



2009-10

Budget

READER'S GUIDE TO THE

2009-10 Budget Statements

Reader's Guide to the 2009-10 Budget Statements

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2009-10 Budget Paper set includes:

Budget Paper No. 1 – Budget Speech

Budget Paper No. 2 – Budget Statements (Volumes 1–3)

Budget Paper No. 3 – Economic and Fiscal Outlook

Budget Overview

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Reader's Guide to the 2009-10 Budget Statements

Foreword

The purpose of the Reader's Guide is to assist readers with understanding the budget papers (primarily Budget Paper No. 2). The Reader's Guide contains a brief outline of the structure and content of Budget Paper No. 2, including specific examples of the types of information the Budget Statements provide at agency level.

The budget papers are presented on an accrual accounting basis. Accrual accounting discloses the full cost of providing government services and indicates the ability of government to deliver sustainable services into the future.

Financial data presented in the 2009-10 Budget Papers are based on data collected from the State's public sector agencies using Australian equivalents to International Financial Reporting Standards.

The 2009-10 Budget Papers reflect recent government portfolio/structural changes, as well as improvements to the Outcome Based Management (OBM) structures of some agencies.

A glossary of terms frequently used in this document and other budget papers is included to assist readers.

Feedback is welcome and can be directed to the Department of Treasury and Finance (Financial Policy) on (08) 9222 9358.

Contents

What is in the Budget Papers?	2
Enhancements to the Budget Statements	4
Agency Level Information in Support of the Estimates	5
Illustrative Budget Tables	6
Glossary	21

What is in the Budget Papers?

BUDGET PAPER NO. 1 – 2009-10 BUDGET SPEECH

This is the budget speech delivered in Parliament by the Treasurer, the Hon T R Buswell BEc, MLA, to Parliament on 14 May 2009. It outlines the priorities of the Government for the budget year and seeks Parliament's approval for the two annual Appropriation Bills for recurrent services and asset investment and financing purposes.

BUDGET PAPER NO. 2 – 2009-10 BUDGET STATEMENTS (VOLUMES 1 TO 3)

The paper details appropriations in accordance with the Appropriation Bills presented to Parliament, and provides financial and performance information for agencies receiving appropriations from the Consolidated Account. It is broken down into the following chapters:

Chapter 1 – Consolidated Account Expenditure Estimates

Summarises expenditure from the Consolidated Account. The item numbers in this chapter form the basis for the annual Appropriation Bills presented to Parliament.

Chapter 2 – Net Appropriation Determinations

Summarises the revenue retained by agencies under net appropriation determinations. These determinations allow the agencies to retain certain revenue received and to apply that revenue towards the delivery of services as specified in the budget papers.

Chapter 3 – Agency Information in Support of the Estimates

Presents detailed financial and performance information by agency.

BUDGET PAPER NO. 3 – 2009-10 ECONOMIC AND FISCAL OUTLOOK

This paper analyses the fiscal position of, and forecast results for, the public sector. It does so at a government wide level as well as for the components of the public sector - the general government sector, public financial corporations and public non-financial corporations. It assesses the budget aggregates (such as the general government sector net operating balance) against the Government's financial targets.

It also contains information relating to the economic position and outlook of the State upon which the fiscal projections are based, and also discusses revenue and expense measures introduced in the budget and developments in reform issues. It is broken down into the following chapters:

Chapter 1 – Economic and Fiscal Outlook – Overview

Chapter 2 – Fiscal Strategy and Financial Projections

Chapter 3 – General Government Revenue

Chapter 4 – General Government Expenses

Chapter 5 – Asset Investment

Chapter 6 – The Western Australian Economy

Chapter 7 – Economic Reform

Chapter 8 – Royalties for Regions

The budget papers are supported by the documents described below.

2009-10 BUDGET OVERVIEW

This is a summary of budget highlights, supported by graphical and tabular presentations.

READER'S GUIDE TO THE 2009-10 BUDGET STATEMENTS

Explains and illustrates the main content of the Budget Statements (Budget Paper No. 2).

Enhancements to the Budget Statements

The format and content of Budget Paper No. 2 has been revised with effect from the 2009-10 Budget to re-focus and streamline the Budget Statements in order to:

- strike the right balance between information and detail;
- increase the focus on performance information;
- remove/minimise areas of duplication; and
- strengthen the links between the budget papers and agency annual reports.

