

4 REVENUE AND FORWARD ESTIMATES

The ACT has a relatively narrow tax base. Unlike other States, the Territory does not have mineral resources or large-scale manufacturing sectors.

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.

A significant proportion of the Territory's economic activity is related to the Australian Government, which is exempt from payroll tax. Similarly, property owned by the Australian Government is exempt from land tax. 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.

Proceeds from land sales have been a considerable source of revenue over the past several years. Land revenues, however, will become an increasingly smaller proportion of the revenue base. Own source revenues will also decrease following the abolition of a number of business taxes as agreed under the *Intergovernmental Agreement on the Reform of Commonwealth State Financial Relations*.

The Territory's revenue raising effort, taking into account its relative capacity, is in line with 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, the ACT will pursue new sources of revenue, and revenue alignment with other jurisdictions. These include revenues of a taxation nature, as well as fees and charges.

User charges, and revenues directly related to sale of goods or services will be adjusted to recognise increases in the cost of services.

New revenue measures, and the existing revenue sources are outlined in this chapter.

In 2006-07, total revenues are forecast to decrease by 1.7 per cent from the estimated outcome for 2005-06. The decrease mainly relates to two factors: gains on superannuation investments and treatment of land development. The 2005-06 estimated outcome includes large unexpected windfall gains on superannuation investments that should not be budgeted for in the forward years. With the transfer of Land Development Agency (LDA) to the Public Trading Enterprise Sector, revenue from the sale of developed land by the LDA is not included in the General Government Sector.

These are offset, in part, by the increase in base revenue from the new measures, with Taxes, Fees and Fines increasing by 9.4 per cent in 2006-07. Grants from the Australian Government increase by 5.8 per cent, mainly reflecting the growth in GST revenue.

Following the one-off base and accounting changes in 2006-07, across the forward years (2007-08 to 2009-10), the average annual increase in total revenues of 5.6 per cent is broadly reflective of growth in economy.

Revenue Initiatives

A number of revenue measures have been introduced in the 2006-07 Budget. These are outlined below.

Change the basis on which the General Rates annual increases are calculated to the Wage Price Index (WPI).

The increase in general rates in the past has been capped at CPI. The cost of municipal services, however, increases at a higher rate. To maintain parity between revenue and expenses going forward, annual general rates will be increased in line with the wage price index.

This measure is estimated to raise \$1.7 million in 2006-07, rising to \$8.6 million in 2009-10.

Additional General Rates Increase

General rates revenue from existing properties will increase in 2006-07 by a further 6 per cent above the wage price index of 3.7 per cent.

This measure is estimated to raise \$8.7 million in 2006-07, rising to \$9.7 million in 2009-10.

Fire and Emergency Services Levy

A Fire and Emergency Services levy will be introduced against all rateable properties in the ACT. All jurisdictions, with the exception of the Northern Territory, charge such levies, which are the primary source of funding for the provision of fire services.

For residential properties, the levy will be set at \$84.00 per annum, to generate \$10 million in revenue. For commercial properties, the levy will be based on the unimproved value of land, to raise a further \$10 million per annum in revenue. This will generate a total of \$20 million per annum.

Pensioners who are currently eligible for a rates rebate will be given a 50 per cent rebate on the Fire and Emergency Services levy.

Ambulance Levy Increase

The ambulance levy on health funds will increase to a level that recovers the full cost of ambulance services.

This measure is estimated to raise \$3.3 million in 2006-07, rising to \$4.5 million in 2009-10.

ACT Home Buyer Concession Scheme

The ACT Home Buyer Concession will be more targeted towards eligible home buyers purchasing entry level properties. For eligible applicants of the Home Buyer Concession Scheme (HBCS), only \$20 of duty is payable on all properties valued up to \$285,000, the concession will reduce incrementally for properties valued up to \$326,000 and standard duty would be payable on all properties valued over \$326,000. The property value thresholds will continue to be adjusted on a six monthly basis to reflect movements in property values. It is estimated that this initiative will reduce the cost of the scheme by \$3.5 million in 2006-07.

Administrative Fees and Charges

A number of Administrative fees and charges will be raised to reflect increased costs. Fees and charges will generally be indexed using the WPI from the date they were last increased.

Utility Land Use Permit

The Utility Land Use Permit (ULUP) will be a charge on utilities where they occupy unleased Territory land, and will start from 1 January 2007.

Utility providers currently occupy unleased Territory land for above ground and underground infrastructure, such as, cables and pipes without charge. The ULUP will therefore extend the revenue the Territory receives for the use of its land.

The Utility Land Use Permit Fee will apply from 1 January 2007 and is intended to be based on a rate per linear kilometre of unleased land occupied.

