



DEPARTMENT OF  
TREASURY AND FINANCE

MONTHLY  
REPORT OF  
**GENERAL  
GOVERNMENT  
FINANCES**

Statement for the Month Ended  
**31 October 2004**

# MONTHLY REPORT OF GENERAL GOVERNMENT FINANCES

## OCTOBER 2004

### *Introduction*

This report provides a summary of the Western Australian general government sector's finances for the month of October 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 \$318 million operating surplus for the month of October 2004, compared to a \$438 million surplus for the same month the previous year.

Revenue in October 2004 totalled \$1,424 million, down \$20 million (or 1.4%) from October 2003. The decrease in monthly revenue is due to lower land tax revenue (down \$134 million), which in turn reflects the earlier issue of land tax assessment notices in 2004-05 (with the bulk of notices issued in September 2004 compared with October 2003).

Largely offsetting the lower land tax revenue was a \$119 million increase in Commonwealth grants, primarily due to higher: GST revenue (up \$61 million, due to higher national GST collections and an increase in Western Australia's share of those collections); non-government school grants (up \$48 million, mainly reflecting the receipt in October 2004 of an additional payment which is normally made in November); and North West Shelf petroleum royalties (up \$13 million, mainly reflecting a higher oil price). Significantly smaller (and largely offsetting) movements were recorded for royalty income (up \$16 million, mainly due to higher nickel royalties) and revenue from the sale of goods and services (down \$18 million).

Expenses for the month of October 2004 totalled \$1,106 million, up \$100 million (or 9.9%) from October 2003. This increase largely reflects:

- higher current and capital transfers (up \$91 million), due mainly to the timing of Public Transport Authority funding arrangements in 2003-04 (which did not occur until December 2003) and the on-passing of higher non-government school grants from the Commonwealth;
- higher salaries (up \$11 million), due mainly to the effect of backdated pay increases for general public servants and education assistants, and higher pay rates and increased employee numbers in the health sector; and
- increased services and contracts expenses (up \$9 million), largely reflecting increased expenditure on new road infrastructure.

### *Cash Flow Statement*

A \$441 million net cash inflow resulted from operating activities in the month of October 2004. Combined with net capital expenditure (ie. investment in non-financial assets) of \$67 million, this resulted in a cash surplus of \$374 million in October 2004, compared with a cash surplus of \$295 million in October 2003.

## Four Months Ending 31 October 2004

A cumulative operating surplus of \$650 million was recorded for the four months ended 31 October 2004, similar to the surplus recorded for the same period the previous year (\$630 million).

Revenue in the four months to 31 October 2004 totalled \$5,032 million, \$480 million (or 10.5%) higher than the first four months of 2003-04. The major contributor to this revenue increase is Commonwealth grants (up \$312 million), reflecting the same factors outlined in the monthly results above.

Expenses of \$4,382 million were recorded for the four months ended 31 October 2004, \$460 million (or 11.7%) higher than the same period the previous year. This increase primarily reflects the timing of appropriations to the Public Transport Authority (up \$161 million), the on-passing of higher non-government school grants (up \$59 million), a grant payment to Edith Cowan University for the purchase of Crown land (\$58 million), and higher salaries (up \$106 million, primarily in the health and education sectors).

