

## **Public Road – related Expenditure and Revenue in Australia (2004)**

- The total amount of road-related expenditure by the Australian, State, Territory and Local Governments in 2001–02 was \$7.6 billion. Between 1998–99 and 2001–02 road-related expenditure increased by an average of \$99.4 million per year. Over this period Commonwealth and State government road-related expenditure increased while Local government road-related expenditure decreased.
- The figures presented in Table 1 of this Information Sheet may differ from those presented elsewhere for State and Local government expenditure on roads. These figures provide a picture of the expenditure on roads by each level of government net of transfers of funds from higher levels of government and not the actual expenditure on roads by that level of government. It is a measure of the financial effort made by each level of the federal system of government in Australia to provide road infrastructure. BTRE estimates come from data provided from the Government Financial Statistics (GFS) database of the Australian Bureau of Statistics (ABS) and not directly from the State and Local Government Agencies which actually provide road construction and maintenance services for the Australian community. While an effort has been made to estimate the expenditure on road construction and maintenance only, there is still some expenditure included on administration, regulation and subsidies.
- Ownership and control of the road system lies with State and Territory governments and Local governments. However, road expenditure in Australia is financed by all three levels of government. At present, the Australian Government funds the construction and maintenance of the 18,700 kilometre National Highway System and contributes to the construction of Roads of National Importance (RONIs) under the National Highway and RONI Programme. It also funds the Roads to Recovery Programme and the Black Spot Programme, which provides funding for safety works off the National Highway. The Australian Government further supplements Local Government expenditure on local roads through untied grants identified for expenditure on local roads.

- Between 1993–94 and 2001–02, prices for inputs to road construction and maintenance, shown in Table 2, have increased by 17.7 per cent. Price increases since 1999–2000 include the impact of the introduction of the GST. It should be kept in mind that this is an input price index rather than a cost of construction index. A price index is different to a cost index in that it does not provide an indication of the actual cost of constructing and maintaining roads. Its main purpose is to provide a way of deriving constant prices for inputs to road expenditure and maintenance. The input components to the index consist of labour, materials and plant. The prices that have the most influence on the index are those for the provision of labour, fuel, bitumen, quarry products and plant hire. Among these inputs labour, bitumen and fuel have had the largest average increase over the life of the index .
- There have been a number of changes to the Commonwealth funding of road programmes since the Australian Land Transport Development Act (ALTD) commenced in 1988–89. These changes can be seen in Table 3. In the early 1990s the States and Australian Government agreed on a division of responsibility for road funding. As part of this agreement, the Australian Government untied its funding for National Arterial roads and local roads. Phased in arrangements saw funding for these categories of road cease under the ALTD Act to be replaced by Financial Assistance Grants to state and local governments identified for roads. The financial assistance grants to the States identified for roads were subsumed into the GST payments to the States from 2000-01. From 2000-01, funding of Local government roads was supplemented by the Roads to Recovery programme. Roads to Recovery programme funds are paid directly by the Commonwealth to Local Government. Eligibility provisions in the programme ensure that the funding is additional to that normally expected to be expended by councils on their roads. Roads to Recovery programme payments commenced in 2000 and must be made before 1 July 2005. The total amount in the Programme is \$ 1200 million and \$ 654.4 million has been spent in the first three years. In January 2004 the Australian Government announced the extension of the Roads to Recovery Programme for a further four years from 2005-06 to 2008-09.
- The road-related expenditure in Table 4 is presented by state and is in each case the total amount spent in that state on roads. This consists of the expenditure of funds from three sources. They are the Australian Government, State

Governments and Local Governments. The figures in Table 4, allowing for rounding differences, total to the same amount as in Table 1.

