



2016-17
**QUARTERLY
FINANCIAL
RESULTS REPORT**



December 2016



2016-17

Quarterly Financial Results Report

December 2016

2016-17 Quarterly Financial Results Report
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2016-17

Quarterly Financial Results Report

Six Months Ended 31 December 2016

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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 2016.

Care should be exercised in extrapolating the likely outcome for the 2016-17 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 2016-17 State Budget (presented to the Legislative Assembly on 14 May 2016).

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

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

- Appendix 3: *Public Ledger*, which summarises information on the Consolidated Account, Treasurer's Special Purpose Accounts and the Treasurer's Advance; 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 following Interim Financial Statements and accompanying notes for the general government sector and the whole of government have been prepared by the Department of Treasury from information provided by agencies.

In our opinion, the statements are a true and fair presentation of the operating statements and cash flows of these sectors for the six months ended 31 December 2016 and of the balance sheets of these reporting entities at 31 December 2016. The statements have been prepared in accordance with applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, and where there is no conflict with these standards, they are also consistent with the Australian Bureau of Statistics' *Government Finance Statistics Concepts, Sources and Methods 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



MAGDALENA WITTEK
MANAGER
FINANCIAL REPORTING

27 February 2017

Overview

Summary

The general government sector recorded an operating deficit of \$1,445 million for the six months to 31 December 2016, compared to a \$989 million deficit reported for the same period in 2015-16.

- General government revenue in the first six months of 2016-17 was \$135 million (or 1%) higher than the same period last year. This outcome mainly reflects the combined effect of higher royalty income (up \$310 million, primarily due to higher iron ore prices compared to the same period in 2015-16), higher Commonwealth grants (up \$172 million, mainly due to higher health funding), partially offset by lower dividend income (down \$256 million) and lower taxation collections (down \$195 million).
- General government expenses grew by \$591 million (or 4.2%), reflecting the impact of higher 'other' gross operating expenses (up \$264 million, primarily due to higher spending on services purchased from the not-for-profit sector), higher services and contracts expenses (up \$160 million, due to an increase in the cost for services purchased from private health providers), higher current transfers (up \$108 million), and a \$92 million (or 1.6%) increase in salaries expenses.

Total public sector net debt was \$29.7 billion at 31 December 2016 (\$2.3 billion higher than the \$27.3 billion outcome recorded at 30 June 2016). Total public sector net worth increased by an estimated \$677 million over the six months to 31 December 2016, to stand at \$115.5 billion¹.

These outcomes are in line with the full-year forecasts for 2016-17, detailed in the *Pre-election Financial Projections Statement* released on 9 February 2017.

Results Compared to Prior Year

General Government Sector

The general government sector recorded an operating deficit of \$1,445 million for the six months to 31 December 2016, \$456 million higher than the \$989 million deficit reported for the same period in 2015-16.

¹ Net worth and other balance sheet entries for quarterly financial outcomes include estimated effects for actuarial and other valuations typically only carried out when reporting results for the year ending 30 June.

Table 1

SUMMARY OF GENERAL GOVERNMENT FINANCES
Western Australia

	2016-17			2015-16		
	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	-932	-1,445	-3,028	158	-989	-2,021
Net worth		115,543	112,667		121,313	114,866
Movement in cash balances	276	1,280	-445	565	1,866	333
<i>Memorandum items</i>						
Net lending	-1,399	-2,045	-3,939	-111	-1,417	-3,064
Net debt		17,253	19,348		12,198	13,717
Cash surplus/-deficit	-1,016	-2,437	-4,033	-539	-2,310	-3,664

(a) Consistent with the revised outturn published in the *Pre-election Financial Projections Statement*, released on 9 February 2017.

(b) Consistent with final audited data contained in the *2015-16 Annual Report on State Finances*, released 22 September 2016.

Revenue

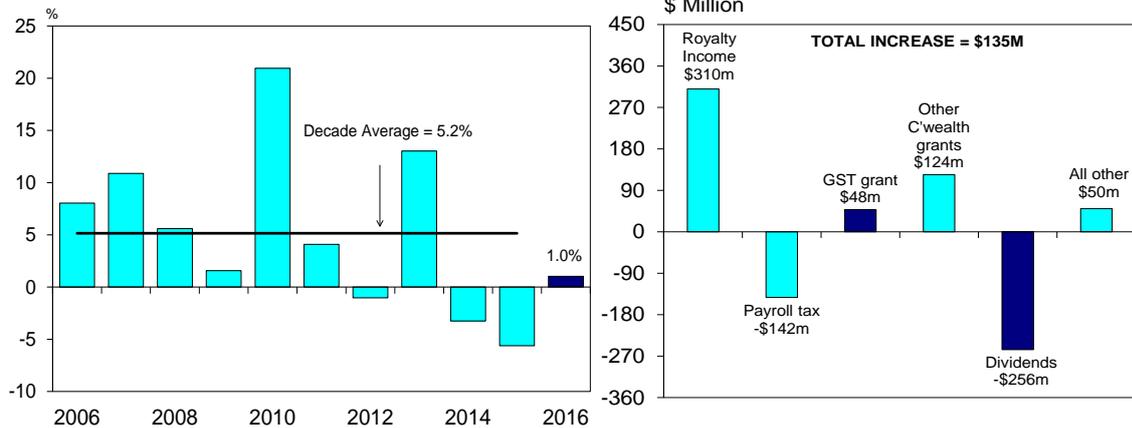
Revenue for the six months to 31 December 2016 totalled \$13,185 million, \$135 million (or 1%) higher than the same period last year.

Figure 1

GENERAL GOVERNMENT REVENUE

Growth, Six Months to December

Increase, Six Months to December

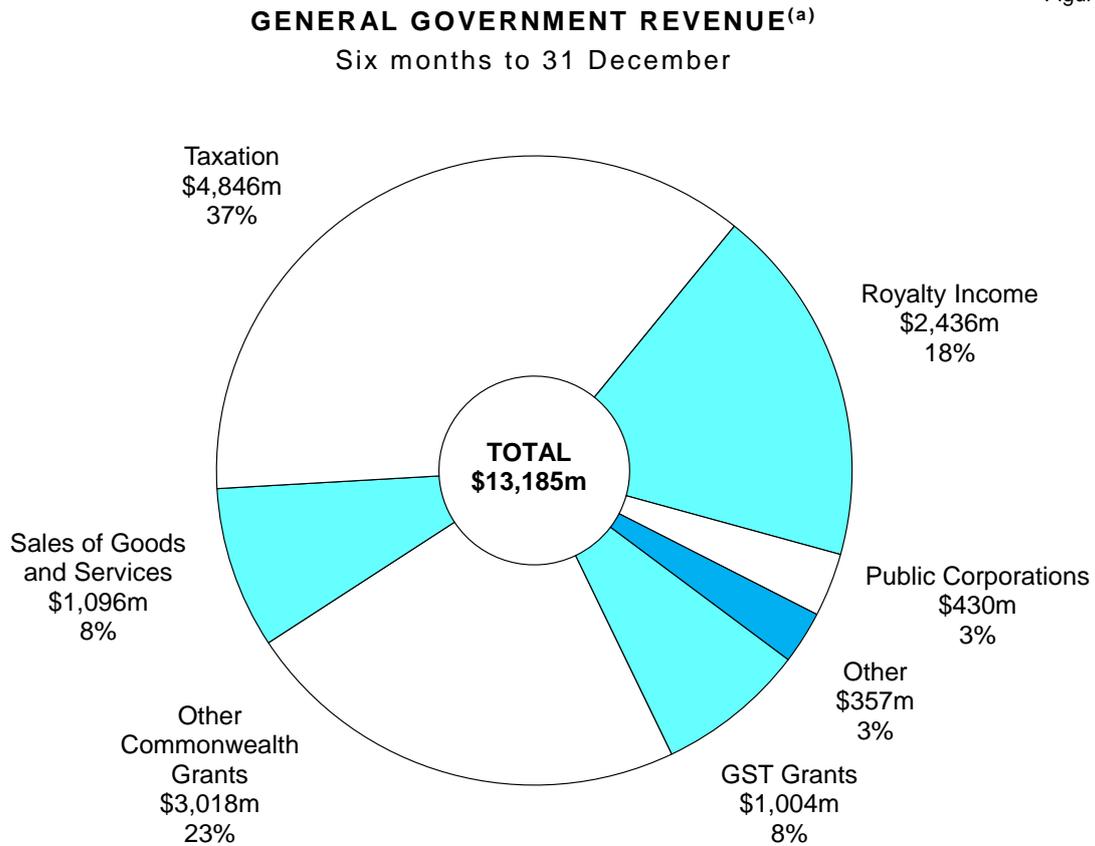


The higher December quarter revenue outcome primarily reflects the impact of:

- higher royalty income (up \$310 million, or 14.6%) as a result of higher iron ore prices and volumes more than offsetting the impact of a higher \$US/\$A exchange rate relative to the same period in 2015-16:
 - the benchmark iron ore price averaged \$US63.4 per tonne in the six months to 31 December 2016, which was 26% higher than the average price in the same period in 2015-16 (\$US50.3 per tonne);
 - iron ore export volumes in the six months to December 2016 were 5.7% higher than the same period last year; and
 - the \$US/\$A exchange rate averaged US75.4 cents in the six months to December 2016, compared to an average of US72.3 cents for the same period last year;
- lower dividend income (down \$256 million), mainly due to the payment of interim dividends in the prior year by Western Power and the Insurance Commission of Western Australia;
- lower tax collections (down \$195 million), largely due to the net impact of:
 - lower payroll tax (down \$142 million), consistent with weaker conditions in the State's labour market;
 - lower land tax (down \$56 million), largely due to a decline in taxable land values across the State and the number of assessment notices still to be issued this year;
 - lower transfer duty (down \$55 million), mainly reflecting a softening in residential property transactions and prices;
 - higher insurance duty (up \$32 million), following targeted compliance activity; and
 - higher landholder duty (up \$23 million), reflecting the timing and number of high value commercial transactions;
- higher grants and subsidies from the Commonwealth (up \$172 million), primarily due to the net combination of:
 - higher health funding (up \$195 million), due to higher levels of hospital activity;
 - lower grants for housing and transport (down \$135 million), primarily due to the timing of funding for the Remote Indigenous Housing program and the Nation Building program;
 - lower North West Shelf petroleum grants (down \$51 million), reflecting lower prices for LNG and LPG, lower production volumes for oil and domestic gas, and a higher \$US/\$A exchange rate, partially offset by higher prices for condensate, oil and domestic gas, and higher volumes for condensate, LNG and LPG;
 - a higher GST grant (up \$48 million), driven by growth in the national GST pool;
 - higher local government general purpose funding (up \$43 million), mainly reflecting the timing of Commonwealth payments;

- higher funding for the disability services sector (up \$39 million), largely due to an increase in funding for the National Disability Insurance Scheme trial sites; and
- higher funding for non-government schools (up \$20 million), due to an increase in school enrolment numbers and other funding parameters; and
- higher sales of goods and services (up \$83 million), mainly due to an increase in the recovery of Pharmaceutical Benefits Scheme costs by WA Health.

