



DEPARTMENT OF  
TREASURY AND FINANCE

MONTHLY  
REPORT OF  
**GENERAL  
GOVERNMENT  
FINANCES**

Statement for the Month Ended  
**28 February 2005**

# MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES

## FEBRUARY 2005

### *Introduction*

This report provides a summary of the Western Australian general government sector's finances for the month of February 2005. 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.

### *Operating Statement*

The general government sector recorded a \$203 million operating surplus for the month of February 2005, compared with a \$6 million operating surplus in February 2004.

Revenue in February 2005 totalled \$1,233 million, up \$367 million from February 2004. This increase in monthly revenue is primarily due to higher Commonwealth grants (up \$331 million), reflecting increases in the national pool of GST revenue and Western Australia's share of that revenue, combined with a significant timing issue resulting in a bring-forward (relative to 2003-04) of GST grant payments from March to February. This GST timing factor provides a significant boost to the February 2005 results, and is expected to be partially reversed in the March quarter results.

Expenses for the month of February 2005 totalled \$1,030 million, up \$170 million from February 2004. This increase largely reflects:

- higher current and capital transfers (up \$88 million), primarily as a result of timing differences associated with the payment of education sector grants in February 2005 compared with January 2004;
- higher salaries (up \$40 million), reflecting higher pay rates and increased employee numbers, particularly in the health and education sectors; and
- higher 'other' gross operating expenses (up \$25 million), reflecting timing differences associated with purchases of day-to-day goods and services across a range of general government agencies.

### *Cash Flow Statement*

A \$304 million net cash inflow resulted from operating activities in the month of February 2005. Combined with net capital expenditure (i.e. investment in non-financial assets) of \$86 million, this resulted in a cash surplus of \$217 million in February 2005, compared with a cash deficit of \$54 million in February 2004.

## *Eight Months Ending 28 February 2005*

A cumulative operating surplus of \$1,072 million was recorded for the eight months ended 28 February 2005, up \$519 million from the \$553 million surplus recorded in the same period the previous year.

The operating surplus for the first eight months of 2004-05 has significantly increased as a result of a change in the Commonwealth's GST payment profile over the months of February and March. As noted previously, significantly higher GST revenue was received in February 2005 compared to March 2005, while the reverse was true in 2004.

The annual GST payment profile is determined by the Commonwealth on the basis of its expectations for the receipt of GST payments from businesses, with the due date being the 28<sup>th</sup> of the month or the first working day thereafter. In 2003-04, the due date for the GST payment fell on a weekend resulting in a large proportion of the February payments being deferred until March 2004. In 2004-05, the February due date fell on a weekday and resulted in all the payments being made in the month of February 2005.

Revenue in the eight months to 28 February 2005 totalled \$9,601 million, \$1,212 million (or 14.4%) higher than the first eight months of 2003-04. The major contributors to this increase are Commonwealth grants (up \$845 million, mainly reflecting increased GST grants) and taxation (up \$144 million). The higher taxation revenue is primarily a result of: higher payroll tax (up \$57 million) due to growth in wages and employment; higher land tax and Metropolitan Region Improvement Tax (up \$37 million) reflecting the impact of growth in land valuations and an increase in the number of taxable properties; and higher motor vehicle taxes (up \$27 million) due to increased sales and registrations of motor vehicles.

Expenses of \$8,529 million were recorded for the eight months ended 28 February 2005, \$693 million (or 8.8%) higher than the same period the previous year. The increase primarily reflects: higher current and capital transfers (up \$373 million) due mainly to the timing of appropriations to the Public Transport Authority, a grant payment to Edith Cowan University for the purchase of Crown land, and the on-passing of higher housing and non-government school grants from the Commonwealth; and higher salaries (up \$248 million), primarily in the health, education and justice sectors.