- Revenue collected by the Commonwealth, State and Territory governments from a selection of motor vehicle taxes and charges is shown in Table 5 and in 2001–02 was \$14.2 billion. The excise raised from petroleum products was \$9.1 billion in 2001–02. In 2001–02 Commonwealth Government charges made up 64 per cent of revenue included in the table. However the table does not include GST revenue on the sale of fuel, cars, services etc which is returned to State and Territory governments. State government revenue made up 32 per cent and the rest consisted of four per cent Toll Road revenue. This latter amount was \$603.4 million out of \$14.2 billion. Toll Road revenue has been increasing over time but still remains a small proportion of total road–related revenue, just as Toll Roads make up a small part of the road network.
- It is important to note that Table 5 does not include revenue from the Goods and Services Tax (GST), which applies to the cost of petroleum products, motor vehicles and parts, and motor vehicle services. The Australian Government provides all revenue from the GST to the States and Territories.
- Another feature of State and Territory taxes is that under accrual accounting rules some revenues which were recorded as taxes under cash accounting are no longer recorded in the National Accounts as taxes. This applies to Road Transport and Maintenance taxes which are now offset against expenditure in the accounts of the government authorities which collect them. These are fees for which users are now required to pay the economic price for a permit. They include one off permits for heavy vehicle use and associated maintenance activities such as moving overhead power lines out of their way. In 1997–98 these amounts totalled \$117 million and by 2001–02 they have almost disappeared. This does not mean that there is no longer such a charge on road users but rather that it is now recorded in another place in the National Accounts as a State Authority revenue.

- The presentation, in this Information Sheet, of government road-related expenditures together with motor vehicle revenues does not imply that there is, or should be, any direct linkage between revenue and expenditure. On the contrary, most revenue collected by governments from taxes and charges on motor vehicles is paid into consolidated revenue accounts, along with income from other sources.

TABLE 1 GOVERNMENT FUNDING OF ROAD – RELATED EXPENDITURE  
1998–99 TO 2001–02

|                   | (\$ million)   |                |                |                |
|-------------------|----------------|----------------|----------------|----------------|
| <i>Government</i> | <i>1998–99</i> | <i>1999–00</i> | <i>2000–01</i> | <i>2001–02</i> |
| Commonwealth      | 1707.4         | 1675.1         | 1458.5         | 1821.6         |
| State             | 3246.0         | 3135.1         | 3911.3         | 3544.7         |
| Local             | 2328.7         | 2584.8         | 2253.8         | 2214.0         |
| <b>Total</b>      | <b>7282.2</b>  | <b>7395.0</b>  | <b>7623.6</b>  | <b>7580.3</b>  |

*Notes* Components may not sum to totals due to rounding. This is a new series estimated from: DOTARS sources and ABS, Government Finance Statistics (GFS) accrual based figures produced for the National Accounts. BTRE Information Sheet 13 (IS 13) (BTE 1999) was based upon earlier GFS cash accounting figures, which ceased in 1997–98. Figures include road construction and maintenance, administration, regulation and subsidies associated with those activities. These figures differ for the State and Local government from those figures that appear in Table 10 Australian Transport Statistics (ATS) 2003 as the ATS figures are based on GFS estimates that are solely of road construction, maintenance and rehabilitation.

Totals may not add due to rounding

*Sources* ABS (2003a); BTE (1999); BTRE (2003); DOTARS (2003).

TABLE 2 BTRE ROAD CONSTRUCTION AND MAINTENANCE PRICE INDEX

|       | <i>1993–94</i> | <i>1994–95</i> | <i>1995–96</i> | <i>1996–97</i> | <i>1997–98</i> | <i>1998–99</i> | <i>1999–00</i> | <i>2000–01</i> | <i>2001–02</i> | <i>2002–03</i> |
|-------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Index | 100.0          | 102.3          | 102.9          | 103.6          | 103.9          | 104.9          | 109.1          | 115.1          | 117.7          | 124.0          |

