

## CHAPTER 22

### PUBLIC FINANCE

This chapter deals with the financial activities of the organisations which make up the three levels of government in the Australian political system—Federal, State and Local—and which collectively constitute the public sector. An account is given of the activities of each level of government, with particular emphasis being given to Federal authorities. Tables are then presented which bring together the transactions of all public authorities to highlight the role in the Australian economy of the public sector as a whole. Then follows a section on government borrowing activities at all levels.

### COMMONWEALTH GOVERNMENT FINANCE

#### Financial provisions of the Constitution

The main provisions of the Constitution relating to the initiation and development of the financial system of the Commonwealth of Australia are contained in Sections 81 to 105A of the Commonwealth Constitution (*see* pages 18–21 of Year Book No. 62).

Two other sections which have a most important bearing on questions of Commonwealth finance are Sections 69 and 51. Section 69 provides for the transfer from the States to the Commonwealth of certain specified departments, and Section 51, in outlining the powers of the Commonwealth Parliament, implies the transfer or creation of other departments.

Sections 87 and 96 of the Constitution deal with the financial relations between the Commonwealth and the States. The full text of the Financial Agreement of 1927 was given in Year Book No. 31, page 21; accounts of this Agreement as affected by subsequent Agreements were included in later issues of the Year Book up to No. 37 (*see* pages 685–90); details of the main provisions appeared in further issues of the Year Book up to No. 50 (*see* pages 952–3); and details of current provisions for financial assistance to the States are given on pages 517–521 of this Year Book.

The *Audit Act* 1901 lays down the procedure which must be followed in accounting for the receipt and disbursement of public funds. The general administration of Commonwealth Government finances is the responsibility of the Commonwealth Minister for Finance.

#### Commonwealth Government Budget

The Commonwealth Government Budget records the transactions of those authorities of the Commonwealth Government whose receipts and payments are summarised in the statements of Public Account balances. In 1977–78 the change in cash balances was represented by the following—

	\$'000
Cash receipts of the Consolidated Revenue Fund . . . . .	23,454,531
<i>plus</i> cash receipts of Loan Fund . . . . .	16,508,367
<i>plus</i> cash receipts of Trust Fund . . . . .	10,055,108
<i>Total</i> . . . . .	50,018,006
<i>less</i> cash payments from Consolidated Revenue Fund . . . . .	23,454,531
<i>less</i> cash payments from Loan Fund . . . . .	16,508,330
<i>less</i> cash payments from Trust Fund (including increase in investments of the Trust Fund) . . . . .	10,158,043
<i>Total</i> . . . . .	50,120,904
<i>equals</i> decrease in cash balances . . . . .	102,898

Revenues from taxation and other sources are paid into the Consolidated Revenue Fund, from which the main expenditures are for defence, social services, payments to the States and general administration. The Trust Fund covers special transactions outside the ordinary operations of departmental expenditures, such as pension funds and moneys held for expenditure by the Commonwealth Government at some future time. The Loan Fund receives its funds from the sale of Commonwealth Government securities, and the expenditures from the Fund are made in accordance with the purpose of issue of each loan. The main disbursements from the Loan Fund are to the States by way of distribution of the proceeds of loans raised by the Commonwealth Government on their behalf and by capital assistance grants, the remaining disbursements being mainly for Commonwealth Government purposes.

The receipts and outlay of the Budget for 1978-79 are set out in the table which follows, together with figures for the years 1974-75 to 1977-78. The national accounting presentation of the Budget is shown in order to be consistent with other transactions figures given in this chapter.

It should be noted that some transactions undertaken by authorities covered by the Budget are not reflected in the change in cash balances, usually because they are not cash transactions or because a receipt and a payment are offset against each other so that only a net amount is included in published totals. The national accounting presentation of the Budget includes these additional transactions, further details of which may be found in Budget Paper No. 10, *National Accounting Estimates of Receipts and Outlays of Commonwealth Government Authorities*.

# RECEIPTS AND OUTLAY OF THE COMMONWEALTH BUDGET

(\$ million)

(Source: 1978-79 Budget Paper No. 10 *National Accounting Estimates of Receipts and Outlays of Commonwealth Government Authorities*)

	1974-75	1975-76	1976-77	1977-78	1978-79 Budget Estimates
<b>Outlay—</b>					
Net expenditure on goods and services—					
Current . . . . .	3,474	4,057	4,631	5,167	5,548
Capital(a) . . . . .	404	564	521	454	345
Total . . . . .	3,878	4,621	5,152	5,621	5,893
Transfer payments—					
Cash benefits to persons . . . . .	4,320	6,089	7,388	8,279	8,956
Unfunded employee retirement benefits . . . . .	88	106	121	139	157
Grants to States and local government authorities . . . . .	5,178	7,091	7,661	8,738	9,381
Grants to the Northern Territory . . . . .	—	—	—	53	287
Interest paid . . . . .	888	968	1,412	1,649	1,906
Transfers overseas . . . . .	349	370	388	418	468
Subsidies . . . . .	228	254	220	325	382
Grants for private capital purposes . . . . .	121	173	101	123	124
Purchase of existing assets . . . . .	121	26	16	15	25
Total . . . . .	11,293	15,077	17,307	19,741	21,686
Total expenditure . . . . .	15,171	19,698	22,459	25,361	27,580
<b>Net advances—</b>					
States . . . . .	1,225	1,372	1,278	1,261	1,131
Federal authorities . . . . .	1,165	708	303	103	116
Other sectors . . . . .	278	81	82	77	43
Total . . . . .	2,669	2,161	1,663	1,441	1,290
Total outlay . . . . .	17,839	21,860	24,123	26,802	28,870
<b>Receipts—</b>					
Taxation—					
Indirect taxes . . . . .	3,792	4,877	5,523	5,834	7,346
Income tax on companies . . . . .	2,447	2,618	2,921	3,218	3,342
Income tax on persons . . . . .	7,714	9,220	11,054	12,125	12,940
Estate and gift duties . . . . .	80	86	87	102	72
Other direct taxes, fees, fines, etc. . . . .	23	11	14	15	18
Unfunded employee retirement contributions . . . . .	35	40	52	61	60
Less remissions . . . . .	7	8	8	8	8
Total . . . . .	14,085	16,843	19,642	21,346	23,769
<b>Other receipts—</b>					
Interest, rent and dividends . . . . .	1,175	1,405	1,627	1,813	1,922
Gross income of public enterprises . . . . .	—5	—4	85	224	299
Net sales of existing assets(b) . . . . .	18	30	30	86	67
Total . . . . .	1,188	1,432	1,741	2,123	2,288
Total receipts . . . . .	15,273	18,274	21,383	23,469	26,057
<b>Deficit . . . . .</b>	<b>2,567</b>	<b>3,585</b>	<b>2,740</b>	<b>3,333</b>	<b>2,813</b>

(a) Expenditure on new fixed assets plus increase in stocks less sales of previously rented houses. (b) Excludes sales of previously rented houses. Includes sales from the Commonwealth's uranium stockpile in 1977-78 (\$63.6m) and 1978-79 (\$34.0m).

### Financing of the Commonwealth Government deficit

The deficit shown in the last line of the preceding table represents the net excess of Budget outlay over receipts. In other words, the estimated deficit shown for 1978-79 represents the Commonwealth Government budget sector's 'financing requirements'. Most such transactions involve the issue, repurchase, redemption or acquisition of Commonwealth Government securities, but some involve or are represented by changes in other assets or liabilities of the Commonwealth Government.

Specifically the deficit is financed as follows:

Net sales of Commonwealth Government securities (new issues *less* redemptions *less* net purchases from Commonwealth Government balances in the Trust Fund);

*less* net purchases of other investments from Commonwealth Government balances in the Trust Fund

*plus* minor items of indebtedness (such as borrowing by Australian Capital Territory and Northern Territory housing trust accounts)

*less* net additions to cash balances, and funds provided for the International Monetary Fund and the Australian Wheat Board.

A table summarising the financial transactions of the Commonwealth Government budget sector for recent years is given on page 215 of Statement No. 6 attached to the *Budget Speech* 1978-79.

### FEDERAL AUTHORITIES

In addition to the group of authorities of the Commonwealth Government whose transactions are covered by the Budget (i.e. itemised in the Consolidated Revenue Fund, the Loan Fund, or recorded in a Trust Fund), there are a number of organisations owned or controlled by the Commonwealth Government whose transactions do not, for the most part, pass through the Public Account. This category includes public enterprises such as the Australian Postal Commission, Australian Telecommunications Commission, Overseas Telecommunications Commission, Qantas, Trans-Australia Airlines, the Australian Shipping Commission, the Snowy Mountains Hydro-electric Authority, the Reserve Bank and the Commonwealth Banking Corporation. Public enterprises, it should be noted, are bodies which aim at covering the bulk of their expenses by revenue either from sales of goods and services (trading enterprises), or by charges for services and net interest receipts (financial enterprises). As well as these enterprises, there are other public authorities which record most of their transactions outside the Public Account but have only minor independent sources of revenue and are financed almost entirely from funds voted to them each year from the Consolidated Revenue Fund. In order that the national accounting presentation may indicate as completely as possible the direct effect of the budget on demand, appropriations to this last group of authorities are treated as final expenditure in the Budget. Authorities in this category include the Australian Broadcasting Commission, Australian National University, National Capital Development Commission, and the Australian Atomic Energy Commission.

The transactions of Commonwealth Government bodies not covered by the Budget may be brought together and consolidated with the transactions recorded in the Budget to yield figures of the transactions of all Federal authorities. The remaining tables in this section have been prepared on that basis.

Public financial enterprises have been omitted from the consolidated accounts presented here largely on the ground that combining the income and outlay and capital financing transactions of the Reserve Bank, the publicly owned trading and savings banks, government insurance offices and other public financial institutions with the equivalent transactions of public trading enterprises and general government seems to provide a less meaningful account of public sector activity. For example, omission of the borrowing and lending activities of the government banks and the Reserve Bank allows attention to be centred on the borrowing and lending activities of general government and public trading enterprises, which are quite different in nature and economic effect from the financing activities of the banking system. However, the expenditure on new fixed assets of public financial enterprises is shown in the table on page 514 to provide a measure of the gross fixed capital formation of all publicly owned and/or controlled organisations.

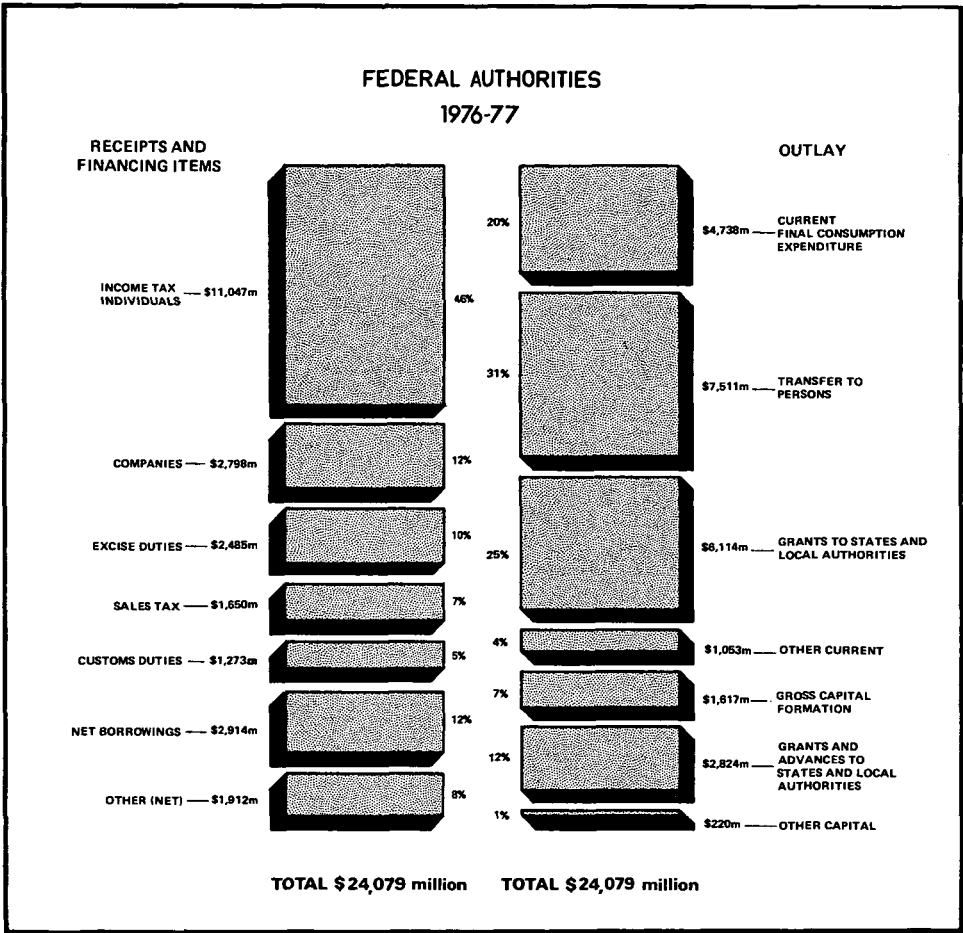


PLATE 36

**Summary of receipts and outlay**

The receipts and outlay, and outlay classified by purpose, of all Federal authorities for the latest five-year period are given in the following tables.

**FEDERAL AUTHORITIES(a): RECEIPTS AND OUTLAY**

(\$ million)

	1972-73	1973-74	1974-75	1975-76	1976-77
<b>RECEIPTS AND FINANCING ITEMS</b>					
<b>Receipts—</b>					
Taxes, fees, fines, etc. . . . .	8,471	10,917	14,212	16,938	19,770
Income from public enterprises . . . . .	308	284	246	433	656
Interest, etc., received . . . . .	77	87	88	119	156
<i>Total receipts</i> . . . . .	<i>8,856</i>	<i>11,288</i>	<i>14,545</i>	<i>17,489</i>	<i>20,582</i>
<b>Financing items—</b>					
Depreciation allowances . . . . .	230	255	279	406	442
Net sale of securities—					
Treasury bills and notes . . . . .	165	-38	1,689	-770	363
Commonwealth government securities . . . . .	666	801	554	3,166	2,098
Public corporations securities . . . . .	27	26	22	22	453
Net receipts of private trust funds . . . . .	116	-90	83	216	60
Reduction in cash and bank balances . . . . .	-265	-527	577	269	-290
Reduction in securities holdings . . . . .	-87	-68	-510	569	213
Other funds available (including errors and omissions) . . . . .	35	262	120	74	157
<i>Total financing items</i> . . . . .	<i>886</i>	<i>620</i>	<i>2,815</i>	<i>3,952</i>	<i>3,496</i>
<b>Total funds available</b> . . . . .	<b>9,742</b>	<b>11,908</b>	<b>17,360</b>	<b>21,441</b>	<b>24,079</b>
<b>OUTLAY</b>					
<b>Current outlay—</b>					
Final consumption expenditure . . . . .	2,370	2,736	3,552	4,157	4,738
Interest, etc., paid . . . . .	15	7	108	117	419
Transfers to persons—					
Cash benefits . . . . .	2,533	3,078	4,322	6,091	7,390
Unfunded employee retirement benefits . . . . .	..	65	88	106	121
Subsidies . . . . .	323	300	284	271	246
Transfers overseas . . . . .	252	288	349	370	388
Grants to States and local government authorities . . . . .	2,077	2,534	3,780	5,524	6,114
<i>Total current outlay</i> . . . . .	<i>7,568</i>	<i>9,008</i>	<i>12,484</i>	<i>16,637</i>	<i>19,417</i>
<b>Capital outlay—</b>					
Expenditure on new fixed assets . . . . .	808	1,002	1,353	1,577	1,667
Expenditure on existing assets . . . . .	-19	20	110	7	3
Increase in stocks . . . . .	-45	38	315	-75	-53
Grants for private capital purposes . . . . .	59	70	122	179	110
Grants to States and local government authorities . . . . .	707	900	1,414	1,567	1,546
Advances to States and local government authorities . . . . .	668	749	1,225	1,372	1,278
Advances to other sectors . . . . .	-5	123	337	179	110
<i>Total capital outlay</i> . . . . .	<i>2,174</i>	<i>2,900</i>	<i>4,876</i>	<i>4,805</i>	<i>4,662</i>
<b>Total outlay</b> . . . . .	<b>9,742</b>	<b>11,908</b>	<b>17,360</b>	<b>21,441</b>	<b>24,079</b>

(a) Excludes financial enterprises.

## FEDERAL AUTHORITIES: OUTLAY, CLASSIFIED BY PURPOSE

(\$ million)

Purpose	1974-75	1975-76	1976-77
<b>General public services—</b>			
General administration, n.e.c.	632.7	732.0	787.4
External affairs	453.9	470.3	517.4
Law, order and public safety	82.3	109.8	124.8
General research	140.2	169.4	188.0
<i>Total general public services</i>	<i>1,309.1</i>	<i>1,481.4</i>	<i>1,617.6</i>
<b>Defence</b>	<b>1,610.1</b>	<b>1,852.4</b>	<b>2,181.3</b>
<b>Education—</b>			
General administration, regulation and research	20.6	25.8	28.3
Transportation of students	1.5	2.3	2.7
Primary and secondary education	543.5	615.7	708.7
Vocational training	70.1	101.5	123.2
University education	553.0	598.4	719.1
Other higher education	393.4	436.0	519.5
Other education programs	91.6	126.8	128.8
<i>Total education</i>	<i>1,673.6</i>	<i>1,906.6</i>	<i>2,230.3</i>
<b>Health—</b>			
General administration, regulation and research	56.5	106.8	118.5
Hospital and clinical services	580.3	1,658.5	1,445.4
Other health services	639.4	1,178.5	973.6
<i>Total health</i>	<i>1,276.3</i>	<i>2,943.7</i>	<i>2,537.4</i>
<b>Social security and welfare—</b>			
General administration regulation and research	80.5	107.6	115.7
Care of and assistance to—			
Aged persons	1,683.1	2,247.4	2,575.8
Incapacitated and handicapped persons	337.9	473.8	589.9
Unemployed and sick persons	477.0	776.0	745.8
Ex-servicemen	504.7	598.6	694.4
Widowed and deserted spouses	248.3	335.0	383.6
Families and children	312.7	406.6	1,196.5
Other social security and welfare services	54.7	67.4	55.6
<i>Total social security, etc.</i>	<i>3,699.0</i>	<i>5,012.4</i>	<i>6,357.3</i>
<b>Housing and community amenities—</b>			
Housing	652.2	538.7	501.2
Community and regional development	231.2	244.9	158.2
Protection of the environment	143.7	154.9	87.2
Community amenities, n.e.c.	0.3	0.3	0.4
<i>Total housing, etc.</i>	<i>1,027.3</i>	<i>938.7</i>	<i>747.0</i>
<b>Recreation and culture—</b>			
General administration, regulation and research	0.4	0.2	0.2
Cultural facilities	24.6	24.0	27.7
Support of the creative and performing arts	19.9	20.9	21.8
Broadcasting services and film production	154.4	174.7	173.8
Recreational facilities and services	19.2	24.3	26.1
Other programs	14.4	8.3	6.5
<i>Total recreation, etc.</i>	<i>232.9</i>	<i>252.4</i>	<i>256.1</i>
<b>Economic services—</b>			
General administration, regulation and research	237.2	293.9	331.9
Agriculture, forestry and fishing	565.8	209.6	212.7
Mining, manufacturing and construction	206.1	192.7	121.1
Electricity and water supply	64.7	76.6	82.0
Transport and communication	1,530.7	1,699.4	1,806.9
Other economic services	103.8	28.1	55.4
<i>Total economic services</i>	<i>2,708.3</i>	<i>2,500.3</i>	<i>2,609.9</i>
<b>Other purposes—</b>			
General purpose inter-authority transfers	3,601.5	4,377.8	5,096.1
Natural disaster relief	113.5	58.7	26.5
Interest	108.4	116.8	419.1
<i>Total other purposes</i>	<i>3,823.3</i>	<i>4,553.3</i>	<i>5,541.7</i>
<b>Total outlay, all purposes</b>	<b>17,359.9</b>	<b>21,441.2</b>	<b>24,078.7</b>
<b>Of which—</b>			
Current outlay	12,484.2	16,636.2	19,417.0
Capital outlay	4,875.7	4,805.0	4,661.7

### Main components of outlay

The following tables give details of the main components of the outlay of Federal authorities, i.e. final consumption expenditure, expenditure on new fixed assets, cash benefits, subsidies and payments to the States. More detailed information relating to outlay classified by economic type and purpose, and outlay under specific purpose headings such as education, social security and welfare, is given in *Public Authority Finance: Federal Authorities* (5502.0). Additional details of public authorities' transactions engaged in particular fields of activity, e.g. health, may be found in the relevant chapters of this Year Book.

#### Final consumption expenditure and expenditure on new fixed assets

Final consumption expenditure consists of current expenditure on goods and services by public authorities other than those classified as enterprises, *less* any charges made for goods and services which they themselves provide. Expenditure on new fixed assets consists of purchases of new durable assets *less* sales of previously rented dwellings. Purchases of defence equipment are treated as current expenditure and all expenditure on road systems and ancillary facilities is treated as capital. The following tables show dissections by purpose of final consumption expenditure and expenditure on new fixed assets for the five years ended 1976-77.

#### FEDERAL AUTHORITIES: FINAL CONSUMPTION EXPENDITURE CLASSIFIED BY PURPOSE

(\$ million)					
Purpose	1972-73	1973-74	1974-75	1975-76	1976-77
General public services—					
General administration . . . . .	333	430	556	667	732
External affairs . . . . .	50	58	84	92	98
Law, order and public safety . . . . .	36	48	73	98	112
General research . . . . .	75	91	112	131	152
<i>Total general public services</i> . . . . .	<i>494</i>	<i>627</i>	<i>824</i>	<i>988</i>	<i>1,094</i>
Defence . . . . .	1,178	1,223	1,444	1,680	1,999
Education . . . . .	79	109	167	199	241
Health . . . . .	157	206	303	416	464
Social security and welfare . . . . .	72	99	153	202	219
Housing and community amenities . . . . .	16	28	43	54	40
Recreation and culture . . . . .	99	135	180	203	213
Economic services—					
General administration, regulation and research . . . . .	102	122	166	167	206
Agriculture, forestry, fishing . . . . .	82	83	101	114	125
Mining, manufacturing and construction . . . . .	12	14	18	17	21
Transport and communication . . . . .	62	75	90	93	95
Other . . . . .	16	15	19	19	21
<i>Total economic services</i> . . . . .	<i>273</i>	<i>309</i>	<i>393</i>	<i>410</i>	<i>470</i>
Other purposes . . . . .	—	1	43	5	—
<i>Grand total</i> . . . . .	<i>2,370</i>	<i>2,736</i>	<i>3,552</i>	<i>4,157</i>	<i>4,738</i>

## FEDERAL AUTHORITIES: EXPENDITURE ON NEW FIXED ASSETS, CLASSIFIED BY PURPOSE

## I. GENERAL GOVERNMENT

(\$ million)

Purpose	1972-73	1973-74	1974-75	1975-76	1976-77
General public services—					
General administration . . . . .	35.8	43.7	56.9	62.2	59.9
External affairs . . . . .	15.4	12.3	15.9	20.3	25.5
Law, order and public safety . . . . .	2.9	3.2	7.2	9.4	10.9
General research . . . . .	9.4	15.1	20.6	32.1	23.6
<i>Total general public services . . . . .</i>	<i>63.5</i>	<i>74.2</i>	<i>100.5</i>	<i>124.0</i>	<i>120.1</i>
Education . . . . .	30.1	32.1	45.1	73.4	62.2
Health . . . . .	19.4	22.0	40.3	57.7	58.3
Social Security and welfare . . . . .	2.5	10.7	8.7	12.9	8.5
Housing and community amenities . . . . .	26.4	38.9	68.8	131.1	112.1
Recreation and culture . . . . .	13.6	21.8	31.3	32.1	29.7
Economic services—					
General administration, regulation and research . . . . .	4.6	3.3	3.9	6.4	8.8
Agriculture, forestry, fishing . . . . .	16.4	9.3	12.6	10.6	8.1
Mining, manufacturing and construction . . . . .	0.5	0.8	1.9	1.8	1.0
Transport and communication . . . . .	45.2	43.9	56.7	57.5	46.0
Other economic services . . . . .	0.1	0.1	0.1	0.1	0.1
<i>Total economic services . . . . .</i>	<i>66.8</i>	<i>57.4</i>	<i>75.3</i>	<i>76.3</i>	<i>63.9</i>
Other purposes . . . . .	—	—	6.5	5.1	—
<i>Total general government . . . . .</i>	<i>222.3</i>	<i>257.2</i>	<i>376.5</i>	<i>512.7</i>	<i>454.7</i>

## II. PUBLIC ENTERPRISES

(\$ million)

Purpose	1972-73	1973-74	1974-75	1975-76	1976-77
Public trading enterprises—					
General public services . . . . .	1.6	0.7	1.5	1.5	0.9
Housing and community amenities—					
Housing . . . . .	3.9	0.1	8.6	16.8	22.3
Sewerage and drainage . . . . .	5.4	8.0	15.6	24.8	28.8
Economic services—					
Technical services, n.e.c. . . . .	0.4	0.4	0.6	0.2	0.2
Manufacturing activities . . . . .	1.9	1.6	4.9	11.6	5.5
Electricity, water supply . . . . .	26.9	28.8	26.1	31.6	48.5
Transport and communication—					
Air transport . . . . .	41.8	69.5	70.5	67.5	41.3
Rail transport . . . . .	10.6	7.5	13.6	45.5	35.9
Sea transport . . . . .	20.9	10.6	55.9	46.8	137.5
Urban transit systems . . . . .	2.0	2.7	3.3	5.7	1.6
Pipelines . . . . .	10.4	56.0	56.5	51.3	18.2
Communications services . . . . .	460.1	558.8	717.7	756.3	855.1
<i>Total . . . . .</i>	<i>545.7</i>	<i>704.9</i>	<i>917.5</i>	<i>973.2</i>	<i>1,089.8</i>
Other economic services . . . . .	0.3	0.1	1.8	4.5	16.0
<i>Total public trading enterprises . . . . .</i>	<i>586.0</i>	<i>744.6</i>	<i>976.7</i>	<i>1,064.1</i>	<i>1,212.0</i>
Public financial enterprises . . . . .	28.3	21.8	31.1	38.5	57.1
<i>Total public enterprises . . . . .</i>	<i>614.3</i>	<i>766.4</i>	<i>1,007.8</i>	<i>1,102.6</i>	<i>1,269.0</i>



**Cash benefits to persons**

Total payments of cash benefits to persons during the latest six years are shown in the next table. Further information relating to items in this table is given in the appropriate chapters of this Year Book.

