



Australian Government

Department of Transport and Regional Services

Bureau of Transport and Regional Economics

TS 24 Public Road-Related Expenditure and Revenue in Australia (2005 update)

OVERVIEW

- This update covers information for the years 2002–03 for road-related expenditure by level of government and by State and Territory, as well as selected motor vehicle taxes and charges and for 2003–04, the BTRE road construction and maintenance index and Australian Government road expenditure by programme.
- The total amount of road-related expenditure by the Australian, State, Territory and Local Governments in 2002–03 was \$7.65 billion (Table 1). Between 1998–99 and 2001–02 road-related expenditure increased by an average of 2.4 per cent per year, however in 2002–03 decreased by 0.4 per cent.
- 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. Most revenue collected by governments from taxes and charges on motor vehicles is paid into consolidated revenue accounts, along with income from other sources.

BACKGROUND

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.

There have been a number of changes to the Australian Government funding of road programmes since the Australian Land Transport Development Act (ALTD) commenced in 1988–89. In the early 1990s the States and the 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 Australian Government 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 were initially for a four year period ending 30 June 2005. The total amount in the programme was \$1200 million. In 2004 the Australian Government announced the extension of the Roads to Recovery Programme for a further four years from 2005–06 to 2008–09 and the provision of an extra \$1350 million. \$307.5 million a year is to be allocated to local roads on a formula basis and \$120 million over a four year period to infrastructure projects of strategic regional importance.

Also from July 2004 the Australian Government changed its policy to contribute funding to a defined national network of major roads and rail links and intermodal connections. This network, as part of the Auslink initiative, includes the former National Highway System and some of the former Roads of National Importance. It also funds the Black Spot Programme, which provides funding for safety works off the National Highway. These initiatives are in addition to the untied grants to local government for roads expenditure and the Roads to Recovery Programme mentioned above.

GOVERNMENT FUNDING OF ROAD-RELATED EXPENDITURE

TABLE 1 GOVERNMENT FUNDING OF ROAD-RELATED EXPENDITURE 1998–99 TO 2002–03

	(\$ million)				
Government	1998–99	1999–00	2000–01	2001–02	2002–03
Australian	1 707.4	1 675.1	1 458.5	1 821.5	1 720.0
State	3 001.6	3 143.2	3 763.7	3 599.0	3 695.2
Local	2 453.7	2 631.8	2 289.8	2 264.0	2 240.4
Total	7 162.7	7 450.1	7 512.0	7 684.5	7 655.7

Notes Figures include road construction and maintenance, administration, regulation and subsidies associated with those activities. Figures for state and local expenditure differ from those in IS 23 on account of changes in the latest ABS GFS data.

Totals may not add due to rounding.

Sources ABS (2004a), DOTARS (2004), State Road Authorities (1999–2004).

The figures presented in Table 1 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.

Table 1 is a measure of the financial effort made by each level of the federal system of government in Australia to provide road infrastructure. While an effort has been made to estimate the expenditure on road construction and maintenance only, this inevitably includes some expenditure on administration, regulation and subsidies. The figures for State and Local government expenditure on roads in the publication may differ from those presented elsewhere to this Information Sheet. For example BTRE (BTRE 2003) has provided estimates of state government expenditure on roads for 2001–02. The estimates in this Information Sheet use data provided from the Government Financial Statistics (GFS) database of the Australian Bureau of Statistics (ABS) and not data obtained directly from the State and Local Government Agencies, which actually provide road construction and maintenance services for the Australian community.

BTRE ROAD CONSTRUCTION AND MAINTENANCE PRICE INDEX

TABLE 2 BTRE ROAD CONSTRUCTION AND MAINTENANCE PRICE INDEX

	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04
Index	100.0	102.3	102.9	103.6	103.9	104.9	109.1	115.1	117.7	124.0	129.7

Notes The figures before and after 1993–94 are not strictly comparable due to differences in computational procedures. Hire has been estimated using the ABS Producer Price Index for Plant Hiring or Leasing (ANSIC 774).

Sources ABS (2004b); ABS (2004c); Shell Australia (2004).

