



## Public road-related expenditure and revenue in Australia (2007)

### Overview

- The total amount of funding for road-related expenditure by the Australian, state, territory and local governments in 2004–05 was \$9.0 billion (Table 1). This amount includes donations from the non-public sector. Between 2000–01 and 2004–05 total road-related expenditure increased by an average of 2.8 per cent per year in nominal terms.
- Australian Government road expenditure measured in constant 2004–05 prices rose from \$1.9 billion to \$2.1 billion. However, state government expenditure fell from \$3.7 billion to \$3.6 billion. Local government expenditure declined from \$3.2 billion to \$2.7 billion. This, combined with the non-public sector contribution, results in the overall road expenditure measured in constant prices decreasing from \$9.4 billion to \$9.0 billion.
- Of the \$16.3 billion collected in 2004–05 from selected taxes and charges, \$9.8 billion was petroleum products excise. State and territory governments raised \$3.5 billion from vehicle registration fees, their largest source of motor vehicle revenue. Stamp duty collected on vehicle registration fees raised \$1.9 billion.
- This update covers road-related expenditure for the years 2000–01 to 2004–05 by 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 2004–05. The BITRE road construction and maintenance index has been updated to 2006–07. Australian Government road expenditure by program is provided for the year 2005–06 and includes figures for AusLink funding.
- While the government road-related expenditures are presented with motor vehicle revenues in this Information Sheet, this does not imply that there is any direct linkage between revenue and expenditure.

## Background

Ownership and control of the road system lies with state, territory 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 for roads constructed by the non-public sector and transferred mainly to local government ownership. Roads in housing developments are an example of this.

There have been several changes to the Australian Government funding of road programs since the *Australian Land Transport Development Act* (ALTD) commenced in 1988–89. In the early 1990s, the states and the Australian government agreed to divide 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 meant that funding for these categories of road ceased under the *ALTD Act* and were replaced by Financial Assistance Grants identified for roads and paid to state and local governments. These were subsumed into GST payments to the states from 2000–01. The untied Financial Assistance Grants to local governments for roads continue.

From 2000–01, funding of local government roads was supplemented by the Roads to Recovery program. These 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 program for a further four years from 2005–06 to 2008–09.

From July 2004, the Australian Government introduced a new policy under AusLink: the National Land Transport Plan. Through this plan the government contributes funding to a defined national network of major roads, 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 Program, which contributes to funding for safety works off the National Highway.

There were three new initiatives under AusLink in 2005–06. In the May 2006 budget, the Australian Government announced a one-off payment of \$307.5 million to accelerate local road improvements. Also, \$1.8 billion was paid to the states and the Northern Territory for specified works to improve the AusLink National Network. In addition, \$14.5 million was provided under the AusLink Strategic Regional Program to local governments.

## Funding of road-related expenditure

**Table 1 Funding of road-related expenditure 2000–01 to 2004–05 (current prices)**

Source	(\$ million)				
	2000–01	2001–02	2002–03	2003–04	2004–2005
Australian Government	1 458.5	1 821.7	1 720.2	1 818.4	2 101.1
State governments	3 507.3	2 909.1	3 116.9	3 511.9	3 625.4
Local government	2 834.5	2 786.9	2 992.7	3 008.2	2 714.5
Non-public sector	278.0	380.0	513.0	501.0	576.0
<b>Total</b>	<b>8 078.2</b>	<b>7 897.7</b>	<b>8 342.9</b>	<b>8 839.5</b>	<b>9 016.9</b>

Notes:

1. Components may not add to sums due to rounding.
2. Figures include road construction, maintenance and some administration and planning costs associated with those activities. Where identifiable, expenditure not directly associated with road construction and maintenance is not included. Figures differ from those in BTRE Information Sheet 25 (BTRE 2006), partly because ABS has revised previously reported data and partly because ABS has modified the items included in or excluded from some cost categories.
3. The figures for each level of government show all the expenditure from their 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 (2006a); DOTARS (personal communication March 2007).

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. The total expenditure on roads is an estimate which includes donations from the non-public sector.

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 provides estimates of the expenditure on road construction and maintenance only and 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 state and local government agencies that 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 25 because ABS has revised data reported for previous years.

**Table 2 Funding of road-related expenditure 2000–01 to 2004–05 (2004–05 prices)**

Source	(\$ million)				
	2000–01	2001–02	2002–03	2003–04	2004–2005
Australian Government	1 748.3	2 135.7	1 914.2	1 934.6	2 101.1
State governments	4 204.2	3 410.8	3 468.8	3 736.6	3 625.4
Local government	3 397.7	3 267.6	3 330.6	3 200.7	2 714.5
Non-public sector	333.2	445.5	570.9	533.1	576.0
Total	9 683.5	9 259.6	9 284.6	9 405.0	9 016.9

Notes:

- Components may not add to sums due to rounding.
- The constant 2004–05 prices in this table have been derived from the BTRE Index in Table 3.

