



DEPARTMENT OF
TREASURY AND FINANCE

**MONTHLY
REPORT OF
GENERAL
GOVERNMENT
FINANCES**

Statement for the Month Ended
30 April 2007

MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES

APRIL 2007

Introduction

This report provides a summary of the Western Australian general government sector's finances for the month of April 2007. 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 2007

The general government sector recorded a \$365 million operating surplus for the month of April 2007, an increase of \$85 million from the \$280 million surplus recorded in April 2006.

Revenue in April 2007 was \$1,445 million, up \$139 million from April 2006. The increase in monthly revenue is primarily attributable to:

- higher royalty income (up \$58 million), reflecting higher volumes and prices of commodities, primarily nickel;
- higher taxation revenue (up \$50 million), mainly due to:
 - higher payroll tax (up \$22 million) due to wages and employment growth;
 - higher conveyance duty revenue (up \$15 million), due to the assessment of a very large dutiable transfer in April 2007; and
 - higher motor vehicle taxes (up \$11 million), reflecting sustained levels of vehicle sales and registration;
- higher 'other' income (up \$13 million), due to an increase in the Public Transport Authority's (PTA's) Capital User Charge, as a result of the agency's stronger balance sheet and higher grants in the education sector.

Expenses for the month of April 2007 totalled \$1,080 million, up \$54 million from April 2006. This increase primarily reflects higher salaries and wages (up \$58 million), due to increased pay rates and employee numbers, particularly in the health, education and law and order sectors.

A cash surplus of \$279 million was recorded in April 2007, compared with a cash surplus of \$238 million in April 2006. This included a net cash inflow from operating activities of \$405 million (reflecting the cash impact of the items discussed above), partially offset by net investment in non-financial assets of \$126 million during the month.

Ten Months Ended 30 April 2007

A cumulative operating surplus of \$2,093 million was recorded for the ten months ended 30 April 2007, \$305 million higher than the \$1,788 million operating surplus recorded for the same period in 2005-06.

Revenue in the first ten months of 2006-07 totalled \$14,416 million, \$1,312 million (or 10.0%) higher than the first ten months of 2005-06. The major contributors to this increase were:

- higher taxation revenue (up \$507 million), mainly due to:
 - higher payroll tax (up \$211 million), reflecting continued wages and employment growth across the economy, particularly in the mining and related sectors;
 - higher conveyance duty revenue (up \$148 million), due to sustained property market activity and stronger prices over the last year, combined with the assessment of a large dutiable transfer in April 2007;
 - higher motor vehicle taxes (up \$80 million), reflecting continued high levels of vehicle sales and registrations;
 - higher land tax (up \$73 million) due to higher property prices and increased number of investment properties assessed; and
 - lower mortgage duty revenue (down \$41 million), reflecting the halving of the mortgage duty rate from 1 July 2006.
- higher Commonwealth grants (up \$307 million), primarily due to higher GST grants (reflecting Western Australia's share of increased national collections), higher specific purpose grants for both government and non-government schools and for the road, health and agriculture sectors, higher North West Shelf petroleum royalties (reflecting higher production volumes and prices in 2006-07), partially offset by the cessation of National Competition Reform payments this year;
- higher royalty income (up \$288 million), reflecting higher commodity prices and volumes, particularly for iron ore and nickel;
- lower dividends from public corporations (down \$110 million), reflecting the lower interim dividend declaration mainly attributed to energy corporations (down \$88 million) and the Land Authority (down \$17 million);
- higher sales of goods and services (up \$99 million), reflecting increases in the volume and demand for goods and services across the sector;
- higher 'other' revenue (up \$91 million), primarily due to an increase in the PTA Capital User Charge, reflecting the higher net asset position of that agency; and
- higher interest revenue (up \$63 million), reflecting higher cash holdings and increased interest rates over the past year.

Expenses totalled \$12,322 million for the ten months ended 30 April 2007, \$1,006 million (or 8.9%) higher than the same period in 2005-06. This increase primarily reflects:

- higher salaries (up \$447 million), reflecting increased pay rates and employee numbers, particularly in the health, education, and law and order sectors (which account for \$336 million, or 75%, of the total increase in salaries expenditure);
- higher current and capital transfers (up \$346 million), mainly due to:
 - higher appropriation funding to the Perth Transport Authority for increases in rail and bus service costs as part of the Metropolitan and Regional Passenger Services, and for increased Capital User Charges;
 - conversion of the \$88 million loan, to a capital grant, originally provided in October 2004 to the purchasers of the Dampier to Bunbury Natural Gas Pipeline, as initial pipeline expansion commitments have been met; and
 - the on-passing of higher specific purpose payments from the Commonwealth particularly for various health and education programs;
- higher services and contracts expenses (up \$220 million), primarily due to higher recurrent construction and maintenance expenditure for the education and health sectors.

