



DEPARTMENT OF
TREASURY AND FINANCE

**MONTHLY
REPORT OF
GENERAL
GOVERNMENT
FINANCES**

Statement for the Month Ended
30 April 2009

MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES¹

APRIL 2009

Introduction

This report provides a summary of the Western Australian general government sector's finances for the month of April 2009. 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 April 2009

The general government sector recorded a \$303 million operating deficit for the month of April 2009, a \$469 million turnaround on the \$166 million surplus recorded in April 2008.

Revenue for the month of April 2009 totalled \$1,326 million, down \$256 million (or 16.2%) from April 2008. This much lower revenue outcome is primarily due to:

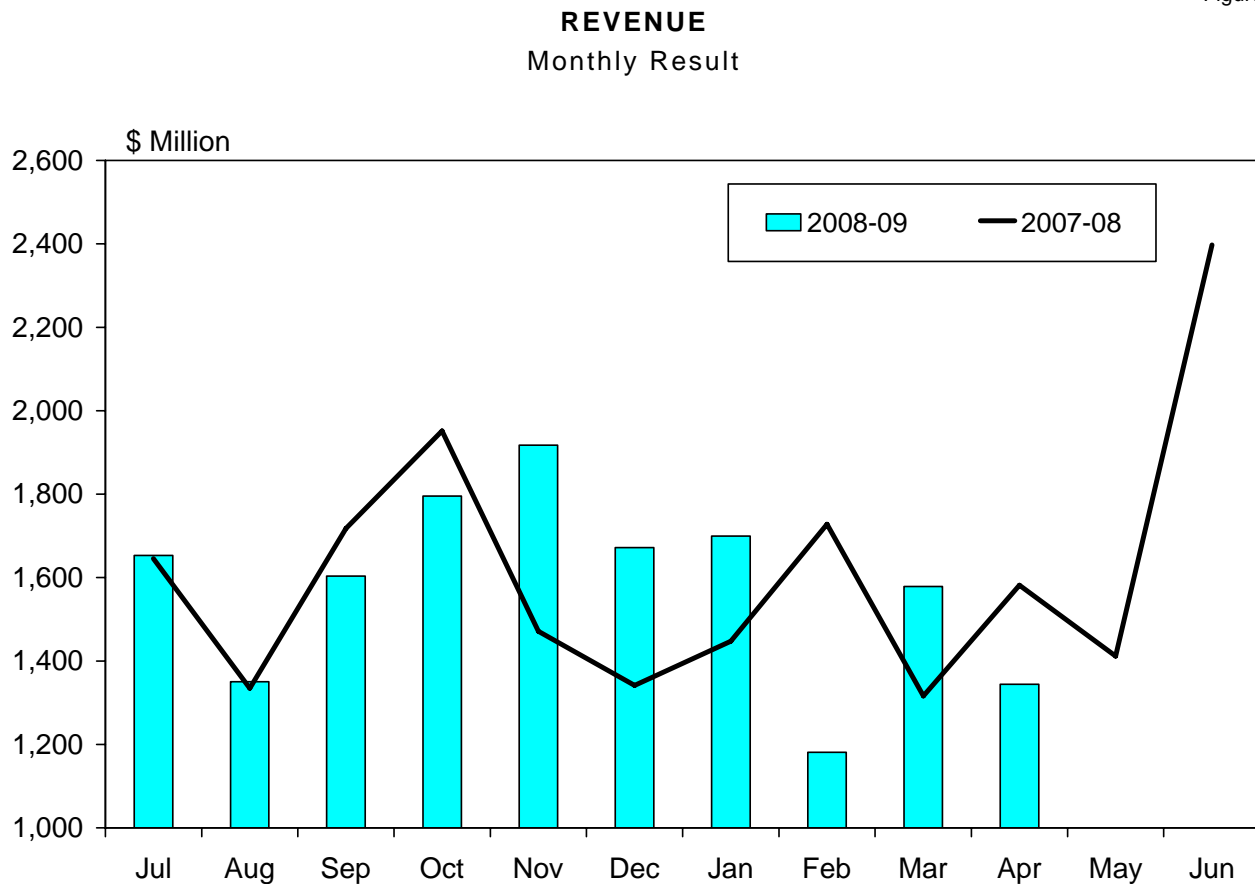
- lower recurrent Commonwealth grants (down \$125 million), due mainly to lower GST grants (down \$172 million) under a revised payment schedule in 2008-09 and Western Australia's lower share of national GST collections, and the timing of North West Shelf petroleum grants (down \$11 million), partially offset by higher Commonwealth funding for education and housing (up \$31 million and \$17 million respectively) and the receipt of First Home Owner Boost grants as part of the Federal Government's stimulus spending (\$11 million);
- lower capital grants and subsidies (down \$136 million), mainly reflecting the accelerated receipt of Commonwealth funding for the New Perth-Bunbury Highway in April 2008;
- higher sales of goods and services (up \$67 million), primarily reflecting changing accounting arrangements in the Department for Planning and Infrastructure²; and
- lower taxation revenue (down \$50 million), largely due to the continuing decline in transfer duty this year (reflecting lower prices and volumes of property transactions in the Perth residential market, which have been noted in monthly reports throughout 2008-09).

