

Government Finance

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THE GOVERNMENT SECTOR

The statistics in this chapter measure activity of the government sector (excluding public financial enterprises) and are derived from the Australian system of government finance statistics (GFS). This system is based on international standards specified in the International Monetary Fund's *A Manual of Government Finance Statistics* and the United Nation's *A System of National Accounts* (SNA).

The government sector comprises all organisations owned or controlled by any of the three levels of government within the Australian political system:

- Commonwealth;
- State/Territory; and
- local.

It is further divided into institutional sectors based on the characteristics of the organisations it comprises. These sectors are:

- *General government* which primarily covers government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production; and
- *Public trading enterprises* which comprises undertakings which aim to cover their costs by revenue raising, for example, Telstra, Australia Post, Qantas, StateRail, and local electricity, bus and transport operations.

Public financial enterprises are excluded from government finance statistics since they play a separate and distinct role in the economy. Consequently, their inclusion would provide a less useful account of government sector activity.

The Australian GFS system presents statistics relating to:

- transactions of the various public authorities consolidated to eliminate transactions between them, so that the economic impact can be assessed;
- transactions of the different levels of government reflecting their different roles in the undertaking and financing of their expenditure programs; and
- transactions of each government so that the statistics can be used to indicate the

comparative standing of each government in terms of its expenditure, its sources of revenue, and its financing transactions.

To assist users in understanding government finance statistics, the *Classification Manual of Government Finance Statistics, Australia* (1217.0) outlines the major concepts, provides definitions of the statistical units, and contains the main classifications employed. The GFS classifications applied in the tables in this chapter are:

- the Economic Transactions Framework (ETF) which categorises outlays, revenue and grants received and financing according to their economic character to facilitate the study of the macro-economic effect of government activity;
- the Government Purpose Classification (GPC) which classifies outlays according to the purpose or function served; and
- the Taxes, Fees and Fines Classification (TFFC) which classifies this major form of government revenue according to type of tax, fee or fine collected.

FINANCE OF ALL LEVELS OF GOVERNMENT COMBINED

The outlays, revenue and financing transactions of the government sector for all levels of government combined are shown in table 24.1.

In 1992–93, total government outlays for Australia totalled \$163,527 million, a rise of 2.0 per cent over 1991–92, reflecting a rise of 5.2 per cent in current outlays offset by a fall of 17.5 per cent in capital outlays.

Total government revenue was \$139,370 million, a rise of 2.9 per cent in 1992–93. Of this, \$117,682 million (84.4%) was raised from taxes, fees and fines. Table 24.2 shows the total of these collected by all levels of government combined.

The deficit of the government sector for all levels of government combined was \$18,326 million in 1992–93, a drop of \$178 million over the previous year. A smaller increase in personal benefit payments by the Commonwealth of 8.4 per cent compared to 13.5 per cent in the previous year, a 17.5 per cent reduction in capital outlays, and an increase of 2.6 per cent in

taxes, fees and fines contributed to the reduced deficit in 1992-93.

The outlays of each level of government are not additive as financial transactions may occur between the Commonwealth Government, State/Territory and local governments. For example, grants are paid by the

Commonwealth Government to State or local governments (either directly or via the State for onpassing), interest is paid and advances are made across the three levels. Table 24.3 shows the transfers between each level of government that are eliminated in the derivation of consolidated totals for major economic categories in 1992-93.

24.1 ECONOMIC TRANSACTIONS OF COMMONWEALTH, STATE, TERRITORY AND LOCAL GOVERNMENTS COMBINED
(\$ million)

<i>Item</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>
Current expenditure	53,236	57,748	64,759	70,918	75,763	79,774
Less sales of goods and services(a)	6,306	7,215	9,770	10,709	11,560	12,537
<i>Equals</i> final consumption expenditure	46,930	50,533	54,990	60,209	64,204	67,237
Interest payments	16,463	17,567	19,425	19,476	18,248	17,570
Subsidies paid to PTEs	2,801	2,793	2,653	3,671	3,186	3,028
Personal benefit payments	27,878	29,467	32,579	37,351	42,387	45,926
Other transfer payments	6,120	6,649	7,436	7,932	9,598	11,066
<i>Total current outlays</i>	<i>100,193</i>	<i>107,009</i>	<i>117,083</i>	<i>128,639</i>	<i>137,624</i>	<i>144,828</i>
Expenditure on new fixed assets	17,766	18,594	22,022	21,966	21,404	21,309
Plus expenditure on secondhand assets (net)	- 1,138	- 1,685	- 1,391	- 2,092	- 1,477	- 2,533
<i>Equals</i> gross fixed capital expenditure	16,628	16,908	20,631	19,874	19,928	18,775
Expenditure on land and intangible assets (net)	- 298	- 609	131	87	50	- 190
Other capital outlays	278	1,050	3,587	2,217	2,697	114
<i>Total capital outlays</i>	<i>16,608</i>	<i>17,350</i>	<i>24,349</i>	<i>22,178</i>	<i>22,675</i>	<i>18,699</i>
Total outlays	116,801	124,359	141,432	150,817	160,299	163,527
Taxes, fees and fines	94,389	106,017	115,205	118,916	114,661	117,682
Net operating surplus of public trading enterprises	9,140	9,999	9,722	10,899	10,886	11,546
Interest received	3,548	5,009	5,687	5,539	4,564	4,185
Other revenue	4,378	3,558	3,634	3,966	5,279	5,957
Total revenue	111,454	124,582	134,249	139,320	135,390	139,370
Increase in provisions	4,392	5,213	5,265	4,577	6,405	5,831
For depreciation	3,615	4,609	4,838	5,566	7,370	6,804
Other	778	604	426	- 989	- 965	- 973
Borrowing (net)	2,146	177	- 1,757	11,101	21,687	26,322
Other financing transactions	- 1,192	- 5,613	3,675	- 4,181	- 3,183	- 7,996
Total financing	5,347	- 223	7,183	11,497	24,909	24,157
Current deficit(b)	- 14,923	- 21,851	- 21,482	- 14,405	- 3,245	600
Capital deficit(c)	15,878	16,414	23,401	21,324	21,750	17,726
Total deficit(d)	954	- 5,436	1,918	6,920	18,504	18,326
Net financing requirement(e)	954	- 5,436	1,918	6,920	18,504	18,326

