

## 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—Federal, 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 Federal authorities. Tables are then presented which bring together the transactions of all public authorities to highlight the role in the Australian economy of the public sector as a whole. Then follows a section on government borrowing activities at all levels.

#### COMMONWEALTH GOVERNMENT FINANCE

##### **Financial provisions of the Constitution**

The main provisions of the Constitution relating to the initiation and development of the financial system of the Commonwealth of Australia are contained in Sections 81 to 105A of the Commonwealth Constitution (*see* pages 18–21 of this Year Book).

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

Sections 87 and 96 of the Constitution deal with the financial relations between the Commonwealth and the States. The full text of the Financial Agreement of 1927 was given in Year Book No. 31, page 21; accounts of this Agreement as affected by subsequent Agreements were included in later issues of the Year Book up to No. 37 (*see* pages 685–90); details of the main provisions appeared in further issues of the Year Book up to No. 50 (*see* pages 952–3); and details of current provisions for financial assistance to the States are given on pages 583 to 586 of this Year Book.

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

### 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 Treasury balances. In 1976-77 the change in cash balances was represented by the following—

	\$'000
Cash receipts of the Consolidated Revenue Fund . . . . .	21,436,302
<i>plus</i> cash receipts of Loan Fund . . . . .	3,643,833
<i>plus</i> cash receipts of Trust Fund . . . . .	9,766,218
<i>Total</i> . . . . .	34,846,352
<i>less</i> cash payments from Consolidated Revenue Fund . . . . .	21,436,302
<i>less</i> cash payments from Loan Fund . . . . .	3,643,833
<i>less</i> cash payments from Trust Fund (including increase in investments of the Trust Fund) . . . . .	9,793,654
<i>Total</i> . . . . .	34,873,789
<i>equals</i> decrease in cash balances . . . . .	27,437

Revenues from taxation and other sources are paid into the Consolidated Revenue Fund, from which the main expenditures are for defence, social services, payments to the States and general administration. The Trust Fund covers special transactions outside the ordinary operations of departmental expenditures, such as pension funds and moneys held for expenditure by the Commonwealth Government at some future time. The Loan Fund receives its funds from the sale of Commonwealth Government securities, and the expenditures from the Fund are made in accordance with the purpose of issue of each loan. The main disbursements from the Loan Fund are to the States by way of distribution of the proceeds of loans raised by the Commonwealth Government on their behalf and by capital assistance grants, the remaining disbursements being mainly for Commonwealth Government purposes.

The receipts and outlay of the Budget for 1977-78 are set out in the table which follows, together with figures for the years 1973-74 to 1976-77. The national accounting presentation of the Budget is shown in order to be consistent with other transactions figures given in this chapter.

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

## RECEIPTS AND OUTLAY OF THE COMMONWEALTH BUDGET

(\$ million)

(Source: 1977-78 Budget paper No. 10 National Accounting Estimates of Receipts and Outlays of Commonwealth Government Authorities)

	1973-74	1974-75	1975-76	1976-77	1977-78 Budget Estimate
<b>Outlay—</b>					
Net expenditure on goods and services—					
Current . . . . .	2,709	3,469	4,058	4,646	5,205
Capital(a) . . . . .	266	404	559	516	476
<b>Total . . . . .</b>	<b>2,975</b>	<b>3,873</b>	<b>4,617</b>	<b>5,162</b>	<b>5,681</b>
Transfer payments—					
Cash benefits to persons . . . . .	3,076	4,320	6,089	7,373	8,102
Unfunded employee retirement benefits . . . . .	65	88	106	121	136
Grants to States and local government authorities . . . . .	3,438	5,184	7,094	7,663	8,741
Interest paid . . . . .	712	888	968	1,412	1,727
Transfers overseas . . . . .	289	349	370	388	415
Subsidies . . . . .	277	228	254	220	246
Grants for private capital purposes . . . . .	70	121	174	98	125
Purchases of existing assets . . . . .	30	121	30	23	22
<b>Total . . . . .</b>	<b>7,957</b>	<b>11,298</b>	<b>15,084</b>	<b>17,298</b>	<b>19,514</b>
<b>Total expenditure . . . . .</b>	<b>10,932</b>	<b>15,171</b>	<b>19,700</b>	<b>22,460</b>	<b>25,195</b>
Net advances—					
States . . . . .	749	1,225	1,372	1,278	1,240
Federal authorities . . . . .	454	1,087	660	262	116
Other sectors . . . . .	96	356	126	124	105
<b>Total . . . . .</b>	<b>1,298</b>	<b>2,669</b>	<b>2,159</b>	<b>1,664</b>	<b>1,461</b>
<b>Total outlay . . . . .</b>	<b>12,229</b>	<b>17,839</b>	<b>21,860</b>	<b>24,124</b>	<b>26,656</b>
<b>Receipts—</b>					
Taxation—					
Indirect taxes . . . . .	3,184	3,792	4,877	5,524	6,181
Income tax on companies . . . . .	2,033	2,447	2,618	2,921	3,101
Income tax on persons . . . . .	5,490	7,714	9,220	11,054	12,884
Estate and gift duties . . . . .	76	80	87	88	93
Other direct taxes, fees, fines, etc. . . . .	68	23	10	13	16
Unfunded employee retirement contributions . . . . .	27	35	40	52	57
<i>Less remissions . . . . .</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>9</i>
<b>Total . . . . .</b>	<b>10,873</b>	<b>14,085</b>	<b>16,843</b>	<b>19,642</b>	<b>22,323</b>
Other receipts—					
Interest, rent and dividends . . . . .	1,031	1,175	1,405	1,628	1,814
Gross income of public enterprises . . . . .	9	—5	—4	85	228
Net sales of existing assets(b) . . . . .	22	18	30	30	74
<b>Total . . . . .</b>	<b>1,063</b>	<b>1,188</b>	<b>1,432</b>	<b>1,742</b>	<b>2,115</b>
<b>Total receipts . . . . .</b>	<b>11,936</b>	<b>15,273</b>	<b>18,274</b>	<b>21,384</b>	<b>24,439</b>
<b>Deficit . . . . .</b>	<b>293</b>	<b>2,567</b>	<b>3,585</b>	<b>2,740</b>	<b>2,217</b>

(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 1977-78 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 and Northern Territory housing trust accounts)
- 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 175 of Statement No. 6 attached to the *Budget Speech 1977-78*.

**FEDERAL 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 Federal authorities. The remaining tables in this section have been prepared on that basis.

Public financial enterprises have been omitted from the consolidated accounts presented here largely on the ground that combining the income and outlay and capital financing transactions of the Reserve Bank, the publicly owned trading and savings banks, government insurance offices and other public financial institutions with the equivalent transactions of public trading enterprises and general government seems to provide a less meaningful account of public sector activity. For example, omission of the borrowing and lending activities of the government banks and the Reserve Bank allows attention to be centred on the borrowing and lending activities of general government and public trading enterprises, which are quite different in nature and economic effect from the financing activities of the banking system. However, the expenditure on new fixed assets of public financial enterprises is shown in the table on page 579 to provide a measure of the gross fixed capital formation of all publicly owned and/or controlled organisations.

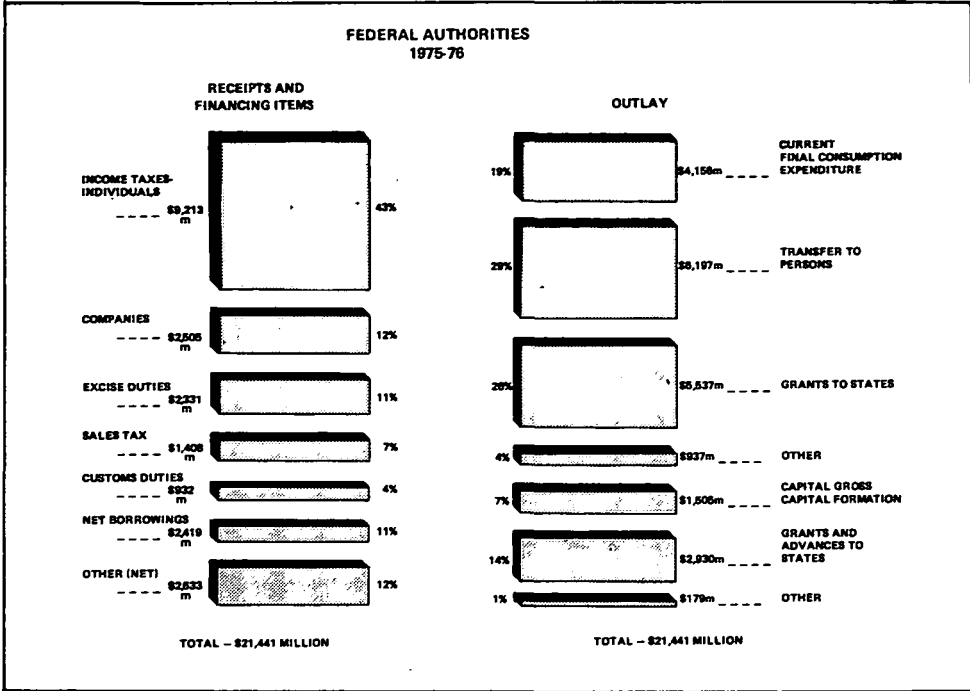


PLATE 42

## Summary of receipts and outlay

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

**FEDERAL AUTHORITIES<sup>(a)</sup>: RECEIPTS AND OUTLAY**  
(\$ million)

	1971-72	1972-73	1973-74	1974-75	1975-76
<b>RECEIPTS AND FINANCING ITEMS</b>					
<b>Receipts—</b>					
Taxes, fees, fines, etc. . . . .	7,938	8,471	10,917	14,211	16,937
Income from public enterprises . . . . .	306	308	283	246	435
Interest, etc., received . . . . .	62	77	87	88	116
<i>Total receipts</i> . . . . .	<i>8,307</i>	<i>8,856</i>	<i>11,287</i>	<i>14,545</i>	<i>17,488</i>
<b>Financing items—</b>					
Depreciation allowances . . . . .	207	230	255	279	405
Net sale of securities—					
Treasury bills and notes . . . . .	-10	165	-38	1,689	-770
Commonwealth government securities . . . . .	617	666	801	554	3,165
Public corporation securities . . . . .	1	27	26	22	23
Net receipts of private trust funds . . . . .	102	116	-90	83	217
Reduction in cash and bank balances . . . . .	-583	-265	-527	577	270
Reduction in securities holdings . . . . .	-31	-87	-68	-510	568
Other funds available (including errors and omissions) . . . . .	20	35	262	122	75
<i>Total financing items</i> . . . . .	<i>323</i>	<i>886</i>	<i>621</i>	<i>2,816</i>	<i>3,953</i>
<b>Total funds available</b> . . . . .	<b>8,630</b>	<b>9,742</b>	<b>11,908</b>	<b>17,361</b>	<b>21,441</b>
<b>OUTLAY</b>					
<b>Current outlay—</b>					
Final consumption expenditure . . . . .	2,175	2,369	2,734	3,550	4,156
Interest, etc., paid . . . . .	-14	15	6	108	117
Transfers to persons . . . . .	2,041	2,533	3,143	4,410	6,197
Subsidies . . . . .	377	323	300	284	272
Transfers overseas . . . . .	205	252	288	349	370
Grants for private capital purposes . . . . .	40	59	70	122	179
Grants to States and local government authorities . . . . .	1,769	2,077	2,538	3,785	5,528
<i>Total current outlay</i> . . . . .	<i>6,595</i>	<i>7,627</i>	<i>9,078</i>	<i>12,609</i>	<i>16,818</i>
<b>Capital outlay—</b>					
Expenditure on new fixed assets . . . . .	838	808	1,001	1,350	1,573
Expenditure on existing assets . . . . .	-5	-19	20	110	7
Increase in stocks . . . . .	-25	-45	38	315	-75
Grants to States and local government authorities . . . . .	627	707	900	1,414	1,566
Advances to States and local government authorities . . . . .	590	668	749	1,225	1,373
Advances to other sectors . . . . .	9	-5	123	338	179
<i>Total capital outlay</i> . . . . .	<i>2,035</i>	<i>2,115</i>	<i>2,830</i>	<i>4,751</i>	<i>4,623</i>
<b>Total outlay</b> . . . . .	<b>8,630</b>	<b>9,742</b>	<b>11,908</b>	<b>17,361</b>	<b>21,441</b>

(a) Excludes financial enterprises.

## FEDERAL AUTHORITIES: OUTLAY, CLASSIFIED BY PURPOSE

(\$ million)

Purpose	1971-72	1972-73	1973-74	1974-75	1975-76
<b>General public services—</b>					
General administration, n.e.c.	321.6	370.4	475.1	632.0	731.6
External affairs	263.4	305.3	357.5	453.9	470.3
Law, order and public safety	32.7	38.8	53.1	82.4	110.0
General research	80.7	90.6	112.6	140.2	169.4
<i>Total general public services</i>	<i>698.6</i>	<i>805.1</i>	<i>998.3</i>	<i>1,308.5</i>	<i>1,481.2</i>
<b>Defence</b>	1,127.2	1,206.4	1,306.0	1,610.1	1,852.9
<b>Education—</b>					
General administration, regulation and research	8.4	14.6	13.1	20.6	25.8
Transportation of students	0.8	1.0	1.2	1.5	2.3
Primary and secondary education	99.4	124.7	239.5	543.5	615.7
Vocational training	9.8	18.3	36.2	54.8	81.4
University education	159.3	190.3	330.8	553.0	598.7
Other higher education	55.7	71.9	200.3	408.6	455.5
Other education programs	15.6	22.7	40.5	91.6	127.0
<i>Total education</i>	<i>348.9</i>	<i>443.5</i>	<i>861.5</i>	<i>1,673.6</i>	<i>1,906.5</i>
<b>Health—</b>					
General administration, regulation and research	28.5	25.3	28.3	56.5	106.6
Hospital and clinical services	296.4	344.5	405.4	580.0	1,658.2
Other health services	361.3	409.9	507.4	639.4	1,178.7
<i>Total health</i>	<i>686.3</i>	<i>779.7</i>	<i>941.1</i>	<i>1,275.9</i>	<i>2,943.4</i>
<b>Social security and welfare—</b>					
General administration, regulation and research	29.3	37.4	58.9	80.5	106.7
Care of and assistance to—					
Aged persons	713.8	926.3	1,186.6	1,683.1	2,247.4
Incapacitated and handicapped persons	148.1	197.0	242.3	337.9	473.8
Unemployed and sick persons	71.7	181.4	118.7	477.0	776.0
Ex-servicemen	281.7	320.0	383.1	505.1	598.9
Widowed and deserted spouses	110.5	150.3	188.6	248.3	335.0
Families and children	225.8	262.9	275.7	312.7	405.8
Other social security and welfare services	17.2	28.8	35.9	54.7	68.0
<i>Total social security, etc.</i>	<i>1,598.1</i>	<i>2,104.0</i>	<i>2,489.7</i>	<i>3,699.4</i>	<i>5,011.7</i>
<b>Housing and community amenities—</b>					
Housing	54.4	52.7	329.4	652.2	539.1
Community and regional development	25.9	24.2	94.4	231.5	245.5
Protection of the environment	5.6	8.7	41.9	143.7	154.4
Community amenities, n.e.c.	..	0.3	0.4	0.3	0.3
<i>Total housing, etc.</i>	<i>85.8</i>	<i>85.9</i>	<i>466.0</i>	<i>1,027.6</i>	<i>939.2</i>
<b>Recreation and culture—</b>					
Cultural facilities	8.8	10.3	18.1	24.6	24.0
Support of the creative and performing arts	5.6	6.8	13.1	19.9	20.9
Broadcasting services and film production	82.1	89.6	113.9	154.4	174.7
Recreational facilities and services	6.2	7.4	11.0	19.2	24.2
Other programs	0.2	0.4	1.5	14.8	8.5
<i>Total recreation, etc.</i>	<i>102.8</i>	<i>114.4</i>	<i>157.7</i>	<i>232.9</i>	<i>252.3</i>
<b>Economic services—</b>					
General administration, regulation and research	139.5	132.5	158.6	237.2	293.7
Agriculture forestry and fishing	312.3	237.4	335.7	565.8	209.6
Mining, manufacturing and construction	106.9	133.7	140.3	206.1	176.2
Electricity and water supply	33.4	40.8	52.2	64.7	76.6
Transport and communication	975.6	961.1	1,193.7	1,531.0	1,699.6
Other economic services	54.7	59.0	37.9	103.8	45.0
<i>Total economic services</i>	<i>1,622.6</i>	<i>1,564.5</i>	<i>1,918.2</i>	<i>2,708.6</i>	<i>2,500.6</i>
<b>Other purposes—</b>					
General purpose inter-authority transfers	2,370.4	2,628.4	2,740.3	3,601.5	4,377.8
Natural disaster relief	2.4	-5.3	22.6	114.0	58.7
Interest	-13.6	15.1	6.4	108.4	116.6
<i>Total other purposes</i>	<i>2,359.1</i>	<i>2,638.1</i>	<i>2,769.3</i>	<i>3,823.9</i>	<i>4,553.1</i>
<i>Total outlay, all purposes</i>	<i>8,629.5</i>	<i>9,741.7</i>	<i>11,907.8</i>	<i>17,360.5</i>	<i>21,440.8</i>
<b>Of which—</b>					
Current outlay	6,594.9	7,626.9	9,077.9	12,609.2	16,817.9
Capital outlay	2,034.7	2,114.9	2,829.9	4,751.3	4,622.9

### Main components of outlay

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

#### *Final consumption expenditure and expenditure on new fixed assets*

Final consumption expenditure consists of current expenditure on goods and services by public authorities other than those classified as enterprises, *less* any charges made for goods and services which they themselves provide. Expenditure on new fixed assets consists of purchases of new durable assets *less* sales of previously rented dwellings. Purchases of defence equipment are treated as current expenditure and all expenditure on road systems and ancillary facilities is treated as capital. The following tables show dissections by purpose of final consumption expenditure and expenditure on new fixed assets for the five years ended 1975-76.

#### FEDERAL AUTHORITIES, FINAL CONSUMPTION EXPENDITURE CLASSIFIED BY PURPOSE (\$ million)

<i>Purpose</i>	1971-72	1972-73	1973-74	1974-75	1975-76
General public services—					
General administration . . . . .	285	333	430	555	668
External affairs . . . . .	45	50	58	84	92
Law, order and public safety . . . . .	30	36	48	73	98
General research . . . . .	66	75	90	112	131
<i>Total general public services . . . . .</i>	<i>426</i>	<i>493</i>	<i>626</i>	<i>823</i>	<i>988</i>
Defence . . . . .	1,127	1,178	1,222	1,444	1,680
Education . . . . .	64	79	109	167	199
Health . . . . .	138	157	206	303	416
Social security and welfare . . . . .	61	72	96	148	198
Housing and community amenities . . . . .	11	17	29	51	57
Recreation and culture . . . . .	87	99	135	181	203
Economic services—					
General administration, regulation and research . . . . .	107	102	122	166	167
Agriculture, forestry, fishing . . . . .	72	82	83	101	114
Mining, manufacturing and construction . . . . .	11	12	14	18	17
Transport and communication . . . . .	56	62	74	90	93
Other . . . . .	16	16	15	19	19
<i>Total economic services . . . . .</i>	<i>261</i>	<i>274</i>	<i>309</i>	<i>393</i>	<i>410</i>
Other purposes . . . . .	..	..	1	43	5
<b>Grand total . . . . .</b>	<b>2,175</b>	<b>2,369</b>	<b>2,734</b>	<b>3,550</b>	<b>4,156</b>



**FEDERAL AUTHORITIES: EXPENDITURE ON NEW FIXED ASSETS,  
CLASSIFIED BY PURPOSE**

**I. GENERAL GOVERNMENT**

(\$ million)

<i>Purpose</i>	<i>1971-72</i>	<i>1972-73</i>	<i>1973-74</i>	<i>1974-75</i>	<i>1975-76</i>
<b>General public services—</b>					
General administration . . . . .	22.6	35.8	43.4	56.9	62.2
External affairs . . . . .	3.5	15.4	12.3	15.9	20.3
Law, order and public safety . . . . .	2.5	2.9	3.2	7.2	9.4
General research . . . . .	10.0	9.4	15.1	20.6	32.1
<i>Total general public services</i> . . . . .	<i>38.7</i>	<i>63.5</i>	<i>73.9</i>	<i>100.4</i>	<i>124</i>
Education . . . . .	25.0	30.1	32.1	45.1	72.9
Health . . . . .	21.5	19.4	22.0	40.3	57.7
Social Security and welfare . . . . .	2.6	2.5	10.7	9.1	13.0
Housing and community amenities . . . . .	21.8	26.4	38.9	65.4	128.5
Recreation and culture . . . . .	15.0	13.6	21.3	31.3	31.9
<b>Economic services—</b>					
General administration, regulation and research . . . . .	5.8	4.6	3.3	3.9	6.4
Agriculture, forestry, fishing . . . . .	4.1	16.4	9.3	12.6	10.6
Mining, manufacturing and construction . . . . .	0.6	0.5	0.8	1.9	1.8
Transport and communication . . . . .	56.9	45.2	43.6	56.7	57.4
Other economic services . . . . .	0.2	0.1	0.1	..	0.1
<i>Total economic services</i> . . . . .	<i>67.6</i>	<i>66.8</i>	<i>57.1</i>	<i>75.2</i>	<i>76.3</i>
Other purposes . . . . .	..	..	..	6.5	5.1
<i>Total general government</i> . . . . .	<i>192.3</i>	<i>222.3</i>	<i>256.1</i>	<i>373.3</i>	<i>509.5</i>

**II. PUBLIC ENTERPRISES**

(\$ million)

<i>Purpose</i>	<i>1971-72</i>	<i>1972-73</i>	<i>1973-74</i>	<i>1974-75</i>	<i>1975-76</i>
<b>Public trading enterprises—</b>					
General public services . . . . .	0.5	1.6	0.7	1.5	1.5
Housing and community amenities—Housing . . . . .	7.2	3.9	0.5	8.6	16.7
Sewerage and drainage . . . . .	3.1	5.4	8.0	15.6	24.8
<b>Economic services—</b>					
Technical services, n.e.c. . . . .	0.4	0.4	0.4	0.6	0.2
Manufacturing activities . . . . .	1.5	1.9	1.6	4.9	11.5
Electricity, water supply . . . . .	31.5	26.9	28.8	26.1	31.6
<b>Transport and communication—</b>					
Air transport . . . . .	138.7	41.8	69.5	70.5	67.5
Rail transport . . . . .	17.1	10.6	7.5	13.4	45.3
Sea transport . . . . .	16.0	20.9	10.5	55.6	46.5
Urban transit systems . . . . .	2.6	2.0	2.7	3.5	5.9
Pipelines . . . . .	..	10.4	56.0	56.5	51.3
Communications services . . . . .	426.4	460.1	558.8	717.7	756.5
<i>Total</i> . . . . .	<i>600.9</i>	<i>545.7</i>	<i>704.9</i>	<i>917.3</i>	<i>973.1</i>
Other economic services . . . . .	1.0	0.3	0.1	1.8	4.1
<i>Total public trading enterprises</i> . . . . .	<i>646.0</i>	<i>586.0</i>	<i>745.0</i>	<i>976.4</i>	<i>1,063.4</i>
Public financial enterprises . . . . .	23.7	28.3	21.8	31.0	38.5
<i>Total public enterprises</i> . . . . .	<i>669.6</i>	<i>614.3</i>	<i>766.8</i>	<i>1,007.5</i>	<i>1,101.9</i>

## Cash benefits to persons

Total payments of cash benefits to persons during the latest five years are shown in the next table.

