

CHAPTER 22

PUBLIC FINANCE

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

COMMONWEALTH GOVERNMENT FINANCE

Financial provisions of the Constitution

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

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

Sections 87 and 96 of the Constitution deal with the financial relations between the Commonwealth and the States. The full text of the Financial Agreement of 1927 was given in Year Book No. 31, page 21; accounts of this Agreement as affected by subsequent Agreements were included in later issues of the Year Book up to No. 37 (*see* pages 685–90); details of the main provisions appeared in further issues of the Year Book up to No. 50 (*see* pages 952–3); and details of current provisions for financial assistance to the States are given on pages 555–560 of this Year Book.

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

Commonwealth Government Budget

The Commonwealth Government Budget records the transactions of those authorities of the Commonwealth Government whose receipts and payments are summarised in the statements of Public Account balances. In 1979–80 the change in cash balances was represented by the following—

	\$'000
Cash receipts of the Consolidated Revenue Fund	29,627,349
<i>plus</i> cash receipts of Loan Fund	25,228,260
<i>plus</i> cash receipts of Trust Fund	10,920,678
<i>Total</i>	65,776,288
<i>less</i> cash payments from Consolidated Revenue Fund	29,627,349
<i>less</i> cash payments from Loan Fund	25,548,856
<i>less</i> cash payments from Trust Fund (including increase in investments of the Trust Fund)	11,257,671
<i>Total</i>	66,433,876
<i>equals</i> decrease in cash balances	657,588

Revenues from taxation and other sources are paid into the Consolidated Revenue Fund, from which the main expenditures are for defence, social services, payments to the States and general administration. The Trust Fund covers special transactions outside the ordinary operations of departmental expenditures, such as pension funds and moneys held for expenditure by the Commonwealth Government at some future time. The Loan Fund receives its funds from the sale of Commonwealth Government securities, and the expenditures from the Fund are made in accordance with the purpose of issue

of each loan. The main disbursements from the Loan Fund are to the States by way of distribution of the proceeds of loans raised by the Commonwealth Government on their behalf and by capital assistance grants, the remaining disbursements being mainly for Commonwealth Government purposes.

The receipts and outlay of the Budget for 1980-81 are set out in the table which follows, together with figures for the years 1975-76 to 1979-80. The national accounting presentation of the Budget is shown in order to be consistent with other transactions figures given in this chapter.

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

OUTLAYS AND RECEIPTS OF THE COMMONWEALTH BUDGET

(\$ million)

(Source: 1980-81 Budget Paper No. 10 *National Accounting Estimates of Receipts and Outlays of Commonwealth Government Authorities*)

	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81 Budget Estimates
Outlay—						
Net expenditure on goods and services—						
Current	4,058	4,635	5,177	5,628	6,161	7,262
Capital(a)	564	520	451	331	323	396
Total	4,622	5,155	5,628	5,960	6,484	7,658
Transfer payments—						
Cash benefits to persons	6,089	7,388	8,277	9,104	9,899	11,234
Unfunded employee retirement benefits	106	121	139	162	181	211
Grants to States and local government authorities	7,091	7,661	8,738	9,349	10,302	11,450
Grants to the Northern Territory	—	—	53	290	361	471
Interest paid	968	1,412	1,649	1,971	2,223	2,409
Transfers overseas	370	388	417	477	520	568
Subsidies	254	220	322	365	566	738
Grants for private capital purposes	173	101	124	116	164	148
Purchase of existing assets	26	16	15	22	20	40
Total	15,077	17,307	19,735	21,856	24,235	27,269
Total expenditure	19,699	22,462	25,363	27,816	30,719	34,927
Net advances—						
States	1,372	1,278	1,261	1,129	817	816
Northern Territory	—	—	—	—2	79	84
Commonwealth authorities	708	303	101	66	110	172
Other sectors	81	79	76	37	—31	38
Total	2,161	1,660	1,438	1,230	975	1,110
Total outlay	21,861	24,123	26,802	29,045	31,694	36,037
Receipts—						
Taxation—						
Indirect taxes	4,877	5,523	5,834	7,178	8,584	9,955
Income tax on companies	2,618	2,921	3,213	3,151	3,548	4,660
Income tax on persons	9,219	11,054	12,129	12,804	15,040	17,070
Estate and gift duties	86	87	102	83	49	22
Other direct taxes, fees, fines, etc.	11	14	15	18	19	22
Unfunded employee retirement contributions	40	52	61	63	67	69
Less remissions	8	8	8	8	1	1
Total	16,843	19,642	21,346	23,288	27,305	31,796
Other receipts—						
Interest, rent and dividends	1,405	1,626	1,812	1,923	2,033	2,217
Gross income of public enterprises	—3	85	225	299	264	277
Net sales of existing assets(b)	30	30	86	58	58	181
Total	1,433	1,741	2,122	2,279	2,356	2,675
Total receipts	18,276	21,383	23,468	25,567	29,661	34,471
Deficit	3,585	2,740	3,333	3,478	2,034	1,566

(a) Expenditure on new fixed assets *plus* increase in stocks *less* sales of previously rented houses. (b) Excludes sales of previously rented houses. Includes sales from the Commonwealth's uranium stockpile in 1977-78 (\$63.6m), 1978-79 (\$33.2m), 1979-80 (\$34.1m) and 1980-81 (\$7.6m).

Financing of the Commonwealth Government deficit

The deficit shown in the last line of the preceding table represents the net excess of Budget outlay over receipts. In other words, the estimated deficit shown for 1980-81 represents the Commonwealth

Government budget sector's 'financing requirements'. Most such transactions involve the issue, repurchase, redemption or acquisition of Commonwealth Government securities, but some involve or are represented by changes in other assets or liabilities of the Commonwealth Government.

Specifically the deficit is financed as follows:

- Net sales of Commonwealth Government securities (new issues *less* redemptions *less* net purchases from Commonwealth Government balances in the Trust Fund);
- less* net purchases of other investments from Commonwealth Government balances in the Trust Fund
- plus* minor items of indebtedness (such as borrowing by Australian Capital Territory housing trust account)
- less* net additions to cash balances, and funds provided for the International Monetary Fund and the Australian Wheat Board.

A table summarising the financial transactions of the Commonwealth Government budget sector for recent years is given on page 287 of Statement No. 6 attached to the *Budget Speech* 1980-81.

COMMONWEALTH AUTHORITIES

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

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

Public financial enterprises have been omitted from the consolidated accounts presented here largely on the ground that combining the income and outlay and capital financing transactions of the Reserve Bank, the publicly owned trading and savings banks, government insurance offices and other public financial institutions with the equivalent transactions of public trading enterprises and general government seems to provide a less meaningful account of public sector activity. For example, omission of the borrowing and lending activities of the government banks and the Reserve Bank allows attention to be centred on the borrowing and lending activities of general government and public trading enterprises, which are quite different in nature and economic effect from the financing activities of the banking system.

Coverage—Northern Territory government authorities

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

- In the period up to and including 1977-78 Commonwealth spending on State-type services in the Northern Territory is included under the various Commonwealth outlay categories such as final consumption expenditure and gross capital formation. Similarly, State-type taxation and income from N.T. public enterprises is included in the respective Commonwealth receipt categories.

- From 1978-79 onwards Commonwealth spending in respect of the Northern Territory consists to a large extent of grants and advances to Northern Territory government authorities while State-type taxation and income from N.T. public enterprises are no longer part of Commonwealth receipts.
- Not all State-type functions were fully transferred to the Northern Territory Government from 1 July 1978. Responsibility for health services was transferred on 1 January 1979 and responsibility for education services was transferred from 1 July 1979. The Commonwealth retains responsibility for certain State-type matters such as uranium mining and Aboriginal affairs (other than provision of services to Aboriginal communities).

COMMONWEALTH AUTHORITIES, 1978-79

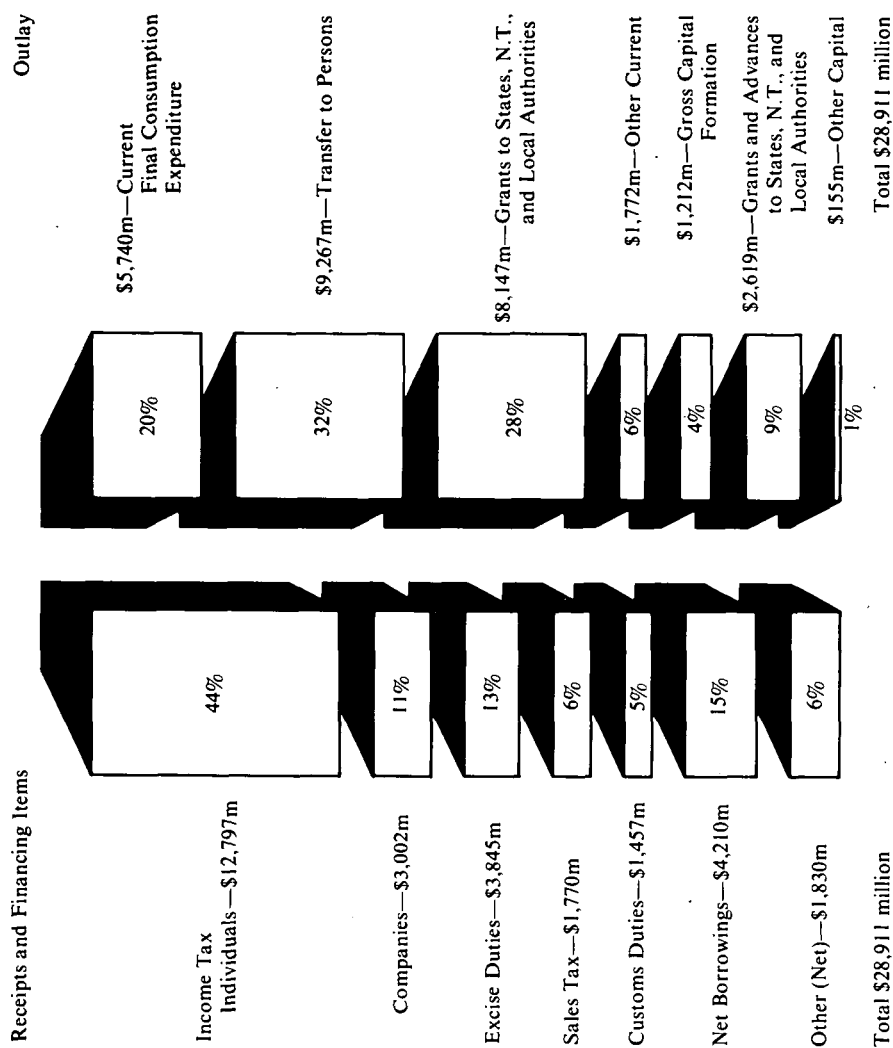


PLATE 43

Summary of receipts and outlay

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

COMMONWEALTH AUTHORITIES(a): RECEIPTS AND OUTLAY

(\$ million)

	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
RECEIPTS AND FINANCING ITEMS						
Receipts—						
Taxes, fees, fines, etc.	10,917	14,212	16,938	19,806	21,501	23,534
Income from public enterprises	284	246	434	657	820	1,007
Interest, etc., received	87	88	119	156	200	182
<i>Total receipts</i>	<i>11,288</i>	<i>14,545</i>	<i>17,491</i>	<i>20,619</i>	<i>22,522</i>	<i>24,723</i>
Financing items—						
Depreciation allowances	255	279	406	442	494	550
Funds provided for (-), or received from (+), International Monetary Fund	-	-	-	-	-	28
Net sale of securities—						
Treasury bills and notes	-38	1,689	-770	363	194	1,547
Commonwealth government securities	801	554	3,166	2,098	2,979	2,470
Public corporations securities	26	22	18	446	331	193
Net receipts of private trust funds	-90	83	217	60	152	155
Reduction in cash and bank balances	-529	579	264	-297	210	-474
Reduction in securities holdings	-69	-511	568	166	-234	-349
Other funds available (including errors and omissions)	263	118	83	214	235	68
<i>Total financing items</i>	<i>619</i>	<i>2,814</i>	<i>3,951</i>	<i>3,492</i>	<i>4,360</i>	<i>4,187</i>
Total funds available	11,907	17,359	21,442	24,111	26,882	28,911
OUTLAY						
Current outlay—						
Final consumption expenditure	2,736	3,552	4,155	4,737	5,293	5,740
Interest, etc., paid	7	108	117	408	559	784
Transfers to persons—						
Cash benefits	3,078	4,322	6,091	7,390	8,281	9,105
Unfunded employee retirement benefits	65	88	106	121	139	162
Subsidies	300	284	271	287	380	513
Transfers overseas	288	349	370	388	417	475
Grants to States, Northern Territory and local government authorities	2,534	3,780	5,524	6,115	7,222	8,147
<i>Total current outlay</i>	<i>9,008</i>	<i>12,484</i>	<i>16,634</i>	<i>19,446</i>	<i>22,292</i>	<i>24,926</i>
Capital outlay—						
Expenditure on new fixed assets	1,002	1,353	1,578	1,667	1,770	1,497
Expenditure on existing assets	18	110	8	4	-16	-79
Increase in stocks	38	315	-75	-50	-121	-206
Grants for private capital purposes	69	122	179	110	130	132
Grants to States, Northern Territory and local government authorities	900	1,414	1,567	1,546	1,516	1,492
Advances to States, Northern Territory and local government authorities	749	1,225	1,372	1,278	1,261	1,127
Advances to other sectors	123	337	178	110	50	23
<i>Total capital outlay</i>	<i>2,899</i>	<i>4,875</i>	<i>4,808</i>	<i>4,665</i>	<i>4,590</i>	<i>3,985</i>
Total outlay	11,907	17,359	21,442	24,111	26,882	28,911

(a) Excludes financial enterprises.

COMMONWEALTH AUTHORITIES: OUTLAY, CLASSIFIED BY PURPOSE

(\$ million)

Purpose	1976-77	1977-78	1978-79
General public services—			
General administration, n.e.c.	787.0	890.9	912.9
External affairs	517.4	565.1	599.6
Law, order and public safety	125.2	154.7	172.0
General research	188.0	199.2	224.1
<i>Total general public services</i>	<i>1,617.6</i>	<i>1,809.9</i>	<i>1,908.6</i>
Defence	2,181.3	2,376.7	2,605.9
Education—			
General administration, regulation and research	28.3	30.0	32.6
Transportation of students	2.7	3.1	3.4
Primary and secondary education	708.7	787.7	829.6
Vocational training	123.2	143.4	173.7
University education	719.2	781.0	810.0
Other higher education	519.5	526.3	562.2
Other education programs	110.7	116.2	111.0
<i>Total education</i>	<i>2,212.3</i>	<i>2,387.7</i>	<i>2,522.4</i>
Health—			
General administration, regulation and research	119.3	108.0	111.7
Hospital and clinical services	1,446.4	1,760.6	1,804.9
Other health services	974.3	825.1	984.9
<i>Total health</i>	<i>2,540.0</i>	<i>2,693.6</i>	<i>2,901.4</i>
Social security and welfare—			
General administration, regulation and research	115.7	132.4	157.0
Care of and assistance to—			
Aged persons	2,575.8	3,041.6	3,343.5
Incapacitated and handicapped persons	589.9	689.0	794.9
Unemployed and sick persons	745.8	942.0	1,061.0
Ex-servicemen	694.4	834.8	893.0
Widowed and deserted spouses	542.1	652.4	752.1
Families and children	1,056.1	1,077.1	1,038.0
Other social security and welfare services	55.6	64.2	62.3
<i>Total social security, etc.</i>	<i>6,375.4</i>	<i>7,433.6</i>	<i>8,101.9</i>
Housing and community amenities—			
Housing	502.0	485.2	315.1
Community and regional development	158.2	134.8	96.8
Protection of the environment	87.2	20.4	14.2
Community amenities, n.e.c.	0.4	0.4	0.5
<i>Total housing, etc.</i>	<i>747.8</i>	<i>640.9</i>	<i>426.7</i>
Recreation and culture—			
General administration, regulation and research	0.2	0.1	0.1
Cultural facilities	27.7	32.3	35.0
Support of the creative and performing arts	21.7	23.0	24.7
Broadcasting services and film production	174.2	176.6	186.2
Recreational facilities and services	25.8	23.8	23.5
Other programs	6.5	7.5	7.9
<i>Total recreation, etc.</i>	<i>256.1</i>	<i>263.3</i>	<i>277.3</i>
Economic services—			
General administration, regulation and research	331.7	382.3	453.8
Agriculture, forestry and fishing	256.3	374.5	308.1
Mining, manufacturing and construction	121.5	51.7	137.5
Electricity and water supply	82.0	55.3	17.2
Transport and communication	1,804.1	1,940.4	1,804.3
Other economic services	54.6	51.3	89.0
<i>Total economic services</i>	<i>2,650.2</i>	<i>2,855.5</i>	<i>2,810.1</i>
Other purposes—			
General purpose inter-authority transfers	5,096.1	5,808.5	6,549.4
Natural disaster relief	26.5	53.1	23.6
Interest	408.2	558.9	783.5
<i>Total other purposes</i>	<i>5,530.8</i>	<i>6,420.4</i>	<i>7,356.5</i>
<i>Total outlay, all purposes</i>	<i>24,111.4</i>	<i>26,881.6</i>	<i>28,910.8</i>
Of which—			
Current outlay	19,445.9	22,291.6	24,925.5
Capital outlay	4,665.5	4,590.0	3,985.3

Main components of outlay

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

Final consumption expenditure and expenditure on new fixed assets

Final consumption expenditure consists of current expenditure on goods and services by public authorities other than those classified as enterprises, *less* any charges made for goods and services which they themselves provide. Expenditure on new fixed assets consists of purchases of new durable assets *less* sales of previously rented dwellings. Purchases of defence equipment are treated as current expenditure and expenditure on new construction and maintenance of roads is treated as capital. The following tables show dissections by purpose of final consumption expenditure and expenditure on new fixed assets for the six years ended 1978-79.

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

Purpose	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
General public services—						
General administration	431	556	665	728	843	866
External affairs	58	84	92	98	106	116
Law, order and public safety	48	73	98	112	138	150
General research	90	112	131	152	170	183
<i>Total general public services</i>	<i>628</i>	<i>825</i>	<i>986</i>	<i>1,090</i>	<i>1,257</i>	<i>1,314</i>
Defence	1,222	1,444	1,680	1,999	2,184	2,401
Education	109	165	195	235	256	287
Health	206	303	416	466	504	508
Social security and welfare	99	156	206	224	264	292
Housing and community amenities	27	43	54	40	34	32
Recreation and culture	135	180	203	213	228	248
Economic services—						
General administration, regulation and research	122	166	167	206	284	353
Agriculture, forestry, fishing	83	101	114	125	135	144
Mining, manufacturing and construction	14	18	17	21	29	28
Transport and communication	75	90	93	95	96	109
Other	15	19	19	21	22	24
<i>Total economic services</i>	<i>309</i>	<i>393</i>	<i>410</i>	<i>469</i>	<i>566</i>	<i>657</i>
Other purposes	1	43	5	—	—	—
<i>Grand total</i>	<i>2,736</i>	<i>3,552</i>	<i>4,155</i>	<i>4,737</i>	<i>5,293</i>	<i>5,740</i>

COMMONWEALTH AUTHORITIES: EXPENDITURE ON NEW FIXED ASSETS, CLASSIFIED BY PURPOSE

I. GENERAL GOVERNMENT

(\$ million)

Purpose	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
General public services—						
General administration	43.7	56.9	62.2	60.0	49.9	43.1
External affairs	12.3	15.9	20.3	25.5	24.4	11.1
Law, order and public safety	3.2	7.2	9.4	10.9	15.3	22.1
General research	15.1	20.6	32.1	23.6	18.0	29.6
<i>Total general public services</i>	<i>74.2</i>	<i>100.5</i>	<i>124.0</i>	<i>120.1</i>	<i>107.6</i>	<i>106.0</i>
Education	32.1	45.1	73.4	62.2	54.2	50.5
Health	22.0	40.3	57.7	58.3	53.5	36.8
Social security and welfare	10.7	8.7	12.9	8.5	6.7	5.6
Housing and community amenities	38.9	68.8	131.1	112.1	61.3	15.5
Recreation and culture	21.8	31.3	32.1	29.7	25.2	25.7
Economic services—						
General administration, regulation and research	3.3	3.9	6.4	8.8	6.1	7.5
Agriculture, forestry, fishing	9.3	12.6	10.6	8.1	16.0	6.1
Mining, manufacturing and construction	0.8	1.9	1.8	1.0	1.2	0.7
Transport and communication	43.9	56.7	57.5	46.0	73.6	49.0
Other economic services	—	—	—	—	0.5	0.1
<i>Total economic services</i>	<i>57.4</i>	<i>75.2</i>	<i>76.3</i>	<i>63.8</i>	<i>97.4</i>	<i>63.4</i>
Other purposes	—	6.5	5.1	—	—	—
<i>Total general government</i>	<i>257.2</i>	<i>376.4</i>	<i>512.6</i>	<i>454.6</i>	<i>406.0</i>	<i>303.5</i>

II. PUBLIC ENTERPRISES

(\$ million)

Purpose	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Public trading enterprises—						
General public services	0.7	1.5	1.5	0.9	0.5	0.3
Housing and community amenities—Housing	0.1	8.5	18.7	23.5	15.8	2.3
Sewerage and drainage	8.0	15.6	24.8	28.8	14.8	4.9
Economic services—						
Technical services, n.e.c.	0.4	0.6	0.2	0.2	0.5	0.1
Mining activities	—	—	—	—	—	16.5
Manufacturing activities	1.6	4.9	11.6	5.8	5.5	3.8
Electricity, water supply	28.8	26.2	31.6	48.5	52.0	17.9
Transport and communication—						
Air transport	69.5	70.5	67.5	41.0	145.8	136.9
Rail transport	7.5	13.6	45.5	35.9	40.2	46.3
Sea transport	10.5	55.9	46.6	136.9	138.3	36.6
Urban transit systems	2.7	3.3	5.7	1.6	7.2	6.7
Pipelines	56.0	56.5	51.3	18.2	2.1	7.7
Communications services	558.8	717.7	756.3	855.1	913.4	903.8
<i>Total</i>	<i>704.9</i>	<i>917.5</i>	<i>973.0</i>	<i>1,088.9</i>	<i>1,247.0</i>	<i>1,138.1</i>
Other economic services	0.1	1.8	4.5	15.3	27.6	9.2
<i>Total public trading enterprises</i>	<i>744.6</i>	<i>976.6</i>	<i>1,065.8</i>	<i>1,212.0</i>	<i>1,363.7</i>	<i>1,193.1</i>

