statutes	358	259	99
Appropriation Act (No. 2)	2,311	1,913	399
Investing expenditure under the Treasurer's Advance	109	23	86
<i>Total Investing Activities</i>	2,778	2,194	584
<i>Financing Activities</i>			
Loan repayments	-	1,318	-1,318
Appropriation Act (No. 2)	1,547	-	1,547
Other financing	6	7	-1
<i>Total Financing Activities</i>	1,553	1,324	228
TOTAL EXPENDITURE	30,229	26,927	3,302
NET MOVEMENT (REVENUE LESS EXPENDITURE)	-546	-1,003	457
Consolidated Account Balance			
Opening balance at 1 July	-17,584	-16,581	-1,003
Closing balance at 30 June	-18,130	-17,584	-546
Of which:			
Appropriations payable	-15,667	-14,342	-1,326
Cash balance at 30 June	-2,463	-3,243	780

(a) The balance of the Consolidated Account at 30 June 2020 has been restated by \$49.3 million to reflect the cumulative impact of accounting entries associated with the 2009-10 and 2012-13 payroll tax rebate schemes for small businesses.

(b) Receipts of transport-related National Partnership funding and Commonwealth legal assistance receipts have been reclassified from 'other' receipts to Commonwealth grants in June 2020 comparative data.

(c) 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.

Aggregate TSPA balances were \$1,507 million higher than at the same time last year. This mainly reflects:

- higher Holding Account balances for non-cash accrual appropriations to agencies for depreciation and accrued leave entitlements (up \$1,326 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 (\$35 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);
- a \$78 million increase in Commonwealth Grants for Specific Purposes relating to funding received from the Commonwealth under the National Partnership on COVID-19 Response (NPCR), which partially funds expenditure incurred by non-health State agencies managing the COVID-19 response;
- a decrease in the National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse Account (down \$64 million), reflecting payments for redress scheme claims, and for civil litigation costs incurred by State agencies; 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 \$61 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 2021 and 2020.

TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 30 JUNE

Table 7.3

	2021	2020	Variance
	\$m	\$m	\$m
Agency Holding Accounts	15,667	14,342	1,326
Western Australian Future Health Research and Innovation Fund	1,492	1,408	84
Commonwealth Grants for Specific Purposes	78	-	78
National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse Account	77	141	-64
Agency 27th Pay Accounts	241	180	61
Royalties for Regions Fund	1,000	1,000	-
Other Special Purpose Accounts	107	85	22
TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 30 JUNE	18,662	17,156	1,507

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 \$1,438.8 million was authorised for the year ended 30 June 2021. The original \$688.8 million authority (established by section 29 of the FMA) was increased by \$750 million with the passage of the *Treasurer's Advance Authorisation Act 2020* which provided for additional spending expected to emerge late in 2020-21.

Of the revised authorised limit, \$989.3 million was drawn down by 30 June 2021. This included \$979.5 million for excesses and new items (which are included in the Consolidated Account outcome detailed earlier in this appendix). The remaining \$9.7 million was drawn against net recoverable advances as shown in the following table.

Table 7.4

TREASURER'S ADVANCE AT 30 JUNE

	2021 \$m	2020 \$m	Variance \$m
AUTHORISED LIMIT	1,438.8	1,658.4	-219.6
<i>Total Drawn Against Treasurer's Advance Account</i>	<i>989.3</i>	<i>824.5</i>	<i>164.8</i>
Comprising:			
Net recoverable advances (see below)	9.7	6.2	3.5
Overdraw n Special Purpose Accounts	-	-	-
Excesses and new items			
- recurrent	870.2	795.4	74.8
- capital	109.3	22.9	86.4
NET RECOVERABLE ADVANCES			
Petroleum and Geothermal Energy Safety	2.0	2.0	-
Western Australian Energy Disputes Arbitrator	0.2	-	0.2
Sport and Recreation	1.0	1.0	- ^(a)
Suitors Fund	2.5	2.5	-
Sundry Debtors	4.0	0.7	3.4
TOTAL RECOVERABLE TREASURER'S ADVANCES	9.7	6.2	3.5

(a) Amount less than \$50,000.

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.

