

# CHAPTER 6

## REVENUE

<b>Chapter</b>		<b>Page</b>
<b>6.1</b>	<b>Revenue and Forward Estimates</b>	<b>197</b>
<b>6.2</b>	<b>Taxation Reform</b>	<b>219</b>



## 6.1 REVENUE AND FORWARD ESTIMATES

Total ACT General Government Sector (GGS) revenue is estimated to be \$4.6 billion in 2015-16 compared with a 2014-15 estimate of \$4.5 billion.

Total revenue is expected to increase in 2015-16 by \$118 million or 2.6 per cent compared to the 2014-15 estimated outcome.

### 2015-16 Budget and Forward Estimates Revenues

Figure 6.1.1 provides an overview of the sources of ACT Government revenue.

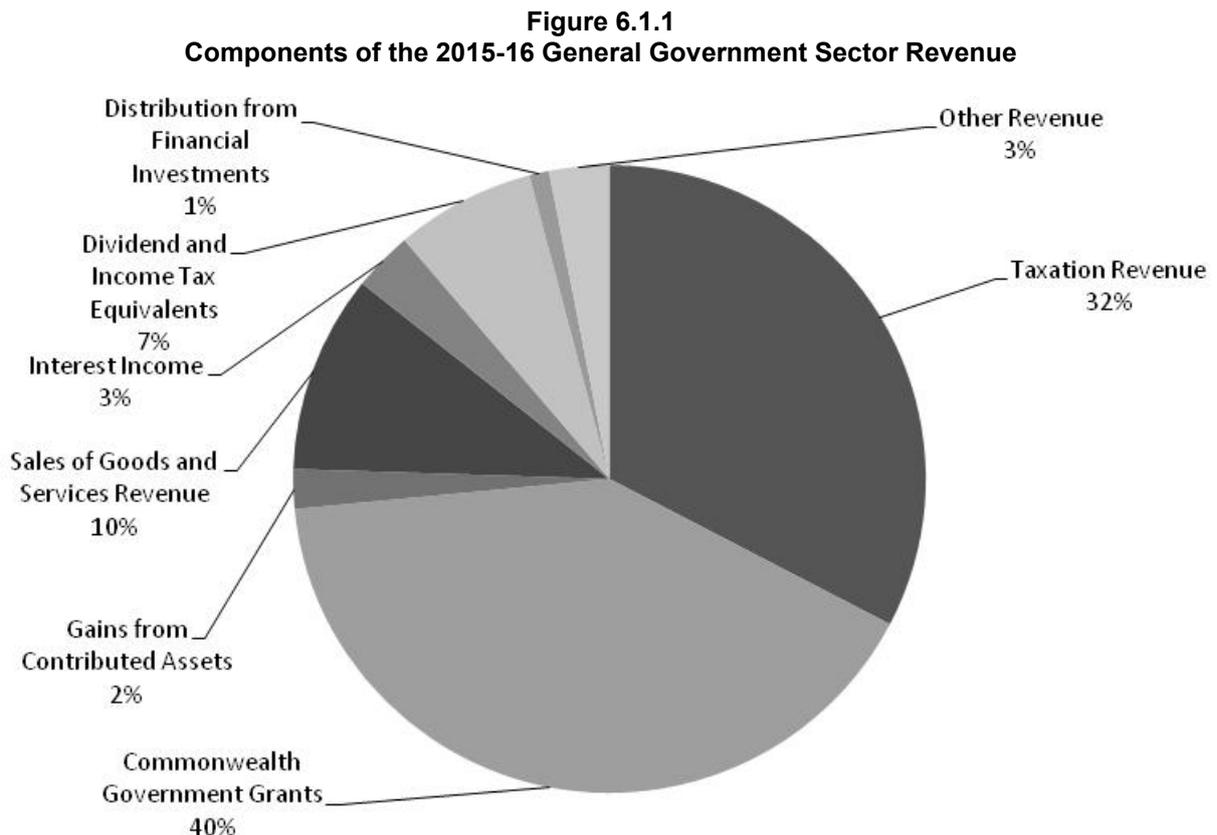


Table 6.1.1 provides a summary of 2014-15 estimated GGS revenue, the 2015-16 Budget forecast and forward estimates by revenue source.

**Table 6.1.1  
General Government Sector Revenue**

<b>2014-15 Budget</b>		<b>2014-15 Est. Outcome \$'000</b>	<b>2015-16 Budget \$'000</b>	<b>Var. %</b>	<b>2016-17 Estimate \$'000</b>	<b>2017-18 Estimate \$'000</b>	<b>2018-19 Estimate \$'000</b>
1,390,101	Taxation Revenue	1,441,809	1,491,730	3	1,583,300	1,695,957	1,813,848
1,892,280	Commonwealth Grants	1,933,491	1,860,511	-4	2,000,387	2,045,935	2,098,853
110,053	Gains from Contributed Assets	88,160	109,573	24	166,120	136,719	120,229
468,892	Sales of Goods and Services Revenue	471,365	482,202	2	495,579	576,582	587,771
122,177	Interest Income	128,173	135,201	5	124,041	127,218	125,198
55,566	Distribution from Financial Investments	43,102	63,167	47	64,463	55,289	58,868
237,640	Dividend and Income Tax Equivalents	262,644	329,428	25	295,188	275,526	307,443
135,145	Other Revenue	122,760	137,729	12	141,062	143,324	146,298
<b>4,411,854</b>	<b>Total Revenue</b>	<b>4,491,504</b>	<b>4,609,541</b>	<b>3</b>	<b>4,870,140</b>	<b>5,056,550</b>	<b>5,258,508</b>

As can be seen from Table 6.1.1 above, the majority of GGS revenue is from Commonwealth Government grants (40 per cent) and own source taxation (32 per cent).

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

The Territory has a moderate but growing, private employment base. The key sectors of private sector employment are in the construction, professional services, retail and health care sectors. Employment in manufacturing, agricultural and mining industries, important contributors to the diversity and growth in other jurisdictions' payroll tax bases, is small in the ACT.

