



Public road-related expenditure and revenue in Australia 2008 update

Overview

- The total amount of funding for road-related expenditure by the Australian, state, territory and local governments in 2006–07 was \$12.0 billion. This amount includes donations from the non-public sector. Between 2000–01 and 2006–07, total road-related expenditure increased by an average of 8.9 per cent per year in nominal terms (Table 1).
- Australian government road expenditure measured in constant 2006–07 prices fell from a peak of \$4.3 billion in 2005–06 to \$2.8 billion in 2006–07. However, state expenditure rose from a low point of \$2.7 billion to \$6.1 billion. Local government expenditure rose from \$2.1 billion to \$2.5 billion. This combined with the non-public sector contribution results in the overall road expenditure measured in constant prices increasing from \$9.6 billion to \$12.0 billion (Table 2).
- The peak in Australian government expenditure in 2005–06 was due to AusLink's 'improving the National Network', a five year expenditure program of \$1.8 billion. Without this program the average expenditure between 2000–01 and 2005–06 would have been \$1.9 billion instead of \$2.2 billion.
- The large increase in state government expenditure for 2006–07 to \$6.1 billion is due to the completion of long-term road projects now appearing in the state road bodies' capital accounts.
- Of the \$16.4 billion collected in 2005–06 from selected taxes and charges, \$9.6 billion was petroleum products excise. Fringe Benefits Tax (FBT) added an extra \$1.8 billion. The amount of Goods and Services Tax (GST) is not yet available but was \$4.0 billion in 2004–05. FBT and GST are not included in the total because no data is available for most years. State and territory governments raised \$3.6 billion from vehicle registration fees, their largest source of motor vehicle revenue. Stamp duty collected on vehicle registration fees raised \$1.9 billion (Table 6).

- This Information Sheet covers road-related expenditure for the years 2000–01 to 2006–07 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 2005–06. BITRE's Road Construction and Maintenance Price Index has been updated to 2007–08. Australian Government road expenditure by program is provided for the year 2006–07 and includes figures for AusLink funding.
- The government road-related expenditure presented with motor vehicle revenues in this Information Sheet 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 Federal, as well as state/territory and local government, and includes contributions and donations from the non-public sector. Contributions 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.

In 2008, a new development in funding road expenditure has been the establishment of Infrastructure Australia and the Building Australia Fund. The Infrastructure Australia Act 2008 came into effect on 9 April 2008. Infrastructure Australia is to undertake a national audit of infrastructure investment needs, including roads. This will result in an infrastructure priority list to guide future investment. In addition a Building Australia Fund has been set up with an initial sum of \$20 billion in the 2008-09 Commonwealth Budget to be used to build economic infrastructure including roads.

In 2005–06 there were three new initiatives under AusLink. 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.

From July 2004, the Australian Government introduced the National Land Transport Plan, a new policy under AusLink, where it contributed funding to a defined national network of major roads, rail links and intermodal connections. This network included 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.

From 2000–01, funding of local government roads was supplemented by the Roads to Recovery Program. Roads to Recovery Program 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.

In 1988–89, there were several changes to the Australian Government funding of road programs under the Australian Land Transport Development Act (ALTD). 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 and be replaced by Financial Assistance Grants to state and local governments identified for roads. The Financial Assistance Grants 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.

Funding of road-related expenditure

Table 1 Funding of road-related expenditure 2000–01 to 2006–07
(current prices)

Source	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07
	(\$ millions)						
Australian Government	1 458.0	1 820.8	1 719.9	1 818.1	2 101.1	4 251.4	2 771.9
State governments	3 695.3	3 366.7	3 620.5	3 651.3	3 864.0	2 624.7	6 112.1
Local government	2 676.5	2 738.0	3 087.7	3 007.7	2 622.3	2 023.6	2 512.0
Non-public sector	108.0	121.0	319.0	298.0	372.0	451.0	647.0
Total	7 937.7	8 046.4	8 747.2	8 775.1	8 959.4	9 350.7	12 042.9

Notes:

1. Components may not add up 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.
3. Figures differ from those in BTRE Information Sheet 27 partly because ABS has revised previously reported data and partly because ABS has modified the items included in or excluded from some cost categories. In particular, there has been additional state expenditure included for Victoria in some years. 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 (2008a); Department of Infrastructure, Transport, Regional Development and Local Government (personal communication, August 2007).

