

GOVERNMENT OF  
WESTERN AUSTRALIA

**2021-22**

# ANNUAL REPORT ON STATE FINANCES

September 2022





**2021-22**

**Annual Report on  
State Finances**

SEPTEMBER 2022

**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](mailto:info@treasury.wa.gov.au)

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# 2021-22

## Annual Report on State Finances

### Table of Contents

<b>FOREWORD</b> .....	<b>i</b>
Statement of Responsibility .....	ii
Opinion of the Auditor General .....	iii
<b>FINANCIAL RESULTS</b> .....	<b>1</b>
Introduction .....	2
Results Compared to Estimated Outturn .....	4
General Government Sector .....	4
<i>Feature Box: General Government Operating Surpluses</i> .....	6
Total Public Sector .....	13
Net Debt .....	19
Financial Targets .....	22
<b>APPENDIX 1: FINANCIAL STATEMENTS</b> .....	<b>27</b>
<b>APPENDIX 2: OPERATING REVENUE</b> .....	<b>169</b>
<b>APPENDIX 3: SPENDING BY CLASSIFICATION OF THE FUNCTIONS OF GOVERNMENT</b> .....	<b>175</b>
<b>APPENDIX 4: COMPARISON OF FINAL OUTCOMES TO ORIGINAL BUDGET FOR THE YEAR ENDING 30 JUNE 2022</b> .....	<b>179</b>
<b>APPENDIX 5: SPECIAL PURPOSE ACCOUNTS</b> .....	<b>205</b>
<b>APPENDIX 6: QUARTERLY FINANCIAL RESULTS – JUNE 2022</b> .....	<b>217</b>
<b>APPENDIX 7: PUBLIC LEDGER</b> .....	<b>227</b>
<b>APPENDIX 8: GENERAL GOVERNMENT SECTOR SALARIES</b> .....	<b>245</b>
<b>APPENDIX 9: EXPENSE LIMIT OUTCOMES</b> .....	<b>247</b>
<b>APPENDIX 10: KEY TECHNICAL TERMS USED IN THE FINANCIAL REPORT</b> .....	<b>249</b>



# Foreword

This *Annual Report on State Finances* (ARSF) provides detail on the State's public sector financial results for 2021-22. It includes disclosure of material differences between these outcomes and estimated outcomes contained in the recent 2022-23 Budget, as well as the original 2021-22 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.

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

- the actual outturn for 2021-22, which is the focus of this report;
- movements relative to the 2021-22 estimated outturn contained in the 2022-23 Budget, released on 12 May 2022;
- movements relative to the 2021-22 Budget estimates, presented to the Legislative Assembly on 9 September 2021 (detailed in Appendix 4);
- material Special Purpose Accounts (Appendix 5);
- quarterly results for June 2022, completing the State's quarterly reporting series for 2021-22 (Appendix 6); and
- the Public Ledger outcomes for the year ending 30 June 2022, 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 2022, and the public sector's financial position at 30 June 2022; 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 COURT  
ACTING UNDER TREASURER



MAGDALENA WITTEK  
MANAGER  
FINANCIAL REPORTING

27 September 2022

# Opinion of the Auditor General



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2022 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 2022, 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 (Appendix 1)
- 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 2022 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 2022 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 believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of Matter

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:

- 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 responsibilities 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.aasb.gov.au/auditors\\_responsibilities/ar3.pdf](https://www.aasb.gov.au/auditors_responsibilities/ar3.pdf).

### **My independence and quality control relating to the report on financial statements**

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **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 2022, but not the financial statements as defined above and my auditor’s report.

My opinion on the financial statements 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. We have nothing to report in this regard.

#### **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 2022 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 the Annual Report on State Finances. If users of the financial statements are concerned with the inherent risks arising from publication on a website, they are advised to contact the Department to confirm the information contained in the website version.



Caroline Spencer  
Auditor General for Western Australia  
Perth, Western Australia  
27 September 2022

**2021-22 Annual Report on State Finances**

# Financial Results

## HIGHLIGHTS

- The general government sector realised an operating surplus of \$6 billion in 2021-22. This record outcome is \$344 million higher than the \$5.7 billion surplus estimated in the recent 2022-23 Budget, and reflects the combination of:
  - a \$576 million lower than forecast recurrent expenditure outcome, largely due to COVID-related disruptions and delays; and
  - a \$232 million lower than expected revenue outcome, mainly due to lower than forecast royalty collections and Commonwealth grants.
- The operating surplus provides an important non-debt source of funding for the Asset Investment Program, which totalled \$7.2 billion in 2021-22 (\$201 million higher than estimated in the 2022-23 Budget). This is the highest level of infrastructure spending since 2012-13.
- Total public sector net debt was \$29.2 billion at 30 June 2022, \$743 million lower than expected in the recent Budget. This outcome is \$4.3 billion lower than the level at 30 June 2021, and represents the third consecutive year of declining net debt.
- The State's consistently strong financial outcomes have been recognised by S&P Global Ratings, which upgraded the State's credit rating to triple-A ('stable' outlook) in June 2022.

## Introduction<sup>1</sup>

The following table summarises the key financial outcomes for 2021-22. A slightly stronger general government operating surplus and total public service net debt outcome has been achieved relative to the estimated outturn published in the 2022-23 Budget on 12 May 2022.

<b>KEY BUDGET AGGREGATES</b>					Table 1
Western Australia					
	2020-21	2021-22			Actual
	Actual	Budget Year	MYR Revision	Estimated Actual	
<b>GENERAL GOVERNMENT SECTOR</b>					
<b>Net Operating Balance (\$m)</b>	<b>5,838</b>	<b>2,791</b>	<b>2,446</b>	<b>5,676</b>	<b>6,019</b>
Revenue (\$m)	40,151	38,297	38,071	41,890	41,658
Revenue Growth (%)	24.8	-4.7	-5.2	4.3	3.8
Expenses (\$m)	34,313	35,506	35,625	36,214	35,638
Expense Growth (%)	12.5	2.8	3.8	5.5	3.9
<b>TOTAL PUBLIC SECTOR</b>					
Net Debt at 30 June (\$m)	33,482	32,062	32,621	29,949	29,206
Asset Investment Program (\$m)	5,816	8,021	8,080	6,980	7,181
Cash Surplus/Deficit (\$m)	2,454	1,756	1,209	3,811	4,655

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

<sup>1</sup> This chapter mainly focuses on variations in outcomes between the estimated actual published in the State's 2022-23 Budget and the final outcomes for 2021-22. Comparisons to the original 2021-22 Budget projections (presented to the Legislative Assembly on 9 September 2021) are available in Appendix 4: *Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2022*.

Key economic parameters for 2021-22 are summarised in the following table.

Table 2					
<b>KEY ECONOMIC PARAMETERS</b>					
Western Australia					
	2020-21	2021-22			
	Actual	Budget Year	MYR Revision	Estimated Actual	Actual
<b>Demand and Output (%) <sup>(a)(b)</sup></b>					
Household Consumption	2.7	2.5	2.75	5.0	5.7
Dwelling Investment	2.7	27.25	23.5	12.75	3.0
Business Investment	5.3	9.75	8.5	4.75	-0.3
Government Consumption	6.4	1.75	1.75	3.0	5.7
Government Investment	3.8	17.0	18.0	12.5	12.1
State Final Demand	4.6	5.0	5.0	5.25	4.9
Merchandise Exports	0.5	2.25	1.75	1.75	-2.0
Merchandise Imports	4.6	4.75	3.25	2.5	-1.1
Net Exports <sup>(c)</sup>	1.1	1.25	1.5	1.75	-2.7
Gross State Product <sup>(d)</sup>	2.6	3.5	3.5	3.75	3.75
<b>Labour Market (%)</b>					
Population <sup>(a)(e)</sup>	1.4	0.7	0.8	0.9	0.9
Employment <sup>(a)</sup>	1.8	2.5	3.75	5.0	5.4
Unemployment Rate <sup>(f)</sup>	6.1	4.75	4.25	4.0	3.7
Participation Rate <sup>(f)</sup>	68.0	68.2	68.6	69.2	69.3
<b>Prices (%) <sup>(a)</sup></b>					
Consumer Price Index <sup>(g)</sup>	1.6	1.75	2.5	4.0	5.1
Wage Price Index	1.5	2.25	2.5	2.0	2.2
Perth Median House Price <sup>(h)</sup>	3.7	3.2	6.2	6.2	6.2
<b>Other Key Parameters <sup>(f)</sup></b>					
Exchange Rate \$US/\$A (cents)	74.7	73.8	72.7	73.5	72.6
Iron Ore Price (\$US/t) (CFR)	154.5	121.3	104.9	139.5	138.2
Iron Ore Volumes (million dry tonnes) <sup>(i)</sup>	839	858	847	853	844
Crude Oil Price (\$US/barrel)	54.6	71.0	77.6	88.0	90.3
<b>Interest Rate Assumptions (%) <sup>(f)</sup></b>					
Public Bank Account Earnings	0.5	0.4	0.5	0.6	0.8
Consolidated Account Borrowings	2.4	2.3	2.3	2.3	2.3

(a) Annual growth.

(b) Based on State Final Demand and Balance of Payment data published for the June quarter 2022. Actual data for 2021-22 for Gross State Product is not available until 18 November 2022.

(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 2021-22 is not available until 15 December 2022.

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

(g) 2021-22 actual excludes the electricity sub-index.

(h) 2021-22 actual is not yet available.

(i) 2021-22 actual is based on preliminary data 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

The general government sector recorded an operating surplus of \$6 billion in 2021-22. This is the Government's fourth consecutive surplus and the largest operating surplus recorded by the State. The outturn for 2021-22 was \$344 million higher than the estimated actual in the 2022-23 Budget, reflecting lower than expected expenses (down \$576 million), partly offset by lower than projected revenue (down \$232 million).

Table 3

#### GENERAL GOVERNMENT Operating Statement

	2020-21	2021-22			Actual \$m (4)	Variation on EA \$m (5)=(4)-(3)
	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)		
<b>REVENUE</b>						
Taxation	10,153	10,035	10,943	11,476	11,634	158
Current grants and subsidies	9,421	10,894	11,251	11,835	11,946	112
Capital grants	1,131	2,125	1,882	1,832	1,515	-317
Sales of goods and services	2,821	3,028	3,127	3,058	3,027	-31
Interest income	110	97	106	118	127	10
Revenue from public corporations						
Dividends	1,362	587	589	617	612	-5
Tax equivalent income	956	700	690	686	906	220
Royalty income	12,181	10,145	8,730	11,490	11,091	-399
Other	2,015	688	752	778	799	21
<b>Total</b>	<b>40,151</b>	<b>38,297</b>	<b>38,071</b>	<b>41,890</b>	<b>41,658</b>	<b>-232</b>
<b>EXPENSES</b>						
Salaries	13,469	13,977	13,893	14,097	14,279	182
Superannuation						
Concurrent costs	1,323	1,453	1,448	1,469	1,469	-(a)
Superannuation interest cost	60	89	130	154	75	-79
Other employee costs	422	378	380	342	327	-15
Depreciation and amortisation	1,741	1,839	1,853	1,864	1,846	-18
Services and contracts	2,686	3,006	3,555	3,589	2,877	-712
Other gross operating expenses	5,602	6,142	5,652	6,086	6,337	251
Interest						
Interest on leases	134	132	132	132	133	1
Other interest	654	606	637	635	646	11
Current transfers	7,458	6,576	6,651	6,726	6,662	-65
Capital transfers	763	1,308	1,295	1,121	988	-133
<b>Total</b>	<b>34,313</b>	<b>35,506</b>	<b>35,625</b>	<b>36,214</b>	<b>35,638</b>	<b>-576</b>
<b>NET OPERATING BALANCE</b>	<b>5,838</b>	<b>2,791</b>	<b>2,446</b>	<b>5,676</b>	<b>6,019</b>	<b>344</b>

(a) Amount less than \$0.5 million

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

The following table summarises key changes to the general government sector operating balance for 2021-22 relative to the estimated actual in the 2022-23 Budget. Detail of key movements between the original 2021-22 Budget and the final outcome is available in Appendix 4 of this report.

Table 4

**SUMMARY OF 2021-22 GENERAL GOVERNMENT REVENUE AND EXPENSE  
VARIATIONS SINCE THE 2022-23 BUDGET ESTIMATED ACTUAL**

	\$m
<b>NET OPERATING BALANCE - ESTIMATED ACTUAL (2022-23 Budget)</b>	<b>5,676</b>
<b>Revenue</b>	
Taxation, comprising:	
- Payroll tax	60
- Total duty on transfers	41
- Motor vehicle taxes	29
- All other taxes	28
<i>Sub-Total</i>	<i>158</i>
Commonwealth grants, comprising:	
- North West Shelf/condensate compensation	141
- Transport grants	-162
- Disaster Recovery Funding Arrangements	-99
- HomeBuilder grants	-35
- JobTrainer grants	-21
- All other grants	-31
<i>Sub-Total</i>	<i>-206</i>
Revenue from public corporations	215
Royalty income, comprising:	
- Iron ore royalties	-373
- All other royalty income	-26
<i>Sub-Total</i>	<i>-399</i>
All other revenue	- (a)
<b>TOTAL REVENUE</b>	<b>-232</b>
<b>Expenses</b>	
Future payment obligation for the National Redress Scheme	473
Education	64
Finance (Rapid Antigen Tests)	59
Western Australian Sports Centre Trust (VenuesWest)	28
Offset by	
- Communities	-173
- Disaster recovery grants	-162
- WA Health	-144
- Jobs, Tourism, Science and Innovation	-128
- Building Bonus, HomeBuilder, tax refunds and other costs administered by Finance	-110
- Local Government, Sport and Cultural Industries	-106
- Small business assistance grants	-80
- Superannuation interest costs	-79
- Transport	-61
- Primary Industries and Regional Development	-51
- Water and Environmental Regulation	-39
- Western Australia Police Force	-30
- Main Roads	-23
All other expenses	-13
<b>TOTAL EXPENSES</b>	<b>-576</b>
<b>TOTAL VARIANCE</b>	<b>344</b>
<b>NET OPERATING BALANCE - 2021-22 ANNUAL REPORT ON STATE FINANCES</b>	<b>6,019</b>

(a) Amount less than \$0.5 million

Note: Column may not add due to rounding.

## GENERAL GOVERNMENT OPERATING SURPLUSES

General government operating surpluses arise when revenue (or income) exceeds expenses (or recurrent spending). An operating surplus is an important indicator of financial sustainability – a surplus indicates that current income is adequate to meet day-to-day running costs. In general terms, an operating surplus provides an important non-debt source of funding for the State’s Asset Investment Program (AIP).

The general government sector returned to an operating surplus position in 2018-19, the first such surplus outcome since 2013-14. This has provided the Government with the financial flexibility to deal with the cost of COVID response and recovery initiatives.

In addition, the achievement of record operating surplus outcomes of \$5.8 billion and \$6 billion in 2020-21 and 2021-22 respectively have also enabled the Government to provide cost of living assistance to Western Australian households (including two electricity credits), set aside funds for the delivery of current and future infrastructure and service delivery priorities, and to pay down State borrowings held by the Consolidated Account.

The following table summarises the key allocations from the higher operating surplus outcomes for 2020-21 and 2021-22.

Table 5

### APPLICATION OF GENERAL GOVERNMENT SURPLUSES 2020-21 and 2021-22

	2020-21	2021-22	Total
	\$m	\$m	\$m
Cost of living assistance:			
Household Electricity Credits	644	445	1,090
Funding set aside for priority spending initiatives:			
New Women and Babies Hospital	1,787	-	1,787
Climate Action Fund	750	500	1,250
Digital Capability Fund	500	400	900
Social Housing Investment Fund	750	-	750
Westport Fund (enabling works)	400	-	400
Remote Communities Fund	-	350	350
Redress Scheme	-	185	185
Investment Attraction Fund	-	80	80
2021-22 dividends - retained for future infrastructure investment	-	2,373	2,373
Debt repayment:			
2021-22 Insurance Commission of Western Australia and Western Australian Treasury Corporation dividends - applied to debt retirement	-	589	589
Other debt repayment	-	1,200	1,200
<b>Total allocation</b>	<b>4,831</b>	<b>6,122</b>	<b>10,953</b>

## Revenue

General government revenue in 2021-22 was \$41.7 billion, \$232 million lower than the estimated actual in the 2022-23 Budget. The lower outcome mainly reflects the net impact of:

- lower royalty income (down \$399 million), primarily due to lower iron ore royalties (down \$373 million), largely reflecting lower iron ore prices (which averaged \$US138.2 per tonne through the year compared to the 2022-23 Budget assumption of \$US139.5) and volumes (844 million dry tonnes in 2021-22 compared to a forecast 853 million tonnes in the 2022-23 Budget);
- lower grants from the Commonwealth (down \$206 million), mainly due to the combined impact of:
  - lower transport-related grants (down \$162 million), largely reflecting delays in the receipt of funding in line with revised timing of works on Leach Highway and Welshpool Road, Roe Highway – Great Eastern Highway Bypass and Manuwarra Red Dog Highway;
  - higher North West Shelf grants, including Commonwealth compensation for crude oil excise arrangements (up \$141 million), largely due to higher than forecast crude oil and liquefied natural gas prices plus the impact of a lower than forecast \$US/\$A exchange rate;
  - lower natural disaster relief and recovery grants (down \$99 million), reflecting the reflow of yet-to-be processed claims to 2022-23, following slower than expected progress through the Commonwealth’s assurance and audit processes;
  - lower HomeBuilder grant funding (down \$35 million), due to the timing of the Commonwealth’s reimbursement of grants paid by the State in 2021-22 (now expected to be received in 2022-23); and
  - lower JobTrainer Fund grants (down \$21 million), with some funding now expected to be received in 2022-23;
- higher revenue from public corporations (up \$215 million), largely reflecting higher income tax equivalent payments by the Insurance Commission of Western Australia (ICWA, up \$171 million), mainly arising from higher than expected investment returns in 2020-21<sup>2</sup>; and
- higher taxation revenue (up \$158 million), mainly:
  - higher payroll tax (up \$60 million), reflecting stronger than anticipated labour market conditions over the last quarter of the financial year;

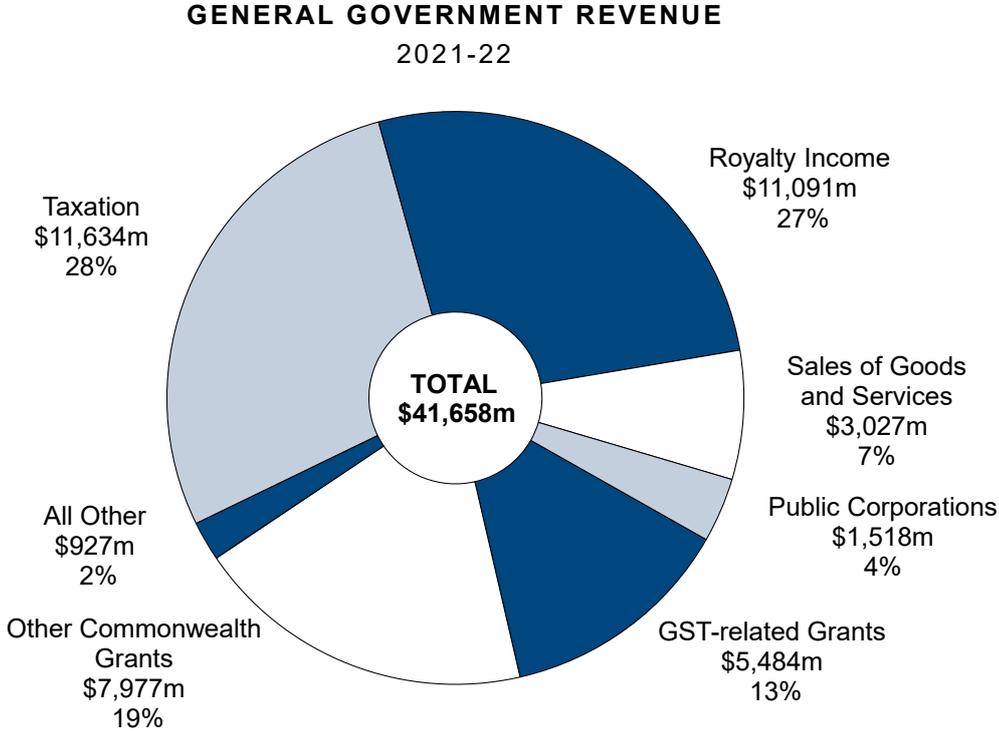
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<sup>2</sup> A large income tax equivalent balancing payment and final dividend was paid to the Consolidated Account in December 2021 that arose from the large investment returns in 2020-21 and the receipt of the Bell Group settlement proceeds. In line with the Government’s 2021-22 Budget decision, ICWA’s 2021-22 dividend has been applied to debt repayment, discussed later this chapter.

- higher total duty on transfers (up \$41 million), underpinned by stronger than expected property market activity in the last quarter of the financial year; and
- higher motor vehicle taxes (up \$29 million), mainly higher vehicle licence duty, primarily reflecting stronger than anticipated price growth for light vehicle purchases over the last quarter of 2021-22.

Relative to 2020-21, total revenue increased by 3.8%, down from the estimated actual of 4.3% in the 2022-23 Budget.

Figure 1



Note: Segments may not add due to rounding.

**Expenses**

General government expenses totalled \$35.6 billion in 2021-22, \$576 million lower than the estimated outturn in the 2022-23 Budget. The lower outcome was mainly driven by tighter labour market conditions and the effects of COVID-19 related delays (with constraints on contractor availability and supply chain disruptions flowing through to service delivery, particularly to the timing of eligible grants payments for third party works). In most cases, affected projects and programs are now expected to be progressed in 2022-23.

Material movements in expenses since the estimated outturn include the net impact of:

- higher expenses for:
  - the first time recognition of the actuarial valuation of the State's payment obligations to the National Redress Scheme for Survivors of Institutional Sexual Abuse (\$473 million)<sup>3</sup>;
  - Education (up \$64 million), mainly due to higher salary costs associated with the Teachers and Administrators General Agreement<sup>4</sup> and higher than estimated depreciation costs, reflecting higher building values to 30 June 2022;
  - Finance (up \$59 million), mainly due to the up-front recognition of the acquisition (and free distribution) of Rapid Antigen Tests (RATs, previously forecast to be recorded over 2021-22 and 2022-23 in the Budget); and
  - Western Australian Sports Centre Trust (VenuesWest), up \$28 million, reflecting higher levels of venue use and increased event hosting opportunities at venues following the easing of COVID-19 restrictions, and increased depreciation costs as a result of a change in accounting measurement of Optus Stadium assets, with this higher expenditure more than offset by higher sales of goods and services; and
- lower expenses for:
  - the Department of Communities (down \$173 million), mainly reflecting COVID-related delays impacting the maintenance work on social housing assets and access to remote communities, and a lower than expected State contribution (\$42 million) to the National Disability Insurance Scheme (NDIS), due to lower than anticipated in-take of NDIS participants during 2021-22;
  - a number of disaster recovery programs (down \$162 million), mainly reflecting delays due to contractor constraints and supply chain issues impacting the timing of milestone payments of eligible grants for third party works;
  - WA Health (down \$144 million), mainly reflecting the lower than expected consumption of its RATs inventory in 2021-22 compared to forecasts;
  - Jobs, Tourism, Science and Innovation programs (down \$128 million), related to the impact on grant payments of contractor constraints and supply chain disruptions, and lower than anticipated take-up of various COVID-related support packages;

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<sup>3</sup> The National Redress Scheme was established in response to the Royal Commission into Institutional Responses to Child Sexual Abuse and commenced in July 2018 with Western Australia joining in January 2019. A reliable estimate for future claims to be paid by the State can now be determined, and the Department of Justice has commissioned an actuarial valuation of the outstanding liabilities for the year ending 30 June 2022. This follows the valuation of related insured civil litigation claims by the Insurance Commission of Western Australia in 2020-21.

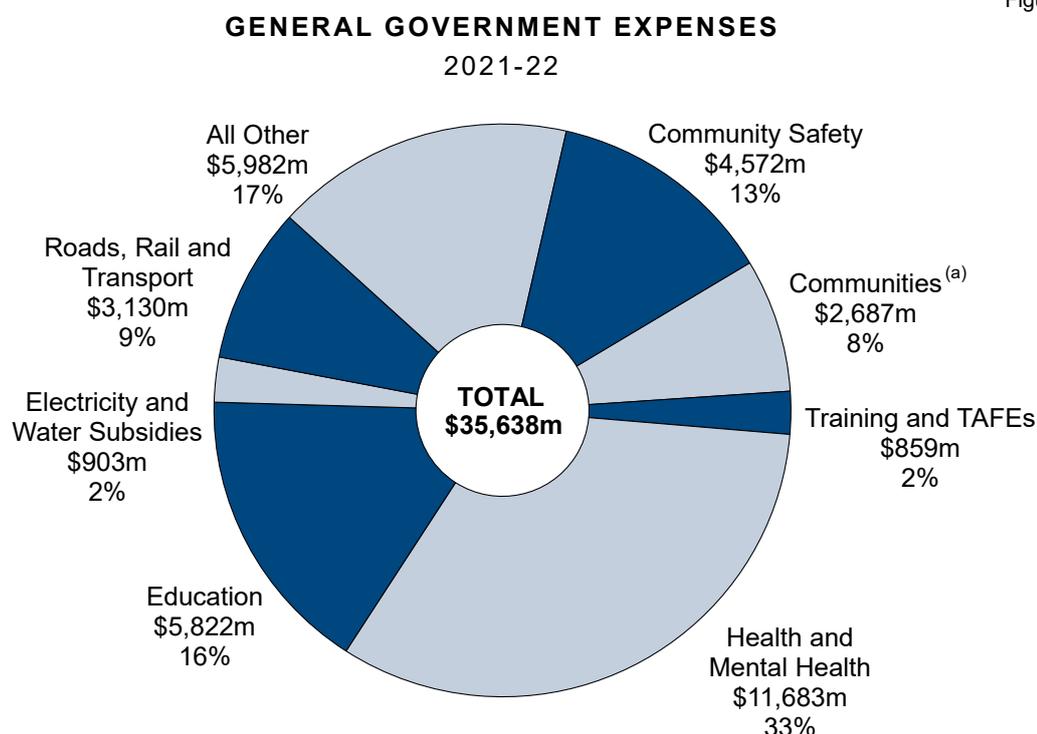
<sup>4</sup> The School Education Act Employees' (Teachers and Administrators) General Agreement 2021 is effective from 6 December 2021.

## 2021-22 Annual Report on State Finances

- slower than expected Building Bonus, HomeBuilder and other payments administered by the Department of Finance (down \$110 million), mainly due to constraints in the residential building sector (which slowed the release of eligible grant funding), and lower than forecast State tax refunds to 30 June 2022;
- Local Government, Sports and Cultural Industries (down \$106 million), mainly reflecting the impact on the timing of eligible grant payments of contractor and materials constraints in the building and construction industry, the State's tight labour market, and slower than expected payment of Lotteries Commission gambling tax rebates;
- small business support payments (down \$80 million), with a surge in late applications resulting in the processing of payments beyond 30 June 2022;
- lower than forecast superannuation interest costs (down \$79 million), mainly reflecting the impact of the downward valuation of the State's unfunded scheme liabilities;
- Transport (down \$61 million), related to lower employee costs as a result of tight labour market conditions, and spending delays related to contractor and materials constraints;
- Primary Industries and Regional Development (down \$51 million), mainly due to timing delays for a range of projects, including programs funded by Royalties for Regions;
- Water and Environmental Regulation (down \$39 million), primarily driven by deferred grant expenditure due to contractor and materials constraints impacting third party works;
- Western Australia Police Force (down \$30 million), mainly reflecting lower than expected employee numbers and delays in spending on a number of grant programs; and
- Main Roads (down \$23 million), mainly due to delays in works to upgrade the Outback Way and Abernethy Road.

Expenses grew by 3.9% over the year to 30 June 2022, down from the 5.5% forecast in the 2022-23 Budget.

Figure 2



(a) The \$2.7 billion for Communities in this chart represents the general government portion of the Department's recurrent spending (with some expenditure from the former Housing Authority remaining within the public non-financial corporations sector for the purpose of whole-of-government reporting).

Note: Segments may not add due to rounding.

## Balance Sheet

The net worth<sup>5</sup> of the general government sector (i.e. the value of total assets less total liabilities) increased by \$19.4 billion between 30 June 2021 and 30 June 2022, to stand at \$132 billion. This is \$7.6 billion higher than estimated at the time of the 2022-23 Budget, mainly reflecting the net impact of:

- a stronger net asset position for the general government sector's ownership interest in the public non-financial corporations sector (up \$5.4 billion), primarily reflecting an increase in the value of land, water system assets, and electricity distribution infrastructure based on year-end valuations;
- the impact of year-end valuations for general government sector land holdings (up \$1.1 billion);
- higher holdings of property, plant and equipment (up \$857 million), including higher road infrastructure asset values, net lower building values across a range of agencies, and the reclassification of the Western Australian Museum (Boola Bardip) to a building asset;

<sup>5</sup> Net worth represents the difference between total assets and total liabilities. Net worth of the total public sector is equivalent to general government sector net worth. This is because the net worth of the public corporations sectors is recorded as an asset on the general government sector balance sheet.

## 2021-22 Annual Report on State Finances

- lower cash holdings (down \$1.4 billion), mainly due to the cash from retained 2021-22 dividends for public non-financial corporations being banked externally by most of these agencies (rather than the Budget assumption that these funds would be held in the Public Bank Account). This movement in cash holdings corresponds with a reduction in the liability for deposits held (down \$1.7 billion);
- higher than expected receivables (up \$444 million), mainly reflecting taxation assessments issued but not yet received, and the timing of mining royalty receipts; and
- movements in 'other' liabilities, largely reflecting a provision for future payment obligations under the National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse Account (\$473 million).

Further information on the general government sector balance sheet position relative to the original 2021-22 Budget forecasts can be found in *Appendix 4: Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2022*.

### Cash Flow Statement

A cash surplus of \$5.2 billion was recorded for the general government sector in 2021-22. This is the third consecutive cash surplus for the general government sector and an increase of \$2.6 billion over the 2020-21 result. This outcome is \$331 million higher than the estimated outturn in the 2022-23 Budget and reflects the combined impact of:

- higher net operating cash flows (up \$554 million), with a \$1 billion decrease in operating payments partly offset by a \$429 million decrease in operating receipts, largely reflecting the impact on cash of the stronger than expected operating surplus discussed earlier; and
- higher infrastructure payments (up \$152 million, see Asset Investment section later this chapter) and lower proceeds from the disposal of non-financial assets (down \$71 million).

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

### Summary

The total public sector recorded a \$6.4 billion operating surplus for 2021-22, which is \$467 million higher than the estimated outturn in the 2022-23 Budget.

The cash impact of the stronger operating surplus contributed to a lower than expected net debt outcome of \$29.2 billion at 30 June 2022 (down \$743 million from the estimate in the Budget). This is \$4.3 billion lower than the level of net debt at 30 June 2021 and is the third consecutive year of decline in net debt following over a decade of uninterrupted growth.

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

Table 6

<b>TOTAL PUBLIC SECTOR</b>						
Summary Financial Aggregates						
	2020-21	2021-22			Actual \$m (4)	Variation on EA \$m (5)=(4)-(3)
	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)		
<b>OPERATING STATEMENT</b>						
Revenue	76,545	72,617	74,397	76,648	73,776	-2,871
Expenses	71,008	69,255	71,707	70,696	67,357	-3,339
<b>Net Operating Balance</b>	<b>5,537</b>	<b>3,361</b>	<b>2,689</b>	<b>5,952</b>	<b>6,419</b>	<b>467</b>
<b>BALANCE SHEET</b>						
Assets	207,738	212,672	209,910	214,776	218,280	3,504
Liabilities	95,156	97,179	92,377	90,421	86,296	-4,125
<b>Net Worth</b>	<b>112,582</b>	<b>115,493</b>	<b>117,532</b>	<b>124,355</b>	<b>131,984</b>	<b>7,629</b>
<b>CASH FLOW STATEMENT</b>						
Change in net cash held	1,607	2,553	1,065	2,451	2,750	299
Cash surplus/-deficit	2,454	1,756	1,209	3,811	4,655	844
<b>Memorandum Item: Net Debt</b>	<b>33,482</b>	<b>32,062</b>	<b>32,621</b>	<b>29,949</b>	<b>29,206</b>	<b>-743</b>

Note: Columns may not add due to rounding.

### Operating Statement

The total public sector recorded a \$6.4 billion operating surplus in 2021-22. This result reflects improvements in the outcome of the general government sector (up \$344 million as outlined earlier in this chapter), a higher surplus in the public financial corporations (PFC) sector (up \$279 million) and a \$147 million lower than expected outcome in the public non-financial corporations (PNFC) sector.

<sup>6</sup> The total public sector consolidates the general government, public non-financial corporations and public financial corporations sectors. The total public sector is also known as the whole-of-government. Detailed financial disclosures for each of these sectors are contained in Appendix 1: *Financial Statements*.

**TOTAL PUBLIC SECTOR OPERATING BALANCE**  
By Sector

	2020-21	2021-22				Variation on EA \$m (5)=(4)-(3)
	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)	Actual \$m (4)	
<b>Net Operating Balance</b>						
General government sector	5,838	2,791	2,446	5,676	6,019	344
Public non-financial corporations sector	780	1,146	823	861	714	-147
Public financial corporations sector	434	130	129	158	437	279
<i>less</i>						
General government dividend revenue	1,362	587	589	617	612	-5
Public non-financial corporations dividend revenue <sup>(a)</sup>	156	121	121	129	142	13
Agency depreciation costs on right of use assets leased from other government sectors <sup>(b)</sup>	-3	-2	-2	-2	-3	-
<b>Total public sector net operating balance</b>	<b>5,537</b>	<b>3,361</b>	<b>2,689</b>	<b>5,952</b>	<b>6,419</b>	<b>467</b>

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

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

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

### Public Non-Financial Corporations

The PNFC sector recorded a \$714 million operating surplus in 2021-22, \$147 million lower than the \$861 million surplus estimated in the 2022-23 Budget. This variance is largely due to:

- higher than expected depreciation expense (up \$364 million), mainly as a consequence of upward valuations of electricity distribution infrastructure assets;
- higher revenue (up \$243 million) and expenses (up \$62 million) for Synergy, largely driven by:
  - an increase in franchise revenue<sup>7</sup> and associated expenses, primarily driven by the impact on customer demand from warmer summer and colder winter conditions in 2021-22;
  - an increase in contestable revenue<sup>8</sup> and associated expenses, due to favourable re-contracting rates, the acquisition of new customers, and increased customer consumption;

<sup>7</sup> Revenue from non-contestable electricity customers, primarily residential and small business customers.

<sup>8</sup> Revenue from customers that use more than 50MWh per year and can choose which retailer supplies their electricity.

- an increase in ICT-related expenses following the reclassification of spending on a number of projects from capital to recurrent expenditure (consistent with revised reporting standards); and
- a net \$46 million stronger outcome for Racing and Wagering Western Australia, primarily reflecting the impact of higher than expected betting turnover and associated Racing Bets Levy and Betting Tax collections, largely due to continued buoyant State and national wagering market activity.

### **Public Financial Corporations**

An operating surplus of \$437 million was recorded for the PFC sector in 2021-22, \$279 million higher than estimated in the 2022-23 Budget. This mainly reflects:

- a higher operating outcome for the Insurance Commission of Western Australia (ICWA), due mainly to higher investment income (up \$67 million) reflecting better than forecast dividends received in ICWA's investment portfolio. At the same time, claims expenses were lower (down \$294 million, based on the Commission's year-end actuarial valuation)<sup>9</sup>, largely driven by the significant increase in the discount rate used in valuing claims liabilities (reflecting bond market movements in the second half of 2021-22), which resulted in a lower future claims cost valuation; and
- higher than budgeted claims expenses were recorded by the RiskCover Fund (up \$118 million), mainly in the workers' compensation, medical treatment and general liability classes of insurance. This was partially offset by higher premium revenue (up \$53 million).

### **Asset Investment**

The Asset Investment Program (AIP), which represents the State's investment in land and infrastructure, totalled \$7.2 billion in 2021-22, \$201 million higher than estimated in the 2022-23 Budget.

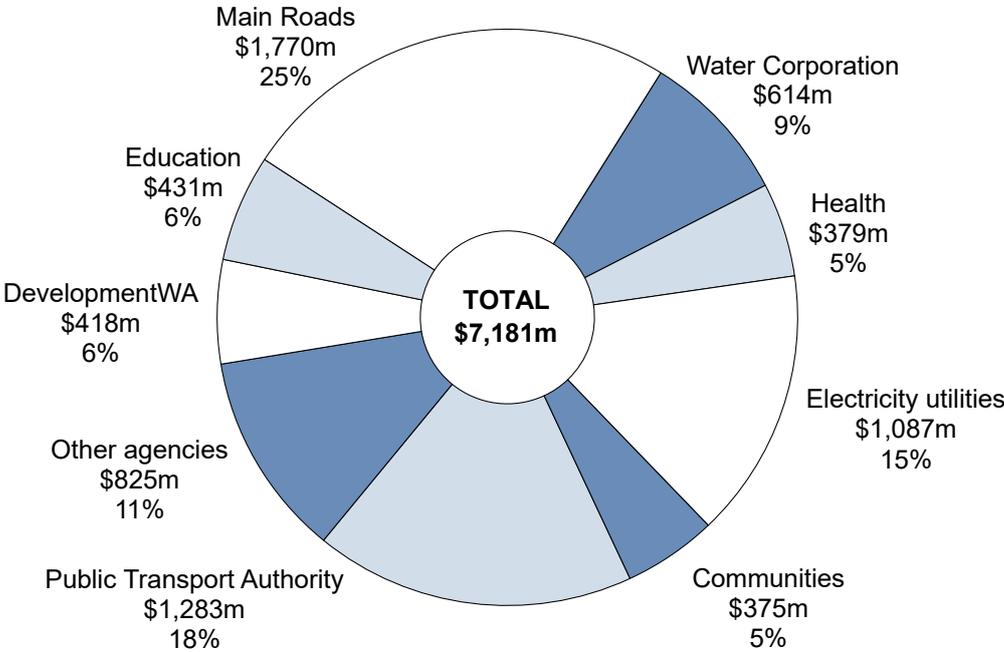
The majority areas of this investment in 2021-22 was for road, rail and transport infrastructure (\$3.1 billion), electricity and water infrastructure (\$1.7 billion), and education and health projects (\$810 million).

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<sup>9</sup> Including investment valuations and other items that do not impact revenue and expense from transactions discussed above, the Commission's 2021-22 investment returns and net profit were lower than estimated in the 2022-23 Budget.

Figure 3

**2021-22 ASSET INVESTMENT PROGRAM**  
Total Public Sector



Note: Segments may not add due to rounding.

The higher than expected infrastructure outcome mainly reflects the combined impact of:

- Main Roads (up \$137 million), primarily related to increased expenditure on the Roe Highway Bypass and the Tonkin Highway Corridor Upgrades, including the impact of current market conditions on steel and concrete costs;
- WA Health (down \$106 million), mainly due to the timing of invoices, and the impact of construction market challenges and tight labour market conditions on key initiatives such as the Modular Beds project, Human Resource Management Information System and Medical Equipment and Imaging Replacement Program;
- the Public Transport Authority (down \$98 million), reflecting the scheduling of the Victoria Park-Canning Level Crossing Removal and other works;
- the Water Corporation (down \$67 million), largely due to tighter resource availability and supply chain disruptions which caused delays on projects. Supply chain issues have delayed acquisition of materials and fleet vehicles while the COVID pandemic has impacted site access and labour availability for business-as-usual asset renewals and remote community projects;

- the Western Australian Sports Centre Trust (down \$46 million), largely due to the delay of the Optus Stadium Building Cost Finalisation Settlement. Delays to a number of other projects have also emerged, mainly as a result of the high level of activity in the construction sector. This includes delays to the General Capital Upgrades and Maintenance Program, Optus Stadium Computers and Office Equipment Program, WA Athletics Stadium Project and Security Infrastructure Upgrade Projects;
- Western Power (down \$40 million), primarily reflecting the timing of payments for completed works across a number of projects, including the South Metropolitan Depot modernisation;
- DevelopmentWA (up \$38 million), primarily due to accelerated works across a range of projects including the Orion Industrial Park, the Crossroads Industrial Estate in Forrestdale, the Ocean Reef Marina, demolition of the former Challenger TAFE site in Beaconsfield and a residential development in South Hedland;
- the Gold Corporation (down \$35 million), largely due to accounting treatment changes for implementation costs associated with cloud computing arrangements. The vast majority of the Corporation's computer software expenditure can no longer be accounted for as capital expenditure and is now recorded as an operating cost;
- the Fremantle Port Authority (down \$34 million), mainly due to land acquisition delays at North Quay, reprofiling on works and asset purchases at the Kwinana Bulk Terminal, and delays in Inner Harbour and other minor works projects;
- the Department of Finance (down \$29 million), primarily reflecting lower than anticipated vehicle purchases (due to supply issues reducing the availability of new vehicles), savings in fit-out costs for office accommodation in Fremantle, and underspends in computer system updates mainly due to the availability of resources;
- the Pilbara Ports Authority (down \$27 million), driven by delays on a number of projects, slippage in property acquisitions from 2021-22 to 2022-23, and reclassification of spending; and
- Communities (Housing Services), up \$23 million, largely for spending on the provision of new social housing.

The 2022-23 Budget included a \$600 million provision for underspending and slippage expected to emerge by 30 June 2022 (based on previous underspending across the sector). Actual underspending across the public sector was below the forecast level.

The following table summarises the material agency movements in AIP spending for 2021-22.

Table 8

**INFRASTRUCTURE INVESTMENT**

	2020-21	2021-22				Variation on EA \$m (5)=(4)-(3)
	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)	Actual \$m (4)	
<i>General Government</i>						
Commissioner of Main Roads	1,346	1,588	1,705	1,633	1,770	137
WA Health	251	411	639	484	379	-106
WA Sports Centre Trust (Venues West)	21	66	64	65	19	-46
Finance	89	109	112	112	83	-29
Local Government, Sport and Cultural Industries	36	49	71	56	40	-16
Department of Transport	32	48	67	45	30	-15
Western Australia Police Force	90	94	97	111	99	-12
Justice	58	95	99	79	72	-7
Fire and Emergency Services	47	56	56	35	33	-2
Education	367	449	449	430	431	1
Provision for Asset Investment Program						
Underspending and Slippage	-	-	-150	-300	-	300
All Other	277	539	527	407	353	-54
<b>Total General Government</b>	<b>2,614</b>	<b>3,503</b>	<b>3,736</b>	<b>3,157</b>	<b>3,308</b>	<b>152</b>
<i>Public Corporations</i>						
DevelopmentWA	206	402	415	381	418	38
Communities (Housing Services)	226	353	352	348	371	23
Synergy (Electricity Generation and Retail Corporation)	65	195	203	166	171	6
Public Transport Authority	1,161	1,586	1,522	1,380	1,283	-98
Port Authorities	64	269	309	270	181	-89
Water Corporation	682	699	730	681	614	-67
Western Power	746	834	871	833	793	-40
Gold Corporation	21	32	36	44	9	-35
Horizon Power (Regional Power Corporation)	95	152	146	131	123	-8
Provision for Asset Investment Program						
Underspending and Slippage	-	-	-150	-300	-	300
All Other	-38	142	58	39	10	-29
<b>Total Public Corporations</b>	<b>3,228</b>	<b>4,664</b>	<b>4,492</b>	<b>3,972</b>	<b>3,973</b>	<b>1</b>
Internal purchases between sectors	-25	-146	-149	-149	-100	49
<b>TOTAL PUBLIC SECTOR</b>	<b>5,816</b>	<b>8,021</b>	<b>8,080</b>	<b>6,980</b>	<b>7,181</b>	<b>201</b>

## Balance Sheet

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

## Cash Flow Statement

A total public sector cash surplus of \$4.7 billion was recorded in 2021-22, \$844 million higher than estimated in the 2022-23 Budget reflecting the impact of cash on the accrual operating balance outcomes discussed earlier.

Net cash flows from operating activities were \$1 billion higher than estimated in the Budget.

Infrastructure spending was \$201 million higher than expected, outlined earlier in this section.

## Net Debt<sup>10</sup>

Total public sector net debt at 30 June 2022 totalled \$29.2 billion, \$743 million lower from the estimate contained in the 2022-23 Budget.

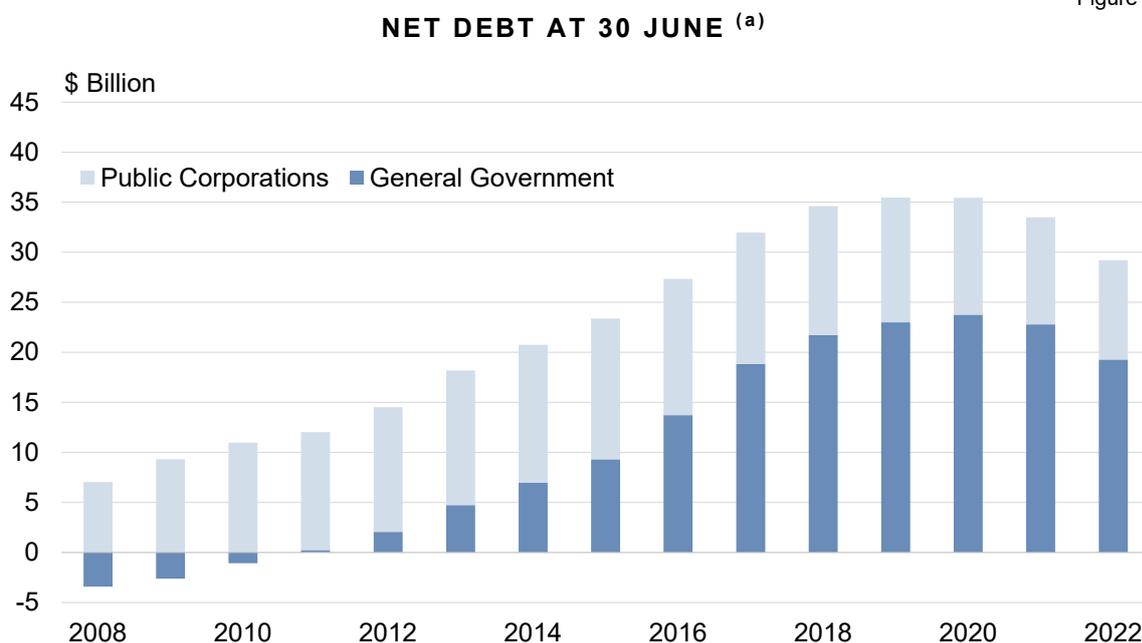
This reflects the net impact from the higher than estimated cash surplus discussed in the previous section, and all other movements in debt-related assets and liabilities (which include year-end valuation changes in investment assets, changes between investment asset classes (particularly in the public financial corporations sector), 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 2022 is \$4.3 billion lower than the previous year. This represents the third consecutive year of declining net debt levels, following annual increases over the preceding decade. S&P Global Ratings have recognised this improvement in the State's financial outcomes and upgraded the States credit rating to triple-A ('stable' outlook) in June 2022.

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<sup>10</sup> Net debt consists of the State's gross debt liabilities (including borrowings, deposits held, leases, etc.), less cash and other liquid assets (cash holdings and investments, loans and advances by government to other sectors, etc.).

Figure 4



(a) Broader recognition of leases under AASB 16: *Leases* became 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 prior to AASB 16 implementation.

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. The Government repaid \$589 million of Consolidated Account borrowings in 2021-22.

Table 9

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

	2021	2022
	\$m	\$m
Consolidated Account borrowings	25,576	24,987
Other Public Bank Account net assets <sup>(a)</sup>	-5,205	-8,147
Western Power	7,690	7,380
Water Corporation	5,654	6,099
Public Transport Authority	2,267	2,730
Horizon Power	906	1,000
Housing Authority	340	418
Public financial corporations <sup>(b)</sup>	-5,204	-4,971
All other	1,460	-289
<b>Total Public Sector Net Debt at 30 June</b>	<b>33,482</b>	<b>29,206</b>

(a) Consists mainly of Special Purpose Accounts (such as the Royalties for Regions Fund, the New Women and Babies Hospital Account 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.

The following table reconciles movements in net debt at 30 June 2022 since the 2022-23 Budget.

<b>SUMMARY OF TOTAL PUBLIC SECTOR NET DEBT VARIATIONS SINCE 2022-23 BUDGET</b>		Table 10
	\$m	
<b>2022-23 Budget - Total Public Sector Net Debt</b>	<b>29,949</b>	
<i>Less</i> change in net cash flows from operating activities and dividends paid		
- General government	553.7	
- Public non-financial corporations	459.9	
- Public financial corporations	2.9	
<i>Total</i>	<i>1,016.6</i>	
<i>Plus</i> purchases of non-financial assets		
Main Roads	136.9	
Public Transport Authority	-97.6	
WA Health	-73.1	
Water Corporation	-67.2	
WA Sports Centre Trust	-45.7	
Western Power	-40.4	
Gold Corporation	-35.0	
Fremantle Port Authority	-33.9	
Finance	-29.3	
Underspend and Carryover Provision	600.0	
All other	-113.3	
<i>Total purchases of non-financial assets</i>	<i>201.4</i>	
<i>Less</i> proceeds from sale of non-financial assets		
Communities (Housing Services)	45.2	
WA Planning Commission	-37.7	
DevelopmentWA	18.2	
All other	1.9	
<i>Total proceeds from sale of non-financial assets</i>	<i>27.7</i>	
<i>Plus</i> all other financing transactions <sup>(a)</sup>	100.0	
<i>Cumulative impact on net debt at 30 June</i>	<i>-743</i>	
<b>2021-22 Annual Report on State Finances - Total Public Sector Net Debt</b>	<b>29,206</b>	
(a) Includes changes in lease liabilities and other movements in net debt attributable to issues such as revaluations of investment assets and debt liabilities, net acquisitions of financial assets for liquidity purposes, etc. These transactions have no associated operating or infrastructure cash flows reflected in other items in this table. Lease movements are matched by changes in (non-debt) related right-of-use assets and have no associated operating or infrastructure cash flows reflected in other items in this table.		

