



2017-18

**GOVERNMENT
MID-YEAR FINANCIAL
PROJECTIONS STATEMENT**

DECEMBER 2017



2017-18

**Government Mid-year
Financial Projections Statement**

DECEMBER 2017

2017-18 Government Mid-year Financial Projections Statement
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Under Treasurer's Certification

The *Government Financial Responsibility Act 2000* (GFRA) requires that the Treasurer release a Government Financial Strategy Statement at least once every year (section 11), and a *Government Mid-year Financial Projections Statement* (or Mid-year Review) updating the Budget-time forecasts by 31 December each year (section 13). The required content of these statements is detailed in sections 11 and 13 of the GFRA.

For the purposes of these GFRA requirements:

- the Government Financial Strategy Statement and associated financial targets disclosures are detailed in Chapter 3: *Fiscal Outlook and Strategy* in Budget Paper No. 3: *Economic and Fiscal Outlook*, presented to the Legislative Assembly on 7 September 2017;
- the content of this Mid-year Review meets the requirements of section 13 of the GFRA. In particular:
 - Appendix 1 details the projections required by section 13(2)(a) of the GFRA;
 - Chapters 1 and 3 detail the economic and other assumptions underlying the Mid-year Review projections (section 13(2)(b));
 - Chapter 2 details the compliance of the projections with the Government's financial targets (section 13(2)(c)); and
 - the Statement of Risks in Chapter 1 details the sensitivity of the projections to various economic and financial assumptions and other risks (sections 13(2)(d) and (e)); and
- this certification gives effect to the requirements of sections 13(2)(f) and 13(6).

This Mid-year Review is based upon Government decisions that I was aware of or that were made available to me by the Treasurer, together with other relevant information known to Treasury, on or before the Mid-year Review cut-off date of 4 December 2017 and which have a material effect on the State's financial projections.

It has been prepared in accordance with applicable Australian Accounting Standards and Government Finance Statistics principles, and is based on the economic forecasts and assumptions outlined in Chapter 1: *Financial Projections* and Chapter 3: *The Western Australian Economy*. These assumptions were finalised by Treasury, under my direction, on 4 December 2017.

A handwritten signature in black ink, appearing to read "Michael Court". The signature is fluid and cursive, with a prominent crossbar on the "t".

Michael Court
ACTING UNDER TREASURER

19 December 2017

Financial Projections

HIGHLIGHTS

- The general government operating deficit for 2017-18 is now forecast to be \$2.6 billion, with total general government expenses in 2017-18 remaining unchanged at \$30.8 billion.
- This slightly weaker operating outlook reflects lower than expected taxation revenue, a delay in Commonwealth grant revenue for road projects, and lower royalty income (including from the disallowance of the gold royalty Budget repair measure).
- Consistent with Budget-time projections, the operating outlook is expected to improve over the forward estimates, with declining deficits in 2018-19 and 2019-20 before a return to an operating surplus of \$926 million in 2020-21.
- Reflecting the Government's focus on fiscal repair, this Mid-year Review contains limited new spending with general government expenses projected to increase by an average of just 2.2% per annum over the forward estimates (well below the average 6.7% for the decade to 2016-17).
- Total public sector net debt is forecast to be \$42.8 billion by 30 June 2021, down \$854 million since Budget. This largely reflects the flow-on impact of a lower net debt outcome at 30 June 2017 (\$536 million) and the impact of the sale of Westralia Square by the Insurance Commission of Western Australia (\$298 million).

Introduction

Relative to the 2017-18 Budget, the general government operating position has improved by a net \$568 million across the four years to 2020-21.

However, a modest deterioration in revenue expectations since the Budget has led to a weakening in the operating outlook for the general government sector for 2017-18, primarily as a result of changes in the timing of Commonwealth road funding and softer taxation collections. Smaller operating deficits are now forecast in 2018-19 and 2019-20 due to the reflow of Commonwealth funding for transport projects and upward revisions to mining revenue. The timing changes related to the Commonwealth funding for transport projects are also impacting on the operating outlook for 2020-21, resulting in a smaller operating surplus than was previously forecast.

The revenue forecasts in this Mid-year Review remove a total of \$392 million in royalty revenue following the Legislative Council's disallowance of the regulatory changes to increase the gold royalty rate. This is partly offsetting a general improvement in the outlook for mining revenue from higher commodity prices and a weaker exchange rate.

General government expenses in 2017-18 are unchanged since Budget at \$30.8 billion. Nevertheless, expense growth in 2017-18 has increased from a forecast 3.7% in the Budget to 4.8% in the Mid-year Review. This is due to the lower expense outcome recorded in 2016-17 (3.1% growth) compared to the estimated outturn in the Budget (4.2%). Abstracting from the impact of the lower outcome in 2016-17 and other one-off factors in 2017-18, expenses are forecast to increase at an underlying rate of 2.2% in 2017-18, slightly lower than 2.4% underlying growth at Budget-time (see discussion on expenses later in this chapter).

Across the forward estimates period, general government expenses are largely unchanged since Budget, with expense growth maintained at historically low rates, averaging 2.2% over the forward estimates period (compared to 1.9% at Budget-time).

The following table summarises the key financial aggregates for the 2017-18 Mid-year Review.

Table 1

KEY BUDGET AGGREGATES
Western Australia

	2016-17 Actual	2017-18 Budget Estimate	2017-18 Mid-year Revision	2018-19 Forward Estimate	2019-20 Forward Estimate	2020-21 Forward Estimate
GENERAL GOVERNMENT SECTOR						
Net Operating Balance (\$m)	-2,474	-2,340	-2,605	-915	-699	926
Revenue (\$m)	26,913	28,457	28,193	29,543	30,686	32,935
Revenue Growth (%)	1.6	6.7	4.8	4.8	3.9	7.3
Expenses (\$m)	29,387	30,797	30,797	30,458	31,385	32,009
Expense Growth (%)	3.1	3.7	4.8 ^(a)	-1.1	3.0	2.0
Net Debt at 30 June (\$m)	18,820	24,105	23,410	26,681	28,575	28,263
General Government Net Debt as a Share of Total Public Sector Net Debt (%)	58.9	63.8	62.7	65.5	66.6	66.1
TOTAL PUBLIC SECTOR						
Net Debt at 30 June (\$m)	31,964	37,810	37,354	40,727	42,876	42,784
Asset Investment Program (\$m)	5,137	6,001	5,550	6,282	5,451	4,956
Cash Surplus/Deficit (\$m)	-4,675	-4,682	-4,855	-3,171	-1,952	201

(a) Underlying expense growth of 2.2%.

Total public sector net debt is now forecast to increase to \$42.8 billion at 30 June 2021, down \$854 million on the level forecast in the 2017-18 Budget. This mainly reflects the flow-through of the lower net debt outcome at 30 June 2017 (down \$536 million) as reported in the 2016-17 *Annual Report on State Finances*, the balance sheet benefit from the sale of Westralia Square by the Insurance Commission of Western Australia (\$298 million), and an overall improvement in the whole-of-government operating outlook over the forward estimates period (\$403 million).

Key assumptions underlying the Mid-year Review financial projections are shown in the following table. A detailed discussion of the economic outlook is available in Chapter 3: *The Western Australian Economy*.

KEY ASSUMPTIONS^(a)
Western Australia

Table 2

	2016-17 Actual ^(b)	2017-18 Mid-year Revision	2018-19 Forward Estimate	2019-20 Forward Estimate	2020-21 Forward Estimate
Real Gross State Product growth (%)	-2.7 (0.25)	2.5 (3.0)	3.0 (3.25)	3.0	3.0
Real State Final Demand growth (%)	-7.2 (-7.0)	-2.0 (-1.5)	0.75 (1.0)	3.25	3.75 (4.0)
Employment growth (%)	-0.8	2.0 (1.5)	1.5	2.0	2.25
Unemployment rate (%) ^(c)	6.2	5.75 (6.0)	5.75 (6.0)	5.5	5.25 (5.5)
Wage Price Index growth (%)	1.4	1.5	1.75	2.75	3.0
Perth Consumer Price Index growth (%)	0.6	1.0	1.5	2.0	2.5
Iron ore price (\$US/tonne CFR) ^{(c)(d)}	68.5	65.7 (67.2)	62.1 (61.0)	58.9 (57.2)	59.7 (59.2)
Iron ore volumes (million dry tonnes)	790 (795)	820 (817)	829 (827)	830	835
Crude oil price (\$US per barrel) ^(c)	49.7	59.5 (51.6)	60.6 (53.1)	58.1 (53.8)	56.8 (54.8)
Exchange rate (US cents) ^(c)	75.4	76.9 (79.0)	75.9 (78.7)	75.8 (78.3)	75.7 (77.8)
Population growth (%)	0.7 ^(e)	1.0	1.2	1.5	1.8
Interest rate assumptions (%):					
– Public Bank Account earnings ^(c)	2.1	1.9	1.7 (1.8)	1.7 (1.8)	1.7 (1.8)
– Consolidated Account borrowings ^(c)	3.1	3.0	3.1	3.2	3.4

(a) 2017-18 Budget assumptions shown in parentheses where the forecasts have changed since September 2017.

(b) Gross State Product and State Final Demand growth data are based on 2016-17 State Accounts data.

(c) Average over the year.

(d) CFR is the benchmark 62% iron content delivered price to China, including cost and freight.

(e) Estimated actual.

General Government Sector

Operating Statement

The general government operating deficit for 2017-18 has increased by \$265 million, to a forecast \$2.6 billion for 2017-18. This primarily reflects lower revenue of \$264 million, due largely to a delay in Commonwealth tied grants for road projects, and downward revisions to tax collections and royalty income, partly offset by higher dividend and tax equivalent revenue from public corporations.

Operating deficits remain in prospect for 2018-19 and 2019-20. However, the magnitude of these deficit forecasts has been reduced by \$751 million and \$416 million respectively since Budget-time. This reflects changes in the timing of Commonwealth transport funding and higher mining income from a lower \$US/\$A exchange rate and an increase in commodity prices, offset in part by higher expenses across the sector. A general government operating surplus is projected for 2020-21, with a \$334 million downward revision mainly due to changes in the timing of Commonwealth transport funding.

The table below summarises the changes in general government revenue and expenses since the 2017-18 Budget estimates were finalised on 7 August 2017.

SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE VARIATIONS SINCE THE 2017-18 BUDGET

Table 3

	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m	Total \$m
2017-18 BUDGET - NET OPERATING BALANCE	-2,340	-1,666	-1,114	1,260	
Revenue					
<i>Taxation</i>	-111	-101	-72	-79	-364
- Payroll tax - tightened apprentices and trainees exemption	11	20	31	34	96
- Total duty on transfers	-60	-63	-67	-73	-263
- Land tax	-32	-32	-31	-32	-126
- Insurance duty	-21	-22	-23	-24	-89
- Lotteries	-10	-12	-17	-19	-57
- Temporary On-demand Transport Levy	-	3	30	30	62
- Other taxes	1	5	5	5	15
<i>Commonwealth grants</i>	-179	709	453	-385	597
- GST grants	-4	83	66	-23	121
- North West Shelf/condensate compensation	122	143	90	54	408
- Transport grants	-318	464	293	-418	20
- Other Commonwealth grants	22	20	4	2	48
<i>Royalty income</i>	-79	129	135	47	232
- Iron ore	-59	211	215	116	483
- Gold royalty disallowance	-60	-123	-113	-96	-392
- Other royalties	40	42	33	26	141
Revenue from public corporations	108	38	23	54	222
Sports Centre Trust (VenuesWest) accounting change	40	65	63	66	235
Interest revenue	-22	-22	-20	-20	-85
All other	-21	-17	3	-21	-56
TOTAL REVENUE	-264	801	583	-337	782

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

Table 3 (cont.)

**SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE
VARIATIONS SINCE THE 2017-18 BUDGET**

	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m	Total \$m
Expenses					
Implementation of \$1,000 Wages Policy	4	15	24	24	67
Voluntary Taxi Plate Buy-Back Scheme	-	-	119	-	119
Operating subsidy changes					
Water Corporation	-60	-	-	-	-60
Public Transport Authority	-18	-25	-26	-27	-96
Other operating subsidies	17	-8	-	-10	-
Vocational education and training places	3	28	31	34	96
Sports Centre Trust (VenuesWest) accounting change	39	65	63	66	232
Main Roads					
Outback Way (previously classified as capital investment)	-	23	10	-	33
Operational expenditure reduction	-20	-	-	-	-20
WA Health					
Revised activity and cost settings	-3	-44	-47	-48	-143
Depreciation revisions	-3	18	19	36	70
Perth Children's Hospital delays	22	-	-	-	22
Aboriginal Health programs	-	14	7	-	21
Education - updated cost and demand forecasts	-2	-7	-14	6	-17
South West emergency rescue helicopter	-	9	9	9	28
Allocation of Custodial Infrastructure Program provision to capital investment	-10	-12	-12	-15	-48
Superannuation interest costs	-7	-14	-12	-8	-41
Interest costs	1	19	15	-23	12
All other	36	-31	-19	-48	-61
TOTAL EXPENSES	1	50	167	-4	214
TOTAL VARIANCE	-265	751	416	-334	568
2017-18 MID-YEAR REVIEW - NET OPERATING BALANCE	-2,605	-915	-699	926	

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

National Disability Insurance Scheme (NDIS)

On 12 December 2017, subsequent to the 2017-18 Mid-year Review cut-off date, the Western Australian and Commonwealth Governments signed an agreement for Western Australia to join the nationally-delivered National Disability Insurance Scheme (NDIS). The revised *Bilateral Agreement between the Commonwealth and Western Australia – Transition to a National Disability Insurance Scheme in Western Australia* (NDIS Transition Agreement) replaces the agreement signed in January 2017 by the previous Western Australian Government for a State-operated scheme.

Under the revised agreement, the National Disability Insurance Agency (NDIA) will assume responsibility for the delivery of the NDIS in Western Australia from 1 July 2018. The cost of administering the State-operated scheme was estimated at \$120 million in 2018-19, increasing to around \$180 million per annum from 2020-21. All administration costs for the NDIS will now be met by the Commonwealth, consistent with arrangements with all other jurisdictions. This will result in the State avoiding administration costs of approximately \$1.3 billion over the ten years to 2026-27.

Consistent with the previous arrangements, the NDIS will be fully rolled out across Western Australia in 2019-20, with a total of 39,097 clients expected to join the scheme by 30 June 2020.

Under the revised agreement, for the period 2017-18 to 2019-20:

- existing clients of the Western Australian NDIS will transfer to the nationally-delivered scheme in a phased approach from April to December 2018;
- the Commonwealth will be responsible for all NDIA administration costs from December 2017;
- the Commonwealth will fund approximately 40% of average package costs for people aged up to 65, and the State will fund the remaining 60% (consistent with existing arrangements); and
- the Commonwealth will fund 100% of any increases in costs associated with higher than expected participant numbers and/or package costs (consistent with existing arrangements).

The NDIS will be open to all eligible Western Australians at full scheme, with package costs for up to 47,941 clients by 2022-23 to be shared 50/50 by the Commonwealth and the State over the period 2020-21 to 2022-23. The Commonwealth will remain responsible for 100% of the risk of cost increases from higher participant numbers and/or package costs.

The financial impact of the revised NDIS Transition Agreement will be updated and reflected in the 2018-19 Budget.

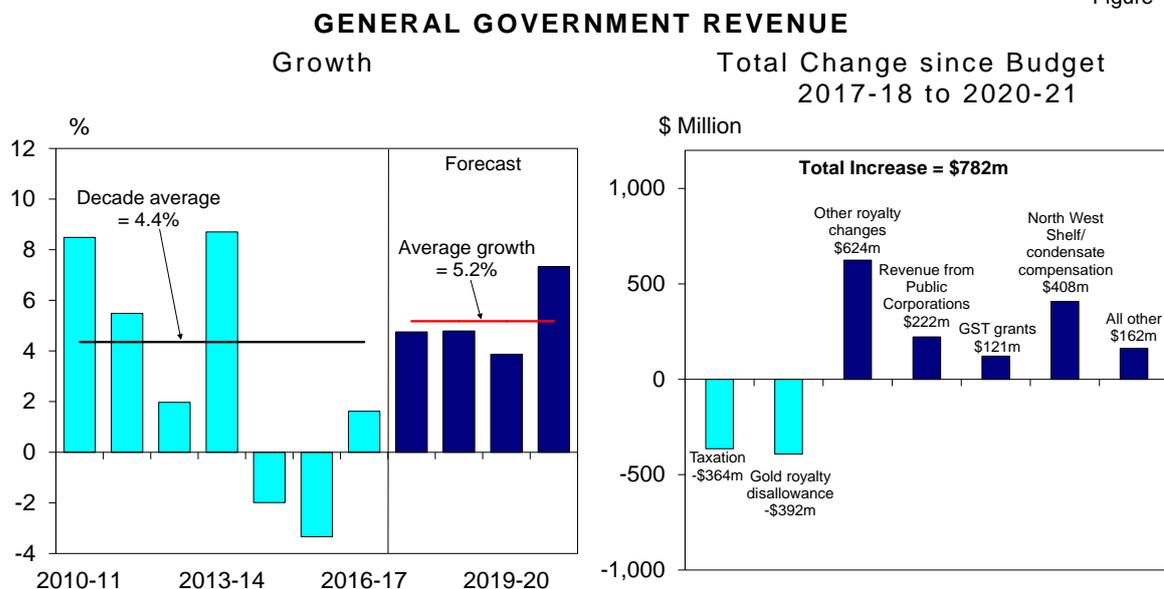
Revenue

General government revenue is expected to increase by 4.8% in 2017-18, compared with forecast growth of 6.7% at the time of the Budget. This change includes the impact of the higher than expected revenue outcome for 2016-17 (up \$241 million from the Budget-time estimate, reported in the 2016-17 *Annual Report on State Finances*), and lower forecast grants from the Commonwealth in 2017-18 (down \$179 million), taxation revenue (down \$111 million) and royalty income (down \$79 million), offset partly by higher revenue from public corporations (up \$108 million).

Average annual revenue growth across the four years to 2021 is forecast to be 5.2%, with an increase in total revenue of \$782 million since Budget-time.

Further detail on the general government sector revenue estimates is available in Appendix 2: *General Government Operating Revenue*.

Figure 1



2017-18

Total revenue is estimated to be \$28.2 billion in 2017-18, \$264 million lower than the 2017-18 Budget forecast. The reduction in forecast revenue reflects the net impact of:

- lower Commonwealth grants revenue (down \$179 million or 1.9%), including:
 - lower grants for transport projects (down \$318 million), primarily due to the retiming of road project funding from 2017-18 to later years (to reflect current project schedules for NorthLink WA, Great Northern Highway – Muchea to Wubin and projects funded under the Northern Australia Roads and Beef Roads programs), partially offset by the bringing forward of METRONET funding from 2020-21 (including \$35 million in 2017-18); and

- higher projected North West Shelf grants and condensate compensation (up \$122 million), due to an upward revision to oil and gas prices and a downward revision to the \$US/\$A exchange rate;
- lower taxation revenue (down \$111 million or 1.3%), mainly due to:
 - lower transfer duty (down \$60 million) and insurance duty (down \$21 million), primarily due to weaker collections during the first four months of 2017-18; and
 - lower land tax (down \$32 million), due to lower than expected land values, and changes in ownership and use of land;
- higher revenue from public corporations (up \$108 million or 4.9%), reflecting the net impact of payments from:
 - Synergy (up \$63 million), due to higher forecast dividends and current tax expense following the establishment of the Synergy Renewables Fund¹, and a downward revision to depreciation costs following the early retirement of Muja AB power station in 2016-17 (see Total Public Sector Operating Statement later in this chapter);
 - Water Corporation (down \$48 million), reflecting lower forecast dividends and lower tax expenses, primarily driven by the impact on profit of lower operating subsidy revenue, partially offset by reduced interest expenses;
 - Insurance Commission of Western Australia (up \$47 million), mainly reflecting an increase in forecast dividends from better than expected investment performance in 2016-17, and an increase in tax equivalent revenue from higher realised investment gains in 2017-18; and
 - Western Power (up \$46 million), reflecting:
 - higher dividends, mainly due to the impact of higher than expected net profit after tax in 2016-17, and lower than expected interest expenses in 2017-18; and
 - higher current tax expense, largely due to the net impact of higher than expected earnings before tax this year, and lower tax deductions for depreciation and capitalised repairs and maintenance; and
- lower royalty income (down \$79 million or 1.5%) in 2017-18 is due to the disallowance by the Parliament of the regulatory change to increase the gold royalty Budget repair measure, a lower iron ore price forecast, and higher forecast shipping deductions for iron ore, partly offset by a lower \$US/\$A exchange rate projection.

¹ The Government has approved Synergy entering into a joint venture with a private sector investor to develop the Warradarge Wind Farm and expand the Greenough River Solar Farm. Synergy will also transfer its Albany Grasmere Wind Farm and the existing Greenough River Solar Farm into the joint venture.

2018-19 to 2020-21

Across the outyears, general government revenue has been revised up by a total of \$1 billion since the 2017-18 Budget. This mainly reflects the net impact of:

- higher grants for transport projects (up \$338 million), reflecting the outyear impact of the deferral of road project funding from 2017-18 to later years, partly offset by the bringing forward of 2020-21 METRONET funding, discussed earlier;
- higher royalty income (up \$311 million or 2.2%), largely due to lower \$US/\$A exchange rate projections and slightly higher iron ore price forecasts, partly offset by the impact of the gold royalty Budget repair disallowance and higher forecast iron ore shipping deductions;
- an increase in estimated North West Shelf grants and condensate compensation (up \$286 million or 18.3%), reflecting a stronger outlook for oil and gas prices and the lower \$US/\$A exchange rate assumptions;
- lower taxation revenue (down \$253 million or 0.9%), consistent with the lower base for 2017-18 (discussed above). Payroll tax has been revised up by \$85 million across the outyears, following the Government's decision in this Mid-year Review to tighten access to the payroll tax exemption for apprentices and trainees (with the additional revenue to be directed to funding training places, discussed below). This increase is more than offset by downward revisions to transfer duty (down \$203 million), land tax (down \$94 million) and insurance duty (down \$69 million);
- higher revenue for the Western Australian Sports Centre Trust (up \$195 million), reflecting a change in the accounting treatment in relation to the operators of Optus Stadium and Perth Arena following an accounting change detailed in the agency's 2016-17 annual report. This revenue is offset by a similar increase in expenses, discussed below;
- higher GST revenue (up \$126 million or 1.1%), mainly reflecting a reduction in Western Australia's forecast tax capacity compared with other States (up \$380 million), lower wage cost pressures (as assessed by the Commonwealth Grants Commission) compared with other States (down \$119 million), and an increase in Western Australia's forecast mining royalties (reducing GST by an estimated \$105 million); and

Table 4

PROJECTED GST RELATIVITIES FOR WESTERN AUSTRALIA^(a)

	2016-17	2017-18	2018-19	2019-20	2020-21
2017-18 Budget	0.303	0.344	0.438	0.556	0.617
2017-18 Mid-year Review	0.303	0.344	0.450	0.566	0.615
Change	-	-	+0.013	+0.010	-0.002

(a) This is the ratio of Western Australia's GST grant to Western Australia's population share of the GST.

- higher revenue from public corporations (up \$114 million or 1.9%), primarily reflecting higher dividend and tax equivalent payments from:
 - Synergy (up \$68 million), due mainly to the outyear impacts of the establishment of the Synergy Renewables Fund mentioned earlier, combined with reduced expenses from revised forecasts of decommissioning of assets; and
 - Water Corporation (up \$43 million), due largely to a reduction in forecast interest costs.

Expenses

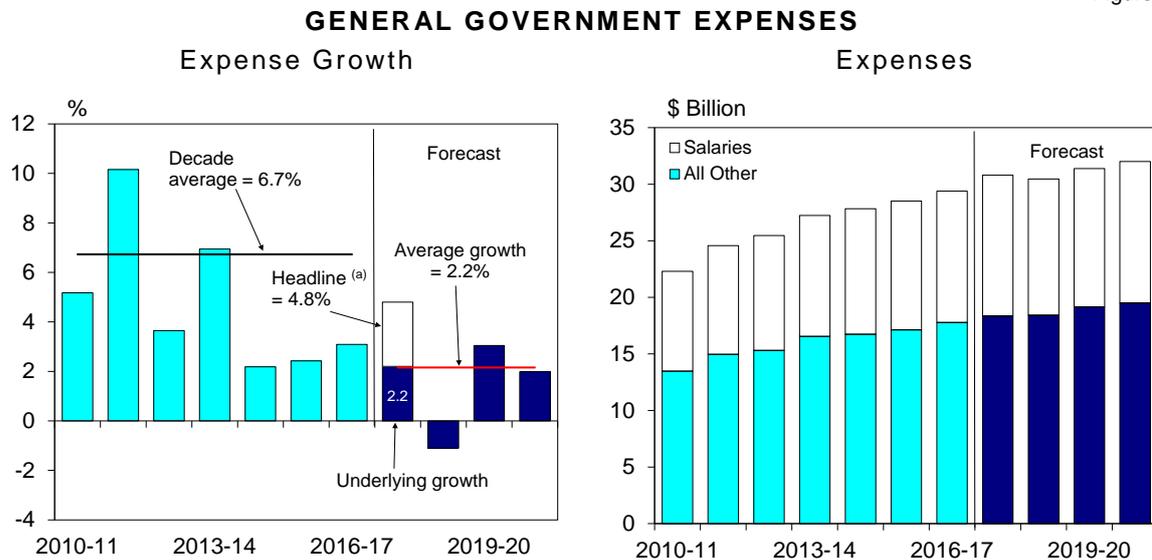
General government expenses are estimated to be \$30.8 billion in 2017-18, unchanged in aggregate terms from the Budget-time forecast. Headline expense growth has been revised up to 4.8% in 2017-18, up from 3.7% at Budget-time. The higher headline expense growth reflects the impact of the lower than expected outcome in 2016-17 (which was \$324 million lower than the estimated outturn in the 2017-18 Budget). Excluding the impact of the 2016-17 actual result, and the impact of one-off expense changes included in this Mid-year Review or identified in the Budget, underlying expense growth in 2017-18 is 2.2%². This is broadly unchanged from the underlying estimate for expense growth of 2.4% at Budget-time.

Across the four years to 2020-21, general government expenses are forecast to increase by a total of \$214 million compared to the 2017-18 Budget estimate. Expense growth is forecast to average 2.2% per annum over this period, up slightly from the 2017-18 Budget estimate of 1.9%.

Salaries costs remain the largest expense component within the sector, accounting for 40% of total general government expenses. Underlying salaries growth (excluding the impact of the lower outcome for 2016-17 relative to Budget expectations, and removal of one-off increases for Machinery of Government changes and VTSS implementation costs) is now forecast to increase by 4% (compared to the Budget-time estimate of 3.8%). This is well below the decade average of 6.5%. Reflecting the continuing impact of cumulative savings measures, average annual salaries growth across the four years to 2020-21 is estimated to be 1.9% per year. In headline terms, general government salaries costs are forecast to increase by 7.2% in 2017-18, compared to the Budget-time estimate of 6.6%.

² One-off expense increases noted in the 2017-18 Budget included the impact of Machinery of Government changes, and implementation of the Voluntary Targeted Separation Scheme. This Mid-year Review includes the flow on impact of accounting changes in the Sport Centre Trust's recent 2016-17 annual report (which increase revenue and expenses by broadly equivalent amounts each year from 2017-18).

Figure 2



(a) Includes impact of 2016-17 outturn, implementation of the VTSS, Machinery of Government changes and accounting changes in the Western Australian Sports Centre Trust.

Material movements in expenses since the 2017-18 Budget include:

- accounting changes for the Western Australian Sports Centre Trust (VenuesWest) which increase expenses by \$232 million from 2017-18 to 2020-21, reflecting a change in the accounting treatment in relation to the operators of Optus Stadium (\$158 million) and Perth Arena (\$74 million) following finalisation of the agency's 2016-17 accounts. This increase is matched by similar increases in revenue over the same period;
- up to \$119 million additional spending in 2019-20 on the Government's taxi plate buy-back scheme, funded by a temporary 10% levy on on-demand transport fare revenue;
- \$96 million in total across the four years to 2020-21 to fund vocational education and training places, matched by additional revenue generated from the tightening of access to the payroll tax exemption for apprentices and trainees³;
- following the allocation of revised costs to individual agencies, the \$1,000 wages policy will reduce expenses by \$430 million, which is \$67 million below the anticipated reduction included in the 2017-18 Budget⁴;

³ With the expiry of the National Partnership Agreement on Skills Reform in 2016-17 and no replacement agreement in place, the State has redirected this expenditure to help maintain training levels across the forward estimates.

⁴ Relative to the Budget, agency allocations reflect detailed workforce data provided by agencies and the impact of updated salaries on outyear forecasts. Revised aggregate general government expense savings from the \$1,000 wages policy are not equivalent to the agency listing in Appendix 3 as some non-general government agencies and capitalised salaries impacts for Main Roads are not included in general government expenses.

- lower operating subsidies for the Water Corporation (down \$60 million in 2017-18), reflecting a reduction to the cost of regional services, and the Public Transport Authority (down \$96 million over the period 2017-18 to 2020-21⁵), largely due to the impact of revised lower interest rate forecasts on debt servicing costs;
- the allocation of \$48 million (2017-18 to 2020-21) of recurrent Custodial Infrastructure Program costs to partly offset investment in building four accommodation units (512 beds) at Casuarina Prison (see Asset Investment later in this chapter);
- a reduction in superannuation interest expenses (down \$41 million across the period 2017-18 to 2020-21), due mainly to lower than anticipated bond rates used to value these liabilities⁶; and
- WA Health changes, mainly comprising:
 - revised activity and cost settings resulting in lower spending on delivering public hospital services (down \$143 million over the period 2017-18 to 2020-21);
 - higher depreciation expenses (up \$70 million over the period 2017-18 to 2020-21), mainly reflecting ongoing revaluation and review of the ‘useful life’ of buildings;
 - additional spending of \$22 million in 2017-18 to meet costs associated with delays in the commissioning of the Perth Children’s Hospital; and
 - an extra \$21 million to continue the delivery of Aboriginal Health programs from 2018-19 to 2019-20.

Hardship Utilities Grant Scheme

The Hardship Utilities Grant Scheme (HUGS) was established in 2008 and assists Western Australian households experiencing acute financial hardship to meet their utility (electricity, gas and water) costs. HUGS provides grant payments of up to \$581 for households south of the 26th parallel or up to \$962 for households north of the 26th parallel.

Demand for HUGS has grown rapidly over the last two years. The 2017-18 Budget allocated \$22.3 million between 2017-18 and 2020-21 to meet increased demand for the program and to fund the re-introduction of financial counselling.

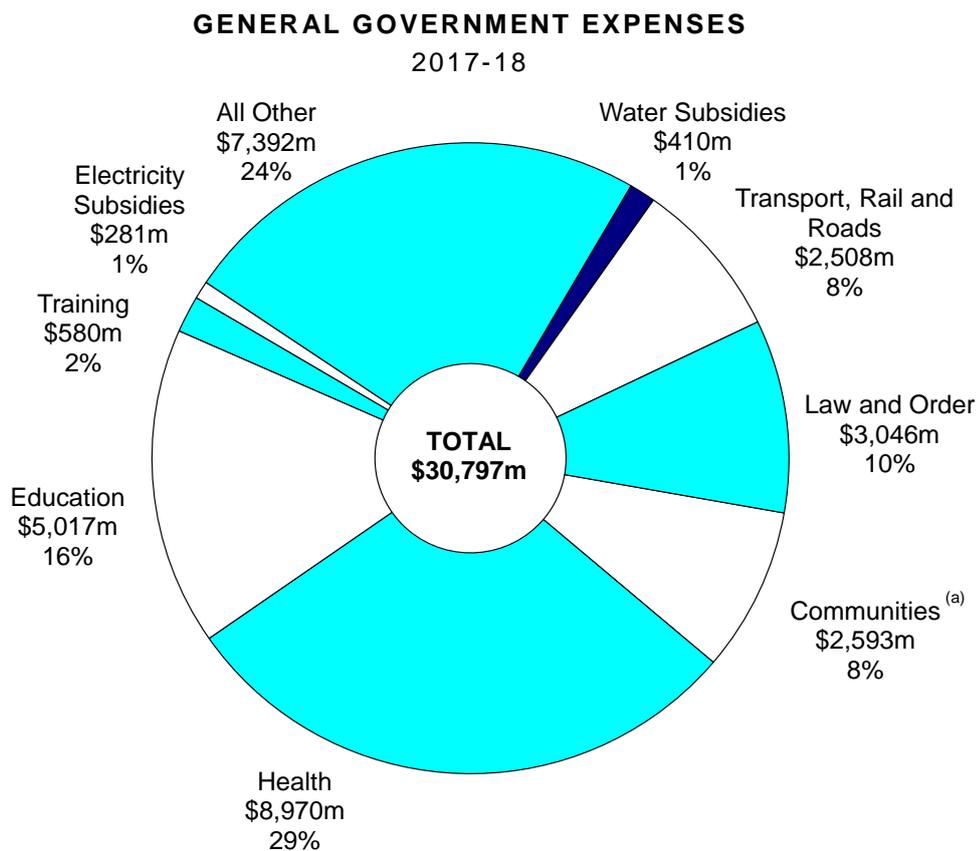
As a result of continued demand growth, an additional \$5 million has been allocated to HUGS in 2017-18 in the Mid-year Review. The Government has also approved interim changes to the scheme design to be implemented from 1 January 2018. These changes strengthen the requirement for utilities to exhaust alternative options for assisting customers in hardship prior to referring them to HUGS, including managing debts under \$300 through the utility retailers existing hardship programs. These alternative options will now include offering extended payment arrangements over at least 180 days.

⁵ Excluding the impact of the \$1,000 wages policy changes.

⁶ Long term government bond rates are used by the actuary in year-end valuations of unfunded superannuation liabilities. A bond rate of 2.49% has been used for the Mid-year Review, compared with the 2017-18 Budget assumption of 2.81%. A decrease in the bond rate means that unfunded liabilities increase in value (and vice versa), while superannuation interest costs are generally lower.

Given the State’s financial position, it is vital that assistance is well targeted to those in most need and at a time when it has the most substantial benefit to the recipient. The Department of Treasury in collaboration with the Department of Communities, the Department of the Premier and Cabinet and the Department of Water and Environmental Regulation is conducting a holistic review of utility concessions and hardship programs, including HUGS, with a view to recommending broader changes to HUGS from 2018-19.

Figure 3



(a) The current forecast for total cost of services for the Department of Communities is \$3.6 billion in 2017-18. The \$2.6 billion 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.

Further detail on material changes in spending by general government agencies is available in Appendix 3: *Major Spending Changes*.

Balance Sheet

The net worth⁷ of the general government sector is forecast to increase from \$110.2 billion at 30 June 2017 to \$111.8 billion by 30 June 2021, \$0.6 billion lower than expected at Budget-time. Excluding the \$415 million flow-on impact of the lower than expected outturn at 30 June 2017 (discussed in the 2016-17 *Annual Report on State Finances*), the revised outlook to 30 June 2021 includes:

- \$893 million in lower forecast holdings of assets, mainly:
 - a lower value of the general government sector’s ownership interest in public corporations (down \$312 million), largely reflecting the impact on the balance sheet of Mid-year Review revisions to public non-financial corporation agency forecasts outlined later in this chapter; and
 - lower investments, loans and placements (down \$507 million), primarily due to the timing of transactions through the Public Bank Account; and
- a \$738 million decrease in liabilities, largely due to the net effect of:
 - lower central borrowings (down \$872 million), which reflects the improved operating outlook across the four years to 2020-21 and the timing of cash movements in the Public Bank Account; and
 - higher unfunded superannuation (up \$234 million), reflecting the impact of lower discount rate assumptions underlying the valuation of these entitlements.

⁷ Net worth is the total value of assets owned by the general government sector (including the sector’s ownership interest in the net value of State public corporations) less the total value of the sector’s liabilities (including borrowings, unfunded superannuation liabilities, accounts payable, etc.).

Table 5

GENERAL GOVERNMENT
Balance Sheet at 30 June

	2017	2018	2019	2020	2021
	\$m	\$m	\$m	\$m	\$m
2017-18 MID-YEAR REVIEW					
Assets	147,410	148,948	152,888	156,908	160,710
Liabilities	37,221	41,629	45,179	48,051	48,904
<i>Net Worth</i>	110,189	107,319	107,709	108,857	111,806
Net Debt	18,820	23,410	26,681	28,575	28,263
2017-18 BUDGET					
Assets	147,756	150,325	153,430	156,854	161,949
Liabilities	37,152	41,463	44,938	47,647	49,574
<i>Net Worth</i>	110,604	108,863	108,493	109,206	112,375
Net Debt	19,377	24,105	27,613	29,779	29,259
VARIANCE					
Assets	-346	-1,378	-543	55	-1,239
Liabilities	69	166	242	404	-670
<i>Net Worth</i>	-415	-1,543	-784	-349	-569
Net Debt	-557	-696	-932	-1,204	-996

Note: Columns may not add due to rounding.

Cash Flow Statement

Cash deficits are forecast for the general government sector for the period 2017-18 through to 2019-20, before an expected turnaround to surplus in 2020-21. The projected cash shortfall of \$3.6 billion for 2017-18 is a slight improvement on the Budget-time estimate of \$3.7 billion. This reflects lower spending on infrastructure for the sector (down \$438 million on the back of changes in the timing of road projects discussed later in this chapter and in Appendix 3), mostly offset by the net impact on cash of the estimated lower operating results mentioned earlier.

The outlook for 2018-19 through to 2020-21 has improved by a total of \$284 million. This largely reflects the cash impact of the higher forecast total operating outcome, partly offset by retimed infrastructure spending (up a total of \$545 million across those years).

Total Public Sector

Summary

The operating deficit outlook for the whole-of-government has weakened in 2017-18, with a \$444 million deterioration driven mainly by general government sector changes discussed earlier. However, the operating outlook over the four years to 2020-21 has improved by an aggregate \$403 million since Budget.

