



# Australian Government

## Department of Transport and Regional Services

### Bureau of Transport and Regional Economics



## Public road-related expenditure and revenue in Australia (2006 update)

### Information sheet 25

#### Overview

- This update covers the years 2000–01 to 2003–04 for road-related expenditure by each level of government as well as total expenditure by State and Territory. It also provides an estimate of non-public sector donations of road assets to State and Local Governments. Selected motor vehicle taxes and charges have been updated to 2003–04. The BTRE road construction and maintenance index has been updated to 2004–05. Australian Government road expenditure by programme is provided for the year 2004–05 and thus includes figures for Auslink funding.
- The total amount of funding for road-related expenditure by the Australian, State, Territory and Local Governments in 2003–04 was \$8.8 billion (Table 1). This amount includes donations from the non-public sector. Between 2000–01 and 2003–04 total road-related expenditure increased by an average of 4 per cent per year.
- 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.

#### 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 and includes contributions and donations from the non-public sector. Contributions are for roads built for the non-public sector and donations are of roads constructed by the non-public sector and transferred mainly to local government ownership. An example of this is roads in housing developments.

There have been several changes to Australian Government funding of roads since the Australian Land Transport

Development Act 1988 (ALTD Act) 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 state arterial roads and local roads. Phased in arrangements saw funding for these categories of road cease under the ALTD Act. They were 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. The untied Financial Assistance Grants to local governments for roads continue.

From 2000–01, Australian Government funding of local government roads was supplemented by the Roads to Recovery Program. Roads to Recovery funds are paid directly to Local Governments and to state and territory governments for roads in unincorporated areas. Eligibility provisions in the Program ensure that the funding is additional to that normally expected to be expended by councils on their roads. Roads to Recovery payments commenced in early 2001 and were initially for a four year period ending 30 June 2005. 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.

Also from July 2004 the Australian Government introduced a new policy under AusLink, the National Land Transport Plan, where it contributes 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.

The Australian Government also funds the Black Spot programme, which contributes to funding for safety works off the National Highway.

## Funding of road-related expenditure

Table 1 Funding of road-related expenditure 2000–01 to 2003–04

Source	(\$ million)			
	2000–01	2001–02	2002–03	2003–04
<b>Government</b>				
<b>Australian</b>	1 458.5	1 821.6	1 720.1	1 818.2
<b>State</b>	3 394.6	3 054.0	3 083.9	3 499.1
<b>Local</b>	2 780.0	2 814.6	3 062.0	2 934.7
<b>Non-public sector</b>	247.0	343.0	514.0	527.0
<b>Total</b>	<b>7 880.1</b>	<b>8 033.2</b>	<b>8 380.0</b>	<b>8 779.0</b>

Notes: 1. Components may not add to sums due to rounding.

2. Figures include road construction and maintenance and some administration and planning costs associated with those activities. Where identifiable, expenditures not directly associated with road construction and maintenance are not included. Figures differ from those in IS24 because this table includes funds donated to government from the non-public sector.

3. The figures for each level of government show all the expenditure from own sources at that level. Thus state expenditure on local roads is recorded under state expenditure. Non-public sector expenditure is the total value of assets donated to state and local government from non-public sector sources. Almost all donations are to local government.

Sources: ABS (2005a); DOTARS (personal communication March, 2005).

The figures in Table 1 are the expenditures on roads by each level of government net of transfers of funds from higher levels of government. Total expenditure which includes donations from the non-public sector is an estimate of the total expenditure on roads.

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. The table is intended to estimate the expenditure on road construction and maintenance only. However, this inevitably includes some expenditure on administration, regulation and subsidies. The estimates in this Information Sheet use data provided from the Government Financial Statistics (GFS) database of the

Australian Bureau of Statistics (ABS). This data is collected from the State and Local Government Agencies, which actually provide road construction and maintenance services for the Australian community.