The figures in Table 1 are the expenditure 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 government in Australia to provide road infrastructure. The table provides estimates of 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 provide road construction and maintenance services for the Australian community.

State government road expenditure in Victoria as reported in the ABS Government Finance Statistics for the National Accounts reflects newly identified road expenditure over the whole period 2000–01 to 2006–07. In addition, the large increase in net state expenditure in 2006–07 is explained by a number of factors:

- New South Wales reported an increase of \$1.0 billion in gross state road operating expenditure.
- Victoria reported capitalisation of \$876 million of gross state road expenditure.
- Queensland reported capitalisation of \$1.5 billion of gross state road expenditure.
- Western Australia reported capitalisation of \$506 million in gross state road expenditure.
- The estimate of net state road expenditure for 2006–07 reflects changes in Commonwealth grant expenditure from \$4.3 billion in 2005–06, which was almost double that of 2004–05 to \$2.8 billion in 2006–07.

Capitalisation of expenditure on the construction of roads occurs when the money invested in road construction is officially entered as a new fixed capital asset in the capital accounts of the agency owning the road. This means that the expenditure over a period of years is accounted for as a new asset. The amount of new capital can be entered in the agency's capital account as a lump sum on project completion.

**Table 2 Funding of road-related expenditure 2000–01 to 2006–07
(2006–07 prices)**

Source	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07
	(\$ millions)						
Australian Government	1 911.0	2 335.2	2 093.7	2 114.9	2 295.2	4 345.6	2 771.9
State governments	4 843.6	4 317.7	4 407.4	4 247.4	4 220.9	2 682.9	6 112.0
Local government	3 508.2	3 511.4	3 758.8	3 498.8	2 864.6	2 068.5	2 512.0
Non-public sector	141.6	155.2	388.3	346.7	406.4	461.0	647.0
Total	10 404.4	10 319.4	10 648.3	10 207.8	9 787.1	9 558.0	12 042.9

Notes:

1. Components may not add up to sums due to rounding.
2. The constant 2006-07 prices in this table have been derived from the BTRE Index in Table 3.

Sources: ABS (2008a); Department of Infrastructure, Transport, Regional Development and Local Government (personal communication August 2007).

Table 2 presents road-related expenditure in 2006-07 prices and has been derived by applying the BITRE Road Construction and Maintenance Price Index to Table 1.

BITRE road construction and maintenance Price Index

Table 3 BITRE road construction and maintenance price index (1993–94 = 100)

1997–98	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
103.9	104.9	109.1	115.1	117.7	124.0	129.7	138.1	147.6	150.9	161.7

Sources: ABS (2008a); ABS (2008b); Shell Australia (personal communication, June 2008).

Between 1997–98 and 2007–08, prices for inputs to road construction and maintenance, shown in Table 3, have increased by 55.6 percentage points 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 index. An input price index is different to a cost of construction index in that 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 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 increases for 2007–08 over 2006–07 are 4.1 per cent, 5.9 per cent and 40.6 per cent respectively. The increase in the index in 2007–08 has been driven by increases in all inputs with the diesel fuel increase being almost double the total of all other inputs.

Table 4 Australian government road expenditure by program 1996–97 to 2006–07

Road program distribution	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07
	(\$ millions)										
AusLink											
AusLink National Network											
Road	-	-	-	-	-	-	-	-	1 246.5	1 191.7	1 541.8
Research									6.0	7.8	11.5
AusLink improving the National Network ^a	-	-	-	-	-	-	-	-	-	1 820.0	-
Black Spots Program	36.0	35.6	36.6	37.2	40.4	41.9	44.5	44.5	44.5	44.4	41.6
Other AusLink programs											
Roads to Recovery	-	-	-	-	150.0	302.0	201.9	302.0	252.8	307.4	304.3
Strategic Regional	-	-	-	-	-	-	-	-	-	14.5	290.3
Improving Local Roads	-	-	-	-	-	-	-	-	-	307.3	-
Federation Fund ^b	-	-	-	-	-	-	5.3	33.3	30.3	-	-
Subtotal (A)	36.0	35.6	36.6	37.2	190.4	343.9	251.7	379.8	1 580.2	3 693.4	2 189.5

(continued)

Table 4 Australian government road expenditure by program 1996–97 to 2006–07 (continued)

