5.2 REVENUE 2002-03 AND FORWARD ESTIMATES

This chapter identifies the 2001-02 estimated outcome and 2002-03 budget and forward estimates for revenue items. A detailed discussion of taxation items is included later as part of this chapter.

General revenue payments from the Commonwealth are discussed in Chapter 4.2, Developments in Commonwealth-State Financial Relations. Specific Purpose Payments from the Commonwealth and User Charges are identified in the relevant Agency chapters of Budget Paper No. 4.

Overview

Figure 5.2.1 shows that 30% of the total general government revenue in the ACT is derived from taxes, fees and fines. The remainder derives from Commonwealth grants, user charges, interest received and other own sources.

Figure 5.2.1
Components of General Government Revenue 2002-03

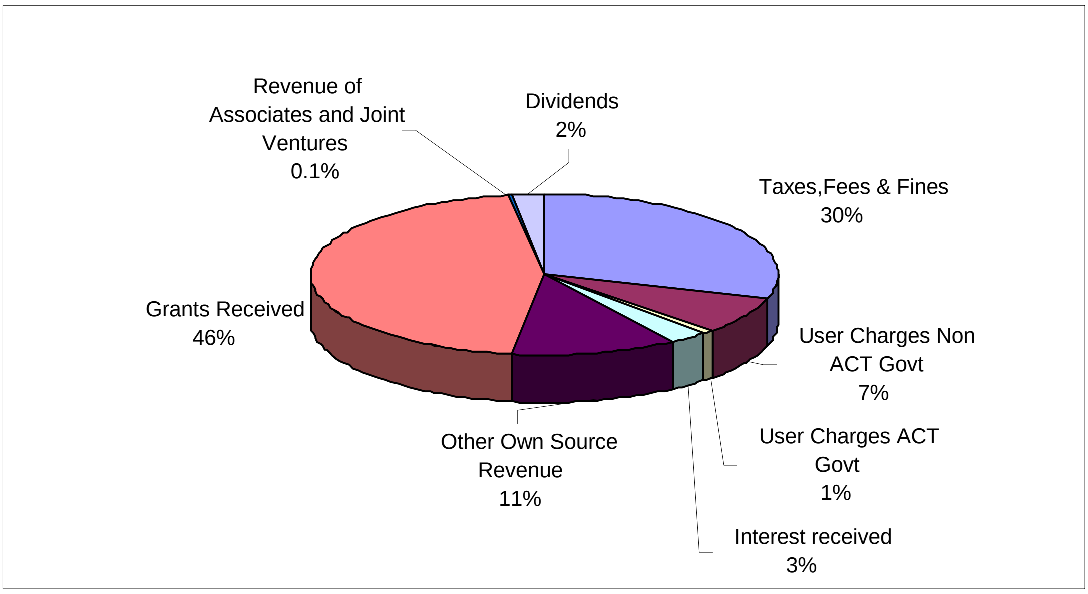

Table 5.2.1 provides a summary of the estimated outcome for 2001-02, 2002-03 budget forecasts, and the forward estimates for general government revenue.

Table 5.2.1
Government Revenue

	2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
Revenue and Grants Received						
Taxes, Fees and Fines	658 171	658 391	..	667 709	686 647	692 219
User Charges - Non ACT Govt	164 292	164 088	..	161 136	161 050	164 140
User Charges - ACT Govt	20 211	17 651	-13	18 570	19 477	20 242
Interest Received	80 997	65 075	-20	61 013	59 853	62 670
Other Own Source Revenue	201 247	241 086	20	228 294	271 257	286 105
Grants Received	993 926	1 002 895	1	1 034 009	1 069 838	1 115 104
Revenue of Associates and Joint Ventures	23 394	2 302	-90	4 027	0	0
Dividends	46 056	51 510	12	56 062	59 835	61 670
Total Revenue	**2 188 294**	**2 202 998**	**1**	**2 230 820**	**2 327 957**	**2 402 150**

Taxes, Fees and Fines

Total revenue from taxes, fees and fines is expected to remain constant, with collections of $658.171m in 2001-02 compared to $658.391m in 2002-03.

This change is due to a decline in some tax related revenue lines offset by a number of revenue initiatives.

Taxes

As shown in table 5.2.4 the ACT will experience a modest increase in taxation revenue, prior to recognition of waivers, from 2001-02 to 2002-03. This should be viewed in the context that forecasts in some major revenue lines will experience a decline in 2002-03.

Key areas of impact are:

- slowdown in building activity and property market;
- decline in conveyance duty revenue compared with the high 2001-02 levels, as increasing interest rates impact the market; and
- a forecast decline in property turnover over the next two years.

The result is that:

- conveyance revenue will decline by an estimated 7% from 2001-02 to 2002-03; and
- payroll tax revenue will experience a minor increase of 2% from 2001-02 to 2002-03 as employment growth continues to be offset by a loss in payroll tax as large employers increasingly use contract labour.

