3.1 REVENUE AND FORWARD ESTIMATES

The majority of General Government Sector (GGS) revenue in 2010-11 is from grants from the Commonwealth Government (39 per cent) and own source taxation (31 per cent).

The ACT has a number of revenue raising disabilities in comparison with other jurisdictions. A significant proportion of the Territory's economic activity is generated by Commonwealth Government expenditure within the Territory. Commonwealth employment, which drives much of this expenditure, is exempt from payroll tax.

The Territory has a moderate private employment base in the education and small scale manufacturing sectors, and wholesale trade. Employment in agricultural and mining industries, important contributors to the diversity and growth in other jurisdictions' payroll tax bases, is quite small in the ACT.

While the ACT 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.

In recognition of its geographic position and size, the ACT seeks to maintain competitive taxation rates consistent with NSW, where possible.

The original 2010-11 Budget forecast a decrease of 0.6 per cent in aggregate revenue. The estimated outcome for 2010-11 is an increase of 5.6 per cent over the original budget. A significant contribution to this increase is from duty on the transfer of marketable shares and securities, relating to a large transaction from previous years.

Excluding this once-off revenue and *Nation Building and Jobs Plan* funding from the Commonwealth, the increase in aggregate revenue is 3.4 per cent. The below trend growth in the underlying revenue in 2010-11 is largely reflective of a decrease in the GST revenue, offset by strong activity in the housing market during the year.

The 2011-12 Budget forecast is for an increase in the underlying revenue of 8.1 per cent. Beyond the Budget year, growth in the underlying revenue is 4.4 per cent per annum, again below trend.

Revenue growth beyond the budget year is affected by the recent Commonwealth Grants Commission assessment which has significantly reduced the amount of GST revenue received by the Territory. In addition, the estimates incorporate the forecast decrease in the national GST Pool.

Across the forward estimates period, the underlying revenue grows at a compound annual average rate of 5.3 per cent, in line with the long term planning parameter.

Taxation Reform

ACT Taxation Review

In August 2010, the Treasurer announced a broad ranging review of ACT taxation to assess the overall efficacy and equity of the ACT taxation system. The review is to complement the review commissioned by the Commonwealth Government (*Australia's Future Tax System*).

The Review will be conducted by a Panel comprising the former ACT Treasurer, Ted Quinlan as chair, Professor Alan Duncan from the University of Canberra and the Under Treasurer.

The Panel will provide recommendations and findings on whether ACT taxes are appropriate; equitably and effectively distributed; and provide the stability and certainty required to continue to deliver important community services to Canberrans.

The Panel has called for submissions and has been consulting with a range of organisations and community groups. Further details including the public submissions are available on the Treasury website.

The final review report is expected to be delivered by August 2011.

Codification of the Lease Variation Charge

Background

A Change of Use Charge is payable on the increased value of a lease for a block of land arising from a change in the lease conditions granted. It is determined as part of the development application process. The Charge has been in place since 1971, and is commonly referred to as the betterment levy.

In the 2009-10 Budget, the Government committed to the codification of the Change of Use Charge in the Territory, in response to industry concerns surrounding the degree of uncertainty in charge determinations, and to avoid unnecessary delays in development approvals.

A review of the system was led by Professor Des Nicholls from the Australian National University. The review commenced in 2009-10, and was completed in 2010-11. As required under the Terms of Reference, Professor Nicholls consulted extensively with the range of stakeholders.

Before the completion of the final report, a Discussion Paper on the proposed framework and the draft report were released to assist with consultation. In total, three rounds of consultation were held, over 16 weeks, with 27 submissions received from a wide range of stakeholders.

The final report has addressed the issues raised in the community consultation process, and has provided a cost-benefit analysis and a Regulatory Impact Statement. The discussion paper and the reports along with the public submissions are available on the ACT Treasury website.

The 2010-11 Select Committee on Estimates recommended that the Government evaluate the impacts of the Change of Use Charge and that it does not create barriers to urban densification. A subsequent motion in the Assembly noted that this work was underway.

Further economic analysis and quantitative modelling were commissioned to examine the economic impact of codification on the Territory. The reports prepared by Professor John Piggott and Professor Mardi Dungey were tabled in the Legislative Assembly, and are also available on the Treasury website.

The Government considered the final report in late 2010, and has agreed to Professor Nicholls' recommendations for the codification of the Charge, hitherto referred to as the Lease Variation Charge (LVC). The Government also agreed to commence codification on 1 July 2011.

Overview of the Reform

Codification involves establishing a public register of fixed charges for different land uses in all suburbs across the Territory.

The schedules will be subject to an annual review by a panel of experts, including the Australian Valuation Office, ACT Planning and Land Authority, Australian Property Institute and Treasury. There will be a small number of cases where codification will not apply. In these cases, the current system of valuing the 'before' and 'after' values will be applied.

The principle of market valuation of the additional rights is retained. The valuation basis does not take account of the on-site improvements, and the cost of demolition. This approach will ensure developers pay a charge commensurate with the increase in the value of land only due to the additional bundle of rights granted through the change in use. In essence, this reverts the system to its original betterment principle.

The codification framework includes a number of other reforms to the system including:

- removing the right of appeal for codified charges (but retaining it for cases where codification does not apply);
- formalising the mediation process before a dispute proceeds to the ACAT; and
- separating the consideration and financing of off-site works from the consideration of LVC.

Transition Arrangements

The schedules of coded values are prepared on the basis of market values of land. As such, in principle there should be no significant impact on the industry from codification.

However, a longstanding practice of applying fixed valuations for units, townhouses and dual occupancy development was identified during the review. The rectification of this practice has resulted in considerable increases in the charges for such developments compared to previous practice.

The Government is providing a four-year transition period to assist the industry adjust to the current market values, consistent with the intent of the legislation. The details of transition arrangements are provided below under "Revenue Measures".

