

5.2 2003-04 REVENUE AND FORWARD ESTIMATES

This chapter provides the 2002-03 estimated outcome and the 2003-04 budget and forward estimates for revenue items. It also contains a detailed discussion of all revenue items and a list of Commonwealth grants estimates.

More detail has been provided on general revenue payments from the Commonwealth in Section 4.2 Developments in Commonwealth-State Financial Relations. Specific Purpose Payments from the Commonwealth and User Charges are also included in the relevant agency chapters of Budget Paper No 4.

Overview

Figure 5.2.1 highlights the relative magnitude of components of general government revenue. It shows that 31% of total general government revenue in 2003-04 will be derived from taxes, fees and fines, with the remainder from grants, other own source revenue, user charges, dividends, interest received and associates and joint ventures.

Figure 5.2.1
Components of General Government Revenue 2003-04

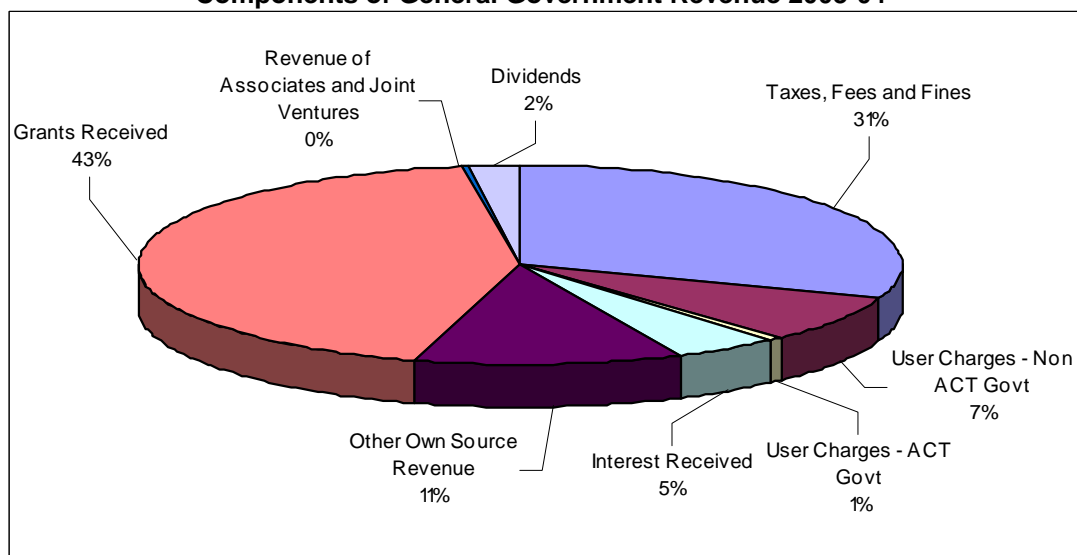


Table 5.2.1 provides a summary of 2002-03 estimated general government revenue, 2003-04 budget forecasts and forward estimates by revenue source.

**Table 5.2.1
Government Revenue**

	2002-03 Est.Outcome \$'000	2003-04 Budget \$'000	Var %	2004-05 Estimate \$'000	2005-06 Estimate \$'000	2006-07 Estimate \$'000
Revenue And Grants Received						
Taxes, Fees and Fines	730 031	723 595	-1	760 929	767 363	793 688
User Charges - Non ACT Government	178 960	175 378	-2	181 543	185 091	189 290
User Charges - ACT Government	11 362	12 523	10	13 094	13 618	14 291
Interest Received	110 110	106 417	-3	110 771	119 147	128 080
Other Own Source Revenue	391 650	264 391	-32	224 370	239 240	222 215
Grants Received	1 016 646	1 020 852	..	1 049 467	1 097 956	1 127 692
Revenue of Associates and Joint Ventures	2 763	5 942	115	0	0	0
Dividends	49 091	51 147	4	60 146	65 838	69 341
Total Revenue	2 490 613	2 360 245	-5	2 400 320	2 488 253	2 544 597

Taxes, Fees and Fines

Revenue from taxes, fees and fines is expected to decrease marginally from \$730.031m in 2002-03 to \$723.595m in 2003-04.

Taxes

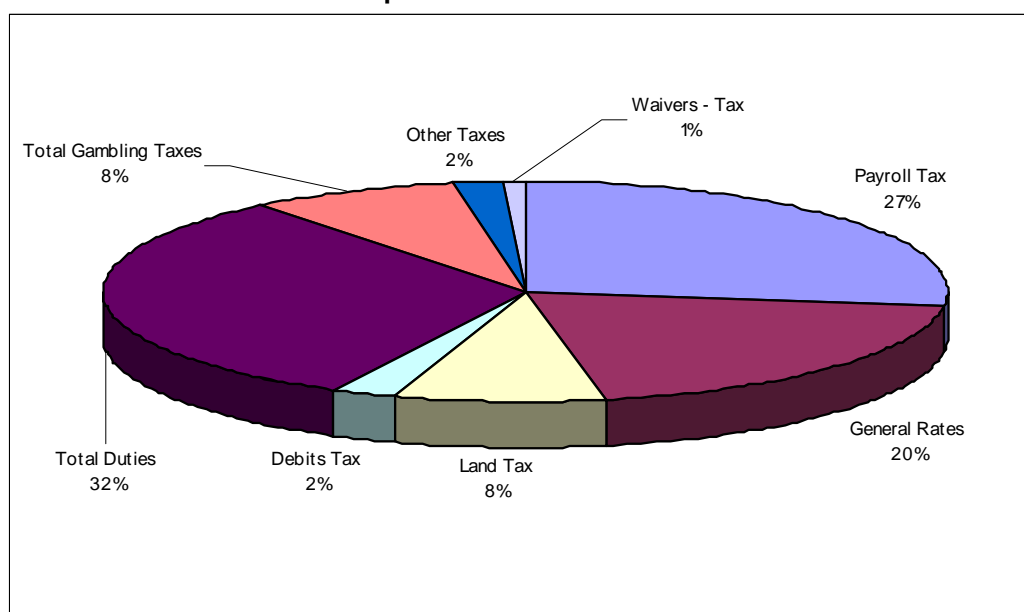
Taxation revenue for 2003-04 is expected to decline by 2% compared to the 2002-03 estimated outcome, primarily due to the inclusion of a large one-off waiver in the 2002-03 revenue and an anticipated decrease in conveyance revenue. It is anticipated that revenue in 2004-05 will exceed that of previous years and continue to grow at a steady rate in the forward years.