Figure 5.2.2
Components of Taxes 2002-03

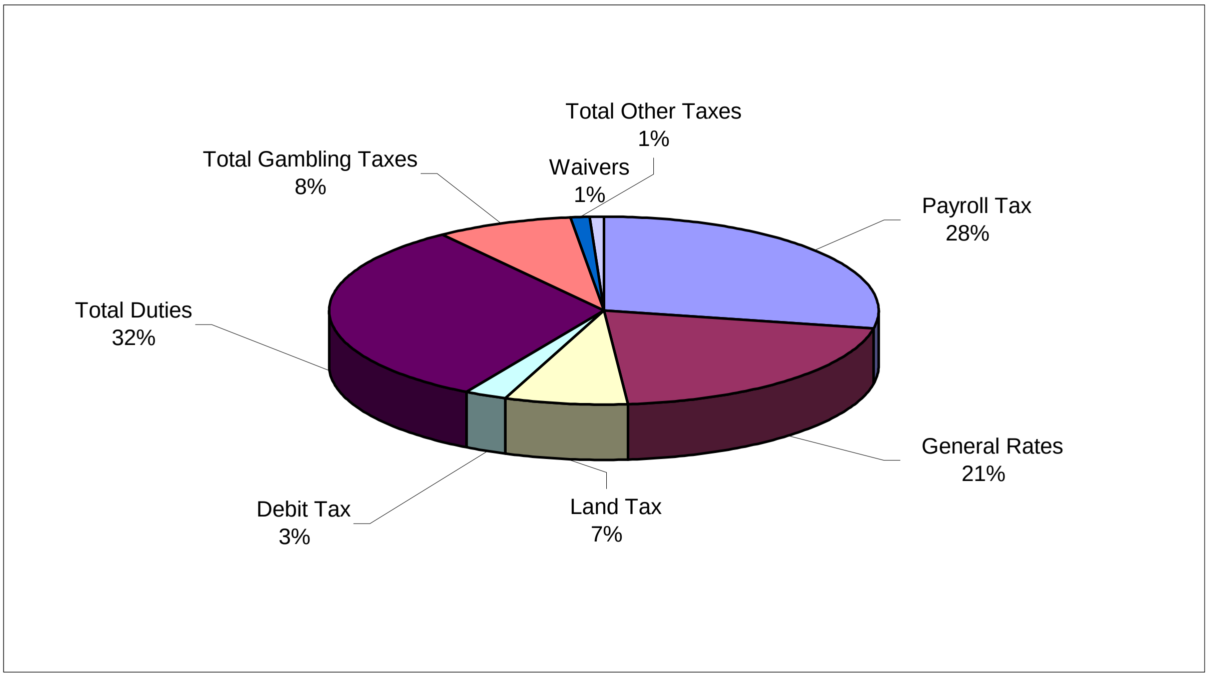

Figure 5.2.2 shows the components of taxes and their relative significance for 2002-03. Of these, duties and payroll tax are the two largest contributors to the Territory's tax base. General rates is the next largest revenue source accounting for 21% of taxation revenue.

Fees and Fines

For the most part, fees and fines forecast for 2002-03 reflect the 2001-02 estimate after an adjustment for CPI. Other increases in fees and fines largely relate to revenue initiatives. In line with the No Waste by 2010 Strategy, the ACT Greenhouse Strategy (1999) and the principles of sustainable development, the introduction of the Waste Pricing Strategy will contribute to an increase in fees for regulatory services. The full year impact of speed/red light cameras installed at dangerous Canberra intersections and motor vehicle registrations are also contributing to an increase in fees and fines.

The largest contributor to fees and fines is motor vehicle registration, forecast to generate 41% of total fees and fines revenue in 2002-03, followed by fees for regulatory services with 34%. This is consistent with the 2001-02 estimate where motor vehicle registration and fees for regulatory services were 40% and 35% of the total fees and fines revenue respectively.

Other Sources of Government Revenue

Total revenue from other government revenue sources in 2002-03 is expected to increase from $1,530m in 2001-02 to $1,545m in 2002-03.

Increases in revenue include: dividend revenue from the PTE sector, grants received; and other source revenue for 2002-03. These are offset by decreases in revenue relating to interest, ACT Government user charges, and revenue from associates and joint ventures.

The largest item in other government revenue sources is grants received from the Commonwealth, forecast to generate $1.003b or 65% of total other government revenue in 2002-03, followed by other own source revenue with 16%. This has changed marginally from the 2001-02 estimate where other own source revenue was 13% of other government revenue.

The grants from the Commonwealth which are expected to increase include the GST revenue, hospital funding and non-Government schools grants, which are partially offset by decreases in Commonwealth-States disability agreement, National highway system and First Home Owner Grant scheme funding. Dividend revenue is expected to increase due to efficiency improvements in ACTEW as a result of business structure enhancements.

Following an investment strategy review by the Superannuation Unit, interest revenue is forecast to decrease in 2002-03 as domestic and international equities investments increase. This change in investment practices will result in gains from investments being recognised as dividends and increments arising from the revaluation of assets. The winding up of all land joint ventures, with the exception of the Harcourt Hill project, and the withdrawal from the Williamsdale Quarry joint venture will also result in a decrease in revenues of associates and joint ventures.

Forward Estimates Outlook

Table 5.2.1 shows a small increase in revenue for 2002-03 and 2003-04, with more significant increases for 2004-05 and beyond.

Growth in the ACT in 2001-02 has been underpinned by strong household consumption and housing construction. This growth has been offset by a decline in employment, mainly due to the collapse of Ansett, and a hiatus in Federal Government activity prior to and following the November 2001 election. Both of these events have had an adverse impact on ACT revenue base, and on forecasts for 2002-03. Employment in 2002-03 is expected to recover and grow at 1.0%, and is forecast to remain at or around this rate of growth for the next few years. The outlook reflects a return to more normal conditions, however, employment will remain dependent on public expenditure growth.

The outlook for inflation is for a return to pre-GST levels with a 2001-02 forecast of 2.75%. Inflation is expected to remain at 2.75% in 2002-03 and then drop back slightly to 2.5% for the remaining forecast years.

Dividends are forecast to increase as ACTEW realises further business efficiencies. Further increases to Commonwealth grants, particularly in the form of general revenue assistance across the forward estimates also improve the outlook for the ACT. Other revenue is also affected by a decrease in revenue in 2002-03 and 2003-04 from the revision of the Land Release Program. Other revenues continue to increase across the forward estimates due to the revised investment strategy employed by the Superannuation Unit and the commencement, and phasing in, of Government land development from 2004-05.

Revenue Initiatives for 2002-03

Tax revenue measures to take effect during 2002-03 include:

- exemption from duty on public liability insurance for non-profit and sporting organisations;
- an increase in the rates of duty on conveyancing;
- maintaining the payroll tax threshold at $1.25m;
- grossing up the value of fringe benefits and including eligible termination payments for the payroll tax wages base;
- changes to the exemption status for residential land tax;
- an increase in non-residential land tax rates;
- an increase in motor vehicle registration;
- introduction of pay parking in Belconnen and Tuggeranong;
- red light and speed camera operations; and
- waste pricing strategy.

Exemption of Public Liability Insurance Duty

This initiative will ease the duty cost imposed on ACT amateur sporting and community bodies that are run on a not-for-profit basis. Under Ministerial guidelines, these eligible bodies will not be charged duty on premiums for public liability insurance and other general insurance required to hold a public event. The government is working with other jurisdictions to find global solutions to the current insurance crisis, and in the interim, this measure provides immediate price relief for such organisations.

This measure will reduce revenue from general insurance taxation revenue by an estimated $0.2m in 2002-03.

