

3.1 REVENUE AND FORWARD ESTIMATES

The majority of the General Government Sector revenue is from own source taxation (30 per cent) and grants from the Australian 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, i.e., payroll tax, land tax and mining revenue.

A significant proportion of the Territory's economic activity is related to the Australian 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 property owned by the Australian Government is also exempt from land tax. In addition, due to the lack of large scale commercial and industrial activity, the value of land in these sectors is well below the national average, further limiting the ACT's capacity to raise revenue from this source.

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 tax revenue comes from three major sources: 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.

Since self-government, the Territory's taxation effort, taking into account its relative capacity, has been around the Australian average. In comparison, however, the Territory's expenditure on state-type services has been around 20 to 25 per cent higher than the Australian average since self-government.

To address the mismatch in revenue and expenditure efforts, in the 2006-07 Budget, the Government pursued new sources of revenue, and revenue alignment with other jurisdictions. These include revenues of a taxation nature, as well as fees and charges. As a result, while the Territory's taxation effort will be above the national average, it is below South Australia and the Northern Territory and around the level of New South Wales and Western Australia.

In 2007-08, total revenues are forecast to increase by 7.1 per cent from the estimated outcome for 2006-07. Across the Budget and forward estimates period, total revenues are forecast to grow by an average of 4.6 per cent per annum.

The substantial increase in 2007-08 mainly relates to Australian Government grants, which will increase by 6.8 per cent. This reflects two factors: an increase in the size of the GST

pool, and an improvement in the ACT's relative share relating to its revenue raising capacity. Beyond 2007-08, however, Australian Government grants are forecast to increase by an average of 3.9 per cent per annum (Chapter 7.2 covers Intergovernmental Finances, including details on the GST grants). Taxation revenues are forecast to grow at an average rate of 5.2 per cent per annum, broadly reflecting economic parameters.

Revenue Initiatives

Two revenue measures have been introduced in the 2007-08 Budget. Table 3.1.1 provides a summary of these initiatives.

Table 3.1.1
Revenue Initiatives

Revenue Initiatives	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
Department of Treasury				
Housing Affordability Improvements	-1,500	-1,500	-1,500	-1,500
Department of Justice and Community Safety				
Victims' Services Levy	531	544	555	571
Total Revenue Initiatives	-969	-956	-945	-929

Housing Affordability Improvements	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000
Net Revenue (forgone)	-1,500	-1,500	-1,500	-1,500

To enhance the accessibility of the Home Buyer Concession Scheme, the upper property threshold for house and land purchases will be increased to the median price for those properties from 1 July 2007. The sliding scale of the concession will be adjusted to facilitate the upper threshold for the property range equalling the median price of properties based on ACTPLA sales data in the preceding two full quarters.

Conveyance duty on properties may also be deferred for up to 5 years for those eligible for the Home Buyer Concession Scheme. This facility will ease the financial burden of entry into the property market during the initial years of home ownership.

Victims' Services Levy	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000
Revenue	531	544	555	571

A \$10 levy will be introduced on all traffic infringement notices and court-imposed fines. Revenue generated from this levy will assist in the provision of expanded services to victims of crime and improve the overall response to victims in the criminal justice system.

2007-08 Budget and Forward Estimates Revenues

Figure 3.1.1 highlights the relative magnitude of components of general government revenue. It shows that 42 per cent of total general government revenue in 2007-08 will be derived from Australian Government funding and 30 per cent from taxation. The remaining revenue sources include sales of goods and services, interest income, dividends and tax equivalents.

Figure 3.1.1
Components of 2007-08 General Government Revenue

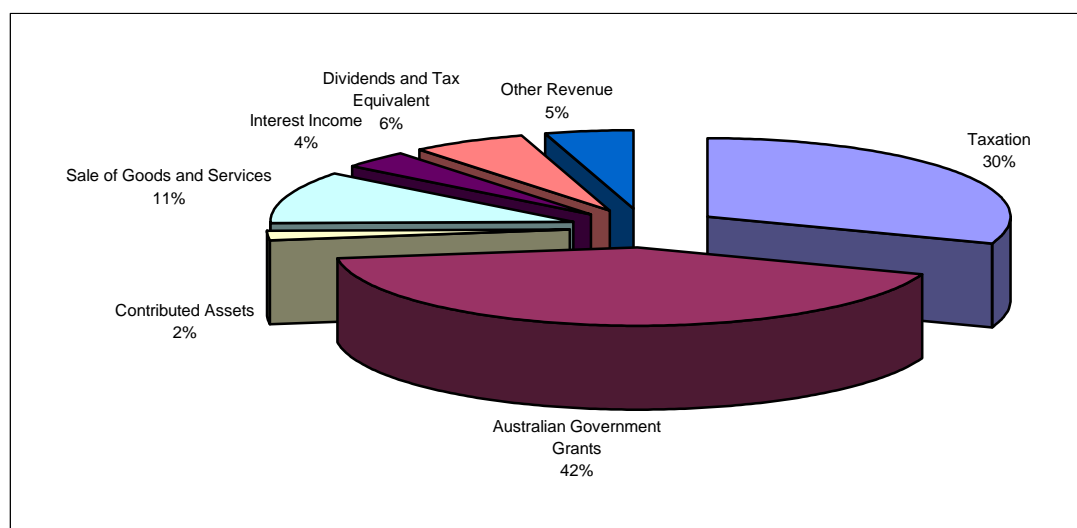


Table 3.1.2 provides a summary of 2006-07 estimated general government revenue and 2007-08 Budget forecasts and forward estimates by revenue source.