For development applications made prior to 1 July 2011, the charge and legislation at that time will apply.

However, where the charge is not yet decided, the applicant will have a choice to have the application be subject to the codified system. This choice will need to be exercised in writing and will be available until 1 October 2011.

Revenue Measures

Adaptive Re-Use of Office Stock: Environmental and Public Realm Improvements

The office vacancy rate in Canberra remains significantly higher than the historical average of around 5.4 per cent. With continuing demand for residential accommodation in Civic and the other Town Centres, it is to be expected that conversion of C and D grade office stock to residential use will be economically viable for the landlords, without the need for Government subsidies[1].

This initiative supports improvements in environmental performance of the retrofit and public spaces. It will provide a remission of 75 per cent on the Lease Variation Charge associated with projects involving adaptive re-use of office stock in Town Centres. The initiative will also support waivers of conveyance duty for the first transaction to reduce the costs for the 'financial vehicle' used for the project.

To be eligible, the improvements in environmental performance and public space will need to be demonstrably commensurate with the tax subsidies, and will come into effect once the project starts.

[1] The population of Civic is projected to increase from 800 in 2007 to 2,100 by 2019, as indicated in *ACT Population Projections for Suburbs and Districts 2007 to 2019*; ACT Chief Minister's Department.

Lease Variation Charge Remissions for Child Care Centre Places

This initiative provides support for redevelopments involving the provision of child care places, through a 100 per cent remission on the Lease Variation Charge.

The remission will only be available on the child care component of the development.

Lease Variation Charge – Transitional Arrangements: Subsidy to Industry

Codification of the Lease Variation Charge (LVC) is due to commence on 1 July 2011.

The transition arrangements provide for a remission of 75 per cent in 2011-12, decreasing by 10 per cent in each of the next two years, and decreasing by a further 15 per cent in each of the following two years. After four years, the remission rate will be 25 per cent.

This four year transition period provides a significant subsidy to industry, to assist it adjust to the market values. The Government is providing a remission of approximately $45 million over four years, compared to paying 100 per cent LVC. If the 75 per cent LVC rate is used, the subsidy is estimated at around $8.5 million over four years.

The LVC transition period remission rates and the subsidy to industry are shown in the table below.

Remission rates	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**
Residential	75%	65%	55%	40%	25%
Commercial and Industrial	No Change to Current Rate (25% Remission)				

Subsidy to Industry	**2011-12 $'000**	**2012-13 $'000**	**2013-14 $'000**	**2014-15 $'000**	**Total $'000**
Based on 100% LVC rate	11,799	11,468	11,113	10,404	**44,784**
Based on 75% LVC rate	3,053	2,503	1,925	986	**8,467**

2011-12 Budget and Forward Estimates Revenues

Figure 3.1.1 highlights the relative magnitude of the components comprising general government revenue. It shows that 39 per cent of total general government revenue in 2011-12 will be derived from Commonwealth Government funding and 31 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 2011-12 General Government Revenue

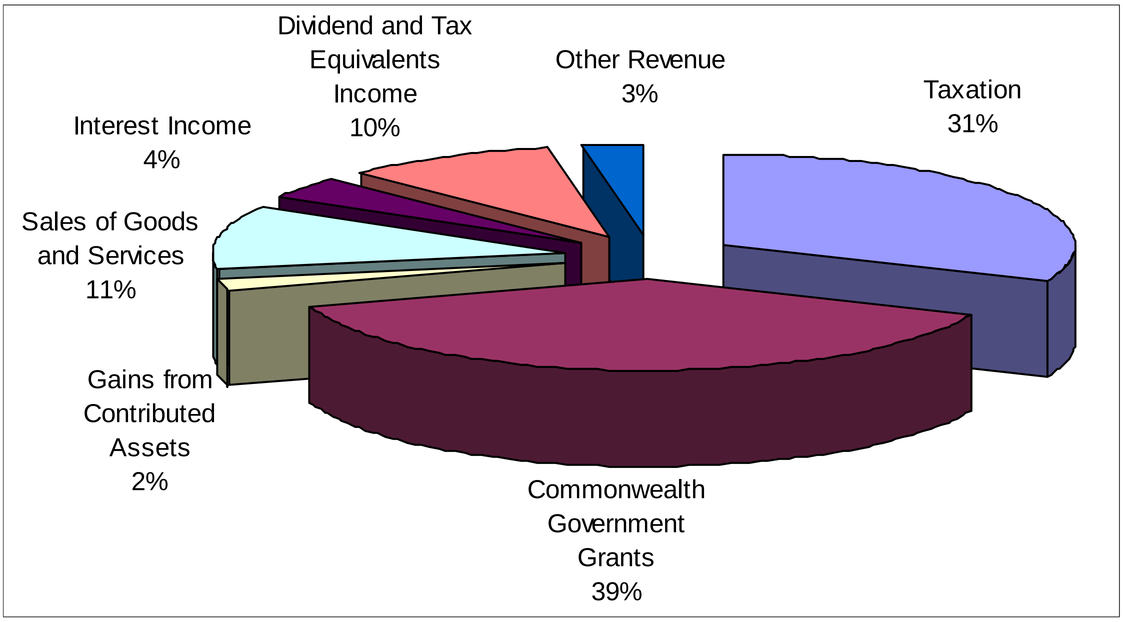

Table 3.1.1 provides a summary of 2010-11 estimated general government revenue, the 2011-12 Budget forecast and forward estimates by revenue source.