Increase in Stamp Duty on Conveyancing

The rates of duty for conveyancing in the ACT have not been amended since 1987. This increase, effective from 1 July 2002, aims to bring ACT conveyancing duty rates broadly in line with aggregate NSW rates, that is, conveyancing and mortgage duty. The new duty rates will apply from 1 July 2002. The new rate scales have been formulated to minimise the impact on properties at or below average ACT house prices.

Table 5.2.2
Current and new stamp duty on conveyancing rates

Current ACT Rates			
		Total Conveyance Duty	
Property Value Range $		Fixed Amount $	Tax rate per $100 $
0	14,000	0	1.25
14,001	30,000	175	1.50
30,001	60,000	415	2.00
60,001	100,000	1,015	2.50
100,001	300,000	2,015	3.50
300,001	1,000,000	9,015	4.50
over	1,000,001	40,515	5.50
New ACT Rates			
		Total Conveyance Duty	
Property Value Range $		Fixed Amount $	Tax rate per $100 $
0	14,000	0	2.00
14,001	30,000	280	2.00
30,001	60,000	600	2.00
60,001	100,000	1,200	2.00
100,001	200,000	2,000	3.50
200,001	300,000	5,500	4.00
300,001	500,000	9,500	5.50
500,001	1,000,000	20,500	5.75
over	1,000,001	49,250	6.75

As shown in the above table, the new rates fall into 6 brackets. All properties under $100,000 would be charged a flat rate of $2 per $100. There will be little or no increase in rates on properties of value under $200,000 and a 5% increase for properties valued between $200,000 and $300,000. It is estimated that these groups account for 80% of property sales.

Stamp duty charges on property purchases in the ACT will remain one of the lowest in Australia for lower and median house brackets. All other jurisdictions except the Northern Territory also impose a duty on mortgages and loan securities.

The December 2001 quarter median house price in the ACT was $210,000 with conveyance duty of $5,865 (based on the Real Estate Institute of Australia’s magazine, *Market Facts*, released March 2002). Under the proposed changes, conveyance duty for the average property will be $5,900, an increase of $35. This compares favourably with NSW where a property of the same value would attract charges of $6,537 (assuming 90% finance). The equivalent aggregated duty in QLD and VIC is $6,681 and $8,890 respectively.

This measure will increase revenue from conveyance duty by an estimated $7.3m in 2002-03 increasing to $7.420m in 2005-06. This measure will partially offset the expected decline in conveyance duty revenue.

Payroll Tax Threshold

The current payroll tax threshold of $1.25m will remain unchanged and is the most generous in Australia.

Table 5.2.3 shows a comparison of Effective Payroll Tax Rates for 2002-03 for all jurisdictions, using national average weekly earnings for four quarters to December 2001, based on ABS published statistics.

This table is an adaptation of the table published in the Tasmanian 2002-03 Budget Papers, updated to reflect changes announced in other jurisdictions to mid June 2002.

The table shows that the effective rate of payroll tax in the ACT is less than the national average for businesses with less than 100 employees. This represents approximately 97% of all ACT employers.

Table 5.2.3
Comparison of Effective Payroll Tax Rates 2002-03

No. of Employees	TAS	QLD	WA	VIC	SA	NSW	NT	ACT	Average
	%	%	%	%	%	%	%	%	%
50	2.65	3.26	2.99	3.67	4.04	3.95	4.28	**1.97**	3.35
100	4.44	4.75	4.20	4.51	4.86	4.97	5.39	**4.41**	4.69
200	5.34	4.75	6.00	4.93	5.26	5.49	5.94	**5.63**	5.42
300	5.64	4.75	6.00	5.07	5.40	5.66	6.13	**6.04**	5.59
500	5.88	4.75	6.00	5.18	5.51	5.79	6.28	**6.36**	5.72

Payroll Tax – Treatment of Fringe Benefits and Eligible Termination Payments

This initiative changes the value of fringe benefits for payroll tax purposes from the aggregate amount to the grossed up value in line with the *Fringe Benefits Tax Assessment Act 1986* (Commonwealth) effective from 1 July 2002. It also amends the ACT *Payroll Tax Act 1987* to include the definition of eligible termination payments as described in the *Income Tax Assessment Act 1936* (Commonwealth) for the payroll tax base.

This will bring the ACT treatment of the payroll tax salary base in line with other jurisdictions.

This initiative is expected to provide an increase of 1.1% in payroll tax liability for employers over the threshold, but it will facilitate improved streamlined administrative processes for employers with multijurisdictional liabilities, as the payroll tax base, including for the

Commonwealth, will now have a similar basis. This change is forecast to have minimal impact on small to medium businesses in the ACT as most fall under the payroll tax threshold.

This will increase revenue by an estimated $2.3m in 2002-03 increasing to $2.326m in 2005-06.

Changes to the Exemption Status for Residential Land Tax

Currently, all residential properties that are not rented are exempt from land tax. Effective from 1 October 2002, residential land tax exemptions for properties owned by a trust or a company (excluding building and development companies) will be removed and such properties will become liable for land tax, even if they are not rented.

In other jurisdictions, land tax exemptions are based on the owner's (a natural person) principal place of residence. Properties owned by a trust or a company cannot be claimed as the principal place of residence of the owner (corporate entity) and are generally subject to land tax. The introduction of this measure brings the ACT in line with land tax regimes in other States.

Exemption from land tax on residential land owned by builders and developers for the business purpose of development and redevelopment, will continue to apply for a two-year period from the date of ownership to allow for the completion of construction and subsequent sale of the property.

This measure will increase revenue by an estimated $0.525m in 2002-03, increasing to $0.767m in 2005-06.

Increase in Land Tax Rates for Non-residential Properties

Land tax is currently applied to non-residential properties and residential properties that are rented. Effective from 1 October 2002, this initiative will increase the marginal land tax rates applied to the Average Unimproved Land Value (AUV) above $100,000 for all non-residential properties as follows:

AUV up to $100,000	1.00% (unchanged)
AUV $100,001 to $200,000	1.40% (currently 1.25%)
AUV $200,001 and above	1.70% (currently 1.50%)

The existing land tax rates in the ACT have applied since 1 July 1993. Compared to the residential valuation base, there has been a reduction in the overall valuation base of non-residential properties from 1994 to 1999. Only in 2002 has the overall valuation base of non-residential properties returned to a slightly higher level than in 1994. Over the past six years, land tax revenue from non-residential properties has fallen in real terms.

The increase in the land tax marginal rates for non-residential properties in 2002-03 will restore the contribution in land tax revenue from the commercial/industrial sectors.