Net debt for the total public sector is expected to increase from \$32 billion at 30 June 2017 to \$42.8 billion at 30 June 2021 (\$854 million lower than Budget). The lower than previously anticipated outlook follows from the better than expected net debt outcome at 30 June 2017 outlined in the 2016-17 *Annual Report on State Finances*, the improvement in the operating outlook over the four years to 2020-21, and the sale of Westralia Square by the Insurance Commission of Western Australia, and its reinvestment in asset classes that offset borrowings.

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

Table 6						
TOTAL PUBLIC SECTOR						
Summary Financial Statement						
	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Mid-year	Forward	Forward	Forward
	\$m	\$m	Revision	Estimate	Estimate	Estimate
			\$m	\$m	\$m	\$m
OPERATING STATEMENT						
Revenue	44,172	47,025	45,443	50,199	52,250	55,640
Expenses	46,916	50,171	49,034	51,409	53,105	54,932
Net Operating Balance	-2,744	-3,146	-3,591	-1,210	-854	709
BALANCE SHEET AT 30 JUNE						
Assets	188,942	192,900	192,278	197,241	202,729	207,906
Liabilities	78,753	84,038	84,959	89,532	93,871	96,100
Net Worth	110,189	108,863	107,319	107,709	108,857	111,806
STATEMENT OF CASHFLOWS						
Net Cash Flows from Operating Activities	-114	328	-158	2,251	2,539	4,151
Asset Investment Program	-5,137	-6,001	-5,550	-6,282	-5,451	-4,956
Cash Surplus/Deficit	-4,675	-4,682	-4,855	-3,171	-1,952	201
<i>Memorandum Item: Net Debt at 30 June</i>	31,964	37,810	37,354	40,727	42,876	42,784

Note: Columns may not add due to rounding.

Operating Statement⁸

An operating deficit of \$3.6 billion is forecast for the total public sector in 2017-18, a \$444 million increase on the Budget-time forecast. This outcome mainly reflects the weaker operating outlook for the general government sector noted earlier in this chapter.

Stronger general government sector results across the forward estimates are reflected in the \$403 million improvement in aggregate outcomes for the four years to 2020-21. Total public sector operating deficits remain in prospect until a turnaround to a forecast \$709 million surplus in 2020-21.

As forecast in the 2017-18 Budget, the public non-financial corporations (PNFC) and public financial corporations (PFC) sectors are expected to be in an operating surplus position in each of the forward estimate years.

Table 7

TOTAL PUBLIC SECTOR OPERATING BALANCE
By Sector

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Mid-year	Forward	Forward	Forward
	\$m	\$m	Revision	Estimate	Estimate	Estimate
			\$m	\$m	\$m	\$m
Net Operating Balance						
General government sector	-2,474	-2,340	-2,605	-915	-699	926
Public non-financial corporations sector	480	573	489	809	956	963
Public financial corporations sector	164	345	324	302	332	352
<i>less</i>						
General government dividend revenue	837	1,649	1,728	1,328	1,366	1,460
Public non-financial corporations dividend revenue ^(a)	78	75	70	78	78	72
Total public sector net operating balance	-2,744	-3,146	-3,591	-1,210	-854	709

(a) Dividends received from Keystart (a PFC) by the Housing Authority (a PNFC).
Note: Columns may not add due to rounding.

Public Non-Financial Corporations

The outlook for the operating balance of the PNFC sector remains largely unchanged since the 2017-18 Budget. An operating surplus of \$489 million is now forecast in 2017-18 (down \$84 million on Budget) with improved surplus outcomes projected across the remaining three outyears.

⁸ Consolidation of the sub-sectors of the public sector removes transactions between each part of government. In aggregate, the operating balance of the total public sector is equal to the sum of the general government and public corporations sectors' operating balances, less dividend revenue collected between these sectors. Under Australian accounting standards, the dividend costs of the public corporations sectors are not classified as expenses, although the associated dividend income (mainly recorded by the general government sector) is recognised as revenue.

Relative to the 2017-18 Budget, both revenue and expenses for the PNFC sector have been revised down across the forward estimates period, by approximately \$1.7 billion since the 2017-18 Budget, mainly reflecting the net impact of:

- lower revenue and expenses (down \$1.1 billion) in 2017-18 for the Gold Corporation, primarily due to lower than budgeted demand from gold markets as investor funds are flowing into other assets such as equity markets;
- lower revenue (down \$299 million) and expenses (down \$302 million) for Lotterywest as a result of reduced sales and a corresponding reduction in related expenditure and statutory grant expenses, with the softer revenue growth expectations reflecting increasing competition;
- lower revenue (down \$84 million) and expenses (down \$91 million) for the Public Transport Authority, primarily reflecting:
 - lower operating subsidy revenue due to forecast reductions in debt servicing costs, bus fuel expenses and electricity costs;
 - lower depreciation expenses reflecting asset revaluations and updated asset investment project completion timeframes; and
 - higher costs for stadium special event services funded by user charges and Victoria Park Drive road improvements funded from cash reserves;
- lower revenue (down \$79 million) and expenses (down \$86 million) for the Housing Authority mainly due to:
 - lower forecast inventory sales revenue, mostly from the Affordable Housing Program, primarily due to softening market conditions, partially offset by participation fees from land projects; and
 - lower cost of goods sold, mostly for the Affordable Housing Program, in line with lower forecast sales, partially offset by changes in the timing of the planned transfer of housing stock to community housing organisations from 2016-17 to 2017-18;
- lower revenue (down \$67 million) and expenses (down \$44 million) for the Water Corporation, primarily due to:
 - lower operating subsidy revenue, mainly due to lower than expected operating expenditure in country regions; and
 - lower interest expenditure resulting from lower forecast interest rates and updated assumptions about the timing of borrowings;

- lower revenue (down \$17 million) and higher expenses (up \$66 million) for the Pilbara Ports Authority, primarily due to an extension of the discount in port charges for junior miners using the Utah Point Bulk Handling Facility in 2017-18⁹, and higher depreciation expenses following the implementation (from 30 June 2017) of ‘fair value’ accounting applied to certain asset classes including the Port of Port Hedland Shipping Channel; and
- higher revenue (up \$23 million) and lower expenses (down \$194 million) for Synergy primarily due to the net impact of:
 - a broadly equivalent reduction to both revenue and expenses to align Synergy’s financial statement forecasts with accounting treatments reflected in its 2016-17 annual report;
 - the establishment of the Synergy Renewables Fund to develop renewable energy generation assets; and
 - a reduction in depreciation costs following the earlier retirement of the Muja AB power station (reflected in the Corporation’s 2016-17 accounts)¹⁰.

Public Financial Corporations

The PFC sector operating outlook has improved by an aggregate \$11 million over the forward estimates period, with no material change in the forecasts since Budget.

Consistent with estimates in the 2017-18 Budget, the PFC sector is expected to achieve operating surpluses in each year of the outyears.

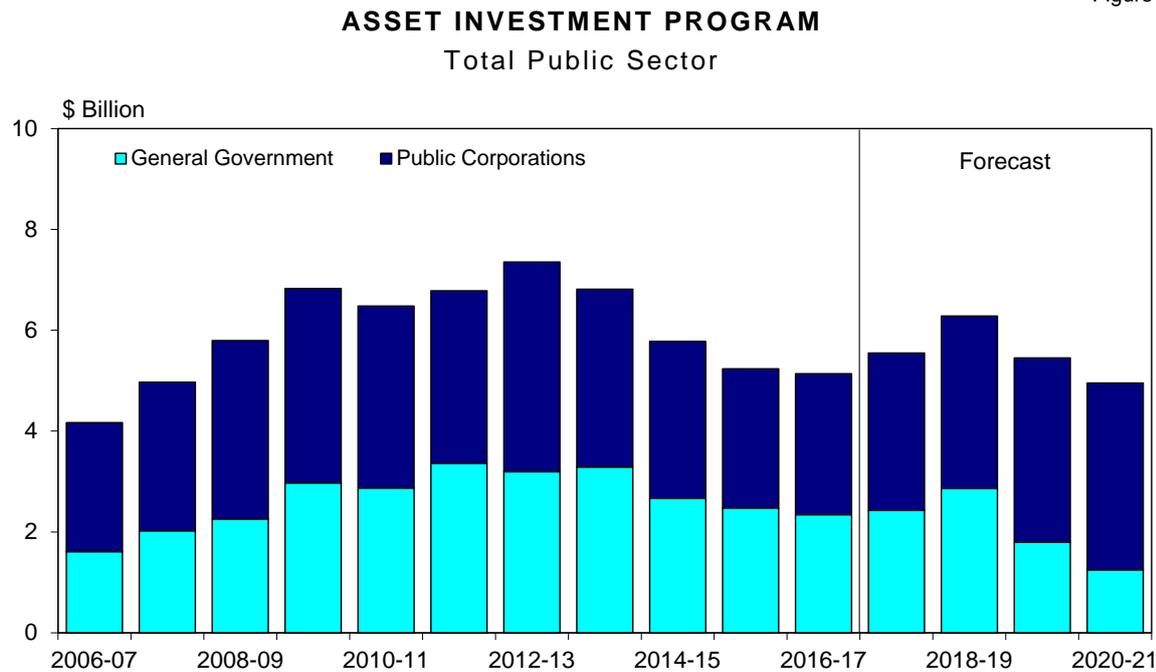
⁹ The existing relief arrangements for iron ore exporters were due to finish on 31 December 2017. These have now been extended to 30 June 2018 on the same terms and conditions which include a tiered discount in port charges based on the iron ore price per dry metric tonne.

¹⁰ Concerns with excess generation capacity resulted in the former Government directing Synergy (in June 2016) to bring forward the retirement of some generation assets, including Muja AB. The associated accounting impact, which was expected to span multiple years, was initiated earlier than expected in late 2016-17. The accounting impact in 2016-17 was followed by the plant’s closure on 30 September 2017.

Asset Investment Program

The public sector will spend an estimated \$5.5 billion on land and infrastructure in 2017-18. Total investment of \$22.2 billion is forecast over the period 2017-18 to 2020-21, broadly consistent with Budget-time projections.

Figure 4

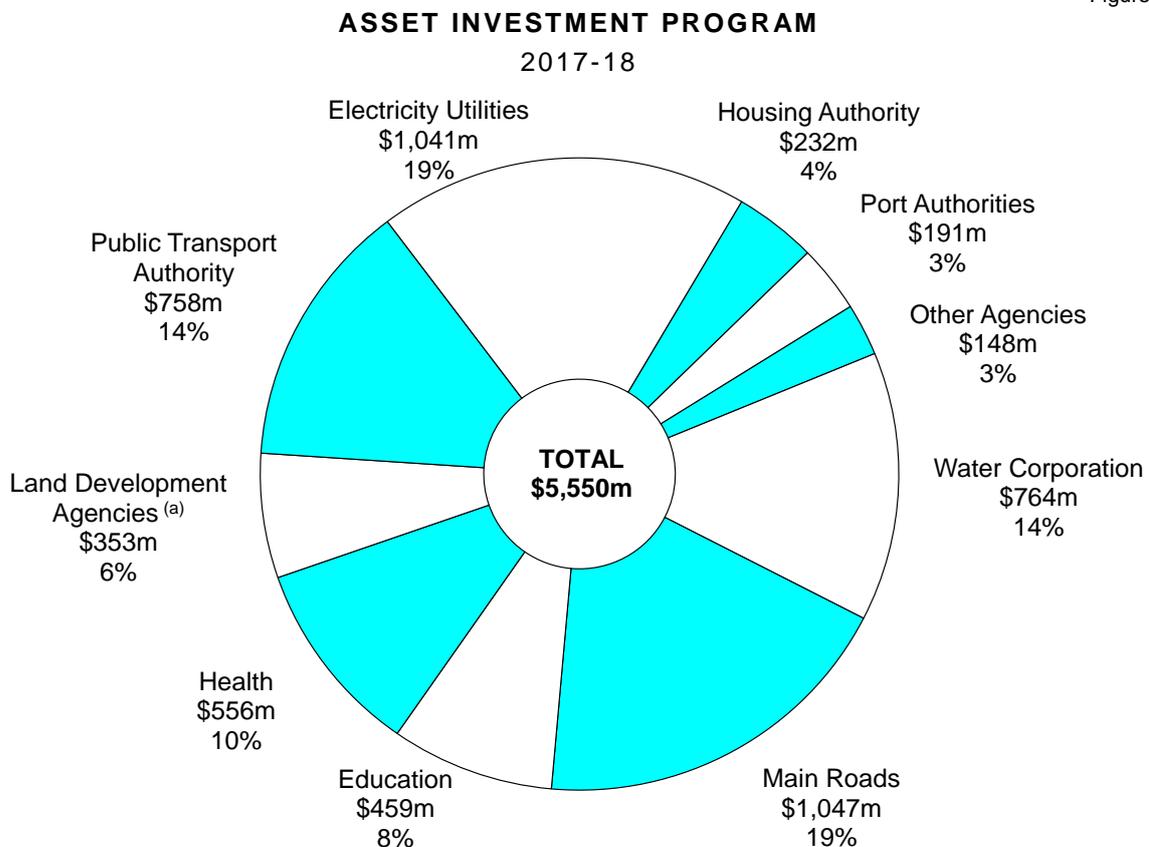


General government sector infrastructure investment is expected to account for \$2.4 billion (or 44% of the total public sector spend) in 2017-18, and \$8.3 billion (37%) over the four years to 2020-21.

The PNFC sector is projected to invest \$3.1 billion in 2017-18 and a total of \$13.9 billion (or 63% of total public sector infrastructure spending) over the forward estimates period.

At 37%, investment in transport projects dominates the Asset Investment Program (AIP), with total spending of \$8.1 billion over the forward estimates period by Main Roads, the Public Transport Authority and the State’s port authorities.

Figure 5



(a) Includes the Western Australian Land Authority, the Metropolitan Redevelopment Authority, the Western Australian Planning Commission and the Department of Planning, Lands and Heritage.

Note: Segments may not add due to rounding.

Relative to the Budget, total public sector infrastructure investment has been revised down by \$81 million (or 0.4%) over the four years to 2020-21. This reflects the net impact of:

- a \$148 million decrease in spending on housing by the Department of Communities, reflecting a reduction in land development activities, and lower expenditure from the Affordable Housing Shared Equity Program, in response to lower than expected sales revenue;
- an increase of \$120 million (partly offset by allocation of a residual \$64 million for the Custodial Infrastructure Program and Royalties for Regions funding provisioned in the Budget)¹¹, to increase prison bed capacity through;
 - a 160 bed expansion at Bunbury Regional Prison (\$24 million); and
 - construction of four additional units at Casuarina Prison, or 512 beds (\$96 million);
- higher spending by WA Health (\$53 million), including \$21 million spending to support the deployment of information and communication technology systems for the Perth Children's Hospital and construction remediation works;

¹¹ See feature box below.

- a \$39 million reduction in spending by Western Australian Land Authority, mainly reflecting lower acquisitions and development expenditure, underpinned by the impact of weaker forecast market conditions on land sales;
- \$29 million in changes across the Department of Primary Industries and Regional Development (funded from the Royalties for Regions program) to accommodate the impact of spending carried over from 2016-17, movement in expected projected cash flows over the forward estimates, and changes to the expected recurrent and capital mix of spending by the program; and
- a reduction of \$29 million for Main Roads, largely reflecting the net impact of:
 - deferrals of expenditure from 2017-18 to the forward estimates for NorthLink WA (\$203 million), Great Northern Highway – Muchea to Wubin (\$135 million) and projects that are part of the Northern Australia Roads and Beef Roads programs (\$75 million);
 - a reclassification (to recurrent spending) of the Outback Way Project (\$33 million);
 - \$20 million to increase road resurfacing works undertaken under the Reseal Program;
 - a \$22 million increase for bridge replacement projects recently approved under the Commonwealth Bridges Renewal Program, partly offset by \$12 million in reprioritised spending from other projects; and
 - a \$23 million decrease for various project costs and rescheduled works, including expenditure brought forward into 2016-17 from 2017-18.

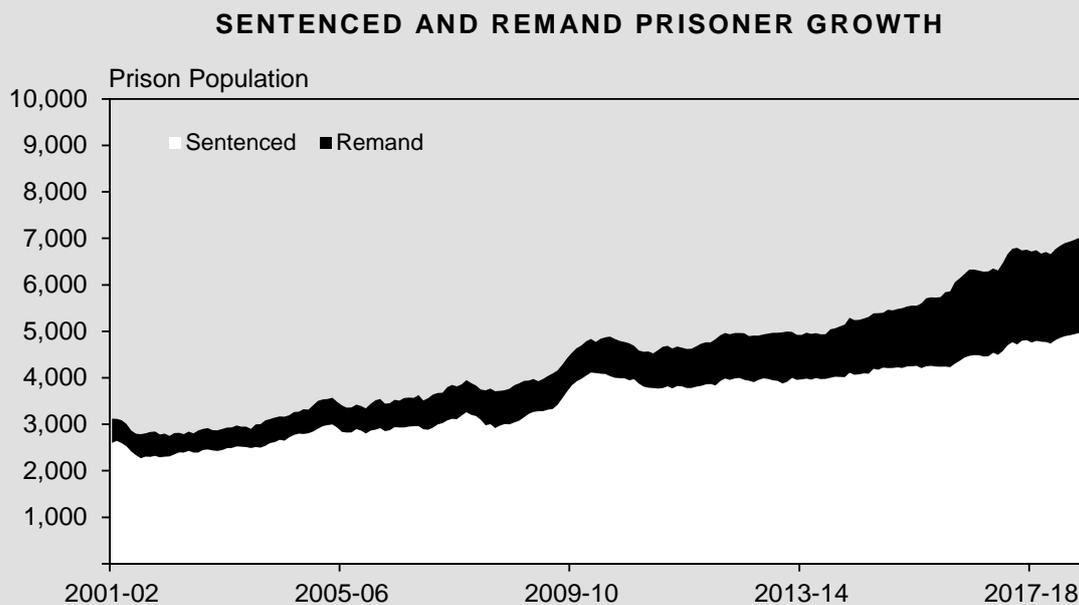
The 2017-18 Mid-year Review includes a \$750 million provision for anticipated underspending that is expected to emerge during the year (from yet-to-be identified delays in works, and/or changes in the timing of cash payments). This provision is unchanged from Budget. A provision for ‘slippage’ (i.e. movements in the timing of works that cause project costs to move out over time) has been adjusted to accommodate post-Budget movements across the Asset Investment Program, with \$200 million originally provisioned in 2017-18 now reflected in 2018-19 (in recognition of the significant change in the expected timing of the road projects outlined above).

Further detail of material changes in spending since budget is available in Appendix 3: *Major Spending Changes*.

Justice Sector – Addressing Strong Prisoner Growth

Over the last two years, significant demand and resourcing pressures have emerged in the State's justice system. Growth in the daily average prisoner population has been particularly strong, increasing by 10.9% in 2016-17, on top of growth of 8.3% in 2015-16, placing significant pressure on the State's custodial capacity. The daily average prisoner population is forecast to grow by another 5% in 2017-18 (see chart below).

Figure 6



To address forecast bed shortages in the male custodial estate, and ensure sufficient capacity over the forward estimates period, the Government will invest \$120 million to add 672 beds by the end of 2019.

This investment will deliver four new accommodation units at Casuarina Prison to house 512 prisoners (\$96.3 million), and 160 additional beds at Bunbury Regional Prison (\$23.7 million). These projects will build on previously announced investment by the Government to add an additional 212 beds to the custodial estate across a number of facilities (at a cost of \$7.3 million) and address forecast bed shortages over the next 12 months.

The \$120 million in additional spending is partially offset by a redirection of existing provisions for custodial infrastructure projects, and Royalties for Regions funding, which reduces the impact on the State's net debt to \$32.7 million.

The Department of Justice will continue to investigate custodial expansion options to meet longer term prisoner population growth forecasts.

Addressing the continued growth in demand for justice sector services (including in custodial and community corrections, and in the court system) will require a coordinated cross-justice sector approach. In recognition of this, the Government has established an inter-agency committee, comprising key justice agencies and the Departments of the Premier and Cabinet and Treasury to oversee justice sector reform.

The State's justice pipeline model, announced by the Government in the 2017-18 Budget, is currently under development and will support further cross-justice sector policy reforms and initiatives.

Balance Sheet

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

Total public sector net debt is discussed in more detail below.

Cash Flow Statement

A cash deficit of \$4.9 billion is forecast for 2017-18, a \$173 million deterioration relative to the 2017-18 Budget. This is largely due to a weaker cash operating outlook (down \$486 million, mainly from the general government sector) more than offsetting lower net purchases of non-financial assets (down \$313 million).

Across the forward estimates period, strengthened cash operating outcomes are expected to more than offset a modest increase in net purchases of non-financial assets. The cash result is therefore forecast to improve by an aggregate \$416 million across the three outyears to 2020-21. The size of the cash deficit is forecast to decline in magnitude from \$4.9 billion in 2017-18 to reach \$2 billion in 2019-20, before a turnaround to a small \$201 million surplus in 2020-21 (\$70 million lower than forecast in the 2017-18 Budget).

Table 8

TOTAL PUBLIC SECTOR CASH FLOW						
Summary						
	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Mid-year	Forward	Forward	Forward
	\$m	\$m	Revision	Estimate	Estimate	Estimate
			\$m	\$m	\$m	\$m
Net cash from operating activities	-114	328	-158	2,251	2,539	4,151
Net cash flows from investing in non-financial assets	-4,561	-5,010	-4,697	-5,422	-4,491	-3,950
Cash surplus/- deficit	-4,675	-4,682	-4,855	-3,171	-1,952	201
<i>Financing transactions</i>						
Net cash flow from borrowings	5,674	5,035	5,243	3,968	3,927	2,006
Run-down in cash and cash equivalents	927	755	916	-163	-1,398	-1,565
All other financing	-1,925	-1,108	-1,304	-634	-576	-641
Total Financing	4,675	4,682	4,855	3,171	1,952	-201

Note: Columns may not add due to rounding.

Net Debt¹²

Net debt of the total public sector is forecast to increase from \$32 billion at 30 June 2017 to an estimated \$42.9 billion by 30 June 2020, before declining slightly to \$42.8 billion at 30 June 2021. Net debt is forecast to be \$854 million lower at 30 June 2021 relative to the 2017-18 Budget, reflecting:

- the lower than expected net debt outturn at 30 June 2017 (down \$536 million), as reported in the *2016-17 Annual Report on State Finances*;
- higher cash and other liquid assets following the sale of Westralia Square by the Insurance Commission of Western Australia (\$298 million); and
- offsetting movements in net operating cash flows (see discussion of the operating outlook earlier in this chapter), net investments in non-financial assets (with lower forecast property sales more than offsetting lower land and infrastructure spending), and other movements in net debt¹³.

The following table summarises changes in total public sector net debt projections since the 2017-18 Budget.

¹² Net debt is a balance sheet measure based on Government Finance Statistics concepts. It is calculated as the difference between financial liabilities that attract a debt servicing cost (such as borrowings and finance leases) and liquid financial assets (including loans made by governments). Net debt is an important indicator of the strength of the public sector's financial position and the sustainability of the public sector's future call on cash.

¹³ Includes revaluations of investment assets and debt liabilities, net acquisitions of financial assets for liquidity purposes, and changes in the acquisition of non-financial assets under finance leases and similar arrangements.

Table 9

NET DEBT OF THE PUBLIC SECTOR AT 30 JUNE

	2018	2019	2020	2021
	\$m	\$m	\$m	\$m
2017-18 Budget - Total Public Sector Net Debt	37,810	41,425	43,784	43,638
<i>Plus Improvement from the 2016-17 Outcome</i>	-536.4			
<i>Less change in net cash flows from operating activities and dividends paid</i>				
- general government	-357.2	688.5	390.2	-281.6
- public non-financial corporations	-141.9	-59.5	-46.2	124.5
- public financial corporations	13.1	19.1	-4.6	2.9
<i>Total public sector</i>	<i>-486.0</i>	<i>648.2</i>	<i>339.3</i>	<i>-154.2</i>
<i>Plus purchases of non-financial assets ^(a)</i>				
Main Roads	-420.7	309.4	93.4	-10.7
Public Transport Authority	-118.3	116.3	13.6	-15.5
Justice	8.7	78.4	19.3	-
Housing	-78.3	-46.1	-48.6	25.0
Western Australian Land Authority	1.8	-26.1	-22.1	7.6
WA Health	-31.2	82.7	1.9	-
Revisions to AIP smoothing provision	200.0	-200.0	-	-
All other ^(b)	-13.4	18.4	45.5	-71.5
<i>Total purchase of non-financial assets</i>	<i>-451.5</i>	<i>333.1</i>	<i>103.0</i>	<i>-65.3</i>
<i>Less proceeds from sale of non-financial assets</i>				
Housing	-156.7	-64.5	-12.4	14.0
Synergy	55.0	-	-	-
All other	-36.6	11.8	-	4.8
<i>Total sales of non-financial assets</i>	<i>-138.3</i>	<i>-52.8</i>	<i>-12.4</i>	<i>18.8</i>
<i>Plus all other financing</i>				
Insurance Commission - Sale of Westralia Square	-223.7	-11.8	-29.9	-32.5
All other ^(c)	131.2	32.3	43.3	16.8
<i>Cumulative impact on net debt at 30 June</i>	<i>-456.0</i>	<i>-697.8</i>	<i>-908.3</i>	<i>-853.8</i>
2017-18 Mid-year Review - Total Public Sector Net Debt	37,354	40,727	42,876	42,784

(a) Material changes are outlined in Appendix 3: *Major Spending Changes*.

(b) Includes timing changes and other movements in agency infrastructure programs.

(c) Includes 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, and some minor changes in the acquisition of non-financial assets under finance leases and similar arrangements, etc. These transactions have no associated operating or infrastructure cash flows reflected in other items in this table.

Note: Columns may not add due to rounding.

Statement of Risks

Changes since the 2017-18 Budget

The majority of the risk items outlined in the 2017-18 Budget¹⁴ remain current. Where there has been no change to these risk items, they are not repeated here. The discussion below highlights changes to the Statement of Risk relative to the 2017-18 Budget.

Changes to Risks as a result of Mid-year Review Decisions

Some of the risks in the 2017-18 Budget have changed as a result of decisions taken in this Mid-year Review including:

- the spending risks identified with *On-demand Transport Reform* and the *Custodial Estate Capacity* have materialised since Budget, and the impact of Government decisions on these issues is now reflected in the forward estimates (see Appendix 3: *Major Spending Changes* for more detail);
- *Progress on Budget repair measures* – the Budget included a package of measures to reduce total public sector net debt by \$3.5 billion over the four years to 30 June 2021. The estimated impact of the package of measures has been revised down to \$3.1 billion following the Legislative Council’s disallowance of planned gold royalty changes (reducing the value of the measures by \$392 million) and a lower than expected benefit from rolling the \$1,000 wages policy into agency budgets (reducing the impact of Budget repair by \$80 million in net debt terms). Other measures were implemented with the passage of the 2017-18 Budget, including removing non-salaries indexation, increases to household fees and charges, and Health Agency Expenditure Review savings.

Progress is continuing on the implementation of the remaining measures outlined in the Budget. In particular, legislation to introduce a progressive payroll tax scale for large employers, and to cease the First Home Owner Grant Boost has been passed by both Houses of the Parliament. Legislation supporting the new foreign owner surcharge is being prepared for introduction to the Parliament in 2018, and consultation for the point-of-consumption wagering tax has begun. Legislation associated with the Salaries and Allowances Tribunal wage freeze is well progressed in the Parliament.

The Voluntary Targeted Separation Scheme, the 20% reduction in the Senior Executive Service, Government Office Accommodation Reform Program, and State fleet policy and procurement initiatives are currently in progress, with a disclosure on their outcomes expected to be included in the 2018-19 Budget Papers. As noted in the 2017-18 Budget, if agencies are unable to deliver the savings, there will be a consequent deterioration in the net operating balance and net debt projections;

¹⁴ See 2017-18 Budget Paper No.3: *Economic and Fiscal Outlook* (pages 62-70).

- *National Disability Insurance Scheme (NDIS)* – subsequent to the Mid-year Review cut-off date, the Western Australian and Commonwealth Governments signed an agreement on 12 December 2017 for Western Australia to join the nationally-delivered NDIS. The revised agreement replaces the previous agreement for a State-administered scheme, with the National Disability Insurance Agency to assume responsibility for the delivery of the NDIS in Western Australia from 1 July 2018.

The financial assumptions in this Mid-year Review were finalised on 4 December 2017, before the agreement was signed. Accordingly, the projections in this publication are predicated on Western Australia being the operator of the NDIS, with the financial impact of new arrangements, including transitional and residual State services, to be reflected in the 2018-19 Budget (see feature box earlier in this chapter for more information); and

- *Commissioning of the Perth Children’s Hospital* – ongoing delays due to potable water issues have pushed back the opening of the new hospital. Practical completion of the hospital’s main works contract was achieved in April 2017, allowing WA Health access to perform commissioning activities, such as operational readiness testing and workforce training. Defects rectification and completion of outstanding minor construction works is continuing.

An estimate of the financial impact of the delays has been included in the 2017-18 Mid-year Review. However, any further delays to the project beyond June will result in additional cost pressures. This risk will continue to be closely monitored and managed as defects rectification and commissioning activities approach completion.

Additional Risk Disclosure – Transfer Duty/Landholder Duty Assessments

A recent decision by the Western Australian Court of Appeal relating to the acquisition of a controlling interest may have consequences to the magnitude and timing of receipt of revenue from other high-value transactions in some circumstances. An assessment of tax remains valid until all reviews proceeding have been discontinued or otherwise finally determined. The Commissioner of State Revenue has sought leave to appeal the decision in the High Court. Any risks to the revenue forecasts are dependent on the outcomes of those hearings, as well as any actions that may have to be taken to mitigate those risks.

Changes in Other Risks and Sensitivities

A range of assumptions underpin the State’s financial projections and these are subject to continual change due to shifts in economic conditions, decisions by external parties (such as the Commonwealth Government) and other factors. Key changes since the 2017-18 Budget include:

- *Commonwealth 2017-18 Mid-year Economic and Fiscal Outlook* – the Commonwealth’s *Mid-year Economic and Fiscal Outlook* (MYEFO) for 2017-18 was released on 18 December 2017, after the cut-off date for the finalisation of this Mid-year Review. In addition to the specific risks around Commonwealth funding detailed below, any changes in estimates of grants (through changes to the Commonwealth’s own forecasting parameters and/or policy changes) are not factored into the State’s financial forecasts unless these were known before the Mid-year Review cut-off date (4 December 2017);

- *National Partnership Agreements* – the State Government is currently negotiating a number of major Commonwealth funding agreements in areas including education, housing and training (further details below). Prescriptive conditions in these agreements that are being sought by the Commonwealth Government could potentially reduce the State Government’s budget flexibility (if agreed). Specific National Partnership Agreement risks include the following matters:

- *Commonwealth ‘Quality Schools’ Funding* – the Commonwealth Parliament passed the Australian Education Amendment Bill 2017 on 23 June 2017, thereby giving effect to new arrangements for Commonwealth schools funding from 1 January 2018. However, negotiations for a new national agreement and bilateral agreements have been deferred, following concerns raised by the States and Territories regarding prescriptive financial conditions that the Commonwealth has attached to the funding.

To ensure the Commonwealth can provide funding to schools in 2018, Western Australia has signed an Interim Agreement, which will remain in effect until the commencement of any new national agreement, or the end of the 2018 school year, whichever is reached first. The finalisation of national and bilateral agreements is planned by mid-2018, for implementation in the 2019 school year.

Should the State become a signatory to the proposed new national agreement, it will be required to maintain its level of funding to schools over the life of the agreement, as well as provide indexation at a rate prescribed by the Commonwealth. As a result, the State is likely to be required to significantly increase its own funding to schools, above that currently approved in the forward estimates.

- *Skilling Australians Fund* – as part of the 2017-18 Federal Budget, the Commonwealth Government announced a new National Partnership on the Skilling Australians Fund (NPSAF) to replace the National Partnership Agreement on Skills Reform which expired on 30 June 2017. Consistent with the 2017-18 State Budget, no funding is incorporated in Mid-year Review estimates past the expiry date of the National Partnership agreement. Funding provided under the NPSAF will depend on the level of revenue collected through a new Skilled Migration Levy, subject to the passing of legislation through the Australian Parliament.

NPSAF funding is proposed to be tied to the achievement of targets set by the Commonwealth, maintenance of the State’s total vocational education and training budget above a minimum benchmark, and provision of a matching State funding contribution.

Western Australia, along with other States and Territories, has raised significant concerns with the Commonwealth’s proposed conditions, and there is a risk that negotiations on the NPSAF will not be resolved in time to provide funding certainty for the 2019 training year.

- *National Housing and Homelessness Agreement* – On 9 May 2017, the Commonwealth Government announced its intention to establish a new agreement – the National Housing and Homelessness Agreement (NHHA) – to replace the National Affordable Housing Agreement (NAHA), the associated untied funding under the National Affordable Housing Specific Purpose Payment, and the transitional National Partnership Agreement on Homelessness.

On 25 October 2017, the Commonwealth introduced the Treasury Laws Amendment (National Housing and Homelessness Agreement) Bill 2017 into the Commonwealth Parliament. The Bill specifies the conditions of funding under the NHHA. On 17 November 2017, the Bill was referred to the Senate Economics Legislation Committee, with a report due from the Committee on 6 February 2018.

While it is expected that the Commonwealth will maintain current levels of funding, all funding under the NHHA will be tied to the achievement of outcomes agreed between the Commonwealth and Western Australia. It is intended that the NHHA will commence from 1 July 2018. There is a risk that the State may not receive the budgeted amount of funding over the forward estimates period if specific targets are not agreed to and met by Western Australia and/or if there is a delay in negotiating the bilateral agreement with the Commonwealth.

- the revenue estimates outlined in the 2017-18 Budget have been revised, as shown in the following table; and

Table 10

APPROXIMATE PARAMETER SENSITIVITY OF REVENUE ESTIMATES
2017-18

	Variability (\$m)	Detail
Royalty income and North West Shelf grants	±75	For each US1 cent decrease/increase in the \$US/\$A exchange rate (royalty income is inversely related to the \$US/\$A exchange rate)
Iron ore royalties	±76	For each \$US1 per tonne increase/decrease in the price of iron ore
Petroleum royalties and North West Shelf grants	±11	For each \$US1 increase/decrease in the price of a barrel of oil
Payroll tax	±32	For each 1% increase/decrease in taxable wages or employment growth (i.e. the total wages bill)
Underlying transfer duty		
• Prices	±12	For each 1% increase/decrease in average property prices
• Transactions	±9	For each 1% increase/decrease in transaction levels
GST grants		
• Iron ore volumes	±89	For a \$100 million increase/decrease in iron ore royalty revenue, all else being equal, Western Australia will lose/gain an estimated \$89 million of GST grants in net present value terms if it is the result of a volume change and \$88 million if it is the result of a price change (as this also affects other States). The loss/gain will occur in later years due to the time lags in the Commonwealth Grants Commission process
• Iron ore prices	±88	

- the table below provides an updated comparison of Consolidated Account interest rate outcomes under the 'expected' and 'high' interest rate paths modelled by the Western Australian Treasury Corporation. As indicated, annual Consolidated Account interest expenses would be around \$225 million higher by 2020-21 under the 'high' scenario. Further information on the difference between the 'expected' and 'high' interest paths are contained in the 2017-18 Budget Paper No. 3.

CONSOLIDATED ACCOUNT INTEREST RATE SCENARIOS				
	2017-18	2018-19	2019-20	2020-21
'Expected' (%)	3.04	3.14	3.24	3.39
'High' (%)	3.09	3.39	3.72	4.06
<i>Variance (%)</i>	<i>0.05</i>	<i>0.25</i>	<i>0.48</i>	<i>0.67</i>
<i>Variance (\$m)</i>	<i>7</i>	<i>71</i>	<i>152</i>	<i>225</i>

Table 11

There are no other material changes to the remaining issues identified in the 2017-18 Budget Statement of Risks.

Contingent Assets and Liabilities

Contingent assets usually consist of the potential settlement of lawsuits of contractual claims. Typically, contingent liabilities consist of guarantees, indemnities, and sureties, as well as legal and contractual claims. They constitute a potential risk to the financial projections should they eventuate.

There have been no material updates to the disclosures in the 2016-17 *Annual Report on State Finances*, released on 22 September 2017.

Financial Strategy

HIGHLIGHTS

- The financial target to progress towards a general government operating surplus is now not expected to be met in 2017-18. This change since Budget reflects the lower operating deficit outcome for 2016-17 (\$2.5 billion), and a larger operating deficit now forecast for 2017-18 (\$2.6 billion).
- Financial target performance is projected to improve over the forward estimates period, with all targets expected to be met by 30 June 2021. This reflects an improvement in the revenue outlook as economic growth recovers and the State's share of GST increases, and the impact of the Government's Budget repair measures which result in low rates of expenditure growth.

Introduction

This chapter provides an assessment of the Mid-year Review financial projections against the Government's financial targets, as required by the *Government Financial Responsibility Act 2000*.

The Government's financial targets were detailed in the 2017-18 Budget Papers. The targets are to:

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

The following table summarises forecast compliance with the financial targets.

2017-18 MID-YEAR REVIEW – FINANCIAL TARGET COMPLIANCE				
	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast	2020-21 Forecast
Progress towards a net operating surplus for the general government sector				
- General government net operating balance (\$m)	-2,605	-915	-699	926
- 2017-18 Mid-year Review compliance	No	Yes	Yes	Yes
- 2017-18 Budget compliance	Yes	Yes	Yes	Yes
Progress towards a cash surplus for the total public sector				
- Total public sector cash surplus/deficit (\$m)	-4,855	-3,171	-1,952	201
- 2017-18 Mid-year Review compliance	No	Yes	Yes	Yes
- 2017-18 Budget compliance	No	Yes	Yes	Yes
Maintain disciplined general government expense management through:				
- delivering public sector wages outcomes in line with Government wages policy				
- 2017-18 Mid-year Review compliance	Yes	Yes	Yes	Yes
- 2017-18 Budget compliance	Yes	Yes	Yes	Yes
- ensuring key service delivery agency recurrent spending outcomes are in line with budgeted expense limits				
- 2017-18 Mid-year Review compliance	Yes	Yes	Yes	Yes
- 2017-18 Budget compliance	Yes	Yes	Yes	Yes
Reduce the proportion of total public sector net debt held by the general government sector				
- General government net debt as a share of TPS net debt (%)	62.7	65.5	66.6	66.1
- 2017-18 Mid-year Review compliance	No	No	No	Yes
- 2017-18 Budget compliance	No	No	No	Yes

Since the release of the 2017-18 Budget, the general government operating surplus target is now forecast to not be met in 2017-18. This is a result of the better than expected outcome for 2016-17 (a deficit of \$2.5 billion, down \$565 million from the estimated outturn at Budget-time), and a larger deficit of \$2.6 billion now expected for 2017-18 (up \$265 million relative to Budget), primarily driven by lower than expected tax collections, and a delay in Commonwealth grants revenue for transport projects.

