



2019-20

QUARTERLY FINANCIAL RESULTS REPORT

December 2019



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Quarterly Financial Results Report

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2019-20 Quarterly Financial Results Report
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2019-20

Quarterly Financial Results Report

Six Months Ended 31 December 2019

Table of Contents

Foreword	i
Statement of Responsibility	ii
Overview	1
Summary	1
Results Compared to Prior Year	2
General Government Sector	2
Total Public Sector	9
Appendix 1: Interim Financial Statements	13
Introduction	13
Notes to the Interim Financial Statements	22
Appendix 2: Operating Revenue	27
Appendix 3: Public Ledger	33
Consolidated Account	33
Treasurer's Special Purpose Accounts	35
Treasurer's Advance	37
Transfers, Excesses and New Items	38
Appendix 4: Special Purpose Accounts	41
Appendix 5: General Government Salaries	49

Foreword

This *Quarterly Financial Results Report* (QFRR) provides financial results for the Western Australian public sector for the six months to 31 December 2019.

Care should be exercised in extrapolating the likely outcome for the 2019-20 year based on the quarterly results to date, particularly in light of the seasonal and other timing factors that impact the State's finances. For example, the timing of grant revenue (from the Commonwealth), grant payments, and goods and services purchases and sales by agencies can be volatile, making comparisons between quarterly reporting periods difficult.

The presentation in this report is consistent with that used in the 2019-20 State Budget (presented to the Legislative Assembly on 9 May 2019).

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

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

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

Information presented in this QFRR is not audited.

Statement of Responsibility

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

In our opinion, the statements are a true and fair presentation of the operating statements and cash flows of these sectors for the six months ended 31 December 2019 and of the balance sheets of these reporting entities at 31 December 2019. The statements have been prepared in accordance with applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and, where there is no conflict with these standards, they are also consistent with the Australian Bureau of Statistics' *Government Finance Statistics Concepts, Sources and Methods 2015*.

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



MICHAEL BARNES
UNDER TREASURER



MAGDALENA WITTEK
MANAGER
FINANCIAL REPORTING

28 February 2020

Overview

Summary

The general government sector recorded an operating surplus of \$2,310 million for the six months to 31 December 2019. This outcome is a substantial increase on the \$83 million surplus reported for the same period in 2018-19, and is largely the result of higher royalty income and the timing of 2019-20 GST top-up payments.

- Excluding the impact of accounting standards changes¹, general government revenue for the first six months of 2019-20 was \$2.5 billion (or 17.4%) higher than the same period last year. This is primarily driven by higher royalty income (up \$1.3 billion), reflecting the continuing impact of the Brazilian tailings dam disaster on global iron ore supply and prices, and higher GST grants and top-up payments (\$941 million).
- General government expenses¹ were \$278 million (or 1.9%) higher than the December 2018 outcome. This growth reflects higher salaries expenditure (up \$238 million or 3.9%), mainly due to higher employee costs in the health, education, and law and order sectors, and higher depreciation costs (up \$167 million). These increases were partially offset by lower grants for housing (down \$130 million), reflecting the end of funding under the National Partnership Agreement on Remote Indigenous Housing, as well as lower 'other' gross operating expenses (down \$210 million).

Total public sector net debt was \$35.1 billion at 31 December 2019. This includes the recognition of lease obligations measured under AASB 16: *Leases* (which took effect for reporting periods commencing on or after 1 January 2019). Adjusting 2018-19 outcomes for AASB 16 changes, the 31 December 2019 outturn represents a reduction in net debt of \$2.4 billion relative to 31 December 2018. This improvement is primarily due to the impact of the general government sector operating outcome (noted above), and the receipt of the \$1.4 billion in sale proceeds from the Landgate partial commercialisation.

¹ Two new revenue standards came into effect for periods commencing on or after 1 January 2019. AASB 15: *Revenue From Contracts With Customers* and AASB 1058: *Income of Not-For-Profit Entities* include a number of changes to rules for revenue recognition. The key change from these standards for the December quarter 2019 is the removal of Commonwealth grants paid 'through' the State to local governments and non-government schools. To assist readers to understand movements in operating aggregates detailed in this report, December quarter 2018 outcomes (released a year ago) have been adjusted to remove \$710 million in grants revenue and expenses to present a consistent basis of comparison for quarterly revenue and expense movements.

Results Compared to Prior Year

General Government Sector

The general government sector recorded an operating surplus of \$2.3 billion for the six months to 31 December 2019, a \$2.2 billion increase on the \$83 million surplus reported for the same period in 2018-19. This significant increase is predominantly due to higher royalty income and the timing of the State's 2019-20 GST top-up funding from Commonwealth.

SUMMARY OF GENERAL GOVERNMENT SECTOR FINANCES
Western Australia

Table 1

	2019-20			2018-19		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
Net operating balance	699	2,310	2,589	182	83	1,317
Net worth		102,199	101,938		102,410	100,593
Movement in cash balances	1,002	1,587	456	-537	-1,180	-1,355
<i>Memorandum items</i>						
Net lending	1,929	3,504	3,429	-173	-431	175
Net debt		22,146	23,251		22,952	22,990
Cash surplus/-deficit	2,062	3,161	3,299	-340	-971	-426

(a) Consistent with the revised estimated outcome published in the 2019-20 Mid-year Review, released on 18 December 2019.

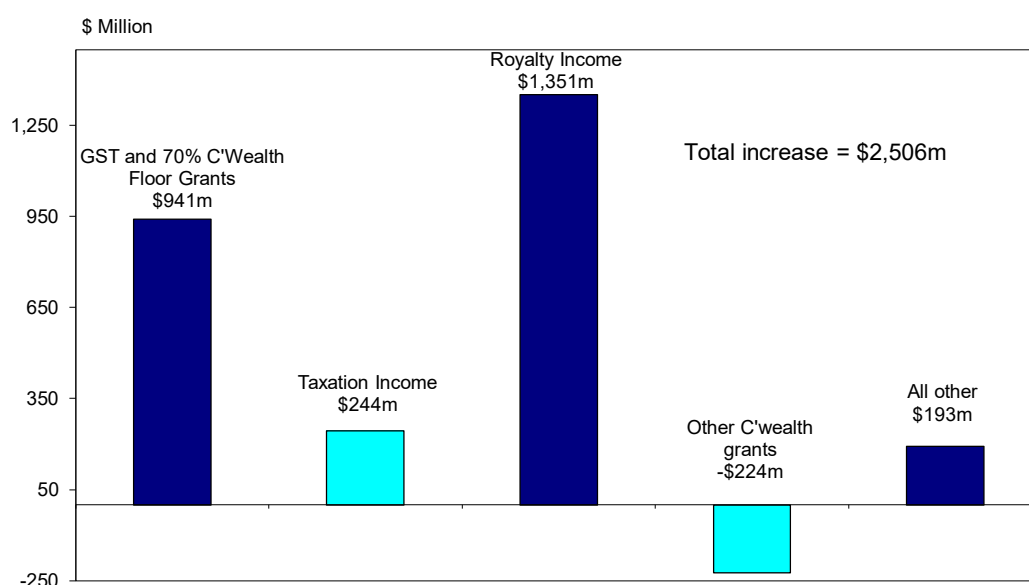
(b) Consistent with final audited data contained in the 2018-19 *Annual Report on State Finances*, released 27 September 2019.

Revenue

Revenue for the six months to 31 December 2019 totalled \$16,901 million, \$2.5 billion (or 17.4%) higher than the same period last year (excluding accounting standard changes).

GENERAL GOVERNMENT REVENUE (a)
Change, Six months to December 2019

Figure 1



(a) Adjusted for accounting standard changes implemented in 2019-20.

The higher revenue outcome for the six months to 31 December 2019 primarily reflects the net impact of:

- higher royalty income (up \$1,351 million), largely due to the combined impact of:
 - a higher average benchmark iron ore price of \$US95 per tonne in the six months to 31 December 2019, 37.9% higher than the average price in the same period in 2018-19 (\$US69 per tonne). The higher average price reflects the continuing impact of the tailings dam disaster at a Brazilian mine on global supply and prices;
 - a lower \$US/\$A exchange rate average of US68.4 cents in the six months to December 2019, 5.5% below the average rate for the corresponding period a year earlier (US72.4 cents); and
 - an increase in iron ore export volumes (up 4.1%) in the six months to December 2019;

Figure 2

IRON ORE PRICE

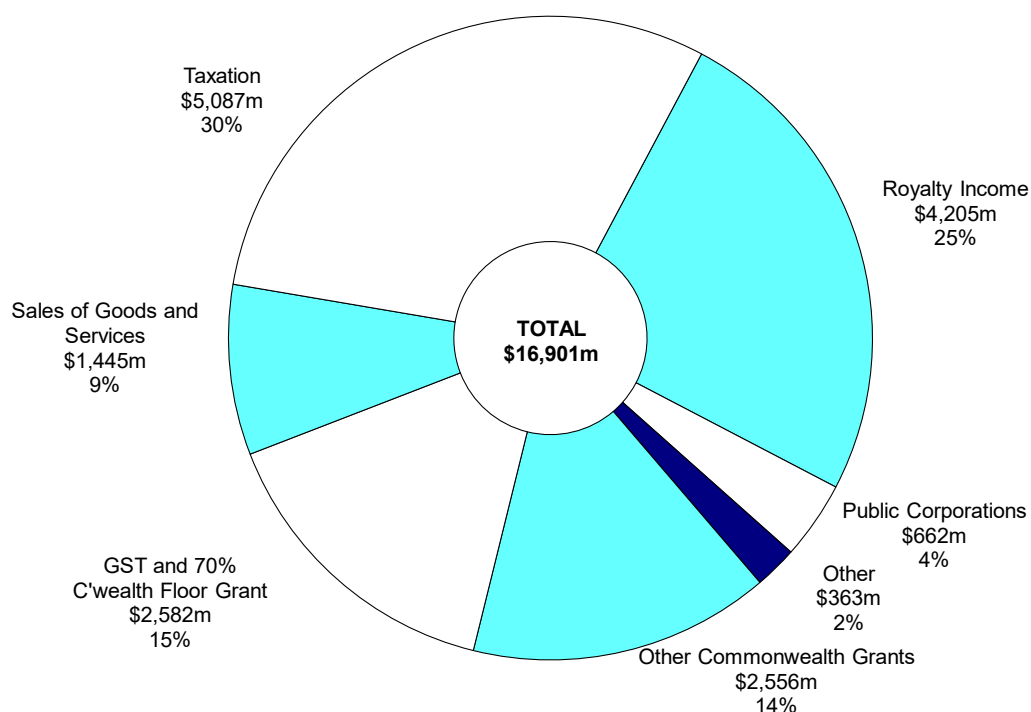


- higher Commonwealth funding (up \$717 million), primarily due to the net impact of:
 - Commonwealth payments for Western Australian’s 70% GST floor grant (\$814 million), following recent GST reforms detailed in the 2019-20 Budget;
 - lower North West Shelf petroleum grants (down \$142 million), largely due to lower prices for LNG, condensate and LPG, lower volumes for LNG, condensate and domestic gas, partially offset by a lower \$US/\$A exchange rate;
 - lower capital grants for housing (down \$130 million), reflecting the end of funding under the National Partnership Agreement on Remote Indigenous Housing (NPARIH); and
 - higher GST grants (up \$127 million), due to Western Australia receiving a larger portion of its population share of the national GST pool in 2019-20 (51.8%) compared with 2018-19 (47.3%); and
- increased taxation revenue (up \$244 million), primarily due to the net impact of:
 - higher payroll tax (up \$118 million), primarily due to higher employment in payroll tax intensive industries such as mining, and professional, scientific, and technical services, combined with stronger activity in the construction industry;
 - lower land tax (down \$51 million), mainly due to the later timing of land tax assessments in 2019-20;

- higher transfer duty (up \$42 million), mostly reflecting a lift in residential property transactions;
- higher betting tax (up \$40 million), mainly due to the introduction of the Point of Consumption Tax from 1 January 2019; and
- higher motor vehicle taxes (up \$24 million) and revenue from the on-demand transport levy (\$22 million) introduced in April 2019.

