



DEPARTMENT OF
TREASURY AND FINANCE

**MONTHLY
REPORT OF
GENERAL
GOVERNMENT
FINANCES**

Statement for the Month Ended
30 November 2008

MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES¹

NOVEMBER 2008

Introduction

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

The general government sector recorded a \$396 million operating surplus for the month of November 2008, compared with a \$57 million surplus recorded in November 2007.

Revenue for the month of November 2008 totalled \$1,917 million, up \$446 million on November 2007. The increase in monthly revenue is primarily due to higher taxation revenue (up \$503 million), reflecting:

- higher land tax and Metropolitan Region Improvement Tax (MRIT) revenue (up \$529 million and \$58 million respectively), due to the delayed issue of annual assessments for 2008-09 (which were released in September last financial year);
- lower transfer duty collections (down \$107 million), reflecting continuing weakness in the property market;
- higher payroll tax (up \$28 million) due to wages and employment growth;
- higher revenue from the emergency services levy (up \$15 million), primarily reflecting the timing of collections from local government authorities this year;
- lower vehicle license duty (down \$13 million), reflecting lower sales of new and used vehicles; and
- lower collections of other duties (down \$11 million), reflecting the full abolition of mortgage duty from 1 July 2008.

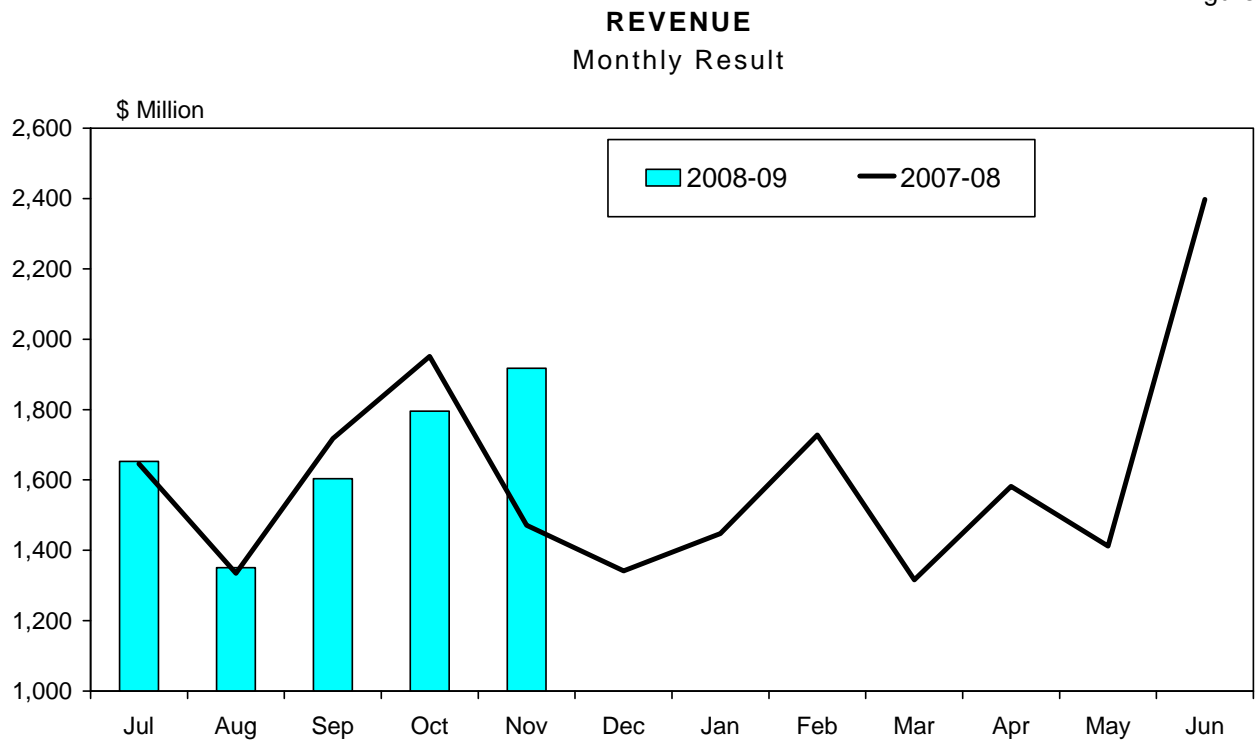
Partially offsetting higher taxation revenue were lower results for:

- dividend revenue (down \$22 million), primarily due to timing differences in regards to receipt of dividends from the energy utilities;
- sales of goods and services (down \$14 million), due mainly to lower schools revenue reflecting lower overseas student enrolment; and
- royalty income (down \$11 million), mainly due to lower diamond royalties.

