



2015-16 Quarterly Financial Results Report

December 2015



2015-16

Quarterly Financial Results Report

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2015-16 Quarterly Financial Results Report
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2015-16

Quarterly Financial Results Report
Six Months Ended 31 December 2015

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Foreword

This *Quarterly Financial Results Report* (QFRR) provides financial results for the Western Australian public sector for the six months to 31 December 2015.

Care should be exercised in extrapolating the likely outcome for the 2015-16 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 2015-16 State Budget (released on 14 May 2015).

The financial statements in Appendix 1 of 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*.

This report also includes:

- Appendix 3: *Public Ledger* which summarises information on the Consolidated Account, Treasurer's Special Purpose Accounts and the Treasurer's Advance; and
- 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.

Information presented in this QFRR is not audited.

Statement of Responsibility

The Interim Financial Statements and accompanying notes for the general government sector and the whole-of-government contained in this report 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 2015 and of the balance sheets of these reporting entities at 31 December 2015. 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' *Australian System of Government Finance Statistics Concepts, Sources and Methods 2005*.

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



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MANAGER
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22 February 2016

Overview

Summary

The recent 2015-16 Mid-year Review (released on 21 December 2015) included a substantial write-down in the State's revenue outlook and follows material downward revisions between the 2014-15 and 2015-16 Budgets. In particular, the Mid-year Review forecast a revenue contraction of 6.5% for 2015-16, compared with a forecast contraction of 2.7% at the time of the 2015-16 Budget.

Reflecting this revenue outlook, the Mid-year Review included a forecast \$3,146 million operating deficit for 2015-16. Financial outcomes for the first six months of 2015-16 are consistent with this outlook.

- The general government sector recorded an operating deficit of \$989 million for the six months to 31 December 2015, a \$1,285 million turnaround on the \$296 million surplus reported for the same period in 2014-15.
- General government revenue in the first six months of 2015-16 was \$777 million (or 5.6%) lower compared with the same period last year. This is primarily driven by lower Commonwealth grants (down \$398 million, mainly due to the State's lower share of national GST collections and lower North West Shelf petroleum grants), and lower royalty income (down \$324 million, primarily due to lower iron ore prices).
- General government sector expenses grew by \$508 million (or 3.8%), largely reflecting higher salaries costs (up \$207 million, or 3.7%, primarily in the health and education sectors), higher 'other' gross operating expenses across the sector (up \$141 million), and higher depreciation expenses (up \$84 million).

The December aggregates detailed in this report show that around 51% of the Mid-year Review revenue projections were accrued by 31 December 2015, while 49% of forecast full-year expenses were incurred over the same period.

Total public sector net worth increased by \$14 million over the six months to 31 December 2015, to stand at \$121.3 billion¹. Total public sector net debt was \$25.9 billion at 31 December 2015, \$2.5 billion higher than the \$23.4 billion recorded at 30 June 2015.

Results Compared to Prior Year

General Government Sector

The general government sector recorded an operating deficit of \$989 million for the six months to 31 December 2015. This compares with a \$296 million surplus reported for the same period in 2014-15.

SUMMARY OF GENERAL GOVERNMENT FINANCES
Western Australia

Table 1

| | 2015-16 | | | 2014-15 | | |
|---------------------------|-------------------------------|-----------------------------|---|-------------------------------|-----------------------------|------------------------------|
| | Three Months to 31 Dec \$m | Six Months to 31 Dec \$m | Estimated Outcome ^(a) \$m | Three Months to 31 Dec \$m | Six Months to 31 Dec \$m | Actual ^(b) \$m |
| Net operating balance | 158 | -989 | -3,146 | 643 | 296 | -431 |
| Net worth | | 121,313 | 120,718 | | 117,634 | 121,299 |
| Movement in cash balances | 565 | 1,866 | -335 | 194 | 274 | -48 |
| <i>Memorandum items</i> | | | | | | |
| Net lending | -111 | -1,417 | -4,161 | 188 | -486 | -1,809 |
| Net debt | | 12,198 | 14,927 | | 8,425 | 9,306 |
| Cash surplus/-deficit | -539 | -2,310 | -4,087 | 67 | -977 | -1,493 |

(a) Consistent with the revised outcome published in the 2015-16 Mid-year Review, released on 21 December 2015.

(b) Consistent with final audited data contained in the 2014-15 *Annual Report on State Finances*, released on 24 September 2015.

Revenue

Revenue for the six months to 31 December 2015 totalled \$13,051 million, \$777 million (or 5.6%) lower than the same period in 2014-15.

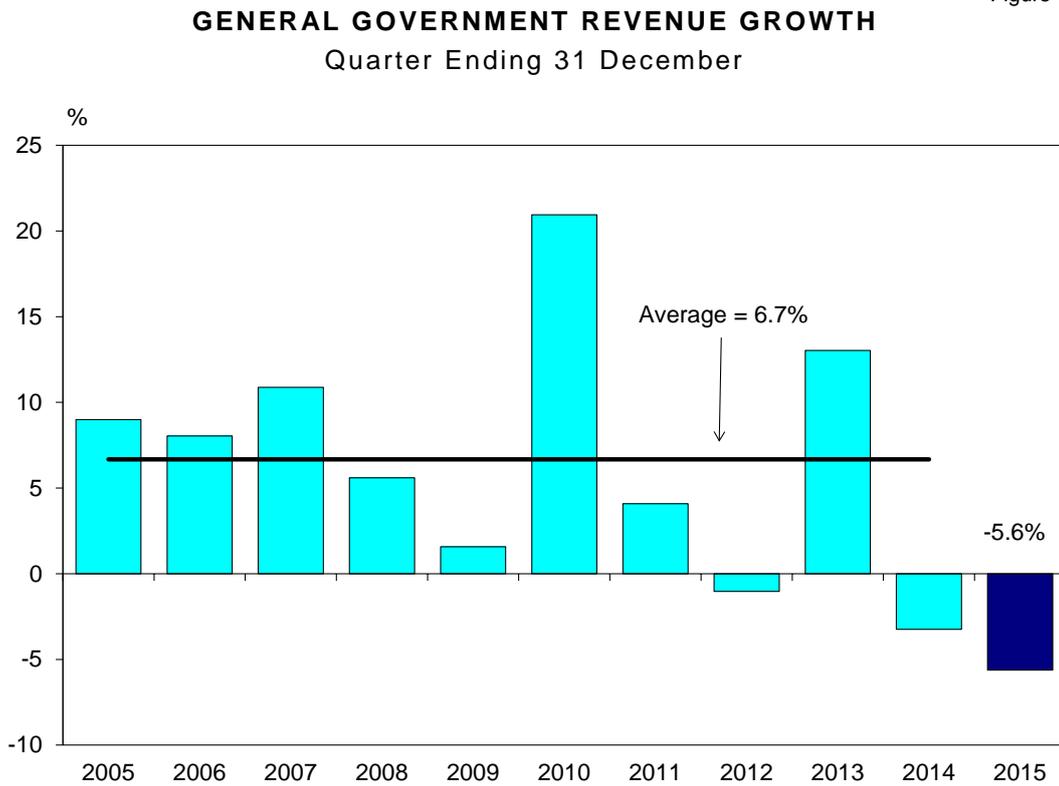
The lower revenue outcome primarily reflects:

- lower grants and subsidies from the Commonwealth (down \$398 million, or 9.4%), mainly due to the combined effects of:
 - lower GST grants (down \$187 million), primarily reflecting the continued decline in the State's population share of GST (Western Australia's GST grant from the Commonwealth is forecast to be \$371 million (or 16.4%) lower in 2015-16 than in 2014-15, with the State to receive just 30.0% of its population share in 2015-16, down from 37.6% in 2014-15);
 - lower North West Shelf petroleum grants (down \$176 million), primarily due to a significant decline in condensate, oil, domestic gas, LPG and LNG prices. Lower prices have more than offset increased gas production and the lower \$US/\$A exchange rate during the first six months of the year;

¹ The net value of the public sector balance sheet represents an estimate and does not include end-of-year valuations of various assets and liabilities that are usually completed for annual reporting purposes.

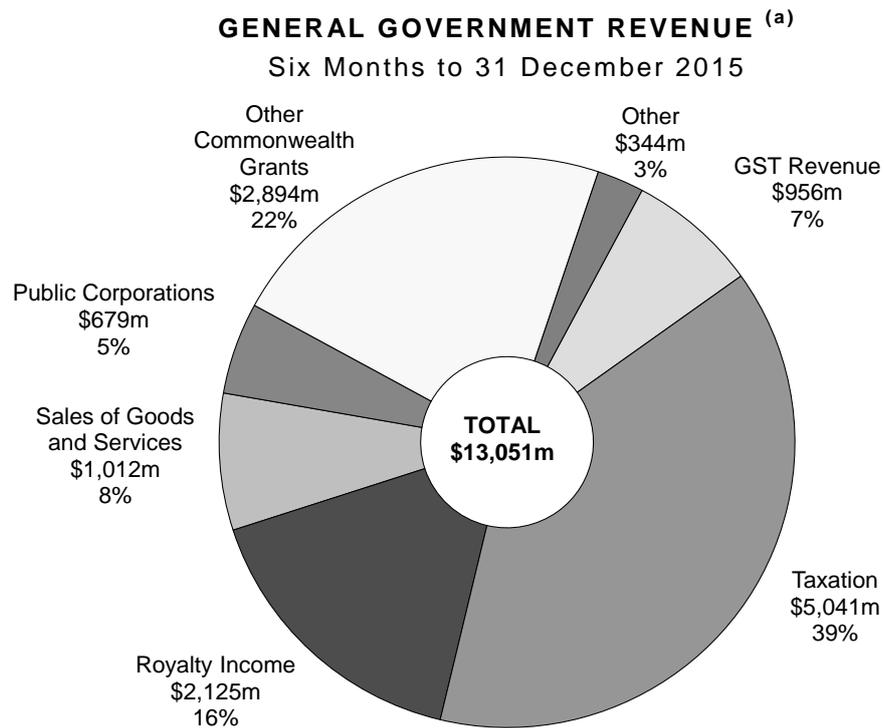
- lower on-passed grants to local governments (down \$72 million), reflecting the timing of funding received from the Commonwealth (with a significant portion of 2015-16 funding paid through the State by the Commonwealth in late 2014-15);
- higher funding for the education sector (up \$63 million), primarily reflecting revised Commonwealth funding for the *National Education Reform* and *National Quality Agenda for Early Childhood Education and Care* programs;
- lower capital grants for transport (down \$33 million), primarily due to a decrease in funding for the National Building Program;
- higher non-government schools grants (up \$19 million), due to increases in school enrolment numbers, indexation and a change in the Commonwealth's calculation under its *Australian Education Act 2013*; and
- lower Commonwealth hospital and other health infrastructure funding (down \$18 million) due to the completion of the Midland Public Hospital;
- lower royalty income (down \$324 million, or 13.2%), as a result of lower iron ore prices more than offsetting the impact of a lower \$US/\$A exchange rate and higher production volumes compared to the same period in 2014-15:
 - the benchmark iron ore price averaged \$US50.3 per tonne in the six months to the December quarter 2015, 38.8% lower than the average price in the same period in 2014-15 (\$US82.1 per tonne);
 - the \$US/\$A exchange rate averaged US72.3 cents in the six months to December 2015, which is a 18.8% decline on the corresponding period a year earlier (when it averaged US89.0 cents); and
 - iron ore export volumes in the six months to December 2015 were 6.6% higher than the same period last year;

Figure 1



- lower revenue from taxation (down \$34 million, or 0.7%), largely due to:
 - higher land tax collections (up \$215 million), mainly reflecting the increase in land tax rates announced in the 2015-16 Budget;
 - lower transfer duty (down \$188 million), primarily due to a softening in residential property transactions and prices;
 - lower landholder duty (down \$49 million), mainly due to a lower number of high value commercial transactions (which are volatile every year);
 - lower payroll tax (down \$45 million), reflecting weaker conditions in the State’s labour market, including a decline in full-time employment by 1.1% in the six months to December 2015 relative to the same period last year, together with historically low wage growth (particularly in high paying industries such as mining); and
 - higher Emergency Services Levy collections (up \$21 million) and motor vehicle licence fees (up \$13 million).

Figure 2

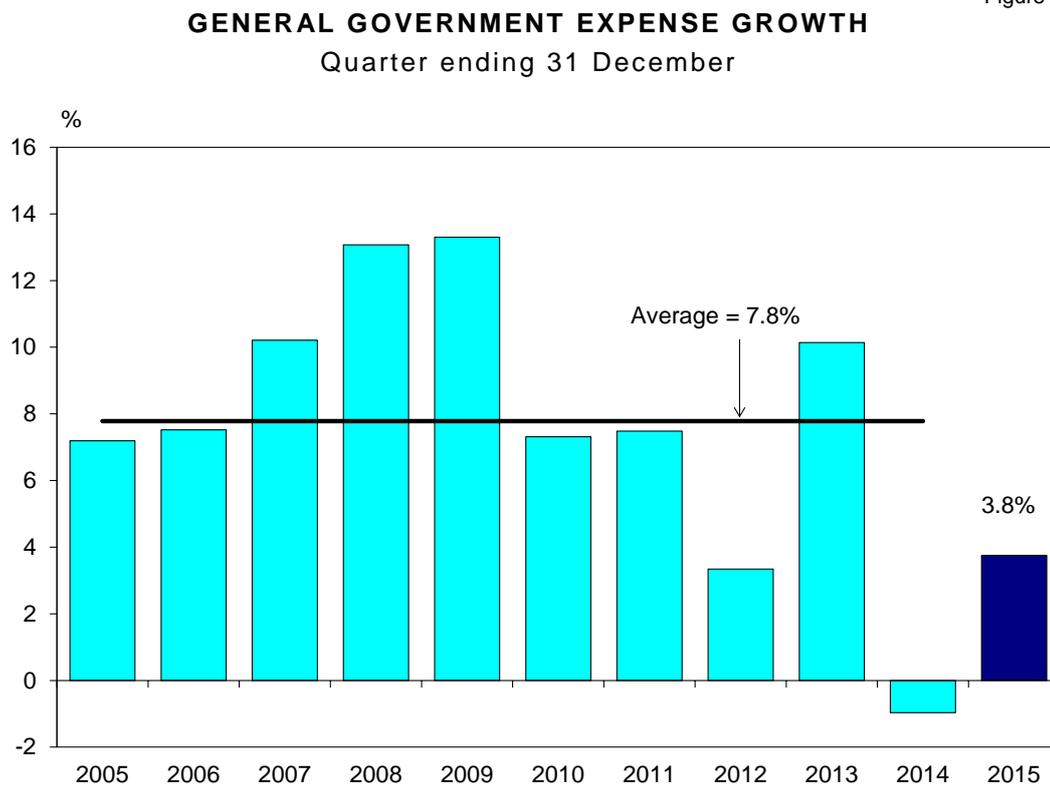


(a) Segments may not add due to rounding.

