



2010-11

# Budget

**READER'S GUIDE TO THE**

2010-11 Budget Statements

**Reader's Guide to the 2010-11 Budget Statements**

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**2010-11 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

Reader's Guide to the 2010-11 Budget Statements

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# **2010-11 BUDGET**

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# 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 2010-11 Budget Papers are based on data collected from the State's public sector agencies using Australian equivalents to International Financial Reporting Standards.

The 2010-11 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 available in the Appendix.

Feedback is welcome and can be directed to the Department of Treasury and Finance (Planning and Coordination) on (08) 9222 9169.

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# What is in the Budget Papers?

## **BUDGET PAPER NO. 1 – 2010-11 BUDGET SPEECH**

This is the budget speech delivered in Parliament by the Treasurer on 20 May 2010. It outlines the priorities of the Government for the budget year and is the formal second reading of the Recurrent Appropriation Bill.

## **BUDGET PAPER NO. 2 – 2010-11 BUDGET STATEMENTS**

This paper supports the Appropriation Bills and provides details in relation to the amounts appropriated. It provides financial and performance information for agencies receiving appropriations from the Consolidated Account. It comprises of the following chapters:

### **Chapter 1 – Consolidated Account Expenditure Estimates**

Summarises appropriations from the Consolidated Account. The item numbers in this chapter correspond to the Appropriation Bills presented to Parliament. Chapter 1 also gives a summary view of past appropriations plus estimated forward projections.

### **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 – 2010-11 ECONOMIC AND FISCAL OUTLOOK**

This paper analyses the fiscal position of, and forecast results for, the public sector. It does so at a whole-of-government 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 discusses any revenue measures introduced in the budget. It comprises of the following chapters:

Chapter 1 – Overview

Chapter 2 – The Western Australian Economy

Chapter 3 – Fiscal Strategy and Financial Projections

Chapter 4 – General Government Revenue

Chapter 5 – General Government Expenses

Chapter 6 – Asset Investment

Chapter 7 – Royalties for Regions

The Budget Papers are supported by the documents described below.

**2010-11 BUDGET OVERVIEW**

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

**READER'S GUIDE TO THE 2010-11 BUDGET STATEMENTS**

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

# Key Changes to the Budget Statements

Relative to 2009-10 Budget Papers, the content of Budget Paper No. 2 has been amended slightly to provide a greater level of transparency. The changes to Budget Paper No. 2 include:

- Major Spending Changes Table replaces the Major Policy Decisions Table. The table includes material movements in expenditure which impact the Income Statement. This change will provide greater transparency by listing all major spending movements in an agency, both policy and parameter-driven changes. In the past, the table presented policy decisions only and excluded parameter-driven movements in expenses.
- Asset Investment Table includes two amendments to reflect the total cost of an agency's Asset Investment Program:
  - a new line item 'Loans and other Repayments', which was previously footnoted under the Asset Investment Table, has been included to address capital appropriation provided to an agency as equity funds provided for the repayment of borrowings; and
  - a new line item 'Resources Received Free of Charge from BMW' has been included to reflect Building Management and Works management services provided to an agency in relation to its capital projects.
- An agency's Net Appropriation Determination Table will now include information across the forward estimates to mirror the information provided in Chapter 2 of the Budget Statements, improving the consistency and transparency of agency information.

# 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 General government agency are outlined as follows:

## **APPROPRIATIONS, EXPENSES AND CASH ASSETS**

### **MAJOR SPENDING CHANGES**

### **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**

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\* It should be noted that not all sections are relevant to all agencies. General government agencies that operate primarily with Parliamentary appropriation funding (thereby receiving funds from the Consolidated Account), and typically provide services at no charge or at low levels of cost recovery, provide information on all sections within the Budget Statements. Public non-financial corporations, public financial corporations and agencies not fully funded by Parliamentary appropriation report only their Asset Investment Program.

# 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 to both recurrent and capital appropriation, expenses and cash assets.

### Example 1

	2008-09 Actual \$'000	2009-10 Budget \$'000	2009-10 Estimated Actual \$'000	2010-11 Budget Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000
<b>DELIVERY OF SERVICES</b>							
Item 100 Net amount appropriated to deliver services.....				189,480			
Amount Authorised by Other Statutes - Salaries and Allowances Act 1975.....				1,820			
Total appropriations provided to deliver services.....				191,300			
<b>CAPITAL</b>							
Item 200 Capital Appropriation.....				39,190			
TOTAL APPROPRIATIONS.....				230,490			
<b>EXPENSES</b>							
Total Cost of Services.....				1,476,00			
Net Cost of Services.....				197,965			
<b>CASH ASSETS</b>							
				65,249			

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

Amount appropriated, as reflected in the Recurrent Appropriation Bill, for the delivery of the services of the agency for the year.