Table 3.1.1
General Government Revenue

2010-11 Budget $'000		2010-11 Est. Outcome $'000	2011-12 Budget $'000	Var %	2012-13 Estimate $'000	2013-14 Estimate $'000	2014-15 Estimate $'000
	Revenue						
1,139,699	Taxation	1,253,004	1,248,616	..	1,307,452	1,370,207	1,430,440
1,601,288	Commonwealth Grants	1,574,999	1,550,379	-2	1,573,849	1,646,942	1,728,093
78,371	Gains from Contributed Assets	59,169	78,112	32	123,489	121,086	130,818
430,314	Sales of Goods and Services	441,250	457,395	4	470,916	486,156	500,160
132,188	Interest Income	159,839	153,273	-4	161,043	166,622	180,875
186,488	Dividend and Tax Equivalents Income	280,367	380,603	36	376,892	389,257	433,340
99,495	Other Revenue	104,792	113,868	9	102,834	105,745	108,727
3,667,843	**Total Revenue**	**3,873,420**	**3,982,246**	**3**	**4,116,475**	**4,286,015**	**4,512,453**

Taxation

The estimated outcome for taxation in 2010-11 is $1.253 billion, which is 9.9 per cent higher than the original budget. A significant portion of the increase is due to revenue received for transfer of shares and marketable securities in 2010-11 from a large one-off tax assessment relating to prior years.

Excluding this transaction, the increase in taxation revenue over the original budget is 3.1 per cent, mainly due to the strength of the housing market. There were also increased returns from general insurance duty, motor vehicle registrations and transfers duty and land tax.

For 2011-12, taxation revenue forecast is for a decrease of 0.4 per cent over the estimated outcome for 2010-11. Excluding the revenue due to the one-off transaction from shares and marketable securities, the underlying revenue is forecast to increase by 6.2 per cent. This is due to additional growth in payroll tax, conveyances, general rates, fire and emergency services levy, motor vehicle registration, change of use charge and land tax.

Beyond 2011-12, moderate increases are forecast for most revenue lines. The forecast for payroll tax growth reflects expectations of improved labour market conditions. General rates are forecast to increase in line with rises in the Wage Price Index plus new property growth, while land tax revenue is forecast to increase based on nominal growth in land values and additional properties entering into the rental market.

Table 3.1.2
Taxation

2010-11 Budget $'000		2010-11 Est. Outcome $'000	2011-12 Budget $'000	Var %	2012-13 Estimate $'000	2013-14 Estimate $'000	2014-15 Estimate $'000
	General Tax						
298,628	Payroll Tax	289,771	311,458	7	331,434	352,713	375,369
1,511	Tax Waivers	1,790	1,798	..	1,415	1,423	1,431
197,634	General Rates	198,155	210,641	6	224,246	238,386	253,110
105,339	Land Tax	109,339	115,046	5	120,217	125,518	130,951
603,112	**Total General Tax**	**599,055**	**638,943**	**7**	**677,312**	**718,040**	**760,861**
	Duties						
249,136	Conveyances	281,730	294,003	4	298,306	305,550	307,619
41,121	General Insurance	42,520	44,288	4	46,076	47,936	49,872
-	Leases	511	-	-100	-	-	-
1,805	Life Insurance	2,231	2,323	4	2,417	2,515	2,616
28,751	Motor Vehicle Registrations and Transfers	30,212	31,360	4	33,523	35,837	38,309
-	Shares and Marketable Securities	77,551	-	-100	-	-	-
320,813	**Total Duties**	**434,755**	**371,974**	**-14**	**380,322**	**391,838**	**398,416**
	Gambling Taxes						
1,348	ACTTAB Licence Fee	1,531	1,556	2	1,599	1,643	1,688
33,669	Gaming Tax	33,669	34,159	1	35,013	35,888	36,785
2,056	Casino Tax	2,056	2,118	3	2,171	2,225	2,281
14,799	Interstate Lotteries	14,799	15,243	3	15,624	16,015	16,416
51,872	**Total Gambling Taxes**	**52,055**	**53,076**	**2**	**54,407**	**55,771**	**57,170**
	Other Taxes						
86,200	Motor Vehicle Registration	89,184	95,636	7	100,644	105,914	111,462
13,877	Ambulance Levy	14,131	14,644	4	15,176	15,726	16,297
14,225	Change of Use Charge	14,225	22,382	57	25,597	26,821	27,894
18,744	Utilities (Network Facilities) Tax	18,744	19,494	4	20,274	21,084	21,928
26,620	Fire and Emergency Service Levy	26,619	28,354	7	29,677	31,037	32,436
2,068	City Centre Marketing and Improvements Levy	2,068	1,993	-4	1,923	1,856	1,856
2,168	Energy Industry Levy	2,168	2,120	-2	2,120	2,120	2,120
163,902	**Total Other Taxes**	**167,139**	**184,623**	**10**	**195,411**	**204,558**	**213,993**
1,139,699	**Total Taxation**	**1,253,004**	**1,248,616**	**..**	**1,307,452**	**1,370,207**	**1,430,440**

Payroll Tax

The payroll tax rate in the ACT remains unchanged at 6.85 per cent on wages and other taxable payments made by employers, where the Australia-wide wages exceed the ACT threshold of $1.5 million per annum.

The estimated outcome for 2010-11 is $289.8 million. The forecast for 2011-12 is $311.5 million. The expected increase in 2011-12 and beyond reflects forecast growth in employment and wages in relevant sectors of the ACT economy.

Tax Waivers

Tax waivers represent the amount of revenue that has been legally waived. The revenue foregone generally relates to payroll tax, general rates and duties. The estimated value of waivers is also reflected in expenses. The grossing up of revenue and expenses enables tax treatments to be transparent.

The estimated outcome for 2010-11 and the forecast for 2011-12 is $1.8 million.

General Rates

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

The estimated outcome for rates revenue is $198.2 million in 2010-11. This is expected to increase to $210.6 million in 2011-12. General rates revenue from existing properties will increase in 2011-12 from 2010-11 levels by 3.68 per cent consistent with the WPI (for the year ending December 2010). This will result in an average increase of $46 for residential properties, $20 for rural properties and $221 for commercial properties.