Expenses

Expenses for the six months to 31 December 2015 totalled \$14,039 million, up \$508 million (or 3.8%) on the same period in 2014-15. This level of growth is consistent with the 3.4% growth forecast for 2015-16 in the Mid-year Review and is well below the 7.8% annual average in each six month period over the preceding decade. This outcome reflects the growing impact of successive savings measures implemented by the Government in recent years, particularly measures which have sought to constrain growth in employee costs.

Figure 3

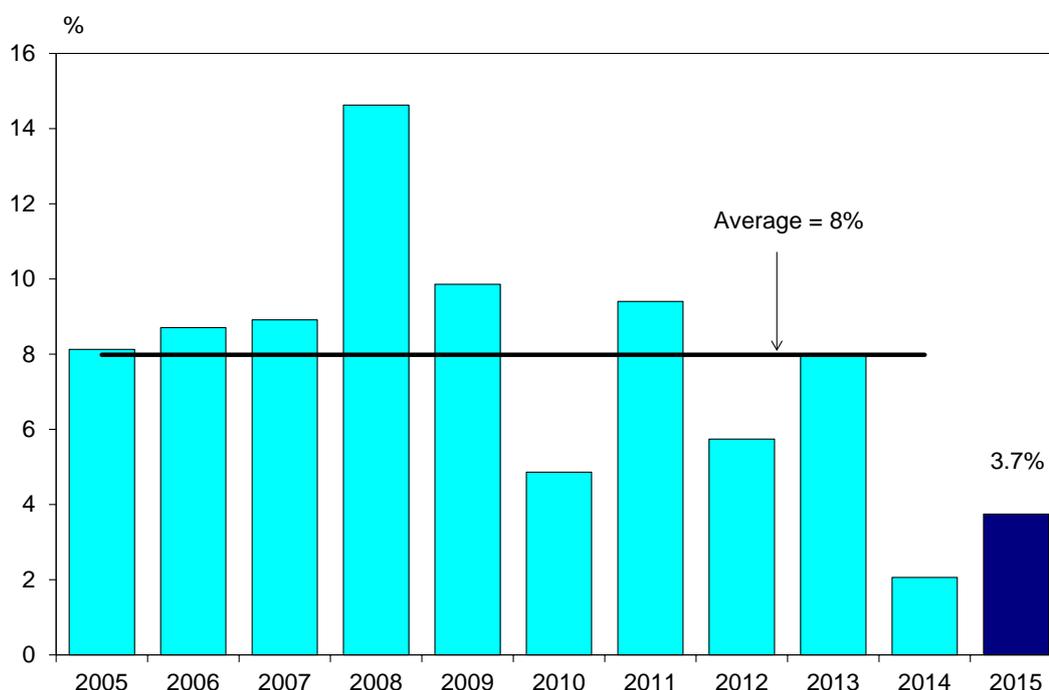


The December 2015 increase primarily reflects the net effect of:

- higher salaries (up \$207 million, or 3.7%), mainly due to growth in staff numbers in the health and education sectors and the impact of wage increases in health sector Enterprise Bargaining Agreements (outside of these sectors, salaries expenditure in the general government sector contracted by 0.6% during the first half of 2015-16 compared with the same period last year);

Figure 4

DECEMBER QUARTER SALARIES GROWTH General Government

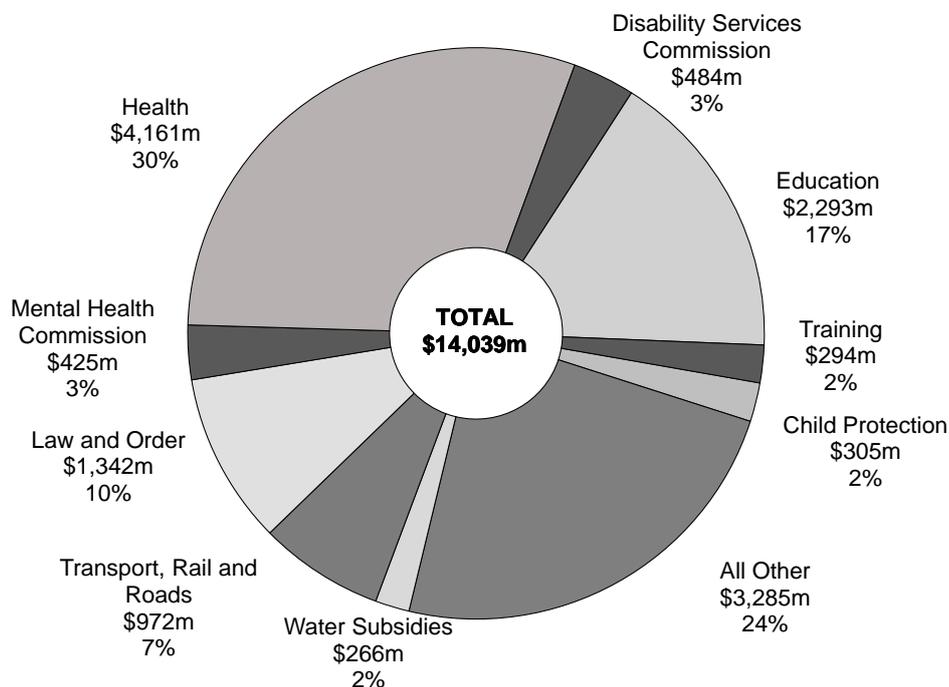


- higher 'other' gross operating expenses (up \$141 million, or 5.3%), primarily reflecting:
 - higher patient support costs (up \$73 million), largely due to third party contracted services at Fiona Stanley Hospital, increased demand for locum and medical practitioner services, and higher drug and other medical services expenditure;
 - higher school spending (up \$18 million), mainly due to increases in school facilities costs, curriculum-related activities and subsidies to support student service activities and school fundraising; and
 - higher repairs and maintenance expenses (up \$16 million), mainly for buildings and equipment in the health sector;
- lower current transfers (down \$110 million, or 4.3%), mainly due to the combined effect of:
 - a lower operating subsidy for Synergy (down \$101 million), following a review of the cost of electricity supply and the implementation of the means-tested Energy Assistance Payment (formerly known as the Cost of Living Assistance payment);
 - lower on-passed local government grants (down \$45 million), reflecting the timing of the associated funding from the Commonwealth (see revenue detail earlier);

- lower casino tax rebates (down \$30 million), due to changes in casino tax arrangements announced in the 2014-15 Mid-year Review²;
 - the on-passing of higher non-government school grants (up \$29 million), including the impact of the revenue change noted earlier, and timing issues;
 - higher appropriation to the Housing Authority (up \$20 million), primarily due to changes in funding for essential and municipal services in remote Aboriginal communities (reflected in the 2015-16 Budget); and
 - higher Royalties for Regions grants paid to the Western Australia Land Authority (up \$11 million), mainly due to higher funding for the West Kimberley Revitalisation, the Mid-West Investment Plan and the Pilbara Cities Initiative, partly offset by lower funding for the now complete South Hedland CBD Revitalisation Stage 2; and
- higher capital transfers (up \$104 million, or 68.4%), due to the timing of on-passed local government road and Indigenous housing grants (up a combined \$70 million) and the transfer of land to the Town of Cambridge by the Department of Planning as part of compensation for the Perry Lakes redevelopment (\$28 million).

Figure 5

GENERAL GOVERNMENT EXPENSE (a)
Six Months to 31 December 2015



(a) Segments may not add due to rounding.

² In the 2014-15 Mid-year Review, the payment of GST reimbursements to Crown Casino (an expense) was replaced with lower casino tax rates which included the net impact of reimbursement payments.

Balance Sheet

The net worth of the general government sector increased by an estimated \$14 million in the six months to 31 December 2015, to stand at \$121.3 billion. Net worth is the widest measure of financial value of the public sector. It includes the value of all assets less the value of liabilities recorded on the balance sheet. This increase mainly reflects the impact of the general government operating deficit (discussed earlier), the partly offsetting effect of quarterly operating surpluses for the State's public corporations, and movements in the value of all other public sector assets and liabilities.

Across the general government sector balance sheet, the higher estimated net worth outcome reflects the net impact of:

- a \$4.8 billion increase in borrowings (mainly central borrowings held by the Consolidated Account in support of capital appropriations for infrastructure spending and an operating cash shortfall);
- a \$2 billion increase in investments, loans and placements, mainly due to fluctuations in cash investments (such as Special Purpose Accounts) held by the Public Bank Account;
- an increase in the value of equity in the public corporations sector (up \$1.3 billion), attributable to increases in the estimated value of physical assets, operating surpluses recorded by these sectors, and general government sector equity contributions;
- a \$630 million (or 0.8%) increase in general government sector land and physical assets, reflecting infrastructure spending and projected increases in the value of the sector's land holding;
- a \$505 million net decrease in all other general government sector liabilities (such as movements in unfunded superannuation liabilities, leave accruals and accounts payable); and
- a \$443 million net increase in all other general government sector assets (including movements in receivables and prepayments, etc.)

General government sector net debt increased by \$2.9 billion during the first six months of 2015-16, to stand at \$12.2 billion. This increase primarily reflects higher borrowing by the Consolidated Account partly offset by higher liquid investments, loans and placements (up \$2 billion, noted above). The \$2.9 billion increase in net debt to the end of December is broadly consistent with the \$14.9 billion general government sector net debt forecast for the year ending 30 June 2016 reflected in the recent 2015-16 Mid-year Review.

Cash Flow

A cash deficit of \$2.3 billion was recorded for the six months to 31 December 2015, compared with the \$977 million cash deficit for the same period in 2014-15. This outcome reflects:

- a net cash deficit from operating activities of \$1,197 million (a \$1,501 million turnaround on the surplus outcome for December 2014), due to the cash impact of the accrual operating outcome discussed earlier; and
- \$1.2 billion in infrastructure spending (which was \$195 million lower than the amount reported in the same period last year). This is mainly due to the completion (or near completion) of a number of major projects such as the Perth Children's Hospital, Midland Public Hospital and Busselton health campus, and the completion of infrastructure to transition Year 7 students to secondary settings.

Total Public Sector³

Operating Statement

Largely reflecting the general government sector outcomes discussed earlier in this report, the total public sector recorded an operating deficit of \$892 million for the six months to 31 December 2015. This is \$1,449 million lower than the operating surplus recorded in the same period in 2014-15.

Table 2

SUMMARY OF TOTAL PUBLIC SECTOR FINANCES
Western Australia

| | 2015-16 | | | 2014-15 | | |
|---------------------------|----------------------------|--------------------------|--------------------------------------|----------------------------|--------------------------|---------------------------|
| | 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 | -144 | -892 | -3,998 | 461 | 556 | -464 |
| Net worth | | 121,313 | 120,718 | | 117,634 | 121,299 |
| Movement in cash balances | 749 | 2,421 | 1 | 779 | 1,117 | 857 |
| <i>Memorandum items</i> | | | | | | |
| Net lending | -332 | -1,210 | -5,717 | -214 | -340 | -2,693 |
| Net debt | | 25,851 | 29,552 | | 22,260 | 23,374 |
| Cash surplus/-deficit | -990 | -2,636 | -5,653 | -327 | -1,291 | -2,500 |

(a) Consistent with the revised outcome published in the 2015-16 Mid-year Review, released on 21 December 2015.

(b) Consistent with final audited data contained in the 2014-15 *Annual Report on State Finances*, released on 24 September 2015.

The total public sector operating deficit for the first six months of 2015-16 incorporates:

- the \$989 million operating deficit for the general government sector, discussed earlier in this report;

³ The total public sector (also known as the whole-of-government) consolidates the general government sector (discussed in the previous section), the public non-financial corporations sector (which includes entities such as the electricity utilities, Water Corporation, ports and the Public Transport Authority), and the public financial corporations sector (including agencies such as the Western Australian Treasury Corporation and the Insurance Commission of Western Australia).

- a \$304 million operating surplus for the public non-financial corporations sector (\$136 million lower than the \$440 million surplus recorded in the same period in 2014-15). This result is primarily due to lower profitability for Synergy (mainly due to a decline in retail sales volumes across both electricity and gas, offset by annual price increases and wholesale prices that are lower than the same period last year); and
- an operating surplus of \$249 million for the public financial corporations sector, \$52 million lower than the surplus recorded in the same period in 2014-15, due mainly to higher interest expense associated with increased borrowings for the Western Australian Treasury Corporation.

Table 3

TOTAL PUBLIC SECTOR OPERATING BALANCE
By Sector

| | 2015-16 | | | 2014-15 | | |
|---|-------------------------------|-----------------------------|---|-------------------------------|-----------------------------|------------------------------|
| | 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 | 158 | -989 | -3,146 | 643 | 296 | -431 |
| Public non-financial corporations sector | 228 | 304 | 345 | 287 | 440 | 1,049 |
| Public financial corporations sector | -73 | 249 | 172 | 12 | 301 | 176 |
| <i>less</i> | | | | | | |
| General government dividend revenue | 457 | 457 | 1,299 | 452 | 452 | 1,187 |
| Public non-financial corporations dividend revenue ^(c) | - | - | 68 | 28 | 28 | 72 |
| Total public sector net operating balance | -144 | -892 | -3,998 | 461 | 556 | -464 |

(a) Consistent with the revised outcome published in the 2015-16 Mid-year Review, released on 21 December 2015.

(b) Consistent with final audited data contained in the 2014-15 *Annual Report on State Finances*, released on 24 September 2015.

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

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 increased by \$2.5 billion during the six months to 31 December 2015 to stand at \$25.9 billion. The increase in net debt supports the State's infrastructure investment program (which is projected to be \$5.9 billion for the full year in 2015-16).

