PRELIMINARY STATISTICS OF N.S.W. GOVERNMENT FINANCES,
1850-1982

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This paper is the first in a series presenting for each Australian state long-run statistics of colonial/state and local government finances. Others will follow the format used here so that aggregative and comparative exercises may be undertaken. For that reason also, as far as possible definitions have been made consistent over time and between governments. Where inconsistencies exist within a state they will be indicated in the text; where they exist between states they will become apparent only by comparing different papers.

The necessity to produce this and subsequent collections in order to provide easily accessible long-run series, consistently defined, arises from the failure of official statisticians to produce anything that meets these criteria. In this, NSW statisticians have done better than some others. The longest series published, however, were tables of colonial/state government revenues and expenditures, running eventually for over twentyfive years from 1880, classified variously by source and purpose, and of the purposes of loan expenditure, all appearing in T.A.Coghlan, The Wealth and Progress of New South Wales and later the Official Year Book of New South Wales.

Here I present for colonial/state and local government finances, simplified tables of sources of revenue and purposes of expenditure running from 1850 to 1968 and 1858 to 1967 respectively, of the aggregated finance of all state and local authorities for 1963-82, and of total central government taxation collections for 1850 to 1968 and 1963 to 1982.

The overlap between various sets of data covering 1963 to 1968 is important. Those commencing in 1963 are constructed on a quite different basis. In the first place, those terminating in 1967 or 1968 are (with important exceptions noted below) based on transactions recorded in the Consolidated Revenue Fund (CRF) or Loan Fund, the two main accounts through which government Treasurers
operated. The CRF was that to which most current revenues were paid and from which most current expenditures were met. To the Loan Fund were credited the proceeds of borrowings on long-term public securities and from it authorised loan expenditures were paid. Concentration on these two funds excludes operations on a variety of Trust Funds and Special Accounts and by a variety of semi-government authorities, all of which became increasingly important during the twentieth century. By contrast, tables commencing in 1963 integrate all the accounts and authorities that constitute the 'public sector', netting out transactions between them. In the second place, tables running to 1967 or 1968 are effectively on a cash basis and, with exceptions, represent all transactions in the funds covered. Those commencing in 1963 are defined in the context of national income accounting, in which some revenues are offset against expenditures and the net outcome of public trading enterprises is counted rather than their gross revenues and expenditures.

A second general point to be noted is that while colonial/state revenues presented below are current receipts, excluding loan raisings, total expenditures consist of current expenditures plus loan expenditures, net of transfers between the two funds.

**SOURCES**

For colonial government revenues and total expenditure 1850-1855 and revenues and current expenditure 1856 and 1857, *Statistics of New South Wales*; revenues and current expenditures, 1858-76, estimated from *The Public Accounts*, and for 1877 to 1906 *Statistical Register*, various tables, adjusted by reference to *The Public Accounts*. Loan expenditures are from *The Public Accounts* for 1856 to 1876 and from *Statistical Register* for 1877 to 1906. All state government revenues and expenditures for 1907-68 are figures published annually in Commonwealth Bureau of Census and Statistics (CBCS), *State, Territory and*
Local Government Authorities' Finance and Government Securities 1967-68
(Reference No. 5.11), and its predecessors. There is a break in the series between 1906 and 1907.

Integrated accounts of state and local government authorities' receipts and outlays are latest figures published in ABS, State and Local Authority Finance Australia 1981-82 (Catalogue No. 5504.0) and predecessors.

Public debt data are from Statistical Register to 1900; from Mrs P. Brown's compilation, based on CBCS, Finance Bulletin, and held in the Department of Economic History, RSSS, Australian National University, for 1901-75; and from Budget Paper No. 8, (Commonwealth)Budget Papers, 1982-83 for 1976-1982. Breaks in the series occurs at each source change.

Local government finances for 1858-1914 are from G.H. Knibbs, Local Government in Australia (Government Printer, Melbourne, 1919) and for 1915-67 from CBCS, State, Territory and Local Government Authorities' Finance and Government Securities. Knibbs presents figures running to 1916; the official annual data are first published for 1907. The choice of year at which to change sources was determined by the degree of Australia-wide reliability that can be accorded each before and after 1914. Breaks in the series occur between 1914 and 1915 and between 1935 and 1936.

Taxation collections for 1850-1929 are derived from Statistical Register, Official Year Book of New South Wales and reports of the Auditor-General; those for 1930-68 are from CBCS, State, Territory and Local Government Authorities Finance..., and predecessors.
OTHER COLLECTIONS

From the 1886 issue, Statistical Register carried ten-year tables of revenues and expenditures, the former initially classified by four sources and the latter by seven purposes. Over the years classification became more disaggregated and the number of years covered by the tables in each issue was reduced. In addition, this publication carried simplified, but nevertheless quite detailed, summaries of The Public Accounts.

