



DEPARTMENT OF
TREASURY AND FINANCE

MONTHLY
REPORT OF
GENERAL
GOVERNMENT
FINANCES

Statement for the Month Ended
30 April 2008

MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES

APRIL 2008

Introduction

This report provides a summary of the Western Australian general government sector's finances for the month of April 2008. 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 2008

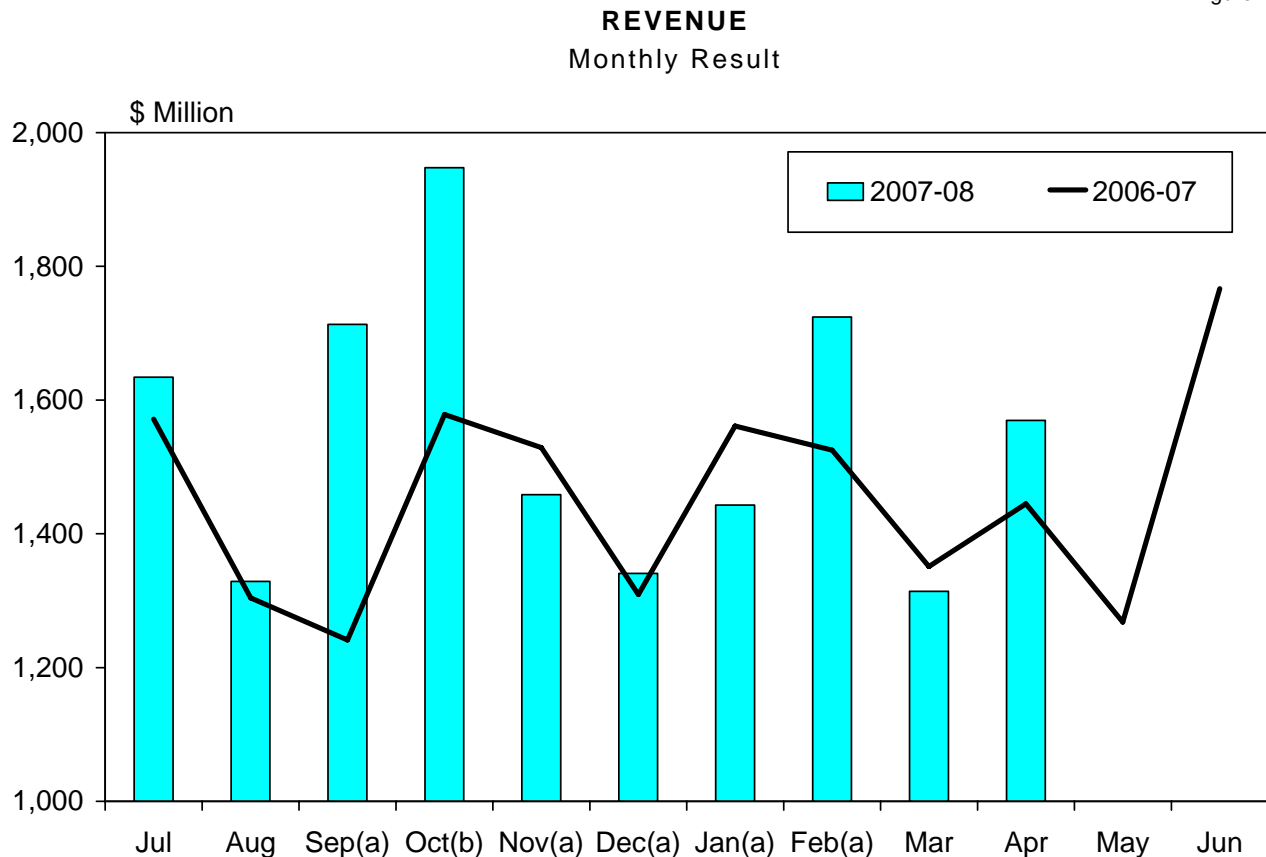
The general government sector recorded a \$169 million operating surplus for the month of April 2008, compared to the \$365 million surplus recorded in April 2007.

Revenue for the month of April 2008 totalled \$1,570 million, up \$125 million on April 2007. The increase in monthly revenue is primarily due to:

- higher Commonwealth grants (up \$194 million), mainly due to the receipt of the final instalment of grants for the New Perth-Bunbury Highway (up \$135 million), increased funding for public health, including the Commonwealth Vaccine program (up \$29 million), and higher North West Shelf petroleum royalties (up \$18 million, largely due to higher oil prices);
- lower revenue from public corporations (down \$38 million), reflecting the timing of tax instalment arrangements for the Water Corporation;
- lower royalty revenue (down \$33 million), due primarily to the timing of nickel royalties; and
- lower 'other' revenue (down \$12 million), due to the discontinuation of the Capital User Charge (CUC) from 1 July 2007.