(a) This item provides an indication of the extent of government charges levied. The charges are offset against gross expenditure in calculating final consumption expenditure and comprise mainly sales to the private sector. However, note that it has not been possible to exclude all inter-agency charges and that some estimated data are included. (b) Revenue less current outlays plus increase in provisions less capital grants and other capital revenue. (c) Capital grants and other capital revenue less capital outlays. (d) The deficit is the sum of all financing transactions except for increases (decreases) in provisions. (e) The net financing requirement (NFR) is a measure of the extent to which the sector or combination of sectors contributes to the overall requirement for funds from outside the government sector. This measure can differ from the deficit because it excludes advances received as well as increases in provisions.

Source: *Government Finance Statistics, Australia* (5512.0).

24.2 TAXES, FEES AND FINES OF ALL LEVELS OF GOVERNMENT
(\$ million)

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Income taxes levied on individuals	41,887	47,537	50,020	50,170	46,782	47,431
Income taxes levied on enterprises	8,573	9,982	12,982	15,088	14,377	14,929
Income taxes levied on non-residents	818	898	1,097	1,095	903	850
<i>Taxes on income</i>	<i>51,278</i>	<i>58,417</i>	<i>64,099</i>	<i>66,353</i>	<i>62,061</i>	<i>63,210</i>
General taxes (payroll tax)	4,058	4,723	5,210	5,802	5,904	5,810
Selective taxes (stevedoring industry charges)	26	28	35	51	54	45
Other employers' labour force taxes	852	990	1,168	1,262	1,330	1,346
<i>Employers' payroll taxes</i>	<i>4,935</i>	<i>5,740</i>	<i>6,414</i>	<i>7,114</i>	<i>7,289</i>	<i>7,201</i>
Taxes on immovable property	4,128	4,581	5,366	6,149	6,533	6,654
Estate, inheritance and gift duty	3	2	1	—	—	—
Taxes on financial and capital transactions	4,360	5,502	4,624	4,279	4,479	4,900
<i>Taxes on property</i>	<i>8,491</i>	<i>10,085</i>	<i>9,991</i>	<i>10,429</i>	<i>11,012</i>	<i>11,554</i>
General taxes (sales tax)	7,547	9,402	10,132	9,365	9,113	9,252
Excises and levies	11,099	10,209	10,834	11,975	10,639	10,777
Crude oil and LPG	2,056	1,188	1,232	1,354	64	116
Other excises	8,128	8,079	8,655	9,005	9,417	9,560
Agricultural production taxes	619	617	587	1,238	735	633
Levies on statutory authorities	295	325	360	378	423	468
Taxes on international trade	3,711	3,831	4,026	3,377	3,350	3,336
Taxes on gambling	1,377	1,571	1,757	1,889	1,952	2,161
Taxes on insurance	834	895	1,104	1,114	1,201	1,348
<i>Taxes on provision of goods and services</i>	<i>24,567</i>	<i>25,908</i>	<i>27,853</i>	<i>27,720</i>	<i>26,255</i>	<i>26,874</i>
Motor vehicle taxes	1,932	2,167	2,421	2,366	2,491	2,801
Franchise taxes	1,586	1,771	2,392	2,620	2,842	3,394
Other taxes on use of goods and performance of activities	205	169	241	195	269	276
<i>Taxes on use of goods and performance of activities</i>	<i>3,723</i>	<i>4,108</i>	<i>5,054</i>	<i>5,181</i>	<i>5,602</i>	<i>6,471</i>
Compulsory fees	1,097	1,418	1,401	1,661	1,904	1,827
Fines	297	342	395	458	537	545
<i>Fees and fines</i>	<i>1,394</i>	<i>1,760</i>	<i>1,795</i>	<i>2,119</i>	<i>2,441</i>	<i>2,372</i>
Total taxes, fees and fines	94,389	106,017	115,205	118,916	114,661	117,682

Source: Government Finance Statistics, Australia (5512.0) and Taxation Revenue, Australia (5506.0).

**24.3 CONSOLIDATION OF OUTLAYS BY LEVEL OF GOVERNMENT, FOR THE
COMMONWEALTH, STATE, TERRITORY AND LOCAL GOVERNMENTS COMBINED, 1992-93**
(\$ million)

Purpose	State/ Territory govern- ments	Local govern- ments	Transfers between State/ Territory and local govern- ments		Common- wealth govern- ment	Transfers between Common- wealth, State/ Territory and local govern- ments		Common- wealth, State/ Territory and local govern- ments
Final consumption expenditure	39,360	4,686	- 3	44,048	23,189	—	—	67,237
Interest payments	11,673	820	27	12,467	7,211	2,108	—	17,570
Personal benefit payments	1,390	—	—	1,391	44,535	—	—	45,926
Subsidies paid	4,028	5	—	4,033	2,499	—	—	6,532
Current grants to	5,749	9	1,386	4,372	30,137	27,050	—	7,459
Non-profit institutions	4,362	8	—	4,370	1,893	—	—	6,263
Foreign governments & others	1	—	—	1	1,195	—	—	1,196
State/Territory or local governments	1,387	1	1,386	1	27,049	27,050	—	—
Other current outlays	107	185	182	110	50	56	—	105
Total current outlays	62,308	5,704	1,592	66,420	107,622	29,213	—	144,828
Gross fixed capital expenditure	11,195	2,802	—	13,998	4,778	—	—	18,775
Capital grants	743	28	416	355	5,522	5,210	—	668
Advances paid (net)	- 1,078	- 18	- 25	- 1,071	- 2,508	- 2,671	—	- 909
Other capital outlays	- 239	85	—	- 154	319	—	—	165
Total capital outlays	10,621	2,897	390	13,128	8,111	2,539	—	18,699
Total	72,929	8,601	1,982	79,548	115,733	31,753	—	163,527

Source: Government Finance Statistics, Australia (5512.0).

