



DEPARTMENT OF  
TREASURY AND FINANCE

**MONTHLY  
REPORT OF  
GENERAL  
GOVERNMENT  
FINANCES**

Statement for the Month Ended  
**30 April 2006**

# MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES

## APRIL 2006

### *Introduction*

This report provides a summary of the Western Australian general government sector's finances for the month of April 2006. The general government sector is responsible for the delivery of key community services such as health, education and law and order, and for the collection of central revenue such as Commonwealth grants, taxation and mining royalties. It is the focus of the 'headline' budget measure (the general government net operating balance). Care should be taken in interpreting monthly results, which can vary significantly from month to month due to various seasonal and other timing factors.

### *Month of April 2006*

The general government sector recorded a \$280 million operating surplus for the month of April 2006, \$15 million lower than the \$295 million operating surplus recorded in April 2005.

Revenue for the month of April 2006 totalled \$1,306 million, up \$79 million from April 2005. The increase in monthly revenue was primarily due to:

- higher taxation revenue (up \$49 million), largely due to sustained property market activity and wages and employment growth reflected in increased conveyance duty and payroll tax (up \$45 million and \$14 million respectively), partially offset by the abolition of debits tax from 1 July 2005 (worth \$8 million in April 2005);
- higher sales of goods and services (up \$13 million), reflecting seasonal factors and increases in the volume and demand for goods and services across a large range of agencies; and
- higher Commonwealth capital grants (up \$13 million), due to the receipt in April 2006 of delayed road funding relating to the Auslink bilateral agreement.

Expenses for the month of April 2006 totalled \$1,026 million, up \$94 million from April 2005. This increase largely reflects:

- higher current transfers (up \$57 million), due primarily to increased appropriations to the Public Transport Authority, and increases in community service obligation payments in 2005-06 (particularly for the Water Corporation);
- higher salaries and wages (up \$14 million), reflecting increased pay rates and employee numbers, particularly in the health, education and law and order sectors; and
- higher 'other' gross operating expenses (up \$11 million), reflecting increased costs for consumable goods and services, and changes in the timing of purchases by agencies across the general government sector.

A cash surplus of \$238 million was recorded in April 2006, compared with a cash surplus of \$51 million in April 2005. This included a net cash inflow from operating activities of \$330 million, partially offset by net investment in non-financial assets of \$92 million during the month.

### *Ten Months Ending 30 April 2006*

An operating surplus of \$1,788 million was recorded for the ten months ended 30 April 2006, up \$554 million on the \$1,234 million operating surplus recorded for the same period in the previous year.

Revenue in the ten months to 30 April 2006 totalled \$13,104 million, \$1,363 million (or 11.6%) higher than the first ten months of 2004-05. The major contributors to this increase were:

- higher taxation revenue (up \$661 million), due mainly to the impact of continued growth across the Western Australian economy, reflected in higher collections from conveyance duty, payroll tax, motor vehicle taxes and insurance duties, partially offset by the impact of the abolition of debits tax;
- higher Commonwealth grants (up \$508 million), due to higher GST grants (reflecting Western Australia's share of increased national collections and changes in the monthly profile of Commonwealth payments for 2005-06), higher specific purpose payments in the education, health and agricultural sectors, higher North West Shelf petroleum royalties, and increased funding on-passed to non-government schools;
- higher royalty income (up \$292 million), primarily reflecting increased iron ore volumes and prices; and
- higher sales of goods and services (up \$120 million) reflecting increases across a range of agencies (due mainly to demand and seasonal factors).

These increases were partly offset by lower revenue from public corporations (down \$222 million), mainly due to lower dividend revenue resulting from the impact of implementing Australian equivalents to International Financial Reporting Standards (AIFRS) in 2005-06<sup>1</sup>. Full year dividend revenue expectations remain in line with the revised estimate published in the 2006-07 Budget, with further dividend declarations expected by 30 June.

Expenses of \$11,316 million were recorded for the ten months ended 30 April 2006, \$809 million (or 7.7%) higher than the same period in 2004-05. This increase primarily reflects:

- higher salaries (up \$331 million), reflecting increased pay rates and employee numbers, particularly in the health, education, and law and order sectors (which account for \$278 million, or 84%, of the total increase in salaries expenditure);
- higher current transfers (up \$272 million), mainly due to the monthly factors noted earlier, and the on-passing of higher agriculture and non-government school grants from the Commonwealth and increased funding in the health sector for patient transport, aged care and mental health;
- higher 'other' gross operating expenses (up \$144 million), reflecting increased costs in the education sector (particularly school maintenance and information technology expenses), increased direct patient support costs in the health sector, and increases in cost and demand driven factors associated with purchases across a range of agencies; and
- higher services and contracts (up \$61 million), primarily due to changes in the timing of roadworks expenditure and increases in private sector contract expenses in the health and justice sectors.

These increases were partially offset by lower capital transfers (down \$39 million), mainly due to the August 2004 impact of a grant payment to Edith Cowan University (associated with the transfer of Crown land at the Churchlands campus).

