

Government finance

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Government finance

Introduction

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

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, State Rail, 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 macroeconomic 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 1993–94, total government outlays for Australia totalled \$165,222 million, a rise of 1.0% over 1992–93, reflecting a rise of 5.2% in current outlays offset by a fall of 30.4% in capital outlays.

Total government revenue was \$199,031 million, a rise of 7.1% in 1993–94.

Of this, \$124,992 million (83.9%) 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 \$10,776 million in 1993–94, a drop of \$7,805 million over the previous year. The current deficit moved to a surplus of \$1,406 million, mainly reflecting higher revenue from taxation. The capital deficit moved from \$17,945 million in 1992–93 to \$12,184 million in 1993–94 mainly reflecting lower capital outlays by both the Commonwealth and State/Territory and local governments as a result of major asset sales.

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 1993–94.

24.1 Economic transactions of all levels of government combined (\$ million)

Item	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
Current expenditure	57 619	64 547	70 750	75 621	79 394	82 779
Less sales of goods & services(a)	7 200	9 648	10 558	11 377	12 336	13 300
<i>Equals</i> final consumption expenditure	50 420	54 900	60 193	64 244	67 058	69 479
Interest payments	17 490	19 346	19 448	18 193	17 339	18 240
Subsidies paid to PTEs	2 838	2 625	3 654	3 163	2 841	2 821
Personal benefit payments	29 466	32 578	37 351	42 385	45 944	49 614
Other transfer payments	6 655	7 479	7 958	9 445	11 460	11 944
<i>Total current outlays</i>	106 868	116 927	128 604	137 430	144 643	152 098
Expenditure on new fixed assets	18 620	22 042	21 984	21 392	21 389	20 517
<i>Plus</i> expenditure on secondhand assets (net)	-1 683	-1 389	-2 124	-1 487	-2 438	-2 888
<i>Equals</i> gross fixed capital expenditure	16 937	20 653	19 860	19 905	18 951	17 629
Expenditure on land & intangible assets (net)	-595	140	101	52	-186	-767
Other capital outlays	1 159	3 666	2 221	2 680	93	-3 738
<i>Total capital outlays</i>	17 501	24 459	22 182	22 636	18 859	13 124
Total outlays	124 370	141 386	150 785	160 067	163 502	165 222
Taxes, fees & fines	106 009	115 201	118 891	114 642	117 662	124 992
Net operating surplus of public trading enterprises	9 897	9 655	11 071	10 750	11 506	13 111
Interest received	5 022	5 705	5 553	4 505	4 008	3 911
Other revenue	3 700	3 633	3 966	5 300	5 912	7 018
Total revenue	124 627	134 195	139 481	135 198	139 088	149 031
Increase in provisions						
For depreciation	4 973	5 341	4 850	6 470	5 833	5 415
Other	4 574	4 835	5 581	7 418	6 902	7 109
Total	399	506	-732	-948	-1 069	-1 694
Borrowing (net)	-488	-1 602	11 383	21 113	22 345	16 587
Other financing transactions	-4 743	3 451	-4 929	-2 714	-3 765	-5 811
Total financing	-257	7 191	11 304	24 869	24 414	16 191
Current deficit(b)	-21 692	-21 661	-14 874	-3 311	635	-1 408
Capital deficit(c)	16 461	23 510	21 328	21 710	17 945	12 184
Total deficit(d)	-5 231	1 849	6 454	18 399	18 581	10 776
Net financing requirement(e)	-5 231	1 849	6 454	18 399	18 581	10 776

(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)