Cash benefits to persons

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

COMMONWEALTH AUTHORITIES: CASH BENEFITS TO PERSONS
(£'000)

	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
General public services—						
General research—						
Queen Elizabeth fellowships	451	473	584	528	567	531
Assistance to inventors	—	—	20	32	33	34
Defence—						
Special pensions to ex-servicemen	2	—	—	—	—	—
Education	93,764	124,273	162,455	193,970	212,647	224,928
Health	659,003	817,015	1,369,405	1,140,399	1,010,432	1,198,068
Social security and welfare	2,316,407	3,354,893	4,506,592	6,031,946	7,031,002	7,652,463
Recreation—						
Overseas study fellowships	—	—	193	190	102	38
Economic services—						
General administration, regulation and research—						
Hostel tariffs of unemployed migrants	290	289	148	195	728	1,892
Maintenance of migrant families	4,425	6,029	6,498	6,035	5,510	6,766
Stevedoring industry—attendance money, etc.	1,606	2,126	2,692	2,305	988	—
Widows' training scheme	875	863	47	21	—	—
Tertiary education assistance to ex-servicemen	820	421	—	—	—	—
National employment training scheme	—	10,590	31,056	12,809	16,163	16,931
Apprenticeship training	—	—	8,662	1,738	2,966	3,116
Other	12	3	—	—	—	—
Total	8,027	20,321	49,103	23,103	26,355	28,705
Agriculture, forestry, fishing—						
War service land settlement—rent remissions, etc.	13	12	6	1	—	—
Allowances to agricultural trainees	66	49	—	—	—	—
Total	79	61	6	1	—	—
Mining, manufacturing and construction—						
Joint Coal Board—Welfare fund	36	5	4	4	3	7
Total economic services	8,142	20,387	49,113	23,108	26,358	28,712
Other purposes	—	5,217	2,882	201	2	—
Total	3,077,769	4,322,258	6,091,244	7,390,374	8,281,143	9,104,774

Subsidies

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

COMMONWEALTH AUTHORITIES: SUBSIDIES
(£'000)

	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
General public services—						
Departmental cafeteria compensation	189	179	125	—	10	—
Health—						
Serum laboratories	681	1,542	1,242	250	1,200	2,100
Health insurance organisations subsidy	—	—	—	1,748	9,064	6,588
Total	681	1,542	1,242	1,998	10,264	8,688
Housing and community amenities—						
N.T. Housing Commission assistance	76	64	50	96	429	—
Recreation and related cultural services—						
Canberra Theatre Trust subsidy	67	120	143	167	199	191
Economic services—						
Assistance to employers—						
Stevedoring industry assistance	14,480	22,330	28,571	27,066	21,953	16,517
Apprenticeship training	6,130	16,551	26,215	37,750	24,312	28,774
Adjustment assistance for tariff reduction	131	—	—	—	—	—
Total	20,741	38,881	54,786	64,816	46,265	45,291
Assistance to agricultural and pastoral enterprises—						
Dairy products subsidy	18,000	9,000	1,275	—	5,250	12,387
Dairy industry stabilisation	—	—	—	—	52,399	80,723
Wheat prices stabilisation payments	12,360	—	—	41,103	6,971	67,402
Reimbursement by wheat board	—	—	—	810	—	—

COMMONWEALTH AUTHORITIES: SUBSIDIES—*continued*
(\$'000)

	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Phosphate fertilisers bounty	66,962	29,508	20,133	38,733	42,057	46,202
Nitrogenous fertilisers bounty	13,573	13,983	13,044	15,180	13,329	10,413
Processed milk products bounty	476	633	167	—	—	—
Poultry industry assistance	11,522	12,735	11,401	11,128	10,625	9,772
Dried vine fruits stabilisation payments	389	—	—	658	768	216
Wool marketing assistance	404	—	—	—	—	—
Apple and pear stabilisation payments	2,758	3,119	2,705	4,168	595	463
Apple, pear and canning fruit emergency assistance	2,590	14	—	—	—	—
Beef industry assistance	—	—	—	—	84,953	32,543
Meat exports to U.S.S.R.	—	—	1,240	—	—	—
Beef cattle freight subsidy	—	—	—	296	807	—
N.T. transport of stud stock	108	—	7	—	—	—
Other	57	1	1	—	—	—
<i>Total</i>	<i>129,199</i>	<i>68,993</i>	<i>49,973</i>	<i>112,076</i>	<i>217,754</i>	<i>260,121</i>
Assistance to mining enterprises—						
Oil search subsidy	10,000	5,858	186	—	—	—
Gold mining industry assistance	17	—	—	—	—	—
Australian National Railways—transport iron ore in N.T.	1,000	—	—	—	—	—
Revaluation adjustment assistance, etc.	470	84	—	—	—	—
Mary Kathleen Uranium Ltd—Costs concerning borrowing of uranium	—	—	—	168	102	—
Pyrites bounty	—	—	—	—	—	—
<i>Total</i>	<i>11,487</i>	<i>5,942</i>	<i>186</i>	<i>168</i>	<i>102</i>	<i>—</i>
Assistance to manufacturing enterprises—						
Agricultural tractor bounty	3,707	4,442	3,628	4,880	5,700	5,490
Cellulose acetate flake bounty	206	136	109	—	—	—
Book bounty	3,409	5,936	6,749	8,034	9,538	12,463
Printed sheeting subsidy	—	—	—	300	451	500
Industrial research and development grants	15,000	17,500	19,300	15,400	13,649	22,750
Ship construction subsidy	20,925	31,153	40,966	21,301	7,605	3,559
Shipbuilding bounty	—	—	1,553	7,674	7,800	8,326
Export incentive grants	68,142	93,151	62,825	973	1,303	20,012
Export market development grants	—	—	17,076	24,079	30,000	38,001
Metal-working machine tools bounty	974	1,711	1,585	2,350	3,977	7,048
Structural adjustment assistance	109	5,304	1,120	637	—	—
Refrigeration compressors bounty	—	3,877	1,367	—	—	—
Electronic components assistance	—	385	973	776	293	—
ADP equipment bounty	—	—	—	—	600	654
Commercial motor vehicles bounty	—	—	—	—	—	2,384
Other	—	368	26	—	149	730
<i>Total</i>	<i>112,472</i>	<i>163,963</i>	<i>157,277</i>	<i>86,404</i>	<i>81,065</i>	<i>121,917</i>
Assistance to air transport services—						
Air services subsidy	1,870	926	768	675	842	753
Assistance to sea transport services—						
Tasmania shipping service subsidy	1,000	1,000	5,488	4,109	2,000	2,000
Tasmanian freight equalisation scheme	—	—	—	16,409	20,927	24,700
Other	24	40	48	48	50	—
<i>Total</i>	<i>1,024</i>	<i>1,040</i>	<i>5,536</i>	<i>20,566</i>	<i>22,977</i>	<i>26,700</i>
Assistance to communications services—						
Newspaper postage subsidy	—	—	1,000	—	—	—
Other assistance to enterprises—						
Petroleum products prices scheme	—	—	—	—	—	42,929
Petrol prices equalisation	19,336	1,708	—	—	—	—
N.T. petrol prices equalisation	2,483	626	—	—	72	5,124
Export finance insurance subsidy	—	—	70	298	354	1,496
<i>Total</i>	<i>21,819</i>	<i>2,334</i>	<i>70</i>	<i>298</i>	<i>426</i>	<i>49,549</i>
Natural disaster relief—						
N.T. freight subsidies	69	48	—	15	—	—
<i>Total</i>	<i>299,694</i>	<i>284,032</i>	<i>271,156</i>	<i>287,279</i>	<i>380,333</i>	<i>513,210</i>

Grants and advances to the States and the Northern Territory

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

Grants to the States and the Northern Territory

The following tables show details of grants to the States and the Northern Territory for general and specific purposes. More detailed figures appear in *Commonwealth Government Finance* (5502.0).

**COMMONWEALTH AUTHORITIES: GRANTS TO THE STATES AND THE NORTHERN TERRITORY,
1978-79
(\$'000)**

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	N.T.	Total
FOR CURRENT PURPOSES								
General public services	4,359	2,907	1,337	2,086	933	283	-	11,905
Defence	472	370	373	15	431	83	-	1,744
Education	545,806	481,358	221,297	150,850	148,849	44,163	-	1,592,321
Health	407,177	268,290	150,414	113,002	129,565	36,519	9,374	1,114,341
Social security and welfare	14,782	11,328	5,880	6,503	5,943	1,739	-	46,177
Housing and community amenities	1,848	1,347	423	981	627	314	-	5,540
Recreation and culture	45	42	34	32	30	99	-	282
Economic services	17,645	11,329	13,359	4,485	3,441	1,300	64	51,623
Other purposes—								
States' Personal Income Tax sharing entitlements	1,464,397	1,090,025	844,137	559,841	579,532	240,737	-	4,778,669
Global allocation	-	-	-	-	-	-	280,000	280,000
Special grants	-	-	21,700	-	-	-	-	21,700
Interest on State debt	5,835	4,254	2,192	1,408	947	534	-	15,170
Sinking fund on State debt	11,876	9,098	4,740	4,483	3,377	2,386	-	35,959
Natural disaster relief	265	7	1,755	501	151	-	-	2,679
Local government assistance	65,487	45,666	30,252	15,433	16,848	5,741	-	179,427
Establishment grants	-	-	-	-	-	-	330	330
<i>Total other purposes</i>	<i>1,547,860</i>	<i>1,149,050</i>	<i>904,776</i>	<i>581,666</i>	<i>600,855</i>	<i>249,398</i>	<i>280,330</i>	<i>5,313,934</i>
Total grants for current purposes	2,539,994	1,926,021	1,297,893	859,620	890,674	333,898	289,768	8,137,865
FOR CAPITAL PURPOSES								
Education	120,143	102,634	61,404	34,844	35,905	8,787	-	363,717
Health	3,579	3,913	1,735	1,175	2,011	5,374	-	17,784
Social security and welfare	7,499	4,319	2,603	1,862	1,312	1,521	-	19,116
Housing and community amenities	3,456	230	3,103	2,064	4,160	115	-	13,128
Recreation and culture	665	607	2,960	635	415	485	80	5,847
Economic services—								
General administration, regulation and research	-	-	-	-	-	-	-	-
Soil and water resources management	3,810	1,716	1,965	977	3,053	426	-	11,946
Assistance to agricultural and pastoral industries	1,815	1,666	1,197	854	1,454	181	-	7,167
Electricity, gas, water supply	-	-	500	1,385	-	-	-	1,885
Rail transport	-	-	-	-	-	-	-	-
Sea transport	-178	-	-	-	-	-	-	-178
Road systems and regulation	166,969	107,485	107,930	43,676	64,963	22,705	-	513,728
Urban transit systems	14,000	12,000	8,875	4,110	2,015	869	-	41,869
Other	-	-	-	-	-	-	-	-
<i>Total economic services</i>	<i>186,416</i>	<i>122,867</i>	<i>120,466</i>	<i>51,002</i>	<i>71,485</i>	<i>24,181</i>	<i>-</i>	<i>576,417</i>
Other purposes—								
Capital assistance	154,489	120,071	63,370	62,284	44,226	33,496	-	477,936
Natural disaster relief	1,895	805	5,773	-	1,373	-	-	9,844
Total grants for capital purposes	478,141	355,445	261,413	153,865	160,886	73,958	80	1,483,789
TOTAL GRANTS								
Total grants to the States	3,018,135	2,281,466	1,559,306	1,013,485	1,051,560	407,856	289,848	9,621,654

COMMONWEALTH AUTHORITIES: GRANTS TO THE STATES AND THE NORTHERN TERRITORY
(**\$'000**)

	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
FOR CURRENT PURPOSES						
General public services	8,051	8,955	7,910	13,140	11,450	11,905
Defence	-	325	897	1,199	1,362	1,744
Education	433,470	910,391	1,133,808	1,390,758	1,517,841	1,592,321
Health	26,731	47,281	942,673	720,325	1,038,323	1,114,341
Social security and welfare	22,258	61,208	64,137	24,844	36,500	46,177
Housing and community amenities	7,437	9,494	9,863	7,425	5,833	5,540
Recreation and culture	218	70	600	600	489	282
Economic services	16,952	22,713	28,008	40,539	45,548	51,623
Other purposes—						
States' Personal Income Tax sharing entitlements(a)	1,859,905	2,373,811	3,072,780	3,695,594	4,316,641	4,778,669
Global allocation	-	-	-	-	-	280,000
Special grants	38,550	64,684	38,800	27,000	24,800	21,700
Special revenue assistance	25,000	75,000	-	-	-	-
Interest on State debt	15,053	15,287	15,170	15,170	15,170	15,170
Sinking fund on State debt	29,509	30,805	30,200	31,635	33,747	35,959
Debt charges assistance	46,016	57,520	-	-	-	-
Natural disaster payments	4,031	1,090	807	1,925	2,311	2,679
Local government assistance	-	56,345	79,908	140,000	165,328	179,427
Establishment grants	-	-	-	-	-	330
Other	-	-	1,968	-	-	-
<i>Total other purposes</i>	<i>2,018,064</i>	<i>2,674,542</i>	<i>3,239,633</i>	<i>3,911,324</i>	<i>4,557,997</i>	<i>5,313,934</i>
Total grants for current purposes	2,533,181	3,734,979	5,427,526	6,110,154	7,215,343	8,137,865
FOR CAPITAL PURPOSES						
Education	189,064	415,473	319,246	327,763	343,108	363,717
Health	25,100	60,735	140,239	132,455	68,902	17,784
Social security and welfare	7,261	7,795	17,080	15,233	16,334	19,116
Housing and community amenities	25,010	70,182	79,402	37,171	12,317	13,128
Recreation and culture	1,562	12,623	11,036	8,976	5,540	5,847
Economic services—						
General administration, regulation and research	24	180	60	-	-	-
Soil and water resources management	13,572	15,193	14,343	11,636	10,508	11,946
Assistance to agricultural and pastoral industries	11,205	10,317	12,585	8,550	7,413	7,167
Electricity, gas, water supply	-	-	4,081	3,910	2,125	1,885
Rail transport	468	734	3,472	490	14	-
Sea transport	1,000	2,018	1,285	15	-305	-178
Road systems and regulation	325,657	373,860	458,439	456,215	493,224	513,728
Urban transit systems	-	45,258	34,096	58,403	51,000	41,869
Other	98	1,081	1,829	832	-	-
<i>Total economic services</i>	<i>352,024</i>	<i>448,641</i>	<i>530,190</i>	<i>540,051</i>	<i>563,979</i>	<i>576,417</i>
Other purposes—						
Natural disaster relief	20,275	48,446	29,150	23,697	20,820	9,844
Capital assistance	278,307	345,878	430,333	452,000	477,930	477,936
Total grants for capital purposes	898,603	1,409,773	1,556,676	1,537,346	1,508,927	1,483,789
TOTAL GRANTS						
Total grants to the States	3,431,784	5,144,752	6,984,202	7,647,500	8,724,266	9,621,654

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

General purpose grants

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

Arrangements for the years 1973-74 to 1975-76 are embodied in the *States Grants Act* 1973. Under these arrangements the financial assistance grants increase each year in proportion to the increase in average wages in Australia as a whole in the year ending 31 March in the year of payment

and to the increase in each State's population in the year ending 31 December in the year of payment, and by a betterment factor of 1.8 per cent. Adjustments were made to these arrangements to reduce the grants when the Commonwealth assumed full responsibility for financing tertiary education from 1 January 1974 and on account of transfers of railways from South Australia and Tasmania to the Commonwealth. Financial assistance grants additional to the grants determined by the formula were paid to Western Australia in 1973-74 and 1974-75, and to Tasmania in 1974-75. In 1975-76, \$220 million was paid to the States in addition to the amounts otherwise payable in that year and in the same proportion.

These arrangements were replaced by the *Personal Income Tax Sharing Entitlements* between the Commonwealth and the State and local governments which came into operation in 1976-77. A comprehensive description of this scheme is given in the Commonwealth Budget Paper *Payments to or for the States, the Northern Territory and Local Government Authorities* 1979-80.

The following table shows the calculations underlying the States' tax sharing entitlements in 1978-79:

DISTRIBUTION OF STATES' PERSONAL INCOME TAX SHARING ENTITLEMENTS IN 1978-79

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	Total
(1) Population at 31 December 1978(a)	5,042,730	3,836,343	2,179,885	1,290,915	1,232,281	415,645	13,997,799
(2) Per capita relativities(b)	1.02740	1.00000	1.39085	1.52676	1.66516	2.00188	
(3) Row (1) weighted by Row (2)	5,180,901	3,836,343	3,031,893	1,970,917	2,051,945	832,071	16,904,070
(4) Percentage distribution of Row (3) between States (per cent)	30.64884	22.69479	17.93588	11.65942	12.13876	4.92231	100.00000
(5) Share of 39.87 per cent of \$11,804.4 million(c) — Distributed according to Row (4) \$'000	1,442,462	1,068,111	844,137	548,741	571,300	231,664	4,706,415
(6) Amount guaranteed under Section 8 of the Act (Financial Assistance Grants formula) (d) \$'000	1,464,397	1,090,025	837,065	559,841	579,532	240,737	4,771,597
(7) States' entitlements under the Act (\$'000) (e)	1,464,397	1,090,025	844,137	559,841	579,532	240,737	4,778,669

(a) Determined in accordance with section 9 of the *States (Personal Income Tax Sharing) Act* 1976. (b) Relativities specified in section 4 (1) of the Act. (c) Net personal income tax collections (excluding receipts from the Health Insurance levy) in 1977-78 as determined by the Commissioner of Taxation in accordance with section 6 of the Act. (d) Determined in accordance with section 8 of the Act. Calculated by applying to the notional 1977-78 financial assistance grants the estimated increases in State populations in the year ended 31 December 1978 (New South Wales 1.27 per cent, Victoria 0.97 per cent, Queensland 1.15 per cent, South Australia 0.55 per cent, Western Australia 1.75 per cent and Tasmania 0.87 per cent), the estimated increase in average wages for Australia as a whole in the year ended 31 March 1979 of 8.20 per cent and the betterment factor of 3.0 per cent. (e) For all States except Queensland, amounts in Row (6); for Queensland, see amount in Row (5).

Special Grants. These grants are paid to the financially weaker States as supplements to the financial assistance grants. They are paid on the recommendation of the Grants Commission. The recommendation by the Commission for payment of a special grant consists of two parts: one part is based on an estimate of the claimant State's financial need in the current financial year, and is treated as an advance payment subject to adjustment two years later when the Commission has compared in detail the audited budget results and standards of effort and of services provided in that year for both the claimant State and the States which the Commission takes as 'standard' (New South Wales and Victoria at present); and the other part represents the final adjustment to the advance payment made two years earlier and is known as the completion payment. The following table shows special grants paid in recent years.

GRANTS COMMISSION: SPECIAL GRANTS
(S'000)

	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80
Queensland—						
Advance payment	15,000	25,000	18,000	14,000	16,000	11,000
Completion payment (a)	9,000	10,800	5,700	1,400	6,700	(b)
<i>Total</i>	24,000	35,800	23,700	15,400	22,700	(b)
South Australia—						
Advance payment	15,000	—	—	—	—	—
Completion payment (a)	(c) 10,000	—	—	—	—	—
<i>Total</i>	25,000	—	—	—	—	—
Tasmania—						
Advance payment	—	—	—	—	—	—
Completion payment (a)	—	—	—	—	—	—
<i>Total</i>	—	—	—	—	—	—
Grand total	49,000	35,800	23,700	15,400	22,700	(b)

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

Capital assistance grants. Since 1970-71 the Commonwealth Government has provided a portion of the State's Loan Council programs in the form of interest-free capital grants. The grants replace State borrowings and thereby relieve them of debt charges they would otherwise have had to pay. These grants, which were authorised by the *States Grants (Capital Assistance) Acts*, totalled \$345.9 million in 1974-75, \$430.3 million in 1975-76, \$452.0 million in 1976-77, \$477.9 million in 1977-78 and 1978-79, and \$415.0 million in 1979-80.

Specific purpose grants

The Commonwealth Government has provided financial assistance for certain specific types of expenditure by the States for many years. Unlike the general purpose grants, these current and capital grants are 'tied', that is, they are subject to conditions as to the purposes for which they may be spent. Purposes for which such grants have been made include educational programs, hospital development programs, welfare services for the aged, road construction, natural disaster relief and, since 1974-75, assistance to local government authorities. Specific purpose grants amounted to \$3,442.2 million in 1975-76, \$3,472.9 million in 1976-77, \$3,904.9 million in 1977-78, \$4,063.0 million in 1978-79 and \$4,547.2 million in 1979-80.

For details of the various specific purpose programs reference should be made to the Commonwealth Budget Paper *Payments to or for the States, the Northern Territory and Local Government Authorities* 1979-80.

Advances to the States

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

The following table shows figures of advances to the States and repayments of advances. More detailed figures appear in *Commonwealth Government Finance* (5502.0).