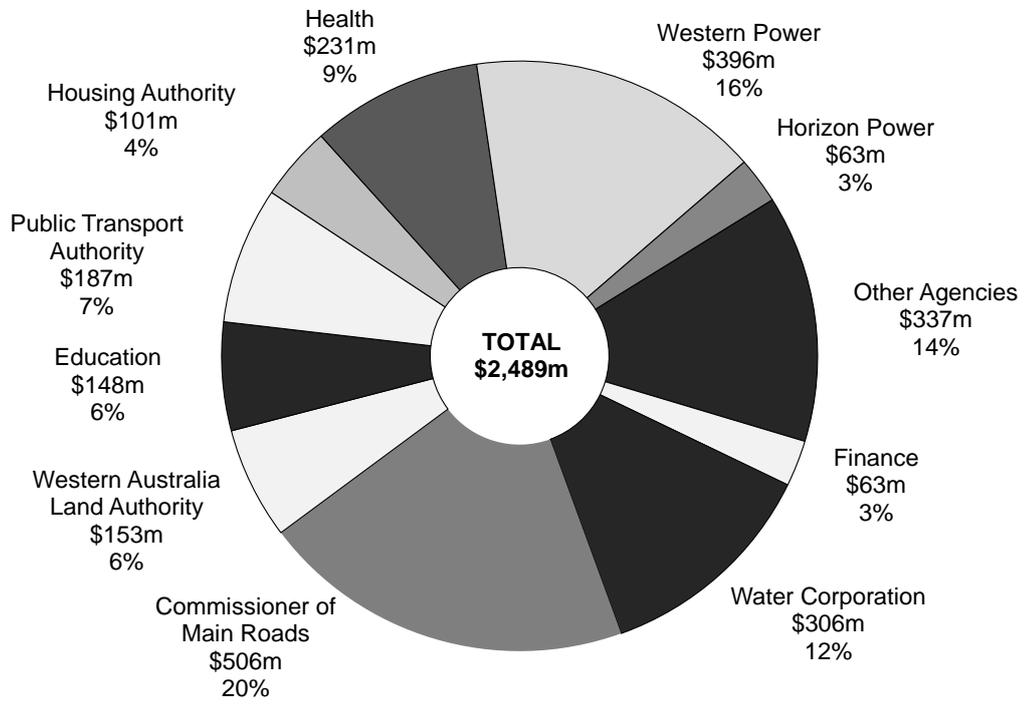
Cash Flow

A cash deficit of \$2.6 billion was recorded for the six months to 31 December 2015, and compares with the \$1.3 billion deficit recorded for the same period in 2014-15.

Total public sector infrastructure investment was \$2.5 billion for the six months to 31 December 2015, \$354 million (or 12.5%) lower than the same period in 2014-15. This mainly reflects the general government sector result discussed earlier, and lower public corporation sector expenditure (mainly for completion of Western Power's Mid-West Energy Project).

Figure 6

ASSET INVESTMENT PROGRAM ^(a)
Six Months to 31 December 2015



(a) Segments may not add due to rounding.

Interim Financial Statements

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Introduction

Financial information presented in this appendix has been prepared in accordance with Australian Accounting Standards and pronouncements, including AASB 134: *Interim Financial Reporting*, and AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, and requirements under section 14A(3) of the *Government Financial Responsibility Act 2000*. The formats used in this report are the same as those used in 2015-16 State Budget Papers released on 14 May 2015, facilitating comparisons between estimates and outturns.

These financial statements (Operating Statement, Balance Sheet and Cash Flow Statement) also comply with Uniform Presentation Framework (UPF) disclosure requirements by reporting the finances of the general government sector and the total public sector. 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

| | Note | 2015-16 | | | 2014-15 | | Actual ^(b) \$m |
|--|----------|----------------------------------|--------------------------------|--|----------------------------------|--------------------------------|------------------------------|
| | | 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 | |
| RESULTS FROM TRANSACTIONS | | | | | | | |
| REVENUE | | | | | | | |
| Taxation | | 2,925 | 5,041 | 9,112 | 2,806 | 5,075 | 8,882 |
| Current grants and subsidies | | 1,808 | 3,603 | 7,321 | 2,006 | 3,955 | 8,051 |
| Capital grants | | 179 | 246 | 703 | 281 | 292 | 1,263 |
| Sales of goods and services | | 490 | 1,012 | 2,168 | 469 | 1,016 | 2,105 |
| Interest Income | | 48 | 92 | 171 | 46 | 94 | 185 |
| Revenue from public corporations | | | | | | | |
| Dividends from other sectors | | 457 | 457 | 1,299 | 452 | 452 | 1,187 |
| Tax equivalent income | | 106 | 222 | 546 | 117 | 255 | 592 |
| Royalty income | | 1,003 | 2,125 | 3,788 | 1,171 | 2,449 | 4,603 |
| Other | | 129 | 252 | 509 | 127 | 239 | 532 |
| Total | 2 | 7,144 | 13,051 | 25,617 | 7,475 | 13,828 | 27,400 |
| EXPENSES | | | | | | | |
| Salaries | | 2,888 | 5,725 | 11,413 | 2,811 | 5,518 | 11,089 |
| Superannuation | | | | | | | |
| Concurrent costs | | 290 | 569 | 1,134 | 276 | 543 | 1,107 |
| Superannuation interest cost | | 60 | 109 | 225 | 42 | 111 | 266 |
| Other employee costs | | 81 | 172 | 414 | 96 | 197 | 430 |
| Depreciation and amortisation | | 333 | 664 | 1,425 | 305 | 580 | 1,235 |
| Services and contracts | | 493 | 961 | 2,333 | 499 | 931 | 2,057 |
| Other gross operating expenses | | 1,294 | 2,792 | 5,376 | 1,266 | 2,652 | 5,131 |
| Other interest | | 170 | 317 | 659 | 135 | 264 | 543 |
| Current transfers | 3 | 1,237 | 2,473 | 5,216 | 1,327 | 2,583 | 5,465 |
| Capital transfers | 3 | 141 | 256 | 567 | 76 | 152 | 507 |
| Total | | 6,987 | 14,039 | 28,764 | 6,832 | 13,532 | 27,831 |
| NET OPERATING BALANCE | 4 | 158 | -989 | -3,146 | 643 | 296 | -431 |
| <i>Other economic flows - included in the operating result</i> | | | | | | | |
| Net gains on assets/liabilities | | -35 | -37 | 34 | 8 | 12 | -21 |
| Net actuarial gains/-loss - superannuation | | 190 | -258 | -241 | -477 | -576 | 98 |
| Provision for doubtful debts | | -1 | -1 | -4 | -1 | -1 | -36 |
| Changes in accounting policy/adjustments of prior periods | | -14 | -102 | - | 9 | -147 | -504 |
| Total other economic flows | | 141 | -398 | -211 | -461 | -712 | -463 |
| OPERATING RESULT | | 298 | -1,387 | -3,357 | 182 | -417 | -894 |
| <i>All other movements in equity</i> | | | | | | | |
| <i>Items that will not be reclassified to operating result</i> | | | | | | | |
| Revaluations | | -68 | 498 | 2,023 | -38 | 414 | 2,229 |
| Gains recognised directly in equity | | - | -6 | - | - | -5 | -4 |
| Change in net worth of the public corporations sectors | | 250 | 909 | 754 | -4 | 813 | 3,140 |
| All other | | - | - | - | - | - | - |
| Total all other movements in equity | | 181 | 1,401 | 2,776 | -42 | 1,223 | 5,365 |
| TOTAL CHANGE IN NET WORTH | 4 | 479 | 14 | -581 | 140 | 806 | 4,472 |
| KEY FISCAL AGGREGATES | | | | | | | |
| NET OPERATING BALANCE | 4 | 158 | -989 | -3,146 | 643 | 296 | -431 |
| <i>Less Net acquisition of non-financial assets</i> | | | | | | | |
| Purchase of non-financial assets | | 645 | 1,152 | 2,484 | 756 | 1,347 | 2,667 |
| Changes in inventories | | 5 | 7 | 14 | -5 | - | -9 |
| Other movement in non-financial assets | | -28 | -28 | 159 | 48 | 80 | 90 |
| <i>less:</i> | | | | | | | |
| Sales of non-financial assets | | 20 | 39 | 217 | 40 | 65 | 134 |
| Depreciation | | 333 | 664 | 1,425 | 305 | 580 | 1,235 |
| Total net acquisition of non-financial assets | | 268 | 428 | 1,015 | 455 | 782 | 1,378 |
| NET LENDING/-BORROWING | 4 | -111 | -1,417 | -4,161 | 188 | -486 | -1,809 |

(a) Consistent with the revised outcome published in the 2015-16 Mid-year Review, released on 21 December 2015.

(b) Consistent with final audited data contained in the 2014-15 Annual Report on State Finances, released on 24 September 2015.

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

GENERAL GOVERNMENT BALANCE SHEET

Table 1.2

| | Note | For the period ending | | | |
|---|------|-----------------------|---------------------|----------------|---------------------|
| | | 31 Dec | 30 June | 31 Dec | 30 June |
| | | 2015 | 2016 ^(a) | 2014 | 2015 ^(b) |
| | | \$m | \$m | \$m | \$m |
| ASSETS | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and deposits | | 706 | 721 | 807 | 785 |
| Advances paid | | 715 | 725 | 689 | 678 |
| Investments, loans and placements | 5 | 5,565 | 2,969 | 4,060 | 3,571 |
| Receivables | 6 | 2,886 | 2,282 | 3,091 | 2,660 |
| Shares and other equity | | | | | |
| Investments in other public sector entities - equity method | | 49,755 | 49,600 | 46,519 | 48,846 |
| Investments in other public sector entities - direct injections | | 7,818 | 7,984 | 7,012 | 7,455 |
| Investments in other entities | | 41 | 39 | 53 | 44 |
| Other financial assets | | - | - | - | - |
| Total financial assets | | 67,486 | 64,320 | 62,232 | 64,038 |
| <i>Non-financial assets</i> | | | | | |
| Land | | 39,089 | 39,330 | 37,989 | 38,837 |
| Property, plant and equipment | | 45,381 | 47,410 | 43,818 | 45,003 |
| Biological assets | | 2 | - | 1 | 2 |
| Inventories | | | | | |
| Land inventories | | 107 | 91 | 95 | 106 |
| Other inventories | | 76 | 83 | 79 | 69 |
| Intangibles | | 606 | 625 | 595 | 609 |
| Assets classified as held for sale | | 27 | 31 | 15 | 27 |
| Investment property | | 9 | - | 8 | 9 |
| Other | | 466 | 1,037 | 259 | 249 |
| Total non-financial assets | | 85,762 | 88,607 | 82,859 | 84,911 |
| TOTAL ASSETS | | 153,249 | 152,927 | 145,091 | 148,949 |
| LIABILITIES | | | | | |
| Deposits held | | 472 | 475 | 604 | 417 |
| Advances received | | 407 | 392 | 424 | 407 |
| Borrowings | 7 | 18,393 | 18,476 | 13,042 | 13,603 |
| Unfunded superannuation | | 7,690 | 7,523 | 8,297 | 7,573 |
| Other employee benefits | | 2,979 | 2,999 | 3,164 | 3,292 |
| Payables | | 737 | 1,080 | 691 | 1,071 |
| Other liabilities | | 1,257 | 1,265 | 1,237 | 1,287 |
| TOTAL LIABILITIES | | 31,935 | 32,209 | 27,457 | 27,649 |
| NET ASSETS | | 121,313 | 120,718 | 117,634 | 121,299 |
| <i>Of which:</i> | | | | | |
| Contributed equity | | - | - | - | - |
| Accumulated surplus | | 9,617 | 11,618 | 11,503 | 11,012 |
| Other reserves | | 111,697 | 109,100 | 106,131 | 110,287 |
| NET WORTH | 4 | 121,313 | 120,718 | 117,634 | 121,299 |
| MEMORANDUM ITEMS | | | | | |
| <i>Net financial worth</i> | | 35,551 | 32,111 | 34,775 | 36,389 |
| <i>Net financial liabilities</i> | | 22,022 | 25,473 | 18,756 | 19,912 |
| <i>Net debt</i> | | | | | |
| Gross debt liabilities | | 19,272 | 19,343 | 14,069 | 14,427 |
| less: liquid financial assets | | 6,986 | 4,415 | 5,557 | 5,034 |
| less: convergence differences impacting net debt | | 88 | - | 88 | 88 |
| Net debt | | 12,198 | 14,927 | 8,425 | 9,306 |

(a) Consistent with the revised outcome published in the 2015-16 Mid-year Review, released on 21 December 2015.

(b) Consistent with final audited data contained in the 2014-15 Annual Report on State Finances, released on 24 September 2015.

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 2015

| | Asset Revaluation Surplus \$m | investments in other sector entities \$m | Accumulated net gain on equity Accumulated Surplus/deficit \$m | Total Equity \$m |
|------------------------------------|----------------------------------|---|--|---------------------|
| Balance at 1 July 2015 | 61,441 | 48,846 | 11,012 | 121,299 |
| Operating result | - | - | -1,387 | -1,387 |
| Other movements in equity | 498 | 909 | -6 | 1,401 |
| All other | 3 | - | -3 | - |
| <i>Total change in net worth</i> | <i>501</i> | <i>909</i> | <i>-1,395</i> | <i>14</i> |
| Balance at 31 December 2015 | 61,942 | 49,755 | 9,617 | 121,313 |

For the six months ended 31 December 2014

| | Asset Revaluation Surplus \$m | investments in other sector entities \$m | Accumulated net gain on equity Accumulated Surplus/deficit \$m | Total Equity \$m |
|------------------------------------|----------------------------------|---|--|---------------------|
| Balance at 1 July 2014 | 59,205 | 45,706 | 11,917 | 116,828 |
| Operating result | - | - | -417 | -417 |
| Other movements in equity | 414 | 813 | -5 | 1,223 |
| All other | -8 | - | 8 | - |
| <i>Total change in net worth</i> | <i>407</i> | <i>813</i> | <i>-414</i> | <i>806</i> |
| Balance at 31 December 2014 | 59,612 | 46,519 | 11,503 | 117,634 |