**FEDERAL AUTHORITIES: CASH BENEFITS TO PERSONS**  
(S'000)

	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77
General public services—						
General research—						
Queen Elizabeth fellowships . . . . .	282	330	451	473	584	528
Assistance to inventors . . . . .	—	—	—	—	20	32
Defence—						
Special pensions to ex-servicemen . . . . .	5	2	2	—	—	—
Education . . . . .	54,694	74,036	93,764	124,273	162,455	193,732
Health . . . . .	508,133	581,283	659,003	817,015	1,369,405	1,140,399
Social security and welfare . . . . .	1,471,092	1,869,973	2,316,407	3,354,893	4,506,592	6,031,946
Recreation—						
Overseas study fellowships . . . . .	—	—	—	—	193	190
Economic services—						
General administration, regulation and research—						
Hostel tariffs of unemployed migrants . . . . .	602	252	290	289	148	195
Maintenance of migrant families . . . . .	4,298	4,385	4,425	6,029	6,498	6,035
Stevedoring industry—attendance money, etc. . . . .	1,207	1,362	1,606	2,126	2,692	2,305
Widows' training scheme . . . . .	656	516	875	863	47	21
Tertiary education assistance to ex-servicemen . . . . .	725	814	820	421	—	—
National employment training scheme . . . . .	—	—	—	10,590	31,056	12,809
Apprenticeship training . . . . .	—	—	—	—	8,662	1,738
Other . . . . .	9	10	12	3	—	—
Total . . . . .	7,497	7,338	8,027	20,321	49,103	23,103
Agriculture, forestry, fishing—						
War service land settlement—rent remissions, etc. . . . .	30	50	13	12	6	1
Allowances to agricultural trainees . . . . .	—	—	66	49	—	—
Total . . . . .	30	50	79	61	6	1
Mining, manufacturing and construction—						
Joint Coal Board—Welfare fund . . . . .	43	40	36	4	4	4
Total economic services . . . . .	7,570	7,428	8,142	20,387	49,113	23,108
Other purposes . . . . .	—	—	—	5,217	2,882	201
<b>Total . . . . .</b>	<b>2,041,776</b>	<b>2,533,052</b>	<b>3,077,769</b>	<b>4,322,258</b>	<b>6,091,244</b>	<b>7,390,136</b>

**Subsidies**

The following table shows details of Commonwealth Government outlay on subsidies and bounties. Other assistance to primary producers is included in, for example, tables relating to cash benefits and payments to the States, and additional information is given in Chapter 13, Rural Industry.

**FEDERAL AUTHORITIES: SUBSIDIES**  
(S'000)

	1972-73	1973-74	1974-75	1975-76	1976-77
General public services—					
Departmental cafeteria compensation . . . . .	—	189	179	125	—
Health—					
Serum laboratories . . . . .	607	681	1,542	1,242	250
Health insurance organisations subsidy . . . . .	—	—	—	—	1,748
Total . . . . .	607	681	1,542	1,242	1,998
Housing and community amenities—					
N.T. Housing Commission assistance . . . . .	113	76	64	50	96
Recreation and related cultural services—					
Canberra Theatre Trust subsidy . . . . .	38	67	120	143	167
Economic services—					
Assistance to employers—					
Stevedoring industry assistance . . . . .	12,792	14,480	22,330	28,571	27,066
Apprenticeship training . . . . .	1,209	6,130	16,551	26,215	37,750
Adjustment assistance for tariff reduction . . . . .	—	131	—	—	—
Total . . . . .	14,001	20,741	38,881	54,786	64,816

## FEDERAL AUTHORITIES SUBSIDIES—continued

	1972-73	1973-74	1974-75	1975-76	1976-77
<b>Assistance to agricultural and pastoral enterprises—</b>					
Dairy products subsidy . . . . .	28,500	18,000	9,000	1,275	—
Wheat prices stabilisation payments . . . . .	41,371	12,360	—	—	—
Reimbursement by wheat board . . . . .	—	—	—	—	810
Phosphate fertilisers bounty . . . . .	56,568	66,962	29,508	20,133	38,733
Nitrogenous fertilisers bounty . . . . .	13,138	13,573	13,983	13,044	15,180
Processed milk products bounty . . . . .	884	476	633	167	—
Poultry industry assistance . . . . .	12,910	11,522	12,735	11,401	11,128
Dried vine fruits stabilisation payments . . . . .	856	389	—	—	658
Wool marketing assistance . . . . .	2,481	404	—	—	—
Apple and pear stabilisation payments . . . . .	3,119	2,758	3,119	2,705	4,168
Apple, pear and canning fruit emergency assistance . . . . .	679	2,590	14	—	—
Meat exports to U.S.S.R. . . . .	—	—	—	1,240	—
Beef cattle freight subsidy . . . . .	—	—	—	—	296
N.T. transport of stud stock . . . . .	69	108	—	7	—
Other . . . . .	-258	-57	1	1	—
<b>Total . . . . .</b>	<b>160,317</b>	<b>129,199</b>	<b>68,993</b>	<b>49,973</b>	<b>70,973</b>
<b>Assistance to mining enterprises—</b>					
Oil search subsidy . . . . .	8,084	10,000	5,858	186	—
Gold mining industry assistance . . . . .	248	17	—	—	—
Australian National Railways—transport iron ore in N.T. . . . .	—	1,000	—	—	—
Revaluation adjustment assistance, etc. . . . .	—	470	84	—	—
Mary Kathleen Uranium Ltd—Costs concerning borrowing of uranium . . . . .	—	—	—	—	168
Pyrites bounty . . . . .	273	—	—	—	—
<b>Total . . . . .</b>	<b>8,605</b>	<b>11,487</b>	<b>5,942</b>	<b>186</b>	<b>168</b>
<b>Assistance to manufacturing enterprises—</b>					
Agricultural tractor bounty . . . . .	2,800	3,707	4,442	3,628	4,880
Cellulose acetate flake bounty . . . . .	171	206	136	109	—
Book bounty . . . . .	2,984	3,409	5,936	6,749	8,034
Printed sheeting subsidy . . . . .	—	—	—	—	300
Industrial research and development grants . . . . .	14,000	15,000	17,500	19,300	15,400
Ship construction subsidy . . . . .	30,633	20,925	31,153	40,966	21,301
Shipbuilding bounty . . . . .	—	—	—	1,553	7,674
Export incentive grants . . . . .	58,340	68,142	93,151	62,825	973
Export market development grants . . . . .	—	—	—	17,076	24,079
Metal-working machine tools bounty . . . . .	657	974	1,711	1,585	2,350
Structural adjustment assistance . . . . .	—	109	5,304	1,120	637
Refrigeration compressors bounty . . . . .	—	—	3,877	1,367	—
Electronic components assistance . . . . .	—	—	385	973	776
Other . . . . .	1,577	—	368	26	—
<b>Total . . . . .</b>	<b>111,163</b>	<b>112,472</b>	<b>163,963</b>	<b>157,277</b>	<b>86,404</b>
<b>Assistance to air transport services—</b>					
Air services subsidy . . . . .	2,000	1,870	926	768	675
<b>Assistance to sea transport services—</b>					
Tasmania shipping service subsidy . . . . .	—	1,000	1,000	5,488	4,109
Tasmanian freight equalisation scheme . . . . .	—	—	—	—	16,409
Other . . . . .	24	24	40	48	48
<b>Total . . . . .</b>	<b>24</b>	<b>1,024</b>	<b>1,040</b>	<b>5,536</b>	<b>20,566</b>
<b>Assistance to communications services—</b>					
Newspaper postage subsidy . . . . .	—	—	—	1,000	—
<b>Other assistance to enterprises—</b>					
Petrol prices equalisation . . . . .	23,305	19,336	1,708	—	—
N.T. petrol prices equalisation . . . . .	2,393	2,483	626	—	—
Export finance insurance subsidy . . . . .	—	—	—	70	298
<b>Total . . . . .</b>	<b>25,698</b>	<b>21,819</b>	<b>2,334</b>	<b>70</b>	<b>298</b>
<b>Natural disaster relief—</b>					
N.T. freight subsidies . . . . .	27	69	48	—	15
<b>Total . . . . .</b>	<b>322,593</b>	<b>299,694</b>	<b>284,032</b>	<b>271,156</b>	<b>246,176</b>

**Grants and advances to the States**

Commonwealth Government financial assistance to the States takes two main forms: (i) grants for general and specific purposes, and (ii) assistance for Developmental and other specific purposes in the form of repayable advances. Some information about these forms of financial assistance is given below, but for more complete information reference should be made to the Commonwealth Government Budget Paper No. 7 *Payments to or for the States, the Northern Territory and Local Government Authorities*. Further information also appears in chapters of this Year Book dealing with the specific function which the payments are designed to serve.

**Grants to the States**

The following tables show details of grants to the States for general and specific purposes. More detailed figures appear in *Public Authority Finance: Federal Authorities* (5502.0).

**FEDERAL AUTHORITIES: GRANTS TO THE STATES, 1976-77**  
(S'000)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	Total
<b>FOR CURRENT PURPOSES</b>							
General public services . . . . .	4,454	3,330	1,417	2,014	1,649	275	13,140
Defence . . . . .	355	260	302	5	208	69	1,199
Education . . . . .	468,120	433,186	187,008	135,674	131,200	38,689	1,393,876
Health . . . . .	268,186	169,315	94,251	78,795	86,495	23,283	720,325
Social security and welfare . . . . .	5,731	5,042	4,535	3,109	2,344	965	21,726
Housing and community amenities . . . . .	2,047	2,011	957	1,040	855	515	7,425
Recreation and culture . . . . .	117	117	94	94	94	84	600
Economic services . . . . .	12,374	10,589	8,227	3,052	3,339	2,958	40,539
Other purposes—							
Financial assistance grants . . . . .	1,133,400	841,700	660,200	433,200	440,800	186,294	3,695,594
Special grants . . . . .	—	—	27,000	—	—	—	27,000
Interest on States' debt . . . . .	5,835	4,254	2,192	1,408	947	534	15,170
Sinking fund on States debt . . . . .	10,506	8,003	4,165	3,911	2,981	2,069	31,635
Natural disaster relief . . . . .	1,233	452	45	—	195	—	1,925
Local government assistance . . . . .	51,289	35,398	24,222	11,925	13,162	4,004	140,000
<i>Total other purposes</i> . . . . .	<i>1,202,263</i>	<i>889,807</i>	<i>717,824</i>	<i>450,444</i>	<i>458,085</i>	<i>192,901</i>	<i>3,911,324</i>
<b>Total grants for current purposes</b> . . . . .	<b>1,963,647</b>	<b>1,513,657</b>	<b>1,014,615</b>	<b>674,227</b>	<b>684,269</b>	<b>259,739</b>	<b>6,110,154</b>
<b>FOR CAPITAL PURPOSES</b>							
Education . . . . .	112,292	94,984	59,118	28,119	25,848	7,401	327,763
Health . . . . .	41,864	32,473	22,999	14,974	16,448	3,699	132,457
Social security and welfare . . . . .	3,243	4,990	2,939	1,685	1,699	677	15,233
Housing and community amenities . . . . .	13,525	6,191	6,200	3,261	7,362	632	37,170
Recreation and culture . . . . .	1,570	1,923	1,173	2,268	1,132	910	8,976
Economic services—							
General administration, regulation and research . . . . .	—	—	—	—	—	—	—
Soil and water resources management . . . . .	2,630	1,174	4,405	1,198	2,073	156	11,636
Assistance to agricultural and pastoral industries . . . . .	1,622	2,892	1,660	838	1,232	305	8,549
Electricity, gas, water supply . . . . .	—	—	1,158	2,752	—	—	3,910
Rail transport . . . . .	—	—	—	490	—	—	490
Sea transport . . . . .	15	—	—	—	—	—	15
Road systems and regulation . . . . .	138,161	93,293	91,884	39,739	58,053	35,085	456,215
Urban transit systems . . . . .	24,596	15,885	11,380	4,420	1,869	253	58,403
Other . . . . .	74	59	147	311	50	191	832
<i>Total economic services</i> . . . . .	<i>167,098</i>	<i>113,303</i>	<i>110,634</i>	<i>49,748</i>	<i>63,277</i>	<i>35,990</i>	<i>540,050</i>
Other purposes—							
Capital assistance . . . . .	143,958	114,354	60,352	59,318	42,117	31,901	452,000
Natural disaster relief . . . . .	10,006	1,540	10,645	—	1,506	—	23,697
<b>Total grants for capital purposes</b> . . . . .	<b>493,556</b>	<b>369,758</b>	<b>274,060</b>	<b>159,373</b>	<b>159,389</b>	<b>81,210</b>	<b>1,537,346</b>
<b>TOTAL GRANTS</b>							
<b>Total grants to the States</b> . . . . .	<b>2,457,203</b>	<b>1,883,415</b>	<b>1,288,675</b>	<b>833,600</b>	<b>843,658</b>	<b>340,949</b>	<b>7,647,500</b>

## FEDERAL AUTHORITIES: GRANTS TO THE STATES

(\$'000)

	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77
<b>FOR CURRENT PURPOSES</b>						
General public services . . . . .	4,490	5,917	8,051	8,955	7,910	13,140
Defence . . . . .	-	-	-	325	897	1,199
Education . . . . .	118,923	153,858	433,470	910,815	1,135,548	1,393,876
Health . . . . .	11,908	13,836	26,734	47,281	942,674	720,325
Social security and welfare . . . . .	34,112	118,686	22,258	60,786	62,396	21,726
Housing and community amenities . . . . .	4,151	6,892	7,437	9,494	9,863	7,425
Recreation and culture . . . . .	-	-	218	70	789	600
Economic services . . . . .	9,876	13,076	17,121	22,713	28,008	40,539
Other purposes—						
State's Personal Income Tax sharing entitlements(a) . . . . .	1,440,878	1,647,293	1,859,905	2,373,811	3,072,780	3,695,594
Special grants . . . . .	23,800	38,600	38,550	64,684	38,800	27,000
Special revenue assistance . . . . .	55,000	-	25,000	75,000	-	-
Interest on State's debt . . . . .	15,170	15,170	15,053	15,287	15,170	15,170
Sinking fund on State's debt . . . . .	26,323	27,979	29,509	30,805	30,200	31,635
Debt charges assistance . . . . .	23,008	34,512	46,016	57,520	-	-
Natural disaster payments . . . . .	1,143	72	4,031	1,090	807	1,925
Local government assistance . . . . .	-	-	-	56,345	79,908	140,000
Other . . . . .	-	-	-	-	1,968	-
<i>Total other purposes</i> . . . . .	<i>1,585,323</i>	<i>1,763,626</i>	<i>2,018,064</i>	<i>2,674,542</i>	<i>3,239,633</i>	<i>3,911,324</i>
<b>Total grants for current purposes</b>	<b>1,768,783</b>	<b>2,075,891</b>	<b>2,533,353</b>	<b>3,734,981</b>	<b>5,427,719</b>	<b>6,110,154</b>
<b>FOR CAPITAL PURPOSES</b>						
Education . . . . .	85,969	105,569	189,064	415,474	319,244	327,763
Health . . . . .	6,076	7,150	25,099	60,734	140,238	132,457
Social security and welfare . . . . .	8,600	7,683	7,261	7,795	17,187	15,233
Housing and community amenities . . . . .	5,276	11,651	25,011	70,182	79,297	37,170
Recreation and culture . . . . .	-	-	1,562	12,623	11,036	8,976
Economic services—						
General administration, regulation and research . . . . .	372	24	24	180	60	-
Soil and water resources management . . . . .	22,843	17,646	13,571	15,193	14,343	11,636
Assistance to agricultural and pastoral industries . . . . .	13,796	14,523	11,204	10,316	12,535	8,549
Electricity, gas, water supply . . . . .	-	1,500	-	-	4,081	3,910
Rail transport . . . . .	2,845	1,416	468	734	3,472	490
Sea transport . . . . .	-	3,057	1,000	2,018	1,285	15
Road systems and regulation . . . . .	255,464	287,439	325,657	373,860	458,439	456,215
Urban transit systems . . . . .	-	-	-	45,259	34,096	58,403
Other . . . . .	-	50	98	1,081	1,829	832
<i>Total economic services</i> . . . . .	<i>295,320</i>	<i>325,655</i>	<i>352,020</i>	<i>448,641</i>	<i>530,140</i>	<i>540,050</i>
Other purposes—						
Natural disaster relief . . . . .	5,430	-77	20,275	48,446	29,150	23,697
Capital assistance . . . . .	219,100	248,539	278,307	345,878	430,333	452,000
<b>Total grants for capital purposes</b>	<b>625,771</b>	<b>706,169</b>	<b>898,600</b>	<b>1,409,774</b>	<b>1,556,627</b>	<b>1,537,346</b>
<b>TOTAL GRANTS</b>						
<b>Total grants to the States</b> . . . . .	<b>2,394,554</b>	<b>2,782,060</b>	<b>3,431,953</b>	<b>5,144,755</b>	<b>6,984,346</b>	<b>7,647,500</b>

(a) Prior to 1976-77 'Financial assistance grants'.

## General purposes grants

*The Financial Assistance Grants.* Details of the financial assistance grants arrangements existing in 1972-73 and previous years are given in earlier issues of the Year Book (see No. 60, page 578.)

Arrangements for the years 1973-74 to 1975-76 are embodied in the *States Grants Act 1973*. Under these arrangements the financial assistance grants increase each year in proportion to the increase in average wages in Australia as a whole in the year ending 31 March in the year of payment and to the increase in each State's population in the year ending 31 December in the year of payment, and by a betterment factor of 1.8 per cent. Adjustments were made to these arrangements to

reduce the grants when the Commonwealth assumed full responsibility for financing tertiary education from 1 January 1974 and on account of transfers of railways from South Australia and Tasmania to the Commonwealth. Financial assistance grants additional to the grants determined by the formula were paid to Western Australia in 1973-74 and 1974-75 and to Tasmania in 1974-75. In 1975-76 \$220 million was paid to the States in addition to the amounts otherwise payable in that year and in the same proportion.

These arrangements were replaced by the *Personal Income Tax Sharing Entitlements* between the Commonwealth and the State and local governments which came into operation in 1976-77. A comprehensive description of this scheme is given in the Commonwealth Budget Paper *Payments to or for the States, the Northern Territory and Local Government Authorities 1978-79*.

The following table shows the calculations underlying the States' tax sharing entitlements in 1976-77 together with amounts actually paid in that year.

**DISTRIBUTION OF STATES' PERSONAL INCOME TAX SHARING  
ENTITLEMENTS IN 1976-77**

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	Total
<i>Data relating to 1975-76</i>							
(1) Financial Assistance Grants \$'000(a)	946,660	706,389	536,792	363,091	363,031	156,816	3,072,780
(2) Population as at 31 December 1975 ('000 persons)(b)	4,810.9	3,688.2	2,015.1	1,241.7	1,138.3	409.0	13,303.2
(3) Financial Assistance Grants per head of population \$(c)	196.774	191.527	266.385	292.415	318.923	383.414	230.980
(4) Row (3) expressed as Multiple of Figure for Victoria(d)	1.02740	1.00000	1.39085	1.52676	1.66516	2.00188	—
<i>Data relating to 1976-77</i>							
(5) Population as at 31 December 1976 ('000 persons)(e)	4,933.0	3,764.9	2,121.6	1,268.8	1,183.7	409.3	13,681.3
(6) Row (5) Weighted by Row (4) ('000 persons)	5,068.2	3,764.9	2,950.8	1,937.2	1,971.1	819.4	16,511.5
(7) Percentage Distribution of Row (6) between States (per cent)	30.69482	22.80174	17.87138	11.73217	11.93746	4.96243	100.00000
(8) Share of 33.6 per cent of \$10,876.8 million(f)—Distributed According to Row (7) \$'000	1,121,779	833,317	653,131	428,766	436,269	181,358	3,654,620
(9) Amount Guaranteed under Section 8 of the Act (Financial Assistance Grants formula) \$'000(g)	1,125,866	840,724	640,283	432,455	437,515	186,294	3,663,137
(10) States' Entitlements under the Act (\$'000)(h)	1,125,866	840,724	653,131	432,455	437,515	186,294	3,675,985
(11) Actual Payments made in 1976-77 (\$'000)	1,133,400	841,700	660,200	433,200	440,800	186,294	3,695,594
(12) Overpayments (\$'000)(i)	7,534	976	7,069	745	3,285	—	19,609

(a) As calculated by the Statistician in accordance with the provisions of the *States Grants Act 1973*. (b) Estimates of population used by the Australian Statistician in calculating the financial assistance grants for 1975-76. (c) (1) divided by (2). (d) These are the relativities specified in Section 4 (1) of the *States (Personal Income Tax Sharing) Act 1976*. (e) Determined by the Australian Statistician in accordance with Section 9 of the Act. (f) Net personal income tax collections in 1976-77 excluding revenue from Medibank levy; determined by Commissioner of Taxation in accordance with Section 6 of the Act. (g) Determined by the Australian Statistician in accordance with Section 8 of the Act. Calculated by applying to the 1975-76 financial assistance grants the estimated increases in State populations in the year ended 31 December 1976 (New South Wales 0.75 per cent, Victoria 0.83 per cent, Queensland 1.05 per cent, South Australia 0.90 per cent, Western Australia 2.10 per cent and Tasmania 0.64 per cent), the estimated increase in average wages for Australia as a whole in the year ended 31 March 1977 of 14.60 per cent and the betterment factor of 3.0 per cent. (h) For all States except Queensland, amounts in row (9); for Queensland, amount in row (8). (i) Difference between rows (10) and (11); 1977-78 payments will be reduced by these amounts.

**Special Grants.** These grants are paid to the financially weaker States as supplements to the financial assistance grants. They are paid on the recommendation of the Grants Commission. The recommendation by the Commission for payment of a special grant consists of two parts: one part is based on an estimate of the claimant State's financial need in the current financial year, and is treated

as an advance payment subject to adjustment two years later when the Commission has compared in detail the audited budget results and standards of effort and of services provided in that year for both the claimant State and the States which the Commission takes as 'standard' (New South Wales and Victoria at present); and the other part represents the final adjustment to the advance payment made two year earlier and is known as the completion payment. The following table shows special grants paid in recent years.

GRANTS COMMISSION: SPECIAL GRANTS  
(\$'000)

	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
<b>Queensland—</b>						
Advance payment . . . . .	10,000	10,000	15,000	25,000	18,000	14,000
Completion payment (a) . . . .	9,750	11,300	9,000	10,800	5,700	(b)
Total . . . . .	19,750	21,300	24,000	35,800	23,700	(b)
<b>South Australia</b>						
Advance payment . . . . .	13,500	15,000	15,000	—	—	—
Completion payment (a) . . . .	8,500	2,500	(c) 10,000	—	—	—
Total . . . . .	22,000	17,500	25,000	—	—	—
<b>Tasmania—</b>						
Advance payment . . . . .	10,000	10,000	—	—	—	—
Completion payment (a) . . . .	—	—	—	—	—	—
Total . . . . .	10,000	10,000	—	—	—	—
<b>Grand total . . . . .</b>	<b>51,750</b>	<b>48,800</b>	<b>49,000</b>	<b>35,800</b>	<b>(b)</b>	<b>(b)</b>

(a) Actually paid two years subsequent to year shown. (b) Not yet determined. (c) Represents agreed estimate of completion grant which could have been expected to be recommended by the Grants Commission if the State had remained claimant.

**Capital assistance grants.** Since 1970-71 the Commonwealth Government has provided a portion of the State's Loan Council programs in the form of interest-free capital grants. The grants replace State borrowings and thereby relieve them of debt charges they would otherwise have had to pay. These grants, which were authorised by the *States Grants (Capital Assistance) Acts*, totalled \$278.3 million in 1973-74, \$345.9 million in 1974-75, \$430.3 million in 1975-76, \$452.0 million in 1976-77 and \$477.9 million in 1977-78.

#### Specific purpose grants

The Commonwealth Government has provided financial assistance for certain specific types of expenditure by the States for many years. Unlike the general purpose grants, these current and capital grants are 'tied', that is, they are subject to conditions as to the purposes for which they may be spent. Purposes for which such grants have been made include educational programs, hospital development programs, welfare services for the aged, road construction, natural disaster relief and, since 1974-75, assistance to local government authorities. Specific purpose grants amounted to \$3,442.2 million in 1975-76, \$3,472.9 million in 1976-77, and \$3,904.9 million in 1977-78.

For details of the various specific purpose programs reference should be made to the Commonwealth Budget Paper *Payments to or for the States, the Northern Territory and Local Government Authorities 1978-79*.

#### Advances to the States

The Commonwealth is also providing financial assistance for State projects by way of repayable advances. Borrowings of the Loan Council which are advanced to the States for their work programs and advances for State housing projects represent the largest proportion of the total funds advanced. Full descriptions of the various programs for which funds have been advanced in recent years are given in *Payments to or for the States, the Northern Territory and Local Government Authorities*.

The following tables show figures of advances to the States and repayments of advances. More detailed figures appear in *Public Authority Finance: Federal Authorities (5502.0)*.

**FEDERAL AUTHORITIES: NET ADVANCES TO THE STATES 1976-77**  
(S'000)

	<i>N.S.W.</i>	<i>Vic.</i>	<i>Qld</i>	<i>S.A.</i>	<i>W.A.</i>	<i>Tas.</i>	<i>Total</i>
Defence . . . . .	15,010	3,967	12,123	2,092	1,185	3	34,380
Housing and community amenities . . . . .	158,330	123,361	35,877	65,157	43,374	23,450	449,550
Economic services—							
Soil and water resources management . . . . .	308	1,700	951	1,875	-138	-	4,696
Forest resources management . . . . .	2,497	1,686	1,547	-	776	1,427	7,934
Assistance to agricultural and pastoral industries . . . . .	5,205	7,480	5,169	1,815	3,342	422	23,433
Electricity, gas, water supply . . . . .	-	-	26,349	6,391	-	-2,989	29,751
Rail transport . . . . .	226	-96	-1,865	208	-2,263	-	-3,789
Sea transport . . . . .	-	-	-90	-	-151	-132	-373
Other transport . . . . .	-	-	-570	-1,875	-	-	-2,445
<i>Total economic services . . . . .</i>	<i>8,236</i>	<i>10,770</i>	<i>31,491</i>	<i>8,414</i>	<i>1,566</i>	<i>-1,272</i>	<i>59,207</i>
Other purposes—							
State works programs . . . . .	233,336	189,532	99,487	98,999	68,473	54,849	744,677
Special resource assistance . . . . .	-10,000	-	-	-	-	-	-10,000
Natural disaster relief . . . . .	37	48	-1,596	-69	2,001	-178	243
Other . . . . .	-	-4	-	-	-	-	-4
<i>Total other purposes . . . . .</i>	<i>223,373</i>	<i>189,576</i>	<i>97,891</i>	<i>98,930</i>	<i>70,474</i>	<i>54,671</i>	<i>734,916</i>
<i>Total net advances . . . . .</i>	<i>404,949</i>	<i>327,674</i>	<i>177,382</i>	<i>174,593</i>	<i>116,599</i>	<i>76,852</i>	<i>1,278,051</i>

Minus sign (-) denotes excess of repayments.

