



DEPARTMENT OF
TREASURY AND FINANCE

**MONTHLY
REPORT OF
GENERAL
GOVERNMENT
FINANCES**

Statement for the Month Ended
31 July 2008

MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES¹

JULY 2008

Introduction

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

Month of July 2008

Reflecting higher monthly spending, the general government sector recorded a \$152 million operating surplus for the month of July 2008, a decrease of \$192 million from the \$344 million surplus recorded in July 2007.

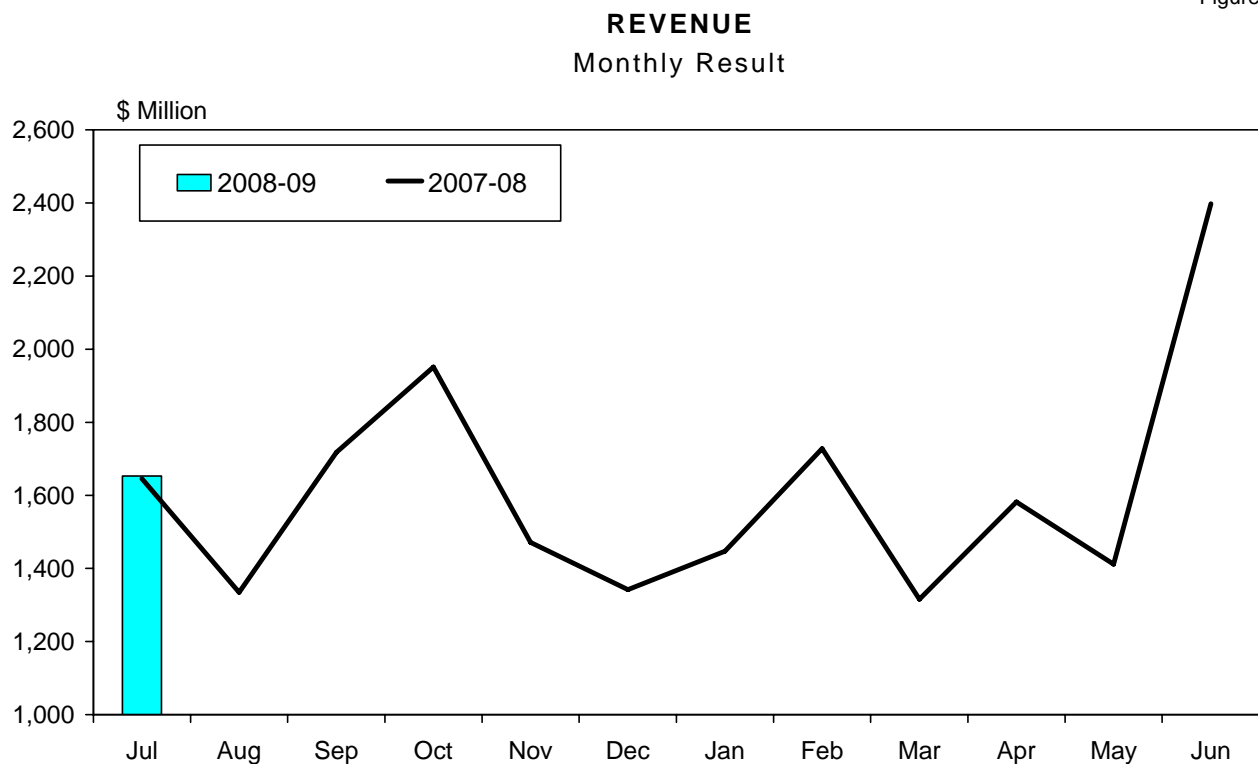
Revenue for the month of July 2008 totalled \$1,653 million, up \$7 million on July 2007. This outcome primarily reflects:

- lower taxation revenue (down \$16 million), due to lower property transfer duty as house prices and volumes were more subdued in July 2008 (down \$59 million), offset by higher payroll tax (up \$33 million), reflecting continued sound performance in the State's labour market, and higher motor vehicle registrations (up \$10 million);
- higher Commonwealth grants (up \$8 million), mainly due to higher North West Shelf petroleum royalties (up \$35 million) reflecting higher oil prices, and higher specific purpose grants, particularly those for non-government schools (up \$9 million), offset by the timing of GST grants (down \$43 million); and
- higher interest income (up \$6 million), due to higher cash holdings and higher interest rates.