### GENERAL GOVERNMENT Operating Statement

	2004-05				2003-04		
	Month of Sept \$m	Month of Oct \$m	Four Months to 31 Oct \$m	Annual Estimate <sup>(a)</sup> \$m	Month of Oct \$m	Four Months to 31 Oct \$m	Actual \$m
<b>REVENUE</b>							
Taxation	660	417	1,716	3,892	548	1,652	4,122
Current grants and subsidies	313	773	2,206	6,312	654	1,920	5,583
Capital grants	23	21	107	379	21	81	295
Sales of goods and services	87	73	343	919	91	360	942
Interest income	11	10	45	146	4	34	128
Revenue from public corporations							
Dividends	38	30	137	436	34	135	448
Tax equivalent payments	30	8	77	259	4	75	310
Royalty income	88	72	250	789	56	213	654
Other	23	20	151	336	30	81	272
<b>Total</b>	<b>1,274</b>	<b>1,424</b>	<b>5,032</b>	<b>13,467</b>	<b>1,444</b>	<b>4,552</b>	<b>12,753</b>
<b>EXPENSES</b>							
Gross operating expenses							
Salaries	429	407	1,675	5,074	396	1,569	4,787
Depreciation and amortisation	46	44	176	561	49	194	546
Superannuation	41	38	160	496	32	142	458
Services and contracts <sup>(b)</sup>	100	120	407	1,456	111	361	1,216
Other gross operating expenses	139	124	562	1,732	127	586	1,637
Nominal superannuation interest	24	24	96	295	31	106	283
Other interest	12	12	63	180	13	52	165
Current transfers	255	302	1,045	2,753	224	786	2,440
Capital transfers	30	34	197	499	21	126	421
<b>Total</b>	<b>1,074</b>	<b>1,106</b>	<b>4,382</b>	<b>13,047</b>	<b>1,006</b>	<b>3,922</b>	<b>11,954</b>
<b>NET OPERATING BALANCE</b>	<b>199</b>	<b>318</b>	<b>650</b>	<b>420</b>	<b>438</b>	<b>630</b>	<b>799</b>

(a) Estimate published in the 2004-05 *Government Mid-year Financial Projections Statement*, released 22 December 2004.

(b) Gross operating expenses – other has been disaggregated into 'Services and contracts' and 'Other gross operating expenses' 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 Sept \$m	Month of Oct \$m	Four Months to 31 Oct \$m	Annual Estimate <sup>(a)</sup> \$m	Month of Oct \$m	Four Months to 31 Oct \$m	Actual \$m
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>							
<i>Taxes received</i>	361	441	1,398	3,899	387	1,299	4,047
Receipts from sales of goods and services	82	81	333	950	73	309	968
Grants and subsidies received	335	799	2,317	6,680	671	2,005	5,829
Other receipts	165	244	723	2,386	260	665	2,224
<i>Total</i>	<b>943</b>	<b>1,565</b>	<b>4,771</b>	<b>13,915</b>	<b>1,390</b>	<b>4,278</b>	<b>13,068</b>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>							
Payments for goods and services	-726	-740	-3,076	-9,038	-761	-2,887	-8,238
Grants and subsidies paid	-213	-311	-1,083	-3,041	-196	-766	-2,589
Interest paid	-24	-16	-67	-174	-22	-62	-171
Other payments	-74	-57	-271	-769	-30	-218	-691
<i>Total</i>	<b>-1,037</b>	<b>-1,124</b>	<b>-4,497</b>	<b>-13,022</b>	<b>-1,009</b>	<b>-3,933</b>	<b>-11,688</b>
<b>Net Cash Flow from Operating Activities</b>	<b>-94</b>	<b>441</b>	<b>273</b>	<b>893</b>	<b>381</b>	<b>345</b>	<b>1,380</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>							
Purchase of non-financial assets	-71	-76	-302	-1,256	-102	-303	-992
Sales of non-financial assets	17	9	102	289	16	43	166
<i>Total</i>	<b>-54</b>	<b>-67</b>	<b>-200</b>	<b>-966</b>	<b>-86</b>	<b>-260</b>	<b>-826</b>
<b>INVESTMENT IN FINANCIAL ASSETS</b>							
Policy purposes	-20	-39	-85	-115	-16	-27	-122
Liquidity purposes	3	-88	-84	17	2	-104	-80
<i>Total</i>	<b>-17</b>	<b>-127</b>	<b>-169</b>	<b>-97</b>	<b>-13</b>	<b>-131</b>	<b>-202</b>
<b>Net Cash Flow from Investing Activities</b>	<b>-70</b>	<b>-194</b>	<b>-368</b>	<b>-1,064</b>	<b>-99</b>	<b>-392</b>	<b>-1,028</b>
<b>FINANCING ACTIVITIES</b>							
Advances received (net)	-	-	-	-	-	-	-8
Borrowings (net)	-494	-58	-357	-500	-71	-70	-158
Deposits received (net)	-5	1	-	-	-8	5	-2
Other financing	7	13	2	-101	-2	-5	-32
<i>Total</i>	<b>-492</b>	<b>-43</b>	<b>-355</b>	<b>-600</b>	<b>-81</b>	<b>-70</b>	<b>-199</b>
<i>Opening cash balance</i>	2,691	2,035	2,690	2,690	738	1,056	2,538
<b>NET INCREASE IN CASH HELD</b>	<b>-656</b>	<b>205</b>	<b>-450</b>	<b>-771</b>	<b>201</b>	<b>-116</b>	<b>152</b>
<i>Closing cash balance</i>	2,035	2,239	2,239	1,919	940	940	2,690
<i>Net cash from operating activities and investments in non-financial assets less finance leases and similar arrangements</i>	-148	374	74	-73	295	85	554
Cash Surplus	-148	374	74	-73	295	85	554