The increase in rates revenue in 2011-12 will be applied equally between the fixed charge and Average Unimproved Value (AUV) charge element of the rating formula.

General rates revenue estimates include expected revenue from both existing and new properties, less amounts for pensioner rebates and discounts for early payment. The rating system in 2011-12 will have the following elements:

- a fixed charge of:
  - $555 for residential properties;
  - $126 for rural properties;
  - $1,258 for commercial properties;
- a valuation based charge on the AUV for 2009, 2010 and 2011 land values;
- a rate-free threshold of $16,500 applied to the AUV of each property;
- rating factors applied to the AUV of:
  - 0.2727 per cent for residential properties;
  - 0.1579 per cent for rural properties;
  - 0.7711 per cent for commercial properties; and
- a pensioner rebate cap for post 1 July 1997 applicants of $481.

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 2011-12 will be based on the most recent Average Unimproved Values (AUV) of land that incorporates the 2011 unimproved land value.

The land tax marginal rates that have applied since 2005-06 will remain unchanged in 2011-12, and are shown in table 3.1.3.

Table 3.1.3
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 is $109.3 million in 2010-11 and is estimated to increase to $115.0 million in 2011-12 due to the increase in property AUV as well as new property growth.

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 duty rates 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 and for pensioners qualifying under the ACT Pensioner Duty Concession Scheme.

The estimated outcome for 2010-11 is $281.7 million. This represents an increase of $32.6 million from the original budget ($249.1 million) and reflects a greater than expected value and volume of activity in the residential property market and an above normal level of activity in the small commercial segment of the market.

The increase in conveyance revenue between the 2010-11 estimated outcome ($281.7 million) and the 2011-12 estimate ($294.0 million) is $12.3 million. This reflects a moderate increase in residential conveyance revenue as the rate of growth continues to moderate following the strong outcome in 2009-10.

The forward estimates show only moderate increases in residential conveyance, reflecting turnover remaining broadly at the current levels due to the pull forward effect of fiscal stimulus measures. Price growth will be modest with dwelling prices forecast to increase only marginally in real terms due to the increased supply.

Commercial conveyance revenue is expected to increase in 2011-12, consistent with longer term trends.

Duty on General Insurance

General insurance premiums incur duty at the rate of 10 per cent of the net premiums received. The estimated outcome is $42.5 million for 2010-11 and the forecast is $44.3 million for 2011-12, with slight growth predicted in the forward years.

Duty on Leases

Duty on commercial leases was abolished on 1 July 2009. Although this revenue line was abolished, the estimated outcome for 2010-11 is $0.5 million. This revenue reflects those transactions which occurred before the abolition date but which were not lodged or assessed until 2010-11. There is no revenue budgeted for 2011-12 or beyond for this item.

Duty on Life Insurance

Duty on life insurance contracts (including term, temporary or insurance rider policies) is calculated at the rate of 5 per cent of the first years premium. Duty on all other life insurance contracts is 0.1 per cent of the total sum insured where the sum insured is greater than $2,000, and $1 for each contract where the sum insured is $2,000 or less. Life insurance annuities are exempt from duty.

The estimated outcome is $2.2 million for 2010-11 with $2.3 million forecast for 2011-12. Slight growth has been incorporated in the forward estimates.

Duty on Motor Vehicle Registrations and Transfers

Duty is payable on an application to register a motor vehicle or to transfer its registration.

The estimated outcome for 2010-11 is $30.2 million. The forecast for 2011-12 is $31.4 million, growth is expected to remain below average following the strong outcome in 2009-10.

Duty on Shares and Marketable Securities

Duty on the transfer of unquoted marketable securities was abolished on 1 July 2010. Although this revenue line has been abolished, the estimated outcome for 2010-11 of $77.6 million is mostly associated with duty paid to the Territory relating to a large transaction from previous years. There is no revenue budgeted for 2011-12 and beyond for this tax.

ACTTAB Licence Fee

ACTTAB pays a licence fee for its totalisator and sports betting licences. Revenue from the licence fees for 2010-11 is estimated at $1.5 million and the forecast for 2011-12 is $1.6 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 2010-11 is $33.7 million and the forecast for 2011-12 is $34.2 million. There is no expected change in tax revenue from interactive gaming.

Casino Tax

The tax applying to the Casino Canberra is 10.9 per cent of gross profit from general gaming operations. Estimated revenue for 2010-11 and 2011-12 is $2.1 million.

Interstate Lotteries

The ACT receives revenue based on the value of NSW, Victorian and Queensland Lotteries tickets purchased in the ACT. Estimated revenue for 2010-11 is $14.8 million and the forecast for 2011-12 is $15.2 million.

Motor Vehicle Registration Fees

The estimated revenue from motor vehicle registrations in 2010-11 is $89.2 million and the forecast for 2011-12 is $95.6 million. The increase is mainly due to forecast growth in sales activity.

Ambulance Levy

The Ambulance Levy is payable each month by private health insurance companies to offset the cost of providing ambulance services in the Territory. The levy is calculated on the number and type of private heath insurance contributions.

The funding for ambulance services is appropriated through the normal Budget process.

The estimated revenue is $14.1 million for 2010-11. The forecast is $14.6 million in 2011-12. Moderate growth has been predicted in the forward years due to normal price growth assumptions.

Change of Use Charge

The 2010-11 outcome is estimated at $14.2 million. In 2011-12, this is forecast to increase to $22.4 million primarily as a result of the introduction of the register of fixed charges.

The 2011-12 estimate and the forward years' estimates are based on the level and mix of activity in 2009-10, with the effects of rectification (application of market values of land, rather than fixed fees) and remissions under the transition arrangements.

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 2010-11 is $749 per kilometre of network route length. The 2010-11 estimated outcome is $18.7 million, with $19.5 million forecast in 2011-12, rising slightly in the forward years.