---

<sup>1</sup> Under AIFRS, dividends can only be recognised when they are declared and approved. Under the monthly accounting policy in prior years, dividends were accrued uniformly throughout the year. Most agencies subject to dividend arrangements declare interim dividends during the second half of the financial year, which may be adjusted as a final dividend after 30 June. The move to AIFRS recognises this timing in dividend declarations.

## GENERAL GOVERNMENT

### Operating Statement

	2005-06				2004-05		
	Month of March \$m	Month of April \$m	Ten Months to 30 April \$m	Estimated Actual <sup>(a)</sup> \$m	Month of April \$m	Ten Months to 30 April \$m	Actual <sup>(b)</sup> \$m
<b>REVENUE</b>							
Taxation	413	375	4,294	5,100	326	3,633	4,314
Current grants and subsidies	414	645	5,868	6,894	653	5,357	6,468
Capital grants	47	32	280	406	19	283	347
Sales of goods and services	109	79	894	1,027	66	774	982
Interest income	18	14	134	195	11	117	142
Revenue from public corporations							
Dividends	9	36	194	536	35	394	468
Tax equivalent payments	-18	25	226	296	19	248	292
Royalty income	179	76	919	1,276	77	627	841
Other	24	24	300	394	22	309	368
<b>Total</b>	<b>1,195</b>	<b>1,306</b>	<b>13,104</b>	<b>16,123</b>	<b>1,227</b>	<b>11,741</b>	<b>14,222</b>
<b>EXPENSES</b>							
Gross operating expenses							
Salaries	495	445	4,589	5,559	431	4,258	5,253
Depreciation and amortisation	48	49	474	594	44	437	607
Superannuation	46	42	425	546	42	409	519
Services and contracts	118	110	1,068	1,545	101	1,007	1,263
Other gross operating expenses	191	122	1,490	1,865	111	1,346	1,730
Nominal superannuation interest	25	25	253	304	24	237	294
Other interest	10	10	103	151	12	132	155
Current transfers	190	190	2,547	3,080	133	2,275	2,728
Capital transfers	58	34	368	497	33	407	482
<b>Total</b>	<b>1,182</b>	<b>1,026</b>	<b>11,316</b>	<b>14,141</b>	<b>932</b>	<b>10,507</b>	<b>13,030</b>
<b>NET OPERATING BALANCE</b>	<b>13</b>	<b>280</b>	<b>1,788</b>	<b>1,981</b>	<b>295</b>	<b>1,234</b>	<b>1,192</b>

(a) Estimate published in the 2006-07 Budget, released 11 May 2006.

(b) Consistent with final audited data contained in the 2004-05 *Consolidated Financial Statements*, released 10 November 2005.

Columns may not add due to rounding.

**GENERAL GOVERNMENT**  
Cash Flow Statement

	2005-06				2004-05		
	Month of March \$m	Month of April \$m	Ten Months to 30 April \$m	Estimated Actual <sup>(a)</sup> \$m	Month of April \$m	Ten Months to 30 April \$m	Actual <sup>(b)</sup> \$m
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>							
Taxes received	439	371	4,127	5,119	324	3,558	4,328
Receipts from sales of goods and services	120	87	958	1,055	79	829	1,031
Grants and subsidies received	460	680	6,142	7,292	673	5,643	6,786
Other receipts	316	207	2,280	3,161	173	1,768	2,481
<i>Total</i>	<i>1,335</i>	<i>1,345</i>	<i>13,507</i>	<i>16,626</i>	<i>1,248</i>	<i>11,797</i>	<i>14,626</i>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>							
Payments for goods and services	-849	-767	-7,842	-9,723	-932	-7,374	-9,002
Grants and subsidies paid	-204	-183	-2,599	-3,293	-147	-2,418	-2,966
Interest paid	-5	-13	-91	-142	-15	-125	-162
Other payments	-78	-52	-663	-865	-51	-638	-798
<i>Total</i>	<i>-1,135</i>	<i>-1,015</i>	<i>-11,196</i>	<i>-14,023</i>	<i>-1,146</i>	<i>-10,555</i>	<i>-12,928</i>
<b>Net Cash Flow from Operating Activities</b>	<b>200</b>	<b>330</b>	<b>2,311</b>	<b>2,603</b>	<b>102</b>	<b>1,243</b>	<b>1,698</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>							
Purchase of non-financial assets	-79	-111	-838	-1,381	-63	-824	-1,092
Sales of non-financial assets	13	20	167	241	13	179	253
<i>Total</i>	<i>-66</i>	<i>-92</i>	<i>-671</i>	<i>-1,140</i>	<i>-50</i>	<i>-645</i>	<i>-839</i>
<b>INVESTMENT IN FINANCIAL ASSETS</b>							
Policy purposes	5	-39	-471	-505	-	-93	-122
Liquidity purposes	-3	1	36	-42	-	-173	-62
<i>Total</i>	<i>1</i>	<i>-38</i>	<i>-435</i>	<i>-547</i>	<i>-</i>	<i>-266</i>	<i>-184</i>
<b>Net Cash Flow from Investing Activities</b>	<b>-65</b>	<b>-130</b>	<b>-1,106</b>	<b>-1,687</b>	<b>-50</b>	<b>-911</b>	<b>-1,022</b>
<b>FINANCING ACTIVITIES</b>							
Advances received (net)	-	-	-1	-	-	-	-
Borrowings (net)	-25	-33	-248	-296	-37	-387	-395
Deposits received (net)	1	-	-	-	19	17	-1
Other financing	-1	1	11	-20	-5	-4	-100
<i>Total</i>	<i>-24</i>	<i>-31</i>	<i>-238</i>	<i>-316</i>	<i>-22</i>	<i>-375</i>	<i>-496</i>
Opening cash balance	3,557	3,668	2,869	2,869	2,616	2,690	2,690
<b>NET INCREASE IN CASH HELD</b>	<b>110</b>	<b>168</b>	<b>967</b>	<b>599</b>	<b>30</b>	<b>-44</b>	<b>180</b>
Closing cash balance	3,668	3,836	3,836	3,468	2,646	2,646	2,869
<i>Net cash from operating activities and investments in non-financial assets less finance leases and similar arrangements</i>	<i>134</i>	<i>238</i>	<i>1,640</i>	<i>1,463</i>	<i>51</i>	<i>598</i>	<i>859</i>
<b>Cash Surplus</b>	<b>134</b>	<b>238</b>	<b>1,640</b>	<b>1,463</b>	<b>51</b>	<b>598</b>	<b>859</b>