Further information relating to items in this table is given in the appropriate chapters of this Year Book.

**FEDERAL AUTHORITIES: CASH BENEFITS TO PERSONS**  
(S'000)

	1971-72	1972-73	1973-74	1974-75	1975-76
<b>General public services—</b>					
General research—					
Queen Elizabeth fellowships . . . . .	282	330	451	473	584
<b>Defence—</b>					
Special pensions to ex-servicemen . . . . .	5	2	2	..	..
<b>Education . . . . .</b>	54,694	74,036	93,764	124,273	162,455
<b>Health . . . . .</b>	508,133	581,283	659,003	817,015	1,369,405
<b>Social security and welfare . . . . .</b>	1,471,092	1,869,973	2,316,407	3,354,893	4,506,587
<b>Recreation—</b>					
Overseas study fellowships .. . . .	..	..	..	193	190
<b>Economic services—</b>					
General administration, regulation and research—					
Hostel tariffs of unemployed migrants . . . . .	602	252	290	289	148
Maintenance of migrant families . . . . .	4,298	4,385	4,425	6,029	6,498
Stevedoring industry—attendance money, etc. . . . .	1,207	1,362	1,606	2,125	2,691
Widows' training scheme . . . . .	656	516	875	863	47
Tertiary education assistance to ex-servicemen . . . . .	725	814	820	421	..
National employment training scheme . . . . .	..	..	..	10,590	31,056
National apprenticeship training scheme . . . . .	..	..	..	..	8,661
Other . . . . .	9	10	12	3	..
<b>Total . . . . .</b>	7,497	7,338	8,027	20,321	49,103
<b>Agriculture, forestry, fishing—</b>					
War service land settlement—rent remissions, etc. . . . .	30	50	13	12	6
Allowances to agricultural trainees . . . . .	..	..	66	49	..
<b>Total . . . . .</b>	30	50	79	61	6
<b>Mining, manufacturing and construction—</b>					
Joint coal board—Welfare fund . . . . .	43	40	36	5	4
<b>Total economic services . . . . .</b>	7,570	7,428	8,142	20,387	49,113
Other purposes . . . . .	..	..	..	5,217	2,882
<b>Total . . . . .</b>	2,041,776	2,533,052	3,077,769	4,322,258	6,091,219

## Subsidies

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

**FEDERAL AUTHORITIES: SUBSIDIES**  
(\$'000)

	1971-72	1972-73	1973-74	1974-75	1975-76
Departmental cafeteria compensation . . . . .	..	..	189	179	125
Serum laboratories . . . . .	479	607	681	1,542	1,242
N.T. Housing Commission assistance . . . . .	..	113	76	64	50
Canberra Theatre Trust subsidy . . . . .	28	38	67	120	143
<b>Economic services—</b>					
Assistance to employers—					
Stevedoring industry assistance . . . . .	15,709	12,792	14,480	22,330	28,572
Apprenticeship training . . . . .	788	1,209	6,130	16,551	26,215
Other . . . . .	..	..	131	..	..
<b>Total . . . . .</b>	<b>16,497</b>	<b>14,001</b>	<b>20,741</b>	<b>38,881</b>	<b>54,786</b>
<b>Assistance to agricultural and pastoral enterprises—</b>					
Dairy products subsidy . . . . .	39,882	28,500	18,000	9,000	1,275
Wheat prices stabilisation payments . . . . .	58,357	41,371	12,360	..	..
Phosphate fertilisers bounty . . . . .	45,795	56,568	66,962	29,508	20,133
Nitrogenous fertilisers bounty . . . . .	9,757	13,138	13,573	13,983	13,044
Poultry industry assistance . . . . .	13,222	12,910	11,522	12,735	11,400
Devaluation compensation . . . . .	7,204	175	..	..	..
Wool marketing assistance . . . . .	4,100	2,481	404	..	..
Deficiency payments for wool . . . . .	52,671	-1,640	-11	..	..
Apple and pear stabilisation payments . . . . .	2,584	3,119	2,758	3,119	2,705
Other . . . . .	3,627	3,695	3,631	648	1,415
<b>Total . . . . .</b>	<b>237,200</b>	<b>160,317</b>	<b>129,199</b>	<b>68,993</b>	<b>49,973</b>
<b>Assistance to mining enterprises—</b>					
Oil search subsidy . . . . .	7,536	8,084	10,000	5,858	186
Gold mining industry assistance . . . . .	1,712	248	17	..	..
Other . . . . .	1,205	273	1,470	84	..
<b>Total . . . . .</b>	<b>10,453</b>	<b>8,605</b>	<b>11,487</b>	<b>5,942</b>	<b>186</b>
<b>Assistance to manufacturing enterprises—</b>					
Agricultural tractor bounty . . . . .	3,160	2,800	3,707	4,442	3,628
Book bounty . . . . .	3,181	2,984	3,409	5,936	6,749
Industrial research and development grants . . . . .	13,000	14,000	15,000	17,500	19,300
Ship construction subsidy . . . . .	13,396	30,633	20,925	31,153	41,480
Export incentive grants . . . . .	5,674	58,340	68,142	93,151	62,825
Structural adjustment assistance . . . . .	..	..	109	5,304	1,120
Refrigeration compressors bounty . . . . .	..	..	..	3,877	1,367
Other . . . . .	1,083	2,405	1,180	2,600	4,246
<b>Total . . . . .</b>	<b>84,494</b>	<b>111,163</b>	<b>112,472</b>	<b>163,963</b>	<b>140,715</b>
<b>Assistance to air transport services . . . . .</b>	<b>1,900</b>	<b>2,000</b>	<b>1,870</b>	<b>926</b>	<b>768</b>
<b>Assistance to sea transport services . . . . .</b>	<b>217</b>	<b>24</b>	<b>1,024</b>	<b>1,040</b>	<b>5,536</b>
<b>Other assistance to enterprises—</b>					
Petrol prices equalisation . . . . .	23,064	23,305	19,336	1,708	..
Northern Territory petrol prices equalisation . . . . .	2,165	2,393	2,483	626	..
Export market development grants . . . . .	..	..	..	..	17,076
Other . . . . .	..	..	..	..	1,070
<b>Total . . . . .</b>	<b>25,229</b>	<b>25,698</b>	<b>21,819</b>	<b>2,334</b>	<b>18,146</b>
<b>Natural disaster relief—</b>					
N.T. drought and flood relief freight concessions and subsidies . . . . .	210	27	69	48	..
<b>Total . . . . .</b>	<b>376,708</b>	<b>322,594</b>	<b>299,695</b>	<b>284,032</b>	<b>271,670</b>

### Grants and advances to the States

Commonwealth Government financial assistance to the States 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 *Payments to or for the States 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

The following tables show details of grants to the States for general and specific purposes. More detailed figures appear in *Public Authority Finance: Federal Authorities (5502.0)*.

#### FEDERAL AUTHORITIES: GRANTS TO THE STATES, 1975-76 (\$'000)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	Total
<b>FOR CURRENT PURPOSES</b>							
General public services . . . . .	2,708	1,859	865	1,058	1,229	190	7,910
Defence . . . . .	298	119	269	8	150	53	897
Education . . . . .	393,874	347,685	148,596	109,812	102,590	32,993	1,135,548
Health . . . . .	344,843	244,963	111,826	99,375	107,140	34,526	942,674
Social security and welfare . . . . .	15,495	18,133	11,552	8,241	5,916	3,059	62,396
Housing and community amenities . . . . .	3,465	2,429	1,181	1,304	1,071	412	9,863
Recreation and culture . . . . .	126	171	118	98	105	170	789
Economic services . . . . .	8,748	5,814	5,199	1,760	2,840	3,647	28,008
Other purposes—							
Financial assistance grants . . . . .	946,660	706,389	536,792	363,091	363,031	156,816	3,072,780
Special grants . . . . .	..	..	36,300	2,500	..	..	38,800
Special revenue assistance . . . . .	..	..	..	..	..	..	..
Interest on States' debt . . . . .	5,835	4,254	2,192	1,408	947	534	15,170
Sinking fund on States' debt . . . . .	9,900	7,500	3,900	4,000	2,800	2,100	30,200
Debt charges assistance . . . . .	..	..	..	..	..	..	..
Natural disaster relief . . . . .	637	35	52	..	83	..	807
Local government assistance . . . . .	29,257	20,242	13,808	6,785	7,524	2,292	79,908
Other . . . . .	..	..	..	1,488	..	480	1,968
<i>Total other purposes</i> . . . . .	<i>992,289</i>	<i>738,420</i>	<i>593,044</i>	<i>379,272</i>	<i>374,385</i>	<i>162,222</i>	<i>3,239,633</i>
<b>Total grants for current purposes</b> . . . . .	<b>1,761,847</b>	<b>1,359,594</b>	<b>872,650</b>	<b>600,928</b>	<b>595,426</b>	<b>237,272</b>	<b>5,427,719</b>
<b>FOR CAPITAL PURPOSES</b>							
Education . . . . .	104,350	102,865	44,897	24,721	27,335	15,076	319,244
Health . . . . .	45,157	32,603	25,361	15,875	18,133	3,110	140,238
Social security and welfare . . . . .	7,822	4,119	1,635	1,690	1,143	777	17,187
Housing and community amenities . . . . .	31,391	19,127	12,765	5,882	8,795	1,336	79,297
Recreation and culture . . . . .	3,153	2,145	1,715	1,710	1,003	1,311	11,036
Economic services—							
General administration, regulation and research . . . . .	38	..	22	..	..	..	60
Soil and water resources management . . . . .	3,465	1,358	6,403	819	2,133	165	14,343
Assistance to agricultural and pastoral industries . . . . .	2,255	4,165	2,765	1,058	1,775	517	12,535
Electricity, gas, water supply . . . . .	..	..	1,402	2,679	..	..	4,081
Rail transport . . . . .	..	..	..	3,472	..	..	3,472
Sea transport . . . . .	1,164	..	..	..	..	121	1,285
Road systems and regulation . . . . .	136,232	91,989	90,049	41,483	62,225	36,461	458,439
Urban transit systems . . . . .	5,694	9,529	8,986	6,757	750	2,380	34,096
Other . . . . .	358	511	142	500	200	120	1,829
<i>Total economic services</i> . . . . .	<i>149,206</i>	<i>107,552</i>	<i>109,769</i>	<i>56,768</i>	<i>67,083</i>	<i>39,764</i>	<i>530,142</i>
Other purposes—							
Capital assistance . . . . .	137,057	108,871	57,459	56,475	40,099	30,372	430,333
Natural disaster relief . . . . .	12,596	5,937	6,319	108	4,197	-7	29,150
<b>Total grants for capital purposes</b> . . . . .	<b>490,732</b>	<b>383,219</b>	<b>259,920</b>	<b>163,229</b>	<b>167,788</b>	<b>91,739</b>	<b>1,556,627</b>
<b>TOTAL GRANTS</b>							
<b>Total grants to the States</b> . . . . .	<b>2,252,579</b>	<b>1,742,813</b>	<b>1,132,570</b>	<b>764,157</b>	<b>763,214</b>	<b>329,011</b>	<b>6,984,346</b>

**FEDERAL AUTHORITIES: GRANTS TO THE STATES**  
(\\$'000)

	1971-72	1972-73	1973-74	1974-75	1975-76
<b>FOR CURRENT PURPOSES</b>					
General public services . . . . .	4,490	5,917	8,051	8,955	7,910
Defence . . . . .	..	..	..	325	897
Education . . . . .	118,923	153,858	433,470	910,815	1,135,548
Health . . . . .	11,908	13,836	26,734	47,281	942,674
Social security and welfare . . . . .	34,112	118,686	22,258	60,786	62,396
Housing and community amenities . . . . .	4,151	6,892	7,437	9,494	9,863
Recreation and culture . . . . .	..	..	218	70	789
Economic services . . . . .	9,876	13,076	17,121	22,713	28,008
Other purposes—					
Financial assistance grants . . . . .	1,440,878	1,647,293	1,859,905	2,373,811	3,072,780
Special grants . . . . .	23,800	38,600	38,550	64,684	38,800
Special revenue assistance . . . . .	55,000	..	25,000	75,000	..
Interest on State's debt . . . . .	15,170	15,170	15,053	15,287	15,170
Sinking fund on State's debt . . . . .	26,323	27,979	29,509	30,805	30,200
Debt charges assistance . . . . .	23,008	34,512	46,016	57,520	..
Natural disaster payments . . . . .	1,143	72	4,031	1,090	807
Local government assistance . . . . .	..	..	..	56,345	79,908
Other . . . . .	..	..	..	..	1,968
<i>Total other purposes</i> . . . . .	<i>1,585,323</i>	<i>1,763,626</i>	<i>2,018,064</i>	<i>2,674,542</i>	<i>3,239,633</i>
<b>Total grants for current purposes</b> . . . . .	<b>1,768,783</b>	<b>2,075,891</b>	<b>2,533,353</b>	<b>3,734,981</b>	<b>5,427,719</b>
<b>FOR CAPITAL PURPOSES</b>					
Education . . . . .	85,969	105,569	189,064	415,474	319,244
Health . . . . .	6,076	7,150	25,099	60,734	140,238
Social security and welfare . . . . .	8,600	7,683	7,261	7,795	17,187
Housing and community amenities . . . . .	5,276	11,651	25,011	70,182	79,297
Recreation and culture . . . . .	..	..	1,562	12,623	11,036
Economic services—					
General administration, regulation and research . . . . .	372	24	24	180	60
Soil and water resources management . . . . .	22,843	17,646	13,571	15,193	14,343
Assistance to agricultural and pastoral industries . . . . .	13,796	14,523	11,204	10,316	12,535
Electricity, gas, water supply . . . . .	..	1,500	..	..	4,081
Rail transport . . . . .	2,845	1,416	468	734	3,472
Sea transport . . . . .	..	3,057	1,000	2,018	1,285
Road systems and regulation . . . . .	255,464	287,439	325,657	373,860	458,439
Urban transit systems . . . . .	..	..	..	45,259	34,096
Other . . . . .	..	50	98	1,081	1,829
<i>Total economic services</i> . . . . .	<i>295,320</i>	<i>325,655</i>	<i>352,020</i>	<i>448,641</i>	<i>530,142</i>
Other purposes—					
Natural disaster relief . . . . .	5,430	-77	20,275	48,446	29,150
Capital assistance . . . . .	219,100	248,539	278,307	345,878	430,333
<b>Total grants for capital purposes</b> . . . . .	<b>625,771</b>	<b>706,169</b>	<b>898,600</b>	<b>1,409,774</b>	<b>1,556,627</b>
<b>TOTAL GRANTS</b>					
<b>Total grants to the States</b> . . . . .	<b>2,394,554</b>	<b>2,782,060</b>	<b>3,431,953</b>	<b>5,144,755</b>	<b>6,984,346</b>

**General purposes grants**

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

Arrangements for the years 1973-74 to 1975-76 are embodied in the *States Grants Act 1973*. Under these arrangements the financial assistance grants increase each year in proportion to the increase in average wages in Australia as a whole in the year ending 31 March in the year of payment and to the increase in each State's population in the year ending 31 December in the year of payment, and by a betterment factor of 1.8 per cent. Adjustments were made to these arrangements to reduce the grants when the Commonwealth assumed full responsibility for financing tertiary education

from 1 January 1974 and on account of transfers of railways from South Australia and Tasmania to the Commonwealth. Financial assistance grants additional to the grants determined by the formula were paid to Western Australia in 1973-74 and 1974-75 and to Tasmania in 1974-75.

These arrangements were replaced by the personal income tax sharing scheme between the Commonwealth and the State and local governments which came into operation in 1976-77. A comprehensive description of this scheme is given in the Commonwealth Budget paper *Payments to or for the States and Local Government Authorities 1977-78*.

The following table shows particulars of the calculations of the financial assistance grants for 1975-76.

**CALCULATION OF FINANCIAL ASSISTANCE GRANTS FOR 1975-76**  
(S'000)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	Total
1974-75 grants . . . . .	737,522	548,405	414,446	261,737	(a)273,330	(b)131,871	2,367,311
Plus additions to base grants . . . . .	..	..	..	(c)21,000	(d)5,000	..	26,000
Less subtraction from base grants . . . . .	..	..	..	..	..	(c)10,700	10,700
<i>Total base grants</i> . . . . .	737,522	548,405	414,446	282,737	278,330	121,171	2,382,611
Plus additions under formula(e) . . . . .	141,361	107,409	83,914	54,359	58,709	24,418	470,169
<i>Sub-totals</i> . . . . .	878,883	655,814	498,360	337,095	337,039	145,589	2,852,780
Additional grants(d) . . . . .	67,777	50,575	38,432	25,996	25,992	11,227	220,000
<b>Total financial assistance grants</b> . . . . .	<b>946,660</b>	<b>706,389</b>	<b>536,792</b>	<b>363,091</b>	<b>363,031</b>	<b>156,816</b>	<b>3,072,780</b>

(a) Excluding 'temporary' addition of \$6.5 million in 1974-75. (b) Including additional \$15 million paid in 1974-75 and included in 'base' for purposes of calculating grants for 1975-76 and later years. (c) Net amounts agreed to in relation to railway transfers in South Australia and Tasmania and to the withdrawal of the former State from the Grants Commission system. (d) Agreed to at June 1975 Premiers' Conference as part of revised grants arrangements. (e) Calculated from the Statistician's estimates of increases in State populations in the year ended 31 December 1975 (New South Wales, 0.16 per cent; Victoria, 0.51 per cent; Queensland, 1.07 per cent; South Australia, 0.21 per cent; Western Australia, 1.78 per cent; and Tasmania, 0.99 per cent, giving a weighted average of 0.64 per cent for all States combined), the Statistician's estimate of the increase in average wages for Australia as a whole in the year ended 31 March 1976 of 16.87 per cent and the betterment factor of 1.8 per cent.

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

**GRANTS COMMISSION: SPECIAL GRANTS**  
(S'000)

	1972-73	1973-74	1974-75	1975-76	1976-77
<b>Queensland—</b>					
Advance payment . . . . .	10,000	10,000	15,000	25,000	18,000
Completion payment(a) . . . . .	9,750	11,300	9,000	10,800	(b)
<i>Total</i> . . . . .	19,750	21,300	24,000	35,800	(b)
<b>South Australia—</b>					
Advance payment . . . . .	13,500	15,000	15,000	..	..
Completion payment(a) . . . . .	8,500	2,500	(c)10,000	..	..
<i>Total</i> . . . . .	22,000	17,500	25,000	..	..
<b>Tasmania—</b>					
Advance payment . . . . .	10,000	10,000	..	..	..
Completion payment(a) . . . . .	(d)	(d)	..	..	..
<i>Total</i> . . . . .	10,000	10,000	..	..	..
<b>Grand total</b> . . . . .	<b>51,750</b>	<b>48,800</b>	<b>49,000</b>	<b>35,800</b>	<b>(b)</b>

(a) Adjustment to estimated grant paid two years previously. (b) Not yet determined. (c) Represents agreed estimate of completion grant which could have been expected to be recommended by the grants commission if the State had remained claimant. (d) No completion grants were or are to be paid to Tasmania in respect of these years.

*Capital assistance grants.* Since 1970-71 the Commonwealth Government has provided a portion of the State's Loan Council programs in the form of interest-free capital grants. The grants replace State borrowings and thereby relieve them of debt charges they would otherwise have had to pay. These grants, which were authorised by the *States Grants (Capital Assistance) Acts*, totalled \$278.3 million in 1973-74, \$345.9 million in 1974-75, \$430.3 million in 1975-76 and \$452.0 million in 1976-77; in 1977-78, \$477.9 has been budgeted.

#### Specific purpose grants

The Commonwealth Government has provided financial assistance for certain specific types of expenditure by the States for many years. Unlike the general purpose grants, these current and capital grants are 'tied', that is, they are subject to conditions as to the purposes for which they may be spent. Purposes for which such grants have been made include educational programs, hospital development programs, welfare services for the aged, road construction, natural disaster relief and, since 1974-75, assistance to local government authorities. Specific purpose grants amounted to \$3,442.4 million in 1975-76 and \$3,472.9 million in 1976-77.

For details of the various specific purpose programs reference should be made to the Commonwealth Budget paper *Payments to or for the States and Local Government Authorities, 1977-78*.

#### Advances to the States

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

The following tables show figures of advances to the States and repayments of advances. More detailed figures appear in *Public Authority Finance: Federal Authorities (5502.0)*.

#### FEDERAL AUTHORITIES: NET ADVANCES TO THE STATES 1975-76 (\$'000)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	Total
Defence . . . . .	17,758	5,871	7,336	1,712	655	158	33,490
Housing and community amenities . . . . .	200,286	150,857	38,664	78,382	46,294	22,662	537,143
Economic services—							
Soil and water resources management . . . . .	1,869	2,631	1,419	2,800	-9	..	8,710
Forest resources management . . . . .	2,456	900	2,250	566	864	901	7,937
Assistance to agricultural and pastoral industries . . . . .	8,412	14,345	10,355	4,520	5,373	1,923	44,927
Electricity, gas, water supply . . . . .	..	..	38,934	6,252	..	-2,989	42,197
Rail transport . . . . .	-129	-96	-1,767	1,488	-2,063	..	-2,567
Sea transport . . . . .	-81	..	-86	..	-151	-3	-322
Other . . . . .	..	..	-570	-1,875	..	..	-2,445
<i>Total economic services</i> . . . . .	<i>12,527</i>	<i>17,780</i>	<i>50,535</i>	<i>13,751</i>	<i>4,014</i>	<i>-168</i>	<i>98,437</i>
Other purposes—							
State works programs . . . . .	222,597	181,179	95,091	92,813	65,366	51,622	708,668
Natural disaster relief . . . . .	-2,241	-447	-1,986	-69	67	-320	-4,996
<i>Total other purposes</i> . . . . .	<i>220,356</i>	<i>180,732</i>	<i>93,105</i>	<i>92,744</i>	<i>65,433</i>	<i>51,302</i>	<i>703,672</i>
<i>Total net advances</i> . . . . .	<i>450,926</i>	<i>355,240</i>	<i>189,640</i>	<i>186,588</i>	<i>116,394</i>	<i>73,954</i>	<i>1,372,740</i>

Minus sign (-) denotes excess of repayments.

