



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 2004

MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES

MAY 2004

Introduction

This report provides a summary of the Western Australian general government sector's finances for the month of May 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 \$52 million operating deficit for the month of May 2004, compared with a deficit of \$26 million in May 2003.

Revenue totalled \$946 million in May 2004, down \$27 million (or 2.8%) from May 2003. The decrease in monthly revenue is primarily attributable to:

- lower mining royalties (down \$36 million) due mainly to the impact of a higher \$A/\$US exchange rate and reduced production of diamonds; and
- lower Commonwealth grants (down \$33 million), largely reflecting revised timing of GST grants in 2003-04 relative to 2002-03.

These falls in revenue are partially offset by:

- higher taxation revenue (up \$28 million), reflecting increases in stamp duties on financial and capital transactions (up \$15 million) and payroll tax (up \$12 million); and
- higher sales of goods and services (up \$11 million), due to the correction of a misclassification between goods and services revenue and 'other' revenue in May 2003.

Expenses totalled \$998 million in May 2004, virtually identical to May 2003, with higher capital transfers (up \$21 million) offset by lower 'other' gross operating expenses (down \$19 million), reflecting the transfer of bus and ferry services to the public non-financial corporations sector upon creation of the Public Transport Authority on 1 July 2003.

Cash Flow Statement

A cash deficit of \$111 million was recorded in May 2004 (compared with a \$48 million deficit in May 2003), reflecting a net cash outflow from operating activities of \$38 million and a net cash outflow from capital investment of \$73 million.

Eleven Months Ending 31 May 2004

A cumulative operating surplus of \$937 million was recorded for the first eleven months of 2003-04, compared with a surplus of \$535 million for the same period the previous year. Both revenue and expenses were higher, by \$794 million (or 7.3%) and \$392 million (or 3.8%) respectively. The increase in revenue is primarily due to increased taxation revenue, with strong economic growth boosting stamp duties on financial and capital transactions (predominantly stamp duty on property conveyances), payroll tax and motor vehicle taxes. The increase in expenses mainly reflects higher staffing costs in key service delivery agencies such as Health, Education and Training, Police and Justice.

GENERAL GOVERNMENT Operating Statement

	2003-04				2002-03		
	Month of Apr \$m	Month of May \$m	Eleven Months to 31 May \$m	Annual Estimate ^(a) \$m	Month of May \$m	Eleven Months to 31 May \$m	Actual \$m
REVENUE							
Taxation	298	318	3,766	3,884	290	3,100	3,387
Current grants and subsidies	579	393	5,091	5,436	438	5,024	5,464
Capital grants	16	36	243	291	24	265	287
Sales of goods and services	68	97	850	912	86	888	990
Interest income	11	12	118	116	7	96	107
Revenue from public corporations							
Dividends	43	22	380	426	32	362	390
Tax equivalent payments	22	22	300	257	20	247	239
Royalty income	73	23	580	657	59	612	685
Other	55	24	272	287	17	214	222
<i>Total</i>	<i>1,164</i>	<i>946</i>	<i>11,601</i>	<i>12,266</i>	<i>973</i>	<i>10,807</i>	<i>11,771</i>
EXPENSES							
Gross operating expenses							
Salaries	393	400	4,318	4,701	399	4,071	4,486
Depreciation and amortisation	48	47	527	604	51	530	603
Superannuation	37	39	421	458	33	364	436
Other	227	237	2,482	2,953	256	2,469	2,931
Nominal superannuation interest	24	24	256	283	23	258	277
Other interest	15	13	152	186	17	174	195
Current transfers	138	198	2,180	2,504	198	2,126	2,287
Capital transfers	24	42	328	371	21	280	303
<i>Total</i>	<i>907</i>	<i>998</i>	<i>10,664</i>	<i>12,060</i>	<i>999</i>	<i>10,272</i>	<i>11,518</i>
NET OPERATING BALANCE	257	-52	937	207	-26	535	254

