



Public road-related expenditure and revenue in Australia 2009

At a glance

- This information sheet covers road-related expenditure for the years 2000–01 to 2007–08 by level of government, as well as total expenditure by state and territory. It also provides an estimate of private sector transfers of road assets to state and local governments. Selected motor vehicle taxes and charges have been updated to 2006–07. The information sheet provides Australian Government road expenditure by program for the year 2007–08 (Table 4) and updates BITRE's Road Construction and Maintenance Price Index to 2008–09 (Table 3).
- The total amount of funding for road-related expenditure by the Australian, state, territory and local Governments in 2007–08 was \$13.9 billion (Table 1). This amount includes transfers from the private sector. Between 2000–01 and 2007–08 total road-related expenditure increased by an average of 8.2 per cent per year in nominal terms (Table 1).
- Australian Government road expenditure measured in constant 2007–08 prices was \$2.7 billion in 2007–08. In the same year, state and territory expenditure was \$7.3 billion. Local government expenditure was \$3.1 billion. Combined with the increases in private sector contributions this results in the overall road expenditure, measured in constant prices, increasing from \$12.1 billion to \$13.9 billion from 2006–07 to 2007–08 (Table 2).
- Under the Nation Building Program, funding for roads will increase to an average of \$4.60 billion per year for the period from 2008–09 to 2013–14.
- The increase in state government expenditure for 2007–08 to \$7.3 billion is due to the completion of road projects which had taken a number of years now appearing in the state road bodies' capital accounts for 2007–08 (Table 1).

- Of the \$16.2 billion collected in 2006–07 from selected taxes and charges, \$9.1 billion was petroleum products excise (Table 6). Fringe Benefit Tax (FBT) paid on motor vehicles added an extra \$1.8 billion. The amount of GST (on motor vehicles purchase, maintenance and use including fuel consumption) is not yet available but was \$4.0 billion in 2004–05. FBT and GST are not included in the total because no data are available on them for some years. State and territory governments raised \$3.9 billion from vehicle registration fees, their largest source of motor vehicle revenue. Stamp duty collected on vehicle registration fees raised \$2.0 billion (Table 6).
- Joint presentation of the government road-related expenditures 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 governments, and includes contributions and transfers from the private sector. Contributions and transfers are of roads constructed by the private sector and transferred mainly to local government ownership. An example of this is roads in housing developments.

The Australian Government has increased investment in road and rail infrastructure to \$35.8 billion under the Nation Building Program over the six year period from 2008–09 to 2013–14. This is an average of \$5.96 billion per year. Excluding expenditure on rail, the Nation Building Program for roads is \$4.60 billion per year, which is a considerable increase in expenditure over the total Australian Government road expenditure for 2007–08 estimated at \$2.7 billion.

The Roads to Recovery program makes available \$1.75 billion, over five years from 1 July 2009, to local government authorities, and state and territory governments responsible for roads in unincorporated areas. The Roads to Recovery expenditure was \$262.5 million in 2007–08 (Table 4).

The funding for the Black Spots Program in 2008–09 was also increased to \$140 million, from \$37.3 million in 2007–08.

Funding of road-related expenditure

Table 1 summarises the expenditure on roads by each level of government net of transfers of funds from higher levels of government. Total expenditure, including transfers from the private sector, is an estimate of the total expenditure on roads.

Table 1 Funding of road-related expenditure 2000–01 to 2007–08 (current prices)

Source	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	(\$ millions)							
Australian Government	1 458.5	1 821.5	1 720.1	1 818.2	2 101.3	4 251.7	2 772.1	2 723.8
State government	3 713.7	3 500.1	3 583.2	3 599.2	3 797.6	2 434.9	5 592.1	7 335.4
Local government	2 731.8	2 730.1	2 730.4	2 799.9	2 619.3	2 019.6	2 508.0	3 127.3
Private sector	1 08.0	1 58.0	421.0	314.0	396.0	563.0	499.0	740.0
Total	8 012.0	8 209.7	8 454.7	8 531.3	8 914.3	9 269.2	11 371.2	13 926.5

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.
3. Figures for the years 2000–01 to 2004–05 differ from those in BITRE Information Sheet 29 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.
4. 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. Private sector expenditure is the total value of assets transferred to state and local government from private sector sources. Almost all transfers are to local government.

