

# Annual Report on State Finances

2022-23

September 2023





**2022-23**

**Annual Report on  
State Finances**

SEPTEMBER 2023

**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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ISSN 1834-1101 (print)  
ISSN 1834-111X (on-line)

# 2022-23

## 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
Total Public Sector .....	12
Net Debt .....	17
Financial Targets .....	20
<b>APPENDIX 1: FINANCIAL STATEMENTS</b> .....	<b>25</b>
<b>APPENDIX 2: OPERATING REVENUE</b> .....	<b>165</b>
<b>APPENDIX 3: SPENDING BY CLASSIFICATION OF THE FUNCTIONS     OF GOVERNMENT</b> .....	<b>171</b>
<b>APPENDIX 4: COMPARISON OF FINAL OUTCOMES TO ORIGINAL     BUDGET FOR THE YEAR ENDING 30 JUNE 2023</b> .....	<b>175</b>
<b>APPENDIX 5: SPECIAL PURPOSE ACCOUNTS</b> .....	<b>203</b>
<b>APPENDIX 6: QUARTERLY FINANCIAL RESULTS – JUNE 2023</b> .....	<b>215</b>
<b>APPENDIX 7: PUBLIC LEDGER</b> .....	<b>225</b>
<b>APPENDIX 8: GENERAL GOVERNMENT SECTOR SALARIES</b> .....	<b>247</b>
<b>APPENDIX 9: EXPENSE LIMIT OUTCOMES</b> .....	<b>249</b>
<b>APPENDIX 10: KEY TECHNICAL TERMS USED IN THE FINANCIAL     REPORT</b> .....	<b>251</b>



# Foreword

This *Annual Report on State Finances* (ARSF) provides detail on the State's public sector financial results for 2022-23. It includes disclosure of material differences between these outcomes and estimated outcomes contained in the recent 2023-24 Budget, as well as the original 2022-23 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 2022-23, which is the focus of this report;
- movements relative to the 2022-23 estimated outturn contained in the 2023-24 Budget, released on 11 May 2023;
- movements relative to the 2022-23 Budget estimates, presented to the Legislative Assembly on 12 May 2022 (detailed in Appendix 4);
- material Special Purpose Accounts (Appendix 5);
- quarterly results for June 2023, completing the State's quarterly reporting series for 2022-23 (Appendix 6); and
- the Public Ledger outcomes for the year ending 30 June 2023, 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 2023, and the public sector's financial position at 30 June 2023; and
- has been prepared in accordance with Australian Accounting Standard AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, other applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and complies with statistical standards promulgated by the ABS.

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



MICHAEL BARNES PSM, FIPAAWA  
UNDER TREASURER



MAGDALENA WITTEK  
ASSISTANT DIRECTOR  
FINANCIAL REPORTING

27 September 2023



# Opinion of the Auditor General



Auditor General

## INDEPENDENT AUDITOR'S REPORT 2023 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 2023 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 2023 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 2023 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 – resolved litigation matter

Contingent liabilities as per Note 33 of Appendix 1 of the Annual Report on State Finances, includes disclosure of a \$28 billion claim against the Western Australian Government which has been discontinued. The claim was reported as a contingent liability matter in the previous year's report. 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.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf).

### **My independence and quality management 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 ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management 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 2023, 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. I 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 2023 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 2023

**2022-23 Annual Report on State Finances**

# Financial Results

## HIGHLIGHTS

- The general government sector recorded an operating surplus of \$5.1 billion in 2022-23, up from the \$4.2 billion estimated outturn in the 2023-24 Budget.
- Higher than expected general government revenue (up \$500 million, or 1.2%) largely reflects the strength of the domestic economy resulting in higher tax collections, and the receipt of additional Commonwealth funding for social housing in June 2023. Lower than expected expenses (down \$394 million, or 1%) primarily reflects timing and reclassification issues.
- The State's investment in infrastructure (i.e. the Asset Investment Program or AIP) was a record \$9.2 billion in 2022-23. This is a substantial \$2.1 billion or almost 30% increase on the 2021-22 AIP, reflecting the large number and value of projects now in the delivery phase (particularly in the transport space).
- Despite the record AIP, total public sector net debt declined for a fourth consecutive year during 2022-23. Net debt of \$27.4 billion at 30 June 2023 is \$521 million lower than the estimate contained in the 2023-24 Budget, and is more than \$10 billion lower than the level of net debt four years ago.
- Reflecting the continuing strength of the State's economy and the Government's strong financial management, Western Australia is now the only State or Territory with a triple-A credit rating from both major international ratings agencies.

## Introduction<sup>1</sup>

The following table summarises the key financial outcomes for 2022-23. A stronger general government operating surplus and lower total public sector net debt outcome has been achieved relative to the estimated outturn published in the 2023-24 Budget on 11 May 2023.

<b>KEY BUDGET AGGREGATES</b>					Table 1
Western Australia					
	2021-22	2022-23			
	Actual	Budget	Estimated Actual	Actual	
<b>GENERAL GOVERNMENT SECTOR</b>					
<b>Net Operating Balance (\$m)</b>	<b>6,019</b>	<b>1,592</b>	<b>4,226</b>	<b>5,120</b>	
Revenue (\$m)	41,658	38,428	43,102	43,601	
Revenue Growth (%)	3.8	-8.3	3.5	4.7	
Expenses (\$m)	35,638	36,836	38,875	38,481	
Expense Growth (%)	3.9	1.7	9.1	8.0	
<b>TOTAL PUBLIC SECTOR</b>					
Net Debt at 30 June (\$m)	29,206	31,105	27,879	27,358	
Asset Investment Program (\$m)	7,181	8,880	8,234	9,235	
Cash Surplus/Deficit (\$m)	4,655	-1,027	1,377	2,120	

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 2023-24 Budget and the final outcomes for 2022-23. Comparisons to the original 2022-23 Budget projections (presented to the Legislative Assembly on 12 May 2022) are available in Appendix 4: *Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2023*.

Key economic parameters for 2022-23 are summarised in the following table.

Table 2				
<b>KEY ECONOMIC PARAMETERS</b>				
Western Australia				
	2021-22	2022-23		
	Actual	Budget	Estimated Actual	Actual
<b>Demand and Output (%)</b> <sup>(a)(b)</sup>				
Household Consumption	5.5	2.25	3.25	3.3
Dwelling Investment	2.3	0.5	-1.75	-2.4
Business Investment	4.0	8.25	3.0	3.5
Government Consumption	5.4	2.5	5.0	4.9
Government Investment	12.5	16.5	6.25	10.2
State Final Demand	5.6	4.0	3.25	3.6
Merchandise Exports	-3.1	1.0	6.0	4.5
Merchandise Imports	-2.0	4.5	4.25	8.5
Net Exports <sup>(c)</sup>	-3.9	-1.25	5.75	3.4
Gross State Product <sup>(d)</sup>	3.1	2.0	4.25	4.25
<b>Labour Market (%)</b>				
Population <sup>(a)(e)</sup>	1.4	1.2	2.0	2.0
Employment <sup>(a)</sup>	5.8	2.0	1.75	2.7
Unemployment Rate <sup>(f)</sup>	3.7	3.75	3.5	3.5
Participation Rate <sup>(f)</sup>	69.4	69.4	69.1	69.1
<b>Prices (%)</b> <sup>(a)</sup>				
Consumer Price Index <sup>(g)</sup>	5.1	2.75	5.75	5.0
Wage Price Index	2.2	2.75	3.75	3.8
Perth Median House Price	3.6	1.0	2.4	2.4
<b>Other Key Parameters</b> <sup>(f)</sup>				
Exchange Rate \$US/\$A (cents)	72.6	75.1	67.4	67.3
Iron Ore Price (\$US/t) (CFR)	138.2	77.5	112.3	109.6
Iron Ore Volumes (million dry tonnes) <sup>(h)</sup>	845	855	861	861
Crude Oil Price (\$US/barrel)	90.3	97.7	88.2	86.5
<b>Interest Rate Assumptions (%)</b> <sup>(f)</sup>				
Public Bank Account Earnings	0.8	1.2	2.6	2.6
Consolidated Account Borrowings	2.3	2.5	3.3	3.0

(a) Annual growth.  
(b) Based on State Final Demand and Balance of Payments data published for the June quarter 2023. Actual data for 2022-23 for Gross State Product is not available until 21 November 2023.  
(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 2022-23 is not available until 14 December 2023.  
(f) Data expressed as annual average during the financial year.  
(g) The CPI growth rates from 2021-22 onwards are based on the total index excluding the electricity sub-index as a result of the successive Household Electricity Credits provided across the State. Figures for 2022-23 are expressed in year-ended terms.  
(h) 2022-23 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 \$5.1 billion in 2022-23, the fifth consecutive surplus. The outturn for 2022-23 was \$894 million higher than the estimated actual in the 2023-24 Budget, and included higher than expected revenue (up \$500 million) and lower than expected expenses (down \$394 million).

Table 3

<b>GENERAL GOVERNMENT</b>					
Operating Statement					
	2021-22	2022-23			Variation on EA \$m (4)=(3)-(2)
	Actual \$m	Budget \$m (1)	Estimated Actual (EA) \$m (2)	Actual \$m (3)	
<b>REVENUE</b>					
Taxation	11,634	11,111	12,153	12,427	274
Current grants and subsidies	11,946	11,850	12,858	12,817	-41
Capital grants	1,515	2,285	1,961	2,081	120
Sales of goods and services	3,027	3,050	3,069	3,296	227
Interest income	127	133	279	333	54
Revenue from public corporations					
Dividends	612	1,476	161	145	-16
Tax equivalent income	906	779	733	705	-27
Royalty income	11,091	7,093	11,158	11,045	-113
Other	799	652	730	752	22
<i>Total</i>	<i>41,658</i>	<i>38,428</i>	<i>43,102</i>	<i>43,601</i>	<i>500</i>
<b>EXPENSES</b>					
Salaries	14,279	14,713	15,563	15,727	164
Superannuation					
Concurrent costs	1,469	1,569	1,699	1,759	60
Superannuation interest cost	75	181	169	160	-9
Other employee costs	327	348	367	387	20
Depreciation and amortisation	1,846	1,978	1,958	1,977	19
Services and contracts	2,877	3,502	3,886	3,080	-806
Other gross operating expenses	6,337	5,952	6,047	6,620	573
Interest					
Interest on leases	133	127	135	146	11
Other interest	646	636	787	809	22
Current transfers	6,662	7,092	7,692	7,358	-334
Capital transfers	988	737	573	458	-115
<i>Total</i>	<i>35,638</i>	<i>36,836</i>	<i>38,875</i>	<i>38,481</i>	<i>-394</i>
<b>NET OPERATING BALANCE</b>	<b>6,019</b>	<b>1,592</b>	<b>4,226</b>	<b>5,120</b>	<b>894</b>

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



The following table summarises key changes to the general government sector operating surplus for 2022-23 relative to the estimated actual in the 2023-24 Budget. Detail of key movements between the original 2022-23 Budget and the final outcome is available in Appendix 4 of this report.

Table 4

**SUMMARY OF 2022-23 GENERAL GOVERNMENT REVENUE AND EXPENSE  
VARIATIONS SINCE THE 2023-24 BUDGET ESTIMATED ACTUAL**

	\$m
<b>NET OPERATING BALANCE - ESTIMATED ACTUAL (2023-24 BUDGET)</b>	<b>4,226</b>
<b>Revenue</b>	
Taxation, comprising:	
- Total duty on transfers	146
- Payroll tax	54
- Motor vehicle taxes	47
- All other taxes	27
<i>Sub-Total</i>	<i>274</i>
Commonwealth grants, comprising:	
- Social Housing Accelerator Payment	209
- Transport grants	-174
- North West Shelf/condensate compensation	106
- GST grants	-47
- All other grants	-16
<i>Sub-Total</i>	<i>79</i>
Revenue from public corporations	-43
Royalty income, comprising:	
- Iron ore royalties	-206
- Lithium royalties	133
- All other royalty income	-40
<i>Sub-Total</i>	<i>-113</i>
Sales of goods and services	227
Interest income	54
All other revenue	22
<b>TOTAL REVENUE</b>	<b>500</b>
<b>Expenses</b>	
Communities	106
Justice	72
WA Health	54
Gaming and Wagering Commission	47
Offset by:	
- Main Roads	-199
- Transport	-93
- Water Corporation operating subsidies	-88
- Western Australia Police Force	-86
- Building Bonus, Homebuilder, tax refunds and other grants administered by Finance	-84
- Jobs, Tourism, Science and Innovation	-38
- Water and Environmental Regulation	-36
- Small Business Hardship Grants	-25
All other expenses	-23
<b>TOTAL EXPENSES</b>	<b>-394</b>
<b>TOTAL VARIANCE</b>	<b>894</b>
<b>NET OPERATING BALANCE - 2022-23 ANNUAL REPORT ON STATE FINANCES</b>	<b>5,120</b>

Note: Column may not add due to rounding.

## **Revenue**

General government revenue totalled \$43.6 billion in 2022-23. This was \$500 million (or 1.2%) higher than the estimated actual in the 2023-24 Budget. The higher outcome mainly reflects the net impact of:

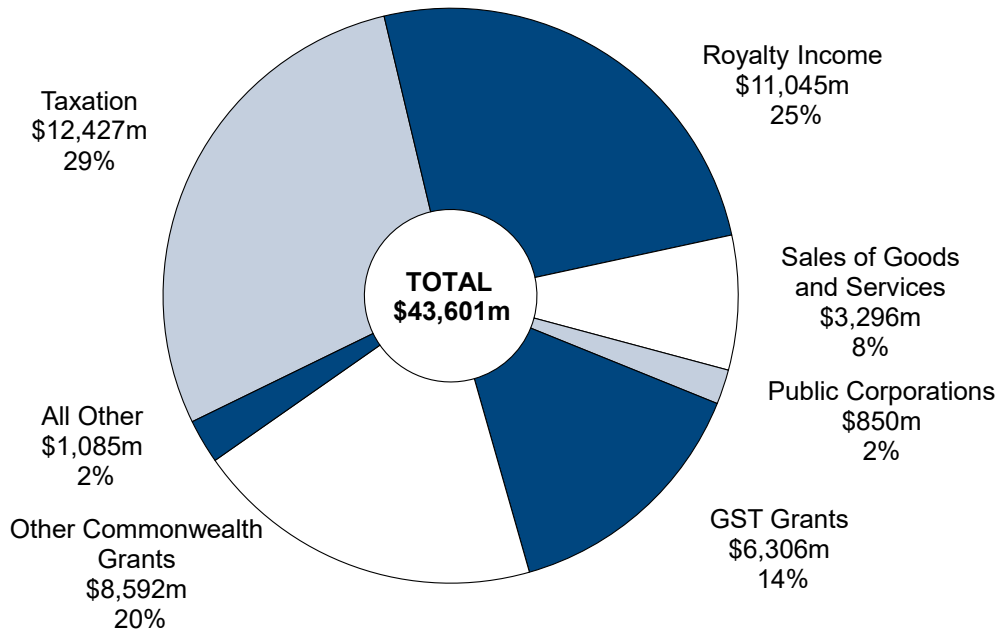
- higher taxation revenue (up \$274 million), mainly for:
  - higher collections from total duty on transfers (up \$146 million), underpinned by stronger than expected activity in the residential property market and a number of unexpected one-off high value commercial transactions;
  - higher payroll tax (up \$54 million), due to strong employment and wages growth in the mining, professional services and construction industries; and
  - higher revenue from motor vehicle taxes (up \$47 million), primarily due to an unanticipated lift in vehicle licence duty collections in the June 2023 quarter, with continued growth in average vehicle purchase prices and higher than expected transaction volumes;
- higher sales of goods and services (up \$227 million), including:
  - Main Roads (up \$65 million), mainly reflecting higher third party contributions for upgrade works undertaken on the Tonkin Highway Corridor and for the Buttweid Road and Rail project;
  - the Gaming and Wagering Commission of Western Australia (up \$46 million), primarily due to higher than expected Racing Bets Levy collections;
  - the Western Australian Sports Centre Trust (up \$35 million), mainly reflecting higher levels of venue use, particularly at Optus Stadium;
  - Communities (up \$35 million), primarily due to higher revenue for business and operational support services collected from the Housing Authority (a public non-financial corporation);
  - Mines, Industry Regulation and Safety (up \$27 million), mainly reflecting higher than expected industry fees and levies; and
  - Primary Industries and Regional Development (up \$23 million), primarily from higher revenue from national cost-sharing and industry arrangements, licence and other fees, and proceeds from the sale of forfeited fisheries entitlements;
- lower royalty income (down \$113 million), primarily due to lower iron ore royalties (down \$206 million) as a result of slightly lower than forecast iron ore prices, partly offset by higher lithium royalties (up \$133 million), due to higher than forecast lithium prices;

- higher Commonwealth grants revenue (up \$79 million), mainly due to the combined impact of:
  - a \$209 million Social Housing Accelerator Payment received in June 2023 to deliver additional social housing over the next five years;
  - lower transport-related grants (down \$174 million), largely reflecting the net impact of delays in receipt of funding from the Commonwealth following completion of works and the timing of works for a number of road projects (down \$235 million), and higher than expected grant funding for the High Capacity Signalling Program of Works (up \$75 million);
  - higher North West Shelf grants, including Commonwealth compensation for crude oil excise arrangements (up \$106 million), largely reflecting a one-off back payment of excise duty by condensate producers; and
  - lower GST grants (down \$47 million), due to lower than expected national GST collections, partially offset by an increase in Western Australia's estimated population share;
- higher interest revenue (up \$54 million), reflecting higher than expected Public Bank Account cash and investments during the last quarter of 2022-23; and
- lower revenue from public corporations (down \$43 million), primarily due to lower income tax equivalent revenue from Western Power reflecting a reduction in overall energy sales volumes and lower customer contributions following delayed customer-driven projects.

Relative to 2021-22, general government revenue increased by 4.7% in 2022-23, up from estimated growth of 3.5% in the 2023-24 Budget.

Figure 1

**GENERAL GOVERNMENT REVENUE**  
2022-23



Note: Segments may not add due to rounding.

**Expenses**

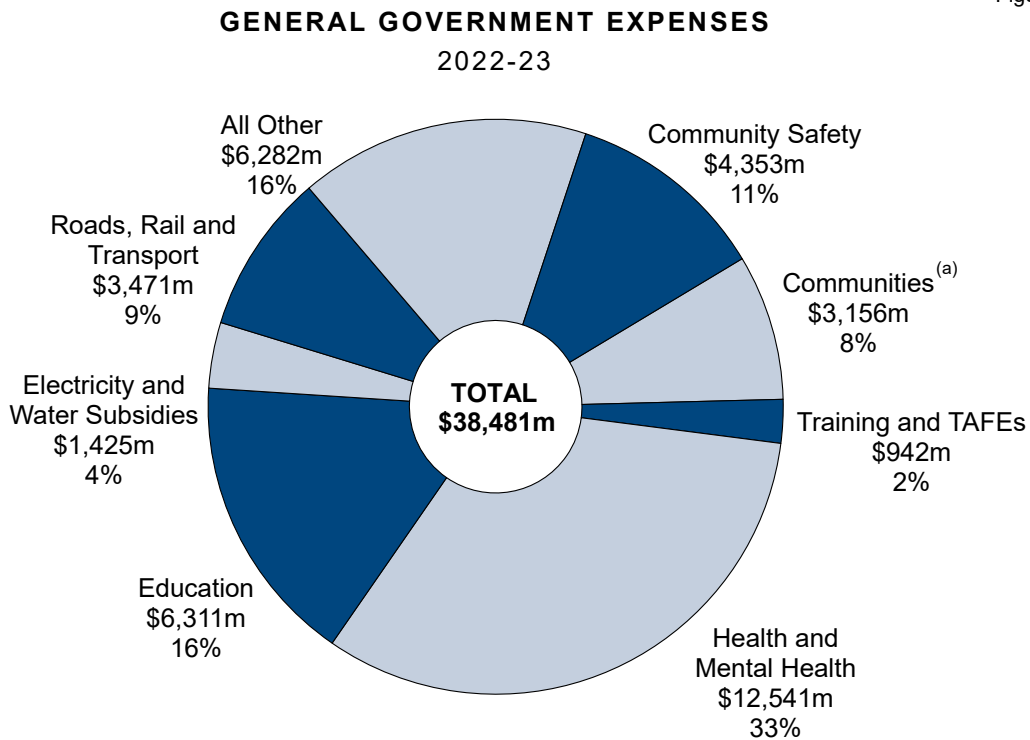
General government expenses totalled \$38.5 billion in 2022-23, \$394 million (or 1%) lower than the estimated outturn in the 2023-24 Budget. Material changes in expenses since the Budget include the net impact of:

- higher expenses for:
  - Communities (up \$106 million), primarily to address higher than budgeted contract costs for emergency and other placements for children in out-of-home care;
  - Justice (up \$72 million), mainly to meet higher staffing costs in corrective services and recurrent equipment replacement costs associated with the Emergency Services Radio Network;
  - WA Health (up \$54 million), mainly due to higher staffing costs to meet clinical needs (particularly in regional areas), and higher than expected accrued leave expenses; and
  - Gaming and Wagering Commission (up \$47 million), largely due to an increase in Racing Bets Levy collections which result in higher grants paid to Racing and Wagering Western Australia; and

- lower expenses for:
  - Main Roads (down \$199 million), mainly due to reclassification of spending on a range of road projects from recurrent to capital expenditure (consistent with accounting standards);
  - Transport (down \$93 million), reflecting lower employee costs as a result of staff vacancies, slower than expected release of funding for a range of grants, and lower services and contracts costs due to contractor and materials constraints across a number of programs;
  - operating subsidy payments to the Water Corporation (down \$88 million), with these payments now expected in 2023-24;
  - Western Australia Police Force (down \$86 million), mainly reflecting lower than expected employee costs, delays in grant programs, and the reclassification of some spending from recurrent to capital (consistent with accounting standards);
  - grants and transfers administered by the Department of Finance (down \$84 million), mainly due to lower Building Bonus and Homebuilder grant payments (as these programs move to completion), and lower than forecast State tax refunds and pensioner concession payments;
  - Jobs, Tourism, Science and Innovation programs (down \$38 million), largely due to delays with some grants funded by the Investment Attraction Fund, reflecting revised milestones for various projects;
  - Water and Environment Regulation (down \$36 million), primarily due to delayed grants and subsidies spending and lower than expected employee costs; and
  - Small Business Hardship Grants (down \$25 million), with processing of eligible claims continuing beyond 30 June 2023.

Expenses grew by 8% over the year to 30 June 2023, down from estimated growth of 9.1% in the 2023-24 Budget.

Figure 2



(a) The \$3.2 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>2</sup> of the general government sector (i.e. the value of total assets less total liabilities) increased by \$20 billion between 30 June 2022 and 30 June 2023, to stand at \$152 billion. This is \$13.2 billion higher than estimated at the time of the 2023-24 Budget, mainly reflecting the net impact of:

- higher holdings of property, plant and equipment (up \$5.6 billion), primarily as a result of revised fair value assessments for road, education, health, sport and cultural infrastructure assets, and the addition of completed projects in the sector's Asset Investment Program; and
- a stronger net asset position (up \$3.6 billion) for the general government sector's ownership interest in the public corporations sectors, primarily reflecting an increase in the fair value of water and electricity infrastructure based on year-end valuations, new asset investment and movements in cash investments. These increases were partly offset by the impact of onerous contracts on Synergy's balance sheet (see discussion later in this chapter);

<sup>2</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.

- the impact of year-end valuations for general government sector land holdings (up \$2.9 billion), primarily for land under roads, parks and public schools;
- higher cash and other liquid investment holdings (up \$770 million), as a result of the stronger than expected operating surplus; and
- lower than forecast unfunded superannuation liabilities (down \$408 million), reflecting the outcome of the annual year-end actuarial valuation.

Further information on the general government sector balance sheet position relative to the original 2022-23 Budget forecasts can be found in Appendix 4: *Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2023*.

### **Cash Flow Statement**

The general government sector recorded a \$4 billion cash surplus in 2022-23, the fourth consecutive cash surplus for the general government sector. This outcome is \$918 million higher than the estimated outturn in the 2023-24 Budget, and reflects:

- higher net operating cash flows (up \$1.5 billion), mainly due to a \$1.8 billion increase in operating receipts, including the cash impact of higher revenue (discussed earlier) and higher cash receipts for on-passed Commonwealth funding to local governments. Higher operating receipts were partly offset by a \$291 million increase in operating payments, which included the higher on-passed local government grants funding from the Commonwealth and lower other payments (in line with lower expenses noted earlier); and
- higher than estimated infrastructure payments (up \$626 million, see Asset Investment section later in this chapter).

## Total Public Sector<sup>3</sup>

### Summary

The total public sector recorded a \$4.7 billion operating surplus for 2022-23. This outcome is \$335 million higher than the estimated outturn in the 2023-24 Budget, and largely reflects the stronger general government sector operating surplus discussed earlier.

A stronger cash surplus of \$2.1 billion was recorded for 2022-23, which contributed to a lower than expected net debt outcome of \$27.4 billion at 30 June 2023. This is the fourth consecutive annual decline in net debt, which is now more than \$10 billion lower than the level of net debt at 30 June 2019<sup>4</sup>.

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

<b>TOTAL PUBLIC SECTOR</b>					
Summary Financial Aggregates					
	2021-22	2022-23			Variation on EA \$m (4)=(3)-(2)
	Actual \$m	Budget \$m (1)	Estimated Actual (EA) \$m (2)	Actual \$m (3)	
<b>OPERATING STATEMENT</b>					
Revenue	73,776	73,230	77,918	78,341	423
Expenses	67,357	72,024	73,515	73,604	89
<b>Net Operating Balance</b>	<b>6,419</b>	<b>1,206</b>	<b>4,403</b>	<b>4,738</b>	<b>335</b>
<b>BALANCE SHEET</b>					
Assets	218,280	218,075	222,043	237,808	15,765
Liabilities	86,296	90,030	83,294	85,831	2,537
<b>Net Worth</b>	<b>131,984</b>	<b>128,045</b>	<b>138,749</b>	<b>151,977</b>	<b>13,229</b>
<b>CASH FLOW STATEMENT</b>					
Change in net cash held	2,750	-2,662	-1,412	-344	1,068
Cash surplus/-deficit	4,655	-1,027	1,377	2,120	744
<b>Memorandum Item: Net Debt</b>	<b>29,206</b>	<b>31,105</b>	<b>27,879</b>	<b>27,358</b>	<b>-521</b>

Note: Columns may not add due to rounding.

<sup>3</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*.

<sup>4</sup> Net debt at 30 June 2019 adjusted for changes in lease accounting (see Net Debt section later in this chapter).



## Operating Statement

The total public sector recorded a \$4.7 billion operating surplus in 2022-23, \$335 million higher than estimated in the recent Budget. The higher outcome mainly reflects the stronger general government operating surplus (up \$894 million) outlined earlier in this chapter, and a higher surplus in the public financial corporations (PFC) sector (up \$276 million). An operating deficit of \$596 million was recorded by the public non-financial corporations (PNFC) sector.

Table 6

<b>TOTAL PUBLIC SECTOR OPERATING BALANCE</b>					
By Sector					
	2021-22	2022-23			Variation on EA \$m (4)=(3)-(2)
	Actual \$m	Budget \$m (1)	Estimated Actual (EA) \$m (2)	Actual \$m (3)	
<b>Net Operating Balance</b>					
General government sector	6,019	1,592	4,226	5,120	894
Public non-financial corporations sector <sup>(a)</sup>	714	1,037	231	-596	-826
Public financial corporations sector	437	152	161	437	276
<i>less</i>					
General government dividend revenue	612	1,476	161	145	-16
Public non-financial corporations dividend revenue <sup>(b)</sup>	142	101	56	81	25
Agency depreciation costs on right of use assets leased from other government sectors <sup>(c)</sup>	-3	-2	-2	-3	- <sup>(d)</sup>
<b>Total public sector net operating balance</b>	<b>6,419</b>	<b>1,206</b>	<b>4,403</b>	<b>4,738</b>	<b>335</b>

(a) Actual net operating balance in 2022-23 includes non-cash expenses related to the establishment of an additional provision for onerous contracts for Synergy.

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

(c) 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.

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

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

## Public Non-Financial Corporations

The PNFC sector recorded a \$596 million operating deficit in 2022-23, largely due to Synergy increasing its provision for onerous contracts (up by \$774 million) to reflect that a number of its energy supply and sales contracts, including wholesale and retail electricity sales contracts, have incurred losses as a result of unavoidable higher energy supply costs (mainly related to increasing prices for inputs for electricity generation).

Other significant movements contributing to the PNFC operating outcome since Budget include:

- higher than expected depreciation expense (reducing the PNFC operating surplus by \$162 million), mainly as a consequence of upward valuations of electricity and water distribution and port infrastructure assets; and
- higher contributions to the PNFC operating outcome from:
  - Western Power (up \$105 million), primarily due to lower tax equivalent and interest expenses;
  - Public Transport Authority (up \$67 million), largely reflecting higher receipts for completed METRONET works on land held by the Western Australian Planning Commission and public transport fare revenue;
  - the Lotteries Commission (up \$47 million), primarily reflecting the impact of higher than expected sales volumes; and
  - the Water Corporation (up \$46 million), mainly due to stronger than forecast developer contributions partly offset by higher maintenance costs.

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

An operating surplus of \$437 million was recorded for the PFC sector in 2022-23, \$276 million higher than estimated in the 2023-24 Budget. This mainly reflects:

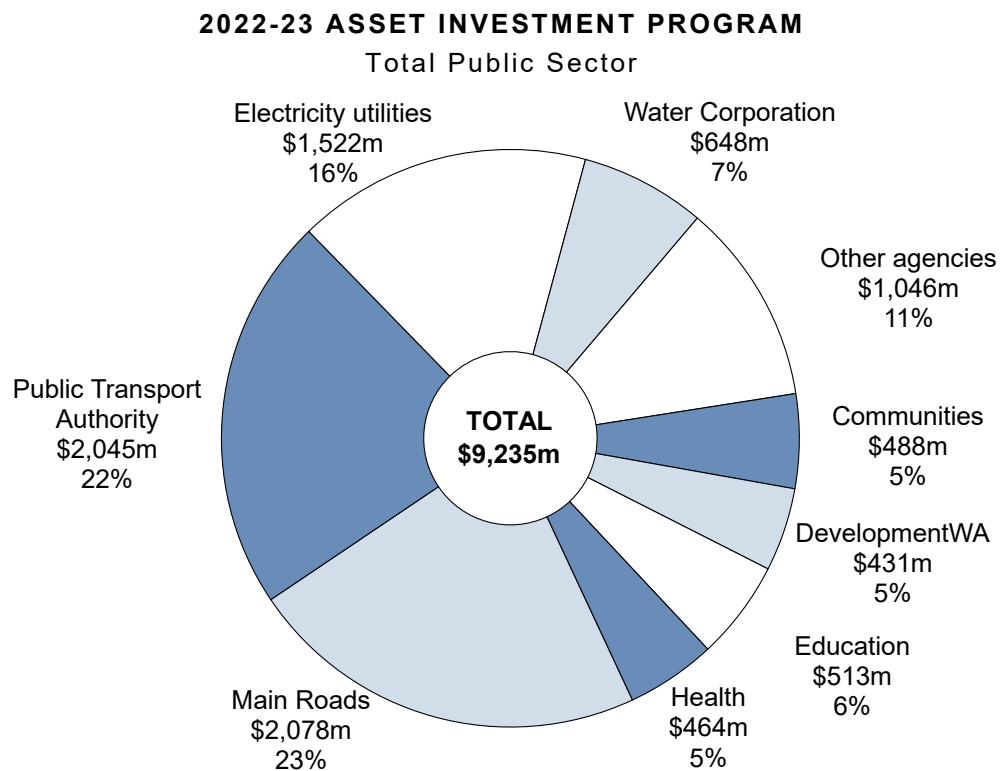
- a higher operating outcome for the Insurance Commission of Western Australia, mainly due to lower claims expenses (down \$211 million) as a result of actuarial valuation effects, fewer new catastrophic injury claims and fewer outstanding claims compared to 2021-22;
- higher operating profit for the Western Australian Treasury Corporation, mainly due to higher interest revenue and lower interest expenses on lower than forecast client borrowings; and
- a lower operating outcome for the RiskCover Fund, mainly due to higher than forecast claims expenses in the 'property' class of insurance.

### **Asset Investment**

The State's investment in infrastructure, or Asset Investment Program (AIP), totalled a record \$9.2 billion in 2022-23. This is \$1 billion higher than estimated in the 2023-24 Budget, and is an increase of \$2.1 billion or almost 30% on the 2021-22 AIP.

The main areas of investment in 2022-23 were for road, rail and transport infrastructure (\$4.2 billion), electricity and water infrastructure (\$2.2 billion), education and health projects (\$977 million), and social housing and land development (\$919 million).

Figure 3



Note: Segments may not add due to rounding.

The 2023-24 Budget included a \$1,750 million global provision for underspending expected to emerge by 30 June 2023 (based on previous levels of annual underspending across the sector). As delivery on key projects progressed faster than expected, this level of assumed underspending did not eventuate. Instead, actual underspending by agencies totalled \$749 million relative to the agency-level estimates included in the recent Budget.

Relative to 2021-22, infrastructure delivery significantly ramped-up across most agencies in 2022-23, with major increases in investment by:

- the Public Transport Authority, with 12 METRONET projects now in the delivery phase (up \$763 million, or 59%, relative to 2021-22);
- Synergy and Western Power (up a combined \$435 million, or 45%);
- Main Roads (up \$308 million, or 17%); and
- WA Health and Education (up a combined \$168 million, or 21%).

The following table summarises the material agency movements in AIP spending for 2022-23.

<b>INFRASTRUCTURE INVESTMENT</b>						Table 7
	2021-22	2022-23			Variation on EA \$m (4)=(3)-(2)	
	Actual \$m	Budget \$m (1)	Estimated Actual (EA) \$m (2)	Actual \$m (3)		
<i>General Government</i>						
Commissioner of Main Roads	1,770	2,021	2,164	2,078	-86	
WA Health	379	658	453	464	11	
Education	431	595	538	513	-25	
Justice	72	103	80	55	-25	
Finance	83	94	112	97	-15	
WA Planning Commission	134	98	82	70	-12	
Biodiversity, Conservation and Attractions	82	141	115	103	-11	
WA Sports Centre Trust (Venues West)	19	33	74	64	-10	
All Other General Government Agencies	339	756	500	425	-75	
Provision for Asset Investment Program						
Underspending	-	-875	-875	-	875	
<b>Total General Government</b>	<b>3,308</b>	<b>3,623</b>	<b>3,244</b>	<b>3,870</b>	<b>626</b>	
<i>Public Corporations</i>						
Public Transport Authority	1,283	2,328	2,227	2,045	-182	
Water Corporation	614	648	728	648	-80	
Port Authorities	181	588	319	239	-80	
Gold Corporation	9	18	25	11	-14	
DevelopmentWA	418	471	437	431	-5	
Communities (Housing Services)	371	469	491	484	-7	
Western Power	793	1,011	891	901	10	
Horizon Power (Regional Power Corporation)	123	100	108	122	14	
Racing and Wagering WA	13	11	11	26	16	
Synergy (Electricity Generation and Retail Corporation)	171	143	268	498	231	
Provision for Decarbonisation of the South West Interconnected System	-	-	369	-	-369	
All Other Public Corporations	26	390	74	60	-14	
Provision for Asset Investment Program						
Underspending	-	-875	-875	-	875	
<b>Total Public Corporations</b>	<b>4,002</b>	<b>5,304</b>	<b>5,073</b>	<b>5,467</b>	<b>394</b>	
Internal Purchases Between Sectors	-129	-46	-84	-102	-18	
<b>TOTAL PUBLIC SECTOR</b>	<b>7,181</b>	<b>8,880</b>	<b>8,234</b>	<b>9,235</b>	<b>1,001</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 \$2.1 billion was recorded in 2022-23, \$744 million higher than estimated in the 2023-24 Budget. This reflects the cash impact of the higher operating surplus noted earlier, partly offset by the higher infrastructure program.

## Net Debt<sup>5</sup>

Total public sector net debt declined for a fourth consecutive year during 2022-23 to stand at \$27.4 billion at 30 June 2023. This is \$521 million lower than the estimate contained in the 2023-24 Budget.

This better than expected result reflects the net impact from the higher than estimated cash surplus discussed in the previous section (reducing net debt by \$744 million), partly offset by all other movements in debt-related assets and liabilities (increasing net debt by \$223 million)<sup>6</sup>.

Over the last four years (i.e. since 30 June 2019), total public sector net debt has fallen by over \$10 billion<sup>7</sup> – notwithstanding the State Government's significant response to the COVID-19 pandemic during this period. As a share of the State's economy (Gross State Product), net debt has fallen from 12.4% in 2018-19 to an estimated 6.2% in 2022-23.

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<sup>5</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.).

<sup>6</sup> All other movements in net debt-related assets and liabilities includes 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).

<sup>7</sup> Net debt at 30 June 2019 adjusted for the indicative impact of lease accounting under AASB 16: *Leases* which was implemented for reporting periods commencing after 1 January 2019. Under AASB 16, operating leases are now reported as a component of borrowings, increasing the liability component of net debt from 2019-20. For comparability purposes, Treasury estimates net debt at 30 June 2019 would have been \$37.5 billion (as shown on page 2 on the 2019-20 *Government Mid-year Financial Projections Statement* and described on pages 25 and 73 of the same publication). Adjusted for rounding, the estimate for 30 June 2019 is \$2.1 billion higher than the \$35.5 billion published in the 2018-19 *Annual Report on State Finances* (ARSF) prepared under the prevailing lease reporting standards for leases at that time. The adjustment includes the addition of \$2.1 billion in operating lease commitments reported on page 130 of the 2018-19 ARSF.

The majority of the State's net debt is in the form of State borrowings held by the Consolidated Account. The Government repaid \$2.1 billion of Consolidated Account borrowings during 2022-23.

Table 8

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

	2022	2023	Change in Net Debt
	\$m	\$m	\$m
Leases and Service Concession Liabilities	3,899	3,737	-163
Other Borrowings:			
Consolidated Account	24,987	22,887	-2,100
Western Power	7,419	7,478	59
Water Corporation	5,626	5,230	-396
Western Australian Treasury Corporation <sup>(a)</sup>	3,942	4,499	557
Public Transport Authority	3,049	3,434	385
Housing Authority	4,288	3,276	-1,012
Horizon Power	803	850	46
Education	389	398	9
WA Sports Centre Trust	346	338	-8
All Other Agency Borrowings	705	994	289
Deposits Held and Advances	310	296	-14
less: Liquid Financial Assets	26,558	26,058	500
<b>Total Public Sector Net Debt at 30 June</b>	<b>29,206</b>	<b>27,358</b>	<b>-1,848</b>

(a) WATC borrowings less client lending. Also includes forward lending creditors (financial instrument transactions undertaken prior to 30 June 2023 and due for settlement after 30 June 2023).

The following table reconciles movements in net debt at 30 June 2023 since the 2023-24 Budget.

<b>SUMMARY OF TOTAL PUBLIC SECTOR NET DEBT VARIATIONS SINCE 2023-24 BUDGET</b>		Table 9
	\$m	
<b>2023-24 Budget - Total Public Sector Net Debt</b>	<b>27,879</b>	
<i>Less</i> change in net cash flows from operating activities and dividends paid		
- General government	1,547	
- Public non-financial corporations	-27	
- Public financial corporations	165	
- Internal transactions	6	
<i>Total Public Sector</i>	<i>1,692</i>	
<i>Plus</i> purchases of non-financial assets		
Public Transport Authority	-182	
Main Roads	-86	
Synergy	231	
Provision for Decarbonisation of the South West Interconnected System	-369	
Water Corporation	-80	
Pilbara Ports Authority	-37	
Education	-25	
Fremantle Port Authority	-20	
Underspend and Carryover Provision	1,750	
All other	-180	
<i>Total purchases of non-financial assets</i>	<i>1,001</i>	
<i>Less</i> proceeds from sale of non-financial assets		
Communities (Housing Services)	50	
All other	3	
<i>Total proceeds from sale of non-financial assets</i>	<i>53</i>	
<i>Plus</i> all other financing transactions <sup>(a)</sup>	<i>223</i>	
<i>Cumulative impact on net debt at 30 June</i>	<i>-521</i>	
<b>2022-23 Annual Report on State Finances - Total Public Sector Net Debt</b>	<b>27,358</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 2022-23 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 wage 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.

Consistent with expectations at the time of the 2023-24 Budget, all but one of the Government’s financial targets were met in 2022-23. Performance against each target is summarised in the following table and described in the remainder of this section.

2022-23 FINANCIAL TARGETS

Table 10

	2022-23 Budget	2023-24 Budget Estimated Actual	Actual
Maintain a net operating surplus for the general government sector on average over the forward estimates period			
- General government net operating balance (\$m)	1,592	4,226	5,120
- <b>Target Met</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>
- 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>
Maintain or increase net worth of the total public sector			
- Total public sector net worth (\$b)	128.0	138.7	152.0
- <b>Target Met</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>

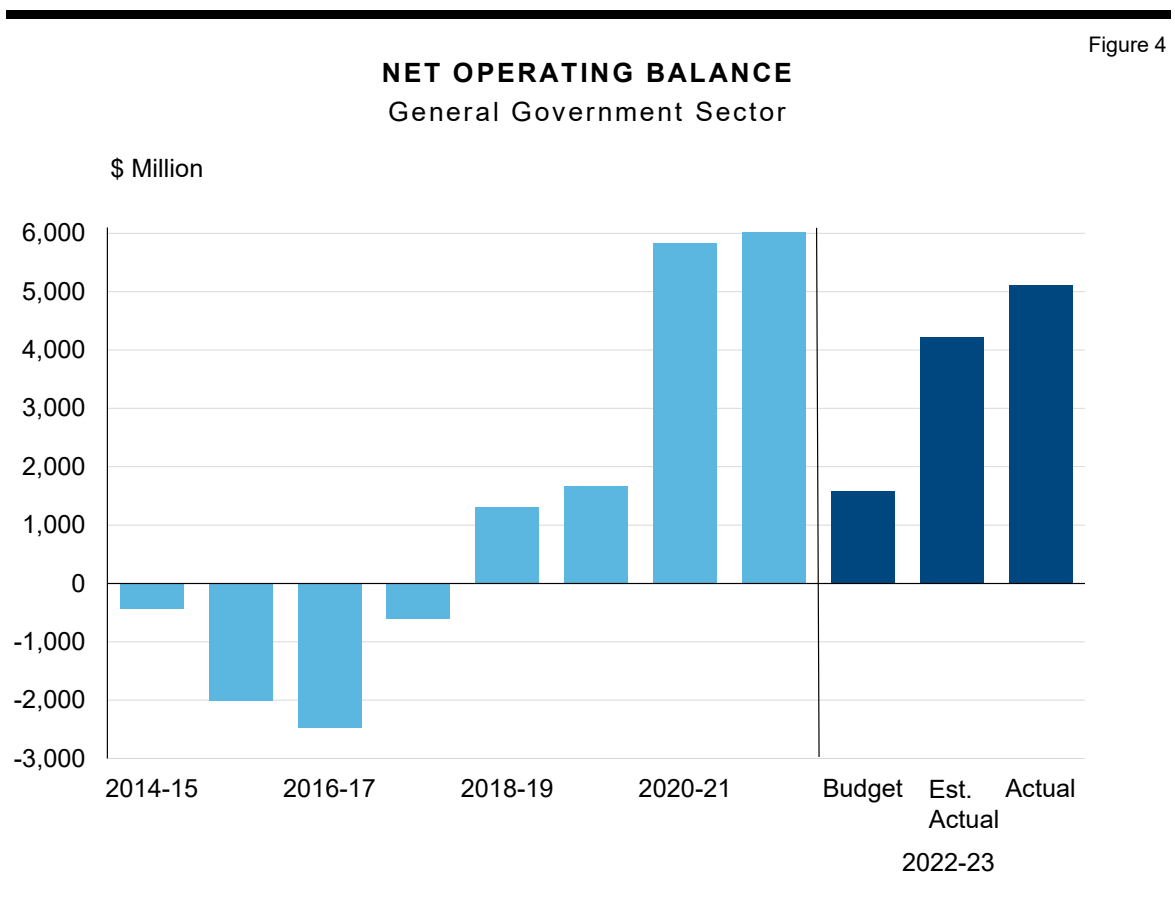


## Performance Against Financial Targets

### Maintain a Net Operating Surplus<sup>8</sup> for the General Government Sector on Average over the Forward Estimates Period

This target was met in 2022-23, with the general government sector recording an operating surplus of \$5.1 billion. This is the fifth consecutive operating surplus.

The 2022-23 outcome is \$894 million higher than the \$4.2 billion estimate included in the 2023-24 Budget, as a result of both slightly higher revenue (up 1.2% on the estimated outturn) and slightly lower expenses (down 1% on the estimated outturn). Details of these movements are available earlier in this Chapter.



The higher operating surplus is a key non-debt source of funding for the Government’s record investment in infrastructure. It has allowed the Government to deliver a record AIP while at the same time reducing the level of net debt for the fourth consecutive year.

<sup>8</sup> The net operating balance is an accrual-based measure of the day-to-day operations of the general government sector (excluding capital spending on infrastructure). An operating surplus indicates that the Government can 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 2022-23. Wage outcomes were consistent with the Government's prevailing wages policy. However, three of the sector's largest agencies exceeded approved expense limits by more than 2%.

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

The Government's current wages policy was announced in September 2022. It provides for a one-off cost of living payment of \$3,000 and:

- a \$60 per week (or \$3,130 per year) wage increase for employees earning under \$104,000 per year; or
- a 3% per annum wage increase for employees earning \$104,000 or greater per year.

Agreements that have settled or have been agreed in-principle in the year to 30 June 2023 were in line with the wages policy.