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

GENERAL GOVERNMENT CASH FLOW STATEMENT

Table 1.4

| | Note | 2015-16 | | | 2014-15 | | Actual ^(b) \$m |
|--|------|----------------------------------|--------------------------------|--|----------------------------------|--------------------------------|------------------------------|
| | | 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 | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | |
| <i>Cash received</i> | | | | | | | |
| Taxes received | | 2,589 | 4,678 | 9,131 | 2,532 | 4,642 | 8,846 |
| Grants and subsidies received | | 1,990 | 3,814 | 8,030 | 2,288 | 4,213 | 9,394 |
| Receipts from sales of goods and services | | 497 | 1,022 | 2,195 | 551 | 1,184 | 2,129 |
| Interest receipts | | 35 | 75 | 163 | 40 | 78 | 180 |
| Dividends and tax equivalents | | 657 | 806 | 1,937 | 691 | 854 | 1,865 |
| Other | | 1,563 | 3,106 | 5,698 | 1,690 | 3,607 | 6,799 |
| <i>Total cash received</i> | | 7,331 | 13,500 | 27,153 | 7,793 | 14,578 | 29,213 |
| <i>Cash paid</i> | | | | | | | |
| Wages, salaries and supplements, and superannuation | | -3,383 | -6,835 | -13,362 | -3,048 | -6,272 | -12,546 |
| Payments for goods and services | | -1,834 | -4,132 | -8,010 | -1,963 | -4,312 | -7,761 |
| Interest paid | | -149 | -281 | -614 | -130 | -247 | -537 |
| Grants and subsidies paid | | -1,499 | -2,642 | -5,549 | -1,489 | -2,620 | -5,767 |
| Dividends and tax equivalents | | - | - | - | - | - | - |
| Other | | -381 | -807 | -1,438 | -379 | -822 | -1,562 |
| <i>Total cash paid</i> | | -7,246 | -14,697 | -28,973 | -7,009 | -14,273 | -28,173 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | | 86 | -1,197 | -1,820 | 784 | 304 | 1,040 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | |
| <i>Cash flows from investments in non-financial assets</i> | | | | | | | |
| Purchase of non-financial assets | | -645 | -1,152 | -2,484 | -756 | -1,347 | -2,667 |
| Sales of non-financial assets | | 20 | 39 | 217 | 40 | 65 | 134 |
| <i>Total cash flows from investments in non-financial assets</i> | | -625 | -1,113 | -2,267 | -716 | -1,281 | -2,533 |
| <i>Cash flows from investments in financial assets</i> | | | | | | | |
| <i>Cash received</i> | | | | | | | |
| For policy purposes | | 7 | 10 | 10 | 5 | 8 | 18 |
| For liquidity purposes | | 10 | 10 | 28 | - | - | 5 |
| <i>Cash paid</i> | | | | | | | |
| For policy purposes | | -251 | -377 | -752 | -185 | -252 | -566 |
| For liquidity purposes | | -20 | -38 | -53 | - | -10 | -22 |
| <i>Total cash flows from investments in financial assets</i> | | -254 | -396 | -767 | -180 | -254 | -565 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | | -879 | -1,509 | -3,034 | -896 | -1,535 | -3,098 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | |
| <i>Cash received</i> | | | | | | | |
| Advances received | | -5 | - | 16 | -15 | - | 16 |
| Borrowings | | 1,840 | 5,155 | 5,040 | 327 | 1,546 | 2,065 |
| Deposits received | | - | - | - | - | - | - |
| Other financing receipts | | 13 | 422 | 35 | 61 | 353 | 448 |
| <i>Total cash received</i> | | 1,848 | 5,578 | 5,091 | 373 | 1,899 | 2,529 |
| <i>Cash paid</i> | | | | | | | |
| Advances paid | | - | - | -16 | 2 | - | -16 |
| Borrowings repaid | | -38 | -61 | -90 | -14 | -35 | -79 |
| Deposits paid | | - | - | - | - | - | - |
| Other financing payments | | -451 | -944 | -466 | -55 | -360 | -424 |
| <i>Total cash paid</i> | | -490 | -1,005 | -571 | -67 | -395 | -519 |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | | 1,358 | 4,572 | 4,519 | 306 | 1,505 | 2,010 |
| Net increase in cash and cash equivalents | | 565 | 1,866 | -335 | 194 | 274 | -48 |
| Cash and cash equivalents at the beginning of the year | | 5,741 | 4,440 | 4,440 | 4,568 | 4,488 | 4,488 |
| Cash and cash equivalents at the end of the year | | 6,307 | 6,307 | 4,105 | 4,762 | 4,762 | 4,440 |
| KEY FISCAL AGGREGATES | | | | | | | |
| Net cash flows from operating activities | | 86 | -1,197 | -1,820 | 784 | 304 | 1,040 |
| Net cash flows from investing in non-financial assets | | -625 | -1,113 | -2,267 | -716 | -1,281 | -2,533 |
| Cash surplus/deficit | 4 | -539 | -2,310 | -4,087 | 67 | -977 | -1,493 |

(a) Consistent with the revised outcome published in the 2015-16 Mid-year Review, released on 21 December 2015

(b) Consistent with final audited data contained in the 2014-15 Annual Report on State Finances, released on 24 September 2015.

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

Table 1.5

TOTAL PUBLIC SECTOR OPERATING STATEMENT

| | Note | 2015-16 | | | 2014-15 | | Actual ^(b) \$m |
|--|------|----------------------------------|--------------------------------|--|----------------------------------|--------------------------------|------------------------------|
| | | 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 | |
| <i>Results from Transactions</i> | | | | | | | |
| REVENUE | | | | | | | |
| Taxation | | 2,790 | 4,790 | 8,619 | 2,688 | 4,847 | 8,400 |
| Current grants and subsidies | | 1,808 | 3,603 | 7,321 | 2,006 | 3,955 | 8,051 |
| Capital grants | | 179 | 246 | 703 | 281 | 292 | 1,263 |
| Sales of goods and services | | 5,353 | 10,740 | 20,258 | 4,648 | 9,291 | 19,071 |
| Interest Income | | 133 | 243 | 637 | 147 | 298 | 648 |
| Royalty income | | 1,003 | 2,125 | 3,788 | 1,171 | 2,449 | 4,603 |
| Other | | 249 | 500 | 909 | 293 | 537 | 1,256 |
| Total | 2 | 11,515 | 22,247 | 42,235 | 11,234 | 21,669 | 43,292 |
| EXPENSES | | | | | | | |
| Salaries | | 3,210 | 6,374 | 12,692 | 3,120 | 6,147 | 12,314 |
| Superannuation | | | | | | | |
| Concurrent costs | | 323 | 633 | 1,262 | 307 | 605 | 1,230 |
| Superannuation interest cost | | 60 | 109 | 225 | 42 | 111 | 266 |
| Other employee costs | | 55 | 125 | 270 | 53 | 126 | 298 |
| Depreciation and amortisation | | 845 | 1,742 | 3,504 | 844 | 1,609 | 3,226 |
| Services and contracts | | 764 | 1,461 | 3,199 | 725 | 1,348 | 2,991 |
| Other gross operating expenses | | 5,032 | 9,967 | 19,188 | 4,381 | 8,475 | 17,600 |
| Other interest | | 444 | 829 | 1,709 | 358 | 745 | 1,506 |
| Other property expenses | | - | - | - | - | - | - |
| Current transfers | 3 | 839 | 1,754 | 3,702 | 864 | 1,800 | 3,886 |
| Capital transfers | 3 | 88 | 144 | 482 | 80 | 147 | 440 |
| Total | | 11,659 | 23,139 | 46,233 | 10,773 | 21,112 | 43,756 |
| NET OPERATING BALANCE | 4 | -144 | -892 | -3,998 | 461 | 556 | -464 |
| <i>Other economic flows - included in the operating result</i> | | | | | | | |
| Net gains on assets/liabilities | | 212 | 68 | 215 | 93 | 146 | 327 |
| Net actuarial gains/-loss - superannuation | | 194 | -259 | -241 | -486 | -584 | 60 |
| Provision for doubtful debts | | -3 | -8 | -22 | -3 | -6 | -45 |
| Changes in accounting policy/adjustment of prior periods | | - | 325 | - | -587 | -42 | -688 |
| Total other economic flows | | 403 | 125 | -48 | -983 | -486 | -345 |
| OPERATING RESULT | | 259 | -767 | -4,046 | -522 | 70 | -810 |
| <i>All other movements in equity</i> | | | | | | | |
| <i>Items that will not be reclassified to operating result</i> | | | | | | | |
| Revaluations | | 220 | -87 | 3,520 | 683 | 81 | 4,724 |
| Gains recognised directly in equity | | - | 868 | -55 | -21 | 655 | 557 |
| All other | | - | - | - | - | - | - |
| Total all other movements in equity | | 220 | 781 | 3,465 | 662 | 736 | 5,281 |
| TOTAL CHANGE IN NET WORTH | 4 | 479 | 14 | -581 | 140 | 806 | 4,472 |
| KEY FISCAL AGGREGATES | | | | | | | |
| NET OPERATING BALANCE | 4 | -144 | -892 | -3,998 | 461 | 556 | -464 |
| <i>Less Net acquisition of non-financial assets</i> | | | | | | | |
| Purchase of non-financial assets | | 1,325 | 2,489 | 5,929 | 1,500 | 2,843 | 5,777 |
| Changes in inventories | | -121 | -183 | 118 | 118 | -179 | 173 |
| Other movement in non-financial assets | | 15 | 67 | 179 | 102 | 194 | 418 |
| <i>less:</i> | | | | | | | |
| Sales of non-financial assets | | 186 | 313 | 1,003 | 201 | 353 | 913 |
| Depreciation | | 845 | 1,742 | 3,504 | 844 | 1,609 | 3,226 |
| Total net acquisition of non-financial assets | | 187 | 318 | 1,719 | 675 | 896 | 2,229 |
| NET LENDING/-BORROWING | 4 | -332 | -1,210 | -5,717 | -214 | -340 | -2,693 |

(a) Consistent with the revised outcome published in the 2015-16 Mid-year Review, released on 21 December 2015.

(b) Consistent with final audited data contained in the 2014-15 Annual Report on State Finances, released on 24 September 2015.

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

TOTAL PUBLIC SECTOR BALANCE SHEET

Table 1.6

| | Note | For the period ending | | | |
|--|------|-----------------------|---------------------------------------|-----------------------|---------------------------------------|
| | | 31 Dec 2015 \$m | 30 June 2016 ^(a) \$m | 31 Dec 2014 \$m | 30 June 2015 ^(b) \$m |
| ASSETS | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and deposits | | 1,505 | 1,456 | 1,451 | 1,631 |
| Advances paid | | 4,615 | 4,723 | 4,220 | 4,429 |
| Investments, loans and placements | 5 | 14,290 | 12,001 | 14,680 | 15,190 |
| Receivables | 6 | 4,066 | 3,567 | 4,265 | 3,747 |
| Equity - investments in other entities | | 1,678 | 1,811 | 1,521 | 1,670 |
| Other financial assets | | 8 | 7 | 13 | 7 |
| <i>Total financial assets</i> | | 26,162 | 23,565 | 26,150 | 26,674 |
| <i>Non-financial assets</i> | | | | | |
| Land | | 54,604 | 55,149 | 53,277 | 54,084 |
| Property, plant and equipment | | 99,528 | 102,823 | 94,742 | 98,636 |
| Biological assets | | 316 | 311 | 321 | 316 |
| Inventories | | | | | |
| Land inventories | | 2,395 | 2,196 | 2,124 | 2,281 |
| Other inventories | | 3,294 | 3,595 | 3,125 | 3,477 |
| Intangibles | | 1,132 | 1,128 | 1,127 | 1,129 |
| Assets classified as held for sale | | 293 | 67 | 29 | 879 |
| Investment property | | 420 | 437 | 582 | 59 |
| Other | | 617 | 1,170 | 431 | 454 |
| <i>Total non-financial assets</i> | | 162,597 | 166,876 | 155,759 | 161,315 |
| TOTAL ASSETS | | 188,760 | 190,441 | 181,909 | 187,989 |
| LIABILITIES | | | | | |
| Deposits held | | 62 | 56 | 187 | 52 |
| Advances received | | 407 | 392 | 424 | 407 |
| Borrowings | 7 | 45,880 | 47,284 | 42,088 | 44,252 |
| Unfunded superannuation | | 7,813 | 7,626 | 8,426 | 7,710 |
| Other employee benefits | | 3,399 | 3,452 | 3,593 | 3,763 |
| Payables | | 5,116 | 5,835 | 5,003 | 5,705 |
| Other liabilities | | 4,768 | 5,078 | 4,554 | 4,800 |
| <i>TOTAL LIABILITIES</i> | | 67,446 | 69,723 | 64,275 | 66,690 |
| NET ASSETS | | 121,313 | 120,718 | 117,634 | 121,299 |
| <i>Of which:</i> | | | | | |
| Contributed equity | | - | - | - | - |
| Accumulated surplus | | 31,729 | 31,976 | 33,185 | 31,630 |
| Other reserves | | 89,584 | 88,742 | 84,449 | 89,669 |
| NET WORTH | 4 | 121,313 | 120,718 | 117,634 | 121,299 |
| MEMORANDUM ITEMS | | | | | |
| <i>Net financial worth</i> | | -41,284 | -46,158 | -38,125 | -40,016 |
| <i>Net financial liabilities</i> | | 42,961 | 47,969 | 39,646 | 41,686 |
| <i>Net debt</i> | | | | | |
| Gross debt liabilities | | 46,350 | 47,732 | 42,699 | 44,712 |
| less: liquid financial assets | | 20,411 | 18,180 | 20,351 | 21,250 |
| less: convergence differences impacting net debt | | 88 | - | 88 | 88 |
| <i>Net debt</i> | | 25,851 | 29,552 | 22,260 | 23,374 |

(a) Consistent with the revised outcome published in the 2015-16 Mid-year Review, released on 21 December 2015.

(b) Consistent with final audited data contained in the 2014-15 Annual Report on State Finances, released on 24 September 2015.