The following chart shows monthly revenue collections for the first ten months of 2007-08 relative to those recorded through 2006-07, and demonstrates the volatility in revenue accrued through the year.

Figure 1



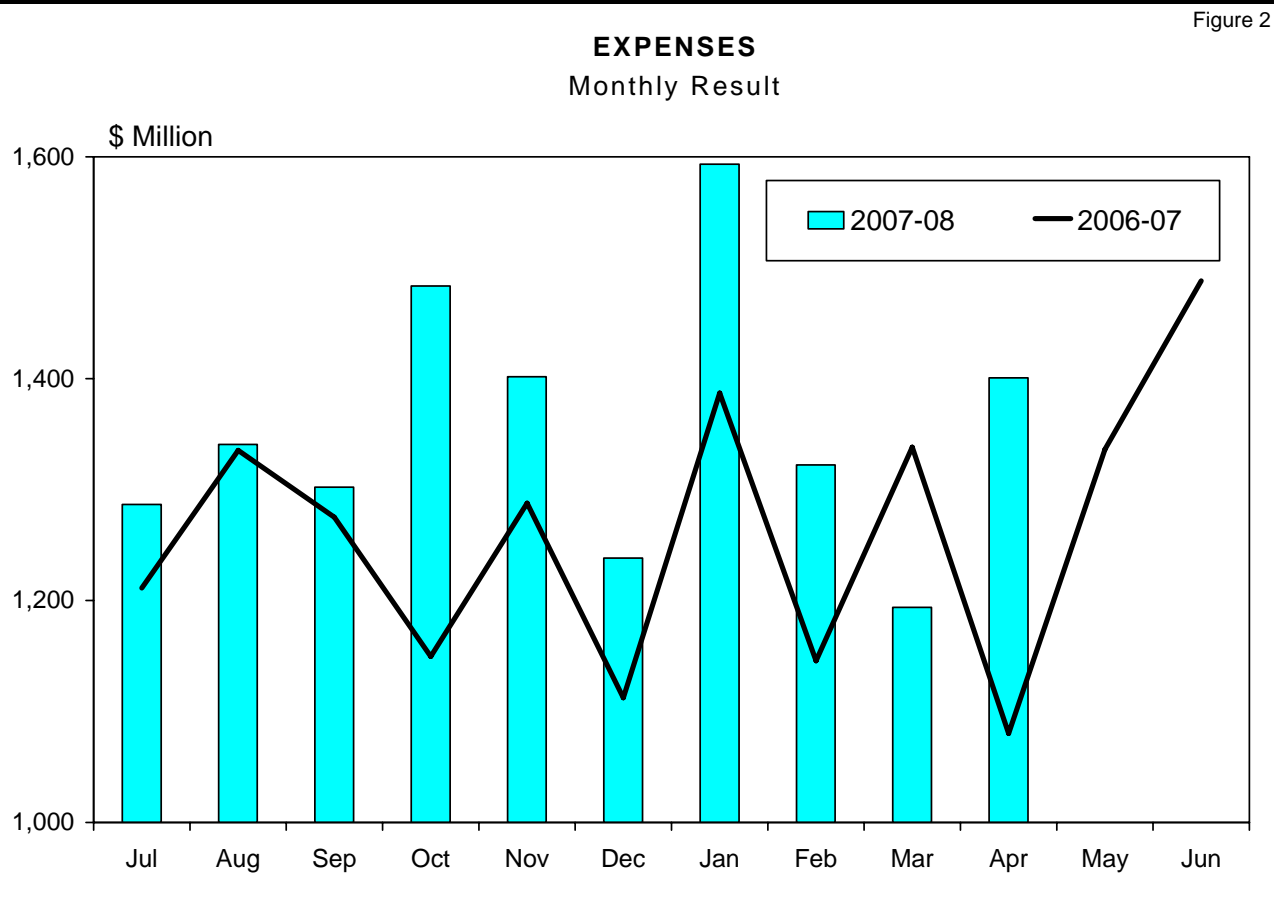
(a) Includes the impact of earlier land tax/MRIT collections in 2007-08, relative to 2006-07.

(b) Includes the impact of earlier land tax/MRIT collections in 2007-08, relative to 2006-07, and significant conveyance duty assessments.