An expected slow down in construction and building activity in 2003-04 will impact primarily on conveyance revenue with some flow-on effect on other transaction based taxes. Conveyance revenue should grow from 2004-05 onwards but at a slower rate than experienced in the past few years.

Payroll tax is expected to grow at a slow rate in line with employment growth forecasts. Land based taxes are forecast to grow in 2004-05 onwards based on the expected impact of increased land values.

Figure 5.2.2 shows the relative significance of tax components as forecast for 2003-04, with duties and payroll tax the two largest contributors to the Territory's tax base. The next largest revenue source is general rates. Together these account for 79% of taxation revenue.

**Figure 5.2.2
Components of Taxes 2003-04**



Fees and Fines

For the most part, fees and fines forecast for 2003-04 reflect the 2002-03 estimate after an adjustment for CPI. Other increases in fees and fines largely relate to the introduction of revenue initiatives and in the case of Motor Vehicle Registration Fees the increase reflects the full year effect of the 2002-03 increase to align fees with those in NSW. The largest contributor to fees and fines is motor vehicle registration, forecast to generate 41% of total fees and fines revenue in 2003-04, followed by fees for regulatory services with 36%. This is consistent with the 2002-03 estimate where motor vehicle registration and fees for regulatory services were 42% and 34% of the total fees and fines revenue respectively.

Other Sources of Government Revenue

Table 5.2.1 shows total revenue from other government revenue sources is expected to decrease from \$1.8 billion in 2002-03 to \$1.6 billion in 2003-04.

For 2003-04, increases in revenue include: ACT Government user charges, dividend revenue from the PTE sector, revenue from associates and joint ventures and grants received. These are offset by decreases in non-ACT Government user charges, revenue relating to interest and other source revenue.

The largest item in other government revenue sources is grants received from the Commonwealth, forecast to generate \$1020.852m or 62% of total other government revenue in 2003-04, followed by other own source revenue with 16%. This has changed from the 2002-03 estimate where other own source revenue was 22% of other government revenue.

Revenue Initiatives for 2003-04

Revenue measures, including an increased concession for conveyance duty, to take effect during 2003-04 include:

- replacing the current corporate reconstruction exemption with a 95% concession;
- applying a rate of duty equal to the conveyance rate on the transfer of business assets where the value of the total transfer is \$1m or more;
- introducing a loan security duty for commercial borrowers on loans of \$1m or more;
- introducing a Fire Reconstruction Levy on all rateable property based on the AUV;
- increasing the top marginal tax rate for gaming machines;
- introducing pay parking in Barton;
- reforming taxi and hire car licences scheme;
- continuous registration;
- increasing the water abstraction charge;
- updating the Home Buyer Concession Scheme to reflect current property prices and income levels;
- increasing Fees for Regulatory Services; and
- increasing parking and traffic penalties.

Corporate reconstruction concession

This initiative will change the current corporate reconstruction exemption to a concession based on 95% of the duty payable. This is consistent with a number of jurisdictions who charge varying duty for corporate reconstruction. Western Australia charges full conveyance rates, while South Australia applies a flat administrative fee of \$1,000 or 5% of the duty that would have been payable, whichever is greater.

It is estimated that this measure will raise an additional \$1.1m in 2003-04.

Conveyance duty rate on the transfer of business assets of \$1m or more

The ACT currently charges 60 cents per \$100 or part thereof on the sale or transfer of business assets unless it is considered to be 'land rich', in which case conveyance rates apply. These conveyance rates range from \$2 to \$6.75 per \$100 or part thereof depending on the value of the property.

This initiative will charge duty on the acquisition of business assets (goodwill, intellectual property, statutory licences and some goods) as defined by section 10 (1) (g), (h) and (j) of the *Duties Act 1999* at the same rate as conveyance duty.

This is in line with NSW, SA and Queensland, however, the ACT will have a threshold designed to minimise the adverse impact of this initiative on small business in the ACT. Where the value is less than \$1m, the rate of duty will be \$0.60 per \$100 or part thereof.

It is estimated that this measure will raise an additional \$1.7m in 2003-04.

Loan security duty on commercial loans of \$1m or more

For a number of years most other States have charged duty on secured loans. The ACT has become a haven for companies which borrow large sums of money without paying duty. The proposed duty will effectively bring the ACT into line with the rest of Australia, albeit at a lower rate and a higher threshold.

This duty will operate on a similar basis to NSW and Victoria. While the NSW and Victorian frameworks attract duty on secured loans of any value undertaken for both residential and commercial assets, the ACT duty will only apply to secured loans of \$1m or more undertaken for commercial dealings.

The ACT duty will operate on the following basis:

Secured sum \$1m or more: \$2,000 + \$0.20 per \$100 or part thereof in excess of \$1m.

It is estimated that this measure will raise an additional \$0.5m in 2003-04.

Fire Reconstruction Levy

A fixed rate levy based on the Average Unimproved Value (AUV) of each rateable property in the ACT will be implemented for a two-year period from 2003-04. Pensioners will receive a 100% rebate on their portion of property ownership and all ACT Housing properties will be exempt. The revenue raised will be earmarked for reconstruction activities related to the January 2003 bushfires. Separate legislation will be developed to implement the Fire Reconstruction Levy.

This initiative will raise approximately \$5m net per annum for two years commencing in 2003-04. The rate charged on AUV will be recalculated annually and will depend on overall AUVs in the ACT.