Sources: ABS (2009a); DITRDLG (2009).

Table 1 indicates 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 from the Government Financial Statistics (GFS) database of the Australian Bureau of Statistics (ABS). These data are collected from the state, territory and local government agencies which provide road construction and maintenance services for the Australian community.

The decrease in net state expenditure in 2006–07 compared to BITRE Information Sheet 29 is mainly accounted for by two downward revisions. First, there has been a reduction in the estimate of net expenditure for Victoria, which was reported in BITRE Information Sheet 29 having a capitalisation of \$876 million of gross state road expenditure. However, examination of the 2006–07 ABS data indicates that this figure included \$388 million of operating expenditure. The figure for capitalisation of the road asset for Victoria has been reduced by this amount leading to a reduction in the net expenditure for Victoria and therefore of the total net state expenditure for 2006–07. Second, the ABS has revised downwards by \$51 million, the estimate of New South Wales net expenditure in 2006–07.

The decrease in net state expenditure in 2005–06 compared to BITRE Information Sheet 29 is accounted for by a reduction in the ABS estimate of New South Wales net expenditure of \$88 million.

Table 1, based on ABS (2009a), shows that net state expenditure increased in 2007–08 by \$1.7 billion. Most of this expenditure is own source expenditure and is in large part capitalisation of assets, most likely reflecting the outcome of expenditure in previous years on road projects which were completed in 2007–08. These lags in data are because 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. The expenditure over a period of years is accounted for as a new asset and the amount of new capital is entered in the agency's capital account as a lump sum on project completion.

Table 2 presents road-related expenditure in 2007–08 prices. These prices have been derived from Table 1 and the BITRE Road Construction and Maintenance price index (Table 3).

Table 2 Funding of road-related expenditure 2000–01 to 2007–08 (2007–08 prices)

Source	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	(\$ millions)							
Australian Government	2 063.6	2 435.4	2 221.3	2 222.8	2 477.5	4 775.6	2 959.8	2 723.8
State governments	5 254.5	4 679.7	4 627.4	4 399.9	4 477.6	2 734.9	5 970.8	7 335.4
Local governments	3 865.2	3 650.1	3 526.1	3 422.9	3 088.3	2 268.5	2 677.8	3 127.3
Private sector	152.8	211.2	543.7	383.9	466.9	632.4	532.8	740.0
Total	11 336.1	10 976.5	10 918.5	10 429.5	10 510.3	10 411.3	12 141.2	13 926.5

Notes:

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

2. The constant 2007–08 prices in this table have been derived from Table 1 and the BITRE index in Table 3.

Sources: ABS (2009a); DITRDLG (2009).

BITRE road construction and maintenance input price index (RCMPI)

This index is based on changes in eight inputs to road construction and maintenance. The 2009 update of the index takes into account the changes over time in the cost of:

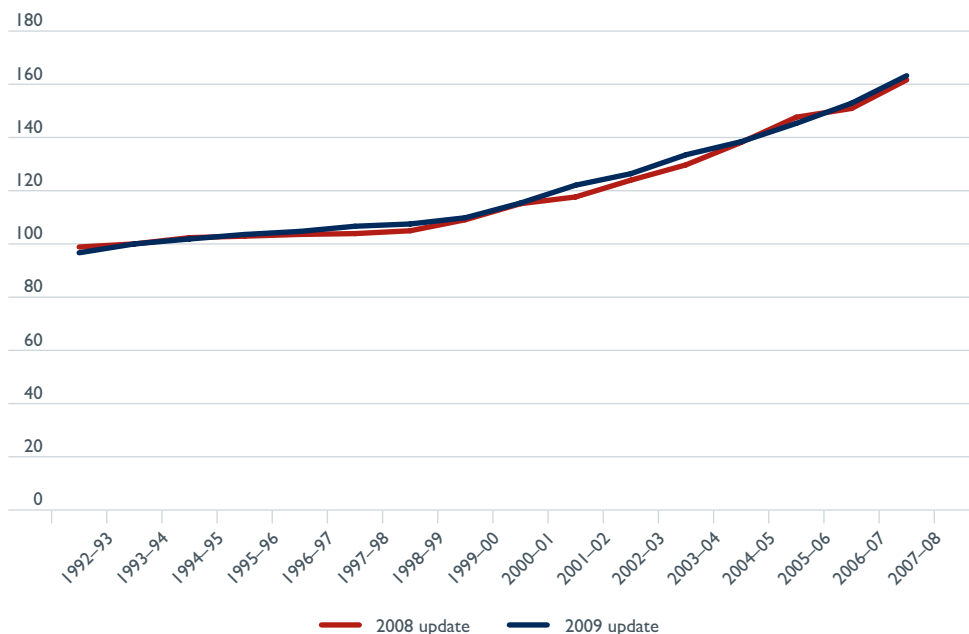
- fuel (diesel) where data is obtained from the Australian Petroleum Institute (2009)
- salaried and other labour which is approximated by Average Weekly Earnings (AWE) in all industries by adult males in full time employment reported in ABS (2009c)
- bitumen—approximated by the producer price index (PPI) for asphalt supplied and placed
- concrete—approximated by the producer price index (PPI) for concrete

- quarry products (gravel and sands)—approximated by the producer price index for sands
- plant hire or lease—estimated using the ABS Producer Price Index for Plant Hire or Leasing (ANZSIC 774)
- other materials—approximated by the producer price index for the ABS All Groups Producer Price Index.

The data on producer price indexes are from ABS (2009b).

Table 3 shows the RCMPI for the period 1992–93 to 2008–09. The differences between the 2008 and 2009 update of the index shown in Table 3 are due to the following revisions. The 2009 index uses the time series of AWE in the most recent release (ABS 2009a). Second, in the 2009 update the ABS All Groups Producer Price Index is used, as recommended in BTCE (1997), to approximate changes in the prices of ‘other material’ whereas the producer price index for structural steel fabricating 2741 was used in the 2008 update of the index. Nonetheless Figure 1 shows that these refinements and revisions do not make major impacts on the index.

Figure 1: Comparing the 2009 and 2008 updates of the RCMPI (1993–94 = 100)



Source: ABS (2009b); ABS (2009c); BTCE (1997); BITRE (2009); Australian Petroleum Institute (2009).

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

<i>Year</i>	<i>2009 update</i>	<i>2008 update</i>
1992–93	96.7	98.8
1993–94	100.0	100.0
1994–95	101.9	102.4
1995–96	103.5	102.9
1996–97	104.7	103.6
1997–98	106.6	103.9
1998–99	107.5	104.9
1999–00	109.8	109.1
2000–01	115.4	115.1
2001–02	122.1	117.7
2002–03	126.4	124.0
2003–04	133.5	129.7
2004–05	138.4	138.1
2005–06	145.3	147.6
2006–07	152.9	150.9
2007–08	163.2	161.7
2008–09	165.4	NA

Source: ABS (2009b); ABS (2009c); BTCE (1997); Australian Petroleum Institute (2009).

From 1993–94, the base year of the index, to 2008–09, prices for inputs to road construction and maintenance, have increased by 65.4 percentage points in real terms. Price increases since 1999–00 include the impact of the introduction of the GST. The input components to the index consist of labour, materials and plant. From 2007–08 to 2008–09, the index increased by 2.2 per cent as a result of the following changes in the input prices over the same period: quarry products (sand/ gravel) costs increased by 9.7 per cent; salaried and other labour costs increased by 6.0 per cent; the cost of asphalt increased by 5.9 per cent; 'other materials' costs increased by 5.8 per cent; the cost of concrete increased by 4.3 per cent; diesel fuel decreased by 32.3 per cent; and plant hire charges decreased by 5.2 per cent.