The Government Purpose Classification (GPC) is designed to facilitate the study of the impact of government transactions on the economy in terms of the purposes for which the transactions are made. In conjunction with the Economic Transactions Framework (ETF), it provides

information for the study of socio-economic effects of government transactions. Outlays on social security and welfare, for example, rose 8.0 per cent in 1992-93 and comprised 25.3 per cent of total government outlays.

24.4 OUTLAYS OF COMMONWEALTH, STATE, TERRITORY AND LOCAL GOVERNMENTS
(\$ million)

Purpose	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
General public services	8,368	9,316	9,866	11,588	14,747	13,430
Defence	6,806	7,189	7,734	8,326	8,607	9,010
Public order and safety	3,847	4,453	5,029	5,363	5,646	5,635
Education	14,592	15,965	17,445	18,879	20,364	21,465
Health	15,410	17,154	18,771	20,135	21,111	22,295
Social security and welfare	24,157	25,400	28,227	33,035	38,238	41,298
Housing and community amenities	4,245	3,801	4,871	4,482	4,601	4,801
Recreation and culture	3,470	3,205	3,523	3,681	3,830	4,068
Fuel and energy	3,236	3,112	3,333	3,167	3,378	2,500
Agriculture, forestry and fishing	1,930	2,638	5,813	5,090	2,723	3,471
Mining, manufacturing and construction	1,036	882	1,118	890	898	719
Transport and communications	10,881	11,511	14,258	13,847	13,365	12,967
Other economic affairs	2,534	2,524	2,596	3,023	3,710	4,118
Other purposes	16,287	17,209	18,850	19,312	19,080	17,751
Total	116,801	124,359	141,432	150,817	160,299	163,527

Source: Government Finance Statistics, Australia (5512.0).

COMMONWEALTH GOVERNMENT FINANCE

The Commonwealth Government has exclusive responsibility under the Constitution for the administration of a wide range of functions including defence, foreign affairs and trade, and immigration. A distinctive feature of the Australian federal system is that the Commonwealth Government levies and collects all income tax, from individuals as well as from enterprises. It also collects a significant

portion of other taxes, including taxes on the provision of goods and services. The Commonwealth distributes part of this revenue to other levels of government, principally the States and Territories.

Outlays, revenue and financing transactions

The outlays, revenue and financing transactions of the Commonwealth non-financial public sector for the six year period ending 1992-93 are summarised in the tables 24.5 and 24.6.

24.5 ECONOMIC TRANSACTIONS OF THE COMMONWEALTH GOVERNMENT
(\$ million)

<i>Item</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>
Current expenditure	17,697	18,910	21,532	23,933	25,488	27,299
Less sales of goods and services(a)	1,251	1,299	2,995	3,277	3,582	4,110
<i>Equals</i> final consumption expenditure	16,447	17,611	18,538	20,655	21,907	23,189
Interest payments	9,127	8,841	9,141	8,304	7,837	7,211
Subsidies paid to PTEs	454	333	383	1,246	711	517
Personal benefit payments	26,923	28,410	31,360	36,022	40,973	44,535
Current grants	22,689	23,292	25,167	26,434	28,550	30,137
To private sector	1,863	2,100	2,283	2,239	2,694	3,088
To State governments	17,020	17,251	18,624	19,563	20,546	21,420
Onpassed through State governments	3,718	3,860	4,163	4,535	5,155	5,439
To local governments	89	81	97	97	155	190
Other transfer payments	1,521	1,477	1,535	1,600	1,798	2,032
<i>Total current outlays</i>	<i>77,160</i>	<i>79,965</i>	<i>86,123</i>	<i>94,261</i>	<i>101,776</i>	<i>107,622</i>
Expenditure on new fixed assets	4,452	5,102	6,853	6,887	6,517	5,227
<i>Plus</i> expenditure on secondhand assets (net)	- 447	- 829	- 406	- 885	- 479	- 450
<i>Equals</i> gross fixed capital expenditure	4,005	4,273	6,446	6,001	6,038	4,778
Expenditure on land & intangible assets (net)	- 369	96	159	73	56	8
Capital grants to other governments	3,089	3,093	3,556	4,357	3,721	5,210
Advances paid to other governments (net)	- 46	- 111	- 485	- 1,858	- 2,753	- 2,669
Other capital outlays	- 351	527	3,127	2,393	468	784
<i>Total capital outlays</i>	<i>6,328</i>	<i>7,878</i>	<i>12,803</i>	<i>10,965</i>	<i>7,530</i>	<i>8,111</i>
<i>Total outlays</i>	<i>83,488</i>	<i>87,844</i>	<i>98,926</i>	<i>105,227</i>	<i>109,306</i>	<i>115,733</i>
Taxes, fees and fines	75,392	83,975	91,242	93,339	87,404	88,665
Net operating surplus of public trading enterprises	3,437	3,872	3,304	4,068	3,539	3,993
Interest received	3,375	3,632	3,557	3,261	2,891	2,468
Other revenue	2,501	1,233	1,128	1,375	2,423	3,087
<i>Total revenue</i>	<i>84,705</i>	<i>92,713</i>	<i>99,231</i>	<i>102,044</i>	<i>96,256</i>	<i>98,213</i>
Increase in provisions	1,806	1,888	1,967	1,239	2,821	1,853
For depreciation	1,674	2,143	2,075	2,418	3,834	2,864
Other	132	- 255	- 107	- 1,179	- 1,013	- 1,012
Borrowing (net)	- 3,551	- 4,098	- 5,151	3,901	9,705	16,983
Other financing transactions	528	- 2,660	2,879	- 1,956	524	- 1,316
<i>Total financing</i>	<i>- 1,217</i>	<i>- 4,869</i>	<i>- 305</i>	<i>3,183</i>	<i>13,050</i>	<i>17,520</i>

For footnotes see end of table.

