



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 October 2003

MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES

OCTOBER 2003

Operating Statement

The general government sector recorded a \$438 million net operating surplus for the month of October 2003. This is significantly higher than the \$76 million surplus recorded for the same month last year, due mainly to the timing of some transactions. Excluding significant timing issues in land tax, Metropolitan Regional Improvement Tax (MRIT) and Commonwealth grants, the October 2003 net operating surplus would have been around \$263 million.

Revenue in October 2003 totalled \$1,444 million, up \$312 million (or 28%) relative to October 2002. This increase primarily reflects:

- higher taxation revenue (up \$252 million), largely due to:
 - stronger payroll tax revenue (up \$8 million) driven by employment and wages growth;
 - higher land tax and MRIT revenue (up \$130 million and \$15 million respectively), due to timing of the release of assessments this year;
 - stronger stamp duties on financial and capital transactions (up \$74 million) due to continuing high levels of property market activity¹ and changes in the conveyance duty rate scale which commenced on 1 July 2003;
 - higher 'other' taxes on property (up \$27 million) reflecting the Emergency Services Levy which replaced previous fire and emergency services funding arrangements this year; and
 - stronger motor vehicle taxes (up \$9 million) due to levels of sales activity.
- a \$90 million increase in Commonwealth grants, mainly due to stronger GST receipts this year (up \$76 million), and higher revenue from North West Shelf royalties grants due to timing issues (up \$30 million); and
- an aggregate net decrease of \$30 million in all other revenue reflecting marginal movements in timing of day-to-day activities.

Expenses in October 2003 were \$1,006 million, \$50 million (or 5%) less than October 2002. This reflects:

- higher salaries (up \$11 million), largely due to movements in wage rates and staff levels in the health sector;
- lower transfer payments (mostly grants, down \$27 million), attributable to the timing of grants to public corporations;
- lower 'other' gross operating expenses (down \$22 million), following higher activity of around the same magnitude in September 2003, reflecting variability in the day-to-day purchasing activity of agencies in the sector; and
- a net \$12 million decrease across all remaining expense items.

¹ It should be noted that, consistent with experience in other jurisdictions, October 2003 revenue from property transactions remained strong, in line with levels of market activity. Recent interest rate changes have seen this level of activity moderate somewhat, although Western Australia, like other States, has revised its annual estimates in the recent mid-year review, to account for the effect of this prolonged level of activity.

Cash Flow Statement

A net cash inflow resulting from operating activities of \$381 million was recorded in October 2003. Combined with net capital expenditure (i.e. investment in non-financial assets) of \$86 million, this resulted in a GFS cash surplus of \$295 million in October 2003 (compared with a surplus of \$141 million in October 2002). Cash balances increased by \$201 million during October 2003.

Four Months Ending 31 October 2003

A cumulative net operating surplus of \$630 million was recorded for the first four months of 2003-04, compared with a surplus of \$218 million for the same period in 2002-03. At 38% of the annual projection, revenue is showing stronger year-to-date performance. This should moderate later in 2003-04 as property market activity is expected to slow following recent interest rate rises. Expenses are 33% of the annual projection, in line with expectations and performance last year.