¹ This monthly report is consistent with the presentation of general government estimates used in the 2008-09 Budget Papers and the 2008 *Pre-election Financial Projections Statement* (released on 16 August 2008 and which updated the budget estimates). Accounting changes applying from the 2008-09 year were reflected in the 2008-09 Budget. Details of AASB 1049: *Whole of Government and General Government Sector Financial Reporting* (issued in October 2007) and how it impacts the State's financial aggregates are available in Appendix 4 of the 2008-09 Budget Paper No. 3: *Economic and Fiscal Outlook*. Comparative data from monthly reports released for 2007-08 have been adjusted to be consistent with the new presentation applicable from this year.

The following chart shows July 2008 monthly revenue collections relative to monthly revenue recorded through 2007-08.

Figure 1

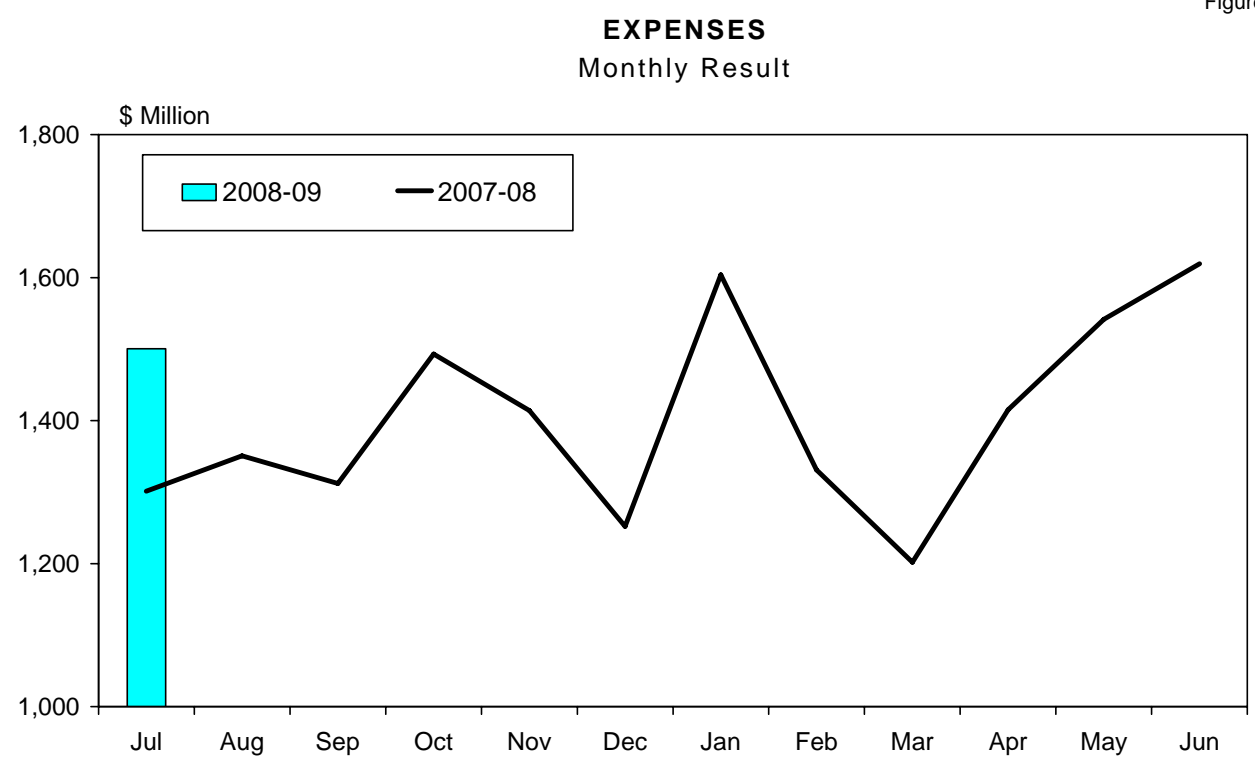


Totalling \$1,501 million, expenses in July 2008 were \$200 million (or a substantial 15%) higher than in July 2007. The major contributing factors to this increase were:

- higher salaries and wages (up \$87 million), due mainly to higher wage rates and staff numbers in the education and health sectors, and includes the impact of an understatement of accrued costs by the Department of Education and Training in July 2007;
- higher current transfers (up \$66 million), due to payments to the Housing Authority for maintenance in remote indigenous communities and for expensed construction of community housing, higher grants in the health sector and higher non-government schools grants; and
- higher services and contract expenses (up \$40 million), primarily due to higher expensed construction and maintenance activity in the education and health sectors, and an increase in costs associated with the placement of public patients in private hospitals.

Figure 2 shows monthly expenses for July 2008 relative to monthly expenses recorded last year. Significant fluctuation due to timing issues occurs through the year and readers should use caution in projecting full-year results on the basis of individual monthly spending.

