

### **3.1 REVENUE AND FORWARD ESTIMATES**

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The majority of the General Government Sector (GGS) revenue is from own source taxation (32 per cent) and grants from the Commonwealth Government (42 per cent).

The ACT has a relatively narrow tax base. The Territory faces revenue raising disadvantages due to its limited capacity to raise revenues from sources normally relied upon by other States, that is, payroll tax, land tax and mining revenue.

A significant proportion of the Territory's economic activity is related to the Commonwealth Government, which is exempt from payroll tax. The Territory has small employment bases in manufacturing, wholesale trade, agricultural, and mining industries. Although average wages for all employees in the Territory are considerably higher than the national average, per capita wages for private sector employees are lower than the national average. All these factors limit the ACT's capacity to raise revenue from a source that constitutes, on average, around one quarter of tax revenue for all States.

The Territory has almost no capacity to raise revenue from the mining sector, with the lowest factor income at less than half a per cent of the national average.

Although the Territory is compensated for these limitations through the Commonwealth Grants Commission's assessment, it nevertheless has comparatively less capacity and flexibility to raise own source revenue than the Australian average.

The majority of the Territory's own source tax revenue comes from three major areas: payroll tax, conveyancing and general rates. In recognition of its geographic position, the ACT generally endeavours to maintain competitive taxation rates consistent with NSW where possible, while structuring the taxation mix and rates to maximise the potential of the domestic economy.

The ACT's taxation effort relative to capacity is broadly in line with NSW, Victoria and Western Australia; lower than South Australia; and higher than Queensland and Tasmania.

In 2008-09, total revenues are forecast to increase by 1.2 per cent from the estimated outcome for 2007-08. Across the Budget and forward estimates period, total revenues are forecast to grow by an average of 3.3 per cent per annum.

The 2008-09 Budget includes a number of taxation concessions, and some taxes will be abolished over the coming years as part of the Inter Governmental Agreement. The underlying average annual rate of growth for total revenue (excluding the effect of tax concessions and abolished taxes) is 3.6 per cent. This is broadly in line with the forecast growth in the economy.

## Revenue Initiatives

Four new revenue measures have been introduced in the 2008-09 Budget. Table 3.1.1 provides a summary of these initiatives.

**Table 3.1.1**  
**Revenue Initiatives**

| Revenue Initiatives                        | 2008-09<br>Estimate<br>\$'000 | 2009-10<br>Estimate<br>\$'000 | 2010-11<br>Estimate<br>\$'000 | 2011-12<br>Estimate<br>\$'000 |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>Department of Treasury</b>              |                               |                               |                               |                               |
| Payroll Tax Threshold                      | -6,600                        | -7,000                        | -7,300                        | -7,800                        |
| Pensioner Duty Exemption                   | -5,000                        | -5,300                        | -5,500                        | 0                             |
| Home Buyer Concession Scheme               | -3,500                        | -3,700                        | -3,900                        | -4,100                        |
| Abolishing Duty on Establishment of Trusts | -234                          | -240                          | -246                          | -253                          |
| <b>Total Revenue Initiatives</b>           | <b>-15,334</b>                | <b>-16,240</b>                | <b>-16,946</b>                | <b>-12,153</b>                |

| <b>Payroll Tax Threshold</b> | 2008-09<br>\$'000 | 2009-10<br>\$'000 | 2010-11<br>\$'000 | 2011-12<br>\$'000 |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
| Net Revenue (foregone)       | -6,600            | -7,000            | -7,300            | -7,800            |

The ACT already has a high threshold for payroll tax at \$1.250 million, which was established in 2001-02.

To support small to medium businesses, the threshold will be increased by 20 per cent to \$1.5 million from 1 July 2008. The initiative will support growth of small firms at or below the current threshold.

| <b>Pensioner Duty Exemption</b> | 2008-09<br>\$'000 | 2009-10<br>\$'000 | 2010-11<br>\$'000 | 2011-12<br>\$'000 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| Net Revenue (foregone)          | -5,000            | -5,300            | -5,500            | 0                 |
| Expenses                        | 120               | 125               | 130               | 0                 |

This initiative provides stamp duty concession for people on aged or disability pension, and Veteran's Gold Card holders to assist them move to more appropriate housing commensurate with their needs.

The initiative recognises that older persons seeking to "downsize" their accommodation may face relatively higher costs closer to shopping/suburban centres and services. Similarly, disabled people may face unavoidable additional costs.

The initiative provides once-off exemption of duty on purchase of property up to median price to eligible concession card holders. The exemption will be available for a period of three years from 1 July 2008.

| <b>Home Buyer Concession Scheme</b> | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|-------------------------------------|---------|---------|---------|---------|
|                                     | \$'000  | \$'000  | \$'000  | \$'000  |
| Net Revenue (foregone)              | -3,500  | -3,700  | -3,900  | -4,100  |

Property value thresholds for Home Buyer Concession Scheme are adjusted every six months. This initiative provides for an adjustment to the income threshold to enhance the accessibility of the scheme for moderate income households.

The current income threshold of \$100,000 is being adjusted by 20 per cent to \$120,000 per annum. This will be applicable from Budget day (6 May 2008). The regular revision of property value thresholds (determined in July and January each year) will continue.

| <b>Abolishing Duty on Establishment of Trusts</b> | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---------|---------|---------|---------|
|   | \$'000  | \$'000  | \$'000  | \$'000  |
| Net Revenue (foregone)                            | -234    | -240    | -246    | -253    |

The initiative is to abolish a minor tax. Duty paid on the establishment of trusts over non-dutiable property, the establishment of or amendment to superannuation instruments, will be abolished from 1 July 2008. As a result, the revenue foregone from this measure is estimated at \$0.234 million in 2008-09, rising to \$0.253 million in 2011-12.

## 2008-09 Budget and Forward Estimates Revenues

Figure 3.1.1 highlights the relative magnitude of the components comprising general government revenue. It shows that 42 per cent of total general government revenue in 2008-09 will be derived from Commonwealth Government funding and 32 per cent from taxation. The remaining revenue sources include sales of goods and services, interest income, dividends and tax equivalents, and other revenue.

**Figure 3.1.1**  
**Components of 2008-09 General Government Revenue**

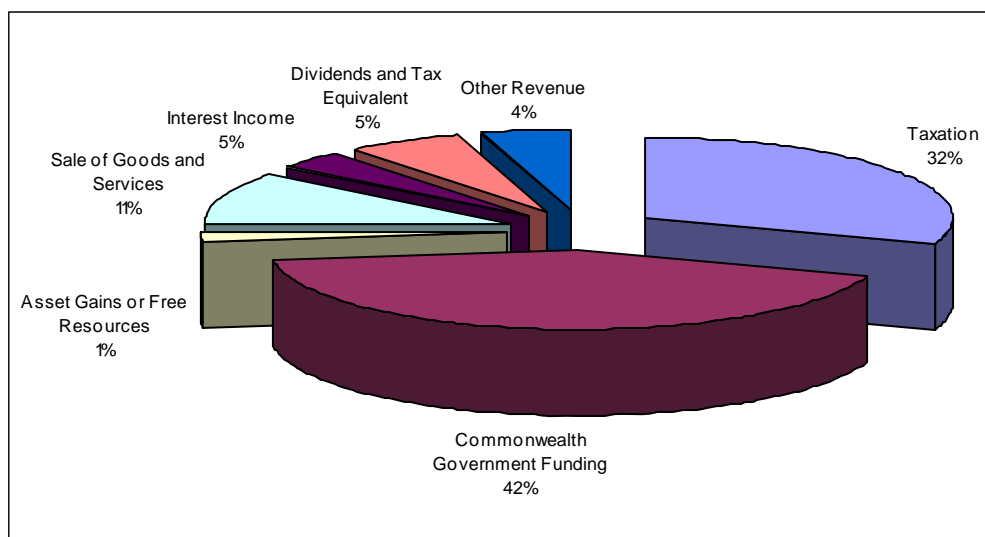


Table 3.1.2 provides a summary of 2007-08 estimated general government revenue, 2008-09 Budget forecasts and forward estimates by revenue source.