The charge is expected to raise revenue of \$7.967 million in 2006-07, increasing to \$16.525 million in its full year of effect in 2007-08.

False alarm fee

The Fire Brigade responds to a significant number of false alarms, which are initiated by faulty systems. A callout fee will be applied from 1 July 2006, for the third and subsequent callouts for the same system fault. The fee will be set at \$200 for residential and \$500 for commercial properties. This will cover administrative costs and will also provide an incentive for the property owner to fix the faulty system.

ACT Workcover Fees and Charges

Cost recovery fees will be applied to ACT Workcover activities under the *Dangerous Substances Act 2004* relating to:

- registration and authorisation of explosive articles;
- registration of consumer firework permits; and
- responses to requests for information on environmental or dangerous substances encumbrances in relation to development of land.

Workcover currently undertakes a number of investigations which result in successful prosecution. While the Territory recovers fines as awarded by the court, the costs of prosecution are not recovered. From the 1 July 2006, full cost recovery for successful prosecutions will be introduced.

Water Fee

From 1 July 2006 the Government will introduce a water fee to be incorporated into the Water Abstraction Charge (WAC), which will increase the WAC by 30 cents per kilolitre. As well as providing the Government with a return on a valuable resource, this initiative will assist in managing demand for water.

The initiative will increase revenue from the Water Abstraction Charge by \$14 million in 2006-07, increasing to \$14.3 million in 2009-10.

2006-07 Budget and Forward Estimates Revenues

Table 4.1 provides a summary of 2005-06 estimated general government revenue, 2006-07 Budget forecasts and forward estimates by revenue source.

Table 4.1
General Government Revenue: Australian Accounting Standards

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
Revenue and Grants Received							
880,670	Taxes, Fees and Fines	868,877	950,452	9	1,009,407	1,077,260	1,142,322
216,328	User Charges - Non ACT Govt	222,792	233,917	5	248,679	258,553	268,708
10,812	User Charges - ACT Govt	12,664	12,754	1	16,471	16,996	17,547
69,020	Interest Received	98,016	91,231	-7	78,490	77,989	90,562
330,639	Other Own Source Revenue	437,774	287,897	-34	302,407	325,618	362,432
1,148,171	Grants Received	1,138,005	1,203,644	6	1,250,730	1,304,499	1,351,119
60,318	Dividends	141,203	90,408	-36	91,170	111,241	118,505
2,715,958	Total Revenue	2,919,331	2,870,303	-2	2,997,354	3,172,156	3,351,195

Taxes

The estimated outcome for 2005-06 is 2.8 per cent below the original budget. This mainly relates to the payroll tax base being smaller than the original forecasts and a decrease in duties on transfer of unlisted shares and marketable securities.

Table 4.2 shows that the increase in taxation revenue expected for 2006-07 is mainly due to an increase in general rates revenue, and continuing growth in payroll tax and land tax, increased tax payments by Territory Owned Corporations and other taxes. Duty on the transfer of non-real assets through business agreements and lease duty on franchise transactions are to be abolished in 2006-07, while a City Heart Levy and a Fire and Emergency Service Levy are to be introduced.

Beyond 2006-07, the general growth in economic activity and wages are expected to flow through to growth in payroll tax. General rates are expected to increase in line with the Wage Price Index (WPI) and land tax is 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. Hiring duty is to be abolished in 2007-08, followed by lease duty in 2009-10, and duty on transfer of unlisted shares and marketable securities in 2010-11.

Table 4.2 provides details on ACT taxes.

**Table 4.2
Taxes**

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
General Tax							
213,938	Payroll Tax	201,760	220,025	9	238,188	260,421	281,471
142,249	General Rates	140,818	156,988	11	165,221	173,765	182,610
58,098	Land Tax	58,098	63,776	10	65,966	68,211	70,512
414,285	Total General Tax	400,676	440,789	10	469,375	502,397	534,593
Duties							
161,442	Conveyances	163,154	157,738	-3	173,477	187,571	203,513
32,325	General Insurance	32,264	33,452	4	34,716	36,028	37,391
3,335	Hiring Duty	3,105	3,209	3	-	-	-
4,385	Leases	9,317	4,454	-52	4,565	4,679	-
697	Life Insurance	586	606	3	630	654	678
26,568	Motor Vehicle Rego & Transfers	24,897	26,143	5	27,450	28,822	30,263
8,330	Shares & Marketable Securities	2,814	2,986	6	3,168	3,362	3,567
1,738	Other Duties	1,617	222	-86	227	233	238
238,820	Total Duties	237,754	228,810	-4	244,233	261,349	275,650
1,360	ACTTAB Licence Fee	1,041	1,041	-	1,041	1,041	1,041
32,538	Gaming Tax	31,600	30,193	-4	34,917	36,608	38,072
2,208	Casino Tax	1,965	1,915	-3	1,879	2,012	2,093
13,511	Interstate Lotteries	13,083	13,403	2	13,730	14,074	14,425
49,617	Total Gambling Taxes	47,689	46,552	-2	51,567	53,735	55,631
Other Taxes							
6,860	Ambulance Levy	8,155	10,647	31	11,034	11,435	11,852
14,320	Tax Equivalent	13,369	24,717	85	26,244	35,617	46,361
-	Other Taxes	-	20,600	-	21,940	22,707	23,503
723,902	Total Taxes (before waivers)	707,643	772,115	9	824,393	887,240	947,590
5,087	Waivers - Tax	1,129	644	-43	660	677	694
728,989	Total Taxes	708,772	772,759	9	825,053	887,917	948,284