Between 1993–94 and 2003–04, prices for inputs to road construction and maintenance, shown in Table 2, have increased by 29.7 per cent in real terms. 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 .

AUSTRALIAN GOVERNMENT ROAD EXPENDITURE BY PROGRAMME

TABLE 3 AUSTRALIAN GOVERNMENT ROAD EXPENDITURE BY PROGRAMME 1990-91 TO 2003-04

(\$ million)

Item	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	2003-04
ROAD PROGRAMME DISTRIBUTION														
<i>Australian Land Transport Development</i>														
National Highways	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	704.3
Roads of National Importance	-	-	-	-	-	-	90.7	108.8	122.5	183.8	135.1	234.3	213.7	224.3
National Arterial Roads	442.1	429.0	570.3	228.6	-	-	-	-	-	-	-	-	-	-
State Arterial Roads	61.3	6.5	12.7	-	-	-	-	-	-	-	-	-	-	-
Local Roads	323.8	-	-	-	-	-	-	-	-	-	-	-	-	-
Provincial Cities & Rural Highways	87.6	94.5	83.5	-	-	-	-	-	-	-	-	-	-	-
Land Transport Research	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	3.1
Subtotal	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	931.7
Black Spots Programme	53.3	63.3	163.5	-	-	-	36.0	35.6	37.4	37.7	40.9	42.4	44.5	44.5
TOTAL	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	976.2
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	36.0	38.1
Badgery's Creek Road System	11.0	9.0	-	-	-	-	-	-	-	-	-	-	-	-
Federation Fund ^a	-	-	-	-	-	-	-	-	-	-	-	-	5.3	33.3
Roads on Aboriginal Land	-	-	-	-	-	5.2	-	-	-	-	-	-	-	-
Roads to Recovery	-	-	-	-	-	-	-	-	-	-	150.0	302.2	202.2	302.2
State FAGs ^b	-	-	-	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	465.5
TOTAL OTHER ROAD FUNDING	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	839.0
TOTAL	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	1 815.2

^a Contribution to Caboolture Motorway in Queensland and Murray River Bridges in NSW.

^b From 2000-01 former State Financial Assistance Grants identified for roads have been subsumed into GST payments.