Marginal tax rate for gaming machines

The tax rates for gaming machine revenue have not been amended since 1999. From 1 July 2003, the top marginal tax rate for Gross Gaming Machine Revenue greater than \$50,000 per month will increase from 25% to 27%. It is not anticipated that the increase will adversely affect smaller or less profitable clubs.

**Table 5.2.2
Tax Rates for Gaming Machines**

Gross Gaming Machine Revenue per Month	Current Tax Rate	New Tax Rate
< \$8,000	0%	0%
\$1 - \$8,000	1%	1%
\$8,001 - \$25,000	23.5%	23.5%
\$25,001 - \$50,000	24.5%	24.5%
\$50,001 & above	25%	27%

It is estimated that gaming tax revenue will increase by \$3m.

Pay Parking in Barton

The introduction of pay parking covers on-street (kerbside) Territory spaces only, as major off-street car parks in the Barton Office precinct are not under the Territory's control. This initiative is an important part of the Government's transport strategy that is designed to encourage transport through modes other than private cars.

The revenue estimate is \$0.075m in 2003-04 increasing to \$0.315m in 2004-05. This is an indicative estimate pending detailed implementation planning, in close consultation with the National Capital Authority.

Reform of Taxi and Hire Car Licences

The reform of taxi and hire car licences will give effect to a Government Response to the Independent Competition and Regulatory Commission review of the taxi and hire car industries. The reforms include the auction of additional licences.

In 2003-04 it is estimated that revenue from the auction will amount to \$1.618m. This revenue will be returned to existing licence owners, less the costs associated with the reform program.

Continuous Registration

This initiative will commence in January 2004 with additional revenue of \$0.250m for 2003-04, and \$0.5m in future years. The 'backdating' of registration fees will address the issue of overdue registrations, as registration renewals are currently extended from the actual date of payment. Continuous registration also ensures that Compulsory Third Party Insurance premiums correctly cover the actual period "on risk", and should help to reduce the number of unregistered vehicles used on ACT roads. Continuous registration is a component of nationally agreed transport reforms and, with minor variations, has been implemented in all other Australian jurisdictions.

Water Abstraction Charge

This initiative to increase the Water Abstraction Charge by 10 cents to 20 cents per kilolitre from 1 January 2004 and a further 5 cents in 2005-06 is an interim measure prior to the Government receiving advice from the Independent Competition and Regulatory Commission on the value of water and methodology for assessing the Water Abstraction Charge on a regular basis. The current Water Abstraction Charge is 10 cents per kilolitre (\$100 per megalitre). This charge has applied since December 1999. The Water Abstraction Charge is an important part of the overall water management strategy and is consistent with the Council of Australian Government water reform requirements. These require that the full economic cost of obtaining water, including the cost of externalities such as catchment management, be charged. The current severe drought highlights the need for charges to reflect the true value of water.

In determining the Water Abstraction Charge, the Government is mindful that consumers have some control over their water usage. If consumers restrict their water usage, as they have done under voluntary and mandatory water restrictions, they will limit the cost faced under the Water Abstraction Charge.

Home Buyer Concession Scheme

The current Home Buyer Concession Scheme for low income earners will be updated to better reflect current property prices and income levels. This will assist those on low incomes to purchase homes and improve housing affordability in the ACT. The value of concessions granted will increase from previous years and the number of eligible applicants is estimated to increase to at least 400 in 2003-04.

Table 5.2.3 compares the current and proposed criteria for eligibility for either a full or part concession from conveyance duty.

**Table 5.2.3
Home Buyers Concession Scheme**

Factor Type	Factor	Current Amounts	Proposed Amounts
House & Land	Full Concession Dutiable Value Limit (\$20 duty)	\$116 000	\$180 000
	Part Concession Dutiable Value Limit	\$140 000	\$249 000
	Concessional Rate per \$100 or part thereof above the lower limit (\$20 minimum duty)	\$14.23	\$10.81
Land only	Full Concession Dutiable Value Limit (\$20 duty)	\$58 000	\$80 000
	Part Concession Dutiable Value Limit	\$70 000	\$93 000
	Concessional Rate per \$100 or part thereof above the lower limit (\$20 minimum duty)	\$10.54	\$14.30
Income	Lower Limit	\$45 000	\$50 000
	Income allowance per dependent child	\$1 150	\$3 303
	Upper Limit (5 or more dependent children)	\$50 750	\$66 515

The new scheme will provide up to \$4,780 reduction in conveyance duty per property for eligible applicants.

Fees for Regulatory Services

This initiative provides for additional revenue from increased fees and charges for births, deaths and marriages, land titles and business names and associations.

Parking and Traffic Penalties

This initiative brings the ACT parking and traffic penalties into line with recent changes to those within NSW. This includes raising the fine applicable for the use of a hand held phone whilst driving.

It is estimated that the initiative will generate a revenue increase of \$0.424m in 2003-04.

Future initiative

A parking space levy has also been announced for development in 2003-04 with anticipated implementation in 2004-05. The proposal is to charge a levy on all commercially owned private car parks in Civic, Woden, Belconnen and Tuggeranong. Details of the charge will be finalised as part of the development process.

This initiative is expected to raise \$2.5m annually from 2004-05 onward.

Taxes

Table 5.2.4 provides details on ACT taxes.