The overall improvement in the four-year fiscal outlook, including lower net debt levels across the forward estimates period relative to Budget, is expected to result in all five financial targets being met by 30 June 2021.

The remainder of this chapter outlines projected performance against the targets based on the Mid-year Review projections detailed in Chapter 1: *Financial Projections* and in Appendix 1: *Detailed Financial Projections*.

Financial Targets

Progress towards a net operating surplus for the general government sector, measured by a reduction in the operating deficit outcome relative to the previous year

This target is now not expected to be met in 2017-18.

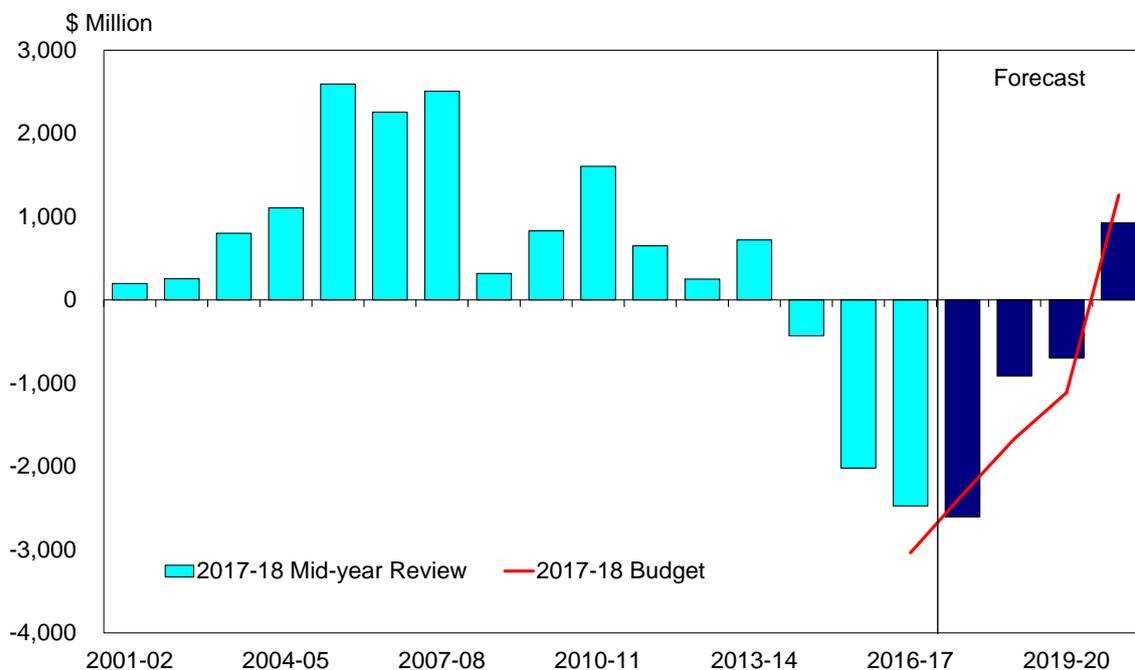
An operating deficit of \$2.5 billion was recorded for 2016-17 (as detailed in the recent *Annual Report on State Finances*), which was \$565 million less than the \$3 billion deficit estimated in the 2017-18 Budget. A forecast deficit of \$2.6 million in 2017-18, \$131 million higher than the 2016-17 outcome, results in this target not being expected to be met this financial year.

The margin for complying with the target (just \$131 million) represents around 0.5% of revenue or expense projections for the year.

This target is expected to be met in each year from 2018-19. An improvement in revenue growth, combined with low rates of expense growth (averaging 2.2% per annum over the forward estimates period) is expected to result in declining deficits in 2018-19 and 2019-20 before a turnaround to an operating surplus in 2020-21.

Figure 1

NET OPERATING BALANCE General Government Sector



Progress towards a cash surplus for the total public sector, measured by a reduction in the cash deficit outcome relative to the previous year

Consistent with the expectations at the time of the 2017-18 Budget, this target is not forecast to be met until 2018-19.

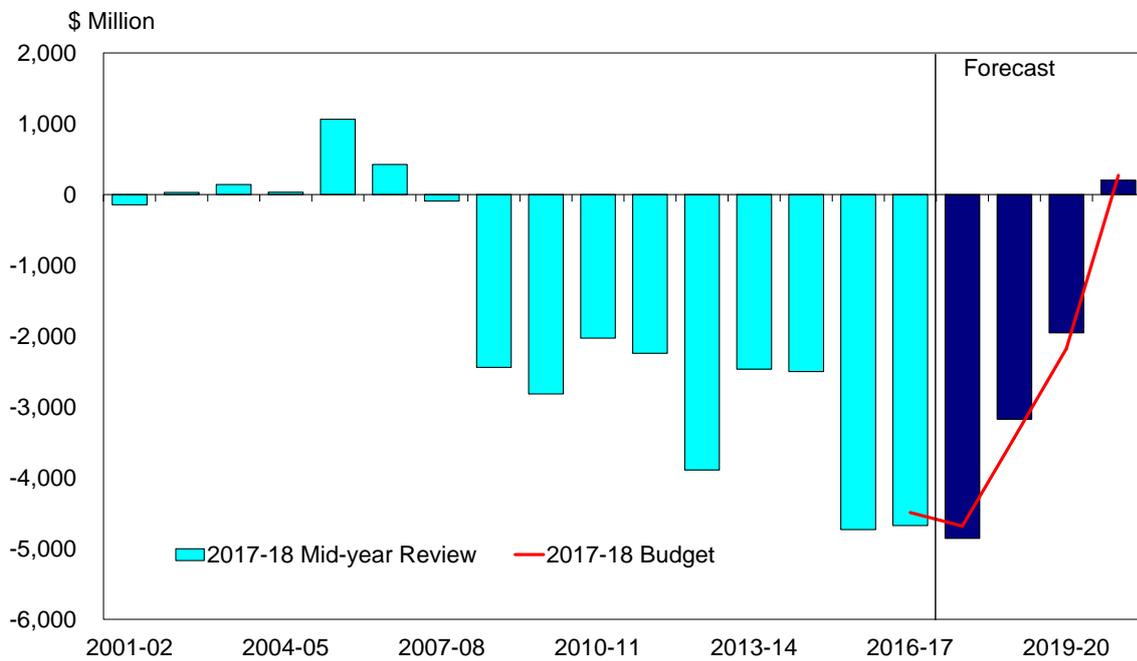
Based on the Mid-year Review forecasts, a \$180 million improvement in the cash deficit by year end would result in the target being met in 2017-18. This equates to a 0.4% improvement in either total public sector revenue or expenses, or a 3.2% underspend in the State’s Asset Investment Program.

The cash deficit for the total public sector is forecast to decline from \$4.9 billion in 2017-18 to \$3.2 billion in 2018-19 and \$2.0 billion in 2019-20, before a turnaround to a \$201 million cash surplus in 2020-21. This outlook largely reflects improving cash operating outcomes (particularly for the general government sector), while net infrastructure investment is maintained at between \$4 billion and \$5.4 billion per year over the forward estimates period.

The Government’s plan to gradually pay down debt to sustainable levels is dependent on consistently achieving cash surpluses over the longer term.

CASH SURPLUS/DEFICIT
Total Public Sector

Figure 2



Maintain disciplined general government expense management

Management of recurrent spending in the general government sector is critical to progressing towards a forecast net operating surplus and maintaining a sustainable financial position. The Government's expense target is measured by two criteria, which remain on track to be met in 2017-18 and beyond.

Deliver public sector wages outcomes in line with Government wages policy

Consistent with the outlook at Budget-time, this target is expected to be met in 2017-18 and across the forward estimates period.

Public sector wage agreements settled to date have been in line with the Government's wages policy (limiting increases in wages and associated conditions to \$1,000 per annum). This includes the Public Service and Government Officers General Agreement (public servants) and the Hospital Support Workers Industrial Agreement (hospital support staff).

Other agreements expiring in 2017-18 are expected to be settled at the Government's wages policy.

EXPIRING INDUSTRIAL AGREEMENTS

Table 2

Agreement	Employees	Expiry Date	Status
Public Servants	34,200	12 June 2017	Agreement registered in line with wages policy
Police	6,200	30 June 2017	Under negotiation ^(a)
Hospital Support Workers	3,400	4 August 2017	Agreement registered in line with wages policy
TAFE Lecturers	1,700	2 December 2017	Under negotiation
Teachers	23,000	5 December 2017	Under negotiation
Main Roads	1,000	30 January 2018	Under negotiation
Prison Officers	2,100	10 June 2018	Upcoming negotiation
Health Salaried Officers	13,100	30 June 2018	Upcoming negotiation

(a) Under negotiation at the 4 December 2017 Mid-year Review cut-off date. In-principle agreement was reached on 18 December 2017.

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

This target is expected to be met in 2017-18.

Recurrent spending for the 15 largest appropriation-funded agencies (applicable for this target) remains within +2% of the approved expense limits in agency Resource Agreements. Between the Budget and Mid-year Review, overall general government expenses have increased by just \$0.6 million in 2017-18.

Material changes to agency spending since the 2017-18 Budget are discussed in Chapter 1 and in more detail in Appendix 3.

TOTAL COST OF SERVICE OUTCOMES			
	Resource Agreement (2017-18 Budget)	Total Cost of Service (2017-18 Mid-year Review)	Change since 2017-18 Budget
	\$m	\$m	%
WA Health	8,943	8,970	0.3
Education	5,020	5,017	-0.1
Communities	3,672	3,604	-1.8
Western Australia Police	1,528	1,550	1.5
Justice	1,508	1,495	-0.8
Public Transport Authority of Western Australia	1,502	1,498	-0.3
Finance	1,435	1,453	1.2
Commissioner of Main Roads	1,274	1,275	0.1
Mental Health Commission	914	914	0.0
Training and Workforce Development	583	580	-0.5
Primary Industries and Regional Development	528	539	1.9
Biodiversity, Conservation and Attractions	421	419	-0.3
Transport	414	412	-0.5
Fire and Emergency Services	396	395	-0.1
Mines, Industry Regulation and Safety	299	296	-0.9

Reduce the proportion of total public sector net debt held by the general government sector

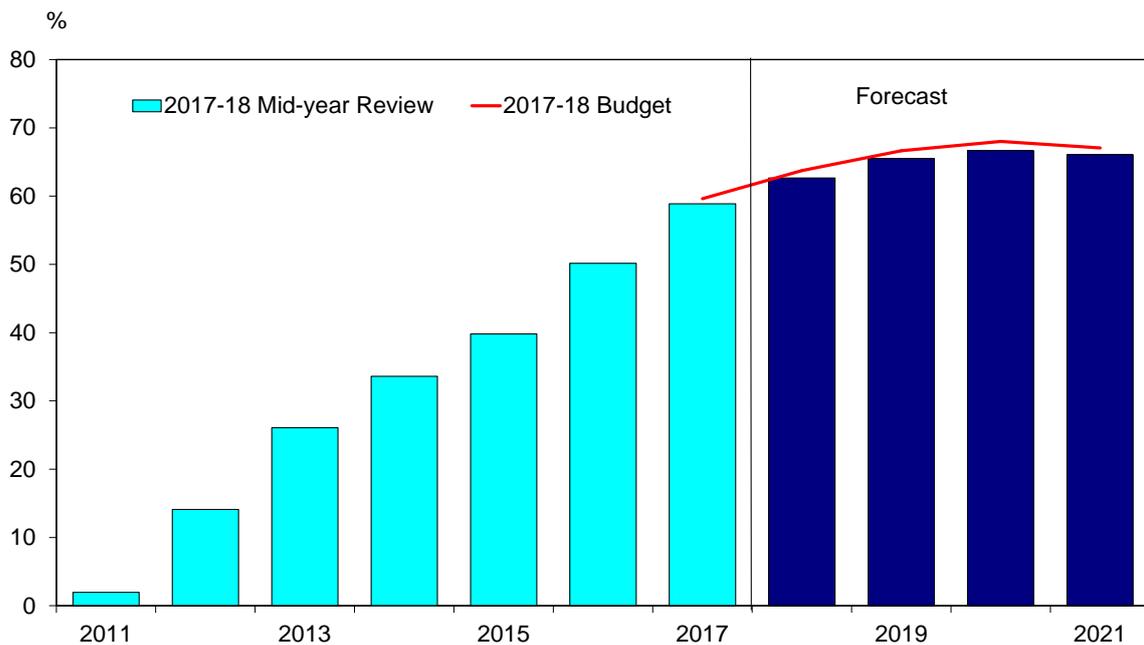
Consistent with the Budget outlook, this target is not expected to be met until 2020-21.

The proportion of general government net debt as a share of total public sector net debt will continue to increase over the forward estimates period, with the rate of increase expected to slow as a result of the Government’s measures to repair the State’s finances. The general government sector’s share of net debt is now forecast to increase from 62.7% to 66.6% by 30 June 2020, before declining to 66.1% by 30 June 2021.

While the target is still not expected to be met until 2020-21, the amount of general government net debt has been revised down since Budget by \$1 billion, to an estimated \$28.3 billion by 30 June 2021.

Figure 3

**GENERAL GOVERNMENT NET DEBT PERCENTAGE OF
TOTAL PUBLIC SECTOR NET DEBT**
At 30 June



The Western Australian Economy

HIGHLIGHTS

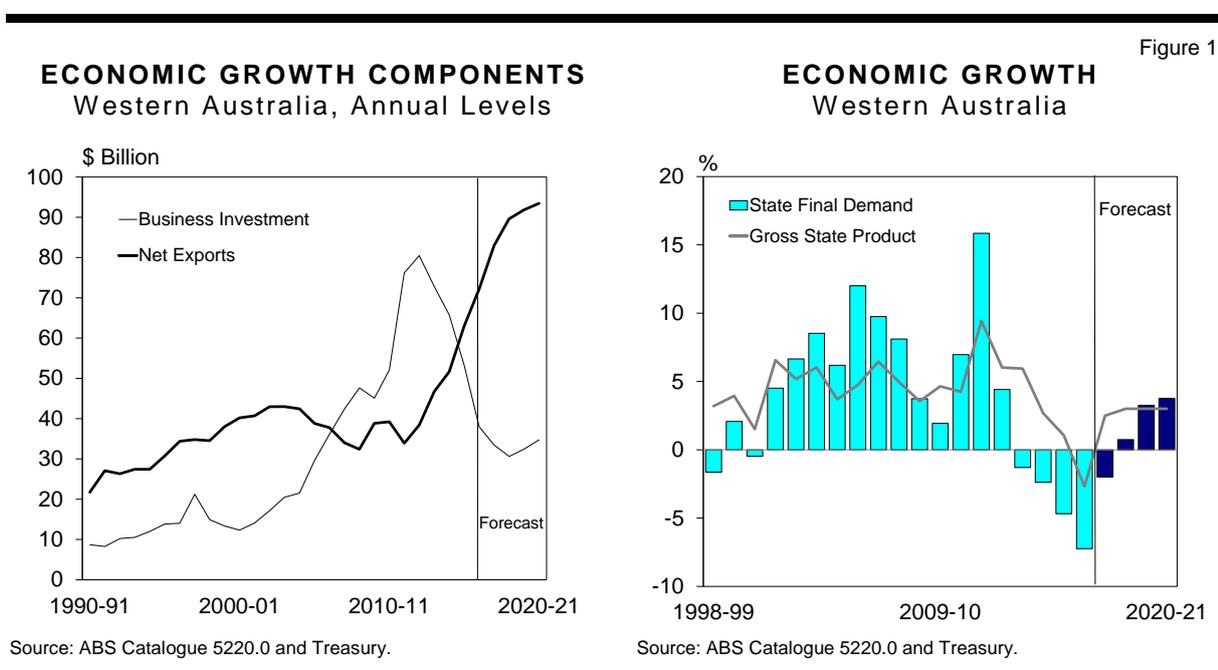
- Western Australia's economy contracted in 2016-17, as strong export growth was not sufficient to offset declining investment levels as major projects gradually progressed to completion. However, a number of indicators of improving conditions are emerging (consistent with expectations at Budget).
- Western Australia's labour market has been stronger than expected since Budget, coinciding with a lift in business confidence and advertised job vacancies. Employment growth has been revised up to 2% in 2017-18 (from 1.5% previously), while the unemployment rate has been lowered to 5.75% (from 6%) in 2017-18.
- Commodity prices have been supported by a relatively broad based pick-up in global economic activity, underpinned by improved conditions in advanced economies and a cyclical rebound in China. Notwithstanding this, the recovery is fragile and risks to the outlook remain relatively elevated.
- As the majority of the expected fall in resources construction is now complete, business investment is not likely to weigh on the economic outlook to the extent it has done over recent years. Business investment is still forecast to return to growth by 2019-20.
- The Western Australian economy, as measured by Gross State Product, is forecast to expand by 2.5% in 2017-18, supported by strong growth in export volumes as the State's iron ore and LNG operations boost production. This is slightly weaker than the 3% forecast at Budget, mainly reflecting more moderate projections for consumer spending.

Western Australia

Gross State Product

The Western Australian economy (as measured by **Gross State Product**, GSP) contracted by 2.7% in 2016-17, the first decline since the GSP series commenced in 1989-90. Economic activity was heavily impacted by a large fall in construction spending on the State’s major LNG projects, which contributed to a 28.6% decline in business investment.

This impact of falling investment was only partly offset by a strong rise in net exports (albeit at a lower growth rate than estimated at Budget), as the State’s iron ore and LNG operations ramped-up their production. These trends are consistent with an economy that has transitioned to an export-driven phase of growth (figure below, left-hand panel).



Western Australia’s GSP is forecast to recover to 2.5% growth in 2017-18 (down from 3% at Budget) underpinned by a further strong increase in export volumes, while the ‘drag’ from falling business investment is expected to lessen (as the State’s large LNG projects move into their final stages of construction and commissioning). The economy is forecast to expand at 3% per annum over the following three years, with the drivers of growth becoming more diversified by the end of the Budget period. By this time, all key components of the State’s economy are projected to grow.

The expectation for slightly weaker GSP growth in 2017-18 relative to Budget reflects a more modest outlook for the State’s domestic economy. **State Final Demand** (SFD) is still expected to contract for a fifth consecutive year in 2017-18, but the contraction is expected to be larger (-2%) than projected at Budget (-1.5%), while the pace of the recovery from 2018-19 onwards is slightly slower than previous expectations. This is largely due to a weaker outlook for household spending.

Household consumption grew by just 0.5% in 2016-17, underpinned by spending on essential items, while non-essential spending declined over the same period (figure below, left-hand panel). Consumer spending growth is estimated to remain subdued at 0.75% in 2017-18 (down from 1.25% previously), consistent with moderate projections for household income, wealth and population growth, and elevated spare capacity in the labour market.

While household consumption growth is subsequently projected to strengthen out to 2020-21 (although at a slower pace than at Budget), growth is forecast to remain below the long-run average of 3.9% per annum. However, given the size of household spending as a portion of the economy (45%), household spending is expected to become the largest contributor to GSP growth by the end of the forecast period. This also reflects an expected moderation in export growth in the outyears.

Table 1

ECONOMIC FORECASTS
Western Australia, Annual Growth (%)

	2016-17 Actual	2017-18 Budget Estimate	2017-18 Mid-year Revision	2018-19 Forward Estimate	2019-20 Forward Estimate	2020-21 Forward Estimate
Demand and Output ^(a)						
Household Consumption	0.5	1.25	0.75	1.75	2.75	3.0
Dwelling Investment	-19.8	-2.5	-3.5	5.0	3.5	3.25
Business Investment	-28.6	-12.0	-12.0	-8.5	6.0	7.0
Government Consumption	3.1	2.5	2.5	2.25	2.5	2.25
Government Investment	5.5	6.0	4.0	3.75	5.0	1.5
State Final Demand	-7.2	-1.5	-2.0	0.75	3.25	3.75
Merchandise Exports	7.3	7.5	7.5	5.0	2.5	2.0
Merchandise Imports	-0.4	-3.25	-5.0	-1.5	3.0	3.25
Net Exports ^(b)	14.6	12.0	15.0	8.0	2.5	1.75
Gross State Product ^(c)	-2.7	3.0	2.5	3.0	3.0	3.0
Labour market						
Employment	-0.8	1.5	2.0	1.5	2.0	2.25
Unemployment Rate ^(d)	6.2	6.0	5.75	5.75	5.5	5.25
Participation Rate ^(d)	67.4	67.8	67.9	68.2	68.5	68.6
Population						
Population	0.7 ^(e)	1.0	1.0	1.2	1.5	1.8
Working Age Population (15-64)	0.0 ^(e)	0.1	0.1	0.4	0.9	1.3
Prices						
Consumer Price Index	0.6	1.0	1.0	1.5	2.0	2.5
Wage Price Index	1.4	1.5	1.5	1.75	2.75	3.0
SFD Deflator	-0.3	1.2	1.2	1.7	2.0	2.3
GSP Deflator	6.2	-2.7	1.3	0.2	-1.0	1.8
Median House Price	-3.1	-1.3	-1.3	0.7	1.5	2.7
Other key parameters ^(d)						
Exchange Rate \$US/\$A (US cents)	75.4	79.0	76.9	75.9	75.8	75.7
Iron Ore Price (\$US/t) cost and freight inclusive (CFR)	68.5	67.2	65.7	62.1	58.9	59.7
Crude Oil Price (\$US/barrel)	49.7	51.6	59.5	60.6	58.1	56.8

(a) Based on 2016-17 annual State Accounts data.

(b) Net exports include international trade in both goods and services.

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

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

(e) Estimated actual.

In response to a rise in spare capacity in the housing market over recent years, **dwelling investment** contracted by 19.8% in 2016-17, compared to an estimated decline of 21.5% at Budget. Expenditure fell for both new dwelling construction and alterations and additions to existing homes.

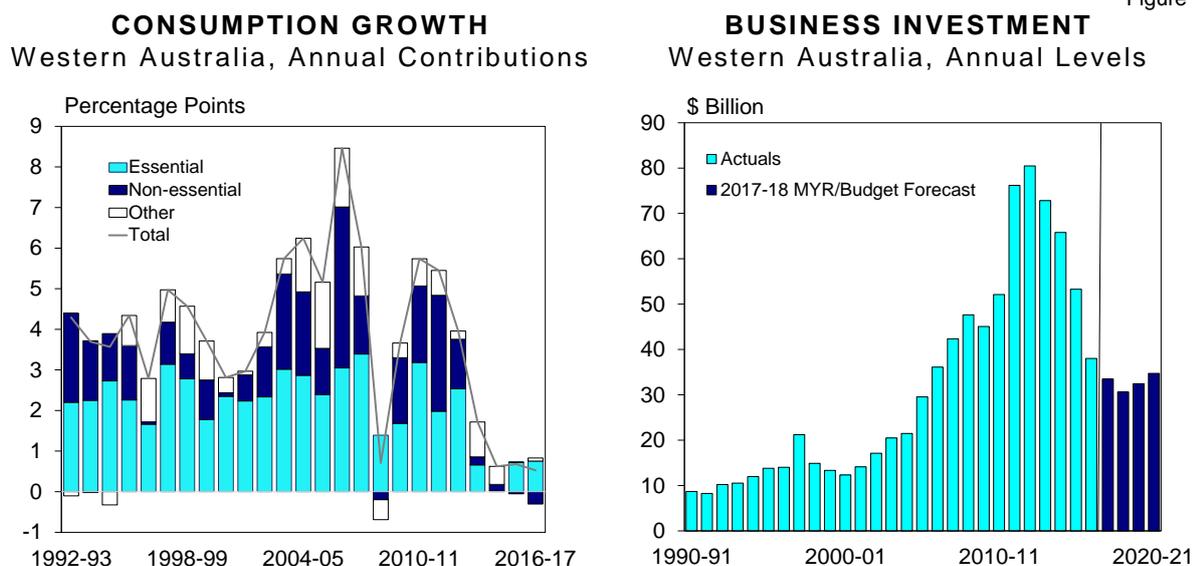
Total dwelling investment in 2017-18 is expected to decline by a further 3.5% (compared to -2.5% at Budget), consistent with cautious spending behaviour by households. Total dwelling investment is projected to recover from 2018-19 onwards, in line with stronger labour market conditions and a lift in population growth.

The **business investment** outlook remains unchanged since Budget, with a further tapering expected in 2017-18 and 2018-19 as the last three LNG mega-projects (Wheatstone, Ichthys and Prelude) approach completion. These forecasts imply that Western Australia will be more than 90% of its way through the expected falls in business investment by the end of 2017-18.

Business investment is forecast to resume growing in 2019-20 and 2020-21, supported by the emergence of additional sustaining capital expenditure required to maintain production levels and minimise underutilisation of capacity at existing iron ore and LNG operations. The outlook for these projects is becoming clearer and more certain, as the iron ore majors advance feasibility studies for projects including South Flank, Koodaideri and Eliwana. The combined value of these projects is expected to exceed \$8 billion. The prospect of a large scale LNG development to support the North West Shelf operation also continues to become more probable, with the joint venture targeting an announcement of their preferred development option in the near future.

As the economy continues to transition from the mega-LNG project construction phase, to a more modest but stable period of high sustaining capital expenditure, the economy will benefit from front-end engineering and design activities. Recent data indicate this may already be occurring (such as a recent rise in private new capital expenditure), while investment is also receiving support from a strong gold industry and an emerging lithium chemicals industry.

Figure 2



Source: ABS Catalogue 5220.0.

Source: ABS Catalogue 5220.0 and Treasury.

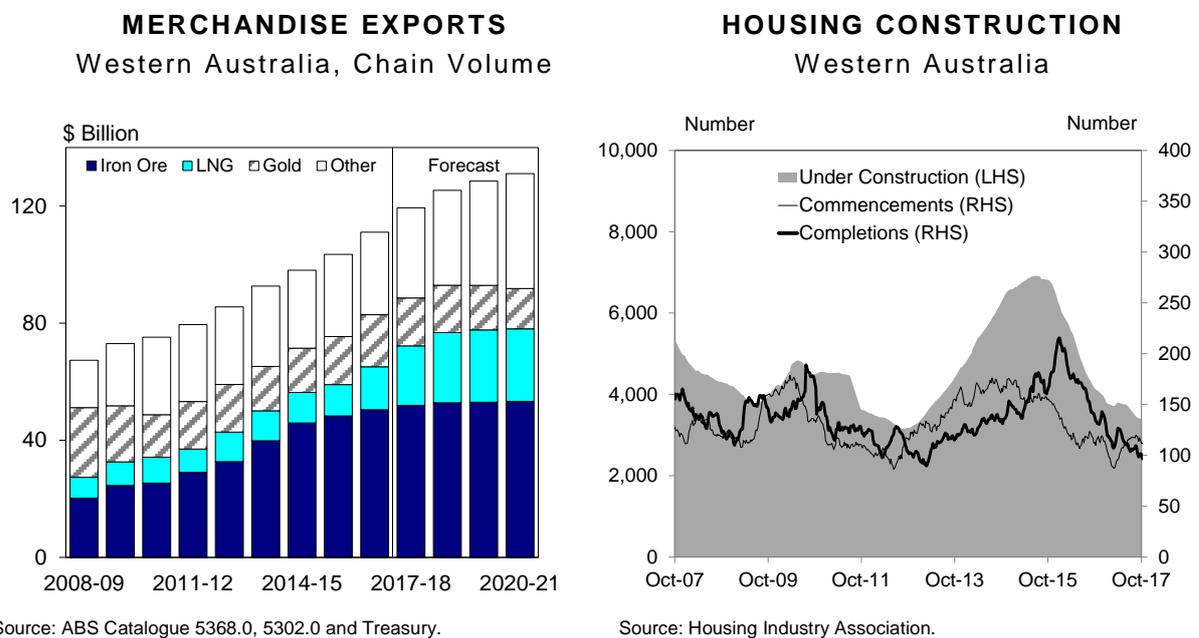
Government consumption is expected to grow at 2.4% on average per annum over the forecast period. This is below historical average growth of 3.6% per annum, with softer expenditure reflecting the Government’s focus on public sector reforms and efficiency measures. **Public investment** is projected to grow by 4% in 2017-18 (compared to 6% at Budget) and by an average of 3.4% per annum over the forward estimates period, in line with trends in the State Government’s Asset Investment Program outlined in Chapter 1: *Financial Projections*.

Merchandise exports increased by a strong 7.3% in 2016-17, underpinned by increases in iron ore, LNG and gold export volumes. A continued expansion in exports of these commodities, among others, is expected to support continued robust growth in 2017-18 and 2018-19 of 7.5% and 5% respectively (unchanged since Budget).

Growth in exports is forecast to moderate to 2% by 2020-21, as LNG and iron ore production reaches current expected capacity, and exports of gold fall due to declining volumes of production at existing mines. Nevertheless, the total value of Western Australia’s exports in real terms is forecast to increase by around \$20 billion (or 18%) from 2016-17 to 2020-21 (figure below, left-hand panel).

Merchandise imports are expected to continue to decline in 2017-18 and 2018-19, as a reduction in business investment results in fewer imports of large capital goods for major projects. Merchandise imports are anticipated to increase again in 2019-20 and 2020-21, in line with the projected pick up in both consumption and business investment.

Figure 3



Overall, **net exports** are forecast to lift by an average of around 6.75% per annum from 2017-18 to 2020-21. This is expected to support growth in the Western Australian economy across the forecast period, with net exports anticipated to be the main driver of growth in 2017-18 and 2018-19, more than offsetting the expected contraction of the domestic economy in 2017-18 (as measured by SFD).

Housing Market

Conditions in Western Australia's housing market remain subdued, with the Perth **median house price** declining by 3.1% in 2016-17, following a fall of 2.7% in 2015-16.

The declines in house prices reflect an overhang of supply, as a result of a very high level of housing completions in the period 2013-14 to 2015-16 (figure above, right-hand panel). The high levels of construction activity were triggered by a period of strong population growth. However, lower population growth more recently has reduced demand for housing.

The supply overhang is projected to place further, but more moderate, downward pressure on the Perth median house price in 2017-18 (-1.3%), with net additions to supply starting to slow as expected at Budget. For instance, both the number of properties listed for sale and for rent have moderated relative to last year, albeit from high levels. While the rental vacancy rate has tracked back slightly (to 6.9% in the September quarter) from the recent high of 7.3% in the June quarter 2017, it remains well above what is seen by industry analysts as the market equilibrium of 3%.

As projected at Budget, the median house price is expected to stabilise in 2018-19 and grow modestly across the forward estimates period, as declines in new dwelling construction in 2016-17 and 2017-18 limit excess supply, and demand lifts modestly in line with a gradual recovery in population growth and labour market conditions.

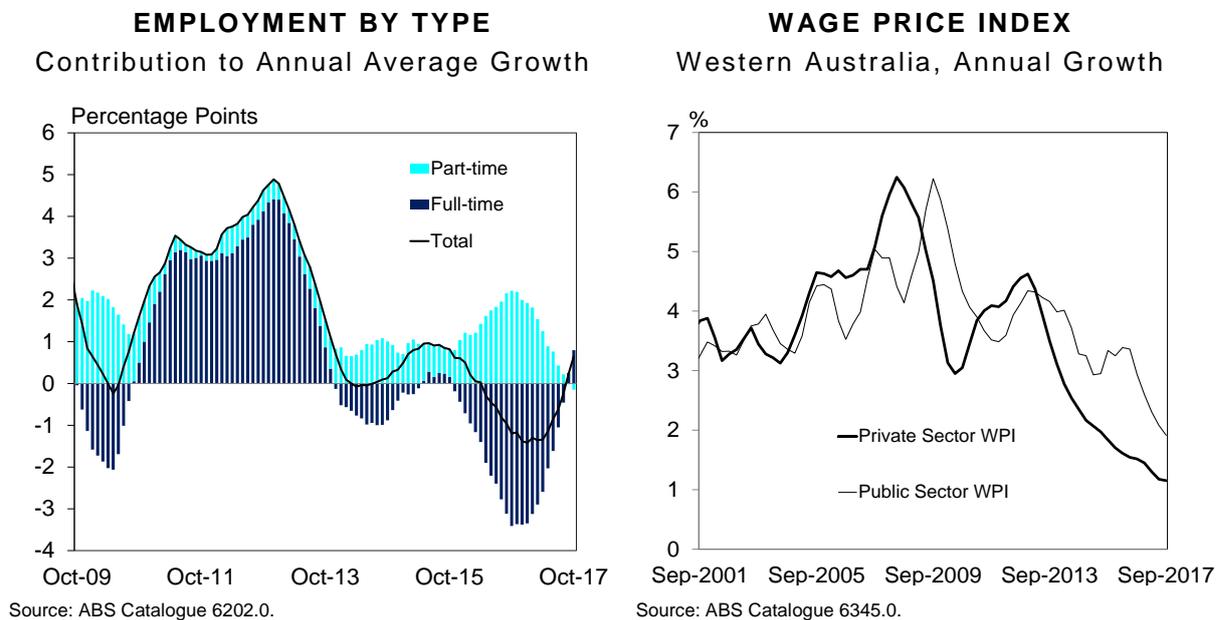
Labour Market¹

Western Australia's labour market has been stronger than expected since Budget. **Employment** growth recovered to 0.7% in annual average terms to October 2017 (following a 0.8% fall in 2016-17), led by full-time hiring (figure below, left-hand panel).

Lead indicators of labour demand, such as advertised job vacancies and business confidence, suggest that hiring will continue at a robust pace over the near term. As such, employment is projected to increase by 2% in 2017-18 (up from 1.5% growth at Budget). Growth is expected to moderate slightly to 1.5% in 2018-19, consistent with the end of the labour-intensive construction phase on major LNG projects, before strengthening to 2.25% by 2020-21 (supported by a lift in population growth and a return to growth in the domestic economy).

¹ The labour force figures referred to in this section include the impact of preliminary rebased population estimates, which incorporate results of the 2016 Census. The re-benchmarked labour force figures were released by the ABS on 7 December 2017, around one year earlier than initially anticipated. The revisions to the State's key labour market aggregates were in line with those estimated by Treasury, which were published in the 2017-18 State Budget.

Figure 4



The **unemployment rate** has been lower than expected since Budget, averaging 5.7% in the four months to October 2017. In light of this, along with the upward revision to employment growth, the unemployment rate forecast has been lowered to 5.75% in 2017-18 and 2018-19 (down from 6% at Budget). The unemployment rate is projected to ease further to 5.25% by 2020-21, corresponding to further increases in hiring. Despite this, spare capacity in the labour market remains elevated, with a large portion of workers preferring to work more hours (captured in the high underemployment rate).

The State's **participation rate** has averaged 67.9% to date in 2017-18, up from a rate of 67.4% in 2016-17. The rate of workforce participation is expected to gradually rise further over the forward estimates, reaching 68.6% by 2020-21, as a strengthening in hiring and wage growth are expected to encourage workers to join the labour force.

Wage growth in Western Australia remains subdued, with growth in the **Wage Price Index (WPI)** easing to 1.3% in the year to September 2017. This reflected a slowing in both private and public sector wages, which grew by 1.2% and 1.9% respectively over this period (figure above, right-hand panel).

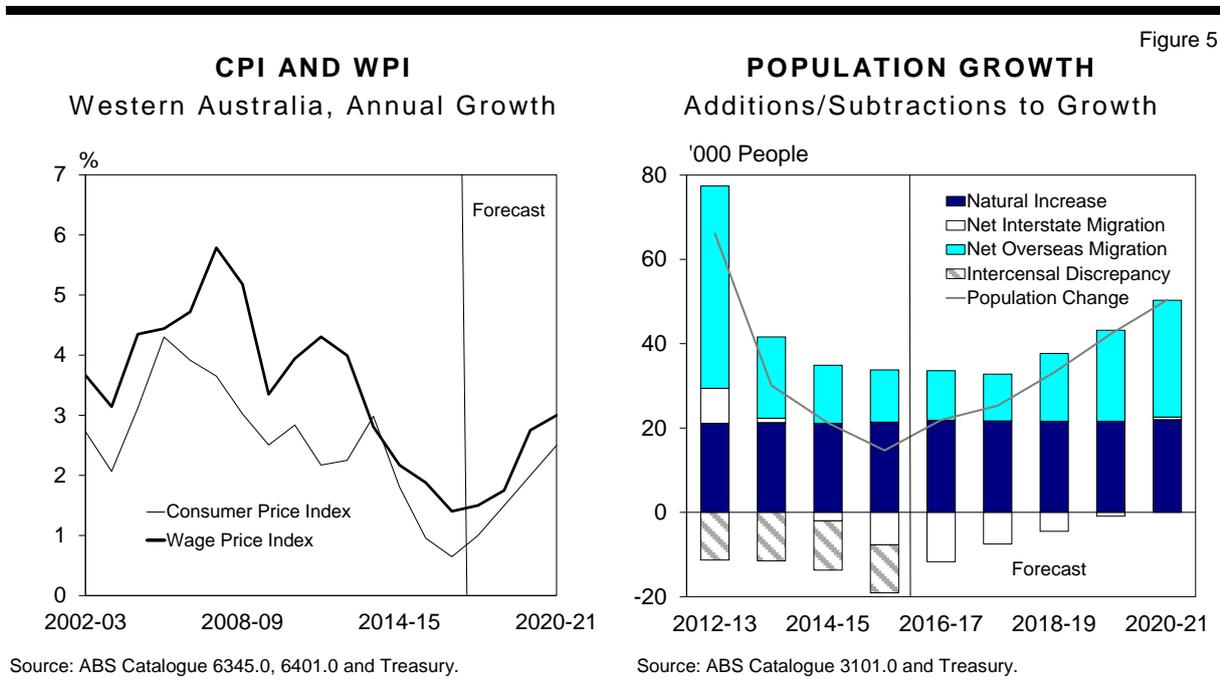
Growth in the State's WPI is estimated to remain subdued at 1.5% in 2017-18, consistent with high levels of spare capacity in the labour market (notwithstanding a slight improvement over the past six months). Over the remaining forecast period, WPI growth is projected to gradually increase as economic activity strengthens and the labour market tightens, but is forecast to remain below the long-run average of 3.5% per annum.