While the ACT is compensated for these limitations through the Commonwealth Grants Commission's assessment process for allocating GST revenue, it nevertheless has comparatively less capacity and flexibility to raise own-source revenue than other jurisdictions.

The Territory's revenue forecasts are based on the continuation of the Government's tax reform program which commenced in 2012-13 and will result in the replacement of conveyance duty with general rates over a 20 year period, and insurance duty over a five year period.

## Taxation

The estimated outcome for taxation revenue in 2014-15 is \$1.4 billion, which is \$51.7 million (3.7 per cent) above the original budget. This change is largely due to a one-off fee paid by Tabcorp following the sale of ACTTAB to Tabcorp on 14 October 2014.

For 2015-16, taxation revenue is forecast to increase by \$49.9 million (3.5 per cent), which is mainly due to both indexation and new initiatives such as land tax, motor vehicle registration and the Fire and Emergency Service Levy (FESL). This increase in revenue would be seven per cent in 2015-16 if the Tabcorp payment was excluded from 2014-15 revenue.

**Table 6.1.2  
Taxation Revenue**

<b>2014-15 Budget</b>		<b>2014-15 Est. Outcome</b>	<b>2015-16 Budget</b>	<b>Var.</b>	<b>2016-17 Estimate</b>	<b>2017-18 Estimate</b>	<b>2018-19 Estimate</b>
<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>General Tax</b>						
363,908	Payroll Tax	360,549	402,250	12	429,127	457,841	488,524
165	Tax Waivers	18,153	5,733	-68	172	178	182
379,940	General Rates	378,684	419,759	11	463,288	507,211	553,743
89,065	Land Tax	89,065	94,069	6	101,345	108,579	116,112
<b>833,078</b>	<b>Total General Tax</b>	<b>846,451</b>	<b>921,811</b>	<b>9</b>	<b>993,932</b>	<b>1,073,809</b>	<b>1,158,561</b>
	<b>Duties</b>						
226,428	Conveyances	220,003	229,057	4	238,554	248,647	258,833
23,478	General Insurance	24,694	12,964	-48	-	-	-
1,414	Life Insurance	1,662	873	-47	-	-	-
29,876	Motor Vehicle Registrations and Transfers	29,291	30,286	3	31,317	32,381	33,482
<b>281,196</b>	<b>Total Duties</b>	<b>275,650</b>	<b>273,180</b>	<b>-1</b>	<b>269,871</b>	<b>281,028</b>	<b>292,315</b>
	<b>Gambling Taxes</b>						
1,757	ACTTAB/Tabcorp Licence Fee	48,462	1,025	-98	1,051	1,077	1,104
34,852	Gaming Tax	32,939	33,793	3	34,639	35,505	36,393
1,992	Casino Tax	1,500	1,538	3	1,576	1,615	1,655
14,710	Interstate Lotteries	15,305	15,683	2	16,075	16,476	16,888
<b>53,311</b>	<b>Total Gambling Taxes</b>	<b>98,206</b>	<b>52,039</b>	<b>-47</b>	<b>53,341</b>	<b>54,673</b>	<b>56,040</b>
	<b>Other Taxes</b>						
113,713	Motor Vehicle Registration	113,719	121,013	6	129,708	138,053	147,011
19,188	Ambulance Levy	19,188	20,652	8	22,194	23,281	24,424
14,580	Lease Variation Charge	14,165	16,290	15	17,593	18,174	18,118
25,695	Utilities (Network Facilities) Tax	25,695	26,980	5	28,329	29,746	31,232
44,008	Fire and Emergency Service Levy	43,403	54,411	25	62,952	71,783	80,702
1,871	City Centre Marketing and Improvements Levy	1,871	1,806	-3	1,743	1,682	1,624
3,461	Energy Industry Levy	3,461	3,548	3	3,637	3,728	3,821
<b>222,516</b>	<b>Total Other Taxes</b>	<b>221,502</b>	<b>244,700</b>	<b>9</b>	<b>266,156</b>	<b>286,447</b>	<b>306,932</b>
<b>1,390,101</b>	<b>Total Taxation</b>	<b>1,441,809</b>	<b>1,491,730</b>	<b>3</b>	<b>1,583,300</b>	<b>1,695,957</b>	<b>1,813,848</b>

### *Payroll Tax*

The payroll tax rate in the ACT remains unchanged at 6.85 per cent on wages and other taxable payments made by employers, where the Australia-wide wages bill of the employer exceeds the threshold of \$1.85 million per annum.

The 2014-15 estimated outcome is \$360.5 million and the forecast for 2015-16 is \$402.3 million. The expected \$41.7 million increase in 2015-16 is due in part to growth in employment and wages in relevant sectors of the ACT economy, as well as the payroll tax harmonisation initiative which commenced on 1 January 2015.

### *Tax Waivers*

Tax waivers represent the amount of revenue that has been waived. The estimated value of waivers is also reflected in expenses. The grossing up of revenue and expenses enables tax treatments to be transparent.

The estimate at the 2014-15 Budget was \$0.165 million and the 2014-15 estimated outcome is \$18.2 million. The increase from the 2014-15 Budget is mainly due to waivers of general rates and conveyance duty for home owners taking part in the Asbestos Eradication Scheme. Waivers are forecast at \$5.7 million in 2015-16, which also reflects waivers under the above Scheme, before returning to trend levels from 2016-17.

### *General Rates*

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

The 2014-15 estimated outcome for rates revenue is \$378.7 million. This is expected to increase to \$419.8 million in 2015-16. General rates revenue from existing properties will increase in 2015-16 by the Wage Price Index and revenue replacement from taxation reforms. These factors will result in an average general rates increase of around nine per cent for residential and commercial properties in 2015-16.

General rates revenue estimates also include expected revenue for new properties. An adjustment for the estimated amount of pensioner rebates and discounts for early payment has also been included.