1 This monthly report is consistent with the presentation of general government estimates used in the 2008-09 and 2009-10 Budget Papers. Accounting changes applying from the 2008-09 year were first 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 2007-08 monthly reports have been adjusted to be consistent with the AASB 1049 presentation.

2 The Department for Planning and Infrastructure changed the accounting treatment of this item. Previously, the Department offset some miscellaneous revenue items against other gross operating expenses. However, from April 2009 revenue and expense are separately identified in the agency's operating statement.

The following chart shows monthly revenue collections for the first ten months of 2008-09 relative to monthly outcomes for 2007-08.

Figure 1



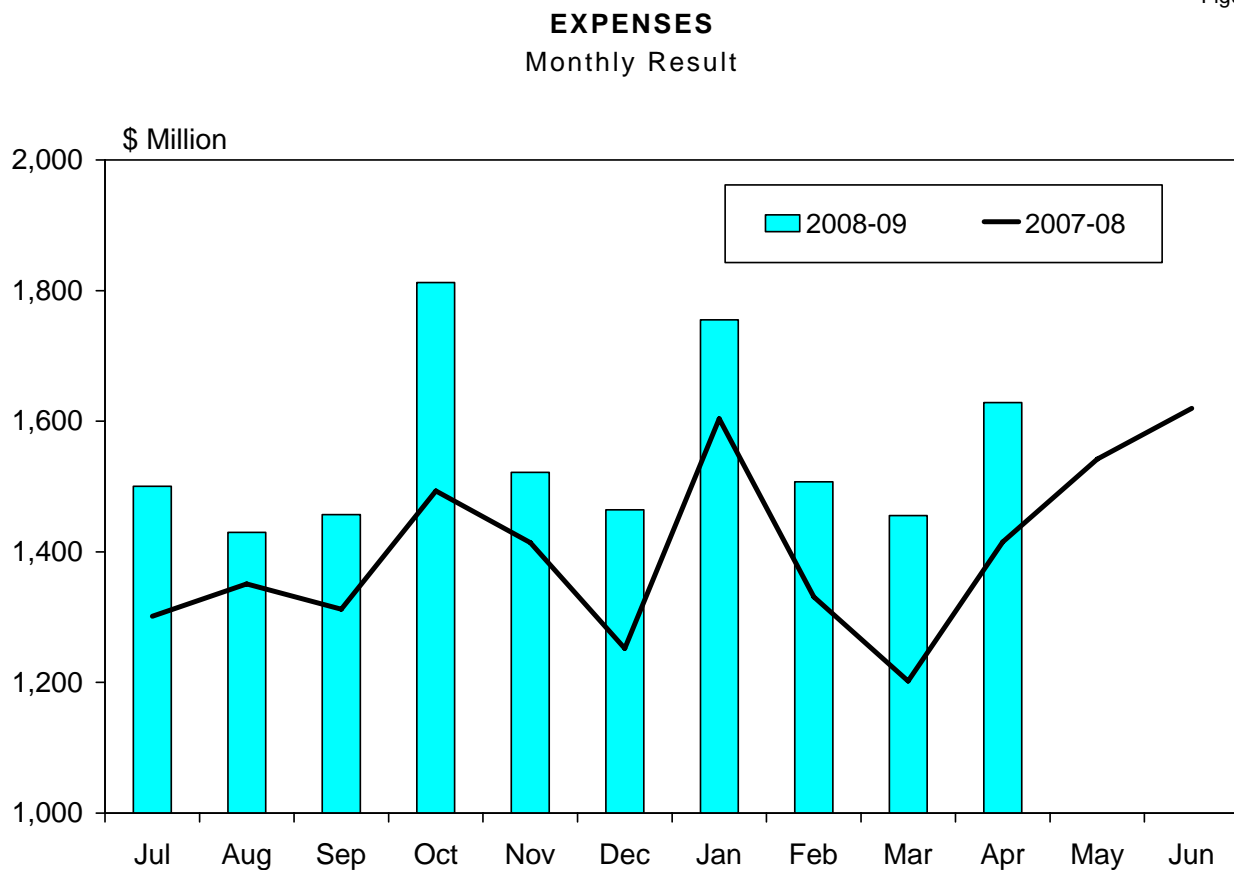
Totalling \$1,629 million, expenses in April 2009 were \$214 million (or 15.1%) higher than in April 2008. This large increase is primarily due to:

- higher current transfers³ (up \$92 million), mainly due to higher appropriation to the Public Transport Authority for increases in rail and bus services costs (up \$29 million), higher appropriation to the Housing Authority for maintenance in remote indigenous communities and for expensed construction of community housing (up \$17 million), higher community service obligations to the Water Corporation (up \$17 million) and higher health sector grants (up \$12 million);
- higher salaries costs (up \$44 million or 6.9%), reflecting employee numbers and pay rates in the health, education and law and order sectors, and higher pay rates for general public servants, partially offset by the impact of unusually high accrued employee expenses in the education sector in the April 2008;
- higher 'other services and contracts' expenses (up \$30 million), due mainly to expensed costs on a number of projects including AK Reserve, the State Theatre Centre and the Rockingham/Kwinana hospital and higher property leases for commercial property; and
- higher capital transfers (up \$21 million), including the on-payment of First Home Owner Boost grants from the Commonwealth.

³ Recurrent transfers are largely comprised of grants and subsidy payments.

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

Figure 2



A cash deficit of \$460 million was recorded in April 2009. This compares with a cash surplus of \$185 million in April 2008. The higher monthly cash deficit mainly reflects the cash impact of the turnaround in the operating balance outlined above.

Ten Months Ended 30 April 2009

A general government operating surplus of \$245 million was recorded for the ten month period to 30 April 2009, substantially lower than the \$1,859 million surplus recorded for the same period in 2007-08.

Revenue in the period totalled \$15,777 million, \$242 million (or 1.6%) higher than the same period in 2007-08. The increase largely reflects:

- higher royalty income (up \$707 million), due mainly to higher contract prices and volumes of iron ore this year, partially offset by lower nickel prices and a lower royalty rate for diamonds which took effect with the development of underground mining at the Argyle diamond mine;
- lower taxation revenue (down \$571 million), mainly due to lower transfer duty (down \$970 million), reflecting continued weakness in Western Australia's property market, and abolition of mortgage duty this year (down \$88 million), partially offset by higher payroll tax (up \$281 million), with strong private sector wage and employment growth during the early part of the year, and higher land tax (up \$150 million), due to higher assessed property values underlying 2008-09 assessments;

- higher recurrent grants and subsidies (up \$100 million), mainly for:
 - lower GST grants (down \$365 million), reflecting Western Australia’s lower share of a lower pool of national collections this year and changes in the monthly GST payment profile (see monthly information above);
 - higher North West Shelf petroleum grants (up \$126 million), as a result of an expansion in LNG shipments and higher average \$A energy prices in early 2008-09;
 - higher health sector grants (up \$99 million), reflecting Commonwealth funding for disability services, home and community care, aged care, vaccines, cancer and palliative care and other health sector expenses;
 - the receipt of First Home Owner Boost grants (\$64 million) following the Commonwealth Government’s decision to provide stimulus funding for all contracts entered into since 14 October 2008;
 - higher funding for education (up \$55 million), mainly due to higher funding for National School and National Skill and Workforce Development programs;
 - higher non-government schools grants (up \$54 million), reflecting indexation and higher enrolment numbers; and
 - an increase in Commonwealth funding for indigenous housing (up \$53 million);
- higher sales of goods and services (up \$97 million), including a change in accounting for revenue by the Department for Planning and Infrastructure’s (noted earlier), and higher patient revenue in the health sector; and
- lower capital grants and subsidies (down \$80 million), mainly due to accelerated Commonwealth contribution to the New Perth-Bunbury Highway in April 2008.