INDUSTRIAL AGREEMENTS (a)			
Agreement	Employees	Expiry Date	Status in 2022-23
<b>2021-22</b>			
Arts and Culture Trust Venues Management	319	31 Dec 2021	Agreed in-principle
Main Roads (CSA)	922	31 Jan 2022	Agreed in-principle (b)
Prison Officers	2,937	10 Jun 2022	Under Negotiation
Disability Services Social Trainers	474	12 Jun 2022	Agreed in-principle (b)
AWU Miscellaneous Public Sector Employees	634	30 Jun 2022	Agreed in-principle (b)
Western Australia Police	7,048	30 Jun 2022	Under Negotiation (c)
<b>2022-23</b>			
Registered Nurses	18,566	11 Oct 2022	Under Negotiation
PTA Salaried Officers	1,052	26 Oct 2022	Agreed in-principle (b)
Western Australia Police Force Auxiliary Officers	358	1 Nov 2022	Under Negotiation
PTA Railcar Drivers	365	16 Mar 2023	Under Negotiation (c)
Firefighters	1,234	8 Jun 2023	Under Negotiation

(a) For materiality purposes, this table includes large key agreements only and not smaller agreements that cover less than 300 employees.  
 (b) Subsequently registered in 2023-24.  
 (c) Subsequently agreed in-principle in 2023-24.

### *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. While the majority of these agencies achieved spending outcomes in line with, or below, approved expense limits, three agencies exceeded the 2% threshold, meaning the target was not met for 2022-23.

These agencies were:

- Justice (up \$72 million or 3.8%), reflecting higher corrective services staffing costs, and recurrent equipment replacement costs associated with the Emergency Services Radio Network;
- Biodiversity, Conservation and Attractions (up \$31 million or 6.3%), mainly for increased bushfire suppression activities, increased employee costs, and recognition of financial obligations under a number of Indigenous Land Use Agreements; and
- Fire and Emergency Services (up \$21 million or 3.8%), largely reflecting additional bushfire suppression costs, natural hazard incidents and State Emergency Services response and recovery operations.

Notwithstanding these increases, total recurrent spending by the general government sector in 2022-23 was \$394 million lower than the estimated actual published in the 2023-24 Budget, mainly related to lower grant and other transfer costs (see detail earlier in this chapter).

**AGENCY RECURRENT SPENDING OUTCOMES <sup>(a)</sup>**  
2022-23

Table 12

	2023-24 Budget-time Resource Agreement (b)	Functional Transfers Since Approved Limit (c)	Revised Limit (1)	Outcome for Target (2)	Variance from Revised Limit % (3)=(2)/(1)
	\$m	\$m	\$m	\$m	
WA Health	12,077	-	12,077	12,251	1.4
Education	6,295	-	6,295	6,311	0.3
Communities	3,718	-	3,718	3,754	1.0
Commissioner of Main Roads	2,004	-	2,004	1,740	-13.2
Public Transport Authority of Western Australia	1,962	-	1,962	1,963	0.1
Justice	1,913	-	1,913	1,985	3.8
Western Australia Police Force	1,869	-	1,869	1,780	-4.8
Finance	1,732	-	1,732	1,652	-4.6
Mental Health Commission	1,267	-	1,267	1,249	-1.4
Training and Workforce Development	775	-	775	772	-0.4
Transport	631	-	631	541	-14.4
Primary Industries and Regional Development	582	-	582	511	-12.1
Fire and Emergency Services	566	-	566	588	3.8
Biodiversity, Conservation and Attractions	488	-	488	519	6.3
Jobs, Tourism, Science and Innovation	458	15.0	473	420	-11.6

(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) Approved 2022-23 Total Cost of Services reflected in the 2023-24 Budget.

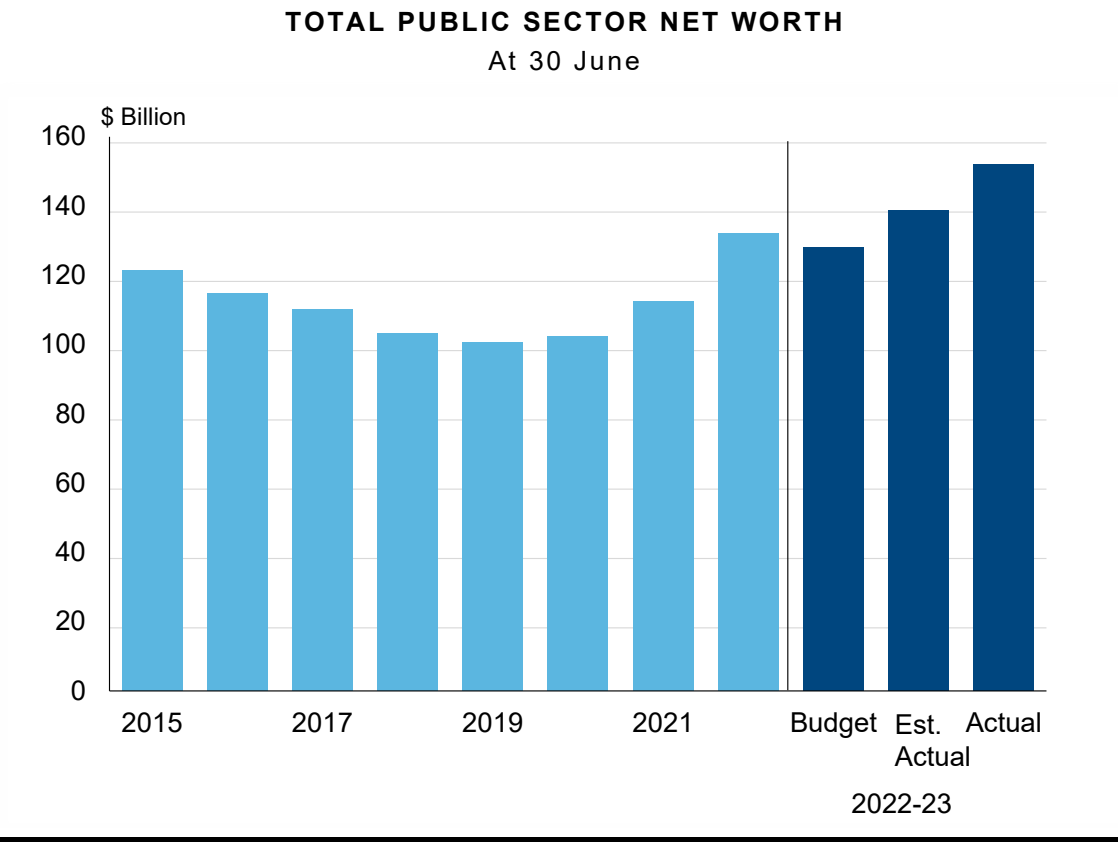
(c) Detailed in Appendix 7: *Public Ledger*.

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

This target was met in 2022-23, with public sector net worth increasing from \$132 billion at 30 June 2022 to \$152 billion at 30 June 2023.

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

Figure 5



# Financial Statements

<b>Contents</b>	<b>Page</b>
<b>Introduction</b> .....	27
<b>General Government</b>	
Table 1.1: Operating Statement .....	28
Table 1.2: Balance Sheet at 30 June .....	29
Table 1.3: Statement of Changes in Equity .....	30
Table 1.4: Cash Flow Statement .....	31
<b>Public Non-Financial Corporations</b>	
Table 1.5: Operating Statement .....	32
Table 1.6: Balance Sheet at 30 June .....	33
Table 1.7: Statement of Changes in Equity .....	34
Table 1.8: Cash Flow Statement .....	35
<b>Total Non-Financial Public Sector</b>	
Table 1.9: Operating Statement .....	36
Table 1.10: Balance Sheet at 30 June .....	37
Table 1.11: Statement of Changes in Equity .....	38
Table 1.12: Cash Flow Statement .....	39
<b>Public Financial Corporations</b>	
Table 1.13: Operating Statement .....	40
Table 1.14: Balance Sheet at 30 June .....	41
Table 1.15: Statement of Changes in Equity .....	42
Table 1.16: Cash Flow Statement .....	43
<b>Total Public Sector</b>	
Table 1.17: Operating Statement .....	44
Table 1.18: Balance Sheet at 30 June .....	45
Table 1.19: Statement of Changes in Equity .....	46
Table 1.20: Cash Flow Statement .....	47

<b>Contents – continued</b>	<b>Page</b>
<b>Notes to the Consolidated Financial Statements:</b>	
1 Mission Statement – The Government of Western Australia .....	48
2 Statement of compliance .....	49
3 Summary of significant accounting policies .....	49
4 Convergence differences .....	69
5 Classification of the Functions of Government .....	70
6 Operating revenue .....	72
7 Depreciation and amortisation expense .....	72
8 Other gross operating expenses .....	73
9 Other interest .....	73
10 Transfer expenses .....	74
11 Receivables .....	75
12 Land .....	76
13 Property, plant and equipment .....	77
14 Reconciliation of land and property, plant and equipment .....	78
15 Fair value measurements .....	80
16 Right-of-use assets .....	97
17 Reconciliation of right-of-use assets .....	98
18 Service concession assets.....	100
19 Biological assets .....	105
20 Inventories .....	107
21 Intangible assets .....	108
22 Assets classified as held for sale .....	110
23 Investment properties .....	112
24 Borrowings .....	112
25 Unfunded superannuation .....	114
26 Other employee benefits .....	119
27 Other liabilities .....	120
28 Reconciliation of net cash flows from operating activities to operating surplus for period .....	123
29 Closing cash balances .....	124
30 Restricted financial assets .....	124
31 Moneys held in trust .....	124
32 Capital expenditure commitments .....	125
33 Contingent assets and liabilities .....	126
34 Financial instruments .....	138
35 Other disaggregated information .....	148
36 Related party disclosures .....	156
37 Events occurring after the reporting period .....	160
38 Composition of sectors .....	160
39 Budgetary information – comparison of final outcomes to original budget .....	163

## 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 2022-23 Budget Papers presented to the Legislative Assembly on 12 May 2022, 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	2021-22	2022-23			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		11,634	11,111	11,982	12,153	12,427	274
Current grants and subsidies		11,946	11,850	12,704	12,858	12,817	-41
Capital grants		1,515	2,285	2,196	1,961	2,081	120
Sales of goods and services		3,027	3,050	3,002	3,069	3,296	227
Interest income		127	133	222	279	333	54
Revenue from public corporations							
Dividends from other sectors		612	1,476	47	161	145	-16
Tax equivalent income		906	779	698	733	705	-27
Royalty income		11,091	7,093	9,109	11,158	11,045	-113
Other		799	652	721	730	752	22
<b>Total</b>	<b>6</b>	<b>41,658</b>	<b>38,428</b>	<b>40,682</b>	<b>43,102</b>	<b>43,601</b>	<b>500</b>
<b>EXPENSES</b>							
Salaries		14,279	14,713	15,328	15,563	15,727	164
Superannuation							
Concurrent costs		1,469	1,569	1,673	1,699	1,759	60
Superannuation interest cost		75	181	206	169	160	-9
Other employee costs		327	348	362	367	387	20
Depreciation and amortisation	7	1,846	1,978	1,948	1,958	1,977	19
Services and contracts		2,877	3,502	3,818	3,886	3,080	-806
Other gross operating expenses	8	6,337	5,952	6,036	6,047	6,620	573
Interest	9						
Interest on leases		133	127	133	135	146	11
Other interest		646	636	787	787	809	22
Current transfers	10	6,662	7,092	7,875	7,692	7,358	-334
Capital transfers	10	988	737	674	573	458	-115
<b>Total</b>		<b>35,638</b>	<b>36,836</b>	<b>38,838</b>	<b>38,875</b>	<b>38,481</b>	<b>-394</b>
<b>NET OPERATING BALANCE (b)</b>		<b>6,019</b>	<b>1,592</b>	<b>1,844</b>	<b>4,226</b>	<b>5,120</b>	<b>894</b>
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		-149	-112	-138	-208	-302	-94
Provision for doubtful debts		-9	-17	-14	-14	-41	-26
Changes in accounting policy/adjustment of prior periods		-379	-	-	-	63	63
<b>Total other economic flows</b>		<b>-537</b>	<b>-129</b>	<b>-152</b>	<b>-222</b>	<b>-280</b>	<b>-58</b>
<b>OPERATING RESULT</b>		<b>5,482</b>	<b>1,463</b>	<b>1,692</b>	<b>4,005</b>	<b>4,841</b>	<b>836</b>
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		6,379	1,615	1,327	1,193	9,712	8,519
Net actuarial gains/loss - superannuation		769	-111	-190	-402	100	503
Gains recognised directly in equity		-	-43	-43	-43	-	43
Change in net worth of the public corporations sectors		6,771	765	1,918	2,013	5,340	3,328
All other		-	-	-	-	-	-
<b>Total all other movements in equity</b>		<b>13,919</b>	<b>2,226</b>	<b>3,012</b>	<b>2,760</b>	<b>15,153</b>	<b>12,392</b>
<b>TOTAL CHANGE IN NET WORTH (c)</b>		<b>19,402</b>	<b>3,690</b>	<b>4,704</b>	<b>6,765</b>	<b>19,993</b>	<b>13,229</b>
<b>KEY FISCAL AGGREGATES</b>							
<b>NET OPERATING BALANCE</b>		<b>6,019</b>	<b>1,592</b>	<b>1,844</b>	<b>4,226</b>	<b>5,120</b>	<b>894</b>
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		3,308	3,623	3,805	3,244	3,870	626
Changes in inventories		421	-297	-336	-225	-349	-123
Other movement in non-financial assets		94	4	5	5	10	4
<i>less:</i>							
Sales of non-financial assets		110	68	62	89	86	-3
Depreciation		1,846	1,978	1,948	1,958	1,977	19
<b>Total net acquisition of non-financial assets</b>		<b>1,868</b>	<b>1,284</b>	<b>1,464</b>	<b>977</b>	<b>1,468</b>	<b>491</b>
<b>NET LENDING/BORROWING</b>		<b>4,151</b>	<b>308</b>	<b>380</b>	<b>3,250</b>	<b>3,652</b>	<b>403</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	2022		2023		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		5,603	5,338	1,916	3,629	3,734	105
Advances paid		708	760	702	706	697	-9
Investments, loans and placements		4,659	4,134	5,615	5,102	5,776	674
Receivables	11	5,568	3,597	4,127	5,359	5,080	-279
<i>Shares and other equity</i>							
Investments in other public sector entities - equity method		49,353	44,729	51,270	51,365	54,693	3,328
Investments in other public sector entities - direct injections		12,934	14,962	15,220	15,207	15,482	275
Investments in other entities		34	30	34	39	49	10
Other financial assets		9	9	9	9	9	-
<b>Total financial assets</b>		<b>78,868</b>	<b>73,560</b>	<b>78,894</b>	<b>81,417</b>	<b>85,520</b>	<b>4,103</b>
<i>Non-financial assets</i>							
Land	12	39,714	39,982	40,970	40,970	43,904	2,933
Property, plant and equipment	13,14	53,231	54,560	55,808	55,281	60,872	5,592
Right of use assets	16,17	2,452	2,226	2,281	2,289	2,365	76
Service concession assets	18	892	749	866	866	1,006	140
Biological assets	19	14	54	14	14	9	-5
Inventories	20						
Land inventories		-	-	-	-	-	-
Other inventories		600	247	264	375	251	-123
Intangibles	21	595	611	599	594	646	51
Assets classified as held for sale	22	57	72	31	21	32	11
Investment property	23	-	7	-	-	-	-
Other		440	318	407	399	347	-52
<b>Total non-financial assets</b>		<b>97,995</b>	<b>98,825</b>	<b>101,241</b>	<b>100,808</b>	<b>109,431</b>	<b>8,622</b>
<b>TOTAL ASSETS</b>		<b>176,863</b>	<b>172,385</b>	<b>180,134</b>	<b>182,225</b>	<b>194,950</b>	<b>12,725</b>
<b>LIABILITIES</b>							
Deposits held		1,271	3,159	1,639	1,818	1,538	-280
Advances received		291	328	273	273	273	-
Borrowings	24						
Lease liabilities		2,818	2,614	2,669	2,668	2,734	66
Service concession liabilities		-	5	-	-	-	-
Other borrowings		25,858	24,675	24,287	23,763	23,883	120
Superannuation	25	4,524	4,570	4,589	4,816	4,408	-408
Other employee benefits	26	4,101	4,021	4,134	4,175	4,354	180
Payables		2,841	2,593	2,777	2,855	2,677	-179
Other liabilities	27	3,174	2,375	3,078	3,108	3,104	-4
<b>TOTAL LIABILITIES</b>		<b>44,879</b>	<b>44,340</b>	<b>43,446</b>	<b>43,476</b>	<b>42,973</b>	<b>-503</b>
<b>NET ASSETS</b>		<b>131,984</b>	<b>128,045</b>	<b>136,688</b>	<b>138,749</b>	<b>151,977</b>	<b>13,229</b>
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		20,557	23,820	23,285	25,199	25,498	299
Other reserves		111,427	104,225	113,403	113,549	126,479	12,930
<b>NET WORTH</b>		<b>131,984</b>	<b>128,045</b>	<b>136,688</b>	<b>138,749</b>	<b>151,977</b>	<b>13,229</b>
<b>MEMORANDUM ITEMS</b>							
<i>Net financial worth</i>		33,989	29,220	35,447	37,940	42,546	4,606
<i>Net financial liabilities</i>		28,298	30,472	31,043	28,632	27,628	-1,004
<i>Net debt</i>							
Gross debt liabilities		30,239	30,781	28,868	28,522	28,429	-93
less: liquid financial assets		10,970	10,232	8,234	9,437	10,207	770
<b>Net debt</b>		<b>19,269</b>	<b>20,549</b>	<b>20,634</b>	<b>19,085</b>	<b>18,223</b>	<b>-863</b>

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

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

**GENERAL GOVERNMENT**  
Statement of Changes in Equity

	Asset Revaluation Surplus \$m	Accumulated net gain on equity investments in other sector entities \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2021</i>	55,702	42,581	14,298	112,582
Operating result	-	-	5,482	5,482
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>
<i>Balance at 1 July 2022</i>	62,075	49,353	20,557	131,984
Operating result	-	-	4,841	4,841
All other movements in equity	9,712	5,340	100	15,153
<i>Total change in net worth</i>	9,712	5,340	4,941	19,993
<b>Balance at 30 June 2023</b>	<b>71,786</b>	<b>54,693</b>	<b>25,498</b>	<b>151,977</b>

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

Table 1.4

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

	2021-22		2022-23			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		11,332	11,128	11,995	12,166	12,622	457
Grants and subsidies received		15,637	16,087	16,927	16,839	17,235	396
Receipts from sales of goods and services		3,007	2,983	2,959	3,022	3,338	316
Interest receipts		111	130	222	279	287	8
Dividends and tax equivalents		1,544	2,298	939	1,068	1,023	-44
Other		14,271	10,497	12,227	13,091	13,797	706
<b>Total cash received</b>		<b>45,903</b>	<b>43,123</b>	<b>45,269</b>	<b>46,465</b>	<b>48,303</b>	<b>1,838</b>
<i>Cash Paid</i>							
Wages, salaries and supplements, and superannuation		-15,848	-16,539	-17,253	-17,537	-17,339	199
Payments for goods and services		-9,876	-9,624	-9,978	-10,257	-10,066	191
Interest paid		-752	-730	-860	-871	-885	-14
Grants and subsidies paid		-8,852	-9,416	-10,203	-9,858	-9,837	22
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-2,136	-1,686	-1,655	-1,661	-2,350	-689
<b>Total cash paid</b>		<b>-37,464</b>	<b>-37,995</b>	<b>-39,949</b>	<b>-40,185</b>	<b>-40,476</b>	<b>-291</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	28	<b>8,439</b>	<b>5,127</b>	<b>5,320</b>	<b>6,280</b>	<b>7,827</b>	<b>1,547</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	-3,623	-3,805	-3,244	-3,870	-626
Sales of non-financial assets		110	68	62	89	86	-3
<b>Total cash flows from investments in non-financial assets</b>		<b>-3,199</b>	<b>-3,555</b>	<b>-3,743</b>	<b>-3,155</b>	<b>-3,784</b>	<b>-629</b>
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		18	10	10	10	114	104
For liquidity purposes		93	44	48	38	48	10
<i>Cash paid</i>							
For policy purposes		-1,208	-2,257	-2,694	-2,713	-2,738	-25
For liquidity purposes		-70	-1	-10	-10	-75	-66
<b>Total cash flows from investments in financial assets</b>		<b>-1,168</b>	<b>-2,203</b>	<b>-2,647</b>	<b>-2,675</b>	<b>-2,651</b>	<b>24</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-4,366</b>	<b>-5,758</b>	<b>-6,389</b>	<b>-5,830</b>	<b>-6,435</b>	<b>-605</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<i>Cash received</i>							
Advances received		18	18	18	18	18	-
Borrowings		57	127	153	130	188	58
Deposits received		-	-	-	-	-	-
Other financing receipts		195	20	18	18	316	298
<b>Total cash receipts from financing activities</b>		<b>270</b>	<b>165</b>	<b>188</b>	<b>166</b>	<b>522</b>	<b>356</b>
<i>Cash paid</i>							
Advances paid		-18	-18	-18	-18	-18	-
Borrowings repaid		-646	-1,310	-1,715	-2,215	-2,151	64
Deposits paid		-	-	-	-	-	-
Other financing payments		-585	-459	-449	-426	-689	-263
<b>Total payments for financing activities</b>		<b>-1,248</b>	<b>-1,787</b>	<b>-2,183</b>	<b>-2,659</b>	<b>-2,858</b>	<b>-199</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-978</b>	<b>-1,622</b>	<b>-1,994</b>	<b>-2,493</b>	<b>-2,336</b>	<b>157</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,094</b>	<b>-2,252</b>	<b>-3,064</b>	<b>-2,044</b>	<b>-944</b>	<b>1,099</b>
Cash and cash equivalents at the beginning of the year		6,943	9,571	10,037	10,037	10,037	-
Cash and cash equivalents at the end of the year	29	10,037	7,319	6,974	7,994	9,093	1,099
<b>KEY FISCAL AGGREGATES</b>							
Net cash flows from operating activities		8,439	5,127	5,320	6,280	7,827	1,547
Net cash flows from investing in non-financial assets		-3,199	-3,555	-3,743	-3,155	-3,784	-629
<b>Cash surplus/-deficit</b>		<b>5,240</b>	<b>1,573</b>	<b>1,577</b>	<b>3,125</b>	<b>4,043</b>	<b>918</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

	2021-22	2022-23			Actual \$m	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>						
Current grants and subsidies	2,820	3,394	3,449	3,504	3,436	-69
Capital grants	150	269	215	257	209	-48
Sales of goods and services	33,224	36,710	36,876	35,220	34,990	-231
Interest Income	88	79	171	216	255	39
Other	525	493	440	446	549	103
<b>Total</b>	<b>36,806</b>	<b>40,945</b>	<b>41,152</b>	<b>39,644</b>	<b>39,438</b>	<b>-206</b>
<b>EXPENSES</b>						
Salaries	1,199	1,400	1,423	1,474	1,371	-103
Superannuation						
Concurrent costs	123	149	155	161	153	-7
Superannuation interest cost	-	-	-	-	-	-
Other employee costs	72	32	32	34	62	28
Depreciation and amortisation	2,924	2,637	2,968	2,976	3,138	162
Services and contracts	1,048	944	1,024	1,008	1,059	51
Other gross operating expenses	28,285	31,811	32,265	30,650	31,071	421
Interest						
Interest on leases	70	77	77	79	74	-5
Other interest	419	426	682	704	656	-48
Tax equivalents	704	745	666	682	670	-13
Current transfers	1,224	1,652	1,665	1,617	1,756	139
Capital transfers	23	34	41	28	24	-4
<b>Total</b>	<b>36,092</b>	<b>39,907</b>	<b>40,998</b>	<b>39,413</b>	<b>40,034</b>	<b>621</b>
<b>NET OPERATING BALANCE (a)</b>	<b>714</b>	<b>1,037</b>	<b>154</b>	<b>231</b>	<b>-596</b>	<b>-826</b>
<i>Other economic flows - included in the operating result</i>						
Net gains on assets/liabilities	-235	-56	-80	-3	7	10
Provision for doubtful debts	-6	-33	-43	-43	-17	26
Changes in accounting policy/adjustment of prior periods	333	-	-	-	75	75
<b>Total other economic flows</b>	<b>92</b>	<b>-89</b>	<b>-123</b>	<b>-46</b>	<b>65</b>	<b>111</b>
<b>OPERATING RESULT</b>	<b>806</b>	<b>949</b>	<b>31</b>	<b>185</b>	<b>-531</b>	<b>-715</b>
<i>Other non-owner movements in equity</i>						
<i>Items that will not be reclassified to operating result</i>						
Revaluations	6,723	1,096	1,619	1,647	5,404	3,757
Net actuarial gains/loss - superannuation	-23	3	2	-6	-21	-15
Gains recognised directly in equity	-3	-1	-1	-1	-30	-29
All other	-	-	-	-	-	-
<b>Total other non-owner movements in equity</b>	<b>6,698</b>	<b>1,098</b>	<b>1,620</b>	<b>1,641</b>	<b>5,353</b>	<b>3,713</b>
<i>Movements in owner equity</i>						
Dividends	-23	-1,395	-	-80	-81	-1
Capital injections	1,185	2,086	2,336	2,324	2,549	225
<b>Total movements in owner equity</b>	<b>1,161</b>	<b>691</b>	<b>2,336</b>	<b>2,243</b>	<b>2,468</b>	<b>224</b>
<b>TOTAL CHANGE IN NET WORTH (b)</b>	<b>8,665</b>	<b>2,738</b>	<b>3,986</b>	<b>4,069</b>	<b>7,290</b>	<b>3,222</b>
<b>KEY FISCAL AGGREGATES</b>						
<b>NET OPERATING BALANCE</b>	<b>714</b>	<b>1,037</b>	<b>154</b>	<b>231</b>	<b>-596</b>	<b>-826</b>
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets	3,964	5,251	5,102	5,020	5,405	386
Changes in inventories	881	41	68	-429	660	1,088
Other movement in non-financial assets	93	152	151	147	187	39
<i>less:</i>						
Sales of non-financial assets	518	470	442	379	447	68
Depreciation	2,924	2,637	2,968	2,976	3,138	162
<b>Total net acquisition of non-financial assets</b>	<b>1,495</b>	<b>2,338</b>	<b>1,911</b>	<b>1,384</b>	<b>2,667</b>	<b>1,283</b>
<b>NET LENDING/-BORROWING</b>	<b>-781</b>	<b>-1,300</b>	<b>-1,757</b>	<b>-1,153</b>	<b>-3,263</b>	<b>-2,109</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

	2022		2023		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	3,502	2,660	3,815	4,162	3,511	-651
Advances paid	-	-	-	-	-	-
Investments, loans and placements	4,661	5,617	3,851	3,872	4,038	166
Receivables	1,755	1,538	1,444	1,455	1,931	477
Shares and other equity						
Investments in other public sector entities - equity method	-	-	-	-	-	-
Investments in other public sector entities - direct injections	-	-	-	-	-	-
Investments in other entities	36	23	33	33	26	-7
Other financial assets	378	225	235	287	287	-
<b>Total financial assets</b>	<b>10,331</b>	<b>10,063</b>	<b>9,380</b>	<b>9,809</b>	<b>9,793</b>	<b>-15</b>
<i>Non-financial assets</i>						
Land	8,899	7,437	9,256	9,256	8,975	-281
Property, plant and equipment	63,357	62,516	65,972	65,951	70,645	4,693
Right of use assets	447	542	396	400	395	-5
Service concession assets	2,233	1,977	2,214	2,214	2,393	179
Biological assets	198	215	204	204	221	16
Inventories						
Land inventories	1,590	1,610	1,685	1,742	1,471	-271
Other inventories	6,806	6,098	6,874	6,377	7,466	1,088
Intangibles	401	479	421	426	370	-56
Assets classified as held for sale	10	5	10	13	8	-4
Investment property	14	16	14	14	16	3
Other	186	189	195	191	602	411
<b>Total non-financial assets</b>	<b>84,141</b>	<b>81,083</b>	<b>87,240</b>	<b>86,788</b>	<b>92,561</b>	<b>5,774</b>
<b>TOTAL ASSETS</b>	<b>94,472</b>	<b>91,146</b>	<b>96,620</b>	<b>96,597</b>	<b>102,355</b>	<b>5,758</b>
<b>LIABILITIES</b>						
Deposits held	-	-	-	-	-	-
Advances received	291	328	273	273	273	-
Borrowings						
Lease liabilities	831	841	750	763	786	23
Service concession liabilities	325	327	335	335	309	-26
Other borrowings	21,623	22,629	20,394	20,636	20,636	-
Superannuation	74	62	76	89	74	-15
Other employee benefits	468	435	431	432	501	69
Payables	8,454	7,431	8,030	7,606	9,271	1,665
Other liabilities	2,336	1,873	2,276	2,325	3,145	819
<b>TOTAL LIABILITIES</b>	<b>34,404</b>	<b>33,927</b>	<b>32,565</b>	<b>32,459</b>	<b>34,996</b>	<b>2,536</b>
<b>NET ASSETS</b>	<b>60,069</b>	<b>57,220</b>	<b>64,055</b>	<b>64,137</b>	<b>67,359</b>	<b>3,222</b>
<i>Of which:</i>						
Contributed equity	13,186	15,215	15,522	15,510	15,735	225
Accumulated surplus	17,318	18,589	18,791	18,866	16,627	-2,239
Other reserves	29,564	23,416	29,742	29,761	34,997	5,236
<b>NET WORTH</b>	<b>60,069</b>	<b>57,220</b>	<b>64,055</b>	<b>64,137</b>	<b>67,359</b>	<b>3,222</b>
<b>MEMORANDUM ITEMS</b>						
<i>Net financial worth</i>	-24,072	-23,863	-23,185	-22,651	-25,203	-2,552
<i>Net debt</i>						
Gross debt liabilities	23,071	24,125	21,752	22,007	22,005	-2
less: liquid financial assets	8,163	8,277	7,667	8,034	7,549	-485
<b>Net debt</b>	<b>14,908</b>	<b>15,847</b>	<b>14,086</b>	<b>13,973</b>	<b>14,456</b>	<b>483</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 2021</i>	12,001	22,744	16,658	51,403
Operating result	-	-	806	806
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>
<i>Balance at 1 July 2022</i>	13,186	29,565	17,318	60,069
Operating result	-	-	-531	-531
All other movements in equity	-	5,431	-79	5,352
<i>Total change in net worth</i>	-	5,431	-610	4,823
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	2,549	-	-	2,549
Dividends	-	-	-81	-81
<i>Total</i>	2,549	-	-81	2,468
<b>Balance at 30 June 2023</b>	<b>15,735</b>	<b>34,997</b>	<b>16,627</b>	<b>67,359</b>

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

Table 1.8

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

	2021-22	2022-23			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	2,946	3,684	3,688	3,784	3,645	-139
Receipts from sales of goods and services	25,396	25,485	25,874	26,125	26,931	805
Interest receipts	80	78	173	221	232	11
Dividends and tax equivalents	156	129	142	142	142	-
Other	1,683	1,478	1,496	1,554	1,715	161
<i>Total cash received</i>	<b>30,260</b>	<b>30,854</b>	<b>31,373</b>	<b>31,826</b>	<b>32,664</b>	<b>839</b>
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-1,334	-1,544	-1,588	-1,647	-1,506	141
Payments for goods and services	-19,870	-20,146	-20,705	-20,714	-21,555	-841
Interest paid	-508	-478	-705	-733	-704	29
Grants and subsidies paid	-759	-808	-831	-790	-853	-64
Tax equivalents	-727	-722	-731	-745	-741	4
Other payments	-3,768	-3,721	-4,077	-4,250	-4,384	-134
<i>Total cash paid</i>	<b>-26,966</b>	<b>-27,419</b>	<b>-28,637</b>	<b>-28,878</b>	<b>-29,742</b>	<b>-864</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>3,294</b>	<b>3,435</b>	<b>2,736</b>	<b>2,948</b>	<b>2,922</b>	<b>-26</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-3,964	-5,251	-5,102	-5,020	-5,405	-386
Sales of non-financial assets	518	470	442	379	447	68
<i>Total cash flows from investments in non-financial assets</i>	<b>-3,445</b>	<b>-4,781</b>	<b>-4,660</b>	<b>-4,641</b>	<b>-4,959</b>	<b>-318</b>
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	-	-	-	-	-	-
For liquidity purposes	24	59	59	62	11	-51
<i>Cash paid</i>						
For policy purposes	-10	-14	-14	-14	-34	-20
For liquidity purposes	-77	-69	-69	-89	-218	-129
<i>Total cash flows from investments in financial assets</i>	<b>-63</b>	<b>-23</b>	<b>-24</b>	<b>-41</b>	<b>-241</b>	<b>-200</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-3,508</b>	<b>-4,804</b>	<b>-4,684</b>	<b>-4,682</b>	<b>-5,200</b>	<b>-518</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<i>Cash received</i>						
Advances received	-	54	-	-	-	-
Borrowings	3,612	4,886	3,694	3,150	3,254	104
Deposits received	-	-	-	-	-	-
Other financing receipts	1,300	2,400	2,827	2,793	2,725	-69
<i>Total cash received</i>	<b>4,912</b>	<b>7,340</b>	<b>6,521</b>	<b>5,944</b>	<b>5,979</b>	<b>35</b>
<i>Cash paid</i>						
Advances paid	-18	-18	-18	-18	-18	-
Borrowings repaid	-4,105	-4,774	-4,063	-3,277	-3,262	15
Deposits paid	-	-	-	-	-	-
Other financing payments	-200	-195	-196	-181	-265	-84
Dividends paid	-23	-1,395	-	-80	-81	-1
<i>Total cash paid</i>	<b>-4,346</b>	<b>-6,382</b>	<b>-4,277</b>	<b>-3,556</b>	<b>-3,626</b>	<b>-70</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>566</b>	<b>958</b>	<b>2,244</b>	<b>2,387</b>	<b>2,352</b>	<b>-35</b>
<b>Net increase in cash and cash equivalents</b>	<b>353</b>	<b>-411</b>	<b>297</b>	<b>653</b>	<b>75</b>	<b>-578</b>
Cash and cash equivalents at the beginning of the year	3,373	3,344	3,725	3,725	3,725	-
Cash and cash equivalents at the end of the year	3,725	2,933	4,022	4,378	3,800	-578
<b>KEY FISCAL AGGREGATES</b>						
Net cash flows from operating activities	3,294	3,435	2,736	2,948	2,922	-26
Net cash flows from investing in non-financial assets	-3,445	-4,781	-4,660	-4,641	-4,959	-318
Dividends paid	-23	-1,395	-	-80	-81	-1
<b>Cash surplus/-deficit</b>	<b>-174</b>	<b>-2,741</b>	<b>-1,924</b>	<b>-1,774</b>	<b>-2,118</b>	<b>-344</b>

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

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

	2021-22	2022-23			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	11,069	10,552	11,426	11,601	11,848	247
Current grants and subsidies	11,946	11,850	12,704	12,858	12,817	-41
Capital grants	1,515	2,285	2,196	1,961	2,081	120
Sales of goods and services	35,476	39,030	39,238	37,550	37,434	-116
Interest income	197	196	363	461	548	87
Royalty income	11,091	7,093	9,109	11,158	11,045	-113
Dividends and tax equivalents	932	215	127	187	181	-6
Other	1,110	999	1,062	1,068	1,158	89
<b>Total</b>	<b>73,336</b>	<b>72,220</b>	<b>76,227</b>	<b>76,845</b>	<b>77,112</b>	<b>266</b>
<b>EXPENSES</b>						
Salaries	15,478	16,113	16,751	17,037	17,098	61
Superannuation						
Concurrent costs	1,592	1,718	1,829	1,860	1,912	53
Superannuation interest cost	75	181	206	169	160	-9
Other employee costs	315	289	304	310	363	53
Depreciation and amortisation	4,767	4,613	4,913	4,932	5,112	180
Services and contracts	3,913	4,454	4,848	4,901	4,133	-768
Other gross operating expenses	33,644	36,879	37,506	35,782	36,632	850
Interest						
Interest on leases	203	204	209	212	217	5
Other interest	1,048	1,047	1,439	1,460	1,428	-31
Other property expenses	-	-	-	-	-	-
Current transfers	4,737	4,984	5,723	5,452	5,337	-115
Capital transfers	852	502	498	352	273	-79
<b>Total</b>	<b>66,623</b>	<b>70,983</b>	<b>74,227</b>	<b>72,467</b>	<b>72,666</b>	<b>199</b>
<b>NET OPERATING BALANCE (a)</b>	<b>6,713</b>	<b>1,237</b>	<b>2,000</b>	<b>4,379</b>	<b>4,446</b>	<b>67</b>
<i>Other economic flows - included in the operating result</i>						
Net gains on assets/liabilities	-384	-168	-218	-211	-295	-84
Provision for doubtful debts	-15	-50	-57	-57	-57	-
Changes in accounting policy/adjustment of prior periods	-43	-	-	-	140	140
<b>Total other economic flows</b>	<b>-442</b>	<b>-217</b>	<b>-275</b>	<b>-268</b>	<b>-211</b>	<b>56</b>
<b>OPERATING RESULT</b>	<b>6,270</b>	<b>1,020</b>	<b>1,725</b>	<b>4,111</b>	<b>4,234</b>	<b>123</b>
<i>All other movements in equity</i>						
<i>Items that will not be reclassified to operating result</i>						
Revaluations	13,102	2,712	3,047	2,942	15,116	12,174
Net actuarial gains/-loss - superannuation	747	-108	-188	-408	79	487
Gains recognised directly in equity	-6	-46	-46	-46	-32	14
Change in net worth of the public corporations sectors	-712	112	166	166	596	430
All other	-	-	-	-	-	-
<b>Total all other movements in equity</b>	<b>13,132</b>	<b>2,670</b>	<b>2,979</b>	<b>2,654</b>	<b>15,759</b>	<b>13,105</b>
<b>TOTAL CHANGE IN NET WORTH (b)</b>	<b>19,402</b>	<b>3,690</b>	<b>4,704</b>	<b>6,765</b>	<b>19,993</b>	<b>13,229</b>
<b>KEY FISCAL AGGREGATES</b>						
<b>NET OPERATING BALANCE</b>	<b>6,713</b>	<b>1,237</b>	<b>2,000</b>	<b>4,379</b>	<b>4,446</b>	<b>67</b>
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets	7,172	8,873	8,904	8,226	9,225	1,000
Changes in inventories	1,302	-256	-269	-654	311	965
Other movement in non-financial assets	187	157	157	153	196	44
<i>less:</i>						
Sales of non-financial assets	528	538	501	430	483	53
Depreciation	4,767	4,613	4,913	4,932	5,112	180
<b>Total net acquisition of non-financial assets</b>	<b>3,366</b>	<b>3,623</b>	<b>3,377</b>	<b>2,363</b>	<b>4,137</b>	<b>1,775</b>
<b>NET LENDING/-BORROWING</b>	<b>3,346</b>	<b>-2,387</b>	<b>-1,377</b>	<b>2,016</b>	<b>308</b>	<b>-1,708</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

	2022		2023		Actual \$m	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	7,858	5,155	4,119	5,996	5,740	-256
Advances paid	416	433	429	432	423	-9
Investments, loans and placements	9,223	9,678	9,370	8,886	9,700	814
Receivables	7,213	4,980	5,544	6,779	6,934	155
Shares and other equity						
Investments in other public sector entities - equity method	2,218	2,472	2,435	2,435	2,816	381
Investments in other public sector entities - direct injections	-	-	-	-	-	-
Investments in other entities	70	53	67	72	75	3
Other financial assets	9	9	9	9	9	-
<b>Total financial assets</b>	<b>27,007</b>	<b>22,780</b>	<b>21,973</b>	<b>24,609</b>	<b>25,697</b>	<b>1,088</b>
<i>Non-financial assets</i>						
Land	48,613	47,419	50,227	50,227	52,879	2,652
Property, plant and equipment	116,589	117,077	121,780	121,232	131,517	10,285
Right of use assets	2,899	2,776	2,677	2,682	2,760	78
Service concession assets	3,125	2,725	3,080	3,080	3,398	319
Biological assets	212	269	218	218	229	11
Inventories						
Land inventories	1,590	1,610	1,685	1,742	1,471	-271
Other inventories	7,406	6,345	7,137	6,752	7,717	965
Intangibles	997	1,090	1,020	1,020	1,016	-4
Assets classified as held for sale	66	77	41	33	40	7
Investment property	14	22	14	14	16	3
Other	626	504	603	589	947	358
<b>Total non-financial assets</b>	<b>182,136</b>	<b>179,914</b>	<b>188,482</b>	<b>187,589</b>	<b>201,992</b>	<b>14,403</b>
<b>TOTAL ASSETS</b>	<b>209,143</b>	<b>202,693</b>	<b>210,454</b>	<b>212,198</b>	<b>227,689</b>	<b>15,491</b>
<b>LIABILITIES</b>						
Deposits held	23	314	25	21	28	7
Advances received	291	328	273	273	273	-
Borrowings						
Lease liabilities	3,554	3,392	3,325	3,336	3,411	75
Service concession liabilities	325	247	335	335	309	-26
Other borrowings	47,482	47,390	44,680	44,399	44,519	121
Superannuation	4,598	4,632	4,665	4,905	4,483	-422
Other employee benefits	4,569	4,456	4,565	4,606	4,856	249
Payables	11,186	9,870	10,780	10,429	11,878	1,449
Other liabilities	5,131	4,020	5,117	5,144	5,953	809
<b>TOTAL LIABILITIES</b>	<b>77,159</b>	<b>74,648</b>	<b>73,766</b>	<b>73,449</b>	<b>75,711</b>	<b>2,262</b>
<b>NET ASSETS</b>	<b>131,984</b>	<b>128,045</b>	<b>136,688</b>	<b>138,749</b>	<b>151,977</b>	<b>13,229</b>
<i>Of which:</i>						
Contributed equity	-	-	-	-	-	-
Accumulated surplus	37,882	42,416	42,083	44,065	42,132	-1,933
Other reserves	94,102	85,629	94,606	94,683	109,845	15,162
<b>NET WORTH</b>	<b>131,984</b>	<b>128,045</b>	<b>136,688</b>	<b>138,749</b>	<b>151,977</b>	<b>13,229</b>
<b>MEMORANDUM ITEMS</b>						
<i>Net financial worth</i>	<i>-50,152</i>	<i>-51,869</i>	<i>-51,793</i>	<i>-48,840</i>	<i>-50,014</i>	<i>-1,174</i>
<i>Net financial liabilities</i>	<i>52,370</i>	<i>54,340</i>	<i>54,229</i>	<i>51,275</i>	<i>52,830</i>	<i>1,555</i>
<i>Net debt</i>						
Gross debt liabilities	51,675	51,670	48,638	48,365	48,541	177
less: liquid financial assets	17,498	15,266	13,918	15,314	15,863	549
<b>Net debt</b>	<b>34,177</b>	<b>36,404</b>	<b>34,720</b>	<b>33,051</b>	<b>32,679</b>	<b>-372</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 2021</i>	78,688	2,929	30,964	112,582
Operating result	-	-	6,270	6,270
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>
<i>Balance at 1 July 2022</i>	91,883	2,218	37,882	131,984
Operating result	-	-	4,234	4,234
All other movements in equity	15,146	598	16	15,759
<i>Total change in net worth</i>	15,146	598	4,250	19,993
<b>Balance at 30 June 2023</b>	<b>107,029</b>	<b>2,816</b>	<b>42,132</b>	<b>151,977</b>

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

Table 1.12

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

	2021-22		2022-23			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>						
Taxes received	10,764	10,574	11,446	11,622	12,039	417
Grants and subsidies received	15,637	16,087	16,927	16,839	17,235	396
Receipts from sales of goods and services	27,518	27,681	28,136	28,328	29,366	1,038
Interest receipts	173	193	365	466	485	19
Dividends and tax equivalents	950	310	350	384	343	-41
Other	15,521	11,584	13,328	14,249	15,101	852
<b>Total cash received</b>	<b>70,564</b>	<b>66,429</b>	<b>70,551</b>	<b>71,889</b>	<b>74,570</b>	<b>2,681</b>
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-17,182	-18,083	-18,841	-19,184	-18,845	340
Payments for goods and services	-28,526	-28,687	-29,690	-29,880	-30,429	-549
Interest paid	-1,243	-1,193	-1,535	-1,571	-1,555	16
Grants and subsidies paid	-6,636	-6,512	-7,314	-6,832	-7,013	-181
Dividends and tax equivalents	-	-	-	-	-	-
Other payments	-5,332	-4,852	-5,182	-5,366	-6,146	-781
<b>Total cash paid</b>	<b>-58,919</b>	<b>-59,328</b>	<b>-62,562</b>	<b>-62,833</b>	<b>-63,987</b>	<b>-1,154</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>11,645</b>	<b>7,101</b>	<b>7,989</b>	<b>9,056</b>	<b>10,583</b>	<b>1,527</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-7,172	-8,873	-8,904	-8,226	-9,225	-1,000
Sales of non-financial assets	528	538	501	430	483	53
<b>Total cash flows from investments in non-financial assets</b>	<b>-6,644</b>	<b>-8,336</b>	<b>-8,402</b>	<b>-7,796</b>	<b>-8,742</b>	<b>-947</b>
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	18	10	10	10	114	104
For liquidity purposes	117	103	106	100	59	-41
<i>Cash paid</i>						
For policy purposes	-21	-60	-10	-10	-110	-100
For liquidity purposes	-147	-69	-78	-99	-294	-195
<b>Total cash flows from investments in financial assets</b>	<b>-33</b>	<b>-15</b>	<b>28</b>	<b>1</b>	<b>-231</b>	<b>-232</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-6,677</b>	<b>-8,351</b>	<b>-8,374</b>	<b>-7,795</b>	<b>-8,973</b>	<b>-1,178</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<i>Cash received</i>						
Advances received	-	54	-	-	-	-
Borrowings	3,669	5,013	3,847	3,280	3,442	162
Deposits received	-	-	-	-	-	-
Other financing receipts	191	56	4	4	290	286
<b>Total cash received</b>	<b>3,860</b>	<b>5,123</b>	<b>3,851</b>	<b>3,284</b>	<b>3,732</b>	<b>448</b>
<i>Cash paid</i>						
Advances paid	-18	-18	-18	-18	-18	-
Borrowings repaid	-4,751	-6,084	-5,779	-5,493	-5,413	80
Deposits paid	-	-	-	-	-	-
Other financing payments	-613	-435	-436	-425	-780	-355
<b>Total cash paid</b>	<b>-5,381</b>	<b>-6,537</b>	<b>-6,233</b>	<b>-5,936</b>	<b>-6,211</b>	<b>-275</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-1,521</b>	<b>-1,414</b>	<b>-2,382</b>	<b>-2,652</b>	<b>-2,479</b>	<b>172</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,447</b>	<b>-2,663</b>	<b>-2,767</b>	<b>-1,391</b>	<b>-870</b>	<b>521</b>
Cash and cash equivalents at the beginning of the year	10,315	12,914	13,762	13,762	13,762	-
Cash and cash equivalents at the end of the year	13,762	10,251	10,995	12,371	12,892	521
<b>KEY FISCAL AGGREGATES</b>						
Net cash flows from operating activities	11,645	7,101	7,989	9,056	10,583	1,527
Net cash flows from investing in non-financial assets	-6,644	-8,336	-8,402	-7,796	-8,742	-947
<b>Cash surplus/-deficit</b>	<b>5,001</b>	<b>-1,234</b>	<b>-413</b>	<b>1,260</b>	<b>1,840</b>	<b>580</b>