Payroll Tax

The payroll tax rate in the ACT is 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 estimated outcome for 2005-06 is \$201.760 million, which is 6 per cent below the original budget due to a smaller payroll tax base in 2004-05. The forecast for 2006-07 is \$220.025 million. The expected increase in 2006-07 and beyond largely reflects forecast growth in economic activity.

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.

General rates revenue from existing properties will increase in 2006-07 by 9.74 per cent from 2005-06 levels. This will result in an average increase of \$96 for residential properties, \$48 for rural properties and \$442 for commercial properties.

The increase in rates in 2006-07 will be on a 50/50 basis of fixed charge and valuation (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 estimated outcome from rates revenue in 2005-06 is \$140.818 million and is estimated to increase to \$156.988 million in 2006-07. This is due to the impact of new revenue measures and the increase in the valuation base.

The rating system in 2006-07 will have the following features:

- a fixed charge of \$440 for residential properties;
- a fixed charge of \$76 for rural properties;
- a fixed charge of \$717 for commercial properties;
- a valuation based charge on the Average Unimproved Value (AUV for 2004, 2005 and 2006 land values);
- a rate free threshold of \$22,000 applied to the AUV of each property;
- rating factors applied to the AUV of:
 - 0.3576 per cent for residential properties;
 - 0.2003 per cent for rural properties;
 - 1.0387 per cent for commercial properties; and
- a pensioner rebate cap for post 1 July 1997 pensioners of \$396.

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 2006-07 will be based on the most recent Average Unimproved Value (AUV) that incorporates the 2006 unimproved land value.

The land tax marginal rates that apply in 2005-06 will remain unchanged and will continue to apply in 2006-07 as shown in table 4.3.

Table 4.3
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 in 2005-06 is \$58.098 million and in 2006-07 land tax revenue is estimated to increase to \$63.776 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 2005-06 is \$163.154 million, reflecting a fall in the number of residential conveyance transactions, a strong take-up of the ACT Home Buyer Concession Scheme, more than offset by abnormally high commercial conveyancing. This is forecast to reduce to \$157.738 million in 2006-07 as commercial conveyancing returns to more typical levels. Residential property conveyancing revenue is forecast to grow moderately.

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 2005-06 is \$32.264 million and the forecast for 2006-07 is \$33.452 million. There has been an overall growth in general insurance premiums following the January 2003 bushfires and the premiums are likely to remain high in future years.

Duty on Hiring Arrangements

The ACT tax rates are 0.75 per cent for equipment leasing and 1.5 per cent on receipts over \$6,000 per month for other leasing arrangements.

The estimated outcome for 2005-06 is \$3.105 million, which is marginally lower than the original 2005-06 budget. The forecast for 2006-07 is \$3.209 million, representing an increase in line with CPI and population growth. This tax is scheduled to be abolished in 2007-08.

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 2005-06 is \$9.317 million as a consequence of several abnormally large leases, and the forecast for 2006-07 is \$4.454 million.

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 policy at 5 per cent of the first year's premium;
- life insurance rider 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 2005-06 is \$0.586 million and the forecast for 2006-07 is \$0.606 million. As with general insurance, this increase is based on the expected increase in CPI and general activity.

Duty on Motor Vehicle Registrations

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

The estimated outcome for 2005-06 is \$24.897 million and the forecast for 2006-07 is \$26.143 million reflecting a moderate growth in a volatile 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 2005-06 is \$2.814 million, which is only 33.8 per cent of 2005-06 budget. This tax has been abolished in Victoria and its base is shrinking in the ACT. The forecast in 2006-07 has therefore been revised to \$2.986 million. This tax is scheduled to be abolished in 2010-11.

Other Duties

Duty is payable on the acquisition of businesses conducted in the ACT and on the ACT portion of businesses conducted across jurisdictions.