Table 5.2.4
Taxes

	2002-03 Est.Outcome \$'000	2003-04 Budget \$'000	Var %	2004-05 Estimate \$'000	2005-06 Estimate \$'000	2006-07 Estimate \$'000
General Tax						
Payroll Tax	155 813	160 054	3	165 821	171 310	177 105
General Rates	112 852	119 250	6	129 588	133 501	138 331
Land Tax	40 045	47 557	19	50 746	52 638	54 589
Debit Tax	13 950	13 950	-	13 950	0	0
Total General Tax	322 660	340 811	6	360 105	357 449	370 025
Duties						
Conveyances	131 631	117 007	-11	123 121	127 277	133 653
General Insurance	26 683	27 774	4	28 895	30 062	31 276
Hiring Duty	2 857	2 955	3	3 056	3 161	3 269
Leases	5 496	5 634	3	5 775	5 919	6 067
Life Insurance	984	1 024	4	1 066	1 109	1 153
Motor Vehicle Rego & Transfers	26 518	23 172	-13	24 331	25 547	26 824
Transfer of Shares & Marketable Securities	9 000	4 621	-49	4 621	4 621	4 621
Business Agreements	0	2 800	-	2 871	2 942	3 016
Other Duties	2 553	3 117	22	3 195	3 274	3 356
Total Duties	205 722	188 104	-9	196 931	203 912	213 235
ACTTAB License Fee	1 560	1 560	-	1 560	1 560	1 560
Bookmakers Turnover Tax	67	68	1	70	71	73
Gaming Tax	27 500	31 387	14	32 092	32 864	33 656
Casino Tax	2 050	2 101	2	2 154	2 208	2 263
Interstate Lotteries	13 517	13 867	3	14 216	14 588	14 952
Total Gambling Taxes	44 694	48 983	10	50 092	51 291	52 504
Other Taxes						
Ambulance Levy	5 164	5 164	0	5 164	5 164	5 164
TOCTAX	415	355	-14	125	311	317
Other Taxes	0	5 390	#	7 840	2 500	2 500
Total Taxes (before waivers)	578 655	588 807	2	620 257	620 627	643 745
Waivers – Tax	30 023	4 861	-84	4 626	4 640	4 656
Total Taxes	608 678	593 668	-2	624 883	625 267	648 401

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

Payroll Tax

The payroll tax rate in the ACT is 6.85% on wages and other taxable payments made by the employer or the employer's group where Australia-wide wages exceed \$1.250m per annum.

The estimated outcome for 2002-03 is \$155.813m, and the forecast for 2003-04 is \$160.054m. This modest anticipated increase primarily reflects the growth in the ACT economy and hence employment and wages.

General Rates

ACT property owners pay rates to provide funding for a wide range of municipal and other essential services to the ACT community. As part of the new rating package proposed by the Government, rates liabilities in 2003-04 will be as follows:

- Residential Land 2002-03 Rates plus actual CPI increase of 3.2%;
- Rural Land 2002-03 Rates plus actual CPI increase of 3.2%; and
- Commercial Land \$300 plus (AUV - \$19 000) x 1.3356%.

Commencing in 2004-05, the new rating system proposed by the Government will continue to cap individual rates liabilities for existing owners of residential and rural land to the actual CPI increase each year. Rates for new owners of residential and rural land will be assessed on the prevailing Average Unimproved Value (AUV) in the first full rating year of ownership, followed by the actual CPI increase in subsequent rating years. Rates calculations for commercial land will remain unchanged from the existing formula that will apply in 2003-04.

The proposed rating formulas for new owners of residential and rural land that will take effect from 1 July 2004 will be as follows:

- Residential Land \$300 + (AUV - \$19 000) x 0.7820%, and
- Rural Land (AUV - \$19 000) x 0.3910%.

Legislation for the new rating system to take effect from 1 July 2004 is currently being considered by the ACT Legislative Assembly.

The estimated outcome for 2002-03 is \$112.852m and is expected to increase to \$119.250m in 2003-04. This is reflective of the CPI increase of 3.2% that will be applied to rates charges for all residential and rural land in 2003-04, and the impact of the increase in revenue from commercial land and new growth.

Land Tax

Land tax applies to all commercial land and any residential land that is rented or is owned by a company or a trustee. Land tax is imposed at various rates, depending on the AUV, as shown in Table 5.2.5.

**Table 5.2.5
Land Tax Rates**

AUV	Residential	Commercial
\$100,000 or less	1.00%	1.00%
\$100,001 up to \$200,000	1.25%	1.40%
\$200,001 and above	1.50%	1.70%

The estimated outcome for 2002-03 is \$40.045m and the forecast for 2003-04 is \$47.557m. The revenue increase for 2003-04 is a result of incorporating the 2003 unimproved land values into the AUV.

Debits Tax

Debits Tax is imposed on a monthly basis on the withdrawal of money from accounts that have a cheque facility. Debits tax is based on a flat charge ranging from \$0.30 - \$4.00, depending on the amount withdrawn from the account.

The level of revenue does not vary significantly from year to year as it is based on a flat charge with stable transaction volume. Debits tax will be reviewed for abolition in 2005-06 as part of the Inter Governmental Agreement on the Reform of Commonwealth-State Financial Relations.

The estimated outcome for 2002-03 is \$13.950m, with the forecast for 2003-04 remaining at \$13.950m.

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 rates payable in 2002-03 range from \$2.00 - \$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 as outlined in the revenue initiative section.

The estimated outcome for 2002-03 is \$131.631m, reflecting current high levels of activity in the property market. A revenue decrease to \$117.007m is forecast for 2003-04 due to an anticipated decline in the volume of residential property sales and stabilisation of house prices in the ACT.

Duty on General Insurance

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

The estimated outcome for 2002-03 is \$26.683m and the forecast for 2003-04 is \$27.774m, reflecting an increase in CPI and general economic activities.

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.

The estimated outcome for 2002-03 is \$2.857m and the forecast for 2003-04 is \$2.955m, representing an increase in line with CPI.

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 to duty at conveyance rates. This duty is payable by the lessor.

The estimated outcome for 2002-03 is \$5.496m and the forecast for 2003-04 is \$5.634m based on an increase in line with CPI.

Duty on Life Insurance

For life insurance, duty is payable on:

- the sum insured, \$1 on first \$2,000 + 20c/\$200 or part thereof in excess of \$2,000;
- temporary or term insurance policy at 5% of the first year's premium;
- life insurance rider at 5% of the first year's premium; and
- insurance in the event of the disablement of the insured by accident or sickness at 10% of the premium paid.

Life insurance annuities are exempt from duty.

The estimated outcome for 2002-03 is \$0.984m and the forecast for 2003-04 is \$1.024m. As with general insurance, this increase is based on the expected increase in CPI and general economic activities.