Figure 2



A cash surplus of \$80 million was recorded in July 2008, compared with a cash surplus of \$96 million in July 2007. This included a net cash inflow from operating activities of \$233 million, partially offset by net capital investment of \$168 million during the month, outcomes that were broadly similar to the same period in 2007.

GENERAL GOVERNMENT
Operating Statement

	2008-09		2007-08	
	Month of	Estimated	Month of	
	July \$m	Outturn ^(a) \$m	July ^(b) \$m	Actual ^(b) \$m
<i>Revenue</i>				
Taxation	467	6,287	483	6,447
Current grants and subsidies	802	7,751	794	7,800
Capital grants	18	446	19	436
Sales of goods and services	141	1,330	137	1,407
Interest Income	29	241	23	332
Revenue from public corporations				
Dividends	-	476	-	512
Tax equivalent payments	28	355	27	368
Royalty income	137	2,715	139	1,680
Other	29	302	23	364
<i>Total revenue</i>	<i>1,653</i>	<i>19,903</i>	<i>1,646</i>	<i>19,345</i>
<i>Expenses</i>				
Salaries	592	7,224	505	6,906
Superannuation				
Concurrent costs	59	697	49	666
Superannuation interest cost	26	312	23	359
Other employee costs	21	280	18	276
Depreciation and amortisation	61	776	56	709
Services and contracts	140	2,195	100	1,981
Other gross operating expenses	126	1,819	131	1,560
Other interest	6	121	8	120
Current transfers	442	4,066	376	3,769
Capital transfers	27	482	36	491
<i>Total expenses</i>	<i>1,501</i>	<i>17,972</i>	<i>1,301</i>	<i>16,837</i>
NET OPERATING BALANCE	152	1,930	344	2,507

(a) Consistent with revised outturn published in the *Pre-election Financial Projections Statement*, released 16 August 2008.

(b) For comparative purposes, data for 2007-08 (contained in the 2007-08 *Annual Report on State Finances*) and for July 2007 has been adjusted in this report to the presentation format consistent with AASB 1049.

Columns may not add due to rounding.

GENERAL GOVERNMENT

Cash Flow Statement

	2008-09		2007-08	
	Month of July \$m	Estimated Outturn ^(a) \$m	Month of July ^(b) \$m	Actual ^(b) \$m
<i>OPERATING ACTIVITIES</i>				
<i>Receipts from operating activities</i>				
Taxes received	614	6,305	462	6,294
Grants and subsidies received	818	8,179	809	8,192
Receipts from sales of goods and services	164	1,471	141	1,505
Interest receipts	28	248	18	314
Dividends and tax equivalents	67	851	57	827
Other receipts	286	3,887	259	2,751
<i>Total receipts from operating activities</i>	<i>1,976</i>	<i>20,942</i>	<i>1,746</i>	<i>19,882</i>
<i>Payments for operating activities</i>				
Wages, salaries and supplements, and superannuation	-672	-8,292	-619	-7,684
Payments for goods and services	-510	-4,307	-363	-4,068
Interest paid	-21	-120	-18	-112
Grants and subsidies paid	-438	-4,123	-413	-3,844
Dividends and tax equivalents	-	-	-	-
Other payments	-101	-1,208	-91	-1,114
<i>Total payments for operating activities</i>	<i>-1,743</i>	<i>-18,049</i>	<i>-1,504</i>	<i>-16,823</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES	233	2,892	242	3,060
<i>INVESTING ACTIVITIES</i>				
<i>Cash flows from investments in non-financial assets</i>				
Purchase of non-financial assets	-168	-2,721	-161	-2,022
Sales of non-financial assets	15	165	15	244
<i>Total cash flows from investments in non-financial assets</i>	<i>-153</i>	<i>-2,555</i>	<i>-146</i>	<i>-1,778</i>
<i>Cash flows from investments in financial assets</i>				
<i>Receipts from investing activities:</i>				
For policy purposes	-	-	-	1
For liquidity purposes	-	-	-	83
<i>Payments for investing activities:</i>				
For policy purposes	-36	-283	-43	-349
For liquidity purposes	-1	-10	-20	-1
<i>Total cash flows from investments in financial assets</i>	<i>-37</i>	<i>-293</i>	<i>-63</i>	<i>-267</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES	-190	-2,849	-209	-2,045
<i>FINANCING ACTIVITIES</i>				
<i>Receipts from financing activities</i>				
Advances received	1	1	1	13
Borrowings	-10	58	79	45
Deposits received	-	-	-	-
Other financing receipts	-	27	5	54
<i>Total receipts from financing activities</i>	<i>-9</i>	<i>85</i>	<i>86</i>	<i>111</i>
<i>Payments for financing activities</i>				
Advances paid	-1	-	-1	-16
Borrowings repaid	-46	-177	-52	-189
Deposits paid	-	-	-	-
Other financing payments	-47	-107	-1	-31
<i>Total payments for financing activities</i>	<i>-95</i>	<i>-284</i>	<i>-53</i>	<i>-236</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES	-103	-199	32	-125
Net increase in cash and cash equivalents	-60	-155	66	890
Opening balance	4,236	3,923	3,346	3,346
Closing balance	4,176	3,768	3,412	4,236
KEY FISCAL AGGREGATES				
Net cash flows from operating activities	233	2,892	242	3,060
Net cash flows from investing in non-financial assets	-153	-2,555	-146	-1,778
Cash surplus/-deficit	80	337	96	1,281