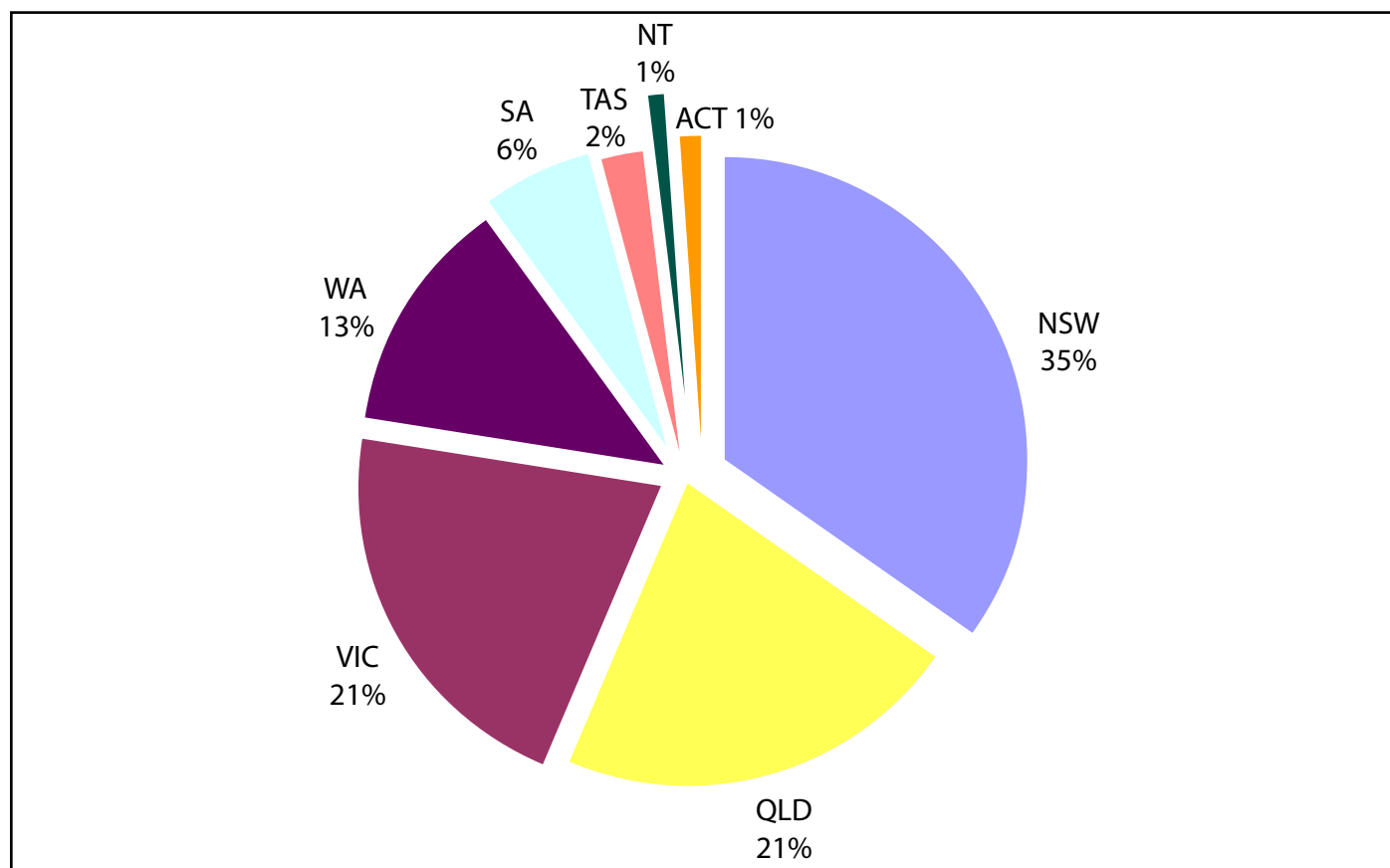
FAGs refers to Financial Assistance Grants identified for Roads

Totals may not add due to rounding

Source DOTARS (2004).

ROAD-RELATED EXPENDITURE BY STATES AND TERRITORIES

FIGURE 1 PROPORTIONS OF TOTAL STATE AND TERRITORY EXPENDITURE ON ROADS 2002–03.



Sources ABS (2004a); DOTARS (2004); State Road Authorities (1999–2004).

New South Wales, Queensland and Victoria account for 77 per cent of the total road-related expenditure in Australia. Including Australian Government grant money, these three States spent \$2.7 billion, \$1.6 billion and \$1.6 billion respectively in 2002–03.

TABLE 4 TOTAL ROAD-RELATED EXPENDITURE BY STATE AND TERRITORY 1998–99 TO 2002–03

	(\$ million)				
	1998–99	1999–00	2000–01	2001–02	2002–03
NSW	2 581.0	2 699.0	2 672.0	2 927.0	2 678.0
VIC	1 340.9	1 368.8	1 150.3	1 307.3	1 618.1
QLD	1 656.0	1 772.0	1 906.0	1 531.0	1 642.0
SA	395.0	415.0	456.0	448.0	439.0
WA	959.0	978.0	1063.0	1124.0	962.0
TAS	153.0	151.0	189.0	212.0	181.0
NT	62.0	48.0	62.0	63.0	66.0
ACT	13.0	15.0	11.0	69.0	66.0
Sub Total	7 159.9	7 446.8	7 509.3	7 681.3	7 652.1
Other Expenditure	2.8	3.3	2.7	3.3	3.6
Total	7 162.7	7 450.1	7 512.0	7 684.5	7 655.7

Notes Other expenditure consists of Australian Government monies spent directly on transport research.