The rating system in 2015-16 will have the following elements:

- a fixed charge of:
  - \$730 for residential properties;
  - \$150 for rural properties; and
  - \$2,130 for commercial properties.
- a valuation based charge on the Average Unimproved Land Value (AUV) for 2015 (which is the average of 2013, 2014 and 2015 land values);
- marginal rating factors applied to the AUV of residential properties (refer to Table 6.1.3):

**Table 6.1.3  
General Rates Marginal Rates**

<b>Thresholds</b>	<b>Marginal Rates</b>
0 to \$150,000	0.2746%
\$150,001 to \$300,000	0.3857%
\$300,001 to \$450,000	0.4629%
\$450,001 and above	0.5339%

- marginal rating factors applied to the AUV of commercial properties (refer to Table 6.1.4):

**Table 6.1.4  
General Rates Marginal Rates**

<b>Threshold</b>	<b>Marginal Rates</b>
0 to \$150,000	2.6274%
\$150,001 to \$275,000	3.0467%
\$275,001 and above	4.4339%

- a rating factor of 0.1468 per cent applied to the AUV of rural properties (the same as in 2014-15); and
- a pensioner rebate cap (for residential properties) of \$700 for post 1 July 1997 applicants.

#### *Land Tax*

Land tax applies to any residential property that is rented, or any residential property owned by a corporation or a trustee, even if the property is not rented. Land tax assessments in 2015-16 will be based on a valuation based charge on the AUV for 2015 (which is the average of 2013, 2014 and 2015 land values) and a fixed charge of \$945. The fixed charge introduced in the 2014-15 Budget has been indexed by five per cent to help ensure an equitable distribution of land tax revenue between houses and units over time. More information on this initiative, can be found in the Revenue Initiatives (Chapter 3.4).

The estimated outcome from land tax revenue is \$89.1 million in 2014-15 and is estimated to increase to \$94.1 million in 2015-16. The increase in revenue is mainly due to the indexation of the fixed charge.

Table 6.1.5 shows the land tax marginal rates that will apply to residential properties in 2015-16.

**Table 6.1.5  
Land Tax – Marginal Rates**

<b>Thresholds (AUV)</b>	<b>Marginal Rates</b>
\$0 to \$75,000	0.41%
\$75,001 to \$150,000	0.48%
\$150,001 to \$275,000	0.61%
\$275,001+	1.23%

#### *Duty on Conveyances*

Duty is levied on the agreement for the sale or transfer of land, a Crown lease or a land use entitlement located in the ACT.

The duty rates are generally applied to the transfer value of the property. A concessional rate applies for persons qualifying under the ACT Home Buyer Concession Scheme, the ACT Pensioner Duty Concession Scheme or the Over 60s Home Bonus Scheme.

The estimated outcome for 2014-15 for conveyance duty is \$220 million and the forecast for 2015-16 is \$229.1 million. The rates of conveyance duty will continue to be decreased over a 20 year period as a key part of the ACT tax reform program. Table 6.1.6 outlines conveyance duty thresholds and rates for the next three years. The 2015-16 rates will apply from 3 June 2015.

**Table 6.1.6  
Conveyance Duty Thresholds and Rates**

Threshold	2014-15	2015-16	2016-17	2017-18
	%	%	%	%
Up to \$200,000	2.0	1.8	1.48	1.47
\$200,001 to \$300,000	3.5	3.0	2.5	2.49
\$300,001 to \$500,000	4.15	4.0	4.0	3.99
\$500,001 to \$750,000	5.0	5.0	5.0	4.8
\$750,001 to \$1,000,000	6.5	6.5	6.5	6
\$1,000,001 to \$1,454,999	7.0	7.0	7.0	6.75
\$1,455,000 and above <sup>1</sup>	5.25	5.17	5.09	4.89

**Note:**

1. The \$1,455,000 and above rate is a flat rate.

*Duty on General Insurance*

From 1 July 2015, general insurance premiums will incur duty at the rate of 2 per cent of the net premiums received. This is a reduction from the duty rate of 4 per cent that applied during 2014-15. The estimated outcome for 2014-15 is \$24.7 million and the forecast for 2015-16 is \$13 million. Duty on insurance will be fully abolished on 1 July 2016.

*Duty on Life Insurance*

Duty on life insurance contracts (term, temporary or insurance rider policies) will be calculated until 30 June 2015 at the rate of 2 per cent of the first year's premium. The duty rate will reduce to 1 per cent from 1 July 2015.

Duty on all other life insurance contracts will be calculated until 30 June 2015 at the rate of \$0.40 plus \$0.08 per \$200 or part thereof in excess of \$2,000, and \$0.40 for each contract where the sum insured is \$2,000 or less.

From 1 July 2015 duty on all other life insurance contracts will reduce to \$0.20 plus \$0.04 per \$200 or part thereof in excess of \$2,000, and \$0.20 for each contract where the sum insured is \$2,000 or less. Life insurance annuities are exempt from duty.

The estimated outcome for 2014-15 is \$1.7 million with \$0.9 million forecast for 2015-16. Duty on insurance will be fully abolished on 1 July 2016.

*Duty on Motor Vehicle Registrations and Transfers*

Duty is payable on an application to register a new motor vehicle or to transfer the registration of a second hand vehicle.

The 2014-15 estimated outcome is \$29.3 million and the forecast for 2015-16 is \$30.3 million.

### *ACTTAB/Tabcorp Licence Fee*

The estimate of \$1.8 million at the time of the 2014-15 Budget reflects licence fees paid by ACTTAB. The significant increase in the estimated outcome for 2014-15 is due to a one-off fee paid by Tabcorp following the sale of ACTTAB to Tabcorp on 14 October 2014. Forecast revenue from 2015-16 onwards reflects the annual Tabcorp license fee (which was \$1 million in 2014-15) and is subject to annual indexation.

### *Gaming Tax*

Gaming tax revenue incorporates gaming machine taxes and interactive gaming taxes. Gaming machines are taxed on the basis of monthly gross revenue, which is defined as monthly gaming machine revenue less amounts paid out in prize money. Estimated total gaming tax revenue for 2014-15 is \$32.9 million and the forecast for 2015-16 is \$33.8 million.

### *Casino Tax*

The tax applying to Casino Canberra is 10.9 per cent of gross profit from general gaming operations. Estimated revenue for 2014-15 is \$1.5 million and the forecast for 2015-16 is \$1.5 million.