Consumer Price Index

Perth’s **Consumer Price Index** (CPI) grew by just 0.7% in annual average terms to September 2017, with price increases for tobacco (due to the Commonwealth’s tobacco excise), automotive fuel and health insurance premiums partly moderated by falls in the price of rents, new dwelling construction and telecommunications.

Inflation is expected to lift slightly to 1% in 2017-18, with a rise in administered prices (for utilities, public transport and vehicle registration), the tobacco excise and health insurance continuing to offset further falls in rent prices. In 2018-19, as housing market conditions begin to recover, inflation is forecast to rise to 1.5%. Relatively subdued inflation over this period is consistent with modest wage growth expectations (figure below, left-hand panel). Perth’s CPI is subsequently projected to increase to the mid-point of the RBA’s target range (2.5%) by 2020-21.

Figure 5



Population

There are signs that **population** growth in Western Australia may have bottomed. After rising by 0.6% (16,235 people) in 2016, the State’s population increased by an annual average of 0.7% (16,620 people) in the March quarter 2017. Moreover, the March 2017 quarterly population increase of 8,182 people was the highest since March 2014.

The State’s population growth is expected to remain modest at 1% in 2017-18 and 1.2% in 2018-19, as subdued domestic demand contains migration, and natural increase continues to be the main driver of growth. Population growth is projected to gradually lift to 1.8% by 2020-21, as Western Australia’s share of national net overseas migration increases and net interstate migration begins to recover, in line with improvements in the domestic economy (figure above, right-hand panel).

Domestic Risks

The outlook for Western Australia's economy is subject to a number of key risks, many of which are related to activity on the State's large LNG projects.

For example, the **business investment** forecasts are sensitive to the magnitude and timing of the wind down in expenditure on the LNG projects, which means that investment may differ from forecast levels. This may have flow-on implications for the outlook for economic growth and labour demand. Moreover, potential delays to the start-up and subsequent ramp-up of the LNG projects (which are complex in nature) means that **merchandise export** growth could be lower than forecast.

Merchandise imports are expected to fall in 2017-18, in line with a decline in business investment (with the fall in imports boosting net exports and supporting a return to GSP growth). However, if import growth is stronger than expected, this will act as a drag on GSP. Compounding this risk is that quarterly import data is made confidential by the ABS, making it difficult to monitor emerging trends over the year.

As a consequence of spare capacity in the **housing market**, potential rises in the cash rate (and increases in home loan rates independent of changes to the official rate) could moderate the expected recovery in both dwelling investment and house prices. This may flow through to lower household consumption as mortgage repayments increase.

Given current weakness in household income and cautious spending behaviour, along with moderate population growth, there may be some downside risk to the outlook for **household consumption**. As consumption constitutes a large share of the State's economy, even slightly weaker than expected household spending may have a noticeable impact on the economic growth projections.

Global Outlook and Risks

The global economy is experiencing a relatively broad based, but modest, pick-up in economic activity driven by improved conditions in advanced economies and a cyclical rebound in China. For the first time since the Global Financial Crisis (GFC) no major group of economies are experiencing an economic crisis. The International Monetary Fund (IMF) is projecting that the global economy will expand by 3.6% in 2017, up from 3.2% in 2016. Growth is then forecast to trend up and reach 3.8% in 2021 and 2022, as stronger expansions in emerging market economies more than offset a projected moderation in the pace of growth from advanced economies.

Advanced Economies

The IMF has estimated that economic growth in advanced economies increased from 1.7% in 2016 to 2.2% in 2017, underpinned by a broad based acceleration in the euro area, Japan and the US. Growth is then projected to trend back to 1.7% by 2020, as a combination of demographic headwinds, low rates of investment, and poor productivity growth limit potential rates of growth.

The US economy has been expanding at around 2% per annum since the end of the GFC, which although moderate relative to its historical growth, has exceeded the performance of most other major advanced economies. This has supported an improvement in the labour market, with the unemployment rate near pre-GFC lows. However, this has yet to translate into a significant increase in wages and consumer price inflation. This has allowed the US Federal Reserve to keep US interest rates low. The IMF projects that economic growth in the US will sustain some recent momentum, increasing from 2.2% in 2017 to 2.3% in 2018, before trending down to 1.7% by 2021.

Economic activity in the euro area has been gaining momentum with the IMF expecting growth to reach a post-GFC high of 2.1% in 2017. Strength over the past year has been relatively broad based. The IMF is projecting that GDP growth will gradually ease down to 1.5% by 2021 as many key economies are facing significant demographic challenges. Weak domestic demand has been a major issue for the euro area, with economic growth since the GFC and subsequent debt crisis supported by the emergence of a large trade surplus.

Positive growth momentum has been evident across the advanced east Asian economies of South Korea, Taiwan, Hong Kong and Japan throughout 2017. This has been supported by a cyclical rebound in China. Beyond 2017, the IMF is forecasting economic activity to initially moderate in all of these jurisdictions in line with expectations of a cooling economy on the Chinese mainland before reverting toward long-run potential rates of growth. Notwithstanding this, unfavourable demographic trends and relatively elevated debt levels may pose challenges to growth in these jurisdictions over the medium to long-term.

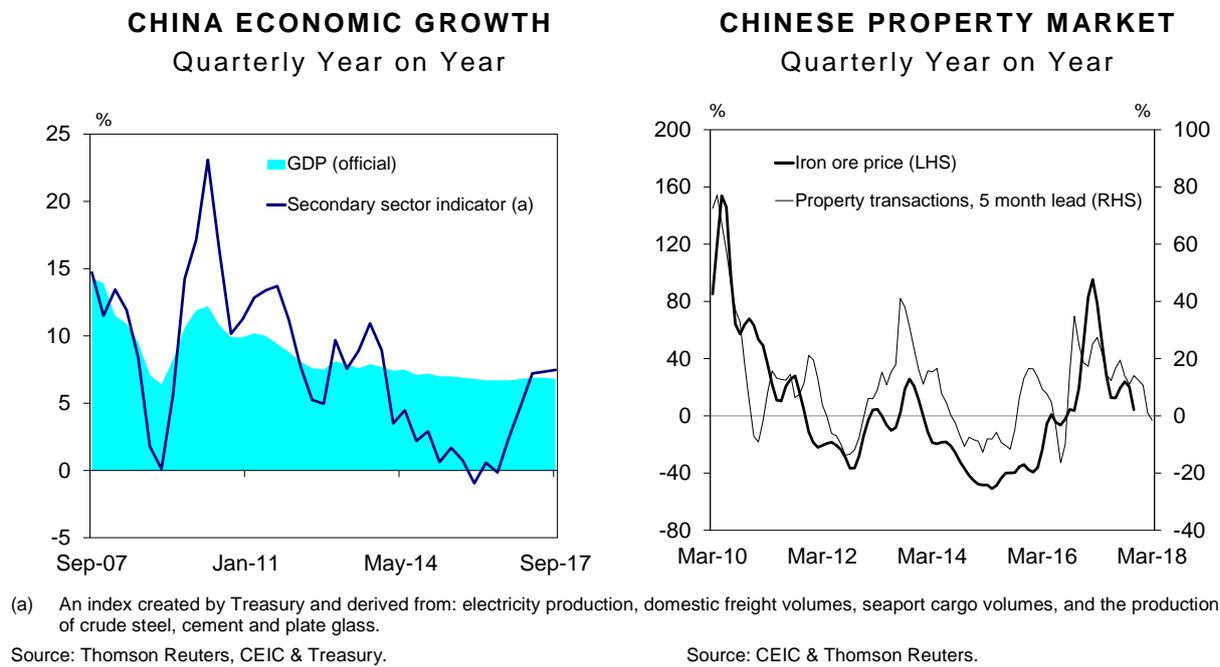
Emerging Markets

The Chinese economy continues to grow at a strong pace and this has supported economic growth throughout south and east Asia and amongst commodity exporters globally. Official GDP data tend to suggest a very smooth and stable trajectory for economic growth.

However, a range of other measures suggest growth was relatively weak in 2014 and 2015 before rebounding in 2016 and 2017. This is illustrated by a proxy for activity in the commodity intensive secondary sector (figure below, left-hand panel). It is likely that China's cyclical rebound will lose momentum over the course of 2018, underpinned by a cooling property market, as suggested by a recent decline in sales volumes, which has been a key leading indicator of construction activity and the iron ore price (figure below, right-hand panel).

Over time, potential rates of growth in the Chinese economy will decline as a result of unfavourable demographic trends and a lower capacity for 'catch-up growth' as living standards in China converge with those experienced in the advanced economies. Reflecting this, the IMF is forecasting economic growth in China to decline from 6.8% in 2017 to 6.5% in 2018, dropping to 5.8% in 2022.

Figure 6



As economic growth in China structurally slows over time, the populous emerging markets in south and south east Asia will become relatively more important to the economic outlook for Western Australia. These countries generally have positive outlooks, with the IMF forecasting economic growth of at least 6% per annum for India, Bangladesh, The Philippines, and Vietnam over the period 2017-2022, and growth in excess of 5% per annum for Indonesia and Pakistan over the same period. Combined, these countries account for around 2.1 billion people, which given their proximity to the State, represent a significant long-term trade potential.

Global Risks

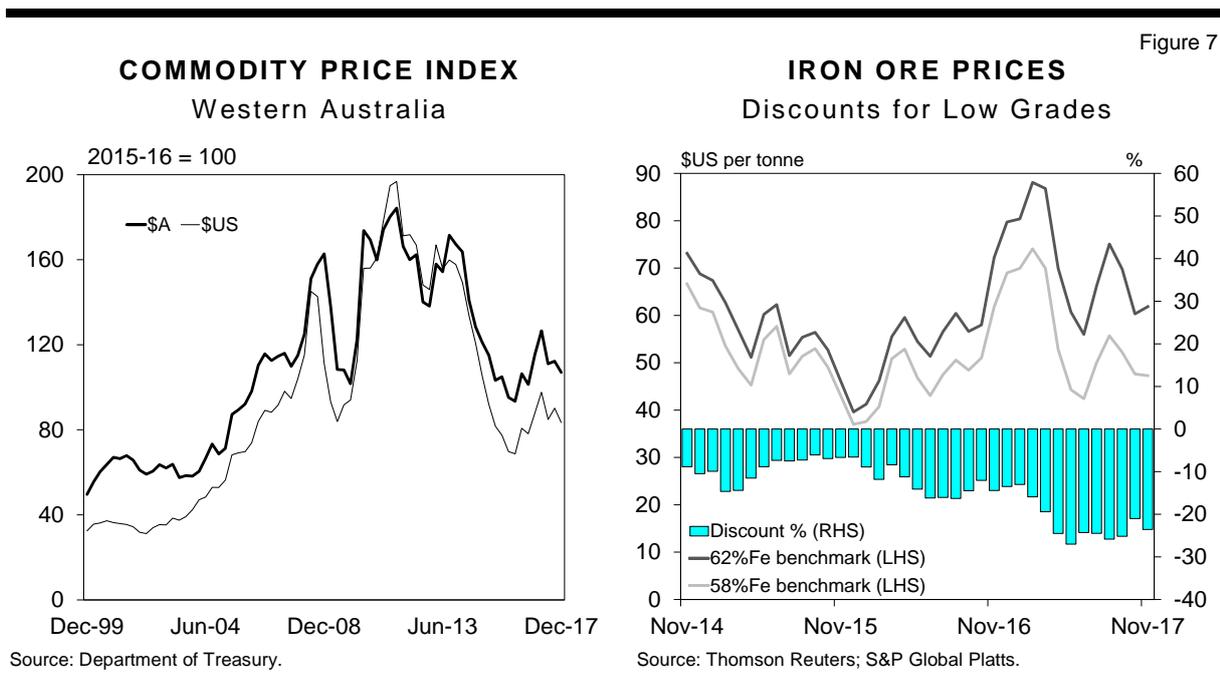
Accommodative monetary policy in advanced economies has resulted in significant asset price inflation and potentially excessive risk taking by investors searching for yield or capital gains. An increase in interest rates or a financial shock could cause asset values to decline significantly. This would adversely impact the balance sheets of households and businesses, which would negatively impact consumption and investment. Australia, along with several other advanced economies, was highlighted in the IMF October 2018 *Financial Stability Report* as having a particular vulnerability due to elevated levels of household debt and having experienced rapid house price growth².

China is by far the most important trading partner for Western Australia, accounting for over 50% of the State's merchandise exports. The Chinese economic rebound over the past two years has been supported by policy stimulus, both monetary and fiscal, and this implies a higher debt trajectory and diminished fiscal capacity to respond to crisis. These factors are likely to increase the possibility of a sharp slowdown, which the IMF notes could be triggered by a domestic financial shock or an increase in capital outflows, triggered by the normalisation of monetary policy in the US.

² Leverage magnifies the impact of asset price changes on balance sheets.

Commodity Markets

Commodity prices, as measured by an index of the commodities most relevant to Western Australia³, have generally stabilised since Budget after recovering from a low in early 2016. That recovery was supported by a rebound in Chinese demand for construction and industrial raw materials (figure below, left-hand panel).



Iron Ore Market

At the 2017-18 Budget cut-off, the 62% benchmark iron ore price was around \$US75 per tonne due to strong Chinese crude steel output and moderately lower than expected iron ore shipments. Chinese crude steel output was higher due to growth in demand from key steel producing sectors, including property construction and manufacturing. Iron ore demand was also supported by the shutdown of steel output from illegal induction furnaces. These furnaces used steel scrap as a raw material and were in part replaced by output from mills which largely used iron ore as a feedstock, leading to a net increase in iron ore demand.

The iron ore price declined from early September 2017 due to the anticipated impact of restrictions requiring steel mills in key steel producing cities in north-eastern China to reduce output and iron ore sintering in order to cut air pollution over winter. As a consequence, the iron ore price fell to a low of \$US57.4 per tonne in mid-October. More recently, the iron ore price rose to around \$US70 per tonne as demand improved from steel producing areas unaffected by the environmental restrictions.

³ A weighted index of prices of iron ore, gold, oil, LNG, copper, nickel, zinc and alumina. The index value for the December quarter of 2017 is a forecast.

The environmental restrictions combined with improved profitability, has at least temporarily changed steel mill preferences for iron ore products. The premium for iron ore lump and pellets and higher grade ores has increased, while the discounts for lower grade products has widened (figure above, right-hand panel) as they are less efficient in producing steel and produce more emissions. This can impact royalty receipts, as lower grade ores (59%Fe or below) account for around 40% of Western Australian production, while lump products account for around 25% of output. The high discount for lower grade ores has had a greater impact on some higher cost Western Australian junior producers.

On the supply side, seaborne iron ore exports have continued to grow, but at a slower pace than in previous years. The largest additions in 2017 have been from the ramp up of the Roy Hill mine in Western Australia and Vale's S11D project in Brazil. The Roy Hill mine achieved nameplate capacity of 55 million tonnes (Mt) per annum in September 2017, while Vale is expected to produce at the lower end of its guidance of 360-380Mt in 2017, up from 349Mt in 2016. These producers are expected to provide the largest boost to global supply growth in 2018, with incremental tonnages also added by BHP and Rio Tinto.

The combination of growing global supply and a potential cyclical slowdown in Chinese steel demand presents risks to the benchmark iron ore price over the coming year. However, recent increases in iron ore costs, largely due to higher oil prices increasing the cost of transporting iron ore, as well as high discounts for low grade ore, may act to moderate declines in the benchmark 62% Fe price. Producers of lower grade ore and those shipping long distances are expected to come under pressure to cease operations at a higher benchmark price than previously.

Oil Market

The oil market is important for Western Australia as it is a major cost input for business and a significant source of export income, largely through the link between oil and LNG prices. In recent years oil prices have been low due to strong growth in supply exceeding moderate growth in demand.

However, since Budget, the outlook for the oil price has improved, reflecting a number of factors including political instability and supply disruptions in the middle-east, expectations of continued output restrictions from key exporters⁴, and relatively strong economic growth trends. Accordingly, the oil price has increased from \$US51.40/bbl at the Budget cut-off to \$64.60/bbl at the Mid-year Review cut-off.

Oil is the world's primary transport fuel. Therefore, higher oil prices have increased costs in many industries that have significant transport costs, such as bulk and agricultural commodities. Higher oil prices may help to reflate many economies which have been at risk of deflation over recent years.

⁴ From Organisation of the Petroleum Exporting Countries (OPEC) and some non-OPEC countries, in particular, Russia.

Other Commodities

The gold price is largely unchanged as ongoing geo-political risks have been offset by a steadily growing US economy, which has increased the prospect for interest rate rises and therefore demand for US dollars⁵. China's demand for industrial commodities has remained strong since Budget, with copper and nickel prices increasing by 7% and 8% respectively. Alumina (and aluminium) prices have risen as a result of supply side reform and environment restrictions in China. The battery technology industry continues to grow rapidly and this is flowing through to demand for raw materials such as lithium and cobalt.

⁵ Gold is a substitute for US dollars as a store of value.

APPENDIX 1

Detailed Financial Projections

This appendix contains detailed financial projections for the various sectors of the total public sector defined by the Government Finance Statistics (GFS) framework. The tables in this section satisfy Uniform Presentation Framework (UPF) requirements applicable for all States, Territories and the Commonwealth, and are also consistent with Australian Accounting Standards, in particular, AASB 1049: *Whole of Government and General Government Sector Financial Reporting*.

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Table 1.1

GENERAL GOVERNMENT
Operating Statement

	Note	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
		Actual	Budget Estimate	Mid-year Revision	Mid-year Revision	Mid-year Revision	Mid-year Revision
		\$m	\$m	\$m	\$m	\$m	\$m
<i>Results from Transactions</i>							
REVENUE							
Taxation		8,573	8,577	8,466	8,798	9,213	9,672
Current grants and subsidies		8,091	8,255	8,401	9,557	10,819	12,644
Capital grants		513	968	643	980	651	364
Sales of goods and services		2,293	2,445	2,483	2,570	2,629	2,698
Interest income		196	189	166	169	178	188
Revenue from public corporations							
Dividends from other sector entities		837	1,649	1,728	1,328	1,366	1,460
Tax equivalent income		534	572	601	632	680	734
Royalty income		5,272	5,211	5,132	4,990	4,678	4,727
Other		604	590	572	519	471	447
Total	3	26,913	28,457	28,193	29,543	30,686	32,935
EXPENSES							
Salaries		11,610	12,431	12,450	12,035	12,231	12,512
Superannuation							
Concurrent costs		1,166	1,254	1,255	1,206	1,219	1,241
Superannuation interest cost		156	201	193	193	201	206
Other employee costs		358	373	400	403	414	414
Depreciation and amortisation		1,320	1,475	1,452	1,495	1,544	1,561
Services and contracts		2,393	2,389	2,438	2,439	2,481	2,460
Other gross operating expenses		5,772	6,039	6,022	6,102	6,463	6,711
Other interest		783	894	895	1,066	1,215	1,325
Current transfers	4	5,280	5,237	5,188	5,208	5,344	5,318
Capital transfers	4	549	505	503	310	272	261
Total	5	29,387	30,797	30,797	30,458	31,385	32,009
NET OPERATING BALANCE	6	-2,474	-2,340	-2,605	-915	-699	926
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		-193	-8	-25	-5	40	49
Net actuarial gains - superannuation		659	-115	-341	-161	-168	-182
Provision for doubtful debts		-41	-13	-13	-13	-13	-13
Changes in accounting policy/adjustment of prior periods		143	-	-	-	-	-
Total other economic flows		568	-136	-379	-180	-141	-146
OPERATING RESULT		-1,905	-2,477	-2,983	-1,095	-840	780
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		-3,042	1,133	358	1,147	1,263	1,322
Gains recognised directly in equity		15	-	-	-	-	-
Change in net worth of the public corporations sectors		254	-397	-244	337	727	847
All other		-	-	-	-	-	-
Total all other movements in equity		-2,772	735	114	1,484	1,989	2,169
TOTAL CHANGE IN NET WORTH		-4,677	-1,741	-2,870	389	1,149	2,949
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	6	-2,474	-2,340	-2,605	-915	-699	926
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets	5	2,341	2,865	2,427	2,862	1,798	1,248
Changes in inventories		-11	-1	2	-	-	-
Other movement in non-financial assets		240	469	469	79	86	15
<i>Less:</i>							
Sales of non-financial assets		132	177	174	157	177	204
Depreciation		1,320	1,475	1,452	1,495	1,544	1,561
Total net acquisition of non-financial assets		1,119	1,681	1,273	1,289	162	-501
NET LENDING/-BORROWING	6	-3,592	-4,021	-3,878	-2,204	-860	1,427

Note: Columns may not add due to rounding.

Table 1.2

GENERAL GOVERNMENT
Balance Sheet at 30 June

	Note	2017	2018	2018	2019	2020	2021
		Actual	Budget Estimate	Mid-year Revision	Mid-year Revision	Mid-year Revision	Mid-year Revision
		\$m	\$m	\$m	\$m	\$m	\$m
ASSETS							
<i>Financial assets</i>							
Cash and deposits		778	707	788	817	858	879
Advances paid		717	731	715	712	709	705
Investments, loans and placements		4,278	3,312	3,915	4,243	5,354	6,687
Receivables		3,099	2,946	3,066	3,043	2,965	2,941
<i>Shares and other equity</i>							
Investments in other public sector entities - equity method		47,909	46,872	47,665	48,002	48,728	49,576
Investments in other public sector entities - direct injections		9,019	9,319	8,949	9,723	10,483	11,163
Investments in other entities		51	47	45	50	65	80
Other financial assets		8	8	8	8	9	9
Total financial assets		65,859	63,942	65,151	66,600	69,171	72,041
<i>Non-financial assets</i>							
Land		37,269	37,558	37,433	37,840	38,606	39,514
Property, plant and equipment		42,640	47,481	45,151	47,270	48,038	48,124
Biological assets		8	2	4	4	4	4
<i>Inventories</i>							
Land inventories		98	120	107	107	106	105
Other inventories		73	82	75	75	75	75
Intangibles		680	643	697	660	594	530
Non-current assets held for sale		111	33	88	88	81	81
Investment property		7	8	-	-	-	-
Other		665	457	242	245	234	237
Total non-financial assets		81,551	86,383	83,797	86,288	87,738	88,669
TOTAL ASSETS		147,410	150,325	148,948	152,888	156,908	160,710
LIABILITIES							
Deposits held		646	428	432	273	351	415
Advances received		376	360	360	343	327	310
Borrowings		23,572	28,067	28,035	31,838	34,818	35,810
Unfunded superannuation		7,043	6,962	7,083	6,950	6,828	6,697
Other employee benefits		2,911	3,017	2,986	3,039	3,078	3,107
Payables		1,294	1,275	1,378	1,425	1,438	1,453
Other liabilities		1,380	1,354	1,354	1,311	1,212	1,112
TOTAL LIABILITIES		37,221	41,463	41,629	45,179	48,051	48,904
NET ASSETS		110,189	108,863	107,319	107,709	108,857	111,806
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		6,553	6,608	2,886	1,790	945	1,720
Other reserves		103,636	102,254	104,433	105,919	107,912	110,086
NET WORTH	6	110,189	108,863	107,319	107,709	108,857	111,806
MEMORANDUM ITEMS							
<i>Net financial worth</i>		28,638	22,479	23,522	21,421	21,120	23,137
<i>Net financial liabilities</i>		28,290	33,712	33,091	36,305	38,092	37,602
<i>Net debt</i>							
Gross debt liabilities		24,594	28,855	28,828	32,454	35,495	36,534
Less: liquid financial assets		5,773	4,750	5,418	5,773	6,920	8,271
Less: convergence differences impacting net debt		-	-	-	-	-	-
Net debt		18,820	24,105	23,410	26,681	28,575	28,263

Note: Columns may not add due to rounding.

Table 1.3

GENERAL GOVERNMENT
Cash Flow Statement

	Note	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
		Actual	Budget Estimate	Mid-year Revision	Mid-year Revision	Mid-year Revision	Mid-year Revision
		\$m	\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received		8,432	8,591	8,480	8,812	9,227	9,686
Grants and subsidies received		8,529	9,247	9,037	10,539	11,483	13,018
Receipts from sales of goods and services		2,335	2,498	2,531	2,588	2,662	2,753
Interest receipts		193	182	161	164	172	182
Dividends and tax equivalents		1,484	2,246	2,340	1,953	2,048	2,200
Other receipts		7,218	7,068	6,999	6,836	6,518	6,473
<i>Total cash received</i>		28,191	29,831	29,548	30,893	32,112	34,311
<i>Cash Paid</i>							
Wages, salaries and supplements, and superannuation		-13,141	-14,163	-14,174	-13,686	-13,910	-14,246
Payments for goods and services		-8,608	-8,798	-8,866	-8,997	-9,456	-9,679
Interest paid		-758	-865	-866	-1,028	-1,182	-1,307
Grants and subsidies paid		-5,389	-5,411	-5,347	-5,114	-5,203	-5,157
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-1,836	-1,570	-1,628	-1,676	-1,678	-1,709
<i>Total cash paid</i>		-29,732	-30,808	-30,883	-30,501	-31,428	-32,099
NET CASH FLOWS FROM OPERATING ACTIVITIES		-1,541	-977	-1,335	392	683	2,213
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-2,341	-2,865	-2,427	-2,862	-1,798	-1,248
Sales of non-financial assets		132	177	174	157	177	204
<i>Total cash flows from investments in non-financial assets</i>		-2,210	-2,688	-2,254	-2,705	-1,620	-1,045
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		14	10	10	10	10	10
For liquidity purposes		83	65	37	28	46	12
<i>Cash paid</i>							
For policy purposes		-861	-599	-598	-856	-849	-845
For liquidity purposes		-46	-14	-15	-6	-18	-19
<i>Total cash flows from investments in financial assets</i>		-809	-538	-566	-824	-811	-842
NET CASH FLOWS FROM INVESTING ACTIVITIES		-3,018	-3,225	-2,820	-3,529	-2,431	-1,887
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		16	16	16	17	17	17
Borrow ings		5,166	4,392	4,423	3,953	3,088	1,149
Deposits received		-	-	-	-	-	-
Other financing receipts		46	132	168	106	107	143
<i>Total cash receipts from financing activities</i>		5,227	4,540	4,608	4,076	3,212	1,309
<i>Cash paid</i>							
Advances paid		-16	-16	-16	-17	-17	-17
Borrow ings repaid		-168	-311	-347	-133	-122	-114
Deposits paid		-	-	-	-	-	-
Other financing payments		-418	-289	-279	-272	-263	-226
<i>Total payments for financing activities</i>		-602	-616	-642	-421	-402	-357
NET CASH FLOWS FROM FINANCING ACTIVITIES		4,626	3,924	3,966	3,655	2,810	953
Net increase in cash and cash equivalents		66	-278	-189	517	1,062	1,279
Cash and cash equivalents at the beginning of the year		4,773	4,415	4,839	4,650	5,167	6,229
Cash and cash equivalents at the end of the year		4,839	4,136	4,650	5,167	6,229	7,508
KEY FISCAL AGGREGATES							
Net cash flow s from operating activities		-1,541	-977	-1,335	392	683	2,213
Net cash flow s from investing in non-financial assets		-2,210	-2,688	-2,254	-2,705	-1,620	-1,045
Cash surplus/-deficit	6	-3,751	-3,665	-3,588	-2,313	-937	1,168

Note: Columns may not add due to rounding.

Table 1.4

PUBLIC NON-FINANCIAL CORPORATIONS
Operating Statement

	Note	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m	\$m
<i>Results from Transactions</i>							
REVENUE							
Current grants and subsidies		2,121	1,986	1,948	1,857	1,882	1,909
Capital grants		129	290	287	24	7	1
Sales of goods and services		17,943	20,027	18,813	21,766	22,577	23,800
Interest income		145	136	131	153	172	218
Other		493	536	531	567	674	588
Total		20,830	22,974	21,711	24,367	25,311	26,517
EXPENSES							
Salaries		1,147	1,102	1,112	1,123	1,148	1,168
Superannuation							
Concurrent costs		115	111	112	113	114	116
Superannuation interest cost		-	-	-	-	-	-
Other employee costs		57	32	46	47	48	49
Depreciation and amortisation		2,074	2,226	2,130	2,155	2,199	2,248
Services and contracts		912	824	818	583	544	550
Other gross operating expenses		13,551	15,622	14,475	16,944	17,584	18,574
Other interest		861	837	805	848	901	996
Tax equivalents		483	524	536	594	636	684
Current transfers		1,094	1,123	1,142	1,150	1,181	1,169
Capital transfers		57	-	44	-	-	-
Total		20,350	22,401	21,222	23,558	24,355	25,554
NET OPERATING BALANCE	6	480	573	489	809	956	963
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		82	162	72	138	210	234
Net actuarial gains - superannuation		-23	-	-2	2	2	2
Provision for doubtful debts		-60	-36	-36	-36	-34	-31
Changes in accounting policy/adjustment of prior periods		-1,068	-	-	-	-	-
Total other economic flows		-1,069	125	34	105	178	204
OPERATING RESULT		-589	698	523	914	1,134	1,167
<i>Other non-owner movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		237	336	-316	-472	-291	-140
Gains recognised directly in equity		1,058	8	1,008	999	997	1,003
All other		-	-	-	-	-	-
Total other non-owner movements in equity		1,295	345	692	527	706	863
<i>Movements in owner equity</i>							
Dividends		-713	-1,569	-1,618	-1,244	-1,277	-1,377
Capital injections		870	519	69	811	779	704
Total movements in owner equity		157	-1,050	-1,549	-433	-499	-673
TOTAL CHANGE IN NET WORTH		863	-7	-333	1,008	1,342	1,357
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	6	480	573	489	809	956	963
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		2,874	3,129	3,115	3,413	3,660	3,714
Changes in inventories		-437	79	79	188	151	46
Other movement in non-financial assets		131	164	122	189	279	213
Less:							
Sales of non-financial assets		527	814	679	703	797	817
Depreciation		2,074	2,226	2,130	2,155	2,199	2,248
Total net acquisition of non-financial assets		-33	332	508	932	1,093	908
NET LENDING/-BORROWING	6	514	241	-19	-122	-137	56

Note: Columns may not add due to rounding.

Table 1.5

PUBLIC NON-FINANCIAL CORPORATIONS
Balance Sheet at 30 June

	Note	2017	2018	2018	2019	2020	2021
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
ASSETS							
<i>Financial assets</i>							
Cash and deposits		1,750	1,125	1,172	789	1,062	1,282
Advances paid		-	-	-	-	-	-
Investments, loans and placements		4,034	4,513	4,623	4,751	4,859	4,979
Receivables		1,117	1,467	1,155	1,348	1,320	1,335
Shares and other equity							
Investments in other public sector entities - equity method		-	-	-	-	-	-
Investments in other public sector entities - direct injections		-	-	-	-	-	-
Investments in other entities		-	-	18	36	51	48
Other financial assets		801	729	739	620	506	400
Total financial assets		7,702	7,834	7,707	7,544	7,798	8,044
<i>Non-financial assets</i>							
Land		13,601	13,595	13,601	13,737	14,012	14,432
Property, plant and equipment		55,889	55,270	56,469	57,642	59,246	60,673
Biological assets		326	325	317	308	297	288
Inventories							
Land inventories		1,966	2,134	2,070	2,149	2,247	2,385
Other inventories		3,980	4,081	4,058	4,246	4,398	4,443
Intangibles		432	421	413	395	383	354
Non-current assets held for sale		24	28	23	23	23	23
Investment property		59	115	109	109	109	109
Other		138	129	108	109	109	112
Total non-financial assets		76,416	76,099	77,169	78,719	80,825	82,820
TOTAL ASSETS		84,119	83,933	84,876	86,263	88,622	90,864
LIABILITIES							
Deposits held		-	-	-	-	-	-
Advances received		376	360	360	343	327	310
Borrowings		21,869	22,549	23,056	23,180	24,150	25,080
Unfunded superannuation		116	38	89	59	29	-
Other employee benefits		388	385	353	356	359	356
Payables		4,955	4,737	4,841	5,102	5,217	5,238
Other liabilities		1,498	1,773	1,594	1,632	1,608	1,591
TOTAL LIABILITIES		29,202	29,841	30,293	30,672	31,689	32,574
NET ASSETS		54,917	54,091	54,583	55,591	56,933	58,290
<i>Of which:</i>							
Contributed equity		9,033	9,332	9,102	9,913	10,692	11,396
Accumulated surplus		19,337	19,095	20,209	20,878	21,731	22,524
Other reserves		26,547	25,664	25,272	24,800	24,510	24,370
NET WORTH	6	54,917	54,091	54,583	55,591	56,933	58,290
MEMORANDUM ITEMS							
<i>Net financial worth</i>		-76,416	-76,099	-77,169	-78,719	-80,825	-82,820
<i>Net debt</i>							
Gross debt liabilities		22,245	22,909	23,416	23,523	24,477	25,389
Less: liquid financial assets		5,784	5,638	5,795	5,540	5,921	6,260
Less: convergence differences impacting net debt		-	-	-	-	-	-
Net debt		16,460	17,271	17,621	17,983	18,556	19,129

Note: Columns may not add due to rounding.

Table 1.6

PUBLIC NON-FINANCIAL CORPORATIONS
Cash Flow Statement

	Note	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Grants and subsidies received		2,250	2,279	2,226	1,884	1,893	1,914
Receipts from sales of goods and services		17,976	20,286	19,113	22,031	22,908	24,126
Interest receipts		151	141	131	155	173	218
Dividends and tax equivalents		87	65	78	70	78	78
Other receipts		1,323	956	957	984	992	957
<i>Total cash received</i>		<i>21,787</i>	<i>23,727</i>	<i>22,505</i>	<i>25,123</i>	<i>26,044</i>	<i>27,293</i>
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-1,387	-1,273	-1,265	-1,265	-1,292	-1,313
Payments for goods and services		-12,922	-15,000	-13,910	-16,063	-16,695	-17,540
Interest paid		-811	-788	-762	-794	-868	-981
Grants and subsidies paid		-664	-687	-674	-698	-715	-722
Tax equivalents		-516	-532	-568	-563	-638	-690
Other payments		-3,109	-2,969	-2,942	-3,055	-3,149	-3,208
<i>Total cash paid</i>		<i>-19,409</i>	<i>-21,250</i>	<i>-20,121</i>	<i>-22,438</i>	<i>-23,357</i>	<i>-24,454</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES		2,378	2,477	2,384	2,686	2,686	2,840
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-2,874	-3,129	-3,115	-3,413	-3,660	-3,714
Sales of non-financial assets		527	814	679	703	797	817
<i>Total cash flows from investments in non-financial assets</i>		<i>-2,347</i>	<i>-2,315</i>	<i>-2,437</i>	<i>-2,710</i>	<i>-2,862</i>	<i>-2,897</i>
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		-	-	-	-	-	-
For liquidity purposes		133	37	37	26	45	6
<i>Cash paid</i>							
For policy purposes		-3	-32	-32	-13	-20	-60
For liquidity purposes		-84	-45	-107	-62	-37	-21
<i>Total cash flows from investments in financial assets</i>		<i>45</i>	<i>-39</i>	<i>-102</i>	<i>-49</i>	<i>-12</i>	<i>-75</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES		-2,302	-2,355	-2,538	-2,759	-2,874	-2,972
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	-	-	-	-
Borrowings		17,641	20,299	14,989	13,983	15,346	14,586
Deposits received		-	-	-	-	-	-
Other financing receipts		904	661	650	965	953	940
<i>Total cash received</i>		<i>18,545</i>	<i>20,960</i>	<i>15,639</i>	<i>14,948</i>	<i>16,299</i>	<i>15,526</i>
<i>Cash paid</i>							
Advances paid		-16	-16	-16	-17	-17	-17
Borrowings repaid		-17,450	-20,003	-14,468	-13,954	-14,480	-13,746
Deposits paid		-	-	-	-	-	-
Other financing payments		-49	-34	-47	-42	-55	-48
Dividends paid		-713	-1,569	-1,618	-1,244	-1,277	-1,377
<i>Total cash paid</i>		<i>-18,228</i>	<i>-21,622</i>	<i>-16,149</i>	<i>-15,257</i>	<i>-15,830</i>	<i>-15,189</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES		317	-662	-510	-309	469	338
Net increase in cash and cash equivalents		394	-540	-665	-382	281	206
Cash and cash equivalents at the beginning of the year		1,781	1,902	2,174	1,510	1,128	1,409
Cash and cash equivalents at the end of the year		2,174	1,361	1,510	1,128	1,409	1,615
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		2,378	2,477	2,384	2,686	2,686	2,840
Net cash flows from investing in non-financial assets		-2,347	-2,315	-2,437	-2,710	-2,862	-2,897
Dividends paid		-713	-1,569	-1,618	-1,244	-1,277	-1,377
Cash surplus/-deficit	6	-682	-1,408	-1,671	-1,268	-1,453	-1,435

Note: Columns may not add due to rounding.