The estimated outcome for 2005-06 is \$1.617 million. The forecast decrease in 2006-07 to \$0.222 million is due to the abolition of duty on business acquisitions.

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 2005-06 and 2006-07 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 2005-06 is \$31.6 million and the forecast for 2006-07 is \$30.193 million. The decrease in revenue is due to an expected reduction in gaming activity following the introduction of smoking bans effective from 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 2005-06 is \$1.965 million and in 2006-07 is \$1.915 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 \$13.083 million for 2005-06 and the forecast for 2006-07 is \$13.403 million.

Ambulance Levy

The ambulance levy applies to health benefit organisations under the *Emergency Management Act 1999*, health benefit organisations 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 the ambulance services are appropriated through the normal budget process.

The estimated revenue outcome for 2005-06 is \$8.155 million, which is relatively higher than the 2005-06 budget due to an increase in the tax rate and a one-off compliance assessment. The forecast in 2006-07 of \$10.647 million reflects the 2006-07 revenue measure to increase the Ambulance Levy.

Income Tax Equivalent

This represents income tax equivalent payments made by ACT Public Trading Enterprises (PTEs). The estimated total revenue for 2005-06 is \$13.369 million reflecting higher than expected operating results from PTEs. The forecast for 2006-07 is \$24.717 million and reflects the performance forecast from the ACT agencies that are subjected to the National Tax Equivalent Regime (NTER).

Other Taxes

A parking space levy was announced for development in the 2003-04 Budget, however, its anticipated implementation in 2006-07 has been removed and replaced with a City Heart levy, which aims to maintain and improve the amenity of Civic. The levy is expected to raise \$0.6 million in 2006-07 and \$1.2 million per annum in following years.

A Fire and Emergency Services levy will be introduced in 2006-07 and it is expected to raise \$20 million in the first year of implementation.

Tax Waivers

Tax waivers represent the amount of revenue that has been legally waived. This foregone revenue generally relates to payroll tax and duties. The estimated value of waivers is also reflected in expenses, resulting in no impact on the Territory's operating result.

The estimated waiver revenue for 2005-06 is \$1.129 million, which includes relief provided to individuals and other entities affected by the January 2003 bushfire. The forecast for 2006-07 is \$0.644 million as bushfire waivers cease.

ACT Taxes Compared to NSW

Table 4.4 shows the comparative tax rates between the ACT and NSW for major taxation items as at April 2006. The initiatives to be introduced in the 2006-07 ACT Budget have been included in the table.

Table 4.4
ACT Taxes (with proposed new initiatives) compared with NSW as at April 2006

Tax type	ACT	NSW
Payroll Tax	6.85% 1st \$1,250,000 exempt.	6.0% 1st \$600,000 exempt.
Land Tax	<p>Imposed quarterly on rolling three-year average unimproved land value (AUV).</p> <p>With effect from 2006-07 period, residential - imposed 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 - imposed 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>Imposed annually on aggregated unimproved land value of property that is not the principal place of residence.</p> <ul style="list-style-type: none"> • Effective from the 2006 land tax year, land tax is \$100 plus 1.7% of the land value in excess the \$352,000 threshold.
Duty on Conveyances	<p>The greater of \$20 or the amount resulting from applying the rates of \$2.00 - \$6.75 per \$100 or part thereof.</p> <p>Home Buyers Concession Scheme, effective from 1 July 2006:</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 \$326,000 • concession for vacant land value of up to \$180,000 <p>The property value thresholds are determined in July and January of each year, taking into account movements in the market.</p>	<p>The greater of \$2 or the amount resulting from applying the rates of \$1.25 - \$5.50 per \$100 or part thereof.</p> <p>For residential properties above \$3m, the duty payable is \$150,490 plus the rate of \$7.00 per \$100 or part thereof that exceeds \$3m.</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>
Vendor Duty	Not applicable in ACT.	Vendor duty was abolished from 2 August 2005.
Mortgages and Loan Security Duty	Not imposed in ACT.	\$0 - \$16,000 - \$5.00 above \$16,000 - \$4.00 per \$1,000 or part thereof in excess

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	For gross monthly gaming machine revenue (profit) of: <ul style="list-style-type: none"> • Less than \$15,000: 0% • \$15,000 - \$25,000: 15% • \$25,000 - \$50,000: 16% • >\$50,000: 18% 	As at May 2006: For gross annual gaming machine revenue (profit) of: <ul style="list-style-type: none"> Up to \$200,000: 0.0% \$200,001 - \$1m: 10.7% \$1m - \$5m: 19.4% \$5m - \$10m: 22.3% >\$10m: 23.7%
Gambling Tax - Hotels	25.9% of gross monthly gaming machine revenue (profit).	As at May 2006: For gross annual gaming machine revenue (profit) of: <ul style="list-style-type: none"> Up to \$25,000: 5.7% \$25,001 - \$200,000: 15.7% \$200,001 - \$400,000: 18.5% \$400,001 - \$1m: 27.1% \$1m - \$5m: 32.1% >\$5m: 36.4%