Table 3.1.2
General Government Revenue

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
Revenue							
826,111	Taxation	881,955	924,146	5	977,354	1,026,173	1,081,688
1,203,644	Australian Government Grants	1,202,830	1,284,883	7	1,333,265	1,387,118	1,442,688
37,890	Contributed Assets	29,917	58,396	95	46,427	46,962	51,126
319,029	Sale of Goods and Services	324,929	325,096	..	338,238	349,748	358,027
91,231	Interest Income	114,679	110,725	-3	112,199	125,407	141,688
115,125	Dividends and Tax Equivalent	132,072	188,080	42	135,577	142,608	153,239
132,577	Other Revenue	145,033	141,701	-2	146,885	153,361	159,672
2,725,607	Total Revenue	2,831,415	3,033,027	7	3,089,945	3,231,377	3,388,128

Taxation

The 2006-07 estimated outcome for taxation is 6.8 per cent above the original budget. This additional revenue is the result of several large transactions from commercial conveyances, leases and shares and marketable securities. There have also been a higher number of transactions and higher average values for residential conveyances.

Table 3.1.3 shows that the increase in taxation revenue forecast for 2007-08 is mainly due to an increase in general rates revenue, growth in payroll tax, land tax and the full year impact of the utilities (network facilities) tax. Hiring duty will be abolished in 2007-08 and the City Centre Marketing and Improvements Levy will commence on 1 July 2007.

Beyond 2007-08, 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) and land tax increases are expected to reflect the growth in property values. Conveyance duty is anticipated to grow as the volume of residential transactions is expected to recover to long-run average levels.

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, in line with commitments made under the Inter-Governmental Agreement (IGA).

**Table 3.1.3
Taxation**

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
General Tax							
220,025	Payroll Tax	220,036	239,000	9	257,170	273,588	291,078
644	Tax Waivers	4,602	5,018	9	5,034	5,051	5,069
156,988	General Rates	158,027	165,729	5	174,381	183,444	192,828
63,776	Land Tax	63,776	72,421	14	75,225	78,098	81,044
441,433	Total General Tax	446,441	482,168	8	511,810	540,181	570,019
Duties							
157,738	Conveyances	198,802	194,115	-2	211,509	228,047	247,727
33,452	General Insurance	33,647	35,005	4	36,328	37,702	39,128
3,209	Hiring Duty	3,488	-	-100	-	-	-
4,454	Leases	9,246	7,200	-22	4,714	-	-
606	Life Insurance	976	635	-35	659	684	710
26,143	Motor Vehicle Registrations & Transfers	25,378	26,470	4	27,608	28,795	30,033
2,986	Shares & Marketable Securities	9,500	2,491	-74	2,643	2,804	-
222	Other Duties	222	229	3	234	240	246
228,810	Total Duties	281,259	266,145	-5	283,695	298,272	317,844
Gambling Taxes							
1,041	ACTTAB Licence Fee	1,041	1,041	-	1,041	1,041	1,041
30,193	Gaming Tax	31,200	34,917	12	36,608	38,072	39,519
1,915	Casino Tax	1,915	1,879	-2	2,012	2,093	2,173
13,403	Interstate Lotteries	13,200	13,563	3	13,902	14,250	14,606
46,552	Total Gambling Taxes	47,356	51,400	9	53,563	55,456	57,339

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
Other Taxes							
65,734	Motor Vehicle Registration	65,152	68,984	6	70,893	72,851	75,937
10,647	Ambulance Levy	8,986	11,033	23	11,434	11,851	11,851
4,368	Change of Use Charge	4,368	4,529	4	4,697	4,871	5,056
7,967	Utilities (Network Facilities) Tax	7,967	16,525	107	17,136	17,770	17,770
20,000	Fire & Emergency Service Levy	20,426	21,683	6	22,439	23,234	24,185
600	City Centre Marketing & Improvements Levy	-	1,447	#	1,447	1,447	1,447
-	Energy Industry Levy	-	232	#	240	240	240
109,316	Total Other Taxes	106,899	124,433	16	128,286	132,264	136,486
826,111	Total Taxation	881,955	924,146	5	977,354	1,026,173	1,081,688

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 or the employer's group where Australia-wide wages exceed \$1.250 million per annum.