COMMONWEALTH AUTHORITIES: NET ADVANCES TO THE STATES AND THE NORTHERN TERRITORY 1978-79

(\$'000)

	<i>N.S.W.</i>	<i>Vic.</i>	<i>Qld</i>	<i>S.A.</i>	<i>W.A.</i>	<i>Tas.</i>	<i>N.T.</i>	<i>Total</i>
Defence	5,111	700	5,021	-18	-50	-3	-	10,760
Housing and community amenities	111,083	83,710	29,367	51,140	29,462	18,930	-628	323,064
Economic services—								
Soil and water resources management	-2,340	-189	-346	-	-	-	-	-2,875
Forest resources management	3,115	601	1,458	-12	1,284	1,069	-	7,515
Assistance to agricultural and pastoral industries	7,638	5,298	2,224	3,550	6,962	776	-	26,447
Mining	-	-	-	-	-	-1,009	-	-1,009
Electricity, gas, water supply and sewerage	-	-	-88	3,043	-367	-2,989	-1,147	-1,548
Rail transport	-96	-96	-2,079	-2	-1,496	-	-	-3,769
Sea transport	-	-	-98	-	-151	-132	-	-381
Other transport	-	-	-570	-1,875	-	-	-	-2,445
<i>Total economic services</i>	<i>8,317</i>	<i>5,614</i>	<i>501</i>	<i>4,704</i>	<i>6,232</i>	<i>-2,285</i>	<i>-1,147</i>	<i>21,935</i>
Other purposes—								
State works programs	246,345	194,274	102,006	101,467	70,275	56,231	-	770,598
Special resource assistance	-10,000	-	-	-	-	-	-	-10,000
Natural disaster relief	296	8	-505	4,929	6,639	-320	-	11,048
Other	-	-2	-	-	-	-	-	-2
<i>Total other purposes</i>	<i>236,641</i>	<i>194,280</i>	<i>101,501</i>	<i>106,396</i>	<i>76,914</i>	<i>55,911</i>	<i>-</i>	<i>771,644</i>
<i>Total net advances</i>	<i>361,154</i>	<i>284,304</i>	<i>136,388</i>	<i>162,222</i>	<i>112,557</i>	<i>72,553</i>	<i>-1,776</i>	<i>1,127,402</i>

Minus sign (-) denotes excess of repayments.

COMMONWEALTH AUTHORITIES: ADVANCES TO THE STATES

(\$'000)

	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
GROSS						
Defence	7,766	26,805	34,170	35,114	22,519	11,600
Housing and community amenities	263,633	565,506	558,810	474,741	441,646	355,424
Economic services—						
Assistance to agricultural and pastoral industries	27,363	28,478	50,328	31,981	37,489	39,812
Other	37,316	57,118	65,606	48,900	8,175	10,770
Other purposes—						
State works programs	588,693	741,541	860,667	904,000	955,867	955,867
Other	3,872	3,663	1,098	4,828	34,369	14,444
Total gross advances	928,644	1,423,111	1,570,679	1,499,564	1,500,065	1,387,917
REPAYMENTS						
Defence	593	631	681	734	789	840
Housing and community amenities	17,380	19,172	22,061	25,191	28,332	31,736
Economic services—						
Assistance to agricultural and pastoral industries	3,970	3,391	5,451	8,548	11,074	13,365
Other	11,088	9,372	11,997	13,116	13,351	14,366
Other purposes—						
State works programs	140,783	149,400	151,999	159,323	171,032	185,269
Other	6,276	16,245	6,096	14,589	14,343	13,396
Total repayments	180,090	198,211	198,286	221,501	238,922	258,972
NET						
Defence	7,173	26,174	33,490	34,380	21,730	10,760
Housing and community amenities	246,254	546,334	536,749	449,550	413,314	323,688
Economic services—						
Assistance to agricultural and pastoral industries	23,393	25,087	44,877	23,433	26,415	26,447
Other	26,228	47,746	53,609	35,784	-5,176	-3,596
Other purposes—						
State works programs	447,910	592,141	708,668	744,677	784,835	770,598
Other	-2,404	-12,582	-4,999	-9,761	20,026	1,048
Total net advances	748,554	1,224,900	1,372,393	1,278,063	1,261,144	1,128,945

Minus sign (-) denotes excess of repayments.

Main components of receipts

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

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

Commonwealth Government taxation—summary

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

COMMONWEALTH AUTHORITIES: TAXATION BY TYPE OF TAX(a)
(S'000)

Type of tax	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80
Taxes—						
Income taxes—						
Individuals(b)	7,708,552	9,212,652	11,046,664	12,122,158	12,797,174	15,040,097
Companies(c)	2,343,943	2,505,173	2,803,040	3,072,372	3,002,052	3,359,941
Dividend (withholding)	59,818	62,674	71,969	87,700	88,094	99,912
Interest (withholding)	28,298	32,344	24,408	30,153	25,975	41,018
Mining (withholding)	—	—	—	—	—	200
Total income taxes	10,140,611	11,812,843	13,946,081	15,312,383	15,913,295	18,541,168
Estate duty	63,787	76,391	76,189	95,823	82,061	48,398
Gift duty	16,204	10,454	11,486	6,574	1,445	529
Rates on land	9,207	12,993	15,503	17,010	15,011	16,540
Customs duty on coal exports	—	111,640	121,329	100,165	93,524	90,522
Customs duties on imports	840,515	932,066	1,152,016	1,131,817	1,363,041	1,538,064
Excise duties—						
Crude oil and LPG	—	257,000	340,000	469,000	1,227,000	2,270,000
Other	1,728,620	2,074,325	2,145,420	2,264,490	2,617,686	2,695,531
Sales tax	1,154,266	1,408,286	1,650,256	1,757,702	1,769,840	1,864,813
Primary production taxes	143,428	115,594	189,006	179,368	283,092	278,270
Broadcasting listeners' and television viewers' licences(d)	18,816	—	—	—	—	—
Broadcast station licences	713	827	1,200	1,508	1,843	2,184
Television station licences	2,819	3,393	6,028	10,469	12,724	15,946
Stevedoring industry charge	21,921	37,150	46,884	28,955	19,004	20,137
Payroll tax	14,351	17,347	18,644	19,583	13,142	12,334
Other taxes	10,153	13,087	15,496	19,107	30,453	30,002
Total taxes	14,165,411	16,883,396	19,735,538	21,413,954	23,443,161	27,424,438
Fees from regulatory services	8,199	11,821	15,264	21,526	22,730	49,722
Fines	2,620	2,515	3,121	3,838	4,229	3,868
Unfunded employee retirement contribution	34,513	39,889	51,680	61,087	63,129	67,124
Other current transfers n.e.c.	785	209	678	554	403	576
Total taxation	14,211,528	16,937,830	19,806,281	21,500,959	23,533,652	27,545,728

(a) From 1978-79 excluded taxes collected by Northern Territory Government authorities. (b) Includes Medibank levy payable from 1 October 1976 to 31 October 1978. (c) Excludes income tax paid by public enterprises: 1974-75, \$14.9m; 1975-76, \$17.7m; 1976-77, \$21.4m; 1977-78, \$23.1m; 1978-79, \$34.6m; 1979-80, \$46.5m. (d) Abolished in September 1974.

Taxes on income

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

The laws dealing with the assessment and imposition of income tax at 31 October 1980 were—*Income Tax Assessment Act 1936* (later referred to as 'the Assessment Act'); Acts declaring rates of tax—*Income Tax (Rates) Act 1976*, *Income Tax (Individuals) Act 1980*, *Income Tax (Companies and Superannuation Funds) Act 1980*, *Income Tax (Non-resident Companies Act) 1978*, *Income Tax (Dividends and Interest Withholding Tax) Act 1974*, *Income Tax (Drought Bonds) Act 1969*, *Income Tax (Withholding Tax Recoupment) Act 1971*, *Income Tax (Bearer Debentures) Act 1971*, *Income Tax (Mining Withholding Tax) Act 1979*, *Income Tax (Film Royalties) Act 1977*, *Income Tax Regulations* and *Income Tax (Indexation) Regulations*.

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

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

- Taxation Administration Act 1953*, which provides for the administration of certain Acts relating to taxation and the screening for taxation purposes of applications for exchange control approval.
- Income Tax (International Agreements) Act 1953*, which gives the force of law to agreements with other countries for the avoidance of double taxation. Australia has concluded comprehensive agreements for the avoidance of double taxation with the United Kingdom, the United States of America, Canada, New Zealand, Singapore, Japan, the Federal Republic of Germany, the Netherlands, France, Belgium, the Philippines, Switzerland and Malaysia and limited agreements dealing with airline profits have been concluded with France, Italy and Greece. The agreements with Switzerland and Malaysia have not yet entered into force.

- (c) *The States (Personal Income Tax Sharing) Act 1976*, which provides for the States to receive a specified proportion of net personal income tax collections.
- (d) *Income Tax (Arrangements with the States) Act 1978*, which enables each State to increase or reduce personal income tax levied on residents of the State.
- (e) *International Organizations (Privileges and Immunities) Act 1963*, and Regulations made under that Act, which provide for the exemption from income tax of certain income of international organizations and their officials.
- (f) *Diplomatic Privileges and Immunities Act 1967*, which provides for the exemption from income tax of certain income of diplomatic representatives, their staff and families.
- (g) *The Loan (Income Equalization Deposits) Act 1976*, which provides for the making of interest bearing income equalization deposits by primary producers with the Commissioner of Taxation.
- (h) *Consular Privileges and Immunities Act 1972*, which provides for the exemption from income tax of certain income of consular representatives, their staff and families.
- (i) *Loan (Drought Bonds) Act 1969*, which authorizes the issue of drought bonds and empowers the Commissioner of Taxation to declare when drought bonds have become redeemable.
- (j) *Taxation Debts (Abolition of Crown Priority) Act 1980*, which abolishes priority accorded to certain Crown Debts.

An individual is required to lodge a return of income when his total income (other than dividends or interest upon which withholding tax has been paid) from all sources in Australia is in excess of \$4,041 in 1980-81. However, in the case of a minor i.e., a person under the age of 18 years at the end of the year of income, a return is to be lodged where income exceeds \$1040 (see page 567).

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

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

Taxes on income—individuals

Pay-as-you-earn-system

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

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

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

Individuals with taxable income other than salary or wages of \$1,000 or more in 1980-81 may be required to pay provisional tax in respect of that income. Provisional tax is not generally charged, however, where tax instalment (PAYE) deductions made in the previous income year exceeded 95 per cent of the net tax payable for that year. The provisional amount is intended as an approximation to the tax which will be assessed after the return of income for the current year has been lodged. In order to account for an expected rise in provisional incomes in 1980-81, provisional tax is calculated using 1980-81 rates of tax applied to 1979-80 income increased by 7.5 per cent. The provisional amount is intended as an approximation to the tax which will be assessed after the return of income for the current year has been lodged. The assessment notice shows the tax assessed on income from the previous year less any provisional tax already paid for that year and provisional tax payable for the current year. Taxpayers may apply to vary the amount of provisional tax imposed if his or her circumstances change during the year.

Assessable income—individuals

Assessable income (from which deductions are made to arrive at taxable income) basically includes all receipts within the ordinary meaning of the word 'income', but excludes items of income that are

specified as exempt. Assessable income specifically includes certain receipts such as casual profits arising from the sale of property held less than one year and profits arising from the sale of property acquired for the purpose of profit-making by sale regardless of the period the property is held before sale. The value to employees of allowances and benefits given by employers for services rendered is also specifically included in the assessable income of the employees. Receipts such as gifts (other than gratuities received by an employee in the course of employment), legacies, lottery wins and other receipts of capital generally do not form part of the assessable income.

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

Deductions

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

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

In addition, certain other deductions are specifically authorised by the Assessment Act. Deductions allowable include trading losses incurred in previous years, bad debts, depreciation, rates and land taxes paid and gifts to various institutions. Expenditure of a capital nature incurred in relation to mining operations is generally deductible over the lesser of 5 years or the life of the mine or oil field or, in the case of plant, over the life of the plant. Exploration or prospecting expenses incurred by mining companies are generally allowable as a deduction against income of a mining business in the year in which the expenditure is incurred, while exploration and prospecting expenses incurred on petroleum mining are deductible against any income calculated by reference to the life of the field with a minimum deduction of one-fifth of the undeducted expenditure. Deductions are also available for the cost of converting certain oil fired industrial equipment to use other energy sources. The deduction, which replaces annual depreciation allowances, is an amount equal to the cost of the conversion. A special allowance of 40 per cent of the cost of certain capital expenditure incurred on the purchase or construction of certain non-oil fired plant to replace oil fired plant is also available. Normal depreciation allowances apply to the plant and the 40 per cent allowance takes the place of any investment allowance that otherwise might have applied. Increased depreciation allowances at rates 20 per cent higher than would otherwise apply are allowable after 19 August 1980 on eligible plant (other than certain motor vehicles) used by a taxpayer in the production of assessable income or installed ready for use for that purpose and held in reserve. Deductions may also be allowed in respect of expenditure on certain plant and machinery by way of an investment allowance at a rate of 20 per cent of eligible expenditure for plant ordered between 1 July 1978 and 30 June 1985.

Certain expenditure of a capital nature incurred by primary producers in carrying out improvements to their land is deductible over 10 years. Deductions are also available for certain expenditure in connection with conserving or conveying water for use in a business of primary production which are fully deductible in the year of income in which the expenditure is incurred. Eligible expenditure incurred on the construction of stockyard or subdivisional fencing to control or eradicate brucellosis or tuberculosis is also allowable in the year of income replacing previously allowable depreciation allowances. Special depreciation is allowable by way of annual deductions equal to 20 per cent of the cost of structural improvements for the storage of grain, hay or fodder erected on land on which a business of primary production is carried on. Deductions are also allowable in respect of cash deposits made by primary producers (income equalisation deposits) which fall for inclusion in assessable income on withdrawal.

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

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

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

Subscriptions. When they are paid in respect of membership of any trade, business or professional association or union.

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

Superannuation contributions of eligible self-employed persons and employees not covered by funds to which any other person contributes for their benefit that are paid after 19 August 1980 to approved funds are deductible to a maximum \$1,200 in any one year of income. Any excess of contributions over \$1,200 falls for consideration under the superannuation provisions subject to concessional rebate (see page 565).

Rebates of Tax

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

Dependant, housekeeper and sole parent rebates. A concessional rebate of the relevant amount specified below for each *dependant* is allowable to a resident taxpayer if, during the whole of the year of income, the taxpayer is the sole contributor to the dependant's maintenance and that dependant does not have a separate net income in excess of \$272.

<i>Dependant</i>	<i>Maximum rebate 1980-81</i>
	\$
Spouse, daughter-housekeeper	800
Parent or parent-in-law	722
Invalid relative	362

If a person in one or other of these dependant categories is a dependant during part only of the year of income (such a person residing with the taxpayer is ordinarily regarded as a dependant throughout the period of residence), the maximum rebate is proportionately reduced. Rebates for a parent, parent-in-law or invalid relative are allowable only in respect of residents of Australia.

Where a person has a separate net income in excess of \$272 while a dependant of a taxpayer, the rebate otherwise allowable is reduced by \$1 for every complete \$4 by which the separate net income exceeds \$272, irrespective of the period over which the person has derived the income. When two or more people contribute to the maintenance of a person who is a dependant of both of them, the rebate allowable is apportioned between the contributing taxpayers.

A concessional rebate of \$800 is allowable to a resident taxpayer in respect of a *housekeeper* who, during the whole of the year of income, is wholly engaged in keeping house in Australia for the taxpayer and has the care of (a) a child or step-child of the taxpayer, less than 16 years of age; (b) an invalid relative in respect of whom the taxpayer is entitled to a rebate or any child under 16 years classed as a dependant for this purpose; or (c) the taxpayer's spouse if in receipt of an invalid pension under the *Social Services Act*. A child under 16 years referred to in (b) will be classed as a dependant where the taxpayer contributes to that child's maintenance and the child's separate net income is less than \$1,720.

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

A concessional rebate of \$559 is allowable to a *sole parent* i.e., a resident single, widowed or divorced person who has the sole care of a child under sixteen years of age or a student (up to 25 years of age, receiving full-time education at a school, college or university), whose separate net income is ordinarily less than \$1,720. The sole parent rebate is not allowable where the taxpayer is entitled to a rebate for a housekeeper or daughter-housekeeper or is living in a de-facto relationship.

Concessional rebates

Resident taxpayers may be allowed a concessional rebate in respect of certain expenses listed below amounting in total to more than \$1,590. The amount of the rebate for 1980-81 is 32 per cent of the excess of the total expenditure over \$1,590, but the rebate cannot exceed the tax otherwise payable.

Medical, dental, optical, etc. expenses. Rebates are allowable in respect of medical, dental, optical and therapeutic treatment expenses paid by the taxpayer, less any amounts in respect of those expenses which are received or receivable by the taxpayer or any other person from a Government or friendly

society or medical benefit fund. Included are amounts paid in respect of artificial limbs and eyes, hearing aids and medical and surgical appliances and the remuneration of an attendant of a person who is blind or permanently confined to a bed or invalid chair. Domiciliary nursing care benefits are to be disregarded in calculating the rebatable amount in respect of medical expenses.

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

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

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

Payments of life, sickness and accident insurance premiums and payments to a Friendly Society, Superannuation, Sustainment or similar Fund. Amounts subject to rebate are limited to a total of \$1,200 in respect of such payments made on behalf of the taxpayer, his spouse or children. In the case of self-employed and "unsupported" employees contributions that are deductible, the excess over \$1,200 not allowed as a deduction may be allowed as a rebate within the \$1,200 limit on such rebatable expenditure. Where policies are taken out on or after 1 January 1973 or where the first premium of a policy was paid on or after that date, rebates for premiums of such policies are *not* allowable if the benefits, other than death benefits, are payable within a period of 10 years of commencement of risk.

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

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

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

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

Other rebates

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

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

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

	1980-81
	\$
Sole parent	559
Housekeeper	800
Spouse, daughter-housekeeper	800
Parent or parent-in-law	722
One child under 16 years, not being a student	362
Each other child under 16 years, not being a student	272
Student	362
Invalid relative	362

(a) Where one of these persons has a separate net income in excess of \$272 while a dependant of a taxpayer, the amount to be taken into account is reduced by \$1 for every complete \$4 by which that income exceeds \$272, irrespective of the period over which it was derived. Where two or more people contribute to the maintenance of a person who is a dependant of both of them, the amount to be taken into account is apportioned between the contributing taxpayers.

Amounts for a parent, parent-in-law or invalid relative are allowable only in respect of resident dependants.

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

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

Unused leave rebate. Where a taxpayer's taxable income exceeds \$17,239 and includes lump sum payments in consequence of termination of employment or retirement for unused annual leave or unused long service leave attributable to service after 15 August 1978 or both, a rebate is allowable to limit the marginal rate on such payments to the standard rate of 32 per cent.

Rebate for government and other loan interest. A rebate of tax may be allowed in respect of certain Government and other loan interest included in an individual's taxable income. Particulars are given on page 567.

Capital subscription rebate. Section 160ACA of the Income Tax Assessment Act provides for a rebate of tax to shareholders in respect of capital subscribed to certain petroleum exploration and mining companies. The rebate allowable is 30 cents for each \$1 of amounts paid on shares after 24 August 1977 by way of application and allotment moneys and calls which are applied by a company towards the paid-up value of its shares. The allowance of the rebate is conditional upon the company lodging a declaration satisfying the Commissioner that the share moneys will be, or have been, spent on outgoings for off-shore exploration for petroleum and the development of off-shore petroleum fields and also includes expenditure on facilities located on-shore that are directly related to the off-shore petroleum operations. It is also conditional upon the company forgoing any right to a deduction under Division 10AA for the expenditure. These provisions will be extended to include on-shore petroleum exploration and development for capital subscribed after 21 August 1979.

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

Effective exemption from tax

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

\$1,040. In 1975-76 and 1976-77 after the application of the general concessional rebate of \$540 and \$610 respectively to resident taxpayers, the corresponding figures were \$2,518 and \$2,845. In 1977-78, with the composite tax scale applying, the figure was \$3,402. For 1978-79 and 1979-80 no tax was payable unless taxable income exceeded \$3,893 and for 1980-81 no tax is payable unless taxable income exceeds \$4,041 (except in the case of certain minors). The effect of deductions or rebates for dependants was to exempt resident taxpayers up to the incomes shown in the samples hereunder.

RESIDENT TAXPAYERS: EFFECTIVE EXEMPTIONS FROM INCOME TAX
(S)

Income years ended June—	Taxpayer with—					
	No dependants	Wife only	Wife and—			Sole parent
			one child	two children	three children	
1976	2,518	4,000	4,740	(a)5,228	(b)5,800	2,740
1977	2,845	4,697	4,697	4,697	4,697	4,141
1978	3,402	5,335	5,335	5,335	5,335	4,761
1979	3,893	5,675	5,675	5,675	5,675	5,137
1980	3,893	5,698	5,698	5,698	5,698	5,153
1981	4,041	6,541	6,541	6,541	6,541	5,787

(a) Neither of whom is a student child.

(b) Including one student child.

Rates of income tax on individuals

The table below shows the rates of income tax for the income year 1980-81. Rates for income years 1954-55 to 1973-74 were published in Year Book No. 60, page 590, for income years 1974-75 and 1975-76 they were published in Year Book No. 61, page 586, for income years 1976-77 and 1977-78 they were published in Year Book No. 62, pages 593 and 594, for income year 1978-79 they were published in Year Book No. 63, page 529 and for income year 1979-80 they were published in Year Book No. 64, page 604.

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

Interest derived from bonds, etc.

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

Rates of tax—individuals

The rates of tax on taxable incomes derived by individuals during the year ending 30 June 1981 (or substituted accounting period) are set out below.

GENERAL RATES OF TAX—INDIVIDUALS
1980-81 FINANCIAL YEAR, 1980-81 INCOME YEAR

Total taxable income		Tax at general rates on total taxable income	
Not less than—	Not more than—		
\$	\$	\$	\$
0	4,041	Nil	
4,041	17,239	Nil	+ 32c for each \$1 in excess of 4,041
17,239	34,478	4223.36	+ 46c for each \$1 in excess of 17,239
34,478	..	12153.30	+ 60c for each \$1 in excess of 34,478

Income of Certain Minors

Special provisions in Division 6AA of the Assessment Act may apply to income, whether derived directly or through a trust, of a minor—a person who is under the age of 18 years at the end of the year of income. Under the new system, which commenced in the 1979-80 income year, a minimum rate of tax equal to the middle rate of personal tax—46 per cent in 1980-81—is imposed on specified income in excess of \$1040, subject to shading-in arrangements.