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

**PUBLIC FINANCIAL CORPORATIONS**  
Operating Statement

	2021-22		2022-23			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>						
Current grants and subsidies	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-
Sales of goods and services	1,422	1,366	1,365	1,387	1,445	58
Interest Income	1,257	1,281	1,691	1,713	1,772	59
Other	188	133	133	154	132	-22
<b>Total</b>	<b>2,867</b>	<b>2,780</b>	<b>3,188</b>	<b>3,254</b>	<b>3,349</b>	<b>95</b>
<b>EXPENSES</b>						
Salaries	63	70	72	73	71	-1
Superannuation						
Concurrent costs	6	7	8	8	8	-
Superannuation interest cost	-	-	-	-	-	-
Other employee costs	298	252	252	260	274	14
Depreciation and amortisation	8	9	9	9	8	-1
Services and contracts	12	13	13	13	11	-2
Other gross operating expenses	886	1,169	1,169	1,129	984	-146
Interest						
Interest on leases	1	-	-	-	-	-
Other interest	947	1,061	1,526	1,543	1,515	-28
Tax equivalents	202	34	32	50	36	-15
Current transfers	4	5	5	5	5	-
Capital transfers	4	8	8	3	1	-2
<b>Total</b>	<b>2,430</b>	<b>2,628</b>	<b>3,093</b>	<b>3,093</b>	<b>2,912</b>	<b>-181</b>
<b>NET OPERATING BALANCE (a)</b>	<b>437</b>	<b>152</b>	<b>95</b>	<b>161</b>	<b>437</b>	<b>276</b>
<i>Other economic flows - included in the operating result</i>						
Net gains on assets/liabilities	-629	200	200	178	307	129
Provision for doubtful debts	-	-	-	-	-	-
Changes in accounting policy/adjustment of prior periods	213	-	-	-	-	-
<b>Total other economic flows</b>	<b>-416</b>	<b>200</b>	<b>200</b>	<b>178</b>	<b>306</b>	<b>129</b>
<b>OPERATING RESULT</b>	<b>21</b>	<b>352</b>	<b>296</b>	<b>339</b>	<b>743</b>	<b>405</b>
<i>Other non-owner movements in equity</i>						
<i>Items that will not be reclassified to operating result</i>						
Revaluations	-3	-57	67	66	2	-64
Net actuarial gains/-loss - superannuation	-	-	-	-	1	1
Gains recognised directly in equity	3	-	-	-	-2	-2
All other	-	-	-	-	-	-
<b>Total other non-owner movements in equity</b>	<b>-</b>	<b>-57</b>	<b>67</b>	<b>66</b>	<b>1</b>	<b>-65</b>
<i>Movements in owner equity</i>						
Dividends	-731	-182	-95	-137	-145	-8
Capital injections	-1	-1	-50	-51	-2	50
<b>Total movements in owner equity</b>	<b>-732</b>	<b>-183</b>	<b>-145</b>	<b>-188</b>	<b>-146</b>	<b>41</b>
<b>TOTAL CHANGE IN NET WORTH (b)</b>	<b>-711</b>	<b>113</b>	<b>217</b>	<b>217</b>	<b>598</b>	<b>381</b>
<b>KEY FISCAL AGGREGATES</b>						
<b>NET OPERATING BALANCE</b>	<b>437</b>	<b>152</b>	<b>95</b>	<b>161</b>	<b>437</b>	<b>276</b>
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets	9	7	8	8	9	1
Changes in inventories	-	-	-	-	-	-
Other movement in non-financial assets	-	-	-	-	-	-
<i>less:</i>						
Sales of non-financial assets	-	-	-	-	-	-
Depreciation	8	9	9	9	8	-1
<b>Total net acquisition of non-financial assets</b>	<b>1</b>	<b>-2</b>	<b>-2</b>	<b>-1</b>	<b>1</b>	<b>2</b>
<b>NET LENDING/-BORROWING</b>	<b>437</b>	<b>154</b>	<b>97</b>	<b>162</b>	<b>435</b>	<b>274</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

	2022	2023			Actual \$m	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	529	147	347	440	671	231
Advances paid	4,009	5,099	3,251	3,070	2,735	-334
Investments, loans and placements	55,533	61,291	53,413	53,215	53,889	674
Receivables	881	689	894	900	969	69
Shares and other equity						
Investments in other public sector entities - equity method	-	-	-	-	-	-
Investments in other public sector entities - direct injections	-	-	-	-	-	-
Investments in other entities	2,232	2,817	2,382	2,345	2,478	133
Other financial assets	7	-	7	7	8	-
<b>Total financial assets</b>	<b>63,192</b>	<b>70,044</b>	<b>60,294</b>	<b>59,977</b>	<b>60,749</b>	<b>772</b>
<i>Non-financial assets</i>						
Land	-	-	-	-	-	-
Property, plant and equipment	4	6	5	5	4	-1
Right of use assets	16	13	13	13	13	-
Service concession assets	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-
Inventories						
Land inventories	-	-	-	-	-	-
Other inventories	-	-	-	-	-	-
Intangibles	11	9	13	13	16	3
Assets classified as held for sale	-	-	-	-	-	-
Investment property	-	-	-	-	-	-
Other	3	3	4	3	5	1
<b>Total non-financial assets</b>	<b>35</b>	<b>32</b>	<b>34</b>	<b>34</b>	<b>38</b>	<b>3</b>
<b>TOTAL ASSETS</b>	<b>63,227</b>	<b>70,076</b>	<b>60,328</b>	<b>60,012</b>	<b>60,787</b>	<b>775</b>
<b>LIABILITIES</b>						
Deposits held	-	-	-	-	-	-
Advances received	3	3	3	3	3	-
Borrowings						
Lease liabilities	20	16	16	16	16	-
Service concession liabilities	-	-	-	-	-	-
Other borrowings	55,078	61,219	51,831	51,534	51,956	422
Superannuation	4	4	4	5	4	-1
Other employee benefits	16	17	17	17	17	-
Payables	241	189	146	117	111	-6
Other liabilities	5,646	6,157	5,877	5,885	5,864	-20
<b>TOTAL LIABILITIES</b>	<b>61,008</b>	<b>67,604</b>	<b>57,893</b>	<b>57,577</b>	<b>57,971</b>	<b>394</b>
<b>NET ASSETS</b>	<b>2,218</b>	<b>2,472</b>	<b>2,435</b>	<b>2,435</b>	<b>2,816</b>	<b>381</b>
<i>Of which:</i>						
Contributed equity	-252	-253	-302	-303	-254	50
Accumulated surplus	2,448	2,852	2,656	2,657	3,045	387
Other reserves	23	-128	82	81	25	-56
<b>NET WORTH</b>	<b>2,218</b>	<b>2,472</b>	<b>2,435</b>	<b>2,435</b>	<b>2,816</b>	<b>381</b>
<b>MEMORANDUM ITEMS</b>						
<i>Net financial worth</i>	2,183	2,440	2,401	2,401	2,778	378
<i>Net debt</i>						
Gross debt liabilities	55,101	61,238	51,850	51,553	51,975	421
Less: liquid financial assets	60,072	66,537	57,011	56,725	57,295	570
<b>Net debt</b>	<b>-4,971</b>	<b>-5,299</b>	<b>-5,161</b>	<b>-5,171</b>	<b>-5,320</b>	<b>-149</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 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>
<i>Balance at 1 July 2022</i>	-252	23	2,448	2,218
Operating result	-	-	743	743
Movements in equity	-	2	-2	1
<i>Total change in net worth</i>	-	2	742	744
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	-2	-	-	-2
Dividends	-	-	-145	-145
<i>Total</i>	-2	-	-145	-146
<b>Balance at 30 June 2023</b>	<b>-254</b>	<b>25</b>	<b>3,045</b>	<b>2,816</b>

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

Table 1.16

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

	2021-22	2022-23				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	-	5	5	5	-	-5
Receipts from sales of goods and services	1,565	1,523	1,522	1,519	1,533	14
Interest receipts	1,286	1,281	1,691	1,713	1,710	-3
Dividends and tax equivalents	-	-	-	-	-	-
Other	187	188	189	186	191	5
<b>Total cash received</b>	<b>3,039</b>	<b>2,997</b>	<b>3,406</b>	<b>3,423</b>	<b>3,433</b>	<b>11</b>
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-69	-77	-79	-80	-78	2
Payments for goods and services	-988	-1,137	-1,137	-1,092	-1,015	77
Interest paid	-1,190	-1,061	-1,529	-1,548	-1,511	37
Grants and subsidies paid	-	-	-	-	-	-
Tax equivalents	-205	-101	-161	-162	-138	24
Other payments	-181	-197	-197	-194	-196	-3
<b>Total cash paid</b>	<b>-2,632</b>	<b>-2,574</b>	<b>-3,103</b>	<b>-3,076</b>	<b>-2,939</b>	<b>137</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>407</b>	<b>424</b>	<b>303</b>	<b>347</b>	<b>494</b>	<b>148</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-9	-7	-8	-8	-9	-1
Sales of non-financial assets	-	-	-	-	-	-
<b>Total cash flows from investments in non-financial assets</b>	<b>-9</b>	<b>-7</b>	<b>-7</b>	<b>-8</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	10,746	8,275	9,699	9,714	9,098	-616
<i>Cash paid</i>						
For policy purposes	-	-1	-1	-2	-	2
For liquidity purposes	-8,562	-8,764	-9,066	-8,982	-8,558	424
<b>Total cash flows from investments in financial assets</b>	<b>2,184</b>	<b>-489</b>	<b>632</b>	<b>730</b>	<b>541</b>	<b>-190</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>2,175</b>	<b>-496</b>	<b>625</b>	<b>723</b>	<b>531</b>	<b>-191</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<i>Cash received</i>						
Advances received	-	-	-	-	-	-
Borrowings	27,214	25,658	23,511	22,816	27,462	4,645
Deposits received	-	-	-	-	-	-
Other financing receipts	-	-	-	-	-	-
<b>Total cash received</b>	<b>27,215</b>	<b>25,658</b>	<b>23,511</b>	<b>22,816</b>	<b>27,462</b>	<b>4,645</b>
<i>Cash paid</i>						
Advances paid	-	-	-	-	-	-
Borrowings repaid	-29,744	-25,371	-24,374	-23,681	-27,752	-4,072
Deposits paid	-	-	-	-	-	-
Other financing payments	-5	-4	-4	-4	-4	-
Dividends paid	-745	-209	-189	-222	-205	17
<b>Total cash paid</b>	<b>-30,493</b>	<b>-25,584</b>	<b>-24,567</b>	<b>-23,907</b>	<b>-27,962</b>	<b>-4,055</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-3,279</b>	<b>74</b>	<b>-1,056</b>	<b>-1,091</b>	<b>-500</b>	<b>591</b>
<b>Net increase in cash and cash equivalents</b>	<b>-697</b>	<b>1</b>	<b>-128</b>	<b>-22</b>	<b>526</b>	<b>547</b>
Cash and cash equivalents at the beginning of the year	2,287	2,139	1,591	1,591	1,591	-
Cash and cash equivalents at the end of the year	1,591	2,140	1,463	1,569	2,116	547
<b>KEY FISCAL AGGREGATES</b>						
Net cash flows from operating activities	407	424	303	347	494	148
Net cash flows from investing in non-financial assets	-9	-7	-7	-8	-9	-1
Dividends paid	-745	-209	-189	-222	-205	17
<b>Cash surplus/-deficit</b>	<b>-346</b>	<b>207</b>	<b>107</b>	<b>117</b>	<b>280</b>	<b>163</b>

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

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

	Notes	2021-22		2022-23		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		11,065	10,547	11,422	11,596	11,843	247
Current grants and subsidies		11,946	11,850	12,704	12,858	12,817	-41
Capital grants		1,515	2,285	2,196	1,961	2,081	120
Sales of goods and services		36,437	39,934	40,139	38,464	38,400	-65
Interest income		445	391	550	658	868	210
Royalty income		11,091	7,093	9,109	11,158	11,045	-113
Other		1,276	1,132	1,195	1,222	1,288	66
<b>Total</b>	<b>6</b>	<b>73,776</b>	<b>73,230</b>	<b>77,316</b>	<b>77,918</b>	<b>78,341</b>	<b>423</b>
<b>EXPENSES</b>							
Salaries		15,540	16,183	16,823	17,109	17,169	60
Superannuation							
Concurrent costs		1,598	1,726	1,836	1,868	1,920	53
Superannuation interest cost		75	181	206	169	160	-9
Other employee costs		612	541	555	571	637	66
Depreciation and amortisation	7	4,775	4,622	4,922	4,940	5,120	179
Services and contracts		3,925	4,454	4,848	4,901	4,144	-757
Other gross operating expenses	8	34,049	37,598	38,224	36,451	37,135	683
Interest	9						
Interest on leases		203	204	210	212	217	5
Other interest		986	1,022	1,462	1,486	1,490	4
Other property expenses		-	-	-	-	-	-
Current transfers	10	4,737	4,984	5,723	5,452	5,337	-115
Capital transfers	10	856	510	506	355	274	-81
<b>Total</b>		<b>67,357</b>	<b>72,024</b>	<b>75,315</b>	<b>73,515</b>	<b>73,604</b>	<b>89</b>
<b>NET OPERATING BALANCE (b)</b>		<b>6,419</b>	<b>1,206</b>	<b>2,001</b>	<b>4,403</b>	<b>4,738</b>	<b>335</b>
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		-1,013	33	-18	-33	12	45
Provision for doubtful debts		-15	-50	-57	-57	-57	-
Changes in accounting policy/adjustment of prior periods		167	-	-	-	137	137
<b>Total other economic flows</b>		<b>-861</b>	<b>-17</b>	<b>-75</b>	<b>-90</b>	<b>92</b>	<b>182</b>
<b>OPERATING RESULT</b>		<b>5,558</b>	<b>1,190</b>	<b>1,926</b>	<b>4,313</b>	<b>4,830</b>	<b>517</b>
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		13,099	2,654	3,012	2,906	15,118	12,212
Net actuarial gains/-loss - superannuation		747	-108	-188	-408	80	488
Gains recognised directly in equity		-2	-46	-46	-46	-35	11
All other		-	-	-	-	-	-
<b>Total all other movements in equity</b>		<b>13,844</b>	<b>2,500</b>	<b>2,779</b>	<b>2,452</b>	<b>15,164</b>	<b>12,712</b>
<b>TOTAL CHANGE IN NET WORTH (c)</b>		<b>19,402</b>	<b>3,690</b>	<b>4,704</b>	<b>6,765</b>	<b>19,993</b>	<b>13,229</b>
<b>KEY FISCAL AGGREGATES</b>							
<b>NET OPERATING BALANCE</b>		<b>6,419</b>	<b>1,206</b>	<b>2,001</b>	<b>4,403</b>	<b>4,738</b>	<b>335</b>
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		7,181	8,880	8,911	8,234	9,235	1,001
Changes in inventories		1,302	-256	-269	-654	311	965
Other movement in non-financial assets		187	157	157	153	196	44
<i>less:</i>							
Sales of non-financial assets		529	538	502	430	483	53
Depreciation		4,775	4,622	4,922	4,940	5,120	179
<b>Total net acquisition of non-financial assets</b>		<b>3,367</b>	<b>3,621</b>	<b>3,376</b>	<b>2,362</b>	<b>4,139</b>	<b>1,777</b>
<b>NET LENDING/-BORROWING</b>		<b>3,052</b>	<b>-2,415</b>	<b>-1,375</b>	<b>2,041</b>	<b>599</b>	<b>-1,442</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 <sup>(a)</sup>**  
**Balance Sheet at 30 June**

	Notes	2022	2023			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		8,384	5,300	4,461	6,434	6,404	-30
Advances paid		4,423	5,529	3,677	3,499	3,156	-343
Investments, loans and placements		13,752	19,310	15,431	15,030	16,498	1,468
Receivables	11	7,264	5,111	5,836	7,054	7,151	97
Equity - Investments in other entities		2,302	2,871	2,449	2,417	2,553	136
Other financial assets		16	9	16	16	17	-
<b>Total financial assets</b>		<b>36,139</b>	<b>38,130</b>	<b>31,870</b>	<b>34,450</b>	<b>35,779</b>	<b>1,329</b>
<i>Non-financial assets</i>							
Land	12	48,613	47,419	50,227	50,227	52,879	2,652
Property, plant and equipment	13,14	116,593	117,083	121,785	121,237	131,521	10,284
Right of use assets	16,17	2,915	2,789	2,690	2,694	2,773	78
Service concession assets	18	3,125	2,725	3,080	3,080	3,398	319
Biological assets	19	212	269	218	218	229	11
Inventories	20						
Land inventories		1,590	1,610	1,685	1,742	1,471	-271
Other inventories		7,406	6,345	7,137	6,752	7,717	965
Intangibles	21	1,007	1,099	1,033	1,033	1,032	-1
Assets classified as held for sale	22	66	77	41	33	40	7
Investment property	23	14	22	14	14	16	3
Other		599	507	576	563	952	389
<b>Total non-financial assets</b>		<b>182,140</b>	<b>179,945</b>	<b>188,485</b>	<b>187,593</b>	<b>202,029</b>	<b>14,436</b>
<b>TOTAL ASSETS</b>		<b>218,280</b>	<b>218,075</b>	<b>220,355</b>	<b>222,043</b>	<b>237,808</b>	<b>15,765</b>
<b>LIABILITIES</b>							
Deposits held		19	312	19	19	23	3
Advances received		291	328	273	273	273	-
Borrowings	24						
Lease liabilities		3,574	3,408	3,341	3,353	3,427	75
Service concession liabilities		325	332	335	335	309	-26
Other borrowings		51,555	56,864	49,160	48,862	49,384	522
Superannuation	25	4,603	4,636	4,669	4,910	4,486	-424
Other employee benefits	26	4,585	4,473	4,582	4,623	4,873	250
Payables		11,119	9,858	10,786	10,380	11,810	1,430
Other liabilities	27	10,225	9,819	10,501	10,539	11,245	706
<b>TOTAL LIABILITIES</b>		<b>86,296</b>	<b>90,030</b>	<b>83,667</b>	<b>83,294</b>	<b>85,831</b>	<b>2,537</b>
<b>NET ASSETS</b>		<b>131,984</b>	<b>128,045</b>	<b>136,688</b>	<b>138,749</b>	<b>151,977</b>	<b>13,229</b>
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		40,329	45,268	44,738	46,722	45,177	-1,546
Other reserves		91,654	82,777	91,950	92,026	106,801	14,775
<b>NET WORTH</b>		<b>131,984</b>	<b>128,045</b>	<b>136,688</b>	<b>138,749</b>	<b>151,977</b>	<b>13,229</b>
<b>MEMORANDUM ITEMS</b>							
<i>Net financial worth</i>		-50,157	-51,900	-51,797	-48,844	-50,052	-1,208
<i>Net financial liabilities</i>		50,157	51,900	51,797	48,844	50,052	1,208
<i>Net debt</i>							
Gross debt liabilities		55,765	61,244	53,129	52,842	53,417	574
less: liquid financial assets		26,558	30,139	23,569	24,963	26,058	1,095
<b>Net debt</b>		<b>29,206</b>	<b>31,105</b>	<b>29,560</b>	<b>27,879</b>	<b>27,358</b>	<b>-521</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 2021</i>	78,464	34,118	112,582
Operating result	-	5,558	5,558
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>
<i>Balance at 1 July 2022</i>	91,654	40,329	131,984
Operating result	-	4,830	4,830
All other movements in equity	15,146	17	15,164
<i>Total change in net worth</i>	15,146	4,847	19,993
<b>Balance at 30 June 2023</b>	<b>106,801</b>	<b>45,177</b>	<b>151,977</b>

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

Table 1.20

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

	Notes	2021-22		2022-23		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>							
Taxes received		10,760	10,565	11,436	11,612	12,035	423
Grants and subsidies received		15,637	16,087	16,927	16,839	17,235	396
Receipts from sales of goods and services		28,674	28,742	29,194	29,382	30,454	1,072
Interest receipts		440	395	592	687	786	99
Dividends and tax equivalents		-	-	-	-	-	-
Other		15,696	11,771	13,516	14,432	15,288	856
<b>Total cash received</b>		<b>71,208</b>	<b>67,560</b>	<b>71,664</b>	<b>72,953</b>	<b>75,798</b>	<b>2,845</b>
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-17,251	-18,161	-18,920	-19,264	-18,922	341
Payments for goods and services		-29,104	-29,363	-30,363	-30,507	-30,998	-491
Interest paid		-1,413	-1,176	-1,600	-1,627	-1,658	-31
Grants and subsidies paid		-6,636	-6,507	-7,309	-6,827	-7,013	-186
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-5,497	-5,039	-5,368	-5,548	-6,336	-788
<b>Total cash paid</b>		<b>-59,901</b>	<b>-60,245</b>	<b>-63,561</b>	<b>-63,772</b>	<b>-64,926</b>	<b>-1,154</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	28	<b>11,307</b>	<b>7,316</b>	<b>8,104</b>	<b>9,180</b>	<b>10,872</b>	<b>1,692</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-7,181	-8,880	-8,911	-8,234	-9,235	-1,001
Sales of non-financial assets		529	538	502	430	483	53
<b>Total cash flows from investments in non-financial assets</b>		<b>-6,653</b>	<b>-8,342</b>	<b>-8,410</b>	<b>-7,804</b>	<b>-8,752</b>	<b>-948</b>
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		18	10	10	10	114	104
For liquidity purposes		10,863	8,378	9,805	9,814	9,157	-657
<i>Cash paid</i>							
For policy purposes		-21	-60	-10	-10	-110	-100
For liquidity purposes		-8,709	-8,832	-9,144	-9,081	-8,851	230
<b>Total cash flows from investments in financial assets</b>		<b>2,151</b>	<b>-504</b>	<b>661</b>	<b>733</b>	<b>310</b>	<b>-423</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-4,502</b>	<b>-8,846</b>	<b>-7,749</b>	<b>-7,071</b>	<b>-8,442</b>	<b>-1,371</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<i>Cash received</i>							
Advances received		-	54	-	-	-	-
Borrowings		22,466	19,576	17,735	17,326	22,051	4,725
Deposits received		-	-	-	-	-	-
Other financing receipts		191	55	3	3	290	287
<b>Total cash received</b>		<b>22,658</b>	<b>19,685</b>	<b>17,738</b>	<b>17,329</b>	<b>22,341</b>	<b>5,012</b>
<i>Cash paid</i>							
Advances paid		-18	-18	-18	-18	-18	-
Borrowings repaid		-26,077	-20,360	-20,529	-20,403	-24,313	-3,909
Deposits paid		-	-	-	-	-	-
Other financing payments		-618	-439	-441	-430	-785	-355
<b>Total cash paid</b>		<b>-26,713</b>	<b>-20,817</b>	<b>-20,988</b>	<b>-20,851</b>	<b>-25,115</b>	<b>-4,265</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-4,055</b>	<b>-1,132</b>	<b>-3,250</b>	<b>-3,522</b>	<b>-2,774</b>	<b>748</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,750</b>	<b>-2,662</b>	<b>-2,895</b>	<b>-1,412</b>	<b>-344</b>	<b>1,068</b>
Cash and cash equivalents at the beginning of the period		12,600	15,051	15,351	15,351	15,351	-
Cash and cash equivalents at the end of the period	29	15,351	12,389	12,456	13,939	15,007	1,068
<b>KEY FISCAL AGGREGATES</b>							
Net cash flows from operating activities		11,307	7,316	8,104	9,180	10,872	1,692
Net cash flows from investing in non-financial assets		-6,653	-8,342	-8,410	-7,804	-8,752	-948
<b>Cash surplus/-deficit</b>		<b>4,655</b>	<b>-1,027</b>	<b>-306</b>	<b>1,377</b>	<b>2,120</b>	<b>744</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 Strategy Statement is supported by the Government's medium-term financial targets.

The financial targets for 2022-23 were detailed in the 2022-23 Budget and remain unchanged from the previous year. In line with section 14A (3)(bb) of the GFRA, performance against the 2022-23 Budget financial targets for the year ending 30 June 2023 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, and other own-source 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 2023 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 38: *Composition of sectors* contains a full list of agencies forming each of the sectors listed below.

### **General government sector**

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

### **Public non-financial corporation sector**

The public non-financial corporation sector comprises those non-financial public sector agencies engaged mainly in the production of goods and services for sale in the market, 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 38: *Composition of sectors*. A detailed list of other entities nominally referred to as public sector agencies that are not included in the consolidated financial statements, is also shown in Note 38. Exclusion of these agencies is based on the criteria of control noted above, 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 exchange 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 and income recognition are determined by the State based on the substance of the relevant arrangement in accordance with the requirements of AASB 15: *Revenue from Contracts with Customers* and AASB 1058: *Income of Not-for-Profit Entities*.

Revenue is recognised when the underlying event that results in a right to receive income has occurred and assessments have been issued, or when the amount can be reliably measured.

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

Revenue from the Commonwealth, including GST grants, Specific Purpose and National Partnership grants is 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. Tax and rate equivalent revenue is recognised when assessment notices are issued.

### **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.

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

### **Revaluations**

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

Road 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 2023 is based on the current replacement cost determined at 30 June 2023 calculated using construction unit rates provided by professional estimators and multiplying these by the units of relevant categories that form the infrastructure asset. The 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 other 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	7 - 19 years
Pavements and drainage	12 - 50 years
Road furniture	5 - 50 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	40 - 120 years
<i>Infrastructure – Electricity generation and transmission</i>	2 - 50 years
<i>Infrastructure – Other</i>	
Public transport	5 - 100 years
Harbour and ports	5 - 100 years
<i>Plant, equipment and other(b)</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*.

(b) Heritage collections, Works of art, and Museum collections are anticipated to have an infinite life, their service potential has not, on any material sense, been consumed during the reporting period. State Library Collections are depreciated by expensing the value of the tenth oldest year's acquisitions.

## 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 30 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) Lease Assets**

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 excludes short-term leases (lease terms of 12 months or less at commencement date) and low-value assets (valued less than \$5,000) which are expensed directly in the Operating Statement.

## **(t) Service Concession Assets**

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 the applicable 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 defined benefit schemes.

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*.

## **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.

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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 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 original condition at the end of the 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**

After assessment of Australian Accounting Standards and Interpretations with future commencement dates, it has been determined that these Standards and Interpretations are either not applicable or are not expected to have a 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.

## **(cc) Changes in Accounting Estimates**

The Commissioner of Main Roads undertook a review of road network infrastructure assets, specifically relating to the categorisation of road drainage and road pavements, as separate asset components. Road drainage assets were deemed to have useful lives that were distinctly different from pavements. Over the years, developments in data capturing, systems and delivery arrangements for roadworks, have made it possible to independently value and account for different kinds of road drainage on an ongoing basis. The isolation of road drainage assets will enhance the quality of the valuation of road network infrastructure assets through the inclusion of better estimates for depreciated replacement cost of road drainage.

This change in accounting policy has been applied for the financial reporting period ending 30 June 2023. The effects of the policy change on previous years are not determinable, as insufficient data has been collected to allow for the calculation of prior year opening balances. The policy change includes prescriptive definitions to isolate road drainage expenditure and this information was not sought or is not available for prior years.

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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 2023 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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	2023	2022
	\$m	\$m
<b>EXPENSES</b>		
General public services	1,464	1,387
Public order and safety	4,494	4,102
Economic affairs	2,617	1,572
Environmental protection	501	439
Housing and community amenities	1,547	2,052
Health	12,519	11,726
Recreation, culture and religion	1,089	992
Education	7,682	7,137
Social protection	3,309	3,350
Transport	3,258	2,882
<b>TOTAL EXPENSES</b>	<b>38,481</b>	<b>35,638</b>
<b>ASSETS AT 30 JUNE</b>		
General public services	15,175	13,372
Public order and safety	5,019	4,611
Economic affairs	491	3,462
Environmental protection	4,697	3,987
Housing and community amenities	4,835	4,508
Health	9,561	9,108
Recreation, culture and religion	4,327	3,952
Education	17,739	15,318
Social protection	250	239
Transport	62,682	56,020
<i>plus</i> Investments in other public sector entities	70,175	62,287
<b>TOTAL ASSETS</b>	<b>194,950</b>	<b>176,863</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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	2023	2022
	\$m	\$m
<b>EXPENSES</b>		
General public services	1,461	1,053
Public order and safety	4,439	4,047
Economic affairs	32,098	28,281
Environmental protection	497	435
Housing and community amenities	2,800	3,135
Health	12,446	11,646
Recreation, culture and religion	4,292	4,084
Education	7,516	6,970
Social protection	3,735	3,710
Transport	4,320	3,997
<b>TOTAL EXPENSES</b>	<b>73,604</b>	<b>67,357</b>
 <b>ASSETS AT 30 JUNE</b>		
General public services	20,100	17,335
Public order and safety	5,017	4,610
Economic affairs	37,567	37,897
Environmental protection	4,697	3,986
Housing and community amenities	34,709	33,503
Health	9,561	9,091
Recreation, culture and religion	5,169	4,707
Education	17,739	15,315
Social protection	18,999	18,319
Transport	84,250	73,516
<b>TOTAL ASSETS</b>	<b>237,808</b>	<b>218,280</b>

Note: Columns may not add due to rounding.

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## NOTE 6: OPERATING REVENUE

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

## NOTE 7: DEPRECIATION AND AMORTISATION EXPENSE

General Government		
	2023	2022
	\$m	\$m
<i>Depreciation</i>		
Property, Plant and Equipment		
Buildings	525	496
Infrastructure	624	525
Plant, equipment and other	344	361
Right-of-use assets	354	332
Service concession assets		
Buildings	17	15
Infrastructure	1	1
Plant, equipment and other	3	3
<i>Total</i>	<b>1,869</b>	<b>1,734</b>
<i>Amortisation</i>		
Intangible assets	99	100
Service concession intangible assets	9	11
<i>Total</i>	<b>108</b>	<b>112</b>
<b>Total depreciation and amortisation expenses</b>	<b>1,977</b>	<b>1,846</b>
Total Public Sector		
	2023	2022
	\$m	\$m
<i>Depreciation</i>		
Property, Plant and Equipment		
Buildings	720	674
Infrastructure	2,854	2,567
Plant, equipment and other	829	829
Right-of-use assets	450	432
Service concession assets		
Buildings	39	35
Infrastructure	4	5
Plant, equipment and other	7	8
<i>Total</i>	<b>4,903</b>	<b>4,549</b>
<i>Amortisation</i>		
Intangible assets	207	214
Service concession intangible assets	9	11
<i>Total</i>	<b>216</b>	<b>226</b>
<b>Total depreciation and amortisation expenses</b>	<b>5,120</b>	<b>4,775</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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	2023	2022
	\$m	\$m
Services purchased from non-government agencies	1,628	1,366
Health sector specific expenses	1,993	1,909
Education sector specific expenses	800	748
Consumable expenses	625	621
Other	1,573	1,693
<b>Total</b>	<b>6,620</b>	<b>6,337</b>

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### Total Public Sector

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	2023	2022
	\$m	\$m
Gold Corporation cost of goods sold	22,977	21,589
Betting dividends payouts	1,917	1,892
Health sector specific expenses	1,993	1,909
Services purchased from non-government agencies	1,642	1,376
Electricity, gas and other direct costs	2,571	1,537
Insurance claims expenses	847	764
Education sector specific expenses	800	748
Consumable expenses	458	458
Other	3,930	3,775
<b>Total</b>	<b>37,135</b>	<b>34,049</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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	2023	2022
	\$m	\$m
Interest on Leases	146	133
Other Interest	809	646
<b>Total</b>	<b>955</b>	<b>780</b>

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### Total Public Sector

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	2023	2022
	\$m	\$m
Interest on Leases	217	203
Other Interest	1,490	986
<b>Total</b>	<b>1,708</b>	<b>1,189</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**


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**General Government**


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	2023	2022
	\$m	\$m
<i>CURRENT TRANSFERS</i>		
Local government	383	382
Private and not-for-profit sector	2,308	1,975
Other sectors of government	4,667	4,304
<b>Total Current Transfers</b>	<b>7,358</b>	<b>6,662</b>
<i>CAPITAL TRANSFERS</i>		
Local government	99	93
Private and not-for-profit sector	151	745
Other sectors of government	209	150
<b>Total Capital Transfers</b>	<b>458</b>	<b>988</b>

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**Total Public Sector**


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	2023	2022
	\$m	\$m
Local government	383	383
Private and not-for-profit sector	3,753	3,380
Other sectors of government	1,200	974
<b>Total Current Transfers</b>	<b>5,337</b>	<b>4,737</b>
<i>CAPITAL TRANSFERS</i>		
Local government	99	93
Private and not-for-profit sector	175	763
<b>Total Capital Transfers</b>	<b>274</b>	<b>856</b>

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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	2023	2022
	\$m	\$m
Receivables	5,273	5,748
Provision for impairment of receivables	-193	-180
<b>Total receivables</b>	<b>5,080</b>	<b>5,568</b>
<i>Reconciliation of changes in the allowance for impairment of receivables:</i>		
<i>Balance at start of year</i>	180	197
Expected credit losses expense	41	9
Amounts written off during the year	-28	-24
Amounts recovered during the year	-	-1
<b>Balance at the end of year</b>	<b>193</b>	<b>180</b>

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**Total Public Sector**


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	2023	2022
	\$m	\$m
Receivables	7,511	7,593
Provision for impairment of receivables	-360	-329
<b>Total receivables</b>	<b>7,151</b>	<b>7,264</b>
<i>Reconciliation of changes in the allowance for impairment of receivables:</i>		
<i>Balance at start of year</i>	329	347
Expected credit losses expense	57	15
Amounts written off during the year	-16	-20
Amounts recovered during the year	-11	-13
<b>Balance at the end of year</b>	<b>360</b>	<b>329</b>

Note: Columns may not add due to rounding.

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**NOTE 12: LAND**

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General Government

	2023	2022
	\$m	\$m
Land, at fair value <sup>(a)</sup>	14,804	12,880
Land under roads, at fair value <sup>(b)</sup>	29,100	26,834
<b>Total</b>	<b>43,904</b>	<b>39,714</b>

Total Public Sector

	2023	2022
	\$m	\$m
Land, at fair value <sup>(a)</sup>	23,779	21,778
Land under roads, at fair value <sup>(b)</sup>	29,100	26,834
<b>Total</b>	<b>52,879</b>	<b>48,613</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 for 30 June 2023 is based on information on the stock of land as at 30 June 2022. Land vested in local authorities of \$2,442 million (2022: \$2,014 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 for 30 June 2023 is based on information on the stock of land at 30 June 2022.

Note: Columns may not add due to rounding.

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## NOTE 13: PROPERTY, PLANT AND EQUIPMENT

### General Government

	2023	2022
	\$m	\$m
Buildings, at fair value <sup>(a)</sup>	21,771	19,114
Accumulated Depreciation	-626	-533
<i>Total</i>	<i>21,145</i>	<i>18,582</i>
Road networks, at fair value <sup>(b)</sup>	44,617	39,518
Accumulated Depreciation	-16,512	-14,539
<i>Total</i>	<i>28,105</i>	<i>24,979</i>
Other infrastructure, at fair value	4,043	3,492
Accumulated Depreciation	-431	-382
<i>Total</i>	<i>3,612</i>	<i>3,111</i>
Plant, equipment and other, at fair value	5,283	4,961
Accumulated Depreciation	-2,493	-2,223
<i>Total</i>	<i>2,790</i>	<i>2,738</i>
Fixed assets under construction	5,220	3,823
<b>Total Property, Plant and Equipment</b>	<b>60,872</b>	<b>53,231</b>

### Total Public Sector

	2023	2022
	\$m	\$m
Buildings, at fair value <sup>(a)</sup>	30,676	26,597
Accumulated Depreciation	-1,777	-1,580
<i>Total</i>	<i>28,899</i>	<i>25,017</i>
Electricity generation and transmission, at fair value <sup>(c)</sup>	27,256	24,821
Accumulated Depreciation	-10,709	-9,447
<i>Total</i>	<i>16,547</i>	<i>15,375</i>
Road networks, at fair value <sup>(b)</sup>	44,617	39,518
Accumulated Depreciation	-16,512	-14,539
<i>Total</i>	<i>28,105</i>	<i>24,979</i>
Water storage and distribution, at fair value <sup>(d)</sup>	37,826	36,246
Accumulated Depreciation	-16,414	-15,395
<i>Total</i>	<i>21,413</i>	<i>20,851</i>
Other infrastructure, at fair value	34,386	27,657
Accumulated Depreciation	-20,784	-17,053
<i>Total</i>	<i>13,602</i>	<i>10,604</i>
Plant, equipment and other, at fair value	20,849	19,249
Accumulated Depreciation	-10,605	-9,741
<i>Total</i>	<i>10,243</i>	<i>9,508</i>
Fixed assets under construction	12,713	10,260
<b>Total Property, Plant and Equipment</b>	<b>131,521</b>	<b>116,593</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 2023.

(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 PROPERTY, PLANT AND EQUIPMENT (a)

### General Government

	Land	Land under Roads	Buildings	Road netw orks	Other Infra- structure	Plant, equip & other	Fixed Assets under Construction	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>30 June 2023</b>								
<i>Carrying amount at beginning of year</i>	12,880	26,834	18,582	24,979	3,111	2,738	3,823	92,945
Assets classified as held for sale	-8	-	-	-	-	-4	-	-12
Additions	121	-	124	-	16	275	3,353	3,889
Disposals	-76	-6	-6	-54	-1	-33	-48	-225
Transfers in/-out	48	55	707	990	58	147	-1,947	59
Revaluation increments/-decrements	1,851	2,216	2,261	2,715	529	20	-	9,592
Depreciation	-	-	-525	-526	-98	-344	-	-1,494
Impairment losses	-	-	-	-	-	-	-	-
Other	-13	-	3	2	-2	-7	40	22
<b>Carrying amount at end of year</b>	<b>14,804</b>	<b>29,100</b>	<b>21,145</b>	<b>28,105</b>	<b>3,612</b>	<b>2,790</b>	<b>5,220</b>	<b>104,776</b>
<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>

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

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

## NOTE 14: RECONCILIATION OF LAND AND PROPERTY, PLANT AND EQUIPMENT <sup>(a)</sup>(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 2023</b>										
<i>Carrying amount at beginning of year</i>	21,778	26,834	25,017	15,375	24,979	20,851	10,604	9,508	10,260	165,206
Assets classified as held for sale	-10	-	-	-	-	-	-	-4	-	-13
Additions	255	-	263	37	-	111	45	379	7,802	8,892
Disposals	-98	-6	-31	-8	-54	-4	-2	-54	-51	-308
Transfers in/-out	-141	55	1,344	713	990	291	1,746	474	-5,442	32
Revaluation increments/-decrements	1,878	2,216	2,893	1,767	2,715	675	1,765	728	-	14,638
Depreciation	-	-	-720	-1,260	-526	-513	-556	-829	-	-4,403
Impairment losses	-	-	-	-	-	-	-	-	-1	-1
Other	117	-	133	-77	2	-	-2	41	144	358
<b>Carrying amount at end of year</b>	<b>23,779</b>	<b>29,100</b>	<b>28,899</b>	<b>16,547</b>	<b>28,105</b>	<b>21,413</b>	<b>13,602</b>	<b>10,243</b>	<b>12,713</b>	<b>184,400</b>
<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>

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

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

## NOTE 15: FAIR VALUE MEASUREMENTS

### General Government

**Assets measured at fair value**

	Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>	Fair value at end of period
	\$m	\$m	\$m	\$m
<b>30 June 2023</b>				
Assets classified as held for sale (Note 22)	3	15	14	32
Land (Note 12,14)	-	3,151	11,653	14,804
Land under roads (Note 12,14)	-	-	29,100	29,100
Buildings (Note 13,14)	-	541	20,604	21,145
Road networks (Note 13,14)	-	-	28,105	28,105
Other infrastructure (Note 13,14)	-	-	3,612	3,612
Plant, equipment and other (Note 13,14)	-	1	2,789	2,790
Service concession assets - Land (Note 18)	-	-	62	62
Service concession assets - Buildings (Note 18)	-	-	874	874
Service concession assets - Other infrastructure (Note 18)	-	-	39	39
Service concession assets - Plant, equipment and other (Note 18)	-	-	13	13
Biological assets (Note 19)	3	-	6	9
Investment property (Note 23)	-	-	-	-
<b>Total</b>	<b>6</b>	<b>3,708</b>	<b>96,870</b>	<b>100,584</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 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>

(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 2023 and 30 June 2022.

**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.

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)

	Fair value at start of period	Additions	Revaluation increments/-decrements <sup>(a)</sup>	Revaluation increments/-decrements <sup>(b)</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 2023</b>										
Assets classified as held for sale	37	-	-	-	-23	-	-	-	-	14
Land	10,055	19	-	1,587	7	12	-36	-	9	11,653
Land under Roads	26,834	49	-	2,216	-	-	-	-	-	29,100
Buildings	18,077	104	-	2,232	19	686	-4	-515	4	20,604
Road networks	24,979	982	-	2,715	-	-	-46	-526	2	28,105
Other Infrastructure	3,111	34	-	534	-	38	-1	-102	-2	3,612
Plant, equip & other	2,737	275	-	22	-4	147	-34	-344	-9	2,789
Service Concession assets - Land	60	-	-	1	-	-	-	-	-	62
Service Concession assets - Buildings	753	65	-	76	-	-3	-	-17	-	874
Service concession assets - Other infrastructure	38	-	-	1	-	-	-	-1	-	39
Service concession assets - Plant, equip & other	16	-	-	-	-	-	-	-3	-	13
Biological assets	10	-	-4	-	-	-	-1	-	-	6

(a) Recognised in Operating Statement.

(b) 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)

	Fair value at start of period	Additions	Revaluation increments/- decrements <sup>(a)</sup>	Revaluation increments/- decrements <sup>(b)</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 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) Recognised in Operating Statement.

(b) 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 2023. 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 2023.

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 parcel 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 and the Library Board of Western Australia's library collections is determined every five years, using a sampling methodology. As the Works of Art 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 the Western Australian Museum collections is valued every five years, with fair value determined using a combination of market values and recollection costs as applicable.

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.

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

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### **Difference between hypothetical alternate land use value and current-use land value**

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

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

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

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

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

### **Effective age**

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

### **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 building sub-classes.

### **Average installation costs – transportable**

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

### **Residual value of 25% of current replacement cost**

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

### **Application of a building utilisation category cost rate per square metre**

The application of building utilisation category cost rate per square metre for hospitals and medical centres, calculated from the historical construction costs of similar facilities adjusted by a building cost index, to derive fair value.

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

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### **Application of regional building cost indices**

The fair value for some hospitals and medical centres includes the application of regional building construction cost indices where applicable.

### **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 Works of Art 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 Art Gallery of Western Australia.

### **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**

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	Market Approach	Consumed economic benefit/obsolescence of asset
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 building utilisation category cost rate per square meter (m <sup>2</sup> ) Application of regional building cost indices
Road networks	Current Replacement Cost	Historical cost per cubic metre (m <sup>3</sup> ) Consumed economic benefit/obsolescence of asset
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 Consumed economic benefit/obsolescence of asset
Biological assets	Standing Timber (Native Forests) - Discounted Cash Flow	Estimated average volume per annum
	Standing Timber (Sandalwood) - Discounted Cash Flow	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 2023</b>				
Assets classified as held for sale (Note 22)	3	24	14	40
Land (Note 12,14)	-	9,918	13,861	23,779
Land under roads (Note 12,14)	-	-	29,100	29,100
Buildings (Note 13,14)	-	7,042	21,857	28,899
Electricity generation and transmission (Note 13,14)	-	-	16,547	16,547
Road networks (Note 13,14)	-	-	28,105	28,105
Water storage and distribution (Note 13,14)	-	-	21,413	21,413
Other infrastructure (Note 13,14)	-	-	13,602	13,602
Plant, equipment and other (Note 13,14)	-	1,075	9,168	10,243
Service concession assets - Land (Note 18)	-	1,109	62	1,170
Service concession assets - Buildings (Note 18)	-	1,093	874	1,967
Service concession assets - Water storage and distribution (Note 18)	-	-	139	139
Service concession assets - Other infrastructure (Note 18)	-	-	39	39
Service concession assets - Plant, equipment and other (Note 18)	-	-	66	66
Biological assets (Note 19)	3	-	226	229
Investment property (Note 23)	-	16	-	16
<b>Total</b>	<b>6</b>	<b>20,277</b>	<b>155,071</b>	<b>175,354</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 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>

(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 2023 and 30 June 2022.

**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)

	Fair value at start of period	Additions	Revaluation increments/-decrements <sup>(a)</sup>	Revaluation increments/-decrements <sup>(b)</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 2023</b>										
Assets classified as held for sale	39	-	-	-	-23	-	-	-	-2	14
Land	12,794	56	-	1,037	-18	19	-39	-	13	13,861
Land under Roads	26,834	49	-	2,216	-	-	-	-	-	29,100
Buildings	19,129	145	-	2,288	19	887	-8	-601	-1	21,857
Electricity generation and transmission	15,375	37	-	1,767	-	713	-8	-1,260	-77	16,547
Road networks	24,979	982	-	2,715	-	-	-46	-526	2	28,105
Water storage and distribution	20,851	111	-	675	-	291	-4	-513	-	21,413
Other Infrastructure	10,603	66	-	1,775	1	1,715	-2	-559	2	13,602
Plant, equip & other	8,431	384	-	685	-	418	-54	-741	45	9,168
Service Concession assets - Land	60	-	-	1	-	-	-	-	-	62
Service Concession assets - Buildings	753	65	-	76	-	-3	-	-17	-	874
Service Concession Assets - Water storage and distribution	142	-	-	-	-	-	-	-3	-	139
Service concession assets - Other infrastructure	38	-	-	1	-	-	-	-1	-	39
Service concession assets - Plant, equip & other	73	-	-	-	-	-	-	-7	-	66
Biological assets	208	5	13	-	-	-	-1	-	-	226
Investment property	-	-	-	-	-	-	-	-	-	-

(a) Recognised in Operating Statement.