The ACT is participating in a national payroll tax harmonisation project, the outcome of which is forecast to be implemented by 1 July 2008. This will provide consistency in a number of areas including:

- adopting an exemption for employees who work in another country for a period of 6 months or more;
- linking all jurisdictions' exemption rates for accommodation and motor vehicle allowances with those set by the ATO; and
- adopting a single gross up factor (type 2) rather than using the two gross up factors (type 1 and type 2) to calculate fringe benefits tax liabilities.

In-principle agreement has also been reached on grouping and treatment of employee share schemes, although further discussions are required to finalise the detail.

The estimated outcome for 2006-07 is \$220.036 million. The forecast for 2007-08 is \$239 million. The expected increase in 2007-08 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. This foregone revenue generally relates to payroll tax, general rates and duties. The estimated value of waivers is also reflected in expenses. This treatment makes legally accrued taxes transparent.

The estimated waiver revenue for 2006-07 increased to \$4.602 million to more appropriately recognise the payroll tax waivers. Other waivers include relief provided to individuals and other entities affected by drought. The forecast for 2007-08 is \$5.018 million, largely reflecting payroll tax waivers.

General Rates

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

The estimated outcome from rates revenue in 2006-07 is \$158.027 million and is expected to increase to \$165.729 million in 2007-08. General rates revenue from existing properties will increase in 2007-08 from 2006-07 levels by the Wage Price Index of 4.1 per cent. This will result in an average increase of \$44 for residential properties, \$18 for rural properties and \$209 for commercial properties.

The increase in rates in 2007-08 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 2007-08 will have the following features:

- a fixed charge of \$462 for residential properties;
- a fixed charge of \$85 for rural properties;
- a fixed charge of \$822 for commercial properties;
- a valuation based charge on the AUV for 2005, 2006 and 2007 land values;
- a rate free threshold of \$16,500 applied to the AUV of each property;
- rating factors applied to the AUV of:
 - 0.3513 per cent for residential properties;
 - 0.1923 per cent for rural properties;
 - 0.8929 per cent for commercial properties; and
- a pensioner rebate cap for post 1 July 1997 pensioners of \$413.

The rate free threshold that currently applies to the AUV charge will be reduced by \$5,500 each year over the next four years so that it is abolished by 2010-11. The rate-free threshold reduction will not increase overall total rates revenue (which is increased annually by WPI) but it represents a gradual shift over time to give greater effect to the fixed charge and will result in the valuation based charge being applied on an equal basis to all properties.

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 2007-08 will be based on the most recent AUV that incorporates the 2007 unimproved land value.

The land tax marginal rates that apply in 2006-07 will remain unchanged in 2007-08 as shown in table 3.1.4.

**Table 3.1.4
Land Tax Marginal Rates**

AUV	Residential	Commercial
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 in 2006-07 is \$63.776 million and in 2007-08 is estimated to increase to \$72.421 million.

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 (with effect from 30 June 2002) range from \$2 - \$6.75 per \$100, or part thereof, and 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 2006-07 is \$198.802 million. This reflects several large commercial transactions and higher than expected volume and values for residential conveyance. This is expected to decrease to \$194.115 million in 2007-08 as commercial conveyance activities drop to more typical levels, despite being partially offset by a slight growth of residential conveyance and additional duty collected from the Land Development Agency (LDA). The increase in duty collected from the LDA is offset by an equal reduction in dividend.

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 for 2006-07 is \$33.647 million and the forecast for 2007-08 is \$35.005 million. There has been overall growth in general insurance premiums following the January 2003 bushfire and the premiums are likely to remain at this level in future years.

Duty on Hiring Arrangements

Duty on hiring arrangements is due to be abolished on 1 July 2007, therefore no budget is forecast across forward estimates for this duty. The estimated outcome for 2006-07 is \$3.488 million.

Duty on Leases

Duty is payable on commercial lease documents at the rate of \$0.50 for every \$100, or part thereof, of the cost of the lease with the exception of 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 for 2006-07 of \$9.246 million has increased from the original budget as a consequence of several abnormally large leases. The forecast for 2007-08 of \$7.2 million reflects the return to normal levels. This duty is scheduled to 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 for 2006-07 is \$0.976 million and the forecast for 2007-08 is \$0.635 million. The larger estimate for 2006-07 reflects abnormally high activity during the year.

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 2006-07 is \$25.378 million and the forecast for 2007-08 is \$26.470 million reflecting a slight growth in the vehicle market.

Duty on Shares and Marketable Securities

Duty is payable on the transfer of unquoted marketable securities, at a rate of 60 cents per \$100, or part thereof, of the total value of the shares or \$20, whichever is greater.

The estimated outcome in 2006-07 is \$9.5 million, which results from several large transactions. The forecast in 2007-08 is \$2.491 million. This duty is scheduled to be abolished in 2010-11.

Other Duties

Duty is payable on the establishment of trusts and changes to existing trusts. Duty on the acquisition of non-real business assets and franchises, except for long-term franchises (longer than 30 years), was abolished on 1 July 2006.

