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| **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.   **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) | |  |  |

Fact Sheet Creating better communities