This measure will increase revenue by an estimated $1.565m in 2002-03, increasing to $2.287m in 2005-06.

Increase of Motor Vehicle Registration Fees

Effective from 1 September 2002, registration fees for all private and business motor vehicles will be increased by an average of $26, to align with the registration fees charged in NSW. The adjustment will result in an increase in Territorial revenue of about $3.9m in the 2002-03 financial year.

Pay Parking in Belconnen and Tuggeranong

The introduction of pay parking in Belconnen and Tuggeranong is an important part of the Government's transport strategy, which is designed to provide incentives to encourage transport through modes other than private cars. This complements single zone bus fares being introduced by ACTION. It is consistent with user pays principles and will make parking arrangements in Belconnen and Tuggeranong consistent with other major centres in the ACT.

Increased Revenue from Red Light and Speed Cameras

Additional revenue is expected to be realised due to the full year impact of speed/red light cameras installed during 2001-02 at intersections with a high record of serious crashes.

Waste Pricing Strategy

The aim of this initiative is to develop a pricing system which encourages reuse and recycling of waste products by quantifying a range of economic and environmental costs which are directly attributable to waste disposal in the ACT. The implementation of the strategy will be through continued development of appropriate infrastructure to support recovery and recycling waste streams, community education programs, incentives to ensure waste is disposed correctly and the development of further waste reduction programs.

This initiative is consistent with the objectives of the No Waste by 2010 Strategy, the ACT Greenhouse Strategy (1999) and the principles of sustainable development. The revenue estimate for 2002-03 is $1.560m.

Detailed Taxes

Table 5.2.4 provides details on ACT taxes.

Table 5.2.4
Taxes

	2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
General Tax						
Payroll Tax	147 932	150 918	2	155 700	161 222	166 965
General Rates	106 991	110 507	3	114 064	117 710	121 454
Land Tax	33 143	38 519	16	40 791	42 424	43 372
Debits Tax	13 939	13 939	-	13 939	13 939	0
Total General Tax	**302 005**	**313 883**	**4**	**324 494**	**335 295**	**331 791**
Duties						
Conveyances	115 733	108 063	-7	103 909	104 034	106 912
General Insurance	23 391	24 137	3	25 111	26 125	27 180
Hiring Duty	2 777	2 870	3	2 968	3 069	3 174
Leases	4 923	3 788	-23	3 883	3 980	4 080
Life Insurance	739	769	4	800	833	866
Motor Vehicle Rego & Transfers	20 305	20 812	2	21 332	21 866	22 412
Shares & Marketable Securities	6 885	4 885	-29	4 885	4 885	4 885
Other Duties	-4 634	5 064	-209	1 892	1 939	1 988
Total Duties	**170 119**	**170 388**	**..**	**164 780**	**166 731**	**171 497**
ACTTAB Licence Fee	1 388	1 292	-7	1 284	1 275	1 327
Bookmakers Turnover Tax	65	67	3	68	70	71
Gaming Tax	26 300	26 958	3	27 632	30 321	31 033
Casino Tax	2 000	2 050	3	2 101	2 154	2 208
Interstate Lotteries	12 500	12 812	2	13 133	13 463	13 797
Total Gambling Taxes	**42 253**	**43 179**	**2**	**44 218**	**47 283**	**48 436**
Other Taxes						
Ambulance Levy	5 207	5 207	-	5 207	5 207	5 207
TOCTAX	300	319	6	329	349	370
Total Other	**5 507**	**5 526**	**..**	**5 536**	**5 556**	**5 577**
Total Taxes (before waivers)	**519 884**	**532 976**	**3**	**539 028**	**554 865**	**557 301**
Waivers – Tax	25 796	4 703	-82	4 678	4 443	4 458
Total Taxes	**545 680**	**537 679**	**-1**	**543 706**	**559 308**	**561 759**

Note: the above figures exclude regulatory service fees and internal trading revenue (General Government Sector)

Payroll Tax

During 2001-02, payroll tax was payable by liable ACT employers and contractors at 6.85% of wages and other taxable payments made by the employer, or the employer's group, where Australia-wide wages exceeded the tax free threshold of $1.25m per annum.

The 2001-02 collection is estimated at $147.932m, and the forecast for 2002-03 is $150.918m. The current threshold of $1.25m will remain for 2002-03. The payroll tax liability for some employers will increase in 2002-03 because of the changed treatment of fringe benefits and eligible termination payments, which brings the ACT in line with other jurisdictions.

General Rates

Rates are levied on all rateable land in the ACT and the estimated outcome for rates revenue in 2001-02 is $106.991m. Rates revenue in 2002-03 from existing properties will be increased by 2.9%, which represents the actual annual movement in the CPI in the ACT to the December quarter 2001. Total rates revenue for 2002-03 is estimated at $110.507m.

As an interim measure, while a review of the rating system is undertaken, increases in individual rates liabilities in 2002-03 will be limited to 2.9%. To achieve this measure, the same rating factors for 2001-02 will be used and the 2002 unimproved land values will not be incorporated in the calculation of the rolling three year Average Unimproved Value (AUV) for the assessment of rates in 2002-03.

The rating system in 2002-03 will have the following features:

- a fixed charge of $300 applied to all properties except rural properties;
- a valuation based charge on the AUV (1999, 2000 and 2001 land values);
- a rate free threshold of $19,000 applied to the AUV of each property;
- rating factors of:
  - 0.7820% for residential properties;
  - 0.3910% for rural properties; and
  - 1.3356% for non-residential properties; and
- a 2.9% CPI increase on 2001-02 rates charges for each property.

Rates revenue estimates for 2002-03 and forward years include expected revenue from new properties and represent the net amount after allowing for pensioner concessions and discounts for early payment.

Land Tax

Land tax currently applies to all rateable non-residential properties and any residential properties that are rented. The estimated outcome for land tax revenue in 2001-02 is $33.143m.

Land tax assessments for property owners in 2002-03 will be based on the most recent Average Unimproved Value (AUV) that incorporates the 2002 unimproved land value. New land tax initiatives that commence on 1 October 2002 include the imposition of land tax on residential properties owned by a trust or a company (excluding land owned by a building or a development company), and an increase in the land tax marginal rates for non-residential properties as outlined in Table 5.2.5.