Item	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
Taxes on incomes						
Income taxes levied on individuals	47 433	49 881	50 061	46 687	47 328	50 323
Income taxes levied on enterprises	10 090	13 143	15 227	14 494	15 026	13 918
Income taxes levied on non-residents	898	1 097	1 095	903	850	1 026
<i>Total taxes on income</i>	<i>58 421</i>	<i>64 121</i>	<i>66 383</i>	<i>62 084</i>	<i>63 205</i>	<i>65 268</i>
Employers' payroll taxes						
General taxes (payroll tax)	4 723	5 210	5 802	5 904	5 807	6 035
Selective taxes (stevedoring industry charges)	28	35	51	54	45	40
Other employers' labour force taxes	974	1 139	1 207	1 288	1 305	1 382
<i>Total employers' payroll taxes</i>	<i>5 725</i>	<i>6 384</i>	<i>7 059</i>	<i>7 247</i>	<i>7 157</i>	<i>7 457</i>
Taxes on property						
Taxes on immovable property(a)	4 583	5 367	6 149	6 533	6 697	6 730
Estate, inheritance & gift duty	2	1	—	—	—	—
Taxes on financial & capital transactions	5 502	4 624	4 279	4 479	4 900	6 005
<i>Total taxes on property</i>	<i>10 086</i>	<i>9 992</i>	<i>10 429</i>	<i>11 012</i>	<i>11 597</i>	<i>12 736</i>
Taxes on provision of goods & services						
General taxes (sales tax)	9 402	10 132	9 365	9 113	9 252	10 414
Excises & levies						
Crude oil & LPG(b)	1 188	1 232	1 354	64	116	62
Other excises	8 079	8 655	9 005	9 417	9 560	10 751
Agricultural production taxes	617	587	1 238	735	633	647
Levies on statutory authorities	325	360	378	423	451	476
<i>Total excises & levies</i>	<i>10 209</i>	<i>10 834</i>	<i>11 975</i>	<i>10 639</i>	<i>10 760</i>	<i>11 936</i>
Taxes on international trade	3 831	4 026	3 377	3 350	3 336	3 231
Taxes on gambling	1 571	1 757	1 946	2 018	2 161	2 583
Taxes on insurance	895	1 104	1 176	1 295	1 427	1 561
<i>Total taxes on provision of goods & services</i>	<i>25 908</i>	<i>27 853</i>	<i>27 839</i>	<i>26 415</i>	<i>26 937</i>	<i>29 725</i>
Taxes on use of goods & performance of activities						
Motor vehicle taxes	2 167	2 421	2 366	2 491	2 801	3 128
Franchise taxes	1 771	2 392	2 620	2 842	3 394	3 999
Other taxes on use of goods & performance of activities	169	241	195	269	276	448
<i>Total taxes on use of goods & performance of activities</i>	<i>4 108</i>	<i>5 054</i>	<i>5 181</i>	<i>5 602</i>	<i>6 470</i>	<i>7 575</i>
Fees & fines						
Compulsory fees	1 420	1 403	1 542	1 745	1 755	1 683
Fines	342	395	458	537	542	549
<i>Total fees & fines</i>	<i>1 762</i>	<i>1 798</i>	<i>2 000</i>	<i>2 282</i>	<i>2 297</i>	<i>2 232</i>
Total taxes, fees & fines	106 009	115 201	118 891	114 642	117 662	124 992

(a) Partly estimated. (b) Oil produced (except from the North West Shelf production licence area) is not subject to crude oil excise duties from 1991-92 onwards. Amounts collected under petroleum resource rent taxes are included in TFFC 121 (Company income tax).

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

24.3 Consolidation of outlays by level of government, 1993-94 (\$ million)

Item	State/ Territory govts	Local govts	Transfers between State/ Territory & local govts	State/ Territory & local govts	C'wealth govts	Transfers between C'wealth, State/ Territory & local govts	C'wealth, State/ Territory & local govts
Final consumption expenditure	40 651	4 683	—	45 334	24 145	—	69 479
Interest payments	11 101	664	42	11 723	8 267	1 750	18 240
Personal benefit payments	1 562	—	—	1 562	48 052	—	49 614
Subsidies paid	3 697	2	—	3 700	2 742	—	6 442
Current grants to —							
Non-profit institutions	4 786	7	—	4 793	2 000	—	6 793
Foreign governments & others	—	—	—	—	1 257	—	1 257
State/Territory or local governments	1 349	1	1 346	4	28 467	28 467	—
Total current grants	6 135	8	1 346	4 797	31 723	28 467	8 053
Other current outlays	78	107	105	80	235	44	271
Total current outlays	63 224	5 464	1 493	67 195	115 164	30 261	152 098
Gross fixed capital expenditure	11 222	2 595	—	13 818	3 811	—	17 629
Capital grants	790	3	337	456	4 094	3 879	670
Advances paid (net)	-2 189	10	-12	-2 167	-2 953	-1 314	-3 806
Other capital outlays	-691	98	—	-593	-777	—	-1 370
Total capital outlays	9 132	2 706	325	11 513	4 176	2 565	13 124
Total	72 357	8 169	1 818	78 708	119 340	32 826	165 222

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% in 1993-94 and comprised 25.3% of total government outlays.