Sources: ABS (2006a); DOTARS (personal communication, March 2007).

Table 2 presents road-related expenditure in 2004–05 prices. These prices have been derived from the BITRE Road Construction and Maintenance price index which has as its base year 1993–94. Road infrastructure expenditure fell 4.1% in real terms in 2004–05, with increasing road construction costs the largest contributing factor.

## BITRE road construction and maintenance price index

**Table 3 BITRE road construction and maintenance price index**

	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07
Index	103.9	104.9	109.1	115.1	117.7	124.0	129.7	138.0	147.7	150.5

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 (2007a); ABS (2007b); Shell Australia (personal communication, June 2007).

Between 1997–98 and 2006–07, prices for inputs to road construction and maintenance, shown in Table 3, have increased by 44.9 per cent in real terms. Price increases since 1999–2000 include the impact of the introduction of the GST.

The index in Table 3 is an input price index, not a cost of construction or output price index. The input price is estimated using the price of material inputs to road construction and maintenance, while a cost of construction index uses estimates of the actual cost of constructing and maintaining roads by road construction bodies. The main purpose of the input price index is to provide a way to derive 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 increases up to 2006–07 were 4 per cent, 6.4 per cent and 6 per cent respectively. The increase in the index in 2006–07 has been driven by increases in materials, plant hire and wages. Diesel fuel decreased by 10.6 per cent in June 2007 compared to June 2006.

**Table 4 Australian government road expenditure by program 1992–93 to 2005–06**

Item	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	2005–06
(\$ million)														
Road program distribution														
AusLink National Network														
Road	-	-	-	-	-	-	-	-	-	-	-	-	1 246.5	1 191.7
Research	-	-	-	-	-	-	-	-	-	-	-	-	6.0	7.8
Sub-total													1 252.6	1 199.5
AusLink improving the National Network <sup>a</sup>														1 820.0
Black spots programme	1 63.5	-	-	-	36.0	35.6	37.4	37.7	40.9	42.4	44.5	44.5	44.5	44.4
AusLink-roads to recovery	-	-	-	-	-	-	-	-	150.0	302.2	202.2	302.2	253.1	307.5
AusLink-strategic regional	-	-	-	-	-	-	-	-	-	-	-	-	-	14.5
AusLink-improving local roads	-	-	-	-	-	-	-	-	-	-	-	-	-	307.5
Federation fund <sup>b</sup>	-	-	-	-	-	-	-	-	-	-	5.3	33.3	30.3	-
Total	1 63.5	0.0	0.0	0.0	36.0	35.6	37.4	37.7	190.9	344.6	252.0	380.0	1 580.5	3 693.4
Australian land transport development														
National highways	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 <sup>c</sup>	570.3	228.6	-	-	-	-	-	-	-	-	-	-	-	-
State arterial roads <sup>c</sup>	12.7	-	-	-	-	-	-	-	-	-	-	-	-	-
Provincial cities and rural <sup>d</sup> highways	83.5	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Transport Research	3.3	3.3	3.0	2.6	2.3	2.4	1.9	2.8	2.2	2.6	3.6	3.1	-	-
Sub-total	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	-	-
Federal interstate registration scheme	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	50.0
Roads on aboriginal land	-	-	-	5.2	-	-	-	-	-	-	-	-	-	-

(continued)

**Table 4 Australian government road expenditure by program 1992–93 to 2005–06 (continued)**

Item	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	2005–06
(\$ million)														
Road program distribution (continued)														
State financial assistance grants identified for roads <sup>e</sup>	-	175.0	350.0	371.0	383.4	391.0	397.2	408.8	-	-	-	-	-	-
Local government financial assistance grants identified for roads	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	499.2
Supplementary funding to South Australia for local roads	-	-	-	-	-	-	-	-	-	-	-	-	4.3	9.0
Total other road funding	379.3	528.6	710.4	763.5	777.2	779.1	793.5	819.2	433.1	456.1	487.4	506.6	520.8	558.2
Total	2 080.9	1 546.7	1 529.5	1 597.4	1 616.6	1 632.1	1 707.4	1 675.1	1 458.5	1 821.6	1 720.1	1 818.2	2 101.3	4 251.6