Figure 3

GENERAL GOVERNMENT REVENUE ^(a)
Six months to 31 December 2019



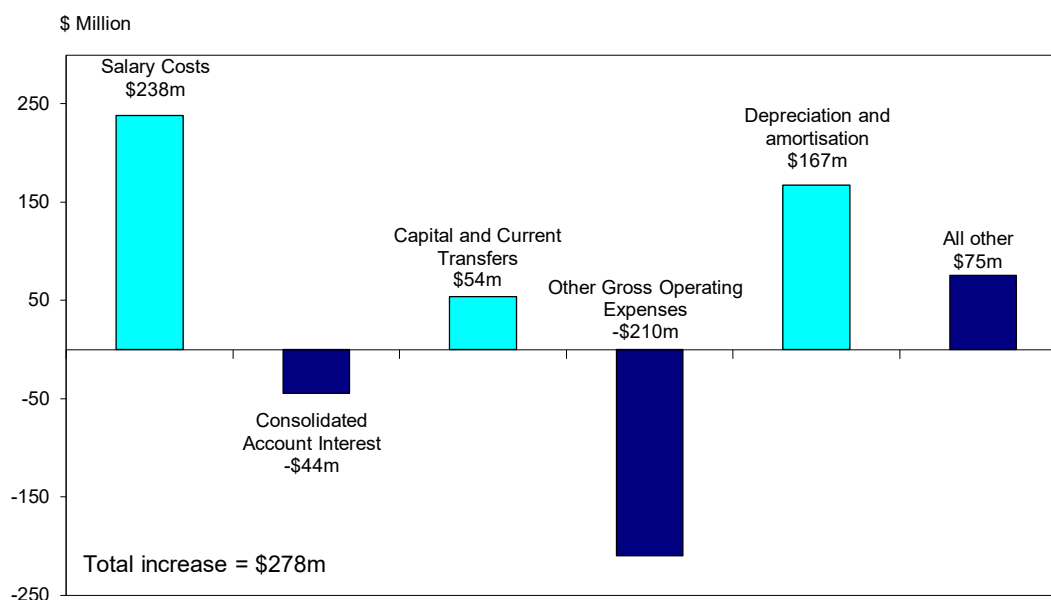
(a) Segments may not add due to rounding.

Expenses

Expenses for the six months to 31 December 2019 totalled \$14,590 million, up \$278 million (or 1.9%) on the same period in 2018-19.

Figure 4

GENERAL GOVERNMENT EXPENSES ^(a)
Change, Six months to December 2019



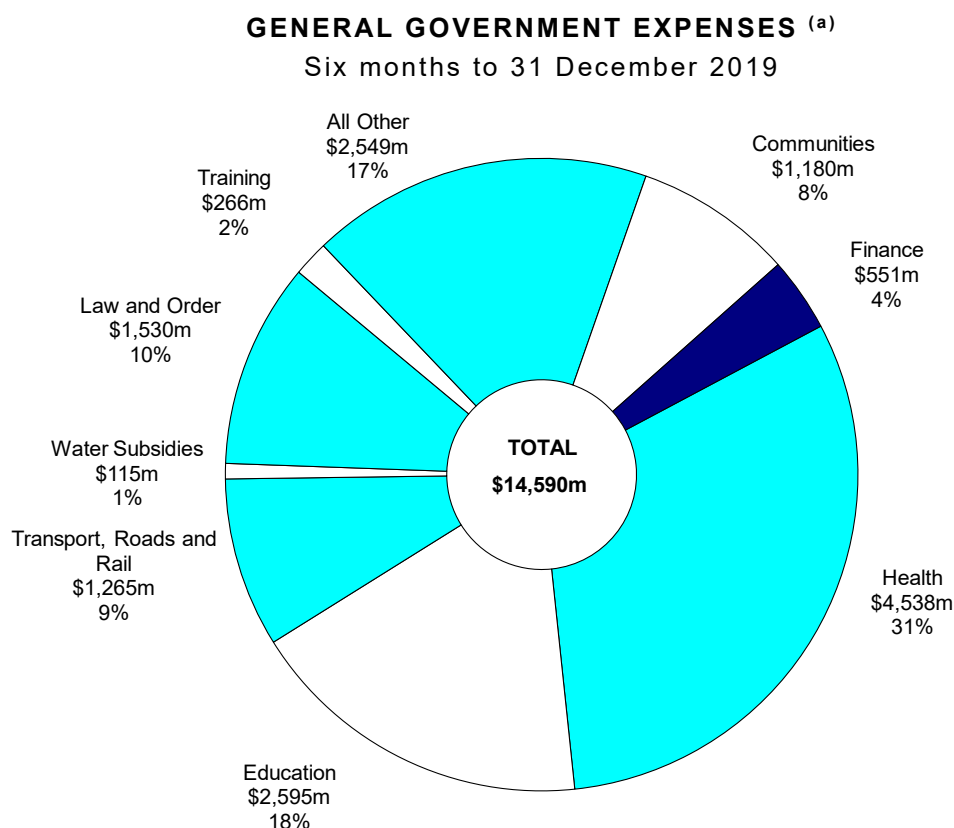
(a) Adjusted for accounting standard changes implemented in 2019-20.

The increase in spending for the six months to 31 December 2019 compared with the same period last year is primarily due to a combination of:

- higher salaries (up \$238 million), mainly due to growth in staff numbers across the education, health and justice sectors. This includes the impact of the Government's commitment to convert casual and fixed term contract staff to permanent employees across the sector, as well as increases under the \$1,000 wages policy and other prevailing industrial agreements, and other movements in the sector's workforce;
- lower 'other' gross operating expenses (down \$210 million), reflecting a change in the classification of NDIS payments to current transfers (see below);
- higher depreciation and amortisation expense (up \$167 million), predominantly due to the implementation of new accounting standard AASB 16: *Leases*; and
- higher current and capital transfers (up \$54 million), the net result of:
 - higher grant expenses by the Department of Communities (up \$200 million), reflecting a change in the classification of the State's contribution to the NDIS from 'other' gross operating expenses to grants;
 - the Voluntary Taxi Plate Buyback Payment Scheme amounting to \$118 million in July 2019 by the Department of Transport;
 - lower on-passed capital grants for housing (down \$130 million), reflecting the end of Commonwealth funding previously received under the NPARIH;

- a delay in the payment of Remote Essential and Municipal Services funding (\$56 million) from the Royalties for Regions program to the Department of Communities (Housing Services); and
- lower payments incurred by Main Roads (down \$61 million) for work on flood-damaged roads in local governments.

Figure 5



(a) Segments may not add due to rounding.

Balance Sheet

General government sector net worth increased by an estimated \$1.6 billion during the six months to 31 December 2019, to stand at \$102.2 billion². This increase in net worth mainly reflects the combined impact of:

- an estimated \$2.3 billion net increase in general government sector physical assets, primarily due to right of use leased assets brought to account with the introduction of AASB 16: *Leases*; and
- a \$647 million net increase in general government liabilities, mainly due to an increase in lease obligations with the introduction of AASB 16: *Leases*, partially offset by a reduction in borrowings as a result of the receipt of Western Australia's GST top-up payment for 2019-20.

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

Cash Flow

A cash surplus of \$3,161 million was recorded by the general government sector for the six months to 31 December 2019, which is a significant turnaround on \$971 million cash deficit reported for the same period in 2018-19. This outcome is largely due to the combined impact of:

- a net cash surplus from operating activities of \$2.8 billion (compared with a \$176 million cash surplus reported for the same period last year) due to the cash impact of the higher operating surplus outcome discussed earlier; and
- a \$316 million net cash inflow from investment in non-financial assets (\$1.5 billion higher than the same period in 2018-19, mainly reflecting the impact of the up-front cash proceeds from Landgate's partial commercialisation).

Total Public Sector

Operating Statement

The total public sector recorded an operating surplus of \$2,304 million for the six months to 31 December 2019, \$1.9 billion higher than the \$450 million operating surplus recorded in the same period a year earlier.

SUMMARY OF TOTAL PUBLIC SECTOR FINANCES
Western Australia

Table 2

	2019-20			2018-19		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
Net operating balance	614	2,304	1,853	198	450	716
Net worth		102,199	101,938		102,410	100,593
Movement in cash balances	-768	1,208	560	-2,173	-886	-1,863
<i>Memorandum items</i>						
Net lending	1,640	3,092	1,935	-1,149	-1,008	-1,051
Net debt		35,108	36,173		35,434	35,462
Cash surplus/-deficit	1,610	2,640	1,961	-368	-914	-924

(a) Consistent with the revised estimated outcome published in the 2019-20 Mid-year Review, released on 18 December 2019.

(b) Consistent with final audited data contained in the 2018-19 *Annual Report on State Finances*, released on 27 September 2019.

The total public sector operating surplus for the six months to 31 December 2019 incorporates:

- the \$2.3 billion operating surplus for the general government sector outlined earlier;
- an operating surplus of \$18 million for the public non-financial corporations sector, \$416 million lower than the surplus recorded in the same period in 2018-19, primarily reflecting lower operating surpluses reported by the Housing Authority and Synergy; and
- an operating surplus of \$314 million for the public financial corporations sector, broadly in line with the surplus recorded in the same period in 2018-19.

Table 3

TOTAL PUBLIC SECTOR OPERATING BALANCE By Sector

	2019-20			2018-19		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
Net Operating Balance						
General government sector	699	2,310	2,589	182	83	1,317
Public non-financial corporations sector	-12	18	534	388	434	648
Public financial corporations sector	83	314	109	-43	262	161
<i>less</i>						
General government dividend revenue	154	339	1,334	329	329	1,350
Public non-financial corporations dividend revenue ^(c)	-	-	70	-	-	61
Agency depreciation costs on right of use assets leased from other government sectors ^(d)	1	-	-26	-	-	-
Total public sector net operating balance	614	2,304	1,853	198	450	716

(a) Consistent with the revised estimated outcome published in the 2019-20 Mid-year Review, released on 18 December 2019.

(b) Consistent with the final audited data contained in the 2018-19 *Annual Report on State Finances*, released on 27 September 2019.