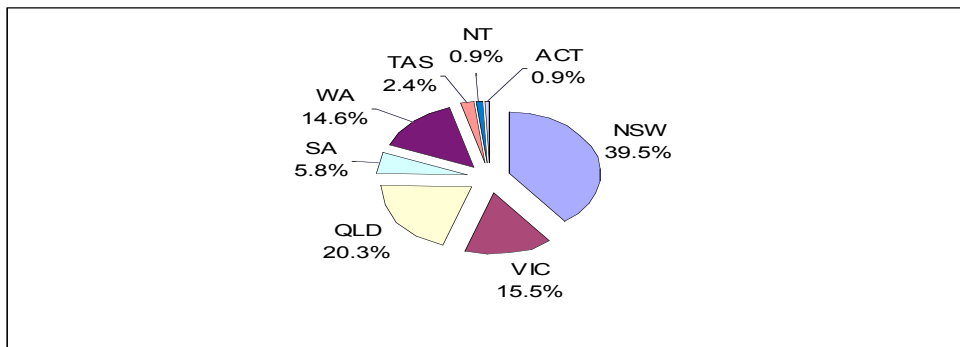
*Notes* The figures before and after 1993–94 are not strictly comparable due to differences in computational procedures. The 1996–97 and 1997–98 Index figures differ from those in IS 13 because the Index input for Plant and Equipment Hire is now estimated using the more readily available ABS Producer Price Index for Plant Hiring or Leasing (ANSIC 774).

*Sources* ABS (2003b); ABS (2003c); Shell Australia (2003).

## **ROAD RELATED EXPENDITURE BY STATES AND TERRITORIES**

New South Wales, Queensland and Victoria account for 75 per cent of the total road-related expenditure in Australia. Including Australian Government grant money, these three states spent \$ 2.99 billion, \$1.54 billion and \$ 1.18 billion respectively in 2001-02.

**Figure 1 Proportions of total State and Territory expenditure on roads 2001-02.**



*Sources* DOTARS (2003); ABS (2003a).