¹ This monthly report is consistent with the presentation of general government estimates used in the 2008-09 Budget Papers and the 2008-09 mid-year review (released on 18 December 2008). 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 November 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 monthly revenue collections for the first five months of 2008-09 relative to monthly outcomes for 2007-08.

Figure 1

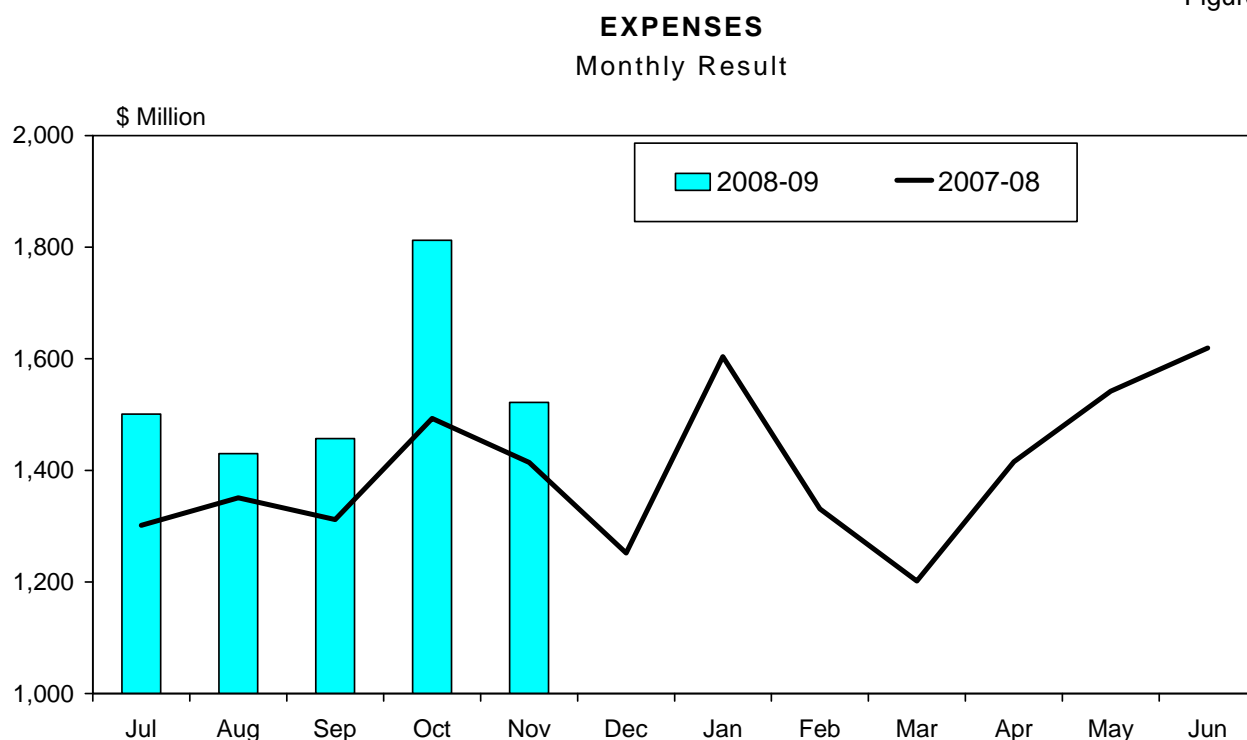


Totalling \$1,522 million, expenses in November 2008 were \$108 million higher than in November 2007.

Salaries costs accounted for \$62 million of this increase. At \$635 million for November 2008, this represents growth of 10.8% relative to November 2007. The other major contributing factor to higher expenses in November 2008 was higher services and contract expenses (up \$17 million), mainly due to higher expensed construction and maintenance expenditure on roads, schools and hospitals.

Figure 2 shows monthly expenses relative to those recorded last year. Monthly expenses can vary significantly from month to month, mainly due to timing issues.

Figure 2



A cash deficit of \$174 million was recorded in November 2008. This compares with a cash surplus of \$288 million in November 2007. The lower cash result mainly reflects a \$452 million decrease in net cash flows from operating activities, reflecting similar factors to those outlined above.

Five Months Ended 30 November 2008

A general government operating surplus of \$599 million was recorded for the five month period to 30 November 2008, \$650 million lower than the \$1,249 million surplus recorded for the same period in 2007-08.