Key changes to Budget Paper No. 2 are:

- The expansion of the Appropriation table to include key financial data – Total and Net Cost of Services and Cash Assets. The retitled table 'Appropriations, Expenses and Cash Assets' provides an upfront overview of 'headline' financial data.
- A re-focusing of the Service Summary table on the total cost of services and for the first time, the estimated annual cost of each service is disclosed over the forward estimates period.
- The addition of a section 'Significant Issues Impacting the Agency' which contains strategic, agency level information to demonstrate the impact of achievements, initiatives, issues and trends on government desired outcomes and policies. References to lower-level operational information have been removed.
- The use of summary financial statements with a brief supporting commentary to assist in understanding and interpreting the agency's financial position.
- The re-titling of the capital works table to the 'Asset Investment Program', reflecting the decision to redefine this program to be comprised solely of the purchase of fixed assets, and expansion of the expenditure details to the forward estimates period.
- The replacement of the three Administered Statements (where applicable) in the Budget Statements with a summary table 'Details of Administered Transactions'.
- The introduction of new government goals to reflect the Government's current priorities:
 - State Building – Major Projects
 - Financial and Economic Responsibility
 - Outcomes Based Service Delivery
 - Stronger Focus on the Regions
 - Social and Environmental Responsibility

Agency Level Information in Support of the Estimates

(i.e. Chapter 3 of Budget Paper No. 2)

Agency details are arranged by Ministerial portfolio, and for a typical agency are outlined as follows:

APPROPRIATIONS, EXPENSES AND CASH ASSETS

MAJOR POLICY DECISIONS*

RESOURCE AGREEMENT

OUTCOMES, SERVICES AND KEY PERFORMANCE INFORMATION

Relationship to Government Goals

Service Summary

Significant Issues Impacting the Agency

Outcomes and Key Effectiveness Indicators

Services and Key Efficiency Indicators

ASSET INVESTMENT PROGRAM*

FINANCIAL STATEMENTS

Income Statement

Details of Controlled Grants and Subsidies*

Balance Sheet

Cashflow Statement

RECONCILIATION RELATING TO MAJOR FUNCTIONAL TRANSFERS AND ACCOUNTING POLICY CHANGES*

DETAILS OF ADMINISTERED TRANSACTIONS*

NET APPROPRIATION DETERMINATION*

* These sections may not be relevant to all agencies.

Illustrative Budget Tables

Disclosed at agency level in Chapter 3 of Budget Paper No. 2
(Public non-financial corporations and public financial corporations,
or 'Capital works only' agencies, do not show this level of detail)

APPROPRIATIONS, EXPENSES AND CASH ASSETS

Provides an overview of an agency's allocations in respect of both recurrent and capital appropriation, expenses and cash assets.

Example 1

	2007-08 Actual \$'000	2008-09 Budget \$'000	2008-09 Estimated Actual \$'000	2009-10 Budget Estimate \$'000	2010-11 Forward Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000
DELIVERY OF SERVICES							
Item 56 Net amount appropriated to deliver services.....				884, 995			
Amount Authorised by Other Statutes - Salaries and Allowances Act 1975.....				2, 924			
Total appropriations provided to deliver services.....				887, 919			
CAPITAL							
Item 142 Capital Appropriation.....				40, 144			
TOTAL APPROPRIATIONS.....				928, 063			
EXPENSES							
Total Cost of Services.....				899, 974			
Net Cost of Services.....				862, 898			
CASH ASSETS.....				51, 264			

Amounts that are appropriated by Acts of Parliament other than the annual Appropriation Acts for the year.

Amount appropriated through the budget process for the delivery of the services of the agency for the year.

Total amount appropriated to the agency for delivery of services

MAJOR POLICY DECISIONS

Outlines the major policy decisions impacting on the agency's Income Statement since publication of the 2008-09 Budget. This year the table includes details of initiatives funded under the Royalties for Regions policy (where applicable) and the measures being implemented by agencies to achieve the Government's 3% efficiency dividend. For ease of disclosure, the policy decisions are split into the categories of Election Commitments, Royalties for Regions Initiatives, 3% Efficiency Dividend, Economic Audit and Other.