24.5 ECONOMIC TRANSACTIONS OF THE COMMONWEALTH GOVERNMENT — *continued*

(\$ million)

Item	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Current deficit(b)	- 9,351	- 14,636	- 15,051	- 9,019	2,699	7,557
Capital deficit(c)	6,328	7,878	12,779	10,963	7,530	8,110
Total deficit(d)	- 3,023	- 6,758	- 2,272	1,944	10,229	15,667
Net financing requirement(e)	- 3,023	- 6,758	- 2,272	1,944	10,229	15,667

(a) This item provides an indication of the extent of government charges levied. The charges are offset against gross expenditure in calculating final consumption expenditure and comprise mainly sales to the private sector. However, note that it has not been possible to exclude all inter-agency charges and that some estimated data is included. (b) Revenue less current outlays plus increase in provisions less capital grants and other capital revenue. (c) Capital grants and other capital revenue less capital outlays. (d) The deficit is the sum of all financing transactions except for increases (decreases) in provisions. (e) The net financing requirement (NFR) is a measure of the extent to which the sector or combination of sectors contributes to the overall requirement for funds from outside the government sector. This measure can differ from the deficit because it excludes advances received as well as increases in provisions.

Source: Government Finance Statistics, Australia (5512.0).

24.6 COMMONWEALTH GOVERNMENT OUTLAYS

(\$ million)

Purpose	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
General public services	4,646	5,473	5,779	6,334	6,960	7,370
Defence	6,867	7,189	7,732	8,324	8,606	9,009
Public order and safety	568	690	777	749	936	883
Education	5,852	6,205	6,674	7,552	8,442	9,259
Health	9,803	10,805	11,827	12,851	13,722	14,772
Social security and welfare	22,758	23,836	26,362	30,613	35,493	38,465
Housing and community amenities	1,398	1,251	1,306	1,037	1,225	1,347
Recreation and culture	946	985	1,036	1,116	1,105	1,097
Fuel and energy	733	528	521	579	690	701
Agriculture, forestry and fishing	858	1,470	4,589	3,906	1,529	2,123
Mining, manufacturing and construction	482	481	656	497	544	553
Transport and communications	4,712	5,415	7,431	7,061	6,607	5,650
Other economic affairs	1,534	1,489	1,560	2,054	2,469	3,114
Other purposes	22,331	22,028	22,676	22,554	20,978	21,391
Total	83,488	87,844	98,926	105,227	109,306	115,733

Source: Government Finance Statistics, Australia (5512.0).

Commonwealth government financial assistance to the States and Territories

The taxes levied by the Commonwealth Government are used to finance the Commonwealth's 'own-purpose' policy programs and are also distributed to other

levels of government, principally the States and Territories, as grants. The distributions are based on principles applied by the Commonwealth Grants Commission. The following table shows details of grants to States/Territories and local governments classified by purpose.

24.7 COMMONWEALTH GRANTS TO STATES AND TERRITORIES, 1992-93 (\$ million)

<i>Purpose</i>	<i>NSW</i>	<i>Vic.</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas.</i>	<i>NT</i>	<i>ACT</i>	<i>Aust.</i>
CURRENT									
General public services, defence, public order and safety	125	100	57	55	37	13	3	2	392
Education	1,855	1,503	923	452	528	144	60	57	5,522
Health	1,454	1,061	718	381	376	128	27	61	4,206
Social security	191	195	117	64	50	25	5	10	657
Housing and community amenities	2	2	—	1	1	7	1	7	21
Recreation and culture	—	—	13	—	—	—	—	—	13
Fuel and energy	19	—	6	—	1	—	10	—	36
Agriculture, forestry, fishing and hunting	68	22	54	40	16	20	14	—	234
Transport and communications	105	73	64	21	52	18	8	11	352
Other purposes	3,975	3,067	2,959	1,777	1,711	643	849	421	15,402
Total	7,794	6,023	4,911	2,791	2,772	998	977	569	26,835
CAPITAL									
General public services, defence, public order and safety	—	—	—	—	—	—	—	—	—
Education	329	233	162	68	79	21	21	5	918
Health	11	11	4	2	5	1	—	2	36
Social security	—	7	1	1	2	—	—	—	11
Housing and community amenities	300	236	168	93	113	27	30	17	984
Recreation and culture	1	1	5	1	1	1	—	—	10
Fuel and energy	—	—	—	—	—	—	—	—	—
Agriculture, forestry, fishing and hunting	6	7	1	4	—	—	—	—	18
Transport and communications	612	378	441	122	191	61	54	8	1,867
Other purposes	542	114	61	168	48	33	46	37	1,049
Total	1,801	987	843	459	439	144	151	69	4,893

Source: Unpublished ABS data.

Commonwealth government taxation

The following table shows Commonwealth government taxation revenue classified by type of tax for the six years ending 1992-93.