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 2015

| | Asset | | Total Equity \$m |
|------------------------------------|-------------------------------|---------------------------------------|------------------------|
| | Revaluation Surplus \$m | Accumulated Surplus/deficit \$m | |
| Balance at 1 July 2015 | 89,669 | 31,630 | 121,299 |
| Operating result | - | -767 | -767 |
| Other movements in equity | -87 | 868 | 781 |
| All other | 2 | -2 | - |
| <i>Total change in net worth</i> | -85 | 99 | 14 |
| Balance at 31 December 2015 | 89,584 | 31,729 | 121,313 |

For the six months ended 31 December 2014

| | Asset | | Total Equity \$m |
|------------------------------------|-------------------------------|---------------------------------------|------------------------|
| | Revaluation Surplus \$m | Accumulated Surplus/deficit \$m | |
| Balance at 1 July 2014 | 84,955 | 31,873 | 116,828 |
| Operating result | - | 70 | 70 |
| Other movements in equity | 81 | 655 | 736 |
| All other | -587 | 587 | - |
| <i>Total change in net worth</i> | -506 | 1,312 | 806 |
| Balance at 31 December 2014 | 84,449 | 33,185 | 117,634 |

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

TOTAL PUBLIC SECTOR CASH FLOW STATEMENT

Table 1.8

| | 2015-16 | | | 2014-15 | | | |
|--|---------|----------------------------------|--------------------------------|--|----------------------------------|--------------------------------|------------------------------|
| | 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 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | |
| <i>Cash received</i> | | | | | | | |
| Taxes received | | 2,475 | 4,487 | 8,557 | 2,447 | 4,486 | 8,305 |
| Grants and subsidies received | | 1,990 | 3,814 | 8,030 | 2,288 | 4,213 | 9,394 |
| Receipts from sales of goods and services | | 5,480 | 11,199 | 20,476 | 4,697 | 9,509 | 19,836 |
| Interest receipts | | 158 | 314 | 705 | 156 | 366 | 748 |
| Other receipts | | 1,832 | 3,800 | 6,438 | 1,976 | 4,303 | 8,065 |
| <i>Total cash received</i> | | 11,935 | 23,615 | 44,205 | 11,565 | 22,877 | 46,347 |
| <i>Cash paid</i> | | | | | | | |
| Wages, salaries and supplements, and superannuation | | -3,761 | -7,617 | -14,866 | -3,398 | -6,985 | -13,917 |
| Payments for goods and services | | -5,640 | -11,593 | -20,569 | -4,883 | -9,799 | -20,123 |
| Interest paid | | -476 | -935 | -1,676 | -418 | -844 | -1,699 |
| Grants and subsidies paid | | -867 | -1,765 | -3,807 | -887 | -1,821 | -4,001 |
| Other payments | | -1,044 | -2,165 | -4,016 | -1,006 | -2,229 | -4,244 |
| <i>Total cash paid</i> | | -11,787 | -24,075 | -44,933 | -10,593 | -21,679 | -43,983 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | | 148 | -460 | -727 | 972 | 1,198 | 2,364 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | |
| <i>Cash flows from investments in non-financial assets</i> | | | | | | | |
| Purchase of non-financial assets | | -1,325 | -2,489 | -5,929 | -1,500 | -2,843 | -5,777 |
| Sales of non-financial assets | | 186 | 313 | 1,003 | 201 | 353 | 913 |
| <i>Total cash flows from investments in non-financial assets</i> | | -1,138 | -2,176 | -4,926 | -1,299 | -2,490 | -4,864 |
| <i>Cash flows from investments in financial assets</i> | | | | | | | |
| <i>Cash received</i> | | | | | | | |
| For policy purposes | | 7 | 10 | 10 | 5 | 8 | 18 |
| For liquidity purposes | | 704 | 2,075 | 7,191 | 1,376 | 3,002 | 7,056 |
| <i>Cash paid</i> | | | | | | | |
| For policy purposes | | -9 | -11 | -10 | -7 | -9 | -17 |
| For liquidity purposes | | -546 | -1,608 | -7,307 | -1,970 | -3,922 | -6,732 |
| <i>Total cash flows from investments in financial assets</i> | | 157 | 466 | -116 | -595 | -922 | 325 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | | -981 | -1,711 | -5,042 | -1,894 | -3,411 | -4,539 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | |
| <i>Cash received</i> | | | | | | | |
| Advances received | | -5 | - | - | -15 | - | - |
| Borrowings | | 5,079 | 8,989 | 19,043 | 3,054 | 8,042 | 16,256 |
| Deposits received | | - | - | - | - | - | - |
| Other financing receipts | | 14 | 427 | 34 | 48 | 341 | 454 |
| <i>Total cash received</i> | | 5,089 | 9,416 | 19,077 | 3,087 | 8,383 | 16,711 |
| <i>Cash paid</i> | | | | | | | |
| Advances paid | | - | - | -16 | 2 | - | -16 |
| Borrowings repaid | | -3,063 | -3,888 | -12,851 | -1,336 | -4,698 | -13,242 |
| Deposits paid | | - | - | - | - | - | - |
| Other financing payments | | -444 | -936 | -440 | -52 | -355 | -421 |
| <i>Total cash paid</i> | | -3,507 | -4,825 | -13,307 | -1,386 | -5,053 | -13,679 |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | | 1,582 | 4,591 | 5,771 | 1,701 | 3,330 | 3,032 |
| Net increase in cash and cash equivalents | | 749 | 2,421 | 1 | 779 | 1,117 | 857 |
| Cash and cash equivalents at the beginning of the year | | 10,911 | 9,239 | 9,239 | 8,720 | 8,383 | 8,383 |
| Cash and cash equivalents at the end of the year | | 11,660 | 11,660 | 9,240 | 9,500 | 9,500 | 9,239 |
| KEY FISCAL AGGREGATES | | | | | | | |
| Net cash flows from operating activities | | 148 | -460 | -727 | 972 | 1,198 | 2,364 |
| Net cash flows from investing in non-financial assets | | -1,138 | -2,176 | -4,926 | -1,299 | -2,490 | -4,864 |
| Cash surplus/-deficit | 4 | -990 | -2,636 | -5,653 | -327 | -1,291 | -2,500 |

(a) Consistent with the revised outcome published in the 2015-16 Mid-year Review, released on 21 December 2015.

(b) Consistent with final audited data contained in the 2014-15 *Annual Report on State Finances*, released on 24 September 2015.

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 2015 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.

This interim financial report does not include all the notes of the type normally 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 2015, presented in Appendix 1 of the *2014-15 Annual Report on State Finances* (ARSF) and released on 24 September 2015. The accounting policies adopted in this publication are consistent with those outlined in the ARSF (see Note 3: *Summary of Significant Accounting Policies* in Appendix 1 of the 2014-15 ARSF).

The Interim Financial Statements are presented in Australian dollars and all amounts are rounded to the nearest million dollars (\$m). As a consequence, columns/rows 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

| | 2015-16 | | | 2014-15 | | |
|--|------------------------|----------------------|--------------------------------|------------------------|----------------------|-----------------------|
| | Three Months to 31 Dec | Six Months to 31 Dec | Budget Estimate ^(b) | Three Months to 31 Dec | Six Months to 31 Dec | Actual ^(c) |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| <i>CURRENT TRANSFERS</i> | | | | | | |
| Local Government | 54 | 144 | 307 | 51 | 132 | 380 |
| Local Government on-passing | 21 | 43 | 87 | 44 | 87 | 262 |
| Private and Not-for-profit sector | 295 | 659 | 1,419 | 305 | 681 | 1,435 |
| Private and Not-for-profit sector on-passing | 269 | 538 | 1,119 | 278 | 519 | 1,064 |
| Other sectors of Government | 597 | 1,089 | 2,284 | 649 | 1,163 | 2,325 |
| Total Current Transfers | 1,237 | 2,473 | 5,216 | 1,327 | 2,583 | 5,465 |
| <i>CAPITAL TRANSFERS</i> | | | | | | |
| Local Government | 39 | 44 | 113 | 12 | 17 | 87 |
| Local Government on-passing | 13 | 27 | 54 | 27 | 54 | 162 |
| Private and Not-for-profit sector | 28 | 60 | 163 | 31 | 60 | 129 |
| Private and Not-for-profit sector on-passing | 4 | 9 | 16 | 3 | 7 | 16 |
| Other sectors of Government | 57 | 117 | 220 | 3 | 14 | 113 |
| Total Capital Transfers | 141 | 256 | 567 | 76 | 152 | 507 |

Total Public Sector

| | 2015-16 | | | 2014-15 | | |
|--|------------------------|----------------------|--------------------------------|------------------------|----------------------|-----------------------|
| | Three Months to 31 Dec | Six Months to 31 Dec | Budget Estimate ^(b) | Three Months to 31 Dec | Six Months to 31 Dec | Actual ^(c) |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| <i>CURRENT TRANSFERS</i> | | | | | | |
| Local Government | 55 | 150 | 307 | 51 | 132 | 380 |
| Local Government on-passing | 21 | 43 | 87 | 44 | 87 | 262 |
| Private and Not-for-profit sector | 492 | 1,016 | 2,164 | 492 | 1,056 | 2,162 |
| Private and Not-for-profit sector on-passing | 269 | 538 | 1,119 | 278 | 519 | 1,064 |
| Other sectors of Government | 2 | 7 | 24 | - | 5 | 18 |
| Total Current Transfers | 839 | 1,754 | 3,702 | 864 | 1,800 | 3,886 |
| <i>CAPITAL TRANSFERS</i> | | | | | | |
| Local Government | 39 | 44 | 113 | 12 | 17 | 88 |
| Local Government on-passing | 13 | 27 | 54 | 27 | 54 | 162 |
| Private and Not-for-profit sector | 31 | 65 | 298 | 38 | 68 | 174 |
| Private and Not-for-profit sector on-passing | 4 | 9 | 16 | 3 | 7 | 16 |
| Other sectors of Government | - | - | 1 | - | - | - |
| Total Capital Transfers | 88 | 144 | 482 | 80 | 147 | 440 |

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

(b) Consistent with the revised outcome published in the 2015-16 Mid-year Review, released on 21 December 2015.

(c) Consistent with final audited data contained in the 2014-15 *Annual Report on State Finances*, released on 24 September 2015.

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 following tables detail convergence differences reflected in the December 2015 results.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES Net Operating Balance^(a)

| | 2015-16 | | | 2014-15 | | |
|--|-------------------------------|-----------------------------|-----------------------------|-------------------------------|-----------------------------|---------------|
| | Three Months to 31 Dec \$m | Six Months to 31 Dec \$m | Estimated Outturn \$m | Three Months to 31 Dec \$m | Six Months to 31 Dec \$m | Actual \$m |
| <u>General government</u> | | | | | | |
| AASB1049 net operating balance | 158 | -989 | -3,146 | 643 | 296 | -431 |
| Plus GFS revenue adjustments | - | - | - | - | - | - |
| Less GFS expense adjustments | | | | | | |
| Dampier to Bunbury Natural Gas Pipeline loan asset | - | - | 88 | - | - | - |
| Total GFS expense adjustments | - | - | 88 | - | - | - |
| Total GFS adjustments to AASB 1049 net operating balance | - | - | -88 | - | - | - |
| GFS net operating balance | 158 | -989 | -3,234 | 643 | 296 | -431 |
| <u>Total public sector</u> | | | | | | |
| AASB1049 net operating balance | -144 | -892 | -3,998 | 461 | 556 | -464 |
| Plus GFS revenue adjustments | - | - | - | - | - | - |
| Less GFS expense adjustments | | | | | | |
| Capitalised interest | 8 | 17 | 21 | 5 | 11 | 33 |
| Dampier to Bunbury Natural Gas Pipeline loan asset | - | - | 88 | - | - | - |
| Total GFS expense adjustments | 8 | 17 | 109 | 5 | 11 | 33 |
| Total GFS adjustments to AASB 1049 net operating balance | -8 | -17 | -109 | -5 | -11 | -33 |
| GFS net operating balance | -152 | -909 | -4,107 | 456 | 545 | -497 |

(a) The 2014-15 *Annual Report on State Finances* included an amount of \$499 million relating to prepaid road grants, based on then advice from the Australian Bureau of Statistics (ABS) for Government Finance Statistics (GFS) purposes. This prepayment was included as a GFS – AASB 1049 convergence difference, with the prepayment unwinding as the grant was spent on specific projects. However, on revised advice recently received from the ABS, the prepaid grant is no longer required to be accrued for GFS purposes, as where possible the ABS would prefer to align (conceptually) the GFS treatment with the AASB 1049 treatment. All comparative data has been revised for this change in GFS treatment.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES Net Lending/-Borrowing

| | 2015-16 | | | 2014-15 | | |
|--|-------------------------------|-----------------------------|-----------------------------|-------------------------------|-----------------------------|---------------|
| | Three Months to 31 Dec \$m | Six Months to 31 Dec \$m | Estimated Outturn \$m | Three Months to 31 Dec \$m | Six Months to 31 Dec \$m | Actual \$m |
| <u>General government</u> | | | | | | |
| AASB1049 net lending/-borrowing | -111 | -1,417 | -4,161 | 188 | -486 | -1,809 |
| Plus Net operating balance convergence differences (noted above) | - | - | -88 | - | - | - |
| GFS net lending/-borrowing | -111 | -1,417 | -4,249 | 188 | -486 | -1,809 |
| <u>Total public sector</u> | | | | | | |
| AASB1049 net lending/-borrowing | -332 | -1,210 | -5,717 | -214 | -340 | -2,693 |
| Plus Net operating balance convergence differences (noted above) | -8 | -17 | -109 | -5 | -11 | -33 |
| GFS net lending/-borrowing | -339 | -1,227 | -5,826 | -219 | -351 | -2,726 |

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Cash Surplus/-Deficit

| | 2015-16 | | | 2014-15 | | |
|---|------------------------|----------------------|-------------------|------------------------|----------------------|---------------|
| | Three Months to 31 Dec | Six Months to 31 Dec | Estimated Outturn | Three Months to 31 Dec | Six Months to 31 Dec | Actual |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| <u>General government</u> | | | | | | |
| AASB1049 cash surplus/-deficit | -539 | -2,310 | -4,087 | 67 | -977 | -1,493 |
| Less Acquisitions under finance leases and similar arrangements | - | - | 234 | 47 | 79 | 80 |
| GFS cash surplus/-deficit | -539 | -2,310 | -4,321 | 20 | -1,056 | -1,573 |
| <u>Total public sector</u> | | | | | | |
| AASB1049 cash surplus/-deficit | -990 | -2,636 | -5,653 | -327 | -1,291 | -2,500 |
| Less Acquisitions under finance leases and similar arrangements | - | - | 234 | 47 | 79 | 80 |
| GFS cash surplus/-deficit | -990 | -2,637 | -5,888 | -374 | -1,370 | -2,580 |

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Change in Net Worth^(a)

| | 2015-16 | | | 2014-15 | | |
|--|------------------------|----------------------|-------------------|------------------------|----------------------|--------------|
| | Three Months to 31 Dec | Six Months to 31 Dec | Estimated Outturn | Three Months to 31 Dec | Six Months to 31 Dec | Actual |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| <u>General government</u> | | | | | | |
| AASB 1049 change in net worth | 479 | 14 | -581 | 140 | 806 | 4,472 |
| Plus change in: | | | | | | |
| Dampier to Bunbury Natural Gas Pipeline loan asset | - | - | -88 | - | - | - |
| Provision for doubtful debts | | | | | | |
| General government sector | -11 | -11 | - | -6 | -5 | 20 |
| Impact on public corporations net worth | - | 4 | 3 | - | -10 | -17 |
| <i>Total GFS change in net worth adjustments</i> | <i>-11</i> | <i>-6</i> | <i>-85</i> | <i>-5</i> | <i>-15</i> | <i>2</i> |
| GFS change in net worth | 469 | 8 | -666 | 135 | 791 | 4,474 |
| <u>Total public sector</u> | | | | | | |
| AASB 1049 change in net worth | 479 | 14 | -581 | 140 | 806 | 4,472 |
| Plus change in: | | | | | | |
| Dampier to Bunbury Natural Gas Pipeline loan asset | - | - | -88 | - | - | - |
| Provision for doubtful debts | -11 | -6 | 3 | -5 | -15 | 2 |
| <i>Total GFS change in net worth adjustments</i> | <i>-11</i> | <i>-6</i> | <i>-85</i> | <i>-5</i> | <i>-15</i> | <i>2</i> |
| GFS change in net worth | 469 | 8 | -666 | 135 | 791 | 4,474 |

(a) See footnote to operating balance convergence difference earlier in this note.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Net Worth^(a)

| | 2015-16 | | 2014-15 | |
|--|--------------------------------|-----------------------------|--------------------------------|----------------|
| | Six Months to 31 Dec \$m | Estimated Outturn \$m | Six Months to 31 Dec \$m | Actual \$m |
| <i>General government</i> | | | | |
| AASB1049 net worth | 121,313 | 120,718 | 117,634 | 121,299 |
| <i>Plus</i> | | | | |
| Dampier to Bunbury Natural Gas Pipeline loan asset | 88 | - | 88 | 88 |
| Provision for doubtful debts | | | | |
| General government sector | 225 | 235 | 211 | 236 |
| Impact on public corporations net worth | 29 | 28 | 33 | 25 |
| <i>Total GFS net worth adjustments</i> | 343 | 263 | 331 | 349 |
| GFS net worth | 121,656 | 120,982 | 117,965 | 121,648 |
| <i>Total public sector</i> | | | | |
| AASB1049 net worth | 121,313 | 120,718 | 117,634 | 121,299 |
| <i>Plus</i> | | | | |
| Dampier to Bunbury Natural Gas Pipeline loan asset | 88 | - | 88 | 88 |
| Provision for doubtful debts | 254 | 263 | 243 | 261 |
| <i>Total GFS net worth adjustments</i> | 343 | 263 | 331 | 349 |
| GFS net worth | 121,656 | 120,982 | 117,965 | 121,648 |

(a) See footnote to operating balance convergence difference earlier in this note.

