



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
31 July 2004

MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES

JULY 2004

Introduction

This report provides a summary of the Western Australian general government sector's finances for the month of July 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 \$153 million operating surplus for the month of July 2004, up \$45 million compared to the \$108 million surplus recorded in July 2003.

Revenue in July 2004 totalled \$1,212 million, up \$85 million (or 7.5%) from July 2003. The increase in monthly revenue is primarily attributable to:

- higher Commonwealth grants (up \$86 million), reflecting an increase in both the national pool of GST revenue and Western Australia's share of that revenue, and a revision to the monthly schedule of GST payments;
- higher mining royalties (up \$21 million), due largely to an increase in nickel production as well as higher nickel prices, and the timing of iron ore and mineral sands royalties (received in July 2004 compared with August 2003); and
- higher sales of goods and services (up \$10 million), due largely to the provision of services associated with the Geraldton Southern Transport Corridor and the New MetroRail project.

Partially offsetting the above increases in revenue is lower taxation revenue (down \$38 million). This mainly reflects delays in the processing of transactions for motor vehicle taxes, which were down \$39 million compared to July 2003.

Expenses for the month of July 2004 totalled \$1,059 million, up \$40 million (or 3.9%) from July 2003. This increase largely reflects:

- higher current and capital transfers (up \$17 million), due to the timing of Public Transport Authority funding arrangements in 2003-04 (which did not occur until December 2003), partially offset by a decrease in grants expenses due to the completion of the Perth Convention and Exhibition Centre; and
- higher services and contracts expenses (up \$16 million), mainly as a result of increased roadworks expenditure.

Cash Flow Statement

A cash deficit of \$70 million was recorded in July 2004 (compared with a \$115 million deficit in July 2003), reflecting a net cash outflow from operating activities of \$5 million and a net cash outflow from capital investment of \$65 million.

GENERAL GOVERNMENT

Operating Statement

	2004-05		2003-04	
	Month of July \$m	Annual Estimate ^(a) \$m	Month of July \$m	Actual ^(b) \$m
REVENUE				
Taxation	282	3,739	320	4,122
Current grants and subsidies	665	5,913	581	5,583
Capital grants	15	367	13	295
Sales of goods and services	93	896	83	942
Interest income	11	118	9	128
Revenue from public corporations				
Dividends	35	421	35	448
Tax equivalent payments	20	235	19	310
Royalty income	70	736	49	654
Other	22	296	18	272
<i>Total</i>	<i>1,212</i>	<i>12,719</i>	<i>1,127</i>	<i>12,753</i>
EXPENSES				
Gross operating expenses				
Salaries	408	4,916	404	4,787
Depreciation and amortisation	44	604	45	546
Superannuation	40	472	38	464
Services and contracts ^(c)	86	1,287	70	1,216
Other	133	1,733	133	1,637
Nominal superannuation interest	24	288	23	283
Other interest	14	206	14	165
Current transfers	285	2,571	237	2,440
Capital transfers	25	401	56	421
<i>Total</i>	<i>1,059</i>	<i>12,477</i>	<i>1,019</i>	<i>11,960</i>
NET OPERATING BALANCE	153	243	108	793

(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	Annual Estimate ^(a) \$m	Month of July \$m	Actual ^(b) \$m
RECEIPTS FROM OPERATING ACTIVITIES				
Taxes received	275	3,740	294	4,047
Receipts from sales of goods and services	93	920	84	968
Grants and subsidies received	683	6,281	600	5,829
Other receipts	189	2,300	163	2,224
<i>Total</i>	<i>1,240</i>	<i>13,242</i>	<i>1,141</i>	<i>13,068</i>
PAYMENTS FOR OPERATING ACTIVITIES				
Payments for goods and services	-838	-8,651	-828	-8,238
Grants and subsidies paid	-312	-2,760	-251	-2,589
Interest paid	-26	-206	-26	-171
Other payments	-69	-732	-56	-691
<i>Total</i>	<i>-1,245</i>	<i>-12,349</i>	<i>-1,159</i>	<i>-11,688</i>
Net Cash Flow from Operating Activities	-5	893	-19	1,380
INVESTMENT IN NON-FINANCIAL ASSETS				
Purchase of non-financial assets	-74	-1,139	-104	-992
Sales of non-financial assets	9	175	8	166
<i>Total</i>	<i>-65</i>	<i>-964</i>	<i>-96</i>	<i>-826</i>
INVESTMENT IN FINANCIAL ASSETS				
Policy purposes	-26	-96	-	-122
Liquidity purposes	1	17	2	-80
<i>Total</i>	<i>-25</i>	<i>-79</i>	<i>2</i>	<i>-202</i>
Net Cash Flow from Investing Activities	-90	-1,043	-95	-1,028
FINANCING ACTIVITIES				
Advances received (net)	-	-	-	-8
Borrowings (net)	149	-32	90	-158
Deposits received (net)	4	-	9	-2
Other financing	-3	-12	-2	-32
<i>Total</i>	<i>150</i>	<i>-44</i>	<i>97</i>	<i>-199</i>
<i>Opening cash balance</i>	<i>2,690</i>	<i>959</i>	<i>2,538</i>	<i>2,538</i>
NET INCREASE IN CASH HELD	55	-194	-16	152
<i>Closing cash balance</i>	<i>2,744</i>	<i>765</i>	<i>2,522</i>	<i>2,690</i>
<i>Net cash from operating activities and investments in non-financial assets</i>	<i>-70</i>	<i>-71</i>	<i>-115</i>	<i>554</i>
<i>less finance leases and similar arrangements</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Cash Surplus	-70	-71	-115	554

(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.

Columns may not add due to rounding.

GENERAL GOVERNMENT

Taxation Revenue

	2004-05		2003-04	
	Month of July \$m	Annual Estimate ^(a) \$m	Month of July \$m	Actual ^(b) \$m
TAXATION				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	101	1,202	97	1,139
Property taxes				
<i>Land tax</i>	-	301	-	280
Conveyances and transfers	94	846	93	1,207
Mortgages	10	95	10	115
Other stamp duties	3	30	4	53
<i>Total stamp duties on financial and capital transactions</i>	107	972	107	1,375
Debits Tax	8	96	8	97
<i>Total financial institutions taxes</i>	8	96	8	97
Metropolitan Region Improvement Tax	-	46	-	44
Emergency Services Levy	7	118	4	75
Loan guarantee fees	1	11	1	10
<i>Total other property taxes</i>	7	175	5	129
Taxes on provision of goods and services				
Lotteries Commission	8	95	8	95
less rebates	-2	-21	-2	-20
Video lottery terminals	-	1	-	-
Casino Tax	4	43	2	47
less rebates	-3	-24	-2	-24
TAB betting tax	-	53	4	56
less rebates	-	-24	-2	-22
<i>Total taxes on gambling</i>	7	124	9	132
Contribution to fire brigades	-	-	15	31
Stamp duty on insurance policies	29	254	19	279
Other	2	6	1	19
<i>Total taxes on insurance</i>	31	260	35	328
Taxes on use of goods and performance of activities				
Stamp duty on vehicle licences	6	249	22	273
Permits - oversize vehicles and loads	-	2	-	3
Motor vehicle recording fee	2	44	4	45
Motor vehicle registrations	13	316	32	320
<i>Total motor vehicle taxes</i>	20	610	59	641
Total Taxation	282	3,739	320	4,122

(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.
Columns may not add due to rounding.

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