Totalling \$1,401 million, expenses in April 2008 were \$321 million higher than in April 2007. The major contributing factors to this increase were:

- higher salaries expenses (up \$133 million), due mainly to higher wages and staff numbers in the education and health sectors, and an adjustment for an under-accrual by the Department of Education and Training in March 2008;
- higher 'other' gross operating expenses (up \$60 million), mainly reflecting increased patient support costs, schools expenses, repairs and maintenance, and other consumables;
- higher current and capital transfers (up \$59 million), due mainly to the timing of a range of grants across the sector (primarily relating to the Department of Health and the Disability Services Commission); and
- higher services and contract expenses (up \$40 million), primarily due to higher recurrent construction and maintenance expenditure in the education and health sectors.

Figure 2 shows monthly expenses relative to those recorded last year. Spending patterns typically fluctuate due to timing issues through the year.



A cash surplus of \$186 million was recorded in April 2008. This compares with a cash surplus of \$279 million in April 2007. The lower cash result includes an \$87 million decrease in net cash flows from operating activities, and a \$13 million increase in capital investment (i.e. purchases of non-financial assets).

Ten Months Ended 30 April 2008

An operating surplus of \$1,910 million was recorded for the ten months ended 30 April 2008, compared to the \$2,093 million surplus recorded for the same period in 2006-07.

Revenue in the first ten months of 2007-08 totalled \$15,474 million, \$1,058 million (or 7.3%) higher than the same period in 2006-07. On a simple pro-rata basis, year-to-date revenue collections are broadly on track with the estimates published in the 2008-09 Budget, representing 82.5% of the full-year projection for 2007-08.

The major contributors to the increase in revenue relative to the same period in 2006-07 were:

- higher taxation revenue (up \$551 million), primarily due to higher payroll tax collections (up \$276 million, due to the strength of wages and employment growth across the economy), higher conveyance duty (up \$193 million, mainly reflecting the impact of a very large one-off assessment in October 2007), higher motor vehicle taxes (up \$44 million), and higher land tax and Metropolitan Region Improvement Tax revenue (up \$43 million), partly offset by the abolition of hire of goods duty (down \$24 million);

- higher Commonwealth grants (up \$410 million), mainly reflecting higher road funding (up \$78 million), higher funding for health, Aboriginal housing and non-government schools (up \$184 million in total), and higher North West Shelf petroleum royalties (up \$54 million);
- higher sales of goods and services (up \$139 million), reflecting increased recoups in the health and education sectors, and higher collections of taxi licence fees;
- lower 'other' revenue (down \$124 million), due largely to the discontinuation of the CUC from 1 July 2007;
- higher interest income (up \$56 million), reflecting higher cash holdings and upward movements in interest rates over the past year; and
- higher dividend revenue (up \$31 million), due mainly to higher final divided declarations for 2006-07 by the Water Corporation and Synergy (which were declared and recognised as revenue in 2007-08).

Expenses totalled \$13,563 million for the ten months ended 30 April 2008, \$1,241 million (or 10.1%) higher than the same period in 2006-07. This is broadly consistent with the full-year estimates contained in the 2008-09 Budget, representing around 82% of the annual estimate.

The increase in expenses relative to the same period in 2006-07 is mainly due to:

- higher salaries and wages (up \$550 million), with increased pay rates and employee numbers in the health, education, and law and order sectors accounting for around 78% of this increase;
- higher services and contracts expenses (up \$243 million), primarily due to higher recurrent construction and maintenance expenditure in the education and health sectors;
- higher 'other' gross operating expenses (up \$173 million), reflecting increases in direct patient support costs, higher school maintenance costs, and timing differences associated with day-to-day purchases across the sector; and
- higher current and capital transfers (up \$127 million), due largely to the on-passing of grants to the Housing Authority and non-government schools, increased funding for public health and disability services, higher First Home Owner Grants, and increased Community Service Obligation payments (mainly to the Water Corporation), partially offset by lower appropriation funding to the Public Transport Authority due to the cessation of the CUC.

The cash surplus for the first ten months of 2007-08 was \$1,204 million, compared to a cash surplus of \$1,429 million for the same period in 2006-07. This included a net cash inflow from operating activities of \$2,535 million (very similar to the same period in 2006-07), partially offset by net capital investment of \$1,331 million. Capital expenditure was up a significant \$326 million (or 26.8%) on the first ten months of 2006-07, reflecting the State's record Capital Works Program for 2007-08, particularly in roads, health and education infrastructure.