Income tax payable on specified incomes at general rates

The following table shows, for the income years 1975-76 to 1980-81, the actual income tax payable by taxpayers with various incomes and numbers of dependants. For 1975-76 and 1976-77, the general concessional rebates of \$540 and \$610 respectively have been applied and for 1977-78 the composite rate scale has been used, which incorporates the general concessional rebate. Prior to 1975-76 a concessional deduction system operated for dependants; this was replaced by a system of rebates.

COMMONWEALTH INCOME TAX PAYABLE ON SPECIFIED INDIVIDUAL INCOMES 1975-76 TO 1980-81 INCOME YEARS
($\$$)

<i>Net Income(a)</i>	1975-76	1976-77(b)	1977-78(b)	1978-79(b)	1979-80(b)	1980-81(b)
TAXPAYER WITH NO DEPENDANTS						
\$						
1,000						
3,000		130.00	41.80			
5,000		670.00	581.80	457.52	370.84	306.88
7,000		1,370.00	1,229.80	1,073.45	1,040.84	1,027.48
10,000		2,420.00	2,279.80	2,085.92	2,045.84	2,019.58
15,000		4,670.00	4,399.80	3,917.26	3,720.84	3,673.08
20,000		7,420.00	6,954.80	6,199.80	5,870.72	5,801.46
						5,493.42
TAXPAYER WITH DEPENDANT WIFE						
1,000						
3,000						
5,000		270.00	81.80			
7,000		970.00	729.80	518.45	443.84	430.48
10,000		2,020.00	1,779.80	1,530.92	1,448.84	1,422.58
15,000		4,270.00	3,899.80	3,362.26	3,123.84	3,076.08
20,000		7,020.00	6,454.80	5,644.80	5,273.72	5,204.46
						4,693.42
TAXPAYER WITH DEPENDANT WIFE AND ONE CHILD						
1,000						
3,000						
5,000		70.00	81.80			
7,000		770.00	729.80	518.45	443.84	430.48
10,000		1,820.00	1,779.80	1,530.92	1,448.84	1,422.58
15,000		4,070.00	3,899.80	3,362.26	3,123.84	3,076.08
20,000		6,820.00	6,454.80	5,644.80	5,273.72	5,204.46
						4,693.42
TAXPAYER WITH DEPENDANT WIFE AND TWO CHILDREN(c)						
1,000						
3,000						
5,000			81.80			
7,000		620.00	729.80	518.45	443.84	430.48
10,000		1,670.00	1,779.80	1,530.92	1,448.84	1,422.58
15,000		3,920.00	3,899.80	3,362.26	3,123.84	3,076.08
20,000		6,670.00	6,454.80	5,644.80	5,273.72	5,204.46
						4,693.42

(a) Income remaining after allowing all deductions other than concessional deductions. (b) For 1976-77 to 1980-81 rebates for children and students are replaced by family allowances (formerly child endowment). (c) Neither of whom is a student.

Income tax assessments—Individuals

The following tables show for the 1977-78 and 1978-79 income years the number of taxpayers, taxable income, and net income tax assessed for individuals.

**COMMONWEALTH INCOME TAX ASSESSMENTS(a): TAXABLE INDIVIDUALS BY GRADE OF
TAXABLE INCOME AND BY STATE OR TERRITORY OF RESIDENCE**
(Income derived in the year 1977-78)

Grade of taxable income(c)	Taxpayers			Net income (b)	Total taxable income(c)	Net income tax assessed
	Males	Females	Total			
\$ \$	No.	No.	No.	\$'000	\$'000	\$'000
Under 4,000	204,131	211,914	416,045	1,469,495	1,442,185	52,012
4,000-4,999	206,210	265,377	471,587	2,156,620	2,117,324	161,765
5,000-5,999	214,567	242,357	456,924	2,559,149	2,510,996	276,579
6,000-6,999	227,279	243,608	470,887	3,123,074	3,062,619	420,608
7,000-7,499	130,260	123,044	253,304	1,874,906	1,837,501	285,889
7,500-7,999	152,052	135,210	287,262	2,270,121	2,227,264	370,222
8,000-8,499	173,069	133,936	307,005	2,581,231	2,532,704	442,734
8,500-8,999	185,728	115,219	300,947	2,684,039	2,632,485	479,573
9,000-9,499	193,774	92,982	286,756	2,705,550	2,651,666	500,507
9,500-9,999	193,507	71,895	265,402	2,642,385	2,586,801	503,403
10,000-10,499	184,038	58,400	242,438	2,538,322	2,483,657	497,673
10,500-10,999	167,073	47,193	214,266	2,352,639	2,302,200	473,227
11,000-11,499	150,496	39,005	189,501	2,177,145	2,130,770	448,510
11,500-11,999	136,522	31,937	168,459	2,021,346	1,978,700	424,217
12,000-12,499	123,276	26,346	149,622	1,870,104	1,831,967	399,960
12,500-12,999	108,386	22,058	130,444	1,697,114	1,662,514	370,265
13,000-13,999	181,254	36,312	217,566	2,991,002	2,931,537	676,419
14,000-14,999	139,894	23,119	163,013	2,407,962	2,360,013	566,605
15,000-15,999	109,314	17,810	127,124	2,008,005	1,967,613	489,974
16,000-16,999	85,077	12,430	97,507	1,640,385	1,606,387	415,430
17,000-17,999	62,978	8,442	71,420	1,275,085	1,247,789	335,604
18,000-18,999	47,821	6,248	54,069	1,021,674	999,332	278,230
19,000-19,999	37,142	4,551	41,693	830,799	811,920	234,545
20,000-23,999	78,957	10,590	89,547	1,989,206	1,941,717	604,895
24,000-31,999	50,323	7,811	58,134	1,619,492	1,579,671	561,141
32,000-39,999	15,983	2,418	18,401	665,589	650,126	264,422
40,000-49,999	7,937	1,133	9,070	409,657	401,510	181,270
50,000-99,999	7,738	917	8,655	567,681	560,508	284,323
100,000 and over	1,115	135	1,250	196,068	195,254	112,862
Office of Assessment—						
New South Wales	1,184,958	671,782	1,856,740	18,503,017	18,141,386	3,848,779
Victoria	1,014,613	590,879	1,605,492	15,661,643	15,315,570	3,217,409
Queensland	517,670	263,238	780,908	7,368,534	7,213,512	1,458,675
South Australia	325,294	183,076	508,370	4,779,625	4,687,019	944,111
Western Australia	326,775	172,075	498,850	4,762,841	4,673,662	953,634
Tasmania	105,895	52,760	158,655	1,538,210	1,514,146	309,916
Northern Territory (d)	20,142	10,728	30,870	330,436	324,752	66,190
Australian Capital Territory	80,554	47,859	128,413	1,401,542	1,374,683	314,148
Total	3,575,901	1,992,397	5,568,298	54,345,848	53,244,731	11,112,862

(a) Assessments in respect of 1977-78 income year issued during the period 1 July 1978 to 30 June 1979. (b) Net income is 'Total assessable income less total deductions for expenses incurred in gaining assessable income'. (c) Taxable income is the income remaining after deducting from assessable income all allowable deductions. (d) Assessments issued from South Australian Office.

COMMONWEALTH INCOME TAX ASSESSMENTS^(a): TAXABLE INDIVIDUALS BY GRADE OF NET INCOME AND BY STATE OR TERRITORY OF RESIDENCE

(Income derived in the year 1976-77)

Grade of taxable income(c)	Taxpayers			Net income(b)	Total taxable income(c)	Net income tax assessed
	Males	Females	Total			
\$ \$	No.	No.	No.	\$'000	\$'000	\$'000
Under 5,000	248,429	302,535	550,964	2,401,381	2,360,450	109,098
5,000-5,999	190,147	234,744	424,891	2,377,634	2,336,357	220,365
6,000-6,999	201,035	222,470	423,505	2,804,630	2,753,637	348,330
7,000-7,999	225,229	236,134	461,363	3,530,679	3,466,172	528,184
8,000-8,999	299,550	263,202	562,752	4,873,522	4,788,437	820,413
9,000-9,999	351,147	212,373	563,520	5,450,170	5,350,834	991,069
10,000-10,999	363,849	141,355	505,204	5,404,549	5,297,134	1,039,493
11,000-11,999	317,446	97,149	414,595	4,858,825	4,760,179	981,633
12,000-12,999	268,919	68,180	337,099	4,295,389	4,208,125	902,360
13,000-13,999	222,333	50,595	272,928	3,755,832	3,680,116	814,725
14,000-14,999	179,378	36,576	215,954	3,189,931	3,125,786	710,646
15,000-15,999	143,639	25,900	169,539	2,679,417	2,625,163	611,727
16,000-17,999	204,016	35,516	239,532	4,133,544	4,048,008	985,615
18,000-19,999	117,372	16,370	133,742	2,586,618	2,529,524	667,823
20,000-21,999	70,832	9,582	80,414	1,721,506	1,681,130	474,405
22,000-23,999	42,937	6,114	49,051	1,152,952	1,124,349	334,843
24,000-25,999	27,670	4,298	31,968	817,561	796,550	247,561
26,000-27,999	19,091	3,099	22,190	613,310	597,821	192,701
28,000-29,999	13,309	2,252	15,561	462,137	450,491	149,659
30,000-31,999	10,352	1,885	12,237	388,449	378,833	129,362
32,000-39,999	22,594	4,437	27,031	973,946	950,441	345,257
40,000-49,999	10,167	1,629	11,796	533,423	520,787	213,541
50,000-99,999	9,404	1,374	10,778	705,974	693,667	325,917
100,000 and over	1,311	207	1,518	233,918	231,439	127,473
Office of Assessment—						
New South Wales	1,188,224	672,104	1,860,328	20,519,878	20,142,517	4,289,981
Victoria	999,798	582,751	1,582,549	17,145,702	16,772,286	3,529,243
Queensland	512,344	259,789	772,133	8,177,274	8,008,640	1,616,328
South Australia	329,264	182,293	511,557	5,283,101	5,176,115	1,039,183
Western Australia	321,786	169,013	490,799	5,192,367	5,093,040	1,039,985
Tasmania	105,814	51,703	157,517	1,678,266	1,653,118	337,459
Northern Territory	21,030	11,470	32,500	384,199	376,367	75,734
Australian Capital Territory	81,896	48,853	130,749	1,564,510	1,533,347	344,285
Total	3,560,156	1,977,976	5,538,132	59,945,298	58,755,428	12,272,199

(a) Assessments in respect of 1978-79 income year issued during the period 1 July 1979 to 30 June 1980. (b) Net income is 'Total assessable income less total deductions for expenses incurred in gaining assessable income'. (c) Taxable income is the income remaining after deducting from assessable income all allowable deductions. (d) Assessments issued from South Australian Office.

Partnerships and trusts

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

The following tables show for the 1977-78 and 1978-79 income years numbers, total business income and net income of partnerships and trusts. Greater detail is published in the statistical supplement to the annual report of the Commissioner of Taxation and in the report itself.

PARTNERSHIP AND TRUSTS—INCOME YEAR 1977-78

Item		Partnerships	Trusts	Total
Number		489,144	143,906	633,050
Total business income	\$'000	15,053,645	2,302,174	17,355,819
Net income (a)	\$'000	4,499,724	942,259	5,441,983

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

Taxes on income—companies

For taxation purposes companies are divided into two main groups—private and public. Broadly, a private company is defined as a company in which all the issued shares are held by not more than twenty persons; or which is capable of being controlled by not more than seven persons, and which is not a company in which the public is substantially interested; or which is a subsidiary of a public company. All other companies are regarded as public companies. Both private and public companies pay primary tax assessed on a taxable income ascertained on the same principles as for individuals.

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

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

Rates of tax. The rates of primary income tax for all companies and additional tax for private companies applicable to income years 1970-71 to 1979-80 are shown in the following table.

RATES OF INCOME TAX: COMPANIES, 1970-71 TO 1979-80 INCOME YEARS

(Cents per \$)

Income years ended 30 June	Resident private company			Resident public company(a)		Non resident company			
	On taxable income		Additional tax on un- distributed income	On taxable income		On dividends income		On other income	
	Up to \$10,000	On re- mainder		Up to \$10,000	On re- mainder	Up to \$10,000	On re- mainder	Up to \$10,000	On re- mainder
1971 and 1972	37.5	42.5	50	47.5	47.5	42.5	47.5	47.5	47.5
1973	45.0	45.0	50	47.5	47.5	47.5	47.5	47.5	47.5
1974	45.0	45.0	50	45.0	45.0	45.0	45.0	45.0	45.0
1975 and 1976	42.5	42.5	50	42.5	42.5	42.5	42.5	42.5	42.5
1977-1980	46.0	46.0	50	46.0	46.0	46.0	46.0	46.0	46.0

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

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

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

For the income years ended 30 June 1977 to 1980 the rates were 46 per cent and 41 per cent respectively. Tax exemption levels for these years are set out below.

A non-profit company is not liable to income tax unless the taxable income exceeds \$416. Where the non-profit company is a friendly society dispensary and the taxable income does not exceed \$2,311 the maximum amount payable is 50 per cent of the excess over \$416 less any rebate or credit to which

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

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

Details in respect of company income tax assessments for the 1977-78 income year are shown in the following table.

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

(Income derived in the year 1977-78)

Grades of taxable income(a) (\$) and office of assessment	Taxable			Non-taxable		
	Companies	Taxable income(a)	Net income tax assessed(b)	Companies	Taxable income (a) (c)	Loss(d)
	No.	\$'000	\$'000	No.	\$'000	\$'000
Loss for year	-	-	-	76,123	-	1,204,992
Nil	-	-	-	48,175	-	-
1- 1,999	30,872	16,475	7,100	4,723	3,481	-
2,000- 9,999	20,563	106,244	43,825	5,462	27,995	-
10,000- 19,999	9,514	135,884	55,105	2,128	30,140	-
20,000- 39,999	7,796	221,382	90,900	1,302	36,493	-
40,000- 99,999	6,569	410,275	166,504	862	52,686	-
100,000- 199,999	2,867	401,208	162,121	278	38,317	-
200,000- 399,999	1,590	443,552	176,120	148	41,276	-
400,000- 999,999	1,225	771,886	286,183	93	56,214	-
1,000,000- 1,999,999	516	718,623	252,512	29	39,669	-
2,000,000 and over	594	5,482,304	1,802,468	36	168,741	-
New South Wales	38,215	2,925,098	997,490	63,007	253,747	508,458
Victoria	20,206	4,213,869	1,438,080	32,968	124,791	448,101
Queensland	7,948	773,816	303,474	12,770	46,713	84,261
South Australia	7,026	325,377	121,264	13,620	28,875	73,197
Western Australia	5,230	323,211	133,140	9,725	18,905	60,389
Tasmania	1,430	87,871	29,431	2,634	4,386	12,674
Northern Territory	489	13,848	5,876	862	1,038	5,144
Australian Capital Territory	1,562	44,742	14,082	3,773	16,556	12,768
Total	82,106	8,707,832	3,042,838	139,359	495,011	1,204,992

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

Yield of income taxes

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

COMMONWEALTH INCOME TAXES COLLECTED: COLLECTION YEARS 1974-75 TO 1979-80

Source of income tax	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80
NET AMOUNTS COLLECTED (\$'000)						
Individuals—						
Instalments—salaries and wages	6,071,293	7,019,706	8,528,863	9,638,786	10,397,606	12,160,308
Other payments	1,642,726	2,199,685	2,524,781	2,490,216	2,406,212	2,879,787
Companies	2,358,809	2,522,837	2,824,459	3,095,321	3,036,520	3,406,479
Withholding tax	88,116	95,018	96,377	117,852	114,069	141,130
Total	10,160,944	11,837,246	13,974,480	15,342,175	15,954,407	18,587,704
PERCENTAGES						
Individuals—						
Instalments—salaries and wages	59.75	59.30	61.03	62.83	65.17	65.42
Other payments	16.17	18.58	18.07	16.23	15.08	15.49
Companies	23.21	21.31	20.21	20.18	19.03	18.33
Withholding tax	0.87	0.80	0.69	0.76	0.72	0.76
Total	100.00	100.00	100.00	100.00	100.00	100.00

Refunds of revenue. Income tax collections, as previously shown are net amounts after refunds of revenue made in the course of the year. Refunds are of two types: those charged to special appropriations under authority of the Income Tax Assessment Act and those charged to special appropriations under authority of the Audit Act. Income tax instalment refunds, by far the greatest part of income tax refunds, are made when the instalments deducted during the year exceed the tax assessed on incomes for that year. Refunds made from special appropriations under section 37A of the Audit Act include refunds of moneys paid to the revenue in error, refunds of tax overpaid, refunds due to the amendment of assessments, etc. Refunds of income tax to individuals during the collection years 1975-76 to 1979-80 were: 1975-76, \$1,535,935,000; 1976-77, \$1,501,555,000; 1977-78, \$1,218,225,000; 1978-79, \$1,407,257,000 and 1979-80, \$1,478,387,000.

Estate duty

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

- for qualifying estates of deceased primary producers—\$24,000
- for other estates—\$20,000
 - decreasing by \$2 for every \$8 by which the value of the estate exceeds \$24,000 or \$20,000 as the case may be.

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

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

Particulars of the number and value of dutiable estates and duty assessed for recent assessment years are given in the following table.

COMMONWEALTH ESTATE DUTY ASSESSMENTS

		1974-75	1975-76	1976-77	1977-78	1978-79
Estates	No.	13,621	13,447	13,793	15,154	9,828
Gross value as assessed	\$'000	1,183,913	1,223,732	1,208,236	1,443,967	980,304
Deductions (a)	"	242,912	274,953	296,738	356,792	268,164
Statutory exemptions	"	318,706	317,087	335,596	344,482	175,141
Dutiable value	"	622,295	631,693	611,702	742,693	536,999
Net duty assessed	"	80,560	83,663	73,512	99,050	76,301
Average dutiable value	\$	45,686	46,976	44,349	49,010	54,640
Average duty assessed per estate	\$	5,914	6,222	5,330	6,536	7,764

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

Gift duty

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

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

The rate of gift duty applicable to any particular gifts was fixed by reference to the total value of all gifts made by the same donor within the period of eighteen months before and eighteen months after the time of making that gift. Where the total value of all gifts as defined did not exceed \$10,000 no duty was payable. The rates of duty that applied to 30 June 1979 were (a) \$10,001 to \$20,000, 3 per cent provided that the gift duty payable did not exceed one half of the amount by which the gift exceeded \$10,000 or a proportionate amount where more than one gift is involved; (b) \$20,001 to \$40,000, 3 per cent to 6 per cent; (c) \$40,001 to \$240,000, 6 per cent to 26 per cent; (d) \$240,001 to \$1,000,000 and over, 26 per cent to 27.9 per cent.

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

COMMONWEALTH GIFT DUTY ASSESSMENTS

		1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Assessments	No.	6,976	7,514	6,564	7,480	4,352	995
Value as assessed	\$'000	199,454	297,020	164,259	187,085	103,058	95,738
Duty assessed	"	18,037	36,077	10,344	11,711	5,934	22,032

Customs duties

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

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

<i>Brussels Tariff Division</i>	<i>Source of receipts</i>	<i>1977-78</i>	<i>1978-79</i>	<i>1979-80</i>
1	Live animals; animal products	1,002	968	1,320
2	Vegetable products	1,167	1,252	2,305
3	Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes	3,137	2,130	3,042
4	Prepared foodstuffs; beverages, spirits and vinegar; tobacco	182,297	217,377	234,365
5	Mineral products	5,581	2,941	3,801
6	Products of the chemical industry and allied industries	20,054	24,678	51,785
7	Artificial resins and plastic materials, cellulose esters and ethers, and articles thereof; rubber, synthetic rubbers, factice and articles thereof	62,701	72,138	96,815
8	Raw hides and skins, leather, furskins and articles thereof; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silk worm gut)	13,826	17,242	18,992
9	Wood and articles of wood; wood charcoal; cork and articles of cork; manufactures of straw, of esparto and of other plaiting materials; basketware and wickerwork	16,156	17,628	21,043
10	Paper-making material; paper and paperboard and articles thereof	21,955	28,589	33,861
11	Textiles and textile articles	146,226	189,841	199,637
12	Footwear, headgear, umbrellas, sunshades, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair; fans	30,926	39,710	46,060
13	Articles of stone, of plaster, of cement, of asbestos, of mica and of similar materials; ceramic products; glass and glassware	22,577	25,315	31,934
14	Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery; coin	9,275	10,872	12,173
15	Base metals and articles of base metal	60,242	68,903	87,166
16	Machinery and mechanical appliances; electrical equipment; parts therefor	223,356	257,928	316,471
17	Vehicles, aircraft, and parts therefor; vessels and certain associated transport equipment	259,041	330,322	327,634
18	Optical, photographic, cinematographic measuring, checking, precision, medical and surgical instruments and apparatus; clocks and watches, musical instruments; sound recorders and reproducers; television image and sound recorders and reproducers, magnetic; parts therefor	25,742	24,788	32,531
19	Arms and ammunition; parts therefor	505	472	1,163
20	Miscellaneous manufactured articles	39,094	45,319	53,560
21	Works of art, collectors' pieces and antiques	400	510	578
	Primage	10,426	10,680	8,838
	Total customs duties and primage	1,155,684	1,389,603	1,585,071

The *net* customs duties on imports for these years are 1977-78, \$1,105,201,946; 1978-79, \$1,332,104,996; and 1979-80, \$1,509,661,395.

Customs duties on imports as recorded in the Financial Statements prepared by the Minister for Finance for these years are: 1977-78, \$1,131,816,877; 1978-79, \$1,363,269,507; and 1979-80, \$1,538,075,018.