**TABLE 3 AUSTRALIAN GOVERNMENT ROAD EXPENDITURE BY PROGRAMME 1989–90 TO 2002–03**  
( \$ million)

| <i>Item</i>                            | 1989–90 | 1990–91 | 1991–92 | 1992–93 | 1993–94 | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| ROAD PROGRAMME DISTRIBUTION            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Australian Land Transport Development  |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| National Highways                      | 523.2   | 554.2   | 656.9   | 868.2   | 786.2   | 816.1   | 831.3   | 710.5   | 706.2   | 752.0   | 631.6   | 697.3   | 783.9   | 763.4   |
| Roads of National Importance           | –       | –       | –       | –       | –       | –       | –       | 90.7    | 108.8   | 122.5   | 183.8   | 135.1   | 234.3   | 213.7   |
| National Arterial Roads                | 368.9   | 442.1   | 429.0   | 570.3   | 228.6   | –       | –       | –       | –       | –       | –       | –       | –       | –       |
| State Arterial Roads                   | 139.9   | 61.3    | 6.5     | 12.7    | –       | –       | –       | –       | –       | –       | –       | –       | –       | –       |
| Local Roads                            | 303.1   | 323.8   | –       | –       | –       | –       | –       | –       | –       | –       | –       | –       | –       | –       |
| Provincial Cities & Rural Highways     | –       | 87.6    | 94.5    | 83.5    | –       | –       | –       | –       | –       | –       | –       | –       | –       | –       |
| Land Transport Research                | 3.4     | 3.3     | 3.9     | 3.3     | 3.3     | 3.0     | 2.6     | 2.3     | 2.4     | 1.9     | 2.8     | 2.2     | 2.6     | 3.6     |
| Subtotal                               | 1 338.5 | 1 472.3 | 1 190.7 | 1 538.0 | 1 018.1 | 819.1   | 833.9   | 803.5   | 817.3   | 876.5   | 818.2   | 834.5   | 1 020.9 | 980.7   |
| Black Spots Programme                  | –       | 53.3    | 63.3    | 163.5   | –       | –       | –       | 36.0    | 35.6    | 37.4    | 37.7    | 40.9    | 42.4    | 44.5    |
| TOTAL                                  | 1 338.5 | 1 525.6 | 1 254.0 | 1 701.5 | 1 018.1 | 819.1   | 833.9   | 839.5   | 852.9   | 913.9   | 855.9   | 875.4   | 1 063.3 | 1 025.2 |
| Federal Interstate Registration Scheme | 16.7    | 14.2    | 15.5    | 16.7    | 20.3    | 23.6    | 29.3    | 19.9    | 17.7    | 18.9    | 21.8    | 26.6    | 31.3    | 36.0    |
| Badgery's Creek Road System            | –       | 11.0    | 9.0     | –       | –       | –       | –       | –       | –       | –       | –       | –       | –       | –       |
| Federation Fund <sup>a</sup>           | –       | –       | –       | –       | –       | –       | –       | –       | –       | –       | –       | –       | –       | 5.3     |
| Roads on Aboriginal Land               | –       | –       | –       | –       | –       | –       | 5.2     | –       | –       | –       | –       | –       | –       | –       |
| Roads to Recovery                      | –       | –       | –       | –       | –       | –       | –       | –       | –       | –       | –       | 150.0   | 302.2   | 202.2   |
| State FAGs <sup>b</sup>                | –       | –       | –       | –       | 175.0   | 350.0   | 371.0   | 383.4   | 391.0   | 397.2   | 408.8   | –       | –       | –       |
| Local Government FAGs                  | –       | –       | 352.7   | 362.6   | 333.3   | 336.8   | 358.0   | 373.9   | 370.4   | 377.4   | 388.7   | 406.5   | 424.8   | 451.4   |
| TOTAL OTHER ROAD FUNDING               | 16.7    | 25.2    | 377.2   | 379.3   | 528.6   | 710.3   | 763.5   | 777.2   | 779.1   | 793.5   | 819.2   | 583.1   | 758.3   | 694.9   |
| TOTAL                                  | 1 355.2 | 1 550.8 | 1 631.6 | 2 080.9 | 1 546.7 | 1 529.4 | 1 597.4 | 1 616.6 | 1 632.1 | 1 707.4 | 1 675.1 | 1 458.5 | 1 821.6 | 1 720.1 |

<sup>a</sup> Contribution to Caboolture Motorway in Queensland.

<sup>b</sup> From 2000–01 former State Financial Assistance Grants identified for roads have been subsumed into GST payments.

Notes

FAGs refers to Financial Assistance Grants Identified for Roads

Totals may not add due to rounding

Source DOTARS (2003); DOTARS (2004).

**TABLE 4 TOTAL ROAD – RELATED EXPENDITURE BY STATE AND TERRITORY***( \$ million )*

| <i>Government</i> | <i>1998–99</i> | <i>1999–00</i> | <i>2000–01</i> | <i>2001–02</i> |
|-------------------|----------------|----------------|----------------|----------------|
| NSW               | 2610.0         | 2741.0         | 2721.0         | 2993.0         |
| VIC               | 1171.4         | 1224.8         | 1195.9         | 1178.0         |
| QLD               | 1950.0         | 1832.0         | 1979.0         | 1539.0         |
| SA                | 388.0          | 407.0          | 444.0          | 440.0          |
| WA                | 945.0          | 967.0          | 1045.0         | 1108.0         |
| TAS               | 137.0          | 144.0          | 153.0          | 179.0          |
| NT                | 65.0           | 61.0           | 72.0           | 71.0           |
| ACT               | 13.0           | 15.0           | 11.0           | 69.0           |
| Sub total         | 7279.4         | 7391.8         | 7620.9         | 7577.0         |
| Other expenditure | 2.8            | 3.3            | 2.7            | 3.3            |
| Total             | 7282.2         | 7395.1         | 7623.6         | 7580.2         |