Fees and Fines

Fees and Fines revenue is forecast to increase by 11 per cent compared to the 2005-06 estimated outcome. The largest contributor to fees and fines is motor vehicle registration, forecast to generate 34 per cent of total fees and fines revenue in 2006-07, followed by fees for regulatory services at 26 per cent; while the water abstraction and traffic infringement fines together are estimated to generate 25 per cent of total fees and fines.

Details of fees and fines are provided in Table 4.5.

Table 4.5
Fees and Fines

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
Fees							
61,977	Motor Vehicle Registration	63,977	65,734	3	67,552	69,441	71,376
716	Casino Licence Fees	716	734	3	753	772	792
6,260	Drivers Licences	6,560	6,788	3	7,022	7,265	7,513
4,212	Change of Use Charge	10,712	4,368	-59	4,529	4,697	4,871
40,348	Fees for Regulatory Services	42,564	45,640	7	47,124	48,803	53,303
15,030	Water Abstraction Charge	13,109	27,163	107	27,460	27,715	27,859
128,543	Total Fees	137,638	150,427	9	154,440	158,693	162,714
Fines							
13,769	Traffic Infringement Fines	13,069	17,577	34	19,893	20,288	20,606
250	Court Fines	250	250	-	250	250	250
8,852	Parking Fines	8,852	9,170	4	9,499	9,837	10,190
267	Other Fines	296	269	-9	272	275	278
23,138	Total Fines	22,467	27,266	21	29,914	30,650	31,324

Fees

Motor Vehicle Registration Fees

The estimated revenue from motor vehicle registrations in 2005-06 is \$63.977 million and the forecast for 2006-07 is \$65.734 million.

Casino Licence Fees

The casino licensee pays the casino licence fee to the ACT Gambling and Racing Commission. The Commission also collects casino employee's licence fees for licensing staff employed by the casino. The 2005-06 estimate for casino licence fees of \$0.716 million is expected to increase marginally to \$0.734 million for 2006-07.

Drivers' Licences

The revenue from drivers' licences in 2005-06 is estimated at \$6.560 million and the forecast for 2006-07 is \$6.788 million. This increase reflects the application of the Wage Price Index.

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 2005-06 outcome is estimated at \$10.712 million. The significant variance from the original budget is due to a number of large unbudgeted change of use charge payments received in 2005-06, including payments relating to the Section 84 and Section 89 City developments. The forecast \$4.368 million for 2006-07 anticipates a return to prior year level.

Fees for Regulatory Services

The 2005-06 estimated outcome for fees for regulatory services of \$42.564 million is expected to increase to \$45.640 million in 2006-07. 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 2005-06 is estimated at \$13.109 million and is forecast to increase to \$27.163 million. This increase mainly reflects the introduction of the water fee.

Fines

Traffic Infringement Fines

Traffic infringement fines are expected to increase from \$13.069 million in 2005-06 to \$17.577 million in 2006-07. This increase reflects the Government's continued commitment to road safety measures by expanding the existing fixed and mobile speed camera program. Additional cameras will be placed on arterial, major and minor roads to reduce driving speeds over the ACT road network, and consequently decrease the incidence of road crashes.

Parking Fines

Parking fines are expected to increase from \$8.852 million in 2005-06 to \$9.170 million in 2006-07.

User Charges

Details of non ACT Government and ACT Government user charges are provided in Table 4.6.

**Table 4.6
User Charges**

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
User Charges - Non ACT Government							
14,980	Parking Fees	13,675	15,019	10	15,405	15,793	16,211
17,206	Inpatient Fees	18,406	19,918	8	20,516	21,131	21,765
1,225	Non-Inpatient fees	1,296	2,662	105	3,993	4,058	4,127
2,269	Meals and Accommodation	2,269	2,469	9	2,560	2,655	2,753
52,816	Cross Border Health Receipts	65,855	66,215	1	69,453	73,620	78,037
13,009	Sales	11,162	13,907	25	14,168	14,340	14,687
101,329	Service Receipts	97,123	95,675	-1	99,189	102,847	106,319
2,885	Rent from Tenants	2,809	2,835	1	2,862	2,936	3,010
10,609	Miscellaneous	10,197	10,492	3	10,732	11,010	11,260
-	Utility Land Use Permit	-	4,725	#	9,801	10,163	10,539
216,328	Total User Charges	222,792	233,917	5	248,679	258,553	268,708
User Charges - ACT Government							
10,812	User Charges -ACT Government	12,664	9,512	-25	9,747	10,023	10,316
-	Utility Land Use Permit	-	3,242	-	6,724	6,973	7,231
10,812	Total User Charges - ACT Government	12,664	12,754	1	16,471	16,996	17,547

Parking Fees

The estimated revenue from parking fees in 2005-06 is \$13.675 million and the forecast for 2006-07 is \$15.019 million. The forecast increase in parking fee revenue, in 2006-07 is mainly due to the part year impact of the increase in parking fees introduced in October 2005.