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 to offset the cost of providing fire and emergency services in the Territory.

FESL revenue from existing properties will increase in 2011-12 from 2010-11 levels by the WPI of 3.68 per cent (for the year ending December 2010). This will result in an increase of $3.60 in the fixed charge for residential and rural properties, and an average increase of $89 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 $26.6 million in 2010-11, which is expected to increase to $28.4 million in 2011-12.

The FESL in 2011-12 will have the following elements:

- a fixed charge of $101.80 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 0.3907 per cent applied to the average of the 2009, 2010 and 2011 unimproved land values in excess of the rate-free threshold of $16,500.

City Centre Marketing and Improvements Levy (CCMIL)

The revenue collected from the CCMIL is used to promote, maintain and improve the amenities of the City Centre area. CCMIL has been collected since 1 July 2007. The estimated revenue outcome is $2.1 million for 2010-11, with $2.0 million forecast for 2011-12.

The CCMIL applies to all rateable 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 the levy is applied on the AUV of each property at the rate of 0.2992 per cent for the retail core and the rate of 0.2161 per cent for the non-retail core.

Energy Industry Levy

An Energy Industry Levy was introduced in 2007-08 through amendments to the *Utilities Act 2000* to fund:

- the Territory's national regulatory obligations and costs for the Australian Energy Market Commission and the Ministerial Council on Energy's responsibilities under the Australian Energy Market Agreement; and
- local regulatory costs incurred by the Territory in relation to energy utility services.

Introduction of the levy anticipated the transfer, over time, of agreed regulatory responsibilities for energy sector distribution and retail utilities to the Australian Energy Regulator commencing in 2007-08. From that year, agencies providing local regulatory services (the Independent Competition and Regulatory Commission (ICRC), the ACT Planning and Land Authority, and the ACT Civil and Administrative Tribunal) have received budget funding for regulatory costs. The levy was first determined for national regulatory obligations and costs in 2007-08, and for local regulatory costs in 2008-09. Until 2008-09, these activities were funded through the collection of annual utility licence fees by the ICRC.

The estimated outcome is $2.2 million for 2010-11, with the forecast for 2011-12 of $2.1 million.

ACT Taxes Compared to NSW

Table 3.1.4 shows the comparative rates of tax between the ACT and NSW for major taxation items as at March 2011.

Table 3.1.4
Major ACT Taxes compared with NSW as at April 2011

Tax Type	ACT	NSW
Payroll Tax	6.85% First $1,500,000 exempt.	5.50% from 1 July 2010. 5.45% from 1 January 2011. First $658,000 exempt from 1 July 2010.
Land Tax	Applied quarterly on three year Average Unimproved Value (AUV). **Residential** - applied only on rateable properties that are rented or owned by a trust or a corporation (excluding land owned by a building or development company) as follows: • 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% **Commercial** – payable on all rateable properties as follows: • AUV up to $150,000 – 0.89% • AUV $150,001 - $275,000 – 1.25% • AUV $275,001 and above – 1.59% Land used for **primary production** is exempt from land tax.	Applied annually on aggregated unimproved land value of all property except the principal place of residence or land used for primary production. Rate is $100 plus 1.6% of the land value between the threshold $387,000 (three year average) and the premium rate threshold $2,366,000. From 2009 premium rate of 2% applies if land value is above $2,366,000. For land owned by a trustee of a special trust, flat rate of 1.6% without any land value threshold applies; then 2% after the premium threshold. For land owned by a company, 1.6% of the land value between the threshold $387,000 and the premium rate threshold $2,366,000; then 2% in excess of the premium threshold.
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. **Home Buyers Concession Scheme** • income threshold of $120,000 (plus further allowance for children); • concession for house and land value up to $465,000; and • concession for vacant land value of up to $257,200. The property value thresholds are determined in July and January of each year, taking into account movements in the market.	The greater of $10 or the amount resulting from applying the rates of $1.25 - $5.50 per $100 or part thereof. For residential properties above $3,000,000, the duty payable is $150,490 plus the rate of $7.00 per $100 or part thereof that exceeds $3,000,000. **First Home Plus** Buyers will not pay 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. **Home Builders Bonus**: **New Housing Concession** from 1 July 2010: • full exemption for vacant land and off the plan where building has not commenced; and • 25% of duty payable on completed new home or off the plan where construction has commenced. Eligible caps – vacant land $400,000 new home $600,000.

Tax Type	ACT	NSW
Duty on Conveyances cont.	**Pensioner Duty Concession Scheme**: • own an Australian residence; • eligible pension - age, disability or Veterans' Affairs Gold Card; • concession for house and land value up to $585,000; and • concession for vacant land value up to $257,200. The property value thresholds are determined in July and January of each year, taking into account movements in the market.	**Seniors principal place of residence exemption** from 1 July 2010: • full exemption for a new home or off the plan where construction has commenced and existing residence is sold. Eligibility caps – Vacant land $400,000 new home $600,000. For an off the plan where construction has not commenced seniors apply under **New Housing Concession.**
Mortgages and Loan Security Duty	Not applied in the ACT.	$0 - $16,000 - $5.00 above $16,000 - $5.00 plus $4.00 per $1,000 or part thereof in excess of $16,000 Not chargeable on advances made to natural persons for owner occupied housing.
Duty on Motor Vehicle Registrations	**No green vehicle rating** Valued at $45,000 or less $3 per $100 Valued at more than $45,000 $1,350+$5 per $100 or part thereof over $45,000 **Green vehicle rating** Applies to new motor vehicles not previously registered. Rates depend on green vehicle rating (environmental performance score) and value. Valued at $45,000 or less A rated (16 or more) = nil B rated (14 or more but < 16) = $2 per $100 C rated (9.5 or more but < 14) = $3 per $100 D rated (less than 9.5) = $4 per $100 Valued at more than $45,000 A rated (16 or more) = nil B rated (14 or more but < 16) = $900 plus $4 per $100 above $45,000 C rated (9.5 or more but < 14) = $1,350 plus $5 per $100 above $45,000 D rated (less than 9.5) = $1,800 plus $6 per $100 above $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% of value of premium	2.5% to 9% of the premium, depending on the type of insurance.
Duty on Life Insurance	**Term, temporary or insurance rider policies** 5% of the first year's premium **All other** Sum insured $0 to $2,000 - $1 Sum insured Over $2,000 - $1 plus $0.20 per $200 or part thereof in excess of $2,000	**Term, temporary or insurance rider policies** 5% of the first year's premium **Trauma or disability policies** 5% of the premium paid **All other** Sum insured $0 to $2,000 - $1 Sum insured Over $2,000 - $1 plus $0.20 per $200 or part thereof in excess of $2,000