**Table 3.1.2  
General Government Revenue**

| <b>2007-08<br/>Budget<br/>\$'000</b> |                                   | <b>2007-08<br/>Est.Outcome<br/>\$'000</b> | <b>2008-09<br/>Budget<br/>\$'000</b> | <b>Var<br/>%</b> | <b>2009-10<br/>Estimate<br/>\$'000</b> | <b>2010-11<br/>Estimate<br/>\$'000</b> | <b>2011-12<br/>Estimate<br/>\$'000</b> |
|--------------------------------------|-----------------------------------|---|--------------------------------------|------------------|--|--|--|
|                                      | <b>Revenue</b>                    |   |                                      |                  |  |  |  |
| 924,146                              | Taxation                          | 1,030,227                                 | 1,048,752                            | 2                | 1,084,773                              | 1,126,710                              | 1,178,411                              |
| 1,284,883                            | Commonwealth Government<br>Grants | 1,309,197                                 | 1,393,894                            | 6                | 1,449,679                              | 1,517,861                              | 1,581,424                              |
| 58,396                               | Contributed Assets                | 58,582                                    | 46,608                               | -20              | 47,143                                 | 51,307                                 | 51,309                                 |
| 325,096                              | Sale of Goods and Services        | 360,360                                   | 359,693                              | ..               | 372,320                                | 384,260                                | 397,577                                |
| 110,725                              | Interest Income                   | 122,350                                   | 164,671                              | 35               | 177,516                                | 186,362                                | 196,630                                |
| 188,080                              | Dividends and Tax Equivalent      | 210,448                                   | 161,124                              | -23              | 167,942                                | 161,759                                | 162,192                                |
| 141,701                              | Other Revenue                     | 187,258                                   | 143,402                              | -23              | 156,180                                | 163,461                                | 171,263                                |
| <b>3,033,027</b>                     | <b>Total Revenue</b>              | <b>3,278,422</b>                          | <b>3,318,144</b>                     | <b>1</b>         | <b>3,455,553</b>                       | <b>3,591,720</b>                       | <b>3,738,806</b>                       |

## Taxation

The 2007-08 estimated outcome for taxation is 11.5 per cent above the original budget. The additional revenue is due to the continuing strong housing market in the ACT, a number of large one-off commercial conveyances and transactions relating to shares and marketable securities. Excluding duties, the increase in estimated outcome over the original budget is 0.4 per cent

Table 3.1.3 shows that the increase in taxation revenue forecast for 2008-09 is mainly due to an increase in general rates revenue and growth in payroll and land tax.

Beyond 2008-09, general growth in economic activity and wages is expected to flow through to growth in payroll tax. General rates are forecast to increase in line with the Wage Price Index (WPI). Forward estimates for land tax are based on nominal growth in land values.

Activity in the residential property market is forecast to generally remain at the current levels with modest growth in 2008-09 and the forward estimates period. House prices are likely to remain flat in real terms as increasing supply is able to meet the underlying demand (further details on the outlook for the housing market is provided in Chapter 6.1: Economic Conditions). The decrease in conveyance duty in 2008-09 relates to commercial activity. The unusually large commercial transactions experienced in 2007-08 are not forecast to be repeated.

Lease duty will be abolished in 2009-10, and duty on the transfer of unlisted shares and marketable securities will be abolished in 2010-11, consistent with commitments made under the Inter-Governmental Agreement (IGA).

**Table 3.1.3  
Taxation**

| <b>2007-08<br/>Budget<br/>\$'000</b> |  | <b>2007-08<br/>Est.Outcome<br/>\$'000</b> | <b>2008-09<br/>Budget<br/>\$'000</b> | <b>Var<br/>%</b> | <b>2009-10<br/>Estimate<br/>\$'000</b> | <b>2010-11<br/>Estimate<br/>\$'000</b> | <b>2011-12<br/>Estimate<br/>\$'000</b> |
|--------------------------------------|--|---|--------------------------------------|------------------|--|--|--|
|                                      | <b>General Tax</b>                           |   |                                      |                  |  |  |  |
| 239,000                              | Payroll Tax                                  | 239,665                                   | 251,364                              | 5                | 267,433                                | 284,678                                | 302,912                                |
| 5,018                                | Tax Waivers                                  | 5,018                                     | 5,034                                | ..               | 5,051                                  | 5,069                                  | 5,087                                  |
| 165,729                              | General Rates                                | 165,708                                   | 176,239                              | 6                | 185,889                                | 196,089                                | 206,672                                |
| 72,421                               | Land Tax                                     | 72,436                                    | 83,414                               | 15               | 86,409                                 | 89,480                                 | 92,627                                 |
| <b>482,168</b>                       | <b>Total General Tax</b>                     | <b>482,827</b>                            | <b>516,051</b>                       | <b>7</b>         | <b>544,782</b>                         | <b>575,316</b>                         | <b>607,298</b>                         |
|                                      | <b>Duties</b>                                |   |                                      |                  |  |  |  |
| 194,115                              | Conveyances                                  | 281,550                                   | 270,171                              | -4               | 273,069                                | 277,961                                | 287,207                                |
| 35,005                               | General Insurance                            | 34,863                                    | 36,356                               | 4                | 37,825                                 | 39,352                                 | 40,941                                 |
| 7,200                                | Leases                                       | 7,222                                     | 4,760                                | -34              | -                                      | -                                      | -                                      |
| 635                                  | Life Insurance                               | 1,021                                     | 1,064                                | 4                | 1,107                                  | 1,152                                  | 1,199                                  |
| 26,470                               | Motor Vehicle Registrations<br>& Transfers   | 26,359                                    | 27,492                               | 4                | 28,674                                 | 29,907                                 | 31,193                                 |
| 2,491                                | Shares & Marketable<br>Securities            | 18,091                                    | 4,000                                | -78              | 4,000                                  | -                                      | -                                      |
| 229                                  | Other Duties                                 | 234                                       | -                                    | -100             | -                                      | -                                      | -                                      |
| <b>266,145</b>                       | <b>Total Duties</b>                          | <b>369,340</b>                            | <b>343,843</b>                       | <b>-7</b>        | <b>344,675</b>                         | <b>348,372</b>                         | <b>360,540</b>                         |
|                                      | <b>Gambling Taxes</b>                        |   |                                      |                  |  |  |  |
| 1,041                                | ACTTAB Licence Fee                           | 1,041                                     | 1,041                                | -                | 1,041                                  | 1,041                                  | 1,041                                  |
| 34,917                               | Gaming Tax                                   | 35,500                                    | 36,700                               | 3                | 38,168                                 | 39,695                                 | 41,283                                 |
| 1,879                                | Casino Tax                                   | 1,879                                     | 2,017                                | 7                | 2,098                                  | 2,182                                  | 2,269                                  |
| 13,563                               | Interstate Lotteries                         | 13,300                                    | 13,700                               | 3                | 14,044                                 | 14,396                                 | 14,755                                 |
| <b>51,400</b>                        | <b>Total Gambling Taxes</b>                  | <b>51,720</b>                             | <b>53,458</b>                        | <b>3</b>         | <b>55,351</b>                          | <b>57,314</b>                          | <b>59,348</b>                          |
|                                      | <b>Other Taxes</b>                           |   |                                      |                  |  |  |  |
| 68,984                               | Motor Vehicle Registration                   | 70,875                                    | 74,915                               | 6                | 76,928                                 | 80,054                                 | 83,134                                 |
| 11,033                               | Ambulance Levy                               | 11,049                                    | 11,450                               | 4                | 11,867                                 | 12,296                                 | 12,743                                 |
| 4,529                                | Change of Use Charge                         | 4,529                                     | 4,697                                | 4                | 4,871                                  | 5,056                                  | 5,056                                  |
| 16,525                               | Utilities (Network Facilities)<br>Tax        | 16,525                                    | 17,227                               | 4                | 17,916                                 | 18,633                                 | 19,378                                 |
| 21,683                               | Fire & Emergency Service<br>Levy             | 21,683                                    | 23,214                               | 7                | 24,230                                 | 25,229                                 | 26,256                                 |
| 1,447                                | City Centre Marketing &<br>Improvements Levy | 1,447                                     | 1,803                                | 25               | 2,035                                  | 2,272                                  | 2,538                                  |
| 232                                  | Energy Industry Levy                         | 232                                       | 2,094                                | 803              | 2,118                                  | 2,168                                  | 2,120                                  |
| <b>124,433</b>                       | <b>Total Other Taxes</b>                     | <b>126,340</b>                            | <b>135,400</b>                       | <b>7</b>         | <b>139,965</b>                         | <b>145,708</b>                         | <b>151,225</b>                         |
| <b>924,146</b>                       | <b>Total Taxation</b>                        | <b>1,030,227</b>                          | <b>1,048,752</b>                     | <b>2</b>         | <b>1,084,773</b>                       | <b>1,126,710</b>                       | <b>1,178,411</b>                       |

### *Payroll Tax*

The payroll tax rate in the ACT remains unchanged at 6.85 per cent on wages and other taxable payments made by the employer, where the wages Australia-wide exceed \$1.5 million per annum. In the 2008-09 Budget, this threshold reflects a 20 per cent increase from the previous threshold of \$1.250 million per annum.