24.8 COMMONWEALTH GOVERNMENT TAXES, FEES AND FINES
(\$ million)

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Income taxes levied on individuals	41,811	47,433	49,881	50,061	46,687	47,328
Personal income tax	40,928	46,228	48,285	48,810	45,601	46,146
Mining withholding tax	1	1	1	2	2	2
Prescribed payments by individuals	881	1,203	1,595	1,250	1,084	1,181
Income taxes levied on enterprises	8,650	10,103	13,144	15,220	14,480	15,041
Company income tax	8,562	9,990	12,629	14,058	13,246	13,416
Income tax paid by superannuation funds	11	7	376	1,053	1,139	1,522
Prescribed payments by enterprises	77	105	139	109	94	103
Income taxes levied on non-residents	818	898	1,097	1,095	903	850
Dividend withholding tax	125	97	115	109	50	88
Interest withholding tax	541	638	799	790	651	557
Other income tax levied on non-residents	153	162	183	196	202	205
<i>Taxes on income</i>	<i>51,278</i>	<i>58,433</i>	<i>64,122</i>	<i>66,376</i>	<i>62,070</i>	<i>63,220</i>
General taxes (payroll tax)	41	51	—	—	—	—
Selective taxes (stevedoring industry charges)	26	28	35	51	54	45
Other employers labour force taxes	852	990	1,168	1,262	1,330	1,346
Fringe benefits tax	852	990	1,168	1,262	1,330	1,346
Superannuation guarantee charge	—	—	—	—	—	—
<i>Employers' payroll taxes</i>	<i>919</i>	<i>1,069</i>	<i>1,204</i>	<i>1,312</i>	<i>1,385</i>	<i>1,391</i>
Taxes on immovable property	52	58	—	—	—	—
Estate, inheritance and gift duties	1	1	—	—	—	—
Taxes on financial and capital transactions	411	427	387	247	15	19
Stamp duties	61	60	—	—	—	—
Financial institutions' transaction taxes	342	358	378	229	3	1
Government borrowing guarantee levies	9	9	9	18	12	19
<i>Taxes on property</i>	<i>464</i>	<i>486</i>	<i>387</i>	<i>247</i>	<i>15</i>	<i>19</i>
General taxes (sales tax)	7,547	9,402	10,132	9,365	9,113	9,252
Excises and levies	10,793	9,874	10,462	11,587	10,204	10,294
Excises on crude oil and LPG	2,056	1,188	1,232	1,354	64	116
Other Excise Act duties	8,128	8,079	8,655	9,005	9,417	9,560
Agricultural production taxes	609	606	575	1,228	723	618
Taxes on international trade	3,711	3,831	4,026	3,377	3,350	3,336
Customs duties on imports	3,632	3,752	3,954	3,319	3,299	3,331
Customs duties on exports	55	54	61	54	49	2
Agricultural produce export taxes	24	24	11	3	2	3
Taxes on gambling	13	21	—	—	—	—
Taxes on insurance	7	5	—	—	—	—
<i>Taxes on provision of goods and services</i>	<i>22,071</i>	<i>23,132</i>	<i>24,620</i>	<i>24,329</i>	<i>22,667</i>	<i>22,882</i>

For footnotes see end of table.

24.8 COMMONWEALTH GOVERNMENT TAXES, FEES AND FINES — continued
(\$ million)

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Motor vehicle taxes	30	38	21	18	19	21
Franchise taxes	21	21	—	—	—	—
Other taxes on use of goods etc.	176	149	217	166	219	206
Broadcast and TV station licences	86	108	177	125	135	101
Departure tax	66	38	39	38	82	93
Other taxes on use of goods etc. n.e.c.	25	2	2	3	2	12
<i>Taxes on use of goods and performance of activities</i>	227	208	238	183	238	227
Compulsory fees of which	422	643	663	864	1,014	910
Aviation en route charges	188	320	314	409	433	286
Light dues and navigation ACT charges	39	40	41	42	43	41
Fines	11	5	8	27	15	16
<i>Fees and fines</i>	433	647	671	891	1,029	926
Total taxes, fees and fines	75,392	83,975	91,242	93,339	87,404	88,665

Note: The Australian Capital Territory became self-governing on 11 May 1989. In these statistics it is included with the Commonwealth sector up until 1988-89 and then with the State and Territory sector from 1989-90.

Source: *Government Finance Statistics, Australia (5512.0)* and *Taxation Revenue, Australia (5506.0)*.

STATE/TERRITORY GOVERNMENT FINANCE

State/Territory Governments perform the full range of government functions, other than those the Constitution deems the exclusive domain of the Commonwealth. The functions mainly administered by State/Territory Governments include public order, health, education, administration, transport, and maintenance of infrastructure. The revenue

base of State/Territory Governments is narrower than that of the Commonwealth and consists of taxes on property, employers' payrolls, and on provision and use of goods and services. This revenue base is supplemented by grants from the Commonwealth as mentioned above. Tables 24.9, 24.10 and 24.11 summarise the economic transactions, outlays, and taxation revenue for the government sector of all State and Territory Governments combined.