Australian Government road programs

Table 4 provides details by road program funded by the Australian Government.

Table 4 Australian government road expenditure by program 1996–97 to 2007–08

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	2007–08
	(\$ millions)											
AusLink National Network												
Road	–	–	–	–	–	–	–	–	1 246.5	1 191.7	1 541.8	1 597.6
Research	–	–	–	–	–	–	–	–	6.0	7.8	11.5	6.0
Non-Network (Roads)	–	–	–	–	–	–	–	–	–	–	–	56.2
Auslink Improving the National Network ^a	–	–	–	–	–	–	–	–	–	1 820.0	–	–
Black spots program	36.0	35.6	37.4	37.7	40.9	42.4	44.5	44.5	44.5	44.4	41.6	37.3
Other Auslink programs												
Roads to Recovery	–	–	–	–	150.0	302.2	202.2	302.2	253.1	307.5	304.4	262.5
Strategic Regional	–	–	–	–	–	–	–	–	–	14.5	290.3	75.7
Improving Local Roads	–	–	–	–	–	–	–	–	–	307.5	–	–
Tackling Urban Congestion	–	–	–	–	–	–	–	–	–	–	–	75.0
Federation Fund ^b	–	–	–	–	–	–	–	8.5	20.5	–	–	–
Federation Fund	–	–	–	–	–	–	5.3	24.8	9.9	–	–	–
Subtotal (A)	36.0	35.6	37.4	37.7	190.9	344.6	252.0	380.0	1 580.5	3 693.5	2 189.6	2 110.3
Australian Land Transport Development (superseded 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 (RONIs)	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	876.5	818.2	834.5	1 020.9	980.7	931.7	–	–	–	–
Other road programs												
Transport Development and Innovation Projects												2.4
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	54.2
State financial assistance grants identified for roads ^c	383.4	391.0	397.2	408.8	–	–	–	–	–	–	–	–
Whitehorse/Springvale Rd Intersection, Victoria												0.6

(continued)

<i>Road program distribution</i>	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	(\$ millions)											
Local Government Financial Assistance	373.9	370.4	377.4	388.7	406.5	424.8	451.4	465.5	473.4	499.2	518.2	542.7
Grants Identified for Roads												
Supplementary Funding to South Australia	–	–	–	–	–	–	–	–	4.3	9.0	13.0	13.6
for Roads												
Subtotal (C)	777.2	779.1	793.5	819.3	433.0	456.1	487.3	506.6	520.8	558.3	582.5	613.5
Total (A+B+C)	1 616.6	1 632.1	1 707.4	1 675.1	1 458.5	1 821.5	1 720.1	1 818.2	2 101.3	4 251.7	2 772.1	2 723.8

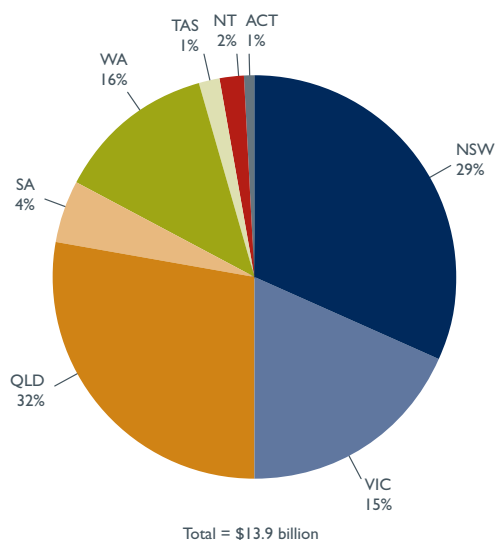
Notes

- 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.
- Source: Department of Infrastructure, Transport, Regional Development and Local Government (2009).

Road-related expenditure by states and territories

Total road-related expenditure of funds from all sources in the states and territories in 2007–08 was \$13.9 billion (Table 1 and Figure 2).