**FEDERAL AUTHORITIES: ADVANCES TO THE STATES**  
(S'000)

	1971-72	1972-73	1973-74	1974-75	1975-76
<b>GROSS</b>					
Defence . . . . .	7,034	6,163	7,766	26,805	34,170
Housing and community amenities . . . . .	(a)12	(a)6,610	263,633	565,507	559,203
Economic services—					
Assistance to agricultural and pastoral industries	33,797	41,501	27,363	28,477	50,328
Other . . . . .	11,009	29,636	37,316	57,119	65,509
Other purposes—					
State works programs . . . . .	(a)672,900	(a)733,461	588,693	741,541	860,667
Other . . . . .	17,839	15,000	3,872	3,663	1,098
<b>Total gross advances . . . . .</b>	<b>742,591</b>	<b>832,371</b>	<b>928,643</b>	<b>1,423,112</b>	<b>1,570,975</b>
<b>REPAYMENTS</b>					
Defence . . . . .	512	555	592	631	681
Housing and community amenities . . . . .	16,144	16,735	17,380	19,172	22,060
Economic services—					
Assistance to agricultural and pastoral industries	1,947	2,052	3,970	3,391	5,401
Other . . . . .	5,833	7,904	11,089	9,373	11,999
Other purposes—					
State works programs . . . . .	123,280	132,195	140,783	149,400	151,999
Other . . . . .	4,760	5,317	6,274	16,243	6,094
<b>Total repayments . . . . .</b>	<b>152,476</b>	<b>164,758</b>	<b>180,091</b>	<b>198,211</b>	<b>198,237</b>
<b>NET</b>					
Defence . . . . .	6,522	5,608	7,174	26,174	33,490
Housing and community amenities . . . . .	(a)—16,132	(a)—10,125	246,251	546,335	537,143
Economic services—					
Assistance to agricultural and pastoral industries	31,850	39,449	23,393	25,087	44,927
Other . . . . .	5,176	21,732	26,227	47,745	53,510
Other purposes—					
State works programs . . . . .	549,620	601,266	447,910	592,141	708,668
Other . . . . .	13,079	9,683	-2,402	-12,580	-4,996
<b>Total net advances . . . . .</b>	<b>590,115</b>	<b>667,613</b>	<b>748,551</b>	<b>1,224,901</b>	<b>1,372,740</b>

(a) In 1971-72 and 1972-73 funds for housing were provided under the State loan works program.  
Minus sign (-) denotes excess of repayments.

### Main components of receipts

The main components of the receipts of Commonwealth Government authorities are taxation, income of public enterprises and other factor income transfers, and borrowing and financing transactions. Taxation constitutes by far the major source of receipts. Borrowing is of a lesser significance so far as Federal authorities themselves are concerned, although, as may be seen in later tables, it has become an increasingly significant source of funds for the States. The realisation of the increasing commitment of State revenues to the servicing of a rapidly growing debt burden led to the arrangement agreed to at the 1970 Premiers' Conference whereby the Commonwealth Government makes interest-free capital grants to the States in lieu of moneys previously obtained by the States from borrowings (see page 585.) In addition, in 1975 the Commonwealth Government took over the responsibility of servicing \$1,000 million of State debts, further relieving the burden on the States' financial resources.



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

#### Commonwealth Government taxation—summary

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

#### FEDERAL AUTHORITIES: TAXATION BY TYPE OF TAX (S'000)

Type of tax	1971-72	1972-73	1973-74	1974-75	1975-76
<b>Taxes—</b>					
<b>Income taxes—</b>					
Individuals . . . . .	3,764,686	4,084,492	5,485,143	7,708,552	9,212,652
Companies(a) . . . . .	1,462,012	1,544,612	1,933,870	2,343,943	2,505,173
Dividend (withholding) . . . . .	42,002	51,197	56,648	59,818	62,674
Interest (withholding) . . . . .	15,650	21,406	22,588	28,298	32,344
<i>Total income taxes</i> . . . . .	<i>5,284,350</i>	<i>5,701,707</i>	<i>7,498,249</i>	<i>10,140,611</i>	<i>11,812,843</i>
Estate duty . . . . .	67,258	66,408	66,018	63,787	76,391
Gift duty . . . . .	8,530	6,941	9,725	16,204	10,454
Rates on land . . . . .	5,403	6,271	7,365	8,786	12,392
Customs duty on coal exports . . . . .	..	..	..	..	111,640
Customs duties on imports . . . . .	468,732	513,381	604,443	840,515	932,066
Excise duties . . . . .	1,213,056	1,268,289	1,554,581	1,728,620	2,331,325
Sales tax . . . . .	680,772	764,868	968,724	1,154,266	1,408,286
Primary production taxes . . . . .	28,445	34,845	64,442	143,428	115,594
Broadcasting listeners' and television viewers' licences(b) . . . . .	61,785	67,050	68,458	18,816	..
Broadcast station licences . . . . .	474	491	591	713	827
Television station licences . . . . .	1,967	2,024	2,410	2,819	3,393
Stevedoring industry charge . . . . .	15,987	16,979	19,389	21,921	37,150
Payroll tax . . . . .	91,037	6,291	6,950	14,351	17,347
Other taxes . . . . .	5,285	7,005	9,312	10,153	13,087
<i>Total taxes</i> . . . . .	<i>7,933,081</i>	<i>8,462,550</i>	<i>10,880,658</i>	<i>14,164,990</i>	<i>16,882,795</i>
Fees from regulatory services . . . . .	3,206	4,409	5,212	8,219	11,962
Fines . . . . .	1,914	2,510	2,712	2,620	2,515
Unfunded employee retirement contribution . . . . .	..	945	27,248	34,513	39,889
Other current transfers n.e.c. . . . .	386	180	761	785	209
<i>Total taxation</i> . . . . .	<i>7,938,587</i>	<i>8,470,594</i>	<i>10,916,591</i>	<i>14,211,127</i>	<i>16,937,370</i>
<i>of which—</i>					
Taxation levied in the Territories only . . . . .	15,696	19,826	25,392	35,079	46,306

(a) Excludes income tax paid by public enterprises: 1971-72, \$15.5m; 1972-73, \$16.7m; 1973-74, \$20.1m; 1974-75, \$14.9m; 1975-76, \$17.7m. (b) Abolished in September 1974.

#### Taxes on income

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

The laws dealing with the assessment and imposition of Income tax at 1 January 1978 were—*Income Tax Assessment Act 1936* (later referred to as 'the Assessment Act'); Acts declaring rates of tax—*Income Tax (Rates) Act 1976*, *Income Tax (Individuals) Act 1976*, *Income Tax (Companies and Superannuation Funds) Act 1976*, *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*; and *Income Tax Regulations*.

The *Income Tax Assessment Act*, under provisions inserted by the *Health Insurance Levy Assessment Act 1976* and the *Health Insurance Levy Assessment Act (No. 2) 1976*, provides for the payment of the health insurance levy at rates declared by the *Health Insurance Levy Act (No. 2) 1976* and *Health Insurance Levy Act 1977*.

Both individuals and companies are liable for income tax. Private companies are subject to tax on 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:

- (a) *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.
- (b) *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 and Belgium, and limited agreements dealing with airline profits have been concluded with France, Italy and Greece. The agreements with Belgium and Greece have not yet entered into force.
- (c) *The States (Personal Income Tax Sharing) Act* 1976, which provides for the States to receive a specified proportion of net personal income tax collections.
- (d) *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.
- (e) *Diplomatic Privileges and Immunities Act* 1967, which provides for the exemption from income tax of certain income of diplomatic representatives, their staff and families.
- (f) *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.
- (g) *Consular Privileges and Immunities Act* 1972, which provides for the exemption from income tax of certain income of consular representatives, their staff and families.
- (h) *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.

Any resident individual carrying on a business of primary production whose total income is in excess of \$1,040, and any other resident individual whose total income is in excess of \$2,604 (in 1976-77 or \$3,113 in 1977-78), is required to lodge a return of income. A non-resident individual is required to lodge a return of income when his total income (other than dividends or interest upon which withholding tax has been paid) from all sources in Australia is in excess of \$1,040 (in 1976-77 or \$3,113 in 1977-78).

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 and whether or not a health insurance levy exemption has been lodged. Under the group employer scheme (covering employers of more than ten persons), the amount deducted is required to be regularly remitted to the Australian Taxation Office.

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

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

*Individuals with taxable income other than salary or wages of \$400 or more* may be required to pay provisional tax in respect of that income. 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 amount of provisional tax for any year is, in the first place, determined by the tax assessed on income of the previous year. 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.

#### *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, war pensions; invalid pensions; family allowances; income received from a scholarship, bursary or other educational allowance; the income of charitable institutions and public hospitals and certain foreign income where it has been taxed overseas.

#### *Deductions*

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

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

In addition, certain other deductions are specifically authorised by the *Assessment Act*. Deductions allowable include trading losses incurred in previous years, bad debts, depreciation, rates and land taxes paid and gifts to various institutions. Expenditure of a capital nature incurred in relation to mining operations is generally deductible over the lesser of 25 years or the life of the mine or oil field or, in the case of plant, over the life of the plant. Exploration or prospecting expenses incurred by mining companies (including petroleum mining companies) are generally allowable as a deduction against income of a mining business (or against assessable income from petroleum) in the year in which the expenditure is incurred. Certain expenditure of a capital nature incurred by primary producers in carrying out improvements to their land is deductible over 10 years. Primary producers may also be allowed deductions for amounts subscribed for drought bonds.

Deductions may also be allowed in respect of expenditure on certain plant and machinery incurred after 1 January 1976 (investment allowance). The investment allowance amounts to 40 per cent of the expenditure in respect of eligible expenditure incurred up to 30 June 1978 and 20 per cent for plant ordered between 1 July 1978 and 30 June 1985. Deductions are also allowed by way of a stock valuation adjustment in respect of most classes of trading stock including livestock. The deduction allowable is obtained by applying a prescribed percentage equal to half of the percentage increase in the goods component of the Consumer Price Index between the June quarter prior to the year of income and the June quarter of the year of income. Deductions are also allowable in respect of cash deposits made by primary producers (income equalisation deposits) which fall for inclusion in assessable income on withdrawal or conversion.

*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. (Deductions may be limited to \$42 in respect of subscriptions to any union, association, etc.)

*Interest Payments on Housing Loans.* A deduction is allowable for interest paid by a resident on a housing loan, during the first five years of the loan, which is connected with a dwelling being a first home owned by the taxpayer or spouse and used during the whole or part of the year of income as the taxpayer's sole or principal residence. Where a loan is used to acquire vacant land the concession is not available for interest paid before the year of income in which a dwelling erected on the land is occupied by the taxpayer.

In allowing the concession the combined net income of a husband and wife is taken into account. Net income means total income from all sources less the expenses incurred in earning it, and includes exempt income other than family allowances or benefits paid by the Commonwealth Government for domiciliary nursing care. Taxpayers with combined net income of \$4,000 or less in a year of income may claim the whole of home loan interest payments. Where the combined net income is greater than \$4,000 the deduction is reduced by 1 per cent for each \$100 of the excess. No deduction is allowable where the combined net income is \$14,000 or more.

*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, etc.

#### *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 \$170 (in 1976-77 and \$189 in 1977-78).

<i>Dependant</i>	<i>Maximum rebate</i>	
	1976-77	1977-78
Spouse, daughter-housekeeper . . . . .	500	555
Parent or parent-in-law . . . . .	452	501
Invalid relative . . . . .	226	251

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.

Where a person has a separate net income in excess of \$170 (in 1976-77 and \$189 in 1977-78) while a dependant of a taxpayer, the rebate otherwise allowable is reduced by \$1 for every \$4 by which the separate net income exceeds \$170 (in 1976-77 and \$189 in 1977-78), irrespective of the period over which the person has derived the income. When two or more people contribute to the maintenance of a person who is a dependant of both of them, the rebate allowable is apportioned between the contributing taxpayers.

A concessional rebate of \$500 (in 1976-77 and \$555 in 1977-78) is allowable to a resident taxpayer in respect of a *housekeeper* who, during the whole of the year of income, is wholly engaged in keeping house in Australia for the taxpayer and has the care of (a) a child or step-child of the taxpayer, less than 16 years of age; (b) an invalid relative in respect of whom the taxpayer is entitled to a rebate or any child under 16 years classed as a dependant for this purpose; or (c) the taxpayer's spouse if in receipt of an invalid pension under the Social Services Act.

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 \$350 (in 1976-77 and \$388 in 1977-78) is allowable to a *sole parent*, i.e., a resident single, widowed or divorced person who has the sole care of a child under sixteen years of age or a student (up to 25 years of age), receiving full-time education at a school, college or university), whose separate net income is ordinarily less than \$1,074 (1976-77 or \$1,193, 1977-78). 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*

Rebates may be allowed to resident taxpayers in respect of the expenses listed below. The amount of the rebate is \$610 in 1976-77 or 40 per cent of the total of the expenses in respect of which rebates are allowable, whichever is the greater, but the rebate cannot exceed the tax otherwise payable. As \$610 is 40 per cent of \$1,525, a taxpayer whose rebatable expenses do not exceed \$1,525 does not need to itemize those expenses in order to be allowed this rebate. For the 1977-78 income year there is no general concessional rebate, but concessional expenditure in excess of \$1,590 is allowed as a rebate at the rate of 32 per cent. The items of expenditure subject to rebate are as follows:

*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.

*Payments to medical or hospital benefit funds.* For the personal benefit of the taxpayer, his spouse or children, but only where paid before 1 October 1976 and excluding amounts for 'basic health insurance'.

*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. Where policies are taken out on or after 1 January 1973 or where the first premium of a policy was paid on or after that date, rebates for premiums of such policies are *not* allowable if the benefits, other than death benefits, are payable within a period of 10 years of commencement of risk.

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

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

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

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

### *Other rebates*

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

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

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

	1976-77	1977-78
	\$	\$
Sole parent . . . . .	350	388
Housekeeper . . . . .	500	555
Spouse, daughter-housekeeper . . . . .	500	555
Parent or parent-in-law . . . . .	452	501
One child under 16 years, not being a student . . . . .	226	251
Each other child under 16 years, not being a student . . . . .	170	189
Student . . . . .	226	251
Invalid relative . . . . .	226	251

\* Where one of these persons has a separate net income in excess of \$170 in 1976-77 (\$189 in 1977-78) while a dependant of a taxpayer, the amount to be taken into account is reduced by \$1 for every \$4 by which that income exceeds \$170 (\$189 in 1977-78), 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.

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

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

*Rebate for government and other loan interest.* A rebate of tax may be allowed in respect of certain Government and other loan interest included in an individual's taxable income. Particulars are given on page 593.

#### Effective exemption from tax

For the income years from 1963-64 to 1971-72 inclusive, the income of a taxpayer without dependants was exempt from income tax if it did not exceed \$416. For years 1972-73 to 1974-75 inclusive the income of a taxpayer without dependants was exempt from income tax if it did not exceed \$1,040. In 1975-76 and 1976-77 after the application of the general concessional rebate of \$540 and \$610 respectively to resident taxpayers, the corresponding figures were \$2,518 and \$2,845. In 1977-78, with the composite tax scale applying, the figure is \$3,402. The effect of deductions or rebates for dependants was to exempt resident taxpayers up to the incomes shown in the samples hereunder.

#### RESIDENT TAXPAYERS: EFFECTIVE EXEMPTIONS FROM INCOME TAX (\$)

Income years ended June—	Taxpayer with—		Wife and—			
	No dependants	Wife only	one child	two children	three children	four children
1964 to 1967 . . . . .	416	702	884	1,014	1,144	1,274
1968 to 1972 . . . . .	416	728	936	1,092	1,248	1,404
1973 and 1974 . . . . .	1,040	1,404	1,664	1,872	2,080	2,288
1975 . . . . .	1,040	2,468	3,148	3,564	3,980	4,304
1976 . . . . .	2,518	4,000	4,740	(a)5,228	(b)5,800	(c)6,371
1977 . . . . .	2,845	4,697	4,697	4,697	4,697	4,697
1978 . . . . .	3,402	5,335	5,335	5,335	5,335	5,335

(a) Neither of whom is a student child. (b) Including one student child. (c) Including two student children.

#### Rates of income tax on individuals

The tables on pages 593 and 594 show the rates of income tax for income years 1976-77 and 1977-78. Rates for income years 1954-55 to 1973-74 were published in Year Book No. 60, page 590. Rates for income years 1974-75 and 1975-76 were published in Year Book No. 61, page 586.

For *primary producers* the rate of income tax for the current year is, in general, determined by the average of the taxable incomes of the five years up to and including the current year, the taxable income for averaging purposes being in each case limited to \$16,000. For the 1976-77 income year the

application of the averaging provisions was limited to that part of the taxable income which does not exceed \$16,000, any balance being taxed at ordinary rates applicable to that part of the taxable income. Tax payable for the 1977-78 income year is the sum of 58.3 per cent of the tax that would have been payable at the rates that applied prior to the 1977-78 Budget and 41.7 per cent of the tax at the new standard tax scale (see page 594). The rates that applied prior to the 1977-78 were those on the schedule on page 594 indexed by the indexation factor of 1.109. In the calculation of averaging under the standard scale, which applied notionally from 1 February 1978, the \$16,000 limit in the application of averaging was removed and the averaging arrangements were applied only if they benefited the taxpayer; otherwise normal rates applied.

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

*Interest derived from bonds, etc.*

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

*Indexation of the Personal Income Tax System*

For explanation of tax indexation see Year Book No. 61, page 584.

*Health Insurance Levy*

From 1 October 1976 a person was liable to the health insurance levy if appropriate private health insurance cover had not been taken out.

For 1976-77, the levy payable is at the rate of 1.875 per cent of a person's taxable income. However, no person is to be assessed to a levy of (a) more than \$225 where a taxpayer has dependants and (b) more than \$112.50 in the case of a taxpayer without dependants.

For 1977-78, the levy is payable at a rate of 2.5 per cent of taxable income to a maximum of \$300 for a person with dependants and \$150 for a person without dependants.

The taxable income levy exemption levels in 1976-77 are \$2,605 for a single taxpayer, \$4,299 for a taxpayer with a dependant spouse and \$3,790 for a sole parent taxpayer. For 1977-78, the levy exemption levels are \$3,113, 4,912 and \$4,384 respectively.

INCOME TAX—INDIVIDUALS: GENERAL RATES, 1976-77  
INCOME YEAR

<i>Total taxable income</i>			
<i>Column 1</i>	<i>Column 2</i>	<i>Tax on</i>	<i>Tax on</i>
<i>Not less</i>	<i>Not more</i>	<i>amount on</i>	<i>each further \$1</i>
<i>than—</i>	<i>than—</i>	<i>column 1</i>	<i>of income</i>
\$	\$	\$	c
1	2,260	0	20
2,260	5,650	452.00	27
5,650	11,300	1,367.30	35
11,300	16,950	3,344.80	45
16,950	22,600	5,887.30	55
22,600	28,250	8,994.80	60
28,250 and over	..	12,384.80	65

Tax is not payable by an individual unless the taxable income exceeds \$1,040. Where it exceeds \$1,040 but does not exceed \$1,492, the tax is limited to 66 per cent of the excess. However, because of the general concessional rebate of \$610 allowable to all resident taxpayers, a resident taxpayer who is not subject to averaging or to the notional income provisions, and who has a taxable income of less than \$2,846, does not pay tax. The tax-free point is different for those who are subject to the averaging of national income provisions, or are entitled to concessional rebates in addition to the general concessional rebate.

**INCOME TAX—INDIVIDUALS: COMPOSITE RATES,  
1977-78 INCOME YEAR**

<i>Total taxable income</i>			
<i>Column 1 Not less than—</i>	<i>Column 2 Not more than—</i>	<i>Tax on amount in column 1</i>	<i>Tax on each further \$1 of income</i>
\$	\$	\$	c
1	3,402	..	..
3,402	3,750	..	27.000
3,750	6,266	93.96000	29.085
6,266	12,532	825.73860	33.749
12,532	16,000	2,940.45094	39.579
16,000	18,798	4,313.05066	45.417
18,798	25,063	5,583.81832	51.247
25,063	31,329	8,794.44287	54.162
31,329	32,000	12,188.23379	57.077
32,000 and over	..	12,571.22046	62.915

The above scale represents a combination of the 1976-77 scale indexed to 1977-78 (adjusted by a factor of 1.109) and the new standard rate scale, the latter to apply notionally from 1 February 1978. The scale to apply notionally prior to 1 February 1978 includes a general concessional rebate of \$676. Under the standard scale the general concessional rebate was replaced by a zero rate step applicable to the first \$3750 of taxable income. The standard rate scale, to apply in 1978-79 subject to an indexation factor to be arrived at by applying half of the adjustment given by the annual indexation rules, is as follows:

**INCOME TAX—INDIVIDUALS: GENERAL RATES  
OPERATIVE FROM 1 FEBRUARY 1978**

<i>Total taxable income</i>			
<i>Column 1 Not less than—</i>	<i>Column 2 Not more than—</i>	<i>Tax on amount in column 1</i>	<i>Tax on each further \$1 of income</i>
\$	\$	\$	c
1	3,750	nil	nil
3,750	16,000	nil	32
16,000	32,000	3,920	46
32,000 and over	..	11,280	60

Tax payable for the 1977-78 income year is, in effect, the sum of 58.3 per cent of the tax that would have been payable at the rates that applied prior to the 1977-78 Budget and 41.7 per cent of the tax at the new standard tax scale (see composite 1977-78 scale).

*Income tax payable on specified incomes*

The following table shows, for the income years 1971-72 to 1977-78, the actual income tax payable by taxpayers with various incomes and numbers of dependants. For 1974-75 allowance has been made for the low income family rebate, and in 1975-76 and 1976-77, the general concessional rebates of \$540 and \$610 respectively have been applied. For 1977-78 the composite rate scale has been used, which incorporates the general concessional rebate. Prior to 1975-76 a concessional deduction system operated for dependants; this was replaced by a system of rebates.



**FEDERAL INCOME TAX PAYABLE ON SPECIFIED INDIVIDUAL INCOMES  
1967-68 TO 1975-76 INCOME YEARS**

(\$)

Net Income(a)	1972-73 and		1974-75	1975-76	1976-77(c)	1977-78(c)
	1971-72	1973-74				
<b>TAXPAYER WITH NO DEPENDANTS</b>						
\$						
1,000	50.41	..	..	..	..	..
3,000	424.28	359.50	220.00	130.00	41.80	..
5,000	1,045.32	917.30	680.00	670.00	581.80	457.52
7,000	1,817.06	1,630.10	1,380.00	1,370.00	1,229.80	1,073.45
10,000	3,196.48	2,888.70	2,780.00	2,420.00	2,279.80	2,085.92
15,000	6,018.78	5,490.70	5,470.00	4,670.00	4,399.80	3,917.26
20,000	9,212.66	8,448.70	8,420.00	7,420.00	6,954.80	6,199.80
<b>TAXPAYER WITH DEPENDANT WIFE</b>						
1,000	21.51	..	..	..	..	..
3,000	347.51	283.35	74.40	..	..	..
5,000	936.00	801.00	534.40	270.00	81.80	..
7,000	1,688.75	1,492.14	1,234.40	970.00	729.80	518.45
10,000	3,045.06	2,728.17	2,605.28	2,020.00	1,779.80	1,530.92
15,000	5,835.11	5,291.95	5,269.80	4,270.00	3,899.80	3,362.26
20,000	9,009.45	8,229.20	8,201.60	7,020.00	6,454.80	5,644.80
<b>TAXPAYER WITH DEPENDANT WIFE AND ONE CHILD</b>						
1,000	8.12	..	..	..	..	..
3,000	299.54	232.97	..	..	..	..
5,000	866.75	722.22	430.40	70.00	81.80	..
7,000	1,603.22	1,394.13	1,130.40	770.00	729.80	518.45
10,000	2,944.11	2,613.51	2,480.48	1,820.00	1,779.80	1,530.92
15,000	5,712.67	5,149.99	5,126.80	4,070.00	3,899.80	3,362.26
20,000	8,873.98	8,072.42	8,045.60	6,820.00	6,454.80	5,644.80
<b>TAXPAYER WITH DEPENDANT WIFE AND TWO CHILDREN(b)</b>						
1,000	..	..	..	..	..	..
3,000	265.61	197.19	..	..	..	..
5,000	814.80	659.20	347.20	..	81.80	..
7,000	1,540.97	1,319.87	1,047.20	620.00	729.80	518.45
10,000	2,868.39	2,521.78	2,380.64	1,670.00	1,779.80	1,530.92
15,000	5,620.83	5,036.42	5,012.40	3,920.00	3,899.80	3,362.26
20,000	8,772.37	7,947.00	7,920.80	6,670.00	6,454.80	5,644.80

(a) Income remaining after allowing all deductions other than concessional deductions and deductions for dependants.  
 (b) Neither of whom is a student. (c) For 1976-77 and 1977-78 rebates for children and students are replaced by family allowances (formerly child endowment).