TRANSFERS, EXCESSES AND NEW ITEMS
For the Twelve Months to 30 June 2021

Table 7.5

	Treasurer's Advance					Draw n against Treasurer's Advance to date \$m
	Budget \$m	Transfers ^(a) \$m	New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
Recurrent Appropriations						
<i>Premier and Cabinet</i>						
Item 5: Delivery of Services	148.4	-	-	26.8	175.2	26.8
Item 6: Amount provided for Administered Grants, Subsidies and Other Transfer Payments	12.9	60.0	-	-	72.9	-
<i>Governor's Establishment</i>						
Item 8: Delivery of Services	2.1	-	-	0.2	2.3	0.2
<i>Western Australian Electoral Commission</i>						
Item 9: Delivery of Services	25.4	-	-	5.0	30.4	5.0
<i>Commissioner for Equal Opportunity</i>						
Item 11: Delivery of Services	2.9	-1.4	-	-	1.5	-
<i>Treasury</i>						
Item 16: Bunbury Water Corporation	0.7	-	-	0.1	0.8	0.1
Item 22: Regional Power Corporation (Horizon Power)	40.2	-	-	6.9	47.1	6.9
Item 24: Water Corporation of Western Australia	216.9	-	-	1.7	218.6	1.7
Item 31: Resolution of Native Title in the South West of Western Australia (Settlement)	60.0	-60.0	-	-	-	-
Item 34: Provision for Voluntary Targeted Separation Scheme	25.6	-22.2	-	-	3.4	-
Item 35: Refund of Past Years Revenue Collections - Public Corporations	10.0	-	-	5.0	15.0	5.0
<i>Finance</i>						
Item 42: Amount provided for Administered Grants, Subsidies and Other Transfer Payments	524.4	-	-	56.0	580.4	7.4
<i>Jobs, Tourism, Science and Innovation</i>						
Item 43: Delivery of Services	236.3	-	-	104.6	340.9	104.6
Item 44: Amount provided for Administered Grants, Subsidies and Other Transfer Payments	23.0	-	-	0.5	23.5	0.5
<i>Primary Industries and Regional Development</i>						
Item 45: Delivery of Services	218.8	-	-	33.4	252.2	9.0
<i>Mines, Industry Regulation and Safety</i>						
Item 47: Delivery of Services	143.0	-	-	16.3	159.2	16.3
Item 48: Amount provided for Administered Grants, Subsidies and Other Transfer Payments	112.7	-	-	21.8	134.5	21.8
<i>Infrastructure WA</i>						
Item 53: Delivery of Services	4.7	-	-	0.1	4.8	0.1
<i>WA Health</i>						
Item 54: Delivery of Services	5,183.1	-0.1	-	377.6	5,560.6	281.9
<i>Health and Disability Services Complaints Office</i>						
Item 59: Delivery of Services	2.6	0.1	-	-	2.6	-
<i>Education</i>						
Item 60: Delivery of Services	4,255.5	-	-	48.2	4,303.7	48.2
Item 61: Amount provided for Administered Grants, Subsidies and Other Transfer Payments	450.0	-	-	10.8	460.8	10.8
<i>Western Australia Police Force</i>						
Item 63: Delivery of Services	1,417.6	-	-	49.6	1,467.2	49.6

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

Table 7.5 (cont.)

TRANSFERS, EXCESSES AND NEW ITEMS
For the Twelve Months to 30 June 2021

	Treasurer's Advance					Draw n against Treasurer's Advance to date \$m
	Budget \$m	Transfers ^(a) \$m	New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
<i>Justice</i>						
Item 64: Delivery of Services	1,305.7	1.4	-	62.6	1,369.6	62.6
<i>Fire and Emergency Services</i>						
Item 65: Delivery of Services	67.5	-	-	26.7	94.3	26.7
<i>Office of the Director of Public Prosecutions</i>						
Item 67: Delivery of Services	39.4	-	-	0.5	39.9	0.1
<i>Communities</i>						
Item 72: Delivery of Services	1,830.4	22.2	-	14.7	1,867.3	14.3
<i>Local Government, Sport and Cultural Industries</i>						
Item 73: Delivery of Services	151.6	-	-	125.5	277.1	125.5
Item 74: Amount provided for Administered Grants, Subsidies and Other Transfer Payments	35.8	-	-	28.7	64.5	28.7
Item 78: Perth Theatre Trust	12.7	-	-	- ^(b)	12.8	- ^(b)
<i>Transport</i>						
Item 81: Delivery of Services	96.8	-	-	10.3	107.1	10.3
<i>Biodiversity, Conservation and Attractions</i>						
Item 85: Delivery of Services	265.6	-	-	6.2	271.8	6.2
Total Recurrent		-	-	1,039.7		870.2
Capital Appropriations						
<i>Western Australian Electoral Commission</i>						
Item 98 : Capital Appropriation	0.0	-	-	0.9	0.9	0.9
<i>Mines, Industry Regulation and Safety</i>						
Item 120 : Capital Appropriation	1.9	-	-	1.6	3.5	1.6
<i>WA Health</i>						
Item 123 : Capital Appropriation	238.9	-	-	11.8	250.7	11.8
<i>Justice</i>						
Item 129 : Capital Appropriation	68.4	-	-	11.7	80.1	11.7
<i>Fire and Emergency Services</i>						
Item 130 : Capital Appropriation	2.5	-	-	- ^(b)	2.5	- ^(b)
<i>Local Government, Sport and Cultural Industries</i>						
Item 137 : Art Gallery of Western Australia	0.2	-	-	1.5	1.7	1.5
<i>Western Australian Sports Centre Trust</i>						
Item 139 : Capital Appropriation	17.9	-	-	7.8	25.8	7.8
<i>Commissioner of Main Roads</i>						
Item 141 : Capital Appropriation	10.4	-	-	62.0	72.4	62.0
<i>Bunbury Water Corporation</i>						
New Item : Capital Community Service Obligation Appropriation	-	-	11.9	-	11.9	11.9
Total Capital		-	11.9	97.4		109.3
TOTAL						979.5