Expenses totalled \$15,532 million for the ten months ended 30 April 2009, \$1,856 million (or 13.6%) higher than the same period in 2007-08. This was largely due to:

- higher salaries costs (up \$759 million or 13.6%), particularly in the key service sectors of health, education and law and order (accounting for 75% of the total increase);
- higher current transfers (up \$594 million), largely reflecting:
 - higher appropriation payments to the Housing Authority (up \$163 million) for maintenance of public housing in remote indigenous communities and for construction of new community housing;
 - higher appropriation funding to the Public Transport Authority (up \$105 million) for increases in rail and bus service costs associated with the opening of the Mandurah rail line;
 - higher refunds of past years’ transfer duty (up \$96 million), reflecting the timing of successful administrative appeals;
 - higher health sector grants (up \$75 million), due to the on-passing of higher Commonwealth grants discussed above;
 - on-passing of higher Commonwealth grants to non-government schools (up \$54 million); and
 - higher Community Service Obligation payments to the Water Corporation (up \$53 million) for country wastewater upgrades and water quality improvement projects;
- higher services and contracts (up \$230 million), due mainly to expensed project costs noted in the monthly analysis above; and

- higher other gross operating expenses (up \$89 million), primarily due to the impact of increasing patient support costs in the health sector.

The cash deficit for the ten months to 30 April 2009 was \$499 million, \$1,702 million lower than the surplus in the same period last year. This outcome reflects the cash impact of the year-to-date surplus outlined above, and higher spending on health sector infrastructure, roadworks and the development of AK Reserve.

Table 1

GENERAL GOVERNMENT Operating Statement

	2008-09				2007-08		
	Month of March	Month of April	Ten Months to 30 April	Annual Estimate ^(a)	Month of April ^(b)	Ten Months to 30 April ^(b)	Actual ^(b)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<i>Revenue</i>							
Taxation	403	394	4,872	5,561	444	5,443	6,447
Current grants and subsidies	484	582	6,505	7,957	707	6,405	7,800
Capital grants	11	25	329	511	161	409	436
Sales of goods and services	169	149	1,229	1,484	82	1,132	1,407
Interest Income	22	15	253	287	29	253	332
Revenue from public corporations							
Dividends	3	25	104	506	8	115	512
Tax equivalent payments	31	13	255	356	23	283	368
Royalty income	426	93	1,936	2,675	103	1,229	1,680
Other	29	31	293	340	25	267	364
<i>Total revenue</i>	<i>1,579</i>	<i>1,326</i>	<i>15,777</i>	<i>19,677</i>	<i>1,582</i>	<i>15,535</i>	<i>19,345</i>
<i>Expenses</i>							
Salaries	668	680	6,345	7,514	636	5,586	6,906
Superannuation							
Concurrent costs	66	65	613	722	62	542	666
Superannuation interest cost	30	30	280	256	29	259	359
Other employee costs	26	25	244	312	23	206	276
Depreciation and amortisation	61	65	622	782	59	577	709
Services and contracts	166	204	1,761	1,429	174	1,531	1,981
Other gross operating expenses	169	155	1,475	2,670	141	1,386	1,560
Other interest	9	7	107	115	9	90	120
Current transfers	246	344	3,722	4,511	252	3,128	3,769
Capital transfers	15	53	362	719	32	372	491
<i>Total expenses</i>	<i>1,456</i>	<i>1,629</i>	<i>15,532</i>	<i>19,030</i>	<i>1,415</i>	<i>13,676</i>	<i>16,837</i>
NET OPERATING BALANCE	123	-303	245	647	166	1,859	2,507

(a) Consistent with the revised outturn published in the 2009-10 Budget, released 14 May 2009.