GENERAL GOVERNMENT

Operating Statement

	2007-08				2006-07		
	Month of March \$m	Month of April \$m	Ten Months to 30 April \$m	Annual Estimate ^(a) \$m	Month of April \$m	Ten Months to 30 April \$m	Actual ^(b) \$m
REVENUE							
Taxation	400	432	5,352	6,399	425	4,801	5,718
Current grants and subsidies	421	707	6,405	7,480	642	6,106	7,155
Capital grants	26	164	460	455	35	349	448
Sales of goods and services	125	82	1,132	1,272	80	993	1,229
Interest income	30	29	253	256	23	197	246
Revenue from public corporations							
Dividends	6	8	115	491	15	84	421
Tax equivalent payments	47	23	283	328	54	286	311
Royalty income	235	101	1,207	1,731	134	1,207	1,468
Other	24	25	267	345	37	391	453
<i>Total</i>	<i>1,314</i>	<i>1,570</i>	<i>15,474</i>	<i>18,757</i>	<i>1,445</i>	<i>14,416</i>	<i>17,451</i>
EXPENSES							
Gross operating expenses							
Salaries	539	636	5,586	6,797	503	5,036	6,182
Depreciation and amortisation	60	59	577	740	51	506	672
Superannuation	52	62	542	666	49	491	602
Services and contracts	128	174	1,531	1,966	134	1,288	1,663
Other	175	163	1,591	1,953	103	1,418	1,822
Nominal superannuation interest	29	29	259	316	20	234	289
Other interest	9	9	90	109	9	88	112
Current transfers	173	238	3,016	3,556	186	2,848	3,392
Capital transfers	30	32	372	492	25	413	413
<i>Total</i>	<i>1,194</i>	<i>1,401</i>	<i>13,563</i>	<i>16,596</i>	<i>1,080</i>	<i>12,322</i>	<i>15,147</i>
Net Operating Balance	120	169	1,910	2,161	365	2,093	2,303

(a) The estimated actuals for 2007-08 published in the 2008-09 Budget, were presented on a basis consistent with accounting standard AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, released in October 2007. The new standard applies to all periods from 1 July 2008. The estimated outturn data for 2007-08 published in the 2008-09 Budget have been adjusted in this report to the presentation format consistent with the 2007-08 Budget for comparative purposes.

(b) Consistent with final audited data contained in the 2006-07 *Annual Report on State Finances*, released 26 September 2007.

Columns may not add due to rounding.

GENERAL GOVERNMENT

Cash Flow Statement

	2007-08				2006-07		
	Month of March	Month of April \$m	Ten Months to 30 April \$m	Annual Estimate ^(a) \$m	Month of April \$m	Ten Months to 30 April \$m	Actual ^(b) \$m
RECEIPTS FROM OPERATING ACTIVITIES							
Taxes received	506	424	5,244	6,440	470	4,614	5,675
Receipts from sales of goods and services	131				77	1,090	1,280
Grants and subsidies received	452	110	1,199	1,289	666	6,413	7,550
Other receipts	323	875	6,811	7,865	243	2,608	3,542
<i>Total</i>	<i>1,412</i>	<i>1,695</i>	<i>16,078</i>	<i>19,320</i>	<i>1,456</i>	<i>14,725</i>	<i>18,046</i>
PAYMENTS FOR OPERATING ACTIVITIES							
Payments for goods and services	-854	-1,034	-9,571	-11,712	-845	-8,557	-10,541
Grants and subsidies paid	-134	-238	-3,004	-3,728	-152	-2,842	-3,526
Interest paid	11	-17	-80	-113	-11	-83	-112
Other payments	-107	-88	-888	-1,082	-44	-739	-966
<i>Total</i>	<i>-1,085</i>	<i>-1,377</i>	<i>-13,543</i>	<i>-16,635</i>	<i>-1,051</i>	<i>-12,220</i>	<i>-15,145</i>
Net Cash Flow from Operating Activities	327	318	2,535	2,684	405	2,505	2,901
INVESTMENT IN NON-FINANCIAL ASSETS							
Purchase of non-financial assets	-159	-151	-1,542	-2,040	-138	-1,216	-1,610
Sales of non-financial assets	-	18	211	212	12	141	169
<i>Total</i>	<i>-159</i>	<i>-133</i>	<i>-1,331</i>	<i>-1,828</i>	<i>-126</i>	<i>-1,076</i>	<i>-1,441</i>
INVESTMENT IN FINANCIAL ASSETS							
Policy purposes	-10	-30	-283	-378	-32	-1,340	-1,405
Liquidity purposes	32	5	68	-8	-	29	31
<i>Total</i>	<i>22</i>	<i>-25</i>	<i>-215</i>	<i>-386</i>	<i>-32</i>	<i>-1,311</i>	<i>-1,374</i>
Net Cash Flow from Investing Activities	-137	-158	-1,546	-2,214	-158	-2,386	-2,815
FINANCING ACTIVITIES							
Advances received (net)	-	-	-3	-	-	-4	-4
Borrowings (net)	1	-4	-115	78	-58	-87	-24
Deposits received (net)	-	-	-	-	-	-	-
Other financing	1	4	34	-18	-1	49	16
<i>Total</i>	<i>2</i>	<i>-</i>	<i>-84</i>	<i>60</i>	<i>-58</i>	<i>-42</i>	<i>-12</i>
<i>Opening cash balance</i>	<i>5,087</i>	<i>5,279</i>	<i>4,535</i>	<i>3,346</i>	<i>4,350</i>	<i>4,462</i>	<i>4,462</i>
NET INCREASE IN CASH HELD	192	160	905	530	188	77	74
<i>Closing cash balance</i>	<i>5,279</i>	<i>5,440</i>	<i>5,440</i>	<i>3,876</i>	<i>4,538</i>	<i>4,538</i>	<i>4,535</i>
<i>Net cash from operating activities and investments in non-financial assets</i>	<i>168</i>	<i>186</i>	<i>1,204</i>	<i>857</i>	<i>279</i>	<i>1,429</i>	<i>1,460</i>
<i>Less finance leases and similar arrangements</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>198</i>	<i>-</i>	<i>-</i>	<i>-</i>
Cash surplus	168	186	1,204	659	279	1,429	1,460