Duty on Motor Vehicle Registrations

Duty is payable on the initial registration and on subsequent transfers of a motor vehicle. There has been a significant increase in revenue in 2002-03 due to an unexpected increase in the number and average price of new vehicles purchased in the ACT. However, this strong growth is not expected to continue in 2003-04 and this is reflected in the anticipated revenue decrease in 2003-04.

The estimated outcome for 2002-03 is \$26.518m and the forecast for 2003-04 is \$23.172m.

Duty on Shares and Marketable Securities

Duty is imposed on the transfer of unquoted marketable securities, payable 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 2002-03 is \$9m and the forecast for 2003-04 is \$4.621m. Revenue in 2002-03 was significantly greater than the published budget for 2002-03 due to several large one-off transactions. The 2003-04 forecast reflects the return to normal levels of transactions.

Other Duties

Duty is payable on the acquisition of businesses conducted in the ACT and on the ACT portion of businesses conducted across jurisdictions. In 2003-04, the rate of duty charged for business acquisitions with a value of \$1m or more will increase to the conveyance rate. The current corporate reconstruction exemption will be changed in 2003-04 to a concession of 95% of duty payable. A loan security duty on commercial loans of \$1m or more will be introduced in 2003-04.

The estimated outcome for 2002-03 is \$2.553m. The forecast for 2003-04 is \$5.917m which includes estimated revenue from the introduction of the above three initiatives.

ACTTAB Licence Fee

ACTTAB pays a fixed licence fee. In addition, a dividend and a tax equivalent payment are identified separately.

Revenue from the licence fee for 2002-03 and 2003-04 is estimated at \$1.560m.

Bookmakers' Turnover Tax

The level of turnover tax applying to standing bookmakers is 1% of turnover.

Estimated revenue for 2002-03 is \$0.067m and the 2003-04 forecast is \$0.068m.

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.

Estimated total gaming tax revenue for 2002-03 is \$27.5m and the forecast for 2003-04 is \$31.387m. The increase in revenue is due to the increase in the top marginal tax rate from the revenue initiatives, which will raise an additional \$3m, and a CPI increase.

Casino Tax

The tax applying to Canberra Casino is 20% of gross profit from general gaming operations. Estimated revenue for 2002-03 is \$2.050m and in 2003-04 is \$2.101m.

Interstate Lotteries

The ACT receives revenue on the value of tickets in NSW and Victorian lotteries purchased in the ACT.

Revenue from this source is estimated at \$13.517m for 2002-03 and the forecast for 2003-04 is \$13.867m.

Ambulance Levy

The ambulance levy is legislated under the *Emergency Management Act 1999* requiring 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 total funding for the emergency services is appropriated through the normal budget process.

The revenue outcome for 2002-03 and 2003-04 is estimated at \$5.164m per annum.

Income Tax Equivalent Payments

These represent tax equivalent payments made by ACT Public Trading Enterprises. The estimate of total revenue for 2002-03 is \$0.415m and the forecast for 2003-04 is \$0.355m.

Other Taxes

The Fire Reconstruction Levy will apply from 1 July 2003 until 30 June 2005. The levy will be calculated at a fixed rate based on the Average Unimproved Value (AUV) on each rateable property in the ACT.

The rate will be set to raise approximately \$5m plus administration costs each year. It is estimated that \$0.390m will be required for the administration of the levy in 2003-04.

A parking space levy has been announced for development in 2003-04 with anticipated implementation in 2004-05. The initiative will be developed during 2003-04 and details of the charge will be finalised as part of the development process, and is expected to raise \$2.5m annually.

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, indicating that there is no net impact on revenue.

The estimated waiver revenue for 2002-03 is \$30.023m which is largely due to a one-off large waiver of conveyance duty, and the forecast for 2003-04 is \$4.861m.

ACT Taxes Compared to NSW

As a result of the ACT's unique location, the government tries to maintain 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 as at March 2003. The initiatives introduced in the 2003-04 ACT Budget have been included in the ACT Taxes.

**Table 5.2.6
ACT Taxes compared with NSW as at March 2003**

<i>Tax type</i>	ACT	NSW
<i>Payroll Tax</i>	6.85% 1st \$1 250 000 exempt	6.0% from 1 July 2002 1st \$600 000 exempt
<i>Land Tax</i>	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) as follows: <ul style="list-style-type: none"> • 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 from 1 October 2002: <ul style="list-style-type: none"> • AUV up to \$100 000 – 1.00% • AUV \$100 001- \$200 000 – 1.40% • AUV \$200 001 and above – 1.70% 	Imposed annually on aggregated unimproved land value of property that is not the principal place of residence. From 31 December 2002: Tax free threshold of \$261 000. \$100 plus 1.7% of the value that exceeds \$261 000. Land Tax on Premium Property only applies to principal place of residence with a land value above \$1 680 000. \$100 plus 1.7% of the value that exceeds \$1 680 000. NSW imposes an annual indexation of both investor and premium property land tax thresholds.
<i>Debts Tax</i>	Sliding scale from 30c to \$4. To be reviewed before 1 July 2005.	Abolished from 1 January 2002.
<i>Duty on Conveyances</i>	\$2.00 - \$6.75 per \$100 or part thereof	\$1.25 - \$5.50 per \$100 or part thereof
<i>Mortgages and Loan Security Duty</i>	From 2003-04 secured loans of \$1m or more for commercial purposes: \$2 000 + \$0.20 per \$100 or part thereof in excess of \$1m	\$0-\$16 000 - \$5.00 above \$16 000 - \$4.00 per \$1 000 or part thereof of excess
<i>Duty on Motor Vehicle Registrations</i>	Under \$45 000 = \$3/\$100 Over \$45 000 = \$1 350+\$5 per \$100 or part thereof over \$45 000	Under \$45 000 = \$3/\$100 Over \$45 000 = \$1 350+\$5 per \$100 or part thereof over \$45 000
<i>Duty on General Insurance</i>	10%	5%
<i>Duty on Life Insurance</i>	\$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
<i>Gambling Tax – Casino</i>	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 \$257.8m p.a. at 1% per each \$6.4m to a maximum of 35.91% 13.41% of gross revenue from slot machines
<i>Gambling Tax – Clubs</i>	Monthly gross profit exceeds \$8 000: \$1-\$8 000: 1.0% \$8 001-\$25 000: 23.5% \$25 001-\$50 000: 24.5% >\$50 000 25.0% (this figure will increase to 27% from 1 July 2003)	Where annual profit exceeds \$200 000: Up to \$1m: 10.91% Above \$1m: 17.16%
<i>Gambling Tax – Hotels</i>	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%