(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 2020-21, appropriation transfers included:

- \$60 million transferred from Treasury to the Department of the Premier and Cabinet for the first cash payment to the Noongar Boodja Trust, as part of the South West Native Title Agreement;
- \$22.2 million from the appropriation for the Voluntary Targeted Separation Scheme (VTSS, provisionally allocated to Treasury) to the Department of Communities, as a result of the State's ongoing transition to the Commonwealth-run National Disability Insurance Scheme, and organisational reforms within the Department's back-office functions as part of ongoing Machinery of Government changes;
- \$1.4 million from the Commissioner for Equal Opportunity for the transition of the Commission from a stand-alone agency to be part of Department of Justice, from 1 December 2020; and
- \$0.1 million from WA Health to the Health and Disability Services Complaints Office, for additional complaints management costs relating to the implementation of the voluntary assisted dying legislation passed by Parliament during the last Parliamentary term.

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 2021.

Premier and Cabinet

Item 5: **Delivery of Services** (\$26.8 million), reflecting funding for:

- COVID-19 related issues including pandemic communications campaigns and support (\$6.3 million) and the 2021 Hotel Quarantine Review (\$101,000);
- funding for costs associated with the State election, largely reflecting termination payments made to Ministerial and Parliamentary Officers following the election (\$5.8 million);
- community assistance, including relief funding and grants provided in response to the Wooroloo Bushfire and Cyclone Seroja (\$4.5 million), increased funding for Telethon (\$2.5 million), a grant provided for the Indian Community Centre (\$1.5 million) and additional funding for Celebrate WA to allow for 2021 WA Day celebrations to occur in a COVID-safe manner (\$500,000);

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- administrative support provided by the Department to the Perth Casino Royal Commission (\$3.7 million);
- Aboriginal engagement and Native Title matters, including the Tjiwarl Native Title Compensation resourcing response (\$350,000), the inaugural Yajilarra dialogues (\$750,000) and for the Closing the Gap Aboriginal Community Controlled Organisation Consortium (\$190,000); and
- other issues including the establishment of the Independent Project Management Office for the Housing Taskforce (\$200,000) and increased cyber security testing capability within government (\$170,000).

Governor's Establishment

Item 8: **Delivery of Services** (\$0.2 million), which includes \$266,000 for an external security contractor following recommendations of the Western Australia Police Force after a break-in at Government House, and \$127,000 to fund a shortfall in venue hire revenue. These increases were partially offset by lower depreciation costs (\$179,000).

Western Australian Electoral Commission

Item 9: **Delivery of Services** (\$5 million), an additional \$5.4 million was spent in 2020-21 to conduct the State election, mainly reflecting costs associated with the implementation of COVID-19 pandemic safety measures (such as additional casual staff employed in polling places, early voting and processing centres (\$3.5 million), increased use of postal voting (\$765,000) and additional leasing costs for early voting centres (\$600,000)). These increases were partially offset by lower costs (\$359,000) following delays in the passage of legislation to implement disclosure of political donations.

Item 98: **Capital Appropriation** (\$0.9 million), an additional \$870,000 was spent in 2020-21 for the procurement of laptop computers for the additional staff required to operate early voting centres to conduct the State election.

