



DEPARTMENT OF
TREASURY AND FINANCE

**MONTHLY
REPORT OF
GENERAL
GOVERNMENT
FINANCES**

Statement for the Month Ended
31 July 2007

MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES

JULY 2007

Introduction

This report provides a summary of the Western Australian general government sector's finances for the month of July 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, as illustrated in Figures 1 and 2 below.

Month of July 2007

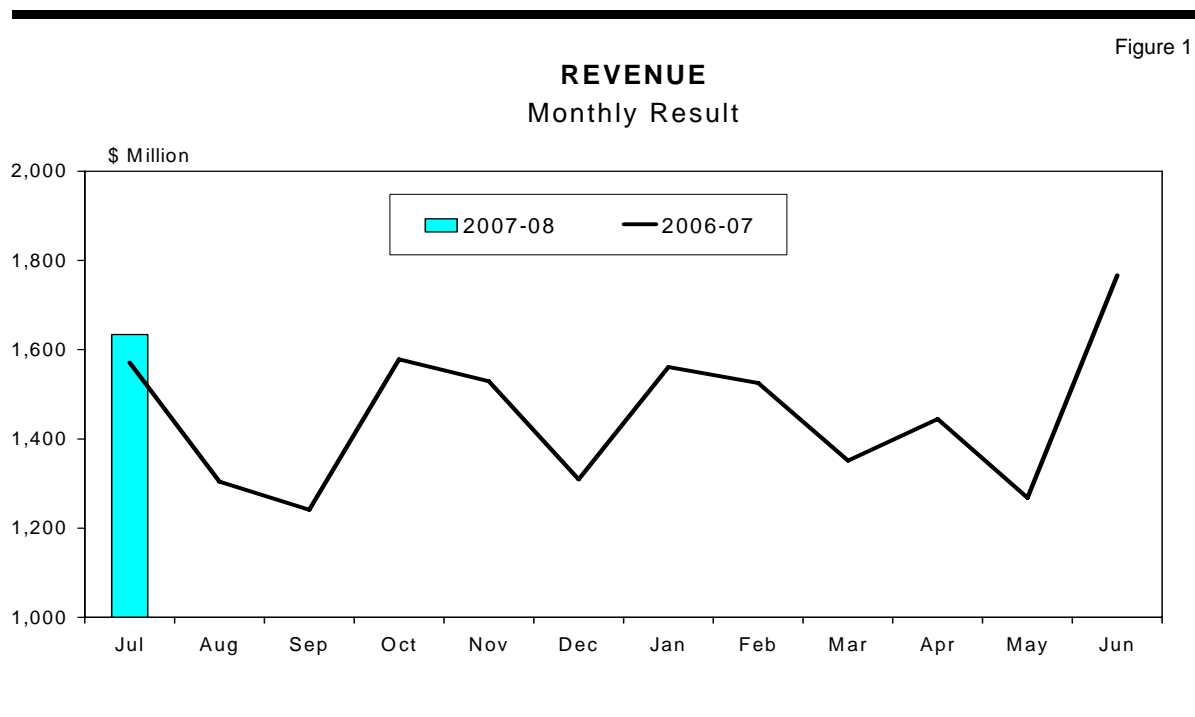
The general government sector recorded a \$348 million operating surplus for the month of July 2007, similar to the \$360 million surplus recorded in July 2006.

Revenue in July 2007 was \$1,634 million, up \$63 million from July 2006. The increase is primarily attributable to:

- higher Commonwealth grants (up \$31 million), due mainly to higher GST grants (up \$21 million) and non-government school funding (up \$9 million); and
- higher royalty income (up \$25 million), primarily due to increased nickel prices.

Higher payroll tax collections (up \$30 million, reflecting wages and employment growth, particularly in the mining and related sectors) were largely offset by lower conveyance duty (down \$24 million, due mainly to lower transaction volumes and the impact of the doubling of the exemption threshold for first home buyers announced in the 2007-08 Budget).

