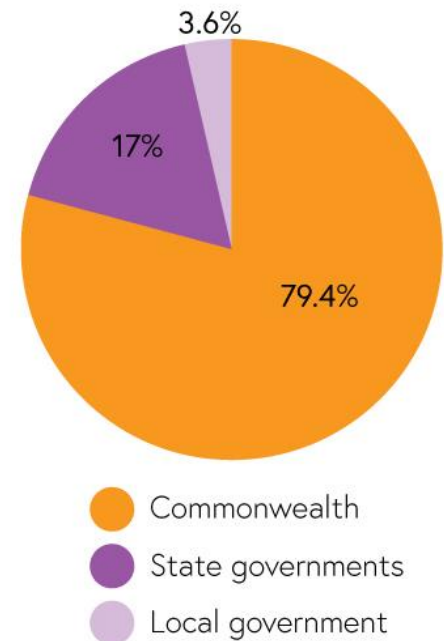


# FUNDING OF LOCAL GOVERNMENT

## Australian Taxation System

- The Australian Constitution unequally divides taxation powers and expenditure responsibility between the Commonwealth and state governments
- As a result, the Commonwealth collects around 79.4 per cent (including GST) and the states around 17 per cent of the total taxes collected in Australia
- Local government collects 3.6 per cent of the total taxes collected by all levels of government
- To equalise taxation revenues and spending responsibilities, the Commonwealth makes a series of grants to the states and local government.

## Tax collected by governments



## Local Government Income Sources

There are several sources of funding for the sector:

- Rates on property
- Fees, fines and charges (eg. swimming pool and gymnasium entry fees, waste depot fees, planning permit fees, parking fees and fines)
- Specific purpose grants from State and Commonwealth Governments, for funding specific projects or programs
- General purpose grants from the Commonwealth Government not tied to a specific purpose
- Other sources: borrowings (eg. to pay for large infrastructure projects), asset sales, donations, contributions, reimbursements and interest earned

## Local Government Funding Sources

The total funding for the sector in 2016-17 from all sources was \$9.9 billion, including:

- \$5.46 billion or 55.4 per cent in rates
- \$1.55 billion or 15.7 per cent in fees, fines and charges
- \$1.31 billion or 13.3 per cent in Commonwealth government grants
- \$633.6 million or 6.4 per cent in Victorian government grants
- \$551.4 million or 5.6 per cent in contributions (Eg. Developer contributions)
- \$355.5 million or 3.6 per cent from other sources (Eg. Interest)