Revenue in the period totalled \$8,320 million, \$200 million (or 2.5%) higher than the same period in 2007-08. The increase largely reflects:

- lower taxation revenue (down \$258 million), due to continuing weakness in the property market, the abolition of mortgage duty, and the timing of emergency services levy collections, partially offset by increased land tax and MRIT revenue;

- higher Commonwealth recurrent grants (up \$174 million), mainly due to higher North West Shelf petroleum royalties (up \$176 million), increased funding on-passed to non-government schools (up \$28 million) and increased funding for indigenous housing (up \$20 million), partially offset by the timing of GST grants (down \$86 million);
- higher royalty income (up \$171 million), mainly due to higher prices and volumes for iron ore, partially offset by the impact of a higher exchange rate; and
- higher capital grants (up \$65 million), due to accelerated Commonwealth funding for the New Perth-Bunbury Highway.

Expenses totalled \$7,721 million for the five months ended 30 November 2008, \$849 million (or 12.4%) higher than the same period in 2007-08. The increase is mainly due to similar factors noted in the monthly discussion, namely:

- higher salaries costs (up \$379 million or 13.9%), particularly in the key service sectors of health, education and law and order (which account for 79% of the total increase);
- higher current and capital transfers (up \$224 million), largely reflecting payments to the Housing Authority for maintenance in remote indigenous communities and for expensed construction of community housing, health sector grants, on-passing of higher Commonwealth non-government school grants, the timing of Community Service Obligation payments to the Water Corporation, and higher appropriation funding to the Public Transport Authority for increases in rail and bus service costs; and
- higher services and contracts expenses (up \$115 million), due mainly to higher recurrent construction and maintenance expenditure in the education and health sectors.

The cash deficit for the first five months of 2008-09 was \$218 million. This included a net cash inflow from operating activities of \$542 million (the cash equivalent of the operating surplus discussed above) which was more than offset by net capital investment of \$760 million. Spending on infrastructure was up \$92 million (or 12.3%) on the first five months of 2007-08, reflecting continued growth in the State's Capital Works Program for 2008-09, particularly for health projects and the New Perth-Bunbury Highway project.

GENERAL GOVERNMENT

Operating Statement

	2008-09				2007-08		
	Month of Oct \$m	Month of Nov \$m	Five Months to 30 Nov \$m	Annual Estimate ^(a) \$m	Month of Nov ^(b) \$m	Five Months to 30 Nov ^(b) \$m	Actual ^(b) \$m
<i>Revenue</i>							
Taxation	453	1,038	2,876	5,896	535	3,134	6,447
Current grants and subsidies	894	648	3,455	7,817	653	3,281	7,800
Capital grants	64	40	212	440	42	147	436
Sales of goods and services	133	92	597	1,484	106	569	1,407
Interest Income	32	24	150	208	23	112	332
Revenue from public corporations							
Dividends	-	-	37	495	22	71	512
Tax equivalent payments	30	26	135	332	32	129	368
Royalty income	157	23	708	3,037	34	537	1,680
Other	34	26	151	331	25	139	364
<i>Total revenue</i>	<i>1,796</i>	<i>1,917</i>	<i>8,320</i>	<i>20,039</i>	<i>1,471</i>	<i>8,120</i>	<i>19,345</i>
<i>Expenses</i>							
Salaries	673	635	3,106	7,383	573	2,727	6,906
Superannuation							
Concurrent costs	66	62	303	709	56	265	666
Superannuation interest cost	26	26	129	341	23	116	359
Other employee costs	25	24	118	282	24	101	276
Depreciation and amortisation	66	56	309	787	59	286	709
Services and contracts	208	181	860	2,334	164	745	1,981
Other gross operating expenses	194	182	793	1,770	179	769	1,560
Other interest	24	9	59	128	7	42	120
Current transfers	499	291	1,864	4,482	283	1,626	3,769
Capital transfers	31	56	181	638	47	195	491
<i>Total expenses</i>	<i>1,812</i>	<i>1,522</i>	<i>7,721</i>	<i>18,853</i>	<i>1,414</i>	<i>6,872</i>	<i>16,837</i>
NET OPERATING BALANCE	-17	396	599	1,186	57	1,249	2,507

(a) Consistent with the revised outturn published in the 2008-09 mid-year review, released 18 December 2008.

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

Columns may not add due to rounding.