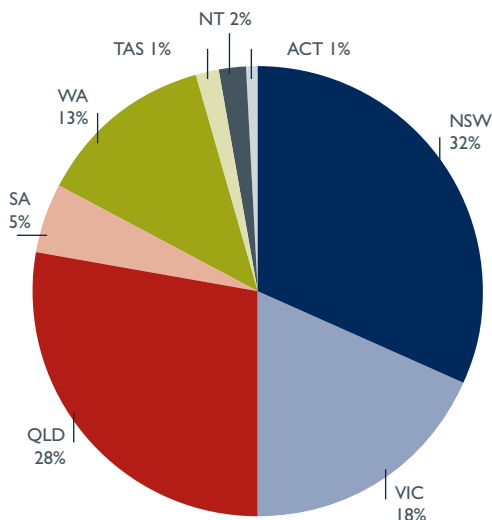
<i>Road program distribution</i>	<i>1996–97</i>	<i>1997–98</i>	<i>1998–99</i>	<i>1999–00</i>	<i>2000–01</i>	<i>2001–02</i>	<i>2002–03</i>	<i>2003–04</i>	<i>2004–05</i>	<i>2005–06</i>	<i>2006–07</i>
	(\$ millions)										
Australian Land Transport Development Act (superceded by AusLink 2004–05)											
National Highways	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	-	-	-
Land Transport Research	2.3	2.4	1.9	2.8	2.2	2.6	3.6	3.1	-	-	-
Subtotal (B)	803.5	817.3	876.4	818.2	834.5	1020.8	980.8	931.7	-	-	-
Other road programs											
Federal interstate registration scheme	19.9	17.7	18.9	21.8	26.6	31.3	36.0	41.1	43.2	50.0	51.3
State financial assistance grants identified for roads ^c	383.4	391.0	397.2	408.8	-	-	-	-	-	-	-
Local government financial assistance grants identified for roadsroads roadsroads roads	373.9	370.4	377.4	388.7	406.5	424.8	451.4	465.5	473.4	499.2	518.2
Supplementary funding to South Australia for local roads	-	-	-	-	-	-	-	-	4.3	9.0	13.0
Subtotal (C)	777.2	779.1	793.5	819.2	433.1	456.1	487.4	506.6	520.8	558.2	582.5
TOTAL (A+B+C)	1 616.6	1 632.1	1 706.5	1 674.6	1 458.0	1 820.8	1 719.9	1 818.1	2 101.1	4 251.4	2 771.9

Notes:

- Stands for nil.
 - a. This amount is for works to be completed by the end of 2009.
 - b. Contribution to Caboolture Motorway.
 - c. From 2000-01 former State Financial Assistance Grants identified for roads have been subsumed in GST payments.
- Totals may not add up due to rounding.
- Source: Department of Infrastructure, Transport, Regional Development and Local Government (personal communication August, 2007).

Road-related expenditure by states and territories

Figure 1 Proportions of total state and territory expenditure on roads 2006–07 (per cent)



Sources: ABS (2008a); Department of Infrastructure, Transport, Regional Development and Local Government (personal communication August 2007).

Total road-related expenditure of funds from all sources in the states and territories in 2006–07 was \$12.0 billion. New South Wales, Queensland and Victoria account for 78 per cent of the total road-related expenditure in Australia. Including Australian government grant money, these three states spent \$3.8 billion, \$2.2 billion and \$3.5 billion respectively in 2006–07 (Table 5).

Table 5 Total road-related expenditure by state and territory 2000–01 to 2006–07 (current prices)

Source	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07
(\$ million)							
NSW	2 605.1	2 881.8	2 868.0	2 877.0	2 924.0	3 115.2	3 842.7
VIC	1 185.0	1 184.0	1 750.1	1 358.0	1 632.0	1 515.0	2 199.0
QLD	2 190.0	1 881.6	2 095.6	2 546.2	2 234.0	2 524.0	3 350.0
SA	484.0	504.0	484.0	502.0	471.0	612.0	587.8
WA	1 167.0	1 251.0	1 216.0	1 211.8	1 363.6	1 110.7	1 549.8
TAS	157.5	187.5	187.0	133.0	188.0	170.0	178.0
NT	90.0	83.0	76.0	82.0	84.0	220.0	238.0
ACT	57.0	71.0	67.0	62.0	59.0	76.0	90.0
Subtotal	7 935.5	8 043.8	8 743.6	8 772.0	8 955.6	9 342.8	12 035.2
Other	2.2	2.6	3.6	3.1	3.8	7.8	7.8
Total	7 937.7	8 046.4	8 747.2	8 775.1	8 959.4	9 350.7	12 042.9