Table 1.7

TOTAL NON-FINANCIAL PUBLIC SECTOR
Operating Statement

	Note	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
<i>Results from Transactions</i>							
REVENUE							
Taxation		8,089	8,075	7,970	8,267	8,653	9,101
Current grants and subsidies		8,091	8,255	8,401	9,557	10,819	12,644
Capital grants		513	968	643	980	651	364
Sales of goods and services		19,839	21,880	20,697	23,738	24,605	25,896
Interest income		307	292	268	293	321	377
Royalty income		5,272	5,211	5,132	4,990	4,678	4,727
Dividend and tax equivalents		252	203	244	201	211	205
Other		980	1,029	1,009	985	1,045	941
Total		43,344	45,912	44,366	49,011	50,984	54,257
EXPENSES							
Salaries		12,756	13,533	13,563	13,159	13,378	13,680
Superannuation							
Concurrent costs		1,281	1,365	1,367	1,319	1,334	1,357
Superannuation interest cost		156	201	193	193	201	206
Other employee costs		274	249	295	297	305	300
Depreciation and amortisation		3,394	3,701	3,582	3,650	3,743	3,810
Services and contracts		3,298	3,216	3,259	3,025	3,029	3,013
Other gross operating expenses		18,876	21,006	19,839	22,367	23,348	24,589
Other interest		1,609	1,697	1,671	1,885	2,087	2,291
Current transfers		3,927	4,066	4,071	4,179	4,313	4,240
Capital transfers		477	215	259	286	266	260
Total		46,050	49,249	48,100	50,360	52,003	53,745
NET OPERATING BALANCE	6	-2,706	-3,336	-3,734	-1,349	-1,020	512
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		-111	154	48	133	251	282
Net actuarial gains - superannuation		636	-115	-342	-159	-166	-180
Provision for doubtful debts		-102	-49	-49	-49	-47	-45
Changes in accounting policy/adjustment of prior periods		-864	-	-	-	-	-
Total other economic flows		-440	-11	-344	-75	37	57
OPERATING RESULT		-3,147	-3,347	-4,078	-1,425	-983	570
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		-2,804	1,469	322	747	1,010	1,230
Gains recognised directly in equity		1,073	8	1,007	998	996	1,002
Change in net worth of the PFC sector		201	129	-121	68	125	147
All other		-	-	-	-	-	-
Total all other movements in equity		-1,531	1,606	1,209	1,814	2,132	2,379
TOTAL CHANGE IN NET WORTH		-4,677	-1,741	-2,870	389	1,149	2,949
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	6	-2,706	-3,336	-3,734	-1,349	-1,020	512
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		5,133	5,994	5,542	6,275	5,442	4,948
Changes in inventories		-449	78	81	188	151	46
Other movement in non-financial assets		371	633	592	268	364	228
<i>Less:</i>							
Sales of non-financial assets		576	990	852	860	960	1,006
Depreciation		3,394	3,701	3,582	3,650	3,743	3,810
Total net acquisition of non-financial assets		1,085	2,013	1,781	2,221	1,255	406
NET LENDING/-BORROWING	6	-3,792	-5,350	-5,515	-3,570	-2,275	106

Note: Columns may not add due to rounding.

Table 1.8

TOTAL NON-FINANCIAL PUBLIC SECTOR
Balance Sheet at 30 June

	Note	2017	2018	2018	2019	2020	2021
		Actual	Budget Estimate	Mid-year Revision	Mid-year Revision	Mid-year Revision	Mid-year Revision
		\$m	\$m	\$m	\$m	\$m	\$m
ASSETS							
<i>Financial assets</i>							
Cash and deposits		1,916	1,439	1,561	1,366	1,602	1,779
Advances paid		341	371	355	369	382	395
Investments, loans and placements		8,309	7,823	8,535	8,991	10,209	11,662
Receivables		4,133	4,493	4,168	4,299	4,189	4,189
<i>Shares and other equity</i>							
Investments in other public sector entities - equity method		2,011	2,100	2,030	2,134	2,278	2,449
Investments in other public sector entities - direct injections		-	-	-	-	-	-
Investments in other entities		51	47	63	86	116	129
Other financial assets		8	8	8	8	9	9
Total financial assets		16,769	16,280	16,719	17,253	18,785	20,612
<i>Non-financial assets</i>							
Land		50,870	51,153	51,034	51,577	52,618	53,947
Property, plant and equipment		98,530	102,751	101,619	104,912	107,284	108,797
Biological assets		334	327	321	312	301	292
<i>Inventories</i>							
Land inventories		2,065	2,254	2,177	2,256	2,353	2,490
Other inventories		4,052	4,162	4,133	4,321	4,473	4,519
Intangibles		1,112	1,064	1,110	1,055	977	884
Non-current assets held for sale		135	61	111	111	104	104
Investment property		67	123	109	109	109	109
Other		803	580	350	353	343	349
Total non-financial assets		157,967	162,476	160,966	165,007	168,562	171,490
TOTAL ASSETS		174,736	178,757	177,685	182,261	187,347	192,102
LIABILITIES							
Deposits held		29	32	29	29	29	29
Advances received		376	360	360	343	327	310
Borrowings		45,441	50,616	51,091	55,017	58,968	60,889
Unfunded superannuation		7,159	7,001	7,173	7,009	6,857	6,697
Other employee benefits		3,299	3,402	3,339	3,395	3,437	3,463
Payables		6,170	6,094	6,168	6,439	6,563	6,608
Other liabilities		2,073	2,389	2,206	2,320	2,310	2,299
TOTAL LIABILITIES		64,547	69,894	70,366	74,552	78,490	80,296
NET ASSETS		110,189	108,863	107,319	107,709	108,857	111,806
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		25,897	25,711	23,102	22,674	22,683	24,251
Other reserves		84,292	83,152	84,217	85,034	86,174	87,555
NET WORTH	6	110,189	108,863	107,319	107,709	108,857	111,806
MEMORANDUM ITEMS							
<i>Net financial worth</i>		-47,778	-53,614	-53,647	-57,299	-59,705	-59,684
<i>Net financial liabilities</i>		49,841	55,760	55,740	59,519	62,099	62,261
<i>Net debt</i>							
Gross debt liabilities		45,846	51,009	51,480	55,390	59,323	61,228
Less: liquid financial assets		10,565	9,633	10,450	10,725	12,193	13,837
Less: convergence differences impacting net debt		-	-	-	-	-	-
Net debt		35,281	41,376	41,030	44,664	47,130	47,391

Note: Columns may not add due to rounding.

Table 1.9

TOTAL NON-FINANCIAL PUBLIC SECTOR
Cash Flow Statement

	Note	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received		7,943	8,079	7,974	8,270	8,656	9,106
Grants and subsidies received		8,529	9,247	9,037	10,539	11,483	13,018
Receipts from sales of goods and services		19,914	22,192	21,043	24,020	24,968	26,276
Interest receipts		311	289	263	290	316	371
Dividends and tax equivalents		343	210	232	217	212	210
Other receipts		8,207	7,671	7,603	7,452	7,168	7,098
<i>Total cash received</i>		<i>45,247</i>	<i>47,688</i>	<i>46,152</i>	<i>50,788</i>	<i>52,803</i>	<i>56,079</i>
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-14,528	-15,436	-15,439	-14,951	-15,202	-15,559
Payments for goods and services		-20,833	-22,872	-21,841	-24,110	-25,224	-26,302
Interest paid		-1,536	-1,621	-1,600	-1,793	-2,020	-2,258
Grants and subsidies paid		-3,773	-3,803	-3,778	-3,912	-4,009	-3,949
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-4,452	-4,026	-4,063	-4,188	-4,255	-4,336
<i>Total cash paid</i>		<i>-45,123</i>	<i>-47,758</i>	<i>-46,721</i>	<i>-48,954</i>	<i>-50,711</i>	<i>-52,404</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES		125	-70	-569	1,834	2,092	3,675
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-5,133	-5,994	-5,542	-6,275	-5,442	-4,948
Sales of non-financial assets		576	990	852	860	960	1,006
<i>Total cash flows from investments in non-financial assets</i>		<i>-4,557</i>	<i>-5,003</i>	<i>-4,690</i>	<i>-5,415</i>	<i>-4,483</i>	<i>-3,942</i>
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		14	10	10	10	10	10
For liquidity purposes		216	103	74	54	91	18
<i>Cash paid</i>							
For policy purposes		-13	-10	-10	-10	-10	-10
For liquidity purposes		-130	-59	-122	-68	-55	-40
<i>Total cash flows from investments in financial assets</i>		<i>87</i>	<i>43</i>	<i>-48</i>	<i>-14</i>	<i>35</i>	<i>-22</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES		-4,470	-4,960	-4,738	-5,429	-4,447	-3,964
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	-	-	-	-
Borrowings		22,807	24,691	19,412	17,936	18,435	15,735
Deposits received		-	-	-	-	-	-
Other financing receipts		45	98	135	94	87	84
<i>Total cash received</i>		<i>22,851</i>	<i>24,789</i>	<i>19,547</i>	<i>18,030</i>	<i>18,521</i>	<i>15,819</i>
<i>Cash paid</i>							
Advances paid		-16	-16	-16	-17	-17	-17
Borrowings repaid		-17,617	-20,313	-14,815	-14,087	-14,603	-13,860
Deposits paid		-	-	-	-	-	-
Other financing payments		-413	-249	-261	-195	-204	-169
<i>Total cash paid</i>		<i>-18,047</i>	<i>-20,578</i>	<i>-15,093</i>	<i>-14,299</i>	<i>-14,824</i>	<i>-14,046</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES		4,805	4,211	4,454	3,731	3,698	1,773
Net increase in cash and cash equivalents		460	-819	-853	135	1,343	1,484
Cash and cash equivalents at the beginning of the year		6,552	6,316	7,012	6,159	6,294	7,637
Cash and cash equivalents at the end of the year		7,012	5,497	6,159	6,294	7,637	9,122
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		125	-70	-569	1,834	2,092	3,675
Net cash flows from investing in non-financial assets		-4,557	-5,003	-4,690	-5,415	-4,483	-3,942
Cash surplus/-deficit	6	-4,432	-5,073	-5,259	-3,581	-2,390	-267

Note: Columns may not add due to rounding.

Table 1.10

PUBLIC FINANCIAL CORPORATIONS
Operating Statement

	Note	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
		Actual	Budget Estimate	Mid-year Revision	Mid-year Revision	Mid-year Revision	Mid-year Revision
		\$m	\$m	\$m	\$m	\$m	\$m
<i>Results from Transactions</i>							
REVENUE							
Current grants and subsidies		-	-	-	-	-	-
Capital grants		-	-	-	-	-	-
Sales of goods and services		1,129	1,396	1,396	1,471	1,559	1,654
Interest income		1,765	2,000	1,960	2,222	2,457	2,730
Other		-	2	2	-	-	-
Total		2,894	3,398	3,358	3,693	4,016	4,383
EXPENSES							
Salaries		55	59	59	60	62	63
Superannuation							
Concurrent costs		5	6	5	5	6	6
Superannuation interest cost		-	-	-	-	-	-
Other employee costs		2	3	3	3	3	3
Depreciation and amortisation		5	5	6	6	7	7
Services and contracts		11	10	10	10	10	11
Other gross operating expenses		1,013	1,126	1,126	1,258	1,317	1,385
Other interest		1,579	1,785	1,750	1,997	2,224	2,496
Tax equivalents		51	47	64	39	44	49
Current transfers		5	5	5	5	5	5
Capital transfers		5	6	6	6	6	5
Total		2,730	3,053	3,034	3,390	3,684	4,031
NET OPERATING BALANCE	6	164	345	324	302	332	352
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		298	-	16	-	-	-
Net actuarial gains - superannuation		2	-	2	2	-	-
Provision for doubtful debts		-	-	-	-	-	-
Changes in accounting policy/adjustment of prior periods		-84	-	-	-	-	-
Total other economic flows		215	-	18	2	-	-
OPERATING RESULT		379	345	342	304	332	352
<i>Other non-owner movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		1	-61	-88	-86	-87	-87
Gains recognised directly in equity		83	-	85	85	85	85
All other		-	-	-	-	-	-
Total other non-owner movements in equity		84	-61	-3	-1	-2	-2
<i>Movements in owner equity</i>							
Dividends		-202	-155	-180	-163	-166	-156
Capital injections		-30	-	-140	-36	-19	-24
Total movements in owner equity		-232	-155	-320	-199	-186	-180
TOTAL CHANGE IN NET WORTH		231	129	19	104	144	171
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	6	164	345	324	302	332	352
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		4	7	7	7	9	8
Changes in inventories		-	-	-	-	-	-
Other movement in non-financial assets		-	-	-	-	-	-
<i>Less:</i>							
Sales of non-financial assets		-	-	-	-	-	-
Depreciation		5	5	6	6	7	7
Total net acquisition of non-financial assets		-1	2	1	1	1	1
NET LENDING/-BORROWING	6	165	344	323	301	330	352

Note: Columns may not add due to rounding.

Table 1.11

PUBLIC FINANCIAL CORPORATIONS
Balance Sheet at 30 June

	Note	2017	2018	2018	2019	2020	2021
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
ASSETS							
<i>Financial assets</i>							
Cash and deposits		224	194	196	204	214	222
Advances paid		3,372	4,005	4,030	4,166	4,278	4,415
Investments, loans and placements		57,333	62,065	62,958	67,206	71,468	73,806
Receivables		633	891	662	687	715	744
Shares and other equity							
Investments in other public sector entities - equity method		-	-	-	-	-	-
Investments in other public sector entities - direct injections		-	-	-	-	-	-
Investments in other entities		2,050	1,835	2,248	2,430	2,635	2,858
Other financial assets		6	11	6	6	6	6
Total financial assets		63,618	69,001	70,100	74,699	79,316	82,051
<i>Non-financial assets</i>							
Land		-	-	-	-	-	-
Property, plant and equipment		4	4	4	4	5	6
Biological assets		-	-	-	-	-	-
Inventories							
Land inventories		-	-	-	-	-	-
Other inventories		-	-	-	-	-	-
Intangibles		7	10	8	9	10	11
Non-current assets held for sale		-	-	-	-	-	-
Investment property		196	248	-	-	-	-
Other		4	2	2	2	2	2
Total non-financial assets		210	264	14	15	17	18
TOTAL ASSETS		63,829	69,265	70,114	74,714	79,334	82,070
LIABILITIES							
Deposits held		-	-	-	-	-	-
Advances received		3	3	3	3	3	3
Borrowings		57,609	62,695	63,504	67,636	71,702	73,832
Unfunded superannuation		7	11	8	7	9	10
Other employee benefits		11	10	13	13	13	14
Payables		205	234	280	245	240	236
Other liabilities		3,983	4,212	4,276	4,676	5,088	5,526
TOTAL LIABILITIES		61,817	67,165	68,084	72,580	77,055	79,621
NET ASSETS		2,011	2,100	2,030	2,134	2,278	2,449
<i>Of which:</i>							
Contributed equity		-14	-14	-154	-190	-209	-233
Accumulated surplus		2,003	2,154	2,250	2,476	2,726	3,007
Other reserves		22	-41	-66	-152	-239	-326
NET WORTH	6	2,011	2,100	2,030	2,134	2,278	2,449
MEMORANDUM ITEMS							
<i>Net financial worth</i>		-210	-264	-14	-15	-17	-18
<i>Net debt</i>							
Gross debt liabilities		57,612	62,698	63,507	67,639	71,705	73,835
Less: liquid financial assets		60,929	66,264	67,184	71,576	75,960	78,442
Less: convergence differences impacting net debt		-	-	-	-	-	-
Net debt		-3,317	-3,566	-3,676	-3,937	-4,255	-4,607

Note: Columns may not add due to rounding.

Table 1.12

PUBLIC FINANCIAL CORPORATIONS
Cash Flow Statement

Note	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
	\$m	\$m	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Grants and subsidies received	-	5	5	5	5	5
Receipts from sales of goods and services	1,210	1,328	1,242	1,308	1,375	1,448
Interest receipts	1,731	2,000	1,960	2,222	2,457	2,730
Dividends and tax equivalents	-	-	-	-	-	-
Other receipts	154	213	251	215	212	213
<i>Total cash received</i>	<i>3,095</i>	<i>3,546</i>	<i>3,458</i>	<i>3,750</i>	<i>4,049</i>	<i>4,396</i>
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-58	-64	-62	-65	-67	-68
Payments for goods and services	-815	-844	-845	-889	-929	-968
Interest paid	-1,965	-1,788	-1,750	-1,997	-2,224	-2,496
Grants and subsidies paid	-1	-	-	-	-	-
Tax equivalents	-132	-65	-45	-63	-44	-49
Other payments	-152	-243	-157	-164	-171	-179
<i>Total cash paid</i>	<i>-3,122</i>	<i>-3,003</i>	<i>-2,859</i>	<i>-3,178</i>	<i>-3,435</i>	<i>-3,760</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES	-27	543	599	572	614	636
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-4	-7	-7	-7	-9	-8
Sales of non-financial assets	-	-	-	-	-	-
<i>Total cash flows from investments in non-financial assets</i>	<i>-4</i>	<i>-7</i>	<i>-7</i>	<i>-7</i>	<i>-8</i>	<i>-8</i>
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	-	-	-	-	-	-
For liquidity purposes	5,920	6,385	6,405	6,479	6,562	6,607
<i>Cash paid</i>						
For policy purposes	-	-61	-99	-56	-46	-41
For liquidity purposes	-7,548	-7,308	-7,433	-6,933	-7,014	-7,095
<i>Total cash flows from investments in financial assets</i>	<i>-1,628</i>	<i>-984</i>	<i>-1,126</i>	<i>-510</i>	<i>-497</i>	<i>-528</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES	-1,632	-991	-1,133	-517	-505	-536
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	-	-	-	-	-	-
Borrowings	33,750	47,654	32,855	33,185	32,244	31,467
Deposits received	-	-	-	-	-	-
Other financing receipts	-	-	-	-	-	-
<i>Total cash received</i>	<i>33,750</i>	<i>47,654</i>	<i>32,855</i>	<i>33,185</i>	<i>32,244</i>	<i>31,467</i>
<i>Cash paid</i>						
Advances paid	-	-	-	-	-	-
Borrowings repaid	-33,266	-46,997	-32,209	-33,066	-32,150	-31,336
Deposits paid	-	-	-	-	-	-
Other financing payments	-	-	13	9	20	11
Dividends paid	-212	-145	-187	-155	-167	-161
<i>Total cash paid</i>	<i>-33,477</i>	<i>-47,142</i>	<i>-32,384</i>	<i>-33,212</i>	<i>-32,297</i>	<i>-31,486</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES	273	512	471	-27	-53	-19
Net increase in cash and cash equivalents	-1,387	64	-63	28	55	81
Cash and cash equivalents at the beginning of the year	5,395	4,326	4,008	3,945	3,973	4,028
Cash and cash equivalents at the end of the year	4,008	4,390	3,945	3,973	4,028	4,109
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	-27	543	599	572	614	636
Net cash flows from investing in non-financial assets	-4	-7	-7	-7	-8	-8
Dividends paid	-212	-145	-187	-155	-167	-161
Cash surplus/-deficit	6	-243	391	410	438	467

Note: Columns may not add due to rounding.

Table 1.13

TOTAL PUBLIC SECTOR
Operating Statement

	Note	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m	\$m
<i>Results from Transactions</i>							
REVENUE							
Taxation		8,086	8,071	7,966	8,263	8,649	9,097
Current grants and subsidies		8,091	8,255	8,401	9,557	10,819	12,644
Capital grants		513	968	643	980	651	364
Sales of goods and services		20,633	22,926	21,743	24,846	25,790	27,163
Interest income		597	565	549	579	618	704
Royalty income		5,272	5,211	5,132	4,990	4,678	4,727
Other		979	1,028	1,009	984	1,045	940
<i>Total</i>		<i>44,172</i>	<i>47,025</i>	<i>45,443</i>	<i>50,199</i>	<i>52,250</i>	<i>55,640</i>
EXPENSES							
Salaries		12,811	13,592	13,622	13,219	13,440	13,743
Superannuation							
Concurrent costs		1,287	1,371	1,373	1,324	1,340	1,363
Superannuation interest cost		156	201	193	193	201	206
Other employee costs		277	252	298	300	308	303
Depreciation and amortisation		3,399	3,706	3,588	3,657	3,750	3,817
Services and contracts		3,309	3,216	3,259	3,025	3,029	3,013
Other gross operating expenses		19,554	21,790	20,623	23,273	24,301	25,598
Other interest		1,714	1,756	1,742	1,946	2,151	2,384
Current transfers		3,927	4,066	4,071	4,180	4,313	4,240
Capital transfers		482	221	265	292	271	265
<i>Total</i>		<i>46,916</i>	<i>50,171</i>	<i>49,034</i>	<i>51,409</i>	<i>53,105</i>	<i>54,932</i>
NET OPERATING BALANCE	6	-2,744	-3,146	-3,591	-1,210	-854	709
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		187	154	64	133	251	282
Net actuarial gains - superannuation		638	-115	-341	-158	-166	-180
Provision for doubtful debts		-102	-49	-49	-49	-47	-45
Changes in accounting policy/adjustment of prior periods		-1,008	-	-	-	-	-
<i>Total other economic flows</i>		<i>-285</i>	<i>-11</i>	<i>-326</i>	<i>-74</i>	<i>37</i>	<i>58</i>
OPERATING RESULT		-3,030	-3,157	-3,917	-1,284	-817	766
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		-2,803	1,408	-45	589	885	1,095
Gains recognised directly in equity		1,155	8	1,092	1,083	1,081	1,087
All other		-	-	-	-	-	-
<i>Total all other movements in equity</i>		<i>-1,648</i>	<i>1,416</i>	<i>1,047</i>	<i>1,673</i>	<i>1,966</i>	<i>2,182</i>
TOTAL CHANGE IN NET WORTH		-4,677	-1,741	-2,870	389	1,149	2,949
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	6	-2,744	-3,146	-3,591	-1,210	-854	709
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		5,137	6,001	5,550	6,282	5,451	4,956
Changes in inventories		-449	78	81	188	151	46
Other movement in non-financial assets		371	633	592	268	364	228
<i>Less:</i>							
Sales of non-financial assets		576	991	852	860	960	1,006
Depreciation		3,399	3,706	3,588	3,657	3,750	3,817
<i>Total net acquisition of non-financial assets</i>		<i>1,085</i>	<i>2,015</i>	<i>1,782</i>	<i>2,222</i>	<i>1,256</i>	<i>407</i>
NET LENDING/-BORROWING	6	-3,829	-5,162	-5,373	-3,431	-2,111	302

Note: Columns may not add due to rounding.

Table 1.14

TOTAL PUBLIC SECTOR
Balance Sheet at 30 June

	Note	2017	2018	2018	2019	2020	2021
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
ASSETS							
<i>Financial assets</i>							
Cash and deposits		2,136	1,632	1,753	1,567	1,812	1,998
Advances paid		3,710	4,373	4,382	4,532	4,657	4,807
Investments, loans and placements		18,613	17,501	18,565	19,168	20,579	22,233
Receivables		4,190	4,753	4,272	4,421	4,334	4,358
Equity - Investments in other entities		2,101	1,882	2,311	2,516	2,751	2,987
Other financial assets		14	19	15	15	15	15
<i>Total financial assets</i>		30,764	30,160	31,298	32,218	34,149	36,398
<i>Non-financial assets</i>							
Land		50,870	51,153	51,034	51,577	52,618	53,947
Property, plant and equipment		98,534	102,755	101,623	104,916	107,290	108,802
Biological assets		334	327	321	312	301	292
Inventories							
Land inventories		2,065	2,254	2,177	2,256	2,353	2,490
Other inventories		4,052	4,162	4,133	4,321	4,473	4,519
Intangibles		1,119	1,073	1,118	1,064	986	894
Non-current assets held for sale		135	61	111	111	104	104
Investment property		262	371	109	109	109	109
Other		806	582	352	356	345	351
<i>Total non-financial assets</i>		158,178	162,740	160,980	165,022	168,580	171,508
TOTAL ASSETS		188,942	192,900	192,278	197,241	202,729	207,906
LIABILITIES							
Deposits held		26	31	26	26	26	26
Advances received		376	360	360	343	327	310
Borrowings		56,021	60,925	61,668	65,625	69,572	71,486
Unfunded superannuation		7,166	7,012	7,181	7,016	6,865	6,707
Other employee benefits		3,310	3,412	3,352	3,408	3,450	3,477
Payables		6,235	6,174	6,288	6,548	6,667	6,709
Other liabilities		5,619	6,124	6,084	6,566	6,964	7,385
TOTAL LIABILITIES		78,753	84,038	84,959	89,532	93,871	96,100
NET ASSETS		110,189	108,863	107,319	107,709	108,857	111,806
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		27,900	27,865	25,352	25,150	25,409	27,258
Other reserves		82,289	80,998	81,968	82,558	83,448	84,548
NET WORTH	6	110,189	108,863	107,319	107,709	108,857	111,806
MEMORANDUM ITEMS							
<i>Net financial worth</i>		-47,989	-53,878	-53,661	-57,314	-59,722	-59,702
<i>Net financial liabilities</i>		50,089	55,760	55,972	59,830	62,473	62,689
<i>Net debt</i>							
Gross debt liabilities		56,423	61,316	62,054	65,994	69,925	71,822
Less: liquid financial assets		24,459	23,506	24,700	25,266	27,049	29,037
Less: convergence differences impacting net debt		-	-	-	-	-	-
<i>Net debt</i>		31,964	37,810	37,354	40,727	42,876	42,784

Note: Columns may not add due to rounding.

Table 1.15

TOTAL PUBLIC SECTOR
Cash Flow Statement

	Note	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received		7,939	7,984	7,965	8,261	8,647	9,097
Grants and subsidies received		8,529	9,247	9,037	10,539	11,483	13,018
Receipts from sales of goods and services		20,819	23,185	21,935	24,966	25,968	27,337
Interest receipts		609	619	592	646	661	714
Dividends and tax equivalents		-	-	-	-	-	-
Other		8,355	7,880	7,849	7,662	7,375	7,307
Total cash received		46,252	48,915	47,378	52,074	54,135	57,473
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-14,586	-15,499	-15,501	-15,016	-15,269	-15,627
Payments for goods and services		-21,342	-23,382	-22,337	-24,638	-25,779	-26,883
Interest paid		-2,068	-1,738	-1,718	-1,925	-2,133	-2,368
Grants and subsidies paid		-3,773	-3,798	-3,774	-3,907	-4,004	-3,944
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-4,596	-4,169	-4,206	-4,338	-4,412	-4,501
Total cash paid		-46,366	-48,586	-47,536	-49,823	-51,596	-53,322
NET CASH FLOWS FROM OPERATING ACTIVITIES		-114	328	-158	2,251	2,539	4,151
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-5,137	-6,001	-5,550	-6,282	-5,451	-4,956
Sales of non-financial assets		576	991	852	860	960	1,006
Total cash flows from investments in non-financial assets		-4,561	-5,010	-4,697	-5,422	-4,491	-3,950
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		14	10	10	10	10	10
For liquidity purposes		6,136	6,487	6,479	6,533	6,653	6,626
<i>Cash paid</i>							
For policy purposes		-13	-10	-10	-10	-10	-10
For liquidity purposes		-7,678	-7,367	-7,555	-7,001	-7,069	-7,135
Total cash flows from investments in financial assets		-1,541	-880	-1,075	-468	-416	-510
NET CASH FLOWS FROM INVESTING ACTIVITIES		-6,102	-5,890	-5,773	-5,890	-4,907	-4,460
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	-	-	-	-
Borrowings		16,150	27,344	18,043	19,100	17,643	17,609
Deposits received		-	-	-	-	-	-
Other financing receipts		45	37	36	37	41	43
Total cash received		16,195	27,381	18,079	19,137	17,684	17,652
<i>Cash paid</i>							
Advances paid		-16	-16	-16	-17	-17	-17
Borrowings repaid		-10,477	-22,309	-12,801	-15,132	-13,717	-15,603
Deposits paid		-	-	-	-	-	-
Other financing payments		-413	-249	-249	-187	-185	-157
Total cash paid		-10,906	-22,574	-13,066	-15,335	-13,918	-15,777
NET CASH FLOWS FROM FINANCING ACTIVITIES		5,289	4,807	5,014	3,802	3,766	1,874
Net increase in cash and cash equivalents		-927	-755	-916	163	1,398	1,565
Cash and cash equivalents at the beginning of the year		11,946	10,640	11,019	10,103	10,266	11,664
Cash and cash equivalents at the end of the year		11,019	9,886	10,103	10,266	11,664	13,229
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		-114	328	-158	2,251	2,539	4,151
Net cash flows from investing in non-financial assets		-4,561	-5,010	-4,697	-5,422	-4,491	-3,950
Cash surplus/-deficit	6	-4,675	-4,682	-4,855	-3,171	-1,952	201

Note: Columns may not add due to rounding.

NOTE 1: STATEMENT OF COMPLIANCE

The public sector financial statements projections presented in this appendix have been prepared in accordance with Australian Accounting Standards and the Australian Bureau of Statistics' *Government Finance Statistics Concepts, Sources and Methods 2005*.

The presentation in this appendix is consistent with AASB 1049: *Whole of Government and General Government Sector Financial Reporting*.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements constitute general purpose financial reports for the total public sector (also known as the whole of government), general government sector, and each of the subsidiary public corporations sectors. The financial projections of the consolidated general government (centrally funded agencies such as the Department of Education and WA Health) and the public non-financial corporations (such as water and electricity utilities, and the ports) are also presented as the total non-financial public sector.

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

(a) The reporting entity

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

The following table provides detail of current and capital transfer expenses of the general government sector, in line with UPF disclosure requirements.

(b) Basis of preparation

These financial projections do not include all the notes of the type normally included in an annual financial report. The accounting policies adopted in this publication are consistent with those outlined in the *2016-17 Annual Report on State Finances (ARSF)*, which are described in detail in Note 3: *Summary of Significant Accounting Policies* in Appendix 1 of the 2016-17 ARSF.

The projections are presented in Australian dollars and all amounts are rounded to the nearest million dollars (\$m).

(c) Unaudited data

These financial projections are not audited.

(d) Comparative figures

Comparative information for 2016-17 is based on the audited actual data presented in the 2016-17 ARSF.

NOTE 3: GENERAL GOVERNMENT OPERATING REVENUE

A detailed dissection of general government revenue is included at Appendix 2: *General Government Operating Revenue*.

NOTE 4: GENERAL GOVERNMENT TRANSFER EXPENSES

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

The following table provides detail of current and capital transfer expenses of the general government sector, in line with UPF disclosure requirements.

TRANSFER EXPENSES^(a) General Government

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
	Actual	Budget Estimate	Mid-year Revision	Mid-year Revision	Mid-year Revision	Mid-year Revision
	\$m	\$m	\$m	\$m	\$m	\$m
<i>CURRENT TRANSFERS</i>						
Local government	278	310	315	277	256	229
Local government on-passing	262	90	90	187	197	199
Private and not-for-profit sector	1,422	1,603	1,585	1,575	1,624	1,518
Private and not-for-profit sector on-passing	1,172	1,233	1,233	1,299	1,373	1,450
Other sectors of government	2,147	2,000	1,966	1,870	1,895	1,922
<i>Total Current Transfers</i>	<i>5,280</i>	<i>5,237</i>	<i>5,188</i>	<i>5,208</i>	<i>5,344</i>	<i>5,318</i>
<i>CAPITAL TRANSFERS</i>						
Local government	138	49	50	47	31	29
Local government on-passing	163	56	56	115	121	122
Private and not-for-profit sector	103	93	92	105	95	89
Private and not-for-profit sector on-passing	16	18	18	18	19	21
Other sectors of government	129	290	287	24	7	1
<i>Total Capital Transfers</i>	<i>549</i>	<i>505</i>	<i>503</i>	<i>310</i>	<i>272</i>	<i>261</i>

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

Note: Columns may not add due to rounding.

NOTE 5: GENERAL GOVERNMENT EXPENSES AND SPENDING ON THE PURCHASE OF NON-FINANCIAL ASSETS BY GOVERNMENT PURPOSE CLASSIFICATION (a)

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
	\$m	\$m	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m
<i>Expenses</i>						
General public services	506	388	350	372	350	352
Public order and safety	3,357	3,455	3,425	3,403	3,430	3,415
Education	7,058	7,309	7,311	7,470	7,593	7,819
Health	8,672	8,863	8,905	9,020	9,177	9,381
Social security and welfare	2,171	2,634	2,627	2,670	3,024	3,276
Housing and community amenities	1,526	1,839	1,822	1,578	1,554	1,539
Recreation and culture	832	812	867	892	894	912
Fuel and energy	470	326	335	174	174	163
Agriculture, forestry, fishing and hunting	361	403	406	385	348	296
Mining and mineral resources other than fuels; manufacturing; and construction	228	276	281	222	191	187
Transport and communications	2,342	2,398	2,377	2,442	2,689	2,612
Other economic affairs	663	745	717	643	613	593
Other purposes	1,202	1,196	1,190	1,446	1,613	1,729
Not allocated ^(b)	-	154	185	-261	-263	-266
Total General Government Expenses	29,387	30,797	30,797	30,458	31,385	32,009
<i>Purchases of new non-financial assets</i>						
General public services	152	169	157	128	128	92
Public order and safety	170	204	208	180	103	84
Education	351	461	470	442	318	190
Health	311	565	537	374	45	54
Social security and welfare	21	57	56	35	34	4
Housing and community amenities	80	72	99	93	134	142
Recreation and culture	137	237	219	183	105	50
Fuel and energy	2	2	2	1	1	1
Agriculture, forestry, fishing and hunting	30	28	29	22	12	10
Mining and mineral resources other than fuels; manufacturing; and construction	10	7	9	3	2	-
Transport and communications	1,012	1,520	1,092	1,379	896	592
Other economic affairs	66	41	49	23	20	28
Other purposes ^(c)	-	-500	-500	-	-	-
Total Purchases of Non-financial Assets	2,341	2,865	2,427	2,862	1,798	1,248

(a) Data in this table are for consolidated general government aggregates and exclude internal transactions within the sector. In relation to purchases of non-financial assets, the information in this table represents spending on fixed assets by general government agencies, identified by function as defined in the GFS framework, which may be different to agency totals in the Asset Investment Program.

(b) Includes provisions not allocated by GPC.

(c) Includes a provision for yet to be identified underspending in the Asset Investment Program that typically emerges during the year.

Note: Columns may not add due to rounding.

NOTE 6: CONVERGENCE DIFFERENCES

Where possible, AASB 1049 harmonises GFS and accounting concepts into a single presentation. Where harmonisation cannot be achieved (e.g. the recognition of a doubtful debts provision is excluded from GFS net worth), a convergence difference arises.

