

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.

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

Sections 87 and 96 of the Constitution deal with the financial relations between the Commonwealth and the States. The full text of the Financial Agreement of 1927 was given in Year Book No. 31, page 21; accounts of this Agreement as affected by subsequent Agreements were included in later issues of the Year Book up to No. 37 (*see* pages 685–90); details of the main provisions appeared in further issues of the Year Book up to No. 50 (*see* pages 952–3). For details of current provisions for financial assistance to the States reference should be made to the Commonwealth Budget Paper No. 7 *Payments to or for the States, the Northern Territory and Local Government Authorities, 1984–85*.

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 1983–84 the change in cash balances was represented by the following—

	\$'000
Cash receipts of the Consolidated Revenue Fund	50,919,754
<i>plus</i> cash receipts of Loan Fund	30,674,831
<i>plus</i> cash receipts of Trust Fund	20,118,436
<i>Total</i>	101,713,022
<i>less</i> cash payments from Consolidated Revenue Fund	50,919,754
<i>less</i> cash payments from Loan Fund	30,825,651
<i>less</i> cash payments from Trust Fund (including decrease in investments of the Trust Fund)	19,905,857
<i>Total</i>	101,651,263
<i>equals</i> increase in cash balances	274,395

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 estimated receipts and outlay of the Budget for 1984-85 are set out in the table which follows, together with figures for the years 1979-80 to 1983-84. 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. 1, *Budget Statements 1984-85*.

OUTLAYS AND RECEIPTS OF THE COMMONWEALTH BUDGET

(\$ million)

(Source: Budget Paper No. 1 *Budget Statements 1984-85*)

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85 Budget Estimates
Outlay—						
Net expenditure on goods and services—						
Current	6,132	7,262	8,528	9,791	11,334	12,786
Capital (a)	290	438	432	605	580	840
Total	6,423	7,703	8,959	10,441	11,914	13,627
Transfer payments—						
Personal benefit payments	9,895	11,213	13,067	15,941	18,703	21,315
Unfunded employee retirement benefits	181	207	252	292	330	355
Grants to States and local government authorities	10,302	11,514	12,642	14,726	17,014	18,723
Grants to the Northern Territory	361	469	539	635	741	848
Interest paid	2,223	2,561	2,881	3,378	4,334	5,601
Transfers overseas	520	575	667	735	790	863
Subsidies	600	760	869	938	1,021	1,034
Grants for private capital purposes	165	137	204	244	332	382
Purchase of existing assets (net) (b)	-5	-178	-11	-10	-46	-87
Total	24,242	27,258	31,111	36,880	43,218	49,033
Net advances—						
States	817	854	785	975	911	759
Northern Territory	79	83	80	83	88	85
Commonwealth authorities	110	179	344	611	324	374
Other sectors	-32	22	28	-3	115	70
Total	974	1,139	1,237	1,666	1,438	1,288
Total outlay	31,637	36,098	41,305	48,935	56,570	63,948
Receipts—						
Taxation—						
Income tax on companies	3,547	4,856	5,258	5,107	4,940	5,951
Income tax on persons	15,040	17,543	21,224	22,967	24,710	30,388
Sales tax, Customs and Excise Duties	8,459	9,820	11,004	12,398	14,293	15,531
Tax on Certain Bank Transactions	-	-	-	30	183	190
Unfunded employee retirement contributions	67	73	86	90	95	99
A.C.T. Taxes and charges	53	61	72	91	102	116
Less remissions	1	1	2	1	..	..
Other taxes, fees, fines, etc.	141	116	141	152	174	186
Total	27,305	32,467	37,784	40,834	44,497	52,460
Other receipts—						
Interest, rent and dividends	2,033	2,280	2,589	2,928	3,318	3,680
Gross income of public enterprises	265	240	385	700	794	1,063
Total	2,298	2,520	2,974	3,628	4,112	4,743
Total receipts	29,603	34,988	40,758	44,462	48,610	57,203
Deficit	2,034	1,109	548	4,473	7,961	6,745

(a) Expenditure on new fixed assets plus increase in stocks less sales of previously rented houses.

(b) Excludes sales of previously rented houses.

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 1984–85 represents the Commonwealth Government budget sector's 'financing requirements'. Most such transactions involve the issue, repurchase, redemption or acquisition of Commonwealth Government securities, but some involve or are represented by changes in other assets or liabilities of the Commonwealth Government.

Specifically the deficit is financed as follows:

Net sales of Commonwealth Government securities (new issues *less* redemptions *less* net purchases from Commonwealth Government balances in the Trust Fund);

less net purchases of other investments from Commonwealth Government balances in the Trust Fund

plus minor items of indebtedness (such as borrowing by Australian Capital Territory housing trust account)

less net additions to cash balances, and funds provided for the International Monetary Fund and the Australian Wheat Board.

A table summarising the financial transactions of the Commonwealth Government budget sector for recent years is given on page 387, Table 1 in 1984–85 *Budget paper* No. 1.

COMMONWEALTH NON-BUDGET 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 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 are 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).

Summary of outlay and receipts

The outlay and receipts, and outlay classified by purpose, of all Commonwealth authorities for the six-year period ending 1981-82 are given in the following tables.

COMMONWEALTH AUTHORITIES(a): OUTLAY AND RECEIPTS

(\$ million)

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
OUTLAY						
Current outlay—						
Final consumption expenditure	4,728	5,239	5,657	6,318	7,425	8,710
Interest, etc., paid	1,446	1,738	2,074	2,363	2,753	3,138
Transfers to persons—						
Personal benefit payments	7,392	8,285	9,110	9,904	11,235	13,091
Unfunded employee retirement benefits	121	139	162	181	207	252
Subsidies	252	424	526	690	856	948
Transfers overseas	388	417	475	520	575	668
Grants to States, Northern Territory and local government authorities	6,115	7,222	8,147	9,092	10,307	11,401
<i>Total current outlay</i>	<i>20,442</i>	<i>23,464</i>	<i>26,151</i>	<i>29,068</i>	<i>33,358</i>	<i>38,208</i>
Capital outlay—						
Expenditure on new fixed assets	1,667	1,772	1,512	1,606	1,965	2,158
Expenditure on existing assets	4	- 14	- 93	- 28	- 419	- 264
Increase in stocks	- 50	- 121	- 206	- 67	75	165
Grants for private capital purposes	110	130	132	167	138	228
Grants to States, Northern Territory and local government authorities	1,546	1,516	1,492	1,570	1,676	1,778
Advances to States, Northern Territory and local government authorities	1,278	1,261	1,127	896	936	862
Advances to other sectors	110	53	18	6	77	59
<i>Total capital outlay</i>	<i>4,665</i>	<i>4,597</i>	<i>3,982</i>	<i>4,150</i>	<i>4,448</i>	<i>4,986</i>
<i>Total outlay</i>	<i>25,107</i>	<i>28,062</i>	<i>30,133</i>	<i>33,219</i>	<i>37,807</i>	<i>43,195</i>
RECEIPTS AND FINANCING ITEMS						
Receipts—						
Taxes, fees, fines, etc.	19,765	21,494	23,466	27,548	32,714	37,991
Income from public enterprises	657	819	1,010	992	992	1,319
Interest received from the States and the Northern Territory	1,032	1,174	1,278	1,376	1,569	1,738
Other interest, etc., received	161	207	185	239	290	339
<i>Total receipts</i>	<i>21,616</i>	<i>23,695</i>	<i>25,939</i>	<i>30,155</i>	<i>35,565</i>	<i>41,387</i>
Financing items—						
Depreciation allowances	442	494	550	596	694	754
Funds provided for (-), or received from (+), International Monetary Fund	-	-	28	61	- 107	-
Net sale of securities—						
Treasury bills and notes	363	194	1,547	705	1,312	- 347
Commonwealth Government securities	2,098	2,979	2,470	893	- 187	693
Public corporations securities	446	331	193	442	205	400

COMMONWEALTH AUTHORITIES(a): OUTLAY AND RECEIPTS—continued
(\$ million)

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
Net receipts of private trust funds	60	152	161	181	301	386
Reduction in cash and bank balances	-297	214	-480	525	-334	-83
Reduction in securities holdings	166	-232	-344	-590	192	114
Other funds available (including errors and omissions)—						
Other reserves and provisions	15	9	33	38	15	
Capital transfers	151	167	41	59	43	
Change in creditors/debtors	25	-4	-59	82	43	-109
Other	22	64	54	72	64	
Total financing items	3,492	4,368	4,194	3,064	2,241	1,808
Total funds available	25,107	28,062	30,133	33,219	37,807	43,195

(a) Excludes financial enterprises.

Components of Outlay and Receipts

For further details about the components of outlay and receipts of Commonwealth Authorities, see Year Book No. 68. Over recent years a range of new and revised classifications has been developed for use in the compilation and presentation of government finance statistics. The first series of publications using these classifications (see below) have recently been released and the statistics shown are, in general, not directly comparable with those published for earlier years.

Commonwealth Government Finance (5502.0) 1983-84

State and Local Government Finance (5504.0) 1982-83

Taxation Revenue (5506.0) 1983-84

Government Financial Estimates (5501.0) 1984-85

Details of the new classifications and an explanation of the main differences between the new and old classifications are given in the *Classifications Manual for Government Finance Statistics* (1217.0)

Grants and advances to the States and the Northern Territory

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

Grants to the States and the Northern Territory

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

**GRANTS TO STATES AND NORTHERN TERRITORY BY GOVERNMENT PURPOSE CLASSIFICATION
AND STATE 1982-83**
(\$ million)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	N.T.	Total
Current grants	4,076.8	3,101.9	2,142.1	1,367.1	1,374.4	510.8	533.7	13,106.9
General public services, defence, public order and safety	0.7	0.6	0.6	0.1	0.2	0.2	1.1	3.5
Education	915.4	803.3	395.9	245.1	249.5	72.1	14.2	2,695.4
Primary and secondary education	357.6	311.7	156.8	82.0	85.4	25.6	8.1	1,027.2
Tertiary education	549.3	481.1	231.4	157.1	156.6	45.0	5.5	1,626.1
University education	359.4	238.8	128.7	85.6	73.4	32.3	-	918.2
Other higher education	145.9	215.7	92.0	62.2	72.6	9.5	-	597.9
Technical and further education	44.0	26.6	10.7	9.3	10.6	3.2	5.5	110.0
Preschool education and education not definable by level	8.4	10.4	7.7	6.0	7.5	1.5	0.6	41.9
Preschool education	7.1	9.0	6.6	3.7	4.9	1.4	0.3	33.0
Other education not definable by level	1.2	1.3	1.1	2.3	2.6	0.1	0.3	8.8
Other education	0.1	0.1	-	-	-	-	-	0.2
Health	18.4	4.3	5.6	166.2	8.2	45.7	0.4	248.8
Hospitals and other institutional services and benefits	12.9	-	-	162.1	-	45.3	-	220.3
Clinic and other non-institutional services and benefits	2.9	3.9	1.3	2.0	1.0	0.2	0.1	11.4
Public health	2.6	0.4	4.3	2.1	7.2	0.2	0.3	17.1

**GRANTS TO STATES AND NORTHERN TERRITORY BY GOVERNMENT PURPOSE CLASSIFICATION
AND STATE 1982-83—continued**
(\$ million)