NOTE 5: INVESTMENTS, LOANS AND PLACEMENTS

General Government

| | 2015-16 | | 2014-15 | |
|--|---------------|-----------------------------|---------------|---------------|
| | 31 Dec \$m | Estimated Outturn \$m | 31 Dec \$m | Actual \$m |
| <i>Investments</i> | | | | |
| Term deposits | 5,551 | 2,950 | 4,047 | 3,552 |
| Government securities | 5 | 5 | 6 | 5 |
| <i>Total</i> | <i>5,556</i> | <i>2,955</i> | <i>4,052</i> | <i>3,556</i> |
| <i>Loans and advances</i> | | | | |
| Loans | 10 | 14 | 8 | 15 |
| Financial Assets held for trading/available for sale | - | - | - | - |
| <i>Total</i> | <i>10</i> | <i>14</i> | <i>8</i> | <i>15</i> |
| Total | 5,565 | 2,969 | 4,060 | 3,571 |

Total Public Sector

| | 2015-16 | | 2014-15 | |
|--|---------------|-----------------------------|---------------|---------------|
| | 31 Dec \$m | Estimated Outturn \$m | 31 Dec \$m | Actual \$m |
| <i>Investments</i> | | | | |
| Term deposits | 11,342 | 9,060 | 10,635 | 9,169 |
| Government securities | 5 | 5 | 632 | 5 |
| <i>Total</i> | <i>11,346</i> | <i>9,065</i> | <i>11,267</i> | <i>9,174</i> |
| <i>Loans and advances</i> | | | | |
| Loans | 2,515 | 2,413 | 2,997 | 5,492 |
| Financial Assets held for trading/available for sale | 429 | 523 | 417 | 523 |
| <i>Total</i> | <i>2,944</i> | <i>2,936</i> | <i>3,413</i> | <i>6,015</i> |
| Total | 14,290 | 12,001 | 14,680 | 15,190 |

NOTE 6: RECEIVABLES

General Government

| | 2015-16 | | 2014-15 | |
|---|---------------|-----------------------------|---------------|---------------|
| | 31 Dec \$m | Estimated Outturn \$m | 31 Dec \$m | Actual \$m |
| Accounts Receivable | 3,112 | 2,518 | 3,302 | 2,896 |
| Provision for impairment of receivables | -225 | -235 | -211 | -236 |
| Total | 2,886 | 2,282 | 3,091 | 2,660 |

Total Public Sector

| | 2015-16 | | 2014-15 | |
|---|---------------|-----------------------------|---------------|---------------|
| | 31 Dec \$m | Estimated Outturn \$m | 31 Dec \$m | Actual \$m |
| Accounts Receivable | 4,320 | 3,830 | 4,508 | 4,008 |
| Provision for impairment of receivables | -254 | -263 | -243 | -261 |
| Total | 4,066 | 3,567 | 4,265 | 3,747 |

NOTE 7: BORROWINGS

General Government

| | 2015-16 | | 2014-15 | |
|-----------------|---------------|-----------------------------|---------------|---------------|
| | 31 Dec \$m | Estimated Outturn \$m | 31 Dec \$m | Actual \$m |
| Bank overdrafts | 17 | - | 226 | 304 |
| Finance leases | 578 | 815 | 597 | 594 |
| Borrowings | 17,798 | 17,661 | 12,218 | 12,704 |
| Total | 18,393 | 18,476 | 13,042 | 13,603 |

Total Public Sector

| | 2015-16 | | 2014-15 | |
|-----------------|---------------|-----------------------------|---------------|---------------|
| | 31 Dec \$m | Estimated Outturn \$m | 31 Dec \$m | Actual \$m |
| Bank overdrafts | 27 | - | 229 | 304 |
| Finance leases | 1,449 | 1,669 | 1,499 | 1,481 |
| Borrowings | 44,404 | 45,615 | 40,360 | 42,467 |
| Total | 45,880 | 47,284 | 42,088 | 44,252 |

NOTE 8: DETAILS OF AGENCIES CONSOLIDATED

The agencies included in these financial statements are detailed in Note 34: *Composition of Sectors* in the 2014-15 Annual Report on State Finances. The following changes took effect from 1 July 2015:

- the functions of the Swan River Trust were merged with the Department of Parks and Wildlife;
- the Western Australian Alcohol and Drug Authority was amalgamated into the Mental Health Commission;
- the Road Safety Commission was established;
- the Fremantle Prison function ceased to be part of the Department of Finance and was transferred to the State Heritage Office; and

- the Office of the Government Chief Information Officer was established as a sub-department of the Department of Finance.

NOTE 9: CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities were reported in the 2014-15 *Annual Report on State Finances* (ARSF) (released 24 September 2015). Since the release of the ARSF, the following material changes to these contingencies have arisen:

- The *Bell Group Companies (Finalisation of Matters and Distribution of Proceeds) Act 2015* has been enacted by Parliament, coming into operation on 26 November 2015. This may provide for an earlier return of moneys to the Insurance Commission of Western Australia than would have occurred without the legislation. This is considered to be a timing improvement in obtaining a return on invested funds rather than a change in prospects. Downside risk remains in that litigation in one form or another, and the associated costs, may continue for Government and/or the Insurance Commission of Western Australia. Nonetheless, the distribution of anticipated Bell case proceeds is expected to deliver a favourable impact on the State's finances. Once the impact is known, it will be incorporated into the financial projections.
- On 16 October 2015, the Commonwealth Treasurer and all State and Territory Treasurers agreed on an approach for sharing the default risk of the Asbestos Injuries Compensation Fund (AICF). Each State's and Territory's share of the total default risk will reflect the proportion of claims paid in each jurisdiction since the inception of the Fund. The percentage of claims filed in Western Australia in 2014-15 was 17% of total claims, which equates to an estimated contingent liability of \$36.3 million. The arrangement for sharing the default risk will not have an immediate financial impact and will only be triggered if James Hardie Pty Ltd, which is directly responsible for the AICF, were to default on its obligations to the Fund.

There have been no other material changes in the contingent liabilities since the 2014-15 *Annual Report on State Finances* disclosure.

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 internal collections are not shown in the total public sector taxation revenue data which is thus smaller in magnitude than the general government taxation revenue aggregate.

Table 2.1

GENERAL GOVERNMENT
Operating Revenue

| | Three Months to 31 Dec | Six Months to 31 Dec | Estimated Outturn ^(a) | Three Months to 31 Dec | Six Months to 31 Dec | Actual ^(b) |
|--|---------------------------|-------------------------|-------------------------------------|---------------------------|-------------------------|-----------------------|
| | \$m | \$m | \$m | \$m | \$m | \$m |
| TAXATION | | | | | | |
| Taxes on employers' payroll and labour force | | | | | | |
| <i>Payroll tax</i> | 894 | 1,840 | 3,697 | 915 | 1,886 | 3,602 |
| Property taxes | | | | | | |
| <i>Land tax</i> | 911 | 922 | 949 | 651 | 707 | 744 |
| Transfer Duty | 328 | 664 | 1,441 | 414 | 852 | 1,598 |
| Landholder Duty | 23 | 52 | 105 | 80 | 101 | 101 |
| <i>Total duty on transfers</i> | 351 | 716 | 1,546 | 495 | 953 | 1,699 |
| Metropolitan Region Improvement Tax | 97 | 98 | 101 | 87 | 92 | 93 |
| Perth Parking Levy | 3 | 52 | 57 | 2 | 43 | 48 |
| Emergency Services Levy | 80 | 199 | 307 | 71 | 177 | 274 |
| Loan guarantee fees | 38 | 64 | 135 | 26 | 48 | 119 |
| <i>Total other property taxes</i> | 218 | 413 | 600 | 187 | 361 | 534 |
| Taxes on provision of goods and services | | | | | | |
| Government lotteries | 40 | 80 | 162 | 38 | 77 | 152 |
| Video lottery terminals | - | - | 1 | - | - | - |
| Casino Tax | 16 | 31 | 81 | 31 | 59 | 110 |
| Betting tax | 12 | 22 | 45 | 11 | 22 | 42 |
| <i>Total taxes on gambling</i> | 68 | 134 | 289 | 80 | 158 | 305 |
| Insurance Duty | 151 | 310 | 587 | 149 | 314 | 604 |
| Other | 6 | 13 | 21 | 9 | 18 | 31 |
| <i>Total taxes on insurance</i> | 157 | 323 | 609 | 157 | 332 | 635 |
| Taxes on use of goods and performance of activities | | | | | | |
| Vehicle Licence Duty | 83 | 168 | 351 | 88 | 180 | 363 |
| Permits - Oversize Vehicles and Loads | 1 | 5 | 8 | 2 | 5 | 7 |
| Motor Vehicle recording fee | 14 | 29 | 54 | 14 | 28 | 58 |
| Motor Vehicle registrations | 209 | 428 | 879 | 204 | 415 | 848 |
| <i>Total motor vehicle taxes</i> | 308 | 631 | 1,291 | 308 | 629 | 1,277 |
| Mining Rehabilitation Levy | - | 28 | 27 | - | 27 | 27 |
| Landfill Levy | 17 | 35 | 104 | 11 | 22 | 59 |
| Total Taxation | 2,925 | 5,041 | 9,112 | 2,806 | 5,075 | 8,882 |
| CURRENT GRANTS AND SUBSIDIES | | | | | | |
| <i>General Purpose Grants</i> | | | | | | |
| GST grants | 477 | 956 | 1,896 | 579 | 1,143 | 2,258 |
| North West Shelf grants | 174 | 349 | 607 | 239 | 525 | 865 |
| Compensation for Commonwealth crude oil excise arrangements | 7 | 16 | 33 | 15 | 30 | 48 |
| <i>Grants through the State</i> | | | | | | |
| Schools assistance – non-government schools | 269 | 538 | 1,119 | 278 | 519 | 1,064 |
| Local government financial assistance grants | 21 | 43 | 87 | 44 | 87 | 262 |
| Local government roads | 13 | 27 | 54 | 27 | 54 | 162 |
| <i>National Specific Purpose Payment Agreement Grants</i> | | | | | | |
| National Skills and Workforce Development | 43 | 83 | 162 | 40 | 81 | 156 |
| National Disability Services | 41 | 79 | 161 | 42 | 78 | 151 |
| National Affordable Housing | 33 | 74 | 148 | 37 | 73 | 144 |
| <i>Students First</i> | 148 | 275 | 560 | 131 | 245 | 503 |
| <i>National Health Reform</i> | 444 | 873 | 1,813 | 436 | 872 | 1,750 |
| <i>National Partnerships/Other Grants</i> | | | | | | |
| Health | 83 | 176 | 332 | 81 | 157 | 402 |
| Housing | 8 | 8 | 20 | 3 | 8 | 15 |
| Transport | 1 | 15 | 81 | 1 | 2 | 55 |
| Other | 46 | 92 | 247 | 53 | 83 | 216 |
| Total Current Grants and Subsidies | 1,808 | 3,603 | 7,321 | 2,006 | 3,955 | 8,051 |

Table 2.1 (cont.)

GENERAL GOVERNMENT
Operating Revenue

| | 2015-16 | | | 2014-15 | | |
|---|----------------------------------|--------------------------------|--|----------------------------------|--------------------------------|------------------------------|
| | 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> | | | | | | |
| Schools assistance – non-government schools | 4 | 9 | 16 | 3 | 7 | 16 |
| <i>National Partnerships/Other Grants</i> | | | | | | |
| Housing | 51 | 102 | 178 | 90 | 95 | 173 |
| Transport | 115 | 127 | 448 | 160 | 160 | 992 |
| Other | 8 | 8 | 62 | 28 | 30 | 82 |
| Total Capital Grants | 179 | 246 | 703 | 281 | 292 | 1,263 |
| SALES OF GOODS AND SERVICES | 490 | 1,012 | 2,168 | 469 | 1,016 | 2,105 |
| INTEREST INCOME | 48 | 92 | 171 | 46 | 94 | 185 |
| REVENUE FROM PUBLIC CORPORATIONS | | | | | | |
| Dividends | 457 | 457 | 1,299 | 452 | 452 | 1,187 |
| Tax Equivalent Regime | 106 | 222 | 546 | 117 | 255 | 592 |
| Total Revenue from Public Corporations | 563 | 679 | 1,846 | 569 | 707 | 1,779 |
| ROYALTY INCOME | 1,003 | 2,125 | 3,788 | 1,171 | 2,449 | 4,603 |
| OTHER | | | | | | |
| Lease Rentals | 15 | 35 | 88 | 22 | 48 | 89 |
| Fines | 48 | 99 | 205 | 40 | 77 | 188 |
| Revenue not elsew here counted | 66 | 119 | 216 | 65 | 114 | 255 |
| Total Other | 129 | 252 | 509 | 127 | 239 | 532 |
| GRAND TOTAL | 7,144 | 13,051 | 25,617 | 7,475 | 13,828 | 27,400 |

(a) Consistent with the revised outcome published in the 2015-16 Mid-year Review, released on 21 December 2015.

(b) Consistent with final audited data contained in the 2014-15 *Annual Report on State Finances*, released on 24 September 2015.

Note: Columns may not add due to rounding.

