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Public Authority Finance

Public Authority Estimates

1974-75

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PREFACE

This publication continues a series of tables previously presented by the Treasury in *National Accounting Estimates of Public Authority Receipts and Expenditure* which was issued annually as a Supplement to the Treasury Information Bulletin commencing with the issue of November 1964.

This publication continues the principles and style of the former publication of the Treasury but incorporates an additional table combining the transactions of State Government and local government authorities. The title of this publication has been altered to avoid confusion with tables of public authorities shown in annual and quarterly estimates of national income and expenditure.

The estimates for 1974-75 are budget estimates supplemented by other estimates for the non-budget sectors. No account has been taken of changes in expected receipts and expenditure since the respective budgets were brought down.

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Canberra, A.C.T. 2600, June 1975.

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(Note: Any discrepancies between totals and sums of components are due to rounding.)

Introduction

This issue complements, in the field of State Government authorities, the national accounting presentation of the receipts and expenditure of all Australian Government authorities contained in the Supplement to the Treasury Information Bulletin issued concurrently with the 1974-75 Budget. In particular, it contains estimates of public authority receipts and expenditure in 1974-75 for the Budgets of the States and also for authorities which operate outside the Budgets of their respective States.

The prospective transactions of the State Government sector as a whole are summarized in Table 3 with comparable details for each year since 1964-65. The total outlay of all State authorities (other than local authorities) is estimated to increase by 25.5 per cent in 1974-75, which compares with actual increases of 16.7 per cent in 1973-74 and 11.9 per cent in 1972-73.

Among the main components of outlay by the States, current expenditure on goods and services is estimated to increase by 28.3 per cent and capital expenditure by 29.8 per cent. The rapid rate of increase in current expenditure on goods and services estimated for 1974-75 is attributable in part to rapid increases in wage rates and costs generally, but also reflects changes in State spending resulting from a considerable increase in grants from the Australian Government. In recent years the actual outturn for current expenditure has usually been somewhat greater than estimated, whereas capital expenditures have usually fallen substantially short of the estimates.

In Table 10 the estimates of the receipts and expenditure of Australian Government and State authorities are combined with rough estimates of local authority transactions. This provides an indication of trends for the public sector as a whole.

National Accounting Estimates of State Budget Receipts and Expenditure

INTRODUCTION

For some years estimates of the receipts and outlay of the Australian Government Budget in national accounts form have been included in Statements attached to the Budget Speech.

In addition, in a series of Supplements to the Treasury Information Bulletin entitled 'National Accounting Estimates of Public Authority Receipts and Expenditure', these estimates have been progressively extended to cover Australian semi-governmental bodies operating outside the Budget, the combined Budgets of the six States and the combined figures for the State semi-governmental bodies operating outside the Budgets of their respective States.¹

The purpose of the present document is to provide estimates for 1974-75 for the budget and non-budget sub-sectors of the six State Governments combined and for local government authorities, to amalgamate them and obtain estimates for all State Government and local government authorities and, making use of the corresponding consolidated figures for all Australian Government authorities which were published in conjunction with the 1974-75 Budget,² to derive consolidated figures for all public authorities in Australia.

FORWARD ESTIMATES FOR THE STATE BUDGET SUB-SECTOR

Table 1 provides estimates, in national accounting form, of the receipts and outlay for the current financial year for the budget sub-sector of the six States taken as a whole. The table also provides, for the years from 1964-65 onwards, comparable historical estimates. In the preparation both of the historical figures and, more particularly, of the figures for 1974-75, additional data over and above that available from published sources has been provided by State Treasuries, whose assistance and co-operation is most gratefully acknowledged.

The figures given in Table 1 represent an aggregation of figures derived from the budget sub-sector of each State Government. There are differences between the States in the scope of their budget sub-sectors; that is to say, in the extent to which certain activities are carried out within the framework of the Budget rather than by separate statutory authorities outside the Budget. In a few instances the estimated payments to the States which were included in the Australian Government Budget and which have already been published in the September Supplement have been found to differ somewhat from the corresponding estimates of receipts included in State Budgets, partly because the two sets of estimates were made at different dates and partly because of inevitable timing differences in the recording of transactions. In order to permit consolidation, in Table 5, with the Australian Government figures already published in the September Supplement, the State figures for these items have been adjusted to agree with the Australian Government figures. It is not considered that these adjustments would greatly affect the usefulness of the figures.

¹ Explanations of the make-up of the estimates were provided in technical Appendices to the December 1965 and September 1974 Supplements.

² Supplement to the Treasury Information Bulletin on National Accounting Estimates of Receipts and Expenditure of Australian Government Authorities (September 1974).

TABLE 1. RECEIPTS AND OUTLAY OF STATE BUDGETS—1964-65 TO 1973-74 AND

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70
	\$m	\$m	\$m	\$m	\$m	\$m
Outlay—						
Net expenditure on goods and services—						
Current expenditure—						
Law, order and public safety	106	113	127	138	152	173
Education	438	474	530	596	672	797
Health	219	231	253	272	306	352
Welfare	21	22	25	29	32	37
All other	151	185	198	220	247	268
	935	1,025	1,133	1,255	1,409	1,627
Capital expenditure—						
Education	125	153	158	166	188	204
Health	54	60	60	56	66	72
Welfare	4	5	3	4	4	4
Roads	232	244	265	277	289	320
All other	285	324	309	312	341	380
	700	786	795	815	888	980
Total	1,635	1,811	1,928	2,070	2,297	2,607
Transfer payments—						
Cash benefits to persons	37	45	49	59	70	78
Grants to the non-budget sub-sector	19	14	19	27	28	32
Grants to local government authorities	67	67	79	86	90	91
Interest paid	338	370	395	429	464	518
Transfers overseas						
Subsidies	23	26	29	30	28	32
Grants for private capital purposes	7	10	12	18	15	17
Total	491	532	583	649	693	768
Total Expenditure	2,126	2,343	2,511	2,719	2,992	3,375
Net advances—						
to State authorities—						
Housing Commissions	80	80	83	82	84	87
Other	64	68	70	79	96	107
to Local authorities	144	148	153	161	180	194
to Other sectors—	3	1		1	1	
by Home Builders' Accounts	35	37	40	42	41	41
Other	-4	-2	-7	27	3	-2
Total	31	35	33	69	44	40
Total Outlay	2,304	2,527	2,697	2,950	3,217	3,608
Receipts—						
Taxation—						
Estate duties	92	95	107	119	134	137
Liquor taxes	26	27	31	34	38	41
Lottery taxes	7	7	9	7	7	7
Racing taxes	27	32	37	43	49	56
Stamp duties, n.e.i.	104	110	125	151	207	257
Land taxes	63	69	73	76	75	77
Motor taxes	144	166	180	198	217	240
Lottery revenue	20	20	21	23	24	25
Pay-roll tax	22	24	35	41	46	52
Other taxes	21	19	24	27	32	34
Fees, fines, etc.						
Total	526	569	640	726	829	926
of which—						
Indirect taxes	361	393	444	509	582	668
Direct taxes, fees, fines, etc.	165	176	196	217	247	258
Other receipts—						
Interest, rent, royalties and dividends	199	225	225	232	262	304
Gross income of public enterprises	73	58	81	66	67	76
Grants from the Australian Government	969	1,091	1,196	1,325	1,434	1,635
Net sales of existing assets	-16	-8	-9	-9	6	-4
Total	1,225	1,366	1,493	1,614	1,769	2,011
Total Receipts	1,751	1,936	2,134	2,340	2,598	2,937
Deficit—	553	591	563	619	619	671