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

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

Balance Sheet

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

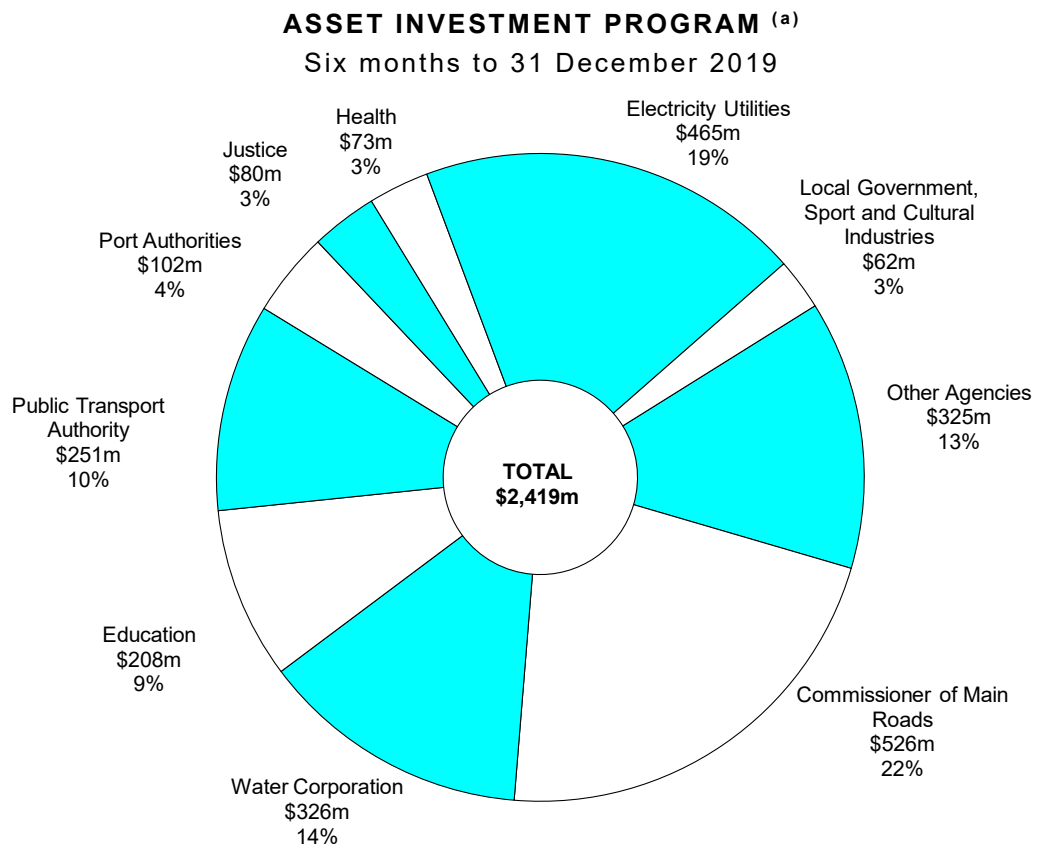
Total public sector net debt decreased by \$354 million during the six months to 31 December 2019 to stand at \$35.1 billion. This includes the first-time recognition of lease obligations measured under AASB 16: *Leases*. Adjusting 2018-19 outcomes for AASB 16 changes, the 31 December 2019 outturn represents an improvement of \$2.4 billion.

Liquid financial assets (which is offset against gross debt liabilities when calculating net debt) decreased by \$1.5 billion for the six months ending 31 December 2019.

Cash Flow

A cash surplus of \$2.6 billion was recorded for the total public sector for the six months to 31 December 2019. This \$3.6 billion turnaround on the cash deficit reported for the same period in 2018-19 is mainly due to the cash impact of the operating outcome discussed earlier and the receipt of the up-front sale proceeds from the Landgate partial commercialisation. Total public sector infrastructure investment was \$2.4 billion over the six months to 31 December, broadly in line with spending recorded for the same period in 2018-19.

Figure 6



(a) Segments may not add due to rounding.

2019-20 Quarterly Financial Results Report

APPENDIX 1

Interim Financial Statements

Contents	Page
Introduction	13
General Government	
Table 1.1: Operating Statement.....	14
Table 1.2: Balance Sheet.....	15
Table 1.3: Statement of Changes in Equity.....	16
Table 1.4: Cash Flow Statement.....	17
Total Public Sector	
Table 1.5: Operating Statement.....	18
Table 1.6: Balance Sheet.....	19
Table 1.7: Statement of Changes in Equity.....	20
Table 1.8: Cash Flow Statement.....	21
Notes to the Interim Financial Statements	
1 Statement of significant accounting policies.....	22
2 Operating revenue	23
3 Transfer expenses.....	23
4 Convergence differences	24
5 Investments, loans and placements	24
6 Receivables.....	25
7 Borrowings.....	25
8 Details of agencies consolidated	25
9 Contingent assets and liabilities	25

Introduction

Financial information presented in this appendix has been prepared in accordance with Australian Accounting Standards and pronouncements, including AASB 134: *Interim Financial Reporting*, AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, and requirements of the *Government Financial Responsibility Act 2000*. The formats used in this report are the same as those used in 2019-20 State Budget Papers presented to the Legislative Assembly on 9 May 2019, facilitating comparisons between estimates and outturns.

These financial statements (Operating Statement, Balance Sheet and Cash Flow Statement) are also consistent with Uniform Presentation Framework (UPF) disclosure requirements to assist with comparison to reporting in the Budget, Mid-year Review and the *Annual Report on State Finances* (ARSF). Disclosures consistent with other UPF disclosure requirements are included in the notes to the financial statements, and in Appendix 2 of this report.

Table 1.1

GENERAL GOVERNMENT OPERATING STATEMENT

		2019-20			2018-19		
	Note	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
RESULTS FROM TRANSACTIONS							
REVENUE							
Taxation		2,417	5,087	9,011	2,339	4,843	8,616
Current grants and subsidies		2,098	4,981	9,573	2,452	4,798	10,210
Capital grants		110	157	980	174	333	873
Sales of goods and services		744	1,445	2,796	680	1,325	2,734
Interest income		34	69	148	42	86	168
Revenue from public corporations							
Dividends from other sectors		154	339	1,334	329	329	1,350
Tax equivalent income		144	323	628	99	262	642
Royalty income		2,042	4,205	7,505	1,530	2,854	6,713
Other		130	294	577	119	275	701
Total	2	7,872	16,901	32,553	7,766	15,104	32,006
EXPENSES							
Salaries		3,212	6,352	12,595	3,091	6,115	12,269
Superannuation							
Concurrent costs		317	628	1,242	305	602	1,213
Superannuation interest cost		30	48	79	32	76	135
Other employee costs		88	166	350	109	210	447
Depreciation and amortisation		444	875	1,852	353	708	1,445
Services and contracts		674	1,297	2,877	608	1,205	2,538
Other gross operating expenses		1,248	2,744	5,035	1,402	2,954	5,645
Interest							
Interest on leases		41	75	168	22	41	89
Other interest		187	384	745	216	432	859
Current transfers	3	900	1,964	4,778	1,244	2,420	5,426
Capital transfers	3	31	58	243	200	258	625
Total		7,173	14,590	29,964	7,583	15,022	30,689
NET OPERATING BALANCE		699	2,310	2,589	182	83	1,317
Other economic flows - included in the operating result							
Net gains on assets/liabilities		4	5	-106	-28	-39	59
Provision for doubtful debts		-2	-1	-14	-4	-5	2
Changes in accounting policy/adjustments of prior periods		-17	-275	-	-22	-53	-172
Total other economic flows		-15	-271	-119	-54	-97	-111
OPERATING RESULT		684	2,039	2,469	128	-14	1,206
All other movements in equity							
Items that will not be reclassified to operating result							
Revaluations		14	-61	682	-156	-159	-1,374
Net actuarial gains/-loss - superannuation		301	47	-447	-461	-469	-814
Gains recognised directly in equity		-3	-6	-71	-	-	-
Change in net worth of the public corporations sectors		-111	-414	-495	-443	-184	-1,661
All other		-	-	-	-	-	-
Total all other movements in equity		201	-434	-331	-1,061	-812	-3,849
TOTAL CHANGE IN NET WORTH		885	1,606	2,139	-933	-826	-2,642
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE		699	2,310	2,589	182	83	1,317
Less Net acquisition of non-financial assets							
Purchase of non-financial assets		635	1,122	2,563	660	1,183	2,540
Changes in inventories	1	1	1	1	7	7	-
Other movement in non-financial assets	1	1	-4	-13	66	67	146
less:							
Sales of non-financial assets		1,423	1,439	1,539	24	36	100
Depreciation		444	875	1,852	353	708	1,445
Total net acquisition of non-financial assets		-1,231	-1,194	-840	355	513	1,142
NET LENDING/-BORROWING		1,929	3,504	3,429	-173	-431	175

(a) Consistent with the revised estimated outcome published in the 2019-20 Mid-year Review, released on 18 December 2019.

(b) Consistent with the final audited data contained in the 2018-19 *Annual Report on State Finances*, released on 27 September 2019.

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

Table 1.2

GENERAL GOVERNMENT BALANCE SHEET

	Note	For the period ending			
		31 Dec	30 June	31 Dec	30 June
		2019	2020 ^(a)	2018	2019 ^(b)
		\$m	\$m	\$m	\$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		627	967	1,044	601
Advances paid		728	740	739	713
Investments, loans and placements	5	5,765	4,697	4,240	4,470
Receivables	6	3,810	3,303	3,383	3,999
Shares and other equity					
Investments in other public sector entities - equity method		40,332	40,250	42,222	40,745
Investments in other public sector entities - direct injections		10,173	11,083	9,548	10,000
Investments in other entities		20	20	48	20
Other financial assets		8	17	8	8
Total financial assets		61,461	61,077	61,232	60,556
<i>Non-financial assets</i>					
Land		35,553	36,293	36,179	35,600
Property, plant and equipment		47,642	48,553	45,136	45,344
Biological assets		3	3	3	3
Inventories					
Land inventories		-	-	-	-
Other inventories		72	71	77	71
Intangibles		608	578	591	626
Assets classified as held for sale		22	43	32	43
Investment property		7	-	7	7
Other		293	187	319	245
Total non-financial assets		84,200	85,728	82,344	81,940
TOTAL ASSETS		145,662	146,805	143,576	142,496
LIABILITIES					
Deposits held		530	951	480	686
Advances received		343	351	360	343
Borrowings	7				
Lease liabilities		3,162	3,157	1,207	1,156
Other borrowings		25,230	25,195	26,929	26,589
Unfunded superannuation		6,878	7,102	6,838	7,062
Other employee benefits		3,289	3,237	3,081	3,197
Payables		1,291	1,412	865	1,425
Other liabilities		2,739	3,461	1,407	1,445
TOTAL LIABILITIES		43,463	44,868	41,167	41,903
NET ASSETS		102,199	101,938	102,410	100,593
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		8,433	9,202	5,458	6,317
Other reserves		93,766	92,736	96,952	94,276
NET WORTH		102,199	101,938	102,410	100,593
MEMORANDUM ITEMS					
<i>Net financial worth</i>		<i>17,999</i>	<i>16,210</i>	<i>20,065</i>	<i>18,653</i>
<i>Net financial liabilities</i>		<i>32,506</i>	<i>35,124</i>	<i>31,704</i>	<i>32,091</i>
<i>Net debt</i>					
Gross debt liabilities		29,265	29,654	28,975	28,774
less: liquid financial assets		7,119	6,403	6,023	5,784
less: convergence differences impacting net debt		-	-	-	-
Net debt		22,146	23,251	22,952	22,990

(a) Consistent with the revised estimated outcome published in the 2019-20 Mid-year Review, released on 18 December 2019.