The figures for total road expenditure presented in Table 1 are different to the figures presented in Information Sheet 24. Table 1 includes contributions from the private sector to state and local governments for road expenditure which were excluded in Information sheet 24. Most of these contributions are for local government and represent expenditure on access roads to housing developments. Another reason for the change in the quantum of state road expenditure is that Table 1 excludes

Commonwealth Financial Assistance grants to local governments which were included in state expenditure in the previous publication. ABS Government Finance Statistics reports transfers of Commonwealth money to local government via state departments of local

government as state transfers. By excluding this item from state expenditure Table 1 avoids double counting of some financial transfers. Table 3 shows the Australian Government funding program.

BTRE road construction and maintenance price index

Table 2 BTRE road construction and maintenance price index

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Index	102.9	103.6	103.9	104.9	109.1	115.1	117.7	124.0	129.7	138.2

Notes: The figures before and after 1993-94 are not strictly comparable due to differences in computational procedures.  
Base of index: 1993-94 = 100.0

Sources: ABS (2005b); ABS (2005c); Shell Australia (personal communication, June 2005).

Between 1995-96 and 2004-05, prices for inputs to road construction and maintenance, shown in Table 2, increased by 35.3 percentage points in real terms. Price increases since 1999-00 include the impact of the introduction of the GST.

The index in Table 2 is an input price index not 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. Plant hire has been estimated using the ABS Producer Price Index for Plant Hire or Leasing (ANZSIC 774). 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. These contributed 3.8 per cent, 5.4 per cent and 5.1 per cent respectively. The increase in the index in 2004-05 has been driven by large increases of 18.1 per cent in structural steel and of 15.8 per cent in diesel fuel.

Abbreviations

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industry Classification
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
GFS	Government Finance Statistics
RONIs	Roads of National Importance
RTA	Roads and Traffic Authority
IS 24	BTRE 2005, Information Sheet 24

Table 3 Australian government road expenditure by program 1991–92 to 2004–05

Item	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	2004–05
(\$ million)														
<b>Road programme distribution</b>														
Auslink Investment Programme (AIP)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
AIP Network – former	–	–	–	–	–	–	–	–	–	–	–	–	–	–
National Highways	–	–	–	–	–	–	–	–	–	–	–	–	–	975.4
AIP Network – other	–	–	–	–	–	–	–	–	–	–	–	–	–	243.3
AIP Non Network	–	–	–	–	–	–	–	–	–	–	–	–	–	27.8
Research Development and Innovation	–	–	–	–	–	–	–	–	–	–	–	–	–	6.0
<b>Subtotal</b>	–	–	–	–	–	–	–	–	–	–	–	–	–	<b>12.6</b>
Australian Land Transport Development														
National Highways	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	429.0	570.3	228.6	–	–	–	–	–	–	–	–	–	–	–
State Arterial Roads	6.5	12.7	–	–	–	–	–	–	–	–	–	–	–	–
Local Roads	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Provincial Cities & Rural Highways	94.5	83.5	–	–	–	–	–	–	–	–	–	–	–	–
Land Transport Research	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	–
<b>Subtotal</b>	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 Program	63.3	163.5	–	–	–	36.0	35.6	37.4	37.7	40.9	42.4	44.5	44.5	44.5
<b>Total</b>	<b>1 253.9</b>	<b>1 701.5</b>	<b>1 018.1</b>	<b>819.1</b>	<b>833.9</b>	<b>839.5</b>	<b>852.9</b>	<b>913.9</b>	<b>855.9</b>	<b>875.4</b>	<b>1 063.3</b>	<b>1 025.2</b>	<b>976.2</b>	<b>1 297.0</b>
Federal Interstate Registration Scheme	15.5	16.7	20.3	23.6	29.3	19.9	17.7	18.9	21.8	26.6	31.3	36.0	41.1	43.2
Badgery's Creek Road System	9.0	–	–	–	–	–	–	–	–	–	–	–	–	–
Federation Fund <sup>a</sup>	–	–	–	–	–	–	–	–	–	–	–	5.3	33.3	30.3
Roads on Aboriginal Land	–	–	–	–	5.2	–	–	–	–	–	–	–	–	–
Roads to Recovery	–	–	–	–	–	–	–	–	–	150.0	302.2	202.2	302.2	253.1
State Financial Assistance Grants	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Identified for Roads <sup>b</sup>	–	–	175.0	350.0	371.0	383.4	391.0	397.2	408.8	–	–	–	–	–
Local Government Financial Assistance	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Grants Identified for Roads	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	473.4
Supplementary funding to South	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Australia for Local Roads	377.2	379.3	528.6	710.3	763.5	777.2	779.1	793.5	819.2	583.1	758.3	694.9	842.04	804.2
<b>Total other road funding</b>	<b>1 631.2</b>	<b>2 080.8</b>	<b>1 546.7</b>	<b>1 529.4</b>	<b>1 597.4</b>	<b>1 616.6</b>	<b>1 632.1</b>	<b>1 707.4</b>	<b>1 675.1</b>	<b>1 458.5</b>	<b>1 821.6</b>	<b>1 720.1</b>	<b>1 818.2</b>	<b>2 101.3</b>
<b>Total</b>														