Commonwealth Government Grants

Total revenue received from Commonwealth Government grants is forecast to decrease by $24.6 million from the 2010-11 estimated outcome of $1.575 billion to the 2011-12 Budget estimate of $1.550 billion. Further information on funding from the Commonwealth Government can be found in Chapter 7.2, Federal Financial Relations.

Table 3.1.5
Commonwealth Government Grants

2010-11 Budget $'000		2010-11 Est. Outcome $'000	2011-12 Budget $'000	Var %	2012-13 Estimate $'000	2013-14 Estimate $'000	2014-15 Estimate $'000
	Current Grants						
879,300	GST Revenue Grant	845,600	879,900	4	932,000	987,100	1,045,200
35,437	ACT Municipal Services	35,576	36,216	2	36,868	37,495	38,095
432,904	National Specific Purpose Payments (SPPs)	412,169	446,415	8	481,618	520,698	559,727
42,284	Financial Assistance Grants to Local Government	32,384	44,977	39	46,831	48,687	50,586
48,972	National Partnership Payments (NPP) - Current	80,580	51,708	-36	46,479	30,349	22,095
31,521	Other Commonwealth Government Payments - Current	28,347	33,358	18	12,942	7,736	7,390
1,470,418	**Total Current Grants**	**1,434,656**	**1,492,574**	**4**	**1,556,738**	**1,632,065**	**1,723,093**
	Capital Grants						
130,870	National Partnership Payments (NPPs) - Capital	140,343	57,805	-59	17,111	14,877	5,000
130,870	**Total Capital Grants**	**140,343**	**57,805**	**-59**	**17,111**	**14,877**	**5,000**
1,601,288	**Total Commonwealth Government Funding**	**1,574,999**	**1,550,379**	**-2**	**1,573,849**	**1,646,942**	**1,728,093**

Contributed Assets

Table 3.1.6 provides a summary of contributed assets. Contributed assets largely relate to land development infrastructure assets transferred to the GGS from the Land Development Agency (LDA).

The variations between the 2010-11 estimated outcome, the 2011-12 Budget and across the forward estimates are mainly attributable to revisions in the timing of asset transfers from LDA to the GGS as a result of changes to the Government's Indicative Land Release Program, revisions in the asset completion and subsequent transfer dates, and changes to the composition of assets transferred to the GGS from PTE sectors.

The significant increases from 2012-13 onwards are mainly due to the forecast creation, and subsequent transfer, of significantly more assets as a result of the Government's Indicative Land Release Program.

Table 3.1.6
Contributed Assets

2010-11 Budget $'000		2010-11 Est. Outcome $'000	2011-12 Budget $'000	Var %	2012-13 Estimate $'000	2013-14 Estimate $'000	2014-15 Estimate $'000
	Contributed Assets						
78,060	Gains from Contributed Assets	58,850	77,791	32	123,207	120,844	130,535
311	Resources Received Free of Charge	319	321	1	282	242	283
78,371	**Total Contributed Assets**	**59,169**	**78,112**	32	**123,489**	**121,086**	**130,818**

Sale of Goods and Services

The 2011-12 forecast for sales of goods and services is 4 per cent higher than the 2010-11 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 3.1.7.

Table 3.1.7
Sale of Goods and Services

2010-11 Budget $'000		2010-11 Est. Outcome $'000	2011-12 Budget $'000	Var %	2012-13 Estimate $'000	2013-14 Estimate $'000	2014-15 Estimate $'000
	Regulatory Fees						
803	Casino Licence Fees	803	827	3	848	869	890
9,213	Drivers Licences	9,039	9,491	5	9,989	10,513	11,065
-	Taxi Licences	1,783	2,844	60	2,946	3,050	3,159
57,421	Fees for Regulatory Services	63,741	70,037	10	72,501	75,464	78,337
24,805	Water Abstraction Charge	21,867	28,010	28	28,468	28,932	29,395
92,242	**Total Regulatory Fees**	**97,233**	**111,209**	**14**	**114,752**	**118,828**	**122,846**
	Other						
18,629	Parking Fees	16,019	18,222	14	21,112	24,322	25,399
29,800	Inpatient Fees	29,800	30,468	2	31,138	31,838	32,628
4,459	Non-Inpatient Fees	4,717	4,779	1	4,959	5,151	5,252
3,523	Meals and Accommodation	3,523	3,623	3	3,703	3,783	3,873
96,271	Cross Border Health Receipts	96,271	99,277	3	102,582	105,830	109,229
13,770	Sales	15,369	15,527	1	15,961	16,156	16,388
120,726	Service Receipts (Non ACT Government)	123,241	123,261	..	124,656	127,051	129,922
5,935	Rent from Tenants	5,984	6,942	16	7,121	7,121	7,121
25,944	Miscellaneous	28,454	24,377	-14	24,373	24,697	25,194
19,015	User Charges - ACT Government	20,639	19,710	-5	20,559	21,379	22,308
338,072	**Total Other**	**344,017**	**346,186**	**1**	**356,164**	**367,328**	**377,314**
430,314	**Total Sale of Goods and Services**	**441,250**	**457,395**	**4**	**470,916**	**486,156**	**500,160**

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 2010-11 estimated outcome and the forecast for 2011-12 for the combined total of all casino licence fees is $0.8 million.

