



DEPARTMENT OF  
TREASURY AND FINANCE

MONTHLY  
REPORT OF  
**GENERAL  
GOVERNMENT  
FINANCES**

Statement for the Month Ended  
**31 August 2004**

# MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES

## AUGUST 2004

### *Introduction*

This report provides a summary of the Western Australian general government sector's finances for the month of August 2004. 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 Government's '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.

### *Operating Statement*

The general government sector recorded a \$20 million operating deficit for the month of August 2004, compared to a \$23 million operating surplus recorded in August 2003.

Revenue in August 2004 totalled \$1,123 million, up \$138 million (or 14.0%) from August 2003. The increase in monthly revenue is primarily due to:

- higher Commonwealth grants (up \$86 million), reflecting increased health and road grants, an increase in the national pool of GST revenue and Western Australia's share of that revenue, and higher North West Shelf petroleum royalties; and
- higher 'other' revenue (up \$63 million), primarily due to the transfer of Crown land vested with Edith Cowan University to the State, for sale back to the university (this transaction had an offsetting expense impact - see below).

Partially offsetting the above revenue increases was a \$16 million reduction in mining royalties, reflecting the joint impact of movements in the exchange rate, commodity prices, production volumes (due to fluctuations in the output of existing operations and commencement of new operations), costs of production (particularly for diamonds), and the timing of royalty payments made by producers.

Expenses for the month of August 2004 totalled \$1,143 million, up \$181 million (or 18.8%) from August 2003. This increase largely reflects:

- higher current and capital transfers (up \$108 million), mainly reflecting a grant payment to Edith Cowan University in August 2004 for the purchase of Crown land (\$58 million), and the timing of Public Transport Authority funding arrangements in 2003-04 (which did not occur until December 2003);
- increased salaries (up \$56 million), reflecting backdated pay increases for general public servants and education assistants, and higher pay rates and increased employee numbers in the health, education and police sectors; and
- higher interest (up \$12 million), due to the early repayment of \$481 million in general government debt in August 2004.

## Cash Flow Statement

A cash deficit of \$83 million was recorded in August 2004 (compared with a \$93 million deficit in August 2003), reflecting a net cash outflow from operating activities of \$69 million and a net cash outflow from capital investment of \$15 million.

### GENERAL GOVERNMENT Operating Statement

	2004-05				2003-04		
	Month of July \$m	Month of Aug \$m	Two Months to 31 Aug \$m	Annual Estimate <sup>(a)</sup> \$m	Month of Aug \$m	Two Months to 31 Aug \$m	Actual <sup>(b)</sup> \$m
<b>REVENUE</b>							
Taxation	282	357	639	3,739	357	677	4,122
Current grants and subsidies	665	455	1,120	5,913	380	961	5,583
Capital grants	15	48	63	367	37	50	295
Sales of goods and services	93	89	182	896	87	170	942
Interest income	11	13	24	118	10	19	128
Revenue from public corporations							
Dividends	35	35	69	421	35	70	448
Tax equivalent payments	20	19	39	235	19	38	310
Royalty income	70	21	91	736	37	86	654
Other	22	86	108	296	23	41	272
<b>Total</b>	<b>1,212</b>	<b>1,123</b>	<b>2,335</b>	<b>12,719</b>	<b>985</b>	<b>2,112</b>	<b>12,753</b>
<b>EXPENSES</b>							
Gross operating expenses							
Salaries	408	432	840	4,916	376	779	4,787
Depreciation and amortisation	44	43	87	604	49	93	546
Superannuation	40	41	81	472	38	77	464
Services and contracts <sup>(c)</sup>	86	101	187	1,287	98	168	1,216
Other	133	166	299	1,733	161	294	1,637
Nominal superannuation interest	24	24	48	288	23	46	283
Other interest	14	26	39	206	14	28	165
Current transfers	285	203	488	2,571	169	406	2,440
Capital transfers	25	108	133	401	34	90	421
<b>Total</b>	<b>1,059</b>	<b>1,143</b>	<b>2,202</b>	<b>12,477</b>	<b>962</b>	<b>1,981</b>	<b>11,960</b>
<b>NET OPERATING BALANCE</b>	<b>153</b>	<b>-20</b>	<b>133</b>	<b>243</b>	<b>23</b>	<b>131</b>	<b>793</b>

(a) Estimate published in the 2004-05 Budget, released 6 May 2004.

