



BUREAU OF TRANSPORT ECONOMICS

workingpaper 44

SPENDING ON LOCAL ROADS



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FOREWORD

Local roads are considered by regional communities to be a major contributor to their prosperity and social amenity. This report presents the first detailed picture of local road spending at the regional level.

Recently, local roads have attracted considerable attention and debate at the national level. However, we simply do not have the detailed statistics and analyses required to understand the adequacy of local road spending nationally. Because there is no central source of data on regional roads, the writing of this report required the collection of financial data from no less than sixteen sources across Australia.

The BTE understands that the Australian Bureau of Statistics has work in hand to upgrade regional statistics. Consequently our understanding of local road finances should improve over the next few years.

The BTE would like to acknowledge and thank the many organisations that assisted in preparing this report, either by supplying data or providing advice on road finances. These include the State and central offices of the Australian Bureau of Statistics, State road agencies, local government associations, and States' grants commissions.

The report was prepared by Pat McNamara with assistance from Jin Lui, Mark Cregan, Matthew Hobbs and Will Cheeseman. Mark Harvey provided executive supervision.

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EXECUTIVE SUMMARY

The project addresses two questions: how much is being spent on local roads and where is the money coming from?

For 1997-98, the most recent year for which complete data are available, the study results show that:

- Council spending on local roads totalled \$2.7 billion: \$1.4 billion in city areas and \$1.3 billion in country regions.
- Funding came from four sources: Commonwealth roads grants (13%), State grants (11%), the private sector (5%), and councils' own funds (71%). (Although the private sector figure is uncertain because of data problems; it may be lower.)
- In most States, the Commonwealth share of local road funding was close to the national average of 13 per cent. Tasmania was the only exception, where Commonwealth money funded 24 per cent of council outlays on local roads.
- State assistance funded 22 per cent of local roads spending in NSW, 14 per cent in Western Australia, 5 per cent in Queensland, and 3 per cent in Victoria. Tasmania and South Australia gave no funding to local roads.
- NSW and Western Australia together accounted for nearly 82 per cent (\$239 million) of all State funding to local roads, while Queensland and Victoria gave smaller amounts totalling \$54 million.
- In country areas, 62 per cent of funding for works on local roads came from local council and private sector funding, compared to 79 per cent in city areas.
- In some country areas, roads accounted for more than 40 per cent of all council spending on goods and services, compared to about 20 per cent in capital city statistical divisions. The overall average for all States, except Queensland, was 25 per cent. (Queensland data were not available.)

CHAPTER 1 INTRODUCTION

This report presents results of BTE research on local road funding. The project addressed two questions: how much is being spent on local roads and where is the money coming from? BTE initiated this work in November 1999.

BACKGROUND

Local roads emerged as a high profile national issue at the beginning of 2000 with councils from Australia's rural areas acting together as the main proponent of greater funding. They organised a National Rural Roads Congress in Moree in March 2000 and set up a Steering Committee to oversight ongoing work.

Councils have not yet issued a formal summary of their case but, in brief, it seems to be that local roads and bridges throughout Australia are in poor condition, with deficiencies being particularly serious in some rural and remote areas. It is further argued that bad roads increase transport costs faced by country industries, hinder export trade, impede the delivery of education and health services, and have a negative affect on the general social amenity of regional areas. They also increase the risk of death and injury from road accidents.

To remedy this situation, delegates to the Moree Conference resolved that the Australian Local Government Association (ALGA) should convene a Steering Committee to consider the options for the repair and replacement of rural and regional roads. The committee was established and is scheduled to present its final report to the National Rural Roads Congress in Mildura in March 2001¹. Whatever else it recommends, it seems likely that the Steering Committee will advocate increased government funding for local roads².

Since councils already spend in aggregate well over \$2 billion per annum on roads, any significant increase in maintenance and rebuilding work will require

¹ For details on the Steering Committee, see www.algin.net/transinfo.

² The Steering Committee's work may have been overtaken by events to some extent by the Commonwealth Government's announcement of its 'Roads to Recovery' program which will pay \$1.2 billion local governments over four years (Australia, Prime Minister, Minister for Transport and Regional Services, *Roads to Recovery: \$1.6 billion investment in roads*, DOTRS Media Release, 27 November, 2000.) For details of the program, see www.dotrs.gov.au/land/road/r2r/roads-to-recovery.htm.

a large amount of money. At current efficiency standards, each five per cent increase in council roadworking operations across Australia would cost over \$100 million per annum.

Evaluating the case for extra funding, however, is a difficult task. Not necessarily because the claims of rural councils are without merit, but rather because the subject of 'local roads' is virtually an information-free area.

Anecdotes abound, but local government produces no hard data on its road assets at national level and very little is available from other sources. For example, no national figures are available on the physical condition of local roads, on the numbers of vehicles that travel over them, or on the tonnage of freight they carry.

Financial data are similarly sparse. For some years past, BTE has published an annual information sheet giving aggregate road expenditure details for each State and Territory (BTE 1999), but no comprehensive source exists for such information at the regional level³. This report will hopefully increase the state of knowledge about local road finances.

Although there is no national system of nomenclature in place, Australian roads are often classified, by type, as highways, arterials, or local roads; the latter providing access to residential, rural and commercial properties. As a generalisation, most such local roads are the responsibility of local government authorities, although there are exceptions. For example, in South Australia and New South Wales, State Governments are responsible for local roads in unincorporated areas, while a substantial amount of bridgework on local roads in Western Australia is carried out by the State, without the funds going through the accounts of local government.

There are other differences between States. For example, arterial roads are generally the responsibility of State government in Victoria but of local government authorities in New South Wales. Councils in both States carry out work on arterial roads but under different financial arrangements. In practical terms, councils receive 'contract payments' in Victoria but assistance grants in New South Wales.

For the purposes of this project, local roads were defined as roads that are the financial responsibility of local government. This is a simplifying assumption that avoids the problems of identifying the costs and revenues for each type of road, a task that would probably be impossible at present.

The study therefore only analyses council road finances, showing their total expenditures on roads, including work on State roads, plus an analysis of the sources of funds applied to council roads. In States where councils are responsible for arterial roads, such as New South Wales, the associated costs and revenues are counted in the figures for local roads. In other States, such as

³ Although some regional road finance data are available for Victoria (ABS 2000) and Western Australia (WAMA 1998).

Victoria, payments to councils for work on arterials are included in the figure for cost reimbursements.

For the reasons outlined above, it is apparent that the boundary between council and State government responsibilities varies between jurisdictions. Care should therefore be taken in making comparisons between States.

LOCAL ROADS

In the lexicon of the shipping and aviation industries, local roads in Australia might be described as a long and thin transport system. Distances are long but traffic levels are low. This is particularly the case for rural local roads which account for 74 per cent of the total length of Australia's public roads but carry only 6 per cent of the traffic (table 2.1). On average, therefore, traffic levels on country local roads are very low, although there will be many individual roads carrying substantial volumes of traffic. Densities are higher on urban local roads, which collectively account for 10 per cent of total road distance while carrying 17 per cent of the traffic task.

TABLE 1.1 ROAD LENGTH AND TRAFFIC TASK: 1999

<i>Road type</i>	<i>Road length</i>		<i>Traffic task</i>	
	<i>('000 km)</i>	<i>(per cent)</i>	<i>(billions of vehicle km)</i>	<i>(per cent)</i>
National highways	19	2	24	13
Rural arterial	95	12	40	22
Urban arterial	12	2	77	42
Rural local	601	74	11	6
Urban local	85	10	32	17
Total	811	100	184	100

Notes Figures may not add to totals due to rounding.

Source Austroads forthcoming, Roadfacts.

STUDY METHOD

To prepare this report, BTE asked regional offices of the Australian Bureau of Statistics (ABS) for details of council road expenditures and funding. ABS collects this data for the National Accounts and Government Finance Statistics.

Information was not obtained for the Territories. There is no local government as such in the ACT, while councils in the Northern Territory are only responsible for roads in a few urban areas covering a relatively small area. Further, ABS Northern Territory was not able to supply data in the detail available for States. (Although some data on Commonwealth payments to the Territories are given in appendixes.)

For each council, BTE sought statistics on:

- total spending on roads, including payments for both current outlays and capital works but excluding depreciation. The total spending figure included the cost of council roadwork carried out on its own local roads and any work carried out on State roads;
- grants received for roadworks from the Commonwealth and State governments. All councils receive identified road grants from the Commonwealth and some receive 'black spot' funding for remedial work on dangerous road sites. Each State has its own policy on assisting council roadworks; some provide substantial assistance while others give virtually nothing;
- contributions received from the private sector towards the cost of roadworks; and
- reimbursements received from State Governments as payment for work carried out by council on State roads. These payments are also described as recoveries of costs from government.

The amount of each council's own funds spent on roadworks was calculated as the difference between its total spending on roads and the sum of these grants, contributions and reimbursements. Council spending of its own money on roads is financed by income from taxes and charges levied on ratepayers, by general purpose financial assistance grants received from the Commonwealth Government, and by any untied grants received from the State Government.

Having calculated road expenditure and revenue for each council, the figures were twice aggregated; first to statistical division level, then again to give city and country totals for each State. The 'city' was taken to be the capital city statistical division and, for some States, also included the area of statistical divisions adjoining the capital city. For example, the city area in NSW was defined to comprise the Sydney, Newcastle (Hunter) and Wollongong (Illawarra) statistical divisions⁴.

The next step in the project was to check the ABS data against statistics from other sources. The ABS is the only organisation that collects road expenditure data from councils across Australia, but BTE was able to obtain aggregate

⁴ The other statistical divisions counted as city areas were Moreton in Queensland and Southern in Tasmania. Both of these statistical divisions include councils that extend across the boundary into the adjoining capital city area.

statistics on grants and reimbursements direct from departments of the Commonwealth and State Governments.

The results of this checking disclosed a problem. Some councils are apparently mis-reporting their revenue from road grants and reimbursements. For example, in New South Wales, the value of road grants shown in council accounts seems to include only their receipts from tied grants, while untied grants are counted elsewhere as general purpose revenue. This means that Commonwealth identified local roads grants, which are untied in that there is not a legal obligation for councils to use the money for roads, are not counted as road grants in the statistics supplied by councils to the ABS.

Insofar as it was possible, BTE adjusted the aggregate ABS figures for each State to show the correct figures for road grants and reimbursements. BTE was able to calculate the value of Commonwealth road grants paid to councils in each statistical division but, at best, only city-country totals were available for State grants, reimbursements and Commonwealth Black Spot payments.

More generally, BTE concludes there are some accuracy problems in the database derived from council records. There seem to be errors in the figures supplied by many councils and, because they are collected primarily for the national accounts, ABS does not audit them in detail. Accuracy problems are further exacerbated by various technical factors discussed further in appendix II. The figures give a reasonably good overall picture of expenditure and funding for local roads, but care should be taken in using them for calculations or comparisons requiring fine accuracy.

Concerning the time period covered by the study, BTE originally requested figures from the early 1990s to the present, and whatever data were collected are shown in the appendixes. When information from all Commonwealth and State sources finally came to hand, however, there was a complete set of data only two years, 1996-97 and 1997-98.

These figures give a good cross-sectional analysis of local road finances, but it is regrettable that lack of data prevented the construction of a long-term time series in similar detail. Some statistics are available, however, that give at least a partial insight into the long-term picture. Whatever long-term data are available are summarised in appendixes.

UNANSWERED QUESTIONS

The output from this project has produced a great deal of new information on local road funding and expenditure. Indeed, the analysis of local road finances for each statistical division in appendix II presents readers with a plethora of tables.

It should not be assumed, however, that this volume of new data holds all the answers to local roads issues. On the contrary, the output from this report advances the borders of our knowledge in only a few areas, first by giving a

regional analysis of road finances, second by identifying in detail the sources of funding, and third by showing the share of council spending directed to roads.

However, the majority of questions about local roads remain unanswered. The following is a list of possible causes of the local road problems said to be facing councils but, at this stage, they are all conjecture.

- Local roads are reaching the end of their economic lives. A large proportion of the local road inventory was constructed in the 1950s and 1960s and they are now reaching the point where they need to be reconstructed.
- The level of tonnage carried on many rural local roads has increased significantly in recent years in country areas as a result of a switch from grazing to cropping. The tonnages generated by grain growing are said to be much higher than those from wool and meat production.
- Freight tonnage has been diverted to local roads by the closure of some branch rail lines.
- Maximum legal truck tonnage limits have been increased. In particular, many councils need to upgrade bridges to carry heavier trucks.
- Ratepayers are demanding better quality roads, such as sealing of roads and construction of bridges and culverts in country areas to give wet weather access, and provision of complete sealing and drainage in the outer suburbs of city areas.
- Councils are facing demands for increased quantities and qualities of services across all their areas of activity, thereby reducing the resources available for roads.
- The amount of finance available to councils is limited by restrictions on their ability to increase taxes and charges, such as rate capping, and to borrow money.
- In some country areas, councils' revenue bases are being eroded by declining populations and levels of business activity yet there is an expectation in the communities affected that road standards will not decline commensurately.
- Councils do not monitor effectively the weights of trucks travelling on their roads. This, in turn, allows some overloading which causes excessive damage to roads and bridges.

Further, none of the figures in this report give any insight into the question of whether current levels of spending on local roads are 'adequate', however that term is defined. The options are to define an 'adequate' level of road expenditure in terms of economic efficiency or social need but, in practice, data are not available to calculate either criterion.

More generally, the question arises whether local roads can be seen as a 'self contained' issue given the broader development issues facing many regional communities.

THE REPORT

A detailed summary of council road funding and expenditure for 1997-98 is given in chapter 2. This is the most recent year for which data were available from all sources at the time of writing. The analysis concentrates on local roads, that is, roads owned by councils, although table 2.1 also gives details of council expenditure on State owned roads.

The data supporting the results are contained in the appendixes together with additional information on Commonwealth and State payments to councils for roadworks. The data presented in the appendixes is as follows:

- Appendix I: BTE estimates of council road funding and expenditure in each State for 1996-97 and 1997-98. The tables in this appendix are essentially based on ABS data (from appendix II) but with adjustments to the figures for Commonwealth and State grants based on data in appendixes III, IV and V. The tables in this appendix give details of councils' funding and expenditure on both their own local roads and on state owned roads.
- Appendix II: council road finances at the statistical division level and a summary of councils' total receipts and expenditures at State level. The tables in this appendix are based on data collected from councils by State offices of ABS.
- Appendix III: Financial Assistance Grants paid by the Commonwealth to councils, including both general assistance grants and identified local roads grants.
- Appendix IV: Black Spot payments from the Commonwealth to the States for remedial work on State and local roads.
- Appendix V: State payments to councils by way of reimbursement for work done by councils on State roads and as assistance to councils for local roads.
- Appendix VI: a time series of Commonwealth assistance payments for local roads under current and previous legislation from 1956-57 to 1999-2000.
- Appendix VII: a time series of council road finances derived from ABS Government Finance Statistics from 1988-89 to 1997-98.

CHAPTER 2 RESULTS

The first section of this chapter gives an aggregate summary of local road funding and expenditure for all States (but not the Northern Territory). This is followed by analyses giving similar figures for each State, for city areas and for country areas. The figures are BTE estimates based on data obtained from the ABS and from Commonwealth and State government agencies. The estimates are presented in more detail in appendix I.

The last section looks at the share of all council spending devoted to roads.

THE NATIONAL PICTURE

In 1997-98, councils in the States spent just over \$3 billion on roadworks (table 2.1). This included expenditure of \$335 million on State owned roads for which they received reimbursement. Council expenditure on their own local roads therefore totalled \$2.7 billion.