GENERAL GOVERNMENT

Operating Statement

	2003-04				2002-03		
	Month of Sept \$m	Month of Oct \$m	Four Months to 31 Oct \$m	Annual Estimate ^(a) \$m	Month of Oct \$m	Four Months to 31 Oct \$m	Actual \$m
REVENUE							
Taxation	427	548	1,652	3,828	296	1,274	3,387
Current grants and subsidies	305	654	1,920	5,426	547	1,841	5,464
Capital grants	11	21	81	289	38	107	287
Sales of goods and services	98	91	360	864	115	359	990
Interest income	11	4	34	112	6	34	107
Revenue from public corporations							
Dividends	31	34	135	436	37	126	390
Tax equivalent payments	33	4	75	241	12	74	239
Royalty income	71	56	213	631	61	215	685
Other	10	30	81	223	20	85	222
Total	996	1,444	4,552	12,049	1,132	4,116	11,771
EXPENSES							
Gross operating expenses							
Salaries	393	396	1,569	4,690	385	1,482	4,486
Depreciation and amortisation	51	49	194	610	64	196	603
Superannuation	33	32	142	445	33	132	436
Other	247	238	947	2,851	260	942	2,931
Nominal superannuation interest	29	31	106	283	23	94	277
Other interest	11	13	52	204	19	64	195
Current transfers	156	224	786	2,556	241	852	2,287
Capital transfers	15	21	126	268	31	136	303
Total	935	1,006	3,922	11,908	1,056	3,898	11,518
NET OPERATING BALANCE	60	438	630	142	76	218	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 Sept \$m	Month of Oct \$m	Four Months to 31 Oct \$m	Annual Estimate ^(a) \$m	Month of Oct \$m	Four Months to 31 Oct \$m	Actual \$m
RECEIPTS FROM OPERATING ACTIVITIES							
Taxes received	325	387	1,299	3,829	346	974	3,339
Receipts from sales of goods and services	83	73	309	888	108	433	999
Grants and subsidies received	325	671	2,005	5,667	585	1,949	5,794
Other receipts	143	260	665	2,097	282	689	2,154
<i>Total</i>	876	1,390	4,278	12,482	1,320	4,045	12,286
PAYMENTS FOR OPERATING ACTIVITIES							
Payments for goods and services	-633	-761	-2,887	-8,140	-717	-2,747	-7,925
Grants and subsidies paid	-142	-196	-766	-2,718	-247	-873	-2,417
Interest paid	-10	-22	-62	-203	-37	-77	-193
Other payments	-82	-30	-218	-698	-85	-294	-772
<i>Total</i>	-867	-1,009	-3,933	-11,758	-1,086	-3,991	-11,308
Net Cash Flow from Operating Activities	9	381	345	723	234	54	978
INVESTMENT IN NON-FINANCIAL ASSETS							
Purchase of non-financial assets	-25	-102	-303	-980	-104	-270	-794
Sales of non-financial assets	13	16	43	174	10	23	74
<i>Total</i>	-12	-86	-260	-806	-94	-247	-720
INVESTMENT IN FINANCIAL ASSETS							
Policy purposes	4	-16	-27	-89	-15	-26	-107
Liquidity purposes	-28	2	-104	17	-3	11	48
<i>Total</i>	-24	-13	-131	-72	-18	-16	-59
Net Cash Flow from Investing Activities	-36	-99	-392	-878	-112	-263	-778
FINANCING ACTIVITIES							
Advances received (net)	-	-	-	-8	-	-	-
Borrowings (net)	-12	-71	-70	84	26	48	17
Deposits received (net)	6	-8	5	-	-2	-	-9
Other financing	1	-2	-5	-30	11	5	-65
<i>Total</i>	-5	-81	-70	46	35	54	-57
Opening cash balance	771	738	1,056	1,056	600	913	913
NET INCREASE IN CASH HELD	-33	201	-116	-108	158	-155	143
Closing cash balance	738	940	940	948	758	758	1,056
<i>Net cash from operating activities and investments in non-financial assets less finance leases and similar arrangements</i>	-3	295	85	-83	141	-193	259
GFS Cash Surplus	-3	295	85	-83	141	-193	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 Sept \$m	Month of Oct \$m	Four Months to 31 Oct \$m	Annual Estimate ^(a) \$m	Month of Oct \$m	Four Months to 31 Oct \$m	Actual \$m
TAXES ON EMPLOYERS' PAYROLL AND LABOUR FORCE							
<i>Payroll tax</i>	90	96	384	1,102	88	334	1,004
TAXES ON PROPERTY							
Land tax	101	152	253	277	22	246	260
Stamp duties on financial and capital transactions	113	152	500	1,207	78	285	978
Financial institutions transaction taxes	6	10	32	96	8	32	97
Other	31	35	103	128	8	41	49
<i>Total</i>	252	349	889	1,708	115	605	1,383
TAXES ON PROVISION OF GOODS AND SERVICES							
Taxes on gambling	10	9	43	121	9	40	119
Taxes on insurance	25	39	128	315	37	114	307
<i>Total</i>	35	48	171	436	46	154	426
TAXES ON USE OF GOODS AND PERFORMANCE OF ACTIVITIES							
<i>Motor vehicle taxes</i>	50	56	209	582	47	182	574
Total Taxes	427	548	1,652	3,828	296	1,274	3,387

(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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