### *Interstate Lotteries*

The ACT receives revenue based on the value of NSW and Victorian Lotteries tickets purchased in the ACT. Estimated revenue for 2014-15 is \$15.3 million and the forecast for 2015-16 is \$15.7 million.

### *Motor Vehicle Registration Fees*

The estimated revenue from motor vehicle registrations in 2014-15 is \$113.7 million and the forecast for 2015-16 is \$121.0 million. The six per cent increase in revenue is in part due to a five per cent indexation of registration fees, which is partly offset by a reduction in the administration charge for quarterly or half yearly payments. Refer to Revenue Initiatives (Chapter 3.4) for more information on this initiative. The 2015-16 forecast also includes allowance for growth in the number of motor vehicle registrations.

### *Ambulance Levy*

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

The estimated revenue for 2014-15 is \$19.2 million and the forecast for the 2015-16 Budget is \$20.7 million. This increase is largely due to an increase in the Ambulance Levy rate from 1 January 2016 and an increase in the number of insurance premiums. Refer to Revenue Initiatives (Chapter 3.4) for more information on this initiative.

### *Lease Variation Charge*

The 2014-15 outcome is estimated at \$14.2 million and the forecast for 2015-16 is \$16.3 million. The forecast increase in 2015-16 is due to the cessation in March 2016 of the additional Leave Variation Charge remissions available under the Government's economic stimulus package.

### *Utilities (Network Facilities) Tax*

The Utilities (Network Facilities) Tax (UNFT) applies to the owner of a utility network facility that is installed on or under land in the ACT. The 2014-15 estimated outcome is \$25.7 million, with \$27 million forecast in 2015-16. This increase reflects the five per cent per annum indexing of the UNFT announced in the 2014-15 Budget.

### *Fire and Emergency Services Levy (FESL)*

A FESL is charged on all rateable properties in the ACT. The revenue raised from the FESL is used to support the Emergency Services Agency (ESA) to deliver high quality and effective services.

The estimates for FESL revenue include expected revenue from both existing and new properties, and represent the net amount after allowing for pensioner rebates and discounts for early payment. The estimated outcome from FESL revenue is \$43.4 million in 2014-15, which is expected to increase to \$54.4 million in 2015-16.

The increase in FESL revenue is to help meet the increasing demand in the Territory for fire, SES and ambulance services. In addition, the Commonwealth Government is refusing to pay the true cost of delivering fire services to its assets in the Territory.

The increase in 2015-16 is in part due to the Government's decision to raise an additional \$6.3 million in FESL revenue each year over the next four years, which will be distributed over residential properties. The ACT Government is transitioning the Emergency Services Agency to a more sustainable funding model so that, in total, by 2018-19 the FESL and other emergency services charges (the Road Rescue Fee and the Ambulance Levy) will account for approximately 75 to 80 per cent of the total cost of delivering emergency services to the Canberra community, which is the standard used by other jurisdictions across Australia. Refer to Revenue Initiatives (Chapter 3.4) for more information on this initiative.

The 2015-16 Budget estimate also includes the \$3 million increase announced in the 2013-14 Budget, which will be distributed equally between residential and commercial properties.

The FESL in 2015-16 will have the following elements:

- a fixed charge of \$196 for residential and rural properties (an increase from \$130);
- a pensioner rebate of 50 per cent; and
- a valuation-based charge for commercial properties with progressive marginal rating factors applied to the average of the 2013, 2014 and 2015 unimproved land values.

Table 6.1.7 outlines the new FESL thresholds and rates for commercial properties.

**Table 6.1.7**  
**FESL Thresholds and Rates for Commercial Properties**

<b>AUV Thresholds</b>	<b>Marginal Rates</b>
\$1 to \$300,000	0.6773%
\$300,001 to \$2,000,000	0.7990%
\$2,000,001 and above	0.8253%

### *City Centre Marketing and Improvements Levy (CCMIL)*

The CCMIL applies to all rateable commercial properties in the City and selected areas in Braddon and Turner adjacent to the City Centre. The collection area is divided into two zones and the levy is applied on the AUV of each property at the rate of 0.2992 per cent for the retail core and the rate of 0.2161 per cent for the non-retail core.

The revenue collected from the CCMIL is used to promote, maintain and improve the amenities of the City Centre area. The estimated outcome for 2014-15 is \$1.9 million and the forecast for 2015-16 is \$1.8 million.

### *Energy Industry Levy*

The Energy Industry Levy funds:

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

The levy applies to the energy utility industry sectors of: electricity distribution; electricity supply; gas distribution; and gas supply. The estimated outcome for 2014-15 is \$3.5 million and the forecast for 2015-16 is \$3.5 million.

### *ACT Taxes Compared to NSW*

Table 6.1.8 shows the comparative rates of tax between the ACT and NSW for major taxation items. Note that the release of the 2015-16 NSW Budget in June 2015 may change the information below.

**Table 6.1.8  
Major ACT Taxes compared with NSW**

<b>Tax type</b>	<b>ACT</b>	<b>NSW</b>
Land Tax	<p>Applied quarterly on the three year Average Unimproved Value (AUV). Land used for primary production is exempt from land tax.</p> <p><b>Residential</b> - applied on rateable properties that are rented, or properties owned by a trust or a corporation even if they are not rented (excluding land owned by a building or development company).</p> <p>A fixed charge of \$945 in 2015-16 is applied to each land taxable property, in addition to the marginal rates.</p> <p>For 2015-16, the marginal rates are as follows:</p> <ul style="list-style-type: none"> <li>• AUV up to \$75,000 – 0.41%</li> <li>• AUV \$75,001 to \$150,000 – 0.48%</li> <li>• AUV \$150,001 to \$275,000 – 0.61%</li> <li>• AUV \$275,001 and above – 1.23%</li> </ul>	<p>Applied annually on the three year Average Unimproved Value (AUV). Generally, the principal place of residence or land used for primary production is exempt.</p> <p>The 2015 rate is \$100 plus 1.6% of the taxable land value between the land tax threshold for 2015 of \$432,000 (three year average) and \$2,641,000. A premium land tax marginal rate applies if the land value is above \$2,641,000. Over this value, land tax is \$35,444 for the first \$2,641,000 then 2% over that value. For land owned by a trustee of a special trust, a flat rate of 1.6% without any land value threshold applies; then 2% after the premium threshold.</p> <p>A company is assessed for land tax the same way as sole owners, except when related to another company. When assessing related companies, the concessional company receives the benefit of the threshold (\$432,000) and each other company (non-concessional) is assessed without the threshold. Where the concessional or joint</p>