24.9 ECONOMIC TRANSACTIONS OF STATE AND TERRITORY GOVERNMENTS (\$ million)

Item	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Current expenditure	30,912	33,716	37,483	40,633	43,582	45,514
Less sales of goods and services(a)	3,404	4,036	4,775	5,229	5,674	6,155
<i>Equals</i> final consumption expenditure	27,508	29,679	32,708	35,405	37,908	39,360
Interest payments	9,062	10,345	11,802	12,566	11,916	11,673
Subsidies paid to PTEs	2,343	2,457	2,267	2,423	2,472	2,506
Current grants to other governments	909	885	929	982	1,344	1,387
Other transfer payments	3,692	4,136	4,874	5,483	6,555	7,382
<i>Total current outlays</i>	<i>43,516</i>	<i>47,502</i>	<i>52,581</i>	<i>56,857</i>	<i>60,195</i>	<i>62,308</i>
Expenditure on new fixed assets	10,660	10,804	12,210	11,942	11,949	12,843
Plus expenditure on secondhand assets (net)	- 573	- 832	- 1,078	- 894	- 733	- 1,648
<i>Equals</i> gross fixed capital expenditure	10,087	9,973	11,131	11,048	11,216	11,195
Expenditure on land and intangible assets (net)	108	- 650	- 201	- 74	- 83	- 279
Capital grants to other governments	431	471	499	581	266	388
Other capital outlays	645	536	591	- 181	2,198	- 682
<i>Total capital outlays</i>	<i>11,271</i>	<i>10,330</i>	<i>12,020</i>	<i>11,375</i>	<i>13,598</i>	<i>10,621</i>
Total outlays	54,787	57,832	64,601	68,232	73,792	72,929
Taxes, fees and fines	15,664	18,381	19,950	21,120	22,563	24,095
Net operating surplus of public trading enterprises	5,235	5,473	5,953	6,317	6,975	7,268
Interest received	2,304	3,367	3,905	4,082	3,462	3,445
Grants received	23,793	24,253	26,425	28,448	29,468	31,932
For own use	19,785	20,164	22,078	23,630	24,006	26,063
For onpassing	4,008	4,089	4,347	4,818	5,462	5,869
Other revenue	1,751	2,148	2,507	2,413	2,643	2,714
Total revenue	48,747	53,623	58,739	62,380	65,111	69,454
Increase in provisions	2,317	3,082	3,101	3,088	3,301	3,623
For depreciation	1,742	2,307	2,569	2,900	3,255	3,586
Other	575	775	532	188	46	37
Advances received (net)	- 48	- 113	- 488	- 1,856	- 2,735	- 2,731
Borrowing (net)	5,408	4,024	2,664	7,022	11,981	9,486
Other financing transactions	- 1,638	- 2,785	585	- 2,402	- 3,865	- 6,904
Total financing	6,040	4,209	5,862	5,852	8,682	3,475
Current deficit(b)	- 4,090	- 5,536	- 5,018	- 3,963	- 4,029	- 5,034
Capital deficit(c)	7,812	6,663	7,780	6,727	9,409	4,885
Total deficit(d)	3,723	1,127	2,761	2,764	5,381	- 148
Net financing requirement(e)	3,770	1,240	3,249	4,620	8,115	2,582

(a) This item provides an indication of the extent of government charges levied. The charges are offset against gross expenditure in calculating final consumption expenditure and comprise mainly sales to the private sector. However, note that it has not been possible to exclude all inter-agency charges and that some estimated data is included. (b) Revenue less current outlays plus increase in provisions less capital grants and other capital revenue. (c) Capital grants and other capital revenue less capital outlays. (d) The deficit is the sum of all financing transactions except for increases (decreases) in provisions. (e) The net financing requirement (NFR) is a measure of the extent to which the sector or combination of sectors contributes to the overall requirement for funds from outside the government sector. This measure can differ from the deficit because it excludes advances received as well as increases in provisions.

Source: Government Finance Statistics, Australia (5512.0).

24.10 OUTLAYS OF STATE AND TERRITORY GOVERNMENTS, BY PURPOSE (\$ million)

Purpose	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
General public services	2,850	2,907	3,045	4,074	6,605	4,949
Defence	—	—	—	—	—	—
Public order and safety	3,306	3,786	4,314	4,684	4,792	4,828
Education	13,167	14,242	15,650	16,735	17,750	18,635
Health	8,502	9,384	10,348	10,954	11,248	11,603
Social security and welfare	1,619	1,845	2,229	2,784	3,202	3,401
Housing and community amenities	2,927	2,563	3,383	3,080	3,149	3,387
Recreation and culture	1,634	1,238	1,477	1,502	1,685	1,772
Fuel and energy	2,283	2,328	2,014	2,254	2,451	1,627
Agriculture, forestry and fishing	1,174	1,262	1,356	1,314	1,406	1,587
Mining, manufacturing and construction	485	310	378	290	269	69
Transport and communications	6,241	6,178	6,797	6,974	7,068	8,004
Other economic affairs	1,142	1,015	1,006	932	1,250	1,062
Other purposes	9,457	10,773	12,605	12,653	12,916	12,005
Total	54,787	57,832	64,601	68,232	73,792	72,929

Source: Government Finance Statistics, Australia (5512.0).

24.11 STATE AND TERRITORY GOVERNMENT TAXES, FEES AND FINES (\$ million)

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Employers' payroll taxes	4,017	4,672	5,210	5,802	5,904	5,810
Taxes on immovable property	945	1,099	1,591	1,944	2,141	2,056
Land taxes	816	956	1,295	1,602	1,774	1,492
Municipal rates	—	—	56	66	72	78
Metropolitan improvement rates	43	47	52	59	69	68
Property owners' contributions to fire brigades	77	87	91	105	111	119
Taxes on immovable property n.e.c.	8	9	97	111	116	299
Estate inheritance and gift duty	2	1	1	—	—	—
Taxes on financial and capital transactions	3,948	5,075	4,237	4,032	4,464	4,881
Stamp duties	3,495	4,569	3,645	2,926	3,027	3,341
Financial institutions' taxes	409	469	554	1,057	1,388	1,483
Government borrowing guarantee levies	45	37	38	49	49	57
Taxes on property	4,896	6,175	5,828	5,976	6,606	6,937
Excises and levies	305	336	371	388	436	483
Agricultural production taxes	11	11	11	10	12	15
Levies on statutory corporations	295	325	360	378	423	468
Taxes on gambling	1,364	1,549	1,757	1,889	1,952	2,161
Taxes on government lotteries	329	395	448	506	545	524
Taxes on private lotteries	256	259	304	325	325	318
Poker machine taxes	212	239	278	295	315	502
Casino taxes	55	75	78	93	97	115
Race betting taxes	506	574	639	651	646	682
Taxes on gambling n.e.c.	6	7	10	19	25	19
Taxes on insurance	827	890	1,104	1,114	1,201	1,348
Insurance companies' contributions to fire brigades	280	303	359	363	382	399
Third party insurance taxes	28	22	149	137	141	152
Taxes on insurance n.e.c.	519	566	596	614	678	798
Taxes on provision of goods and services	2,496	2,775	3,233	3,391	3,589	3,992

