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Introduction

The main functions of government are the provision of non-market services, the regulation of economic and social conditions and the redistribution of income between sections of the community. These activities are primarily financed by taxation and are carried out by units in the general government sector. In addition to this core activity, governments can also own or control agencies which sell goods or services to the public and which operate largely on a commercial (or market) basis. Historically, these public trading enterprises and public financial enterprises were set up by governments to create new industries, to foster competition and to allow governments to influence pricing policy.

The statistics in this chapter measure the activity of the non-financial public sector, which comprises general government agencies, and public trading enterprises, which sell goods and non-financial services. The non-financial public sector is sometimes referred to as the 'government' sector, but this is technically incorrect because it excludes government financial enterprises.

The Australian system of Government Finance Statistics (GFS) is used to derive the statistics presented in this chapter. GFS focuses on financial transactions such as governments' spending, lending, taxing and borrowing activities, and reflects the impact of these transactions on other sectors of the economy. GFS comprises both cash (for general government) and accrual (for public trading enterprises) methods of recording transactions, and is based on international standards specified in the International Monetary Fund's *A Manual on Government Finance Statistics* and the United Nations' *A System of National Accounts* (SNA).

Public sector

The public 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 can be divided into the institutional sectors described below, based on the characteristics of the organisations it comprises. These sectors are:

- **General government.** The principal function of general government units is to provide non-market goods and services (e.g. roads, hospitals, libraries), primarily financed by taxes, to regulate and influence economic activity, maintain law and order and to redistribute income by means of transfer payments.

This institutional sector covers the departments of the Commonwealth Government, State Governments and local government municipalities. It also includes agencies and government authorities under departmental administration which are engaged in the provision of public administration, defence, law enforcement, welfare and public education and health. Also included are non-departmental bodies which independently perform the government functions of regulation (e.g. Nurses Registration Boards and the Maritime Safety Authority), provision of non-market services (e.g. the Australian Broadcasting Corporation) and redistribution of income (e.g. the Aboriginal and Torres Strait Islander Commission). Some of these bodies may be corporations but are still considered part of the general government sector if they perform government functions.

Unincorporated government enterprises which provide goods and services to their governments and to the public at prices that are not economically significant (such as cafeterias for government employees and municipal swimming pools) are also included in this sector. In addition, government quasi-corporations which sell their output exclusively to other government units (whether or not they charge market prices), such as government printers and munitions factories, are classified as general government units.

- **Public trading enterprises.** The main function of public trading enterprises is to provide goods and services which are predominantly market, non-regulatory and non-financial in nature and financed through sales to consumers of these goods and services.

Enterprises in the public trading enterprises sector differ from those in the general government sector in that all or most of the production costs are recovered from consumers, rather than being financed through the general taxation revenue of government. Some enterprises, however, do receive subsidies to make up for shortfalls incurred as a result of government policy, for example, in the provision of 'community service obligations' at concessional rates.

Public trading enterprises vary in their degree of 'commerciality', from those which are quite heavily reliant on parent governments for subsidies, such as rail and bus transport undertakings, to those which are net contributors to government revenue. Governments may exercise control over public trading enterprises by either owning more than 50% of the voting stock or otherwise controlling more than half the shareholders' voting power, or through legislation, decree or regulation which empowers the government to determine corporate policy or to appoint the directors. Examples of public trading enterprises are Telstra, Australia Post, State Rail and local electricity, bus and transport operations.

- *Public financial enterprises.* These are government owned or controlled enterprises which engage in financial intermediation (i.e. trade in financial assets and liabilities), such as government banks, insurance offices, or home lending schemes.

Public financial enterprises are currently excluded from GFS because these enterprises have a separate and distinct role in the economy and are included, along with the equivalent private sector enterprises, in statistics which highlight the distinct features of financial intermediation activity (see *Chapter 25, Financial system*).

The Australian GFS system presents statistics relating to:

- consolidated transactions of the various non-financial public authorities, presented so that the economic impact of government activity can be assessed;
- transactions of the different levels of government, reflecting their different roles in undertaking and financing their expenditure programs;
- transactions of each government jurisdiction, so that the statistics can be used to indicate the comparative standing of each government jurisdiction in terms of its expenditure, its sources of revenue, and its financing transactions; and
- transactions presented to identify the purposes that are being served by government expenditure programs.

To assist users, *Government Finance Statistics Australia, Concepts, Sources and Methods* (5514.0) 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.

General government output as a percentage of GDP

Despite the fact that most goods and services provided by general government bodies are not normally sold, their output is still regarded as part of production. The output of government is valued at cost and comprises total final consumption expenditure (principally wages and salaries paid to the employees of general government bodies and the cost of purchased goods and services used), plus an allowance for the consumption of fixed capital. Table 26.1 shows general government's share of GDP for the years 1991–92 to 1995–96.

26.1 GENERAL GOVERNMENT OUTPUT AS A PERCENTAGE OF GDP(a)

Sector	1991-92 %	1992-93 %	1993-94 %	1994-95 %	1995-96 %
Commonwealth	5.7	5.8	5.9	5.8	5.7
State, Territory and local	12.2	12.5	12.4	12.2	12.0
Total	17.9	18.3	18.2	18.0	17.6

(a) The expenditure-based estimates of GDP and consumption of fixed capital figures used in the above calculations are from National Income, Expenditure and Product, June Quarter 1996 (5206.0).

Source: *Government Financial Estimates, Australia* (5501.0).

Deficit

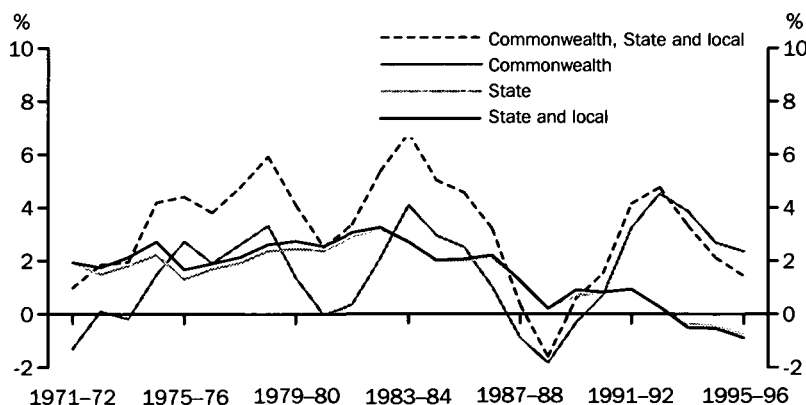
In GFS, the deficit/surplus reflects the balance between government outlays and government revenue. It measures the extent to which government is increasing (surplus) or decreasing (deficit) its net financial position.

The additional deficit measure 'deficit adjusted for net advances' has been introduced into GFS statistics. This measure excludes the effects of equity sales and injections, and refinancing of State debt to the Commonwealth. In the ABS view, this measure provides a better guide to government fiscal policies.

Graph 26.2 shows the movements in the deficit adjusted for net advances ('adjusted deficit') as

a percentage of the income based measure of GDP (GDP(I)) from 1971-72 to 1994-95 for the Commonwealth, State/Territory and local levels of government, and for all levels of government combined.

The graph demonstrates that the adjusted deficit for all levels of government combined shows a strong cyclical pattern, which is mainly driven by the Commonwealth Government. It is also evident that, over the period shown in the graph, there has been a reduction in the average level of adjusted deficits for State/Territory and local governments, which has been offset by an increase in the average level of adjusted deficit for the Commonwealth Government.

26.2 ADJUSTED DEFICIT FOR ALL LEVELS OF GOVERNMENT, % of GDP

Source: *Government Financial Estimates, Australia* (5501.0).

Government sector's contribution to national saving

The deficit is split between the current deficit and the capital deficit. The current deficit, which is a cash based measure of government saving, is measured by subtracting current outlays from revenue plus increase in provisions less capital grants and other capital revenue. Refer to *Chapter 28, National accounts* for further details relating to general government saving.