*Income tax assessments—Individuals*

The following table shows for the 1974-75 income year the number of taxpayers, income, and net income tax assessed for individuals.

**FEDERAL INCOME TAX ASSESSMENTS(a): TAXABLE INDIVIDUALS BY GRADE  
OF NET INCOME AND BY OFFICE OF ASSESSMENT**  
(Income derived in the year 1974-75)

Grade of net income(b) and office of assessment	Taxpayers			Net income(b)	Total taxable income(c)	Net income tax assessed
	Males	Females	Total			
\$      \$	No.	No.	No.	\$'000	\$'000	\$'000
Under 1,200 . . . . .	19,301	30,932	50,233	53,902	52,959	925
1,200- 1,999 . . . . .	107,849	216,320	324,169	518,616	486,614	14,790
2,000- 2,499 . . . . .	69,791	140,426	210,217	473,637	439,834	19,772
2,500- 2,999 . . . . .	95,836	164,687	260,523	717,309	663,463	35,812
3,000- 3,499 . . . . .	105,436	165,631	271,067	880,364	805,762	54,629
3,500- 3,999 . . . . .	109,681	161,141	270,822	1,015,447	924,492	77,668
4,000- 4,499 . . . . .	119,183	164,475	283,658	1,206,120	1,093,446	107,760
4,500- 4,999 . . . . .	134,880	168,749	303,629	1,443,176	1,303,206	146,517
5,000- 5,499 . . . . .	163,200	179,137	342,337	1,799,103	1,614,670	202,544
5,500- 5,999 . . . . .	201,900	163,604	365,504	2,101,509	1,860,529	255,389
6,000- 6,499 . . . . .	232,524	122,706	355,230	2,219,247	1,929,781	285,162
6,500- 6,999 . . . . .	248,961	86,852	335,813	2,265,709	1,938,001	307,434
7,000- 7,499 . . . . .	251,731	65,373	317,104	2,297,640	1,943,105	330,903
7,500- 7,999 . . . . .	236,522	48,830	285,352	2,209,565	1,854,358	338,198
8,000- 8,499 . . . . .	211,969	36,603	248,572	2,048,457	1,711,640	333,401
8,500- 8,999 . . . . .	177,808	28,207	206,015	1,800,984	1,501,150	310,426
9,000- 9,499 . . . . .	153,087	22,317	175,404	1,621,590	1,345,609	293,470
9,500- 9,999 . . . . .	128,215	19,033	147,248	1,434,440	1,190,181	273,311
10,000-10,999 . . . . .	196,642	26,859	223,501	2,339,362	1,941,233	475,885
11,000-11,999 . . . . .	135,718	17,906	153,624	1,762,174	1,467,161	389,639
12,000-12,999 . . . . .	93,699	12,277	105,976	1,321,471	1,105,217	313,813
13,000-13,999 . . . . .	62,850	8,586	71,436	962,069	811,446	244,246
14,000-14,999 . . . . .	45,666	6,180	51,846	750,737	636,048	200,790
15,000-19,999 . . . . .	100,604	16,517	117,121	1,985,132	1,717,202	598,090
20,000-29,999 . . . . .	44,952	8,188	53,140	1,259,321	1,128,078	486,237
30,000-49,999 . . . . .	15,193	2,563	17,756	650,795	600,225	310,864
50,000 and over . . . . .	3,429	596	4,025	285,663	270,984	163,090
<b>Office—</b>						
New South Wales . . . . .	1,221,754	741,232	1,962,986	13,436,126	11,635,457	2,391,695
Victoria . . . . .	966,346	606,210	1,572,556	10,579,292	9,115,705	1,860,357
Queensland . . . . .	486,970	270,637	757,607	5,054,309	4,368,350	886,820
South Australia . . . . .	328,835	197,189	526,024	3,409,009	2,947,825	565,973
Western Australia . . . . .	294,698	170,757	465,455	3,087,381	2,670,926	530,851
Tasmania . . . . .	105,639	56,602	162,241	1,064,186	917,430	180,392
Northern Territory . . . . .	16,236	8,811	25,047	188,147	152,841	32,388
Australian Capital Territory . . . . .	46,149	33,257	79,406	605,090	527,861	122,289
<b>Total . . . . .</b>	<b>3,466,627</b>	<b>2,084,695</b>	<b>5,551,322</b>	<b>37,423,540</b>	<b>32,336,395</b>	<b>6,570,765</b>

(a) Assessments in respect of 1974-75 incomes. Assessments issued after that date are not included.  
\* Total assessable income less total deductions for expenses incurred in gaining assessable income.

(b) Net income is  
(c) Taxable income is the income remaining after deducting from assessable income all allowable deductions.

Details of the number of individual taxpayers and net income tax assessed by grades of income for the income years 1972-73 to 1974-75 are shown in the following table.

**FEDERAL INCOME TAX ASSESSMENTS: TAXABLE INDIVIDUALS, BY GRADE OF INCOME(a) (INCOME YEARS 1972-73 TO 1974-75)**

Grade of net income(a)	1972-73		1973-74		1974-75		
	Tax-payers	Net income tax assessed	Tax-payers	Net income tax assessed	Grade of net income(a)	Tax-payers	Net income tax assessed
	\$	\$'000	No.	\$'000	\$	No.	\$'000
Under 1,200	60,889	2,212	60,344	2,235	Under 1,200	50,233	925
1,200-1,399	107,348	6,777	98,876	6,271	1,200-1,999	324,169	14,790
1,400-1,599	128,419	10,393	106,045	8,957	2,000-2,499	210,217	19,772
1,600-1,799	139,931	14,063	112,957	11,877	2,500-2,999	260,523	35,812
1,800-1,999	144,579	17,920	119,456	15,134	3,000-3,499	271,067	54,629
2,000-2,199	154,334	23,147	134,047	19,219	3,500-3,999	270,822	77,668
2,200-2,399	162,679	29,125	141,597	23,572	4,000-4,499	283,658	107,760
2,400-2,599	168,304	35,129	141,360	27,725	4,500-4,999	303,629	146,517
2,600-2,799	177,015	42,419	143,344	32,925	5,000-5,499	342,337	202,544
2,800-2,999	180,490	48,868	145,391	38,411	5,500-5,999	365,504	255,389
3,000-3,199	186,795	56,457	149,067	44,994	6,000-6,499	355,230	285,162
3,200-3,399	190,587	63,716	153,618	52,222	6,500-6,999	335,813	307,434
3,400-3,599	193,855	70,987	158,850	60,388	7,000-7,499	317,104	330,903
3,600-3,799	193,507	76,839	160,511	67,697	7,500-7,999	285,352	338,198
3,800-3,999	189,861	81,290	167,567	78,172	8,000-8,499	248,572	333,401
4,000-4,249	233,341	108,430	212,792	108,845	8,500-8,999	206,015	310,426
4,250-4,499	225,352	114,390	210,210	118,155	9,000-9,499	175,404	293,470
4,500-4,749	218,251	120,788	204,653	125,221	9,500-9,999	147,248	273,311
4,750-4,999	206,590	124,259	198,327	131,242	10,000-10,999	223,501	475,885
5,000-5,249	191,094	124,494	194,894	139,011	11,000-11,999	153,624	389,639
5,250-5,499	175,858	124,190	191,139	146,663	12,000-12,999	105,976	313,813
5,500-5,749	158,623	120,957	186,321	153,342	13,000-13,999	71,436	244,246
5,750-5,999	139,807	114,676	175,650	154,368	14,000-14,999	51,846	200,790
6,000-6,499	232,368	210,342	318,917	309,221	15,000-19,999	117,121	598,090
6,500-6,999	184,468	189,487	272,942	299,369	20,000-29,999	53,140	486,237
7,000-7,499	139,415	160,778	224,913	276,240	30,000-49,999	17,756	310,864
7,500-7,999	107,151	138,036	184,126	251,450	50,000-99,999	3,603	127,107
8,000-8,999	150,535	224,083	262,456	412,178	100,000 and over	422	35,983
9,000-9,999	91,752	164,984	170,032	318,122			
10,000-14,999	166,167	437,542	295,732	795,326			
15,000-19,999	43,810	214,125	71,515	352,614			
20,000-29,999	23,538	204,238	37,497	329,827			
30,000-49,999	7,677	128,284	12,025	204,826			
50,000 and over	1,862	77,902	2,833	111,915			
<b>Total</b>	<b>5,076,252</b>	<b>3,681,326</b>	<b>5,420,004</b>	<b>5,227,738</b>	<b>Total</b>	<b>5,551,322</b>	<b>6,570,765</b>

(a) Net income is 'Total assessable income less total deductions for expenses incurred in gaining that income'.

**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 table shows for the 1974-75 income year 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 1974-75**

Item	Partnerships	Trusts	Total
Number	456,193	131,294	587,487
Total business income	\$'000 11,331,232	446,147	11,777,379
Net income(a)	\$'000 4,022,460	510,222	4,532,682

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

**Taxes on income—companies**

For taxation purposes companies are divided into two main groups—private and public. Broadly, a private company is defined as a company in which all the issued shares are held by not more than twenty persons; or which is capable of being controlled by not more than seven persons, and which is not a company in which the public is substantially interested; or which is a subsidiary of a public

company. All other companies are regarded as public companies. Both private and public companies pay primary tax assessed on a taxable income ascertained on the same principles as for individuals.

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

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

*Rates of tax.* The rates of primary income tax for all companies and additional tax for private companies applicable to income years 1959-60 to 1972-73 are shown in the following table.

**RATES OF INCOME TAX: COMPANIES, 1959-60 TO 1972-73 INCOME YEARS**  
(Cents per \$)

Income years ended June	Resident private company			Resident public company(a)		Non resident company			
	On taxable income		Additional tax on un- distributed income	On taxable income		On dividends income		On other income	
	Up to \$10,000	On re- mainder		Up to \$10,000	On re- mainder	Up to \$10,000	On re- mainder	Up to \$10,000	On re- mainder
1960 to 1963 . . . . .	25	35	50	35	40	30	40	35	40
1964 to 1967 . . . . .	27.5	37.5	50	37.5	42.5	32.5	42.5	37.5	42.5
1968 and 1969 . . . . .	30	40	50	40	45	35	45	40	45
1970 . . . . .	32.5	42.5	50	42.5	47.5	37.5	47.5	42.5	47.5
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

(a) Excludes co-operative, non-profit and life insurance for which the rates of tax (in cents per \$) for 1972-73 income year were:

Type of company	Taxable income	
	Up to \$10,000	On remainder
Co-operative . . . . .	42.5	47.5
Non-profit—Friendly societies' dispensaries . . . . .	37.5	37.5
Other . . . . .	42.5	47.5
Mutual life insurance . . . . .	47.5	47.5
Other life insurance—Mutual income . . . . .	47.5	47.5
Other income . . . . .	47.5	47.5

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 year ended 30 June 1977 the rates were 46 per cent and 41 per cent respectively. Tax exemption levels for years ended 30 June 1975, 1976 and 1977 are set out below.

A non-profit company is not liable to income tax unless the taxable income exceeds \$416. Where the non-profit company is a friendly society dispensary and the taxable income does not exceed \$1,664 (\$2,311 in 1977), the maximum amount payable is 50 per cent of the excess over \$416 less any rebate or credit to which the company is entitled. Where the taxable income of a non-profit company other than a friendly society dispensary does not exceed \$1,830 (\$2,542 in 1977), 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.

Details in respect of company income tax assessments for the 1974-75 income year are shown in the following table.

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

(Income derived in the year 1974-75)

Grade of taxable income(a) (\$) and office of assessment	Taxable			Non-taxable		
	Com- panies	Taxable income (a)	Net in- come tax assessed (b)	Com- panies	Taxable income (a)(c)	Loss(d)
	No.	\$'000	\$'000	No.	\$'000	\$'000
Loss for year . . . . .	..	..	..	62,424	..	785,339
Nil . . . . .	..	..	..	31,510	..	..
1- 1,999 . . . . .	34,809	20,218	8,053	5,186	3,894	..
2,000- 9,999 . . . . .	27,936	146,667	56,238	6,037	30,719	..
10,000- 19,999 . . . . .	13,428	192,218	72,934	2,182	30,727	..
20,000- 39,999 . . . . .	10,334	291,609	111,245	1,265	35,230	..
40,000- 99,999 . . . . .	7,770	477,968	180,970	741	44,792	..
100,000- 199,999 . . . . .	3,053	425,549	159,028	269	37,769	..
200,000- 399,999 . . . . .	1,656	464,453	171,947	130	37,137	..
400,000- 999,999 . . . . .	1,124	692,570	246,211	84	49,594	..
1,000,000-1,999,999 . . . . .	438	596,645	200,253	20	27,234	..
2,000,000 and over . . . . .	479	3,864,183	1,221,889	11	41,989	..
<b>New South Wales . . . . .</b>	<b>44,158</b>	<b>2,308,321</b>	<b>780,015</b>	<b>54,788</b>	<b>160,183</b>	<b>423,051</b>
<b>Victoria . . . . .</b>	<b>27,385</b>	<b>3,158,827</b>	<b>1,011,353</b>	<b>21,079</b>	<b>102,382</b>	<b>213,648</b>
<b>Queensland . . . . .</b>	<b>10,705</b>	<b>885,009</b>	<b>335,362</b>	<b>12,212</b>	<b>21,582</b>	<b>65,621</b>
<b>South Australia . . . . .</b>	<b>8,676</b>	<b>366,485</b>	<b>134,976</b>	<b>9,452</b>	<b>21,860</b>	<b>29,552</b>
<b>Western Australia . . . . .</b>	<b>6,334</b>	<b>315,254</b>	<b>123,589</b>	<b>8,115</b>	<b>12,281</b>	<b>37,127</b>
<b>Tasmania . . . . .</b>	<b>1,864</b>	<b>78,213</b>	<b>27,234</b>	<b>2,104</b>	<b>3,562</b>	<b>8,919</b>
<b>Northern Territory . . . . .</b>	<b>534</b>	<b>12,035</b>	<b>4,874</b>	<b>517</b>	<b>875</b>	<b>5,113</b>
<b>Australian Capital Territory . . . . .</b>	<b>1,371</b>	<b>47,935</b>	<b>11,365</b>	<b>1,592</b>	<b>16,358</b>	<b>2,307</b>
<b>Total . . . . .</b>	<b>101,027</b>	<b>7,172,079</b>	<b>2,428,767</b>	<b>109,859</b>	<b>339,084</b>	<b>785,339</b>

(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.

## FEDERAL INCOME TAXES COLLECTED: COLLECTION YEARS 1972-73 TO 1976-77

Source of income tax	1972-73	1973-74	1974-75	1975-76	1976-77
NET AMOUNTS COLLECTED (\$'000)					
Individuals—					
Instalments—salaries and wages . . . . .	3,160,681	4,238,391	6,071,293	7,019,706	8,528,863
Other payments . . . . .	928,797	1,251,872	1,642,726	2,199,685	2,524,781
Companies . . . . .	1,561,287	1,953,927	2,358,809	2,522,837	2,824,459
Withholding tax—Dividend . . . . .	51,197	56,648	59,818	62,674	71,969
Interest . . . . .	21,406	22,588	28,298	32,344	24,408
<b>Total . . . . .</b>	<b>5,723,369</b>	<b>7,523,426</b>	<b>10,160,944</b>	<b>11,837,246</b>	<b>13,974,480</b>
PERCENTAGES					
Individuals—					
Instalments—salaries and wages . . . . .	55.22	56.34	59.75	59.30	61.03
Other payments . . . . .	16.23	16.64	16.17	18.58	18.07
Companies . . . . .	27.28	25.97	23.21	21.31	20.21
Withholding tax—Dividend . . . . .	0.89	0.75	0.59	0.53	0.52
Interest . . . . .	0.37	0.30	0.28	0.27	0.17
<b>Total . . . . .</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

*Refunds of revenue.* Income tax collections, as previously shown are net amounts after refunds of revenue made in the course of the year. Refunds are of two types: those charged to special appropriations under authority of the Income Tax Assessment Act and those charged to special appropriations under authority of the Audit Act. Income tax instalment refunds, by far the greatest part of income tax refunds, are made when the instalments deducted during the year exceed the tax assessed on incomes for that year. Refunds made from special appropriations under section 37A of the Audit Act include refunds of moneys paid to the revenue in error, refunds of tax overpaid, refunds due to the amendment of assessments, etc. Refunds of income tax to individuals during the collection years 1972-73 to 1976-77 were: 1972-73, \$723,226,000; 1973-74, \$862,760,000; 1974-75, \$967,924,000; 1975-76, \$1,535,935,000; and 1976-77, \$1,501,555,000.

**Estate duty**

Under the *Estate Duty Assessment Act* 1914 estate duty is assessed on the net value of the estate less a statutory exemption determined in accordance with the following formula:

- (a) where the whole of the estate passes to the widow, widower, children (including adopted children, stepchildren and ex-nuptial children) or grandchildren of the deceased person
  - for qualifying estates of deceased primary producers—\$48,000
  - for other estates—\$40,000
  - decreasing by \$2 for every \$8 by which the value of the estate exceeds \$48,000 or \$40,000 as the case may be;
- (b) where no part of the estate passes to the relatives mentioned in (a)
  - 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; and
- (c) where part only of the estate passes to the relatives mentioned in (a), an amount calculated proportionately under (a) and (b) above.

*The Estate Duty Assessment Amendment Act* 1976, provided a new deduction which has the effect of increasing the exemption from estate duty where the whole or part of the estate of a deceased person passes to a surviving spouse. The new deduction excludes from liability for duty the value, up to a maximum of \$50,000, of the spouse's interest in the estate. Where an estate passes wholly to a surviving spouse of a deceased person the new deduction, in conjunction with the existing statutory exemptions, entirely exempts from duty estates of a gross value of \$90,000. Primary producer estates passing in this way are exempt up to a value of \$98,000. Estates of persons who die on or after 18 August 1976 are affected by the amending Act.

As a general rule, the estate of a deceased primary producer would qualify for the higher level of statutory exemption if: (i) the death occurred on or after 25 September 1969; (ii) the deceased person was domiciled in Australia at the time of his death; (iii) during the period of five complete income tax years preceding death, more than one-half of the deceased person's gross income was derived from the carrying on by him of a primary production business in Australia; and (iv) the gross value of rural property in Australia—being land and certain other types of assets used in a primary production business such as livestock and agricultural plant—exceeded the gross value of all other property in the estate. In specified circumstances, dividends and certain other receipts from a family proprietary company in which a deceased person held shares may be treated as income derived from the carrying on by him of a primary production business and the value of the shares may be included, either wholly or in part, in the value of the estate's rural property.

Special exemptions are also allowed in respect of estates of defence personnel who die on active service or within three years of termination of their active service from injuries received or diseases contracted while on active service, and prescribed personal property held in Australia by certain United States personnel who are in Australia solely for purposes connected with projects of the United States Government.

A 'quick succession' rebate of estate duty may be allowable if the deceased was a beneficiary in an estate (upon which duty is payable or has been paid) of a person who pre-deceased him by not more than five years.

A 'rural property' rebate of part of any estate duty attributable to rural property included in the estate of a deceased primary producer may be allowable if the value of the estate (before deducting any statutory exemption) is less than \$250,000 and certain conditions are satisfied. The conditions are the same as those governing entitlements to higher levels of statutory exemptions for estates of deceased primary producers, as outlined in the explanations relating to statutory exemptions. If the value of a qualifying estate does not exceed \$140,000, the rebate is fifty per cent of any duty attributable to rural property in Australia. Rates of rebate gradually reducing from fifty per cent are applicable to estates having net values between \$140,000 and \$250,000.

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

Particulars of the number and value of dutiable estates and duty assessed for recent assessment years 1971-72 to 1975-76 are given in the following table.

FEDERAL ESTATE DUTY ASSESSMENTS

	1971-72	1972-73	1973-74	1974-75	1975-76
Estates . . . . . No.	18,505	16,734	12,052	13,621	13,447
Gross value as assessed . . . \$'000	1,045,418	969,778	964,804	1,183,913	1,223,732
Deductions(a) . . . . . "	192,017	176,324	194,159	242,912	274,953
Statutory exemption . . . . . "	209,377	202,793	238,212	318,706	317,087
Dutiable value . . . . . "	644,024	590,660	532,433	622,295	631,693
Net duty assessed . . . . . "	71,750	64,366	65,981	80,560	83,663
Average dutiable value . . . . \$	34,803	35,297	44,178	45,686	46,976
Average duty assessed per estate \$	3,877	3,846	5,475	5,914	6,222

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

Gift duty

The *Gift Duty Act* 1941 and the *Gift Duty Assessment Act* 1941 impose a gift duty on gifts which are defined as dispositions of property made otherwise than by will, without adequate consideration in money or money's worth. There is a liability on both the donor and the donee to furnish a return, and both are jointly and severally liable for payment of the duty. However, if a return is furnished by the donor, the donee is relieved of this obligation.

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

The rate of gift duty applicable to any particular gifts is 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 does not exceed \$10,000 no duty is payable. The present rates of duty are (a) \$10,001 to \$20,000, 3 per cent provided that the gift duty payable shall not exceed one half of the amount by which the gift exceeds \$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.

