



D E P A R T M E N T O F
T R E A S U R Y A N D F I N A N C E

MONTHLY
REPORT OF
**GENERAL
GOVERNMENT
FINANCES**

Statement for the Month Ended
29 February 2004

MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES

FEBRUARY 2004

Introduction

This report provides a summary of the Western Australian general government sector's finances for the month of February 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 \$6 million operating surplus for the month of February 2004, down from the \$111 million surplus recorded in February the previous year.

Revenue for the month of February 2004 totalled \$866 million, down \$119 million from February 2003. The decrease in monthly revenue is primarily the result of:

- lower Commonwealth grants (down \$131 million), reflecting timing factors in relation to GST grants and non-government school grants, as well as lower North West Shelf petroleum royalties (due to a higher \$A/\$US exchange rate and lower crude oil production levels); and
- lower sales of goods and services (down \$29 million), due to the loss of bus and ferry related revenue from the general government sector upon creation of the Public Transport Authority (a public non-financial corporation) in July 2003, and a misclassification between goods and services revenue and 'other' revenue in February 2003 (which was subsequently corrected in March 2003).

Partially offsetting these falls in monthly revenue were:

- higher dividends (up \$22 million) as a result of increased profitability in the State's larger utilities;
- higher 'other' revenue (up \$15 million) due mainly to the misclassification of goods and services revenue in the prior year (as discussed above); and
- higher taxation revenue (up \$7 million), with increases in payroll tax (\$8 million) and property taxes (\$11 million) offsetting lower motor vehicle taxes (down \$11 million).

Expenses for the month of February 2004 totalled \$860 million, \$15 million lower than February 2003. This decrease largely reflects:

- lower current and capital transfers (down \$16 million), due to the transfer of bus and ferry operations (and associated funding) from the general government sector to the Public Transport Authority, and timing differences for Commonwealth grants received and on-passed for education and health services; and
- lower 'other' gross operating expenses (down \$13 million), reflecting fluctuations in the timing of agencies' purchases of goods and services.

These decreases in monthly expenses have been partly offset by higher salaries (up \$16 million), primarily in the education and health sectors and reflecting pay increases and the impact of Industrial Relations Commission rulings and government initiatives on employee numbers.

Cash Flow Statement

A cash deficit of \$54 million was recorded in February 2004 (compared with a \$139 million surplus in February 2003), reflecting a net cash outflow from operating activities of \$4 million and a net cash outflow from capital investment of \$49 million.

Eight Months Ending 29 February 2004

A cumulative operating surplus of \$553 million was recorded for the first eight months of 2003-04 (compared with a cumulative surplus of \$306 million for the same period the previous year). Compared with the first eight months of 2002-03, revenue and expenses were higher by \$511 million (or 6.5%) and \$264 million (or 3.5%) respectively. The increase in revenue in the year to date primarily reflects increased taxation revenue (particularly payroll tax and stamp duties linked to the property market), while increased salaries (particularly in the health and education sectors) account for the majority of the increase in year-to-date expenses.

GENERAL GOVERNMENT Operating Statement

	2003-04				2002-03		
	Month of Jan \$m	Month of Feb \$m	Eight Months to 29 Feb \$m	Estimated Actual ^(a) \$m	Month of Feb \$m	Eight Months to 28 Feb \$m	Actual \$m
REVENUE							
Taxation	298	279	2,855	3,884	272	2,309	3,387
Current grants and subsidies	508	361	3,577	5,436	508	3,583	5,464
Capital grants	11	33	181	291	17	215	287
Sales of goods and services	55	55	594	912	84	653	990
Interest income	11	10	83	116	9	72	107
Revenue from public corporations							
Dividends	24	53	291	426	31	257	390
Tax equivalent payments	21	20	248	257	21	207	239
Royalty income	62	29	403	657	32	423	685
Other	16	26	156	287	11	159	222
Total	1,007	866	8,389	12,266	985	7,878	11,771
EXPENSES							
Gross operating expenses							
Salaries	388	359	3,113	4,701	343	2,930	4,486
Depreciation and amortisation	47	47	386	604	48	381	603
Superannuation	38	35	305	458	34	270	436
Other	212	209	1,783	2,953	222	1,777	2,931
Nominal superannuation interest	24	24	186	283	23	184	277
Other interest	17	13	110	186	14	128	195
Current transfers	389	133	1,704	2,504	176	1,652	2,287
Capital transfers	19	42	250	371	15	250	303
Total	1,134	860	7,836	12,060	875	7,572	11,518
NET OPERATING BALANCE	-127	6	553	207	111	306	254

(a) Estimated actual for 2003-04 published in the 2004-05 Budget, released 6 May 2004.

Columns may not add due to rounding.

