

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—Commonwealth, 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 the Commonwealth Government. Tables are then presented which bring together the transactions of all public non-financial enterprises 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.

Concepts and Definitions used in Public Finance Statistics

The tables below (except those explicitly sourced to Budget Papers) are provided from the system of government finance statistics (GFS). To assist users in understanding the statistics presented in these tables a separate publication *Classifications Manual for Government Finance Statistics, Australia* (1217.0) has been produced. It outlines the major concepts used and provides definitions of the enterprise unit used for GFS collections and the categories in each of the main unit and transactions classifications employed. The GFS classifications used in the tables that follow are:

- (a) the *Economic Transactions Framework* (ETF) which categorises outlays, revenue, grants received and financing transactions according to their economic character to facilitate study of the macroeconomic effect of government activity on the economy and to provide the basic building blocks for grouping transactions to be incorporated into the Australian National Accounts;
- (b) the *Taxes, Fees and Fines Classification* (TFFC) which dissect this major form of government revenue according to the type of tax, fee or fine collected; and
- (c) the *Government Purpose Classification* (GPC) which is used to group outlays with similar functions to facilitate study of the broad purposes of public sector spending and assessment of the effectiveness of outlays in meeting government policy objectives.

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.

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). For details of current provisions for financial assistance to the States reference should be made to the Commonwealth Budget Paper No. 7 *Payments to or for the States, the Northern Territory and Local Government Authorities, 1985–86*.

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 enterprises of the Commonwealth Government whose receipts and payments are summarised in the statements of Public Account balances. In 1984-85 the change in cash balances was represented by the following—

	\$'000
Net Cash receipts of the Consolidated Revenue Fund	58,218,178
plus cash receipts of Loan Fund	27,953,992
plus cash receipts of Trust Fund	23,135,808
<i>Total.</i>	109,307,978
less cash payments from Consolidated Revenue Fund	58,218,178
less cash payments from Loan Fund	27,954,068
Less cash payments from Trust Fund (including decrease in investments of the Trust Fund)	22,813,541
<i>Total.</i>	108,985,787
<i>equals increase in cash balances</i>	322,190

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 the 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 estimated outlay, revenue and deficit of the Budget for 1985-86 are set out in the table which follows, together with figures for the years 1980-81 to 1984-85. 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 enterprises 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. 1, *Budget Statements 1985-86*.

OUTLAYS, REVENUE AND DEFICIT OF THE COMMONWEALTH BUDGET (\$ million)

(Source: Budget Paper No. 1 *Budget Statements 1985-86*)

	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86 Budget Estimates
Outlay—						
Net expenditure on goods and services—						
Current	6,504	7,616	8,659	10,058	11,348	12,680
Capital (a)	70	219	340	279	370	335
<i>Total.</i>	6,574	7,835	8,999	10,337	11,718	13,015
Transfer payments—						
Personal benefit payments	10,978	12,932	15,523	18,375	20,651	22,180
Unfunded employee retirement benefits . . . . .	..	..	..	..	..	..
Grants to States and Northern Territory	12,003	13,181	15,395	17,789	19,637	20,951
Grants to non-profit institutions	90	134	504	593	724	818
Interest paid	2,561	2,881	3,378	4,334	5,664	6,733
Transfers overseas	583	668	732	784	872	870
Subsidies	1,160	1,118	1,246	1,229	1,346	1,229
Grants for private capital purposes	98	194	232	313	373	361
Transfers to non-budget sector (b)	1,032	1,273	1,454	1,579	1,855	2,159
<i>Total.</i>	28,506	32,381	38,463	44,997	51,122	55,302

OUTLAYS, REVENUE AND DEFICIT OF THE COMMONWEALTH BUDGET—*continued*
(\$ million)

(Source: Budget Paper No. 1 *Budget Statements 1985–86*)

	1980–81	1981–82	1982–83	1983–84	1984–85	1985–86 Budget Estimates
Net advances—						
States and Northern Territory	938	866	1,056	1,002	799	785
Non-budget Commonwealth Authorities	—28	19	226	—18	4	—94
Other sectors	31	105	67	142	95	58
Total	940	990	1,350	1,127	898	749
Total outlay	36,020	41,206	48,812	56,460	63,739	69,067
Revenue—						
Taxation—						
Income tax on companies	4,856	5,258	5,107	4,940	6,034	6,980
Income tax on persons	17,543	21,224	22,967	24,710	29,300	32,690
Sales tax, Customs and Excise duties	9,820	11,004	12,398	14,294	16,507	18,256
Tax on Certain Bank Transactions . . . . .	..	..	30	183	189	200
A.C.T. taxes and charges	61	76	94	105	126	145
Less remissions	1	2	1	..	..	..
Other taxes, fees, fines, etc	127	151	169	208	266	356
Total	32,407	37,711	40,765	44,439	52,422	58,627
Non-Taxation Revenue—						
Interest, rent, dividends, royalties, etc.	2,506	2,919	3,574	4,060	4,567	5,519
Miscellaneous income from Commonwealth enterprises	2	..	6	..	4	2
Total	2,508	2,919	3,580	4,060	4,571	5,521
Total revenues	34,914	40,631	44,345	48,499	56,993	64,149
Deficit	1,105	576	4,467	7,960	6,746	4,919

(a) Expenditure on new fixed assets *plus* increase in stocks *less* sales of previously rented houses. (b) The Commonwealth Non-Budget sector consists of enterprises which operate outside the Public Account. This includes both general government enterprises which largely depend on budget funding (e.g. ABC) and public trading enterprises which are largely self-financing (e.g. Telecom).

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 revenue. In other words, the estimated deficit shown for 1985–86 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 housing trust account)
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 387, Table 1 in 1985–86 *Budget paper* No. 1.

COMMONWEALTH NON-BUDGET ENTERPRISES

In addition to the group of Commonwealth Government enterprises 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 trading 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, and public financial enterprises such as the

Reserve Bank and the Commonwealth Banking Corporation. Public trading and financial 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 government enterprises 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 enterprises are treated as final expenditure in the Budget. Enterprises 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 Commonwealth public sector enterprises which are owned and/or controlled by the Commonwealth Government. 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 enterprises 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.

Coverage—Northern Territory government

On 1 July 1978 the Northern Territory became self-governing with expenditure responsibilities and revenue raising powers broadly approximating those of a State. In public finance statistics the Northern Territory government is grouped with State and local governments from 1978–79 onwards. This results in a discontinuity in time series for the financial transactions of Commonwealth Government enterprises because:

- In the period up to and including 1977–78 Commonwealth spending on State-type services in the Northern Territory is included under the various Commonwealth outlay categories such as final consumption expenditure and gross capital formation. Similarly, State-type taxation and income from N.T. public trading enterprises is included in the respective Commonwealth revenue categories.
- From 1978–79 onwards Commonwealth spending in respect of the Northern Territory consists to a large extent of grants and advances to Northern Territory general government enterprises while State-type taxation and income from N.T. public trading enterprises are no longer part of Commonwealth revenue.
- Not all State-type functions were fully transferred to the Northern Territory Government from 1 July 1978. Responsibility for health services was transferred on 1 January 1979 and responsibility for education services was transferred from 1 July 1979. The Commonwealth retains responsibility for certain State-type matters such as uranium mining and Aboriginal affairs (other than provision of services to Aboriginal communities).

Summary of outlay revenue and deficit

The outlay and revenue, and outlay classified by purpose, of all non-financial enterprises of the Commonwealth Government for the six-year period ending 1983–84 are given in the following table.

OUTLAYS, REVENUE AND DEFICIT OF COMMONWEALTH GOVERNMENT
(\$ million)

	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84 ^p
Current outlays	26,249	29,153	33,476	38,342	45,042	52,399
General government final consumption expenditure	5,595	6,258	7,364	8,664	9,993	11,526
Required current transfer payments (a)	2,086	2,366	2,756	3,142	3,724	4,667
Unrequited current transfer payments	18,568	20,529	23,356	26,536	31,325	36,207
Subsidies paid to enterprises	673	835	1,031	1,145	1,243	1,469
Personal benefit payments	9,110	9,905	11,237	13,093	15,952	18,714
Current grants	8,785	9,789	11,088	12,298	14,130	16,024
to non-profit institutions	162	177	206	227	267	318
to foreign governments and organisations	475	520	575	668	732	767
to the States and Northern Territory	8,138	9,081	10,292	11,384	13,106	14,907
to Local governments (direct)	10	11	15	19	24	32
Other current transfer payments	-	-	-	-	-	-
Capital outlays	3,813	3,965	4,192	4,939	5,991	6,760
Gross fixed capital expenditure	1,266	1,392	1,471	1,809	2,154	2,269
Expenditure on new fixed assets	1,355	1,431	1,758	2,100	2,264	2,295
Expenditure on secondhand fixed assets (net)	-89	-40	-287	-290	-110	-26
Increase in stocks	-209	-66	76	180	241	157
Expenditure on Land and intangible assets (net)	-13	-1	-143	-14	-36	-61
Capital transfer payments	1,624	1,737	1,813	2,005	2,504	3,182
Capital grants	1,624	1,737	1,813	2,005	2,504	3,182
to the States and Northern Territory	1,484	1,566	1,669	1,771	2,210	2,795
to Local governments (direct)	8	5	7	7	20	21
to other sectors	132	166	138	227	274	367
Other capital transfer payments	-	-	-	-	-	-
Advances paid (net)	1,146	902	975	958	1,128	1,213
to the States, Northern Territory and Local governments	1,127	896	938	866	1,058	999
to other sectors	18	6	37	93	70	214
Revenue	25,943	30,118	35,593	41,381	44,974	49,678
Taxes, fees and fines	23,422	27,513	32,676	37,932	41,003	44,745
Income taxes levied on individuals	12,791	15,033	17,532	21,205	22,943	24,691
Income taxes levied on enterprises and non-residents	3,139	3,539	4,841	5,258	5,103	4,929
Other taxes, fees and fines	7,492	8,942	10,303	11,470	12,958	15,125
Net operating surpluses of public trading enterprises	730	716	776	932	914	1,564
Property income and other revenue	1,791	1,889	2,141	2,517	3,057	3,369
Financing transactions	4,119	3,000	2,075	1,900	6,058	9,481
Increase in provisions	545	612	674	737	833	862
Deficit	3,574	2,388	1,402	1,163	5,224	8,619

(a) Interest, land rent, royalties and dividends paid.

Grants and advances to the States and the Northern Territory

Commonwealth Government financial assistance to the States and the Northern Territory 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 and the Northern Territory

The following tables show details of grants to the States and the Northern Territory classified by purpose.

**GRANTS TO STATES AND NORTHERN TERRITORY BY GOVERNMENT PURPOSE
CLASSIFICATION AND STATE 1983-84**

(\$ million)