**FEDERAL AUTHORITIES: ADVANCES TO THE STATES**  
(S'000)

	<i>1972-73</i>	<i>1973-74</i>	<i>1974-75</i>	<i>1975-76</i>	<i>1976-77</i>
<b>GROSS</b>					
Defence . . . . .	6,163	7,766	26,805	34,170	35,114
Housing and community amenities . . . . .	(a)6,610	263,633	565,507	558,808	474,742
Economic services—					
Assistance to agricultural and pastoral industries . . . . .	41,501	27,363	28,477	50,328	31,981
Other . . . . .	29,636	37,316	57,119	65,609	48,890
Other purposes—					
State works programs . . . . .	(a)733,461	588,693	741,541	860,667	904,000
Other . . . . .	15,000	3,872	3,663	1,098	4,828
<i>Total gross advances . . . . .</i>	<i>832,371</i>	<i>928,643</i>	<i>1,423,112</i>	<i>1,570,678</i>	<i>1,499,553</i>
<b>REPAYMENTS</b>					
Defence . . . . .	555	592	631	681	734
Housing and community amenities . . . . .	16,735	17,380	19,172	22,060	25,192
Economic services—					
Assistance to agricultural and pastoral industries . . . . .	2,052	3,970	3,391	5,401	8,548
Other . . . . .	7,904	11,089	9,373	11,999	13,116
Other purposes—					
State works programs . . . . .	132,195	140,783	149,400	151,999	159,323
Other . . . . .	5,317	6,274	16,245	6,096	14,589
<i>Total repayments . . . . .</i>	<i>164,758</i>	<i>180,091</i>	<i>198,211</i>	<i>198,237</i>	<i>221,502</i>
<b>NET</b>					
Defence . . . . .	5,608	7,174	26,174	33,490	34,380
Housing and community amenities . . . . .	(a)-10,125	246,251	546,335	536,748	449,550
Economic services—					
Assistance to agricultural and pastoral industries . . . . .	39,449	23,393	25,087	44,927	23,433
Other . . . . .	21,732	26,227	47,745	53,610	35,774
Other purposes—					
State works programs . . . . .	601,266	447,910	592,141	708,668	744,677
Other . . . . .	9,683	-2,402	-12,582	-4,999	-9,761
<i>Total net advances . . . . .</i>	<i>667,613</i>	<i>748,551</i>	<i>1,224,901</i>	<i>1,372,441</i>	<i>1,278,051</i>

(a) In 1972-73 funds for housing were provided under the State loan works program.

Minus sign (-) denotes excess of repayments.

### Main components of receipts

The main components of the receipts of Federal authorities are taxation, income of public enterprises and other factor income transfers, and borrowing and financing transactions. Taxation constitutes by far the major source of receipts. In recent years, however, borrowing has become an increasingly significant source of funds for Federal authorities.

In what follows, an account is given of the system of Commonwealth Government taxation, and some details are given of the current operations of Federal public enterprises. Borrowings and other financing activities of Federal authorities are dealt with for convenience in a later section relating to the debt of all public authorities.

#### Commonwealth Government taxation—summary

The following tables show Commonwealth Government taxation receipts classified by type of tax for the past six years, and the proportion of each type to total collections.

FEDERAL AUTHORITIES: TAXATION BY TYPE OF TAX  
(\$'000)

Type of tax	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77
<b>Taxes—</b>						
Income taxes—						
Individuals (a)	3,764,686	4,084,492	5,485,143	7,708,552	9,212,652	11,046,664
Companies (b)	1,462,012	1,544,612	1,933,870	2,343,943	2,505,173	2,797,665
Dividend (withholding)	42,002	51,197	56,648	59,818	62,674	71,969
Interest (withholding)	15,650	21,406	22,588	28,298	32,344	24,408
<b>Total income taxes</b>	<b>5,284,350</b>	<b>5,701,707</b>	<b>7,498,249</b>	<b>10,140,611</b>	<b>11,812,843</b>	<b>13,940,706</b>
Estate duty	67,258	66,408	66,018	63,787	76,391	76,189
Gift duty	8,530	6,941	9,725	16,204	10,454	11,486
Rates on land	5,403	6,271	7,657	9,207	12,993	15,503
Customs duty on coal exports	—	—	—	—	111,640	121,329
Customs duties on imports	468,732	513,381	604,443	840,515	932,066	1,152,016
Excise duties	1,213,056	1,268,289	1,554,581	1,728,620	2,331,325	2,485,420
Sales tax	680,772	764,868	968,724	1,154,266	1,408,286	1,650,256
Primary production taxes	28,445	34,845	64,442	143,428	115,594	159,006
Broadcasting listeners' and television viewers' licences (c)	61,785	67,050	68,458	18,816	—	—
Broadcast station licences	474	491	591	713	827	1,200
Television station licences	1,967	2,024	2,410	2,819	3,393	6,028
Stevedoring industry charge	15,987	16,979	19,389	21,921	37,150	46,884
Payroll tax	91,037	6,291	6,950	14,351	17,347	18,644
Other taxes	5,285	7,005	9,312	10,153	13,087	14,970
<b>Total taxes</b>	<b>7,933,081</b>	<b>8,462,550</b>	<b>10,880,950</b>	<b>14,165,411</b>	<b>16,883,396</b>	<b>19,699,637</b>
Fees from regulatory services	3,206	4,409	5,189	8,177	11,809	15,252
Fines	1,914	2,510	2,712	2,620	2,515	3,121
Unfunded employee retirement contribution	—	945	27,248	34,513	39,889	51,680
Other current transfers n.e.c.	386	180	761	785	209	678
<b>Total taxation</b>	<b>7,938,587</b>	<b>8,470,594</b>	<b>10,916,860</b>	<b>14,211,506</b>	<b>16,937,818</b>	<b>19,770,368</b>
of which—						
Taxation levied in the Territories only	15,696	19,826	24,735	33,910	44,249	49,672

(a) Includes Medibank levy payable from 1 October 1976. (b) Excludes income tax paid by public enterprises: 1971-72, \$15.5m; 1972-73, \$16.7m; 1973-74, \$20.1m; 1974-75, \$14.9m; 1975-76, \$17.7m; 1976-77, \$26.3m. (c) Abolished in September 1974.

#### Taxes on income

A description of the development of income taxes in Australia appeared in Year Book No. 35, page 926. Since July 1942 the Commonwealth Government, under the uniform tax arrangement, has been the only authority imposing taxes on income.

The laws dealing with the assessment and imposition of income tax at 1 January 1979 were—*Income Tax Assessment Act 1936* (later referred to as 'the Assessment Act'); Acts declaring rates of tax—*Income Tax (Rates) Act 1976*, *Income Tax (Individuals) Act 1976*, *Income Tax (Companies and Superannuation Funds) Act 1976*, *Income Tax (Dividends and Interest Withholding Tax) Act 1974*, *Income Tax (Drought Bonds) Act 1969*, *Income Tax (Withholding Tax Recoupment) Act 1971*, *Income Tax (Bearer Debentures) Act 1971*; *Income Tax (Film Royalties) Act 1977*; and *Income Tax Regulations*.



The *Income Tax Assessment Act* under provisions inserted by the *Health Insurance Levy Assessment Act* 1976 and the *Health Insurance Levy Assessment Act (No. 2)* 1976, provided for the payment of a health insurance levy at rates declared by the *Health Insurance Levy Act (No. 2)* 1976 and *Health Insurance Levy Act* 1977. The Health Insurance Levy, however, was abolished from 1 November 1978.

Both individuals and companies are liable for income tax. Private companies are subject to tax on undistributed income in addition to the primary income tax levied on all companies.

The operation of the *Assessment Act* is affected by other Acts, the more important of which are:

- (a) *Taxation Administration Act* 1953, which provides for the administration of certain Acts relating to taxation and the screening for taxation purposes of applications for exchange control approval.
- (b) *Income Tax (International Agreements) Act* 1953, which gives the force of law to agreements with other countries for the avoidance of double taxation. Australia has concluded comprehensive agreements for the avoidance of double taxation with the United Kingdom, the United States of America, Canada, New Zealand, Singapore, Japan, the Federal Republic of Germany, the Netherlands, France and Belgium, and limited agreements dealing with airline profits have been concluded with France, Italy and Greece. The agreements with Belgium and Greece have not yet entered into force.
- (c) *The States (Personal Income Tax Sharing) Act* 1976, which provides for the States to receive a specified proportion of net personal income tax collections.
- (d) *International Organizations (Privileges and Immunities) Act* 1963, and Regulations made under that Act, which provide for the exemption from income tax of certain income of international organizations and their officials.
- (e) *Diplomatic Privileges and Immunities Act* 1967, which provides for the exemption from income tax of certain income of diplomatic representatives, their staff and families.
- (f) *The Loan (Income Equalization Deposits) Act* 1976, which provides for the making of interest bearing income equalization deposits by primary producers with the Commissioner of Taxation.
- (g) *Consular Privileges and Immunities Act* 1972, which provides for the exemption from income tax of certain income of consular representatives, their staff and families.
- (h) *Loan (Drought Bonds) Act* 1969, which authorizes the issue of drought bonds and empowers the Commissioner of Taxation to declare when drought bonds have become redeemable.

Any resident individual whose total income is in excess of \$3,798 in 1978–79 is required to lodge a return of income. A non-resident individual is required to lodge a return of income when his total income (other than dividends or interest upon which withholding tax has been paid) from all sources in Australia is in excess of \$3,893 in 1978–79.

Non-profit companies with total incomes in excess of \$416 and all other companies, partnerships and trusts deriving income are required to lodge returns of income each year.

Where applicable, income tax payable is assessed and assessment notices showing the amounts payable are issued during the year following the year of income. For individuals the approximate amount payable, however, has already been collected during the income year (from employees by deductions from salary or wages and from non-employees by a provisional tax). The amount shown on the assessment notice is therefore adjusted against the amount already paid, and any difference is either collected or refunded.

## **Taxes on income—individuals**

### ***Pay-as-you-earn-system***

*Salary and wage earners* are subject to tax instalment deductions by employers according to prescribed scales which show the amount to be deducted according to income. Under the group employer scheme (covering employers of more than ten persons), the amount deducted is required to be regularly remitted to the Australian Taxation Office.

Not later than 14 July each year, employers are required to supply each employee with a group certificate showing the amount earned and deductions made during the year ended 30 June.

Under the tax stamp scheme for employers other than group employers, a tax deduction sheet in two parts is used. Every four weeks the employer purchases tax stamps for the amount of deductions made each pay day and attaches the tax stamps to the tax stamps sheet in the space provided and the tax checks (attached to the stamps) in the space provided on the tax check sheet. At the end of the year the employer gives the employee the tax stamp sheet and sends the tax check sheet to the Taxation Office. The tax stamp sheet is then used in the same way as a group certificate.

*Individuals with taxable income other than salary or wages of \$400 or more* may be required to pay provisional tax in respect of that income. The provisional amount is intended as an approximation to the tax which will be assessed after the return of income for the current year has been lodged. The amount of provisional tax for any year is, in the first place, determined by the tax assessed on income of the previous year. The assessment notice shows the tax assessed on income from the previous year less any provisional tax already paid for that year and provisional tax payable for the current year.

#### *Assessable income—individuals*

Assessable income (from which deductions are made to arrive at taxable income) basically includes all receipts within the ordinary meaning of the word 'income', but excludes items of income that are specified as exempt. Assessable income specifically includes certain receipts such as casual profits arising from the sale of property held less than one year and profits arising from the sale of property acquired for the purpose of profit-making by sale regardless of the period the property is held before sale. The value to employees of allowances and benefits given by employers for services rendered is also specifically included in the assessable income of the employees. Receipts such as gifts (other than gratuities received by an employee in the course of employment), legacies, lottery wins and other receipts of capital generally do not form part of the assessable income.

Exemption from tax is provided by the *Assessment Act* in respect of a number of specified classes of income—for example, certain war pensions; invalid pensions; family allowances; income received from a scholarship, bursary or other educational allowance; the income of charitable institutions and public hospitals and certain foreign income where it has been taxed overseas.

#### *Deductions*

The taxable income to which the rates of tax are applied is arrived at by deducting from the assessable income any allowable deductions. Allowable deductions include:

*General Deductions.* Deductions from assessable income are authorised for all losses and outgoings incurred in gaining or producing assessable income or necessarily incurred in carrying on a business for that purpose, except to the extent that they are of a capital, private or domestic nature, or are incurred in gaining or producing exempt income.

In addition, certain other deductions are specifically authorised by the *Assessment Act*. Deductions allowable include trading losses incurred in previous years, bad debts, depreciation, rates and land taxes paid and gifts to various institutions. Expenditure of a capital nature incurred in relation to mining operations is generally deductible over the lesser of 5 years or the life of the mine or oil field or, in the case of plant, over the life of the plant. Exploration or prospecting expenses incurred by mining companies are generally allowable as a deduction against income of a mining business in the year in which the expenditure is incurred, while exploration and prospecting expenses incurred on petroleum mining is deductible against any income calculated by reference to the life of the field with a minimum deduction of one-fifth of the undeducted expenditure. Certain expenditure of a capital nature incurred by primary producers in carrying out improvements to their land is deductible over 10 years.

Deductions may also be allowed in respect of expenditure on certain plant and machinery incurred after 1 January 1976 (investment allowance). The investment allowance amounts to 40 per cent of the expenditure in respect of eligible expenditure incurred up to 30 June 1978 and 20 per cent for plant ordered between 1 July 1978 and 30 June 1985. Deductions are also allowed by way of a stock valuation adjustment in respect of most classes of trading stock including livestock. The deduction allowable is obtained by applying a prescribed percentage equal to half of the percentage increase in the goods component of the Consumer Price Index between the June quarter prior to the year of income and the June quarter of the year of income. Deductions are also allowable in respect of cash deposits made by primary producers (income equalisation deposits) which fall for inclusion in assessable income on withdrawal or conversion.

*Living-away-from-home allowance.* Where an allowance is paid to an employee under any award, industrial agreement, etc.—

- (a) if it is received in cash and does not exceed \$7 per week, a deduction is allowable of the amount of the allowance, up to \$5 per week;
- (b) if it is received otherwise than in cash and exceeds a value of \$2 per week but does not exceed a value of \$5 per week, a deduction is allowable of the excess of that value over \$2 per week.

In any other case the deduction allowable is the amount which the Commissioner deems reasonable but may not exceed the total amount received less \$2 per week.

**Subscriptions.** When they are paid in respect of membership of any trade, business or professional association or union. (Deductions may be limited to \$42 in respect of subscriptions to any union, association, etc.)

**Interest Payments on Housing Loans.** A deduction is allowable for interest accrued to 31 October 1978 and paid by a resident on a housing loan, during the first five years of the loan, which is connected with a dwelling being a first home owned by the taxpayer or spouse and used during the whole or part of the period 1-7-1978 to 31-10-1978 as the taxpayer's sole or principal residence. Where a loan is used to acquire vacant land the concession is not available for interest paid before the year of income in which a dwelling erected on the land is occupied by the taxpayer.

In allowing the concession the combined net income of a husband and wife for the whole year of income is taken into account. Net income means total income from all sources less the expenses incurred in earning it, and includes exempt income other than family allowances or benefits paid by the Commonwealth Government for domiciliary nursing care. Taxpayers with combined net income of \$4,000 or less in a year of income may claim the whole of home loan interest payments accrued to 31-10-1978. Where the combined net income is greater than \$4,000 the deduction is reduced by 1 per cent for each \$100 of the excess. No deduction is allowable where the combined net income is \$14,000 or more.

**Gifts.** Those of \$2 and upwards made to specified funds, authorities and institutions including public benevolent institutions, approved research institutions for scientific research, building funds for schools conducted by non-profit organisations, etc.

### **Rebates of Tax**

From the gross amount of tax calculated by applying the relevant rate to the taxpayer's taxable income, a deduction is made for any rebates allowable to the taxpayer.

**Dependant, housekeeper and sole parent rebates.** A concessional rebate of the relevant amount specified below for each *dependant* is allowable to a resident taxpayer if, during the whole of the year of income, the taxpayer is the sole contributor to the dependant's maintenance and that dependant does not have a separate net income in excess of \$203.

<i>Dependant</i>	<i>Maximum rebate 1978-79</i>
	\$
Spouse, daughter-housekeeper . . . . .	597
Parent or parent-in-law . . . . .	539
Invalid relative . . . . .	270

If a person in one or other of these dependant categories is a dependant during part only of the year of income (such a person residing with the taxpayer is ordinarily regarded as a dependant throughout the period of residence), the maximum rebate is proportionately reduced. Rebates allowable for a parent, parent-in-law or invalid relative who reside outside Australia were abolished from 1 November 1978. Accordingly, for the year ended 30 June 1979 the maximum amounts allowable for these dependants are \$180, \$180 and \$90 respectively.

Where a person has a separate net income in excess of \$203 while a dependant of a taxpayer, the rebate otherwise allowable is reduced by \$1 for every \$4 by which the separate net income exceeds \$203, irrespective of the period over which the person has derived the income. When two or more people contribute to the maintenance of a person who is a dependant of both of them, the rebate allowable is apportioned between the contributing taxpayers.

A concessional rebate of \$597 is allowable to a resident taxpayer in respect of a *housekeeper* who, during the whole of the year of income, is wholly engaged in keeping house in Australia for the taxpayer and has the care of (a) a child or step-child of the taxpayer, less than 16 years of age; (b) an invalid relative in respect of whom the taxpayer is entitled to a rebate or any child under 16 years classed as a dependant for this purpose; or (c) the taxpayer's spouse if in receipt of an invalid pension under the *Social Services Act*.

If these conditions apply for only part of the year, a proportionate rebate may be allowed. Where the taxpayer is married, a rebate may be allowable for a housekeeper if the housekeeper is engaged in caring for an invalid spouse (*see* (c) above) or the Commissioner is of the opinion that, because of special circumstances, it is just to allow a rebate. The rebate is not allowable in respect of any period during which the taxpayer is entitled to a deduction for a daughter-housekeeper.

A concessional rebate of \$417 is allowable to a *sole parent* i.e., a resident single, widowed or divorced person who has the sole care of a child under sixteen years of age or a student (up to 25

years of age, receiving full-time education at a school, college or university), whose separate net income is ordinarily less than \$1,283. The sole parent rebate is not allowable where the taxpayer is entitled to a rebate for a housekeeper or daughter-housekeeper or is living in a de-facto relationship.

#### *Concessional rebates*

Resident taxpayers may be allowed a concessional rebate in respect of certain expenses listed below amounting in total to more than \$1,590. The amount of the rebate for 1978-79 is 33.5 per cent of the excess of the total expenditure over \$1,590, but the rebate cannot exceed the tax otherwise payable.

*Medical, dental, optical, etc. expenses.* Rebates are allowable in respect of medical, dental, optical and therapeutic treatment expenses paid by the taxpayer, less any amounts in respect of those expenses which are received or receivable by the taxpayer or any other person from a Government or friendly society or medical benefit fund. Included are amounts paid in respect of artificial limbs and eyes, hearing aids and medical and surgical appliances and the remuneration of an attendant of a person who is blind or permanently confined to a bed or invalid chair. Domiciliary nursing care benefits are to be disregarded in calculating the rebatable amount in respect of medical expenses.

Rebates in respect of the above medical, etc. expenses are allowable only for expenditure in respect of a resident taxpayer, spouse, children under 21 years of age or any other 'dependant' resident in Australia, but not a 'housekeeper'.

*Funeral, burial or cremation expenses.* Rebates are allowable only in respect of the taxpayer's spouse, children under 21 years of age or any other 'dependant', but not a 'housekeeper', provided the dependant was a resident of Australia at the time of death. The amount of expenses allowable in respect of any one dependant is limited to \$100.

*Adopted children.* Legal expenses and court costs of the kind normally incurred by a taxpayer in adopting a child.

*Payments of life, sickness and accident insurance premiums and payments to a Friendly Society, Superannuation, Sustentation or similar Fund.* Amounts subject to rebate are limited to a total of \$1,200 in respect of such payments made on behalf of the taxpayer, his spouse or children. Where policies are taken out on or after 1 January 1973 or where the first premium of a policy was paid on or after that date, rebates for premiums of such policies are *not* allowable if the benefits, other than death benefits, are payable within a period of 10 years of commencement of risk.

*Education expenses.* An amount not exceeding \$250 is allowed in respect of each child of the taxpayer or 'dependant' under 25 years of age receiving full-time education. Education expenses include expenditure for recognised school uniforms, on school fees, board and accommodation, text books, stationery, equipment and fares.

*Self-education expenses.* These are allowable where they are paid by the taxpayer for or in connexion with a course of education undertaken by him for the purpose of gaining qualifications for use in carrying on a profession, business or trade or in the course of employment. The maximum amount subject to rebate is \$250.

*Calls.* One-third of the amount of calls paid by the taxpayer in the year of income on shares owned by him in a company carrying on as its principal business afforestation in Australia.

*Rates and land taxes.* These are allowable when they are paid by a taxpayer who is personally liable. The maximum amount rebatable is \$300 and must be in respect of a sole or principal place of residence.

#### *Other rebates*

*Zone allowance rebate.* A separate rebate is allowable to resident taxpayers who have resided in Zone A or B (prescribed isolated areas) for more than one half of the income year. The rebates are as follows.

- (a) Zone A: a rebate equal to the sum of \$216 and 25 per cent of certain amounts in respect of dependants, sole parent and housekeeper;
- (b) Zone B: a rebate equal to the sum of \$36 and 4 per cent of those amounts stipulated under Zone A.

The amount in respect of dependants, sole parent and housekeeper that may be the subject of a 25 per cent (Zone A) or 4 per cent (Zone B) increment to the basic zone allowance are:

	1978-79
Sole parent . . . . .	417
Housekeeper . . . . .	597
Spouse, daughter-housekeeper . . . . .	597*
Parent or parent-in-law . . . . .	539*
One child under 16 years, not being a student . . . . .	270*
Each other child under 16 years, not being a student . . . . .	203*
Student . . . . .	270*
Invalid relative . . . . .	270*

\* Where one of these persons has a separate net income in excess of \$203 while a dependant of a taxpayer, the amount to be taken into account is reduced by \$1 for every \$4 by which that income exceeds \$203, irrespective of the period over which it was derived. Where two or more people contribute to the maintenance of a person who is a dependant of both of them, the amount to be taken into account is apportioned between the contributing taxpayers.

Amounts for a parent, parent-in-law or invalid relative who reside outside Australia are not allowable from 1 November 1978. The maximum amounts allowable for these dependants during the year ending 30 June 1979 are \$180, \$180 and \$90 respectively.

'Child' or 'children' includes a legally adopted child, a step-child or ex-nuptial child of the taxpayer. 'Student' means a person less than 25 years of age who is receiving full-time education at a school, college or university.

**Overseas service rebate.** Separate rebates are also allowable to certain members of the Defence Force serving in prescribed overseas localities. Where the period of service is more than one-half of the year of income, the rebate is equal to the Zone A rebate. Where the period is less than one-half of the year of income, a proportionate part of the Zone A rebate is allowable.

**Rebate for government and other loan interest.** A rebate of tax may be allowed in respect of certain Government and other loan interest included in an individual's taxable income. Particulars are given on page 528.

**Special rebate.** As a consequence of the adoption of half indexation of the standard rate scale for income year 1978-79, taxpayers with taxable incomes in the range \$6,601 to \$6,978 would have been liable for more tax than would have been the case had the 1977-78 pre-Budget rates, fully indexed, applied. To prevent this situation a special rebate calculated in accordance with the following table is allowable for income year 1978-79.

Total taxable income			
Not less than	Not more than	Rebate allowable	
\$	\$	\$	\$
0	6,600	Nil	
6,600	6,742	Nil	+ 5c for each \$1 in excess of 6,600
6,742	6,978	7.10	- 3c for each \$1 in excess of 6,742
6,979	..	Nil	

**Capital subscription rebate.** Section 160ACA of the Income Tax Assessment Act provides for a rebate of tax to shareholders in respect of capital subscribed to certain petroleum exploration and mining companies. The rebate allowable is 30 cents for each \$1 of amounts paid on shares after 24 August 1977 by way of application and allotment moneys and calls which are applied by a company towards the paid-up value of its shares. The allowance of the rebate is conditional upon the company lodging a declaration satisfying the Commissioner that the share monies will be, or have been, spent on outgoings for off-shore exploration for petroleum and the development of off-shore petroleum fields and also includes expenditure on facilities located on-shore that are directly related to the off-shore petroleum operations. It is also conditional upon the company forgoing any right to a deduction under Division 10AA for the expenditure.

#### **Effective exemption from tax**

For the income years from 1963-64 to 1971-72 inclusive, the income of a taxpayer without dependants was exempt from income tax if it did not exceed \$416. For years 1972-73 to 1974-75 inclusive the income of a taxpayer without dependants was exempt from income tax if it did not

exceed \$1,040. In 1975-76 and 1976-77 after the application of the general concessional rebate of \$540 and \$610 respectively to resident taxpayers, the corresponding figures were \$2,518 and \$2,845. In 1977-78, with the composite tax scale applying, the figure was \$3,402. For 1978-79 no tax is payable unless taxable income exceeds \$3,893. The effect of deductions or rebates for dependants was to exempt resident taxpayers up to the incomes shown in the samples hereunder.

**RESIDENT TAXPAYERS: EFFECTIVE EXEMPTIONS FROM INCOME TAX**  
(**\$**)

Income years ended June—	Taxpayer with—		Wife and—			
	No dependants	Wife only				Sole parent
			one child	two children	three children	
1973 and 1974 . . . . .	1,040	1,404	1,664	1,872	2,080	..
1975 . . . . .	1,040	2,468	3,148	3,564	3,980	..
1976 . . . . .	2,518	4,000	4,740	(a)5,228 (b)5,800	2,740	..
1977 . . . . .	2,845	4,697	4,697	4,697	4,697	4,141
1978 . . . . .	3,402	5,335	5,335	5,335	5,335	4,761
1979 . . . . .	3,893	5,675	5,675	5,675	5,675	5,137

(a) Neither of whom is a student child. (b) Including one student child.

**Rates of income tax on individuals**

The table on page 529 shows the rates of income tax for the income year 1978-79. Rates for income years 1954-55 to 1973-74 were published in Year Book No. 60, page 590, for income years 1974-75 and 1975-76 they were published in Year Book No. 61, page 586 and for income years 1976-77 and 1977-78 they were published in Year Book No. 62, pages 593 and 594.

