



DEPARTMENT OF
TREASURY AND FINANCE

MONTHLY
REPORT OF
**GENERAL
GOVERNMENT
FINANCES**

Statement for the Month Ended
31 January 2004

MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES

JANUARY 2004

Introduction

This report provides a summary of the Western Australian general government sector's finances for the month of January 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 \$127 million operating deficit for the month of January 2004, similar to the deficit recorded in January the previous year.

Revenue in January 2004 totalled \$1,007 million, up \$54 million (or 5.7%) from January 2003. The increase in monthly revenue primarily reflects:

- higher Commonwealth grants (up \$50 million), reflecting a revised payment profile for GST grants and higher education-related funding for non-government schools, partly offset by lower North West Shelf petroleum royalties as a result of a higher \$A/\$US exchange rate and lower crude oil production levels;
- higher taxation revenue (up \$41 million), with stamp duty on property conveyances (up \$27 million) and payroll tax (up \$13 million) the major contributors; and
- lower sales of goods and services (down \$38 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), as well as timing differences associated with the recognition of these revenues across the sector.

Expenses in January 2004 were \$1,134 million, \$61 million (or 5.7%) higher than January 2003. Relative to January 2003, the following major variances occurred:

- higher current and capital transfers (up \$39 million), reflecting the transfer of bus and ferry services (and associated funding) to the Public Transport Authority;
- higher 'other' gross operating expenses (up \$12 million) across a range of general government agencies; and
- higher salaries (up \$7 million), mainly in the health sector.

Cash Flow Statement

A cash deficit of \$71 million was recorded in January 2004 (compared with a \$183 million deficit in January 2003), reflecting a net cash outflow from operating activities of \$7 million and a net cash outflow from capital investment (i.e. purchases less sales of non-financial assets) of \$64 million.

Seven Months Ending 31 January 2004

A cumulative operating surplus of \$547 million was recorded for the first seven months of 2003-04. Compared with the first seven months of 2002-03, revenue and expenses were higher by \$630 million (or 9.1%) and \$279 million (or 4.2%) respectively.

The year-to-date surplus for 2003-04 is expected to decline over the remaining five months, with a forecast easing in property market activity (and associated conveyance duty revenue), combined with an expected acceleration in agencies' expenditure in the latter months of the financial year, likely to result in monthly deficits over the remainder of 2003-04.

GENERAL GOVERNMENT Operating Statement

	2003-04			2002-03		
	Month of Jan \$m	Seven Months to 31 Jan \$m	Annual Estimate ^(a) \$m	Month of Jan \$m	Seven Months to 31 Jan \$m	Actual \$m
REVENUE						
Taxation	298	2,576	3,828	257	2,037	3,387
Current grants and subsidies	508	3,216	5,426	428	3,074	5,464
Capital grants	11	148	289	41	198	287
Sales of goods and services	55	539	864	93	569	990
Interest income	11	73	112	7	63	107
Revenue from public corporations						
Dividends	24	238	436	31	226	390
Tax equivalent payments	21	228	241	18	187	239
Royalty income	62	374	631	62	391	685
Other	16	130	223	18	148	222
<i>Total</i>	<i>1,007</i>	<i>7,523</i>	<i>12,049</i>	<i>953</i>	<i>6,893</i>	<i>11,771</i>
EXPENSES						
Gross operating expenses						
Salaries	388	2,754	4,690	381	2,587	4,486
Depreciation and amortisation	47	339	610	51	333	603
Superannuation	38	270	445	37	236	436
Other	212	1,574	2,851	200	1,554	2,931
Nominal superannuation interest	24	162	283	21	161	277
Other interest	17	98	204	16	114	195
Current transfers	389	1,571	2,556	328	1,477	2,287
Capital transfers	19	208	268	41	235	303
<i>Total</i>	<i>1,134</i>	<i>6,976</i>	<i>11,908</i>	<i>1,073</i>	<i>6,697</i>	<i>11,518</i>
NET OPERATING BALANCE	-127	547	142	-120	196	254

(a) Estimate for 2003-04 published in the 2003-04 *Government Mid-year Financial Projections Statement*, released 19 December 2003.

Columns may not add due to rounding.