Figure 2 Proportions of total state and territory expenditure on roads 2007–08 (per cent)



Sources: ABS (2008a); Department of Infrastructure, Transport, Regional Development and Local Government (2009).

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 governments, local governments and private sector sources.

New South Wales, Victoria and Queensland account for 76 per cent of the total road-related expenditure in Australia. Including Australian Government grant money, these three states spent, \$4.0 billion, \$2.2 billion and \$ 4.5 billion respectively in 2007–08 (Table 5 and Figure 2).

**Table 5 Total road-related expenditure by state and territory
2000–01 to 2007–08 (current prices)**

	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	(\$ millions)							
NSW	2 605.0	2 881.0	2 738.0	2 877.0	2 924.0	3 027.3	3 607.3	4 023.5
VIC	1 321.5	1 405.7	1 657.2	1 262.2	1 630.2	1 515.0	1 820.0	2 163.0
QLD	2 233.8	1 922.0	2 005.0	2 459.0	2 239.0	2 529.0	3 349.0	4 451.0
SA	471.0	493.0	467.0	486.0	478.0	625.6	607.3	570.6
WA	1 085.0	1 177.9	1 284.9	1 178.0	1 338.4	1 122.9	1 496.4	2 166.7
TAS	157.5	187.5	167.1	136.0	172.9	160.5	163.5	197.2
NT	81.0	72.0	65.0	68.0	69.0	213.0	230.0	228.0
ACT	55.0	68.0	67.0	62.0	59.0	68.0	90.0	118.0
Subtotal	8 009.3	8 206.4	8 451.0	8 528.0	8 910.3	9 261.0	11 363.2	13 918.1
Other	2.2	2.6	3.6	3.1	3.8	7.8	7.8	8.4
Total	8 012.0	8 209.7	8 454.8	8 531.4	8 914.3	9 269.2	11 371.2	13 926.5

Notes

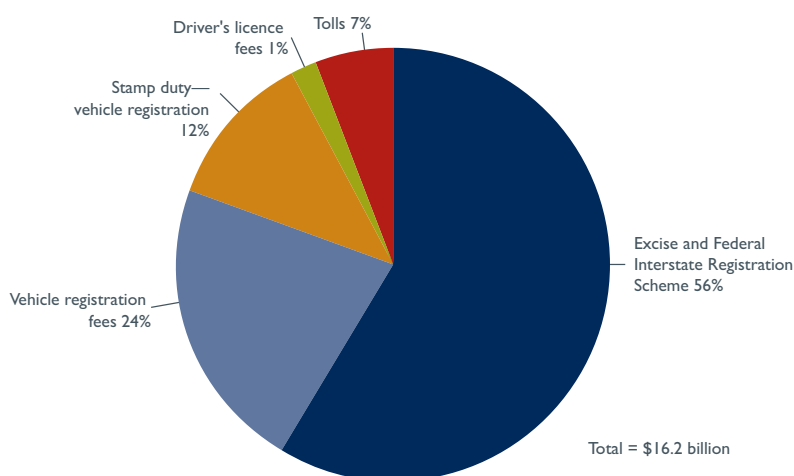
1. Figures show road construction and maintenance expenditure including administration, regulation and subsidies associated with those activities.
2. Other expenditure consists of Australian Government monies spent directly on transport research.
3. Figures differ from those in Information Sheet 29 on 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 (2008a); Department of Infrastructure, Transport, Regional Development and Local Government (2009).

Motor vehicle revenue

Figure 3 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 and FBT. Of the total amount of revenue collected in 2006–07 from these selected taxes and charges, 56.0 per cent was from petroleum products excise duty. In 2006–07, state and territory governments raised \$3.9 billion (24.0 per cent) from motor vehicle registration fees, their largest source of motor vehicle revenue. Stamp duty collected on vehicle registration fees raised \$2.0 billion. Tolls 7%. Driver's licence fees 1%.