(b) Consistent with the 2003-04 Government Financial Results Report, released 10 September 2004.

(c) Gross operating expenses – other has been disaggregated into 'Services and contracts' and 'Other' from July 2004.

Comparatives have been restated to reflect this new reporting classification.

Columns may not add due to rounding.

## GENERAL GOVERNMENT

### Cash Flow Statement

	2004-05				2003-04		
	Month of July \$m	Month of Aug \$m	Two Months to 31 Aug \$m	Annual Estimate <sup>(a)</sup> \$m	Month of Aug \$m	Two Months to 31 Aug \$m	Actual <sup>(b)</sup> \$m
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>							
Taxes received	275	320	596	3,740	293	587	4,047
Receipts from sales of goods and services	93	77	171	920	69	153	968
Grants and subsidies received	683	501	1,183	6,281	409	1,009	5,829
Other receipts	189	125	314	2,300	100	263	2,224
<i>Total</i>	<b>1,240</b>	<b>1,023</b>	<b>2,263</b>	<b>13,242</b>	<b>871</b>	<b>2,011</b>	<b>13,068</b>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>							
Payments for goods and services	-838	-772	-1,610	-8,651	-665	-1,493	-8,238
Grants and subsidies paid	-312	-246	-559	-2,760	-178	-428	-2,589
Interest paid	-26	-2	-28	-206	-4	-30	-171
Other payments	-69	-72	-141	-732	-50	-106	-691
<i>Total</i>	<b>-1,245</b>	<b>-1,092</b>	<b>-2,337</b>	<b>-12,349</b>	<b>-897</b>	<b>-2,057</b>	<b>-11,688</b>
<b>Net Cash Flow from Operating Activities</b>	<b>-5</b>	<b>-69</b>	<b>-74</b>	<b>893</b>	<b>-27</b>	<b>-45</b>	<b>1,380</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>							
Purchase of non-financial assets	-74	-81	-155	-1,139	-72	-177	-992
Sales of non-financial assets	9	67	76	175	6	14	166
<i>Total</i>	<b>-65</b>	<b>-15</b>	<b>-79</b>	<b>-964</b>	<b>-66</b>	<b>-163</b>	<b>-826</b>
<b>INVESTMENT IN FINANCIAL ASSETS</b>							
Policy purposes	-26	-	-26	-96	-16	-16	-122
Liquidity purposes	1	-	1	17	-80	-78	-80
<i>Total</i>	<b>-25</b>	<b>-</b>	<b>-25</b>	<b>-79</b>	<b>-96</b>	<b>-94</b>	<b>-202</b>
<b>Net Cash Flow from Investing Activities</b>	<b>-90</b>	<b>-15</b>	<b>-104</b>	<b>-1,043</b>	<b>-162</b>	<b>-256</b>	<b>-1,028</b>
<b>FINANCING ACTIVITIES</b>							
Advances received (net)	-	-	-	-	-	-	-8
Borrowings (net)	149	45	195	-32	-78	13	-158
Deposits received (net)	4	-	4	-	-1	8	-2
Other financing	-3	-16	-18	-12	-2	-4	-32
<i>Total</i>	<b>150</b>	<b>30</b>	<b>180</b>	<b>-44</b>	<b>-81</b>	<b>17</b>	<b>-199</b>
Opening cash balance	2,690	2,744	2,690	959	2,522	2,538	2,538
<b>NET INCREASE IN CASH HELD</b>	<b>55</b>	<b>-53</b>	<b>1</b>	<b>-194</b>	<b>-269</b>	<b>-285</b>	<b>152</b>
Closing cash balance	2,744	2,691	2,691	765	2,253	2,253	2,690
<i>Net cash from operating activities and investments in non-financial assets less finance leases and similar arrangements</i>	-70	-83	-153	-71	-93	-208	554
Cash Surplus	-70	-83	-153	-71	-93	-208	554