For primary producers, a rebate is allowable in respect of taxable income derived from primary production and in respect of other taxable income where it does not exceed \$5,000. Where non-primary production income exceeds \$5,000, the amount deemed to be derived from primary production is the amount, if any, that remains after deducting from \$5,000 the excess of that income over \$5,000. In determining the rebate, an averaging benefit is calculated by subtracting from the tax on the taxable income, the tax that would be payable if an average rate appropriate to the average on the taxable incomes of the current and four previous years had applied (where the latter amount is less than the former). The rebate is that proportion of the averaging benefit that the deemed primary production taxable income bears to the total taxable income.

The taxable income, including abnormal receipts, of actors, artists, inventors, etc. is taxed at the rate appropriate to the normal taxable income plus one-third of the abnormal receipts.

**Interest derived from bonds, etc.**

Interest derived from bonds, etc., issued between 1 January 1940 and 31 October 1968 by the Commonwealth Government, or on certain State semi-government loans issued free of State income tax, is subject to a rebate of income tax of 10 cents for each \$1 of interest received. The rebate does not apply to interest received from bonds, etc., issued on or after 1 November 1968.

**Indexation of the Personal Income Tax System**

For explanation of tax indexation see Year Book No. 61, page 584.

**Health Insurance Levy**

The Health Insurance Levy that was introduced on 1 October 1976 was abolished from 1 November 1978. For 1978-79, a person is liable to the Health Insurance Levy if appropriate private health insurance cover was not taken out for the period 1 July 1978 to 31 October 1978. The rate of levy payable is 0.833 per cent of a person's total taxable income to a maximum of \$100 for a person with dependants and \$50 for a person without dependants. The income levels below which no levy is payable in 1978-79 are \$3,799 for a single taxpayer, \$5,538 for a taxpayer with dependants and \$5,014 for a sole parent taxpayer.

**Rates of tax—individuals**

The rates of tax on taxable incomes derived by individuals during the year ending 30 June 1979 (or substituted accounting period) are set out below. They represent the rates which applied notionally from 1 February 1978 to 30 June 1978 indexed by a factor of 1.038 and adjusted to reflect an increase in the standard rate from 32 per cent to 33.5 per cent.

**GENERAL RATES OF TAX—INDIVIDUALS  
1978-79 FINANCIAL YEAR, 1978-79 INCOME YEAR**

<i>Total taxable income</i>			
<i>Not less than—</i>	<i>Not more than—</i>	<i>Tax at general rates on total taxable income</i>	
\$	\$	\$	\$
0	3,893	Nil	
3,893	16,608	Nil	+ 33.5c for each \$1 in excess of 3,893
16,608	33,216	4,259.525	+ 47.5c for each \$1 in excess of 16,608
33,216	..	12,148.325	+ 61.5c for each \$1 in excess of 33,216

***Income tax payable on specified incomes***

The following table shows, for the income years 1972-73 to 1978-79, the actual income tax payable by taxpayers with various incomes and numbers of dependants. For 1974-75 allowance has been made for the low income family rebate, and in 1975-76 and 1976-77, the general concessional rebates of \$540 and \$610 respectively have been applied. For 1977-78 the composite rate scale has been used, which incorporates the general concessional rebate. Prior to 1975-76 a concessional deduction system operated for dependants; this was replaced by a system of rebates.

**FEDERAL INCOME TAX PAYABLE ON SPECIFIED INDIVIDUAL INCOMES 1972-73 TO 1978-79  
INCOME YEARS  
(\$)**

<i>Net Income(a)</i>	<i>1972-73 and 1973-74</i>	<i>1974-75</i>	<i>1975-76</i>	<i>1976-77(c)</i>	<i>1977-78(c)</i>	<i>1978-79(c)</i>
<b>TAXPAYER WITH NO DEPENDANTS</b>						
\$						
1,000	..	..	..	..	..	..
3,000	359.50	220.00	130.00	41.80	..	..
5,000	917.30	680.00	670.00	581.80	457.52	370.84
7,000	1,630.10	1,380.00	1,370.00	1,229.80	1,073.45	1,040.84
10,000	2,888.70	2,780.00	2,420.00	2,279.80	2,085.92	2,045.84
15,000	5,490.70	5,470.00	4,670.00	4,399.80	3,917.26	3,720.84
20,000	8,448.70	8,420.00	7,420.00	6,954.80	6,199.80	5,870.72
<b>TAXPAYER WITH DEPENDANT WIFE</b>						
1,000	..	..	..	..	..	..
3,000	283.35	74.40	..	..	..	..
5,000	801.00	534.40	270.00	81.80	..	..
7,000	1,492.14	1,234.40	970.00	729.80	518.45	443.84
10,000	2,728.17	2,605.28	2,020.00	1,779.80	1,530.92	1,448.84
15,000	5,291.95	5,269.80	4,270.00	3,899.80	3,362.26	3,123.84
20,000	8,229.20	8,201.60	7,020.00	6,454.80	5,644.80	5,273.72
<b>TAXPAYER WITH DEPENDANT WIFE AND ONE CHILD</b>						
1,000	..	..	..	..	..	..
3,000	232.97	..	..	..	..	..
5,000	722.22	430.40	70.00	81.80	..	..
7,000	1,394.13	1,130.40	770.00	729.80	518.45	443.84
10,000	2,613.51	2,480.48	1,820.00	1,779.80	1,530.92	1,448.84
15,000	5,149.99	5,126.80	4,070.00	3,899.80	3,362.26	3,123.84
20,000	8,072.42	8,045.60	6,820.00	6,454.80	5,644.80	5,273.72
<b>TAXPAYER WITH DEPENDANT WIFE AND TWO CHILDREN(b)</b>						
1,000	..	..	..	..	..	..
3,000	197.19	..	..	..	..	..
5,000	659.20	347.20	..	81.80	..	..
7,000	1,319.87	1,047.20	620.00	729.80	518.45	443.84
10,000	2,521.78	2,380.64	1,670.00	1,779.80	1,530.92	1,448.84
15,000	5,036.42	5,012.40	3,920.00	3,899.80	3,362.26	3,123.84
20,000	7,947.00	7,920.80	6,670.00	6,454.80	5,644.80	5,273.72

(a) Income remaining after allowing all deductions other than concessional deductions and deductions for dependants. (b) Neither of whom is a student. (c) For 1976-77, 1977-78 and 1978-79 rebates for children and students are replaced by family allowances (formerly child endowment).

*Income tax assessments—Individuals*

The following table shows for the 1975–76 income year the number of taxpayers, income, and net income tax assessed for individuals.

**FEDERAL INCOME TAX ASSESSMENTS(a): TAXABLE INDIVIDUALS BY GRADE OF NET INCOME  
AND BY OFFICE OF ASSESSMENT**  
(Income derived in the year 1975–76)

Grade of net income(b) and office of assessment	Taxpayers			Net income (b)	Total taxable income(c)	Net income tax assessed
	Males	Females	Total			
\$ \$	No.	No.	No.	\$'000	\$'000	\$'000
Under 3,000 . . . . .	79,515	146,859	226,374	604,659	600,358	17,358
3,000–3,499 . . . . .	89,951	148,440	238,391	774,629	765,780	43,414
3,500–3,999 . . . . .	92,788	144,098	236,886	887,859	875,668	70,784
4,000–4,499 . . . . .	100,935	142,448	243,383	1,034,045	1,018,830	99,705
4,500–4,999 . . . . .	106,750	139,690	246,440	1,171,031	1,153,011	130,038
5,000–5,499 . . . . .	116,303	146,370	262,673	1,379,632	1,357,395	172,643
5,500–5,999 . . . . .	130,878	149,246	280,124	1,611,556	1,584,454	224,332
6,000–6,499 . . . . .	164,560	160,614	325,174	2,033,751	1,998,950	307,163
6,500–6,999 . . . . .	196,440	157,065	353,505	2,386,233	2,342,303	381,303
7,000–7,499 . . . . .	221,061	125,358	346,419	2,510,552	2,459,629	416,483
7,500–7,999 . . . . .	234,688	91,741	326,429	2,529,053	2,472,674	432,951
8,000–8,499 . . . . .	233,306	68,814	302,120	2,491,577	2,431,423	438,836
8,500–8,999 . . . . .	214,893	53,355	268,248	2,345,874	2,286,784	427,614
9,000–9,499 . . . . .	193,562	42,268	235,830	2,179,666	2,122,520	408,911
9,500–9,999 . . . . .	167,352	33,341	200,693	1,955,309	1,903,571	377,081
10,000–10,999 . . . . .	274,244	47,829	322,073	3,372,055	3,283,052	681,577
11,000–11,999 . . . . .	199,738	33,108	232,846	2,670,859	2,603,096	583,361
12,000–12,999 . . . . .	144,655	21,733	166,388	2,075,198	2,023,726	482,868
13,000–13,999 . . . . .	103,844	15,325	119,169	1,605,529	1,566,659	394,491
14,000–14,999 . . . . .	78,646	11,792	90,438	1,309,151	1,278,182	336,801
15,000–19,999 . . . . .	173,109	25,748	198,857	3,365,652	3,277,425	972,319
20,000–24,999 . . . . .	49,491	7,972	57,463	1,268,801	1,229,794	442,294
25,000–29,999 . . . . .	21,127	3,505	24,632	668,900	648,508	265,242
30,000–49,999 . . . . .	20,332	3,288	23,620	863,009	843,786	393,194
50,000 and over . . . . .	5,912	731	6,643	487,887	476,338	262,215
<b>Office—</b>						
New South Wales . . . . .	1,184,873	679,546	1,864,419	15,274,630	14,932,095	3,079,010
Victoria . . . . .	932,578	549,231	1,481,809	12,161,918	11,876,693	2,477,305
Queensland . . . . .	479,314	247,510	726,824	5,908,481	5,771,015	1,174,382
South Australia . . . . .	333,884	185,074	518,958	4,063,467	3,978,767	785,715
Western Australia . . . . .	300,215	161,007	461,222	3,734,520	3,651,880	740,276
Tasmania . . . . .	102,881	50,044	152,925	1,230,210	1,206,314	242,312
Northern Territory . . . . .	17,704	8,931	26,635	245,105	241,239	48,387
Australian Capital Territory . . . . .	62,631	39,395	102,026	964,141	945,915	220,595
<b>Total . . . . .</b>	<b>3,414,080</b>	<b>1,920,738</b>	<b>5,334,818</b>	<b>43,582,470</b>	<b>42,603,920</b>	<b>8,767,981</b>

(a) Assessments in respect of 1975–76 incomes. Assessments issued after that date are not included. (b) Net income is 'Total assessable income less total deductions for expenses incurred in gaining assessable income'. (c) Taxable income is the income remaining after deducting from assessable income all allowable deductions.



Details of the number of individual taxpayers and net income tax assessed by grades of income for the income years 1974-75 and 1975-76 are shown in the following table.

**FEDERAL INCOME TAX ASSESSMENTS: TAXABLE INDIVIDUALS, BY GRADE OF INCOME(a)**  
(INCOME YEARS 1974-75 AND 1975-76)

1974-75				1975-76			
Grade of net income(a)		Tax-payers	Net income tax assessed	Grade of net income(a)		Tax-payers	Net income tax assessed
\$	\$	No.	\$'000	\$	\$	No.	\$'000
Under 1,200		50,233	925	Under 3,000		226,374	17,358
1,200- 1,999		324,169	14,790	3,000- 3,499		238,391	43,414
2,000- 2,499		210,217	19,772	3,500- 3,999		236,886	70,784
2,500- 2,999		260,523	35,812	4,000- 4,499		243,383	99,705
3,000- 3,499		271,067	54,629	4,500- 4,999		246,440	130,038
3,500- 3,999		270,822	77,668	5,000- 5,499		262,673	172,643
4,000- 4,499		283,658	107,760	5,500- 5,999		280,124	224,332
4,500- 4,999		303,629	146,517	6,000- 6,499		325,174	307,163
5,000- 5,499		342,337	202,544	6,500- 6,999		353,505	381,303
5,500- 5,999		365,504	255,389	7,000- 7,499		346,419	416,483
6,000- 6,499		355,230	285,162	7,500- 7,999		326,429	432,951
6,500- 6,999		335,813	307,434	8,000- 8,499		302,120	438,836
7,000- 7,499		317,104	330,903	8,500- 8,999		268,248	427,614
7,500- 7,999		285,352	338,198	9,000- 9,499		235,830	408,911
8,000- 8,499		248,572	333,401	9,500- 9,999		200,693	377,081
8,500- 8,999		206,015	310,426	10,000-10,999		322,073	681,577
9,000- 9,499		175,404	293,470	11,000-11,999		232,846	583,361
9,500- 9,999		147,248	273,311	12,000-12,999		166,388	482,868
10,000-10,999		223,501	475,885	13,000-13,999		119,169	394,491
11,000-11,999		153,624	389,639	14,000-14,999		90,438	336,801
12,000-12,999		105,976	313,813	15,000-19,999		198,857	972,319
13,000-13,999		71,436	244,246	20,000-24,999		57,463	442,294
14,000-14,999		51,846	200,790	25,000-29,999		24,632	265,242
15,000-19,999		117,121	598,090	30,000-49,999		23,620	398,194
20,000-29,999		53,140	486,237	50,000 and over		6,643	262,215
30,000-49,999		17,756	310,864				
50,000-99,999		3,603	127,107				
100,000 and over		422	35,983				
<b>Total</b>		<b>5,551,322</b>	<b>6,570,765</b>	<b>Total</b>		<b>5,334,818</b>	<b>8,767,981</b>

(a) Net income is 'Total assessable income less total deductions for expenses incurred in gaining that income'.

### Partnerships and trusts

Income tax returns are required to be lodged on behalf of partnerships and trusts which, as partnerships and trusts, are not required to pay tax except in certain specified circumstances when they may be assessed as individuals. In general, the net income remaining after allowing all deductions including expenditure incurred in gaining the income is distributed to the partners or beneficiaries concerned and is assessable for tax in the respective individual returns.

The following table shows for the 1975-76 income year numbers, total business income and net income of partnerships and trusts. Greater detail is published in the statistical supplement to the annual report of the Commissioner of Taxation and in the report itself.

### PARTNERSHIPS AND TRUSTS—INCOME YEAR 1975-76

Item	Partnerships	Trusts	Total
Number	471,871	144,488	616,359
Total business income	\$'000 13,358,551	967,081	14,325,632
Net income(a)	\$'000 4,400,094	710,383	5,110,477

(a) Total net income adjusted by subtraction of loss.

### Taxes on income—companies

For taxation purposes companies are divided into two main groups—private and public. Broadly, a private company is defined as a company in which all the issued shares are held by not more than

twenty persons; or which is capable of being controlled by not more than seven persons, and which is not a company in which the public is substantially interested; or which is a subsidiary of a public company. All other companies are regarded as public companies. Both private and public companies pay primary tax assessed on a taxable income ascertained on the same principles as for individuals.

Dividends received are assessable income; however, while resident companies receive a rebate at the average rate on the amount of dividends included in the taxable income, this rebate is not allowed to non-resident companies.

A private company is liable to pay additional tax upon the amount, if any, by which the dividends paid by the company within a prescribed period fall short of sufficient distribution as defined.

*Rates of tax.* The rates of primary income tax for all companies and additional tax for private companies applicable to income years 1969-70 to 1977-78 are shown in the following table.

**RATES OF INCOME TAX: COMPANIES, 1969-70 TO 1977-78 INCOME YEARS**  
(Cents per \$)

Income years ended 30 June	Resident private company			Resident public company(a)		Non resident company			
	On taxable income		Additional tax on un- distributed income	On taxable income		On dividends income		On other income	
	Up to \$10,000	On re- mainder		Up to \$10,000	On re- mainder	Up to \$10,000	On re- mainder	Up to \$10,000	On re- mainder
1970 . . . . .	32.5	42.5	50	42.5	47.5	37.5	47.5	42.5	47.5
1971 and 1972 . . . . .	37.5	42.5	50	47.5	47.5	42.5	47.5	47.5	47.5
1973 . . . . .	45.0	45.0	50	47.5	47.5	47.5	47.5	47.5	47.5
1974 . . . . .	45.0	45.0	50	45.0	45.0	45.0	45.0	45.0	45.0
1975 and 1976 . . . . .	42.5	42.5	50	42.5	42.5	42.5	42.5	42.5	42.5
1977-78 . . . . .	46.0	46.0	50	46.0	46.0	46.0	46.0	46.0	46.0

(a) Excludes co-operative, non-profit and life insurance companies.

For the income year ended 30 June 1974 the rate for companies other than friendly society dispensaries was 45 per cent, except that for the first \$10,000 of taxable income of co-operative and non-profit companies (other than friendly society dispensaries) the rate was 42.5 per cent. The rate for friendly society dispensaries was 37.5 per cent.

For the income years ended 30 June 1975 and 1976 the rate for companies other than friendly society dispensaries was 42.5 per cent and for friendly society dispensaries it was 37.5 per cent.

For the income years ended 30 June 1977 and 30 June 1978 the rates were 46 per cent and 41 per cent respectively. Tax exemption levels for years ended 30 June 1977 and 1978 are set out below.

A non-profit company is not liable to income tax unless the taxable income exceeds \$416. Where the non-profit company is a friendly society dispensary and the taxable income does not exceed \$2,311 the maximum amount payable is 50 per cent of the excess over \$416 less any rebate or credit to which the company is entitled. Where the taxable income of a non-profit company other than a friendly society dispensary does not exceed \$2,542, the tax payable by the company is limited to 55 per cent of the amount by which the taxable income exceeds \$416 less any rebate or credit to which the company is entitled. Other companies are assessed for income tax if the taxable income is \$1 or more.

Details in respect of company income tax assessments for the 1975-76 income year are shown in the following table.

**FEDERAL INCOME TAX ASSESSMENTS: RESIDENT AND NON-RESIDENT COMPANIES BY GRADE  
OF INCOME AND OFFICE OF ASSESSMENT**

(Income derived in the year 1975-76)

<i>Grades of taxable income (a) (\$) and office of assessment</i>	<i>Taxable</i>			<i>Non-taxable</i>		
	<i>Companies</i>	<i>Taxable income (a)</i>	<i>Net income tax assessed (b)</i>	<i>Companies</i>	<i>Taxable income (a) (c)</i>	<i>Loss (d)</i>
		<i>No.</i>	<i>\$'000</i>		<i>No.</i>	<i>\$'000</i>
Loss for year . . . . .	-	-	-	67,297	-	755,067
Nil . . . . .	-	-	-	39,571	-	-
1- 1,999 . . . . .	34,190	19,215	7,663	4,908	3,735	-
2,000- 9,999 . . . . .	26,241	136,740	52,607	5,756	29,572	-
10,000- 19,999 . . . . .	12,331	176,588	67,214	2,182	30,950	-
20,000- 39,999 . . . . .	9,937	282,059	106,905	1,423	39,902	-
40,000- 99,999 . . . . .	8,025	498,249	187,880	860	53,099	-
100,000- 199,999 . . . . .	3,104	430,713	161,599	272	37,693	-
200,000- 399,999 . . . . .	1,743	488,476	181,565	142	38,718	-
400,000- 999,999 . . . . .	1,278	789,596	278,944	85	51,872	-
1,000,000- 1,999,999 . . . . .	493	690,641	237,645	24	34,615	-
2,000,000 and over . . . . .	556	4,544,571	1,513,314	15	60,615	-
<b>Total</b> . . . . .	<b>97,898</b>	<b>8,056,849</b>	<b>2,795,338</b>	<b>122,535</b>	<b>380,770</b>	<b>755,067</b>
New South Wales . . . . .	43,254	2,648,081	895,503	57,553	175,804	382,648
Victoria . . . . .	25,171	3,558,701	1,212,388	29,553	125,175	229,353
Queensland . . . . .	10,154	898,358	340,912	11,679	25,476	55,772
South Australia . . . . .	8,953	431,995	149,050	10,104	23,682	33,618
Western Australia . . . . .	6,526	381,954	149,020	8,151	10,937	36,042
Tasmania . . . . .	1,886	83,087	29,048	2,074	4,026	6,325
Northern Territory . . . . .	595	17,709	7,340	614	931	3,662
Australian Capital Territory . . . . .	1,359	36,965	12,078	2,807	14,740	7,647

(a) Taxable income is the income remaining after deducting from assessable income all allowable deductions. (b) Excludes additional tax on the undistributed income of private companies. (c) Net tax assessed is nil because of rebates. (d) Not included in the figures shown for taxable income.

### Yield of income taxes

*Income taxes collected.* The following table shows the net amounts of taxes collected and the proportions of the several components over recent years.

#### FEDERAL INCOME TAXES COLLECTED: COLLECTION YEARS 1972-73 TO 1977-78

<i>Source of income tax</i>	<i>1972-73</i>	<i>1973-74</i>	<i>1974-75</i>	<i>1975-76</i>	<i>1976-77</i>	<i>1977-78</i>
<b>NET AMOUNTS COLLECTED (\$'000)</b>						
<b>Individuals—</b>						
Instalments—salaries and wages . . . . .	3,160,681	4,238,391	6,071,293	7,019,706	8,528,863	9,638,786
Other payments . . . . .	928,797	1,251,872	1,642,726	2,199,685	2,524,781	2,490,216
<b>Companies</b> . . . . .	<b>1,561,287</b>	<b>1,953,927</b>	<b>2,358,809</b>	<b>2,522,837</b>	<b>2,824,459</b>	<b>3,095,321</b>
Withholding tax—Dividend . . . . .	51,197	56,648	59,818	62,674	71,969	107,770
Interest . . . . .	21,406	22,588	28,298	32,344	24,408	10,082
<b>Total</b> . . . . .	<b>5,723,369</b>	<b>7,523,426</b>	<b>10,160,944</b>	<b>11,837,246</b>	<b>13,974,480</b>	<b>15,342,175</b>
<b>PERCENTAGES</b>						
<b>Individuals—</b>						
Instalments—salaries and wages . . . . .	55.22	56.34	59.75	59.30	61.03	62.83
Other payments . . . . .	16.23	16.64	16.17	18.58	18.07	16.23
<b>Companies</b> . . . . .	<b>27.28</b>	<b>25.97</b>	<b>23.21</b>	<b>21.31</b>	<b>20.21</b>	<b>20.18</b>
Withholding tax—Dividend . . . . .	0.89	0.75	0.59	0.53	0.52	0.70
Interest . . . . .	0.37	0.30	0.28	0.27	0.17	0.06
<b>Total</b> . . . . .	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

**Refunds of revenue.** Income tax collections, as previously shown are net amounts after refunds of revenue made in the course of the year. Refunds are of two types: those charged to special appropriations under authority of the Income Tax Assessment Act and those charged to special appropriations under authority of the Audit Act. Income tax instalment refunds, by far the greatest part of income tax refunds, are made when the instalments deducted during the year exceed the tax assessed on incomes for that year. Refunds made from special appropriations under section 37A of the Audit Act include refunds of moneys paid to the revenue in error, refunds of tax overpaid, refunds due to the amendment of assessments, etc. Refunds of income tax to individuals during the collection years 1973-74 to 1977-78 were: 1973-74, \$862,760,000; 1974-75, \$967,924,000; 1975-76, \$1,535,935,000; 1976-77, \$1,501,555,000 and 1977-78, \$1,218,225,000.

### Estate duty

Estate duty is levied under the *Estate Duty Assessment Act* 1914 and is assessed on the net value of the estate less a statutory exemption. In respect of estates of persons who die after 21 November 1977 no duty is payable on that part of the estate which passes to or for the benefit of the deceased persons's widow or widower, children, grandchildren, parents or grandparents. Duty will not be payable on estates of any person dying on or after 1 July 1979. For estates of persons dying before 1 July 1979, where no part of the estate passes to the relatives mentioned above, duty is payable on the net value less statutory exemption as follows:

- for qualifying estates of deceased primary producers—\$24,000

- for other estates—\$20,000

decreasing by \$2 for every \$8 by which the value of the estate exceeds \$24,000 or \$20,000 as the case may be.

As a general rule, the estate of a deceased primary producer would qualify for the higher level of statutory exemption if: (i) the death occurred on or after 25 September 1969; (ii) the deceased person was domiciled in Australia at the time of his death; (iii) during the period of five complete income tax years preceding death, more than one-half of the deceased person's gross income was derived from the carrying on by him of a primary production business in Australia; and (iv) the gross value of rural property in Australia—being land and certain other types of assets used in a primary production business such as livestock and agricultural plant—exceeded the gross value of all other property in the estate. In specified circumstances, dividends and certain other receipts from a family proprietary company in which a deceased person held shares may be treated as income derived from the carrying on by him of a primary production business and the value of the shares may be included, either wholly or in part, in the value of the estate's rural property.

Special exemptions are also allowed in respect of estates of defence personnel who die on active service or within three years of termination of their active service from injuries received or diseases contracted while on active service, and prescribed personal property held in Australia by certain United States personnel who are in Australia solely for purposes connected with projects of the United States Government.

A 'quick succession' rebate of estate duty may be allowable if the deceased was a beneficiary in an estate (upon which duty is payable or has been paid) of a person who pre-deceased him by not more than five years.

A 'rural property' rebate of part of any estate duty attributable to rural property included in the estate of a deceased primary producer may be allowable if the value of the estate (before deducting any statutory exemption) is less than \$250,000 and certain conditions are satisfied. The conditions are the same as those governing entitlements to higher levels of statutory exemptions for estates of deceased primary producers, as outlined in the explanations relating to statutory exemptions. If the value of a qualifying estate does not exceed \$140,000, the rebate is fifty per cent of any duty attributable to rural property in Australia. Rates of rebate gradually reducing from fifty per cent are applicable to estates having net values between \$140,000 and \$250,000.

The rates of duty have remained unchanged since 1941 and increase as the value of the estate for duty increases, as follows: does not exceed \$20,000, 3 per cent; \$20,001 to \$40,000, 3 per cent to 6 per cent; \$40,001 to \$240,000, 6 per cent to 26 per cent; \$240,001 to \$1,000,000, 26 per cent to 27.9 per cent; \$1,000,000 or more, 27.9 per cent.

Particulars of the number and value of dutiable estates and duty assessed for recent assessment years 1972-73 to 1976-77 are given in the following table.

## FEDERAL ESTATE DUTY ASSESSMENTS

		1972-73	1973-74	1974-75	1975-76	1976-77
Estates . . . . .	No.	16,734	12,052	13,621	13,447	13,793
Gross value as assessed . . . . .	\$'000	969,778	964,804	1,183,913	1,223,732	1,208,236
Deductions (a) . . . . .	"	176,324	194,159	242,912	274,953	296,738
Statutory exemptions . . . . .	"	202,793	238,212	318,706	317,087	335,596
Dutiable value . . . . .	"	590,660	532,433	622,295	631,693	611,702
Net duty assessed . . . . .	"	64,366	65,981	80,560	83,663	73,512
Average dutiable value . . . . .	\$	35,297	44,178	45,686	46,976	44,349
Average duty assessed per estate . . . . .	\$	3,846	5,475	5,914	6,222	5,330

(a) Debts, Exempt Estate and State Probate Succession Duties.