Figure 3 Distribution of selected motor vehicle taxes and charges 2006–07 (per cent)



Sources: ABS (2007); ABS (2009d), ASX (2009); ATO (2009); Commonwealth of Australia (2007); Department of Infrastructure, Transport, Regional Development and Local Government (2009); Road Transport Authority of NSW Annual Report (2007); state and territory transport departments annual reports (2007), Queensland Department of Transport (personal communication April 2009).

Table 6 shows that the revenue collected by the Australian, state and territory governments from a selection of motor vehicle taxes and charges totalled \$16.2 billion in 2006–07. The excise raised from petroleum products was \$ 9.1 billion in 2006–07. In 2006–07, Australian Government charges generated \$9.2 billion of revenue included in the table. State government raised revenue of \$5.6 billion from motor-vehicle related state taxes. Toll road revenue amounted to \$1.1 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.

Table 6 Selected motor vehicle taxes and charges 1997–98 to 2006–07

Item	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07
	(\$ millions)									
Australian Government										
Petroleum products excise ^a	8 240	8 476	8 680	8 817	9 104	9 337	9 590	9 805	9 586	9 124
Federal Interstate Registration Scheme	18	19	22	27	31	36	41	43	50	51
Subtotal	8 258	8 495	8 702	8 843	9 135	9 373	9 631	9 848	9 636	9 175
State and Territory governments										
Vehicle registration fees	2 285	2 584	2 528	2 646	2 787	2 993	3 243	3 497	3 647	3 911
Stamp duty - vehicle registration	1 260	1 318	1 365	1 387	1 504	1 700	1 886	1 918	1 922	2 004
Driver's licence fees ^b	222	206	230	253	239	236	263	314	312	211
Fuel franchise taxes/fees ^c	1 530	1 534	1 521	1 174	0	0	0	0	0	0
Road transport and maintenance fees ^d	117	0	0	0	0	0	0	0	0	0
Subtotal	5 414	5 642	5 644	4 460	4 530	4 929	5 392	5 729	5 881	5 915
Tolls ^e	138	272	361	472	603	664	731	778	931	1 131
GST ^f				na	2 655	3 390	3 608	4 022	na	na
FBT ^g	1 527	1 542	na	na	na	Na	1 751	1 796	1 829	1 776
TOTAL REVENUE (GST and FBT not included)	13 810	14 409	14 707	13 775	14 269	14 966	15 754	16 355	16 448	16 222

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 On road Diesel and Alternative Fuels Grants Scheme rebates and from 1 July 2003, the replacement Energy Grants scheme (EG) rebates. This scheme closed on 30 June 2006 and was replaced by the Fuel Tax Credits Scheme. This combined with residual payments from the EG scheme increased rebates by an estimated \$400 million in 2006–07.

b. The estimate of drivers' licence revenue data have been revised with the identification and removal of some non drivers' licence fee 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.

g. Where the data are available the FBT 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 (2007); ABS (2009d); ASX (2009); ATO (2009); Commonwealth of Australia (2007); Department of Infrastructure, Transport, Regional Development and Local Government (2009); Road Transport Authority of NSW Annual Report (2007); state and territory transport departments annual reports (2007), Queensland Department of Transport (2009).

Table 6 does not include total revenue from the Goods and Services Tax (GST) as applied to motor vehicle-related products and services. The revenue figure in the table 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 2006–07, this totalled \$71.5 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 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 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 taxation revenue from the fringe benefits on motor vehicles. The explanatory note at the end of the paper shows how the FBT is estimated. 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. A fringe benefits tax (FBT) is the tax paid by employers on fringe benefits. The rate of FBT for 2006–07 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’.

Explanatory note

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 2006–07. 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 2006–07) 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 2007 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 2007, 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 2006–07 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
BTCE	Bureau of Transport and Communications Economics
BTE	Bureau of Transport Economics
BTRE	Bureau of Transport and Regional Economics
BITRE	Bureau of Infrastructure, Transport and Regional Economics
DITRD LG	Department of Infrastructure, Transport, Regional Development and Local Government
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
RONIs	Roads of National Importance
RTA	Roads and Traffic Authority

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