	<i>N.S.W.</i>	<i>Vic.</i>	<i>Qld</i>	<i>S.A.</i>	<i>W.A.</i>	<i>Tas.</i>	<i>N.T.</i>	<i>Total</i>
<i>Current grants</i>	<i>4,593.6</i>	<i>3,536.9</i>	<i>2,472.6</i>	<i>1,526.9</i>	<i>1,570.0</i>	<i>581.8</i>	<i>624.8</i>	<i>14,906.6</i>
General public services, defence, public order and safety	1.1	0.8	0.7	0.1	0.3	0.1	0.6	3.6
Education	995.3	878.4	435.2	263.8	271.8	78.5	16.4	2,939.5
Primary and secondary education	395.2	340.0	173.5	87.2	94.1	27.4	9.2	1,126.6
Tertiary education	591.8	527.8	253.8	170.5	170.1	49.6	6.6	1,770.2
University education	368.1	257.0	138.7	91.4	79.2	35.0	—	969.3
Other higher education	174.0	234.3	100.0	66.6	78.1	10.4	—	663.4
Technical and further education	49.7	36.6	15.1	12.5	12.9	4.2	6.6	137.5
Preschool education and education not definable by level	8.3	10.5	7.8	6.1	7.6	1.5	0.6	42.6
Preschool education	7.1	9.0	6.6	3.7	4.9	1.4	0.3	33.1
Other education not definable by level	1.1	1.5	1.2	2.4	2.8	0.1	0.3	9.5
Other education	—	0.1	—	—	—	—	—	0.1
Health	109.7	84.8	42.1	118.7	36.1	38.1	2.6	432.1
Hospitals and other institutional services and benefits	104.1	80.0	35.8	114.8	27.3	37.7	2.4	402.1
Clinic and other non-institutional services and benefits	3.0	4.2	1.4	2.2	1.2	0.3	0.1	12.4
Public Health	2.6	0.5	4.9	1.8	7.6	0.2	0.1	17.6
Social security and welfare	27.7	20.7	6.7	9.4	6.8	3.5	0.8	75.5
Social security	—	—	—	—	—	1.5	—	1.6
Welfare services	20.7	15.5	5.1	7.6	5.1	1.4	0.6	55.9
Family and child welfare	6.7	5.9	2.7	4.2	2.2	0.8	0.5	22.9
Aged and handicapped welfare	12.8	9.2	2.0	1.5	1.4	0.6	0.1	27.6
Welfare services NEC	1.2	0.4	0.4	1.9	1.5	—	—	5.4
Social security and welfare NEC	7.0	5.3	1.6	1.8	1.8	0.6	0.2	18.1
Housing and community amenities	1.6	1.3	0.6	1.1	1.3	0.3	5.3	11.6
Housing and community development	1.8	1.3	0.4	1.1	1.3	0.3	5.3	11.6
Housing	1.8	1.3	0.4	0.9	0.6	0.3	—	5.3
Community Development	—	—	—	0.1	0.7	—	5.3	6.1
Community amenities	—	—	0.2	—	—	—	—	0.2
Recreation and culture	—	—	0.2	—	—	—	—	0.2
Fuel and energy	—	—	—	—	—	—	67.5	67.5
Agriculture, forestry, fishing and hunting	6.4	4.8	10.2	2.7	2.2	0.4	10.0	36.7
Agriculture	6.4	4.8	10.2	2.7	2.2	0.4	10.0	36.7
Agricultural land management	6.1	4.5	10.0	2.6	2.0	0.1	10.0	35.3
Agricultural water resources management	—	—	—	—	—	—	—	—
Other agriculture	-0.3	0.3	0.2	0.1	0.3	0.3	—	1.5
Transport and communications	0.1	—	0.4	—	—	0.1	0.1	0.8
Road transport	—	—	—	—	—	—	—	0.2
Other transport and communications	—	—	0.4	—	—	0.1	0.1	0.6
Other economic affairs	135.2	90.4	60.8	30.5	32.8	10.4	3.7	363.7
Other purposes	3 316.4	2 455.7	1 916.0	1 100.4	1 218.6	450.3	517.8	10 975.3
General purpose inter-government transactions	3 301.5	2 444.8	1 901.5	1 096.3	1 216.6	449.8	517.8	10 928.3
Natural disaster relief	14.9	10.8	14.5	4.1	2.1	0.5	—	47.0
Capital grants	865.6	576.3	502.9	264.3	286.3	183.8	115.3	2 794.6
Education	150.1	113.4	68.8	40.5	35.8	10.9	7.2	426.7
Primary and secondary education	63.7	53.2	32.2	16.7	18.4	6.0	3.4	193.6
Tertiary education	86.2	60.2	36.2	23.7	17.4	4.9	3.6	232.1
University education	26.1	14.6	12.8	5.8	5.8	1.7	—	66.7
Other higher education	18.0	15.7	4.6	3.9	3.5	0.4	—	46.2
Technical and further education	42.1	29.9	18.8	14.0	8.1	2.8	3.6	119.3
Preschool education and education not definable by level	0.2	—	0.5	0.1	0.1	—	0.1	1.0
Other education not definable by level	0.2	—	0.5	0.1	0.1	—	0.1	1.0
Health	0.2	0.1	0.4	0.3	0.3	0.4	—	1.7
Hospitals and other institutional services and benefits	—	—	—	—	—	0.2	—	0.2
Clinic and other non-institutional services and benefits	0.1	0.1	0.2	—	0.1	0.1	—	0.7
Public health	0.1	—	0.2	0.2	0.2	0.2	—	0.8
Social security and welfare	14.7	8.7	6.4	3.2	3.8	1.1	0.5	38.5
Social security	0.8	0.9	0.8	0.4	0.7	0.2	—	3.9
Welfare services	13.9	7.8	5.6	2.8	3.1	0.9	0.5	34.6
Family and child welfare	2.0	—	—	—	0.4	—	—	2.5
Aged and handicapped welfare	11.9	7.8	5.6	2.7	2.7	0.9	0.5	32.0
Welfare services NEC	—	—	—	0.1	—	—	—	0.1
Housing and community amenities	120.6	89.8	59.7	55.5	51.0	17.1	22.8	416.6
Housing and community development	117.1	86.8	45.7	46.7	38.3	17.0	21.6	373.1
Housing	116.5	86.8	44.4	45.9	35.0	17.0	21.4	367.0
Community development	0.6	—	1.2	0.8	3.2	—	0.2	6.1
Community amenities	3.5	3.1	14.0	8.8	12.8	0.1	1.2	43.5
Recreation and culture	5.3	3.1	0.4	2.2	0.4	2.9	0.9	15.2

**GRANTS TO STATES AND NORTHERN TERRITORY BY GOVERNMENT PURPOSE
CLASSIFICATION AND STATE 1983-84—continued**
(\$ million)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	N.T.	Total
Fuel and energy	—	—	—	—	—	—	4.5	4.5
Agriculture, forestry, fishing and hunting	4.2	4.1	9.5	2.6	5.0	0.2	1.5	27.2
Agriculture	4.2	4.1	9.5	2.6	5.0	0.2	1.5	27.2
Agricultural water resources management	3.3	2.6	8.4	1.6	3.5	0.2	1.4	21.0
Other agriculture	0.9	1.5	1.1	1.0	1.4	—	0.2	6.2
Transport and communications	404.7	229.1	270.1	93.8	142.9	53.9	32.8	1 227.3
Road transport	404.7	229.1	254.5	93.8	142.9	51.8	32.8	1 209.6
Water transport	—	—	—	—	—	1.0	—	1.0
Other transport and communications	—	—	15.5	—	—	1.2	—	16.8
Other economic affairs	—	—	—	—	—	—	—	—
Other purposes	165.7	127.9	87.6	66.4	46.9	97.2	45.2	637.0
General purpose inter-government trans- actions	158.3	123.0	64.9	63.8	45.3	97.2	43.0	595.6
Natural disaster relief	7.4	4.9	22.7	2.5	1.6	—	2.2	41.4
Total current and capital grants	5 459.2	4 113.2	2 975.5	1 791.2	1 856.3	765.6	740.1	17 701.2

Advances to the States and the Northern Territory

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 table shows figures of net advances to the States and Northern Territory by purpose.

**NET ADVANCES TO STATES AND N.T. BY GOVERNMENT PURPOSE CLASSIFICATION
AND STATE 1983-84**
(\$ Million)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	N.T.	Total
<i>Net advances</i>	<i>302.2</i>	<i>231.4</i>	<i>126.1</i>	<i>108.9</i>	<i>83.4</i>	<i>59.2</i>	<i>87.9</i>	<i>999.1</i>
Defence	2.2	-0.3	2.3	—	0.1	—	—	4.2
Social Security and Welfare	—	—	—	—	—	—	—	—
Housing and community amenities	79.9	77.2	20.8	134.2	19.8	23.6	6.2	361.6
Housing and community development	80.3	77.6	22.0	134.9	20.7	23.6	6.3	365.5
Housing	52.8	68.0	22.0	140.4	16.0	23.6	6.3	329.3
Community development	27.5	9.6	—	-5.5	4.7	—	—	36.2
Water supply	—	—	-1.1	-0.7	-0.8	—	—	-2.6
Sanitation and protection of the environment	-0.4	-0.4	-0.1	-0.1	-0.1	—	-0.1	-1.3
Fuel and energy	—	—	-2.7	-3.0	—	—	-1.6	-7.3
Agriculture, forestry, fishing and hunting	-0.3	1.2	-23.6	2.2	5.6	-0.4	1.0	-14.3
Agriculture	—	1.4	-23.3	2.3	5.7	-0.2	1.0	-13.2
Agricultural land management	—	—	-0.7	—	—	—	—	-0.7
Agricultural water resources management	-2.4	-0.3	—	—	-0.2	—	—	-2.9
Agriculture support schemes	2.4	1.7	-22.6	2.3	5.9	-0.2	1.0	-9.6
Forestry, fishing and hunting	-0.4	-0.1	-0.2	-0.1	-0.1	-0.1	—	-1.1
Mining, manufacturing and construction	4.1	—	—	—	—	-0.2	—	3.9
Manufacturing	4.1	—	—	—	—	-0.2	—	3.9
Transport and communications	-0.3	1.3	-1.1	—	-3.1	-0.1	—	-3.3
Water transport	—	—	-0.1	—	—	-0.1	—	-0.2
Rail transport	-0.3	1.3	-1.0	—	-3.1	—	—	-3.1
Other purposes	216.7	151.9	130.4	-24.4	61.1	36.3	82.3	654.3
General purpose inter-government transactions	218.1	144.4	88.9	-29.2	61.1	36.3	82.3	601.8
Natural disaster relief	-1.4	7.5	41.5	4.9	0.1	—	—	52.5

Minus sign (—) denotes excess of repayments.

Main sources of finance

The main sources of Commonwealth government finance are taxation, income of public trading and financial enterprises and other factor income transfers, and borrowing and other financing transactions. Taxation constitutes by far the major source of revenue. In recent years, however, borrowing has become an increasingly significant source of funds.

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

Commonwealth Government taxation—summary

The following tables show Commonwealth Government taxation revenue classified by type of tax for the six years ending 1983-84, and the proportion of each type to total collections.

COMMONWEALTH GOVERNMENT—TAXES, FEES AND FINES BY TYPE
(\$ million)

Type of tax	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
Taxes, fees and fines	23,421.9	27,513.5	32,676.3	37,932.3	41,003.5	44,745.1
Taxes on income	15,930.0	18,571.2	22,373.1	26,462.7	28,045.3	29,620.1
Income taxes levied on individuals	12,791.2	15,032.7	17,532.4	21,205.0	22,942.6	24,691.5
Personal income tax	12,791.2	15,032.5	17,532.1	21,204.5	22,941.6	24,690.5
Mining withholding tax	—	0.2	0.3	0.5	1.0	0.9
Income taxes levied on enterprises	3,024.7	3,397.6	4,680.0	5,053.1	4,844.8	4,624.4
Company income tax (a)	3,018.7	3,390.0	4,668.8	5,033.3	4,819.6	4,603.2
Income tax paid by superannuation funds	6.0	7.6	11.1	19.8	25.2	21.2
Income taxes levied on non-residents	114.1	140.9	160.7	204.6	258.0	304.2
Dividend withholding tax	88.1	99.9	114.1	125.6	133.8	129.6
Interest withholding tax	26.0	41.0	46.6	79.0	124.1	174.7
Employers' payroll taxes	35.2	35.8	36.5	37.6	38.8	43.1
General taxes (payroll tax)	16.2	15.7	17.0	19.3	21.4	23.8
Selective taxes (stevedoring industry charges)	19.0	20.1	19.5	18.2	17.5	19.3
Taxes on property	104.1	72.4	44.7	36.1	70.7	231.5
Taxes on immovable property	15.0	16.5	19.2	20.9	24.5	24.5
Estate, inheritance and gift duties	83.5	48.9	17.0	4.4	1.6	3.5
Taxes on financial and capital transactions	5.6	6.9	8.4	10.8	44.6	203.6
Stamp duties	5.6	6.9	8.4	10.8	15.0	20.9
Financial institutions' transaction taxes	—	—	—	—	29.6	182.7
Taxes on provision of goods and services	7,287.6	8,734.1	10,114.4	11,240.4	12,669.5	14,649.3
General taxes (sales tax)	1,769.8	1,864.8	2,102.3	2,854.2	3,490.1	4,164.8
Excises	3,999.3	5,237.8	6,094.3	6,226.4	7,067.5	8,080.3
Excises on crude oil and LPG	1,227.0	2,270.2	3,107.9	3,163.3	3,486.0	3,664.5
425 Other Excise Act duties	2,617.7	2,695.1	2,726.1	2,830.5	3,320.1	4,081.7
Agricultural production taxes	154.6	272.5	260.2	232.6	261.4	334.2
Taxes on international trade	1,517.7	1,630.2	1,916.4	2,158.4	2,104.6	2,398.3
Customs duties on imports	1,363.0	1,538.1	1,799.5	2,059.7	2,035.6	2,329.0
Customs duties on exports	93.5	90.7	84.9	96.9	66.6	66.6
Agricultural produce export taxes	61.1	1.4	32.0	1.8	2.4	2.6
Taxes on gambling	0.8	1.2	1.5	1.4	7.4	6.0
Taxes on insurance	—	—	—	—	—	—
Taxes on use of goods and performance of activities	38.0	47.1	51.5	82.5	100.6	113.9
Motor vehicle taxes	7.9	7.8	7.8	10.6	13.6	16.7
Franchise taxes	3.1	2.2	3.0	3.5	3.5	4.3
Other taxes on use of goods etc.	27.1	37.1	40.7	68.4	83.4	92.9
Broadcast and TV station licences	14.6	18.1	21.5	30.9	40.4	48.4
Departure tax	12.0	18.4	18.7	36.1	41.7	43.2
Other taxes on use of goods etc.	—	—	—	—	—	—
n.e.i.	0.6	0.6	0.5	1.4	1.3	1.3
Fees and fines	27.0	52.9	56.3	73.1	78.5	87.2
Fees from regulatory services	22.7	48.7	52.1	65.3	70.6	77.6
Fines	4.2	4.2	4.2	7.8	7.9	9.6
(a) Excludes income taxes paid by public trading enterprises	17.8	16.5	25.9	19.4	29.1	24.9

Taxes on income

A description of the development of income taxes in Australia appeared in Year Book No. 35, page 926. With the advent of Uniform Taxation in 1942, the States withdrew from the income tax field. While the Commonwealth remains the sole government imposing taxes on income, tax sharing arrangements have been made under which State and Local Government bodies receive a share of Commonwealth revenue.

The laws dealing with the assessment and imposition of income tax at 30 June 1985 were—*Income Tax Assessment Act 1936* (later referred to as 'the Assessment Act'); Acts declaring rates of tax—*Income Tax (Rates) Act 1982*, *Income Tax (Individuals) Act 1984*, *Income Tax (Companies, Corporate Unit Trusts and Superannuation Funds) Act 1984*, *Income Tax (Non-resident Companies) Act 1978*, *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 (Mining Withholding Tax) Act 1979*, *Income Tax (Film Royalties) Act 1977*, *Income Tax (Diverted Income) Act 1981*, *Medicare Levy Act 1984* and *Income Tax Regulations*.