The estimated outcome for 2006-07 is \$0.222 million. The forecast in 2007-08 is \$0.229 million.

ACTTAB Licence Fee

ACTTAB pays a fixed 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 General Government Sector.

Revenue from the licence fee for 2006-07 and 2007-08 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 2006-07 is \$31.2 million and the forecast for 2007-08 is \$34.917 million. The increase in revenue is due to an increase in the marginal tax rate of the top two tiers commencing on 1 July 2007, but which is partially offset by decreased activity due to the introduction of smoking bans on 1 December 2006. There is no expected change in tax revenue from interactive gaming.

Casino Tax

The tax applying to the Canberra Casino is 10.9 per cent of gross profit from general gaming operations. Estimated revenue for 2006-07 is \$1.915 million and in 2007-08 is forecast at \$1.879 million.

Interstate Lotteries

The ACT receives revenue based on the value of NSW and Victorian Lotteries tickets purchased in the ACT. Revenue from this source is estimated at \$13.2 million for 2006-07 and the forecast for 2007-08 is \$13.563 million.

Motor Vehicle Registration Fees

The estimated revenue from motor vehicle registrations in 2006-07 is \$65.152 million and the forecast for 2007-08 is \$68.984 million. This revenue was presented as a fee in previous Budgets. Under the GFS system, motor vehicle registration fees are shown as a taxation item.

Ambulance Levy

The ambulance levy applies to health benefit organisations under the *Emergency Management Act 1999* who 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 full amount required to operate ambulance services is appropriated through the normal Budget process.

The estimated revenue for 2006-07 is \$8.986 million, which was lower than the 2006-07 Budget expectation. An increased tax rate, that better reflects the net cost of ambulance services, commenced on 1 January 2007. The forecast in 2007-08 of \$11.033 million reflects the 2007-08 implementation of the revenue measure for a full year.

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 property 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 2006-07 outcome is estimated at \$4.386 million and the forecast for 2007-08 is \$4.529 million. Previous Budgets presented this transaction as a fee. Under the GFS system, change of use charge is shown as a taxation item.

Utilities (Network Facilities) Tax

The Utilities (Network Facilities) Tax is applied to owners of any utility network facility above ground and underground installed on land in the ACT. The tax rate for 2006-07 is \$355 per kilometre of network route length.

The estimated revenue outcome for 2006-07 is \$7.967 million (reflecting mid-year commencement). The forecast in 2007-08 of \$16.525 million reflects the full year effect. The 2006-07 Budget presented this transaction as a user charge. It is now presented as a taxation item.

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 2007-08 from 2006-07 levels by the Wage Price Index of 4.1 per cent. This will result in an increase of \$3.40 in the fixed charge for residential and rural properties, and an average increase of \$84.40 for commercial properties.

FESL 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 estimated outcome from FESL revenue in 2006-07 is \$20.426 million and is estimated to increase to \$21.683 million in 2007-08.

The FESL in 2007-08 will have the following features:

- a fixed charge of \$87.40 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 0.4262 per cent applied to the AUV for 2005, 2006 and 2007 land values that exceeds the rate free threshold of \$16,500.

The rate free threshold that currently applies to the valuation based charge for commercial properties will be reduced by \$5,500 each year over the next four years so that it is abolished by 2010-11. The rate-free threshold reduction will not increase overall total FESL revenue (which is increased annually by WPI) but it represents a gradual shift over time to give greater effect to the fixed charge and result in the valuation based charge being applied on an equal basis to all properties.

City Centre Marketing and Improvements Levy

The City Heart Levy was renamed the City Centre Marketing and Improvements Levy (CCMIL). The revenue collected from the levy will be used to promote, maintain and improve the amenities of the City Centre area. CCMIL will be collected from 1 July 2007 and will raise an estimated \$1.447 million in revenue in 2007-08.

The CCMIL will apply to all commercial properties in the City and some selected areas of benefit in Braddon and Turner that are in proximity to the City Centre. The collection area will be divided into two zones, and in 2007-08 it will be applied on the AUV of each property at the rate of 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 will be introduced to fund the ACT's contribution to the Australian Energy Market Commission (AEMC). In accordance with the timetable agreed to by Australian, State and Territory Governments, the AEMC will assume, in a staged process, the energy regulatory functions that are currently undertaken by the Independent Competition and Regulatory Commission (ICRC).

Jurisdictional licensing regimes will also be phased out from 2007-08, as part of National Energy Market reforms. The Energy Industry Levy will progressively replace current licence fees, which are levied on all utilities (such as electricity distributors and retailers) based on costs associated with regulating the utility sector and administered by the ICRC. The forecast for 2007-08 is \$0.232 million.

ACT Taxes Compared to NSW

Table 3.1.5 shows the comparative tax rates between the ACT and NSW for major taxation items as at May 2007. Where possible, the initiatives to be introduced in the 2007-08 ACT Budget have been included in the table.