Figure 2

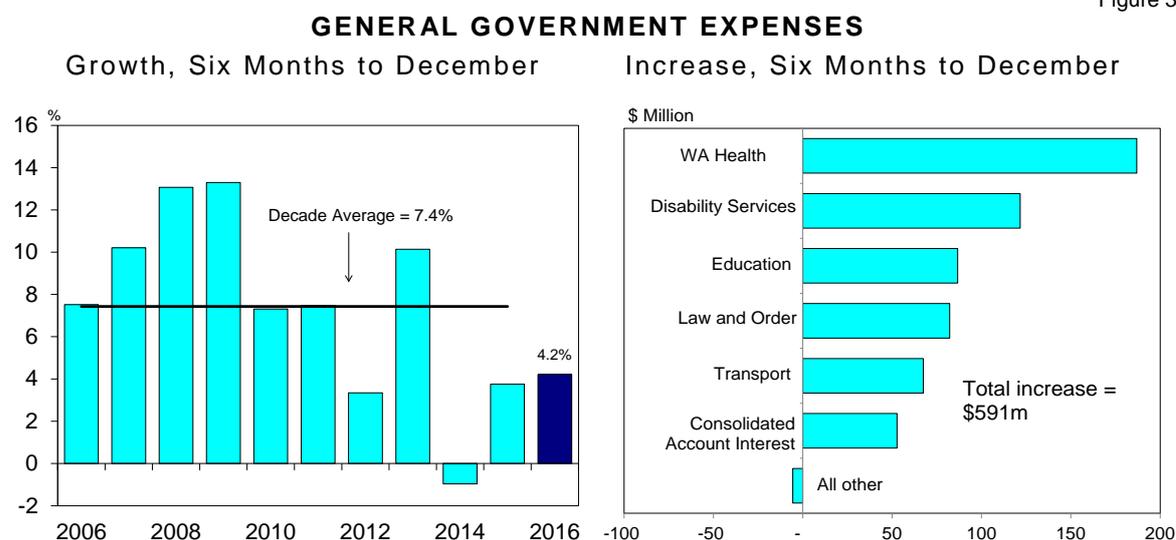


(a) Segments may not add due to rounding.

Expenses

Expenses for the six months to 31 December 2016 totalled \$14,631 million, up \$591 million (or 4.2%) on the same period in 2015-16.

Figure 3



The increase in spending for the six months to 31 December 2016 compared with the same period last year is mainly due to the combined effect of:

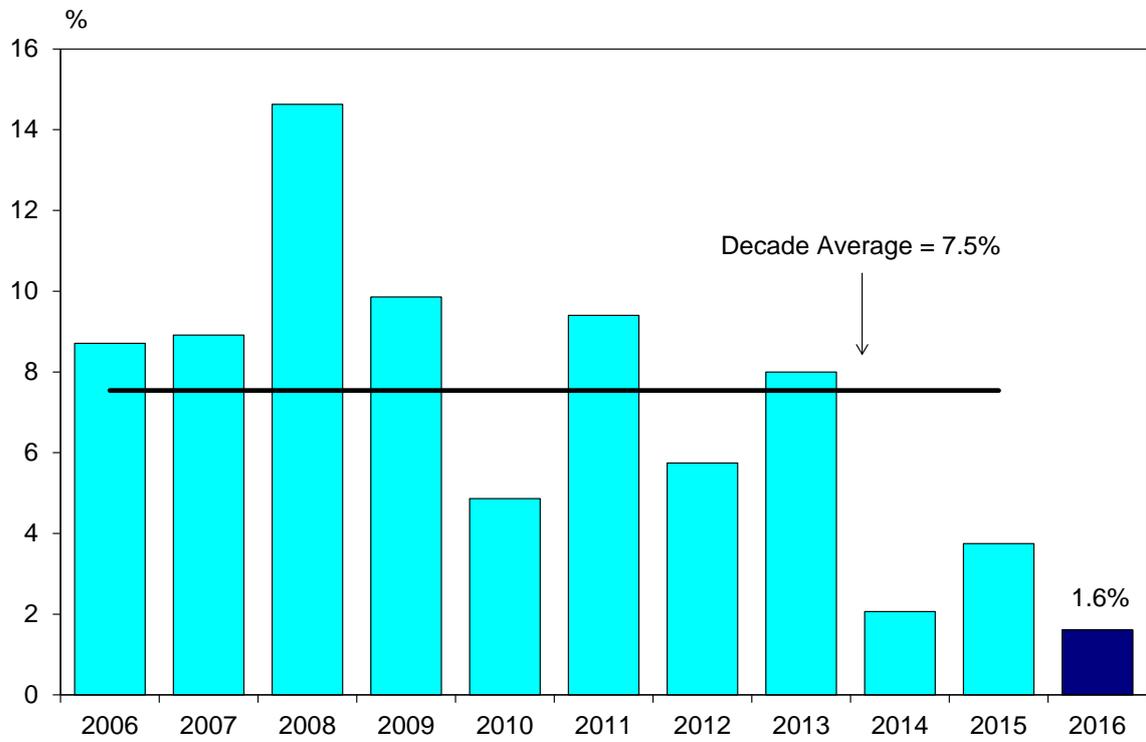
- higher ‘other’ gross operating expenses (up \$264 million, or 9.4%), mainly due to:
 - higher spending on services purchased from the not-for-profit sector (up \$121 million), due to an increase in funding in the health sector (up \$64 million) and additional funding for disability services (up \$55 million, reflecting indexation);
 - higher patient support costs (up \$67 million), largely due to an increase in drug supplies associated with growth in high cost antiviral drugs including Hepatitis C treatment; and
 - higher school spending (up \$19 million), mainly due to increases in school facility costs, curriculum-related activities and subsidies to support student service activities;
- higher services and contracts expenses (up \$160 million, or 16.7%), primarily due to the cost of treating patients in the new St John of God Midland Public Hospital (which is operated under a Public Private Partnership), and higher road maintenance expenses;
- higher current transfers (up \$108 million, or 4.4%), mainly due to the combined effect of:
 - higher on-passed local government general purpose grants (up \$43 million), reflecting the timing of the funding received from the Commonwealth (noted earlier);

- lower Royalties for Regions grants paid to the Western Australian Land Authority (down \$35 million), mainly due to lower funding for the nearly completed Karratha City of the North, Broome Road Industrial, Marine Terrace and Karratha City Centre Infrastructure projects;
- higher funding for non-government schools (up \$29 million), reflecting the factors noted earlier;
- higher funding for local government roads (up \$20 million), due to reimbursements for flood damage and payments under the State Road Funding to Local Governments Agreement;
- higher royalties refunds (up \$15 million), reflecting the accounting impact of the Magnetite Financial Assistance Program²; and
- compensation payments to potato growers (\$13 million) following the closure of the Potato Marketing Corporation of Western Australia;
- lower capital transfers (down \$97 million, or 38%), mainly due to the combined effect of:
 - lower on-passed Commonwealth capital grants for the housing sector (down \$87 million), as discussed above;
 - a one-off transfer of land to the Town of Cambridge by the Department of Planning as part of compensation for the Perry Lakes redevelopment in November 2015 (down \$28 million); and
 - higher on-passed Commonwealth local government road grants due to the timing of Commonwealth funding (up \$27 million); and
- higher salaries (up \$92 million, or 1.6%), due to growth in staff numbers and wage increases in the education and law and order sectors, partially offset by changes in the health workforce following the closure of the Swan District Hospital.

² The Magnetite Financial Assistance Program provides a temporary rebate of 50% of royalty payments to eligible companies.

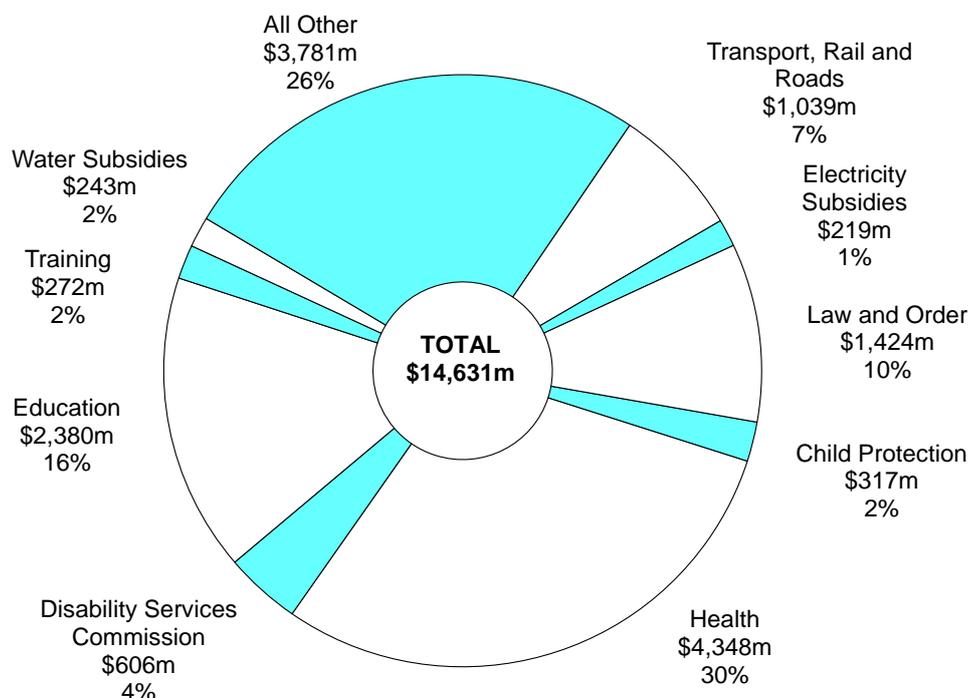
Figure 4

SIX MONTHS TO 31 DECEMBER SALARIES GROWTH
General Government



GENERAL GOVERNMENT EXPENSES^(a)

Six months to 31 December 2016



(a) Segments may not add due to rounding.

Balance Sheet

The net worth of the general government sector increased by an estimated \$677 million in the six months to 31 December 2016, to stand at \$115.5 billion³. The higher estimated net worth outcome reflects the net impact of:

- a \$5.1 billion increase in general government sector assets, including:
 - an increase in the value of equity in public corporations (up \$2.2 billion), attributable to increases in the estimated value of physical assets, operating surpluses recorded by public corporations and general government sector equity contributions;
 - a \$1.7 billion increase in liquid investments, mainly due to fluctuations in investment balances held by the Public Bank Account; and
 - an estimated \$801 million increase in general government sector land and physical assets, reflecting infrastructure spending and projected increases in the value of the sector's existing asset holdings; and

³ Net worth is the widest measure of financial value of the public sector and includes the value of all assets less the value of all liabilities recorded on the balance sheet.

- a \$4.4 billion increase in liabilities, including:
 - a \$4.9 billion increase in borrowings, including \$4.6 billion in central borrowings held by the Consolidated Account;
 - a \$477 million decrease in projected unfunded superannuation liabilities, reflecting an increase in the discount rate used to calculate the liability (from 2% at 30 June 2016 to 2.76% at 31 December 2016)⁴;
 - a \$346 million increase in deposits held on behalf of other sectors, mainly due to Commonwealth funding held for the Forresterfield-Airport Link (matched by a cash asset in the balance sheet of the public non-financial corporations sector, included in the equity asset noted above); and
 - a net decrease of \$314 million in all other general government sector liabilities, such as movements in payables and leave accruals.