	<i>N.S.W.</i>	<i>Vic.</i>	<i>Qld</i>	<i>S.A.</i>	<i>W.A.</i>	<i>Tas.</i>	<i>N.T.</i>	<i>Total</i>
Social security and welfare	20.2	19.0	7.0	8.3	5.0	2.7	0.5	62.7
Social security	—	—	—	—	—	1.2	—	1.2
Welfare services	13.2	13.7	5.2	6.6	4.8	1.5	0.5	45.5
Family and child welfare	5.5	6.5	1.8	3.6	1.6	0.7	0.4	20.2
Aged and handicapped welfare	6.3	6.9	3.0	1.3	1.4	0.8	0.1	19.8
Welfare services, nec.	1.4	0.3	0.4	1.7	1.8	—	—	5.6
Social security and welfare, nec.	7.0	5.3	1.8	1.7	0.2	—	—	16.0
Housing and community amenities	1.8	1.4	0.4	1.0	1.0	0.3	0.8	6.8
Housing and community development	1.8	1.4	0.4	1.0	1.0	0.3	0.8	6.8
Housing	1.8	1.4	0.4	1.0	0.6	0.3	—	5.5
Community development	—	—	—	0.1	0.4	—	0.8	1.3
Fuel and energy	—	—	—	—	—	—	61.5	61.5
Agriculture, forestry, fishing and hunting	5.9	4.4	10.7	2.2	1.5	0.5	3.7	29.0
Agriculture	5.9	4.4	10.7	2.2	1.5	0.5	3.7	29.0
Agricultural land management	5.7	4.3	10.7	2.2	1.4	0.1	3.7	28.1
Other agriculture	0.2	0.1	—	—	0.1	0.4	—	0.9
Transport and communications	0.1	0.1	—	—	—	—	—	0.2
Road transport	0.1	0.1	—	—	—	—	—	0.2
Other economic affairs	45.9	26.4	18.6	8.8	9.5	2.9	0.8	112.9
Other purposes	3,068.4	2,242.4	1,703.3	935.4	1,099.5	386.4	450.6	9,886.0
General purpose inter-government transactions	3,005.9	2,167.3	1,680.3	917.0	1,098.0	385.1	450.6	9,704.2
Natural disaster relief	62.5	75.1	23.0	18.4	1.5	1.3	—	181.8
<i>Capital grants</i>	<i>653.1</i>	<i>492.3</i>	<i>374.8</i>	<i>222.6</i>	<i>231.2</i>	<i>120.1</i>	<i>100.3</i>	<i>2,194.4</i>
Education	150.3	109.0	55.9	36.8	35.5	10.5	7.1	405.2
Primary and secondary education	63.7	49.5	30.1	16.0	16.0	5.2	3.5	184.0
Tertiary education	86.2	59.5	25.3	20.7	19.2	5.3	3.5	219.7
University education	21.6	13.1	8.0	4.5	3.5	1.4	—	52.1
Other higher education	14.8	12.6	4.7	3.5	3.6	0.4	—	39.6
Technical and further education	49.8	33.8	12.6	12.7	12.1	3.5	3.5	128.0
Preschool education and education not definable by level	0.4	—	0.5	0.1	0.3	—	0.2	1.5
Other education not definable by level	0.4	—	0.5	0.1	0.3	—	0.2	1.5
Health	0.3	0.6	0.2	0.3	0.3	1.6	—	3.2
Hospitals and other institutional services and benefits	—	—	—	—	—	1.4	—	1.4
Clinic and other non-institutional services and benefits	0.2	0.2	—	0.2	0.1	—	—	0.7
Public health	0.1	0.4	0.2	0.1	0.2	0.2	—	1.2
Social security and welfare	16.0	9.3	6.0	3.8	3.2	1.6	0.5	40.3
Social security	2.7	1.9	0.9	0.7	0.4	0.3	—	6.9
Welfare services	13.3	7.4	5.1	3.1	2.8	1.3	0.5	33.4
Family and child welfare	1.1	—	—	—	—	—	—	1.1
Aged and handicapped welfare	12.2	7.4	5.1	3.1	2.7	1.3	0.5	32.3
Welfare services, nec.	—	—	—	—	0.1	—	—	0.1
Housing and community amenities	67.9	45.3	38.4	39.3	40.1	9.3	16.2	256.5
Housing and community development	66.6	42.3	33.8	25.2	25.8	9.2	14.4	217.3
Housing	63.4	42.3	32.3	22.8	25.6	9.2	12.8	208.4
Community development	3.2	—	1.5	2.4	0.2	—	1.6	8.9
Community amenities	1.3	3.0	4.6	14.1	14.3	0.1	1.8	39.2
Recreation and culture	2.6	1.0	0.9	0.9	0.7	1.8	1.0	8.9
Fuel and energy	—	—	—	—	—	—	2.4	2.4
Agriculture, forestry, fishing and hunting	4.4	4.5	9.3	3.1	4.7	0.4	2.0	28.4
Agriculture	4.4	4.5	9.3	3.1	4.7	0.4	2.0	28.4
Agricultural water resources management	3.7	3.4	8.8	2.3	4.2	0.3	1.9	24.6
Other agriculture	0.7	1.1	0.5	0.8	0.5	0.1	0.1	3.8
Transport and communications	263.6	203.1	200.0	78.8	103.6	52.8	30.9	932.9
Road transport	263.6	168.1	180.0	68.8	103.6	52.8	30.9	867.9
Rail transport	—	35.0	—	—	—	—	—	35.0
Other transport and communications	—	—	20.0	10.0	—	—	—	30.0
Other economic affairs	—	—	—	—	—	10.0	—	10.0
Other purposes	148.0	119.5	64.1	59.6	43.1	32.1	40.2	506.6
General purpose inter-government transactions	148.0	115.0	60.7	59.6	42.3	32.1	40.2	497.9
Natural disaster relief	—	4.5	3.4	—	0.8	—	—	8.7
Total current and capital grants	4,729.9	3,594.1	2,516.9	1,589.5	1,605.6	630.9	634.0	15,301.3

Advances to the States and the Northern Territory

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

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

**NET ADVANCES TO STATES AND N.T. BY GOVERNMENT PURPOSE CLASSIFICATION AND STATE
1982-83
(\$ Million)**

	<i>N.S.W.</i>	<i>Vic.</i>	<i>Qld</i>	<i>S.A.</i>	<i>W.A.</i>	<i>Tas.</i>	<i>N.T.</i>	<i>Total</i>
<i>Net advances</i>	299.1	234.6	171.8	129.3	77.2	56.5	83.3	1,051.9
Defence	4.2	0.2	2.1	—	0.7	—	—	7.2
Housing and community amenities	76.3	105.8	19.9	33.7	19.8	16.5	6.3	278.3
Housing and community development	76.7	106.1	20.1	33.9	20.7	16.5	6.4	280.5
Housing	52.3	99.8	20.1	39.4	16.6	16.5	6.4	251.2
Community development	24.4	6.3	—	-5.5	4.1	—	—	29.3
Water supply	—	—	-0.1	-0.1	-0.8	—	—	-1.0
Sanitation and protection of the environment	-0.4	-0.3	-0.1	-0.1	-0.1	—	-0.1	-1.2
Fuel and energy	—	—	5.5	—	—	—	-1.5	4.1
Agriculture, forestry, fishing and hunting	-2.3	-0.9	37.6	11.8	0.6	0.2	0.5	47.4
Agriculture	-2.1	-0.8	37.5	0.7	0.5	—	0.5	36.3
Agriculture land management	—	—	-0.7	—	—	—	—	-0.7
Agriculture water resources management	-2.4	-0.2	—	—	-0.1	—	—	-2.7
Agriculture support schemes	0.3	-0.6	38.2	0.7	0.6	—	0.5	39.7
Forestry, fishing and hunting	-0.2	-0.1	0.1	11.1	0.1	0.2	—	11.1
Mining, manufacturing and construction	—	—	—	—	—	-0.2	—	-0.2
Manufacturing	—	—	—	—	—	-0.2	—	-0.2
Transport and communications	6.3	8.4	3.3	—	-1.1	-0.1	—	16.8
Water transport	—	—	-0.1	—	—	-0.1	—	-0.2
Rail transport	6.3	8.4	3.4	—	-1.1	—	—	17.0
Other purposes	214.6	121.1	103.4	83.8	57.4	40.1	78.0	698.3
General purpose inter-government transactions	200.7	99.5	83.0	66.2	55.8	40.4	77.7	623.3
Natural disaster relief	13.9	21.6	20.4	17.6	1.6	-0.3	0.2	75.0

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 other 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 six years ending 1981-82, and the proportion of each type to total collections.

COMMONWEALTH AUTHORITIES: TAXATION BY TYPE OF TAX(a)

(\$'000)

Type of tax	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
Taxes—						
Income taxes—						
Individuals(b)	11,046,664	12,122,158	12,797,174	15,032,479	17,532,123	21,204,499
Superannuation Funds	—	—	—	7,618	11,129	19,816
Companies(c)	2,803,079	3,072,372	3,002,052	3,360,357	4,638,923	5,009,596
Dividend (withholding)	71,969	87,700	88,094	99,912	114,108	125,610
Interest (withholding)	24,408	30,153	25,975	41,018	46,596	78,957
Mining (withholding)	—	—	—	200	261	530
Total income taxes	13,946,120	15,312,383	15,913,295	18,541,584	22,343,140	26,439,008
Estate duty	76,189	95,823	82,061	48,398	17,123	4,167
Gift duty	11,486	6,574	1,445	529	-82	224
Rates on land	15,503	17,010	15,011	16,540	19,249	20,910
Customs duty on coal exports	121,329	100,165	93,524	90,716	84,947	96,943
Customs duties on imports	1,152,016	1,131,817	1,363,041	1,538,064	1,799,488	2,059,706
Excise duties—						
Crude oil and LPG	340,000	469,000	1,227,000	2,270,200	3,107,900	3,163,300
Other	2,145,420	2,264,490	2,617,686	2,695,138	2,726,125	2,830,493
Sales tax	1,650,256	1,757,702	1,769,840	1,864,813	2,102,254	2,854,266
Primary production taxes	189,006	172,397	215,690	273,880	292,217	234,109
Broadcast station licences	1,200	1,508	1,843	2,184	2,484	2,913
Television station licences	6,028	10,469	12,724	15,946	19,005	28,020
Stevedoring industry charge	46,884	28,955	19,004	20,137	19,483	18,232
Payroll tax	18,644	19,583	13,142	12,373	13,184	15,986
Departure tax	—	—	11,966	18,384	18,720	36,090
Other taxes	15,496	19,107	18,487	18,765	19,619	26,460
Total taxes	19,735,577	21,406,983	23,375,759	27,427,651	32,584,856	37,830,827
Fees from regulatory services	15,264	21,526	22,730	48,658	51,795	65,294
Fines	3,121	3,838	4,229	4,228	4,207	7,296
Unfunded employee retirement contribution	51,680	61,087	63,129	67,124	72,922	86,346
Other current transfers n.e.c.	678	554	403	569	663	928
Total taxation	19,806,320	21,493,988	23,466,250	27,548,230	32,714,443	37,990,691

(a) From 1978-79 excludes 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: 1976-77, \$21.4m; 1977-78, \$23.1m; 1978-79, \$34.6m; 1979-80, \$46.5m; 1980-81, \$55.8m; 1981-82, \$43.1m.