(a) Estimate 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 Apr \$m	Month of May \$m	Eleven Months to 31 May \$m	Annual Estimate ^(a) \$m	Month of May \$m	Eleven Months to 31 May \$m	Actual \$m
RECEIPTS FROM OPERATING ACTIVITIES							
Taxes received	295	299	3,646	3,888	263	2,983	3,339
Receipts from sales of goods and services	65	71	853	924	72	869	999
Grants and subsidies received	593	429	5,332	5,677	459	5,293	5,794
Other receipts	184	89	1,671	2,173	114	1,658	2,154
<i>Total</i>	<i>1,136</i>	<i>888</i>	<i>11,502</i>	<i>12,662</i>	<i>908</i>	<i>10,803</i>	<i>12,286</i>
PAYMENTS FOR OPERATING ACTIVITIES							
Payments for goods and services	-681	-677	-7,535	-8,269	-637	-7,182	-7,925
Grants and subsidies paid	-138	-185	-2,247	-2,734	-195	-2,150	-2,417
Interest paid	-26	-5	-140	-190	-3	-160	-193
Other payments	-46	-60	-604	-696	-68	-663	-772
<i>Total</i>	<i>-891</i>	<i>-927</i>	<i>-10,526</i>	<i>-11,889</i>	<i>-904</i>	<i>-10,155</i>	<i>-11,308</i>
Net Cash Flow from Operating Activities	245	-38	976	773	4	649	978
INVESTMENT IN NON-FINANCIAL ASSETS							
Purchase of non-financial assets	-82	-85	-826	-917	-68	-701	-794
Sales of non-financial assets	13	13	123	176	16	101	74
<i>Total</i>	<i>-69</i>	<i>-73</i>	<i>-703</i>	<i>-742</i>	<i>-52</i>	<i>-600</i>	<i>-720</i>
INVESTMENT IN FINANCIAL ASSETS							
Policy purposes	-	1	-70	-122	-10	-66	-107
Liquidity purposes	3	2	-81	23	5	-2	48
<i>Total</i>	<i>3</i>	<i>3</i>	<i>-150</i>	<i>-99</i>	<i>-5</i>	<i>-67</i>	<i>-59</i>
Net Cash Flow from Investing Activities	-66	-69	-853	-841	-57	-667	-778
FINANCING ACTIVITIES							
Advances received (net)	-	-	-8	-8	-	-	-
Borrowings (net)	-33	20	-27	16	46	-6	17
Deposits received (net)	-8	-1	-8	-	3	-	-9
Other financing	6	5	-9	-37	-7	-4	-65
<i>Total</i>	<i>-35</i>	<i>24</i>	<i>-51</i>	<i>-29</i>	<i>42</i>	<i>-9</i>	<i>-57</i>
<i>Opening cash balance</i>	<i>1,066</i>	<i>1,210</i>	<i>1,056</i>	<i>1,056</i>	<i>896</i>	<i>913</i>	<i>913</i>
NET INCREASE IN CASH HELD	144	-83	71	-97	-10	-28	143
<i>Closing cash balance</i>	<i>1,210</i>	<i>1,127</i>	<i>1,127</i>	<i>959</i>	<i>886</i>	<i>886</i>	<i>1,056</i>
<i>Net cash from operating activities and investments in non-financial assets</i>	<i>176</i>	<i>-111</i>	<i>273</i>	<i>32</i>	<i>-48</i>	<i>49</i>	<i>259</i>
<i>Less finance leases and similar arrangements</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
GFS Cash Surplus	176	-111	273	32	-48	49	259

(a) Estimate 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 Apr \$m	Month of May \$m	Eleven Months to 31 May \$m	Annual Estimate ^(a) \$m	Month of May \$m	Eleven Months to 31 May \$m	Actual \$m
TAXES ON EMPLOYERS' PAYROLL AND LABOUR FORCE							
<i>Payroll tax</i>	95	100	1,045	1,128	88	914	1,004
TAXES ON PROPERTY							
Land tax	1	-	280	277	-1	261	260
Stamp duties on financial and capital transactions	102	131	1,258	1,242	116	881	978
Financial institutions transaction taxes	9	8	89	96	8	89	97
Other	1	1	125	128	1	48	49
<i>Total</i>	113	140	1,752	1,743	123	1,279	1,383
TAXES ON PROVISION OF GOODS AND SERVICES							
Taxes on gambling	16	6	112	121	10	107	119
Taxes on insurance	25	20	291	310	17	283	307
<i>Total</i>	41	26	403	431	27	390	426
TAXES ON USE OF GOODS AND PERFORMANCE OF ACTIVITIES							
<i>Motor vehicle taxes</i>	50	52	566	582	52	516	574
Total Taxes	298	318	3,766	3,884	290	3,100	3,387

(a) Estimate published in the 2004-05 Budget, released 6 May 2004.

Columns may not add due to rounding.

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