A cash surplus of \$1,429 million was recorded during the first ten months of 2006-07. This included a net cash inflow from operating activities of \$2,505 million (up \$194 million for the same period the previous year), partially offset by \$1,076 million net investment in non-financial assets (up \$405 million on the first ten months of 2005-06).

GENERAL GOVERNMENT

Operating Statement

	2006-07				2005-06		
	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 ^(b) \$m
REVENUE							
Taxation	434	425	4,801	5,622	375	4,294	5,195
Current grants and subsidies	423	642	6,106	7,131	645	5,868	6,890
Capital grants	47	35	349	431	32	280	375
Sales of goods and services	116	80	993	1,141	79	894	1,115
Interest income	21	23	197	219	14	134	170
Revenue from public corporations							
Dividends	13	15	84	445	36	194	534
Tax equivalent payments	17	54	286	316	25	226	304
Royalty income	217	134	1,207	1,555	76	919	1,184
Other	65	37	391	418	24	300	440
<i>Total</i>	<i>1,351</i>	<i>1,445</i>	<i>14,416</i>	<i>17,278</i>	<i>1,306</i>	<i>13,104</i>	<i>16,207</i>
EXPENSES							
Gross operating expenses							
Salaries	531	503	5,036	6,098	445	4,589	5,694
Depreciation and amortisation	49	51	506	662	49	474	591
Superannuation	52	49	491	594	42	425	557
Services and contracts	148	134	1,288	1,842	110	1,068	1,367
Other	170	103	1,418	1,890	122	1,490	1,876
Nominal superannuation interest	20	20	234	275	25	253	242
Other interest	8	9	88	122	10	103	120
Current transfers	242	186	2,848	3,393	190	2,547	3,007
Capital transfers	120	25	413	548	34	368	487
<i>Total</i>	<i>1,338</i>	<i>1,080</i>	<i>12,322</i>	<i>15,425</i>	<i>1,026</i>	<i>11,316</i>	<i>13,942</i>
NET OPERATING BALANCE	13	365	2,093	1,853	280	1,788	2,265

(a) Estimated actual published in the 2007-08 Budget, released 10 May 2007.

(b) Consistent with the 2005-06 *Annual Report on State Finances*, released 27 September 2006. Columns may not add due to rounding.