Excise duties

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

COMMONWEALTH EXCISE REVENUE: CLASSIFICATION OF GROSS REVENUE
(**\$'000**)

<i>Source of revenue</i>	<i>1977-78</i>	<i>1978-79</i>	<i>1979-80</i>
Beer	757,815	947,627	1,004,256
Spirits, including liqueurs, etc.	75,951	100,058	100,185
Tobacco (manufactured), snuff	19,149	22,186	22,867
Cigars and cigarettes	540,866	631,995	681,861
Aviation gasoline—by-law	2,902	3,486	4,428
Aviation gasoline—other	—	337	—
Other gasoline	727,579	762,630	752,998
Mineral turpentine	—	—	—
Coal tar and coke oven distillates, etc.	—	—	—
Aviation turbine kerosene	42,376	45,659	46,232
Kerosene, n.e.i.	—	—	—
Diesel fuel—by-law	85,533	98,732	107,743
Playing cards	132	140	116
Cigarette tubes, paper and papers	761	803	790
Matches	1,930	1,762	1,689
Wine—other than table wine (excise item 16)	—	1	—
Petroleum and liquid petroleum gas (excise item 17)	476,048	1,226,574	2,116,928
Coal	8,426	10,422	10,767
Canned fruit	294	285	160
Other and undistributed excise revenue	4	5	4
Total Gross Excise Duties	2,739,766	3,852,702	4,851,025
Total Gross Customs, Primage and Excise Duties	3,895,450	5,242,305	6,436,095
Total Customs, Primage and Excise Refunds and Drawbacks	52,556	59,610	78,196

Statistics of the value of duty included in the price of petroleum products purchased by Commonwealth Government departments and subsequently credited to those departments by the Department of Finance are not available. The *net* Commonwealth excise revenue for these years is: 1977-78, \$2,737,691,904; 1978-79, \$3,850,590,271; 1979-80 \$4,848,238,058. The quantities of commodities on which excise duty was paid are given in Chapter 24, Overseas Transactions, page 644. Commonwealth excise received, as recorded in the Financial Statement prepared by the Minister for Finance during these years are: 1977-78, \$2,733,818,168; 1978-79, \$3,844,819,457; and 1979-80, \$4,964,954,815.

Sales tax

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

Particulars of the sales of taxable goods in each rate class in each State for 1978-79 are given in the following table. The figures relate to sales during the period 1 July to 30 June.

**COMMONWEALTH SALES TAX: SALE VALUE OF TAXABLE GOODS INCLUDED IN RETURNS IN
EACH RATE CLASS, 1978-79**
(**\$'000**)

State	<i>Gross sales of goods taxable at various rates(a)</i>				Total
	21 %	15 %	27 1/2 %	Other	
New South Wales and A.C.T.	1,041,386	3,320,711	820,882	75,541	5,258,520
Victoria	888,184	2,640,213	442,613	43,496	4,014,506
Queensland	215,148	1,011,913	109,716	19,202	1,355,979
South Australia	216,642	604,269	77,793	4,499	903,203
Western Australia	140,452	597,794	74,550	5,242	818,038
Tasmania	32,863	135,094	16,904	635	185,496
Northern Territory	1,480	24,459	1,776	378	28,093
Australia—1978-79	2,536,155	8,334,453	1,544,234	148,993	12,563,835
1977-78	2,358,989	6,081,979	2,820,401	105,818	11,367,172
1976-77	2,209,131	5,603,039	2,861,956	78,257	10,752,372

(a) Estimated

Sales of taxable goods and sales tax payable for Australia are shown in the following table for recent years.

**COMMONWEALTH SALES TAX: SALE VALUE OF GOODS INCLUDED IN RETURNS AND
COLLECTIONS**
(**\$'000**)

Year of sale	Gross taxable sales	Estimated net taxable sales(a)	<i>Net collections</i>		Total
			Taxation Office	Bureau of Customs	
	(b)	(b)			
1973-74	(d) 6,606	6,293	935	34	969
1974-75	(d) 7,739	7,345	1,103	51	1,154
1975-76	(d) 9,044	8,586	1,360	49	1,408
1976-77	(d) 10,752	10,220	(c) 1,589	61	(c) 1,650
1977-78	(d) 10,841	10,252	1,695	63	1,758
1978-79	(d) 12,564	11,739	1,699	71	1,770
1979-80	(d) 13,826	13,184	1,787	78	1,865

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

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

Primary production taxes and charges

The following section shows current rates of charges and levies on primary production. Further information is given in Chapter 13, Agricultural Industries.

Expenditure on research, funded from industry levies, is usually matched dollar-for-dollar by the Commonwealth Government.

Grain—Export Inspection Charge. Under the *Grain (Export Inspection Charge) Act 1979* a levy is imposed on exports of wheat, oats, barley and sorghum to recoup half the cost of export grain inspection. The levy is 4.5 cents per tonne on bulk grain, 25 cents per tonne on bagged grain and 29 cents per tonne on grain in containers.

Wheat Export Charge and Wheat Tax. For details see Chapter 13, Agricultural Industries.

Wool Tax. The *Wool Tax Acts 1964* (Nos 1 to 5) As Amended, impose a levy of 8 per cent on the gross value of wool sold of which 5 per cent is levied for the market support activities of the Australian Wool Corporation and 3 per cent to provide the growers' contribution towards wool research and promotion.

Wool Levy. During 1979–80 a levy of 52c per test is payable by wool brokers and private buyers on all wool samples tested in Australia. The levy, collected under the *Wool Industry Act 1972* (Amendment 49 of 1979), provides 50 per cent of the cost of operating the Australian Wool Measurement Standards Authority.

Tobacco Charge. The rates of Tobacco Charge currently collected under the *Tobacco Charges Acts* (Nos 1 to 3) 1955 and used to fund research into tobacco growing problems are:

- (a) in respect of leaf grown in Australia and sold to a manufacturer:
 - (i) 1.1 cents per kilogram of leaf, payable by the grower or other persons who own the leaf immediately before sale and
 - (ii) 2.2 cents per kilogram of leaf in other cases.

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

The purpose of the levy is to protect the domestic market through the equalisation of returns to manufacturers.

Dairying Research and Promotion Levy. The Dairying Industry Research and Promotion Levy Act 1972 provides for the imposition of a levy on all milk produced in Australia. The Act provides for the levy to be payable by dairy farmers either on a whole milk or butterfat basis. Moneys collected from the levy finance the administration and promotional activities of the Australian Dairy Corporation and the industry contribution to the research programme recommended by the Dairying Research Committee. The Dairying Industry Research and Promotion Levy Regulations prescribe levies of either 10.8 cents per 100 litres of whole milk or 270 cents per 100 kilograms of butterfat.

Canned Fruits Levy. The *Canned Fruits Levy Act 1979* imposes a levy on the production of canned fruits in Australia with effect from 1 January 1980.

The operative rates from that date are:

Containers not exceeding 150 grams—0.625 cents/doz. containers.

Containers exceeding 150 grams but not exceeding 320 grams—1.25 cents/doz. containers.

Containers exceeding 320 grams but not exceeding 490 grams—2.5 cents/doz. containers.

Containers exceeding 490 grams but not exceeding 680 grams—3.75 cents/doz. containers.

Containers exceeding 680 grams—5 cents/doz. containers plus 3 cents/doz. containers for each 450 grams by which the gross weight of the container exceeds 900 grams.

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

Canning Fruit Charge. The *Canning Fruit Charge Act 1959* imposes a charge on the intake of canning apricots, peaches and pears by fruit canneries. The rate currently prescribed by regulation is 50 cents per tonne. The revenue collected by way of the charge funds the operations of the Australian Canned Fruit Sales Promotion Committee.

Honey Levy and Honey Export Charge. The *Honey Levy Acts* (Nos 1 & 2) 1962 impose a levy of 1.8 cents per kilogram on honey sold for domestic consumption.

The *Honey Export Charge Act 1973* imposes a charge of 0.5 cents per kilogram on honey exports.

The funds are used to finance the operations of the Australian Honey Board.

Livestock Slaughter Levy. The *Livestock Slaughter Levy Act 1964* imposes a levy which is payable on all cattle, calves, bobby calves, sheep, lambs, goats and buffaloes slaughtered for human consumption. The funds are used by the Australian Meat and Livestock Corporation (AMLC) for mar-

keting and promotion, by the Australian Meat Research Committee (AMRC) for production and economic research and by the CSIRO for meat processing research. The Slaughter Levy also provides the funds for the eradication of brucellosis and tuberculosis in cattle and buffaloes.

The levies from 1 July 1979 are:

	Cents/Head				Total
	AMLC	AMRC	CSIRO processing research	Disease eradication	
Cattle	75	25	2	300	402
Calves	27	9	1	100	137
Bobby calves	7.5	2.5	0.2	30	40.2
Sheep, lambs, goats	7.5	3.33	0.2	—	11.03
Buffaloes	75	25	2	300	402

Livestock Slaughter Export Inspection Charge. An export inspection charge introduced on livestock slaughtered at export works from 1 July 1979, to recoup part of the cost of meat inspection incurred by the Commonwealth Government. The charges imposed under the *Livestock Slaughter (Export Inspection Charge) Act 1979* are:

Cattle (180 cents/head), calves (60 cents/head), bobby calves (18 cents/head), sheep, lambs and goats (18 cents/head), buffaloes (180 cents/head), horses, donkeys, mules (180 cents/head), pigs (60 cents/head).

Export Inspection Charge—Overtime Recoveries—Meat. Under the *Customs Act 1901* and the *Commerce (Trade Descriptions) Act 1905*, a levy at the rate prescribed in the Export Meat Regulations is levied on export meat-works to recover fully the cost of providing export meat inspection services outside normal hours.

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

The charges from 1 July 1979 are:

	Cents/Head			Total
	AMLC	AMRC	Disease eradication	
Cattle	75	25	300	400
Sheep, lambs, goats	7.5	3.33	—	10.83
Buffaloes	75	25	300	400

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

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

Pig Slaughter Levy. A slaughter levy under the *Pig Slaughter Levy Act 1971* is payable on all pigs slaughtered for human consumption. The funds are used by the Australian Pig Industry Research Committee for production and marketing research and by the Pigmeat Promotion Advisory Committee for promotional activities within Australia. The present operative levy is 21 cents per pig. Of this amount 13 cents is for promotion and 8 cents for research.

Meat Chicken Levy. A levy is payable under the *Meat Chicken Levy Act 1969* on meat chickens hatched for human consumption. The funds are used by the Australian Chicken Meat Research Committee for research into problems associated with the chicken meat industry. The operative rate of levy is 0.1 cent per chicken.

Poultry Industry Levy. The *Poultry Industry Levy Act 1965* imposes a levy at a maximum rate of \$2.00 per hen per annum on domesticated fowls kept for commercial purposes. The operative rate of levy is 7.5 cents per bird per fortnight on the number of hens kept. The levy is payable on each prescribed day which is every second Thursday. The levy is designed to provide assistance to the poultry industry.

Wine Grapes Levy. The *Wine Grapes Levy Act 1979* imposes a levy on prescribed goods used at a winery in Australia in the manufacture of wine. The operative rate of levy is \$2.40 per tonne of fresh grapes with provision for conversion of dried grapes and grape juice to their fresh grape equivalents. Funds raised by the levy are used to finance the Australian Wine Board.

Dried Vine Fruits Levy. In order to meet the objectives of the Dried Vine Fruits Stabilization Scheme the *Dried Vine Fruits Levy Act 1971* imposes a levy on dried vine fruit where the average return for a season exceeds by more than \$10 the amount per tonne that constitutes the base price for that season with a maximum levy of \$20 per tonne provided the quantity received for packing in a season exceeds 50,000 tonnes. When average returns fall more than \$10 below the base price, the Government guarantees to growers a pay-out from the fund to a maximum of \$25 per tonne to a total of \$1.5 million.

Dried Fruit Export Charges. The *Dried Fruit Export Charges Act 1924-78* imposes a levy of \$4.50 per tonne on the export of dried currants, sultanas and raisins. The funds are used to finance the Australian Dried Fruits Corporation.

Dried Vine Fruits Equalisation Levy. The *Dried Vine Fruits Equalisation Levy Act 1978* imposes a levy on domestic sales of dried vine fruit which is equal to the difference between the assessed returns per tonne from the domestic market and the assessed average returns per tonne from export. The purpose of the levy is to facilitate the equalisation of returns to producers from all markets. Because of the buoyant nature of the export market for dried vine fruit, no levies applied in either the 1979 or 1980 seasons.

Dried Fruits Levy. The *Dried Fruits Levy Act 1971* imposes a levy on dried fruits of a season received for packing in order to extend industry research programmes. The operative rates of levy are for dried vine fruits \$1.00 per tonne, dried tree fruits \$5.00 per tonne and prunes \$2.50 per tonne.

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

The *Apple and Pear Export Charge Act 1976* provides for the imposition of a charge on apples and pears exported from Australia. The rate of charge is 5 cents per box.

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

Oilseeds Research Levy. The *Oilseeds Levy Act 1977* imposes a levy on the production of sunflower seed, safflower seed, soybeans, linseed and rapeseed. The levy is used to fund research programmes. The operative rate of levy is \$1 per tonne.

Fishing Licences and Charges. Under the *Fisheries Act 1952*, domestic and foreign boats are licensed to fish in the Australian Fishing Zone. Other charges such as access fees for foreign countries are also levied under this Act. The rate of licence fees is set out in the Fisheries Regulations.

COMMONWEALTH PRIMARY PRODUCTION TAXES

(\$'000)

	1976-77	1977-78	1978-79	1979-80
Apple and pear export charge	121	162	212	197
Apple and pear export duty	—	—	129	11
Apple and pear levy	159	621	565	626
Butterfat levy	85	—	—	—
Canned fruit export charge (replaced by canned fruit levy 1.1.80)	195	131	176	133
Canning fruit charge	107	67	123	98
Dairy industry stabilization levy	—	53,085	80,255	93,549
Dairying research and promotion levy	3,077	3,360	5,674	5,689
Dried fruits export charge	197	147	227	189
Dried fruits levy	49	86	89	90
Honey export charge	22	13	24	56
Honey levy	158	158	186	199
Livestock slaughter levy—				
Cattle	5,389	5,928	5,734	7,305
Pigs	360	483	572	769
Sheep and lambs	1,546	1,377	1,311	3,165
Goats, buffalo, calves and bobby calves	—	—	—	282
Eradication of disease	8,562	10,498	9,710	20,453
Meat export charge—				
Cattle meat	69	98	31	46
Other meat	6	56	289	771
Oil seeds research levy	—	89	375	409
Meat chicken levy	160	183	189	234
Poultry industry levy	11,414	10,807	10,603	17,834
Tobacco charge	496	495	514	504
Wheat export charge	60,065	—	60,000	—
Wheat tax	1,641	1,286	3,466	3,085
Wine grapes charges (replaced by wine grapes levy 1.7.79)	1,035	1,109	1,030	1,174
Wool tax	94,093	89,129	101,608	121,400
Total	189,006	179,368	283,092	278,270

Pay-roll tax

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

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

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

The *Pay-roll Tax (Territories) Assessment Act 1976* raised the level of the general exemption from pay-roll tax in the Territories from \$20,800 to \$48,000 per annum with effect from 1 January 1977. However the exemption was reduced by \$2 for every \$3 by which the annual pay-roll exceeded \$48,000. The maximum general exemption was increased to \$60,000 from 1 July 1978 under the *Pay-roll (Territories) Assessment Amendment Act 1978*. Commonwealth pay-roll tax in the Northern Territory was terminated from 1 July 1978 by the *Pay-roll Tax (Territories) Assessment Amendment Act (No. 2) 1978* giving the Territory the right to levy its own pay-roll tax.

The *Pay-roll Tax (Territories) Assessment Amendment Act 1979* increased the maximum exemption level in the Australian Capital Territory to \$66,000 with effect from 1 January 1979. The exemption level was further increased to \$72,000 with effect from 1 January 1980 under the *Pay-roll Tax (Territories) Assessment Amendment Act 1980*. Phasing out remains at \$2 for each \$3 by which the annual wages payable exceed the maximum exemption level.

Gross collections of pay-roll tax in 1978-79 and 1979-80 amounted to \$16,229,418 and \$15,706,287 respectively.

Gross operating surplus of public enterprises

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

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

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

(\$ million)

Industry	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
REVENUE						
Manufacturing	28.5	34.0	48.9	54.7	58.5	65.0
Electricity	66.8	76.0	84.1	96.2	105.1	100.6
Water supply, sewerage and drainage	5.0	5.0	7.6	9.6	12.5	12.9
Transport and communication—						
Air transport	483.3	592.5	704.7	808.7	929.7	1,074.4
Rail transport	37.2	41.4	108.2	122.9	121.7	131.4
Sea transport	113.4	145.5	204.3	282.6	319.7	371.7
Urban transit systems	8.9	9.3	14.0	16.8	15.8	10.2
Pipelines	—	—	—	2.8	11.7	18.1
Communication	1,162.7	1,444.0	2,008.7	2,314.6	2,521.2	2,812.2
Total transport, etc.	1,805.6	2,232.7	3,039.9	3,548.4	3,919.8	4,418.0
Commerce	52.2	43.4	207.9	149.6	249.8	360.4
Property and business services—						
Housing	20.9	21.9	23.0	22.6	26.6	25.6
Other	11.8	18.7	25.5	25.7	36.5	38.7
Total property, etc.	32.7	40.6	48.4	48.3	63.2	64.3
Community, social and personal services	11.9	16.9	22.8	22.7	28.2	37.9
Total revenue	2,002.6	2,448.5	3,459.6	3,929.5	4,437.2	5,059.1
WORKING EXPENSES(a)						
Manufacturing	28.5	35.0	46.9	52.4	55.6	59.4
Electricity	18.6	29.3	37.3	48.3	56.9	39.7
Water supply, sewerage and drainage	3.1	3.9	4.9	6.1	7.3	5.8
Transport and communication—						
Air transport	413.3	550.7	647.6	722.7	833.8	969.2
Rail transport	38.8	50.6	154.3	170.1	184.9	187.0
Sea transport	95.5	136.8	184.2	231.2	260.4	312.8
Urban transit systems	9.8	12.3	16.7	19.1	19.9	16.0
Pipelines	—	—	—	1.4	3.4	3.1
Communication	778.0	986.1	1,219.8	1,456.4	1,600.6	1,769.8
Total transport, etc.	1,335.3	1,736.4	2,222.6	2,601.0	2,903.0	3,258.0
Commerce	54.1	68.6	248.3	160.7	255.0	348.6
Property and business services—						
Housing	19.3	23.9	24.4	24.4	27.7	30.0
Other	11.0	18.2	24.3	23.8	35.0	37.0
Total property, etc.	30.3	42.1	48.8	48.2	62.7	67.0
Community, social and personal services	9.1	14.1	19.7	19.1	24.0	33.0
Total working expenses	1,479.1	1,929.3	2,628.4	2,935.7	3,364.5	3,811.5
GROSS OPERATING SURPLUS						
Manufacturing	-0.1	-1.0	2.0	2.3	2.9	5.6
Electricity	48.2	46.7	46.8	47.9	48.2	60.9
Water supply, sewerage and drainage	1.9	1.1	2.6	3.5	5.2	7.0
Transport and communication—						
Air transport	70.0	41.8	57.1	86.0	95.9	105.1
Rail transport	-1.6	-9.2	-46.1	-47.2	-63.2	-55.5
Sea transport	18.0	8.7	20.1	51.4	59.4	58.9
Urban transit systems	-0.8	-3.0	-2.7	-2.4	-4.1	-5.8
Pipelines	—	—	—	1.4	8.3	15.0
Communication	384.7	458.0	788.9	858.2	920.7	1,042.3
Total transport, etc.	470.3	496.3	817.3	947.5	1,016.9	1,160.0
Commerce	-1.9	-25.1	-40.4	-11.1	-5.3	11.8
Property and business services—						
Housing	1.6	-2.1	-1.5	-1.8	-1.1	-4.4
Other	0.7	0.5	1.2	1.8	1.5	1.7
Total property, etc.	2.3	-1.6	-0.3	0.1	0.5	-2.7
Community, social and personal services	2.8	2.9	3.2	3.6	4.2	5.0
Total gross operating surplus	523.5	519.2	831.2	993.8	1,072.7	1,247.6

(a) Exclude depreciation and interest charges.

STATE AUTHORITIES

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

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

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

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

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

Details of the transactions of State authorities are given in the tables which follow. Reference should be made to the introduction of *State and Local Government Finance, Australia 1978-79* (5504.0) for definitions and descriptions of items appearing in these tables, and also for further details of the organisations covered by the figures. Additional information relating to the activities of the State authorities may also be found in the Year Books of the individual States.

Outlay and receipts

The outlay and receipts of State authorities for the six year period ended 1978-79 are given in the following table.