Funding for council work on local roads came from four major sources:

- The Commonwealth Government provided assistance totalling \$365 million, 13 per cent of the total, made up of identified local roads grants (\$349 million) and a small amount of money from the 'Black-Spot' program (\$16 million). The latter program funds remedial work to eliminate serious accident sites. (For details of Commonwealth assistance, see appendixes III and IV.)
- State Governments provided grants totalling \$293 million (11 per cent). Only three States provided significant assistance for local roadworks and the arrangements varied from State to State. (For details of the various State assistance programs for local roads, see appendix V.)
- Reported contributions from the private sector totalled at least \$125 million (5 per cent). There is, however, some doubt about the accuracy of this figure: first because data were not available for Tasmania or South Australia and, second, because there may be errors in its calculation. In addition to financial contributions from private firms, it seems likely that the figure also includes the value of 'donated assets'. These are roads constructed by the private sector and then transferred to council ownership.

- \$1,930 million came from councils' own funds. This was about 71 per cent of the total. The funds came from taxes and charges levied by councils plus 'untied' grant money from the Commonwealth Government⁵. Any untied grants from the States would also contribute to councils' own funds.

City and country councils spent almost exactly the same amounts on roads in 1997-98, just over \$1,520 million each. The country figure, however, includes \$243 million worth of work on State owned roads, for which councils recovered costs from the State, versus \$92 million in the cities. Council spending on local roads therefore totalled \$1,431 million in cities and \$1,281 million in country areas.

Notwithstanding their similar levels of spending, city and country councils face quite different tasks. As a generalisation, country councils have to maintain a huge network of roads providing access to properties over very wide areas, albeit for low traffic volumes. In cities, local roads provide the infrastructure for moving large traffic volumes to and from arterial roads, and hence must be built to a higher standard. In short, local road costs are distance driven in the country and a function of traffic volumes in cities.

As a generalisation, country councils are more dependent on government grants than their city counterparts. Table 2.2 shows that Commonwealth grants accounted for 19 per cent (\$248 million) of the local road budget for country councils, while States provided another 16 per cent (\$206 million); a total of 35 per cent. For city councils, grants provided only 14 per cent of expenditure (8 per cent from the Commonwealth and 6 per cent from the States).

Government road grants to country councils therefore totalled \$454 million, accounting for 68 per cent of Commonwealth grants and 70 per cent of State assistance. Overall, country councils received two out of every three dollars paid out to councils by way of assistance for local roads.

All the figures discussed so far are totals or averages for the nation as a whole. As shown in the tables 2.3 and 2.4, however, funding arrangements varied quite dramatically between States, and individual councils faced funding arrangements quite different from the national average.

⁵ Since councils' own funds come, in part, from general purpose Financial Assistance Grants (FAGs), it might be argued that the Commonwealth's contribution to local road finances is greater than the 13 per cent shown in table 2.2, with a corresponding cut in the council share. In reality, however, there is no logical and 'correct' way of measuring exactly where FAGs are spent because they are pooled with funds from other sources. The only sensible approach to this type of question would be to estimate what share of total council expenditure is funded by the Commonwealth.

TABLE 2.1 COUNCIL ROAD FUNDING AND EXPENDITURE, AUSTRALIA: 1997-98
(*\$ million*)

<i>Expenditure item/source of funds</i>	<i>City</i>	<i>Country</i>	<i>Australia</i>
Local roads			
Councils' own funds	1 133	796	1 930
Commonwealth Government grants	116	248	365
State Government grants	88	206	293
Contributions from the private sector	94	31	125
Total council spending on local roads	1 431	1 281	2 713
Council spending on State owned roads	92	243	335
Total Council spending on all roads	1 523	1 524	3 048

Note Figures may not add to totals because of rounding.

Source BTE estimates.

TABLE 2.2 COUNCIL LOCAL ROAD FUNDING SHARES, AUSTRALIA: 1997-98
(*per cent*)

<i>Source of funds</i>	<i>City</i>	<i>Country</i>	<i>Australia</i>
Councils' own funds	79	62	71
Commonwealth Government grants	8	19	13
State Government grants	6	16	11
Contributions from the private sector	7	2	5
Total	100	100	100

Notes Figures may not add to totals because of rounding.

Figures in this table analyse the \$2,713 million spent by councils on local roads.

Source BTE estimates.

STATES

State Government assistance for local roads totalled \$293 million over the nation in 1997-98 (table 2.3), but its distribution was highly skewed. New South Wales and Western Australia together accounted for \$239 million, nearly 82 per cent of the total. South Australia and Tasmania provided no assistance, and Victoria and Queensland gave small amounts totalling \$54 million.

The share of local road funding provided by State Governments ranged from 22 per cent in New South Wales to zero in Tasmania and South Australia (table 2.4). In round terms, councils met about 60 per cent of the outlays for local roadworks in New South Wales, 70 per cent in Victoria and Western Australia, and 80 per cent or more in the other States.

The distribution of Commonwealth assistance was much less skewed. For most States, the Commonwealth share of local roads funding was close to the national average of 13 per cent. Tasmania was the only outlier, where Commonwealth funding accounted for 24 per cent of local road outlays although, without State funding, this still left councils to meet 76 per cent of outlays from their own funds, which is in line with the other States.

Differences in total spending can also affect the percentages. South Australian councils spent \$151 million on roads compared to \$88 million by their counterparts in Tasmania, but both received about \$20 million in government assistance. Commonwealth assistance therefore accounted for 24 per cent of Tasmanian council funding compared to 13 per cent in South Australia.

The current arrangements for paying Commonwealth assistance to councils via Financial Assistance Grants have been in place since the early 1990s. The share of identified local road grants going to each State is fixed as equal to the percentage they each received under the previous legislation with annual increments based on movements in the consumer price index and population sizes. The BTE has not been able to discover how the share of each State was originally calculated.

For the States where statistics are available, private sector contributions ranged from 3 to 8 per cent of local road funding, although the latter figure may be an overstatement because of errors in council data. BTE has not investigated the arrangements for these payments but they may be associated, at least partly, with development of new housing areas. Statistics on private sector contributions are not available for South Australia or Tasmania. If there were any private sector contributions in these States, the amounts would be included in the council funds figures.

TABLE 2.3 COUNCIL ROAD FUNDING AND EXPENDITURE BY STATE: 1997-98
(*\$ million*)

<i>Source of funds</i>	<i>NSW</i>	<i>Vic.</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>Total</i>
Council funds	503	353	580	131	296	67	1 930
Commonwealth	112	80	72	20	60	21	365
State	181	14	40	0	58	0	293
Private sector	36	40	38	na	11	na	125
Total	832	487	730	151	425	88	2 713

na Not available.

Note Figures may not add to totals because of rounding.

Source BTE estimates.

TABLE 2.4 COUNCIL ROAD FUNDING SHARES BY STATE: 1997-98
(*per cent*)

<i>Source of funds</i>	<i>NSW</i>	<i>Vic.</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>Total</i>
Council funds	60	72	79	87	70	76	71
Commonwealth	13	16	10	13	14	24	13
State	22	3	5	0	14	0	11
Private sector	4	8	5	na	3	na	5
Total	100	100	100	100	100	100	100

na Not available.

Note Figures may not add to totals because of rounding.

Source BTE estimates.

CITIES

Tables 2.5 and 2.6 give an analysis of council road funds in city areas. Compared to the national average figures, cities were less reliant on government assistance. The Commonwealth and State Governments together provided only 14 per cent of funding for local roadworks and the private sector contributed 7 per cent, leaving councils to pay 79 per cent from their own funds.

With a few exceptions, the percentage share figures for each State were broadly similar to the national average. The Commonwealth and States each provided less than 10 per cent of funding in each jurisdiction except in New South Wales where the State provided 13 per cent of the budget and Tasmania where the Commonwealth met 21 per cent of outlays. City councils in all States met about 80 per cent or more of outlays from their own funds except in New South Wales where State assistance brought the figure down to 72 per cent.

Only in New South Wales and Western Australia did State Government assistance account for a significant share of council road funding. In the other jurisdictions, State funding was zero or a small percentage of the total.

It must be appreciated, however, that the table 2.6 figures are the overall averages for councils in the city areas of each State. For individual councils within city areas, it is possible that the share of road funding from government grants varies considerably from the average.

City councils reported receiving contributions from the private sector of \$94 million, equal to 7 per cent of total funding, but there must be some doubt about the accuracy of this figure. As noted earlier in this chapter, councils may have counted donated assets as private sector contributions and thus overstated the latter figure. In particular, ABS believes that donated roads may account for a significant, but minor, percentage of the \$34 million in private sector contributions reported for Melbourne.

TABLE 2.5 COUNCIL ROAD FUNDING AND EXPENDITURE IN CITIES: 1997-98
(*\$ million*)

<i>Source of funds</i>	<i>NSW</i>	<i>Vic.</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>Total</i>
Council funds	303	220	324	79	176	31	1 133
Commonwealth	38	25	24	6	15	8	116
State	56	1	12	0	19	0	88
Private sector	25	34	30	na	5	na	94
Total	422	280	390	85	215	39	1 431

na Not available.

Note Figures may not add to totals because of rounding.

Source BTE estimates.

TABLE 2.6 COUNCIL ROAD FUNDING SHARES IN CITIES: 1997-98
(*per cent*)

<i>Source of funds</i>	<i>NSW</i>	<i>Vic.</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>Total</i>
Council funds	72	79	83	93	82	79	79
Commonwealth	9	9	6	7	7	21	8
State	13	0	3	0	9	0	6
Private sector	6	12	8	na	2	na	7
Total	100	100	100	100	100	100	100

na Not available.

Note Figures may not add to totals because of rounding.

Source BTE estimates.

COUNTRY AREAS

In all mainland States, country councils spent less on local roads than their city counterparts although they went close to achieving parity in New South Wales and Western Australia (tables 2.7 and 2.5). For all States, country spending totalled \$1,281 million compared to \$1,431 in cities.

Only in Tasmania was this pattern apparently reversed with country road spending of \$49 million compared to \$39 million in the city area. This result, however, suggests that the definition of city areas used in this project was not appropriate for Tasmania, given its small size and decentralised pattern of development.

As noted at the beginning of this chapter, Commonwealth and State assistance accounted for 35 per cent of the local road budget in country areas. For individual States, the percentage ranged from 48 per cent in New South Wales to 21 per cent in South Australia (the sum of the second and third rows in table 2.8).

Private sector contributions in country areas totalled only \$31 million across Australia, equal to 2 per cent of spending. This compares to \$94 million and 7 per cent for cities.

TABLE 2.7 COUNCIL ROAD FUNDING AND EXPENDITURE IN COUNTRY AREAS: 1997-98
(*\$ million*)

<i>Source of funds</i>	<i>NSW</i>	<i>Vic.</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>Total</i>
Council funds	200	132	256	52	120	36	796
Commonwealth	74	55	48	14	44	13	248
State	125	13	28	0	40	0	206
Private sector	11	6	8	na	6	na	31
Total	410	206	340	66	210	49	1 281

na Not available.

Note Figures may not add to totals because of rounding.

Source BTE estimates.

TABLE 2.8 LOCAL ROAD FUNDING SHARES IN COUNTRY AREAS: 1997-98
(*per cent*)

<i>Source of funds</i>	<i>NSW</i>	<i>Vic.</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>Total</i>
Council funds	49	64	75	79	57	73	62
Commonwealth	18	27	14	21	21	27	19
State	30	6	8	0	19	0	16
Private sector	3	3	2	na	3	na	2
Total	100	100	100	100	100	100	100

na Not available.

Note Figures may not add to totals because of rounding.

Source BTE estimates.

BUDGET SHARES

To indicate the shares of council resources devoted to roads, BTE calculated road outlays as a percentage of total spending on all goods and services. Table 2.9 gives a summary of the results that are shown in detail for each statistical division in appendix II (see tables II.2, II.9, II.20, II.27 and II.34).

$$\text{Road share of resources} = \frac{\text{Council spending on local and State roads}}{\text{Council spending on all goods and services}}$$

BTE would have preferred to have calculated the percentages for expenditure on local roads only, but this was not possible due to problems with the data. In brief, local road expenditure for each council equals its total road spending less reimbursements received for work on State roads. For some States, however, errors were found in the reimbursement figures.

The calculations were therefore based on total council road expenditures, including the amounts spent on State roads. This should still give a reasonably good idea of the share of council resources devoted to roads because State work generally accounts for only a minor share of the total.

The total expenditure figure used in the calculations included the costs of all goods and services purchased by councils but excluded capital costs such as interest, depreciation and loan repayments.

The bottom line of table 2.9 shows that the road share of council spending is skewed with the mode in the 20 to 29 per cent range and a long tail reaching out to the 60 to 69 per cent range. In 11 of the 41 statistical divisions analysed, roads accounted for 40 per cent or more of all council spending on goods and services.

The subscript figures in the first column of the table show the overall averages for the States. For example, in NSW, roads accounted for 29 per cent of all council spending on goods and services. In all States, the capital city figures are in the lowest decile group, so the average for the rest of the State would be higher.

Care should be taken in using these figures because they involve interstate comparisons and it is unlikely that 'all other factors' are the same even within States. Further, on their own, they do not explain why percentages vary among statistical divisions. To some extent, it is possible that differences in the percentages might reflect differences in council priorities rather than differences in the task they face in building and maintaining local roads.

Nevertheless, the figures in table 2.9 seem to provide prima facie evidence that the cost of local roads is well within the resources of some councils while for others it is a major problem.

TABLE 2.9 ROAD SHARE OF TOTAL COUNCIL SPENDING: 1997-98
(Number of statistical divisions)

<i>State/State</i> <i>Average%^a</i>	<i>Road share of total spending (per cent)</i>						<i>Total</i>
	<i>10-19</i>	<i>20-29</i>	<i>30-39</i>	<i>40-49</i>	<i>50-59</i>	<i>60-69</i>	
NSW ₂₉	2	0	3	6	0	1	12
Vic ₂₁	1	6	3	0	0	0	10
SA ₂₀	2	4	1	0	0	0	7
WA ₃₂	0	2	3	2	2	0	9
Tas ₂₂	0	3	0	0	0	0	3
Total ₂₅	5	15	10	8	2	1	41

a The subscript figures show the overall averages for the States.

Notes Total expenditure data were not available for Queensland.

Source BTE estimates. See appendix II.

APPENDIX I BTE ESTIMATES

This appendix presents BTE estimates of council spending on roads and gives an analysis of the sources of local road funding. The estimates are for 1996-97 and 1997-98, the two latest years for which data were available for all States at the time of writing. The figures for 1997-98 are discussed in detail in chapter 2.

The tables show the total value of roadworks carried out by councils in each State, both on their own roads (defined as local roads in this report) and on roads owned by their respective State governments. The value of work carried out on councils' own roads would equal total roadworks less the amount or recovery payments received from the State government.

The estimates are based on financial data collected from councils by regional offices of the Australian Bureau of Statistics (ABS), but with adjustments to certain figures that appear to be wrong due to errors in statistics supplied to ABS by some councils.

In brief, the major errors in the council data relate to the revenue figures. For some States, the revenues reported by councils from road grants and reimbursements differ significantly from the actual amount recorded in the accounts of Commonwealth and State Government departments. The BTE has assumed that the Commonwealth and State government data are likely to be the more correct figures.

To prepare the estimates of council road finances given in this appendix, BTE therefore used data from several sources.

- Road expenditure figures were based on data collected by ABS from councils (see appendix II). ABS was also the source of figures on contributions received from the private sector.
- Estimates of council receipts from grants and reimbursements were based on data collected by BTE direct from Commonwealth and State agencies.
- Figures for contributions from the private sector were also derived from ABS data although, for some States (Victoria, Western Australia and Tasmania), they may be somewhat overstated because they also include the value of donated roads. The overall error would not be great because private sector contributions account for only a small share of council road funding. For Queensland, the estimates in table I.4 are based on the contribution data for 1998-99, the first year for which ABS derived separate figures for that

State for private sector contributions and donated roads. These estimates are almost certainly closer to the correct figures than the amounts of private sector contribution actually reported by Queensland councils for 1995-96 and 1997-98.

The amount of councils' own funds spent on roadworks was calculated as the difference between their total spending on roads and their revenue from government road grants, reimbursements and contributions from the private sector.