(a) n.a. not available.

(b) Estimates of some items, when first published, are obtained by adding estimated increases to the preliminary figures for the corresponding items for the last completed year. In those cases, revisions to 1972-73 figures have therefore been carried through into revisions of the same amount to 1974-75 estimates.

(c) Excludes estimated State pay-roll tax charged to departments.

(d) Consisting of fixed capital expenditure on new assets plus increase in stocks.

1974-75 (ESTIMATED)

1970-71	1971-72	1972-73	1973-74		1974-75	
			Budget Estimates(a)	Actual		
\$m	\$m	\$m	\$m	\$m	\$m	
201	236	276	317	322	398	Outlay—
963	1,149	1,356	1,636	1,752	2,085	Net expenditure on goods and services—
432	500	579	726	780	960	Current expenditure—
42	53	69	93	103	126	Law, order and public safety
321	370	429	563	580	694	Education
1,959	2,308	2,709	3,335	3,537	4,563	Health
						Welfare
						All other
227	267	302	416	360	511	Capital expenditure(c)—
80	81	87	92	118	154	Education
5	8	8	8	11	14	Health
354	394	424	488	482	569	Welfare
404	446	471	580	441	567	Roads
1,070	1,196	1,292	1,584	1,412	1,915	All other
3,029	3,504	4,001	4,919	4,948	6,478	Total
94	125	163	170	172	196	Transfer payments—
37	47	50	66	56	77	Cash benefits to persons
102	115	160	126	134	150	Grants to non-budget sub-sector
576	653	686	717	706	788	Grants to local government authorities
29	34	32	33	33	33	Interest paid
16	14	19	25	21	24	Transfers overseas
						Subsidies
						Grants for private capital purposes
854	988	1,110	1,137	1,121	1,268	Total
3,883	4,492	5,111	6,056	6,069	7,746	Total Expenditure
96	105	100	132	141	149	Net advances—
91	115	116	110	118	145	to State authorities—
187	220	216	242	259	204	Housing Commissions
..	1	2	1	1	1	Other
49	45	49	79	65	83	to Local authorities
16	40	52	52	48	50	to Other sectors
65	85	101	131	113	133	by Home Builders' Accounts
						Other
252	306	319	374	373	428	Total
4,135	4,798	5,430	6,430	6,443	8,174	Total Outlay
149	145	163	172	185	193	Receipts—
44	48	52	56	58	61	Taxation—
7	7	10	12	17	21	Estate duties
62	74	89	103	101	118	Liquor taxes
240	249	356	410	433	419	Lottery taxes
92	103	106	123	124	163	Racing taxes
254	295	344	353	373	429	Stamp duties, n.e.i.
26	28	23	24	31	35	Land taxes
57	(d)305	(d)351	(d)337	(d)373	(d)1,056	Motor taxes
38	68	76	88	87	145	Lottery revenue
	45	54	59	54	58	Pay-roll tax
969	1,367	1,724	2,037	2,180	2,698	Other taxes
						Fees, fines, etc.
693	1,068	1,379	n.a.	1,755	n.a.	Total of which—
276	299	345		425		Indirect taxes
						Direct taxes, fees, fines, etc.
353	363	413	454	421	516	Other receipts—
40	31	61	70	161	239	Interest, rent, royalties and dividends
2,225	2,394	2,782	3,337	3,430	4,755	Gross income of public enterprises
16	16	14	10	20	5	Grants from the Australian Government
						Net sales of existing assets
2,602	2,772	3,120	3,711	3,670	5,027	Total
3,571	4,139	4,843	5,748	5,849	7,725	Total Receipts
564	659	587	682	595	449	Deficit(e)

(d) Excludes estimated pay-roll tax charged to departments other than enterprises.

(e) Excess of total outlay over total receipts, as defined for purposes of the national accounting estimates of public authority transactions. The deficit is financed from net advances from the Australian Government, movements in cash and investment holdings, etc.

The composition of the figures shown in Table 1, together with some explanation of the more important technical points relevant to their use, was given in the detailed Appendix to the December 1965 Supplement. In addition, it should be noted that comparisons between 1971-72 and later years on the one hand, and years prior to 1971-72 on the other hand are affected by the transfer of pay-roll tax to the States, and the corresponding reduction in Australian Government financial assistance grants. The figures affected are grants from the Australian Government, indirect taxes and current expenditure on goods and services. In the case of current expenditure on goods and services, pay-roll tax paid by State departments to the Australian Government has been included in the figures whereas State pay-roll tax charged to departments has not been so included.