The *Payroll Tax Amendment Act 2008* was passed by the ACT Legislative Assembly on 4 March 2008 and commences operation on 1 July 2008. It introduces measures to streamline payroll tax administration and make compliance with payroll tax legislation easier for businesses.

The amendments will:

- exempt businesses from payroll tax for wages paid in the ACT for employees who work in another country for a continuous period of six months or more;
- adopt exemption rates for motor vehicle allowances and accommodation allowances aligned to those set annually by the Australian Tax Office for income deduction purposes;
- adopt a single gross-up factor for the purpose of calculating the amount of benefits that attract a Fringe Benefits Tax liability to be taken as wages for payroll tax purposes;
- adopt specific provisions for share schemes whereby shares and options will be regarded as being paid or payable in and outside the ACT according to whether the company is registered in or outside the ACT; and
- adopt NSW and Victorian grouping provisions.

The estimated outcome for 2007-08 is \$239.665 million. The forecast for 2008-09 is \$251.364 million. The expected increase in 2008-09 and beyond largely reflects forecast growth in economic activity and increased compliance audit activities.

### *Tax Waivers*

Tax waivers represent the amount of revenue that has been legally waived. The revenue forgone generally relates to payroll tax, general rates and duties. The estimated value of waivers is also reflected in expenses. This treatment enables legally-accrued taxes to be transparent.

The estimated waiver revenue for 2007-08 increased to \$5.018 million. The forecast for 2008-09 is \$5.034 million, with slight increases across the forward years.

### *General Rates*

General rates are levied on property owners to provide funding for a wide range of municipal and other ACT community services.

The estimated outcome from rates revenue is \$165.708 million in 2007-08 and is expected to increase to \$176.239 million in 2008-09. General rates revenue from existing properties will increase in 2008-09 from 2007-08 levels by the WPI of 4.4 per cent (the WPI for December 2007). This will result in an average increase of \$49 for residential properties, \$21 for rural properties and \$234 for commercial properties.

The increase in rates in 2008-09 will be applied on a 50/50 basis of fixed charge and Average Unimproved Value (AUV) charge.

General rates revenue estimates include expected revenue from both existing and new properties, and represent the net amount after allowing for pensioner rebates and discounts for early payment. The rating system in 2008-09 will have the following elements:

- a fixed charge of \$487 for residential properties;
- a fixed charge of \$96 for rural properties;
- a fixed charge of \$939 for commercial properties;
- a valuation based charge on the AUV for 2006, 2007 and 2008 land values;
- a rate-free threshold of \$16,500 applied to the AUV of each property;
- rating factors applied to the AUV of:
  - 0.3326 per cent for residential properties;
  - 0.1861 per cent for rural properties;
  - 0.7946 per cent for commercial properties; and
- a pensioner rebate cap for post 1 July 1997 pensioners of \$431.

In the 2007-08 Budget the rate-free threshold was reduced from \$22,000 to \$16,500. This will be reviewed during 2008-09 to determine whether any further changes should be made.

### *Land Tax*

Land tax applies to all commercial properties and any residential properties that are rented, or owned by a corporation or a trustee. Land tax assessments in 2008-09 will be based on the most recent AUV that incorporates the 2008 unimproved land value.

The land tax marginal rates that applied in 2006-07 and 2007-08, will remain unchanged in 2008-09, as shown in table 3.1.4.

**Table 3.1.4  
Land Tax Marginal Rates**

| <b>AUV</b>                | <b>Residential</b> | <b>Commercial</b> |
|---------------------------|--------------------|-------------------|
| up to \$75,000            | 0.60%              | 0.89%             |
| \$75,001 up to \$150,000  | 0.89%              | 0.89%             |
| \$150,001 up to \$275,000 | 1.15%              | 1.25%             |
| \$275,001 and above       | 1.40%              | 1.59%             |

The estimated outcome from land tax revenue is \$72.436 million in 2007-08 and is estimated to increase to \$83.414 million in 2008-09 due to the increase in property Average Unimproved Land Values (AUV).

### *Duty on Conveyances*

Duty is levied on the agreement for sale or transfer of land, a Crown lease or a land use entitlement located in the ACT. The current rates payable took effect from 30 June 2002 and range from \$2 to \$6.75 per \$100, or part thereof. They are generally applied to the transfer value of the property. A concessional rate applies for persons qualifying under the ACT Home Buyer Concession Scheme.

The estimated outcome for 2007-08 is \$281.550 million. This reflects a number of large commercial transactions and a higher than expected volume of and values for residential conveyances. The forecast for 2008-09 is \$270.171 million which is a slight decrease as commercial conveyance activity is expected to reduce from 2007-08 levels. Residential conveyances are, however, expected to increase in terms of both value and volume across the forward years.

The thresholds for the Home Buyer Concession Scheme have been increased to \$412,000 for house and land, and \$228,000 for vacant land applicable from 1 July 2008. This is in line with the ongoing review of these levels every six months.

### *Duty on General Insurance*

General insurance premiums are liable for duty at the rate of 10 per cent of the value of the premium.

The estimated outcome is \$34.863 million for 2007-08 and the forecast is \$36.356 million for 2008-09. Slight growth has been predicted in the forward years.

### *Duty on Leases*

Duty is payable on commercial lease documents at the rate of \$0.50 per \$100, or part thereof, of the cost of the lease, except for leases in excess of 30 years (including any renewal options) which are liable for duty at conveyance rates. This duty is payable by the lessor.

The estimated outcome is \$7.222 million for 2007-08, reflecting a slight increase over original budget. The forecast for 2008-09 is reduced to \$4.760 million to reflect an expected return to normal levels. This duty will be abolished in 2009-10.

### *Duty on Life Insurance*

For life insurance, duty is payable on:

- the sum insured at \$1 on the first \$2,000, and \$0.20 for every \$200, or part thereof, in excess of \$2,000;
- temporary or term insurance policies at 5 per cent of the first year's premium;
- life insurance riders at 5 per cent of the first year's premium; and
- insurance in the event of the disablement of the insured by accident or sickness at 10 per cent of the premium paid.

Life insurance annuities are exempt from duty.

The estimated outcome is \$1.021 million for 2007-08 with \$1.064 million forecast for 2008-09. The higher estimated outcome in 2007-08 reflects increased activity during the year, which is expected to continue.

### *Duty on Motor Vehicle Registrations and Transfers*

Duty is payable on the initial registration and on subsequent transfers of a motor vehicle.

The estimated outcome for 2007-08 is \$26.359 million and the forecast for 2008-09 is \$27.492 million, reflecting a growth in the ACT vehicle market.

### *Duty on Shares and Marketable Securities*

Duty is payable on the transfer of unquoted marketable securities, at a rate of \$0.60 per \$100, or part thereof, of the total value of the shares, or \$20, whichever is greater.

The estimated outcome in 2007-08 is \$18.091 million as a result of a number of large one-off transactions. The forecast in 2008-09 is expected to reduce to \$4 million due to a return to more normal lower levels. This duty will be abolished in 2010-11.

### *Other Duties*

Duty is payable on the establishment of trusts and changes to existing trusts. This duty is due to be abolished on 1 July 2008. Therefore no budget is forecast from 2008-09.

The estimated outcome for 2007-08 is \$0.234 million.

### *ACTTAB Licence Fee*

ACTTAB pays a licence fee based on a percentage of the capital value of the licence less GST. In addition, a dividend and a tax equivalent payment are made to the GGS by ACTTAB.

Revenue from the licence fee for 2007-08 and 2008-09 is estimated at \$1.041 million.