**FEDERAL GIFT DUTY ASSESSMENTS**

	1971-72	1972-73	1973-74	1974-75	1975-76
Assessments . . . . No.	10,425	7,199	6,976	7,514	6,564
Value as assessed . . . \$'000	172,244	130,875	199,454	297,020	164,259
Duty assessed . . . . „	9,878	7,158	18,037	36,077	10,344

**Customs duties**

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



NET CUSTOMS DUTIES ACCORDING TO BRUSSELS TARIFF DIVISIONS  
(\$'000)

<i>Brussels Tariff Division</i>	<i>Source of receipts</i>	<i>1971-72</i>	<i>1972-73</i>	<i>1973-74</i>	<i>1974-75</i>	<i>1975-76</i>
1	Live animals; animal products . . . . .	1,114	1,318	983	877	1,183
2	Vegetable products . . . . .	1,507	1,540	2,067	969	1,100
3	Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes . . . . .	1,184	1,481	929	156	2,281
4	Prepared foodstuffs; beverages, spirits and vinegar; tobacco . . . . .	69,975	76,556	101,161	133,875	153,588
5	Mineral products . . . . .	7,759	14,278	9,083	9,013	10,710
6	Products of the chemical industry and allied industries . . . . .	14,625	14,967	12,045	13,008	14,343
7	Artificial resins and plastic materials, cellulose esters and ethers, and articles thereof; rubber, synthetic rubbers, factice and articles thereof . . . . .	20,990	26,595	26,751	32,695	39,214
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) . . . . .	4,349	4,619	5,588	6,401	8,994
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 . . . . .	9,025	10,401	12,509	11,979	15,103
10	Paper-making material; paper and paper-board and articles thereof . . . . .	11,165	12,392	13,368	13,306	12,804
11	Textiles and textile articles . . . . .	68,994	75,380	96,890	107,836	124,300
12	Footwear, headgear, umbrellas, sunshades, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair; fans . . . . .	11,741	11,433	14,845	18,129	20,666
13	Articles of stone, of plaster, of cement, of asbestos, of mica and of similar materials; ceramic products; glass and glassware . . . . .	11,982	12,607	13,269	15,797	17,460
14	Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery; coin . . . . .	2,000	2,282	3,170	4,758	6,337
15	Base metals and articles of base metal . . . . .	28,254	33,229	30,219	40,047	42,380
16	Machinery and mechanical appliances; electrical equipment; parts therefor . . . . .	96,610	93,971	110,755	188,323	192,670
17	Vehicles, aircraft, and parts therefor; vessels and certain associated transport equipment . . . . .	66,249	75,076	101,213	175,540	194,282
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 . . . . .	16,173	16,887	18,353	19,911	21,700
19	Arms and ammunition; parts therefor . . . . .	348	361	368	457	477
20	Miscellaneous manufactured articles . . . . .	12,228	14,362	17,640	21,167	26,065
21	Works of art, collectors' pieces and antiques . . . . .	-31	35	52	79	108
	Miscellaneous . . . . .	7,063	7,535	10,318	19,808	18,388
	Primage . . . . .	5,457	6,109	2,882	6,391	8,019
	<i>Total customs duties and primage</i> . . . . .	<i>468,761</i>	<i>513,414</i>	<i>604,458</i>	<i>840,524</i>	<i>932,072</i>
	<i>Less Remission of duty under special circumstances</i> . . . . .	<i>29</i>	<i>33</i>	<i>15</i>	<i>9</i>	<i>6</i>
	<b>Total</b> . . . . .	<b>468,732</b>	<b>513,381</b>	<b>604,443</b>	<b>840,515</b>	<b>932,066</b>

**Excise duties**

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

**FEDERAL EXCISE REVENUE: CLASSIFICATION OF NET RECEIPTS**  
(**\$'000**)

<i>Source of revenue</i>	<i>1971-72</i>	<i>1972-73</i>	<i>1973-74</i>	<i>1974-75</i>	<i>1975-76</i>
Beer . . . . .	398,330	419,954	462,400	475,963	694,014
Spirits, liqueurs, etc. . . . .	27,180	30,501	46,037	62,847	66,941
Tobacco . . . . .	16,979	15,584	16,703	18,358	21,642
Cigars and cigarettes . . . . .	291,087	312,780	375,210	453,739	519,347
Cigarette papers . . . . .	908	845	845	806	948
Petrol . . . . .	420,856	438,486	595,313	642,183	678,285
Diesel fuel . . . . .	38,352	42,399	56,215	60,310	66,433
Matches . . . . .	2,519	2,677	2,717	2,357	2,198
Playing cards . . . . .	149	148	160	149	141
Grape wine . . . . .	11,516	3,275	..	..	..
Crude oil and liquid petroleum gas . . . . .	..	..	..	..	264,240
Coal . . . . .	1,777	2,032	2,199	2,586	2,415
Canned fruit . . . . .	303	312	368	326	323
Miscellaneous . . . . .	3,294	-330	-3,521	9,409	14,958
<i>All items</i> . . . . .	<i>1,213,250</i>	<i>1,268,663</i>	<i>1,554,646</i>	<i>1,729,033</i>	<i>2,331,885</i>
Diesel fuel taxation. . . . .	481	511	759	660	871
Less rebates . . . . .	668	885	824	1,062	1,355
	-187	-374	-65	-401	-484
Other rebates . . . . .	-7	..	..	-11	-76
<b>Total</b> . . . . .	<b>1,213,056</b>	<b>1,268,289</b>	<b>1,554,581</b>	<b>1,728,620</b>	<b>2,331,325</b>

The quantities of commodities on which excise duty were paid are given in Chapter 24, Overseas Transactions, page 661.

**Sales Tax**

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

Particulars of the sales of taxable goods in each rate class in each State for 1974-75 and 1975-76, are given in the following table. The figures relate to sales during the period 1 July to 30 June.

**FEDERAL SALES TAX: SALE VALUE OF TAXABLE GOODS INCLUDED IN RETURNS  
IN EACH RATE CLASS**

State	Gross sales of goods taxable at various rates(a)				Total
	2½%	15%	27½%	Other	
<b>1974-75</b>					
	\$'000	\$'000	\$'000	\$'000	\$'000
New South Wales and A.C.T. . . . .	645,761	1,792,119	745,834	67,631	3,251,345
Victoria . . . . .	593,023	1,194,529	444,747	63,347	2,295,646
Queensland . . . . .	164,599	555,598	158,654	37,459	916,310
South Australia . . . . .	123,718	348,630	118,661	22,427	613,436
Western Australia . . . . .	105,824	290,701	92,045	17,629	506,199
Tasmania . . . . .	29,968	76,674	26,876	5,894	139,412
Northern Territory . . . . .	1,604	10,745	2,302	2,268	16,919
<b>Australia . . . . .</b>	<b>1,664,497</b>	<b>4,268,996</b>	<b>1,589,119</b>	<b>216,655</b>	<b>7,739,267</b>
<b>1975-76</b>					
	\$'000	\$'000	\$'000	\$'000	\$'000
New South Wales and A.C.T. . . . .	816,815	1,820,249	1,024,984	62,021	3,724,070
Victoria . . . . .	688,120	1,295,274	660,333	92,451	2,736,178
Queensland . . . . .	182,799	597,911	245,453	35,030	1,061,194
South Australia(a) . . . . .	166,660	368,196	177,278	23,602	735,735
Western Australia . . . . .	123,269	344,741	140,011	10,161	618,181
Tasmania . . . . .	32,902	72,721	46,207	3,623	155,453
Northern Territory(a) . . . . .	2,204	13,850	3,697	1,499	21,251
<b>Australia . . . . .</b>	<b>2,012,769</b>	<b>4,512,942</b>	<b>2,297,963</b>	<b>228,387</b>	<b>9,052,061</b>

(a) Estimated.

Sales of taxable goods and sales tax payable for Australia are shown in the following table for recent years. The figures for sales tax payable differ from those for net collections shown on page 587 because the latter include some adjustments in respect of earlier tax years and relate to tax payable on returns lodged during the year, which, in general, cover sales for the period June to May.

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

Year of sale	Gross taxable sales	Estimated net taxable sales(a)	Net collections		Total
			Taxation Office	Bureau of Customs	
	(b)	(b)			
1970-71 . . . . .	4,132	3,940	610	23	633
1971-72 . . . . .	(c)4,434	(c)4,239	661	22	683
1972-73 . . . . .	4,996	4,798	741	24	765
1973-74 . . . . .	(d)6,606	6,293	935	34	969
1974-75 . . . . .	(d)7,739	7,345	1,103	51	1,154
1975-76 . . . . .	(d)9,044	8,586	1,360	49	1,408
1976-77 . . . . .	(d)10,752	10,220	1,599	61	1,660

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

In the foregoing tables, sales include goods transferred to stock for sale by retail, goods imported by persons other than registered taxpayers, and goods used in the business of the taxpayer. Exempt sales relate to goods exempted from sales tax under the *Sales Tax (Exemptions and Classifications)*

*Act 1935.* The figures shown do not represent the total sales of all commodities, as vendors trading only in exempt goods are not required to be registered and, consequently, the volume of their sales is not included. In addition, non-taxable sales (i.e. goods sold by one registered taxpayer to another registered taxpayer) are excluded.

#### Primary production taxes and charges

The following section shows current rates of charges on, and receipts from, primary production and other charges. Further information relating to primary production charges is given in Chapter 13, Rural Industry.

*Wheat export charge and wheat tax.* For details see Chapter 13, Rural Industry.

*Wool tax.* The rate of wool tax applicable to transactions in wool in the period 2 September 1974 to 18 August 1975 was 7.75 per cent. From 19 August 1975 the rate has been 8 per cent.

*Miscellaneous export charges.* These consist of charges levied on exports of apples and pears (*Apple and Pear Export Charge Act 1976*), canned fruits (*Canned Fruits Export Charges Act 1926*), dried fruits (*Dried Fruits Export Charges Act 1924*), eggs (*Eggs Export Charges Act 1947*) and honey (*Honey Export Charges Act 1973*).

*Tobacco charge.* The rates of tobacco charge currently in force are as follows:

- (a) in respect of leaf grown in Australia and sold to a manufacturer:
  - (i) 1.1 cents per kilogram of leaf, payable by the grower or other persons who own the leaf immediately before sale, and
  - (ii) 2.2 cents per kilogram of leaf, payable by the manufacturer;
- (b) in respect of leaf grown and used by grower-manufacturers:
  - (i) 1.1 cents per kilogram of leaf where the manufacturer grows nine-tenths of the Australian tobacco leaf used by him, and
  - (ii) 2.2 cents per kilogram of leaf in other cases.

(See also Chapter 13, Rural Industry.)

*Dairying Research and Promotion Levy.* The *Dairying Industry Research and Promotion Levy Act 1972* came into operation on 1 July 1972. It imposes a levy on all whole milk produced in Australia and is payable either on a butterfat or gallonage basis, according to the normal method of payment to producer by the purchaser. The present operative rates of levy are 6.3 cents per 100 litres of whole milk or 157.25 cents per 100 kilograms of butterfat. (See also Chapter 13, Rural Industry.)

*Canning-fruit charge.* The rate of charge from 1 December 1973 until 1 December 1976 was \$1 per tonne and then \$0.70 per tonne until 6 January 1978, when it was increased to \$1 per tonne.

*Honey levy.* The current rate of levy on honey sold for domestic consumption in Australia is 1.3 cents per kilogram.

*Livestock slaughter levy.* The present operative rate of levy for cattle is \$1.56 per head, of which \$1 is for eradication of endemic cattle disease, 25 cents is for beef research, 1 cent is for research into the meat processing industry and 30 cents is to finance the operations of the Australian Meat Board. For sheep and lambs the levy is 4.85 cents per head and the components are 1.75 cents for sheep meat research, 0.10 cents for research into the meat processing industry and 3.00 cents for the Australian Meat Board.

*Poultry industry levy.* The rates of levy for each hen kept for commercial purposes (the first twenty hens being exempt) were 4.0 cents per fortnight from 1 July 1971 to 8 June 1972, nil per fortnight from 9 June 1972 to 30 June 1972 and 4.0 cents per fortnight from 1 July 1972.

*Chicken meat levy.* The rate of levy is 10 cents per hundred meat chickens hatched, payable by any hatchery with 20,000 chickens or more.

*Pig slaughter levy.* The present operative rate of levy is 13 cents for each pig slaughtered for human consumption.

*Wine grapes charges.* The *Wine Grapes Charges Act 1929* imposes a levy, which is payable by the owner of a winery or distillery, on all grapes delivered to that winery for use in the manufacture of wine. No charge is payable unless 10 tonnes or more of grapes have been used in the manufacture of wine during a season. The operative rate of charge as from 25 January 1973 is \$2.40 per tonne of fresh grapes and \$7.20 in respect of dried grapes.

*Dried vine fruits levy.* The *Dried Vines Fruits Levy Act 1971* imposes a levy on dried vine fruit where the average return for a season exceeds by more than \$10 the amount per tonne that constitutes the base price for that season, with a maximum of \$20 per tonne.

*Apple and pear levy.* The *Apple and Pear Levy Act 1976* imposes a levy of 5 cents per box on the production and sale of apples and pears excluding those delivered for the manufacture of canned fruit or for export.

*Apple and pear stabilisation export duty.* The *Apple and Pear Stabilisation Export Duty Act 1971* imposes an export duty on the exportation on consignment of fruit of a season where the average export return for a season exceeds the support price for that season. The maximum rate of export duty is \$2 per box on apples and 80 cents per box on pears.

*Dried fruits levy.* The *Dried Fruits Levy Act 1971* imposes a levy on dried fruits of a season received for packing. The rate of levy is in the case of dried vine fruits 50 cents per tonne and in the case of dried tree fruits \$2.50 per tonne.

**FEDERAL PRIMARY PRODUCTION TAXES AND CHARGES RECEIPTS**  
((\$'000))

<i>Source of revenue</i>	<i>1972-73</i>	<i>1973-74</i>	<i>1974-75</i>	<i>1975-76</i>	<i>1976-77</i>
Apple and pear export charge . . . . .	431	347	352	271	121
Apple and pear levy . . . . .	..	..	..	..	159
Butterfat levy . . . . .	1,731	1,673	1,604	1,549	85
Canned fruit export charge . . . . .	387	292	176	153	195
Canning fruit charge . . . . .	136	183	108	113	107
Dairy research levy . . . . .	490	512	501	506	3,077
Dried fruits export charge . . . . .	309	87	105	197	197
Dried fruits levy . . . . .	70	44	42	45	49
Dried vine fruits levy . . . . .	..	..	155	..	..
Egg export charge . . . . .	4	4	2	..	..
Honey export charge . . . . .	..	..	..	..	22
Honey levy . . . . .	120	129	190	181	158
Livestock slaughter levy—					
Cattle . . . . .	3,194	2,848	3,289	4,786	5,389
Pigs . . . . .	232	215	175	313	360
Sheep and lambs . . . . .	1,637	908	1,086	1,491	1,546
Eradication of disease . . . . .	..	..	..	..	8,562
Meat export charge—					
Cattle meat . . . . .	..	5,669	14,858	16,478	69
Other meat . . . . .	..	967	2,259	3,266	6
Chicken meat levy . . . . .	118	146	139	154	160
Poultry industry levy . . . . .	12,978	11,612	12,872	11,390	11,414
Tobacco charge . . . . .	510	535	505	547	496
Wheat export charge . . . . .	..	9,843	38,678	..	30,065
Wheat tax . . . . .	639	1,104	1,180	1,684	1,641
Wine grapes charges . . . . .	689	792	864	1,103	1,035
Wool tax . . . . .	11,171	26,531	64,288	71,368	94,093
<b>Total . . . . .</b>	<b>34,846</b>	<b>64,441</b>	<b>143,428</b>	<b>115,594</b>	<b>159,006</b>

### Pay-roll tax

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

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

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

The *Pay-roll Tax (Territories) Assessment Act 1976* raised the level of the general exemption from pay-roll tax in the Territories from \$20,800 to \$48,000 per annum with effect from 1 January 1977.

On vacating the pay-roll tax field in favour of the States the Commonwealth Government introduced an export incentive grant scheme to provide grants in respect of the 1971-72 and 1972-73 financial years equal to the rebates which would have been payable for those years if the pay-roll tax rebate scheme which had operated from the 1960-61 financial year had continued in operation until it expired on 30 June 1974. The export incentive grant scheme has now been replaced by a new system of export incentive grants administered by the Department of Trade and Resources.

Gross collections of pay-roll tax in 1975-76 and 1976-77 amounted to \$19,685,545 and \$21,297,503 respectively. Refunds of pay-roll tax during 1975-76 and 1976-77 under the pay-roll tax rebate scheme amounted to \$920,786 and \$3,403, respectively. For details of the pay-roll tax rebate scheme, see Year Book No. 57, page 553.

#### Stevedoring Industry Charge

The rates in operation from 13 February 1976 have been as follows:

<i>Class of Waterside Worker</i>			<i>Rate</i>
			\$
A	..	..	4.00 per man-hour
B	..	..	4.75 per man-hour
C	..	..	2.85 per man-hour

Class A waterside workers are permanent waterside workers in permanent and continuous ports; Class B are regular casual waterside workers in continuous ports; and Class C are regular casual waterside workers in non-continuous and seasonal ports and irregular workers in all ports.

From 5 December 1977 the Stevedoring Industry Charge was replaced by a stevedoring industry levy which is based on man-hours and tonnage handled.

#### Gross operating surplus of public enterprises

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

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

FEDERAL AUTHORITIES; PUBLIC TRADING ENTERPRISES; REVENUE, WORKING  
EXPENSES AND GROSS OPERATING SURPLUS, CLASSIFIED BY INDUSTRY

(\$ million)

Industry	1971-72	1972-73	1973-74	1974-75	1975-76
<b>REVENUE</b>					
Manufacturing . . . . .	21.8	23.4	28.5	34.0	48.9
Electricity . . . . .	52.1	61.1	66.8	76.0	84.1
Water supply, sewerage and drainage . . . . .	3.4	4.3	5.0	5.0	7.6
Transport and communication—					
Air transport . . . . .	333.7	391.1	483.3	592.5	704.7
Rail transport . . . . .	29.2	31.2	37.2	41.4	108.2
Sea transport . . . . .	79.4	93.0	113.4	145.4	204.2
Urban transit systems . . . . .	7.6	7.7	8.9	9.3	14.0
Communication . . . . .	901.3	983.3	1,162.7	1,444.0	2,004.8
Total . . . . .	1,351.1	1,506.3	1,805.6	2,232.6	3,035.8
Commerce . . . . .	102.0	64.5	52.2	43.4	208.3
Property and business services—					
Housing . . . . .	16.9	15.8	20.8	21.9	22.8
Other . . . . .	8.1	9.1	11.8	18.7	25.5
Total . . . . .	25.1	24.9	32.7	40.8	48.3
Community, social and personal services . . . . .	10.0	10.4	11.9	16.9	22.7
Total revenue . . . . .	1,565.4	1,695.0	2,000.8	2,448.4	3,455.
<b>WORKING EXPENSES(a)</b>					
Manufacturing . . . . .	21.2	21.9	28.5	35.0	46.9
Electricity . . . . .	13.0	14.3	18.6	29.3	37.3
Water supply, sewerage and drainage . . . . .	2.3	2.6	3.1	3.9	4.9
Transport and communication—					
Air transport . . . . .	290.1	329.6	413.3	550.7	647.6
Rail transport . . . . .	26.7	29.2	38.8	50.6	154.3
Sea transport . . . . .	68.7	75.1	95.5	136.8	184.6
Urban transit systems . . . . .	6.6	7.0	9.8	12.3	16.7
Communication . . . . .	540.2	608.5	778.0	986.1	1,215.8
Total . . . . .	932.3	1,049.4	1,335.3	1,736.4	2,218.9
Commerce . . . . .	107.0	69.3	54.1	68.6	246.7
Property and business services—					
Housing . . . . .	15.5	14.1	19.8	23.9	25.7
Other . . . . .	7.7	8.4	11.0	18.2	24.3
Total . . . . .	23.2	22.5	30.8	42.1	50.0
Community, social and personal services . . . . .	7.1	7.8	9.1	14.1	19.6
Total working expenses . . . . .	1,106.1	1,187.9	1,479.6	1,929.3	2,624.3
<b>GROSS OPERATING SURPLUS</b>					
Manufacturing . . . . .	0.6	1.5	-0.1	-1.0	2.0
Electricity . . . . .	39.1	46.8	48.2	46.7	46.8
Water supply, sewerage and drainage . . . . .	1.0	1.7	1.9	1.1	2.6
Transport and communication—					
Air transport . . . . .	43.5	61.5	70.0	41.8	57.1
Rail transport . . . . .	2.5	2.1	-1.6	-9.2	-46.1
Sea transport . . . . .	10.7	17.9	18.0	8.6	19.6
Urban transit systems . . . . .	1.0	0.7	-0.8	-3.0	-2.7
Communication . . . . .	361.0	374.8	384.7	458.0	789.0
Total . . . . .	418.7	456.9	470.3	496.2	817.0
Commerce . . . . .	-4.9	-4.9	-1.9	-25.1	-38.4
Property and business services—					
Housing . . . . .	1.4	1.7	1.0	-2.1	-2.2
Other . . . . .	0.5	0.7	0.7	0.5	1.7
Total . . . . .	1.9	2.5	1.7	-1.6	-1.9
Community, social and personal services . . . . .	2.8	2.6	2.8	2.9	3.1
Total gross operating surplus . . . . .	459.3	507.0	522.9	519.2	831.3

(a) Excludes depreciation and interest charges.

## STATE AUTHORITIES

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

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.

Details of the transactions of State authorities are given in the tables which follow. Reference should be made to the introduction of *Public Authority Finance, State and Local Authorities, 1975-76*, (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.



## Receipts and outlay

The receipts and outlay of State authorities for the five year period ended 1975-76 are given in the following table.