(b) Data for the actual for 2007-08 (contained in the 2007-08 *Annual Report on State Finances*) and for April 2008 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 March \$m	Month of April \$m	Ten Months to 30 April \$m	Annual Estimate ^(a) \$m	Month of April ^(b) \$m	Ten Months to 30 April ^(b) \$m	Actual ^(b) \$m
OPERATING ACTIVITIES							
<i>Receipts from operating activities</i>							
Taxes received	472	413	4,842	5,694	435	5,306	6,294
Grants and subsidies received	484	634	6,834	8,383	874	6,811	8,192
Receipts from sales of goods and services	122	172	1,321	1,532	110	1,198	1,505
Interest receipts	23	13	246	267	29	228	314
Dividends and tax equivalents	-	49	494	949	50	414	827
Other receipts	540	164	2,983	3,868	209	2,204	2,736
<i>Total receipts from operating activities</i>	1,641	1,447	16,722	20,695	1,709	16,163	19,867
<i>Payments for operating activities</i>							
Wages, salaries and supplements, and superannuation	-698	-897	-7,172	-8,412	-635	-6,213	-7,684
Payments for goods and services	-385	-394	-3,805	-4,415	-398	-3,357	-4,068
Interest paid	-10	-17	-106	-110	-16	-80	-112
Grants and subsidies paid	-166	-307	-3,427	-4,539	-249	-3,066	-3,844
Dividends and tax equivalents	-	-	-	-	-	-	-
Other payments	-114	-110	-1,148	-1,452	-90	-909	-1,099
<i>Total payments for operating activities</i>	-1,373	-1,727	-15,660	-18,928	-1,390	-13,628	-16,807
NET CASH FLOWS FROM OPERATING ACTIVITIES	268	-279	1,062	1,767	318	2,534	3,060
INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets	-193	-192	-1,690	-2,463	-150	-1,542	-2,022
Sales of non-financial assets	10	12	128	161	18	211	244
<i>Total cash flows from investments in non-financial assets</i>	-184	-180	-1,561	-2,302	-132	-1,330	-1,778
<i>Cash flows from investments in financial assets</i>							
<i>Receipts from investing activities:</i>							
For policy purposes	-	-	-	-	-	-	1
For liquidity purposes	-	-	24	3	-	83	83
<i>Payments for investing activities:</i>							
For policy purposes	-10	-19	-229	-346	-30	-283	-349
For liquidity purposes	-	-	-7	-8	4	-15	-1
<i>Total cash flows from investments in financial assets</i>	-10	-19	-211	-350	-25	-215	-267
NET CASH FLOWS FROM INVESTING ACTIVITIES	-194	-199	-1,772	-2,652	-157	-1,545	-2,045
FINANCING ACTIVITIES							
<i>Receipts from financing activities</i>							
Advances received	-2	-	-	10	1	1	13
Borrowings ^(c)	-181	44	82	773	-4	-13	45
Deposits received	-	-	-	-	-	-	-
Other financing receipts	5	2	22	29	6	48	54
<i>Total receipts from financing activities</i>	-178	47	105	812	2	35	111
<i>Payments for financing activities</i>							
Advances paid	2	-	-4	-13	-1	-4	-16
Borrowings repaid ^(c)	-20	19	-149	-179	-	-101	-189
Deposits paid	-	-	-	-	-	-	-
Other financing payments	8	-2	-25	-52	-1	-14	-31
<i>Total payments for financing activities</i>	-9	16	-179	-244	-3	-119	-236
NET CASH FLOWS FROM FINANCING ACTIVITIES	-187	64	-74	568	-	-84	-125
Net increase in cash and cash equivalents	-113	-415	-784	-317	160	905	890
Opening balance	3,980	3,867	4,236	4,236	4,090	3,346	3,346
Closing balance	3,867	3,451	3,451	3,919	4,251	4,251	4,236
KEY FISCAL AGGREGATES							
Net cash flows from operating activities	268	-279	1,062	1,767	318	2,534	3,060
Net cash flows from investing in non-financial assets	-184	-180	-1,561	-2,302	-132	-1,330	-1,778
Cash surplus/-deficit	84	-460	-499	-535	185	1,203	1,281

(a) Consistent with the revised outturn published in the 2009-10 Budget, released 14 May 2009.

(b) Data for the actual for 2007-08 (contained in the 2007-08 *Annual Report on State Finances*) and for April 2008 has been adjusted in this report to the presentation format consistent with AASB 1049 for comparative purposes.

(c) Includes the net movement of the Public Bank Account overdraft which can fluctuate significantly from month to month depending on the timing of cash receipts and payments through the Account.

Columns may not add due to rounding.