Tax type	ACT	NSW
	<p>The value of each individual property is assessed for land tax.</p> <p>Commercial properties are not subject to land tax due to the ACT Government's Taxation Reforms.</p>	<p>concessional companies' land value exceeds the premium rate threshold, the land value of each non-concessional company is assessed at 2% of the taxable value. Where the land value exceeds the general but not premium threshold, the land value of each non-concessional company is assessed at 1.6%.</p> <p>The value of an entity's entire land holdings is assessed for land tax (aggregation).</p> <p>The 2014 threshold was \$412,000, with the premium threshold \$2,519,000.</p>
Payroll Tax	<p>6.85%</p> <p>As of 1 July 2014, first \$1,850,000 exempt per financial year.</p>	<p>5.45%</p> <p>For 2014-15, first \$750,000 exempt. Since 1 July 2013, this threshold is no longer indexed.</p>
Duty on Conveyances	<p>From 3 June 2015, the greater of \$20 or the amount resulting from applying the following rates based on the size of the transaction:</p> <p>Up to \$200,000 – 1.8%  \$200,001 to \$300,000 – 3.0%  \$300,001 to \$500,000 – 4.0%  \$500,001 to \$750,000 – 5.0%  \$750,001 to \$1,000,000 – 6.5%  \$1,000,001 to \$1,454,999 – 7.0%  \$1,455,000 and above – 5.17% (flat rate applied to the entire transaction value).</p> <p><b>Home Buyer Concession Scheme (HBCS):</b>  For transactions dated from 3 June 2015:</p> <ul style="list-style-type: none"> <li>• concession for house and land value up to \$560,000; and</li> <li>• concession for vacant land value up to \$303,800.</li> </ul> <p><b>Pensioner Duty Concession Scheme (PDCS):</b>  For transactions dated from 3 June 2015:</p> <ul style="list-style-type: none"> <li>• concession for house and land value up to \$807,000.</li> <li>• concession for vacant land value up to \$391,700.</li> </ul> <p><b>Over 60s Home Bonus Scheme:</b>  The Scheme was introduced on 4 June 2014. It is similar to the PDCS, for non-pensioners who are aged 60 years and over. All other criteria are the same as the PDCS.</p>	<p>The greater of \$10 or the amount resulting from applying the rates of \$1.25 to a maximum of \$5.50 per \$100 for transactions up to \$3.0 million.</p> <p>Premium Property Duty: For dutiable transactions above \$3.0 million, the duty payable is \$150,490 plus the rate of \$7.00 per \$100 or part thereof that exceeds \$3.0 million. Premium property duty only applies to residential land.</p> <p><b>First Home – New Home Scheme:</b>  The First Home – New Home scheme provides that an agreement or transfer will only be eligible for a concession or exemption if it is for the acquisition of a new home or vacant land intended to be used as the site for a new home. A duty concession is not available for established properties.</p> <p>Eligible first home buyers will not pay duty on a new home or off the plan purchase valued up to \$550,000 with a phase-out concession up to a property value cap of \$650,000. For vacant land, no duty is payable for a value up to \$350,000 and phasing out at \$450,000. These rates have applied from 1 July 2012.</p>

Tax type	ACT	NSW
	<p>For transactions dated from 3 June 2015:</p> <ul style="list-style-type: none"> <li>• concession for house and land value up to \$807,000.</li> <li>• concession for vacant land value up to \$391,700.</li> </ul> <p>The property value thresholds for the HBCS, PDCS and Over 60s Home Bonus are determined biannually, taking into account movements in the market.</p>	
Mortgages and Loan Security Duty	Not applied in the ACT.	<p>Charged on the amount secured by the mortgage.</p> <p>\$0 - \$16,000: \$5.00 duty Above \$16,000: \$5.00 plus \$4.00 per \$1,000 or part thereof in excess of \$16,000. Further advances: \$4.00 for every \$1,000, or part of \$1,000 of the amount secured.</p> <p>Not chargeable on advances made to natural persons for owner-occupied housing and investment housing.</p> <p>Duty on mortgages will be abolished from 1 July 2016.</p>
Duty on Motor Vehicle Registrations	<p><b>No green vehicle rating</b> <u>Valued at \$45,000 or less</u> \$3 per \$100 <u>Valued at more than \$45,000</u> \$1,350+\$5 per \$100 or part thereof over \$45,000</p> <p><b>Green vehicle rating</b> Applies to new motor vehicles not previously registered anywhere in Australia. Rates depend on the green vehicle rating (environmental performance score) and value.</p> <p><u>Valued at \$45,000 or less</u> A rated (16 or more) = nil B rated (14 or more but &lt; 16) = \$2 per \$100 C rated (9.5 or more but &lt; 14) = \$3 per \$100 D rated (less than 9.5) = \$4 per \$100</p> <p><u>Valued at more than \$45,000</u> A rated (16 or more) = nil B rated (14 or more but &lt; 16) = \$900 plus \$4 per \$100 above \$45,000 C rated (9.5 or more but &lt; 14) = \$1,350 plus \$5 per \$100 above \$45,000 D rated (less than 9.5) = \$1,800 plus \$6 per \$100 above \$45,000</p>	Under \$45,000: \$3 per \$100 (or part of \$100). Over \$45,000: \$1,350 + \$5 per \$100 or part thereof over \$45,000.