Table 5.2.5

Land Tax Marginal Rates

	Existing Land Tax Marginal Rates that apply to non residential land until 30/09/2002 and will continue to apply to residential land in 2002-03	**New Land Tax Marginal Rates that will apply to non-residential land from 1/10/2002**
AUV up to $100 000	1.00%	1.00%
AUV from $100 001 up to $200 000	1.25%	1.40%
AUV from $200 001 and above	1.50%	1.70%

Total land tax revenue in 2002-03 that includes the new initiatives to commence on 1 October 2002 is estimated at $38.519m.

Debits Tax

Debits tax is levied on withdrawals from bank accounts with cheque drawing facilities. Debits tax was introduced on 1 July 1997 and the rates remain in line with Victoria, South Australia, Western Australia and Queensland. NSW abolished debits tax on 1 January 2002. It is anticipated that revenue from debits tax will be influenced by changes in banking practices by taxpayers as other payment options (Internet banking, BPAY, Direct Debit) become increasingly available. However, to date there has been no significant decline in debits tax revenue in the ACT.

Estimated outcome for 2001-02 is $13.939m matching the forecast in 2002-03. Debits tax will be reviewed for abolition in 2005-06.

Duty on Conveyances

Duty is levied on the transfer of real property. The marginal rates payable in 2002-03 range from 2.00% to 6.75%, and are generally applied to the transfer value of the property. A concession rate applies for persons qualifying under the ACT Homebuyer Concession Scheme.

Estimated outcome in 2001-02 is $115.733m reflecting current high activity levels and the forecast for 2002-03 is $108.063m. The decrease is due to a decline in property transactions and stabilisation of house prices referred to above.

Duty on Hiring Arrangements

The ACT tax rates are 0.75% for equipment leasing and 1.5% on receipts over $6,000 per month for other leasing arrangements. Revenue in 2001-02 is estimated at $2.777m and the forecast for 2002-03 is $2.870m.

Duty on General and Life Insurance

General insurance premiums and life insurance premiums are liable for stamp duty. The rate payable on general insurance premiums is 10%, and temporary and term life insurance policies are liable at the rate of 5% of the first year's premium.

Estimates for 2002-03 reflect the forecast for similar levels of insurance coverage as previous years. General insurance revenue in 2001-02 is estimated at $23.391m and $24.137m for 2002-03. Life insurance revenue in 2001-02 is estimated at $0.739m and the forecast for 2002-03 is $0.769m.

Duty on Leases

Stamp duty is payable on commercial tenancy leases at the rate of 50 cents for every $100 with the exception of leases in excess of 30 years which are subject to duty at conveyance rates. The revenue estimate for 2001-02 is $4.923m and the forecast for 2002-03 is $3.788m.

Duty on Motor Vehicle Registrations

Stamp duty is payable at the rate of $3.00 per $100 or part thereof, on whichever is the higher of the purchase price or market value, at initial registration and on subsequent transfers of a motor vehicle.

The stamp duty rate on passenger vehicles with a market value over $45,000 that can carry up to 9 people is $1,350 plus $5 per $100, or part thereof, of the value in excess of $45,000. Revenue in 2001-02 is estimated at $20.305m and the forecast for 2002-03 is $20.812m.

Duty on Marketable Securities

Stamp duty is imposed on the transfer of unquoted marketable securities. Revenue in 2001-02 was estimated at $6.885m, however this included a large payment relating to a share transaction from the previous financial year. The forecast for 2002-03 is significantly lower at $4.885m representing the revenue normally expected to be collected from unquoted marketable securities.

Other Duties

Stamp duty is payable on the acquisitions of businesses conducted in the ACT and on the ACT portion of businesses conducted across jurisdictions. The rate of duty payable is 60 cents per $100 on specific business assets (goodwill, intellectual property or a statutory licence). Duty is also payable on Deeds of Trust, and counterparts, replicas and duplicates for dutiable transactions.

Forecasts in 2001-02 is estimated at -$4.634m and the 2002-03 forecast is $5.064m. The negative result for 2001-02 is due to the one-off reversal of $6.6m in duties which was originally recorded as revenue in 2000-01.

ACTTAB Licence Fee

ACTTAB pays a licence fee, in addition to a dividend and a tax equivalent payment that are identified separately. The licence fee for 2001-02 is $1.388m, and 2002-03 is $1.292m.

Bookmakers' Turnover Tax

The level of turnover tax applying to standing bookmakers is 1%, which is in line with the rate that applied in NSW to 1 March 2002, when NSW abolished this tax to give bookmakers the ability to compete with bookmakers in States where turnover tax has already been abolished.

Estimated revenue for 2001-02 is $0.065m, the 2002-03 forecast is $0.067m.

Gaming Tax

Gaming tax revenue incorporates gaming machine taxes and interactive gaming tax. Gaming machines are taxed on the basis of monthly gross revenue, which is defined as gaming machine revenue less amounts paid out in prize money. Gaming machine licensees other than clubs will continue to be taxed at 25.9% of gross revenue. Estimated total gaming tax revenue for 2001-02 is $26.3m, and the forecast for 2002-03 is $26.958m.

A further $2m in additional revenue will be raised from the gaming machine industry from 2004-05, through licensed fees and other levies. The final form of increased fees/charges will be determined, taking into account the findings of the current reviews of the gaming machine legislation, and following consultation with key stakeholders. This will ensure that this revenue measure is consistent with the Government objective of harm minimisation and will not adversely affect the viability of small and less profitable licensed clubs.

Casino Tax

The tax applying to Canberra Casino is 20% of gross profit from general gaming operations. Estimated revenue in 2001-02 is $2m and for 2002-03 is forecast at $2.050m.

Interstate Lotteries

The ACT receives revenue on the value of tickets in New South Wales and Victorian lotteries purchased in the ACT. Revenue from this source is estimated at $12.5m in 2001-02, and the forecast for 2002-03 is $12.812m.

Ambulance Levy

The ambulance levy is imposed under the *Emergency Management Act 1999* on health benefits organisations to 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 emergency services. The full amounts to operate the emergency services are appropriated through the normal budget process.

The revenue outcome for each of the financial years 2001-02 and 2002-03 is estimated at $5.207m.

Income Tax Equivalent Payments

These represent tax equivalent payments made by ACT Public Trading Enterprises. The estimate of total revenue for 2001-02 is $0.3m and the forecast for 2002-03 is $0.319m.

