|  |
| --- |
| **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