Finance of all levels of government combined

The outlays, revenue and financing transactions of the general government and public trading enterprise sectors for all levels of government combined are shown in tables 26.3 and 26.4. Table 26.5 shows a dissection of taxes, fees and fines, the largest component of government revenue.

In 1995–96, total outlays for the general government sector for Australia totalled \$164,767m, a 1.0% increase over the 1994–95 result of \$163,109m. Outlays for the public trading enterprise sector fell from \$21,067m in 1994–95 to \$11,352m in 1995–96, mainly due to equity asset sales by Victoria. Outlays of public trading enterprises comprise mainly capital expenditures, interest payments and transfers to government, and do not include operating expenditure, which is offset against revenue

Total general government revenue increased by 9.9% from \$151,889m in 1994–95 to \$166,935m in 1995–96. The proportion of general government total revenue raised from taxes, fees and fines for 1995–96 was 91.4%.

Public trading enterprise revenue fell by 6.9% from \$16,448m in 1994–95 to \$15,310m in

1995–96, due in part to privatisation of public trading enterprises. The predominant source of public trading enterprise revenue is the net operating surplus of enterprises, which comprises operating revenue less operating expenditure. This item contributed 76.8% of public trading enterprise revenue in 1995–96.

The general government sector moved from a deficit of \$12,292m in 1994–95 to a surplus of \$1,170m in 1995–96. The current surplus increased to \$3,138m in 1995–96 from a current deficit of \$2,811m in 1994–95 reflecting higher revenue from taxation. The capital deficit fell from \$9,481m in 1994–95 to \$1,967m in 1995–96, reflecting lower capital outlays during 1995–96, primarily resulting from significant asset sales in that year. The deficit adjusted for net advances, which excludes equity asset sales, for the general government sector for all levels of government combined was \$7,916m in 1995–96, a drop of \$5,681m over the previous year.

The deficit adjusted for net advances for the public trading enterprise sector for all levels of government combined was in surplus by \$906m in 1995–96, a drop of \$3,028m from the surplus in the previous year.

The outlays, revenue and deficit/surplus of each level of government are not additive as financial transactions may occur between the Commonwealth Government, State/Territory Governments and local governments. For example, grants are paid by the Commonwealth Government to State governments or local governments (either directly or via the State for onpassing), interest is paid and advances are made across the three levels. Table 26.6 shows the transfers between each level of government that are eliminated in the derivation of consolidated totals for major economic categories in 1995–96.

26.3 ECONOMIC TRANSACTIONS OF ALL LEVELS OF GOVERNMENT — General Government

Item	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
Outlays						
Current outlays						
Current expenditure	70 804	75 513	79 038	82 622	85 742	90 099
Less sales of goods and services(a)	10 514	11 171	11 888	12 848	13 421	14 040
Final consumption expenditure	60 289	64 342	67 150	69 775	72 321	76 059
Interest payments	12 082	11 373	11 434	12 852	14 344	14 866
Subsidies paid to public trading enterprises	3 676	3 198	2 874	2 888	2 553	2 506
Personal benefit payments	37 454	42 549	46 283	49 902	51 960	55 862
Other transfer payments	7 481	9 048	10 463	11 283	12 172	13 199
Total current outlays	120 982	130 511	138 204	146 699	153 351	162 493
Capital outlays						
Expenditure on new fixed assets	9 463	9 503	10 192	9 751	10 055	10 463
Plus expenditure on secondhand assets (net)	-681	-690	-1 000	-1 146	-1 114	-1 560
Gross fixed capital expenditure	8 781	8 813	9 192	8 605	8 941	8 903
Expenditure on land and intangible assets (net)	-105	-71	-291	-577	-453	-98
Capital grants to -						
Other sectors	715	913	642	621	498	517
Public trading enterprises	1 734	1 895	2 022	2 141	2 074	1 981
Total capital grants	2 449	2 808	2 664	2 762	2 572	2 497
Advances paid (net) to -						
Public financial enterprises	-68	2 114	481	-1 158	-98	-262
Public trading enterprises	-1 020	180	-81	-686	-210	-6 836
Abroad	195	181	170	150	138	266
Other	345	-44	-1 486	-2 686	-1 134	-2 255
Total advances	-553	2 431	-916	-4 380	-1 305	-9 086
Other capital outlays	23	-8	12	17	3	58
Total capital outlays	10 601	13 973	10 661	6 427	9 757	2 274
Total outlays	131 582	144 484	148 865	153 126	163 109	164 767
Revenue						
Taxes, fees and fines	119 179	115 627	118 722	126 125	139 273	152 532
Interest received from public trading enterprises	1 438	1 296	1 046	938	890	612
Interest received	4 195	3 522	3 260	3 135	3 540	3 769
Other revenue	4 709	6 301	7 114	9 793	8 186	10 021
Total revenue	129 520	126 746	130 142	139 991	151 889	166 935
Financing and deficit measures						
Borrowing (net)	7 300	20 789	23 604	19 612	12 462	-3 964
Increase in provisions	-843	-1 027	-1 297	-1 161	-1 072	-997
Other financing transactions	-4 392	-2 006	-3 573	-5 318	-168	2 800
Total financing and deficit measures	2 062	17 738	18 722	13 135	11 220	-2 168
Less increase in provisions	-843	-1 027	-1 297	-1 161	-1 072	-997
Deficit(b)	2 905	18 764	20 020	14 295	12 292	-1 170
Current deficit(c)	-7 524	4 942	9 543	8 182	2 811	-3 138
Capital deficit(d)	10 429	13 823	10 477	6 113	9 481	1 967
Less advances paid (net)	-548	2 431	-916	-4 380	-1 305	-9 086
Deficit adjusted for net advances(e)	3 453	16 333	20 936	18 675	13 597	7 916

(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 mainly comprise sales to the private sector. However, it has not been possible to exclude all inter-agency charges and some estimated data are included. (b) The deficit is the sum of all financing transactions except for increases/decreases in provisions. (c) Revenue less current outlays plus increase in provisions less capital grants and other capital revenue. (d) Capital grants and other capital revenue less capital outlays. (e) This is defined as the cash based deficit/surplus less net advances paid. Net advances paid includes equity sales and repayment of past policy lending, less equity injections/purchases and new policy lending.

Source: Government Financial Estimates, Australia, 1996-97 (5501.0).