## 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 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 shows that all but one of the Government's financial targets were met in 2021-22, with performance against each target described in the remainder of this section.

2021-22 FINANCIAL TARGETS

Table 11

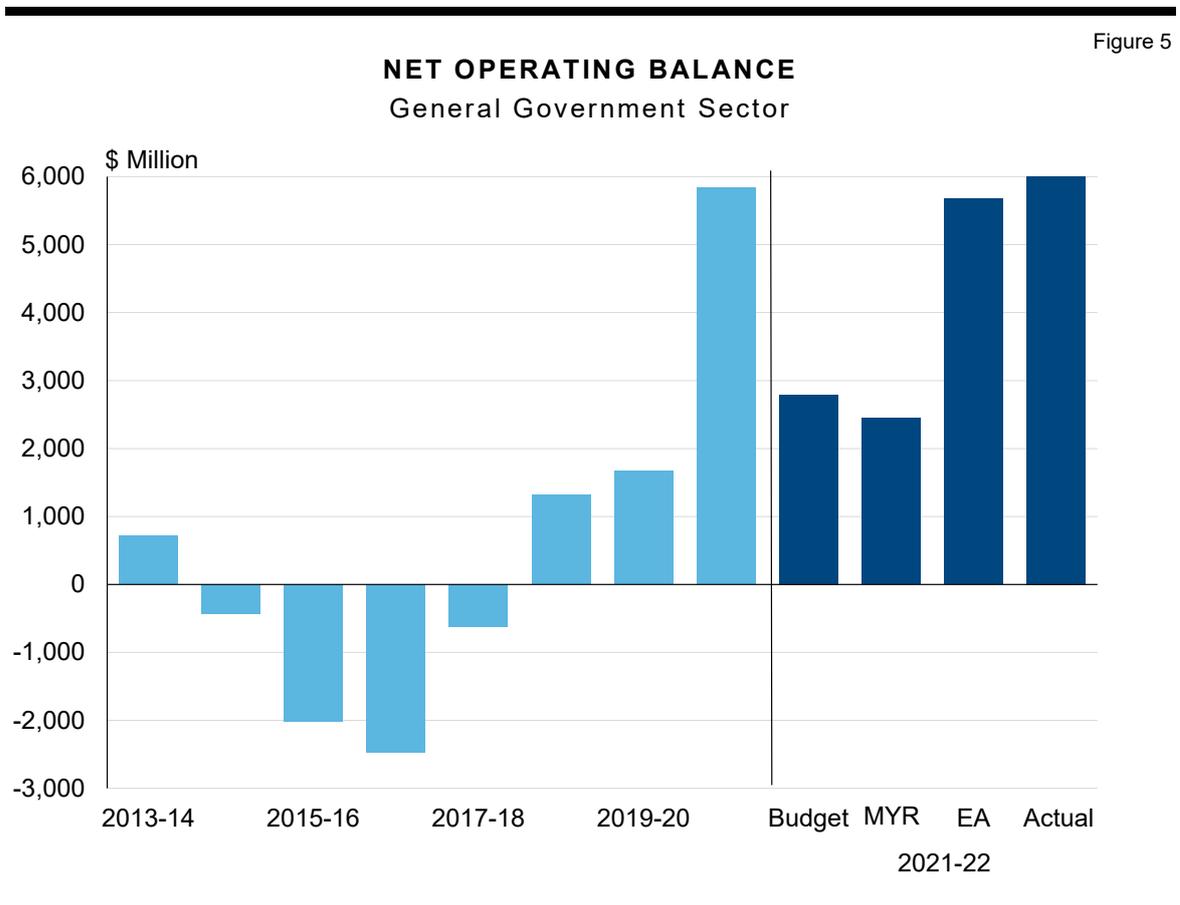
	Budget	Mid-year Review	Estimated Actual (EA)	Actual
Maintain a net operating surplus for the general government sector on average over the forward estimates period				
- General government net operating balance (\$m)	2,791	2,446	5,676	6,019
- <b>Target Met</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
Maintain disciplined general government expense management through:				
- delivering public sector wage outcomes in line with Government wages policy				
- <b>Target Met</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
- ensuring key service delivery agency recurrent spending outcomes are in line with budgeted expense limits				
- <b>Target Met</b>	<b>Yes</b>	<b>No</b>	<b>No</b>	<b>No</b>
Maintain or increase net worth of the total public sector				
- Total public sector net worth (\$b)	115.5	117.5	124.4	132.0
- <b>Target Met</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>

## Performance Against Financial Targets

### Maintain a Net Operating Surplus<sup>11</sup> for the General Government Sector on Average over the Forward Estimates Period

This target was met in 2021-22, with the general government sector recording an operating surplus of \$6 billion. This record outcome follows the previous record \$5.8 billion operating surplus recorded in 2020-21.

The 2021-22 outcome is \$344 million higher than the \$5.7 billion estimate included in the 2022-23 Budget, largely due to lower than expected expenditure by agencies due to COVID-related disruptions, and a lower than expected revenue outcome (mainly due to lower than expected royalty collections and aggregate receipts from Commonwealth grants, partly offset by higher taxation and revenue from public corporations).



<sup>11</sup> The net operating balance is an accrual-based measure of the day-to-day operations of the general government sector (excluding capital spending on infrastructure). An operating surplus indicates that the Government can sustainably deliver day-to-day services, financing recurrent costs from revenue generated in that financial year.

## Maintain Disciplined General Government Expense Management

This target was partially met in 2021-22. Wage outcomes were consistent with the Government's prevailing wages policy. However, one of the sector's largest spending agencies exceeded its budgeted expense limits by more than 2%.

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

A new Public Sector Wages Policy was introduced in February 2022<sup>12</sup> that provided public sector unions with the choice, by industrial agreement, of either:

- a 2.5% wage increase per year for two years, with a one-off \$1,000 sign-on bonus; or
- a 2.5% wage increase for two years, with an additional 0.25% for reform measures leading to enhanced efficiency or improved quality of service delivery.

This replaced the previous wages policy that limited annual increases in wages to \$1,000.

Agreements that have settled or have been agreed in-principle in the year to 30 June 2022 were in line with the prevailing wages policy at that time.

<b>INDUSTRIAL AGREEMENTS</b> (a)			
<b>Agreement</b>	<b>Employees</b>	<b>Expiry Date</b>	<b>Status</b>
<b>2019-20</b>			
WA Health System Medical Practitioners	5,225	30 Sep 2019	Agreed In-principle (b)
<b>2021-22</b>			
PTA Transit Officers	314	6 Oct 2021	Settled
School Teachers and Administrators	28,753	5 Dec 2021	Agreed In-principle (c)
TAFE Lecturers	2,377	15 Dec 2021	Under Negotiation
VenuesWest	518	31 Dec 2021	Agreed In-principle
Main Roads Enterprise Agreement	922	31 Jan 2022	Under Negotiation
Prison Officers	2,937	10 Jun 2022	Upcoming Agreement
Public Servants and Government Officers	32,438	12 Jun 2022	Under Negotiation
School Support Officers	4,537	12 Jun 2022	Under Negotiation
Disability Services Social Trainers	474	12 Jun 2022	Under Negotiation
Insurance Commission (Government Officers)	429	12 Jun 2022	Under Negotiation
WA Health PACTS (Health Salaried Officers)	18,748	30 Jun 2022	Under Negotiation
WA Police	7,048	30 Jun 2022	Under Negotiation
AWU General Public Sector Employees (d)	634	30 Jun 2022	Under Negotiation

(a) The table (above) includes large key agreements only and not smaller agreements that cover less than 300 employees.

(b) Agreed in-principle at 30 June 2022 and subsequently registered in September 2022.

(c) Agreed in-principle at 30 June 2022 and subsequently registered in August 2022.

(d) Covers multiple employee groups across a number of agencies.

<sup>12</sup> This was further revised on 31 July 2022 to a 3% wage increase per year for two years, with a one-off \$2,500 cost of living payment in the first year.

### **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. All but one of the largest 15 agencies achieved spending outcomes in line with, or below, approved expense limits for 2021-22.

The Department of Justice exceeded its approved expense limit in 2021-22 by \$506 million (or 27.7%). This was largely due to the recognition of the State's payment obligations to the National Redress Scheme for Survivors of Institutional Sexual Abuse (actuarially valued at \$473 million for the first time at 30 June 2022).

Excluding this first time recognition of future payment obligations, spending across all of these agencies was consistent with the Government's financial targets.

In aggregate, recurrent spending by the general government sector in 2021-22 was \$576 million less than the estimated actual published in the 2022-23 Budget (see detail earlier in the chapter).

**AGENCY RECURRENT SPENDING OUTCOMES** <sup>(a)</sup>  
2021-22

Table 13

	2022-23 Budget-time Resource Agreement (b)	Functional Transfers Since Approved Limit (c)	Revised Limit	Unadjusted Agency Outturn	Less Remeasure- ments (d)	Outcome for Target	Variance from Revised Limit %
	\$m	\$m	\$m	\$m	\$m	\$m	(3)=(2)/(1)
WA Health	11,558	-	11,558	11,410	-	11,410	-1.3
Education	5,802	-	5,802	5,822	-	5,822	0.4
Communities	3,332	9.9	3,342	3,139	-	3,139	-6.1
Public Transport Authority of Western Australia	1,876	-	1,876	1,856	-	1,856	-1.0
Justice (e)	1,824	-	1,824	2,330	-	2,330	27.7
Western Australia Police Force	1,748	-	1,748	1,716	-	1,716	-1.8
Finance	1,675	-	1,675	1,592	-	1,592	-5.0
Commissioner of Main Roads	1,575	-	1,575	1,565	-	1,565	-0.6
Mental Health Commission	1,118	-	1,118	1,119	-	1,119	0.0
Training and Workforce Development	714	-	714	710	-	710	-0.6
Transport	539	-	539	480	-	480	-10.8
Fire and Emergency Services	530	-	530	527	-	527	-0.5
Primary Industries and Regional Development	514	-	514	463	-	463	-9.9
Local Government, Sport and Cultural Industries	491	-	491	410	-	410	-16.4
Biodiversity, Conservation and Attractions	459	-	459	456	-	456	-0.5

(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) This is the revised total cost of services for 2021-22.

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

(d) 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.

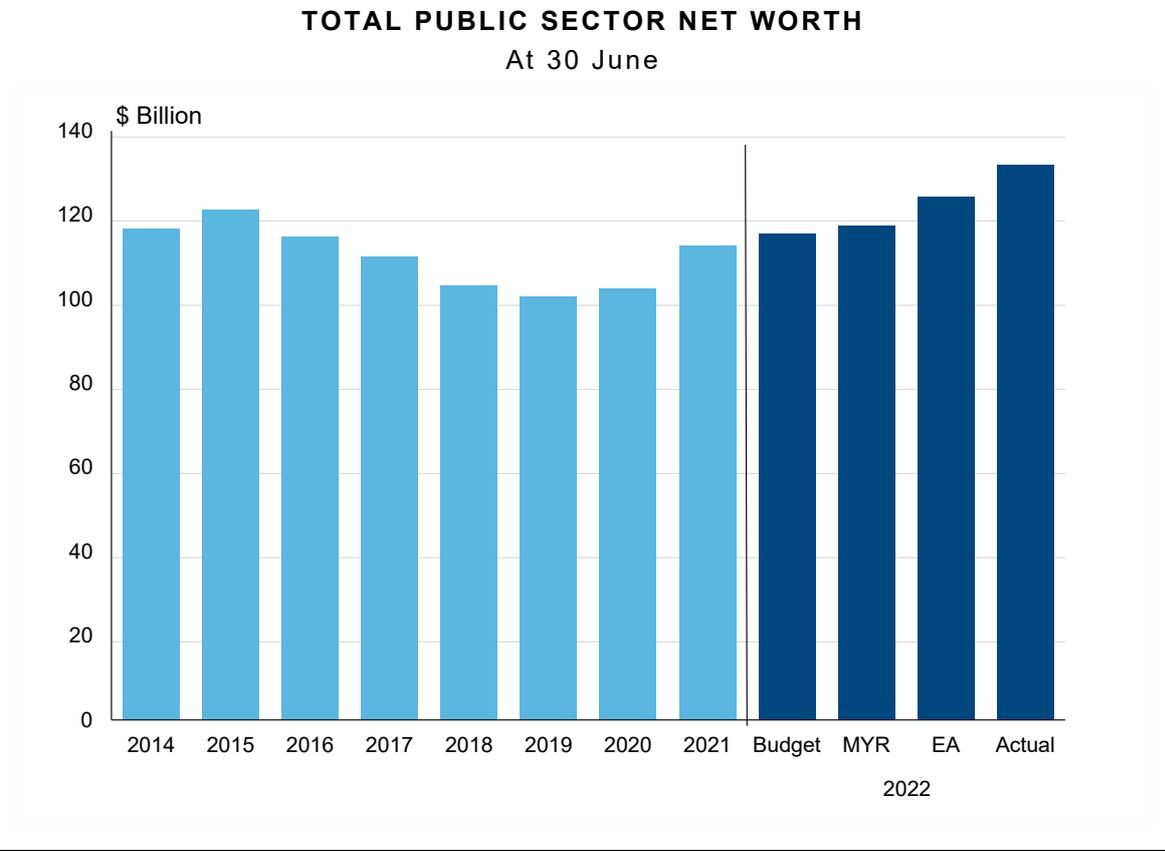
(e) Includes \$13.2 million of expenses for the State Solicitor's Office (SSO) during the first quarter of 2021-22. The SSO was established as a separate sub-department of the Department of Justice from 1 October 2021.

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

This target was met in 2021-22. Public sector net worth increased from \$112.6 billion at 30 June 2021 to \$132 billion at 30 June 2022.

This largely reflects the impact of operating surpluses across the general government and public corporations sectors, increases in the value of physical assets, and lower borrowings.

Figure 6



# Financial Statements

<b>Contents</b>	<b>Page</b>
<b>Introduction</b> .....	29
<b>General Government</b>	
Table 1.1: Operating Statement .....	30
Table 1.2: Balance Sheet at 30 June .....	31
Table 1.3: Statement of Changes in Equity .....	32
Table 1.4: Cash Flow Statement .....	33
<b>Public Non-Financial Corporations</b>	
Table 1.5: Operating Statement .....	34
Table 1.6: Balance Sheet at 30 June .....	35
Table 1.7: Statement of Changes in Equity .....	36
Table 1.8: Cash Flow Statement .....	37
<b>Total Non-Financial Public Sector</b>	
Table 1.9: Operating Statement .....	38
Table 1.10: Balance Sheet at 30 June .....	39
Table 1.11: Statement of Changes in Equity .....	40
Table 1.12: Cash Flow Statement .....	41
<b>Public Financial Corporations</b>	
Table 1.13: Operating Statement .....	42
Table 1.14: Balance Sheet at 30 June .....	43
Table 1.15: Statement of Changes in Equity .....	44
Table 1.16: Cash Flow Statement .....	45
<b>Total Public Sector</b>	
Table 1.17: Operating Statement .....	46
Table 1.18: Balance Sheet at 30 June .....	47
Table 1.19: Statement of Changes in Equity .....	48
Table 1.20: Cash Flow Statement .....	49

<b>Contents – continued</b>	<b>Page</b>
<b>Notes to the Consolidated Financial Statements:</b>	
1 Mission Statement - The Government of Western Australia .....	50
2 Statement of compliance .....	51
3 Summary of significant accounting policies .....	51
4 Convergence differences .....	73
5 Classification of the Functions of Government .....	74
6 Operating revenue .....	76
7 Depreciation and amortisation expense .....	76
8 Other gross operating expenses .....	77
9 Other interest .....	77
10 Transfer expenses .....	78
11 Receivables .....	79
12 Land .....	80
13 Other property, plant and equipment .....	81
14 Reconciliation of land and other property, plant and equipment .....	82
15 Fair value measurements .....	84
16 Right-of-use assets .....	101
17 Reconciliation of right-of-use assets .....	102
18 Service concession assets.....	104
19 Biological assets .....	109
20 Inventories .....	111
21 Intangible assets .....	112
22 Assets classified as held for sale .....	114
23 Investment properties .....	116
24 Borrowings .....	116
25 Unfunded superannuation .....	118
26 Other employee benefits .....	123
27 Other liabilities .....	124
28 Reconciliation of net cash flows from operating activities to operating surplus for period .....	127
29 Closing cash balances .....	128
30 Restricted financial assets .....	128
31 Moneys held in trust .....	128
32 Capital expenditure commitments .....	129
33 Contingent assets and liabilities .....	130
34 Financial instruments .....	142
35 Other disaggregated information .....	152
36 Related party disclosures .....	160
37 Events occurring after the reporting period .....	164
38 Composition of sectors .....	165
39 Budgetary information - comparison of final outcomes to original budget .....	168

## 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 2021-22 Budget Papers presented to the Legislative Assembly on 9 September 2021, 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**

	Notes	2020-21	2021-22			Actual \$m (4)	Variation on EA \$m (4) - (3)
		Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)		
<b>RESULTS FROM TRANSACTIONS</b>							
<b>REVENUE</b>							
Taxation		10,153	10,035	10,943	11,476	11,634	158
Current grants and subsidies		9,421	10,894	11,251	11,835	11,946	112
Capital grants		1,131	2,125	1,882	1,832	1,515	-317
Sales of goods and services		2,821	3,028	3,127	3,058	3,027	-31
Interest income		110	97	106	118	127	10
Revenue from public corporations							
Dividends from other sectors		1,362	587	589	617	612	-5
Tax equivalent income		956	700	690	686	906	220
Royalty income		12,181	10,145	8,730	11,490	11,091	-399
Other		2,015	688	752	778	799	21
<b>Total</b>	<b>6</b>	<b>40,151</b>	<b>38,297</b>	<b>38,071</b>	<b>41,890</b>	<b>41,658</b>	<b>-232</b>
<b>EXPENSES</b>							
Salaries		13,469	13,977	13,893	14,097	14,279	182
Superannuation							
Concurrent costs		1,323	1,453	1,448	1,469	1,469	-
Superannuation interest cost		60	89	130	154	75	-79
Other employee costs		422	378	380	342	327	-15
Depreciation and amortisation	7	1,741	1,839	1,853	1,864	1,846	-18
Services and contracts		2,686	3,006	3,555	3,589	2,877	-712
Other gross operating expenses	8	5,602	6,142	5,652	6,086	6,337	251
Interest	9						
Interest on leases		134	132	132	132	133	1
Other interest		654	606	637	635	646	11
Current transfers	10	7,458	6,576	6,651	6,726	6,662	-65
Capital transfers	10	763	1,308	1,295	1,121	988	-133
<b>Total</b>		<b>34,313</b>	<b>35,506</b>	<b>35,625</b>	<b>36,214</b>	<b>35,638</b>	<b>-576</b>
<b>NET OPERATING BALANCE (b)</b>		<b>5,838</b>	<b>2,791</b>	<b>2,446</b>	<b>5,676</b>	<b>6,019</b>	<b>344</b>
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		-173	15	-8	-184	-149	35
Provision for doubtful debts		-51	-18	-17	-17	-9	8
Changes in accounting policy/adjustment of prior periods		9	-	-	-	-379	-379
<b>Total other economic flows</b>		<b>-215</b>	<b>-3</b>	<b>-24</b>	<b>-200</b>	<b>-537</b>	<b>-336</b>
<b>OPERATING RESULT</b>		<b>5,623</b>	<b>2,788</b>	<b>2,421</b>	<b>5,475</b>	<b>5,482</b>	<b>7</b>
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		1,827	1,434	1,424	4,178	6,379	2,201
Net actuarial gains/loss - superannuation		1,072	-246	120	780	769	-10
Gains recognised directly in equity		2	-45	-45	-43	-	42
Change in net worth of the public corporations sectors		1,620	1,024	1,029	1,383	6,771	5,388
All other		-	-	-	-	-	-
<b>Total all other movements in equity</b>		<b>4,520</b>	<b>2,167</b>	<b>2,529</b>	<b>6,298</b>	<b>13,919</b>	<b>7,621</b>
<b>TOTAL CHANGE IN NET WORTH (c)</b>		<b>10,144</b>	<b>4,956</b>	<b>4,950</b>	<b>11,773</b>	<b>19,402</b>	<b>7,629</b>
<b>KEY FISCAL AGGREGATES</b>							
<b>NET OPERATING BALANCE</b>		<b>5,838</b>	<b>2,791</b>	<b>2,446</b>	<b>5,676</b>	<b>6,019</b>	<b>344</b>
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		2,614	3,503	3,736	3,157	3,308	152
Changes in inventories		70	-	5	365	421	56
Other movement in non-financial assets		1,337	26	36	40	94	54
<i>less:</i>							
Sales of non-financial assets		90	138	165	180	110	-71
Depreciation		1,741	1,839	1,853	1,864	1,846	-18
<b>Total net acquisition of non-financial assets</b>		<b>2,189</b>	<b>1,551</b>	<b>1,760</b>	<b>1,518</b>	<b>1,868</b>	<b>350</b>
<b>NET LENDING/-BORROWING</b>		<b>3,649</b>	<b>1,240</b>	<b>686</b>	<b>4,157</b>	<b>4,151</b>	<b>-6</b>

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

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

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

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

Table 1.2

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

	Notes	2021	2022			Actual \$m (4)	Variation on EA \$m (4) - (3)
		Actual \$m (1)	Budget Year \$m (2)	MYR Revision \$m (3)	Estimated Actual (EA) \$m (3)		
<b>ASSETS</b>							
<i>Financial assets</i>							
Cash and deposits		5,230	6,991	7,003	7,011	5,603	-1,408
Advances paid		729	712	719	713	708	-5
Investments, loans and placements		2,105	2,918	2,595	4,599	4,659	60
Receivables	11	5,942	3,086	3,722	5,125	5,568	444
Shares and other equity							
Investments in other public sector entities - equity method		42,581	43,076	43,610	43,964	49,353	5,388
Investments in other public sector entities - direct injections		11,751	12,717	12,794	12,877	12,934	58
Investments in other entities		30	22	30	30	34	4
Other financial assets		8	9	9	9	9	-
<b>Total financial assets</b>		<b>68,376</b>	<b>69,531</b>	<b>70,482</b>	<b>74,327</b>	<b>78,868</b>	<b>4,541</b>
<i>Non-financial assets</i>							
Land	12	37,821	37,167	38,855	38,613	39,714	1,101
Property, plant and equipment	13,14	47,428	51,377	50,057	52,374	53,231	857
Right of use assets	16,17	2,394	2,363	2,383	2,389	2,452	63
Service concession assets	18	798	-	775	775	892	117
Biological assets	19	54	109	54	54	14	-40
Inventories	20						
Land inventories		-	-	-	-	-	-
Other inventories		179	171	183	544	600	56
Intangibles	21	586	568	609	605	595	-9
Assets classified as held for sale	22	107	14	75	72	57	-15
Investment property	23	7	-	7	7	-	-7
Other		352	214	304	313	440	127
<b>Total non-financial assets</b>		<b>89,726</b>	<b>91,984</b>	<b>93,302</b>	<b>95,745</b>	<b>97,995</b>	<b>2,250</b>
<b>TOTAL ASSETS</b>		<b>158,102</b>	<b>161,515</b>	<b>163,785</b>	<b>170,072</b>	<b>176,863</b>	<b>6,791</b>
<b>LIABILITIES</b>							
Deposits held		1,333	2,847	2,986	3,014	1,271	-1,743
Advances received		309	291	291	291	291	-
Borrowings	24						
Lease liabilities		2,753	2,685	2,762	2,768	2,818	50
Service concession liabilities		5	-	5	5	-	-5
Other borrowings		26,451	25,895	25,891	25,867	25,858	-8
Superannuation	25	5,519	5,533	5,210	4,575	4,524	-51
Other employee benefits	26	3,875	3,652	3,902	3,970	4,101	130
Payables		2,537	2,620	2,556	2,638	2,841	203
Other liabilities	27	2,737	2,498	2,650	2,588	3,174	586
<b>TOTAL LIABILITIES</b>		<b>45,520</b>	<b>46,022</b>	<b>46,252</b>	<b>45,717</b>	<b>44,879</b>	<b>-838</b>
<b>NET ASSETS</b>		<b>112,582</b>	<b>115,493</b>	<b>117,532</b>	<b>124,355</b>	<b>131,984</b>	<b>7,629</b>
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		14,298	17,178	18,806	22,506	20,557	-1,949
Other reserves		98,284	98,315	98,727	101,849	111,427	9,578
<b>NET WORTH</b>		<b>112,582</b>	<b>115,493</b>	<b>117,532</b>	<b>124,355</b>	<b>131,984</b>	<b>7,629</b>
<b>MEMORANDUM ITEMS</b>							
<i>Net financial worth</i>		22,856	23,509	24,230	28,610	33,989	5,379
<i>Net financial liabilities</i>		31,476	32,284	32,174	28,231	28,298	68
<i>Net debt</i>							
Gross debt liabilities		30,851	31,719	31,935	31,945	30,239	-1,706
less: liquid financial assets		8,063	10,621	10,318	12,323	10,970	-1,353
<b>Net debt</b>		<b>22,788</b>	<b>21,098</b>	<b>21,617</b>	<b>19,622</b>	<b>19,269</b>	<b>-353</b>

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

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

Table 1.3

**GENERAL GOVERNMENT**  
Statement of Changes in Equity

	Asset Revaluation Surplus \$m	Accumulated net gain on equity investments in other sector entities \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2020</i>	53,889	40,962	7,587	102,438
Operating result	-	-	5,623	5,623
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
<b>Balance at 30 June 2021</b>	<b>55,702</b>	<b>42,581</b>	<b>14,298</b>	<b>112,582</b>
<i>Balance at 1 July 2021</i>	55,702	42,581	14,298	112,582
Operating result	-	-	5,482	5,482
All other movements in equity	6,372	6,771	776	13,919
<i>Total change in net worth</i>	6,372	6,771	6,258	19,402
<b>Balance at 30 June 2022</b>	<b>62,075</b>	<b>49,353</b>	<b>20,557</b>	<b>131,984</b>

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

Table 1.4

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

	2020-21		2021-22			Variation on EA \$m (4) - (3)	
	Notes	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)		Actual \$m (4)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<i>Cash received</i>							
Taxes received		9,847	10,052	10,960	11,496	11,332	-164
Grants and subsidies received		12,167	14,864	14,956	15,799	15,637	-162
Receipts from sales of goods and services		2,858	2,965	3,080	3,009	3,007	-2
Interest receipts		88	91	101	114	111	-4
Dividends and tax equivalents		2,331	1,398	1,513	1,497	1,544	47
Other		12,694	14,425	12,981	14,417	14,271	-145
<b>Total cash received</b>		<b>39,985</b>	<b>43,795</b>	<b>43,591</b>	<b>46,332</b>	<b>45,903</b>	<b>-429</b>
<i>Cash Paid</i>							
Wages, salaries and supplements, and superannuation		-14,851	-15,730	-15,632	-15,855	-15,848	8
Payments for goods and services		-8,904	-9,626	-9,725	-10,517	-9,876	640
Interest paid		-803	-748	-752	-748	-752	-4
Grants and subsidies paid		-8,456	-9,499	-9,463	-9,617	-8,852	766
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-1,828	-1,616	-1,627	-1,709	-2,136	-427
<b>Total cash paid</b>		<b>-34,842</b>	<b>-37,219</b>	<b>-37,200</b>	<b>-38,447</b>	<b>-37,464</b>	<b>983</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	28	<b>5,143</b>	<b>6,576</b>	<b>6,391</b>	<b>7,885</b>	<b>8,439</b>	<b>554</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-2,614	-3,503	-3,736	-3,157	-3,308	-152
Sales of non-financial assets		90	138	165	180	110	-71
<b>Total cash flows from investments in non-financial assets</b>		<b>-2,524</b>	<b>-3,365</b>	<b>-3,571</b>	<b>-2,976</b>	<b>-3,199</b>	<b>-222</b>
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		14	10	10	10	18	8
For liquidity purposes		86	64	68	65	93	28
<i>Cash paid</i>							
For policy purposes		-1,210	-1,372	-1,319	-1,377	-1,208	168
For liquidity purposes		-94	-20	-9	-7	-70	-63
<b>Total cash flows from investments in financial assets</b>		<b>-1,205</b>	<b>-1,317</b>	<b>-1,250</b>	<b>-1,309</b>	<b>-1,168</b>	<b>141</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-3,728</b>	<b>-4,682</b>	<b>-4,822</b>	<b>-4,285</b>	<b>-4,366</b>	<b>-81</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<i>Cash received</i>							
Advances received		18	18	18	18	18	-
Borrowings		198	146	151	130	57	-73
Deposits received		-	-	-	-	-	-
Other financing receipts		233	26	26	15	195	181
<b>Total cash receipts from financing activities</b>		<b>449</b>	<b>190</b>	<b>195</b>	<b>163</b>	<b>270</b>	<b>107</b>
<i>Cash paid</i>							
Advances paid		-17	-18	-18	-18	-18	-
Borrowings repaid		-45	-702	-703	-707	-646	61
Deposits paid		-	-	-	-	-	-
Other financing payments		-503	-388	-390	-410	-585	-174
<b>Total payments for financing activities</b>		<b>-566</b>	<b>-1,108</b>	<b>-1,111</b>	<b>-1,135</b>	<b>-1,248</b>	<b>-114</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-117</b>	<b>-918</b>	<b>-916</b>	<b>-972</b>	<b>-978</b>	<b>-6</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,298</b>	<b>976</b>	<b>653</b>	<b>2,628</b>	<b>3,094</b>	<b>466</b>
Cash and cash equivalents at the beginning of the year		5,645	6,915	6,943	6,943	6,943	-
Cash and cash equivalents at the end of the year	29	6,943	7,891	7,596	9,571	10,037	466
<b>KEY FISCAL AGGREGATES</b>							
Net cash flows from operating activities		5,143	6,576	6,391	7,885	8,439	554
Net cash flows from investing in non-financial assets		-2,524	-3,365	-3,571	-2,976	-3,199	-222
<b>Cash surplus/deficit</b>		<b>2,620</b>	<b>3,211</b>	<b>2,819</b>	<b>4,909</b>	<b>5,240</b>	<b>331</b>

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

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

**PUBLIC NON-FINANCIAL CORPORATIONS**  
**Operating Statement**

	2020-21		2021-22			Variation on EA \$m (4) - (3)	
	Notes	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)		Actual \$m (4)
<b>RESULTS FROM TRANSACTIONS</b>							
<b>REVENUE</b>							
Current grants and subsidies		3,344	2,914	2,894	2,924	2,820	-104
Capital grants		97	138	157	218	150	-68
Sales of goods and services		37,404	35,290	37,390	35,804	33,224	-2,581
Interest Income		88	100	98	73	88	15
Other		601	441	472	494	525	31
<i>Total</i>		<b>41,535</b>	<b>38,882</b>	<b>41,010</b>	<b>39,513</b>	<b>36,806</b>	<b>-2,707</b>
<b>EXPENSES</b>							
Salaries		1,142	1,290	1,306	1,348	1,199	-149
Superannuation							
Concurrent costs		125	134	136	140	123	-17
Superannuation interest cost		-	-	-	-	-	-
Other employee costs		59	30	30	30	72	42
Depreciation and amortisation		2,488	2,262	2,567	2,561	2,924	364
Services and contracts		851	955	960	969	1,048	80
Other gross operating expenses		33,009	30,611	32,778	31,183	28,285	-2,898
Interest							
Interest on leases		75	83	82	82	70	-11
Other interest		451	467	445	422	419	-3
Tax equivalents		637	662	653	653	704	51
Current transfers		1,854	1,222	1,225	1,239	1,224	-14
Capital transfers		63	18	5	26	23	-3
<i>Total</i>		<b>40,754</b>	<b>37,736</b>	<b>40,188</b>	<b>38,652</b>	<b>36,092</b>	<b>-2,560</b>
<b>NET OPERATING BALANCE (a)</b>		<b>780</b>	<b>1,146</b>	<b>823</b>	<b>861</b>	<b>714</b>	<b>-147</b>
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		-210	-85	-84	-57	-235	-177
Provision for doubtful debts		-13	-35	-35	-45	-6	39
Changes in accounting policy/adjustment of prior periods		-112	-	-	524	333	-191
<i>Total other economic flows</i>		<b>-335</b>	<b>-120</b>	<b>-120</b>	<b>421</b>	<b>92</b>	<b>-329</b>
<b>OPERATING RESULT</b>		<b>445</b>	<b>1,026</b>	<b>703</b>	<b>1,283</b>	<b>806</b>	<b>-477</b>
<i>Other non-owner movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		1,422	414	886	662	6,723	6,061
Net actuarial gains/-loss - superannuation		-2	-	9	24	-23	-46
Gains recognised directly in equity		-21	-	11	11	-3	-14
All other		-	-	-	-	-	-
<i>Total other non-owner movements in equity</i>		<b>1,399</b>	<b>414</b>	<b>906</b>	<b>697</b>	<b>6,698</b>	<b>6,001</b>
<i>Movements in owner equity</i>							
Dividends		-1,341	-	-	-28	-23	5
Capital injections		1,114	1,289	1,026	1,127	1,185	58
<i>Total movements in owner equity</i>		<b>-227</b>	<b>1,289</b>	<b>1,026</b>	<b>1,099</b>	<b>1,161</b>	<b>62</b>
<b>TOTAL CHANGE IN NET WORTH (b)</b>		<b>1,618</b>	<b>2,729</b>	<b>2,635</b>	<b>3,079</b>	<b>8,665</b>	<b>5,587</b>
<b>KEY FISCAL AGGREGATES</b>							
<b>NET OPERATING BALANCE</b>		<b>780</b>	<b>1,146</b>	<b>823</b>	<b>861</b>	<b>714</b>	<b>-147</b>
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		3,224	4,656	4,485	3,965	3,964	-1
Changes in inventories		-400	-220	-228	132	881	749
Other movement in non-financial assets		66	116	139	139	93	-45
<i>less:</i>							
Sales of non-financial assets		434	455	455	469	518	49
Depreciation		2,488	2,262	2,567	2,561	2,924	364
<i>Total net acquisition of non-financial assets</i>		<b>-32</b>	<b>1,835</b>	<b>1,373</b>	<b>1,205</b>	<b>1,495</b>	<b>290</b>
<b>NET LENDING/-BORROWING</b>		<b>813</b>	<b>-689</b>	<b>-551</b>	<b>-344</b>	<b>-781</b>	<b>-437</b>

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

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

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

Table 1.6

**PUBLIC NON-FINANCIAL CORPORATIONS**  
Balance Sheet at 30 June

	Notes	2021		2022		Actual \$m (4)	Variation on EA \$m (4) - (3)
		Actual \$m (1)	Budget Year \$m (2)	MYR Revision \$m (3)	Estimated Actual (EA) \$m (3)		
<b>ASSETS</b>							
<i>Financial assets</i>							
Cash and deposits		2,961	4,095	3,489	3,035	3,502	467
Advances paid		-	-	-	-	-	-
Investments, loans and placements		5,860	6,044	6,161	5,313	4,661	-653
Receivables		1,646	1,553	1,499	1,520	1,755	236
<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		29	22	26	26	36	10
Other financial assets		484	398	398	378	378	-
<b>Total financial assets</b>		<b>10,980</b>	<b>12,111</b>	<b>11,572</b>	<b>10,271</b>	<b>10,331</b>	<b>61</b>
<i>Non-financial assets</i>							
Land		8,195	8,061	8,278	7,081	8,899	1,817
Property, plant and equipment		58,068	59,597	60,204	59,677	63,357	3,680
Right of use assets		442	506	591	596	447	-148
Service concession assets		207	-	207	1,995	2,233	237
Biological assets		210	217	215	209	198	-10
<i>Inventories</i>							
Land inventories		1,566	1,880	1,565	1,530	1,590	61
Other inventories		5,925	6,119	5,697	6,057	6,806	749
<i>Intangibles</i>							
Assets classified as held for sale		5	12	15	5	10	4
Investment property		21	45	16	16	14	-2
Other		170	196	193	194	186	-9
<b>Total non-financial assets</b>		<b>75,312</b>	<b>77,119</b>	<b>77,524</b>	<b>77,826</b>	<b>84,141</b>	<b>6,315</b>
<b>TOTAL ASSETS</b>		<b>86,292</b>	<b>89,231</b>	<b>89,095</b>	<b>88,097</b>	<b>94,472</b>	<b>6,375</b>
<b>LIABILITIES</b>							
<i>Deposits held</i>							
Deposits held		-	-	-	-	-	-
<i>Advances received</i>							
Advances received		309	291	291	291	291	-
<i>Borrowings</i>							
Lease liabilities		768	843	920	917	831	-86
Service concession liabilities		343	-	334	334	325	-9
Other borrowings		23,299	25,402	24,161	22,227	21,623	-603
Superannuation		83	72	69	60	74	14
Other employee benefits		453	397	431	431	468	37
Payables		7,609	7,412	7,007	7,404	8,454	1,051
Other liabilities		2,026	1,775	1,843	1,951	2,336	385
<b>TOTAL LIABILITIES</b>		<b>34,889</b>	<b>36,192</b>	<b>35,057</b>	<b>33,615</b>	<b>34,404</b>	<b>788</b>
<b>NET ASSETS</b>		<b>51,403</b>	<b>53,039</b>	<b>54,039</b>	<b>54,482</b>	<b>60,069</b>	<b>5,587</b>
<i>Of which:</i>							
Contributed equity		12,001	12,999	13,028	13,129	13,186	58
Accumulated surplus		16,658	19,981	18,681	19,071	17,318	-1,754
Other reserves		22,743	20,058	22,330	22,282	29,564	7,283
<b>NET WORTH</b>		<b>51,403</b>	<b>53,039</b>	<b>54,039</b>	<b>54,482</b>	<b>60,069</b>	<b>5,587</b>
<b>MEMORANDUM ITEMS</b>							
<i>Net financial worth</i>		-23,909	-24,081	-23,485	-23,345	-24,072	-728
<i>Net debt</i>							
Gross debt liabilities		24,719	26,536	25,707	23,769	23,071	-698
less: liquid financial assets		8,821	10,139	9,649	8,348	8,163	-185
<b>Net debt</b>		<b>15,898</b>	<b>16,397</b>	<b>16,057</b>	<b>15,422</b>	<b>14,908</b>	<b>-513</b>

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

**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 2020</i>	10,887	21,451	17,448	49,786
Operating result	-	-	445	445
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
<b>Balance at 30 June 2021</b>	<b>12,001</b>	<b>22,744</b>	<b>16,658</b>	<b>51,403</b>
<i>Balance at 1 July 2021</i>	12,001	22,744	16,658	51,403
Operating result	-	-	806	806
All other movements in equity	-	6,821	-123	6,698
<i>Total change in net worth</i>	-	6,821	683	7,504
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	1,185	-	-	1,185
Dividends	-	-	-23	-23
<i>Total</i>	1,185	-	-23	1,161
<b>Balance at 30 June 2022</b>	<b>13,186</b>	<b>29,565</b>	<b>17,318</b>	<b>60,069</b>

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

Table 1.8

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

	2020-21	2021-22			Actual \$m	Variation on EA \$m (4) - (3)
	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<i>Cash received</i>						
Grants and subsidies received	3,491	3,075	3,032	3,099	2,946	-153
Receipts from sales of goods and services	26,107	25,439	27,199	25,155	25,396	241
Interest receipts	83	96	94	70	80	10
Dividends and tax equivalents	63	140	140	156	156	-
Other	1,457	1,540	1,522	1,522	1,683	161
<b>Total cash received</b>	<b>31,200</b>	<b>30,290</b>	<b>31,988</b>	<b>30,001</b>	<b>30,260</b>	<b>259</b>
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-1,257	-1,442	-1,463	-1,491	-1,334	157
Payments for goods and services	-20,397	-20,105	-21,683	-19,763	-19,870	-107
Interest paid	-576	-532	-520	-474	-508	-35
Grants and subsidies paid	-706	-765	-753	-766	-759	7
Tax equivalents	-683	-698	-728	-684	-727	-43
Other payments	-4,210	-3,687	-4,021	-3,985	-3,768	217
<b>Total cash paid</b>	<b>-27,829</b>	<b>-27,230</b>	<b>-29,167</b>	<b>-27,162</b>	<b>-26,966</b>	<b>196</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>3,371</b>	<b>3,060</b>	<b>2,821</b>	<b>2,839</b>	<b>3,294</b>	<b>455</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-3,224	-4,656	-4,485	-3,965	-3,964	1
Sales of non-financial assets	434	455	455	469	518	49
<b>Total cash flows from investments in non-financial assets</b>	<b>-2,790</b>	<b>-4,201</b>	<b>-4,030</b>	<b>-3,495</b>	<b>-3,445</b>	<b>50</b>
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	-	-	-	-	-	-
For liquidity purposes	3	64	47	47	24	-23
<i>Cash paid</i>						
For policy purposes	-18	-15	-15	-1	-10	-9
For liquidity purposes	-100	-45	-45	-77	-77	-
<b>Total cash flows from investments in financial assets</b>	<b>-114</b>	<b>5</b>	<b>-13</b>	<b>-31</b>	<b>-63</b>	<b>-32</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-2,904</b>	<b>-4,196</b>	<b>-4,042</b>	<b>-3,526</b>	<b>-3,508</b>	<b>18</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<i>Cash received</i>						
Advances received	-	-	-	-	-	-
Borrowings	4,322	5,932	4,969	2,287	3,612	1,324
Deposits received	-	-	-	-	-	-
Other financing receipts	1,305	1,448	1,396	1,474	1,300	-174
<b>Total cash received</b>	<b>5,627</b>	<b>7,380</b>	<b>6,365</b>	<b>3,761</b>	<b>4,912</b>	<b>1,151</b>
<i>Cash paid</i>						
Advances paid	-17	-18	-18	-18	-18	-
Borrowings repaid	-4,365	-4,472	-4,536	-2,890	-4,105	-1,214
Deposits paid	-	-	-	-	-	-
Other financing payments	-230	-164	-161	-167	-200	-33
Dividends paid	-1,341	-	-	-28	-23	5
<b>Total cash paid</b>	<b>-5,954</b>	<b>-4,654</b>	<b>-4,714</b>	<b>-3,103</b>	<b>-4,346</b>	<b>-1,243</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-327</b>	<b>2,727</b>	<b>1,650</b>	<b>658</b>	<b>566</b>	<b>-92</b>
<b>Net increase in cash and cash equivalents</b>	<b>140</b>	<b>1,590</b>	<b>429</b>	<b>-29</b>	<b>353</b>	<b>381</b>
Cash and cash equivalents at the beginning of the year	3,233	2,751	3,373	3,373	3,373	-
Cash and cash equivalents at the end of the year	3,373	4,341	3,802	3,344	3,725	381
<b>KEY FISCAL AGGREGATES</b>						
Net cash flows from operating activities	3,371	3,060	2,821	2,839	3,294	455
Net cash flows from investing in non-financial assets	-2,790	-4,201	-4,030	-3,495	-3,445	50
Dividends paid	-1,341	-	-	-28	-23	5
<b>Cash surplus/-deficit</b>	<b>-760</b>	<b>-1,141</b>	<b>-1,208</b>	<b>-684</b>	<b>-174</b>	<b>510</b>

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

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

Notes	2020-21	2021-22			Actual \$m (4)	Variation on EA \$m (4) - (3)
	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)		
<b>RESULTS FROM TRANSACTIONS</b>						
<b>REVENUE</b>						
Taxation	9,610	9,489	10,409	10,906	11,069	163
Current grants and subsidies	9,421	10,894	11,251	11,835	11,946	112
Capital grants	1,131	2,125	1,882	1,832	1,515	-317
Sales of goods and services	39,633	37,522	39,715	38,069	35,476	-2,593
Interest income	179	178	187	175	197	22
Royalty income	12,181	10,145	8,730	11,490	11,091	-399
Dividends and tax equivalents	496	746	746	751	932	182
Other	2,415	960	1,054	1,092	1,110	18
<i>Total</i>	<i>75,067</i>	<i>72,058</i>	<i>73,974</i>	<i>76,149</i>	<i>73,336</i>	<i>-2,813</i>
<b>EXPENSES</b>						
Salaries	14,611	15,267	15,199	15,445	15,478	33
Superannuation						
Concurrent costs	1,448	1,588	1,584	1,609	1,592	-17
Superannuation interest cost	60	89	130	154	75	-79
Other employee costs	403	319	321	283	315	32
Depreciation and amortisation	4,227	4,100	4,418	4,422	4,767	345
Services and contracts	3,537	3,968	4,522	4,564	3,913	-652
Other gross operating expenses	37,849	35,809	37,479	36,295	33,644	-2,650
Interest						
Interest on leases	208	213	213	213	203	-10
Other interest	1,087	1,056	1,066	1,043	1,048	5
Other property expenses	-	-	-	-	-	-
Current transfers	5,629	4,521	4,630	4,682	4,737	55
Capital transfers	728	1,189	1,142	928	852	-76
<i>Total</i>	<i>69,786</i>	<i>68,119</i>	<i>70,704</i>	<i>69,638</i>	<i>66,623</i>	<i>-3,014</i>
<b>NET OPERATING BALANCE (a)</b>	<b>5,280</b>	<b>3,940</b>	<b>3,271</b>	<b>6,511</b>	<b>6,713</b>	<b>201</b>
<i>Other economic flows - included in the operating result</i>						
Net gains on assets/liabilities	-383	-70	-92	-241	-384	-143
Provision for doubtful debts	-64	-53	-52	-62	-15	47
Changes in accounting policy/adjustment of prior periods	-174	-1	-	524	-43	-567
<i>Total other economic flows</i>	<i>-621</i>	<i>-125</i>	<i>-144</i>	<i>221</i>	<i>-442</i>	<i>-663</i>
<b>OPERATING RESULT</b>	<b>4,660</b>	<b>3,815</b>	<b>3,127</b>	<b>6,732</b>	<b>6,270</b>	<b>-462</b>
<i>All other movements in equity</i>						
<i>Items that will not be reclassified to operating result</i>						
Revaluations	3,248	1,816	2,277	4,842	13,102	8,260
Net actuarial gains/-loss - superannuation	1,070	-246	129	804	747	-57
Gains recognised directly in equity	-21	-48	-36	-34	-6	28
Change in net worth of the public corporations sectors	1,187	-382	-546	-571	-712	-141
All other	-	-	-	-	-	-
<i>Total all other movements in equity</i>	<i>5,484</i>	<i>1,141</i>	<i>1,824</i>	<i>5,041</i>	<i>13,132</i>	<i>8,091</i>
<b>TOTAL CHANGE IN NET WORTH (b)</b>	<b>10,144</b>	<b>4,956</b>	<b>4,950</b>	<b>11,773</b>	<b>19,402</b>	<b>7,629</b>
<b>KEY FISCAL AGGREGATES</b>						
<b>NET OPERATING BALANCE</b>	<b>5,280</b>	<b>3,940</b>	<b>3,271</b>	<b>6,511</b>	<b>6,713</b>	<b>201</b>
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets	5,812	8,013	8,072	6,973	7,172	200
Changes in inventories	-330	-220	-223	497	1,302	805
Other movement in non-financial assets	1,403	142	175	179	187	8
<i>less:</i>						
Sales of non-financial assets	499	447	471	501	528	27
Depreciation	4,227	4,100	4,418	4,422	4,767	345
<i>Total net acquisition of non-financial assets</i>	<i>2,160</i>	<i>3,388</i>	<i>3,135</i>	<i>2,726</i>	<i>3,366</i>	<i>641</i>
<b>NET LENDING/-BORROWING</b>	<b>3,121</b>	<b>551</b>	<b>135</b>	<b>3,786</b>	<b>3,346</b>	<b>-439</b>

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

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

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

Table 1.10

**TOTAL NON-FINANCIAL PUBLIC SECTOR**  
Balance Sheet at 30 June

	Notes	2021		2022		Actual \$m (4)	Variation on EA \$m (4) - (3)
		Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)		
<b>ASSETS</b>							
<i>Financial assets</i>							
Cash and deposits		6,875	8,254	7,523	7,047	7,858	811
Advances paid		420	420	428	422	416	-5
Investments, loans and placements		7,892	8,899	8,682	9,840	9,223	-617
Receivables		7,472	4,533	5,132	6,508	7,213	704
<i>Shares and other equity</i>							
Investments in other public sector entities - equity method		2,929	2,755	2,366	2,359	2,218	-141
Investments in other public sector entities - direct injections		-	-	-	-	-	-
Investments in other entities		59	45	56	56	70	14
Other financial assets		8	9	9	9	9	-
<b>Total financial assets</b>		<b>25,655</b>	<b>24,914</b>	<b>24,196</b>	<b>26,240</b>	<b>27,007</b>	<b>767</b>
<i>Non-financial assets</i>							
Land		46,015	45,228	47,133	45,694	48,613	2,918
Property, plant and equipment		105,496	110,974	110,261	112,051	116,589	4,538
Right of use assets		2,836	2,867	2,982	2,992	2,899	-93
Service concession assets		1,005	-	982	2,771	3,125	355
Biological assets		264	326	269	262	212	-50
<i>Inventories</i>							
Land inventories		1,566	1,880	1,565	1,530	1,590	61
Other inventories		6,104	6,291	5,880	6,601	7,406	805
<i>Intangibles</i>							
Assets classified as held for sale		112	25	91	77	66	-11
Investment property		28	45	22	22	14	-9
Other		519	403	495	504	626	121
<b>Total non-financial assets</b>		<b>165,035</b>	<b>169,093</b>	<b>170,831</b>	<b>173,576</b>	<b>182,136</b>	<b>8,560</b>
<b>TOTAL ASSETS</b>		<b>190,690</b>	<b>194,007</b>	<b>195,027</b>	<b>199,815</b>	<b>209,143</b>	<b>9,328</b>
<b>LIABILITIES</b>							
Deposits held		16	13	15	14	23	9
Advances received		309	291	291	291	291	-
<i>Borrowings</i>							
Lease liabilities		3,449	3,464	3,616	3,620	3,554	-67
Service concession liabilities		348	-	254	254	325	71
Other borrowings		49,750	51,297	50,138	48,179	47,482	-697
Superannuation		5,602	5,605	5,279	4,635	4,598	-37
Other employee benefits		4,327	4,049	4,333	4,401	4,569	167
Payables		10,031	9,927	9,475	9,906	11,186	1,280
Other liabilities		4,275	3,867	4,093	4,159	5,131	972
<b>TOTAL LIABILITIES</b>		<b>78,108</b>	<b>78,514</b>	<b>77,494</b>	<b>75,460</b>	<b>77,159</b>	<b>1,699</b>
<b>NET ASSETS</b>		<b>112,582</b>	<b>115,493</b>	<b>117,532</b>	<b>124,355</b>	<b>131,984</b>	<b>7,629</b>
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		30,964	37,167	37,494	41,584	37,882	-3,703
Other reserves		81,618	78,326	80,039	82,771	94,102	11,331
<b>NET WORTH</b>		<b>112,582</b>	<b>115,493</b>	<b>117,532</b>	<b>124,355</b>	<b>131,984</b>	<b>7,629</b>
<b>MEMORANDUM ITEMS</b>							
<i>Net financial worth</i>		-52,453	-53,600	-53,299	-49,220	-50,152	-932
<i>Net financial liabilities</i>		55,382	56,354	55,665	51,579	52,370	791
<i>Net debt</i>							
Gross debt liabilities		53,872	55,066	54,315	52,359	51,675	-684
less: liquid financial assets		15,186	17,574	16,633	17,308	17,498	189
<b>Net debt</b>		<b>38,686</b>	<b>37,492</b>	<b>37,681</b>	<b>35,050</b>	<b>34,177</b>	<b>-873</b>