– Stands for nil.

a. Contribution to Caboolture Motorway.

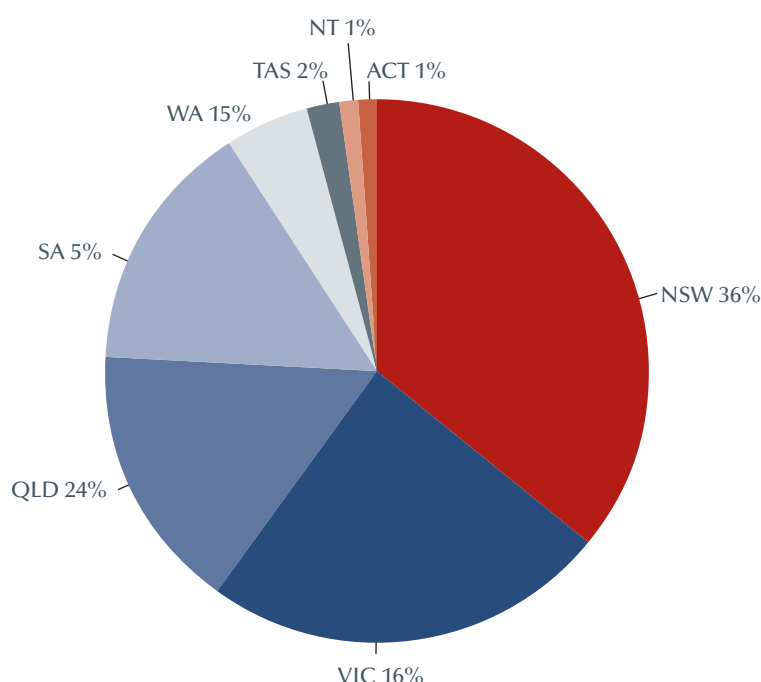
b. From 2000–01 former State Financial Assistance Grants identified for roads have been subsumed in GST payments. Totals may not add due to rounding.

Source: DOTARS (personal communication March, 2005).



## Road-related expenditure by states and territories

Figure 1 Proportions of total state and territory expenditure on roads 2003–04



Sources: ABS (2005a); DOTARS (personal communication March, 2005).

In Figure 1, New South Wales, Queensland and Victoria account for 76 per cent of the total road-related expenditure in Australia. Including Australian government grant

money, these three states spent, \$3.3 billion, \$2.1 billion and \$1.4 billion respectively in 2003–04.