26.4 ECONOMIC TRANSACTIONS OF ALL LEVELS OF GOVERNMENT, Public Trading Enterprises

	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
Outlays						
Current outlays						
Interest payments to -						
General government	1 438	1 294	1 054	937	880	611
Other enterprises	7 523	7 031	6 026	5 246	5 093	4 521
Total interest payments	8 961	8 324	7 080	6 183	5 973	5 132
Income transferred to general government	1 408	1 791	1 911	3 398	3 450	4 630
Other transfer payments	598	1 103	1 673	1 456	1 318	1 664
Total current outlays	10 967	11 218	10 664	11 037	10 741	11 426
Capital outlays						
Expenditure on new fixed assets	12 573	12 019	11 394	10 929	11 823	11 514
Plus expenditure on secondhand assets (net)	-1 486	-917	-1 518	-1 862	-821	-1 034
Gross fixed capital expenditure	11 087	11 103	9 876	9 067	11 003	10 480
Expenditure on land and intangible assets (net)	207	123	70	-314	-219	-107
Capital grants to -						
Other sectors	36	20	38	45	59	56
Other levels of government	5	—	45	52	28	10
Total capital grants	42	20	84	96	86	66
Advances paid (net)	-223	-214	-213	-183	14	-10 523
Other capital outlays	1 121	-367	341	-611	-559	10
Total capital outlays	12 233	10 665	10 158	8 056	10 326	-74
Total outlays	23 200	21 883	20 822	19 093	21 067	11 352
Revenue						
Sales of goods and services	57 485	60 221	62 261	68 382	71 076	66 874
Plus subsidies received	3 830	3 075	2 886	2 931	2 596	2 648
Less operating expenditure	49 849	52 236	53 405	58 035	61 324	57 759
Net operating surplus	11 467	11 060	11 741	13 278	12 348	11 763
Interest received	1 488	1 133	775	583	847	846
Capital grants received	1 699	1 936	2 089	2 175	2 098	1 991
Other revenue	722	787	764	937	1 155	710
Total revenue	15 376	14 916	15 369	16 974	16 448	15 310
Financing and deficit measures						
Advances received (net)	-1 021	170	-132	688	-209	-6 809
Borrowing (net)	3 960	388	-424	-3 455	-3 122	-4 846
Increase in provisions -						
For depreciation	5 609	7 450	7 119	7 113	7 627	7 087
Other	109	59	221	-537	912	348
Total increase in provisions	5 718	7 510	7 340	6 577	8 539	7 471
Other financing transactions	-831	-1 101	-1 332	-315	-589	-225
Total financing and deficit measures	7 824	6 967	5 453	2 119	4 619	-3 958
Less increase in provisions	5 718	7 510	7 340	6 577	8 539	7 471
Deficit	2 107	-543	-1 887	-4 458	-3 920	-11 429
Current deficit	-7 753	-8 519	-9 238	-9 511	-11 122	-8 723
Capital deficit	9 860	7 976	7 350	5 053	7 202	-2 707
Less advances paid (net)	-223	-214	-213	-183	14	-10 523
Deficit adjusted for net advances	2 330	-329	-1 674	-4 275	-3 934	-906

Source: Government Financial Estimates, Australia, 1996-97 (5501.0).

26.5 TAXES, FEES AND FINES OF ALL LEVELS OF GOVERNMENT

Item	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
Taxes on income						
Income taxes levied on individuals	50 156	46 830	47 528	50 571	54 635	60 602
Income taxes levied on enterprises	15 227	14 494	15 049	13 939	17 415	19 242
Income taxes levied on non-residents	1 095	903	827	1 008	1 060	1 488
Total taxes on income	66 478	62 227	63 404	65 518	73 109	81 332
Employers' payroll taxes						
General taxes (payroll tax)	5 802	5 904	5 800	6 021	6 572	7 088
Selective taxes (stevedoring industry charges)	51	54	45	40	64	14
Other employers' labour force taxes	1 207	1 288	1 305	1 381	2 691	2 964
Total employers' payroll taxes	7 059	7 247	7 150	7 441	9 326	10 066
Taxes on property						
Taxes on immovable property(a)	6 149	6 533	6 698	6 718	6 747	6 854
Taxes on financial and capital transactions	4 279	4 479	4 901	6 010	5 920	6 156
Total taxes on property	10 429	11 012	11 600	12 728	12 677	13 010
Taxes on provision of goods and services						
General taxes (sales tax)	9 365	9 113	9 252	10 414	11 624	12 970
Excises and levies						
Crude oil and LPG(b)	1 354	64	116	62	27	13
Other excises	9 005	9 417	9 560	10 751	11 973	12 835
Agricultural production taxes	1 238	735	633	647	692	669
Levies on statutory authorities	378	423	469	491	519	538
Total excises and levies	11 975	10 639	10 778	11 951	13 211	14 056
Taxes on international trade	3 377	3 350	3 336	3 231	3 479	3 129
Taxes on gambling	1 946	2 018	2 236	2 583	2 967	3 316
Taxes on insurance	1 176	1 298	1 430	1 574	1 659	1 730
Total taxes on provision of goods & services	27 839	26 418	27 032	29 754	32 940	35 200
Taxes on use of goods and performance of activities						
Motor vehicle taxes	2 368	2 493	2 802	3 129	3 391	3 488
Franchise taxes	2 620	2 842	3 394	3 999	4 197	4 903
Other taxes on use of goods & performance of activities	195	269	280	449	454	649
Total taxes on use of goods & performance of activities	5 183	5 603	6 476	7 578	8 042	9 040
Fees and fines						
Compulsory fees	1 545	1 751	1 684	1 691	1 876	2 056
Fines	458	537	542	549	534	562
Total fees and fines	2 003	2 289	2 226	2 240	2 410	2 618
Total taxes, fees and fines	118 990	114 796	117 887	125 259	138 494	151 267

(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 Financial Estimates, Australia, 1996-97 (5501.0) and Taxation Revenue, Australia, 1995-96 (5506.0).

26.6 CONSOLIDATION OF OUTLAYS BY LEVEL OF GOVERNMENT — 1995-96

Item	State/ Territory Governments \$m	Local governments \$m	Transfers between State/ Territory Governments and local governments \$m	State/ Territory Governments and local governments \$m	C'wealth Government \$m	Transfers between C'wealth, State/ Territory and local governments \$m	C'wealth, State/ Territory Governments and local governments \$m
Final consumption expenditure	45 155	4 989	—	50 144	25 915	—	76 059
Interest payments	9 701	544	116	10 129	10 257	1 249	19 137
Personal benefit payments	1 761	2	—	1 764	54 099	—	55 862
Subsidies paid	3 101	6	—	3 108	2 982	—	6 089
Current grants to -							
Non-profit institutions	5 468	12	—	5 480	3 100	—	8 579
Foreign governments and others	—	—	—	—	1 305	—	1 305
State/Territory Governments or local governments	1 476	1	1 477	—	31 702	31 702	1
Total current grants	6 944	13	1 477	5 480	36 106	31 702	9 885
Other current outlays	114	128	123	119	110	98	130
Total current outlays	66 777	5 683	1 716	70 744	129 468	33 049	167 162
Gross fixed capital expenditure	5 358	8 801	—	14 159	5 225	—	19 383
Capital grants	8 767	10	8 370	407	3 195	3 029	574
Advances paid (net)	-12 371	-533	-564	-12 340	-4 557	-4 128	-12 769
Other capital outlays	-2 098	1 940	—	-158	20	—	-138
Total capital outlays	-344	10 218	7 806	2 068	3 883	-1 099	7 050
Total	66 433	15 901	9 522	72 812	133 351	31 950	174 213

Source: Government Financial Estimates, Australia 1996-97 (5501.0).

The Government Purpose Classification (GPC) is designed to identify the purposes for which government outlays are made. In conjunction with the Economic Transactions Framework (ETF), it provides information for the study of the socio-economic effects of government

transactions. Outlays on social security and welfare, for example, rose 6.6% in 1995-96 and comprised 28.3% of total government outlays. Table 26.7 shows a time series of outlays by purpose, for the three levels of government combined.

**26.7 CONSOLIDATED OUTLAYS OF THE COMMONWEALTH, STATE, TERRITORY AND LOCAL
GOVERNMENTS, By Purpose**

Purpose	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
General public services	11 720	14 802	13 433	14 018	13 794	12 456
Defence	8 326	8 607	9 010	9 237	9 147	9 397
Public order and safety	5 359	5 632	5 643	5 798	6 221	6 772
Education	18 950	20 454	21 491	22 096	22 640	23 922
Health	20 342	21 425	22 594	23 572	25 147	27 424
Social security and welfare	32 814	38 022	41 171	44 440	46 201	49 245
Housing and community amenities	4 461	4 576	4 639	3 818	5 291	4 803
Recreation and culture	3 669	3 846	4 005	3 911	3 456	4 593
Fuel and energy	3 216	3 368	2 614	1 674	3 398	-7 583
Agriculture, forestry and fishing	5 103	2 775	3 469	2 488	2 154	3 220
Mining, manufacturing and construction	883	897	728	549	539	787
Transport and communications	13 685	13 026	13 211	11 824	14 336	13 739
Other economic affairs	3 026	3 737	4 824	4 884	5 160	5 577
Other purposes	19 287	19 011	16 854	17 066	19 453	19 860
Total	150 841	160 176	163 687	165 373	176 937	174 213

Source: Government Financial Estimates, Australia, 1996-97 (5501.0).