GENERAL GOVERNMENT

Cash Flow Statement

	2008-09				2007-08		
	Month of Oct	Month of Nov	Five Months to 30 Nov	Annual Estimate ^(a)	Month of Nov ^(b)	Five Months to 30 Nov ^(b)	Actual ^(b)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
OPERATING ACTIVITIES							
<i>Receipts from operating activities</i>							
Taxes received	449	402	2,334	6,014	853	2,802	6,294
Grants and subsidies received	966	686	3,669	8,227	718	3,430	8,192
Receipts from sales of goods and services	147	106	689	1,533	123	604	1,505
Interest receipts	33	25	145	216	27	108	314
Dividends and tax equivalents	139	8	226	850	20	210	827
Other receipts	245	123	1,256	4,140	83	1,014	2,751
<i>Total receipts from operating activities</i>	<i>1,980</i>	<i>1,350</i>	<i>8,317</i>	<i>20,980</i>	<i>1,823</i>	<i>8,169</i>	<i>19,882</i>
<i>Payments for operating activities</i>							
Wages, salaries and supplements, and superannuation	-906	-648	-3,527	-8,376	-756	-3,145	-7,684
Payments for goods and services	-412	-355	-2,011	-4,376	-310	-1,740	-4,068
Interest paid	-30	-2	-57	-149	-5	-49	-112
Grants and subsidies paid	-477	-239	-1,671	-4,444	-237	-1,497	-3,844
Dividends and tax equivalents	-	-	-	-	-	-	-
Other payments	-80	-111	-510	-1,453	-67	-438	-1,114
<i>Total payments for operating activities</i>	<i>-1,906</i>	<i>-1,354</i>	<i>-7,775</i>	<i>-18,799</i>	<i>-1,376</i>	<i>-6,870</i>	<i>-16,823</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES	74	-4	542	2,181	448	1,299	3,060
INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets	-198	-174	-838	-2,743	-180	-746	-2,022
Sales of non-financial assets	13	3	78	161	19	77	244
<i>Total cash flows from investments in non-financial assets</i>	<i>-186</i>	<i>-170</i>	<i>-760</i>	<i>-2,583</i>	<i>-160</i>	<i>-669</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	8	-	24	-	-	51	83
<i>Payments for investing activities:</i>							
For policy purposes	-75	-10	-138	-358	-34	-173	-349
For liquidity purposes	-1	-	-5	-8	-	-23	-1
<i>Total cash flows from investments in financial assets</i>	<i>-68</i>	<i>-11</i>	<i>-118</i>	<i>-366</i>	<i>-34</i>	<i>-144</i>	<i>-267</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES	-254	-181	-879	-2,948	-194	-814	-2,045
FINANCING ACTIVITIES							
<i>Receipts from financing activities</i>							
Advances received	1	1	2	14	1	2	13
Borrowings	-133	153	153	338	85	89	45
Deposits received	-	-	-	-	-	-	-
Other financing receipts	1	-	6	27	21	27	54
<i>Total receipts from financing activities</i>	<i>-131</i>	<i>154</i>	<i>162</i>	<i>379</i>	<i>107</i>	<i>119</i>	<i>111</i>
<i>Payments for financing activities</i>							
Advances paid	-5	-1	-6	-17	-1	-5	-16
Borrowings repaid	12	-	-140	-201	9	-71	-189
Deposits paid	-	-	-	-	-	-	-
Other financing payments	-5	-1	-17	-49	-1	-5	-31
<i>Total payments for financing activities</i>	<i>2</i>	<i>-3</i>	<i>-164</i>	<i>-267</i>	<i>7</i>	<i>-81</i>	<i>-236</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES	-129	151	-2	112	114	38	-125
Net increase in cash and cash equivalents	-309	-34	-339	-655	367	523	890
Opening balance	4,240	3,931	4,236	4,236	3,501	3,346	3,346
Closing balance	3,931	3,897	3,897	3,581	3,869	3,869	4,236
KEY FISCAL AGGREGATES							
Net cash flows from operating activities	74	-4	542	2,181	448	1,299	3,060
Net cash flows from investing in non-financial assets	-186	-170	-760	-2,583	-160	-669	-1,778
Cash surplus/-deficit	-112	-174	-218	-401	288	630	1,281

(a) Consistent with the revised outturn published in the 2008-09 mid-year review, released 18 December 2008.