STATE AUTHORITIES(a): OUTLAY AND RECEIPTS

(\$ million)

	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
OUTLAY						
Final consumption expenditure	3,642.9	5,240.6	6,825.3	8,144.7	9,250.0	10,229.1
Gross capital formation—						
Increase in stocks	16.0	55.2	30.8	29.7	62.1	35.5
Expenditure on new fixed assets	2,277.8	3,309.4	3,906.8	4,190.0	4,760.8	5,199.8
Expenditure on existing assets (net)	181.0	239.4	183.8	148.3	113.5	82.3
<i>Total gross capital formation</i>	<i>2,474.7</i>	<i>3,604.0</i>	<i>4,121.4</i>	<i>4,368.0</i>	<i>4,936.4</i>	<i>5,317.6</i>
Transfer payments—						
Interest	952.9	1,058.6	1,200.1	1,432.8	1,693.0	1,920.0
Transfers to persons	166.1	185.4	220.2	247.2	280.2	285.4
Subsidies	32.8	42.3	47.9	58.9	88.0	100.9
Transfers overseas	—	—	0.1	0.1	0.1	0.1
Grants for private capital purposes	30.5	53.9	54.4	48.4	61.7	72.6
Grants to local authorities	159.0	282.6	345.5	411.0	476.7	512.6
<i>Total transfer payments</i>	<i>1,341.4</i>	<i>1,622.9</i>	<i>1,868.1</i>	<i>2,198.5</i>	<i>2,599.7</i>	<i>2,891.6</i>
Net advances—						
To the private sector	37.9	147.4	169.1	189.6	212.0	110.7
To public financial enterprises	62.0	91.4	84.7	83.4	109.0	87.3
To local authorities	6.0	17.9	18.6	16.0	9.3	12.8
<i>Total net advances</i>	<i>105.8</i>	<i>256.7</i>	<i>272.5</i>	<i>289.0</i>	<i>330.3</i>	<i>210.8</i>
<i>Total outlay</i>	<i>7,564.9</i>	<i>10,724.2</i>	<i>13,087.2</i>	<i>15,000.2</i>	<i>17,116.5</i>	<i>18,649.1</i>
<i>of which—</i>						
current outlay	4,832.3	6,632.6	8,433.4	10,085.0	11,556.7	12,805.1
capital outlay	2,732.5	4,091.6	4,653.8	4,915.3	5,559.8	5,844.0
RECEIPTS AND FINANCING ITEMS						
Receipts—						
Taxes, fees, fines, etc.	2,206.4	2,792.0	3,469.4	3,973.3	4,300.1	4,667.5
Income from public enterprises	296.7	206.0	330.5	353.6	379.7	452.3
Interest, etc., received	318.8	425.6	443.8	591.6	709.9	752.9
Grants from the Commonwealth Government—						
for current purposes	2,533.4	3,735.0	5,427.5	6,110.2	7,215.3	8,137.9
for capital purposes	898.6	1,409.8	1,556.6	1,537.3	1,508.9	1,483.8
Grants for local authorities	22.6	25.9	32.6	32.3	36.2	35.5
<i>Total receipts</i>	<i>6,276.5</i>	<i>8,594.3</i>	<i>11,260.3</i>	<i>12,598.3</i>	<i>14,150.2</i>	<i>15,529.9</i>
Financing items—						
Net borrowing—						
Public trading enterprises	336.5	413.8	560.0	661.6	884.4	1,205.8
General government	60.8	75.2	113.2	127.3	120.6	204.5
Advances from the Commonwealth Government (net)—						
For loan works purposes	448.0	592.2	708.7	744.7	784.8	770.6
Other	300.7	632.7	663.8	533.4	476.3	356.6
Net receipts of private trust funds	104.5	151.4	32.7	244.1	230.5	242.8
Reduction in cash and bank balances	-253.1	-32.3	-743.0	-406.9	-31.2	-235.2
Reduction in security holdings—						
Investment of private trust funds	-34.2	-51.0	11.8	-61.8	-96.3	-114.8
Investment of governmental trust funds and public corporations	-58.5	3.9	-4.2	-57.8	-119.8	-85.3
Other funds available (including errors and omissions)—						
Depreciation allowances	292.1	270.0	313.2	356.9	419.7	469.9
Other	91.6	74.0	170.7	260.5	297.3	304.3
<i>Total financing items</i>	<i>1,288.4</i>	<i>2,129.9</i>	<i>1,826.8</i>	<i>2,402.0</i>	<i>2,966.3</i>	<i>3,119.2</i>
<i>Total funds available</i>	<i>7,564.9</i>	<i>10,724.2</i>	<i>13,087.2</i>	<i>15,000.2</i>	<i>17,116.5</i>	<i>18,649.1</i>

(a) Excludes financial enterprises.

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

STATE AUTHORITIES(a): OUTLAY AND RECEIPTS BY STATE, 1978-79
(\$ million)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	N.T.	Total
OUTLAY								
Final consumption expenditure	3,442.3	2,723.6	1,446.2	1,038.5	1,057.6	383.4	137.4	10,229.1
Gross capital formation—								
Increase in stocks	11.7	7.3	7.3	-0.1	6.4	0.5	2.5	35.5
Expenditure on new fixed assets	1,609.8	1,444.8	842.6	404.7	553.7	205.5	138.7	5,199.8
Expenditure on existing assets (net)	29.4	43.9	-3.7	23.1	-5.2	-3.1	-2.1	82.3
Total gross capital formation	1,650.9	1,496.0	846.2	427.7	554.9	202.8	139.1	5,317.6
Transfer payments—								
Interest	583.7	585.3	293.9	204.1	163.1	89.8	0.1	1,920.0
Transfers to persons	124.7	65.6	37.6	20.0	25.3	12.3	-	285.4
Subsidies	35.0	27.1	22.5	6.8	4.2	3.5	1.8	100.9
Transfers overseas	0.1	-	-	-	-	-	-	0.1
Grants for private capital purposes	25.7	23.4	11.1	7.2	3.3	0.8	1.2	72.6
Grants to local authorities	167.9	133.8	104.1	32.5	49.9	17.9	6.5	512.6
Total transfer payments	937.1	835.1	469.2	270.6	245.8	124.2	9.7	2,891.6
Net advances—								
To the private sector	-6.8	61.2	13.1	13.7	15.5	3.1	10.9	110.7
To public financial enterprises	48.8	2.8	-	35.7	-	-	-	87.3
To local authorities	0.2	2.9	7.6	-0.1	-2.2	4.4	-	12.8
Total net advances	42.3	66.9	20.7	49.2	13.3	7.5	10.9	210.8
Total outlay	6,072.6	5,121.6	2,782.3	1,786.0	1,871.6	717.9	297.1	18,649.1
of which—								
current outlay	4,280.1	3,484.6	1,842.8	1,286.6	1,269.9	499.7	141.5	12,805.1
capital outlay	1,792.5	1,637.1	939.5	499.4	601.7	218.3	155.6	5,844.0
RECEIPTS AND FINANCING ITEMS								
Receipts—								
Taxes, fees, fines, etc.	1,849.3	1,384.3	545.9	382.4	375.7	111.2	18.8	4,667.5
Income from public enterprises	21.8	223.8	96.4	47.1	27.4	51.0	-15.1	452.3
Interest, etc., received	214.1	159.6	170.2	74.1	104.9	21.6	8.5	752.9
Grants from the Commonwealth Government—								
for current purposes	2,540.0	1,926.0	1,297.9	859.6	890.6	333.9	289.8	8,137.9
for capital purposes	478.1	355.5	261.4	153.9	160.9	74.0	0.1	1,483.8
Grants from local authorities	14.0	9.0	5.5	2.1	2.3	2.6	-	35.5
Total receipts	5,117.3	4,058.1	2,377.3	1,519.2	1,561.7	594.2	302.0	15,529.9
Financing items—								
Net borrowing								
Public trading enterprises	361.8	511.6	158.3	52.8	70.1	51.2	-	1,205.8
General government	59.4	5.8	103.3	16.5	18.7	0.8	-	204.5
Advances from the Commonwealth Government(net)—								
For loan works purposes	246.3	194.3	102.0	101.5	70.3	56.2	-	770.6
Other	114.8	90.0	34.7	60.5	42.1	16.3	-1.8	356.6
Net receipts of private trust funds	15.0	44.0	139.3	13.9	18.4	12.2	-	242.8
Reduction in cash and bank balances	-23.0	44.5	-179.7	-51.6	7.6	-27.1	-6.0	-235.2
Reduction in security holdings—								
Investments of private trust funds	-3.9	-62.7	-	-11.7	-25.5	-11.1	-	-114.8
Investments of governmental trust funds and public corporations	-52.2	-22.6	-23.4	2.1	2.0	8.8	-	-85.3
Other funds available (including errors and omissions)—								
Depreciation allowances	168.3	140.0	55.7	42.9	45.9	11.1	6.1	469.9
Other	68.8	118.4	14.7	39.9	60.3	5.3	-3.2	304.3
Total financing items	955.2	1,063.5	405.0	266.8	309.9	123.7	-4.9	3,119.2
Total funds available	6,072.6	5,121.6	2,782.3	1,786.0	1,871.6	717.9	297.1	18,649.1

(a) Excludes financial enterprises.

STATE AUTHORITIES, 1978-79

Receipts and Financing Items

Commonwealth Government
Grants and Advances—\$10,749m

Taxation—\$4,668m

Net Borrowing—\$1,410m
Income from Public
Enterprises—\$452m

Other—\$1,370m

Total Funds available—\$18,649 million

Final Consumption Expenditure

\$4,764m—Education

\$2,941m—Health and Welfare

\$2,524m—Other Final Consumption
Expenditure

\$678m—Expenditure on New Fixed
Assets—Education

\$1,372m—Electricity, Gas and Water
Supply

\$912m—Road Systems and Regulation

\$2,238m—Other Expenditure on
New Fixed Assets

\$1,920m—Interest

\$1,300m—Other Outlay

Total Outlay—\$18,649 million

PUBLIC FINANCE

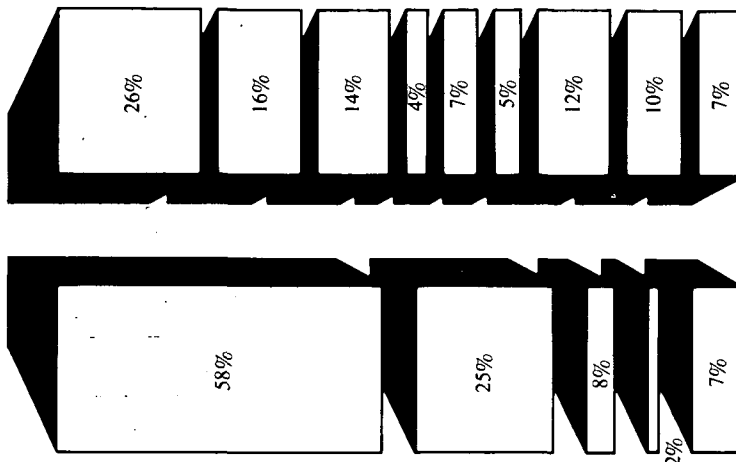


PLATE 44

Main components of outlay

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

STATE AUTHORITIES: FINAL CONSUMPTION EXPENDITURE CLASSIFIED BY PURPOSE

(\$ million)

Purpose	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
General public services—						
Law, order and public safety	392.4	541.0	658.9	771.8	882.2	993.4
General administration, n.e.c.	238.8	332.8	413.8	508.8	591.1	670.5
Education	1,794.3	2,596.3	3,224.6	3,874.2	4,389.1	4,764.3
Health	796.6	1,209.4	1,838.1	2,212.9	2,487.1	2,762.2
Social security and welfare	61.1	87.6	105.8	120.3	145.7	179.2
Housing and community amenities—						
Housing	2.1	2.9	4.2	5.8	5.8	6.7
Community and regional development	9.2	16.6	21.7	24.3	26.8	35.6
Protection of the environment, and community amenities	6.7	12.0	17.6	22.1	24.7	27.8
Recreation and culture	42.5	58.6	79.4	97.6	122.2	146.7
Economic services—						
Agriculture, forestry, fishing	179.3	225.9	266.6	295.5	337.9	367.6
Mining, manufacturing and construction	28.7	37.0	45.3	48.4	54.3	62.2
Electricity, gas and water supply	0.9	4.4	7.6	6.1	7.3	10.8
Rail transport (a)	—	1.1	1.2	0.8	0.9	0.4
Sea transport	3.8	3.9	4.1	4.6	5.3	2.5
Road systems and regulation	9.5	10.2	11.4	14.3	13.9	17.8
Other transport services, n.e.c.	1.8	2.4	4.5	4.2	4.1	17.2
Other economic services (b)	71.3	97.4	119.5	131.9	149.5	162.2
Other purposes	0.9	1.3	0.9	1.3	2.1	2.0
Total	3,642.9	5,240.6	6,825.3	8,144.7	9,250.0	10,229.1

(a) Includes suburban rail transport systems.

(b) Includes general administration, regulation and research.

STATE AUTHORITIES: FINAL CONSUMPTION EXPENDITURE CLASSIFIED BY PURPOSE 1978-79

(\$ million)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	N.T.	Total
General public services—								
Law, order and public safety	339.2	224.9	160.7	95.6	109.2	38.7	25.1	993.4
General administration, n.e.c.	247.7	146.0	109.8	49.5	58.0	30.9	28.7	670.5
Education	1,600.8	1,411.5	634.4	508.2	448.2	161.3	—	4,764.3
Health	991.7	687.3	359.6	277.7	322.3	94.1	29.7	2,762.2
Social security and welfare	37.4	55.3	33.1	20.1	17.3	4.3	11.6	179.2
Housing and community amenities—								
Housing	2.0	1.8	0.1	0.9	0.5	0.8	0.6	6.7
Community and regional development	11.1	13.3	-0.2	4.8	0.1	0.6	5.9	35.6
Protection of the environment, and community amenities	6.6	11.6	2.7	3.7	2.1	1.1	-0.1	27.8
Recreation and culture	35.2	32.7	18.3	20.8	20.8	10.6	8.6	146.7
Economic services—								
Agriculture, forestry, fishing	98.5	80.7	98.0	29.0	31.5	23.4	6.8	367.6
Mining, manufacturing and construction	20.8	6.6	7.7	7.9	12.6	3.2	3.5	62.2
Electricity, gas and water supply	2.6	-1.9	3.6	0.1	5.7	0.8	—	10.8
Rail transport (a)	—	—	—	—	0.4	—	—	0.4
Sea transport	2.7	-0.1	-1.6	1.3	0.2	0.1	—	2.5
Road systems and regulation	0.7	9.0	3.4	1.6	1.2	—	1.9	17.8
Other transport services, n.e.c.	1.3	1.8	0.2	0.3	0.6	0.2	12.8	17.2
Other economic services (b)	44.0	42.6	16.3	17.4	26.5	12.9	2.4	162.2
Other purposes	0.1	0.8	—	—	0.8	0.2	—	2.0
Total	3,442.3	2,723.6	1,446.2	1,038.5	1,057.6	383.4	137.4	10,229.1

(a) Includes suburban rail transport systems.

(b) Includes general administration, regulation and research.

STATE AUTHORITIES(a): EXPENDITURE ON NEW FIXED ASSETS CLASSIFIED BY PURPOSE
(\$ million)

	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
General public services—						
Law, order and public safety	39.3	46.9	63.8	73.3	91.0	99.9
General administration, n.e.c.	37.9	60.5	82.1	87.6	112.1	115.9
Education	349.0	609.2	618.2	574.2	659.9	677.8
Health	123.8	204.0	326.9	334.0	322.8	332.2
Social security and welfare	8.1	8.3	8.8	12.1	10.7	11.9
Housing and community amenities—						
Housing	114.1	270.3	260.0	237.0	295.1	282.2
Community and regional development	2.2	11.3	35.2	43.7	37.1	35.2
Protection of the environment, and community amenities	236.8	298.4	330.9	343.2	350.9	341.0
Recreation and culture	20.7	18.6	25.2	33.5	51.4	61.6
Economic services—						
Agriculture, forestry, fishing	109.0	147.2	175.3	206.3	222.1	219.5
Mining, manufacturing and construction	42.8	59.7	61.9	61.8	68.0	55.5
Electricity and gas	340.0	435.8	538.1	650.1	834.5	1,099.9
Water supply	153.3	198.7	238.2	260.0	276.1	272.0
Rail transport(b)	139.5	217.8	277.0	312.9	386.6	439.5
Sea transport	62.9	76.2	84.9	94.8	117.3	147.9
Road systems and regulation	460.7	580.0	688.3	770.2	828.7	911.7
Other transport services, n.e.c.	6.5	18.0	31.2	29.9	38.7	42.4
Other economic services(c)	29.5	48.8	60.4	64.9	57.2	52.3
Other purposes	1.8	-0.3	0.1	0.5	0.8	1.3
Total	2,277.8	3,309.4	3,906.8	4,190.0	4,760.8	5,199.8

(a) Excludes financial enterprises. (b) Includes suburban rail transport systems. (c) Includes general administration, regulation and research.

STATE AUTHORITIES(a): EXPENDITURE ON NEW FIXED ASSETS CLASSIFIED BY PURPOSE
1978-79
(\$ million)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	N.T.	Total
General public services—								
Law, order and public safety	21.6	27.0	12.9	10.9	16.7	5.0	5.7	99.9
General administration, n.e.c.	34.5	9.1	44.2	3.6	7.6	8.4	8.5	115.9
Education	230.9	188.4	95.6	72.9	62.9	26.9	—	677.8
Health	83.4	67.0	62.2	36.3	54.2	18.5	10.5	332.2
Social security and welfare	- 4.5	1.4	3.1	1.5	1.0	0.2	0.1	11.9
Housing and community amenities—								
Housing	116.5	37.1	14.5	12.5	38.8	25.8	37.1	282.2
Community and regional development	28.4	0.7	—	1.9	1.2	—	3.0	35.2
Protection of the environment, and community amenities	158.4	113.9	0.2	26.8	39.5	—	2.3	341.0
Recreation and culture	7.7	22.7	6.5	14.1	5.4	2.3	3.0	61.6
Economic services—								
Agriculture, forestry, fishing	63.3	53.6	38.5	20.7	31.0	11.2	1.2	219.5
Mining, manufacturing and construction	15.1	24.1	8.7	3.7	3.3	0.3	0.3	55.5
Electricity and gas	204.2	428.4	210.6	61.9	111.3	59.8	23.6	1,099.9
Water supply	52.6	124.9	14.4	22.9	44.8	4.1	8.2	272.0
Rail transport(b)	179.7	113.3	126.3	—	19.2	1.0	—	439.5
Sea transport	61.3	22.7	36.4	6.2	16.8	2.0	2.5	147.9
Road systems and regulation	319.5	180.4	167.8	80.6	94.1	36.8	32.4	911.7
Other transport services, n.e.c.	3.0	10.3	—	25.1	2.6	1.6	0.1	42.4
Other economic services(c)	25.8	19.5	0.5	3.1	1.6	1.7	0.2	52.3
Other purposes	-0.8	0.1	—	—	2.0	—	—	1.3
Total	1,609.8	1,444.8	842.6	404.7	553.7	205.5	138.7	5,199.8

(a) Excludes financial enterprises. (b) Includes suburban rail transport systems. (c) Includes general administration, regulation and research.

Main components of receipts

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

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

The following tables provide details of the taxes collected by State authorities classified by type of tax. Further information relating to State taxes may be found in *Taxation Revenue, Australia* (5506.0).

STATE AUTHORITIES: TAXATION BY TYPE OF TAX

(\$ million)

	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Estate, gift, probate and succession duties	185.6	198.1	226.9	251.5	241.1	205.4
Property taxes—						
Land tax	122.1	168.6	200.1	218.1	236.6	258.0
Metropolitan improvement rates	12.2	12.8	15.1	15.8	16.2	18.1
Other	1.6	1.7	1.7	1.6	1.4	1.1
<i>Total property</i>	<i>135.9</i>	<i>183.1</i>	<i>216.9</i>	<i>235.5</i>	<i>254.2</i>	<i>277.2</i>
Liquor taxes	57.5	75.6	95.8	120.9	140.6	155.2
Taxes on gambling—						
Lotteries	48.5	67.9	85.9	109.6	129.2	149.0
Poker machines	50.8	71.9	83.4	92.0	98.2	108.0
Racing	105.6	136.0	161.9	180.5	194.1	205.4
Other	1.6	3.3	9.0	12.0	12.5	17.3
<i>Total gambling</i>	<i>206.5</i>	<i>279.1</i>	<i>340.2</i>	<i>394.1</i>	<i>434.0</i>	<i>479.7</i>
Taxes on ownership and operation of motor vehicles—						
Vehicle registration fees and taxes	240.2	284.1	334.3	397.0	461.3	499.7
Drivers', etc., licences and fees	29.2	43.1	54.3	59.9	60.4	74.1
Stamp duty on vehicle registration	39.7	51.5	84.2	116.5	126.0	141.0
Road transport taxes	17.2	15.2	15.6	15.9	14.5	13.8
Road maintenance contributions	43.3	44.4	44.4	44.7	44.5	45.3
Motor car third party insurance surcharge and duties	7.4	9.8	12.5	12.9	13.4	13.7
<i>Total motor vehicles</i>	<i>377.0</i>	<i>448.0</i>	<i>545.2</i>	<i>646.9</i>	<i>720.1</i>	<i>787.7</i>
Pay-roll tax	666.5	998.0	1,161.3	1,306.1	1,418.7	1,526.6
Fire brigades contributions from insurance companies, etc.	46.4	66.1	85.3	99.0	113.0	120.1
Stamp duties, n.e.i.	431.6	389.3	550.8	666.8	702.6	800.2
Fees from regulatory services, n.e.i.	20.9	26.3	37.7	44.2	48.4	54.7
Other taxes, fees, fines, etc.	78.4	128.5	209.3	208.5	227.4	260.7
<i>Total taxation</i>	<i>2,206.4</i>	<i>2,792.0</i>	<i>3,469.4</i>	<i>3,973.3</i>	<i>4,300.1</i>	<i>4,667.5</i>

STATE AUTHORITIES: TAXATION BY TYPE OF TAX, 1978-79

(\$ million)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	N.T.	Total
Estate, gift, probate and succession duties	97.5	63.0	6.9	17.4	15.1	5.5	—	205.4
Property taxes—								
Land tax	128.0	69.5	16.0	22.0	17.6	4.9	—	258.0
Metropolitan improvement rates	—	14.8	—	—	3.3	—	—	18.1
Other	0.3	—	—	0.6	0.2	—	—	1.1
<i>Total property</i>	<i>128.3</i>	<i>84.3</i>	<i>16.0</i>	<i>22.6</i>	<i>21.1</i>	<i>4.9</i>	—	<i>277.2</i>
Liquor taxes	60.9	37.2	25.9	11.2	14.4	4.2	1.4	155.2
Taxes on gambling—								
Lotteries	33.4	82.0	9.5	15.2	6.2	2.5	0.2	149.0
Poker machines	108.0	—	—	—	—	—	—	108.0
Racing	84.7	67.3	23.3	11.1	15.1	3.0	0.9	205.4
Other	8.5	2.7	3.2	—	—	2.9	—	17.3
<i>Total gambling</i>	<i>234.6</i>	<i>152.0</i>	<i>36.0</i>	<i>26.3</i>	<i>21.3</i>	<i>8.4</i>	<i>1.1</i>	<i>479.7</i>
Taxes on ownership and operation of motor vehicles—								
Vehicle registration fees and taxes	171.5	140.6	73.7	45.6	48.8	17.0	2.5	499.7
Drivers', etc., licences and fees	27.9	24.3	9.3	4.0	6.2	2.4	—	74.1
Stamp duty on vehicle registration	53.1	47.7	12.2	17.6	6.2	4.3	—	141.0
Road transport taxes	1.4	7.4	1.5	0.1	2.3	1.1	—	13.8
Road maintenance contributions	19.6	9.6	5.5	4.8	5.7	0.2	—	45.3
Motor car third party insurance surcharge and duties	—	7.9	—	1.9	3.4	0.5	—	13.7
<i>Total motor vehicles</i>	<i>273.5</i>	<i>237.5</i>	<i>102.2</i>	<i>74.0</i>	<i>72.6</i>	<i>25.5</i>	<i>2.5</i>	<i>787.7</i>
Pay-roll tax	613.2	427.4	186.5	123.1	126.9	39.2	10.4	1,526.6
Fire brigades contributions from insurance companies, etc.	33.7	37.3	22.3	8.9	13.8	4.1	—	120.1
Stamp duties, n.e.i.	294.9	247.7	113.6	65.9	59.9	16.3	1.9	800.2
Fees from regulatory services, n.e.i.	20.2	14.9	11.1	3.3	3.6	0.7	0.8	54.7
Other taxes, fees, fines, etc.	92.6	83.1	25.2	29.7	27.0	2.4	0.7	260.7
<i>Total taxation</i>	<i>1,849.3</i>	<i>1,384.3</i>	<i>545.9</i>	<i>382.4</i>	<i>375.7</i>	<i>111.2</i>	<i>18.8</i>	<i>4,667.5</i>