24.4 Outlays of Commonwealth, State, Territory and Local governments (\$ million)

Purpose	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
General public services	9 467	10 032	11 540	14 632	13 352	13 976
Defence	7 189	7 734	8 326	8 607	9 010	9 237
Public order & safety	4 454	5 030	5 361	5 642	5 638	5 173
Education	15 761	17 226	18 870	20 416	21 469	21 972
Health	17 050	18 820	20 327	21 413	22 613	23 537
Social security & welfare	25 497	28 172	32 798	37 939	41 028	44 174
Housing & community amenities	3 835	4 872	4 462	4 581	4 638	3 874
Recreation & culture	3 282	3 585	3 681	3 856	4 035	3 761
Fuel & energy	3 113	3 334	3 216	3 370	2 629	1 695
Agriculture, forestry & fishing & hunting	2 688	5 852	5 102	2 755	3 475	2 438
Mining, manufacturing & construction	881	1 117	886	898	706	533
Transport & communications	11 557	14 298	13 895	13 206	13 177	11 852
Other economic affairs	2 540	2 605	3 034	3 735	4 489	4 870
Other purposes	17 052	18 707	19 286	19 015	17 243	17 591
Total	124 368	141 384	150 783	160 065	163 501	165 223

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 1993–94 are summarised in the tables 24.5 and 24.6.

24.5 Economic transactions of the Commonwealth government
(\$ million)

Item	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94
Current expenditure	18 834	21 471	23 937	25 570	27 302	28 395
Less sales of goods & services(a)	1 299	2 994	3 278	3 623	4 119	4 250
<i>Equals</i> final consumption expenditure	17 535	18 477	20 659	21 946	23 184	24 145
Interest payments	8 838	9 141	8 304	7 837	7 207	8 267
Subsidies paid to PTEs	333	344	1 223	685	480	464
Personal benefit payments	28 410	31 360	36 022	40 973	44 535	48 052
Current grants						
To private sector	2 100	2 283	2 239	2 694	3 088	3 257
To State governments	17 251	18 624	19 563	20 546	21 420	22 309
Onpassed through State governments	3 860	4 163	4 535	5 155	5 439	5 972
To local governments	81	97	97	155	190	185
Total current grants	23 292	25 167	26 434	28 550	30 137	31 723
Other transfer payments	1 477	1 574	1 623	1 622	2 482	2 513
<i>Total current outlays</i>	<i>79 885</i>	<i>86 063</i>	<i>94 265</i>	<i>101 613</i>	<i>108 024</i>	<i>115 164</i>
Expenditure on new fixed assets	5 137	6 869	6 874	6 519	5 035	4 486
<i>Plus</i> expenditure on secondhand assets (net)	–827	–404	–887	–483	–394	–675
<i>Equals</i> gross fixed capital expenditure	4 310	6 465	5 987	6 036	4 642	3 811
Expenditure on land & intangible assets (net)	111	167	87	58	3	–219
Capital grants to other governments	3 093	3 556	4 357	3 721	5 290	3 879
Advances paid to other governments (net)	–111	–485	–1 858	–2 753	–2 669	–1 314
Other capital outlays	603	3 188	2 393	492	796	–1 982
<i>Total capital outlays</i>	<i>8 006</i>	<i>12 891</i>	<i>10 965</i>	<i>7 554</i>	<i>8 062</i>	<i>4 176</i>
Total outlays	87 891	98 953	105 230	109 167	116 087	119 340
Taxes, fees & fines	83 963	91 235	93 315	87 385	88 615	93 061
Net operating surplus of public trading enterprises	3 444	3 223	4 278	3 419	4 056	4 877
Interest received	3 633	3 557	3 261	2 895	2 500	2 100
Other revenue	1 243	1 134	1 398	2 465	3 142	3 919
Total revenue	92 283	99 148	102 252	96 164	98 313	103 957

For footnotes see end of table.