The following tables detail all convergence differences in the forward estimates.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Net Operating Balance

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
	\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m
<u>General government</u>						
AASB 1049 net operating balance	-2,474	-2,340	-2,605	-915	-699	926
Plus GFS revenue adjustments	-	-	-	-	-	-
Less GFS expense adjustments	-	-	-	-	-	-
Total GFS adjustments to AASB 1049 net operating balance	-	-	-	-	-	-
GFS net operating balance	-2,474	-2,340	-2,605	-915	-699	926
<u>Public non-financial corporations</u>						
AASB 1049 net operating balance	480	573	489	809	956	963
Plus GFS revenue adjustments	-	-	-	-	-	-
Less GFS expense adjustments						
Capitalised interest	1	19	17	16	14	19
Dividends	713	1,569	1,618	1,244	1,277	1,377
Total GFS expense adjustments	714	1,588	1,635	1,260	1,292	1,396
Total GFS adjustments to AASB 1049 net operating balance	-714	-1,588	-1,635	-1,260	-1,292	-1,396
GFS net operating balance	-233	-1,015	-1,146	-451	-336	-432
<u>Total non-financial public sector</u>						
AASB 1049 net operating balance	-2,706	-3,336	-3,734	-1,349	-1,020	512
Plus GFS revenue adjustments	-	-	-	-	-	-
Less GFS expense adjustments						
Capitalised interest	1	19	17	16	14	19
Total GFS expense adjustments	1	19	17	16	14	19
Total GFS adjustments to AASB 1049 net operating balance	-1	-19	-17	-16	-14	-19
GFS net operating balance	-2,707	-3,355	-3,751	-1,365	-1,034	494
<u>Public financial corporations</u>						
AASB 1049 net operating balance	164	345	324	302	332	352
Plus GFS revenue adjustments	-	-	-	-	-	-
Less GFS expense adjustments						
Dividends	202	155	180	163	166	156
Total GFS expense adjustments	202	155	180	163	166	156
Total GFS adjustments to AASB 1049 net operating balance	-202	-155	-180	-163	-166	-156
GFS net operating balance	-38	190	144	140	165	196
<u>Total public sector</u>						
AASB 1049 net operating balance	-2,744	-3,146	-3,591	-1,210	-854	709
Plus GFS revenue adjustments	-	-	-	-	-	-
Less GFS expense adjustments						
Capitalised interest	1	19	17	16	14	19
Total GFS expense adjustments	1	19	17	16	14	19
Total GFS adjustments to AASB 1049 net operating balance	-1	-19	-17	-16	-14	-19
GFS net operating balance	-2,745	-3,165	-3,607	-1,226	-869	690

Note: Columns may not add due to rounding.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Net Lending

	2016-17 Actual \$m	2017-18 Budget Estimate \$m	2017-18 Mid-year Revision \$m	2018-19 Mid-year Revision \$m	2019-20 Mid-year Revision \$m	2020-21 Mid-year Revision \$m
<u>General government</u>						
AASB 1049 net lending/-borrowing	-3,592	-4,021	-3,878	-2,204	-860	1,427
Plus Net operating balance convergence difference (noted above)	-	-	-	-	-	-
GFS net lending/-borrowing	-3,592	-4,021	-3,878	-2,204	-860	1,427
<u>Public non-financial corporations</u>						
AASB 1049 net lending/-borrowing	514	241	-19	-122	-137	56
Plus Net operating balance convergence difference (noted above)	-714	-1,588	-1,635	-1,260	-1,292	-1,396
GFS net lending/-borrowing	-200	-1,347	-1,654	-1,383	-1,429	-1,340
<u>Total non-financial public sector</u>						
AASB 1049 net lending/-borrowing	-3,792	-5,350	-5,515	-3,570	-2,275	106
Plus Net operating balance convergence difference (noted above)	-1	-19	-17	-16	-14	-19
GFS net lending/-borrowing	-3,793	-5,368	-5,532	-3,586	-2,289	87
<u>Public financial corporations</u>						
AASB 1049 net lending/-borrowing	165	344	323	301	330	352
Plus Net operating balance convergence difference (noted above)	-202	-155	-180	-163	-166	-156
GFS net lending/-borrowing	-37	188	142	139	164	196
<u>Total public sector</u>						
AASB 1049 net lending/-borrowing	-3,829	-5,162	-5,373	-3,431	-2,111	302
Plus Net operating balance convergence difference (noted above)	-1	-19	-17	-16	-14	-19
GFS net lending/-borrowing	-3,830	-5,180	-5,390	-3,448	-2,125	283

Note: Columns may not add due to rounding.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Worth at 30 June

	2017	2018	2018	2019	2020	2021
	Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
	\$m	Estimate	Revision	Revision	Revision	Revision
	\$m	\$m	\$m	\$m	\$m	\$m
<u>General government</u>						
AASB1049 net worth	110,189	108,863	107,319	107,709	108,857	111,806
<i>Plus</i>						
Provision for doubtful debts						
General government sector	266	257	263	263	263	263
Impact on public corporations net worth	84	29	28	36	44	53
Total GFS net worth adjustments	350	286	291	299	307	316
GFS net worth	110,539	109,149	107,610	108,008	109,165	112,122
<u>Public non-financial corporations</u>						
AASB1049 net worth	54,917	54,091	54,583	55,591	56,933	58,290
<i>Plus</i>						
Impact of general government equity injections	-8,487	-8,995	-8,853	-9,685	-10,503	-11,278
Provision for doubtful debts	84	29	28	36	44	53
Total GFS net worth adjustments	-8,403	-8,967	-8,825	-9,649	-10,459	-11,226
GFS net worth	46,514	45,125	45,758	45,942	46,474	47,064
<u>Total non-financial public sector</u>						
AASB1049 net worth	110,189	108,863	107,319	107,709	108,857	111,806
<i>Plus</i>						
Provision for doubtful debts						
Total non-financial public sector	350	286	291	299	307	316
Impact on public corporations net worth	-	-	-	-	-	-
Total GFS net worth adjustments	350	286	291	299	307	316
GFS net worth	110,539	109,149	107,610	108,008	109,165	112,122
<u>Public financial corporations</u>						
AASB1049 net worth	2,011	2,100	2,030	2,134	2,278	2,449
<i>Plus</i>						
Provision for doubtful debts	-	-	-	-	-	-
Total GFS net worth adjustments	-	-	-	-	-	-
GFS net worth	2,011	2,100	2,030	2,134	2,278	2,449
<u>Total public sector</u>						
AASB1049 net worth	110,189	108,863	107,319	107,709	108,857	111,806
<i>Plus</i>						
Provision for doubtful debts	350	286	291	299	307	316
Total GFS net worth adjustments	350	286	291	299	307	316
GFS net worth	110,539	109,149	107,610	108,008	109,165	112,122

Note: Columns may not add due to rounding.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Change in Net Worth

	2017 Actual \$m	2018 Budget Estimate \$m	2018 Mid-year Revision \$m	2019 Mid-year Revision \$m	2020 Mid-year Revision \$m	2021 Mid-year Revision \$m
<i><u>General government</u></i>						
AASB1049 change in net worth	-4,677	-1,741	-2,870	389	1,149	2,949
Plus change in:						
Provision for doubtful debts						
General government sector	4	-3	-3	-	-	-
Impact on public corporations net worth	53	8	-56	8	8	8
Total GFS change in net worth adjustments	56	5	-59	8	8	8
GFS change in net worth	-4,621	-1,737	-2,929	397	1,157	2,957
<i><u>Public non-financial corporations</u></i>						
AASB1049 change in net worth	863	-7	-333	1,008	1,342	1,357
Plus change in:						
Impact of general government equity injections	-813	-506	-366	-832	-819	-775
Provision for doubtful debts	53	8	-56	8	8	8
Total GFS change in net worth adjustments	-760	-499	-422	-824	-810	-767
GFS change in net worth	103	-505	-755	184	532	590
<i><u>Total non-financial public sector</u></i>						
AASB1049 change in net worth	-4,677	-1,741	-2,870	389	1,149	2,949
Plus change in:						
Provision for doubtful debts						
Total non-financial public sector	56	5	-59	8	8	8
Total GFS change in net worth adjustments	56	5	-59	8	8	8
GFS change in net worth	-4,621	-1,737	-2,929	397	1,157	2,957
<i><u>Public financial corporations</u></i>						
AASB1049 change in net worth	231	129	19	104	144	171
Total GFS change in net worth adjustments	-	-	-	-	-	-
GFS change in net worth	231	129	19	104	144	171
<i><u>Total public sector</u></i>						
AASB1049 change in net worth	-4,677	-1,741	-2,870	389	1,149	2,949
Plus change in:						
Provision for doubtful debts	56	5	-59	8	8	8
Total GFS change in net worth adjustments	56	5	-59	8	8	8
GFS change in net worth	-4,621	-1,737	-2,929	397	1,157	2,957

Note: Columns may not add due to rounding.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Cash Surplus/-Deficit

	2016-17 Actual \$m	2017-18 Budget Estimate \$m	2017-18 Mid-year Revision \$m	2018-19 Mid-year Revision \$m	2019-20 Mid-year Revision \$m	2020-21 Mid-year Revision \$m
<u>General government</u>						
AASB 1049 cash surplus/-deficit	-3,751	-3,665	-3,588	-2,313	-937	1,168
Less Acquisitions under finance leases and similar arrangements	288	469	469	61	86	15
GFS cash surplus/-deficit	-4,039	-4,135	-4,058	-2,374	-1,022	1,153
<u>Public non-financial corporations</u>						
AASB 1049 cash surplus/-deficit	-682	-1,408	-1,671	-1,268	-1,453	-1,435
Less Acquisitions under finance leases and similar arrangements	-	-	-	-	-	-
GFS cash surplus/-deficit	-682	-1,408	-1,671	-1,268	-1,453	-1,435
<u>Total non-financial public sector</u>						
AASB 1049 cash surplus/-deficit	-4,432	-5,073	-5,259	-3,581	-2,390	-267
Less Acquisitions under finance leases and similar arrangements	288	469	469	61	86	16
GFS cash surplus/-deficit	-4,721	-5,542	-5,728	-3,643	-2,476	-282
<u>Public financial corporations</u>						
AASB 1049 cash surplus/-deficit	-243	391	404	410	438	467
Less Acquisitions under finance leases and similar arrangements	-	-	-	-	-	-
GFS cash surplus/-deficit	-243	391	404	410	438	467
<u>Total public sector</u>						
AASB 1049 cash surplus/-deficit	-4,675	-4,682	-4,855	-3,171	-1,952	201
Less Acquisitions under finance leases and similar arrangements	288	469	469	61	86	16
GFS cash surplus/-deficit	-4,963	-5,151	-5,324	-3,233	-2,038	185

Note: Columns may not add due to rounding.

NOTE 7: LOAN COUNCIL ALLOCATIONS

The Australian Loan Council oversees State, Territory and Commonwealth governments' public sector borrowings using a system of Loan Council Allocations (LCAs). LCAs are based on net borrowings as indicated by a government's deficit position¹.

An LCA deficit of \$5.7 billion is forecast for 2017-18, \$112 million higher than the \$5.6 billion projection at the time of the 2017-18 Budget. This increase reflects the net impact of:

- a higher than projected cash deficit for the total non-financial public sector (up \$186 million), with a higher deficit for the public non-financial corporations sector (up \$263 million), partly offset by a smaller cash deficit for the general government sector (down \$77 million); and
- lower memorandum items due to a lower than forecast increase in borrowings for Keystart's home lending program (down \$96 million).

An LCA deficit of \$3.2 billion is forecast for 2018-19 (a \$2.5 billion reduction relative to the 2017-18 estimated outturn). The lower LCA nomination for 2018-19 primarily reflects a reduction in the size of the total non-financial public sector cash deficit (down \$1.7 billion relative to the estimate for 2016-17), primarily reflecting a smaller deficit for the general government sector (down \$1.3 billion). Other factors influencing this lower outcome include:

- lower acquisitions under finance leases and similar arrangements in 2018-19 relative to 2017-18 (down \$408 million), primarily reflecting finalisation of construction of Optus Stadium in 2017-18; and
- the impact on memorandum items of a smaller incremental increase in home lending by Keystart relative to the prior year (down \$454 million).

The financial projections underlying the LCA forecast are discussed in more detail in Chapter 1 of this report.

¹ For the purposes of LCAs, deficits are positive and surpluses are negative.

LOAN COUNCIL ALLOCATIONS
Western Australia

	2017-18		2018-19 Nomination
	Budget Estimate	Mid-year Revision	
General government cash surplus/deficit	3,665	3,588	2,313
Public non-financial corporations sector cash surplus/deficit	1,408	1,671	1,268
<i>Total non-financial public sector cash surplus/deficit</i>	<i>5,073</i>	<i>5,259</i>	<i>3,581</i>
Acquisitions under finance leases and similar arrangements	469	469	61
<i>GFS cash surplus/deficit</i>	<i>5,542</i>	<i>5,728</i>	<i>3,643</i>
Less: Non-financial public sector net cash flows from investments in financial assets for policy purposes	-	-	-
Plus: Memorandum items ^(a)	49	-25	-406
Loan Council Allocation	5,592	5,703	3,236
<i>Tolerance Limit</i> ^(b)	<i>937</i>	<i>937</i>	<i>1,016</i>

(a) Memorandum items are used to adjust the ABS deficit/surplus to include in LCAs certain transactions (e.g. operating leases) that have many of the characteristics of public sector borrowings but do not constitute formal borrowings. Where appropriate, they are also used to deduct from the deficit/surplus certain transactions that Loan Council has agreed should not be included in LCAs (e.g. the funding of more than emerging costs under public sector superannuation schemes).

(b) The tolerance limit is defined as 2% total non-financial public sector receipts and reflects a band of variability above and below the original LCA nomination. The tolerance limit shown for the current year reflects the estimate disclosed in the original nomination contained in the 2016-17 Mid-year Review.

Note: Columns may not add due to rounding.

APPENDIX 2

General Government Operating Revenue

This appendix contains general government revenue estimates prepared on an accrual basis consistent with Australian Accounting Standards and Government Finance Statistics frameworks.

Table 2.1

OPERATING REVENUE
General Government

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
	\$m	\$m	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m
TAXATION						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	3,266	3,224	3,229	3,461	3,634	3,867
Property taxes						
<i>Land tax</i>	876	846	814	814	835	856
Transfer duty	1,357	1,297	1,237	1,305	1,383	1,485
Landholder duty	151	201	201	101	100	100
<i>Total duty on transfers</i>	1,508	1,498	1,438	1,406	1,483	1,585
Metropolitan Region Improvement Tax	96	95	92	98	100	103
Perth Parking Levy	56	58	58	60	60	60
Emergency Services Levy	325	337	337	345	349	350
Loan guarantee fees	140	146	146	155	162	169
<i>Total other property taxes</i>	617	635	633	658	670	681
Taxes on provision of goods and services						
Lotteries Commission	151	166	157	160	160	161
Video lottery terminals	-	1	-	-	-	-
Casino tax	62	62	62	71	71	71
Betting tax	40	46	46	67	88	89
<i>Total taxes on gambling</i>	253	275	265	298	319	321
Insurance duty	641	645	624	652	690	732
Other	20	20	20	20	20	21
<i>Total taxes on insurance</i>	661	665	644	673	711	753
<i>On-demand Transport Levy</i>	-	-	-	3	30	30
Taxes on use of goods and performance of activities						
Vehicle licence duty	344	348	356	360	365	372
Permits - oversize vehicles and loads	6	8	8	8	8	9
Motor vehicle recording fee	59	59	59	60	60	60
Motor vehicle registrations	885	916	916	954	994	1,035
<i>Total motor vehicle taxes</i>	1,294	1,331	1,339	1,382	1,428	1,476
<i>Mining Rehabilitation Levy</i>	28	27	28	28	28	28
<i>Landfill Levy</i>	69	76	76	76	76	76
Total Taxation	8,573	8,577	8,466	8,798	9,213	9,672

Note: Columns may not add due to rounding.

Table 2.1 (cont.)

OPERATING REVENUE
General Government

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
	\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m
CURRENT GRANTS AND SUBSIDIES						
General Purpose Grants						
GST grants	1,944	2,229	2,225	3,113	4,033	4,629
North West Shelf grants	609	538	654	647	578	528
Commonwealth compensation for changed crude oil excise arrangements	31	30	36	36	32	29
Grants Through the State						
Schools assistance – non-government schools	1,172	1,233	1,233	1,299	1,373	1,450
Local government financial assistance grants	262	90	90	187	197	199
Local government roads	163	56	56	115	121	122
National Specific Purpose Payment Agreement Grants						
National Agreement for Skills and Workforce						
Development	160	162	162	164	166	169
National Disability Services	148	167	167	173	180	-
National Affordable Housing	145	147	143	150	152	154
Students First	598	649	649	711	780	855
National Health Reform	2,089	2,120	2,123	2,253	2,394	2,494
Other Grants/National Partnerships						
Health	399	356	371	136	99	99
Housing	17	24	24	5	-	-
Transport	64	77	83	82	71	63
Disability Services	42	238	237	342	556	1,765
Other	247	140	148	145	87	90
Total Current Grants and Subsidies	8,091	8,255	8,401	9,557	10,819	12,644
CAPITAL GRANTS						
Grants Through the State						
Schools assistance – non-government schools	16	18	18	18	19	21
Other Grants/National Partnerships						
Housing	51	179	179	-	-	-
Transport	425	750	425	951	632	344
Other	21	22	22	10	-	-
Total Capital Grants	513	968	643	980	651	364

Note: Columns may not add due to rounding.

Table 2.1 (cont.)

OPERATING REVENUE
General Government

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
	\$m	\$m	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m
SALES OF GOODS AND SERVICES						
WA Health	715	713	714	733	760	785
Department of Transport	162	162	158	157	163	166
Department of Education	211	184	185	188	192	196
State Training Providers/TAFE Colleges	128	128	128	123	123	123
Department of Training and Workforce Development	47	50	46	51	52	53
Western Australian Land Information Authority	122	123	123	132	143	142
Department of Biodiversity, Conservation and Attractions	98	101	101	101	102	102
Department of Justice	133	133	133	130	131	131
Department of Mines, Industry Regulation and Safety	143	157	158	157	144	137
All Other	535	696	738	797	821	864
Total Sale of Goods and Services	2,293	2,445	2,483	2,570	2,629	2,698
INTEREST INCOME	196	189	166	169	178	188
REVENUE FROM PUBLIC CORPORATIONS						
Dividends	837	1,649	1,728	1,328	1,366	1,460
Tax Equivalent Regime	534	572	601	632	680	734
Total Revenue from Public Corporations	1,371	2,221	2,329	1,961	2,046	2,194
ROYALTY INCOME	5,272	5,211	5,132	4,990	4,678	4,727
OTHER						
Lease rentals	99	98	98	96	94	94
Fines	199	207	196	198	189	184
Revenue not elsew here counted	305	285	278	224	187	168
Total Other	604	590	572	519	471	447
TOTAL REVENUE	26,913	28,457	28,193	29,543	30,686	32,935

Note: Columns may not add due to rounding.

Major Spending Changes

Spending changes detailed in this appendix include:

- all material decisions made between the 7 August 2017 cut-off date for the 2017-18 Budget and the 4 December 2017 cut-off date for this Mid-year Review; and
- other changes of a material nature affecting agency spending over the forward estimates period. These include the impact of issues such as variations in Commonwealth-funded programs, higher cost and demand for government services, and depreciation.

With the exception of significant changes to a number of road projects, changes relating purely to timing are not included in this appendix as they are broadly net debt-neutral across the forward estimates period. Any material timing changes are discussed in Chapter 1.

\$1,000 Wages Policy

The 2017-18 Budget included a global provision of \$498 million in savings from the Government's revised wages policy, which caps increases in wages and associated conditions at \$1,000 per annum (compared to the previous wages policy, which provided increases capped at 1.5%). Expenditure on salaries and superannuation across the public sector is now forecast to be \$436.2 million lower as a result of this measure being allocated to agency budgets in this Mid-year Review (with expenditure \$431.6 million lower for general government sector agencies, and \$4.6 million lower for public non-financial corporations – see table below). The variation in savings allocated to agencies budgets and the Budget-time estimates reflects the provision of detailed workforce data from agencies and the impact of updated salaries data on outyear forecasts.

Implementation of this measure will also result in lower revenue for some agencies that recover the cost of service provision through fees and charges.

Table 3.1

REVISED WAGES POLICY
Impact on Salaries Expenditure

	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m	Total \$m
General Government Sector					
Education	-8.4	-22.6	-36.1	-50.6	-117.6
WA Health	- ^(a)	-11.4	-35.5	-64.8	-111.6
Western Australia Police	-3.9	-7.7	-11.8	-16.2	-39.6
Communities ^(b)	-2.7	-5.7	-8.9	-12.3	-29.7
Justice	-1.8	-4.8	-7.9	-11.1	-25.7
State Training Providers	-0.9	-2.3	-3.7	-5.1	-12.0
Primary Industries and Regional Development	-1.2	-2.2	-3.2	-4.2	-10.8
Biodiversity, Conservation and Attractions	-1.0	-2.1	-3.1	-4.2	-10.4
Mines, Industry Regulation and Safety	-0.9	-1.8	-2.7	-3.6	-9.0
Finance	-0.7	-1.5	-2.2	-3.0	-7.4
Commissioner of Main Roads ^(c)	-0.3	-1.1	-1.9	-2.8	-6.2
Water and Environmental Regulation	-0.5	-1.0	-1.5	-2.1	-5.2
Planning, Lands and Heritage	-0.6	-1.0	-1.5	-2.0	-5.1
Transport	-0.4	-0.9	-1.5	-2.0	-4.9
Premier and Cabinet	-0.6	-0.9	-1.3	-1.7	-4.5
Land Information Authority	-0.4	-0.7	-1.1	-1.6	-3.8
Local Government, Sport and Cultural Industries	-0.4	-0.7	-1.1	-1.4	-3.5
Fire and Emergency Services	-0.3	-0.5	-0.9	-1.8	-3.5
Jobs, Tourism, Science and Innovation	-0.3	-0.6	-0.8	-1.1	-2.7
Training and Workforce Development	-0.3	-0.5	-0.8	-1.0	-2.5
Treasury	-0.2	-0.5	-0.7	-1.0	-2.4
Legal Aid Commission of Western Australia	-0.2	-0.3	-0.5	-0.7	-1.7
Office of the Director of Public Prosecutions	-0.2	-0.3	-0.5	-0.7	-1.7
WorkCover WA Authority	-0.1	-0.2	-0.4	-0.5	-1.2
Mental Health Commission	-0.2	-0.3	-0.4	-0.6	-1.5
Public Sector Commission	-0.1	-0.3	-0.4	-0.5	-1.3
Corruption and Crime Commission	-0.1	-0.2	-0.4	-0.5	-1.2
Office of the Auditor General	-0.1	-0.2	-0.2	-0.3	-0.8
Chemistry Centre (WA)	-0.1	-0.1	-0.2	-0.3	-0.7
Economic Regulation Authority	-0.1	-0.1	-0.2	-0.3	-0.7
Registrar, Western Australian Industrial Relations Commission	- ^(a)	-0.1	-0.1	-0.1	-0.4
Small Business Development Corporation	- ^(a)	-0.1	-0.1	-0.1	-0.3
Office of Emergency Management	- ^(a)	-0.1	-0.1	-0.1	-0.3
National Trust of Australia (WA)	- ^(a)	- ^(a)	-0.1	-0.1	-0.2
Commissioner for Equal Opportunity	- ^(a)	- ^(a)	-0.1	-0.1	-0.2
Parliamentary Commissioner for Administrative Investigations	- ^(a)	-0.1	-0.1	-0.1	-0.3
WA Sports Centre Trust	- ^(a)	- ^(a)	- ^(a)	- ^(a)	-0.1
Commissioner for Children and Young People	- ^(a)	- ^(a)	- ^(a)	-0.1	-0.1
Western Australian Health Promotion Foundation (Healthway)	-	-	- ^(a)	-0.1	-0.1
Western Australian Electoral Commission	- ^(a)	- ^(a)	- ^(a)	-0.1	-0.1
Building and Construction Industry Training Board	- ^(a)	- ^(a)	- ^(a)	-0.1	-0.1
Office of the Inspector of Custodial Services	- ^(a)	- ^(a)	- ^(a)	-0.1	-0.1
Health and Disability Services Complaints Office	- ^(a)	- ^(a)	- ^(a)	-0.1	-0.1
Office of the Information Commissioner	- ^(a)	- ^(a)	- ^(a)	- ^(a)	-0.1
Salaries and Allowances Tribunal	- ^(a)				
Parliamentary Inspector of the Corruption and Crime Commission	- ^(a)				
Western Australian Meat Industry Authority	- ^(a)	-	- ^(a)	- ^(a)	- ^(a)
Total	-27.1	-73.1	-132.3	-199.1	-431.6

Table 3.1 (cont.)

REVISED WAGES POLICY
Impact on Salaries Expenditure

	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m	Total \$m
Public Non-Financial Corporations					
Public Transport Authority of Western Australia	- (a)	-0.5	-1.3	-2.2	-3.9
Lotteries Commission	-0.1	-0.1	-0.1	-0.1	-0.4
Metropolitan Cemeteries Board	- (a)	- (a)	- (a)	-0.1	-0.2
Animal Resources Authority	- (a)	- (a)	- (a)	- (a)	-0.1
Total	-0.1	-0.6	-1.5	-2.4	-4.6
Total Reduction in Expenditure (d)	-27.2	-73.8	-133.7	-201.5	-436.2

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

(b) Includes the impacts on general government sector salaries, superannuation and other service delivery arrangement costs for the Housing Authority arm of the Department of Communities. The housing functions are part of the public non-financial corporations sector.

(c) Includes capitalised salary costs.

(d) These are also associated impacts on revenue and holdings of cash assets for some agencies.

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

Government Office Accommodation Reform Program

This Mid-year Review includes adjustments to agency budgets as a result of progressing the Government Office Accommodation Reform Program (see table below). The Program is projected to realise net debt savings of approximately \$78 million over the Budget period, with projected savings included as a global provision in the 2017-18 Budget as part of the Government's Budget repair measures. The remaining savings will be allocated to agency budgets as part of future budget processes.

Table 3.2

GOVERNMENT OFFICE ACCOMMODATION REFORM
Impact on Agency Budgets

	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m	Total \$m
Expenses					
WA Health	0.2	1.0	0.4	0.5	2.1
Education	-0.4	0.7	0.8	0.9	2.1
Communities	-0.4	0.3	0.3	0.4	0.6
Western Australia Police	-0.5	0.1	0.2	0.2	0.1
Mines, Industry Regulation and Safety	-1.6	-0.2	-0.2	- (a)	-2.1
Justice	-0.4	-0.6	-0.6	-0.6	-2.2
Finance	-1.2	-2.0	-1.5	-1.3	-5.9
Asset Investment					
WA Health	0.2	- (a)	- (a)	- (a)	0.2

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

Major Spending Changes (by Portfolio)

PARLIAMENT

MAJOR SPENDING CHANGES					Table 3.3
	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m	
PARLIAMENTARY COMMISSIONER FOR ADMINISTRATIVE INVESTIGATIONS					
Expenses					
Energy and Water Ombudsman Scheme	0.1	0.1	0.2	0.2	

Parliamentary Commissioner for Administrative Investigations**Expenses***Energy and Water Ombudsman Scheme*

An increase in expenditure (and revenue) of \$0.6 million over the forward estimates period has been approved to reflect the revised estimates of the cost of resolving complaints to the Energy and Water Ombudsman (Western Australia).

DEPUTY PREMIER; MINISTER FOR HEALTH; MENTAL HEALTH

MAJOR SPENDING CHANGES

Table 3.4

	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
WA HEALTH				
Expenses				
Hospital Services – Revised Activity and Cost Settings	-3.2	-43.9	-47.5	-48.0
Depreciation Update	-2.9	17.5	18.8	36.1
Perth Children's Hospital	22.4	-	-	-
Aboriginal Health Programs	-	14.0	7.2	-
National Partnership Agreement on Public Dental Services for Adults	9.7	7.3	-	-
Improving Trachoma Services for Indigenous Australians Agreement	1.6	1.6	1.7	1.7
Commonwealth Respite and Carelink Centres Agreement	1.6	-	-	-
Computed Tomography Scanner for PathWest at State Mortuary Sir Charles Gairdner Hospital	0.1	0.6	0.3	0.3
OzFoodNet National Partnership Agreement	0.2	0.2	0.2	-
Asset Investment				
Perth Children's Hospital	21.2	-	-	-
Computed Tomography Scanner for PathWest at State Mortuary Sir Charles Gairdner Hospital	1.1	-	-	-
MENTAL HEALTH COMMISSION				
Expenses				
Community Alcohol and Drug Services	-	1.5	1.5	1.5
Public Specialised Mental Health Services – Revised Activity and Cost Settings	2.3	-7.3	-7.2	-6.6
State-wide Specialist Aboriginal Mental Health Service	-	10.2	5.3	2.7

WA Health

Expenses

Hospital Services – Revised Activity and Cost Settings

Total expenditure on public hospital services will increase by an average 3.1% per annum over the forward estimates period. However, this represents a \$142.6 million reduction relative to Budget estimates, reflecting revised activity and cost settings as a result of the flow-on impact of lower than expected hospital costs in 2016-17, and updated age-weighted population growth rates for the period 2017-18 to 2020-21.

Hospital activity is expected to increase by 1.8% in 2017-18 and an average of 2.1% per annum over the period 2017-18 to 2020-21. The base unit cost of providing public hospital services in Western Australia (the State Price) has been revised down by 0.8% in 2017-18, but growth in the State Price has been maintained at 1% per annum, with the requirement to deliver an efficiency improvement of 0.5% in 2017-18 (consistent with Budget-time projections).

Depreciation Update

Depreciation expenses will increase by a net \$69.5 million over 2017-18 to 2020-21. This reflects ongoing revaluation and review of the useful life for buildings, asset capitalisation dates and the impact of the delayed commissioning of Perth Children's Hospital.

Perth Children's Hospital

An amount of \$22.4 million will be spent in 2017-18, consisting of an additional \$19.4 million in recurrent expenditure, including \$5.2 million for parking as a result of contractual obligations, and \$3 million in spending carried over from 2016-17, to meet the costs associated with delays to the hospital. This spending will provide additional project resources and support to ensure the safe commissioning and opening of the new hospital.

Aboriginal Health Programs

An additional \$21.2 million will be spent to continue the delivery of Aboriginal Health programs from 2018-19 to 2019-20, with Aboriginal Health services to be maintained, but the associated cost being gradually absorbed within funding for mainstream health services over this period.

National Partnership Agreement on Public Dental Services for Adults

Additional Commonwealth funding of \$9.7 million in 2017-18 and \$7.3 million in 2018-19 will be spent to improve adult access to public dental care under a new two year National Partnership Agreement.

Improving Trachoma Services for Indigenous Australians Agreement

Additional Commonwealth funding of \$6.7 million will be spent over 2017-18 to 2020-21 under the Improving Trachoma Services for Indigenous Australians Agreement with the Commonwealth. This Agreement supports the provision of additional control services in trachoma endemic regions in regional Western Australia.

Commonwealth Respite and Carelink Centres Agreement

Additional Commonwealth funding of \$1.6 million in 2017-18 will be spent to continue the Commonwealth Respite and Carelink Centres Program to provide support and maintenance of caring relationships between carers and their dependent family members or friends.

Computed Tomography Scanner for PathWest at State Mortuary Sir Charles Gardiner Hospital

A total of \$1.2 million will be spent over the forward estimates period to meet the operational costs associated with the purchase of a new Computed Tomography scanner at the State Mortuary to support a more efficient and timely resolution of coronial cases.

OzFoodNet National Partnership Agreement

An additional \$625,000 in Commonwealth funding will be spent from 2017-18 to 2019-20 to support the delivery of the OzFoodNet Program under the National Partnership Agreement with the Commonwealth, to enhance foodborne disease surveillance and data collection.

Asset Investment

Perth Children's Hospital

A further \$21.2 million will be invested in 2017-18 to meet construction project remediation costs (\$13.7 million), and to support the deployment of Information and Communication Technology systems for the Perth Children's Hospital (\$7.5 million).

Computed Tomography Scanner for PathWest at State Mortuary Sir Charles Gardiner Hospital

A total of \$1.1 million will be invested in 2017-18 to purchase and install a Computed Tomography scanner for use at the State Mortuary to support a more efficient and timely resolution of coronial cases.

Mental Health Commission

Expenses

Community Alcohol and Drug Services

An additional \$4.5 million will be spent from 2018-19 to 2020-21 to continue to employ community treatment employees to support the methamphetamine treatment beds funded under the Government's Methamphetamine Action Plan in the 2017-18 Budget.

Public Specialised Mental Health Services – Revised Activity and Cost Settings

Total expenditure on public specialised mental health services (which is reflected in payments to WA Health for the delivery of those public hospital services) will increase by an average 2.6% per annum over the forward estimates period. However, this represents an \$18.8 million reduction relative to Budget estimates, reflecting the flow-on impact of lower than expected non-admitted hospital costs in 2016-17, and updated age-weighted population growth rates for the period 2017-18 to 2020-21.

State-wide Specialist Aboriginal Mental Health Service

An additional \$18.2 million will be spent to continue the delivery of the State-wide Specialist Aboriginal Mental Health Service from 2018-19 to 2020-21, with the service to be maintained, but with the associated cost being gradually absorbed within funding for mainstream mental health services over this period.

MINISTER FOR EDUCATION AND TRAINING

MAJOR SPENDING CHANGES

Table 3.5

	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
EDUCATION				
Expenses				
Cost and Demand Update	-2.5	-6.5	-13.5	5.5
TRAINING AND WORKFORCE DEVELOPMENT/TAFE COLLEGES				
Expenses				
Vocational Education and Training Delivery	3.3	27.7	31.0	34.0
Revision to Government Regional Officer Housing Expenses	-1.5	-1.0	-0.3	0.1

Education

Expenses

Cost and Demand Update

Recurrent expenses have been reduced by a total of \$17 million (or less than 0.1% of the Department's total expenditure) over the forward estimates. This primarily reflects the impact of the latest school enrolment forecasts (following the Semester 2, 2017 student enrolments census), as well as an adjustment to Government Regional Officer Housing expense estimates (as a result of lower rental costs in regional centres).

Training and Workforce Development/TAFE Colleges

Expenses

Vocational Education and Training Delivery

Access to the payroll tax exemption for existing workers undertaking traineeships will be tightened. The resulting additional \$96 million in revenue will be spent over the forward estimates period to purchase vocational education and training places.

Revision to Government Regional Officer Housing Expenses

Forecasts for recurrent expenditure on Government Regional Officer Housing by the North Regional TAFE and Central Regional TAFE has been revised down by \$2.7 million over the forward estimates period, reflecting lower rental costs in regional centres.

**MINISTER FOR CHILD PROTECTION; WOMEN'S INTERESTS;
PREVENTION OF FAMILY AND DOMESTIC VIOLENCE;
COMMUNITY SERVICES; MINISTER FOR DISABILITY
SERVICES; MINISTER FOR HOUSING; VETERANS ISSUES;
YOUTH; MINISTER FOR SENIORS AND AGEING;
VOLUNTEERING**

MAJOR SPENDING CHANGES

Table 3.6

	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
COMMUNITIES				
Expenses				
Intra-agency Realignment	13.4	7.1	8.7	9.6
Aboriginal Community Patrols	-	6.4	-	-
Hardship Utility Grants Scheme	5.0	-	-	-
WA Spinal Cord Injury Service Reconfiguration Project	1.2	3.1	-	-
Asset Investment				
Housing Authority Mid-year Review Update	-100.9	-55.1	-48.6	25.0

Communities

Expenses

Intra-agency Realignment

The Department of Communities was formed as part of Machinery of Government changes implemented on 1 July 2017. The Department's spending activities are generally recorded in the general government sector, except for public non-financial corporation functions of the Housing Authority (which is administratively part of the Department of Communities). The Department's general government expenses have increased by \$38.8 million over four years to 2020-21 to reflect changes in the mix of costs between its general government activities and its Housing Authority arm. Total expenses across the Department as a whole, including both general government and public corporation activities, do not increase as a result of this update.

Aboriginal Community Patrols

An additional \$6.4 million will be spent in 2018-19 to maintain the current Aboriginal Community Patrols Program while the Program's effectiveness is being reviewed. The Program provides culturally appropriate transport services in 14 locations across Western Australia to assist at-risk people in potentially harmful situations (typically involving alcohol, drugs and violence) move to a safer place.

Hardship Utility Grants Scheme

An additional \$5 million will be provided in 2017-18 to meet increased demand under the Hardship Utility Grants Scheme (HUGS). The Government has also approved interim changes to the scheme design to be implemented from 1 January 2018. These changes strengthen the requirement for utilities to exhaust alternative options for assisting customers in hardship prior to referring them to HUGS, including managing debts under \$300 through the utility retailers existing hardship programs. These alternative options will now include offering extended payment arrangements over at least 180 days (see Chapter 1 for more information).

WA Spinal Cord Injury Service Reconfiguration Project

An additional \$4.3 million will be spent over 2017-18 to 2018-19 to provide transition support packages for existing Quadriplegic Centre residents under 65 years who are eligible for the National Disability Insurance Scheme in Western Australia, and who wish to transition to community housing prior to the full reconfiguration of the Spinal Cord Injury Service.

Asset Investment

Housing Authority Mid-year Review Update

In response to lower sales revenue, the Authority's Asset Investment Program has been revised down by \$180 million over the forward estimates period. This will result in a reduction in land development activities and lower expenditure from the Affordable Housing Shared Equity Program.

MINISTER FOR POLICE; ROAD SAFETY

MAJOR SPENDING CHANGES

Table 3.7

	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
WESTERN AUSTRALIA POLICE				
Expenses				
Revised Government Regional Officer Housing Expenses	-2.8	-2.7	-4.4	-7.7
Optus Stadium Police Deployment Centre	0.1	0.1	0.1	0.1
Road Trauma Trust Account – Automated Number Plate Recognition	0.4	-	-	-
Justice Architecture Model	0.3	-	-	-
Asset Investment				
Multifunctional Policing Facilities Air-conditioning Replacement	-	5.7	7.0	-
Road Trauma Trust Account – Automated Number Plate Recognition	1.0	-	-	-
Optus Stadium Police Deployment Centre	0.7	0.1	-	-

Western Australia Police

Expenses

Revised Government Regional Officer Housing Expenses

Forecasts for recurrent expenditure on Government Regional Officer Housing have been revised down by \$17.6 million over the forward estimates period reflecting lower rental costs in regional centres.

Optus Stadium Police Deployment Centre

An additional \$493,000 has been allocated over the forward estimates period to meet depreciation and ongoing minor equipment repair costs for the new Optus Stadium Police Deployment Centre.

Road Trauma Trust Account – Automated Number Plate Recognition

An additional \$397,000 will be spent in 2017-18 for support and maintenance costs for the Automated Number Plate Recognition system.

Justice Architecture Model

An amount of \$250,000 will be provided in 2017-18 from the ICT Renewal and Reform Fund Special Purpose Account, to fund Stage 1 of a Justice Architecture Model project which aims to improve cross-agency use of data and information within the justice sector.

Asset Investment

Multifunctional Policing Facilities Air-conditioning Replacement

An additional \$12.7 million (to be funded from the Royalties for Regions program) will be invested over 2018-19 to 2019-20 to replace air-conditioning units at five multifunctional policing facilities. The facilities are located in remote Western Australian communities and are utilised by the Western Australia Police and the Departments of Justice and Communities. The works are critical to ensure occupational safety and health standards are met for personnel and persons in custody.

Road Trauma Trust Account – Automated Number Plate Recognition

An additional \$951,000 in 2017-18 will be invested in software to maintain the functionality of the Automated Number Plate Recognition system.

Optus Stadium Police Deployment Centre

An additional \$805,000 will be invested in 2017-18 and 2018-19 to complete the fit-out of the Optus Stadium Police Deployment Centre, including the installation of equipment to establish a radio network within the Stadium precinct.

MINISTER FOR REGIONAL DEVELOPMENT; AGRICULTURE AND FOOD; MINISTER FOR FISHERIES

MAJOR SPENDING CHANGES

Table 3.8

	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
PRIMARY INDUSTRIES AND REGIONAL DEVELOPMENT				
Expenses				
Collie Motorplex	0.3	-	-	-

Primary Industries and Regional Development

Expenses

Collie Motorplex

An additional amount of \$314,000 will be provided in 2017-18 from the Royalties for Regions Fund to enable the completion of the \$3 million upgrade to the Collie Motorplex. The additional work will enable the facility to meet national safety standards.

MINISTER FOR EMERGENCY SERVICES; CORRECTIVE SERVICES

MAJOR SPENDING CHANGES					Table 3.9
	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m	
FIRE AND EMERGENCY SERVICES					
Expenses					
South West Emergency Rescue Helicopter Service	-	9.3	9.3	9.3	

Fire and Emergency Services

Expenses

South West Emergency Rescue Helicopter Service

An additional \$28 million will be spent over 2018-19 to 2020-21 on the continuation of the South West Emergency Rescue Helicopter Service based in Bunbury. Ongoing funding for this service will be provided from the Royalties for Regions Fund and the Road Trauma Trust Account.

ATTORNEY GENERAL; MINISTER FOR CORRECTIVE SERVICES

MAJOR SPENDING CHANGES

Table 3.10

	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
JUSTICE				
Expenses				
District Court Technology Upgrade	-	-	1.3	1.9
State Solicitor's Office – Civil Litigation Reform	0.4	0.8	-	-
Asset Investment ^(a)				
Custodial Estate Capacity Increase	22.3	78.4	19.3	-
Immediate Increase in Prison Beds	7.3	-	-	-
Broome Regional Prison Upgrade	2.7	-	-	-

(a) The amounts allocated to these projects are partly offset by allocation of existing Custodial Infrastructure Program provisions.

Justice

Expenses

District Court Technology Upgrade

An additional \$3.2 million will be spent over 2019-20 and 2020-21 to upgrade the critical technical court services and equipment at the District Court in accordance with the current facilities and service contract for the building.

State Solicitor's Office – Civil Litigation Reform

An additional \$1.2 million will be spent over 2017-18 and 2018-19 to implement the Government's reform to remove statutory limitation periods for civil litigation by victims of historical child sexual abuse.