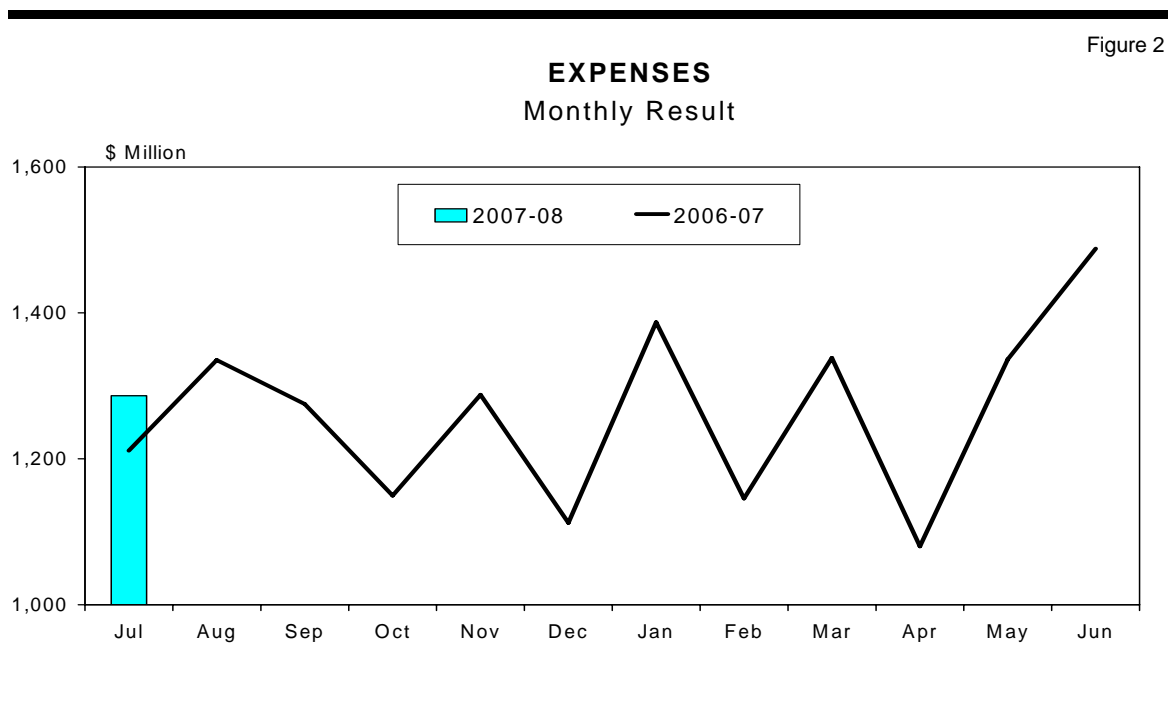
The following chart shows July 2007 revenue collections relative to monthly revenue recorded through 2006-07.



Expenses for the month of July 2007 totalled \$1,287 million, up \$76 million from July 2006. This increase largely reflects:

- higher salaries and wages (up \$39 million), mainly due to pay increases in the law and order and health sectors; and
- higher services and contracts (up \$23 million), due to increased expensed construction costs such as maintenance work in the education and health sectors.

Figure 2 shows monthly expenses relative to those recorded last year.



A cash surplus of \$96 million was recorded in July 2007, compared with a cash surplus of \$162 million in July 2006. This included a net cash inflow from operating activities of \$242 million (reflecting the cash impact of the items discussed above), partially offset by net capital investment of \$146 million during the month (up \$73 million on July 2006). The higher infrastructure spend is due largely to work on the Perth Arena (\$31 million) and a number of road projects including the New Perth - Bunbury Highway (\$26 million).

GENERAL GOVERNMENT

Operating Statement

	2007-08		2006-07	
	Month of July \$m	Annual Estimate ^(a) \$m	Month of July \$m	Actual ^(b) \$m
REVENUE				
Taxation	470	5,527	468	5,718
Current grants and subsidies	794	7,272	762	7,155
Capital grants	22	513	23	448
Sales of goods and services	137	1,181	130	1,229
Interest income	23	213	21	246
Revenue from public corporations				
Dividends	-	441	-	421
Tax equivalent payments	27	327	25	311
Royalty income	137	1,815	112	1,468
Other	23	304	31	453
<i>Total</i>	<i>1,634</i>	<i>17,593</i>	<i>1,571</i>	<i>17,451</i>
EXPENSES				
Gross operating expenses				
Salaries	505	6,436	466	6,182
Depreciation and amortisation	56	710	49	672
Superannuation	49	625	45	602
Services and contracts	100	2,018	77	1,663
Other	148	1,999	141	1,822
Nominal superannuation interest	23	279	25	289
Other interest	8	118	11	112
Current transfers	361	3,464	366	3,392
Capital transfers	36	492	30	413
<i>Total</i>	<i>1,287</i>	<i>16,141</i>	<i>1,211</i>	<i>15,147</i>
NET OPERATING BALANCE	348	1,453	360	2,303

(a) Annual estimate published in the 2007-08 Budget, released 10 May 2007.