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

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GENERAL GOVERNMENT

Operating Revenue

	2008-09				2007-08		
	Month of	Month of	Five Months to	Annual	Month of	Five Months to	Actual ^(b)
	Oct	Nov	30 Nov	Estimate ^(a)	Nov ^(b)	30 Nov ^(b)	
\$m	\$m	\$m	\$m	\$m	\$m	\$m	
TAXATION							
<i>Payroll tax</i>	201	185	970	2,281	157	812	1,940
Property taxes							
<i>Land tax</i>	1	540	541	562	11	414	421
Transfer Duty	105	97	559	1,278	204	1,052	2,265
Landholder Duty	-	-	-	40	-	-	-
<i>Total duty on transfers</i>	105	97	559	1,318	204	1,052	2,265
Mortgages	-	-	4	10	11	50	108
Other stamp duties	1	-	1	2	-	1	-
Metropolitan Region Improvement Tax	-	61	61	84	3	77	76
Emergency Services Levy	1	37	96	154	22	102	150
Loan guarantee fees	2	2	8	21	1	6	14
<i>Total other property taxes</i>	4	100	171	270	37	235	348
Taxes on provision of goods and services							
Lotteries Commission	10	10	48	121	9	46	121
Video lottery terminals	-	-	-	1	-	-	-
Casino Tax	9	7	37	81	7	35	84
TAB betting tax	5	3	13	35	3	16	30
<i>Total taxes on gambling</i>	24	20	98	237	20	97	235
Insurance Duty	33	31	160	360	26	146	342
Other	1	1	8	18	2	10	30
<i>Total taxes on insurance</i>	34	32	169	378	28	157	372
Taxes on use of goods and performance of activities							
Vehicle Licence Duty	38	25	149	340	38	170	393
Permits - Oversize Vehicles and Loads	-	-	2	4	1	2	5
Motor Vehicle recording fee	3	3	16	40	3	14	34
Motor Vehicle registrations	42	36	201	465	36	181	434
<i>Total motor vehicle taxes</i>	83	64	368	850	78	367	866
Total Taxation	453	1,038	2,876	5,896	535	3,134	6,447
CURRENT GRANTS AND SUBSIDIES							
<i>General Purpose Grants</i>							
GST revenue grants	471	306	1,664	3,790	352	1,750	3,984
Competition Reform	-	-	-	-	-	4	4
Compensation for Condensate Excise	-	-	9	64	-	-	71
<i>Specific Purpose Grants to the State</i>							
Australian Health Care Agreement	75	75	412	972	71	388	971
Other health	32	25	141	339	22	131	349
Schools assistance – government schools	12	26	100	282	26	129	312
Vocational training	-	28	53	103	30	53	102
Roads	1	13	23	36	15	34	36
Other	29	21	133	331	11	84	364
<i>Specific Purpose Grants through the State</i>							
Schools assistance – non-government schools	185	2	334	609	-	307	603
Local government financial assistance grants	-	33	66	130	31	61	122
Local government roads	-	22	44	88	21	41	83
First Home Owner Boost	-	-	-	101	-	-	-
Other	-	-	-	14	-	-	-
<i>Other Grants</i>							
North west shelf royalties	88	97	475	957	74	298	798
Total Current Grants and Subsidies	894	648	3,455	7,817	653	3,281	7,800

GENERAL GOVERNMENT
Operating Revenue – Continued

	2008-09				2007-08		
	Month of Oct \$m	Month of Nov \$m	Five Months to 30 Nov \$m	Annual Estimate ^(a) \$m	Month of Nov ^(b) \$m	Five Months to 30 Nov ^(b) \$m	Actual ^(b) \$m
CAPITAL GRANTS							
<i>Specific Purpose Grants to the State</i>							
Roads	49	13	122	220	3	9	174
Schools assistance – government schools	3	3	14	33	3	14	32
Vocational training	-	10	15	26	4	9	26
Other	10	12	52	148	28	105	173
<i>Specific Purpose Grants through the State</i>							
Schools assistance – non-government schools	2	2	9	12	3	11	31
Total Capital Grants	64	40	212	440	42	147	436
SALES OF GOODS AND SERVICES	133	92	597	1,484	106	569	1,407
INTEREST INCOME	32	24	150	208	23	112	332
REVENUE FROM PUBLIC CORPORATIONS							
Dividends	-	-	37	495	22	71	512
Tax Equivalent Regime	30	26	135	332	32	129	368
Total Revenue from Public Corporations	30	26	172	827	54	200	880
ROYALTY INCOME	157	23	708	3,037	34	537	1,680
OTHER							
Lease Rentals	5	4	27	61	5	26	65
Fines	11	10	55	125	8	56	125
Revenue not elsewhere counted	18	12	69	144	11	57	174
Total Other	34	26	151	331	25	139	364
GRAND TOTAL	1,796	1,917	8,320	20,039	1,471	8,120	19,345

(a) Consistent with the revised outturn published in the 2008-09 mid-year review, released 18 December 2008.

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

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