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 1995-96 are summarised in the tables 26.8 to 26.10.

26.8 ECONOMIC TRANSACTIONS OF THE COMMONWEALTH GOVERNMENT, General Government

Item	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
Outlays						
Current outlays						
Current expenditure	23 946	25 577	27 322	28 457	29 017	30 144
Less sales of goods and services(a)	3 257	3 615	4 130	4 301	4 164	4 229
Final consumption expenditure	20 689	21 962	23 192	24 156	24 853	25 915
Interest payments	6 189	5 748	5 413	6 630	8 164	9 288
Subsidies paid to public trading enterprises	1 223	685	480	464	462	528
Personal benefit payments	36 125	41 137	44 759	48 333	50 276	54 099
Current grants to -						
Private sector	2 243	2 700	3 097	3 267	3 770	4 404
State governments	19 563	20 546	21 420	22 309	23 440	24 660
Onpassed through State Governments	4 535	5 155	5 439	5 972	6 571	6 831
Local governments	97	155	190	185	196	211
Total current grants	26 437	28 556	30 145	31 734	33 977	36 106
Other transfer payments	1 615	1 811	2 062	2 339	2 344	2 488
Total current outlays	92 279	99 900	106 051	113 656	120 075	128 423
Capital outlays						
Expenditure on new fixed assets	1 451	1 682	1 241	1 386	1 328	1 333
Plus expenditure on secondhand assets (net)	-108	-112	-186	-432	-512	-377
Gross fixed capital expenditure	1 343	1 570	1 055	954	815	956
Expenditure on land and intangible assets (net)	-44	46	-11	-198	-76	-20
Capital grants to -						
Other sectors	487	555	312	214	189	167
Other levels of government	4 357	3 721	5 229	3 789	3 108	3 029
Public trading enterprises	10	70	30	29	97	6
Total grants	4 855	4 346	5 571	4 032	3 394	3 201
Advances paid (net) to -						
Public trading enterprises	-332	354	19	-434	-11	-629
Abroad	195	181	170	150	138	266
Other levels of government	-1 858	-2 753	-2 669	-1 314	-2 017	-4 128
Other	438	161	-24	-1 814	411	-695
Total advances	-1 557	-2 056	-2 504	-3 412	-1 480	-5 186
Other capital outlays	3	-15	6	-22	-36	1
Total capital outlays	4 600	3 891	4 117	1 354	2 616	-1 048
Total outlays	96 879	103 791	110 168	115 009	122 691	127 375
Revenue						
Taxes, fees and fines	93 578	88 353	89 661	94 193	105 864	116 744
Interest received from public trading enterprises	575	504	306	243	159	129
Interest received from other enterprises	2 804	2 533	2 229	1 874	1 716	1 356
Other revenue	1 827	2 855	3 459	5 002	3 244	4 283
Total revenue	98 784	94 245	95 655	101 312	110 983	122 512
Financing and deficit measures						
Borrowing (net)	434	9 597	16 219	14 831	12 782	6 205
Increase in provisions	-914	-1 074	-1 294	-1 135	-1 111	-1 005
Other financing transactions	-1 425	1 023	-412	1	37	-337
Total financing and deficit measures	-1 905	9 545	14 513	13 697	11 708	4 863
Less increase in provisions (net)	-914	-1 074	-1 294	-1 135	-1 111	-1 005
Deficit (b)	-991	10 620	15 807	14 832	12 819	5 868
Current deficit(c)	-5 589	6 729	11 692	13 485	10 203	6 916
Capital deficit(d)	4 598	3 891	4 116	1 347	2 616	-1 048
Less advances paid (net)	-1 557	-2 056	-2 504	-3 412	-1 480	-5 186
Deficit adjusted for net advances (e)	565	12 675	18 311	18 244	14 299	11 054

(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) The deficit is the sum of all financing transactions except for increases/decreases in provisions. (c) Revenue less current outlays plus increase in provisions less capital grants and other capital revenue. (d) Capital grants and other capital revenue less capital outlays. (e) This is defined as the cash based deficit/surplus less net advances paid. Net advances paid includes equity sales and repayment of past policy lending, less equity injections/purchases and new policy lending.

Source: Government Financial Estimates, Australia, 1996-97 (5501.0).

26.9 ECONOMIC TRANSACTIONS OF THE COMMONWEALTH GOVERNMENT, Public Trading Enterprises

Item	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
Outlays						
Current outlays						
Interest payments to -						
General government	575	504	306	243	159	129
Other enterprises	2 115	2 091	1 797	1 642	1 514	969
Total interest payments	2 691	2 595	2 103	1 885	1 673	1 099
Income transferred to general government	450	405	339	1 117	919	1 371
Other transfer payments	173	634	1 251	1 040	955	1 333
Total current outlays	3 313	3 634	3 693	4 042	3 547	3 803
Capital outlays						
Expenditure on new fixed assets	5 467	4 959	4 039	3 357	4 331	4 441
Plus expenditure on secondhand assets (net)	-823	-492	-304	-413	-262	-173
Gross fixed capital expenditure	4 644	4 467	3 735	2 945	4 069	4 269
Expenditure on land and intangible assets (net)	131	12	14	-51	-16	50
Capital grants	—	—	61	74	81	—
Advances paid (net)	-1	27	-2	-3	—	—
Other capital outlays	1 262	-431	305	-530	-390	-11
Total capital outlays	6 036	4 075	4 114	2 436	3 743	4 308
Total outlays	9 349	7 708	7 807	6 478	7 291	8 111
Revenue						
Sales of goods and services	22 411	24 096	24 771	27 174	28 263	24 412
Plus subsidies received	1 349	549	469	468	466	529
Less operating expenditure	19 482	21 226	21 184	22 762	23 990	20 341
Net operating surplus	4 278	3 419	4 056	4 880	4 739	4 601
Interest received	494	389	273	234	359	293
Capital grants received	10	70	30	29	97	6
Other revenue	21	15	23	34	53	40
Total revenue	4 803	3 894	4 382	5 178	5 249	4 939
Financing and deficit measures						
Advances received (net)	-332	354	19	-422	15	-629
Borrowing (net)	3 467	109	955	-1 318	-1 497	-181
Increase in provisions -						
For depreciation	2 418	3 834	2 863	2 898	3 009	2 706
Other	-10	80	374	-117	988	114
Total increase in provisions	2 407	3 915	3 237	2 781	3 997	2 820
Other financing transactions	-997	-563	-786	260	-472	1 161
Total financing and deficit measures	4 546	3 815	3 425	1 300	2 042	3 171
Less increase in provisions (net)	2 407	3 915	3 237	2 781	3 997	2 820
Deficit	2 138	-100	188	-1 481	-1 955	351
Current deficit	-3 888	-4 104	-3 896	-3 888	-5 601	-3 951
Capital deficit	6 026	4 004	4 084	2 407	3 646	4 302
Less advances paid (net)	-1	27	-2	-3	—	—
Deficit adjusted for net advances	2 139	-127	190	-1 478	-1 954	351

Source: Government Financial Estimates, Australia, 1996-97 (5501.0).

