



DEPARTMENT OF
TREASURY AND FINANCE

**MONTHLY
REPORT OF
GENERAL
GOVERNMENT
FINANCES**

Statement for the Month Ended
31 July 2005

MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES

JULY 2005

Introduction

This report provides a summary of the Western Australian general government sector's finances for the month of July 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 \$228 million operating surplus for the month of July 2005, up \$75 million from the \$153 million surplus recorded in July 2004.

Revenue in July 2005 was \$1,367 million, up \$155 million (or 12.8%) from July 2004. The increase in monthly revenue is primarily attributable to:

- taxation revenue (up \$80 million), reflecting the impact of increased vehicle sales and registrations, as well as delays in issuing assessments in early 2004-05, on motor vehicle taxes (up \$42 million), sustained property market activity resulting in higher stamp duty on conveyances (up \$21 million), and the impact of employment and wages growth on payroll tax revenue (up \$12 million);
- higher Commonwealth grants (up \$54 million), mainly due to the timing of funding in the health sector (up \$18 million), Western Australia's share of an increase in the national pool of GST revenue (up \$17 million), higher non-government school funding (up \$13 million), and higher North West Shelf petroleum royalties, mainly reflecting higher oil prices (up \$10 million); and
- higher mining royalties (up \$10 million), primarily due to increases in the price of iron ore.

Expenses for the month of July 2005 totalled \$1,139 million, up \$80 million (or 7.6%) from July 2004. This increase largely reflects:

- higher current and capital transfers (up \$79 million), mainly due to budgeted increases in grants to the agricultural sector (up \$30 million), the timing of community service obligation payments to the Western Australian Land Authority and the Water Corporation (\$21 million), and timing differences associated with the on-passing of higher housing and non-government school grants from the Commonwealth (up \$13 million); and
- higher salaries expenses (up \$21 million), mainly due to award increases in the education and health sectors.

Partially offsetting the above increases in expenses were lower 'other' gross operating expenses (down \$14 million), reflecting changes in the timing of agency purchases.

Cash Flow Statement

A cash surplus of \$126 million was recorded in July 2005 (compared with a \$70 million cash deficit in July 2004), consisting of a net cash inflow from operating activities of \$144 million and a net cash outflow from capital investment of \$17 million.

GENERAL GOVERNMENT Operating Statement

	2005-06		2004-05	
	Month of July \$m	Annual Estimate ^(a) \$m	Month of July \$m	Actual ^(b) \$m
REVENUE				
Taxation	362	3,995	282	4,314
Current grants and subsidies	719	6,659	665	6,468
Capital grants	15	347	15	347
Sales of goods and services	93	943	93	982
Interest income	12	146	11	142
Revenue from public corporations				
Dividends	34	463	35	468
Tax equivalent payments	21	245	20	292
Royalty income	80	1,140	70	841
Other	31	281	22	368
<i>Total</i>	<i>1,367</i>	<i>14,218</i>	<i>1,212</i>	<i>14,222</i>
EXPENSES				
Gross operating expenses				
Salaries	429	5,405	408	5,253
Depreciation and amortisation	49	585	44	558
Superannuation	41	524	40	519
Services and contracts	74	1,416	86	1,263
Other gross operating expenses	119	1,830	133	1,730
Nominal superannuation interest	25	296	24	294
Other interest	12	161	14	155
Current transfers	359	3,012	285	2,728
Capital transfers	30	467	25	482
<i>Total</i>	<i>1,139</i>	<i>13,697</i>	<i>1,059</i>	<i>12,982</i>
NET OPERATING BALANCE	228	521	153	1,240

(a) Annual estimate published in the 2005-06 Budget, released 26 May 2005.

(b) Consistent with the 2004-05 Government Financial Results Report, released 21 September 2005.

Columns may not add due to rounding.