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 2020</i>	75,617	1,778	25,043	102,438
Operating result	-	-	4,660	4,660
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
<b>Balance at 30 June 2021</b>	<b>78,688</b>	<b>2,929</b>	<b>30,964</b>	<b>112,582</b>
<i>Balance at 1 July 2021</i>	78,688	2,929	30,964	112,582
Operating result	-	-	6,270	6,270
All other movements in equity	13,195	-711	648	13,132
<i>Total change in net worth</i>	13,195	-711	6,918	19,402
<b>Balance at 30 June 2022</b>	<b>91,883</b>	<b>2,218</b>	<b>37,882</b>	<b>131,984</b>

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

Table 1.12

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

	2020-21	2021-22			Actual \$m	Variation on EA \$m (4) - (3)
	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<i>Cash received</i>						
Taxes received	9,298	9,496	10,416	10,922	10,764	-158
Grants and subsidies received	12,167	14,864	14,956	15,799	15,637	-162
Receipts from sales of goods and services	28,323	27,559	29,430	27,324	27,518	193
Interest receipts	152	169	177	168	173	5
Dividends and tax equivalents	369	840	925	941	950	9
Other	13,739	15,549	14,085	15,520	15,521	1
<i>Total cash received</i>	<b>64,048</b>	<b>68,477</b>	<b>69,990</b>	<b>70,675</b>	<b>70,564</b>	<b>-112</b>
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-16,108	-17,172	-17,095	-17,346	-17,182	165
Payments for goods and services	-28,335	-28,564	-30,238	-29,118	-28,526	592
Interest paid	-1,360	-1,262	-1,254	-1,207	-1,243	-36
Grants and subsidies paid	-5,633	-7,162	-7,154	-7,255	-6,636	619
Dividends and tax equivalents	-	-	-	-	-	-
Other payments	-5,485	-4,746	-5,103	-5,119	-5,332	-213
<i>Total cash paid</i>	<b>-56,921</b>	<b>-58,906</b>	<b>-60,844</b>	<b>-60,045</b>	<b>-58,919</b>	<b>1,126</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>7,127</b>	<b>9,570</b>	<b>9,146</b>	<b>10,630</b>	<b>11,645</b>	<b>1,015</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-5,812	-8,013	-8,072	-6,973	-7,172	-200
Sales of non-financial assets	499	447	471	501	528	27
<i>Total cash flows from investments in non-financial assets</i>	<b>-5,313</b>	<b>-7,566</b>	<b>-7,601</b>	<b>-6,472</b>	<b>-6,644</b>	<b>-172</b>
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	14	10	10	10	18	8
For liquidity purposes	89	111	115	112	117	5
<i>Cash paid</i>						
For policy purposes	-17	-10	-10	-10	-21	-11
For liquidity purposes	-194	-47	-54	-84	-147	-63
<i>Total cash flows from investments in financial assets</i>	<b>-109</b>	<b>65</b>	<b>61</b>	<b>28</b>	<b>-33</b>	<b>-61</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-5,422</b>	<b>-7,502</b>	<b>-7,540</b>	<b>-6,443</b>	<b>-6,677</b>	<b>-233</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<i>Cash received</i>						
Advances received	-	-	-	-	-	-
Borrowings	4,520	6,078	5,120	2,418	3,669	1,251
Deposits received	-	-	-	-	-	-
Other financing receipts	232	11	11	14	191	177
<i>Total cash received</i>	<b>4,752</b>	<b>6,089</b>	<b>5,131</b>	<b>2,432</b>	<b>3,860</b>	<b>1,429</b>
<i>Cash paid</i>						
Advances paid	-17	-18	-18	-18	-18	-
Borrowings repaid	-4,410	-5,174	-5,239	-3,597	-4,751	-1,154
Deposits paid	-	-	-	-	-	-
Other financing payments	-592	-399	-398	-404	-613	-209
<i>Total cash paid</i>	<b>-5,019</b>	<b>-5,591</b>	<b>-5,654</b>	<b>-4,019</b>	<b>-5,381</b>	<b>-1,362</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-267</b>	<b>498</b>	<b>-523</b>	<b>-1,587</b>	<b>-1,521</b>	<b>66</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,438</b>	<b>2,567</b>	<b>1,083</b>	<b>2,599</b>	<b>3,447</b>	<b>848</b>
Cash and cash equivalents at the beginning of the year	8,876	9,664	10,315	10,315	10,315	-
Cash and cash equivalents at the end of the year	10,315	12,231	11,397	12,914	13,762	848
<b>KEY FISCAL AGGREGATES</b>						
Net cash flows from operating activities	7,127	9,570	9,146	10,630	11,645	1,015
Net cash flows from investing in non-financial assets	-5,313	-7,566	-7,601	-6,472	-6,644	-172
<b>Cash surplus/-deficit</b>	<b>1,813</b>	<b>2,004</b>	<b>1,545</b>	<b>4,159</b>	<b>5,001</b>	<b>842</b>

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

**PUBLIC FINANCIAL CORPORATIONS**  
Operating Statement

	2020-21		2021-22			Variation on EA \$m (4) - (3)
	Notes	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)	
<b>RESULTS FROM TRANSACTIONS</b>						
<b>REVENUE</b>						
Current grants and subsidies		-	-	-	-	-
Capital grants		-	-	-	-	-
Sales of goods and services		1,965	1,292	1,277	1,356	65
Interest Income		1,368	1,456	1,293	1,243	15
Other		162	100	100	112	76
<b>Total</b>		<b>3,495</b>	<b>2,848</b>	<b>2,669</b>	<b>2,711</b>	<b>156</b>
<b>EXPENSES</b>						
Salaries		64	68	68	67	63
Superannuation						
Concurrent costs		6	7	7	7	6
Superannuation interest cost		-	-	-	-	-
Other employee costs		1	2	1	232	298
Depreciation and amortisation		8	8	9	8	8
Services and contracts		12	13	13	13	12
Other gross operating expenses		1,534	1,347	1,330	1,159	886
Interest						
Interest on leases		1	1	1	1	1
Other interest		1,099	1,215	1,055	1,025	947
Tax equivalents		319	37	37	33	202
Current transfers		4	5	5	4	4
Capital transfers		13	15	15	3	4
<b>Total</b>		<b>3,062</b>	<b>2,717</b>	<b>2,540</b>	<b>2,553</b>	<b>2,430</b>
<b>NET OPERATING BALANCE (a)</b>		<b>434</b>	<b>130</b>	<b>129</b>	<b>158</b>	<b>437</b>
<i>Other economic flows - included in the operating result</i>						
Net gains on assets/liabilities		855	163	163	157	-629
Provision for doubtful debts		-	-	-	-	-
Changes in accounting policy/adjustment of prior periods		5	-	-	-	213
<b>Total other economic flows</b>		<b>859</b>	<b>163</b>	<b>163</b>	<b>157</b>	<b>-416</b>
<b>OPERATING RESULT</b>		<b>1,293</b>	<b>293</b>	<b>291</b>	<b>316</b>	<b>21</b>
<i>Other non-owner movements in equity</i>						
<i>Items that will not be reclassified to operating result</i>						
Revaluations		3	-	-162	-167	-3
Net actuarial gains/loss - superannuation		1	-	-	1	-
Gains recognised directly in equity		-3	-	-	-	3
All other		-	-	-	-	-
<b>Total other non-owner movements in equity</b>		<b>-</b>	<b>-</b>	<b>-162</b>	<b>-167</b>	<b>167</b>
<i>Movements in owner equity</i>						
Dividends		-177	-708	-710	-718	-731
Capital injections		35	17	17	-1	-1
<b>Total movements in owner equity</b>		<b>-142</b>	<b>-692</b>	<b>-693</b>	<b>-719</b>	<b>-13</b>
<b>TOTAL CHANGE IN NET WORTH (b)</b>		<b>1,151</b>	<b>-399</b>	<b>-563</b>	<b>-570</b>	<b>-141</b>
<b>KEY FISCAL AGGREGATES</b>						
<b>NET OPERATING BALANCE</b>		<b>434</b>	<b>130</b>	<b>129</b>	<b>158</b>	<b>437</b>
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets		4	8	8	7	9
Changes in inventories		-	-	-	-	-
Other movement in non-financial assets		-	-	-	-	-
<i>less:</i>						
Sales of non-financial assets		-	-	-	-	-
Depreciation		8	8	9	8	8
<b>Total net acquisition of non-financial assets</b>		<b>-5</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>1</b>
<b>NET LENDING/-BORROWING</b>		<b>438</b>	<b>131</b>	<b>130</b>	<b>159</b>	<b>437</b>

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

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

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

Table 1.14

**PUBLIC FINANCIAL CORPORATIONS**  
Balance Sheet at 30 June

	Notes	2021		2022		Actual \$m (4)	Variation on EA \$m (4) - (3)
		Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)		
<b>ASSETS</b>							
<i>Financial assets</i>							
Cash and deposits		241	286	216	142	529	388
Advances paid		5,204	5,713	5,618	4,856	4,009	-847
Investments, loans and placements		66,077	68,911	63,712	61,733	55,533	-6,199
Receivables		694	709	707	704	881	177
<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		2,718	2,304	2,626	2,648	2,232	-416
Other financial assets		-	7	-	-	7	7
<b>Total financial assets</b>		<b>74,934</b>	<b>77,930</b>	<b>72,880</b>	<b>70,083</b>	<b>63,192</b>	<b>-6,891</b>
<i>Non-financial assets</i>							
Land		-	-	-	-	-	-
Property, plant and equipment		5	6	5	6	4	-1
Right of use assets		20	16	16	16	16	-
Service concession assets		-	-	-	-	-	-
Biological assets		-	-	-	-	-	-
<i>Inventories</i>							
Land inventories		-	-	-	-	-	-
Other inventories		-	-	-	-	-	-
Intangibles		6	10	8	8	11	2
Assets classified as held for sale		-	-	-	-	-	-
Investment property		-	-	-	-	-	-
Other		3	5	3	3	3	-
<b>Total non-financial assets</b>		<b>34</b>	<b>37</b>	<b>33</b>	<b>33</b>	<b>35</b>	<b>2</b>
<b>TOTAL ASSETS</b>		<b>74,968</b>	<b>77,967</b>	<b>72,912</b>	<b>70,116</b>	<b>63,227</b>	<b>-6,889</b>
<b>LIABILITIES</b>							
Deposits held		-	-	-	-	-	-
Advances received		3	3	3	3	3	-
<i>Borrowings</i>							
Lease liabilities		25	20	20	20	20	-
Service concession liabilities		-	-	-	-	-	-
Other borrowings		66,290	69,457	64,462	61,606	55,078	-6,528
Superannuation		4	5	4	4	4	-
Other employee benefits		16	16	16	16	16	-
Payables		213	201	216	250	241	-9
Other liabilities		5,488	5,511	5,824	5,857	5,646	-211
<b>TOTAL LIABILITIES</b>		<b>72,039</b>	<b>75,212</b>	<b>70,546</b>	<b>67,757</b>	<b>61,008</b>	<b>-6,749</b>
<b>NET ASSETS</b>		<b>2,929</b>	<b>2,755</b>	<b>2,366</b>	<b>2,359</b>	<b>2,218</b>	<b>-141</b>
<i>Of which:</i>							
Contributed equity		-251	-282	-234	-252	-252	-
Accumulated surplus		3,154	2,814	2,717	2,724	2,448	-276
Other reserves		26	222	-118	-113	23	136
<b>NET WORTH</b>		<b>2,929</b>	<b>2,755</b>	<b>2,366</b>	<b>2,359</b>	<b>2,218</b>	<b>-141</b>
<b>MEMORANDUM ITEMS</b>							
<i>Net financial worth</i>		2,895	2,718	2,333	2,326	2,183	-142
<i>Net debt</i>							
Gross debt liabilities		66,318	69,480	64,485	61,629	55,101	-6,528
less: liquid financial assets		71,522	74,910	69,546	66,730	60,072	-6,659
<b>Net debt</b>		<b>-5,204</b>	<b>-5,430</b>	<b>-5,061</b>	<b>-5,101</b>	<b>-4,971</b>	<b>130</b>

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

**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 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
<b>Balance at 30 June 2021</b>	<b>-251</b>	<b>26</b>	<b>3,154</b>	<b>2,929</b>
<i>Balance at 1 July 2021</i>	-251	26	3,154	2,929
Operating result	-	-	21	21
Movements in equity	-	-3	4	-
<i>Total change in net worth</i>	-	-3	25	21
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	-1	-	-	-1
Dividends	-	-	-731	-731
<i>Total</i>	-1	-	-731	-732
<b>Balance at 30 June 2022</b>	<b>-252</b>	<b>23</b>	<b>2,448</b>	<b>2,218</b>

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

Table 1.16

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

	2020-21	2021-22				Variation on EA \$m (4) - (3)
	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)	Actual \$m (4)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<i>Cash received</i>						
Grants and subsidies received	2	5	5	5	-	-5
Receipts from sales of goods and services	2,016	1,426	1,410	1,467	1,565	98
Interest receipts	1,436	1,456	1,293	1,243	1,286	44
Dividends and tax equivalents	-	-	-	-	-	-
Other	175	189	188	194	187	-7
<b>Total cash received</b>	<b>3,629</b>	<b>3,076</b>	<b>2,896</b>	<b>2,909</b>	<b>3,039</b>	<b>130</b>
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-68	-75	-74	-73	-69	4
Payments for goods and services	-929	-1,007	-991	-1,024	-988	36
Interest paid	-1,450	-1,216	-1,055	-1,027	-1,190	-163
Grants and subsidies paid	-	-	-	-	-	-
Tax equivalents	-285	-112	-196	-196	-205	-9
Other payments	-168	-179	-179	-184	-181	4
<b>Total cash paid</b>	<b>-2,901</b>	<b>-2,589</b>	<b>-2,496</b>	<b>-2,505</b>	<b>-2,632</b>	<b>-127</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>728</b>	<b>487</b>	<b>401</b>	<b>404</b>	<b>407</b>	<b>3</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-4	-8	-8	-7	-9	-2
Sales of non-financial assets	-	-	-	-	-	-
<b>Total cash flows from investments in non-financial assets</b>	<b>-4</b>	<b>-8</b>	<b>-8</b>	<b>-7</b>	<b>-9</b>	<b>-1</b>
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	-	-	-	-	-	-
For liquidity purposes	12,685	7,840	7,840	9,165	10,746	1,581
<i>Cash paid</i>						
For policy purposes	-	-1	-1	-1	-	1
For liquidity purposes	-12,422	-8,029	-7,946	-8,473	-8,562	-90
<b>Total cash flows from investments in financial assets</b>	<b>263</b>	<b>-190</b>	<b>-107</b>	<b>691</b>	<b>2,184</b>	<b>1,493</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>259</b>	<b>-198</b>	<b>-115</b>	<b>683</b>	<b>2,175</b>	<b>1,492</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<i>Cash received</i>						
Advances received	-	-	-	-	-	-
Borrowings	33,890	27,731	26,620	23,402	27,214	3,812
Deposits received	-	-	-	-	-	-
Other financing receipts	36	18	18	-	-	-
<b>Total cash received</b>	<b>33,926</b>	<b>27,749</b>	<b>26,638</b>	<b>23,402</b>	<b>27,215</b>	<b>3,813</b>
<i>Cash paid</i>						
Advances paid	-	-	-	-	-	-
Borrowings repaid	-34,656	-27,320	-26,208	-23,889	-29,744	-5,855
Deposits paid	-	-	-	-	-	-
Other financing payments	-4	-5	-5	-5	-5	-
Dividends paid	-84	-727	-729	-745	-745	-
<b>Total cash paid</b>	<b>-34,745</b>	<b>-28,053</b>	<b>-26,942</b>	<b>-24,638</b>	<b>-30,493</b>	<b>-5,855</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-819</b>	<b>-303</b>	<b>-304</b>	<b>-1,236</b>	<b>-3,279</b>	<b>-2,043</b>
<b>Net increase in cash and cash equivalents</b>	<b>168</b>	<b>-14</b>	<b>-18</b>	<b>-148</b>	<b>-697</b>	<b>-548</b>
Cash and cash equivalents at the beginning of the year	2,119	2,266	2,287	2,287	2,287	-
Cash and cash equivalents at the end of the year	2,287	2,252	2,269	2,139	1,591	-548
<b>KEY FISCAL AGGREGATES</b>						
Net cash flows from operating activities	728	487	401	404	407	3
Net cash flows from investing in non-financial assets	-4	-8	-8	-7	-9	-1
Dividends paid	-84	-727	-729	-745	-745	-
<b>Cash surplus/deficit</b>	<b>641</b>	<b>-248</b>	<b>-335</b>	<b>-348</b>	<b>-346</b>	<b>2</b>

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

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

	Notes	2020-21		2021-22		Variation on EA \$m (4) - (3)	
		Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)		Actual \$m (4)
<b>RESULTS FROM TRANSACTIONS</b>							
<b>REVENUE</b>							
Taxation		9,606	9,484	10,405	10,902	11,065	163
Current grants and subsidies		9,421	10,894	11,251	11,835	11,946	112
Capital grants		1,131	2,125	1,882	1,832	1,515	-317
Sales of goods and services		41,172	38,385	40,587	39,008	36,437	-2,571
Interest income		478	543	406	388	445	57
Royalty income		12,181	10,145	8,730	11,490	11,091	-399
Other		2,556	1,040	1,136	1,193	1,276	83
<b>Total</b>	<b>6</b>	<b>76,545</b>	<b>72,617</b>	<b>74,397</b>	<b>76,648</b>	<b>73,776</b>	<b>-2,871</b>
<b>EXPENSES</b>							
Salaries		14,676	15,335	15,267	15,512	15,540	29
Superannuation							
Concurrent costs		1,454	1,595	1,591	1,616	1,598	-18
Superannuation interest cost		60	89	130	154	75	-79
Other employee costs		404	320	322	515	612	97
Depreciation and amortisation	7	4,235	4,108	4,426	4,430	4,775	346
Services and contracts		3,549	3,968	4,522	4,564	3,925	-640
Other gross operating expenses	8	38,936	36,720	38,401	37,040	34,049	-2,991
Interest	9						
Interest on leases		209	214	214	214	203	-10
Other interest		1,116	1,180	1,047	1,038	986	-52
Other property expenses		-	-	-	-	-	-
Current transfers	10	5,629	4,521	4,630	4,682	4,737	55
Capital transfers	10	741	1,204	1,158	931	856	-75
<b>Total</b>		<b>71,008</b>	<b>69,255</b>	<b>71,707</b>	<b>70,696</b>	<b>67,357</b>	<b>-3,339</b>
<b>NET OPERATING BALANCE (b)</b>							
		<b>5,537</b>	<b>3,361</b>	<b>2,689</b>	<b>5,952</b>	<b>6,419</b>	<b>467</b>
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		471	92	71	-84	-1,013	-929
Provision for doubtful debts		-64	-53	-52	-62	-15	47
Changes in accounting policy/adjustment of prior periods		-98	-	-	524	167	-357
<b>Total other economic flows</b>		<b>309</b>	<b>39</b>	<b>19</b>	<b>378</b>	<b>-861</b>	<b>-1,240</b>
<b>OPERATING RESULT</b>							
		<b>5,846</b>	<b>3,401</b>	<b>2,708</b>	<b>6,330</b>	<b>5,558</b>	<b>-772</b>
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		3,251	1,848	2,149	4,672	13,099	8,427
Net actuarial gains/-loss - superannuation		1,071	-246	129	804	747	-57
Gains recognised directly in equity		-24	-48	-36	-34	-2	31
All other		-	-	-	-	-	-
<b>Total all other movements in equity</b>		<b>4,298</b>	<b>1,555</b>	<b>2,242</b>	<b>5,443</b>	<b>13,844</b>	<b>8,401</b>
<b>TOTAL CHANGE IN NET WORTH (c)</b>		<b>10,144</b>	<b>4,956</b>	<b>4,950</b>	<b>11,773</b>	<b>19,402</b>	<b>7,629</b>
<b>KEY FISCAL AGGREGATES</b>							
<b>NET OPERATING BALANCE</b>							
		<b>5,537</b>	<b>3,361</b>	<b>2,689</b>	<b>5,952</b>	<b>6,419</b>	<b>467</b>
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		5,816	8,021	8,080	6,980	7,181	201
Changes in inventories		-330	-220	-223	497	1,302	805
Other movement in non-financial assets		1,403	142	175	179	187	8
<i>less:</i>							
Sales of non-financial assets		499	447	471	501	529	28
Depreciation		4,235	4,108	4,426	4,430	4,775	346
<b>Total net acquisition of non-financial assets</b>		<b>2,155</b>	<b>3,388</b>	<b>3,134</b>	<b>2,725</b>	<b>3,367</b>	<b>642</b>
<b>NET LENDING/-BORROWING</b>		<b>3,382</b>	<b>-26</b>	<b>-445</b>	<b>3,227</b>	<b>3,052</b>	<b>-175</b>

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

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

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

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

Table 1.18

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

	Notes	2021		2022		Actual \$m (4)	Variation on EA \$m (4) - (3)
		Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)		
<b>ASSETS</b>							
<i>Financial assets</i>							
Cash and deposits		7,113	8,538	7,736	7,187	8,384	1,197
Advances paid		5,621	6,130	6,044	5,275	4,423	-852
Investments, loans and placements		19,670	21,790	17,388	19,424	13,752	-5,672
Receivables	11	7,480	4,720	5,187	6,569	7,264	695
Equity - Investments in other entities		2,776	2,349	2,682	2,703	2,302	-402
Other financial assets		9	15	9	9	16	7
<b>Total financial assets</b>		<b>42,669</b>	<b>43,543</b>	<b>39,046</b>	<b>41,167</b>	<b>36,139</b>	<b>-5,028</b>
<i>Non-financial assets</i>							
Land	12	46,015	45,228	47,133	45,694	48,613	2,918
Property, plant and equipment	13,14	105,501	110,979	110,266	112,056	116,593	4,537
Right of use assets	16,17	2,856	2,883	2,998	3,008	2,915	-93
Service concession assets	18	1,005	-	982	2,771	3,125	355
Biological assets	19	264	326	269	262	212	-50
Inventories	20						
Land inventories		1,566	1,880	1,565	1,530	1,590	61
Other inventories		6,104	6,291	5,880	6,601	7,406	805
Intangibles	21	1,097	1,064	1,161	1,080	1,007	-72
Assets classified as held for sale	22	112	25	91	77	66	-11
Investment property	23	28	45	22	22	14	-9
Other		523	408	498	508	599	91
<b>Total non-financial assets</b>		<b>165,069</b>	<b>169,129</b>	<b>170,864</b>	<b>173,609</b>	<b>182,140</b>	<b>8,532</b>
<b>TOTAL ASSETS</b>		<b>207,738</b>	<b>212,672</b>	<b>209,910</b>	<b>214,776</b>	<b>218,280</b>	<b>3,504</b>
<b>LIABILITIES</b>							
Deposits held		13	11	12	12	19	7
Advances received		309	291	291	291	291	-
Borrowings	24						
Lease liabilities		3,474	3,485	3,637	3,641	3,574	-67
Service concession liabilities		348	-	340	340	325	-14
Other borrowings		61,741	64,733	59,509	57,551	51,555	-5,996
Superannuation	25	5,606	5,610	5,283	4,639	4,603	-37
Other employee benefits	26	4,343	4,064	4,349	4,418	4,585	167
Payables		10,021	10,018	9,465	9,924	11,119	1,195
Other liabilities	27	9,300	8,966	9,491	9,604	10,225	621
<b>TOTAL LIABILITIES</b>		<b>95,156</b>	<b>97,179</b>	<b>92,377</b>	<b>90,421</b>	<b>86,296</b>	<b>-4,125</b>
<b>NET ASSETS</b>		<b>112,582</b>	<b>115,493</b>	<b>117,532</b>	<b>124,355</b>	<b>131,984</b>	<b>7,629</b>
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		34,118	39,981	40,211	44,308	40,329	-3,979
Other reserves		78,464	75,512	77,321	80,047	91,654	11,608
<b>NET WORTH</b>		<b>112,582</b>	<b>115,493</b>	<b>117,532</b>	<b>124,355</b>	<b>131,984</b>	<b>7,629</b>
<b>MEMORANDUM ITEMS</b>							
<i>Net financial worth</i>		-52,487	-53,636	-53,331	-49,254	-50,157	-903
<i>Net financial liabilities</i>		52,487	53,636	53,331	49,254	50,157	903
<i>Net debt</i>							
Gross debt liabilities		65,885	68,520	63,789	61,835	55,765	-6,070
less: liquid financial assets		32,404	36,458	31,168	31,886	26,558	-5,328
<b>Net debt</b>		<b>33,482</b>	<b>32,062</b>	<b>32,621</b>	<b>29,949</b>	<b>29,206</b>	<b>-743</b>

(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 2020</i>	75,355	27,083	102,438
Operating result	-	5,846	5,846
Movements in equity	3,109	1,188	4,298
<i>Total change in net worth</i>	3,109	7,034	10,144
<b>Balance at 30 June 2021</b>	<b>78,464</b>	<b>34,118</b>	<b>112,582</b>
<i>Balance at 1 July 2021</i>	78,464	34,118	112,582
Operating result	-	5,558	5,558
All other movements in equity	13,190	654	13,844
<i>Total change in net worth</i>	13,190	6,212	19,402
<b>Balance at 30 June 2022</b>	<b>91,654</b>	<b>40,329</b>	<b>131,984</b>

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

Table 1.20

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

	Notes	2020-21	2021-22			Actual \$m (4)	Variation on EA \$m (4) - (3)
		Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<i>Cash received</i>							
Taxes received		9,294	9,486	10,407	10,913	10,760	-152
Grants and subsidies received		12,167	14,864	14,956	15,799	15,637	-162
Receipts from sales of goods and services		29,970	28,555	30,434	28,381	28,674	293
Interest receipts		466	541	393	377	440	63
Dividends and tax equivalents		-	-	-	-	-	-
Other		13,901	15,718	14,255	15,696	15,696	-
<i>Total cash received</i>		<b>65,797</b>	<b>69,164</b>	<b>70,445</b>	<b>71,166</b>	<b>71,208</b>	<b>42</b>
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-16,177	-17,246	-17,169	-17,420	-17,251	169
Payments for goods and services		-28,895	-29,140	-30,823	-29,732	-29,104	628
Interest paid		-1,688	-1,395	-1,233	-1,200	-1,413	-213
Grants and subsidies paid		-5,632	-7,157	-7,149	-7,250	-6,636	614
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-5,635	-4,897	-5,254	-5,275	-5,497	-223
<i>Total cash paid</i>		<b>-58,026</b>	<b>-59,835</b>	<b>-61,628</b>	<b>-60,876</b>	<b>-59,901</b>	<b>976</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	28	<b>7,771</b>	<b>9,329</b>	<b>8,817</b>	<b>10,290</b>	<b>11,307</b>	<b>1,018</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-5,816	-8,021	-8,080	-6,980	-7,181	-201
Sales of non-financial assets		499	447	471	501	529	28
<i>Total cash flows from investments in non-financial assets</i>		<b>-5,317</b>	<b>-7,574</b>	<b>-7,609</b>	<b>-6,479</b>	<b>-6,653</b>	<b>-174</b>
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		14	10	10	10	18	8
For liquidity purposes		12,774	7,951	7,955	9,277	10,863	1,586
<i>Cash paid</i>							
For policy purposes		-17	-10	-10	-10	-21	-11
For liquidity purposes		-12,616	-8,076	-8,000	-8,557	-8,709	-152
<i>Total cash flows from investments in financial assets</i>		<b>154</b>	<b>-125</b>	<b>-45</b>	<b>720</b>	<b>2,151</b>	<b>1,431</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-5,162</b>	<b>-7,698</b>	<b>-7,654</b>	<b>-5,759</b>	<b>-4,502</b>	<b>1,257</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<i>Cash received</i>							
Advances received		-	-	-	-	-	-
Borrowings		29,482	22,616	21,430	19,808	22,466	2,659
Deposits received		-	-	-	-	-	-
Other financing receipts		232	10	10	13	191	179
<i>Total cash received</i>		<b>29,714</b>	<b>22,626</b>	<b>21,441</b>	<b>19,820</b>	<b>22,658</b>	<b>2,837</b>
<i>Cash paid</i>							
Advances paid		-17	-18	-18	-18	-18	-
Borrowings repaid		-30,138	-21,301	-21,138	-21,473	-26,077	-4,604
Deposits paid		-	-	-	-	-	-
Other financing payments		-560	-386	-385	-409	-618	-209
<i>Total cash paid</i>		<b>-30,716</b>	<b>-21,704</b>	<b>-21,540</b>	<b>-21,900</b>	<b>-26,713</b>	<b>-4,813</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-1,002</b>	<b>922</b>	<b>-99</b>	<b>-2,080</b>	<b>-4,055</b>	<b>-1,975</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,607</b>	<b>2,553</b>	<b>1,065</b>	<b>2,451</b>	<b>2,750</b>	<b>299</b>
Cash and cash equivalents at the beginning of the period		10,994	11,929	12,600	12,600	12,600	-
Cash and cash equivalents at the end of the period	29	12,600	14,481	13,665	15,051	15,351	299
<b>KEY FISCAL AGGREGATES</b>							
Net cash flows from operating activities		7,771	9,329	8,817	10,290	11,307	1,018
Net cash flows from investing in non-financial assets		-5,317	-7,574	-7,609	-6,479	-6,653	-174
<b>Cash surplus/-deficit</b>		<b>2,454</b>	<b>1,756</b>	<b>1,209</b>	<b>3,811</b>	<b>4,655</b>	<b>844</b>

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

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

## Notes to the Financial Statements

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

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

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

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

The Government's mission 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 *Government Financial Responsibility Act 2000* (GFRA) requires that the Treasurer releases a Government Financial Strategy Statement at least once each year. This statement appears each year in Budget Paper No.3 *Economic and Fiscal Outlook*. The Government Financial Statement is supported by the Government's medium-term financial targets.

The financial targets for 2021-22 were detailed in the 2021-22 Budget and remain unchanged from the previous year. In line with section 14A (3)(bb) of the GFRA, performance against the 2021-22 Budget financial targets for the year ending 30 June 2022 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).

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## NOTE 2: STATEMENT OF COMPLIANCE

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### Compliance Framework

The financial statements of the general government sector and the total public sector for the year ended 30 June 2022 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).

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## NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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### (a) General Statement

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

The financial statements 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 supporting 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, with a key objective to recover at least a significant proportion of operating costs through charges for 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. 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 value of the gross superannuation liability, less the expected return on plan assets' incorporating a range of demographic and financial assumptions.

### **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	Fair value less accumulated depreciation and accumulated impairment losses
- 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 carrying value and fair value of an asset.

Net revaluation movements are recognised in 'all other 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 m<sup>2</sup> 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 current 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**

Infrastructure is independently valued 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 from professional estimators specialising in road infrastructure works) to ensure the carrying values do not materially differ from fair value. The value of bridges at 30 June 2022 is based on the current replacement cost determined at 30 June 2022 calculated using construction unit rates provided by professional estimators and multiplying these by the units of relevant categories that form the infrastructure asset. A cost index (ABS Road and Bridge Construction Cost Index) has been applied to roads and principal shared paths (earthworks, drainage, pavement and seals), bridges and road furniture assets to ensure asset values do not materially differ from fair value.

Fair value for infrastructure assets 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 generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications, adjusted for obsolescence and optimisation (where applicable). Obsolescence encompasses physical deterioration, functional (technological) obsolescence and economic (external) obsolescence.

## **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.

<b>Class of Asset</b>	<b>Depreciation (Years)</b>
<i>Buildings</i>	20 - 80 years
<i>Infrastructure - Road network</i>	
Seals	12 - 19 years
Pavements and drainage	15 - 50 years
Road furniture	25 - 40 years
Bridges	60 - 100 years
Earthworks(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(r): *Impairment of assets*.

## **(m) Service Concession Assets**

### **Initial recognition and measurement**

A service concession asset is recognised 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* or AASB 136: *Intangible Assets*, as appropriate, with any impairment recognised in accordance with AASB 136: *Impairment of Assets*.

## **(n) Biological Assets**

Biological assets in the form of plantation timber are stated at fair value less estimated point-of-sale costs and costs necessary to get the assets to market.

The fair value of the biological asset is based on its present location and condition. As a result, fair value is determined based on historical volume increases and historical cash flows, adjusted for known variances.

Gains or losses arising from changes in the fair value of biological assets trees, are taken to account as 'net gains on assets/liabilities' in the Operating Statement.

## **(o) Investment Properties**

### **Initial recognition and measurement**

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

### **Subsequent recognition and measurement**

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

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

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

## **(p) Intangible Assets**

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

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

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

Software-as-a-service (SaaS) expenses are recognised as incurred when the related services are delivered, unless they qualify for capitalisation as computer software because they are identifiable and controlled in a way that allows future economic benefits to be obtained, and others' access to those benefits can be restricted. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received. Some of the costs incurred are for the development of software code that enhances, modifies or creates additional capability to existing on-premise systems and meets the recognition criteria for an intangible asset.

Expected useful lives for all classes of intangible asset are assumed to be between 3 to 25 years

### **(q) Assets Held for Sale**

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

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

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

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

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

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

### **(s) Leases**

AASB 16: *Leases* 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).

## **(t) Service Concession Arrangements**

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.

## **(u) Lease Liabilities**

### **Initial recognition and measurements**

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 in the Operating Statement 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).

### **(v) 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.

### **(w) 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.

### **(x) 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.

### **(y) 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 contractual cash flows for the assets 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.

## **(z) 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;
- Judges Pension Scheme which provides pension benefits to members upon retirement;
- Parliamentary Pension Scheme which provides pension benefits to members on death, retirement, or electoral defeat;
- Gold State Superannuation (GSS) Scheme, which was closed to new members on 29 December 1995.

#### Defined Contribution Plans:

- West State Superannuation (WSS) Scheme which was closed to new members on 16 April 2007; and
- GESB Super Scheme which commenced on 16 April 2007.

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

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

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

Actuarial gains and losses of the defined benefits superannuation plans are immediately recognised in the Operating Statement.

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

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

The defined contribution plans are superannuation plans in which the employer pays a defined contribution amount into a separate fund. Contributions to defined contribution plans are charged to the Operating Statement as incurred. The public sector has no further obligation to the plans as scheme members assume the investment risk.

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

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

## **Other employee benefits**

### ***Annual Leave and Long Service Leave***

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

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

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

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

### ***Other compensated absences***

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

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 accumulated sick leave does not give rise to a liability should the employee leave the public sector, 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 activities undertaken by agencies;
- 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.

### **(aa) 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 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 2020-6: 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 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.

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.

## **(bb) Comparative Figures**

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

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## NOTE 4: CONVERGENCE DIFFERENCES

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

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

The following key convergence differences relate to the 30 June 2022 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.

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


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 General Government
 

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	2022	2021
	\$m	\$m
<b>EXPENSES</b>		
General public services	1,387	1,453
Public order and safety	4,102	3,881
Economic affairs	1,572	2,186
Environmental protection	439	415
Housing and community amenities	2,052	2,887
Health	11,726	10,357
Recreation, culture and religion	992	871
Education	7,137	6,912
Social protection	3,350	2,693
Transport	2,882	2,657
<b>TOTAL EXPENSES</b>	<b>35,638</b>	<b>34,313</b>
<b>ASSETS AT 30 JUNE</b>		
General public services	13,372	10,623
Public order and safety	4,611	4,307
Economic affairs	3,462	4,252
Environmental protection	3,987	3,740
Housing and community amenities	4,508	4,473
Health	9,108	8,083
Recreation, culture and religion	3,952	3,660
Education	15,318	13,593
Social protection	239	213
Transport	56,020	50,827
<i>plus</i> Investments in other public sector entities	62,287	54,332
<b>TOTAL ASSETS</b>	<b>176,863</b>	<b>158,102</b>

Note: Columns may not add due to rounding.

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

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Total Public Sector

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	2022	2021
	\$m	\$m
<b>EXPENSES</b>		
General public services	1,053	1,445
Public order and safety	4,047	3,829
Economic affairs	28,281	33,785
Environmental protection	435	412
Housing and community amenities	3,135	3,654
Health	11,646	10,297
Recreation, culture and religion	4,084	3,950
Education	6,970	6,748
Social protection	3,710	3,207
Transport	3,997	3,681
<b>TOTAL EXPENSES</b>	<b>67,357</b>	<b>71,008</b>
<b>ASSETS AT 30 JUNE</b>		
General public services	17,335	22,534
Public order and safety	4,610	4,306
Economic affairs	37,897	36,498
Environmental protection	3,986	3,740
Housing and community amenities	33,503	30,110
Health	9,091	8,094
Recreation, culture and religion	4,707	4,322
Education	15,315	13,592
Social protection	18,319	17,909
Transport	73,516	66,633
<b>TOTAL ASSETS</b>	<b>218,280</b>	<b>207,738</b>

Note: Columns may not add due to rounding.

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**NOTE 6: OPERATING REVENUE**

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

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**NOTE 7: DEPRECIATION AND AMORTISATION EXPENSE**

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General Government

	2022	2021
	\$m	\$m
<i>Depreciation</i>		
Property, Plant and Equipment		
Buildings	496	470
Infrastructure	525	483
Plant, equipment and other	361	327
Right-of-use assets	332	323
Service concession assets		
Buildings	15	15
Infrastructure	1	1
Plant, equipment and other	3	7
<i>Total</i>	<b>1,734</b>	<b>1,627</b>
<i>Amortisation</i>		
Intangible assets	100	104
Service concession intangible assets	11	10
<i>Total</i>	<b>112</b>	<b>113</b>
<b>Total depreciation and amortisation expenses</b>	<b>1,846</b>	<b>1,741</b>

Total Public Sector

	2022	2021
	\$m	\$m
<i>Depreciation</i>		
Property, Plant and Equipment		
Buildings	674	644
Infrastructure	2,567	2,148
Plant, equipment and other	829	770
Right-of-use assets	432	411
Service concession assets		
Buildings	35	15
Infrastructure	5	4
Plant, equipment and other	8	12
<i>Total</i>	<b>4,549</b>	<b>4,005</b>
<i>Amortisation</i>		
Intangible assets	214	220
Service concession intangible assets	11	10
<i>Total</i>	<b>226</b>	<b>230</b>
<b>Total depreciation and amortisation expenses</b>	<b>4,775</b>	<b>4,235</b>

Note: Columns may not add due to rounding.

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## NOTE 8: OTHER GROSS OPERATING EXPENSES

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### General Government

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	2022	2021
	\$m	\$m
Services purchased from non-government agencies	1,366	1,231
Health sector specific expenses	1,909	1,639
Education sector specific expenses	748	778
Consumable expenses	621	555
Other	1,693	1,400
<b>Total</b>	<b>6,337</b>	<b>5,602</b>

### Total Public Sector

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	2022	2021
	\$m	\$m
Gold Corporation cost of goods sold	21,589	26,180
Betting dividends payouts	1,892	1,996
Health sector specific expenses	1,909	1,639
Services purchased from non-government agencies	1,376	1,242
Electricity, gas and other direct costs	1,537	1,695
Insurance claims expenses	764	1,400
Education sector specific expenses	748	778
Consumable expenses	458	396
Other	3,775	3,611
<b>Total</b>	<b>34,049</b>	<b>38,936</b>

Note: Columns may not add due to rounding.

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## NOTE 9: OTHER INTEREST

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### General Government

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	2022	2021
	\$m	\$m
Other Interest	646	654
Interest on Leases	133	134
<b>Total</b>	<b>780</b>	<b>788</b>

### Total Public Sector

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	2022	2021
	\$m	\$m
Other Interest	986	1,116
Interest on Leases	203	209
<b>Total</b>	<b>1,189</b>	<b>1,325</b>

Note: Columns may not add due to rounding.

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**NOTE 10: TRANSFER EXPENSES**

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

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

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**TRANSFER EXPENSES (a)**

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General Government		
	2022	2021
	\$m	\$m
<i>General Government</i>		
<i>CURRENT TRANSFERS</i>		
Local government	382	302
Private and not-for-profit sector	1,975	2,868
Other sectors of government	4,304	4,288
<b>Total Current Transfers</b>	<b>6,662</b>	<b>7,458</b>
<i>CAPITAL TRANSFERS</i>		
Local government	93	138
Private and not-for-profit sector	745	527
Other sectors of government	150	97
<b>Total Capital Transfers</b>	<b>988</b>	<b>763</b>
Total Public Sector		
	2022	2021
	\$m	\$m
<i>CURRENT TRANSFERS</i>		
Local government	325	305
Private and not-for-profit sector	3,438	4,420
Other sectors of government	974	904
<b>Total Current Transfers</b>	<b>4,737</b>	<b>5,629</b>
<i>CAPITAL TRANSFERS</i>		
Local government	93	138
Private and not-for-profit sector	763	602
<b>Total Capital Transfers</b>	<b>856</b>	<b>741</b>

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

Note: Columns may not add due to rounding.

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**NOTE 11: RECEIVABLES**


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**General Government**


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	2022	2021
	\$m	\$m
Receivables	5,748	6,139
Provision for impairment of receivables	-180	-197
<b>Total receivables</b>	<b>5,568</b>	<b>5,942</b>
<i>Reconciliation of changes in the allowance for impairment of receivables:</i>		
<i>Balance at start of year</i>	197	257
Expected credit losses expense	9	51
Amounts written off during the year	-24	-43
Amounts recovered during the year	-1	-68
<b>Balance at the end of year</b>	<b>180</b>	<b>197</b>

**Total Public Sector**


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	2022	2021
	\$m	\$m
Receivables	7,593	7,828
Provision for impairment of receivables	-329	-347
<b>Total receivables</b>	<b>7,264</b>	<b>7,480</b>
<i>Reconciliation of changes in the allowance for impairment of receivables:</i>		
<i>Balance at start of year</i>	347	406
Expected credit losses expense	15	64
Amounts written off during the year	-20	-54
Amounts recovered during the year	-13	-69
<b>Balance at the end of year</b>	<b>329</b>	<b>347</b>

Note: Columns may not add due to rounding.

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**NOTE 12: LAND**

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General Government

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	2022	2021
	\$m	\$m
Land, at fair value <sup>(a)</sup>	12,880	12,527
Land under roads, at fair value <sup>(b)</sup>	26,834	25,293
<b>Total</b>	<b>39,714</b>	<b>37,821</b>

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Total Public Sector

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	2022	2021
	\$m	\$m
Land, at fair value <sup>(a)</sup>	21,778	20,722
Land under roads, at fair value <sup>(b)</sup>	26,834	25,293
<b>Total</b>	<b>48,613</b>	<b>46,015</b>

(a) Land valuations are provided by the Western Australian Land Information Authority (Valuation Services Branch) each financial year with an effective date of 1 July. The valuation is based on information on the stock of land as at 30 June 2021. Land vested in local authorities of \$2,014 million (2021: \$2,019 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 2021.

Note: Columns may not add due to rounding.

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## NOTE 13: OTHER PROPERTY, PLANT AND EQUIPMENT

### General Government

	2022	2021
	\$m	\$m
Buildings, at fair value <sup>(a)</sup>	19,114	17,653
Accumulated Depreciation	-533	-604
<i>Total</i>	<b>18,582</b>	<b>17,048</b>
Road networks, at fair value <sup>(b)</sup>	39,518	34,814
Accumulated Depreciation	-14,539	-12,770
<i>Total</i>	<b>24,979</b>	<b>22,044</b>
Other infrastructure, at fair value	3,492	3,102
Accumulated Depreciation	-382	-401
<i>Total</i>	<b>3,111</b>	<b>2,702</b>
Plant, equipment and other, at fair value	4,961	4,848
Accumulated Depreciation	-2,223	-2,020
<i>Total</i>	<b>2,738</b>	<b>2,828</b>
Fixed assets under construction	3,823	2,806
<b>Total Property, Plant and Equipment</b>	<b>53,231</b>	<b>47,428</b>

### Total Public Sector

	2022	2021
	\$m	\$m
Buildings, at fair value <sup>(a)</sup>	26,597	25,002
Accumulated Depreciation	-1,580	-1,567
<i>Total</i>	<b>25,017</b>	<b>23,434</b>
Electricity generation and transmission, at fair value <sup>(c)</sup>	24,821	22,560
Accumulated Depreciation	-9,447	-8,292
<i>Total</i>	<b>15,375</b>	<b>14,269</b>
Road networks, at fair value <sup>(b)</sup>	39,518	34,814
Accumulated Depreciation	-14,539	-12,770
<i>Total</i>	<b>24,979</b>	<b>22,044</b>
Water storage and distribution, at fair value <sup>(d)</sup>	36,246	31,702
Accumulated Depreciation	-15,395	-13,210
<i>Total</i>	<b>20,851</b>	<b>18,491</b>
Other infrastructure, at fair value	27,657	26,778
Accumulated Depreciation	-17,053	-16,664
<i>Total</i>	<b>10,604</b>	<b>10,114</b>
Plant, equipment and other, at fair value	19,249	18,298
Accumulated Depreciation	-9,741	-8,850
<i>Total</i>	<b>9,508</b>	<b>9,448</b>
Fixed assets under construction	10,260	7,700
<b>Total Property, Plant and Equipment</b>	<b>116,593</b>	<b>105,501</b>

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

(b) Road infrastructure comprising roads, bridges and road furniture was valued at fair value by the Commissioner of Main Roads' Engineer at 30 June 2022.

(c) 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.

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

Note: Columns may not add due to rounding.

## NOTE 14: RECONCILIATION OF LAND AND OTHER PROPERTY, PLANT AND EQUIPMENT

### General Government

	Land	Land under Roads	Buildings	Road networks	Other Infra-structure	Plant, equip & other	Fixed Assets under Construction	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>30 June 2022</b>								
<i>Carrying amount at beginning of year</i>	12,527	25,293	17,048	22,044	2,702	2,828	2,806	85,249
Assets classified as held for sale	3	-	-	-	-4	-	-	-1
Additions	115	-	86	-	3	214	2,599	3,016
Disposals	-125	-	-16	-59	-3	-33	-3	-238
Transfers in/-out	-11	75	391	1,003	19	124	-1,579	23
Revaluation increments/-decrements	370	1,466	1,575	2,433	476	-	-	6,320
Depreciation	-	-	-496	-443	-82	-361	-	-1,382
Other	1	-	-7	-	-	-34	-1	-40
<b>Carrying amount at end of year</b>	<b>12,880</b>	<b>26,834</b>	<b>18,582</b>	<b>24,979</b>	<b>3,111</b>	<b>2,738</b>	<b>3,823</b>	<b>92,945</b>
<b>30 June 2021</b>								
<i>Carrying amount at beginning of year</i>	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
Other	-	-	-13	-	-3	-29	-10	-54
<b>Carrying amount at end of year</b>	<b>12,527</b>	<b>25,293</b>	<b>17,048</b>	<b>22,044</b>	<b>2,702</b>	<b>2,828</b>	<b>2,806</b>	<b>85,249</b>

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

### Total Public Sector

	Land	Land under Roads	Buildings	Electricity generation and transmission	Road networks	Water storage and distribution	Other Infra-structure	Plant, equip & other	Fixed Assets under Construction	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>30 June 2022</b>										
<i>Carrying amount at beginning of year</i>	20,722	25,293	23,434	14,269	22,044	18,491	10,114	9,448	7,700	151,516
Assets classified as held for sale	2	-	-1	-2	-	-	-4	-	-	-6
Additions	184	-	154	14	-	71	18	266	6,032	6,738
Disposals	-165	-	-39	-16	-59	-2	-3	-46	-5	-335
Transfers in/-out	-683	75	35	758	1,003	208	216	365	-3,287	-1,311
Revaluation increments/-decrements	1,717	1,466	2,112	1,472	2,433	2,552	760	330	-	12,843
Depreciation	-	-	-674	-1,156	-443	-470	-498	-829	-	-4,070
Impairment losses	-	-	-	-	-	-	-	-	-106	-106
Other	2	-	-3	36	-	-	1	-27	-73	-64
<b>Carrying amount at end of year</b>	<b>21,778</b>	<b>26,834</b>	<b>25,017</b>	<b>15,375</b>	<b>24,979</b>	<b>20,851</b>	<b>10,604</b>	<b>9,508</b>	<b>10,260</b>	<b>165,206</b>
<b>30 June 2021</b>										
<i>Carrying amount at beginning of year</i>	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
<b>Carrying amount at end of year</b>	<b>20,722</b>	<b>25,293</b>	<b>23,434</b>	<b>14,269</b>	<b>22,044</b>	<b>18,491</b>	<b>10,114</b>	<b>9,448</b>	<b>7,700</b>	<b>151,516</b>

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

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

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**NOTE 15: FAIR VALUE MEASUREMENTS**


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**General Government**


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**Assets measured at fair value**

	Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>	Fair value at end of period
	\$m	\$m	\$m	\$m
<b>30 June 2022</b>				
Assets classified as held for sale (Note 22)	-	20	37	57
Land (Note 12,14)	-	2,825	10,055	12,880
Land under roads (Note 12,14)	-	-	26,834	26,834
Buildings (Note 13,14)	-	505	18,077	18,582
Road networks (Note 13,14)	-	-	24,979	24,979
Other infrastructure (Note 13,14)	-	-	3,111	3,111
Plant, equipment and other (Note 13,14)	-	1	2,737	2,738
Service concession assets - Land (Note 18)	-	-	60	60
Service concession assets - Buildings (Note 18)	-	-	753	753
Service concession assets - Other infrastructure (Note 18)	-	-	38	38
Service concession assets - Plant, equipment and other (Note 18)	-	-	16	16
Biological assets (Note 19)	3	-	10	14
Investment property (Note 23)	-	-	-	-
<b>Total</b>	<b>3</b>	<b>3,350</b>	<b>86,708</b>	<b>90,062</b>

	Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>	Fair value at end of period
	\$m	\$m	\$m	\$m
<b>30 June 2021</b>				
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
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
<b>Total</b>	<b>4</b>	<b>3,272</b>	<b>80,103</b>	<b>83,379</b>

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

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

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

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

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

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**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 periods ended 30 June 2022 and 30 June 2021.