TABLE I.1 COUNCIL ROAD FUNDING AND EXPENDITURE AUSTRALIA
(\$ million)

<i>Funding source</i>	1996-97	1997-98
CITIES		
Own funds	1 055	1 133
Grants		
• Commonwealth	113	110
• Black Spot	8	6
• State	92	88
Contributions	60	94
Recoveries	93	92
Total roadworks	1 421	1 523
COUNTRY REGIONS		
Own funds	695	796
Grants		
• Commonwealth	237	238
• Black Spot	10	10
• State	203	206
Contributions	26	31
Recoveries	249	243
Total roadworks	1 420	1 524
TOTAL AUSTRALIA		
Own funds	1 749	1 930
Grants		
• Commonwealth	349	349
• Black Spot	18	16
• State	295	293
Contributions	87	125
Recoveries	343	335
Total roadworks	2 840	3 047

Note Figures may not add to totals due to rounding.

Source BTE estimates.

TABLE I.2 COUNCIL ROAD FUNDING AND EXPENDITURE NSW
(\$ million)

<i>Funding source</i>	1996-97	1997-98
SYDNEY-WOLLONGONG-NEWCASTLE		
Own funds	274	303
Grants		
• Commonwealth	36	36
• Black Spot	1	2
• State	60	56
Contributions	26	25
Recoveries	33	33
Total roadworks	430	455
COUNTRY REGIONS		
Own funds	163	200
Grants		
• Commonwealth	71	71
• Black Spot	3	3
• State	140	125
Contributions	14	11
Recoveries	93	93
Total roadworks	484	503
TOTAL NSW		
Own funds	437	503
Grants		
• Commonwealth	107	107
• Black Spot	4	5
• State	200	181
Contributions	40	36
Recoveries	126	126
Total roadworks	914	958

Note Figures may not add to totals due to rounding.

Source BTE estimates.

TABLE I.3 COUNCIL ROAD FUNDING AND EXPENDITURE VICTORIA
(\$ million)

<i>Funding source</i>	1996-97	1997-98
MELBOURNE		
Own funds	251	220
Grants		
• Commonwealth	24	24
• Black Spot	1	1
• State	2	1
Contributions	na	34
Recoveries	38	41
Total roadworks	316	321
COUNTRY REGIONS		
Own funds	136	132
Grants		
• Commonwealth	52	52
• Black Spot	3	3
• State	6	13
Contributions	na	6
Recoveries	49	60
Total roadworks	246	266
TOTAL VICTORIA		
Own funds	388	353
Grants		
• Commonwealth	76	76
• Black Spot	4	4
• State	8	14
Contributions	na	40
Recoveries	87	101
Total roadworks	562	587

na Not available.

Note Figures may not add to totals due to rounding.

Source BTE estimates.

TABLE I.4 COUNCIL ROAD FUNDING AND EXPENDITURE QUEENSLAND
(\$ million)

<i>Funding source</i>	1996-97	1997-98
BRISBANE AND MORETON		
Own funds	299	324
Grants		
• Commonwealth	23	23
• Black Spot	4	1
• State	11	12
Contributions	30	30
Recoveries	16	13
Total roadworks	383	403
COUNTRY REGIONS		
Own funds	205	255
Grants		
• Commonwealth	47	46
• Black Spot	3	2
• State	25	28
Contributions	8	8
Recoveries	100	81
Total roadworks	389	421
TOTAL QUEENSLAND		
Own funds	506	580
Grants		
• Commonwealth	69	69
• Black Spot	7	3
• State	36	40
Contributions	38	38
Recoveries	116	94
Total roadworks	772	824

Note Figures may not add to totals due to rounding.

Source BTE estimates.

TABLE I.5 COUNCIL ROAD FUNDING AND EXPENDITURE SOUTH AUSTRALIA
(\$ million)

<i>Funding source</i>	1996-97	1997-98
ADELAIDE		
Own funds	76	79
Grants		
• Commonwealth	8	6
• Black Spot	..	0
• State	0	0
Contributions	..	..
Recoveries	2	2
Total roadworks	86	87
COUNTRY REGIONS		
Own funds	57	52
Grants		
• Commonwealth	12	14
• Black Spot	..	..
• State	0	0
Contributions	..	..
Recoveries	4	6
Total roadworks	73	72
TOTAL SOUTH AUSTRALIA		
Own funds	132	131
Grants		
• Commonwealth	20	20
• Black Spot	..	..
• State	0	0
Contributions	..	..
Recoveries	7	8
Total roadworks	159	159

.. Less than \$500,000.

Note Figures may not add to totals due to rounding.

Source BTE estimates.

TABLE I.6 COUNCIL ROAD FUNDING AND EXPENDITURE WESTERN AUSTRALIA
(\$ million)

<i>Funding source</i>	1996-97	1997-98
PERTH		
Own funds	124	176
Grants		
• Commonwealth	14	13
• Black Spot	2	2
• State	19	19
Contributions	4	5
Recoveries	3	2
Total roadworks	166	217
COUNTRY REGIONS		
Own funds	100	120
Grants		
• Commonwealth	43	43
• Black Spot	..	1
• State	32	40
Contributions	4	6
Recoveries	2	2
Total roadworks	181	212
TOTAL WESTERN AUSTRALIA		
Own funds	222	296
Grants		
• Commonwealth	57	57
• Black Spot	2	3
• State	51	58
Contributions	9	11
Recoveries	5	4
Total roadworks	346	429

.. Less than \$500 000.

Note Figures may not add to totals due to rounding.

Source BTE estimates.

TABLE I.7 COUNCIL ROAD FUNDING AND EXPENDITURE TASMANIA
(\$ million)

<i>Funding source</i>	1996-97	1997-98
GREATER HOBART – SOUTHERN		
Own funds	31	31
Grants		
• Commonwealth	8	8
• Black Spot	0	0
• State	0	0
Contributions	na	na
Recoveries	1	1
Total roadworks	40	40
NORTHERN		
Own funds	18	21
Grants		
• Commonwealth	7	7
• Black Spot	..	..
• State	0	0
Contributions	na	na
Recoveries	1	1
Total roadworks	26	29
MERSEY – LYELL		
Own funds	16	16
Grants		
• Commonwealth	5	5
• Black Spot	..	..
• State	0	0
Contributions	na	na
Recoveries	0	0
Total roadworks	21	21
TOTAL TASMANIA		
Own funds	64	67
Grants		
• Commonwealth	20	20
• Black Spot	1	1
• State	0	0
Contributions	na	na
Recoveries	2	2
Total roadworks	87	90

na Not available.

Note Figures may not add to totals due to rounding.

Source BTE estimates.

APPENDIX II COUNCIL DATA

The central task of this research project was to measure spending on roads by councils at the regional level and to identify their sources of funds. After investigating various possibilities, BTE initially decided to base its analysis on the statistics collected by the Australian Bureau of Statistics for the National Accounts and Government Finance Statistics.

The advantages of using the ABS data are that it is readily available, covers virtually all areas of Australia, and the figures from different jurisdictions are compiled in similar formats and according to similar principles. BTE encountered some problems in using the ABS data, which are discussed below, but they were not insurmountable. It was necessary, however, to supplement the ABS data with statistics from other sources.

BTE investigated the possibility of collecting data from State authorities or local government associations but found that Western Australia and Victoria are the only States that publish such information (WAMA 1999 and ABS 2000). A census of councils was also considered but rejected as too expensive and risky. To obtain a meaningful analysis of road spending by region would require a high response rate, but BTE received advice from various sources that councils are poor respondents to surveys.

THE DATA

Statistics on local road spending in each State were obtained from regional offices of the ABS. For each council, ABS was asked to supply details of:

- expenditure on roadworks, including both the cost of maintenance work on existing roads and outlays for construction of new roads, but not including depreciation;
- the sources of funds for roadworks. These comprise:
 - grants for roadworks from the Commonwealth and State Government including identified local road grants from the Commonwealth and any roads grants from its State Government;
 - reimbursements from its State Government for the costs of work carried out by the council on State roads. These payments are also described as recoveries of costs from government.

- Contributions towards the cost of roadworks from the private sector.
- Council's 'Own funds', comprising money raised by council from taxes and charges plus funding from 'untied' grant money. The 'own funds' figure was calculated as the difference between total expenditure on roadworks and the sum of grants, reimbursements and contributions.

To provide some perspective of the magnitude of road expenditure relative to other activities, BTE also asked ABS to supply details of each council's total expenditure and total revenue for all activities (not just roadworks). With this data, BTE was able to calculate road expenditure as a percentage of total council expenditure on all goods and services.

When BTE checked the ABS statistics, it found inaccuracies in the grants and reimbursements figures, due largely to misclassifications and lack of detail in council data. Further details about these problems are given below in the section entitled grants and reimbursements.

The BTE estimates of council road finances given in appendix I were therefore based on a combination of the ABS data presented in this appendix, plus statistics on government road payments to councils obtained by BTE direct from Commonwealth and State authorities. This government data showed the amounts paid to city and country councils in each State, but did not contain sufficient detail to estimate the amount received by each country region.

Data Presentation

The data from councils in each State were aggregated twice. First to show the value of council roadworks in each statistical division, and then again to show the totals for city and country areas. Because it is a small State, the Tasmanian summary shows the total for each statistical division.

The definition of what comprised the city varied from State to State.

- In New South Wales, the city was taken to comprise the Sydney, Hunter (Newcastle) and Illawarra (Wollongong) Statistical Divisions and the country area was the rest of the State.
- In Western Australia, South Australia and Victoria, the city area was defined as the statistical division of the capital city.
- In Queensland, the city was defined as the Brisbane and Moreton statistical divisions.
- In Tasmania, the city was defined as the Greater Hobart and Southern statistical divisions.

The definition of the city area in Queensland was decided, at least partly, by the fact that some councils straddle the border between the Brisbane and Moreton statistical divisions. Similarly, in Tasmania, some councils cross the border

between the Greater Hobart and Southern statistical divisions. The city areas of both States, as defined in this report, therefore include some rural land around the capital city.

Donated Roads

For some jurisdictions, ABS was also able to supply statistics on the value of roads 'donated' to each council. These show the value of roads paid for and constructed by the private sector, and then transferred to the ownership of councils. This might occur when a council assumes responsibility from a private firm for the infrastructure in a new housing development.

The concept of donated roads is a recent development made necessary by the adoption of accrual accounting in the government sector. The figures show the increase in the value of roads on a council's asset register and do not involve any cash transaction or cost to councils. (Although the acquisition of new roads will increase costs in later years.)

The donated road figures should not include the value of any work for which council receives payment from the private sector. Where the private sector pays for work on public roads, the money received should be counted as a contribution from the private sector.

In practice, however, the value of donated roads was sometimes not recorded correctly for some years after councils switched to accrual accounting. In Queensland, for example, the value of donated roads was included in the contributions figure until 1997-98. It was only in 1998-99 that ABS managed to produce a separate figure for donated roads in that State. A similar situation exists in Western Australia, where the value of any donated roads would be included in contributions from the private sector.

If not corrected, the effect of this error would be to reduce the apparent amount of councils' own funds spent on roadworks; the own-funds figure being reduced by an amount equal to the value of donated roads counted as contributions.

Time Period

BTE originally planned to collect council road finance data for the years 1992-93 to the present but, for various reasons, most respondent authorities could not supply data for all years in this period. For example, ABS regional offices changed their computer systems in the first half of the 1990s and, while data are available for earlier years, extracting figures for individual councils would be a costly and labour-intensive job.

In the end, BTE collected a comprehensive set of council figures for three years only, 1995-96 to 1997-98. Where figures for earlier or later years were collected, they are shown in the tables in this appendix.

Border changes

Over the period covered by this study, there have been some changes in the borders between councils in some States, largely as a result of amalgamations of adjoining councils.

To simplify the job of preparing the data presented in the following appendixes, the ABS calculations of council revenues and expenditures were based on the borders existing in 2000, with appropriate adjustments to allow for any changes in previous years.

Other Publications

For some years past, BTE has published an annual summary of government road finances showing expenditures by the Commonwealth, State and local governments (BTE 1999). The figures are based on National Accounts data supplied by ABS central office in Canberra and effectively seem to show the net financial effort from each level of government calculated as expenditure less certain items of transport-related revenue.

For this project, however, the data were supplied by State offices of ABS and were calculated simply as gross expenditure on roads without any offsetting revenues being taken into account. The figures in this report therefore differ marginally from those published in BTE 1999.

Differences also exist between the figures for Western Australia in this report and the data collected from councils by the Western Australia Municipal Association (WAMA 1999). The WAMA data on State grants to councils also differs from statistics supplied to BTE by the State government (see tables V.5 and V.6 in appendix V).

The Western Australian office of ABS was not able to reconcile the differences between its own figures and the WAMA data. ABS, however, carried out a double check to ensure that the figures they supplied to BTE were an accurate copy of the information supplied to them by councils.

COMPARISONS

In using the figures in this report, care should be taken in making comparisons between States, especially regarding points of fine detail. BTE has largely standardised the format in which the figures are presented in this report but, in compiling council statistics, ABS effectively carries out a separate data collection and analysis operation in each State. All State offices of ABS would follow the same general principles of accounting, but there may be differences in the details of the method.

Differences may also exist between the accounting procedures used by councils in the various States. All councils should follow the same accounting standards

but reporting requirements and regulations may vary from State to State. There may also be variations between States in councils' ability to raise revenue from taxes and charges, in the services councils are required to provide, and in the division of responsibility for roads between local government and State authorities.

Care should also be taken in making year to year comparisons because, over the period covered by this study, there were at least three changes in accounting method affecting council road statistics.

In 1993-94, councils across Australia switched from cash accounting to accrual accounting methods for the preparation of their accounts. In reality, however, it seems likely that councils took a few years to adapt fully to the new system.

In 1998-99, ABS analyses of government finance statistics switched from cash to accrual accounting. At the same time, ABS changed its system of classifying costs and revenues. The effect of these changes is not yet fully apparent but they may have introduced a discontinuity into road expenditure statistics.

GRANTS AND REIMBURSEMENTS

By collecting data directly from Federal and State government departments, BTE was able to double check ABS statistics on revenue received by councils from road grants and from reimbursements for work carried out on State roads. The data collected is shown in appendixes III, IV and V.

The results of this checking disclosed a problem. In some States, councils appear to collectively under-report their revenue from road grants and reimbursements (although the Queensland figures are too high). The effect of this under-reporting is to over-state the amount that councils appear to spend on roads from their own funds.

Since the annual reports of councils are audited for State governments and checked by the ABS, it seems most unlikely that road grants and reimbursement payments are not recorded in their books of account. A more likely explanation is that such revenue is not correctly classified by its source and purpose in council accounts.

The problem of under-reporting road revenue seems to arise where councils follow different accounting practices for 'tied' and 'untied' grants⁶. This indeed is the case in New South Wales, where councils prepare accounts according to a code of practice issued by the Department of Local Government. The code does not require councils to analyse untied grants by purpose in their accounts but

⁶ A grant is said to be 'tied' if it is subject to conditions requiring the money to be spent on a specific purpose. If a grant is 'untied', there are no such conditions and councils can spend the money on any purpose.

rather to show only the total amount received⁷. The figures supplied to ABS show only the total value of Commonwealth grants received which is allocated to the classification of 'General purpose inter-governmental transactions'. The result is that Commonwealth road grant money is not shown explicitly in either council accounts or ABS statistics for New South Wales.

There may be other factors that contribute to the under reporting of council road revenue. For example, it is possible the errors were exacerbated by the use of different accounting methods. For most of the years covered by this study, councils' accounts were based on accrual accounting but governments used cash accounting.

Other Sources of Funds

Most of the road grants received by councils come from government programs that are obviously related to transport. These include, for example, Commonwealth Financial Assistance Grants or the Transport Infrastructure Development Scheme in Queensland.