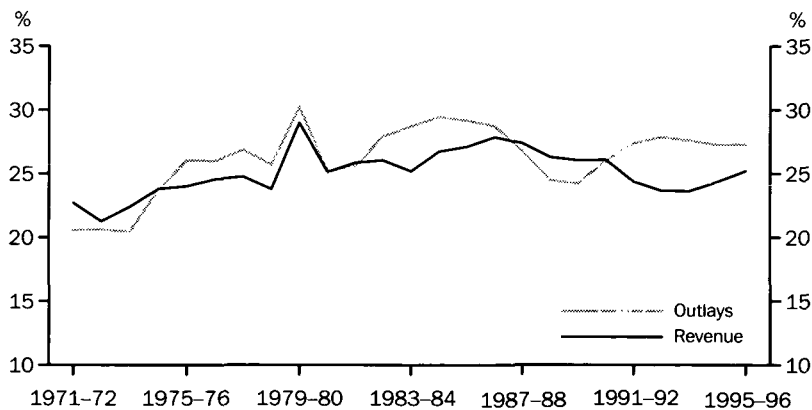
26.10 COMMONWEALTH GOVERNMENT CONSOLIDATED OUTLAYS, By Purpose

Purpose	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
General public services	6 335	6 953	7 364	7 765	7 854	8 370
Defence	8 325	8 606	9 009	9 236	9 146	9 396
Public order and safety	749	933	883	851	884	913
Education	7 559	8 487	9 263	9 860	10 180	10 704
Health	12 881	13 741	14 785	16 049	17 111	18 630
Social security and welfare	30 702	35 639	38 653	42 013	43 504	46 341
Housing and community amenities	1 040	1 225	1 345	1 070	1 050	1 073
Recreation and culture	1 112	1 111	1 106	1 035	1 194	1 309
Fuel and energy	583	694	708	605	836	911
Agriculture, forestry and fishing	3 916	1 532	2 114	1 126	1 163	1 804
Mining, manufacturing and construction	493	544	551	230	336	404
Transport and communications	7 064	6 463	6 195	4 773	6 812	5 483
Other economic affairs	2 048	2 472	3 116	3 180	3 468	4 183
Other purposes	22 554	20 943	21 358	21 875	24 508	23 831
Total	105 360	109 344	116 450	119 667	128 046	133 351

Source: Government Financial Estimates, Australia, 1996-97 (5501.0).

Graph 26.11 shows the relationship between the movements in outlays and revenue and the adjusted deficit/surplus, as a percent of GDP(I), for the Commonwealth Government from 1971-72 to 1995-96. The outlays and deficit measures in the graph exclude net advances (i.e. loans made for policy purposes, and sales/injections of equity) to provide a better

measure of the underlying government outlay and deficit positions. Commonwealth Government outlays and revenues are both strongly cyclical (in opposite directions), depending on prevailing economic conditions, and this is reflected in large swings in the deficit/surplus measure.

26.11 COMMONWEALTH OUTLAYS AND REVENUE, % of GDP

Source: Government Financial Estimates, Australia (5501.0).

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. Table 26.12 shows details of grants to States/Territories and local governments classified by purpose.

26.12 COMMONWEALTH GRANTS TO STATES/TERRITORIES AND LOCAL GOVERNMENTS — 1995-96

Purpose	NSW \$m	Vic. \$m	Qld \$m	SA \$m	WA \$m	Tas. \$m	NT \$m	ACT \$m	Aust. \$m
CURRENT									
General public services, defence, public order and safety	162	122	71	48	44	14	4	3	469
Education	2 357	1 860	1 231	578	700	176	83	77	7 061
Health	1 651	1 188	954	548	551	160	88	76	5 217
Social security	433	363	190	138	117	42	12	13	1 307
Housing and community amenities	4	2	2	1	1	1	1	8	19
Recreation and culture	1	—	4	—	—	4	—	—	9
Fuel and energy	1	—	—	—	—	—	—	—	1
Agriculture, forestry and fishing	80	10	57	10	11	17	8	—	193
Mining, manufacturing and construction	—	—	—	3	—	—	—	—	5
Transport and communications	228	181	138	51	99	30	23	15	764
Other purposes	4 766	3 499	3 084	1 598	1 787	683	919	321	16 658
Total	9 683	7 225	5 732	2 976	3 309	1 127	1 137	514	31 702
CAPITAL									
General public services, defence, public order and safety	—	—	—	—	—	—	—	—	—
Education	188	150	105	44	61	16	11	11	585
Health	1	1	1	1	1	—	—	—	5
Social security	18	14	10	7	8	3	1	1	61
Housing and community amenities	333	222	195	69	99	35	35	20	1 008
Recreation and culture	73	1	5	1	1	2	—	—	84
Fuel and energy	—	—	—	—	—	—	—	—	—
Agriculture, forestry and fishing	3	4	7	4	1	—	—	—	20
Mining, manufacturing and construction	—	—	—	—	—	—	—	—	—
Transport and communications	311	142	176	64	73	31	31	3	831
Other purposes	57	41	33	87	205	7	4	4	436
Total	984	576	532	276	447	94	82	38	3 029

Source: Unpublished ABS Government Finance data.

Commonwealth government taxation

Table 26.13 shows Commonwealth Government taxation revenue classified by type of tax for the six years ending 1995-96.

26.13 COMMONWEALTH GOVERNMENT TAXES(a), FEES AND FINES

	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
Taxes on income						
Income taxes levied on individuals						
Personal income tax	48 810	45 601	46 146	48 986	52 742	58 618
Mining withholding tax	2	2	2	2	1	1
Prescribed payments by individuals	1 250	1 084	1 181	1 335	1 594	1 630
Total income taxes levied on individuals	50 156	46 830	47 528	50 571	54 635	60 602
Income taxes levied on enterprises						
Company income tax(a)	14 088	13 269	13 429	12 632	15 370	17 473
Income tax paid by superannuation funds	1 053	1 139	1 522	1 191	1 913	1 634
Prescribed payments by enterprises	109	94	103	116	139	142
Total income taxes levied on enterprises	15 250	14 502	15 054	13 939	17 422	19 249
Income taxes levied on non-residents						
Dividend withholding tax	109	50	88	84	108	150
Interest withholding tax	790	651	557	467	433	795
Other income tax levied on non-residents	196	202	182	458	519	542
Total income taxes levied on non-residents	1 095	903	827	1 008	1 060	1 488
Total taxes on income	66 501	62 236	63 409	65 518	73 116	81 339
Employers' payroll taxes						
General taxes (payroll tax)	—	—	—	—	—	—
Selective taxes (stevedoring industry charges)	51	54	45	40	64	14
Other employers labour force taxes						
Fringe benefits tax	1 207	1 288	1 305	1 376	2 678	2 938
Superannuation guarantee charge	—	—	—	5	13	26
Total other employers labour force taxes	1 207	1 288	1 305	1 381	2 691	2 964
Total employers' payroll taxes	1 258	1 343	1 350	1 421	2 754	2 978
Taxes on property						
Taxes on immovable property	—	—	—	—	—	—
Taxes on financial and capital transactions						
Stamp duties	—	—	—	—	—	—
Financial institutions' transaction taxes	229	3	1	—	—	—
Government borrowing guarantee levies	18	12	19	10	8	8
Total taxes on financial and capital transactions	247	15	19	11	8	8
Total taxes on property	247	15	19	11	8	8
Taxes on provision of goods and services						
General taxes (sales tax)	9 365	9 113	9 252	10 414	11 624	12 970
Excises and levies						
Excises on crude oil and LPG	1 354	64	116	62	27	13
Other Excise Act duties	9 005	9 417	9 560	10 751	11 973	12 835
Agricultural production taxes	1 228	723	618	633	679	656
Total excises and levies	11 587	10 204	10 294	11 446	12 679	13 505
Taxes on international trade						
Customs duties on imports	3 319	3 299	3 331	3 226	3 474	3 124
Customs duties on exports	54	49	2	1	2	—
Agricultural produce export taxes	3	2	3	3	4	5
Total taxes on international trade	3 377	3 350	3 336	3 231	3 479	3 129
Taxes on gambling	—	—	—	5	9	10
Taxes on insurance	—	—	—	—	—	—
Total taxes on provision of goods and services	24 329	22 667	22 882	25 097	27 792	29 613