### *Gaming Tax*

Gaming tax revenue incorporates gaming machine taxes and interactive gaming taxes. Gaming machines are taxed on the basis of monthly gross revenue, which is defined as monthly gaming machine revenue less amounts paid out in prize money.

Estimated total gaming tax revenue for 2007-08 is \$35.5 million and the forecast for 2008-09 is \$36.7 million. There is no expected change in tax revenue from interactive gaming.

### *Casino Tax*

The tax applying to Canberra Casino is 10.9 per cent of gross profit from general gaming operations. Estimated revenue for 2007-08 is \$1.879 million and in 2008-09 is forecast at \$2.017 million.

### *Interstate Lotteries*

The ACT receives revenue based on the value of NSW and Victorian Lotteries tickets purchased in the ACT. Estimated revenue for 2007-08 is \$13.3 million and in 2008-09 is forecast at \$13.7 million.

### *Motor Vehicle Registration Fees*

The estimated revenue from motor vehicle registrations in 2007-08 is \$70.875 million and the forecast for 2008-09 is \$74.915 million.

### *Ambulance Levy*

The ambulance levy applies to health benefit organisations under the *Emergency Management Act 1999* that pay a monthly levy in respect of each person or family insured by that organisation. The levy assists in raising funds to maintain and continue ambulance services. The funding for ambulance services is appropriated through the normal Budget process.

The estimated revenue is \$11.049 million for 2007-08, which reflects the full-year impact of the increased tax rate in that year. The forecast is \$11.450 million in 2008-09.

### *Change of Use Charge*

A change of use charge is payable on the increased value of a block of land arising from a development application and is calculated at 75 per cent of the added lease value. Some qualifying lease variations will receive a remission of the change of use charge of either 25 per cent or 100 per cent.

The 2007-08 outcome is estimated at \$4.529 million. The forecast for 2008-09 has been increased slightly to \$4.697 million.

### *Utilities (Network Facilities) Tax*

The Utilities (Network Facilities) Tax applies to the owner of a utility network facility that is installed on or under land in the ACT. The tax rate for 2007-08 is \$676 per kilometre of network route length.

The estimated revenue outcome is \$16.525 million for 2007-08, with \$17.227 million forecast in 2008-09.

### *Fire and Emergency Services Levy*

A Fire and Emergency Services Levy (FESL) was introduced in 2006-07 and is charged on all rateable properties in the ACT. Revenue from the levy provides funding for fire and emergency services.

FESL revenue from existing properties will increase in 2008-09 from 2007-08 levels by WPI of 4.4 per cent (WPI at December 2007). This will result in an increase of \$3.80 in the fixed charge for residential and rural properties, and an average increase of \$94.60 for commercial properties.

The estimates for FESL revenue include expected revenue from both existing and new properties, and represent the net amount after allowing for pensioner rebates and discounts for early payment. The estimated outcome from FESL revenue is \$21.683 million in 2007-08, which is expected to increase to \$23.214 million in 2008-09.

The FESL in 2008-09 will have the following elements:

- a fixed charge of \$91.20 for residential and rural properties;
- a pensioner rebate of 50 per cent; and
- a valuation-based charge for commercial properties with a rating factor of 0.3859 per cent applied to the AUV for 2006, 2007 and 2008 land values in excess of the rate-free threshold of \$0.017 million.

### *City Centre Marketing and Improvements Levy (CCMIL)*

The revenue collected from the CCMIL will be used to promote, maintain and improve the amenities of the City Centre area. CCMIL has been collected from 1 July 2007 and will raise an estimated \$1.447 million in revenue in 2007-08. This is expected to increase to \$1.803 million in 2008-09.

The CCMIL applies to all commercial properties in the City and selected areas in Braddon and Turner, adjacent to the City Centre. The collection area is divided into two zones, and in 2008-09 will be applied on the AUV of each property at the same rate as 2007-08 (0.2992 per cent for the retail core and 0.2161 per cent for the non-retail core).

### *Energy Industry Levy*

An Energy Industry Levy was introduced in 2007-08 to fund the Territory's contribution to the Australian Energy Market Commission (AEMC). In accordance with the timetable agreed by the Commonwealth and State and Territory Governments involving a staged process, the AEMC assumed the energy regulatory functions currently undertaken by the Independent Competition and Regulatory Commission (ICRC).

Jurisdictional licensing regimes will be phased out in 2008-09 as part of National Energy Market reforms. In 2008-09 the Energy Industry Levy will replace current licence fees, which are levied on all utilities (such as electricity distributors and retailers) under the ICRC's administration based on costs associated with regulating the utility sector. The implementation of these changes results in an increase in revenue for 2008-09 and forward years. The estimated outcome is \$0.232 million for 2007-08, with the forecast for 2008-09 of \$2.094 million.

*ACT Taxes Compared to NSW*

Table 3.1.5 shows the comparative rates of tax between the ACT and NSW for major taxation items as at March 2008. Where possible, the initiatives to be introduced in the 2008-09 ACT Budget have been included in the table.

**Table 3.1.5  
Major ACT Taxes (with proposed new initiatives) compared with NSW as at March 2008**

| <b>Tax type</b>                            | <b>ACT</b>   | <b>NSW</b>  |
|--|--|---|
| <b>Payroll Tax</b>                         | 6.85%<br>First \$1,500,000 exempt.   | 6.0%<br>First \$600,000 exempt.   |
| <b>Land Tax</b>                            | <p>Applied quarterly on rolling three-year AUV.</p> <p>With effect from 2006-07 period, residential - applied only on rateable properties that are rented or owned by a trust or a company (excluding land owned by a building or development company) as follows:</p> <ul style="list-style-type: none"> <li>• AUV up to \$75,000 – 0.60%</li> <li>• AUV \$75,001 – \$150,000 – 0.89%</li> <li>• AUV \$150,001 – 275,000 – 1.15%</li> <li>• AUV \$275,001 and above – 1.40%</li> </ul> <p>Commercial - payable on all properties at the following rates from 1 July 2006:</p> <ul style="list-style-type: none"> <li>• AUV up to \$150,000 – 0.89%</li> <li>• AUV \$150,001 - \$275,000 – 1.25%</li> <li>• AUV \$275,001 and above – 1.59%</li> </ul> | <p>Applied annually on aggregated unimproved land value of property that is not the principal place of residence.</p> <p>Effective from the 2008 land tax year, land tax is \$100 plus 1.6% of the land value in excess the \$359,000 threshold.</p>                            |
| <b>Duty on Conveyances</b>                 | <p>The greater of \$20 or the amount resulting from applying the rates of \$2.00 - \$6.75 per \$100 or part thereof.</p>   | <p>The greater of \$2 or the amount resulting from applying the rates of \$1.25 - \$5.50 per \$100 or part thereof.</p> <p>For residential properties above \$3m, the duty payable is \$150,490 plus the rate of \$7.00 per \$100 or part thereof that exceeds \$3 million.</p> |
|  | <p>Home Buyers Concession Scheme:</p> <ul style="list-style-type: none"> <li>• income threshold of \$120,000 (plus further allowance for children);</li> <li>• concession for house and land value of up to \$412,000; and</li> <li>• concession for vacant land value of up to \$227,600.</li> </ul> <p>The property value thresholds are determined in July and January of each year, taking into account movements in the market.</p>   | <p>First Home Plus - Buyers will not pay stamp duty for house and land properties up to \$500,000 with phase-out concession up to property value of \$600,000. With respect to vacant land, no duty for value up to \$300,000 and phasing out at \$450,000.</p>                 |
| <b>Mortgages and Loan Security Duty</b>    | Not applied in ACT.  | \$0 - \$16,000 - \$5.00<br>above \$16,000 - \$4.00 per \$1,000 or part thereof in excess of \$16,000  |
| <b>Duty on Motor Vehicle Registrations</b> | Under \$45,000 = \$3 per \$100<br>Over \$45,000 = \$1,350+\$5 per \$100 or part thereof over \$45,000  | Under \$45,000 = \$3 per \$100<br>Over \$45,000 = \$1,350+\$5 per \$100 or part thereof over \$45,000   |