... continued

24.11 STATE AND TERRITORY GOVERNMENT TAXES, FEES AND FINES — continued
(\$ million)

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Motor vehicle taxes	1,902	2,129	2,401	2,349	2,472	2,780
Vehicle registration fees and taxes	1,165	1,242	1,342	1,402	1,606	1,765
Stamp duty on vehicle registration	516	651	728	641	626	750
Drivers' licences	175	190	268	251	184	187
Road transport and maintenance taxes	45	47	63	56	55	78
Franchise taxes	1,565	1,751	2,392	2,620	2,842	3,394
Gas franchise taxes	9	10	11	11	15	15
Petroleum products franchise taxes	674	680	1,016	1,061	1,128	1,174
Tobacco franchise taxes	439	564	818	944	1,085	1,575
Liquor franchise taxes	443	496	546	603	615	630
Other taxes on use of goods etc.	29	20	23	30	50	70
<i>Taxes on use of goods and performance of activities</i>	<i>3,496</i>	<i>3,900</i>	<i>4,816</i>	<i>4,998</i>	<i>5,364</i>	<i>6,243</i>
Compulsory fees of which	529	584	544	599	660	661
Tertiary education charges	—	—	—	—	—	—
Fines	230	276	318	354	442	451
<i>Fees and fines</i>	<i>759</i>	<i>860</i>	<i>862</i>	<i>953</i>	<i>1,101</i>	<i>1,112</i>
Total taxes, fees and fines	15,664	18,381	19,950	21,120	22,563	24,095

Source: Government Finance Statistics, Australia (5512.0) and Taxation Revenue, Australia (5506.0).

LOCAL GOVERNMENT FINANCE

Local government authorities govern areas typically described as cities, towns, shires, boroughs, municipalities and district councils. Although the range of functions undertaken by local governments varies between the different jurisdictions, their 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, and registration of dogs.

Also local governments provide transport facilities, electricity, gas and other business undertakings, hospitals, charitable institutions, recreation grounds, parks, swimming pools, libraries, and museums.

Local governments' own-source revenue is derived mainly from property taxes. They also rely on grants from the Commonwealth and their parent State/Territory Governments (except for the Australian Capital Territory, which has no separate local government).

Tables 24.12, 24.13 and 24.14 show the economic transactions, outlays, and tax revenues for the general government and public trading enterprise activities of all local governments in Australia.

24.12 ECONOMIC TRANSACTIONS OF LOCAL GOVERNMENTS
(\$ million)

<i>Item</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>
Current expenditure	4,626	5,121	5,743	6,352	6,693	6,961
Less sales of goods and services(a)	1,651	1,879	2,000	2,203	2,304	2,275
<i>Equals</i> final consumption expenditure	2,975	3,242	3,744	4,149	4,389	4,686
Interest payments	915	959	1,077	1,131	924	820
Other transfer payments	180	179	160	147	143	198
<i>Total current outlays</i>	<i>4,070</i>	<i>4,381</i>	<i>4,981</i>	<i>5,427</i>	<i>5,456</i>	<i>5,704</i>
Gross fixed capital expenditure	2,536	2,663	3,053	2,825	2,674	2,802
Expenditure on land and intangible assets (net)	- 37	- 55	173	88	77	82
Other capital outlays	- 5	- 4	152	- 4	- 9	12
<i>Total capital outlays</i>	<i>2,493</i>	<i>2,603</i>	<i>3,379</i>	<i>2,909</i>	<i>2,742</i>	<i>2,897</i>
<i>Total outlays</i>	<i>6,563</i>	<i>6,984</i>	<i>8,360</i>	<i>8,336</i>	<i>8,198</i>	<i>8,601</i>
Taxes, fees and fines	3,333	3,677	4,037	4,480	4,703	4,932
Net operating surplus of public trading enterprises	468	653	465	514	372	285
Interest received	499	595	833	722	528	415
Grants received	1,457	1,504	1,468	1,673	1,806	2,142
Other revenue	292	329	309	345	343	391
<i>Total revenue</i>	<i>6,048</i>	<i>6,759</i>	<i>7,112</i>	<i>7,734</i>	<i>7,752</i>	<i>8,166</i>
Increase in provisions	269	243	196	251	283	355
For depreciation	199	159	195	249	281	354
Borrowing (net)	273	368	743	158	10	- 148
Other financing transactions	- 28	- 386	309	193	153	228
<i>Total financing</i>	<i>514</i>	<i>225</i>	<i>1,248</i>	<i>602</i>	<i>446</i>	<i>435</i>
Current deficit(b)	- 1,523	- 1,815	- 1,542	- 1,552	- 1,809	- 1,837
Capital deficit(c)	1,767	1,797	2,593	1,903	1,972	1,917
<i>Total deficit(d)</i>	<i>245</i>	<i>- 17</i>	<i>1,052</i>	<i>351</i>	<i>163</i>	<i>80</i>
<i>Net financing requirement(e)</i>	<i>232</i>	<i>- 25</i>	<i>893</i>	<i>360</i>	<i>184</i>	<i>102</i>

(a) This item provides an indication of the extent of government charges levied. the charges are offset against gross expenditure in calculating final consumption expenditure and comprise mainly sales to the private sector. However, note that it has not been possible to exclude all inter-agency charges and that some estimated data is included. (b) Revenue less current outlays plus increase in provisions less capital grants and other capital revenue. (c) Capital grants and other capital revenue less capital outlays. (d) The deficit is the sum of all financing transactions except for increases (decreases) in provisions. (e) The net financing requirement (NFR) is a measure of the extent to which the sector or combination of sectors contributes to the overall requirement for funds from outside the government sector. This measure can differ from the deficit because it excludes advances received as well as increases in provisions.

Source: Government Finance Statistics, Australia (5512.0).