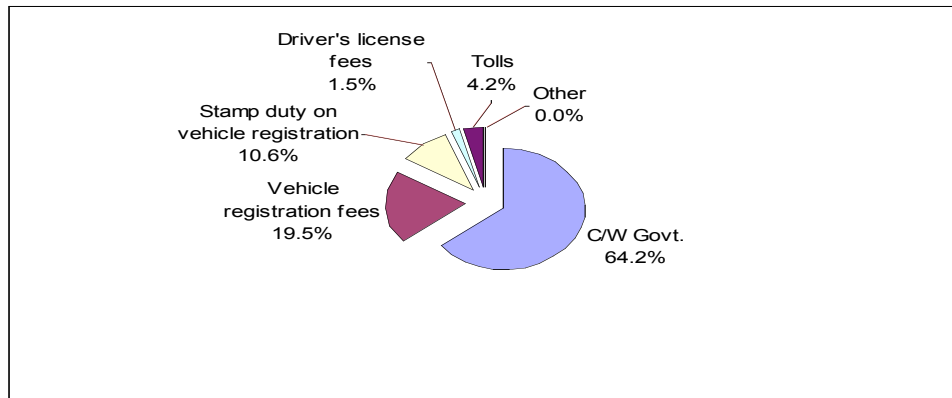
*Notes* The grand total in this table is not exactly the same as in Table 1 due to rounding of state and territory figures.  
Other expenditure consists of Australian Government monies spent directly on transport research.

*Sources* DOTARS (2003); ABS (2003a).



## MOTOR VEHICLE REVENUE

Figure 2 Selected motor vehicle taxes and charges 2001–02



Sources ABS (2003); ASX (2003); Commonwealth of Australia (2002); GB Co.(2003); RTA,NSW (2002).

Figure 2 shows the percentage distribution of selected taxes and charges which the Australian, State and Territory Governments levy on motor vehicle users in Australia, excluding the GST. Of the total amount of revenue collected in 2001-02, 64.0 per cent was from petroleum products excise duty. In 2000-01, State and Territory governments raised \$2.8 billion (20.0 per cent) from motor vehicle registration fees, their largest source of motor vehicle revenue. Stamp duty collected on vehicle registration fees raised \$1.5 billion.

Following a High Court ruling in 1997 preventing the levying of business franchise fees by the States, the Australian Government increased the excise on petroleum and tobacco products and remitted the revenue to State and Territory Governments. With the introduction of the GST on 1 July 2000, the Australian Government ceased to collect this additional excise. The small amount recorded for 2000-01 is for money collected prior to July 2000.

**TABLE 5 SELECTED MOTOR VEHICLE TAXES AND CHARGES 1990–91 TO 2001–02**

(\$ million)