(a) Estimate published in the 2006-07 Budget, released 11 May 2006.

(b) Consistent with final audited data contained in the 2004-05 *Consolidated Financial Statements*, released 10 November 2005. Columns may not add due to rounding.

## GENERAL GOVERNMENT

### Taxation Revenue

	2005-06				2004-05		
	Month of March \$m	Month of April \$m	Ten Months to 30 April \$m	Estimated Actual <sup>(a)</sup> \$m	Month of April \$m	Ten Months to 30 April \$m	Actual <sup>(b)</sup> \$m
<b>TAXATION</b>							
Taxes on employers' payroll and labour force							
<i>Payroll tax</i>	111	116	1,119	1,351	102	1,012	1,211
Property taxes							
<i>Land tax</i>	-2	-	312	320	1	316	315
Conveyances and transfers	178	148	1,512	1,833	103	993	1,218
Mortgages	16	14	138	171	14	111	140
Other stamp duties	2	3	27	36	2	31	36
<i>Total stamp duties on financial and capital transactions</i>	196	165	1,677	2,040	119	1,135	1,394
Debits Tax	-	-	8	8	8	82	100
<i>Total financial institutions taxes</i>	-	-	8	8	8	82	100
Metropolitan Region Improvement Tax	-	-	54	54	-	47	47
Emergency Services Levy	1	-	123	129	-	113	119
Loan guarantee fees	1	1	11	12	1	9	10
<i>Total other property taxes</i>	2	1	188	195	1	169	176
Taxes on provision of goods and services							
Lotteries Commission	8	8	84	101	8	79	98
less rebates	-2	-2	-18	-22	-2	-18	-21
Video lottery terminals	-	-	-	1	-	-	-
Casino Tax	5	6	51	57	5	44	52
less rebates	-2	-2	-25	-32	-2	-24	-28
TAB betting tax	11	5	53	62	4	48	59
less rebates	-3	-2	-23	-27	-2	-21	-25
<i>Total taxes on gambling</i>	17	14	122	139	12	109	134
Stamp duty on insurance policies	23	25	252	303	21	235	280
Other	-2	2	24	23	2	20	19
<i>Total taxes on insurance</i>	21	27	276	326	22	255	299
Taxes on use of goods and performance of activities							
Stamp duty on vehicle licences	33	24	274	351	28	245	303
Permits – oversize vehicles and loads	-	-	2	3	-	2	3
Motor vehicle recording fee	3	2	24	30	2	33	37
Motor vehicle registrations	32	26	292	338	30	272	341
<i>Total motor vehicle taxes</i>	68	53	592	722	60	553	684
<b>Total Taxation</b>	<b>413</b>	<b>375</b>	<b>4,294</b>	<b>5,100</b>	<b>326</b>	<b>3,633</b>	<b>4,314</b>

(a) Estimate published in the 2006-07 Budget, released 11 May 2006.

(b) Consistent with final audited data contained in the 2004-05 *Consolidated Financial Statements*, released 10 November 2005. Columns may not add due to rounding.

Further information or enquiries related to this report may be obtained from the following officers:

Roy Picardo                      Assistant Director                      (08) 9222 9327  
State Financial Reporting

Isabel Altieri                      Manager                      (08) 9222 9381  
State Financial Reporting