(b) Consistent with 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 July \$m	Annual Estimate ^(a) \$m	Month of July \$m	Actual ^(b) \$m
RECEIPTS FROM OPERATING ACTIVITIES				
Taxes received	454	5,556	434	5,675
Receipts from sales of goods and services	141	1,215	117	1,280
Grants and subsidies received	809	7,721	759	7,550
Other receipts	332	3,821	279	3,542
<i>Total</i>	<i>1,736</i>	<i>18,313</i>	<i>1,588</i>	<i>18,046</i>
PAYMENTS FOR OPERATING ACTIVITIES				
Payments for goods and services	-982	-11,357	-900	-10,541
Grants and subsidies paid	-406	-3,690	-349	-3,526
Interest paid	-18	-115	-19	-112
Other payments	-88	-1,063	-85	-966
<i>Total</i>	<i>-1,494</i>	<i>-16,225</i>	<i>-1,352</i>	<i>-15,145</i>
Net Cash Flow from Operating Activities	242	2,088	236	2,901
INVESTMENT IN NON-FINANCIAL ASSETS				
Purchase of non-financial assets	-161	-2,070	-91	-1610
Sales of non-financial assets	15	202	18	169
<i>Total</i>	<i>-146</i>	<i>-1,868</i>	<i>-73</i>	<i>-1,441</i>
INVESTMENT IN FINANCIAL ASSETS				
Policy purposes	-43	-271	-109	-1,405
Liquidity purposes	-20	-5	-	31
<i>Total</i>	<i>-63</i>	<i>-276</i>	<i>-109</i>	<i>-1,374</i>
Net Cash Flow from Investing Activities	-209	-2,144	-182	-2,815
FINANCING ACTIVITIES				
Advances received (net)	-	-	-	-4
Borrowings (net)	28	31	11	-24
Deposits received (net)	-	-	-2	-
Other financing	5	-10	-2	16
<i>Total</i>	<i>32</i>	<i>21</i>	<i>7</i>	<i>-12</i>
Opening cash balance	4,535	4,009	4,462	4,462
NET INCREASE IN CASH HELD	66	-35	61	74
Closing cash balance	4,601	3,975	4,522	4,535
<i>Net cash from operating activities and investments in non-financial assets</i>	<i>96</i>	<i>220</i>	<i>162</i>	<i>1,460</i>
<i>Less finance leases and similar arrangements</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Cash surplus	96	220	162	1,460

(a) Annual estimate published in the 2007-08 Budget, released 10 May 2007.

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

Columns may not add due to rounding.

GENERAL GOVERNMENT

Taxation Revenue

	2007-08		2006-07	
	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>	165	1,722	135	1,607
Property taxes				
<i>Land tax</i>	-	430	-	386
Conveyances and transfers	173	1,697	197	2,037
Mortgages	10	108	11	121
Other stamp duties	-	1	4	26
<i>Total stamp duties on financial and capital transactions</i>	183	1,806	212	2,184
Metropolitan Region Improvement Tax	-	78	-	65
Emergency Services Levy	-	152	7	137
Loan guarantee fees	1	14	1	14
<i>Total other property taxes</i>	1	244	8	217
Taxes on provision of goods and services				
Lotteries Commission	7	111	9	112
Less rebates	-2	-24	-2	-24
Video lottery terminals	-	1	-	-
Casino tax	6	70	6	77
Less rebates	-3	-36	-2	-40
TAB betting tax	2	29	5	69
Less rebates	-2	-5	-2	-30
<i>Total taxes on gambling</i>	9	145	14	164
Stamp duty on insurance policies	32	324	28	308
Other	2	23	2	27
<i>Total taxes on insurance</i>	34	347	30	335
Taxes on use of goods and performance of activities				
Stamp duty on vehicle licences	33	367	29	393
Permits – oversize vehicles and loads	-	3	-	4
Motor vehicle recording fee	3	34	3	32
Motor vehicle registrations	40	430	37	396
<i>Total motor vehicle taxes</i>	77	834	69	825
Total taxation	470	5,527	468	5,718

(a) Annual estimate published in the 2007-08 Budget, released 10 May 2007.

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

Columns may not add due to rounding.

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