Example 2

Details of major policy decisions impacting on the Agency's Income Statement since publication of the 2008-09 Budget to Parliament on 8 May 2008 are outlined below.

	2008-09 Estimated Actual \$'000	2009-10 Budget Estimate \$'000	2010-11 Forward Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000
Election Commitments					
Commitment X.....		1,360			
Commitment Y.....		800			
Royalties for Regions Initiatives					
Indigenous Safety Taskforce.....		5,337			
123 Initiative.....		300			
3% Efficiency Dividend					
A Initiative.....		-20			
B Initiative.....		-40			
C Initiative.....		-60			
<i>Total savings</i>		-120			
Economic Audit					
ABC Initiative.....		-			
DEF Initiative.....		-300			
Other					
GHI Initiative.....		400			
JKL Initiative.....		-			

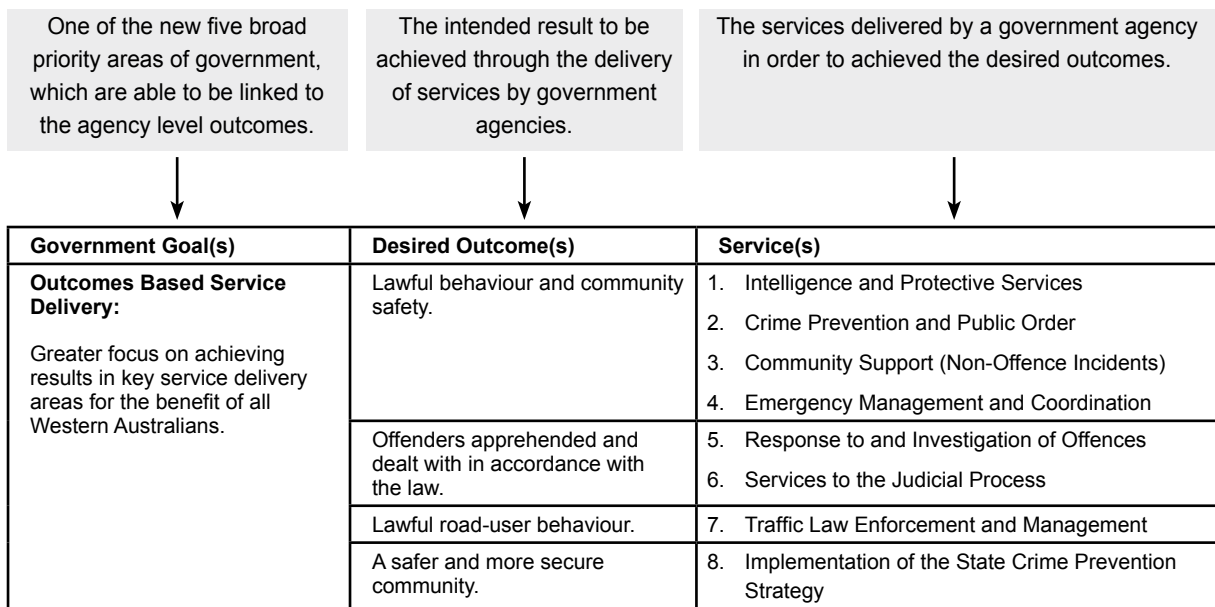
OUTCOMES, SERVICES AND KEY PERFORMANCE INFORMATION

Provides information on the agency's progress towards achievement of government desired outcomes through the funding and delivery of services. In addition to assisting interested parties to assess agency performance in achieving desired outcome(s) and obtaining value for taxpayers' funds from services delivered, the performance information is available to help agencies understand their own performance – facilitating strategic planning, enhancing resource management and highlighting areas for improvement.

Relationship to Government Goals

Demonstrates the link between the most appropriate high level government goal and the more specific agency level government desired outcome(s). Agencies are funded to deliver services and achieve the desired outcomes, which ultimately contribute to meeting the high level government goals.

Example 3



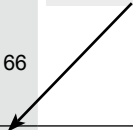
Service Summary

Provides a summary of the total cost of services (expenditure) for each service identified in an agency's Outcome Based Management structure. Information on the estimated annual cost of each service covers the three years up to the budget year and across the forward estimates.