As BTE understands it, however, some councils also receive road funding from non-transport areas of government, although the amounts involved are probably small. Such grants are spent on roads, but the ultimate objective of the donor agency is to attain some other policy objective, such as development of the tourism or forestry industries, or improvement of aboriginal welfare. For example, between 1995-96 and 1998-99, the National Aboriginal Health Strategy funded road expenditure across Australia totalling over \$19 million (Commonwealth Grants Commission 2000, p. 114).

These grants from non-transport portfolios are difficult to identify as sources of road funding because they are classified under other purposes in the accounts of donor governments and councils. They were therefore not included in the council road revenue figures supplied by ABS to BTE. The expenditure they fund, however, is included in the total value of roadworks.

As far as this project is concerned, the effect of not identifying these other grants is to over-state the apparent amount of councils' own funds spent on roads.

TABLES

The data supplied by regional offices of ABS were used to produce a standard set of tables for each State. The tables produced for NSW show:

- council road expenditure in country and city regions of the State (table II.1);

⁷ ABS opinion is that untied grants given for a specific purpose should be classified in council accounts according to the donor government's purpose, even if the money is spent on something else.

- road expenditure as a percentage of total payments for goods and services by councils in each statistical division (table II.2). (The latter is shown in table II.4 as 'other expenses and payments'. It does not include interest costs, depreciation, or loan repayments.);
- council road expenditure in each statistical division (table II.3). This table also shows the ABS code number for each statistical division (SD). In each State, code numbers start at 05 and increase by increments of 05, for example, Sydney SD 05, Hunter SD 10, Illawarra SD 15. A list showing the statistical division in which each council is located is given in the Australian Standard Geographical Classification (ABS 1998, pp 91-109);
- total costs and payments for councils in city and country regions (table II.4). The figures cover all council activities, not just roads;
- total council revenues for councils in city and country regions (table II.5). The figures cover all council activities, not just roads; and
- the value of roads donated to councils by statistical division (table II.6). Similar statistics are not available for all States.

A similar set of tables was produced for each State, albeit with minor variations reflecting the differences in the exact details available for each jurisdiction.

NEW SOUTH WALES

TABLE II.1 SUMMARY OF LGA ROAD EXPENDITURE NSW
(*\$ million*)

<i>Region</i>	<i>1994-95</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>
Sydney, Illawarra and Hunter	457	393	430	455	549
Country regions	453	412	484	503	491
Total New South Wales	910	804	914	958	1 040

Notes Figures may not add to totals due to rounding.

Source Unpublished Government Finance Statistics, ABS New South Wales.

TABLE II.2 ROAD SHARE OF ALL COUNCIL OUTLAYS ON GOODS AND SERVICES NSW
(*per cent*)

<i>Statistical division</i>	<i>1994-95</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>
Sydney	22	18	19	19	23
Hunter	37	28	35	38	35
Illawarra	21	18	13	11	10
Richmond-Tweed	42	27	46	45	40
Mid-North Coast	42	40	41	37	40
Northern	43	39	41	48	52
North Western	49	44	51	48	51
Central West	44	38	43	40	42
South Eastern	39	34	34	37	30
Murrumbidgee	48	38	40	44	46
Murray	49	39	51	65	47
Far West	43	29	36	40	21
Total NSW	31	26	28	29	30

Note The figures in this table show road expenditure as a percentage of all council purchases of goods and services. The latter does not include interest payments, loan repayments or depreciation costs.

Source Unpublished Government Finance Statistics, ABS New South Wales.

TABLE II.3 LGA ROAD EXPENDITURE NSW
(\$ million)

<i>Statistical division</i>	<i>1994-95</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>
Sydney (05)	319.0	277.9	307.0	323.4	420.3
Hunter (10)	99.6	80.7	96.8	109.5	105.2
Illawarra (15)	38.2	34.1	26.1	22.3	23.4
Richmond-Tweed (20)	48.7	34.3	59.9	58.8	53.6
Mid-North Coast (25)	53.9	54.2	58.4	51.4	61.7
Northern (30)	73.3	69.6	75.2	82.3	88.8
North Western (35)	55.6	56.5	71.0	65.2	69.5
Central West (40)	60.0	56.3	64.1	60.7	66.6
South Eastern (45)	53.4	51.4	49.8	55.2	46.4
Murrumbidgee (50)	56.2	48.9	49.2	54.5	54.7
Murray (55)	8.2	5.6	7.6	7.8	3.1
Total NSW	909.9	804.5	914.0	958.4	1 039.6

Note Figures may not add to totals due to rounding.

Source Unpublished Government Finance Statistics, ABS New South Wales.

TABLE II.4 LOCAL GOVERNMENT COSTS AND PAYMENTS NSW
(\$ million)

	1994-95	1995-96	1996-97	1997-98	1998-99
SYDNEY-WOLLONGONG-NEWCASTLE ^a					
Interest payments	102	98	87	76	70
Depreciation	187	258	498	572	581
Other expenses and payments	1 875	2 047	2 126	2 205	2 345
Loan repayments	171	167	154	145	159
Total metropolitan	2 334	2 570	2 865	2 998	3 155
COUNTRY REGIONS ^b					
Interest payments	58	52	49	44	40
Depreciation	140	220	495	528	514
Other expenses and payments	1 027	1 107	1 128	1 120	1144
Loan repayments	88	98	96	84	95
Total country	1 313	1 476	1 768	1 776	1793
TOTAL NSW					
Interest payments	159	150	136	120	110
Depreciation	327	478	992	1 100	1095
Other expenses and payments	2 902	3 154	3 254	3 324	3489
Loan repayments	259	265	250	229	254
Total State	3 647	4 046	4 633	4 773	4948

a Sum of Sydney, Illawarra and Hunter Statistical Divisions.

b State total less Sydney, Illawarra and Hunter Statistical Divisions.

Source Unpublished Government Finance Statistics, ABS New South Wales.

TABLE II. 5 LOCAL GOVERNMENT REVENUES NSW
(\$ million)

	1994-95	1995-96	1996-97	1997-98	1998-99
SYDNEY-WOLLONGONG-NEWCASTLE ^a					
Own revenue	2 046	2 163	2 316	2 441	2 587
Government grants	407	434	415	387	425
Monetary contributions	255	211	257	209	346
Loan receipts	82	101	90	119	159
Sale of fixed assets	154	145	183	188	258
Total revenue	2 943	3 055	3 261	3 343	3 775
COUNTRY REGIONS ^b					
Own revenue	1 056	1 068	1 125	1 117	1 148
Government grants	383	370	368	360	370
Monetary contributions	126	157	190	87	108
Loan receipts	60	55	81	76	95
Sale of fixed assets	85	92	146	100	105
Total revenue	1 709	1 742	1 910	1 739	1 826
TOTAL NSW					
Own revenue	3 102	3 231	3 440	3 558	3 735
Government grants	790	804	783	747	795
Monetary contributions	380	369	447	296	454
Loan receipts	141	156	172	195	255
Sale of fixed assets	238	237	329	287	363
Total revenue	4 652	4 797	5 171	5 083	5 601

a Sum of Sydney, Illawarra and Hunter Statistical Divisions.

b State total less Sydney, Illawarra and Hunter Statistical Divisions.

Source Unpublished Government Finance Statistics, ABS New South Wales.

TABLE II.6 DONATED ROADS NSW

(\$ million)

<i>Statistical division</i>	1995-96	1996-97	1997-98	1998-99
Sydney	9	15	39	43
Hunter	7	4	4	11
Illawarra	0	3	2	1
Richmond-Tweed	5	7	6	4
Mid-North Coast	4	1	2	4
Northern	0	0	0	4
North Western	1	1	1	0
Central West	0	1	2	0
South Eastern	0	1	0	0
Murrumbidgee	0	0	0	0
Murray Darling	2	1	0	0
Far West	0	0	0	0
Total	28	35	57	68

na Not available.

Source Unpublished Government Finance Statistics, ABS New South Wales.

VICTORIA

ABS was not able to provide statistics on the value of roads donated to councils in Victoria. The value of any such donated assets would be counted in the figure for contributions from the private sector.

TABLE II.7 SUMMARY OF LGA ROAD EXPENDITURE VICTORIA
(*\$ million*)

<i>Region</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>
Melbourne ^a	280	316	321	333
Country regions ^b	244	246	266	258
Total Victoria	524	562	587	591

a Melbourne Statistical Division.

b Total Victoria less Melbourne Statistical Division.

Note Figures may not add to totals due to rounding.

Source Unpublished Government Finance Statistics, ABS Victoria.

TABLE II.8 ROAD SHARE OF ALL COUNCIL OUTLAYS ON GOODS AND SERVICES
VICTORIA
(*per cent*)

<i>Statistical division</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>
Melbourne	15	17	17	17
Barwon	17	20	27	19
Western District	26	27	34	29
Central Highlands	22	23	24	26
Wimmera	35	34	37	37
Mallee	25	27	26	23
Loddon	29	30	30	28
Goulburn	24	26	26	29
Ovens and Murray	31	22	24	26
Gippsland	26	24	23	26
Total Victoria	19	20	21	20

Note The figures in this table show road expenditure as a percentage of all council purchases of goods and services. The latter does not include interest payments, loan repayments or depreciation costs.

Source Unpublished Government Finance Statistics, ABS Victoria.

TABLE II.9 LGA ROAD EXPENDITURE VICTORIA
(\$ million)

<i>Statistical division</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>
Melbourne (05)	280.0	316.3	321.4	332.9
Barwon (10)	28.5	28.3	41.8	29.8
Western District (15)	26.0	24.8	34.4	30.0
Central Highlands (20)	21.0	20.5	22.0	25.3
Wimmera (25)	16.8	17.1	18.2	19.8
Mallee (30)	18.3	22.1	19.3	18.2
Loddon (35)	28.6	33.5	36.1	32.0
Goulburn (40)	35.9	42.7	35.9	39.4
Ovens and Murray (45)	22.0	14.9	15.1	17.5
East Gippsland (50)	16.2	14.1	16.8	18.5
Gippsland (55)	30.1	27.9	26.0	28.0
Total Victoria	523.6	562.2	587.0	591.4

Source Unpublished Government Finance Statistics, ABS Victoria.

TABLE II.10 LOCAL GOVERNMENT COSTS AND PAYMENTS VICTORIA
(\$ million)

	1995-96	1996-97	1997-98	1998-99
MELBOURNE STATISTICAL DIVISION				
Interest payments	31	23	26	27
Depreciation	176	174	326	328
Other expenses and payments	1 827	1 901	1 893	1 976
Loan repayments	141	62	52	63
Total outlays	2 174	2 161	2 298	2 394
COUNTRY REGIONS				
Interest payments	22	22	22	22
Depreciation	66	96	242	244
Other expenses and payments	992	958	950	974
Loan repayments	47	36	44	45
Total outlays	1 128	1 112	1 258	1 286
TOTAL VICTORIA				
Interest payments	53	45	48	49
Depreciation	242	270	569	573
Other expenses and payments	2 820	2 859	2 843	2 950
Loan repayments	188	97	96	109
Total outlays	3 302	3 272	3 556	3 680

Note Figures may not add to totals due to rounding.

Source Unpublished Government Finance Statistics, ABS Victoria.

TABLE II.11 LOCAL GOVERNMENT REVENUES VICTORIA
(\$ million)

	1995-96	1996-97	1997-98	1998-99
MELBOURNE STATISTICAL DIVISION				
Own revenue	1 982	1 194	1 497	1 612
Government grants	305	334	301	309
Loan receipts	21	18	58	91
Sale of fixed assets	106	128	85	69
Total revenue	2 414	1 674	1 941	2 081
COUNTRY REGIONS				
Own revenue	634	520	656	697
Government grants	283	282	278	282
Loan receipts	22	25	31	89
Sale of fixed assets	65	67	58	42
Total revenue	1 004	894	1 023	1 110
TOTAL VICTORIA				
Own revenue	2 614	1 714	2 153	2 309
Government grants	589	616	579	591
Loan receipts	43	43	89	180
Sale of fixed assets	172	195	143	111
Total revenue	3 418	2 568	2 964	3 191

Note Figures may not add to totals due to rounding.

Source Unpublished Government Finance Statistics, ABS Victoria.

QUEENSLAND

ABS arrangements for collecting financial data from Queensland councils differ from those followed in other States. In Queensland, ABS collects data from only some councils and estimates the rest. This reduces the level of reliability of the figures. Because of deadline constraints and other problems, it was not possible to obtain details of the total expenditures and revenues of Queensland councils.

ABS Queensland provided the following notes on its data.

- The 1993-94 figures were compiled on a cash basis while figures for other years were drawn from accrual-based financial statements.
- 1993-94 was the last year in which complete data were obtained from all LGAs.
- During 1993-94, some councils amalgamated or changed their boundaries. The data provided are on the basis of current LGA boundaries.
- The data for 1994-95 were not provided as they were all estimates.
- The value of donated assets was counted as part of contributions from the private sector for the years 1995-96 to 1997-98 and part of 1998-99.
- The roadworks expenditure figures do not include depreciation or interest payments.

Due to resource constraints, ABS Queensland has reassessed its approach to producing local government finance data. ABS Queensland decided (in agreement with the Queensland local Government Grants Commission) that from 1997-98 data would be collected from at least 50 LGAs each year, comprising the 20 largest of these together with a rotating sample of at least 30 of the remainder. For the years in question the degree of necessary estimation has been as follows: 1993-94, nil estimated; 1994-95, all estimated; 1995-96, 18 estimated; 1996-97, 11 estimated; 1997-98, 41 estimated; 1998-99, 20 fully estimated and 30 partly estimated.

ABS notes that the Queensland tables are a re-arrangement of the data provided by ABS Queensland—the item descriptions used are the BTE's own.

TABLE II.12 SUMMARY OF LGA ROAD EXPENDITURE QUEENSLAND
(\$ million)

<i>Region</i>	<i>1993-94</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>
Brisbane and Moreton	255	342	383	403	368
Country regions	290	350	389	421	287
Total Queensland	545	692	772	824	655

Note Figures may not add to totals due to rounding.

Source Unpublished Government Finance Statistics, ABS Queensland.

TABLE II.13 LGA ROAD EXPENDITURE QUEENSLAND
(\$ million)

<i>Statistical division</i>	<i>1993-94</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>
Brisbane-Moreton (05 & 10)	255.0	342.4	383.0	403.3	367.5
Wide Bay-Burnett (15)	53.9	62.3	70.8	75.4	50.6
Darling Downs (20)	65.3	67.6	83.1	77.7	49.8
South West (25)	25.9	28.4	31.5	32.7	20.3
Fitzroy (30)	6.1	7.9	9.9	10.4	9.5
Central West (35)	21.1	25.4	32.8	36.4	25.9
Central West (35)	25.8	31.6	32.6	41.6	32.0
Northern (45)	31.5	42.0	43.0	48.2	50.9
Far North (50)	43.2	61.0	48.0	61.2	35.4
North West (55)	16.8	23.4	37.6	37.2	12.8
Total Queensland	544.6	692.1	772.4	824.3	654.9

Note Figures may not add to totals due to rounding.

Source Unpublished Government Finance Statistics, ABS Queensland.

TABLE II.14 DONATED ROADS QUEENSLAND 1998-99
(\$ million)

<i>Statistical division</i>	<i>Value</i>
Brisbane & Moreton	71.7
Total Wide Bay-Burnett	1.6
Darling Downs	1.3
South West	..
Fitzroy	1.8
Central west	0
Mackay	2.4
Northern	9.9
Far North	1.6
North West	0
Total	90.4

.. Less than \$50 000.

Source Unpublished Government Finance Statistics, ABS
Queensland.

SOUTH AUSTRALIA

TABLE II.15 SUMMARY OF LGA ROAD EXPENDITURE SOUTH AUSTRALIA
(*\$ million*)

	1993-94	1994-95	1995-96	1996-97	1997-98
Adelaide	75	74	78	86	87
Country regions	58	62	68	73	72
Total South Australia	133	136	146	159	159

Note Figures may not add to totals due to rounding.