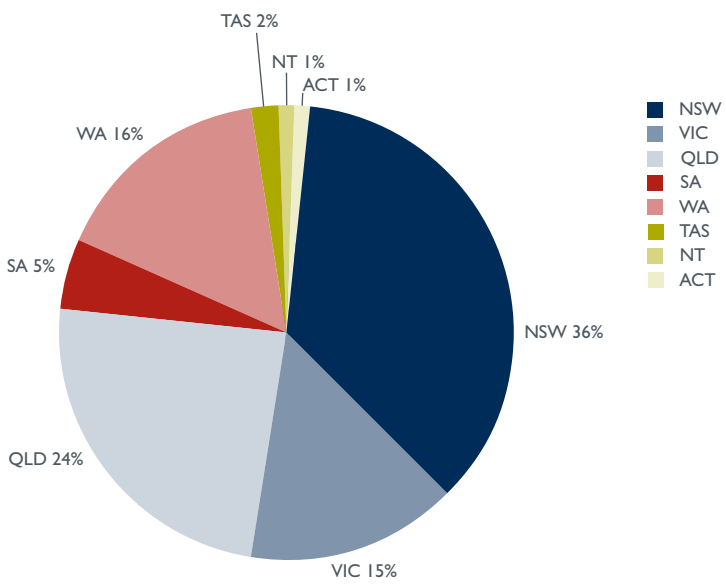
Notes:

- Stands for nil
- a. This amount is for works to be completed by the end of 2009.
- b. Contribution to Caboolture Motorway.
- c. These are grants for state arterial roads. In 1994 they became identified funding for arterial road with an overlap between these years.
- d. This program for provincial cities and rural highways was a three year program from 1990–91 to 1992–93.
- e. 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 August 2007).

## Road-related expenditure by states and territories

**Figure 1** Proportions of total state and territory expenditure on roads 2004–05



Sources: ABS (2006a); DOTARS (personal communication March 2006).

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, \$2.2 billion and \$1.4 billion respectively in 2004–05.

**Table 5 Total road-related expenditure by state and territory 2000–01 to 2004–05**

	(\$ million)				
	2000–01	2001–02	2002–03	2003–04	2004–05
NSW	3 100.1	3 458.8	3 234.0	3 231.0	3 274.2
VIC	930.0	782.0	1 247.1	1 175.0	1 385.0
QLD	2 194.0	1 754.0	2 013.0	2 566.0	2 184.4
SA	461.0	478.0	456.0	477.0	471.7
WA	1 086.0	1 081.0	1 082.0	1 107.8	1 398.6
TAS	157.5	187.5	168.0	136.3	159.9
NT	90.0	82.0	72.0	81.0	78.0
ACT	57.0	71.0	67.0	62.0	59.0
Sub-total	8 075.5	7 894.2	8 339.0	8 836.1	9 010.9
Other	2.7	3.3	3.6	3.3	6.0
Total	8 078.2	7 897.5	8 342.6	8 839.4	9 016.9

Notes:

1. Figures show road construction 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 differ from those in BTRE (2006) on account of ABS revisions and inclusions.
4. Table includes contributions to state and local government from private developers.
5. Components may not add to totals due to rounding.

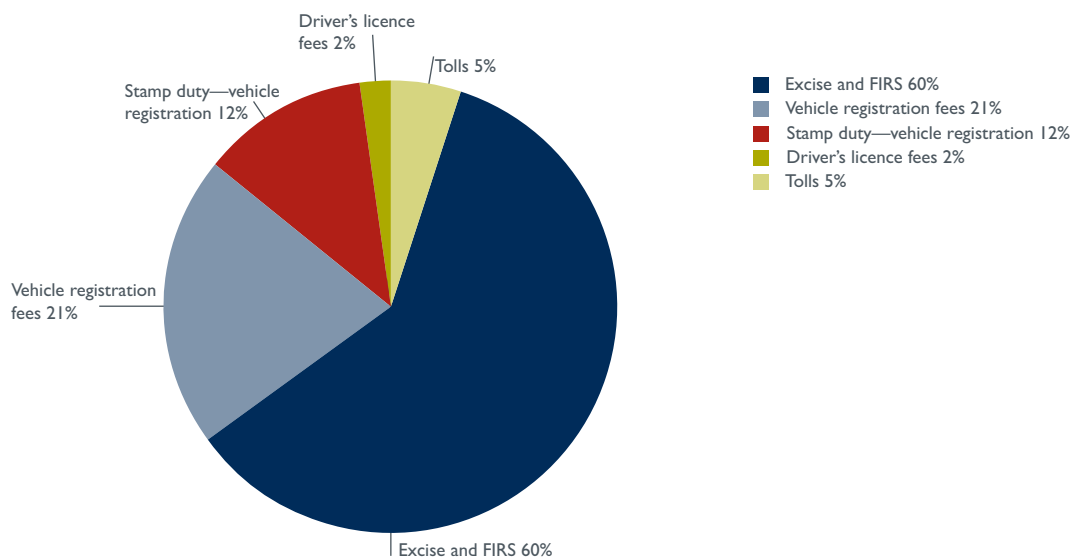
Sources: ABS (2006a); DOTARS, (personal communication, March 2007).