**Gift duty**

The *Gift Duty Act* 1941 and the *Gift Duty Assessment Act* 1941 impose a gift duty on gifts which are defined as dispositions of property made otherwise than by will, without adequate consideration in money or money's worth. There is a liability on both the donor and the donee to furnish a return, and both are jointly and severally liable for payment of the duty. However, if a return is furnished by the donor, the donee is relieved of this obligation. Under the *Gift Duty Assessment Act* 1978, gifts to the donor's spouse, children, grandchildren, parents or grandparents made after 21 November 1977 are not subject to duty. Gift duty will not be levied on any gifts made on or after 1 July 1979.

Certain exemptions from duty are provided, the more important being: payments to an employees' superannuation or like fund; retiring allowances or gratuities granted to employees; gifts to organisations not carried on for the profit of any individual; gifts to the Commonwealth Government or a State; and small gifts not exceeding \$100.

The rate of gift duty applicable to any particular gifts is fixed by reference to the total value of all gifts made by the same donor within the period of eighteen months before and eighteen months after the time of making that gift. Where the total value of all gifts as defined does not exceed \$10,000 no duty is payable. The present rates of duty are (a) \$10,001 to \$20,000, 3 per cent provided that the gift duty payable shall not exceed one half of the amount by which the gift exceeds \$10,000 or a proportionate amount where more than one gift is involved; (b) \$20,001 to \$40,000, 3 per cent to 6 per cent; (c) \$40,001 to \$240,000, 6 per cent to 26 per cent; (d) \$240,001 to \$1,000,000 and over, 26 per cent to 27.9 per cent.

Particulars of the number of gift duty assessments, value of gifts as assessed and duty assessed for recent assessment years are given in the following table.

## FEDERAL GIFT DUTY ASSESSMENTS

		1971-72	1972-73	1973-74	1974-75	1975-76	1976-77
Assessments . . . . .	No.	10,425	7,199	6,976	7,514	6,564	7,480
Value as assessed . . . . .	\$'000	172,244	130,875	199,454	297,020	164,259	187,085
Duty assessed . . . . .	"	9,878	7,158	18,037	36,077	10,344	11,711

**Customs duties**

A description of the Australian Customs Tariff System is given in Chapter 24, Overseas Transactions. Details of duties collected on the import of commodities classified in accordance with the 'Brussels Nomenclature' are given in the following table.

**GROSS CUSTOMS DUTIES ON IMPORTS ACCORDING TO BRUSSELS TARIFF DIVISIONS**  
(S'000)

<i>Brussels Tariff Division</i>	<i>Source of receipts</i>	<i>1973-74</i>	<i>1974-75</i>	<i>1975-76</i>	<i>1976-77</i>	<i>1977-78</i>
1	Live animals; animal products . . . . .	1,017	916	1,198	1,091	1,002
2	Vegetable products . . . . .	2,493	2,159	1,459	1,430	1,167
3	Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes . . . . .	1,677	972	2,410	2,723	3,137
4	Prepared foodstuffs; beverages, spirits and vinegar; tobacco . . . . .	101,770	134,897	154,044	176,125	182,297
5	Mineral products . . . . .	10,375	10,274	10,862	13,103	5,581
6	Products of the chemical industry and allied industries . . . . .	13,901	15,517	15,769	19,729	20,056
7	Artificial resins and plastic materials, cellulose esters and ethers, and articles thereof; rubber, synthetic rubbers, factice and articles thereof . . . . .	28,384	35,955	40,696	53,513	62,689
8	Raw hides and skins, leather, furskins and articles thereof; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkworm gut) . . . . .	5,689	6,621	9,233	12,882	13,826
9	Wood and articles of wood; wood charcoal; cork and articles of cork; manufactures of straw, of esparto and of other plaiting materials; basketware and wickerwork . . . . .	12,739	12,316	15,644	18,936	16,167
10	Paper-making material; paper and paperboard and articles thereof . . . . .	13,990	14,529	13,611	18,426	21,955
11	Textiles and textile articles . . . . .	99,878	114,877	128,032	143,320	146,236
12	Footwear, headgear, umbrellas, sunshades, whips, riding-crops and parts therefor; prepared feathers and articles made therewith; artificial flowers; articles of human hair; fans . . . . .	15,057	18,426	20,930	26,491	30,926
13	Articles of stone, of plaster, of cement, of asbestos, of mica and of similar materials; ceramic products; glass and glassware . . . . .	13,629	16,312	18,063	23,152	22,584
14	Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery; coin . . . . .	3,310	5,043	6,578	8,721	9,275
15	Base metals and articles of base metal . . . . .	32,902	43,119	44,833	59,740	60,241
16	Machinery and mechanical appliances; electrical equipment; parts therefor . . . . .	120,408	201,782	211,572	243,851	223,354
17	Vehicles, aircraft, and parts therefor; vessels and certain associated transport equipment . . . . .	104,636	179,538	204,062	281,690	259,041
18	Optical, photographic, cinematographic measuring, checking, precision, medical and surgical instruments and apparatus; clocks and watches, musical instruments; sound recorders and reproducers; television image and sound recorders and reproducers, magnetic; parts therefor . . . . .	19,515	21,503	23,231	28,677	25,740
19	Arms and ammunition; parts therefor . . . . .	392	481	510	489	505
20	Miscellaneous manufactured articles . . . . .	18,122	21,838	26,757	37,722	39,082
21	Works of art, collectors' pieces and antiques . . . . .	2,849	496	662	442	336
	Primage . . . . .	3,137	6,670	8,458	9,506	10,431
	<b>Total customs duties and primage . . . . .</b>	<b>625,870</b>	<b>864,241</b>	<b>958,608</b>	<b>1,181,758</b>	<b>1,155,626</b>

The *net* customs duties on imports for these years are 1975-76, \$932,066,000; 1976-77, \$1,152,016; and 1977-78, \$1,131,817.

**Excise duties**

Details of duties collected in relation to the production of specific commodities are given in the following table.

**FEDERAL EXCISE REVENUE: CLASSIFICATION OF GROSS RECEIPTS**

(\$'000)

<i>Source of revenue</i>	<i>1975-76</i>	<i>1976-77</i>	<i>1977-78</i>
Beer . . . . .	694,742	745,170	757,815
Spirits, including liqueurs, etc. . . . .	67,022	71,670	75,951
Tobacco (manufactured), snuff . . . . .	21,729	20,665	19,149
Cigars and cigarettes . . . . .	519,808	540,645	540,866
Aviation gasoline—by-law . . . . .	2,484	2,427	2,902
Aviation gasoline—other . . . . .	—	5	—
Other gasoline . . . . .	637,894	675,651	727,579
Mineral turpentine . . . . .	—	—	—
Coal tar and coke oven distillates, etc. . . . .	—	1	1
Aviation turbine kerosene . . . . .	38,080	37,140	42,376
Kerosene, n.e.i. . . . .	—	197	—
Diesel fuel—by-law . . . . .	66,446	76,133	85,533
Playing cards . . . . .	141	127	132
Cigarette tubes, paper and papers . . . . .	948	896	761
Matches . . . . .	2,198	1,999	1,930
Wine—other than table wine (excise item 16) . . . . .	—	1	—
Petroleum and liquid petroleum gas (excise item 17) . . . . .	264,240	344,359	476,048
Coal . . . . .	2,415	2,751	8,426
Canned fruit . . . . .	323	277	294
Other and undistributed excise revenue . . . . .	3	—	—
<b>Total Gross Excise Duties . . . . .</b>	<b>2,318,473</b>	<b>2,520,118</b>	<b>2,739,766</b>
<b>Total Gross Customs, Primage and Excise Duties . . . . .</b>	<b>3,277,081</b>	<b>3,701,876</b>	<b>3,895,392</b>
<b>Total Customs, Primage and Excise Refunds and Drawbacks . . . . .</b>	<b>47,249</b>	<b>57,082</b>	<b>52,556</b>

Statistics of the value of duty included in the price of petroleum products purchased by Commonwealth Government departments and subsequently credited to those departments by the Department of Finance are not available. The net Federal excise revenue for these years is: 1975-76, \$2,331,325,000; 1976-77, \$2,485,420,000; 1977-78, \$2,733,490,000. The quantities of commodities on which excise duty was paid are given in Chapter 24, Overseas Transactions, page 599.

**Sales Tax**

The general rate of tax levied on all goods other than those specified in the schedules to the *Sales Tax (Exemptions and Classifications) Act 1935* is 15 per cent and goods subject to special rates are taxed at either 2.5 per cent or 27.5 per cent. Prior to 19 August 1970 these special rates were 2.5 per cent and 25 per cent.

Particulars of the sales of taxable goods in each rate class in each State for 1976-77 are given in the following table. The figures relate to sales during the period 1 July to 30 June.

**FEDERAL SALES TAX: SALE VALUE OF TAXABLE GOODS INCLUDED IN RETURNS IN EACH RATE CLASS, 1976-77**

<i>State</i>	<i>Gross sales of goods taxable at various rates (a)</i>				
	<i>2½%</i>	<i>15%</i>	<i>27½%</i>	<i>Other</i>	<i>Total</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
New South Wales and A.C.T. . . . .	870,158	2,242,191	1,238,770	27,336	4,378,462
Victoria . . . . .	797,846	1,802,895	924,641	39,998	3,565,379
Queensland . . . . .	181,029	659,260	263,506	7,209	1,110,996
South Australia . . . . .	202,363	444,618	204,829	2,252	854,046
Western Australia . . . . .	123,034	354,887	175,215	707	653,849
Tasmania . . . . .	32,274	83,578	51,836	588	168,277
Northern Territory . . . . .	2,427	15,610	3,158	168	21,363
<b>Australia—1976-77 . . . . .</b>	<b>2,209,131</b>	<b>5,603,039</b>	<b>2,861,956</b>	<b>78,257</b>	<b>10,752,372</b>
1975-76 . . . . .	2,012,769	4,512,942	2,297,963	228,387	9,052,061
1974-75 . . . . .	1,664,497	4,268,996	1,589,119	216,655	7,739,267

(a) Estimated

Sales of taxable goods and sales tax payable for Australia are shown in the following table for recent years. The figures for sales tax payable differ from those for net collections shown on page 522 because the latter include some adjustments in respect of earlier tax years and relate to tax payable on returns lodged during the year, which, in general, cover sales for the period June to May.

**FEDERAL SALES TAX: SALE VALUE OF GOODS INCLUDED IN RETURNS AND COLLECTIONS**  
(S'000)

Year of sale	Gross taxable sales	Estimated net taxable sales (a)	Net collections		Total
			Taxation Office	Bureau of Customs	
	(b)	(b)			
1972-73 . . . . .	4,996	4,798	741	24	765
1973-74 . . . . .	(d)6,606	6,293	935	34	969
1974-75 . . . . .	(d)7,739	7,345	1,103	51	1,154
1975-76 . . . . .	(d)9,044	8,586	1,360	49	1,408
1976-77 . . . . .	(d)10,752	10,220	(c)1,589	61	(c)1,650
1977-78 . . . . .	(d)10,841	10,252	1,695	63	1,758

(a) Represents gross taxable sales less discounts, goods returned, bad debts and other adjustments. (b) Statistics obtained from returns lodged at Taxation Office. (c) Adjusted. (d) Estimated.

In the foregoing tables, sales include goods transferred to stock for sale by retail, goods imported by persons other than registered taxpayers, and goods used in the business of the taxpayer. Exempt sales relate to goods exempted from sales tax under the *Sales Tax (Exemptions and Classifications) Act 1935*. The figures shown do not represent the total sales of all commodities, as vendors trading only in exempt goods are not required to be registered and, consequently, the volume of their sales is not included. In addition, non-taxable sales (i.e. goods sold by one registered taxpayer to another registered taxpayer) are excluded.

#### Primary production taxes and charges

The following section shows current rates of charges on, and receipts from, primary production and other charges. Further information relating to primary production charges is given in Chapter 13, Rural Industry.

*Wheat export charge and wheat tax.* For details see Chapter 13, Rural Industry.

*Wool tax.* The rate of wool tax applicable to transactions in wool in the period 2 September 1974 to 18 August 1975 was 7.75 per cent. From 19 August 1975 the rate has been 8 per cent.

*Dairy industry stabilization levy.* The *Dairy Industry Stabilization Levy Act* imposes a levy on the production of butter, ghee, various milk powders, casein, caseinates etc. and certain varieties of cheese. The levy is on products sold on the domestic market. Basically, the rate of levy is fixed at the difference between the domestic market return and the assessed average export return.

*Miscellaneous export charges.* These consist of charges levied on exports of canned fruits (*Canned Fruits Export Charges Act 1926*), dried fruits (*Dried Fruits Export Charges Act 1924-70*) and honey (*Honey Export Charges Act 1973*).

*Tobacco charge.* The rates of tobacco charge currently in force are as follows:

(a) in respect of leaf grown in Australia and sold to a manufacturer:

(i) 1.1 cents per kilogram of leaf, payable by the grower or other persons who own the leaf immediately before sale, and

(ii) 2.2 cents per kilogram of leaf, payable by the manufacturer;

(b) in respect of leaf grown and used by grower-manufacturers:

(i) 1.1 cents per kilogram of leaf where the manufacturer grows nine-tenths of the Australian tobacco leaf used by him, and

(ii) 2.2 cents per kilogram of leaf in other cases.

(See also Chapter 13, Rural Industry.)

*Dairying Research and Promotion Levy.* The *Dairying Industry Research and Promotion Levy Act 1972* provides for the imposition of, a levy on dairy produce. The Act provides for the imposition of the levy on either whole milk or butter fat content at rates prescribed by Regulation. The purpose of the Act is to provide for a more equitable and effective form of financing the administration and promotion activities of the Australian Dairy Corporation and the research programme recommended by the Dairying Research Committee. The Dairying Industry Research and Promotion Levy Regulations prescribe levies of either 6.3 cents per 100 litres of whole milk or 157.25 cents per 100 kilograms of butter fat.



*Canning-fruit charge.* The rate of charge from 1 December 1973 until 1 December 1976 was \$1 per tonne and then \$0.70 per tonne until 6 January 1978, when it was increased to \$1 per tonne.

*Honey levy.* The current rate of levy on honey sold for domestic consumption in Australia is 1.5 cents per kilogram.

*Livestock slaughter levy.* The present operative rate of levy for cattle is \$1.56 per head, of which \$1 is for eradication of cattle disease, 25 cents is for beef research, 1 cent is for the financing of investigation activities by the CSIRO and 30 cents is for market development. For sheep and lambs the levy is 4.85 cents per head and the components are 1.75 cents for sheep meat research, 0.10 cents for research into the meat processing industry and 3.00 cents for market development.

*Poultry industry levy.* The *Poultry Industry Levy Act* 1965 imposes a levy at a maximum rate of \$1.00 per hen per annum on domesticated fowls kept for commercial purposes. The levy is payable fortnightly on the number of hens kept on each prescribed day, which is every second Thursday. The levy is designed to provide assistance to the poultry industry.

*Meat chicken levy.* The purpose of this Revenue item is to receive the collection of a levy imposed on meat chickens hatched. The levy is imposed by the *Meat Chicken Levy Act* 1969 and is payable by the proprietors of hatcheries. The operative rate of levy is 0.1 cent per chicken.

*Pig slaughter levy.* The present operative rate of levy is 13 cents for each pig slaughtered for human consumption.

*Wine grapes charges.* The *Wine Grapes Charges Act* 1929 imposes a levy, which is payable by the owner of a winery or distillery, on all grapes delivered to that winery for use in the manufacture of wine. The operative rate of charge is \$2.40 per tonne of fresh grapes.

*Dried vine fruits levy.* The *Dried Vines Fruits Levy Act* 1971 imposes a levy on dried vine fruit where the average return for a season exceeds by more than \$10 the amount per tonne that constitutes the base price for that season, with a maximum of \$20 per tonne.

*Apple and pear levy.* The *Apple and Pear Levy Act* 1976 imposes a levy on the production and sale of apples and pears excluding those delivered for the manufacture of canned fruit or for export. The rates of the levy are: Fresh market, 5 cents per box; juicing, 50 cents per tonne; processing, \$1.00 per tonne.

*Apple and pear export charge.* The *Apple and Pear Export Charge Act* 1976 provides for the imposition of a charge on apples and pears exported from Australia. The rates of the charge are: Fresh market and export, 5 cents per box; juicing, 50 cents per tonne; processing, \$1.00 per tonne.

*Dried fruits levy.* The *Dried Fruits Levy Act* 1971 imposes a levy on dried fruits of a season received for packing. In 1977–78 the rate of levy was in the case of dried vine fruits 50 cents per tonne and in the case of dried tree fruits \$2.50 per tonne. In 1978–79 the rate of levy is for dried vine fruits \$1.00 per tonne, dried tree fruits, \$5.00 per tonne and prunes, \$2.50 per tonne.

**FEDERAL PRIMARY PRODUCTION TAXES AND CHARGES RECEIPTS**  
(S'000)

	1975-76	1976-77	1977-78
Apple and pear export charge	271	121	162
Apple and pear levy	—	159	621
Butterfat levy	1,549	85	—
Canned fruit export charge	153	195	131
Canning fruit charge	113	107	67
Dairy industry stabilization levy	—	—	53,085
Dairying research and promotion levy	506	3,077	3,360
Dried fruits export charge	197	197	147
Dried fruits levy	45	49	86
Dried vine fruits levy	—	—	—
Egg export charge	—	—	—
Honey export charge	—	22	13
Honey levy	181	158	158
Livestock slaughter levy—			
Cattle	4,786	5,389	5,928
Pigs	313	360	483
Sheep and lambs	1,491	1,546	1,377
Eradication of disease	—	8,562	10,498
Meat export charge—			
Cattle meat	16,478	69	98
Other meat	3,266	6	56
Oil seeds research levy	—	—	89
Meat chicken levy	154	160	183
Poultry industry levy	11,390	11,414	10,807
Tobacco charge	547	496	495
Wheat export charge	—	30,065	—
Wheat tax	1,684	1,641	1,286
Wine grapes charges	1,103	1,035	1,109
Wool tax	71,368	94,093	89,129
<b>Total</b>	<b>115,594</b>	<b>159,006</b>	<b>179,368</b>

### Pay-roll tax

Federal pay-roll tax came into operation on 2 May 1941 and provided for the imposition of a tax on wages paid or payable in respect of any period of time occurring after 30 June 1941. The tax was payable by employers on all wages and salaries paid or payable in excess of a general exemption. The rate of tax, 2.5 per cent, was not changed after its inception, but the general exemption was increased over the years from \$173.33 to \$1,733.33 per month (\$2,080 per annum to \$20,800 per annum).

From 1 September 1971, in accordance with an agreement between the Commonwealth Government and the States following the June 1971 Premiers' Conference, the Commonwealth Government vacated the pay-roll tax field in favour of the States. It continued, however, to impose pay-roll tax in the Australian Capital Territory and the Northern Territory. The laws relating to pay-roll tax in the Territories are the *Pay-roll Tax (Territories) Assessment Act 1971* and the *Pay-roll Tax (Territories) Act 1971*.

From 1 December 1974 the rate of tax payable in the Territories has been 5 per cent with a statutory exemption of wages up to \$1,733.33 per month (\$20,800 per annum) or a proportion of that amount in the case of an employer who is an employer also in a State.

The *Pay-roll Tax (Territories) Assessment Act 1976* raised the level of the general exemption from pay-roll tax in the Territories from \$20,800 to \$48,000 per annum with effect from 1 January 1977. Federal pay-roll tax in the Northern Territory was terminated from 1 July 1978 by the *Pay-roll Tax (Territories) Assessment Amendment Act (No. 2) 1978* giving the Territory the right to levy its own payroll tax.

On vacating the pay-roll tax field in favour of the States the Commonwealth Government introduced an export incentive grant scheme to provide grants in respect of the 1971-72 and 1972-73 financial years equal to the rebates which would have been payable for those years if the pay-roll tax rebate scheme which had operated from the 1960-61 financial year had continued in operation until it expired on 30 June 1974. The export incentive grant scheme has now been replaced by a new system of export incentive grants administered by the Department of Trade and Resources.

Gross collections of pay-roll tax in 1976-77 and 1977-78 amounted to \$21,297,503 and \$22,577,960 respectively. Refunds of pay-roll tax during 1976-77 and 1977-78 under the pay-roll

tax rebate scheme amounted to \$3,403 and \$192,965 respectively. For details of the pay-roll tax rebate scheme, see Year Book No. 57, page 553.

#### **Stevedoring Industry Charge**

The rates in operation from 13 February 1976 have been as follows:

<i>Class of Waterside Worker</i>	<i>Rate</i> \$
A . . . . .	4.00 per man-hour
B . . . . .	4.75 per man-hour
C . . . . .	2.85 per man-hour

Class A waterside workers are permanent waterside workers in permanent and continuous ports; Class B are regular casual waterside workers in continuous ports; and Class C are regular casual waterside workers in non-continuous and seasonal ports and irregular workers in all ports.

From 5 December 1977 the Stevedoring Industry Charge was replaced by a stevedoring industry levy which is based on man-hours and tonnage handled.

#### **Gross operating surplus of public enterprises**

The *gross operating surplus* of public trading enterprises is the excess over working expenses of total revenue from charges before providing for capital consumption and other costs of capital (i.e. interest, debt redemption). *Financial* enterprises do not charge directly, at least not in full, for the services they render; that expenditure is largely financed by net receipts of interest and other transfer income. By convention, the output of these enterprises is valued at cost, so that no operating surplus is recorded in their production accounts. The profits of these enterprises are attributable to their property income. *Income* (including depreciation) of public financial enterprises is therefore arrived at after deducting interest paid and working expenses (i.e. net current expenditure on goods and services) from total receipts of interest and non-dwelling rent.

In the following table the revenue, working expenses and gross operating surplus of public trading enterprises are shown; public financial enterprises are reflected simply on the basis of their income (including depreciation). Further information relating to the more important of these enterprises may be found in the chapters dealing with banking, housing, railways, electric power generation, etc.

**FEDERAL AUTHORITIES: PUBLIC TRADING ENTERPRISES: REVENUE, WORKING EXPENSES AND GROSS OPERATING SURPLUS, CLASSIFIED BY INDUSTRY**

(\$ million)					
Industry	1972-73	1973-74	1974-75	1975-76	1976-77
<b>REVENUE</b>					
Manufacturing . . . . .	23.4	28.5	34.0	48.9	54.8
Electricity . . . . .	61.1	66.8	76.0	84.1	96.2
Water supply, sewerage and drainage . . . . .	4.3	5.0	5.0	7.6	9.6
Transport and communication—					
Air transport . . . . .	391.1	483.3	592.5	704.7	808.7
Rail transport . . . . .	31.2	37.2	41.4	108.2	122.9
Sea transport . . . . .	93.0	113.4	145.4	204.2	282.5
Urban transit systems . . . . .	7.7	8.9	9.3	14.0	16.8
Pipelines . . . . .	—	—	—	—	2.8
Communication . . . . .	983.3	1,162.7	1,444.0	2,008.7	2,316.6
<i>Total transport, etc.</i> . . . .	<i>1,506.3</i>	<i>1,805.6</i>	<i>2,232.7</i>	<i>3,039.7</i>	<i>3,550.2</i>
Commerce . . . . .	64.5	52.2	43.4	208.3	147.0
Property and business services—					
Housing . . . . .	15.8	20.9	21.9	22.8	22.5
Other . . . . .	9.1	11.8	18.7	25.5	25.7
<i>Total property, etc.</i> . . . .	<i>24.9</i>	<i>32.7</i>	<i>40.6</i>	<i>48.3</i>	<i>48.1</i>
Community, social and personal services . . . . .	10.4	11.9	16.9	22.8	21.9
<b>Total revenue</b> . . . . .	<b>1,695.0</b>	<b>2,002.6</b>	<b>2,448.5</b>	<b>3,459.7</b>	<b>3,927.9</b>
<b>WORKING EXPENSES(a)</b>					
Manufacturing . . . . .	21.9	28.5	35.0	46.9	52.6
Electricity . . . . .	14.3	18.6	29.3	37.3	48.3
Water supply, sewerage and drainage . . . . .	2.6	3.1	3.9	4.9	6.1
Transport and communication—					
Air transport . . . . .	329.6	413.3	550.7	647.6	722.7
Rail transport . . . . .	29.2	38.8	50.6	154.3	170.1
Sea transport . . . . .	75.1	95.5	136.8	183.9	231.2
Urban transit systems . . . . .	7.0	9.8	12.3	16.7	19.1
Pipelines . . . . .	—	—	—	—	1.4
Communication . . . . .	608.5	778.0	986.1	1,219.8	1,456.4
<i>Total transport, etc.</i> . . . .	<i>1,049.4</i>	<i>1,335.3</i>	<i>1,736.4</i>	<i>2,222.3</i>	<i>2,600.9</i>
Commerce . . . . .	69.3	54.1	68.6	248.3	160.7
Property and business services—					
Housing . . . . .	14.1	19.3	23.9	25.7	24.3
Other . . . . .	8.4	11.0	18.2	24.3	23.8
<i>Total property, etc.</i> . . . .	<i>22.5</i>	<i>30.3</i>	<i>42.1</i>	<i>50.0</i>	<i>48.2</i>
Community, social and personal services . . . . .	7.8	9.1	14.1	19.7	18.3
<b>Total working expenses</b> . . . . .	<b>1,187.9</b>	<b>1,479.1</b>	<b>1,929.3</b>	<b>2,629.4</b>	<b>2,935.1</b>
<b>GROSS OPERATING SURPLUS</b>					
Manufacturing . . . . .	1.5	-0.1	-1.0	2.0	2.2
Electricity . . . . .	46.8	48.2	46.7	46.8	47.9
Water supply, sewerage and drainage . . . . .	1.7	1.9	1.1	2.6	3.5
Transport and communication—					
Air transport . . . . .	61.5	70.0	41.8	57.1	86.0
Rail transport . . . . .	2.1	-1.6	-9.2	-46.1	-47.2
Sea transport . . . . .	17.9	18.0	8.7	20.2	51.3
Urban transit systems . . . . .	0.7	-0.8	-3.0	-2.7	-2.4
Pipelines . . . . .	—	—	—	—	1.4
Communication . . . . .	374.8	384.7	458.0	788.9	860.1
<i>Total transport, etc.</i> . . . .	<i>456.9</i>	<i>470.3</i>	<i>496.3</i>	<i>817.4</i>	<i>949.3</i>
Commerce . . . . .	-4.9	-1.9	-25.1	-40.0	-13.7
Property and business services—					
Housing . . . . .	1.8	1.6	-2.1	-2.9	-1.9
Other . . . . .	0.7	0.7	0.5	1.2	1.8
<i>Total property, etc.</i> . . . .	<i>2.5</i>	<i>2.3</i>	<i>-1.6</i>	<i>-1.7</i>	<i>—</i>
Community, social and personal services . . . . .	2.6	2.8	2.9	3.2	3.6
<b>Total gross operating surplus</b> . . . . .	<b>507.1</b>	<b>523.5</b>	<b>519.2</b>	<b>830.3</b>	<b>992.8</b>

(a) Exclude depreciation and interest charges.