Total amount appropriated to the agency for delivery of services.

This table is for illustrative purposes only.

Amount appropriated, as reflected in the Capital Appropriation Bill, for increases in the operating capacity of an agency by being applied to purchase assets (Asset Investment Program) or reduce liabilities such as loan repayments.

Expenses incurred by an agency through its operating activities.

Total Cost of Services minus agency income (as per Income Statement).

Total of cash controlled by the agency at the end of the financial year.

## MAJOR SPENDING CHANGES

Outlines material movements in recurrent expenditure since publication of the preceding year's Budget.

### *Example 2*

Details of major decisions impacting on the Agency's Income Statement since publication of the 2009-10 Budget to Parliament on 14 May 2009 are outlined below.

	2009-10 Estimated Actual \$'000	2010-11 Budget Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000
Item 1.....	-	10,000	15,000	20,000	25,000
Item 2.....	-	(20,000)	-	-	-

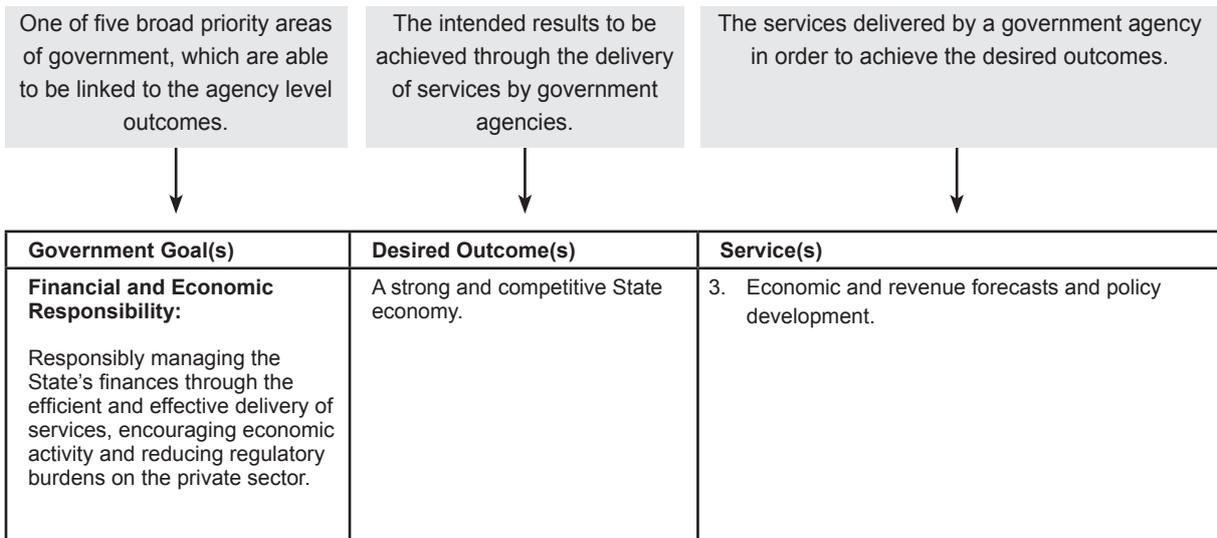
## OUTCOMES, SERVICES AND KEY PERFORMANCE INFORMATION

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 also 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**



*This table is for illustrative purposes only.*

**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 period up to the budget year and across the forward estimates.

**Example 4**

Expense	2008-09 Actual \$'000	2009-10 Budget \$'000	2009-10 Estimated Actual \$'000	2010-11 Budget Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000
1. Services.....				750,372			
2. Services.....				200,035			
3. Economic and revenue forecasts and policy development.....	7,534	8,488	10,205	10,439	10,761	10,885	11,174
4. Services.....				515,757			
<b>Total Cost of (all) Four Services.....</b>				<b>1,476,603</b>			

*This table is for illustrative purposes only.*

Reflects the Total Cost of Services contained in the Appropriations, Expenses and Cash Assets table (Example 1).

**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**

**Department of ABC**

- In these challenging financial and economic circumstances, the Department of ABC's advice to Government will focus intensely on ensuring value for money outcomes, identifying opportunities for reform in service delivery, and ensuring the State's long-term financial sustainability.

