



D E P A R T M E N T O F
T R E A S U R Y A N D F I N A N C E

**MONTHLY
REPORT OF
GENERAL
GOVERNMENT
FINANCES**

Statement for the Month Ended
30 April 2005

MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES

APRIL 2005

Introduction

This report provides a summary of the Western Australian general government sector's finances for the month of April 2005. The general government sector is the focus of the Western Australian budget, with the general government net operating balance as its 'headline' measure. The 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. Care should be taken in interpreting monthly results, which can vary significantly from month to month due to various seasonal and other timing factors.

Operating Statement

The general government sector recorded a \$295 million operating surplus for the month of April 2005, compared with a \$257 million operating surplus in April 2004.

Revenue in April 2005 totalled \$1,227 million, up \$63 million from April 2004. This increase in monthly revenue is primarily due to:

- higher Commonwealth grants (up \$77 million), reflecting Western Australia's share of an increase in the national pool of GST revenue, higher health grants and higher North West Shelf petroleum royalties (largely reflecting the impact of international oil prices); and
- higher taxation revenue (up \$28 million), mainly comprising stamp duty on property conveyances (up \$13 million due to current levels of activity in the residential property market and several large commercial property transactions), motor vehicle taxes (up \$10 million due to growth in new car sales), and payroll tax (up \$7 million as a result of continued wages and employment growth).

The increases were partially offset by lower 'other' revenue (down \$33 million) due to timing differences associated with Capital User Charge revenue from the Public Transport Authority.

Expenses for the month of April 2005 totalled \$932 million, up \$25 million from April 2004. This increase largely reflects higher salaries and superannuation (up \$43 million in total), due to higher pay rates and increased employee numbers (particularly in the health and education sectors), offset in part by lower 'other gross operating expenses' (down \$22 million), due primarily to timing issues in day-to-day goods and services purchases across a range of general government agencies.

Cash Flow Statement

A \$102 million net cash inflow from operating activities was recorded for the month of April 2005. Combined with net capital expenditure of \$50 million (i.e. net investment in non-financial assets), this resulted in a cash surplus of \$51 million in April 2005, compared with a cash surplus of \$176 million in April 2004.

Ten Months Ending 30 April 2005

A cumulative operating surplus of \$1,234 million was recorded for the ten months ended 30 April 2005, up \$245 million from the \$989 million surplus recorded in the same period the previous year.

Revenue in the ten months to 30 April 2005 totalled \$11,741 million, \$1,087 million (or 10.2%) higher than the first ten months of 2003-04. The major contributors to this increase were Commonwealth grants (up \$735 million), taxation (up \$184 million) and mining royalties (up \$70 million), reflecting similar factors to those outlined in the monthly results above. 'Other' revenue is also higher than for the first ten months of 2003-04 (up \$61 million), reflecting a one-off transfer of Crown land back to the public sector by Edith Cowan University in August 2004, matched by an equivalent grants expense (see below).

Expenses of \$10,507 million were recorded for the ten months ended 30 April 2005, \$841 million (or 8.7%) higher than the same period the previous year. This increase is largely due to: increased funding to the Public Transport Authority (up \$109 million) as a result of higher fuel and labour costs and the introduction of the Capital User Charge regime for that agency from 1 July 2004; increased roadworks expenditure (up \$71 million); a grant payment to Edith Cowan University to facilitate the purchase of Crown land mentioned above (\$58 million); the on-passing of higher housing and non-government school grants from the Commonwealth (up \$102 million); and higher salaries and superannuation (up \$367 million in total, primarily in the health and education sectors).

While the period to date results show a significant surplus for the first ten months of the year, spending typically accelerates in the last one to two months of the year. In addition, tax cuts implemented by the Government during 2004-05 are still to have a full impact on revenue collections. Accordingly, the operating surplus is expected to decline somewhat when full year actuals are published in the 2004-05 *Government Financial Results Report* (due by 30 September 2005), although the extent of any decline is uncertain at this stage.