<b>Tax type</b>	<b>ACT</b>	<b>NSW</b>
Duty on General Insurance	<p>2% of the value of the premium from 1 July 2015.</p> <p>Duty on general insurance will be reduced each year until 1 July 2016, when insurance duty will be abolished.</p>	<p>2.5% to 9% of the premium, depending on the type of insurance.</p> <p>Type A insurance (e.g. a property and items not covered by Type B &amp; C insurance): 9 per cent</p> <p>Type B insurance (e.g. a vehicle): 5 per cent</p> <p>Type C insurance (e.g. livestock): 2.5 per cent</p>
Duty on Life Insurance	<p><b>Term, temporary or insurance rider policies</b></p> <p>1% of the first year's premium from 1 July 2015.</p> <p><b>All other</b></p> <p><u>From 1 July 2015:</u>  Sum insured \$0 to \$2,000 - \$0.20  Sum insured over \$2,000 - \$.20 plus \$0.04 per \$200 or part thereof in excess of \$2,000.</p> <p>Duty on life insurance will be reduced each year until 1 July 2016, when insurance duty will be abolished.</p>	<p><b>Term, temporary or insurance rider policies</b>  5% of the first year's premium</p> <p><b>Trauma or disability policies</b>  5% of premium paid to effect the insurance</p> <p><b>All other (e.g. life insurance)</b>  Sum insured \$0 to \$2,000 - \$1  Sum insured over \$2,000 - \$1 plus \$0.20 per \$200 or part thereof in excess of \$2,000</p>

### **Commonwealth Government Grants**

Total revenue expected to be received from Commonwealth Government grants in 2015-16 is \$1.9 billion.

Further information on funding for Commonwealth Government grants can be found in Federal Financial Relations (Chapter 7.1).

**Table 6.1.9  
Commonwealth Government Grants**

<b>2014-15 Budget</b>		<b>2014-15 Est. Outcome \$'000</b>	<b>2015-16 Budget \$'000</b>	<b>Var %</b>	<b>2016-17 Estimate \$'000</b>	<b>2017-18 Estimate \$'000</b>	<b>2018-19 Estimate \$'000</b>
	<b>Current Grants</b>						
1,098,600	GST Revenue Grant	1,105,409	1,032,368	-7	1,103,268	1,167,795	1,234,980
37,983	ACT Municipal Services	37,983	38,515	1	39,131	39,757	40,393
586,981	National Specific Purpose Payments (SPPs)	625,866	659,033	5	700,276	667,109	695,923
48,638	Financial Assistance Grants to Local Government	48,882	48,562	-1	48,541	50,567	52,697
38,507	National Partnership Payments (NPP) - Current	43,296	28,859	-33	39,120	57,072	23,534
9,494	Other Commonwealth Government Payments - Current	10,293	11,677	13	11,881	11,872	11,391
<b>1,820,203</b>	<b>Total Current Grants</b>	<b>1,871,729</b>	<b>1,819,014</b>	<b>-3</b>	<b>1,942,217</b>	<b>1,994,172</b>	<b>2,058,918</b>
	<b>Capital Grants</b>						
72,077	National Partnership Payments (NPPs) - Capital	61,762	41,497	-33	58,170	51,763	39,935
<b>72,077</b>	<b>Total Capital Grants</b>	<b>61,762</b>	<b>41,497</b>	<b>-33</b>	<b>58,170</b>	<b>51,763</b>	<b>39,935</b>
<b>1,892,280</b>	<b>Total Commonwealth Government Funding</b>	<b>1,933,491</b>	<b>1,860,511</b>	<b>-4</b>	<b>2,000,387</b>	<b>2,045,935</b>	<b>2,098,853</b>

### Contributed Assets

Table 6.1.10 provides a summary of contributed assets. Contributed assets largely relate to land development infrastructure assets transferred to the GGS from the Land Development Agency and private developers.

Variations between the 2014-15 estimated outcome, 2015-16 Budget and across the forward estimates period mainly reflect revisions to the land release program. Please refer to the Supply and Release of Land (Chapter 5.3) for more information on the land release program.

**Table 6.1.10  
Contributed Assets**

<b>2014-15 Budget</b>		<b>2014-15 Est. Outcome \$'000</b>	<b>2015-16 Budget \$'000</b>	<b>Var %</b>	<b>2016-17 Estimate \$'000</b>	<b>2017-18 Estimate \$'000</b>	<b>2018-19 Estimate \$'000</b>
109,799	Gains from Contributed Assets	87,903	109,313	24	165,849	136,439	119,938
254	Resources Received Free of Charge	257	260	1	271	280	291
<b>110,053</b>	<b>Total Contributed Assets</b>	<b>88,160</b>	<b>109,573</b>	<b>24</b>	<b>166,120</b>	<b>136,719</b>	<b>120,229</b>

## Sale of Goods and Services

The sale of goods and services revenue in 2014-15 is estimated to increase by \$2.5 million from the original budget of \$468.9 million. This is largely attributable to increases in service receipts (non ACT Government) and casino licence fees.

The 2015-16 forecast for sales of goods and services is expected to increase by \$10.8 million from the 2014-15 estimated outcome mainly due to increases in cross border health receipts and fees for regulatory services, partly offset by a reduction in revenue from casino licence fees.

Details of sale of goods and services are provided in Table 6.1.11.