**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 plant, equipment and 'other' are derived using the market approach. Market evidence of sales prices of comparable assets is used to determine price per square metre for land and buildings, with adjustments made for differences in key attributes.

Level 2 fair values of biological assets are derived using the market rates less costs to sell.

Assets held for sale have been written down to fair value less costs to sell. Fair value has been determined by reference to market evidence of sales prices of comparable assets.

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

### General Government

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

	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
<b>30 June 2022</b>										
Assets classified as held for sale	37	7	-	-	-	5	-12	-	-	37
Land	9,791	313	-	56	27	23	-160	-	5	10,055
Land under Roads	25,293	75	-	1,466	-	-	-	-	-	26,834
Buildings	16,589	253	-	1,511	-1	202	-4	-473	-1	18,077
Road networks	22,044	1,003	-	2,433	-	-	-59	-443	-	24,979
Other Infrastructure	2,702	16	-	475	-	-15	15	-82	-	3,111
Plant, equip & other	2,827	324	-	-	-	14	-33	-361	-34	2,737
Service Concession assets - Land	55	-	-	6	-	-	-	-	-	60
Service Concession assets - Buildings	657	62	-	55	-	-6	-	-15	-	753
Service concession assets - Other infrastructure	38	-	-	2	-	-	-	-1	-	38
Service concession assets - Plant, equip & other	19	1	-	-	-	-	-	-3	-	16
Biological assets	50	-	-40	-	-	-	-	-	-	10

(a) There was \$40 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: Rows 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)

	Fair value at start of period	Additions	Revaluation increments/-decrements <sup>(c)</sup>	Revaluation increments/-decrements <sup>(d)</sup>	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
<b>30 June 2021</b>										
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: Rows may not add due to rounding.

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

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### Valuation processes

There were no significant changes to valuation processes within the general government sector for the period ended 30 June 2022. However, the valuation processes have been significantly impacted by the COVID-19 pandemic.

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 ended 30 June 2022.

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

Fair value for restricted-use land is based on comparison with market evidence for land with low-level utility (high restricted-use land). The relevant comparators of land with low-level utility is selected by Valuation Services and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

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

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

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

Current replacement cost for road networks is determined every three years by reference to the cost of a new asset and adjusted in the intervening years by reference to a cost index (ABS Road and Bridge Construction Cost index or rates obtained by professional estimators specialising in road infrastructure works) to ensure asset values do not materially differ from fair value.

Fair value for the Western Australian Art Gallery's Works of art is determined every five years, using a sampling methodology. As the collection is specialised no market-based evidence of value is readily available, the revaluation methodology used is based upon certain criteria that enable the collection to be valued at a reasonable estimate of its fair value. Restricted use works of art fair value is determined by reference to its estimated replacement cost.

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.

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

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### **Selection of land adjoining road reserve**

The fair value of road infrastructure comprising of land under roads is determined by comparison with the unimproved land values for land tax purposes maintained by Valuation Services.

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

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

### **Effective age**

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

### **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.

### **Application of a cost of construction index to historical cost**

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

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

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### **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.

### **Recollection costs**

The application of recollection costs is applied to the market values to derive fair value of museum collections.

### **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.

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

### General Government <sup>(a)</sup>

Asset Measured at Fair Value	Valuation Technique(s)	Unobservable inputs
Assets classified as held for sale	Current Replacement Cost Market Approach	Consumed economic benefit/obsolescence of asset Selection of land with restricted utility
Land	Market Approach	Selection of land with restricted utility
Land under roads	Market Approach	Selection of land adjoining road reserve
Buildings	Current Replacement Cost	Effective Age  Percentage rate add-on cost buildings and land improvements Average installation costs - transportables Residual value of 25% of current replacement cost Consumed economic benefit/obsolescence of asset Application of a cost of construction index to historical cost
Road networks	Current Replacement Cost	Historical cost per cubic metre (m <sup>3</sup> )
Other infrastructure	Current Replacement Cost	Consumed economic benefit/obsolescence of asset Effective Age  Percentage rate add-on cost buildings and land improvements Average installation costs - transportables
Plant, equipment and other	Current Replacement Cost	Historical cost per library and artwork collection Recollection costs
Biological assets	Standing Timber (Native Forests) - Discounted Cash Flow  Standing Timber (Sandalwood) - Discounted Cash Flow	Estimated average volume per annum  Estimated future timber market prices Estimated average volume per annum

(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 15: FAIR VALUE MEASUREMENTS (CONT.)

### Total Public Sector

#### Assets measured at fair value

	Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>	Fair value at end of period
	\$m	\$m	\$m	\$m
<b>30 June 2022</b>				
Assets classified as held for sale (Note 22)	-	27	39	66
Land (Note 12,14)	-	8,984	12,794	21,778
Land under roads (Note 12,14)	-	-	26,834	26,834
Buildings (Note 13,14)	1	5,887	19,129	25,017
Electricity generation and transmission (Note 13,14)	-	-	15,375	15,375
Road networks (Note 13,14)	-	-	24,979	24,979
Water storage and distribution (Note 13,14)	-	-	20,851	20,851
Other infrastructure (Note 13,14)	-	1	10,603	10,604
Plant, equipment and other (Note 13,14)	4	1,073	8,431	9,508
Service concession assets - Land (Note 18)	-	966	60	1,026
Service concession assets - Buildings (Note 18)	-	1,068	753	1,822
Service concession assets - Water storage and distribution (Note 18)	-	-	142	142
Service concession assets - Other infrastructure (Note 18)	-	-	38	38
Service concession assets - Plant, equipment and other (Note 18)	-	-	73	73
Biological assets (Note 19)	3	-	208	212
Investment property (Note 23)	14	-	-	14
<b>Total</b>	<b>21</b>	<b>18,006</b>	<b>140,311</b>	<b>158,339</b>

	Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>	Fair value at end of period
	\$m	\$m	\$m	\$m
<b>30 June 2021</b>				
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
<b>Total</b>	<b>4</b>	<b>16,128</b>	<b>129,063</b>	<b>145,195</b>

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

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

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

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

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

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**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 total public sector for the periods ending 30 June 2022 and 30 June 2021.

**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
<b>30 June 2022</b>										
Assets classified as held for sale	37	9	-	-	-	5	-12	-	-	39
Land	11,661	321	-	925	30	23	-173	-	8	12,794
Land under Roads	25,293	75	-	1,466	-	-	-	-	-	26,834
Buildings	17,578	292	-	1,608	4	202	-4	-554	2	19,129
Electricity generation and transmission	14,269	772	-	1,472	-	-	-18	-1,156	36	15,375
Road networks	22,044	1,003	-	2,433	-	-	-59	-443	-	24,979
Water storage and distribution	18,491	279	-	2,552	-	-	-2	-470	-	20,851
Other Infrastructure	10,114	245	-	760	-1	-15	-3	-498	1	10,603
Plant, equip & other	8,340	563	-	335	-6	14	-45	-743	-26	8,431
Service Concession assets - Land	55	-	-	6	-	-	-	-	-	60
Service Concession assets - Buildings	657	62	-	55	-	-6	-	-15	-	753
Service Concession Assets - Water storage and distribution	145	-	-	-	-	-	-	-3	-	142
Service concession assets - Other infrastructure	38	-	-	2	-	-	-	-1	-	38
Service concession assets - Plant, equip & other	80	1	-	-	-	-	-	-8	-	73
Biological assets	260	-	-40	-12	-	-	-	-	-	208

(a) There was \$40 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: Rows 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)

	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
<b>30 June 2021</b>										
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: Rows may not add due to rounding.

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

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**Valuation processes**

There were no significant changes to valuation processes for the period ended 30 June 2022.

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

**Valuation techniques to derive Level 3 fair values**

There were no significant changes in valuation techniques during the period. In addition, the following valuation techniques have been identified for public corporations with significant Level 3 asset values within the total public sector.

Fair value for restricted-use land is based on comparison with market evidence for land with low-level utility (high restricted-use land). The relevant comparators of land with low-level utility is selected by Valuation Services and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

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

Fair value for existing use specialised infrastructure assets is calculated by reference to the historical cost indexed by a combination of the following price indices as published by the ABS.

- Producer Price Index for building construction in Western Australia (approximately 81% weighting).

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


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- Labour Price Index for total hourly rates of pay excluding bonuses using the index covering Australia; private industry; electricity, gas, water and waste supply; and all occupations (approximately 15% weighting).
- Consumer Price Index for all groups in Perth (approximately 4% weighting).

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 15 years, standing timber Plantations of 32 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 specialised 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.

**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

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


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**Estimated variables associated with biological assets**

The unobservable variables are mainly represented by estimated future timber market price per cubic metre and estimated average volume per annum, discounted at the rate for 2022 provided by an independent valuation obtained by the Forest Products Commission.

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

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

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


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

Asset Measured at Fair Value	Valuation Technique(s)	Unobservable inputs
Assets classified as held for sale	Current Replacement Cost Market Approach	Consumed economic benefit/obsolescence of asset Selection of land with restricted utility
Land	Market Approach	Selection of land with similar approximate utility Selection of land with restricted utility
Land under roads	Market Approach	Selection of land adjoining road reserve
Buildings	Current Replacement Cost	Effective Age  Percentage rate add-on cost buildings and land improvements Average installation costs - transportables Residual value of 25% of current replacement cost Consumed economic benefit/obsolescence for asset
Electricity generation and transmission	Current Replacement Cost	Consumed economic benefit/obsolescence of electricity infrastructure  Historical cost of specialised electricity infrastructure per km <sup>2</sup>
Road networks	Current Replacement Cost	Historical cost per cubic metre (m <sup>3</sup> )
Water storage and distribution	Current Replacement Cost	Consumed economic benefit/obsolescence of asset
Other infrastructure	Freight Network Infrastructure - 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

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


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


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<b>Asset Measured at Fair Value</b>	<b>Valuation Technique(s)</b>	<b>Unobservable inputs</b>
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 <sup>2</sup> ) 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 (Sandalwood) - Discounted Cash Flow	Estimated future timber market prices Average selling price for products Estimated average volume per annum Estimated cost per tonne to harvest, produce and sell the volume over the forecast horizon
	Standing Timber (Plantations) - Discounted Cash Flow	The area stocked Estimated future timber market prices per cubic metre Future wood flow projections
	Sandalwood Plantations - Discounted Cash Flow	Estimated future timber market prices based on \$US/\$A forward exchange rates to 2037 provided by Western Australian Treasury Corporation The weighted average price for products Estimated average volume per annum Estimated cost per tonne to harvest, produce and sell the volume over the forecast horizon

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

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### Basis of valuation

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

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


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**General Government**


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	2022	2021
	\$m	\$m
Depreciation expense of right-of-use assets	332	323
Lease interest expense	114	116
Expenses relating to variable lease payments not included in lease liabilities	76	91
Short-term leases	50	34
Low-value leases	15	9
<b>Total amount recognised in the Operating Statement</b>	<b>587</b>	<b>573</b>
Total cash outflow for leases	461	454

**Total Public Sector**


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	2022	2021
	\$m	\$m
Depreciation expense of right-of-use assets	432	411
Lease interest expense	173	179
Expenses relating to variable lease payments not included in lease liabilities	77	91
Short-term leases	59	43
Low-value leases	16	10
<b>Total amount recognised in the Operating Statement</b>	<b>756</b>	<b>734</b>
Total cash outflow for leases	631	621

Note: Columns may not add due to rounding.

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


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**General Government**


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	Land	Buildings	Plant, Equipment and Other	Vehicles	Total
	\$m	\$m	\$m	\$m	\$m
<b>30 June 2022</b>					
<i>Carrying amount at beginning of year</i>	7	2,283	103	1	2,394
Additions	-	318	44	-	362
Transfers in/-out	-	9	-	-	9
Lease reassessment	-	34	-	-	34
Disposals	-	-16	-2	-	-18
Depreciation	-1	-279	-52	-	-332
Other	-	2	-	-	2
<b>Carrying amount at end of year</b>	<b>7</b>	<b>2,351</b>	<b>94</b>	<b>1</b>	<b>2,452</b>
Gross carrying amount	9	2,987	282	2	3,279
Accumulated depreciation and impairment loss	-2	-636	-188	-1	-828
<b>30 June 2021</b>					
<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
<b>Carrying amount at end of year</b>	<b>7</b>	<b>2,283</b>	<b>103</b>	<b>1</b>	<b>2,394</b>
Gross carrying amount	8	2,738	253	2	3,001
Accumulated depreciation and impairment loss	-	-456	-150	-1	-607

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## 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
<b>30 June 2022</b>						
<i>Carrying amount at beginning of year</i>	25	2,402	137	31	261	2,856
Additions	1	346	50	24	90	511
Transfers in/-out	-	8	-	-	-	8
Lease reassessment	-	29	-	-	-	29
Disposals	-	-17	-2	-6	-3	-28
Depreciation	-2	-313	-65	-14	-38	-432
Impairment losses	-	-4	-	-1	-36	-41
Other	-	10	-	-	1	11
<b>Carrying amount at end of year</b>	<b>24</b>	<b>2,461</b>	<b>121</b>	<b>34</b>	<b>275</b>	<b>2,915</b>
Gross carrying amount	34	3,197	353	78	874	4,536
Accumulated depreciation and impairment loss	-10	-736	-233	-44	-599	-1,621
<b>30 June 2021</b>						
<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
<b>Carrying amount at end of year</b>	<b>25</b>	<b>2,402</b>	<b>137</b>	<b>31</b>	<b>261</b>	<b>2,856</b>
Gross carrying amount	32	2,923	317	63	750	4,085
Accumulated depreciation and impairment loss	-7	-520	-180	-32	-489	-1,229

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**NOTE 18: SERVICE CONCESSION ASSETS (a)**


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**General Government**


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	Land \$m	Buildings \$m	Other Infra- structure \$m	Plant, equip & other \$m	Commer- cialised assets \$m	Software \$m	Total \$m
<b>30 June 2022</b>							
Carrying amount at beginning of year	55	657	38	19	29	-	798
Additions	-	62	-	1	6	-	69
Transfers in/-out	-	-6	-	-	-	-	-6
Revaluation increments/-decrements	6	55	2	-	-	-	63
Depreciation and amortisation	-	-15	-1	-3	-11	-	-31
Other	-	-	-	-	-	-	-
<b>Carrying amount at end of year</b>	<b>60</b>	<b>753</b>	<b>38</b>	<b>16</b>	<b>24</b>	<b>-</b>	<b>892</b>
Gross carrying amount	60	754	41	32	79	1	967
Accumulated depreciation and amortisation	-	-	-3	-15	-55	-1	-74
<b>30 June 2021</b>							
Carrying amount at beginning of year	55	651	35	24	35	-	800
Additions	-	29	-	-	5	-	34
Disposals	-	-	-	-	-	-	-
Transfers in/-out	-	-4	3	2	-	-	1
Revaluation increments/-decrements	-	-3	-	-	-	-	-3
Depreciation and amortisation	-	-15	-1	-7	-10	-	-33
Other	-	-	-	-	-	-	-
<b>Carrying amount at end of year</b>	<b>55</b>	<b>657</b>	<b>38</b>	<b>19</b>	<b>29</b>	<b>-</b>	<b>798</b>
Gross carrying amount	55	658	40	31	73	1	857
Accumulated depreciation and amortisation	-	-1	-2	-12	-44	-1	-59

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

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## **NOTE 18: SERVICE CONCESSION ASSETS (CONT.)**

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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 2014, 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.

### **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.

### **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.

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

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**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, 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	Software	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>30 June 2022</b>								
Carrying amount at beginning of year	55	657	145	38	80	29	-	1,005
Additions	8	69	-	-	1	6	-	84
Transfers in/-out	884	994	-	-	-	-	-	1,878 <sup>(b)</sup>
Revaluation increments/-decrements	79	137	-	2	-	-	-	218
Depreciation and amortisation	-	-35	-3	-1	-8	-11	-	-59
Other	-	-	-	-	-	-	-	-
<b>Carrying amount at end of year</b>	<b>1,026</b>	<b>1,822</b>	<b>142</b>	<b>38</b>	<b>73</b>	<b>24</b>	<b>-</b>	<b>3,125</b>
Gross carrying amount	1,026	1,822	170	41	129	79	1	3,268
Accumulated depreciation and amortisation	-	-	-28	-3	-56	-55	-1	-143
<b>30 June 2021</b>								
Carrying amount at beginning of year	55	651	149	35	90	35	-	1,015
Additions	-	26	-	-	-	5	-	31
Disposals	-	-	-	-	-	-	-	-
Transfers in/-out	-	-1	-	3	2	-	-	4
Revaluation increments/-decrements	-	-3	-	-	-	-	-	-3
Depreciation	-	-15	-3	-1	-12	-10	-	-41
Impairment losses	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Carrying amount at end of year</b>	<b>55</b>	<b>657</b>	<b>145</b>	<b>38</b>	<b>80</b>	<b>29</b>	<b>-</b>	<b>1,005</b>
Gross carrying amount	55	658	170	40	128	73	1	1,125
Accumulated depreciation and amortisation	-	-1	-24	-2	-48	-44	-1	-120

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

(b) Relates to Service Concession Assets which were incorrectly classified/omitted in 2021.

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

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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.

### **Social Housing Properties**

The Department of Communities (Housing Authority) has various agreements for the management and maintenance of social housing properties with Community Housing Organisations (CHOs), that they may or may not own. The Housing Authority as the grantor, controls the tenant allocation rights to these assets, while CHOs manage and maintain these properties as the operator.

The agreements for these service concession assets vary based on the specific program and contract. They typically involve the contribution of capital or property by the Housing Authority in exchange for the management services of the social housing properties by CHOs. The Housing Authority maintains its interest in these assets through certain limitations, such as Caveats on property titles. The period of the agreements may differ based on contract specifications, however, most agreements are ongoing indefinitely subject to future reassessments.

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**NOTE 19: BIOLOGICAL ASSETS (a)**


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**General Government**


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	2022	2021
	\$m	\$m
Native and plantation standing trees <sup>(b)</sup>	9	49
Livestock and other	5	5
<b>Total Biological Assets</b>	<b>14</b>	<b>54</b>

**Reconciliation of Biological Assets**

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

<b>30 June 2022</b>	<b>Standing Trees</b>	<b>Livestock and Other</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<i>Carrying amount at beginning of year</i>	49	5	54
Gain/-loss from changes in fair value	-40	-	-40
<b>Carrying amount at end of year</b>	<b>9</b>	<b>5</b>	<b>14</b>
<b>30 June 2021</b>	<b>Standing Trees</b>	<b>Livestock and Other</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<i>Carrying amount at beginning of year</i>	105	4	109
Gain/-loss from changes in fair value	-56	1	-55
<b>Carrying amount at end of year</b>	<b>49</b>	<b>5</b>	<b>54</b>

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

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

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

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**NOTE 19: BIOLOGICAL ASSETS <sup>(a)</sup> (CONT.)**

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Total Public Sector

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	2022	2021
	\$m	\$m
Native and plantation standing trees <sup>(b)</sup>	207	259
Livestock and other	5	5
<b>Total Biological Assets</b>	<b>212</b>	<b>264</b>

**Reconciliation of Biological Assets**

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

	Standing Trees	Livestock and Other	Total
	\$m	\$m	\$m
<b>30 June 2022</b>			
<i>Carrying amount at beginning of year</i>	259	5	264
Gain/-loss from changes in fair value	-49	-	-50
Purchases	6	-	6
Other	-8	-	-8
<b>Carrying amount at end of year</b>	<b>207</b>	<b>5</b>	<b>212</b>
<b>30 June 2021</b>			
<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
<b>Carrying amount at end of year</b>	<b>259</b>	<b>5</b>	<b>264</b>

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

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

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

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**NOTE 20: INVENTORIES**


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**General Government**


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	2022	2021
	\$m	\$m
<i>Other Inventories</i>		
Other materials and stores	579	161
Other	21	18
<i>Total Other inventories</i>	600	179
<b>Total Inventories</b>	<b>600</b>	<b>179</b>

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**Total Public Sector**


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	2022	2021
	\$m	\$m
<i>Land Inventories</i>		
Land acquisition and development	1,590	1,566
<i>Total Land inventories</i>	1,590	1,566
<i>Other Inventories</i>		
Precious metals	6,457	5,592
Power station fuel stocks	80	99
Other materials and stores	829	374
Other	41	39
<i>Total Other inventories</i>	7,406	6,104
<b>Total Inventories</b>	<b>8,996</b>	<b>7,669</b>

Note: Columns may not add due to rounding.

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## NOTE 21: INTANGIBLE ASSETS

### General Government

	2022	2021
	\$m	\$m
Computer software	1,374	1,336
Accumulated Amortisation and impairment losses	-995	-947
<b>Total</b>	<b>379</b>	<b>389</b>
Software in progress	119	97
Other	189	186
Accumulated Amortisation and impairment losses	-92	-86
<b>Total</b>	<b>97</b>	<b>100</b>
<b>Total Intangible Assets</b>	<b>595</b>	<b>586</b>

### Reconciliation of Intangibles

	Computer Software	Software in progress	Other	Total
<b>30 June 2022</b>				
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Carrying amount at beginning of year	389	97	100	586
Additions	22	92	-	114
Disposals	-51	-	-3	-55
Transfers in/-out	71	-60	9	19
Amortisation	-92	-	-8	-100
Accumulated amortisation written back	41	-	2	43
Implementation of SaaS arrangements	1	-8	-	-7
Other	-1	-2	-3	-5
<b>Carrying amount at end of year</b>	<b>379</b>	<b>119</b>	<b>97</b>	<b>595</b>

	Computer Software	Software in progress	Other	Total
<b>30 June 2021</b>				
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
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
<b>Carrying amount at end of year</b>	<b>389</b>	<b>97</b>	<b>100</b>	<b>586</b>

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

## NOTE 21: INTANGIBLES ASSETS (CONT.)

### Total Public Sector

	2022	2021
	\$m	\$m
Computer software	2,858	2,880
Accumulated Amortisation	-2,203	-2,105
<b>Total</b>	<b>655</b>	<b>774</b>
Software in progress	126	134
Renewable Energy Certificates	55	31
Other	323	292
Accumulated Amortisation and impairment losses	-152	-134
<b>Total</b>	<b>171</b>	<b>158</b>
<b>Total Intangible Assets</b>	<b>1,007</b>	<b>1,097</b>

### Reconciliation of Intangibles

	Computer Software	Software in progress	Renewable Energy Certificates	Other	Total
	\$m	\$m	\$m	\$m	\$m
<b>30 June 2022</b>					
Carrying amount at beginning of year	774	134	31	158	1,097
Additions	38	99	210	12	359
Disposals	-87	-	-186	-3	-276
Transfers in/-out	128	-62	-	25	92
Impairment losses	-20	-	-	-	-20
Amortisation	-194	-	-	-20	-214
Accumulated amortisation written back	72	-	-	2	75
Implementation of SaaS arrangements	-55	-44	-	-	-99
Other	-1	-2	-	-3	-5
<b>Carrying amount at end of year</b>	<b>655</b>	<b>126</b>	<b>55</b>	<b>171</b>	<b>1,007</b>

	Computer Software	Software in progress	Renewable Energy Certificates	Other	Total
	\$m	\$m	\$m	\$m	\$m
<b>30 June 2021</b>					
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
Amortisation	-202	-	-	-19	-220
Accumulated amortisation written back	16	-	-	-	16
Other	-	-1	-	-	-
<b>Carrying amount at end of year</b>	<b>774</b>	<b>134</b>	<b>31</b>	<b>158</b>	<b>1,097</b>

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

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

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General Government

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	2022	2021
	\$m	\$m
Land	53	54
Other	4	52
<b>Total Current</b>	<b>57</b>	<b>107</b>

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 Western Australian Planning Commission (\$16 million land held for sale), the Trustees of the Public Education Endowment (\$7 million land held for sale) and Burswood Park Board (\$4 million infrastructure 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.

	Land	Other	Total
	\$m	\$m	\$m
<b>30 June 2022</b>			
Carrying amount at beginning of year	54	52	107
Assets reclassified as held for sale	4	4	8
Assets sold	-2	-	-2
Transfers out/other	-3	-52	-55
<b>Carrying amount at end of year</b>	<b>53</b>	<b>4</b>	<b>57</b>
<b>30 June 2021</b>			
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
<b>Carrying amount at end of year</b>	<b>54</b>	<b>52</b>	<b>107</b>

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

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

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


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**Total Public Sector**


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	2022	2021
	\$m	\$m
Land	53	54
Other	14	58
<b>Total Current</b>	<b>66</b>	<b>112</b>

In addition to those disclosed for the general government sector, assets held for sale by the total public sector primarily comprise of the Department of Communities (Housing Authority), \$7 million rental properties 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.

<b>30 June 2022</b>	<b>Land</b>	<b>Other</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Carrying amount at beginning of year	54	58	112
Assets reclassified as held for sale	4	9	13
Assets sold	-2	-	-2
Transfers out/other	-3	-52	-56
<b>Carrying amount at end of year</b>	<b>53</b>	<b>14</b>	<b>66</b>
<b>30 June 2021</b>	<b>Land</b>	<b>Other</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
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
<b>Carrying amount at end of year</b>	<b>54</b>	<b>58</b>	<b>112</b>

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

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

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## NOTE 23: INVESTMENT PROPERTIES (a)

General Government		
	2022	2021
	\$m	\$m
<i>Carrying amount at beginning of year</i>	7	7
Additions	-	-
Revaluation increments/-decrements	-	-
Reclassified as assets held for sale	-7	-
<b>Carrying amount at end of year</b>	<b>-</b>	<b>7</b>
Total Public Sector		
	2022	2021
	\$m	\$m
<i>Carrying amount at beginning of year</i>	28	33
Additions	-	-
Revaluation increments/-decrements	-3	-6
Reclassified to assets held for sale /-disposals	-7	-
Reclassification to distribution to owner	-4	-
<b>Carrying amount at end of year</b>	<b>14</b>	<b>28</b>

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

## NOTE 24: BORROWINGS

General Government		
	2022	2021
	\$m	\$m
Lease Liabilities	2,818	2,753
Loan Liabilities	346	354
Service Concession Liabilities - financial liability (a)	-	5
Domestic and foreign borrowings (b)	25,512	26,097
<b>Total (c)</b>	<b>28,677</b>	<b>29,209</b>

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

	2022	2021
	\$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	-	-
<b>Total service concession liabilities</b>	<b>-</b>	<b>5</b>
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.

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**NOTE 24: BORROWINGS (CONT.)**


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**Total Public Sector**


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	2022	2021
	\$m	\$m
Lease Liabilities	3,574	3,474
Loan Liabilities	346	354
Service Concession Liabilities - financial liability <sup>(a)</sup>	325	348
Domestic and foreign borrowings <sup>(b)</sup>	51,209	61,387
<b>Total <sup>(c)</sup></b>	<b>55,454</b>	<b>65,564</b>

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

	2022	2021
	\$m	\$m
Minimum lease payments due:		
- not later than one year	16	23
- later than one year and not later than five years	63	63
- later than five years	247	262
Minimum lease payments	<b>325</b>	<b>348</b>
Future Finance charges	-	-
<b>Total service concession liabilities</b>	<b>325</b>	<b>348</b>
Amounts expected to be settled:		
- not later than one year	16	23
- later than one year	309	325

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

<b>2022</b>	Current	Non-current
United States Dollars	254	-
	<b>254</b>	-
<b>2021</b>	Current	Non-current
United States Dollars	598	-
	<b>598</b>	-

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.

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## NOTE 25: UNFUNDED SUPERANNUATION

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### General Government

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	2022	2021
	\$m	\$m
Defined Benefit superannuation schemes:		
Pension Scheme	1,326	1,657
Gold State Super Scheme	2,568	3,097
Judges' Pension Scheme	473	570
Parliamentary Superannuation Scheme	158	196
<b>Total Defined Benefit superannuation schemes</b>	<b>4,524</b>	<b>5,519</b>

The superannuation liability for the general government sector at 30 June 2022 was \$4,524 million (2021: \$5,519 million). The liability represents 98.3% (2021: 98.5%) of the whole-of-government total superannuation liability of \$4,603 million at 30 June 2022 (2021: \$5,606 million).

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

### Total Public Sector

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	2022	2021
	\$m	\$m
Defined Benefit superannuation schemes:		
Pension Scheme	1,405	1,742
Gold State Super Scheme	2,568	3,097
Judges' Pension Scheme	473	570
Parliamentary Superannuation Scheme	158	196
<b>Total Defined Benefit superannuation schemes</b>	<b>4,603</b>	<b>5,606</b>

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

Note: Columns may not add due to rounding.

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## 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.

	2022	2021
	%	%
Discount rate (gross of tax) <sup>(a)</sup>	3.6	1.4
Salary rate <sup>(b)</sup>	3.5	2.5
Inflation (pensions)	5.2	2.5

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

(b) Assumed rate of salary inflation is 3.5% per annum for the first two years and 3% per annum thereafter.

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

	Class 1 <sup>(d)</sup>	Class 2 <sup>(e)</sup>	Class 3 <sup>(f)</sup>	Total
	2022	2022	2022	2022
	%	%	%	%
Equities	60	-	-	60
Cash and Investment funds	6	13	8	27
Others	-	13	-	13
	Class 1 <sup>(d)</sup>	Class 2 <sup>(e)</sup>	Class 3 <sup>(f)</sup>	Total
	2021	2021	2021	2021
	%	%	%	%
Equities	61	-	-	61
Cash and Investment funds	10	7	8	25
Others	-	14	-	14

(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.

	2022	2021
	\$m	\$m
Net liability/-asset in balance sheet at end of prior year	5,606	6,869
Expense recognised in profit and loss	221	227
Employer contributions	-477	-421
Remeasurements	-747	-1,070
<b>Net liability/-asset in balance sheet at end of year</b>	<b>4,603</b>	<b>5,606</b>

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

	2022	2021
	\$m	\$m
Total defined benefit obligations	7,499	8,786
Scheme assets	-2,896	-3,180
<b>Net liability<sup>(g)</sup></b>	<b>4,603</b>	<b>5,606</b>

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

	2022	2021
Not later than one year	27	26
Later than one year	4,576	5,580
<b>Total</b>	<b>4,603</b>	<b>5,606</b>

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 2022 \$m	Gold State Super Scheme 2022 \$m	Judges' Pension Scheme 2022 \$m	Parliamentary Superannuation Scheme 2022 \$m	Total 2022 \$m
Gross accrued benefits	1,493	5,376	473	158	7,499
Net market value of plan assets	-88	-2,808	-	-	-2,896
<b>Net liability</b>	<b>1,405</b>	<b>2,568</b>	<b>473</b>	<b>158</b>	<b>4,603</b>

	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	6,176	570	196	8,786
Net market value of plan assets	-102	-3,079	-	-	-3,180
<b>Net liability</b>	<b>1,742</b>	<b>3,097</b>	<b>570</b>	<b>196</b>	<b>5,606</b>

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

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

	2022 \$m	2021 \$m
Total employer current service cost	146	167
Net interest cost	75	60
Recognised actuarial -gains/losses	-747	-1,070
<b>Total</b>	<b>-526</b>	<b>-843</b>

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

	2022 \$m	2021 \$m
Fair value plan assets at beginning of year	3,180	2,756
Employer contributions	477	421
Actual participant contributions	7	8
Actual benefit payments	-646	-543
Interest income	43	24
<i>Expected plan assets at end of year</i>	<i>3,060</i>	<i>2,665</i>
Return in excess of interest income	-165	516
<b>Fair value of plan assets at end of year</b>	<b>2,896</b>	<b>3,180</b>

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.

	2022	2021
	\$m	\$m
Defined benefit obligation at beginning of year	8,786	9,622
Employer service cost plus operating costs	145	166
Interest cost	119	84
Actual participant contributions	7	8
Actual benefit payments	-647	-544
<i>Expected defined benefit obligations at end of year</i>	<i>8,409</i>	<i>9,336</i>
Actuarial -gain/loss on liabilities	-909	-552
<b>Defined benefit obligation at end of year</b>	<b>7,499</b>	<b>8,786</b>

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

	2022	2021
	\$m	\$m
Actuarial -gain/loss due to demographic assumptions	67	-
Actuarial -gain/loss due to financial assumptions	-1,016	-485
Actuarial -gain/loss arising from experience	37	-70
Return in excess of interest income	165	-516
<b>Amount recognised during year in 'other changes in equity'</b>	<b>-747</b>	<b>-1,070</b>

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

	2022	2021	2020	2019	2018
	\$m	\$m	\$m	\$m	\$m
Total defined benefit obligations	7,499	8,786	9,619	10,014	9,425
Actual assets	-2,896	-3,180	-2,755	-2,963	-2,957
<b>Deficit/-surplus</b>	<b>4,603</b>	<b>5,606</b>	<b>6,864</b>	<b>7,051</b>	<b>6,468</b>

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

<i>Sensitivity to discount rate</i>		2022	2022
		+0.5 %	-0.5 %
		discount	discount
Discount rate (%)	4.1		3.1
Defined benefit obligation (\$m)	7,200		7,734
Changes in obligation (\$m)	-258		276
Percentage changes in obligation (%)	-3.0		4.0
<i>Sensitivity to discount rate</i>		2021	2021
		+0.5 %	-0.5 %
		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

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

**NOTE 25: UNFUNDED SUPERANNUATION (CONT.)**

<i>Sensitivity to future salary increase</i>	2022	2022
	+0.5% future salary increase	-0.5% future salary increase
Future salary increases	4% for the first two years and 3.5% thereafter	3% for the first two years and 2.5% thereafter
Defined benefit obligation (\$m)	7,578	7,344
Changes in obligation (\$m)	120	-114
Percentage changes in obligation (%)	2.0	-2.0
<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 year and 3% thereafter	1% for the first year and 2% 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 pension indexation rate</i>	2022	2022
	+0.5% pension indexation rate	-0.5% pension indexation rate
Pension increases (%)	5.7	4.7
Defined benefit obligation (\$m)	7,646	7,281
Changes in obligation (\$m)	188	-176
Percentage changes in obligation (%)	3.0	-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 mortality</i>	2022	2022
	1 year increase in future life expectancy	1 year decrease in future life expectancy
Defined benefit obligation (\$m)	7,554	7,371
Changes in obligation (\$m)	97	-87
Percentage changes in obligation (%)	1.0	-1.0
<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

(h) Sensitivity figures do not include Gold State Super Scheme reserves amounting to \$41.5 million (30 June 2021 \$42.1 million).

Note: Columns may not add due to rounding.

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**NOTE 26: OTHER EMPLOYEE BENEFITS**


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**General Government**


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	2022	2021
	\$m	\$m
Annual leave	1,237	1,151
Long service leave	2,072	2,057
Other	792	667
<b>Total</b>	<b>4,101</b>	<b>3,875</b>

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

	2022	2021
	\$m	\$m
Within 12 months of reporting date	827	808
More than 12 months after reporting date	409	343
<b>Total</b>	<b>1,237</b>	<b>1,151</b>

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

	2022	2021
	\$m	\$m
Within 12 months of reporting date	496	461
More than 12 months after reporting date	1,575	1,595
<b>Total</b>	<b>2,072</b>	<b>2,057</b>

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**Total Public Sector**


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	2022	2021
	\$m	\$m
Annual leave	1,423	1,328
Long service leave	2,306	2,293
Other	856	722
<b>Total</b>	<b>4,585</b>	<b>4,343</b>

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

	2022	2021
	\$m	\$m
Within 12 months of reporting date	983	949
More than 12 months after reporting date	440	379
<b>Total</b>	<b>1,423</b>	<b>1,328</b>

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

	2022	2021
	\$m	\$m
Within 12 months of reporting date	610	575
More than 12 months after reporting date	1,695	1,719
<b>Total</b>	<b>2,306</b>	<b>2,293</b>

Note: Columns may not add due to rounding.

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## NOTE 27: OTHER LIABILITIES

### General Government

	2022	2021
	\$m	\$m
Deferred Revenue	116	100
Service Concession Liabilities - Grant of Right to Operate	1,405	1,440
Grant liabilities <sup>(a)</sup>	219	228
Interest payable	128	127
Contract liabilities <sup>(b)</sup>	60	85
Insurance claims	32	35
Other provisions	605	107
Other liabilities	610	615
<b>Total Other Liabilities</b>	<b>3,174</b>	<b>2,737</b>

#### Reconciliation of Other Provisions

##### 30 June 2022

	Employment on-costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	12	11	83	107
Additional provisions recognised	4	10	518	531
Amounts used	-3	-	-4	-7
Unused amounts reversed	-	-1	-	-1
Unwinding of the discount	-	-	-	-
Other	-1	-	-25	-24
<b>Carrying amount at end of year</b>	<b>14</b>	<b>20</b>	<b>571</b>	<b>605</b>

##### 30 June 2021

	Employment on-costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	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
<b>Carrying amount at end of year</b>	<b>12</b>	<b>11</b>	<b>83</b>	<b>107</b>

	2022	2021
	\$m	\$m

#### (a) Grant liabilities

##### Reconciliation of changes in grant liabilities:

Opening balance	228	228
Additions	1,170	1,080
Income recognised in the reporting period	-1,179	-1,080
<b>Balance at the end of period</b>	<b>219</b>	<b>228</b>

#### Income recognition

- not later than one year	218	228
- later than one year and not later than five years	-	-
- later than five years	-	-
<b>Total</b>	<b>219</b>	<b>228</b>

#### (b) Contract Liabilities

##### Reconciliation of changes in contract liabilities

Opening balance	85	83
Additions	73	81
Revenue recognised in the reporting period	-98	-79
<b>Balance at the end of period</b>	<b>60</b>	<b>85</b>

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

## NOTE 27: OTHER LIABILITIES (CONT.)

### Total Public Sector

	2022	2021
	\$m	\$m
Insurance claims <sup>(a)</sup>	4,714	4,475
Deferred Revenue	664	603
Service Concession Liabilities - Grant of Right to Operate	1,548	1,440
Grant liabilities <sup>(b)</sup>	219	238
Interest payable	431	536
Contract liabilities <sup>(c)</sup>	425	308
Other provisions	1,770	1,305
Other liabilities	454	396
<b>Total Other Liabilities</b>	<b>10,225</b>	<b>9,300</b>

### Reconciliation of Other Provisions

#### 30 June 2022

	Employment on-costs	Decommissioning costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m	\$m
Carrying amount at beginning of year	23	424	59	800	1,305
Additional provisions recognised	10	45	27	901	984
Amounts used	-8	-32	-10	-338	-389
Unused amounts reversed	-	-	-1	-42	-43
Unwinding of the discount	-	-2	-	-12	-10
Other	-1	-	-	-77	-76
<b>Carrying amount at end of year</b>	<b>25</b>	<b>439</b>	<b>74</b>	<b>1,233</b>	<b>1,770</b>

#### 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
<b>Carrying amount at end of year</b>	<b>23</b>	<b>424</b>	<b>59</b>	<b>800</b>	<b>1,305</b>

	2022	2021
	\$m	\$m

#### (a) Insurance claims

The liabilities for outstanding insurance claims comprise:

Third Party Insurance Fund	2,500	2,549
Government Insurance Fund	285	280
RiskCover	915	788
Motor Vehicle (Catastrophic Injuries) Fund	874	732
Other	141	125
<b>Total</b>	<b>4,714</b>	<b>4,475</b>

Liability for outstanding claims (undiscounted)	6,598	5,120
Discount to present value	-1,884	-646
<b>Total Liability for outstanding claims (undiscounted)</b>	<b>4,714</b>	<b>4,475</b>

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

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**NOTE 27: OTHER LIABILITIES (CONT.)**

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Total Public Sector

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	2022	2021
	%	%
Claims expected to be paid:		
Not later than one year		
Inflation rate	2.80	1.80
Discount rate	2.40	0.00
Later than one year		
Inflation rate	2.99	2.00
Discount rate	3.10	0.10
	2022	2021
	\$m	\$m
(b) Grant liabilities		
<i>Reconciliation of changes in grant liabilities:</i>		
Opening balance	238	232
Additions	1,160	1,090
Income recognised in the reporting period	-1,179	-1,084
<b>Balance at the end of period</b>	<b>219</b>	<b>238</b>
Income recognition		
- not later than one year	218	238
- later than one year and not later than five years	-	-
- later than five years	-	-
<b>Total</b>	<b>219</b>	<b>238</b>
(c) Contract Liabilities		
<i>Reconciliation of changes in contract liabilities</i>		
Opening balance	308	302
Additions	409	246
Revenue recognised in the reporting period	-293	-239
<b>Balance at the end of period</b>	<b>425</b>	<b>308</b>

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

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

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General Government

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	2022	2021
	\$m	\$m
Surplus /-deficit for period	6,019	5,838
Non-cash movements		
Depreciation	1,846	1,741
Increase/-decrease in accrual in employees benefits	-25	1
-Increase/decrease in inventories	-421	-71
-Increase/decrease in receivables	414	-1,918
-Increase/decrease in prepayments and other assets	-89	-123
Increase/-decrease in payables	304	1,045
Increase/-decrease in other liabilities and accruals	437	66
Net GST receipts/-payments	27	-44
Other non-cash net asset transfers	-162	-1,431
Adjustment for other non-cash items	89	38
<b>Net cash flows from operating activities as shown in the Cash Flow Statement</b>	<b>8,439</b>	<b>5,143</b>

Total Public Sector

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	2022	2021
	\$m	\$m
Surplus /-deficit for period	6,419	5,537
Non-cash movements		
Depreciation	4,775	4,235
Premium discount amortisation	-183	-247
Increase/-decrease in accrual in employees benefits	-38	13
-Increase/decrease in inventories	-1,302	329
-Increase/decrease in receivables	270	-1,467
-Increase/decrease in prepayments and other assets	-83	-93
Increase/-decrease in payables	1,098	14
Increase/-decrease in other liabilities and accruals	722	1,010
Net GST receipts/-payments	-6	-135
Other non-cash net asset transfers	-271	-1,500
Adjustment for other non-cash items	-93	75
<b>Net cash flows from operating activities as shown in the Cash Flow Statement</b>	<b>11,307</b>	<b>7,771</b>

Note: Columns may not add due to rounding.

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### NOTE 29: CLOSING CASH BALANCES

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

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

General Government		
	2022	2021
	\$m	\$m
Cash assets as per the Balance Sheet	5,603	5,230
Investments included as cash on the Cash Flow Statement	4,434	1,713
<b>Total closing cash balance</b>	<b>10,037</b>	<b>6,943</b>
Total Public Sector		
	2022	2021
	\$m	\$m
Cash assets as per the Balance Sheet	8,384	7,113
Investments included as cash on the Cash Flow Statement	6,967	5,487
<b>Total closing cash balance</b>	<b>15,351</b>	<b>12,600</b>

Note: Columns may not add due to rounding.

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### NOTE 30: RESTRICTED FINANCIAL ASSETS

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There are restrictions on the uses of specific purpose Commonwealth grants. Funding received and not yet spent total \$178 million (2021: \$204 million).

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### NOTE 31: MONEYS HELD IN TRUST

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Moneys held in a trustee capacity are not controlled by the State and are excluded from assets and liabilities. An amount of \$526 million was held as at 30 June 2022, compared with \$564 million at 30 June 2021.

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## NOTE 32: CAPITAL EXPENDITURE COMMITMENTS

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### General Government

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

	2022	2021
	\$m	\$m
Capital expenditure commitments <sup>(a)</sup>	<b>3,280</b>	<b>2,992</b>

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

- road infrastructure spending of \$1.7 billion (30 June 2021: \$1.5 billion), including the design and construction of the Bunbury Outer Ring Road (\$400 million), Swan River Crossings – Fremantle Road and Rail (\$211 million), Stephenson Avenue Extension Project (\$185 million), Tonkin Highway Gap – Collier Road to Stanton Road (\$121 million), Causeway Pedestrian and Cyclist bridge (\$98 million), Mitchell Freeway Extension - Hester Avenue to Romeo Road (\$74 million) and Albany Ring Road (\$67 million);
- school infrastructure of \$819 million (30 June 2021: \$714 million), including 2021 election commitments (\$311 million), building of new schools, additions and improvements to primary and high schools (\$295 million) and additional funding as part of the COVID-19 response (\$214 million); and
- major health infrastructure totalling \$312 million (30 June 2021: \$284 million), including the Osborne Park modular hospital ward, salaries and wages that will be capitalised for the Bunbury Hospital Redevelopment, the supply and delivery of six ambulance vehicles, medical equipment for hospitals, as well as the Peel Health Campus emergency department upgrade and the Fremantle Hospital acute mental health beds.

Note: Columns may not add due to rounding.

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### Total Public Sector

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

	2022	2021
	\$m	\$m
Capital expenditure commitments <sup>(b)</sup>	<b>8,692</b>	<b>7,091</b>

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

- rail and bus infrastructure of \$4 billion (30 June 2021: \$3.7 billion), including for the METRONET railcar procurement (\$1.4 billion), the Byford Rail Extension (\$610 million), the Morley-Ellenbrook Line (\$499 million), the radio system replacement (\$211 million), and the Midland Station Project (\$209 million);
- waste and wastewater projects of \$355 million (30 June 2021: \$246 million), including the wastewater treatment plant upgrades of Mandurah Gordon Road (\$30 million) and Broome North (\$25 million), as well as the Baldivis South Main Pump Station and Bullsbrook Pump Station Divert to Ellenbrook (\$20 million);
- land development projects of \$267 million (30 June 2021: \$270 million), including the Australian Marine Complex (\$30.9 million), Ocean Reef Marina (\$20.3 million) and East Perth Power Station (\$19 million) developments; and
- housing infrastructure of \$266 million (30 June 2021: \$215 million), including community housing, dwelling construction and upgrades, joint operations land development, land development and redevelopment, affordable housing and facilities management.

Note: Columns may not add due to rounding.

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### NOTE 33: CONTINGENT ASSETS AND LIABILITIES

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

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

#### Quantifiable Contingent Assets and Liabilities at 30 June

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

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

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	2022	2021
	\$m	\$m
<i>Contingent Assets</i> <sup>(a)</sup>		
General government	21	24
Public non-financial corporations	3	-
<b>Total</b>	<b>24</b>	<b>24</b>
<i>Contingent Liabilities</i>		
Contingent liabilities under guarantees, warranties, indemnities and sureties <sup>(b)</sup>	424	390
Contingent liabilities for superannuation entitlements of public universities <sup>(c)</sup>	56	65
Other contingent liabilities <sup>(d)</sup>	753	536
<b>Total</b>	<b>1,233</b>	<b>990</b>

Note: Columns may not add due to rounding.

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#### (a) Contingent Assets

WA Health has contingent assets of \$8 million (30 June 2021: \$14 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 \$16 million (30 June 2021: \$10 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 2022 totalled \$412 million (30 June 2021: \$378 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 2022, the value of these guarantees was \$12 million (unchanged from 30 June 2021).

### **(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 2022 the guarantee for superannuation entitlements of public universities is \$56 million (30 June 2021: \$65 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 reflects 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 2021-22, approximately 14.5% of all filed claims were in Western Australia, which equates to an estimated contingent liability of \$30.8 million. The arrangement for sharing the default risk is only triggered if James Hardie Pty Ltd, which is directly responsible for the AICF, were to go 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 \$364 million at 30 June 2022 (30 June 2021: \$218 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) land assets portfolio. The Commission sets such compensation and acquisition priorities on an annual basis. In some cases, the landholder may dispute 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 around \$150 million (30 June 2021: \$67 million).

### ***Native Title***

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

Under the Indigenous Land Use Agreements for this settlement, 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 within the Agreement Area, to meet the Settlement's economic development objectives. The current estimate for these payments, which will be made for 10 years between 1 July 2022 and 30 June 2032, 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 has been actuarially assessed as at 30 June 2022. 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 \$42 million (30 June 2021: \$28 million). An unquantifiable contingent liability for HII is also disclosed later in this note.

### ***Communities***

The Department is a party to a number of pending legal cases 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 \$8 million (30 June 2021: \$24 million) may be payable as compensation to claimants at some future point in time.

**WA Health**

WA Health has contingent liabilities of \$35 million (30 June 2021: \$44 million), which are mainly associated with cross-border charges for Western Australian residents treated in hospitals in other Australian jurisdictions (\$13 million), and facilities management matters under negotiation for South Metropolitan Health Service (\$18 million, which are an ongoing part of contract management processes involving formal contractual dispute mechanisms).

**Justice**

The Department of Justice is subject to claims against the Department and the 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 \$14 million (30 June 2021: \$16 million).

**Various Agencies**

Other quantifiable contingent liabilities include various legal and contractual claims against individual agencies totalling \$53 million (30 June 2021: \$52 million), as reported in the annual reports of those agencies.