The road-related expenditure in Table 5 is presented by state and territory and is the total amount spent 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 2004–05



Sources: ABS (2006b); ASX (2007); Commonwealth of Australia (2006); DOTARS (personal communication March 2006); Road Transport Authority of NSW Annual Report (2006); state and territory transport departments annual reports (2006); QLD Department of Transport (personal communication August 2007).

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 revenue collected in 2004–05 from these selected taxes and charges, 59.9 per cent was from petroleum products excise duty. In 2004–05, state and territory governments raised \$3.5 billion (21.4 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.

Table 6 Selected motor vehicle taxes and charges 1993–94 to 2004–05

Item	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)												
Australian Government												
Petroleum products excise <sup>a</sup>	6 704	7 440	8 054	8 325	8 240	8 476	8 680	8 817	9 104	9 337	9 590	9 805
Federal Interstate Registration Scheme	20	24	29	20	18	19	22	27	31	36	41	43
Sub-total	6 724	7 464	8 083	8 345	8 258	8 495	8 702	8 843	9 135	9 373	9 631	9 848
State and territory governments												
Vehicle registration fees	1 901	1 970	2 018	2 146	2 285	2 584	2 528	2 646	2 787	2 993	3 243	3 497
Stamp duty vehicle registration	872	987	1 052	1 148	1 260	1 318	1 365	1 387	1 504	1 700	1 886	1 918
Driver's licence fees <sup>b</sup>	177	221	218	157	222	206	230	253	239	236	267	314
Fuel franchise taxes/fees <sup>c</sup>	1 346	1 427	1 531	1 570	1 530	1 534	1 521	1 174	0	0	0	0
Road transport & maintenance taxes <sup>d</sup>	92	106	101	86	117	0	0	0	0	0	0	0
Sub-total	4 388	4 711	4 920	5 107	5 414	5 642	5 644	4 460	4 530	4 929	5 396	5 729
Tolls <sup>e</sup>	134	150	138	137	138	272	361	472	603	664	731	778
GST <sup>f</sup>	-	-	-	-	-	-	-	na	2 655	3 390	3 608	na
Total revenue (GST not included)	11 247	12 324	13 140	13 588	13 810	14 409	14 707	13 775	14 269	14 966	15 759	16 355

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

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

a. Excise figures from 1 July 2000 are net of the on-road Diesel and Alternative Fuels Grants Scheme rebates and from 1 July 2003, the replacement Energy Grants Credit Scheme rebates paid by heavy vehicles.

b. The estimate of driver's licence revenue data has been revised with the identification and removal of some other data in the series.

c. This tax ceased with the introduction of the GST post-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 after that year.

f. This is a revised 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. The Australian Government provides all revenue from the GST to the states.

Sources: ABS (2006b); ABS (2007c); Australian Stock Exchange (2007); Commonwealth of Australia (2006); DOTARS (personal communication, March 2006); Road Transport Authority of NSW Annual Report (2006); state and territory transport departments annual reports (2006), Queensland Department of Transport (personal communication August 2007).

Table 6 shows that the revenue collected by the Australian state and territory governments, from a selection of motor vehicle taxes and charges, came to a total of \$15.6 billion in 2004–05. The excise raised from petroleum products was \$9.8 billion in 2004–05. In 2004–05, Australian government charges made up 60 per cent of revenue included in the table. State government revenue raised from motor vehicle related state taxes made up 34 per cent and the remaining 5 per cent consisted of toll road revenue. This latter amount was \$778 million. 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 estimates of excise in Table 6 are net of Australian government subsidies to road users. From 1 July 2000, the petroleum products excise figures are net of the on-road Diesel and Alternative Fuels Grants Scheme rebate. This scheme was replaced by the Energy Grants Credits Scheme on 1 July 2003. This scheme involves grants for both on and off-road activities, including vehicular transport. The energy Grants Credits Scheme (on-road) rebates are deducted from the estimate of on-road excise to obtain the figure for net on-road excise presented in the table. This latter scheme was replaced for diesel users by the Fuel Tax Credit for Heavy Diesel Vehicles scheme on 1 July 2006. This credit, which is included in the price of fuel, entitles eligible users to use these as tax credits as offsets against taxation debts. This means that for the purpose of estimating net petroleum excise after the final date for claims, namely 1 July 2007, there will no longer be a subsidy to deduct as tax offsets are not defined as subsidies.

Table 6 does not include the revenue from the Goods and Services Tax (GST). This tax applies to the cost of petroleum products, motor vehicles and parts, and motor vehicle services. This revenue is currently only available from 2001–02 to 2003–04.

The Australian government provides all revenue from the GST to the states and territories. In 2004–05, this totalled \$35.5 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 that 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 the way. In 1997–98, these amounts totalled \$117 million and by 1998–99 they were close to zero. This amount has now been included in the table as part of the vehicle registration fees. 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
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
BITRE	Bureau of Infrastructure, 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

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