(b) 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)

	Fair value at start of period	Additions	Revaluation increments/-decrements <sup>(a)</sup>	Revaluation increments/-decrements <sup>(b)</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 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) Recognised in Operating Statement.

(b) 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 2023.

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).
- Professional, Scientific and Technical Services in Western Australia (67% weighting).
- Administrative and Support Services in Western Australia (33% weighting).

Fair value for biological assets is based on estimating the future harvests after considering constraints imposed by sustainable management, contracts and markets, 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.

### **Historical cost of specialised water storage and distribution**

Historical cost of water storage and distribution is extracted from the financial records of the Water Corporation, then indexed by a combination of observable price indices.

### **Application of Channel dredging quantities and costs**

The application of dredging quantities and recent dredging costs specific to channels is applied to specialised Port plant, equipment, and 'other' assets, to derive fair value.

### **Freight, Railway and Bus Infrastructure**

The unobservable inputs for Public Transport Authority infrastructure assets has been estimated by a combination of internal asset management experts, applying relevant observable price indices and unit rates determined by a professional independent valuation.

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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, estimated production costs, estimated average volume per annum and changes in forward exchange rates, discounted at the rates for 2023 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	Market Approach	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 Application of a building utilisation category cost rate per square meter (m <sup>2</sup> ) Regional building cost indices 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> ) Consumed economic benefit/obsolescence of asset
Water storage and distribution	Current Replacement Cost	Historical cost of specialised water storage and distribution 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 Application of channel dredging quantities and costs Historical cost of specialised water storage and distribution
Biological assets	Standing Timber (Plantations) - Discounted Cash Flow	The area stocked Estimated future timber market prices per cubic metre (m <sup>3</sup> ) 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 the 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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	2023	2022
	\$m	\$m
Depreciation expense of right-of-use assets	354	332
Lease interest expense	120	114
Expenses relating to variable lease payments not included in lease liabilities	88	76
Short-term leases	45	50
Low-value leases	20	15
<b>Total amount recognised in the Operating Statement</b>	<b>626</b>	<b>587</b>
Total cash outflow for leases	499	461

**Total Public Sector**


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	2023	2022
	\$m	\$m
Depreciation expense of right-of-use assets	450	432
Lease interest expense	180	173
Expenses relating to variable lease payments not included in lease liabilities	88	77
Short-term leases	53	59
Low-value leases	20	16
<b>Total amount recognised in the Operating Statement</b>	<b>791</b>	<b>756</b>
Total cash outflow for leases	672	631

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 2023</b>					
<i>Carrying amount at beginning of year</i>	7	2,351	94	1	2,452
Additions	-	224	15	-	240
Lease reassessment	-	22	-	-	22
Price changes/term extensions	-	27	6	-	33
Disposals	-	-24	-	-	-24
Depreciation	-1	-305	-48	-	-354
Other	-2	-	-3	-	-5
<b>Carrying amount at end of year</b>	<b>5</b>	<b>2,296</b>	<b>64</b>	<b>1</b>	<b>2,365</b>
Gross carrying amount	7	3,176	267	2	3,452
Accumulated depreciation and impairment loss	-2	-880	-204	-1	-1,087
<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

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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 2023</b>						
<i>Carrying amount at beginning of year</i>	24	2,461	121	34	275	2,915
Additions	1	266	18	30	-	314
Transfers in/-out	-	-3	-	-	-	-3
Lease reassessment	-	20	-	-	7	27
Price changes/term extensions	-	27	6	-	-	33
Disposals	-	-24	-1	-6	-	-31
Depreciation	-2	-337	-61	-16	-34	-450
Impairment losses	-	-2	-	-	-17	-19
Other	-2	-	-3	-1	-9	-14
<b>Carrying amount at end of year</b>	<b>21</b>	<b>2,408</b>	<b>80</b>	<b>41</b>	<b>222</b>	<b>2,773</b>
Gross carrying amount	32	3,425	340	98	842	4,738
Accumulated depreciation and impairment loss	-12	-1,017	-260	-56	-620	-1,964
<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

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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 2023</b>							
Carrying amount at beginning of year	60	753	38	16	24	-	892
Additions	-	65	-	-	3	-	69
Transfers in/-out	-	-3	-	-	-	-	-3
Revaluation increments/-decrements	1	76	1	-	-	-	78
Depreciation and amortisation	-	-17	-1	-3	-9	-	-30
Other	-	-	-	-	-	-	-
<b>Carrying amount at end of year</b>	<b>62</b>	<b>874</b>	<b>39</b>	<b>13</b>	<b>18</b>	<b>-</b>	<b>1,006</b>
Gross carrying amount	62	874	43	31	82	1	1,093
Accumulated depreciation and amortisation	-	-	-4	-18	-64	-1	-87
<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

(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 was 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 its 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 has 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

30 June 2023	Land \$m	Buildings \$m	Water storage and distribution \$m	Other Infra- structure \$m	Plant, equip & other \$m	Commer- cialised assets \$m	Software \$m	Total \$m
Carrying amount at beginning of year	1,026	1,822	142	38	73	24	-	3,125
Additions	-	65	-	-	-	3	-	69
Disposals	-1	-1	-	-	-	-	-	-3
Transfers in/-out	53	-46	-	-	-	-	-	7
Revaluation increments/-decrements	92	166	-	1	-	-	-	259
Depreciation and amortisation	-	-39	-3	-1	-7	-9	-	-59
Other	-	-	-	-	-	-	-	-
<b>Carrying amount at end of year</b>	<b>1,170</b>	<b>1,967</b>	<b>139</b>	<b>39</b>	<b>66</b>	<b>18</b>	-	<b>3,398</b>
Gross carrying amount	1,170	1,967	170	43	129	82	1	3,562
Accumulated depreciation and amortisation	-	-	-31	-4	-63	-64	-1	-163

30 June 2022	Land \$m	Buildings \$m	Water storage and distribution \$m	Other Infra- structure \$m	Plant, equip & other \$m	Commer- cialised assets \$m	Software \$m	Total \$m
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	-	-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>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

(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 with the Water Corporation 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 specification. 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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	2023	2022
	\$m	\$m
Native and plantation standing trees <sup>(b)</sup>	5	9
Livestock and other	4	5
<b>Total Biological Assets</b>	<b>9</b>	<b>14</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 2023</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>	9	5	14
Gain/-loss from changes in fair value	-4	-	-4
Other	-	-1	-1
<b>Carrying amount at end of year</b>	<b>5</b>	<b>4</b>	<b>9</b>

<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>

(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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	2023	2022
	\$m	\$m
Native and plantation standing trees <sup>(b)</sup>	225	207
Livestock and other	4	5
<b>Total Biological Assets</b>	<b>229</b>	<b>212</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 2023</b>			
<i>Carrying amount at beginning of year</i>	207	5	212
Gain/-loss from changes in fair value	13	-	13
Purchases	5	-	5
Other	-	-1	-1
<b>Carrying amount at end of year</b>	<b>225</b>	<b>4</b>	<b>229</b>
<b>30 June 2022</b>			
<i>Carrying amount at beginning of year</i>	259	5	264
Gain/-loss from changes in fair value	-49	-	-49
Purchases	6	-	6
Other	-8	-	-8
<b>Carrying amount at end of year</b>	<b>207</b>	<b>5</b>	<b>212</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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	2023	2022
	\$m	\$m
<i>Other Inventories</i>		
Other materials and stores	230	579
Other	22	21
<i>Total Other inventories</i>	<i>251</i>	<i>600</i>
<b>Total Inventories</b>	<b>251</b>	<b>600</b>

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Total Public Sector

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	2023	2022
	\$m	\$m
<i>Land Inventories</i>		
Land acquisition and development	1,471	1,590
<i>Total Land inventories</i>	<i>1,471</i>	<i>1,590</i>
<i>Other Inventories</i>		
Precious metals	7,023	6,457
Power station fuel stocks	113	80
Other materials and stores	535	829
Other	45	41
<i>Total Other inventories</i>	<i>7,717</i>	<i>7,406</i>
<b>Total Inventories</b>	<b>9,188</b>	<b>8,996</b>

Note: Columns may not add due to rounding.

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## NOTE 21: INTANGIBLE ASSETS

### General Government

	2023	2022
	\$m	\$m
Computer software	1,469	1,374
Accumulated Amortisation and impairment losses	-1,080	-995
<i>Total</i>	<i>388</i>	<i>379</i>
Software in progress	156	119
Other	198	189
Accumulated Amortisation and impairment losses	-96	-92
<i>Total</i>	<i>101</i>	<i>97</i>
<b>Total Intangible Assets</b>	<b>646</b>	<b>595</b>

### Reconciliation of Intangibles

	Computer Software	Software in progress	Other	Total
	\$m	\$m	\$m	\$m
<b>30 June 2023</b>				
Carrying amount at beginning of year	379	119	97	595
Additions	18	125	1	144
Disposals	-5	-	-3	-7
Transfers in/-out	86	-89	11	7
Amortisation	-91	-	-8	-99
Accumulated amortisation written back	3	-	3	7
Other	-2	1	-	-2
<b>Carrying amount at end of year</b>	<b>388</b>	<b>156</b>	<b>101</b>	<b>646</b>

	Computer Software	Software in progress	Other	Total
	\$m	\$m	\$m	\$m
<b>30 June 2022</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 software as a service 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>

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



## NOTE 21: INTANGIBLES ASSETS (CONT.)

### Total Public Sector

	2023	2022
	\$m	\$m
Computer software	3,010	2,858
Accumulated Amortisation	-2,392	-2,203
<b>Total</b>	<b>618</b>	<b>655</b>
Software in progress	162	126
Renewable Energy Certificates	41	55
Other	380	323
Accumulated Amortisation and impairment losses	-169	-152
<b>Total</b>	<b>211</b>	<b>171</b>
<b>Total Intangible Assets</b>	<b>1,032</b>	<b>1,007</b>

### Reconciliation of Intangibles

	Computer Software	Software in progress	Renewable Energy Certificates	Other	Total
	\$m	\$m	\$m	\$m	\$m
<b>30 June 2023</b>					
Carrying amount at beginning of year	655	126	55	171	1,007
Additions	24	131	237	50	441
Disposals	-26	-	-251	-3	-280
Transfers in/-out	159	-95	-	10	74
Impairment losses	-11	-	-	-	-11
Amortisation	-187	-	-	-20	-207
Accumulated amortisation written back	11	-	-	3	14
Other	-7	1	-	-	-7
<b>Carrying amount at end of year</b>	<b>618</b>	<b>162</b>	<b>41</b>	<b>211</b>	<b>1,032</b>

	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 software as a service 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>

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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	2023	2022
	\$m	\$m
Land	28	53
Other	4	4
<b>Total Current</b>	<b>32</b>	<b>57</b>

Assets held for sale primarily relate to: The Department of Education (\$3 million land held for sale, during the year \$23 million land was transferred to the Department of Planning, Lands and Heritage), the Department of Planning, Lands and Heritage (\$13 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.

<b>30 June 2023</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	53	4	57
Assets reclassified as held for sale	8	4	12
Assets sold	-	-4	-4
Transfers out/other	-33	-	-33
<b>Carrying amount at end of year</b>	<b>28</b>	<b>4</b>	<b>32</b>
<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	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>

(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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	2023	2022
	\$m	\$m
Land	30	53
Other	10	14
<b>Total Current</b>	<b>40</b>	<b>66</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 2023</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	53	14	66
Assets reclassified as held for sale	10	3	13
Assets sold	-	-4	-4
Transfers out/other	-33	-2	-35
<b>Carrying amount at end of year</b>	<b>30</b>	<b>10</b>	<b>40</b>
<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>

(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)**

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General Government

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	2023	2022
	\$m	\$m
<i>Carrying amount at beginning of year</i>	-	7
Additions	-	-
Revaluation increments/-decrements	-	-
Reclassified as assets held for sale	-	-7
<b>Carrying amount at end of year</b>	<b>-</b>	<b>-</b>

Total Public Sector

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	2023	2022
	\$m	\$m
<i>Carrying amount at beginning of year</i>	14	28
Additions	-	-
Revaluation increments/-decrements	4	-3
Reclassified to assets held for sale /-disposals	-1	-7
Reclassification to distribution to owner	-	-4
<b>Carrying amount at end of year</b>	<b>16</b>	<b>14</b>

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

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**NOTE 24: BORROWINGS**

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General Government

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	2023	2022
	\$m	\$m
Lease Liabilities	2,734	2,818
Loan Liabilities	338	346
Domestic and foreign borrowings <sup>(a)</sup>	23,546	25,512
<b>Total <sup>(b)</sup></b>	<b>26,618</b>	<b>28,677</b>

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

(b) 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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	2023	2022
	\$m	\$m
Lease Liabilities	3,427	3,574
Loan Liabilities	338	346
Service Concession Liabilities - financial liability <sup>(a)</sup>	309	325
Domestic and foreign borrowings <sup>(b)</sup>	49,047	51,209
<b>Total <sup>(c)</sup></b>	<b>53,121</b>	<b>55,454</b>

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

	2023	2022
	\$m	\$m
Minimum lease payments due:		
- not later than one year	16	16
- later than one year and not later than five years	62	63
- later than five years	232	247
Minimum lease payments	<b>309</b>	<b>325</b>
Future Finance charges	-	-
<b>Total service concession liabilities</b>	<b>309</b>	<b>325</b>
Amounts expected to be settled:		
- not later than one year	16	16
- later than one year	294	309

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

<b>2023</b>	Current	Non-current
United States Dollars	-	-
	-	-
<b>2022</b>	Current	Non-current
United States Dollars	254	-
	<b>254</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) 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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	2023	2022
	\$m	\$m
Defined Benefit superannuation schemes:		
Pension Scheme	1,242	1,326
Gold State Super Scheme	2,512	2,568
Judges' Pension Scheme	500	473
Parliamentary Superannuation Scheme	154	158
<b>Total Defined Benefit superannuation schemes</b>	<b>4,408</b>	<b>4,524</b>

The superannuation liability for the general government sector at 30 June 2023 was \$4,408 million (2022: \$4,524 million). The liability represents 98.3% (2022: 98.3%) of the whole-of-government total superannuation liability of \$4,486 million at 30 June 2023 (2022: \$4,603 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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	2023	2022
	\$m	\$m
Defined Benefit superannuation schemes:		
Pension Scheme	1,319	1,405
Gold State Super Scheme	2,512	2,568
Judges' Pension Scheme	500	473
Parliamentary Superannuation Scheme	154	158
<b>Total Defined Benefit superannuation schemes</b>	<b>4,486</b>	<b>4,603</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.

	2023	2022
	%	%
Discount rate (gross of tax) <sup>(a)</sup>	4.0	3.6
Salary rate <sup>(b)</sup>	3.8	3.5
Inflation (pensions)	2.8	5.2

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

(b) Assumed rate of salary inflation is 3.8% per annum for the first year 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
	2023	2023	2023	2023
	%	%	%	%
Equities	57	-	-	57
Cash and Investment funds	8	11	9	28
Others	-	15	-	15
	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

(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.

	2023	2022
	\$m	\$m
Net liability/-asset in balance sheet at end of prior year	4,603	5,606
Expense recognised in profit and loss	284	221
Employer contributions	-322	-477
Remeasurements	-80	-747
<b>Net liability/-asset in balance sheet at end of year</b>	<b>4,486</b>	<b>4,603</b>

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

	2023	2022
	\$m	\$m
Total defined benefit obligations	7,608	7,499
Scheme assets	-3,122	-2,896
<b>Net liability<sup>(g)</sup></b>	<b>4,486</b>	<b>4,603</b>

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

	2023	2022
Not later than one year	31	27
Later than one year	4,455	4,576
<b>Total</b>	<b>4,486</b>	<b>4,603</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	Gold State Super Scheme	Judges' Pension Scheme	Parliamentary Superannuation Scheme	Total
	2023	2023	2023	2023	2023
	\$m	\$m	\$m	\$m	\$m
Gross accrued benefits	1,406	5,548	500	154	7,608
Net market value of plan assets	-87	-3,035	-	-	-3,122
<b>Net liability</b>	<b>1,319</b>	<b>2,513</b>	<b>500</b>	<b>154</b>	<b>4,486</b>

	Pension Scheme	Gold State Super Scheme	Judges' Pension Scheme	Parliamentary Superannuation Scheme	Total
	2022	2022	2022	2022	2022
	\$m	\$m	\$m	\$m	\$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>

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.

	2023	2022
	\$m	\$m
Total employer current service cost	121	146
Net interest cost	160	75
Recognised actuarial -gains/losses	-80	-747
<b>Total</b>	<b>201</b>	<b>-526</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.

	2023	2022
	\$m	\$m
Fair value plan assets at beginning of year	2,896	3,180
Employer contributions	322	477
Actual participant contributions	5	7
Actual benefit payments	-382	-646
Interest income	103	43
<i>Expected plan assets at end of year</i>	<i>2,944</i>	<i>3,060</i>
Return in excess of interest income	177	-165
<b>Fair value of plan assets at end of year</b>	<b>3,122</b>	<b>2,896</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.

	2023	2022
	\$m	\$m
Defined benefit obligation at beginning of year	7,499	8,786
Employer service cost plus operating costs	121	145
Interest cost	263	119
Actual participant contributions	5	7
Actual benefit payments	-382	-647
<i>Expected defined benefit obligations at end of year</i>	<i>7,508</i>	<i>8,409</i>
Actuarial -gain/loss on liabilities	99	-909
<b>Defined benefit obligation at end of year</b>	<b>7,608</b>	<b>7,499</b>

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

	2023	2022
	\$m	\$m
Actuarial -gain/loss due to demographic assumptions	-	67
Actuarial -gain/loss due to financial assumptions	-84	-1,016
Actuarial -gain/loss arising from experience	180	37
Return in excess of interest income	-175	165
<b>Amount recognised during year in 'other changes in equity'</b>	<b>-80</b>	<b>-747</b>

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

	2023	2022	2021	2020	2019
	\$m	\$m	\$m	\$m	\$m
Total defined benefit obligations	7,608	7,499	8,786	9,619	10,014
Actual assets	-3,122	-2,896	-3,180	-2,755	-2,963
<b>Deficit/-surplus</b>	<b>4,486</b>	<b>4,603</b>	<b>5,606</b>	<b>6,864</b>	<b>7,051</b>

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

<i>Sensitivity to discount rate</i>		2023	2023
	+0.5 %		-0.5 %
	discount		discount
Discount rate (%)	4.5		3.5
Defined benefit obligation (\$m)	7,312		7,839
Changes in obligation (\$m)	-255		272
Percentage changes in obligation (%)	-3.0		3.0
<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

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

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

<i>Sensitivity to future salary increase</i>	2023	2023
	+0.5% future salary increase	-0.5% future salary increase
Future salary increases	4.3% for the first year and 3.5% thereafter	3.3% for the first year and 2.5% thereafter
Defined benefit obligation (\$m)	7,670	7,470
Changes in obligation (\$m)	103	-97
Percentage changes in obligation (%)	1.0	-1.0
<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 pension indexation rate</i>	2023	2023
	+0.5% pension indexation rate	-0.5% pension indexation rate
Pension increases (%)	3.3	2.3
Defined benefit obligation (\$m)	7,771	7,375
Changes in obligation (\$m)	204	-192
Percentage changes in obligation (%)	3.0	-3.0
<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 mortality</i>	2023	2023
	1 year increase in future life expectancy	1 year decrease in future life expectancy
Defined benefit obligation (\$m)	7,676	7,450
Changes in obligation (\$m)	109	-118
Percentage changes in obligation (%)	1.0	-2.0
<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

(h) Sensitivity figures do not include Gold State Super Scheme reserves amounting to \$40.8 million (30 June 2022 \$41.5 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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	2023	2022
	\$m	\$m
Annual leave	1,303	1,237
Long service leave	2,177	2,072
Other	874	792
<b>Total</b>	<b>4,354</b>	<b>4,101</b>

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

	2023	2022
	\$m	\$m
Within 12 months of reporting date	833	827
More than 12 months after reporting date	470	409
<b>Total</b>	<b>1,303</b>	<b>1,237</b>

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

	2023	2022
	\$m	\$m
Within 12 months of reporting date	555	496
More than 12 months after reporting date	1,623	1,575
<b>Total</b>	<b>2,177</b>	<b>2,072</b>

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Total Public Sector

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	2023	2022
	\$m	\$m
Annual leave	1,498	1,423
Long service leave	2,422	2,306
Other	952	856
<b>Total</b>	<b>4,873</b>	<b>4,585</b>

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

	2023	2022
	\$m	\$m
Within 12 months of reporting date	979	983
More than 12 months after reporting date	519	440
<b>Total</b>	<b>1,498</b>	<b>1,423</b>

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

	2023	2022
	\$m	\$m
Within 12 months of reporting date	656	610
More than 12 months after reporting date	1,767	1,695
<b>Total</b>	<b>2,422</b>	<b>2,306</b>

Note: Columns may not add due to rounding.

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## NOTE 27: OTHER LIABILITIES

### General Government

	2023	2022
	\$m	\$m
Deferred Revenue	131	116
Service Concession Liabilities - Grant of Right to Operate	1,366	1,405
Grant liabilities (a)	154	219
Interest payable	163	128
Contract liabilities (b)	142	60
Insurance claims	67	32
Other provisions	588	605
Other liabilities	493	610
<b>Total Other Liabilities</b>	<b>3,104</b>	<b>3,174</b>

#### Reconciliation of Other Provisions

##### 30 June 2023

	Employment on-costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m
<i>Carrying amount at beginning of year</i>	14	20	571	605
Additional provisions recognised	4	1	56	61
Amounts used	-3	-	-52	-55
Unused amounts reversed	-	-14	-	-14
Unwinding of the discount	-	-	-	-
Other	-	-	-9	-10
<b>Carrying amount at end of year</b>	<b>15</b>	<b>7</b>	<b>566</b>	<b>588</b>

##### 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>

	2023	2022
	\$m	\$m

#### (a) Grant liabilities

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

Opening balance	219	228
Additions	1,257	1,170
Income recognised in the reporting period	-1,322	-1,179
<b>Balance at the end of period</b>	<b>154</b>	<b>219</b>

#### Income recognition

- not later than one year	153	218
- later than one year and not later than five years	-	-
- later than five years	-	-
<b>Total</b>	<b>154</b>	<b>219</b>

#### (b) Contract Liabilities

##### Reconciliation of changes in contract liabilities

Opening balance	60	85
Additions	211	73
Revenue recognised in the reporting period	-128	-98
<b>Balance at the end of period</b>	<b>142</b>	<b>60</b>

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

## NOTE 27: OTHER LIABILITIES (CONT.)

### Total Public Sector

	2023	2022
	\$m	\$m
Insurance claims <sup>(a)</sup>	4,996	4,714
Deferred Revenue	662	664
Service Concession Liabilities - Grant of Right to Operate	1,505	1,548
Grant liabilities <sup>(b)</sup>	154	219
Interest payable	465	431
Contract liabilities <sup>(c)</sup>	476	425
Other provisions	2,537	1,770
Other liabilities	451	454
<b>Total Other Liabilities</b>	<b>11,245</b>	<b>10,225</b>

### Reconciliation of Other Provisions

#### 30 June 2023

	Employment on-costs	Decommissioning costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m	\$m
Carrying amount at beginning of year	25	439	74	1,233	1,770
Additional provisions recognised	11	16	14	1,136	1,176
Amounts used	-9	-24	-4	-355	-391
Unused amounts reversed	-	-3	-14	-24	-42
Unwinding of the discount	-	31	-	7	38
Other	-	-	-	-14	-14
<b>Carrying amount at end of year</b>	<b>26</b>	<b>459</b>	<b>70</b>	<b>1,982</b>	<b>2,537</b>

#### 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>

2023	2022
\$m	\$m

#### (a) Insurance claims

The liabilities for outstanding insurance claims comprise:

Third Party Insurance Fund	2,601	2,500
Government Insurance Fund	243	285
RiskCover	1,058	915
Motor Vehicle (Catastrophic Injuries) Fund	921	874
Other	173	141
<b>Total</b>	<b>4,996</b>	<b>4,714</b>

Liability for outstanding claims (undiscounted)

7,256	6,598
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Discount to present value

-2,260	-1,884
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**Total Liability for outstanding claims (undiscounted)**

<b>4,996</b>	<b>4,714</b>
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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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	2023	2022
	%	%
Claims expected to be paid:		
Not later than one year		
Inflation rate	3.99	2.80
Discount rate	3.98	2.40
Later than one year		
Inflation rate	3.92	2.99
Discount rate	4.00	3.10
	2023	2022
	\$m	\$m
(b) Grant liabilities		
<i>Reconciliation of changes in grant liabilities:</i>		
Opening balance	219	238
Additions	1,257	1,160
Income recognised in the reporting period	-1,322	-1,179
<b>Balance at the end of period</b>	<b>154</b>	<b>219</b>
Income recognition:		
- not later than one year	153	218
- later than one year and not later than five years	-	-
- later than five years	-	-
<b>Total</b>	<b>154</b>	<b>219</b>
(c) Contract Liabilities		
<i>Reconciliation of changes in contract liabilities:</i>		
Opening balance	425	308
Additions	414	409
Revenue recognised in the reporting period	-363	-293
<b>Balance at the end of period</b>	<b>476</b>	<b>425</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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	2023	2022
	\$m	\$m
Surplus /-deficit for period	5,120	6,019
Non-cash movements		
Depreciation	1,977	1,846
Increase/-decrease in accrual in employees benefits	307	-25
-Increase/decrease in inventories	231	-421
-Increase/decrease in receivables	476	414
-Increase/decrease in prepayments and other assets	93	-89
Increase/-decrease in payables	-164	304
Increase/-decrease in other liabilities and accruals	-70	437
Net GST receipts/-payments	-12	27
Other non-cash net asset transfers	-108	-162
Adjustment for other non-cash items	-22	89
<b>Net cash flows from operating activities as shown in the Cash Flow Statement</b>	<b>7,827</b>	<b>8,439</b>

Total Public Sector

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	2023	2022
	\$m	\$m
Surplus /-deficit for period	4,738	6,419
Non-cash movements		
Depreciation	5,120	4,775
Premium discount amortisation	-101	-183
Increase/-decrease in accrual in employees benefits	327	-38
-Increase/decrease in inventories	-429	-1,302
-Increase/decrease in receivables	82	270
-Increase/decrease in prepayments and other assets	-354	-83
Increase/-decrease in payables	691	1,098
Increase/-decrease in other liabilities and accruals	1,164	722
Net GST receipts/-payments	-49	-6
Other non-cash net asset transfers	-322	-271
Adjustment for other non-cash items	5	-93
<b>Net cash flows from operating activities as shown in the Cash Flow Statement</b>	<b>10,872</b>	<b>11,307</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		
	2023	2022
	\$m	\$m
Cash assets as per the Balance Sheet	3,734	5,603
Investments included as cash on the Cash Flow Statement	5,359	4,434
<b>Total closing cash balance</b>	<b>9,093</b>	<b>10,037</b>
Total Public Sector		
	2023	2022
	\$m	\$m
Cash assets as per the Balance Sheet	6,404	8,384
Investments included as cash on the Cash Flow Statement	8,603	6,967
<b>Total closing cash balance</b>	<b>15,007</b>	<b>15,351</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 \$154 million (2022: \$178 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 \$555 million was held in trust at 30 June 2023, compared with \$526 million at 30 June 2022.

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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.

	2023	2022
	\$m	\$m
Capital expenditure commitments <sup>(a)</sup>	<b>3,698</b>	<b>4,022</b>

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

- road infrastructure spending of \$1.5 billion (30 June 2022: \$1.7 billion), including the design and construction of the Bunbury Outer Ring Road (\$480 million), Swan River Crossings – Fremantle Road and Rail (\$193 million), Stephenson Avenue Extension Project (\$185 million), Causeway Pedestrian and Cyclist Bridges (\$75 million), Great Eastern Highway Bypass Interchanges (\$43 million); Bussell Highway Duplication Stage 2 (\$33 million) and three bridges in the Kimberley region (\$30 million);
- school infrastructure of \$809 million (30 June 2022: \$819 million), including building of new schools, additions and improvements to primary and high schools (\$680 million) and additional funding as part of the COVID-19 response (\$130 million); and
- major health infrastructure totalling \$572 million (30 June 2022: \$707 million), including open purchase orders for lease contracts and equipment purchases and consultancies for the North and East Metropolitan Health Services, upgrades and equipment purchases for various country hospitals and Hedland Health Campus, ensuite upgrades at the Peel Health Campus, and a network infrastructure upgrade for Fiona Stanley Hospital (Project Evolve).

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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.

	2023	2022
	\$m	\$m
Capital expenditure commitments <sup>(b)</sup>	<b>10,958</b>	<b>9,442</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 \$4.3 billion (30 June 2022: \$4 billion), including for the METRONET Railcar Procurement (\$1.4 billion), the Byford Rail Extension (\$515 million), the Inner Armadale Line Crossing Removal (\$501 million), the Yanchep Rail Extension (\$476 million) and the Radio System Replacement (\$234 million);
  - renewable projects (\$951 million), including a battery supplier for the Collie Battery Energy Storage System (CBESS, \$548 million) and the Kwinana Battery Energy Storage System 2 (KBESS 2, \$251 million), and an inverter supplier for the CBESS and KBESS 2 (\$119 million);
  - waste and wastewater projects of \$643 million (30 June 2022: \$355 million), including the wastewater treatment plant upgrades of Broome North (\$68 million) and Mandurah Gordon Road (\$34 million), the Quinns Main Sewer Extension (\$51 million), the Bullsbrook Pump Station Divert to Ellenbrook (\$41 million) and the Baldivis South Main Pump Station (\$33 million), as well as the Perth Seawater Desalination Plant asset replacement (\$32 million); and
  - housing infrastructure of \$518 million (30 June 2022: \$262 million), including community housing, dwelling construction and upgrades, joint operations land development, land development and redevelopment, affordable housing and facilities management.
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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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	2023	2022
	\$m	\$m
<i>Contingent Assets</i> <sup>(a)</sup>		
General government	26	21
Public non-financial corporations	16	3
<b>Total</b>	<b>42</b>	<b>24</b>
<i>Contingent Liabilities</i>		
Contingent liabilities under guarantees, warranties, indemnities and sureties <sup>(b)</sup>	451	424
Contingent liabilities for superannuation entitlements of public universities <sup>(c)</sup>	52	56
Other quantified contingent liabilities <sup>(d)</sup>	719	753
<b>Total</b>	<b>1,222</b>	<b>1,233</b>

Note: Columns may not add due to rounding.

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#### (a) Contingent Assets

##### **Synergy**

Synergy is currently in a contractual dispute with a supplier. As the outcome of the dispute is not certain, a contingent asset estimated at \$15 million at 30 June 2023 is disclosed but not recognised.

##### **WA Health**

WA Health has contingent assets of \$10 million (30 June 2022: \$8 million), mainly for cross-border receipts for residents from other Australian jurisdictions treated in hospitals in Western Australia.

##### **All Other**

A number of smaller contingent assets held across the sector make up the residual \$17 million (30 June 2022: \$16 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 2023 totalled \$439 million (30 June 2022: \$412 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 2023, the value of these guarantees was \$12 million (unchanged from 30 June 2022).

## **(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 2023 the guarantee for superannuation entitlements of public universities is \$52 million (30 June 2022: \$56 million).

## **(d) Other Quantified 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 2022-23, approximately 14.3% of all filed claims were in Western Australia, which equates to an estimated contingent liability of \$30.4 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. The contingent liability of \$270 million at 30 June 2023 (30 June 2022: \$364 million) mainly relate to claims lodged by owners of property acquired for road construction purposes. The contingent liability reflects the difference between the owners' claims and estimated prices determined by Main Roads in accordance with independent valuations.

### ***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 \$202 million (30 June 2022: \$150 million).

### ***Native Title<sup>1</sup>***

#### ***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. A portion of this amount (\$5.7 million at 30 June 2023) is recognised on the State's balance sheet.

#### ***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.

### ***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 2023. 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 \$54 million (30 June 2022: \$42 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 \$35 million (30 June 2022: \$31 million) in potential compensation to claimants may be payable.

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<sup>1</sup> An unquantified contingent liability for other Native Title claims is disclosed later in this note.

**WA Health**

WA Health has contingent liabilities of \$38 million (30 June 2022: \$35 million) which are mainly associated with cross-border charges for Western Australian residents treated in hospitals in other Australian jurisdictions (\$14 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).

**Various Agencies**

Other quantifiable contingent liabilities include various legal and contractual claims against various individual agencies totalling an estimated \$39 million (30 June 2022: \$44 million).

**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*****Physical and Sexual Abuse Insurance Coverage for Non-Government Providers of Out-of-Home Care and Youth Accommodation Services***

Since release of the Royal Commission into Institutional Responses to Child Sexual Abuse Report in 2017, and removal of the statutory limitation periods for victims of historical child sexual abuse in 2018, there has been a significant increase in claims against organisations for damages and compensation involving historical child sexual abuse. As a result of these increasing claims, several insurers have withdrawn, or indicated the intention to withdraw, physical and sexual abuse cover for non-government organisations that provide social services to at-risk children, particularly out-of-home care and youth homelessness service providers.

The Government approved the provision of a temporary indemnity in late 2021, under which, to ensure delivery of essential services, a provider who cannot secure insurance can continue while a longer-term response is considered in consultation with other jurisdictions. Following consultation with the sector, indemnities for eligible providers were authorised by the Treasurer in early November 2022. Implementation of this response represents an unquantified liability to the State, for potential damages related to events which occur within the indemnity period and which may arise at a future point in time. Any additional costs to the State will be assessed and funded on an emerging basis should any claims be made and settled.

### ***Gold Corporation***

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 has been assessed to be 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, net of insurer commissions, have been paid into the HII Reinsurance Account administered by the Department of Mines, Industry Regulation and Safety, with any claims and associated costs 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.

#### ***Resolved material litigation matter – 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 2019-20, 2020-21 and 2021-22 *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.

During 2022-23, all other proceedings brought by Mr Palmer and/or his companies against the State relating to the enactment of the legislation have been discontinued/dismissed.

Mr Palmer's Singapore company, Zeph Investments Pte Ltd, has commenced international arbitration against the Commonwealth of Australia. The State is not a party to the international arbitration.

***Aboriginal Stolen Wages Class Action***

A class action has been brought against the State of Western Australia in the Federal Court which alleges breaches of duty by the State 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 Aboriginal people working during that period. The proceeding is currently in confidential, and without prejudice, meditation and an estimate of the potential financial effects from this claim is not known at this stage.

***Barrow Island Royalty Variation***

*The Barrow Island Royalty Variation Agreement Act 1985* requires royalties (equal to approximately 40% of the value of production, less eligible rehabilitation and well abandonment costs, in the final calendar year of operations and the subsequent three calendar years) to be refunded. The cost of the refund will be split between the Commonwealth and Western Australian Governments in line with royalty income shares. While a significant amount of royalties will need to be refunded, the amount of the refund cannot be accurately calculated until the value of production is verified and audited, and eligible costs are paid, verified and audited.

***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 financial impact of this matter 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.

### ***Foreign Buyer Transfer Duty and Foreign Landholder Duty***

New South Wales has determined that its foreign purchaser surcharges are inconsistent with international tax treaties entered into by the Commonwealth Government with New Zealand, Finland, Germany, South Africa, India, Japan, Norway and Switzerland. New South Wales has announced that the surcharges will no longer be applied to individuals from the affected countries, with refunds provided to those who paid the surcharge from 1 January 2021. Western Australia is monitoring developments in other jurisdictions, including matters currently before the Queensland Court of Appeal.

### ***Forestry Contracts***

The Forest Products Commission (FPC) has identified a potential shortfall of current pine resources that would be available to meet future contracted supply commitments. This is not expected to impact the Western Australian housing industry. At 30 June 2023, there is a high degree of uncertainty regarding the likelihood, timing and amount of any potential shortfall, and the FPC 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 as part of the 2021-22 Budget) will help mitigate the risk of long-term pine supply constraints. The FPC is undertaking further analysis 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 (the 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, the 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.

#### ***AUSTRAC Investigation***

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 has been appointed by the consolidated entity and authorised by AUSTRAC to assess the consolidated entity's compliance with the AML/CTF Act and Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1). The external auditor's final report was provided to AUSTRAC on 21 July 2023. It is not possible to quantify the potential financial effects, if any, until after AUSTRAC has appropriately considered the final audit report and made its determination.



### *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. An investigation is currently underway to determine the extent to which the Corporation may have not complied with obligations imposed under legislation enacted by certain states in the United States. The Corporation is in the process of engaging with the relevant regulators. 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(1)(h), 182 or 190(1)(f) or (g) of the Act. There is one application for compensation under consideration. The value is yet to be determined.

### **Keystart**

Required additional repayment (RAR) contracts are contracts originally issued by Keystart in the late 1990s and early 2000s. These are substantially like other Keystart lending contracts, with the exception of additional RAR requirements to include the payment of costs such as council rates, Water Corporation expenses and some other outgoings. Keystart has identified an issue in how these RAR contracts have been managed on shared equity accounts, where the responsibility for council rates and Water Corporation expenses is shared between the co-owner (the Keystart customer) and the Housing Authority. The Australian Securities and Investments Commission was notified of this matter in July 2022. The issues under consideration in this remediation are:

- whether customers subject to RAR contracts are owed a contribution from the Housing Authority towards shire, water and other outgoings for the property (pursuant to the rights and obligations between those parties as co-owners' of the property); and
- whether Keystart has operated the RAR facility on the loan correctly and, if not, whether the customers have suffered loss as a result, referred to as 'impact to loan' remediation.

The Housing Authority is considering its position in this matter. Keystart cannot form a conclusive position on any liability it holds, or the quantum, until the Housing Authority concludes its review.

### **Native Title Settlements**

The Commonwealth's *Native Title Act 1993* 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 30 Native Title claimant applications and 138 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. Negotiation is preferred to Court-determined settlements, which can be costly and time consuming for all parties. There are currently two active Native Title compensation claims in the Federal Court, one of which is subject to mediation with options for settlement outside of a litigated outcome.

In addition to the quantified Native Title contingent liabilities disclosed earlier in this Note, land and building transfers which are yet to be finalised under existing agreements represent an unquantified contingent liability.

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

#### *Litigations in Progress*

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. The 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 2022, the Public Transport Authority (PTA) granted an indemnity to Perth Airport Pty Ltd for any loss or damage it suffers or incurs resulting from or caused by PTA breaching its obligations under the Airport Line Operating Agreement. 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 has not been determined and insufficient information is currently available to determine the financial impact, if any, in the event of a claim under the contract arrangements.

### ***Asbestos Related Risks***

#### *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.

### ***Housing Authority***

A potential underpayment or non-payment of the Housing Authority's contribution of shared equity housing costs has been identified. While significant efforts have been made during this financial year to ascertain the extent of this liability, the amount of remediation is not presently quantifiable as further investigation and analysis is being undertaken.

### ***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 as a result of the Act 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 for National Redress Scheme costs recognised by the Department of Justice (\$466 million at 30 June 2023) excludes the expanded FoLR provisions that could 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 2023 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 eight of those buildings. The Government has set aside funds in the annual 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 fluctuates and represents an unquantified contingent liability. The required credit support 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.

### ***Griffin Coal***

Payments to secure generation capacity from coal fired electricity generation facilities in the South West Interconnected System are expected to continue in to 2023-24 and potentially longer. Under the Process Agreement, future payments are at the discretion of the State and are not quantifiable at this time.

### ***Aboriginal Land Trust Building Insurance***

Building and contents on land that is owned or under the Aboriginal Land Trust's responsibility covers approximately 10% of the State. The Aboriginal Affairs Planning Authority assesses insured values for known property conditions, and these properties are insured at replacement building value or cost to demolish. There is a risk that these buildings will not be fully insured at replacement value. The Authority is continuing to work with RiskCover to address any disclosure requirements and reviews insurance requirements on an annual basis.

### ***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 2023 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 the fair value of these items.

### **(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 2023.

## **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.

	2023	2022
	\$m	\$m
<b>Financial Assets at amortised cost</b>		
Cash and deposits	3,734	5,603
Receivables	4,818	5,151
Investments, loans and placements	5,776	4,659
Advances paid	697	708
Shares and other equity	70,224	62,899
Other financial assets	9	9
<b>Financial Liabilities at amortised cost</b>		
Deposits held	1,538	1,271
Advances received	273	291
Lease liabilities	2,734	2,818
Other borrowings	23,883	25,858
Payables	2,677	2,841
Other employee benefits	447	390
Other financial liabilities	656	650

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.

	2023	2022
	\$m	\$m
<b>Financial assets at amortised cost</b>		
Cash and deposits	6,404	8,384
Receivables	6,274	6,617
Investments, loans and placements	1,680	532
Advances paid	3,156	4,423
Shares and other equity	135	139
Other financial assets	17	16
<b>Financial assets at fair value through profit or loss</b>		
Receivables	579	352
Investments, loans and placements	14,821	13,220
Shares and other equity	2,418	2,162
<b>Financial Liabilities at amortised cost</b>		
Deposits held	22	19
Advances received	273	291
Borrowings		
Lease liabilities	3,427	3,574
Service concession liabilities	309	325
Other borrowings	1,977	1,297
Payables	4,452	4,350
Guarantees	451	422
Other employee benefits	505	437
Other financial liabilities	5,461	5,145
<b>Financial liabilities at fair value through profit or loss</b>		
Borrowings	47,407	50,258
Payables	7,355	6,765

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. There are no equivalent holdings by the general government sector.

<i>Fair Values</i>	Notional face	Net fair	Credit
	Value	Value	Exposure
	2023	2023	2023
	\$m	\$m	\$m
Interest rate contracts	11,313	-329	354
Forward exchange contracts	-2,052	-22	-
Equity Contracts	-	-1	-
Other commodity contracts	615	6	-
<b>Total</b>	<b>9,876</b>	<b>-346</b>	<b>354</b>

<i>Fair Values</i>	Notional face	Net fair	Credit
	Value	Value	Exposure
	2022	2022	2022
	\$m	\$m	\$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>

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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 2023

	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	429	3,086	11	18	-	3,115	190	3,734	3.0
Receivables <sup>(a)</sup>	-	1	1	-	-	2	4,816	4,818	4.3
Investments, loans and placements	32	1,781	800	2,479	642	5,702	42	5,776	2.7
Advances paid:									
Non-government schools	-	10	31	175	157	373	-	373	4.2
Other advances	24	-	-	-	-	-	300	324	3.0
Shares and other equity	-	-	-	-	-	-	70,224	70,224	-
Other financial assets	-	-	-	-	-	-	9	9	-
<b>Total financial assets <sup>(b)</sup></b>	<b>485</b>	<b>4,878</b>	<b>843</b>	<b>2,672</b>	<b>798</b>	<b>9,192</b>	<b>75,580</b>	<b>85,258</b>	
<b>Financial liabilities</b>									
Deposits held	-	823	209	384	99	1,516	22	1,538	3.1
Advances received	-	-	-	-	-	-	273	273	-
Borrowings:									
Lease Liabilities	-	97	251	983	1,403	2,734	-	2,734	4.2
Service concession liabilities	-	-	-	-	-	-	-	-	-
Other borrowings	390	920	1,853	12,826	7,881	23,480	13	23,883	3.1
Payables <sup>(c)</sup>	-	-	-	-	-	-	2,677	2,677	-
Other employee benefits	-	-	-	-	-	-	447	447	-
Other financial liabilities	-	-	-	-	-	-	656	656	-
<b>Total financial liabilities <sup>(b)</sup></b>	<b>390</b>	<b>1,840</b>	<b>2,314</b>	<b>14,193</b>	<b>9,383</b>	<b>27,730</b>	<b>4,088</b>	<b>32,208</b>	

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

(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 2022

	Fixed Interest Maturing in						Non-interest bearing	Total carrying amount	Weighted average effective interest rate
	Floating interest rate	Fixed Interest Maturing in 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			
Financial assets									
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</b> <sup>(b)</sup>	<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>	
Financial liabilities									
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</b> <sup>(b)</sup>	<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 from the National Tax Equivalent Regime.

(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.)

### 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 2023						Non-interest bearing	Total carrying amount	Weighted average effective interest rate
	Floating interest rate	Fixed Interest Maturing in							
	\$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	\$m	\$m	%
<b>Financial assets</b>									
Cash and deposits	2,830	3,241	11	18	-	3,270	305	6,404	3.2
Receivables <sup>(a)</sup>	-	1	1	-	-	2	6,851	6,853	4.2
Investments, loans and placements	866	3,160	3,739	3,839	1,664	12,402	3,234	16,502	2.7
Advances paid:									
Homebuyers	2,735	-	-	-	-	-	-	2,735	6.9
Non-government schools	-	10	31	175	157	373	-	373	4.2
Other	24	-	-	-	-	-	24	48	3.0
Shares and other equity	-	-	-	-	-	-	2,553	2,553	-
Other financial assets	-	-	-	-	-	-	17	17	-
<b>Total financial assets<sup>(b)</sup></b>	<b>6,456</b>	<b>6,413</b>	<b>3,781</b>	<b>4,032</b>	<b>1,820</b>	<b>16,047</b>	<b>12,983</b>	<b>35,485</b>	
<b>Financial liabilities</b>									
Deposits held	-	-	-	-	-	-	22	22	-
Advances received	-	-	18	76	180	273	-	273	4.6
Borrowings:									
Lease liabilities	-	108	369	1,306	1,644	3,427	-	3,427	4.7
Service concession liabilities	-	4	12	62	232	309	-	309	10.4
Other borrowings	400	7,712	5,863	18,821	15,072	47,468	1,517	49,384	2.9
Payables <sup>(c)</sup>	-	1,821	-	-	-	1,821	9,986	11,807	0.4
Guarantees <sup>(d)</sup>	-	-	-	-	-	-	451	451	-
Other employee benefits	-	-	-	-	-	-	505	505	-
Other financial liabilities	-	-	-	-	-	-	5,461	5,461	-
<b>Total financial liabilities<sup>(b)</sup></b>	<b>400</b>	<b>9,646</b>	<b>6,262</b>	<b>20,264</b>	<b>17,127</b>	<b>53,299</b>	<b>17,941</b>	<b>71,640</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.