...continued

24.5 Economic transactions of the Commonwealth government — *continued* (\$ million)

Item	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
Increase in provisions						
For depreciation	2 077	2 075	2 418	3 834	2 863	2 898
Other	-141	-34	-924	-986	-917	-1 256
Total increase in provisions	1 936	2 041	1 493	2 848	1 946	1 642
Borrowing (net)	-4 079	-5 148	3 901	9 706	17 026	13 296
Other financing transactions	-2 249	2 913	-2 416	449	-1 198	444
Total financing	-4 392	-195	2 978	13 003	17 774	15 383
Current deficit(b)	-14 334	-15 102	-9 478	2 601	7 766	9 571
Capital deficit(c)	8 006	12 866	10 963	7 554	8 061	4 170
Total deficit(d)	-6 328	-2 236	1 485	10 155	15 828	13 740
Net financing requirement(e)	-6 328	-2 236	1 485	10 155	15 828	13 740

(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	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
General public services	5 470	5 773	6 331	6 958	7 373	7 761
Defence	7 189	7 732	8 325	8 606	9 009	9 236
Public order & safety	690	777	749	934	883	851
Education	6 205	6 674	7 551	8 482	9 260	9 877
Health	10 805	11 827	12 851	13 722	14 788	16 052
Social security & welfare	23 836	26 362	30 613	35 493	38 455	41 762
Housing & community amenities	1 251	1 306	1 037	1 223	1 328	1 088
Recreation & culture	1 061	1 097	1 116	1 105	1 099	1 033
Fuel & energy	529	522	583	694	708	606
Agriculture, forestry & fishing	1 520	4 627	3 916	1 532	2 114	1 128
Mining, manufacturing & construction	481	655	493	544	551	230
Transport & communications	5 417	7 433	7 064	6 463	6 047	4 692
Other economic affairs	1 490	1 553	2 048	2 473	3 115	3 157
Other purposes	21 946	22 613	22 553	20 938	21 352	21 869
Total	87 889	98 951	105 229	109 165	116 085	119 340

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, 1993–94 (\$ million)

Purpose	NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT	Aust.
Current									
General public services, defence, public order & safety	140	106	60	41	39	12	3	3	406
Education	2 078	1 661	1 045	524	600	160	75	75	6 219
Health	1 464	1 103	839	476	516	146	81	71	4 697
Social security	391	321	167	117	87	38	10	12	1 144
Housing & community amenities	3	2	2	1	1	6	1	7	22
Recreation & culture	—	—	11	—	—	—	—	—	11
Fuel & energy	3	—	—	—	—	—	—	—	3
Agriculture, forestry, fishing & hunting	27	7	36	19	11	13	8	—	121
Transport & communications	158	126	96	32	74	22	10	11	530
Other purposes	4 263	3 167	2 913	1 552	1 654	613	815	337	15 314
Total	8 527	6 493	5 168	2 764	2 982	1 011	1 004	518	28 467
Capital									
General public services, defence, public order & safety	—	—	—	—	—	—	—	—	—
Education	263	181	114	50	71	20	14	9	721
Health	102	3	1	1	3	—	—	—	111
Social security	9	15	10	4	7	2	1	1	49
Housing & community amenities	360	230	189	98	113	29	38	19	1 077
Recreation & culture	52	1	3	1	1	1	—	—	59
Fuel & energy	—	—	—	—	—	—	—	—	—
Agriculture, forestry, fishing & hunting	4	6	6	4	1	—	—	—	20
Transport & communications	458	232	208	79	91	32	30	—	1 131
Other purposes	173	144	66	164	45	38	45	35	711
Total	1 422	812	597	401	333	122	129	64	3 879

Source: Unpublished ABS Government Finance data.

Commonwealth government taxation

Table 24.8 shows Commonwealth government taxation revenue classified by type of tax for the six years ending 1993–94.