...continued

26.13 COMMONWEALTH GOVERNMENT TAXES(a), FEES AND FINES — continued

	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
Taxes on use of goods and performance of activities						
Motor vehicle taxes	18	19	21	24	29	35
Franchise taxes	—	—	—	—	—	—
Other taxes on use of goods etc.						
Other taxes on use of good etc. n.e.c.	3	2	12	39	74	103
Broadcast and TV station licences	125	135	101	231	233	259
Departure tax	38	82	93	112	78	—
Total other taxes on use of goods etc.	166	219	206	382	385	362
Total taxes on use of goods and performance of activities	183	238	227	406	414	397
Fees and fines						
Compulsory fees, of which						
Aviation en route charges	409	433	286	237	268	291
Light dues and navigation Act charges	42	43	41	44	43	42
Total compulsory fees	867	1 016	926	843	985	1 126
Fines	27	15	16	32	23	26
Total fees and fines	894	1 032	942	876	1 007	1 152
Total taxes, fees and fines	93 413	87 530	88 830	93 328	105 092	115 486
(a) Excludes income taxes paid by public trading enterprises	165	822	831	865	772	1 258

Source: Government Financial Estimates, Australia, 1996-97 (5501.0) and Taxation Revenue, Australia, 1995-96 (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. Tables 26.14 to 26.17 summarise the economic transactions, outlays, and taxation revenue for the government sector of all State and Territory Governments combined.

26.14 ECONOMIC TRANSACTIONS OF STATE AND TERRITORY GOVERNMENTS, General Government

Item	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
Outlays						
Current outlays						
Current expenditure	40 539	43 281	44 722	46 822	49 166	52 225
Less sales of goods and services(a)	5 090	5 282	5 355	5 891	6 489	7 069
Final consumption expenditure	35 449	37 999	39 367	40 931	42 676	45 155
Interest payments	7 688	7 382	7 539	7 532	7 416	6 569
Subsidies paid to public trading enterprises	2 450	2 510	2 389	2 418	2 085	1 972
Current grants to other governments	958	1 296	1 334	1 346	1 407	1 476
Other transfer payments	4 976	5 972	6 862	7 278	7 790	8 141
Total current outlays	51 520	55 158	57 491	59 506	61 375	63 314
Capital outlays						
Expenditure on new fixed assets	5 730	5 632	6 352	5 933	6 230	6 636
Plus expenditure on secondhand assets	-296	-355	-505	-417	-226	-6 995
Gross fixed capital expenditure	5 435	5 277	5 847	5 517	6 005	-359
Expenditure on land and intangible assets (net)	-142	-183	-364	-437	-468	-2 015
Capital grants to -						
Other sectors	227	357	330	403	309	350
Other governments	569	265	308	340	288	8 360
Public trading enterprises	1 634	1 752	1 935	2 051	1 913	1 907
Total capital grants	2 430	2 374	2 573	2 795	2 510	10 617
Advances paid (net) to -						
Public financial enterprises	-68	2 114	481	-1 188	-98	-262
Public trading enterprises	-688	-139	-98	-251	-199	-5 675
Other	-93	-234	-1 478	-843	-1 564	-1 591
Total advances	-849	1 742	-1 095	-2 282	-1 861	-7 528
Other capital outlays	20	6	7	38	36	54
Total capital outlays	6 895	9 215	6 968	5 630	6 223	769
Total outlays	58 414	64 373	64 460	65 136	67 598	64 083
Revenue						
Taxes, fees and fines	21 121	22 572	24 093	26 787	28 144	30 360
Interest received from public trading enterprises	859	776	716	650	721	474
Interest received from other enterprises	3 302	2 827	2 697	2 640	3 054	3 410
Grants received -						
For own use	23 620	23 940	25 938	25 805	26 348	27 715
For onpassing	4 818	5 462	5 869	6 241	6 730	6 987
Total grants received	28 438	29 402	31 807	32 046	33 078	34 702
Other revenue	2 799	3 354	3 586	4 496	4 726	5 477
Total revenue	56 519	58 932	62 900	66 618	69 724	74 423
Financing and deficit measures						
Advances received (net)	-1 857	-2 751	-2 721	-1 398	-1 639	-4 038
Borrowing (net)	6 618	11 174	8 273	4 867	5	-10 189
Increase in provisions	71	48	-3	-25	39	8
Other financing transactions	-2 937	-3 029	-3 989	-4 927	-531	3 880
Total financing	1 895	5 441	1 560	-1 482	-2 126	-10 340
Less increase in provisions (net)	71	48	-3	-25	39	8
Deficit(b)	1 824	5 394	1 563	-1 457	-2 165	-10 348
Current deficit (c)	-849	-153	-344	-3 292	-5 329	-8 173
Capital deficit (d)	2 673	5 547	1 907	1 835	3 164	-2 175
Less advances paid (net)	-849	1 742	-1 095	-2 282	-1 861	-7 528
Deficit adjusted for net advances(e)	2 673	3 652	2 658	825	-304	-2 820

(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) The deficit is the sum of all financing transactions except for increases/decreases in provisions. (c) Revenue less current outlays plus increase in provisions less capital grants and other capital revenue. (d) Capital grants and other capital revenue less capital outlays. (e) This is defined as the cash based deficit/surplus less net advances paid. Net advances paid includes equity sales and repayment of past policy lending, less equity injections/purchases and new policy lending.

Source: Government Financial Estimates, Australia, 1996-97 (5501.0).

26.15 ECONOMIC TRANSACTIONS OF STATE AND TERRITORY GOVERNMENTS, Public Trading Enterprises

Item	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
Outlays						
Current outlays						
Interest payments to -						
General government	848	764	716	646	711	472
Other enterprises	4 995	4 654	3 973	3 436	3 386	3 365
Total interest payments	5 843	5 417	4 689	4 082	4 098	3 837
Income transferred to general government	928	1 354	1 486	2 275	2 524	3 251
Other transfer payments	425	469	423	416	363	331
Total current outlays	7 197	7 241	6 598	6 773	6 984	7 420
Capital outlays						
Expenditure on new fixed assets	6 253	6 317	6 626	7 104	7 000	6 568
Plus expenditure on secondhand assets	-629	-384	-1 183	-1 443	-550	-851
Gross fixed capital expenditure	5 625	5 933	5 443	5 661	6 451	5 717
Expenditure on land and intangible assets (net)	69	100	51	-265	-203	-157
Capital grants to -						
Other sectors	36	20	38	45	59	56
Other levels of government	9	—	45	52	28	10
Total capital grants	46	20	84	96	86	66
Advances paid (net) to -						
Private sector	-188	-179	-157	-142	44	-10 545
Other	-32	-60	-51	-38	-30	22
Total advances	-220	-238	-208	-180	14	-10 523
Other capital outlays	-145	55	33	-81	-168	21
Total capital outlays	5 374	5 870	5 403	5 231	6 180	-4 877
Total outlays	12 571	13 111	12 001	12 004	13 164	2 543
Revenue						
Sales of goods and services	29 575	32 029	33 221	39 303	41 287	40 920
Plus subsidies received	2 425	2 488	2 379	2 431	2 096	2 082
Less operating expenditure	25 639	27 475	28 498	33 953	36 364	36 444
Net operating surplus	6 361	7 041	7 102	7 781	7 019	6 558
Interest received	869	669	452	323	456	518
Capital grants received	1 591	1 779	1 980	2 117	1 978	1 898
Other revenue	528	597	544	710	908	458
Total revenue	9 349	10 086	10 079	10 931	10 361	9 432
Financing and deficit measures						
Advances received (net)	-682	-150	-132	-255	-197	-6 178
Borrowing (net)	498	319	-1 320	-2 005	-1 519	-4 610
Increase in provisions						
For depreciation	2 928	3 318	3 882	4 113	4 515	4 270
Other	119	-21	-153	-419	-76	269
Total increase in provisions	3 047	3 297	3 730	3 694	4 440	4 540
Other financing transactions	359	-440	-355	-361	80	-641
Total financing and deficit measures	3 222	3 026	1 922	1 073	2 803	-6 889
Less increase in provisions (net)	3 047	3 297	3 730	3 694	4 440	4 540
Deficit	174	-271	-1 807	-2 621	-1 636	-11 429
Current deficit	-3 108	-3 784	-4 708	-5 087	-4 992	-4 209
Capital deficit	3 283	3 513	2 901	2 466	3 355	-7 219
Less advances paid (net)	-220	-238	-208	-180	14	-10 523
Deficit adjusted for net advances	395	-33	-1 599	-2 441	-1 651	-905

Source: Government Financial Estimates, Australia, 1996-97 (5501.0).