Example 4

Expense	2007-08 Actual \$'000	2008-09 Budget \$'000	2008-09 Estimated Actual \$'000	2009-10 Budget Estimate \$'000	2010-11 Forward Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000
1. Intelligence and Protective Services.....				69,249	70,000	72,000	73,000
2. Crime Prevention and Public Order.....				85,822	87,000	89,000	90,000
3.							
4.							
5.							
6.							
7. Traffic Law Enforcement and Management.....				190,166			
8.							
Total Cost of (all 8) Services.....				899,974			

Gross cost of all services for the financial year as per 'Total cost of services' in the Income Statement illustrated on page 15.



Significant Issues Impacting the Agency

Demonstrates the impact that significant issues and major achievements have had or are expected to have on the achievement of government desired outcomes, and the associated financial and non-financial (performance) targets.

Narrative contains a concise explanation of the issue, achievement or challenge and explains what the agency has done or will do and the actual or potential impact on its performance. The information is pitched at a strategic level rather than an operational or service level.

Example 5

Significant Issues Impacting the Agency

- Initiatives and strategies to attract and retain staff are being implemented, including:
 - relaunching the Step Forward campaign which has resulted in a significant increase in the number of local police recruit applicants; and
 - targeting future police recruits through the introduction of the Police Cadet Scheme, School-based Program and adult trainees.
 - In response to the increased rate of child abuse incidents in regional Western Australia, Child Protection Squad Regional Response Teams are being deployed to deal with and apprehend offenders in accordance with the law.
-

Outcomes and Key Effectiveness Indicators

Provides meaningful performance management information. In this regard, outcomes are defined as the effect or impact on the community or target clients of government services. Key effectiveness indicators provide information on the extent to which outcomes have been achieved through the funding and delivery of agreed services. At least one audited key effectiveness indicator is required to be reported for each agency level government desired outcome disclosed in the Budget Statements. Consistent information must be disclosed in agency annual reports.

Example 6

Outcomes are the intended results to be achieved through the delivery of services.

	2007-08 Actual	2008-09 Budget	2008-09 Estimated Actual	2009-10 Budget Target	Note
Outcome: Lawful road-user behaviour.					
Percentage of drivers tested for drink-driving who are found to exceed the lawful limit.....				=>1.6%	
Percentage of vehicles monitored for speeding by speed cameras that are found to exceed the lawful speed limit			17%	=>20%	1

Audited key effectiveness indicators.

Explanation of Significant Movements

(Notes)

1. The estimated increase in the percentage of vehicles monitored for speeding by speed cameras that are found to exceed the speed limit in 2009-10 (20%) compared to 2008-09 (17%) is due to an increased focus on road safety in regional Western Australia, including the allocation of a greater proportion of camera hours to the regions.

Services and Key Efficiency Indicators

Key efficiency indicators are presented for each service. Efficiency indicators relate services to the level of resource inputs required to deliver them and are usually expressed as a fraction, percentage or ratio. The most common indicator is cost efficiency, however other indicators may focus on service productivity, the quality of service standards or the timeliness in which services are delivered. Consistent performance information must be disclosed in agency annual reports.

Example 7

Service 7: Traffic Law Enforcement and Management

Providing traffic management and road safety strategies contributes to the government wide initiative of improving road user behaviour and minimising road fatalities and injuries. The achievement of this outcome is dependent on the integrated approach to road safety involving partnerships with other government agencies and stakeholders. The strategies to assist in targeting behaviours identified as major contributors to road fatalities include:

- deterring and detecting alcohol and drug related driving offences, including crashes;
- conducting stationary speed operations involving speed cameras and hand held radar laser units;
- conducting targeted traffic law enforcement operations, such as random breath tests; and
- providing community education and raising awareness on road safety issues.

	2007-08 Actual \$'000	2008-09 Budget \$'000	2008-09 Estimated Actual \$'000	2009-10 Budget Target \$'000	Note
Total Cost of Service.....				190,166	1
Less Income.....				8,279	
Net Cost of Service.....				181,887	
Employees (Full Time Equivalents).....				1,456	
Efficiency Indicators					
Average cost per hour of traffic law enforcement and management ^(a)				\$97	

(a) Calculated from internal police activity surveys.