*This table is for illustrative purposes only.*

**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 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. Information disclosed must be consistent with that disclosed in agency annual reports.

**Example 6**

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

	2008-09 Actual	2009-10 Budget	2009-10 Estimated Actual	2010-11 Budget Target	Note
<b>Outcome: A strong and competitive State economy.</b>					
Accuracy of key general government revenue forecasts:					
- Tax and mining revenue.....	-10.5%	±5%	-4.9%	±5%	
- GST revenue.....	-10.3%	±3%	2.5%	±3%	

*This table is for illustrative purposes only.*

Audited key effectiveness indicators.

**Services and Key Efficiency Indicators**

Key efficiency indicators are presented for each service and relate services to the level of resource inputs required to deliver them. They 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 3: Economic and Revenue Forecasts and Policy Development**

This service involves the analysis and advice on economic and revenue policy issues, including in relation to the State's major revenue sources, competition policy and economic, social and environmental developments generally, and estimates and monitoring of Western Australia's economic performance and major revenue streams.

	2008-09 Actual \$'000	2009-10 Budget \$'000	2009-10 Estimated Actual \$'000	2010-11 Budget Target \$'000	Note
Total Cost of Service.....				10,439	
Less Income.....				161	
Net Cost of Service.....				10,278	
<b>Employees (Full Time Equivalents).....</b>				80	
<b>Efficiency Indicators</b>					
Percentage of Ministerials, Briefings or Reports Provided on Economic Issues within Agreed Timelines				90%	
Percentage of Regulatory Impact Statements Assessed within Agreed Timeframes				90%	

*This table is for illustrative purposes only.*

## 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

The Department of ABC's planned asset investment program for 2010-11 is \$224.2 million, comprising \$44.1 million for works in progress and \$180.1 million for new works. Major items under construction include:

- Program A.1 – \$8.4 million; and
- Program A.2 – \$35.8 million.

Capital expenditure on Program B 2010-11 (\$177.6 million) makes up most of the new works scheduled in 2010-11.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-10 \$'000	2009-10 Estimated Expenditure \$'000	2010-11 Estimated Expenditure \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000
<b>WORKS IN PROGRESS</b>							
Project A							
Program A.1.....				8,356	-		
Program A.2.....				35,781	-		
<b>COMPLETED WORKS</b>							
Project B 2008-09.....			181,166				
<b>NEW WORKS</b>							
Project A							
Program A.3 2010-11.....				1,445	-		
Project B							
Program B 2010-11.....				177,645			
<b>Total Cost of Asset Investment Program.....</b>				<b>223,227</b>			
Loan and other Repayments.....				1,000			
<b>Total.....</b>				<b>224,227</b>			
<b>FUNDED BY:</b>							
Capital Appropriation.....				39,190			
Drawdowns from the Holding Account.....				92,306			
Asset Sales.....				5,992			
Internal Funds and Balances.....				83,539			
Resources Received Free of Charge from BMW.....				3,200			
Borrowings.....				-			
Other.....				-			
<b>Total Funding.....</b>				<b>224,227</b>			

*This table is for illustrative purposes only.*

## FINANCIAL STATEMENTS

Provides 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 costs, supplies and services, interest 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 Cash Flow 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 Cash Flow 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**

	2008-09 Actual \$'000	2009-10 Budget \$'000	2009-10 Estimated Actual \$'000	2010-11 Budget Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000
<b>COST OF SERVICES</b>							
<b>Expenses</b>							
Employee benefits .....				130,737			
Grants and subsidies .....				500			
Supplies and services.....				1,190,729			
Accommodation.....				20,436			
Depreciation and amortisation.....				106,749			
Other expenses.....				27,452			
<b>TOTAL COST OF SERVICES.....</b>				<b>1,476,603</b>			
<b>Income</b>							
Sale of goods and services.....				1,001,463			
Regulatory fees and fines.....				-			
Grants and subsidies.....				778			
Other revenue.....				276,397			
<b>Total Income.....</b>				<b>1,278,638</b>			
<b>NET COST OF SERVICES.....</b>				<b>197,965</b>			
<b>INCOME FROM STATE GOVERNMENT.....</b>							
Service appropriations.....				191,300			
Resources received free of charge.....				13,387			
Liabilities assumed by the Treasurer..				-			
Royalties for Regions Fund.....				-			
<b>TOTAL INCOME FROM STATE GOVERNMENT.....</b>				<b>204,687</b>			
<b>SURPLUS/(DEFICIENCY) FOR THE PERIOD.....</b>				<b>6,722</b>			

Details of accrual operating costs in the financial year.