The Wealth and Progress tables mentioned earlier, with quite detailed classifications, were succeeded in the Official Year Book of New South Wales by tables that abandoned the very long view for five-year runs and, by the 1920s, focussed the attention of expenditure classifications on departments of government.

In 1929 the Auditor-General's Report, Appendix 11, contained a detailed table of the functions of CRF expenditure, containing ten categories each with further subdivisions and, in Appendix 10, another classifying expenditure by nature—salaries, building expenses, general expenses and other services, all subdivided—which comes close to providing information from which to estimate expenditure in national income accounting categories. The former was published in The Public Accounts from 1934; the latter was discontinued after 1933.

ABS, State and Local Government Finance Australia 1981-82 includes integrated tables of state and local authorities' final consumption expenditure and expenditure on fixed assets, both classified by purpose. It also presents those tables, and tables of receipts and outlays, for each level of government separately. ABS, Taxation Revenue Australia 1981-82 (Catalogue No. 5506.0) contains good runs of state and local government authorities' taxation for the same period 1963-82.
Tables of social and welfare expenditures and of debt charges are included in Reports of the Commonwealth Grants Commission.

In an appendix to Ronald Mendelsohn's *The Condition of The People* (George Allen and Unwin, Sydney, 1979), there are valuable detailed tables of total expenditure on welfare, health and social security, by individual governments, estimated by Andrew Podger. They are recommended.

THE TABLES

These tables are arranged in relatively few categories that are, therefore, wide and therefore also avoid inconsistencies evident in finer classifications used elsewhere, particularly by the Auditor-General and Treasurer and in the early predecessors of State, Territory and Local Government Authorities' Finance and Government Securities.

TABLE 1

In the colonial/state government revenue and expenditure tables, 1850-1968, figures refer to transactions taking place within the stated year and not those relating necessarily to the parliamentary appropriation of that year.

The source lacks detail for 1917, 1918 and 1920. Revenue figures have been added from *The Public Accounts*; the difficulties of replicating expenditure figures shown in *Finance Bulletin*, however, mean that only expenditure totals have been inserted.

Though nominally restricted to transactions on CRF and Loan Fund, these tables incorporate, for 1850-55, activities of the Church and School Estates Fund, the Police Reward and Superannuation Funds and assessments on sheep. Following the practice of the source, they also include certain revenues and
payments not transacted through CRF or Loan Fund in the twentieth century. The additions relate to: railways, tramways and buses, and Sydney Harbour Trust (1929-68); motor taxes less cost of collection (1929), all motor taxes (1930-36) and motor taxes credited to Road Transport and Traffic Fund (1937-48); Metropolitan Water Sewerage and Drainage Board (1926-36) and Hunter River Water Board (1929-38); Family Endowment Fund (1928-32); Unemployment Relief Fund (1931,1932).

Definitions used are:

Col. 1 Public debt is that outstanding at the end of the financial year indicated. Notionally it includes short-term debt for which securities have been issued but it is likely that some may be omitted before 1901. There is a break in the series between 1900 and 1901.

Col. 2 Apparent surplus is that produced by subtracting Consolidated Revenue Fund expenditure (not presented in these tables) from revenue (Col.8).

Col. 3 Taxes include all direct and indirect taxation credited to CRF; with the addition of some or all motor taxes 1929-48.

Col. 4 Businesses comprise the earnings of railways, postal and telegraph services (to 1901), water and sewerage and 'other public services' (1907-35). The meaning of this latter, Finance Bulletin, category is uncertain. It is retained here to enable comparison with other states where it does include some business enterprises. State industrial undertakings are included only to the extent that they contribute revenue to CRF. Harbour management, which might properly be regarded as business, is excluded because Finance Bulletin figures include other, unrelated receipts. Data for the Metropolitan Water Board, omitted from Finance Bulletin for some years in the 1920s, have been inserted from its Reports. From 1930 subsidy transfers from CRF to railways are excluded.
Col. 5 Land is receipts from land sale and leases (including the interest component on credit sales), timber leases and forestry, mining revenues including royalties and various fees associated with each.

Col. 6 Other is an heroic amalgamation, bringing together separable items such as interest, fees and fines, harbours and all other receipts except commonwealth grants.

Col. 7 Commonwealth are the payments made by the commonwealth government (other than for services rendered) and credited to CRF.