Drivers Licences

The revenue from drivers licences in 2010-11 is estimated at $9 million and the forecast for 2011-12 is $9.5 million. This increase is in line with forecast growth in activity along with the application of WPI.

Taxi Licences

The revenue from taxi licences in 2010-11 is estimated at $1.8 million and the forecast for 2011-12 is $2.8 million. The increase is mainly due to the issuing of 25 new licences in 2011-12.

Fees for Regulatory Services

The 2010-11 estimated outcome for fees for regulatory services is $63.7 million and is expected to increase to $70 million in 2011-12. This increase is mainly due to higher than anticipated notice of intention and land titles revenue and additional commercial waste management fees in line with the WPI, combined with increased waste to landfill.

Water Abstraction Charge

The 2011-12 Budget of $28 million is $6.1 million higher than the 2010-11 estimated outcome. This increase is a result of a relaxation of water restrictions in the Territory.

Parking Fees

The estimated revenue from parking fees in 2010-11 is $16 million and the forecast for 2011-12 is $18.2 million. The increase mainly reflects increases of car parking fees announced in the 2010-11 Budget as part of the Government's integrated approach to achieving a more sustainable transport system for Canberra and the region.

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 accident and emergency services.

The 2010-11 estimated outcome for inpatient fees is $29.8 million, and $4.7 million for non-inpatient fees. The 2011-12 Budget estimates are, respectively, $30.5 million and $4.8 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 2010-11 is $96.3 million. The forecast for 2011-12 is $99.3 million and reflects current cross border activity trends.

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 estimated outcome for 2010-11 is $15.4 million and the 2011-12 Budget is $15.5 million.

Service Receipts (non-ACT Government)

This item includes payments from clients for the provision of services, such as facility fees to physicians at hospitals, medical supplies and sterilising services. The 2011-12 Budget of $123.3 million is around the same level as the 2010-11 estimated outcome.

Miscellaneous

Miscellaneous revenue is estimated at $28.5 million for 2010-11 and the 2011-12 Budget forecast is $24.4 million. The decrease mainly reflects completion of the Canberra Integrated Urban Waterways project. Ongoing funding relates to two Commonwealth Funded projects, the Caring for the Cotter project and the Landcare Facilitator project.

User Charges – ACT Government

This item includes revenue for rent, property management, shared services and insurance that is collected from ACT agencies in the PTE sector. The 2010-11 estimated outcome is $20.6 million while the 2011-12 Budget is $19.7 million.

Interest Income

Table 3.1.9 provides a summary of interest received.

Table 3.1.9
Interest Income

2010-11 Budget $'000		2010-11 Est. Outcome $'000	2011-12 Budget $'000	Var %	2012-13 Estimate $'000	2013-14 Estimate $'000	2014-15 Estimate $'000
	Interest Received						
42,596	Interest Received from Banks	63,567	43,123	-32	40,175	43,799	52,685
64,085	Interest Received on Advances and Loans to Agencies	55,428	74,498	34	79,092	80,153	81,517
2,661	Interest Received - Other	10,700	10,445	-2	11,144	10,117	12,213
1,161	Interest Received from ACT Law Society	1,244	1,290	4	1,322	1,355	1,389
21,685	Interest from Financial Investments	28,900	23,917	-17	29,310	31,198	33,071
132,188	**Total Interest Received**	**159,839**	**153,273**	**-4**	**161,043**	**166,622**	**180,875**

Interest Received 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 superannuation specific 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 directorates and some Territory Authorities. Interest earned on the SPA is retained within investment facilities managed by the Territory's external fund managers.

The increase of $21 million in the 2010-11 estimated outcome from the original budget is due mainly to higher investment returns than originally anticipated and higher investment balances during the year. The decrease of $20.4 million in the 2011-12 Budget from the 2010-11 estimated outcome comprises a decrease in investment earnings due to a lower level of funds to be held on investment during the year and lower investment returns forecast than experienced during 2010-11.

Interest Received on Advances and Loans to Agencies

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.

The decrease of $8.6 million in the 2010-11 estimated outcome from the original budget is due mainly to the lower level of borrowings raised for ACTEW in 2009-10 compared with the original estimate. The increase of $19 million in the 2011-12 Budget from the 2010-11 estimated outcome reflects a full year's interest impact from the 2010-11 ACTEW new borrowings and a part year interest impact for the new 2011-12 ACTEW borrowings.

Other Interest Income

Other interest income includes income recognised by the Home Loan Portfolio, the Treasury Directorate and the Sustainable Development Directorate. Other interest income will decrease from $10.7 million in the 2010-11 estimated outcome to $10.4 million in the 2011-12 Budget.

Dividends and Tax Equivalents

The estimated outcome for total dividends and tax equivalents is expected to increase by $93.9 million or 50 per cent above the original 2010-11 estimate. This is followed by an estimated increase of $100.2 million in 2011-12. Table 3.1.10 provides a summary of dividends and tax equivalents in 2010-11, the 2011-12 Budget and the forward estimates.