Table 3.1.5
Major ACT Taxes (with proposed new initiatives) compared with NSW as at May 2007

Tax type	ACT	NSW
Payroll Tax	6.85% 1st \$1,250,000 exempt.	6.0% 1st \$600,000 exempt.
Land Tax	<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"> • AUV up to \$75,000 – 0.60% • AUV \$75,001 – \$150,000 – 0.89% • AUV \$150,001 – 275,000 – 1.15% • AUV \$275,001 and above 1.40% <p>Commercial - payable on all properties at the following rates from 1 July 2006:</p> <ul style="list-style-type: none"> • AUV up to \$150,000 – 0.89% • AUV \$150,001 - \$275,000 – 1.25% • AUV \$275,001 and above – 1.59% 	<p>Applied annually on aggregated unimproved land value of property that is not the principal place of residence.</p> <p>Effective from the 2007 land tax year, land tax is \$100 plus 1.7% of the land value in excess the \$352,000 threshold.</p>
Duty on Conveyances	The greater of \$20 or the amount resulting from applying the rates of \$2.00 - \$6.75 per \$100 or part thereof.	<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 \$3m.</p>

Tax type	ACT	NSW												
	<p>Home Buyers Concession Scheme, effective from 1 July 2007:</p> <ul style="list-style-type: none"> • income threshold of \$100,000 (plus further allowance for children) • concession for house and land value of up to \$365,000 • concession for vacant land value of up to \$201,500 <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>												
Mortgages and Loan Security Duty	Not applied in ACT.	\$0 - \$16,000 - \$5.00 above \$16,000 - \$4.00 per \$1,000 or part thereof in excess of \$16,000												
Duty on Motor Vehicle Registrations	Under \$45,000 = \$3 per \$100 Over \$45,000 = \$1,350+\$5 per \$100 or part thereof over \$45,000	Under \$45,000 = \$3 per \$100 Over \$45,000 = \$1,350+\$5 per \$100 or part thereof over \$45,000												
Duty on General Insurance	10%	2.5% to 9% from 1 September 2005												
Duty on Life Insurance	\$0 to \$2,000 - \$1 Over \$2,000 - \$1 plus 20c per \$200 or part thereof in excess of \$2,000	\$0 to \$2,000 - \$1 Over \$2,000 - \$1 plus 20c per \$200 or part thereof in excess of \$2,000												
Gambling Tax - Casino	10.9% of gross revenue for general gaming 0.9% of gross revenue on commission-based gaming.	10.91% of gross revenue from table gaming plus super tax on table revenue above \$271m p.a. at 1% per each \$6.4m to a maximum of 35.91%. 13.41% of gross revenue from slot machines.												
Gambling Tax - Clubs	<p>For gross monthly gaming machine revenue (profit) of:</p> <ul style="list-style-type: none"> • Less than \$15,000: 0% • \$15,000 - \$25,000: 15% • \$25,000 - \$50,000: 16% • >\$50,000: 18% <p>As from 1 July 2007: For gross monthly gaming machine revenue (profit) of:</p> <ul style="list-style-type: none"> • Less than \$15,000: 0% • \$15,000 - \$25,000: 15% • \$25,000 - \$50,000: 17% • >\$50,000: 21% 	<p>For gross annual gaming machine revenue (profit) of:</p> <table> <tr> <td>Up to \$200,000:</td> <td>0.0%</td> </tr> <tr> <td>\$200,001 - \$1m:</td> <td>10.0%</td> </tr> <tr> <td>\$1m - \$5m:</td> <td>19.45%</td> </tr> <tr> <td>\$5m - \$10m:</td> <td>24.0%</td> </tr> <tr> <td>>\$10m:</td> <td>26.2%</td> </tr> </table>	Up to \$200,000:	0.0%	\$200,001 - \$1m:	10.0%	\$1m - \$5m:	19.45%	\$5m - \$10m:	24.0%	>\$10m:	26.2%		
Up to \$200,000:	0.0%													
\$200,001 - \$1m:	10.0%													
\$1m - \$5m:	19.45%													
\$5m - \$10m:	24.0%													
>\$10m:	26.2%													
Gambling Tax - Hotels	25.9% of gross monthly gaming machine revenue (profit).	<p>For gross annual gaming machine revenue (profit) of:</p> <table> <tr> <td>Up to \$25,000:</td> <td>5.5%</td> </tr> <tr> <td>\$25,001 - \$200,000:</td> <td>15.5%</td> </tr> <tr> <td>\$200,001 - \$400,000:</td> <td>19.8%</td> </tr> <tr> <td>\$400,001 - \$1m:</td> <td>27.7%</td> </tr> <tr> <td>\$1m - \$5m:</td> <td>32.7%</td> </tr> <tr> <td>>\$5m:</td> <td>39.1%</td> </tr> </table>	Up to \$25,000:	5.5%	\$25,001 - \$200,000:	15.5%	\$200,001 - \$400,000:	19.8%	\$400,001 - \$1m:	27.7%	\$1m - \$5m:	32.7%	>\$5m:	39.1%
Up to \$25,000:	5.5%													
\$25,001 - \$200,000:	15.5%													
\$200,001 - \$400,000:	19.8%													
\$400,001 - \$1m:	27.7%													
\$1m - \$5m:	32.7%													
>\$5m:	39.1%													

Australian Government Grants

Total revenue from grants received is forecast to increase by \$82.053 million from the 2006-07 estimated outcome of \$1.203 billion to the 2007-08 Budget estimate of \$1.285 billion. Further information on funding from the Australian Government can be found in Chapter 7.2 Intergovernmental Finances.