(b) Consistent with the final audited data contained in the 2018-19 *Annual Report on State Finances*, released on 27 September 2019.

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

Table 1.3

GENERAL GOVERNMENT STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

	Asset Revaluation Surplus \$m	Accumulated net gain on equity investments in other sector entities \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2019</i>	53,531	40,745	6,317	100,593
Operating result	-	-	2,039	2,039
All other movements in equity	-97	-414	76	-434
<i>Total change in net worth</i>	-97	-414	2,116	1,606
Balance at 31 December 2019	53,434	40,332	8,433	102,199

For the six months ended 31 December 2018

	Asset Revaluation Surplus \$m	Accumulated net gain on equity investments in other sector entities \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2018</i>	54,923	42,406	5,907	103,236
Operating result	-	-	-14	-14
All other movements in equity	-192	-184	-435	-812
<i>Total change in net worth</i>	-192	-184	-449	-826
Balance at 31 December 2018	54,730	42,222	5,458	102,410

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

Table 1.4

GENERAL GOVERNMENT CASH FLOW STATEMENT

	2019-20			2018-19		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Taxes received	2,571	4,673	9,022	2,643	4,714	8,911
Grants and subsidies received	2,560	5,861	11,788	2,622	5,094	11,082
Receipts from sales of goods and services	714	1,397	2,796	626	1,221	2,599
Interest receipts	23	63	143	36	81	173
Dividends and tax equivalents	507	685	2,002	620	747	2,092
Other	2,946	5,939	10,099	1,751	3,669	7,659
Total cash received	9,320	18,618	35,850	8,298	15,525	32,517
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-3,805	-7,080	-14,285	-3,679	-6,904	-13,766
Payments for goods and services	-2,041	-4,464	-8,361	-2,150	-4,583	-8,473
Interest paid	-226	-469	-936	-235	-465	-950
Grants and subsidies paid	-1,378	-2,669	-6,166	-1,503	-2,513	-5,635
Dividends and tax equivalents	-	-	-	-	-	-
Other	-595	-1,092	-1,780	-434	-884	-1,679
Total cash paid	-8,045	-15,774	-31,527	-8,002	-15,349	-30,503
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,275	2,845	4,323	296	176	2,014
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-635	-1,122	-2,563	-660	-1,183	-2,540
Sales of non-financial assets	1,423	1,439	1,539	24	36	100
Total cash flows from investments in non-financial assets	788	316	-1,024	-635	-1,147	-2,441
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	8	10	10	6	25	33
For liquidity purposes	45	60	117	22	28	308
<i>Cash paid</i>						
For policy purposes	-126	-274	-1,285	-162	-297	-790
For liquidity purposes	-	-8	-38	-5	-24	-66
Total cash flows from investments in financial assets	-72	-213	-1,196	-138	-267	-516
NET CASH FLOWS FROM INVESTING ACTIVITIES	715	104	-2,220	-774	-1,414	-2,956
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	-	-	17	-	-	17
Borrowings	18	34	166	22	36	61
Deposits received	-	-	-	-	-	-
Other financing receipts	76	173	140	11	182	253
Total cash received	93	207	323	33	218	330
<i>Cash paid</i>						
Advances paid	-	-	-17	-	-	-17
Borrowings repaid	-912	-1,274	-1,443	-14	-26	-513
Deposits paid	-	-	-	-	-	-
Other financing payments	-169	-295	-511	-79	-134	-214
Total cash paid	-1,081	-1,568	-1,970	-92	-160	-744
NET CASH FLOWS FROM FINANCING ACTIVITIES	-988	-1,362	-1,647	-59	58	-414
Net increase in cash and cash equivalents	1,002	1,587	456	-537	-1,180	-1,355
Cash and cash equivalents at the beginning of the year	5,590	5,005	5,005	5,717	6,360	6,360
Cash and cash equivalents at the end of the year	6,591	6,591	5,460	5,180	5,180	5,005
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	1,275	2,845	4,323	296	176	2,014
Net cash flows from investing in non-financial assets	788	316	-1,024	-635	-1,147	-2,441
Cash surplus/-deficit	2,062	3,161	3,299	-340	-971	-426

(a) Consistent with the revised estimated outcome published in the 2019-20 Mid-year Review, released on 18 December 2019.

(b) Consistent with the final audited data contained in the 2018-19 *Annual Report on State Finances*, released on 27 September 2019.

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

Table 1.5

TOTAL PUBLIC SECTOR OPERATING STATEMENT

		2019-20			2018-19		
	Note	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
Results from Transactions							
REVENUE							
Taxation		2,289	4,819	8,485	2,211	4,583	8,097
Current grants and subsidies		2,098	4,981	9,573	2,452	4,798	10,210
Capital grants		110	157	980	174	333	873
Sales of goods and services		9,185	19,226	37,887	6,197	12,019	23,488
Interest income		137	285	674	164	310	639
Royalty income		2,042	4,205	7,505	1,530	2,854	6,713
Other		207	517	1,032	262	497	1,193
Total	2	16,069	34,191	66,136	12,991	25,393	51,214
EXPENSES							
Salaries		3,530	6,980	13,872	3,391	6,708	13,382
Superannuation							
Concurrent costs		349	690	1,368	335	661	1,323
Superannuation interest cost		30	48	79	32	76	135
Other employee costs		98	179	296	82	159	350
Depreciation and amortisation		979	1,943	3,962	854	1,706	3,431
Services and contracts		847	1,654	3,526	791	1,561	3,306
Other gross operating expenses		8,424	17,874	35,509	5,839	11,133	22,084
Interest							
Interest on leases		63	120	262	43	85	174
Other interest		336	710	1,533	395	797	1,583
Other property expenses		-	-	-	-	-	-
Current transfers	3	761	1,627	3,680	979	1,958	4,411
Capital transfers	3	38	63	196	52	99	319
Total		15,454	31,887	64,283	12,793	24,943	50,498
NET OPERATING BALANCE		614	2,304	1,853	198	450	716
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		72	146	86	-347	-316	254
Provision for doubtful debts		3	-5	-51	-10	-17	-16
Changes in accounting policy/adjustment of prior periods		12	-339	-	-103	-113	-310
Total other economic flows		87	-198	35	-461	-446	-72
OPERATING RESULT		701	2,106	1,888	-263	4	644
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		-114	-541	794	-206	-365	-2,444
Net actuarial gains/loss - superannuation		305	46	-449	-464	-471	-850
Gains recognised directly in equity		-7	-6	-95	-	6	8
All other		-	-	-	-	-	-
Total all other movements in equity		183	-500	250	-670	-830	-3,286
TOTAL CHANGE IN NET WORTH		885	1,606	2,139	-933	-826	-2,642
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE		614	2,304	1,853	198	450	716
Less <i>Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		1,286	2,419	5,646	1,324	2,395	4,965
Changes in inventories		135	271	84	895	833	614
Other movement in non-financial assets		24	48	139	100	130	273
<i>less:</i>							
Sales of non-financial assets		1,492	1,583	1,988	118	194	654
Depreciation		979	1,943	3,962	854	1,706	3,431
Total net acquisition of non-financial assets		-1,026	-788	-81	1,347	1,457	1,767
NET LENDING/-BORROWING		1,640	3,092	1,935	-1,149	-1,008	-1,051

(a) Consistent with the revised estimated outcome published in the 2019-20 Mid-year Review, released on 18 December 2019.

(b) Consistent with the final audited data contained in the 2018-19 *Annual Report on State Finances*, released on 27 September 2019.

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

TOTAL PUBLIC SECTOR BALANCE SHEET

Table 1.6

		For the period ending			
	Note	31 Dec 2019	30 June 2020 ^(a)	31 Dec 2018	30 June 2019 ^(b)
		\$m	\$m	\$m	\$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		1,542	1,889	2,115	1,517
Advances paid		5,052	5,393	4,583	4,782
Investments, loans and placements	5	17,794	19,840	14,496	19,567
Receivables	6	5,595	5,255	5,150	5,825
Equity - investments in other entities		2,033	2,087	1,665	1,920
Other financial assets		14	22	13	13
Total financial assets		32,029	34,486	28,023	33,624
<i>Non-financial assets</i>					
Land		43,724	44,373	45,053	43,809
Property, plant and equipment		103,298	105,232	100,908	101,099
Biological assets		344	200	332	345
Inventories					
Land inventories		1,840	2,022	1,875	1,852
Other inventories		4,616	4,429	4,564	4,345
Intangibles		1,121	968	1,058	1,028
Assets classified as held for sale		28	54	35	59
Investment property		67	53	69	67
Other		485	327	484	381
Total non-financial assets		155,523	157,658	154,378	152,985
TOTAL ASSETS		187,553	192,144	182,401	186,610
LIABILITIES					
Deposits held		17	11	23	11
Advances received		343	351	360	343
Borrowings	7				
Lease liabilities		4,193	4,171	1,973	1,902
Other borrowings		54,944	58,762	54,273	59,072
Unfunded superannuation		6,967	7,194	6,943	7,165
Other employee benefits		3,674	3,617	3,443	3,577
Payables		7,157	7,260	6,744	7,211
Other liabilities		8,059	8,840	6,232	6,736
TOTAL LIABILITIES		85,354	90,207	79,992	86,017
NET ASSETS		102,199	101,938	102,410	100,593
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		28,241	29,334	25,813	26,056
Other reserves		73,957	72,604	76,596	74,537
NET WORTH		102,199	101,938	102,410	100,593
MEMORANDUM ITEMS					
<i>Net financial worth</i>		-53,325	-55,720	-51,969	-52,392
<i>Net financial liabilities</i>		53,325	55,720	51,969	52,392
<i>Net debt</i>					
Gross debt liabilities		59,496	63,295	56,629	61,329
less: liquid financial assets		24,388	27,122	21,195	25,867
less: convergence differences impacting net debt		-	-	-	-
Net debt		35,108	36,173	35,434	35,462

(a) Consistent with the revised estimated outcome published in the 2019-20 Mid-year Review, released on 18 December 2019.

(b) Consistent with the final audited data contained in the 2018-19 *Annual Report on State Finances*, released on 27 September 2019.

