



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 May 2003

MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES

MAY 2003

Operating Statement

The general government sector recorded a \$535 million net operating surplus for the eleven months to 31 May 2003. This compares with a surplus of \$649 million recorded in the same period the previous year. Consistent with previous years, expenses are expected to pick up in the last month of 2002-03, bringing the operating surplus for the year closer to the \$178 million estimated outturn published in the 2003-04 Budget.

Revenue recorded in the eleven months to 31 May 2003 totalled \$10,807 million, which is up \$418 million or 4.0% on the same period the previous year. When adjusted for changes in the timing of Commonwealth grants, revenue growth to 31 May 2003 was 4.5%, which is in line with the rate of growth estimated for 2002-03 in the 2003-04 Budget. Revenue variations between these periods primarily reflect:

- higher taxation revenue (up \$298 million or 10.6%), primarily reflecting the introduction of new tax scales from 1 January 2002 (for payroll tax) and 1 July 2002 (for land tax, conveyance duty and stamp duty on motor vehicle licence transfers);
- higher sale of goods and services revenue (up \$122 million or 15.9%), largely due to additional revenue from the sale of the State's vehicle fleet, higher revenue in the health sector, and an under-recording of revenue in the first eleven months of 2001-02 (relating to classification issues which were subsequently addressed in June 2002);
- higher royalty income (up \$44 million or 7.7%), largely reflecting higher petroleum, diamond and nickel royalties; and
- lower revenue from public corporations (down \$19 million or 3.0%), primarily reflecting the impact of water restrictions on the profitability of the Water Corporation.

Expenses for the eleven months to 31 May 2003 totalled \$10,272 million, which is \$532 million or 5.5% higher than the same period the previous year. After allowing for timing differences in the recording of depreciation expenses which were first recorded in June 2002 (see below), expense growth in the first eleven months of 2002-03 was 4.5%. This is broadly in line with that estimated for the 2002-03 year in the 2003-04 Budget (4.7%). Expense variations between these periods mainly reflect:

- higher salaries costs (up \$289 million or 7.6%), mainly as a result of increased salaries in the health and education sectors;
- higher 'other' gross operating expenses (up \$116 million or 4.9%), largely due to higher expenses in the health sector associated with patient support costs and new remuneration rates for visiting medical practitioners, increased expenses in the education sector related to the education to community (e2c) strategy, and a 'carry over' of agency expenses from 2001-02; and
- higher depreciation and amortisation expenses (up \$94 million or 21.6%), reflecting a substantial revaluation of the State's road network at the end of 2001-02 and the amortisation of the State's car fleet.

Cash Flow Statement

A net cash inflow from operating activities of \$649 million was recorded for the eleven months ended 31 May 2003. Combined with net capital investment of \$600 million, this resulted in a government finance statistics (GFS) cash surplus of \$49 million for the eleven months to 31 May 2003. This compares with a cash deficit for the same period the previous year of \$78 million.

GENERAL GOVERNMENT
Operating Statement

	2002-03				2001-02		
	Month of April \$m	Month of May \$m	Eleven Months to 31 May \$m	Estimated Actual ^(a) \$m	Month of May \$m	Eleven Months to 31 May \$m	Annual Actual ^(b) \$m
REVENUE							
Taxation	259	290	3,100	3,255	243	2,802	2,945
Current grants and subsidies	527	438	5,024	5,396	389	5,028	5,253
Capital grants	16	24	265	290	10	259	267
Sales of goods and services	70	86	888	946	43	766	905
Interest income	9	7	96	104	11	107	122
Revenue from public corporations							
- Dividends	52	32	362	389	34	388	406
- Tax equivalent payments	18	20	247	230	12	240	237
Royalty income	53	59	612	679	34	568	636
Other	17	17	214	238	30	230	264
Total	1,021	973	10,807	11,527	805	10,389	11,035
EXPENSES							
Gross operating expenses							
- Salaries	380	399	4,071	4,397	354	3,782	4,209
- Depreciation & amortisation	54	51	530	614	37	436	568
- Superannuation	28	33	364	405	34	336	375
- Other	200	256	2,469	2,814	248	2,353	2,660
Nominal superannuation interest	27	23	258	277	20	252	278
Other interest	14	17	174	215	27	202	214
Current transfers	160	198	2,126	2,383	127	2,120	2,277
Capital transfers	-	21	280	245	4	259	257
Total	863	999	10,272	11,349	850	9,740	10,838
NET OPERATING BALANCE	158	-26	535	178	-45	649	197

(a) Estimated actual published in the 2003-04 Budget, released 8 May 2003.

(b) GFS data consistent with the audited *Government of Western Australia Consolidated Financial Statements* for the year ended 30 June 2002, released 24 February 2003.

Columns may not add due to rounding.