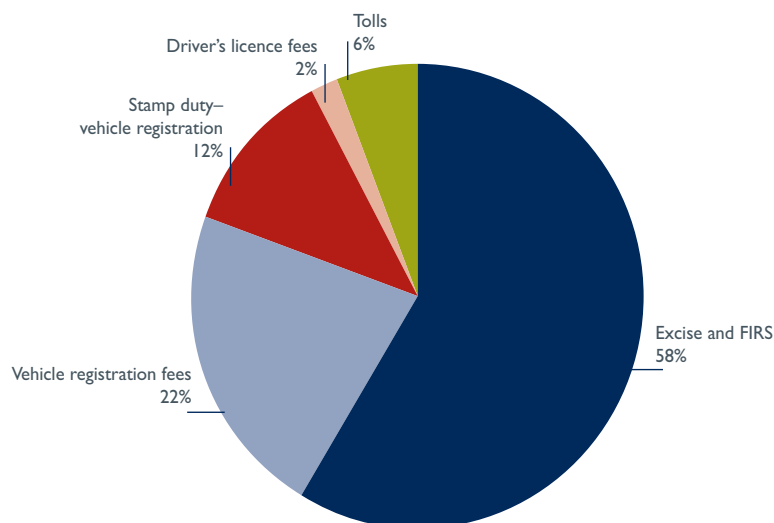
Notes:

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 Information Sheet 27 on account of ABS revisions.
 4. Table includes contributions to state and local government from private developers.
 5. Components may not add to totals due to rounding.
- Sources: ABS (2008a); Department of Infrastructure, Transport, Regional Development and Local Government, (personal communication August 2007).

Table 5 shows the road-related expenditure on roads 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/territory governments, local governments and private sector sources.

Motor vehicle revenue

Figure 2 Selected motor vehicle taxes and charges 2005–06 (per cent).



Sources: ABS (2006); ASX (2007); Commonwealth of Australia (2006); Department of Infrastructure, Transport, Regional Development and Local Government (personal communication, 2007); Road Transport Authority of NSW Annual Report (2006); State and territory transport departments annual reports (2007); Queensland 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 GST and FBT. Of the total amount of revenue collected in 2005–06 from these selected taxes and charges, 58.3 per cent was from petroleum products excise duty. In 2005–06, state and territory governments raised \$3.6 billion (22.2 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 1996–97 to 2005–06

Item	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
(\$ millions)										
Australian government										
Petroleum products excise ^a	8 325	8 240	8 476	8 680	8 817	9 104	9 337	9 590	9 805	9 586
Federal Interstate Registration Scheme	20	18	19	22	27	31	36	41	43	50
Subtotal	8 345	8 258	8 495	8 702	8 843	9 135	9 373	9 631	9 848	9 636
State and territory governments										
Vehicle registration fees	2 146	2 285	2 584	2 528	2 646	2 787	2 993	3 243	3 497	3 647
Stamp duty vehicle registration	1 148	1 260	1 318	1 365	1 387	1 504	1 700	1 886	1 918	1 922
Driver's licence fees ^b	157	222	206	230	253	239	236	267	314	311
Fuel franchise taxes/fees ^c	1 570	1 530	1 534	1 521	174	0	0	0	0	0
Road transport and Maintenance taxes ^d	86	117	0	0	0	0	0	0	0	0
Subtotal	5 107	5 414	5 642	5 644	4 460	4 530	4 929	5 396	5 729	5 880
Tolls ^e	137	138	272	361	472	603	664	731	778	924
GST ^f	-	-	-	-	na	2 655	3 390	3 608	4 022	na
FBT ^g	na	1 527	1 542	na	na	na	na	1 751	1 796	1 829
Total revenue (GST and FBT not included)	13 588	13 810	14 409	14 707	13 775	14 269	14 966	15 759	16 355	16 440

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.

- 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.
- The estimate of drivers' licence revenue data has been revised with the identification and removal of some non drivers' licence fee data in the series.
- This tax ceased with the introduction of the GST post July 2000.
- Under ABS GFS Accrual rules fees have been netted out to leave only the tax component.
- 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
- 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.
- Where the data is available the FBT tax paid on motor vehicles has been calculated by estimating the proportion of the taxable value of benefits for motor vehicles published by the ATO which is paid as tax. The amounts for 1997-98 and 1998-99 are actual amounts published by the ATO.