Source Unpublished Government Finance Statistics, ABS South Australia.

TABLE II.16 ROAD SHARE OF ALL COUNCIL OUTLAYS ON GOODS AND SERVICES
SOUTH AUSTRALIA
(*per cent*)

<i>Statistical division</i>	1993-94	1994-95	1995-96	1996-97	1997-98
Adelaide	17	16	16	16	16
Outer Adelaide	26	29	27	27	26
Yorke and Lower North	29	31	34	33	34
Murray Lands	29	25	28	30	29
South East	23	22	26	26	29
Eyre	26	29	26	26	25
Northern	18	17	17	19	15
Total South Australia	20	19	20	20	20

Note The figures in this table show road expenditure as a percentage of all council purchases of goods and services. The latter does not include interest payments, loan repayments or depreciation costs.

Source Unpublished Government Finance Statistics, ABS South Australia.

TABLE II.17 LGA ROAD EXPENDITURE SOUTH AUSTRALIA
(\$ million)

<i>Statistical division</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>
Adelaide (05)	74.8	73.8	77.6	85.7	87.5
Outer Adelaide (10)	15.6	19.2	19.0	19.6	20.2
Yorke & Lower North (15)	9.3	9.9	11.1	11.8	11.5
Murray Lands (20)	10.4	10.1	12.0	13.1	13.0
South East (25)	8.3	8.7	10.7	11.8	12.8
Eyre (30)	6.5	7.0	7.5	7.6	7.0
Northern (35)	8.2	7.5	8.3	9.1	7.4
Total South Australia	133.1	136.2	146.1	158.8	159.3

Source Unpublished Government Finance Statistics, ABS Queensland.

TABLE II.18 LOCAL GOVERNMENT COSTS AND PAYMENTS SOUTH AUSTRALIA
(\$ million)

	1993-94	1994-95	1995-96	1996-97	1997-98
ADELAIDE					
Interest payments	36	23	22	18	17
Depreciation	25	42	76	106	109
Capital purchases	101	109	110	129	118
Other expenses and payments	330	349	373	393	413
Loan repayments	41	38	43	27	43
Total outlays	534	561	624	674	700
COUNTRY REGIONS					
Interest payments	11	10	9	9	9
Depreciation	14	21	31	68	85
Capital purchases	77	79	89	88	85
Other expenses and payments	158	167	176	189	193
Loan repayments	17	18	17	18	21
Total outlays	276	295	323	373	392
TOTAL SOUTH AUSTRALIA					
Interest payments	47	32	31	27	25
Depreciation	39	63	107	175	194
Capital purchases	178	188	199	218	203
Other expenses and payments	489	516	550	582	606
Loan repayments	58	56	60	46	64
Total outlays	810	856	947	1 047	1 093

Note Figures may not add to totals due to rounding.

Source Unpublished Government Finance Statistics, ABS South Australia.

TABLE II.19 LOCAL GOVERNMENT REVENUES SOUTH AUSTRALIA
(\$ million)

	1993-94	1994-95	1995-96	1996-97	1997-98
ADELAIDE					
Own revenue	381	406	424	440	443
Grants from C'wealth ^a	8	6	4	3	2
State grants comprising	61	56	59	62	60
• per capita grants ^b	33	33	34	36	35
• road length grants ^b	6	7	7	7	7
• others	22	17	18	19	18
Monetary contributions	4	3	2	2	3
Loan receipts	16	22	16	24	55
Sales of fixed assets	15	22	17	19	25
Total revenue	485	516	522	551	588
COUNTRY REGIONS					
Own revenue	167	180	191	202	204
Grants from C'wealth ^a	2	4	2	3	3
State grants comprising	58	57	58	63	59
• per capita grants ^b	29	29	31	32	31
• road length grants ^b	9	9	10	10	10
• others	19	18	17	21	18
Monetary contributions	3	2	2	2	2
Loan receipts	19	23	22	19	16
Sales of fixed assets	11	12	15	13	18
Total revenue	260	278	291	302	302
TOTAL SOUTH AUSTRALIA					
Own revenue	549	587	615	643	647
Grants from C'wealth ^a	10	10	6	6	5
State grants comprising	118	113	117	125	119
• per capita grants ^b	62	62	65	67	66
• road length grants ^b	16	16	17	17	17
• others	41	35	34	41	36
Monetary contributions	7	5	5	3	5
Loan receipts	35	45	38	44	71
Sales of fixed assets	26	34	32	32	42
Total revenue	746	794	813	852	889

a Commonwealth grants paid direct to local government authorities.

b Commonwealth Federal Assistance Grants paid via the State Government.

Note Figures may not add to totals due to rounding.

Source Unpublished Government Finance Statistics, ABS South Australia.

TABLE II.20 DONATED ROADS SOUTH AUSTRALIA
(\$ million)

<i>Statistical division</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>
Adelaide	16	11	4	4	13
Outer Adelaide	0	1	1	1	1
Murray Lands	..	..	..	0	0
Northern	0	0	0	1	2
SA total	16	12	5	6	16

.. Less than \$0.5 million.

Source Unpublished Government Finance Statistics, ABS South Australia.

WESTERN AUSTRALIA

ABS was not able to provide statistics on the value of roads donated to councils in Western Australia. The value of any such donated assets would be counted in the figure for contributions from the private sector.

TABLE II.21 SUMMARY OF LGA ROAD EXPENDITURE WESTERN AUSTRALIA
(*\$ million*)

<i>Region</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>
Perth	na	135	153	166	217
Country regions	na	138	168	181	212
Total Western Australia	233	272	321	346	429

Note Figures may not add to totals due to rounding.

Source Unpublished Government Finance Statistics, ABS Western Australia.

TABLE II.22 ROAD SHARE OF ALL COUNCIL OUTLAYS ON GOODS AND SERVICES
WESTERN AUSTRALIA
(*per cent*)

<i>Statistical division</i>	<i>1994-95</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>
Perth	23	24	24	28
South West	26	28	28	27
Lower Great Southern	38	41	36	41
Upper Great Southern	43	42	44	41
Midlands	39	42	42	50
South Eastern	44	38	44	33
Central	40	45	47	54
Pillar	28	36	33	39
Kimberley	35	38	37	36
Total Western Australia	28	29	29	32

Note The figures in this table show road expenditure as a percentage of all council purchases of goods and services. The latter does not include interest payments, loan repayments or depreciation costs.

Source Unpublished Government Finance Statistics, ABS Western Australia.

TABLE II.23 LGA ROAD EXPENDITURE WESTERN AUSTRALIA
(\$ million)

<i>Statistical division</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>
Perth (05)	na	134.5	153.1	165.7	216.6
South West (10)	na	24.7	28.4	33.0	36.4
Lower Great Southern (15)	na	14.4	18.9	19.5	22.9
Upper Great Southern (20)	na	10.9	12.8	14.2	13.9
Midlands (25)	na	23.4	31.1	33.8	49.1
South Eastern (30)	na	18.8	19.3	21.0	22.5
Central (35)	na	25.7	28.9	30.5	34.7
Pilbara (40)	na	10.9	18.2	16.5	21.9
Kimberley (45)	na	9.1	10.7	12.0	10.9
Total Western Australia	233.1	272.4	321.3	346.2	428.9

na Not available.

Source Unpublished Government Finance Statistics, ABS Western Australia.

TABLE II.24 LOCAL GOVERNMENT COSTS AND PAYMENTS WESTERN AUSTRALIA
(\$ million)

	1993-94	1994-95	1995-96	1996-97	1997-98
PERTH					
Interest payments	na	10	7	6	5
Loan repayments	na	8	9	10	14
Depreciation	na	38	43	77	150
Other expenses and payments	na	583	641	703	786
Total outlays	na	639	700	796	955
COUNTRY REGIONS					
Interest payments	na	9	8	8	8
Loan repayments	na	8	3	-4	14
Depreciation	na	32	33	73	176
Other expenses and payments	na	392	449	485	554
Total outlays	na	441	494	562	752
TOTAL WESTERN AUSTRALIA					
Interest payments	21	19	16	14	13
Loan repayments	14	16	12	6	28
Depreciation	40	70	76	150	327
Other expenses and payments	903	975	1 091	1 187	1 340
Total outlays	977	1 080	1 194	1 357	1 707

na Not available.

Note Figures may not add to totals due to rounding.

Source Unpublished Government Finance Statistics, ABS Western Australia.

TABLE II.25 LOCAL GOVERNMENT REVENUES WESTERN AUSTRALIA
(\$ million)

	1993-94	1994-95	1995-96	1996-97	1997-98
PERTH					
Own revenue	na	358	377	397	408
Grants	na	84	112	97	88
Monetary contributions	na	15	26	22	54
Loan receipts	na	na	na	na	10
Sale of fixed assets	na	21	28	26	42
Total revenue	na	667	723	735	819
COUNTRY REGIONS					
Own revenue	na	167	182	195	205
Grants	na	128	149	161	170
Monetary contributions	na	14	24	20	24
Loan receipts	na	na	na	na	22
Sale of fixed assets	na	30	33	34	48
Total revenue	na	419	475	503	559
TOTAL WESTERN AUSTRALIA					
Own revenue	486	525	559	592	613
Grants	223	212	261	258	258
Monetary contributions	19	29	50	42	79
Loan receipts	29	na	na	na	32
Sale of fixed assets	39	51	60	60	89
Total revenue	1 000	1 085	1 198	1 238	1 378

na Not available.

Note Figures may not add to totals due to rounding.

Source Unpublished Government Finance Statistics, ABS Western Australia.

TASMANIA

There are no data available for Tasmania on contributions from the private sector or donated roads.

TABLE II.26 LGA ROAD EXPENDITURE TASMANIA
(*\$ million*)

<i>Statistical division</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>
Greater Hobart – Southern (05 and 10)	34	35	35	40	40
Northern (15)	23	24	29	26	29
Mersey – Lyell (20)	16	17	21	21	21
Total Tasmania	72	77	84	87	90

Source Unpublished Government Finance Statistics, ABS Tasmania.

TABLE II.2 ROAD SHARE OF ALL COUNCIL OUTLAYS ON GOODS AND SERVICES
TASMANIA(*per cent*)

<i>Statistical division</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>
Greater Hobart–Southern	21	20	18	19	20
Northern	26	26	29	26	26
Mersey – Lyell	21	21	23	22	22
Total Tasmania	22	22	22	21	22

Source Unpublished Government Finance Statistics, ABS Tasmania.

TABLE II.28 LOCAL GOVERNMENT COSTS AND PAYMENTS TASMANIA
(\$ million)

	1993-94	1994-95	1995-96	1996-97	1997-98
GREATER HOBART-SOUTHERN					
Interest payments	10	9	8	8	8
Depreciation	25	28	35	48	53
Other expenses and payments	160	174	193	212	198
Total outlays	195	211	236	268	259
NORTHERN					
Interest payments	5	5	3	3	3
Depreciation	18	21	25	26	30
Other expenses and payments	88	93	99	100	111
Total outlays	111	118	127	128	144
MERSEY-LYELL					
Interest payments	6	5	5	5	4
Depreciation	15	20	22	26	27
Other expenses and payments	77	81	91	95	95
Total outlays	98	106	118	125	126
TOTAL TASMANIA					
Interest payments	20	19	16	16	14
Depreciation	58	69	82	100	110
Other expenses and payments	326	347	383	407	404
Total outlays	404	435	482	522	528

Note Figures may not add to totals due to rounding.

Source Unpublished Government Finance Statistics, ABS Tasmania.

TABLE II.29 LOCAL GOVERNMENT REVENUES TASMANIA
(\$ million)

	1994-95	1995-96	1996-97	1997-98	1998-99
GREATER HOBART-SOUTHERN					
Own revenue	132	141	149	155	161
Grants	30	26	32	31	30
Monetary contributions	5	8	9	8	8
Loan receipts	1	-2	2	4	1
Sale of fixed assets and land	5	5	6	8	5
Total revenue	173	177	198	206	205
NORTHERN					
Own revenue	73	77	80	83	93
Grants	17	18	19	18	19
Monetary contributions	2	4	3	3	2
Loan receipts	1	-8	-5	-2	-1
Sale of fixed assets and land	3	3	4	3	3
Total revenue	97	94	102	104	115
MERSEY – LYELL					
Own revenue	69	73	78	80	81
Grants	13	14	15	15	14
Monetary contributions	2	1	4	2	2
Loan receipts	-3	-5	-4	-2	-3
Sale of fixed assets and land	3	4	4	4	6
Total revenue	85	87	96	99	100
TOTAL TASMANIA					
Own revenue	274	291	307	318	334
Grants	61	58	65	64	63
Monetary contributions	9	13	17	13	11
Loan receipts	-1	-15	-7	0	-3
Sale of fixed assets and land	11	12	14	15	14
Total revenue	355	359	396	409	420

Note Figures may not add to totals due to rounding.

Source Unpublished Government Finance Statistics, ABS Tasmania.

APPENDIX III COMMONWEALTH FINANCIAL ASSISTANCE GRANTS

Most of the financial assistance received by local government from the Commonwealth comes in the form of Financial Assistance Grants (FAGs). Paid under the *Local Government (Financial Assistance) Act 1995*, FAGs comprise 'general purpose grants' and 'identified local roads grants'⁸. In 1998-99, FAGs totalled \$1.2 billion.

Government's aims in paying FAGs are to strengthen councils, so they can provide a wide range of services, to promote equity of service standards between councils, and to provide certainty of funding (NOLG 1999, p. 15).

Organisations eligible to receive FAGs include all councils constituted under State local government Acts and, subject to approval by Commonwealth and State ministers, informal local government bodies, such as Aboriginal and Torres Strait Islander community councils. In 1998-99, a total of 730 councils received financial assistance grants, including 100 'informal' local government bodies.

For constitutional reasons, the Commonwealth pays FAGs to the State and Territory Governments and they, in turn, onforward the money to their local government authorities (except in the ACT, where the Territory government also performs the role of local government).

FAGs are initially paid to States on the condition that the money is passed on to local government, but no conditions apply to councils for either the general purpose or roads grants; the grants are said to be 'untied'. This means that councils can spend road grant money for other purposes, such as health, housing or culture.

This has not always been the case. Prior to 1991-92, local roads FAGs were paid as tied grants, so that councils had to spend the money on roads. The decision to untie roads grants was agreed at the Special Premiers' Conference in 1990.

Under the terms of the 1995 Act, the Commonwealth Treasurer is responsible for deciding on the total amount paid for both general purpose and local roads grants. The Act also stipulates certain matters that the Treasurer must consider

⁸ In addition to FAGs, Councils receive other payments from the Commonwealth that are tied to specific purposes, such as health, aged care or natural disaster relief. Specific purpose payments totalled \$203 million in 1998-99. For details, see NOLG 1999, p. 4.

in deciding these amounts but, in reality, the practice of recent years has been to adjust grants in proportion to increases in population and inflation.

Once the total amounts have been decided, general purpose FAGs are divided among jurisdictions on a *pro rata* basis according to their population sizes. Calculations are based on ABS estimates of population as at 31 December the previous year. With the roads grants, however, each jurisdiction receives a specific percentage of the total. The percentage shares do not vary from year to year and are the same as those that applied prior to 1991 when roads grants were tied⁹.

Responsibility for allocating FAGs among councils in each jurisdiction lies with the States' or Territory's Local Government Grants Commissions. With the exception of the ACT, a Local Government Grants Commission operates in each jurisdiction and, in allocating FAGs, they follow a set of 'national principles' stipulated in the 1995 Act. In practice, however, each Commission has developed its own unique set of systems and procedures for allocating general purpose and roads grants. From an empirical point of view, they are quite different.

For allocating roads grants, most Commissions have developed equations for calculating the entitlement of each council on the basis of its population, length of roads and other variables. In some jurisdictions, the allocation algorithm also defines the total shares of rural and city councils and reserves a specified share for roads serving Aboriginal communities. Details of the various methods used to allocate both general purpose and roads grants are outlined in an annual report from the National Office of Local Government (1999).