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

Table 1.7

TOTAL PUBLIC SECTOR STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

	Asset Revaluation Surplus \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2019</i>	74,537	26,056	100,593
Operating result	-	2,106	2,106
All other movements in equity	-580	80	-500
<i>Total change in net worth</i>	-580	2,185	1,606
Balance at 31 December 2019	73,957	28,241	102,199

For the six months ended 31 December 2018

	Asset Revaluation Surplus \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2018</i>	76,680	26,555	103,236
Operating result	-	4	4
All other movements in equity	-84	-746	-830
<i>Total change in net worth</i>	-84	-742	-826
Balance at 31 December 2018	76,596	25,813	102,410

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

Table 1.8

TOTAL PUBLIC SECTOR CASH FLOW STATEMENT

	2019-20			2018-19		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn (a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual (b) \$m
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Taxes received	2,499	4,521	8,486	2,546	4,550	8,392
Grants and subsidies received	2,560	5,861	11,788	2,622	5,094	11,082
Receipts from sales of goods and services	6,401	12,991	25,365	6,150	11,974	23,693
Interest receipts	159	308	647	179	325	661
Other receipts	3,120	6,549	10,833	2,031	4,348	8,807
Total cash received	14,740	30,230	57,119	13,528	26,290	52,635
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-4,178	-7,785	-15,712	-4,014	-7,552	-15,062
Payments for goods and services	-6,365	-13,107	-24,575	-6,086	-12,170	-23,421
Interest paid	-406	-969	-1,767	-497	-990	-2,017
Grants and subsidies paid	-1,081	-2,233	-4,819	-940	-1,820	-4,129
Other payments	-1,307	-2,660	-4,629	-1,152	-2,472	-4,620
Total cash paid	-13,336	-26,754	-51,501	-12,689	-25,003	-49,248
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,403	3,476	5,618	838	1,287	3,386
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-1,286	-2,419	-5,646	-1,324	-2,395	-4,965
Sales of non-financial assets	1,492	1,583	1,988	118	194	654
Total cash flows from investments in non-financial assets	206	-836	-3,658	-1,206	-2,201	-4,310
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	8	10	10	6	12	21
For liquidity purposes	6,081	7,487	6,708	2,638	4,065	6,495
<i>Cash paid</i>						
For policy purposes	-4	-9	-10	-7	-11	-19
For liquidity purposes	-4,471	-6,309	-7,418	-1,833	-3,330	-8,784
Total cash flows from investments in financial assets	1,613	1,179	-710	805	736	-2,286
NET CASH FLOWS FROM INVESTING ACTIVITIES	1,819	343	-4,367	-401	-1,465	-6,597
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	-	-	-	-	-	-
Borrowings	1,750	7,437	18,481	4,605	10,171	21,444
Deposits received	-	-	-	-	-	-
Other financing receipts	78	89	49	12	25	98
Total cash received	1,828	7,525	18,530	4,617	10,196	21,542
<i>Cash paid</i>						
Advances paid	-	-	-17	-	-	-17
Borrowings repaid	-5,645	-9,841	-18,752	-7,172	-10,804	-19,990
Deposits paid	-	-	-	-	-	-
Other financing payments	-173	-295	-452	-56	-100	-188
Total cash paid	-5,818	-10,136	-19,221	-7,228	-10,904	-20,194
NET CASH FLOWS FROM FINANCING ACTIVITIES	-3,990	-2,611	-691	-2,611	-708	1,348
Net increase in cash and cash equivalents	-768	1,208	560	-2,173	-886	-1,863
Cash and cash equivalents at the beginning of the year	10,686	8,710	8,710	11,860	10,573	10,573
Cash and cash equivalents at the end of the year	9,918	9,918	9,270	9,687	9,687	8,710
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	1,403	3,476	5,618	838	1,287	3,386
Net cash flows from investing in non-financial assets	206	-836	-3,658	-1,206	-2,201	-4,310
Cash surplus/-deficit	1,610	2,640	1,961	-368	-914	-924

(a) Consistent with the revised estimated outcome published in the 2019-20 Mid-year Review, released on 18 December 2019.

(b) Consistent with the final audited data contained in the 2018-19 *Annual Report on State Finances*, released on 27 September 2019.

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

Notes to the Interim Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Statement

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

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

(b) The Reporting Entity

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

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

(c) Basis of Preparation

The financial statements for the six months ended 31 December 2019 have been prepared in accordance with Australian Accounting Standards, in particular AASB 134: *Interim Financial Reporting*, and AASB 1049: *Whole of Government and General Government Sector Financial Reporting* and other authoritative pronouncements of the AASB.

The ABS Government Finance Statistics (GFS) Manual provides the basis upon which GFS information that is contained in the financial statements is prepared. In particular, notes disclosing key fiscal aggregates of net worth, total change in net worth, net operating balance, net lending/-borrowing and cash surplus/-deficit determined using the principles and rules in the ABS GFS Manual are included in the financial statements, together with a reconciliation of those key fiscal aggregates to the corresponding key fiscal aggregates recognised in the financial statements.

This interim financial report does not include all the note disclosures that are included in an annual financial report. Accordingly, this report is to be read in conjunction with the audited Consolidated Financial Statements for the year ended 30 June 2019, presented in Appendix 1 of the 2018-19 *Annual Report on State Finances* (ARSF) released on 27 September 2019. The accounting policies adopted in this publication are consistent with those outlined in the 2018-19 ARSF. The specific accounting policies of the Government of Western Australia are described in Note 3: *Summary of Significant Accounting Policies* in Appendix 1 of the 2018-19 ARSF.

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

(d) Unaudited Data

The Interim Financial Statements are not audited.

NOTE 2: OPERATING REVENUE

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

NOTE 3: TRANSFER EXPENSES

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

TRANSFER EXPENSES (a)

General Government						
	2019-20			2018-19		
	Three Months to 31 Dec	Six Months to 31 Dec \$m	Estimated Outturn (b) \$m	Three Months to 31 Dec	Six Months to 31 Dec \$m	Actual (c) \$m
CURRENT TRANSFERS						
Local Government	52	139	399	96	191	384
Local Government on-passing	-	-	-	22	45	181
Private and Not-for-profit sector	361	865	1,649	340	697	1,377
Private and Not-for-profit sector on-passing	-	-	-	311	627	1,323
Other sectors of Government	487	959	2,731	474	860	2,161
Total Current Transfers	900	1,964	4,778	1,244	2,420	5,426
CAPITAL TRANSFERS						
Local Government	6	14	60	8	9	64
Local Government on-passing	-	-	-	14	29	118
Private and Not-for-profit sector	17	32	124	13	34	87
Private and Not-for-profit sector on-passing	-	-	-	5	10	18
Other sectors of Government	7	12	59	160	176	338
Total Capital Transfers	31	58	243	200	258	625
Total Public Sector						
	2019-20			2018-19		
	Three Months to 31 Dec	Six Months to 31 Dec \$m	Estimated Outturn (b) \$m	Three Months to 31 Dec	Six Months to 31 Dec \$m	Actual (c) \$m
CURRENT TRANSFERS						
Local Government	52	139	399	96	191	385
Local Government on-passing	-	-	-	22	45	181
Private and Not-for-profit sector	577	1,283	2,508	546	1,090	2,185
Private and Not-for-profit sector on-passing	-	-	-	311	627	1,323
Other sectors of Government	131	204	773	3	5	337
Total Current Transfers	761	1,627	3,680	979	1,958	4,411
CAPITAL TRANSFERS						
Local Government	6	14	60	8	9	65
Local Government on-passing	-	-	-	14	29	118
Private and Not-for-profit sector	32	49	136	25	52	119
Private and Not-for-profit sector on-passing	-	-	-	5	10	18
Other sectors of Government	-	-	-	-	-	-
Total Capital Transfers	38	63	196	52	99	319

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

(b) Consistent with the revised estimated outcome published in the 2019-20 Mid-year Review, released on 18 December 2019.

(c) Consistent with the final audited data contained in the 2018-19 *Annual Report on State Finances*, released on 27 September 2019.

Note: Columns may not add due to rounding.

NOTE 4: CONVERGENCE DIFFERENCES

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

This note usually details all convergence differences for the September 2019 results. However, with the adoption of AASB 16: *Leases* the distinction between operating leases and finance leases as measured under previous accounting standards has been superseded. Accordingly, convergence data between the AASB 1049 key financial aggregates produced in the September 2019 results and GFS concepts is not currently available. Convergence notes in the most recent audited financial results (included in the 2018-19 *Annual Report on State Finances*, released in September 2019) show that there have been very few convergence differences in Western Australia's AASB 1049 disclosures compared with equivalent data presented on a GFS basis. The ABS is currently working with State and Territory jurisdictions to develop a methodological solution that will enable the ongoing distinction between operating and finance leases for GFS purposes.

NOTE 5: INVESTMENTS, LOANS AND PLACEMENTS

General Government				
	2019-20		2018-19	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
<i>Investments</i>				
Term deposits	5,718	4,661	4,223	4,452
Government securities	3	3	3	3
<i>Total</i>	<i>5,721</i>	<i>4,664</i>	<i>4,226</i>	<i>4,455</i>
<i>Loans and advances</i>				
Loans	44	33	13	15
Financial Assets held for trading/available for sale	-	-	-	-
<i>Total</i>	<i>44</i>	<i>33</i>	<i>13</i>	<i>15</i>
Total	5,765	4,697	4,240	4,470
Total Public Sector				
	2019-20		2018-19	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
<i>Investments</i>				
Term deposits	12,485	12,068	10,607	11,836
Government securities	1,517	2,481	1,216	2,481
<i>Total</i>	<i>14,001</i>	<i>14,549</i>	<i>11,824</i>	<i>14,318</i>
<i>Loans and advances</i>				
Loans	3,211	4,659	2,254	4,618
Financial Assets held for trading/available for sale	582	631	418	631
<i>Total</i>	<i>3,793</i>	<i>5,291</i>	<i>2,673</i>	<i>5,250</i>
Total	17,794	19,840	14,496	19,567

NOTE 6: RECEIVABLES

General Government				
	2019-20		2018-19	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Accounts Receivable	3,986	3,500	3,647	4,195
Provision for impairment of receivables	-176	-197	-265	-196
Total	3,810	3,303	3,383	3,999

Total Public Sector				
	2019-20		2018-19	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Accounts Receivable	5,861	5,580	5,508	6,117
Provision for impairment of receivables	-266	-325	-358	-293
Total	5,595	5,255	5,150	5,825

NOTE 7: BORROWINGS

General Government				
	2019-20		2018-19	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Bank overdrafts	-	-	-	117
Lease liabilities	3,162	3,157	1,207	1,156
Borrowings	25,230	25,195	26,929	26,473
Total	28,392	28,352	28,136	27,745

Total Public Sector				
	2019-20		2018-19	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Bank overdrafts	-	1	3	117
Lease liabilities	4,193	4,171	1,973	1,902
Borrowings	54,944	58,761	54,270	58,956
Total	59,136	62,933	56,246	60,974

NOTE 8: DETAILS OF AGENCIES CONSOLIDATED

The agencies included in these financial statements are detailed in Note 35: *Composition of Sectors* in the 2018-19 *Annual Report on State Finances*.

NOTE 9: CONTINGENT ASSETS AND LIABILITIES

There have been no other material changes in the contingent assets and liabilities of the State since the 2018-19 *Annual Report on State Finances* disclosure.

2019-20 Quarterly Financial Results Report

APPENDIX 2

Operating Revenue

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

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

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

Users of this report should note that two new accounting standards became effective from 1 January 2019. These are AASB 15: *Revenue From Contracts With Customers* and AASB 1058: *Income of Not-For-Profit Entities*. The key changes from these two standards are in the timing of some revenue recognised over time, and the ‘grossing up’ of some revenue and expenses. These changes are broadly neutral for the operating balance over time (although individual years may move up or down in line with the timing of the spending for which revenue is received, such as Commonwealth infrastructure funding paid in advance of project works carried out by the State in future periods).