Treasury

Item 16: **Bunbury Water Corporation** (\$0.1 million), reflecting an operating subsidy of \$60,000 required to meet higher than expected customer rebates incurred in 2020-21. Outcomes for these rebates are not known with certainty until final accounts for the financial year become available after 30 June each year.

Item 22: **Regional Power Corporation (Horizon Power)** (\$6.9 million), provided for the WA Small Business and Charity Tariff Offset, other social concession subsidies affected by COVID-related pressures and demand-driven revisions to Horizon's Tariff Adjustment Payment subsidy.

Item 24: **Water Corporation of Western Australia** (\$1.7 million), for subsidised costs provided by the Corporation in 2019-20 (mainly higher than expected customer concessions).

Item 35: **Refund of Past Years Revenue Collections – Public Corporations** (\$5 million), for higher than expected refunds of overpayments of National Tax Equivalent Regime collections for the Western Australian Land Authority (DevelopmentWA), Horizon Power, Southern Ports Authority and the Water Corporation.

Finance

Item 42: **Amount Provided for Administered Grants, Subsidies and Other Transfer Payments** (\$56 million), reflecting increased funding for the Commonwealth HomeBuilder grants (\$72.3 million), \$600 household electricity credit for customers of private sector retailers (\$13.7 million) and refunds of overpaid payroll tax (\$4.2 million), partially offset by reduced funding for a number of grants paid to external and local government parties (\$34.2 million). Of the approved excess, only \$7.4 million was drawn, primarily reflecting lower than estimated HomeBuilder grant payments.

Jobs, Tourism, Science and Innovation

Item 43: **Delivery of Services** (\$104.6 million), largely reflecting the earlier than expected payment of the grant component of the State's contribution towards the Edith Cowan University inner-city campus project as part of the Perth City Deal (\$100 million). Funding was also provided towards the cost of representing the State's interests in a number of matters that have been brought by Mr Clive Palmer and related entities in relation to the *Iron Ore Processing (Mineralogy Pty Ltd) Agreement Amendment Act 2020* (\$3.1 million) and towards the cost of the Call Centre and Back Office Processing Scheme (\$2.4 million). These increases were partially offset by a change to the timing of spending of tourism initiatives (\$1.2 million) and science grants (\$419,000).

Item 44: **Amount Provided for Administered Grants, Subsidies and Other Transfer Payments** (\$0.5 million), for election commitments as part of the Government's small grants commitment.

Primary Industries and Regional Development

Item 45: **Delivery of Services** (\$33.4 million), reflecting funding for biosecurity incidents and emergency management responses impacting the agricultural industry sector (\$11.5 million), compensation payments to commercial fishers following the establishment of the Ngari Capes Marine Park (\$1.3 million), the Government's election commitments for small grants and Carnarvon Flood Support (\$16.3 million), costs in implementing the Carbon Faming and Land Restoration Program (\$798,000), and the earlier completion timeframe for the Margaret River Main Street Redevelopment under the WA Recovery Plan (\$3.1 million). Funding was also provided to meet cost sharing obligations under the National Environmental Biosecurity Response Agreement (\$2.3 million), increased expenditure on electricity, water and building maintenance costs (\$4.8 million) and to meet costs as a result of the deferral of own-source revenue relating to the Managed Fisheries Access Fees as part of the COVID-19 relief package (\$8.1 million). These increases were partially offset by adjustments to depreciation and amortisation expenditure (\$11.3 million) and the return of funds for the WA Recovery Plan - Regional Infrastructure Renewal Project (\$3.5 million).

Of the approved excess, only \$9 million was drawn due to underspends in program expenditure, predominantly as a result of COVID-19 and the increased timeframes for implementation of governance arrangements for the small grants election commitments, and the receipt of the Managed Fisheries Access Fees in advance of the 2021-22 financial year.

Mines, Industry Regulation and Safety

Item 47: **Delivery of Services** (\$16.3 million), reflecting additional funding to commence a number of ICT related initiatives, the impact of lower industry revenue, increased costs relating to the administration of the Residential Rent Relief Grant Scheme and to support the litigated response to the Tjiwarl Native Title Compensation claim. These expenses were marginally offset by lower Government Office Accommodation costs.

Item 48: **Amount Provided for Administered Grants, Subsidies and Other Transfer Payments** (\$21.8 million), mainly due to increased royalty rebates for mining sector financial assistance programs, partially offset by lower than expected Residential Rent Relief Grants Scheme expenditure and reductions in other royalty rebates.