Taxes on income

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

The laws dealing with the assessment and imposition of income tax at 30 June 1984 were—*Income Tax Assessment Act 1936* (later referred to as 'the Assessment Act'); Acts declaring rates of tax—*Income Tax (Rates) Act 1982*, *Income Tax (Individuals) Act 1983*, *Income Tax (Companies, Corporate Unit Trusts and Superannuation Funds) Act 1983*, *Income Tax (Non-resident Companies Act) 1978*, *Income Tax (Dividends and Interest Withholding Tax) Act 1974*, *Income Tax (Drought Bonds) Act 1969*, *Income Tax (Withholding Tax Recoupment) Act 1971*, *Income Tax (Bearer Debentures) Act 1971*, *Income Tax (Mining Withholding Tax) Act 1979*, *Income Tax (Film Royalties) Act 1977*, *Income Tax (Diverted Income) Act 1981* and *Income Tax Regulations*.

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

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

- 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, Malaysia,

Sweden, Denmark, Ireland, Norway and the Republic of Korea. In addition, as at 30 June 1984, comprehensive agreements with Italy and Malta had been signed but had not entered into force. Limited agreements dealing with airline profits have been concluded with France, Italy, Greece and India.

- (c) Taxation (Unpaid Company Tax) Assessment Act and related legislation.
- (d) *The States (Tax Sharing and Health Grants) Act* 1981, which provides for the States and Northern Territory to receive a proportion of total Commonwealth tax collections.
- (e) *Income Tax (Arrangements with the States) Act* 1978, which enables each State to increase or reduce personal income tax levied on residents of the State.
- (f) *International Organizations (Privileges and Immunities) Act* 1963, and Regulations made under that Act, which provide for the exemption from income tax of certain income of international organizations and their officials.
- (g) *Diplomatic Privileges and Immunities Act* 1967, which provides for the exemption from income tax of certain income of diplomatic representatives, their staff and families.
- (h) *Consular Privileges and Immunities Act* 1972, which provides for the exemption from tax of certain income of consular representatives, their staff and families.
- (i) *The Loan (Income Equalization Deposits) Act* 1976, which provides for the making of interest bearing income equalization deposits by primary producers with the Commissioner of Taxation.
- (j) *Taxation (Interest on Overpayments) Act* 1983, which provides for the payment of interest on certain refunds of tax.
- (k) *Loan (Drought Bonds) Act* 1969, which authorizes the issue of drought bonds and empowers the Commissioner of Taxation to declare when drought bonds have become redeemable.
- (l) *Banking Act* 1959 and Regulations, under which certain exchange control applications are screened to prevent avoidance and evasion of Australian taxes.
- (m) *The Crimes (Taxation Offences) Act* 1980, which established a number of criminal offences relating to the fraudulent evasion of income tax (and sales tax) by stripping companies or trusts of their capacity to pay.
- (n) *Local Government (Personal Income Tax Sharing) Act* 1976, which provides for local government bodies in the States to receive a specified proportion of net personal income tax collections.

A resident individual is required to lodge a return of income when his total income from all sources in Australia is in excess of \$4,595 in 1983-84. However, in the case of a resident minor i.e., a person under the age of 18 years at the end of the year of income, a return is to be lodged where income exceeds \$416. Except in the case of a non-resident in receipt of a taxable Australian social security or repatriation pension, allowance or benefit (in which case the position is the same as for a resident), a non-resident individual is required to lodge a return of income where his total income (other than dividends or interest on which withholding tax has been paid) from all sources in Australia is \$1 or more.

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

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

Taxes on income—individuals

Pay-as-you-earn-system

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

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

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

the employer gives the employee the tax stamp sheet and sends the tax check sheet to the Taxation Office. The tax stamp sheet is then used in the same way as a group certificate.

Individuals with taxable income other than salary or wages of \$1,000 or more in 1983-84 may be required to pay provisional tax in respect of that income. Provisional tax is not generally charged, however, where tax instalment (PAYE) deductions made in the previous income year exceeded 95 per cent of the net tax payable for that year and provisional tax was not imposed previously. The provisional amount is intended as an approximation to the tax which will be assessed after the return of income for the current year has been lodged. In order to account for an expected rise in provisional incomes in 1983-84, provisional tax is calculated using 1983-84 rates of tax applied to 1982-83 income increased by 11 per cent. The provisional amount is intended as an approximation to the tax which will be assessed after the return of income for the current year has been lodged. The assessment notice shows the tax assessed on income from the previous year less any provisional tax already paid for that year and provisional tax payable for the current year. Taxpayers may apply to vary the amount of provisional tax imposed if his or her circumstances change during the year.

Prescribed payments system

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

Medicare levy

As from 1 February 1984, a Medicare levy is payable on the taxable income of Australian residents. Its introduction coincides with the implementation of the Medicare health scheme. The full year rate of the levy is 1% of taxable income. However, for 1983-84, the rate was calculated as 0.416% of taxable income (i.e. 5/12ths of the full year rate). The reduced rate payable for 1983-84 reflects the 1 February 1984 commencement date of the Medicare health scheme. The amount of levy payable is subject to a ceiling, i.e., the maximum amount payable. For 1983-84, the ceiling is \$291.20.

Assessable income—individuals

Assessable income (from which deductions are made to arrive at taxable income) basically includes all receipts within the ordinary meaning of the word 'income', but excludes items of income that are specified as exempt. Assessable income specifically includes certain receipts such as casual profits arising from the sale of property held less than one year and profits arising from the sale of property acquired for the purpose of profit-making by sale regardless of the period the property is held before sale. The value to employees of allowances and benefits given by employers for services rendered is also specifically included in the assessable income of the employees. Receipts such as gifts (other than gratuities received by an employee in the course of employment), legacies, lottery wins and other receipts of capital generally do not form part of the assessable income.

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

Deductions

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

Deductions from assessable income are authorised for losses and outgoings incurred in gaining or producing assessable income or necessarily incurred in carrying on a business for that purpose except to the extent that they are of a capital, private or domestic nature, are incurred in gaining or producing exempt income, or are of the kinds that are specifically declared to be not deductible by provisions of the Assessment Act. In addition, certain other deductions are specifically authorised by the Assessment Act.

Deductions allowable include trading losses incurred in previous years, bad debts, certain home insulation expenditure incurred (or contracted for) before 24 August 1983, depreciation, gifts to various

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

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

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

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

Deductions may also be allowed in respect of expenditure on certain plant and machinery by way of an investment allowance. The rate of the allowance is 18 per cent of qualifying expenditure for plant contracted for after 30 April 1981.

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

Depreciation allowances in respect of new non-residential income-producing buildings are available at the rate of 2½ per cent per annum in respect of the construction cost of eligible buildings where construction of the buildings commenced after 19 July 1982.

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

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

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

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

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

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

Superannuation contributions of eligible self-employed persons and employees not covered by funds to which any other person contributes for their benefit that are paid after 19 August 1980 to approved funds are deductible to a maximum \$1,200 in any one year of income. Any excess of contributions over \$1,200 falls for consideration under the superannuation provisions subject to concessional rebate (see page 507).

Rebates of Tax

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

Dependant, housekeeper and sole parent rebates. A concessional rebate of the relevant amount specified below for each *dependant* is allowable to a resident taxpayer if, during the whole of the year of income, the taxpayer is the sole contributor to the dependant's maintenance and that dependant does not have a separate net income in excess of \$282.

<i>Dependant</i>	<i>Maximum rebate 1983-84</i>
	\$
Spouse or daughter-housekeeper—where there is a dependent child or student child	1,030
Spouse or daughter-housekeeper—where there is not a dependent child or student child	830
Parent or parent-in-law	749
Invalid relative	376

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

Where a person has a separate net income in excess of \$282 while a dependant of a taxpayer, the rebate otherwise allowable is reduced by \$1 for every complete \$4 by which the separate net income exceeds \$282, irrespective of the period over which the person has derived the income. When two or more people contribute to the maintenance of a person who is a dependant of both of them, the rebate allowable is apportioned between the contributing taxpayers.

A concessional rebate is allowable to a resident taxpayer in respect of a *housekeeper* who, during the whole of the year of income, is wholly engaged in keeping house in Australia for the taxpayer and has the care of (a) a child or step-child of the taxpayer, less than 16 years of age; (b) an invalid relative in respect of whom the taxpayer is entitled to a rebate or any child under 16 years classed as a dependant for this purpose; or (c) the taxpayer's spouse if in receipt of an invalid pension under the *Social Security Act*. Where there is a dependent child or student, the maximum rebate for 1983-84, is \$1,030, otherwise it is a maximum of \$830. A child under 16 years referred to in (b) will be classed as a dependant where the taxpayer contributes to that child's maintenance and the child's separate net income is less than \$1,786.

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

A concessional rebate of \$780 is allowable to a *sole parent* i.e., a resident single, widowed or divorced person who has the sole care of a child under 16 years of age or a student (up to 25 years of age, receiving full-time education at a school, college or university), whose separate net income is ordinarily less than \$1,786. The sole parent rebate is not allowable where the taxpayer is entitled to a rebate for a housekeeper or daughter-housekeeper or is living in a de-facto relationship.

Concessional rebates

Resident taxpayers may be allowed a concessional rebate in respect of certain expenses listed below amounting in total to more than \$2,000. The amount of the rebate for 1983-84 is 30 per cent of the excess of the total expenditure over \$2,000, but the rebate cannot exceed the tax otherwise payable.

Medical, dental, optical, etc. expenses. Rebates are allowable in respect of medical, dental, optical and therapeutic treatment expenses paid by the taxpayer, less any amounts in respect of those expenses which are received or receivable by the taxpayer or any other person from a Government or friendly society or medical benefit fund. Included are amounts paid in respect of artificial limbs and eyes, hearing aids and medical and surgical appliances and the remuneration of an attendant of a person who is blind or permanently confined to a bed or invalid chair. Domiciliary nursing care benefits are to be disregarded in calculating the rebatable amount in respect of medical expenses.

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

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

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

Payments of life, sickness and accident insurance premiums and payments to a Friendly Society, Superannuation, Sustentation or similar Fund. Amounts subject to rebate are limited to a total of \$1,200 in respect of such payments made on behalf of the taxpayer, his spouse or children. In the case of self-employed and 'unsupported' employees contributions that are deductible, the excess over \$1,200 not allowed as a deduction may be allowed as a rebate within the \$1,200 limit on such rebatable expenditure. Where policies are taken out on or after 1 January 1973 or where the first premium of a policy was paid on or after that date, rebates for premiums of such policies are *not* allowable if the benefits, other than death benefits, are payable within a period of 10 years of commencement of risk. Where a policy taken out on or after 1 January 1973 is surrendered within 10 years of commencement, rebates or deductions allowed for premiums payable in the previous 5 years are disallowed unless the forfeiture or surrender is due to serious financial difficulties.

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

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

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

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

Other rebates

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

- (a) Ordinary Zone A: A rebate equal to the sum of \$216 and 50 per cent of rebates for dependants, as a sole parent or for a housekeeper;
- (b) Ordinary Zone B: A rebate equal to the sum of \$36 and 20 per cent of those rebates;
- (c) Special Zone A: A rebate equal to the sum of \$750 and 50 per cent of those rebates; and
- (d) Special Zone B: A rebate equal to the sum of \$750 and 20 per cent of those rebates.

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

As from 1 May 1984, a remote area allowance is paid to certain social security and repatriation pensioners living in Zone A (including Special Zone A) and it is exempt from income tax. To ensure that the sum of the non-taxable remote area allowance and the income tax zone rebate received by a person

in an income year does not exceed the amount which that person would receive if entitled to only one of the benefits, the allowance is to be deductible from the maximum claimable value of any income tax zone rebate to which the recipient would otherwise be entitled.