Table 4 Total road-related expenditure by state and territory 2000–01 to 2003–04

	(\$ million)			
	2000–01	2001–02	2002–03	2003–04
NSW	3100.1	3458.8	3214.0	3272.0
VIC	929.0	782.0	1220.0	1390.0
QLD	1919.2	1754.0	1953.0	2069.0
SA	468.7	490.7	463.2	477.4
WA	1167.0	1213.0	1226.0	1292.0
TAS	157.5	187.5	168.1	136.3
NT	79.0	73.0	65.0	76.0
ACT	57.0	71.0	67.0	63.0
Sub total	7877.4	8029.9	8376.3	8775.7
Other	2.7	3.3	3.7	3.3
<b>Total</b>	<b>7880.1</b>	<b>8033.2</b>	<b>8380.0</b>	<b>8779.0</b>

- Notes:
1. Figures show road construction and maintenance and maintenance expenditure including administration, regulation and subsidies associated with those activities.
  2. Other expenditure consists of Australian Government monies spent directly on transport research.
  3. Figures for state and local expenditure differ from those in IS 24 because of changes to estimates of the latest ABS GFS data and because of improvements in methodology as discussed in relation to Table 1.
  4. Table includes contributions to state and local government from private developers.
  5. Components may not add to totals due to rounding.

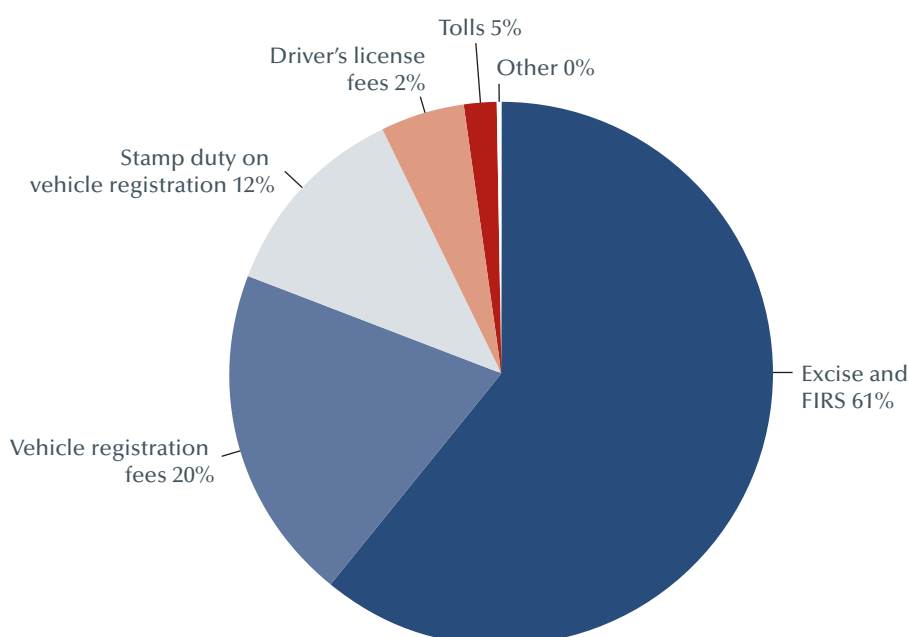
Sources: ABS Government Finance Statistics, (unpublished figures 2005); DOTARS, personal communication 2005.

The road-related expenditure in Table 4 is presented by State and Territory and is in each case the total amount spent in the State or Territory on roads. This consists of

expenditure of funds from four sources: Australian Government, State Governments, Local Governments and private sector sources.

## Motor vehicle revenue

Figure 2 Selected motor vehicle taxes and charges 2003–04



Sources: ABS (2005d); ASX (2005); Commonwealth of Australia (2005); DOTARS (personal communication March, 2005); Gateway Bridge Co. (personal communication June, 2005); RTA, NSW Annual Report (2004); State and Territory Transport Departments Annual Reports (2005).

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 2003–04, from these selected taxes and charges, 61.0 per cent

was from petroleum products excise duty. In 2003–04, State and Territory governments raised \$3.2 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 \$1.9 billion.