Explanation of Significant Movements

(Notes)

1. The estimated increase in budgeted expenditure for 2009-10 compared to the 2008-09 estimated actual (\$18.5 million or 10.7 percent), primarily reflects additional resources to address government wide road safety strategies contributing towards improving road user behaviour and minimising road fatalities and injuries. The increase also reflects EBA/salary increases and general cost increases in service delivery.

ASSET INVESTMENT PROGRAM

Provides information on an agency's asset investment program for the budget year and projections for the forward estimates and is comprised solely of fixed asset purchases.

Example 8

To support the delivery of the Department's services, a total of \$63 million is budgeted to be spent on asset investments in 2009-10, including the following:

- completion of the provision of equipment for the new Mandurah Marine Operations Centre;
- commence construction on the Capability and Capacity Training facilities; and
- completion of the new Traffic Support Facility at the Police Operations Support Facility at Midland.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-09 \$'000	2008-09 Estimated Expenditure \$'000	2009-10 Estimated Expenditure \$'000	2010-11 Forward Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000
Table amended for publication purposes.							
WORKS IN PROGRESS							
Boat and Equipment Acquisition.....				5,317			
COMPLETED WORKS							
Police Facilities – Central Facilities Relocation Strategy:							
Police Operations Support Facility...				20,700			
New and Replacement Police Facilities.....				12,320			
NEW WORKS							
Police Facilities Upgrades							
Upgrade Program 2011-12.....				24,700	-	3,000	-
Upgrade Program 2012-13.....					-	-	3,000
Total Cost of Asset Investment Program.....				63,037			
FUNDED BY:							
Capital Appropriation.....				40,144			
Drawdowns from the Holding Account.....				1,922			
Cash Holdings.....				20,971			

FINANCIAL STATEMENTS

Provide summary information on the net cost of the agency's activities, assets, liabilities and equity, and cash movements for each financial year. A brief commentary in support of each financial statement is also provided to assist readers in understanding and interpreting the agency's financial position. Agencies are required to publish full audited financial statements in their annual report in accordance with Australian Accounting Standards.

Income Statement

The Income Statement presents information on expenses and income, and the resulting net cost of the agency's activities in a financial year.

The **net cost of services** reported in this statement impacts on the Government's net operating balance financial target.

Expenses are costs incurred by an agency through its operating activities. Employee benefits, supplies and services, and grants are some of the common expenses incurred by agencies.

Expenses are recorded in the Income Statement when an obligation requiring payment is entered into, regardless of whether that payment is to be made immediately or at some time in the future. This is why expense amounts in the Income Statement may differ from similarly categorised payments for operating activities in the Cashflow Statement.

Depreciation and amortisation is another expense category reported in the Income Statement. Depreciation and amortisation expense represents the allocation of the value of asset acquisitions over their useful life. Given the non-cash nature of the expense, it does not have a matching category in the Cashflow Statement.

Income is generated by an agency from its operating activities, mainly in the form of user charges. Revenues are recorded at the time they are earned, rather than the time at which payment is received, so revenue amounts in the Income Statement may differ from receipts from operating activities in the Cashflow Statement. The difference between **expenses** and **income** is known as the **net cost of services**. This amount matches the amount shown against net cost of services contained in the 'Appropriations, Expenses and Cash Assets' table. Net cost of services is a key monitoring point for agencies – a change in net cost of services directly impacts on the Government's net operating balance.

Income from State Government mainly comprises the appropriations for recurrent services approved by Parliament. Capital appropriations are not shown in this statement. Ideally, total income from State Government will match the net cost of services, however, there will often be minor variations due to carryover commitments across financial years, and recognition of superannuation expenses associated with the pension scheme (closed to new members since 1987).

For most agencies, the difference between **net cost of services** and **income from State Government** is their operating result, also known as **a change in surplus (deficiency) for the period**.

INCOME STATEMENT (Controlled)

Example 9

Details of accrual operating costs in the financial year.

Accrual incomes that are retained by the agency and applied to the delivery of services.