## NOTE 34: FINANCIAL INSTRUMENTS (CONT.)

### Total Public Sector

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 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 2023					30 June 2022				
	Carrying amount	-1% change		+1% change		Carrying amount	-1% change		+1% change	
		\$m	\$m	\$m	\$m		\$m	\$m	\$m	\$m
<i>Interest rate sensitivity analysis</i>										
<b>Financial Assets</b>										
Cash and deposits	3,515	-35	-35	35	35	5,402	-54	-54	54	54
Receivables	-	-	-	-	-	-	-	-	-	-
Investments, loans and placements	1,813	-18	-18	18	18	521	-5	-5	5	5
Advances paid	34	-	-	-	-	30	-	-	-	-
<b>Financial Liabilities</b>										
Deposits held	823	8	8	-8	-8	739	7	7	-7	-7
Borrowings	1,407	13	13	-13	-13	1,114	10	10	-10	-10
<b>Total Increase/-Decrease</b>		<b>-32</b>	<b>-32</b>	<b>32</b>	<b>32</b>		<b>-42</b>	<b>-42</b>	<b>42</b>	<b>42</b>

**Total Public Sector**


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	30 June 2023					30 June 2022				
	Carrying amount	-1% change		+1% change		Carrying amount	-1% change		+1% change	
		\$m	\$m	\$m	\$m		\$m	\$m	\$m	\$m
<i>Interest rate sensitivity analysis</i>										
<b>Financial Assets</b>										
Cash and deposits	6,071	-61	-61	61	61	7,820	-78	-78	78	78
Receivables	1	-	-	-	-	38	-	-	-	-
Investments, loans and placements	4,026	-40	-40	40	40	2,415	-24	-24	24	24
Advances paid	2,735	-27	-27	27	27	4,009	-40	-40	40	40
<b>Financial Liabilities</b>										
Borrowings	8,112	81	81	-81	-81	11,578	116	116	-116	-116
Payables	1,821	18	18	-18	-18	1,536	15	15	-15	-15
<b>Total Increase/-Decrease</b>		<b>-29</b>	<b>-29</b>	<b>29</b>	<b>29</b>		<b>-11</b>	<b>-11</b>	<b>11</b>	<b>11</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 2023	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>
		\$m	\$m	\$m
<b>Financial Assets</b>				
Investments, loans and placements	5,739	124	5,616	-
Shares and other equity	70,248	36	38	70,173
Other financial assets	9	-	-	9
<b>Financial Liabilities</b>				
Borrowings	60	-	-	60
	Carrying amount as at 30 June 2022	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

### Total Public Sector

	Carrying amount as at 30 June 2023	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	13,826	2,585	9,783	1,457
Shares and other equity	5,128	3,205	1,919	4
Other financial assets	9	-	-	9
<b>Financial Liabilities</b>				
Borrowings	47,784	37,102	10,683	-
Payables	7,355	7,355	-	-
	Carrying amount as at 30 June 2022	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	-	-

(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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>RESULTS FROM TRANSACTIONS</b>										
<b>REVENUE</b>										
Taxation	12,427	11,634	-	-	-	-	-584	-569	11,843	11,065
Current grants and subsidies	12,817	11,946	3,436	2,820	-	-	-3,436	-2,820	12,817	11,946
Capital grants	2,081	1,515	209	150	-	-	-209	-150	2,081	1,515
Sales of goods and services	3,296	3,027	34,990	33,224	1,445	1,422	-1,330	-1,235	38,400	36,437
Interest Income	333	127	255	88	1,772	1,257	-1,493	-1,028	868	445
Revenue from public corporations										
Dividends	145	612	-	-	-	-	-145	-612	-	-
Tax equivalent income	705	906	-	-	-	-	-705	-906	-	-
Royalty income	11,045	11,091	-	-	-	-	-	-	11,045	11,091
Other	752	799	549	525	132	188	-145	-236	1,288	1,276
<b>Total</b>	<b>43,601</b>	<b>41,658</b>	<b>39,438</b>	<b>36,806</b>	<b>3,349</b>	<b>2,867</b>	<b>-8,047</b>	<b>-7,555</b>	<b>78,341</b>	<b>73,776</b>
<b>EXPENSES</b>										
Salaries	15,727	14,279	1,371	1,199	71	63	-	-	17,169	15,540
Superannuation										
Concurrent costs	1,759	1,469	153	123	8	6	-	-	1,920	1,598
Superannuation interest cost	160	75	-	-	-	-	-	-	160	75
Other employee costs	387	327	62	72	274	298	-86	-84	637	612
Depreciation and amortisation	1,977	1,846	3,138	2,924	8	8	-3	-3	5,120	4,775
Services and contracts	3,080	2,877	1,059	1,048	11	12	-6	-13	4,144	3,925
Other gross operating expenses	6,620	6,337	31,071	28,285	984	886	-1,540	-1,459	37,135	34,049
Interest										
Interest on leases	146	133	74	70	-	1	-3	-1	217	203
Other interest	809	646	656	419	1,515	947	-1,489	-1,027	1,490	986
Tax equivalents	-	-	670	704	36	202	-705	-906	-	-
Current transfers	7,358	6,662	1,756	1,224	5	4	-3,782	-3,153	5,337	4,737
Capital transfers	458	988	24	23	1	4	-209	-159	274	856
<b>Total</b>	<b>38,481</b>	<b>35,638</b>	<b>40,034</b>	<b>36,092</b>	<b>2,912</b>	<b>2,430</b>	<b>-7,823</b>	<b>-6,804</b>	<b>73,604</b>	<b>67,357</b>
<b>NET OPERATING BALANCE</b>	<b>5,120</b>	<b>6,019</b>	<b>-596</b>	<b>714</b>	<b>437</b>	<b>437</b>	<b>-224</b>	<b>-751</b>	<b>4,738</b>	<b>6,419</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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$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	-302	-149	7	-235	307	-629	-	-	12	-1,013
Provision for doubtful debts	-41	-9	-17	-6	-	-	-	-	-57	-15
Changes in accounting policy/adjustment of prior periods	63	-379	75	333	-	213	-	-	137	167
<i>Total other economic flows</i>	-280	-537	65	92	306	-416	-	-	92	-861
<b>OPERATING RESULT</b>	<b>4,841</b>	<b>5,482</b>	<b>-531</b>	<b>806</b>	<b>743</b>	<b>21</b>	<b>-224</b>	<b>-751</b>	<b>4,830</b>	<b>5,558</b>
<i>All other movements in equity</i>										
<i>Items that will not be reclassified to operating result</i>										
Revaluations	9,712	6,379	5,404	6,723	2	-3	-	-	15,118	13,099
Net actuarial gains - superannuation	100	769	-21	-23	1	-	-	-	80	747
Gains recognised directly in equity	-	-	-30	-3	-2	3	-3	-3	-35	-2
Change in net worth of the public corporations sectors	5,340	6,771	-	-	-	-	-5,340	-6,771	-	-
All other	-	-	-	-	-	-	-	-	-	-
<i>Total all other movements in equity</i>	<i>15,153</i>	<i>13,919</i>	<i>5,353</i>	<i>6,698</i>	<i>1</i>	<i>-</i>	<i>-5,343</i>	<i>-6,774</i>	<i>15,164</i>	<i>13,844</i>
<i>Movements in owner equity</i>										
Dividends	-	-	-81	-23	-145	-731	226	754	-	-
Capital injections	-	-	2,549	1,185	-2	-1	-2,547	-1,184	-	-
<i>Total movements in owner equity</i>	<i>-</i>	<i>-</i>	<i>2,468</i>	<i>1,161</i>	<i>-146</i>	<i>-732</i>	<i>-2,321</i>	<i>-430</i>	<i>-</i>	<i>-</i>
<b>TOTAL CHANGE IN NET WORTH</b>	<b>19,993</b>	<b>19,402</b>	<b>7,290</b>	<b>8,665</b>	<b>598</b>	<b>-711</b>	<b>-7,888</b>	<b>-7,955</b>	<b>19,993</b>	<b>19,402</b>
<b>KEY FISCAL AGGREGATES</b>										
<b>NET OPERATING BALANCE</b>	<b>5,120</b>	<b>6,019</b>	<b>-596</b>	<b>714</b>	<b>437</b>	<b>437</b>	<b>-224</b>	<b>-751</b>	<b>4,738</b>	<b>6,419</b>
<i>Less Net acquisition of non-financial assets</i>										
Purchase of non-financial assets	3,870	3,308	5,405	3,964	9	9	-50	-100	9,235	7,181
Changes in inventories	-349	421	660	881	-	-	-	-	311	1,302
Other movement in non-financial assets	10	94	187	93	-	-	-	-	196	187
<i>less:</i>										
Sales of non-financial assets	86	110	447	518	-	-	-50	-99	483	529
Depreciation	1,977	1,846	3,138	2,924	8	8	-3	-	5,120	4,775
<i>Total net acquisition of non-financial assets</i>	<i>1,468</i>	<i>1,868</i>	<i>2,667</i>	<i>1,495</i>	<i>1</i>	<i>1</i>	<i>3</i>	<i>-</i>	<i>4,139</i>	<i>3,367</i>
<b>NET LENDING/-BORROWING</b>	<b>3,652</b>	<b>4,151</b>	<b>-3,263</b>	<b>-781</b>	<b>435</b>	<b>437</b>	<b>-226</b>	<b>-754</b>	<b>599</b>	<b>3,052</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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>ASSETS</b>										
<i>Financial assets</i>										
Cash and deposits	3,734	5,603	3,511	3,502	671	529	-1,510	-1,250	6,404	8,384
Advances paid	697	708	-	-	2,735	4,009	-276	-294	3,156	4,423
Investments, loans and placements	5,776	4,659	4,038	4,661	53,889	55,533	-47,206	-51,102	16,498	13,752
Receivables	5,080	5,568	1,931	1,755	969	881	-829	-942	7,151	7,264
Shares and other equity										
Investments in other public sector entities - equity method	54,693	49,353	-	-	-	-	-54,693	-49,353	-	-
Investments in other public sector entities - direct injections	15,482	12,934	-	-	-	-	-15,482	-12,934	-	-
Investments in other entities	49	34	26	36	2,478	2,232	-	-	2,553	2,302
Other financial assets	9	9	287	378	8	7	-287	-378	17	16
<b>Total financial assets</b>	<b>85,520</b>	<b>78,868</b>	<b>9,793</b>	<b>10,331</b>	<b>60,749</b>	<b>63,192</b>	<b>-120,283</b>	<b>-116,252</b>	<b>35,779</b>	<b>36,139</b>
<i>Non-financial assets</i>										
Land	43,904	39,714	8,975	8,899	-	-	-	-	52,879	48,613
Property, plant and equipment	60,872	53,231	70,645	63,357	4	4	-	-	131,521	116,593
Right-of-use assets	2,365	2,452	395	447	13	16	-	-	2,773	2,915
Service concession assets	1,006	892	2,393	2,233	-	-	-	-	3,398	3,125
Biological assets	9	14	221	198	-	-	-	-	229	212
Inventories										
Land inventories	-	-	1,471	1,590	-	-	-	-	1,471	1,590
Other inventories	251	600	7,466	6,806	-	-	-	-	7,717	7,406
Intangibles	646	595	370	401	16	11	-	-	1,032	1,007
Assets held for sale	32	57	8	10	-	-	-	-	40	66
Investment property	-	-	16	14	-	-	-	-	16	14
Other	347	440	602	186	5	3	-1	-30	952	599
<b>Total non-financial assets</b>	<b>109,431</b>	<b>97,995</b>	<b>92,561</b>	<b>84,141</b>	<b>38</b>	<b>35</b>	<b>-1</b>	<b>-31</b>	<b>202,029</b>	<b>182,140</b>
<b>TOTAL ASSETS</b>	<b>194,950</b>	<b>176,863</b>	<b>102,355</b>	<b>94,472</b>	<b>60,787</b>	<b>63,227</b>	<b>-120,284</b>	<b>-116,282</b>	<b>237,808</b>	<b>218,280</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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>LIABILITIES</b>										
Deposits held	1,538	1,271	-	-	-	-	-1,515	-1,252	23	19
Advances received	273	291	273	291	3	3	-276	-294	273	291
Borrowings										
Lease Liabilities	2,734	2,818	786	831	16	20	-109	-96	3,427	3,574
Service concession liabilities	-	-	309	325	-	-	-	-	309	325
Other borrowings	23,883	25,858	20,636	21,623	51,956	55,078	-47,091	-51,004	49,384	51,555
Superannuation	4,408	4,524	74	74	4	4	-	-	4,486	4,603
Other employee benefits	4,354	4,101	501	468	17	16	-	-	4,873	4,585
Payables	2,677	2,841	9,271	8,454	111	241	-249	-418	11,810	11,119
Other liabilities	3,104	3,174	3,145	2,336	5,864	5,646	-868	-932	11,245	10,225
<b>TOTAL LIABILITIES</b>	<b>42,973</b>	<b>44,879</b>	<b>34,996</b>	<b>34,404</b>	<b>57,971</b>	<b>61,008</b>	<b>-50,109</b>	<b>-53,995</b>	<b>85,831</b>	<b>86,296</b>
<b>NET ASSETS</b>	<b>151,977</b>	<b>131,984</b>	<b>67,359</b>	<b>60,069</b>	<b>2,816</b>	<b>2,218</b>	<b>-70,175</b>	<b>-62,287</b>	<b>151,977</b>	<b>131,984</b>
<i>Of which:</i>										
Contributed equity	-	-	15,735	13,186	-254	-252	-15,482	-12,934	-	-
Accumulated surplus	25,498	20,557	16,627	17,318	3,045	2,448	7	7	45,177	40,329
Other reserves	126,479	111,427	34,997	29,564	25	23	-54,700	-49,360	106,801	91,654
<b>NET WORTH</b>	<b>151,977</b>	<b>131,984</b>	<b>67,359</b>	<b>60,069</b>	<b>2,816</b>	<b>2,218</b>	<b>-70,175</b>	<b>-62,287</b>	<b>151,977</b>	<b>131,984</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 2022 \$m	Change in net worth \$m	Contributed capital \$m	Dividends \$m	Other \$m	Equity at 30 June 2023 \$m
<b>General Government</b>						
Accumulated surplus/(deficit)	20,557	4,941	-	-	-	25,498
Reserves	62,075	9,712	-	-	-	71,786
Accumulated net gain on equity investments in other sector entities	49,353	5,340	-	-	-	54,693
<b>Total</b>	<b>131,984</b>	<b>19,993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151,977</b>
<b>Public Non Financial Corporations</b>						
Accumulated surplus/(deficit)	17,318	-581	-	-81	-28	16,627
Contributed equity	13,186	-	2,549	-	-	15,735
Reserves	29,564	5,404	-	-	28	34,997
<b>Total</b>	<b>60,069</b>	<b>4,823</b>	<b>2,549</b>	<b>-81</b>	<b>-</b>	<b>67,359</b>
<b>Public Financial Corporations</b>						
Accumulated surplus/(deficit)	2,448	743	-	-145	-2	3,045
Contributed Equity	-252	-	-2	-	-	-254
Reserves	23	2	-	-	-	25
<b>Total</b>	<b>2,218</b>	<b>746</b>	<b>-2</b>	<b>-145</b>	<b>-2</b>	<b>2,816</b>
<b>Inter-sector eliminations</b>						
Accumulated surplus/(deficit)	7	-228	-	226	2	7
Contributed Equity	-12,934	-	-2,547	-	-	-15,482
Reserves	-7	-	-	-	-	-7
Accumulated net gain on equity investments in other sector entities	-49,353	-5,340	-	-	-	-54,693
<b>Total</b>	<b>-62,287</b>	<b>-5,569</b>	<b>-2,547</b>	<b>226</b>	<b>2</b>	<b>-70,175</b>
<b>Total Public Sector</b>						
Accumulated surplus/(deficit)	40,329	4,875	-	-	-28	45,177
Contributed Equity	-	-	-	-	-	-
Reserves	91,654	15,118	-	-	28	106,801
<b>Total</b>	<b>131,984</b>	<b>19,993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151,977</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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
<i>Cash received</i>										
Taxes received	12,622	11,332	-	-	-	-	-587	-572	12,035	10,760
Grants and subsidies received	17,235	15,637	3,645	2,946	-	-	-3,645	-2,946	17,235	15,637
Receipts from sales of goods and services	3,338	3,007	26,931	25,396	1,533	1,565	-1,348	-1,294	30,454	28,674
Interest receipts	287	111	232	80	1,710	1,286	-1,442	-1,037	786	440
Dividends and tax equivalents	1,023	1,544	142	156	-	-	-1,165	-1,700	-	-
Other	13,797	14,271	1,715	1,683	191	187	-414	-446	15,288	15,696
<b>Total cash received</b>	<b>48,303</b>	<b>45,903</b>	<b>32,664</b>	<b>30,260</b>	<b>3,433</b>	<b>3,039</b>	<b>-8,603</b>	<b>-7,994</b>	<b>75,798</b>	<b>71,208</b>
<i>Cash Paid</i>										
Wages, salaries and supplements, and superannuation	-17,339	-15,848	-1,506	-1,334	-78	-69	-	-	-18,922	-17,251
Payments for goods and services	-10,066	-9,876	-21,555	-19,870	-1,015	-988	1,639	1,630	-30,998	-29,104
Interest paid	-885	-752	-704	-508	-1,511	-1,190	1,442	1,037	-1,658	-1,413
Grants and subsidies paid	-9,837	-8,852	-853	-759	-	-	3,677	2,975	-7,013	-6,636
Dividends and tax equivalents	-	-	-741	-727	-138	-205	879	932	-	-
Other payments	-2,350	-2,136	-4,384	-3,768	-196	-181	594	587	-6,336	-5,497
<b>Total cash paid</b>	<b>-40,476</b>	<b>-37,464</b>	<b>-29,742</b>	<b>-26,966</b>	<b>-2,939</b>	<b>-2,632</b>	<b>8,231</b>	<b>7,161</b>	<b>-64,926</b>	<b>-59,901</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>7,827</b>	<b>8,439</b>	<b>2,922</b>	<b>3,294</b>	<b>494</b>	<b>407</b>	<b>-371</b>	<b>-833</b>	<b>10,872</b>	<b>11,307</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<i>Cash flows from investments in non-financial assets</i>										
Purchase of non-financial assets	-3,870	-3,308	-5,405	-3,964	-9	-9	50	100	-9,235	-7,181
Sales of non-financial assets	86	110	447	518	-	-	-50	-99	483	529
<b>Total cash flows from investments in non-financial assets</b>	<b>-3,784</b>	<b>-3,199</b>	<b>-4,959</b>	<b>-3,445</b>	<b>-9</b>	<b>-9</b>	<b>-</b>	<b>-</b>	<b>-8,752</b>	<b>-6,653</b>
<i>Cash flows from investments in financial assets</i>										
<i>Cash received</i>										
For policy purposes	114	18	-	-	-	-	-	-	114	18
For liquidity purposes	48	93	11	24	9,098	10,746	-	-	9,157	10,863
<i>Cash paid</i>										
For policy purposes	-2,738	-1,208	-34	-10	-	-	2,662	1,198	-110	-21
For liquidity purposes	-75	-70	-218	-77	-8,558	-8,562	-	-	-8,851	-8,709
<b>Total cash flows from investments in financial assets</b>	<b>-2,651</b>	<b>-1,168</b>	<b>-241</b>	<b>-63</b>	<b>541</b>	<b>2,184</b>	<b>2,661</b>	<b>1,197</b>	<b>310</b>	<b>2,151</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-6,435</b>	<b>-4,366</b>	<b>-5,200</b>	<b>-3,508</b>	<b>531</b>	<b>2,175</b>	<b>2,661</b>	<b>1,197</b>	<b>-8,442</b>	<b>-4,502</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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$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	188	57	3,254	3,612	27,462	27,214	-8,853	-8,417	22,051	22,466
Deposits received	-	-	-	-	-	-	-	-	-	-
Other financing receipts	316	195	2,725	1,300	-	-	-2,751	-1,304	290	191
<b>Total cash receipts from financing activities</b>	<b>522</b>	<b>270</b>	<b>5,979</b>	<b>4,912</b>	<b>27,462</b>	<b>27,215</b>	<b>-11,621</b>	<b>-9,739</b>	<b>22,341</b>	<b>22,658</b>
<i>Cash paid</i>										
Advances paid	-18	-18	-18	-18	-	-	18	18	-18	-18
Borrowings repaid	-2,151	-646	-3,262	-4,105	-27,752	-29,744	8,853	8,417	-24,313	-26,077
Deposits paid	-	-	-	-	-	-	-	-	-	-
Other financing payments	-689	-585	-265	-200	-4	-5	174	172	-785	-618
Dividends paid	-	-	-81	-23	-205	-745	287	768	-	-
<b>Total payments for financing activities</b>	<b>-2,858</b>	<b>-1,248</b>	<b>-3,626</b>	<b>-4,346</b>	<b>-27,962</b>	<b>-30,493</b>	<b>9,331</b>	<b>9,375</b>	<b>-25,115</b>	<b>-26,713</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-2,336</b>	<b>-978</b>	<b>2,352</b>	<b>566</b>	<b>-500</b>	<b>-3,279</b>	<b>-2,290</b>	<b>-364</b>	<b>-2,774</b>	<b>-4,055</b>
<b>Net increase in cash and cash equivalents</b>	<b>-944</b>	<b>3,094</b>	<b>75</b>	<b>353</b>	<b>526</b>	<b>-697</b>	<b>-</b>	<b>-</b>	<b>-344</b>	<b>2,750</b>
Cash and cash equivalents at the beginning of the year	10,037	6,943	3,725	3,373	1,591	2,287	-2	-2	15,351	12,600
Cash and cash equivalents at the end of the year	9,093	10,037	3,800	3,725	2,116	1,591	-2	-2	15,007	15,351
<hr/>										
Net cash flows from operating activities	7,827	8,439	2,922	3,294	494	407	-371	-833	10,872	11,307
Net cash flows from investing in non-financial assets	-3,784	-3,199	-4,959	-3,445	-9	-9	-	-	-8,752	-6,653
Dividends paid	-	-	-81	-23	-205	-745	287	768	-	-
<b>Cash surplus/-deficit</b>	<b>4,043</b>	<b>5,240</b>	<b>-2,118</b>	<b>-174</b>	<b>280</b>	<b>-346</b>	<b>-84</b>	<b>-65</b>	<b>2,120</b>	<b>4,655</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 2023 include:

- taxation revenue:
  - a) loan guarantee fees (\$122 million, 2021-22: \$125 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 (\$115 million, 2021-22: \$103 million);
- c) land tax (\$72 million, 2021-22: \$69 million); and
- d) betting tax (\$50 million, 2021-22: \$51million);
- sales of goods and services:
  - a) services rendered (\$184 million, 2021-22: \$217 million);
  - b) service delivery agreement (\$251 million, 2021-22: \$182 million); and
  - c) other revenue (\$10 million, 2021-22: \$16 million);
- dividend revenue (\$145 million, 2021-22: \$612 million);
- Tax Equivalent Regime revenue (\$705 million, 2021-22: \$906 million);
- other revenue (\$33 million, 2021-22: \$29 million);
- current transfers:
  - a) operating subsidies (\$2,621 million, 2021-22: \$2,005 million);
  - b) Royalties for Regions grants (\$279 million, 2021-22: \$342 million); and
  - c) other recurrent transfers (\$187 million, 2021-22: \$207 million);
- capital appropriations (\$1,157 million, 2021-22: \$992 million);
- Government Regional Officers' Housing expenses (\$86 million, 2021-22: \$84 million);
- Public Bank Account interest expense (\$24 million, 2021-22: \$4 million);
- capital transfers (\$205 million, 2021-22: \$133 million);
- insurance premiums (\$396 million, 2021-22: \$377 million);
- water and electricity expenses (\$252 million, 2021-22: \$243 million);
- lease liabilities (\$109 million, 30 June 2022: \$95 million); and
- borrowings (\$23.5 billion, 30 June 2022: \$25.4 billion).

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

General government agencies make superannuation contributions for some staff to GESB. In 2022-23, these payments totalled \$1.3 billion (2021-22: \$1.2 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 \$2.1 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 (2021-22: \$3.4 million).

During the financial year, Synergy purchased goods and services from its related parties to the value of \$219.5 million (2021-22: \$181.2 million) and sold goods and services to related parties to the value of \$13.9 million (2021-22: \$53.8 million).

During the financial year, Horizon Power made capital and non-capital purchases from its related parties to the value of \$7.4 million (2021-22: \$5.7 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 staff to GESB. In 2022-23, these payments totalled \$1.4 billion (2021-22: \$1.2 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.

	2022-23	2021-22
	(number)	(number)
<b>Remuneration (\$)</b>		
150,000-200,000	2	-
200,000-250,000	1	-
250,000-300,000	1	-
300,000-350,000	-	-
350,000-400,000	1	-
400,000-450,000	10	12
450,000-500,000	4	4
500,000-550,000	1	-
550,000-600,000	-	1
	2022-23	2021-22
	\$m	\$m
Short-term employee benefits <sup>(a)</sup>	7.3	6.9
Post-employment benefits	0.7	0.6
Termination benefits	-	-
<b>Total compensation of Ministers</b>	<b>8.0</b>	<b>7.5</b>

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

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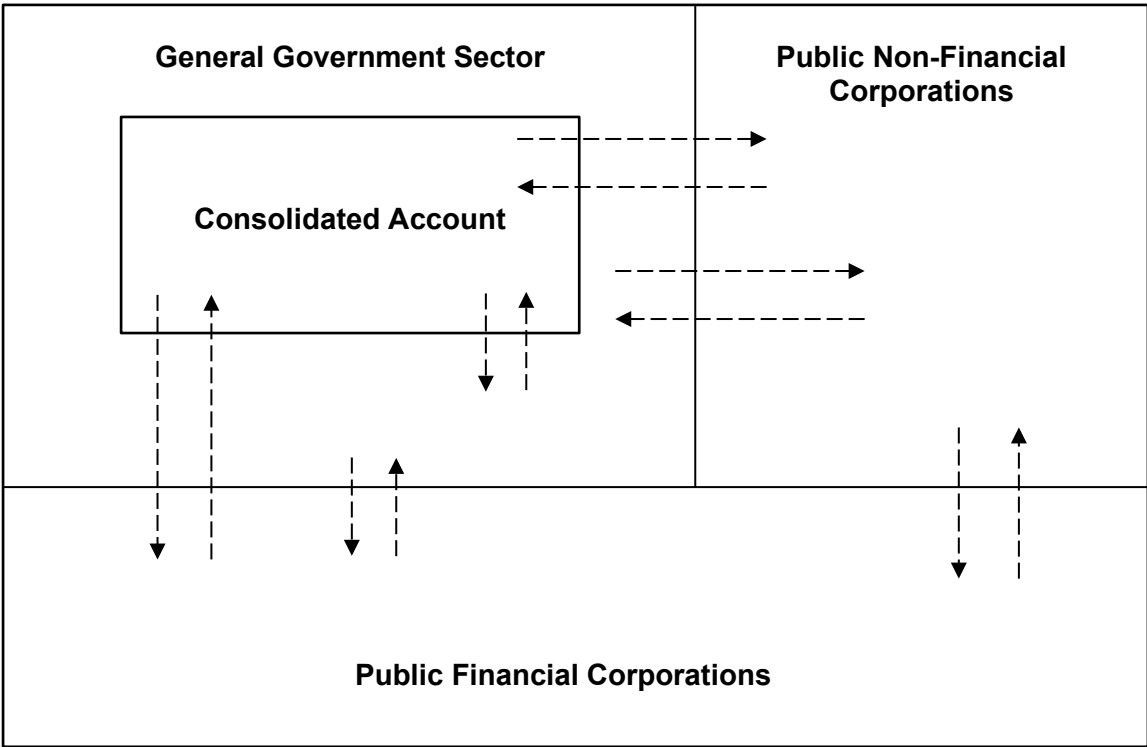
**NOTE 37: EVENTS OCCURRING AFTER THE REPORTING PERIOD**

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

**NOTE 38: COMPOSITION OF SECTORS**

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

**TOTAL PUBLIC SECTOR**



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

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

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


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**General Government**

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

(a) Entity established during 2022-23.

(b) Includes the Rottnest Island Authority. Following Machinery of Government changes implemented in July 2017. Sectoral classification of the Authority in future reports (to either the general government or public non-financial corporations sector) is to be confirmed with the ABS.

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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)	Southern Ports Authority
Forest Products Commission	Water Corporation
Fremantle Port Authority	Western Australian Coastal Shipping Commission
Gold Corporation and its subsidiaries	
Kimberly Ports Authority	
Lotteries Commission	

**Public Financial Corporations**

Country Housing Authority	RiskCover Fund
Insurance Commission of Western Australia	Western Australian Treasury Corporation
Keystart Housing Scheme, comprising:	
Keystart Loans 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 2022-23 and the original Budget (presented to the Legislative Assembly on 12 May 2022) 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 2023-24 Budget, released on 11 May 2023.





## **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

	2021-22	2022-23				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>TAXATION</b>						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	4,415	4,590	5,008	4,963	5,017	54
Property taxes						
<i>Land tax</i>	756	798	786	786	784	-2
Transfer Duty	2,336	1,940	1,962	2,008	2,113	105
Foreign Buyers Surcharge	22	20	23	23	29	7
Landholder Duty	278	118	218	282	317	35
<i>Total duty on transfers</i>	2,637	2,078	2,202	2,313	2,459	146
Other stamp duties	-(a)	-(a)	-(a)	-(a)	-(a)	-
Metropolitan Region Improvement Tax	85	88	91	91	89	-2
Perth Parking Levy	55	58	58	58	53	-5
Emergency Services Levy	375	398	398	398	399	1
Loan guarantee fees	131	137	130	131	128	-3
Building and Construction Industry Training Fund Levy	39	41	41	54	70	16
<i>Total other property taxes</i>	684	722	719	732	739	7
Taxes on provision of goods and services						
Lotteries Commission	218	178	178	199	221	22
Video lottery terminals	-(a)	-(a)	-(a)	-(a)	-(a)	-
Casino Tax	49	53	53	53	56	3
Betting Tax	121	96	125	125	128	3
<i>Total taxes on gambling</i>	388	327	356	377	405	28
Insurance Duty	823	808	931	960	945	-14
Other	22	21	21	21	21	-
<i>Total taxes on insurance</i>	845	830	952	981	967	-14
<i>On-demand Transport Levy</i>	38	-	-	-	-(a)	-
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	579	440	629	637	671	34
Permits - Oversize Vehicles and Loads	10	8	8	8	11	4
Motor Vehicle registrations	1,120	1,169	1,169	1,197	1,205	8
Other vehicle taxes	37	32	36	36	37	1
<i>Total motor vehicle taxes</i>	1,747	1,648	1,841	1,877	1,924	47
<i>Mining Rehabilitation Levy</i>	38	35	35	41	41	-
<i>Landfill Levy</i>	86	83	83	83	91	8
<b>Total Taxation</b>	<b>11,634</b>	<b>11,111</b>	<b>11,982</b>	<b>12,153</b>	<b>12,427</b>	<b>274</b>

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

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

Table 2.1 (cont.)

**OPERATING REVENUE**  
General Government

	2021-22	2022-23				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	3,369	5,872	6,351	6,353	6,306	-47
Commonwealth-funded 70% floor	2,115	-	-	-	-	-
North West Shelf grants	1,024	885	1,055	1,323	1,366	43
Commonwealth compensation for changed crude oil excise arrangements	32	35	42	53	116	63
National Agreements						
Skills and Workforce Development	165	168	168	173	177	4
Housing and Homelessness	175	178	178	182	186	4
Schools Reform - Quality Schools	1,021	1,117	1,132	1,132	1,120	-11
Health Reform	2,668	2,820	2,722	2,722	2,754	33
National Partnerships/Other Grants						
Health	921	183	292	319	325	6
Transport	158	143	211	229	127	-102
Disability Services	3	222	222	-	3	3
Other	295	227	332	373	337	-36
<b>Total Current Grants and Subsidies</b>	<b>11,946</b>	<b>11,850</b>	<b>12,704</b>	<b>12,858</b>	<b>12,817</b>	<b>-41</b>
<b>CAPITAL GRANTS</b>						
National Partnerships/Other Grants						
Transport	1,040	2,080	1,940	1,773	1,701	-72
Other	475	205	256	188	380	192
<b>Total Capital Grants</b>	<b>1,515</b>	<b>2,285</b>	<b>2,196</b>	<b>1,961</b>	<b>2,081</b>	<b>120</b>
<b>SALES OF GOOD AND SERVICES</b>						
WA Health	750	840	851	851	783	-68
Department of Transport	278	276	275	275	292	16
Department of Education	198	214	215	215	203	-12
Department of Mines, Industry Regulation and Safety	156	167	165	165	192	27
Department of Justice	155	156	156	156	153	-3
Department of Biodiversity, Conservation and Attractions	118	121	121	125	138	13
State Training Providers/TAFE Colleges	103	96	93	91	105	13
Western Australian Land Information Authority	88	89	89	94	97	4
Department of Training and Workforce Development	19	20	17	21	21	-
All Other	1,162	1,069	1,020	1,075	1,310	235
<b>Total Sales of Goods and Services</b>	<b>3,027</b>	<b>3,050</b>	<b>3,002</b>	<b>3,069</b>	<b>3,296</b>	<b>227</b>
<b>INTEREST INCOME</b>	<b>127</b>	<b>133</b>	<b>222</b>	<b>279</b>	<b>333</b>	<b>54</b>
<b>REVENUE FROM PUBLIC CORPORATIONS</b>						
Dividends	612	1,476	47	161	145	-16
Tax Equivalent Regime	906	779	698	733	705	-27
<b>Total Revenue from Public Corporations</b>	<b>1,518</b>	<b>2,255</b>	<b>745</b>	<b>894</b>	<b>850</b>	<b>-43</b>
<b>ROYALTY INCOME</b>						
Iron ore	9,917	5,645	7,147	9,285	9,079	-206
Other	1,173	1,448	1,962	1,874	1,966	92
<b>Total Royalty Income</b>	<b>11,091</b>	<b>7,093</b>	<b>9,109</b>	<b>11,158</b>	<b>11,045</b>	<b>-113</b>
<b>OTHER</b>						
Lease Rentals	185	143	143	151	158	7
Fines	235	213	216	231	248	17
Revenue not elsewhere counted	380	296	362	348	346	-2
<b>Total Other</b>	<b>799</b>	<b>652</b>	<b>721</b>	<b>730</b>	<b>752</b>	<b>22</b>
<b>GRAND TOTAL</b>	<b>41,658</b>	<b>38,428</b>	<b>40,682</b>	<b>43,102</b>	<b>43,601</b>	<b>500</b>

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

**OPERATING REVENUE**  
Total Public Sector

	2021-22	2022-23				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>TAXATION</b>						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	4,313	4,486	4,902	4,855	4,902	46
Property taxes						
<i>Land tax</i>	688	694	682	710	713	3
Transfer Duty	2,336	1,940	1,962	2,008	2,113	105
Foreign Buyers Surcharge	22	20	23	23	29	7
Landholder Duty	278	118	218	282	317	35
<i>Total duty on transfers</i>	2,637	2,078	2,202	2,313	2,459	146
Other stamp duties	-(a)	-(a)	-(a)	-(a)	-(a)	-
Metropolitan Region Improvement Tax	85	88	91	91	89	-2
Perth Parking Levy	55	58	58	58	53	-5
Emergency Services Levy	371	394	392	392	395	3
Loan guarantee fees	6	6	6	6	6	-
Building and Construction Industry Training Fund Levy	39	41	41	54	70	16
<i>Total other property taxes</i>	555	588	589	602	613	11
Taxes on provision of goods and services						
Video lottery terminals	-(a)	-(a)	-(a)	-(a)	-(a)	-
Casino Tax	49	53	53	53	56	3
Betting Tax	70	52	81	81	78	-3
<i>Total taxes on gambling</i>	120	105	134	134	134	-
Insurance Duty	823	808	931	960	945	-14
Other	22	21	21	21	21	-
<i>Total taxes on insurance</i>	845	830	952	981	967	-14
<i>On-demand Transport Levy</i>	38	-	-	-	-(a)	-
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	579	440	629	637	671	34
Permits - Oversize Vehicles and Loads	10	8	8	8	11	4
Motor Vehicle registrations	1,120	1,169	1,169	1,197	1,205	8
Other vehicle taxes	37	32	36	36	37	1
<i>Total motor vehicle taxes</i>	1,747	1,648	1,841	1,877	1,924	47
<i>Mining Rehabilitation Levy</i>	38	35	35	41	41	-
<i>Landfill Levy</i>	86	83	83	83	91	8
<b>Total Taxation</b>	<b>11,065</b>	<b>10,547</b>	<b>11,422</b>	<b>11,596</b>	<b>11,843</b>	<b>247</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

	2021-22	2022-23				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>						
<i>General Purpose Grants</i>						
GST grants	3,369	5,872	6,351	6,353	6,306	-47
Commonwealth-funded 70% floor	2,115	-	-	-	-	-
North West Shelf grants	1,024	885	1,055	1,323	1,366	43
Commonwealth compensation for changed crude oil excise arrangements	32	35	42	53	116	63
<i>National Agreements</i>						
Skills and Workforce Development	165	168	168	173	177	4
Housing and Homelessness	175	178	178	182	186	4
Schools Reform - Quality Schools	1,021	1,117	1,132	1,132	1,120	-11
Health Reform	2,668	2,820	2,722	2,722	2,754	33
<i>National Partnerships/Other Grants</i>						
Health	921	183	292	319	325	6
Transport	158	143	211	229	127	-102
Disability Services	3	222	222	-	3	3
Other	295	227	332	373	337	-36
<b>Total Current Grants and Subsidies</b>	<b>11,946</b>	<b>11,850</b>	<b>12,704</b>	<b>12,858</b>	<b>12,817</b>	<b>-41</b>
<b>CAPITAL GRANTS</b>						
<i>National Partnerships/Other Grants</i>						
Transport	1,040	2,080	1,940	1,773	1,701	-72
Other	475	205	256	188	380	192
<b>Total Capital Grants</b>	<b>1,515</b>	<b>2,285</b>	<b>2,196</b>	<b>1,961</b>	<b>2,081</b>	<b>120</b>
<b>SALES OF GOOD AND SERVICES</b>	<b>36,437</b>	<b>39,934</b>	<b>40,139</b>	<b>38,464</b>	<b>38,400</b>	<b>-65</b>
<b>INTEREST INCOME</b>	<b>445</b>	<b>391</b>	<b>550</b>	<b>658</b>	<b>868</b>	<b>210</b>
<b>ROYALTY INCOME</b>						
Iron ore	9,917	5,645	7,147	9,285	9,079	-206
Other	1,173	1,448	1,962	1,874	1,966	92
<b>Total Royalty Income</b>	<b>11,091</b>	<b>7,093</b>	<b>9,109</b>	<b>11,158</b>	<b>11,045</b>	<b>-113</b>
<b>OTHER</b>						
Lease Rentals	185	143	143	151	158	7
Fines	235	213	216	231	248	17
Revenue not elsewhere counted	857	776	836	840	882	42
<b>Total Other</b>	<b>1,276</b>	<b>1,132</b>	<b>1,195</b>	<b>1,222</b>	<b>1,288</b>	<b>66</b>
<b>GRAND TOTAL</b>	<b>73,776</b>	<b>73,230</b>	<b>77,316</b>	<b>77,918</b>	<b>78,341</b>	<b>423</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 general government sector 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

	2021-22	2022-23			Actual \$m	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>	1,387	1,576	1,775	1,724	1,464	-260
Executive and legislative organs, financial and fiscal affairs, external affairs	489				306	
General services	29				31	
Public debt transactions	855				1,115	
Transfers of a general character between different levels of government	-				-	
General public services n.e.c.	14				12	
<i>Public order and safety</i>	4,102	4,164	4,330	4,456	4,494	38
Police services	1,435				1,488	
Civil and fire protection services	580				634	
Law courts	975				1,168	
Prisons	1,040				1,141	
Research and development — public order and safety	29				32	
Public order and safety n.e.c.	43				32	
<i>Economic Affairs</i>	1,572	2,337	2,922	2,689	2,617	-72
General economic, commercial and labour affairs	457				845	
General economic and commercial affairs	351				708	
General labour affairs	106				137	
Agriculture, forestry, fishing and hunting	180				232	
Agriculture	102				138	
Forestry	20				21	
Fishing and hunting	59				73	
Fuel and energy	432				970	
Petroleum and natural gas	5				6	
Electricity	407				904	
Fuel and energy n.e.c.	19				60	
Mining, manufacturing and construction	247				272	
Mining of mineral resources and other than mineral fuels	198				222	
Construction	48				50	
Other industries	124				164	
Distributive trades, storage and warehousing	5				6	
Hotel and restaurants	16				21	
Tourism	103				137	
Research and development — agriculture, forestry, fishing and hunting	82				81	
Research and development — mining, manufacturing and construction	50				53	
<i>Environmental protection</i>	439	563	577	525	501	-24
Pollution abatement	2				2	
Protection of biodiversity and landscape	344				392	
Environmental protection n.e.c.	93				108	
<i>Housing and community amenities</i>	2,052	1,895	1,891	1,668	1,547	-121
Housing development	633				88	
Community development	807				824	
Indigenous community development	112				173	
Community development n.e.c.	695				651	
Water supply	611				635	

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



Table 3.1 (cont.)

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

	2021-22		2022-23		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)		
<i>Health</i>	11,726	11,496	11,941	12,404	12,519	115
Medical products, appliances and equipment	909				1,095	
Pharmaceutical products	334				424	
Other medical products	436				544	
Therapeutic appliances and equipment	140				127	
Outpatient services	2,802				2,941	
General medical services	36				35	
Specialised medical services	2,090				2,241	
Dental services	8				6	
Paramedical services	667				659	
Hospital services	4,884				5,039	
General hospital services	4,223				4,376	
Specialised hospital services	501				502	
Nursing and convalescent home services	161				161	
Mental health institutions	352				358	
Community health services	1,500				1,495	
Community mental health services	646				701	
Patient transport	146				150	
Community health services n.e.c.	708				644	
Public health services	679				752	
Research and development — health	25				32	
Health n.e.c.	575				807	
<i>Recreation, culture and religion</i>	992	1,030	1,081	1,011	1,089	78
Recreational and sporting services	703				774	
Cultural services	290				315	
Film production services	17				10	
Cultural services n.e.c.	273				304	
<i>Education</i>	7,137	7,365	7,647	7,672	7,682	10
Pre-primary and primary education	3,318				3,558	
Government pre-primary education	277				300	
Non-government pre-primary education	8				8	
Government primary education	2,850				3,063	
Non-government primary education	183				187	
Secondary education	2,423				2,596	
Government secondary education	2,144				2,311	
Non-government secondary education	279				285	
Tertiary education	781				872	
University education	11				27	
Vocational education and training (excl apprenticeships and traineeships)	770				845	
Education not definable by level	50				49	
Apprenticeships and traineeships	50				49	
Education not definable by level n.e.c.	-				-	
Subsidiary services to education	184				186	
Transportation of non-urban school students	120				126	
Transportation of other students	40				35	
Subsidiary services to education n.e.c.	24				25	
Special education	380				420	

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

Table 3.1 (cont.)

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

	2021-22	2022-23				Variation on EA \$m (4) - (3)
	Actual	Budget	MYR	Estimated	Actual	
	\$m	Year \$m (1)	Revision \$m (2)	Actual (EA) \$m (3)	\$m (4)	
<i>Social protection</i>	3,350	2,891	3,154	3,203	3,309	106
Sickness and disability	1,123				1,323	
Old age	212				201	
Family and children	865				1,071	
Housing	451				494	
Social exclusion n.e.c.	76				82	
Research and development — social protection	3				3	
Social protection n.e.c.	620				137	
Natural disaster relief	-				-	
Social protection n.e.c.	620				137	
<i>Transport</i>	2,882	3,229	3,250	3,523	3,258	-265
Road transport	1,815				2,078	
Road maintenance	1,081				1,251	
Road rehabilitation	145				139	
Road construction	250				274	
Road transport n.e.c.	340				414	
Bus transport	448				487	
Urban bus transport	412				453	
Non-urban bus transport	37				35	
Water transport	109				115	
Urban water transport passenger services	1				1	
Non-urban water transport services	108				114	
Railway transport	484				554	
Urban railway transport services	451				516	
Non-urban railway transport freight services	14				19	
Non-urban railway transport passenger services	19				19	
Air transport	27				24	
<i>Other <sup>(a)</sup></i>	-	288	270	-	-	-
<b>TOTAL EXPENSES</b>	<b>35,638</b>	<b>36,836</b>	<b>38,838</b>	<b>38,875</b>	<b>38,481</b>	<b>-394</b>
<b>PURCHASES OF NON-FINANCIAL ASSETS</b>						
General public services	92	103	116	126	110	-16
Public order and safety	205	259	264	231	196	-35
Economic affairs	28	76	82	58	24	-34
Environmental protection	74	132	133	109	90	-19
Housing and community amenities	163	139	140	101	98	-3
Health	380	677	697	462	465	4
Recreation, culture and religion	73	136	166	152	136	-16
Education	485	692	692	655	620	-35
Social protection	5	8	4	4	5	1
Transport	1,803	2,079	2,221	2,221	2,125	-96
Other <sup>(a)</sup>	-	-679	-712	-875	-	875
<b>TOTAL PURCHASE OF NON-FINANCIAL ASSETS</b>	<b>3,308</b>	<b>3,623</b>	<b>3,805</b>	<b>3,244</b>	<b>3,870</b>	<b>626</b>

(a) Budget / Mid-year review provisions.

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

# **Comparison of Final Outcomes to Original Budget for the Year Ending 30 June 2023**

This appendix contains explanations for material variations in general government and total public sector financial aggregates compared to the original 2022-23 Budget presented to the Legislative Assembly on 12 May 2022, 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 2022-23 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 2022-23 can also be reviewed in:

- the 2022-23 *Government Mid-year Financial Projections Statement* (or Mid-year Review, released in December 2022), describing changes between the cut-off dates for the original Budget (11 April 2022) and the Mid-year Review (28 November 2022);

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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 of the standard indicates that the original Budget is the first Budget presented to Parliament in respect of the reporting period.