Both individuals and companies are liable for income tax. Private companies are subject to tax on certain 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, Belgium, the Philippines, Switzerland, Malaysia, Sweden, Denmark, Ireland, Norway, the Republic of Korea and Malta. In addition, as at 30 June 1985 a comprehensive agreement with Italy had been signed but had not entered into force. Limited agreements dealing with airline profits have been concluded with France, Italy, Greece and India.
- (c) *Taxation (Unpaid Company Tax) Assessment Act* and related legislation.
- (d) *The States (Tax Sharing and Health Grants) Act 1981*, which provides for the States and Northern Territory to receive a proportion of total Commonwealth tax collections.
- (e) *Income Tax (Arrangements with the States) Act 1978*, which enables each State to increase or reduce personal income tax levied on residents of the State.
- (f) *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.
- (g) *Diplomatic Privileges and Immunities Act 1967*, which provides for the exemption from income tax of certain income of diplomatic representatives, their staff and families.
- (h) *Consular Privileges and Immunities Act 1972*, which provides for the exemption from tax of certain income of consular representatives, their staff and families.
- (i) *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.
- (j) *Taxation (Interest on Overpayments) Act 1983*, which provides for the payment of interest on certain refunds of tax.
- (k) *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.
- (l) *Banking Act 1959* and Regulations, under which certain exchange control applications are screened to prevent avoidance and evasion of Australian taxes.
- (m) *The Crimes (Taxation Offences) Act 1980*, which established a number of criminal offences relating to the fraudulent evasion of income tax (and sales tax) by stripping companies or trusts of their capacity to pay.

- (n) *Local Government (Personal Income Tax Sharing) Act 1976*, which provides for local government bodies in the States to receive a specified proportion of net personal income tax collections.

A resident individual is required to lodge a return of income when his total income from all sources in Australia is in excess of \$4,595 in 1984-85. However, in the case of a resident minor i.e., a person under the age of 18 years at the end of the year of income, a return is to be lodged where income exceeds \$416. Except in the case of a non-resident in receipt of a taxable Australian social security or repatriation pension, allowance or benefit (in which case the position is the same as for a resident), a non-resident individual is required to lodge a return of income where his total income (other than dividends or interest on which withholding tax has been paid) from all sources in Australia is \$1 or more.

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 and in some cases by deductions from prescribed payments). 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, 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 \$1,000 or more in 1984-85 may be required to pay provisional tax in respect of that income. Provisional tax is not generally charged, however, where tax instalment (PAYE) deductions made in the previous income year exceeded 95 per cent of the net tax payable for that year and provisional tax was not imposed previously. 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. In order to account for an expected rise in provisional incomes in 1985-86, provisional tax is calculated using 1985-86 rates of tax applied to 1984-85 income increased by 11 per cent. 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 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. Taxpayers may apply to vary the amount of provisional tax imposed if his or her circumstances change during the year.

Prescribed payment system

As from 1 September 1983, a new system applies for collecting tax from certain payments for work or services not covered by the pay-as-you-earn system. In general terms, prescribed payments are payments made by contractors to sub-contractors operating within certain industries. The person who makes the payment (payer) is required to deduct the appropriate amount of tax from the payment and forward it to the Taxation Office. Where tax has been deducted from a payment, it does not represent the final tax liability of the payee, i.e., the person who receives the payment from the payer. However, a credit is allowed in the payee's income tax assessment in the same way as a credit is allowed for PAYE deductions and provisional tax.

Medicare levy

As from 1 February 1984, a Medicare levy is payable on the taxable income of Australian residents. Its introduction coincides with the implementation of the Medicare health scheme. The rate of the levy is 1% of taxable income. From 1 February 1984 to 30 June 1985 the amount of levy payable was subject of a ceiling, i.e., the maximum amount payable. For 1984-85, the ceiling was \$733.32.

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, certain foreign income where it has been taxed overseas, and income of certain Australian residents derived from personal services performed 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.

Deductions from assessable income are authorised for 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, are incurred in gaining or producing exempt income, or are of the kinds that are specifically declared to be not deductible by provisions of the Assessment Act. In addition, certain other deductions are specifically authorised by the Assessment Act.

Deductions allowable include trading losses incurred in previous years, bad debts, depreciation, gifts to various institutions and, in certain circumstances, rates and land taxes paid. Expenditure of a capital nature incurred under a contract entered into after 19 July 1982 in relation to mining operations, is eligible for deduction on a straight line basis by reference to the lesser of 10 years or the estimated life of the mine or oil field. Expenditure on mining plant may also be written off on that basis or, if the taxpayer chooses, by depreciation allowances. Exploration or prospecting expenses incurred by general (non-petroleum) mining companies are allowable as deductions against net assessable income from mining activities in the year in which the expenditure is incurred. Expenditure on exploration or prospecting for petroleum is immediately deductible against income from any source. Deductions are available for the cost of converting or replacing certain oil fired industrial equipment to other energy sources provided the expenditure is incurred before 1 July 1984 and the taxpayer contracted for the conversion or replacement, or commenced the conversion or replacement himself, before 20 May 1983.

A special loading applies to increase the depreciation rates on eligible plant. For plant contracted for on or after 1 May 1981 the loading is set at 18 per cent. New and second hand plant (excluding structural improvements and motor vehicles of a kind previously excluded from the 18 per cent loading) acquired under a contract entered into, or the construction of which by the taxpayer commenced, after 19 July 1982 is to be depreciated on a prime cost basis at a rate of either 20 per cent or 33½ per cent. The 20 per cent rate applies to eligible plant of a kind that under the previous system qualified for depreciation at a prime cost rate (including the 18 per cent loading) of 20 per cent or less, and the 33½ per cent applies where the previous prime cost rate was greater than 20 per cent. Where applicable, the investment allowance continues to be available and, in cases where the previous depreciation arrangements confer greater benefits than under the present scheme, a taxpayer is entitled to retain the previous arrangements.

Certain expenditure of a capital nature incurred before 24 August 1983 by primary producers in carrying out improvements to their land is deductible over 10 years. Capital expenditure on certain soil conservation operations is allowable in full in the income year in which the expenditure is incurred. Certain expenditure in connection with conserving or conveying water for use in a business of primary production is deductible in the year of expenditure. Expenditure incurred by a primary producer before 1 July 1986 in constructing stockyard or subdivisional fences where their construction is certified as being desirable for the eradication or control of bovine brucellosis or tuberculosis is also deductible in the year of expenditure.

Certain new items of plant and machinery acquired for use in a business of primary production are depreciable at a prime cost rate of 20 per cent, as are certain structural improvements for the storage of hay, grain or fodder. The rate applicable was increased to 33½ per cent for such property acquired or commenced to be constructed, during the period 20 July 1982 to 19 May 1983. After 19 May 1983, the rate reverted to 20 per cent.

Deductions may also be allowed in respect of expenditure on certain plant and machinery by way of an investment allowance. The allowance is available at a rate of 18 per cent on the qualifying expenditure for plant which was contracted for on or before 1 July 1985.

Deductions are also allowable for the capital cost of connecting mains electricity to a property on which a business is carried on. A 100 per cent depreciation allowance is available for the cost of certain plant used in Australia exclusively to store fuel held for use in a business as fuel or as trading stock for disposal. Special concessions involving a deduction loading and income exemption are available for capital investment in the production of certain new Australian films.

Depreciation allowances in respect of new non-residential income-producing buildings are available at the rate of 2½ per cent per annum in respect of the construction cost of eligible buildings where construction of the buildings commenced after 19 July 1982 and before 21 August 1984. Where the construction commenced after 21 August 1984 the rate is 4 per cent per annum.

Deductions are allowable for eligible capital subscriptions paid after 14 September 1983 to companies (known as MICs) that have been granted a licence under the *Management and Investment Companies Act 1983*. The deduction is allowable in the year of income in which payments are made on application for and allotment of shares, and on subsequent calls. In order to retain the full benefit of the deduction, the subscriber is required to retain ownership of the shares for a 4 year period commencing on the date on which the shares become fully paid-up or, in the case of shares that a subscriber disposes of when they are only partially paid-up, commencing on the last date on which a share subscription was paid.

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.

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, certain approved voluntary overseas aid organisations etc.

Superannuation contributions of eligible self-employed persons and employees not covered by funds to which any other person contributes for their benefit that are paid after 19 August 1980 to approved funds are deductible to a maximum \$1,200 in any one year of income. Any excess of contributions over \$1,200 falls for consideration under the superannuation provisions subject to concessional rebate (see page 000).

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 \$282.

<i>Dependant</i>	<i>Maximum rebate 1984-85</i>
	\$
Spouse or daughter-housekeeper—where there is a dependent child or student child	1,030
Spouse or daughter-housekeeper—where there is not a dependent child or student child	830
Parent or parent-in-law	749
Invalid relative	376

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 for a parent, parent-in-law or invalid relative are allowable only in respect of residents of Australia.

Where a person has a separate net income in excess of \$282 while a dependant of a taxpayer, the rebate otherwise allowable is reduced by \$1 for every complete \$4 by which the separate net income exceeds \$282, 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 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 Security Act*. Where there is a dependant child or student, the maximum rebate for 1984-85 is \$1,030, otherwise it is a maximum of \$830. A child under 16 years referred to in (b) will be classed as a dependant where the taxpayer contributes to that child's maintenance and the child's separate net income is less than \$1,786.

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 \$780 is allowable to a *sole parent* i.e., a resident single, widowed or divorced person who has the sole care of a child under 16 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 \$1,786. 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 \$2,000. The amount of the rebate for 1984-85 is 30 per cent of the excess of the total expenditure over \$2,000, 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. In the case of self-employed and 'unsupported' employees contributions that are deductible, the excess over \$1,200 not allowed as a deduction may be allowed as a rebate within the \$1,200 limit on such rebatable expenditure. 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. Where a policy taken out on or after 1 January 1973 is surrendered within 10 years of commencement, rebates or deductions allowed for premiums payable in the previous 5 years are disallowed unless the forfeiture or surrender is due to serious financial difficulties.

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 connection with a course of education undertaken by him/her 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/her 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) Ordinary Zone A: A rebate equal to the sum of \$252 and 50 per cent of rebates for dependants as a sole parent or for a housekeeper;
- (b) Ordinary Zone B: A rebate equal to the sum of \$42 and 20 per cent of those rebates;
- (c) Special Zone A: A rebate equal to the sum of \$875 and 50 per cent of those rebates; and
- (d) Special Zone B: A rebate equal to the sum of \$875 and 20 per cent of those rebates.

The special zone rebate is available to a taxpayer residing or spending the required period in a zone area but at a place in excess of 250 kilometres by the shortest practicable surface route from the centre of a population centre of 2,500 or more (based on 1976 census data).

As from 1 May 1984, a remote area allowance is paid to certain social security and repatriation pensioners living in Zone A (including Special Zone A) and it is exempt from income tax. To ensure that the sum of the non-taxable remote area allowance and the income tax zone rebate received by a person in an income year does not exceed the amount which that person would receive if entitled to only one of the benefits, the allowance is to be deductible from the maximum claimable value of any income tax zone rebate to which the recipient would otherwise be entitled.

The rebates for dependants, as a sole parent or for a housekeeper that may be the subject of a percentage increment to the basic zone allowance, are:

		1984-85	
			\$
Sole parent			780
Housekeeper	(a)	830	
Spouse, daughter-housekeeper	(a)	830	
Parent or parent-in-law		749	
One child under 16 years, not being a student		376	(b)
Each other child under 16 years, not being a student		282	
Student		376	
Invalid relative		376	

(a) Where there is a dependent child under 16 or a student child under 25, the maximum rebate will be \$1,030. (b) Where one of these persons has a separate net income in excess of \$282 while a dependant of a taxpayer, the amount to be taken into account is reduced by \$1 for every complete \$4 by which that income exceeds \$282, 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 are allowable only in respect of resident dependants.

'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 Ordinary Zone A rebate. Where the period is less than one-half of the year of income, a proportionate part of the Ordinary Zone A rebate is allowable.

Unused leave rebate. Where a taxpayer's taxable income exceeds \$19,500 and includes lump sum payments in consequence of termination of employment or retirement for unused annual leave or unused long service leave attributable to service after 15 August 1978 or both, a rebate is allowable to limit the marginal rate on such payments to the standard rate of 30 per cent.

Lump sum superannuation and kindred payments rebate. Lump sum superannuation and kindred payments received after 30 June 1983, for services rendered after that date, are included in assessable income in full. Where a person is aged 55 or more, the first \$50,000 of such lump sums is taxed at a rate no greater than 15 per cent and the remainder is taxed at 30 per cent. For such lump sums received by a person aged less than 55, a maximum rate of tax of 30 per cent applies. The part of a lump sum comprising a person's own contributions after 30 June 1983 for which no tax deduction has been allowed is not subject to tax. Special arrangements apply to bona fide redundancy payments, approved early retirement scheme payments and invalidity payments. Lump sums are also free of tax where they are transferred into another superannuation fund or an approved deposit fund or are used to purchase an annuity.

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 27 cent for each \$1 of amounts paid on shares after 30 April 1981 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 moneys will be, or have been, spent on outgoings for exploration for petroleum and the development of petroleum fields. It is also conditional upon the company forgoing any right to a deduction under Division 10AA for the expenditure.

Pensioner Rebate. A limited rebate is allowable for taxpayers in receipt of an Australian social security or repatriation pension on which Australian income tax is payable. The maximum rebate of \$250 for 1984-85 means that no tax will be payable on taxable income up to \$5,428. The rebate is gradually reduced where taxable income exceeds \$5,428 until it fully shades out at a taxable income of \$7,428 for 1984-85.

Beneficiary Rebate. A rebate is allowable for taxpayers in receipt of Australian social security unemployment, sickness or special benefit. The maximum rebate for a married taxpayer for the 1984-85 year is \$75 when the taxable income does not exceed \$7,990. The rebate is reduced by 12.5c for every dollar by which the taxable income exceeds \$7,990. For an unmarried taxpayer the maximum rebate allowable for the 1984-85 year is \$50 when the taxable income does not exceed \$4,783. The rebate is reduced by 12.5c for every dollar by which the taxable income exceeds \$4,783.