Tax Waivers

This item represents amounts legally waived and generally relate to Payroll Tax and Stamp Duties. An amount equal to the forecasts is also reflected in expenses. The estimated waiver revenue for 2001-02 is $25.796m and the forecast for 2002-03 is $4.703m.

ACT Taxes Compared to NSW

The ACT is a city-state and the ACT Government has both state and municipal responsibilities. In recognition of the geographic circumstances of the ACT, successive ACT governments have endeavoured to maintain competitive taxation rates in line with NSW wherever appropriate. Table 5.2.6 shows the comparative tax rates between the ACT and NSW for major taxation items.

The latest available statistical data from the Australian Bureau of Statistics (*ABS - Taxation Revenue - 5506.0 – 2000-01, 12 April 2002)* shows that in 2000-01, ACT tax revenue per capita was $340 less than NSW for combined state and local government taxes.

Table 5.2.6
ACT Taxes compared with NSW

Tax type	**ACT**	**NSW**
Payroll tax	6.85% 1st $1,250,000 exempt	6.0% from 1 July 2002 1st $600,000 exempt
Land tax	From 1 October 2002 Imposed quarterly on rolling three-year average unimproved land value (AUV). Residential - imposed only on properties that are rented or owned by a trust or a company (excluding land owned by a building or development company) at the following rates: • AUV up to $100 000 – 1.00% • AUV $100 001- $200 000 – 1.25% • AUV $200 001 and above – 1.50% Non-residential - imposed on all properties at the following rates: • AUV up to $100 000 – 1.00% • AUV $100 001- $200 000 – 1.40% • AUV $200 001 and above – 1.70%	From 1 January 2002 Imposed annually on aggregated unimproved land value of property that is not the principal place of residence. Tax free threshold of $220 000. $100 plus 1.7% of the value that exceeds $220 000. Land Tax on Premium Property only applies to principal place of residence with a land value above $1 414 000. $100 plus 1.7% of the value that exceeds $1 414 000. NSW imposes an annual indexation of both investor and premium property land tax thresholds.
Debits Tax	Sliding scale from 30c to $4. Will be reviewed for abolition from 1 July 2005.	Abolished from 1 January 2002.
Duty on Conveyances	2.00% - 6.75% from 1 July 2002	1.25% - 5.5%
Mortgages and loan security duty	Abolished 1 September 1987	$0-$16,000 - $5.00 above $16,000 - $4.00 per $1,000 or part of excess
Duty on Motor Vehicle Registrations	Under $45,000 = $3/$100 Over $45,000 = $1,350+$5/$100	Under $45,000 = $3/$100 Over $45,000 = $1350+$5/$100
Duty on General Insurance	10%	5% from 1 August 2002
Duty on Life Insurance	$0 to $2,000 - $1 over $2,000 $1plus 20c per $200 or part thereof in excess of $2,000	$0 to $2,000 - $1 over $2,000 $1plus 20c per $200 or part thereof in excess of $2,000
Gambling tax – Casino	20% of gross revenue for general gaming 10% of gross revenue on Commission-based gaming	10.91% of gross revenue from table gaming plus super tax on table revenue above $250.4m p.a. at 1% per each $6.3m to a maximum of 35.91% 13.41% of gross revenue from slot machines
Gambling tax – clubs	Where monthly gross profit exceeds $8,000: $1-$8,000: 1% $8,001-$25,000: 23.5% $25,001-$50,000: 24.5% >$50,000: 25%	Where annual profit exceeds $200,000: up to $1m: 10.91% above $1m: 17.16%
Gambling tax – hotels	25.9% of gross monthly gaming machine revenue	Where annual profit: up to $25,000: 5.91% $25,001-$400,000: 15.91% $400,001-$1m: 25.91% >$1m: 30.91%
Emergency Services Levy	The general insurance levy was abolished 1 July 2001.	Fire fighting services are funded through the Fire Service Levy. Once the operating cost is ascertained the levy is apportioned: Insurance Industry: 73.7% Local Councils: 12.3% State Budget: 14.0%

Fees and Fines

Details of fees and fines are provided in table 5.2.7

Table 5.2.7
Fees and Fines

	2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
Fees						
Motor Vehicle Registration	44 817	49 430	10	51 583	53 045	54 361
Casino Licence Fees	626	642	3	657	674	691
Drivers Licences	5 344	5 479	3	5 622	5 763	5 906
Change of Use Charge	3 840	3 932	2	4 030	4 131	4 233
Fees for Regulatory Services	39 632	41 331	4	42 464	43 517	44 580
Total Fees	**94 259**	**100 814**	**7**	**104 356**	**107 130**	**109 771**
Fines						
Traffic Infringement Fines	10 747	12 177	13	11 577	11 648	11 927
Court Fines	230	250	9	250	250	250
Parking Fines	6 858	7 094	3	7 443	7 934	8 128
Other Fines	397	377	-5	377	377	384
Total Fines	**18 232**	**19 898**	**9**	**19 647**	**20 209**	**20 689**

Fees

Motor Vehicle Registration Fees

The estimated revenue from motor vehicle registration fees in 2001-02 is $44.817m and the forecast for 2002-03 is $49.430m. This increase is a result of the increase effective from 1 September 2002 to align registration fees to NSW.

Casino Licence Fees

The Casino licence holder pays the Casino licence fee to the Gambling and Racing Commission. The Gambling and Racing Commission also collects Casino employees' licence fees for licensing staff employed by the Casino. The 2001-02 estimate for casino licence fees of $0.626m is expected to increase to $0.642m in 2002-03.

Drivers' Licences

Revenue from drivers' licences in 2001-02 is estimated at $5.344m, and forecast to increase to $5.479m in 2002-03. The increase relates primarily to expected movement in CPI.

Change of Use Charge (CHUC)

A Change of Use Charge (CHUC) is a charge that is payable on the increased value of a block of land arising from a development application and is calculated as 75% of the added property value. Some qualifying lease variations will receive a remission of the CHUC of between 25% to 100%.

The 2001-02 outcome is estimated at $3.840m and the forecast for 2002-03 is $3.932m.

Fees for Regulatory Services

Fees for regulatory services are received by a number of agencies and include items such as waste management fees, motor transport regulation and building control fees. Revenue from this source is estimated at $39.632m in 2001-02, and the forecast for 2002-03 is $41.331m.