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

	1983-84	
		\$
Sole parent		780
Housekeeper	(a)	830
Spouse, daughter-housekeeper	(a)	830
Parent or parent-in-law		749
One child under 16 years, not being a student		376
Each other child under 16 years, not being a student		282
Student		376
Invalid relative		376

(b)

(a) Where there is a dependent child under 16 or a student child under 25, the maximum rebate will be \$1,030. (b) Where one of these persons has a separate net income in excess of \$282 while a dependant of a taxpayer, the amount to be taken into account is reduced by \$1 for every complete \$4 by which that income exceeds \$282, irrespective of the period over which it was derived. Where two or more people contribute to the maintenance of a person who is a dependant of both of them, the amount to be taken into account is apportioned between the contributing taxpayers.

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

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

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

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

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

Capital subscription rebate. Section 160ACA of the Income Tax Assessment Act provides for a rebate of tax to shareholders in respect of capital subscribed to certain petroleum exploration and mining companies. The rebate allowable is 27 cents for each \$1 of amounts paid on shares after 30 April 1981 by way of application and allotment moneys and calls which are applied by a company towards the paid-up value of its shares. The allowance of the rebate is conditional upon the company lodging a declaration satisfying the Commissioner that the share moneys will be, or have been, spent on outgoings for exploration for petroleum and the development of petroleum fields. It is also conditional upon the company forgoing any right to a deduction under Division 10AA for the expenditure.

Pensioner Rebate. A limited rebate is allowable for taxpayers in receipt of an Australian social security or repatriation pension on which Australian income tax is payable. The maximum rebate of \$250 for 1983-84 means that no tax will be payable on taxable income up to \$5,428. The rebate is gradually reduced where taxable income exceeds \$5,428 until it fully shades out at a taxable income of \$7,428 for 1983-84.

Home Loan Interest Rebate. A rebate was available in 1983-84 to home owners who first occupied a dwelling as their sole or principal residence in Australia on or after 1 July 1978 and on or before 30 September 1983. Taxpayers who contracted to acquire or build or commence to build, on or before 30 September 1983, were brought within the scheme even though they occupied the dwelling after 30 September 1983. (This transitional measure to extend entry into the scheme protects those first home buyers who are not eligible for assistance under a New Cash Subsidy Scheme for First Home Owners.)

Entitlement to a rebate after 30 September 1983 is subject to an income test. The income test applies in such a way that benefits under the scheme after 30 September 1983 will be available in full to taxpayers whose 'family incomes' in the 1982-83 income year are \$24,300 or less, shading out proportionately for family incomes up to \$27,900. No rebate is available after 30 September 1983 where a taxpayer's family income in 1982-83 was \$27,900 or greater.

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

Averaging rebate—see Income of Primary Producers.

Government loan interest rebate. Interest derived from bonds, etc., issued between 1 January 1940 and 31 October 1968 by the Commonwealth Government, or on certain State semi-government loans issued free of State income tax, 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.

Effective exemption from tax

For the income years 1972-73 to 1974-75 inclusive the income of a taxpayer without dependants was exempt from income tax if it did not exceed \$1,040. In 1975-76 and 1976-77, after the application of the general concessional rebate of \$540 and \$610 respectively to resident taxpayers, the corresponding figures were \$2,518 and \$2,845. In 1977-78, with the composite tax scale applying, the figure was \$3,402. For 1978-79 and 1979-80 no tax was payable unless taxable income exceeded \$3,893 and for 1980-81 no tax was payable unless taxable income exceed \$4,041 (except in the case of certain minors). For 1981-82 no tax was payable unless taxable income exceeded \$4,195 (except in the case of certain minors). In 1982-83 (except for certain minors) no tax was payable unless taxable income exceeded \$4,462 in the case of a resident taxpayer or \$585 in the case of most non-resident taxpayers. For 1983-84 (except for certain minors) no tax is payable unless taxable income exceeds \$4,595 in the case of a resident taxpayer; for most non-residents, tax is payable where taxable income is \$1 or more. The effect of deductions or rebates for dependants was to exempt resident taxpayers up to the incomes shown in the following table.

RESIDENT TAXPAYERS: EFFECTIVE EXEMPTIONS FROM INCOME TAX

(\$)

Income years ended June—	Taxpayer with—			
	No dependants	Wife	Wife and one child	Sole parent
1978	3,402	5,335	5,335	4,761
1979	3,893	5,675	5,675	5,137
1980	3,893	5,698	5,698	5,153
1981	4,041	6,541	6,541	5,787
1982	4,195	6,788	6,788	6,007
1983	4,462	7,168	7,601	6,786
1984	4,595	7,361	8,028	7,195

Rates of tax—individuals

The rates of tax on taxable incomes derived by both resident and non-resident individuals during the year ending 30 June 1984 (or substituted accounting period) are set out below. As from 17 August 1982 the tax-free threshold was withdrawn from non-resident taxpayers, other than those in receipt of taxable Australian social security and repatriation pensions.

GENERAL RATES OF TAX—RESIDENT INDIVIDUALS
1983-84 FINANCIAL YEAR, 1983-84 INCOME YEAR

<i>Total taxable income</i>		
<i>Not less than—</i>	<i>Not more than—</i>	<i>Tax at general rates on total taxable income</i>
\$	\$	\$
0	4,595	Nil
4,595	19,500	Nil + 30c for each \$1 in excess of 4,595
19,500	35,788	4,471.50 + 46c for each \$1 in excess of 19,500
35,788	..	11,963.98 + 60c for each \$1 in excess of 35,788

GENERAL RATES OF TAX—NON-RESIDENT INDIVIDUALS
1983-84 FINANCIAL YEAR, 1983-84 INCOME YEAR

<i>Total taxable income</i>		
<i>Not less than—</i>	<i>Not more than—</i>	<i>Tax at general rates on total taxable income</i>
\$	\$	\$
0	19,500	30c for each \$1
19,500	35,788	5,850 + 46c for each \$1 in excess of 19,500
35,788	..	13,342.48 + 60c for each \$1 in excess of 35,788

Rates of income tax for years prior to 1982-83 may be obtained by reference to previous Year Books as indicated in the table below.

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

Income of Certain Minors

Special provisions in Division 6AA of the Assessment Act may apply to income, whether derived directly or through a trust, of a minor—a person who is under the age of 18 years at the end of the year of income. A minimum rate of tax equal to 46 per cent in 1983-84 is imposed on the eligible income of resident minors (subject to shading-in arrangements) where the income exceeds \$416. For the 1983-84 year, tax is payable by a non-resident minor on all eligible taxable income. Where eligible income does not exceed \$416, it is taxed at the rate of 30 per cent, except where the ordinary rate applicable to the eligible taxable income is greater. Subject to shading-in arrangements the eligible taxable income of a non-resident minor in excess of \$416, is subject to a minimum rate of tax of 46 per cent.

Abnormal income

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

Income of Primary Producers

A modified averaging system applied in 1983-84 and subsequent income years. Under the new arrangements taxpayers pay tax on taxable income from primary production at the average rate of tax

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

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

Income tax payable on specified incomes at general rates

The following table shows, for the income years 1978-79 to 1983-84, the actual income tax payable by resident taxpayers with various incomes and numbers of dependants.

**COMMONWEALTH INCOME TAX PAYABLE ON SPECIFIED RESIDENT INDIVIDUAL INCOMES
1978-79 TO 1983-84 INCOME YEARS
(\$)**

<i>Net Income(a)</i>	<i>1978-79</i>	<i>1979-80</i>	<i>1980-81</i>	<i>1981-82</i>	<i>1982-83</i>	<i>1983-84</i>
TAXPAYER WITH NO DEPENDANTS						
\$						
3,000	..	..	..	..	..	..
5,000	370.84	366.08	306.88	257.60	165.00	121.50
7,000	1,040.84	1,027.48	946.88	897.60	778.40	721.50
10,000	2,045.84	2,019.58	1,906.88	1,857.60	1,698.50	1,621.50
15,000	3,720.84	3,673.08	3,506.88	3,457.60	3,232.00	3,121.50
20,000	5,870.72	5,801.46	5,493.42	5,352.44	4,916.99	4,701.50
TAXPAYER WITH DEPENDANT WIFE						
3,000	..	..	..	..	..	..
5,000	..	..	..	..	..	..
7,000	443.84	430.48	146.88	67.60	..	..
10,000	1,448.84	1,422.58	1,106.88	1,027.60	868.50	791.50
15,000	3,123.84	3,076.08	2,706.88	2,627.60	2,402.00	2,291.50
20,000	5,273.72	5,204.46	4,693.42	4,522.44	4,086.99	3,871.50

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

Income tax assessments—Individuals

The following tables show for the 1981–82 income year the number of taxpayers, taxable income, and net income tax assessed for individuals.

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

(Income derived in the year 1981–82)

Grade of taxable income	Number of Taxpayers			Net income(b)	Taxable income(c)	Net tax
	Males	Females	Total			
\$ \$				\$'000	\$'000	\$'000
Under 4,000	2,329	2,103	4,432	7,635	7,619	1,452
4,000–4,999	115,983	199,991	315,974	1,485,137	1,458,017	36,461
	118,312	202,094	320,406	1,492,772	1,465,636	37,913
5,000–5,999	153,559	213,811	367,370	2,057,218	2,013,701	133,163
	271,871	415,905	687,776	3,549,990	3,479,337	171,076
6,000–6,999	145,104	190,864	335,968	2,233,188	2,182,749	220,297
	416,975	606,769	1,023,744	5,783,178	5,662,086	391,373
7,000–7,999	153,952	179,002	332,954	2,553,738	2,495,794	308,571
	570,927	785,771	1,356,698	8,336,916	8,157,879	699,943
8,000–8,999	152,472	167,468	319,940	2,784,425	2,718,672	394,103
	723,399	953,239	1,676,638	11,121,341	10,876,551	1,094,047
9,000–9,999	153,538	168,538	322,076	3,135,968	3,060,273	497,578
	876,937	1,121,777	1,998,714	14,257,309	13,936,824	1,591,625
10,000–10,999	166,922	175,124	342,046	3,681,190	3,594,195	633,464
	1,043,859	1,296,901	2,340,760	17,938,498	17,531,019	2,225,083
11,000–11,999	196,743	189,684	386,427	4,550,990	4,448,134	832,165
	1,240,602	1,486,585	2,727,187	22,489,489	21,979,152	3,057,253
12,000–12,999	224,879	176,995	401,874	5,137,639	5,022,691	979,658
	1,465,481	1,663,580	3,129,061	27,627,128	27,001,843	4,036,911
13,000–13,999	240,783	148,956	389,739	5,385,599	5,259,254	1,061,725
	1,706,264	1,812,536	3,518,800	33,012,727	32,261,097	5,098,636
14,000–14,999	242,983	115,442	358,425	5,325,989	5,194,249	1,079,394
	1,949,247	1,927,978	3,877,225	38,338,716	37,455,346	6,178,031
15,000–15,999	233,525	88,575	322,100	5,116,940	4,988,800	1,063,908
	2,182,772	2,016,553	4,199,325	43,455,656	42,444,145	7,241,939
16,000–16,999	218,252	69,825	288,077	4,871,699	4,749,967	1,036,480
	2,401,024	2,086,378	4,487,402	48,327,355	47,194,113	8,278,418
17,000–17,999	203,368	62,439	265,807	4,768,828	4,651,196	1,037,812
	2,604,392	2,148,817	4,753,209	53,096,182	51,845,309	9,316,230
18,000–18,999	177,326	46,900	224,226	4,251,439	4,144,957	954,536
	2,781,718	2,195,717	4,977,435	57,347,621	55,990,266	10,270,766
19,000–19,999	154,724	37,899	192,623	3,851,261	3,753,729	901,909
	2,936,442	2,233,616	5,170,058	61,198,882	59,743,995	11,172,675
20,000–21,999	244,860	50,188	295,048	6,338,212	6,176,475	1,564,081
	3,181,302	2,283,804	5,465,106	67,537,094	65,920,470	12,736,756
22,000–23,999	178,651	30,076	208,727	4,913,859	4,787,524	1,288,270
	3,359,953	2,313,880	5,673,833	72,450,953	70,707,994	14,025,026
24,000–25,999	124,035	17,909	141,944	3,635,404	3,540,257	1,000,472

For footnotes see end of Table.