	2007-08 Actual \$'000	2008-09 Budget \$'000	2008-09 Estimate Actual \$'000	2009-10 Budget Estimate \$'000	2010-11 Forward Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000
COST OF SERVICES							
Expenses							
Employee benefits				615,187			
Grants and subsidies				5,123			
Supplies and services.....				183,753			
Accommodation.....				32,438			
Depreciation and amortisation.....				37,402			
Other expenses.....				26,071			
TOTAL COST OF SERVICES				899,974			
Income							
Sale of goods and services.....				2,299			
Regulatory fees and fines.....				13,661			
Grants and subsidies.....				15,061			
Other revenue.....				6,055			
Total Income				37,076			
NET COST OF SERVICES				862,898			
INCOME FROM STATE GOVERNMENT							
Service appropriations.....				887,919			
Resources received free of charge.....				1,408			
Liabilities assumed by the Treasurer.....				9,042			
Royalties for Regions Fund.....				-			
TOTAL INCOME FROM STATE GOVERNMENT				898,369			
SURPLUS/(DEFICIENCY) FOR THE PERIOD				35,471			

Agrees with total cost figure in the Appropriations table on page 6.

Accrual net cost of agency services in the financial year. Agrees with figure in the table on page 6.

Represents the change in 'net worth' of the agency.

Total amount appropriated to the agency to deliver services. This equals 'Total Appropriations provided to deliver services' in the table on page 6.

BALANCE SHEET

The Balance Sheet is a record of assets, liabilities and equity at the end of each financial year. Assets and liabilities are further classified into current and non-current.

By providing information on the type of assets and liabilities, this statement gives an indication of the agency's financial strength.

The equity reported in the Balance Sheet has a direct impact on the net worth financial target of the Government.

Current assets are cash and other assets that are expected to be converted to cash within 12 months, such as receivables and inventories. **Non-current assets** are usually more of a physical nature with longer-term useful lives, such as property, plant and equipment. These are required to enable agencies to deliver services to their customers.

Current liabilities are usually obligations that would be met within 12 months, such as payables (creditors), employees' annual leave entitlements and interest expenses due but not paid.

Non-current liabilities are longer-term obligations, such as employees' long service leave entitlements, borrowings (debt) and superannuation.

Equity represents the difference between total assets and total liabilities. Equity is also known as net assets or net worth. The components of equity are:

- **contributed equity** – the accumulation of capital appropriations since 2001-02 and the net value of any assets and liabilities transferred to or from other government agencies as a result of restructures or function transfers;
- **accumulated surplus/(deficit)** – the accumulation of operating results (from the Income Statement) over the life of the entity; and
- **reserves** – usually in the form of asset revaluation reserves, resulting from the revaluation of assets over time to maintain current accurate valuations. Land revaluations are normally a major component of asset revaluation reserves.

**BALANCE SHEET
(Controlled)**

Assets that are either cash or are likely to be converted to cash within 12 months.

Example 10

Assets that do not fall within the definition of current assets.

	2007-08 Actual \$'000	2008-09 Budget \$'000	2008-09 Estimate Actual \$'000	2009-10 Budget Estimate \$'000	2010-11 Forward Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000
CURRENT ASSETS							
Cash assets				41,156			
Restricted cash.....				2,363			
Receivables				10,135			
Holding account receivables.....				1,740			
Other.....				6,331			
Total current assets.....				61,725			
NON-CURRENT ASSETS							
Property, plant and equipment.....				516,943			
Intangibles.....				38,491			
Holding account receivables.....				112,402			
Restricted cash.....				7,745			
Other.....				118,015			
Total non-current assets				793,596			
TOTAL ASSETS				855,321			
CURRENT LIABILITIES							
Payables				5,223			
Employee provisions.....				117,574			
Other.....				2,653			
Total current liabilities				125,450			
NON-CURRENT LIABILITIES.....							
Employee provisions.....				32,944			
Total non-current liabilities				32,944			
TOTAL LIABILITIES				158,394			
EQUITY							
Contributed equity.....				301,322			
Accumulated surplus/(deficit).....				126,407			
Reserves.....				269,198			
Total equity				696,927			
TOTAL LIABILITIES AND EQUITY				855,321			

Represents the difference between cost and current valuation of assets controlled by the agency.

Current liabilities are those expected to be settled within 12 months.

The accumulated balance of capital appropriations.

The sum of assets less liabilities and represents the ownership interest of the Government in the agency.