(a) The estimated actuals for 2007-08 published in the 2008-09 Budget, were presented on a basis consistent with accounting standard AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, released in October 2007. The new standard applies to all periods from 1 July 2008. The estimated outturn data for 2007-08 published in the 2008-09 Budget have been adjusted in this report to the presentation format consistent with the 2007-08 Budget for comparative purposes.

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GENERAL GOVERNMENT

Taxation Revenue

	2007-08				2006-07		
	Month of March \$m	Month of April \$m	Ten Months to 30 April \$m	Annual Estimate ^(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>	150	166	1,606	1,958	138	1,330	1,607
Property taxes							
<i>Land tax</i>	-	-	418	415	-1	385	386
Conveyances and transfers	129	139	1,853	2,267	163	1,660	2,037
Mortgages	7	9	92	116	8	97	121
Other stamp duties	-5	-	-3	-2	2	27	26
<i>Total stamp duties on financial and capital transactions</i>	131	148	1,942	2,381	173	1,785	2,184
Metropolitan Region Improvement Tax	-	-	76	78	-1	66	65
Emergency Services Levy	1	-	137	150	-	127	137
Loan guarantee fees	1	1	12	16	1	12	14
<i>Total other property taxes</i>	2	1	225	244	1	205	217
Taxes on provision of goods and services							
Lotteries Commission	9	9	93	111	9	88	112
Less rebates	-2	-4	-21	-25	-	-18	-24
Video lottery terminals	-	-	-	1	-	-	-
Casino tax	7	10	70	78	8	61	77
Less rebates	-	-6	-34	-42	-3	-31	-40
TAB betting tax	2	2	29	32	5	59	69
Less rebates	-	-	-5	-6	-1	-23	-30
<i>Total taxes on gambling</i>	16	11	133	148	18	138	164
Stamp duty on insurance policies	28	29	285	353	30	267	308
Other	5	2	26	27	2	21	27
<i>Total taxes on insurance</i>	33	31	311	379	32	288	335
Taxes on use of goods and performance of activities							
Stamp duty on vehicle licences	31	33	325	396	30	320	393
Permits – oversize vehicles and loads	-	-	3	4	-	2	4
Motor vehicle recording fee	3	3	28	34	2	26	32
Motor vehicle registrations	35	38	360	439	31	323	396
<i>Total motor vehicle taxes</i>	68	74	716	873	64	672	825
Total taxation	400	432	5,352	6,399	425	4,801	5,718

(a) The estimated actuals for 2007-08 published in the 2008-09 Budget, were presented on a basis consistent with accounting standard AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, released in October 2007. The new standard applies to all periods from 1 July 2008. The estimated outturn data for 2007-08 published in the 2008-09 Budget have been adjusted in this report to the presentation format consistent with the 2007-08 Budget for comparative purposes.

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Further information or enquiries related to this report may be obtained from the Senior Communications Officer at patricia.dcruze@dtf.wa.gov.au.