Table 2.2

TOTAL PUBLIC SECTOR
Operating Revenue

| | 2015-16 | | | 2014-15 | | Actual ^(b) \$m |
|--|----------------------------------|--------------------------------|--|----------------------------------|--------------------------------|------------------------------|
| | 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 | |
| TAXATION | | | | | | |
| Taxes on employers' payroll and labour force | | | | | | |
| <i>Payroll tax</i> | 870 | 1,792 | 3,612 | 891 | 1,839 | 3,503 |
| Property taxes | | | | | | |
| <i>Land tax</i> | 890 | 884 | 879 | 631 | 671 | 675 |
| Transfer Duty | 328 | 664 | 1,441 | 414 | 852 | 1,598 |
| Landholder Duty | 23 | 52 | 105 | 80 | 101 | 101 |
| <i>Total duty on transfers</i> | 351 | 716 | 1,546 | 495 | 953 | 1,699 |
| Metropolitan Region Improvement Tax | 97 | 98 | 101 | 87 | 92 | 93 |
| Perth Parking Levy | 3 | 52 | 57 | 2 | 43 | 48 |
| Emergency Services Levy | 80 | 199 | 302 | 71 | 177 | 270 |
| Loan guarantee fees | 1 | 2 | 9 | 2 | 3 | 3 |
| <i>Total other property taxes</i> | 181 | 350 | 469 | 163 | 315 | 415 |
| Taxes on provision of goods and services | | | | | | |
| Video lottery terminals | - | - | 1 | - | - | - |
| Casino Tax | 16 | 31 | 81 | 31 | 59 | 110 |
| <i>Total taxes on gambling</i> | 15 | 31 | 82 | 31 | 59 | 110 |
| Insurance Duty | 151 | 310 | 587 | 149 | 314 | 604 |
| Other | 6 | 13 | 21 | 9 | 18 | 31 |
| <i>Total taxes on insurance</i> | 157 | 323 | 609 | 157 | 332 | 635 |
| Taxes on use of goods and performance of activities | | | | | | |
| Vehicle Licence Duty | 83 | 168 | 351 | 88 | 180 | 363 |
| Permits - Oversize Vehicles and Loads | 1 | 5 | 8 | 2 | 5 | 7 |
| Motor Vehicle recording fee | 14 | 29 | 54 | 14 | 28 | 58 |
| Motor Vehicle registrations | 209 | 428 | 879 | 204 | 415 | 848 |
| <i>Total motor vehicle taxes</i> | 308 | 631 | 1,291 | 308 | 629 | 1,277 |
| <i>Mining Rehabilitation Levy</i> | - | 28 | 27 | - | 27 | 27 |
| <i>Landfill Levy</i> | 17 | 35 | 104 | 11 | 22 | 59 |
| Total Taxation | 2,790 | 4,790 | 8,619 | 2,688 | 4,847 | 8,400 |
| CURRENT GRANTS AND SUBSIDIES | | | | | | |
| <i>General Purpose Grants</i> | | | | | | |
| GST grants | 477 | 956 | 1,896 | 579 | 1,143 | 2,258 |
| North West Shelf grants | 174 | 349 | 607 | 239 | 525 | 865 |
| Compensation for Commonwealth crude oil excise arrangements | 7 | 16 | 33 | 15 | 30 | 48 |
| <i>Grants through the State</i> | | | | | | |
| Schools assistance – non-government schools | 269 | 538 | 1,119 | 278 | 519 | 1,064 |
| Local government financial assistance grants | 21 | 43 | 87 | 44 | 87 | 262 |
| Local government roads | 13 | 27 | 54 | 27 | 54 | 162 |
| <i>National Specific Purpose Payment Agreement Grants</i> | | | | | | |
| National Agreement for Skills and Workforce Development | 43 | 83 | 162 | 40 | 81 | 156 |
| National Disability Services | 41 | 79 | 161 | 42 | 78 | 151 |
| National Affordable Housing | 33 | 74 | 148 | 37 | 73 | 144 |
| <i>Students First</i> | 148 | 275 | 560 | 131 | 245 | 503 |
| <i>National Health Reform</i> | 444 | 873 | 1,813 | 436 | 872 | 1,750 |
| <i>National Partnerships\Other Grants</i> | | | | | | |
| Health | 83 | 176 | 332 | 81 | 157 | 402 |
| Housing | 8 | 8 | 20 | 3 | 8 | 15 |
| Transport | 1 | 15 | 81 | 1 | 2 | 55 |
| Other | 46 | 92 | 247 | 53 | 83 | 216 |
| Total Current Grants and Subsidies | 1,808 | 3,603 | 7,321 | 2,006 | 3,955 | 8,051 |

TOTAL PUBLIC SECTOR
Operating Revenue

Table 2.2 (cont.)

| | 2015-16 | | | 2014-15 | | |
|---|----------------------------------|--------------------------------|--|----------------------------------|--------------------------------|------------------------------|
| | 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> | | | | | | |
| Schools assistance – non-government schools | 4 | 9 | 16 | 3 | 7 | 16 |
| <i>National Partnerships/Other Grants</i> | | | | | | |
| Housing | 51 | 102 | 178 | 90 | 95 | 173 |
| Transport | 115 | 127 | 448 | 160 | 160 | 992 |
| Other | 8 | 8 | 62 | 28 | 30 | 82 |
| Total Capital Grants | 179 | 246 | 703 | 281 | 292 | 1,263 |
| SALES OF GOODS AND SERVICES | 5,353 | 10,740 | 20,258 | 4,648 | 9,291 | 19,071 |
| INTEREST INCOME | 133 | 243 | 637 | 147 | 298 | 648 |
| ROYALTY INCOME | 1,003 | 2,125 | 3,788 | 1,171 | 2,449 | 4,603 |
| OTHER | | | | | | |
| Lease Rentals | 15 | 35 | 88 | 22 | 48 | 89 |
| Fines | 49 | 101 | 205 | 41 | 78 | 188 |
| Revenue not elsew here counted | 185 | 364 | 616 | 230 | 411 | 978 |
| Total Other | 249 | 500 | 909 | 293 | 537 | 1,256 |
| GRAND TOTAL | 11,515 | 22,247 | 42,235 | 11,234 | 21,669 | 43,292 |

(a) Consistent with the revised outcome published in the 2015-16 Mid-year Review, released on 21 December 2015.

(b) Consistent with final audited data contained in the 2014-15 *Annual Report on State Finances*, released on 24 September 2015.

Note: Columns may not add due to rounding.

Public Ledger

The Public Ledger, established by section 7 of the *Financial Management Act 2006* (FMA), includes those transactions and operations that are conducted through the Consolidated Account, the Treasurer's Advance Account and Treasurer's Special Purpose Accounts (TSPAs).

The following table shows that the aggregate balance of the Public Ledger at 31 December 2015 was in a \$474 million surplus position, a \$1,573 million turnaround on the deficit position at 31 December 2014. This reflects a \$659 million decrease in the accrual deficit of the Consolidated Account, an \$894 million increase in TSPA balances and a lower draw against the Treasurer's Advance during the first six months of 2015-16.

Table 3.1

| PUBLIC LEDGER BALANCES AT 31 DECEMBER | | | |
|--|--------------|---------------|-----------------|
| | 2015 \$m | 2014 \$m | Variance \$m |
| THE PUBLIC LEDGER | | | |
| Consolidated Account ^(a) | -11,732 | -12,391 | 659 |
| Treasurer's Special Purpose Accounts | 12,215 | 11,321 | 894 |
| Treasurer's Advance Account – Net Advances | -9 | -29 | 20 |
| TOTAL | 474 | -1,099 | 1,573 |
| Agency Special Purpose Account | 4,319 | 3,938 | 381 |
| TOTAL PUBLIC BANK ACCOUNT | 4,793 | 2,839 | 1,954 |

(a) The balance of the Consolidated Account at 31 December 2015 includes non-cash appropriations of \$8,789 million (31 December 2014: \$8,432 million), representing the accrued cost of agency services. These appropriations are credited to agency holding accounts that are included in the Treasurer's Special Purpose Accounts balance.

Note: Columns 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 the relevant appropriation clearly specified.

The Consolidated Account accrual deficit at 31 December 2015 was \$11,732 million, a decrease of \$659 million on the accumulated deficit at 31 December 2014. This included \$8,789 million associated with accrual (non-cash) appropriations for agency depreciation and leave entitlements, matched by equivalent non-cash balances in agency Holding Accounts.

In cash terms, the Consolidated Account was overdrawn by \$2,943 million at 31 December 2015. This compares with a \$3,959 million deficit cash balance at 31 December 2014 and largely reflects movements in the timing of receipts and payments.

| Table 3.2 | | | |
|---|---------------|---------------|-----------------|
| CONSOLIDATED ACCOUNT TRANSACTIONS | | | |
| For the six months ended 31 December | | | |
| | 2015 \$m | 2014 \$m | Variance \$m |
| REVENUE | | | |
| <i>Operating Activities</i> | | | |
| Taxation | 3,822 | 3,822 | - |
| Commonwealth Grants | 1,281 | 1,686 | -405 |
| Government Enterprises | 799 | 860 | -61 |
| Revenue from other agencies | 2,678 | 3,290 | -612 |
| Other | 171 | 146 | 25 |
| <i>Total Operating Activities</i> | 8,751 | 9,804 | -1,053 |
| <i>Financing Activities</i> | | | |
| Repayments of Recoverable Advances | 3 | 3 | - |
| Transfers from: | | | |
| Bankwest Pension Trust | 1 | -(a) | 1 |
| Other Receipts | 15 | 3 | 12 |
| Borrowings | 5,100 | 1,500 | 3,600 |
| <i>Total Financing Activities</i> | 5,119 | 1,506 | 3,613 |
| TOTAL REVENUE | 13,870 | 11,310 | 2,560 |
| EXPENDITURE | | | |
| <i>Recurrent</i> | | | |
| Authorised by Other Statutes | 1,217 | 1,368 | -151 |
| Appropriation Act (No. 1) | 10,525 | 10,484 | 41 |
| Recurrent Expenditure under the Treasurer's Advance | 1 | - | 1 |
| <i>Total Recurrent Expenditure</i> | 11,742 | 11,852 | -110 |
| <i>Investing Activities</i> | | | |
| Authorised by Other Statutes | 143 | 147 | -4 |
| Appropriation Act (No. 2) | 1,024 | 1,478 | -454 |
| Investing Expenditure under the Treasurer's Advance | -(a) | - | - |
| <i>Total Investing Activities</i> | 1,167 | 1,625 | -458 |
| <i>Financing Activities</i> | | | |
| Loan repayments | - | - | - |
| Other financing | 15 | 3 | 12 |
| <i>Total Financing Activities</i> | 15 | 3 | 12 |
| TOTAL EXPENDITURE | 12,925 | 13,480 | -555 |
| NET MOVEMENT (REVENUE LESS EXPENDITURE) | 945 | -2,170 | 3,115 |
| Consolidated Account Balance | | | |
| Opening balance at 1 July | -12,677 | -10,218 | -2,459 |
| Closing balance at 31 December | -11,732 | -12,391 | 659 |
| Of which: | | | |
| Appropriations payable | -8,789 | -8,432 | -357 |
| Cash balance at 31 December | -2,943 | -3,959 | 1,016 |

(a) Amount below \$500,000.

Note: Columns may not add due to rounding.

Consolidated Account borrowings increased by \$1.8 billion in the 2015-16 December quarter (to \$5.1 billion for the six months to 31 December 2015). This brought centrally held Consolidated Account borrowings to a total of \$17.2 billion at 31 December 2015 (up from \$11.6 billion at 31 December 2014). This remains below the cumulative Loan Acts limit of \$21.8 billion for the Consolidated Account.

Treasurer's Special Purpose Accounts

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

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

Relative to 31 December 2014, aggregate TSPA balances were \$894 million higher at 31 December 2015, mainly reflecting:

- higher Holding Account balances for accrual appropriations to agencies for depreciation and accrued leave entitlements (up \$958 million);
- an increase in the balance of the Western Australian Future Fund, following the transfer of 'seed capital' sourced from the Royalties for Regions Fund, and interest earnings on the balance of the Fund for the year-to-date (up \$163 million);
- a net decrease in the Perth Children's Hospital Account balance (down \$97 million), reflecting the timing of construction payments for work at the new hospital;
- an increase in the Perth Stadium Account (up \$16 million) reflecting the net impact of procurement and works spending on the stadium, sports precinct and transport infrastructure, and the timing of appropriation contributions to the account this year;
- a decrease in the Royalties for Regions Fund (down \$15 million), mainly due to differences in the timing and magnitude of royalty receipts paid to the account and payments for approved projects; and
- an aggregate decrease in the balances of all other Special Purpose Accounts (down \$133 million).

Details of key Special Purpose Accounts are disclosed in Appendix 4: *Special Purpose Account*.

Table 3.3

TREASURER'S SPECIAL PURPOSE ACCOUNTS
At 31 December

| | 2015 \$m | 2014 \$m | Variance \$m |
|--|---------------|---------------|-----------------|
| Agency Holding Accounts | 9,390 | 8,432 | 958 |
| Royalties for Regions Fund | 970 | 985 | -15 |
| Western Australian Future Fund | 1,024 | 861 | 163 |
| Perth Children's Hospital Account | 162 | 259 | -97 |
| Perth Stadium Account | 156 | 140 | 16 |
| Fiona Stanley Hospital Construction Account | 20 | 19 | 1 |
| Other Special Purpose Accounts | 493 | 626 | -133 |
| TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 31 DECEMBER | 12,215 | 11,322 | 894 |

Note: Columns 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') 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 \$645.2 million is authorised under section 29 of the FMA for the year ended 30 June 2016, compared with a total of \$638.4 million authorised limit applying at the same time last year. The increase in the limit this year reflects movements in recurrent and capital Appropriation Bills for the calculations of the applicable annual limit.

Of the \$645.2 million authorised limit, \$9.2 million was held in the form of net recoverable advances and \$0.9 million as approved excesses and new items at 31 December 2015 (see Table 3.4).

TREASURER'S ADVANCE AT 31 DECEMBER

Table 3.4

| | 2015 | 2014 | Variance |
|--|--------------|--------------|--------------|
| | \$m | \$m | \$m |
| AUTHORISED LIMIT | 645.2 | 638.4 | 6.8 |
| <i>Total Drawn Against Treasurer's Advance Account</i> | <i>10.1</i> | <i>29.0</i> | <i>-18.9</i> |
| Comprising: | | | |
| Net recoverable advances as at 31 December (see below) | 9.2 | 29.0 | -19.8 |
| Overdraw n Special Purpose Accounts | - | - | - |
| Excesses and New Items | | | |
| - recurrent | 0.9 | - | 0.9 |
| - capital | - | - | - |
| NET RECOVERABLE ADVANCES | | | |
| Building Management and Works | - | 20.0 | -20.0 |
| Mining Rehabilitation Fund | 4.5 | 3.3 | 1.2 |
| Sport and Recreation | 1.1 | 1.5 | -0.4 |
| Sutors Fund | 2.0 | 2.0 | - |
| Sundry Debtors | 1.6 | 2.2 | -0.6 |
| TOTAL RECOVERABLE TREASURER'S ADVANCES | 9.2 | 29.0 | -19.8 |

Note: Columns may not add due to rounding.