| <b>Tax type</b>                  | <b>ACT</b>  | <b>NSW</b>   |
|----------------------------------|---|--|
| <b>Duty on General Insurance</b> | 10% of value of premium   | 2.5% to 9% from 1 September 2005   |
| <b>Duty on Life Insurance</b>    | \$0 to \$2,000 - \$1<br>Over \$2,000 - \$1 plus \$0.20 per \$200 or part thereof in excess of \$2,000   | \$0 to \$2,000 - \$1<br>Over \$2,000 - \$1 plus \$0.20 per \$200 or part thereof in excess of \$2,000  |
| <b>Gambling Tax - Casino</b>     | 10.9% of gross revenue for general gaming<br>0.9% of gross revenue on commission-based gaming.  | As at October 2007<br>10.91% of gross revenue from table gaming plus super tax on table revenue above \$277 million p.a. at 1% per each \$7 million to a maximum of 35.91%.<br>13.41% of gross revenue from slot machines.   |
| <b>Gambling Tax - Clubs</b>      | For gross monthly gaming machine revenue (profit) of: <ul style="list-style-type: none"> <li>• Less than \$15,000: 0%</li> <li>• \$15,000 - \$25,000: 15%</li> <li>• \$25,000 - \$50,000: 17%</li> <li>• &gt;\$50,000: 21%</li> </ul> | For gross annual gaming machine revenue (profit) between \$1m and \$1.8m: <ul style="list-style-type: none"> <li>Up to \$200,000: 0.0%</li> <li>\$200,001 - \$1 million: 0.0%</li> <li>\$1 m - \$1.8 million: 29.5%</li> </ul> For gross annual gaming machine revenue (profit) over \$1.8 million: <ul style="list-style-type: none"> <li>Up to \$200,000: 0.0%</li> <li>\$200,001 - \$1 million: 10.0%</li> <li>\$1m - \$5 million: 19.5%</li> <li>\$5m - \$10 million: 24.5%</li> <li>\$10m - \$20 million: 27.5%</li> <li>&gt;\$20 million: 29.4%</li> </ul> |
| <b>Gambling Tax - Hotels</b>     | 25.9% of gross monthly gaming machine revenue (profit).   | For gross annual gaming machine revenue (profit) of: <ul style="list-style-type: none"> <li>Up to \$25,000: 5.4%</li> <li>\$25,001 - \$200,000: 15.4%</li> <li>\$200,001 - \$400,000: 21.1%</li> <li>\$400,001 - \$1 million: 28.2%</li> <li>\$1m - \$5 million: 33.2%</li> <li>&gt;\$5 million: 41.8%</li> </ul>  |

## Commonwealth Government Grants

Total revenue received from Commonwealth Government grants is forecast to increase by \$84.697 million from the 2007-08 estimated outcome of \$1.309 billion to the 2008-09 Budget estimate of \$1.394 billion. Further information on funding from the Commonwealth Government can be found in Chapter 6.2 Intergovernmental Finances.

**Table 3.1.6  
Australian Government Grants**

| <b>2007-08<br/>Budget<br/>\$'000</b> |   | <b>2007-08<br/>Est.Outcome<br/>\$'000</b> | <b>2008-09<br/>Budget<br/>\$'000</b> | <b>Var<br/>%</b> | <b>2009-10<br/>Estimate<br/>\$'000</b> | <b>2010-11<br/>Estimate<br/>\$'000</b> | <b>2011-12<br/>Estimate<br/>\$'000</b> |
|--------------------------------------|---|---|--------------------------------------|------------------|--|--|--|
| 822,600                              | <b>Current Grants and Subsidies</b>                               | 842,700                                   | 907,400                              | 8                | 951,900                                | 997,500                                | 1,045,274                              |
|                                      | GST Revenue Grant   |   |                                      |                  |  |  |  |
| <b>822,600</b>                       | <b>Total General Revenue Assistance</b>                           | <b>842,700</b>                            | <b>907,400</b>                       | <b>8</b>         | <b>951,900</b>                         | <b>997,500</b>                         | <b>1,045,274</b>                       |
| 119,287                              | Health Care Grants  | 119,387                                   | 131,600                              | 10               | 137,600                                | 143,600                                | 149,600                                |
| 59                                   | Youth Health Services   | 59  | 60                                   | 2                | 61                                     | 62                                     | 62                                     |
| 10,049                               | High Cost Drugs   | 11,849                                    | 13,937                               | 18               | 14,340                                 | 14,560                                 | 14,860                                 |
| 7,764                                | Australian Immunisation Agreement                                 | 9,136                                     | 4,094                                | -55              | 3,272                                  | 3,272                                  | 3,272                                  |
| 3,531                                | National Public Health Outcomes Agreement - PHOFA                 | 3,541                                     | 3,601                                | 2                | 3,601                                  | 3,601                                  | 3,601                                  |
| -                                    | COAG Illicit Drug Diversion Package                               | 659                                       | -                                    | -100             | -                                      | -                                      | -                                      |
| <b>140,690</b>                       | <b>Total Health</b>   | <b>144,631</b>                            | <b>153,292</b>                       | <b>6</b>         | <b>158,874</b>                         | <b>165,095</b>                         | <b>171,395</b>                         |
| 686                                  | Aged Care Assessment Team   | 727                                       | 749                                  | 3                | 771                                    | 794                                    | 818                                    |
| 11,920                               | Home and Community Care   | 11,940                                    | 12,919                               | 8                | 14,002                                 | 15,158                                 | 16,401                                 |
| 5,910                                | Supported Accommodation Program - Current                         | 5,910                                     | 6,864                                | 16               | 6,741                                  | 6,453                                  | 6,453                                  |
| 8,756                                | Disability Services   | 8,851                                     | 8,851                                | -                | 8,372                                  | 8,372                                  | 8,372                                  |
| 1,393                                | Concession Funding  | 1,393                                     | 1,393                                | -                | 1,393                                  | 1,393                                  | 1,393                                  |
| <b>28,665</b>                        | <b>Total Social Security and Welfare</b>                          | <b>28,821</b>                             | <b>30,776</b>                        | <b>7</b>         | <b>31,279</b>                          | <b>32,170</b>                          | <b>33,437</b>                          |
| 3,883                                | Legal Aid   | 3,883                                     | 3,980                                | 2                | 4,079                                  | 4,181                                  | 4,284                                  |
| <b>3,883</b>                         | <b>Total Public Order and Safety</b>                              | <b>3,883</b>                              | <b>3,980</b>                         | <b>2</b>         | <b>4,079</b>                           | <b>4,181</b>                           | <b>4,284</b>                           |
| 30,961                               | Government Schools - General                                      | 31,543                                    | 32,662                               | 4                | 34,501                                 | 36,485                                 | 37,397                                 |
| 112,956                              | Non-Government Schools  | 103,145                                   | 121,818                              | 18               | 131,177                                | 141,056                                | 144,582                                |
| 4,193                                | Targeted Programmes - Government schools and Joint                | 4,253                                     | 5,551                                | 31               | 4,699                                  | 4,917                                  | 5,041                                  |
| 4,432                                | Targeted Programmes - Non-government schools                      | 3,389                                     | 3,542                                | 5                | 3,314                                  | 3,477                                  | 3,564                                  |
| 401                                  | Indigenous Education Strategic Initiatives Programme - government | 401                                       | 693                                  | 73               | 850                                    | 870                                    | 893                                    |
| <b>152,943</b>                       | <b>Total Education</b>  | <b>142,731</b>                            | <b>164,266</b>                       | <b>15</b>        | <b>174,541</b>                         | <b>186,805</b>                         | <b>191,477</b>                         |
| 19,367                               | Skilling Australia's Workforce                                    | 19,662                                    | 20,154                               | 3                | 20,657                                 | 21,174                                 | 21,703                                 |
| 689                                  | VET - Contracts   | 687                                       | 704                                  | 2                | 722                                    | 740                                    | 758                                    |
| <b>20,056</b>                        | <b>Total Vocational Education Training</b>                        | <b>20,349</b>                             | <b>20,858</b>                        | <b>3</b>         | <b>21,379</b>                          | <b>21,914</b>                          | <b>22,461</b>                          |
| 36,813                               | Finance Assistance - Local Government Functions                   | 37,185                                    | 38,388                               | 3                | 40,100                                 | 41,640                                 | 43,277                                 |
| 23,980                               | National Cap Influences - Local Government Functions              | 23,956                                    | 24,411                               | 2                | 24,874                                 | 25,347                                 | 25,829                                 |
| <b>60,793</b>                        | <b>Total Local Government</b>                                     | <b>61,141</b>                             | <b>62,799</b>                        | <b>3</b>         | <b>64,974</b>                          | <b>66,987</b>                          | <b>69,106</b>                          |
| 9,643                                | Assistance for Water and Sewerage                                 | 9,633                                     | 9,817                                | 2                | 10,004                                 | 10,195                                 | 10,390                                 |
| 240                                  | Interstate Road Transport   | 287                                       | 303                                  | 6                | 292                                    | 292                                    | 299                                    |
| 1,142                                | National Highway System Current                                   | 480                                       | 470                                  | -2               | 500                                    | 500                                    | 512                                    |
| <b>11,025</b>                        | <b>Total Other</b>  | <b>10,400</b>                             | <b>10,590</b>                        | <b>2</b>         | <b>10,796</b>                          | <b>10,987</b>                          | <b>11,201</b>                          |
| <b>418,055</b>                       | <b>Total Specific Purpose Payments</b>                            | <b>411,956</b>                            | <b>446,561</b>                       | <b>8</b>         | <b>465,922</b>                         | <b>488,139</b>                         | <b>503,361</b>                         |