Home Loan Interest Rebate. A rebate was available in 1984-85 to home owners who first occupied a dwelling as their sole or principal residence in Australia on or after 1 July 1979 and on or before 30 September 1983. Taxpayers who contracted to acquire or build or commence to build, on or before 30 September 1983, were brought within the scheme even though they occupied the dwelling after 30 September 1983. (This transitional measure to extend entry into the scheme protects those first home buyers who are not eligible for assistance under a New Cash Subsidy Scheme for First Home Owners.)

Entitlement to a rebate is subject to an income test. The income test applies in such a way that benefits will be available in full to taxpayers whose 'family incomes' in the 1982-83 income year are \$24,300 or less, shading out proportionately for family incomes up to \$27,900. No rebate is available where a taxpayer's family income in 1982-83 was \$27,900 or greater.

The rebate is 30 per cent of qualifying interest subject to an upper limit of \$500 in the first full year of occupancy, reducing by \$100 per year during the following four years. The upper limit is increased by \$200 where the dwelling is also the home of a dependent child or dependent student child of the taxpayer.

Averaging rebate—see Income of Primary Producers.

Government loan interest rebate. 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, be 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.

Effective exemption from tax

For the income 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 and 1979-80 no tax was payable unless taxable income exceeded \$3,893 and for 1980-81 no tax was payable unless taxable income exceeded \$4,041 (except in the case of certain minors). For 1981-82 no tax was payable unless taxable income exceeded \$4,195 (except in the case of certain minors). In 1982-83 (except for certain minors) no tax was payable unless taxable income exceeded \$4,462 in the case of a resident taxpayer or \$585 in the case of most non-resident taxpayers. For 1983-84 and 1984-85 (except for certain minors) no tax is payable unless taxable income exceeds \$4,595 in the case of a resident taxpayer; for most non-residents, tax is payable where taxable income is \$1 or more. The effect of deductions or rebates for dependants was to exempt resident taxpayers up to the incomes shown in the following table.

RESIDENT TAXPAYERS: EFFECTIVE EXEMPTIONS FROM INCOME TAX

(\$)

Income years ended June—	Taxpayer with—			
	No dependants	Wife	Wife and one child	Sole parent
1980	3,893	5,698	5,698	5,153
1981	4,041	6,541	6,541	5,787
1982	4,195	6,788	6,788	6,007
1983	4,462	7,168	7,601	6,786
1984	4,595	7,361	8,028	7,195
1985	4,595	7,708	8,457	7,520

Rates of tax—individuals

The rates of tax on taxable incomes derived by both resident and non-resident individuals during the year ending 30 June 1985 (or substituted accounting period) are set out below. As from 17 August 1982 the tax-free threshold was withdrawn from non-resident taxpayers, other than those in receipt of taxable Australian social security and repatriation pensions.

GENERAL RATES OF TAX—RESIDENT INDIVIDUALS
1984-85 FINANCIAL YEAR, 1984-85 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	4 595	Nil
4 595	12 500	Nil + 26.67c for each dollar in excess of \$4 595.
12 500	19 500	2 108.26 + 30c for each dollar in excess of \$12 500.
19 500	28 000	4 208.26 + 46c for each dollar in excess of \$19 500.
28 000	35 000	8 118.26 + 47.33c for each dollar in excess of \$28 000.
35 000	35 788	11 431.36 + 55.33c for each dollar in excess of \$35 000.
35 788		11 867.36 + 60c for each dollar in excess of \$35 788.

GENERAL RATES OF TAX—NON-RESIDENT INDIVIDUALS
1984-85 FINANCIAL YEAR, 1984-85 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	19 500	30c for each dollar
19 500	28 000	5 850 + 46c for each dollar in excess of \$19 500
28 000	35 000	9 760 + 47.33c for each dollar in excess of \$28 000.
35 000	35 788	13 073.10 + 55.33c for each dollar in excess of \$35 000.
35 788		13 509.10 + 60c for each dollar in excess of \$35 788.

Rates of income tax for years prior to 1984-85 may be obtained by reference to previous Year Books as indicated in the table below.

<i>Income Year</i>	<i>Published in Year Book</i>	
	<i>Number</i>	<i>Page</i>
1954-55 to 1973-74	60	590
1974-75 and 1975-76	61	586
1976-77 and 1977-78	62	593
1978-79	63	529
1979-80	64	604
1980-81	65	567
1981-82	66	575
1982-83	67	613
1983-84	68	510

Income of Certain Minors

Special provisions in Division 6AA of the Assessment Act may apply to income, whether derived directly or through a trust, of a minor—a person who is under the age of 18 years at the end of the year of income. A minimum rate of tax equal to 46 per cent in 1984-85 is imposed on the eligible income of resident minors (subject to shading-in arrangements) where the income exceeds \$416. For the 1984-85 year, tax is payable by a non-resident minor on all eligible taxable income. Where eligible income does not exceed \$416, it is taxed at the rate of 30 per cent, except where the ordinary rate applicable to the eligible taxable income is greater. Subject to shading-in arrangements the eligible taxable income of a non-resident minor in excess of \$416, is subject to a minimum rate of tax of 46 per cent.

Abnormal 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.

Income of Primary Producers

A modified averaging system applied in 1983-84 and subsequent income years. Under the new arrangements taxpayers pay tax on taxable income from primary production at the average rate of tax (the rate of tax obtained by applying ordinary tax rates to the average of taxable incomes of the current year and, as a general rule, each of the previous four years in which the taxpayer was engaged in primary production) regardless of whether the application of the averaging system in a particular year is of benefit to the taxpayer in that year. An election is available for a primary producer to permanently opt out of the averaging system, and to thereafter pay tax calculated at ordinary rates.

A special averaging rebate is allowed to be subtracted from ordinary tax where a primary producer's taxable income exceeds the average income. Complementary tax is payable when the taxpayer's average income is greater than his or her taxable income to bring the tax on primary production income up to the level of tax at average rates.

Income tax payable on specified incomes at general rates

The following table shows, for the income years 1979-80 to 1984-85, the actual income tax payable by resident taxpayers with various incomes and numbers of dependants.

**COMMONWEALTH INCOME TAX PAYABLE ON SPECIFIED RESIDENT INDIVIDUAL INCOMES
1979-80 TO 1984-85 INCOME YEARS**

(\$)						
Net Income (a)	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
TAXPAYER WITH NO DEPENDANTS						
\$						
3,000 . . . . .	..	..	..	..	..	..
5,000	366.08	306.88	257.60	165.00	121.50	108.01
7,000	1,027.48	946.88	897.60	778.40	721.50	641.41
10,000	2,019.58	1,906.88	1,857.60	1,698.50	1,621.50	1,441.51
15,000	3,673.08	3,506.88	3,457.60	3,232.00	3,121.50	2,858.26
20,000	5,801.46	5,493.42	5,352.44	4,916.99	4,701.50	4,438.26
TAXPAYER WITH DEPENDANT WIFE						
3,000 . . . . .	..	..	..	..	..	..
5,000 . . . . .	..	..	..	..	..	..
7,000	430.48	146.88	67.60	..	..	..
10,000	1,422.58	1,106.88	1,027.60	868.50	791.50	611.51
15,000	3,076.08	2,706.88	2,627.60	2,402.00	2,291.50	2,028.26
20,000	5,204.46	4,693.42	4,522.44	4,086.99	3,871.50	3,608.26

(a) Income remaining after allowing all deductions other than concessional deductions.

Income tax assessments—Individuals

The following tables show for the 1982-83 income year the number of taxpayers, taxable income, and net income tax assessed for individuals.

**COMMONWEALTH INCOME TAX ASSESSMENTS (a): TAXABLE INDIVIDUALS BY GRADE OF
TAXABLE INCOME**

		<i>Number of Taxpayers</i>			<i>Net income (b)</i>	<i>Taxable income (c)</i>	<i>Net tax</i>
<i>Grade of taxable income</i>		<i>Males</i>	<i>Females</i>	<i>Total</i>			
\$	\$				\$'000	\$'000	\$'000
Under 4,463		4,682	3,884	8,566	17,597	17,239	3,672
4,463- 4,999		44,922	72,025	116,947	570,630	554,079	9,187
		49,604	75,909	125,513	588,227	571,318	12,859
5,000- 5,999		143,559	219,108	362,667	2,041,261	1,994,485	88,789
		193,163	295,017	488,180	2,629,488	2,565,803	101,648
6,000- 6,999		137,094	181,326	318,420	2,120,119	2,065,920	171,901
		330,257	476,343	806,600	4,749,607	4,631,723	273,549
7,000- 7,999		135,605	166,677	302,282	2,329,387	2,267,584	241,782
		465,862	643,020	1,108,882	7,078,994	6,899,308	515,331
8,000- 8,999		138,568	154,438	293,006	2,555,890	2,488,798	310,064
		604,430	797,458	1,401,888	9,634,884	9,388,106	825,395
9,000- 9,999		136,102	146,049	282,151	2,755,620	2,680,008	381,112

COMMONWEALTH INCOME TAX ASSESSMENTS (a): TAXABLE INDIVIDUALS BY GRADE OF TAXABLE INCOME—continued

(Income derived in the year 1982-83)

Grade of taxable income	Number of Taxpayers			Net income (b)	Taxable income (c)	Net tax
	Males	Females	Total			
	740,532	943,507	1,684,039	12,390,504	12,068,114	1,206,507
10,000-10,999	138,331	146,714	285,045	3,077,277	2,993,177	469,034
	878,863	1,090,221	1,969,084	15,467,781	15,061,291	1,675,541
11,000-11,999	144,814	150,750	295,564	3,496,573	3,401,210	572,430
	1,023,677	1,240,971	2,264,648	18,964,353	18,462,501	2,247,971
12,000-12,999	169,223	165,576	334,799	4,299,225	4,188,230	744,004
	1,192,900	1,406,547	2,599,447	23,263,579	22,650,731	2,991,975
13,000-13,999	196,525	167,561	364,086	5,040,113	4,914,923	907,175
	1,389,425	1,574,108	2,963,533	28,303,692	27,565,654	3,899,150
14,000-14,999	209,892	141,436	351,328	5,225,517	5,092,215	967,014
	1,599,317	1,715,544	3,314,861	33,529,210	32,657,869	4,866,164
15,000-15,999	215,186	119,019	334,205	5,318,743	5,178,377	1,009,803
	1,814,503	1,834,563	3,649,066	38,847,953	37,836,246	5,875,967
16,000-16,999	213,270	93,853	307,123	5,207,703	5,065,096	1,010,271
	2,027,773	1,928,416	3,956,189	44,055,656	42,901,342	6,886,238
17,000-17,999	204,336	77,307	281,643	5,064,857	4,926,882	1,005,955
	2,232,109	2,005,723	4,237,832	49,120,513	47,828,224	7,892,193
18,000-18,999	186,685	60,225	246,910	4,692,773	4,564,653	953,817
	2,418,794	2,065,948	4,484,742	53,813,286	52,392,877	8,846,011
19,000-19,999	168,831	52,955	221,786	4,443,532	4,322,195	931,677
	2,587,625	2,118,903	4,706,528	58,256,819	56,715,073	9,777,688
20,000-21,999	278,294	76,622	354,916	7,647,931	7,435,363	1,701,288
	2,865,919	2,195,525	5,061,444	65,904,750	64,150,436	11,478,976
22,000-23,999	214,669	52,266	266,935	6,303,336	6,126,224	1,508,230
	3,080,588	2,247,791	5,328,379	72,208,086	70,276,659	12,987,205
24,000-25,999	168,020	32,674	200,694	5,150,747	5,007,442	1,307,257
	3,248,608	2,280,465	5,529,073	77,358,833	75,284,102	14,294,462
26,000-27,999	126,200	21,395	147,595	4,092,017	3,976,982	1,090,400
	3,374,808	2,301,860	5,676,668	81,450,850	79,261,084	15,384,862
28,000-29,999	92,770	13,630	106,400	3,169,586	3,078,935	880,156
	3,467,578	2,315,490	5,783,068	84,620,436	82,340,019	16,265,018
30,000-34,999	135,519	19,694	155,213	5,149,680	4,997,569	1,513,167
	3,603,097	2,335,184	5,938,281	89,770,116	87,337,587	17,778,185
35,000-39,999	65,070	13,048	78,118	2,980,081	2,892,454	948,950
	3,668,167	2,348,232	6,016,399	92,750,198	90,230,042	18,727,136
40,000-49,999	45,004	6,813	51,817	2,356,328	2,280,208	840,024
	3,713,171	2,355,045	6,068,216	95,106,526	92,510,250	19,567,160
50,000-99,999	27,227	5,210	32,437	2,117,802	2,046,951	895,217
	3,740,398	2,360,255	6,100,653	97,224,328	94,557,201	20,462,377
100,000 and over	3,383	842	4,225	688,794	667,499	358,033
Total	3,743,781	2,361,097	6,104,878	97,913,122	95,224,701	20,820,410

For footnotes see end of Table.

(a) Assessments in respect of 1982-83 income year issued during the period 1 July 1983 to 30 June 1984. (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.

The above table excludes details of assessments raised to trustees. However, the following table includes all 1982-83 income year assessments issued during the period 1 July 1983 to 30 June 1984.