GENERAL GOVERNMENT

Operating Revenue

	2008-09				2007-08		
	Month of March \$m	Month of April \$m	Ten Months to 30 April \$m	Annual Estimate ^(a) \$m	Month of April ^(b) \$m	Ten Months to 30 April ^(b) \$m	Actual ^(b) \$m
TAXATION							
<i>Payroll tax</i>	174	187	1,891	2,235	167	1,610	1,940
Property taxes							
<i>Land tax</i>	-	-2	573	563	-	423	421
Transfer Duty	72	77	904	1,041	140	1,874	2,265
Landholder Duty	-	18	18	25	-	-	-
<i>Total duty on transfers</i>	72	95	922	1,066	140	1,874	2,265
Mortgages	-	-	4	5	8	92	108
Other stamp duties	-	-	1	1	-	0	-
Metropolitan Region Improvement Tax	-	-	83	84	-	76	76
Emergency Services Levy	8	-	143	154	-	137	150
Loan guarantee fees	1	1	16	21	1	12	14
<i>Total other property taxes</i>	8	2	247	264	9	317	348
Taxes on provision of goods and services							
Lotteries Commission	27	8	117	121	9	93	121
Video lottery terminals	-	-	-	1	-	-	-
Casino Tax	7	6	72	81	9	70	84
TAB betting tax	2	2	27	35	2	29	30
<i>Total taxes on gambling</i>	37	17	216	237	21	192	235
Insurance Duty	35	30	315	360	28	285	342
Other	2	1	17	18	2	26	30
<i>Total taxes on insurance</i>	37	31	333	378	30	311	372
Taxes on use of goods and performance of activities							
Vehicle Licence Duty	25	19	258	309	33	325	393
Permits - Oversize Vehicles and Loads	-	-	4	4	-	3	5
Motor Vehicle recording fee	3	3	33	40	2	28	34
Motor Vehicle registrations	42	38	396	465	37	360	434
<i>Total motor vehicle taxes</i>	71	61	690	819	74	716	866
Total Taxation	403	394	4,872	5,561	444	5,443	6,447
CURRENT GRANTS AND SUBSIDIES							
<i>General Purpose Grants</i>							
GST revenue grants	289	289	3,058	3,573	460	3,423	3,984
Competition Reform	-	-	-	-	-	4	4
Compensation for Condensate Excise	4	-	12	64	-	-	71
<i>Specific Purpose Grants to the State</i>							
Australian Health Care Agreement	94	75	824	1,050	88	776	971
Other health	20	31	278	441	31	280	349
Schools assistance – government schools	26	39	263	406	19	252	312
Vocational training	9	11	96	103	-1	53	102
Roads	-	5	43	72	-	35	36
Other	24	60	308	373	40	214	364
<i>Specific Purpose Grants through the State</i>							
Schools assistance – non-government schools	5	7	656	609	4	602	603
Local government financial assistance grants	-	-	99	130	-	92	122
Local government roads	-	-	67	88	-	62	83
First Home Owner Boost	13	12	64	101	-	-	-
Other	-	-	-	14	-	-	-
<i>Other Grants</i>							
North West Shelf petroleum grants	-	53	736	933	64	611	798
Total Current Grants and Subsidies	484	582	6,505	7,957	707	6,405	7,800

GENERAL GOVERNMENT

Operating Revenue – Continued

	2008-09				2007-08		
	Month of March \$m	Month of April \$m	Ten Months to 30 April \$m	Annual Estimate ^(a) \$m	Month of April ^(b) \$m	Ten Months to 30 April ^(b)	Actual ^(b) \$m
CAPITAL GRANTS							
<i>Specific Purpose Grants to the State</i>							
Roads	16	21	194	191	144	165	174
Schools assistance – government schools	-	-	19	17	2	27	32
Vocational training	-	-	31	15	-	9	26
Other	-5	2	72	275	11	180	173
<i>Specific Purpose Grants through the State</i>							
Schools assistance – non-government schools	-	1	13	12	3	27	31
Total Capital Grants	11	25	329	511	161	409	436
SALES OF GOODS AND SERVICES	169	149	1,229	1,484	82	1,132	1,407
INTEREST INCOME	22	15	253	287	29	253	332
REVENUE FROM PUBLIC CORPORATIONS							
Dividends	3	25	104	506	8	115	512
Tax Equivalent Regime	31	13	255	356	22	283	368
Total Revenue from Public Corporations	34	38	359	861	31	398	880
ROYALTY INCOME	426	93	1,936	2,675	103	1,229	1,680
OTHER							
Lease Rentals	4	5	54	65	6	53	65
Fines	12	11	113	125	9	99	125
Revenue not elsewhere counted	12	15	126	150	9	115	174
Total Other	29	31	293	340	25	267	364
GRAND TOTAL	1,579	1,326	15,777	19,677	1,582	15,535	19,345

(a) Consistent with the revised outturn published in the 2009-10 Budget, released 14 May 2009.

(b) Data for the actual for 2007-08 (contained in the 2007-08 Annual Report on State Finances) and for April 2008 has been adjusted in this report to the presentation format consistent with AASB 1049 for comparative purposes.

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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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