Under these standards, revenue is to be recognised if the entity ‘controls’ the good or service before delivering it to the customer. In practical terms, material consequences of these changes for the State’s whole-of-government financial statements will be to:

- remove revenue and expenses where the State acts only as an agent of a third party in a relationship and exerts no control over the underlying assets (for example, general government operating revenue and expenses will be reduced by equivalent amounts to remove on-passed Commonwealth funding for local governments and non-government schools);
- de-recognise Commonwealth revenue paid in advance in earlier years (such as recent transport and hospital infrastructure funding) and then recognise it in future years in line with spending on the works; and

2019-20 Quarterly Financial Results Report

- recognise revenue as or when an entitlement to consideration emerges or when a good or service is delivered to a customer (in particular, this grosses up Gold Corporation revenue and expenses in the public non-financial corporations sector which will now measure non-cash precious metal transactions (mainly gold inventory) as well as cash transactions).

Table 2.1

GENERAL GOVERNMENT Operating Revenue

	2019-20			2018-19		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
TAXATION						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	956	1,923	3,781	900	1,805	3,565
Property taxes						
<i>Land tax</i>	238	718	773	334	769	807
Transfer Duty	340	611	1,152	309	569	1,073
Landholder Duty	19	21	31	8	8	32
<i>Total duty on transfers</i>	359	632	1,183	317	576	1,105
Metropolitan Region Improvement Tax	48	86	88	58	86	89
Perth Parking Levy	2	53	59	3	54	59
Emergency Services Levy	138	253	386	99	243	374
Loan guarantee fees	38	77	158	38	76	152
Building and Construction Industry Training Fund Levy	15	24	37	5	11	27
<i>Total other property taxes</i>	241	494	728	203	469	702
Taxes on provision of goods and services						
Lotteries Commission	41	94	164	41	91	180
Casino Tax	14	28	71	14	27	59
Betting tax	-	-	-	12	22	25
Point of Consumption Tax	21	40	78	-	-	30
<i>Total taxes on gambling</i>	76	163	313	66	140	294
Insurance Duty	169	356	664	164	335	645
Other	5	9	19	4	9	17
<i>Total taxes on insurance</i>	174	366	683	169	344	662
<i>On-demand Transport Levy</i>	12	22	30	-	-	5
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	88	182	368	87	179	363
Permits - Oversize Vehicles and Loads	2	4	8	2	4	8
Motor Vehicle registrations	250	512	1,029	240	487	995
<i>Total motor vehicle taxes</i>	340	698	1,405	330	670	1,367
<i>Mining Rehabilitation Levy</i>	-	32	32	-	30	31
<i>Landfill Levy</i>	21	39	83	21	40	79
Total Taxation	2,417	5,087	9,011	2,339	4,843	8,616
CURRENT GRANTS AND SUBSIDIES						
<i>General Purpose Grants</i>						
GST grants	872	1,768	3,559	812	1,641	3,200
Commonwealth-funded 70% floor	-	814	814	-	-	434
North West Shelf grants	192	356	767	255	498	886
Compensation for Commonwealth crude oil excise arrangements	4	10	31	11	20	30
<i>Grants Through the State ^(c)</i>						
School assistance - non-government schools	-	-	-	311	627	1,323
Local government financial assistance grants	-	-	-	22	45	181
Local government roads	-	-	-	14	29	118
<i>National Specific Purpose Payment Agreement Grants</i>						
National Skills and Workforce Development	79	79	158	39	79	157
National Disability Services	43	86	173	48	111	167
National Affordable Housing	72	83	166	82	82	164
Quality Schools	208	400	826	181	353	739
National Health Reform	590	1,177	2,342	573	1,132	2,269
<i>National Partnerships/Other Grants</i>						
Health	41	91	178	51	83	194
Housing	-	-	1	-	-	-
Transport	40	45	174	36	49	54
Disability Services	-	-	82	-	-	55
Other	27	72	302	15	51	239
Total Current Grants and Subsidies ^(c)	2,098	4,981	9,573	2,452	4,798	10,210

Table 2.1 (cont.)

GENERAL GOVERNMENT
Operating Revenue

	2019-20			2018-19		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CAPITAL GRANTS						
<i>Grants Through the State</i> ^(c)						
School assistance - non-government schools		-	-	5	10	18
<i>National Partnerships/Other Grants</i>						
Housing	-	-	-	-	130	251
Transport	106	153	950	170	193	593
Other	4	4	30	-	-	11
Total Capital Grants ^(c)	110	157	980	174	333	873
SALES OF GOODS AND SERVICES ^(c)	744	1,445	2,796	680	1,325	2,734
INTEREST INCOME	34	69	148	42	86	168
REVENUE FROM PUBLIC CORPORATIONS						
Dividends	154	339	1,334	329	329	1,350
Tax Equivalent Regime	144	323	628	99	262	642
Total Revenue from Public Corporations	298	662	1,962	428	591	1,991
ROYALTY INCOME	2,042	4,205	7,505	1,530	2,854	6,713
OTHER						
Lease Rentals	30	60	105	30	58	107
Fines	49	95	200	45	93	224
Revenue not elsewhere counted	51	139	272	44	125	370
Total Other	130	294	577	119	275	701
GRAND TOTAL	7,872	16,901	32,553	7,766	15,104	32,006

(a) Consistent with the revised outcome published in the 2019-20 Mid-year Review, released on 18 December 2019.

(b) Consistent with the final audited data contained in the 2018-19 *Annual Report on State Finances*, released on 27 September 2019.

(c) Reporting aggregate impacted by new accounting standards in 2019-20 (see introduction to the appendix).

Note: Columns may not add due to rounding.

Table 2.2

TOTAL PUBLIC SECTOR Operating Revenue

	2019-20			2018-19		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
TAXATION						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	933	1,878	3,689	878	1,762	3,479
Property taxes						
<i>Land tax</i>	222	686	703	317	736	744
Transfer Duty	340	611	1,152	309	569	1,073
Landholder Duty	19	21	31	8	8	32
<i>Total duty on transfers</i>	359	632	1,183	317	576	1,105
Metropolitan Region Improvement Tax	48	86	88	58	86	89
Perth Parking Levy	2	53	59	3	54	59
Emergency Services Levy	138	253	380	99	243	369
Loan guarantee fees	1	3	7	1	4	8
Building and Construction Industry Training Fund Levy	15	24	37	5	11	27
<i>Total other property taxes</i>	204	420	571	166	397	552
Taxes on provision of goods and services						
Casino Tax	14	28	71	14	27	59
Point of Consumption tax	-	19	35	-	-	13
<i>Total taxes on gambling</i>	24	46	106	14	28	73
Insurance Duty	169	356	664	164	335	645
Other	5	9	19	4	9	17
<i>Total taxes on insurance</i>	174	366	683	169	344	662
<i>On-demand Transport Levy</i>	12	22	30	-	-	5
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	88	182	368	87	179	363
Permits - Oversize Vehicles and Loads	2	4	8	2	4	8
Motor Vehicle registrations	250	512	1,029	240	487	995
<i>Total motor vehicle taxes</i>	340	698	1,405	330	670	1,367
<i>Mining Rehabilitation Levy</i>	-	32	32	-	30	31
<i>Landfill Levy</i>	21	39	83	21	40	79
Total Taxation	2,289	4,819	8,485	2,211	4,583	8,097
CURRENT GRANTS AND SUBSIDIES						
<i>General Purpose Grants</i>						
GST grants	872	1,768	3,559	812	1,641	3,200
Commonwealth-funded 70% floor grant	-	814	814	-	-	434
North West Shelf grants	192	356	767	255	498	886
Compensation for Commonwealth crude oil excise arrangements	4	10	31	11	20	30
<i>Grants Through the State ^(c)</i>						
School assistance - non-government schools	-	-	-	311	627	1,323
Local government financial assistance grants	-	-	-	22	45	181
Local government roads	-	-	-	14	29	118
<i>National Specific Purpose Payment Agreement Grants</i>						
National Agreement for Skills and Workforce Development	79	79	158	39	79	157
National Disability Services	43	86	173	48	111	167
National Affordable Housing	72	83	166	82	82	164
Quality Schools	208	400	826	181	353	739
National Health Reform	590	1,177	2,342	573	1,132	2,269
<i>National Partnerships\Other Grants</i>						
Health	41	91	178	51	83	194
Housing	-	-	1	-	-	-
Transport	40	45	174	36	49	54
Disability Services	-	-	82	-	-	55
Other	27	72	302	15	51	239
Total Current Grants and Subsidies ^(c)	2,098	4,981	9,573	2,452	4,798	10,210

Table 2.2 (cont.)

TOTAL PUBLIC SECTOR
Operating Revenue

	2019-20			2018-19		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CAPITAL GRANTS						
<i>Grants Through the State</i> ^(c)						
School assistance - non-government schools	-	-	-	5	10	18
<i>National Partnerships/Other Grants</i>						
Housing	-	-	-	-	130	251
Transport	106	153	950	170	193	593
Other	4	4	30	-	-	11
Total Capital Grants ^(c)	110	157	980	174	333	873
SALES OF GOODS AND SERVICES ^(c)	9,185	19,226	37,887	6,197	12,019	23,488
INTEREST INCOME	137	285	674	164	310	639
ROYALTY INCOME	2,042	4,205	7,505	1,530	2,854	6,713
OTHER						
Lease Rentals	30	60	105	30	58	107
Fines	50	97	200	46	95	224
Revenue not elsewhere counted	128	360	727	185	344	862
Total Other	207	517	1,032	262	497	1,193
GRAND TOTAL	16,069	34,191	66,136	12,991	25,393	51,214

(a) Consistent with the revised outcome published in the 2019-20 Mid-year Review, released on 18 December 2019.

(b) Consistent with the final audited data contained in the 2018-19 *Annual Report on State Finances*, released on 27 September 2019.

(c) Reporting aggregates impacted by new accounting standards in 2019-20 (see introduction to the appendix).

Note: Columns may not add due to rounding.

APPENDIX 3

Public Ledger

The Public Ledger, established by section 7 of the *Financial Management Act 2006* (FMA), includes those transactions and operations that are conducted through the Consolidated Account, the Treasurer's Advance Account and through the Treasurer's Special Purpose Accounts (TSPAs). Together with agency cash balances held at Treasury, the total of these accounts form the Public Bank Account.

PUBLIC LEDGER BALANCES AT 31 DECEMBER				Table 3.1
	2019 \$m	2018 \$m	Variance \$m	
THE PUBLIC LEDGER				
Consolidated Account ^(a)	-16,426	-16,139	-287	
Treasurer's Special Purpose Accounts	16,536	14,911	1,625	
Treasurer's Advance Account – Net Advances and Overdraw n Trusts	-14	-24	11	
TOTAL	96	-1,253	1,349	
Agency Special Purpose Accounts	5,969	5,830	140	
TOTAL PUBLIC BANK ACCOUNT	6,065	4,577	1,488	

(a) The balance of the Consolidated Account at 31 December 2019 includes non-cash appropriations of \$13,838 million (31 December 2018: \$12,484 million), representing the non-cash cost of agency services. These appropriations are credited to agency Holding Accounts that are included in the TSPAs balance. In cash terms, the Consolidated Account recorded a deficit of \$2,588 million at 31 December 2019 (compared with a deficit position of \$3,655 million at 31 December 2018).