CASHFLOW STATEMENT

Cash receipts and cash payments are recorded in the Cashflow Statement. These receipts and payments are categorised into cashflows from State Government, operating activities, investing activities and financing activities.

The net cash movements in this statement impact on the Government's net debt financial target.

The **Cashflows from State Government** item is the cash component of the appropriation for recurrent services and, if applicable, capital appropriations and drawdowns from the holding account.

The cash component of the appropriation for services will differ from the appropriation income shown in the Income Statement by the amount of depreciation and amortisation expense and any increase in leave liabilities. These amounts are included in the accrual appropriation approved by Parliament, but in the first instance are transferred into a holding account administered by the Department of Treasury and Finance. Agencies subsequently draw on their credits in the holding account to replace existing assets and meet leave liability obligations when they fall due.

Receipts and payments included under **Cashflows from operating activities** relate closely to income and expenses from operating activities. These categories are similar in nature – the difference is that amounts are not recorded in the Cashflow Statement until income is actually received or expenses are actually paid.

Cashflows from investing activities relate to the purchase or sale of assets, such as land, buildings and equipment. The Income Statement discloses the depreciation and amortisation expense associated with the cost of asset purchases that have a finite useful life. Any profit or loss on the disposal of an asset is also recorded in the Income Statement.

Cashflows from financing activities relate mainly to borrowings. Any new borrowings are recorded as proceeds from borrowings. Repayments of existing debt are also recorded here.

The **net increase or decrease in cash held** is simply the sum of cash receipts less cash payments for the period. Total cash at the beginning and end of the period is also shown. **Cash assets at the end of the reporting period** match the total of cash assets shown in the Balance Sheet.

CASHFLOW STATEMENT (Controlled)

Example 11

	2007-08 Actual \$'000	2008-09 Budget \$'000	2008-09 Estimated Actual \$'000	2009-10 Budget Estimate \$'000	2010-11 Forward Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000
CASHFLOWS FROM STATE GOVERNMENT							
Service appropriations.....				844,993	Cash received by the agency from appropriations and drawdowns from the holding account and royalties for regions fund (if applicable).		
Capital appropriation.....			40,144				
Holding account drawdowns.....			1,922				
Royalties for Regions Fund.....			-				
Net cash provided by State Government				887,059			
CASHFLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee benefits.....				(598,806)	Cash flows involved in the course of normal operations of the agency. These are the cash movements relating to the accrual based figures for expenses and income in the Income Statement.		
Grants and subsidies.....			(5,123)				
Supplies and services.....			(185,085)				
Accommodation.....			(32,437)				
Other payments.....			(43,075)				
Receipts							
Sale of goods and services.....				2,199			
Regulatory fees and fines.....				13,740			
Grants and subsidies.....				15,061			
Other receipts.....				25,891			
Net cash from operating activities				(807,635)			
CASHFLOWS FROM INVESTING ACTIVITIES							
Purchase of non-current assets.....				(63,037)	Cash flows involved in the purchase and sale of non-current assets.		
Proceeds from sale of non-current assets				-			
Other.....				-			
Net cash from investing activities.....				(63,037)			
NET INCREASE (DECREASE) IN CASH HELD							
Cash assets at the beginning of the reporting period.....			Total of cash controlled by the agency at the beginning of the financial year.		16,387		
Net cash transferred to/from other agencies.....				34,877	Total of cash controlled by the agency at the end of the financial year as shown in the table on page 6.		
				-			
Cash assets at the end of reporting period.....				51,264			

RECONCILIATION RELATING TO MAJOR FUNCTIONAL TRANSFERS AND ACCOUNTING POLICY CHANGES

Where applicable, agencies disclose material machinery of government changes and/or accounting policy changes.

Example 12

	2007-08 Actual \$'000	2008-09 Budget \$'000	2008-09 Estimated Actual \$'000	2009-10 Estimated Expenditure \$'000	2010-11 Forward Estimate \$'000	2011 - 12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000
EXPENSES							
Total Cost of Services as per Income Statement.....				899,974			
Add Transfer from Department for Child Protection.....				-			
<i>Add Transfer from Department X....</i>				-			
<i>Add Transfer from Department Y....</i>				-			
<i>Add Notional Figure for Corporate Service Provided by Department X..</i>							
Adjusted Total Cost of Services...				899,974			
APPROPRIATIONS							
Net Amount Appropriated to Deliver Services.....				887,919			
<i>Add Transfer from Department X....</i>				-			
<i>Add Transfer from Department Y....</i>				-			
Adjusted Net Amount Appropriated to Deliver Services.....				887,919			

Total amount appropriated to agency to deliver services as shown in the table on page 6.