Item 120: **Capital Appropriation** (\$1.6 million), due to a recashflow of expenditure relating to the Kalgoorlie Core Library Expansion project.

Infrastructure WA

Item 53: **Delivery of Services** (\$0.1 million), to meet higher office accommodation expenses (\$64,000).

WA Health

Item 54: **Delivery of Services** (\$377.6 million), primarily relating to COVID-19 expenditure on hotel quarantine and repatriation measures, implementation of the vaccine program, additional consumption of personal protective equipment, Public Health Emergency Operation Centre and State Health Incident Coordination Centre operations and additional pathology costs (\$298.1 million), and additional State funding to offset lower Commonwealth funding under the National Health Reform Agreement (\$79.7 million). Of the approved excess, only \$281.9 million was drawn down as WA Health was able to fund some of these additional costs from its cash reserves.

Item 123: **Capital Appropriation** (\$11.8 million), primarily for the purchase of medical equipment, warehousing costs and minor emergency capital works related to COVID-19 and ongoing preventative and preparedness activities including development of the Safe WA and Vaccinate WA applications.

Education

Item 60: **Delivery of Services** (\$48.2 million), for expenditure associated with COVID-19 school cleaning (\$29.4 million), the 2020-21 impact of revisions to school enrolments (\$16 million), delivery of Government election commitments (\$14.1 million) and increased depreciation expense (\$468,000). This increase was offset by a \$11.8 million lower than expected spending on maintenance works as a result of deferral of expenditure (\$5.1 million), a change in timing of Commonwealth funding (\$5.4 million), an update to the Low Interest Loan Scheme (\$777,000) and revised Government Office Accommodation costs (\$525,000).

Item 61: **Amount Provided for Administered Grants, Subsidies and Other Transfer Payments** (\$10.8 million), reflecting increased per-capita grants to non-government schools due to higher than expected student enrolment numbers in Semester 1, 2021.

Western Australia Police Force

Item 63: **Delivery of Services** (\$49.6 million), primarily due to additional funding for the response to the COVID-19 pandemic (\$36.4 million), and spending on special police operations (\$9 million), including a summer crime and safety operation, the response to the murder of a prominent outlaw motorcycle gang member (Taskforce Ravello), and emergency management activities following Cyclone Seroja.

Justice

Item 64: **Delivery of Services** (\$62.6 million), with funding of \$29 million required to meet custodial services expenditure (primarily relating to staffing costs for the expansion of Casuarina Prison and the new Alcohol and Other Drug unit), \$12 million to address revenue shortfalls in Civil Court fees and collections (partially due to the impact of COVID-19 restrictions), \$6.8 million to meet additional Legal Aid costs for State-indictable matters, expensive cases and related items, the release of administered funds totalling \$6.4 million for operating costs of the Melaleuca Women's Prison, payments totalling \$3.3 million for the use of copyright materials, and the payment of Ex-gratia, Act of Grace and mesothelioma grants, \$2.1 million for priority asset replacement and facility upgrade works at Acacia Prison, \$1.5 million to meet the State Solicitor's Office litigation costs of representing the State's interest including a number of matters that have been brought by Mr Clive Palmer and related entities, and an additional \$1.1 million for Government Office Accommodation costs.

Item 129: **Capital Appropriation** (\$11.7 million), for an equity injection of \$9 million to restore Justice's working cash balance and the release of administered funds totalling \$2.6 million for prior year costs relating to the Melaleuca Women's Prison.

Fire and Emergency Services

Item 65: **Delivery of Services** (\$26.7 million), to meet unbudgeted bushfire suppression costs for significant fire incidents, including those at Nannup, Gingin, Beekeepers, Red Gully and Wooroloo (\$16.4 million), additional support provided to the State Emergency Services volunteers whilst responding to severe weather events (associated primarily with Severe Tropical Cyclone Seroja in the Mid West and Gascoyne Regions (\$8.4 million)) and additional COVID-19 related spending, to enable staff to be seconded to participate on various taskforces and working groups (\$879,000). Funding was also provided for distribution of 19 of the Government's small grant election commitments, largely for the purchase of fire safety and new training equipment (\$241,000), and to offset the loss of Emergency Service Levy revenue, as a result of the reclassification of certain parcels of vacant Crown Land to local governments rather than the State government (\$1.3 million). These costs were partially offset by a reduction in interest charges in 2020-21 (\$500,000).