## **2022-23 Annual Report on State Finances**

- the 2023-24 Budget Paper No. 3: *Economic and Fiscal Outlook* (presented to the Legislative Assembly on 11 May 2023), which updated the estimated actual for 2022-23 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 2023-24 Budget estimates.

The most recent whole-of-government financial forecasts are available in the 2023-24 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	2022-23			
		Budget Year \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
<b>RESULTS FROM TRANSACTIONS</b>					
<b>REVENUE</b>					
Taxation	a	11,111	12,427	1,316	11.8
Current grants and subsidies	b	11,850	12,817	967	8.2
Capital grants	b	2,285	2,081	-204	-8.9
Sales of goods and services		3,050	3,296	246	8.1
Interest Income	c	133	333	200	150.8
Revenue from public corporations					
Dividends from other sectors	d	1,476	145	-1,331	-90.2
Tax equivalent income		779	705	-74	-9.4
Royalty income	e	7,093	11,045	3,952	55.7
Other	f	652	752	100	15.4
<b>Total</b>		<b>38,428</b>	<b>43,601</b>	<b>5,174</b>	<b>13.5</b>
<b>EXPENSES</b>					
Salaries	g	14,713	15,727	1,014	6.9
Superannuation					
Concurrent costs	h	1,569	1,759	190	12.1
Superannuation interest cost	i	181	160	-21	-11.5
Other employee costs	j	348	387	39	11.3
Depreciation and amortisation		1,978	1,977	-2	-0.1
Services and contracts	k	3,502	3,080	-422	-12.1
Other gross operating expenses	l	5,952	6,620	668	11.2
Interest					
Interest on leases	m	127	146	19	14.7
Other interest	m	636	809	172	27.1
Current transfers	n	7,092	7,358	266	3.7
Capital transfers	n	737	458	-279	-37.8
<b>Total</b>		<b>36,836</b>	<b>38,481</b>	<b>1,645</b>	<b>4.5</b>
<b>NET OPERATING BALANCE</b>	o	<b>1,592</b>	<b>5,120</b>	<b>3,528</b>	<b>221.6</b>
<i>Other economic flows - included in the operating result</i>					
Net gains on assets/liabilities		-112	-302	-190	169.3
Provision for doubtful debts		-17	-41	-24	145.6
Changes in accounting policy/adjustment of prior periods		-	63	63	-
<b>Total other economic flows</b>	p	<b>-129</b>	<b>-280</b>	<b>-151</b>	<b>117.4</b>
<b>OPERATING RESULT</b>		<b>1,463</b>	<b>4,841</b>	<b>3,377</b>	<b>230.8</b>
<i>All other movements in equity</i>					
<i>Items that will not be reclassified to operating result</i>					
Revaluations		1,615	9,712	8,097	501.5
Net actuarial gains - superannuation		-111	100	211	-190.8
Gains recognised directly in equity		-43	-	43	-99.8
Change in net worth of the public corporations sectors		765	5,340	4,575	597.9
All other		-	-	-	-
<b>Total all other movements in equity</b>	q	<b>2,226</b>	<b>15,153</b>	<b>12,926</b>	<b>580.6</b>
<b>TOTAL CHANGE IN NET WORTH</b>	r	<b>3,690</b>	<b>19,993</b>	<b>16,304</b>	<b>441.9</b>
<b>KEY FISCAL AGGREGATES</b>					
<b>NET OPERATING BALANCE</b>		<b>1,592</b>	<b>5,120</b>	<b>3,528</b>	<b>221.6</b>
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		3,623	3,870	247	6.8
Changes in inventories		-297	-349	-52	17.4
Other movement in non-financial assets		4	10	5	131.7
<i>less:</i>					
Sales of non-financial assets		68	86	18	26.7
Depreciation		1,978	1,977	-2	-0.1
<b>Total net acquisition of non-financial assets</b>		<b>1,284</b>	<b>1,468</b>	<b>184</b>	<b>14.4</b>
<b>NET LENDING/-BORROWING</b>	s	<b>308</b>	<b>3,652</b>	<b>3,344</b>	<b>1,084.3</b>

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

## General Government Sector Operating Statement

### Revenue

(a) Taxation revenue was \$1.3 billion (or 11.8%) higher than budgeted, including the combined impact of higher collections from:

- payroll tax, up \$427 million (or 9.3%), reflecting stronger than anticipated employment growth in 2022-23 which flowed through to higher payrolls;
- vehicle licence duty, up \$231 million (or 52.5%), primarily due to a stronger than expected average vehicle purchase prices and higher than expected volumes of transactions;
- landholder duty, up \$198 million (or 167.5%), largely due to a one-off very high value commercial landholder transactions issued in the June quarter 2023. The number and/or value of these high-worth commercial transactions are infrequent and volatile within and between years;
- transfer duty, up \$173 million (or 8.9%), underpinned by stronger than expected activity in the residential property market over the financial year;
- insurance duty, up \$137 million (or 16.9%), in line with above-average growth in insurance premiums, and strong domestic economic conditions;
- gambling taxes, up \$78 million (or 24%), primarily due to higher than expected online betting activity in 2022-23 (which lifted Betting tax collections by \$32 million), and increased sales revenue driven by the occurrence of jackpotting Powerball draws throughout the year (which lifted taxes on lotteries by \$43 million);
- motor vehicle registrations, up \$35 million (or 3%), largely due to an increase in the number of registrations for both light and heavy vehicles; and
- a net increase of \$36 million (or 2.1%) across all other taxes.

(b) Current and capital grants from the Commonwealth were \$763 million (or 5.4%) higher than budgeted, driven by net changes to a range of grants including:

- North West Shelf grants, including Commonwealth compensation for crude oil excise arrangements, up \$561 million (or 61%), largely due to the impact of higher than forecast liquefied natural gas prices plus the impact of a lower exchange rate (which averaged US 67.3 cents in 2022-23 compared to US 75.1 cents forecast in the 2022-23 Budget);
- higher GST grants, up \$434 million (or 7.4%), reflecting increases to the estimates of Western Australia's share of the national population (including the impact of rebasing using 2021 Census data) and higher than expected national GST collections;

- lower transport-related grants, down \$395 million (or 17.8%), largely reflecting revised work schedules for road projects (\$173 million, including Roe Highway - Great Eastern Highway Bypass, Swan River Crossings and Marble Bar Road), project timing for METRONET works (\$117 million, including Byford Rail Extension, Victoria Park-Canning Level Crossing Removal and Thornlie-Cockburn Link), and scheduling of projects within the Agricultural Supply Chain Improvements program (\$56 million);
  - lower disability sector grants, down \$220 million (or 98.7%), primarily reflecting DisabilityCare Australia Fund revenue (\$222 million) that is now expected to be received in 2023-24. This was partly offset by an additional \$2.8 million received under the Commonwealth's Disability Support for Older Australians program;
  - a \$209 million Social Housing Accelerator Payment received in June, to be applied to future initiatives that will increase social housing over the period to 30 June 2028;
  - higher than anticipated training-related grants, up \$67 million (or 40.1%), primarily reflecting the 2023 Interim National Skills Agreement signed after the 2022-23 Budget was finalised (on 15 November 2022, \$37.5 million), a reflow of \$20.7 million under the JobTrainer Fund National Partnership extension from 2021-22 to 2022-23, and an increase of \$8.8 million under the National Agreement on Skills and Workforce Development due to the State's revised population share;
  - higher health-related grants, up \$62 million (or 2.1%), primarily for public health services under the National Partnership on COVID-19 Response and health and aged care services under the Multi-Purpose Services Program, partially offset by a reduction in National Health Reform funding primarily due to the 2021-22 reconciliation; and
  - a net increase of \$43 million (or 2.5%) across all other Commonwealth grants.
- (c) Interest income was \$200 million (or 150.8%) higher than budgeted, largely reflecting higher than budgeted Public Bank Account (PBA) balances, and the impact of higher than expected average interest rates applying to PBA investment balances (at an average 2.6% during 2022-23 compared with an estimated average of 1.2%).
- (d) Dividends from public corporations were \$1.3 billion (or 90.2%) lower than budgeted, reflecting the Government's decision (announced in the Mid-year Review) for Government Trading Enterprises to retain 2022-23 dividends to fund future infrastructure projects.

- (e) Royalty income was \$4 billion (or 55.7%) higher than forecast in the 2022-23 Budget, primarily due to higher iron ore royalties (up \$3.4 billion, or 60.8%), largely reflecting higher iron ore prices (which averaged \$US109.6 per tonne through the year compared to the 2022-23 Budget assumption of \$US77.5 per tonne) and a lower exchange rate. Collections of lithium royalties were \$596 million (or 133.4%) higher than budget, primarily due to a very large price rise reflecting a continuation of strong global demand for lithium and the impact of a lower than forecast exchange rate.
- (f) 'Other' revenue was \$100 million (or 15.4%) higher than budgeted, with higher lease rental collections (up \$15 million) reflecting a continuation of elevated exploration activity, higher traffic infringement, court penalties and other fines revenue (up \$35 million), and an increase in all other sources of revenue (up \$50 million), with this category often 'lumpy' from year to year reflecting the infrequent nature of asset transfers, donations and gifts, along with private sector and local government sector contributions to specific projects (such as a \$36 million contribution for the Spoilbank Marina from the Town of Port Hedland).

## **Expenses**

- (g) Salaries expenses were \$1 billion (or 6.9%) higher than budgeted. The largest movements were for:
- WA Health (up \$714 million), primarily due to additional medical and nursing staff required to meet clinical needs, higher costs following settlement of industrial agreements, and one off cost of living payment;
  - the Department of Education (up \$290 million), mainly due to wage increases and cost of living payments following settlement of industrial agreements, including the School Education Act Employees' (Teachers and Administrators) General Agreement 2021; and
  - the Department of Justice (up \$93 million), mainly reflecting the costs related to the settlement of industrial agreements, and higher employee-related costs in corrective services.

The 2022-23 Budget included a \$211 million spending allowance for higher industrial agreement outcomes during 2022-23, which partially offset agency salary increases during the year.

- (h) Concurrent superannuation costs were \$190 million (or 12.1%) higher than budget, reflecting the flow-on impact of salaries movement above.
- (i) Superannuation interest costs were \$21 million (or 11.5%) lower than budgeted, mainly reflecting the impact on the whole-of-government superannuation liability of a higher than expected discount rate used by the actuary to value unfunded superannuation entitlements (up from the 3.3% estimate used in the Budget estimate to 4% used for the actuarial valuation, with the increase reflecting movements in bond markets during 2022-23).



- (j) Other employee costs were \$39 million (or 11.3%) higher than forecast, with increases recorded across a range of agencies including WA Health up (up \$17 million), the Departments of Fire and Emergency Services, and the Premier and Cabinet (up \$10 million and \$7 million respectively), and the Western Australia Police Force (up \$8 million), partly offset by lower costs for the Department of Justice (down \$14 million).
- (k) Services and contracts expenses were \$422 million (or 12.1%) lower than forecast, with material movements recorded by:
- WA Health (down \$178 million), mainly driven by the reclassification of these costs to other expense categories;
  - the Department of Transport (down \$63 million), mainly due to the deferral of spending for the Agricultural Supply Chain Improvements program to later years; and
  - the Department of Primary Industries and Regional Development (down \$43 million), largely reflecting a reclassification of expenditure from this category to grants and subsidies, and delays in the delivery of programs such as the Southern Forests Irrigation Scheme and the Regional Development Leverage Unit.
- (l) '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 \$668 million (or 11.2%) higher than budgeted. This was largely due to the combined impact of higher than budgeted spending by:
- WA Health (up a net \$224 million), primarily related to patient support services and reclassification of spending from other expenditure categories;
  - the Department of Communities (up \$188 million), largely due to additional contract expenses for emergency and other placements for children in out-of-home care (\$100 million), higher costs for telecommunication and other consumable expenses, the provision of child protection services, delivery of family and domestic violence initiatives, and accommodation costs for flood-affected communities impacted by Ex-Tropical Cyclone Ellie;
  - the Department of Education (up \$94 million), with an increase in spending on repairs and maintenance for school infrastructure, additional Commonwealth-funded spending, including on the National Student Wellbeing Program, and a higher proportion of schools' budgets spent on goods and services;
  - the Department of Justice (up \$48 million), primarily reflecting additional expenses on supplies and services (such as food, medical and educational supplies, and services purchased from non-government organisations), building maintenance costs and equipment replacement costs associated with the Emergency Services Radio Network; and

- the Department of Jobs, Tourism, Science and Innovation (up \$23 million), mainly for administered costs related to the Government's native forestry transition.
- (m) Interest expenses were \$191 million (or 25%) higher than budget, with interest on leases accounting for \$19 million, and interest on other borrowings representing \$172 million of this variance. This increase largely reflects higher than expected interest costs for Consolidated Account borrowings driven by higher interest rates (with an average rate of 3% compared with the Budget assumption of 2.5%).
- (n) In total, transfer expenses (mainly grants and subsidies) were largely unchanged from Budget, with higher current transfers (up \$266 million) broadly offset by lower capital transfers (down \$279 million). Changes since the Budget include:
- the provision of grants under the Small Business Hardship Grants Program (totalling \$249 million) following a change in the eligibility criteria for the grants in April 2022 which resulted in a higher number, and delayed processing, of applications into 2022-23;
  - higher than budgeted grants by the Department of Communities (Disability Services, up \$189 million), mainly reflecting the State's contribution to the National Disability Insurance Scheme due to higher than anticipated participant numbers during 2022-23;
  - lower than anticipated grants by the Department of Local Government, Sports and Cultural Industries (down \$126 million), primarily due to the reflow of capital grants into 2023-24 as a result of pressures in the building and construction industry (including the WACA Ground Redevelopment and the Canning Vale Regional Open Space projects);
  - lower than anticipated grants by the Department of Primary Industries and Regional Development (down \$104 million), mainly driven by delays in expenditure across a range of projects such as the Australian Underwater Discovery Centre, Regional Recovery Partnerships, Pilbara Town Based Reserves, and the State Agriculture Telecommunication Infrastructure Fund. Reduced grant spending also included lower than expected take-up for the Severe Tropical Cyclone Seroja Assistance Package, changes in timing for Native Title spending (brought forward to 2021-22), and the transfer of funding for the Carnarvon One Mile Jetty project to the Department of Transport;
  - the allocation (and re-timing to future financial years) of a budgeted allowance of \$99 million for the development of university campuses within the Perth Central Business District (see Department of Jobs, Tourism, Science and Innovation below);
  - higher than budgeted grants administered by the Department of Education (up \$82 million), primarily reflecting the cost of distributing COVID-19 rapid antigen test kits to schools and other educational facilities, and an increase in grants to non-government schools under the National School Reform Agreement, in line with updated enrolment and cost parameters;

- lower than anticipated grants by the Department of Water and Environmental Regulation (down \$61 million), mainly due to the impact of supply chain challenges and revised grant delivery timing, including for the National Partnership on Recycling Infrastructure, Clean Energy Future Fund, National Vegetation Rehabilitation Scheme, and E-Waste Ban to Landfill programs;
  - lower grants by the Department of Jobs, Tourism, Science and Innovation (down \$60 million), largely due to delayed grants from the Investment Attraction Fund (aligning the grant payments with the revised milestones of the various projects, expected to be paid in 2023-24). This was partially offset by additional grant expenditure for the Edith Cowan University Inner City Campus project (allocated from a budgeted spending allowance noted above), the Call Centre and Back Office Processing Scheme, and the Oakajee Access Road project;
  - lower than anticipated housing stimulus-related grants (down a combined \$57 million), with grants under the State's Building Bonus scheme down \$16 million and grants under the Commonwealth's HomeBuilder scheme down \$41 million, with these programs affected by conditions in the residential construction market;
  - higher grants by the Gaming and Wagering Commission (up \$48 million), mainly reflecting an increase in Racing Bets Levy grants provided to Racing and Wagering Western Australia;
  - the inclusion in the budget of a \$48 million allowance for COVID-19 Test Isolation Payments, which due to a lower than anticipated uptake was reallocated to partially fund higher than budgeted grants under the Small Business Hardship Grants Program (noted earlier);
  - higher than budgeted administered grants by the Department of the Premier and Cabinet (up \$46 million), largely due to grants under Native Title settlements and payments to secure generation capacity from coal fired electricity generation facilities in the South West Interconnected System;
  - lower than budgeted administered grants expenses by the Department of Primary industries and Regional Development (down \$45 million), mainly due to the reallocation of provisional expenditure to specific agency initiatives, including the Perdaman Urea project, Yerriminup Agribusiness Precinct Activation, Food Technology Facility fit-out in the Peel Business Park, Ord Channel Upgrade, Strategic Industrial Areas in the Pilbara, the Mira Mar Landslide remediation and the Pilbara Hydrogen Hub, together with the retiming of expenditure for a number of initiatives such as Western Australia Regional Digital Connectivity Program, the Leedal - Fitzroy Affordable Housing Project, Regional Telecommunications Project and the State contribution to Natural Resource Management; and
  - lower grants across the remainder of the sector (down \$27 million, or 0.5%).
- (o) The \$5.1 billion net operating balance for 2022-23 was \$3.5 billion higher than forecast in the original Budget. Revenue was \$5.2 billion (or 13.5%) higher than budgeted while expenses were \$1.6 billion (or 4.5%) higher than forecast, as detailed above.

## Other Economic Flows and Movements in Equity

- (p) Unbudgeted changes to 'Other economic flows'<sup>2</sup> resulted in a \$280 million reduction in net worth (\$151 million lower than forecast in the Budget), primarily driven by revisions to valuation changes across the range of general government sector assets and liabilities, and changes in accounting policies/adjustment of prior periods<sup>3</sup>.
- (q) All other movements in equity equated to an aggregate increase in net worth of \$15.2 billion, a \$13 billion increase on 2022-23 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.
- (r) Net worth at 30 June 2023 increased by \$20 billion on the final outcome for 30 June 2022, representing a \$16.3 billion increase relative to the forecast in the original Budget. This rise in net worth largely reflects the impact of the higher than expected net operating balance, 'other economic flows' and 'all other movements in equity' variances noted above.
- (s) A \$3.7 billion net lending surplus outcome (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 \$308 million surplus at the time of the 2022-23 Budget. This \$3.3 billion stronger net position primarily reflects the \$3.5 billion improvement in the net operating balance, and a \$184 million movement in non-financial assets, mainly due to higher purchases of non-financial assets (discussed later in this Appendix).

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<sup>2</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>3</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

Table 4.2

	Notes	2022-23			
		Budget Year \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
<b>ASSETS</b>					
<i>Financial assets</i>					
Cash and deposits		5,338	3,734	-1,605	-30.1
Advances paid		760	697	-63	-8.3
Investments, loans and placements		4,134	5,776	1,642	39.7
Receivables		3,597	5,080	1,482	41.2
Shares and other equity					
Investments in other public sector entities - equity method		44,729	54,693	9,964	22.3
Investments in other public sector entities - direct injections		14,962	15,482	520	3.5
Investments in other entities		30	49	19	63.8
Other financial assets		9	9	-	2.0
<b>Total financial assets</b>	a	<b>73,560</b>	<b>85,520</b>	<b>11,960</b>	<b>16.3</b>
<i>Non-financial assets</i>					
Land		39,982	43,904	3,921	9.8
Property, plant and equipment		54,560	60,872	6,312	11.6
Right-of-use assets		2,226	2,365	139	6.3
Service concession assets		749	1,006	257	34.3
Biological assets		54	9	-45	-83.5
Inventories					
Land inventories		-	-	-	-
Other inventories		247	251	4	1.7
Intangibles		611	646	35	5.7
Assets classified as held for sale		72	32	-40	-55.8
Investment property		7	-	-7	-
Other		318	347	29	9.0
<b>Total non-financial assets</b>	b	<b>98,825</b>	<b>109,431</b>	<b>10,605</b>	<b>10.7</b>
<b>TOTAL ASSETS</b>	c	<b>172,385</b>	<b>194,950</b>	<b>22,565</b>	<b>13.1</b>
<b>LIABILITIES</b>					
Deposits held		3,159	1,538	-1,621	-51.3
Advances received		328	273	-54	-16.5
Borrowings					
Lease liabilities		2,614	2,734	120	4.6
Service concession liabilities		5	-	-5	-
Other borrowings		24,675	23,883	-791	-3.2
Superannuation		4,570	4,408	-161	-3.5
Other employee benefits		4,021	4,354	333	8.3
Payables		2,593	2,677	84	3.2
Other liabilities		2,375	3,104	729	30.7
<b>TOTAL LIABILITIES</b>	d	<b>44,340</b>	<b>42,973</b>	<b>-1,367</b>	<b>-3.1</b>
<b>NET ASSETS</b>		<b>128,045</b>	<b>151,977</b>	<b>23,932</b>	<b>18.7</b>
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		23,820	25,498	1,678	7.0
Other reserves		104,225	126,479	22,254	21.4
<b>NET WORTH</b>	e	<b>128,045</b>	<b>151,977</b>	<b>23,932</b>	<b>18.7</b>
<b>MEMORANDUM ITEMS</b>					
<i>Net financial worth</i>		29,220	42,546	13,327	45.6
<i>Net financial liabilities</i>		30,472	27,628	-2,843	-9.3
<i>Net debt</i>					
Gross debt liabilities		30,781	28,429	-2,352	-7.6
less: liquid financial assets		10,232	10,207	-26	-0.3
<b>Net debt</b>	f	<b>20,549</b>	<b>18,223</b>	<b>-2,326</b>	<b>-11.3</b>

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

## General Government Sector Balance Sheet

- (a) General government sector financial assets totalled \$85.5 billion at 30 June 2023, up \$12 billion (or 16.3%) from the original Budget. This reflected an increase in the value of investments in other public sector entities (up \$10.5 billion), and a higher than expected outturn for receivables<sup>4</sup> (up \$1.5 billion, mainly for yet-to-be received mining revenue and tax collections, mainly due to the timing of transactions).
- (b) Non-financial assets (such as land, infrastructure holdings and leased assets) totalled \$109.4 billion at 30 June 2023, up \$10.6 billion (or 10.7%) from Budget, largely reflecting higher than budgeted holdings of property, plant and equipment (up \$6.3 billion) and higher year-end values for the sector's land holdings (up \$3.9 billion).
- (c) Total assets were \$195 billion at 30 June 2023, up \$22.6 billion (or 13.1%) compared to the original Budget, reflecting the movements outlined above.
- (d) Total liabilities were \$43 billion at 30 June 2023, \$1.4 billion (or 3.1%) lower than forecast in the original Budget. Key movements included:
- debt liabilities (down a total \$2.4 billion), which includes deposits held on behalf of public corporations and other parties, advances from the Commonwealth, and borrowings (the latter being lower than budget reflecting Government decisions during the year to repay an additional \$900 million in Consolidated Account borrowings (on top of the budget assumption of a \$1.2 billion repayment), partly offset by \$130 million of borrowing by Main Roads in June 2023 (following delays with receipt of Commonwealth road funding); and
  - non-debt liabilities (up a total \$985 million), reflecting higher than budgeted outcomes for 'other' liabilities (up \$729 million, including the recognition of a \$473 million provision for future payment obligations under the National Redress Scheme for Survivors of Institutional Child Sexual Abuse reflected in the 2021-22 ARSF which was released after the 2022-23 Budget). Other employee benefits such as accruing leave and salary entitlements were also higher than budgeted (up \$333 million, mainly due to higher employee numbers and valuation changes), while unfunded superannuation liabilities were lower than budgeted (down \$161 million, 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>4</sup> Accounts for revenue that have been invoiced but for which cash is still to be received.

- (e) Net worth (the difference between total assets and total liabilities) was \$152 billion at 30 June 2023. This outcome is \$23.9 billion (or 18.7%) higher than the forecast \$128 billion in the 2022-23 Budget. This reflects the net impact of the outcomes noted above.
- (f) General government sector net debt was \$18.2 billion at 30 June 2023, \$2.3 billion (or 11.3%) lower than the \$20.5 billion estimate in the original Budget. This was mainly due to the better than expected cash outcome for 2022-23, detailed in the next section.

**GENERAL GOVERNMENT**  
Cash Flow Statement

	Notes	2022-23			
		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		11,128	12,622	1,495	13.4
Grants and subsidies received		16,087	17,235	1,148	7.1
Receipts from sales of goods and services		2,983	3,338	355	11.9
Interest receipts		130	287	157	120.9
Dividends and tax equivalents		2,298	1,023	-1,275	-55.5
Other		10,497	13,797	3,301	31.4
<b>Total cash received</b>		<b>43,123</b>	<b>48,303</b>	<b>5,180</b>	<b>12.0</b>
<i>Cash Paid</i>					
Wages, salaries and supplements, and superannuation		-16,539	-17,339	-800	4.8
Payments for goods and services		-9,624	-10,066	-442	4.6
Interest paid		-730	-885	-155	21.2
Grants and subsidies paid		-9,416	-9,837	-421	4.5
Dividends and tax equivalents		-	-	-	-
Other payments		-1,686	-2,350	-663	39.3
<b>Total cash paid</b>		<b>-37,995</b>	<b>-40,476</b>	<b>-2,481</b>	<b>6.5</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>a</b>	<b>5,127</b>	<b>7,827</b>	<b>2,699</b>	<b>52.6</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets	b	-3,623	-3,870	-247	6.8
Sales of non-financial assets	c	68	86	18	26.7
<b>Total cash flows from investments in non-financial assets</b>	<b>d</b>	<b>-3,555</b>	<b>-3,784</b>	<b>-229</b>	<b>6.5</b>
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes		10	114	104	1,036.0
For liquidity purposes		44	48	3	7.6
<i>Cash paid</i>					
For policy purposes		-2,257	-2,738	-481	21.3
For liquidity purposes		-1	-75	-75	14,980.4
<b>Total cash flows from investments in financial assets</b>		<b>-2,203</b>	<b>-2,651</b>	<b>-448</b>	<b>20.3</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-5,758</b>	<b>-6,435</b>	<b>-677</b>	<b>11.8</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<i>Cash received</i>					
Advances received		18	18	-	-
Borrowings		127	188	61	47.8
Deposits received		-	-	-	-
Other financing receipts		20	316	296	1,510.5
<b>Total cash receipts from financing activities</b>		<b>165</b>	<b>522</b>	<b>357</b>	<b>216.8</b>
<i>Cash paid</i>					
Advances paid		-18	-18	-	-
Borrowings repaid		-1,310	-2,151	-841	64.2
Deposits paid		-	-	-	-
Other financing payments		-459	-689	-230	50.2
<b>Total payments for financing activities</b>		<b>-1,787</b>	<b>-2,858</b>	<b>-1,071</b>	<b>60.0</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-1,622</b>	<b>-2,336</b>	<b>-714</b>	<b>44.0</b>
<b>Net increase in cash and cash equivalents</b>		<b>-2,252</b>	<b>-944</b>	<b>1,308</b>	<b>-58.1</b>
Cash and cash equivalents at the beginning of the year		9,571	10,037	466	4.9
Cash and cash equivalents at the end of the year		7,319	9,093	1,774	24.2
<b>KEY FISCAL AGGREGATES</b>					
Net cash flows from operating activities		5,127	7,827	2,699	52.6
Net cash flows from investing in non-financial assets		-3,555	-3,784	-229	6.5
<b>Cash surplus/-deficit</b>	<b>e</b>	<b>1,573</b>	<b>4,043</b>	<b>2,470</b>	<b>157.0</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 \$7.8 billion cash surplus position in 2022-23, \$2.7 billion stronger than the \$5.1 billion cash operating surplus forecast in the 2022-23 Budget<sup>5</sup>. Total operating cash received in 2022-23 was \$48.3 billion, \$5.2 billion (or 12%) higher than Budget. Total cash paid in 2022-23 was \$40.5 billion, \$2.5 million (or 6.5%) higher than Budget.

The \$2.7 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 interest income (with changes in accrual revenue for these items broadly matched by similar increases in operating receipts). Royalty receipts increased by \$2.6 billion (compared with a \$4 billion increase in accrued terms), with the 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 \$3.9 billion in 2022-23, \$247 million (or 6.8%) higher than the forecast in the 2022-23 Budget. Key changes included:

- WA Health (down \$194 million), primarily due to delays with projects such as the Human Resource Management System with delays reflecting progress on design and delivery, and longer than expected lead time for procurement and timing of invoices;
- the Department of Education (down \$82 million), reflecting the net impact of updated project delivery schedules and the associated timing of payments across the Department's infrastructure program, delays across several projects arising from unanticipated site complications and land acquisition challenges, and challenges associated with construction market conditions, partly offset by investment in the School Ventilation program, Derby District High School redevelopment and remediation works for fire damage at schools;
- Main Roads (up \$57 million), primarily reflecting increased expenditure for Westport-related land acquisitions;
- the Department of Justice (down \$47 million), primarily reflecting supply chain and construction market challenges impacting the delivery of projects, including the Casuarina Prison expansion and Banksia Hill Detention Centre upgrades;

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

## 2022-23 Annual Report on State Finances

- the Department of Primary Industries and Regional Development (down \$39 million), reflecting delays across a range of projects including the Industry Attraction and Development Fund – Collie, Large Vessel and Equipment Replacement Programs, Laboratory Upgrades – Kensington site, Digital Foundations Program, Modern Biosecurity and Product Integrity, Regional Natural Resource Management Program and the Albany Shellfish Hatchery;
- the Department of Biodiversity, Conservation and Attractions (down \$37 million), reflecting the impact of supply chain delays, labour shortages, inflationary pressures, and severe weather episodes, which resulted in the need to re-prioritise projects and alter timelines. Projects affected included the Rottneet Island Water Network and Production and Electrical Infrastructure upgrade projects, the Peri-Urban Parks project, and works being undertaken for the Badimia Conservation Reserves and Great Southern Adventure Trails;
- the Western Australian Sports Centre Trust (up \$32 million), mainly due to the timing of the Optus Stadium Building Cost Finalisation Settlement payment, and a change in the accounting treatment for the upgrades at HBF Park for the FIFA Women’s World Cup (from operating to capital spending), and a number of other upgrades and maintenance programs, previously budgeted to be completed in 2021-22 which were delayed to 2022-23;
- the Department of Local Government, Sport and Cultural Industries (down \$29 million), reflecting the reflow of various capital projects including the Perth Concert Hall Redevelopment and Screen Production Facility across the forward estimates due to pressures in the building and construction industry;
- the Western Australian Planning Commission (down \$28 million), mainly due to the deferral of land acquisition for the Metropolitan Region Scheme, Peel and Greater Bunbury Region Schemes, and METRONET program; and
- the inclusion in the original Budget of an \$875 million allowance for underspending across the general government sector, to reflect expectations of lower actual spending that would emerge for infrastructure projects across the general government sector by 30 June 2023 (i.e. ultimately anticipating the reductions shown above), and \$125 million provisioned for cost escalation that has been allocated to agencies through the year.

- (c) Receipts from the sale of surplus non-financial assets totalled \$86 million in 2022-23, \$18 million higher than Budget.
- (d) Net cash flows from investments in non-financial assets totalled \$3.8 billion in 2022-23, \$229 million higher than Budget, reflecting the combined effect of changes in purchases and sales outlined above.
- (e) The general government sector recorded a \$4 billion cash surplus in 2022-23, \$2.5 billion larger than the \$1.6 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).

**TOTAL PUBLIC SECTOR**  
Operating Statement

	Notes	2022-23			
		Budget Year \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
<b>RESULTS FROM TRANSACTIONS</b>					
<b>REVENUE</b>					
Taxation		10,547	11,843	1,296	12.3
Current grants and subsidies		11,850	12,817	967	8.2
Capital grants		2,285	2,081	-204	-8.9
Sales of goods and services		39,934	38,400	-1,534	-3.8
Interest income		391	868	477	122.2
Royalty income		7,093	11,045	3,952	55.7
Other		1,132	1,288	156	13.8
<i>Total</i>	a	73,230	78,341	5,111	7.0
<b>EXPENSES</b>					
Salaries		16,183	17,169	986	6.1
Superannuation					
Concurrent costs		1,726	1,920	195	11.3
Superannuation interest cost		181	160	-21	-11.5
Other employee costs		541	637	96	17.8
Depreciation and amortisation		4,622	5,120	498	10.8
Services and contracts		4,454	4,144	-310	-7.0
Other gross operating expenses		37,598	37,135	-463	-1.2
Interest					
Interest on leases		204	217	13	6.5
Other interest		1,022	1,490	468	45.8
Current transfers		4,984	5,337	353	7.1
Capital transfers		510	274	-236	-46.3
<i>Total</i>	b	72,024	73,604	1,580	2.2
<b>NET OPERATING BALANCE</b>	c	<b>1,206</b>	<b>4,738</b>	<b>3,531</b>	<b>292.7</b>
<i>Other economic flows - included in the operating result</i>					
Net gains on assets/liabilities		33	12	-21	-62.9
Provision for doubtful debts		-50	-57	-8	15.7
Changes in accounting policy/adjustment of prior periods		-	137	137	-
<i>Total other economic flows</i>	d	-17	92	109	-646.1
<b>OPERATING RESULT</b>		<b>1,190</b>	<b>4,830</b>	<b>3,640</b>	<b>306.0</b>
<i>All other movements in equity</i>					
<i>Items that will not be reclassified to operating result</i>					
Revaluations		2,654	15,118	12,464	469.7
Net actuarial gains - superannuation		-108	80	188	-174.2
Gains recognised directly in equity		-46	-35	11	-24.4
All other		-	-	-	-
<i>Total all other movements in equity</i>	e	2,500	15,164	12,664	506.5
<b>TOTAL CHANGE IN NET WORTH</b>	f	<b>3,690</b>	<b>19,993</b>	<b>16,304</b>	<b>441.9</b>
<b>KEY FISCAL AGGREGATES</b>					
<b>NET OPERATING BALANCE</b>		<b>1,206</b>	<b>4,738</b>	<b>3,531</b>	<b>292.7</b>
<i>Less Net acquisition of non-financial assets</i>					
Purchase of non-financial assets		8,880	9,235	354	4.0
Changes in inventories		-256	311	567	-221.7
Other movement in non-financial assets		157	196	40	25.3
<i>less:</i>					
Sales of non-financial assets		538	483	-55	-10.2
Depreciation		4,622	5,120	498	10.8
<i>Total net acquisition of non-financial assets</i>		3,621	4,139	518	14.3
<b>NET LENDING/-BORROWING</b>	g	<b>-2,415</b>	<b>599</b>	<b>3,013</b>	<b>-124.8</b>

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

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

(a) Operating revenue in 2022-23 was \$78.3 billion, \$5.1 billion (or 7%) 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>7</sup>.

Partly offsetting the general government revenue movements noted above, revenue from sales of goods and services were lower than expected (down \$1.5 billion or 3.8% relative to Budget). This downward revision primarily reflects lower Gold Corporation revenue (down \$2.6 billion), driven by lower than expected gold volumes throughout the year. Lower gold 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 \$307 million), mostly due to higher customer revenue as a result of addressing supply shortfalls elsewhere in the electricity market arising from fuel supply issues;
- the Lotteries Commission (up \$250 million), reflecting higher than expected sales volumes, mainly due to Powerball jackpots, with an associated increase in related prize distributions; and
- Racing and Wagering Western Australia (up \$214 million), due to higher than budgeted betting turnover (broadly matched by increased betting dividend payouts).

Total public sector interest income was \$477 million (or 122.2%) higher than budgeted, largely reflecting higher than budgeted interest rates (also resulting in an upward movement to interest expenses).

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<sup>6</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>7</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 in magnitude than the equivalent general government taxation revenue aggregate.

- (b) Operating expenses in 2022-23 were \$73.6 billion, \$1.6 billion (or 2.2%) higher than Budget, with lower outcomes for 'other' gross operating expenses, services and contracts, and superannuation interest more than offset by higher spending on salaries, superannuation, depreciation, interest, other employee costs, and (net) current and capital transfers.

'Other' gross operating expenses were \$463 million (or 1.2%) lower than Budget, reflecting the net impact of spending by the Gold Corporation (down \$2.6 billion), Lotteries Commission (up \$130 million), and Racing and Wagering Western Australia (up \$213 million), due largely to the impact on expenses of the revenue issues outlined above (of similar magnitude). In addition, Synergy's costs in this category were \$1.2 billion higher than budgeted, reflecting the expenditure associated with meeting supply shortfalls in the electricity market caused by fuel supply issues, a net increase to provisions for onerous contracts (largely driven by increases in the cost to supply electricity), and recognition of expenditure pertaining to a breach of the Wholesale Electricity Market rules.

Claims expenses for the Insurance Commission of Western Australia (ICWA) were \$254 million lower than budgeted, mainly due to a lower than expected increase in actuarially determined future claim costs (driven by an increase in the discount rate used in valuing claims liabilities, mainly reflecting movements in interest rates over the year), fewer new catastrophic injury claims, and a lower number of outstanding claims at year-end compared to the previous year. RiskCover Fund claims expenses were \$93 million higher than estimated, reflecting a higher than expected number of large property claims during the year.

Salaries were \$986 million higher than forecast in the 2022-23 Budget. This largely reflects higher general government salaries costs (up \$1 billion) detailed earlier in this appendix, while salaries outcomes for the State's public corporations were \$28 million lower than forecast.

Current and capital transfers were a net \$117 million (or 2.1%) higher than Budget, with movements in the general government sector discussed earlier. Public non-financial corporations sector transfers were \$95 million (or 5.6%) higher than budget, with an increase in bus contractor costs (including labour and fuel) for the Public Transport Authority and higher than forecast grants by Synergy related to payments to customers who export electricity generated from rooftop solar to the network.

Lower than forecast spending was recorded across services and contracts expenditure (down \$310 million, or 7%), and non-cash superannuation interest expenses (down \$21 million, or 11.5%). These decreases were partly offset by higher than budgeted outcomes for depreciation and amortisation (up \$498 million, or 10.8%), interest expenses (covering both interest on leases and other interest, up \$482 million, or 39.3%), concurrent superannuation costs (up \$195 million, or 11.3%), and other employee costs (up \$96 million, or 17.8%).

- (c) The total public sector recorded a \$4.7 billion operating surplus in 2022-23, \$3.5 billion higher than the \$1.2 billion surplus projected at the time of the 2022-23 Budget, reflecting revenue and expense movements detailed above.
- (d) 'Other' economic flows resulted in an aggregate increase in net worth of \$92 million, a \$109 million turnaround on the forecast decrease of \$17 million in the 2022-23 Budget. This was predominantly due to a \$137 million change in accounting policies/adjustment of prior periods<sup>8</sup> (which are not forecast in the Budget, being reporting 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 \$15.2 billion in 2022-23, up \$12.7 billion from expectations at the time of the Budget. This was primarily driven by higher than expected valuations (such as land and property, plant and equipment valuations) in 2022-23 (up \$12.5 billion), and a net increase in the actuary's valuation of superannuation liabilities (up \$188 million).
- (f) Net worth at 30 June 2023 increased by a total \$20 billion, a \$16.3 billion stronger outcome than the 2022-23 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 \$599 million surplus position in 2022-23, a \$3 billion turnaround on the \$2.4 billion net lending deficit projected in the original Budget.

This reflects:

- the stronger total public sector operating surplus discussed earlier in this section (up \$3.5 billion), less the impact of depreciation movements removed in the calculation of net lending/borrowing (\$498 million);
- changes in total public sector purchases (up \$354 million) and sales (down \$55 million) of non-financial assets detailed later in this appendix (under the cash flow statement); and
- a \$567 million turnaround on expected inventory levels, primarily due to the volume and value of the Gold Corporation's holdings of precious metals.

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<sup>8</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. These adjustments typically arise as a result of movements in annual reports for the previous year that may not be finalised until after last year's *Annual Report on State Finances* was published, or for other valuation changes brought to book this year but which would impact a prior year outcome.

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

	Notes	2022-23			
		Budget Year \$m	Actual \$m	Variation on Budget \$m	Variation on Budget %
<b>ASSETS</b>					
<i>Financial assets</i>					
Cash and deposits		5,300	6,404	1,105	20.8
Advances paid		5,529	3,156	-2,373	-42.9
Investments, loans and placements		19,310	16,498	-2,812	-14.6
Receivables		5,111	7,151	2,040	39.9
Equity - Investments in other entities		2,871	2,553	-318	-11.1
Other financial assets		9	17	7	79.8
<b>Total financial assets</b>		<b>38,130</b>	<b>35,779</b>	<b>-2,351</b>	<b>-6.2</b>
<i>Non-financial assets</i>					
Land		47,419	52,879	5,459	11.5
Property, plant and equipment		117,083	131,521	14,438	12.3
Right-of-use assets		2,789	2,773	-16	-0.6
Service concession assets		2,725	3,398	673	24.7
Biological assets		269	229	-39	-14.6
Inventories					
Land inventories		1,610	1,471	-138	-8.6
Other inventories		6,345	7,717	1,372	21.6
Intangibles		1,099	1,032	-67	-6.1
Assets classified as held for sale		77	40	-37	-47.9
Investment property		22	16	-6	-26.5
Other		507	952	445	87.6
<b>Total non-financial assets</b>		<b>179,945</b>	<b>202,029</b>	<b>22,084</b>	<b>12.3</b>
<b>TOTAL ASSETS</b>		<b>218,075</b>	<b>237,808</b>	<b>19,733</b>	<b>9.0</b>
<b>LIABILITIES</b>					
Deposits held		312	23	-290	-92.8
Advances received		328	273	-54	-16.5
Borrowings					
Lease liabilities		3,408	3,427	19	0.6
Service concession liabilities		332	309	-23	-6.9
Other borrowings		56,864	49,384	-7,480	-13.2
Superannuation		4,636	4,486	-149	-3.2
Other employee benefits		4,473	4,873	399	8.9
Payables		9,858	11,810	1,953	19.8
Other liabilities		9,819	11,245	1,426	14.5
<b>TOTAL LIABILITIES</b>		<b>90,030</b>	<b>85,831</b>	<b>-4,199</b>	<b>-4.7</b>
<b>NET ASSETS</b>		<b>128,045</b>	<b>151,977</b>	<b>23,932</b>	<b>18.7</b>
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		45,268	45,177	-92	-0.2
Other reserves		82,777	106,801	24,024	29.0
<b>NET WORTH</b>	a	<b>128,045</b>	<b>151,977</b>	<b>23,932</b>	<b>18.7</b>
<b>MEMORANDUM ITEMS</b>					
<i>Net financial worth</i>		-51,900	-50,052	1,848	-3.6
<i>Net financial liabilities</i>		51,900	50,052	-1,848	-3.6
<i>Net debt</i>					
Gross debt liabilities		61,244	53,417	-7,828	-12.8
less: liquid financial assets		30,139	26,058	-4,081	-13.5
<b>Net debt</b>	b	<b>31,105</b>	<b>27,358</b>	<b>-3,747</b>	<b>-12.0</b>

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



## Total Public Sector Balance Sheet<sup>9</sup>

(a) Net worth of the total public sector was \$152 billion at 30 June 2023 (up \$23.9 billion, or 18.7% 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 2022-23 (discussed in cash flow terms below), and movements in the valuation of assets (particularly land and other physical assets).

- Assets were \$19.7 billion (or 9%) higher than Budget, reflecting an increase in holdings of non-financial assets (up \$22.1 billion), partly offset by a lower stock of financial assets (down \$2.4 billion).
  - Higher than budgeted non-financial asset outcomes largely reflects an increase in the value of property, plant and equipment (up \$14.4 billion), the impact of upward valuations on land holdings (up \$5.5 billion), an increase in inventories (up a net \$1.2 billion across land and other inventories), and higher than budgeted service concession assets (up \$673 million).
  - For financial assets, holdings of liquid assets were a net \$4.1 billion lower than forecast, largely due to lower holdings for the Western Australian Treasury Corporation reflecting final outcomes for the Corporation's investment program (which is largely matched by a similar reduction in borrowing levels). Receivables were \$2 billion higher than budget mainly reflecting an increase in mining revenue and tax receivables noted earlier in this appendix.
- Liabilities were \$4.2 billion (or 4.7%) lower than Budget, with lower gross debt liabilities (down \$7.8 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 \$149 million), noted earlier in this appendix. These movements were partly offset by increases to 'other' liabilities (up \$1.4 billion), payables (up \$2 billion) and other employee benefits (up \$399 million).

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<sup>9</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.

## **2022-23 Annual Report on State Finances**

- (b) Total public sector net debt was \$27.4 billion at 30 June 2023, \$3.7 billion (or 12%) lower than the \$31.1 billion estimate in the 2022-23 Budget. Gross debt liabilities were a net \$7.8 billion lower while holdings of liquid financial assets were down \$4.1 billion. This outcome is largely due to the impact on cash of the stronger than expected operating surplus for 2022-23 (noted in the previous section).