Table 3.1.6
Australian Government Grants

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
	Current Grants and Subsidies						
758,300	GST Revenue Grant	761,900	822,600	8	864,300	902,300	942,600
758,300	Total General Revenue Assistance	761,900	822,600	8	864,300	902,300	942,600
113,031	Health Care Grants	113,097	119,287	5	125,000	131,000	137,000
58	Youth Health Services	58	59	2	60	61	62
8,845	High Cost Drugs	9,675	10,049	4	10,437	10,840	11,060
1,963	Australian Immunisation Agreement	4,853	7,764	60	4,098	3,272	3,272
3,462	National Public Health Outcomes Agreement - PHOFA	3,469	3,531	2	3,601	3,601	3,601
1,300	COAG Illicit Drug Diversion Package	1,300	-	-100	-	-	-
2,600	Health Care Grants - Pathways Home Program	2,600	-	-100	-	-	-
131,259	Total Health	135,052	140,690	4	143,196	148,774	154,995
502	Aged Care Assessment Team	669	686	3	703	721	739
11,012	Home and Community Care	10,989	11,920	8	12,929	14,024	15,212
5,781	Supported Accommodation Program - Current	5,781	5,910	2	6,318	6,453	6,453
8,744	Disability Services	8,744	8,756	..	8,372	8,372	8,372
1,393	Concession Funding	1,393	1,393	-	1,393	1,393	1,393
27,432	Total Social Security and Welfare	27,576	28,665	4	29,715	30,963	32,169
3,170	Legal Aid	3,788	3,883	3	3,980	4,079	4,181
3,170	Total Public Order and Safety	3,788	3,883	3	3,980	4,079	4,181
29,428	Government Schools - General	27,397	30,961	13	32,951	34,953	35,827
106,532	Non Government Schools	96,916	112,956	17	121,090	129,493	132,731
4,405	Targeted Programmes - Government schools and Joint	4,026	4,193	4	4,396	4,432	4,543
3,188	Targeted Programmes - Non-government schools	3,542	4,432	25	3,448	2,577	2,641
391	Indigenous Education Strategic Initiatives Programme - government	841	401	-52	401	411	421
143,944	Total Education	132,722	152,943	15	162,286	171,866	176,163
19,122	Skilling Australia's Workforce	19,122	19,367	1	19,832	20,325	21,287
659	VET - Contracts	659	689	5	699	715	752
19,781	Total Vocational Education Training	19,781	20,056	1	20,531	21,040	22,039

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
35,045	Finance Assistance - Local Government Functions	35,425	36,813	4	38,062	39,340	40,681
23,486	National Cap Influences - Local Government Functions	23,463	23,980	2	24,460	24,949	25,448
58,531	Total Local Government	58,888	60,793	3	62,522	64,289	66,129
9,444	Assistance for Water and Sewerage	9,435	9,643	2	9,837	10,034	10,235
240	Interstate Road Transport	240	240	-	240	240	240
1,142	National Highway System Current	1,142	1,142	-	1,142	1,142	1,142
10,826	Total Other	10,817	11,025	2	11,219	11,416	11,617
394,943	Total Specific Purpose Payments	388,624	418,055	8	433,449	452,427	467,293
158	Sport Participation Development	158	158	-	158	158	158
1,469	Other Miscellaneous Commonwealth Payments - Current	3,653	2,729	-25	224	712	694
1,627	Total Other Commonwealth Payments	3,811	2,887	-24	382	870	852
1,154,870	Total Current Grants	1,154,335	1,243,542	8	1,298,131	1,355,597	1,410,745
	Capital Grants						
19,106	CSHA Block Assistance for Housing	18,709	19,295	3	19,646	19,514	19,718
9,529	Government Schools - Capital Grant	10,562	6,607	-37	5,321	5,378	5,513
6,236	Non-Government Schools - Capital Grant	4,376	5,119	17	4,147	3,309	3,392
2,720	VET - Capital Infrastructure	2,720	2,720	-	2,720	2,720	2,720
10,583	National Highway System - Capital	11,028	-	-100	-	-	-
600	National Safety Black Spots Program	600	600	-	600	600	600
48,774	Total Specific Purpose Payments - Capital	47,995	34,341	-28	32,434	31,521	31,943
-	Other Miscellaneous Commonwealth Payments - Capital	500	7,000	#	2,700	-	-
-	Total Other Commonwealth Payments - Capital	500	7,000	#	2,700	-	-
48,774	Total Capital Grants	48,495	41,341	-15	35,134	31,521	31,943
1,203,644	Total Australian Government Funding	1,202,830	1,284,883	7	1,333,265	1,387,118	1,442,688

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 General Government Sector from the Land Development Agency.