**Non-quantifiable Contingent Assets and Liabilities at 30 June****1. Non-quantifiable Contingent Assets*****Litigation in Progress***

A number of government agencies are currently involved with different legal proceedings, which are 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 Guarantees, Warranties, Indemnities and Sureties*****Gold Corporation******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 payment 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 extends until 31 December 2025. 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.

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

#### ***Litigation***

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

#### ***Claims by Mr Clive Palmer, Mineralogy, International Minerals and Zeph Investments Pte Ltd***

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 *2020-21 Annual Report on State Finances*.

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). However, legislation was enacted in 2020 which terminated the claims for compensation.

A constitutional challenge to the legislation brought by Mr Palmer and the entities was heard by the High Court in June 2021. On 13 October 2021, the High Court handed down its judgments in favour of the Western Australian Government.

Other actions commenced by Mineralogy and International Minerals in the Federal Court of Australia and in the Supreme Court of Queensland were adjourned pending the High Court outcome. The action in the Federal Court of Australia was subsequently discontinued by Mineralogy and International Minerals on 13 December 2021. The Queensland Court of Appeal has reserved its decision following an appeal hearing in mid-April 2022.

On 31 January 2022, International Minerals commenced new proceedings against the State of Western Australia (and other respondents) in the Federal Court of Australia seeking relief, including declarations that the State engaged in misleading, deceptive, and unconscionable conduct in breach of the Australian Consumer Law in relation to the enactment of the abovementioned legislation in 2020. International Minerals filed a Notice of Discontinuance on 25 March 2022. However, following a hearing in May 2022, on 12 August 2022, the Court struck out the Notice of Discontinuance. Consequently, these proceedings remain on foot.

On 2 September 2022, Zeph Investments Pte Ltd commenced new proceedings against the State and the Commonwealth of Australia in the Federal Court of Australia seeking an injunction to prevent the Commonwealth and the State from taking any steps to impose an indemnity or other liability on Zeph, Mineralogy, International Minerals or Mr Palmer as a consequence of Zeph commencing investor-State arbitration against Australia under the ASEAN-Australia-New Zealand Free Trade Area agreement. The Notice of Arbitration has not yet been served on the Commonwealth. As part of these Federal Court proceedings, Zeph is also challenging the constitutional validity of certain sections of the legislation enacted in 2020. The grounds of challenge overlap with those raised by Mr Palmer and the entities in the High Court proceedings heard in June 2021, which found in favour of the Western Australian Government.

### ***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. It is too early to estimate the potential financial effects from this claim.

### ***Barrow Island Royalty Variation***

Under certain circumstances, the *Barrow Island Royalty Variation Agreement Act 1985* can require royalties to be refunded equal to approximately 40% of the net value (i.e. the value of production less eligible rehabilitation and well abandonment costs) in the final year of active operations and the subsequent three years. If triggered, the cost of any such refund would be split between the Commonwealth and Western Australian Governments in line with the split of royalty income. The Western Australian Department of Mines, Industry Regulation and Safety, which administers the royalty agreement on behalf of the State, is assessing any estimated potential financial effects.

### ***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.

### ***Forestry Contracts***

As the responsible Minister under the *Industry and Technology Development Act 1998*, the Minister for State Development (or his predecessors), the General Manager of Forest Products Commission's (FPC), and a timber processor 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 maximum potential liability for this ISG, at 30 June 2022, was \$15.9 million. In addition, the FPC notes a disputed potential liability relating to claims by a timber processor regarding alleged undersupply of resource and ancillary contractual issues. As at 30 June 2022, this matter has not yet been resolved.

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.

The FPC is undertaking further analysis in order to develop and implement mitigation strategies if necessary and will continue to monitor the need for further disclosure, or a provision, at future reporting dates.

## **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.

### *Depository Program*

Through its depository program, Gold Corporation enables investors from the United States to invest in precious metal assets that are securely stored and insured by Gold Corporation. It is currently investigating the extent to which it may have not complied with obligations imposed under the various Uniform Securities Acts enacted by different jurisdictions in the United States. It is not possible to quantify the potential financial effects, if any, of any non-compliance.

### **Hotel Quarantine Compensation Payments**

The *Public Health Act 2016* sets out an entitlement to compensation where a person has suffered loss or damage because of the exercise or purported exercise of a power under section 157(h), 182 or 190(1)(f) or (g) of the Act. There are three applications for compensation under consideration. The value is yet to be determined.

### **Investigation by the Economic Regulation Authority**

In 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 2022 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.

### **Lotteries Commission**

A decision handed down by the Industrial Appeal Court (IAC) in 2020 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.

### ***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 38 Native Title claimant applications, and 134 Native Title determinations in Western Australia.

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. There are currently six active Native Title compensation claims in the Federal Court, some of which are in mediation with options to settlement outside of a litigated outcome.

In addition to the quantified contingent liabilities for the South West and Yamatji Native Title agreements, and the Gibson Desert Nature Reserve Compensation agreement, disclosed earlier, land and building transfers which are yet to be finalised represent an unquantified contingent liability.

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

Three separate 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. One of these claims is scheduled to be heard in 2022-23 and the other two claims are scheduled to be heard at later dates. The size of the claims are subject to settlement negotiations and/or court determinations.

### ***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 uncertain and cannot be quantified with any accuracy.

### **Horizon Power**

A number of properties, including power stations and residential accommodation, owned by Horizon Power contain asbestos. Horizon Power has a robust management and monitoring process in place for the ongoing 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).

### ***National Redress Scheme***

Under the initial design of the Scheme, where an institution named on an application is defunct, but a government institution is jointly responsible for the abuse with the defunct institution, the government institution may agree to act as a funder of last resort (FoLR) and pay the defunct institution's share of redress. As a result of recommendations from the Second Anniversary Review commissioned by the Commonwealth Government, an expanded FoLR arrangement was implemented in December 2021, whereby government institutions with no shared responsibility with a defunct institution may agree to take on the defunct institution's redress payments.

The provision recognised by the Department of Justice (\$473 million at 30 June 2022) excludes the expanded FoLR provisions that is likely to involve the Western Australian Government paying redress for:

- community sporting groups and other community organisations; and
- workers aged under 18 who were sexually abused while working (this could arise from small business and business franchise licences).

At present, there is insufficient data and information to reliably estimate the impact from the expanded provisions hence this is disclosed as a contingent liability.

### ***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 to June 2022 note that of the buildings within scope that were reviewed, 52 buildings have been cleared after detailed risk assessment, 27 buildings were found to require remedial action and remedial action has been completed for 8 of those buildings. The Government has set aside funds in the 2022-23 Budget to address the emerging costs of any required remediation.

### ***Water Corporation***

The Corporation is a market customer in the Western Australian Wholesale Electricity Market (WEM), which is administered by the Australian Energy Market Operator (AEMO). The Corporation's participation and subsequent electricity purchases in the WEM are subject to meeting the prudential support requirements. The level of credit support required is equivalent to the maximum net amount the Corporation is expected to owe the AEMO over any 70-day period, based on actual electricity purchases.

### ***Other Contingent Liabilities***

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

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

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## NOTE 34: FINANCIAL INSTRUMENTS

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### (a) Financial Risk Management Objectives and Policies

Exposure to credit risk, liquidity risk, interest rate risk and other financial risks arise in the normal course of public sector activity. Public sector agencies adopt various 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 2022 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 2022.

## **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.

	2022	2021
	\$m	\$m
<b>Financial Assets at amortised cost</b>		
Cash and deposits	5,603	5,230
Receivables	5,151	5,522
Investments, loans and placements	4,659	2,105
Advances paid	708	729
Shares and other equity	62,899	54,362
Other financial assets	9	8
<b>Financial Liabilities at amortised cost</b>		
Deposits held	1,271	1,333
Advances received	291	309
Lease liabilities	2,818	2,753
Other borrowings	25,858	26,457
Payables	2,841	2,537
Other employee benefits	390	292
Other financial liabilities	650	683

Note: Columns may not add due to rounding.

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

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Total Public Sector

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*Categories of Financial Instruments*

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

	2022	2021
	\$m	\$m
<b>Financial assets at amortised cost</b>		
Cash and deposits	8,384	7,113
Receivables	6,617	7,220
Investments, loans and placements	532	19,679
Advances paid	4,423	5,621
Shares and other equity	139	2,776
Other financial assets	16	9
<b>Financial assets at fair value through profit or loss</b>		
Receivables	352	385
Investments, loans and placements	13,220	13,535
Shares and other equity	2,162	2,660
<b>Financial Liabilities at amortised cost</b>		
Deposits held	19	13
Advances received	291	309
Borrowings		
Lease liabilities	3,574	3,474
Service concession liabilities	325	348
Other borrowings	1,297	61,741
Payables	4,350	10,016
Guarantees	422	390
Other employee benefits	437	327
Other financial liabilities	5,145	5,011
<b>Financial liabilities at fair value through profit or loss</b>		
Borrowings	50,258	58,650
Payables	6,765	5,920
<b>Financial liabilities at fair value through other comprehensive income</b>		
Borrowings	-	36

Note: Columns may not add due to rounding.

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


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Total Public Sector

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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 2022 \$m	Net fair Value 2022 \$m	Credit Exposure 2022 \$m
Interest rate contracts	13,275	169	136
Forward exchange contracts	-1,412	-12	-
Equity Contracts	-	-	-
Other commodity contracts	2,509	21	4
<b>Total</b>	<b>14,373</b>	<b>178</b>	<b>140</b>

<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
<b>Total</b>	<b>14,458</b>	<b>795</b>	<b>564</b>

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## 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 2022								Total carrying amount \$m	Weighted average effective interest rate %
	Floating interest rate \$m	Fixed Interest Maturing in					Non-interest bearing \$m			
		up to 3 months \$m	3 to 12 months \$m	1 year to 5 years \$m	Over 5 years \$m	Total Fixed interest rate \$m				
<b>Financial assets</b>										
Cash and deposits	373	5,029	14	17	-	5,060	170	5,603	0.3	
Receivables <sup>(a)</sup>	-	-	-	-	-	-	5,151	5,151	0.6	
Investments, loans and placements	29	492	1,486	1,994	638	4,611	20	4,659	2.2	
Advances paid:										
Non-government schools	-	10	30	166	162	367	-	367	4.2	
Other advances	20	-	-	-	-	-	320	341	3.0	
Shares and other equity	-	-	-	-	-	-	62,899	62,899	-	
Other financial assets	-	-	-	-	-	-	9	9	-	
<b>Total financial assets<sup>(b)</sup></b>	<b>422</b>	<b>5,531</b>	<b>1,530</b>	<b>2,177</b>	<b>800</b>	<b>10,038</b>	<b>68,570</b>	<b>79,029</b>		
<b>Financial liabilities</b>										
Deposits held	-	739	278	178	56	1,252	19	1,271	1.0	
Advances received	-	-	-	-	-	-	291	291	-	
Borrowings:										
Lease Liabilities	-	93	253	946	1,526	2,818	-	2,818	4.0	
Service concession liabilities	-	-	-	-	-	-	-	-	-	
Other borrowings	400	620	2,580	13,463	8,778	25,441	18	25,858	2.7	
Payables <sup>(c)</sup>	-	-	-	-	-	-	2,841	2,841	-	
Other employee benefits	-	-	-	-	-	-	390	390	-	
Other financial liabilities	-	-	-	-	-	-	650	650	-	
<b>Total financial liabilities<sup>(b)</sup></b>	<b>400</b>	<b>1,452</b>	<b>3,111</b>	<b>14,588</b>	<b>10,360</b>	<b>29,511</b>	<b>4,209</b>	<b>34,120</b>		

(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 2021

	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	Fixed Interest Maturing in 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	-
<b>Total financial assets(b)</b>	<b>480</b>	<b>4,756</b>	<b>113</b>	<b>1,570</b>	<b>688</b>	<b>7,128</b>	<b>60,349</b>	<b>67,956</b>	
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	-
<b>Total financial liabilities(b)</b>	<b>391</b>	<b>1,467</b>	<b>2,787</b>	<b>15,115</b>	<b>10,753</b>	<b>30,123</b>	<b>3,849</b>	<b>34,363</b>	

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

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

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

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

## NOTE 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 2022

	Fixed Interest Maturing in					Total Fixed interest rate \$m	Non-interest bearing \$m	Total carrying amount \$m	Weighted average effective interest rate %
	Floating interest rate \$m	up to 3 months \$m	3 to 12 months \$m	1 year to 5 years \$m	Over 5 years \$m				
<b>Financial assets</b>									
Cash and deposits	2,580	5,239	14	17	-	5,270	534	8,384	0.5
Receivables (a)	-	38	-	-	-	38	6,930	6,968	2.1
Investments, loans and placements	601	1,814	3,557	3,052	1,777	10,199	2,952	13,752	1.6
Advances paid:	-	-	-	-	-	-	-	-	-
Homebuyers	4,009	-	-	-	-	-	-	4,009	4.4
Non-government schools	-	10	30	166	162	367	-	367	4.4
Other	20	-	-	-	-	-	26	47	-
Shares and other equity	-	-	-	-	-	-	2,302	2,302	-
Other financial assets	-	-	-	-	-	-	16	16	-
<b>Total financial assets (b)</b>	<b>7,210</b>	<b>7,101</b>	<b>3,600</b>	<b>3,235</b>	<b>1,938</b>	<b>15,874</b>	<b>12,760</b>	<b>35,844</b>	
<b>Financial liabilities</b>									
Deposits held	-	-	-	-	-	-	19	19	-
Advances received	-	-	18	148	126	291	-	291	4.6
Borrowings:	-	-	-	-	-	-	-	-	-
Lease liabilities	-	104	355	1,296	1,820	3,574	-	3,574	-
Service concession liabilities	-	4	12	63	247	325	-	325	0.1
Other borrowings	411	11,167	4,108	20,273	15,271	50,819	325	51,555	1.7
Payables (c)	-	1,536	-	-	-	1,536	9,578	11,115	0.2
Guarantees (d)	-	-	-	-	-	-	422	422	-
Other employee benefits	-	-	-	-	-	-	437	437	-
Other financial liabilities	-	-	-	-	-	-	5,145	5,145	-
<b>Total financial liabilities (b)</b>	<b>411</b>	<b>12,811</b>	<b>4,492</b>	<b>21,779</b>	<b>17,463</b>	<b>56,546</b>	<b>15,926</b>	<b>72,883</b>	

(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 payable 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.)

### Total Public Sector

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			
<b>Financial assets</b>									
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	-
<b>Total financial assets(b)</b>	<b>7,897</b>	<b>11,873</b>	<b>868</b>	<b>4,537</b>	<b>2,914</b>	<b>20,192</b>	<b>14,329</b>	<b>42,418</b>	
<b>Financial liabilities</b>									
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	-
<b>Total financial liabilities(b)</b>	<b>421</b>	<b>16,559</b>	<b>1,177</b>	<b>23,244</b>	<b>22,580</b>	<b>63,560</b>	<b>17,648</b>	<b>81,629</b>	

(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.

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


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**General Government**


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	30 June 2022					30 June 2021				
	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
<b>Financial Assets</b>										
Cash and deposits	5,402	-54	-54	54	54	5,089	-51	-51	51	51
Receivables	-	-	-	-	-	-	-	-	-	-
Investments, loans and placements	521	-5	-5	5	5	105	-1	-1	1	1
Advances paid	30	-	-	-	-	42	-	-	-	-
<b>Financial Liabilities</b>										
Deposits held	739	7	7	-7	-7	79	1	1	-1	-1
Borrowings	1,114	10	10	-10	-10	1,780	17	17	-17	-17
<b>Total Increase/-Decrease</b>		<b>-42</b>	<b>-42</b>	<b>42</b>	<b>42</b>		<b>-34</b>	<b>-34</b>	<b>34</b>	<b>34</b>

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**Total Public Sector**


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	30 June 2022					30 June 2021				
	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
<b>Financial Assets</b>										
Cash and deposits	7,820	-78	-78	78	78	6,933	-69	-69	69	69
Receivables	38	-	-	-	-	26	-	-	-	-
Investments, loans and placements	2,415	-24	-24	24	24	7,566	-76	-76	76	76
Advances paid	4,009	-40	-40	40	40	5,204	-52	-52	52	52
<b>Financial Liabilities</b>										
Borrowings	11,578	116	116	-116	-116	16,202	162	162	-162	-162
Payables	1,536	15	15	-15	-15	724	7	7	-7	-7
<b>Total Increase/-Decrease</b>		<b>-11</b>	<b>-11</b>	<b>11</b>	<b>11</b>		<b>-28</b>	<b>-28</b>	<b>28</b>	<b>28</b>

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

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## NOTE 34: FINANCIAL INSTRUMENTS (CONT.)

### General Government

	Carrying amount as at 30 June 2022 \$m	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>
		\$m	\$m	\$m
<b>Financial Assets</b>				
Investments, loans and placements	4,645	86	4,560	-
Shares and other equity	62,325	17	24	62,284
Other financial assets	8	-	-	8
<b>Financial Liabilities</b>				
Borrowings	60	-	-	60
	Carrying amount as at 30 June 2021 \$m	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>
		\$m	\$m	\$m
<b>Financial Assets</b>				
Investments, loans and placements	2,100	97	2,004	-
Shares and other equity	54,392	14	16	54,362
Other financial assets	8	-	-	8
<b>Financial Liabilities</b>				
Borrowings	59	-	-	59

### Total Public Sector

	Carrying amount as at 30 June 2022 \$m	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>
		\$m	\$m	\$m
<b>Financial Assets</b>				
Investments, loans and placements	11,745	2,006	8,416	1,324
Shares and other equity	4,244	2,869	1,352	23
Other financial assets	8	-	-	8
<b>Financial Liabilities</b>				
Borrowings	50,906	9,285	41,621	-
Payables	6,765	6,765	-	-
	Carrying amount as at 30 June 2021 \$m	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>
		\$m	\$m	\$m
<b>Financial Assets</b>				
Investments, loans and placements	15,549	3,189	11,349	1,010
Shares and other equity	2,776	2,674	73	29
Other financial assets	8	-	-	8
<b>Financial Liabilities</b>				
Borrowings	58,700	46,583	12,117	-
Payables	5,920	5,920	-	-

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

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

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

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

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### NOTE 35: OTHER DISAGGREGATED INFORMATION

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The total public sector (or whole-of-government) includes agencies classified into general government, public non-financial corporation and public financial corporation sectors in accordance with the Australian Bureau of Statistics' (ABS') coverage for Government Finance Statistics purposes. Details of the classification of State agencies are provided in Note 38: *Composition of Sectors*.

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

## NOTE 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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>RESULTS FROM TRANSACTIONS</b>										
<b>REVENUE</b>										
Taxation	11,634	10,153	-	-	-	-	-569	-547	11,065	9,606
Current grants and subsidies	11,946	9,421	2,820	3,344	-	-	-2,820	-3,344	11,946	9,421
Capital grants	1,515	1,131	150	97	-	-	-150	-97	1,515	1,131
Sales of goods and services	3,027	2,821	33,224	37,404	1,422	1,965	-1,235	-1,017	36,437	41,172
Interest Income	127	110	88	88	1,257	1,368	-1,028	-1,088	445	478
Revenue from public corporations										
Dividends	612	1,362	-	-	-	-	-612	-1,362	-	-
Tax equivalent income	906	956	-	-	-	-	-906	-956	-	-
Royalty income	11,091	12,181	-	-	-	-	-	-	11,091	12,181
Other	799	2,015	525	601	188	162	-236	-223	1,276	2,556
<b>Total</b>	<b>41,658</b>	<b>40,151</b>	<b>36,806</b>	<b>41,535</b>	<b>2,867</b>	<b>3,495</b>	<b>-7,555</b>	<b>-8,636</b>	<b>73,776</b>	<b>76,545</b>
<b>EXPENSES</b>										
Salaries	14,279	13,469	1,199	1,142	63	64	-	-	15,540	14,676
Superannuation										
Concurrent costs	1,469	1,323	123	125	6	6	-	-	1,598	1,454
Superannuation interest cost	75	60	-	-	-	-	-	-	75	60
Other employee costs	327	422	72	59	298	1	-84	-78	612	404
Depreciation and amortisation	1,846	1,741	2,924	2,488	8	8	-3	-3	4,775	4,235
Services and contracts	2,877	2,686	1,048	851	12	12	-13	-	3,925	3,549
Other gross operating expenses	6,337	5,602	28,285	33,009	886	1,534	-1,459	-1,208	34,049	38,936
Interest										
Interest on leases	133	134	70	75	1	1	-1	-1	203	209
Other interest	646	654	419	451	947	1,099	-1,027	-1,087	986	1,116
Tax equivalents	-	-	704	637	202	319	-906	-956	-	-
Current transfers	6,662	7,458	1,224	1,854	4	4	-3,153	-3,688	4,737	5,629
Capital transfers	988	763	23	63	4	13	-159	-99	856	741
<b>Total</b>	<b>35,638</b>	<b>34,313</b>	<b>36,092</b>	<b>40,754</b>	<b>2,430</b>	<b>3,062</b>	<b>-6,804</b>	<b>-7,120</b>	<b>67,357</b>	<b>71,008</b>
<b>NET OPERATING BALANCE</b>	<b>6,019</b>	<b>5,838</b>	<b>714</b>	<b>780</b>	<b>437</b>	<b>434</b>	<b>-751</b>	<b>-1,516</b>	<b>6,419</b>	<b>5,537</b>

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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$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	-149	-173	-235	-210	-629	855	-	-	-1,013	471
Provision for doubtful debts	-9	-51	-6	-13	-	-	-	-	-15	-64
Changes in accounting policy/adjustment of prior periods	-379	9	333	-112	213	5	-	-	167	-98
<b>Total other economic flows</b>	<b>-537</b>	<b>-215</b>	<b>92</b>	<b>-335</b>	<b>-416</b>	<b>859</b>	<b>-</b>	<b>-</b>	<b>-861</b>	<b>309</b>
<b>OPERATING RESULT</b>	<b>5,482</b>	<b>5,623</b>	<b>806</b>	<b>445</b>	<b>21</b>	<b>1,293</b>	<b>-751</b>	<b>-1,516</b>	<b>5,558</b>	<b>5,846</b>
<i>All other movements in equity</i>										
<i>Items that will not be reclassified to operating result</i>										
Revaluations	6,379	1,827	6,723	1,422	-3	3	-	-	13,099	3,251
Net actuarial gains - superannuation	769	1,072	-23	-2	-	1	-	-	747	1,071
Gains recognised directly in equity	-	2	-3	-21	3	-3	-3	-3	-2	-24
Change in net worth of the public corporations sectors	6,771	1,620	-	-	-	-	-6,771	-1,620	-	-
All other	-	-	-	-	-	-	-	-	-	-
<b>Total all other movements in equity</b>	<b>13,919</b>	<b>4,520</b>	<b>6,698</b>	<b>1,399</b>	<b>-</b>	<b>-</b>	<b>-6,774</b>	<b>-1,622</b>	<b>13,844</b>	<b>4,298</b>
<i>Movements in owner equity</i>										
Dividends	-	-	-23	-1,341	-731	-177	754	1,518	-	-
Capital injections	-	-	1,185	1,114	-1	35	-1,184	-1,149	-	-
<b>Total movements in owner equity</b>	<b>-</b>	<b>-</b>	<b>1,161</b>	<b>-227</b>	<b>-732</b>	<b>-142</b>	<b>-430</b>	<b>369</b>	<b>-</b>	<b>-</b>
<b>TOTAL CHANGE IN NET WORTH</b>	<b>19,402</b>	<b>10,144</b>	<b>8,665</b>	<b>1,618</b>	<b>-711</b>	<b>1,151</b>	<b>-7,955</b>	<b>-2,769</b>	<b>19,402</b>	<b>10,144</b>
<b>KEY FISCAL AGGREGATES</b>										
<b>NET OPERATING BALANCE</b>	<b>6,019</b>	<b>5,838</b>	<b>714</b>	<b>780</b>	<b>437</b>	<b>434</b>	<b>-751</b>	<b>-1,516</b>	<b>6,419</b>	<b>5,537</b>
<i>Less Net acquisition of non-financial assets</i>										
Purchase of non-financial assets	3,308	2,614	3,964	3,224	9	4	-100	-25	7,181	5,816
Changes in inventories	421	70	881	-400	-	-	-	-	1,302	-330
Other movement in non-financial assets	94	1,337	93	66	-	-	-	-	187	1,403
<i>less:</i>										
Sales of non-financial assets	110	90	518	434	-	-	-99	-25	529	499
Depreciation	1,846	1,741	2,924	2,488	8	8	-3	-	4,775	4,235
<b>Total net acquisition of non-financial assets</b>	<b>1,868</b>	<b>2,189</b>	<b>1,495</b>	<b>-32</b>	<b>1</b>	<b>-5</b>	<b>3</b>	<b>-</b>	<b>3,367</b>	<b>2,155</b>
<b>NET LENDING/-BORROWING</b>	<b>4,151</b>	<b>3,649</b>	<b>-781</b>	<b>813</b>	<b>437</b>	<b>438</b>	<b>-754</b>	<b>-1,518</b>	<b>3,052</b>	<b>3,382</b>

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	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
<b>ASSETS</b>										
<i>Financial assets</i>										
Cash and deposits	5,603	5,230	3,502	2,961	529	241	-1,250	-1,319	8,384	7,113
Advances paid	708	729	-	-	4,009	5,204	-294	-312	4,423	5,621
Investments, loans and placements	4,659	2,105	4,661	5,860	55,533	66,077	-51,102	-54,372	13,752	19,670
Receivables	5,568	5,942	1,755	1,646	881	694	-942	-802	7,264	7,480
Shares and other equity										
Investments in other public sector entities - equity method	49,353	42,581	-	-	-	-	-49,353	-42,581	-	-
Investments in other public sector entities - direct injections	12,934	11,751	-	-	-	-	-12,934	-11,751	-	-
Investments in other entities	34	30	36	29	2,232	2,718	-	-	2,302	2,776
Other financial assets	9	8	378	484	7	-	-378	-484	16	9
<b>Total financial assets</b>	<b>78,868</b>	<b>68,376</b>	<b>10,331</b>	<b>10,980</b>	<b>63,192</b>	<b>74,934</b>	<b>-116,252</b>	<b>-111,621</b>	<b>36,139</b>	<b>42,669</b>
<i>Non-financial assets</i>										
Land	39,714	37,821	8,899	8,195	-	-	-	-	48,613	46,015
Property, plant and equipment	53,231	47,428	63,357	58,068	4	5	-	-	116,593	105,501
Right-of-use assets	2,452	2,394	447	442	16	20	-	-	2,915	2,856
Service concession assets	892	798	2,233	207	-	-	-	-	3,125	1,005
Biological assets	14	54	198	210	-	-	-	-	212	264
Inventories										
Land inventories	-	-	1,590	1,566	-	-	-	-	1,590	1,566
Other inventories	600	179	6,806	5,925	-	-	-	-	7,406	6,104
Intangibles	595	586	401	504	11	6	-	-	1,007	1,097
Assets held for sale	57	107	10	5	-	-	-	-	66	112
Investment property	-	7	14	21	-	-	-	-	14	28
Other	440	352	186	170	3	3	-30	-3	599	523
<b>Total non-financial assets</b>	<b>97,995</b>	<b>89,726</b>	<b>84,141</b>	<b>75,312</b>	<b>35</b>	<b>34</b>	<b>-31</b>	<b>-3</b>	<b>182,140</b>	<b>165,069</b>
<b>TOTAL ASSETS</b>	<b>176,863</b>	<b>158,102</b>	<b>94,472</b>	<b>86,292</b>	<b>63,227</b>	<b>74,968</b>	<b>-116,282</b>	<b>-111,624</b>	<b>218,280</b>	<b>207,738</b>

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	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
<b>LIABILITIES</b>										
Deposits held	1,271	1,333	-	-	-	-	-1,252	-1,320	19	13
Advances received	291	309	291	309	3	3	-294	-312	291	309
Borrowings										
Lease Liabilities	2,818	2,753	831	768	20	25	-96	-72	3,574	3,474
Service concession liabilities	-	5	325	343	-	-	-	-	325	348
Other borrowings	25,858	26,451	21,623	23,299	55,078	66,290	-51,004	-54,299	51,555	61,741
Superannuation	4,524	5,519	74	83	4	4	-	-	4,603	5,606
Other employee benefits	4,101	3,875	468	453	16	16	-	-	4,585	4,343
Payables	2,841	2,537	8,454	7,609	241	213	-418	-338	11,119	10,021
Other liabilities	3,174	2,737	2,336	2,026	5,646	5,488	-932	-950	10,225	9,300
<b>TOTAL LIABILITIES</b>	<b>44,879</b>	<b>45,520</b>	<b>34,404</b>	<b>34,889</b>	<b>61,008</b>	<b>72,039</b>	<b>-53,995</b>	<b>-57,291</b>	<b>86,296</b>	<b>95,156</b>
<b>NET ASSETS</b>	<b>131,984</b>	<b>112,582</b>	<b>60,069</b>	<b>51,403</b>	<b>2,218</b>	<b>2,929</b>	<b>-62,287</b>	<b>-54,332</b>	<b>131,984</b>	<b>112,582</b>
<i>Of which:</i>										
Contributed equity	-	-	13,186	12,001	-252	-251	-12,934	-11,751	-	-
Accumulated surplus	20,557	14,298	17,318	16,658	2,448	3,154	7	7	40,329	34,118
Other reserves	111,427	98,284	29,564	22,743	23	26	-49,360	-42,588	91,654	78,464
<b>NET WORTH</b>	<b>131,984</b>	<b>112,582</b>	<b>60,069</b>	<b>51,403</b>	<b>2,218</b>	<b>2,929</b>	<b>-62,287</b>	<b>-54,332</b>	<b>131,984</b>	<b>112,582</b>

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

	Equity at 1 July 2021 \$m	Change in net worth \$m	Contributed capital \$m	Dividends \$m	Other \$m	Equity at 30 June 2022 \$m
<b>General Government</b>						
Accumulated surplus/(deficit)	14,298	6,251	-	-	7	20,557
Reserves	55,702	6,379	-	-	-7	62,075
Accumulated net gain on equity investments in other sector entities	42,581	6,771	-	-	-	49,353
<b>Total</b>	<b>112,582</b>	<b>19,402</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131,984</b>
<b>Public Non Financial Corporations</b>						
Accumulated surplus/(deficit)	16,658	781	-	-23	-98	17,318
Contributed equity	12,001	-	1,185	-	-	13,186
Reserves	22,743	6,723	-	-	98	29,564
<b>Total</b>	<b>51,403</b>	<b>7,504</b>	<b>1,185</b>	<b>-23</b>	<b>-</b>	<b>60,069</b>
<b>Public Financial Corporations</b>						
Accumulated surplus/(deficit)	3,154	21	-	-731	4	2,448
Contributed Equity	-251	-	-1	-	-	-252
Reserves	26	-3	-	-	-	23
<b>Total</b>	<b>2,929</b>	<b>18</b>	<b>-1</b>	<b>-731</b>	<b>4</b>	<b>2,218</b>
<b>Inter-sector eliminations</b>						
Accumulated surplus/(deficit)	7	-751	-	754	-4	7
Contributed Equity	-11,751	-	-1,184	-	-	-12,934
Reserves	-7	-	-	-	-	-7
Accumulated net gain on equity investments in other sector entities	-42,581	-6,771	-	-	-	-49,353
<b>Total</b>	<b>-54,332</b>	<b>-7,522</b>	<b>-1,184</b>	<b>754</b>	<b>-4</b>	<b>-62,287</b>
<b>Total Public Sector</b>						
Accumulated surplus/(deficit)	34,118	6,303	-	-	-91	40,329
Contributed Equity	-	-	-	-	-	-
Reserves	78,464	13,099	-	-	91	91,654
<b>Total</b>	<b>112,582</b>	<b>19,402</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131,984</b>

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	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
<i>Cash received</i>										
Taxes received	11,332	9,847	-	-	-	-	-572	-553	10,760	9,294
Grants and subsidies received	15,637	12,167	2,946	3,491	-	2	-2,946	-3,493	15,637	12,167
Receipts from sales of goods and services	3,007	2,858	25,396	26,107	1,565	2,016	-1,294	-1,012	28,674	29,970
Interest receipts	111	88	80	83	1,286	1,436	-1,037	-1,141	440	466
Dividends and tax equivalents	1,544	2,331	156	63	-	-	-1,700	-2,393	-	-
Other	14,271	12,694	1,683	1,457	187	175	-446	-425	15,696	13,901
<b>Total cash received</b>	<b>45,903</b>	<b>39,985</b>	<b>30,260</b>	<b>31,200</b>	<b>3,039</b>	<b>3,629</b>	<b>-7,994</b>	<b>-9,017</b>	<b>71,208</b>	<b>65,797</b>
<i>Cash Paid</i>										
Wages, salaries and supplements, and superannuation	-15,848	-14,851	-1,334	-1,257	-69	-68	-	-	-17,251	-16,177
Payments for goods and services	-9,876	-8,904	-19,870	-20,397	-988	-929	1,630	1,336	-29,104	-28,895
Interest paid	-752	-803	-508	-576	-1,190	-1,450	1,037	1,141	-1,413	-1,688
Grants and subsidies paid	-8,852	-8,456	-759	-706	-	-	2,975	3,530	-6,636	-5,632
Dividends and tax equivalents	-	-	-727	-683	-205	-285	932	968	-	-
Other payments	-2,136	-1,828	-3,768	-4,210	-181	-168	587	571	-5,497	-5,635
<b>Total cash paid</b>	<b>-37,464</b>	<b>-34,842</b>	<b>-26,966</b>	<b>-27,829</b>	<b>-2,632</b>	<b>-2,901</b>	<b>7,161</b>	<b>7,545</b>	<b>-59,901</b>	<b>-58,026</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>8,439</b>	<b>5,143</b>	<b>3,294</b>	<b>3,371</b>	<b>407</b>	<b>728</b>	<b>-833</b>	<b>-1,471</b>	<b>11,307</b>	<b>7,771</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<i>Cash flows from investments in non-financial assets</i>										
Purchase of non-financial assets	-3,308	-2,614	-3,964	-3,224	-9	-4	100	25	-7,181	-5,816
Sales of non-financial assets	110	90	518	434	-	-	-99	-25	529	499
<b>Total cash flows from investments in non-financial assets</b>	<b>-3,199</b>	<b>-2,524</b>	<b>-3,445</b>	<b>-2,790</b>	<b>-9</b>	<b>-4</b>	<b>-</b>	<b>-</b>	<b>-6,653</b>	<b>-5,317</b>
<i>Cash flows from investments in financial assets</i>										
<i>Cash received</i>										
For policy purposes	18	14	-	-	-	-	-	-	18	14
For liquidity purposes	93	86	24	3	10,746	12,685	-	-	10,863	12,774
<i>Cash paid</i>										
For policy purposes	-1,208	-1,210	-10	-18	-	-	1,198	1,210	-21	-17
For liquidity purposes	-70	-94	-77	-100	-8,562	-12,422	-	-	-8,709	-12,616
<b>Total cash flows from investments in financial assets</b>	<b>-1,168</b>	<b>-1,205</b>	<b>-63</b>	<b>-114</b>	<b>2,184</b>	<b>263</b>	<b>1,197</b>	<b>1,210</b>	<b>2,151</b>	<b>154</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-4,366</b>	<b>-3,728</b>	<b>-3,508</b>	<b>-2,904</b>	<b>2,175</b>	<b>259</b>	<b>1,197</b>	<b>1,210</b>	<b>-4,502</b>	<b>-5,162</b>

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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<i>Cash received</i>										
Advances received	18	18	-	-	-	-	-18	-18	-	-
Borrowings	57	198	3,612	4,322	27,214	33,890	-8,417	-8,928	22,466	29,482
Deposits received	-	-	-	-	-	-	-	-	-	-
Other financing receipts	195	233	1,300	1,305	-	36	-1,304	-1,342	191	232
<b>Total cash receipts from financing activities</b>	<b>270</b>	<b>449</b>	<b>4,912</b>	<b>5,627</b>	<b>27,215</b>	<b>33,926</b>	<b>-9,739</b>	<b>-10,288</b>	<b>22,658</b>	<b>29,714</b>
<i>Cash paid</i>										
Advances paid	-18	-17	-18	-17	-	-	18	17	-18	-17
Borrowings repaid	-646	-45	-4,105	-4,365	-29,744	-34,656	8,417	8,928	-26,077	-30,138
Deposits paid	-	-	-	-	-	-	-	-	-	-
Other financing payments	-585	-503	-200	-230	-5	-4	172	178	-618	-560
Dividends paid	-	-	-23	-1,341	-745	-84	768	1,425	-	-
<b>Total payments for financing activities</b>	<b>-1,248</b>	<b>-566</b>	<b>-4,346</b>	<b>-5,954</b>	<b>-30,493</b>	<b>-34,745</b>	<b>9,375</b>	<b>10,549</b>	<b>-26,713</b>	<b>-30,716</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-978</b>	<b>-117</b>	<b>566</b>	<b>-327</b>	<b>-3,279</b>	<b>-819</b>	<b>-364</b>	<b>261</b>	<b>-4,055</b>	<b>-1,002</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,094</b>	<b>1,298</b>	<b>353</b>	<b>140</b>	<b>-697</b>	<b>168</b>	<b>-</b>	<b>-</b>	<b>2,750</b>	<b>1,607</b>
Cash and cash equivalents at the beginning of the year	6,943	5,645	3,373	3,233	2,287	2,119	-2	-2	12,600	10,994
Cash and cash equivalents at the end of the year	10,037	6,943	3,725	3,373	1,591	2,287	-2	-2	15,351	12,600
<hr/>										
Net cash flows from operating activities	8,439	5,143	3,294	3,371	407	728	-833	-1,471	11,307	7,771
Net cash flows from investing in non-financial assets	-3,199	-2,524	-3,445	-2,790	-9	-4	-	-	-6,653	-5,317
Dividends paid	-	-	-23	-1,341	-745	-84	768	1,425	-	-
<b>Cash surplus/-deficit</b>	<b>5,240</b>	<b>2,620</b>	<b>-174</b>	<b>-760</b>	<b>-346</b>	<b>641</b>	<b>-</b>	<b>-</b>	<b>4,655</b>	<b>2,454</b>

Note: Columns/rows may not add due to rounding

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## NOTE 36: RELATED PARTY DISCLOSURES

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### General Government

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#### Parent and controlling entity

The general government sector comprises public sector agencies that are wholly-owned and controlled by the Government of Western Australia and which are largely funded by centrally-collected revenue such as taxes, royalties and Commonwealth grants. Agencies in the general government sector are principally engaged in the provision of services outside the normal market mechanism, or 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)<sup>1</sup>.

#### 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.

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 associated with related parties for the year ending 30 June 2022 include:

- taxation revenue:
  - a) loan guarantee fees (\$125 million, 2020-21: \$135 million);

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<sup>1</sup> 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*.

- b) payroll tax (\$103 million, 2020-21: \$97 million);
- c) land tax (\$69 million, 2020-21: \$68 million); and
- d) betting tax (\$51 million, 2020-21: \$53 million);
- current grants and subsidies revenue (\$29 million, 2020-21: \$37 million);
- sales of goods and services:
  - a) services rendered (\$217 million, 2020-21: \$75 million);
  - b) service delivery agreement (\$182 million, 2020-21: \$188 million); and
  - c) other revenue (\$16 million, 2020-21: \$36 million);
- dividend revenue (\$612 million, 2020-21: \$1,362 million);
- Tax Equivalent Regime revenue (\$877 million, 2020-21: \$931 million);
- current transfers:
  - a) operating subsidies (\$2,005 million, 2020-21: \$2,526 million);
  - b) Royalties for Regions grants (\$342 million, 2020-21: \$376 million); and
  - c) other recurrent transfers (\$207 million, 2020-21: \$158 million);
- capital appropriations (\$992 million, 2020-21: \$969 million);
- Government Regional Officers' Housing expenses (\$84 million, 2020-21: \$78 million);
- Public Bank Account interest expense (\$4 million, 2020-21: \$3 million);
- capital transfers (\$133 million, 2020-21: \$87 million);
- insurance premiums (\$377 million, 2020-21: \$332 million);
- water and electricity expenses (\$243 million, 2020-21: \$231 million);
- lease liabilities (\$95 million, 30 June 2021: \$71 million); and
- borrowings (\$25.4 billion, 30 June 2021: \$26.0 billion).

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

General government agencies make superannuation contributions for some of their staff to GESB. In 2021-22, these payments totalled \$1.2 billion (2020-21: \$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.

There were no other related party transactions (including general citizen-type transactions<sup>2</sup>) with Ministers or their close family members or their controlled (or jointly controlled) entities that are material for disclosure.

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Total Public Sector

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### **Parent and controlling entity**

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

Related parties of the total public sector include:

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

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

Transactions between public sector agencies are eliminated on consolidation and are not included in this disclosure. Intersector transactions are summarised in Note 35: *Other Disaggregated Information*. The significant transactions below represent transactions between public sector agencies and their associates and joint ventures.

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

A number of government agencies procured legal services from a service provider totalling approximately \$9.9 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. (2020-21 \$3.4 million).

During the financial year, Synergy purchased goods and services from its related parties to the value of \$181.2 million (2020-21: \$164.5 million) and sold goods and services to related parties to the value of \$53.8 million (2020-21: \$1.8 million).

During the financial year, Horizon Power made capital and non-capital purchases from its related parties to the value of \$5.7 million (2020-21: \$1.9 million).

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<sup>2</sup> General citizen-type transactions are transactions where Ministers/senior officers or their close family members interact with a public sector entity under the same terms and conditions as a public citizen, such as paying taxes, levies or other statutory fees/charges and using public services such as hospitals, schools or public transport.

### **Government Employees Superannuation Board**

Public sector agencies make superannuation contributions for some of their staff to GESB. In 2021-22, these payments totalled \$1.2 billion (2021: \$1.1 billion).

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

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#### KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2021-22 (number)	2020-21 (number)
<b>Remuneration (\$)</b>		
100,000-150,000	-	5
250,000-300,000	-	1
300,000-350,000	-	1
350,000-400,000	-	1
400,000-450,000	12	10
450,000-500,000	4	3
500,000-550,000	-	1
550,000-600,000	1	-
	2021-22	2020-21
	\$m	\$m
Short-term employee benefits <sup>(a)</sup>	6.9	6.9
Post-employment benefits	0.6	0.6
Termination benefits	-	0.4
<b>Total compensation of Ministers</b>	<b>7.5</b>	<b>7.8</b>

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

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## NOTE 37: EVENTS OCCURRING AFTER THE REPORTING PERIOD

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### Public Sector Wages Policy

On 31 July 2022, the State Government announced changes to its public sector wages policy, moving to an offer of a 3% wage increase per annum for two years and a one-off \$2,500 Cost of Living Payment (COLP, to be pro-rated for part-time and casual workers).

The new wages policy impacts more than 150,000 public sector workers and is expected to cost \$634 million over the 2022-23 Budget forward estimates period (i.e. 2022-23 to 2025-26).

Public sector workers covered by industrial agreements that have already been accepted based on the original policy announced in December 2021, including teachers and transit guards, will receive both the difference in wage increase and the \$2,500 COLP (which has started to be paid).

The Government's wages policy represents its negotiating position for emerging/expiring industrial agreements. The policy remains part of a broader public sector bargaining framework that allows negotiation on non-salaries conditions.

### Gold Corporation

On 30 August 2022, AUSTRAC ordered the appointment of an external auditor to Gold Corporation under section 162(2) of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act). The external auditor will be appointed by Gold Corporation and authorised by AUSTRAC to assess compliance with the AML/CTF Act and *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No.1)*.

### Health

At balance date, Health Support Services held 234,000 Rapid Antigen Tests (RATs) from a particular supplier. Subsequently a further 2 million RATs were received from the same supplier in July 2022. The products that remain in stock have been quarantined and are written down to 50% of the purchase price. The WA health system is currently reviewing the effectiveness of these tests following recent advice from the Therapeutic Goods Administration. Initial advice is that these RATs are effective within a clinical environment, however the matter is currently under review awaiting outcome of a formal decision.

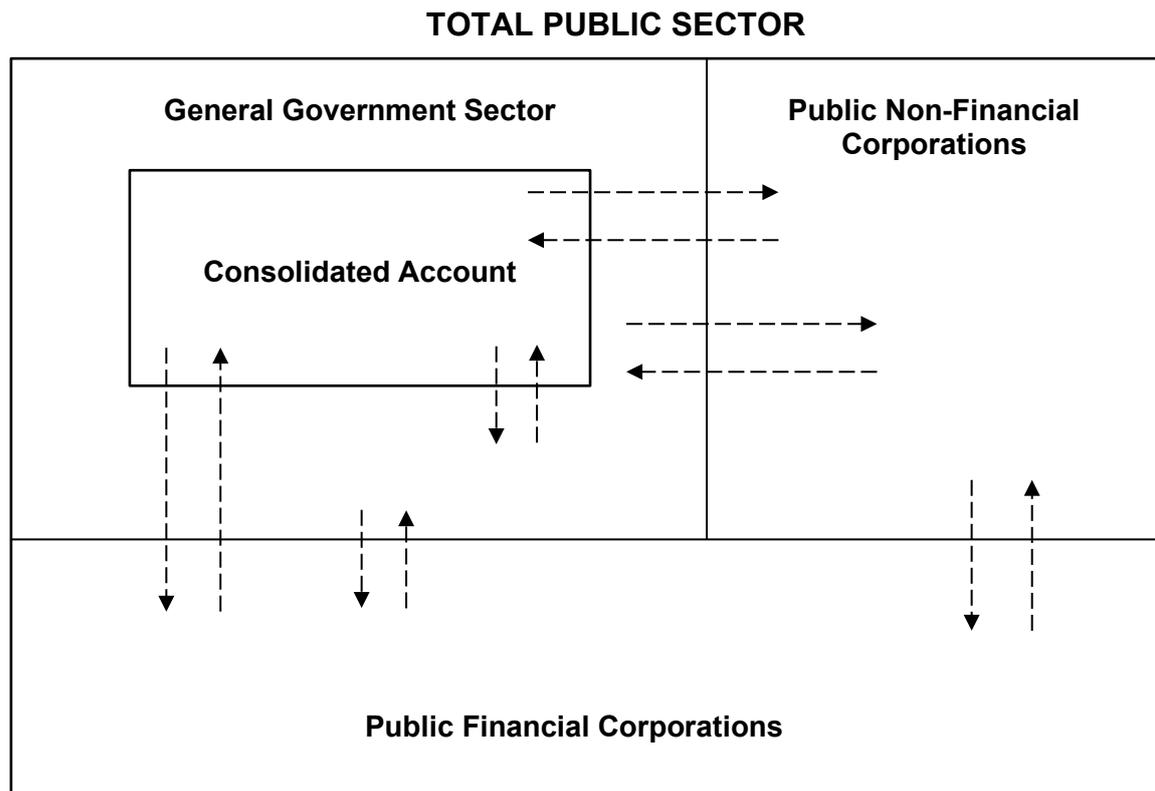
There were no other significant events occurring after the reporting period which had a material financial effect on these statements.

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## NOTE 38: COMPOSITION OF SECTORS

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



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

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

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

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**General Government**

Agricultural Produce Commission	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 (including the	Investigations
Disability Services Commission)	Parliamentary Services Department
Department of Education	Peel Development Commission
Department of Finance	Perth Theatre Trust
Department of Fire and Emergency Services	Pilbara Development Commission
Department of Health (including public hospitals)	Professional Standards Council
Department of Jobs, Tourism, Science and	Public Sector Commission
Innovation	Quadriplegic Centre Board
Department of Justice	Racing Penalties Appeal Tribunal of Western
Department of Local Government, Sport and	Australia
Cultural Industries	Rural Business Development Corporation
Department of Mines, Industry Regulation and	Salaries and Allowances Tribunal
Safety	School Curriculum and Standards Authority
Department of Planning, Lands and Heritage	ScreenWest Inc.
Department of Primary Industries and Regional	Small Business Development Corporation
Development	South Metropolitan TAFE
Department of Training and Workforce	South Metropolitan Health Service
Development	South Regional TAFE
Department of Transport	South West Development Commission
Department of Treasury	State Solicitor's Office
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
Gascoyne Development Commission	The Western Australian Museum
Gaming and Wagering Commission of Western	Trustees of the Public Education Endowment
Australia	Western Australia Police Force
Goldfields Development Commission	Western Australian Country Health Service
Governor's Establishment	Western Australian Building Management Authority
Great Southern Development Commission	Western Australian Electoral Commission
Health and Disability Services Complaints Office	Western Australian Energy Disputes Arbitrator
Health Support Services	Western Australian Greyhound Racing Association
Heritage Council of Western Australia	Western Australian Health Promotion Foundation
Infrastructure WA	Western Australian Institute of Sport
Keep Australia Beautiful Council (W.A.)	Western Australian Land Information Authority
Kimberley Development Commission	Western Australian Meat Industry Authority
Law Reform Commission of Western Australia	Western Australian Planning Commission
Legal Aid Commission of Western Australia	Western Australian Sports Centre Trust
Legal Costs Committee	WorkCover Western Australia
Local Health Authorities Analytical Committee	Wheatbelt Development Commission
Mental Health Commission	Zoological Parks Authority

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

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### 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 <sup>3</sup>	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

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<sup>3</sup> DevelopmentWA includes the Metropolitan Redevelopment Authority and the Western Australian Land Authority.

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

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Explanations of significant variances between actual results for 2021-22 and the original Budget (presented to the Legislative Assembly on 9 September 2021) 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 2022-23 Budget, released on 12 May 2022.