**GENERAL GOVERNMENT**  
Operating Statement

	2004-05				2003-04		
	Month of Jan \$m	Month of Feb \$m	Eight Months to 28 Feb \$m	Estimated Actual <sup>(a)</sup> \$m	Month of Feb \$m	Eight Months to 29 Feb \$m	Actual \$m
<b>REVENUE</b>							
Taxation	312	303	2,999	4,130	279	2,855	4,122
Current grants and subsidies	539	683	4,359	6,328	361	3,577	5,583
Capital grants	19	42	244	380	33	181	295
Sales of goods and services	85	100	647	927	55	594	942
Interest income	13	12	93	146	10	83	128
Revenue from public corporations							
Dividends	33	48	320	438	53	291	448
Tax equivalent payments	15	-2	227	259	20	248	310
Royalty income	75	17	456	847	29	403	654
Other	30	29	256	335	26	156	272
<i>Total</i>	<i>1,121</i>	<i>1,233</i>	<i>9,601</i>	<i>13,789</i>	<i>866</i>	<i>8,389</i>	<i>12,753</i>
<b>EXPENSES</b>							
Gross operating expenses							
Salaries	401	399	3,361	5,165	359	3,113	4,787
Depreciation and amortisation	45	42	351	578	47	386	546
Superannuation	39	37	322	506	35	305	458
Services and contracts <sup>(b)</sup>	98	116	821	1,454	97	742	1,216
Other gross operating expenses	94	137	1,050	1,699	112	1,042	1,637
Nominal superannuation interest	21	24	189	295	24	186	283
Other interest	13	11	109	193	13	110	165
Current transfers	355	215	1,976	2,788	133	1,704	2,440
Capital transfers	37	48	351	480	42	250	421
<i>Total</i>	<i>1,103</i>	<i>1,030</i>	<i>8,529</i>	<i>13,158</i>	<i>860</i>	<i>7,836</i>	<i>11,954</i>
<b>NET OPERATING BALANCE</b>	<b>18</b>	<b>203</b>	<b>1,072</b>	<b>631</b>	<b>6</b>	<b>553</b>	<b>799</b>

(a) Estimated actual published in the 2005-06 Budget, released 26 May 2005.

(b) Gross operating expenses – other has been disaggregated into 'Services and contracts' and 'Other gross operating expenses' 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 Jan \$m	Month of Feb \$m	Eight Months to 28 Feb \$m	Estimated Actual <sup>(a)</sup> \$m	Month of Feb \$m	Eight Months to 29 Feb \$m	Actual \$m
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>							
Taxes received	346	307	2,888	4,142	292	2,742	4,047
Receipts from sales of goods and services	77	84	660	946	71	601	968
Grants and subsidies received	589	696	4,603	6,695	398	3,757	5,829
Other receipts	223	84	1,395	2,368	107	1,250	2,224
<i>Total</i>	<b>1,234</b>	<b>1,171</b>	<b>9,546</b>	<b>14,151</b>	<b>868</b>	<b>8,350</b>	<b>13,068</b>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>							
Payments for goods and services	-705	-622	-5,861	-9,092	-652	-5,540	-8,238
Grants and subsidies paid	-408	-179	-2,127	-3,047	-171	-1,808	-2,589
Interest paid	-19	-3	-102	-187	-4	-103	-171
Other payments	-50	-63	-512	-772	-46	-425	-691
<i>Total</i>	<b>-1,182</b>	<b>-867</b>	<b>-8,601</b>	<b>-13,098</b>	<b>-873</b>	<b>-7,877</b>	<b>-11,688</b>
<b>Net Cash Flow from Operating Activities</b>	<b>52</b>	<b>304</b>	<b>945</b>	<b>1,053</b>	<b>-4</b>	<b>473</b>	<b>1,380</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>							
Purchase of non-financial assets	-80	-103	-664	-1,177	-67	-610	-992
Sales of non-financial assets	9	16	146	277	18	81	166
<i>Total</i>	<b>-71</b>	<b>-86</b>	<b>-518</b>	<b>-900</b>	<b>-49</b>	<b>-529</b>	<b>-826</b>
<b>INVESTMENT IN FINANCIAL ASSETS</b>							
Policy purposes	-5	-	-89	-125	-	-65	-122
Liquidity purposes	-	1	-143	15	2	-84	-80
<i>Total</i>	<b>-5</b>	<b>1</b>	<b>-232</b>	<b>-110</b>	<b>2</b>	<b>-150</b>	<b>-202</b>
<b>Net Cash Flow from Investing Activities</b>	<b>-76</b>	<b>-86</b>	<b>-750</b>	<b>-1,010</b>	<b>-47</b>	<b>-679</b>	<b>-1,028</b>
<b>FINANCING ACTIVITIES</b>							
Advances received (net)	-7	-	-7	-	-3	-8	-8
Borrowings (net)	-5	-61	-382	-680	-66	-64	-158
Deposits received (net)	-3	-1	-5	-	5	8	-2
Other financing	-1	-	-	-117	-7	-12	-32
<i>Total</i>	<b>-16</b>	<b>-62</b>	<b>-394</b>	<b>-797</b>	<b>-72</b>	<b>-76</b>	<b>-199</b>
Opening cash balance	2,375	2,334	2,690	2,690	898	1,056	2,538
<b>NET INCREASE IN CASH HELD</b>	<b>-41</b>	<b>156</b>	<b>-199</b>	<b>-753</b>	<b>-123</b>	<b>-281</b>	<b>152</b>
Closing cash balance	2,334	2,490	2,490	1,936	775	775	2,690
<i>Net cash from operating activities and investments in non-financial assets less finance leases and similar arrangements</i>	-19	217	427	154	-54	-55	554
Cash Surplus	-19	217	427	154	-54	-55	554