Cash Flow

A cash deficit of \$2.4 billion was recorded for the six months to 31 December 2016, similar to the \$2.3 billion cash deficit for the same period in 2015-16. This outcome is largely due to:

- a net cash deficit from operating activities of \$1,481 million (up from the \$1,197 million cash operating deficit reported for the same period last year), which reflects the cash impact of the accrual operating outcome discussed earlier; and
- \$1 billion in general government infrastructure spending, \$133 million lower than the amount reported for the same period last year. This decrease is mainly due to the completion of major projects including Gateway WA and the Midland Health Campus, and lower spending on a number of major health projects such as the nearly completed Perth Children's Hospital.

Total Public Sector

Operating Statement

The total public sector recorded an operating deficit of \$1.1 billion for the six months to 31 December 2016. This is \$169 million higher than the operating deficit recorded in the same period in 2015-16.

⁴ Long term government bond rates are used by the actuary in year-end valuations of unfunded superannuation liabilities. Bond rates increased over the six months to 31 December 2016. An increase in the bond rate means that unfunded liabilities decrease in value (and vice versa). The part-year interim reporting impact of these changes is estimated by Treasury.

Table 2

SUMMARY OF TOTAL PUBLIC SECTOR FINANCES
Western Australia

	2016-17			2015-16		
	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
Net operating balance	-870	-1,061	-3,462	-144	-892	-2,559
Net worth		115,543	112,667		121,313	114,866
Movement in cash balances	-108	222	-120	749	2,421	2,706
<i>Memorandum items</i>						
Net lending	-807	-1,298	-5,202	-332	-1,210	-4,935
Net debt		29,672	33,246		25,851	27,347
Cash surplus/-deficit	116	-1,184	-5,260	-990	-2,636	-4,731

(a) Consistent with the revised outturn published in the *Pre-election Financial Projections Statement*, released on 9 February 2017.

(b) Consistent with final audited data contained in the *2015-16 Annual Report on State Finances*, released 22 September 2016.

The total public sector operating deficit for the six months to 31 December 2016 incorporates:

- the \$1,445 million operating deficit for the general government sector discussed earlier;
- a \$305 million operating surplus for the public non-financial corporations sector, similar to the \$304 million surplus recorded in the same period in 2015-16; and
- an operating surplus of \$280 million for the public financial corporations sector, \$31 million higher than the surplus recorded in the same period in 2015-16, mainly due to a net increase in interest revenue for the Western Australian Treasury Corporation.

Table 3

TOTAL PUBLIC SECTOR OPERATING BALANCE
By Sector

	2016-17			2015-16		
	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
Net Operating Balance						
General government sector	-932	-1,445	-3,028	158	-989	-2,021
Public non-financial corporations sector	243	305	352	228	304	892
Public financial corporations sector	9	280	415	-73	249	72
<i>less</i>						
General government dividend revenue	190	201	1,129	457	457	1,415
Public non-financial corporations dividend revenue ^(c)	-	-	72	-	-	87
Total public sector net operating balance	-870	-1,061	-3,462	-144	-892	-2,559

(a) Consistent with the revised outturn published in the *Pre-election Financial Projections Statement*, released on 9 February 2017.

(b) Consistent with the final audited data contained in the *2015-16 Annual Report on State Finances*, released on 22 September 2016.

(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 \$2.3 billion during the six months to 31 December 2016 to stand at \$29.7 billion. The majority of gross borrowings (the largest component of net debt) is held by the Consolidated Account, which increased borrowings to \$21.8 billion at 31 December 2016 (see Appendix 3: *Public Ledger*).

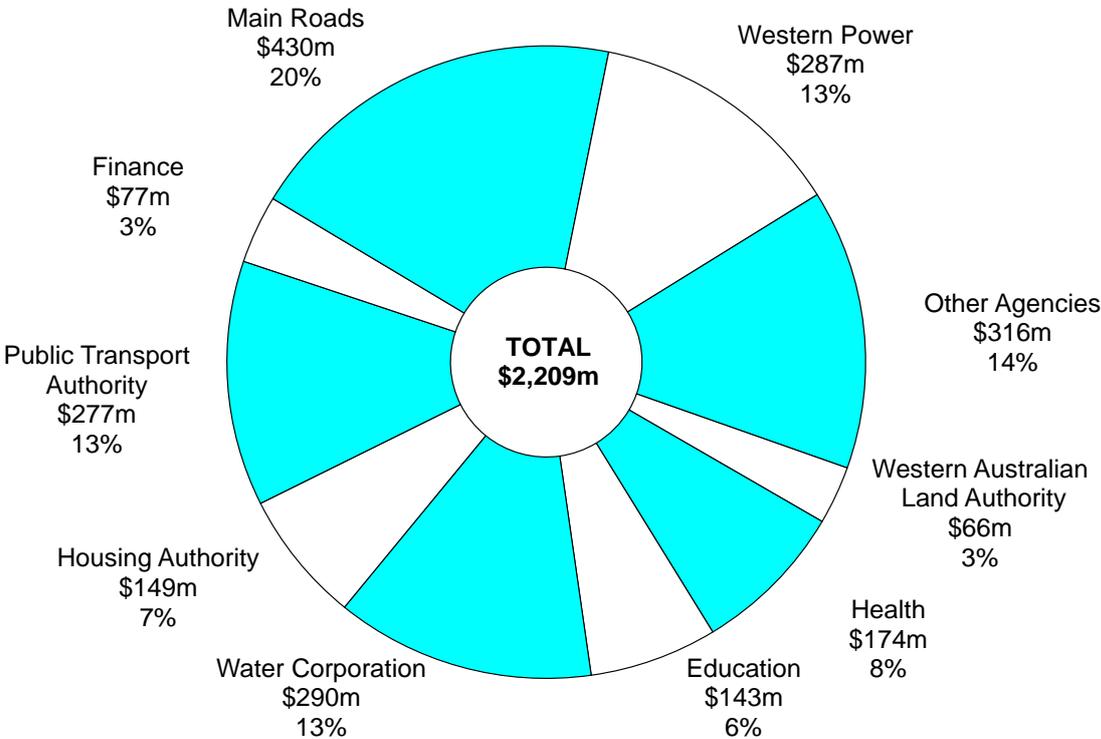
Cash Flow

A cash deficit of \$1.2 billion was recorded for the six months to 31 December 2016, \$1.5 billion lower than the \$2.6 billion cash deficit recorded for the same period in 2015-16. This outcome reflects the net impact of an operating cash surplus of \$756 million (the cash flow equivalent of the operating statement movements discussed earlier), and a \$1.9 billion net cash deficit on infrastructure spending.

Total public sector infrastructure investment for the six months to 31 December 2016 totalled \$2.2 billion, \$281 million lower than the same period in 2015-16. The lower level of spending is mainly due to the general government sector results discussed above, together with lower spending by Western Power (reflecting the completion of projects and the impact of softening customer demand and market conditions on further new works), and the Western Australian Land Authority (mainly for the projects nearing completion under the Pilbara Cities Initiative), partially offset by new spending on the Forrestfield-Airport Link.

Figure 6

ASSET INVESTMENT PROGRAM^(a)
Six months to 31 December 2016



(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*, 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 2016-17 State Budget Papers released on 12 May 2016, 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	2016-17			2015-16		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		1,934	4,846	8,494	2,925	5,041	9,069
Current grants and subsidies		2,010	3,970	7,820	1,808	3,603	7,407
Capital grants		37	52	399	179	246	895
Sales of goods and services		518	1,096	2,225	490	1,012	2,155
Interest Income		54	105	182	48	92	192
Revenue from public corporations							
Dividends from other sectors		190	201	1,129	457	457	1,415
Tax equivalent income		124	229	521	106	222	631
Royalty income		1,307	2,436	5,558	1,003	2,125	4,126
Other		112	252	612	129	252	594
Total	2	6,286	13,185	26,941	7,144	13,051	26,485
EXPENSES							
Salaries		2,931	5,818	11,973	2,888	5,725	11,383
Superannuation							
Concurrent costs		308	594	1,216	290	569	1,167
Superannuation interest cost		72	109	218	60	109	218
Other employee costs		82	162	364	81	172	370
Depreciation and amortisation		321	648	1,433	333	664	1,359
Services and contracts		549	1,122	2,442	493	961	2,195
Other gross operating expenses		1,432	3,056	5,645	1,294	2,792	5,518
Other interest		199	383	786	170	317	664
Current transfers	3	1,261	2,581	5,348	1,237	2,473	5,164
Capital transfers	3	63	159	545	141	256	469
Total		7,217	14,631	29,969	6,987	14,039	28,506
NET OPERATING BALANCE	4	-932	-1,445	-3,028	158	-989	-2,021
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		-26	-32	-28	-35	-37	-148
Net actuarial gains/-loss - superannuation		656	575	329	190	-258	-589
Provision for doubtful debts		-3	-	-4	-1	-1	-54
Changes in accounting policy/adjustments of prior periods		-24	24	-	-14	-102	110
Total other economic flows		603	567	296	141	-398	-679
OPERATING RESULT		-329	-878	-2,732	298	-1,387	-2,700
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		-26	45	124	-68	498	-2,549
Gains recognised directly in equity		-	-7	-	-	-6	8
Change in net worth of the public corporations sectors		-60	1,518	409	250	909	-1,192
All other		-	-	-	-	-	-
Total all other movements in equity		-86	1,555	533	181	1,401	-3,733
TOTAL CHANGE IN NET WORTH	4	-415	677	-2,199	479	14	-6,433
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	4	-932	-1,445	-3,028	158	-989	-2,021
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		540	1,019	2,296	645	1,152	2,475
Changes in inventories		-3	-1	3	5	7	15
Other movement in non-financial assets		292	293	247	-28	-28	15
<i>less:</i>							
Sales of non-financial assets		41	63	202	20	39	102
Depreciation		321	648	1,433	333	664	1,359
Total net acquisition of non-financial assets		467	600	911	268	428	1,043
NET LENDING/-BORROWING	4	-1,399	-2,045	-3,939	-111	-1,417	-3,064

(a) Consistent with the revised outturn published in the *Pre-election Financial Projections Statement*, released on 9 February 2017.

(b) Consistent with the final audited data contained in the *2015-16 Annual Report on State Finances*, released on 22 September 2016.