Table 4.6

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

	Notes	2022-23			
		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		10,565	12,035	1,470	13.9
Grants and subsidies received		16,087	17,235	1,148	7.1
Receipts from sales of goods and services		28,742	30,454	1,712	6.0
Interest receipts		395	786	391	98.8
Dividends and tax equivalents		-	-	-	-
Other		11,771	15,288	3,517	29.9
<b>Total cash received</b>		<b>67,560</b>	<b>75,798</b>	<b>8,238</b>	<b>12.2</b>
<i>Cash paid</i>					
Wages, salaries and supplements, and superannuation		-18,161	-18,922	-762	4.2
Payments for goods and services		-29,363	-30,998	-1,635	5.6
Interest paid		-1,176	-1,658	-482	41.0
Grants and subsidies paid		-6,507	-7,013	-506	7.8
Dividends and tax equivalents		-	-	-	-
Other payments		-5,039	-6,336	-1,297	25.7
<b>Total cash paid</b>		<b>-60,245</b>	<b>-64,926</b>	<b>-4,681</b>	<b>7.8</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>a</b>	<b>7,316</b>	<b>10,872</b>	<b>3,556</b>	<b>48.6</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets	b	-8,880	-9,235	-354	4.0
Sales of non-financial assets	c	538	483	-55	-10.2
<b>Total cash flows from investments in non-financial assets</b>	<b>d</b>	<b>-8,342</b>	<b>-8,752</b>	<b>-409</b>	<b>4.9</b>
<i>Cash flows from investments in financial assets</i>					
<i>Cash received</i>					
For policy purposes		10	114	104	1,042.0
For liquidity purposes		8,378	9,157	779	9.3
<i>Cash paid</i>					
For policy purposes		-60	-110	-50	83.9
For liquidity purposes		-8,832	-8,851	-19	0.2
<b>Total cash flows from investments in financial assets</b>		<b>-504</b>	<b>310</b>	<b>814</b>	<b>-161.4</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-8,846</b>	<b>-8,442</b>	<b>404</b>	<b>-4.6</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<i>Cash received</i>					
Advances received		54	-	-54	-
Borrowings		19,576	22,051	2,475	12.6
Deposits received		-	-	-	-
Other financing receipts		55	290	235	429.1
<b>Total cash received</b>		<b>19,685</b>	<b>22,341</b>	<b>2,656</b>	<b>13.5</b>
<i>Cash paid</i>					
Advances paid		-18	-18	-	-
Borrowings repaid		-20,360	-24,313	-3,953	19.4
Deposits paid		-	-	-	-
Other financing payments		-439	-785	-346	78.8
<b>Total cash paid</b>		<b>-20,817</b>	<b>-25,115</b>	<b>-4,299</b>	<b>20.6</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-1,132</b>	<b>-2,774</b>	<b>-1,642</b>	<b>145.1</b>
<b>Net increase in cash and cash equivalents</b>		<b>-2,662</b>	<b>-344</b>	<b>2,318</b>	<b>-87.1</b>
Cash and cash equivalents at the beginning of the period		15,051	15,351	299	2.0
Cash and cash equivalents at the end of the period		12,389	15,007	2,618	21.1
<b>KEY FISCAL AGGREGATES</b>					
Net cash flows from operating activities		7,316	10,872	3,556	48.6
Net cash flows from investing in non-financial assets		-8,342	-8,752	-409	4.9
<b>Cash surplus/-deficit</b>	<b>e</b>	<b>-1,027</b>	<b>2,120</b>	<b>3,147</b>	<b>-306.5</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 \$10.9 billion in 2022-23, \$3.6 billion higher than the \$7.3 billion cash operating surplus forecast in the 2022-23 Budget. Total cash receipts in 2022-23 were \$75.8 billion, \$8.2 billion (or 12.2%) higher than forecast, while total cash payments in 2022-23 were \$64.9 billion, \$4.7 billion (or 7.8%) higher than 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 \$9.2 billion in 2022-23, \$354 million (or 4%) higher than forecast. In addition to the general government sector variations noted earlier in this appendix (up \$247 million), net changes in infrastructure spending by key public corporations include:
- Synergy (up \$355 million), reflecting advance payments for new battery storage projects in Kwinana and Collie, partially offset by lower than expected expenditure on the original Kwinana Big Battery project and other generation infrastructure works;
  - the Public Transport Authority, including separate provisions for METRONET projects under development (down \$301 million), reflecting the timing of payments and revised work schedules for a number of rail projects, including Forrestfield-Airport Link, Stirling Bus Interchange and the Freight, Rail Infrastructure, Railcar Acquisition and Railcar Replacement programs;
  - Pilbara Ports Authority (down \$203 million), primarily due to the impact of delays to the final investment decision for the Perdaman Urea project on the Dampier Bulk Handling Facility (previously the Dampier Cargo Wharf Extension) and the revision of timeframes for the Lumsden Point General Cargo Facility and Logistics Hub to coordinate with works on the Spoilbank Marina;
  - Western Power (down \$110 million), reflecting component availability pressures and other supply chain delays in delivery of materials, and work site access issues that delayed a number of customer-driven projects and the State Underground Power Program. Expenditure estimates were also revised down in the most recent Budget to align with the Economic Regulation Authority's draft decision on the new Access Arrangement;
  - Mid West Ports Authority (down \$86 million), primarily reflecting delays to the Geraldton Port Maximisation Project tender award, refinement of project timelines as a result of detailed design, and environmental approval processes;
  - Southern Ports Authority (down \$40 million), driven by delays on a number of projects resulting largely from construction market pressures, supply chain shortages and delays in obtaining environmental approvals. Projects affected include the Inner Harbour Access Bridge, Iron Ore Shed 3 Recladding and the Sustaining Capital Works project;

- DevelopmentWA (down \$40 million), due primarily to delays arising from shortages of construction materials and labour across most residential land programs, partially offset by higher than budgeted expenditure in the Industrial Land program;
  - the Bunbury Water Corporation (down \$32 million), with challenging construction market conditions resulting in the retiming of project expenditure; and
  - the inclusion in the original Budget of a \$875 million underspend allowance for the public corporations sector in anticipation of lower actual spending that would emerge for infrastructure projects by 30 June 2023 (now reflected in the outcomes for the agencies described above), along with \$225 million provisioned for cost escalation that was allocated to agencies during 2022-23.
- (c) Sales of non-financial assets were \$483 million in 2022-23, \$55 million lower than Budget. In addition to the general government sector variations noted earlier in this appendix (up \$18 million), other material changes in sales include:
- the Department of Communities (Housing Services, up \$49 million) with unbudgeted land sales from joint ventures, and higher than anticipated Shared Equity property sales, which are driven by higher property prices enabling customers to refinance their loan or purchase their properties outright; and
  - DevelopmentWA (down \$67 million), primarily reflecting cancellations in sales contracts across most residential land programs as a result of rising interest rates, partly offset by higher than expected sales in the Industrial Land program.
- (d) Net cash flows from investments in non-financial assets were \$8.8 billion in 2022-23, \$409 million (or 4.9%) higher than Budget, with movements in purchases and sales outlined above.

The total public sector recorded a \$2.1 billion cash surplus in 2022-23, a \$3.1 billion turnaround on the \$1 billion deficit forecast in the 2022-23 Budget. This reflects the combination of the stronger than expected net cash surplus on operations (up \$3.6 billion) and the higher net cash spend on non-financial assets (up \$409 million) discussed earlier in this section.

**2022-23 Annual Report on State Finances**

## **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 outlines the purpose of the account.

The focus of this appendix is on major/material SPAs that were in existence at 30 June 2023 and which were established to deliver priority policy outcomes. Details on other SPAs can be found in agencies' 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

The SPA was established in 2021-22 to hold funds for future climate action and renewable energy initiatives.

Receipts in 2022-23 reflect an additional \$500 million allocated to the Account from the higher than expected 2021-22 general government operating surplus (as part of the 2022-23 Budget).

Payments totalling \$498.7 million were made to agencies to progress a range of initiatives, including: \$89.3 million to the Department of Jobs, Tourism, Science and Innovation to meet costs associated with the transition away from native forestry, the economic transition of Collie and various hydrogen and climate-related initiatives; \$122.5 million to Synergy for upfront payments relating to the Kwinana Battery Energy Storage System 2; a further \$269 million to Synergy for the Collie Battery Energy Storage System; and \$6 million to Synergy for upfront payments for the King Rocks Wind Farm.

CLIMATE ACTION FUND		
	2022-23 \$m	2021-22 \$m
<i>Balance at 1 July</i>	167	-
Receipts	500	168
Payments	499	1
<b>Closing Balance</b>	<b>168</b>	<b>167</b>

Note: Columns may not add due to rounding.

## Debt Reduction Account

The Debt Reduction Account was established in 2017-18 and is used to apply funds to the repayment or avoidance of Consolidated Account borrowings.

The 2022-23 Budget included \$1.2 billion to flow through the Account, reflecting the Government's decision to apply a portion of the stronger than expected general government operating surplus in 2021-22 to repay Consolidated Account borrowings, reducing the State's exposure to future interest rate rises. The 2022-23 Mid-year Review applied \$400 million in additional operating surplus funds to debt repayment, while a further \$500 million was also allocated as part of the 2023-24 Budget.

The full \$2.1 billion was credited to the Account and applied to debt repayment by 30 June 2023.



<b>DEBT REDUCTION ACCOUNT</b>			Table 5.2
	2022-23 \$m	2021-22 \$m	
<i>Balance at 1 July</i>	-	-	
Receipts	2,100	2,704	
Payments	2,100	2,704	
<b>Closing Balance</b>	<b>-</b>	<b>-</b>	

Note: Columns may not add due to rounding.

## Digital Capability Fund

This SPA was established in 2021-22 to hold funds for the upgrade of ICT systems to improve government service delivery, enhance cyber security and mitigate operational risks.

Appropriation funding totalling \$400 million was approved as part of the 2022-23 Budget and paid into the Account during the September 2022 quarter. A total of \$181.5 million was drawn during the 12 months to 30 June 2023 to progress a range of projects being delivered by agencies, including WA Health (\$62 million), the Western Australia Police Force (\$30.1 million), the Department of the Premier and Cabinet (\$17.4 million), the Department of Transport (\$15.5 million) and the Department of Mines, Industry Regulation and Safety (\$11.9 million).

<b>DIGITAL CAPABILITY FUND</b>			Table 5.3
	2022-23 \$m	2021-22 \$m	
<i>Balance at 1 July</i>	427	-	
Receipts	400	500	
Payments	181	73	
<b>Closing Balance</b>	<b>645</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 to 30 June 2023 reflect appropriation of \$1.7 billion for METRONET projects and an operating subsidy of \$2.2 million for the METRONET Office.

Funds totalling \$1.8 billion were drawn from the Account during 2022-23, and applied to transport infrastructure planning and delivery, and for METRONET Office operating expenses (\$1 million).

Table 5.4

**METRONET ACCOUNT**

	2022-23 \$m	2021-22 \$m
<i>Balance at 1 July</i>	137	432
Receipts	1,734	707
Payments	1,838	1,001
<b>Closing Balance</b>	<b>33</b>	<b>137</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 2023, receipts totalled \$177.4 million, mainly reflecting motor vehicle licence revenue hypothecated to road spending. Payments totalled \$201.7 million, with funds drawn for various projects including the Ranford Road Bridge (\$26.6 million), the Yanchep Rail Extension (\$25.6 million), and Bayswater Station works (\$25.2 million).

Table 5.5

**METRONET ROADS ACCOUNT**

	2022-23 \$m	2021-22 \$m
<i>Balance at 1 July</i>	109	106
Receipts	177	125
Payments	202	122
<b>Closing Balance</b>	<b>84</b>	<b>109</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 2022-23 reflect MRIT collections (\$90.4 million), proceeds from the sale of land and buildings (\$11.6 million), interest revenue (\$8.4 million), rent revenue (\$7.7 million), receipts from the Australian Taxation Office for refunds of GST on purchases (\$2.9 million), and scheme certificate fees collection (\$1.2 million).

Drawdowns were used for the acquisition of land and buildings (\$57.3 million), service delivery costs associated with the Account (\$28.3 million), compensation to landowners for compulsory property acquisitions (\$4.1 million), and funding for a range of infrastructure projects (\$14.7 million).

Table 5.6

<b>METROPOLITAN REGION IMPROVEMENT ACCOUNT</b>		
	2022-23	2021-22
	\$m	\$m
<i>Balance at 1 July</i>	385	443
Receipts	124	111
Payments	106	169
<b>Closing Balance</b>	<b>403</b>	<b>385</b>

Note: Columns may not add due to rounding.

## Mining Rehabilitation Fund

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

Receipts for the year ending 30 June 2023 reflect levy contributions by mining operators (\$41.5 million) and interest earnings (\$5.7 million). Payments for the year were made in support of mine rehabilitation costs (\$9.3 million) and administration expenses (\$0.6 million).

Table 5.7

<b>MINING REHABILITATION FUND</b>		
	2022-23	2021-22
	\$m	\$m
<i>Balance at 1 July</i>	254	219
Receipts	47	39
Payments	10	4
<b>Closing Balance</b>	<b>291</b>	<b>254</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 2018 to meet the cost of payments associated with the State's participation in the National Redress Scheme, and for civil litigation claims by victims of historical child sexual abuse. Utilising higher than expected general government operating surplus funds for 2021-22, an additional \$185 million was appropriated to the Account as part of the 2022-23 Budget to fund revised payment forecasts over the four years to 2025-26.

During 2022-23, payments totalling \$70 million were drawn to meet National Redress Scheme participation costs, civil litigation claims by victims of historical child sexual abuse, and associated administration costs.

Table 5.8

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

	2022-23 \$m	2021-22 \$m
<i>Balance at 1 July</i>	27	77
Receipts	185	-
Payments	70	50
<b>Closing Balance</b>	<b>143</b>	<b>27</b>

Note: Columns may not add due to rounding.

## New Women and Babies Hospital Account

This SPA was established in 2021 to hold \$1.8 billion of the higher than expected operating surplus for 2020-21 to support the future construction of a new Women and Babies Hospital.

Funds totalling \$9.5 million were drawn in 2022-23 for costs related to the development of the Business Case and Project Definition Plan for the new hospital.

Table 5.9

### NEW WOMEN AND BABIES HOSPITAL ACCOUNT

	2022-23 \$m	2021-22 \$m
<i>Balance at 1 July</i>	1,787	-
Receipts	-	1,787
Payments	9	-
<b>Closing Balance</b>	<b>1,778</b>	<b>1,787</b>

Note: Columns may not add due to rounding.

## Perth Parking Licensing Account

This SPA was established in 1999 under the *Perth Parking Management Act 1999* to set aside funds to be used to encourage a balanced transport system and improve the amenity of the Perth city area. Money credited to the Account reflects licence fees, penalties and funding appropriated by the Parliament for the purposes of the Act.

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

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**PERTH PARKING LICENSING ACCOUNT**

Table 5.10

	2022-23 \$m	2021-22 \$m
<i>Balance at 1 July</i>	192	165
Receipts	53	55
Payments	37	27
<b>Closing Balance</b>	<b>209</b>	<b>192</b>

Note: Columns may not add due to rounding.

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**Remote Communities Fund**

This SPA was established as part of the 2022-23 Budget (using the higher than expected general government operating surplus for 2021-22) to support investment in essential infrastructure and services in remote Aboriginal communities in Western Australia. In 2022-23, \$9.8 million was drawn for the regularisation and upgrade of water and electricity services in remote communities.

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**REMOTE COMMUNITIES FUND**

Table 5.11

	2022-23 \$m	2021-22 \$m
<i>Balance at 1 July</i>	-	-
Receipts	350	-
Payments	10	-
<b>Closing Balance</b>	<b>340</b>	<b>-</b>

Note: Columns may not add due to rounding.

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**Road Trauma Trust Account**

This Account was established to provide for road safety initiatives on Western Australian roads. Receipts for 2022-23 mainly reflect collections from prescribed penalties (\$124 million), interest revenue on the Account balance (\$1.9 million), and other miscellaneous funds collected under the *Road Traffic (Administration) Act 2008* (\$0.6 million).

Projects funded from the Account during 2022-23 included initiatives to:

- reduce run-off crashes on regional roads by applying treatments such as shoulder sealing, audible edge lines and installing safety barriers (\$27 million);
- reduce the number and rate at which vulnerable road users are killed and seriously injured (\$25.9 million);
- manage speed on Western Australian roads (\$24.3 million); and
- provide post-crash support (\$1.4 million).

A further \$24.3 million was spent on the operations of the Road Safety Commission, including community education campaigns, community grants, the Infringement Management Reform Program, and a range of other road safety initiatives.

## ROAD TRAUMA TRUST ACCOUNT

Table 5.12

	2022-23 \$m	2021-22 \$m
<i>Balance at 1 July</i>	71	43
Receipts	127	115
Payments	103	86
<b>Closing Balance</b>	<b>95</b>	<b>71</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 2022-23 reflect moneys appropriated by the Parliament (\$971.6 million), interest earned on the Fund balance (\$13.1 million), and unused funds from associated projects returned to the Fund by agencies (\$4.3 million). A total of \$989 million was disbursed from the Fund to support infrastructure, business and economic development, and other regional initiatives (detailed in Chapter 7 of the 2023-24 Budget Paper No. 3).

## ROYALTIES FOR REGIONS FUND

Table 5.13

	2022-23 \$m	2021-22 \$m
<i>Balance at 1 July</i>	1,000	1,000
Receipts	989	1,019
Payments	989	1,019
<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. Receipts of \$4 million were transferred from the Royalties for Regions Fund in 2022-23. Payments in 2022-23 totalled \$28.4 million, including \$20.5 million on essential and municipal services improvement in remote Aboriginal communities, \$4.7 million paid to the Department of Education for the Kimberley Schools project, and \$2.3 million to the North-West Aboriginal Housing Fund.

Table 5.14

<b>ROYALTIES FOR REGIONS REGIONAL REFORM FUND</b>		
	2022-23 \$m	2021-22 \$m
<i>Balance at 1 July</i>	43	58
Receipts	4	-
Payments	28	15
<b>Closing Balance</b>	<b>18</b>	<b>43</b>

Note: Columns may not add due to rounding.

## Social Housing Investment Fund

The Social Housing Investment Fund was established as part of the 2021-22 Budget with \$750 million of higher than expected general government operating surplus funds set aside to fund future dwelling construction projects and other initiatives to increase social housing supply.

Funds totalling \$251.1 million were drawn in 2022-23 to support various social housing initiatives, including \$91.5 million for the expansion of the Department of Communities' social housing spot purchasing program, \$64.4 million for the repurposing of housing stock that was to be sold to instead be retained for social housing purposes, and \$55.1 million for the retention of rental properties.

Table 5.15

<b>SOCIAL HOUSING INVESTMENT FUND</b>		
	2022-23 \$m	2021-22 \$m
<i>Balance at 1 July</i>	750	-
Receipts	-	750
Payments	251	-
<b>Closing Balance</b>	<b>499</b>	<b>750</b>

Note: Columns may not add due to rounding.

## Softwood Plantation Expansion Fund

This Fund was established using higher than expected general government operating surplus funds as part of the 2021-22 Budget, with funds to be applied to expand the State's softwood plantation estate, support the Western Australian timber and construction industries into the future, provide a funding source for initiatives to offset carbon dioxide production, and to support associated regional development.

A total of \$30.6 million was drawn during 2022-23, supporting plantation land purchases across Western Australia.

Table 5.16

<b>SOFTWOOD PLANTATION EXPANSION FUND</b>		
	2022-23 \$m	2021-22 \$m
<i>Balance at 1 July</i>	350	-
Receipts	-	350
Payments	31	-
<b>Closing Balance</b>	<b>319</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 \$21.7 million were paid into the Account in the year to 30 June 2023. This included \$20.8 million in landfill levy collections allocated to the Account by Ministerial determination under the Act, together with interest and other miscellaneous receipts (\$0.9 million). Funds totalling \$20.3 million were drawn for waste programs and payment of administration costs incurred by the Department of Water and Environmental Regulation (\$16.4 million), implementing the Waste Export Ban (\$3.5 million) and costs of the Container Deposit Scheme (\$0.4 million).

Table 5.17

<b>WASTE AVOIDANCE AND RESOURCE RECOVERY ACCOUNT</b>		
	2022-23 \$m	2021-22 \$m
<i>Balance at 1 July</i>	41	29
Receipts	22	33
Payments	20	22
<b>Closing Balance</b>	<b>42</b>	<b>41</b>

Note: Columns may not add due to rounding.

## Western Australian Future Health Research and Innovation Fund

The Western Australian Future Fund was established under the *Western Australian Future Fund Act 2012*. The Western Australian Future Fund Amendment (Future Health Research and Innovation Fund) Bill 2019 received Royal Assent in May 2020 and took effect from 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 Fund to a new Account that provides long-term support for medical and health research, innovation, and commercialisation activities.



Receipts totalling \$118 million in 2022-23 included the Consolidated Account's annual contribution equivalent to 1% of annual forecast royalty revenue (\$70.9 million) and interest receipts (\$46.6 million). A transfer of \$32.3 million to the Western Australian Future Health Research and Innovation Account was included in the 2022-23 Budget for projected interest earnings.

Table 5.18

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

	2022-23 \$m	2021-22 \$m
<i>Balance at 1 July</i>	1,597	1,492
Receipts	118	137
Payments	32	32
<b>Closing Balance</b>	<b>1,682</b>	<b>1,597</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 \$32.3 million in forecast interest from the Future Health Research and Innovation Fund in 2022-23. A further \$16.7 million one-off contribution was credited to the Account by appropriation from the Consolidated Account reflecting additional revenue that would have been accrued to the Account through increasing interest rates. The Account also received \$0.9 million in interest receipts on accrued balances. Grant payments of \$19.8 million were drawn to support medical and health research, innovation and commercialisation project activities through the year.

Table 5.19

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

	2022-23 \$m	2021-22 \$m
<i>Balance at 1 July</i>	24	15
Receipts	50	33
Payments	20	23
<b>Closing Balance</b>	<b>55</b>	<b>24</b>

(a) This Account is an agency Special Purpose Account administered by the Minister for Medical Research.

Note: Columns may not add due to rounding.

## Westport Account

This Account was established using higher than expected general government operating surplus funds as part of the 2021-22 Budget to support the Westport project.

Funding of \$62.4 million was drawn during 2022-23 for the acquisition of transport corridor land by Main Roads, while \$0.5 million in funding was drawn by the Department of Transport in support of feasibility studies for vehicle and break bulk trade relocation.

Table 5.20

**WESTPORT ACCOUNT**

	2022-23 \$m	2021-22 \$m
<i>Balance at 1 July</i>	399	-
Receipts	- <sup>(a)</sup>	400
Payments	63	1
<b>Closing Balance</b>	<b>336</b>	<b>399</b>

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

Note: Columns may not add due to rounding.

## **Quarterly Financial Results - June 2023**

This appendix completes the quarterly data series for the 2022-23 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 2023* 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 2023 may include one-off movements in items relative to previous reports, to move them into line with final audited outcomes.

**GENERAL GOVERNMENT**  
Operating Statement

	2022-23		2021-22	
	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	3,000	12,427	2,808	11,634
Current grants and subsidies	3,089	12,817	2,649	11,946
Capital grants	1,130	2,081	597	1,515
Sales of goods and services	864	3,296	812	3,027
Interest Income	120	333	43	127
Revenue from public corporations				
Dividends from other sector entities	3	145	96	612
Tax equivalent income	192	705	352	906
Royalty income	3,040	11,045	3,014	11,091
Other	218	752	293	799
<b>Total</b>	<b>11,656</b>	<b>43,601</b>	<b>10,664</b>	<b>41,658</b>
<b>EXPENSES</b>				
Salaries	3,983	15,727	3,717	14,279
Superannuation				
Concurrent costs	477	1,759	368	1,469
Superannuation interest cost	48	160	-42	75
Other employee costs	118	387	102	327
Depreciation and amortisation	506	1,977	507	1,846
Services and contracts	848	3,080	913	2,877
Other gross operating expenses	1,774	6,620	1,771	6,337
Interest				
Interest on leases	37	146	34	133
Other interest	244	809	181	646
Current transfers	1,917	7,358	2,421	6,662
Capital transfers	178	458	212	988
<b>Total</b>	<b>10,129</b>	<b>38,481</b>	<b>10,184</b>	<b>35,638</b>
<b>NET OPERATING BALANCE</b>	<b>1,527</b>	<b>5,120</b>	<b>480</b>	<b>6,019</b>
<i>Other economic flows - included in the operating result</i>				
Net gains on assets/liabilities	-243	-302	-159	-149
Provision for doubtful debts	-36	-41	-6	-9
Changes in accounting policy/adjustment of prior periods	18	63	8	-379
<b>Total other economic flows</b>	<b>-261</b>	<b>-280</b>	<b>-158</b>	<b>-537</b>
<b>OPERATING RESULT</b>	<b>1,266</b>	<b>4,841</b>	<b>322</b>	<b>5,482</b>
<i>All other movements in equity</i>				
<i>Items that will not be reclassified to operating result</i>				
Revaluations	9,619	9,712	6,238	6,379
Net actuarial gains - superannuation	177	100	150	769
Gains recognised directly in equity	-	-	-	-
Change in net worth of the public corporations sectors	3,440	5,340	3,480	6,771
All other	-	-	-	-
<b>Total all other movements in equity</b>	<b>13,236</b>	<b>15,153</b>	<b>9,867</b>	<b>13,919</b>
<b>TOTAL CHANGE IN NET WORTH</b>	<b>14,502</b>	<b>19,993</b>	<b>10,189</b>	<b>19,402</b>
<b>KEY FISCAL AGGREGATES</b>				
<b>NET OPERATING BALANCE</b>	<b>1,527</b>	<b>5,120</b>	<b>480</b>	<b>6,019</b>
<i>Less Net acquisition of non-financial assets</i>				
Purchase of non-financial assets	1,212	3,870	984	3,308
Changes in inventories	-190	-349	172	421
Other movement in non-financial assets	22	10	94	94
<i>less:</i>				
Sales of non-financial assets	49	86	22	110
Depreciation	506	1,977	507	1,846
<b>Total net acquisition of non-financial assets</b>	<b>489</b>	<b>1,468</b>	<b>720</b>	<b>1,868</b>
<b>NET LENDING/-BORROWING</b>	<b>1,037</b>	<b>3,652</b>	<b>-240</b>	<b>4,151</b>

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

Table 6.2

**GENERAL GOVERNMENT**  
Operating Revenue

	2022-23		2021-22	
	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>	1,267	5,017	1,108	4,415
Property taxes				
<i>Land tax</i>	- (a)	784	18	756
Transfer duty	520	2,113	589	2,336
Foreign Buyers Surcharge	10	29	5	22
Landholder duty	212	317	175	278
<i>Total duty on transfers</i>	741	2,459	770	2,637
Other stamp duties	- (a)	- (a)	- (a)	- (a)
Metropolitan Region Improvement Tax	- (a)	89	- (a)	85
Perth Parking Levy	2	53	1	55
Emergency Services Levy	38	399	30	375
Loan guarantee fees	31	128	33	131
Building and Construction Industry Training Fund Levy	15	70	12	39
<i>Total other property taxes</i>	85	739	76	684
Taxes on provision of goods and services				
Lotteries Commission	88	221	103	218
Video lottery terminals	- (a)	- (a)	- (a)	- (a)
Casino tax	18	56	12	49
Betting Tax	33	128	32	121
<i>Total taxes on gambling</i>	139	405	148	388
Insurance duty	219	945	190	823
Other	5	21	7	22
<i>Total taxes on insurance</i>	224	967	197	845
<i>On-demand Transport Levy</i>	-	- (a)	11	38
Taxes on use of goods and performance of activities				
Vehicle licence duty	186	671	152	579
Permits - Oversize Vehicles and Loads	4	11	4	10
Motor vehicle registrations	317	1,205	292	1,120
Other Vehicle taxes	9	37	9	37
<i>Total motor vehicle taxes</i>	517	1,924	457	1,747
<i>Mining Rehabilitation Levy</i>	- (a)	41	- (a)	38
<i>Landfill Levy</i>	27	91	22	86
<b>Total Taxation</b>	<b>3,000</b>	<b>12,427</b>	<b>2,808</b>	<b>11,634</b>

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

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

Table 6.2 (cont.)

**GENERAL GOVERNMENT**  
Operating Revenue

	2022-23		2021-22	
	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	1,557	6,306	819	3,369
Commonwealth-funded 70% floor	-	-	-	2,115
North West Shelf grants	197	1,366	254	1,024
Commonwealth compensation for changed crude oil excise arrangements	10	116	10	32
National Agreements				
Skills and Workforce Development	44	177	42	165
Housing and Homelessness	50	186	44	175
Schools Reform - Quality Schools	291	1,120	263	1,021
Health Reform	726	2,754	695	2,668
National Partnerships/Other Grants				
Health	62	325	336	921
Transport	23	127	62	158
Disability Services	1	3	1	3
Other	129	337	122	295
<b>Total Current Grants and Subsidies</b>	<b>3,089</b>	<b>12,817</b>	<b>2,649</b>	<b>11,946</b>
<b>Capital Grants</b>				
National Partnerships/Other Grants				
Transport	812	1,701	516	1,040
Other	318	380	81	475
<b>Total Capital Grants</b>	<b>1,130</b>	<b>2,081</b>	<b>597</b>	<b>1,515</b>
<b>Sales of Goods and Services</b>	<b>864</b>	<b>3,296</b>	<b>812</b>	<b>3,027</b>
<b>Interest Income</b>	<b>120</b>	<b>333</b>	<b>43</b>	<b>127</b>
<b>Revenue from Public Corporations</b>				
Dividends	3	145	96	612
Tax Equivalent Regime	192	705	352	906
<b>Total Revenue from Public Corporations</b>	<b>195</b>	<b>850</b>	<b>449</b>	<b>1,518</b>
<b>Royalty Income</b>				
Iron ore	2,357	9,079	2,555	9,917
Other	683	1,966	459	1,173
<b>Total Royalty Income</b>	<b>3,040</b>	<b>11,045</b>	<b>3,014</b>	<b>11,091</b>
<b>Other</b>				
Lease Rentals	37	158	35	185
Fines	79	248	56	235
Revenue not elsewhere counted	102	346	201	380
<b>Total Other</b>	<b>218</b>	<b>752</b>	<b>293</b>	<b>799</b>
<b>TOTAL REVENUE</b>	<b>11,656</b>	<b>43,601</b>	<b>10,664</b>	<b>41,658</b>

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

Table 6.3

**GENERAL GOVERNMENT**  
**Cash Flow Statement**

	2022-23		2021-22	
	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	3,266	12,622	2,918	11,332
Grants and subsidies received	5,057	17,235	3,761	15,637
Receipts from sales and goods and services	879	3,338	820	3,007
Interest receipts	110	287	39	111
Dividends and tax equivalents	289	1,023	311	1,544
Other receipts	3,673	13,797	3,242	14,271
<i>Total cash received</i>	<i>13,273</i>	<i>48,303</i>	<i>11,092</i>	<i>45,903</i>
<i>Cash paid</i>				
Wages, salaries and supplements, and superannuation	-4,075	-17,339	-3,891	-15,848
Payments for goods and services	-2,421	-10,066	-2,697	-9,876
Interest paid	-257	-885	-201	-752
Grants and subsidies paid	-2,639	-9,837	-2,453	-8,852
Dividends and tax equivalents	-	-	-	-
Other payments	-628	-2,350	-611	-2,136
<i>Total cash paid</i>	<i>-10,020</i>	<i>-40,476</i>	<i>-9,853</i>	<i>-37,464</i>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>3,252</b>	<b>7,827</b>	<b>1,239</b>	<b>8,439</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<i>Cash flow from investment in non-financial assets</i>				
Purchase of non-financial assets	-1,212	-3,870	-984	-3,308
Sales of non-financial assets	49	86	22	110
<i>Total cash flows from investments in financial assets</i>	<i>-1,163</i>	<i>-3,784</i>	<i>-962</i>	<i>-3,199</i>
<i>Cash flows from investments in financial assets</i>				
<i>Cash received</i>				
For policy purposes	13	114	4	18
For liquidity purposes	14	48	26	93
<i>Cash paid</i>				
For policy purposes	-1,158	-2,738	-652	-1,208
For liquidity purposes	-2	-75	-21	-70
<i>Total cash flows from investments in financial assets</i>	<i>-1,134</i>	<i>-2,651</i>	<i>-642</i>	<i>-1,168</i>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-2,296</b>	<b>-6,435</b>	<b>-1,604</b>	<b>-4,366</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<i>Cash received</i>				
Advances received	18	18	18	18
Borrowings	150	188	15	57
Deposit received	-	-	-	-
Other financing receipts	138	316	84	195
<i>Total cash received</i>	<i>306</i>	<i>522</i>	<i>116</i>	<i>270</i>
<i>Cash paid</i>				
Advances paid	-18	-18	-18	-18
Borrowings repaid	-520	-2,151	-18	-646
Deposits paid	-	-	-	-
Other financing payments	-166	-689	-181	-585
<i>Total cash paid</i>	<i>-704</i>	<i>-2,858</i>	<i>-216</i>	<i>-1,248</i>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-398</b>	<b>-2,336</b>	<b>-100</b>	<b>-978</b>
<b>Net increase in cash and cash equivalents</b>	<b>558</b>	<b>-944</b>	<b>-465</b>	<b>3,094</b>
Cash and cash equivalents at beginning of the period	8,535	10,037	10,502	6,943
Cash and cash equivalents at end of the period	9,093	9,093	10,037	10,037
<b>KEY FISCAL AGGREGATES</b>				
Net cash flows from operating activities	3,252	7,827	1,239	8,439
Net cash flows from investing in non-financial assets	-1,163	-3,784	-962	-3,199
<b>Cash surplus/-deficit</b>	<b>2,089</b>	<b>4,043</b>	<b>277</b>	<b>5,240</b>

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

**TOTAL PUBLIC SECTOR**  
Operating Statement

	2022-23		2021-22	
	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	2,819	11,843	2,617	11,065
Current grants and subsidies	3,089	12,817	2,649	11,946
Capital grants	1,130	2,081	597	1,515
Sales of goods and services	10,394	38,400	9,204	36,437
Interest Income	281	868	125	445
Royalty income	3,040	11,045	3,014	11,091
Other	389	1,288	417	1,276
<i>Total revenue</i>	<b>21,142</b>	<b>78,341</b>	<b>18,624</b>	<b>73,776</b>
<b>EXPENSES</b>				
Salaries	4,359	17,169	4,029	15,540
Superannuation				
Concurrent costs	522	1,920	399	1,598
Superannuation interest cost	48	160	-42	75
Other employee costs	188	637	195	612
Depreciation and amortisation	1,239	5,120	1,130	4,775
Services and contracts	1,138	4,144	1,205	3,925
Other gross operating expenses	10,819	37,135	8,893	34,049
Interest				
Interest on leases	54	217	52	203
Other interest	433	1,490	260	986
Current transfers	1,423	5,337	1,818	4,737
Capital transfers	63	274	159	856
<i>Total expenses</i>	<b>20,286</b>	<b>73,604</b>	<b>18,097</b>	<b>67,357</b>
<b>NET OPERATING BALANCE</b>	<b>856</b>	<b>4,738</b>	<b>527</b>	<b>6,419</b>
<i>Other economic flows - included in the operating result</i>				
Net gains on assets/liabilities	-247	12	-1,043	-1,013
Provision for doubtful debts	-43	-57	10	-15
Changes in accounting policy/adjustment of prior periods	26	137	84	167
<i>Total other economic flows</i>	<b>-264</b>	<b>92</b>	<b>-950</b>	<b>-861</b>
<b>OPERATING RESULT</b>	<b>593</b>	<b>4,830</b>	<b>-422</b>	<b>5,558</b>
<i>All other movements in equity</i>				
<i>Items that will not be reclassified to operating result</i>				
Revaluations	13,754	15,118	10,422	13,099
Net actuarial gains - superannuation	160	80	115	747
Gains recognised directly in equity	-4	-35	74	-2
All other	-	-	-	-
<i>Total all other movements in equity</i>	<b>13,910</b>	<b>15,164</b>	<b>10,611</b>	<b>13,844</b>
<b>TOTAL CHANGE IN NET WORTH</b>	<b>14,502</b>	<b>19,993</b>	<b>10,189</b>	<b>19,402</b>
<b>KEY FISCAL AGGREGATES</b>				
<b>NET OPERATING BALANCE</b>	<b>856</b>	<b>4,738</b>	<b>527</b>	<b>6,419</b>
<i>Less Net acquisition of non-financial assets</i>				
Purchase of non-financial assets	3,162	9,235	2,177	7,181
Changes in inventories	-337	311	445	1,302
Other movement in non-financial assets	76	196	111	187
<i>less:</i>				
Sales of non-financial assets	164	483	177	529
Depreciation	1,239	5,120	1,130	4,775
<i>Total net acquisition of non-financial assets</i>	<b>1,498</b>	<b>4,139</b>	<b>1,427</b>	<b>3,367</b>
<b>NET LENDING/-BORROWING</b>	<b>-642</b>	<b>599</b>	<b>-899</b>	<b>3,052</b>

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



Table 6.5

**TOTAL PUBLIC SECTOR**  
Operating Revenue

	2022-23		2021-22	
	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>	1,236	4,902	1,081	4,313
Property taxes				
<i>Land tax</i>	-17	713	1	688
Transfer Duty	520	2,113	589	2,336
Foreign Buyers surcharge	10	29	5	22
Landholder Duty	212	317	175	278
<i>Total duty on transfers</i>	741	2,459	770	2,637
Other stamp duties	-(a)	-(a)	-(a)	-(a)
Metropolitan Region Improvement Tax	-(a)	89	-(a)	85
Perth Parking Levy	2	53	1	55
Emergency Services Levy	34	395	32	371
Loan guarantee fees	-(a)	6	1	6
Building and Construction Industry Training Fund Levy	15	70	12	39
<i>Total other property taxes</i>	51	613	46	555
Taxes on provision of goods and services				
Video lottery terminals	-(a)	-(a)	-(a)	-(a)
Casino Tax	18	56	12	49
Betting Tax	20	78	20	70
<i>Total taxes on gambling</i>	39	134	32	120
Insurance Duty	219	945	190	823
Other	5	21	7	22
<i>Total taxes on insurance</i>	224	967	197	845
<i>On-demand Transport Levy</i>	-	-(a)	11	38
Taxes on use of goods and performance of activities				
Vehicle Licence Duty	186	671	152	579
Permits - Oversize Vehicles and Loads	4	11	4	10
Motor Vehicle registrations	317	1,205	292	1,120
Other Vehicle taxes	9	37	9	37
<i>Total motor vehicle taxes</i>	517	1,924	457	1,747
<i>Mining Rehabilitation Levy</i>	-(a)	41	-(a)	38
<i>Landfill Levy</i>	27	91	22	86
<b>Total Taxation</b>	<b>2,819</b>	<b>11,843</b>	<b>2,617</b>	<b>11,065</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**

	2022-23		2021-22	
	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	1,557	6,306	819	3,369
Commonwealth-funded 70% floor grant	-	-	-	2,115
North West Shelf grants	197	1,366	254	1,024
Commonwealth compensation for changed crude oil excise arrangements	10	116	10	32
National Agreements				
Skills and Workforce Development	44	177	42	165
Housing and Homelessness	50	186	44	175
Schools Reform - Quality Schools	291	1,120	263	1,021
Health Reform	726	2,754	695	2,668
National Partnerships/Other Grants				
Health	62	325	336	921
Transport	23	127	62	158
Disability Services	1	3	1	3
Other	129	337	122	295
<b>Total Current Grants and Subsidies</b>	<b>3,089</b>	<b>12,817</b>	<b>2,649</b>	<b>11,946</b>
<b>Capital Grants</b>				
National Partnerships/Other Grants				
Transport	812	1,701	516	1,040
Other	318	380	81	475
<b>Total Capital Grants</b>	<b>1,130</b>	<b>2,081</b>	<b>597</b>	<b>1,515</b>
<b>Sales of Goods and Services</b>	<b>10,394</b>	<b>38,400</b>	<b>9,204</b>	<b>36,437</b>
<b>Interest Income</b>	<b>281</b>	<b>868</b>	<b>125</b>	<b>445</b>
<b>Royalty Income</b>				
Iron ore	2,357	9,079	2,555	9,917
Other	683	1,966	459	1,173
<b>Total Royalty Income</b>	<b>3,040</b>	<b>11,045</b>	<b>3,014</b>	<b>11,091</b>
<b>Other</b>				
Lease Rentals	37	158	35	185
Fines	76	248	55	235
Revenue not elsew here counted	276	882	327	857
<b>Total Other</b>	<b>389</b>	<b>1,288</b>	<b>417</b>	<b>1,276</b>
<b>TOTAL REVENUE</b>	<b>21,142</b>	<b>78,341</b>	<b>18,624</b>	<b>73,776</b>

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

Table 6.6

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

	2022-23		2021-22	
	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	2,955	12,035	2,615	10,760
Grants and subsidies received	5,056	17,235	3,759	15,637
Receipts from sales and goods and services	9,170	30,454	7,613	28,674
Interest receipts	226	786	103	440
Dividends and tax equivalents	-	-	-	-
Other receipts	4,097	15,288	3,565	15,696
<i>Total cash received</i>	<i>21,504</i>	<i>75,798</i>	<i>17,656</i>	<i>71,208</i>
<i>Cash paid</i>				
Wages, salaries and supplements, and superannuation	-4,450	-18,922	-4,210	-17,251
Payments for goods and services	-9,280	-30,998	-7,888	-29,104
Interest paid	-382	-1,658	-330	-1,413
Grants and subsidies paid	-1,912	-7,013	-1,607	-6,636
Dividends and tax equivalents	-	-	-	-
Other payments	-1,509	-6,336	-1,548	-5,497
<i>Total cash paid</i>	<i>-17,533</i>	<i>-64,926</i>	<i>-15,583</i>	<i>-59,901</i>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>3,971</b>	<b>10,872</b>	<b>2,072</b>	<b>11,307</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<i>Cash flow from investment in non-financial assets</i>				
Purchase of non-financial assets	-3,162	-9,235	-2,177	-7,181
Sales of non-financial assets	164	483	177	529
<i>Total cash flows from investments in financial assets</i>	<i>-2,998</i>	<i>-8,752</i>	<i>-2,001</i>	<i>-6,653</i>
<i>Cash flows from investments in financial assets</i>				
<i>Cash received</i>				
For policy purposes	13	114	4	18
For liquidity purposes	1,114	9,157	1,732	10,863
<i>Cash paid</i>				
For policy purposes	88	-110	-9	-21
For liquidity purposes	-2,882	-8,851	-3,318	-8,709
<i>Total cash flows from investments in financial assets</i>	<i>-1,666</i>	<i>310</i>	<i>-1,590</i>	<i>2,151</i>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-4,664</b>	<b>-8,442</b>	<b>-3,591</b>	<b>-4,502</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<i>Cash received</i>				
Advances received	-	-	-	-
Borrowings	7,561	22,051	5,952	22,466
Deposit received	-	-	-	-
Other financing receipts	5	290	75	191
<i>Total cash received</i>	<i>7,566</i>	<i>22,341</i>	<i>6,027</i>	<i>22,658</i>
<i>Cash paid</i>				
Advances paid	-18	-18	-18	-18
Borrowings repaid	-6,007	-24,313	-4,598	-26,077
Deposits paid	-	-	-	-
Other financing payments	-265	-785	-162	-618
<i>Total cash paid</i>	<i>-6,290</i>	<i>-25,115</i>	<i>-4,778</i>	<i>-26,713</i>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1,276</b>	<b>-2,774</b>	<b>1,249</b>	<b>-4,055</b>
<b>Net increase in cash and cash equivalents</b>	<b>583</b>	<b>-344</b>	<b>-270</b>	<b>2,750</b>
Cash and cash equivalents at beginning of the period	14,424	15,351	15,621	12,600
Cash and cash equivalents at end of the period	15,007	15,007	15,351	15,351
<b>KEY FISCAL AGGREGATES</b>				
Net cash flows from operating activities	3,971	10,872	2,072	11,307
Net cash flows from investing in non-financial assets	-2,998	-8,752	-2,001	-6,653
<b>Cash surplus/-deficit</b>	<b>973</b>	<b>2,120</b>	<b>71</b>	<b>4,655</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>			
	2023 \$m	2022 \$m	Variance \$m
<b>THE PUBLIC LEDGER</b>			
Consolidated Account <sup>(a)</sup>	-23,976	-20,977	-2,999
Treasurer's Special Purpose Accounts	25,709	23,609	2,100
Treasurer's Advance Account – Net Recoverable Advances	-118	-24	-94
<b>TOTAL</b>	<b>1,615</b>	<b>2,607</b>	<b>-992</b>
Agency Special Purpose Accounts	7,827	7,692	135
<b>TOTAL PUBLIC BANK ACCOUNT</b>	<b>9,442</b>	<b>10,299</b>	<b>-858</b>

(a) The balance of the Consolidated Account at 30 June 2023 includes non-cash appropriations of \$18.5 billion (30 June 2022: \$17.1 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 \$5.5 billion deficit position at 30 June 2023 (compared with a deficit position of \$3.9 billion at 30 June 2022).

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 accumulated accrual deficit position increased by \$3 billion during 2022-23, to be \$24 billion at 30 June 2023 (see following table). This included \$18.5 billion associated with 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 \$5.5 billion at 30 June 2023, up from the \$3.9 billion deficit balance at 30 June 2022.

Receipts totalled \$33.7 billion in 2022-23, down \$364 million on 2021-22, mainly due to:

- lower transfers from the Debt Reduction Account (down \$2,115 million), following the end of the temporary GST floor grants in 2021-22;
- higher tax collections (up \$1,178 million), mainly payroll tax, landholder duty and insurance duty receipts;
- higher Commonwealth grants (up \$1,677 million), including higher GST grants (up \$822 million) and higher North West Shelf grants and Commonwealth crude oil excise compensation grants (up \$530 million);
- lower receipts from public corporations (down \$518 million), mainly due to the receipt of Bell Group settlement funds through the Insurance Commission of Western Australia's 2021-22 dividend; and
- lower royalty collections (down \$664 millions), mainly reflecting lower iron ore prices, partly offset by higher lithium royalty collections.

Consolidated Account spending (including accrual appropriations and other cash transactions) totalled \$36.7 billion in 2022-23, \$211 million lower than in 2021-22. This was mainly due to:

- one-off appropriations allocating higher than expected general government operating surplus proceeds to Special Purpose Accounts during 2021-22;
- higher recurrent funding (up \$1,277 million) approved under *Appropriation Act (No. 1)*, supporting service delivery and other recurrent activity outlined in the 2022-23 Budget;

- a \$1,511 million increase in repayment of borrowings, following the application of higher than expected operating surpluses to debt retirement during 2022-23;
- lower transfers for debt avoidance through the Debt Reduction Account (down \$2,115 million) funded from temporary GST floor grants (noted earlier under receipts); and
- higher recurrent and capital draw downs through the Treasurer's Advance (up \$1,058 million), discussed later in this Appendix.

Reflecting the debt repayments noted above, State borrowings held by the Consolidated Account totalled \$22.9 billion at 30 June 2023, down \$2.1 billion from \$25 billion at 30 June 2022. Total proceeds from gross borrowings (i.e. excluding repayments of borrowings) stood at \$27.5 billion at 30 June 2023, which remains below the \$34.5 billion cumulative limit approved by the *Loan Act 2017* and preceding Loan Acts<sup>1</sup>.