**Table 6.1.11**  
**Sale of Goods and Services**

2014-15 Budget		2014-15 Est. Outcome \$'000	2015-16 Budget \$'000	Var %	2016-17 Estimate \$'000	2017-18 Estimate \$'000	2018-19 Estimate \$'000
	<b>Regulatory Fees</b>						
871	Casino Licence Fees	4,975	6	-100	6	6	6
10,226	Drivers Licences	10,117	10,621	5	10,993	11,377	11,776
1,982	Taxi Licences	1,751	2,056	17	2,128	2,202	2,280
90,069	Fees for Regulatory Services	90,785	96,777	7	100,660	105,167	107,386
28,454	Water Abstraction Charge	28,454	30,535	7	30,535	30,573	30,573
<b>131,602</b>	<b>Total Regulatory Fees</b>	<b>136,082</b>	<b>139,995</b>	<b>3</b>	<b>144,322</b>	<b>149,325</b>	<b>152,021</b>
	<b>Other</b>						
17,766	Parking Fees	15,371	17,047	11	18,997	19,576	20,226
34,618	Inpatient Fees	35,720	36,580	2	37,353	38,471	39,433
5,144	Non-Inpatient Fees	5,060	5,457	8	5,646	5,823	6,019
3,873	Meals and Accommodation	3,443	3,525	2	3,596	3,636	3,727
84,249	Cross Border Health Receipts	89,525	93,053	4	94,896	163,662	164,854
21,340	Sales	21,033	22,759	8	23,059	24,150	25,123
112,357	Service Receipts (Non ACT Government)	120,588	119,528	-1	122,583	125,280	128,333
13,899	Rent from Tenants	3,937	4,062	3	4,172	4,282	4,511
22,453	Miscellaneous	20,908	20,319	-3	20,635	21,385	21,930
21,591	User Charges - ACT Government	19,698	19,877	1	20,320	20,992	21,594
<b>337,290</b>	<b>Total Other</b>	<b>335,283</b>	<b>342,207</b>	<b>2</b>	<b>351,257</b>	<b>427,257</b>	<b>435,750</b>
<b>468,892</b>	<b>Total Sale of Goods and Services</b>	<b>471,365</b>	<b>482,202</b>	<b>2</b>	<b>495,579</b>	<b>576,582</b>	<b>587,771</b>

### *Casino Licence Fees*

The casino licensee pays the casino licence fee to the ACT Gambling and Racing Commission. The Commission also collects casino employees' licence fees for licensing staff employed by the casino. The sale of Casino Canberra was finalised in December 2014 and, as part of the sale process a revised licence fee was paid in February 2015 that covers the period to 7 February 2020. The remaining amounts in 2015-16 and across the forward estimates are for employees' licence fees.

### *Drivers Licences*

The revenue from drivers licences in 2014-15 is estimated at \$10.1 million and the forecast for 2015-16 is \$10.6 million.

### *Taxi Licences*

The 2014-15 estimated outcome for revenue from taxi licences is estimated to be \$1.8 million, which has decreased by around 13 per cent compared to the 2014-15 Budget. This is because a number of taxi licenses were not renewed in 2014-15. The number of taxi licenses and the associated revenue is expected to return to trend in 2015-16.

### *Fees for Regulatory Services*

The 2014-15 estimated outcome for fees for regulatory services is \$90.8 million and is expected to increase to \$96.8 million in 2015-16. This increase is due to increased activity and the four per cent annual indexation of regulatory services fees announced in the 2014-15 Budget.

### *Water Abstraction Charge*

The Water Abstraction Charge (WAC) in 2014-15 is estimated to be \$28.5 million and is expected to increase to \$30.5 million in 2015-16. This increase is partly attributed to an increase in the volume of water consumption and the two per cent increase in the WAC in 2015-16. Refer to Revenue Initiatives (Chapter 3.4) for more information on this initiative.

### *Parking Fees*

The estimated revenue from parking fees in 2014-15 is \$15.4 million and the forecast for 2015-16 is \$17.1 million, with the increase partly due to the introduction of after-hours pay parking near major entertainment venues in Civic and a six per cent increase in parking fees. Refer to Revenue Initiatives (Chapter 3.4) for more information on these initiatives.

### *Patient Fees*

Inpatient fees and non-inpatient fees are payments for the provision of hospital and related services, which are collected at the Canberra Hospital. Patient fees relate to admitted patients, while non-inpatient fees are primarily for accident and emergency services.

The 2014-15 estimated outcome for inpatient fees is \$35.7 million, and \$5.1 million for non-inpatient fees. The 2015-16 Budget estimates are \$36.6 million and \$5.5 million, respectively.

### *Cross Border Health Receipts*

Cross Border Health Receipts are payments from other State and Territory Governments (predominantly NSW) for the provision of medical services provided to non-ACT residents at ACT public hospitals. The estimated revenue for 2014-15 is \$89.5 million, and the forecast for 2015-16 is \$93.1 million reflecting an increase in usage of medical services by non-ACT residents.

In 2017-18, the Commonwealth will cease funding for interstate patients treated in ACT public hospitals. The \$68.8 million revenue increase in 2017-18 is due to the Territory seeking full reimbursement for cross border activity from other jurisdictions.

### *Sales*

Revenues from sales include those generated from entry fees to sporting and cultural facilities, such as the Canberra Theatre Centre and hire of those venues. Sales of merchandise, programs and giftware in these venues or the rights to sell these, are also included. The estimated outcome for 2014-15 is \$21.0 million and the forecast for 2015-16 is \$22.8 million.

### *Service Receipts (non-ACT Government)*

This item includes payments from clients for the provision of services, such as facility fees to physicians at hospitals, medical supplies, sterilising services, capital linen and commercial training.

The 2014-15 estimated outcome is \$120.6 million and the 2015-16 Budget forecast is \$119.5 million.

### *Miscellaneous*

Miscellaneous revenue is estimated at \$20.9 million for 2014-15 and the 2015-16 Budget forecast is \$20.3 million.

### *User Charges – ACT Government*

This item includes revenue for rent, property management, shared services and insurance that is collected from ACT agencies in the Public Trading Enterprise sector. The 2014-15 estimated outcome is \$19.7 million and the 2015-16 Budget forecast is \$19.9 million.

## Interest Income

Table 6.1.12 provides a summary of interest expected to be received.

**Table 6.1.12  
Interest Income**

2014-15 Budget		2014-15 Est. Outcome \$'000	2015-16 Budget \$'000	Var %	2016-17 Estimate \$'000	2017-18 Estimate \$'000	2018-19 Estimate \$'000
	<b>Interest Received</b>						
29,111	Interest Received from Banks	41,489	41,439	..	25,543	25,116	26,528
80,630	Interest Received on Advances and Loans to Agencies	71,449	79,145	11	84,405	86,699	82,164
5,367	Interest Received on Advances from Private Sector – Non Banks	2,830	1,786	-37	1,687	1,582	1,471
4,387	Interest Received – Other	4,802	6,533	36	6,122	7,081	7,806
2,682	Interest from Financial Investments	7,603	6,298	-17	6,284	6,740	7,229
<b>122,177</b>	<b>Total Interest Received</b>	<b>128,173</b>	<b>135,201</b>	<b>5</b>	<b>124,041</b>	<b>127,218</b>	<b>125,198</b>

### *Interest Received from Banks*

This item represents the interest income recognised by the Territory Banking Account for general government investments. Interest income from banks is interest earnings on cash, short-term securities and fixed interest assets. General government investments comprise the balances of the Territory Banking Account and investments made on behalf of government directorates and some Territory Authorities.