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

Table 1.2

GENERAL GOVERNMENT BALANCE SHEET

	Note	For the period ending			
		31 Dec 2016 \$m	30 June 2017 ^(a) \$m	31 Dec 2015 \$m	30 June 2016 ^(b) \$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		805	745	706	820
Advances paid		740	719	715	711
Investments, loans and placements	5	5,697	3,576	5,565	4,042
Receivables	6	3,183	3,029	2,886	2,921
Shares and other equity					
Investments in other public sector entities - equity method		49,172	48,063	49,755	47,654
Investments in other public sector entities - direct injections		8,830	8,937	7,818	8,180
Investments in other entities		49	44	41	48
Other financial assets		8	8	-	8
Total financial assets		68,484	65,122	67,486	64,384
<i>Non-financial assets</i>					
Land		38,788	38,688	39,089	38,551
Property, plant and equipment		43,820	44,526	45,381	43,256
Biological assets		4	2	2	4
Inventories					
Land inventories		113	112	107	113
Other inventories		83	87	76	84
Intangibles		647	656	606	650
Assets classified as held for sale		27	35	27	32
Investment property		8	8	9	8
Other		684	683	466	484
Total non-financial assets		84,175	84,796	85,762	83,182
TOTAL ASSETS		152,658	149,918	153,249	147,566
LIABILITIES					
Deposits held		864	555	472	518
Advances received		392	376	407	392
Borrowings	7	23,240	23,458	18,393	18,379
Unfunded superannuation		7,462	7,350	7,690	7,939
Other employee benefits		2,958	2,953	2,979	2,892
Payables		855	1,234	737	1,228
Other liabilities		1,345	1,324	1,257	1,352
TOTAL LIABILITIES		37,115	37,250	31,935	32,700
NET ASSETS		115,543	112,667	121,313	114,866
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		7,574	8,973	9,617	8,460
Other reserves		107,969	103,694	111,697	106,406
NET WORTH	4	115,543	112,667	121,313	114,866
MEMORANDUM ITEMS					
<i>Net financial worth</i>		31,369	27,871	35,551	31,684
<i>Net financial liabilities</i>		26,633	29,129	22,022	24,150
<i>Net debt</i>					
Gross debt liabilities		24,496	24,389	19,272	19,289
less: liquid financial assets		7,242	5,040	6,986	5,572
less: convergence differences impacting net debt		-	-	88	-
Net debt		17,253	19,348	12,198	13,717

(a) Consistent with the revised outturn published in the *Pre-election Financial Projections Statement*, released on 9 February 2017.

(b) Consistent with the final audited data contained in the *2015-16 Annual Report on State Finances*, released on 22 September 2016.

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 2016

	Asset Revaluation Surplus \$m	investments in other sector entities \$m	Accumulated net gain on equity Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2016</i>	58,752	47,654	8,460	114,866
Operating result	-	-	-878	-878
Other movements in equity	45	1,518	-7	1,555
All other	1	-	-1	-
<i>Total change in net worth</i>	46	1,518	-886	677
Balance at 31 December 2016	58,798	49,172	7,574	115,543

For the six months ended 31 December 2015

	Asset Revaluation Surplus \$m	investments in other sector entities \$m	Accumulated net gain on equity Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2015</i>	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>	501	909	-1,395	14
Balance at 31 December 2015	61,942	49,755	9,617	121,313

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

Table 1.4

GENERAL GOVERNMENT CASH FLOW STATEMENT

	2016-17			2015-16		Actual ^(b) \$m	
	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
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received		2,471	4,469	8,509	2,589	4,678	9,130
Grants and subsidies received		2,028	3,986	8,190	1,990	3,814	8,310
Receipts from sales of goods and services		554	1,166	2,269	497	1,022	2,294
Interest receipts		34	85	174	35	75	187
Dividends and tax equivalents		394	557	1,745	657	806	2,087
Other		1,608	3,328	7,062	1,563	3,106	5,922
Total cash received		7,088	13,592	27,948	7,331	13,500	27,929
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-3,487	-6,519	-13,613	-3,383	-6,835	-13,374
Payments for goods and services		-2,112	-4,696	-8,406	-1,834	-4,132	-8,083
Interest paid		-185	-355	-761	-149	-281	-631
Grants and subsidies paid		-1,430	-2,669	-5,706	-1,499	-2,642	-5,485
Dividends and tax equivalents		-	-	-	-	-	-
Other		-392	-834	-1,402	-381	-807	-1,648
Total cash paid		-7,605	-15,073	-29,887	-7,246	-14,697	-29,221
NET CASH FLOWS FROM OPERATING ACTIVITIES		-518	-1,481	-1,939	86	-1,197	-1,291
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-540	-1,019	-2,296	-645	-1,152	-2,475
Sales of non-financial assets		41	63	202	20	39	102
Total cash flows from investments in non-financial assets		-499	-956	-2,094	-625	-1,113	-2,373
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		5	8	10	7	10	140
For liquidity purposes		-1	-	78	10	10	101
<i>Cash paid</i>							
For policy purposes		-114	-678	-967	-251	-377	-798
For liquidity purposes		-1	-10	-11	-20	-39	-136
Total cash flows from investments in financial assets		-112	-680	-890	-254	-396	-694
NET CASH FLOWS FROM INVESTING ACTIVITIES		-611	-1,636	-2,984	-879	-1,509	-3,067
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-4	-	16	-5	-	16
Borrowings		1,330	4,655	5,053	1,840	5,155	5,194
Deposits received		-	-	-	-	-	-
Other financing receipts		8	15	45	13	422	41
Total cash received		1,333	4,670	5,114	1,848	5,578	5,250
<i>Cash paid</i>							
Advances paid		4	-	-16	-	-	-16
Borrowings repaid		-15	-27	-179	-38	-61	-97
Deposits paid		-	-	-	-	-	-
Other financing payments		81	-246	-441	-451	-944	-447
Total cash paid		71	-273	-636	-490	-1,005	-560
NET CASH FLOWS FROM FINANCING ACTIVITIES		1,404	4,397	4,478	1,358	4,572	4,691
Net increase in cash and cash equivalents		276	1,280	-445	565	1,866	333
Cash and cash equivalents at the beginning of the year		5,777	4,773	4,773	5,741	4,440	4,440
Cash and cash equivalents at the end of the year		6,053	6,053	4,327	6,307	6,307	4,773
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		-518	-1,481	-1,939	86	-1,197	-1,291
Net cash flows from investing in non-financial assets		-499	-956	-2,094	-625	-1,113	-2,373
Cash surplus/-deficit	4	-1,016	-2,437	-4,033	-539	-2,310	-3,664

(a) Consistent with the revised outturn published in the *Pre-election Financial Projections Statement*, released on 9 February 2017.

(b) Consistent with the final audited data contained in the *2015-16 Annual Report on State Finances*, released on 22 September 2016.

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	2016-17			2015-16		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		1,816	4,603	7,988	2,790	4,790	8,560
Current grants and subsidies		2,010	3,970	7,820	1,808	3,603	7,407
Capital grants		37	52	399	179	246	895
Sales of goods and services		6,197	11,546	22,158	5,353	10,740	21,583
Interest income		104	230	547	133	243	635
Royalty income		1,307	2,436	5,558	1,003	2,125	4,126
Other		197	442	1,044	249	500	1,110
Total	2	11,667	23,278	45,515	11,515	22,247	44,316
EXPENSES							
Salaries		3,258	6,455	13,290	3,210	6,374	12,627
Superannuation							
Concurrent costs		342	659	1,350	323	633	1,296
Superannuation interest cost		72	109	218	60	109	218
Other employee costs		58	122	252	55	125	257
Depreciation and amortisation		726	1,680	3,508	845	1,742	3,354
Services and contracts		773	1,568	3,330	764	1,461	3,179
Other gross operating expenses		5,920	10,890	20,961	5,032	9,967	20,279
Other interest		380	813	1,677	444	829	1,643
Other property expenses		-	-	-	-	-	-
Current transfers	3	943	1,907	3,983	839	1,754	3,683
Capital transfers	3	67	135	407	88	144	340
Total		12,537	24,339	48,976	11,659	23,139	46,875
NET OPERATING BALANCE	4	-870	-1,061	-3,462	-144	-892	-2,559
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		55	219	71	212	68	-131
Net actuarial gains/-loss - superannuation		667	586	329	194	-259	-610
Provision for doubtful debts		-11	-10	-25	-3	-8	-68
Changes in accounting policy/adjustment of prior periods		20	192	-	-	325	-743
<i>Total other economic flows</i>		<i>730</i>	<i>987</i>	<i>374</i>	<i>403</i>	<i>125</i>	<i>-1,552</i>
OPERATING RESULT		-140	-75	-3,087	259	-767	-4,111
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		-291	-111	838	220	-87	-4,176
Gains recognised directly in equity		16	863	50	-	868	1,854
All other		-	-	-	-	-	-
<i>Total all other movements in equity</i>		<i>-275</i>	<i>752</i>	<i>888</i>	<i>220</i>	<i>781</i>	<i>-2,322</i>
TOTAL CHANGE IN NET WORTH	4	-415	677	-2,199	479	14	-6,433
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	4	-870	-1,061	-3,462	-144	-892	-2,559
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		1,162	2,209	5,561	1,325	2,489	5,237
Changes in inventories		-728	-398	213	-121	-183	1,024
Other movement in non-financial assets		331	376	363	15	67	171
<i>less:</i>							
Sales of non-financial assets		102	269	888	186	313	701
Depreciation		726	1,680	3,508	845	1,742	3,354
<i>Total net acquisition of non-financial assets</i>		<i>-63</i>	<i>237</i>	<i>1,740</i>	<i>187</i>	<i>318</i>	<i>2,376</i>
NET LENDING/-BORROWING	4	-807	-1,298	-5,202	-332	-1,210	-4,935

(a) Consistent with the revised outturn published in the *Pre-election Financial Projections Statement*, released on 9 February 2017.(b) Consistent with the final audited data contained in the *2015-16 Annual Report on State Finances*, released on 22 September 2016.

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 2016 \$m	30 June 2017 ^(a) \$m	31 Dec 2015 \$m	30 June 2016 ^(b) \$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		2,162	1,782	1,505	1,873
Advances paid		3,501	3,787	4,615	4,729
Investments, loans and placements	5	15,328	13,947	14,290	18,322
Receivables	6	4,203	4,807	4,066	4,140
Equity - investments in other entities		1,714	1,731	1,678	1,544
Other financial assets		14	18	8	18
Total financial assets		26,922	26,073	26,162	30,626
<i>Non-financial assets</i>					
Land		53,470	53,370	54,604	53,233
Property, plant and equipment		99,036	99,615	99,528	97,324
Biological assets		334	333	316	334
Inventories					
Land inventories		2,055	2,193	2,395	2,172
Other inventories		4,103	4,714	3,294	4,501
Intangibles		1,125	1,090	1,132	1,097
Assets classified as held for sale		28	63	293	147
Investment property		293	310	420	297
Other		849	805	617	634
Total non-financial assets		161,294	162,492	162,597	159,740
TOTAL ASSETS		188,216	188,564	188,760	190,366
LIABILITIES					
Deposits held		33	31	62	27
Advances received		392	376	407	392
Borrowings	7	50,239	52,355	45,880	51,852
Unfunded superannuation		7,578	7,438	7,813	8,068
Other employee benefits		3,362	3,386	3,399	3,345
Payables		5,716	6,693	5,116	6,370
Other liabilities		5,353	5,617	4,768	5,446
TOTAL LIABILITIES		72,672	75,897	67,446	75,499
NET ASSETS		115,543	112,667	121,313	114,866
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		30,305	30,581	31,729	29,555
Other reserves		85,239	82,086	89,584	85,312
NET WORTH	4	115,543	112,667	121,313	114,866
MEMORANDUM ITEMS					
<i>Net financial worth</i>		-45,751	-49,824	-41,284	-44,873
<i>Net financial liabilities</i>		47,464	51,556	42,961	46,417
<i>Net debt</i>					
Gross debt liabilities		50,663	52,763	46,350	52,271
less: liquid financial assets		20,992	19,516	20,411	24,924
less: convergence differences impacting net debt		-	-	88	-
Net debt		29,672	33,246	25,851	27,347

(a) Consistent with the revised outturn published in the *Pre-election Financial Projections Statement*, released on 9 February 2017.(b) Consistent with the final audited data contained in the *2015-16 Annual Report on State Finances*, released on 22 September 2016.