COMMONWEALTH INCOME TAX ASSESSMENTS(a) : TAXABLE INDIVIDUALS BY GRADE OF TAXABLE INCOME—continued
(Income derived in the year 1981-82)

Grade of taxable income	Number of Taxpayers			Net income(b)	Taxable income(c)	Net tax
	Males	Females	Total			
\$ \$				\$'000	\$'000	\$'000
26,000-27,999	3,483,988 86,939	2,331,789 11,719	5,815,777 98,658	76,086,357 2,730,312	74,248,252 2,658,272	15,025,498 783,295
28,000-29,999	3,570,927 61,319	2,343,508 8,357	5,914,435 69,676	78,816,669 2,072,576	76,906,524 2,016,260	15,808,793 615,304
30,000-34,999	3,632,246 87,519	2,351,865 13,617	5,984,111 101,136	80,889,244 3,352,234	78,922,784 3,258,070	16,424,096 1 044,624
35,000-39,999	3,719,765 42,225	2,365,482 10,106	6,085,247 52,331	84,241,478 1,988,901	82,180,853 1,937,107	17,468,721 664,386
40,000-49,999	3,761,990 30,011	2,375,588 5,266	6,137,578 35,277	86,230,379 1,598,787	84,117,961 1,552,147	18,133,107 590,445
50,000-99,999	3,792,001 19,657	2,380,854 4,139	6,172,855 23,796	87,829,166 1,546,210	85,670,108 1,505,890	18,723,552 669,960
100,000 and over	3,811,658 2,525	2,384,993 655	6,196,651 3,180	89,375,376 516,809	87,175,998 505,705	19,393,511 271,746
Total(b)	3,814,183	2,385,648	6,199,831	89,892,185	87,681,703	19,665,257

(a) Assessments in respect of 1981-82 income year issued during the period 1 July 1982 to 30 June 1983. (b) Net income is total assessable income less total deductions for expenses incurred in gaining assessable income. (c) Taxable income is the income remaining after deducting from assessable income all allowable deductions.

The above table excludes details of assessments raised to trustees. However, the following table includes all 1981-82 income year assessments issued during the period 1 July 1982 to 30 June 1983.

COMMONWEALTH INCOME TAX ASSESSMENTS : TAXABLE INDIVIDUALS BY STATE OR TERRITORY OF RESIDENCE
(Income derived in the year 1981-82)

State or Territory of Residence	Number of taxpayers	Taxable income(a)	Net tax
		\$'000	\$'000
New South Wales	2,186,014	31,644,449	7,261,714
Victoria	1,703,174	23,877,270	5,377,983
Queensland	911,083	12,521,669	2,756,590
South Australia	553,476	7,382,512	1,579,543
Western Australia	555,408	7,766,815	1,709,957
Tasmania	169,500	2,318,346	503,081
Northern Territory(b)	43,575	698,670	152,404
Australian Capital Territory	103,588	1,737,986	437,479
Australia	6,225,818	87,947,718	19,778,751

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

Partnerships and trusts

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

The following tables show for the 1980-81 and 1981-82 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.

PARTNERSHIPS AND TRUSTS—INCOME YEAR 1980-81 (a)

Item	Partnerships	Trusts	Total
Number	517,766	219,429	737,195
Total business income \$'000	21,242,985	7,523,546	28,766,531
Net income(b) \$'000	6,128,248	2,237,391	8,365,639

(a) Assessments issued during the period 1 July 1981 to 30 September 1982. (b) Total net income adjusted by subtraction of loss.

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

Item	Partnerships	Trusts	Total
Number	521,863	254,505	776,368
Total business income \$'000	22,772,920	11,258,410	34,031,330
Net income(b) \$'000	5,698,503	2,739,891	8,438,394

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

Taxes on income—companies

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

Rates of tax. The rates of primary income tax for all companies and additional tax for private companies applicable to income years 1970-71 to 1982-83 are shown in the following table.

RATES OF INCOME TAX: COMPANIES, 1970-71 TO 1981-82 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 undistributed income	On taxable income		On dividends income		On other income	
	Up to \$10,000	On remainder		Up to \$10,000	On remainder	Up to \$10,000	On remainder	Up to \$10,000	On remainder
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 1983	46.0	46.0	50	46.0	46.0	46.0	46.0	46.0	46.0

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

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

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

income years ended 30 June 1977 to 1982 the rates were 46 per cent and 41 per cent respectively. Commencing with incomes derived during the 1982-83 financial year, friendly society dispensaries are taxed in the same way as other non-profit companies.

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

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

Details in respect of company income tax assessments for the 1980-81 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 1980-81)

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	—	—	—	78,039	—	1,337,503
Nil	—	—	—	56,927	—	—
1- 1,999	32,780	16,359	7,065	3,646	2,635	—
2,000- 9,999	18,322	94,298	39,012	4,208	22,238	—
10,000- 19,999	8,589	122,801	49,982	1,838	26,224	—
20,000- 39,999	7,554	215,701	87,669	1,331	37,393	—
40,000- 99,999	7,188	453,251	185,927	842	51,725	—
100,000- 199,999	3,401	478,925	198,816	286	39,954	—
200,000- 399,999	2,137	602,857	248,763	159	44,120	—
400,000- 999,999	1,669	1,046,505	415,749	107	62,326	—
1,000,000-1,999,999	755	1,057,161	400,776	49	64,825	—
2,000,000 and over	988	10,482,447	3,530,021	53	465,952	—
Total	83,383	14,570,306	5,163,779	147,485	817,391	1,337,503
New South Wales	41,801	4,999,470	1,705,882	71,049	434,376	648,211
Victoria	18,976	6,778,028	2,355,023	33,394	276,216	391,505
Queensland	8,117	1,595,266	643,798	11,329	28,494	86,190
South Australia	6,474	499,284	187,829	14,252	32,660	83,318
Western Australia	4,703	531,282	214,554	10,296	27,296	75,411
Tasmania	1,183	87,355	33,630	2,659	4,755	29,418
Northern Territory	483	17,269	7,665	907	549	10,037
Australian Capital Territory	1,646	62,352	15,398	3,599	13,045	13,413
Total	83,383	14,570,306	5,163,779	147,485	817,391	1,337,503

(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 1977-78 TO 1982-83

Source of income tax	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83
NET AMOUNTS COLLECTED (\$'000)						
Individuals—						
Instalments—salaries and wages	9,638,786	10,397,606	12,160,308	14,120,691	17,417,317	18,840,314
Other payments	2,490,216	2,406,212	2,879,787	3,422,561	3,806,998	4,126,459
Companies	3,095,321	3,036,520	3,406,479	4,694,691	5,052,697	4,828,547
Withholding tax	117,852	114,069	141,130	160,965	205,098	258,985
Total	15,342,175	15,954,407	18,587,704	22,398,908	26,482,110	28,054,305
PERCENTAGES						
Individuals—						
Instalments—salaries and wages	62.83	65.17	65.42	63.04	65.77	67.16
Other payments	16.23	15.08	15.49	15.28	14.38	14.71
Companies	20.18	19.03	18.33	20.96	19.08	17.2
Withholding tax	0.76	0.72	0.76	0.72	0.77	0.92
Total	100.00	100.00	100.00	100.00	100.00	100.00

Refunds of revenue. Income tax collections, as previously shown are net amounts after refunds of revenue made in the course of the year. Refunds are of two types: those charged to special appropriations under authority of the Income Tax Assessment Act and those charged to special appropriations under authority of the Audit Act. Income tax instalment refunds, by far the greatest part of income tax refunds, are made when the instalments deducted during the year exceed the tax assessed on incomes for that year. Refunds made from special appropriations under section 37A of the Audit Act include refunds of moneys paid to the revenue in error, refunds of tax overpaid, refunds due to the amendment of assessments, etc. Refunds of income tax to individuals and superannuation funds during the collection years 1976-77 to 1981-82 were: 1976-77, \$1,501,555,000; 1977-78, \$1,218,225,000; 1978-79, \$1,407,257,000; 1979-80, \$1,478,387,000; 1980-81, \$1,560,519,000; 1981-82, \$1,850,765,000; and 1982-83, \$2,528,477,000.

Estate duty

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

- for qualifying estates of deceased primary producers—\$24,000

- for other estates—\$20,000

decreasing by \$2 for every \$8 by which the value of the estate exceeds \$24,000 or \$20,000 as the case may be.

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

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

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

COMMONWEALTH ESTATE DUTY ASSESSMENTS

		1978-79	1979-80	1980-81	1981-82	1982-83
Estates	No.	9,828	6,449	1,767	218	110
Gross value as assessed	\$'000	980,304	n.a.	n.a.	n.a.	n.a.
Deductions(a)	"	268,164	n.a.	n.a.	n.a.	n.a.
Statutory exemptions	"	175,141	n.a.	n.a.	n.a.	n.a.
Dutiable value	"	536,999	n.a.	n.a.	n.a.	n.a.
Net duty assessed	"	76,301	41,434	10,434	1,984	1,907
Average dutiable value	\$	54,640	n.a.	n.a.	n.a.	n.a.
Average duty assessed per estate	\$	7,764	6,425	5,905	9,100	17,336

(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 employee's 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

		1977-78	1978-79	1979-80	1980-81	1981-82	1982-83
Assessments	No.	4,352	995	875	233	27	108
Value as assessed	\$'000	103,058	95,738	n.a.	n.a.	n.a.	n.a.
Duty assessed	"	5,934	22,032	4,985	311	150	452

Customs duties

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

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

Brussels Tariff Division	Source of receipts	1981-82	1982-83	1983-84
1	Live animals; animal products	1,379	1,409	1,708
2	Vegetable products	3,938	3,092	5,603
3	Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes	2,790	3,234	3,124
4	Prepared foodstuffs; beverages, spirits and vinegar; tobacco	271,806	287,460	301,807
5	Mineral products	4,207	5,743	18,798
6	Products of the chemical industry and allied industries	59,301	59,665	71,607

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

<i>Brussels Tariff Division</i>	<i>Source of receipts</i>	<i>1981-82</i>	<i>1982-83</i>	<i>1983-84</i>
7	Artificial resins and plastic materials, cellulose esters and ethers, and articles thereof; rubber, synthetic rubbers, factice and articles thereof	118,672	111,097	138,611
8	Raw hides and skins, leather, furskins and articles thereof; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkworm gut)	17,474	14,839	19,680
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	23,853	20,464	24,184
10	Paper-making material; paper and paperboard and articles thereof	46,671	48,716	60,378
11	Textiles and textile articles	248,012	236,610	271,460
12	Footwear, headgear, umbrellas, sunshades, whips, riding-crops and parts therefor; prepared feathers and articles made therewith; artificial flowers; articles of human hair; fans	53,876	60,339	76,962
13	Articles of stone, of plaster, of cement, of asbestos, of mica and of similar materials; ceramic products; glass and glassware	45,206	40,333	45,669
14	Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery; coin	11,977	10,700	11,151
15	Base metals and articles of base metal	128,529	119,385	120,495
16	Machinery and mechanical appliances; electrical equipment; parts therefor	472,496	439,312	477,796
17	Vehicles, aircraft, and parts therefor; vessels and certain associated transport equipment	467,781	465,701	571,183
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	46,777	62,613	75,662
19	Arms and ammunition; parts therefor	859	675	736
20	Miscellaneous manufactured articles	73,029	72,556	81,639
21	Works of art, collectors' pieces and antiques	3,751	1,990	3,217
22	Primage	2,336	90	1
Total customs duties and primage		2,104,720	2,066,023	2,381,468

The *net* receipts of custom duties into consolidated revenue fund for these years are 1981-82, \$2,025,891,000; 1982-83, \$1,986,033,000; and 1983-84, \$2,298,768,000.