(a) Estimate for 2004-05 published in the 2004-05 Budget, released 6 May 2004.

(b) Consistent with the 2003-04 Government Financial Results Report, released 10 September 2004.

Columns may not add due to rounding.

## GENERAL GOVERNMENT

### Taxation Revenue

	2004-05				2003-04		
	Month of July \$m	Month of Aug \$m	Two Months to 31 Aug \$m	Annual Estimate <sup>(a)</sup> \$m	Month of Aug \$m	Two Months to 31 Aug \$m	Actual <sup>(b)</sup> \$m
<b>TAXATION</b>							
Taxes on employers' payroll and labour force							
<i>Payroll tax</i>	101	107	208	1,202	101	198	1,139
Property taxes							
<i>Land tax</i>	-	1	1	301	-	-	280
Conveyances and transfers	94	98	192	846	113	206	1,207
Mortgages	10	11	21	95	10	19	115
Other stamp duties	3	7	10	30	5	9	53
<i>Total stamp duties on financial and capital transactions</i>	107	116	223	972	128	235	1,375
Debits Tax	8	8	16	96	8	16	97
<i>Total financial institutions taxes</i>	8	8	16	96	8	16	97
Metropolitan Region Improvement Tax	-	-	-	46	-	-	44
Emergency Services Levy	7	31	37	118	31	35	75
Loan guarantee fees	1	1	2	11	1	2	10
<i>Total other property taxes</i>	7	31	39	175	32	37	129
Taxes on provision of goods and services							
Lotteries Commission	8	8	16	95	11	18	95
less rebates	-2	-1	-4	-21	-1	-3	-20
Video lottery terminals	-	-	-	1	-	-	-
Casino Tax	4	5	9	43	5	7	47
less rebates	-3	-2	-5	-24	-2	-3	-24
TAB betting tax	-	9	9	53	4	8	56
less rebates	-	-4	-4	-24	-2	-4	-22
<i>Total taxes on gambling</i>	7	15	21	124	14	23	132
Contribution to fire brigades	-	-	-	-	-	15	31
Stamp duty on insurance policies	29	29	58	254	29	48	279
Other	2	2	3	6	1	2	19
<i>Total taxes on insurance</i>	31	31	62	260	30	65	328
Taxes on use of goods and performance of activities							
Stamp duty on vehicle licences	6	21	27	249	19	41	273
Permits – oversize vehicles and loads	-	-	-	2	-	-	3
Motor vehicle recording fee	2	3	5	44	5	9	45
Motor vehicle registrations	13	23	36	316	21	54	320
<i>Total motor vehicle taxes</i>	20	48	68	610	45	103	641
<b>Total Taxation</b>	<b>282</b>	<b>357</b>	<b>639</b>	<b>3,739</b>	<b>357</b>	<b>677</b>	<b>4,122</b>

(a) Estimate for 2004-05 published in the 2004-05 Budget, released 6 May 2004.

(b) Consistent with the 2003-04 Government Financial Results Report, released 10 September 2004. Columns may not add due to rounding.

Further information or enquiries related to this report may be obtained from the following officers:

Michael Barnes	Director, Fiscal Strategy	(08) 9222 9134
Valerie Jayasinghe	Assistant Director (State Financial Reporting)	(08) 9222 9327
Brendan Wood	Accounting Analyst (State Financial Reporting)	(08) 9222 9231