



DEPARTMENT OF  
TREASURY AND FINANCE

MONTHLY  
REPORT OF  
**GENERAL  
GOVERNMENT  
FINANCES**

Statement for the Month Ended  
**30 November 2003**

# MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES

## NOVEMBER 2003

### *Operating Statement*

The general government sector recorded an \$83 million operating surplus for the month of November 2003. This is \$73 million higher than the \$10 million surplus recorded in November 2002. This outcome largely reflects tax performance in the first half of 2003-04, and the timing of some expense items.

Revenue in November 2003 totalled \$914 million, up \$43 million (or 5%) relative to November 2002. The increase in monthly revenue includes:

- higher taxation revenue (up \$54 million), due mainly to payroll tax (up \$21 million) reflecting stronger year-to-date wages and employment growth, an increase in stamp duty on financial and capital transactions (up \$17 million) with property market activity remaining strong, and minor monthly movements in all other taxes (totalling \$16 million);
- lower royalty income (down \$18 million), with exchange rate appreciation and lower production levels for diamonds the major factors in this movement;
- lower Commonwealth grants (down \$6 million), with a higher exchange rate resulting in lower North West Shelf petroleum revenue, partially offset by the timing of tied grants, particularly for local government funding on-passed through the State; and
- a net increase in all other revenue of \$13 million due largely to movements in the timing of transactions during the year.

At \$831 million, expenses in November 2003 were \$30 million (or 3%) lower than November 2002. This movement reflects:

- an increase in salaries (up \$12 million), due mainly to the impact of a new Enterprise Bargaining Agreement for police officers (backdated to 1 July, 2003) and higher staff levels and pay rates in the health sector;
- higher depreciation expenses (up \$12 million) for the sector's significant \$15 billion fixed assets holdings (excluding land);
- lower 'other' gross operating expenses (down \$70 million), reflecting timing issues in day-to-day agencies' operating activities and the impact of the 1 July 2003 transfer of bus and ferry operations to the new Public Transport Authority<sup>1</sup>;
- current transfers (mostly grants, up \$29 million), largely a result of higher local government funding on-passed from the Commonwealth (the offsetting revenue effect is mentioned above);
- lower capital transfers (down \$20 million) with November 2002 result higher due mainly to Perth Convention and Entertainment Centre construction grants during 2002-03; and
- a net \$7 million increase in all other expenses.

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<sup>1</sup> Discussed in the 2003-04 *Government Mid-year Financial Projections Statement*, Appendix 4: *Transfer of Bus and Ferry Operations to the Public Transport Authority*, p 73.

## Cash Flow Statement

A net cash surplus on operating activities was recorded in November 2003 broadly similar in magnitude to November 2002. Combined with net non-financial investment activities, particularly in education and road assets, a GFS cash surplus of \$128 million was recorded in November 2003.

## Five Months Ending 30 November 2003

A cumulative operating surplus of \$712 million was recorded for the first five months of 2003-04. Compared with the first five months of 2002-03, revenue was higher by \$478 million (or 10%) while expenses were lower by \$6 million. As noted in previous monthly reports this year, payroll tax, property market-related stamp duties and motor vehicle taxes account for stronger revenue performance in the period-to-date results for 2003-04. This was reflected in upward revisions in the annual estimate of tax revenue in the recent mid-year review. Similar trends are apparent this year in other jurisdictions' mid-year reviews.

### GENERAL GOVERNMENT Operating Statement

	2003-04				2002-03		
	Month of Oct \$m	Month of Nov \$m	Five Months to 30 Nov \$m	Annual Estimate <sup>(a)</sup> \$m	Month of Nov \$m	Five Months to 30 Nov \$m	Actual \$m
<b>REVENUE</b>							
Taxation	548	305	1,957	3,828	251	1,525	3,387
Current grants and subsidies	654	437	2,357	5,426	454	2,295	5,464
Capital grants	21	29	111	289	18	125	287
Sales of goods and services	91	36	395	864	26	385	990
Interest income	4	16	49	112	11	44	107
Revenue from public corporations							
Dividends	34	34	170	436	26	152	390
Tax equivalent payments	4	19	94	241	29	103	239
Royalty income	56	19	232	631	37	252	685
Other	30	18	99	223	19	104	222
<b>Total</b>	<b>1,444</b>	<b>914</b>	<b>5,465</b>	<b>12,049</b>	<b>871</b>	<b>4,987</b>	<b>11,771</b>
<b>EXPENSES</b>							
Gross operating expenses							
Salaries	396	370	1,939	4,690	358	1,840	4,486
Depreciation and amortisation	49	48	242	610	36	232	603
Superannuation	32	34	176	445	33	165	436
Other	238	163	1,110	2,851	233	1,175	2,931
Nominal superannuation interest	31	26	132	283	23	117	277
Other interest	13	15	67	204	13	77	195
Current transfers	224	168	954	2,556	139	991	2,287
Capital transfers	21	7	134	268	27	162	303
<b>Total</b>	<b>1,006</b>	<b>831</b>	<b>4,753</b>	<b>11,908</b>	<b>861</b>	<b>4,759</b>	<b>11,518</b>
<b>NET OPERATING BALANCE</b>	<b>438</b>	<b>83</b>	<b>712</b>	<b>142</b>	<b>10</b>	<b>227</b>	<b>254</b>