The tables in this appendix give a summary of FAG payments for the seven years to 1998-99, plus an analysis of payments to each jurisdiction.¹⁰ There are two tables for each jurisdiction (except the ACT): the first shows the value of road grants paid to councils in each statistical division; the second shows the value of all grants (both general purpose and roads).

Both tables also show the amounts paid to city and country councils. For NSW, the city figures show payments to councils in the Sydney, Illawarra and Hunter Statistical Divisions. For other jurisdictions, the city figures show payments to councils in the capital city statistical division.

The summary tables show that, in 1998-99, Financial Assistance grants totalled \$1,233 million, of which city councils received \$479 million (39 per cent) and country councils, \$754 million (61 per cent) (table III.2).

Of this total, roads grants accounted for \$379 million, of which \$123 million (32 per cent) was paid to city councils and \$256 million (68 per cent) to country councils (table III.1).

⁹ The BTE has not been able to discover how the percentages were originally calculated.

¹⁰ The tables show 'actual entitlements', which may differ slightly from cash payments. For details of the difference, see NOLG 1999, p. 16.

TABLE III.1 FINANCIAL ASSISTANCE GRANTS (ROADS) AUSTRALIA
(\$ million)

<i>Jurisdiction</i>	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
NSW	96	97	99	104	107	107	110
Victoria	68	69	70	74	76	76	78
Queensland	62	62	64	67	69	69	71
South Australia	18	18	19	20	20	20	21
Western Australia	50	51	52	55	57	57	58
Tasmania	17	18	18	19	20	20	20
Northern Territory	8	8	8	8	9	9	9
ACT ^a	0	0	0	11	12	12	12
City	97	98	100	117	121	119	123
Country	222	225	230	241	249	250	256
Total Australia	319	322	330	358	370	370	379

a The ACT first received FAGs in 1995-96. They are paid to the Territory Government.

Note Figures may not add to totals due to rounding.

Source BTE, derived from NOLG data.

TABLE III.2 FINANCIAL ASSISTANCE GRANTS (TOTAL) AUSTRALIA
(\$ million)

<i>Jurisdiction</i>	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
NSW	349	352	360	377	390	389	399
Victoria	257	259	264	276	284	283	290
Queensland	190	193	201	213	221	222	228
South Australia	80	81	82	86	88	87	89
Western Australia	121	122	125	132	137	137	141
Tasmania	37	38	39	40	41	41	42
Northern Territory	15	15	15	16	17	17	18
ACT ^a	0	0	0	25	26	26	26
City	428	427	433	474	484	471	479
Country	621	632	653	690	720	732	754
Total Australia	1049	1059	1087	1165	1204	1202	1233

a The ACT first received FAGs in 1995-96. They are paid to the Territory Government.

Notes Figures may not add to totals due to rounding.
Figures include road grants.

Source BTE, derived from NOLG data.

TABLE III.3 FINANCIAL ASSISTANCE GRANTS (ROADS) NSW
(\$ million)

<i>Statistical division</i>	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Sydney	21	21	22	23	24	23	24
Hunter	7	7	8	8	8	8	8
Illawarra	4	4	4	4	4	4	4
Richmond-Tweed	4	4	4	5	5	5	5
Mid-North Coast	6	7	7	7	7	7	7
Northern	11	11	11	12	12	12	12
North Western	9	10	10	10	10	11	11
Central West	10	10	10	11	11	11	11
South Eastern	7	7	7	8	8	8	8
Murrumbidgee	8	8	8	9	9	9	9
Murray	7	7	7	8	8	8	8
Far West	1	1	1	1	1	1	1
City	32	32	33	34	36	36	37
Country	64	64	66	69	72	71	73
Total NSW	96	97	99	104	107	107	110

Note Figures may not add to totals due to rounding.

Source BTE, derived from NOLG data.

TABLE III.4 FINANCIAL ASSISTANCE GRANTS (TOTAL) NSW
(\$ million)

<i>Region</i>	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
City	169	168	170	176	181	180	185
Country	180	184	191	201	209	209	214
Total NSW	349	352	360	377	390	389	399

Notes Figures may not add to totals due to rounding. Figures include road grants.

Source BTE, derived from NOLG data.

TABLE III.5 FINANCIAL ASSISTANCE GRANTS (ROADS) VICTORIA
(\$ million)

<i>Statistical division</i>	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Melbourne	22	22	23	24	24	24	25
Barwon	4	4	5	5	5	5	6
Western District	5	6	5	6	6	6	6
Central Highlands	4	4	4	5	5	5	5
Wimmera	4	4	4	4	4	4	4
Mallee	4	4	4	4	4	4	4
Loddon	5	6	6	6	6	6	6
Goulburn	7	7	8	8	8	9	9
Ovens & Murray	3	3	3	3	4	4	4
East Gippsland	3	4	4	4	4	4	4
Gippsland	5	5	5	5	5	5	5
City	22	22	23	24	24	24	25
Country	46	47	48	50	52	52	53
Total Victoria	68	69	70	74	76	76	78

Note Figures may not add to totals due to rounding.

Source BTE, derived from NOLG data.

TABLE III.6 FINANCIAL ASSISTANCE GRANTS (TOTAL) VICTORIA
(\$ million)

<i>Region</i>	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
City	117	116	118	123	127	124	128
Country	140	142	146	152	157	159	163
Total Victoria	257	259	264	276	284	283	290

Note Figures may not add to totals due to rounding. Figures include road grants.

Source BTE, derived from NOLG data.

TABLE III.7 FINANCIAL ASSISTANCE GRANTS (ROADS) QUEENSLAND
(\$ million)

<i>Statistical division</i>	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Brisbane	16	17	17	18	19	19	19
Moreton	3	3	4	4	4	4	4
Wide Bay-Burnett	6	6	6	7	7	7	7
Darling Downs	7	7	8	8	8	8	8
South West	5	5	5	6	6	6	6
Fitzroy	5	5	5	5	6	5	6
Central West	4	4	4	4	4	4	4
Mackay	3	3	3	3	3	3	3
Northern	4	4	4	4	4	4	4
Far North	5	5	5	5	5	5	5
North West	3	3	3	3	3	3	3
Unincorporated Communities	..	..	..	1	1	1	1
City	16	17	17	18	19	19	19
Country	45	46	47	49	50	51	52
Total Queensland	62	62	64	67	69	69	71

.. Less than \$0.5 million.

Note Figures may not add to totals due to rounding.

Source BTE, derived from NOLG data.

TABLE III.8 FINANCIAL ASSISTANCE GRANTS (TOTAL) QUEENSLAND
(\$ million)

<i>Region</i>	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
City	51	51	52	53	53	52	51
Country	139	142	149	160	169	170	178
Total Queensland	190	193	201	213	221	222	228

Note Figures may not add to totals due to rounding. Figures include road grants.

Source BTE, derived from NOLG data.

TABLE III.9 FINANCIAL ASSISTANCE GRANTS (ROADS) SOUTH AUSTRALIA
(\$ million)

<i>Statistical division</i>	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Adelaide	7.3	7.5	7.5	7.5	7.9	6.4	6.8
Outer Adelaide	2.1	1.7	2.2	2.4	2.2	3.5	3.6
Yorke and Lower North	1.9	1.8	2.0	2.1	2.1	2.0	1.9
Murray Lands	1.8	1.9	1.7	1.9	2.3	2.3	2.7
South East	1.5	1.5	1.6	1.8	1.7	1.8	1.7
Eyre	1.6	1.7	1.7	1.9	1.9	1.8	2.1
Northern	2.0	2.1	1.9	2.0	2.0	2.2	1.9
Unincorporated Communities	0.0	0.0	0.1	0.1	0.1	0.1	0.1
City	7.3	7.5	7.5	7.5	7.9	6.5	6.8
Country	10.8	10.8	11.3	12.2	12.4	13.9	14.0
Total SA	18.1	18.3	18.8	19.7	20.3	20.3	20.8

Note Figures may not add to totals due to rounding.

Source BTE, derived from NOLG data.

TABLE III.10 FINANCIAL ASSISTANCE GRANTS (TOTAL) SOUTH AUSTRALIA
(\$ million)

<i>Region</i>	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
City	41	41	42	43	43	35	34
Country	39	39	41	43	45	52	54
Total SA	80	81	82	86	88	87	89

Note Figures may not add to totals due to rounding. Figures include road grants.

Source BTE, derived from NOLG data.

TABLE III.11 FINANCIAL ASSISTANCE GRANTS (ROADS) WESTERN AUSTRALIA
(\$ million)

<i>Statistical division</i>	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Perth	10	11	11	13	14	13	14
South West	7	7	7	7	7	7	7
Lower Great Southern	4	4	4	4	4	5	5
Upper Great Southern	5	4	4	5	5	5	5
Midlands	10	10	10	10	11	11	11
South Eastern	4	4	4	4	5	5	5
Central	7	6	7	7	7	7	7
Pilbara	2	2	2	2	2	2	2
Kimberley	2	2	2	2	3	2	3
City	10	11	11	13	14	13	14
Country	40	40	41	42	43	43	44
Total WA	50	51	52	55	57	57	58

Note Figures may not add to totals due to rounding.

Source BTE, derived from NOLG data.

TABLE III.12 FINANCIAL ASSISTANCE GRANTS (TOTAL) WESTERN AUSTRALIA
(\$ million)

<i>Region</i>	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
City	32	32	34	35	36	34	36
Country	89	90	92	97	101	103	105
Total WA	121	122	125	132	137	137	141

Note Figures may not add to totals due to rounding. Figures include road grants.

Source BTE, derived from NOLG data.

TABLE III.13 FINANCIAL ASSISTANCE GRANTS (ROADS) TASMANIA
(\$ million)

<i>Statistical division</i>	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Greater Hobart – Southern	7	7	7	7	8	8	8
Northern	6	6	6	6	7	7	7
Mersey – Lyell	5	5	5	5	5	5	5
City	7	7	7	7	8	8	8
Country	11	11	11	12	12	12	12
Total Tasmania	17	18	18	19	20	20	20

Note Figures may not add to totals due to rounding.

Source BTE, derived from NOLG data.

TABLE III.14 FINANCIAL ASSISTANCE GRANTS (TOTAL) TASMANIA
(\$ million)

<i>Statistical division</i>	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Greater Hobart – Southern	15	15	15	15	16	16	16
Northern	12	12	13	13	13	13	14
Mersey – Lyell	11	11	11	12	12	12	12
City	15	15	15	15	16	16	16
Country	23	23	24	25	26	25	26
Total Tasmania	37	38	39	40	41	41	42

Note Figures may not add to totals due to rounding. Figures include road grants.

Source BTE, derived from NOLG data.

TABLE III.15 FINANCIAL ASSISTANCE GRANTS (ROADS) NORTHERN TERRITORY
(\$ million)

<i>Region</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>
Darwin & Palmerston	1.8	1.8	1.7	1.8	1.6	1.5	1.6
Rest of NT	5.9	6.0	6.3	6.6	7.2	7.2	7.2
Total NT	7.7	7.8	8.0	8.4	8.7	8.7	8.9

Note Figures may not add to totals due to rounding.

Source BTE, derived from NOLG data.

TABLE III.16 FINANCIAL ASSISTANCE GRANTS (TOTAL) NORTHERN TERRITORY
(\$ million)

<i>Region</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>
Darwin & Palmerston	3.3	3.5	3.5	3.7	3.4	3.4	3.6
Rest of NT	11.5	11.5	11.9	12.4	13.4	13.6	13.9
Total NT	14.9	15.0	15.4	16.1	16.8	17.0	17.5

Note Figures may not add to totals due to rounding. Figures include road grants.

Source BTE, derived from NOLG data.

APPENDIX IV BLACK SPOT PROGRAM

A 'black spot' is a specific site or section in the road system that is particularly prone to serious accidents involving death or serious injury. The Black Spot Program is a Federal scheme to reduce accidents at such sites by funding remedial roadworks (ATSB, pers. comm.).

To qualify for funding, a site must have a record of three or more serious accidents or be identified as a hazardous location by a safety audit. It must also be demonstrated that the proposed remedial work is cost-efficient, with the project returning a benefit-cost ratio of 2:1 or better.

Funding under the Black Spot Program can be secured for any safety-related road construction work, and for alteration or remedial work. The program does not fund purchase of road-building plant or equipment, or road maintenance costs. Nor does it fund the on-going costs of a project after its completion.

At the Commonwealth level, the Black Spot Program is administered by the Australian Transport Safety Bureau (ATSB). Funds are paid to State transport agencies, which manage the implementation of approved works on both State and local roads. Projects on local roads can be carried out direct by State agencies or delegated to the councils responsible for the areas where works are sited.

Any individual or organisation, including local government authorities, may nominate Black Spot projects. Black Spot Consultative Panels comprising representatives from Commonwealth, State and local governments plus community and road user organisations have been established in each State as an independent forum for input and comment on all proposals arising within a State. Projects endorsed for funding by panels are then submitted for approval by the Parliamentary Secretary to the Minister for Transport and Regional Services.

The scheme applies to State and local roads, but not National Highways or roads of national importance where Commonwealth funding is available. Safety works on these roads may qualify for funds under the Commonwealth *Australian Land Transport Development Act 1988*.

Table IV.1 gives an analysis of Black Spot funding for all roads for the four years to 1999-2000. Table IV.2 shows Black Spot expenditure on local roads. The

figures were compiled by the Australian Transport Safety Bureau from data supplied by road authorities.

For 1999-2000, expenditure on all Black Spot projects totalled \$37 million comprising \$18 million spent in urban areas and \$19 million in the country. Of this, the local road share totalled \$14 million, with \$8 million spent in urban areas and \$6 million on country local roads.

It should be noted that, because of differences in the underlying definitions, these figures might not be directly comparable to road statistics from other sources. For the purpose of classifying expenditure under the Black Spot Program, an 'urban area' is generally defined as any statistical division with a population over 100 000, but with special rules for the smaller jurisdictions. All expenditure in the ACT is counted as 'urban' and all expenditure in Tasmania and the Northern Territory as 'country'.

For the purposes of this study, it was assumed that all the amounts shown in table IV.2 were paid by State authorities to councils. In reality, however, it is possible that some Black Spot works on local roads were carried out direct by State authorities.

TABLE IV.1 COMMONWEALTH BLACK SPOT PAYMENTS FOR ALL ROADS
(\$ million)

<i>Jurisdiction</i>	1996-97	1997-98	1998-99	1999-00
URBAN				
NSW	6.3	5.4	6.1	5.6
Victoria	3.4	3.9	4.7	5.1
Qld	4.0	1.8	3.6	3.6
WA	2.2	2.1	2.3	2.5
SA	0.8	1.2	0.8	0.9
Tasmania ^a	0.0	0.0	0.0	0.0
ACT ^a	0.3	0.9	0.0	0.6
NT ^a	0.0	0.0	0.0	0.0
Total	17.0	15.4	17.6	18.4
COUNTRY				
NSW	7.3	6.3	6.1	4.5
Victoria	6.8	3.6	3.4	3.5
Qld	4.9	5.3	3.5	4.5
WA	2.4	2.0	2.1	2.5
SA	2.7	1.9	1.2	2.5
Tasmania ^a	1.5	0.6	1.0	1.0
ACT ^a	0.0	0.0	0.0	0.0
NT ^a	0.8	0.3	0.7	0.9
Total	26.6	19.9	17.9	19.3
TOTAL				
NSW	13.6	11.7	12.2	10.1
Victoria	10.3	7.5	8.2	8.6
QLD	8.9	7.1	7.1	8.1
WA	4.6	4.1	4.4	5.0
SA	3.5	3.1	2.0	3.4
Tasmania ^a	1.5	0.6	1.0	1.0
ACT ^a	0.3	0.9	0.0	0.6
NT ^a	0.8	0.3	0.7	0.9
Total	43.6	35.1	35.5	37.3

a All ACT expenditures are counted as urban, All Tasmanian and NT expenditure as country.