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Table 5 Selected motor vehicle taxes and charges 1992–93 to 2003–04

Item	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98 (\$ million)	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04
<b>Australian government</b>												
Petroleum products excise <sup>a</sup>	5 686	6 704	7 440	8 054	8 325	8 240	8 476	8 680	8 817	9 104	9 337	9 590
Federal Interstate Registration Scheme	17	20	24	29	20	18	19	22	27	31	36	41
<b>Sub-total</b>	<b>5 702</b>	<b>6 724</b>	<b>7 464</b>	<b>8 083</b>	<b>8 345</b>	<b>8 258</b>	<b>8 495</b>	<b>8 702</b>	<b>8 843</b>	<b>9 135</b>	<b>9 373</b>	<b>9 631</b>
<b>State and Territory governments</b>												
Vehicle registration fees	1 765	1 901	1 970	2 018	2 146	2 285	2 576	2 523	2 637	2 781	2 987	3 234
Stamp duty vehicle registration	750	872	987	1 052	1 148	1 260	1 318	1 365	1 387	1 504	1 700	1 886
Driver's licence fees	187	240	299	295	212	300	279	312	343	321	318	348
Fuel franchise taxes/fees	1 174	1 346	1 427	1 531	1 570	1 530	1 534	1 521	174	0	0	0
Road transport & maintenance taxes <sup>b</sup>	79	92	106	101	86	117	8	5	9	6	6	9
<b>Sub-total</b>	<b>3 955</b>	<b>4 451</b>	<b>4 789</b>	<b>4 997</b>	<b>5 162</b>	<b>5 492</b>	<b>5 715</b>	<b>5 726</b>	<b>4 550</b>	<b>4 612</b>	<b>5 011</b>	<b>5 477</b>
Tolls <sup>c</sup>	119	134	150	138	137	138	272	361	472	603	664	731
GST	–	–	–	–	–	–	–	–	n/a	2573 <sup>d</sup>	n/a	n/a
<b>Total revenue (GST excluded)</b>	<b>9 776</b>	<b>11 310</b>	<b>12 402</b>	<b>13 218</b>	<b>13 644</b>	<b>13 888</b>	<b>14 482</b>	<b>14 788</b>	<b>13 865</b>	<b>14 350</b>	<b>15 049</b>	<b>15 839</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 states for expenditure on road maintenance come entirely from the revenue collected from registration charges for vehicles registered under FIRS.

a. Excise figures from 1 July 2000 are net of the Diesel and Alternative Fuels Grants Scheme and Fuel Sales 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 a break in the series after 1997–98 with the inclusion of estimates of all tollways open after that year.

d. This is a preliminary estimate of GST on motor vehicles purchase, maintenance and use including fuel consumption. It is based on available ABS figures. The GST was payable from 1 July 2000, however figures on motor vehicles are not available for that year.

Sources: ABS (2005d); ABS (2006); ASX (2005); Commonwealth of Australia (2005); DOTARS (personal communication March, 2005); Gateway Bridge Co. (personal communication June, 2005); RTA, NSW Annual Report (2004); State and Territory Transport Departments Annual Reports (2005).

Table 5 shows that the revenue collected by the Australian, State and Territory governments from a selection of motor vehicle taxes and charges come to a total of \$15.8 billion in 2003–04. The excise raised from petroleum products was \$9.5 billion in 2003–04. In 2003–04 Australian Government charges made up 61.0 per cent of revenue included in the table. State government revenue raised from motor-vehicle related state taxes made up 34.0 per cent and the remaining 5 per cent consisted of Toll Road revenue. This latter amount was \$731.0 million out of \$15.8 billion. Toll Road revenue has been increasing over time but still remains a small proportion of total road-related revenue. Toll Roads make up a small part of the road network.

The Australian Government provides all revenue from the GST to the States and Territories. In 2003–04 this totalled \$33.2 billion. However, not all of it is motor vehicle related.

The GST applies to the cost of petroleum products, motor vehicles and parts, and motor vehicle services. Up to now the GST has been excluded from Table 5 because of data constraints. In the 2006 update, a preliminary estimate of motor vehicle related GST is \$2.573 billion for 2001–02. This is included as a part of Table 5 but is excluded from the

totals since it is available for only one year and is still preliminary. This estimate is based on ABS data collected for use in constructing Australia's National Accounts. It reflects the GST paid on household final consumption and nets out business input credits which account for a considerable proportion of motor vehicle related GST. The GST will be included in future totals when more refined estimates become available from ABS.

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 2003–04 they are close to zero. 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.

## Acknowledgements

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