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

Agrees with Total cost of services (Example 1)

Accrual net cost of agency services in the financial year. Agrees with Net cost of services (Example 1).

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

Total amount appropriated to the agency to deliver services. This equals 'Total appropriation provided to deliver services' (Example 1).

## ***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 land, buildings 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 contribution 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/(deficiency)** – 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)

**Example 10**

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

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

	2008-09 Actual \$'000	2009-10 Budget \$'000	2009-10 Estimated Actual \$'000	2010-11 Budget Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000
<b>CURRENT ASSETS</b>							
Cash assets .....				63,556			
Restricted cash.....				548			
Receivables .....				87,437			
Holding account receivables.....				6,995			
Other.....				26,129			
<b>Total current assets.....</b>				<b>184,665</b>			
<b>NON-CURRENT ASSETS</b>							
Property, plant and equipment.....				725,773			
Intangibles.....				91,345			
Holding account receivables.....				89,492			
Restricted cash.....				1,145			
Other.....				96,292			
<b>Total non-current assets.....</b>				<b>1,004,047</b>			
<b>TOTAL ASSETS.....</b>				<b>1,188,712</b>			
<b>CURRENT LIABILITIES</b>							
Payables.....				133,972			
Employee provisions.....				22,420			
Other.....				114,046			
<b>Total current liabilities.....</b>				<b>270,438</b>			
<b>NON-CURRENT LIABILITIES</b>							
Employee provisions.....				9,680			
Borrowings.....				161,716			
Other.....				29,220			
<b>Total non-current liabilities.....</b>				<b>200,616</b>			
<b>TOTAL LIABILITIES.....</b>				<b>471,054</b>			
<b>EQUITY</b>							
Contributed equity.....				270,480			
Accumulated surplus/(deficit).....				194,550			
Reserves.....				252,628			
<b>Total equity.....</b>				<b>717,658</b>			
<b>TOTAL LIABILITIES AND EQUITY.....</b>				<b>1,188,712</b>			

The accumulated balance of capital contributions.

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

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

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

Non current liabilities are longer term obligations.

## 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 contribution 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

	2008-09 Actual \$'000	2009-10 Budget \$'000	2009-10 Estimated Actual \$'000	2010-11 Forward Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000
<b>CASHFLOWS FROM STATE GOVERNMENT</b>							
Service appropriations.....				162,282	Cash received by the agency from appropriations and drawdowns from the holding account and Royalties for Regions Fund (if applicable).		
Capital appropriation.....				39,190			
Holding account drawdowns.....				5,992			
Royalties for Regions Fund.....				-			
<b>Net cash provided by State Government</b>				207,462			
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>							
<b>Payments</b>							
Employee benefits.....				(128,391)	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.....				(500)			
Supplies and services.....				(1,183,804)			
Accommodation.....				(20,261)			
Other payments.....				(163,723)			
<b>Receipts</b>							
Sale of goods and services.....				1,169,100			
GST Receipts.....				136,511			
Grants and subsidies.....				778			
Other receipts.....				108,636			
<b>Net cash from operating activities.....</b>				<b>(81,654)</b>			
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>							
Purchase of non-current assets.....				(224,227)	Cash flows involved in the purchase and sale of non-current assets.		
Proceeds from sale of non-current assets.....				92,306			
Other.....				-			
<b>Net cash from investing activities.....</b>				<b>(131,921)</b>			
<b>NET INCREASE (DECREASE) IN CASH HELD</b>							
Cash assets at the beginning of the reporting period.....				(1,175)	Total of cash controlled by the agency at the end of the financial year. Agrees to Cash Assets (Example 1).		
Net cash transferred to/from other agencies.....				72,003			
				(3,111)			
<b>Cash assets at the end of reporting period.....</b>				<b>65,249</b>			

*This table is for illustrative purposes only.*

## RECONCILIATION RELATING TO MAJOR FUNCTIONAL TRANSFERS AND ACCOUNTING POLICY CHANGES\*

This table is used to reconcile an agency's financial statements and performance information for machinery of government changes and/or accounting policy changes where the financial statements have not been backdated to reflect the changes.