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

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

Table 7.2

**CONSOLIDATED ACCOUNT TRANSACTIONS**

	2023 \$m	2022 \$m	Variance \$m
<b>REVENUE</b>			
<i>Operating Activities</i>			
Taxation	10,355	9,176	1,178
Commonwealth grants	8,834	7,157	1,677
Government enterprises	1,020	1,537	-518
Royalty receipts	11,385	12,049	-664
Other receipts from agencies	1,404	1,384	20
Other receipts	714	660	54
<i>Total Operating Activities</i>	<b>33,710</b>	<b>31,963</b>	<b>1,748</b>
<i>Financing Activities</i>			
Transfers from the Debt Reduction Account	-	2,115	-2,115
Borrowings	-	-	-
Other receipts	12	8	4
<i>Total Financing Activities</i>	<b>12</b>	<b>2,123</b>	<b>-2,111</b>
<b>TOTAL REVENUE</b>	<b>33,722</b>	<b>34,086</b>	<b>-364</b>
<b>EXPENDITURE</b>			
<i>Recurrent</i>			
Authorised by other statutes	2,612	2,666	-54
Appropriation Act (No. 1)	24,511	23,234	1,277
Recurrent expenditure under the Treasurer's Advance	2,398	1,379	1,018
<i>Total Recurrent Expenditure</i>	<b>29,521</b>	<b>27,279</b>	<b>2,242</b>
<i>Investing Activities</i>			
Authorised by other statutes	321	291	30
Appropriation Act (No. 2)	4,496	6,417	-1,921
Investing expenditure under the Treasurer's Advance	274	235	40
<i>Total Investing Activities</i>	<b>5,091</b>	<b>6,943</b>	<b>-1,852</b>
<i>Financing Activities</i>			
Funding for Loan repayments (through the Debt Reduction Account)	2,100	589	1,511
Appropriation Act (No. 2)	-	2,115	-2,115
Other financing	10	7	3
<i>Total Financing Activities</i>	<b>2,110</b>	<b>2,711</b>	<b>-601</b>
<b>TOTAL EXPENDITURE</b>	<b>36,721</b>	<b>36,933</b>	<b>-211</b>
<b>NET MOVEMENT (REVENUE LESS EXPENDITURE)</b>	<b>-2,999</b>	<b>-2,847</b>	<b>-152</b>
<b>Consolidated Account Balance</b>			
Opening balance at 1 July	-20,977	-18,130	-2,847
Closing balance at 30 June	-23,976	-20,977	-2,999
Of which:			
Appropriations payable	-18,511	-17,054	-1,457
Cash balance at 30 June	-5,465	-3,923	-1,542
<b>Memorandum item: Consolidated Account Borrowings at 30 June</b>	<b>22,887</b>	<b>24,987</b>	<b>-2,100</b>

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



## Treasurer's Special Purpose Accounts

The Treasurer's Special Purpose Accounts (TSPAs) consist of:

- any account established by the Treasurer as a TSPA for the purposes determined by the Treasurer;
- suspense accounts established for the purposes of section 26 of the FMA;
- any account established to hold money transferred under section 39(5) of the FMA;
- the Public Bank Account Interest Earned Account, established for the purpose of holding money credited to that Account under section 38(9) of the FMA pending its allocation and payment as required or permitted under the FMA or another written law;
- any account established under written law and determined by the Treasurer to be a TSPA; and
- any other account established to hold money and determined by the Treasurer to be a TSPA.

Aggregate TSPA balances at 30 June 2023 were \$2.1 billion higher than at the same time last year. This reflects:

- higher non-cash Holding Account balances for agency depreciation costs and accrued leave entitlements (up \$1,457 million);
- establishment of a new \$350 million Remote Communities Fund less the drawdown of \$9.8 million for spending on the regularisation and upgrade of water and electricity services in remote communities;
- the drawdown of \$251.1 million to support various Social Housing Investment Fund initiatives, including the expansion of the Department of Communities' Social Housing Spot Purchasing program (\$91.5 million), the repurposing of housing stock that was to be sold to instead be retained for social housing purposes (\$64.4 million), and the retention of rental properties (\$55.1 million);
- a \$219 million increase in the Digital Capability Fund balance, including a \$400 million top-up of the Fund (as part of the 2022-23 Budget), less related drawdowns during the year;
- a \$122 million increase in the Public Bank Account Interest Earned Account, resulting from rising interest rates and a higher average balance compared with 2021-22;
- an increase in the National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse Account (up by a net \$115 million), reflecting an increase of \$185 million transferred from the Consolidated Account (as part of the 2022-23 Budget), partly offset by payments to cover Scheme expenditure, civil litigation costs and associated administration costs;

## 2022-23 Annual Report on State Finances

- an increase in the balance of the Western Australian Future Health Research and Innovation Fund, reflecting appropriation of 1% of forecast annual royalty receipts (\$71 million) and interest earnings on the balance of the Fund over the last 12 months (\$47 million), partly offset by the transfer of \$32 million to the Western Australian Future Health Research and Innovation Account;
- 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 \$57 million);
- \$31 million drawn from the Softwood Plantation Expansion Fund; and
- a \$14 million decrease across all other TSPAs.

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 2023 and 2022.

<b>TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 30 JUNE</b>			
	2023	2022	Variance
	\$m	\$m	\$m
Agency Holding Accounts	18,511	17,054	1,457
Remote Communities Fund	340	-	340
Social Housing Investment Fund	499	750	-251
Digital Capability Fund	645	427	219
Public Bank Account Interest Earned	208	86	122
National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse Account	143	27	115
Western Australian Future Health Research and Innovation Fund	1,682	1,597	85
Accrued Salaries	347	290	57
Softwood Plantation Expansion Fund	319	350	-31
New Women and Babies Hospital Account	1,778	1,787	-9
Climate Action Fund	168	167	1
Royalties for Regions Fund	1,000	1,000	-
Other Treasurer's Special Purpose Accounts	69	75	-6
<b>TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 30 JUNE</b>	<b>25,709</b>	<b>23,609</b>	<b>2,100</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 \$3.1 billion was authorised for the year ended 30 June 2023. The original \$977.5 million authority (established by section 29 of the FMA) was increased by \$2.1 billion with the passage of the *Treasurer's Advance Authorisation Act 2023*, which provided for additional spending expected to emerge during 2022-23.

Of the \$3.1 billion authorised limit, \$2,790 million was drawn by 30 June 2023. This included \$2,671.8 million for excesses and new items (which are included in the Consolidated Account outcome detailed earlier in this Appendix). The remaining \$117.8 million was drawn against net recoverable advances as shown in the following table. This included a \$107.2 million advance for the Commissioner of Main Roads following later than expected receipt of Commonwealth funding for the Regional Road Safety Program.

Table 7.4			
<b>TREASURER'S ADVANCE AT 30 JUNE</b>			
	2023	2022	Variance
	\$m	\$m	\$m
<b>AUTHORISED LIMIT</b>	<b>3,077.5</b>	<b>2,320.5</b>	<b>757.0</b>
<i>Total Drawn Against Treasurer's Advance Account</i>	2,789.6	1,638.1	1,151.5
Comprising:			
<i>Net recoverable advances</i>	117.8	24.3	93.6
Regional Road Safety Program	107.2	-	107.2
Sundry Debtors	3.2	7.1	-3.9
Homebuyers Assistant Account	2.5	3.0	-0.5
Suitors Fund	2.5	2.5	-
Petroleum and Geothermal Energy Safety	2.0	2.0	-
Western Australian Energy Disputes Arbitrator	0.4	0.2	0.2
Principal Shared Paths Program	-	9.5	-9.5
<i>Excesses and new items</i>	2,671.8	1,613.8	1,058.0
- recurrent	2,397.5	1,379.2	1,018.4
- capital	274.3	234.7	39.6

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 2023

	Budget \$m	Transfers <sup>(a)</sup> \$m	Treasurer's Advance			Draw n against Treasurer's Advance to 30 June 2023 \$m
			New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
<b>Recurrent Appropriations</b>						
<i>Parliamentary Services</i>						
Item 3: Delivery of Services	19.1	-	-	0.7	19.8	0.7
<i>Parliamentary Commissioner for Administrative Investigations</i>						
Item 4: Delivery of Services	9.5	-	-	0.7	10.3	0.7
<i>Premier and Cabinet</i>						
Item 5: Delivery of Services	167.9	-	-	15.3	183.1	15.2
Item 6: Amount provided for Administered Grants, Subsidies and Other Transfer Payments	79.0	-	-	65.1	144.1	65.1
<i>Governor's Establishment</i>						
Item 8: Delivery of Services	2.7	-	-	0.2	2.9	0.2
<i>Western Australian Electoral Commission</i>						
Item 9: Delivery of Services	7.3	-	-	1.0	8.3	0.6
<i>Office of the Information Commissioner</i>						
Item 12: Delivery of Services	2.0	-	-	0.1	2.1	0.1
<i>Registrar, Western Australian Industrial Relations Commission</i>						
Item 13: Delivery of Services	10.2	-	-	0.3	10.5	0.3
<i>Treasury</i>						
Item 14: Delivery of Services	49.4	-	-	0.3	49.7	0.3
Item 15: Bunbury Water Corporation	1.2	-	-	0.4	1.6	0.4
Item 16: Busselton Water Corporation	0.7	-	-	-(b)	0.7	-(b)
Item 17: Electricity Generation And Retail Corporation (Synergy)	763.3	-	-	64.5	827.8	60.0
Item 21: Public Transport Authority	1,006.8	-	-	103.2	1,110.0	103.2
Item 23: Regional Power Corporation (Horizon Power)	35.5	-	-	21.0	56.6	20.4
Item 24: Southern Ports Authority	5.6	-	-	4.4	10.0	4.4
Item 28: Goods and Services Tax (GST) Administration Costs	71.2	-	-	1.9	73.1	0.9
Item 33: Provision for <i>Aboriginal Cultural Heritage Act 2021</i>	2.5	-2.5	-	-	-	-
Item 34: Provision for Perth City Deal	99.0	-15.0	-	-	84.0	-
Item 38: State Property - Emergency Services Levy	19.3	-	-	1.1	20.4	1.1
Item 39: WA Health	23.0	-	-	1.5	24.4	1.5
Item 40: All Other Grants, Subsidies and Transfer Payments	2.8	-	-	340.7	343.5	306.0
<i>Office of the Auditor General</i>						
Item 41: Delivery of Services	11.4	-	-	1.3	12.7	1.3

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

**TRANSFERS, EXCESSES AND NEW ITEMS**  
For the Twelve Months to 30 June 2023

Table 7.5 (cont.)

	Treasurer's Advance					Draw n against Treasurer's Advance to 30 June 2023 \$m
	Budget \$m	Transfers <sup>(a)</sup> \$m	New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
<b>Recurrent Appropriations</b>						
<i>Jobs, Tourism, Science and Innovation</i>						
Item 44: Delivery of Services	453.5	15.0	-	-	468.5	-
Item 45: Amount provided for Administered Grants, Subsidies and Other Transfer Payments	21.8	-	-	6.6	28.4	6.6
<i>Primary Industries and Regional Development</i>						
Item 46: Delivery of Services	240.6	-	-	10.3	251.0	-
<i>Mines, Industry Regulation and Safety</i>						
Item 48: Delivery of Services	177.0	-	-	6.2	183.2	4.0
<i>WA Health</i>						
Item 54: Delivery of Services	5,951.0	-	-	744.9	6,696.0	744.9
<i>Health and Disability Services Complaints Office</i>						
Item 59: Delivery of Services	3.7	-	-	0.1	3.8	0.1
<i>Education</i>						
Item 60: Delivery of Services	4,429.2	-	-	427.8	4,856.9	427.8
Item 61: Amount provided for Administered Grants, Subsidies and Other Transfer Payments	442.3	-	-	6.8	449.1	6.8
<i>Training and Workforce Development</i>						
Item 62: Delivery of Services	457.8	-	-	24.7	482.5	24.7
<i>Western Australia Police Force</i>						
Item 63: Delivery of Services	1,566.2	-	-	55.6	1,621.8	55.6
New item: Amount provided for Administered Grants, Subsidies and Transfer Payments	-	-	1.0	-	1.0	1.0
<i>Justice</i>						
Item 64: Delivery of Services	1,381.7	-	-	76.8	1,458.5	73.7
<i>Fire and Emergency Services</i>						
Item 66: Delivery of Services	58.6	-	-	42.1	100.7	42.1
<i>Office of the Director of Public Prosecutions</i>						
Item 68: Delivery of Services	46.4	-	-	0.8	47.3	0.8
<i>Corruption and Crime Commission</i>						
Item 69: Delivery of Services	30.2	-	-	0.4	30.5	0.4
<i>Chemistry Centre (WA)</i>						
Item 70: Delivery of Services	6.9	-	-	1.4	8.4	1.4
<i>Office of the Inspector of Custodial Services</i>						
Item 71: Delivery of Services	3.4	-	-	0.1	3.5	0.1
<i>Parliamentary Inspector of the Corruption and Crime Commission</i>						
Item 72: Delivery of Services	0.5	-	-	- <sup>(b)</sup>	0.5	-
<i>Communities</i>						
Item 73: Delivery of Services	2,089.9	-	-	365.6	2,455.5	332.6
<i>Local Government, Sport and Cultural Industries</i>						
Item 74: Delivery of Services	269.7	-	-	2.9	272.7	-
Item 75: Amount provided for Administered Grants, Subsidies and Other Transfer Payments	43.2	-	-	13.9	57.1	13.9
Item 76: Art Gallery of Western Australia	8.6	-	-	0.9	9.5	0.9
Item 78: Library Board of Western Australia	27.9	-	-	0.8	28.8	0.7
Item 79: Arts and Culture Trust	10.8	-	-	0.7	11.5	0.7
Item 80: Western Australian Museum	37.1	-	-	3.4	40.5	3.4

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 2023

	Treasurer's Advance					Draw n against Treasurer's Advance to 30 June 2023 \$m
	Budget \$m	Transfers <sup>(a)</sup> \$m	New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
<b>Recurrent Appropriations</b>						
<i>Western Australian Sports Centre Trust</i>						
Item 81: Delivery of Services	89.5	-	-	22.9	112.5	22.9
<i>Transport</i>						
Item 82: Delivery of Services	123.9	-	-	14.6	138.5	14.6
<i>Commissioner of Main Roads</i>						
Item 84: Delivery of Services	444.7	-	-	96.0	540.8	25.5
<i>Biodiversity, Conservation and Attractions</i>						
Item 86: Delivery of Services	300.5	-	-	3.7	304.2	3.7
<i>Planning, Lands and Heritage</i>						
Item 87: Delivery of Services	121.8	2.5	-	-	124.3	-
<i>Western Australian Land Information Authority</i>						
Item 89: Delivery of Services	36.6	-	-	6.1	42.7	6.1
<i>National Trust of Australia (WA)</i>						
Item 91: Delivery of Services	3.2	-	-	0.2	3.4	0.2
<b>Total Recurrent</b>		-	<b>1.0</b>	<b>2,560.1</b>		<b>2,397.5</b>
<b>Capital Appropriations</b>						
<i>Treasury</i>						
Item 102: Capital Appropriation	0.1	-	-	- <sup>(b)</sup>	0.1	- <sup>(b)</sup>
Item 103: Animal Resources Authority	5.5	-	-	1.0	6.5	1.0
<i>Item 108: Electricity Generation and Retail Corporation (Synergy)</i>						
Item 109: Electricity Networks Corporation (Western Power)	33.3	-	-	7.2	40.5	7.2
Item 111: Metropolitan Redevelopment Authority (DevelopmentWA)	93.8	-	-	14.7	108.5	14.7
Item 112: Pilbara Ports Authority	2.4	-	-	1.7	4.1	-
Item 116: Western Australian Land Authority (DevelopmentWA)	41.5	-	-	17.0	58.5	16.7
<i>Mines, Industry Regulation and Safety</i>						
Item 125: Capital Appropriation	30.0	-	-	1.0	31.0	1.0
<i>Western Australia Police Force</i>						
Item 132: Capital Appropriation	1.6	-	-	2.1	3.7	2.1
<i>Justice</i>						
Item 133: Capital Appropriation	73.2	-	-	2.1	75.3	2.1
<i>Fire and Emergency Services</i>						
Item 135: Capital Appropriation	92.9	-	-	2.2	95.0	2.2
<i>Corruption and Crime Commission</i>						
Item 137: Capital Appropriation	1.8	-	-	5.3	7.1	5.3
<i>Communities</i>						
Item 139: Capital Appropriation	0.7	-	-	- <sup>(b)</sup>	0.7	- <sup>(b)</sup>
<i>Commissioner of Main Roads</i>						
Item 145: Capital Appropriation	281.0	-	-	40.6	321.6	19.6
<b>Total Capital</b>	78.1	-	-	<b>211.0</b>	<b>289.1</b>	<b>202.3</b>
<b>TOTAL</b>		-	-	<b>305.9</b>		<b>274.3</b>
						<b>2,671.8</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 2022-23, appropriation transfers included:

- \$2.5 million from Treasury to the Department of Planning, Lands and Heritage for readiness and capacity building grants to Local Aboriginal Cultural Heritage Services; and
- \$15 million from Treasury to the Department of Jobs, Tourism, Science, and Innovation to facilitate a payment to Edith Cowan University (ECU) for its inner-city campus project, consistent with the funding agreement between the State and ECU for this project.

## Excesses and New Items

Funds drawn against the Treasurer's Advance for excesses and new items were for the purposes outlined below. Unless otherwise stated, the approved funding was drawn in full by 30 June 2023.

### Parliamentary Services

Item 3: **Delivery of Services** (\$670,000), reflecting additional salaries expenditure related to the settlement of industrial agreements.

### Parliamentary Commissioner for Administrative Investigations

Item 4: **Delivery of Services** (\$710,000), reflecting additional salaries expenditure related to the settlement of industrial agreements, and the requirement for the Commissioner to undertake additional oversight and reporting functions required under amendments to the *Liquor Control Act 1988*, and investigation and reporting functions under the *Charitable Trusts Act 2022*.

## **Premier and Cabinet**

Item 5: **Delivery of Services** (\$15.3 million), including funding for:

- additional salaries expenditure related to settlement of industrial agreements (\$5.3 million);
- an increase in the State's annual Telethon donation (\$5 million);
- the Lord Mayor's Distress Relief Fund for the Kimberley Floods Appeal and to fund the Premier's Relief Payment of \$1,000 to eligible Kimberley residents to replace damaged personal items (\$5 million), following Ex-Tropical Cyclone Ellie;
- Aboriginal engagement, including funding for the Aboriginal Community Controlled Organisation Sector Development grant program (\$3.4 million);
- costs associated with supporting and expanding the reach of media campaigns, such as the 'Build a Life in WA' campaign, as part of the Reconnect WA Initiative (\$2.5 million); and
- the establishment of the Perth Casino Royal Commission Project Response Team to develop the Government's response to the Commission's Final Report (\$1.9 million).

These additional funding requirements were partially offset by an underspend for COVID-19 communications (\$6 million), revised office accommodation lease costs (\$743,000), and lower spending across other Departmental services and activities (\$1.3 million).

Item 6: **Amounts Provided for Administered Grants, Subsidies and Other Transfer Payments** (\$65.1 million), reflecting funding to meet the State's various obligations in relation to Aboriginal Engagement and Native Title matters (\$30.6 million, which was fully drawn by 30 June 2023) and to provide financial support to the Griffin Coal receivers and managers to ensure continuity in the short term coal supply (with \$23.2 million paid out by 30 June 2023).

## **Governor's Establishment**

Item 8: **Delivery of Services** (\$200,000), primarily relating to formal activities associated with the demise of the Sovereign, introduction and coronation of the new Sovereign, and Australia Day Honours (\$177,000), and costs to resolve a significant building access issue (\$47,000).

## **Western Australian Electoral Commission**

Item 9: **Delivery of Services** (\$1 million), to conduct the North West Central District By-election (\$737,000) and additional salaries expenditure of \$271,000 related to settlement of industrial agreements. These increases were partially offset by \$361,000 lower costs pending anticipated amendments to the *Electoral Act 1907* and the *Electoral (Political Finance) Regulations 1996*.



### Office of the Information Commissioner

Item 12: **Delivery of Services** (\$81,000), reflecting additional salaries expenditure related to the settlement of industrial agreements, which was partially offset by lower depreciation expenses (\$2,000).

### Registrar, Western Australian Industrial Relations Commission

Item 13: **Delivery of Services** (\$268,000), reflecting additional salaries expenditure related to the settlement of industrial agreements.

### Treasury

Item 14: **Delivery of Services** (\$289,000), primarily comprising expenditure for commercial advisory services to undertake reviews into agencies and projects with a significant commercial exposure for the State (\$2 million), additional salaries expenditure related to settlement of industrial agreements (\$1.8 million), and additional resources to deliver Government's priorities (\$529,000), partially offset by various reflows of salary and non-salary expenses (\$4.1 million) from 2022-23 to 2023-24 and across the forward estimates period.

Item 15: **Bunbury Water Corporation** (\$354,000), reflecting higher costs for the provision of non-commercial services on behalf of the Government (\$312,000), and higher than expected annual pensioner and seniors concessions claims (\$42,000).

Item 16: **Busselton Water Corporation** (\$12,000), supporting higher than expected annual pensioner and seniors concessions claims.

Item 17: **Electricity Generation and Retails Corporation (Synergy)** (\$64.5 million), primarily to meet costs associated with undertaking renewable wind generation and battery storage project feasibility studies that support the decarbonisation of the South West electricity system. The higher subsidy also reflects a reclassification of funding for Synergy's Customer Engagement Platform project (CX360) from equity contribution (Item 108) following a change in accounting standards, and higher costs for other subsidised activities (such as rebates and concessions) that Synergy undertakes on behalf of the Government. A lower than expected spend on these activities resulted in only \$60 million of the approved \$64.5 million increase being drawn by 30 June 2023.

Item 21: **Public Transport Authority** (\$103.2 million), reflecting the impact of higher interest rates on debt servicing costs, higher than expected increased contract costs (primarily for bus services), and the impact of revised timing of METRONET project works.

Item 23: **Regional Power Corporation (Horizon Power)** (\$21 million), largely due to higher diesel prices (\$9 million), additional salaries expenditure related to settlement of industrial agreements (\$4.1 million), upgrade and maintenance costs on billing and safety systems (\$1.8 million), and the impact of a higher Consumer Price Index on costs met from subsidies (\$6.1 million). A total \$20.4 million of the approved funding was drawn down in 2022-23, reflecting the final impact of these costs to 30 June 2023.

Item 24: **Southern Ports Authority** (\$4.4 million), recognising increased costs arising from higher volumes of iron ore trade in 2022-23 for the Mineral Resources Limited Government Support Package for Koolyanobbing Iron Ore (implemented in 2018-19).

Item 28: **Goods and Services Tax (GST) Administration Costs** (\$1.9 million), with additional funding approved to meet an increase in Western Australia's share of the Australian Taxation Office (ATO) GST administration costs following upward revisions to the State's expected population share in the Commonwealth's October 2022 Budget (following rebased population estimates as a result of the 2021 Census) and subsequent May 2023 Budget (which included further population growth). Confirmation of the 2022-23 amount payable to the Commonwealth, and a refund of overpaid contributions to the ATO from 2021-22, reduced the actual draw down to just \$0.9 million by 30 June 2023.

Item 38: **State Property – Emergency Services Levy** (\$1.1 million), with funding approved to meet a higher than expected Emergency Services Levy liability on State owned properties following Landgate's final gross rental value determination for the year.

Item 39: **WA Health** (\$1.5 million) reflecting funding to meet costs associated with the updated delivery schedule for the Peel Health Campus Transition carried over from 2021-22 to 2022-23.

Item 40: **All Other Grants, Subsidies and Transfer Payments** (\$340.7 million), mainly for the carryover (from 2021-22) of higher than expected eligible claims for the Small Business Hardship Grants program and other pandemic support packages. This item also includes the impact of higher interest rates on funds paid to various trust accounts (\$6 million) and a once-off top up for the Western Australian Future Health Research and Innovation Account (\$16.7 million, reflecting the very low interest revenue forecast under prevailing rates at the time of the 2022-23 Budget). A total \$306 million was drawn, with some Small Business Hardship Grants Program payments to be paid after 30 June 2023.

Item 102: **Capital Appropriation** (\$14,000), for minor movements in motor vehicle lease costs.

Item 103: **Animal Resource Authority** (\$1 million), which provided an additional equity contribution to support the Authority during wind-up activities in 2022-23.

Item 108: **Electricity Generation and Retail Corporation (Synergy)** (\$7.2 million), primarily to meet the cost of installing a firewater containment system at Synergy's Big Battery project in Kwinana and to undertake soil rectification works at the battery site. These higher costs were partially offset by the reclassification of funding for Synergy's Customer Engagement Platform project (CX360) from equity (Item 108) to an operating subsidy (see Item 17 earlier in this section).

Item 109: **Electricity Networks Corporation (Western Power)** (\$14.7 million), with funding provided to offset the dividend paid on land sales and an increase in Western Power's tax liability (as a consequence of higher than expected capital contributions).

Item 111: **Metropolitan Redevelopment Authority (DevelopmentWA)** (\$1.7 million), approved to meet expected higher activation costs for the Market Hall rooftop area at Yagan Square. The original budget was sufficient to cover subsequent spending, and the higher funding was not drawn down.

Item 112: **Pilbara Ports Authority** (\$17 million), additional funding was approved to meet a revenue shortfall associated with a delay to the Town of Port Hedland's contribution for the Spoilbank Marina (originally forecast to be received in 2021-22). Following receipt of the Town's contribution, \$16.7 million was drawn in 2022-23.

Item 116: **Western Australian Land Authority (DevelopmentWA)** (\$1 million), to meet higher costs for the Ocean Reef Marina project.

### **Office of the Auditor General**

Item 41: **Delivery of Services** (\$1.3 million), reflecting funding for additional salaries expenditure related to the settlement of industrial agreements.

### **Jobs, Tourism, Science and Innovation**

Item 45: **Amount provided for Administered Grants, Subsidies and Other Transfer Payments** (\$6.6 million), resulting from \$7 million in funds approved for the Animal Resource Centre to transition to Ozgene ARC Pty Ltd, partly offset by a \$0.4 million decrease in funds for the Pilbara Ports Authority as part of the Government's Burrup Port Infrastructure Subsidy.

### **Primary Industries and Regional Development**

Item 46: **Delivery of Services** (\$10.3 million), with funding approved to meet additional salaries expenditure related to the settlement of industrial agreements. These funds were not drawn following lower than expected spending across other program areas.

### **Mines, Industry Regulation and Safety**

Item 48: **Delivery of Services** (\$6.2 million), mainly for additional salaries expenditure related to settlement of industrial agreements (\$6.2 million), payment obligations relating to the Home Buyers Assistance Grant Scheme (\$5 million) and completion of the transfer of the Royalty Administration and Collection functions to the Department of Finance (\$387,000). These additional funding requirements were partially offset by delays in other spending, such as the WA Array (\$1.5 million), the Exploration Incentive Scheme (\$1 million), the Household Energy Efficiency Scheme (\$1 million), lower employee expenses (\$2.2 million), and lower spending on services, contracts and other operating costs (\$1.9 million).

Item 125: **Capital Appropriation** (\$2.1 million), largely reflecting fire safety and air-conditioning remediation works at Mineral House, and an air-conditioning upgrade at the Department's Kalgoorlie complex.

## **WA Health**

Item 54: **Delivery of Services** (\$744.9 million), mainly due to additional expenditure on hospital services (\$255.1 million), additional salaries expenditure related to settlement of industrial agreements (\$183.9 million), additional State funding to supplement an equivalent decrease in Commonwealth funding relating to National Health Reform Agreement revenue (\$136.3 million), residual costs related to WA Health's response to COVID-19 for 2022-23 (\$59.7 million), vaccination programs (\$19.8 million), emergency department reform initiatives (\$16.3 million), costs associated with the upgrade of WA Health's Microsoft 365 Enterprise Agreement Licence (\$16 million), additional operational costs for HealthNext (\$15.5 million) and the State's contribution to various Commonwealth/State co-funded programs (\$11.6 million). A range of smaller factors make up the remainder of the drawdown.

## **Health and Disability Services Complaints Office**

Item 59: **Delivery of Services** (\$131,000), primarily reflecting additional salaries expenditure related to the settlement of industrial agreements.

## **Education**

Item 60: **Delivery of Services** (\$427.8 million), mainly reflecting additional salaries expenditure related to settlement of industrial agreements (\$339.2 million), revisions to student enrolments and cost parameters (\$39.9 million), an update of the Department's leave liability estimates (\$35.5 million), unavoidable cost pressures related to centrally-managed school leave and staff relocation (\$29.1 million), COVID-19 enhanced cleaning in schools for Terms 3 and 4 of 2022 (\$18.9 million), higher forecast Government Regional Officer Housing costs (\$11.4 million), temporary attraction and retention incentives to attract teachers to regional and remote public schools (\$3.1 million), continuation of swimming and water safety programs (\$1.6 million), provision of menstrual products in public schools from 2023 (\$1.1 million), and maintenance of subsidised interest rates for Low Interest Loans Scheme loans (\$1.1 million).

These increases were partially offset by a downward revision to other depreciation expenses following a revaluation of the Department's existing assets (\$50.4 million), reduced interest expense as a result of refinancing gains under the Western Australian schools public-private partnership (\$2.5 million), an expense alignment to the National School Reform Agreement in line with the Commonwealth's October 2022 Budget (\$2.5 million), and lower than expected lease costs (\$417,000).

Item 61: **Amount Provided for Administered Grants, Subsidies and Other Transfer Payments** (\$6.8 million), with additional funding provided to meet the impact of revised student enrolment forecasts and cost parameters underpinning the State's funding obligations to the non-government schools sector under the National School Reform Agreement.

## Training and Workforce Development

Item 62: **Delivery of Services** (\$24.7 million), arising from increases relating to settlement of industrial agreements (\$29.6 million), depreciation and lease cost revisions (\$3.6 million), resourcing for the State Nominated Skilled Migration Program (\$865,000), and provision of the regional attraction and retention incentive for TAFE lecturers (\$728,000). These increases were partly offset by revised timing of spending across a number of workforce initiatives, including the Group Training Organisations wage subsidy (\$4.4 million), the Year 9 Career Taster program (\$1.6 million), Adult Apprentice Employer Incentive (\$1.4 million), the Ex-offenders and Mature Aged Jobseekers Support program (\$885,000), the Regional TAFE International Strategy (\$760,000), and other minor reflows and cost revisions (\$1.5 million).

## Western Australia Police Force

Item 63: **Delivery of Services** (\$55.6 million), primarily reflecting higher salary payments during negotiations of the industrial agreement for police officers.

Item 132: **Capital Appropriation** (\$2.1 million), mainly reflecting additional funding for upgrade and maintenance of the Emergency Services Radio Network (\$17.7 million), and Government Regional Officer Housing (\$7.1 million), partly offset by delayed spending across a number of projects (\$22.7 million).

New item: **Amount Provided for Administered Grants, Subsidies and Other Transfer Payments** (\$1 million), for the implementation of a high-calibre firearms buyback scheme.

## Justice

Item 64: **Delivery of Services** (\$76.8 million), mainly for additional salaries expenditure related to settlement of industrial agreements (\$39 million), general cost pressures (\$16.6 million), additional spending at Banksia Hill Detention Centre (\$7.6 million), Legal Aid payments (\$5.8 million), a shortfall in collections from court fees (\$3.5 million), and COVID-19 related expenses (\$3.1 million). Of the approved excess, only \$73.7 million was drawn, reflecting ongoing negotiations on some industrial agreements.

Item 133: **Capital Appropriation** (\$2.2 million), to undertake urgent infrastructure upgrades at Banksia Hill Detention Centre.

### **Fire and Emergency Services**

Item 66: **Delivery of Services** (\$42.1 million), to meet unfunded fire suppression costs for significant bush fire incidents (\$21.9 million); State Emergency Services response and recovery operating costs (\$10.9 million); additional salaries expenditure, primarily related to settlement of industrial agreements (\$4 million); costs for the Recovery Taskforce (\$2.2 million) established to manage and support recovery in the Kimberley following Ex-Tropical Cyclone Ellie; increased operating costs associated with the Emergency Rescue Helicopter Service, Critical Care Paramedics and Air Operation Fleet aviation services contracts (\$2.2 million); cost increases associated with grants paid to local government in respect of the Volunteer Brigades, Groups and Units Fleet Replacement program (\$1.3 million); the State's co-contribution for the Shire of Shark Bay to upgrade the revetment for Denham foreshore and town centre project as part of the Coastal and Estuarine Risk Mitigation Program (\$537,000); higher regional officers accommodation costs (\$332,000); and upgrades to the Emergency Services Radio Network (\$276,000). These increases were partially offset by lower funding of \$1.5 million for delayed completion of the business case for the Western Australia Emergency Management Training Centre.

Item 135: **Capital appropriation** (\$5.3 million), for upgrades to the Emergency Services Radio Network (\$2.6 million), cost increases associated with the Fire and Emergency Fleet (\$1.6 million) and upgrades, modifications and/or replacement of a number of Volunteer Fire and Rescue Service and Volunteer Fire and Emergency Service facilities (\$1.1 million).

### **Office of the Director of Public Prosecutions**

Item 68: **Delivery of Services** (\$832,000), reflecting higher than expected legal brief-out costs (\$432,000) and accommodation-related expenses (\$400,000).

### **Corruption and Crime Commission**

Item 69: **Delivery of Services** (\$350,000), reflecting an additional \$853,000 to meet salaries expenditure related to settlement of industrial agreements and higher accommodation and State Fleet lease expenditure (\$22,000), partially offset by lower workers' compensation premiums (\$120,000) and lower depreciation and amortisation expenditure (\$405,000).

Item 137: **Capital Appropriation** (\$37,000), for higher lease costs.

### **Chemistry Centre (WA)**

Item 70: **Delivery of Services** (\$1.4 million), for project costs relating to testing and implementing new techniques that allow human identification in cases with insufficient or degraded DNA (\$508,000), and additional salaries expenditure related to the settlement of industrial agreements (\$917,000).

### **Office of the Inspector of Custodial Services**

Item 71: **Delivery of Services** (\$112,000), reflecting additional salaries expenditure related to the settlement of industrial agreements.

### **Parliamentary Inspector of the Corruption and Crime Commission**

Item 72: **Delivery of Services** (\$13,000), reflecting additional salaries expenditure related to the settlement of industrial agreements. The additional funding was not drawn following minor movement in other costs.

### **Communities**

Item 73: **Delivery of Services** (\$365.6 million), primarily to meet higher than budgeted National Disability Insurance Scheme (NDIS) payments to the Commonwealth (\$190.4 million), additional funding to address a range of service delivery cost pressures, including emergency and individualised placements for children in out-of-home care (\$142.6 million), and higher costs relating to the settlement of industrial agreements (\$35.5 million). These increases were partially offset by program reflows during the year, primarily an underspend of \$33 million relating to lower than anticipated NDIS payments, with \$332.6 million of the approved increase drawn by 30 June 2023.

Item 139: **Capital Appropriation** (\$40.6 million), reflecting an equity injection to facilitate repayment of historical debt between the legal entities that make up the current department (\$38.7 million), and higher Government Regional Officer Housing and State Fleet costs (\$1.9 million). A total \$19.6 million was drawn, mainly due to timing changes across various initiatives.

### **Local Government, Sport and Cultural Industries**

Item 74: **Delivery of Services** (\$2.9 million), mainly reflecting additional salaries expenditure related to the settlement of industrial agreements. These funds were not drawn following underspends in the Department's grants programs, carried over to 2023-24.

Item 75: **Amount Provided for Administered Grants, Subsidies and Other Transfer Payments** (\$13.9 million), mainly reflecting additional GST rebates for the Lotteries Commission (\$11.9 million) and the provision of additional resources for the Gaming and Wagering Commission (\$1.8 million).

Item 76: **Art Gallery of Western Australia** (\$880,000), reflecting additional salaries expenditure related to the settlement of industrial agreements (\$372,000) and short-term storage requirements for the State Art Collection (\$508,000).

Item 78: **Library Board of Western Australia** (\$846,000), reflecting additional salaries expenditure related to the settlement of industrial agreements. These funds were not fully drawn in 2022-23 due to minor savings against other activities.

Item 79: **Arts and Culture Trust** (\$701,000), reflecting additional salaries expenditure related to the settlement of industrial agreements.

Item 80: **Western Australian Museum** (\$3.4 million), reflecting additional salaries expenditure related to the settlement of industrial agreements (\$1.5 million), higher than expected repair costs for the HMAS Ovens submarine (\$1.1 million), and admission revenue shortfalls at the Western Australian Museum Boola Bardip (\$800,000).

#### **Western Australian Sports Centre Trust**

Item 81: **Delivery of Services** (\$22.9 million), reflecting higher operating expenditure across venues as a result of increased activity (\$14.7 million), higher interest costs on the Optus Stadium loan (\$8.4 million), additional salaries expenditure related to the settlement of industrial agreements (\$4.6 million), higher variable costs associated with the Optus Stadium contract (\$1.9 million), and the pre-opening and transition costs for the newly constructed State Football Centre (\$1.1 million), partially offset by the reclassification of recurrent expenditure to capital expenditure for modifications at HBF Park ahead of the Women's World Cup (\$7.8 million).

#### **Transport**

Item 82: **Delivery of Services** (\$14.6 million), primarily reflecting additional salaries expenditure related to the settlement of industrial agreements (\$9.5 million), spending on the Westport business case and related works (\$8.5 million), and increased costs for the Principal Shared Paths program (\$5.5 million). These increases were partly offset by changes in the timing of expenditure, such as for the Kenwick Intermodal Terminal and other initiatives (\$5 million), and the Zero and Low Emissions Vehicles Rebate Scheme (\$3 million).

#### **Commissioner of Roads**

Item 84: **Delivery of Services** (\$96 million), reflecting road recovery works associated with Ex-Tropical Cyclone Ellie (\$80 million), and funding to address cost pressures and other payments (\$16 million). Only \$25.5 million of the approved increase was drawn, with Ex-Tropical Cyclone Ellie costs subsequently met from Royalties for Regions funding.

Item 145: **Capital Appropriation** (\$211 million), primarily reflecting increased funding for a number of joint State and Commonwealth funded infrastructure projects. Of the approved excess, a total of \$202.3 million was drawn due to project timing changes.

#### **Biodiversity, Conservation and Attractions**

Item 86: **Delivery of Services** (\$3.7 million), to meet the cost of additional expenditure relating to the bushfire suppression activities (\$12.2 million), higher salary costs arising from the settlement of industrial agreements (\$1.5 million), and higher than anticipated fleet vehicle and regional housing costs (\$347,000), partially offset by the deferral of \$10.4 million from 2022-23 to 2023-24 (and later years) for various projects.

#### **Western Australian Land Information Authority**

Item 89: **Delivery of Services** (\$6.1 million), to meet additional accommodation expenses following lease negotiations for the 1 Midland Square facility (\$2.9 million) and additional salaries expenditure related to settlement of industrial agreements (\$3.2 million).



**National Trust of Australia (WA)**

Item 91: **Delivery of Services** (\$169,000), reflecting additional salaries expenditure related to the settlement of industrial agreements.



## **General Government Sector Salaries**

Salaries represent the single largest component of general government sector expenses (40.9% in 2022-23, or 45.4% if concurrent superannuation costs are also included).

At \$15.7 billion, general government salaries spending increased by \$1.4 billion or 10.1% in 2022-23. This increase was primarily due to higher staff numbers in the health and education sectors, and wage increases related to the settlement of industrial agreements during 2022-23 (which included a \$3,000 cost of living payment for each employee in a settled agreement).

The following table summarises 2022-23 salaries outcomes for general government agencies.

## SALARIES COSTS

### General Government Sector

	2021-22	2022-23				Variation on EA \$m (4) - (3)	Annual Growth %
	Actual \$m	Budget Year \$m (1)	MYR Revision \$m (2)	Estimated Actual (EA) \$m (3)	Actual \$m (4)		
WA Health	5,641	5,557	5,658	5,995	6,272	276	11.2
Education	3,977	4,011	4,256	4,345	4,301	-44	8.2
Western Australia Police Force	1,038	1,076	1,073	1,127	1,074	-53	3.4
Justice	750	722	723	764	816	52	8.7
Communities	507	574	582	611	592	-19	16.8
Biodiversity, Conservation and Attractions	204	207	208	218	228	10	11.7
Fire and Emergency Services	206	211	214	222	219	-3	6.2
Primary Industries and Regional Development	189	193	195	202	212	10	12.2
Mines, Industry Regulation and Safety	164	193	193	202	191	-11	16.4
Transport	138	161	163	170	149	-20	8.2
North Metropolitan TAFE	120	122	128	130	131	1	9.1
South Metropolitan TAFE	118	115	120	133	130	-4	10.0
Finance	109	126	126	131	121	-10	11.1
Local Government, Sport and Cultural Industries	90	99	103	108	112	4	25.5
Water and Environmental Regulation	93	107	107	113	110	-4	18.0
Premier and Cabinet	92	99	101	104	103	-1	11.7
Planning, Lands and Heritage	88	102	103	98	101	3	14.3
Commissioner of Main Roads	71	78	79	88	92	5	31.0
WA Sports Centre Trust (VenuesWest)	53	54	61	63	67	4	27.6
Jobs, Tourism, Science and Innovation	42	48	51	53	55	2	31.0
Training and Workforce Development	47	50	54	57	52	-5	10.1
Mental Health Commission	45	51	52	54	51	-3	13.2
Land Information Authority (Landgate)	45	52	52	55	50	-4	12.6
South Regional TAFE	40	39	42	45	47	1	15.5
Legal Aid Commission of WA	38	43	48	50	45	-5	19.5
Office of the Director of Public Prosecutions	35	39	39	41	41	-(a)	18.6
Central Regional TAFE	36	37	39	41	39	-2	9.3
State Solicitor's Office	28	42	41	43	36	-7	29.2
Treasury	31	35	36	35	35	-(a)	15.1
North Regional TAFE	34	39	40	36	34	-1	0.6
Office of the Auditor General	21	25	25	26	23	-2	11.8
Legislative Assembly	22	23	23	23	23	-(a)	3.6
Public Sector Commission	17	19	19	19	18	-1	6.4
Corruption and Crime Commission	15	18	18	19	18	-2	13.5
Chemistry Centre (WA)	14	15	15	16	16	-(a)	9.8
Legislative Council	15	16	16	16	16	-1	1.0
WorkCover WA Authority	14	15	15	15	15	-(a)	12.6
Parliamentary Services Dept	11	11	11	12	12	-(a)	9.3
All other agencies (with salaries costs below \$10 million)	81	76	78	81	79	-2	-2.1
Provisions	-	211	419	1	-	-1	-
<b>Total salaries</b>	<b>14,279</b>	<b>14,713</b>	<b>15,328</b>	<b>15,563</b>	<b>15,727</b>	<b>164</b>	<b>10.1</b>

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

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

## Expense Limit Outcomes

General government expenses increased by \$2.8 billion or 8% in 2022-23 (\$394 million or 1.1 percentage points lower than the 9.1% estimated outturn included in the 2023-24 Budget). The Government's spending management is put into effect through approved expense limits that are included in 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 2022-23 year.

Table 9.1

## TOTAL COST OF SERVICES

### Agency Resource Agreements

			2022-23		Variation on EA \$m (2) - (1)
	Budget Year \$m	MYR Revision \$m	Estimated Actual (EA) \$m (1)	Actual \$m (2)	
WA Health	11,185	11,603	12,077	12,251	173
Education	5,893	6,147	6,295	6,311	16
Communities	3,298	3,683	3,718	3,754	35
Justice	1,806	1,819	1,913	1,985	72
Public Transport Authority	1,879	1,905	1,962	1,963	1
Western Australia Police Force	1,792	1,814	1,869	1,780	-89
Commissioner of Main Roads	1,714	1,801	2,004	1,740	-264
Finance	1,768	1,728	1,732	1,652	-80
Mental Health Commission	1,258	1,269	1,267	1,249	-17
Training and Workforce Development	749	778	775	772	-3
Fire and Emergency Services	545	570	566	588	21
Transport	648	610	631	541	-91
Biodiversity, Conservation and Attractions	481	492	488	519	31
Primary Industries and Regional Development	622	592	582	511	-70
Local Government, Sport and Cultural Industries	517	530	442	436	-6
Jobs, Tourism, Science and Innovation	509	692	458	420	-38
Mines, Industry Regulation and Safety	368	372	372	359	-13
WA Sports Centre Trust (VenuesWest)	258	278	286	309	23
Premier and Cabinet	203	230	226	220	-6
Planning, Lands and Heritage	223	232	184	210	27
Water and Environmental Regulation	276	284	245	207	-38
WA Planning Commission	68	80	77	72	-5
Office of the Director of Public Prosecutions	58	59	61	63	1
State Solicitor's Office	63	63	67	60	-7
Treasury	58	58	59	57	-2
Public Sector Commission	31	31	30	31	_(a)
Corruption and Crime Commission	31	31	31	29	-3
Small Business Development Corporation	16	18	18	18	_(a)
Economic Regulation Authority	16	16	15	14	_(a)
Registrar, WA Industrial Relations Commission	13	13	14	13	-1
Parliamentary Commissioner for Administrative Investigations	13	13	14	13	-1
Western Australian Electoral Commission	10	10	11	12	1
Governor's Establishment	8	8	8	9	_(a)
National Trust of Australia (W.A.)	9	7	7	6	-1
Infrastructure WA	6	6	5	5	_(a)
Health and Disability Services Complaints Office	4	4	4	4	-1
Office of the Inspector of Custodial Services	4	4	4	4	_(a)
Commissioner for Children and Young People	3	3	3	3	_(a)
Office of the Information Commissioner	2	2	3	3	_(a)
Heritage Council of Western Australia	2	2	2	2	_(a)
Salaries and Allowances Tribunal	1	1	1	1	_(a)
Parliamentary Inspector, Corruption and Crime Commission	1	1	1	1	_(a)
Rural Business Development Corporation	_(a)	_(a)	_(a)	_(a)	_(a)

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

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

# **Key Technical Terms Used in the Financial Report**

## **Australian Bureau of Statistics Government Finance Statistics Manual**

The Australian Bureau of Statistics' publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015* contains a comprehensive and definitive guide to the classification of financial aggregates for National Accounts and Government Finance Statistics 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 include commercial forests and 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 (which are recorded as advances).

## **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 Government refers to this aggregate as the 'underlying cash balance' in its publications and is the headline Budget measure for that tier of government. A cash surplus is generally consistent with declining levels of net debt while a cash 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 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 sub-groups 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, 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
  - 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 the *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 revenue and expense 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 arises where 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 decade 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.