In Table 1, and also the tables in later chapters, the difference between total outlay and total receipts is called the 'Deficit'. This is consistent with the terminology used for the Australian Government Budget. As explained in the Appendix to the December 1965 Supplement referred to above, the State budget sub-sector includes not only the Consolidated Revenue Funds of the States, but also their Loan Funds, Trust Funds and a small number of other transactions. The 'Deficit' shown in Table 1 therefore covers more than the Consolidated Revenue result; its main components are net borrowing (after deducting repayments and sinking fund contributions) less net additions to cash balances and investments, irrespective of the part of the Public Account through which the funds pass.

National Accounting Estimates of Receipts and Expenditure for the State Government Sector as a Whole

FORWARD ESTIMATES FOR THE STATE NON-BUDGET SUB-SECTOR

The figures presented in Table 1 cover only the budget sub-sector of the activities of State Governments. In addition, there are many State Government bodies (quite apart from local authorities), operating outside the Budgets of their respective States, whose activities are of considerable importance within the total State Government sector. The authorities concerned have again been asked, through the medium of State Treasuries, to supply forward estimates for 1974-75¹ in sufficient detail to enable their presentation in national accounting form. The results are set out in Table 2, together with comparable historical estimates for 1964-65 onwards (based also in part upon information, supplied by the authorities concerned, additional to that available from their published accounts). An explanation of the make-up of the figures was provided in the Appendix to the December 1965 Supplement.

CONSOLIDATION OF STATE GOVERNMENT SECTOR ACCOUNTS

Expenditures which take place in one sector or sub-sector of the public authority and public enterprise field may derive from transfer payments made to it from another part of that field. Thus, an appreciable part of the expenditure on goods and services undertaken by State authorities operating outside the Budgets of their respective States is financed from the proceeds of advances to those authorities from the State budget sub-sector. Expenditure by State Housing Commissions, for example, is financed to a considerable extent in that way.

It is possible to bring together the two sets of figures in Tables 1 and 2 in a single table setting out, in national accounting form, 'consolidated' estimates of receipts and expenditure for the whole of the State Government sector, i.e. including State Government authorities (but not local authorities) operating outside the Budgets of their respective States as well as the Budgets of the States themselves. The way in which this may be done is illustrated in Table 4 on page 10, using the 1973-74 figures for illustration. By eliminating transfers between the two sub-sectors, offsetting the payment by one against its receipt by the other, the consolidated figures show the combined transactions with *other* sectors.

In some cases, which are, however, relatively insignificant, the accounting years of the bodies concerned do not correspond with the financial year.

TABLE 2. RECEIPTS AND OUTLAY OF STATE GOVERNMENT AUTHORITIES

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70
	£'000	£'000	£'000	£'000	£'000	£'000
Outlay—						
Net expenditure on goods and services—						
Current expenditure	34	37	42	48	37	64
Capital expenditure—						
Power, fuel and light	220	268	299	299	321	321
Other	207	308	228	262	321	321
	427	476	327	561	642	632
Total	461	513	369	609	699	716
Transfer payments—						
Interest and dividends paid	198	221	233	250	269	300
Total Expenditure	659	734	602	859	968	1,016
Net advances	52	51	45	43	52	45
Total Outlay	711	785	647	901	1,000	1,061
Receipts—						
Taxation—						
Indirect taxes	21	21	23	26	29	32
Other receipts—						
Interest and rent	18	47	48	31	52	58
Gross income of public enterprises	136	367	390	436	491	519
Grants from the budget sub-sector	19	14	19	27	28	32
Grants from local government authorities	4	5	6	6	9	11
Net sales of existing assets ⁽¹⁾	-3	-2	-7	-7	-11	-8
Total	194	427	456	513	570	632
Total Receipts	415	448	479	529	599	664
Deficit ⁽²⁾	296	337	168	372	401	397

(a) Excludes local government authorities.

(b) See footnote (a) to Table 1.

(c) Consisting of fixed capital expenditure on new assets plus increase in stocks less sales of previously owned assets.

The consolidated figures for all State authorities for each year since 1964-65, derived in the manner shown in Table 4, are set out in Table 3 on pages 8 and 9.

The component estimates for the various State Government bodies concerned have, of course, been made by different authorities and, to a minor extent, at different times during the course of recent months. Like the figures for the State budget

OUTSIDE THE BUDGETS(a)—1964-65 TO 1973-74 AND 1974-75 (ESTIMATED)

1970-71	1971-72	1972-73	1973-74		1974-75 Estimate	
			Estimate(b)	Actual		
\$m	\$m	\$m	\$m	\$m	\$m	
75	87	104	108	105	110	Outlay— Net expenditure on goods and services—
217	227	215	270	251	412	Current expenditure
350	397	440	475	472	575	Capital expenditure, viz.—
667	724	755	845	823	987	Power, fuel and light
						Other
742	811	859	951	928	1,097	Total
329	368	398	428	433	474	Transfer payments— Interest and dividends paid
1,071	1,179	1,257	1,381	1,361	1,571	Total Expenditure
63	59	53	28	21	34	Net advances
1,133	1,238	1,290	1,409	1,382	1,595	Total Outlay
37	44	52	49	54	58	Receipts—
72	89	101	106	122	136	Taxation—
549	609	647	703	717	731	Indirect taxes
37	47	50	66	56	77	Other receipts—
12	14	7	7	7	8	Interest and rent
-36	-81	-47	-52	-46	-78	Gross income of public enterprises
634	678	758	831	856	874	Grants from the budget sub-sector
471	722	810	880	910	932	Grants from local government authorities
462	516	480	529	472	663	Net sales of existing assets(d)
						Total
						Total Receipts
						Deficit(e)

(a) Excluding sales of previously rented houses. See footnote (c).

(b) Excess of total outlay over total receipts, as defined for purposes of the national accounting estimates of public authority transactions. The deficit is financed from net advances from State Budgets, net borrowings from the public, movements in cash and investment holdings, etc.

sub-sector, therefore, which are derived from estimates contained in the Budgets of the States brought down on various dates between 27 August and 3 October 1974, they are not entirely homogeneous from a forward estimating viewpoint. In practice, however, this in itself is not thought likely to detract materially from their value.