GENERAL GOVERNMENT

Cash Flow Statement

	2003-04				2002-03		
	Month of Jan \$m	Month of Feb \$m	Eight Months to 29 Feb \$m	Estimated Actual ^(a) \$m	Month of Feb \$m	Eight Months to 28 Feb \$m	Actual \$m
RECEIPTS FROM OPERATING ACTIVITIES							
Taxes received	346	292	2,742	3,888	258	2,203	3,339
Receipts from sales of goods and services	63	71	601	924	70	638	999
Grants and subsidies received	520	398	3,757	5,677	540	3,807	5,794
Other receipts	175	107	1,250	2,173	106	1,282	2,154
<i>Total</i>	<i>1,104</i>	<i>868</i>	<i>8,350</i>	<i>12,662</i>	<i>974</i>	<i>7,930</i>	<i>12,286</i>
PAYMENTS FOR OPERATING ACTIVITIES							
Payments for goods and services	-684	-652	-5,540	-8,269	-557	-5,299	-7,925
Grants and subsidies paid	-355	-171	-1,808	-2,734	-150	-1,745	-2,417
Interest paid	-26	-4	-103	-190	-3	-119	-193
Other payments	-46	-46	-425	-696	-66	-507	-772
<i>Total</i>	<i>-1,112</i>	<i>-873</i>	<i>-7,877</i>	<i>-11,889</i>	<i>-777</i>	<i>-7,669</i>	<i>-11,308</i>
Net Cash Flow from Operating Activities	-7	-4	473	773	197	261	978
INVESTMENT IN NON-FINANCIAL ASSETS							
Purchase of non-financial assets	-81	-67	-610	-917	-71	-494	-794
Sales of non-financial assets	17	18	81	176	12	55	74
<i>Total</i>	<i>-64</i>	<i>-49</i>	<i>-529</i>	<i>-742</i>	<i>-59</i>	<i>-440</i>	<i>-720</i>
INVESTMENT IN FINANCIAL ASSETS							
Policy purposes	-46	-	-65	-122	-1	-29	-107
Liquidity purposes	2	2	-84	23	2	-1	48
<i>Total</i>	<i>-44</i>	<i>2</i>	<i>-150</i>	<i>-99</i>	<i>1</i>	<i>-30</i>	<i>-59</i>
Net Cash Flow from Investing Activities	-108	-47	-679	-841	-57	-470	-778
FINANCING ACTIVITIES							
Advances received (net)	-	-3	-8	-8	-	-	-
Borrowings (net)	48	-66	-64	16	-44	-4	17
Deposits received (net)	-10	5	8	-	11	8	-9
Other financing	4	-7	-12	-37	1	3	-65
<i>Total</i>	<i>43</i>	<i>-72</i>	<i>-76</i>	<i>-29</i>	<i>-31</i>	<i>8</i>	<i>-57</i>
<i>Opening cash balance</i>	<i>970</i>	<i>898</i>	<i>1,056</i>	<i>1,056</i>	<i>605</i>	<i>913</i>	<i>913</i>
NET INCREASE IN CASH HELD	-72	-123	-281	-97	108	-200	143
<i>Closing cash balance</i>	<i>898</i>	<i>775</i>	<i>775</i>	<i>959</i>	<i>713</i>	<i>713</i>	<i>1,056</i>
<i>Net cash from operating activities and investments in non-financial assets</i>							
	-71	-54	-55	32	139	-178	259
<i>Less finance leases and similar arrangements</i>							
	-	-	-	-	-	-	-
GFS Cash Surplus	-71	-54	-55	32	139	-178	259

(a) Estimated actual for 2003-04 published in the 2004-05 Budget, released 6 May 2004.

Columns may not add due to rounding.

GENERAL GOVERNMENT

Taxation Revenue

	2003-04				2002-03		
	Month of Jan \$m	Month of Feb \$m	Eight Months to 29 Feb \$m	Estimated Actual ^(a) \$m	Month of Feb \$m	Eight Months to 28 Feb \$m	Actual \$m
TAXES ON EMPLOYERS' PAYROLL AND LABOUR FORCE							
<i>Payroll tax</i>	99	94	761	1,128	86	666	1,004
TAXES ON PROPERTY							
Land tax	3	3	277	277	-	260	260
Stamp duties on financial and capital transactions	102	88	920	1,242	86	609	978
Financial institutions transaction taxes	9	7	65	96	9	65	97
Other	2	9	123	128	1	46	49
<i>Total</i>	116	107	1,385	1,743	96	980	1,383
TAXES ON PROVISION OF GOODS AND SERVICES							
Taxes on gambling	10	10	85	121	12	79	119
Taxes on insurance	25	19	218	310	20	211	307
<i>Total</i>	35	29	303	431	31	290	426
TAXES ON USE OF GOODS AND PERFORMANCE OF ACTIVITIES							
<i>Motor vehicle taxes</i>	48	49	406	582	60	374	574
Total Taxes	298	279	2,855	3,884	272	2,309	3,387

(a) Estimated actual for 2003-04 published in the 2004-05 Budget, released 6 May 2004.

Columns may not add due to rounding.

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