## **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

	2020-21	2021-22				Actual \$m (4)	Variation on EA \$m (4) - (3)
	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)			
<b>TAXATION</b>							
Taxes on employers' payroll and labour force							
<i>Payroll tax</i>	3,748	4,060	4,266	4,355	4,415	60	
Property taxes							
<i>Land tax</i>	755	763	763	761	756	-5	
Transfer Duty	1,860	1,579	2,194	2,263	2,336	74	
Foreign Buyers Surcharge	17	17	22	22	22	-	
Landholder Duty	222	154	159	311	278	-32	
<i>Total duty on transfers</i>	2,099	1,750	2,376	2,595	2,637	41	
Other stamp duties	-(a)	-(a)	-(a)	-(a)	-(a)	-	
Metropolitan Region Improvement Tax	84	84	84	84	85	1	
Perth Parking Levy	53	56	56	56	55	-2	
Emergency Services Levy	354	372	373	373	375	1	
Loan guarantee fees	141	144	133	133	131	-2	
Building and Construction Industry Training Fund Levy	46	32	37	37	39	2	
<i>Total other property taxes</i>	679	688	683	683	684	2	
Taxes on provision of goods and services							
Lotteries Commission	191	170	170	199	218	18	
Video lottery terminals	-(a)	-(a)	-(a)	-(a)	-(a)	-	
Casino Tax	55	52	52	52	49	-2	
Point of Consumption tax	114	83	116	116	121	6	
<i>Total taxes on gambling</i>	360	304	337	366	388	22	
Insurance Duty	727	771	771	818	823	5	
Other	20	20	20	20	22	2	
<i>Total taxes on insurance</i>	747	791	791	838	845	7	
<i>On-demand Transport Levy</i>	44	39	39	38	38	-	
Taxes on use of goods and performance of activities							
Vehicle Licence Duty	514	397	446	560	579	19	
Permits - Oversize Vehicles and Loads	10	8	8	8	10	3	
Motor Vehicle registrations	1,048	1,090	1,090	1,120	1,120	1	
Other vehicle taxes	36	28	28	32	37	6	
<i>Total motor vehicle taxes</i>	1,607	1,522	1,572	1,718	1,747	29	
<i>Mining Rehabilitation Levy</i>	35	35	35	38	38	-	
<i>Landfill Levy</i>	79	83	83	83	86	3	
<b>Total Taxation</b>	<b>10,153</b>	<b>10,035</b>	<b>10,943</b>	<b>11,476</b>	<b>11,634</b>	<b>158</b>	

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

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

Table 2.1 (cont.)

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

	2020-21	2021-22				Variation on EA \$m (4) - (3)
	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)	Actual \$m (4)	
<b>CURRENT GRANTS AND SUBSIDIES</b>						
General Purpose Grants						
GST grants	3,006	3,304	3,328	3,369	3,369	-
Commonwealth-funded 70% floor	1,547	2,115	2,115	2,115	2,115	-
North West Shelf grants	425	664	750	880	1,024	144
Commonwealth compensation for changed crude oil excise arrangements	18	27	30	35	32	-3
National Specific Purpose Payment Agreement Grants						
Skills and Workforce Development	163	164	164	165	165	-
National Disability Services	1	-	-	-	-	-
National Housing and Homelessness Agreement	172	174	174	175	175	-
National School Reform Agreement - Quality Schools	925	1,021	1,021	1,020	1,021	1
National Health Reform Agreement	2,418	2,661	2,661	2,663	2,668	5
National Partnerships/Other Grants						
Health	358	280	405	936	921	-15
Transport	74	95	143	151	158	8
Disability Services	4	140	140	-	3	3
Other	309	250	320	327	295	-31
<b>Total Current Grants and Subsidies</b>	<b>9,421</b>	<b>10,894</b>	<b>11,251</b>	<b>11,835</b>	<b>11,946</b>	<b>112</b>
<b>CAPITAL GRANTS</b>						
National Partnerships/Other Grants						
Transport	999	1,438	1,184	1,209	1,040	-170
Other	133	687	698	623	475	-147
<b>Total Capital Grants</b>	<b>1,131</b>	<b>2,125</b>	<b>1,882</b>	<b>1,832</b>	<b>1,515</b>	<b>-317</b>
<b>SALES OF GOOD AND SERVICES</b>						
WA Health	844	829	850	850	750	-100
Department of Transport	257	261	264	265	278	13
Department of Education	200	218	219	218	198	-19
State Training Providers/TAFE Colleges	106	96	98	98	103	4
Department of Training and Workforce Development	23	20	20	20	19	-1
Western Australian Land Information Authority	71	74	80	80	88	8
Department of Biodiversity, Conservation and Attractions	110	117	118	118	118	-
Department of Justice	150	158	158	158	155	-2
Department of Mines, Industry Regulation and Safety	147	156	168	169	156	-13
All Other	913	1,100	1,151	1,083	1,162	80
<b>Total Sales of Goods and Services</b>	<b>2,821</b>	<b>3,028</b>	<b>3,127</b>	<b>3,058</b>	<b>3,027</b>	<b>-31</b>
<b>INTEREST INCOME</b>	<b>110</b>	<b>97</b>	<b>106</b>	<b>118</b>	<b>127</b>	<b>10</b>
<b>REVENUE FROM PUBLIC CORPORATIONS</b>						
Dividends	1,362	587	589	617	612	-5
Tax Equivalent Regime	956	700	690	686	906	220
<b>Total Revenue from Public Corporations</b>	<b>2,319</b>	<b>1,287</b>	<b>1,279</b>	<b>1,302</b>	<b>1,518</b>	<b>215</b>
<b>ROYALTY INCOME</b>						
Iron ore	11,355	9,193	7,685	10,290	9,917	-373
Other	826	952	1,046	1,200	1,173	-26
<b>Total Royalty Income</b>	<b>12,181</b>	<b>10,145</b>	<b>8,730</b>	<b>11,490</b>	<b>11,091</b>	<b>-399</b>
<b>OTHER</b>						
Lease Rentals	132	115	158	176	185	9
Fines	204	204	204	222	235	13
Revenue not elsewhere counted	1,679	368	391	380	380	-
<b>Total Other</b>	<b>2,015</b>	<b>688</b>	<b>752</b>	<b>778</b>	<b>799</b>	<b>21</b>
<b>GRAND TOTAL</b>	<b>40,151</b>	<b>38,297</b>	<b>38,071</b>	<b>41,890</b>	<b>41,658</b>	<b>-232</b>

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

Table 2.2

**OPERATING REVENUE**  
**Total Public Sector**

	2020-21	2021-22			Actual \$m (4)	Variation on EA \$m (4) - (3)
	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)		
<b>TAXATION</b>						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	3,651	3,966	4,171	4,255	4,313	58
Property taxes						
<i>Land tax</i>	687	663	663	660	688	27
Transfer Duty	1,860	1,579	2,194	2,263	2,336	74
Foreign Buyers Surcharge	17	17	22	22	22	-
Landholder Duty	222	154	159	311	278	-32
<i>Total duty on transfers</i>	2,099	1,750	2,376	2,595	2,637	41
Other stamp duties	_(a)	_(a)	_(a)	_(a)	_(a)	-
Metropolitan Region Improvement Tax	84	56	84	84	85	1
Perth Parking Levy	53	84	56	56	55	-2
Emergency Services Levy	351	366	370	370	371	1
Loan guarantee fees	6	6	6	6	6	-
Building and Construction Industry Training Fund Levy	46	32	37	37	39	2
<i>Total other property taxes</i>	540	545	552	552	555	4
Taxes on provision of goods and services						
Video lottery terminals	_(a)	_(a)	_(a)	_(a)	_(a)	-
Casino Tax	55	52	52	52	49	-2
Point of Consumption tax	61	40	72	72	70	-2
<i>Total taxes on gambling</i>	116	92	124	124	120	-4
Insurance Duty	727	771	771	818	823	5
Other	20	20	20	20	22	2
<i>Total taxes on insurance</i>	747	791	791	838	845	7
<i>On-demand Transport Levy</i>	44	39	39	38	38	-
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	514	397	446	560	579	19
Permits - Oversize Vehicles and Loads	10	8	8	8	10	3
Motor Vehicle registrations	1,048	1,090	1,090	1,120	1,120	1
Other vehicle taxes	36	28	28	32	37	6
<i>Total motor vehicle taxes</i>	1,607	1,522	1,572	1,718	1,747	29
<i>Mining Rehabilitation Levy</i>	35	35	35	38	38	-
<i>Landfill Levy</i>	79	83	83	83	86	3
<b>Total Taxation</b>	<b>9,606</b>	<b>9,484</b>	<b>10,405</b>	<b>10,902</b>	<b>11,065</b>	<b>163</b>

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

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

Table 2.2 (cont.)

**OPERATING REVENUE**  
Total Public Sector

	2020-21		2021-22		Actual \$m	Variation on EA \$m (4) - (3)
	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)		
<b>CURRENT GRANTS AND SUBSIDIES</b>						
<i>General Purpose Grants</i>						
GST grants	3,006	3,304	3,328	3,369	3,369	-
Commonwealth-funded 70% floor	1,547	2,115	2,115	2,115	2,115	-
North West Shelf grants	425	664	750	880	1,024	144
Commonwealth compensation for changed crude oil excise arrangements	18	27	30	35	32	-3
<i>National Specific Purpose Payment Agreement Grants</i>						
Skills and Workforce Development	163	164	164	165	165	-
National Disability Services	1	-	-	-	-	-
National Housing and Homelessness Agreement	172	174	174	175	175	-
National School Reform Agreement - Quality Schools	925	1,021	1,021	1,020	1,021	1
National Health Reform Agreement	2,418	2,661	2,661	2,663	2,668	5
<i>National Partnerships/Other Grants</i>						
Health	358	280	405	936	921	-15
Transport	74	95	143	151	158	8
Disability Services	4	140	140	-	3	3
Other	309	250	320	327	295	-31
<b>Total Current Grants and Subsidies</b>	<b>9,421</b>	<b>10,894</b>	<b>11,251</b>	<b>11,835</b>	<b>11,946</b>	<b>112</b>
<b>CAPITAL GRANTS</b>						
<i>National Partnerships/Other Grants</i>						
Transport	999	1,438	1,184	1,209	1,040	-170
Other	133	687	698	623	475	-147
<b>Total Capital Grants</b>	<b>1,131</b>	<b>2,125</b>	<b>1,882</b>	<b>1,832</b>	<b>1,515</b>	<b>-317</b>
<b>SALES OF GOOD AND SERVICES</b>	<b>41,172</b>	<b>38,385</b>	<b>40,587</b>	<b>39,008</b>	<b>36,437</b>	<b>-2,571</b>
<b>INTEREST INCOME</b>	<b>478</b>	<b>543</b>	<b>406</b>	<b>388</b>	<b>445</b>	<b>57</b>
<b>ROYALTY INCOME</b>						
Iron ore	11,355	9,193	7,685	10,290	9,917	-373
Other	826	952	1,046	1,200	1,173	-26
<b>Total Royalty Income</b>	<b>12,181</b>	<b>10,145</b>	<b>8,730</b>	<b>11,490</b>	<b>11,091</b>	<b>-399</b>
<b>OTHER</b>						
Lease Rentals	132	115	158	176	185	9
Fines	204	204	204	220	235	15
Revenue not elsewhere counted	2,220	721	774	797	857	59
<b>Total Other</b>	<b>2,556</b>	<b>1,040</b>	<b>1,136</b>	<b>1,193</b>	<b>1,276</b>	<b>83</b>
<b>GRAND TOTAL</b>	<b>76,545</b>	<b>72,617</b>	<b>74,397</b>	<b>76,648</b>	<b>73,776</b>	<b>-2,871</b>

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 and quarterly and annual outturn reporting, including this *Annual Report on State Finances* (ARSF), are consistent with the UPF disclosure requirements.

In particular, UPF information in this ARSF includes:

- financial statements by sector of government and for the consolidated total public sector (see Appendix 1: *Financial Statements*);
- information on grants and transfer payments which are available in the notes to the financial statements (see Notes to the Financial Statements, Appendix 1);
- detailed operating revenue information (disclosed in Appendix 2: *Operating Revenue*); and
- detailed general government expenses and purchases of non-financial assets by function (detailed in this appendix).

Table 3.1

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

	2020-21	2021-22			Actual \$m (4)	Variation on EA \$m (4) - (3)
	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)		
<b>EXPENSES</b>						
<i>General public services</i>	1,453	1,431	1,668	1,550	1,387	-163
Executive and legislative organs, financial and fiscal affairs, external affairs	538				489	
General services	28				29	
Public debt transactions	848				855	
Transfers of a general character between different levels of government	-				-	
General public services n.e.c.	40				14	
<i>Public order and safety</i>	3,881	4,094	4,160	4,221	4,102	-120
Police services	1,365				1,435	
Civil and fire protection services	514				580	
Law courts	917				975	
Prisons	1,026				1,040	
Research and development — public order and safety	28				29	
Public order and safety n.e.c.	32				43	
<i>Economic Affairs</i>	2,186	1,817	1,829	1,890	1,572	-318
General economic, commercial and labour affairs	528				457	
General economic and commercial affairs	323				351	
General labour affairs	205				106	
Agriculture, forestry, fishing and hunting	200				180	
Agriculture	114				102	
Forestry	18				20	
Fishing and hunting	68				59	
Fuel and energy	971				432	
Petroleum and natural gas	5				5	
Electricity	935				407	
Fuel and energy n.e.c.	30				19	
Mining, manufacturing and construction	304				247	
Mining of mineral resources and other than mineral fuels	258				198	
Construction	46				48	
Other industries	76				124	
Distributive trades, storage and warehousing	5				5	
Hotel and restaurants	12				16	
Tourism	59				103	
Research and development — agriculture, forestry, fishing and hunting	65				82	
Research and development — mining, manufacturing and construction	43				50	
<i>Environmental protection</i>	415	532	524	492	439	-53
Pollution abatement	2				2	
Protection of biodiversity and landscape	314				344	
Environmental protection n.e.c.	99				93	
<i>Housing and community amenities</i>	2,887	2,354	2,428	2,162	2,052	-110
Housing development	292				633	
Community development	2,049				807	
Indigenous community development	1,225				112	
Community development n.e.c.	824				695	
Water supply	547				611	

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

Table 3.1 (cont.)

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

	2020-21	2021-22			Actual \$m	Variation on EA \$m (4) - (3)
	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)		
<i>Health</i>	10,357	10,610	11,032	11,704	11,726	23
Medical products, appliances and equipment	711				909	
Pharmaceutical products	386				334	
Other medical products	196				436	
Therapeutic appliances and equipment	129				140	
Outpatient services	2,332				2,802	
General medical services	33				36	
Specialised medical services	1,856				2,090	
Dental services	5				8	
Paramedical services	438				667	
Hospital services	4,686				4,884	
General hospital services	4,079				4,223	
Specialised hospital services	448				501	
Nursing and convalescent home services	159				161	
Mental health institutions	330				352	
Community health services	1,418				1,500	
Community mental health services	582				646	
Patient transport	300				146	
Community health services n.e.c.	536				708	
Public health services	307				679	
Research and development — health	38				25	
Health n.e.c.	535				575	
<i>Recreation, culture and religion</i>	871	1,029	1,053	1,022	992	-30
Recreational and sporting services	616				703	
Cultural services	255				290	
Film production services	3				17	
Cultural services n.e.c.	252				273	
<i>Education</i>	6,912	7,108	7,150	7,105	7,137	32
Pre-primary and primary education	3,206				3,318	
Government pre-primary education	272				277	
Non-government pre-primary education	14				8	
Government primary education	2,738				2,850	
Non-government primary education	183				183	
Secondary education	2,323				2,423	
Government secondary education	2,045				2,144	
Non-government secondary education	279				279	
Tertiary education	827				781	
University education	111				11	
Vocational education and training (excl apprenticeships and traineeships)	716				770	
Education not definable by level	33				50	
Apprenticeships and traineeships	33				50	
Education not definable by level n.e.c.	0				-	
Subsidiary services to education	188				184	
Transportation of non-urban school students	106				120	
Transportation of other students	50				40	
Subsidiary services to education n.e.c.	31				24	
Special education	334				380	

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

Table 3.1 (cont.)

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

	2020-21	2021-22			Actual \$m (4)	Variation on EA \$m (4) - (3)
	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)		
<i>Social protection</i>	2,693	2,908	2,878	3,042	3,350	308
Sickness and disability	1,131				1,123	
Old age	216				212	
Family and children	790				865	
Housing	379				451	
Social exclusion n.e.c.	59				76	
Research and development — social protection	3				3	
Social protection n.e.c.	115				620	
Natural disaster relief	3				0	
Social protection n.e.c.	111				620	
<i>Transport</i>	2,657	2,824	2,904	2,991	2,882	-108
Road transport	1,672				1,815	
Road maintenance	830				1,081	
Road rehabilitation	217				145	
Road construction	258				250	
Road transport n.e.c.	367				340	
Bus transport	450				448	
Urban bus transport	412				412	
Non-urban bus transport	38				37	
Water transport	95				109	
Urban water transport passenger services	1				1	
Non-urban water transport services	94				108	
Railway transport	435				484	
Urban railway transport services	402				451	
Non-urban railway transport freight services	15				14	
Non-urban railway transport passenger services	19				19	
Air transport	4				27	
<i>Other <sup>(a)</sup></i>	-	800	-	36	-	-36
<b>TOTAL EXPENSES</b>	<b>34,313</b>	<b>35,506</b>	<b>35,625</b>	<b>36,214</b>	<b>35,638</b>	<b>-576</b>
<b>PURCHASES OF NON-FINANCIAL ASSETS</b>						
General public services	97	136	125	125	92	-33
Public order and safety	194	248	255	225	205	-19
Economic affairs	27	65	70	45	28	-18
Environmental protection	59	118	115	92	74	-18
Housing and community amenities	119	215	214	158	163	4
Health	253	421	649	486	380	-106
Recreation, culture and religion	69	133	152	135	73	-62
Education	407	520	522	501	485	-16
Social protection	6	7	7	7	5	-1
Transport	1,383	1,640	1,776	1,682	1,803	121
Other <sup>(a)</sup>	-	-	-150	-300	-	300
<b>TOTAL PURCHASE OF NON-FINANCIAL ASSETS</b>	<b>2,614</b>	<b>3,503</b>	<b>3,736</b>	<b>3,157</b>	<b>3,308</b>	<b>152</b>

(a) Budget provisions.

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

# **Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2022**

This appendix contains explanations for material variations in general government and total public sector financial aggregates compared to the original 2021-22 Budget presented to the Legislative Assembly on 9 September 2021, in line with the requirements of AASB 1055: *Budgetary Reporting*<sup>1</sup>.

For the general government operating statement, explanations are provided in this appendix for the three largest revenue sources (taxation, Commonwealth grants and royalties) and the three largest categories of expense (salaries, transfers and 'other gross operating expenses'). Based on materiality, explanations are also provided for other revenue and expense items where the variance since the 2021-22 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 2021-22 can also be reviewed in:

- the 2021-22 Government Mid-year Financial Projections Statement (or Mid-year Review, released in December 2021), describing changes between the cut-off dates for the original Budget (9 August 2021) and the Mid-year Review (29 November 2021);

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<sup>1</sup> Paragraph 6(f) of this standard requires explanations of major variances between the original Budget estimates and outcomes in the financial statements. Paragraph 9 indicates that the original Budget is the first Budget presented to Parliament in respect of the reporting period.

## **2021-22 Annual Report on State Finances**

- the 2022-23 Budget Paper No. 3: *Economic and Fiscal Outlook* (presented to the Legislative Assembly on 12 May 2022), which updated the estimated actual for 2021-22 since the Mid-year Review cut-off date; and
- the *Financial Results* chapter in this report, which describes variations in final outcomes relative to the estimated actual included in the 2022-23 Budget estimates.

The most recent whole-of-government financial forecasts are available in the 2022-23 Budget Papers, which can be accessed online at [www.ourstatebudget.wa.gov.au](http://www.ourstatebudget.wa.gov.au).

Table 4.1

**GENERAL GOVERNMENT**  
Operating Statement

	Notes	2021-22			
		Budget Year \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
<b>RESULTS FROM TRANSACTIONS</b>					
<b>REVENUE</b>					
Taxation	a	10,035	11,634	1,599	15.9
Current grants and subsidies	b	10,894	11,946	1,053	9.7
Capital grants	b	2,125	1,515	-610	-28.7
Sales of goods and services		3,028	3,027	-1	-
Interest Income	c	97	127	31	31.8
Revenue from public corporations					
Dividends from other sectors	d	587	612	25	4.2
Tax equivalent income	d	700	906	206	29.4
Royalty income	e	10,145	11,091	946	9.3
Other	f	688	799	112	16.2
<b>Total</b>		<b>38,297</b>	<b>41,658</b>	<b>3,360</b>	<b>8.8</b>
<b>EXPENSES</b>					
Salaries	g	13,977	14,279	302	2.2
Superannuation					
Concurrent costs		1,453	1,469	15	1.0
Superannuation interest cost	h	89	75	-14	-15.9
Other employee costs	i	378	327	-51	-13.5
Depreciation and amortisation		1,839	1,846	6	0.3
Services and contracts		3,006	2,877	-129	-4.3
Other gross operating expenses	j	6,142	6,337	195	3.2
Interest					
Interest on leases		132	133	2	1.2
Other interest		606	646	41	6.7
Current transfers	k	6,576	6,662	86	1.3
Capital transfers	k	1,308	988	-320	-24.5
<b>Total</b>		<b>35,506</b>	<b>35,638</b>	<b>132</b>	<b>0.4</b>
<b>NET OPERATING BALANCE</b>	l	<b>2,791</b>	<b>6,019</b>	<b>3,228</b>	<b>115.7</b>
<i>Other economic flows - included in the operating result</i>					
Net gains on assets/liabilities		15	-149	-164	-1,121.2
Provision for doubtful debts		-18	-9	9	-52.2
Changes in accounting policy/adjustment of prior periods		-	-379	-379	-
<b>Total other economic flows</b>	m	<b>-3</b>	<b>-537</b>	<b>-534</b>	<b>16,784.6</b>
<b>OPERATING RESULT</b>		<b>2,788</b>	<b>5,482</b>	<b>2,694</b>	<b>96.6</b>
<i>All other movements in equity</i>					
<i>Items that will not be reclassified to operating result</i>					
Revaluations		1,434	6,379	4,945	344.8
Net actuarial gains - superannuation		-246	769	1,015	-413.3
Gains recognised directly in equity		-45	-	45	-99.4
Change in net worth of the public corporations sectors		1,024	6,771	5,747	561.0
All other		-	-	-	-
<b>Total all other movements in equity</b>	n	<b>2,167</b>	<b>13,919</b>	<b>11,752</b>	<b>542.2</b>
<b>TOTAL CHANGE IN NET WORTH</b>	o	<b>4,956</b>	<b>19,402</b>	<b>14,446</b>	<b>291.5</b>
<b>KEY FISCAL AGGREGATES</b>					
<b>NET OPERATING BALANCE</b>		<b>2,791</b>	<b>6,019</b>	<b>3,228</b>	<b>115.7</b>
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		3,503	3,308	-194	-5.5
Changes in inventories		-	421	421	-
Other movement in non-financial assets		26	94	68	263.8
<i>less:</i>					
Sales of non-financial assets		138	110	-28	-20.5
Depreciation		1,839	1,846	6	0.3
<b>Total net acquisition of non-financial assets</b>		<b>1,551</b>	<b>1,868</b>	<b>317</b>	<b>20.5</b>
<b>NET LENDING/-BORROWING</b>	p	<b>1,240</b>	<b>4,151</b>	<b>2,911</b>	<b>234.7</b>

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

## General Government Sector Operating Statement

### Revenue

(a) Taxation revenue was \$1.6 billion (or 15.9%) higher than budgeted, including the net impact of higher receipts from:

- transfer duty, up \$758 million (or 48%), reflecting a stronger than expected lift in both the number of residential property transactions and house prices over the year;
- payroll tax, up \$355 million (or 8.7%), due to stronger than anticipated employment growth in the year, with particularly strong payroll tax collections from the mining industry, and from higher than usual commissions, bonuses and allowances in 2021-22;
- vehicle licence duty, up \$182 million (or 45.8%), reflecting a stronger than expected rise in average vehicle purchase prices;
- landholder duty, up \$125 million (or 81.1%), largely due to one-off very high value commercial landholder transactions issued in the June quarter 2022. The number and/or value of these high value commercial transactions tend to be infrequent and volatile within and between years;
- gambling taxes, up \$84 million (or 27.6%), reflecting the impact on gambling of stronger than expected economic conditions and constrained spending on international travel (which lifted Point of Consumption Tax collections by \$38 million), and increased sales revenue driven by the occurrence of higher jackpots throughout the year (which lifted taxes on lotteries by \$48 million);
- insurance duty, up \$52 million (or 6.8%), consistent with stronger than expected demand for insurance products including for new homes and vehicles; and
- a net increase of \$42 million (or 1.5%) across all other taxes.

(b) Current and capital grants from the Commonwealth were \$443 million (or 3.4%) higher than budgeted, driven by net changes to a range of grants including:

- GST-related grants, up \$65 million (or 1.2%), reflecting higher national GST collections than estimated at the time of the 2021-22 Budget;
- North West Shelf grants, including Commonwealth compensation for crude oil excise arrangements, up \$366 million (or 53%), largely due to higher than forecast crude oil and liquefied natural gas prices;
- higher health-related grants, up \$645 million (or 21.8%), primarily for the Commonwealth's share of the cost of procuring Rapid Antigen Tests and delivering response measures to manage the Omicron caseload period, along with the extension of several Commonwealth agreements;

- lower transport-related grants, down \$335 million (or 21.8%), largely due to revised work schedules for road projects (including Leach Highway and Welshpool Road, Roe Highway - Great Eastern Highway Bypass and Manuwarra Red Dog Highway), and rail projects (including Victoria Park – Canning Level Crossing Removal);
  - lower disability sector grants, down \$136 million (or 97.8%), primarily reflecting Disability Care Australia Fund revenue (\$109 million) that is now expected to be received in 2022-23 and beyond, and \$30 million of grants under the Specialist Disabilities Services agreement that were not received (as relevant older clients with disabilities have transitioned to the Commonwealth under revised aged care responsibility arrangements);
  - lower than anticipated natural disaster relief and recovery grants, down \$115 million (or 59.6%), reflecting the reflow of unpaid claims to 2022-23, due to delays in the Commonwealth's assurance and audit processes;
  - lower grants for the Commonwealth's HomeBuilder program, down \$103 million (or 23.7%), reflecting lower than expected construction milestone achievements by 30 June 2022; and
  - a net increase of \$56 million (or 3.4%) across all other Commonwealth grants.
- (c) Interest income was \$31 million (or 31.8%) higher than budgeted. This largely reflects higher than budgeted Public Bank Account (PBA) balances, the timing of investment maturities, and the impact of higher than budgeted interest rates (with the average earning interest rate doubling from a budget assumption of 0.4% to 0.8% during 2021-22).
- (d) Revenue from public corporations, comprising dividends and tax equivalent regime (TER) collections were \$231 million (or 17.9%) higher than budgeted, with TERs accounting for almost all of this change. This reflects revenue from the Insurance Commission of Western Australia (up \$167 million), attributable to the Commission's higher than expected prior year investment returns and the receipt of the Bell Group settlement proceeds, received in 2020-21.
- (e) Royalty income was \$946 million (or 9.3%) higher than forecast in the 2021-22 Budget, primarily due to higher iron ore royalties (up \$724 million, or 7.9%), largely reflecting higher iron ore prices, which averaged \$US138.2 per tonne through the year, 13.9% above the 2021-22 Budget price assumption of \$US121.3 per tonne. Collections of lithium royalties were \$178 million (or 212.1%) higher, reflecting very large price rises due to strong global demand for lithium during 2021-22.

- (f) 'Other' revenue was \$112 million (or 16.2%) higher than budgeted, primarily reflecting higher than budgeted lease rental collections (up \$69 million) due to elevated exploration activity supported by the favourable outlook for international commodity prices, and fines revenue such as traffic infringements and court penalties (up \$31 million).

## **Expenses**

- (g) Salaries expenses were \$302 million (or 2.2%) higher than budgeted. The largest movements were for:

- WA Health (up \$566 million), primarily due to additional costs for staffing related to the COVID-19 response; and
- Education (up \$115 million), mainly due to higher costs for relief teaching and leave coverage due to COVID-19 related absences the accrual of salary backpay for teachers under the School Education Act Employees' (Teachers and Administrators) General Agreement 2021, and costs associated with accrued historical casual long services leave.

Higher salaries spending in agencies was partially forecast in the 2021-22 Budget which included a general expenditure provision for unexpected spending increases during 2021-22. The total \$800 million provision included a \$320 million forecast salaries component. The agency increases noted above include allocations from these Budget provisions.

- (h) Superannuation interest costs were \$14 million (or 15.9%) lower than budgeted, mainly 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 (up from the Budget estimate of 1.4% to 3.6%, reflecting movements in bond markets in late 2021-22).
- (i) Other employee costs were \$51 million (or 13.5%) lower than budgeted, primarily driven by the reclassification of a range of these costs for a number of agencies to salaries expenses.
- (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, administration costs, and services purchased from non-government organisations) were \$195 million (or 3.2%) higher than budgeted. This was largely due to the net impact of:

- higher than budgeted spending by WA Health (up a net \$592 million), primarily for additional expenditure related to the COVID-19 response as well as reallocations between other expenditure categories; and
  - the inclusion of a number of global allocations in the 2021-22 Budget, (totalling \$486 million), which were subsequently allocated to agencies<sup>2</sup>.
- (k) Transfer expenses were \$234 million (or 3%) lower than budgeted, with higher current transfers (up \$86 million) more than offset by lower capital transfers (down \$320 million). Material changes impacting 2021-22 outcomes include:
- higher than budgeted grants by the Department of Justice (up \$570 million), mainly reflecting the first-time recognition of future payment obligations to the National Institutional Redress Scheme for Survivors of Institutional Sexual Abuse (with an actuarially valued cost of \$473 million). Grants paid under the *Criminal Injuries Compensation Act 2003* were also around \$66 million higher than budgeted, reflecting stronger than expected new applications and improvements in processing times;
  - lower than anticipated grants by the Department of Fire and Emergency Services (down \$126 million), reflecting delays in the commencement of recovery works following disaster events that occurred primarily in 2019-20 and 2020-21 (including the Wooroloo Bushfire and Severe Tropical Cyclone Seroja), and which resulted in deferrals of claims submitted for reimbursement by the local governments. An increase in payment of grants is anticipated in 2022-23 as recovery works are completed;
  - an amount of \$123 million that was budgeted to be drawn down by the Department of Communities (Housing Services) from the Social Housing Investment Fund Special Purpose Account, which is now expected to be drawn in 2022-23;
  - lower than budgeted grant expenses by the Department of Primary Industries and Regional Development (down \$111 million), mainly due to delays in expenditure across a range of projects, such as the Australian Underwater Discovery Centre, Peel Food Technology Facility, Halls Creek Town Development Masterplan, Regional Recovery Partnership, Yamatji Nation Agreement, the Regional Economic Development Grants Scheme, Regional Telecommunications Project, State Agriculture Telecommunication Infrastructure Fund and the Pilbara Aboriginal Town Based Reserves;
  - the re-timing of \$100 million of Government support for the development of university campuses within the Perth Central Business District to 2022-23;

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<sup>2</sup> Global allocations in the Budget are included to reflect costs expected to emerge but which could not be reliably allocated to an agency at that time. The main global allocations impacting this spending category in the 2021-22 Budget included \$448 million of unallocated spending (as part of the \$800 million general expenditure provision), and provisions for \$18 million in spending from the National Redress Scheme and \$19 million from the Digital Capability Fund.

## 2021-22 Annual Report on State Finances

- lower than anticipated grants paid under the Commonwealth's HomeBuilder stimulus scheme (down \$96 million, with a broadly equivalent reduction in Commonwealth funding noted earlier in this section);
  - lower than anticipated grants by the Department of Local Government, Sport and Cultural Industries (down \$91 million), predominantly reflecting lower than expected awarding of capital-based grants due to building and construction industry conditions and planning delays;
  - lower than anticipated grants paid under the State's Building Bonus scheme (down \$80 million), reflecting the achievement of fewer than expected construction milestones;
  - lower than budgeted grants by the Department of Water and Environmental Regulation (down \$52 million), largely reflecting a reflow of spending into 2022-23 and beyond following supply chain difficulties and schedule delays across a number of programs, including those under the National Partnership on Recycling Infrastructure, Clean Energy Future Fund, and Native Vegetation Rehabilitation Scheme;
  - lower than anticipated spending by the Department of Jobs, Tourism, Science and Innovation (down \$44 million), primarily reflecting delays associated with the Ashburton North Social and Critical Services Infrastructure Fund, the Investment Attraction Fund, Aviation Recovery Fund, Local Manufacturing Investment Fund, Oakajee Strategic Industrial Area Access Road, and the deferral of event sponsorship expenditure beyond the forward estimates to meet the cost of a major event in 2027-28. This is partially offset by additional grant expenditure associated with the Reconnect WA and Safe Transition Industry Support packages;
  - lower than budgeted iron ore financial assistance grants paid by the Department of Mines, Industry Regulation and Safety (down \$40 million), reflecting lower than expected production from eligible tenements;
  - the provision of new grants related to the Level 1 and Level 2 COVID-19 Business Assistance Packages (totalling \$40 million) which were announced during the second half of 2021-22 (and which will continue to be paid into 2022-23 reflecting the late upswing in the number of eligible applications received in June 2022);
  - lower than expected Department of Transport grant payments (down \$35 million), primarily reflecting the net impact of movements in timing for the Perth City Deal, Bicycle Boulevards and WA Bicycle Network projects, and for the Regional Airports Development and Public Air Route Subsidies schemes; and
  - higher grants across the remainder of the sector (up \$55 million or 1%).
- (l) The \$6 billion net operating balance for 2021-22 was \$3.2 billion higher than forecast in the original Budget. Revenue was \$3.4 billion (or 8.8%) higher than budgeted while expenses were \$132 million (or 0.4%) higher than forecast, as detailed above.

## Other Economic Flows and Movements in Equity

- (m) Unbudgeted changes to 'Other economic flows'<sup>3</sup> resulted in a \$537 million reduction in net worth (\$534 million lower than forecast in the Budget), primarily driven by revisions to valuation increments across the range of other general government sector assets/liabilities and changes in accounting policies/adjustment of prior periods<sup>4</sup>.
- (n) All other movements in equity equated to an aggregate increase in net worth of \$13.9 billion, an \$11.8 billion increase on 2021-22 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 2022 increased by \$19.4 billion on the final outcome for 30 June 2021, representing a \$14.4 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 \$4.2 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 \$1.2 billion surplus at the time of the 2021-22 Budget. This \$2.9 billion improvement primarily reflects the \$3.2 billion improvement in the net operating balance, partly offset by a \$421 million movement in inventories, mainly related to the build-up of RATs held by WA Health.

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<sup>3</sup> Changes in the value of assets or liabilities that do not result from transactions are referred to as 'other economic flows'. They include net gains on assets/liabilities, changes in accounting policy/adjustment of prior periods (which are not forecast in the Budget) and provisions for doubtful debts.

<sup>4</sup> Movements in the value of the public sector balance sheet that result from a revaluation or restatement of assets and liabilities are included in equity as reserves. These reserves are used to account for any unrealised gains or losses that would otherwise be recognised in the operating statement.

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

	Notes	2021-22			
		Budget Year \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
<b>ASSETS</b>					
<i>Financial assets</i>					
Cash and deposits		6,991	5,603	-1,389	-19.9
Advances paid		712	708	-4	-0.5
Investments, loans and placements		2,918	4,659	1,741	59.7
Receivables		3,086	5,568	2,483	80.5
Shares and other equity					
Investments in other public sector entities - equity method		43,076	49,353	6,277	14.6
Investments in other public sector entities - direct injections		12,717	12,934	217	1.7
Investments in other entities		22	34	12	52.2
Other financial assets		9	9	-	0.5
<b>Total financial assets</b>	a	<b>69,531</b>	<b>78,868</b>	<b>9,337</b>	<b>13.4</b>
<i>Non-financial assets</i>					
Land		37,167	39,714	2,547	6.9
Property, plant and equipment		51,377	53,231	1,854	3.6
Right-of-use assets		2,363	2,452	88	3.7
Service concession assets		-	892	892	-
Biological assets		109	14	-95	-87.3
Inventories					
Land inventories		-	-	-	-
Other inventories		171	600	428	249.9
Intangibles		568	595	27	4.8
Assets classified as held for sale		14	57	43	310.3
Investment property		-	-	-	-
Other		214	440	226	105.5
<b>Total non-financial assets</b>	b	<b>91,984</b>	<b>97,995</b>	<b>6,011</b>	<b>6.5</b>
<b>TOTAL ASSETS</b>	c	<b>161,515</b>	<b>176,863</b>	<b>15,348</b>	<b>9.5</b>
<b>LIABILITIES</b>					
Deposits held		2,847	1,271	-1,576	-55.4
Advances received		291	291	-	-
Borrowings					
Lease liabilities		2,685	2,818	133	5.0
Service concession liabilities		-	-	-	-
Other borrowings		25,895	25,858	-37	-0.1
Superannuation		5,533	4,524	-1,009	-18.2
Other employee benefits		3,652	4,101	448	12.3
Payables		2,620	2,841	221	8.4
Other liabilities		2,498	3,174	677	27.1
<b>TOTAL LIABILITIES</b>	d	<b>46,022</b>	<b>44,879</b>	<b>-1,143</b>	<b>-2.5</b>
<b>NET ASSETS</b>		<b>115,493</b>	<b>131,984</b>	<b>16,491</b>	<b>14.3</b>
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		17,178	20,557	3,379	19.7
Other reserves		98,315	111,427	13,112	13.3
<b>NET WORTH</b>	e	<b>115,493</b>	<b>131,984</b>	<b>16,491</b>	<b>14.3</b>
<b>MEMORANDUM ITEMS</b>					
<i>Net financial worth</i>		23,509	33,989	10,480	44.6
<i>Net financial liabilities</i>		32,284	28,298	-3,986	-12.3
<i>Net debt</i>					
Gross debt liabilities		31,719	30,239	-1,480	-4.7
less: liquid financial assets		10,621	10,970	349	3.3
<b>Net debt</b>	f	<b>21,098</b>	<b>19,269</b>	<b>-1,829</b>	<b>-8.7</b>

(a) Recognition of service concession assets and liabilities reflect a classification change from property plant and equipment assets and borrowing liabilities.

## General Government Sector Balance Sheet

- (a) General government sector financial assets totalled \$78.9 billion at 30 June 2022, up \$9.3 million (or 13.4%) from the original Budget. This reflected an increase in the value of investments in other public sector entities (up \$6.5 billion), a higher than expected outturn for receivables<sup>5</sup> (up \$2.5 billion, mainly for yet-to-be received mining revenue and tax collections), mainly due to the timing of transactions, and higher than budgeted holdings of liquid financial assets (i.e. cash, advances and investments, loans and placements) which were up \$349 million, mainly due to higher PBA investment holdings<sup>6</sup>.
- (b) Non-financial assets (such as land, infrastructure holdings and leased assets) totalled \$98 billion at 30 June 2022, up \$6 billion (or 6.5%) from Budget, largely reflecting higher year-end values for the sector's land holdings (up \$2.6 billion), property, plant and equipment (up \$1.9 billion) and the separate recognition of service concession assets (\$892 million, which were included in the Budget projection for property, plant and equipment).
- (c) Total assets were \$176.9 billion at 30 June 2022, up \$15.3 billion (or 9.5%) compared to the original Budget, reflecting the movements outlined above.
- (d) Total liabilities were \$44.9 billion at 30 June 2022, \$1.1 billion (or 2.5%) lower than forecast in the original Budget. Key movements included:
- debt liabilities (down \$1.5 billion), 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 \$337 million), reflecting higher than budgeted outcomes for 'other' liabilities (up \$677 million, with the recognition of a \$473 million provision for future payment obligations under the National Redress Scheme for Survivors of Institutional Child Sexual Abuse), other employee benefits such as accruing leave and salary entitlements (up \$448 million), and payables<sup>7</sup> (up \$221 million, which are subject to the timing of cash payments by the sector). These were partly offset by the impact of lower unfunded superannuation liabilities (down \$1 billion), mainly reflecting an increase in the value of the discount rate used by the actuary for year-end valuation of these obligations.

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<sup>5</sup> Accounts for goods and services that have been invoiced but for which cash is still to be received.

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

<sup>7</sup> Payables include short and long-term trade creditors, and accounts payable.

## **2021-22 Annual Report on State Finances**

- (e) Net worth (the difference between total assets and total liabilities) was \$132 billion at 30 June 2022. This outcome is \$16.5 billion (or 14.3%) higher than the forecast \$115.5 billion in the 2021-22 Budget and reflects the net impact of the outcomes noted above.
- (f) General government sector net debt was \$19.3 billion at 30 June 2022, \$1.8 billion (or 8.7%) lower than the \$21.1 billion estimate in the original Budget. This was mainly due to the better than expected cash outcome for 2021-22, detailed in the next section.

Table 4.3

**GENERAL GOVERNMENT**  
Cash Flow Statement

	Notes	2021-22			
		Budget Year \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<i>Cash received</i>					
Taxes received		10,052	11,332	1,280	12.7
Grants and subsidies received		14,864	15,637	774	5.2
Receipts from sales of goods and services		2,965	3,007	42	1.4
Interest receipts		91	111	19	21.3
Dividends and tax equivalents		1,398	1,544	146	10.4
Other		14,425	14,271	-154	-1.1
<b>Total cash received</b>		<b>43,795</b>	<b>45,903</b>	<b>2,107</b>	<b>4.8</b>
<i>Cash Paid</i>					
Wages, salaries and supplements, and superannuation		-15,730	-15,848	-118	0.7
Payments for goods and services		-9,626	-9,876	-250	2.6
Interest paid		-748	-752	-4	0.5
Grants and subsidies paid		-9,499	-8,852	647	-6.8
Dividends and tax equivalents		-	-	-	-
Other payments		-1,616	-2,136	-520	32.2
<b>Total cash paid</b>		<b>-37,219</b>	<b>-37,464</b>	<b>-245</b>	<b>0.7</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	a	<b>6,576</b>	<b>8,439</b>	<b>1,863</b>	<b>28.3</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets	b	-3,503	-3,308	194	-5.5
Sales of non-financial assets	c	138	110	-28	-20.5
<b>Total cash flows from investments in non-financial assets</b>	d	<b>-3,365</b>	<b>-3,199</b>	<b>166</b>	<b>-4.9</b>
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes		10	18	8	81.2
For liquidity purposes		64	93	28	44.2
<i>Cash paid</i>					
For policy purposes		-1,372	-1,208	163	-11.9
For liquidity purposes		-20	-70	-50	257.6
<b>Total cash flows from investments in financial assets</b>		<b>-1,317</b>	<b>-1,168</b>	<b>150</b>	<b>-11.4</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-4,682</b>	<b>-4,366</b>	<b>316</b>	<b>-6.7</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<i>Cash received</i>					
Advances received		18	18	-	-
Borrowings		146	57	-89	-61.0
Deposits received		-	-	-	-
Other financing receipts		26	195	169	652.2
<b>Total cash receipts from financing activities</b>		<b>190</b>	<b>270</b>	<b>80</b>	<b>42.3</b>
<i>Cash paid</i>					
Advances paid		-18	-18	-	-
Borrowings repaid		-702	-646	56	-8.0
Deposits paid		-	-	-	-
Other financing payments		-388	-585	-197	50.7
<b>Total payments for financing activities</b>		<b>-1,108</b>	<b>-1,248</b>	<b>-141</b>	<b>12.7</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-918</b>	<b>-978</b>	<b>-60</b>	<b>6.6</b>
<b>Net increase in cash and cash equivalents</b>		<b>976</b>	<b>3,094</b>	<b>2,118</b>	<b>216.9</b>
Cash and cash equivalents at the beginning of the year		6,915	6,943	28	0.4
Cash and cash equivalents at the end of the year		7,891	10,037	2,146	27.2
<b>KEY FISCAL AGGREGATES</b>					
Net cash flows from operating activities		6,576	8,439	1,863	28.3
Net cash flows from investing in non-financial assets		-3,365	-3,199	166	-4.9
<b>Cash surplus/-deficit</b>	e	<b>3,211</b>	<b>5,240</b>	<b>2,029</b>	<b>63.2</b>

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 \$8.4 billion cash surplus position in 2021-22, \$1.9 billion stronger than the \$6.6 billion cash operating surplus forecast in the 2021-22 Budget<sup>8</sup>. Total operating cash received in 2021-22 was \$45.9 billion, \$2.1 billion (or 4.8%) higher than Budget. Total cash paid in 2021-22 was \$37.5 billion, \$245 million (or 0.7%) higher than Budget.

The \$1.9 billion increase in the cash operating result largely reflects the cash impact of higher revenue (discussed earlier in this appendix) for taxation, Commonwealth grants, and tax equivalents from public corporations. Changes in accrual revenue for taxation, Commonwealth grants and revenue from public corporations were matched with broadly similar increases in operating receipts. Royalty receipts decreased by \$677 million (compared with a \$946 million increase in accrued terms), with this cash difference reflecting payment terms for royalty revenue accrued from production 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 \$3.3 billion in 2021-22, \$194 million (or 5.5%) lower than the forecast in the 2021-22 Budget. Key changes included:

- Main Roads (up \$182 million), primarily related to works undertaken on the Roe Highway Bypass and the Tonkin Highway Corridor Upgrades;
- the Department of Primary Industries and Regional Development (down \$53 million), reflecting delays across a range of projects such as the Collie Industry Attraction and Development Fund, the North West Aboriginal Housing Initiative, Wild Dog Action Plan, Building Grains Research and Development Capacity, and the Transforming Bunbury's Waterfront Stage 3 – Phase 1 project to the Department of Transport, Equipment Replacement and Digital Foundations Programs, along with impact of accounting treatment changes for spending on a number of cloud-based core business systems;
- the Western Australian Planning Commission (down \$51 million), mainly due to the deferral of land acquisition for the Metropolitan Region Scheme, Peel and Greater Bunbury Region Schemes, and METRONET program;

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<sup>8</sup> The net cash flow from operating activities is the cash equivalent of the operating balance on the operating statement discussed earlier in this appendix and in the *Financial Results* chapter of this report. This cash flow aggregate is based on cash information only while the accrual operating balance includes non-cash transactions such as depreciation charges, and recognises costs (expenses) and benefits (revenue) as they occur rather than only when cash is paid or received.

- the Western Australian Sports Centre Trust (down \$47 million), largely due to the delay of the Optus Stadium Building Cost Finalisation Settlement. A number of the Trust's other projects were also delayed, mainly as a result of challenges that have emerged from the high level of activity in the construction sector. These projects include various upgrades and maintenance programs, including ICT, office equipment and the WA Athletics Stadium;
- the Department of Biodiversity, Conservation and Attractions (down \$36 million), primarily reflecting supply chain delays and labour shortages across infrastructure projects, including the Kalgulup Regional Park, Houtman Abrolhos Island National Park, Rottnest Island National Tourism Icons and Jetty Upgrades, Rottnest Island Water Infrastructure Upgrades, Badimia Conservation Reserve and the Perth Zoo Masterplan 2020;
- WA Health (down \$32 million), largely due to delays and other timing changes associated with invoicing, longer than expected lead time for procurement, project design and delivery. Projects that have been affected include the Medical Equipment and Imaging Replacement Program, the Minor Building Works Program, the Replacement of the Medical Imaging System Picture Archiving and Communication System - Radiology Information System, and the Bunbury Hospital Redevelopment project;
- the Department of Finance (down \$26 million), primarily due to lower than anticipated vehicle purchases (reflecting supply issues reducing the availability of new vehicles), and savings in fit-out costs for the new Department of Communities office accommodation in Fremantle;
- the Department of Justice (down \$23 million), primarily reflecting supply chain and related challenges in the construction market, legislative requirements for complex projects, and the ongoing impact of the COVID-19 pandemic. Projects affected included the Acacia Prison Procurement Process, Greenough Regional Prison Female Unit Upgrade, Building and Office Equipment Upgrade and Replacement Programs, Casuarina Prison Security System Upgrade, Casuarina Prison Expansion Stage 2, the ICT Infrastructure Upgrade and Broome Aboriginal-Led Specialist Family Violence Court projects;
- the Department of Fire and Emergency Services (down \$22 million), reflecting slower progress for a number of projects including the Primary and Secondary Fire and Emergency Fleet, the Facility Modification Program, Volunteer Fire and Rescue Service/Volunteer Fire and Emergency Service Upgrade and Replacement Program, and a new Career Fire and Rescue Service South East Metropolitan Fire Station;

## 2021-22 Annual Report on State Finances

- the Department of Education (down \$19 million), largely reflecting the net impact of updated timing for project payments and project delivery schedules across the primary and secondary school works programs, and for school land acquisitions, the Transportable Classroom Program, and the Solar and Clean Energy Schools Program; and
- the Department of Transport (down \$18 million), primarily reflecting the net impact of delays across various ICT, Maritime and Navigational Aids replacement projects.

The remaining \$51 million reduction in the general government sector Asset Investment Program in 2021-22 reflects smaller movements across other agencies in the sector.