TABLE 3. RECEIPTS AND OUTLAY OF ALL STATE GOVERNMENT AUTHORITIES(a)—

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70
	\$m	\$m	\$m	\$m	\$m	\$m
Outlay—						
Net expenditure on goods and services—						
Current expenditure	949	1,062	1,175	1,301	1,466	1,691
Capital expenditure(d)	1,127	1,262	1,322	1,376	1,530	1,634
Total	2,096	2,324	2,497	2,679	2,996	3,325
Transfer payments—						
Cash benefits to persons	37	45	49	59	70	78
Grants to local government authorities	67	67	79	86	90	91
Interest paid	438	485	511	554	599	673
Transfers overseas	23	26	29	30	28	32
Subsidies	7	10	12	18	15	17
Grants for private capital purposes						
Total	572	633	680	747	802	891
Total Expenditure	2,668	2,957	3,177	3,426	3,798	4,216
Net advances—						
to Local authorities	3	1	..	1	1	..
to Other sectors—						
by Home Builders' Accounts	35	37	40	42	41	41
by Housing Commissions	47	46	43	38	30	41
Other	1	3	—5	31	5	2
Total	83	86	78	111	75	84
Total	86	87	78	112	76	84
Total Outlay	2,754	3,044	3,255	3,538	3,875	4,300
Receipts—						
Taxation—						
Indirect taxes	382	414	467	525	611	700
Direct taxes, fees, fines, etc.	165	176	196	217	247	258
Total	547	590	663	732	858	958
Other receipts—						
Interest, rent, royalties and dividends	139	162	156	158	181	217
Gross income of public enterprises	409	425	471	502	557	616
Grants from the Australian Government	969	1,091	1,196	1,325	1,434	1,635
Grants from local government authorities	4	5	6	6	9	11
Net sales of existing assets(f)	—19	—9	—15	—15	—4	—13
Total	1,502	1,674	1,814	1,976	2,177	2,468
Total Receipts	2,649	2,864	2,477	2,728	2,635	2,426
Deficit(g)	705	780	778	810	840	874

(a) Excludes local government authorities.

(b) See footnote (a) to Table 1.

(c) See footnote (b) to Table 1.

(d) Consisting of fixed capital expenditure on new assets plus increase in stocks less sales of previously rented houses.

(e) See footnote (d) to Table 1.

1964-65 TO 1973-74 AND 1974-75 (ESTIMATED)

1970-71	1971-72	1972-73	1973-74		1974-75	
			Estimate(a)	Actual		
\$m	\$m	\$m	\$m	\$m	\$m	
2,034	2,395	2,815	3,443	3,641	4,673	Outlay—
1,737	1,930	2,047	2,429	2,215	2,901	Net expenditure on goods and services—
—	—	—	—	—	—	Current expenditure
3,771	4,315	4,862	5,872	5,816	7,574	Capital expenditure(d)
						Total
94	125	163	170	172	196	Transfer payments—
102	115	160	126	134	150	Cash benefits to persons
747	845	888	930	937	1,037	Grants to local government authorities
29	34	32	33	33	33	Interest paid
16	14	19	25	21	24	Transfers overseas
						Scholarships
						Grants for private capital purposes
988	1,133	1,262	1,284	1,297	1,440	Total
4,759	5,448	6,124	7,156	7,173	9,014	Total Expenditure
..	1	2	1	1	1	Net advances—
49	45	49	79	65	81	to Local authorities—
57	44	26	21	14	16	to Other sectors—
21	55	59	59	55	58	by Home Builders' Accounts
127	144	134	159	134	157	by Housing Commission
127	145	136	160	135	158	Other
4,886	5,593	6,260	7,316	7,308	9,172	Total
						Total Outlay
730	1,112	1,431	n.a.	1,209	n.a.	Receipts—
276	299	345		425		Taxation—
1,006	1,411	1,776	2,086	2,233	2,756	Indirect taxes
						Direct taxes, fees, fines, etc.
267	276	318	345	339	427	Total
588	641	587	632	556	492	Other receipts—
2,225	2,394	2,782	3,337	3,430	4,755	Interest, rent, royalties and dividends
12	14	7	7	7	8	Gross income of public enterprises
-53	-97	-61	-62	-66	-81	Grants from the Australian Government
3,039	3,228	3,633	4,258	4,266	5,599	Grants from local government authorities
4,845	4,639	5,409	6,344	6,499	8,355	Net sales of existing assets(f)
841	954	851	971	808	817	Total
						Total Receipts
						Deficit(g)

(c) Excluding sales of previously rented houses. See footnote (d).

(d) Excess of total outlay over total receipts, as defined for purposes of the national accounting estimates of public authority transactions. The deficit is financed from net advances from the Australian Government, net borrowings from the public, movements in cash and investment holdings, etc.

TABLE 4.—CONSOLIDATION OF STATE BUDGET AND NON-BUDGET SUB-SECTORS,
1973-74

	Budget sub-sector	Non- budget sub-sector	Transfers between sub-sectors	Con- solidated
	\$m	\$m	\$m	\$m
Outlay—				
Net expenditure on goods and services	4,948	928	..	5,876
Transfer payments—				
Interest and dividends paid—				
to budget sub-sector	..	203	203	..
to other sectors	706	230	..	937
Grants to non-budget sub-sector	56	..	56	..
Other transfer payments	360	..	..	360
Net advances—				
to non-budget sub-sector	259	..	259	..
to other sectors	114	21	..	135
Total Outlay	6,443	1,382	518	7,343
Receipts—				
Taxation	2,180	54	..	2,233
Interest, rent, royalties and dividends—				
from non-budget sub-sector	203	..	203	..
from other sectors	218	122	..	339
Grants from budget sub-sector	..	56	56	..
Grants from the Australian Government	1,430	..	..	1,430
Other receipts	181	678	..	497
Total Receipts	5,849	910	259	6,499
Deficit—				
Net advances from budget sub-sector	..	259	259	..
Other	595	213	..	808
Total Deficit	595	472	259	808

National Accounting Estimates of Receipts and Expenditure for the Public Authority Sector as a Whole

CONSOLIDATION OF AUSTRALIAN GOVERNMENT AND STATE GOVERNMENT ACCOUNTS

Figures showing receipts and outlays for Australian Government authorities as a whole, including estimates for 1974-75, were published in the September 1974 Supplement. Much of the outlay included in Table 6 of that Supplement (in particular grants and advances to States) appears as receipts or as part of the deficit in Table 3 of this paper, and serves to finance expenditures by the State Governments and their authorities.¹ Again, therefore, it is possible to bring the figures from both tables together into a single table setting out, in national accounting form, consolidated estimates of receipts and expenditure of *all* Australian Government and State Government authorities combined. The way in which the consolidation is done is shown in Table 6 on page 14, again using the 1973-74 figures for illustration. The resulting figures, which cover all public authorities in Australia other than local authorities are given in Table 5.