<i>Tax type</i>	ACT	NSW
		>\$1m: 30.91%
<i>Emergency Services Levy</i>	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%
<i>Fire Reconstruction Levy</i>	Fixed percentage of AUV per rateable property for 2 years from 2003-04. Percentage of AUV calculated annually to raise approximately net \$5m to fund reconstruction activities; 100% rebate for pensioners.	

Fees and Fines

Details of fees and fines are provided in Table 5.2.7.

**Table 5.2.7
Fees and Fines**

	2002-03 Est.Outcome \$'000	2003-04 Budget \$'000	Var %	2004-05 Estimate \$'000	2005-06 Estimate \$'000	2006-07 Estimate \$'000
Fees						
Motor Vehicle Registration	50 484	53 227	5	54 975	56 327	57 723
Casino License Fees	642	657	2	674	691	709
Drivers Licenses	5 500	5 729	4	5 873	6 019	6 170
Change of Use Charge	3 932	4 030	2	4 131	4 233	4 339
Fees for Regulatory Services	41 324	46 263	12	49 774	53 690	54 708
Total Fees	101 882	109 906	8	115 427	120 960	123 649
Fines						
Traffic Infringement Fines	11 750	11 853	1	11 925	12 211	12 499
Court Fines	250	250	-	250	250	250
Parking Fines	7 094	7 541	6	8 067	8 291	8 498
Other Fines	377	377	-	377	384	391
Total Fines	19 471	20 021	3	20 619	21 136	21 638

Fees

Motor Vehicle Registration Fees

The estimated revenue from motor vehicle registrations in 2002-03 is \$50.484m and the forecast for 2003-04 is \$53.227m. The increase reflects the impact of the continuous registration initiative and the alignment of registration charges with those of 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 2002-03 total estimate for casino licence fees of \$0.642m is expected to increase to \$0.657m in 2003-04.

Drivers' Licences

The revenue from drivers' licences in 2002-03 is estimated at \$5.5m and the forecast for 2003-04 is \$5.729m. This rise reflects the alignment of driver licence fees with licence fees charged in NSW.

Change of Use Charge

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

The 2002-03 outcome is estimated at \$3.932m.

Fees for Regulatory Services

Fees for regulatory services include items such as waste management fees, motor transport regulation and building control fees. Revenue from this source is estimated at \$41.324m in 2002-03, and the forecast for 2003-04 is \$46.263m. The 2003-04 estimate includes revenue from the new initiatives: reform of taxi and hire car licences (\$1.618m), increase in the Water Abstraction Charge (\$3.207m) and births, deaths and marriages, land titles and business names and associates (\$0.353m).

Fines

Revenue from traffic infringement fines is expected to increase from \$11.750m in 2002-03 to \$11.853m in 2003-04. This is due to the alignment of fees with NSW, which is partly offset by the impact of driver familiarity with the operations of the speed/red light cameras and the educative impact of this road safety initiative.

Total revenue from fines is expected to increase in 2003-04. Revenue from parking fines is expected to increase from an estimate of \$7.094m in 2002-03 to \$7.541m in 2003-04. The increase is due to the alignment of traffic and parking penalties with NSW and new pay parking areas in Belconnen, Tuggeranong and Barton.

User Charges

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

Table 5.2.8
User Charges - Non ACT Government and ACT Government

	2002-03 Est.Outcome \$'000	2003-04 Budget \$'000	Var %	2004-05 Estimate \$'000	2005-06 Estimate \$'000	2006-07 Estimate \$'000
User Charges - Non ACT Government						
Parking Fees	10 325	11 723	14	13 436	13 890	14 229
Inpatient Fees	12 538	12 840	2	13 161	13 490	13 827
Non-Inpatient Fees	2 134	2 167	2	2 221	2 277	2 334
Cross Border Health Receipts	49 600	43 600	-12	44 900	45 500	46 550
Sales	11 484	11 661	2	12 040	12 079	12 313
Service Receipts	82 546	82 264	0	84 519	86 397	88 358
Miscellaneous	10 333	11 123	8	11 266	11 458	11 679
Total User Charges – Non ACT Government	178 960	175 378	-2	181 543	185 091	189 290
User Charges – ACT Government						
User Charges - ACT Government	11 362	12 523	10	13 094	13 618	14 291
Total User Charges – ACT Government	11 362	12 523	10	13 094	13 618	14 291

Parking Fees

Revenues from parking fees in 2002-03 are estimated at \$10.325m and the 2003-04 forecast is \$11.723m. The increase represents the additional fee revenue from the introduction of pay parking in the precincts of Belconnen, Tuggeranong and Barton.

Patient Fees

Inpatient fees and non-inpatient fees are payments for the provision of hospital and related services, collected by The Canberra Hospital. Inpatient fees relate to admitted patients, while non-inpatient fees are for all other patient fees.

The 2002-03 estimated outcome for inpatient fees is \$12.538m and \$2.134m for non-inpatient fees. The 2003-04 estimates are \$12.840m and \$2.167m for inpatient and non-inpatient fees respectively.

Cross Border Health Receipts

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 receipts in 2002-03 are \$49.6m, while the 2003-04 budget anticipates revenue of \$43.6m. The 2002-03 amount includes a back-adjustment for prior years from NSW and, as a result, the budgeted amounts for 2003-04 and beyond are significantly lower.

Sales

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

The 2002-03 estimated outcome is \$11.484m and the 2003-04 estimate is \$11.661m.