**Table 3.1.7
Contributed Assets**

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
37,767	Gains from Contributed Assets	29,794	58,271	96	46,300	46,832	50,996
123	Resources Received Free of Charge	123	125	2	127	130	130
37,890	Total	29,917	58,396	95	46,427	46,962	51,126

Sale of Goods and Services

This new category consists mainly of revenue items that were previously known as fees and user charges. The 2007-08 forecast is 0.1 per cent larger than the 2006-07 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**

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
734	Casino Licence Fees	734	753	3	772	792	812
6,788	Drivers Licences	6,788	7,022	3	7,265	7,513	7,813
45,640	Fees for Regulatory Services	45,439	47,893	5	49,522	51,195	52,644
27,163	Water Abstraction Charge	27,163	27,460	1	27,715	27,859	28,115
80,325	Total Regulatory Fees	80,124	83,128	4	85,274	87,359	89,384
15,019	Parking Fees	15,182	15,887	5	16,437	16,989	17,585
19,918	Inpatient Fees	19,918	21,636	9	22,293	22,970	23,416
2,662	Non-Inpatient fees	3,829	4,820	26	5,012	5,216	5,444
2,469	Meals and Accommodation	2,469	3,200	30	3,319	3,442	3,518
66,215	Cross Border Health Receipts	66,215	69,453	5	73,620	78,037	79,537
13,907	Sales	13,232	14,433	9	14,608	14,999	15,372
95,675	Service Receipts (Non ACT Government)	98,776	87,934	-11	92,185	94,760	97,364
2,835	Rent from Tenants	3,483	4,816	38	5,708	5,782	5,865
10,492	Miscellaneous	7,292	7,487	3	7,398	7,596	7,749
9,512	User Charges - ACT Government - Revenue	14,409	12,302	-15	12,384	12,598	12,793
238,704	Total Other	244,805	241,968	-1	252,964	262,389	268,643
319,029	Total Sale of Goods and Services	324,929	325,096	..	338,238	349,748	358,027

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 2006-07 estimated outcome for the combined total of all casino licence fees of \$0.734 million is expected to increase marginally to \$0.753 million for 2007-08.

Drivers' Licences

The revenue from drivers' licences in 2006-07 is estimated at \$6.788 million and the forecast for 2007-08 is \$7.022 million. This increase reflects the application of the Wage Price Index.

Fees for Regulatory Services

The 2006-07 estimated outcome for fees for regulatory services of \$45.439 million is expected to increase to \$47.893 million in 2007-08. This increase reflects the increase in commercial tip fees as part of the "Waste Pricing Strategy".

Water Abstraction

Revenue from the Water Abstraction Charge in 2006-07 is estimated at \$27.163 million and is forecast to increase to \$27.460 million in 2007-08.

Parking Fees

The estimated revenue from parking fees in 2006-07 is \$15.182 million and the forecast for 2007-08 is \$15.887 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 2006-07 estimated outcome for inpatient fees is \$19.918 million and \$3.829 million for non-inpatient fees. The 2007-08 Budget estimates are \$21.636 million and \$4.820 million for inpatient and non-inpatient fees, respectively.

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 2006-07 is \$66.215 million, while the forecast is \$69.453 million in 2007-08.

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 2006-07 estimated outcome is \$13.232 million and the 2007-08 Budget is \$14.433 million.

Service Receipts (non-ACT Government)

This item includes payments from clients for the provision of services, such as fees to physicians at hospital, medical supplies and sterilising services. The 2006-07 estimate is \$98.776 million and 2007-08 estimate is \$87.934 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 \$7.292 million for 2006-07 and the 2007-08 forecast is \$7.487 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 2006-07 estimated outcome is \$14.409 million while the 2007-08 Budget is \$12.302 million.

Interest Income

Table 3.1.9 provides a summary of interest received.

Table 3.1.9
Interest Income

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
65,260	Interest Income from Banks	86,954	82,757	-5	75,820	84,322	97,085
23,834	Interest Income on Adv & Loans to Agencies	25,620	24,788	-3	32,435	36,763	39,661
-	Interest Income on Advs from Private Sector - Non-Banks	-	425	#	247	53	4
1,387	Interest Income - Other	1,205	2,005	66	2,947	3,519	4,188
750	Interest Income from ACT Law Society	900	750	-17	750	750	750
91,231	Total Interest Income	114,679	110,725	-3	112,199	125,407	141,688

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 on Advances and Loans

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

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 \$16.947 million or 14.7 per cent above the original 2006-07 Budget estimation. This is followed by a further increase of \$56.008 million revenue in 2007-08. Table 3.1.10 provides a summary of dividends and tax equivalents in 2006-07, the 2007-08 Budget and the forward estimates.