Fines

Total revenue from fines is expected to increase in 2002-03. Revenue from parking fines is expected to increase from an estimate of $6.858m in 2001-02 to $7.094m in 2002-03. Revenue from traffic infringement fines is expected to increase from $10.747m in 2001-02 to $12.177m in 2002-03.

Detailed User Charges

Details of user charges for non-ACT Government and ACT Government are provided in Table 5.2.8.

Table 5.2.8
User Charges - Non ACT Government and ACT Government

	2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
User Charges - Non Act Government						
Parking Fees	10 156	10 325	2	12 096	13 318	13 575
Inpatient Fees	12 243	12 538	2	12 840	13 148	13 478
Non-Inpatient Fees	2 102	2 134	2	2 167	2 200	2 256
Cross Border Health Receipts	49 866	47 100	-6	41 100	42 400	43 000
Sales	10 380	10 637	2	10 929	11 485	11 743
Service Receipts	70 717	72 365	2	72 854	69 256	70 702
Miscellaneous	8 828	8 989	2	9 150	9 243	9 386
Total User Charges	**164 292**	**164 088**	**..**	**161 136**	**161 050**	**164 140**
User Charges - Act Government						
User Charges - ACT Government	20 211	17 651	-13	18 570	19 477	20 242
Total User Charges - Act Government	**20 211**	**17 651**	**-13**	**18 570**	**19 477**	**20 242**

Parking Fees

Receipts for this item in 2001-02 are estimated at $10.156m and the 2002-03 forecast is $10.325m.

Patient Fees

Inpatient fees and non-inpatient fees are payments for the provision of hospital and related services. The 2001-02 estimated outcome for inpatient fees is $12.243m and $2.102m for non-impatient fees. The 2002-03 estimates are $12.538m and $2.134m for inpatient and non-inpatient fees respectively.

Cross Border Health Receipts

Other State and Territory Governments (predominantly NSW) pay the ACT Government for medical services provided to their residents at ACT public hospitals. The estimated receipts in 2001-02 are $49.866m, while the 2002-03 budget anticipates revenue of $47.1m. Both these years incorporate large back-adjustments for prior years and, as a result, the budgeted amounts for 2003-04 and beyond are significantly lower.

Sales

Entry fees from sporting and cultural facilities are included in this item, including the Canberra Theatre and the Australian International Hotel School. The 2001-02 estimate is $10.380m and the 2002-03 estimate is $10.637m.

Service Receipts

This item includes payments from government agencies and external clients for provision of services. The 2001-02 estimate is $70.717m and 2002-03 estimate is $72.365m.

Miscellaneous

Miscellaneous revenue is estimated at $8.828m for 2001-02 and the 2002-03 forecast is $8.989m.

Interest Received

The table below provides a summary of interest received.

Table 5.2.9
Interest Received

	2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
Interest Received						
Interest Received from Banks	50 998	37 903	-26	35 860	36 265	40 435
Interest Received on Agency Advances and Loans	21 801	20 898	-4	20 681	20 319	19 895
Interest Received on Private Advances	120	120	-	120	120	120
Interest Received – Other	7 448	5 654	-24	3 852	2 649	1 720
Interest Received - ACT Law Society	630	500	-21	500	500	500
Total Interest Received	**80 997**	**65 075**	**-20**	**61 013**	**59 853**	**62 670**

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. General government investments comprise the surplus balances of the ACT public account and investments made on behalf of government departments. The interest received for government departments is on-passed to them on a quarterly basis. Interest earned on the superannuation provision account is compounded within the existing investment funds managed by the Territory's external fund managers.

Interest received from banks is expected to decrease from an estimated $50.998m in 2001-02 to $37.903m in 2002-03. This is due largely to a revised investment strategy for the superannuation investments that will result in a much greater proportion of the investment assets being held in domestic and international equities. Equity earnings are not classified as interest but rather dividends and increments arising from the revaluation of assets.

Interest from Advances/Loans

This item represents the interest payment to the Central Financing Unit from Public Trading Enterprise sector agencies for market related loans. The majority of interest received is from ACTEW related loans.

The interest payments are estimated to be $21.801m in 2001-02 and $20.898m in 2002-03

Other Interest Received

This item represents the interest paid under the Home Loan scheme. The 2001-02 estimate is $7.448m and the 2002-03 forecast is $5.654m. The reduction reflects the decrease in principal as a result of repayments on loans and a gradual reduction in the number of loans.

Other Own Source Revenue

Total other own source revenue (including Dividends from Public Trading Enterprises) is expected to increase by $18.747m or 9% in 2002-03. The table below provides a summary of other own source revenue in 2001-02 and the forward estimates.

Table 5.2.10
Other Own Source Revenue

	2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
Dividends						
ACTEW	45 506	50 924	12	55 460	59 210	61 020
ACTTAB	350	373	7	384	407	432
CIT Solutions	200	213	7	218	218	218
Total Dividends	**46 056**	**51 510**	**12**	**56 062**	**59 835**	**61 670**
Other						
Superannuation Contributions	11 235	11 545	3	11 667	11 745	11 794
MLA Members	397	424	7	430	435	440
Gain on Disposal of Assets	1 096	0	-100	0	0	0
Other	52 533	101 556	93	111 132	123 413	134 447
Lease Sales	117 501	109 075	-7	86 580	117 179	120 939
Rents and Commutations	3 450	3 450	-	3 450	3 450	3 450
Contributions	15 035	15 036	..	15 035	15 035	15 035
Total Other	**201 247**	**241 086**	**20**	**228 294**	**271 257**	**286 105**
Revenue of Associates and Joint Ventures	**23 394**	**2 302**	**-90**	**4 027**	**0**	**0**

Dividends

ACTEW

The estimate for 2001-02 is $45.506m and the forecast for 2002-03 is $50.924m. ACTEW expects its dividend to steadily increase as efficiencies resulting from the new business structure are realised.

ACTTAB

The forecast dividend for 2002-03 is $0.373m compared to the 2001-02 estimate of $0.350m due to an expected increase in turnover, including the return of premium punter support.

Other

Superannuation Contributions

This item represents the payment of superannuation to the Superannuation Unit by the PTE Sector. The 2001-02 estimate is $11.235m and the 2002-03 forecast is $11.545m.

Other

This item includes market gains on investments made by the Superannuation Provision Account. Revenue is forecast to increase by almost 100% in 2002-03 due to a revised investment strategy for the superannuation investments that will result in a greater proportion of the investment assets being held in domestic and international equities. The 2001-02 estimate is $52.533m compared to the 2002-03 forecast of $101.556m.