## STATE AUTHORITIES

The state authorities dealt with in this section include the central government of each State, statutory bodies created by or under State legislation to carry out activities on behalf of the central government, and incorporated organisations in which individual State governments have a controlling interest.

The transactions of many of the State authorities are itemised in State Consolidated Revenue Funds or in Trust Funds, so that a satisfactory coverage of their transactions can be obtained from a detailed analysis and reclassification of the published accounts whose receipts and payments are summarised in the statement of Treasury balances for each State. The remaining statutory bodies and other publicly owned or controlled organisations maintain accounts entirely, or largely, separate from the public accounts, although there may be transactions between them and State governments (such as advances and capital contributions, interest and dividends, and votes for running expenses and capital works) which would affect the public accounts. The accounting reports of this group of organisations have to be collected and analysed in order to present a complete statement of the transactions of State authorities—or at least methods of analysis need to be adopted which adequately reflect their transactions so that they are, in principle, covered by the statistics.

In the figures which follow in this section, all expenditure by State central government authorities on certain institutions, whether direct (e.g. new building charged to Loan Fund) or indirect by way of current or capital grants to the bodies administering them, has been treated as final expenditure on goods and services by State authorities; fees and gifts from persons or private businesses to these institutions are not included, nor is the expenditure of the institutions from their own resources. Universities and hospitals are particular examples of organisations for which this practice has been adopted.

Many of these State authorities have been granted autonomy by State legislatures to the extent that they are largely financially independent. Some of these are funded from earmarked tax revenues and are vested with independent borrowing powers. A considerable number of others belong to the category of public enterprises, since they are able to charge for their services so as to cover their costs of operation. These bodies have usually been created to control a specific activity or provide a specific service within a State. It is often the case that in other States similar activities are carried out, or services are provided, by central government or local authorities. Details of the activities of autonomous or semi-autonomous State authorities engaged in such fields as construction and maintenance of roads and bridges, provision of water supply and sewerage services, harbour facilities, transport, electricity and gas, housing and banking may be found in chapters relevant to those subjects and in State Year Books.

Details of the transactions of State authorities are given in the tables which follow. Reference should be made to the introduction of *Public Authority Finance, State and Local Authorities*, 1976-77 (5504.0) for definitions and descriptions of items appearing in these tables, and also for further details of the organisations covered by the figures. Additional information relating to the activities of the State authorities may also be found in the Year Books of the individual States.

**Receipts and outlay**

The receipts and outlay of State authorities for the five year period ended 1976-77 are given in the following table.

**STATE AUTHORITIES(a): RECEIPTS AND OUTLAY**

(\$ million)

	1972-73	1973-74	1974-75	1975-76	1976-77
<b>OUTLAY</b>					
Final consumption expenditure . . . . .	2,826.8	3,628.2	5,221.8	6,783.7	8,105.2
Gross capital formation—					
Increase in stocks . . . . .	1.6	16.0	55.2	30.8	30.0
Expenditure on new fixed assets . . . . .	2,023.5	2,285.8	3,326.1	3,898.9	4,192.2
Expenditure on existing assets (net) . . . . .	84.2	182.3	233.8	199.9	161.5
<i>Total gross capital formation</i> . . . . .	<i>2,109.3</i>	<i>2,484.0</i>	<i>3,615.0</i>	<i>4,129.6</i>	<i>4,383.7</i>
Transfer payments—					
Interest . . . . .	889.3	949.6	1,053.0	1,194.0	1,428.6
Transfers to persons . . . . .	173.4	189.1	220.9	270.9	314.3
Subsidies . . . . .	28.6	32.4	41.1	45.0	56.6
Transfers overseas . . . . .	..	..	0.1	0.1	0.1
Grants for private capital purposes . . . . .	20.7	30.5	54.6	60.9	52.3
Grants to local authorities . . . . .	149.8	127.5	246.8	308.7	362.2
<i>Total transfer payments</i> . . . . .	<i>1,261.9</i>	<i>1,329.0</i>	<i>1,616.6</i>	<i>1,879.5</i>	<i>2,214.1</i>
Net advances—					
To the private sector . . . . .	53.2	37.7	145.8	164.4	185.4
To public financial enterprises . . . . .	48.6	57.0	82.1	82.7	80.2
To local authorities . . . . .	3.0	8.5	19.4	20.7	23.4
<i>Total net advances</i> . . . . .	<i>104.8</i>	<i>103.2</i>	<i>247.4</i>	<i>267.8</i>	<i>289.0</i>
<b>Total outlay</b> . . . . .	<b>6,302.8</b>	<b>7,544.4</b>	<b>10,700.8</b>	<b>13,060.6</b>	<b>14,992.0</b>
<i>of which—</i>					
current outlay . . . . .	4,068.0	4,926.7	6,783.7	8,602.3	10,267.1
capital outlay . . . . .	2,234.8	2,617.7	3,917.0	4,458.3	4,724.9
<b>RECEIPTS AND FINANCING ITEMS</b>					
Receipts—					
Taxes, fees, fines, etc. . . . .	1,780.3	2,205.7	2,791.2	3,467.3	3,972.7
Income from public enterprises . . . . .	366.8	293.7	201.6	324.4	352.7
Interest, etc., received . . . . .	256.0	317.7	423.2	441.7	586.1
Grants from the Commonwealth Government—					
for current purposes . . . . .	2,075.9	2,533.4	3,735.0	5,427.7	6,110.2
for capital purposes . . . . .	706.2	898.6	1,409.7	1,556.6	1,537.3
<i>Total receipts</i> . . . . .	<i>5,185.2</i>	<i>6,249.1</i>	<i>8,560.7</i>	<i>11,217.5</i>	<i>12,559.0</i>
Financing items—					
Net borrowing—					
Public corporation securities . . . . .	303.8	337.6	401.6	559.5	663.2
Other general government securities . . . . .	39.1	60.8	74.7	112.8	126.4
Advances from the Commonwealth Government (net)—					
For loan works purposes . . . . .	601.3	447.9	592.1	708.7	744.7
Other . . . . .	66.3	300.2	632.8	663.8	533.4
Net receipts of private trust funds . . . . .	92.9	102.6	153.6	33.2	242.9
Reduction in cash and bank balances . . . . .	-231.7	-260.8	-40.6	-747.5	-392.2
Reduction in security holdings . . . . .	-70.7	-87.5	-43.0	30.9	-125.9
Other funds available (including errors and omissions)—					
Depreciation allowances . . . . .	269.2	289.2	271.3	312.8	347.9
Other . . . . .	47.4	105.3	97.6	168.9	292.7
<i>Total financing items</i> . . . . .	<i>1,117.6</i>	<i>1,295.3</i>	<i>2,140.1</i>	<i>1,843.1</i>	<i>2,433.0</i>
<b>Total funds available</b> . . . . .	<b>6,302.8</b>	<b>7,544.4</b>	<b>10,700.8</b>	<b>13,060.6</b>	<b>14,992.0</b>

(a) Excludes financial enterprises.

The following table provides details of the receipts and outlay of State authorities in each of the six States.

## STATE AUTHORITIES(a): RECEIPTS AND OUTLAY, BY STATE, 1976-77

(\$ million)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	Total
<b>OUTLAY</b>							
Final consumption expenditure . . . . .	2,768.2	2,166.0	1,168.3	837.3	841.2	324.1	8,105.2
Gross capital formation—							
Increase in stocks . . . . .	13.0	8.9	1.1	3.9	1.7	1.4	30.0
Expenditure on new fixed assets . . . . .	1,319.1	1,161.0	679.3	406.8	446.9	179.1	4,192.2
Expenditure on existing assets (net) . . . . .	39.4	80.1	-1.0	36.8	2.0	4.2	161.5
Total gross capital formation . . . . .	1,371.5	1,250.0	679.5	447.5	450.6	184.8	4,383.7
Transfer payments—							
Interest . . . . .	427.5	452.0	197.2	157.1	123.9	70.9	1,428.6
Transfers to persons . . . . .	137.2	78.7	51.1	17.4	20.7	9.2	314.3
Subsidies . . . . .	23.2	18.2	8.7	1.7	3.0	1.9	56.6
Transfers overseas . . . . .	0.1	0.1	—	—	—	—	0.1
Grants for private capital purposes . . . . .	16.2	13.3	7.2	13.0	2.3	0.3	52.3
Grants to local authorities . . . . .	105.5	105.8	85.5	28.3	32.7	4.4	362.2
Total transfer payments . . . . .	709.7	668.0	349.5	217.5	182.6	86.8	2,214.1
Net advances—							
To the private sector . . . . .	-1.5	103.0	47.2	11.6	17.4	7.6	185.4
To public financial enterprises . . . . .	44.6	4.9	—	30.9	-0.2	—	80.2
To local authorities . . . . .	4.7	1.0	14.6	-0.2	3.0	0.4	23.4
Total net advances . . . . .	47.8	108.9	61.8	42.3	20.2	8.0	289.0
Total outlay . . . . .	4,897.1	4,192.9	2,259.1	1,544.7	1,494.6	603.7	14,992.0
of which—							
current outlay . . . . .	3,461.6	2,820.7	1,510.6	1,041.8	1,021.6	410.6	10,267.1
capital outlay . . . . .	1,435.5	1,372.2	748.4	502.9	473.0	193.1	4,724.9
<b>RECEIPTS AND FINANCING ITEMS</b>							
Receipts—							
Taxes, fees, fines, etc. . . . .	1,568.0	1,193.6	473.3	344.7	300.2	92.9	3,972.7
Income from public enterprises . . . . .	39.9	168.3	43.7	49.6	25.2	26.0	352.7
Interest, etc., received . . . . .	181.0	122.1	122.9	56.0	84.2	19.9	586.1
Grants from the Australian Government—							
for current purposes . . . . .	1,963.6	1,513.6	1,014.6	674.2	684.3	259.7	6,110.2
for capital purposes . . . . .	493.6	369.7	274.1	159.4	159.4	81.2	1,537.3
Total receipts . . . . .	4,246.1	3,367.3	1,928.6	1,283.9	1,253.3	479.7	12,559.0
Financing items—							
Net borrowing—							
Public corporation securities . . . . .	214.6	319.7	31.4	38.1	41.2	18.3	663.2
Other general government securities . . . . .	43.1	2.0	68.5	6.5	5.6	0.7	126.4
Advances from the Australian Government (net)—							
For loan works purposes . . . . .	233.3	189.5	99.5	99.0	68.5	54.8	744.7
Other . . . . .	171.6	138.1	77.9	75.6	48.1	22.0	533.4
Net receipts of private trusts funds . . . . .	2.8	79.0	115.3	9.9	25.9	10.1	242.9
Reduction in cash and bank balances . . . . .	-212.7	-3.6	-125.0	-20.3	-32.6	2.0	-392.2
Reduction in security holdings . . . . .	-36.7	-56.8	-13.0	2.9	-18.4	-3.9	-125.9
Other funds available (including errors and omissions)—							
Depreciation allowances . . . . .	141.6	100.6	34.4	29.7	32.8	8.7	347.9
Other . . . . .	93.4	57.1	41.5	19.4	70.2	11.3	292.7
Total financing items . . . . .	651.0	825.6	330.5	260.8	241.3	124.0	2,433.0
Total funds available . . . . .	4,897.1	4,192.9	2,259.1	1,544.7	1,494.6	603.7	14,992.0

(a) Excludes financial enterprises.

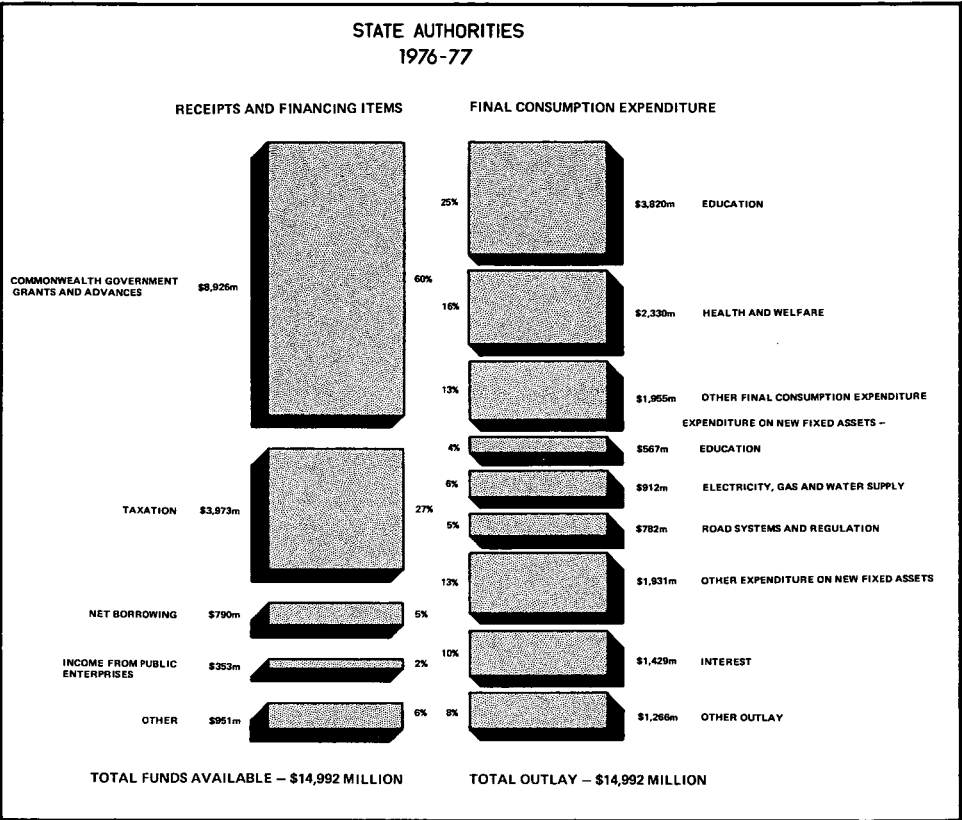


PLATE 37



### Main components of outlay

The main component of the outlay of State authorities is expenditure on goods and services. As in the case of authorities of the Commonwealth Government, this expenditure consists mainly of final consumption expenditure and expenditure on new fixed assets. The following tables show final consumption expenditure and expenditure on new fixed assets classified by purpose for State Authorities.

STATE AUTHORITIES: FINAL CONSUMPTION EXPENDITURE CLASSIFIED BY PURPOSE  
(\$ million)

Purpose	1972-73	1973-74	1974-75	1975-76	1976-77
<b>General public services—</b>					
Law, order and public safety . . . . .	321.8	396.2	545.6	663.1	778.7
General administration, n.e.c. . . . .	204.4	236.3	329.3	408.8	519.9
Education . . . . .	1,365.2	1,777.7	2,568.3	3,180.5	3,820.1
Health . . . . .	576.5	791.7	1,206.2	1,830.2	2,202.3
Social security and welfare . . . . .	59.9	64.0	91.6	110.8	127.6
<b>Housing and community amenities—</b>					
Housing . . . . .	1.7	2.1	2.9	4.1	5.7
Community and regional development . . . . .	7.0	9.2	16.5	20.3	22.3
Protection of the environment, and community amenities . . . . .	3.9	6.4	11.6	17.2	21.3
Recreation and culture . . . . .	34.4	42.5	58.5	78.8	95.8
<b>Economic services—</b>					
Agriculture, forestry, fishing . . . . .	153.9	181.7	229.5	270.7	300.6
Mining, manufacturing and construction . . . . .	26.2	28.9	37.3	45.5	49.4
Electricity, gas and water supply . . . . .	1.7	1.0	4.5	7.7	6.1
Rail transport (a) . . . . .	1.5	—	1.1	1.2	0.8
Sea transport . . . . .	0.2	3.8	3.9	4.1	4.5
Road systems and regulation . . . . .	11.0	12.1	13.3	15.6	17.8
Other transport services, n.e.c. . . . .	1.2	1.8	2.3	3.7	3.2
Other economic services(b) . . . . .	55.9	72.5	98.8	121.2	129.0
Other purposes . . . . .	0.4	0.5	0.7	—	0.3
<b>Total . . . . .</b>	<b>2,826.8</b>	<b>3,628.2</b>	<b>5,221.8</b>	<b>6,783.7</b>	<b>8,105.2</b>

(a) Includes suburban rail transport systems.

(b) Includes general administration, regulation and research.

STATE AUTHORITIES: FINAL CONSUMPTION EXPENDITURE CLASSIFIED BY PURPOSE 1976-77  
(\$ million)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	Total
<b>General public services—</b>							
Law, order and public safety . . . . .	278.2	173.3	137.4	73.6	84.4	31.8	778.7
General administration, n.e.c. . . . .	205.4	108.5	84.5	45.3	39.2	37.0	519.9
Education . . . . .	1,273.4	1,136.1	504.3	413.5	363.8	129.1	3,820.1
Health . . . . .	799.6	559.0	281.9	221.7	263.1	77.1	2,202.3
Social security and welfare . . . . .	23.3	37.1	33.8	15.4	14.7	3.3	127.6
<b>Housing and community amenities—</b>							
Housing . . . . .	1.4	1.2	0.1	1.0	1.0	0.9	5.7
Community and regional development . . . . .	8.0	9.5	—	3.2	1.0	0.6	22.3
Protection of the environment, and community amenities . . . . .	5.1	8.7	2.0	2.9	1.4	1.3	21.2
Recreation and culture . . . . .	25.0	23.1	12.4	13.9	11.3	10.0	95.8
<b>Economic services—</b>							
Agriculture, forestry, fishing . . . . .	82.7	65.6	85.0	20.4	25.1	21.8	300.6
Mining, manufacturing and construction . . . . .	16.8	5.4	6.4	7.2	10.9	2.7	49.4
Electricity, gas and water supply . . . . .	1.4	-1.9	1.1	0.1	4.7	0.6	6.1
Rail transport (a) . . . . .	—	—	—	—	0.8	—	0.8
Sea transport . . . . .	5.5	—	-1.8	0.9	—	—	4.5
Road systems and regulation . . . . .	1.8	9.0	4.6	0.5	1.2	0.7	17.8
Other transport services, n.e.c. . . . .	1.1	0.4	0.7	0.5	0.6	—	3.2
Other economic services(b) . . . . .	40.0	30.7	15.9	17.0	18.1	7.2	129.0
Other purposes . . . . .	-0.4	0.4	—	0.2	—	—	0.3
<b>Total . . . . .</b>	<b>2,768.2</b>	<b>2,166.0</b>	<b>1,168.3</b>	<b>837.3</b>	<b>841.2</b>	<b>324.1</b>	<b>8,105.2</b>

(a) Includes suburban rail transport systems.

(b) Includes general administration, regulation and research.

## STATE AUTHORITIES: EXPENDITURE ON NEW FIXED ASSETS CLASSIFIED BY PURPOSE

(\$ million)

	1972-73	1973-74	1974-75	1975-76	1976-77
General public services—					
Law, order and public safety	34.6	39.3	47.4	64.0	76.4
General administration, n.e.c.	28.4	37.9	60.3	81.4	79.6
Education	297.6	348.9	609.4	618.6	566.8
Health	97.5	123.9	202.9	321.1	332.8
Social security and welfare	6.0	8.1	8.3	8.8	11.6
Housing and community amenities—					
Housing	75.0	115.7	278.7	250.5	240.0
Community and regional development	1.4	2.4	12.2	34.6	40.3
Protection of the environment, and community amenities	203.9	236.6	298.2	330.8	346.3
Recreation and culture	30.0	20.6	18.6	25.3	33.4
Economic services—					
Agriculture, forestry, fishing	102.8	109.1	147.3	175.4	209.7
Mining, manufacturing and construction	29.3	42.8	59.7	61.7	63.4
Electricity and gas	317.2	338.9	436.4	538.2	652.0
Water supply	141.1	153.3	198.8	238.2	260.3
Rail transport(a)	139.9	139.5	217.8	276.9	310.8
Sea transport	60.9	62.9	76.2	84.9	90.7
Road systems and regulation	422.7	466.9	585.8	696.0	782.1
Other transport services, n.e.c.	8.2	6.5	18.0	30.4	29.9
Other economic services(b)	51.8	58.2	87.9	100.0	108.6
Other purposes	-0.1	1.8	-0.3	0.1	1.1
<b>Total</b>	<b>2,048.2</b>	<b>2,313.3</b>	<b>3,363.6</b>	<b>3,936.9</b>	<b>4,235.8</b>
of which—					
Public financial enterprises	24.6	27.5	37.5	38.0	43.9

(a) Includes suburban rail transport systems.

(b) Includes general administration, regulation and research.

## STATE AUTHORITIES: EXPENDITURE ON NEW FIXED ASSETS CLASSIFIED BY PURPOSE 1976-77

(\$ million)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	Total
General public services—							
Law, order and public safety	15.1	21.7	17.6	9.6	8.0	4.4	76.4
General administration, n.e.c.	22.3	12.8	25.8	9.1	7.1	2.5	79.6
Education	166.6	157.3	99.8	65.7	48.7	28.9	566.8
Health	91.0	79.5	59.8	45.5	45.9	11.2	332.8
Social security and welfare	3.1	2.1	3.9	1.1	1.3	0.1	11.6
Housing and community amenities—							
Housing	80.4	28.6	37.9	29.1	42.0	22.0	240.0
Community and regional development	20.7	7.3	0.1	10.9	1.3	-	40.3
Protection of the environment, and community amenities	165.8	120.9	0.2	18.9	40.6	-	346.3
Recreation and culture	5.0	12.6	5.3	6.3	2.6	1.6	33.4
Economic services—							
Agriculture, forestry, fishing	60.8	57.9	42.5	21.5	18.0	8.9	209.7
Mining, manufacturing and construction	14.9	26.7	9.8	8.0	3.7	0.2	63.4
Electricity and gas	143.1	229.2	130.5	37.2	65.2	46.8	652.0
Water supply	70.9	102.1	7.6	38.9	40.1	0.7	260.3
Rail transport(a)	132.2	90.4	62.4	2.5	22.7	0.7	310.8
Sea transport	27.1	18.6	23.4	9.0	10.4	2.3	90.7
Road systems and regulation	262.5	165.6	150.0	74.0	82.9	47.1	782.1
Other transport services, n.e.c.	0.4	9.7	-	14.9	4.5	0.3	29.9
Other economic services(b)	43.5	33.4	15.8	10.0	4.1	1.9	108.6
Other purposes	-	1.1	-	-	-	-	1.1
<b>Total</b>	<b>1,325.4</b>	<b>1,177.7</b>	<b>692.3</b>	<b>412.1</b>	<b>449.1</b>	<b>179.5</b>	<b>4,235.8</b>
of which—							
Public financial enterprises	6.5	16.7	13.0	5.3	2.0	0.3	43.9

(a) Includes suburban rail transport systems.

(b) Includes general administration, regulation and research.

## Main components of receipts

The major source of funds available to State authorities is in the form of financial assistance by way of grants and advances from the Commonwealth Government. Taxation is also an important source of revenue, and central government borrowing by way of Commonwealth Government securities issued on behalf of the States, as well as borrowing by statutory bodies, accounted for a significant proportion of the total funds available.

Details of Commonwealth Government financial assistance to the States have already been given in the section dealing with Commonwealth Government authorities, and government borrowing activities are dealt with later in this chapter.

The following tables provide details of the taxes collected by State authorities classified by type of tax. Further information relating to State taxes may be found in *Public Authority Finance: Taxation, 1976-77* (5506.0).

## STATE AUTHORITIES: TAXATION BY TYPE OF TAX

(\$ million)

	1972-73	1973-74	1974-75	1975-76	1976-77
Estate, gift, probate and succession duties . . . . .	163.3	185.6	198.1	226.9	251.5
Property taxes—					
Land tax . . . . .	112.9	122.1	168.6	200.1	218.1
Metropolitan improvement rates . . . . .	9.6	12.2	12.8	15.1	15.8
Other . . . . .	1.1	1.6	1.7	1.7	1.6
<i>Total property</i> . . . . .	<i>123.6</i>	<i>135.9</i>	<i>183.1</i>	<i>216.9</i>	<i>235.5</i>
Liquor taxes . . . . .	52.1	57.5	75.6	95.8	120.9
Taxes on gambling—					
Lotteries . . . . .	37.5	48.3	67.6	85.9	109.6
Poker machines . . . . .	42.6	50.8	71.9	83.4	92.0
Racing . . . . .	91.4	107.4	138.4	164.5	180.6
Other . . . . .	0.5	1.6	3.3	8.2	12.0
<i>Total gambling</i> . . . . .	<i>172.0</i>	<i>208.2</i>	<i>281.2</i>	<i>342.0</i>	<i>394.2</i>
Taxes on ownership and operation of motor vehicles—					
Vehicle registration fees and taxes . . . . .	223.6	240.2	284.1	334.3	396.7
Drivers', etc., licences and fees . . . . .	27.8	29.2	43.1	54.3	60.1
Stamp duty on vehicle registration . . . . .	30.9	39.7	51.5	84.2	116.5
Road transport taxes . . . . .	17.6	17.2	15.2	15.6	15.9
Road maintenance contributions . . . . .	40.1	43.3	44.4	44.4	44.7
Motor car third party insurance surcharge and duties . . . . .	6.9	7.4	9.8	12.5	12.9
<i>Total motor vehicles</i> . . . . .	<i>346.8</i>	<i>377.0</i>	<i>448.0</i>	<i>545.2</i>	<i>646.8</i>
Pay-roll tax . . . . .	449.0	666.6	998.0	1,161.9	1,307.8
Fire brigades contributions from insurance companies, etc. . . . .	38.7	46.4	66.0	85.2	98.4
Stamp duties, n.e.i. . . . .	351.1	430.9	389.3	550.9	666.8
Fees from regulatory services, n.e.i. . . . .	16.1	18.6	24.0	34.4	42.4
Other taxes, fees, fines, etc. . . . .	67.6	79.0	127.9	208.1	208.3
<i>Total taxation</i> . . . . .	<i>1,780.3</i>	<i>2,205.7</i>	<i>2,791.2</i>	<i>3,467.3</i>	<i>3,972.7</i>

## STATE AUTHORITIES: TAXATION BY TYPE OF TAX, 1976-77

(\$ million)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	Total
Estate, gift, probate and succession duties . . . . .	105.5	80.5	25.7	20.6	12.8	6.5	251.5
Property taxes—							
Land tax . . . . .	111.6	59.8	12.8	18.3	11.7	3.8	218.1
Metropolitan improvement rates . . . . .	—	13.7	—	—	2.2	—	15.8
Other . . . . .	0.2	—	—	1.2	0.2	—	1.6
<i>Total property</i> . . . . .	<i>111.8</i>	<i>73.5</i>	<i>12.8</i>	<i>19.6</i>	<i>14.1</i>	<i>3.8</i>	<i>235.5</i>
Liquor taxes . . . . .	50.6	26.1	20.8	8.6	11.2	3.4	120.9
Taxes on gambling—							
Lotteries . . . . .	29.5	58.2	8.6	6.3	5.9	1.1	109.6
Poker machines . . . . .	92.0	—	—	—	—	—	92.0
Racing . . . . .	70.6	62.9	20.8	11.2	12.3	2.8	180.6
Other . . . . .	5.8	1.5	2.4	—	—	2.2	12.0
<i>Total gambling</i> . . . . .	<i>197.9</i>	<i>122.6</i>	<i>31.8</i>	<i>17.5</i>	<i>18.2</i>	<i>6.1</i>	<i>394.2</i>
Taxes on ownership and operation of motor vehicles—							
Vehicle registration fees and taxes . . . . .	145.3	110.7	53.9	38.2	35.9	12.7	396.7
Drivers', etc., licences and fees . . . . .	26.4	14.6	6.3	7.7	3.5	1.6	60.1
Stamp duty on vehicle registration . . . . .	41.7	40.7	9.8	15.4	5.5	3.4	116.5
Road transport taxes . . . . .	1.1	6.8	5.1	0.1	1.9	0.9	15.9
Road maintenance contributions . . . . .	19.8	10.0	5.3	4.7	4.6	0.2	44.7
Motor car third party insurance surcharge and duties . . . . .	—	7.5	—	1.8	3.2	0.4	12.9
<i>Total motor vehicles</i> . . . . .	<i>234.3</i>	<i>190.2</i>	<i>80.5</i>	<i>67.9</i>	<i>54.6</i>	<i>19.3</i>	<i>646.8</i>
Pay-roll tax . . . . .	523.9	366.0	162.8	115.0	106.3	33.9	1,307.8
Fire brigades contributions from insurance companies, etc. . . . .	28.6	28.7	19.3	8.8	10.1	3.0	98.4
Stamp duties, n.e.i. . . . .	219.9	230.3	90.5	63.2	49.1	13.8	666.8
Fees from regulatory services, n.e.i. . . . .	16.7	12.5	6.5	3.3	2.9	0.5	42.4
Other taxes, fees, fines, etc. . . . .	78.8	63.0	22.7	20.3	21.0	2.5	208.3
<i>Total taxation</i> . . . . .	<i>1,568.0</i>	<i>1,193.6</i>	<i>473.3</i>	<i>344.7</i>	<i>300.2</i>	<i>92.9</i>	<i>3,972.7</i>

## LOCAL AUTHORITIES

In each State of Australia there exists a system of local government whose powers and responsibilities are generally similar and cover such matters as the construction and maintenance of roads, streets and bridges; water, sewerage and drainage systems; health and sanitary services; the supervision of building; and the administration of regulations relating to items such as weights and measures, slaughtering, the registration of dogs, etc. In addition to these obligatory functions, there are also many which may be performed by a local authority either with or without the consent of the ratepayers or the Governor-in-Council. These include transport facilities, electricity, gas and other business undertakings, hospitals, charitable institutions, recreation grounds, parks, swimming pools, libraries, museums, etc.