GENERAL GOVERNMENT

Cash Flow Statement

	2006-07				2005-06		
	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 ^(b) \$m
RECEIPTS FROM OPERATING ACTIVITIES							
Taxes received	519	470	4,614	5,653	371	4,127	5,119
Receipts from sales of goods and services	138	77	1,090	1,116	87	958	1,194
Grants and subsidies received	456	666	6,413	7,528	680	6,142	7,583
Other receipts	430	243	2,608	3,428	207	2,280	3,094
<i>Total</i>	<i>1,543</i>	<i>1,456</i>	<i>14,725</i>	<i>17,774</i>	<i>1,345</i>	<i>13,507</i>	<i>16,990</i>
PAYMENTS FOR OPERATING ACTIVITIES							
Payments for goods and services	-824	-845	-8,557	-10,587	-767	-7,842	-9,538
Grants and subsidies paid	-242	-152	-2,842	-3,613	-183	-2,599	-3,207
Interest paid	-3	-11	-83	-119	-13	-91	-122
Other payments	-92	-44	-739	-966	-52	-663	-864
<i>Total</i>	<i>-1,162</i>	<i>-1,051</i>	<i>-12,220</i>	<i>-15,284</i>	<i>-1,015</i>	<i>-11,196</i>	<i>-13,730</i>
Net Cash Flow from Operating Activities	381	405	2,505	2,490	330	2,311	3,260
INVESTMENT IN NON-FINANCIAL ASSETS							
Purchase of non-financial assets	-136	-138	-1,216	-1,686	-111	-838	-1,161
Sales of non-financial assets	7	12	141	226	20	167	203
<i>Total</i>	<i>-129</i>	<i>-126</i>	<i>-1,076</i>	<i>-1,460</i>	<i>-92</i>	<i>-671</i>	<i>-958</i>
INVESTMENT IN FINANCIAL ASSETS							
Policy purposes	-17	-32	-1,340	-1,399	-39	-471	-488
Liquidity purposes	-	-	29	-	1	36	74
<i>Total</i>	<i>-17</i>	<i>-32</i>	<i>-1,311</i>	<i>-1,399</i>	<i>-38</i>	<i>-435</i>	<i>-415</i>
Net Cash Flow from Investing Activities	-146	-158	-2,386	-2,859	-130	-1,106	-1,373
FINANCING ACTIVITIES							
Advances received (net)	-	-	-4	-	-	-1	-1
Borrowings (net)	207	-58	-87	-86	-33	-248	-286
Deposits received (net)	-1	-	-	-	-	-	-
Other financing	6	-1	49	2	1	11	-12
<i>Total</i>	<i>212</i>	<i>-58</i>	<i>-42</i>	<i>-83</i>	<i>-31</i>	<i>-238</i>	<i>-300</i>
Opening cash balance	3,902	4,350	4,462	4,462	3,673	2,875	2,875
NET INCREASE IN CASH HELD	448	188	77	-452	168	967	1,587
Closing cash balance	4,350	4,538	4,538	4,009	3,842	3,842	4,462
<i>Net cash from operating activities and investments in non-financial assets</i>	<i>252</i>	<i>279</i>	<i>1,429</i>	<i>1,030</i>	<i>238</i>	<i>1,640</i>	<i>2,301</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	252	279	1,429	1,030	238	1,640	2,301

(a) Estimated actual published in the 2007-08 Budget, released 10 May 2007.

(b) Consistent with the 2005-06 *Annual Report on State Finances*, released 27 September 2006. Columns may not add due to rounding.

GENERAL GOVERNMENT

Taxation Revenue

	2006-07				2005-06		
	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 ^(b) \$m
TAXATION							
Taxes on employers' payroll and labour force							
<i>Payroll tax</i>	132	138	1,330	1,595	116	1,119	1,355
Property taxes							
<i>Land tax</i>	-2	-1	385	391	-	312	313
Conveyances and transfers	176	163	1,660	1,969	148	1,512	1,906
Mortgages	10	8	97	120	14	138	173
Other stamp duties	-	2	27	24	3	27	33
<i>Total stamp duties on financial and capital transactions</i>	186	173	1,785	2,113	165	1,677	2,113
Debits tax	-	-	-	-	-	8	8
<i>Total financial institutions taxes</i>	-	-	-	-	-	8	8
Metropolitan Region Improvement							
Tax	-1	-1	66	71	-	54	53
Emergency Services Levy	-	-	127	139	-	123	130
Loan guarantee fees	1	1	12	14	1	11	13
<i>Total other property taxes</i>	-	1	205	224	1	188	197
Taxes on provision of goods and services							
Lotteries Commission	9	9	88	106	8	84	102
Less rebates	-2	-	-18	-23	-2	-18	-22
Video lottery terminals	-	-	-	1	-	-	-
Casino tax	6	8	61	65	6	51	59
Less rebates	-4	-3	-31	-34	-2	-25	-30
TAB betting tax	7	5	59	64	5	53	64
Less rebates	-2	-1	-23	-30	-2	-23	-27
<i>Total taxes on gambling</i>	14	18	138	149	14	122	146
Stamp duty on insurance policies	27	30	267	312	25	252	296
Other	1	2	21	23	2	24	30
<i>Total taxes on insurance</i>	29	32	288	335	27	276	326
Taxes on use of goods and performance of activities							
Stamp duty on vehicle licences	36	30	320	385	24	274	342
Permits – oversize vehicles and loads	-	-	2	3	-	2	3
Motor vehicle recording fee	3	2	26	32	2	24	30
Motor vehicle registrations	35	31	323	396	26	292	361
<i>Total motor vehicle taxes</i>	74	64	672	816	53	592	736
Total taxation	434	425	4,801	5,622	375	4,294	5,195

(a) Estimated annual published in the 2007-08 Budget, released 10 May 2007.

(b) Consistent with the 2005-06 *Annual Report on State Finances*, released 27 September 2006.

Columns may not add due to rounding.

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

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