24.8 Commonwealth government taxes, fees and fines(a) (\$ million)

	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94
Taxes on income						
Income taxes levied on individuals						
Personal income tax	46 228	48 285	48 810	45 601	46 146	48 986
Mining withholding tax	1	1	2	2	2	2
Prescribed payments by individuals	1 203	1 595	1 250	1 084	1 181	1 335
Total income taxes levied on individuals	47 433	49 881	50 061	46 687	47 238	50 323
Income taxes levied on enterprises						
Company income tax(b)	9 994	12 651	14 088	13 269	13 406	12 612
Income tax paid by superannuation funds	7	376	1 053	1 139	1 522	1 191
Prescribed payments by enterprises	105	139	109	94	103	116
Total income taxes levied on enterprises	10 106	13 166	15 250	14 502	15 031	13 918
Income taxes levied on non-residents						
Dividend withholding tax	97	115	109	50	88	84
Interest withholding tax	638	799	790	651	557	467
Other income tax levied on non-residents	162	183	196	202	205	476
Total income taxes levied on non-residents	898	1 097	1 095	903	850	1 026
Total taxes on income	58 436	64 144	66 407	62 093	63 210	65 268

For footnotes see end of table.

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24.8 Commonwealth government taxes, fees and fines(a) — continued (\$ million)

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
Employers' payroll taxes						
General taxes (payroll tax)	51	—	—	—	—	—
Selective taxes (stevedoring industry charges)	28	35	51	54	45	40
Other employers labour force taxes						
Fringe benefits tax	974	1 139	1 207	1 288	1 305	1 377
Superannuation guarantee charge	—	—	—	—	—	5
Total other employers labour force taxes	974	1 139	1 207	1 288	1 305	1 382
<i>Total employers' payroll taxes</i>	<i>1 053</i>	<i>1 174</i>	<i>1 258</i>	<i>1 343</i>	<i>1 350</i>	<i>1 422</i>
Taxes on property						
Taxes on immovable property	58	—	—	—	—	—
Estate, inheritance & gift duties	1	—	—	—	—	—
Taxes on financial & capital transactions						
Stamp duties	60	—	—	—	—	—
Financial institutions' transaction taxes	358	378	229	3	1	—
Government borrowing guarantee levies	9	9	18	12	19	10
Total taxes on financial & capital transactions	427	387	247	15	19	11
<i>Total taxes on property</i>	<i>486</i>	<i>387</i>	<i>247</i>	<i>15</i>	<i>19</i>	<i>11</i>
Taxes on provision of goods & services						
General taxes (sales tax)	9 402	10 132	9 365	9 113	9 252	10 414
Excises & levies						
Excises on crude oil & LPG	1 188	1 232	1 354	64	116	62
Other Excise Act duties	8 079	8 655	9 005	9 417	9 560	10 751
Agricultural production taxes	606	575	1 228	723	618	633
Total excises & levies	9 874	10 462	11 587	10 204	10 294	11 446
Taxes on international trade						
Customs duties on imports	3 752	3 954	3 319	3 299	3 331	3 226
Customs duties on exports	54	61	54	49	2	1
Agricultural produce export taxes	24	11	3	2	3	3
Total taxes on international trade	3 831	4 026	3 377	3 350	3 336	3 231
Taxes on gambling	21	—	—	—	—	5
Taxes on insurance	5	—	—	—	—	—
<i>Total taxes on provision of goods & services</i>	<i>23 132</i>	<i>24 620</i>	<i>24 329</i>	<i>22 667</i>	<i>22 882</i>	<i>25 097</i>
Taxes on use of goods & performance of activities						
Motor vehicle taxes	38	21	18	19	21	24
Franchise taxes	21	—	—	—	—	—
Other taxes on use of goods etc. n.e.c.						
Other taxes on use of good etc.	2	2	3	2	12	39
Broadcast & TV station licences	108	177	125	135	101	231
Departure tax	38	39	38	82	93	112
Total other taxes on use of goods etc. n.e.c.	149	217	166	219	206	382
<i>Total taxes on use of goods & performance of activities</i>	<i>208</i>	<i>238</i>	<i>183</i>	<i>238</i>	<i>227</i>	<i>406</i>
Fees & fines						
Compulsory fees, of which						
Aviation en route charges	320	314	409	433	286	237
Light dues & navigation Act charges	40	41	42	43	41	44
Total compulsory fees	643	663	864	1 014	910	827
Fines	5	8	27	15	16	32
<i>Total fees & fines</i>	<i>647</i>	<i>671</i>	<i>891</i>	<i>1 029</i>	<i>926</i>	<i>859</i>
Total taxes, fees & fines	83 963	91 235	93 315	87 385	88 615	93 061

(a) 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. (b) Excludes income taxes paid by public trading enterprises.