COMMONWEALTH INCOME TAX ASSESSMENTS: TAXABLE INDIVIDUALS BY STATE OR TERRITORY OF RESIDENCE

(Income derived in the year 1982-83)

<i>State or Territory of Residence</i>	<i>Number of taxpayers</i>	<i>Taxable income(a)</i>	<i>Net tax</i>
		\$'000	\$'000
New South Wales	2,135,078	33,923,315	7,570,779
Victoria	1,682,405	26,198,735	5,782,329
Queensland	905,141	13,604,001	2,894,573
South Australia	543,398	8,045,997	1,685,674
Western Australia	552,726	8,553,368	1,842,129
Tasmania	167,925	2,492,031	517,960
Northern Territory(b)	45,025	815,151	179,424
Australian Capital Territory	106,901	2,012,940	502,002
Australia	6,138,599	95,645,536	20,974,870

(a) Taxable income on the income remaining deducting from assessable income all allowable deductions. (b) Assessments issued from South Australian Office.

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 tables show for the 1981-82 and 1982-83 income years 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.

PARTNERSHIPS AND TRUSTS—INCOME YEAR 1982-83(a)

<i>Item</i>	<i>Partnerships</i>	<i>Trusts</i>	<i>Total</i>
Number	456,824	258,846	715,670
Total business income \$'000	19,797,726	13,238,706	33,036,432
Net income (b) \$'000	4,391,697	2,681,603	7,073,301

(a) Assessments issued during the period 1 July 1982 to 30 September 1983. (b) Total net income adjusted by subtraction of loss.

PARTNERSHIPS AND TRUSTS—INCOME YEAR 1981-82 (a)

<i>Item</i>	<i>Partnerships</i>	<i>Trusts</i>	<i>Total</i>
Number	558,879	275,148	834,027
Total business income \$'000	25,045,883	12,758,340	37,804,223
Net income (b) \$'000	6,020,863	3,036,853	9,057,716

(a) Assessments issued during the period 1 July 1983 to 30 September 1984. (b) Total net income adjusted by subtraction of loss.

Taxes on income—companies

For taxation purposes companies are divided into two main groups—public and private. A company is regarded as a public company if, broadly, its shares are on the official list of a stock exchange—in Australia or elsewhere and it is not capable of being controlled by relatively few individuals—or it is a co-operative, non-profit or mutual life insurance company or a Government body established for public purposes. A subsidiary of a public company is itself classed as a public company, subject to its meeting certain tests specified in the Income Tax Assessment Act. A company that is not a 'public' company is classified as a 'private' company. Both public and private companies pay primary tax assessed on a taxable income ascertained on the same principles as for individuals.

Rates of tax. The rates of primary income tax for all companies and additional tax for private companies applicable to income years 1970-71 to 1983-84 are shown in the following table.

RATES OF INCOME TAX COMPANIES, 1970-71 TO 1983-84 INCOME YEARS
(Cents per \$)

Income years ended 30 June	Resident private company			Resident public company (a)		Non resident company			
				On taxable income		On dividends income		On other income	
	On taxable income	Additional tax on un- distributed income		Up to \$10,000	On re- mainder	Up to \$10,000	On re- mainder	Up to \$10,000	On re- mainder
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 1984	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 to 1982 the rates were 46 per cent and 41 per cent respectively. Commencing with incomes derived during the 1982-83 financial year, friendly society dispensaries are taxed in the same way as other non-profit companies.

A non-profit company is not liable to income tax unless the taxable income exceeds \$416. Where the taxable income of a non-profit company 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.

Non-resident companies are also liable to additional tax at the rate of 5 per cent of the company's reduced taxable income. Reduced taxable income means the amount remaining after deducting from taxable income net dividends included in assessable income and certain amounts relating to overseas ships, film royalties, insurance premiums and reinsurance income.

Details in respect of company income tax assessments for the 1981-82 income year are shown in the following table.

COMMONWEALTH INCOME TAX ASSESSMENTS: RESIDENT AND NON-RESIDENT COMPANIES
BY
GRADE OF INCOME AND OFFICE OF ASSESSMENT
(Income derived in the year 1981-82)

Grades of taxable income(a) (\$) and office of assessment	Taxable			Non-taxable		
	Companies	Taxable income(a)	Net income tax assessed(b)	Companies	Taxable income (a) (c)	Loss(d)
	No.	\$'000	\$'000	No.	\$'000	\$'000
Loss for year . . . . .	..	..	..	83,440	..	1,819,835
Nil . . . . .	..	..	..	57,432	..	..
1- 1,999	33,650	16,633	7,225	3,356	2,422	..
2,000- 9,999	18,115	93,273	38,806	4,026	21,108	..
10,000- 19,999	8,518	122,940	49,841	1,863	26,455	..
20,000- 39,999	7,337	208,591	84,110	1,333	37,728	..
40,000- 99,999	6,983	443,248	179,090	969	60,161	..
100,000- 199,999	3,353	471,340	193,927	320	44,074	..
200,000- 399,999	2,130	603,114	245,478	175	47,908	..
400,000- 999,999	1,639	1,020,814	399,665	102	62,222	..
1,000,000-1,999,999	777	1,101,697	407,215	44	60,844	..
2,000,000 and over	940	9,183,404	3,062,226	52	305,977	..
Total	83,442	13,265,054	4,667,583	153,112	668,899	1,819,835
New South Wales	42,524	5,058,319	1,709,334	77,186	382,988	890,710
Victoria	18,737	5,922,102	2,074,080	32,338	171,626	487,834
Queensland	7,941	1,132,396	460,413	11,579	32,225	124,828
South Australia	6,396	461,941	162,015	13,562	32,138	104,048
Western Australia	4,542	516,111	206,349	10,930	31,512	140,479
Tasmania	1,107	80,044	27,860	2,785	4,098	38,457
Northern Territory	459	15,331	6,796	1,020	571	15,864
Australian Capital Territory	1,736	78,809	20,736	3,712	13,741	17,576
Total	83,442	13,265,054	4,667,583	153,112	668,899	1,819,835

(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.

COMMONWEALTH INCOME TAXES COLLECTED: COLLECTION YEARS 1978-79 TO 1983-84

Source of income tax	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
NET AMOUNTS COLLECTED (\$'000)						
Individuals—						
Instalments—salaries and wages	10,397,606	12,160,308	14,120,691	17,417,317	18,840,314	19,940,085
Other payments	2,406,212	2,879,787	3,422,561	3,806,998	4,126,459	4,521,096
Companies	3,036,520	3,406,479	4,694,691	5,052,697	4,828,547	4,563,382
Withholding tax	114,069	141,130	160,965	205,098	258,985	305,168
Prescribed payments system . . . . .	..	..	..	..	..	250,513
Total	15,954,407	18,587,704	22,398,908	26,482,110	28,054,305	29,580,245
PERCENTAGES						
Individuals—						
Instalments—salaries and wages	65.17	65.42	63.04	65.77	67.16	67.41
Other payments	15.08	15.49	15.28	14.38	14.71	15.28
Companies	19.03	18.33	20.96	19.08	17.2	15.43
Withholding tax	0.72	0.76	0.72	0.77	0.92	1.03
Prescribed payments system . . . . .	..	..	..	..	..	0.85
Total	100.00	100.00	100.00	100.00	100.00	100.00

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 and superannuation funds during the collection years 1978-79 to 1983-84 were: 1978-79, \$1,407,257,000; 1979-80, \$1,478,387,000; 1980-81, \$1,560,519,000; 1981-82, \$1,850,765,000; 1982-83, \$2,528,477,000 and 1983-84, \$2,997,005,000.

Estate duty

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

Additional information concerning a rural property rebate and higher exemption levels for primary producers, special exemptions for defence personnel and a quick succession rebate is given in Year Book No. 63, page 534.

The rates of duty remained unchanged from 1941 and increased as the value of the estate for duty increased, as follows: not exceeding \$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 are given in the following table.

COMMONWEALTH ESTATE DUTY ASSESSMENTS

		1979-80	1980-81	1981-82	1982-83	1983-84
Estates	No.	6,449	1,767	218	110	69
Gross value as assessed	\$'000	n.a.	n.a.	n.a.	n.a.	n.a.
Deductions(a)	"	n.a.	n.a.	n.a.	n.a.	n.a.
Statutory exemptions	"	n.a.	n.a.	n.a.	n.a.	n.a.
Dutiable value	"	n.a.	n.a.	n.a.	n.a.	n.a.
Net duty assessed	"	41,434	10,434	1,984	1,907	593
Average dutiable value	\$	n.a.	n.a.	n.a.	n.a.	n.a.
Average duty assessed per estate.	\$	6,425	5,905	9,100	17,336	8,594

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

Gift duty

Prior to 1 July 1979 the *Gift Duty Act 1941* and the *Gift Duty Assessment Act 1941* imposed a gift duty on gifts which were defined as dispositions of property made otherwise than by will, without adequate consideration in money or money's worth. Both the donor and the donee were liable to furnish a return, and both were jointly and severally liable for payment of the duty. However, if a return was 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 were not subject to duty. Gift duty is not levied on any gifts made after 1 July 1979.

Certain exemptions from duty were 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 was 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 did not exceed \$10,000 no duty was payable. The rates of duty that applied to 30 June 1979 were (a) \$10,001 to \$20,000, 3 per cent provided that the gift duty payable did not exceed one half of the amount by which the gift exceeded \$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.

COMMONWEALTH GIFT DUTY ASSESSMENTS

		1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
Assessments.	No.	995	875	233	27	108	415
Value as assessed	\$'000	95,738	n.a.	n.a.	n.a.	n.a.	n.a.
Duty assessed	"	22,032	4,985	311	150	452	2,144

Customs duties

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

GROSS CUSTOMS DUTIES ON IMPORTS ACCORDING TO BRUSSELS TARIFF DIVISIONS
(\$'000)

<i>Brussels Tariff Division</i>	<i>Source of Receipts</i>	<i>1982-83</i>	<i>1983-84</i>	<i>1984-85</i>
1	Live animals; animal products	1,409	1,708	1,492
2	Vegetable products.	3,092	5,603	4,984
3	Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes	3,234	3,124	2,486
4	Prepared foodstuffs; beverages, spirits and vinegar; tobacco	287,460	301,807	351,474
5	Mineral Products	5,743	18,798	27,221
6	Products of the chemical industry and allied industries	59,665	71,607	80,564
7	Artificial resins and plastic materials, cellulose esters and ethers, and articles thereof; rubber, synthetic rubbers, factice and articles thereof.	111,097	138,611	172,748
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).	14,839	19,680	24,698
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	20,464	24,184	33,207
10	Paper-making material; paper and paperboard and articles thereof	48,716	60,378	76,654
11	Textiles and textile articles	236,610	271,460	331,717
12	Footwear, headgear, umbrellas, sunshades, whips, riding-crops and parts therefor; prepared feathers and articles made therewith; artificial flowers; articles of human hair; fans	60,339	76,962	92,786
13	Articles of stone, of plaster, of cement, of asbestos, of mica and of similar materials; ceramic products; glass and glassware.	40,333	45,669	57,789
14	Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery; coin.	10,700	11,151	13,314
15	Base metals and articles of base metal	119,385	120,495	154,620
16	Machinery and mechanical appliances; electrical equipment; parts therefor	439,312	477,796	596,677
17	Vehicles, aircraft, and parts therefor; vessels and certain associated transport equipment	465,701	571,183	771,855
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	62,613	75,662	79,494
19	Arms and ammunition; parts therefor	675	736	1,103
20	Miscellaneous manufactured articles	72,556	81,639	49,747
21	Works of art, collectors' pieces and antiques	1,990	3,217	3,703
22	Primage	90	1	—
Total customs duties and primage		2,066,023	2,381,468	2,978,333

The *net* receipts of custom duties into consolidated revenue fund for these years are 1982-83, \$1,986,033,000; and 1983-84, \$2,298,768,000.

Customs duties on imports as recorded in the Financial Statements prepared by the Minister for Finance for these years are: 1982-83, \$2,035,662,743; 1983-84, \$2,328,996,429; and 1984-85, \$2,986,511,898.

Excise duties

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

COMMONWEALTH EXCISE REVENUE: CLASSIFICATION OF GROSS REVENUE
(S'000)

Source of revenue	1981-82	1982-83	1983-84	1984-85
Beer	1,005,866	1,090,761	1,155,200	1,177,461
Spirits, including liqueurs, etc.	119,606	112,649	116,335	122,712
Tobacco (manufactured), snuff	19,737	22,328	28,860	30,866
Cigars and cigarettes	706,883	773,711	829,541	862,638
Aviation gasoline—for use in aircraft	5,236	4,683	8,091	9,123
Aviation gasoline—other	—	873	—	—
Other gasoline	776,914	897,421	1,315,770	1,457,324
Aviation turbine kerosene	50,088	48,016	77,377	86,788
Kerosene, n.s.a. heating, fuel oil	84	52	33,106	36,184
Automotive, industrial and marine diesel fuel	130,747	412,650	691,022	775,138
Gasoline—commercial motor spirit/ethanol blends	21	1	—	—
Playing cards	86	n.p.	—	—
Cigarette tubes, paper and papers	695	n.p.	—	—
Matches	1,365	n.p.	—	—
Petroleum and liquid petroleum gas (excise item 17)	3,274,043	3,518,000	3,686,527	3,739,270
Coal	13,012	23,599	25,130	28,272
Other and undistributed excise revenue	85	1,861	349	4
<i>Total Gross Excise Duties</i>	<i>6,104,467</i>	<i>6,906,605</i>	<i>7,967,306</i>	<i>8,325,781</i>
Total Gross Customs, Primage and Excise Duties	8,209,187	8,972,628	10,348,774	11,304,115
Total Customs, Primage and Excise Refunds and Drawbacks	82,820	99,947	284,345	310,855

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* receipts into consolidated revenue fund for these years are: \$6,100,476,000; 1981-82, \$6,886,648,000; and 1983-84, \$7,927,276,000. The quantities of commodities on which excise duty was paid are given in chapter 24, Foreign Transactions, page 615. Commonwealth excise received, as recorded in the Financial Statement prepared by the Minister for Finance during these years, are: 1982-83, \$6,806,654,140; 1983-84, \$7,733,367,606; and 1984-85, \$8,553,940,908.