Customs duties on imports as recorded in the Financial Statements prepared by the Minister for Finance for these years are: 1981-82, \$2,059,706,249; 1982-83, \$2,035,662,743; and 1983-84, \$2,328,996,429.

Excise duties

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

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

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

Statistics of the value of duty included in the price of petroleum products purchased by Commonwealth Government departments and subsequently credited to those departments by the Department of Finance are not available. The *net* receipts into consolidated revenue fund for these years are: \$6,100,476,000; 1981-82, \$6,886,648,000; and 1983-84, \$7,927,276,000. The quantities of commodities on which excise duty was paid are given in chapter 24, Foreign Transactions, page 571. Commonwealth excise received, as recorded in the Financial Statement prepared by the Minister for Finance during these years, are: 1981-82, \$5,993,155,448; 1982-83, \$6,806,654,140; and 1983-84, \$7,733,367,606.

Primary production taxes and charges

The following section shows rates of charges and levies on primary production as at 30 June 1984. Further information is given in Chapter 13, Agricultural Industries. Expenditure on research funded from industry levies is usually matched dollar for dollar by the Commonwealth Government.

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

<i>Class of live-stock</i>	<i>Rate of Charge per head</i>
	\$
Cattle where the dressed weight of each carcase exceeds 90 kilograms	5.40
Cattle where the dressed weight of each carcase exceeds 40 kilograms but does not exceed 90 kilograms	1.80
Cattle where the dressed weight of each carcase does not exceed 40 kilograms	0.54
Sheep	0.54
Goats	0.54
Pigs	1.80
Horses, donkeys and mules	5.40

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

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

Category	Rate per tonne
	\$
Butter packed in bulk or pat form	2.05
Butter packed otherwise than in bulk or pat form	0.82
Butterfat products other than butter	1.22
Cheese packed in bulk	2.35
Cheese packed otherwise than in bulk	2.35
Concentrated, condensed and dried milk	0.96
All other dairy products	3.50

Dried Fruit—Export Inspection Charge. Under the *Dried Fruit (Export Inspection Charge) Act* 1981, a charge is imposed on all dried fruit exported from Australia to recoup about half the cost of export inspection incurred by the Commonwealth Government. The operative charge is \$6.50 per tonne.

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

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

- Rock lobster—5.1 cents per kilogram
- All other shellfish except oysters, squid, cuttlefish and octopus—3.6 cents per kilogram
- All other fish except oysters in the shell or half shell—1.00 cents per kilogram
- Oysters in the shell or half shell—10.3 cents per dozen
- Oysters not in shell—3.5 cents per kilogram
- Squid, cuttlefish and octopus—1.9 cents per kilogram.

Grain Export Inspection Charge. Under the *Grain (Export Inspection Charge) Act* 1979 imposed on exports of wheat, oats, barley and sorghum. The charge is 16.3c per tonne on bulk grain, 19.0c per tonne bagged grain and 73c per tonne for grain in containers.

Live-stock Slaughter—Export Inspection Charge. Charge for the inspection of live animals for export. Imposed by the Quarantine (Animals) Regulations under the *Quarantine Act* 1968. Overall responsibility for the administration of this legislation lies with the Commonwealth Department of Health.

Other charges

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

Export Inspection Charge—Overtime Recoveries—Products Other than Meat. Fees are levied to recover the cost of providing export inspection, outside normal hours, for a number of products including field and horticultural crops, fish and dairy products. The fees are prescribed by the Export Control (General) Regulations made under the *Export Control Act* 1982.

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

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

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

Wool Inspection Fees. Under the *Wool Industry Act* 1972, fees are imposed on the inspection of wool to recoup about half the cost of operating the Australian Wool Measurement Standards

Authority. A fee for registering a wool sampling site is set at \$100 and is payable once only. The fee for providing pre-sale test certificates in respect of samples drawn at registered sites is currently 62 cents per certificate.

Research, Promotion, Stabilisation and Equalisation Levies and Charges

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

The *Apple and Pear Export Charge Act* 1976 provides for the imposition of a charge on apples and pears exported from Australia. The rate of charge is 9 cents per box.

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

Barley Research Levy. The *Barley Research Levy Act* 1980 imposes a levy on barley delivered for sale. The levy is disbursed for research by State barley research committees. The operative rate of levy is 30 cents per tonne.

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

The operative rates are:

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

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

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

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

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

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

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

Wool Tax. The *Wool Tax Acts* 1964 (Nos 1 to 5). As amended, impose a levy of 8 per cent on the gross value of shorn 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 (0.5 per cent) and promotion (2.5 per cent).

Dairy Industry Stabilisation Levy. The *Dairy Industry Stabilisation Levy Act* 1977 imposes a levy on the production of butter, butteroil, ghee, various milk powders, casein, caseinates and certain varieties of cheese. The levy is not collected on production which is exported. Levies collected on production which is sold on the domestic market are distributed (after deduction of certain costs) by the Australian Dairy Corporation as an equalisation payment on all sales of the product, whether on the domestic or export market. The rate of levy is fixed at the difference between the domestic value for levy purposes determined by the Minister for Primary Industry from time to time and the assessed average export price for the period. The purpose of the levy is to distribute assistance raised through the levy on domestic sales across all production and has the effect of providing producers with an averaged return that is above export parity.

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

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

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

Dried Vine Fruits Equalisation Levy. The *Dried Vine Fruits Equalisation Levy Act* 1978 imposes a levy on domestic sales of dried vine fruit which is 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, 1980 or 1981 seasons. Levies have applied in each succeeding season with the 1984 season rate set for sultanas set at \$860/tonne. Raisins and currents were exempted from levy for the 1984 season due to sub-minimum production levels and low export availability respectively.

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

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

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

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

The charges are:

	Cents/Head			
	AMLC	AMRC	Disease eradication	Total
Cattle, buffaloes	120	50	400	570
Sheep, lambs, goats	12	5	—	17

Livestock Slaughter Levy. The *Livestock Slaughter Levy Act* 1961 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 marketing 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 are:

	Cents/Head				
	AMLC	AMRC	CSIRO processing research	Disease eradication	Total
Cattle, buffaloes	120	50	4	400	574
Calves	43.2	13	1.4	133	190.6
Bobby calves	12	3.5	0.4	40	55.9
Sheep, lambs	14	5	0.4	—	19.4
Lambs	24	5	0.4	—	29.4
Goats	12	5	0.4	—	17.4

Wheat Research Tax. The *Wheat Tax Acts* 1957 and 1979 impose a tax, currently 30c/tonne, on all wheat delivered to or sold by the Australian Wheat Board. The funds are placed in the Wheat Research Trust Account and used to fund research projects relating to wheat as recommended by the State Wheat Industry Research Committees.

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.

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

From 1 January 1984 the rate of tax payable in the Australian Capital Territory is 5 per cent with a statutory exemption of wages up to \$10,833.33 per month (\$130,000 per annum) or a proportion of that amount in the case of an employer who is an employer also in a State. Phasing out of the exemption remains at \$2 for each \$3 by which the annual wages payable exceed the maximum exemption level.

Gross collections of pay-roll tax in 1980–81, 1981–82 and 1982–83 amounted to \$17,007,851, \$19,319,922 and \$21,355,311 respectively.

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.

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* (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.

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 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.

Outlay and receipts

The outlay and receipts of State authorities for the six year period ended 1981-82 are given in the following table.

STATE AUTHORITIES(a): OUTLAY AND RECEIPTS

(\$ million)

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
OUTLAY						
Final consumption expenditure	8,145.1	9,250.2	10,232.0	11,629.4	13,552.3	15,435.1
Gross capital formation—						
Increase in stocks	25.5	62.7	36.5	64.3	110.0	131.4
Expenditure on new fixed assets	4,172.0	4,753.5	5,184.1	5,580.2	6,403.5	7,761.3
Expenditure on existing assets (net)	148.2	100.3	79.2	14.5	7.2	-968.6
<i>Total gross capital formation</i>	<i>4,345.8</i>	<i>4,916.6</i>	<i>5,299.8</i>	<i>5,659.0</i>	<i>6,520.7</i>	<i>6,924.2</i>
Transfer payments—						
Interest	1,476.6	1,714.3	1,966.4	2,221.4	2,663.9	3,191.9
Personal benefit payments	247.3	280.3	283.5	308.1	296.3	322.8
Subsidies	61.9	92.7	106.3	124.3	137.7	147.6
Transfers overseas	0.1	0.1	0.1	0.1	0.2	0.1
Grants for private capital purposes	49.8	64.3	73.1	65.1	67.6	91.0
Grants to local authorities	414.1	479.0	512.9	588.0	684.1	747.6
<i>Total transfer payments</i>	<i>2,249.9</i>	<i>2,630.8</i>	<i>2,942.3</i>	<i>3,307.1</i>	<i>3,849.6</i>	<i>4,500.9</i>
Net advances—						
To the private sector	189.4	214.0	114.9	97.2	91.0	74.7
To public financial enterprises	83.4	109.0	91.0	53.3	98.5	59.8
To local authorities	18.0	11.5	15.0	12.7	16.6	21.1
<i>Total net advances</i>	<i>290.8</i>	<i>334.5</i>	<i>220.9</i>	<i>163.2</i>	<i>206.1</i>	<i>155.7</i>
Total outlay	15,031.6	17,132.0	18,695.1	20,758.8	24,128.7	27,015.8
<i>of which—</i>						
current outlay	10,133.2	11,584.3	12,858.1	14,602.5	17,059.4	19,557.7
capital outlay	4,898.3	5,547.7	5,837.0	6,156.2	7,069.4	7,458.1
RECEIPTS AND FINANCING ITEMS						
Receipts—						
Taxes, fees, fines, etc.	3,973.5	4,300.8	4,667.3	5,264.4	6,045.1	7,104.2
Income from public enterprises	353.5	380.0	471.6	650.7	704.5	757.9
Property income	621.6	740.9	789.0	975.7	1,173.0	1,328.6
Grants from the Commonwealth Government—						
for current purposes	6,110.2	7,215.3	8,137.9	9,079.6	10,290.4	11,382.0
for capital purposes	1,537.3	1,508.9	1,483.8	1,565.4	1,668.9	1,769.8
Grants from local authorities	32.1	36.0	35.5	44.7	51.8	56.5
<i>Total receipts</i>	<i>12,628.2</i>	<i>14,181.8</i>	<i>15,585.0</i>	<i>17,580.5</i>	<i>19,933.7</i>	<i>22,399.0</i>
Financing items—						
Net borrowing—						
Public trading enterprises	668.6	893.5	1,188.8	1,445.2	1,761.8	2,365.7
General government	124.8	118.0	204.2	274.5	311.2	408.1
Advances from the Commonwealth Government (net)—						
For loan works purposes	744.7	784.8	770.6	704.5	741.7	730.4
Other	533.4	476.3	356.6	191.5	194.8	131.7
Net receipts of private trust funds	213.1	171.3	163.6	164.8	189.8	262.6
Reduction in cash and bank balances	-396.2	-43.7	-246.5	-142.2	-102.1	-474.9
Reduction in security holdings—						
Investment of private trust funds	-39.8	-42.2	-69.2	-82.3	-27.7	-114.9
Investment of governmental trust funds and public corporations	-58.5	-121.7	-54.9	-66.2	59.4	80.2
Other funds available (including errors and omissions)—						
Depreciation allowances	356.2	412.5	467.8	489.7	561.5	631.1
Other	257.1	301.3	329.2	198.9	504.8	196.7
<i>Total financing items</i>	<i>2,403.4</i>	<i>2,950.2</i>	<i>3,110.1</i>	<i>3,178.3</i>	<i>4,195.0</i>	<i>4,216.8</i>
Total funds available	15,031.6	17,132.0	18,695.1	20,758.8	24,128.7	27,015.8

(a) Excludes financial enterprises. Includes Northern Territory authorities from 1978-79.