| <i>Item</i>                                     | 1990–91       | 1991–92       | 1992–93       | 1993–94        | 1994–95        | 1995–96        | 1996–97        | 1997–98        | 1998–99        | 1999–00        | 2000–01        | 2001–02        |
|---|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Commonwealth government</b>                  |               |               |               |                |                |                |                |                |                |                |                |                |
| Petroleum products excise <sup>a</sup>          | 5221.6        | 5649.5        | 5685.7        | 6704.1         | 7440.2         | 8053.7         | 8324.9         | 8240.4         | 8475.8         | 8680.3         | 8816.8         | 9103.7         |
| Federal Interstate Registration Scheme          | 14.2          | 15.5          | 16.7          | 20.3           | 23.6           | 29.3           | 19.9           | 17.7           | 18.9           | 21.8           | 26.6           | 31.3           |
| Sub–total                                       | 5235.8        | 5665.0        | 5702.4        | 6724.4         | 7463.8         | 8083.0         | 8344.8         | 8258.1         | 8494.7         | 8702.1         | 8843.4         | 9135.0         |
| <b>State and Territory governments</b>          |               |               |               |                |                |                |                |                |                |                |                |                |
| Vehicle registration fees                       | 1402.0        | 1606.0        | 1765.0        | 1901.0         | 1970.0         | 2018.0         | 2146.0         | 2285.0         | 2579.0         | 2527.0         | 2633.0         | 2781.0         |
| Stamp duty – vehicle registration               | 641.0         | 626.0         | 750.0         | 872.0          | 987.0          | 1052.0         | 1148.0         | 1260.0         | 1318.0         | 1365.0         | 1387.0         | 1504.0         |
| Driver's licence fees                           | 251.0         | 184.0         | 187.0         | 240.0          | 299.0          | 295.0          | 212.0          | 300.0          | 279.3          | 315.7          | 346.1          | 207.9          |
| Fuel franchise taxes/fees                       | 1061.0        | 1128.0        | 1174.0        | 1346.0         | 1427.0         | 1531.0         | 1570.0         | 1530.0         | 1534.0         | 1521.0         | 174.0          | 0.0            |
| Road transport & maintenance taxes <sup>b</sup> | 56.0          | 55.0          | 79.0          | 92.0           | 106.0          | 101.0          | 86.0           | 117.0          | 8.0            | 5.0            | 9.0            | 6.0            |
| Sub–total                                       | 3411.0        | 3599.0        | 3955.0        | 4451.0         | 4789.0         | 4997.0         | 5162.0         | 5492.0         | 5718.3         | 5733.7         | 4549.1         | 4498.9         |
| <b>Tolls <sup>c</sup></b>                       | 83.4          | 99.8          | 118.7         | 134.4          | 149.5          | 137.6          | 136.7          | 137.9          | 272.4          | 360.5          | 471.5          | 603.4          |
| <b>TOTAL REVENUE</b>                            | <b>8730.2</b> | <b>9363.8</b> | <b>9776.1</b> | <b>11309.8</b> | <b>12402.3</b> | <b>13217.6</b> | <b>13643.5</b> | <b>13888.0</b> | <b>14485.5</b> | <b>14796.4</b> | <b>13864.0</b> | <b>14237.3</b> |

*Notes* This table excludes some taxes/fees on motor vehicles such as stamp duty and customs duty.

The Federal Interstate Registration Scheme (FIRS) payments to the states for expenditure on road maintenance come entirely from the revenue collected from registration charges for vehicles registered under FIRS.

- a. These excise figures are net of the Off Road Diesel Fuel rebate and from 1 July 2000 are also net of the On Road Diesel and Alternative Fuels Grants Scheme rebates.
- b. Under ABS GFS Accrual rules fees have been netted out to leave only the tax component.
- c. Comprises estimates of tolls collected from public and private tollways in Australia.

There is break in the series after 1997–98 with the inclusion of estimates of all tollways open in that year.

Totals may not add due to rounding.

Sources ABS (2003); ASX (2003); Commonwealth of Australia (2002); DOTARS (2004); GB Co.(2003); RTA,NSW (2002)

## **ABBREVIATIONS**

|        |  |
|--------|--|
| ABS    | Australian Bureau of Statistics                  |
| ALTD   | Australian Land Transport Development            |
| ASX    | Australian Stock Exchange                        |
| ATS    | Australian Transport Statistics                  |
| BTE    | Bureau of Transport Economics                    |
| BTRE   | Bureau of Transport and Regional Economics       |
| DOTARS | Department of Transport and Regional Services    |
| FAGs   | Financial Assistance Grants Identified for Roads |
| GB Co. | Gateway Bridge Company Ltd.                      |
| GFS    | Government Finance Statistics                    |
| RONIs  | Roads of National Importance                     |
| RTA    | Roads and Traffic Authority                      |
| IS 13  | BTRE 1999, Information Sheet 13                  |

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