



DEPARTMENT OF
TREASURY AND FINANCE

**MONTHLY
REPORT OF
GENERAL
GOVERNMENT
FINANCES**

Statement for the Month Ended
31 July 2006

MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES

JULY 2006

Introduction

This report provides a summary of the Western Australian general government sector's finances for the month of July 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 July 2006

The general government sector recorded a \$360 million operating surplus for the month of July 2006, up \$132 million from the \$228 million surplus recorded in July 2005.

Revenue in July 2006 was \$1,571 million, up \$204 million (or 14.9%) from July 2005. The increase in monthly revenue is primarily attributable to:

- higher taxation revenue (up \$106 million), largely due to sustained property market activity and wages and employment growth, reflected in increased conveyance duty and payroll tax (up \$82 million and \$22 million respectively);
- higher grants and subsidies from the Commonwealth (up \$51 million), due mainly to the timing of grants for salinity, road funding and non-government schools;
- higher sales of goods and services (up \$37 million), reflecting increases in the volume and demand for goods and services across the sector; and
- higher royalty income (up \$32 million), reflecting increased iron ore contract prices and production volumes for nickel, gold and copper.

These increases were partly offset by lower revenue from public corporations (down \$30 million), reflecting the impact of late final dividend declaration by the Land Authority in July 2005.

Expenses for the month of July 2006 were \$1,211 million, up \$72 million (or 6.3%) from July 2005. This increase largely reflects:

- higher salaries and wages (up \$37 million), due mainly to increased pay rates and employee numbers in the health and education sectors; and
- higher 'other' gross operating expenses (up \$22 million), due to timing differences associated with purchases by agencies across the sector.

A cash surplus of \$162 million was recorded in July 2006, compared with a surplus of \$126 million in July 2005. This reflects the impact of the higher operating surplus discussed above, partially offset by a \$56 million increase in net capital investment.

GENERAL GOVERNMENT

Operating Statement

	2006-07		2005-06	
	Month of July \$m	Annual Estimate ^(a) \$m	Month of July \$m	Actual ^(b) \$m
REVENUE				
Taxation	468	5,082	362	5,195
Current grants and subsidies	762	7,163	719	6,890
Capital grants	23	402	15	375
Sales of goods and services	130	1,046	93	1,115
Interest income	21	151	12	170
Revenue from public corporations				
Dividends	-	456	34	534
Tax equivalent payments	25	294	21	304
Royalty income	112	1,504	80	1,184
Other	31	410	31	440
<i>Total</i>	<i>1,571</i>	<i>16,510</i>	<i>1,367</i>	<i>16,207</i>
EXPENSES				
Gross operating expenses				
Salaries	466	5,904	429	5,694
Depreciation and amortisation	49	637	49	591
Superannuation	45	580	41	557
Services and contracts	77	1,753	74	1,367
Other gross operating expenses	141	1,873	119	1,876
Nominal superannuation interest	25	306	25	242
Other interest	11	132	12	120
Current transfers	366	3,466	359	3,007
Capital transfers	30	583	30	487
<i>Total</i>	<i>1,211</i>	<i>15,234</i>	<i>1,139</i>	<i>13,942</i>
NET OPERATING BALANCE	360	1,275	228	2,265

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

(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 July \$m	Annual Estimate ^(a) \$m	Month of July \$m	Actual ^(b) \$m
RECEIPTS FROM OPERATING ACTIVITIES				
Taxes received	434	5,097	330	5,119
Receipts from sales of goods and services	117	1,072	93	1,194
Grants and subsidies received	759	7,556	732	7,583
Other receipts	279	3,480	280	3,094
<i>Total</i>	1,588	17,206	1,435	16,990
PAYMENTS FOR OPERATING ACTIVITIES				
Payments for goods and services	-900	-10,313	-781	-9,538
Grants and subsidies paid	-349	-3,683	-367	-3,207
Interest paid	-19	-123	-16	-122
Other payments	-85	-832	-127	-864
<i>Total</i>	-1,352	-14,951	-1,292	-13,730
Net Cash Flow from Operating Activities	236	2,255	144	3,260
INVESTMENT IN NON-FINANCIAL ASSETS				
Purchase of non-financial assets	-91	-1,620	-53	-1,161
Sales of non-financial assets	18	227	36	203
<i>Total</i>	-73	-1,393	-17	-958
INVESTMENT IN FINANCIAL ASSETS				
Policy purposes	-109	-1,453	-40	-488
Liquidity purposes	-	-21	66	74
<i>Total</i>	-109	-1,474	27	-415
Net Cash Flow from Investing Activities	-182	-2,867	9	-1,373
FINANCING ACTIVITIES				
Advances received (net)	-	-	-	-1
Borrowings (net)	11	27	-10	-286
Deposits received (net)	-2	-	-3	-
Other financing	-2	-23	-1	-12
<i>Total</i>	7	4	-13	-300
<i>Opening cash balance</i>	4,462	3,468	2,869	2,875
NET INCREASE IN CASH HELD	61	-608	140	1,587
<i>Closing cash balance</i>	4,522	2,860	3,009	4,462
<i>Net cash from operating activities and investments in non-financial assets</i>	162	862	126	2,301
<i>less finance leases and similar arrangements</i>	-	-	-	-
Cash Surplus	162	862	126	2,301

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

(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 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>	135	1,428	113	1,355
Property taxes				
<i>Land tax</i>	-	342	-	313
Conveyances and transfers	197	1,741	115	1,906
Mortgages	11	101	12	173
Other stamp duties	4	24	3	33
<i>Total stamp duties on financial and capital transactions</i>	212	1,866	131	2,113
Debits Tax	-	-	8	8
<i>Total financial institutions taxes</i>	-	-	8	8
Metropolitan Region Improvement Tax	-	58	3	53
Emergency Services Levy	7	138	7	130
Loan guarantee fees	1	14	1	13
<i>Total other property taxes</i>	8	209	11	197
Taxes on provision of goods and services				
Lotteries Commission	9	103	8	102
less rebates	-2	-23	-2	-22
Video lottery terminals	-	1	-	-
Casino Tax	6	58	3	59
less rebates	-2	-33	-2	-30
TAB betting tax	5	64	5	64
less rebates	-2	-28	-2	-27
<i>Total taxes on gambling</i>	14	141	10	146
Stamp duty on insurance policies	28	315	26	296
Other	2	24	2	30
<i>Total taxes on insurance</i>	30	339	28	326
Taxes on use of goods and performance of activities				
Stamp duty on vehicle licences	29	369	24	342
Permits - oversize vehicles and loads	-	3	-	3
Motor vehicle recording fee	3	31	3	30
Motor vehicle registrations	37	354	34	361
<i>Total motor vehicle taxes</i>	69	757	62	736
Total Taxation	468	5,082	362	5,195

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

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

Columns may not add due to rounding.

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