Item 130: **Capital Appropriation** (\$47,000), for the Government's small grant election commitments to volunteer fire services.

Office of the Director of Public Prosecutions

Item 67: **Delivery of Services** (\$0.5 million), reflecting a reclassification of Asset Investment Program spending to recurrent expense for information and communications technology (ICT) contracts. Of the approved excess, only \$0.1 million was drawn as \$0.4 million with the remainder instead funded internally by the Office.

Communities

Item 72: **Delivery of Services** (\$14.7 million), primarily due to homelessness response (\$5.8 million), to meet the cost of Government small grant election commitments (\$5.1 million), National Disability Insurance Scheme worker screening (\$2.1 million) and the establishment of the National Centre and WA Centre for the Prevention of Child Sexual Abuse (\$1.5 million). Of the approved excess, a total of \$14.3 million was required to be drawn.

Local Government, Sport and Cultural Industries

Item 73: **Delivery of Services** (\$125.5 million), primarily to meet the cost of the Government's election commitment to provide over 460 new and upgraded sport and community infrastructure grants (\$120 million), the Perth Football Club grandstand redevelopment (\$4 million), and a production attraction package for the 'Good Faith' television series (\$3.2 million).

Item 74: **Amount Provided for Administered Grants, Subsidies and Other Transfer Payments** (\$28.7 million), for the establishment of the Small Business Lockdown Assistance grant program (\$15.3 million), to meet an increase in Gambling Tax Rebates to Lotterywest (\$13 million), and the Small Business Cyclone Seroja grants scheme (\$0.4 million).

Item 78: **Perth Theatre Trust** (\$24,000), for costs associated with the management of the Perth Cultural Centre public realm, following the opening of the Western Australian Museum Boola Bardip.

Item 137: **Art Gallery of Western Australia** (\$1.5 million), on alterations and upgrades to the ground floor entry of the Art Gallery of Western Australia.

Transport

Item 81: **Delivery of Services** (\$10.3 million), primarily reflecting changes in funding sources (from capital to recurrent) and additional funding for the Taxi User Subsidy and the METRONET Office.

Biodiversity, Conservation and Attractions

Item 85: **Delivery of Services** (\$6.2 million), mainly to meet increased bushfire suppression expenditure (\$9.5 million) and implement the Government's small grant election commitments (\$1.2 million). These increases were partially offset by savings associated with the deferral of appropriation funding for the Yamatji Nation Southern Regional Agreement (\$2 million) and the Gibson Desert Nature Reserve (\$1.9 million) from 2020-21 to 2021-22, and the transfer of Plan for Our Parks recurrent funding (\$0.6 million) to capital appropriation.

Western Australian Sports Centre Trust

Item 139: **Capital Appropriation** (\$7.8 million), reflecting funding provided for higher principal repayments on the Optus Stadium loan (following an update to current and forecast interest rates), completion of the construction of the Optus Stadium Rooftop Walk Attraction and accessible lift, and the rectification of mechanical services defects in food and beverage outlets at Optus Stadium.

Commissioner of Main Roads

Item 141: **Capital Appropriation** (\$62 million), to meet the State contribution towards the 2020-21 Commonwealth Budget Stimulus Package for roads infrastructure projects.

Bunbury Water Corporation

New Item: **Capital Community Service Obligation Appropriation** (\$11.9 million), to provide for the Bunbury Water Resource Recovery Scheme Project, approved as part of the WA Recovery Plan.

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General Government Sector Salaries

Introduction

Salaries represent the single largest component of general government sector expenses (39% in 2020-21, or 43% if concurrent superannuation costs are also included).

At \$13.5 billion, annual growth in general government salaries expenditure was 4.5% in 2020-21. This includes increases in workforce numbers (particularly in the key service delivery agencies), as well as increases in wage rates under industrial agreements. Increased staffing levels over the last year include the impact of the Health and Police response to COVID-19, additional police and education assistants, additional cleaning staff as a result of the pandemic, and an increase in custodial staff in the justice system.

The following table summarises 2020-21 salaries outcomes for general government agencies.