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

State/Territory government finance

24.9 Economic transactions of State and Territory governments (\$ million)

Item	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
Current expenditure	33 664	37 367	40 498	43 397	45 098	47 211
Less sales of goods & services(a)	4 021	4 688	5 112	5 488	5 822	6 561
<i>Equals</i> final consumption expenditure	29 642	32 679	35 385	37 909	39 276	40 651
Interest payments	10 276	11 732	12 543	11 854	11 430	11 101
Subsidies paid to PTEs	2 501	228	2 427	2 475	2 356	2 355
Current grants to other governments	885	929	952	1 290	1 328	1 349
Other transfer payments	4 141	4 877	5 487	6 574	7 337	7 769
<i>Total current outlays</i>	47 446	52 496	56 795	60 102	61 727	63 224
Expenditure on new fixed assets	10 807	12 217	11 977	11 939	13 027	13 117
Plus expenditure on secondhand assets	-832	-1 078	-925	-740	-1 705	-1 895
<i>Equals</i> gross fixed capital expenditure	9 975	11 139	11 052	11 199	11 322	11 222
Expenditure on land & intangible assets	-650	-201	-74	-83	-277	-646
Capital grants to other governments	471	499	578	265	307	337
Other capital outlays	568	609	-177	2 157	-717	-1 781
<i>Total capital outlays</i>	10 364	12 045	11 380	13 539	10 636	9 132
Total outlays	57 810	64 541	68 174	73 640	72 363	72 357
Taxes, fees & fines	18 385	19 953	21 120	22 564	24 084	26 776
Net operating surplus of public trading enterprises	5 801	5 969	6 284	6 964	7 160	7 715
Interest received	3 381	3 923	4 096	3 401	3 159	3 193
Grants received						
For own use	20 164	22 078	23 600	23 952	25 924	25 838
For onpassing	4 089	4 347	4 818	5 462	5 869	6 241
<i>Total grants received</i>	24 253	26 425	28 418	29 414	31 793	32 079
Other revenue	2 253	2 507	2 414	2 645	2 715	2 925
Total revenue	54 073	58 778	62 332	64 988	68 912	72 687
Increase in provisions						
For depreciation	2 327	2 554	2 900	3 286	3 665	4 106
Other	494	539	190	35	-153	-438
<i>Total increase in provisions</i>	2 821	3 093	3 091	3 321	3 512	3 667
Advances received (net)	-113	-488	-1 856	-2 735	-2 710	-1 401
Borrowing (net)	3 441	2 695	7 254	11 464	6 694	3 419
Other financing transactions	-2 412	463	-2 647	-3 398	-4 045	-6 016
Total financing	3 737	5 763	5 842	8 652	3 451	-331
Current deficit(b)	-5 676	-5 118	-3 967	-4 006	-5 064	-8 687
Capital deficit(c)	6 592	7 789	6 718	9 337	5 003	4 689
Total deficit(d)	916	2 670	2 751	5 331	-61	-3 998
Net financing requirement(e)	1 029	3 158	4 607	8 066	2 649	-2 597

(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).

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.

24.10 Outlays of State and Territory governments (\$ million)

Purpose	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
General public services	3 059	3 217	4 030	6 493	4 888	5 110
Public order & safety	3 787	4 315	4 682	4 790	4 828	4 953
Education	14 038	15 431	16 728	17 763	18 635	19 021
Health	9 281	10 397	11 145	11 550	11 930	12 141
Social security & welfare	1 942	2 174	2 548	2 903	3 138	3 334
Housing & community amenities	2 608	3 388	3 064	3 136	3 274	2 558
Recreation & culture	1 238	1 478	1 502	1 711	1 727	1 573
Fuel & energy	2 328	2 014	2 299	2 438	1 635	1 001
Agriculture, forestry & fishing	1 263	1 357	1 316	1 436	1 604	1 428
Mining, manufacturing & construction	310	378	290	269	64	196
Transport & communications	5 992	6 597	6 744	6 789	7 614	6 988
Other economic affairs	1 029	1 022	950	1 270	1 385	1 707
Other purposes	10 932	12 771	12 876	13 091	11 640	12 348
Total	57 808	64 540	68 172	73 638	72 361	72 358

Source: Government Finance Statistics, Australia (5512.0).