**STATE AUTHORITIES(a): RECEIPTS AND OUTLAY**  
(\$ million)

	1971-72	1972-73	1973-74	1974-75	1975-76
<b>OUTLAY</b>					
Final consumption expenditure . . . . .	2,382.7	2,816.5	3,611.9	5,201.9	6,738.6
Gross capital formation—					
Increase in stocks . . . . .	8.3	1.6	15.9	54.9	30.5
Expenditure on new fixed assets . . . . .	1,879.3	2,013.3	2,276.9	3,318.2	3,882.0
Expenditure on existing assets (net) . . . . .	121.0	88.0	181.9	240.1	222.9
<i>Total gross capital formation</i> . . . . .	<i>2,008.6</i>	<i>2,103.0</i>	<i>2,474.6</i>	<i>3,613.3</i>	<i>4,135.4</i>
Transfer payments—					
Interest . . . . .	819.4	879.1	938.0	1,038.4	1,176.4
Transfers to persons . . . . .	135.6	173.5	187.9	219.0	268.5
Subsidies . . . . .	30.4	30.0	32.6	41.1	44.8
Transfers overseas . . . . .				0.1	0.1
Grants for private capital purposes . . . . .	24.9	31.1	43.4	68.9	78.6
Grants to local authorities . . . . .	108.6	153.3	133.1	253.6	310.8
<i>Total transfer payments</i> . . . . .	<i>1,118.9</i>	<i>1,267.0</i>	<i>1,335.0</i>	<i>1,621.1</i>	<i>1,879.1</i>
Net advances—					
To the private sector . . . . .	90.2	57.0	41.7	150.0	168.1
To public financial enterprises . . . . .	37.9	47.8	56.0	79.8	81.5
To local authorities . . . . .	1.6	2.8	6.0	17.3	22.8
<i>Total net advances</i> . . . . .	<i>129.7</i>	<i>107.6</i>	<i>103.7</i>	<i>247.2</i>	<i>272.4</i>
<i>Total outlay</i> . . . . .	<i>5,639.9</i>	<i>6,294.1</i>	<i>7,525.1</i>	<i>10,683.5</i>	<i>13,025.4</i>
of which—					
current outlay . . . . .	3,501.6	4,083.5	4,946.9	6,823.0	8,617.7
capital outlay . . . . .	2,138.3	2,210.6	2,578.3	3,860.5	4,407.8
<b>RECEIPTS AND FINANCING ITEMS</b>					
Receipts—					
Taxes, fees, fines, etc. . . . .	1,413.6	1,779.3	2,204.8	2,790.5	3,466.9
Income from public enterprises . . . . .	409.2	365.5	291.5	200.5	318.3
Interest, etc., received . . . . .	221.3	246.2	307.2	409.9	424.7
Grants from the Commonwealth Government—					
for current purposes . . . . .	1,768.8	2,075.9	2,533.4	3,735.0	5,427.7
for capital purposes . . . . .	625.8	706.2	898.6	1,409.7	1,556.6
<i>Total receipts</i> . . . . .	<i>4,438.8</i>	<i>5,173.1</i>	<i>6,235.5</i>	<i>8,545.6</i>	<i>11,194.1</i>
Financing items—					
Net borrowing—					
Public corporation securities . . . . .	337.1	300.0	335.7	401.1	545.8
Other general government securities . . . . .	55.1	43.2	62.9	73.6	115.6
Advances from the Commonwealth Government (net)—					
For loan works purposes . . . . .	549.6	601.3	447.9	592.1	708.7
Other . . . . .	40.5	66.3	300.6	632.8	663.8
Net receipts of private trust funds . . . . .	66.1	93.1	102.0	153.8	31.6
Reduction in cash and bank balances . . . . .	-94.8	-230.7	-258.4	-39.7	-718.1
Reduction in security holdings . . . . .	-41.2	-71.7	-89.0	-41.4	9.0
Other funds available (including errors and omissions)—					
Depreciation allowances . . . . .	255.7	272.0	292.7	274.9	314.2
Other . . . . .	33.0	47.5	95.4	90.7	160.7
<i>Total financing items</i> . . . . .	<i>1,201.2</i>	<i>1,121.0</i>	<i>1,289.7</i>	<i>2,137.9</i>	<i>1,831.3</i>
<i>Total funds available</i> . . . . .	<i>5,639.9</i>	<i>6,294.1</i>	<i>7,525.1</i>	<i>10,683.5</i>	<i>13,025.4</i>

(a) Excludes financial enterprises.

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

STATE AUTHORITIES(a): RECEIPTS AND OUTLAY, BY STATE, 1975-76  
(\$ million)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	Total
<b>OUTLAY</b>							
Final consumption expenditure . . . . .	2,316.1	1,812.1	963.3	675.4	702.3	269.4	6,738.6
Gross capital formation—							
Increase in stocks . . . . .	10.3	4.6	7.0	1.4	6.3	0.9	30.5
Expenditure on new fixed assets . . . . .	1,329.9	1,023.1	578.7	399.3	382.5	168.5	3,882.0
Expenditure on existing assets (net) . . . . .	81.8	103.1	2.9	30.9	3.9	0.4	222.9
<i>Total gross capital formation</i> . . . . .	<i>1,421.9</i>	<i>1,130.8</i>	<i>588.5</i>	<i>431.6</i>	<i>392.7</i>	<i>169.8</i>	<i>4,135.4</i>
Transfer payments—							
Interest . . . . .	339.8	373.7	166.7	128.8	106.1	61.3	1,176.4
Transfers to persons . . . . .	116.7	62.7	47.5	15.6	18.5	7.5	268.5
Subsidies . . . . .	22.0	11.0	5.2	1.3	3.1	2.2	44.8
Transfers overseas . . . . .	..	0.1	..	..	..	..	0.1
Grants for private capital purposes . . . . .	36.0	18.7	7.9	11.8	3.4	0.8	78.6
Grants to local authorities . . . . .	94.4	86.8	71.3	25.2	27.1	6.0	310.8
<i>Total transfer payments</i> . . . . .	<i>608.8</i>	<i>553.0</i>	<i>298.7</i>	<i>182.6</i>	<i>158.2</i>	<i>77.8</i>	<i>1,879.1</i>
Net advances—							
To the private sector . . . . .	8.8	86.3	37.1	8.5	19.9	7.4	168.1
To public financial enterprises . . . . .	39.1	5.8	..	36.6	..	..	81.5
To local authorities . . . . .	6.6	0.6	16.1	-0.4	-0.2	0.1	22.8
<i>Total net advances</i> . . . . .	<i>54.5</i>	<i>92.7</i>	<i>53.2</i>	<i>44.8</i>	<i>19.8</i>	<i>7.5</i>	<i>272.4</i>
<i>Total outlay</i> . . . . .	<i>4,401.3</i>	<i>3,588.6</i>	<i>1,903.7</i>	<i>1,334.4</i>	<i>1,272.9</i>	<i>524.4</i>	<i>13,025.4</i>
of which—							
current outlay . . . . .	2,924.9	2,365.1	1,262.0	858.0	860.5	347.2	8,617.7
capital outlay . . . . .	1,476.4	1,223.5	641.7	476.4	412.5	177.3	4,407.8

RECEIPTS AND FINANCING ITEMS

Receipts—							
Taxes, fees, fines, etc. . . . .	1,397.1	1,037.7	396.6	296.5	260.7	78.4	3,466.9
Income from public enterprises . . . . .	51.0	108.3	29.7	53.9	50.7	24.6	318.3
Interest, etc., received . . . . .	111.6	98.6	85.7	43.5	68.5	16.8	424.7
Grants from the Australian Government—							
for current purposes . . . . .	1,761.8	1,359.6	872.6	600.9	595.4	237.3	5,427.7
for capital purposes . . . . .	490.7	383.2	259.9	163.2	167.8	91.7	1,556.6
<i>Total receipts</i> . . . . .	<i>3,812.2</i>	<i>2,987.4</i>	<i>1,644.6</i>	<i>1,158.0</i>	<i>1,143.0</i>	<i>448.8</i>	<i>11,194.1</i>
Financing items—							
Net borrowing—							
Public corporation securities . . . . .	197.9	245.4	20.1	28.6	36.6	17.3	545.8
Other general government securities . . . . .	26.0	2.8	74.6	7.0	4.8	0.6	115.6
Advances from the Australian Government(net)—							
For loan works purposes . . . . .	222.6	181.2	95.1	92.8	65.4	51.6	708.7
Other . . . . .	228.0	174.0	94.6	93.7	51.0	22.3	663.8
Net receipts of private trust funds . . . . .	16.2	-80.7	63.7	6.4	18.7	7.3	31.6
Reduction in cash and bank balances . . . . .	-262.8	-97.9	-139.6	-81.8	-111.0	-25.1	-718.1
Reduction in security holdings . . . . .	-6.6	41.3	-6.6	0.9	-17.4	-2.7	9.0
Other funds available (including errors and omissions)—							
Depreciation allowances . . . . .	129.5	86.7	33.9	25.1	32.2	6.7	314.2
Other . . . . .	38.3	48.5	23.4	3.8	49.5	-2.5	160.7
<i>Total financing items</i> . . . . .	<i>589.1</i>	<i>601.3</i>	<i>259.2</i>	<i>176.4</i>	<i>129.9</i>	<i>75.6</i>	<i>1,831.3</i>
<i>Total funds available</i> . . . . .	<i>4,401.3</i>	<i>3,588.6</i>	<i>1,903.7</i>	<i>1,334.4</i>	<i>1,272.9</i>	<i>524.4</i>	<i>13,025.4</i>

(a) Excludes financial enterprises.

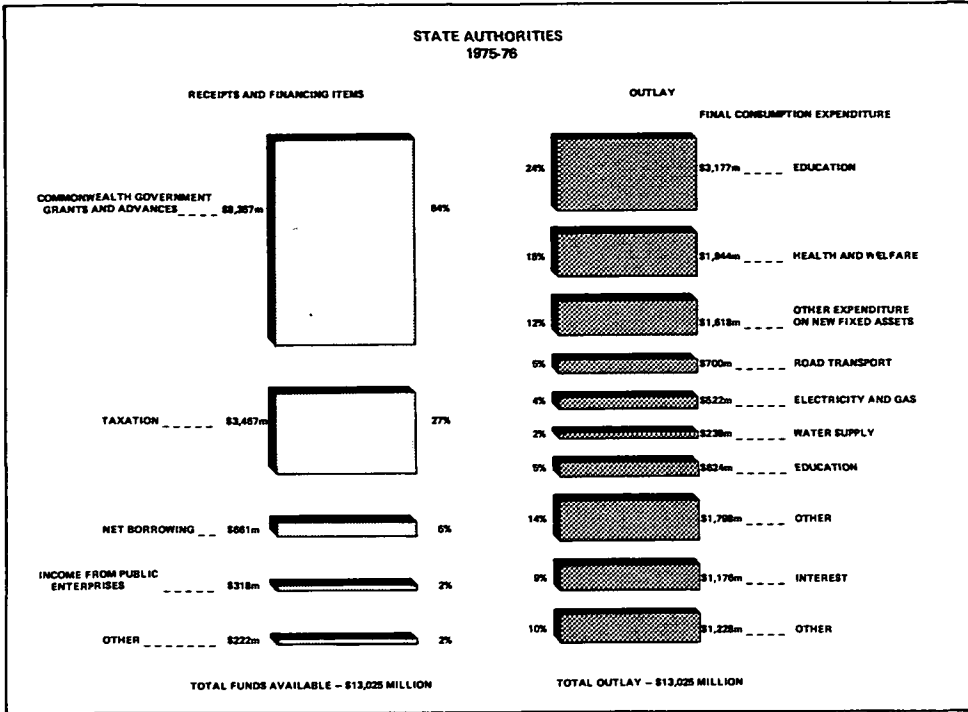


PLATE 43

Main components of outlay

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

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

Purpose	1971-72	1972-73	1973-74	1974-75	1975-76
General public services—					
Law, order and public safety	277.5	322.6	397.0	546.8	664.4
General administration, n.e.c.	173.9	199.2	224.1	315.7	382.4
Education	1,143.8	1,361.8	1,775.3	2,568.9	3,176.7
Health	499.1	580.2	790.4	1,202.5	1,823.0
Social security and welfare	47.6	57.5	66.7	98.6	121.2
Housing and community amenities—					
Housing	1.6	1.7	2.1	2.9	3.7
Community and regional development	5.2	7.0	9.2	16.1	20.0
Protection of the environment, and community amenities	1.4	4.0	6.8	12.1	17.6
Recreation and culture	27.0	34.4	42.1	58.4	79.1
Economic services—					
Agriculture, forestry, fishing	125.5	154.1	181.6	229.4	268.2
Mining, manufacturing and construction	21.2	26.2	28.8	37.3	45.5
Electricity, gas and water supply	0.2	1.8	1.1	4.3	4.6
Rail transport(a)	1.4	2.2	..	1.1	1.1
Sea transport	2.3	0.9	5.7	6.9	8.6
Road systems and regulation	13.3	16.0	19.9	14.2	15.2
Other transport services, n.e.c.	1.1	1.2	1.7	2.1	3.4
Other economic services(b)	40.0	45.0	58.7	83.6	103.5
Other purposes	0.7	0.7	0.8	0.9	0.4
<b>Total</b>	<b>2,382.7</b>	<b>2,816.5</b>	<b>3,611.9</b>	<b>5,201.9</b>	<b>6,738.6</b>

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

STATE AUTHORITIES: FINAL CONSUMPTION EXPENDITURE CLASSIFIED BY PURPOSE  
1975-76

(\$ million)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	Total
<b>General public services—</b>							
Law, order and public safety . . . . .	246.8	148.1	114.1	59.1	69.8	26.4	664.4
General administration, n.e.c. . . . .	168.9	67.9	48.9	34.3	36.4	26.0	382.4
Education . . . . .	1,074.9	940.2	417.1	337.2	298.7	108.5	3,176.7
Health . . . . .	632.1	484.7	246.6	177.7	214.9	66.9	1,823.0
Social security and welfare . . . . .	36.2	30.8	26.5	12.4	12.5	2.8	121.2
<b>Housing and community amenities—</b>							
Housing . . . . .	1.0	0.7	-0.4	1.0	0.9	0.4	3.7
Community and regional development . . . . .	6.9	8.1	..	2.6	2.0	0.3	20.0
Protection of the environment, and community amenities . . . . .	3.8	8.1	2.1	1.8	0.8	1.0	17.6
Recreation and culture . . . . .	21.7	19.3	9.8	11.2	9.4	7.6	79.1
<b>Economic services—</b>							
Agriculture, forestry, fishing . . . . .	80.4	56.8	72.2	16.3	23.6	18.9	268.2
Mining, manufacturing and construction . . . . .	15.5	4.4	6.9	6.2	10.4	2.3	45.5
Electricity, gas and water supply . . . . .	1.3	0.6	-2.2	0.1	4.2	0.5	4.6
Rail transport(a) . . . . .	..	0.4	-0.1	-0.2	0.9	0.1	1.1
Sea transport . . . . .	5.0	..	2.9	0.8	..	..	8.6
Road systems and regulation . . . . .	1.6	7.4	3.0	1.6	1.0	0.6	15.2
Other transport services, n.e.c. . . . .	1.4	0.9	0.5	0.1	0.4	0.1	3.4
Other economic services(b) . . . . .	18.6	33.7	15.2	12.8	16.3	6.8	103.5
Other purposes . . . . .	..	..	..	0.3	..	..	0.4
<b>Total . . . . .</b>	<b>2,316.1</b>	<b>1,812.1</b>	<b>963.3</b>	<b>675.4</b>	<b>702.3</b>	<b>269.4</b>	<b>6,738.6</b>

(a) Includes suburban rail transport systems.

(b) Includes general administration, regulation and research.

## STATE AUTHORITIES: EXPENDITURE ON NEW FIXED ASSETS CLASSIFIED BY PURPOSE

(\$ million)

	1971-72	1972-73	1973-74	1974-75	1975-76
<b>General public services—</b>					
Law, order and public safety . . . . .	..	27.2	34.7	39.1	46.7
General administration, n.e.c. . . . .	..	22.7	28.5	39.2	62.0
Education . . . . .	..	262.7	297.5	349.3	609.3
Health . . . . .	..	93.5	97.4	123.8	202.8
Social security and welfare . . . . .	..	6.2	6.0	8.1	8.3
<b>Housing and community amenities—</b>					
Housing . . . . .	..	71.9	71.7	110.9	270.2
Community and regional development . . . . .	..	1.9	1.4	2.4	8.4
Protection of the environment, and community amenities . . . . .	..	167.3	204.0	236.6	298.1
Recreation and culture . . . . .	..	25.3	30.2	20.8	18.6
<b>Economic services—</b>					
Agriculture, forestry, fishing . . . . .	..	103.8	102.5	108.8	147.0
Mining, manufacturing and construction . . . . .	..	26.7	29.1	42.0	58.4
Electricity and gas . . . . .	..	313.6	317.2	338.9	436.4
Water supply . . . . .	..	121.1	141.1	153.3	198.8
Rail transport(a) . . . . .	..	139.0	139.4	138.7	217.9
Sea transport . . . . .	..	72.8	60.9	62.9	76.3
Road systems and regulation . . . . .	..	394.9	419.9	461.7	587.3
Other transport services, n.e.c. . . . .	..	11.5	8.2	6.5	18.8
Other economic services(b) . . . . .	..	42.4	47.7	58.4	114.1
Other purposes . . . . .	..	0.9	0.7	2.8	2.1
<b>Total . . . . .</b>		<b>1,905.3</b>	<b>2,037.9</b>	<b>2,304.4</b>	<b>3,381.4</b>
<i>of which—</i>					
Public financial enterprises . . . . .	..	26.0	24.6	27.5	63.2

(a) Includes suburban rail transport systems.

(b) Includes general administration, regulation and research.

STATE AUTHORITIES: EXPENDITURE ON NEW FIXED ASSETS CLASSIFIED BY PURPOSE  
1975-76

(\$ million)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	Total
General public services—							
Law, order and public safety . . . . .	14.8	14.0	17.3	5.0	4.8	5.7	61.6
General administration, n.e.c. . . . .	23.1	11.0	18.2	22.6	8.6	3.9	87.3
Education . . . . .	227.8	169.3	74.1	66.7	53.4	32.5	623.7
Health . . . . .	103.2	72.6	47.0	44.3	44.1	9.6	320.9
Social security and welfare . . . . .	2.3	1.3	1.5	1.9	1.6	0.1	8.6
Housing and community amenities—							
Housing . . . . .	106.0	29.1	34.1	34.3	17.9	18.2	239.7
Community and regional development . . . . .	12.3	8.2	..	1.6	1.7	..	23.8
Protection of the environment, and community amenities . . . . .	149.2	129.3	4.6	17.2	36.5	..	336.9
Recreation and culture . . . . .	4.3	11.9	0.6	5.7	1.4	0.9	24.7
Economic services—							
Agriculture, forestry, fishing . . . . .	53.4	50.3	36.0	15.6	12.7	6.8	175.0
Mining, manufacturing and construction . . . . .	15.2	12.5	20.3	12.3	0.3	0.2	60.8
Electricity and gas . . . . .	118.4	169.8	114.8	33.6	46.6	38.4	521.6
Water supply . . . . .	85.0	74.2	2.6	40.4	34.3	1.4	237.9
Rail transport <sup>(a)</sup> . . . . .	105.0	72.4	65.2	9.9	23.3	0.1	275.8
Sea transport . . . . .	23.9	20.2	9.7	8.2	20.3	6.5	88.9
Road systems and regulation . . . . .	242.5	155.4	128.8	64.7	68.4	39.9	699.8
Other transport services, n.e.c. . . . .	1.3	9.7	..	13.0	2.2	3.3	29.7
Other economic services <sup>(b)</sup> . . . . .	50.1	23.5	9.4	4.1	8.3	2.5	97.8
Other purposes . . . . .	1.1	..	..	..	..	..	1.1
Total . . . . .	1,339.0	1,034.8	584.3	401.3	386.5	169.9	3,915.6
of which—							
Public financial enterprises . . . . .	9.1	11.7	5.6	2.0	4.0	1.4	33.7

<sup>(a)</sup> Includes suburban rail transport systems.<sup>(b)</sup> Includes general administration, regulation and research.

## Main components of receipts

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

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

The following tables provide details of the taxes collected by State authorities classified by type of tax. Further information relating to State taxes may be found in *Public Authority Finance; Taxation, 1975-76* (5506.0).

**STATE AUTHORITIES: TAXATION BY TYPE OF TAX**  
(\$ million)

	1971-72	1972-73	1973-74	1974-75	1975-76
Estate, gift, probate and succession duties . . . . .	144.6	163.3	185.6	198.1	226.9
Property taxes—					
Land tax . . . . .	102.8	112.9	122.1	168.6	200.1
Metropolitan improvement rates . . . . .	9.4	9.6	12.2	12.8	15.1
Other . . . . .	0.7	1.1	1.6	1.7	1.7
<i>Total property</i> . . . . .	<i>112.9</i>	<i>123.6</i>	<i>135.9</i>	<i>183.1</i>	<i>216.9</i>
Liquor taxes . . . . .	48.0	52.1	57.5	75.6	95.8
Taxes on gambling—					
Lotteries . . . . .	34.9	37.6	48.3	68.8	83.0
Poker machines . . . . .	38.3	42.6	50.8	71.9	83.4
Racing . . . . .	75.9	91.4	107.5	138.5	164.8
Other . . . . .	..	0.5	1.6	3.3	14.3
<i>Total gambling</i> . . . . .	<i>149.1</i>	<i>172.0</i>	<i>208.2</i>	<i>282.5</i>	<i>345.4</i>
Taxes on ownership and operation of motor vehicles—					
Vehicle registration fees and taxes . . . . .	189.9	223.6	240.2	284.1	334.3
Drivers', etc., licences and fees . . . . .	25.1	27.8	29.2	43.1	54.3
Stamp duty on vehicle registration . . . . .	24.3	30.9	39.7	51.5	84.2
Road transport taxes . . . . .	17.1	17.6	17.2	15.2	15.6
Road maintenance contributions . . . . .	38.8	40.0	43.0	44.1	44.2
Motor car third party insurance surcharge and duties . . . . .	5.9	6.9	7.4	9.8	12.5
<i>Total motor vehicles</i> . . . . .	<i>301.2</i>	<i>346.7</i>	<i>376.7</i>	<i>447.7</i>	<i>545.0</i>
Pay-roll tax . . . . .	304.6	449.2	666.9	998.6	1,162.5
Fire brigades contributions from insurance companies, etc. . . . .	33.6	38.7	46.4	66.0	85.2
Stamp duties, n.e.i. . . . .	249.6	351.1	430.9	389.3	550.9
Fees from regulatory services, n.e.i. . . . .	13.4	16.2	19.6	24.4	32.5
Other taxes, fees, fines, etc. . . . .	56.6	66.4	77.1	125.3	206.0
<i>Total taxation</i> . . . . .	<i>1,413.6</i>	<i>1,779.3</i>	<i>22,04.8</i>	<i>2,790.5</i>	<i>3,466.9</i>

**STATE AUTHORITIES: TAXATION BY TYPE OF TAX, 1975-76**  
(\$ million)

	<i>N.S.W.</i>	<i>Vic.</i>	<i>Qld</i>	<i>S.A.</i>	<i>W.A.</i>	<i>Tas.</i>	<i>Total</i>
Estate, gift, probate and succession duties	90.4	71.4	27.6	20.5	11.7	5.5	226.9
Property taxes—							
Land tax	99.2	56.1	8.8	19.5	12.1	4.3	200.1
Metropolitan improvement rates	..	13.4	..	..	1.7	..	15.1
Other	0.5	..	..	1.2	..	..	1.7
<i>Total property</i>	<i>99.7</i>	<i>69.5</i>	<i>8.8</i>	<i>20.8</i>	<i>13.8</i>	<i>4.3</i>	<i>216.9</i>
Liquor taxes	38.2	24.8	13.5	7.4	9.0	2.8	95.8
Taxes on gambling—							
Lotteries	27.3	37.0	7.8	5.4	5.5	..	83.0
Poker machines	83.4	..	..	..	..	..	83.4
Racing	62.8	56.6	21.8	9.9	11.2	2.5	164.8
Other	5.2	6.8	0.2	..	..	2.1	14.3
<i>Total gambling</i>	<i>178.8</i>	<i>100.3</i>	<i>29.8</i>	<i>15.3</i>	<i>16.7</i>	<i>4.6</i>	<i>345.4</i>
Taxes on ownership and operation of motor vehicles—							
Vehicle registration fees and taxes	122.8	92.5	48.2	28.7	32.2	9.9	334.3
Drivers' etc., licences and fees	25.5	14.9	4.3	3.4	4.8	1.3	54.3
Stamp duty on vehicle registration	24.7	31.5	8.1	12.8	4.4	2.7	84.2
Road transport taxes	1.0	5.9	6.3	0.1	1.7	0.6	15.6
Road maintenance contributions	20.3	10.1	5.1	4.2	4.5	..	44.2
Motor car third party insurance surcharge and duties	..	7.3	..	1.8	2.9	0.4	12.5
<i>Total motor vehicles</i>	<i>194.3</i>	<i>162.2</i>	<i>72.0</i>	<i>51.1</i>	<i>50.5</i>	<i>15.0</i>	<i>545.0</i>
Pay-roll tax	463.2	336.3	140.7	100.5	91.9	29.9	1,162.5
Fire brigades contributions from insurance companies, etc.	23.9	25.5	17.9	6.1	9.3	2.5	85.2
Stamp duties, n.e.i.	191.5	192.7	64.1	51.9	39.9	10.7	550.9
Fees from regulatory services, n.e.i.	13.8	9.3	3.3	2.9	2.7	0.5	32.5
Other taxes, fees, fines, etc.	103.4	45.6	18.9	20.1	15.3	2.6	206.0
<b>Total taxation</b>	<b>1,397.1</b>	<b>1,037.7</b>	<b>396.6</b>	<b>296.5</b>	<b>260.7</b>	<b>78.4</b>	<b>3,466.9</b>

## LOCAL AUTHORITIES

In each State of Australia 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 baths, 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 as cities and municipalities. In New South Wales some local authorities in an area have combined to provide services such as electricity, water, sewerage and drainage—e.g. the county councils. Within shires there are also some municipal units known as urban areas. Apart from the more thinly populated parts of New South Wales and South Australia and the Australian Territories (except for the City of Darwin and Alice Springs), practically the whole of Australia comes within local government jurisdiction. For further details see State Year Books.