Components of outlay and receipts

For further details about the components of outlays and receipts, *see* Yearbook No. 68. For more recent information on State Government finance statistics, reference should be made to the publications listed in the bibliography at the end of this chapter.

LOCAL 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.

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 and the Northern Territory as cities and municipalities. In New South Wales some local authorities in an area have combined to form County Councils which provide services such as electricity and water supply. Within shires there are also some municipal units known as urban areas. Apart from the Australian Capital Territory and the more sparsely populated parts of New South Wales, South Australia and the Northern Territory, practically the whole of Australia comes within local government jurisdiction. For further details *see* State Year Books.

Coverage—Northern Territory local 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 the period up to and including 1977–78 receipts and outlays relating to the Northern Territory are included with Commonwealth Government receipts and outlays but from 1978–79 onwards they have been grouped with the receipts and outlays of State and local authorities.

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

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

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

**LOCAL GOVERNMENT AUTHORITIES: AREA, POPULATION, DWELLINGS, AND RATES AND
PENALTIES FOR ORDINARY SERVICES—30 JUNE 1981**

<i>Location (a)</i>	<i>No. of local authorities</i>	<i>Area (a)</i>	<i>Population</i>	<i>Dwellings</i>	<i>Rates and penalties— ordinary services</i>
		square kilometres	'000	'000	\$'000
New South Wales—					
Sydney Statistical Division	44	12,407	3,205	1,150	388,011(c)
Other	132	693,253	1,920	672	240,789(c)
Total New South Wales	176	705,660	5,124	1,822	628,800(c)
Victoria—					
Melbourne Statistical Division	56	6,109	2,723	965	310,476(d)
Other	155	220,991	1,109	403	138,906(d)
Total Victoria	211	227,100	3,832	1,368	449,383(d)
Queensland—					
Brisbane Statistical Division	10	3,080	1,029	359	106,347
Other	124	1,723,920	1,266	428	120,674
Total Queensland	134	1,727,000	2,294	787	227,021
South Australia—					
Adelaide Statistical Division(b)	30	1,870	932	340	84,167
Other	97	151,806	339	132	34,578
Total South Australia	127	153,676	1,270	471	118,745
Western Australia—					
Perth Statistical Division	26	5,363	899	322	78,754
Other	112	2,522,676	375	126	36,524
Total Western Australia	138	2,528,039	1,274	448	115,278
Tasmania—					
Hobart Statistical Division	7	940	168	61	16,056
Other	42	67,391	251	93	22,563
Total Tasmania	49	68,331	419	154	38,619

(a) Unincorporated areas are excluded in all States. (b) Excludes Light (DC), Gumeracka (DC) and Onkaparinga (DC).

(c) Based on year ended 31 December 1981. (d) Based on year ended 30 September 1981.

Outlay and receipts

The following table shows details of the outlay and receipts of all local authorities for the years 1976-77 to 1981-82.

LOCAL AUTHORITIES(a): OUTLAY AND RECEIPTS

(\$ million)

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
OUTLAY						
Final consumption expenditure						
General public services	228.4	269.6	302.5	336.5	381.5	442.4
Education	8.5	8.5	9.5	10.6	12.4	14.3
Health	41.6	45.5	52.8	50.7	59.6	68.4
Social security and welfare	17.8	26.4	34.4	37.7	53.0	62.4
Housing and community amenities						
Community and regional development	13.5	12.6	16.4	25.0	33.0	40.2
Protection of the environment	65.1	70.5	82.5	111.2	127.7	143.3
Other	10.6	12.9	15.3	25.5	30.2	35.9
Recreation and culture	167.4	192.0	215.6	231.8	273.6	326.0
Economic services	63.2	75.4	87.7	95.2	107.1	114.5
Other purposes	4.4	10.7	11.5	14.5	4.8	7.0
Total	620.2	724.3	828.1	938.8	1,083.0	1,254.5
Gross capital formation—						
Expenditure on new fixed assets						
General public services	102.7	131.2	155.7	158.4	170.1	188.8
Education	4.2	2.8	2.8	2.4	2.0	1.7
Health	2.4	1.8	3.0	3.2	3.4	4.0
Social security and welfare	6.5	7.9	10.7	12.7	13.5	15.1
Housing and community amenities—						
Community and regional development	4.4	9.4	11.8	4.1	6.4	7.6
Protection of the environment	126.7	135.0	134.4	160.1	175.5	201.8
Other	9.1	10.4	7.9	15.9	26.6	31.3

For footnote see end of table.

LOCAL AUTHORITIES: OUTLAY AND RECEIPTS—*continued*

(\$ million)

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
OUTLAY						
Recreation and culture	75.5	90.4	114.9	136.6	161.8	161.5
Economic services --						
Mining, manufacturing and construction	8.6	9.1	9.6	5.5	6.4	2.6
Electricity and gas	131.4	121.7	122.0	145.1	155.4	203.1
Water supply	60.9	75.3	85.0	94.9	116.6	134.9
Road systems and regulation	607.0	650.7	708.3	733.0	820.8	877.7
Other transport services, n.e.c.	6.4	6.3	2.8	5.5	6.6	6.8
Other economic services(b)	6.5	7.1	7.9	18.2	22.1	30.4
Other purposes	2.3	7.9	2.7	24.2	28.1	34.0
Total	1,154.5	1,267.0	1,379.5	1,519.5	1,715.2	1,901.4
Expenditure on existing assets and stocks (net)	23.5	27.9	2.0	1.3	-22.0	16.0
Interest paid	215.4	252.9	289.7	325.4	369.3	435.2
Grants to State authorities	32.1	36.0	35.5	44.7	51.8	56.5
Net advances to the private sector	6.1	4.5	12.8	7.5	2.3	3.7
Total outlay	2,051.7	2,312.7	2,547.6	2,837.2	3,199.5	3,667.2
<i>of which—</i>						
current outlay	857.8	1,001.5	1,144.1	1,295.2	1,492.4	1,733.5
capital outlay	1,193.9	1,311.2	1,403.5	1,542.0	1,707.1	1,933.7
RECEIPTS AND FINANCING ITEMS						
Receipts—						
Taxes, fees, fines, etc. --						
Rates on land	1,033.7	1,120.9	1,214.8	1,339.0	1,518.3	1,732.6
Licences, etc.	38.7	43.3	49.0	60.9	77.1	88.4
Total	1,072.4	1,164.2	1,263.8	1,399.9	1,595.4	1,821.0
Income from public enterprises	181.6	188.9	186.0	195.4	208.0	243.5
Property income	55.9	82.2	93.8	102.7	135.0	194.2
Grants from State and Commonwealth authorities	427.6	493.1	530.3	605.3	707.4	776.7
Total receipts	1,737.3	1,928.4	2,074.1	2,303.4	2,645.8	3,035.4
Financing items						
Net borrowing	332.0	309.4	333.3	361.0	312.0	290.2
Advances from State and Commonwealth authorities	18.0	11.5	15.0	12.7	16.6	21.1
Net receipts of private trust funds	3.3	3.3	1.7	11.7	-28.7	-19.4
Reduction in cash and bank balances	-148.8	-48.5	7.6	11.9	-16.4	-70.3
Reduction in security holdings—						
Investments of governmental funds and trading enterprises	-12.6	-69.4	-57.9	-59.7	-12.8	-1.1
Other funds available (including errors and omissions)						
Depreciation allowances	52.8	58.5	73.3	74.7	85.6	102.4
Other	69.5	119.5	100.6	121.6	197.4	308.9
Total financing items	314.3	384.3	473.5	533.9	553.7	631.8
Total funds available	2,051.7	2,312.7	2,547.6	2,837.2	3,199.5	3,667.2

(a) Includes Northern Territory authorities from 1978-79.

(b) Includes general administration, regulation and research.

Components of Outlay and Receipts

For further details about the components of outlay and receipts see Yearbook No. 68. For more recent information on local government finance statistics, reference should be made to the publications and statistical services listed in the bibliography at the end of this chapter.

ALL PUBLIC AUTHORITIES

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

Summary of outlay and receipts

The outlay and receipts of all public authorities for the years 1976-77 to 1981-82 are set out in the following table.

ALL PUBLIC AUTHORITIES(a): OUTLAY AND RECEIPTS

(\$ million)

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
OUTLAY						
Final consumption expenditure	13,502.1	15,213.7	16,716.8	18,885.8	22,060.0	25,398.9
Gross capital formation—						
Increase in stocks	-23.0	-47.5	-162.1	8.0	203.3	316.5
Expenditure on new fixed assets	6,993.2	7,792.0	8,076.0	8,705.9	10,083.5	11,821.0
Expenditure on existing assets (net)	174.0	103.9	-18.8	-22.6	-452.3	-1,237.3
<i>Total gross capital formation</i>	<i>7,144.2</i>	<i>7,848.4</i>	<i>7,895.0</i>	<i>8,691.2</i>	<i>9,834.5</i>	<i>10,900.2</i>
Transfer payments—						
Interest	2,096.0	2,515.3	3,045.5	3,527.3	4,209.8	5,020.3
Transfers to persons	7,760.0	8,704.4	9,555.6	10,393.3	11,738.2	13,666.1
Subsidies	314.0	516.4	632.0	815.3	997.1	1,095.5
Transfers overseas	388.0	417.3	474.9	520.0	574.8	668.3
Grants for private capital purposes	160.0	194.5	204.9	231.9	205.2	319.4
<i>Total transfer payments</i>	<i>10,718.0</i>	<i>12,348.1</i>	<i>13,913.0</i>	<i>15,487.9</i>	<i>17,725.0</i>	<i>20,769.5</i>
Net advances—						
To the private sector	255.3	281.6	138.0	93.3	130.8	160.9
To public financial enterprises	90.8	98.5	80.8	-7.9	84.3	44.9
To overseas	42.7	0.3	18.4	79.1	54.0	-8.9
<i>Total net advances</i>	<i>388.8</i>	<i>380.4</i>	<i>237.2</i>	<i>164.5</i>	<i>269.1</i>	<i>196.9</i>
<i>Total outlay</i>	<i>31,753.1</i>	<i>35,790.5</i>	<i>38,761.8</i>	<i>43,229.4</i>	<i>49,888.3</i>	<i>57,265.4</i>
of which—						
current outlay	24,063.2	27,367.2	30,424.8	34,141.6	39,579.8	45,848.8
capital outlay	7,689.9	8,423.3	8,327.1	9,087.9	10,308.6	11,416.6
RECEIPTS AND FINANCING ITEMS						
Receipts—						
Taxes, fees, fines, etc.	24,811.1	26,958.9	29,397.4	34,212.5	40,354.9	46,915.8
Income from public enterprises	1,192.1	1,388.1	1,668.0	1,838.6	1,904.2	2,320.3
Interest, etc., received	826.9	1,014.3	1,061.1	1,310.4	1,591.3	1,855.9
<i>Total receipts</i>	<i>26,830.1</i>	<i>29,361.3</i>	<i>32,126.5</i>	<i>37,361.5</i>	<i>43,850.4</i>	<i>51,092.0</i>
Financing items—						
Net borrowing—						
Treasury notes	363.2	193.5	1,546.8	705.3	1,312.2	-347.4
Commonwealth Government securities	2,097.5	2,979.2	2,469.6	893.4	-187.4	693.2
Local authority and public corporation securities	1,445.4	1,534.4	1,715.3	2,248.3	2,364.1	3,142.4
Other general Government securities	126.4	118.0	204.2	274.5	311.2	408.1
<i>Total net borrowing</i>	<i>4,032.4</i>	<i>4,825.0</i>	<i>5,935.9</i>	<i>4,121.4</i>	<i>3,800.1</i>	<i>3,896.3</i>
Funds provided for, or received from I.M.F.	—	—	27.9	60.6	-106.7	0.3
Net receipts of private trust funds	308.3	326.6	326.4	357.1	462.0	628.8
Reduction in cash and bank balances	-854.2	121.6	-718.5	394.5	-452.1	-628.6
Reduction in security holdings	33.2	-464.9	-526.3	-798.6	210.4	78.2
Other funds available (including errors and omissions)—						
Depreciation allowances	851.5	965.0	1,091.5	1,160.7	1,341.1	1,487.5
Other	552.0	656.0	498.5	572.4	783.3	710.6
<i>Total financing items</i>	<i>4,923.1</i>	<i>6,429.3</i>	<i>6,635.3</i>	<i>5,868.0</i>	<i>6,037.9</i>	<i>6,173.4</i>
<i>Total funds available</i>	<i>31,753.1</i>	<i>35,790.5</i>	<i>38,761.8</i>	<i>43,229.4</i>	<i>49,888.3</i>	<i>57,265.4</i>