Lease Sales

Land revenue from lease sales is expected to decrease from $117.501m in 2001-02 to $109.075m in 2002-03, resulting from amendments to the Land Release Program. These figures include both cash and infrastructure related transactions.

Contributions

This item includes voluntary contributions, fundraising and excursion funds, and revenue from hire of school buildings, collected by the Department of Education and Community Services. Budget estimates are consistent with the projected outcome for 2001-02.

Revenue of Associates and Joint Ventures

Revenue from joint venture is expected to decrease from $23.394m in 2001-02 to $2.302m in 2002-03. This is mainly due to the winding down of several land development joint ventures and the cessation of the Williamsdale Quarry joint venture. The only outstanding land development joint venture is the Harcourt Hill project.

Commonwealth Grants Estimates

Total revenue from grants received is expected to increase by $8.969m from the 2001-02 estimate of $993.926m to $1,002.895m in 2002-03.

Table 5.2.11 provides a summary of Commonwealth Grants Gstimates.

Table 5.2.11
Commonwealth Grants Estimates

	2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
Gen. Purpose Funding						
Competition payments	11 600	11 900	3	12 200	12 400	12 700
Special Revenue Assistance	14 200	14 700	4	15 100	15 400	15 800
Total Gen. Purpose Fund.	**25 800**	**26 600**	**3**	**27 300**	**27 800**	**28 500**
GST Revenue Grants						
GST Revenue Grant	548 000	600 000	9	639 200	675 000	712 800
Total	**548 000**	**600 000**	**9**	**639 200**	**675 000**	**712 800**
GST Balanced Budget Assist.						
Balancing Budget Assist – Grant	58 200	19 700	-66	8 600	0	900
Total	**58 200**	**19 700**	**-66**	**8 600**	**0**	**900**
Total General Revenue Assistance	**632 000**	**646 300**	**2**	**675 100**	**702 800**	**742 200**
Specific Purpose Payments						
Health (Includes HCGs)						
Blood Transfusion Service	1 256	1 567	25	1 256	1 256	1 256
Blood Transfusion Services Capital	55	55	-	55	55	55
Hospital funding grant	87 669	90 873	4	94 071	94 187	94 305
Youth health services	50	50	-	50	50	50
High cost drugs	5 158	5 201	1	5 331	5 464	5 601
Nat. public health agreements	4 215	4 185	-1	4 209	4 214	4 214
Hep.C Financial assist. Prog.	308	0	-100	0	0	0
OAG Illicit Drug Diversion Package	1 561	1 560	..	105	0	0
Total	**100 272**	**103 491**	**3**	**105 077**	**105 226**	**105 481**
Social Security and Welfare						
Aged Care Assessment Team	410	410	0	410	410	410
Home & Community care	7 039	7 640	9	8 293	9 001	9 769
Supported Accommodation program	5 488	5 651	3	5 770	5 891	6 015
Children's services	53	53	0	55	56	56
C'wlth States disability agree.	7 032	5 700	-19	5 700	5 700	5 700
Total	**20 022**	**19 454**	**-3**	**20 228**	**21 058**	**21 950**
Public Order and Safety						
Legal Aid	3 677	3 234	-12	3 267	3 170	3 170
Total	**3 677**	**3 234**	**-12**	**3 267**	**3 170**	**3 170**

	2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
Education						
Govt schools - general	21 324	21 857	2	22 404	22 964	23 538
Non-govt schools	68 544	74 146	8	79 336	84 890	90 832
Govt schools - other Cwth	4 364	4 449	2	4 530	4 613	4 698
School payments - other org.	323	299	-7	314	329	346
School payments - non-govt.	2 592	1 890	-27	1 985	2 085	2 188
Aboriginal education (IESIP)	351	360	3	367	374	381
Govt schools - capital grant	3 943	3 943	-	3 943	3 943	3 943
Non-govt schools capital grant	2 040	2 040	-	2 040	2 040	2 040
Total	**103 481**	**108 984**	**5**	**114 919**	**121 238**	**127 966**
Housing						
CSHA Housing Assistance	24 771	24 618	-1	18 718	18 718	18 718
Total	**24 771**	**24 618**	**-1**	**18 718**	**18 718**	**18 718**
Local Government						
Finance Assist. Local govt functions	29 100	30 500	5	32 700	33 700	34 700
National Capital Influences	21 086	21 571	2	22 024	22 486	22 958
Total	**50 186**	**52 071**	**4**	**54 724**	**56 186**	**57 658**
Other						
Assistance for Water and Sewerage	8 477	8 675	2	8 856	9 042	9 232
Interstate road transport	135	135	-	135	135	135
Nat. highway system Capital	600	600	-	600	600	600
Nat. Safety Black Spots prog.	516	600	16	600	600	600
National highway system	19 425	6 983	-64	5 000	4 167	0
Total	**29 153**	**16 993**	**-42**	**15 191**	**14 544**	**10 567**
Total Specific Purpose Payments	**331 562**	**328 845**	**-1**	**332 124**	**340 140**	**345 510**
Other C'wlth Payments						
Vocational Education and Training						
Payment for ANTA C'wlth funding	16 652	16 996	2	17 424	17 394	17 789
ANTA TAFE Capital Infrast.	1 360	2 720	100	2 720	2 720	2 720
Total	**18 012**	**19 716**	**9**	**20 144**	**20 144**	**20 509**
Other						
Concession funding	1 140	1 257	10	1 302	1 346	1 393
RALA Veterans	72	0	-100	0	0	0
Sport participation dev.	215	215	-	215	215	215
DEETYA contracts	160	163	2	166	169	173
Imm. data collect. (AIRC)	132	132	-	132	132	132
ANTA contracts	2 341	2 428	4	2 475	2 524	2 574
Miscellaneous C'wlth payments	8 292	3 839	-54	2 351	2 398	2 398
Total	**12 352**	**8 034**	**-35**	**6 641**	**6 784**	**6 885**
Total Other C'wlth Payments	**30 364**	**27 750**	**-9**	**26 785**	**26 898**	**27 394**
Total SPP and Other C'wlth Payments	**361 926**	**365 595**	**1**	**358 909**	**367 038**	**372 904**
Total Commonwealth Grants Received	**993 926**	**1 002 895**	**1**	**1 034 009**	**1 069 838**	**1 115 104**