Again it is proper to note that, so far as the 1974-75 figures are concerned, those for the Australian Government represent figures derived from the Budget estimates brought down on 17 September 1974 (and data provided by Australian Government authorities outside the Budget some weeks before that date) while, as remarked earlier, those for the State Governments and their authorities are derived from estimates made at varying dates. The consolidation of the figures for the Australian Government and the States combined thus brings together estimates that may not be strictly consistent with each other, since they were made by different authorities and at slightly different times.² As noted on page 1, however, inconsistencies between actual estimates of payments between the Australian Government and the States have been removed by adjusting the figures.

¹ The 'provision' of State Government expenditures to which they give rise provides, in fact, one of the reasons for the inclusion of such advances in Australian Government outlays in the classification of the Australian Government Budget adopted in these papers (rather than being treated as financing transactions and thus forming part of the deficit).

² The inclusion in these consolidated figures of estimates from the Budgets of the Australian Government and the States also means, of course, that no account is taken, so far as these figures are concerned, of any changes in those estimates resulting from decisions by the respective governments and other developments since the Budgets were brought down.

TABLE 5. RECEIPTS AND OUTLAY OF ALL AUSTRALIAN GOVERNMENT AND

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70
	\$m	\$m	\$m	\$m	\$m	\$m
Outlay—						
Net expenditure on goods and services—						
Current expenditure	1,962	2,227	2,606	2,864	3,244	3,505
Capital expenditure(d)	1,551	1,721	1,805	1,956	2,104	2,293
Total	3,515	3,948	4,411	4,820	5,348	5,798
Transfer payments—						
Cash benefits to persons	1,109	1,189	1,285	1,341	1,465	1,664
Unfunded employee retirement benefits	..	..	..	..	..	..
Grants to local government authorities	67	67	79	86	90	91
Interest paid	465	501	517	573	613	678
Transfers overseas	106	127	150	154	158	179
Subsidies	120	166	194	206	290	280
Grants for private capital purposes	33	58	57	76	47	51
Total	1,900	2,108	2,282	2,418	2,663	2,913
Total Expenditure	5,415	6,056	6,693	7,358	8,011	8,741
Net advances—						
to Local authorities	3	1	..	1	1	..
to Other sectors—						
by Housing authorities(e)	121	122	108	90	82	94
Other	14	7	6	42	14	202
Total	138	130	115	133	97	296
Total Outlay	5,553	6,186	6,808	7,491	8,108	9,037
Receipts—						
Taxation—						
Indirect taxes	1,842	2,028	2,170	2,381	2,647	2,947
Income taxes on companies	721	815	803	851	1,030	1,187
Income taxes on persons	1,570	1,731	1,923	2,177	2,379	2,658
Other direct taxes, fees, fines, etc.(g)	246	253	282	318	361	385
Less Remissions	1	2	3	3	2	4
Total	4,378	4,825	5,175	5,729	6,415	7,374
Other receipts—						
Interest, rent, royalties and dividends	162	190	181	185	214	253
Gross income of public enterprises	678	710	748	838	968	1,072
Grants from local government authorities	4	5	6	6	9	11
Net sales of existing assets(h)	-14	-4	-26	-18	-7	-6
Total	830	901	909	1,011	1,184	1,330
Total Receipts	5,208	5,726	6,084	6,740	7,599	8,704
Deficit	345	460	724	751	509	333

(a) Excludes local government authorities.

(b) See footnote (a) to Table 1.

(c) See footnote (b) to Table 1.

(d) Consisting of fixed capital expenditure on new assets plus increase in stocks less sale of previously rented houses.

STATE GOVERNMENT AUTHORITIES(a)—1964-65 TO 1973-74 AND 1974-75 (ESTIMATED)

1970-71	1971-72	1972-73	1973-74		1974-75	
			Estimate(b)	Actual		
\$m	\$m	\$m	\$m	\$m	\$m	
4,009	4,375	5,187	6,078	6,399	8,128	Outlay—
2,493	2,750	2,822	3,530	3,283	4,207	Net expenditure on goods and services—
						Current expenditure
6,502	7,325	8,009	9,608	9,682	12,335	Capital expenditure(d)
						Total
1,852	1,166	2,694	3,212	3,250	4,316	Transfer payments—
..	..	1	34	65	66	Cash benefits to persons
102	115	160	126	134	150	Unfunded employee retirement benefits
741	813	880	920	945	1,044	Grants to local government authorities
184	205	252	287	289	363	Interest paid
337	419	355	351	327	293	Transfers overseas
51	55	74	125	87	141	Subsidies
						Grants for private capital purposes
						Total
3,267	3,773	4,416	5,057	5,097	6,373	Total Expenditure
9,769	11,098	12,424	14,665	14,779	18,708	
..	1	2	1	1	1	Net advances—
124	106	88	139	116	143	to Local authorities
-13	46	26	103	88	120	to Other sectors—
112	153	114	243	203	263	by Housing authorities(e)
111	153	116	243	204	264	Other
9,880	11,251	12,540	14,908	14,983	18,972	Total
						Total Outlay
3,233	3,639	4,059	n.a.	5,059	n.a.	Receipts—
1,422	1,518	1,614	1,925	2,018	2,551	Taxation—
3,178	3,769	4,090	5,179	5,490	7,966	Indirect taxes
402	435	485	n.a.	596	n.a.	Income taxes on companies
4	5	6	6	6	7	Income taxes on persons
8,238	9,357	10,242	13,471	13,137	17,261	Other direct taxes, fees, fines, etc.(g)
309	325	365	400	414	491	Less Remissions
1,090	1,241	1,226	1,327	1,230	1,149	Total
12	14	7	7	7	8	Other receipts—
-44	-92	-39	-44	-77	-131	Interest, rent, royalties and dividends
1,367	1,488	1,559	1,690	1,574	1,517	Gross income of public enterprises
9,665	10,845	11,801	14,161	14,731	18,778	Grants from local government authorities
275	407	740	747	251	194	Net sales of existing assets(h)
						Total
						Total Receipts
						Deficit

(a) State Housing Commissions, Home Builders' Accounts, Home Finance Trust, and Defence Service Homes.