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 2016

	Asset		Total Equity \$m
	Revaluation Surplus \$m	Accumulated Surplus/deficit \$m	
<i>Balance at 1 July 2016</i>	85,312	29,555	114,866
Operating result	-	-75	-75
Other movements in equity	-111	863	752
All other	38	-38	-
<i>Total change in net worth</i>	-73	750	677
Balance at 31 December 2016	85,239	30,305	115,543

For the six months ended 31 December 2015

	Asset		Total Equity \$m
	Revaluation Surplus \$m	Accumulated Surplus/deficit \$m	
<i>Balance at 1 July 2015</i>	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

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

TOTAL PUBLIC SECTOR CASH FLOW STATEMENT

Table 1.8

	2016-17			2015-16			
	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		2,368	4,284	7,905	2,475	4,487	8,556
Grants and subsidies received		2,028	3,986	8,190	1,990	3,814	8,310
Receipts from sales of goods and services		7,536	13,020	22,461	5,480	11,199	21,979
Interest receipts		28	194	589	158	314	667
Other receipts		1,868	3,957	7,781	1,832	3,800	7,156
<i>Total cash received</i>		13,827	25,442	46,926	11,935	23,615	46,668
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-3,897	-7,291	-15,142	-3,761	-7,617	-14,834
Payments for goods and services		-6,221	-12,178	-22,882	-5,640	-11,593	-22,112
Interest paid		-485	-1,037	-1,658	-476	-935	-1,940
Grants and subsidies paid		-993	-1,987	-4,153	-867	-1,765	-3,711
Other payments		-1,056	-2,193	-3,678	-1,044	-2,165	-4,266
<i>Total cash paid</i>		-12,651	-24,686	-47,513	-11,787	-24,075	-46,863
NET CASH FLOWS FROM OPERATING ACTIVITIES		1,176	756	-587	148	-460	-195
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-1,162	-2,209	-5,561	-1,325	-2,489	-5,237
Sales of non-financial assets		102	269	888	186	313	701
<i>Total cash flows from investments in non-financial assets</i>		-1,060	-1,939	-4,673	-1,138	-2,176	-4,536
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		5	8	10	7	10	140
For liquidity purposes		1,448	2,421	5,546	704	2,075	4,850
<i>Cash paid</i>							
For policy purposes		-6	-7	-10	-9	-11	-16
For liquidity purposes		-1,949	-3,327	-4,801	-546	-1,608	-4,457
<i>Total cash flows from investments in financial assets</i>		-503	-906	745	157	466	516
NET CASH FLOWS FROM INVESTING ACTIVITIES		-1,563	-2,845	-3,928	-981	-1,711	-4,020
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	-	-5	-	-
Borrowings		2,537	6,576	18,672	5,079	8,989	18,612
Deposits received		-	-	-	-	-	-
Other financing receipts		10	20	42	14	427	49
<i>Total cash received</i>		2,547	6,596	18,714	5,089	9,416	18,660
<i>Cash paid</i>							
Advances paid		4	-	-16	-	-	-16
Borrowings repaid		-2,355	-4,043	-13,881	-3,063	-3,888	-11,333
Deposits paid		-	-	-	-	-	-
Other financing payments		82	-241	-423	-444	-936	-391
<i>Total cash paid</i>		-2,269	-4,284	-14,320	-3,507	-4,825	-11,740
NET CASH FLOWS FROM FINANCING ACTIVITIES		279	2,312	4,394	1,582	4,591	6,921
Net increase in cash and cash equivalents		-108	222	-120	749	2,421	2,706
Cash and cash equivalents at the beginning of the year		12,276	11,946	11,946	10,911	9,239	9,239
Cash and cash equivalents at the end of the year		12,168	12,168	11,825	11,660	11,660	11,946
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		1,176	756	-587	148	-460	-195
Net cash flows from investing in non-financial assets		-1,060	-1,939	-4,673	-1,138	-2,176	-4,536
Cash surplus/-deficit	4	116	-1,184	-5,260	-990	-2,636	-4,731

(a) Consistent with the revised outturn published in the Pre-election Financial Projections Statement, released on 9 February 2017.

(b) Consistent with the final audited data contained in the 2015-16 Annual Report on State Finances, released on 22 September 2016.

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 three months ended 31 December 2016 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 note disclosures that are included in an annual financial report. Accordingly, this report is to be read in conjunction with the audited Consolidated Financial Statements for the year ended 30 June 2016, presented in Appendix 1 of the 2015-16 *Annual Report on State Finances* (ARSF) released on 22 September 2016. The accounting policies adopted in this publication are consistent with those outlined in the 2015-16 ARSF. The specific accounting policies of the Government of Western Australia are described in Note 3: *Summary of Significant Accounting Policies* in Appendix 1 of the 2015-16 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						
	2016-17			2015-16		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn ^(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	68	150	260	54	144	413
Local Government on-passing	43	86	172	21	43	85
Private and Not-for-profit sector	361	730	1,565	295	659	1,319
Private and Not-for-profit sector on-passing	280	567	1,176	269	538	1,110
Other sectors of Government	509	1,048	2,174	597	1,089	2,237
Total Current Transfers	1,261	2,581	5,348	1,237	2,473	5,164
<i>CAPITAL TRANSFERS</i>						
Local Government	13	28	110	39	44	88
Local Government on-passing	27	54	108	13	27	54
Private and Not-for-profit sector	21	47	101	28	60	111
Private and Not-for-profit sector on-passing	-	-	17	4	9	15
Other sectors of Government	2	31	211	57	117	200
Total Capital Transfers	63	159	545	141	256	469
Total Public Sector						
	2016-17			2015-16		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn ^(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	150	150	260	55	150	419
Local Government on-passing	86	86	172	21	43	85
Private and Not-for-profit sector	1,093	1,093	2,346	492	1,016	2,044
Private and Not-for-profit sector on-passing	567	567	1,176	269	538	1,110
Other sectors of Government	11	11	28	2	7	25
Total Current Transfers	1,907	1,907	3,983	839	1,754	3,683
<i>CAPITAL TRANSFERS</i>						
Local Government	28	28	110	39	44	89
Local Government on-passing	54	54	108	13	27	54
Private and Not-for-profit sector	53	53	173	31	65	182
Private and Not-for-profit sector on-passing	-	-	17	4	9	15
Other sectors of Government	-	-	-	-	-	-
Total Capital Transfers	135	135	407	88	144	340

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

(b) Consistent with the revised outturn published in the *Pre-election Financial Projections Statement*, released on 9 February 2017.

(c) Consistent with the final audited data contained in the *2015-16 Annual Report on State Finances*, released on 22 September 2016.

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 2016 results.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Operating Balance

	2016-17			2015-16		
	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
<i>General government</i>						
AASB1049 net operating balance	-932	-1,445	-3,028	158	-989	-2,021
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	-932	-1,445	-3,028	158	-989	-2,109
<i>Total public sector</i>						
AASB1049 net operating balance	-870	-1,061	-3,462	-144	-892	-2,559
Plus GFS revenue adjustments	-	-	-	-	-	-
Less GFS expense adjustments						
Capitalised interest	-4	-	12	8	17	31
Dampier to Bunbury Natural Gas Pipeline loan asset	-	-	-	-	-	88
Total GFS expense adjustments	-4	-	12	8	17	119
Total GFS adjustments to AASB 1049 net operating balance	4	-	-12	-8	-17	-119
GFS net operating balance	-866	-1,061	-3,474	-152	-909	-2,678

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Lending/-Borrowing

	2016-17			2015-16		
	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
<i>General government</i>						
AASB1049 net lending/-borrowing	-1,399	-2,045	-3,939	-111	-1,417	-3,064
Plus Net operating balance convergence differences (noted above)	-	-	-	-	-	-88
GFS net lending/-borrowing	-1,399	-2,045	-3,939	-111	-1,417	-3,152
<i>Total public sector</i>						
AASB1049 net lending/-borrowing	-807	-1,298	-5,202	-332	-1,210	-4,935
Plus Net operating balance convergence differences (noted above)	4	-	-12	-8	-17	-119
GFS net lending/-borrowing	-803	-1,298	-5,214	-339	-1,227	-5,054

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Worth

	2016-17		2015-16	
	Six Months to 31 Dec \$m	Estimated Outturn \$m	Six Months to 31 Dec \$m	Actual \$m
<i>General government</i>				
AASB1049 net worth	115,543	112,667	121,313	114,866
<i>Plus</i>				
Dampier to Bunbury Natural Gas Pipeline loan asset	-	-	88	-
Provision for doubtful debts				
General government sector	254	262	225	263
Impact on public corporations net worth	37	21	29	31
<i>Total GFS net worth adjustments</i>	290	284	343	293
GFS net worth	115,834	112,951	121,656	115,160
<i>Total public sector</i>				
AASB1049 net worth	115,543	112,667	121,313	114,866
<i>Plus</i>				
Dampier to Bunbury Natural Gas Pipeline loan asset	-	-	88	-
Provision for doubtful debts	290	284	254	293
<i>Total GFS net worth adjustments</i>	290	284	343	293
GFS net worth	115,834	112,951	121,656	115,160

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Change in Net Worth

	2016-17			2015-16		
	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
<i>General government</i>						
AASB 1049 change in net worth	-415	677	-2,199	479	14	-6,433
<i>Plus change in:</i>						
Dampier to Bunbury Natural Gas Pipeline loan asset	-	-	-	-	-	-88
Provision for doubtful debts						
General government sector	-6	-9	-	-11	-11	27
Impact on public corporations net worth	4	6	-9	-	4	6
<i>Total GFS change in net worth adjustments</i>	-2	-3	-10	-11	-6	-55
GFS change in net worth	-417	674	-2,209	469	8	-6,488
<i>Total public sector</i>						
AASB 1049 change in net worth	-415	677	-2,199	479	14	-6,433
<i>Plus change in:</i>						
Dampier to Bunbury Natural Gas Pipeline loan asset	-	-	-	-	-	-88
Provision for doubtful debts	-2	-3	-10	-11	-6	33
<i>Total GFS change in net worth adjustments</i>	-2	-3	-10	-11	-6	-55
GFS change in net worth	-417	674	-2,209	469	8	-6,488

AASB 1049 TO GFS CONVERGENCE DIFFERENCES Cash Surplus/-Deficit

	2016-17			2015-16		Actual \$m
	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	
<i>General government</i>						
AASB1049 cash surplus/-deficit	-1,016	-2,437	-4,033	-539	-2,310	-3,664
Less Acquisitions under finance leases and similar arrangements	292	292	291	-	-	-
GFS cash surplus/-deficit	-1,309	-2,729	-4,324	-539	-2,310	-3,664
<i>Total public sector</i>						
AASB1049 cash surplus/-deficit	116	-1,184	-5,260	-990	-2,636	-4,731
Less Acquisitions under finance leases and similar arrangements	292	292	291	-	-	-
GFS cash surplus/-deficit	-176	-1,476	-5,551	-990	-2,637	-4,731

NOTE 5: INVESTMENTS, LOANS AND PLACEMENTS

General Government

	2016-17		2015-16	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
<i>Investments</i>				
Term deposits	5,673	3,562	5,551	4,008
Government securities	4	4	5	4
Total	5,677	3,566	5,556	4,013
<i>Loans and advances</i>				
Loans	20	10	10	29
Financial Assets held for trading/available for sale	0	0	-	0
Total	20	10	10	29
Total	5,697	3,576	5,565	4,042