Table 8.1

SALARIES COSTS

General Government Sector

	2019-20	2020-21				Actual \$m (5)	Variation on EOT \$m (5) - (4)	Annual Growth %
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	PFPS Revision \$m (3)	Estimated Outturn \$m (4)			
WA Health	4,812	4,849	4,890	4,905	5,030	5,101	71	6.0
Education	3,591	3,636	3,660	3,660	3,771	3,732	-39	3.9
Western Australia Police Force	970	978	984	984	1,010	1,012	2	4.3
Justice	720	698	700	731	731	765	34	6.2
Communities	582	553	554	554	575	564	-11	-3.1
Fire and Emergency Services	201	196	197	197	203	203	-1	0.6
Biodiversity, Conservation and Attractions	192	190	191	191	193	196	3	2.0
Primary Industries and Regional Development	178	178	180	180	178	181	3	1.8
Mines, Industry Regulation and Safety	170	160	161	162	171	171	-(a)	0.4
Transport	129	139	141	141	142	135	-7	4.5
North Metropolitan TAFE	114	117	120	120	120	117	-3	3.0
South Metropolitan TAFE	111	111	116	116	116	116	-(a)	4.8
Finance	97	107	109	109	107	108	1	10.8
Premier and Cabinet	84	83	85	85	87	93	7	11.4
Water and Environmental Regulation	93	92	94	95	91	90	-(a)	-3.3
Local Government, Sport and Cultural Industries	86	89	91	91	88	88	-1	2.6
Planning, Lands and Heritage	85	86	89	89	86	87	1	3.3
Commissioner of Main Roads	59	61	61	61	61	68	7	14.3
Land Information Authority (Landgate)	50	52	52	52	49	48	-1	-4.2
Training and Workforce Development	43	46	47	47	47	45	-2	4.2
WA Sports Centre Trust	45	41	39	39	39	42	2	-8.2
South Regional TAFE	37	36	38	38	38	41	2	10.6
Jobs, Tourism, Science and Innovation	37	37	40	39	39	40	1	8.1
Mental Health Commission	37	37	37	37	39	39	-(a)	5.6
Office of the Director of Public Prosecutions	33	34	34	34	36	36	-(a)	8.8
Central Regional TAFE	34	33	34	34	34	36	1	5.8
Legal Aid Commission of WA	33	37	38	38	38	35	-3	6.9
North Regional TAFE	32	35	37	37	37	32	-5	-0.2
Treasury	31	32	32	32	32	32	-(a)	1.1
Legislative Assembly	23	24	24	24	25	24	-1	6.0
Office of the Auditor General	17	20	20	20	19	19	-(a)	13.9
Public Sector Commission	16	17	17	17	17	17	-(a)	7.0
Legislative Council	16	17	17	17	18	17	-1	4.6
Corruption and Crime Commission	16	16	16	16	16	16	-(a)	0.9
Chemistry Centre (WA)	14	13	13	13	13	14	-(a)	-1.0
WorkCover WA Authority	13	14	14	14	14	13	-(a)	3.6
Western Australian Electoral Commission	5	12	12	12	11	11	-(a)	113.1
Parliamentary Services Dept	11	11	11	11	11	10	-(a)	-3.2
All other agencies (with salaries costs below \$10 million)	70	75	76	74	74	75	-(a)	6.5
Provisions ^(b)	-	31	39	31	-	-	-	-
Total salaries	12,887	12,997	13,110	13,148	13,407	13,469	61	4.5

(a) Amount is less than \$0.5 million.

(b) The 2020-21 Budget included provisions for salary costs associated with voluntary separations expected to emerge as part of the transition to the Commonwealth-run National Disability Insurance Scheme, and for expected wage costs associated with the response to the COVID-19 pandemic. An additional provision was included in the 2020-21 Mid-year Review, to reflect higher costs for the COVID-19 pandemic response, while provisions were partly reduced in the 2020-21 Pre-election Financial Projections Statement as some of the provisioned COVID-19 spending was transferred to WA Health. These provisions were replaced by agency spending outcomes for 2020-21 in the estimated outturn and final actual.

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

Expense Limit Outcomes

Introduction

In headline terms, general government expenses increased by 12.5% in 2020-21, which included temporary spending for COVID-19 pandemic response and preparedness. The Government's underlying spending management is delivered through the control of approved expense limits that are approved through annual Resource Agreements for appropriation-funded agencies.

The following table summarises expense limit outcomes for agencies with Resource Agreements for the 2020-21 year.