Patient 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 2005-06 estimated outcome for inpatient fees is \$18.406 million and \$1.296 million for non-inpatient fees. The 2006-07 Budget estimates are \$19.918 million and \$2.662 million for inpatient and non-inpatient fees, respectively. The increases relate to the continuation of private patient initiatives commenced in 2003-04 by The Canberra Hospital and the introduction of a second MRI machine during 2006-07.

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 2005-06 is \$65.855 million, while the forecast is \$66.215 million.

Sales

Revenues from sales include those generated from entry fees to sporting and cultural facilities, such as the Canberra Theatre and hire of those venues. Sales of merchandise, programs and giftware in these venues or the rights to sell these, are also included.

The 2005-06 estimated outcome is \$11.162 million and the 2006-07 estimate is \$13.907 million.

Service Receipts

This item includes payments from government agencies and external clients for the provision of services.

The 2005-06 estimate is \$97.123 million and 2006-07 estimate is \$95.675 million. The decrease in the 2006-07 Budget from the 2005-06 estimated outcome is mainly due to the rationalisation of functions associated with expenditure reforms.

Miscellaneous

Miscellaneous revenue is estimated at \$10.607 million for 2005-06 and the 2006-07 forecast is \$10.492 million.

Utility Land Use Permit

ULUP will be charged from 1 January 2007, and is estimated to be \$7.967 million in 2006-07, increasing to \$16.515 million in 2007-08 due to its full year effect.

Interest Received

Table 4.7 provides a summary of interest received.

Table 4.7
Interest Received

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
Interest Received							
42,999	Interest Received from Banks	71,476	65,260	-9	51,146	48,559	59,987
21,660	Interest Received on Agency Advances and Loans	22,502	23,834	6	25,302	27,458	28,675
3,611	Interest Received - Other	3,288	1,387	-58	1,292	1,222	1,150
750	Interest Received - ACT Law Society	750	750	-	750	750	750
69,020	Total Interest Received	98,016	91,231	-7	78,490	77,989	90,562

Interest Received from Banks

This item represents the interest received by the Central Financing Unit for general government investments and by the Superannuation Unit for investments made in respect of the Superannuation Provision Account (SPA). Interest received from banks is interest earnings on cash, short-term securities and fixed interest assets.

General government investments comprise the surplus balances of the Territory Banking Account, and investments made on behalf of government departments and some Territory Authorities. The interest received on behalf of government departments and authorities is passed on to them on a monthly basis. Interest earned on the SPA is retained within the existing investment facilities managed by the Territory's external fund managers.

Interest Received on Advances and Loans

This item represents the interest payment to the Central Financing Unit from Public Trading Enterprise sector agencies for loans provided to them from the Territory Banking Account. The majority of interest received is from ACTEW Corporation.

Other Interest Received

This includes interest revenue received by the Department of Justice and Community Safety, the Home Loan Portfolio, the Canberra Cemeteries Trust, Shared Services Centre and the Workers Compensation Supplementation Fund. Many of these agencies have various statutory schemes under their administration on which interest is received.

Other Own Source Revenue

Total other own source revenue, (including dividends from Public Trading Enterprises (PTEs) and revenue of associates and joint ventures), is expected to decrease by \$200.672 million or 35 per cent in 2006-07. Table 4.8 provides a summary of other own source revenue in 2005-06 and the forward estimates.