24.11 State and Territory government taxes, fees and fines (\$ million)

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
Employers' payroll taxes	4 672	5 210	5 802	5 904	5 810	6 035
Taxes on property						
Taxes on immovable property						
Land taxes	956	1 295	1 602	1 774	1 492	1 389
Municipal rates	—	56	66	72	78	83
Metropolitan improvement rates	47	52	59	69	68	75
Property owners' contributions to fire brigades	88	92	105	111	119	124
Taxes on immovable property n.e.c.	9	97	111	116	299	261
Total taxes on immovable property	1 100	1 592	1 944	2 141	2 056	1 932
Estate inheritance & gift duty	1	1	—	—	—	—
Taxes on financial & capital transactions						
Stamp duties	4 569	3 645	2 926	3 027	3 341	4 165
Financial institutions' taxes	469	554	1 057	1 388	1 483	1 750
Government borrowing guarantee levies	37	38	49	49	57	79
Total taxes on financial & capital transactions	5 075	4 237	4 032	4 464	4 881	5 994
Total taxes on property	6 175	5 830	5 976	6 606	6 937	7 927
Taxes on provision of goods & services						
Excises & levies						
Agricultural production taxes	11	11	10	12	15	14
Levies on statutory corporations	325	360	378	423	451	476
Total excises & levies	336	371	388	436	466	490
Taxes on gambling						
Taxes on government lotteries	395	448	506	545	524	557
Taxes on private lotteries	259	304	325	325	318	316
Poker machine taxes	239	278	295	315	502	752
Casino taxes	75	78	93	97	115	149
Race betting taxes	574	639	651	646	683	703
Taxes on gambling n.e.c.	7	10	76	90	94	100
Total taxes on gambling	1 549	1 757	1 946	2 018	2 236	2 578
Taxes on insurance						
Insurance companies' contributions to fire brigades	303	359	363	382	399	409
Third party insurance taxes	22	149	137	141	152	205
Taxes on insurance n.e.c.	566	596	676	772	877	947
Total taxes on insurance	890	1 104	1 176	1 295	1 427	1 561
Total taxes on provision of goods & services	2 775	3 233	3 510	3 748	4 129	4 628
Taxes on use of goods & performance of activities						
Motor vehicle taxes						
Vehicle registration fees & taxes	1 242	1 342	1 402	1 606	1 765	1 901
Stamp duty on vehicle registration	651	728	641	626	750	872
Drivers' licences	190	268	251	184	187	240
Road transport & maintenance taxes	47	63	56	55	78	91
Total motor vehicle taxes	2 129	2 401	2 349	2 472	2 780	3 104
Franchise taxes						
Gas franchise taxes	10	11	11	15	15	18
Petroleum products franchise taxes	680	1 016	1 061	1 128	1 174	1 346
Tobacco franchise taxes	564	818	944	1 085	1 575	1 975
Liquor franchise taxes	496	546	603	615	630	661
Total franchise taxes	1 751	2 392	2 620	2 842	3 394	3 999
Other taxes on use of goods etc.	20	23	30	50	70	66
Total taxes on use of goods & performance of activities	3 900	4 816	4 998	5 364	6 243	7 169
Fees & fines						
Compulsory fees	586	546	481	500	595	579
Fines	276	318	354	442	448	437
Total fees & fines	862	865	834	942	968	1 016
Total taxes, fees & fines	18 385	19 953	21 120	22 564	24 084	26 776

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.