(b) See footnote (d) to Table 1.

(c) Includes unfunded employee retirement contributions.

(d) Excluding sales of previously rented houses. See footnote (f).

TABLE 6. CONSOLIDATION OF AUSTRALIAN GOVERNMENT AND STATE GOVERNMENT AUTHORITIES, 1973-74

	Australian Government sector	State sector	Transfers between sectors	Consolidated
	\$m	\$m	\$m	\$m
Outlay—				
Net expenditure on goods and services . . .	3,806	5,876	..	9,682
Transfer payments—				
Interest and dividends paid—				
to Australian Government	..	686	686	..
to States	20	..	20	..
to other sectors	693	251	..	945
Grants to States	3,430	..	3,430	..
Other transfer payments	3,792	360	..	4,152
Net advances—				
to States	749	..	749	..
to other sectors	69	135	..	204
Total Outlay	12,558	7,308	4,885	14,983
Receipts—				
Taxation	10,924	2,231	..	13,157
Interest, rent, royalties and dividends—				
from States	686	..	686	..
from Australian Government	..	20	20	..
from other sectors	94	319	..	414
Grants from the Australian Government	..	3,430	3,430	..
Other receipts	663	497	..	1,160
Total Receipts	12,367	6,499	4,136	14,731
Deficit—				
Net advances from Australian Government	..	749	749	..
Other	191	59	..	251
Total Deficit	191	808	749	251

LOCAL GOVERNMENT AUTHORITIES

The figures given in Table 5 provide a guide, subject to the qualifications noted, to the receipts and expenditures of the public authority sector as a whole during 1974-75, the only transactions excluded being those of the local government authorities.

The basic data available on local government finance are statistics shown in *Public Authority Finance: State and Local Authorities* (Reference No. 5.43) and *Local Authorities and Public Corporations: Debt* (Reference No. 5.36). The latest figures available are preliminary figures for 1973-74, although the figures for 1972-73 are also subject to revision. Revisions may be significant in relation to the totals for local government authorities, but would be less significant in relation to the larger totals for State and local government authorities published in the White Paper on National Income and Expenditure 1973-74.

Table 7 provides a reclassification of the data, for 1964-65 to 1973-74 on to a national accounting basis comparable with the figures shown for all Australian Government authorities in Table 6 of the September 1974 Supplement and for all State Government authorities in Table 3 of this publication.

TABLE 7. RECEIPTS AND OUTLAY OF LOCAL GOVERNMENT AUTHORITIES—1964-65 TO 1973-74
(\$m)

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74 p
Outlay—										
Net expenditure on goods and services—										
Current expenditure	103	123	132	148	156	168	182	209	241	274
Capital expenditure	327	353	377	398	428	445	472	507	571	635
Total	430	476	509	546	584	613	654	716	813	909
Interest paid	49	55	60	67	74	81	90	100	113	127
Grants to State authorities	4	5	6	6	9	11	12	14	7	7
Net advances	..	..	..	..	..	..	..	..	..	..
Total Outlay	483	534	575	619	647	705	754	830	933	1,043
Receipts—										
Taxation—										
Indirect taxes	253	273	300	328	354	378	405	448	490	591
Direct taxes, fees, fines, etc.	3	3	4	4	3	6	6	5	4	5
Total	256	276	304	332	357	384	411	453	494	596
Interest and rent	..	..	—1	—1	—1	..	..	..	..	..
Gross income of public enterprises	69	73	78	86	92	107	107	112	131	141
Grants from State authorities	67	67	79	86	90	91	102	115	160	134
Net sales of existing assets	1	1	3	4	1	..	..	—9	—15	—12
Total Receipts	393	417	463	507	541	581	620	671	770	859
Deficit	90	119	112	112	124	124	134	159	163	184

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CONSOLIDATION OF STATE GOVERNMENT AND LOCAL GOVERNMENT ACCOUNTS

The figures in Tables 3 and 7 may be brought together into a single table setting out, in national accounting form, consolidated estimates of receipts and outlay for the State and local government authority sector as a whole.

Forward estimates for 1974-75 have not been supplied by local government authorities. However, on the basis of past years' figures, together with other data, it is possible to formulate *rough* estimates of local authority receipts and outlay for 1974-75 and to combine these with the figures in Table 3 to give estimates for the State and local government sector for 1974-75.

The consolidated figures for State and local government authorities for each year since 1964-65, are set out in Table 8 on pages 16 and 17, and the way in which they were consolidated is shown in Table 9, using the 1973-74 figures for illustration.

TABLE 8. RECEIPTS AND OUTLAY OF STATE AND LOCAL GOVERNMENT

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70
	\$m	\$m	\$m	\$m	\$m	\$m
Outlay—						
Net expenditure on goods and services—						
Current expenditure	1,072	1,185	1,307	1,451	1,622	1,859
Capital expenditure(c)	1,454	1,615	1,699	1,774	1,958	2,079
Total	2,526	2,800	3,006	3,225	3,580	3,938
Transfer payments—						
Cash benefits to persons	37	45	49	59	70	78
Interest paid	481	531	563	615	665	746
Transfers overseas						
Subsidies	23	26	29	30	28	32
Grants for private capital purposes	7	10	12	18	15	17
Total	548	612	653	722	778	873
Total Expenditure	3,074	3,412	3,659	3,947	4,358	4,811
Net advances—						
by Home Builders' Accounts	35	37	40	42	41	41
by Housing Commissions	47	46	43	38	30	41
Other	1	3	-5	31	5	2
Total	83	86	78	111	75	84
Total Outlay	3,157	3,498	3,737	4,058	4,434	4,895
Receipts—						
Taxation—						
Indirect taxes	635	688	768	863	966	1,078
Direct taxes, fees, fines, etc.	168	179	200	221	252	264
Total	803	867	968	1,084	1,218	1,342
Other receipts—						
Interest, rent, royalties and dividends	133	153	147	151	172	209
Gross income of public enterprises	478	498	549	581	649	723
Grants from the Australian Government	969	1,091	1,196	1,325	1,434	1,635
Net sales of existing assets(c)	-18	-8	-12	-11	-3	-12
Total	1,562	1,734	1,880	2,053	2,252	2,555
Total Receipts	2,365	2,601	2,848	3,137	3,470	3,897
Deficit(f)	792	897	889	921	964	998

(a) See footnote (a) to Table 1.