Table 4.8
Other Own Source Revenue

2005-06		2005-06	2006-07		2007-08	2008-09	2009-10
Budget		Est.Outcome	Budget	Var	Estimate	Estimate	Estimate
\$'000		\$'000	\$'000	%	\$'000	\$'000	\$'000
Dividends							
57,306	ACTEW	57,228	63,375	11	69,630	74,906	80,122
2,794	ACTTAB	3,175	1,676	-47	1,457	1,373	1,475
218	CIT Solutions	800	400	-50	400	400	400
-	Land Development Agency	80,000	24,957	-69	19,683	34,562	36,508
60,318	Total Dividends	141,203	90,408	-36	91,170	111,241	118,505
Other							
12,358	Superannuation contribution	10,893	14,880	37	14,584	14,700	14,777
30	MLA members	30	30	-	30	30	30
190	Gain on disposal of assets	479	466	-3	466	466	466
-	Increments arising from revaluation of assets	25,870	-	-100	-	-	-
123,870	Other	297,458	179,362	-40	193,118	214,427	242,926
63,800	Lease Sales	79,335	72,450	-9	73,500	75,200	83,350
110,182	Government Land Development Sales	-	-	-	-	-	-
3,450	Rents and Commutation	6,450	3,450	-47	3,450	3,536	3,624
16,759	Contributions	17,259	17,259	-	17,259	17,259	17,259
330,639	Total Other	437,774	287,897	-34	302,407	325,618	362,432

Dividends

ACTEW

ACTEW's estimated dividend amount of \$57.228 million in 2005-06 comprises ACTEW's operating result of \$53.228 million, and a \$4 million transferred from retained profits. This transfer maintains the dividend payment to Government, notwithstanding the decrease in ACTEW's profit as a result of anticipated catchment remediation expenses.

The increase of \$6.147 million in the 2006-07 Budget dividend compared to the 2005-06 estimated outcome is due to an anticipated increase in ACTEW's operating result and further transfers from retained profits to off-set catchment remediation expenses.

ACTTAB

The payment of a special dividend of \$1.655 million has been included in the estimated outcome for 2005-06. ACTTAB pays a dividend representing 50 per cent of after tax profits, therefore any increases or decreases in the dividend are as a result of profit movements, special dividends aside.

CIT Solutions

The decrease of \$0.4 million in the 2006-07 Budget from the 2005-06 estimated outcome reflects expected trading results.

Land Development Agency

The Land Development Agency (LDA) acquires land for development through a number of mechanisms, including the development of its own estates through joint ventures and development arrangements with the private sector. During 2005-06 LDA was reclassified as a Public Trading Enterprise, to appropriately reflect the activities of the entity, which acquires unleased Territory land from the Government at market prices.

Consistent with the revised status as a PTE agency, LDA will pay 100 per cent of the operating profit after tax as a dividend. However, in 2005-06 LDA has paid a dividend of \$80 million, which includes a component for part of the profits from prior years being returned to the Government. In 2006-07, the estimated dividend payment has reduced to \$24.957 million, as only an amount equal to the operating profit after tax will be paid as dividend.

Other

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 be only paid to the Territory Banking Account.

Other

- Dividends from financial investments: the dividends from financial investments are from equity investments made from the Superannuation Provision Account.
- Gains on financial investments: the gains on financial investments represent the net unrealised change in the market value of assets under investment and achieved realised gains. Given a significant allocation to equity investments, large annual changes in market values are expected.

Lease Sales

This item relates to the land sales by the ACT Government to the Land Development Agency (LDA). The 2006-07 budget of \$72.450 million is the estimated land sales by the Department of Territory and Municipal Services to LDA. This is based on LDA's projected residential and commercial sales for 2006-07 and the forward years.

Government Land Development Sales

Government land sales of \$110.2 million were expected in the 2005-06 Budget. Since this time, the Government's Land Development Agency, the LDA, has been reclassified as a PTE. Consequently, these sales are no longer reported as general government sector. The LDA purchases new land at market value from the general government sector and pays a dividend on its profits.

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 2005-06.

Revenue of Associates and Joint Ventures

Since the formulation of the 2005-06 Budget, the Land Development Agency has moved from the GGS to the PTE sector. No other GGS agency is undertaking this activity, and accordingly, "Nil" amount has been shown for 2005-06 estimated outcome, the 2006-07 Budget and the forward years.

Australian Government Grants Estimates

Total revenue from grants received is forecast to increase by \$65.6 million from the 2005-06 estimated outcome of \$1.138 billion to the 2006-07 budget estimate of \$1.204 billion. This increase comprises an increase in General Revenue Assistance (GRA) of \$27.5 million, Specific Purpose Payments (SPPs) of \$36.3 million and other Australian Government payments of \$1.8 million.

Table 4.9 provides a summary of Australian Government Grants Estimates.