Sales tax

The *Sales Tax (Exemptions and Classifications) Act 1935* contains schedules specifying the classes of goods exempt from tax and those which are taxable at the rates of 10%, 20% and 30%. Goods not specified in any of the schedules are taxable at the general rate of 20%. Prior to 20 September 1985 the special rates were 7.5%, 10%, 20% and 32.5%.

Particulars of the sales of taxable goods in each rate class included in returns lodged at each office during the financial year 1982-83 are given in the following table.

**SALE VALUE OF TAXABLE GOODS INCLUDED IN RETURNS IN EACH RATE CLASS BY OFFICE
1982-83**

Office	<i>Gross sales of goods taxable at various rates</i>				
	5%-7½%	17½%-20	30%-32½%	Other (a)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Sydney	975,330	3,810,500	910,698	300,591	5,997,119
Parramatta	503,816	1,418,000	287,826	52,284	2,261,926
Melbourne	1,354,506	4,409,206	418,451	202,588	6,384,750
Brisbane	354,454	1,654,727	77,031	76,462	2,162,674
Perth	180,040	844,998	42,274	53,490	1,120,801
Adelaide	342,587	863,535	44,665	59,645	1,310,431
Hobart	30,399	173,051	8,309	4,000	215,759
Northern Territory	4,624	44,591	1,751	1,817	52,783
Canberra	5,419	57,632	2,818	2,963	68,832
Australia	3,751,175	13,276,240	1,793,823	753,839	19,575,077

(a) These amounts are inflated due to difficulties encountered in altering reporting procedures following changes in the rates of sales tax in 1982-83 Budget. A corresponding decrease is reflected in the amounts in each of the specific tax rates.

The following table summarises the principal sales tax statistics for each of the financial years 1973-74 to 1983-84.

**SALE VALUE OF TAXABLE GOODS INCLUDED IN SALES TAX RETURNS AND
COLLECTIONS BY TAXATION OFFICE AND AUSTRALIAN CUSTOMS SERVICE**

Financial years 1974-75 to 1983-84

Financial year	Gross taxable sales	<i>Net collections</i>		Total
		Taxation Office	Australian Customs Service	
	\$'000	\$'000	\$'000	\$'000
1974-75	7,739,267†	1,103,329	50,961	1,154,290
1975-76	9,043,620†	1,359,744	48,562	1,408,306
1976-77	10,752,372†	1,588,898	61,420	1,650,318
1977-78	10,841,230†	1,694,823	62,940	1,757,763
1978-79	12,563,835†	1,698,859	71,033	1,769,892
1979-80	13,825,734†	1,786,808	78,033	1,864,841
1980-81	15,712,667	2,014,514	87,776	2,102,290
1981-82	18,297,050	2,730,965	123,301	2,854,266
1982-83	19,575,077	3,331,732	158,415	3,490,148
1983-84	22,680,569	3,974,810	189,948	4,164,758

† Estimated

Sales tax is payable on goods transferred to stock for sale by retail 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 rates of charges and levies on primary production as at 30 June 1985. Further information is given in Chapter 13, *Agricultural Industries*. Expenditure on research funded from industry levies is usually matched dollar for dollar by the Commonwealth Government.

Export Inspection Charges. A charge is imposed on products exported from Australia, or in certain cases for which an export permit has been issued. The Live-stock Slaughter—Export Inspection Charge is imposed on live-stock slaughtered at export works. The aim of imposing these charges is to recoup about half of the cost of providing export inspection services on the slaughter floor. The charges imposed are as follows:

<i>Class of live-stock</i>	<i>Rate of Charge per head</i>
	\$
Cattle where the dressed weight of each carcase exceeds 90 kilograms	2.55
Cattle where the dressed weight of each carcase exceeds 40 kilograms but does not exceed 90 kilograms	0.85
Cattle where the dressed weight of each carcase does not exceed 40 kilograms	0.255
Sheep.	0.255
Goats.	0.255
Pigs	0.85
Horses, donkeys and mules	0.25

On 1 December 1984 the charges for inspection of export registered meat establishments was subdivided into 2 parts. The slaughter charge recoups part of the cost of inspection on the slaughter floor while the new Meat Export Charge recoups the cost of inspection of meat from slaughter to shipside. The rate of the Export Charge at 30 June 1985 was 2.4 cents per kilogram.

Animal Export Inspection Charges. Export inspection charges for live animals were introduced on 1 July 1983. Charges are made under the *Quarantine Act 1908* to recover a proportion of the cost to the Commonwealth of inspection of animals for export for which a certificate of health is issued. Charges, which vary according to the type of animal exported, made by Ministerial Determination under the *Quarantine Act 1908* and which are published in the Commonwealth Gazette.

Dairy Products—Export Inspection Charge. Under the *Dairy Products (Export Inspection Charge) Act 1982*. The rates are:

<i>Category</i>	<i>Rate per tonne</i>
	\$
Butter packed in bulk or pat form	1.16
Butter packed otherwise than in bulk or pat form	1.16
Butterfat products other than butter.	1.64
Cheese packed in bulk	2.57
Cheese packed otherwise than in bulk	2.57
Concentrated, condensed and dried milk	1.97
All other dairy products	1.97

Dried Fruit—Export Inspection Charge. Under the *Dried Fruit (Export Inspection Charge) Act 1981*, a charge is imposed on all dried fruit exported from Australia to recoup about half the cost of export inspection incurred by the Commonwealth Government. The operative charge is \$4.80 per tonne.

Eggs—Export Inspection Charge. Imposed under the *Eggs (Export Inspection Charge) Act 1982*. The rates are \$10.00 per 1,000 dozen eggs in shell and \$16.00 per tonne of eggs other than in shell.

Fish—Export Inspection Charge. Under the *Fish (Export Inspection Charge) Act 1981*, a charge is imposed on fish for which an export permit has been issued. The charges are:

- Rock lobster—4.7 cents per kilogram
- All other shellfish except oysters, squid, cuttlefish and octopus—5.1 cents per kilogram
- All other fish except oysters in the shell or half shell—1.2 cents per kilogram
- Oysters in the shell or half shell—13 cents per dozen
- Oysters not in shell—4.4 cents per kilogram
- Squid, cuttlefish and octopus—3.6 cents per kilogram.

Grain Export Inspection Charge. Under the *Grain (Export Inspection Charge) Act 1979* imposed on exports of wheat, oats, barley and sorghum. The charge is 9.7c per tonne on bulk grain, 21.0c per tonne bagged grain and 72c per tonne for grain in containers.

Other charges

Export Inspection—Overtime Recoveries—Meat. Under the *Export Control Act 1982*, a charge at the rate prescribed in the Meat Orders is imposed on export meat-works to recover fully the cost of providing export meat inspection services outside normal hours.

Export Inspection Charge—Overtime Recoveries—Products Other than Meat. Fees are levied to recover the cost of providing export inspection, outside normal hours, for a number

of products including field and horticultural crops, fish and dairy products. The fees are prescribed by the Export Control (General) Regulations made under the *Export Control Act 1982*.

Fishing Licences and Charges. Under the *Fisheries Act 1952* the *Continental Shelf (Living Natural Resources) Act 1968* and the *Torres Strait Fisheries Act 1984*, domestic and foreign boats and masters of boats may be licensed to fish in the Australian Fishing Zone. Other charges such as access fees for foreign countries are also levied under the *Foreign Fishing Boats Levy Act 1981* and the *Fisheries Agreements (Payments) Act 1981*. The rate of licence fees is set out in the Fisheries Regulations, the Continental Shelf (Living Natural Resources) Regulations and the Torres Strait Fisheries Regulations.

Export Inspection Charges—Miscellaneous. By arrangement, Commonwealth inspectors are provided to (i) abattoirs that are not registered export establishments to inspect meat for domestic consumption, (ii) State Dried Fruit Boards to inspect dried fruit for domestic use, and to (iii) Australian Wheat Board for the issue of quality certificates.

The inspection charge in those cases is arrived at by agreement between the parties concerned.

Wool Inspection Fees. Under the *Wool Industry Act 1972*, fees are imposed on the inspection of wool to recoup about half the cost of operating the Australian Wool Measurement Standards Authority. A fee for registering a wool sampling site is set at \$100 and is payable once only. The fee at registered sites is currently 55 cents per lot of wool sampled.

Research, Promotion, Stabilisation and Equalisation Levies and Charges

Apple and Pear Levy. The *Apple and Pear Levy Act 1976* imposes a levy on the production and sale of apples and pears in Australia excluding fruit sent for export and pears used in the production of dried fruit or delivered for the manufacture of canned fruit. The rates of the levy are: fresh market 11 cents per box; juicing \$1.10 per tonne; processing \$2.20 per tonne.

The *Apple and Pear Export Charge Act 1976* provides for the imposition of a charge on apples and pears exported from Australia. The rate of charge is 11 cents per box.

Monies collected from both the levy and the export charge are used to fund the operations of the Australian Apple and Pear Corporation.

Barley Research Levy. The *Barley Research Levy Act 1980* imposes a levy on barley delivered for sale. The levy is disbursed for research by State barley research committees. The operative rate of levy is 30 cents per tonne. The Government is currently considering a proposal to increase the rate of levy to 35 cents per tonne.

Canned Fruits Levy. The *Canned Fruits Levy Act 1979* imposes a levy on the production of canned fruits in Australia.

The operative rates are:

Containers not exceeding 150 grams—1.375 cents/doz. containers.

Containers exceeding 150 grams but not exceeding 320 grams—2.75 cents/doz. containers.

Containers exceeding 320 grams but not exceeding 490 grams—5.5 cents/doz. containers.

Containers exceeding 490 grams but not exceeding 680 grams—8.25 cents/doz. containers.

Containers exceeding 680 grams—11.0 cents/doz. containers plus 6.6 cents/doz. containers for each 450 grams by which the gross weight of the container exceeds 900 grams.

The funds raised are used to finance the operation of the Australian Canned Fruits Corporation.

Cotton Research Levy. Under the *Cotton Levy Act 1982* a levy is imposed on the production of cotton. The levy is used to fund research programs. The operative rate of levy is to be \$1 per 225 kg of raw cotton.

Wool Tax. The *Wool Tax Acts (Nos 1-5) 1964* as amended impose a tax of 8 per cent on the sale value of all shorn wool produced in Australia.

The *Wool Industry Act 1972* provides for Regulations to be made, after consideration of recommendations by the Wool Council of Australia, apportioning the wool tax receipts among market support, wool promotion and market administration expenses, and research, subject to the market support allocation being between 4% and 5% of the sale value of the shorn wool. In 1985-86 the apportionment is 5% to market support, 2.5% to wool promotion and market administration expenses and 0.5% to research.

Dairy Industry Stabilisation Levy. The *Dairy Stabilisation Levy Act 1977* imposes a levy on the production of butter, butteroil, ghee, various milk powders, casein, caseinates and certain varieties of cheese. The levy is not collected on production which is exported. Levies collected on production which is sold on the domestic market are distributed (after deduction

of certain costs) by the Australian Dairy Corporation as an equalisation payment on all sales of the product, whether on the domestic or export market. The rate of levy is fixed at the difference between the domestic value for levy purposes determined by the Minister for Primary Industry from time to time and the assessed average export price for the period. The purpose of the levy is to distribute assistance raised through the levy on domestic sales across all production and has the effect of providing producers with an averaged return that is above export parity.

Dairying Research and Promotion Levy. The *Dairying Industry Research and Promotion Levy Act 1972* provides for the imposition of a levy on all milk produced and sold in Australia with the levy payable by dairy farmers, either on a whole milk or butterfat basis. The levy imposed is made up of three components; one to finance the administration and overseas sales promotion activities of the Australia Dairy Corporation (ADC), one to finance the domestic promotion activities of the ADC and one as the industry's contribution to the research programme expenditure recommended by the Australian Dairying Research Committee. The Dairying Industry Research and Promotion Levy Regulations prescribe levies of either 24 cents per 100 litres of whole milk or 600 cents per 100 kilograms of butterfat.

Dried Fruits Levy. The *Dried Fruits Levy Act 1971* imposes a levy on dried fruits of a season received for packing in order to fund industry research programmes. The operative rates of levy are for dried vine fruits \$1.50 per tonne, dried plums \$7.80 per tonne and dried tree fruit other than dried plums \$5.00 per tonne.

Dried Fruits Export Charges. The *Dried Fruits Export Charges Act 1924* imposes a levy of \$10.00 per tonne on the export of dried currants, sultanas and raisins. The funds are used to finance the Australian Dried Fruits Corporation.

Dried Vine Fruits Equalisation Levy. The *Dried Vine Fruits Equalisation Levy Act 1978* imposes a levy on domestic sales of dried vine fruit which is related to the difference between the assessed returns per tonne from the domestic market and the assessed average returns per tonne from export. The purpose of the levy is to facilitate the equalisation of returns to producers from all markets. The 1985 season levy rates were set at \$866 per tonne and \$530 per tonne for currants and sultanas respectively. Raisins were exempted from levy for the 1985 season due to the sub-minimum production level. From the commencement of the 1986 season, equalisation assistance will be reduced uniformly for each variety so that equalised returns in 1990 will be no more than 15 per cent above average export returns. Accordingly, the rates of levy for the 1986 season (where applicable) are to be set at levels not expected to exceed 40.4 per cent, 32.4 per cent and 79.4 per cent of the average export returns for currants, sultanas and raisins respectively.

Honey Export Charge. The *Honey Export Charge Act 1973* imposes a charge of 0.75 cent per kilogram on honey exports.