(b) See footnote (b) to Table 1.

(c) Consisting of fixed capital expenditure on new assets plus increase in stocks less sales of previously rented houses.

(d) See footnote (d) to Table 1.

AUTHORITIES—1964-65 TO 1973-74 AND 1974-75 (ESTIMATED)

1970-71	1971-72	1972-73	1973-74		1974-75	
			Estimate(a)	Actual		
\$m	\$m	\$m	\$m	\$m	\$m	
2,216	(b)2,604	(b)3,056	(b)3,737	(b)3,914	(b)5,006	Outlay—
2,209	2,427	2,618	2,992	2,871	3,625	Net expenditure on goods and services—
						Current expenditure
						Capital expenditure(c)
4,425	5,031	5,674	6,729	6,785	8,631	Total
94	125	163	170	172	196	Transfer payments—
827	939	994	1,024	1,057	1,172	Cash benefits to persons
						Interest paid
29	34	32	33	33	33	Transfers overseas
16	14	19	25	21	24	Subsidies
						Grants for private capital purposes
966	1,112	1,208	1,252	1,283	1,425	Total
5,391	6,143	6,882	7,981	8,068	10,056	Total Expenditure
49	45	49	79	65	83	Net advances—
57	44	26	21	14	16	by Home Builders' Accounts
21	55	59	59	55	58	by Housing Commissions
						Other
127	144	134	159	134	157	Total
5,518	6,287	7,016	8,140	8,202	10,213	Total Outlay
1,135	1,561	1,920	} n.s.	2,400	} n.s.	Receipts—
282	303	349		430		Taxation—
						Indirect taxes
						Direct taxes, fees, fines, etc.
1,417	(d)1,864	(d)2,269	(d)2,645	(d)2,830	(d)3,465	Total
257	270	311	339	333	419	Other receipts—
695	753	718	761	696	645	Interest, rent, royalties and dividends
2,225	2,394	2,782	3,337	3,430	4,755	Gross income of public enterprises
-53	-106	-76	-60	-78	-93	Grants from the Australian Government
						Net sales of existing asset(e)
3,124	3,311	3,735	4,377	4,391	5,726	Total
4,541	5,175	6,004	7,022	7,211	9,191	Total Receipts
977	1,112	1,012	1,118	990	1,022	Deficit(f)

(e) Excluding sales of previously rented houses. See footnote (r).

(f) Excess of total outlay over total receipts, as defined for purposes of the national accounting estimates of public authority transactions. The deficit is financed from net advances from the Australian Government, net borrowings from the public, movements in cash and investment holdings, etc.

TABLE 9. CONSOLIDATION OF STATE AND LOCAL GOVERNMENT AUTHORITIES, 1973-74

	State sector	Local authorities sector	Transfers between sectors	Consolidated
	\$m	\$m	\$m	\$m
Outlay—				
Net expenditure on goods and services	5,876	909	..	6,785
Transfer payments—				
Interest and dividends paid—				
to States	..	7	7	..
to other sectors	937	120	..	1,057
Grants to local government authorities	134	..	134	..
Grants to States	..	7	7	..
Other transfer payments	226	..	..	226
Net advances—				
to local government authorities	1	..	1	..
to other sectors	134	..	..	134
Total Outlay	7,308	1,043	149	8,202
Receipts—				
Taxation	2,233	596	..	2,830
Interest, rent, royalties and dividends—				
from local government authorities	7	..	7	..
from other sectors	333	..	..	333
Grants from States	..	134	134	..
Grants from local government authorities	7	..	7	..
Other receipts	3,920	129	..	4,048
Total Receipts	6,499	859	148	7,211
Deficit—				
Net advances from States	..	1	1	..
Other	808	183	..	990
Total Deficit	808	184	1	990

ALL PUBLIC AUTHORITIES

By combining the figures from Tables 5 and 7 of this publication, or alternatively, by combining the figures in Table 8 of this publication and Table 6 of the September Supplement, estimates of the receipts and outlay of the entire public authority sector in Australia may be derived. The consolidated figures for all public authorities for each year since 1964-65 are set out in Table 10 on pages 20 and 21. In the table below the estimated receipts and outlays of the public authority sector are classified into economic categories which help in assessing their impact on the overall economic situation. However, in judging what public authority transactions are appropriate in a given economic situation, it is not only the levels of receipts and outlays which are important, but also their composition. In particular, changes in the apportionment of outlays between expenditure within the economy and overseas, respectively, are significant.

The outlays of the Australian Government budget sub-sector were analysed into domestic and overseas components in the September 1974 Supplement. In principle, similar considerations apply to State expenditures. However, although no data are available on the domestic and overseas components of such expenditures, it is thought that in practice changes in their overseas components are likely to be much less

important than in the Australian Government sector, since it is chiefly the overseas components of defence expenditure, overseas grants, and capital expenditure by airlines which have been subject to marked changes from year to year in that sector. A broad assessment of the allowance to be made for this factor can therefore be obtained by using the data relating to the overseas outlays of the Australian Government budget sub-sector,¹ shown in the September 1974 Supplement, in conjunction with Table 10 of this publication.

The manner in which public authority transactions affect the level of economic activity has already been commented upon at some length in earlier Supplements and is not repeated in detail here. There are several important reservations to be made about use of the figures in Table 10 in assessing the impact of public authority transactions in the current year.