26.16 STATE AND TERRITORY GOVERNMENT TAXES, FEES AND FINES

	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
	\$m	\$m	\$m	\$m	\$m	\$m
Employers' payroll taxes	5 802	5 904	5 800	6 021	6 572	7 088
Taxes on property						
Taxes on immovable property						
Land taxes	1 602	1 774	1 492	1 389	1 373	1 483
Municipal rates	66	72	78	83	86	88
Metropolitan improvement rates	59	69	68	75	81	86
Property owners' contributions to fire brigades	105	111	119	124	135	145
Taxes on immovable property n.e.c.	111	116	300	263	213	42
Total taxes on immovable property	1 944	2 141	2 058	1 934	1 889	1 843
Taxes on financial and capital transactions						
Stamp duties	2 926	3 027	3 341	4 165	3 998	4 165
Financial institutions' taxes	1 057	1 388	1 484	1 755	1 831	1 904
Government borrowing guarantee levies	49	49	57	79	83	79
Total taxes on financial and capital transactions	4 032	4 464	4 882	6 000	5 912	6 148
Total taxes on property	5 976	6 606	6 940	7 934	7 801	7 992
Taxes on provision of goods and services						
Excises and levies						
Total excises and levies	388	436	484	505	532	551
Taxes on gambling						
Taxes on government lotteries	503	539	517	550	614	619
Taxes on private lotteries	328	331	325	323	337	339
Poker machine taxes	295	315	502	752	1 015	1 256
Casino taxes	93	97	115	149	232	367
Race betting taxes	645	646	683	703	662	643
Taxes on gambling n.e.c.	82	90	94	100	98	83
Total taxes on gambling	1 946	2 018	2 236	2 578	2 958	3 306
Taxes on insurance						
Insurance companies' contributions to fire brigades	363	382	399	409	443	482
Third party insurance taxes	137	141	152	205	218	225
Taxes on insurance n.e.c.	676	774	879	961	998	1 023
Total taxes on insurance	1 176	1 298	1 430	1 574	1 659	1 730
Total taxes on provision of goods & services	3 510	3 751	4 149	4 658	5 148	5 587
Taxes on use of goods and performance of activities						
Motor vehicle taxes						
Vehicle registration fees and taxes	1 402	1 606	1 765	1 901	1 970	2 022
Stamp duty on vehicle registration	641	626	750	872	987	1 050
Drivers' licences	251	184	187	240	299	281
Road transport and maintenance taxes	57	57	79	92	106	101
Total motor vehicle taxes	2 350	2 473	2 781	3 105	3 362	3 454
Franchise taxes						
Gas franchise taxes	11	15	15	18	18	17
Petroleum products franchise taxes	1 061	1 128	1 174	1 346	1 427	1 531
Tobacco franchise taxes	944	1 085	1 575	1 975	2 067	2 621
Liquor franchise taxes	603	615	630	661	685	735
Total franchise taxes	2 620	2 842	3 394	3 999	4 197	4 903
Other taxes on use of goods etc.	30	50	74	67	69	287
Total taxes on use of goods & performance of activities	5 000	5 365	6 248	7 172	7 628	8 644
Fees and fines						
Compulsory fees	480	504	508	563	555	583
Fines	354	442	448	440	439	466
Total fees and fines	834	946	956	1 003	995	1 049
Total taxes, fees and fines	21 121	22 572	24 093	26 787	28 144	30 360

Source: Government Financial Estimates, Australia (5501.0) and Taxation Revenue, Australia (5506.0).

26.17 CONSOLIDATED OUTLAYS BY PURPOSE FOR STATE AND TERRITORY GOVERNMENTS

Purpose	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
General public services	4 104	6 537	4 869	5 064	4 910	2 988
Public order and safety	4 686	4 788	4 839	4 976	5 355	5 891
Education	16 799	17 795	18 655	19 168	19 885	20 864
Health	11 146	11 551	11 930	12 165	12 906	13 856
Social security and welfare	2 475	2 840	3 084	3 298	3 557	3 922
Housing and community amenities	3 065	3 132	3 259	2 518	3 865	3 277
Recreation and culture	1 500	1 709	1 704	1 621	897	1 895
Fuel and energy	2 299	2 437	1 621	987	2 583	-8 481
Agriculture, forestry and fishing	1 317	1 456	1 598	1 480	1 211	1 614
Mining, manufacturing and construction	290	271	88	230	84	266
Transport and communications	6 701	6 756	7 627	7 004	7 395	8 112
Other economic affairs	950	1 281	1 728	1 699	1 737	1 494
Other purposes	12 773	13 031	11 199	12 024	11 181	10 735
Total	68 105	73 583	72 199	72 235	75 567	66 433

Source: Government Financial Estimates, Australia, 1996-97 (5501.0).

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 slaughtering, weights and measures, 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 26.18 to 26.21 show the economic transactions, outlays, and tax revenues for the general government and public trading enterprise activities of all local governments in Australia.

26.18 ECONOMIC TRANSACTIONS OF LOCAL GOVERNMENTS, General Government

Item	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
Outlays						
Current outlays						
Current expenditure	6 319	6 655	6 994	7 343	7 560	7 730
Less sales of goods and services(a)	2 167	2 274	2 403	2 655	2 767	2 741
Final consumption expenditure	4 152	4 381	4 591	4 688	4 792	4 989
Interest payments	698	598	541	421	381	346
Other transfer payments	105	91	79	82	97	107
Total current outlays	4 954	5 071	5 210	5 190	5 270	5 442
Capital outlays						
Expenditure on new fixed assets	2 281	2 190	2 598	2 432	2 497	2 494
Plus expenditure on secondhand assets (net)	-278	-223	-309	-297	-376	5 812
Gross fixed capital expenditure	2 004	1 967	2 290	2 134	2 121	8 306
Expenditure on land and intangible assets (net)	81	66	84	58	91	1 937
Capital grants to other governments	2	2	29	—	9	10
Advances paid (net)	-9	-12	-16	-11	—	-533
Other capital outlays	2	9	1	5	3	3
Total capital outlays	2 078	2 030	2 387	2 185	2 224	9 724
Total outlays	7 032	7 101	7 597	7 375	7 494	15 166
Revenue						
Taxes, fees and fines	4 480	4 703	4 969	5 145	5 265	5 428
Interest received	594	444	365	332	352	347
Grants received	1 574	1 628	1 810	1 749	1 745	9 767
Other revenue	201	206	142	364	338	411
Total revenue	6 849	6 981	7 286	7 590	7 701	15 953
Financing and deficit measures						
Advances received (net)	-1	14	-2	6	10	-25
Borrowing (net)	188	39	-128	-178	-197	-133
Increase in provisions (net)	—	—	—	—	—	—
Other financing transactions (net)	-5	67	442	-42	-20	-630
Total financing and deficit measures	182	120	311	-215	-207	-787
Less increase in provisions (net)	—	—	—	—	—	—
Deficit (b)	182	120	311	-215	-207	-787
Current deficit(c)	-1 159	-1 432	-1 541	-1 876	-1 949	-1 996
Capital deficit(d)	1 341	1 553	1 852	1 661	1 742	1 209
Less advances paid (net)	-9	-12	-16	-11	—	-533
Deficit adjusted for net advances(e)	191	132	328	-203	-207	-254

(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) The deficit is the sum of all financing transactions except for increases/decreases in provisions. (c) Revenue less current outlays plus increase in provisions less capital grants and other capital revenue. (d) Capital grants and other capital revenue less capital outlays. (e) This is defined as the cash based deficit/surplus less net advances paid. Net advances paid includes equity sales and repayment of past policy lending, less equity injections/purchases and new policy lending.