Total Public Sector

	2016-17		2015-16	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
<i>Investments</i>				
Term deposits	12,411	11,311	11,342	11,153
Government securities	104	404	5	404
Total	12,515	11,714	11,346	11,556
<i>Loans and advances</i>				
Loans	2,337	1,518	2,515	6,051
Financial Assets held for trading/available for sale	476	714	429	714
Total	2,813	2,233	2,944	6,765
Total	15,328	13,947	14,290	18,322

NOTE 6: RECEIVABLES

 General Government

	2016-17		2015-16	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Accounts Receivable	3,437	3,291	3,112	3,184
Provision for impairment of receivables	-254	-262	-225	-263
Total	3,183	3,029	2,886	2,921

 Total Public Sector

	2016-17		2015-16	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Accounts Receivable	4,493	5,090	4,320	4,433
Provision for impairment of receivables	-290	-284	-254	-293
Total	4,203	4,807	4,066	4,140

NOTE 7: BORROWINGS

 General Government

	2016-17		2015-16	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Bank overdrafts	4	-	17	-
Finance leases	817	785	578	560
Borrowings	22,418	22,673	17,798	17,819
Total	23,240	23,458	18,393	18,379

 Total Public Sector

	2016-17		2015-16	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Bank overdrafts	12	-	27	-
Finance leases	1,654	1,604	1,449	1,414
Borrowings	48,573	50,751	44,404	50,438
Total	50,239	52,355	45,880	51,852

NOTE 8: DETAILS OF CONSOLIDATED AGENCIES

The agencies included in these financial statements are detailed in Note 34: Composition of Sectors in the 2015-16 *Annual Report on State Finances*.

NOTE 9: CONTINGENT ASSETS AND LIABILITIES

In addition to the Home Indemnity Insurance (HII) contingent liability disclosed in the ARSF, the appointment of an administrator to the Bilton Group in January 2017 gives rise to a potentially earlier than expected stream of payments under the HII arrangements. The magnitude of the impact of this event is still to be determined with any certainty but is not expected to exceed \$9 million in total over the next twelve months.

There have been no other material changes in the contingent assets and liabilities of the State since the 2015-16 *Annual Report on State Finances* disclosure.

Operating Revenue

The tables below 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

	2016-17			2015-16		Actual ^(b)
	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>	810	1,698	3,267	894	1,840	3,502
Property taxes						
<i>Land tax</i>	92	866	893	911	922	948
Transfer Duty	328	609	1,253	328	664	1,338
Landholder Duty	19	75	101	23	52	419
<i>Total duty on transfers</i>	347	685	1,354	351	716	1,756
Metropolitan Region Improvement Tax	19	95	99	97	98	98
Perth Parking Levy	3	52	58	3	52	57
Emergency Services Levy	82	210	323	80	199	307
Loan guarantee fees	35	71	142	38	64	134
<i>Total other property taxes</i>	140	427	621	218	413	596
Taxes on provision of goods and services						
Lotteries Commission	33	76	164	40	80	163
Video lottery terminals	-	-	1	-	-	-
Casino Tax	14	29	68	16	31	65
Betting tax	11	20	45	12	22	42
<i>Total taxes on gambling</i>	58	126	277	68	134	270
Insurance Duty	156	342	647	151	310	592
Other	5	10	20	6	13	24
<i>Total taxes on insurance</i>	161	352	667	157	323	615
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	86	171	346	83	168	346
Permits - Oversize Vehicles and Loads	1	5	8	1	5	7
Motor Vehicle recording fee	14	28	56	14	29	60
Motor Vehicle registrations	206	426	907	209	428	874
<i>Total motor vehicle taxes</i>	308	630	1,317	308	631	1,286
Mining Rehabilitation Levy	-	28	27	-	28	28
Landfill Levy	18	35	70	17	35	69
Total Taxation	1,934	4,846	8,494	2,925	5,041	9,069
CURRENT GRANTS AND SUBSIDIES						
<i>General Purpose Grants</i>						
GST grants	499	1,004	1,970	477	956	1,881
North West Shelf grants	166	298	552	174	349	616
Compensation for Commonwealth crude oil excise arrangements	10	17	30	7	16	29
<i>Grants Through the State</i>						
Schools assistance – non-government schools	280	567	1,176	269	538	1,110
Local government financial assistance grants	43	86	172	21	43	85
Local government roads	27	54	108	13	27	54
<i>National Specific Purpose Payment Agreement Grants</i>						
National Skills and Workforce Development	40	81	160	43	83	157
National Disability Services	38	77	161	41	79	147
National Affordable Housing	37	73	146	33	74	143
<i>Students First</i>	148	290	600	148	275	558
<i>National Health Reform</i>	523	1,068	2,011	444	873	1,844
<i>Other Grants/Wational Partnerships</i>						
Health	93	179	314	83	176	422
Housing	4	9	19	8	8	16
Transport	53	59	93	1	15	69
Other	49	109	307	46	92	275
Total Current Grants and Subsidies	2,010	3,970	7,820	1,808	3,603	7,407

Table 2.1 (cont.)

GENERAL GOVERNMENT
Operating Revenue

	2016-17			2015-16		Actual ^(b)
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn ^(a)	Three Months to 31 Dec	Six Months to 31 Dec	
	\$m	\$m	\$m	\$m	\$m	\$m
CAPITAL GRANTS						
<i>Grants through the State</i>						
Schools assistance – non-government schools	-	-	17	4	9	15
<i>National Partnerships/Other Grants</i>						
Housing	-	15	145	51	102	163
Transport	35	35	224	115	127	698
Other	2	2	14	8	8	18
Total Capital Grants	37	52	399	179	246	895
SALES OF GOODS AND SERVICES	518	1,096	2,225	490	1,012	2,155
INTEREST INCOME	54	105	182	48	92	192
REVENUE FROM PUBLIC CORPORATIONS						
Dividends	190	201	1,129	457	457	1,415
Tax Equivalent Regime	124	229	521	106	222	631
Total Revenue from Public Corporations	314	430	1,651	563	679	2,047
ROYALTY INCOME	1,307	2,436	5,558	1,003	2,125	4,126
OTHER						
Lease Rentals	23	51	95	15	35	92
Fines	47	92	206	48	99	206
Revenue not elsewhere counted	42	109	311	66	119	297
Total Other	112	252	612	129	252	594
GRAND TOTAL	6,286	13,185	26,941	7,144	13,051	26,485

(a) Consistent with the revised outturn published in the *Pre-election Financial Projections Statement*, released on 9 February 2017.

(b) Consistent with the final audited data contained in the 2015-16 *Annual Report on State Finances*, released on 22 September 2016.

Note: Columns may not add due to rounding.

Table 2.2

TOTAL PUBLIC SECTOR
Operating Revenue

	2016-17			2015-16		Actual ^(b)
	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>	788	1,652	3,176	870	1,792	3,406
Property taxes						
<i>Land tax</i>	76	830	822	890	884	870
Transfer Duty	328	609	1,253	328	664	1,338
Landholder Duty	19	75	101	23	52	419
<i>Total duty on transfers</i>	347	685	1,354	351	716	1,756
Metropolitan Region Improvement Tax	19	95	99	97	98	98
Perth Parking Levy	3	52	58	3	52	57
Emergency Services Levy	82	210	320	80	199	304
Loan guarantee fees	1	4	9	1	2	6
<i>Total other property taxes</i>	106	361	486	181	350	465
Taxes on provision of goods and services						
Video lottery terminals	-	-	1	-	-	-
Casino Tax	14	29	68	16	31	64
<i>Total taxes on gambling</i>	14	29	69	16	31	65
Insurance Duty	156	342	647	151	310	592
Other	5	10	20	6	13	24
<i>Total taxes on insurance</i>	161	352	667	157	323	615
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	86	171	346	83	168	346
Permits - Oversize Vehicles and Loads	1	5	8	1	5	7
Motor Vehicle recording fee	14	28	56	14	29	60
Motor Vehicle registrations	206	426	907	209	428	874
<i>Total motor vehicle taxes</i>	308	630	1,317	308	631	1,286
<i>Mining Rehabilitation Levy</i>	-	28	27	-	28	28
<i>Landfill Levy</i>	18	35	70	17	35	69
Total Taxation	1,816	4,603	7,988	2,790	4,790	8,560
CURRENT GRANTS AND SUBSIDIES						
<i>General Purpose Grants</i>						
GST grants	499	1,004	1,970	477	956	1,881
North West Shelf grants	166	298	552	174	349	616
Compensation for Commonwealth crude oil excise arrangements	10	17	30	7	16	29
<i>Grants through the State</i>						
Schools assistance – non-government schools	280	567	1,176	269	538	1,110
Local government financial assistance grants	43	86	172	21	43	85
Local government roads	27	54	108	13	27	54
<i>National Specific Purpose Payment Agreement Grants</i>						
National Agreement for Skills and Workforce Development	40	81	160	43	83	157
National Disability Services	38	77	161	41	79	147
National Affordable Housing	37	73	146	33	74	143
<i>Students First</i>	148	290	600	148	275	558
<i>National Health Reform</i>	523	1,068	2,011	444	873	1,844
<i>National Partnerships\Other Grants</i>						
Health	93	179	314	83	176	422
Housing	4	9	19	8	8	16
Transport	53	59	93	1	15	69
Other	49	109	307	46	92	275
Total Current Grants and Subsidies	2,010	3,970	7,820	1,808	3,603	7,407

Table 2.2 (cont.)

TOTAL PUBLIC SECTOR
Operating Revenue

	2016-17			2015-16		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	
CAPITAL GRANTS						
<i>Grants through the State</i>						
Schools assistance – non-government schools	-	-	17	4	9	15
<i>National Partnerships/Other Grants</i>						
Housing	-	15	145	51	102	163
Transport	35	35	224	115	127	698
Other	2	2	14	8	8	18
Total Capital Grants	37	52	399	179	246	895
SALES OF GOODS AND SERVICES	6,197	11,546	22,158	5,353	10,740	21,583
INTEREST INCOME	104	230	547	133	243	635
ROYALTY INCOME	1,307	2,436	5,558	1,003	2,125	4,126
OTHER						
Lease Rentals	23	51	95	15	35	92
Fines	48	94	206	49	101	206
Revenue not elsew here counted	126	297	743	185	364	813
Total Other	197	442	1,044	249	500	1,110
GRAND TOTAL	11,667	23,278	45,515	11,515	22,247	44,316

(a) Consistent with the revised outturn published in the *Pre-election Financial Projections Statement*, released on 9 February 2017.

(b) Consistent with the final audited data contained in the 2015-16 *Annual Report on State Finances*, released on 22 September 2016.

Note: Columns may not add due to rounding.