Asset Investment

Custodial Estate Capacity Increase

The Department of Justice will invest \$120 million (\$15.2 million in existing provisioned asset investment spending and \$104.8 million in new spending) over 2017-18 to 2019-20, to increase prison bed capacity in the male custodial estate through:

- a 160-bed expansion at Bunbury Regional Prison, at a total cost of \$23.7 million, to be funded from the Royalties for Regions program; and
- construction of four additional units at Casuarina Prison (512 beds), at a total cost of \$96.3 million.

These costs will be partially offset by applying existing recurrent and capital spending provisions for the Custodial Infrastructure Program (worth \$48.4 million and \$15.2 million respectively), and Royalties for Regions funding noted above. The resulting net debt impact is \$32.7 million over the forward estimates period.

Immediate Increase in Prison Beds

An amount of \$7.3 million will be spent in 2017-18 (replacing existing provisions for the Custodial Infrastructure Program) to install 212 beds to address urgent capacity constraints in the male custodial estate due to high growth in the male prisoner population.

Broome Regional Prison Upgrade

An amount of \$2.7 million will be spent in 2017-18 (replacing existing provisions for the Custodial Infrastructure Program) to undertake capital works for improving conditions in Broome Regional Prison to ensure safety and security within the facility.

MINISTER FOR LOCAL GOVERNMENT; CULTURE AND THE ARTS; MINISTER FOR SPORT AND RECREATION; MINISTER FOR RACING AND GAMING; CITIZENSHIP AND MULTICULTURAL INTERESTS

MAJOR SPENDING CHANGES

Table 3.11

	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
LOCAL GOVERNMENT, SPORT AND CULTURAL INDUSTRIES				
Expenses				
Western Australian Football Commission Funding Agreement	10.9	11.2	11.5	11.8
Abbeville Park Upgrade	-	0.4	-	-

Local Government, Sports and Cultural Industries

Expenses

Western Australian Football Commission Funding Agreement

Under the football user arrangements negotiated between the State Government, the Australian Football League and the Western Australian Football Commission (WAFC), \$10.3 million per annum (in 2013 dollars) will be adjusted by the Perth Consumer Price Index and provided to the WAFC for an initial 10 year period, funded from net football income generated at Optus Stadium. The net debt impact of the funding agreement is largely offset by a provision previously included as part of the 2016-17 Budget.

A provision for the extinguishment of WAFC debt is discussed at the end of this appendix.

Abbeville Park Upgrade

An amount of \$400,000 will be spent in 2018-19 to upgrade facilities at Abbeville Park in Mindarie.

ATTORNEY GENERAL

Table 3.12				
MAJOR SPENDING CHANGES				
	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS				
Expenses				
Special Prosecution Division	0.6	1.2	-	-
LEGAL AID COMMISSION OF WESTERN AUSTRALIA				
Expenses				
National Partnership Agreement on Legal Assistance Services	1.7	1.8	1.8	1.8

Office of the Director of Public Prosecutions**Expenses***Special Prosecution Division*

An additional \$1.8 million will be spent in 2017-18 and 2018-19 to establish a special prosecution division to progress the complex cases arising from the Western Australia Police's investigation into child sexual abuse in the Pilbara.

Legal Aid Commission of Western Australia**Expenses***National Partnership Agreement on Legal Assistance Services*

An additional \$7.1 million will be spent over the four years to 2020-21 to reflect an increase in grants to community legal centres for family law and family violence related services. The increase in expenditure is wholly funded by the Commonwealth in line with a variation to the Legal Assistance Services National Partnership Agreement and complements the State's ongoing expenditure into community legal centres.

MINISTER FOR SPORT AND RECREATION

MAJOR SPENDING CHANGES

Table 3.13

	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
WESTERN AUSTRALIAN SPORTS CENTRE TRUST (VENUESWEST)				
Expenses				
Optus Stadium – Principal/Agent Consolidation	20.7	46.2	43.9	47.0
Perth Arena – Principal/Agent Consolidation	18.6	18.6	18.6	18.6
Optus Stadium – Revised Financial Forecasts	2.5	1.3	1.3	-
Perth Arena – Allocation/Utilisation of Profits	1.0	-	-	-
Western Force – nib Stadium	-0.5	-1.3	-1.3	-1.3
Asset Investment				
Perth Arena – Allocation/Utilisation of Profits	1.0	-	-	-

Western Australian Sports Centre Trust (VenuesWest)

Expenses

Optus Stadium – Principal/Agent Consolidation

The increase in expenditure of \$157.8 million to 2020-21 reflects a change in accounting treatment in relation to the operator of Optus Stadium. As part of finalising the Trust's 2016-17 annual report, it was determined that the relationship between the operator and VenuesWest constitutes one of agent and principal and therefore all financial transactions of the operator have been consolidated into VenuesWest's financial statements. The increase in expenditure is largely matched by increased revenue.

Perth Arena – Principal/Agent Consolidation

The increase in expenditure of \$18.6 million per annum reflects a change in accounting treatment in relation to the operator of Perth Arena. As part of finalising the Trust's 2016-17 annual report, it was determined that the relationship between the operator and VenuesWest constitutes one of agent and principal and therefore all financial transactions of the operator have been consolidated into VenuesWest's financial statements. The increase in expenditure is largely matched by increased revenue.

Optus Stadium – Revised Financial Forecasts

Following the appointment of the operator and negotiation of contracts with key users, VenuesWest has revised its financial forecasts to reflect increased revenue projections predominantly driven by stadium memberships, naming rights and supplier contracts. This increase in revenue has been partially offset by an increase in expenditure of \$5.1 million to 2020-21.

Perth Arena – Allocation/Utilisation of Profits

VenuesWest has revised its financial forecasts for Perth Arena to reflect better than forecast revenues and additional expenditure of \$1 million in 2017-18 to meet direct costs associated with the venue, such as casual labour, security, repairs and maintenance and other servicing costs associated with delivering additional events.

Western Force – nib Stadium

The Western Force will no longer be an anchor tenant at nib Stadium, which has resulted in a reduction in expenses (from the consequent reduction in events) of \$4.4 million, together with a reduction in revenue of \$10.9 million, from 2017-18 to 2018-19.

Asset Investment

Perth Arena – Allocation/Utilisation of Profits

An additional \$1 million will be spent in 2017-18 on cyclical maintenance and upgrading the windows at Perth Arena.

TREASURER; MINISTER FOR FINANCE; ENERGY

MAJOR SPENDING CHANGES

Table 3.14

	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
TREASURY				
Expenses				
Bell Group Administration Wind-Up and Associated Costs (Administered)	1.6	-	-	-
FINANCE				
Expenses				
WA Health Accommodation ^(a)	-	-	-	-
First Home Owner Grant (Administered)	4.3	2.5	2.5	2.4
First Home Owner Grant Boost (Administered)	3.9	0.2	-0.1	-
SYNERGY				
Expenses				
Operating Subsidy for Electricity Concessions and Rebates ^(b)	10.0	-	-	-9.6

(a) Commercial-in-confidence.

(b) Represented in general government expenses as grants and subsidies, sourced from the Consolidated Account and paid through the Department of Treasury.

Treasury

Expenses

Bell Group Administration Wind-Up and Associated Costs (Administered)

An additional \$1.6 million has been approved to fund outstanding litigation related costs associated with the Bell Group High Court of Australia proceeding, examination summons proceedings and the Western Australian Bell Companies Administrator's legal costs.

Finance

Expenses

WA Health Accommodation

The Government has agreed to fund additional lease and relocation costs for WA Health. The lease arrangements are yet to be finalised and are commercial-in-confidence.

First Home Owner Grant and Boost Grant (Administered)

Grants under the First Home Owner Scheme, both \$10,000 and \$15,000 boost grants, have been revised up by a combined \$15.7 million across the forward estimates period. This reflects a substantially higher number of grants paid in the year to date relative to the Budget forecast.

Synergy

Expenses

Operating Subsidy for Electricity Concessions and Rebates

The operating subsidy for electricity concessions and rebates, which Synergy administers on behalf of the State, has been increased by \$10 million in 2017-18 and reduced by \$9.6 million in 2020-21.

The increase in 2017-18 reflects the flow-on impact to Synergy's operating subsidy of higher than forecast energy rebates and concessions in 2016-17. This operating subsidy is likely to be further revised in the 2018-19 Budget following the review of utilities' concessions and hardship programs announced in the 2017-18 Budget.

The \$9.6 million reduction in Synergy's operating subsidy in 2020-21 reflects reduced costs associated with the Feed-in-Tariff scheme.

MINISTER FOR MINES AND PETROLEUM; COMMERCE AND INDUSTRIAL RELATIONS; ELECTORAL AFFAIRS

MAJOR SPENDING CHANGES

Table 3.15

	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
MINES, INDUSTRY REGULATION AND SAFETY				
Expenses				
Magnetite Financial Assistance Program (Administered)	7.3	-	-	-

Mines, Industry Regulation and Safety

Expenses

Magnetite Financial Assistance Program (Administered)

The estimated expenditure of the Program, which provides a rebate of 50% of royalty payments to eligible companies, has been revised up by \$7.3 million in 2017-18 largely due to an upward revision to assumed production volumes.

MINISTER FOR TRANSPORT; PLANNING; LANDS**MAJOR SPENDING CHANGES**

Table 3.16

	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
TRANSPORT				
Expenses				
Voluntary Taxi Plate Buy-Back Scheme	-	-	118.6	0.3
COMMISSIONER OF MAIN ROADS				
Expenses				
Outback Way Expenditure Reclassification	-	23.0	10.0	-
Operational Expenditure Update	-20.0	-	-	-
Asset Investment				
Asset Investment Program Cashflow Update	-463.9	330.4	101.8	-9.5
Outback Way Expenditure Reclassification	-	-23.0	-10.0	-
Road Reseal Program	20.0	-	-	-
Commonwealth Bridges Renewal Program	5.0	2.5	2.5	-
PUBLIC TRANSPORT AUTHORITY OF WESTERN AUSTRALIA				
Expenses ^(a)				
Revised Interest Expenses	-16.3	-18.4	-18.6	-19.9
Optus Stadium Transport Infrastructure – Victoria Park Drive Improvements	1.3	-	-	-
Optus Stadium Special Event Services	-0.1	0.2	0.1	-(b)
Asset Investment				
Project Savings	-8.2	-	-	-
Optus Stadium Transport Infrastructure	5.7	0.7	-	-
KIMBERLEY PORTS AUTHORITY				
Asset Investment				
Broome Port Channel Dredging	1.0	6.0	-	-
METROPOLITAN REDEVELOPMENT AUTHORITY				
Expenses				
Scarborough Redevelopment	9.3	-	-	-
Elizabeth Quay Place Activation	0.9	0.5	-	-
Yagan Square Place Activation	0.5	-	-	-
WESTERN AUSTRALIAN LAND AUTHORITY (LANDCORP)				
Expenses ^(a)				
Hope Valley-Wattleup Operating Subsidy	7.8	-7.8	-	-
Election Commitment – Ocean Reef Marina	0.2	4.4	0.5	-5.0
Asset Investment				
Impact of Market Conditions on Asset Investment Program	0.3	-21.6	-21.1	14.5

(a) Represented in general government expenses as grants and subsidies, sourced from the Consolidated Account and paid through the Department of Treasury.

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

Transport**Expenses*****Voluntary Taxi Plate Buy-Back Scheme***

The Department will spend up to \$118.3 million in 2019-20 to buy taxi plates back from their owners (subject to the passage of legislation). The buy-back scheme is to be industry-funded by a temporary 10% levy on on-demand transport fare revenue. The Department's administration of the levy is forecast to cost \$300,000 per annum.

Commissioner of Main Roads

Expenses

Outback Way Expenditure Reclassification

Expenditure of \$33 million approved as part of the 2017-18 Budget for the Outback Way project has been reclassified from capital to recurrent. Outback Way is a local government road, and therefore does not form part of the State's Asset Investment Program.

Operational Expenditure Update

Operational expenditure has been reduced by \$20 million in 2017-18 to offset approved increases to Main Roads' Reseal Program (as detailed under Asset Investment below).

Asset Investment

Asset Investment Program Cashflow Update

Main Roads has revised annual investment cashflow estimates to reflect current project schedules. Deferrals of expenditure from 2017-18 to later years have occurred for NorthLink WA (\$202.9 million), Great Northern Highway – Muchea to Wubin (\$135.3 million) and projects that are part of the Northern Australia Roads and Beef Roads programs (\$75.2 million).

Outback Way Expenditure Reclassification

Expenditure of \$33 million approved as part of the 2017-18 Budget for the Outback Way project has been reclassified from capital to recurrent (as detailed under Expenses above).

Road Reseal Program

Additional investment of \$20 million has been approved to enable Main Roads to increase road resurfacing works undertaken under its Reseal Program.

Commonwealth Bridges Renewal Program

A total of \$22 million will be spent from 2017-18 to 2019-20 on two bridge replacement projects recently approved under the Commonwealth Bridges Renewal Program. Works include replacement of the Ashton Avenue Bridge over the rail line in Claremont, and two bridges on Albany Highway in the Shire of Williams. The Commonwealth will provide \$10 million towards the projects, with the remaining contribution to be met by the State from reallocating approved expenditure.

Public Transport Authority of Western Australia

Expenses

Revised Interest Expenses

The operating subsidy paid to the Authority will decrease by \$73.3 million over the period 2017-18 to 2020-21 reflecting the impact of lower than previously forecast interest rates on the Authority's debt servicing costs.

Optus Stadium Transport Infrastructure – Victoria Park Drive Improvements

The Authority will spend an additional \$7.2 million in 2017-18 to undertake improvements to Victoria Park Drive to cater for expected traffic movements in the Optus Stadium precinct on event days. This will be funded by a \$1.3 million increase in the Authority's operating subsidy and \$5.9 million from cash at bank.

Optus Stadium Special Event Services

The operating subsidy paid to the Public Transport Authority for Optus Stadium special event public transport services will increase by \$263,000 over the period 2017-18 to 2020-21, reflecting changes in the subsidy arrangements for public transport costs and revised event forecasts.

Asset Investment

Project Savings

Asset investment expenditure will be reduced by \$8.2 million in 2017-18, reflecting unused contingency provisions of \$5.2 million from the Aubin Grove Train Station and \$3 million from the Edgewater Multi-storey Car Park projects.

Optus Stadium Transport Infrastructure

The Authority will invest an additional \$6.4 million across 2017-18 and 2018-19 under the Optus Stadium Transport Infrastructure project. The investment includes upgrading Goongoongup Bridge balustrades, the cost of additional facilities to layover and turn buses, further costs associated with the Nelson Avenue Special Event Bus Stands, installing hostile vehicle bollards and upgrading pathways between Optus Stadium and Crown Perth.

Kimberley Ports Authority

Asset Investment

Broome Port Channel Dredging

The Authority will spend \$7 million over 2017-18 and 2018-19 (partially funded from the Royalties for Regions program) to undertake dredging works in the channel at the Broome Port to allow all-tide access, primarily for cruise ships.

Metropolitan Redevelopment Authority

Expenses

Scarborough Redevelopment

The Authority will spend \$9.3 million in 2017-18 to complete the Scarborough foreshore redevelopment. This includes \$3.2 million of expenditure funded by the City of Stirling, and \$6.1 million of State funding.

Elizabeth Quay Place Activation

The Authority will spend \$1.4 million from 2017-18 to 2018-19 in relation to the Elizabeth Quay precinct to facilitate place activation activities, including promoting and managing venue hire for events and broader marketing strategies.

Yagan Square Place Activation

Expenditure of \$500,000 will be incurred in 2017-18 by the Authority at the Yagan Square precinct to facilitate place activation and promote the use of the area after its expected opening in the second half of 2017-18.

Western Australian Land Authority (LandCorp)**Expenses*****Hope Valley-Wattleup Operating Subsidy***

Spending will increase by \$7.8 million in 2017-18 for the settlement of additional hardship cases in Hope Valley-Wattleup. This will be offset by reduced expenditure of \$7.8 million in 2018-19.

Election Commitment – Ocean Reef Marina

To bring forward development spending for the Ocean Reef Marina election commitment (\$34.7 million over the 2017-18 to 2020-21 period) expenditure will increase by \$0.2 million in 2017-18, \$4.4 million in 2018-19 and \$0.5 million in 2019-20. This will be partially offset by reduced expenditure of \$5 million in 2020-21.

Asset Investment***Impact of Market Conditions on Asset Investment Program***

LandCorp's updated revenue and expenditure forecasts for 2017-18 to 2020-21 reflect the impact of forecast changes to market conditions impacting land sales, acquisitions and development expenditure. This has resulted in a reduction in asset investment totalling \$27.9 million over the four years.

MINISTER FOR WATER; FORESTRY; INNOVATION AND ICT; SCIENCE

MAJOR SPENDING CHANGES

Table 3.17

	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
WATER CORPORATION				
Expenses ^(a)				
Operating Subsidy	-59.7	-	-	-
OFFICE OF THE GOVERNMENT CHIEF INFORMATION OFFICER				
Expenses				
Interim 12-month Funding	-2.5	7.4	-	-

(a) Represented in general government expenses as grants and subsidies, sourced from the Consolidated Account and paid through the Department of Treasury.

Water Corporation

Expenses

Operating Subsidy

The operating subsidy paid to the Water Corporation, which reflects the difference between the cost of service and charges paid by consumers, will decrease by \$59.7 million in 2017-18. This primarily reflects a reduction to the cost of service resulting from lower than anticipated operating expenditure and deferred capital expenditure in country regions (\$44.6 million), a reclassification of country assets to metropolitan assets (\$30.1 million) and other minor operating subsidy adjustments (\$1.9 million). The reductions are partially offset by lower than expected revenue from country charges (\$16.9 million).

Office of the Government Chief Information Officer

Expenses

Interim 12-month Funding

An amount of \$7.4 million will be spent in 2018-19 for the Office of the Government Chief Information Officer to continue for one year, pending Government's response to the Service Priority Review. This amount will meet the operational costs for 19 full-time equivalents (FTEs, \$4.4 million), three additional FTEs for cyber security activities (\$502,000) and the reflow of \$2.5 million of expenditure from 2017-18 to 2018-19 for the GovNext-ICT Program.

PROVISIONS

MAJOR SPENDING CHANGES				
	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
PROVISIONS				
Expenses				
Road Trauma Trust Account Spending	-3.1	-0.5	-2.8	-4.3
Western Australian Football Commission	-5.5	-11.2	-11.5	-11.8
Asset Investment				
Road Trauma Trust Account Spending	-7.3	-1.0	-6.6	-10.0

Table 3.18

Expenses

Road Trauma Trust Account Spending

A \$249.8 million provision for anticipated spending from the Road Trauma Trust Account (RTTA) over 2017-18 to 2020-21 was recognised in the 2017-18 Budget. This spending provision is being updated in recognition of updated RTTA spending and revenue forecasts which were approved as part of this Mid-year Review. The remaining provision totals \$214.3 million across the forward estimates period, \$150 million of which is forecast to be capitalised and \$64.3 million is forecast to be expensed.

The spending provision is consistent with current policy settings that the revenue that is forecast to flow to the RTTA will be fully spent each year. RTTA spending is allocated to agencies in the annual Budget process, and in 2017-18 is reflected in the budgets of Western Australia Police, the Departments of Transport, Fire and Emergency Services, and Education, WA Health, the Mental Health Commission and Main Roads.

Western Australian Football Commission (WAFC)

A global provision for the anticipated cost of the football user arrangements at the new Optus Stadium has been reversed with final arrangements reflected in Local Government, Sport and Cultural Industries earlier in this chapter.

Under the agreement negotiated between the State Government, the Australian Football League and the WAFC, the WAFC will cede its current lease of Subiaco Oval to the City of Subiaco in exchange for the WAFC's debt being extinguished by the State. The impact of the extinguishment of the debt will be partially offset by the disposal of properties the WAFC owns adjacent to Subiaco Oval. A global provision for extinguishment of the debt has been included in 2018-19 in this Mid-year Review as an interim measure prior to finalisation of the arrangements.

Asset Investment

Road Trauma Trust Account Spending

See above.

The Treasurer's Advance

Under the *Financial Management Act 2006* (FMA), the Treasurer's Advance provides the Treasurer with authorisation to make short-term recoverable advances to agencies for the temporary financing of works and services. In addition, new or supplementary funding can be provided during the year for extraordinary or unforeseen matters (also known as 'excesses and new items'), up to an approved limit. The total amount forecast to be drawn against recoverable advances, excesses and new items is \$123.3 million. Of this amount, there have been no draw downs for excesses or new items, while net recoverable advances stood at \$20 million at the 4 December 2017 cut-off date, which is within the \$646.1 million limit for 2017-18, authorised by the FMA¹.

Table 4.1 shows the projected position of the Treasurer's Advance at 30 June 2018.

TREASURER'S ADVANCE		Table 4.1
	2016-17 Actual \$m	2017-18 Projection ^(a) \$m
AUTHORISED LIMIT	632.4	646.1
<i>Total projected to be drawn against Treasurer's Advance authorisation</i>	427.4	123.3
Comprising		
Net recoverable advances as at 30 June	9.3	20.0
Overdraw n Special Purpose Accounts	13.6	-
Excesses and New Items		
- recurrent	297.0	62.1
- capital	107.5	41.3

(a) Detailed disclosure of the final audited outcome for 2017-18 will be available in the 2017-18 *Annual Report on State Finances*, due to be released by 27 September 2018.

Note: Columns may not add due to rounding.

¹ Section 29 of the FMA authorises the Treasurer's Advance limit to be equivalent to 3% of the total amount appropriated for the previous year by the Appropriation Acts. For 2017-18, the \$646.1 million limit represents 3% of the total \$21.5 billion appropriated by Appropriation Bills 1 and 2 in the 2016-17 Budget.

Transfers, Excesses and New Items

Table 4.2 details excesses and/or new items that are projected to occur during 2017-18 and the expected impact of these on the Treasurer's Advance under the authority of section 27 of the FMA.

The projections shown in Table 4.2 are subject to movements in agencies' appropriations through the remainder of 2017-18. Funding in excess of budget for appropriation items shown in the table will only occur if management responses do not achieve compensating shortfalls in other spending supported by these items prior to 30 June 2018.

Section 25 of the FMA allows appropriation originally allocated in the 2017-18 Budget to be transferred to other agencies for the provision of an appropriation-funded service that is now to be delivered by the other agency. These transfers have no impact on the Treasurer's Advance. No appropriation transfers have been approved since the presentation of the 2017-18 Budget.

2017-18 TRANSFERS, EXCESSES AND NEW ITEMS

Table 4.2

Item	Budget \$m	Treasurer's Advance			Revised Appropriation Limit \$m	Drawn against Treasurer's Advance to date ^(b) \$m
		Transfers ^(a) \$m	New Items \$m	Approved Excesses \$m		
Recurrent Appropriations						
WA Health						
Item 11: Delivery of Services	4,919.4	-	-	14.1	4,933.5	-
Training and Workforce Development						
Item 18: Delivery of Services	351.7	-	-	8.3	360.0	-
Communities						
Item 21: Delivery of Services	1,617.5	-	-	3.4	1,620.8	-
Local Government, Sport and Cultural Industries						
Item 32: Delivery of Services	101.3	-	-	10.8	112.1	-
Item 35: Library Board of Western Australia	32.5	-	-	0.9	33.3	-
Office of the Director of Public Prosecutions						
Item 44: Delivery of Services	33.6	-	-	0.5	34.0	-
Treasury						
<i>Operating Subsidy Payments</i>						
Item 50: Bunbury Water Corporation	0.7	-	-	-(c)	0.7	-
Item 52: Electricity Generation and Retail Corporation (Synergy)	249.0	-	-	2.2	251.2	-
Item 58: Western Australian Land Authority	45.3	-	-	7.5	52.8	-
<i>Grants, Subsidies and Transfer Payments</i>						
Item 59: Bell Group Administration Wind-up and Associated Costs	1.3	-	-	1.6	2.9	-
Item 63: Metropolitan Redevelopment Authority	37.3	-	-	6.6	43.9	-
Finance						
Item 74: Administered Grants, Subsidies and Other Transfer Payments	185.1	-	-	4.5	189.5	-
Transport						
Item 80: Delivery of Services	63.8	-	-	1.8	65.6	-
Total Recurrent		-	-	62.1		-

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

Table 4.2 (cont.)

2017-18 TRANSFERS, EXCESSES AND NEW ITEMS

Item	Budget \$m	Treasurer's Advance			Revised Appropriation Limit \$m	Drawn against Treasurer's Advance to date ^(b) \$m
		Transfers ^(a) \$m	New Items \$m	Excesses \$m		
Capital Appropriations						
Governor's Establishment						
Item 89: Capital Appropriation	1.4	-	-	2.6	4.0	-
WA Health						
Item 91: Capital Appropriation	186.2	-	-	22.7	208.9	-
Education						
Item 92: Capital Appropriation	250.3	-	-	2.5	252.8	-
Communities						
Item 96: Capital Appropriation	32.8	-	-	0.3	33.1	-
WA Police						
Item 97: Capital Appropriation	29.5	-	-	0.7	30.2	-
Treasury						
<i>Government Equity Contributions</i>						
Item 109: Animal Resources Authority	1.3	-	-	0.6	1.9	-
Item 112: Department of Justice	25.6	-	-	-(c)	25.6	-
Item 113: Electricity Networks Corporation (Western Power)	182.7	-	-	3.6	186.3	-
Item 115: Pilbara Ports Authority	53.7	-	-	2.4	56.1	-
New Item: Western Australian Land Authority	-	-	0.2	-	0.2	-
Other						
Item 120: Perth Stadium Account	122.2	-	-	5.7	127.9	-
Total Capital		-	0.2	41.1		-
TOTAL		-	0.2	103.1		-

(a) Authorised under section 25 of the FMA.

(b) Mid-year Review cut-off date, 4 December 2017.

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

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

Special Purpose Accounts

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

This appendix contains information on key SPAs. It is not an exhaustive list of all SPAs, but covers the major/material SPAs with forecast balances in 2017-18. The forecast SPA balances (and transactions in and out of these accounts) form part of the overall consolidated projections for 2017-18 outlined elsewhere in this Mid-year Review.

Changes to forecast receipts and payments in 2017-18 relative to the 2017-18 Budget outlook, reflect movements in the financial projections of this Mid-year Review and variations in account balances for the 2016-17 outturn (which were disclosed in the *2016-17 Annual Report on State Finances* released on 22 September 2017).

Debt Repayment Account

In line with the Government's election commitments, a Debt Repayment Account has been established to apply windfall funds to the repayment of Consolidated Account borrowings.

The initial funds to flow through the account will come from a large, one-off duty assessment for a high value commercial property transaction which was issued by the Commissioner of State Revenue in late 2016-17, and surplus funds from RiskCover that are to be paid into the Consolidated Account over the forward estimates period.

DEBT REPAYMENT ACCOUNT

Table 5.1

	2016-17 \$m	2017-18 \$m
<i>Balance at 1 July</i>	-	-
Receipts	-	267
Payments	-	267
Closing Balance	-	-

Note: Columns may not add due to rounding.

Fiona Stanley Hospital Construction Account

This SPA was established in October 2007 to set aside funds to be used for the construction of the Fiona Stanley Hospital.

The hospital achieved practical completion in December 2013 and commenced phased operation in October 2014. Final invoicing and completion of project close-out activities are expected to be finalised by 30 June 2018.

FIONA STANLEY HOSPITAL CONSTRUCTION ACCOUNT		Table 5.2
	2016-17 \$m	2017-18 \$m
<i>Balance at 1 July</i>	20	20
Receipts	- (a)	- (a)
Payments	-	2
Return of residual funds to Consolidated Account	-	19
Closing Balance	20	-

(a) Amount less than \$0.5 million.
Note: Columns may not add due to rounding.

Forrestfield-Airport Link Account

This SPA was established in May 2016 to support the construction of the Forrestfield-Airport Link. Forecast receipts for 2017-18 reflect projected interest revenue of \$2 million on the account balance through the year. A funding contribution was received from the Commonwealth in June 2016, and appropriated to the Public Transport Authority to be held in the account from July 2016. Funds are to be drawn down by the Authority as project works are progressed.

FORRESTFIELD-AIRPORT LINK ACCOUNT		Table 5.3
	2016-17 \$m	2017-18 \$m
<i>Balance at 1 July</i>	-	219
Receipts	498	2
Payments	279	221
Closing Balance	219	-

Note: Columns may not add due to rounding.

METRONET Account

This SPA has been established to support the construction of METRONET projects. Forecast receipts for 2017-18 reflect State funding (\$15.4 million) and Commonwealth funding (\$43.5 million) reallocated from the cancellation of the Perth Freight Link. Funding is to be appropriated to the Public Transport Authority and drawn down for project payments as works progress.

In future years, receipts from additional funding sources, such as land sales, value capture and developer contributions, will be appropriated to the Authority and flow through this SPA.

METRONET ACCOUNT

Table 5.4

	2016-17 \$m	2017-18 \$m
<i>Balance at 1 July</i>	-	-
Receipts	-	59
Payments	-	59
Closing Balance	-	-

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). Funds from the account are used on parks and recreation areas, the purchase of land for future roads, railways and other public purpose reservations, and to compensate owners for compulsory land acquisitions.

Receipts in 2017-18 mainly reflect MRIT collections (\$92 million), proceeds from the sale of land and buildings (\$15 million), rent income and interest income (\$13 million). Forecast payments in 2017-18 are for the acquisition of land and buildings (\$34 million), service delivery costs (\$28 million), and works in progress on a range of smaller infrastructure projects (\$2 million).

METROPOLITAN REGION IMPROVEMENT FUND

Table 5.5

	2016-17 \$m	2017-18 \$m
<i>Balance at 1 July</i>	293	348
Receipts	123	123
Payments	68	64
Closing Balance	348	407

Note: Columns may not add due to rounding.

Mining Rehabilitation Fund

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

Receipts reflect forecast levy contributions from mining operators. Funds can be used to undertake rehabilitation activities where a tenement operator fails to meet rehabilitation obligations, and all other options available to recover funds from the operator have been exhausted. Interest earnings are used to support administration of the Fund and for rehabilitation works at abandoned mine sites (up to an approved limit of \$5 million per year).

Table 5.6		
MINING REHABILITATION FUND		
	2016-17	2017-18
	\$m	\$m
<i>Balance at 1 July</i>	63	92
Receipts	30	30
Payments	1	2
Closing Balance ^(a)	92	120

(a) The closing balance of \$92 million at 30 June 2017 (opening balance at 1 July) has been restated from the \$91 million reported in the 2016-17 *Annual Report on State Finances*. The restatement incorporates a minor movement in receipts and payments finalised for the Department of Mines and Petroleum's annual report for 2016-17.

Note: Columns may not add due to rounding.

Municipal and Essential Services Account

This account was established in 2015-16 to administer the Commonwealth's final \$90 million contribution for essential and municipal services for remote Aboriginal communities in Western Australia.

The Budget included \$34 million to be spent on essential and municipal services for remote Aboriginal communities in 2017-18. However, an underspend of \$7 million in 2016-17 (primarily due to lower fuel costs for electricity generation) is now expected to be redirected to other critical municipal services in 2017-18.

Table 5.7		
MUNICIPAL AND ESSENTIAL SERVICES ACCOUNT		
	2016-17	2017-18
	\$m	\$m
<i>Balance at 1 July</i>	63	42
Receipts	-	-
Payments	21	42
Closing Balance	42	-

Note: Columns may not add due to rounding.

Perth Children's Hospital Account

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

The Hospital reached practical completion in April 2017, although resolution of potable water quality issues is ongoing. Defects rectification and completion of outstanding minor construction works is also continuing. A small cash balance is expected to remain at the end of 2017-18 to cover costs associated with project close-out activities and the defect liability period.

PERTH CHILDREN'S HOSPITAL ACCOUNT

Table 5.8

	2016-17 \$m	2017-18 \$m
<i>Balance at 1 July</i>	122	40
Receipts	-	-
Payments	82	38
Closing Balance	40	2

Note: Columns may not add due to rounding.

Perth Parking Licensing Account

This SPA was established in July 1999 to set aside funds to be used to encourage a balanced transport system for gaining access to the Perth city area. Receipts consist of licence fees, penalties and money appropriated by the Parliament.

Funds drawn from the account are spent on the Central Area Transit system, Free Transit Zone public transport services in the Perth Central Business District, improving public transport access, enhancing the pedestrian environment, supporting bicycle access and for administration of the *Perth Parking Management Act 1999*. Lower spending in 2017-18 (relative to 2016-17) reflects the completion of payments to the PTA for works on the now complete Perth Busport.

PERTH PARKING LICENSING ACCOUNT

Table 5.9

	2016-17 \$m	2017-18 \$m
<i>Balance at 1 July</i>	11	23
Receipts	56	58
Payments	44	28
Closing Balance	23	53

Note: Columns may not add due to rounding.

Perth Stadium Account

This SPA was established in October 2011 to hold funds to be used for the construction of the Perth Stadium and its surrounding sports precinct, including associated transport infrastructure. The stadium is expected to be operational in early 2018. All available funds in the SPA will be utilised as part of the funding to support construction.

Forecast receipts of \$128 million in 2017-18 reflect appropriation funding for the project. Forecast draw downs of \$220 million in 2017-18 are for payments totalling \$122 million for stadium and sports precinct works (largely being delivered under a Design-Build-Finance-Maintain Public Private Partnership procurement model), and a further \$98 million for related transport infrastructure.

Table 5.10

PERTH STADIUM ACCOUNT		
	2016-17 \$m	2017-18 \$m
<i>Balance at 1 July</i>	36	96
Receipts	370	128
Payments	311	220
Closing Balance	96	3

Note: Columns may not add due to rounding.

Road Trauma Trust Account

This account was established to provide for road safety initiatives. Receipts reflect prescribed penalties paid during the year, other funds collected under the *Road Traffic (Administration) Act 2008*, and interest revenue earned on the account balance.

Since the 2017-18 Budget:

- payments to the Commissioner of Main Roads have increased by \$18.3 million in 2017-18 following delays in a number of road safety initiatives in 2016-17; and
- lower infringement volumes have resulted in a \$9.1 million write-down in forecast receipts in 2017-18.

The forecast closing balance of the account includes cash for some costs incurred in the current year but which will be paid after 30 June.

Table 5.11

ROAD TRAUMA TRUST ACCOUNT		
	2016-17 \$m	2017-18 \$m
<i>Balance at 1 July</i>	95	57
Receipts	118	116
Payments	157	137
Closing Balance	57	35

Note: Columns may not add due to rounding.

Royalties for Regions Fund

The Royalties for Regions (RfR) 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.

Receipts reflect interest on Fund balances and the statutory funding for the program based on 25% of royalty forecasts at the time of the 2017-18 Budget, adjusted for the \$1 billion legislated cap on the Fund balance. Payments from the Fund include transfers to agencies that deliver RfR projects.

Details of the RfR program are available in Appendix 6 of this Mid-year Review.

ROYALTIES FOR REGIONS FUND			Table 5.12
	2016-17 \$m	2017-18 \$m	
<i>Balance at 1 July</i>	870	1,000	
Receipts	809	914	
Payments	679	914	
Closing Balance	1,000	1,000	

Note: Columns may not add due to rounding.

Royalties for Regions Regional Reform Fund

This SPA was approved as part of the 2015-16 Budget to receive \$150 million, transferred from the RfR Fund, commencing in 2014-15. The account will fund strategic reform initiatives in regional Western Australia, with regional Aboriginal reform initiatives the first area of focus. The final contribution of \$50 million will be made in 2017-18. Payments in 2017-18 are expected to fund the Kimberley Schools project, the North West Aboriginal Housing initiative and improvements to essential and municipal services in remote Aboriginal communities.

A review of the Kimberley Schools project, undertaken as part of the Mid-year Review, identified delays in the project's payments of \$4 million in 2017-18. These payments are now expected to be made across the forward estimates period.

ROYALITES FOR REGIONS REGIONAL REFORM FUND			Table 5.13
	2016-17 \$m	2017-18 \$m	
<i>Balance at 1 July</i>	100	100	
Receipts	-	50	
Payments	- (a)	13	
Closing Balance	100	137	

(a) Amount less than \$0.5 million.
Note: Columns may not add due to rounding.

Royalties for Regions Southern Inland Health Initiative

This SPA was established in June 2012 to hold funds for expenditure on the Southern Inland Health Initiative.

Funds paid into this account are sourced from the RfR Fund and are drawn from the SPA to support improved access to core health services through providing additional resources and improvements to local hospitals and health facilities, aged care and telehealth services in the Great Southern, Mid West, Goldfields, South West and Wheatbelt regions.

Revised forecast of receipts (up \$15 million on Budget) and payments (up \$12 million) reflect updated project schedules and milestone payments.

Table 5.14

ROYALTIES FOR REGIONS SOUTHERN INLAND HEALTH INITIATIVE		
	2016-17 \$m	2017-18 \$m
<i>Balance at 1 July</i>	156	56
Receipts	11	100
Payments	110	135
Closing Balance ^(a)	56	21

(a) The closing balance of \$56 million at 30 June 2017 (opening balance at 1 July) has been restated from the \$57 million reported in the 2016-17 *Annual Report on State Finances*. The restatement incorporates a correction to the rounding of the closing balance, which revises the closing value at 30 June 2017.

Note: Columns may not add due to rounding.

Waste Avoidance and Resource Recovery Account

The Waste Avoidance and Resource Recovery Account was established in 2008 under section 79 of the *Waste Avoidance and Resource Recovery Act 2007* to hold revenue allocated from the landfill levy. The purpose of the account is to fund nominated programs and other waste management initiatives approved by the Minister for Environment on the advice of the Waste Authority of Western Australia.

A \$4 million decrease in expenditure since Budget is due to delays in the finalisation of the annual 2017-18 Business Plan.

Table 5.15

WASTE AVOIDANCE AND RESOURCE RECOVERY ACCOUNT		
	2016-17 \$m	2017-18 \$m
<i>Balance at 1 July</i>	30	33
Receipts	18	20
Payments	15	15
Closing Balance	33	38

Note: Columns may not add due to rounding.