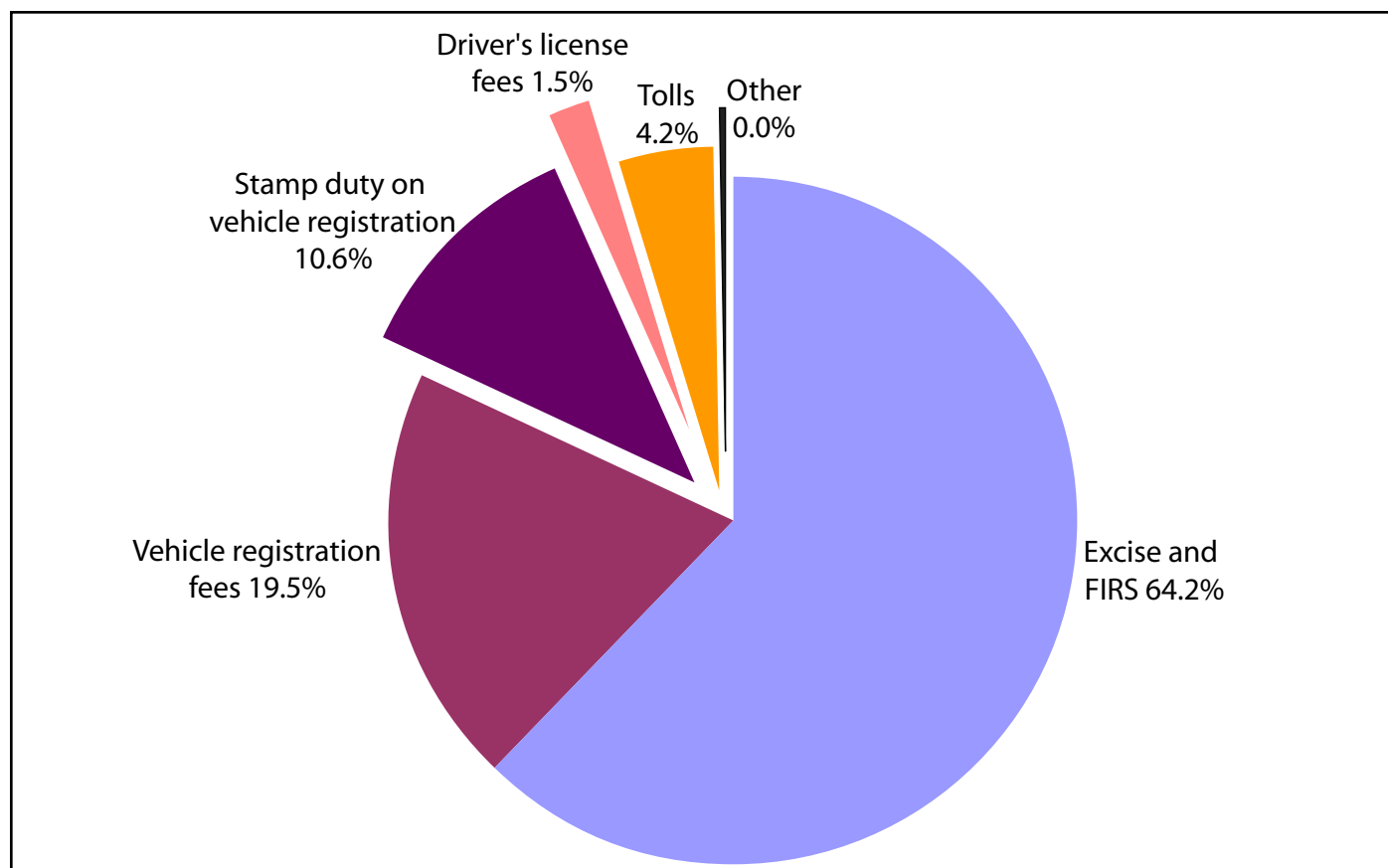
Previous years figures may differ from those in IS 23 on account of changes in ABS GFS data.

Sources ABS (2004a); DOTARS (2004); State Road Authorities (1999–2004).

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 total to the same amount as in Table 1.

MOTOR VEHICLE REVENUE

FIGURE 2 SELECTED MOTOR VEHICLE TAXES AND CHARGES 2002–03.



Sources ABS (2004d); ASX (2004); Commonwealth of Australia (2003); DOTARS (2004); GB Co.(2004); RTA, NSW (2003); State and Territory Transport Departments (2004).