| <b>2007-08<br/>Budget<br/>\$'000</b> |   | <b>2007-08<br/>Est.Outcome<br/>\$'000</b> | <b>2008-09<br/>Budget<br/>\$'000</b> | <b>Var<br/>%</b> | <b>2009-10<br/>Estimate<br/>\$'000</b> | <b>2010-11<br/>Estimate<br/>\$'000</b> | <b>2011-12<br/>Estimate<br/>\$'000</b> |
|--------------------------------------|---|---|--------------------------------------|------------------|--|--|--|
| 158                                  | Sport Participation Development                           | 158                                       | 158                                  | -                | 165                                    | 165                                    | 169                                    |
| 2,729                                | Other Miscellaneous<br>Commonwealth Payments -<br>Current | 11,887                                    | 1,724                                | -85              | 712                                    | 694                                    | 696                                    |
| <b>2,887</b>                         | <b>Total Other Commonwealth<br/>Payments</b>              | <b>12,045</b>                             | <b>1,882</b>                         | <b>-84</b>       | <b>877</b>                             | <b>859</b>                             | <b>865</b>                             |
| <b>1,243,542</b>                     | <b>Total Current Grants</b>                               | <b>1,266,701</b>                          | <b>1,355,843</b>                     | <b>7</b>         | <b>1,418,699</b>                       | <b>1,486,498</b>                       | <b>1,549,500</b>                       |
|                                      | <b>Capital Grants</b>                                     |   |                                      |                  |  |  |  |
| 19,295                               | CSHA Block Assistance for<br>Housing                      | 19,209                                    | 19,646                               | 2                | 19,514                                 | 19,718                                 | 20,056                                 |
| 6,607                                | Government Schools - Capital<br>Grant                     | 9,807                                     | 8,666                                | -12              | 5,507                                  | 5,628                                  | 5,769                                  |
| 5,119                                | Non-Government Schools -<br>Capital Grant                 | 4,789                                     | 3,717                                | -22              | 2,639                                  | 2,697                                  | 2,764                                  |
| 2,720                                | VET Funding Act – TAFE Capital                            | 2,720                                     | 2,720                                | -                | 2,720                                  | 2,720                                  | 2,720                                  |
| 600                                  | National Safety Black Spots<br>Program                    | 596                                       | 602                                  | 1                | 600                                    | 600                                    | 615                                    |
| <b>34,341</b>                        | <b>Total Specific Purpose Payments<br/>- Capital</b>      | <b>37,121</b>                             | <b>35,351</b>                        | <b>-5</b>        | <b>30,980</b>                          | <b>31,363</b>                          | <b>31,924</b>                          |
| 7,000                                | Other Miscellaneous<br>Commonwealth Payments -<br>Capital | 5,375                                     | 2,700                                | -50              | -                                      | -                                      | -                                      |
| <b>7,000</b>                         | <b>Total Other Commonwealth<br/>Payments - Capital</b>    | <b>5,375</b>                              | <b>2,700</b>                         | <b>-50</b>       | <b>-</b>                               | <b>-</b>                               | <b>-</b>                               |
| <b>41,341</b>                        | <b>Total Capital Grants</b>                               | <b>42,496</b>                             | <b>38,051</b>                        | <b>-10</b>       | <b>30,980</b>                          | <b>31,363</b>                          | <b>31,924</b>                          |
| <b>1,284,883</b>                     | <b>Total Commonwealth<br/>Government Funding</b>          | <b>1,309,197</b>                          | <b>1,393,894</b>                     | <b>6</b>         | <b>1,449,679</b>                       | <b>1,517,861</b>                       | <b>1,581,424</b>                       |

## Contributed Assets

Table 3.1.7 provides a summary of contributed assets. This revenue item largely relates to land development infrastructure assets transferred to the GGS from the Land Development Agency.

**Table 3.1.7  
Contributed Assets**

| <b>2007-08<br/>Budget<br/>\$'000</b> |                                      | <b>2007-08<br/>Est.Outcome<br/>\$'000</b> | <b>2008-09<br/>Budget<br/>\$'000</b> | <b>Var<br/>%</b> | <b>2009-10<br/>Estimate<br/>\$'000</b> | <b>2010-11<br/>Estimate<br/>\$'000</b> | <b>2011-12<br/>Estimate<br/>\$'000</b> |
|--------------------------------------|--------------------------------------|---|--------------------------------------|------------------|--|--|--|
| 58,271                               | Gains from Contributed Assets        | 58,271                                    | 46,300                               | -21              | 46,832                                 | 50,996                                 | 50,996                                 |
| 125                                  | Resources Received Free of<br>Charge | 311                                       | 308                                  | -1               | 311                                    | 311                                    | 313                                    |
| <b>58,396</b>                        | <b>Total</b>                         | <b>58,582</b>                             | <b>46,608</b>                        | <b>-20</b>       | <b>47,143</b>                          | <b>51,307</b>                          | <b>51,309</b>                          |

## Sale of Goods and Services

This category consists mainly of revenue items that were previously identified as fees and user charges. The 2008-09 forecast is 0.2 per cent smaller than the 2007-08 estimated outcome. The largest contributors to sale of goods and services are service receipts, cross border health receipts and fees for regulatory services. Details of sale of goods and services are provided in Table 3.1.8.

**Table 3.1.8**  
**Sale of Goods and Services**

| 2007-08<br>Budget<br>\$'000 |   | 2007-08<br>Est.Outcome<br>\$'000 | 2008-09<br>Budget<br>\$'000 | Var<br>%  | 2009-10<br>Estimate<br>\$'000 | 2010-11<br>Estimate<br>\$'000 | 2011-12<br>Estimate<br>\$'000 |
|-----------------------------|---|----------------------------------|-----------------------------|-----------|-------------------------------|-------------------------------|-------------------------------|
| 753                         | Casino Licence Fees                         | 743                              | 766                         | 3         | 786                           | 805                           | 825                           |
| 7,022                       | Drivers Licences                            | 7,602                            | 8,311                       | 9         | 8,905                         | 9,213                         | 9,532                         |
| 47,893                      | Fees for Regulatory Services                | 49,935                           | 51,375                      | 3         | 53,074                        | 54,599                        | 56,301                        |
| 27,460                      | Water Abstraction Charge                    | 22,460                           | 27,528                      | 23        | 27,681                        | 27,943                        | 29,015                        |
| <b>83,128</b>               | <b>Total Regulatory Fees</b>                | <b>80,740</b>                    | <b>87,980</b>               | <b>9</b>  | <b>90,446</b>                 | <b>92,560</b>                 | <b>95,673</b>                 |
| 15,887                      | Parking Fees                                | 14,196                           | 15,637                      | 10        | 16,493                        | 17,381                        | 18,057                        |
| 21,636                      | Inpatient Fees                              | 23,136                           | 24,945                      | 8         | 25,622                        | 26,068                        | 26,668                        |
| 4,820                       | Non-Inpatient fees                          | 5,443                            | 4,516                       | -17       | 4,721                         | 4,949                         | 5,143                         |
| 3,200                       | Meals and Accommodation                     | 2,800                            | 3,324                       | 19        | 3,447                         | 3,523                         | 3,623                         |
| 69,453                      | Cross Border Health Receipts                | 82,031                           | 77,245                      | -6        | 81,633                        | 86,271                        | 91,173                        |
| 14,433                      | Sales                                       | 15,289                           | 15,217                      | ..        | 15,648                        | 16,065                        | 16,560                        |
| 87,934                      | Service Receipts (Non ACT<br>Government)    | 108,833                          | 98,181                      | -10       | 100,808                       | 103,225                       | 105,371                       |
| 4,816                       | Rent from Tenants                           | 4,816                            | 5,708                       | 19        | 5,782                         | 5,865                         | 6,012                         |
| 7,487                       | Miscellaneous                               | 8,678                            | 8,292                       | -4        | 8,589                         | 8,742                         | 8,978                         |
| 12,302                      | User Charges - ACT<br>Government - Revenue  | 14,398                           | 18,648                      | 30        | 19,131                        | 19,611                        | 20,319                        |
| <b>241,968</b>              | <b>Total Other</b>                          | <b>279,620</b>                   | <b>271,713</b>              | <b>-3</b> | <b>281,874</b>                | <b>291,700</b>                | <b>301,904</b>                |
| <b>325,096</b>              | <b>Total Sale of Goods and<br/>Services</b> | <b>360,360</b>                   | <b>359,693</b>              | <b>..</b> | <b>372,320</b>                | <b>384,260</b>                | <b>397,577</b>                |