APPENDIX 3

Public Ledger

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

PUBLIC LEDGER BALANCES AT 31 DECEMBER			
	2016	2015	Variance
	\$m	\$m	\$m
THE PUBLIC LEDGER			
Consolidated Account ^(a)	-12,651	-11,732	-919
Treasurer's Special Purpose Accounts	12,866	12,215	651
Treasurer's Advance Account – Net Advances and Overdraw n Trusts	-42	-9	-33
TOTAL	173	474	-301
Agency Special Purpose Account	5,843	4,319	1,524
TOTAL PUBLIC BANK ACCOUNT INVESTMENTS	6,016	4,793	1,223

(a) The balance of the Consolidated Account at 31 December 2016 includes non-cash appropriations of \$10,381 million (31 December 2015: \$9,390 million), representing the non-cash cost of agency services. These appropriations are credited to agency holding accounts that are included in the Treasurer's Special Purpose Accounts balance. The cash/non-cash balances have been restated for the six months ending 31 December 2016 (see footnote to Table 3.2).

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

Consolidated Account

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

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

The Consolidated Account accrual deficit at 31 December 2016 was \$12,651 million, an increase of \$919 million on the accumulated deficit at 31 December 2015. This included \$10,381 million associated with accrual (non-cash) appropriations for depreciation and leave entitlements, matched by equivalent non-cash balances in agency Holding Accounts.

In cash terms, the Consolidated Account was overdrawn by \$2,270 million at 31 December 2016. This compares with a \$2,341 million deficit cash balance at 31 December 2015 (following restatement of the cash/non-cash balances last year, detailed in the footnote to Table 3.2).

Consolidated Account borrowings increased by \$1.3 billion in the December 2016 quarter, bringing total new borrowings for the six months to 31 December 2016 to \$4.6 billion. Centrally held borrowings totalled \$21.8 billion at 31 December 2016 (compared with \$17.2 billion at 31 December 2015), and remained below the \$23.5 billion cumulative limit approved by the *Loan Act 2016* and preceding *Loan Acts*.

Table 3.2

CONSOLIDATED ACCOUNT TRANSACTIONS
For the six months ended 31 December

	2016 \$m	2015 \$m	Variance \$m
REVENUE			
<i>Operating Activities</i>			
Taxation	3,597	3,822	-225
Commonwealth Grants	1,298	1,281	17
Government Enterprises	562	799	-237
Revenue from other agencies	2,909	2,678	231
Other	176	171	5
<i>Total Operating Activities</i>	8,542	8,751	-209
<i>Financing Activities</i>			
Repayments of Recoverable Advances	69	3	66
Transfers from:			
Bankwest Pension Trust	1	1	-
Other Receipts	7	15	-8
Borrowings	4,600	5,100	-500
<i>Total Financing Activities</i>	4,677	5,119	-442
TOTAL REVENUE	13,218	13,870	-652
EXPENDITURE			
<i>Recurrent</i>			
Authorised by Other Statutes	1,327	1,217	110
Appropriation Act (No. 1)	10,336	10,525	-188
Recurrent Expenditure under the Treasurer's Advance	6	1	5
<i>Total Recurrent Expenditure</i>	11,669	11,742	-74
<i>Investing Activities</i>			
Authorised by Other Statutes	140	143	-3
Appropriation Act (No. 2)	1,399	1,024	374
Investing Expenditure under the Treasurer's Advance	1	^(a)	^(a)
<i>Total Investing Activities</i>	1,539	1,167	372
<i>Financing Activities</i>			
Loan repayments	-	-	-
Other financing	7	15	-8
<i>Total Financing Activities</i>	7	15	-8
TOTAL EXPENDITURE	13,215	12,925	290
NET MOVEMENT (REVENUE LESS EXPENDITURE)	3	945	-942
Consolidated Account Balance			
Opening balance at 1 July	-12,654	-12,677	23
Closing balance at 31 December	-12,651	-11,732	-919
Of which ^(b) :			
Appropriations payable	-10,381	-9,390	-991
Cash balance at 31 December	-2,270	-2,341	71

(a) Amount below \$500,000.

(b) The cash/non-cash balances shown in the 31 December 2015 outcome in the 2015-16 December *Quarterly Financial Results Report* incorrectly allocated \$602 million in non-cash appropriations to the closing cash balance (leaving an equivalent discrepancy between the balance of Agency Holding Accounts shown in Table 3.3 and the non-cash closing balance for the Consolidated Account in Table 3.2 in the December 2015 report). These balances have been corrected and restated in this report.

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

Treasurer's Special Purpose Accounts

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

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

Relative to 31 December 2015, aggregate TSPA balances were \$894 million higher at the end of December 2016, mainly reflecting:

- higher Holding Account balances for accrual appropriations to agencies for depreciation and accrued leave entitlements (up \$990 million);
- a decrease in the Royalties for Regions Fund (down \$140 million), reflecting the timing of appropriation payments to the Fund, and draw downs for approved spending on individual programs;
- an increase in the balance of the Perth Stadium Account (up \$97 million) reflecting the net impact of procurement and works spending relating to the stadium, sports precinct and transport infrastructure, and the timing of appropriation contributions this year;
- a net decrease for the Perth Children's Hospital Account balance (down \$89 million), following the draw-down of payments associated with the achievement of construction milestones;
- an increase in the balance of the Western Australian Future Fund reflecting appropriation of 1% of forecast annual royalty receipts (\$38 million) and interest earnings on the balance of the Fund for the year to date (\$43 million); and
- a decrease in the balance of agency accounts that hold cash for the cost of an extra pay period every 11 years (down \$321 million following the 27th pay draw-downs during the last 12 months).

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

TREASURER'S SPECIAL PURPOSE ACCOUNTS
At 31 December

Table 3.3

	2016 \$m	2015 \$m	Variance \$m
Agency Holding Accounts	10,381	9,390	990
Royalties for Regions Fund	830	970	-140
Western Australian Future Fund	1,105	1,024	82
Perth Children's Hospital Account	74	162	-89
Perth Stadium Account	254	156	97
Fiona Stanley Hospital Construction Account	20	20	-
Agency 27th Pay Accounts	-	321	-321
Other Special Purpose Accounts	203	172	31
TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 31 DECEMBER	12,866	12,215	894

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

Treasurer's Advance

The Treasurer's Advance allows for short term 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'), and a short term advance for overdrawn Agency Special Purpose Accounts.

A limit of \$632.4 million is authorised under section 29 of the FMA for the year ended 30 June 2017, compared with a total of \$645.2 million authorised limit applying at the same time last year. The lower limit this year reflects lower capital appropriation for 2015-16 compared to 2014-15 (the applicable years for calculations of the annual limit in 2016-17 and 2015-16 respectively).

Of the \$632.4 million authorised limit, \$30.5 million was held in the form of net recoverable advances at 31 December 2016 (see Table 3.4). Net recoverable advances and overdrawn Special Purpose Account balances provide repayable short term financing for agencies.

TREASURER'S ADVANCE AT 31 DECEMBER			
	2016	2015	Variance
	\$m	\$m	\$m
AUTHORISED LIMIT	632.4	645.2	-12.8
<i>Total Drawn Against Treasurer's Advance Account</i>	<i>54.4</i>	<i>10.1</i>	<i>44.3</i>
Comprising:			
Net recoverable advances as at 31 December (see below)	30.5	9.2	21.3
Overdraw n Special Purpose Accounts ^(a)	12.0	-	12.0
Excesses and New Items			
- recurrent	11.1	0.9	10.2
- capital	0.8	-	0.8
NET RECOVERABLE ADVANCES			
Building Management and Works	20.0	-	20.0
Mining Rehabilitation Fund	5.3	4.5	0.8
Sport and Recreation	1.1	1.1	-
Suitors Fund	2.5	2.0	0.5
WA Energy Disputes Arbitrator	0.1	-	0.1
Sundry Debtors	1.4	1.6	-0.2
TOTAL RECOVERABLE TREASURER'S ADVANCES	30.5	9.2	21.3

(a) The Treasurer has given approval for the Department of Mines and Petroleum to overdraw a Special Purpose Account. Any overdrawn SPA is taken to be an advance to be charged in the relevant financial year to the Treasurer's Advance Account.

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

Transfers, Excesses and New Items

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

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

In the December 2016 quarter, appropriation transfers included:

- \$0.6 million of recurrent appropriation from the Department of Finance to Department of Planning, Corrective Services, Western Australian Tourism Commission, Fire and Emergency Services, and Child Protection and Family Support in response to recent updates to public sector procurement policy;
- \$0.5 million from the Department of Treasury to the Department of Local Government and Communities for the Chinese New Year 2017 Activation Project;
- \$0.4 million of recurrent appropriation from the Department of Premier and Cabinet to the Office of the Emergency Management for the transfer of five full-time equivalent staff and associated funding to coordinate the Western Australia Natural Disaster Relief and Recovery Arrangements; and
- \$0.2 million from the Mental Health Commission to the Department of the Premier and Cabinet to develop a communications plan for the Western Australian Meth Strategy.

Approved excesses and new items during the six months to 31 December 2016 included:

- a new item for costs administered by Treasury (\$8.1 million) to facilitate the winding up of the WA Bell Companies Administrator Authority's operations following the High Court of Australia's ruling in May 2016 that the *Bell Group Companies (Finalisation of Matters and Distribution of Proceeds) Act 2015* is invalid. This funding will also meet costs associated with reimbursing the legal expenses of the creditors incurred during the High Court proceedings, the Administrator's legal costs and the examination summons proceedings;
- an excess of \$2.0 million to the Department of Commerce for an ex gratia payment for damage caused by subsidence (as a result of a sink hole) at two residential properties in Mullaloo, and the associated costs for demolition of buildings and remediation of the land;
- an excess of \$0.8 million to the Registrar, Western Australian Industrial Relations Commission to undertake planned fit-out works to reconfigure and consolidate the Commission's office space;
- an excess of \$0.8 million to the Racing, Gaming and Liquor for the relocation of the Department's office; and
- an excess of \$0.3 million to the Department of Treasury relating to an Act of Grace payment administered by the Department.

Of these approved increases, \$6.8 million had been drawn by 31 December 2016.

Table 3.5

TRANSFERS, EXCESSES AND NEW ITEMS
For the six months to 31 December

	Treasurer's Advance					Drawn against Treasurer's Advance to date
	Budget \$m	Transfers ^(a) \$m	New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
Recurrent Appropriations						
<i>Premier and Cabinet</i>						
Item 5: Delivery of Services	169.6	-0.3	-	-	169.3	-
<i>Western Australian Tourism Commission</i>						
Item 10: Delivery of Services	65.1	0.1	-	-	65.2	-
<i>Treasury</i>						
Item 56: Metropolitan Redevelopment Authority	26.1	-0.5	-	-	25.6	-
Item 64: All Other Grants, Subsidies and Transfer Payments	6.3	-	-	0.3	6.6	-
New Item: Bell Group Administration Wind Up and Associated Costs	-	-	8.1	-	8.1	5.4
<i>Finance</i>						
Item 69: Delivery of Services	176.2	-0.6	-	-	175.6	-
<i>Commerce</i>						
Item 81: Administered Grants, Subsidies and Other Transfer Payments	7.6	-	-	2.0	9.6	-
<i>Fire and Emergency Services</i>						
Item 91: Delivery of Services	17.7	0.1	-	-	17.8	-
<i>State Emergency Management Committee Secretariat</i>						
Item 92: Delivery of Services	5.0	0.4	-	-	5.4	-
<i>Corrective Services</i>						
Item 94: Delivery of Services	877.0	0.1	-	-	877.1	-
<i>Local Government and Communities</i>						
Item 107: Delivery of Services	99.8	0.5	-	-	100.3	-
<i>Racing, Gaming and Liquor</i>						
Item 109: Delivery of Services	5.2	-	-	0.8	6.0	0.6
<i>Planning</i>						
Item 111: Delivery of Services	47.5	0.1	-	-	47.6	-
<i>Mental Health Commission</i>						
Item 115: Delivery of Services	668.7	-0.2	-	-	668.5	-
<i>Child Protection and Family Support</i>						
Item 119: Delivery of Services	582.5	0.1	-	-	582.6	-
Total Recurrent		-	8.1	3.1		6.0
Capital Appropriations						
<i>Registrar Western Australian Industrial Relations Commission</i>						
Item 151: Capital Appropriation	1.3	-	-	0.8	2.1	0.8
Total Capital		-	-	0.8		0.8
TOTAL		-	8.1	3.9		6.8

(a) Authorised under section 25 of the FMA.