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 2002–03, from these selected taxes and charges, 62.0 per cent was from petroleum products excise duty. In 2002–03, State and Territory governments raised \$3.0 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 \$1.7 billion.

TABLE 5 SELECTED MOTOR VEHICLE TAXES AND CHARGES 1991–92 TO 2002–03

<i>Item</i>	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03
	(\$million)											
Australian Government												
Petroleum products excise ^a	5 649.5	5 685.7	6 704.1	7 440.2	8 053.7	8 324.9	8 240.4	8 475.8	8 680.3	8 816.8	9 103.7	9 337.3
Federal Interstate Registration Scheme ^b	15.5	16.7	20.3	23.6	29.3	19.9	17.7	18.9	21.8	26.6	31.3	41.1
Sub-total	5 665.0	5 702.4	6 724.4	7 463.8	8 083.0	8 344.8	8 258.1	8 494.7	8 702.1	8 843.4	9 135.0	9 378.4
State and territory governments												
Vehicle registration fees	1 606.0	1 765.0	1 901.0	1 970.0	2 018.0	2 146.0	2 285.0	2 576.0	2 523.0	2 637.0	2 781.0	2 987.0
Stamp duty—vehicle registration	626.0	750.0	872.0	987.0	1 052.0	1 148.0	1 260.0	1 318.0	1 365.0	1 387.0	1 504.0	1 700.0
Driver's licence fees	184.0	187.0	240.0	299.0	295.0	212.0	300.0	278.6	312.8	343.0	320.9	325.5
Fuel franchise taxes/fees ^c	1 128.0	1 174.0	1 346.0	1 427.0	1 531.0	1 570.0	1 530.0	1 534.0	1 521.0	1 74.0	0.0	0.0
Road transport & maintenance taxes ^d	55.0	79.0	92.0	106.0	101.0	86.0	117.0	8.0	5.0	9.0	6.0	6.0
Sub-total	3 599.0	3 955.0	4 451.0	4 789.0	4 997.0	5 162.0	5 492.0	5 714.6	5 726.8	4 550.0	4 611.9	5 018.5
Tolls ^e	99.8	118.7	134.4	149.5	137.6	136.7	137.9	272.4	360.5	471.5	603.4	670.7
TOTAL REVENUE	9 363.8	9 776.1	11 309.8	12 402.3	13 217.6	13 643.5	13 888.0	14 481.7	14 789.4	13 865.0	14 350.3	15 067.6

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

a. Excise figures from 1 July 2000 are net of the Diesel and Alternative Fuels Grants Scheme and Fuel Sales Grants Scheme rebates.

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

c. 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.

d. Under ABS GFS Accrual rules fees have been netted out to leave only the tax component.

e. Comprises estimates of tolls collected from public and private tollways in Australia. There is a break in the series after 1997–98 with the inclusion of estimates of all tollways open in that year.

Sources ABS (2004d); ASX (2004); Commonwealth of Australia (2003); DOTARS (2004); RTA, NSW (2003); State and Territory Transport Departments (2004).

Table 5 presents revenue collected by the Australian, State and Territory governments from a selection of motor vehicle taxes and charges as a total of \$15.1 billion in 2002–03. The excise raised from petroleum products was \$9.3 billion in 2002–03. In 2002–03 Australian Government charges made up 62.2 per cent of revenue included in the table. State government revenue raised from state taxes made up 33.3 per cent and the rest consisted of 5 per cent Toll Road revenue. This latter amount was \$670.7 million out of \$15.1 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. In 2002–03 this totalled \$ 30.5 billion.

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 special permits for which users are now required to pay the economic price, for example one off permits for heavy vehicle use and associated maintenance activities such as moving overhead power lines out of their way. In 1998–99 these amounts totalled \$63 million and by 2002–03 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 State Authority revenue.

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
FIRS	Federal Interstate Registration Scheme
GFS	Government Finance Statistics
RONIs	Roads of National Importance
RTA	Roads and Traffic Authority
IS 23	BTRE 2004, Information Sheet 23

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