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

Consolidated Account

The *Constitution Act 1889* requires that all revenue of the Crown that is not permanently appropriated by legislation to another entity shall be credited to the Consolidated Account. The Act also requires that payments out of the Account must be appropriated by Parliament.

Accordingly, Consolidated Account revenue is not available for use by agencies that collect it, and such receipts must be paid directly to the credit of the Account. Expenditure is authorised by the Parliament, with both the amount and the expressed purpose of each appropriation clearly specified.

The Consolidated Account accrual deficit at 31 December 2019 was \$16,426 million, \$287 million larger than the accumulated deficit at 31 December 2018. This included \$13,838 million associated with accrual (non-cash) appropriations for depreciation and leave entitlements, matched by equivalent non-cash balances in agency Holding Accounts.

2019-20 Quarterly Financial Results Report

In cash terms, the Consolidated Account had a deficit balance of \$2,588 million at 31 December 2019, \$1,067 million lower than the \$3,655 million deficit cash deficit at 31 December 2018.

Borrowings held by the Consolidated Account decreased by \$898 million in the December 2019 quarter, and totalled \$24.7 billion compared with \$26.4 billion in December 2018. Debt repayments during the December quarter were sourced from Western Australia's GST top-up payments for 2019-20. Debt repayments have been scheduled to coincide with the timing of maturing State borrowings. Further debt repayments sourced from the repayment of surplus funds returned to the Consolidated Account by RiskCover (\$69 million) are scheduled for later in the financial year.

Total proceeds from gross borrowings (i.e. excluding repayments of borrowings) stood at \$26.6 billion at 31 December 2019 and remain below the \$34.5 billion cumulative limit approved by the *Loan Act 2017* and preceding *Loan Acts*¹. The Consolidated Account last drew down new borrowings in April 2018.

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

Table 3.2

CONSOLIDATED ACCOUNT TRANSACTIONS
For the six months ended 31 December

	2019 \$m	2018 \$m	Variance \$m
REVENUE			
<i>Operating Activities</i>			
Taxation	3,642	3,733	-90
Commonwealth grants	2,112	2,118	-6
Government enterprises	2,112	752	1,360
Revenue from other agencies	5,411	3,246	2,165
Other receipts	1,085	341	744
<i>Total Operating Activities</i>	<i>14,363</i>	<i>10,190</i>	<i>4,173</i>
<i>Financing Activities</i>			
Repayments of recoverable advances	4	3	-(a)
Borrowings	-	-	-
Other receipts	6	10	-4
<i>Total Financing Activities</i>	<i>9</i>	<i>13</i>	<i>-4</i>
TOTAL REVENUE	14,372	10,203	4,169
EXPENDITURE			
<i>Recurrent</i>			
Authorised by other statutes	1,277	1,366	-89
Appropriation Act (No. 1)	10,691	10,246	446
Recurrent expenditure under the Treasurer's Advance	2	28	-26
<i>Total Recurrent Expenditure</i>	<i>11,970</i>	<i>11,640</i>	<i>330</i>
<i>Investing Activities</i>			
Authorised by other statutes	143	170	-27
Appropriation Act (No. 2)	802	655	147
Investing expenditure under the Treasurer's Advance	-(a)	-	-(a)
<i>Total Investing Activities</i>	<i>945</i>	<i>826</i>	<i>120</i>
<i>Financing Activities</i>			
Loan repayments	1,248	-	1,248
Other financing	5	9	-4
<i>Total Financing Activities</i>	<i>1,253</i>	<i>9</i>	<i>1,244</i>
TOTAL EXPENDITURE	14,168	12,474	1,694
NET MOVEMENT (REVENUE LESS EXPENDITURE)	204	-2,271	2,475
Consolidated Account Balance			
Opening balance at 1 July	-16,630	-13,868	-2,763
Closing balance at 31 December	-16,426	-16,139	-287
Of which:			
Appropriations payable	-13,838	-12,484	-1,354
Cash balance at 31 December	-2,588	-3,655	1,067

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

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

Treasurer's Special Purpose Accounts

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

- any account established by the Treasurer as a TSPA for the purposes determined by the Treasurer;
- suspense accounts established for the purposes of section 26 of the FMA;
- any account established to hold money transferred under section 39(5) of the FMA;

2019-20 Quarterly Financial Results Report

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

Relative to 31 December 2018, aggregate TSPA balances were \$1,626 million higher at the end of December 2019, mainly reflecting:

- higher Holding Account balances for non-cash accrual appropriations to agencies for depreciation and accrued leave entitlements (up \$1,354 million);
- establishment of the National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse Account, less payments totalling \$2.1 million made from the account to the Commonwealth for Scheme payments, and to the Departments of Justice and Communities for administration costs;
- an increase in the balance of the Western Australian Future Fund reflecting appropriation of 1% of forecast annual royalty receipts (\$64 million) and interest earnings on the balance of the Fund over the last twelve months (\$45 million);
- a net increase in the Royalties for Regions Fund (up \$68 million), reflecting the timing of appropriation payments to the Fund, and draw downs for approved spending on individual programs;
- a decrease in the balance of the Commonwealth Grants for Specific Purposes Account (SPA) (down \$55 million), reflecting the reconciliation of prior year Commonwealth funding for the State-administered National Disability Insurance Scheme (NDIS) trials, provision of National Disability Specific Purpose Payment funding to the Department of Communities for on-payment to the National Disability Insurance Agency (for the Commonwealth-administered NDIS), and interim Skilling Australians funding from the Commonwealth;
- a decrease in the balance of the Fiona Stanley Construction Hospital Account (down \$39 million), reflecting the return of unspent funds to the Consolidated Account and closure of this SPA; and
- an increase in the balance of agency accounts that hold cash for the cost of an extra pay period which falls due every 11 years (up \$44 million).

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

TREASURER'S SPECIAL PURPOSE ACCOUNTS

Table 3.3

At 31 December

	2019	2018	Variance
	\$m	\$m	\$m
Agency Holding Accounts	13,838	12,484	1,354
Royalties for Regions Fund	923	855	68
Western Australian Future Fund	1,399	1,290	109
National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse Account	151	-	151
Commonwealth Grants for Specific Purposes	-	55	-55
Perth Children's Hospital Account	13	13	-
Perth Stadium Account	12	11	1
Fiona Stanley Hospital Construction Account	-	39	-39
Agency 27th Pay Accounts	137	93	44
Other Special Purpose Accounts	64	70	-6
TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 31 DECEMBER	16,536	14,911	1,626

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

Treasurer's Advance

The Treasurer's Advance allows for repayable advances to agencies for working capital purposes (known as 'net recoverable advances'), a short-term advance for any overdrawn agency SPAs, and the provision of supplementary appropriation funding for unforeseen and/or extraordinary events during the year (known as 'excesses and new items').

A limit of \$658.4 million is authorised under section 29 of the FMA for the year ended 30 June 2020, compared with a total of \$652.2 million authorised limit applying at the same time last year.

TREASURER'S ADVANCE AT 31 DECEMBER

Table 3.4

	2019	2018	Variance
	\$m	\$m	\$m
AUTHORISED LIMIT	658.4	652.2	6.2
<i>Total Drawn Against Treasurer's Advance Account</i>	<i>15.7</i>	<i>52.4</i>	<i>-36.6</i>
Comprising:			
Net recoverable advances as at 31 December (see below)	13.7	24.5	-10.7
Overdrawn Special Purpose Accounts	-	-	-
Excesses and New Items			
- recurrent	1.9	27.9	-26.0
- capital	0.1	-	0.1
NET RECOVERABLE ADVANCES			
Mines Safety	8.0	16.5	-8.5
Petroleum and Geothermal Energy Safety	2.0	2.0	-
Sport and Recreation	1.1	1.1	-
Dishonoured Electronic Payments - State Revenue	-	0.1	-0.1
Western Australian Energy Disputes Arbitrator	-	0.1	-0.1
Suitors Fund	2.5	2.5	-
Sundry Debtors	0.1	2.2	-2.1
TOTAL RECOVERABLE TREASURER'S ADVANCES	13.7	24.5	-10.7

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

Transfers, Excesses and New Items

Table 3.5 summarises transfers of appropriations between agencies, authorised under section 25 of the FMA (and which have no impact on the Treasurer's Advance), and excesses and/or new items approved by the Treasurer under the authority of section 27 of the FMA.

Transfers of appropriation funds are for the provision of an approved service which is now delivered by an alternative agency. These transfers are authorised either under section 25 of the FMA or specific enabling legislation.

In the six months to 31 December 2019, appropriation transfers included:

- \$20.4 million (including both recurrent and capital appropriation) has been transferred from the Department of Treasury to Energy Policy WA (EPWA) following the transfer of the functions of the Public Utilities Office and the Energy Transformation Implementation Unit from Treasury to EPWA. EPWA was established as a sub-department of the Department of Mines, Industry Regulation and Safety on 5 September 2019; and
- \$0.6 million from WA Health to the Parliamentary Commissioner for Administrative Investigations (the Ombudsman) to enable the Ombudsman to undertake the Expanded Child Death Review Function in 2019-20.

New items during the six months to 31 December 2019 included:

- \$4.2 million for Infrastructure WA, following establishment of the statutory authority in July 2019.

Table 3.5

TRANSFERS, EXCESSES AND NEW ITEMS

For the six months to 31 December

	Budget \$m	Transfers ^(a) \$m	Treasurer's Advance			Draw n against Treasurer's Advance to date \$m
			New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
Recurrent Appropriations						
<i>Parliamentary Commissioner for Administrative Investigations</i>						
Item 4: Delivery of Services	7.4	0.6	-	-	8.1	-
<i>Treasury</i>						
Item 14: Delivery of Services	79.6	-20.3	-	-	59.3	-
<i>WA Health</i>						
Item 51: Delivery of Services	4,979.4	-0.6	-	-	4,978.8	-
<i>Energy Policy WA</i>						
New Item: Delivery of Services	-	20.3	-	-	20.3	-
<i>Infrastructure WA</i>						
New Item: Delivery of Services	-	-	4.1	-	4.1	1.9
Total Recurrent		-	4.1	-		1.9
Capital Appropriations						
<i>Treasury</i>						
Item 101: Capital Appropriation	0.3	-0.1	-	-	0.3	-
<i>Energy Policy WA</i>						
New Item: Capital Appropriation	-	0.1	-	-	0.1	-
<i>Infrastructure WA</i>						
New Item: Capital Appropriation	-	-	0.1	-	0.1	0.1
Total Capital		-	0.1	-		0.1
TOTAL						2.0

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 Royalties for Regions Fund). Accounts established by legislation are governed by the relevant provisions of the statute, while accounts that are established administratively are governed by a special purpose statement (operating accounts) or a trust statement (trust accounts) that outline the purpose of the account.

This appendix details balances at 31 December 2019 for a number of key SPAs. It is not an exhaustive coverage of all SPAs but covers the major/material SPAs in existence at 31 December 2019. The SPA balances, and transactions in and out of these accounts, form part of the overall consolidated outcomes outlined elsewhere in this report.

Debt Repayment Account

In line with the Government's election commitments to responsible financial management, a Debt Repayment Account was established in 2017-18 to apply windfall funds to the repayment of Consolidated Account borrowings. In the quarter ended 31 December 2019 receipts (and payments) totalled \$1,248 million, sourced from the GST top-up payments. Surplus funds from RiskCover (\$69 million) are scheduled to flow through the account in the second half of the financial year.