Note The amounts shown above include payments for State, Territory and local government roads.

Source ATSB, pers. comm.

TABLE IV.2 COMMONWEALTH BLACK SPOT PAYMENTS FOR LOCAL ROADS
(\$ million)

<i>Jurisdiction</i>	1996-97	1997-98	1998-99	1999-00
URBAN				
NSW	1.1	2.5	2.5	2.9
Victoria	1.1	1.2	0.5	0.8
Qld	4.0	0.9	2.4	1.7
WA	1.7	1.6	1.8	2.4
SA	0.1	0.0	0.4	0.2
Tasmania ^a	0.0	0.0	0.0	0.0
ACT ^a	0.0	0.0	0.0	0.0
NT ^a	0.0	0.0	0.0	0.0
Total	8.0	6.2	7.5	8.0
COUNTRY				
NSW	3.0	3.0	3.3	1.5
Victoria	2.6	2.7	0.4	0.9
Qld	2.8	2.0	2.1	1.6
WA	0.3	1.2	0.4	1.0
SA	0.2	0.2	0.2	0.1
Tasmania ^a	0.6	0.5	0.5	0.6
ACT ^a	0.0	0.0	0.0	0.0
NT ^a	0.3	0.2	0.3	0.4
Total	9.8	9.8	7.2	6.1
TOTAL				
NSW	4.1	5.5	5.8	4.4
Victoria	3.7	3.8	0.9	1.6
QLD	6.8	2.9	4.4	3.2
WA	2.1	2.8	2.2	3.5
SA	0.3	0.2	0.6	0.3
Tasmania ^a	0.6	0.5	0.5	0.6
ACT ^a	0.0	0.0	0.0	0.0
NT ^a	0.3	0.2	0.3	0.4
Total	17.8	15.9	14.7	14.0

a ACT expenditures are counted as all urban, Tasmanian and NT expenditure as all country.

Source ATSB, pers. comm.

APPENDIX V STATE PAYMENTS

This appendix gives details of the road funding payments received by councils from State Governments. Unless stated otherwise, all payments are additional to Commonwealth road funding.

NEW SOUTH WALES

In New South Wales, the State Government has set up a three-tier system for the management and funding of roads. The Roads and Traffic Authority (RTA) is responsible for the major roads, known as State Roads, while local government authorities take care of secondary routes known as regional roads and local roads.

As a generalisation, councils receive substantial financial assistance payments from the RTA for works on regional roads, plus small amounts for local roads. Many councils also carry out work on State Roads for the RTA on an agreed basis. Taken together, these payments have averaged just over \$300 million per annum in recent years (table V.1).

In 1998-99, RTA payments to councils totalled \$312 million comprising:

- \$108 million as reimbursement for work on State roads.
- \$110 million for regional roads. This comprised 'block grants', to be spent at the discretion of councils, plus 'specific works' grants paid on a dollar-for-dollar basis. The system for paying specific purpose money is described below.
- \$17 million from the 3X3 Special Road Funding Program for projects selected by councils (See box V.1). The RTA understands that councils applied these funds roughly 50:50 between regional and local roads.
- \$40 million for repairing damage to regional or local roads from declared natural disasters.
- \$35 million for safety and traffic management works on State, regional and local roads. This money is on top of Federal Black Spot funding.

TABLE V.1 NEW SOUTH WALES ROAD PAYMENTS TO COUNCILS
(\$ million)

<i>Program</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>	<i>1999-00</i>
Payment for work on state roads ^a	120	126	126	108	124
Assistance for regional roads ^a	104	100	105	110	105
Assistance for local roads ^b	9	6	2	2	2
3X3 program ^a	5	24	16	17	15
Natural disaster restoration ^a	16	24	13	40	24
Road safety and traffic management works ^b	43	46	45	35	37
Total	297	326	307	312	307

a Majority spent on country roads.

b Majority spent on city roads.

Source NSW Roads and Traffic Authority, pers. comms. 15 June 2000 and 23 Feb 2001.

The RTA has set up special arrangements for allocating specific works grants for regional roads (second line, table V.1). Each year, the money is divided among the six 'road regions' into which the state is divided. Regional consultative committees of councils, facilitated by the RTA, agree criteria for ranking projects and allocating the money. Councils then draft project proposals, submit them for evaluation, and the highest priority projects are funded. RTA and the consultative committees do the evaluation—according to the agreed criteria—although, in one region, a consultant is hired for the job.

Unlike Federal Assistance Grants, all RTA grants to councils for work on regional and local roads are 'tied' and must be spent on roadworks, although project selection is a matter for councils.

The division of State funding between country and city areas varies from year to year and from program to program. Of the six programs listed in table V.1, spending from four was concentrated in country areas. Since 1995-96, country councils have received at least 71 per cent of all State road payments to councils with the figure rising to 74 per cent in 1998-99. Their share of payments for work on State roads was about 75 per cent in each of these years and they received about 80 per cent of grants for regional roads.

BOX V.1 THE 3X3 PROGRAM

The 3X3 Special Road Funding Program was set up to accelerate work on roads and bridges. Initially funded by a three cents per litre increase in the fuel franchise levy for three years from 1989, the program was extended in 1992 and again in 1995, with the levy indexed from 1992. The program is now finished.

A portion of these funds was available to councils to apply to roadworks of their choice. The *Road Improvement (Special Funding) Act 1989* stipulated matters to be considered in selecting 3X3 projects. Accordingly, the RTA advised Councils to select and rank projects against the following criteria.

- Safety: reduction of accidents or the potential for accidents.
- Industry costs: reduction of transport costs faced by NSW industries, particularly in export or import replacement markets.
- Tourist development: facilitation and encouragement of tourist travel in NSW.
- Road network efficiency: reduction of congestion to cut travel times and vehicle costs.
- Road maintenance: lower current or future road maintenance costs.
- Preservation of the integrity of communities. This criterion recognised the need to develop roads to meet community needs and aspirations. Projects designed to mitigate the effects of flooding or wet weather, such as sealing gravel roads, were eligible.
- Efficiency: a benefit cost analysis was required for each project.
- Quick return: projects had to be completed within three years.

Source RTA, 1992.

VICTORIA

Victorian payments to councils comprise mainly reimbursements for work done on State roads plus small amounts of assistance for local roads (see table V.2). The latter include appropriations from the budget and payments from the Better Roads Victoria Trust Fund. In 1998-99, councils received \$11 million assistance for local roads, and \$127 million in reimbursements for work on State roads. Councils received all the local road assistance.

The local roads assistance included funding for natural disaster works (presumably repair of flood damage), and an unidentified amount of compensation for damage to local roads caused by State-related activities, such as logging. From 1999-2000, Victorian Government payments to LGAs may include some Federal Black Spot money, but there was none in 1998-99 or previous years.

TABLE V.2 VICTORIAN ROAD PAYMENTS TO COUNCILS
(\$ million)

	1995-96	1996-97	1997-98	1998-99	1999-00
METROPOLITAN AREA					
Reimbursements					
Maintenance	26.7	26.8	29.0	28.1	30.2
Improvements	8.4	11.4	12.4	33.3	19.9
Total reimbursements	35.1	38.2	41.4	61.4	50.1
Local Roads Assistance					
Natural disasters	0	1.6	1.0	0	0
Other	0	0	0	0	0.2
Total	35.1	39.8	42.4	61.4	50.3
COUNTRY					
Reimbursements					
Maintenance	44.8	42.9	46.8	50.6	52.7
Improvements	13.9	6.1	13.1	15.4	9.5
Total reimbursements	58.7	49.0	59.9	66.0	62.2
Local Roads Assistance					
Natural disasters	0.6	2.3	0.1	3.4	1.5
Other assistance grants	1.9	3.7	12.4	7.2	3.3
Total local roads	2.5	6.0	12.5	10.6	4.8
Total country	61.2	55.0	72.4	76.6	67.0
TOTAL VICTORIA					
Reimbursements					
Maintenance	71.5	69.7	75.8	78.7	82.9
Improvements	22.3	17.5	25.5	48.7	29.4
Total reimbursements	93.8	87.2	101.3	127.4	112.3
Local Roads Assistance					
Natural disasters	0.6	3.9	1.1	3.4	1.7
Other assistance grants	1.9	3.7	12.4	7.2	3.3
Total local roads	2.5	7.5	13.5	10.7	5.0
Total	96.3	94.7	114.8	138.1	117.3

Note Figures may not add to totals because of rounding.

Source Vic Roads, pers. comms. 3 August 2000 and 2 Feb 01.

QUEENSLAND

The Queensland Department of Main Roads makes payments to LGAs under the Transport Infrastructure Development Scheme (TIDS) and to reimburse them for contract work they carry out on State roads (table V.3).

The TIDS program aims to assist councils to fund transport investments to achieve specific aims, such as improving school transport, upgrading access to national parks or developing bikeways. The scheme currently applies to road transport only although, under the administrative arrangements of past years, there was some spending on access to airports.

Councils have to apply for TIDS assistance and, if successful, payments for most 'ordinary' projects are made on a 50:50 basis, that is, the council meets half the cost. There are, however, exceptions, where TIDS assistance covers all project costs. These include work on roads in aboriginal and islander communities¹¹, projects to implement Australian road rules, and 'Black Spot' projects. (Black Spot money actually comes from Federal funds but, in Queensland, it is disbursed partly through TIDS.)

Annual TIDS payments averaged just over \$40 million in the late 1990s, jumping to almost \$60 million in 1999-2000. The majority of TIDS spending was in country areas, the amounts increasing from \$28 million in 1996-97 to \$35 million in 1999-2000¹².

Payments to councils for contract work on State roads have averaged over \$100 million per annum in recent years. These figures, however, must understate actual payments because they exclude small contracts (defined as contracts under \$250 000 until August 1996 and under \$300 000 from then to the end of 1997-98). From 1998-99, all contracts have been counted.

The Department of Main Roads does not keep statistics on the city-country shares of its contract spending, but carried out a special exercise for this project. This showed that, for 1998-99, only 14 per cent of its contract payments went to city councils. This probably reflects the fact that the Department owns very few roads in the Brisbane area.

¹¹ In addition to TIDS, aboriginal and islander projects may receive funding from Commonwealth and State Government indigenous infrastructure programs.

¹² In making this estimate, the Department of Main Roads divided the Moreton Statistical Division into city and country areas. However, classifying all of Moreton as city—as in appendix II—would change the city and country totals by less than \$1 million.

TABLE V.3 QUEENSLAND ROAD PAYMENTS TO COUNCILS
(\$ million)

<i>Item</i>	1996-97	1997-98	1998-99	1999-00
TIDS^a				
'Ordinary' TIDS projects	29.9	32.8	33.2	46.8
Federal Black Spot (TIDS only) ^b	6.8	3.9	3.6	3.2
Aboriginal and Islander Assistance	6.3	7.5	10.1	9.0
Australian Road Rules	0.0	0.0	0.0	0.6
• City TIDS	15.1	13.5	8.8	24.6
• Country TIDS	27.9	30.7	38.2	35.0
Total TIDS	43.0	44.2	46.9	59.6
Contracts^c				
Open competition	16.4	4.0	4.5	..
Negotiated price (Construction)	51.6	48.8	84.6	69.7
Negotiated price (Maintenance)	48.2	41.0	52.5	56.9
Total Contract^d	116.2	93.9	141.6	126.6
Total payments	159.2	138.1	188.5	186.2

.. Les than \$50 000.

a The Transport Infrastructure Development Scheme is a 50:50 subsidy except for the Black Spot, Aboriginal and Islander Assistance, and Australian Road Rules components.

b Black Spot projects are Commonwealth funded but the money is partly paid out through the TIDS program.

c The figures count only individual contracts worth over \$250 000 up to and including August 1996, and only those over \$300 000 from then until the end of 1997-98. All contracts are captured for 1998-99 and 1999-2000.

d City-country shares of contract spending are not available for all years. The Department of Main Roads estimates that 14 per cent of contract spending is in city areas.

Note Figures may not add to totals because of rounding.

Source Queensland Department of Main Roads, pers. comm. 23 October.

SOUTH AUSTRALIA

Prior to 2000-2001, councils in South Australia did not receive any funds from their State Government for work on local roads. There was only an arrangement for pooling 15 per cent of their Federal Assistance Grants for spending on roads of regional importance.

The State Government does, however, make some reimbursement payments to councils for work carried out on State roads. In recent years, this work has involved sealing of country roads and some maintenance in urban areas. The amounts involved are small totalling \$5.8 million in 1997-98, \$4.5 million in 1998-99 and \$4.9 million in 1999-2000 (Transport SA, pers. comm.). (To complete the summary in table V.7 below, BTE assumed reimbursements of \$6 million in 1996-97.)

The amounts reported by councils to the ABS slightly exceed this figure. Over the years 1993-94 to 1997-98, South Australian councils reported that their recoveries from the State Government totalled \$6 to \$8 million per annum (table II.19 in appendix II). The difference might be due to a reporting error, or perhaps the councils are receiving additional payments, not identified by BTE, from non-transport areas of government, such as tourism or forestry. The BTE estimates in appendix I are based on the ABS figures from appendix II because they show the amounts paid to city and country councils.

In 2000-2001, the State Government provided about \$2.2 million to a new initiative, the Regional Roads Program. The money will be spent on about six projects and require contributions of \$1.4 million from the councils involved (Transport SA, pers. comm.).

The lack of government payments to councils does not mean, however, that the State government is not involved with local roads. Transport SA has about 10,100 kilometres of local roads under its care and control in outback areas of the State where local government does not exist. In these areas, Transport SA carries out road maintenance and construction work as if it were a council. Expenditure on these roads totalled \$14 million in 1999-2000 and is budgeted at \$14.4 billion for 2000-2001.

WESTERN AUSTRALIA

Since 1995, all funds received by Western Australia from the State fuel franchise levy (or its replacement taxes)¹³, and from vehicle licensing fees have been spent on roads. Twenty-five per cent goes to local roads and 75 per cent to State highways and main roads.

¹³ The fuel franchise fees, levied by all jurisdictions except Queensland, were declared invalid by the High Court in 1997. To offset the loss of revenue, the Commonwealth increased excise charges on diesel and petrol, passing the extra revenue collected onto the States and Territories. New funding arrangements were put in place with the advent of the goods and services tax.

The 25 per cent for local roads is split three ways among a strategic and technical support program, grants for local government programs, and allocations to Main Roads Western Australia for works on local roads.

- The Strategic and Technical Support program funds work for local government as a whole, such as the development of improved road management systems.
- Local Government Programs comprise:
 - Annual Direct Grants to each council to be spent on projects of their own selection. The method used to allocated direct grant money among councils is the same as that used by the WA Local Government Grants Commission in allocating Federal Assistance Grants for roads, and is based on an asset preservation model.
 - Road Project grants are paid to councils for specific projects and are allocated on a needs basis. The grants cover two-thirds the cost of projects with councils meeting the other third.
- The Main Roads Western Australia share of local roads money is spent on road safety, bridges and roads serving remote communities, State initiated projects on local roads, public roads in State forests and national parks, and roads on Rottnest Island and in Kings Park in Perth. A significant part of the expenditure is on regional roads.

To administer Local Government Programs, the State Government set up special administrative arrangements:

- An advisory committee was appointed to be responsible for all aspects of State road funding to local government. It comprises representatives of local government associations and Main Roads senior officers. The committee is chaired by the Commissioner of Main Roads.
- The State was divided into 'road regions' and a 'regional road group' was appointed for each region¹⁴. Their role is to recommend local government road priorities to the Advisory Committee and to monitor the program in their own region. These groups are comprised of elected local government councillors.

When the Western Australian Government announced the scheme in 1995, it published an indicative budget to show how the money would be allocated in 1995-96 (table V.4). From the expected budget of \$75 million, Government planned to allocate \$1.2 million (2 per cent) to strategic and technical support program, \$43 million (57 per cent) to local government programs, and \$31 million (41 per cent) to Main Roads Western Australia. With the one-third

¹⁴ Road regions are very similar to statistical divisions, although there are some differences in boundaries.

contribution required from councils, the \$33 million for road projects would have generated total outlays of \$49.5 million.