### *Casino Licence Fees*

The casino licensee pays the casino licence fee to the ACT Gambling and Racing Commission. The Commission also collects casino employees licence fees for licensing staff employed by the casino. The 2007-08 estimated outcome for the combined total of all casino licence fees is \$0.743 million and in 2008-09 is forecast at \$0.766 million.

### *Drivers' Licences*

The revenue from drivers' licences in 2007-08 is estimated at \$7.602 million and the forecast for 2008-09 is \$8.311 million. This increase reflects the additional 50 taxi licences to be issued in 2008-09.

### *Fees for Regulatory Services*

The 2007-08 estimated outcome for fees for regulatory services of \$49.935 million is expected to increase to \$51.375 million in 2008-09. This increase reflects the increase in commercial tip fees as part of the “Waste Pricing Strategy” and the increased tonnages to landfill.

### *Water Abstraction*

Revenue from the Water Abstraction Charge in 2007-08 is estimated at \$22.460 million due to increased rainfall and is forecast to increase to \$27.528 million in 2008-09 based on anticipated climatic conditions similar to 2006-07.

### *Parking Fees*

The estimated revenue from parking fees in 2007-08 is \$14.196 million and the forecast for 2008-09 is \$15.637 million.

### *Inpatient Fees*

Inpatient fees and non-inpatient fees are payments for the provision of hospital and related services, which are collected at The Canberra Hospital. Inpatient fees relate to admitted patients, while non-inpatient fees are for same day services.

The 2007-08 estimated outcome for inpatient fees is \$23.136 million, and \$5.443 million for non-inpatient fees. The 2008-09 Budget estimates are, respectively, \$24.945 million and \$4.516 million for inpatient and non-inpatient fees.

### *Cross Border Health Receipts*

Cross Border Health Receipts are payments from other State and Territory Governments (predominantly NSW) for the provision of medical services provided to non-ACT residents at ACT public hospitals. The estimated revenue for 2007-08 of \$82.031 million includes a back-adjustment for the 2005-06 financial year. The forecast for 2008-09 is \$77.245 million.

### *Sales*

Revenues from sales include those generated from entry fees to sporting and cultural facilities, such as the Canberra Theatre and hire of those venues. Sales of merchandise, programs and giftware in these venues or the rights to sell these, are also included. The 2007-08 estimated outcome is \$15.289 million and the 2008-09 Budget is \$15.217 million.

### *Service Receipts (non-ACT Government)*

This item includes payments from clients for the provision of services, such as fees to physicians at hospitals, medical supplies and sterilising services. The 2007-08 estimate is \$108.833 million and the 2008-09 estimate is \$98.181 million. This reduction largely reflects the removal of transactions relating to Rhodium Asset Solutions in anticipation of its sale.

### *Miscellaneous*

Miscellaneous revenue is estimated at \$8.678 million for 2007-08 and the 2008-09 forecast is \$8.292 million.

### *User Charges*

This item includes revenue for rent, property management, shared services and insurance that is collected from ACT agencies in the Public Trading Enterprise (PTE) sector. The 2007-08 estimated outcome is \$14.398 million while the 2008-09 Budget is \$18.648 million.

## **Interest Income**

Table 3.1.9 provides a summary of interest received.

**Table 3.1.9**  
**Interest Income**

| <b>2007-08<br/>Budget<br/>\$'000</b> |  | <b>2007-08<br/>Est.Outcome<br/>\$'000</b> | <b>2008-09<br/>Budget<br/>\$'000</b> | <b>Var<br/>%</b> | <b>2009-10<br/>Estimate<br/>\$'000</b> | <b>2010-11<br/>Estimate<br/>\$'000</b> | <b>2011-12<br/>Estimate<br/>\$'000</b> |
|--------------------------------------|--|---|--------------------------------------|------------------|--|--|--|
| 82,757                               | Interest Income from Banks                                     | 93,351                                    | 119,989                              | 29               | 112,017                                | 118,340                                | 128,408                                |
| 24,788                               | Interest Income on Advances &<br>Loans to Agencies             | 26,298                                    | 39,625                               | 51               | 60,768                                 | 62,966                                 | 62,733                                 |
| 425                                  | Interest Income on Advances<br>from Private Sector - Non-Banks | -   | 1,069                                | #                | 528                                    | 203                                    | 11                                     |
| 2,005                                | Interest Income - Other  | 1,405                                     | 2,692                                | 92               | 3,453                                  | 4,103                                  | 4,728                                  |
| 750                                  | Interest Income from ACT Law<br>Society                        | 1,296                                     | 1,296                                | -                | 750                                    | 750                                    | 750                                    |
| <b>110,725</b>                       | <b>Total Interest Income</b>                                   | <b>122,350</b>                            | <b>164,671</b>                       | <b>35</b>        | <b>177,516</b>                         | <b>186,362</b>                         | <b>196,630</b>                         |

### *Interest Income from Banks*

This item represents the interest income recognised by the Territory Banking Account (TBA) for general government investments and by the Superannuation Provision Account (SPA) for its investments. Interest income from banks is interest earnings on cash, short-term securities and fixed interest assets.

General government investments comprise the surplus balances of the TBA, and investments made on behalf of government departments and some Territory Authorities. Interest earned on the SPA is retained within the existing investment facilities managed by the Territory's external fund managers.

Interest income from banks will increase from \$93.351 million in the 2007-08 estimates outcome to \$119.989 million in the 2008-09 Budget, due to an increase in investment earning as a result of a higher level of funds to be held during the year.

### *Interest Income on Advances and Loans*

This item represents the interest payment to the TBA from PTE sector agencies for loans provided to them from the TBA. The majority of interest received is from ACTEW Corporation.

Interest income on Advances and Loans will increase from \$26.298 million in the 2007-08 estimated outcome to \$39.625 million in the 2008-09 Budget due to an increase in loan interest resulting from higher ACTEW Corporation borrowings.

### *Other Interest Income*

This includes interest income recognised by the Department of Justice and Community Safety, the Home Loan Portfolio, ACT Public Cemeteries Authority and the Shared Services Centre. Many of these agencies have various statutory schemes under their administration on which interest is received.

## **Dividends and Tax Equivalents**

The estimated outcome for total dividends and tax equivalents from Public Trading Enterprises (PTEs) is expected to increase by \$22.368 million or 11.9 per cent above the original 2007-08 estimate. This is followed by a decrease of \$49.324 million revenue in 2008-09. Table 3.1.10 provides a summary of dividends and tax equivalents in 2007-08, the 2008-09 Budget and the forward estimates.