Local governments also 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)

Item	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
Current expenditures	5 122	5 743	6 351	6 693	7 033	7 173
Less sales of goods & services(a)	1 879	2 000	2 203	2 304	2 434	2 490
<i>Equals</i> final consumption expenditure	3 242	3 743	4 148	4 389	4 599	4 683
Interest payments	958	1 070	1 128	918	831	664
Other transfer payments	179	160	147	143	193	117
<i>Total current outlays</i>	<i>4 379</i>	<i>4 973</i>	<i>5 423</i>	<i>5 451</i>	<i>5 623</i>	<i>5 464</i>
Gross fixed capital expenditure	2 653	3 050	2 821	2 670	2 987	2 595
Expenditure on land & intangible assets (net)	-55	173	88	77	88	98
Other capital outlays	-4	152	-4	-9	14	12
<i>Total capital outlays</i>	<i>2 594</i>	<i>3 375</i>	<i>2 905</i>	<i>2 738</i>	<i>3 089</i>	<i>2 706</i>
Total outlays	6 973	8 348	8 328	8 189	8 713	8 169
Taxes, fees & fines	3 677	4 037	4 480	4 703	4 969	5 155
Net operating surplus of public trading enterprises	655	466	514	373	298	520
Interest received	594	833	721	528	419	337
Grants received	1 501	1 467	1 675	1 808	2 200	1 942
Other revenue	367	309	345	343	328	320
Total revenue	6 794	7 111	7 734	7 754	8 213	8 273
Increase in provisions	213	205	261	294	365	104
For depreciation	167	204	259	292	365	104
Borrowing (net)	352	739	155	11	-183	-350
Other financing transactions	-394	135	187	150	338	147
Total financing	179	1 238	594	435	499	-104
Current deficit(b)	-1 825	-1 558	-1 562	-1 825	-2 006	-2 068
Capital deficit(c)	1 791	2 591	1 896	1 966	2 140	1 860
Total deficit(d)	-34	1 033	333	141	134	-208
Net financing requirement(e)	-42	875	342	162	155	-203

(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 (\$ million)

Purpose	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
General public services	958	1 179	1 375	1 423	1 382	1 392
Public order & safety	132	105	116	120	127	128
Education	28	35	36	38	45	44
Health	148	153	163	167	162	160
Social security & welfare	256	281	311	358	409	394
Housing & community amenities	1 126	1 213	1 335	1 319	1 421	1 400
Recreation & culture	1 071	1 082	1 143	1 159	1 352	1 323
Fuel & energy	445	848	405	324	391	27
Agriculture, forestry & fishing	21	15	16	17	16	12
Mining, manufacturing & construction	91	107	119	117	114	114
Transport & communications	1 730	1 966	2 078	2 102	2 252	2 220
Other economic affairs	68	79	70	72	81	72
Other purposes	900	1 287	1 161	974	961	884
Total	6 973	8 348	8 328	8 189	8 714	8 169

Source: Government Finance Statistics, Australia (5512.0).

24.14 Local government taxes, fees and fines(a) (\$ million)

Purpose	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
Taxes on property	3 424	3 775	4 205	4 392	4 641	4 798
Fees & fines	253	262	275	311	328	356
Compulsory fees	192	194	198	231	250	277
Fines	61	68	77	80	77	79
Total taxes, fees & fines	3 677	4 037	4 480	4 703	4 969	5 155

(a) 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 all levels of government combined(a) (\$ million)

	At 30 June 1993			At 30 June 1994		
	Liabilities	Financial assets	Net financial position(b)	Liabilities	Financial assets	Net financial position(b)
Cash & deposits	2 789	8 599	..	2 799	9 642	..
Advances	—	5 694	..	—	5 076	..
Other lending/borrowing(c)	186 313	26 078	..	203 702	30 496	..
Total	189 102	40 371	148 730	206 577	45 214	161 362

(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 1993			At 30 June 1994		
	Liabilities	Financial assets	Net financial position(b)	Liabilities	Financial assets	Net financial position(b)
Cash & deposits	299	2 284	..	340	1 398	..
Advances	..	20 954	..	—	19 615	..
Other lending/borrowing(c)	95 781	4 218	..	108 029	3 693	..
Total	96 080	27 456	68 624	108 370	24 706	83 664

(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 1993			At 30 June 1994		
	Liabilities	Financial assets	Net financial position(b)	Liabilities	Financial assets	Net financial position(b)
Cash & deposits	4 516	6 350	..	5 099	8 275	..
Advances	18 002	4 097	..	16 664	3 593	..
Other lending/borrowing(c)	95 423	27 388	..	101 060	33 257	..
Total	117 941	37 835	80 106	122 823	45 125	77 699

(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).

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