The funds are used to finance the operations of the Australian Honey Board and provide the industry's contribution to research.

Honey Levy. The *Honey Levy Acts* (Nos 1 & 2) 1962 impose a levy of 2.45 cents per kilogram on honey sold for domestic consumption.

Livestock Export Charge. The *Livestock Export Charge Act 1977* imposes charges which apply to all cattle, buffaloes, sheep, lambs and goats exported live from Australia. The funds are allocated to the Australian Meat and Livestock Corporation (AMLC), the Australian Meat and Livestock Research and Development Corporation (AMLRDC) and for disease eradication.

The charges are:

	Cents/Head			Total
	AMLC	AMLRDC	Disease eradication	
Cattle, buffaloes	230	50	400	680
Sheep and lambs	16.8	5	—	21.8
Goats	16.2	5	—	21.2

Livestock Slaughter Levy. The *Livestock Slaughter Levy Act 1961* imposes a levy which is payable on cattle, calves, bobby calves, sheep, lambs, goats and buffaloes slaughtered for human consumption. The funds are used by the Australian Meat and Livestock Corporation (AMLC) for marketing and promotion and by the Australian Meat and Livestock Research

and Development Corporation (AMLRDC) for production and economic research and for meat processing research. The Slaughter Levy also provides the funds for the eradication of brucellosis and tuberculosis in cattle and buffaloes.

The levies are:

	Cents/Head			Total
	AMLC	AMLRDC	Disease eradication	
Cattle, buffaloes	230	54	400	684
Calves	82.8	14.4	133	230.2
Bobby calves	23	3.9	40	66.9
Sheep	18.8	5.4	—	24.2
Lambs	28.8	5.4	—	34.2
Goats	16.2	5.4	—	21.6

Wheat (Research) Tax. The Wheat Tax Acts 1957 and 1979 impose a tax, currently 30c/tonne, on all wheat delivered to or sold by the Australian Wheat Board. The funds are placed in the Wheat Research Trust Account and used to fund research projects relating to wheat as recommended by the State Wheat Industry Research Committees. The Government is currently considering a proposal to increase the rate of tax to 35 cents per tonne.

Poultry Industry Levy. The *Poultry Industry Levy Act 1965* imposes a levy of 7.5 cents per hen in respect of hens kept for commercial purposes.

Hen Levy. The *Poultry Industry Levy Act 1965* imposes a levy in respect of hens in excess of twenty kept for commercial purposes and which are not less than six months of age. The operative rate of levy is 5 cents per hen per fortnight and proceeds are used to provide funds for the assistance of the industry and the industry contribution to a poultry research program.

Pig Slaughter Levy. The *Pig Slaughter Levy Act 1971*, as amended, provides for a levy to be imposed on each pig slaughtered for human consumption for the purposes of promotion and industry contribution to a pig research program.

The operative rate of levy is 95c per pig slaughtered which is divided 80c for promotion and 15c for research.

Meat Chicken Levy. The *Meat Chicken Levy Act 1969* imposes a levy on meat chickens hatched. The operative rate of levy is 0.1 cents per chicken and the proceeds are used to provide the industry contribution to a research program.

Wine Grapes Levy. The *Wine Grapes Levy Act 1979* imposes a levy on fresh grapes crushed or juice used in the production of wine. The operative rate is \$2.40 per tonne. The funds raised are used to fund the operation of the Australian Wine and Brandy Corporation.

Oil Seeds Levy. The *Oil Seeds Levy Act 1977* imposes a levy of \$1.00 per tonne on certain oilseeds produced in Australia. The funds provide the industry's contribution to research.

Pay-roll tax

Commonwealth 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 20 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*.

Commonwealth pay-roll tax in the Northern Territory was terminated from 1 July 1978 by the *Pay-Roll Tax (Territories) Assessment Act (No. 2) 1978* giving the Territory the right to levy its own pay-roll tax.

From 1 January 1985 the rate of tax payable in the Australian Capital Territory is 5 per cent with a statutory exemption of wages up to \$14,166.67 per month (\$170,000 per annum)

or a proportion of that amount in the case of an employer who is an employer also in a State. Phasing out of the exemption remains at \$2 for each \$3 by which the annual wages payable exceed the maximum exemption level.

Gross collection of pay-roll tax in 1980-81, 1981-82, 1982-83, 1983-84 amounted to \$17,007,851, \$19,319,922, \$21,355,311 and \$23,822,507 respectively.

STATE GOVERNMENTS

The State government enterprises 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 government enterprises 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 government enterprises—or at least methods of analysis need to be adopted which adequately reflect their transactions so that they are in principal, covered by the statistics.

In the figures which follow in this section, all expenditure by State central government enterprises 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 government; 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 government enterprises 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 trading 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 governments. Details of the activities of autonomous or semi-autonomous State government enterprises 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 governments are given in the tables which follow and in *State and Local Government Finance, Australia* (5504.0). Additional information relating to the activities of the State governments may also be found in the Year Books of the individual States.

Coverage—Northern Territory government

On 1 July 1978 the Northern Territory became self-governing with expenditure responsibilities and revenue raising powers broadly approximately those of a State. In the period up to and including 1977-78 outlays and revenue relating to the Northern Territory government are included with those for the Commonwealth government but from 1978-79 onwards they have been grouped with the outlays and revenue of State governments.

Outlay, revenue, grants received, and deficit

The outlay, revenue, grants received and deficit of State governments for the six year period ended 1983-84 are given in the following table.

OUTLAYS, REVENUE AND GRANTS RECEIVED, AND DEFICIT OF STATE GOVERNMENTS
(\$ million)

	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
Current outlays	13,924	15,711	18,364	21,148	24,637	27,366
General government final consumption expenditure	9,944	11,277	13,074	14,872	16,851	18,566
Requited current transfer payments	1,997	2,257	2,712	3,241	3,992	4,550
Unrequited current transfer payments	1,982	2,177	2,577	3,034	3,794	4,251
Subsidies paid to enterprises	824	842	995	1,227	1,608	1,663
Personal benefit payments	278	297	283	307	449	471
Current grants	871	1,027	1,285	1,486	1,720	2,096
to non-profit institutions	595	702	869	1,026	1,170	1,375
to Local governments	275	325	416	461	550	721
Other current transfer payments	10	12	14	13	17	20
Capital outlays	5,799	6,140	7,086	7,475	9,803	10,657
Gross fixed capital expenditure	5,125	5,496	6,347	6,709	8,608	9,371
Expenditure on new fixed assets	5,169	5,572	6,380	7,717	9,338	10,499
Expenditure on second hand fixed assets (net)	-44	-76	-33	-1,009	-730	-1,129
Increase in stocks	36	64	110	130	178	42
Expenditure on Land and intangible assets (net)	58	40	43	36	68	121
Capital transfer payments	333	349	356	406	430	569
Capital grants	333	349	356	406	429	569
to Local governments	260	285	289	317	320	448
to other sectors	73	64	67	89	109	120
Other capital transfer payments	—	—	—	—	—	—
Advances paid (net)	247	191	230	193	519	556
to Local governments	15	12	17	21	16	16
to other sectors	231	179	213	173	503	541
Revenue and grants received	16,728	18,755	21,321	24,141	28,286	32,153
Taxes, fees and fines	4,935	5,559	6,385	7,533	8,767	9,704
Net operating surpluses of public trading enterprises	1,111	1,284	1,463	1,693	2,263	2,606
Property income and other revenue	1,060	1,265	1,514	1,761	1,941	2,142
Grants received from Commonwealth government	9,622	10,647	11,959	13,153	15,316	17,702
Financing transactions	2,995	3,096	4,128	4,481	6,154	5,871
Increase in provisions	561	604	721	879	1,069	1,326
Deficit	2,434	2,492	3,407	3,603	5,085	4,545
Deficit financing						
Net advances received from Commonwealth Government (ETF 41)	1,127	896	938	866	1,058	999
Other deficit financing	1,307	1,596	2,469	2,737	4,027	3,546

For more recent information on State Government finance statistics, reference should be made to the publications listed in the bibliography at the end of this chapter.

LOCAL GOVERNMENTS

In each State of Australia and in the Northern Territory 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 government bodies, 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; South Australia as cities, corporate towns and district council areas; in Western Australia as cities, towns and shires and in Tasmania and the Northern Territory 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 Australian Capital Territory and the more sparsely populated parts of New South Wales, South Australia and the Northern Territory, practically the whole of Australia comes within local government jurisdiction. For further details see State Year Books.

Coverage—Northern Territory local governments

On 1 July 1978, the Northern Territory became self-governing with expenditure responsibilities and revenue raising powers broadly approximating those of a State. In the period up to and including 1977–78 outlays and revenue relating to the Northern Territory are included with that for the Commonwealth Government but from 1978–79 onwards they have been grouped with the outlays and revenue of State and local governments.

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

The area, population, dwellings, and the amount of rates and penalties collected 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: AREA, POPULATION, DWELLINGS, AND RATES AND
PENALTIES FOR ORDINARY SERVICES—30 JUNE 1983**

<i>Location (a)</i>	<i>No. of local authorities</i>	<i>Area(a) square kilometres</i>	<i>Population '000</i>	<i>Dwellings(b) '000</i>	<i>Rates and penalties— ordinary services \$'000</i>
New South Wales(c)—					
Sydney Statistical Division	43	12,407	3,335	1,150	494,808
Other	132	693,255	2,024	672	306,532
Total New South Wales	175	705,662	5,359	1,822	801,340
Victoria(d)—					
Melbourne Statistical Division(e)	56	7,799(e)	2,884	965	424,775
Other	155	219,301	1,151	403	170,338
Total Victoria	211	227,100	4,035	1,368	595,113
Queensland—					
Brisbane Statistical Division(f)	10	3,080	1,138	359	140,674
Other	124	1,723,920	1,333	428	161,480
Total Queensland	134	1,727,000	2,472	787	302,154
South Australia—					
Adelaide Statistical Division(g)	30	2,290	971	340	106,575
Other	98	151,386	358	132	44,348
Total South Australia	128	153,676	1,329	471	150,923
Western Australia—					
Perth Statistical Division	26	5,363(h)	969	322	103,582
Other	113	2,520,137(h)	395	126	49,731
Total Western Australia	139	2,525,500(h)	1,364	448	153,313
Tasmania—					
Hobart Statistical Division(i)	7	3,345	180	61	19,803
Other	42	64,988	252	93	28,753
Total Tasmania	49	68,333	432	154	48,556
Northern Territory—					
Darwin Statistical Division	1	114	60	18	7,100
Other	3	209	27	14	2,794
Total Northern Territory	4	323	87	32	9,894

(a) Unincorporated areas are excluded in all states. (b) Figures are at 30 June 1981 (census data). (c) Based on year ended 31 December 1983. (d) Based on year ended 30 September 1983. (e) Includes all of Cranbourne(S), Healesville(S) and Pakenham(S) even though parts are outside the Melbourne Statistical Division. (f) Includes the Moreton Statistical Division component for five local authorities. (g) Excludes Light(DC), Gumeracha(DC) and Onkaparinga(DC) but includes the parts of Meadows(DC) and Willunga(DC) which are in the Outer Adelaide Statistical Division. (h) Figures are at 30 June 1981 (i) Includes all of Brighton(M), Kingsborough(M), New Norfolk(M) and Sorell(M) even though parts are outside the Hobart Statistical Division.

OUTLAYS, REVENUE AND GRANTS RECEIVED AND DEFICIT OF LOCAL GOVERNMENTS

(\$ million)

	1978-79	1979-80	1980-81	1981-82	1982-83p	1983-84p
Current outlays	1,140	1,318	1,521	1,770	2,162	2,472
General government final consumption expenditure	801	928	1,070	1,234	1,484	1,712
Required current transfer payments	294	322	368	442	558	623
Unrequired current transfer payments	45	68	82	95	120	137
Capital outlays	1,428	1,543	1,711	1,977	2,079	2,366
Gross fixed capital expenditure	1,403	1,515	1,693	1,945	2,060	2,328
Expenditure on new fixed assets	1,404	1,522	1,720	1,946	2,112	2,384
Expenditure on secondhand fixed assets (net)	-1	-7	-27	-1	-52	-56
Increase in stocks	7	10	18	20	16	18
Expenditure on land and intangible assets (net)	-4	-2	-14	-5	16	18
Capital transfer payments	7	11	9	11	-5	8
Advances paid (net)	15	9	4	6	-8	-6
Revenue and grants received	2,233	2,481	2,838	3,269	3,765	4,348
Taxes, fees and fines	1,264	1,399	1,595	1,817	2,079	2,282
Net operating surpluses of public trading enterprises	202	228	246	291	306	342
Property income and other revenue	215	227	269	357	467	502
Grants received	552	626	727	804	914	1,222
from Commonwealth Government	17	16	22	27	44	53
from State governments	535	610	705	777	870	1,169
Financing transactions	335	380	394	478	476	490
Increase in provisions	49	67	155	234	224	241
Deficit	286	313	239	244	252	249
Deficit financing						
Net advances received from Commonwealth and State governments	15	12	17	21	16	16
Other deficit financing	271	301	222	223	236	233

For more recent information on local government finance statistics, reference should be made to the publications and statistical services listed in the bibliography at the end of this chapter.

ALL LEVELS OF GOVERNMENT

In the following table the transactions of the Commonwealth Government, State and local governments have been brought together and consolidated to provide details of the outlays and revenue of the public non-financial sector as a whole.

Summary of outlays, revenue and deficit

The outlays, revenue and deficit all governments for the years 1978-79 to 1983-84 are set out in the following table.