**Table 3.1.10**  
**Dividends and Tax Equivalents**

| <b>2007-08<br/>Budget<br/>\$'000</b> |  | <b>2007-08<br/>Est.Outcome<br/>\$'000</b> | <b>2008-09<br/>Budget<br/>\$'000</b> | <b>Var<br/>%</b> | <b>2009-10<br/>Estimate<br/>\$'000</b> | <b>2010-11<br/>Estimate<br/>\$'000</b> | <b>2011-12<br/>Estimate<br/>\$'000</b> |
|--------------------------------------|--|---|--------------------------------------|------------------|--|--|--|
| 73,386                               | Dividends - ACTEW                            | 71,184                                    | 76,588                               | 8                | 77,642                                 | 71,810                                 | 75,522                                 |
| 1,059                                | Dividends - ACTTAB                           | 906                                       | 933                                  | 3                | 861                                    | 852                                    | 838                                    |
| 900                                  | Dividends - CIT Solutions                    | 900                                       | 900                                  | -                | 900                                    | 900                                    | 900                                    |
| 66,142                               | Dividends - Land Development<br>Agency       | 57,033                                    | 35,606                               | -38              | 37,496                                 | 32,952                                 | 29,213                                 |
| <b>141,487</b>                       | <b>Total Dividends</b>                       | <b>130,023</b>                            | <b>114,027</b>                       | <b>-12</b>       | <b>116,899</b>                         | <b>106,514</b>                         | <b>106,473</b>                         |
| 46,593                               | Income Tax Equivalent                        | 80,425                                    | 47,097                               | -41              | 51,043                                 | 55,245                                 | 55,719                                 |
| <b>46,593</b>                        | <b>Total Other</b>                           | <b>80,425</b>                             | <b>47,097</b>                        | <b>-41</b>       | <b>51,043</b>                          | <b>55,245</b>                          | <b>55,719</b>                          |
| <b>188,080</b>                       | <b>Total Dividend and Tax<br/>Equivalent</b> | <b>210,448</b>                            | <b>161,124</b>                       | <b>-23</b>       | <b>167,942</b>                         | <b>161,759</b>                         | <b>162,192</b>                         |

## **Dividends**

### *ACTEW*

ACTEW's estimated dividend amount of \$71.184 million in 2007-08 is \$2.202 million below the 2007-08 Budget due to the impact of Stage 3 water restrictions.

The increase of \$5.404 million in the 2008-09 Budget compared to the 2007-08 estimated outcome is due to the higher level of operating profit in 2008-09. This is based on the Independent Competition and Regulatory Commission's draft water and wastewater pricing determination. However, as this determination is still only in draft form some uncertainty remains.

### *ACTTAB*

ACTTAB pays a dividend equal to 50 per cent of its after tax profits, thus any dividend increases or decreases, are a result of profit movements. ACTTAB's dividend for 2007-08 is estimated to be \$0.906 million. In 2008-09, ACTTAB has forecast a dividend of \$0.933 million in anticipation of an increased operating profit.

### *CIT Solutions*

The 2007-08 estimated outcome remains the same as the original 2007-08 Budget. The 2008-09 Budget and forward estimates also remain the same at \$0.9 million.

### *Land Development Agency*

LDA's 'nominal' surplus is not fully recognised as revenue in the general government net operating balance, consistent with the GFS accounting principles. In general, LDA's nominal surplus comprises sale of assets (for example, undeveloped commercial land), and profit from development and marketing activities.

Proceeds from asset sales (including gains from land re-zoning) are treated as capital distributions, and only profits from development and marketing activities are recognised as dividend revenue.

The decrease in dividend in the 2007-08 estimated outcome compared to the original budget of \$66.142 million mainly relates to the treatment outlined above. The nominal LDA surplus, (inclusive of the asset sale component), is projected at \$151.733 million for the 2007-08 estimated outcome - an increase of \$94.7 million compared to the 2007-08 Budget. The higher surplus is primarily due to an increase in the price and quantum of a number of key residential and commercial land sales. The level of these sales, and prices received from them, were unusually high in 2007-08, reflecting the strength in the ACT property market.

In 2008-09, the forecast dividend is \$35.606 million, which is lower than the 2007-08 estimated outcome mainly due to an increase in the land acquisition costs reflecting market value, and the mix of the land release program.

## Income Tax Equivalent

This represents income tax equivalent payments made by PTEs. The estimated total revenue for 2007-08 is \$80.425 million reflecting higher than expected operating results from PTEs. The forecast for 2008-09 is \$47.097 million and reflects the performance forecast from the ACT agencies that are subject to the National Tax Equivalent Regime.

## Other Revenue

Table 3.1.11 provides the 2007-08 estimated outcome, the 2008-09 Budget and the forward estimates for other revenue.

**Table 3.1.11  
Other Revenue**

| <b>2007-08<br/>Budget<br/>\$'000</b> |  | <b>2007-08<br/>Est.Outcome<br/>\$'000</b> | <b>2008-09<br/>Budget<br/>\$'000</b> | <b>Var<br/>%</b> | <b>2009-10<br/>Estimate<br/>\$'000</b> | <b>2010-11<br/>Estimate<br/>\$'000</b> | <b>2011-12<br/>Estimate<br/>\$'000</b> |
|--------------------------------------|--|---|--------------------------------------|------------------|--|--|--|
| 20,424                               | Traffic Infringement Fines                 | 20,289                                    | 21,042                               | 4                | 21,372                                 | 21,737                                 | 22,235                                 |
| 250                                  | Court Fines                                | 250                                       | 251                                  | ..               | 251                                    | 251                                    | 261                                    |
| 9,537                                | Parking Fines                              | 6,983                                     | 7,280                                | 4                | 7,571                                  | 7,874                                  | 8,189                                  |
| 488                                  | Other Fines                                | 585                                       | 511                                  | -13              | 520                                    | 529                                    | 549                                    |
| <b>30,699</b>                        | <b>Total Fines</b>                         | <b>28,107</b>                             | <b>29,084</b>                        | <b>3</b>         | <b>29,714</b>                          | <b>30,391</b>                          | <b>31,234</b>                          |
| 13,051                               | Superannuation Employer<br>Contribution    | 12,525                                    | 12,882                               | 3                | 13,207                                 | 13,496                                 | 13,816                                 |
| 30                                   | MLA Members Superannuation<br>Contribution | 30  | 30                                   | -                | 30                                     | 30                                     | 30                                     |
| 3,450                                | Rents and Commutation                      | 4,000                                     | 3,899                                | -3               | 4,440                                  | 4,931                                  | 5,549                                  |
| 17,259                               | Contributions                              | 17,259                                    | 17,259                               | -                | 17,259                                 | 17,259                                 | 17,259                                 |
| 77,212                               | Other Miscellaneous Revenue                | 125,337                                   | 80,248                               | -36              | 91,530                                 | 97,354                                 | 103,375                                |
| <b>111,002</b>                       | <b>Total Other</b>                         | <b>159,151</b>                            | <b>114,318</b>                       | <b>-28</b>       | <b>126,466</b>                         | <b>133,070</b>                         | <b>140,029</b>                         |
| <b>141,701</b>                       | <b>Total Other Revenue</b>                 | <b>187,258</b>                            | <b>143,402</b>                       | <b>-23</b>       | <b>156,180</b>                         | <b>163,461</b>                         | <b>171,263</b>                         |

### *Traffic Infringement Fines*

The estimated revenue from traffic infringement fines in 2007-08 is \$20.289 million and the forecast for 2008-09 is \$21.042 million. The increase reflects the application of the WPI.

### *Parking Fines*

Parking fines are expected to marginally increase from \$6.983 million in 2007-08 to \$7.280 million in 2008-09.

### *Superannuation Contributions*

This item represents the payment of employer superannuation contributions to the TBA by the PTE sector and external sector (ActewAGL). The contribution calculations are based on annual actuarially determined employer contribution rates for either the CSS or PSS membership.

### *Rents and Commutation*

Land rental income is expected to decrease marginally in 2008-09 to \$3.899 million from \$4 million in the 2007-08 estimated outcome.

### *Contributions*

This item includes voluntary contributions, fundraising and excursion funds, and revenue from hire of school buildings, which are collected by Schools and the Department of Education and Training. Budget estimates are consistent with the projected outcome for 2007-08.

### *Other Miscellaneous Revenue*

Other miscellaneous revenue will decrease from \$125.337 million in the 2007-08 estimated outcome to \$80.248 million in the 2008-09 Budget. This mainly reflects higher than expected investment distributions received from the currency hedged international indexed superannuation investments in 2007-08.

The 2008-09 Budget reflects a return to the expected dividend earnings on superannuation investments.