Col. 8 Total revenue is on account of CRF and those funds mentioned on p.5. Until 1880 it is not netted for refunds of revenue or of costs of collection. From 1930 (but not earlier) excludes subsidy transfers between CRF and railways.

**TABLE 2**

In this Table CRF and loan expenditures are aggregated. The latter are net of credits and repayments from 1857 (except for 1897 when overissues cannot be allocated by function).

Col. 9 Debt charges are interest (and exchange) on the public debt, together with sinking fund payments, redemptions from CRF, and debt management costs.

Col. 10 Businesses has the same coverage as col. 3 and comprises both operational costs met from CRF, costs met from loans and, for 1871-1901, buildings provided for in CRF. Data for Metropolitan Water Board have been added and subsidy transfers omitted (see col. 4).

Col. 11 Other public works includes CRF and loan expenditures on harbours, rivers and roads and public buildings not elsewhere included.
Col. 12 Social is, again, a very broad aggregation. It covers current and loan expenditure on health and education services, libraries and art galleries and research (except to the extent that some agricultural research is included in col. 14) and on buildings associated with them. It also covers care of orphans, young children, and the aged, assistance to charitable organisations, and unemployment relief.

Col. 13 Law and defence includes police, courts, prisons, public safety, delinquent children (from 1936) and reformatories (1850-1906, 1936-68) together with defence and war expenditures and associated buildings (including from CRF, 1871-1901).

Col. 14 Primary is expenditures on land (including mining to 1875 and parks and gardens to 1882), stock and agriculture, water and soil conservation, closer settlement and assistance to primary industries.

Col. 15 Other includes mining and assistance to that industry from 1875.

Col. 16 Total expenditure is the sum of CRF and net loan expenditures, net of transfers between them, together with additions specified above for 1850-55 and 1926-68. It is net of refunds of revenue from 1881. From 1930 (but not earlier) excludes subsidy transfers between CRF and railways.

**TABLE 3**

For the amalgamated state and local finance series, 1963-1982, the current surplus or deficit is not represented. The source instead lists various sources from which the gap between current receipts and total outlays was met. These are shown in columns 22-24. These statistics are all cast in the mould of national income accounting. A major implication is that some receipts are netted against related outlays; other implications are mentioned below.
Reference should be made to the source for detailed information.

Col. 17 Public debt is for state government only and includes a break in the series between 1975 and 1976.

Col. 18 Taxes includes fees and fines. Some fees have been netted against outlays on relevant services.

Col. 19 Businesses have a wider coverage than in the 1859-1968 tables because those conducted outside the framework of CRF and Loan Fund are included: especially semi-government authorities. On the other hand the figures reported are (a) that part of the income of government financial enterprises paid to general government and (b) the 'net operating surplus' of government trading enterprises, excluding interest received and before interest charges are met.

Col. 20 Property income is interest, rent, royalties and dividends received (other than dividends included in column 19).

Col. 21 Grants are those from the commonwealth government to state and local government authorities, for all purposes. (State grants to local authorities disappear on amalgamating the accounts.)

Col. 22 Advances from the commonwealth government, for all purposes, to state and local authorities.

Col. 23 Borrowing is net borrowing by state general government, state public trading enterprises and local government authorities.

Col. 24 Other financing items comprises net receipts of private trust funds held by government, reduction in cash and bank balances, reduction in security holdings, depreciation allowances established in public trading enterprises
and other sources of funds (including errors and omissions).

Col. 25 Total funds

**TABLE 4**

Col. 26 Final consumption expenditure on goods and services netted for offsetting fees and charges for services rendered and sales of goods and services by general government.

Col. 27 New assets acquired whether for replacement or additions by general government, state public trading enterprises and local government authorities; includes maintenance as well as construction of new roads.

Col. 28 Existing assets/stocks is net expenditure on existing assets, mainly land and buildings, together with changes in the balance of stock accounts, including those of public trading enterprises.

Col. 29 Interest excludes payments between authorities aggregated in the table and are primarily those to the commonwealth government on account of advances and to other sectors for borrowings from them.

Col. 30 Personal benefits are cash benefits to persons in the form of pensions etc. and unfunded employee retirement benefits.

Col. 31 Subsidies

Col. 32 Grants are those for private capital purposes – for example, for the construction of homes for the aged or of libraries in private schools.

Col. 33 Advances consist of loans and credit made available not only to the private sector but also to public financial enterprises, including in the
latter capital contributions and provision of funds for on-lending.

Col. 34 **Total outlays** includes transfers overseas (very minor, if any), a category not shown separately in the table.