OUTLAYS, REVENUE AND DEFICIT OF COMMONWEALTH, STATE AND LOCAL GOVERNMENTS^(a)
(\$ million)

	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84 ^p
Current outlay	31,560	35,313	40,978	47,551	56,074	64,344
General government final consumption expenditure	16,340	18,463	21,508	24,770	28,328	31,804
Required current transfer payments	3,084	3,544	4,241	5,049	6,273	7,690
Unrequited current transfer payments	12,136	13,306	15,230	17,732	21,473	24,850
Subsidies paid to enterprises	1,497	1,688	2,039	2,390	2,871	3,163
Personal benefit payments	9,388	10,202	11,520	13,401	16,401	19,185
Current grants	1,240	1,404	1,656	1,929	2,184	2,481
to non-profit institutions	766	884	1,081	1,261	1,452	1,714
to foreign governments and organisations	475	520	575	668	732	767
Other current transfer payments	10	12	14	13	17	20
Capital outlays	8,136	8,873	10,059	11,396	14,251	15,506
Gross fixed capital expenditure	7,794	8,402	9,511	10,463	12,822	13,967
Expenditure on new fixed assets	7,928	8,525	9,858	11,763	13,714	15,178
Expenditure on secondhand fixed assets (net)	-134	-123	-347	-1,300	-892	-1,211
Increase in stocks	-166	9	204	331	434	216
Expenditure on land and intangible assets (net)	40	38	-114	17	49	78
Capital transfer payments	205	231	205	316	383	496
Capital grants	205	231	205	316	383	488
to non-profit institutions	72	65	62	87	83	84
to other sectors	133	166	142	229	300	404
Other capital transfer payments	—	—	—	—	—	7
Advances paid (net)	263	193	253	269	563	749
Revenue	33,390	38,619	45,395	52,972	58,712	65,021
Taxes, fees and fines	29,620	34,472	40,656	47,282	51,849	56,731
Net operating surpluses of public trading enterprises	2,038	2,228	2,485	2,916	3,483	4,512
Property income and other revenue	1,732	1,919	2,254	2,774	3,380	3,777
Financing transactions	6,305	5,568	5,642	5,975	11,613	14,828
Increase in provisions	1,155	1,283	1,550	1,850	2,126	2,429
Deficit	5,150	4,285	4,092	4,125	9,487	12,399

(a) Excludes financial enterprises.

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 governments 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 sector enterprises. 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 governments 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 government 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-seventh 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 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. 8, *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 1979-80 to 1984-85, are given in the following group of tables.

NET MOVEMENT IN GOVERNMENT SECURITIES ON ISSUE

(\$ million)

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
NEW SECURITIES ISSUED						
Securities repayable in Australian currency—						
Treasury bonds	1,485.7	2,774.7	3,385.8	6,253.8	10,850.0	9,222.2
Australian savings bonds	806.1	2,024.0	1,312.9	4,204.6	3,599.1	505.2
Special bonds	—	—	—	—	—	—
Income equalization deposits	73.5	72.0	57.6	55.6	24.0	3.7
Drought bonds	—	—	—	—	—	—
Advance loan subscriptions	—	—	—	—	—	—
Overdue securities	—	—	—	—	—	—
Tax-free stock	—	—	—	—	—	—
Debentures	—	—	—	—	—	—
Stock issued to Government savings banks under special agreements (a)	36.5	54.6	53.3	61.9	114.6	71.1
Treasury notes	7,870.4	12,058.1	12,594.5	—	—	—
Treasury bills—						
Internal	141.8	2,234.2	1,718.0	—	—	—
Public	500.0	14,706.0	14,200.0	—	—	—
Total	10,913.9	33,923.6	33,322.1	10,575.9	14,587.8	9,802.2
Securities repayable in overseas currencies(b)	482.1	178.2	831.3	1,077.0	1,238.4	1,729.1
Total new securities issued	11,396.0	34,101.8	34,153.4	11,652.9	15,826.2	11,531.3
REDEMPTIONS, REPURCHASES, CANCELLATIONS(c)						
Securities repayable in Australian currency—						
Treasury bonds	1,035.6	2,587.1	2,317.0	3,117.0	3,189.2	2,990.2
Australian savings bonds	586.2	2,093.4	1,913.9	1,736.8	1,619.9	1,177.3
Special bonds	44.6	251.4	122.8	71.0	31.5	—
Income equalization deposits	16.4	45.1	55.2	65.8	48.6	40.5
Drought bonds	0.2	0.1	0.1	—	—	—
Advance loan subscriptions	—	—	—	—	—	—
Overdue securities	0.6	-1.5	-3.3	8.2	9.0	8.8
Tax-free stock	—	—	0.9	0.1	0.2	0.1
Debentures	4.0	4.2	4.4	3.3	—	—
Stock issued to Government savings banks under special agreements (a)	6.3	6.4	5.6	5.8	6.0	6.2
Treasury notes	7,665.2	10,145.9	12,441.9	44.2	1,562.8	-821.7
Treasury bills—						
Internal	—	2,888.3	1,509.7	152.2	479.6	212.9
Public	—	15,306.0	14,700.0	1,400.0	—	—
Total	9,359.1	33,326.4	33,068.1	6,604.5	6,946.9	3,614.4
Securities repayable in overseas currencies(b)	340.4	922.5	131.3	1,523.9	666.1	—
Total redemptions, etc.	9,699.5	34,248.9	33,199.4	8,128.4	7,612.9	3,614.4
NET MOVEMENT						
Securities repayable in Australian currency—						
Treasury bonds	450.1	187.6	1,068.8	3,136.8	7,653.9	6,227.4
Australian savings bonds	219.9	-69.4	-601.0	2,467.8	1,975.6	-674.2
Special bonds	-44.6	-251.4	-122.8	-71.0	-31.9	—
Income equalization deposits	57.1	26.9	2.4	-10.2	-24.5	-36.8
Drought bonds	-0.2	-0.1	-0.1	—	-0.1	—
Advance loan subscriptions	—	—	—	—	—	—
Overdue securities	-0.6	1.5	3.3	-8.2	2.0	-2.2
Tax-free stock	—	—	-0.9	-0.1	-0.2	-0.1
Debentures	-4.0	-4.2	-4.4	-3.3	—	—
Stock issued to Government savings banks under special agreements (a)	30.2	48.2	47.7	56.1	108.7	64.9
Treasury notes	205.2	1,912.2	152.6	44.2	-1,562.8	821.7
Treasury bills—						
Internal	141.8	654.1	208.3	-152.2	-479.6	-212.9
Public	500.0	-600.0	-500.0	-1,400.0	—	—
Total	1,554.8	597.2	254.0	3,971.4	7,640.9	6,187.8
Securities repayable in overseas currencies(b)	141.7	-744.3	700.0	-446.9	164.8	2,767.7
Net movement in securities on issue	1,696.5	-147.1	954.0	3,524.5	7,805.7	8,955.5

(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) 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*)

	<i>30 June</i>					
	1980	1981	1982	1983	1984	1985
For Commonwealth Government purposes—						
Repayable in Australian currency—						
Treasury bonds	5,523.6	5,037.4	5,570.0	8,307.7	15,493.6	21,288.6
Australian savings bonds	1,496.0	1,215.7	381.2	2,633.9	4,577.3	3,914.7
Special bonds	75.9	30.4	11.1	1.3	—	—
Income equalization deposit	136.4	163.3	165.7	155.5	130.9	94.1
Drought bonds	0.4	0.3	0.2	0.1	—	—
Advance loan subscriptions	—	—	—	—	—	—
Overdue securities	3.0	4.4	7.8	6.8	8.8	6.7
Treasury notes	1,615.2	3,527.4	3,680.0	3,635.8	2,073.0	2,894.7
Treasury bills						
Internal	1,810.3	1,156.2	1,364.5	1,212.3	732.7	519.8
Public	2,500.0	1,900.0	1,400.1	—	—	—
<i>Total</i>	13,160.8	13,035.1	12,580.4	15,953.4	23,016.4	28,718.7
Repayable in overseas currencies(a)	5,326.4	4,618.7	5,335.7	6,905.2	7,076.2	9,845.2
<i>Total Commonwealth Government</i>	18,487.2	17,653.8	17,916.1	22,858.5	30,092.6	38,563.9
On account of States—						
Repayable in Australian currency						
Treasury bonds	11,856.8	12,530.7	13,067.0	13,464.2	13,932.2	14,364.6
Australian savings bonds	1,384.2	1,595.2	1,828.7	2,038.9	2,071.1	2,059.4
Special bonds	402.0	196.0	92.5	30.6	—	—
Tax-free stock	14.7	14.7	13.9	13.8	13.6	13.5
Stock issued to Government savings banks under special agreements	555.7	603.9	651.6	707.8	816.5	881.3
Debentures	11.9	7.7	3.3	—	—	—
Overdue securities	—	—	—	0.2	0.1	—
<i>Total</i>	14,225.4	14,948.2	15,657.0	16,255.5	16,833.4	17,318.9
Repayable in overseas currencies(a)	70.0	33.3	16.3	13.9	7.7	6.4
<i>Total States</i>	14,295.3	14,981.5	15,673.3	16,269.4	16,841.1	17,325.2
of which—						
New South Wales	4,666.8	4,885.4	5,108.1	5,327.9	5,566.5	5,773.5
Victoria	3,584.9	3,758.1	3,932.4	4,045.3	4,204.1	4,385.5
Queensland	1,931.8	2,022.4	2,113.0	2,198.7	2,291.6	2,376.6
South Australia	1,781.1	1,871.1	1,961.9	2,035.2	2,009.4	1,598.2
Western Australia	1,360.7	1,423.8	1,486.3	1,547.8	1,614.9	1,990.6
Tasmania	969.9	1,020.8	1,071.6	1,114.4	1,154.5	1,200.7
<i>Total Commonwealth Government and States</i>	32,782.6	32,635.4	33,589.4	39,127.9	46,933.6	55,889.1

(a) Australian currency equivalent.

State and local authorities' borrowings

The borrowings of Commonwealth, State and local authorities first came within the purview of the Loan Council under a 'gentlemen's agreement' originating in 1936. Since 1984–85 the 'gentlemen's agreement' has been replaced by the Global Approach whereby the Loan Council determines a voluntary global limit to apply to all new money borrowings by all public trading enterprises (except statutory marketing boards) and local governments. Details of the Global Approach are contained in Commonwealth Budget Paper No. 7 'Payments to and for the States, the Northern Territory and Local Government Authorities'.

The following table shows the aggregate borrowings by the State and local authorities in each of the years 1981–82 to 1985–86.

**BORROWINGS BY SEMI-GOVERNMENT AND LOCAL AUTHORITIES
1981-82 TO 1985-86**

(Source: Commonwealth Budget Paper (1985-86) No. 7 Table 105)

	New South Wales	Victoria	Queens- land	Western Australia	South Australia	Tasmania	Total States	Common- wealth and Northern Territory	Total
CONVENTIONAL BORROWINGS BY SEMI-GOVERNMENT AND LOCAL AUTHORITIES (a)									
1981 82 . .	818,261	734,833	524,878	275,088	148,791	97,854	2,599,705	360,168	2,959,873
1982 83 . .	1,066,500	1,269,200	971,250	462,104	249,918	162,954	4,181,926	314,659	4,496,585
1983 84 . .	1,164,200	1,207,100	908,972	650,246	173,400	173,759	4,277,677	360,742	4,638,419
1984 85 . .	1,337,282	2,007,160	736,789	770,442	478,500	225,623	5,555,796	629,639	6,185,435
OTHER BORROWINGS BY SEMI-GOVERNMENT AND LOCAL AUTHORITIES (b)									
1981 82 . .	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
1982 83 . .	881,152	291,309	384,750	198,900	194,400	119	1,950,630	471,661	2,422,291
1983 84 . .	729,692	373,231	743,028	148,500	307,600	6,477	2,308,528	484,774	2,793,302
1984 85 . .	603,366	3,678	815,211	47,616	14,500	3,365	1,487,736	609,556	2,097,292
TOTAL BORROWINGS BY SEMI-GOVERNMENT AND LOCAL AUTHORITIES (c)									
1981 82 . .	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
1982 83 . .	1,947,652	1,560,509	1,356,000	661,004	444,318	163,073	6,132,556	786,320	6,918,876
1983 84 . .	1,893,892	1,580,331	1,652,000	798,746	481,000	180,236	6,686,205	845,516	7,431,721
1984 85 . .	1,940,648	2,010,838	1,552,000	818,058	493,000	228,988	7,043,532	1,239,195	8,282,727
1985 86 . .	2,060,000	1,953,000	1,552,000	744,700	400,000	230,000	6,939,700	1,186,500	8,126,200

- (a) Includes conventional loan raisings under the *Gentlemen's Agreement* for the years 1981-82 to 1983-84, and within the global limits for 1984-85.
- (b) Includes borrowings by way of domestic deferred payments, overseas trade credits, financial leases, sale and leaseback and similar arrangements, security deposits and other repayable capital contributions, and identified net changes in temporary purpose borrowings over the financial year. Comparable data for 1981-82 are not available. Figures for Queensland are Commonwealth Treasury estimates.
- (c) Includes conventional and other borrowings. Amounts for South Australia for 1982-83 and 1983-84 represent new money borrowings by the South Australian public sector net of that State Government's Loan Council program. Components are: Borrowings by authorities and companies, 1982-83 \$389.3m, 1983-84 \$311.3m. Non-conventional borrowings by the State Government 1982-83 \$55.0m, 1983-84 \$169.7m. The global borrowing program for 1984-85 includes conventional borrowings of \$119 million by the South Australian Financing Authority on-lent to the South Australian Government. The amount to be on-lent to the South Australian Government from the 1985-86 global limit has not yet been determined. Figures for Queensland are Commonwealth Treasury estimates.

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.

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