(a) Estimate published in the 2004-05 Government Mid-year Financial Projections Statement, released 22 December 2004. Columns may not add due to rounding.

## GENERAL GOVERNMENT

### Taxation Revenue

	2004-05				2003-04		
	Month of Sept \$m	Month of Oct \$m	Four Months to 31 Oct \$m	Annual Estimate <sup>(a)</sup> \$m	Month of Oct \$m	Four Months to 31 Oct \$m	Actual \$m
<b>TAXATION</b>							
Taxes on employers' payroll and labour force							
<i>Payroll tax</i>	102	104	414	1,183	96	384	1,139
Property taxes							
<i>Land tax</i>	282	18	301	310	152	253	280
Conveyances and transfers	85	156	433	967	138	444	1,207
Mortgages	9	18	48	109	10	38	115
Other stamp duties	2	2	15	34	4	18	53
<i>Total stamp duties on financial and capital transactions</i>	96	176	496	1,110	152	500	1,375
Debits Tax	8	8	33	96	10	32	97
<i>Total financial institutions taxes</i>	8	8	33	96	10	32	97
Metropolitan Region Improvement Tax	37	9	46	48	22	40	44
Emergency Services Levy	12	29	79	118	12	59	75
Loan guarantee fees	1	1	4	11	1	3	10
<i>Total other property taxes</i>	51	39	129	177	35	103	129
Taxes on provision of goods and services							
Lotteries Commission	8	8	32	96	8	34	95
less rebates	-2	-2	-7	-20	-2	-7	-20
Video lottery terminals	-	-	-	1	-	-	-
Casino Tax	4	3	15	45	4	15	47
less rebates	-2	-3	-10	-25	-3	-8	-24
TAB betting tax	5	4	18	53	4	17	56
less rebates	-2	-2	-8	-24	-2	-7	-22
<i>Total taxes on gambling</i>	11	8	41	126	9	43	132
Contribution to fire brigades	-	-	-	-	15	30	31
Stamp duty on insurance policies	24	18	100	256	23	94	279
Other	12	2	16	21	1	3	19
<i>Total taxes on insurance</i>	35	20	116	276	38	128	328
Taxes on use of goods and performance of activities							
Stamp duty on vehicle licences	33	19	79	259	24	87	273
Permits – oversize vehicles and loads	-	-	1	2	-	1	3
Motor vehicle recording fee	6	3	14	45	4	16	45
Motor vehicle registrations	35	22	93	309	27	105	320
<i>Total motor vehicle taxes</i>	75	43	186	615	56	209	641
<b>Total Taxation</b>	<b>660</b>	<b>417</b>	<b>1,716</b>	<b>3,892</b>	<b>548</b>	<b>1,652</b>	<b>4,122</b>

(a) Estimate published in the 2004-05 *Government Mid-year Financial Projections Statement*, released 22 December 2004. 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
Isabel Altieri	A/Manager (State Financial Reporting)	(08) 9222 9381
Mara Peters	Accounting Analyst (State Financial Reporting)	(08) 9222 9359