The system is based on the principle of a grant of specific powers by the State legislatures to the local authorities, their autonomy, however, being more or less limited by the provision for general supervision by a department of the central government or by the Governor-in-Council. Otherwise, within the scope of the Acts under which they are constituted or which they have to administer, they are responsible only to the ratepayers. While the broad pattern of local government throughout the States of Australia is similar, the range of activities, election of officers, methods of valuation and rating powers, etc. vary considerably from State to State, and even within States.

The areas over which local government bodies, numbering almost 900, exercise general control, are known in New South Wales as cities, municipalities and shires; in Victoria as cities, towns, boroughs and shires; in Queensland as cities, towns and shires; in South Australia as cities, corporate towns and district council areas; in Western Australia as cities, towns and shires; and in Tasmania as cities and municipalities. In New South Wales some local authorities in an area have combined to form county councils which provide services such as electricity and water supply. Within shires there are also some municipal units known as urban areas. Apart from the more sparsely populated parts of New South Wales and South Australia, and the Australian Territories (except for the City of Darwin, the municipality of Alice Springs, Katherine and Tennant Creek), practically the whole of Australia comes within local government jurisdiction. For further details *see* State Year Books.

### **Area, population, dwellings, and rates and penalties for ordinary services**

The area, population, dwellings, and the amount of rates and penalties for ordinary services in the incorporated areas of each State are shown in the following table. Particulars of dwellings are in accordance with the definition used in the Census, and are compiled from information collected on the Census schedules. In the table, where the boundary of a capital city statistical division cuts across a local government area, the area of that capital city statistical division has been estimated. Particulars of population for capital city statistical divisions take account of those local government areas which overlap with capital city statistical division boundaries.

The item 'Rates and Penalties for Ordinary Services' relates to general and other special or local rates (excluding water and sewerage rates) levied or declared or, where the cash accounting system operates, the rates collected.

**LOCAL GOVERNMENT AUTHORITIES: AREA, POPULATION, DWELLINGS, AND RATES AND  
PENALTIES FOR ORDINARY SERVICES—30 JUNE 1976**

<i>Location(a)</i>	<i>No. of local authorities</i>	<i>Area</i>	<i>Population</i>	<i>Dwellings</i>	<i>Rates and penalties— ordinary services</i>
		<i>square kilometres</i>	<i>'000</i>	<i>'000</i>	<i>\$'000</i>
<b>New South Wales—</b>					
Sydney Statistical Division . . . . .	45	12,406	3,021	1,063	(b)230,068
Other . . . . .	169	693,326	1,747	589	(b)128,022
<i>Total New South Wales</i> . . . . .	214	705,732	4,768	1,652	(b)358,090
<b>Victoria—</b>					
Melbourne Statistical Division . . . . .	56	7,800	2,604	889	(c)184,395
Other . . . . .	155	219,300	1,041	356	(c)75,610
<i>Total Victoria</i> . . . . .	211	227,100	3,645	1,245	(c)260,005
<b>Queensland—</b>					
Brisbane Statistical Division . . . . .	9	3,080	958	315	44,254
Other . . . . .	123	1,723,705	1,079	351	66,433
<i>Total Queensland</i> . . . . .	132	1,726,785	2,037	666	110,687
<b>South Australia—</b>					
Adelaide Statistical Division . . . . .	31	1,842	900	310	47,391
Other . . . . .	102	149,679	331	117	18,223
<i>Total South Australia</i> . . . . .	133	151,522	1,231	427	65,614
<b>Western Australia—</b>					
Perth Statistical Division . . . . .	26	5,368	806	267	42,246
Other . . . . .	112	2,522,675	339	106	20,201
<i>Total Western Australia</i> . . . . .	138	2,528,043	1,145	373	62,447
<b>Tasmania—</b>					
Hobart Statistical Division . . . . .	7	(d)1,246	162	55	11,691
Other . . . . .	42	67,085	241	84	19,334
<i>Total Tasmania</i> . . . . .	49	68,331	403	139	31,025

(a) Unincorporated areas are excluded in all States. (b) Based on year ended 31 December 1975. (c) Based on year ended 30 September 1976. (d) Excludes those parts of New Norfolk and Sorell within the Hobart Statistical Division.

**Receipts, financing items and outlay**

The following tables show details of the receipts, financing items and outlay of all local authorities for the years 1972-73 to 1976-77, and of local authorities in each of the six States in 1976-77. Figures shown for 1976-77 are based on limited data and may be subject to significant revision as more complete accounting information is collected.

**LOCAL AUTHORITIES: RECEIPTS AND OUTLAY**

(\$ million)

	1972-73	1973-74	1974-75	1975-76	1976-77 <sup>a</sup>
<b>OUTLAY</b>					
Final consumption expenditure—					
General public services	97.7	119.8	154.3	198.2	248.8
Education	2.0	2.9	4.6	7.4	9.5
Health	22.8	26.6	32.6	40.0	43.0
Social security and welfare	4.8	7.0	10.2	13.6	16.6
Housing and community amenities—					
Community and regional development	3.7	6.4	10.0	11.4	13.4
Protection of the environment	21.1	28.1	40.0	43.3	50.6
Other	4.0	5.1	7.4	10.1	10.7
Recreation and culture	71.9	78.2	115.7	160.5	161.5
Economic services	21.0	26.2	40.7	41.9	51.3
Other purposes	0.3	0.4	1.0	2.2	2.0
<i>Total</i>	<i>249.4</i>	<i>300.6</i>	<i>416.5</i>	<i>528.7</i>	<i>607.6</i>
Gross capital formation—					
Expenditure on new fixed assets—					
General public services	46.1	52.3	89.2	99.7	111.2
Education	0.3	0.7	1.9	3.0	4.0
Health	0.5	0.9	1.1	2.4	2.5
Social security and welfare	0.8	2.6	3.8	6.1	7.0
Housing and community amenities—					
Community and regional development	1.1	2.6	1.5	3.8	4.5
Protection of the environment	62.9	65.1	110.1	132.0	136.2
Other	1.3	2.5	4.3	7.6	9.1
Recreation and culture	32.1	36.0	55.0	85.9	85.0
Economic services—					
Mining, manufacturing and construction	2.5	2.3	4.7	10.8	8.6
Electricity and gas	79.2	75.7	94.5	112.7	130.0
Water supply	40.3	40.3	46.2	61.0	61.4
Road systems and regulation	320.8	360.9	482.4	591.3	580.2
Other transport services, n.e.c.	1.7	1.8	1.6	1.8	6.3
Other economic services	1.9	1.7	3.4	5.4	6.6
Other purposes	-	-	-	-	-
<i>Total</i>	<i>591.5</i>	<i>645.3</i>	<i>899.6</i>	<i>1123.4</i>	<i>1152.5</i>
Expenditure on existing assets and stocks	3.5	9.7	37.2	37.3	28.1
Interest paid	116.8	128.2	145.1	177.5	213.0
Net advances to the private sector	2.0	3.4	5.6	5.7	6.1
<i>Total outlay</i>	<i>963.1</i>	<i>1,087.1</i>	<i>1,504.0</i>	<i>1,872.7</i>	<i>2,007.3</i>
<i>of which—</i>					
Current outlay	366.2	428.8	561.6	706.2	820.6
Capital outlay	596.9	658.4	942.4	1,166.5	1,186.7

**RECEIPTS AND FINANCING ITEMS**

Receipts—					
Taxes, fees, fines, etc.—					
Rates on land	485.9	559.3	705.2	884.1	1,037.1
Licences, etc.	20.0	25.6	26.8	32.7	39.8
<i>Total</i>	<i>505.9</i>	<i>584.9</i>	<i>732.0</i>	<i>916.8</i>	<i>1,076.9</i>
Income from public enterprises	105.1	105.2	99.8	136.3	181.9
Property income	15.7	24.9	42.3	41.8	53.3
Grants from State and Federal authorities	151.7	130.2	296.0	415.2	375.6
<i>Total receipts</i>	<i>778.4</i>	<i>845.2</i>	<i>1,170.1</i>	<i>1,510.1</i>	<i>1,687.7</i>
Financing items—					
Net borrowing—local authority securities	157.1	144.8	214.5	287.3	327.0
Advances from State and Federal authorities	3.3	8.5	19.4	20.7	23.4
Net receipts of private trust funds	12.3	5.8	-1.3	2.3	3.3
Reduction in cash and bank balances	-54.2	-6.8	37.1	-48.2	-193.1
Reduction in security holdings	-17.1	-10.5	-0.2	-9.1	12.5
Other funds available (including errors and omissions)—					
Depreciation allowances	32.5	34.6	41.5	46.7	52.9
Other	50.8	65.5	22.9	62.9	93.6
<i>Total financing items</i>	<i>184.7</i>	<i>241.9</i>	<i>333.9</i>	<i>362.6</i>	<i>319.6</i>
<i>Total funds available</i>	<i>963.1</i>	<i>1,087.1</i>	<i>1,504.0</i>	<i>1,872.7</i>	<i>2,007.3</i>

## LOCAL AUTHORITIES: RECEIPTS AND OUTLAY, 1976-77p

(\$ million)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	Total
<b>OUTLAY</b>							
Final consumption expenditure—							
General public services	84.2	71.8	52.4	20.6	15.3	4.5	248.8
Education	0.7	8.7	—	0.1	—	—	9.5
Health	15.0	18.1	4.5	1.1	3.1	1.2	43.0
Social security and welfare	2.8	13.5	—	-0.2	0.6	—	16.6
Housing and community amenities—							
Community and regional development	5.5	3.1	2.2	1.5	1.1	—	13.4
Protection of the environment	18.0	12.6	8.5	5.6	3.5	2.2	50.6
Other	3.9	2.0	3.3	0.8	1.2	-0.4	10.7
Recreation and culture	55.1	49.0	23.1	12.4	16.1	5.8	161.5
Economic services	14.6	30.6	-0.8	5.5	1.6	—	51.3
Other purposes	2.0	—	—	—	—	—	2.0
Total	201.8	209.3	93.2	47.4	42.6	13.3	607.6
Gross capital formation—							
Expenditure on new fixed assets—							
General public services	22.9	59.7	16.8	4.1	6.1	1.6	111.2
Education	2.1	0.7	—	0.8	0.4	—	4.0
Health	0.5	1.3	0.1	—	0.6	—	2.5
Social security and welfare	2.4	0.9	0.7	2.0	1.0	—	7.0
Housing and community amenities—							
Community and regional development	1.3	—	2.8	0.4	—	—	4.5
Protection of the environment	37.6	12.0	63.3	8.2	6.5	8.5	136.2
Other	5.6	—	1.2	0.1	2.0	—	9.1
Recreation and culture	20.6	26.6	16.5	4.8	14.4	2.1	85.0
Economic services—							
Mining, manufacturing and construction	8.0	—	—	—	—	0.6	8.6
Electricity and gas	109.5	3.8	15.1	0.3	1.3	—	130.0
Water supply	23.9	1.5	33.2	—	—	2.8	61.4
Road systems and regulation	235.4	150.1	81.0	46.1	49.2	18.5	580.2
Other transport services, n.e.c.	0.3	—	6.0	—	—	—	6.3
Other economic services	2.3	1.3	—	1.2	1.8	—	6.6
Other purposes	—	—	—	—	—	—	—
Total	472.5	257.9	236.7	67.9	83.3	34.1	1,152.5
Expenditure on existing assets and stocks	16.7	21.4	-7.1	3.4	-6.3	—	28.1
Interest paid	86.6	32.9	67.9	5.8	11.2	8.7	213.0
Net advances to the private sector	6.1	—	—	—	—	—	6.1
Total outlay	783.7	521.5	390.6	124.6	130.7	56.1	2,007.3
of which—							
Current outlay	288.4	242.2	161.0	53.2	53.7	22.0	820.6
Capital outlay	495.3	279.2	229.6	71.4	77.0	34.1	1,186.7
<b>RECEIPTS AND FINANCING ITEMS</b>							
Receipts—							
Taxes, fees, fines, etc.—							
Rates on land	433.0	290.6	137.0	75.5	70.0	31.0	1,037.1
Licences, etc.	8.9	17.0	7.4	2.9	2.6	1.0	39.8
Total	441.9	307.6	144.4	78.4	72.6	32.0	1,076.9
Income from public enterprises	94.0	5.3	74.3	-0.1	-0.7	9.1	181.9
Property income	32.1	6.2	8.3	2.0	4.8	-0.1	53.3
Grants from State and Federal authorities	108.2	110.7	86.7	31.1	33.8	5.1	375.6
Total receipts	676.2	429.8	313.7	111.4	110.5	46.1	1,687.7
Financing items—							
Net borrowing—local authority securities	149.5	48.7	81.1	12.8	21.6	13.3	327.0
Advances from State and Federal authorities	4.7	1.0	14.6	-0.2	3.0	0.4	23.4
Net receipts of private trust funds	—	—	3.3	—	—	—	3.3
Reduction in cash and bank balances	-150.2	-15.7	-20.5	-4.0	-0.4	-2.4	-193.1
Reduction in security holdings	13.9	2.3	—	—	—	-3.7	12.5
Other funds available (including errors and omissions)—							
Depreciation allowances	52.9	—	—	—	—	—	52.9
Other	36.7	55.4	-1.6	4.6	-4.0	2.4	93.6
Total financing items	107.5	91.7	76.9	13.2	20.2	10.0	319.6
Total funds available	783.7	521.5	390.6	124.6	130.7	56.1	2,007.3

## ALL PUBLIC AUTHORITIES

In the following tables the transactions of the Commonwealth Government, State and Local authorities have been brought together and consolidated to provide details of the receipts and outlay of the public authority sector as a whole.

## Summary of receipts and outlay

The receipts and outlay of all public authorities for the five year period ended 1976-77 are set out in the following table.

**ALL PUBLIC AUTHORITIES(a): RECEIPTS AND OUTLAY**  
(\$ million)

	1972-73	1973-74	1974-75	1975-76	1976-77
<b>OUTLAY</b>					
Final consumption expenditure . . . . .	5,445.8	6,665.3	9,190.5	11,469.6	13,451.0
Gross capital formation—					
Increase in stocks . . . . .	-43.7	56.8	383.2	-35.1	-21.3
Expenditure on new fixed assets . . . . .	3,423.4	3,932.8	5,578.9	6,599.1	7,011.4
Expenditure on existing assets (net) . . . . .	69.0	208.5	368.2	235.4	191.3
<i>Total gross capital formation</i> . . . . .	<i>3,448.7</i>	<i>4,198.1</i>	<i>6,330.3</i>	<i>6,799.4</i>	<i>7,181.4</i>
Transfer payments—					
Interest . . . . .	1,021.2	1,084.3	1,306.6	1,488.2	2,060.7
Transfers to persons . . . . .	2,706.6	3,332.2	4,631.1	6,467.8	7,825.6
Subsidies . . . . .	351.2	332.1	325.1	316.2	302.8
Transfers overseas . . . . .	251.6	288.0	349.2	370.1	387.8
Grants for private capital purposes . . . . .	79.3	100.0	176.1	239.5	162.4
<i>Total transfer payments</i> . . . . .	<i>4,409.9</i>	<i>5,136.6</i>	<i>6,788.1</i>	<i>8,881.8</i>	<i>10,739.3</i>
Net advances—					
To the private sector . . . . .	26.5	112.0	276.7	291.0	251.4
To public financial enterprises . . . . .	65.1	76.5	258.7	61.6	87.6
To overseas . . . . .	7.4	32.2	35.1	78.8	43.0
<i>Total net advances</i> . . . . .	<i>99.0</i>	<i>220.7</i>	<i>570.5</i>	<i>431.4</i>	<i>382.0</i>
<i>Total outlay</i> . . . . .	<i>13,403.4</i>	<i>16,220.7</i>	<i>22,879.4</i>	<i>27,582.2</i>	<i>31,753.7</i>
of which—					
Current outlay . . . . .	9,776.4	11,701.9	15,802.5	20,111.9	24,027.9
Capital outlay . . . . .	3,627.0	4,518.8	7,076.9	7,470.3	7,725.8
<b>RECEIPTS AND FINANCING ITEMS</b>					
Receipts—					
Taxes, fees, fines, etc. . . . .	10,757.0	13,707.5	17,734.7	21,321.9	24,820.0
Income from public enterprises . . . . .	779.8	682.9	547.0	893.6	1,190.2
Interest, etc., received . . . . .	348.8	429.8	553.8	602.0	795.8
<i>Total receipts</i> . . . . .	<i>11,885.6</i>	<i>14,820.2</i>	<i>18,835.5</i>	<i>22,817.5</i>	<i>26,806.0</i>
Financing items—					
Net borrowing—					
Treasury notes . . . . .	164.6	-37.8	1,689.1	-769.6	363.2
Commonwealth Government securities . . . . .	665.5	801.2	554.1	3,165.5	2,097.5
Local authority and public corporation securities . . . . .	467.0	506.1	638.1	869.7	1,440.7
Other general Government securities . . . . .	60.1	62.9	74.8	112.0	128.8
<i>Total net borrowing</i> . . . . .	<i>1,357.2</i>	<i>1,332.4</i>	<i>2,956.1</i>	<i>3,377.6</i>	<i>4,030.2</i>
Net receipts of private trust funds . . . . .	221.5	18.2	235.1	251.8	306.2
Reduction in cash and bank balances . . . . .	-551.1	-794.7	573.6	-526.8	-875.2
Reduction in security holdings . . . . .	-174.4	-166.2	-553.2	590.6	99.9
Other funds available (including errors and omissions)—					
Depreciation allowances . . . . .	531.5	578.4	591.9	765.0	843.2
Other . . . . .	133.1	432.4	240.5	306.5	543.3
<i>Total financing items</i> . . . . .	<i>1,517.8</i>	<i>1,400.5</i>	<i>4,044.0</i>	<i>4,764.7</i>	<i>4,947.7</i>
<i>Total funds available</i> . . . . .	<i>13,403.4</i>	<i>16,220.7</i>	<i>22,879.4</i>	<i>27,582.2</i>	<i>31,753.7</i>

(a) Excludes financial enterprises.



# ALL PUBLIC AUTHORITIES 1976-77

## RECEIPTS AND FINANCING ITEMS

## OUTLAY

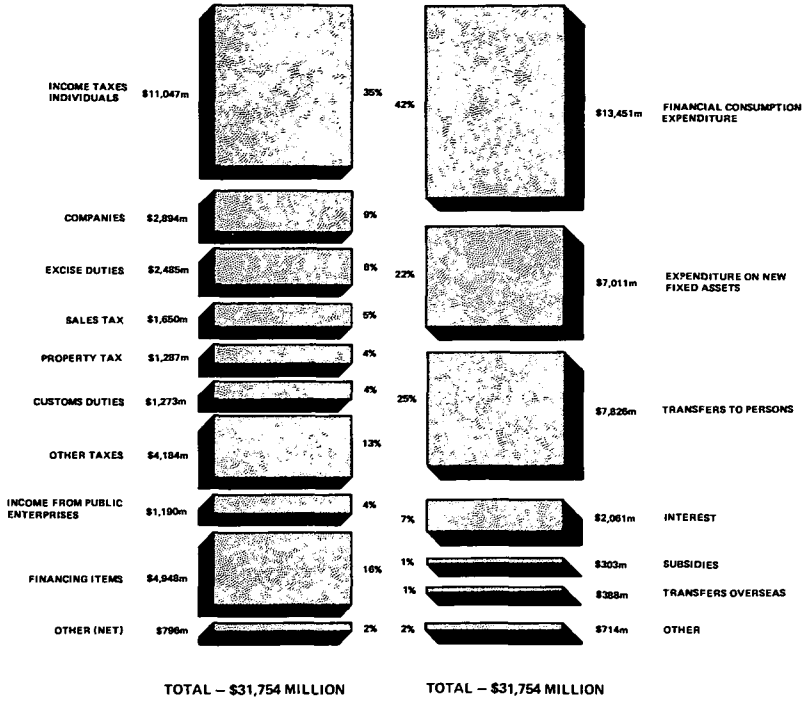


PLATE 38

**Main components of outlay**

The following tables show final consumption expenditure and expenditure on new fixed assets of all public authorities classified by purpose for the years 1972-73 to 1976-77.

**ALL PUBLIC AUTHORITIES: FINAL CONSUMPTION EXPENDITURE CLASSIFIED BY PURPOSE**

	(\$ million)				
	1972-73	1973-74	1974-75	1975-76	1976-77
General public services—					
General administration, n.e.c.	630.4	779.8	1,028.8	1,264.8	1,488.8
External affairs	50.0	58.3	83.8	91.7	98.1
Law, order and public safety	359.5	446.2	622.6	765.1	894.5
General research	77.7	94.8	118.2	135.9	160.0
Defence	1,178.6	1,222.9	1,444.6	1,680.3	1,999.2
Education	1,446.3	1,889.9	2,740.4	3,386.8	4,070.3
Health	756.0	1,023.9	1,541.7	2,286.4	2,708.8
Social security and welfare	137.2	170.4	254.8	326.6	362.8
Housing and community amenities—					
Housing	5.3	7.6	12.4	14.1	7.0
Community and regional development	21.4	34.9	55.5	69.9	71.5
Protection of the environment	27.1	38.0	57.0	67.5	75.7
Community amenities	3.9	5.0	7.0	9.2	10.1
Recreation and culture	205.6	255.2	354.6	442.2	469.8
Economic services—					
Agriculture, forestry, fishing	238.8	268.0	333.9	389.6	431.1
Mining, manufacturing and construction	40.8	47.7	61.6	69.8	79.6
Electricity, gas and water supply	1.7	1.0	4.5	7.7	6.0
Transport and communication	90.7	111.8	133.2	144.6	157.4
Other economic services(a)	174.1	208.6	291.4	309.8	358.2
Other purposes	0.7	1.5	44.7	7.5	2.2
<b>Total</b>	<b>5,445.8</b>	<b>6,665.3</b>	<b>9,190.5</b>	<b>11,469.6</b>	<b>13,451.0</b>

(a) Includes general administration, regulation and research.

**ALL PUBLIC AUTHORITIES: EXPENDITURE ON NEW FIXED ASSETS CLASSIFIED BY PURPOSE**

	(\$ million)				
	1972-73	1973-74	1974-75	1975-76	1976-77
General public services—					
General administration	111.7	134.4	207.3	243.3	250.7
External affairs	15.4	12.3	15.9	20.3	25.5
Law, order and public safety	37.6	42.7	55.1	74.7	88.3
General research	9.4	15.1	20.6	32.1	23.6
Education	328.0	381.8	656.3	695.0	633.0
Health	117.5	146.7	244.2	381.1	393.6
Social security and welfare	9.3	21.4	20.9	27.8	27.1
Housing and community amenities—					
Housing	79.1	119.7	304.7	338.9	329.7
Community and regional development	28.4	39.4	63.4	95.9	93.0
Protection of the environment	273.4	312.4	428.7	493.9	513.6
Community amenities	0.5	0.5	1.3	3.2	3.3
Recreation and culture	75.7	78.4	104.9	143.4	148.1
Economic services—					
Agriculture, forestry and fishing	119.2	118.5	160.0	186.1	217.9
Mining, manufacturing and construction	34.2	47.4	71.2	85.9	78.4
Electricity and gas	419.5	439.0	553.3	672.0	804.2
Water supply	185.1	198.1	248.8	309.7	348.0
Rail transport(a)	150.5	147.0	231.4	322.4	346.7
Sea transport	85.1	74.9	133.1	133.2	229.3
Road systems and regulation	767.4	854.1	1,097.0	1,321.5	1,394.6
Air transport	60.2	85.8	97.2	88.2	53.8
Pipelines	12.1	56.3	58.4	57.4	22.2
Other transport services, n.e.c.	9.6	10.1	21.0	32.6	33.8
Communications	460.3	559.1	717.9	756.6	855.4
Other economic services(b)	87.4	85.4	128.8	154.9	197.2
Other purposes	-0.1	1.8	6.2	5.2	1.1
<b>Total</b>	<b>3,476.4</b>	<b>3,982.2</b>	<b>5,647.6</b>	<b>6,675.6</b>	<b>7,112.3</b>
of which—					
Public financial enterprises	52.9	49.3	68.6	76.5	101.0

(a) Includes suburban rail transport system.