**TABLE 5**

Local government finances, 1858-1914, cover municipalities, shires, the city of Sydney (including its water supply and sewerage until taken over by the colonial government), municipal electricity and gasworks, municipal water and sewerage, Wollongong Harbour Trust and fire brigades.

Col. 35 **Rates** include not only general municipal property rates but also those levied by municipal businesses such as waterworks, gasworks, etc.

Col. 36 **Grants** are those from the colonial/state government.

Col. 37 **Business** is the sales and charges revenue of waterworks and other businesses — i.e., excluding their rates and miscellaneous revenue.

Col. 38 **Other revenue** includes miscellaneous business revenue and, most probably, loan receipts.

Col. 39 **Total revenue**

Col. 40 **Works/services** encompass general municipal works, such as roads construction and maintenance, health and sanitary services, including loan expenditures.

Col. 41 **Business** includes all expenditure by enterprises in Col. 37.

Col. 42 **Other** includes administrative expenses and debt charges.
Col. 43 **Total expenditure**

**TABLE 6**

Coverage and definitions of local government finances change after 1914. The former becomes restricted to local government authorities narrowly defined and to the business enterprises directed, ultimately, from municipal chambers. From 1915 to 1935 businesses are not reported separately in the source. Their revenues were included in 'Other' (48) but it is unclear where their expenditures appeared nor whether the coverage was extended in 1936. Loan receipts and expenditures are not separately specified before 1936 and Finance Bulletin acknowledges some expenditures especially those on 'extraordinary' works and by the City of Sydney were often omitted before that date. Consequences of these changes are noted below.

Col. 44 **Rates** are general municipal property rates only.

Col. 45 **Other rates** are special purpose rates and, from 1939, rates levied by municipal business undertakings.

Col 46 **Business**, available from 1936, are total business revenues for 1936-38 and business sales and charges revenue thereafter.

Col. 47 **Grants** are from state government.

Col. 48 **Other** includes loan receipts (insofar as they were recorded) to 1936 and revenues of businesses to 1936 and 'other' revenues of businesses from 1939.

Col 49 **Total revenue**

Col. 50 **Works/services** is the expenditure, including that from loans, on
municipal works and services other than those of business undertakings, except to the extent that the latter may be included before 1936.

Col. 51 Debt charges are primarily interest and sinking fund payments and, from 1939, include those of business undertakings.

Col. 52 Business, are total business expenditures, including from loans, for 1936-38 but, from 1939, exclude debt charges.

Col. 53 Other includes administration and before 1936 may include some expenditure by businesses.

Col. 54 Total expenditures

TABLE 7

Taxation figures presented in these tables differ from those shown earlier in that they include collections not carried to the credit of CRF but applied to special funds (for example that of the Main Roads Commissioner) for designated expenditure purposes. For 1850-1929:

Col. 55 Customs includes excise duties and export taxes on gold.

Col. 56 Income tax

Col. 57 Land tax

Col. 58 Probate and succession duties

Col. 59 Other stamp duty

Col. 60 Motor taxes includes driving licences, registration fees and allied collections.
Col. 61 Gambling taxes are those levied on totalisator and other betting transactions and other racing and entertainments taxes.

Col. 62 Liquor taxes are licence fees to wholesale and retail liquor.

Col. 63 Payroll tax, to fund family endowments.

Col. 64 Licences to undertake various other forms of business.

Col. 65 Total

**TABLE 8**

For 1930-68:

Col. 66 Income taxes include unemployment relief tax, special taxes on wages and incomes and social services tax, as well as arrears of income tax collected after 1942.

Col. 67 Land tax

Col. 68 Probate

Col. 69 Other stamp duties

Col. 70 Motor taxes

Col. 71 Gambling taxes include entertainment taxes and poker machine licence fees.

Col. 72 Liquor taxes

Col. 73 Payroll tax, to meet family endowment payments.
Col. 74 Other taxes include licences not elsewhere included and, in 1968, other government authority taxation and lottery profits.

Col. 75 Total excludes fire brigades levy, first explicitly mentioned in source in 1968 and probably not previously included.

DATING

From 1850 until 1894 the financial year used by the NSW government closed on 31 December. It then changed to 30 June, so that 1895 data relate to the six months ending on that date. All figures subsequent are for financial years ending 30 June.

Local government figures for 1860-1914 are said to be for years terminating on 31 December. For 1915 to 1967 figures shown are those for the twelve months ending 31 December the previous year. This practice is in accord with that adopted in Finance Bulletin 1946-47, Table 90, where statistics for states are aggregated.