GENERAL GOVERNMENT

Cash Flow Statement

	2005-06		2004-05	
	Month of July \$m	Annual Estimate ^(a) \$m	Month of July \$m	Actual ^(b) \$m
RECEIPTS FROM OPERATING ACTIVITIES				
Taxes received	330	4,002	275	4,328
Receipts from sales of goods and services	93	961	93	1,031
Grants and subsidies received	732	7,007	683	6,786
Other receipts	280	2,756	189	2,484
<i>Total</i>	<i>1,435</i>	<i>14,726</i>	<i>1,240</i>	<i>14,629</i>
PAYMENTS FOR OPERATING ACTIVITIES				
Payments for goods and services	-781	-9,390	-838	-8,981
Grants and subsidies paid	-367	-3,250	-312	-2,966
Interest paid	-16	-153	-26	-162
Other payments	-127	-770	-69	-798
<i>Total</i>	<i>-1,292</i>	<i>-13,563</i>	<i>-1,245</i>	<i>-12,907</i>
Net Cash Flow from Operating Activities	144	1,163	-5	1,722
INVESTMENT IN NON-FINANCIAL ASSETS				
Purchase of non-financial assets	-53	-1,285	-74	-1,113
Sales of non-financial assets	36	192	9	253
<i>Total</i>	<i>-17</i>	<i>-1,094</i>	<i>-65</i>	<i>-859</i>
INVESTMENT IN FINANCIAL ASSETS				
Policy purposes	-40	-471	-26	-122
Liquidity purposes	66	15	1	-62
<i>Total</i>	<i>27</i>	<i>-456</i>	<i>-25</i>	<i>-184</i>
Net Cash Flow from Investing Activities	9	-1,550	-90	-1,043
FINANCING ACTIVITIES				
Advances received (net)	-	-	-	-
Borrowings (net)	-10	418	149	-395
Deposits received (net)	-3	-	4	-1
Other financing	-1	-21	-3	-103
<i>Total</i>	<i>-13</i>	<i>398</i>	<i>150</i>	<i>-499</i>
<i>Opening cash balance</i>	<i>2,869</i>	<i>1,936</i>	<i>2,690</i>	<i>2,690</i>
NET INCREASE IN CASH HELD	140	10	55	180
<i>Closing cash balance</i>	<i>3,009</i>	<i>1,946</i>	<i>2,744</i>	<i>2,869</i>
<i>Net cash from operating activities and investments in non-financial assets less finance leases and similar arrangements</i>	<i>126</i>	<i>69</i>	<i>-70</i>	<i>862</i>
<i>Cash Surplus</i>	<i>126</i>	<i>69</i>	<i>-70</i>	<i>862</i>

(a) Annual estimate published in the 2005-06 Budget, released 26 May 2005.

(b) Consistent with the 2004-05 Government Financial Results Report, released 21 September 2005.

Columns may not add due to rounding.

GENERAL GOVERNMENT

Taxation Revenue

	2005-06		2004-05	
	Month of July \$m	Annual Estimate ^(a) \$m	Month of July \$m	Actual ^(b) \$m
TAXATION				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	113	1,242	101	1,211
Property taxes				
<i>Land tax</i>	-	320	-	315
Conveyances and transfers	115	1,002	94	1,218
Mortgages	12	109	10	140
Other stamp duties	3	31	3	36
<i>Total stamp duties on financial and capital transactions</i>	131	1,142	107	1,394
Debits Tax	8	8	8	100
<i>Total financial institutions taxes</i>	8	8	8	100
Metropolitan Region Improvement Tax	3	54	-	47
Emergency Services Levy	7	129	7	119
Loan guarantee fees	1	12	1	10
<i>Total other property taxes</i>	11	194	7	176
Taxes on provision of goods and services				
Lotteries Commission	8	98	8	98
less rebates	-2	-22	-2	-21
Video lottery terminals	-	1	-	-
Casino Tax	3	52	4	52
less rebates	-2	-28	-3	-28
TAB betting tax	5	56	-	59
less rebates	-2	-27	-	-25
<i>Total taxes on gambling</i>	10	129	7	134
Stamp duty on insurance policies	26	295	29	280
Other	2	22	2	19
<i>Total taxes on insurance</i>	28	317	31	299
Taxes on use of goods and performance of activities				
Stamp duty on vehicle licences	24	299	6	303
Permits - oversize vehicles and loads	-	2	-	3
Motor vehicle recording fee	3	30	2	37
Motor vehicle registrations	34	312	13	341
<i>Total motor vehicle taxes</i>	62	642	20	684
Total Taxation	362	3,995	282	4,314

(a) Annual estimate published in the 2005-06 Budget, released 26 May 2005.

(b) Consistent with the 2004-05 Government Financial Results Report, released 21 September 2005.
Columns may not add due to rounding.

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