Table 3.1.10
Dividends and Tax Equivalents

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
63,375	Dividends - ACTEW	63,337	73,386	16	73,926	77,193	77,902
1,676	Dividends - ACTTAB	2,625	1,059	-60	1,155	1,251	1,304
400	Dividends - CIT Solutions	900	900	-	900	900	900
24,957	Dividends - Land Development Agency	35,949	66,142	84	27,342	23,128	23,668
90,408	Total Dividends	102,811	141,487	38	103,323	102,472	103,774
24,717	Income Tax Equivalent	29,261	46,593	59	32,254	40,136	49,465
24,717	Total Other	29,261	46,593	59	32,254	40,136	49,465
115,125	Total Dividend and Tax Equivalent	132,072	188,080	42	135,577	142,608	153,239

Dividends

ACTEW

ACTEW's estimated dividend amount of \$63.337 million in 2006-07 largely comprises of ACTEW's operating result of \$63.114 million, and is in line with the dividend in its 2006-07 original budget.

The increase of \$10.049 million in the 2007-08 Budget compared to the 2006-07 estimated outcome is due the higher level of operating profit in 2007-08.

ACTTAB

ACTTAB pays a dividend comprising 50 per cent of after tax profits, therefore any increases or decreases in the dividend are as a result of profit movements. ACTTAB achieved a larger than expected gain on the sale of the Dickson Head Office in 2006-07, thus increasing the dividend payable to \$2.625 million for 2006-07.

CIT Solutions

The increase of \$0.5 million in the 2006-07 estimated outcome from the 2006-07 original budget reflects improved trading results.

Land Development Agency

The Land Development Agency (LDA) pays 100 per cent of its operating profit after tax as a dividend. In 2006-07, LDA has estimated a dividend of \$35.949 million against an original budget of \$24.957 million. The higher dividend is mainly due to higher than expected returns at commercial and residential auctions, the recognition of land sales into the Woden East joint venture development and higher residential land sales in LDA estates. These increases have been partially offset by delays in some strategic initiative settlements, which have been built into the 2007-08 program.

In 2007-08, the LDA has forecast a dividend of \$66.142 million reflecting a significantly accelerated land sales program, and the strategic initiative above.

Income Tax Equivalent

This represents income tax equivalent payments made by ACT Public Trading Enterprises (PTEs). The estimated total revenue for 2006-07 is \$29.261 million reflecting higher than expected operating results from PTEs. The forecast for 2007-08 is \$46.593 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 2006-07 estimated outcome, the 2007-08 Budget and the forward estimates for other revenue.

**Table 3.1.11
Other Revenue**

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
17,577	Traffic Infringement Fines	14,167	20,424	44	20,832	21,163	21,531
250	Court Fines	250	250	-	250	250	250
9,170	Parking Fines	9,170	9,537	4	9,880	10,234	10,603
269	Other Fines	485	488	1	491	494	498
27,266	Total Fines	24,072	30,699	28	31,453	32,141	32,882
14,880	Superannuation Employer Contribution	14,034	13,051	-7	13,313	13,585	13,794
30	MLA Members Superannuation Contribution	30	30	-	30	30	30
3,450	Rents and Commutation	6,000	3,450	-43	3,536	3,624	3,624
17,259	Contributions	17,259	17,259	-	17,259	17,259	17,259
69,692	Other Miscellaneous Revenue	83,638	77,212	-8	81,295	86,721	92,083
105,311	Total Other	120,961	111,002	-8	115,433	121,219	126,790
132,577	Total Other Revenue	145,033	141,701	-2	146,886	153,360	159,672

Traffic Infringement Fines

Traffic infringement fines are expected to increase from \$14.167 million in 2006-07 to \$20.424 million in 2007-08. The 2007-08 Budget increase from the 2006-07 estimated outcome is due to a delay in procuring additional cameras funded through the 2006-07 Budget and downtime for existing speed and red light cameras being repaired.

Parking Fines

Parking fines are expected to marginally increase from \$9.170 million in 2006-07 to \$9.537 million in 2007-08.

Superannuation Contributions

This item represents the payment of employer superannuation contributions to the Superannuation Provision Account and the Territory Banking Account 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. From 2006-07 these contributions will only be paid to the Territory Banking Account.

Rents and Commutation

Land rental income is expected to increase by \$2.6 million in 2006-07 to \$6 million, due to the one-off payout of two concessional leases.

Contributions

This item includes voluntary contributions, fundraising and excursion funds, and revenue from hire of school buildings, which are collected by the Department of Education and Training. Budget estimates are consistent with the projected outcome for 2006-07.

Other Miscellaneous Revenue

There is an increase in other miscellaneous revenue in the 2006-07 estimated outcome due to funds received for the Erickson helicopter, insurance proceeds for storm damage and the Koomari contribution for the Narrabundah Caravan Park.