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

Special Purpose Accounts

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

This appendix details balances at 31 December 2016 for a number of key SPAs established to deliver specific 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 2016. The SPA balances, and transactions in and out of these accounts, form part of the overall consolidated outcomes outlined elsewhere in this report.

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.

Municipal and Essential Services Account

This SPA was established in 2015 to set aside the Commonwealth's final \$90 million construction for municipal and essential services to remote Aboriginal communities, received at the end of June 2015.

Payments in the six months to 31 December 2016 were for the delivery of municipal and essential services at a range of remote communities (\$9.1 million), and for the supply of diesel to power stand-alone electricity generators in remote communities (\$2.4 million).

MUNICIPAL AND ESSENTIAL SERVICES ACCOUNT
At 31 December

Table 4.1

	2016	2015
	\$m	\$m
<i>Balance at 1 July</i>	63	-
Receipts	-	-
Payments	11	-
Closing Balance	51	-

Note: Columns may not add due to rounding.

Fiona Stanley Hospital Construction Account

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

The new facility achieved practical completion in December 2013, followed by completion of phased commissioning in February 2015. Project closure arrangements are expected to be finalised in 2016-17, with any remaining unspent funds on closure of the account returning to the Consolidated Account at that time. No funds were drawn from the account to the end of December.

FIONA STANLEY HOSPITAL CONSTRUCTION ACCOUNT
At 31 December

Table 4.2

	2016	2015
	\$m	\$m
<i>Balance at 1 July</i>	20	20
Receipts	_(a)	_(a)
Payments	-	-
Closing Balance	20	20

(a) Amount less than \$0.5 million.

Note: Columns may not add due to rounding.

Forrestfield-Airport Link Account

This SPA was established in May 2016 to support the construction of the Forrestfield-Airport Link.

Receipts for the six months to December reflect the transfer of the Commonwealth's contribution of \$490 million (received in late 2015-16 and paid to the Consolidated Account at that time) and interest earned on the account balance (\$2.6 million). Payments from the account (\$94.7 million) were primarily for the design and construction contract (\$83.4 million), project management costs (\$4.7 million), utilities and services (\$2.3 million), land acquisition (\$1.1 million) and other works (\$3.2 million).

FORRESTFIELD-AIRPORT LINK ACCOUNT

Table 4.3

At 31 December

	2016	2015
	\$m	\$m
<i>Balance at 1 July</i>	-	-
Receipts	493	-
Payments	95	-
Closing Balance	398	-

Note: Columns may not add due to rounding.

Metropolitan Region Improvement Account

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, including receipts from the Metropolitan Region Improvement Tax (MRIT).

Receipts for the six months to the end of December 2016 mainly reflect MRIT revenue (\$49 million), rental and interest revenue (\$6.2 million), proceeds from the sale of land and buildings (\$3 million), the refund (by the Australian Taxation Office) of GST payments on purchases (\$1.7 million), and the recoup of costs associated with the settlement of an arbitrated claim (\$0.9 million). Payments from the account were for service delivery expenses (\$10.5 million), the acquisition of land and buildings (\$3.2 million), and to progress a range of smaller infrastructure and works (\$0.9 million).

METROPOLITAN REGION IMPROVEMENT ACCOUNT

Table 4.4

At 31 December

	2016	2015
	\$m	\$m
<i>Balance at 1 July</i>	293	262
Receipts	62	20
Payments	15	18
Closing Balance	340	264

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 first six months of 2016-17 reflect contributions to the fund by mining operators (\$27.7 million). A total of \$0.5 million was drawn from the fund for administration costs and the rehabilitation of abandoned mine sites.

Table 4.5

MINING REHABILITATION FUND
At 31 December

	2016	2015
	\$m	\$m
<i>Balance at 1 July</i>	63	35
Receipts	28	28
Payments	1	^(a)
Closing Balance	91	63

(a) Amount less than \$0.5 million.

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.

WA Health drew \$49 million for construction work during the six months to 31 December 2016.

Table 4.6

PERTH CHILDREN'S HOSPITAL ACCOUNT
At 31 December

	2016	2015
	\$m	\$m
<i>Balance at 1 July</i>	122	187
Receipts	-	44
Payments	49	69
Closing Balance	74	162

Note: Columns may not add due to rounding.

Perth Parking Licensing Account

This SPA was established in July 1999 under section 23(1) of the *Perth Parking Management Act 1999*. Money credited to the account (\$52 million in the six months to 31 December 2016) reflects licence fees, penalties and money appropriated by Parliament for the purposes of the Act.

During the same period, \$10 million was drawn to support the Central Area Transit bus system and the Free Transit Zone in the Perth Central Business District, improvements to public transport access, enhancements to the pedestrian environment, support for bicycle access and other transport system initiatives.

PERTH PARKING LICENSING ACCOUNT
At 31 December

Table 4.7

	2016	2015
	\$m	\$m
<i>Balance at 1 July</i>	11	13
Receipts	52	52
Payments	10	26
Closing Balance	53	39

Note: Columns may not add due to rounding.

Perth Stadium Account

This SPA was established in October 2011 to hold funds in support of the construction of Perth Stadium and associated transport infrastructure. All infrastructure is expected to be completed by the end of 2017 for the stadium to be ready for operation by the start of the 2018 AFL season. Construction will utilise all available funds in the SPA.

During the six months to December 2016, receipts of \$370 million reflect appropriation funding approved in the 2016-17 Budget. Funds drawn from the account over this period, totalled \$153 million for procurement and works relating to the stadium, sports precinct and transport infrastructure.

PERTH STADIUM ACCOUNT
At 31 December

Table 4.8

	2016	2015
	\$m	\$m
<i>Balance at 1 July</i>	36	121
Receipts	370	240
Payments	153	205
Closing Balance	254	156

Note: Columns may not add due to rounding.

Road Trauma Trust Account

This account is established under the *Road Safety Council Act 2002* to provide for road safety initiatives. Receipts reflect collections from prescribed penalties received during the first six months of 2016-17 (\$48.9 million), other funds collected under the *Road Traffic (Administration) Act 2008* (\$2.8 million), and interest revenue earned on the account balance (\$1.3 million).

The majority of the funds drawn from the Account to the end of December were for the Regional Run-off Crashes program (\$18.4 million), the Inappropriate Speed Crashes program (\$18.1 million), the Informing and Mobilising Road Safety Actions program (\$6 million), other road safety programs (\$3.3 million), GST payments on purchases (\$3 million) and the operational cost of the Road Safety Commission (\$2.3 million).

Table 4.9

ROAD TRAUMA TRUST ACCOUNT
At 31 December

	2016 \$m	2015 \$m
<i>Balance at 1 July</i>	95	94
Receipts	53	59
Payments	51	12
Closing Balance	97	141

Note: Columns may not add due to rounding.

Royalties for Regions Fund

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

Receipts during the first six months of 2016-17 reflect the initial draw down of moneys appropriated by the Parliament (\$201 million), interest revenue earned on the account balance (\$10 million), and unused funds from associated projects returned to the Fund by agencies (\$24 million). A total of \$274 million was disbursed to agencies to support infrastructure, business and economic development and other regional initiatives funded by the Royalties for Regions program.

Table 4.10

ROYALTIES FOR REGIONS FUND
At 31 December

	2016 \$m	2015 \$m
<i>Balance at 1 July</i>	870	1,000
Receipts	234	361
Payments	274	390
Closing Balance	830	970

Note: Columns may not add due to rounding.

Royalties for Regions Regional Reform Fund

This SPA was established in June 2015 to fund strategic reform initiatives in regional Western Australia. The account is to receive a total of \$150 million from the Royalties for Regions Fund.

Table 4.11

ROYALTES FOR REGIONS REGIONAL REFORM FUND		
At 31 December		
	2016 \$m	2015 \$m
<i>Balance at 1 July</i>	100	50
Receipts	-	-
Payments	-	-
Closing Balance	100	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*. Funding is provided by the Royalties for Regions Fund for initiatives to improve healthcare across the southern part of the State.

Payments from the SPA totalled \$54.4 million to the end of December 2016, including payments for the District Medical Workforce Investment Program (\$41.4 million), the District Hospital Investment Program (\$8.6 million), the Residential Aged and Dementia Care Program (\$2.8 million) and the Telehealth Investment Program (\$1.6 million).

Table 4.12

ROYALTIES FOR REGIONS SOUTHERN INLAND HEALTH INITIATIVE		
At 31 December		
	2016 \$m	2015 \$m
<i>Balance at 1 July</i>	156	219
Receipts	-	-
Payments	28	16
Closing Balance	127	203

Note: Columns may not add due to rounding.

Waste Avoidance and Resource Recovery Account

The Waste Avoidance and Resource Recovery Account was established in July 2008 under the *Waste Avoidance and Resource Recovery Act 2007* to hold revenue allocated by the Minister from the landfill levy. The purpose of the Account is to fund programs and other initiatives related to the management, reduction, reuse, recycling, monitoring and measurement of waste.

Receipts from fees paid into the account for the six months to the end of December 2016 totalled almost \$9 million. Payments from the account over the same period (\$6.3 million) were used for a range of programs including the Household Hazardous Waste Program, Waste Wise Schools, and other waste management initiatives and services provided by the Department of Environment Regulation.

Table 4.13

WASTE AVOIDANCE AND RESOURCE RECOVERY ACCOUNT
At 31 December

	2016 \$m	2015 \$m
<i>Balance at 1 July</i>	30	21
Receipts	9	14
Payments	6	7
Closing Balance ^(a)	33	27

(a) The closing balance of \$30 million at 30 June 2016 has been restated from the \$31 million reported in the 2015-16 *Annual Report on State Finances*. The restatement incorporates a minor movement in receipts finalised for the Department of Environment Regulation's annual report for 2015-16, which revises the closing value at 30 June 2016 after rounding.

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 received \$933 million in 'seed capital' from the Royalties for Regions Fund over the period 2012-13 to 2015-16. From 2016-17 onwards, 1% of the State's annual royalty revenue will be permanently appropriated into the Fund. Receipts of \$62 million in the six months to December 2016 comprised 1% of annual forecast royalty collections (\$38.4 million) and interest receipts (\$23.1 million).

Table 4.14

WESTERN AUSTRALIAN FUTURE FUND
At 31 December

	2016 \$m	2015 \$m
<i>Balance at 1 July</i>	1,044	879
Receipts	62	145
Payments	-	-
Closing Balance	1,105	1,024

Note: Columns may not add due to rounding.