Glossary

This glossary relates to terms used in this document and other budget papers. It is not exhaustive but is designed to provide the reader with definitions or explanations of many of the terms contained in the budget papers.

accrual accounting	Recognition of economic events and other transactions involving income, expenses, assets, liabilities and equity as they occur, rather than when a flow of cash occurs.
accrual appropriations	Appropriations that recognise the total amount of resources, both cash and non-cash, that are to be made available to agencies.
administered revenues/ expenses/assets/liabilities	Activities and functions that are managed by an agency on behalf of government and do not contribute to the agency's services.
asset investment program	Effective from the 2009-10 Budget, the capital works program has been redefined (and retitled) to be comprised solely of the purchase of fixed assets.
capital appropriation	Appropriation that increases the operating capacity of an agency by being applied to purchase assets (Asset Investment Program) or reduce liabilities such as loan repayments.
cash flow from operating activities	Receipts and payments of cash relating to an agency's operating activities.
cash flow from investing activities	Relates to the purchase or sale of assets, such as land, buildings and equipment
Consolidated Account	The central ledger account administered by the Treasurer from which appropriations are paid and into which revenues of the State, such as State taxes, royalties and Commonwealth grants, are credited.
contributed equity	The accumulated balance of capital contributions by the Government to a public sector agency.

controlled income/expenses/assets/liabilities	Relates to activities that are controlled by an agency and which assist the agency to achieve its outcomes through delivery of services.
effectiveness indicator	A performance indicator providing information on the extent to which agency level government desired outcomes have been achieved through the funding and delivery of agreed services.
efficiency indicator	A performance indicator that relates services to the level of resource inputs required to deliver them.
expense	Decreases in economic benefits in the form of outflows, depletions of assets or increases in liabilities.
forward estimates	Estimates of future funding requirements. These assume that there will be no significant change in government policy and are designed to provide a longer-term perspective to the budget process.
full time equivalent	Each is equivalent to one person working full-time for one financial year.
general government sector	Comprised of agencies that operate primarily with Parliamentary appropriation funding and typically provide goods and services at no charge or at low levels of recovery. The Consolidated Account is a component of the general government sector.
holding account	An account, administered by the Department of Treasury and Finance on behalf of agencies, that holds credits for the non-cash component of an agency's appropriation (depreciation and accrued leave entitlements) as a provision for the future replacement of assets and reduction in leave liability.
net appropriations	The revenues agencies are permitted to retain under the <i>Financial Management Act 2006</i> and apply to agency services.
operating surplus/deficit	Difference between income and expenses for the year on the Income Statement.
outcome	The effect, impact, result on or consequence for the community, environment or target clients of government services.

outcome based management	The Western Australian public sector's framework for managing the performance of agencies. It identifies the outcomes desired by government that agencies are expected to contribute to, and the services to be delivered to help achieve the desired outcomes.
public corporations	Those agencies that do not primarily operate with Parliamentary appropriation funding. They comprise public financial corporations and public non-financial corporations.
public financial corporations	Public sector corporations, which are engaged in providing financial intermediation services, or auxiliary financial services. Examples include the Western Australian Treasury Corporation and the Insurance Commission of Western Australia.
public non-financial corporations	These are public sector corporations, which are mainly engaged in providing market non-financial goods and services. They are expected to cover most or all of their expenses from revenue and largely operate independently of central government. Examples include the Water Corporation, electricity utilities and port authorities.
resource agreements	A signed agreement between the Treasurer, relevant Minister and the accountable authority of each agency formally endorsing the services to be delivered, the outcomes to be achieved and the financial plan of the agency. The agreements are authorised by the <i>Financial Management Act 2006</i> .
service	The supply of an activity or good, to a user external to the agency providing the service, in order to achieve government desired outcomes.