### Example 12

	2008-09 Actual \$'000	2009-10 Budget \$'000	2009-10 Estimated Actual \$'000	2010-11 Budget Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000
<b>EXPENSES</b>							
Total Cost of Services as per Income Statement.....				1,476,603			
<i>Add Transfer from Department of DEF.....</i>				200			
<i>Minus Transfer to Department of XYZ.....</i>				200			
Adjusted Total Cost of Services.....				1,476,603			
<b>APPROPRIATIONS</b>							
Net Amount Appropriated to Deliver Services.....				191,300			
<i>Add Transfer from Department DEF.....</i>				200			
<i>Minus Transfer to Department of XYZ.....</i>				200			
Adjusted Net Amount Appropriated to Deliver Services.....				191,300			

Agrees with the Total amount appropriated to agency to deliver services (Example 1).

Agrees with the Total Cost of Services as per the Income Statement.

\* Where there is a MOG/functional change within agencies there are two different ways of reflecting it in the Budget Statements. When a change is significant and material the performance information and financial statements are backcast. If the change is minor the performance information is backcast and a reconciliation of the financial statements is conducted within the above reconciliation table.

## DETAILS OF ADMINISTERED TRANSACTIONS

This table outlines revenues/expenses that are managed by the agency on behalf of government.

### Example 13

	2008-09 Actual \$'000	2009-10 Budget \$'000	2009-10 Estimated Actual \$'000	2010-11 Budget Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000
<b>INCOME</b>							
Fines.....				150,000			
Application Fees.....				10,800			
Licensing Fees.....				450,000			
<b>TOTAL INCOME.....</b>				<b>610,800</b>			
<b>EXPENSES</b>							
Other Expenses.....				110,800			
Payments to Consolidated Account....				500,000			
<b>TOTAL EXPENSES.....</b>				<b>610,800</b>			

*This table is for illustrative purposes only.*

## NET APPROPRIATION DETERMINATION

This table details the revenues agencies are permitted to keep and apply to agency services under the *Financial Management Act 2006*.

### Example 14

	2008-09 Actual \$'000	2009-10 Budget \$'000	2009-10 Estimated Actual \$'000	2010-11 Budget Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000
Registration Fees.....				1,300			
Temporary Permits.....				1,500			
Other Receipts.....				400			
<b>TOTAL .....</b>				<b>3,200</b>			

*This table is for illustrative purposes only.*

# 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.

<b>accrual accounting</b>	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.
<b>accrual appropriations</b>	Appropriations that recognise the total amount of resources, both cash and non-cash, that are to be made available to agencies.
<b>administered revenues expenses/assets/liabilities</b>	Activities and functions that are managed by an agency on behalf of government and do not contribute to the agency's services.
<b>asset investment program</b>	Effective from the 2009-10 Budget, capital works undertaken by agencies only include the purchase of fixed assets.
<b>capital appropriation</b>	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.
<b>cash flow from operating activities</b>	Receipts and payments of cash relating to an agency's operating activities.
<b>cash flow from investing activities</b>	Relates to the purchase or sale of assets, such as land, buildings and equipment.
<b>consolidated Account</b>	Relates to the purchase or sale of assets, such as land, buildings and equipment.
<b>contributed equity</b>	The accumulated balance of capital contributions by the Government to a public sector agency.
<b>controlled income/expenses assets/liabilities</b>	Relate to activities that are controlled by an agency and which assist the agency to achieve its outcomes through delivery of services.
<b>effectiveness indicator</b>	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.
<b>efficiency indicator</b>	A performance indicator that relates services to the level of resource inputs required to deliver them.
<b>expense</b>	Decreases in economic benefits in the form of outflows, depletions of assets or increases in liabilities.
<b>forward estimates</b>	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.
<b>full time equivalent</b>	One FTE is equivalent to one person working full time for one financial year.

<b>general government sector</b>	Comprised of agencies that operate primarily with Parliamentary appropriation funding and typically provide goods and services at no charge or at low levels of cost recovery. The Consolidated Account is a component of the general government sector.
<b>holding account</b>	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.
<b>net appropriations</b>	The revenues agencies are permitted to retain under the <i>Financial Management Act 2006</i> and apply to agency services.
<b>operating surplus/deficit</b>	Difference between income and expenses for the year on the Income Statement.
<b>outcome</b>	The effect, impact, result on or consequence for the community, environment or target clients of government services.
<b>outcome based management</b>	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.
<b>public corporations</b>	Those agencies that do not primarily operate with Parliamentary appropriation funding. They comprise public financial corporations and public non-financial corporations (see below).
<b>public financial corporations</b>	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.
<b>public non-financial corporations</b>	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.
<b>resource agreements</b>	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 for the budget year. The agreements are authorised by the <i>Financial Management Act 2006</i> .
<b>service</b>	The supply of an activity or good, to a user external to the agency providing the service, in order to achieve government desired outcomes.