Table 3.1.10
Dividends and Tax Equivalents

2010-11 Budget $'000		2010-11 Est. Outcome $'000	2011-12 Budget $'000	Var %	2012-13 Estimate $'000	2013-14 Estimate $'000	2014-15 Estimate $'000
	Dividends						
60,383	Dividends - ACTEW	61,224	88,761	45	94,440	105,775	110,465
3,339	Dividends - ACTTAB	2,309	2,338	1	2,581	2,833	3,097
900	Dividends - CIT Solutions	900	1,300	44	800	800	800
24,414	Dividends - Land Development Agency	32,919	115,265	250	115,997	110,325	132,706
44,322	Dividends from Financial Investments	105,446	66,999	-36	68,114	72,486	76,825
133,358	**Total Dividends**	**202,798**	**274,663**	**35**	**281,932**	**292,219**	**323,893**
	Tax Equivalents						
53,130	Income Tax Equivalent	77,569	105,940	37	94,960	97,038	109,447
53,130	**Total Tax Equivalents**	**77,569**	**105,940**	37	**94,960**	**97,038**	**109,447**
186,488	**Total Dividend and Tax Equivalents**	**280,367**	**380,603**	**36**	**376,892**	**389,257**	**433,340**

ACTEW

ACTEW's estimated 2010-11 dividend of $61.2 million is $0.8 million above the original 2010-11 Budget. This is primarily due to lower than expected borrowing costs and depreciation expenses as a result of delays in ACTEW's capital works program due to the recent wet weather, offset by lower than expected water revenue that has also been affected by the wet weather.

The increase of $27.5 million in the 2011-12 Budget from the estimated outcome reflects a relaxation of water restrictions together with increased water and waste water charges from 1 July 2011 in accordance with the Independent Competition and Regulatory Commission's (ICRC) 2008 price direction. The price increases from 1 July 2011 mainly reflect the cost of meeting additional water security measures and reduced levels of demand to those included in the original determination.

ACTTAB

ACTTAB's estimated 2010-11 dividend of $2.3 million is $1 million below the original 2010-11 Budget due to lower than forecast wagering revenue, which is attributed to a general decline in wagering activity, an increase in abandoned race meetings due to significant weather events and increased competition.

Land Development Agency

The LDA's 'nominal' surplus is not fully recognised as revenue in the General Government Sector 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 increase in the dividend of $8.5 million in the 2010-11 estimated outcome compared to the original budget is mainly due to a higher level of operating profit associated with lower development costs.

In 2011-12, the forecast dividend is $115.3 million, which is $82.3 million higher than the 2010-11 estimated outcome. This increase is mainly due to a higher level of operating profit associated with increased land sales reflecting the Governments accelerated Land Release Program.

Dividends from Financial Investments

Estimated dividends of $105.4 million in the 2010-11 estimated outcome are $61.1 million higher than the original budget. This is mainly due to the receipt of property and private equity asset sale distributions, as well as the receipt of a significant one-off income distribution from the currency-hedged international equity investments due to the strong currency gains from the appreciation of the Australia dollar.

This is followed by a decrease of $38.4 million in the 2011-12 Budget compared to the 2010-11 estimated outcome. This is mainly due to the removal of the current financial year impacts from the above variance and returning to a regular dividend distribution.

Income Tax Equivalent

This represents income tax equivalent payments made by Public Trading Enterprises. The estimated outcome for 2010-11 of $77.6 million reflects the performance forecast from the ACT agencies that are subject to the National Tax Equivalent Regime. The forecast for 2011-12 is $105.9 million. The increase is mainly due to a higher level of operating profit from the LDA associated with increased land sales reflecting the Government's accelerated Land Release Program.

Other Revenue

Table 3.1.11 provides the 2010-11 estimated outcome, the 2011-12 Budget and the forward estimates for other revenue.

Table 3.1.11
Other Revenue

2010-11 Budget $'000		2010-11 Est. Outcome $'000	2011-12 Budget $'000	Var %	2012-13 Estimate $'000	2013-14 Estimate $'000	2014-15 Estimate $'000
	Fines						
23,856	Traffic Infringement Fines	20,311	21,003	3	21,853	22,749	23,659
746	Court Fines	746	752	1	762	809	842
9,110	Parking Fines	9,110	9,474	4	9,853	10,247	10,657
335	Other Fines	375	391	4	407	422	435
34,047	**Total Fines**	**30,542**	**31,620**	**4**	**32,875**	**34,227**	**35,593**
	Other						
13,592	Superannuation Contribution	12,633	13,224	5	13,413	13,367	13,537
4,616	Rents and Commutation	4,794	4,946	3	6,059	6,733	7,315
17,559	Contributions	16,639	16,616	..	16,593	16,570	16,547
29,681	Other Miscellaneous Revenue	40,184	47,462	18	33,894	34,848	35,735
65,448	**Total Other**	**74,250**	**82,248**	**11**	**69,959**	**71,518**	**73,134**
99,495	**Total Other Revenue**	**104,792**	**113,868**	**9**	**102,834**	**105,745**	**108,727**

Traffic Infringement Fines

The estimated revenue from traffic infringement fines in 2010-11 is $20.3 million and the forecast for 2011-12 is $21 million.

Parking Fines

Parking fine revenue is expected to increase from $9.1 million in 2010-11 to $9.5 million in 2011-12.

Superannuation Contributions

This item represents the payment of employer superannuation contributions to the Territory Banking Account (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. This item also includes the employee contributions to the TBA by those Members of the Legislative Assembly that are members of the defined benefit superannuation arrangement. These members are required to make compulsory contributions of 5 per cent of their salary to the TBA.

Rents and Commutation

Rents and commutation income is expected to increase from $4.8 million in 2010-11 to $4.9 million in 2011-12.

Contributions

This item includes voluntary contributions, fundraising and excursion funds, and revenue from hire of school buildings, which are collected by Schools and the Education and Training Directorate. The 2011-12 Budget estimate of $16.6 million is consistent with the 2010-11 estimated outcome.

Other Miscellaneous Revenue

Other miscellaneous revenue will increase from $40.2 million in the 2010-11 estimated outcome to $47.5 million in the 2011-12 Budget. The increase is mainly due to the one-off receipt of monies to fund the ACT Public Sector Workers Compensation Improvement Plan.