LOCAL AUTHORITIES

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

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

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

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

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

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

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

**LOCAL GOVERNMENT AUTHORITIES: AREA, POPULATION, DWELLINGS, AND RATES AND
PENALTIES FOR ORDINARY SERVICES—30 JUNE 1978**

<i>Location(a)</i>	<i>No. of local authorities</i>	<i>Area</i>	<i>Population</i>	<i>Dwellings(b)</i>	<i>Rates and penalties— ordinary services</i>
		square kilometres	'000	'000	\$'000
New South Wales—					
Sydney Statistical Division	45	12,406	3,155	1,076	(c)278,611
Other	160	693,254	1,850	603	(c)168,177
<i>Total New South Wales</i>	205	705,660	5,005	1,679	(c)446,788
Victoria—					
Melbourne Statistical Division	56	6,110	2,718	913	(d)239,449
Other	155	220,990	1,100	369	(d)90,500
<i>Total Victoria</i>	211	227,100	3,818	1,282	(d)329,949
Queensland—					
Brisbane Statistical Division	9	3,080	1,005	328	67,797
Other	122	1,722,946	1,161	364	89,707
<i>Total Queensland</i>	131	1,726,026	2,166	692	157,504
South Australia—					
Adelaide Statistical Division	34	1,842	931	328	62,572
Other	98	149,681	343	128	22,896
<i>Total South Australia</i>	132	151,523	1,274	456	85,468
Western Australia—					
Perth Statistical Division	26	5,364	865	292	54,957
Other	112	2,522,675	357	110	24,866
<i>Total Western Australia</i>	138	2,528,039	1,222	402	79,823
Tasmania—					
Hobart Statistical Division	7	940	167	56	13,859
Other	42	67,394	247	86	18,840
<i>Total Tasmania</i>	49	68,334	414	142	32,699

(a) Unincorporated areas are excluded in all States. (b) Dwelling figures are intercensal estimates of stocks of dwellings. (c) Based on year ended 31 December 1977. (d) Based on year ended 30 September 1978.

Receipts, financing items and outlay

The following tables show details of the receipts, financing items and outlay of all local authorities for the years 1973–74 to 1978–79, and of local authorities in each of the six States in 1978–79. Figures shown for 1978–79 are based on limited data and may be subject to significant revision as more complete accounting information is collected.

LOCAL AUTHORITIES: OUTLAY AND RECEIPTS

(\$ million)

	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
OUTLAY						
Final consumption expenditure—						
General public services	115.3	159.1	197.8	232.7	273.3	301.0
Education	2.9	4.6	7.4	8.5	11.1	12.7
Health	26.6	32.6	40.0	41.6	46.7	52.8
Social security and welfare	7.2	10.2	14.0	17.8	23.1	28.0
Housing and community amenities—						
Community and regional development	6.4	10.0	11.4	13.5	13.8	17.5
Protection of the environment	35.2	49.2	53.8	63.1	66.8	77.7
Other	5.1	7.4	10.1	10.6	13.1	15.4
Recreation and culture	77.7	115.0	159.4	167.4	194.6	219.7
Economic services	31.5	37.6	45.1	50.7	61.3	72.0
Other purposes	0.4	1.1	2.2	2.0	5.9	7.3
Total	308.1	426.5	541.3	607.9	709.9	804.0
Gross capital formation—						
Expenditure on new fixed assets—						
General public services	52.3	89.2	101.1	105.0	157.3	174.2
Education	0.7	1.9	3.2	4.2	1.5	1.5
Health	0.9	1.1	2.4	2.4	2.1	3.3
Social security and welfare	2.6	3.8	5.8	6.5	5.2	7.6
Housing and community amenities—						
Community and regional development	2.6	1.5	3.4	4.4	9.2	11.6
Protection of the environment	58.3	101.3	121.8	126.7	128.0	130.3
Other	2.5	4.3	8.0	9.0	8.5	6.0
Recreation and culture	36.0	55.0	85.9	75.5	90.5	114.2
Economic services—						
Mining, manufacturing and construction	2.3	4.7	10.8	8.6	7.2	7.9
Electricity and gas	75.7	94.5	112.7	131.4	120.9	121.8
Water supply	40.3	46.2	61.0	60.9	75.3	88.0
Road systems and regulation	370.8	493.3	599.6	607.0	650.7	713.3
Other transport services, n.e.c.	1.8	1.6	1.8	6.4	6.2	1.9
Other economic services (a)	1.7	3.4	5.4	6.5	5.0	7.5
Other purposes	—	—	—	—	3.6	0.1
Total	648.4	901.7	1,122.9	1,154.5	1,271.1	1,389.1
Expenditure on existing assets and stocks (net)	9.7	37.2	36.5	23.5	30.0	3.5
Interest paid	128.2	145.1	177.3	215.1	253.3	288.9
Grants to State authorities	22.6	25.9	32.6	32.3	36.2	35.5
Net advances to the private sector	3.4	5.6	5.7	6.1	4.8	12.8
Total outlay	1,120.3	1,542.1	1,916.1	2,039.2	2,305.3	2,533.7
of which—						
current outlay	453.7	591.7	743.1	846.0	988.8	1,121.2
capital outlay	666.6	950.3	1,173.0	1,193.2	1,316.5	1,412.5

(a) Includes general administration, regulation and research.

RECEIPTS AND FINANCING ITEMS

Receipts—						
Taxes, fees, fines, etc.—						
Rates on land	559.4	705.2	883.4	1,033.7	1,123.4	1,218.1
Licences, etc.	24.5	25.7	32.0	38.7	43.3	48.7
Total	583.9	730.9	915.4	1,072.4	1,166.7	1,266.8
Income from public enterprises	98.6	93.0	128.3	173.3	170.7	168.8
Property income	24.9	42.3	41.8	55.6	81.4	93.1
Grants from State and Commonwealth authorities	161.7	331.8	452.0	424.5	490.9	529.9
Total receipts	869.1	1,197.9	1,537.5	1,725.8	1,909.7	2,058.7
Financing items—						
Net borrowing	144.8	214.5	287.3	332.0	310.5	344.1
Advances from State and Commonwealth authorities	6.0	17.9	18.6	16.0	9.3	12.8
Net receipts of private trust funds	5.8	-1.3	23	3.3	3.3	1.7
Reduction in cash and bank balances	-6.8	37.1	-48.7	-160.9	-52.2	-15.1
Reduction in security holdings—						
Investments of governmental funds and trading enterprises	-10.5	-0.2	-9.1	-12.6	-69.4	-57.9
Other funds available (including errors and omissions)—						
Depreciation allowances	34.6	41.5	46.7	52.8	58.5	73.3
Other	77.2	34.7	81.4	82.8	135.7	116.0
Total financing items	251.3	344.1	378.6	313.5	395.7	475.0
Total funds available	1,120.3	1,542.1	1,916.1	2,039.2	2,305.3	2,533.7

LOCAL AUTHORITIES: OUTLAY AND RECEIPTS, 1978-79

(\$ million)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	N.T.	Total
OUTLAY								
Final consumption expenditure—								
General public services	116.5	74.4	54.2	31.5	17.8	4.7	1.8	301.0
Education	1.0	11.4	—	0.2	0.2	—	—	12.7
Health	19.8	19.7	6.1	2.3	3.7	1.1	0.1	52.8
Social security and welfare	6.3	19.8	—	0.6	1.2	—	—	28.0
Housing and community amenities—								
Community and regional development	8.6	4.5	3.2	2.1	-1.2	—	0.3	17.5
Protection of the environment	23.1	31.0	8.7	7.6	4.4	2.8	0.2	77.7
Other	4.6	3.0	5.3	1.3	1.6	-0.5	0.2	15.4
Recreation and culture	72.5	62.9	30.9	22.5	23.2	6.6	1.1	219.7
Economic services	18.2	26.4	16.6	5.8	4.4	-0.1	0.5	72.0
Other purposes	0.9	—	—	—	6.3	—	—	7.3
Total	271.8	253.2	125.1	73.7	61.6	14.5	4.2	804.0
Gross capital formation—								
Expenditure on new fixed assets—								
General public services	39.6	93.8	19.8	9.4	7.7	3.2	0.7	174.2
Education	0.6	0.5	—	0.1	0.3	—	—	1.5
Health	0.8	1.1	0.6	—	0.8	—	—	3.3
Social security and welfare	5.2	0.4	0.1	0.5	0.8	—	0.5	7.6
Housing and community amenities—								
Community and regional development	3.0	—	1.5	—	6.7	—	0.4	11.6
Protection of the environment	43.4	3.1	66.0	8.5	3.3	6.0	—	130.3
Other	2.8	—	1.0	0.2	2.0	—	—	6.0
Recreation and culture	33.7	29.1	21.1	5.5	22.5	1.9	0.4	114.2
Economic services—								
Mining, manufacturing and construction	7.6	0.2	—	—	—	0.1	—	7.9
Electricity and gas	116.1	4.8	—	0.2	0.7	—	—	121.8
Water supply	45.0	3.0	36.8	—	—	3.3	—	88.0
Road systems and regulation	303.1	161.2	94.9	55.4	71.5	25.7	1.6	713.3
Other transport services, n.e.c.	0.6	—	1.0	—	0.3	—	—	1.9
Other economic services(a)	3.2	2.6	—	0.5	1.1	—	0.2	7.5
Other purposes	—	—	—	—	0.1	—	—	0.1
Total	604.6	299.7	242.8	80.2	117.8	40.3	3.7	1,389.1
Expenditure on existing assets and stocks (net)	6.2	19.6	-11.9	1.5	-11.3	—	-0.5	3.5
Interest paid	117.1	45.3	88.7	8.9	16.5	12.0	0.4	288.9
Grants to State authorities	14.0	9.0	5.5	2.1	2.3	2.6	—	35.5
Net advances to the private sector	12.8	—	—	—	—	—	—	12.8
Total outlay	1,026.4	626.7	450.1	166.4	187.0	69.3	7.8	2,533.7
of which—								
current outlay	401.7	304.5	219.3	84.0	78.1	29.1	4.6	1,121.2
capital outlay	624.8	322.2	230.8	82.4	108.8	40.3	3.2	1,412.5

(a) Includes general administration, regulation and research.

RECEIPTS AND FINANCING ITEMS

Receipts—								
Taxes, fees, fines, etc.—								
Rates on land	473.0	350.7	170.1	95.3	89.8	34.7	4.5	1,218.1
Licences, etc.	12.5	17.8	9.4	4.4	3.1	1.1	0.1	48.7
Total	485.6	368.4	179.4	99.8	93.0	35.9	4.7	1,266.8
Income from public enterprises	88.0	9.5	63.6	—	0.9	6.9	—	168.8
Property income	56.6	11.3	13.1	4.3	7.6	—	0.2	93.1
Grants from State and Commonwealth authorities	173.9	139.5	105.6	34.1	51.9	18.5	6.5	529.9
Total receipts	804.1	528.8	361.7	138.1	153.4	61.2	11.3	2,058.7
Financing items—								
Net borrowing	148.1	63.8	80.9	16.1	20.5	13.3	1.3	344.1
Advances from State and Commonwealth authorities	0.2	2.9	7.6	-0.1	-2.2	4.4	—	12.8
Net receipts of private trust funds	—	—	1.7	—	—	—	—	1.7
Reduction in cash and bank balances	-7.3	-6.5	-12.9	4.7	2.9	-6.0	-4.6	-15.1
Reduction in security holdings—								
Investments of governmental funds and trading enterprises	-47.1	-11.8	—	—	—	1.1	—	-57.9
Other funds available (including errors and omissions)—								
Depreciation allowances	73.3	—	—	—	—	—	—	73.3
Other	40.6	49.5	11.1	7.5	12.3	-4.7	-0.3	116.0
Total financing items	222.4	97.9	88.4	28.2	33.5	8.2	-3.5	475.0
Total funds available	1,026.4	626.7	450.1	166.4	187.0	69.3	7.8	2,533.7

ALL PUBLIC AUTHORITIES

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

Summary of receipts and outlay

The receipts and outlay of all public authorities for the six year period ended 1978-79 are set out in the following table.

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

	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
OUTLAY						
Final consumption expenditure	6,687.4	9,219.5	11,521.6	13,489.3	15,252.4	16,773.0
Gross capital formation—						
Increase in stocks	56.7	383.2	-35.5	-18.9	-47.6	-162.9
Expenditure on new fixed assets	3,928.0	5,564.2	6,608.0	7,011.1	7,801.6	8,085.4
Expenditure on existing assets (net)	205.9	373.1	220.0	174.8	116.3	-0.5
<i>Total gross capital formation</i>	<i>4,190.8</i>	<i>6,320.7</i>	<i>6,792.5</i>	<i>7,167.0</i>	<i>7,870.3</i>	<i>7,922.0</i>
Transfer payments—						
Interest	1,087.8	1,312.1	1,494.2	2,056.1	2,505.1	2,992.4
Transfers to persons	3,309.2	4,595.7	6,417.0	7,758.7	8,700.7	9,552.3
Subsidies	332.5	326.3	319.1	346.2	468.3	614.1
Transfers overseas	288.0	349.2	370.1	387.8	417.3	474.7
Grants for private capital purposes	100.0	175.4	233.0	158.5	191.8	204.4
<i>Total transfer payments</i>	<i>5,117.5</i>	<i>6,758.7</i>	<i>8,833.4</i>	<i>10,707.3</i>	<i>12,283.2</i>	<i>13,838.0</i>
Net advances—						
To the private sector	112.2	278.2	295.4	255.2	279.4	133.7
To public financial enterprises	81.5	268.0	63.6	90.8	98.5	77.1
To overseas	32.2	35.0	78.8	43.0	-2.3	22.8
<i>Total net advances</i>	<i>225.8</i>	<i>581.2</i>	<i>437.8</i>	<i>389.0</i>	<i>375.6</i>	<i>233.5</i>
<i>Total outlay</i>	<i>16,221.5</i>	<i>22,880.1</i>	<i>27,585.2</i>	<i>31,752.7</i>	<i>35,781.6</i>	<i>38,766.6</i>
of which—						
current outlay	11,704.7	15,802.8	20,121.9	24,038.2	27,342.1	30,404.5
capital outlay	4,516.8	7,077.3	7,463.3	7,714.5	8,439.5	8,362.1
RECEIPTS AND FINANCING ITEMS						
Receipts—						
Taxes, fees, fines, etc.	13,707.2	17,734.4	21,322.6	24,851.9	26,967.8	29,468.0
Income from public enterprises	679.3	545.5	892.5	1,183.5	1,370.6	1,628.2
Interest, etc., received	431.0	556.1	604.5	803.4	991.7	1,028.1
<i>Total receipts</i>	<i>14,817.4</i>	<i>18,836.0</i>	<i>22,819.6</i>	<i>26,838.8</i>	<i>29,330.0</i>	<i>32,124.3</i>
Financing items—						
Net borrowing—						
Treasury notes	-37.8	1,689.1	-769.6	363.2	193.5	1,546.8
Commonwealth Government securities	801.2	554.1	3,165.5	2,097.5	2,979.2	2,469.6
Local authority and public corporation securities	505.0	650.2	866.3	1,437.6	1,528.7	1,743.1
Other general Government securities	63.0	75.3	112.4	129.7	118.6	204.5
<i>Total net borrowing</i>	<i>1,331.4</i>	<i>2,968.8</i>	<i>3,374.6</i>	<i>4,027.9</i>	<i>4,819.6</i>	<i>5,964.0</i>
Funds provided for, or received from I.M.F.	-	-	-	-	-	27.9
Net receipts of private trust funds	20.3	232.7	251.7	307.8	385.8	399.6
Reduction in cash and bank balances	-788.9	583.7	-528.2	-865.2	126.1	-724.5
Reduction in security holdings	-172.7	-557.9	566.8	34.2	-520.0	-607.3
Other funds available (including errors and omissions)—						
Depreciation allowances	581.3	590.5	765.4	852.3	972.0	1,093.6
Other	432.7	226.3	335.3	556.9	668.1	488.9
<i>Total financing items</i>	<i>1,404.1</i>	<i>4,044.1</i>	<i>4,765.6</i>	<i>4,913.9</i>	<i>6,451.6</i>	<i>6,642.3</i>
<i>Total funds available</i>	<i>16,221.5</i>	<i>22,880.1</i>	<i>27,585.2</i>	<i>31,752.7</i>	<i>35,781.6</i>	<i>38,766.6</i>

(a) Excludes financial enterprises.

ALL PUBLIC AUTHORITIES, 1978-79

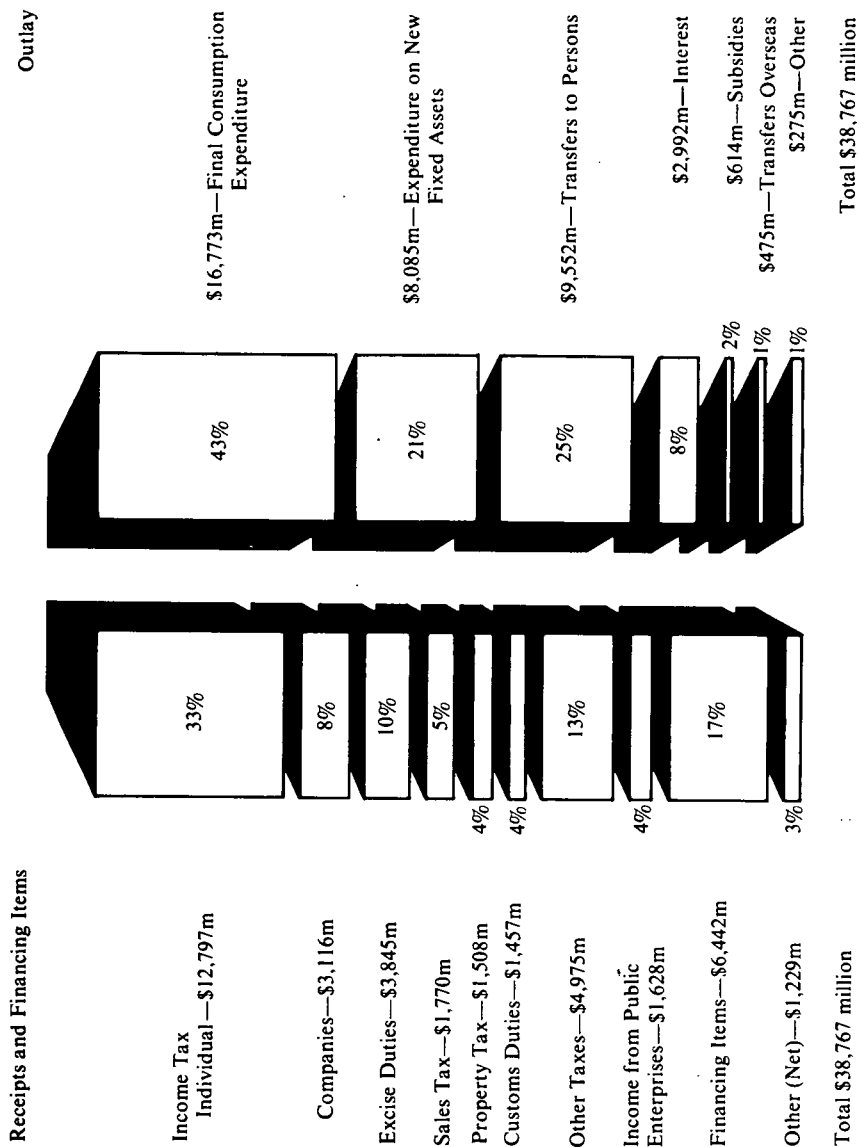


PLATE 45

Main components of outlay

The following tables show final consumption expenditure and expenditure on new fixed assets of all public authorities classified by purpose for the years 1973-74 to 1978-79.