Table 9.1

TOTAL COST OF SERVICES
Agency Resource Agreements

	2020-21					Variation on EOT \$m (2) - (1)
	Budget Estimate	MYR Revision	PFPS Revision	Estimated Outturn	Actual	
	\$m	\$m	\$m	\$m (1)	\$m (2)	
WA Health ^(a)	9,649	9,848	9,979	10,225	10,227	2
Education	5,467	5,504	5,503	5,600	5,603	3
Communities	3,213	3,242	3,267 ^(c)	3,191	3,314 ^(d)	123
Public Transport Authority	1,799	1,835	1,835	1,719	1,733	15
Justice ^(a)	1,692	1,701	1,732	1,794	1,814	21
Western Australia Police Force	1,629	1,634	1,634	1,679	1,679	_(b)
Finance ^(a)	1,485	1,485	1,492	1,378	1,361	-18
Commissioner of Main Roads	1,432	1,313	1,305	1,288	1,375	87
Mental Health Commission	1,013	1,003	1,003	1,003	1,005	1
Training and Workforce Development	724	727	696	629	627	-1
Primary Industries and Regional Development ^(a)	506	494	501	461	472	11
Transport ^(a)	478	496	496	456	439	-17
Fire and Emergency Services	472	476	476	476	479	2
Biodiversity, Conservation and Attractions	425	426	425	422	420	-2
Local Government, Sport and Cultural Industries ^(a)	367	376	377	339	345	6
Jobs, Tourism, Science and Innovation	295	403	409	342	335	-7
Western Australian Mines, Industry Regulation and Safety	287	290	291	297	294	-3
WA Sports Centre Trust	212	199	199	200	218	18
Water and Environmental Regulation	206	200	204	177	183	6
Planning, Lands and Heritage ^(a)	201	205	205	188	179	-10
Premier and Cabinet	166	183	184	180	189	9
Treasury	56	56	56	51	49	-2
Western Australian Planning Commission ^(a)	51	55	55	62	75	13
Office of the Director of Public Prosecutions	50	50	50	53	54	1
Public Sector Commission	27	27	27	27	28	_(b)
Energy Policy WA	22	22	22	18	18	_(b)
Economic Regulation Authority	17	17	17	16	16	_(b)
Small Business Development Corporation	16	16	16	15	15	_(b)
Registrar, Western Australian Industrial Relations Commission	12	12	12	12	12	_(b)
National Trust of Australia (WA)	8	8	8	6	7	1
InfrastructureWA	5	6	6	6	6	_(b)
Commissioner for Children and Young People	3	3	3	3	3	_(b)
Health and Disability Services Complaints Office	3	3	3	3	3	_(b)
Heritage Council of WA	2	2	2	2	1	_(b)
Salaries and Allowances Tribunal	1	1	1	1	1	_(b)
Rural Business Development Corporation	1	1	1	_(b)	_(b)	_(b)

(a) Final outturn excludes asset revaluation decrements which are non-cash year-end valuation changes and not directly attributable to recurrent service delivery costs.

(b) Amounts are less than \$0.5 million.

(c) Revised PFPS figure includes \$22.2 million Functional Transfer for Communities Voluntary Targeted Separation Scheme.

(d) To maintain comparability between Resource Agreements in 2020-21 financial year, the elimination of depreciation for ROU Assets has been maintained for Communities

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. Except where a conflict with a current accounting standard arises, the same classifications are applied to the whole-of-government financial data prepared under AASB 1049: *Whole of Government and General Government Sector Financial Reporting*.

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 physical 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).

Defined contribution superannuation plans

Post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit superannuation plans

Post-employment benefit plans other than defined contribution plans.

Derivatives

Financial instruments that are held for trading and 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.

Fair Value

The price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

Categorises into three levels the inputs to valuation techniques used to measure fair value.

- Level 1 inputs: are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs: unobservable inputs for the asset or liability.

Fair value through other comprehensive income

Financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Fair value through profit and loss

Financial assets are classified and measured at fair value through profit unless they are measured at amortised cost or at fair value through other comprehensive income.

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 by the International Monetary Fund in consultation with member countries.

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 Western Australia's Budget, Mid-year Review and Annual Report on State Finances.

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.

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 key financial aggregate is calculated as income from transactions (or revenue) 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 no shares or ownership contribution of capital from a third party 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 or other form of borrowing for the public sector balance sheet (which contribute to the calculation 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, less 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.

Service Concession Arrangement

A service concession arrangement is an arrangement whereby a government or other public sector body contracts with a private operator to develop (or upgrade), operate and maintain infrastructure assets such as roads, bridges, tunnels, airports, energy distribution networks, prisons or hospitals.

Superannuation concurrent cost

The annual current service cost of accruing employees superannuation entitlements.

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 has concurrently funded 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 decades as the majority of 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 Australian 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.