DEBT REDUCTION ACCOUNT
At 31 December

Table 4.1

	2019 \$m	2018 \$m
<i>Balance at 1 July</i>	-	-
Receipts	1,248	-
Payments	1,248	-
Closing Balance	-	-

Note: Columns may not add due to rounding.

METRONET Account

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

Receipts for the second quarter ending 31 December 2019 reflect capital appropriation of \$77.7 million for METRONET projects and an operating subsidy of \$1.1 million for the METRONET Office. Payments of \$54.7 million were for transport infrastructure planning and delivery and \$0.6 million for the METRONET Offices operating expenses.

Table 4.2

METRONET ACCOUNT At 31 December

	2019	2018
	\$m	\$m
<i>Balance at 1 July ^(a)</i>	274	10
Receipts	79	18
Payments	55	20
Closing Balance	298	8

(a) Payments during 2018-19 were restated from the \$46 million reported in the 2018-19 *Annual Report on State Finances* (ARSF), resulting in a revised closing balance at 30 June 2019 of \$274.

Note: Columns may not add due to rounding.

METRONET Roads Account

This SPA was established in December 2018 to hold motor vehicle licence revenue allocated to METRONET road works, including projects under development.

Motor vehicle licence revenue receipts totalled \$58.3 million in the six months to 31 December 2019. Payments of \$12.4 million were for works on the Forrestfield-Airport Link project.

Table 4.3

METRONET ROADS ACCOUNT At 31 December

	2019	2018
	\$m	\$m
<i>Balance at 1 July</i>	-	-
Receipts	58	-
Payments	12	-
Closing Balance	46	-

Note: Columns may not add due to rounding.

Metropolitan Region Improvement Account

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

Receipts for the six months to the end of December 2019 reflects MRIT collections (\$44.7 million), interest revenue (\$3.6 million), rental revenue (\$3.4 million), receipts from the Australian Taxation Office for refunds of GST on purchases (\$2.9 million) and proceeds from the sale of land and buildings (\$2.4 million). Payments from the account were for the acquisition of land and buildings (\$18.9 million), service delivery costs associated with the Metropolitan Region Improvement Fund (\$12.3 million), compensation for injurious affection (\$3 million) and to progress a range of smaller infrastructure and works (\$0.8 million).

METROPOLITAN REGION IMPROVEMENT ACCOUNT

Table 4.4

At 31 December

	2019 \$m	2018 \$m
<i>Balance at 1 July</i>	440	399
Receipts	58	61
Payments	35	18
Closing Balance	463	442

Note: Columns may not add due to rounding.

Mining Rehabilitation Fund

The Mining Rehabilitation Fund was established in July 2013 to hold levy collections under the *Mining Rehabilitation Fund Act 2012*. Receipts for the December quarter reflect levy contributions by mining operators (\$32 million) and interest earnings (\$0.5 million). Payments for the year to date were for administration costs (\$0.4 million).

MINING REHABILITATION FUND

Table 4.5

At 31 December

	2019 \$m	2018 \$m
<i>Balance at 1 July</i>	150	122
Receipts	33	31
Payments	— (a)	5
Closing Balance	182	148

(a) Amount below \$500,000.

Note: Columns may not add due to rounding.

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

This account was established in December 2018 to meet the cost of payments associated with the State's participation in the National Redress Scheme, and for civil litigation claims by victims of historical child sexual abuse.

During the six-month period ending 31 December 2019, payments of \$0.3 million made towards meeting the State's obligations under the National Redress Scheme.

Table 4.6

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

At 31 December

	2019 \$m	2018 \$m
<i>Balance at 1 July</i>	151	-
Receipts	-	-
Payments	- (a)	-
Closing Balance	151	-

(a) Amount below \$500,000.

Note: Columns may not add due to rounding.

Perth Children's Hospital Account

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

The Hospital achieved practical completion in April 2017 and fully opened on 10 June 2018. Project closure arrangements for the hospital are expected to be finalised in 2020 to accommodate the extended defect liability period, with any remaining funds in the account to be returned to the Consolidated Account at that time.

Table 4.7

PERTH CHILDREN'S HOSPITAL ACCOUNT

At 31 December

	2019 \$m	2018 \$m
<i>Balance at 1 July</i>	13	13
Receipts	-	-
Payments	-	-
Closing Balance	13	13

Note: Columns may not add due to rounding.

Perth Parking Licensing Account

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

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

PERTH PARKING LICENSING ACCOUNT
At 31 December

Table 4.8

	2019 \$m	2018 \$m
<i>Balance at 1 July</i>	93	54
Receipts	53	54
Payments	9	9
Closing Balance	138	99

Note: Columns may not add due to rounding.

Perth Stadium Account

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

There were no payments or receipts during the six months to 31 December 2019.

PERTH STADIUM ACCOUNT
At 31 December

Table 4.9

	2019 \$m	2018 \$m
<i>Balance at 1 July</i>	11	13
Receipts	-	-
Payments	-	3
Closing Balance	11	11

Note: Columns may not add due to rounding.

Road Trauma Trust Account

This account was established to provide for road safety initiatives. Receipts to the end of December 2019 reflect collections from prescribed penalties (\$47.8 million) and interest revenue earned on the account balance (\$0.6 million).

Road Safety projects funded from the Account are focused on achieving reductions in serious road trauma as part of the Towards Zero Strategy for 2008 to 2020. The majority of the funds drawn from the account during the period were for the Regional Run-off Crashes program (\$9.2 million), initiatives to reduce death and serious injury on roads due to impairment by alcohol and/or drugs (\$5.8 million), the Speed Management program (\$3.6 million), the ongoing operational cost of the Road Safety Commission (\$5.5 million), and a range of smaller road safety initiatives and programs.

ROAD TRAUMA TRUST ACCOUNT
At 31 December

Table 4.10

	2019 \$m	2018 \$m
<i>Balance at 1 July ^(a)</i>	60	53
Receipts	48	48
Payments	30	23
Closing Balance	79	78

(a) The closing balance of \$60 million at 30 June 2019 (opening balance at 1 July) has been restated from the \$61 million (reported in the 2018-19 *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 2019.

Note: Columns may not add due to rounding.

Royalties for Regions Fund

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

Receipts during the first six months of 2019-20 reflect the draw down of moneys appropriated by the Parliament (\$159.5 million), interest revenue earned on the account balance (\$6.6 million), and unused funds from associated projects returned to the Fund by agencies (\$6.6 million).

A total of \$250.1 million was disbursed from the Fund to support infrastructure, business and economic development and other regional initiatives.

ROYALTIES FOR REGIONS FUND
At 31 December

Table 4.11

	2019 \$m	2018 \$m
<i>Balance at 1 July</i>	1,000	1000
Receipts	173	105
Payments	250	250
Closing Balance	923	855

Note: Columns may not add due to rounding.

Royalties for Regions Regional Reform Fund

This SPA was established in June 2015 to fund strategic reform initiatives in regional Western Australia. There were no draw downs in the six months to December 2019.

ROYALITES FOR REGIONS REGIONAL REFORM FUND
At 31 December

Table 4.12

	2019 \$m	2018 \$m
<i>Balance at 1 July</i>	80	96
Receipts	-	-
Payments	-	-
Closing Balance	80	96

Note: Columns may not add due to rounding.

Waste Avoidance and Resource Recovery Account

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

Landfill levy receipts in the first six months totalled \$37.4 million, of which \$10.4 million was allocated to the account by Ministerial determination under the Act. Draw downs totalling \$8 million over the same period were for waste programs and the payment of administration costs incurred by the Department of Water and Environmental Regulation.

WASTE AVOIDANCE AND RESOURCE RECOVERY ACCOUNT
At 31 December

Table 4.13

	2019 \$m	2018 \$m
<i>Balance at 1 July</i>	40	39
Receipts	10	11
Payments	8	7
Closing Balance	43	43

Note: Columns may not add due to rounding.

Western Australian Future Fund

The Western Australian Future Fund was established under the *Western Australian Future Fund Act 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 projects across Western Australia.

2019-20 Quarterly Financial Results Report

Receipts of \$85.6 million in the six months to December 2019 included the Consolidated Account's annual contribution equivalent to 1% of annual forecast royalty revenue (\$63.7 million) and interest receipts (\$21.9 million).

WESTERN AUSTRALIAN FUTURE FUND			Table 4.14
At 31 December			
	2019 \$m	2018 \$m	
<i>Balance at 1 July</i>	1,313	1,215	
Receipts	86	75	
Payments	-	-	
Closing Balance	1,399	1,290	

Note: Columns may not add due to rounding.

General Government Salaries

Introduction

Salaries represent the single largest component of general government sector expenses (43.5% in the first six months of 2019-20).

General government salaries for the first six months of 2019-20 grew by 3.9% to total \$6,352 million. This growth included increases under the wages policy and other prevailing industrial agreements, as well as the impact of the Government's commitment to convert casual and fixed-term contract staff to permanent employees across the sector, and other movements in the sector's workforce. Salaries in the health, education, law and order, and community services sectors account for over 83% of the general government salaries costs in the December outcome, and account for most of the \$238 million net movement during the period.

The following table summarises salaries outcomes for general government agencies for the six months to 31 December 2019.

Table 5.1

SALARIES COSTS
General Government Sector

	2019-20		2018-19	
	Six Months to 31 Dec \$m	Estimated Outturn \$m	Six Months to 31 Dec \$m	Actual \$m
WA Health	2,344	4,730	2,258	4,608
Education	1,812	3,535	1,751	3,449
Western Australia Police Force	469	931	478	932
Justice	357	656	327	657
Communities	260	496	251	493
Fire and Emergency Services	97	193	91	191
Biodiversity Conservation and Attractions	92	184	89	181
Primary Industries and Regional Development	84	170	81	167
Mines, Industry Regulation and Safety	79	154	72	149
Transport	64	131	61	122
North Metropolitan TAFE	59	117	56	114
South Metropolitan TAFE	56	110	52	105
Finance	49	104	48	93
Water and Environmental Regulation	47	86	41	81
Local Government, Sport and Cultural Industries	42	86	40	78
Premier and Cabinet	41	80	40	81
Planning, Lands and Heritage	40	81	38	77
Western Australian Sports Centre Trust	28	47	27	55
Commissioner of Main Roads	31	60	26	58
Land Information Authority	25	54	25	48
Training and Workforce Development	22	45	22	43
Mental Health Commission	16	31	16	31
Treasury	16	33	17	33
Central Regional TAFE	17	33	17	33
North Regional TAFE	16	32	17	31
South Regional TAFE	19	37	16	36
Jobs, Tourism, Science and Innovation	17	35	16	32
Legal Aid Commission of WA	16	33	15	31
Office of the Director of Public Prosecutions	16	32	15	31
Legislative Assembly	11	23	11	22
Legislative Council	8	17	8	16
Office of the Auditor General	9	19	8	16
Corruption and Crime Commission	8	16	7	14
Chemistry Centre (WA)	7	14	7	14
Public Sector Commission	7	16	7	13
WorkCover WA	7	13	6	12
All other agencies (with annual salaries costs below \$10 million)	64	142	61	122
Total salaries	6,352	12,595	6,115	12,269

Note: Columns may not add due to rounding.