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GENERAL GOVERNMENT

Operating Revenue

	2008-09		2007-08	
	Month of July \$m	Estimated Outturn ^(a) \$m	Month of July ^(b) \$m	Actual ^(b) \$m
TAXATION				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	198	2,112	165	1,940
Property taxes				
<i>Land tax</i>	1	563	-	421
Transfer Duty	118	1,669	177	2,265
Landholder Duty	-	138	-	-
<i>Total duty on transfers</i>	118	1,807	177	2,265
Mortgages	3	10	10	108
Other stamp duties	1	1	-	-
Metropolitan Region Improvement Tax	-	86	-	76
Emergency Services Levy	9	154	-	150
Loan guarantee fees	1	22	1	14
<i>Total other property taxes</i>	14	273	12	348
Taxes on provision of goods and services				
Lotteries Commission	10	114	7	121
Video lottery terminals	-	1	-	-
Casino Tax	6	81	6	84
TAB betting tax	3	35	2	30
<i>Total taxes on gambling</i>	19	230	16	235
Insurance Duty	32	368	32	342
Other	1	18	2	30
<i>Total taxes on insurance</i>	33	386	34	372
Taxes on use of goods and performance of activities				
Vehicle Licence Duty	30	406	33	393
Permits - Oversize Vehicles and Loads	-	4	-	5
Motor Vehicle recording fee	4	40	3	34
Motor Vehicle registrations	50	465	40	434
<i>Total motor vehicle taxes</i>	85	916	77	866
Total Taxation	467	6,287	483	6,447
CURRENT GRANTS AND SUBSIDIES				
General Purpose Grants				
GST Grants	403	3,918	446	3,984
Competition Reform	-	-	-	4
Compensation for Condensate Excise	-	9	-	71
Specific Purpose Grants to the State				
Australian Health Care Agreement	94	972	88	971
Other health	25	322	20	349
Schools assistance – government schools	11	274	21	312
Vocational training	-	103	-	102
Roads	4	27	6	36
Other	31	312	22	364
Specific Purpose Grants through the State				
Schools assistance – non-government schools	145	588	136	603
Local government financial assistance grants	-	130	-	122
Local government roads	-	87	-	83
Other	-	31	-	-
Other Grants				
North west shelf royalties	89	979	54	798
Total Current Grants and Subsidies	802	7,751	794	7,800

GENERAL GOVERNMENT
Operating Revenue - Continued

	2008-09		2007-08	
	Month	Estimated	Month	Actual ^(b)
	of July \$m	Outturn ^(a) \$m	July ^(b) \$m	\$m
CAPITAL GRANTS				
Specific Purpose Grants to the State				
Roads	1	152	-	174
Schools assistance – government schools	3	33	3	32
Vocational training	-	17	-	26
Other	12	227	14	173
Specific Purpose Grants through the State				
Schools assistance – non-government schools	2	18	3	31
Total Capital Grants	18	446	19	436
SALES OF GOODS AND SERVICES	141	1,330	137	1,407
INTEREST INCOME	29	241	23	332
REVENUE FROM PUBLIC CORPORATIONS				
Dividends	-	476	-	512
Tax Equivalent Regime	28	355	27	368
Total Revenue from Public Corporations	28	831	27	880
ROYALTY INCOME	137	2,715	139	1,680
OTHER				
Lease Rentals	7	58	5	65
Fines	12	125	11	125
Revenue not elsewhere counted	11	119	8	174
Total Other	29	302	23	364
TOTAL REVENUE	1,653	19,903	1,646	19,345

(a) Consistent with revised outturn published in the *Pre-election Financial Projections Statement*, released 16 August 2008.

(b) For comparative purposes, data for 2007-08 (contained in the *2007-08 Annual Report on State Finances*) and for July 2007 has been adjusted in this report to the presentation format consistent with AASB 1049.

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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.

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