- (c) Receipts from the sale of non-financial assets totalled \$110 million in 2021-22, \$28 million lower than Budget, largely reflecting lower proceeds from land sales by the Western Australian Planning Commission (down \$38 million), which have been deferred to future years.
- (d) Net cash flows from investments in non-financial assets totalled \$3.2 billion in 2021-22, \$166 million lower than Budget, reflecting the combined effect of changes in purchases and sales outlined above.
- (e) The general government sector recorded a \$5.2 billion cash surplus in 2021-22, \$2 billion larger than the \$3.2 billion 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	2021-22			
		Budget Year \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
<b>RESULTS FROM TRANSACTIONS</b>					
<b>REVENUE</b>					
Taxation		9,484	11,065	1,581	16.7
Current grants and subsidies		10,894	11,946	1,053	9.7
Capital grants		2,125	1,515	-610	-28.7
Sales of goods and services		38,385	36,437	-1,948	-5.1
Interest income		543	445	-98	-18.1
Royalty income		10,145	11,091	946	9.3
Other		1,040	1,276	236	22.7
<i>Total</i>	a	72,617	73,776	1,160	1.6
<b>EXPENSES</b>					
Salaries		15,335	15,540	205	1.3
Superannuation					
Concurrent costs		1,595	1,598	4	0.2
Superannuation interest cost		89	75	-14	-15.9
Other employee costs		320	612	292	91.0
Depreciation and amortisation		4,108	4,775	667	16.2
Services and contracts		3,968	3,925	-43	-1.1
Other gross operating expenses		36,720	34,049	-2,671	-7.3
Interest					
Interest on leases		214	203	-11	-5.1
Other interest		1,180	986	-194	-16.5
Current transfers		4,521	4,737	216	4.8
Capital transfers		1,204	856	-348	-28.9
<i>Total</i>	b	69,255	67,357	-1,898	-2.7
<b>NET OPERATING BALANCE</b>	c	<b>3,361</b>	<b>6,419</b>	<b>3,058</b>	<b>91.0</b>
<i>Other economic flows - included in the operating result</i>					
Net gains on assets/liabilities		92	-1,013	-1,105	-1,195.1
Provision for doubtful debts		-53	-15	38	-71.8
Changes in accounting policy/adjustment of prior periods		-	167	167	-
<i>Total other economic flows</i>	d	39	-861	-900	-2,293.9
<b>OPERATING RESULT</b>		<b>3,401</b>	<b>5,558</b>	<b>2,157</b>	<b>63.4</b>
<i>All other movements in equity</i>					
<i>Items that will not be reclassified to operating result</i>					
Revaluations		1,848	13,099	11,251	608.7
Net actuarial gains - superannuation		-246	747	993	-404.1
Gains recognised directly in equity		-48	-2	45	-94.9
All other		-	-	-	-
<i>Total all other movements in equity</i>	e	1,555	13,844	12,289	790.3
<b>TOTAL CHANGE IN NET WORTH</b>	f	<b>4,956</b>	<b>19,402</b>	<b>14,446</b>	<b>291.5</b>
<b>KEY FISCAL AGGREGATES</b>					
<b>NET OPERATING BALANCE</b>		<b>3,361</b>	<b>6,419</b>	<b>3,058</b>	<b>91.0</b>
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		8,021	7,181	-839	-10.5
Changes in inventories		-220	1,302	1,522	-692.5
Other movement in non-financial assets		142	187	45	31.9
<i>less:</i>					
Sales of non-financial assets		447	529	82	18.2
Depreciation		4,108	4,775	667	16.2
<i>Total net acquisition of non-financial assets</i>		3,388	3,367	-21	-0.6
<b>NET LENDING/-BORROWING</b>	g	<b>-26</b>	<b>3,052</b>	<b>3,079</b>	<b>-11,704.9</b>

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

## Total Public Sector<sup>9</sup> Operating Statement

- (a) Operating revenue in 2021-22 was \$73.8 billion, \$1.2 billion (or 1.6%) higher than budgeted. This higher outcome includes movements for taxation, royalties and Commonwealth grants (which also appear on the general government operating statement with most of this income received by that sector), as outlined earlier in this appendix<sup>10</sup>.

Partly offsetting the general government revenue movements noted above, revenue from sales of goods and services were lower than expected (down \$1.9 billion or 5.1% relative to Budget). This downward revision primarily reflects lower Gold Corporation revenue (down \$2.8 billion), driven by lower than expected gold 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:

- Synergy (up \$308 million), mostly due to an increase in franchise revenue primarily driven by higher customer demand following warmer summer and colder winter conditions in 2022, and higher contestable revenue due to favourable re-contracting outcomes, the acquisition of new customers, and increased customer consumption;
- the Lotteries Commission (up \$266 million), mainly reflecting higher than expected sales performance in 2021-22, with an associated increase in related prize distributions; and
- Racing and Wagering Western Australia (up \$222 million), due to higher than anticipated betting turnover in 2021-22, driven by the impact of buoyant State and national wagering market activity, and constrained spending on other household discretionary expenses. The higher than expected betting revenue is broadly matched by increased betting dividend payouts.

Total public sector interest income was \$98 million (or 18.1%) lower than budgeted, largely reflecting a lower than forecast actual borrowing program for the Western Australian Treasury Corporation. This was more than offset by lower than expected interest expenses.

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<sup>9</sup> The total public sector (also known as the whole-of-government) consolidates the general government sector (discussed earlier), the public non-financial corporations sector (which includes entities delivering non-financial services on a predominantly cost recovery basis, like the State's ports, and the electricity and water utilities), and the public financial corporations sector (which includes agencies mainly engaged in financial activities such as the Western Australian Treasury Corporation and the Insurance Commission of Western Australia).

<sup>10</sup> Internal transfers between the general government sector and agencies in the public corporations sectors are eliminated in the whole-of-government consolidation process. Accordingly, some total public sector financial aggregates may be smaller than the general government equivalent. For example, the general government sector collects payroll tax from some public corporations. These internal collections are not shown in the total public sector taxation revenue data which is thus smaller than the general government taxation revenue aggregate.

- (b) Operating expenses in 2021-22 were \$67.4 billion, \$1.9 billion (or 2.7%) lower than Budget, with lower outcomes for 'other' gross operating expenses, interest expenses, and current and capital transfers, partially offset by higher spending on salaries, depreciation and other employee costs.

'Other' gross operating expenses were \$2.7 billion (or 7.3%) lower than Budget, due to the net impact of the Gold Corporation (down \$2.9 billion), Lotteries Commission (up \$156 million), Racing and Wagering Western Australia (up \$201 million), and Synergy (up \$77 million), due largely to the impact on expenses of the revenue issues outlined above.

Claims expenses for the Insurance Commission of Western Australia (ICWA) were \$261 million lower than budgeted, mainly due to a significant increase in the discount rate used in valuing claims liabilities which has the effect of reducing the expected value of future claims costs (the increase in the discount rate largely reflects movements in the bond market in the second half of 2021-22). RiskCover Fund claims expenses and workers' compensation benefits were a net \$133 million higher than estimated, reflecting an increase in the number, and cost, of claims mainly in the workers' compensation, medical treatment and general liability classes of insurance.

Salaries were \$205 million higher than forecast in the 2021-22 Budget. Higher general government salaries costs (up \$302 million) were detailed early in this appendix, while salaries outcomes for the State's public corporations were \$97 million lower than forecast.

Current and capital transfers were a net \$132 million (or 2.3%) lower than Budget, primarily driven by movements in the general government sector (discussed earlier), partly offset by higher than forecast grants by Synergy (up \$43 million) related to the carryover of costs from 2020-21 for the \$600 Household Electricity Credit and higher payments to customers who export electricity generated from rooftop solar to the network.

Across the other classes of expense, lower than budgeted outcomes were recorded for interest expenses (covering both interest on leases and other interest, down \$205 million or 14.7%), services and contracts expenditure (down \$43 million or 1.1%), and non-cash superannuation interest expenses (down \$14 million or 15.9%). These decreases were partly offset by higher than budgeted outcomes for depreciation and amortisation (up \$667 million or 16.2%), other employee costs (up \$292 million or 91%), and concurrent superannuation costs (up \$4 million or 0.2%).

- (c) The total public sector recorded a \$6.4 billion operating surplus in 2021-22, \$3.1 billion higher than the \$3.4 billion surplus projected at the time of the 2021-22 Budget, reflecting revenue and expense movements detailed above.

- (d) 'Other' economic flows resulted in an aggregate decrease in net worth of \$861 million, a \$900 million turnaround on the forecast increase of \$39 million in the 2021-22 Budget. This was predominantly due to a \$1 billion net decrease (loss) in the value of assets/liabilities (compared with the \$92 million increase (gain) forecast in the Budget), partly offset by a \$167 million change in accounting policies/adjustment of prior periods<sup>11</sup> (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 \$13.8 billion in 2021-22, up \$12.3 billion from expectations at the time of the Budget. This was primarily driven by higher than expected valuations (such as land valuations) in 2021-22 (up \$11.3 billion), and net increase in the actuary's valuation of superannuation liabilities (up \$993 million).
- (f) Net worth at 30 June 2022 increased by a total \$19.4 billion, a \$14.4 billion improvement on the 2021-22 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 \$3.1 billion surplus position in 2021-22, a \$3.1 billion turnaround on the \$26 million 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 decrease by \$220 million but instead rose by \$1.3 billion, primarily due to the volume and value of the Gold Corporation's holdings of precious metals, along with the rise in RATs held as inventories by WA Health (discussed earlier in this appendix).

Depreciation expenses were \$667 million (or 16.2%) higher than budgeted, reflecting overall upward valuations of electricity distribution infrastructure assets.

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<sup>11</sup> Movements in the value of the public sector balance sheet that result from a revaluation or restatement of assets and liabilities are included in equity as reserves. These reserves are used to account for any unrealised gains or losses that would otherwise be recognised in the operating statement.

**TOTAL PUBLIC SECTOR**  
Balance Sheet <sup>(a)</sup>

Table 4.5

	Notes	2021-22			
		Budget Year \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
<b>ASSETS</b>					
<i>Financial assets</i>					
Cash and deposits		8,538	8,384	-154	-1.8
Advances paid		6,130	4,423	-1,708	-27.9
Investments, loans and placements		21,790	13,752	-8,038	-36.9
Receivables		4,720	7,264	2,543	53.9
Equity - Investments in other entities		2,349	2,302	-47	-2.0
Other financial assets		15	16	-	3.1
<b>Total financial assets</b>		<b>43,543</b>	<b>36,139</b>	<b>-7,403</b>	<b>-17.0</b>
<i>Non-financial assets</i>					
Land		45,228	48,613	3,384	7.5
Property, plant and equipment		110,979	116,593	5,614	5.1
Right-of-use assets		2,883	2,915	32	1.1
Service concession assets		-	3,125	3,125	-
Biological assets		326	212	-114	-35.0
Inventories					
Land inventories		1,880	1,590	-290	-15.4
Other inventories		6,291	7,406	1,115	17.7
Intangibles		1,064	1,007	-56	-5.3
Assets classified as held for sale		25	66	41	161.4
Investment property		45	14	-31	-69.6
Other		408	599	191	46.8
<b>Total non-financial assets</b>		<b>169,129</b>	<b>182,140</b>	<b>13,011</b>	<b>7.7</b>
<b>TOTAL ASSETS</b>		<b>212,672</b>	<b>218,280</b>	<b>5,608</b>	<b>2.6</b>
<b>LIABILITIES</b>					
Deposits held		11	19	8	72.1
Advances received		291	291	-	-
Borrowings					
Lease liabilities		3,485	3,574	89	2.6
Service concession liabilities		-	325	325	-
Other borrowings		64,733	51,555	-13,178	-20.4
Superannuation		5,610	4,603	-1,007	-18.0
Other employee benefits		4,064	4,585	520	12.8
Payables		10,018	11,119	1,101	11.0
Other liabilities		8,966	10,225	1,259	14.0
<b>TOTAL LIABILITIES</b>		<b>97,179</b>	<b>86,296</b>	<b>-10,883</b>	<b>-11.2</b>
<b>NET ASSETS</b>		<b>115,493</b>	<b>131,984</b>	<b>16,491</b>	<b>14.3</b>
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		39,981	40,329	349	0.9
Other reserves		75,512	91,654	16,142	21.4
<b>NET WORTH</b>	a	<b>115,493</b>	<b>131,984</b>	<b>16,491</b>	<b>14.3</b>
<b>MEMORANDUM ITEMS</b>					
<i>Net financial worth</i>		-53,636	-50,157	3,480	-6.5
<i>Net financial liabilities</i>		53,636	50,157	-3,480	-6.5
<i>Net debt</i>					
Gross debt liabilities		68,520	55,765	-12,755	-18.6
less: liquid financial assets		36,458	26,558	-9,900	-27.2
<b>Net debt</b>	b	<b>32,062</b>	<b>29,206</b>	<b>-2,855</b>	<b>-8.9</b>

(a) Recognition of service concession assets and liabilities reflect a classification change from property plant and equipment assets and borrowing liabilities.

## Total Public Sector Balance Sheet<sup>12</sup>

(a) Net worth of the total public sector was \$132 billion at 30 June 2022 (up \$16.5 billion, or 14.3% 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 2021-22 (discussed in cash flow terms below), and movements in the valuation of assets (particularly land and other physical assets).

- Assets were \$5.6 billion (or 2.6%) higher than Budget, reflecting an increase in holdings of non-financial assets (up \$13 billion), partly offset by a lower stock of financial assets (down \$7.4 billion).
  - Higher than budgeted non-financial asset outcomes largely reflects an increase in the value of property, plant and equipment (up \$5.6 billion), the impact of upward valuations on land holdings (up \$3.4 billion), the separate recognition of service concession assets since release of the 2021-22 Budget (\$3.1 billion, and which were included in the budget projection for property, plant and equipment), and an increase in inventories (up a net \$825 million across land and other inventories).
  - For financial assets, holdings of liquid assets were a net \$9.9 billion lower than forecast, largely due to lower holdings for the Western Australian Treasury Corporation reflecting final outcomes for the Corporation's investment program. Receivables were significantly higher than budget, with the \$2.5 billion increase mainly reflecting an increase in mining revenue and tax receivables.
- Liabilities were \$10.9 billion (or 11.2%) lower than Budget, with lower gross debt liabilities (down \$12.8 billion), largely reflecting improved operating outcomes (discussed earlier) and the final outcome for the Western Australian Treasury Corporation's borrowing program, including for liquid asset management purposes (noted above). The lower outcome also included the downward valuation of unfunded superannuation liabilities held in the general government sector (down \$1 billion), noted earlier in this appendix. These movements were partly offset by increases to 'other' liabilities (up \$1.3 billion), payables (up \$1.1 billion) and other employee benefits (up \$520 million).

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<sup>12</sup> Net worth of the total public sector is equivalent to general government sector net worth discussed earlier in this appendix. This is because the net worth of the public corporations is recorded as an asset on the general government sector balance sheet. Accordingly, the variance from original Budget is also the same as for the general government sector. However, total public sector assets and liabilities are different to the general government sector disclosure as the assets and liabilities of the public corporations are disclosed in more detail than the net asset holding in public corporations recorded on the general government sector balance sheet.

- (b) Total public sector net debt was \$29.2 billion at 30 June 2022, \$2.9 billion (or 8.9%) lower than the \$32.1 billion estimate in the 2021-22 Budget. Gross debt liabilities were a net \$12.8 billion lower while holdings of liquid financial assets were down \$9.9 billion. This outcome is largely due to the impact on cash of the stronger than expected operating surplus for 2021-22 (noted in the previous section) and lower than Budgeted asset investment (discussed in the next section).

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

	Notes	2021-22			
		Budget Year \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<i>Cash received</i>					
Taxes received		9,486	10,760	1,274	13.4
Grants and subsidies received		14,864	15,637	774	5.2
Receipts from sales of goods and services		28,555	28,674	119	0.4
Interest receipts		541	440	-101	-18.7
Dividends and tax equivalents		-	-	-	-
Other		15,718	15,696	-22	-0.1
<b>Total cash received</b>		<b>69,164</b>	<b>71,208</b>	<b>2,044</b>	<b>3.0</b>
<i>Cash paid</i>					
Wages, salaries and supplements, and superannuation		-17,246	-17,251	-4	-
Payments for goods and services		-29,140	-29,104	36	-0.1
Interest paid		-1,395	-1,413	-19	1.3
Grants and subsidies paid		-7,157	-6,636	521	-7.3
Dividends and tax equivalents		-	-	-	-
Other payments		-4,897	-5,497	-601	12.3
<b>Total cash paid</b>		<b>-59,835</b>	<b>-59,901</b>	<b>-66</b>	<b>0.1</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	a	<b>9,329</b>	<b>11,307</b>	<b>1,978</b>	<b>21.2</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets	b	-8,021	-7,181	839	-10.5
Sales of non-financial assets	c	447	529	82	18.2
<b>Total cash flows from investments in non-financial assets</b>	d	<b>-7,574</b>	<b>-6,653</b>	<b>921</b>	<b>-12.2</b>
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes		10	18	8	80.7
For liquidity purposes		7,951	10,863	2,912	36.6
<i>Cash paid</i>					
For policy purposes		-10	-21	-11	111.4
For liquidity purposes		-8,076	-8,709	-633	7.8
<b>Total cash flows from investments in financial assets</b>		<b>-125</b>	<b>2,151</b>	<b>2,276</b>	<b>-1,824.1</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-7,698</b>	<b>-4,502</b>	<b>3,197</b>	<b>-41.5</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<i>Cash received</i>					
Advances received		-	-	-	-
Borrowings		22,616	22,466	-150	-0.7
Deposits received		-	-	-	-
Other financing receipts		10	191	181	1,805.9
<b>Total cash received</b>		<b>22,626</b>	<b>22,658</b>	<b>32</b>	<b>0.1</b>
<i>Cash paid</i>					
Advances paid		-18	-18	-	-
Borrowings repaid		-21,301	-26,077	-4,777	22.4
Deposits paid		-	-	-	-
Other financing payments		-386	-618	-232	60.0
<b>Total cash paid</b>		<b>-21,704</b>	<b>-26,713</b>	<b>-5,008</b>	<b>23.1</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>922</b>	<b>-4,055</b>	<b>-4,977</b>	<b>-539.9</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,553</b>	<b>2,750</b>	<b>198</b>	<b>7.8</b>
Cash and cash equivalents at the beginning of the period		11,929	12,600	671	5.6
Cash and cash equivalents at the end of the period		14,481	15,351	869	6.0
<b>KEY FISCAL AGGREGATES</b>					
Net cash flows from operating activities		9,329	11,307	1,978	21.2
Net cash flows from investing in non-financial assets		-7,574	-6,653	921	-12.2
<b>Cash surplus/-deficit</b>	e	<b>1,756</b>	<b>4,655</b>	<b>2,899</b>	<b>165.1</b>

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 \$11.3 billion in 2021-22, \$2 billion higher than the \$9.3 billion cash operating surplus forecast in the 2021-22 Budget. Total cash receipts in 2021-22 were \$71.2 billion, \$2 billion (or 3%) higher than forecast, while total cash payments in 2021-22 were \$59.9 billion, largely unchanged (up \$66 million) from 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, also known as the State's Asset Investment Program (AIP), totalled \$7.2 billion in 2021-22, \$839 million (or 10.5%) lower than forecast. In addition to the general government sector variations noted earlier in this appendix (down \$194 million), net changes in infrastructure spending by key public corporations include:
- the Public Transport Authority, including separate provisions for METRONET projects under development (down \$389 million), reflecting changes to the scheduling of a range of rail projects, including the Victoria Park-Canning Level Crossing Removal and the Railcar Program;
  - the Water Corporation (down \$85 million), largely due to tighter resource availability and supply chain issues. Supply chain disruptions have delayed the acquisition of materials and fleet vehicles, while the pandemic has impacted site access and labour availability for business-as-usual asset renewals and remote community projects;
  - the Fremantle Port Authority (down \$62 million), mainly due to the timing of land acquisitions at North Quay, reprofiling on works at the Kwinana Bulk Terminal and Kwinana Bulk Jetty, delays and the reprioritisation of works, and delays across other asset purchases including at Victoria Quay, and the Waterfront and other minor projects;
  - Western Power (down \$41 million), primarily due to the timing of payments for works completed including for the South Metropolitan Depot modernisation, the Big Battery project, Yokine Substation and the undergrounding program;
  - Horizon Power (down \$29 million), primarily due to revised timing across a number of projects as a result of changes to project schedules, supply chain issues and the finalisation of negotiations for some projects;

## 2021-22 Annual Report on State Finances

- Synergy (down \$23 million), primarily reflecting the reclassification of expenditure (from capital to operating) related to the Corporation's Customer Engagement Platform and other business systems replacement projects and lower than expected spending on the Collie Power Station and Big Battery; and
  - the Gold Corporation (down \$23 million), primarily reflecting the impact of accounting policy changes which resulted in the vast majority of the Corporation's computer software expenditure being reclassified to operating costs (rather than capitalised), and project delays related to the Corporation's record coin production during the year (necessitating a temporary re-prioritisation of resources towards production to ensure customer demand could be met). Supply chain disruptions further exacerbated project delays.
- (c) Sales of non-financial assets were \$529 million in 2021-22, \$82 million higher than Budget. In addition to the general government sector variations noted earlier in this appendix (down \$28 million), other material changes in sales include:
- the Department of Communities (Housing Services, up \$57 million) due to unbudgeted land sales from joint venture projects that are yet to be transferred to DevelopmentWA, and higher than anticipated Shared Equity property sales; and
  - DevelopmentWA (up \$20 million), reflecting higher than expected sales across a number of metropolitan, industrial and regional projects, which were partly offset by lower than budgeted joint venture sales (with respect to projects that are yet to transfer from Housing).
- (d) Net cash flows from investments in non-financial assets were \$6.7 billion in 2021-22, \$921 million (or 12.2%) lower than Budget, with movements in purchases and sales outlined above.
- (e) The total public sector recorded a \$4.7 billion cash surplus in 2021-22, up \$2.9 billion on the \$1.8 billion surplus forecast in the 2021-22 Budget. This reflects the combination of the better than expected net cash surplus on operations (up \$2 billion) and the lower net cash out-flow in non-financial assets (down \$921 million) 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 2022 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 2022 and which were established to deliver priority policy outcomes. Details on other SPAs can be found in the agency annual reports. The SPA balances, and transactions in and out of these accounts, form part of the overall consolidated outcomes outlined elsewhere in this report.

## Climate Action Fund

This SPA was established in 2021-22 to hold funds for future climate action and renewable energy initiatives. Receipts in 2021-22 reflect \$168 million appropriated for the Account's establishment as part of the 2021-22 Budget. Payments to date have been made to the Department of Jobs, Tourism, Science, and Innovation for the Native Forestry Just Transition Plan (to assist workers and businesses in the South West to transition away from native timber logging, \$800,000), the Department of Primary Industries and Regional Development to fund additional resourcing for the South West Development Commission (\$130,000) and \$50,000 to Energy Policy WA (now a part of the Department of Mines, Industry Regulation and Safety) for the development of its Sectoral Emissions Reduction Strategy (SERS).

<b>CLIMATE ACTION FUND</b>		
	2021-22 \$m	2020-21 \$m
<i>Balance at 1 July</i>	-	-
Receipts	168	-
Payments	1	-
<b>Closing Balance</b>	<b>167</b>	-

Note: Columns may not add due to rounding.

## Debt Reduction Account

The Debt Reduction Account was established in 2017-18 to apply windfall funds to the reduction of Consolidated Account borrowings.

A total of \$2.7 billion flowed through the account in 2021-22, comprising Western Australia's GST floor grant for 2021-22 (\$2.1 billion) and dividend payments from the Insurance Commission of Western Australia (ICWA) and the Western Australian Treasury Corporation (WATC) following the Government's 2021-22 Budget decision to apply the dividends from these agencies (totalling \$589 million) to debt repayment.

Consistent with arrangements in 2020-21, the GST floor grant was redirected back to the Consolidated Account to reduce the need for new borrowings that would otherwise be required in 2021-22, while the ICWA and WATC dividends were applied to debt repayment.

<b>DEBT REDUCTION ACCOUNT</b>		
	2021-22 \$m	2020-21 \$m
<i>Balance at 1 July</i>	-	-
Receipts	2,704	1,547
Payments	2,704	1,547
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

Note: Columns may not add due to rounding.

## Digital Capability Fund Account

As a part of the 2021-22 Budget, this SPA has been established to hold funds for the upgrade of ICT systems to improve government service delivery, enhance cyber security and mitigate operational risks.

During the 12 months ending 30 June 2022, payments totalling \$73.1 million were made to agencies to progress a range of approved projects, including \$25.2 million to WA Health; \$17.1 million to the Western Australia Police Force and \$10 million to the Department of Primary Industries and Regional Development.

### DIGITAL CAPABILITY FUND ACCOUNT

Table 5.3

	2021-22 \$m	2020-21 \$m
<i>Balance at 1 July</i>	-	-
Receipts	500	-
Payments	73	-
<b>Closing Balance</b>	<b>427</b>	-

Note: Columns may not add due to rounding.

## METRONET Account

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

Receipts for the year ending 30 June 2022 reflect State and Commonwealth contributions totalling \$538 million appropriated for METRONET projects, \$166 million in contributions from other government agencies, and an operating subsidy of \$2.7 million for the METRONET Office.

A total of \$1 billion was drawn down to support transport infrastructure projects, including the Thornlie-Cockburn Link, Morley-Ellenbrook Line and Yanchep Rail Extension, and a further \$1.4 million was applied to METRONET Office operating costs.

### METRONET ACCOUNT

Table 5.4

	2021-22 \$m	2020-21 \$m
<i>Balance at 1 July</i>	432	527
Receipts	707	545
Payments	1,001	641
<b>Closing Balance</b>	<b>137</b>	<b>432</b>

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. For the year ending 30 June 2022, receipts from Motor Vehicle Licence Fees totalling \$123 million were paid into the account. A total of \$120 million was drawn down to support projects such as the Yanchep Rail Extension, Thornlie-Cockburn Link, and Bayswater Station.

Table 5.5

### METRONET ROADS ACCOUNT

	2021-22 \$m	2020-21 \$m
<i>Balance at 1 July</i>	106	72
Receipts	123	115
Payments	120	81
<b>Closing Balance</b>	<b>109</b>	<b>106</b>

Note: Columns may not add due to rounding.

## Metropolitan Region Improvement Fund

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

Receipts in 2021-22 reflect Metropolitan Region Improvement Tax collections (\$83.9 million), proceeds from the sale of land and buildings (\$14.6 million), rent revenue (\$7.5 million), interest revenue (\$1.4 million), scheme certificate fees collection (\$1.3 million) and receipts from the Australian Taxation Office for refunds of GST on purchases (\$0.8 million).

Payments from the account during 2021-22 were for works on the Yanchep Rail Extension (\$70 million), the acquisition of land and buildings (\$64 million), service delivery costs associated with the Account (\$26.6 million), compensation to landowners for compulsory property acquisitions (\$5.4 million), and funding for a range of smaller infrastructure projects (\$2.6 million).

Table 5.6

### METROPOLITAN REGION IMPROVEMENT ACCOUNT

	2021-22 \$m	2020-21 \$m
<i>Balance at 1 July</i>	443	434
Receipts	111	133
Payments	169	124
<b>Closing Balance</b>	<b>384</b>	<b>443</b>

Note: Columns may not add due to rounding.

## Mining Rehabilitation Fund

The Mining Rehabilitation Fund was established in July 2013 to hold levy collections under the *Mining Rehabilitation Fund Act 2012*.

Receipts for the year ending 30 June 2022 reflect levy contributions by mining operators (\$38.2 million) and interest earnings (\$1.3 million). Draw downs during the year supported the payment of rehabilitation costs (\$2.9 million) and administration costs (\$0.7 million).

MINING REHABILITATION FUND			Table 5.7
	2021-22 \$m	2020-21 \$m	
<i>Balance at 1 July</i>	219	185	
Receipts	40	36	
Payments	4	2	
<b>Closing Balance</b>	<b>255</b>	<b>219</b>	

Note: Columns may not add due to rounding.

## National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse Account

This Account was established in December 2018 to meet the cost of payments associated with the State's participation in the National Redress Scheme and the settlement of civil litigation claims for victims of historical institutional child sexual abuse. Draw downs totalling \$50 million were made to meet these costs

NATIONAL REDRESS SCHEME AND CIVIL LITIGATION FOR SURVIVORS OF INSTITUTIONAL CHILD SEXUAL ABUSE ACCOUNT			Table 5.8
	2021-22 \$m	2020-21 \$m	
<i>Balance at 1 July</i>	77	141	
Receipts	-	-	
Payments	50	64	
<b>Closing Balance</b>	<b>27</b>	<b>77</b>	

Note: Columns may not add due to rounding.

## Perth Parking Licensing Account

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

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

**PERTH PARKING LICENSING ACCOUNT**

Table 5.9

	2021-22 \$m	2020-21 \$m
<i>Balance at 1 July</i>	165	131
Receipts	54	52
Payments	27	19
<b>Closing Balance</b>	<b>192</b>	<b>165</b>

Note: Columns may not add due to rounding.

**Road Trauma Trust Account**

This Account was established to hold funds for road safety initiatives. Receipts for 2021-22 reflect collections from prescribed penalties (\$113.8 million), interest revenue on the account balance (\$0.2 million), and other miscellaneous funds collected under the *Road Traffic (Administration) Act 2008* (\$0.5 million).

Projects funded from the account during 2021-22 included initiatives to:

- manage speed on Western Australian roads (\$23.9 million);
- reduce run-off crashes on regional roads, by applying treatments such as shoulder sealing, audible edge lines and installing safety barriers (\$23.3 million);
- reduce the number and rate at which vulnerable road users are killed and seriously injured (\$15.5 million); and
- provide post-crash support (\$6 million).

A further \$17.6 million was spent on the operations of the Road Safety Commission, including community education campaigns, community grants, the Infringement Management Reform Program, Camera Trial, and a range of other road safety initiatives.

**ROAD TRAUMA TRUST ACCOUNT**

Table 5.10

	2021-22 \$m	2020-21 \$m
<i>Balance at 1 July</i>	43	54
Receipts	115	102
Payments	86	113
<b>Closing Balance</b>	<b>71</b>	<b>43</b>

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 2021-22 reflect funding appropriated by the Parliament (\$1,005.1 million), interest earned on the account balance (\$2.3 million), and unused funds from associated projects returned to the Fund by agencies (\$11.9 million). A total of \$1,019.3 million was disbursed from the Fund to support infrastructure, business and economic development, and other regional initiatives (with further detail in Chapter 7 of the 2022-23 Budget Paper No. 3).

ROYALTIES FOR REGIONS FUND		
	2021-22 \$m	2020-21 \$m
<i>Balance at 1 July</i>	1,000	1,000
Receipts	1,019	971
Payments	1,019	971
<b>Closing Balance</b>	<b>1,000</b>	<b>1,000</b>

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. During the twelve months to 30 June 2022, the Department of Communities returned almost \$0.5 million in unspent funding (related to the Regional Services Reform Unit).

Draw downs during 2021-22 totalled \$6.6 million, including payment of \$5 million for the Department of Education for the Kimberley Schools Project, \$1.5 million for the Department of Communities (Housing) for the East Kimberley Transitional Housing project and the Jalbi-Jiya (Your Home) project.

ROYALTIES FOR REGIONS REGIONAL REFORM FUND		
	2021-22 \$m	2020-21 \$m
<i>Balance at 1 July</i>	57	69
Receipts	-	-
Payments	7	12
<b>Closing Balance</b>	<b>51</b>	<b>57</b>

Note: Columns may not add due to rounding.

## Social Housing Investment Fund

The \$750 million Social Housing Investment Fund (SHIF) was established as part of the 2021-22 Budget to fund future dwelling construction projects and other initiatives to increase social housing supply. Receipts paid into the Fund were sourced from the better than expected operating surplus for 2020-21.

Funding drawn downs have been delayed beyond 30 June 2022, reflecting construction market challenges and labour market conditions, with the Department of Communities utilising available agency cash balances to meet operating costs.

Table 5.13

### SOCIAL HOUSING INVESTMENT FUND

	2021-22 \$m	2020-21 \$m
<i>Balance at 1 July</i>	-	-
Receipts	750	-
Payments	-	-
<b>Closing Balance</b>	<b>750</b>	-

Note: Columns may not add due to rounding.

## Softwood Plantation Expansion Fund

This Fund was established as part of the 2021-22 Budget to expand the State's softwood plantation estate, support the Western Australian timber and construction industries into the future, provide a funding source to offset carbon dioxide production, and to support associated regional development.

Receipts in 2021-22 reflect seed funding of \$350 million appropriated in the 2021-22 Budget. Draw downs are expected to commence in 2022-23.

Table 5.14

### SOFTWOOD PLANTATION EXPANSION FUND

	2021-22 \$m	2020-21 \$m
<i>Balance at 1 July</i>	-	-
Receipts	350	-
Payments	-	-
<b>Closing Balance</b>	<b>350</b>	-

Note: Columns may not add due to rounding.

## Waste Avoidance and Resource Recovery Account

The Waste Avoidance and Resource Recovery Account was established under the *Waste Avoidance and Resource Recovery Act 2007* to hold revenue allocated from the landfill levy. Funds are drawn from the account to support programs and other initiatives related to the management, reduction, reuse, recycling, monitoring or measurement of waste.

Receipts totalling \$32.9 million were paid into the account over the year to 30 June 2022. This included \$20.8 million in landfill levy collections allocated to the account by Ministerial determination under the Act, an \$11.6 million loan repayment from Western Australian Return Recycle Renew Ltd. and miscellaneous receipts (\$0.5 million). Draw downs totalling \$22 million were made for waste programs, the payment of administration costs incurred by the Department of Water and Environmental Regulation, and the Container Deposit Scheme.

Table 5.15

### WASTE AVOIDANCE AND RESOURCE RECOVERY ACCOUNT

	2021-22 \$m	2020-21 \$m
<i>Balance at 1 July</i>	30	40
Receipts	33	21
Payments	22	31
<b>Closing Balance</b>	<b>41</b>	<b>30</b>

Note: Columns may not add due to rounding.

## Western Australian Future Health Research and Innovation Fund

The Western Australian Future Fund was established under the *Western Australian Future Fund Act 2012*. The Act was amended by the Western Australian Future Fund Amendment (Future Health Research and Innovation Fund) Bill 2019 which 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 an agency SPA (administered by the Minister for Health) that provides long-term support for medical and health research, innovation and commercialisation activities.

Receipts of \$137 million in the 12 months to 30 June 2022 included the Consolidated Account's annual contribution equivalent to 1% of annual forecast royalty revenue (\$101.4 million) and interest receipts (\$35.7 million).

Table 5.16

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

	2021-22 \$m	2020-21 \$m
<i>Balance at 1 July</i>	1,492	1,408
Receipts	137	118
Payments	32	34
<b>Closing Balance</b>	<b>1,597</b>	<b>1,492</b>

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

Note: Columns may not add due to rounding.

The Western Australian Future Health Research and Innovation Account received \$32.4 million from the Future Health Research and Innovation Fund in July 2021 and \$0.1 million in interest receipts. Grant payments of \$23.2 million were drawn to support medical and health research, innovation and commercialisation project activities.

Table 5.17

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

	2021-22 \$m	2020-21 \$m
<i>Balance at 1 July</i>	15	- <sup>(b)</sup>
Receipts	33	34
Payments	23	19
<b>Closing Balance</b>	<b>24</b>	<b>15</b>

(a) This 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.

## Westport Account

This account was established as part of the 2021-22 Budget to support the Westport project. Receipts in 2021-22 reflect appropriation funding. Funding of \$0.8 million was drawn to support the Western Australian Planning Commission's Future of Fremantle initiative.

Table 5.18

**WESTPORT ACCOUNT**

	2021-22 \$m	2020-21 \$m
<i>Balance at 1 July</i>	-	-
Receipts	400	-
Payments	1	-
<b>Closing Balance</b>	<b>399</b>	-

Note: Columns may not add due to rounding.

## Women and Newborn Health Service Relocation Account

This SPA was established as part of the 2020-21 Mid-year Review to support the construction of a new Women and Babies Hospital at the Queen Elizabeth II Medical Centre campus.

Funding is expected to be drawn as the planning and project business case is progressed for consideration in a future Budget.

Table 5.19

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**WOMEN AND NEWBORN HEALTH SERVICE RELOCATION ACCOUNT**

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	2021-22 \$m	2020-21 \$m
<i>Balance at 1 July</i>	-	-
Receipts	1,787	-
Payments	-	-
<b>Closing Balance</b>	<b>1,787</b>	-

Note: Columns may not add due to rounding.

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## **Quarterly Financial Results - June 2022**

This appendix completes the quarterly data series for the 2021-22 year. Consolidated financial outcomes for the general government sector and for the whole-of-government are published in *Quarterly Financial Results Reports* for the September, December and March quarters in accordance with the requirements of the *Government Financial Responsibility Act 2000*<sup>1</sup>.

Information on the full-year outcomes for the general government and whole-of-government are available in the *Financial Results* chapter and Appendix 4: *Comparison of Final Outcomes to Original Budget for the year ending 30 June 2022* of this report.

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<sup>1</sup> These publications can be accessed on the Treasury website at [www.wa.gov.au/organisation/department-of-treasury](http://www.wa.gov.au/organisation/department-of-treasury). June quarterly data presented in this appendix are subject to year-end finalisation of audited accounts by agencies submitting source data. They may contain final year-end accruals that differ from estimated accruals submitted by agencies through the year, and reclassification of some aggregates in previously reported, unaudited data. Accordingly, quarterly outcomes for June 2022 may include one-off movements in items relative to previous reports, to move them into line with final audited outcomes.

**GENERAL GOVERNMENT**  
Operating Statement

	2021-22		2020-21	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>RESULTS FROM TRANSACTIONS</b>				
<b>REVENUE</b>				
Taxation	2,808	11,634	2,392	10,153
Current grants and subsidies	2,649	11,946	2,273	9,421
Capital grants	597	1,515	709	1,131
Sales of goods and services	812	3,027	757	2,821
Interest Income	43	127	24	110
Revenue from public corporations				
Dividends from other sector entities	96	612	188	1,362
Tax equivalent income	352	906	385	956
Royalty income	3,014	11,091	3,935	12,181
Other	293	799	1,575	2,015
<b>Total</b>	<b>10,664</b>	<b>41,658</b>	<b>12,239</b>	<b>40,151</b>
<b>EXPENSES</b>				
Salaries	3,717	14,279	3,501	13,469
Superannuation				
Concurrent costs	368	1,469	334	1,323
Superannuation interest cost	-42	75	-28	60
Other employee costs	102	327	132	422
Depreciation and amortisation	507	1,846	474	1,741
Services and contracts	913	2,877	852	2,686
Other gross operating expenses	1,771	6,337	1,486	5,602
Interest				
Interest on leases	34	133	36	134
Other interest	181	646	168	654
Current transfers	2,421	6,662	1,428	7,458
Capital transfers	212	988	381	763
<b>Total</b>	<b>10,184</b>	<b>35,638</b>	<b>8,764</b>	<b>34,313</b>
<b>NET OPERATING BALANCE</b>	<b>480</b>	<b>6,019</b>	<b>3,475</b>	<b>5,838</b>
<i>Other economic flows - included in the operating result</i>				
Net gains on assets/liabilities	-159	-149	-194	-173
Provision for doubtful debts	-6	-9	-49	-51
Changes in accounting policy/adjustment of prior periods	8	-379	4	9
<b>Total other economic flows</b>	<b>-158</b>	<b>-537</b>	<b>-239</b>	<b>-215</b>
<b>OPERATING RESULT</b>	<b>322</b>	<b>5,482</b>	<b>3,236</b>	<b>5,623</b>
<i>All other movements in equity</i>				
<i>Items that will not be reclassified to operating result</i>				
Revaluations	6,238	6,379	1,931	1,827
Net actuarial gains - superannuation	150	769	249	1,072
Gains recognised directly in equity	-	-	2	2
Change in net worth of the public corporations sectors	3,480	6,771	353	1,620
All other	-	-	-	-
<b>Total all other movements in equity</b>	<b>9,867</b>	<b>13,920</b>	<b>2,535</b>	<b>4,520</b>
<b>TOTAL CHANGE IN NET WORTH</b>	<b>10,189</b>	<b>19,402</b>	<b>5,770</b>	<b>10,144</b>
<b>KEY FISCAL AGGREGATES</b>				
<b>NET OPERATING BALANCE</b>	<b>480</b>	<b>6,019</b>	<b>3,475</b>	<b>5,838</b>
<i>Less Net acquisition of non-financial assets</i>				
Purchase of non-financial assets	984	3,308	1,172	2,614
Changes in inventories	172	421	-1	70
Other movement in non-financial assets	94	94	1,421	1,337
<i>less:</i>				
Sales of non-financial assets	22	110	45	90
Depreciation	507	1,846	474	1,741
<b>Total net acquisition of non-financial assets</b>	<b>720</b>	<b>1,868</b>	<b>2,073</b>	<b>2,189</b>
<b>NET LENDING/-BORROWING</b>	<b>-240</b>	<b>4,151</b>	<b>1,401</b>	<b>3,649</b>

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

Table 6.2

**GENERAL GOVERNMENT**  
Operating Revenue

	2021-22		2020-21	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>Taxation</b>				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	1,108	4,415	980	3,748
Property taxes				
<i>Land tax</i>	18	756	4	755
Transfer duty	589	2,336	574	1,860
Foreign Buyers Surcharge	5	22	6	17
Landholder duty	175	278	17	222
<i>Total duty on transfers</i>	770	2,637	596	2,099
Other stamp duties	_(a)	_(a)	_(a)	_(a)
Metropolitan Region Improvement Tax	_(a)	85	_(a)	84
Perth Parking Levy	1	55	2	53
Emergency Services Levy	30	375	28	354
Loan guarantee fees	33	131	42	141
Building and Construction Industry Training Fund Levy	12	39	13	46
<i>Total other property taxes</i>	76	684	85	679
Taxes on provision of goods and services				
Lotteries Commission	103	218	48	191
Video lottery terminals	_(a)	_(a)	_(a)	_(a)
Casino tax	12	49	11	55
Point of Consumption Tax	32	121	27	114
<i>Total taxes on gambling</i>	148	388	87	360
Insurance duty	190	823	174	727
Other	7	22	5	20
<i>Total taxes on insurance</i>	197	845	178	747
<i>On-demand Transport Levy</i>	11	38	15	44
Taxes on use of goods and performance of activities				
Vehicle licence duty	152	579	144	514
Permits - Oversize Vehicles and Loads	4	10	2	10
Motor vehicle registrations	292	1,120	271	1,048
Other Vehicle taxes	9	37	9	36
<i>Total motor vehicle taxes</i>	457	1,747	426	1,607
<i>Mining Rehabilitation Levy</i>	_(a)	38	_(a)	35
<i>Landfill Levy</i>	22	86	20	79
<b>Total Taxation</b>	<b>2,808</b>	<b>11,634</b>	<b>2,392</b>	<b>10,153</b>

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

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

Table 6.2 (cont.)

**GENERAL GOVERNMENT**  
Operating Revenue

	2021-22		2020-21	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>Current Grants and Subsidies</b>				
General Purpose Grants				
GST grants	819	3,369	1,028	3,006
Commonwealth-funded 70% floor	-	2,115	-	1,547
North West Shelf grants	254	1,024	138	425
Commonwealth compensation for changed crude oil excise arrangements	10	32	6	18
National Specific Purpose Payment Agreement Grants				
Skills and Workforce Development	42	165	42	163
National Disability Services	-	-	-	1
National Housing and Homelessness Agreement	44	175	43	172
National School Reform Agreement - Quality Schools	263	1,021	238	925
National Health Reform Agreement	695	2,668	542	2,418
National Partnerships/Other Grants				
Health	336	921	75	358
Transport	62	158	18	74
Disability Services	1	3	1	4
Other	122	295	141	309
<b>Total Current Grants and Subsidies</b>	<b>2,649</b>	<b>11,946</b>	<b>2,273</b>	<b>9,421</b>
<b>Capital Grants</b>				
National Partnerships/Other Grants				
Transport	516	1,040	609	999
Other	81	475	100	133
<b>Total Capital Grants</b>	<b>597</b>	<b>1,515</b>	<b>709</b>	<b>1,131</b>
<b>Sales of Goods and Services</b>	<b>812</b>	<b>3,027</b>	<b>757</b>	<b>2,821</b>
<b>Interest Income</b>	<b>43</b>	<b>127</b>	<b>24</b>	<b>110</b>
<b>Revenue from Public Corporations</b>				
Dividends	96	612	188	1,362
Tax Equivalent Regime	352	906	385	956
<b>Total Revenue from Public Corporations</b>	<b>449</b>	<b>1,518</b>	<b>573</b>	<b>2,319</b>
<b>Royalty Income</b>				
Iron ore	2,555	9,917	3,739	11,355
Other	459	1,173	197	826
<b>Total Royalty Income</b>	<b>3,014</b>	<b>11,091</b>	<b>3,935</b>	<b>12,181</b>
<b>Other</b>				
Lease Rentals	35	185	26	132
Fines	58	235	56	204
Revenue not elsewhere counted	200	380	1,494	1,679
<b>Total Other</b>	<b>293</b>	<b>799</b>	<b>1,575</b>	<b>2,015</b>
<b>TOTAL REVENUE</b>	<b>10,664</b>	<b>41,658</b>	<b>12,239</b>	<b>40,151</b>

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

**GENERAL GOVERNMENT**  
Cash Flow Statement

Table 6.3

	2021-22		2020-21	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<i>Cash received</i>				
Taxes received	2,918	11,332	2,619	9,847
Grants and subsidies received	3,761	15,637	3,171	12,167
Receipts from sales and goods and services	820	3,007	844	2,858
Interest receipts	39	111	31	88
Dividends and tax equivalents	311	1,544	468	2,331
Other receipts	3,242	14,271	3,731	12,694
<b>Total cash received</b>	<b>11,092</b>	<b>45,903</b>	<b>10,864</b>	<b>39,985</b>
<i>Cash paid</i>				
Wages, salaries and supplements, and superannuation	-3,891	-15,848	-4,039	-14,851
Payments for goods and services	-2,697	-9,876	-2,219	-8,904
Interest paid	-201	-752	-212	-803
Grants and subsidies paid	-2,453	-8,852	-2,307	-8,456
Dividends and tax equivalents	-	-	-	-
Other payments	-611	-2,136	-466	-1,828
<b>Total cash paid</b>	<b>-9,853</b>	<b>-37,464</b>	<b>-9,242</b>	<b>-34,842</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,239</b>	<b>8,439</b>	<b>1,621</b>	<b>5,143</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<i>Cash flow from investment in non-financial assets</i>				
Purchase of non-financial assets	-984	-3,308	-1,172	-2,614
Sales of non-financial assets	22	110	45	90
<b>Total cash flows from investments in financial assets</b>	<b>-962</b>	<b>-3,199</b>	<b>-1,127</b>	<b>-2,524</b>
<i>Cash flows from investments in financial assets</i>				
<i>Cash received</i>				
For policy purposes	4	18	4	14
For liquidity purposes	26	93	25	86
<i>Cash paid</i>				
For policy purposes	-652	-1,208	-283	-1,210
For liquidity purposes	-21	-70	-14	-94
<b>Total cash flows from investments in financial assets</b>	<b>-642</b>	<b>-1,168</b>	<b>-268</b>	<b>-1,205</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-1,604</b>	<b>-4,366</b>	<b>-1,395</b>	<b>-3,728</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<i>Cash received</i>				
Advances received	18	18	18	18
Borrowings	15	57	15	198
Deposit received	-	-	-	-
Other financing receipts	84	195	108	233
<b>Total cash received</b>	<b>116</b>	<b>270</b>	<b>141</b>	<b>449</b>
<i>Cash paid</i>				
Advances paid	-18	-18	-17	-17
Borrowings repaid	-18	-646	-26	-45
Deposits paid	-	-	-	-
Other financing payments	-181	-585	-109	-503
<b>Total cash paid</b>	<b>-216</b>	<b>-1,248</b>	<b>-152</b>	<b>-566</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-100</b>	<b>-978</b>	<b>-11</b>	<b>-117</b>
<b>Net increase in cash and cash equivalents</b>	<b>-465</b>	<b>3,094</b>	<b>215</b>	<b>1,298</b>
Cash and cash equivalents at beginning of the period	10,502	6,943	6,728	5,645
Cash and cash equivalents at end of the period	10,037	10,037	6,943	6,943
<b>KEY FISCAL AGGREGATES</b>				
Net cash flows from operating activities	1,239	8,439	1,621	5,143
Net cash flows from investing in non-financial assets	-962	-3,199	-1,127	-2,524
<b>Cash surplus/-deficit</b>	<b>277</b>	<b>5,240</b>	<b>494</b>	<b>2,620</b>

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

**TOTAL PUBLIC SECTOR**  
Operating Statement

	2021-22		2020-21	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>RESULTS FROM TRANSACTIONS</b>				
<b>REVENUE</b>				
Taxation	2,617	11,065	2,249	9,606
Current grants and subsidies	2,649	11,946	2,273	9,421
Capital grants	597	1,515	709	1,131
Sales of goods and services	9,204	36,437	8,317	41,172
Interest Income	125	445	119	478
Royalty income	3,014	11,091	3,935	12,181
Other	417	1,276	1,727	2,556
<i>Total revenue</i>	<b>18,624</b>	<b>73,776</b>	<b>19,330</b>	<b>76,545</b>
<b>EXPENSES</b>				
Salaries	4,029	15,540	3,804	14,676
Superannuation				
Concurrent costs	399	1,598	375	1,454
Superannuation interest cost	-42	75	-28	60
Other employee costs	195	612	143	404
Depreciation and amortisation	1,130	4,775	1,176	4,235
Services and contracts	1,205	3,925	1,155	3,549
Other gross operating expenses	8,893	34,049	8,529	38,936
Interest				
Interest on leases	52	203	54	209
Other interest	260	986	273	1,116
Current transfers	1,818	4,737	835	5,629
Capital transfers	159	856	392	741
<i>Total expenses</i>	<b>18,097</b>	<b>67,357</b>	<b>16,709</b>	<b>71,008</b>
<b>NET OPERATING BALANCE</b>	<b>527</b>	<b>6,419</b>	<b>2,621</b>	<b>5,537</b>
<i>Other economic flows - included in the operating result</i>				
Net gains on assets/liabilities	-1,043	-1,013	-109	471
Provision for doubtful debts	10	-15	-57	-64
Changes in accounting policy/adjustment of prior periods	84	167	26	-98
<i>Total other economic flows</i>	<b>-950</b>	<b>-861</b>	<b>-140</b>	<b>309</b>
<b>OPERATING RESULT</b>	<b>-422</b>	<b>5,558</b>	<b>2,480</b>	<b>5,846</b>
<i>All other movements in equity</i>				
<i>Items that will not be reclassified to operating result</i>				
Revaluations	10,422	13,099	3,072	3,251
Net actuarial gains - superannuation	115	747	239	1,071
Gains recognised directly in equity	74	-2	-21	-24
All other	-	-	-	-
<i>Total all other movements in equity</i>	<b>10,611</b>	<b>13,844</b>	<b>3,290</b>	<b>4,298</b>
<b>TOTAL CHANGE IN NET WORTH</b>	<b>10,189</b>	<b>19,402</b>	<b>5,770</b>	<b>10,144</b>
<b>KEY FISCAL AGGREGATES</b>				
<b>NET OPERATING BALANCE</b>	<b>527</b>	<b>6,419</b>	<b>2,621</b>	<b>5,537</b>
<i>Less Net acquisition of non-financial assets</i>				
Purchase of non-financial assets	2,177	7,181	2,212	5,816
Changes in inventories	445	1,302	490	-330
Other movement in non-financial assets	111	187	1,439	1,403
<i>less:</i>				
Sales of non-financial assets	177	529	126	499
Depreciation	1,130	4,775	1,176	4,235
<i>Total net acquisition of non-financial assets</i>	<b>1,427</b>	<b>3,367</b>	<b>2,840</b>	<b>2,155</b>
<b>NET LENDING/-BORROWING</b>	<b>-899</b>	<b>3,052</b>	<b>-219</b>	<b>3,382</b>

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

**TOTAL PUBLIC SECTOR**  
Operating Revenue

Table 6.5

	2021-22		2020-21	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>Taxation</b>				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	1,081	4,313	954	3,651
Property taxes				
<i>Land tax</i>	1	688	-13	687
Transfer Duty	589	2,336	574	1,860
Foreign Buyers surcharge	5	22	6	17
Landholder Duty	175	278	17	222
<i>Total duty on transfers</i>	770	2,637	596	2,099
Other stamp duties	_(a)	_(a)	_(a)	_(a)
Metropolitan Region Improvement Tax	_(a)	85	_(a)	84
Perth Parking Levy	1	55	2	53
Emergency Services Levy	32	371	30	351
Loan guarantee fees	1	6	_(a)	6
Building and Construction Industry Training Fund Levy	12	39	13	46
<i>Total other property taxes</i>	46	555	46	540
Taxes on provision of goods and services				
Video lottery terminals	_(a)	_(a)	_(a)	_(a)
Casino Tax	12	49	11	55
Point of Consumption Tax	20	70	15	61
<i>Total taxes on gambling</i>	32	120	26	116
Insurance Duty	190	823	174	727
Other	7	22	5	20
<i>Total taxes on insurance</i>	197	845	178	747
<i>On-demand Transport Levy</i>	11	38	15	44
Taxes on use of goods and performance of activities				
Vehicle Licence Duty	152	579	144	514
Permits - Oversize Vehicles and Loads	4	10	2	10
Motor Vehicle registrations	292	1,120	271	1,048
Other Vehicle taxes	9	37	9	36
<i>Total motor vehicle taxes</i>	457	1,747	426	1,607
<i>Mining Rehabilitation Levy</i>	_(a)	38	_(a)	35
<i>Landfill Levy</i>	22	86	20	79
<b>Total Taxation</b>	<b>2,617</b>	<b>11,065</b>	<b>2,249</b>	<b>9,606</b>

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

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

Table 6.5 (cont.)