### Area, population, dwellings, and value of rateable property

The area, population, dwellings, and the value of rateable property in the incorporated areas of each State are shown in the following table. The valuations relate to rateable property only and exclude government and other non-rateable property whose value in the aggregate is considerable. In various cases councils rate on annual value, or unimproved capital value, or improved capital value, or partly on each of these bases of valuation. The amounts stated are the totals for the areas rated according to each basis of valuation. Particulars of dwellings are in accordance with the definition used in the Census, and are compiled from information collected on the Census schedules. For the purpose of the Census a dwelling was defined as any habitation occupied by a household group living together as a domestic unit, whether comprising the whole or only part of a building. The term has, therefore, a very wide reference and includes, in addition to houses and flats, a great variety of dwellings ranging from a single-roomed shack to a multi-roomed hotel or institution. Unoccupied dwellings include vacant dwellings available for sale and renting, 'week-end' and holiday dwellings, and other dwellings temporarily unoccupied on the night of the Census. Dwellings being built are not included.

In the following table particulars of number, area, and value of rateable property refer to estimates made, where practicable, for the capital city statistical division and outside this division. Wherever the statistical boundary cuts across a local government area, the estimates have involved either the inclusion or exclusion of the whole of the local government authority concerned in, or from, the capital city statistical division. Particulars of population refer to estimates made for capital city statistical division and outside this division in accordance with the definition of boundaries used in the Census and exclude migratory population and population in unincorporated areas.

### LOCAL GOVERNMENT AUTHORITIES: AREA, POPULATION, DWELLINGS, AND VALUE OF RATEABLE PROPERTY, STATES

Location	Number	Area '000 hectares	Population '000	Dwellings No.	Value of rateable property		
					Unimproved capital value \$'000	Improved capital value \$'000	Annual value \$'000
<b>New South Wales(a)—</b>							
Sydney Statistical Division . . . . .	40	394	(c)2,900	(d)1,063,472	19,859,067p	n.a.	n.a.
Other(b) . . . . .	174	70,172	(c)1,883	(d)589,249	5,813,658p	n.a.	n.a.
<i>Total New South Wales</i> . . . . .	<i>214</i>	<i>70,565</i>	<i>(c)4,783</i>	<i>(d)1,652,721</i>	<i>25,672,725p</i>	<i>n.a.</i>	<i>n.a.</i>
<b>Victoria(e)—</b>							
Melbourne Statistical Division . . . . .	56	780	2,677	868,642	n.a.	15,631,918	886,171
Other(f) . . . . .	155	21,930	992	331,070	n.a.	6,815,156	349,055
<i>Total Victoria</i> . . . . .	<i>211</i>	<i>22,710</i>	<i>3,669</i>	<i>1,199,712</i>	<i>n.a.</i>	<i>22,447,074</i>	<i>1,235,226</i>
<b>Queensland(g)—</b>							
Brisbane Statistical Division . . . . .	9	1,008	986	314,753	1,320,339	n.a.	n.a.
Other . . . . .	122	171,671	1,123	350,686	1,316,709	n.a.	n.a.
<i>Total Queensland</i> . . . . .	<i>131</i>	<i>172,679</i>	<i>2,109</i>	<i>665,439</i>	<i>2,637,048</i>	<i>n.a.</i>	<i>n.a.</i>
<b>South Australia(h)—</b>							
Adelaide Statistical Division . . . . .	31	185	899	298,776	n.a.	n.a.	n.a.
Other . . . . .	106	98,252	335	115,582	n.a.	n.a.	n.a.
<i>Total South Australia</i> . . . . .	<i>137</i>	<i>98,438</i>	<i>1,234</i>	<i>414,358</i>	<i>439,120</i>	<i>n.a.</i>	<i>252,041</i>
<b>Western Australia(i)—</b>							
Perth Statistical Division . . . . .	26	537	806	266,210	1,406,702	n.a.	87,227
Other . . . . .	112	252,267	336	104,731	451,074	n.a.	23,336
<i>Total Western Australia</i> . . . . .	<i>138</i>	<i>(j)252,550</i>	<i>1,142</i>	<i>370,941</i>	<i>1,857,776</i>	<i>n.a.</i>	<i>110,563</i>
<b>Tasmania—</b>							
Hobart Statistical Division . . . . .	5	94	163	54,591	332,307	1,123,148	76,103
Other . . . . .	44	6,739	245	83,953	363,951	1,447,000	89,369
<i>Total Tasmania</i> . . . . .	<i>49</i>	<i>6,833</i>	<i>(k)407</i>	<i>(k)138,544</i>	<i>(l)696,258</i>	<i>(l)2,570,148</i>	<i>(l)165,472</i>

(a) Based on year ended 31 December 1976. (b) Excludes Lord Howe Island, unincorporated areas and migratory population. (c) As at 30 June 1975. (d) As at 30 June 1976; from Census 30 June 1977 (preliminary) (e) Based on years ended 30 September 1975. (f) Excludes Yallourn Works Area, under the jurisdiction of the State Electricity Commission, and other unincorporated areas. (g) Year ended 30 June 1974. Total population less migratory and unincorporated. (h) Year ended 30 June 1975. (i) Year ended 30 June 1976. Excludes unincorporated areas, and migratory population. (j) Area as determined in 1973 by the Division of National Mapping, Department of Minerals and energy. (k) As at 30 June 1975. (l) As at 1 July 1974.



## Receipts, financing items and outlay

The following tables show details of the receipts, financing items and outlay of all local authorities for the years 1971-72 to 1975-76, and of local authorities in each of the six States in 1975-76. Figures shown for 1975-76 are based on limited data, but may be taken as rough indicators of orders of magnitude.

**LOCAL AUTHORITIES: RECEIPTS AND OUTLAY**  
(\$ million)

	1971-72	1972-73	1973-74	1974-75	1975-76
<b>OUTLAY</b>					
Final consumption expenditure—					
General public services	90.8	97.9	121.0	157.8	191.3
Education	1.6	2.0	2.9	4.6	6.6
Health	19.2	22.8	26.6	32.6	38.5
Social security and welfare	4.0	4.8	7.0	10.2	13.8
Housing and community amenities—					
Community and regional development	3.1	3.7	6.4	10.0	11.8
Protection of the environment	16.3	21.1	28.1	39.9	46.1
Other	2.8	4.0	5.1	7.4	8.5
Recreation and culture	58.8	71.9	78.1	115.1	157.6
Economic services	18.9	21.3	27.3	38.8	47.7
Other purposes	0.2	0.3	0.4	1.0	2.2
<i>Total</i>	<i>215.8</i>	<i>249.9</i>	<i>302.7</i>	<i>417.4</i>	<i>524.1</i>
Gross capital formation—					
Expenditure on new fixed assets—					
General public services	43.4	46.2	52.3	84.7	105.0
Education	0.4	0.3	0.7	1.9	4.2
Health	0.7	0.5	0.9	5.8	1.8
Social security and welfare	1.0	0.8	2.6	3.8	6.2
Housing and community amenities—					
Community and regional development	0.2	1.1	2.6	1.5	2.8
Protection of the environment	53.0	62.9	65.1	110.0	112.1
Other	1.0	1.3	2.5	4.3	5.5
Recreation and culture	25.7	32.0	36.0	54.9	81.6
Economic services—					
Mining, manufacturing and construction	2.2	2.5	2.3	4.7	10.7
Electricity and gas	71.9	79.2	75.7	94.5	110.7
Water supply	32.4	40.3	40.3	46.2	53.7
Road systems and regulation	282.9	320.8	360.9	482.2	617.7
Other transport services, n.e.c.	2.3	1.7	1.8	1.6	2.2
Other economic services	3.6	1.9	1.7	3.4	5.1
Other purposes	..	..	..	..	..
<i>Total</i>	<i>520.8</i>	<i>591.5</i>	<i>645.3</i>	<i>899.4</i>	<i>1,119.3</i>
Expenditure on existing assets and stocks	8.9	3.5	9.7	37.2	42.6
Interest paid	104.9	116.8	128.2	145.2	168.4
Net advances to the private sector	2.8	2.0	3.4	5.6	6.3
<i>Total outlay</i>	<i>853.3</i>	<i>963.7</i>	<i>1,089.3</i>	<i>1,504.8</i>	<i>1,860.6</i>
<i>of which—</i>					
Current outlay	320.7	366.7	431.0	562.6	692.5
Capital outlay	532.6	596.9	658.3	942.2	1,168.1
<b>RECEIPTS AND FINANCING ITEMS</b>					
Receipts—					
Taxes, fees, fines, etc.—					
Rates on land	443.5	487.7	559.7	706.6	884.6
Licences, etc.	15.3	19.5	24.9	25.9	30.2
<i>Total</i>	<i>458.8</i>	<i>507.2</i>	<i>584.6</i>	<i>732.5</i>	<i>914.8</i>
Income from public enterprises	79.1	103.1	102.5	96.7	120.5
Property income	13.8	15.7	24.9	42.3	44.8
Grants from State and Federal authorities	110.5	155.2	139.1	307.5	420.8
<i>Total receipts</i>	<i>662.2</i>	<i>781.2</i>	<i>851.1</i>	<i>1,179.0</i>	<i>1,500.9</i>
Financing items—					
Net borrowing—local authority securities	139.8	156.8	144.5	212.6	281.6
Advances from State and Federal authorities	1.6	3.1	6.0	17.3	22.8
Net receipts of private trust funds	1.1	12.3	5.8	-1.3	-0.5
Reduction in cash and bank balances	-24.1	-54.2	-6.8	39.8	-29.0
Reduction in security holdings	-6.1	-17.1	-10.5	-0.2	-40.7
Other funds available (including errors and omissions)—					
Depreciation allowances	30.0	32.5	34.6	41.5	46.7
Other	48.8	49.3	64.5	16.1	78.7
<i>Total financing items</i>	<i>191.1</i>	<i>182.5</i>	<i>238.2</i>	<i>325.7</i>	<i>359.7</i>
<i>Total funds available</i>	<i>853.3</i>	<i>963.7</i>	<i>1,089.3</i>	<i>1,504.8</i>	<i>1,860.6</i>

## LOCAL AUTHORITIES: RECEIPTS AND OUTLAY, 1975-76

(\$ million)

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	Total
<b>OUTLAY</b>							
Final consumption expenditure—							
General public services	64.2	51.6	35.7	17.7	15.6	6.5	191.3
Education	0.4	6.1	..	..	0.1	..	6.6
Health	15.5	14.5	3.9	1.0	2.5	1.1	38.5
Social security and welfare	2.4	11.3	..	-0.2	0.2	..	13.8
Housing and community amenities—							
Community and regional development	5.2	2.7	2.4	1.4	0.2	..	11.8
Protection of the environment	15.8	12.5	7.0	4.5	4.4	1.9	46.1
Other	3.7	1.7	2.1	0.7	0.7	-0.4	8.5
Recreation and culture	60.9	48.4	15.1	10.9	15.4	6.8	157.6
Economic services	13.7	27.7	1.7	2.6	1.9	0.2	47.7
Other purposes	2.2	..	..	..	..	..	2.2
Total	183.9	176.3	68.0	38.6	41.1	16.1	524.1
Gross capital formation—							
Expenditure on new fixed assets—							
General public services	22.5	56.8	13.9	4.7	6.1	1.0	105.0
Education	2.0	1.1	..	..	1.1	..	4.2
Health	0.6	0.9	0.1	..	0.2	..	1.8
Social security and welfare	2.4	0.8	0.2	1.8	0.9	..	6.2
Housing and community amenities—							
Community and regional development	2.0	..	0.5	..	0.3	..	2.8
Protection of the environment	35.1	11.6	46.7	8.6	2.0	8.1	112.1
Other	4.8	..	0.5	0.2	..	..	5.5
Recreation and culture	30.0	15.3	12.2	5.3	15.2	3.6	81.6
Economic services—							
Mining, manufacturing and construction	10.0	0.3	..	..	..	0.3	10.7
Electricity and gas	95.3	4.8	9.0	0.9	0.7	..	110.7
Water supply	16.0	0.5	35.2	..	..	2.1	53.7
Road systems and regulation	268.3	163.2	84.1	40.8	43.6	17.7	617.7
Other transport services, n.e.c.	0.5	..	1.7	..	..	..	2.2
Other economic services	3.2	0.5	..	..	1.4	..	5.1
Other purposes	..	..	..	..	..	..	..
Total	492.6	255.7	204.3	62.3	71.6	32.7	1,119.3
Expenditure on existing assets and stocks	25.3	20.0	-4.1	2.3	-1.0	..	42.6
Interest paid	71.4	27.1	48.7	5.5	8.6	7.1	168.4
Net advances to the private sector	6.3	..	..	..	..	..	6.3
Total outlay	779.4	479.2	316.9	108.8	120.4	55.9	1,860.6
of which—							
Current outlay	255.3	203.5	116.7	44.1	49.7	23.2	692.5
Capital outlay	524.1	275.7	200.2	64.7	70.7	32.7	1,168.1
<b>RECEIPTS AND FINANCING ITEMS</b>							
Receipts—							
Taxes, fees, fines, etc.—							
Rates on land	360.9	258.8	113.0	63.1	62.4	26.4	884.6
Licences, etc.	8.0	12.9	5.5	0.9	2.1	0.8	30.2
Total	368.9	271.7	118.5	64.0	64.5	27.2	914.8
Income from public enterprises	70.2	5.8	41.1	-0.2	0.5	3.1	120.5
Property income	25.5	6.0	8.5	1.9	2.9	-0.1	44.8
Grants from State and Federal authorities	140.7	105.9	91.4	33.5	36.5	12.8	420.8
Total receipts	605.3	389.4	259.5	99.2	104.5	43.0	1,500.9
Financing items—							
Net borrowing—local authority securities	121.3	44.4	80.0	6.2	17.9	11.8	281.6
Advances from State and Federal authorities	6.6	0.6	16.1	-0.4	-0.2	0.1	22.8
Net receipts of private trust funds	..	..	-0.5	..	..	..	-0.5
Reduction in cash and bank balances	-4.0	3.2	-28.2	-0.6	..	0.7	-29.0
Reduction in security holdings	-36.1	-1.4	..	..	..	-3.1	-40.7
Other funds available (including errors and omissions)—							
Depreciation allowances	46.7	..	..	..	..	..	46.7
Other	39.7	43.0	-10.0	4.3	-1.7	3.5	78.7
Total financing items	174.1	89.8	57.4	9.6	15.9	12.9	359.7
Total funds available	779.4	479.2	316.9	108.8	120.4	55.9	1,860.6

## ALL PUBLIC AUTHORITIES

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

## Summary of receipts and outlay

The receipts and outlay of all public authorities for the five year period ended 1975-76 are set out in the following table.

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

	1971-72	1972-73	1973-74	1974-75	1975-76
<b>OUTLAY</b>					
Final consumption expenditure . . . . .	4,770.7	5,435.7	6,648.1	9,169.6	11,418.9
Gross capital formation—					
Increase in stocks . . . . .	-13.8	-43.7	56.7	383.0	-35.3
Expenditure on new fixed assets . . . . .	3,238.5	3,413.1	3,923.3	5,567.4	6,574.3
Expenditure on existing assets (net) . . . . .	122.0	72.8	208.1	374.6	263.4
<i>Total gross capital formation</i> . . . . .	<i>3,346.7</i>	<i>3,442.3</i>	<i>4,188.2</i>	<i>6,324.9</i>	<i>6,802.4</i>
Transfer payments—					
Interest . . . . .	910.8	1,011.0	1,072.6	1,292.0	1,461.7
Transfers to persons . . . . .	2,177.2	2,706.7	3,330.9	4,629.3	6,465.2
Subsidies . . . . .	407.1	352.6	332.3	325.1	316.0
Transfers overseas . . . . .	205.4	251.6	288.0	349.2	370.1
Grants for private capital purposes . . . . .	69.2	89.7	112.9	191.0	257.1
<i>Total transfer payments</i> . . . . .	<i>3,769.6</i>	<i>4,411.5</i>	<i>5,136.7</i>	<i>6,786.5</i>	<i>8,870.1</i>
Net advances—					
To the private sector . . . . .	83.6	30.3	116.0	281.0	295.2
To public financial enterprises . . . . .	60.4	64.3	75.5	256.3	60.4
To overseas . . . . .	-4.1	7.4	32.2	35.8	79.5
<i>Total net advances</i> . . . . .	<i>139.8</i>	<i>102.1</i>	<i>223.7</i>	<i>573.1</i>	<i>435.1</i>
<i>Total outlay</i> . . . . .	<i>12,026.8</i>	<i>13,391.5</i>	<i>16,196.6</i>	<i>22,854.2</i>	<i>27,526.5</i>
of which—					
Current outlay . . . . .	8,540.3	9,847.1	11,784.8	15,956.1	20,289.0
Capital outlay . . . . .	3,486.5	3,544.4	4,411.9	6,898.0	7,237.5
<b>RECEIPTS AND FINANCING ITEMS</b>					
Receipts—					
Taxes, fees, fines, etc. . . . .	9,811.3	10,757.1	13,705.9	17,734.1	21,318.9
Income from public enterprises . . . . .	794.0	776.5	677.4	542.6	873.3
Interest, etc., received . . . . .	297.6	338.9	419.4	540.6	585.3
<i>Total receipts</i> . . . . .	<i>10,902.9</i>	<i>11,872.5</i>	<i>14,802.7</i>	<i>18,817.3</i>	<i>22,777.5</i>
Financing items—					
Net borrowing—					
Treasury notes . . . . .	-9.7	164.6	-37.8	1,689.1	-769.6
Commonwealth Government securities . . . . .	616.7	665.5	801.2	554.1	3,165.4
Local authority and public corporation securities . . . . .	477.1	462.9	504.0	635.6	850.0
Other general Government securities . . . . .	55.8	64.2	65.0	73.7	116.1
<i>Total net borrowing</i> . . . . .	<i>1,139.9</i>	<i>1,357.2</i>	<i>1,332.5</i>	<i>2,952.6</i>	<i>3,361.9</i>
Net receipts of private trust funds . . . . .	168.9	221.7	17.6	235.4	247.8
Reduction in cash and bank balances . . . . .	-701.5	-550.2	-792.4	577.0	-477.0
Reduction in security holdings . . . . .	-78.3	-175.4	-167.7	-551.6	536.2
Other funds available (including errors and omissions)—					
Depreciation allowances . . . . .	492.2	534.3	581.8	595.4	765.9
Other . . . . .	102.7	131.4	422.1	228.1	314.2
<i>Total financing items</i> . . . . .	<i>1,123.9</i>	<i>1,519.0</i>	<i>1,393.9</i>	<i>4,036.9</i>	<i>4,749.0</i>
<i>Total funds available</i> . . . . .	<i>12,026.8</i>	<i>13,391.5</i>	<i>16,196.6</i>	<i>22,854.2</i>	<i>27,526.5</i>

(a) Excludes financial enterprises.

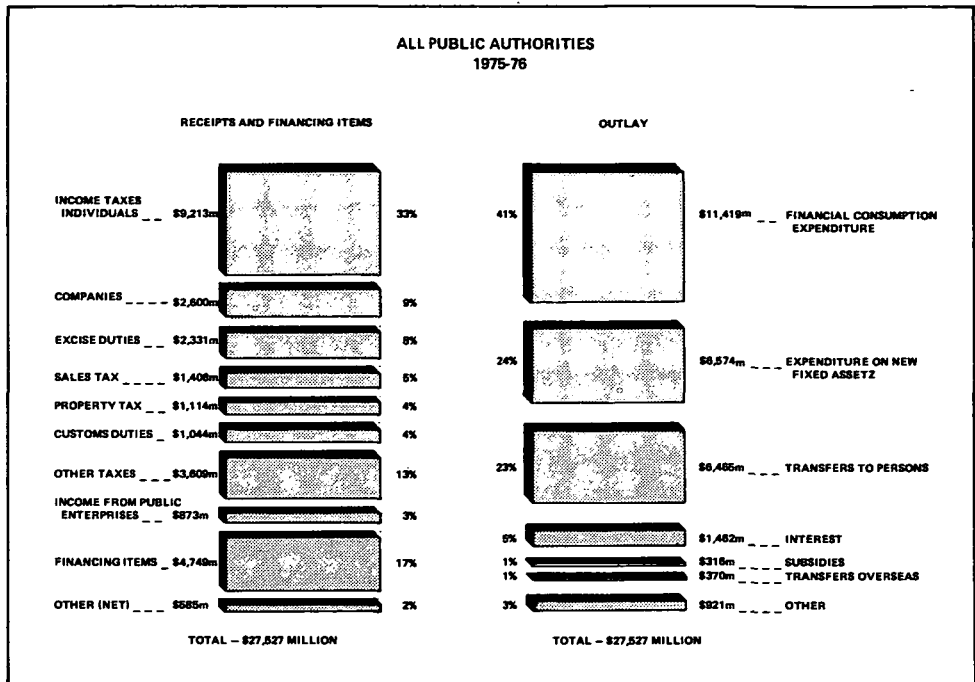


PLATE 44

**Main components of outlay**

The following tables show final consumption expenditure and expenditure on new fixed assets of all public authorities classified by purpose for the years 1971-72 to 1975-76.