Western Australian Future Fund

The Western Australian Future Fund was established following the passage of the *Western Australian Future Fund Act 2012* in November 2012. The Act provides for an accruing balance over 20 years to 2032, after which the annual interest earnings can be drawn down to fund economic or social infrastructure across Western Australia.

Forecast receipts include 1% of the State's Budget-time forecast of royalty revenue (\$5.2 billion) and interest earned on the account balance (\$36 million).

Table 5.16

WESTERN AUSTRALIAN FUTURE FUND

	2016-17 \$m	2017-18 \$m
<i>Balance at 1 July</i>	1,044	1,126
Receipts	82	88
Payments	-	-
Closing Balance	1,126	1,213

Note: Columns may not add due to rounding.

Royalties for Regions

Forecast spending by Royalties for Regions in 2017-18 is estimated to be \$941.7 million, a decrease of \$0.8 million from the 2017-18 Budget estimate.

An update of the projections for individual initiatives that make up the Royalties for Regions program is shown in the table below. The total Royalties for Regions expenditure program is \$4,015.9 million over the Budget and forward estimates, a decrease of \$2.2 million from the 2017-18 Budget. This is reflective of the following changes:

- a carryover of \$35.8 million from 2016-17 into 2017-18 and across the forward estimates period, mainly due to project delays;
- the expenditure program being adjusted to reflect updated timing of expenditure on individual projects; and
- additional projects approved since Budget, as detailed in Appendix 3.

The following table summarises projected balances in the Royalties for Regions Fund over five years. Payments from the Fund also include transfers to the Regional Reform Fund Special Purpose Account, transfers to agencies that deliver some parts of the program and transfers to the Southern Inland Health Initiative Special Purpose Account. Accordingly, aggregate payments from the Royalties for Regions Fund can differ from the spending program established as part of this Mid-year Review.

ROYALTIES FOR REGIONS SPECIAL PURPOSE ACCOUNT					
	2016-17	2017-18	2018-19	2019-20	2020-21
	\$m	\$m	\$m	\$m	\$m
<i>Balance at 1 July</i>	870	1,000	1,000	1,000	1,000
Receipts	809	914	1,046	982	931
Payments	679	914	1,046	982	931
Balance at 30 June	1,000	1,000	1,000	1,000	1,000

Note: Columns may not add due to rounding.

Table 6.1

The total expenditure program for Royalties for Regions is funded through payments from the Royalties for Regions Special Purpose Account (as detailed above), payments from the Southern Inland Health Initiative Special Purpose Account, the Regional Reform Fund Special Purpose Account and from Royalties for Regions funds disbursed to agencies in previous years.

Royalty forecasts have been revised down in 2017-18 but are up over the forward estimates period compared with the 2017-18 Budget. As a result, receipts into the Royalties for Regions Fund are forecast to change to 17.4% of forecast royalty income in 2017-18 (up from 17.2%), 20.6% in 2018-19 (up from 19.3%), 20.6% in 2019-20 (down from 21.3%), and 19.3% in 2020-21 (down from 20.9%).

Table 6.2

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2016-17 Actual	2017-18 Budget Estimate	2017-18 Mid-Year Revision	2018-19 Mid-Year Revision	2019-20 Mid-Year Revision	2020-21 Mid-Year Revision	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
INVESTING IN JOBS							
Aboriginal Tourism Development Program	1.2	1.2	1.2	1.2	-	-	2.3
Agricultural Sciences Research and Development Fund	1.5	6.2	6.9	7.3	2.5	-	16.7
Agriculture – Development Funding	-	2.1	2.1	6.8	11.1	-	20.0
Albany Middleton Beach Stage 2	-	1.7	1.7	1.9	-	-	3.6
Albany Wave Energy Project	-	1.0	1.0	6.2	6.2	6.2	19.5
Asia Market Success	2.2	1.9	1.9	-	-	-	1.9
Boost Grains Research and Development Support	5.4	8.6	9.1	1.0	-	-	10.1
Boosting Biosecurity Defences	5.1	3.7	5.0	-	-	-	5.0
Brand WA	1.9	2.5	2.5	4.2	-	-	6.7
Brand WA – Destination Marketing	-	-	-	3.5	5.5	5.5	14.5
Brand WA – Event Tourism	-	-	-	0.8	6.3	6.3	13.4
Building Western Australia Grains Research and Development Capacity	-	-	-	10.0	10.0	-	20.0
Caravan and Camping/Parks For People	11.3	2.3	3.1	-	-	-	3.1
Collie Futures Fund	-	1.0	1.0	4.0	5.0	5.0	15.0
Combined Pilbara Water Projects – West Canning Basin Sandfire	0.5	-	0.2	-	-	-	0.2
Develop Serviced Land at Shotts and Kemerton	-	-	-	5.3	5.2	-	10.5
Doppler Radar Project	0.1	0.2	0.4	-	-	-	0.4
Exploration Incentive Scheme	-	10.0	10.0	10.0	-	-	20.0
Extension of Doppler Radar Coverage	-	4.6	4.5	0.6	-	-	5.0
Feasibility Study (Yara Pilbara and Sahara Forest)	-	-	0.1	-	-	-	0.1
Ferguson Valley Wellington Forest Marketing	-	0.3	0.3	-	-	-	0.3
Forest Product Development	0.1	0.3	0.4	-	-	-	0.4
Gascoyne Food Bowl	3.1	-	0.4	-	-	-	0.4
Goldfields Major Solar Feasibility	-	0.3	0.3	0.3	-	-	0.5
Halifax Business Park	-	-	-	1.5	1.5	-	3.0
Help Grain Growers to Better Manage Risk	1.9	4.9	4.6	1.5	-	-	6.1
Infrastructure Audit and Investment Fund – Administration	0.3	0.1	0.1	-	-	-	0.1
Jawun Indigenous Corporate Partnership Program	0.2	0.3	0.2	0.3	0.2	-	0.7
Kalbarri Skywalk and National Park Infrastructure	5.4	14.3	12.4	1.9	-	-	14.3
Kariyarra Indigenous Land Use Agreement	-	0.1	0.1	0.1	0.1	0.1	0.4
Karratha (City of the North) Project	-	-	-	2.9	-	-	2.9
Karratha Enterprise Hub/Business Centre	1.0	1.0	1.0	-	-	-	1.0
Lake Argyle Dam – Ord Phase 2 Expansion	- (a)	-	-	-	-	-	-
Lands Staff Support Project 2014-2017	0.3	-	-	-	-	-	-
Local Projects Local Jobs	7.1	1.4	2.2	- (a)	-	-	2.2
Mid West Coastal Nodes	0.3	-	-	-	-	-	-
Middleton Beach Hotel Site	1.1	-	0.4	-	-	-	0.4
Modernising the Framework for WA's Crown Land	0.5	0.6	0.6	-	-	-	0.6
Murujuga Cultural Interpretive Centre – Burrup Peninsula	-	8.0	8.0	-	-	-	8.0
Murujuga Tourism Project	0.1	-	- (a)	-	-	-	- (a)
Myalup-Wellington Water for Growth	-	-	-	-	10.0	10.0	20.0
Northern Beef Industry Strategy	4.7	2.8	2.1	2.4	-	-	4.5
Northern Planning Program	0.4	-	- (a)	-	-	-	- (a)

Table 6.2 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2016-17 Actual	2017-18 Budget Estimate	2017-18 Mid-Year Revision	2018-19 Mid-Year Revision	2019-20 Mid-Year Revision	2020-21 Mid-Year Revision	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Ord Final Agreement	- ^(a)	-	-	-	-	-	-
Pilbara Hinterland Agriculture Development Initiative (PHADI) – Yandicoogina, Agricultural Pathways Project and Woodie Woodie Pilot Project	0.9	5.7	0.9	2.6	1.8	0.6	5.9
Pilbara Underground Power – Stage 2	32.4	10.0	4.8	-	-	-	4.8
Port Hedland Hospital Site Release for Development	2.1	-	-	-	-	-	-
Port Hedland Water Front Revitalisation – Spoilbank Marina	-	-	-	1.3	20.0	50.7	72.0
Potato Marketing Board – Structural Readjustment	12.8	-	0.6	0.6	-	-	1.2
Premium Food Centre Manjimup	1.0	1.0	1.0	0.9	-	-	1.9
Rangelands Reform Program	0.1	-	-	-	-	-	-
Rebuilding Our Agriculture Capability	-	-	-	10.0	-	-	10.0
Regional Buy Local Initiatives	- ^(a)	-	0.3	-	-	-	0.3
Regional Events Program Larger Events	9.1	10.0	10.0	10.0	-	-	20.0
Regional Natural Resource Management – State Barrier Fence	0.3	2.0	2.4	1.2	1.8	-	5.4
Regional Telecommunications Project	10.6	18.5	18.5	21.5	-	-	40.0
Regional Tourism Marketing Campaign	6.7	-	-	-	-	-	-
Regional Tourism Marketing Program	- ^(a)	-	-	-	-	-	-
Regional Visitor Centres	1.3	1.4	1.4	-	-	-	1.4
Science and Agribusiness Connect Program	0.8	0.9	0.9	0.9	0.7	-	2.5
Sheep Industry Business Innovation	4.0	2.8	2.3	-	-	-	2.3
South Coast Aquaculture Development Zone	0.1	0.1	0.5	0.4	0.3	-	1.2
Southern Forest Irrigation Scheme	-	-	-	3.5	7.0	8.5	19.0
Specialist Food Centre Albany	0.4	0.6	0.6	0.4	-	-	1.1
State Agricultural Telecommunication Infrastructure Improvement Fund	-	15.2	2.3	15.2	2.3	2.3	22.0
Sustainable Development of the Abrolhos Islands	-	-	-	-	5.0	5.0	10.0
Transform Peel – Phase 1	2.1	10.0	10.4	25.1	6.5	3.2	45.2
Transforming Bunbury Waterfront	2.4	9.4	13.4	21.5	-	-	34.9
Victoria Hotel Redevelopment	-	-	1.0	-	-	-	1.0
WA Open For Business	0.9	6.0	7.8	5.7	5.6	-	19.1
WA Regional Small Business Awards	0.2	0.2	0.2	-	-	-	0.2
Water For Food – Part II	6.9	6.4	7.1	1.8	-	-	8.9
Water For Food West Kimberley	3.4	2.8	2.2	-	-	-	2.2
Western Australian Regional Film Fund	6.0	4.0	4.0	3.0	3.0	-	10.0
Wild Dogs Action Plan	-	6.5	4.5	10.4	1.7	-	16.6
Wild Dogs Management Plan	0.8	-	-	-	-	-	-
Yellow Tail Kingfish Grow-Out Trial	0.3	-	-	-	-	-	-
TOTAL – INVESTING IN JOBS	161.6	194.8	180.7	209.5	119.3	103.3	612.8
PUTTING PATIENTS FIRST							
3 Tier Youth Mental Health Program – GP Down South	-	0.1	0.1	0.1	0.1	-	0.4
Better Health for Fitzroy Kids	0.1	-	-	-	-	-	-
Busselton Health Campus ICT	1.2	1.0	1.0	-	-	-	1.0
Ear, Eye and Oral Health	0.9	2.0	2.0	-	-	-	2.0
Expand the Ear Bus Program	-	1.1	1.1	0.8	0.9	-	2.8
Find Cancer Early	-	0.4	0.4	0.4	0.4	0.4	1.6
Goldfields Emergency Telehealth	0.8	2.7	2.7	1.8	-	-	4.5

Table 6.2 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2016-17 Actual	2017-18 Budget Estimate	2017-18 Mid-Year Revision	2018-19 Mid-Year Revision	2019-20 Mid-Year Revision	2020-21 Mid-Year Revision	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Growing the Capacity of Drug and Alcohol Detoxification and Rehabilitation Program	1.5	-	0.2	-	-	-	0.2
Karratha Health Campus	43.9	104.7	95.0	48.4	1.0	-	144.4
Meet and Greet Service	-	0.5	0.5	0.5	0.5	0.5	1.9
Mental Health Step-Up/Down Facilities							
– Kalgoorlie/Goldfields 10 Beds	-	-	-	1.0	4.4	1.9	7.3
Methamphetamine Action Plan							
– Southwest	-	-	-	5.3	10.8	1.9	18.0
Methamphetamine Action Plan							
– Kimberley	-	0.2	0.2	-	-	-	0.2
North West Health Initiative	-	27.9	5.8	55.4	-	5.0	66.2
Northwest Drug and Alcohol Support Program	5.4	6.1	6.3	6.3	6.5	-	19.1
Patient Assisted Travel Scheme	10.7	11.0	11.0	45.5	45.2	45.8	147.4
Pilbara Health Partnership	3.1	3.4	3.4	3.5	-	-	6.8
Regional Health Administrative Accommodation	- (a)	-	-	-	-	-	-
Regional Men's Health	0.8	0.8	0.8	0.8	0.8	-	2.4
Remote Indigenous Health Clinics	1.4	5.0	4.0	3.6	-	-	7.6
Renal Dialysis Service Expansion	0.5	1.9	1.9	2.4	0.9	-	5.1
Royal Flying Doctor Service 2015-18							
Western Operations Expansion of Capacity	7.9	2.8	2.8	-	-	-	2.8
Rural Palliative Care Program	1.3	0.5	0.5	-	-	-	0.5
Southern Inland Health Initiative 1	111.4	97.8	109.3	110.4	6.5	-	226.1
Southern Inland Health Initiative 2	-	25.0	25.0	33.0	33.0	33.0	124.0
Sub-acute Mental Health Services in Bunbury	-	4.6	4.3	2.6	2.1	2.2	11.2
Sub-acute Mental Health Services in Karratha	-	4.6	4.3	3.0	2.5	2.5	12.3
Turquoise Coast Health Initiative	-	1.0	-	1.0	-	-	1.0
Two Year Ice Breaker Program – Albany	-	0.2	0.2	0.2	-	-	0.4
Wheatbelt Renal Dialysis	-	1.3	0.3	2.4	0.7	-	3.5
TOTAL – PUTTING PATIENTS FIRST	190.9	306.5	283.0	328.1	116.2	93.2	820.5
INVESTING IN OUR CHILDREN'S EDUCATION							
Aboriginal and Islander Education Officers	-	0.9	0.9	2.6	3.5	3.6	10.6
Allied Health Training Centre – Pilbara Institute	2.9	0.2	-	-	-	-	-
Attraction and Retention – Pilbara Education	1.0	-	-	-	-	-	-
Better Beginnings – Early Literacy	0.9	0.3	0.3	0.3	0.3	-	0.8
Boarding Away From Home	- (a)	2.0	1.4	-	-	-	1.4
Bunbury Senior High School	-	5.0	5.0	-	-	-	5.0
Cape Naturaliste College	-	2.0	2.0	20.0	10.1	-	32.1
Carnarvon Community College	5.4	13.2	13.2	29.9	7.5	-	50.5
Collie Senior High School	-	2.5	2.5	5.0	-	-	7.5
Durack Student Services Interactive Hub	1.8	-	-	-	-	-	-
Eaton Community College Expansion	-	-	-	2.5	2.5	-	5.0
Eaton Primary School Upgrades	-	-	-	1.5	1.5	-	3.0
Future Development of Muresk	0.8	-	0.2	-	-	-	0.2
Geraldton Senior High School	-	4.0	4.0	-	-	-	4.0
Glen Huon Primary School	-	1.5	1.5	-	-	-	1.5
Great Southern Institute of Technology – Community Services and Health Science Block	- (a)	-	-	-	-	-	-

Table 6.2 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2016-17 Actual	2017-18 Budget Estimate	2017-18 Mid-Year Revision	2018-19 Mid-Year Revision	2019-20 Mid-Year Revision	2020-21 Mid-Year Revision	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Improving Teacher Quality	-	0.9	0.9	1.9	1.9	1.9	6.6
Independent Learning Co-ordinators	-	0.7	0.7	1.5	1.5	1.5	5.2
John Wilcock Community College	-	10.4	10.4	8.2	-	-	18.6
Joint Use Sporting Facility Lakelands Senior High School (Mandurah)	-	2.5	2.5	-	-	-	2.5
Kalgoorlie-Boulder Community High School – Redevelopment – Stage One	18.4	6.7	2.3	2.8	-	-	5.1
Kimberley School Project	-	5.7	5.9	9.5	4.4	3.7	23.6
Major Upgrade to Collie TAFE	-	0.2	0.2	-	-	-	0.2
Margaret River Senior High School	-	6.5	6.5	20.0	3.0	-	29.5
Mental Health Support	-	0.4	0.4	0.8	0.8	0.8	2.8
Muresk Institute Agricultural Degree	0.7	0.7	0.7	0.7	0.7	0.7	2.7
Muresk Institute Agricultural Skills Development Pathway	2.3	1.8	1.4	1.6	-	-	3.0
Newton Moore Senior High School – New STEM Centre	-	-	-	1.5	1.5	-	3.0
Peel Workforce Development Centre	0.1	0.1	0.1	0.1	-	-	0.3
Pilbara Education Partnership Programs	-	2.3	2.3	2.3	2.3	-	7.0
Pilbara Institute – Electrical Specialist Centre	3.5	0.2	1.2	-	-	-	1.2
Pilbara Institute – Upgrade and Expansion of South Hedland and Karratha Campus	0.4	-	0.6	-	-	-	0.6
Pre-primary Centre at Flinders Park Primary School	-	-	-	-	2.0	-	2.0
Put Education Assistants Back in the Classroom	-	1.9	1.9	5.3	7.8	9.1	24.1
RAWA Aboriginal Independent Community School – Engagement Program	-	0.1	0.1	-	-	-	0.1
Regional Clontarf	1.5	1.5	1.5	1.7	1.5	1.5	6.2
Regional Learning Specialists	-	0.6	0.6	1.3	1.3	1.3	4.6
Regional Residential College Upgrades	5.5	-	0.2	-	-	-	0.2
Regional School Breakfast and Nutritional Education Program	0.2	0.2	0.2	0.2	0.2	0.2	0.9
Science in Primary Schools	-	0.3	0.3	0.3	0.3	0.3	1.3
South Regional TAFE Esperance New Replacement Campus	-	-	-	-	-	10.0	10.0
TAFE Regional Subsidies	-	-	-	-	43.6	44.2	87.8
The Strelley Community School – Engagement Program	-	0.1	0.1	-	-	-	0.1
Upgrade Mount Lockyer Primary School	-	-	-	-	-	3.0	3.0
Upgrade to South Bunbury Primary School	-	-	-	1.0	2.0	-	3.0
TOTAL – INVESTING IN OUR CHILDREN’S EDUCATION	45.6	75.5	72.0	122.4	100.3	82.0	376.7
INVESTING IN OUR COMMUNITIES							
Aboriginal Community Critical Response Fund	0.8	-	-	-	-	-	-
Aboriginal Governance and Leadership Development Program	0.2	1.0	1.2	0.6	-	-	1.8
Aboriginal Youth Transitions	0.1	0.4	0.4	0.4	-	-	0.8
Additional Women’s Refuge	-	-	-	2.5	1.1	1.1	4.7
Affordable Student Housing	2.2	-	-	-	-	-	-
Air-conditioning at Five Remote Multifunctional Policing Facilities	-	-	-	5.7	7.0	-	12.7
Albany Artificial Surf Reef Business Case	-	-	-	0.3	-	-	0.3
Albany Entertainment Centre	0.7	0.5	0.5	0.5	-	-	0.9
Athlete Travel Subsidy Scheme	-(a)	-	-	-	-	-	-

ROYALTIES FOR REGIONS EXPENDITURE

Table 6.2 (cont.)

INITIATIVE	2016-17 Actual	2017-18 Budget Estimate	2017-18 Mid-Year Revision	2018-19 Mid-Year Revision	2019-20 Mid-Year Revision	2020-21 Mid-Year Revision	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Balingup Town Hall	-	0.2	0.2	-	-	-	0.2
Batavia Coast Marina 2	0.2	-	1.1	-	-	-	1.1
Broome Aboriginal Short Stay Accommodation	4.9	13.1	13.4	2.5	2.6	-	18.5
Building a State of Creativity in the Pilbara	0.5	-	-	-	-	-	-
Bunbury Bowling Club – Wheelchair Access	-	0.2	0.2	-	-	-	0.2
Capacity Building – Regional Governance Services and Asset Management	3.0	3.1	3.6	-	-	-	3.6
Capel Police Station	-	-	-	4.0	4.0	-	8.0
Capel Town Centre Revitalisation	-	1.3	1.3	1.0	-	-	2.3
Carnarvon Fascine Revitalisation – Completion – Independent Project Manager Advisor Services	-	- (a)	- (a)	- (a)	-	-	0.1
Carnarvon Independent Living Units	3.0	-	-	-	-	-	-
Carnarvon One Mile Jetty Interpretive Centre	0.3	-	-	-	-	-	-
Carnarvon Residential Aged Care Facility	-	-	0.5	8.0	3.1	-	11.6
Centennial Park – Albany	5.8	-	-	-	-	-	-
Centennial Park – Complete the Eastern Precinct	-	3.0	3.0	3.9	-	-	6.9
Collie Mineworkers Memorial Pool Enclosure	-	-	0.2	-	1.9	-	2.0
Collie Motorplex	-	-	0.3	-	-	-	0.3
Community Chest Grants Scheme	3.7	5.0	5.2	0.1	-	-	5.3
Community Pool Revitalisation	3.4	0.5	0.4	-	-	-	0.4
Community Resource Centres	12.8	13.0	13.0	13.0	8.0	8.0	42.0
Community Safety Network	14.6	16.9	21.2	8.6	8.2	8.5	46.5
Community Sport Equipment Grants	0.2	-	-	-	-	-	-
Country Age Pension Fuel Card	28.4	34.1	34.1	34.1	34.1	34.1	136.4
Country Water, Sewerage and Drainage Operations	-	-	-	-	191.5	284.1	475.6
Creative Regions Program	5.6	5.0	6.7	4.4	-	-	11.1
Culturally Appropriate Services to Victims of Domestic Violence	-	0.1	0.1	0.1	0.1	0.1	0.4
Dalyellup Family Centre	-	-	-	-	1.5	-	1.5
Denmark Water Treatment	1.0	-	-	-	-	-	-
Dirk Hartog 400 th Anniversary Commemorations	0.2	-	-	-	-	-	-
Donnybrook Town Centre Revitalisation	-	-	-	0.2	1.8	-	2.0
Eaton Bowling Club Upgrade	-	-	0.1	2.0	-	-	2.0
Eaton/Australind Waterfront Historic Walk Trail	-	0.5	0.5	-	-	-	0.5
Enhanced Driver Training and Education for Regional and Remote Communities	1.2	1.2	1.2	-	1.2	-	2.4
Enhanced Services for Victims of Crime within Regional and Remote Communities	0.9	-	-	-	-	-	-
Kimberley Family Violence Entry Statement and Signage for Bunbury	-	1.1	1.1	1.1	-	-	2.1
Esperance Indoor Sports Stadium	-	3.1	3.1	1.0	-	-	4.1
Essential and Municipal Services Improvement in Remote Aboriginal Communities	-	2.0	2.0	25.0	25.0	-	52.0
Exmouth Service Worker Housing	0.9	-	- (a)	-	-	-	- (a)
Expansion of Aged Care for the Esperance Community	1.4	1.6	1.6	-	-	-	1.6

Table 6.2 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2016-17 Actual	2017-18 Budget Estimate	2017-18 Mid-Year Revision	2018-19 Mid-Year Revision	2019-20 Mid-Year Revision	2020-21 Mid-Year Revision	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Fairbridge Farm Refurbishment (Evelyn Cottage)	- ^(a)	-	-	-	-	-	-
Family and Domestic Violence Counselling Services – Peel	-	0.1	0.1	0.3	0.3	0.3	0.9
Fire Crew Protection	5.6	6.6	7.4	-	-	-	7.4
Fitzroy Crossing Courthouse	- ^(a)	-	-	-	-	-	-
Geraldton Cemetery Board Capital Works	0.1	-	-	-	-	-	-
Goldfields Arts Centre	0.3	0.3	0.3	0.3	-	-	0.7
Goldfields Esperance Arts and Culture Trail	-	-	-	0.1	0.1	0.1	0.3
Government Regional Officer Housing Boost	- ^(a)	-	-	-	-	-	-
Hospital Site Remediation – Port Hedland	2.3	0.8	5.5	-	-	-	5.5
Indigenous Visitor Hostels	2.6	1.9	2.3	1.7	1.7	-	5.7
Jurien Bay to Cervantes Cycle Path	0.6	-	-	-	-	-	-
Karratha Arts and Community Precinct	4.0	5.0	5.0	5.0	-	-	10.0
Karratha City Centre Infrastructure Works Project – Stage 2a	22.0	2.0	2.0	-	-	-	2.0
Karratha Government Office Co-Location Project (The Quarter)	4.9	-	0.5	-	-	-	0.5
Karratha Water Recycling Scheme	0.2	-	-	-	-	-	-
Killarney Retirement Living	9.4	0.4	0.4	-	-	-	0.4
Kimberley Aboriginal Law and Cultural Centre to Document and Teach Traditional Languages	-	-	-	0.1	0.1	0.1	0.4
Koombana Park Facilities	4.8	6.7	6.1	-	-	-	6.1
Kununurra, Broome and Karratha Courthouse	5.6	2.2	2.2	-	-	-	2.2
Laverton Community Hub	-	2.6	2.6	-	-	-	2.6
Mandurah Eastern Foreshore Redevelopment	-	-	-	5.0	5.0	-	10.0
Margaret River Hub of Entertainment Arts Regional Tourism Project	-	-	3.1	-	-	-	3.1
Margaret River Region Lighthouse Precincts Redevelopment	-	-	0.2	-	-	-	0.2
Minninup Pool	-	0.2	0.2	0.3	-	-	0.5
Motoring South West – Marketing Campaign	-	-	-	0.1	-	-	0.1
Motorplex Complex Albany	-	0.3	0.3	-	-	5.5	5.8
Multipurpose Outdoor Courts – Weatherproof Structure, Seating and Lighting	-	-	-	-	1.9	-	1.9
Murchison Radio-Astronomy Observatory Power Supply Project	1.6	-	-	-	-	-	-
Newman Town Centre Revitalisation – Stage 3	6.7	1.6	1.2	-	-	-	1.2
NGO Housing Strategic Intervention – Stage 2	0.5	0.6	1.6	2.9	-	-	4.5
Norseman: The Heart of the Great Western Woodlands	-	1.2	1.2	0.4	-	-	1.6
North West Aboriginal Housing Initiative	-	5.0	5.0	20.0	20.0	20.0	65.0
Paraburdoo Childcare Centre	0.5	-	-	-	-	-	-
Performing Arts Regional Tours Boost	0.2	-	- ^(a)	-	-	-	- ^(a)
Pilbara Aboriginal Town Based Reserves	-	1.0	1.0	2.0	4.0	6.0	13.0
Pilbara Aboriginal Town Based Reserves (Stage 1)	0.2	-	0.5	-	-	-	0.5
Police Radio Network	-	3.7	3.7	5.9	3.6	0.2	13.3
Rapid Response Signs – Regional	-	0.2	0.2	0.2	0.2	0.2	0.8
Regional Aged Accommodation Program	-	-	-	13.2	7.7	-	20.9
Regional Athlete Support Program	-	1.0	1.0	1.0	1.0	-	3.0

Table 6.2 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2016-17 Actual	2017-18 Budget Estimate	2017-18 Mid-Year Revision	2018-19 Mid-Year Revision	2019-20 Mid-Year Revision	2020-21 Mid-Year Revision	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Regional Centres Development Plan	4.4	4.0	4.9	-	-	-	4.9
Regional Community Childcare Development Fund	0.1	1.7	1.7	1.3	-	-	3.0
Regional Enforcement Unit	-	2.5	2.5	5.2	5.3	5.5	18.5
Regional Exhibition Touring Boost	-	0.5	0.5	0.5	1.8	1.8	4.5
Regional Grants Scheme	11.0	17.8	18.0	1.2	-	-	19.2
Regional Museum Grants	-	-	-	0.3	0.3	0.3	0.8
Regional Police Incentives	2.0	2.5	2.5	2.5	2.5	2.5	10.0
Regional Talent Development Network	0.9	-	-	-	-	-	-
Regional Work Camp Enhancement – Roebourne	0.1	-	-	-	-	-	-
Regional Youth Justice Strategy Kimberley and Pilbara Expansion	7.4	5.5	5.5	-	-	-	5.5
Financial Counselling Services	-	0.3	0.3	0.7	0.7	0.7	2.5
Remote and Essential Services	-	-	-	-	56.0	56.0	112.0
Remote Rural and Regional Women's Network	0.3	0.5	0.5	0.3	-	-	0.8
Remote Swimming Pools	-	4.0	7.0	4.3	3.6	0.6	15.5
Respectful Relationship Programs in Schools	-	-	-	-	0.1	0.1	0.2
Responsible Parenting Support Services	4.8	4.4	4.4	-	-	-	4.4
Collie Riverview Residence – Upgrade to Over 55's Estate	-	-	-	-	2.0	-	2.0
Social Service Worker Housing	59.0	-	4.3	-	-	-	4.3
South Hedland and CBD Revitalisation – Stage 2	0.6	0.4	0.8	0.4	0.4	0.4	2.0
South West Emergency Rescue Helicopter Service	11.1	9.0	9.0	9.3	4.7	4.7	27.5
Stockton Lake	-	0.3	0.3	-	-	-	0.3
Upgrade Surf Life Saving Club – Dalyellup	-	-	-	0.3	-	-	0.3
Upgrades to Hay Park – Bunbury	-	-	0.2	3.9	-	-	4.0
Volunteer Fuel Card	1.7	1.0	1.0	1.0	1.0	1.0	4.0
Waroona Housing Options Village	-	-	1.8	-	-	-	1.8
Water Playground Kununurra	-	0.6	0.6	-	-	-	0.6
Wellington Dam Walk Trails	-	0.2	0.2	-	-	-	0.2
West Kimberley Transitional Housing Program	3.9	-	3.9	-	-	-	3.9
TOTAL – INVESTING IN OUR COMMUNITIES	275.6	205.1	239.6	209.8	414.9	441.7	1,306.1
INVESTING IN OUR ROADS AND PORTS							
AgLime Routes	-	-	-	10.0	-	-	10.0
Albany Ring Road – Design, Preconstruction and Construction Activities	-	-	1.0	4.0	15.0	15.0	35.0
Avonlink Enhancement Project	2.0	-	-	-	-	-	-
Bidyadanga Road (Kimberley) – Seal 13km	-	2.0	1.0	3.0	-	-	4.0
Boordarie Entrance Road	-	-	-	-	-	-	-
Broome Boating Facilities Upgrade	-	5.2	0.5	4.0	5.2	-	9.7
Broome Marina Planning	-	0.5	0.5	0.5	-	-	1.0
Broome Port Dredging	-	-	0.4	1.9	-	-	2.3
Broome-Cape Leveque Road	-	2.0	2.0	2.2	5.2	-	9.5
Bunbury Outer Ring Road Design and Technical Assessment	-	0.7	0.7	1.8	-	-	2.5
Bunbury Port Planning	-	0.5	0.5	-	-	-	0.5

Table 6.2 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2016-17 Actual	2017-18 Budget Estimate	2017-18 Mid-Year Revision	2018-19 Mid-Year Revision	2019-20 Mid-Year Revision	2020-21 Mid-Year Revision	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Collie Preston Region – Upgrades Over Multiple Local Roads	-	-	-	4.2	4.9	5.9	15.0
Coolgardie-Esperance Highway (Goldfields) – Widen, Overlay and Reconstruction	-	-	1.0	4.0	3.0	-	8.0
Dongara Road Alignment	- ^(a)	0.2	0.7	-	-	-	0.7
Exmouth Boat Harbour	11.1	-	2.2	-	-	-	2.2
Fortescue River Crossing Marble Bar Road Bridge	0.4	-	-	-	-	-	-
Geraldton Airport Runway Pavement Renewal	-	4.9	4.9	1.6	-	-	6.5
Gibb River Road	-	7.8	7.8	8.0	-	-	15.9
Great Eastern Highway – Dual Anzac Road to Gatacre Drive, Kalgoorlie	-	2.0	2.0	12.0	-	-	14.0
Great Eastern Highway Passing Lanes	29.3	31.0	0.5	0.5	0.3	0.3	1.5
Great Northern Highway – Bow River Bridge	-	3.6	3.6	3.1	-	-	6.7
Great Northern Highway – Maggie's Jump	-	3.6	1.0	3.2	-	-	4.2
Great Northern Highway – Muecha to Wubin	-	38.8	18.2	9.5	11.1	-	38.8
Great Northern Highway – Ord River North (Turkey Creek)	-	1.2	0.8	1.4	-	-	2.1
Great Northern Highway – Wyndham Spur Stage 2	-	6.0	1.5	4.5	-	-	6.0
Karratha-Tom Price Road – Sealing of 50km to Millstream	-	1.0	11.0	37.0	2.0	-	50.0
Local Government Commodity Freight Roads Fund	-	-	-	10.0	-	-	10.0
Mandurah Train Station – New Parking Bays	-	-	-	2.6	13.5	-	16.1
Marble Bar Road – Coongan Gorge	-	3.6	1.2	7.0	2.7	-	10.9
Margaret River Perimeter Road	9.1	15.0	17.7	12.0	3.2	-	32.9
Moonamang Road	-	5.4	2.0	13.0	1.3	-	16.3
Outback Way – Seal Priority Sections	-	-	-	4.6	2.0	-	6.6
Planning for the Upgrade of Bremer Bay Boat Harbour	-	-	-	0.3	-	-	0.3
Portlink Inland Freight Corridor Planning	- ^(a)	-	-	-	-	-	-
Rail Future Fund	-	0.6	0.6	4.0	15.4	12.0	32.0
Rail to Kemerton Industrial Park	-	-	-	-	5.0	5.0	10.0
Recreational Boating Facilities Scheme	2.9	0.7	1.1	-	-	-	1.1
Regional Airports Development Scheme	2.1	-	-	-	-	-	-
Replacement of the TransWA Road Coach Fleet	5.7	-	0.1	-	-	-	0.1
South Coast Highway – Widening Pfeiffer Road Manypeaks to Jerramungup Road	-	1.0	1.0	5.0	24.0	-	30.0
Square Kilometre Array Roads	-	10.0	3.0	10.0	8.5	7.5	29.0
Trial of Subsidised Perth-Derby Regular Public Transport Air Services	-	-	-	1.0	-	-	1.0
TOTAL – INVESTING IN OUR ROADS AND PORTS	62.6	147.3	88.5	185.8	122.2	45.7	442.2
INVESTING IN OUR ENVIRONMENT							
Aboriginal Ranger Program	-	4.0	4.0	4.0	4.0	4.0	16.0
Bushfire Mitigation on Crown Land Regional Townsites	0.7	5.0	5.0	5.0	4.3	-	14.3
Carnarvon Flood Mitigation Works – Stage 2	-	0.1	0.1	3.0	-	-	3.1
Collie River Revitalisation	-	0.1	0.1	0.1	-	-	0.3

Table 6.2 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2016-17 Actual	2017-18 Budget Estimate	2017-18 Mid-Year Revision	2018-19 Mid-Year Revision	2019-20 Mid-Year Revision	2020-21 Mid-Year Revision	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Enhanced Prescribed Burning Program	6.4	5.5	4.3	5.5	-	-	9.8
Great Kimberley Marine Park	3.7	5.8	5.7	0.7	0.4	1.8	8.5
Kimberley Science and Conservation Strategy	- (a)	-	0.9	-	-	-	0.9
Lake Kepwari	-	0.5	0.5	1.0	1.5	-	3.0
Living Lakes (Stages 1-3)	0.3	2.0	2.0	1.4	-	-	3.4
Lucky Bay Campground Redevelopment Stage 2	-	0.9	0.9	-	-	-	0.9
Managing Western Australia's Natural Resources: Supporting Community Involvement	7.1	6.2	8.8	0.5	-	-	9.3
Marine Parks Management	1.6	1.8	2.1	2.0	0.6	-	4.7
Millstream Chichester National Park Eco Retreat	0.1	-	-	-	-	-	-
Murujuga Joint Management	-	1.0	1.0	1.0	1.0	1.0	4.0
Natural Resource Management Program	-	-	-	2.2	6.2	6.2	14.6
New Kimberley National Park	1.1	-	2.2	-	-	-	2.2
Oyster Reef Habitat Restoration – Albany	-	0.3	0.3	0.3	0.3	0.3	1.0
Peel-Harvey Estuary	-	0.6	0.6	0.6	0.6	-	1.8
Public Recreation and Joint Management Arrangements for the Ningaloo Coast	0.7	2.4	2.4	2.4	-	-	4.8
Regional Economic Development – Water Opportunities	0.1	-	-	-	-	-	-
Regional Estuaries Initiative	4.7	5.7	6.1	4.6	3.3	-	14.0
Regional NRM – Carbon Farming	0.1	-	-	-	-	-	-
Regional Water Availability, Planning and Investigation	0.3	-	0.3	-	-	-	0.3
Revitalising Waterways of Geographe Bay	2.9	2.2	2.1	1.2	- (a)	-	3.3
Watering Western Australia	0.7	1.0	1.0	2.5	3.0	-	6.5
Yawuru Joint Management	-	0.7	0.7	1.1	1.1	1.1	4.0
TOTAL – INVESTING IN OUR ENVIRONMENT	30.6	45.8	50.9	39.1	26.2	14.3	130.5
ADMINISTRATION AND ADMINISTERED ITEMS							
Administration (b)	73.3	81.6	80.3	80.9	76.8	73.7	311.8
Administered Items (c)	-	3.0	10.6	55.5	50.7	81.6	198.4
TOTAL – ADMINISTRATION AND ADMINISTERED ITEMS	73.3	84.6	90.9	136.4	127.5	155.3	510.1
Underspend Provision	-	-117.0	-64.0	-119.1	-	-	-183.1
TOTAL – ROYALTIES FOR REGIONS FUND	840.2	942.5	941.7	1,112.1	1,026.6	935.5	4,015.9
Regional Reform Fund Special Purpose Account Transfer (d)	-	50.0	50.0	-	-	-	50.0

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

(b) Funding for costs associated with the administration of the Royalties for Regions Fund.

(c) Funding mainly for election commitments where further planning is required to deliver the proposals.

(d) Total Royalties for Regions contributions are forecast to be \$150 million.

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