ALL PUBLIC AUTHORITIES: FINAL CONSUMPTION EXPENDITURE CLASSIFIED BY PURPOSE
(£ million)

	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
General public services—						
General administration, n.e.c.	783.0	1,044.4	1,272.6	1,465.4	1,701.2	1,829.5
External affairs	58.3	83.8	91.7	98.2	105.8	116.4
Law, order and public safety	442.4	617.9	761.2	887.9	1,026.0	1,150.6
General research	90.5	111.8	130.5	152.0	170.1	182.6
Defence	1,222.5	1,444.2	1,679.9	1,998.6	2,184.5	2,401.3
Education	1,908.8	2,765.6	3,427.1	4,117.2	4,656.1	5,064.0
Health	1,028.9	1,544.9	2,294.3	2,720.6	3,038.0	3,323.2
Social security and welfare	168.5	253.4	326.0	362.4	432.4	499.4
Housing and community amenities—						
Housing	6.7	11.5	14.3	7.1	5.9	9.2
Community and regional development	34.9	55.6	71.3	73.5	73.2	79.4
Protection of the environment	45.2	66.6	78.5	88.9	94.4	110.8
Community amenities	5.0	7.0	9.2	10.1	11.5	13.2
Recreation and culture	254.8	354.1	441.5	477.7	544.9	614.4
Economic services—						
Agriculture, forestry, fishing	265.6	330.4	385.4	425.6	478.8	516.6
Mining, manufacturing and construction	47.5	61.2	69.5	78.6	93.8	102.1
Electricity, gas and water supply	0.9	4.4	7.6	6.1	7.6	10.9
Transport and communication	109.6	130.9	142.2	153.2	156.0	189.1
Other economic services(a)	212.0	285.9	310.2	362.3	466.1	551.3
Other purposes	2.0	45.7	8.5	4.0	8.1	9.2
Total	6,687.4	9,219.5	11,521.6	13,489.3	15,252.4	16,773.0

(a) Includes general administration, regulation and research.

ALL PUBLIC AUTHORITIES(a): EXPENDITURE ON NEW FIXED ASSETS CLASSIFIED BY PURPOSE
(£ million)

	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
General public services—						
General administration	134.5	207.4	245.4	252.6	318.4	332.1
External affairs	12.3	15.9	20.3	25.5	24.4	11.1
Law, order and public safety	42.7	54.6	74.6	85.1	107.7	123.4
General research	15.1	20.6	32.1	23.6	18.0	29.6
Education	381.8	656.2	694.7	640.6	715.6	729.8
Health	146.7	245.4	387.0	394.7	378.4	372.3
Social security and welfare	21.3	20.8	27.4	27.2	22.6	25.1
Housing and community amenities—						
Housing	118.0	296.2	350.4	327.8	331.6	284.3
Community and regional development	39.2	62.6	96.0	96.3	90.4	62.9
Protection of the environment	305.7	420.1	484.0	500.9	495.2	479.8
Community amenities	0.5	1.3	3.6	3.4	3.5	2.0
Recreation and culture	78.4	104.9	143.4	138.7	167.1	201.6
Economic services—						
Agriculture, forestry and fishing	118.4	159.9	186.1	214.5	238.3	225.9
Mining, manufacturing and construction	47.4	71.2	86.1	77.2	81.7	84.4
Electricity and gas	440.1	552.6	671.9	803.7	984.2	1,230.5
Water supply	198.1	248.7	309.7	347.1	374.4	369.0
Rail transport(b)	147.0	231.4	322.5	348.8	426.8	485.8
Sea transport	74.9	133.1	133.0	233.0	256.6	186.4
Road systems and regulation	857.8	1,102.1	1,322.1	1,409.4	1,534.1	1,657.1
Air transport	85.2	96.2	87.5	52.9	162.1	150.9
Pipelines	56.3	58.4	57.4	22.2	8.6	11.9
Other transport services, n.e.c.	10.6	21.9	34.1	34.4	46.2	47.6
Communications	559.1	717.9	756.6	855.4	913.6	904.0
Other economic services(c)	35.0	58.5	76.8	95.4	96.8	76.4
Other purposes	1.8	6.2	5.2	0.5	4.4	1.5
Total	3,928.0	5,564.2	6,608.0	7,011.1	7,801.6	8,085.4

(a) Excludes financial enterprises.

(b) Includes suburban rail transport system.

(c) Includes general administration, regulation and research.

Main components of receipts

Taxes and net borrowing constitute the main sources of financing of the activities of the public authorities. Details of the debt of public authorities are given in the next section of this chapter. Taxation, by type of tax, for the years 1973-74 to 1978-79 was as follows.

ALL PUBLIC AUTHORITIES: TAXATION, BY TYPE OF TAX
(\$ million)

	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Income tax—						
Individuals	5,485	7,709	9,213	11,047	12,122	12,797
Companies (a)	2,013	2,432	2,600	2,899	3,190	3,116
Estate, gift, probate and succession duties	261	278	314	339	344	289
Customs duties	604	840	1,044	1,273	1,232	1,457
Excise duties	1,555	1,729	2,331	2,485	2,734	3,844
Sales tax	969	1,154	1,408	1,650	1,758	1,770
Primary production taxes	64	143	115	189	179	283
Payroll tax	674	1,012	1,179	1,325	1,439	1,541
Property taxes	703	898	1,113	1,285	1,394	1,508
Liquor taxes	59	77	98	123	143	158
Taxes on gambling	207	280	340	395	434	480
Taxes on ownership and operation of motor vehicles	380	452	550	653	728	796
Stamp duties, n.e.i.	436	393	555	672	708	806
Other taxes, fees, fines, etc.	297	338	462	517	562	623
Total	13,707	17,734	21,323	24,852	26,968	29,468

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

Level of government

In the following tables details are given for 1978-79 of the receipts and outlay of all public authorities, broken down by level of government in order to show their relative contributions to various expenditure programs, and their roles in financing these programs through taxes and transfers.

ALL PUBLIC AUTHORITIES(a): RECEIPTS AND OUTLAY BY LEVEL OF GOVERNMENT, 1978-79
(\$ million)

	<i>Commonwealth authorities</i>	<i>State authorities</i>	<i>Local authorities</i>	<i>All public authorities</i>
OUTLAY				
Expenditure on goods and services—				
General public services—				
General administration, n.e.c.	909.0	786.4	475.2	2,170.6
External affairs	127.5	—	—	127.5
Law, order and public safety	171.7	1,093.3	—	1,265.0
General research	212.2	—	—	212.2
Defence	2,401.3	—	—	2,401.3
Education	337.5	5,442.1	14.2	5,793.8
Health	545.0	3,094.4	56.1	3,695.5
Social security and welfare	297.8	191.1	35.6	524.5
Housing and community amenities—				
Housing	-2.3	288.9	6.9	293.5
Community and regional development	42.4	70.8	29.1	142.3
Protection of the environment	14.0	368.6	208.0	590.6
Community amenities	0.5	0.2	14.5	15.2
Recreation and culture	273.7	208.3	333.9	815.9
Economic services—				
Agriculture, forestry and fishing	149.6	587.1	5.4	742.1
Mining, manufacturing and construction	48.6	117.7	20.2	186.5
Electricity, gas and water supply	17.9	1,382.7	209.8	1,610.4
Transport and communication	1,295.9	1,579.4	757.6	3,632.9
Other economic services	394.2	214.5	19.4	628.1
Other purposes	—	3.3	7.4	10.7
Total expenditure on goods and services	7,236.5	15,428.9	2,193.1	24,858.5
<i>of which—</i>				
Final consumption expenditure	5,739.9	10,229.1	804.0	16,773.0
Expenditure on new fixed assets	1,496.6	5,199.8	1,389.1	8,085.4
Increase in stocks	-205.7	35.5	7.2	-162.9
Expenditure on existing assets (net)	-79.0	82.3	-3.7	-0.5
Transfer payments—				
Interest	783.5	1,920.0	288.9	2,992.4
Transfers to persons	9,266.9	285.4	—	9,552.3
Subsidies	513.2	100.9	—	614.1
Transfers overseas	474.6	0.1	—	474.7
Grants for private capital purposes	131.8	72.6	—	204.4
Grants to the States—for current purposes	7,848.1	—	—	(b)
—for capital purposes	1,483.6	—	—	(b)
Grants to the Northern Territory				
—for current purposes	289.7	—	—	(b)
—for capital purposes	0.1	—	—	(b)
Grants to local authorities	17.4	512.6	—	(b)
Grants from local authorities	—	—	35.5	(b)
Total transfer payments	20,808.9	2,891.6	324.4	13,838.0
Net advances to—				
The private sector	10.2	110.7	12.8	133.7
Public financial enterprises	-10.2	87.3	—	77.1
The States	1,129.2	—	—	(b)
The Northern Territory	-1.8	—	—	(b)
Local authorities	—	12.8	—	(b)
Overseas	22.8	—	—	22.8
Total net advances	1,150.1	210.8	12.8	233.5
Total outlay	28,910.8	18,649.1	2,533.7	38,766.6
<i>of which—</i>				
current outlay	24,925.5	12,805.1	1,121.2	30,404.5
capital outlay	3,985.3	5,844.0	1,412.5	8,362.1

(a) Excludes financial enterprises. (b) In consolidated figures for all public authorities, inter-authority grants and advances are not shown.

**ALL PUBLIC AUTHORITIES(a): RECEIPTS AND OUTLAY
BY LEVEL OF GOVERNMENT, 1978-79—continued**
(\$ million)

	<i>Commonwealth authorities</i>	<i>State authorities</i>	<i>Local authorities</i>	<i>All public authorities</i>
RECEIPTS AND FINANCING ITEMS				
Receipts—				
Taxes, fees, fines, etc.—				
Income tax—				
Individuals	12,797.2	—	—	12,797.2
Companies(b)	3,116.2	—	—	3,116.2
Estate, gift, probate and succession duties	83.5	205.4	—	288.9
Customs duties	1,456.5	—	—	1,456.5
Excise duties	3,844.7	—	—	3,844.7
Sales tax	1,769.8	—	—	1,769.8
Payroll tax	13.1	1,526.6	—	1,539.6
Primary production taxes and charges	283.1	—	—	283.1
Property taxes	15.0	277.2	1,218.1	1,510.3
Liquor taxes	2.4	155.2	—	157.6
Taxes on gambling	—	479.7	—	479.7
Taxes on ownership and operation of motor vehicles	7.8	787.7	0.1	795.6
Stamp duties, n.e.i.	5.6	800.2	—	805.8
Fees from regulatory services	22.7	54.7	35.3	114.0
Other taxes, fees, fines, etc.	116.1	380.8	13.2	508.9
<i>Total taxes, etc.</i>	<i>23,533.7</i>	<i>4,667.5</i>	<i>1,266.8</i>	<i>29,468.0</i>
Income from public enterprises	1,007.1	452.3	168.8	1,628.2
Interest, etc., received	182.1	752.9	93.1	1,028.1
Grants from the Commonwealth Government—				
For current purposes	—	8,137.9	—	(c)
For capital purposes	—	1,483.8	—	(c)
Direct grants from Commonwealth Government to local authorities	—	—	17.3	(c)
Grants from State authorities	—	—	512.6	(c)
Grants from local authorities	—	35.5	—	(c)
<i>Total receipts</i>	<i>24,722.9</i>	<i>15,529.9</i>	<i>2,058.7</i>	<i>32,124.3</i>
Financing items—				
Net borrowing—				
Treasury bills and notes	1,546.8	—	—	1,546.8
Commonwealth government securities	2,469.6	—	—	2,469.6
Local authorities and public corporation securities	193.2	1,205.8	344.1	1,743.1
Other general government securities	—	204.5	—	204.5
<i>Total net borrowing</i>	<i>4,209.6</i>	<i>1,410.3</i>	<i>344.1</i>	<i>5,964.0</i>
Advances from the Commonwealth Government—				
For loan works purposes	—	770.6	—	(c)
Other	—	356.6	—	(c)
Advances from State authorities	—	—	12.8	(c)
Funds provided for or received from I.M.F.	27.9	—	—	27.9
Net receipts of private trust funds	155.1	242.8	1.7	399.6
Reduction in cash and bank balances	-474.2	-235.2	-15.1	-724.5
Reduction in security holdings	-349.3	-200.1	-57.9	-607.3
Other funds available (including errors and omissions)—				
Depreciation allowances	550.4	469.9	73.3	1,093.6
Other	68.3	304.4	116.1	488.9
<i>Total financing items</i>	<i>4,187.9</i>	<i>3,119.2</i>	<i>475.0</i>	<i>6,642.3</i>
<i>Total funds available</i>	<i>28,910.8</i>	<i>18,649.1</i>	<i>2,533.7</i>	<i>38,766.6</i>

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

PUBLIC SECTOR BORROWING

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

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

Commonwealth Government and States: Government securities on issue

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

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

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

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

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

Net movement in securities on issue

Summary details of the net movement in securities issued for Commonwealth Government purposes and on account of the States during the period 1974-75 to 1979-80, are given in the following group of tables.

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

	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80
NEW SECURITIES ISSUED						
Securities repayable in Australian currency—						
Treasury bonds	1,054.9	2,176.6	1,581.0	965.7	1,018.5	1,485.7
Australian savings bonds	—	1,202.3	736.3	719.6	531.2	806.1
Special bonds	343.0	160.1	—	—	—	—
Income equalization deposits	—	—	—	—	33.1	73.5
Drought bonds	1.5	0.2	0.2	—	—	—
Advance loan subscriptions	(a)-14.3	22.6	(a)-21.7	(a)0.4	(a)-4.6	—
Overdue securities	—	—	—	—	—	—
Tax-free stock	—	—	—	—	—	—
Debentures	—	—	—	—	—	—
Stock issued to Government savings banks under special agreements(b)	21.1	5.9	35.4	57.9	35.8	36.5
Treasury notes	(a)1,689.1	2,667.1	4,105.7	1,766.7	4,245.1	7,870.4
Treasury bills—						
Internal	(a)79.4	(a)157.0	(a)323.8	(a)365.2	(a)-187.7	141.8
Public	—	(a)850.0	(a)450.0	(a)200.0	(a)500.0	500.0
Total	3,174.8	7,241.9	7,210.8	4,075.5	6,171.3	10,913.9
Securities repayable in overseas currencies(c)	235.1	268.1	424.2	1,738.3	1,453.8	482.1
Total new securities issued	3,409.9	7,510.0	7,634.9	5,813.9	7,625.1	11,396.0

REDEMPTIONS, REPURCHASES, CANCELLATIONS(d)

Securities repayable in Australian currency—						
Treasury bonds	478.2	286.7	243.0	114.6	222.6	1,035.6
Australian savings bonds	—	13.1	176.7	174.8	164.4	586.2
Special bonds	374.8	216.9	180.3	133.3	72.7	44.6
Income equalization deposits	—	—	—	—	20.4	16.4
Drought bonds	0.9	0.9	2.8	0.6	0.2	0.2
Advance loan subscriptions	—	—	—	—	—	—
Overdue securities	0.2	0.6	-2.2	0.8	1.8	0.6
Tax-free stock	0.1	0.2	—	0.1	0.3	—
Debentures	3.2	3.4	3.5	3.7	3.8	4.0
Stock issued to Government savings banks under special agreements(b)	4.4	8.1	7.2	6.6	9.6	6.3
Treasury notes	—	4,286.7	4,192.5	1,773.3	3,198.3	7,665.2
Treasury bills—						
Internal	—	—	—	—	—	—
Public	—	—	—	—	—	—
Total	861.8	4,816.6	4,803.8	2,207.8	3,694.2	9,359.1
Securities repayable in overseas currencies(c)	84.4	125.6	-121.1	-26.3	-165.7	340.4
Total redemptions, etc.	946.2	4,942.2	4,682.8	2,181.4	3,528.5	9,699.5

NET MOVEMENT

Securities repayable in Australian currency—						
Treasury bonds	576.7	1,889.9	1,338.1	851.1	795.9	450.1
Australian savings bonds	—	1,189.2	559.6	544.8	366.8	219.9
Special bonds	-31.7	-56.7	-180.3	-133.3	-72.7	-44.6
Income equalization deposit	—	—	—	—	12.7	57.1
Drought bonds	0.6	-0.7	-2.6	-0.6	-0.2	-0.2
Advance loan subscriptions	-14.3	22.6	-21.7	0.4	-4.6	—
Overdue securities	-0.2	-0.6	2.2	-0.8	-1.8	-0.6
Tax-free stock	—	-0.2	—	-0.1	-0.3	—
Debentures	-3.2	-3.4	-3.5	-3.7	-3.8	-4.0
Stock issued to Government savings banks under special agreements(b)	16.7	-2.2	28.2	51.3	26.2	30.2
Treasury notes	1,689.1	-1,619.6	-86.8	-6.5	1,046.8	205.2
Treasury bills—						
Internal	79.4	157.0	323.8	365.2	-187.7	141.8
Public	—	850.0	450.0	200.0	500.0	500.0
Total	2,313.0	2,425.4	2,406.9	1,867.8	2,477.2	1,554.8
Securities repayable in overseas currencies(c)	150.7	142.6	545.2	1,764.7	1,619.5	141.7
Net movement in securities on issue	2,463.7	2,568.0	2,952.1	3,632.4	4,096.7	1,696.5

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

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

Government securities on issue.

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

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

	30 June—					
	1975	1976	1977	1978	1979	1980
For Commonwealth Government purposes—						
Repayable in Australian currency—						
Treasury bonds	1,613.1	3,947.5	4,494.7	4,949.3	5,269.8	5,523.6
Australian savings bonds	—	1,178.4	1,637.3	1,669.3	1,700.5	1,496.0
Special bonds	246.5	196.1	145.5	110.3	93.8	75.9
Income equalization deposit	—	—	—	—	79.4	136.4
Drought bonds	4.6	3.9	1.3	0.8	0.5	0.4
Advance loan subscriptions	3.3	25.9	4.2	4.6	—	—
Overdue securities	4.2	3.7	4.6	5.3	3.5	3.0
Treasury notes	2,076.0	456.5	369.6	363.1	1,409.9	1,615.2
Treasury bills—						
Internal	1,010.2	1,167.2	1,491.0	1,856.2	1,668.5	1,810.3
Public	—	850.0	1,300.0	1,500.0	2,000.0	2,500.0
Total	4,957.9	7,829.2	9,448.4	10,458.9	12,225.9	13,160.8
Repayable in overseas currencies (a)	998.2	1,181.1	1,743.4	3,533.1	5,178.9	5,326.4
Total Commonwealth Government	5,956.2	9,010.3	11,191.8	13,991.9	17,404.8	18,487.2
On account of States—						
Repayable in Australian currency—						
Treasury bonds	10,442.4	9,997.9	10,788.7	11,185.3	11,660.6	11,856.8
Australian savings bonds	—	10.8	111.5	624.3	959.8	1,384.2
Special bonds	719.1	712.7	583.0	484.9	428.7	402.0
Tax-free stock	15.3	15.1	15.1	15.0	14.8	14.7
Stock issued to Government savings banks under special agreements	422.0	419.8	448.0	499.3	525.5	555.7
Debentures	30.3	27.0	23.4	19.8	15.9	11.9
Overdue securities	0.4	0.3	1.6	0.1	0.1	—
Total	11,629.5	11,183.6	11,971.4	12,828.6	13,605.4	14,225.4
Repayable in overseas currencies (a)	184.2	143.9	127.2	102.2	75.9	70.0
Total States	11,813.8	11,327.6	12,098.5	12,930.8	13,681.3	14,295.3
of which—						
New South Wales	3,834.1	3,721.0	3,959.1	4,222.6	4,466.3	4,666.8
Victoria	2,896.2	2,834.0	3,031.8	3,244.3	3,427.6	3,584.9
Queensland	1,576.7	1,538.7	1,644.0	1,753.9	1,856.0	1,931.8
South Australia	1,551.3	1,389.5	1,491.9	1,602.7	1,701.5	1,781.1
Western Australia	1,121.6	1,090.5	1,160.8	1,237.3	1,307.3	1,360.7
Tasmania	833.9	753.8	811.0	870.0	922.6	969.9
Total Commonwealth Government and States	17,769.9	20,337.9	23,290.3	26,922.7	31,086.0	32,782.6

(a) Australian currency equivalent.

State and local authorities' borrowings

The borrowings of Commonwealth, State and local authorities come within the purview of the Loan Council under a 'gentlemen's agreement' originating in 1936. The Loan Council determines maximum interest rates and other terms and conditions of loans raised by authorities and approves the aggregate annual borrowing program for authorities borrowing more than \$1.2 million in the financial year. The total program approved is distributed by the Council between the States, and each State determines the distribution between individual authorities of its share of the overall borrowing program approved for such authorities. Authorities which individually borrow less than \$1.2 million in the financial year are also subject to the terms and conditions applying under the 'gentlemen's agreement', and it is the responsibility of the States to ensure that these authorities conform with these terms and conditions. No aggregate annual limit on their borrowings is imposed by the Loan Council.

The following table shows the aggregate borrowings by the State and local authorities in each of the years 1974–75 to 1979–80. It will be seen that the amounts borrowed by local authorities vary between the States, reflecting a number of factors including, importantly, variations between the States in the range of services provided by local government authorities. For example, the high figures for Queensland reflect, in part, borrowings by the Brisbane City Council which carries out a number of functions (e.g. metropolitan bus services and sewerage services) which in other States are undertaken by State authorities.

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

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

	New South Wales	Victoria	Queens- land	South Australia	Western Australia	Tasmania	Total
STATE AUTHORITIES(a)							
1974-75	164,885	207,532	75,545	29,968	41,969	13,646	533,545
1975-76	205,312	256,930	102,411	39,490	44,309	17,720	666,172
1976-77	253,883	326,717	127,517	50,100	54,019	21,432	833,668
1977-78	332,215	388,620	198,721	73,220	78,689	30,771	1,102,236
1978-79	371,800	412,756	194,726	83,953	111,081	34,139	1,208,455
1979-80	472,761	382,657	235,264	56,830	108,692	34,445	1,290,649
LOCAL AUTHORITIES(b)							
1974-75	132,803	50,188	102,804	13,617	21,839	10,710	331,962
1975-76	163,847	63,043	102,097	16,831	27,845	14,503	388,166
1976-77	191,932	65,893	116,118	21,674	32,380	17,053	445,050
1977-78	202,230	84,493	117,993	19,424	36,481	17,405	478,026
1978-79	215,641	81,795	126,709	24,621	39,286	17,841	505,893
1979-80	235,407	123,618	147,948	26,604	40,336	15,426	589,339

(a) New money borrowings by State-type authorities in the Northern Territory in 1979-80 were \$31,788,000. (b) New money borrowings by local authorities in the Northern Territory are not included in the table. These borrowings are as follows: 1974-75, \$516,000; 1975-76, \$597,000; 1976-77, \$1,194,000; 1977-78, \$1,697,000; 1978-79, \$631,000; 1979-80, \$1,240,000.

Further references

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

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