**ALL PUBLIC AUTHORITIES: FINAL CONSUMPTION EXPENDITURE  
CLASSIFIED BY PURPOSE  
(\$ million)**

	1970-71	1971-72	1972-73	1973-74	1974-75
<b>General public services—</b>					
General administration, n.e.c.	553.5	624.9	768.1	1,018.1	1,230.7
External affairs	45.0	50.0	58.3	83.8	91.7
Law, order and public safety	308.1	360.3	447.0	623.7	767.9
General research	69.4	77.7	94.7	118.2	136.0
Defence	1,127.3	1,178.4	1,222.5	1,444.2	1,679.9
Education	1,208.6	1,443.0	1,887.6	2,741.0	3,382.6
Health	655.6	759.8	1,022.7	1,537.7	2,277.4
Social security and welfare	108.1	134.8	169.8	257.1	333.0
<b>Housing and community amenities—</b>					
Housing	2.7	5.3	7.6	12.4	13.0
Community and regional development	15.6	21.6	35.9	58.9	72.9
Protection of the environment	19.3	27.2	38.2	57.4	70.2
Community amenities	2.9	3.9	5.1	6.9	8.4
Recreation and culture	173.2	205.6	255.0	353.9	439.4
<b>Economic services—</b>					
Agriculture, forestry, fishing	199.5	239.0	267.9	333.9	387.3
Mining, manufacturing and construction	33.6	40.8	47.6	61.6	69.9
Electricity, gas and water supply	0.2	1.8	1.1	4.3	4.6
Transport and communication	84.8	96.5	120.5	136.2	146.8
Other economic services(a)	162.4	164.2	196.5	275.1	299.3
Other purposes	0.9	1.0	1.9	45.4	7.9
<b>Total</b>	<b>4,770.7</b>	<b>5,435.7</b>	<b>6,648.1</b>	<b>9,169.6</b>	<b>11,418.9</b>

(a) Includes general administration, regulation and research.

**ALL PUBLIC AUTHORITIES: EXPENDITURE ON NEW FIXED ASSETS  
CLASSIFIED BY PURPOSE**  
(\$ million)

	1971-72	1972-73	1973-74	1974-75	1975-76
<b>General public services—</b>					
General administration	89.0	111.9	135.5	204.4	254.9
External affairs	3.5	15.4	12.3	15.9	20.3
Law, order and public safety	29.9	37.7	42.5	54.4	72.2
General research	10.0	9.4	15.1	20.6	32.1
Education	288.1	328.0	382.1	656.3	700.9
Health	115.7	117.4	146.7	249.0	380.5
Social security and welfare	9.7	9.3	21.4	21.2	27.7
<b>Housing and community amenities—</b>					
Housing	78.5	75.8	115.3	296.2	328.0
Community and regional development	24.5	28.3	39.4	56.2	81.5
Protection of the environment	224.3	273.4	312.4	428.5	480.0
Community amenities	0.4	0.5	0.5	1.2	1.2
Recreation and culture	66.0	75.7	78.0	104.7	138.5
<b>Economic services—</b>					
Agriculture, forestry and fishing	107.9	119.0	118.1	159.6	185.8
Mining, manufacturing and construction	31.0	34.0	46.6	69.9	84.7
Electricity and gas	409.4	419.6	439.0	553.3	653.3
Water supply	161.2	185.0	198.1	248.7	302.1
Rail transport(a)	156.1	149.9	146.2	231.4	321.1
Sea transport	89.6	85.0	75.0	132.9	136.9
Road systems and regulation	696.3	764.6	848.5	1,098.2	1,351.7
Air transport	176.3	60.1	85.8	97.2	88.0
Pipelines	2.6	12.1	56.3	59.4	56.5
Other transport services, n.e.c.	13.6	9.7	10.2	21.0	33.6
Communications	426.7	460.3	559.1	717.9	756.8
Other economic services(b)	77.0	83.2	85.7	154.8	152.0
Other purposes	0.9	0.7	2.8	8.6	6.2
<b>Total</b>	<b>3,288.3</b>	<b>3,466.0</b>	<b>3,972.7</b>	<b>5,661.5</b>	<b>6,646.5</b>
<i>of which—</i>					
Public financial enterprises	49.7	52.9	49.3	94.2	72.2

(a) Includes suburban rail transport system.

(b) Includes general administration, regulation and research.

**Main components of receipts**

Taxes and net borrowing constitute the main sources of financing of the activities of the public authorities. Details of the debt of public authorities are given in the next section of this chapter. Taxation, by type of tax, for the years 1971-72 to 1975-76 was as follows.

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

	1971-72	1972-73	1973-74	1974-75	1975-76
<b>Income tax—</b>					
Individuals	3,765	4,084	5,485	7,709	9,213
Companies(a)	1,520	1,617	2,013	2,432	2,600
Estate, gift, probate and succession duties	220	237	261	278	314
Customs duties	469	513	604	840	1,044
Excise duties	1,213	1,268	1,555	1,729	2,331
Sales tax	681	765	969	1,154	1,408
Primary production taxes	28	35	64	143	115
Payroll tax	396	455	675	1,014	1,180
Property taxes	562	618	703	898	1,114
Liquor taxes	49	53	59	77	98
Taxes on gambling	149	172	208	282	345
Taxes on ownership and operation of motor vehicles	303	349	380	452	550
Stamp duties, n.e.i.	252	355	435	393	555
Other taxes, fees, fines, etc.	204	236	295	333	452
<b>Total</b>	<b>9,811</b>	<b>10,757</b>	<b>13,706</b>	<b>17,734</b>	<b>21,319</b>

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

## Level of government

In the following tables details are given for 1975-76 of the receipts and outlay of all public authorities, broken down by level of government in order to show their relative contributions to various expenditure programs, and their roles in financing these programs through taxes and transfers.

**ALL PUBLIC AUTHORITIES(a): RECEIPTS AND OUTLAY  
BY LEVEL OF GOVERNMENT, 1975-76**  
(\$ million)

	<i>Federal authorities</i>	<i>State authorities</i>	<i>Local authorities</i>	<i>All public authorities</i>
<b>OUTLAY</b>				
<b>Expenditure on goods and services—</b>				
<b>General public services—</b>				
General administration, n.e.c.	731.7	464.4	289.5	1,485.6
External affairs	112.0	..	..	112.0
Law, order and public safety	107.2	726.0	6.9	840.1
General research	162.7	5.4	..	168.1
Defence	1,679.9	..	..	1,679.9
Education	272.2	3,800.4	10.8	4,083.5
Health	473.6	2,143.9	40.3	2,657.9
Social security and welfare	211.0	129.8	20.0	360.7
<b>Housing and community amenities—</b>				
Housing	92.6	243.4	4.9	341.0
Community and regional development	96.0	43.8	14.6	154.4
Protection of the environment	38.0	354.2	158.2	550.2
Community amenities	0.3	0.3	9.1	9.6
Recreation and Culture	234.9	103.8	239.2	577.9
<b>Economic services—</b>				
Agriculture, forestry and fishing	124.7	443.2	5.1	573.1
Mining, manufacturing and construction	29.9	106.3	18.5	154.6
Electricity, gas and water supply	31.5	764.1	164.4	960.0
Transport and communication	1,123.1	1,122.5	645.7	2,891.4
Other economic services	236.0	201.3	14.3	451.3
Other purposes	10.5	1.5	2.2	14.1
<i>Total</i>	<i>5,767.8</i>	<i>10,654.2</i>	<i>1,643.5</i>	<i>18,065.4</i>
<i>less expenditure by public financial enterprises</i>	<i>-38.5</i>	<i>-33.7</i>	<i>..</i>	<i>-72.2</i>
<i>Total expenditure on goods and services</i>	<i>5,729.3</i>	<i>10,620.5</i>	<i>1,643.5</i>	<i>17,993.2</i>
<i>of which—</i>				
Final consumption expenditure	4,156.2	6,738.6	524.1	11,418.9
Expenditure on new fixed assets	1,573.1	3,882.0	1,119.3	6,574.3
Increase in stocks	-74.5	30.5	8.7	-35.3
Expenditure on existing assets (net)	6.6	222.9	33.8	263.4
<b>Transfer payments—</b>				
Interest	116.9	1,176.4	168.4	1,461.7
Transfers to persons	6,196.8	268.5	..	6,465.2
Subsidies	271.2	44.8	..	316.0
Transfers overseas	370.0	0.1	..	370.0
Grants for private capital purposes	178.5	78.6	..	257.0
Grants to the States— —for current purposes	5,427.7	..	..	(b)
—for capital purposes	1,556.6	..	..	(b)
Grants to local authorities	110.0	310.8	..	(b)
<i>Total transfer payments</i>	<i>14,227.7</i>	<i>1,879.1</i>	<i>168.4</i>	<i>8,870.1</i>
<b>Net advances to—</b>				
The private sector	120.8	168.1	6.3	295.2
Public financial enterprises	-21.1	81.5	..	60.4
The States	1,372.4	..	..	(b)
Local authorities	..	22.8	..	(b)
Overseas	79.5	..	..	79.5
<i>Total net advances</i>	<i>1,551.6</i>	<i>272.4</i>	<i>6.3</i>	<i>435.1</i>
<i>Total outlay</i>	<i>21,440.7</i>	<i>13,025.4</i>	<i>1,860.6</i>	<i>27,526.5</i>
<i>of which—</i>				
Current outlay	16,827.3	8,617.7	692.5	20,289.0
Capital outlay	4,613.5	4,407.8	1,168.1	7,237.5

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

ALL PUBLIC AUTHORITIES(a): RECEIPTS AND OUTLAY  
BY LEVEL OF GOVERNMENT, 1975-76—continued  
(\$ million)

	Federal authorities	State authorities	Local authorities	All public authorities
<b>RECEIPTS AND FINANCING ITEMS</b>				
<b>Receipts—</b>				
<b>Taxes, fees, fines, etc.—</b>				
Income tax—				
Individuals . . . . .	9,212.7	..	..	9,212.7
Companies(b) . . . . .	2,600.2	..	..	2,600.2
Estate, gift, probate and succession duties . . . . .	86.8	226.9	..	313.7
Customs duties . . . . .	1,043.7	..	..	1,043.7
Excise duties . . . . .	2,331.3	..	..	2,331.3
Sales tax . . . . .	1,408.3	..	..	1,408.3
Payroll tax . . . . .	17.3	1,162.5	..	1,179.8
Primary production taxes and charges . . . . .	115.6	..	..	115.6
Property taxes . . . . .	12.4	216.9	884.6	1,114.0
Liquor taxes . . . . .	2.0	95.8	..	97.8
Taxes on gambling . . . . .	..	345.4	..	345.4
Taxes on ownership and operation of motor vehicles . . . . .	5.4	545.0	0.1	550.5
Stamp duties, n.e.i. . . . .	4.5	550.9	..	555.4
Fees from regulatory services . . . . .	12.0	32.5	21.8	66.1
Other taxes, fees, fines, etc. . . . .	85.0	291.2	8.3	384.7
<i>Total taxes, etc.</i> . . . . .	<i>16,937.2</i>	<i>3,466.9</i>	<i>914.8</i>	<i>21,318.9</i>
Income from public enterprises . . . . .	434.5	318.3	120.5	873.3
Interest, etc., received . . . . .	115.9	424.6	44.8	585.3
Grants from the Commonwealth Government				
For current purposes . . . . .	..	5,427.7	..	(c)
For capital purposes . . . . .	..	1,556.6	..	(c)
Direct grants from Commonwealth Government to local authorities . . . . .	..	..	110.0	(c)
Grants from State authorities . . . . .	..	..	310.8	(c)
<i>Total Receipts</i> . . . . .	<i>17,487.6</i>	<i>11,194.1</i>	<i>1,500.9</i>	<i>22,777.5</i>
<b>Financing items—</b>				
<b>Net borrowing—</b>				
Treasury bills and notes . . . . .	-769.6	..	..	-769.6
Commonwealth government securities . . . . .	3,165.4	..	..	3,165.4
Local authorities and public corporation securities . . . . .	22.6	545.8	281.6	850.0
Other general government securities . . . . .	0.4	115.6	..	116.1
<i>Total net borrowing</i> . . . . .	<i>2,418.8</i>	<i>661.4</i>	<i>281.6</i>	<i>3,361.9</i>
Advances from the Commonwealth Government—				
For loan works purposes . . . . .	..	708.7	..	(c)
Other . . . . .	..	663.8	..	(c)
Advances from State authorities . . . . .	..	..	22.8	(c)
Net receipts of private trust funds . . . . .	216.7	31.6	-0.5	247.8
Reduction in cash and bank balances . . . . .	270.1	-718.1	-29.0	-477.0
Reduction in security holdings . . . . .	567.9	9.0	-40.7	536.2
Other funds available (including errors and omissions)—				
Depreciation allowances . . . . .	405.0	314.2	46.7	765.9
Other . . . . .	74.6	160.7	78.7	314.2
<i>Total financing items</i> . . . . .	<i>3,953.1</i>	<i>1,831.3</i>	<i>359.7</i>	<i>4,749.0</i>
<i>Total funds available</i> . . . . .	<i>21,440.7</i>	<i>13,025.4</i>	<i>1,860.6</i>	<i>27,526.5</i>

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

## PUBLIC SECTOR BORROWING

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

For a number of reasons, this information cannot be aggregated, without adjustment, to provide a measure of the 'debt' of public authorities. There are forms of debt not evidenced by the issue of securities, such as Commonwealth Government advances to the States for specific capital purposes. Governments themselves maintain significant holdings of their own securities; for example, the Commonwealth Government, in the National Debt Sinking Fund, the Loan Consolidation and Investment Reserve, and in other Trust Funds, holds large investments in securities issued either directly by itself or on behalf of the States. Some of the securities issued on behalf of the States and held by the Commonwealth Government represent the proceeds of overseas loans, securities for which were issued directly by the Commonwealth Government, the Australian currency counterpart

proceeds of the loans being invested in special loans to finance State works programs. A number of State public corporations and local authorities also maintain significant investments in government securities (including their own securities). Aggregation of the figures for securities on issue which follow would clearly involve a substantial degree of duplication; the sum of securities on issue therefore cannot be regarded as representing 'net public debt'.

### Commonwealth Government and States: Government securities on issue

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

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

For further information relating to the recent operations of the National Debt Sinking Fund reference should be made to the fifty-third 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 the currencies in which the loans are repayable, and in Australian currency equivalent calculated on the basis of the rates of exchange ruling at 30 June in each year shown. All amounts shown are at face value.

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

#### Net movement in securities on issue

Summary details of the net movement in securities issued for Commonwealth Government purposes and on account of the States during the period 1971-72 to 1975-76, are given in the following group of tables.

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

	1971-72	1972-73	1973-74	1974-75	1975-76
<b>NEW SECURITIES ISSUED</b>					
<b>Securities repayable in Australian currency—</b>					
Inscribed stock and bonds . . . . .	814.8	870.4	1,416.4	1,054.9	2,176.6
Australian Savings Bonds . . . . .	..	..	..	..	1,202.3
Special bonds . . . . .	139.2	109.2	454.2	343.0	160.1
Drought bonds . . . . .	0.2	0.8	3.2	1.5	0.2
Advance loan subscriptions . . . . .	0.4	(c)11.6	(c)-8.0	(c)-14.3	22.6
Overdue securities . . . . .	..	..	..	..	..
Tax-free stock . . . . .	..	..	..	..	..
Debentures . . . . .	..	..	..	..	..

For footnotes see next page.



COMMONWEALTH GOVERNMENT AND STATES:  
GOVERNMENT SECURITIES ON ISSUE

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

	1971-72	1972-73	1973-74	1974-75	1975-76
Stock issued to Government Savings banks under special agreements(a)	24.5	68.4	48.5	21.1	5.9
Treasury notes	(c)-9.7	(c)164.6	(c)-37.8	(c)1,689.1	(c)2,667.1
Treasury bills—					
Internal	(c)-5.3	(c)-8.7	(c)-94.7	(c)79.4	(c)157.0
Public	..	..	..	..	850.0
Total	964.0	1,216.3	1,781.9	3,174.8	7,241.9
Securities repayable in overseas currencies(b)	161.0	116.0	16.1	235.1	268.1
Total new securities issued	1,125.0	1,332.3	1,797.9	3,409.9	7,510.0

REDEMPTIONS, REPURCHASES, CANCELLATIONS(d)

Securities repayable in Australian currency—					
Inscribed stock and bonds	225.4	246.4	615.0	478.2	286.7
Australian Savings Bonds	..	..	..	..	13.1
Special bonds	83.8	75.7	363.6	374.8	216.9
Drought bonds	0.3	0.2	0.3	0.9	0.9
Advance loan subscriptions	..	..	..	..	..
Overdue securities	1.4	-0.2	-0.5	0.2	0.6
Tax-free stock	0.1	0.4	0.1	..	0.2
Debentures	2.8	3.0	3.1	3.2	3.4
Stock issued to Government Savings banks under special agreements(a)	4.1	4.1	4.8	4.4	8.1
Treasury notes	..	..	..	..	4,286.7
Treasury bills—					
Internal	..	..	..	..	..
Public	..	..	..	..	..
Total	317.8	329.5	986.4	861.8	4,816.6
Securities repayable in overseas currencies(b)	264.4	293.6	249.1	84.4	125.6
Total redemptions, etc.	582.2	623.1	1,235.5	946.2	4,942.2

NET MOVEMENT

Securities repayable in Australian currency—					
Inscribed stock and bonds	589.4	624.1	801.4	576.7	1,889.9
Australian Savings Bonds	..	..	..	..	1,189.2
Special bonds	55.4	33.5	90.6	-31.7	-56.7
Drought bonds	-0.1	0.6	2.9	0.6	-0.7
Advance loan subscriptions	0.4	11.6	-8.0	-14.3	22.6
Overdue securities	-1.4	0.2	0.5	-0.2	-0.6
Tax-free stock	-0.1	-0.4	-0.1	..	-0.2
Debentures	-2.8	-3.0	-3.1	-3.2	-3.4
Stock issued to Government Savings banks under special agreements(a)	20.4	64.3	43.7	16.7	-2.2
Treasury notes	-9.7	164.6	-37.8	1,689.1	-1,619.6
Treasury bills—					
Internal	-5.3	-8.7	-94.7	79.4	157.0
Public	..	..	..	..	850.0
Total	646.2	886.7	795.5	2,313.0	2,425.4
Securities repayable in overseas currencies(b)	-103.4	-177.6	-233.1	150.7	142.6
Net movement in securities on issue	542.7	709.1	562.4	2,463.7	2,568.0

(a) Recorded in Commonwealth Government Loan Fund as State domestic raisings. (b) Australian currency equivalent at rates of exchange ruling at 30 June in each of the years shown. (c) Net issue. (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.

## Government securities on issue.

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

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

	30 June—				
	1972	1973	1974	1975	1976
<b>For Commonwealth Government purposes—</b>					
<b>Repayable in Australian currency—</b>					
Inscribed stock and bonds . . . . .	1,165.7	1,233.2	1,686.5	1,613.1	3,947.5
Australian savings bonds . . . . .	..	..	..	..	1,178.4
Special bonds . . . . .	252.5	262.9	249.9	246.5	196.1
Drought bonds . . . . .	0.6	1.1	4.0	4.6	3.9
Advance loan subscriptions . . . . .	14.0	25.6	17.6	3.3	25.9
Overdue securities . . . . .	4.0	3.8	4.5	4.2	3.7
Treasury notes . . . . .	260.1	424.7	386.9	2,076.0	456.5
<b>Treasury bills—</b>					
Internal . . . . .	1,034.2	1,025.5	930.8	1,010.2	1,167.2
Public . . . . .	..	..	..	..	850.0
<b>Total</b> . . . . .	<b>2,731.0</b>	<b>2,976.8</b>	<b>3,280.2</b>	<b>4,957.9</b>	<b>7,829.2</b>
Repayable in overseas currencies(a) . . . . .	1,076.9	986.2	807.3	998.2	1,181.1
<b>Total Commonwealth Government</b> . . . . .	<b>3,807.9</b>	<b>3,963.0</b>	<b>4,087.5</b>	<b>5,956.2</b>	<b>9,010.3</b>
<b>On account of States—</b>					
<b>Repayable in Australian currency—</b>					
Inscribed stock and bonds . . . . .	8,887.6	9,444.2	9,792.3	10,442.4	9,997.9
Australian savings bonds . . . . .	..	..	..	..	10.8
Special bonds . . . . .	620.8	643.9	747.4	719.1	712.7
Tax-free stock . . . . .	15.8	15.4	15.3	15.3	15.1
<b>Stock issued to Government Savings banks</b>					
under special agreements . . . . .	297.4	361.7	405.4	422.0	419.8
Debentures . . . . .	39.6	36.6	33.5	30.3	27.0
Overdue securities . . . . .	..	0.4	0.2	0.4	0.3
<b>Total</b> . . . . .	<b>9,861.2</b>	<b>10,502.2</b>	<b>10,994.2</b>	<b>11,629.5</b>	<b>11,183.6</b>
Repayable in overseas currencies(a) . . . . .	365.6	278.6	224.5	184.2	143.9
<b>Total States</b> . . . . .	<b>10,226.8</b>	<b>10,780.8</b>	<b>11,218.7</b>	<b>11,813.8</b>	<b>11,327.6</b>
<i>of which—</i>					
New South Wales . . . . .	3,359.4	3,528.6	3,654.4	3,834.1	3,721.0
Victoria . . . . .	2,488.3	2,632.9	2,746.6	2,896.2	2,834.0
Queensland . . . . .	1,355.7	1,427.8	1,485.0	1,576.7	1,538.7
South Australia . . . . .	1,332.0	1,409.7	1,473.3	1,551.3	1,389.5
Western Australia . . . . .	981.4	1,029.9	1,070.9	1,121.6	1,090.5
Tasmania . . . . .	709.9	752.0	787.6	833.9	753.8
<b>Total Commonwealth Government and States</b> . . . . .	<b>14,034.7</b>	<b>14,743.8</b>	<b>15,306.2</b>	<b>17,769.9</b>	<b>20,337.9</b>

(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 \$800,000 (in 1975-76 this limit was \$700,000) 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 \$800,000 (1975-76, \$700,000) 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 table below shows the aggregate borrowings by the State and local authorities in each of the years 1971-72 to 1975-76. 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 and Local Government Authorities*.

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

	<i>New South Wales</i>	<i>Victoria</i>	<i>Queens- land</i>	<i>South Australia</i>	<i>Western Australia</i>	<i>Tasmania</i>	<i>Total</i>
STATE AUTHORITIES							
1971-72 . . .	98,562	137,699	48,335	18,504	27,148	10,479	340,727
1972-73 . . .	122,671	158,686	48,559	22,391	35,672	10,904	398,883
1973-74 . . .	142,357	177,510	61,254	25,492	37,883	10,113	454,609
1974-75 . . .	164,885	207,532	75,545	29,968	41,969	13,646	533,545
1975-76 . . .	205,312	256,930	102,411	39,490	44,309	17,720	666,172
LOCAL AUTHORITIES							
1971-72 . . .	79,998	33,813	59,987	10,109	14,582	7,321	205,810
1972-73 . . .	95,291	40,958	71,391	9,698	19,043	7,934	244,315
1973-74 . . .	104,540	40,974	77,472	10,819	20,820	8,591	263,216
1974-75 . . .	132,803	50,188	102,804	13,617	21,839	10,710	331,962
1975-76 . . .	163,847	63,043	102,097	16,831	27,845	14,503	388,166

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

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