GENERAL GOVERNMENT

Operating Statement

	2004-05				2003-04		
	Month of March \$m	Month of April \$m	Ten Months to 30 April \$m	Estimated Actual ^(a) \$m	Month of April \$m	Ten Months to 30 April \$m	Actual \$m
REVENUE							
Taxation	308	326	3,633	4,130	298	3,449	4,122
Current grants and subsidies	344	653	5,357	6,328	579	4,698	5,583
Capital grants	20	19	283	380	16	207	295
Sales of goods and services	62	66	774	927	68	753	942
Interest income	13	11	117	146	11	107	128
Revenue from public corporations							
Dividends	40	35	394	438	43	357	448
Tax equivalent payments	1	19	248	259	22	279	310
Royalty income	94	77	627	847	73	557	654
Other	31	22	309	335	55	248	272
<i>Total</i>	<i>913</i>	<i>1,227</i>	<i>11,741</i>	<i>13,789</i>	<i>1,164</i>	<i>10,654</i>	<i>12,753</i>
EXPENSES							
Gross operating expenses							
Salaries	466	431	4,258	5,165	393	3,918	4,787
Depreciation and amortisation	41	44	437	578	48	481	546
Superannuation	45	42	409	506	37	382	458
Services and contracts ^(b)	86	101	1,007	1,454	93	922	1,216
Other gross operating expenses	185	111	1,346	1,699	133	1,323	1,637
Nominal superannuation interest	24	24	237	295	24	233	283
Other interest	10	12	132	193	15	140	165
Current transfers	166	133	2,275	2,788	138	1,982	2,440
Capital transfers	23	33	407	480	24	286	421
<i>Total</i>	<i>1,046</i>	<i>932</i>	<i>10,507</i>	<i>13,158</i>	<i>907</i>	<i>9,666</i>	<i>11,954</i>
NET OPERATING BALANCE	-133	295	1,234	631	257	989	799

(a) Estimated actual published in the 2005-06 Budget, released 26 May 2005.

(b) Gross operating expenses – other has been disaggregated into 'Services and contracts' and 'Other gross operating expenses' from July 2004. Comparatives have been restated to reflect this new reporting classification.

Columns may not add due to rounding.

GENERAL GOVERNMENT
Cash Flow Statement

	2004-05				2003-04		
	Month of March \$m	Month of April \$m	Ten Months to 30 April \$m	Estimated Actual ^(a) \$m	Month of April \$m	Ten Months to 30 April \$m	Actual \$m
RECEIPTS FROM OPERATING ACTIVITIES							
Taxes received	346	324	3,558	4,142	295	3,347	4,047
Receipts from sales of goods and services	90	79	829	946	65	782	968
Grants and subsidies received	367	673	5,643	6,695	593	4,903	5,829
Other receipts	200	173	1,768	2,368	184	1,582	2,224
<i>Total</i>	<i>1,004</i>	<i>1,248</i>	<i>11,797</i>	<i>14,151</i>	<i>1,136</i>	<i>10,613</i>	<i>13,068</i>
PAYMENTS FOR OPERATING ACTIVITIES							
Payments for goods and services	-581	-932	-7,374	-9,092	-681	-6,858	-8,238
Grants and subsidies paid	-144	-147	-2,418	-3,047	-138	-2,063	-2,589
Interest paid	-8	-15	-125	-187	-26	-135	-171
Other payments	-75	-51	-638	-772	-46	-544	-691
<i>Total</i>	<i>-808</i>	<i>-1,146</i>	<i>-10,555</i>	<i>-13,098</i>	<i>-891</i>	<i>-9,599</i>	<i>-11,688</i>
Net Cash Flow from Operating Activities	196	102	1,243	1,053	245	1,014	1,380
INVESTMENT IN NON-FINANCIAL ASSETS							
Purchase of non-financial assets	-97	-63	-824	-1,177	-82	-741	-992
Sales of non-financial assets	20	13	179	277	13	111	166
<i>Total</i>	<i>-77</i>	<i>-50</i>	<i>-645</i>	<i>-900</i>	<i>-69</i>	<i>-630</i>	<i>-826</i>
INVESTMENT IN FINANCIAL ASSETS							
Policy purposes	-4	-	-93	-125	-	-71	-122
Liquidity purposes	-31	-	-173	15	3	-83	-80
<i>Total</i>	<i>-34</i>	<i>-</i>	<i>-266</i>	<i>-110</i>	<i>3</i>	<i>-154</i>	<i>-202</i>
Net Cash Flow from Investing Activities	-111	-50	-911	-1,010	-66	-784	-1,028
FINANCING ACTIVITIES							
Advances received (net)	7	-	-	-	-	-8	-8
Borrowings (net)	31	-37	-387	-680	-33	-47	-158
Deposits received (net)	2	19	17	-	-8	-7	-2
Other financing	1	-5	-4	-117	6	-14	-32
<i>Total</i>	<i>41</i>	<i>-22</i>	<i>-375</i>	<i>-797</i>	<i>-35</i>	<i>-76</i>	<i>-199</i>
Opening cash balance	2,490	2,616	2,690	2,690	1,066	1,056	2,538
NET INCREASE IN CASH HELD	126	30	-44	-753	144	154	152
Closing cash balance	2,616	2,646	2,646	1,936	1,210	1,210	2,690
<i>Net cash from operating activities and investments in non-financial assets</i>	<i>119</i>	<i>51</i>	<i>598</i>	<i>154</i>	<i>176</i>	<i>384</i>	<i>554</i>
<i>less finance leases and similar arrangements</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Cash Surplus	119	51	598	154	176	384	554