Service Receipts

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

The 2002-03 estimate is \$82.546m and 2003-04 estimate is \$82.264m.

Miscellaneous

Miscellaneous revenue is estimated at \$10.333m for 2002-03 and the 2003-04 forecast is \$11.123m.

Interest Received

Table 5.2.9 provides a summary of interest received.

Table 5.2.9
Interest Received

	2002-03 Est.Outcome \$'000	2003-04 Budget \$'000	Var %	2004-05 Estimate \$'000	2005-06 Estimate \$'000	2006-07 Estimate \$'000
Interest Received						
Interest Received from Banks	83 906	82 841	-1	88 678	97 703	107 402
Interest Received Agency Advances and Loans	20 921	19 930	-5	19 710	19 317	18 815
Interest Received on Private Advances	0	0	-	0	0	0
Interest Received - Other	4 683	3 146	-33	1 883	1 627	1 363
Interest Received - ACT Law Society	600	500	-17	500	500	500
Total Interest Received	110 110	106 417	-3	110 771	119 147	128 080

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. Interest received from banks is interest earnings on cash, short-term securities and fixed interest assets. Other investment related earnings from Territory equity and property investments are not classified as interest but as dividends and increments arising from the revaluation of 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 for government departments and authorities is passed on to them on a monthly basis. Interest earned on the superannuation provision account is retained within the existing investment facilities managed by the Territory's external fund managers.

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.

Other Interest Received

This includes interest revenue from the Department of Justice and Community Safety, Home Loan Portfolio, Canberra Cemeteries Trust and Workers Compensation Supplementation Fund.

Other Own Source Revenue

Total other own source revenue (including Dividends from Public Trading Enterprises and Revenue of Associates and Joint Ventures) is expected to decrease by \$127.259m or 32% in 2003-04. Table 5.2.10 provides a summary of other own source revenue in 2002-03 and the forward estimates.

Table 5.2.10
Other Own Source Revenue

	2002-03 Est.Outcome \$'000	2003-04 Budget \$'000	Var %	2004-05 Estimate \$'000	2005-06 Estimate \$'000	2006-07 Estimate \$'000
Other Own Source Revenue						
Dividends						
ACTEW	47 724	50 102	5	59 635	64 894	68 383
ACTTAB	967	827	-14	293	726	740
CIT Solutions	400	218	-46	218	218	218
Total Dividends	49 091	51 147	4	60 146	65 838	69 341
Other						
Superannuation Contributions	10 891	11 487	5	11 624	11 735	11 869
MLA Members	30	30	0	30	30	30
Gain on Disposal of Assets	0	100	-	0	0	0
Other	164 716	50 169	-70	66 161	68 942	74 229
Lease Sales	196 358	182 682	-7	126 632	138 610	116 164
Rents and Commutations	3 181	3 450	8	3 450	3 450	3 450
Contributions	16 474	16 473	..	16 473	16 473	16 473
Total Other	391 650	264 391	-32	224 370	239 240	222 215
Revenue of Associates and Joint Ventures	2 763	5 942	115	0	0	0

Dividends

ACTEW

The increase in dividends over the Budget cycle can be mainly attributed to expected increases in revenue from the water and sewerage business.

ACTTAB

A decrease of \$0.140m in dividend from the 2002-03 estimated outcome to 2003-04 Budget can be mainly attributed to an expected increase in employee expenses, while ACTTAB's revenue is expected to remain largely unchanged.

CIT Solutions

The dividend is \$0.4m for 2002-03 and \$0.218m for 2003-04. The decrease results from an unusually favourable estimated result in 2002-03.

Other

Superannuation Contributions

This item represents the payment of employer superannuation contributions to the Superannuation Unit by the PTE sector and external sector (ACTEW/AGL).

Other

This item includes market gains and dividends earned on equity and property investments made by the Superannuation Provision Account.

Table 5.2.11 provides the market gain and dividend components.

**Table 5.2.11
Market Gain and Dividend Components**

	2002-03 Est. Outcome \$'000	2003-04 Budget \$'000	2004-05 Estimate \$'000	2005-06 Estimate \$'000	2006-07 Estimate \$'000
Market Gains	0	9 392	23 367	23 748	26 589
Dividends	14 013	15 521	17 094	18 840	20 660

This item also includes revenue classified as extraordinary, a HIH Insurance Limited actuarial reassessment and revisions in superannuation earnings. The extraordinary revenue is attributed to the expected bushfire related recoveries of \$106m received from the Territory's reinsurers during 2002-03.

Lease Sales

Land revenue from lease sales is budgeted to decrease by \$13.7m from \$196.4m in 2002-03 to \$182.7m in 2003-04. The decrease is due to the slightly conservative budget parameters used by the Land Development Agency compared to the record land prices achieved in 2002-03, and also to the different blocks proposed for sale in 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 2002-03.

Revenue of Associates and Joint Ventures

The increase of \$3.179m in the 2003-04 Budget from the 2002-03 estimated outcome for joint venture revenue reflects the winding up of the Harcourt Hill joint venture and increased revenue budgeted to flow from the Kingston Foreshore Gateway joint venture.

Commonwealth Grants Estimates

Total revenue from grants received is expected to increase by \$4.206m from the 2002-03 estimates of \$1,016.6m to \$1,020.9m in 2003-04. The marginal increase is due to CPI and population growth estimates for General Government Revenue, offset by a significant drop in funding due to an overestimate of population for the ACT during the Census collection.

Natural Disaster Relief Arrangements (NDRA)

The NDRA provides financial assistance to States and Territories to alleviate the burden associated with the provision of natural disaster relief payments and infrastructure restoration for 'eligible expenditure'.

To qualify for partial reimbursement, the expenditure must have been undertaken on Eligible Measures. Eligible Measures are acts of relief or restoration adopted by a State, where the level of damage and distress is a direct result of an eligible disaster (for example bushfire). Such measures are any one of, or combination of:

- a personal hardship and distress payment to a person in genuine need; or
- restoration or replacement of an essential public asset by a State; or
- a concessional-interest loan by a State to a farmer, or operator of a small business;
- a concessional-interest loan by a State to a needy person or voluntary non-profit body;
- provision of interest subsidies (grants);
- psychological counselling; and
- other acts of relief and restoration.