Firstly, the figures for Australian Government and State Government budgetary receipts and outlays in 1974-75 included in Table 5 of this publication, which in turn are the major part of the figures included in Table 10, take no account of changes in the estimates for the respective Budgets since they were brought down. So far as the expenditure side is concerned, however, it is usual for parliamentary authority to be sought at a later stage for expenditure over and above that included in the Budget estimates.² In the normal order of things, some decisions of this type, not presently allowed for in the estimates, are taken as the year proceeds. The estimates for 1974-75 are on a similar basis to those shown in last year's Supplement and do not take additional estimates into account.

Secondly, both receipts and expenditure estimates can change in the outcome for reasons other than policy decisions and it is, indeed, on the revenue rather than the expenditure side that the more significant variations usually occur. This is not only because of the greater difficulties of estimation that exist in respect of revenue estimates, which can render them inaccurate in a given economic context; it is also because revenue collections are more affected than expenditure by the way in which economic conditions evolve both generally and in particular sectors. If these diverge from the pattern assumed for estimating purposes at the time the estimates were prepared, then the revenue estimates may prove astray. In that case they reflect, not a change in the impact of government transactions on the economy, but, rather, a change in the pattern of economic trends elsewhere in the economy as compared with that forecast at the time the estimates were prepared.³

Thirdly, whereas the estimates for Australian Government and State Government authorities have been derived from fairly complete information supplied by those authorities (or from their published accounts), the estimates of receipts and expenditure for local government authorities are, as has been noted, based on much less complete and reliable information. However, since variations in the receipts and outlays of local authorities have in the past been small by comparison with those of Australian Government and State Government authorities, the relative imprecision of the local authority figures may not greatly affect the overall estimate.

¹ Although the government airlines are not within the budget sub-sector, a substantial part of their purchases of aircraft is financed from loans raised on their behalf by the Government, which are reflected in figures for the budget sub-sector.

² The Additional Appropriations involved may, of course, be offset wholly or in part by underspending of votes included in the original Estimates.

³ This point was discussed at greater length in Chapter 2 of the August 1968 Supplement.

TABLE 10. RECEIPTS AND OUTLAY OF ALL PUBLIC AUTHORITIES—1964-65 TO

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70
	\$m	\$m	\$m	\$m	\$m	\$m
Outlay—						
Net expenditure on goods and services—						
Current expenditure(b)	2,096	2,349	2,739	3,113	3,399	3,672
Capital expenditure(c)	1,846	2,074	2,182	2,374	2,532	2,735
Total	3,946	4,423	4,921	5,487	5,931	6,411
Transfer payments(d)—						
Cash benefits to persons	1,109	1,189	1,285	1,343	1,465	1,664
Refunded employee retirement benefits						
Interest paid	508	549	549	634	679	751
Other	260	350	402	435	496	511
Total	1,877	2,088	2,236	2,412	2,640	2,926
Total expenditure	5,823	6,511	7,157	7,872	8,571	9,337
Net advances	134	129	115	133	96	296
Total Outlay	5,957	6,640	7,271	8,011	8,667	9,633
Receipts—						
Taxation—						
Indirect taxes(e)	2,095	2,302	2,470	2,711	3,002	3,323
Income taxes on companies	721	815	863	853	1,030	1,187
Income taxes on persons	1,570	1,731	1,923	2,177	2,379	2,534
Other direct taxes, fees, fines, etc. (f)	250	237	286	322	366	391
Less Rebates(g)	—	—	—	—	—	—
Total	4,635	5,125	5,482	6,063	6,777	7,334
Other Receipts(h)	870	961	973	1,064	1,259	1,417
Total Receipts	5,525	6,086	6,455	7,149	8,034	8,751
Deficit	432	576	835	862	633	882

(a) Roughly estimated. See text for comment upon the nature of these estimates and the reservations to be borne in mind regarding them.

(b) For reasons which are explained on pages 15 and 16 of the August 1972 Supplement, the amounts shown for current expenditure and transfer payments differ from those shown in the estimates of national income and expenditure by the amounts of the wartime adjustment for defence procurement and the adjustment of subsidies to an annual basis respectively. Figures for subsidies do not include rebates of pay-roll tax under the export incentive scheme.

1973-74 AND 1974-75 (ESTIMATED)

1970-71	1971-72	1972-73	1973-74		1974-75	
			Estimate (a)	Actual		
£m	£m	£m	£m	£m	£m	
4,192	(c) 34,784	(c) 35,427	(c) 36,372	(c) 36,673	(c) 38,461	Outlay—
2,965	3,237	3,393	4,093	3,918	3,931	Net expenditure on goods and services—
						Current expenditure (a)
						Capital expenditure (d)
7,157	8,041	8,820	10,465	10,591	11,392	Total
1,852	2,166	2,694	3,212	3,250	4,316	Transfer payments (b)—
						Cash benefits to persons
						Unfunded employees' retirement
821	907	986	1,014	1,065	1,179	benefits
573	679	680	765	703	797	Interest paid
						Other
3,246	3,752	4,361	5,025	5,083	6,358	Total
10,407	11,793	13,181	15,490	15,674	17,750	Total expenditure
112	153	114	243	203	263	Net advances
10,514	11,947	13,295	15,733	15,877	18,013	Total Outlay
3,637	4,088	4,548	n.a.	5,650	n.a.	Receipts—
1,428	1,519	1,614	1,923	2,018	2,551	Taxation—
3,178	3,709	4,099	5,179	5,490	7,566	Indirect taxes (e)
n.a.	439	489	n.a.	601	n.a.	Income taxes on companies
						Income taxes on persons
						Other direct taxes, fees, fines, etc. (f)
						Less: Remissions
9,648	9,811	10,725	13,620	13,753	17,970	Total
1,452	1,571	1,661	1,811	1,689	1,644	Other Receipts (g)
10,101	11,382	12,386	14,841	15,443	19,614	Total Receipts
413	565	909	892	433	399	Deficit

(c) See footnote (b) to Table 1.

(d) Consisting of fixed capital expenditure on new assets plus increase in stocks less sales of previously rented houses.

(e) The amounts shown for indirect taxes differ from those shown in the estimates of national income and expenditure by the amounts of rebates of pay-roll tax under the export incentive scheme.

(f) See footnote (a) to Table 1.

(g) See footnote (d) to Table 1.

(h) Excluding sales of previously rented houses. See footnote (d).