**Table 4.9
Australian Government Grants Estimates**

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
	General Purpose Funding						
12,600	Competition Payments	12,800	-	-100	-	-	-
12,600	Total General Purpose Funding	12,800	-	-100	-	-	-
	GST Revenue Grants						
721,400	GST Revenue Grant	718,000	758,300	6	796,600	834,900	873,200
721,400	Total GST Revenue Grants	718,000	758,300	6	796,600	834,900	873,200
734,000	Total General Revenue Assistance	730,800	758,300	4	796,600	834,900	873,200
	Specific Purpose Payments						
	Health (Includes Health Care Grants)						
107,479	Health Care Grants	107,275	113,031	5	119,243	125,000	131,000
57	Youth Health Services	57	58	2	59	60	61
6,500	High Cost Drugs	8,000	8,845	11	9,199	9,567	9,950
1,435	Australian Immunisation Agreement	1,626	1,963	21	1,972	1,967	1,967
3,397	National Public Health Outcomes Agreement – PHOFA	3,403	3,462	2	3,531	3,601	3,601
1,260	COAG Illicit Drug Diversion Package	1,302	1,300	-	-	-	-
-	Health Care Grants - Pathways Home Program	-	2,600	-	-	-	-
120,128	Total Health (Includes Health Care Grants)	121,663	131,259	8	134,004	140,195	146,579
	Social Security and Welfare						
492	Aged Care Assessment Team	525	502	-4	512	522	530
10,215	Home and Community Care	10,131	11,012	9	11,893	12,844	13,872
6,015	Supported Accommodation Program - Current	5,946	5,781	-3	5,910	6,318	6,453
8,441	Disability Services	8,441	8,744	4	8,756	8,372	8,372
25,163	Total Social Security and Welfare	25,043	26,039	4	27,071	28,056	29,227
	Public Order and Safety						
3,170	Legal Aid	3,219	3,170	-2	3,170	3,170	3,170
3,170	Total Public Order and Safety	3,219	3,170	-2	3,170	3,170	3,170
	Education						
27,106	Government Schools - General	25,962	29,428	13	31,356	33,368	34,202
102,563	Non Government Schools	91,888	106,532	16	114,531	122,763	125,833
4,123	Targeted Programmes - Government schools and Joint	4,297	4,405	3	4,515	4,627	4,783
2,817	Targeted Programmes - Non-government schools	2,975	3,188	7	3,343	3,526	3,614
381	Indigenous Education Strategic Initiatives Programme - government	381	391	3	401	401	411
-	Targeted Programs - Government Schools and Joint - Capital	7,456	3,476	-53	2,043	1,500	1,500

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
-	Targeted Programs - Non Government Schools – Capital	2,471	1,777	-28	1,777	642	-
4,076	Government Schools - Capital Grant	4,076	6,053	49	4,619	4,076	4,076
4,020	Non-Government Schools - Capital Grant	2,569	4,459	74	4,412	3,357	3,440
145,086	Total Education	142,075	159,709	12	166,997	174,260	177,859
	Housing						
18,785	CSHA Block Assistance for Housing	18,589	19,106	3	19,472	19,320	19,518
18,785	Total Housing	18,589	19,106	3	19,472	19,320	19,518
	Local Government						
33,942	Finance Assis - Local Government Functions	33,916	35,045	3	36,166	37,443	38,758
23,004	National Cap Influences - Local Government Functions	23,004	23,486	2	23,932	24,387	24,898
56,946	Total Local Government	56,920	58,531	3	60,098	61,830	63,656
	Other						
9,250	Assistance for Water and Sewerage	9,250	9,444	2	9,624	9,808	10,014
200	Interstate Road Transport	200	240	20	240	240	240
600	National Highway System - Current	600	1,142	90	1,142	1,142	1,142
600	National Safety Black Spots Program	600	600	-	600	600	600
5,332	National Highway System - Capital	5,332	10,583	98	5,583	5,584	-
15,982	Total Other	15,982	22,009	38	17,189	17,374	11,996
385,260	Total Specific Purpose Payments	383,491	419,823	9	428,001	444,205	452,005
	Other C'wlth Payments						
	Vocational Education and Training						
18,407	VET Funding Act	18,407	19,122	4	19,617	19,982	20,475
2,720	VET Funding Act - TAFE Capital	2,720	2,720	-	2,720	2,720	2,720
21,127	Total Vocational Education and Training	21,127	21,842	3	22,337	22,702	23,195
	Other						
1,393	Concession Funding	1,393	1,393	-	1,393	1,393	1,393
158	Sport Participation Development	170	158	-7	158	158	158
279	VET Funding Act - Other Contracts	649	659	2	669	669	685
5,954	Other Miscellaneous Commonwealth Payments	270	1,469	444	1,572	472	483
-	Natural Disaster Relief Arrangements (NDRA)	105	-	-100	-	-	-
7,784	Total Other	2,587	3,679	42	3,792	2,692	2,719
28,911	Total Other C'wlth Payments	23,714	25,521	8	26,129	25,394	25,914
414,171	Total SPP and Other C'wlth Payments	407,205	445,344	9	454,130	469,599	477,919
1,148,171	Total Commonwealth Grants Received	1,138,005	1,203,644	6	1,250,730	1,304,499	1,351,119