(b) Includes general administration, regulation and research.

**Main components of receipts**

Taxes and net borrowing constitute the main sources of financing of the activities of the public authorities. Details of the debt of public authorities are given in the next section of this chapter. Taxation, by type of tax, for the years 1972-73 to 1976-77 was as follows.

**ALL PUBLIC AUTHORITIES: TAXATION, BY TYPE OF TAX**

(\$ million)

	1972-73	1973-74	1974-75	1975-76	1976-77
Income tax—					
Individuals . . . . .	4,084	5,485	7,709	9,213	11,047
Companies(a) . . . . .	1,617	2,013	2,432	2,600	2,894
Estate, gift, probate and succession duties . . . . .	237	261	278	314	339
Customs duties . . . . .	513	604	840	1,044	1,273
Excise duties . . . . .	1,268	1,555	1,729	2,331	2,485
Sales tax . . . . .	765	969	1,154	1,408	1,650
Primary production taxes . . . . .	35	64	143	115	159
Payroll tax . . . . .	455	675	1,014	1,180	1,326
Property taxes . . . . .	618	703	898	1,114	1,287
Liquor taxes . . . . .	53	59	77	98	123
Taxes on gambling . . . . .	172	208	282	345	395
Taxes on ownership and operation of motor vehicles . . . . .	349	380	452	550	653
Stamp duties, n.e.i. . . . .	355	435	393	555	672
Other taxes, fees, fines, etc. . . . .	236	295	333	452	517
<b>Total . . . . .</b>	<b>10,757</b>	<b>13,707</b>	<b>17,735</b>	<b>21,321</b>	<b>24,820</b>

(a) Includes dividend and interest (withholding) taxes. Excludes income taxes paid by Commonwealth Government public enterprises.

**Level of government**

In the following tables details are given for 1976-77 of the receipts and outlay of all public authorities, broken down by level of government in order to show their relative contributions to various expenditure programs, and their roles in financing these programs through taxes and transfers.

**ALL PUBLIC AUTHORITIES(a): RECEIPTS AND OUTLAY BY LEVEL OF GOVERNMENT, 1976-77**

(\$ million)

	<i>Federal authorities</i>	<i>State authorities</i>	<i>Local authorities</i>	<i>All public authorities</i>
<b>OUTLAY</b>				
<b>Expenditure on goods and services—</b>				
General public services—				
General administration, n.e.c. . . . .	793.0	591.6	354.9	1,739.5
External affairs . . . . .	123.7	-0.1	-	123.6
Law, order and public safety . . . . .	122.6	855.1	5.1	982.8
General research . . . . .	175.6	8.0	-	183.6
Defence . . . . .	1,998.6	0.6	-	1,999.2
Education . . . . .	303.0	4,386.9	13.5	4,703.4
Health . . . . .	521.8	2,535.1	45.5	3,102.4
Social security and welfare . . . . .	227.1	139.2	23.6	389.9
Housing and community amenities—				
Housing . . . . .	84.1	245.7	6.9	336.7
Community and regional development . . . . .	83.9	62.6	17.9	164.4
Protection of the environment . . . . .	35.1	367.5	186.8	589.4
Community amenities . . . . .	0.3	0.2	12.9	13.3
Recreation and Culture . . . . .	242.3	129.2	246.5	618.0
Economic services—				
Agriculture, forestry and fishing . . . . .	133.5	510.3	5.1	648.9
Mining, manufacturing and construction . . . . .	27.7	112.8	17.4	157.9
Electricity, gas and water supply . . . . .	48.5	918.4	191.3	1,158.2
Transport and communication . . . . .	1,231.2	1,239.8	622.2	3,093.1
Other economic services . . . . .	309.5	237.6	8.4	555.5
Other purposes . . . . .	0.4	0.7	2.0	3.2
<b>Total</b> . . . . .	<b>6,462.1</b>	<b>12,341.0</b>	<b>1,760.1</b>	<b>20,563.1</b>
less expenditure by public financial enterprises . . . . .	-57.1	-43.9	-	-101.0
<b>Total expenditure on goods and services</b> . . . . .	<b>6,405.0</b>	<b>12,297.2</b>	<b>1,760.1</b>	<b>20,462.1</b>
of which—				
Final consumption expenditure . . . . .	4,738.2	8,105.2	607.6	13,451.0
Expenditure on new fixed assets . . . . .	1,666.7	4,192.2	1,152.5	7,011.4
Increase in stocks . . . . .	-52.6	30.0	1.3	-21.3
Expenditure on existing assets (net) . . . . .	2.9	161.5	26.9	191.3
Transfer payments—				
Interest . . . . .	419.1	1,428.6	213.0	2,060.7
Transfers to persons . . . . .	7,511.3	314.3	-	7,825.6
Subsidies . . . . .	246.2	56.6	-	302.8
Transfers overseas . . . . .	387.7	0.1	-	387.8
Grants for private capital purposes . . . . .	110.1	52.3	-	162.4
Grants to the States—for current purposes . . . . .	6,110.2	-	-	(b)
—for capital purposes . . . . .	1,537.3	-	-	(b)
Grants to local authorities . . . . .	13.3	362.2	-	(b)
<b>Total transfer payments</b> . . . . .	<b>16,335.2</b>	<b>2,214.1</b>	<b>213.0</b>	<b>10,739.3</b>
Net advances to—				
The private sector . . . . .	59.9	185.4	6.1	251.4
Public financial enterprises . . . . .	7.4	80.2	-	87.6
The States . . . . .	1,278.0	-	-	(b)
Local authorities . . . . .	-	23.4	-	(b)
Overseas . . . . .	43.0	-	-	43.0
<b>Total net advances</b> . . . . .	<b>1,388.3</b>	<b>289.0</b>	<b>6.1</b>	<b>382.0</b>
<b>Total outlay</b> . . . . .	<b>24,078.7</b>	<b>14,992.0</b>	<b>2,007.3</b>	<b>31,753.7</b>
of which—				
Current outlay . . . . .	19,416.8	10,267.1	820.6	24,027.9
Capital outlay . . . . .	4,661.8	4,724.9	1,186.7	7,725.8

(a) Excludes financial enterprises.  
shown.

(b) In consolidated figures for all public authorities, inter-authority grants and advances are not

**ALL PUBLIC AUTHORITIES(a): RECEIPTS AND OUTLAY  
BY LEVEL OF GOVERNMENT, 1976-77—continued**

(\$ million)

	<i>Federal authorities</i>	<i>State authorities</i>	<i>Local authorities</i>	<i>All public authorities</i>
<b>RECEIPTS AND FINANCING ITEMS</b>				
<b>Receipts—</b>				
Taxes, fees, fines, etc.—				
Income tax—				
Individuals . . . . .	11,046.7	-	-	11,046.7
Companies(b) . . . . .	2,894.0	-	-	2,894.0
Estate, gift, probate and succession duties . . . . .	87.7	251.5	-	339.2
Customs duties . . . . .	1,273.3	-	-	1,273.3
Excise duties . . . . .	2,485.4	-	-	2,485.4
Sales tax . . . . .	1,650.3	-	-	1,650.3
Payroll tax . . . . .	18.6	1,307.8	-	1,326.4
Primary production taxes and charges . . . . .	159.0	-	-	159.0
Property taxes . . . . .	15.5	235.5	1,037.1	1,288.1
Liquor taxes . . . . .	2.4	120.9	-	123.3
Taxes on gambling . . . . .	0.3	394.2	-	394.5
Taxes on ownership and operation of motor vehicles . . . . .	6.0	646.8	0.1	652.9
Stamp duties, n.e.i. . . . .	4.9	666.8	-	671.7
Fees from regulatory services . . . . .	15.3	42.4	27.5	85.2
Other taxes, fees, fines, etc. . . . .	111.0	306.7	12.2	429.9
<b>Total taxes, etc.</b> . . . . .	<b>19,770.4</b>	<b>3,972.7</b>	<b>1,076.9</b>	<b>24,819.9</b>
Income from public enterprises . . . . .	655.6	352.7	181.9	1,190.2
Interest, etc., received . . . . .	156.4	586.1	53.3	795.8
Grants from the Commonwealth Government—				
For current purposes . . . . .	-	6,110.2	-	(c)
For capital purposes . . . . .	-	1,537.3	-	(c)
Direct grants from Commonwealth Government to local authorities . . . . .	-	-	13.3	(c)
Grants from State authorities . . . . .	-	-	362.2	(c)
<b>Total receipts</b> . . . . .	<b>20,582.4</b>	<b>12,559.0</b>	<b>1,687.7</b>	<b>26,805.9</b>
<b>Financing items—</b>				
Net borrowing—				
Treasury bills and notes . . . . .	363.2	-	-	363.2
Commonwealth government securities . . . . .	2,097.5	-	-	2,097.5
Local authorities and public corporation securities . . . . .	450.5	663.2	327.0	1,440.7
Other general government securities . . . . .	2.4	126.4	-	128.8
<b>Total net borrowing</b> . . . . .	<b>2,913.5</b>	<b>789.6</b>	<b>327.0</b>	<b>4,030.2</b>
Advances from the Commonwealth Government—				
For loan works purposes . . . . .	-	744.7	-	(c)
Other . . . . .	-	533.4	-	(c)
Advances from State authorities . . . . .	-	-	23.4	(c)
Net receipts of private trust funds . . . . .	60.1	242.9	3.3	306.3
Reduction in cash and bank balances . . . . .	-289.9	-392.2	-193.1	-875.2
Reduction in security holdings . . . . .	213.3	-125.9	12.5	99.9
Other funds available (including errors and omissions)—				
Depreciation allowances . . . . .	442.4	347.9	52.9	843.2
Other . . . . .	156.9	292.7	93.6	543.2
<b>Total financing items</b> . . . . .	<b>3,496.3</b>	<b>2,433.0</b>	<b>319.6</b>	<b>4,947.6</b>
<b>Total funds available</b> . . . . .	<b>24,078.7</b>	<b>14,992.0</b>	<b>2,007.3</b>	<b>31,753.7</b>

(a) Excludes financial enterprises.  
wealth Government public enterprises.  
shown.

(b) Includes dividend and interest (withholding) taxes. Excludes income taxes paid by Common-  
(c) In consolidated figures for all public authorities, inter-authority grants and advances are not

## PUBLIC SECTOR BORROWING

Figures given in this section do not purport to show either 'public debt' or 'net public debt', but are designed to provide details of securities issued on behalf of the Commonwealth Government and the States, together with some details of the amounts borrowed by State and local authorities with independent borrowing powers.

For a number of reasons, this information cannot be aggregated, without adjustment, to provide a measure of the 'debt' of public authorities. There are forms of debt not evidenced by the issue of securities, such as Commonwealth Government advances to the States for specific capital purposes. Governments themselves maintain significant holdings of their own securities; for example, the Commonwealth Government, in the National Debt Sinking Fund, the Loan Consolidation and Investment Reserve, and in other Trust Funds, holds large investments in securities issued either directly by itself or on behalf of the States. Some of the securities issued on behalf of the States and held by the Commonwealth Government represent the proceeds of overseas loans, securities for which were issued directly by the Commonwealth Government, the Australian currency counterpart proceeds of the loans being invested in special loans to finance State works programs. A number of State public corporations and local authorities also maintain significant investments in government securities (including their own securities). Aggregation of the figures for securities on issue which follow would clearly involve a substantial degree of duplication; the sum of securities on issue therefore cannot be regarded as representing 'net public debt'.

### Commonwealth Government and States: Government securities on issue

Under the 1927 Financial Agreement between the Commonwealth Government and the States, the Commonwealth Government accepted responsibility for the securities of State governments then on issue and was empowered to arrange for all future borrowings on behalf of the Commonwealth and the States and to issue Commonwealth Government securities for all moneys borrowed.

A National Debt Sinking Fund, which is administered by the National Debt Commission, was established by the *National Debt Sinking Fund Act 1923* for the redemption of securities issued on behalf of the Commonwealth Government. Under the terms of the Financial Agreement, the sinking funds existing in respect of the States' debts were also placed under the control of the Commission. The Commonwealth Government is reimbursed by the States for interest, exchange, etc. paid on their behalf, and the securities are redeemed from the Fund to which both the Commonwealth and the State governments make pre-determined contributions. The amounts to be contributed were varied when the *National Debt Sinking Fund Act 1966* repealed all previous legislation on sinking funds relating to securities on issue on behalf of the Commonwealth Government, and again in 1976 when the Act was amended to reflect the amendments to the Financial Agreement. In 1976 the Commonwealth assumed the responsibility for over \$1,000 million of States' debt existing as at 30 June 1975. As a consequence, the separate States' Sinking Funds were absorbed into the National Debt Sinking Fund, with separate accounts being maintained for the Commonwealth and each State.

For further information relating to the recent operations of the National Debt Sinking Fund reference should be made to the fifty-fifth annual report of the National Debt Commission. Particulars of the creation and operation of sinking funds by the *National Debt Sinking Fund Act 1923* are included in issues of the Year Book prior to No. 23, and a general description of the provisions applying between 1966 and 1976 is given in issue No. 61.

In the tables which follow, details are given of transactions in Commonwealth Government securities issued on account of the Commonwealth Government and the States. Amounts relating to overseas loans are shown in Australian currency equivalent calculated on the basis of the rates of exchange ruling at 30 June in each year shown. All amounts shown are at face value.

For figures which permit accurate analysis of the structure and movement of securities issued on behalf of the Commonwealth and States, refer to the Commonwealth Budget Paper No. 6, *Government Securities on Issue*.

### Net movement in securities on issue

Summary details of the net movement in securities issued for Commonwealth Government purposes and on account of the States during the period 1972-73 to 1977-78, are given in the following group of tables.

**NET MOVEMENT IN GOVERNMENT SECURITIES ON ISSUE**  
(\$ million)

	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
<b>NEW SECURITIES ISSUED</b>						
Securities repayable in Australian currency—						
Inscribed stock and bonds	870.4	1,416.4	1,054.9	2,176.6	1,581.0	965.7
Australian Savings Bonds	—	—	—	1,202.3	736.3	719.6
Special bonds	109.2	454.2	343.0	160.1	—	—
Drought bonds	0.8	3.2	1.5	0.2	0.2	—
Advance loan subscriptions	(c)11.6	(c)-8.0	(c)-14.3	22.6	(c)-21.7	(c)0.4
Overdue securities	—	—	—	—	—	—
Tax-free stock	—	—	—	—	—	—
Debentures	—	—	—	—	—	—
Stock issued to Government Savings banks under special agreements(a)	68.4	48.5	21.1	5.9	35.4	57.9
Treasury notes	(c)164.6	(c)-37.8	(c)1,689.1	2,667.1	4,105.7	1,766.7
Treasury bills—						
Internal	(c)-8.7	(c)-94.7	(c)79.4	(c)157.0	(c)323.8	(c)365.2
Public	—	—	—	(c)850.0	(c)450.0	(c)200.0
<b>Total</b>	<b>1,216.3</b>	<b>1,781.9</b>	<b>3,174.8</b>	<b>7,241.9</b>	<b>7,210.8</b>	<b>4,075.5</b>
Securities repayable in overseas currencies(b)	116.0	16.1	235.1	268.1	424.2	1,738.3
<b>Total new securities issued</b>	<b>1,332.3</b>	<b>1,797.9</b>	<b>3,409.9</b>	<b>7,510.0</b>	<b>7,634.9</b>	<b>5,813.9</b>

**REDEMPTIONS, REPURCHASES, CANCELLATIONS(d)**

Securities repayable in Australian currency—						
Inscribed stock and bonds	246.4	615.0	478.2	286.7	243.0	114.6
Australian Savings Bonds	—	—	—	13.1	176.7	174.8
Special bonds	75.7	363.6	374.8	216.9	180.3	133.3
Drought bonds	0.2	0.3	0.9	0.9	2.8	0.6
Advance loan subscriptions	—	—	—	—	—	—
Overdue securities	-0.2	-0.5	0.2	0.6	-2.2	0.8
Tax-free stock	0.4	0.1	—	0.2	—	0.1
Debentures	3.0	3.1	3.2	3.4	3.5	3.7
Stock issued to Government Savings banks under special agreements(a)	4.1	4.8	4.4	8.1	7.2	6.6
Treasury notes	—	—	—	4,286.7	4,192.5	1,773.3
Treasury bills—						
Internal	—	—	—	—	—	—
Public	—	—	—	—	—	—
<b>Total</b>	<b>329.5</b>	<b>986.4</b>	<b>861.8</b>	<b>4,816.6</b>	<b>4,803.8</b>	<b>2,207.8</b>
Securities repayable in overseas currencies(b)	293.6	249.1	84.4	125.6	-121.1	-26.3
<b>Total redemptions, etc.</b>	<b>623.1</b>	<b>1,235.5</b>	<b>946.2</b>	<b>4,942.2</b>	<b>4,682.8</b>	<b>2,181.4</b>

**NET MOVEMENT**

Securities repayable in Australian currency—						
Inscribed stock and bonds	624.1	801.4	576.7	1,889.9	1,338.1	851.1
Australian Savings Bonds	—	—	—	1,189.2	559.6	544.8
Special bonds	33.5	90.6	-31.7	-56.7	-180.3	-133.3
Drought bonds	0.6	2.9	0.6	-0.7	-2.6	-0.6
Advance loan subscriptions	11.6	-8.0	-14.3	22.6	-21.7	0.4
Overdue securities	0.2	0.5	-0.2	-0.6	2.2	-0.8
Tax-free stock	-0.4	-0.1	—	-0.2	—	-0.1
Debentures	-3.0	-3.1	-3.2	-3.4	-3.5	-3.7
Stock issued to Government Savings banks under special agreements(a)	64.3	43.7	16.7	-2.2	28.2	51.3
Treasury notes	164.6	-37.8	1,689.1	-1,619.6	-86.8	-6.5
Treasury bills—						
Internal	-8.7	-94.7	79.4	157.0	323.8	365.2
Public	—	—	—	850.0	450.0	200.0
<b>Total</b>	<b>886.7</b>	<b>795.5</b>	<b>2,313.0</b>	<b>2,425.4</b>	<b>2,406.9</b>	<b>1,867.8</b>
Securities repayable in overseas currencies(b)	-177.6	-233.1	150.7	142.6	545.2	1,764.7
<b>Net movement in securities on issue</b>	<b>709.1</b>	<b>562.4</b>	<b>2,463.7</b>	<b>2,568.0</b>	<b>2,952.1</b>	<b>3,632.4</b>

(a) Recorded in Commonwealth Government Loan Fund as State domestic raisings. (b) Australian currency equivalent at rates of exchange ruling at 30 June in each of the years shown. (c) Net issue. (d) Includes conversions from one type of security to another, which affect the net movements of individual loan categories, but do not affect the overall net movement.

NOTE: For securities repayable in overseas currencies the amounts shown also include an element due to exchange rate variations in Securities on Issue.

**Government securities on issue.**

The following table provides details of government securities on issue on account of the Commonwealth Government and the States, repayable in Australian and in overseas currencies.

**GOVERNMENT SECURITIES ON ISSUE: COMMONWEALTH GOVERNMENT AND STATES**  
 (\$ million)

	30 June—					
	1973	1974	1975	1976	1977	1978
<b>For Commonwealth Government purposes—</b>						
Repayable in Australian currency—						
Inscribed stock and bonds	1,233.2	1,686.5	1,613.1	3,947.5	4,494.7	4,949.3
Australian savings bonds	—	—	—	1,178.4	1,637.3	1,669.3
Special bonds	262.9	249.9	246.5	196.1	145.5	110.3
Drought bonds	1.1	4.0	4.6	3.9	1.3	0.8
Advance loan subscriptions	25.6	17.6	3.3	25.9	4.2	4.6
Overdue securities	3.8	4.5	4.2	3.7	4.6	5.3
Treasury notes	424.7	386.9	2,076.0	456.5	369.6	363.1
Treasury bills—						
Internal	1,025.5	930.8	1,010.2	1,167.2	1,491.0	1,856.2
Public	—	—	—	850.0	1,300.0	1,500.0
<b>Total</b>	<b>2,976.8</b>	<b>3,280.2</b>	<b>4,957.9</b>	<b>7,829.2</b>	<b>9,448.4</b>	<b>10,458.9</b>
Repayable in overseas currencies (a)	986.2	807.3	998.2	1,181.1	1,743.4	3,533.1
<b>Total Commonwealth Government</b>	<b>3,963.0</b>	<b>4,087.5</b>	<b>5,956.2</b>	<b>9,010.3</b>	<b>11,191.8</b>	<b>13,991.9</b>
<b>On account of States—</b>						
Repayable in Australian currency—						
Inscribed stock and bonds	9,444.2	9,792.3	10,442.4	9,997.9	10,788.7	11,185.3
Australian savings bonds	—	—	—	10.8	111.5	624.3
Special bonds	643.9	747.4	719.1	712.7	583.0	484.9
Tax-free stock	15.4	15.3	15.3	15.1	15.1	15.0
Stock issued to Government Savings banks under special agreements	361.7	405.4	422.0	419.8	448.0	499.3
Debentures	36.6	33.5	30.3	27.0	23.4	19.8
Overdue securities	0.4	0.2	0.4	0.3	1.6	0.1
<b>Total</b>	<b>10,502.2</b>	<b>10,994.2</b>	<b>11,629.5</b>	<b>11,183.6</b>	<b>11,971.4</b>	<b>12,828.6</b>
Repayable in overseas currencies (a)	278.6	224.5	184.2	143.9	127.2	102.2
<b>Total States</b>	<b>10,780.8</b>	<b>11,218.7</b>	<b>11,813.8</b>	<b>11,327.6</b>	<b>12,098.5</b>	<b>12,930.8</b>
<b>of which—</b>						
New South Wales	3,528.6	3,654.4	3,834.1	3,721.0	3,959.1	4,222.6
Victoria	2,632.9	2,746.6	2,896.2	2,834.0	3,031.8	3,244.3
Queensland	1,427.8	1,486.0	1,576.7	1,538.7	1,644.0	1,753.9
South Australia	1,409.7	1,473.3	1,551.3	1,389.5	1,491.9	1,602.7
Western Australia	1,029.9	1,070.9	1,121.6	1,090.5	1,160.8	1,237.3
Tasmania	752.0	787.6	833.9	753.8	811.0	870.0
<b>Total Commonwealth Government and States</b>	<b>14,743.8</b>	<b>15,306.2</b>	<b>17,769.9</b>	<b>20,337.9</b>	<b>23,290.3</b>	<b>26,922.7</b>

(a) Australian currency equivalent.

### State and local authorities' borrowings

The borrowings of Commonwealth, State and local authorities come within the purview of the Loan Council under a 'gentlemen's agreement' originating in 1936. The Loan Council determines maximum interest rates and other terms and conditions of loans raised by authorities and approves the aggregate annual borrowing program for authorities borrowing more than \$1,000,000 (in 1976-77 this limit was \$800,000) in the financial year. The total program approved is distributed by the Council between the States, and each State determines the distribution between individual authorities of its share of the overall borrowing program approved for such authorities. Authorities which individually borrow less than \$1,000,000 (1976-77, \$800,000) in the financial year are also subject to the terms and conditions applying under the 'gentlemen's agreement', and it is the responsibility of the States to ensure that these authorities conform with these terms and conditions. No aggregate annual limit on their borrowings is imposed by the Loan Council.

The following table shows the aggregate borrowings by the State and local authorities in each of the years 1972-73 to 1977-78. It will be seen that the amounts borrowed by local authorities vary between the States, reflecting a number of factors including, importantly, variations between the States in the range of services provided by local government authorities. For example, the high figures for Queensland reflect, in part, borrowings by the Brisbane City Council which carries out a number of functions (e.g. metropolitan bus services and sewerage services) which in other States are undertaken by State authorities.

For further information relating to the figures given in the table, reference should be made to the Commonwealth Budget Paper No. 7, *Payments to or for the States, the Northern Territory and Local Government Authorities*.



**NEW MONEY BORROWINGS BY STATE AND LOCAL AUTHORITIES  
(\$'000)**

	<i>New South Wales</i>	<i>Victoria</i>	<i>Queens- land</i>	<i>South Australia</i>	<i>Western Australia</i>	<i>Tasmania</i>	<i>Total</i>
<b>STATE AUTHORITIES(a)</b>							
1972-73 . . . . .	122,671	158,686	48,559	22,391	35,672	10,904	398,883
1973-74 . . . . .	142,357	177,510	61,254	25,492	37,883	10,113	454,609
1974-75 . . . . .	164,885	207,532	75,545	29,968	41,969	13,646	533,545
1975-76 . . . . .	205,312	256,930	102,411	39,490	44,309	17,720	666,172
1976-77 . . . . .	253,883	326,717	127,517	50,100	54,019	21,432	833,668
1977-78 . . . . .	332,215	388,620	198,721	73,220	78,689	30,771	1,102,236
<b>LOCAL AUTHORITIES(b)</b>							
1972-73 . . . . .	95,291	40,958	71,391	9,698	19,043	7,934	244,315
1973-74 . . . . .	104,540	40,974	77,472	10,819	20,820	8,591	263,216
1974-75 . . . . .	132,803	50,188	102,804	13,617	21,839	10,710	331,962
1975-76 . . . . .	163,847	63,043	102,097	16,831	27,845	14,503	388,166
1976-77 . . . . .	191,932	65,893	116,118	21,674	32,380	17,053	445,050
1977-78 . . . . .	202,230	84,493	117,993	19,424	36,481	17,405	478,026

(a) New money borrowings by State-type authorities in the Northern Territory in 1977-78 were \$1,450,000. (b) New money borrowings by local authorities in the Northern Territory are not included in the table. These borrowings are as follows: 1972-73, \$426,000; 1973-74, \$515,000; 1974-75, \$516,000; 1975-76, \$597,000; 1976-77, \$1,194,000; 1977-78, \$1,697,000.

**Further references**

For further detailed information on the subjects covered by this chapter see the annual bulletins published by the ABS: *Australian National Accounts—National Income and Expenditure* (5204.0); *Public Authority Finance—Federal Authorities* (5502.0); *Public Authority Finance—State and Local Authorities* (5504.0); *Public Authority Finance—Taxation* (5506.0) and *Public Authority Finance—Estimates* (5501.0). Current information in summarised form is given in *Quarterly Estimates of National Income and Expenditure* (5206.0), and is also contained in the *Monthly Review of Business Statistics* (1304.0), and the *Monthly Digest of Current Economic Statistics* (1305.0).

Additional details of the transactions of public authorities engaged in particular fields of activity, such as defence, transport and communication, health and welfare, education, etc., may be found in other chapters of this Year Book.