**TOTAL PUBLIC SECTOR**  
Operating Revenue

	2021-22		2020-21	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>Current Grants and Subsidies</b>				
General Purpose Grants				
GST grants	819	3,369	1,028	3,006
Commonwealth-funded 70% floor grant	-	2,115	-	1,547
North West Shelf grants	254	1,024	138	425
Commonwealth compensation for changed crude oil excise arrangements	10	32	6	18
National Specific Purpose Payment Agreement Grants				
Skills and Workforce Development	42	165	42	163
National Disability Services	-	-	-	1
National Housing and Homelessness Agreement	44	175	43	172
National School Reform Agreement - Quality Schools	263	1,021	238	925
National Health Reform Agreement	695	2,668	542	2,418
National Partnerships/Other Grants				
Health	336	921	75	358
Transport	62	158	18	74
Disability Services	1	3	1	4
Other	122	295	141	309
<b>Total Current Grants and Subsidies</b>	<b>2,649</b>	<b>11,946</b>	<b>2,273</b>	<b>9,421</b>
<b>Capital Grants</b>				
National Partnerships/Other Grants				
Transport	516	1,040	609	999
Other	81	475	100	133
<b>Total Capital Grants</b>	<b>597</b>	<b>1,515</b>	<b>709</b>	<b>1,131</b>
<b>Sales of Goods and Services</b>	<b>9,204</b>	<b>36,437</b>	<b>8,317</b>	<b>41,172</b>
<b>Interest Income</b>	<b>125</b>	<b>445</b>	<b>119</b>	<b>478</b>
<b>Royalty Income</b>				
Iron ore	2,555	9,917	3,739	11,355
Other	459	1,173	197	826
<b>Total Royalty Income</b>	<b>3,014</b>	<b>11,091</b>	<b>3,935</b>	<b>12,181</b>
<b>Other</b>				
Lease Rentals	35	185	26	132
Fines	55	235	53	204
Revenue not elsewhere counted	327	857	1,648	2,220
<b>Total Other</b>	<b>417</b>	<b>1,276</b>	<b>1,727</b>	<b>2,556</b>
<b>TOTAL REVENUE</b>	<b>18,624</b>	<b>73,776</b>	<b>19,330</b>	<b>76,545</b>

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

Table 6.6

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

	2021-22		2020-21	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<i>Cash received</i>				
Taxes received	2,615	10,760	2,338	9,294
Grants and subsidies received	3,759	15,637	3,171	12,167
Receipts from sales and goods and services	7,613	28,674	7,037	29,970
Interest receipts	103	440	108	466
Dividends and tax equivalents	-	-	-	-
Other receipts	3,565	15,696	4,023	13,901
<i>Total cash received</i>	<b>17,656</b>	<b>71,208</b>	<b>16,677</b>	<b>65,797</b>
<i>Cash paid</i>				
Wages, salaries and supplements, and superannuation	-4,210	-17,251	-4,337	-16,177
Payments for goods and services	-7,888	-29,104	-6,843	-28,895
Interest paid	-330	-1,413	-399	-1,688
Grants and subsidies paid	-1,607	-6,636	-1,524	-5,632
Dividends and tax equivalents	-	-	-	-
Other payments	-1,548	-5,497	-1,332	-5,635
<i>Total cash paid</i>	<b>-15,583</b>	<b>-59,901</b>	<b>-14,435</b>	<b>-58,026</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2,072</b>	<b>11,307</b>	<b>2,241</b>	<b>7,771</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<i>Cash flow from investment in non-financial assets</i>				
Purchase of non-financial assets	-2,177	-7,181	-2,212	-5,816
Sales of non-financial assets	177	529	126	499
<i>Total cash flows from investments in financial assets</i>	<b>-2,001</b>	<b>-6,653</b>	<b>-2,086</b>	<b>-5,317</b>
<i>Cash flows from investments in financial assets</i>				
<i>Cash received</i>				
For policy purposes	4	18	4	14
For liquidity purposes	1,732	10,863	2,135	12,774
<i>Cash paid</i>				
For policy purposes	-9	-21	-6	-17
For liquidity purposes	-3,318	-8,709	-2,394	-12,616
<i>Total cash flows from investments in financial assets</i>	<b>-1,590</b>	<b>2,151</b>	<b>-260</b>	<b>154</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-3,591</b>	<b>-4,502</b>	<b>-2,347</b>	<b>-5,162</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<i>Cash received</i>				
Advances received	-	-	-	-
Borrowings	5,952	22,466	5,347	29,482
Deposit received	-	-	-	-
Other financing receipts	75	191	101	232
<i>Total cash received</i>	<b>6,027</b>	<b>22,658</b>	<b>5,448</b>	<b>29,714</b>
<i>Cash paid</i>				
Advances paid	-18	-18	-17	-17
Borrowings repaid	-4,598	-26,077	-4,296	-30,138
Deposits paid	-	-	-	-
Other financing payments	-162	-618	-149	-560
<i>Total cash paid</i>	<b>-4,778</b>	<b>-26,713</b>	<b>-4,462</b>	<b>-30,716</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1,249</b>	<b>-4,055</b>	<b>986</b>	<b>-1,002</b>
<b>Net increase in cash and cash equivalents</b>	<b>-270</b>	<b>2,750</b>	<b>881</b>	<b>1,607</b>
Cash and cash equivalents at beginning of the period	15,621	12,600	11,720	10,994
Cash and cash equivalents at end of the period	15,351	15,351	12,600	12,600
<b>KEY FISCAL AGGREGATES</b>				
Net cash flows from operating activities	2,072	11,307	2,241	7,771
Net cash flows from investing in non-financial assets	-2,001	-6,653	-2,086	-5,317
<b>Cash surplus/-deficit</b>	<b>71</b>	<b>4,655</b>	<b>155</b>	<b>2,454</b>

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



## Public Ledger

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

<b>PUBLIC LEDGER BALANCES AT 30 JUNE</b>			
	2022 \$m	2021 \$m	Variance \$m
<b>THE PUBLIC LEDGER</b>			
Consolidated Account <sup>(a)</sup>	-20,977	-18,130	-2,847
Treasurer's Special Purpose Accounts	23,609	18,662	4,946
Treasurer's Advance Account – Net Advances	-24	-10	-15
<b>TOTAL</b>	<b>2,607</b>	<b>522</b>	<b>2,085</b>
Agency Special Purpose Accounts	7,692	7,009	683
<b>TOTAL PUBLIC BANK ACCOUNT</b>	<b>10,299</b>	<b>7,531</b>	<b>2,768</b>

(a) The balance of the Consolidated Account at 30 June 2022 includes non-cash appropriations of \$17.1 billion (30 June 2021: \$15.7 billion), representing the non-cash cost of agency services. These appropriations are credited to agency Holding Accounts that are included in the TSPAs balance. In cash terms, the Consolidated Account was in a \$3.9 billion deficit position at 30 June 2022 (compared with a deficit position of \$2.5 billion at 30 June 2021).

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 \$20,977 million at 30 June 2022 (see following table), a \$2,847 million increase on the deficit position at 30 June 2021. This included \$17,054 million associated with accrual (non-cash) appropriations for depreciation and leave entitlements, matched by equivalent non-cash TSPA balances in agency Holding Accounts (see table later in this appendix).

In cash terms, the Consolidated Account recorded an accumulated deficit of \$3,923 million at 30 June 2022, up from the \$2,463 million deficit balance at 30 June 2021.

Receipts totalled \$34.1 billion in 2021-22, up \$4,404 million on 2020-21, mainly due to:

- higher Commonwealth grants (up \$2 billion), including higher GST grants (up \$931 million), higher North West Shelf royalty grants and Commonwealth crude oil excise compensation grants (up \$587 million), higher HomeBuilder grants (up \$271 million) and higher transport infrastructure grants (up \$146 million);
- higher revenue from agencies, including higher iron ore royalty receipts, (up \$1,051 million);
- increased payroll tax and transfer duty receipts (up \$1,199 million); and
- lower revenue from government enterprises (down \$797 million).

Consolidated Account spending (including accrual appropriations and other cash transactions) totalled \$36.9 billion in 2021-22, an increase of \$6,704 million on 2020-21. This was mainly due to one-off appropriations to establish the Women and Babies Hospital (up \$1,787 million), the Social Housing Investment Fund (\$750 million), the Digital Capability Fund (\$500 million), the Softwood Planation Expansion Fund (\$350 million) and the Climate Action Fund (\$168 million), and the impact of COVID-19 response and recovery spending on recurrent appropriations.

A total of \$589 million in State borrowings held by the Consolidated Account was repaid in 2021-22. These borrowings totalled \$25 billion at 30 June 2022 (down from \$25.6 billion at 30 June 2021)<sup>1</sup>. Total proceeds from gross borrowings (i.e. excluding repayments of borrowings) stood at \$27.5 billion at 30 June 2022, which remains below the \$34.5 billion cumulative limit approved by the *Loan Act 2017* and preceding Loan Acts.

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

<b>CONSOLIDATED ACCOUNT TRANSACTIONS</b>			
	2022	2021	Variance
	\$m	\$m	\$m
<b>REVENUE</b>			
<i>Operating Activities</i>			
Taxation	9,176	7,905	1,271
Commonwealth grants	7,157	5,165	1,991
Government enterprises	1,537	2,334	-797
Other receipts from agencies	13,433	12,029	1,404
Other receipts	660	545	115
<i>Total Operating Activities</i>	31,963	27,979	3,984
<i>Financing Activities</i>			
Transfers from the Debt Reduction Account	2,115	1,547	569
Borrowings	-	150	-150
Other receipts	8	8	1
<i>Total Financing Activities</i>	2,123	1,704	419
<b>TOTAL REVENUE</b>	<b>34,086</b>	<b>29,683</b>	<b>4,404</b>
<b>EXPENDITURE</b>			
<i>Recurrent</i>			
Authorised by other statutes	2,666	2,491	174
Appropriation Act (No. 1)	23,234	22,536	698
Recurrent expenditure under the Treasurer's Advance	1,379	870	509
<i>Total Recurrent Expenditure</i>	27,279	25,898	1,381
<i>Investing Activities</i>			
Authorised by other statutes	291	358	-67
Appropriation Act (No. 2)	6,417	2,311	4,106
Investing expenditure under the Treasurer's Advance	235	109	125
<i>Total Investing Activities</i>	6,943	2,778	4,164
<i>Financing Activities</i>			
Loan repayments	589	-	589
Appropriation Act (No. 2)	2,115	1,547	569
Other financing	7	6	1
<i>Total Financing Activities</i>	2,711	1,553	1,159
<b>TOTAL EXPENDITURE</b>	<b>36,933</b>	<b>30,229</b>	<b>6,704</b>
<b>NET MOVEMENT (REVENUE LESS EXPENDITURE)</b>	<b>-2,847</b>	<b>-546</b>	<b>-2,300</b>
<b>Consolidated Account Balance</b>			
Opening balance at 1 July	-18,130	-17,584	-546
Closing balance at 30 June	-20,977	-18,130	-2,847
Of which:			
Appropriations payable	-17,054	-15,667	-1,387
Cash balance at 30 June	-3,923	-2,463	-1,460
<b>Memorandum item: Consolidated Account Borrowings at 30 June</b>	<b>24,987</b>	<b>25,576</b>	<b>-589</b>

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

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

## 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 \$4,946 million higher than at the same time last year. This mainly reflects:

- establishment of a Special Purpose Account to support the cost of constructing a new Women and Babies hospital at the Queen Elizabeth II Medical Centre campus, (\$1,787 million);
- higher non-cash Holding Account balances for agency depreciation costs and accrued leave entitlements (up \$1,378 million);
- establishment of a new Social Housing Investment Fund (\$750 million);
- a \$427 million increase in the Digital Capability Fund to improve digital services and mitigate cyber security risks to government infrastructure;
- \$350 million set aside to expand the State's softwood plantation estate and support the Western Australian timber and construction industries;
- the establishment of a Climate Action Fund to support the Government's emissions reduction target and other climate-related initiatives (\$167 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 (\$101 million) and interest earnings on the balance of the Fund over the last 12 months (\$36 million), partly offset by the transfer of \$32 million to the Western Australian Future Health Research and Innovation Account (see Appendix 4 for further information);

- a decrease in the National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse Account (down \$50 million), reflecting payments made to the Commonwealth to cover scheme payments, and to State agencies for civil litigation costs incurred and associated administration costs;
- 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 \$49 million); and
- a \$49 million decrease in Commonwealth Grants for Specific Purposes.

A number of movements in these TSPAs and other agency accounts are discussed in more detail in Appendix 5: *Special Purpose Accounts* and in agency annual reports.

The following table summarises the position of TSPAs at 30 June 2022 and 2021.

Table 7.3

<b>TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 30 JUNE</b>			
	2022	2021	Variance
	\$m	\$m	\$m
Women and Babies Hospital	1,787	-	1,787
Agency Holding Accounts	17,054	15,667	1,387
Social Housing Investment Fund	750	-	750
Digital Capability Fund	427	-	427
Software Plantation Expansion Fund	350	-	350
Climate Action Fund	167	-	167
Western Australian Future Health Research and Innovation Fund	1,597	1,492	105
National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse Account	27	77	-50
Accrued Salaries	290	241	49
Commonwealth Grants for Specific Purposes	30	78	-49
Royalties for Regions Fund	1,000	1,000	-
Other Treasurer's Special Purpose Accounts	130	107	23
<b>TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 30 JUNE</b>	<b>23,609</b>	<b>18,662</b>	<b>4,946</b>

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

## Treasurer's Advance

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

A total of \$2.3 billion was authorised for the year ended 30 June 2022. The original \$820.5 million authority (established by section 29 of the FMA) was increased by \$1.5 billion with the passage of the *Treasurer's Advance Authorisation Act 2022*, which provided for additional spending expected to emerge in 2021-22.

Of the \$2.3 billion revised authorised limit, \$1,638.1 million was drawn down by 30 June 2022. This included \$1,613.8 million for excesses and new items (which are included in the Consolidated Account outcome detailed earlier in this appendix). The remaining \$24.3 million was drawn against net recoverable advances as shown in the following table.

Table 7.4

## TREASURER'S ADVANCE AT 30 JUNE

	2022 \$m	2021 \$m	Variance \$m
<b>AUTHORISED LIMIT</b>	<b>2,320.5</b>	<b>1,438.8</b>	<b>881.7</b>
<i>Total Drawn Against Treasurer's Advance Account</i>	<i>1,638.1</i>	<i>989.3</i>	<i>648.8</i>
Comprising:			
<i>Net recoverable advances</i>	<i>24.3</i>	<i>9.7</i>	<i>14.5</i>
Principal Shared Paths Program	9.5	-	9.5
Homebuyers Assistant Account	3.0	-	3.0
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
Suitors Fund	2.5	2.5	-
Sundry Debtors	7.1	4.0	3.1
<i>Excesses and new items</i>	<i>1,613.8</i>	<i>979.5</i>	<i>634.3</i>
- recurrent	1,379.2	870.2	508.9
- capital	234.7	109.3	125.4

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

### Transfers, Excesses and New Items

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

Table 7.5

**TRANSFERS, EXCESSES AND NEW ITEMS**  
For the Twelve Months to 30 June 2022

	Treasurer's Advance					Draw n against Treasurer's Advance to 30 June 2022 \$m
	Budget \$m	Transfers <sup>(a)</sup> \$m	New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
<b>Recurrent Appropriations</b>						
<i>Parliamentary Services</i>						
Item 3: Delivery of Services	18.1	-	-	0.5	18.6	0.5
<i>Parliamentary Commissioner Admin Investigations</i>						
Item 4: Delivery of Services	7.5	-	-	0.2	7.6	0.2
<i>Premier and Cabinet</i>						
Item 5: Delivery of Services	172.1	-	-	21.4	193.4	20.8
Item 6: Amount provided for Administered Grants, Subsidies and Other Payments	71.2	-	-	2.6	73.8	2.6
<i>Western Australian Electoral Commission</i>						
Item 9: Delivery of Services	6.7	-	-	1.2	8.0	0.8
<i>Treasury</i>						
Item 15: Bunbury Water Corporation	0.8	-	-	0.1	0.9	0.1
Item 20: Public Transport Authority	984.1	-	-	40.0	1,024.1	19.4
Item 22: Southern Ports Authority	8.1	-	-	4.3	12.4	4.3
Item 23: Water Corporation of Western Australia	364.3	-	-	28.8	393.2	28.8
Item 24: Western Australian Land Authority (DevelopmentWA)	249.8	-	-	7.8	257.6	-
Item 32: Provision for Voluntary Targeted Separation Scheme	10.1	-9.9	-	-	0.2	-
Item 37: All Other Grants, Subsidies and Transfer Payments	4.8	-	-	127.5	132.3	37.0
<i>Finance</i>						
Item 39: Delivery of Services	226.0	-	-	82.2	308.2	67.9
<i>Jobs, Tourism, Science &amp; Innovation</i>						
Item 41: Delivery of Services	248.5	-	-	4.8	253.3	4.8
<i>Mines, Industry Regulation &amp; Safety</i>						
Item 45: Delivery of Services	140.4	-	-	6.5	147.0	6.5
<i>Small Business Development Corporation</i>						
Item 47: Delivery of Services	16.5	-	-	0.8	17.3	0.8
<i>WA Health</i>						
Item 52: Delivery of Services	5,580.8	-	-	748.5	6,329.3	748.5
<i>Mental Health Commission</i>						
Item 53: Delivery of Services	819.1	-	-	2.3	821.4	2.3
<i>Health &amp; Disability Services Complaints Office</i>						
Item 57: Delivery of Services	2.7	-	-	_(b)	2.7	_(b)
<i>Education</i>						
Item 58: Delivery of Services	4,266.7	-	-	106.8	4,373.5	106.8
Item 59: Amount provided for Administered Grants, Subsidies and Other Payments	447.6	-	-	4.7	452.3	4.7
<i>Western Australia Police Force</i>						
Item 61: Delivery of Services	1,478.4	-	-	58.8	1,537.2	58.5
<i>Justice</i>						
Item 62: Delivery of Services	1,355.7	-	-	32.0	1,387.7	22.8
<i>State Solicitor's Office</i>						
Item 63: Delivery of Services	29.2	0.1	-	7.2	36.5	7.2
<i>Fire and Emergency Services</i>						
Item 64: Delivery of Services	53.8	-	-	33.8	87.6	33.8
<i>Office of the Director of Public Prosecutions</i>						
Item 66: Delivery of Services	42.8	-0.1	-	3.2	45.8	3.2

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 2022

	Budget \$m	Transfers <sup>(a)</sup> \$m	Treasurer's Advance			Draw n against Treasurer's Advance to 30 June 2022 \$m
			New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
<i>Communities</i>						
Item 71: Delivery of Services	1,955.1	9.9	-	179.2	2,144.2	175.1
<i>Local Government, Sport and Cultural Industries</i>						
Item 74: Art Gallery of Western Australia	8.5	-	-	0.6	9.0	0.6
Item 76: Library Board of Western Australia	27.9	-	-	0.1	28.0	0.1
Item 77: Perth Theatre Trust	9.5	-	-	0.8	10.3	0.8
Item 78: Western Australia Museum	36.5	-	-	1.3	37.8	1.3
<i>Western Australia Sports Centre Trust</i>						
Item 79: Delivery of Services	102.2	-	-	17.4	119.6	12.8
<i>Biodiversity, Conservation and Attractions</i>						
Item 84: Delivery of Services	285.2	-	-	5.4	290.6	5.3
<i>Western Australian Land Information Authority</i>						
Item 87: Delivery of Services	39.5	-	-	0.7	40.2	0.7
<b>Total Recurrent</b>		-	-	<b>1,531.6</b>		<b>1,379.2</b>
<b>Capital Appropriations</b>						
<i>Treasury</i>						
Item 103: Electricity Networks Corporation (Western Power)	170.1	-	-	6.3	176.5	6.3
<i>Finance</i>						
Item 118: Capital Appropriation	6.2	-	-	1.9	8.1	1.9
<i>WA Health</i>						
Item 124: Capital Appropriation	257.9	-	-	121.4	379.3	121.4
<i>Education</i>						
Item 127: Capital Appropriation	351.8	-	-	5.6	357.3	5.6
<i>WA Police Force</i>						
Item 129: Capital Appropriation	64.4	-	-	13.6	78.0	13.6
<i>Justice</i>						
Item 130: Capital Appropriation	95.2	-	-	1.0	96.2	1.0
<i>State Solicitor's Office</i>						
Item 131: Capital Appropriation	0.1	-	-	-(b)	0.1	-(b)
<i>Fire and Emergency Services</i>						
Item 132: Capital Appropriation	6.9	-	-	0.4	7.3	0.4
<i>Local Government, Sport and Cultural Industries</i>						
Item 139: Capital Appropriation-Art Gallery	0.5	-	-	2.1	2.6	2.1
<i>Western Australia Sports Centre Trust</i>						
Item 140: Capital Appropriation	28.9	-	-	0.9	29.8	0.9
<i>Commissioner of Main Roads</i>						
Item 142: Capital Appropriation	107.9	-	-	31.1	139.0	31.1
<i>Forest Products Commission</i>						
New item: Consolidated Account Capital	-	-	14.3	-	14.3	14.3
<i>Water Corporation of Western Australia</i>						
New item: Consolidated Account Capital	-	-	22.9	-	22.9	22.9
<i>Mid West Ports Authority</i>						
New item: Consolidated Account Capital	-	-	3.0	-	3.0	3.0
<i>Bunbury Water Corporation</i>						
New item: Consolidated Account Capital	-	-	10.2	-	10.2	10.2
<b>Total Capital</b>		-	<b>50.4</b>	<b>184.3</b>		<b>234.7</b>
<b>TOTAL</b>						<b>1,613.8</b>

(a) Authorised under section 25 of the FMA.

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

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

## Transfers

Transfers of appropriation funds are for the provision of an approved service which is now delivered by an alternative agency. These transfers are authorised under section 25 of the FMA or by specific enabling legislation, and do not impact the Treasurer's Advance.

In 2021-22, appropriation transfers included:

- \$9.9 million from Treasury to the Department of Communities, relating to the drawdown of funding held centrally for the payment of Voluntary Targeted Separation Scheme costs; and
- \$0.1 million from the Office of the Director of Public Prosecutions (ODPP) to the State Solicitor's Office (SSO) following the proclamation of the *High-Risk Serious Offenders Act 2020*, and the SSO becoming responsible for the administration of the Act from 1 January 2021, including responsibilities that were previously assumed by the ODPP.

## 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 2022.

### Parliamentary Services

Item 3: **Delivery of Services** (\$0.5 million), due to an increase in depreciation and amortisation expenses associated with higher asset investment.

### Parliamentary Commissioner for Administrative Investigations

Item 4: **Delivery of Services** (\$0.2 million), reflecting the requirement for the Commissioner to undertake additional monitoring functions under the *Criminal Law (Unlawful Consorting and Identified Organisation Insignia) Act 2021*.

### Premier and Cabinet

Item 5: **Delivery of Services** (\$21.4 million), reflecting funding for:

- support provided by the Department to the Perth Casino Royal Commission (\$7.9 million);
- community assistance, including donations and contributions made to:
  - Telethon, including the State's annual contribution to the WA Child Research Fund (\$6 million);
  - the Australian Red Cross Queensland and New South Wales Floods Appeal (\$2 million); and

## 2021-22 Annual Report on State Finances

- Celebrate WA, to cover increased costs in relation to the annual WA Day festival (\$500,000);
- costs associated with the expansion of the 'Build a Life in WA' Campaign as part of the Reconnect WA initiative (\$3.5 million);
- COVID-19 initiatives, including the establishment of a multi-agency project team to investigate quarantine arrangements in Western Australia (\$1.4 million); and
- Aboriginal engagement, including additional funding for the development and implementation of the *Aboriginal Cultural Heritage Act 2021* (\$134,000).

The new funding requirements were partially offset by a reduction in office accommodation costs in 2021-22 (\$604,000).

Item 6: **Administered Grants, Subsidies and Other Transfer Payments** (\$2.6 million), reflecting additional funding for changes in indexation applied to various payments for Native Title matters, including the South West Native Title Settlement (\$2.3 million) and the Yamatji Nation Settlement (\$280,000).

### Western Australian Electoral Commission

Item 9: **Delivery of Services** (\$1.2 million), to meet the State's annual contribution towards the cost of maintaining the electoral roll under the Joint Roll Arrangement with the Australian Electoral Commission (\$415,000), costs relating to the non-voter and technology assisted voting projects (\$164,000) and finalisation of State General Election 2021 expenses (\$626,000). These increases were partially offset by a net decrease in vehicle fleet expenses (\$8,000).

The new funding requirements were partially offset by \$360,000 lower costs pending the passage of legislative amendments to the *Electoral Act 1907* and the Electoral (Political Finance) Regulations 1996.

### Treasury

Item 15: **Bunbury Water Corporation** (\$58,000), an additional operating subsidy was required to meet higher than expected customer concessions incurred in 2019-20 and 2020-21. Outcomes for these concessions are not known with certainty until final accounts for the financial year become available after 30 June each year. The funding was approved and fully drawn in 2021-22

Item 20: **Public Transport Authority** (\$40 million), an increase in the Authority's operating subsidy was approved to offset reduced revenue, meet additional expenses incurred as a result of higher fuel prices and for the financial settlement associated with the terminated Radio Systems Replacement contract (which was terminated in 2020 and settled in 2021-22). Following subsequent movements in revenue and expenses, \$19.4 million of the increase was drawn by 30 June 2022.

Item 22: **Southern Ports Authority** (\$4.3 million), was required to cover an increase in cost for the Government Support Package for Koolyanobbing Iron Ore in 2021-22. This increase included recognition of the revised costs to support the package and an increase in forecast expenditure on iron ore loading and cleaning. The funding was fully drawn in 2021-22.

Item 23: **Water Corporation of Western Australia** (\$28.8 million), \$19.1 million following the accounting reclassification of cloud-based ICT projects from capital expenditure to operating expenditure, and \$6.3 million following the deferral of the achievement of efficiency savings due to COVID-19 supply chain impacts and Cyclone Seroja. The funding was fully drawn in 2021-22.

Item 24: **Western Australia Land Authority (DevelopmentWA)** (\$7.8 million), to facilitate the development of residential and industrial land in regional areas, expensed funding for the construction of required infrastructure at the Australian Marine Complex, and to meet transaction costs associated with the Housing Authority Machinery of Government reform (which includes the transfer of Housing Authority assets to DevelopmentWA). These funds were not drawn in 2021-22 due to delays in tendering associated with construction market pressures.

Item 37: **All Other Grants, Subsidies and Transfer Payments** (\$127.5 million), to fund additional COVID-19 support costs for the Level 1 Business Assistance Package and grant payments for the Level 2 Small Business Hardship Grants program. A total of \$37 million in claims were paid to eligible businesses by 30 June 2022, mainly reflecting the net impact of \$40 million for the Covid Business Assistance Package partially offset by a \$2.3 million underspend on the Commonwealth Pandemic Leave Disaster Payment, with the residual funding expected to be paid in 2022-23 (reflecting a late surge in applications and the time required to assess the applications and provide the payments to eligible small businesses).

Item 103: **Electricity Networks Corporation (Western Power)** (\$6.3 million), provided to offset the impact on cash for an increase in Western Power's tax liability (as a consequence of higher than expected capital contributions) and dividends paid on land sales. The approved contribution was drawn in full.

New item: **Forest Products Commission** (equity contribution), an equity contribution of \$14.3 million was approved for the Forest Product Commission as part of the 2022-23 Budget to address losses on native forest operations in 2021-22 (following the Government's decision in September 2021 to end the logging of native forests by 2024), and to maintain sufficient working capital. The funding was fully drawn in 2021-22.

New item: **Water Corporation of Western Australia** (equity contribution), an equity contribution of \$22.9 million required for the Burrup Seawater Supply Scheme infrastructure upgrades was approved as part of the 2021-22 Mid-year Review process. The funding was fully drawn in 2021-22.

New item: **Mid West Ports Authority** (equity contribution), an equity contribution of \$3 million was provided to the Mid West Ports Authority for the construction of a jetty on the eastern breakwater for high-speed ferries to service the Abrolhos Islands. This funding was approved as part of the 2021-22 Mid-year Review and fully drawn by 30 June 2022.

New item: **Bunbury Water Corporation** (equity contribution), an operating subsidy of \$10.2 million was provided to support the cost of the Bunbury Water Resource Recovery Scheme Project, and water network fluoridation planning costs. The funding was approved as part of the 2021-22 Mid-year Review and fully drawn in 2021-22.

## **Finance**

Item 39: **Delivery of Service** (\$82.2 million), largely reflecting the purchase, storage and distribution costs of Rapid Antigen Tests (RATs) and N95 masks (\$82.4 million), and an increase in lease costs for office accommodation in Midland (\$3.7 million). These costs are partially offset by funding for spending carried over from 30 June 2022 (\$2 million), reclassification of recurrent funding to capital work on RevenueWA's revenue collection system (\$1.6 million), and lease savings on other office accommodation (\$700,000). Of the approved excess, only \$67.9 million was drawn, reflecting lower office accommodation leasing expenses (\$10.1 million) and RAT distribution expenses (\$4.2 million).

Item 118: **Capital Appropriation** (\$1.9 million), for work on RevenueWA's revenue collection system (\$1.6 million, reclassified from recurrent funding as noted above) and \$276,000 for office accommodation fit-out costs in Midland.

## **Jobs, Tourism, Science and Innovation**

Item 41: **Delivery of Services** (\$4.8 million), largely reflecting new funding totalling \$85.6 million for initiatives approved since the 2021-22 Budget (including \$54 million for the Safe Transition Industry Support package and \$25.4 million for the Reconnect WA package), largely offset by the deferral of \$54.1 million of spending to beyond 2021-22 (including \$16.7 million for the Investment Attraction Fund, \$14.5 million for the 2027 Rugby World Cup and \$7 million for the Local Manufacturing Fund) and lower than expected take up of the Tourism Support Program and the Tourism Deposit Refund Program (\$24 million in total).

## **Mines, Industry Regulation and Safety**

Item 45: **Delivery of Services** (\$6.5 million), reflecting additional funding for ICT transition costs to support business continuity (\$2 million), the impact of lower industry revenue, payment obligations relating to the Home Buyers Assistance Account Grant Scheme (\$4 million) and Real Estate - Education and General Purpose Account administration and mandatory training expenses (\$3 million). These higher funding requirements were partially offset by lower spending on the Approvals Reform Package (\$2.5 million).

### **Small Business Development Corporation**

Item 47: **Delivery of Services** (\$0.8 million), primarily for additional management and administration costs associated with the Tenant Rent Relief Scheme, Landlord Rent Relief Incentive and Small Business Hardship Grants Programs, approved under COVID-19 Business Assistance Packages.

### **WA Health**

Item 52: **Delivery of Services** (\$748.5 million), primarily relating to COVID-19 expenditure (\$611.1 million) including the procurement of Rapid Antigen Tests, the home monitoring telehealth program, vaccination delivery, testing, contact tracing, personal protective equipment, hotel quarantine, State Health Incident Coordination Centre operations, payments for private hospitals, operating costs for additional hospital beds, and additional expenditure on hospital services.

Item 124: **Capital Appropriation** (\$121.4 million), mainly due to the provision of additional hospital beds, including costs for the construction of four 30-bed inpatient long stay modular units at Osborne Park Hospital, Rockingham General Hospital, Bunbury Regional Hospital and Bentley Health Service, and the cost to continue the Vaccinate WA online platform as part of the Government's response to COVID-19.

### **Mental Health Commission**

Item 53: **Delivery of Services** (\$2.3 million), reflecting higher mental health hospital service delivery costs (\$3.3 million), partially offset by the recashflow of \$1 million in appropriation from 2021-22 to 2022-23 following the delayed commencement of the Transitional Care Unit (repurposed to support the delivery of eight community-based mental health beds for long-stay patients exiting hospital and transitioning into long term accommodation).

### **Health & Disability Services Complaints Office**

Item 57: **Delivery of Services** (\$11,000), reflecting funding for increased employee benefits expenses arising from the administration of the *Voluntary Assisted Dying Act 2019* (\$10,000), and higher fleet vehicle costs (\$5,000). The new funding requirements were partially offset by reductions achieved through minor movements in other agency costs (\$4,000).

## **Education**

Item 58: **Delivery of Services** (\$106.8 million), reflecting the impact of higher accruing leave liability balances (\$68.1 million), the first time recognition of historical public sector casual long service leave liabilities (\$29.4 million), COVID-19 ventilation improvements in schools (\$20.5 million), COVID-19 school cleaning (\$19.1 million), increased depreciation expense (\$10.7 million), personal protective equipment in schools (\$7.3 million), COVID-19 administrative support (\$5 million), the School Camps Assistance Package (\$3.5 million), and establishment of the Premier's Reading Challenge (\$1.1 million). These increases were part-funded by Commonwealth monies received under the National Partnership for COVID-19 response (\$40.1 million), revisions to student enrolments and cost parameters (\$16.7 million), and adjustments to the timing of funding for the Specialist Learning Programs (\$3.4 million).

Item 59: **Amount Provided for Administered Grants, Subsidies and Other Transfer Payments** (\$4.7 million), relating to an increase in grants for non-government schools due to higher than forecast enrolments.

Item 127: **Capital Appropriation** (\$5.6 million), reflecting movements in spending across a range of infrastructure projects (\$4.4 million), an increase in the cost of delivering the Government's Primary School Science Program (\$600,000), and market-driven project cost pressures (\$347,000).

## **Western Australia Police Force**

Item 61: **Delivery of Services** (\$58.8 million), primarily due to additional funding for the response to the COVID-19 pandemic (\$38.8 million), spending on special police operations (\$5.3 million), including a summer crime and safety operation, and the investigation of the disappearance of Cleo Smith (Taskforce Rodia), and for other operating cost pressures including payments for police compensation, medical expenditure, and insurance premiums. These increases were partially offset by lower drawdowns relating to non-cash expenditure.

Item 129: **Capital Appropriation** (\$13.6 million), largely reflecting \$12 million in investment in the Armadale Courthouse and Police Complex, brought forward from 2022-23 in line with the timing of construction for the project.

## **Justice**

Item 62: **Delivery of Services** (\$32 million), with funding of \$9.2 million to address revenue shortfalls in Civil Court fees and collections (partially due to the impact of COVID-19 restrictions), \$8.1 million primarily for Coroner's Court resourcing and operations, Office of the Public Advocate's services, and Acacia Prison contractual obligations, \$4.9 million to meet additional Legal Aid costs for State-indictable matters, expensive cases and related items, \$4.9 million for COVID-19 related expenses, \$5.0 million for mesothelioma settlements, act of grace payments, other legal expenses the use of copyright materials, and one off expenses. Of the approved excess, only \$22.8 million was drawn, mainly reflecting underspending in, and changed timing of funding to, the Justice Reform Program.

Item 130: **Capital Appropriation** (\$1.0 million), to undertake urgent infrastructure upgrades at Banksia Hill Detention Centre.

### **State Solicitor's Office**

Item 63: **Delivery of services** (\$7.2 million), reflecting additional funding for legal costs incurred on behalf of the State including matters that have been brought by Mr Clive Palmer and related entities (\$4.1 million), payments for ex-gratia, act of grace and mesothelioma grants (\$2.3 million), COVID-19 related legal work (\$420,000) and additional resourcing for the High Risk Serious Offenders team (\$359,000).

Item 131: **Capital appropriation** (\$9,000) reflecting higher than expected vehicle fleet expenditure.

### **Fire and Emergency Services**

Item 64: **Delivery of Services** (\$33.8 million), to largely meet unfunded suppression costs for significant bush fire incidents, including at Bayview Rise, the Shackleton Complex, Bridgetown and Narrogin and Margaret River (\$22 million), lease and fit-out costs of two new helicopters to continue the Emergency Rescue Helicopter Service in the Perth and South-West regions (\$4.9 million), costs to accelerate delivery of recovery packages following the Wooroloo bushfire and Severe Tropical Cyclone (STC) Seroja natural disasters (\$2.2 million), additional State Emergency Services response and recovery costs associated primarily with STC Seroja in the Mid-West - Gascoyne region, storms and flooding in the Metropolitan area and the Kimberley and Pilbara regions and the purchase of equipment (\$2.6 million), and for additional resources to undertake the Bushfire Framework Review (\$243,000).

Item 132: **Capital appropriation** (\$416,000), for office fit-out costs associated with the employment of 18 full-time equivalent personnel required to address backlog issues with processing claims and to accelerate payment of recovery packages following the Wooroloo bushfire and STC Seroja natural disasters.

### **Office of the Director of Public Prosecutions**

Item 66: **Delivery of Services** (\$3.2 million), reflecting higher legal costs and ICT related expenses (\$3 million) and the delivery of an early resolution initiative at the Perth Children's Court (\$0.2 million).

### **Communities**

Item 71: **Delivery of Services** (\$179.2 million), largely reflecting higher than budgeted National Disability Insurance Scheme payments to the Commonwealth (\$78.5 million), additional funding in response to the COVID-19 pandemic (\$48.4 million), meeting the cost of a shortfall in Commonwealth revenue for the cost of delivering Supported Independent Living services for people living with disability (\$15.6 million), supplementing lower than expected social housing rent receipts (\$21.9 million) and to meet higher than expected office accommodation costs (\$12 million).

### **Local Government, Sport and Cultural Industries**

Item 74: **Art Gallery of Western Australia** (\$0.6 million), for additional operational costs (and lower revenue) for the new Elevate rooftop project, and lower agency revenue collections due to COVID-19 restrictions.

Item 76: **Library Board of Western Australia** (\$0.1 million), reflecting the reallocation of operational funding previously allocated to the Perth Theatre Trust for Perth Cultural Centre security costs.

Item 77: **Perth Theatre Trust** (\$0.8 million), for increased costs associated with the management of the Perth Cultural Centre public realm, and additional funding to offset revenue shortfalls due to COVID-19 capacity constraints at venues. These increases were partially offset by the reallocation of \$0.1 million to the Library Board of Western Australia as noted above.

Item 78: **Western Australian Museum** (\$1.3 million), to offset revenue shortfalls mainly due to the impact of COVID-19 restrictions on museum visitations.

Item 139: **Capital Appropriation - Art Gallery** (\$2.1 million), for the finalisation of works on the Elevate rooftop project.

### **Western Australian Sports Centre Trust**

Item 79: **Delivery of Services** (\$17.4 million), primarily to meet higher operating costs at Optus Stadium, RAC Arena, HBF Park and other venues (\$14.8 million), to meet the cost of the Commercial Sporting Franchises Support Program (\$1.4 million), and for increased operating and lifecycle costs as a result of a number of post-contract modifications at Optus Stadium (\$1.2 million). Of the approved excess, a total of \$12.8 million was drawn, reflecting better than expected financial outcomes at a number of venues.

Item 140: **Capital Appropriation** (\$0.9 million), reflecting the impact of higher interest costs on repayments for the Optus Stadium loan.

### **Biodiversity, Conservation and Attractions**

Item 84: **Delivery of Services** (\$5.4 million), to meet unforeseen expenditure relating to bushfire suppression activities (\$14.9 million) and for the loss of revenue associated with the closure of the Valley of the Giants Tree Top Walk in Walpole to address critical structural safety issues (\$1 million). These increases were partially offset by the deferral of recurrent appropriation of \$10.5 million from 2021-22 to 2022-23 for various projects, and reduced depreciation expenses on leased vehicle costs (\$0.1 million).

### **Western Australian Land Information Authority**

Item 87: **Delivery of Services** (\$0.7 million), mainly for planning, project management and transition activities associated with the implementation of accommodation options for Landgate at 1 Midland Square (\$0.5 million) and costs for Landgate to jointly establish an entity (NECDS Co) with the other Australian States and Territories to manage the National Electronic Conveyancing Data Standards (\$0.2 million). The NECDS Co will own intellectual property rights and manage the licensing of electronic conveyancing data standards for State and Territory governments.

### **Commissioner of Main Roads**

Item 142: **Capital Appropriation** (\$31.1 million), primarily reflecting funding provided for the construction of enabling road infrastructure to support a proposed urea project on the Burrup Peninsula.



# **General Government Sector Salaries**

## **Introduction**

Salaries represent the single largest component of general government sector expenses (40.1% in 2021-22, or 44.2% if concurrent superannuation costs are also included).

At \$14.3 billion, annual growth in general government salaries expenditure was 6% in 2021-22. This is primarily due to increases in staff numbers in the health and education sectors, reflecting the ongoing response to COVID-19 and demand from student enrolment growth and new schools.

The following table summarises 2021-22 salaries outcomes for general government agencies.

**SALARIES COSTS**  
General Government Sector

	2020-21	2021-22			Actual \$m	Variation on EA \$m (4) - (3)	Annual Growth %
	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)			
WA Health	5,101	5,074	5,226	5,345	5,641	296	10.6
Education	3,732	3,862	3,874	3,921	3,977	56	6.6
Western Australia Police Force	1,012	1,024	1,028	1,051	1,038	-13	2.6
Justice	765	719	720	742	750	9	-1.9
Communities	564	540	545	545	507	-38	-10.1
Fire and Emergency Services	203	204	205	207	206	-1	1.7
Biodiversity, Conservation and Attractions	196	205	205	204	204	-(a)	4.0
Primary Industries and Regional Development	181	187	187	188	189	1	4.3
Mines, Industry Regulation and Safety	171	170	170	170	164	-6	-3.9
Transport	135	146	148	153	138	-15	2.1
North Metropolitan TAFE	117	121	124	125	120	-5	2.9
South Metropolitan TAFE	116	113	117	117	118	1	1.7
Finance	108	120	126	125	109	-16	0.9
Water and Environmental Regulation	90	100	101	98	93	-5	2.7
Premier and Cabinet	93	93	94	94	92	-2	-1.8
Local Government, Sport and Cultural Industries	88	98	100	100	90	-10	2.1
Planning, Lands and Heritage	87	90	91	91	88	-2	0.9
Commissioner of Main Roads	68	61	61	61	71	9	3.8
WA Sports Centre Trust	42	45	45	45	53	8	26.8
Training and Workforce Development	45	48	50	49	47	-2	4.6
Land Information Authority (Landgate)	48	50	51	51	45	-7	-7.0
Mental Health Commission	39	44	47	47	45	-2	14.7
Jobs, Tourism, Science and Innovation	40	45	45	44	42	-2	6.5
South Regional TAFE	41	38	39	39	40	1	-0.4
Legal Aid Commission of WA	35	41	45	46	38	-8	8.3
Central Regional TAFE	36	35	36	36	36	-(a)	0.9
Office of the Director of Public Prosecutions	36	36	36	37	35	-2	-2.8
North Regional TAFE	32	37	39	38	34	-3	8.4
Treasury	32	33	33	32	31	-2	-3.4
State Solicitor's Office	-	29	29	29	28	-1	-
Legislative Assembly	24	23	23	23	22	-1	-7.7
Office of the Auditor General	19	21	21	23	21	-2	8.9
Public Sector Commission	17	18	18	18	17	-1	1.8
Legislative Council	17	16	16	16	15	-1	-8.4
Corruption and Crime Commission	16	16	16	16	15	-1	-4.7
Chemistry Centre (WA)	14	14	14	14	14	-(a)	4.0
WorkCover WA Authority	13	14	14	14	14	-1	0.2
Parliamentary Services Dept	10	11	11	11	11	-(a)	2.1
All other agencies (with salaries costs below \$10 million)	86	80	82	84	81	-3	-5.4
Provisions	-	357	60	49	-	-49	-
<b>Total salaries</b>	<b>13,469</b>	<b>13,977</b>	<b>13,893</b>	<b>14,097</b>	<b>14,279</b>	<b>182</b>	<b>6.0</b>

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

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

# Expense Limit Outcomes

## Introduction

In headline terms, general government expenses increased by \$1.3 billion or 3.9% in 2021-22, compared to the same period in the prior year. 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 (see discussion of Financial Targets in *Financial Results* chapter of this report).

The following table summarises expense limit outcomes for all agencies with Resource Agreements for the 2021-22 year.

Table 9.1

**TOTAL COST OF SERVICES**  
Agency Resource Agreements

	2021-22				
	Budget Year \$m	MYR Revision \$m	Estimated Actual (EA) \$m (1)	Actual \$m (2)	Variation on EA \$m (2) - (1)
Health	10,367	10,769	11,558	11,410	-148
Education	5,629	5,660	5,802	5,822	21
Communities	3,228	3,204	3,332	3,139	-193
Public Transport Authority	1,908	1,902	1,876	1,856	-19
Justice	1,742	1,773	1,824	2,330	506
Western Australia Police Force	1,686	1,699	1,748	1,716	-32
Finance	1,549	1,569	1,675	1,592	-84
Commissioner of Main Roads	1,377	1,465	1,575	1,565	-9
Mental Health Commission	1,114	1,120	1,118	1,119	1
Training and Workforce Development	730	740	714	710	-5
Primary Industries and Regional Development	592	565	514	463	-51
Transport	563	536	539	480	-58
Local Government, Sport and Cultural Industries	499	511	491	410	-81
Fire and Emergency Services	496	506	530	527	-3
Biodiversity, Conservation and Attractions	472	469	459	456	-2
Jobs, Tourism, Science and Innovation	367	406	376	274	-102
Mines, Industry Regulation and Safety	302	310	309	303	-6
Water and Environmental Regulation	255	248	229	182	-46
WA Sports Centre Trust (Venues West)	225	225	218	246	27
Planning, Lands and Heritage	208	212	204	176	-28
Premier and Cabinet	202	221	226	217	-9
WA Planning Commission	79	79	80	91	11
Treasury	58	58	54	51	-3
Office of the Director of Public Prosecutions	52	53	55	55	-(a)
State Solicitor's Office	43	43	45	45	-(a)
Public Sector Commission	29	30	30	28	-2
Energy Policy WA	27	27	22	17	-4
Small Business Development Corporation	18	18	19	17	-2
Economic Regulation Authority	16	16	16	14	-2
Registrar, WA Industrial Relations Commission	13	13	13	11	-2
National Trust of Australia (W.A.)	6	6	6	6	-(a)
Infrastructure WA	6	6	5	5	-(a)
Commissioner for Children and Young People	3	3	3	3	-(a)
Health and Disability Services Complaints Office	3	3	3	3	-(a)
Heritage Council of Western Australia	3	3	3	3	-(a)
Salaries and Allowances Tribunal	1	1	1	1	-(a)
Rural Business Development Corporation	1	1	1	1	-

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

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

# Key Technical Terms Used in the Financial Report

## **Australian Bureau of Statistics Government Finance Statistics Manual**

The Australian Bureau of Statistics' publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015* contains a comprehensive and definitive guide to the classification of financial aggregates for National Accounts and GFS purposes. 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 by public sector entities to achieve 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 regardless of a cash transaction.

## **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 entity 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 and/or to draw on cash reserves.

## **Change in net worth**

Change in net worth (also known as the '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. AASB 1049 requires that total assets of the State and the general government sector are also to be allocated to this functional classification where possible to do so (see Notes to the Financial Statements in Appendix 1 of this report). 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 the potential outcomes of 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 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.

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 most 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 net operating balance, net lending-borrowings, net worth, 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, 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, are maintained in conjunction with all governments, and are 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 activity.

### **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 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 which includes the net operating balance and spending on capital items. 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. Also known as the income statement. 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 non-financial 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 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 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.