Transfers, Excesses and New Items

Transfers of appropriations between agencies can occur during the year and are authorised under section 25 of the FMA (or specific enabling legislation and have no impact on the Treasurer's Advance). In the six months ending 31 December 2015, appropriation transfers included:

- the transfer of \$3.3 million to the Department of Local Government and Communities from the Department of Child Protection and Family Support, for the transfer of contract management of financial counselling services;
- the transfer of \$2.7 million to the Office of the Government Chief Information Officer (OGCIO) from the Department of Finance for annual operational costs approved by the Government as part of the 2015-16 Budget which was held within the Department of Finance budget pending the subsequent establishment of the office; and
- the transfer of \$5.4 million to the OGCIO from the Department of Finance, for the remainder of the Information and Communications Technology (ICT) Renewal and Reform Fund that will enable the reduction of ICT costs across government and the establishment of more innovative services.

Excesses and/or new items (approved by the Treasurer under the authority of section 27 of the FMA) reflect increases in appropriation above the original budgeted amount approved by the Parliament that have since been revised up, or appropriation for a new purpose that was not contemplated in the budget.

Approved excesses and new items during the six months to 31 December 2015 totalled \$0.9 million. These included:

- a new item during the December 2015 quarter following the establishment of the Office of the Government Chief Information Officer as a sub-department of the Department of Finance on 1 July 2015, pursuant to section 27(1) of the FMA. The new item authorises expenditure of \$675,000 in 2015-16 for the operational costs of the Office; and
- an approved excess of \$0.2 million for the operating subsidy to the Mid West Ports Authority for the final settlement of interest paid on borrowings associated with the Oakajee project.

TRANSFERS, EXCESSES AND NEW ITEMS

Table 3.5

For the six months to 31 December

| | Budget \$m | Transfers \$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>Child Protection and Family Support</i> | | | | | | |
| Item 48: Delivery of Services | 575.2 | -3.3 | - | - | 571.9 | - |
| <i>Finance</i> | | | | | | |
| Item 58: Delivery of Services | 210.0 | -2.7 | - | - | 207.3 | - |
| Item 59: Administered Grants, Subsidies and Other Transfer Payments | 203.2 | -5.4 | - | - | 197.8 | - |
| New Item: Office of the Government Chief Information Officer | - | - | 0.7 | - | 0.7 | 0.7 |
| <i>Local Government and Communities</i> | | | | | | |
| Item 91: Delivery of Services | 92.7 | 3.3 | - | - | 96.0 | - |
| <i>Office of the Government Chief Information Officer</i> | | | | | | |
| New Item: Delivery of Services | - | 2.7 | - | - | 2.7 | - |
| New Item: Administered Grants, Subsidies and Other Transfer Payments | - | 5.4 | - | - | 5.4 | - |
| <i>Treasury</i> | | | | | | |
| Item 70: Mid West Ports Authority | 0.2 | - | - | 0.2 | 0.4 | 0.2 |
| Total Recurrent | | - | 0.7 | 0.2 | | 0.9 |

Note: Columns and 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 a statute (e.g. the Fiona Stanley Hospital Construction Account and the Royalties for Regions Fund). Accounts established by statute 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 the year-to-date position of a number of SPAs established to deliver key Government policy outcomes. This appendix does not seek to provide exhaustive coverage of all SPAs. Rather, it covers the major/material SPAs in existence at 31 December 2015. The SPA balances, and transactions in and out of these accounts, form part of the overall consolidated projections outlined elsewhere in this report.

The SPA balances detailed in this appendix provide a funding source for particular initiatives or policy areas. It is important to note that each dollar that is spent from these SPA balances will increase net debt (and reduce the operating balance if the spending is for recurrent purposes) by the same amount. In this way, these SPA balances are no different from other funding sources, including new borrowings.

Essential and Municipal Services Account

The 2015-16 Budget included expectations that \$90 million in funding received from the Commonwealth, as a final contribution to the cost of providing essential municipal services in remote Aboriginal communities, would be placed in a new SPA by 30 June 2015, with \$30 million of these funds allocated to the Housing Authority and Horizon Power during 2015-16, in line with Government spending approvals at that time.

In line with the 2015-16 Budget, a total of \$30 million was released through appropriations in the September quarter, including \$25.6 million for the delivery of essential and municipal services by the Housing Authority at a range of remote communities, and \$4.6 million for Stage 1 of the Aboriginal Remote Communities Power Supply Project (being delivered by Horizon Power).

The \$60 million unspent residual balance of the Commonwealth's funding is subject to Government spending approvals as part of future budgets. These residual funds remain in the Consolidated Account and the Essential and Municipal Services SPA (which was created in June 2015) has not been used to date.

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 Fiona Stanley Hospital achieved practical completion in December 2013, followed by the completion of phased commissioning in February 2015. Project closure arrangements are ongoing and are expected to be finalised during 2015-16, with any unspent funds to be returned to the Consolidated Account.

FIONA STANLEY HOSPITAL CONSTRUCTION ACCOUNT
At 31 December

Table 4.1

| | 2015 \$m | 2014 \$m |
|--------------------------|-------------|-------------|
| <i>Balance at 1 July</i> | 20 | 9 |
| Receipts | - | 10 |
| Payments | - | - |
| Closing Balance | 20 | 19 |

Note: Columns may not add due to rounding.

Metropolitan Region Improvement Fund

This account was established in December 1959 under the *Metropolitan Region Improvement Tax Act 1959* to hold funds for the management of the Metropolitan Region Scheme. Receipts are sourced from Metropolitan Region Improvement Tax (MRIT) collections. 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 for the six months to the end of December 2015 mainly reflect proceeds from the sale of land and buildings (\$8.7 million), rental and interest revenue (\$6.2 million) and the refund (by the Australian Taxation Office) of GST payments on purchases (\$3.7 million). Payments from the account included \$11.4 million for the acquisition of land and buildings, \$4 million for service delivery agreement expenses, \$0.9 million for the settlement of costs associated with an arbitration award claim, \$0.6 million for grants to the Department of Parks and Wildlife for park management, and \$0.5 million for progressing a range of smaller infrastructure and works.

METROPOLITAN REGION IMPROVEMENT FUND

Table 4.2

At 31 December

| | 2015 \$m | 2014 \$m |
|--------------------------|-------------|-------------|
| <i>Balance at 1 July</i> | 262 | 199 |
| Receipts | 20 | 14 |
| Payments | 18 | 31 |
| Closing Balance | 264 | 183 |

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 six months to the end of December 2015 reflect payments to the fund by mining operators (\$28 million). A total of \$0.4 million was drawn from the account for the refund of previous years' levies following assessed overpayments.

MINING REHABILITATION FUND

Table 4.3

At 31 December

| | 2015 \$m | 2014 \$m |
|--------------------------|-------------|-------------|
| <i>Balance at 1 July</i> | 35 | 10 |
| Receipts | 28 | 27 |
| Payments | -(a) | 1 |
| Closing Balance | 63 | 36 |

(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. A total of \$645 million (or 55%) of the estimated construction costs was funded from one-off royalty revenue and Consolidated Account surplus outcomes recorded over the period 2009-10 to 2011-12.

Receipts of \$44 million were from budgeted Consolidated Account capital contributions for scheduled construction work during 2015-16.

WA Health drew \$68.9 million for construction work during the six months to 31 December 2015.

Table 4.4

PERTH CHILDREN'S HOSPITAL ACCOUNT

At 31 December

| | 2015 \$m | 2014 \$m |
|--------------------------|-------------|-------------|
| <i>Balance at 1 July</i> | 187 | 94 |
| Receipts | 44 | 350 |
| Payments | 69 | 185 |
| Closing Balance | 162 | 259 |

Note: Columns may not add due to rounding.

Perth Parking Licensing Account

This Special Purpose Account was established in July 1999 under section 23 (1) of the *Perth Parking Management Act 1999*. Money credited to the account reflects licence fees, penalties and money appropriated by Parliament for the purposes of the Act.

In the six months to 31 December 2015, \$17.3 million was drawn for works on the Perth Busport. Other funds were used to support the Central Area Transit and Free Transit Zone public transport services, improvements to public transport access, enhancements to the pedestrian environment, support for bicycle access and other transport system initiatives.

Table 4.5

PERTH PARKING LICENSING ACCOUNT

At 31 December

| | 2015 \$m | 2014 \$m |
|--------------------------|-------------|-------------|
| <i>Balance at 1 July</i> | 13 | 55 |
| Receipts | 52 | 43 |
| Payments | 26 | 31 |
| Closing Balance | 39 | 67 |

Note: Columns may not add due to rounding.

Perth Stadium Account

This SPA was established in October 2011 to set aside funds to be used for the construction of Perth Stadium and associated transport infrastructure. The stadium is expected to be completed by the end of 2017 and utilise all available funds in the SPA.

Receipts for the first six months of 2015-16 (\$240 million) reflect appropriation funding approved in the 2015-16 Budget. Payments of \$205 million to 31 December 2015 were for procurement and works relating to the stadium, the associated sports precinct and transport infrastructure.

PERTH STADIUM ACCOUNT

Table 4.6

At 31 December

| | 2015 \$m | 2014 \$m |
|--------------------------|-------------|-------------|
| <i>Balance at 1 July</i> | 121 | 47 |
| Receipts | 240 | 145 |
| Payments | 205 | 53 |
| Closing Balance | 156 | 140 |

Note: Columns may not add due to rounding.

Road Trauma Trust Account

This account was established in 1990 and provides for road safety initiatives. Receipts reflect prescribed penalties paid during the first six months of 2015-16 (\$56.1 million), other funds collected under the *Road Traffic (Administration) Act 2008* (\$1.9 million) and interest revenue earned on the account balance (\$1.3 million).

Road safety projects funded from the account are focused on achieving reductions in serious road trauma as part of the Government's *Towards Zero Strategy* for 2008 to 2020. The majority of funds drawn from the account in the six months to 31 December 2015 were for the Community Road Safety Program.

ROAD TRAUMA TRUST ACCOUNT

Table 4.7

At 31 December

| | 2015 \$m | 2014 \$m |
|--------------------------|-------------|-------------|
| <i>Balance at 1 July</i> | 94 | 72 |
| Receipts | 59 | 47 |
| Payments | 12 | 20 |
| Closing Balance | 141 | 99 |

Note: Columns may not add due to rounding.

Royalties for Regions Fund

The Royalties for Regions Fund was established in December 2008 to allocate a quarter of the State's annual royalty income to fund investment in regional Western Australia. The balance held in the Fund at any time cannot exceed \$1 billion.

Receipts during the first six months of 2015-16 reflect the initial draw down of moneys appropriated by the Parliament (\$347 million) and interest revenue (\$14 million) earned on the account balance. Funds were drawn to support infrastructure services, business and economic development and other regional initiatives detailed in the 2015-16 Budget. A further \$125.6 million was transferred to the Western Australian Future Fund (discussed later in this appendix).

Table 4.8

ROYALTIES FOR REGIONS FUND
At 31 December

| | 2015 \$m | 2014 \$m |
|--------------------------|-------------|-------------|
| <i>Balance at 1 July</i> | 1,000 | 940 |
| Receipts | 361 | 565 |
| Payments | 390 | 520 |
| Closing Balance | 970 | 985 |

Note: Columns may not add due to rounding.

Royalties for Regions Regional Reform Fund

Establishment of this SPA was approved as part of the 2015-16 Budget. The account will receive \$50 million in 2015-16 and 2016-17 from the Royalties for Regions Fund. The account will fund strategic reform initiatives in regional Western Australia, and will initially focus on regional Aboriginal reform initiatives. Funds will be allocated to specific projects once the most effective and efficient mode of delivery has been determined.

Table 4.9

ROYALTIES FOR REGIONS REGIONAL REFORM FUND
At 31 December

| | 2015 \$m | 2014 \$m |
|--------------------------|-------------|-------------|
| <i>Balance at 1 July</i> | 50 | - |
| Receipts | - | - |
| Payments | - | - |
| Closing Balance | 50 | - |

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, pursuant to section 9(1) of the *Royalties for Regions Act 2009*.

Payments from the SPA totalled \$16 million for the six months to the end of December 2015, including payments for the District Medical Workforce Investment Program (\$12 million), the District Hospital Investment Program (\$2 million) and the Telehealth Investment Program (\$2 million).

Table 4.10

ROYALTIES FOR REGIONS SOUTHERN INLAND HEALTH INITIATIVE
At 31 December

| | 2015 \$m | 2014 \$m |
|--------------------------|-------------|-------------|
| <i>Balance at 1 July</i> | 219 | 273 |
| Receipts | - | 4 |
| Payments | 16 | 20 |
| Closing Balance | 203 | 257 |

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 spending on the management, reduction, reuse, recycling, monitoring or measurement of waste, other waste management initiatives and the costs of administration and enforcement of the Act, consistent with the approved business plan or other spending approved by the Minister for Environment.

Receipts from fees paid into the account for the six months to the end of December 2015 totalled \$13.5 million. Drawdowns of \$6.7 million over the same period were used for a range of programs including the Regional Funding Program for Local Government Authorities 2011-2016, Waste Wise Schools, and other waste management initiatives and services provided by the Department of Environment Regulation.

Table 4.11

WASTE AVOIDANCE AND RESOURCE RECOVERY ACCOUNT
At 31 December

| | 2015 \$m | 2014 \$m |
|--------------------------|-------------|-------------|
| <i>Balance at 1 July</i> | 21 | 16 |
| Receipts | 14 | 8 |
| Payments | 7 | 4 |
| Closing Balance | 27 | 21 |

Note: Columns may not add due to rounding.

Western Australian Future Fund

The Western Australian Future Fund was established in November 2012 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.

The Future Fund has received \$933 million in 'seed capital' from the Royalties for Regions Fund over the period 2012-13 to 2015-16. From 2016-17 onwards, a minimum of 1% of the State's annual royalty revenue will be paid into the Fund. Receipts over the six months to 31 December 2015 include the last Royalties for Regions 'seed capital' contribution for 2015-16 (\$125.6 million) and interest receipts (\$19.2 million).

Table 4.12

WESTERN AUSTRALIAN FUTURE FUND
At 31 December

| | 2015 \$m | 2014 \$m |
|--------------------------|--------------|-------------|
| <i>Balance at 1 July</i> | 879 | 596 |
| Receipts | 145 | 265 |
| Payments | - | - |
| Closing Balance | 1,024 | 861 |

Note: Columns may not add due to rounding.