Source: Government Financial Estimates, Australia, 1996-97 (5501.0).

26.19 ECONOMIC TRANSACTIONS OF LOCAL GOVERNMENTS — Public Trading Enterprises

Item	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
Outlays						
Current outlays						
Interest payments	430	320	291	220	205	198
Income transferred to general government	30	32	86	6	8	7
Other transfer payments	42	44	39	38	40	43
Total current outlays	502	396	415	264	253	248
Capital outlays						
Expenditure on new fixed assets	852	744	729	468	492	505
Plus expenditure on secondhand fixed assets (net)	-34	-41	-31	-7	-9	-10
Gross fixed capital expenditure	818	703	698	461	483	495
Expenditure on land and intangible assets (net)	7	11	4	2	—	—
Advances paid (net)	-2	-3	-3	—	—	—
Other capital outlays	3	9	3	—	—	—
Total capital outlays	827	720	702	463	483	495
Total outlays	1 329	1 116	1 117	727	736	743
Revenue						
Sales of goods and services plus subsidies received	5 555	4 135	4 306	1 936	1 560	1 578
Less operating expenditure	4 728	3 535	3 723	1 320	970	974
Net operating surplus	827	600	583	617	590	604
Interest received	127	83	53	30	35	37
Capital grants received	98	87	80	87	86	97
Other revenue	173	174	197	193	194	213
Total revenue	1 226	945	913	926	905	951
Financing and deficit measures						
Advances received (net)	-8	-34	-19	—	—	-2
Borrowing (net)	-33	-28	-54	-154	-104	-57
Increase in provisions (net)	263	298	374	102	103	111
Other financing transactions (net)	-119	-66	-98	-148	-167	-259
Total financing and deficit measures	103	171	204	-200	-169	-208
Less increase in provisions (net)	263	298	374	102	103	111
Deficit	-160	-128	-170	-301	-271	-319
Current deficit	-715	-586	-594	-498	-489	-520
Capital deficit	555	459	425	197	218	201
Less advances paid (net)	-2	-3	-3	—	—	—
Deficit adjusted for net advances	-158	-125	-167	-301	-271	-319

Source: Government Financial Estimates, Australia, 1996-97 (5501.0).

26.20 CONSOLIDATED OUTLAYS BY PURPOSE OF LOCAL GOVERNMENTS

Purpose	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
General public services	1 476	1 552	1 492	1 479	1 323	1 438
Public order and safety	116	120	127	190	222	229
Education	36	38	45	31	35	33
Health	154	166	154	174	215	184
Social security and welfare	311	358	409	450	485	470
Housing and community amenities	1 331	1 314	1 418	1 400	1 508	1 622
Recreation and culture	1 137	1 144	1 338	1 424	1 537	1 573
Fuel and energy	405	324	391	23	4	-531
Agriculture, forestry and fishing	16	17	16	12	13	14
Mining, manufacturing and construction	117	115	112	96	128	130
Transport and communications	1 906	1 946	2 117	2 073	2 109	10 142
Other economic affairs	61	64	73	71	20	-16
Other purposes	1 264	1 026	1 009	672	623	612
Total	8 329	8 183	8 702	8 096	8 223	15 901

Source: Government Financial Estimates, Australia, 1996-97 (5501.0).

26.21 LOCAL GOVERNMENT TAXES, FEES AND FINES(a)

Purpose	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
Taxes on property	4 205	4 392	4 641	4 784	4 858	5 010
Fees and fines						
Compulsory fees	198	231	250	284	336	347
Fines	77	80	77	77	72	70
Total fees and fines	275	311	328	361	408	418
Total taxes, fees and fines	4 480	4 703	4 968	5 145	5 265	5 428

(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, 1995-96 (5506.0).

Financial assets and liabilities

As well as providing transactions (flows) 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, and all lending and borrowing they have undertaken, whether for policy purposes (termed 'advances') or for liquidity management and investment (other lending/borrowing). 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. However, the financial assets shown below cover only 'debt-related' financial assets and do not include shares and

other equity assets 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 26.22, 26.23 and 26.24 summarise the financial assets, liabilities and net financial position of the non-financial public sector of the three levels of government.

26.22 FINANCIAL ASSETS AND LIABILITIES OF ALL LEVELS OF GOVERNMENT COMBINED(a)

	At 30 June 1995			At 30 June 1996		
	Liabilities \$m	Financial assets \$m	Net financial position(b) \$m	Liabilities \$m	Financial assets \$m	Net financial position(b) \$m
Cash and deposits	2 353	10 755	..	3 344	10 375	..
Advances	—	6 147	..	—	6 478	..
Other lending/borrowing(c)	215 106	35 758	..	204 192	32 752	..
Total	217 458	52 660	164 798	207 536	49 602	157 934

(a) Totals 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).

26.23 FINANCIAL ASSETS AND LIABILITIES OF THE COMMONWEALTH GOVERNMENT(a)

	At 30 June 1995			At 30 June 1996		
	Liabilities \$m	Financial assets \$m	Net financial position(b) \$m	Liabilities \$m	Financial assets \$m	Net financial position(b) \$m
Cash and deposits	290	3 103	..	411	2 744	..
Advances	—	10 650	..	—	10 977	..
Other lending/borrowing(c)	121 239	15 077	..	122 763	8 364	..
Total	121 529	28 830	92 699	123 174	22 085	101 090

(a) Totals 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).

26.24 FINANCIAL ASSETS AND LIABILITIES OF STATE/TERRITORY AND LOCAL GOVERNMENTS(a)

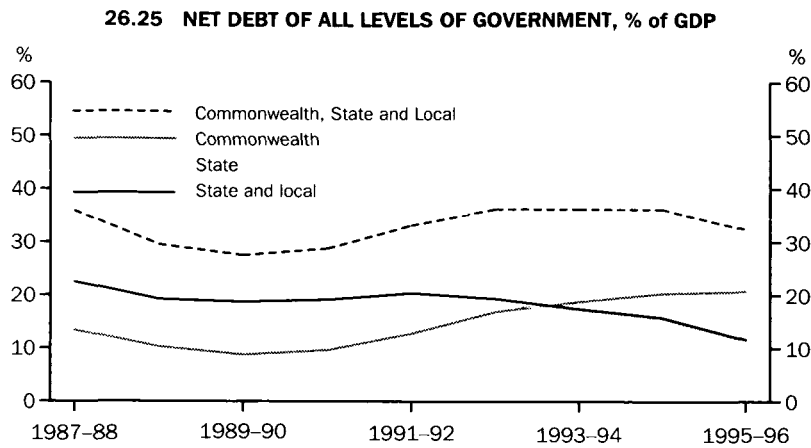
	At 30 June 1995			At 30 June 1996		
	Liabilities \$m	Financial assets \$m	Net financial position(b) \$m	Liabilities \$m	Financial assets \$m	Net financial position(b) \$m
Cash and deposits	2 463	8 052	..	2 936	7 634	..
Advances	13 811	2 630	..	9 920	2 499	..
Other lending/borrowing(c)	99 550	33 042	..	86 164	32 043	..
Total	115 823	43 725	72 098	99 020	42 175	56 845

(a) Totals 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).

Graph 26.25 shows the movements in net debt as a percentage of GDP(I) for the Commonwealth Government, State/Territory Governments and local governments, and all governments combined, from 30 June 1988 to 30 June 1996. Over this period, Commonwealth

net debt has increased as a percentage of GDP, but State/Territory and Local government net debt has decreased substantially, leading to a decrease in total government net debt as a percentage of GDP.



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