(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 Oct \$m	Month of Nov \$m	Five Months to 30 Nov \$m	Annual Estimate <sup>(a)</sup> \$m	Month of Nov \$m	Five Months to 30 Nov \$m	Actual \$m
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>							
Taxes received	387	421	1,720	3,829	357	1,331	3,339
Receipts from sales of goods and services	73	70	379	888	36	469	999
Grants and subsidies received	671	465	2,471	5,667	450	2,398	5,794
Other receipts	260	75	740	2,097	82	771	2,154
<i>Total</i>	<i>1,390</i>	<i>1,031</i>	<i>5,309</i>	<i>12,482</i>	<i>925</i>	<i>4,970</i>	<i>12,286</i>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>							
Payments for goods and services	-761	-608	-3,495	-8,140	-585	-3,332	-7,925
Grants and subsidies paid	-196	-139	-905	-2,718	-104	-976	-2,417
Interest paid	-22	-5	-66	-203	-3	-80	-193
Other payments	-30	-57	-276	-698	-36	-330	-772
<i>Total</i>	<i>-1,009</i>	<i>-809</i>	<i>-4,742</i>	<i>-11,758</i>	<i>-727</i>	<i>-4,718</i>	<i>-11,308</i>
<b>Net Cash Flow from Operating Activities</b>	<b>381</b>	<b>222</b>	<b>568</b>	<b>723</b>	<b>198</b>	<b>251</b>	<b>978</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>							
Purchase of non-financial assets	-102	-101	-404	-980	-56	-326	-794
Sales of non-financial assets	16	6	49	174	12	35	74
<i>Total</i>	<i>-86</i>	<i>-95</i>	<i>-355</i>	<i>-806</i>	<i>-44</i>	<i>-291</i>	<i>-720</i>
<b>INVESTMENT IN FINANCIAL ASSETS</b>							
Policy purposes	-16	16	-12	-89	17	-9	-107
Liquidity purposes	2	2	-102	17	-12	-2	48
<i>Total</i>	<i>-13</i>	<i>18</i>	<i>-114</i>	<i>-72</i>	<i>5</i>	<i>-11</i>	<i>-59</i>
<b>Net Cash Flow from Investing Activities</b>	<b>-99</b>	<b>-77</b>	<b>-469</b>	<b>-878</b>	<b>-39</b>	<b>-302</b>	<b>-778</b>
<b>FINANCING ACTIVITIES</b>							
Advances received (net)	-	-5	-5	-8	-	-	-
Borrowings (net)	-71	88	17	84	-65	-17	17
Deposits received (net)	-8	-4	1	-	-5	-5	-9
Other financing	-2	-1	-6	-30	6	12	-65
<i>Total</i>	<i>-81</i>	<i>77</i>	<i>7</i>	<i>46</i>	<i>-63</i>	<i>-10</i>	<i>-57</i>
Opening cash balance	738	940	1,056	1,056	758	913	913
<b>NET INCREASE IN CASH HELD</b>	<b>201</b>	<b>222</b>	<b>106</b>	<b>-108</b>	<b>95</b>	<b>-60</b>	<b>143</b>
Closing cash balance	940	1,162	1,162	948	853	853	1,056
<i>Net cash from operating activities and investments in non-financial assets</i>	<i>295</i>	<i>128</i>	<i>212</i>	<i>-83</i>	<i>153</i>	<i>-40</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>
<b>GFS Cash Surplus</b>	<b>295</b>	<b>128</b>	<b>212</b>	<b>-83</b>	<b>153</b>	<b>-40</b>	<b>259</b>

(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.

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## GENERAL GOVERNMENT

### Taxation Revenue

	2003-04				2002-03		
	Month of Oct \$m	Month of Nov \$m	Five Months to 30 Nov \$m	Annual Estimate <sup>(a)</sup> \$m	Month of Nov \$m	Five Months to 30 Nov \$m	Actual \$m
<b>TAXES ON EMPLOYERS' PAYROLL AND LABOUR FORCE</b>							
<i>Payroll tax</i>	96	99	483	1,102	78	412	1,004
<b>TAXES ON PROPERTY</b>							
Land tax	152	7	260	277	5	252	260
Stamp duties on financial and capital transactions	152	103	603	1,207	86	371	978
Financial institutions transaction taxes	10	9	41	96	9	40	97
Other	35	7	110	128	2	43	49
<i>Total</i>	349	126	1,014	1,708	101	706	1,383
<b>TAXES ON PROVISION OF GOODS AND SERVICES</b>							
Taxes on gambling	9	12	54	121	9	49	119
Taxes on insurance	39	22	150	315	20	134	307
<i>Total</i>	48	33	204	436	29	183	426
<b>TAXES ON USE OF GOODS AND PERFORMANCE OF ACTIVITIES</b>							
<i>Motor vehicle taxes</i>	56	47	256	582	42	224	574
<b>Total Taxes</b>	<b>548</b>	<b>305</b>	<b>1,957</b>	<b>3,828</b>	<b>251</b>	<b>1,525</b>	<b>3,387</b>

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

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