Sources: ABS (2006); ABS (2008b); ASX (2007); ATO (2008); Commonwealth of Australia (2006); Department of Infrastructure, Transport, Regional Development and Local Government (personal communication, 2007); Road Transport Authority of NSW Annual Report (2006); State and territory transport departments annual reports (2007); 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 come to a total of \$16.4 billion in 2005–06. The excise raised from petroleum products was \$9.6 billion in 2005–06. In 2005–06, Australian Government charges made up 58.6 per cent of revenue included in the table. State government revenue raised from motor-vehicle related state taxes made up 35.8 per cent and the remaining 5.6 per cent consisted of toll road revenue. This latter amount was \$924.0 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. Energy Grants 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 a Fuel Tax Credit for Heavy Diesel Vehicles on 1 July 2006. This credit which is included in the price of fuel entitles eligible users to use these as tax credits to offset against taxation debts. Thus 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 total revenue from the GST as applied to motor vehicles-related products and services. This tax applies to the cost of petroleum products, motor vehicles and parts, and motor vehicle services. This revenue is currently only available up to 2004–05.

The Australian Government provides all revenue from the GST to the states and territories. In 2005–06, this totalled \$ 37.2 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 1997–98, these amounts totalled \$117 million and by 1998–99 they were close to zero. This amount has now been included in Table 6 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.

Table 6 also includes for the first time taxation revenue from the fringe benefit on motor vehicles. Fringe benefits are benefits provided in respect of employment. They are provided in addition to or in place of a part of salary or wages. These benefits are varied and can include the purchase for private use of a motor vehicle. A car fringe benefit most commonly arises where the employer makes a car owned or leased by a company available for the private use of an employee. FBT is the tax paid by employers on fringe benefits. The rate of FBT for 2005–06 was 48.5 per cent. Employees do not pay income tax on fringe benefits.

Employers pay tax on the total value of the benefit less employee contributions. For example, if an employer makes a contribution, this reduces the taxable value of a benefit because employee contributions are considered as assessable income of the employer. The contribution to the employer could be to cover part or all the fuel used in the car over the FBT year—the 12 months beginning 1 April and ending 31 March. This reduced amount is the 'taxable value' of a fringe benefit or the 'fringe benefits taxable amount'.

The ATO only publishes taxation revenue from the FBT by broad industry category and the taxable value of benefits on motor vehicles. It does not publish an estimate of FBT paid on motor vehicles. However, it is possible to estimate the FBT tax payable on cars by assuming that the FBT rebate given to a 'non-profit organisation' is the same for all benefits. The percentage of rebate on non-profit organisations was 2.8 per cent of the FBT payable in 2005–06. The FBT for cars can be estimated using the following formula.

$$D = (A \times G \times F/100) - (B \times E/100)$$

Where:

A is the total taxable value of benefit

B is the FBT payable by non-profit organisations

D is the final FBT estimate

E is the percentage of rebate paid to non-profit organisations of the total FBT paid by all industries (ATO FBT in Taxation Statistics by year: www.ATO.gov.au)

F is the FBT rate applicable in a given year (48.5 per cent in 2005–06) and

G is the gross up rate applicable which is used to adjust the benefit for GST payable. It varies with the level of GST and FBT. There are two rates type 1 and type 2. Type 1 benefits are benefits for which the employer is entitled to an input tax credit for GST paid on goods or services acquired to obtain a fringe benefit. In 2006 the type 1 gross up rate was 2.1292. Type 2 benefits are benefits for which the employer is not entitled to an input tax credit because they are not subject to the GST. In 2006 the type 2 gross up rate was 1.9416. The type 1 gross up rate is used for G in the formula because it is not possible to estimate the proportions of type 1 and type 2 amounts so it is assumed that type 2 are quite small. The result for 2005–06 using this method is \$1.8 billion.

Abbreviations

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industry Classification
ALTD	Australian Land Transport Development
ASX	Australian Stock Exchange
ATO	Australian Taxation Office
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
FBT	Fringe benefits Tax
GFS	Government Finance Statistics
GST	Goods and Services Tax
Infrastructure	Department of Infrastructure, Transport, Regional Development and Local Government
RONIs	Roads of National Importance
RTA	Roads and Traffic Authority

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