(a) Excludes financial enterprises.

PUBLIC SECTOR BORROWING

Figures given in this section do not purport to show either 'public debt' or 'net public debt', but are designed to provide details of securities issued on behalf of the Commonwealth Government and the States, together with some details of the amounts borrowed by State and local 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. 8, *Government Securities on Issue*.

Net movement in securities on issue

Summary details of the net movement in securities issued for Commonwealth Government purposes and on account of the States during the period 1978-79 to 1983-84, are given in the following group of tables.

NET MOVEMENT IN GOVERNMENT SECURITIES ON ISSUE

(\$ million)

	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
NEW SECURITIES ISSUED						
Securities repayable in Australian currency—						
Treasury bonds	1,018.5	1,485.7	2,774.7	3,385.8	6,253.8	10,850.0
Australian savings bonds	531.2	806.1	2,024.0	1,312.9	4,204.6	3,599.1
Special bonds	—	—	—	—	—	—
Income equalization deposits	33.1	73.5	72.0	57.6	55.6	24.0
Drought bonds	—	—	—	—	—	—
Advance loan subscriptions	(a)5084.6	—	—	—	—	—
Overdue securities	—	—	—	—	—	—
Tax-free stock	—	—	—	—	—	—
Debentures	—	—	—	—	—	—
Stock issued to Government savings banks under special agreements(b)	35.8	36.5	54.6	53.3	61.9	114.6
Treasury notes	4,245.1	7,870.4	12,058.1	12,594.5	—	—
Treasury bills—						
Internal	(a)-187.7	141.8	2,234.2	1,718.0	—	—
Public	(a)500.0	500.0	14,706.0	14,200.0	—	—
Total	6,171.3	10,913.9	33,923.6	33,322.1	10,575.9	14,587.8
Securities repayable in overseas currencies(c)	1,453.8	482.1	178.2	831.3	1,077.0	1,238.4
Total new securities issued	7,625.1	11,396.0	34,101.8	34,153.4	11,652.9	15,826.2

REDEMPTIONS, REPURCHASES, CANCELLATIONS(d)

Securities repayable in Australian currency—						
Treasury bonds	222.6	1,035.6	2,587.1	2,317.0	3,117.0	3,189.2
Australian savings bonds	164.4	586.2	2,093.4	1,913.9	1,736.8	1,619.9
Special bonds	72.7	44.6	251.4	122.8	71.0	31.5
Income equalization deposits	20.4	16.4	45.1	55.2	65.8	48.6
Drought bonds	0.2	0.2	0.1	0.1	—	—
Advance loan subscriptions	—	—	—	—	—	—
Overdue securities	1.8	0.6	-1.5	-3.3	8.2	9.0
Tax-free stock	0.3	—	—	0.9	0.1	0.2
Debentures	3.8	4.0	4.2	4.4	3.3	—
Stock issued to Government savings banks under special agreements(b)	9.6	6.3	6.4	5.6	5.8	6.0
Treasury notes	3,198.3	7,665.2	10,145.9	12,441.9	44.2	1,562.8
Treasury bills—						
Internal	—	—	2,888.3	1,509.7	152.2	479.6
Public	—	—	15,306.0	14,700.0	1,400.0	—
Total	3,694.2	9,359.1	33,326.4	33,068.1	6,604.5	6,946.9
Securities repayable in overseas currencies(c)	-165.7	340.4	922.5	131.3	1,523.9	666.1
Total redemptions, etc.	3,528.5	9,699.5	34,248.9	33,199.4	8,128.4	7,612.9

NET MOVEMENT

Securities repayable in Australian currency—						
Treasury bonds	795.9	450.1	187.6	1,068.8	3,136.8	7,653.9
Australian savings bonds	366.8	219.9	-69.4	-601.0	2,467.8	1,975.6
Special bonds	-72.7	-44.6	-251.4	-122.8	-71.0	-31.9
Income equalization deposit	12.7	57.1	26.9	2.4	-10.2	-24.5
Drought bonds	-0.2	-0.2	-0.1	-0.1	—	-0.1
Advance loan subscriptions	-4.6	—	—	—	—	—
Overdue securities	-1.8	-0.6	1.5	3.3	-8.2	2.0
Tax-free stock	-0.3	—	—	-0.9	-0.1	-0.2
Debentures	-3.8	-4.0	-4.2	-4.4	-3.3	—
Stock issued to Government savings banks under special agreements(b)	26.2	30.2	48.2	47.7	56.1	108.7
Treasury notes	1,046.8	205.2	1,912.2	152.6	-44.2	-1,562.8
Treasury bills—						
Internal	-187.7	141.8	-654.1	208.3	-152.2	-479.6
Public	500.0	500.0	-600.0	-500.0	-1,400.0	—
Total	2,477.2	1,554.8	597.2	254.0	3,971.4	7,640.9
Securities repayable in overseas currencies(c)	1,619.5	141.7	-744.3	700.0	-446.9	164.8
Net movement in securities on issue	4,096.7	1,696.5	-147.1	954.0	3,524.5	7,805.7

(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)

	<i>30 June</i>					
	1979	1980	1981	1982	1983	1984
For Commonwealth Government purposes—						
Repayable in Australian currency—						
Treasury bonds	5,269.8	5,523.6	5,037.4	5,570.0	8,307.7	15,493.6
Australian savings bonds	1,700.5	1,496.0	1,215.7	381.2	2,633.9	4,577.3
Special bonds	93.8	75.9	30.4	11.1	1.3	—
Income equalization deposit	79.4	136.4	163.3	165.7	155.5	130.9
Drought bonds	0.5	0.4	0.3	0.2	0.1	—
Advance loan subscriptions	—	—	—	—	—	—
Overdue securities	3.5	3.0	4.4	7.8	6.8	8.8
Treasury notes	1,409.9	1,615.2	3,527.4	3,680.0	3,635.8	2,073.0
Treasury bills—						
Internal	1,668.5	1,810.3	1,156.2	1,364.5	1 212.3	732.7
Public	2,000.0	2,500.0	1,900.0	1,400.1	—	—
Total	12,225.9	13,160.8	13,035.1	12,580.4	15,953.4	23,016.4
Repayable in overseas currencies(a)	5,178.9	5,326.4	4,618.7	5,335.7	6,905.2	7,076.2
Total Commonwealth Government	17,404.8	18,487.2	17,653.8	17,916.1	22,858.5	30,092.6
On account of States—						
Repayable in Australian currency—						
Treasury bonds	11,660.6	11,856.8	12,530.7	13,067.0	13,464.2	13,932.2
Australian savings bonds	959.8	1,384.2	1,595.2	1,828.7	2,038.9	2,071.1
Special bonds	428.7	402.0	196.0	92.5	30.6	—
Tax-free stock	14.8	14.7	14.7	13.9	13.8	13.6
Stock issued to Government savings banks under special agreements	525.5	555.7	603.9	651.6	707.8	816.5
Debentures	15.9	11.9	7.7	3.3	—	—
Overdue securities	0.1	—	—	—	0.2	0.1
Total	13,605.4	14,225.4	14,948.2	15,657.0	16 255.5	16,833.4
Repayable in overseas currencies(a)	75.9	70.0	33.3	16.3	13.9	7.7
Total States	13,681.3	14,295.3	14,981.5	15,673.3	16 269.4	16,841.1
of which—						
New South Wales	4,466.3	4,666.8	4,885.4	5,108.1	5,327.9	5,566.5
Victoria	3,427.6	3,584.9	3,758.1	3,932.4	4,045.3	4,204.1
Queensland	1,856.0	1,931.8	2,022.4	2,113.0	2,198.7	2,291.6
South Australia	1,701.5	1,781.1	1,871.1	1,961.9	2,035.2	2,009.4
Western Australia	1,307.3	1,360.7	1,423.8	1,486.3	1,547.8	1,614.9
Tasmania	922.6	969.9	1,020.8	1,071.6	1,114.4	1,154.5
Total Commonwealth Government and States	31,086.0	32,782.6	32,635.4	33,589.4	39,127.9	46,933.6

(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 \$1.5 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 \$1.5 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 1977–78 to 1982–83. 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)							
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	108,593	34,445	1,290,550
1980-81	472,761	382,657	223,264	56,812	117,358	44,445	1,297,252
1981-82 (b)	472,761	402,657	223,264	56,828	101,612	34,445	1,291,567
1982-83 (b)	323,700	286,100	186,600	32,900	46,900	2,000	878,200
LOCAL AUTHORITIES(c)							
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	90,702	147,948	26,604	40,336	15,426	556,423
1980-81	251,261	95,769	154,245	25,087	42,354	15,120	583,836
1981-82	189,700	84,149	155,920	23,943	39,522	12,654	505,888
1982-83	196,500	77,764	164,060	19,718	41,107	11,232	510,381

(a) New money borrowings by State-type authorities in the Northern Territory in 1981-82 were \$26,000,000 and \$30,400,000 in 1982-83.

(b) Excludes borrowings by electricity authorities. In June 1982 the Loan Council decided to remove its control over the domestic borrowings by these authorities.

(c) New money borrowings by local authorities in the Northern Territory are not included in the table. These borrowings are as follows: 1977-78, \$1,697,000; 1978-79, \$631,000; 1979-80, \$1,240,000; 1980-81, \$842,000; 1981-82, \$1,318,000; 1982-83, \$1,776,000.

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

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