Under the NDRA, for 2002-03 the Territory can claim the higher of:

- 50% of eligible personal hardship and distress expenditure above \$0.2m and less than and including \$4.777m; or
- 50% of all eligible expenditure above \$4.777m and less than and including \$8.357m; and
- 75% of all eligible expenditure greater than \$8.357m.

The estimated NDRA reimbursement for 2002-03 is \$11m and for 2003-04 is \$6m.

Table 5.2.12 provides a summary of Commonwealth Grants Estimates.

**Table 5.2.12
Commonwealth Grants Estimates**

	2002-03 Est.Outcome \$'000	2003-04 Budget \$'000	Var %	2004-05 Estimate \$'000	2005-06 Estimate \$'000	2006-07 Estimate \$'000
General Purpose Funding						
Competition Payments	12 400	12 300	-1	12 600	12 900	13 200
Special Revenue Assistance	14 700	15 000	2	15 400	15 800	16 200
Total General Purpose Funding	27 100	27 300	1	28 000	28 700	29 400
GST Revenue Grants						
GST Revenue Grant	598 400	626 500	5	653 400	684 200	716 500
Total	598 400	626 500	5	653 400	684 200	716 500
GST Balanced Budget Assist.						
Balancing Budget Assistance - Grant	21 400	0	-100	0	8 700	1 900
Total	21 400	0	-100	0	8 700	1 900
Total General Revenue Assistance	646 900	653 800	1	681 400	721 600	747 800
Specific Purpose Payments						
Health (includes HCGs)						
Blood Transfusion Service	1 567	0	-100	0	0	0
Hospital Funding Grant	91 088	94 005	3	94 121	94 239	94 239
Youth Health Services	52	52	0	52	52	52
High Cost Drugs	5 201	5 331	2	5 464	5 601	5 741
National Public Health Agreements	4 322	4 819	11	4 322	4 322	4 322
OAG Illicit Drug Diversion Package	1 477	105	-93	0	0	0
Blood Transfusion Services Capital	55	0	-100	0	0	0
Total	103 762	104 312	1	103 959	104 214	104 354
Social Security and Welfare						
Aged Care Assessment Team	430	430	0	430	430	430
Home and Community Care	7 779	8 427	8	9 121	9 861	9 861
Supported Accommodation Program	5 651	5 770	2	5 891	6 015	6 015
Children's Services	53	54	2	56	56	58
C'wlth States Disability Agreement	7 376	7 623	3	7 868	8 117	8 372
Total	21 289	22 304	5	23 366	24 479	24 736
Public Order and Safety						
Legal Aid	3 234	3 267	1	3 170	3 170	3 170
Total	3 234	3 267	1	3 170	3 170	3 170
Education						
Government Schools - General	21 002	21 527	2	22 065	22 617	23 182
Non Government Schools	74 764	80 572	8	86 138	92 093	94 376
Government Schools - Other Cwth	4 352	4 267	-2	4 352	4 438	4 527
Other Schools Payments - Other Organisation	299	314	5	329	346	355
Other Schools Payments - Non Gov't	1 890	1 985	5	2 085	2 188	2 243
Aboriginal Education (IESIP)	360	367	2	374	381	391
Government Schools - Capital Grant	3 943	3 943	0	3 943	3 943	3 943
Non-Government Schools - Capital Grant	2 040	2 040	0	2 040	2 040	2 040
Total	108 650	115 015	6	121 326	128 046	131 057

	2002-03 Est.Outcome \$'000	2003-04 Budget \$'000	Var %	2004-05 Estimate \$'000	2005-06 Estimate \$'000	2006-07 Estimate \$'000
Housing						
CSHA Block Assistance for Housing	24 716	18 718	-24	18 718	18 718	18 718
Total	24 716	18 718	-24	18 718	18 718	18 718
Local Government						
Finance Assis - Local Government Functions	30 800	31 400	2	32 600	33 600	34 600
National Cap Influences - Local Government Functions	21 571	22 067	2	22 552	23 048	23 562
Total	52 371	53 467	2	55 152	56 648	58 162
Other						
Assistance for Water and Sewerage	8 675	8 873	2	9 069	9 268	9 475
Interstate Road Transport	135	135	0	135	135	135
National Highway System	600	600	0	600	600	600
National Highway System - Capital	4 205	5 000	19	4 120	2 082	0
National Safety Black Spots Program	600	600	0	600	600	600
Total	14 215	15 208	7	14 524	12 685	10 810
Total Specific Purpose Payments	328 237	332 291	1	340 215	347 960	351 007
Other Commonwealth Payments						
Vocational Education and Training						
Payment for ANTA C'wlth Funding	17 214	17 644	2	18 085	18 537	19 001
ANTA TAFE Capital Infrastructure	2 720	2 720	0	2 720	2 720	2 720
Total	19 934	20 364	2	20 805	21 257	21 721
Other						
Concession Funding	1 257	1 302	4	1 346	1 393	1 393
DEETYA Contracts	95	90	-5	92	94	96
ANTA Contracts	3 024	2 722	-10	2 790	2 860	2 931
Immunisation Data Collection	103	0	-100	0	0	0
Sport Participation Development	158	158	0	158	158	158
Other Miscellaneous Commonwealth Payments	5 938	4 125	-31	2 661	2 634	2 586
Natural Disaster Relief Arrangements	11 000	6 000	-45	0	0	0
Total	21 575	14 397	-33	7 047	7 139	7 164
Total Other Commonwealth Payments	41 509	34 761	-16	27 852	28 396	28 885
Total SPP and Other C'wlth Payments	369 746	367 052	-1	368 067	376 067	379 892
Total Commonwealth Grants Received	1 016 646	1 020 852	..	1 049 467	1 097 956	1 127 692