In the event, actual payments in 1995-96 totalled \$51 million according to statistics produced by the Western Australian Municipal Association (WAMA) (table V.5), an increase of \$8 million on the amount originally announced. This was at least partly due to an increase in the fuel franchise levy.

The WAMA figures come from a survey of councils and show State grants increasing from \$37 million in 1994-95 (when other arrangements applied) to \$58 million in 1997-98. In recent years, city councils received about one-third of the grants and country areas two-thirds. The WAMA figures do not agree exactly with State records of payments (table V.6), although the figures are approximately the same. The differences may be due to reporting error.

In addition to grants, councils in Western Australia report receiving payments from the State Government for work done on State roads (see appendix II, table II.26). The amounts were relatively small, totalling \$5 million in 1996-97 and \$4 million in 1997-98. The Department of Main Roads could not check these figures from its own records but believes them to be plausible.

TABLE V.4 INDICATIVE BUDGET FOR LOCAL ROAD PROGRAM IN WESTERN AUSTRALIA

(\$ million)

<i>Item</i>	<i>Amount</i>
Strategic and technical support	1.2
Local Government Programs	
• Direct grants	10.0
• Road projects	33.0
Main Roads Western Australia for work on local roads	31.2
Total	75.4

Source Main Roads Western Australia, Western Australian Municipal Association, 1995.

TABLE V.5 WESTERN AUSTRALIAN ROAD PAYMENTS TO COUNCILS
(\$ million)

Road region	1994-95	1995-96	1996-97	1997-1998
Perth	16.7	16.8	18.8	18.8
South West	3.9	5.0	4.2	4.9
Lower Great Southern	1.8	2.8	3.5	4.4
Upper Great Southern	1.4	3.0	2.5	2.7
Midlands	4.0	8.2	8.9	12.5
South Eastern	1.2	3.8	2.6	2.3
Central	5.5	7.4	6.3	7.2
Pilbara	1.5	1.7	2.1	2.1
Kimberley	0.6	2.2	2.2	3.5
Total	36.7	50.9	51.0	58.4

Note The figures in this table show only payments received by local government authorities.

Source Clive Shepherd, WAMA, pers.comm.

In addition to council works, some projects on local roads are carried out direct by Main Roads Western Australia. The value of these State initiated projects increased from \$36 million in 1994-95 to \$85 million in 1998-99 (table V.6). The types of projects initiated by the State are described at the beginning of this section.

TABLE V.6 WESTERN AUSTRALIAN FUNDING FOR LOCAL ROADS
(\$ million)

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00
Payments to Councils						
• Direct grants	10.6	10.6	10.1	10.2	10.4	10.4
• Road project grants	37.1	36.8	35.6	39.9	55.4	49.8
Sub-total	47.7	47.4	45.7	50.1	65.8	60.2
State initiatives ^a	35.6	60.7	47.8	80.5	84.6	88.1
Total local road funds	83.3	108.1	93.5	130.6	150.4	148.3

a Spending on local roads by Main Roads Western Australia.

Source Main Roads Western Australia, pers. comm.

TASMANIA

Tasmanian councils do not receive any regular assistance grants for local roads from their State Government although there are some one-off, *ad hoc*, payments. State authorities do not have statistics on their payments to councils but estimate that grants total, at most, a few hundred thousand dollars per annum.

There is also uncertainty about the amount of reimbursement money received by councils from the State for work carried out on State roads. Council records show annual reimbursements rising from \$12 million to \$15 million between 1993-94 and 1997-98 (table II.32) but State officials disagree. They estimate payments were \$2 million per annum at most, and possibly much less. ABS Hobart checked the figures for BTE and concluded that most of the reimbursement revenue reported by councils actually came from parking charges. For the purpose of making the estimates in appendix I, BTE assumed the correct figure to be \$2 million per annum.

SUMMARY

Data collected by BTE shows that State payments to councils for roadworks totalled about \$637 million in 1996-97 and \$626 million in 1998-99 (table V.7). This was money in addition to Commonwealth funding.

Just over half of these payments, however, comprised reimbursements for work done by councils on State roads. The value of State payments to councils for work on their own local roads totalled \$295 million in 1996-97 and \$293 million in 1997-98 (table V.8).

TABLE V.7 STATE PAYMENTS TO COUNCILS FOR ALL ROADS
(\$ million)

State	1995-96	1996-97	1997-98	1998-99
NSW	297	326	307	312
Victoria	96	95	115	138
Queensland	na	152	134	185
SA	na	6	6	5
WA ^a	56	56	62	na
Tasmania	2	2	2	2
Total	na	637	626	na

na Not available.

a Calculated as WAMA figures plus reimbursements of \$5 million in 1995-96 and 1997-98 and \$4 million in 1997-98.

Source Tables V.1 to V.6 and text of this appendix.

TABLE V.8 STATE PAYMENTS TO COUNCILS FOR LOCAL ROADS
(\$ million)

<i>State</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>
NSW	177	200	181	204
Victoria	2	8	14	11
Queensland	na	36	40	43
SA	0	0	0	0
WA	51	51	58	na
Tasmania	0	0	0	0
Total	na	295	293	na

Note Figures do not include payments to councils for work on state roads.

Source Tables V.1 to V.6 and text of this appendix.

APPENDIX VI FEDERAL FUNDING

Table V.1 shows a time series of Commonwealth assistance for local roads from 1956 to the present. The figures were compiled by the Land Transport Division of the Department of Transport and Regional Services. The figures do not include Black Spot funds which, in the first instance, are paid to States although they may be passed on to councils.

BTE did not research the legislative arrangements for the first decades of the series but, during the 1980s, most local roads assistance was paid under the Commonwealth road legislation of the day. Five major pieces of legislation were used: the *Roads Grant Act 1980*, the *Roads Grants Act 1981*, the *Australian Bicentennial Road Development Trust Fund Act 1982*, the *Australian Land Transport (Financial Assistance) Act 1985*, and the *Australian Centennial Roads Development Act 1988*, later renamed the *Australian Land Transport Development Act 1988* (James 1993, p. 2).

Some assistance was also paid under programs relating to other objectives, such as job creation or tourism. The amounts involved, however, probably comprised only a small percentage of total Commonwealth assistance to local roads (James 1993). Where they were identified, payments under these other programs were counted in table V.1

Since 1991-92, assistance for local roads has been paid as Identified Roads Grants under the *Local Government (Financial Assistance) Act 1995*. All States and Territories now receive assistance although the ACT was not included in the program until 1995-96. Unlike payments under the previous roads programs, Identified Roads Grants are untied, allowing councils to spend the money on other purposes, such as health or education. An analysis of the current program is given in appendix III

In considering table V.1, the following facts should be taken into consideration.

- Except for 1999-2000, the figures show actual cash payments that may differ slightly from the 'actual entitlements' to Financial Assistance Grants shown in appendix III. For most years, any difference would be explained largely by the administrative procedures followed by the current program. (See appendix III for further details.)

- The figures do not show all Commonwealth assistance to Councils. Under current arrangements, councils also receive General Purpose Financial Assistance Grants, that can also be spent on roads. Further, the Commonwealth would have been responsible for local roads expenditure in the Northern Territory and the ACT before they attained self-government.
- The figures shown are in nominal dollars, that is, they are *not* adjusted for inflation.

It is a moot point whether table V.1 could be adjusted to give a real-inflation adjusted-series of Commonwealth assistance to local roads. The problem is that there is no special index of the roadworking costs faced by councils, and no evidence on whether the consumer price index (or any of the other available indexes) could validly be used as a proxy for such an index. The year-to-year changes in prices for consumer goods and services might follow a trend quite different from movements in the cost of council roadworks.

Further, over the last forty plus years, it is likely that councils have seen changes in the resources required for roadworks and indeed in the very nature of local roads. Over the last few decades, it seems reasonable to assume that local roadwork has become more capital intensive, requiring less manual labour; that there has been a trend to contracting out, with less work carried out by council employees; and that there has been a switch in emphasis to maintenance and upgrading, with less construction of new roads.

A real series would therefore not give a reliable comparison of the physical volume of work financed from year-to-year by Commonwealth assistance to local roads. At most, a real series based on the consumer price index would measure the opportunity cost of the assistance payments, that is, the value of resources the community has given up to spend on local roads.

TABLE VI.1 COMMONWEALTH PAYMENTS FOR LOCAL ROADS 1956-57 TO 1999-2000
(\$ million)

Year	NSW	VIC	QLD	WA	SA	TAS	NT	ACT	TOTAL
1956-57	na	na	na	na	na	na	0	0	64
1957-58	na	na	na	na	na	na	0	0	71
1958-59	na	na	na	na	na	na	0	0	74
1959-60	9	7	6	6	4	2	0	0	34
1960-61	10	7	7	6	4	2	0	0	37
1961-62	11	8	7	7	5	2	0	0	40
1962-63	12	9	8	8	5	2	0	0	43
1963-64	13	9	8	8	5	2	0	0	46
1964-65	15	10	9	9	6	3	0	0	52
1965-66	16	11	10	10	6	3	0	0	56
1966-67	17	12	11	11	7	3	0	0	60
1967-68	18	13	12	11	7	3	0	0	64
1968-69	19	13	12	12	8	3	0	0	68
1969-70	20	14	13	13	8	4	0	0	71
1970-71	21	15	14	13	9	4	0	0	75
1971-72	22	15	14	14	9	4	0	0	79
1972-73	23	16	15	15	9	4	0	0	83
1973-74	24	17	16	16	10	4	0	0	87
1974-75	19	15	15	10	5	5	0	0	69
1975-76	20	15	18	12	7	4	0	0	77
1976-77	23	14	16	14	6	4	0	0	78
1977-78	33	23	23	17	9	6	0	0	110
1978-79	36	25	24	18	10	6	0	0	118
1979-80	38	27	26	19	10	7	0	0	127
1980-81	42	30	29	21	11	8	7	0	148
1981-82	46	32	31	23	12	8	7	0	162
1982-83	50	36	36	25	14	10	10	0	181
1983-84	88	53	57	40	23	14	13	0	288
1984-85	78	62	59	39	23	13	13	0	287
1985-86	85	63	57	40	22	15	11	0	294
1986-87	70	49	51	37	20	14	11	0	252
1987-88	80	46	47	37	20	12	12	0	253
1988-89	77	55	52	38	21	13	12	4	273
1989-90	84	60	57	42	23	15	14	9	303
1990-91	90	64	61	45	24	16	14	10	324
1991-92	98	69	66	49	26	17	16	10	353
1992-93	101	71	68	51	27	18	16	11	363
1993-94	97	69	62	51	18	18	8	11	333
1994-95	98	69	63	51	18	18	8	11	337
1995-96	104	74	67	55	20	19	11	8	358
1996-97	108	77	70	57	21	20	9	12	374
1997-98	107	76	69	57	20	20	9	12	370
1998-99	109	78	71	58	21	20	9	12	377
1999-00 ^a	113	80	73	59	21	21	9	12	389

na Not available.

a Estimate.

Source Land Transport Division, DOTRS, pers. com., derived from Federal Budget Papers, Departmental Annual Reports and the *Commonwealth Roads Act* 1969.

APPENDIX VII GOVERNMENT FINANCE STATISTICS

This final appendix provides an analysis of council road finances based on Government Finance Statistics (GFS) produced by the Australian Bureau of Statistics (ABS) at its head office in Canberra. BTE used this data to produce an annual summary of Australian road finances (BTE 1999). Table VII.1 shows total council spending on roads, the value of grants received from Commonwealth and State agencies, and the balance provided by councils' own funds. Table VII.2 provides similar statistics for each jurisdiction.

TABLE VII.1 GOVERNMENT FINANCE STATISTICS ON COUNCIL ROAD FINANCES
AUSTRALIA

(\$ million)

<i>Funds/ outlays</i>	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98
Govt grants	292	321	321	362	378	376	418	522	526	522
Council funds	1431	1635	1556	1570	1706	1636	1503	1654	1845	2000
Total outlays	1723	1956	1877	1932	2083	2012	1921	2176	2371	2522

Note Figures may not add to totals due to rounding.

Source Unpublished government finance statistics, ABS.

Government Finance Statistics are the only source of data on local government road finances that are produced regularly for all jurisdictions. However, they have some shortcomings. First, the figures are highly aggregated, showing totals only for each jurisdiction and without providing any breakdown by region. Second, the figures are compiled according to National Accounting principles, which involve the 'offsetting' of related revenue and expenditure transactions.

Because they are based on National Accounting methods, the GFS figures differ from the BTE estimates in chapter 2, even though the outlays component of both came from the same ABS database. For example, council road outlays in 1997-98 are shown as \$2.5 billion in the GFS figures (table VII.1) but \$3 billion in the BTE estimates (table 2.1). There are also differences in the estimates of

grants. GFS figures show Government road grants to councils totalled \$522 million in 1997-98, whereas the BTE estimate is \$658 million.

A possible explanation is that the GFS figure comprises road spending less transport-related revenue, such as parking fees, while the BTE estimate shows road spending only, without any offsets. More generally, the special data extractions supplied by ABS regional offices might differ from the central office figures because the latter are based on different classifications of expenditures and revenues (ABS, pers. comm.).

Because preparation of the National Accounts is a large and complicate process, ABS was not able to reconcile the differences between its GFS data and the council statistics supplied to BTE for this project shown in appendix II.

Notwithstanding these problems with the data, the figures at least give some insights into trends in aggregate local government finances over the last decade. Over the years covered by the table, they suggest that council spending on all roads has increased by about 46 per cent (from \$1.7 billion to \$2.5 billion) while government grants have increased by 78 per cent (from \$292 million to \$522 million).

TABLE VII.2 GOVERNMENT FINANCE STATISTICS ON COUNCIL ROAD FINANCES BY JURISDICTION

(\$ million)

<i>Funds/ outlays</i>	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98
NSW										
Govt grants	87	91	91	100	96	97	98	114	108	113
Council funds	544	596	479	514	505	529	417	534	640	657
Total	631	687	570	614	602	626	514	648	748	771
Victoria										
Govt grants	65	65	44	68	69	69	69	96	77	76
Council funds	344	401	385	397	513	442	423	350	378	457
Total	409	466	429	465	582	510	493	447	455	533
Queensland										
Govt grants	49	65	87	75	91	80	79	100	118	103
Council funds	307	359	405	387	371	373	395	499	529	555
Total	355	424	492	461	462	453	474	600	646	659
SA										
Govt grants	16	18	17	20	21	21	20	21	21	22
Council funds	97	110	109	111	124	122	124	123	132	139
Total	113	128	126	130	146	144	144	144	153	161
WA										
Govt grants	62	68	70	78	76	87	126	168	177	185
Council funds	97	120	126	123	144	122	96	86	106	132
Total	159	187	196	201	221	209	221	254	282	317
Tasmania										
Govt grants	10	10	12	18	19	18	18	19	21	21
Council funds	38	45	43	35	43	42	46	53	52	46
Total	49	56	56	53	62	60	64	71	73	67
NT										
Govt grants	3	3	0	4	4	4	8	4	4	2
Council funds	4	5	9	4	6	7	2	8	9	12
Total outlays	7	8	9	8	10	10	10	12	13	14

Note Figures may not add to totals due to rounding.

Source Unpublished government finance statistics, ABS.

ABBREVIATIONS

ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
ALGA	Australian Local Government Association
ATSB	Australian Transport Safety Bureau
BTE	Bureau of Transport Economics
DOTRS	Department of Transport and Regional Services.
FAG	Financial Assistance Grant
GFS	Government Finance Statistics
LGA	Local government authority
NOLG	National Office of Local Government
NSW	New South Wales
RTA	Roads and Traffic Authority (NSW)
SD	Statistical division
TIDS	Transport Infrastructure Development Scheme (Qld)
WAMA	Western Australian Municipal Association

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