GENERAL GOVERNMENT

Cash Flow Statement

	2003-04			2002-03		
	Month of Jan \$m	Seven Months to 31 Jan \$m	Annual Estimate ^(a) \$m	Month of Jan \$m	Seven Months to 31 Jan \$m	Actual \$m
RECEIPTS FROM OPERATING ACTIVITIES						
Taxes received	346	2,450	3,829	286	1,945	3,339
Receipts from sales of goods and services	63	530	888	80	568	999
Grants and subsidies received	520	3,359	5,667	458	3,267	5,794
Other receipts	175	1,143	2,097	184	1,176	2,154
<i>Total</i>	<i>1,104</i>	<i>7,482</i>	<i>12,482</i>	<i>1,008</i>	<i>6,956</i>	<i>12,286</i>
PAYMENTS FOR OPERATING ACTIVITIES						
Payments for goods and services	-684	-4,888	-8,140	-737	-4,742	-7,925
Grants and subsidies paid	-355	-1,638	-2,718	-323	-1,595	-2,417
Interest paid	-26	-99	-203	-26	-115	-193
Other payments	-46	-379	-698	-49	-441	-772
<i>Total</i>	<i>-1,112</i>	<i>-7,004</i>	<i>-11,758</i>	<i>-1,135</i>	<i>-6,892</i>	<i>-11,308</i>
Net Cash Flow from Operating Activities	-7	478	723	-127	64	978
INVESTMENT IN NON-FINANCIAL ASSETS						
Purchase of non-financial assets	-81	-543	-980	-61	-423	-794
Sales of non-financial assets	17	63	174	4	42	74
<i>Total</i>	<i>-64</i>	<i>-479</i>	<i>-806</i>	<i>-56</i>	<i>-381</i>	<i>-720</i>
INVESTMENT IN FINANCIAL ASSETS						
Policy purposes	-46	-65	-89	-20	-29	-107
Liquidity purposes	2	-87	17	9	-2	48
<i>Total</i>	<i>-44</i>	<i>-152</i>	<i>-72</i>	<i>-11</i>	<i>-31</i>	<i>-59</i>
Net Cash Flow from Investing Activities	-108	-631	-878	-67	-412	-778
FINANCING ACTIVITIES						
Advances received (net)	-	-5	-8	-	-	-
Borrowings (net)	48	3	84	80	40	17
Deposits received (net)	-10	3	-	-1	-3	-9
Other financing	4	-5	-30	-2	2	-65
<i>Total</i>	<i>43</i>	<i>-4</i>	<i>46</i>	<i>77</i>	<i>39</i>	<i>-57</i>
<i>Opening cash balance</i>	<i>970</i>	<i>1,056</i>	<i>1,056</i>	<i>722</i>	<i>913</i>	<i>913</i>
NET INCREASE IN CASH HELD	-72	-158	-108	-118	-309	143
<i>Closing cash balance</i>	<i>898</i>	<i>898</i>	<i>948</i>	<i>605</i>	<i>605</i>	<i>1,056</i>
<i>Net cash from operating activities and investments in non-financial assets</i>	<i>-71</i>	<i>-1</i>	<i>-83</i>	<i>-183</i>	<i>-317</i>	<i>259</i>
<i>less finance leases and similar arrangements</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
GFS Cash Surplus	-71	-1	-83	-183	-317	259

(a) Estimate for 2003-04 published in the 2003-04 *Government Mid-year Financial Projections Statement*, released 19 December 2003.

Columns may not add due to rounding.

GENERAL GOVERNMENT

Taxation Revenue

	2003-04			2002-03		
	Month of Jan \$m	Seven Months to 31 Jan \$m	Annual Estimate ^(a) \$m	Month of Jan \$m	Seven Months to 31 Jan \$m	Actual \$m
TAXES ON EMPLOYERS' PAYROLL AND LABOUR FORCE						
<i>Payroll tax</i>	99	668	1,102	87	580	1,004
TAXES ON PROPERTY						
Land tax	3	274	277	-	260	260
Stamp duties on financial and capital transactions	102	832	1,207	72	523	978
Financial institutions transaction taxes	9	57	96	8	57	97
Other	2	114	128	1	45	49
<i>Total</i>	116	1,278	1,708	80	884	1,383
TAXES ON PROVISION OF GOODS AND SERVICES						
Taxes on gambling	10	75	121	7	68	119
Taxes on insurance	25	199	315	37	191	307
<i>Total</i>	35	274	436	44	259	426
TAXES ON USE OF GOODS AND PERFORMANCE OF ACTIVITIES						
<i>Motor vehicle taxes</i>	48	357	582	45	315	574
Total Taxes	298	2,576	3,828	257	2,037	3,387

(a) Estimate for 2003-04 published in the 2003-04 *Government Mid-year Financial Projections Statement*, released 19 December 2003.

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