(a) Estimated actual published in the 2005-06 Budget, released 26 May 2005.
Columns may not add due to rounding.

GENERAL GOVERNMENT

Taxation Revenue

	2004-05				2003-04		
	Month of March \$m	Month of April \$m	Ten Months to 30 April \$m	Estimated Actual ^(a) \$m	Month of April \$m	Ten Months to 30 April \$m	Actual \$m
TAXATION							
Taxes on employers' payroll and labour force							
<i>Payroll tax</i>	92	102	1,012	1,202	95	946	1,139
Property taxes							
<i>Land tax</i>	4	1	316	315	1	279	280
Conveyances and transfers	94	103	993	1,110	90	985	1,207
Mortgages	11	14	111	121	9	95	115
Other stamp duties	4	2	31	31	3	47	53
<i>Total stamp duties on financial and capital transactions</i>	109	119	1,135	1,262	102	1,127	1,375
Debits Tax	8	8	82	96	9	81	97
<i>Total financial institutions taxes</i>	8	8	82	96	9	81	97
Metropolitan Region Improvement Tax	-	-	47	48	-	44	44
Emergency Services Levy	1	-	113	119	-	72	75
Loan guarantee fees	1	1	9	11	1	9	10
<i>Total other property taxes</i>	2	1	169	178	1	125	129
Taxes on provision of goods and services							
Lotteries Commission	8	8	79	96	8	80	95
less rebates	-1	-2	-18	-21	-2	-17	-20
Video lottery terminals	-	-	-	1	-	-	-
Casino Tax	4	5	44	51	5	39	47
less rebates	-3	-2	-24	-29	-2	-20	-24
TAB betting tax	6	4	48	53	8	42	56
less rebates	-2	-2	-21	-25	-2	-19	-22
<i>Total taxes on gambling</i>	12	12	109	126	16	106	132
Contribution to fire brigades	-	-	-	-	-	31	31
Stamp duty on insurance policies	23	21	235	286	25	233	279
Other	2	2	20	21	1	7	19
<i>Total taxes on insurance</i>	21	22	255	306	25	271	328
Taxes on use of goods and performance of activities							
Stamp duty on vehicle licences	29	28	245	289	21	215	273
Permits – oversized vehicles and loads	-	-	2	3	-	1	3
Motor vehicle recording fee	3	2	33	37	3	37	45
Motor vehicle registrations	29	30	272	317	26	261	320
<i>Total motor vehicle taxes</i>	61	60	553	645	50	514	641
Total Taxation	308	326	3,633	4,130	298	3,449	4,122

(a) Estimated actual published in the 2005-06 Budget, released 26 May 2005.
Columns may not add due to rounding.

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