GENERAL GOVERNMENT
Cash Flow Statement

	2002-03				2001-02		
	Month of April \$m	Month of May \$m	Eleven Months to 31 May \$m	Estimated Actual ^(a) \$m	Month of May \$m	Eleven Months to 31 May \$m	Annual Actual ^(b) \$m
RECEIPTS FROM OPERATING ACTIVITIES							
Taxes received	260	263	2,983	3,257	336	2,737	2,968
Receipts from sales of goods and services	75	72	869	908	55	749	891
Grants and subsidies received	543	459	5,293	5,656	402	5,286	5,531
Other receipts	148	114	1,658	2,149	69	1,735	2,116
Total	1,026	908	10,803	11,970	862	10,507	11,506
PAYMENTS FOR OPERATING ACTIVITIES							
Payments for goods & services	-640	-637	-7,182	-7,779	-573	-6,780	-7,376
Grants and subsidies paid	-93	-195	-2,150	-2,492	-129	-2,102	-2,294
Interest paid	-32	-3	-160	-211	-8	-196	-220
Other payments	-40	-68	-663	-782	-73	-784	-855
Total	805-	-904	-10,155	-11,264	-783	-9,861	-10,746
Net Cash Flow from Operating Activities	221	4	649	706	79	646	760
INVESTMENT IN NON-FINANCIAL ASSETS							
Purchase of non-financial assets	-77	-68	-701	-859	-83	-810	-894
Sales of non-financial assets	10	16	101	118	7	87	102
Total	-67	-52	-600	-741	-76	-724	-792
INVESTMENT IN FINANCIAL ASSETS							
Policy purposes	-15	-10	-66	-116	-43	-51	-93
Liquidity purposes	5	5	-2	42	2	-9	-11
Total	-10	-5	-67	-74	-41	-60	-105
Net Cash Flow from Investing Activities	-77	-57	-667	-815	-117	-784	-896
FINANCING ACTIVITIES							
Advances received (net)	-	-	-	-	17	-24	-13
Borrowings (net)	-58	46	-6	1	147	52	13
Deposits received (net)	-14	3	-	-	-4	-96	-92
Other financing	-6	-7	-4	-27	27	-32	-25
Total	-78	42	-9	-26	187	-100	-117
Opening cash balance	831	896	913	913	779	1,167	1,167
NET INCREASE IN CASH HELD	65	-10	-28	-135	149	-238	-253
Closing cash balance	896	886	886	779	929	929	913
Net cash from operating activities and investment in non-financial assets and distributions paid	154	-48	49	-35	3	-78	-31
less finance leases and similar arrangements	-	-	-	-	-	-	-
GFS cash surplus	154	-48	49	-35	3	-78	-31

(a) Estimated actual published in the 2003-04 Budget, released 8 May 2003.

(b) GFS data consistent with the audited *Government of Western Australia Consolidated Financial Statements* for the year ended 30 June 2002, released 24 February 2003.

Columns may not add due to rounding.

GENERAL GOVERNMENT

Taxation Revenue

	2002-03				2001-02		
	Month of April \$m	Month of May \$m	Eleven Months to 31 May \$m	Estimated Actual ^(a) \$m	Month of May \$m	Eleven Months to 31 May \$m	Annual Actual ^(b) \$m
TAXES ON EMPLOYERS' PAYROLL AND LABOUR FORCE							
<i>Payroll tax</i>	78	88	914	996	80	822	900
TAXES ON PROPERTY							
Land tax	1	-1 ^(c)	261	265	-	229	226
Stamp duties on financial and capital transactions	77	116	881	870	73	789	787
Financial institutions transaction taxes	8	8	89	96	8	104	112
Other	1	1	48	50	1	46	48
<i>Total</i>	87	123	1,279	1,282	82	1,168	1,172
TAXES ON PROVISION OF GOODS AND SERVICES							
Taxes on gambling	10	10	107	114	20	110	113
Taxes on insurance	36	17	283	318	16	252	267
<i>Total</i>	46	27	390	432	36	362	380
TAXES ON USE OF GOODS AND PERFORMANCE OF ACTIVITIES							
<i>Motor vehicle taxes</i>	47	52	516	545	45	450	493
Total Taxes	259	290	3,100	3,255	243	2,802	2,945

(a) Estimated actual published in the 2003-04 Budget, released 8 May 2003.

(b) GFS data consistent with the audited *Government of Western Australia Consolidated Financial Statements* for the year ended 30 June 2002, released 24 February 2003.

(c) The reduction reflects discounts allowed on early payment of land tax assessments. 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
Graham Thompson	A/Assistant Director (Financial Reporting)	(08) 9222 9327
Sonya Monterosso	Distribution Enquiries	(08) 9222 9224
Facsimile		(08) 9222 9338

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