(a) Estimated actual published in the 2005-06 Budget, released 26 May 2005.  
Columns may not add due to rounding.

## GENERAL GOVERNMENT

### Taxation Revenue

	2004-05				2003-04		
	Month of Jan \$m	Month of Feb \$m	Eight Months to 28 Feb \$m	Estimated Actual <sup>(a)</sup> \$m	Month of Feb \$m	Eight Months to 29 Feb \$m	Actual \$m
<b>TAXATION</b>							
Taxes on employers' payroll and labour force							
<i>Payroll tax</i>	104	91	818	1,202	94	761	1,139
Property taxes							
<i>Land tax</i>	4	1	311	315	3	277	280
Conveyances and transfers	86	85	796	1,110	75	802	1,207
Mortgages	10	9	86	121	10	77	115
Other stamp duties	4	1	24	31	3	41	53
<i>Total stamp duties on financial and capital transactions</i>	99	95	907	1,262	88	920	1,375
Debits Tax	11	8	66	96	7	65	97
<i>Total financial institutions taxes</i>	11	8	66	96	7	65	97
Metropolitan Region Improvement Tax	-	-	47	48	-	44	44
Emergency Services Levy	4	4	112	119	8	72	75
Loan guarantee fees	1	1	7	11	1	7	10
<i>Total other property taxes</i>	5	5	166	178	9	123	129
Taxes on provision of goods and services							
Lotteries Commission	8	8	63	96	8	65	95
less rebates	-2	-2	-15	-21	-1	-14	-20
Video lottery terminals	-	-	-	1	-	-	-
Casino Tax	5	5	34	51	4	31	47
less rebates	-3	-3	-19	-29	-2	-16	-24
TAB betting tax	4	5	38	53	4	34	56
less rebates	-3	-2	-17	-25	-2	-15	-22
<i>Total taxes on gambling</i>	9	10	86	126	10	85	132
Contribution to fire brigades	-	-	-	-	-	31	31
Stamp duty on insurance policies	24	22	192	286	19	181	279
Other	2	2	21	21	1	7	19
<i>Total taxes on insurance</i>	26	23	212	306	19	218	328
Taxes on use of goods and performance of activities							
Stamp duty on vehicle licences	25	29	189	289	22	169	273
Permits – oversize vehicles and loads	-	-	1	3	-	1	3
Motor vehicle recording fee	3	4	29	37	3	30	45
Motor vehicle registrations	25	37	214	317	24	206	320
<i>Total motor vehicle taxes</i>	54	69	433	645	49	406	641
<b>Total Taxation</b>	<b>312</b>	<b>303</b>	<b>2,999</b>	<b>4,130</b>	<b>279</b>	<b>2,855</b>	<b>4,122</b>

(a) Estimated actual published in the 2005-06 Budget, released 26 May 2005.  
Columns may not add due to rounding.

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