24.13 OUTLAYS OF LOCAL GOVERNMENTS, BY PURPOSE
(\$ million)

<i>Purpose</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>
General public services	896	957	1,180	1,375	1,423	1,386
Defence	—	—	—	—	—	—
Public order and safety	112	132	105	116	120	126
Education	26	28	35	36	38	43
Health	130	148	153	163	167	169
Social security and welfare	230	256	281	311	358	407
Housing and community amenities	1,156	1,135	1,216	1,339	1,323	1,432
Recreation and culture	1,014	1,071	1,082	1,143	1,159	1,358
Fuel and energy	356	445	848	405	324	279
Agriculture, forestry and fishing	22	21	15	16	17	17
Mining, manufacturing and construction	80	91	107	119	117	120
Transport and communications	1,690	1,730	1,966	2,078	2,102	2,273
Other economic affairs	64	68	79	70	72	35
Other purposes	786	902	1,294	1,164	979	956
<i>Total</i>	<i>6,563</i>	<i>6,984</i>	<i>8,360</i>	<i>8,336</i>	<i>8,198</i>	<i>8,601</i>

Source: Government Finance Statistics, Australia (5512.0).

26.14 LOCAL GOVERNMENT TAXES, FEES AND FINES (\$ million)

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Taxes on property	3,130	3,424	3,775	4,205	4,392	4,598
Fees and fines	202	253	262	275	311	334
Compulsory fees	146	192	194	198	231	256
Fines	56	61	68	77	80	78
Total taxes, fees and fines	3,333	3,677	4,037	4,480	4,703	4,932

Note: Excludes rates collected by local government business undertakings; they are regarded as charges for goods and services and not as taxes.

Source: *Taxation Revenue, Australia* (5506.0).

FINANCIAL ASSETS AND LIABILITIES

As well as providing transactions statistics, the GFS system provides levels (stocks) data on financial assets and liabilities, of the Australian government sector. The statistics encompass deposits made or held by Australian governments, equity and non-equity assets and liabilities and all lending and borrowing they have undertaken. Briefly defined:

- Financial assets cover the financial claims of the non-financial public sector on other organisations (including other government authorities and overseas organisations) and households, excluding shares and other equity and financial assets related to trade credit and

accounts receivable. Financial assets are shown before deduction of provisions for doubtful debts.

- Liabilities include all financial claims on the non-financial public sector except those related to trade credit and other accounts payable. Liabilities include lease liabilities under finance leases or similar arrangements and repayable amounts held as security deposits. Monies held on trust (excluding employee superannuation contributions) are included both as assets and liabilities of government. Coin on issue is not included as a liability of government.

Tables 24.15, 24.16 and 24.17 summarise the financial assets, liabilities and the net financial position of the non-financial public sector of the three levels of government.

24.15 FINANCIAL ASSETS AND LIABILITIES OF COMMONWEALTH, STATE/TERRITORY AND LOCAL GOVERNMENTS COMBINED(a) (\$ million)

	At 30 June 1992			At 30 June 1993		
	Liabilities	Financial assets	Net financial position(b)	Liabilities	Financial assets	Net financial position(b)
Cash and deposits	4,758	7,822	..	5,601	7,440	..
Advances	—	7,210	..	—	7,050	..
Other lending/borrowing(c)	167,151	26,504	..	185,583	28,862	..
Total	171,909	41,536	130,373	191,184	43,352	147,833

(a) Totals down do not always add because holdings of financial assets and liabilities between categories cancel out. (b) Total liabilities less total financial assets. (c) Loans and placements received/made, debt securities issued/held and finance lease liabilities.

Source: *Public Sector Financial Assets and Liabilities, Australia* (5513.0).

24.16 FINANCIAL ASSETS AND LIABILITIES OF THE COMMONWEALTH GOVERNMENT(a)
(\$ million)

	At 30 June 1992			At 30 June 1993		
	Liabilities	Financial assets	Net financial position(b)	Liabilities	Financial assets	Net financial position(b)
Cash and deposits	327	2,043	..	308	2,322	..
Advances	..	23,280	..	—	20,950	..
Other lending/borrowing(c)	79,758	5,285	..	94,662	4,468	..
Total	80,085	30,608	49,477	94,970	27,739	67,231

(a) Totals down do not always add because holdings of financial assets and liabilities between categories cancel out. (b) Total liabilities less total financial assets. (c) Loans and placements received/made, debt securities issued/held and finance lease liabilities.
Source: *Public Sector Financial Assets and Liabilities, Australia (5513.0)*.

24.17 FINANCIAL ASSETS AND LIABILITIES OF STATE/TERRITORY AND LOCAL GOVERNMENTS(a)
(\$ million)

	At 30 June 1992			At 30 June 1993		
	Liabilities	Financial assets	Net financial position(b)	Liabilities	Financial assets	Net financial position(b)
Cash and deposits	4,431	5,780	..	5,294	5,119	..
Advances	21,062	4,923	..	18,609	4,430	..
Other lending/borrowing(c)	88,776	22,670	..	94,541	28,295	..
Total	114,269	33,373	80,896	118,444	37,844	80,600

(a) Totals down do not always add because holdings of financial assets and liabilities between categories cancel out. (b) Total liabilities less total financial assets. (c) Loans and placements received/made, debt securities issued/held and finance lease liabilities.
Source: *Public Sector Financial Assets and Liabilities, Australia (5513.0)*.

BIBLIOGRAPHY

ABS Publications

Classification Manual for Government Finance Statistics, Australia (1217.0)

Government Finance Statistics, Australia (5512.0)

Government Financial Estimates, Australia (5501.0)

Public Sector Financial Assets and Liabilities, Australia (Previously: Public Sector Debt, Australia) (5513.0)

Taxation Revenue, Australia (5506.0)

FOR MORE INFORMATION

The ABS has a far wider range of information on Australia than that contained in the *Year Book*. Information is available in the form of regular publications, electronic data services, special tables and from investigations of published and unpublished data.

For further information contact ABS Information Services at one of the addresses listed on the page facing the Introduction to the *Year Book*.