The increase of \$12.4 million in the 2014-15 estimated outcome from the original budget is mainly due to higher levels of investment balances held during the year and a higher actual investment return than estimated.

### *Interest Received on Advances and Loans to Agencies*

Interest received on advances and loans to agencies mainly relates to interest loans provided by the Territory to Icon Water.

The decrease of \$9.2 million in the 2014-15 estimated outcome from the original budget is mainly due to lower interest receipts on inflation linked loans due to lower CPI during the year and the timing and lower amount of new borrowings.

The increase of \$7.7 million in the 2015-16 Budget from the 2014-15 estimated outcome reflects higher interest receipts due to new borrowings and higher interest payments on inflation linked loans.

### *Interest Received from Private Sector*

Interest received from the private sector, being the University of Canberra, will decrease by \$2.5 million from the 2014-15 Budget due to the early in-advance repayment of \$42 million against outstanding loans to the Territory.

The decrease of \$1 million from the 2014-15 estimated outcome to the 2015-16 Budget is due to interest being applied to a lower loan balance due to the commencement of scheduled loan principal repayments.

This interest is represented as being received from an external party as the University of Canberra is not consolidated into the financial statements of the Territory.

#### *Other Interest Income*

Other interest income includes income mainly recognised by the Home Loan Portfolio, the Chief Minister, Treasury and Economic Development Directorate, the Territory and Municipal Services Directorate and the Environment and Planning Directorate. The majority of interest recognised relates to interest charged to the Land Development Agency in relation to the holding costs of land.

Other interest income is expected to increase by \$1.7 million from the 2014-15 estimated outcome to the 2015-16 Budget.

#### *Interest from Financial Investments*

Interest from financial investments mainly comprises interest earnings on cash and fixed income investment assets of the Superannuation Provision Account.

The increase of \$4.9 million in the 2014-15 estimated outcome from the original budget is mainly due to higher than anticipated interest earnings on the Australian inflation linked debt investments through changes in the portfolio holdings over the year. The decrease of \$1.3 million from the 2014-15 estimated outcome to the 2015-16 Budget mainly reflects the anticipated changes to the portfolio's asset allocation.

### **Distributions from Financial Investments**

Table 6.1.13 provides a summary of distribution from financial investments received.

**Table 6.1.13**  
**Distributions from Financial Investments**

<b>2014-15 Budget</b>		<b>2014-15 Est. Outcome</b>	<b>2015-16 Budget</b>	<b>Var</b>	<b>2016-17 Estimate</b>	<b>2017-18 Estimate</b>	<b>2018-19 Estimate</b>
<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>Interest Received</b>						
55,566	Distributions from Financial Investments	43,102	63,167	47	64,463	55,289	58,868
<b>55,566</b>	<b>Total Interest Received</b>	<b>43,102</b>	<b>63,167</b>	<b>47</b>	<b>64,463</b>	<b>55,289</b>	<b>58,868</b>

#### *Distributions from Financial Investments*

The decrease of \$12.5 million in the 2014-15 estimated outcome from the original budget is mainly due to the timing of distribution receipts, the availability of income for distribution from the investment trusts and the asset allocation of the Superannuation Provision Account.

The increase of \$20.1 million in the 2015-16 Budget from the 2014-15 estimated outcome mainly reflects the timing of distribution receipts and the asset allocation of the Superannuation Provision Account.

## Dividends and Tax Equivalents

Table 6.1.14 provides a summary of dividends and tax equivalents.

**Table 6.1.14**  
**Dividends and Tax Equivalents**

<b>2014-15 Budget</b>		<b>2014-15 Est. Outcome \$'000</b>	<b>2015-16 Budget \$'000</b>	<b>Var %</b>	<b>2016-17 Estimate \$'000</b>	<b>2017-18 Estimate \$'000</b>	<b>2018-19 Estimate \$'000</b>
	<b>Dividends</b>						
81,036	Dividends – Icon Water	79,308	69,172	-13	74,918	74,334	79,707
418	Dividends – ACTTAB	700	-	-100	-	-	-
500	Dividends – CIT Solutions	250	500	100	500	500	500
81,880	Dividends – Land Development Agency	60,379	107,043	77	56,746	74,456	68,329
54,527	Dividends from Financial Investments	51,100	50,858	..	49,892	53,624	57,640
<b>175,471</b>	<b>Total Dividends</b>	<b>191,737</b>	<b>227,573</b>	<b>19</b>	<b>182,056</b>	<b>202,914</b>	<b>206,176</b>
	<b>Tax Equivalents</b>						
62,169	Income Tax Equivalent	70,907	101,855	44	113,132	72,612	101,267
<b>62,169</b>	<b>Total Tax Equivalents</b>	<b>70,907</b>	<b>101,855</b>	<b>44</b>	<b>113,132</b>	<b>72,612</b>	<b>101,267</b>
<b>237,640</b>	<b>Total Dividend and Tax Equivalents</b>	<b>262,644</b>	<b>329,428</b>	<b>25</b>	<b>295,188</b>	<b>275,526</b>	<b>307,443</b>

### *Icon Water*

Icon Water's estimated 2014-15 dividend of \$79.3 million is \$1.7 million below the original 2014-15 Budget, followed by a decrease of \$10.1 million in 2015-16. Lower energy distribution charges resulting from the Australian Energy Regulator's final decision for ActewAGL's distribution business has reduced expected profits for ActewAGL, thereby reducing Icon Water's dividend payment for 2015-16.

### *ACTTAB*

As ACTTAB was sold on 14 October 2014, the 2014-15 estimated outcome reflects the final ACTTAB dividend payment.

### *CIT Solutions*

CIT Solutions' estimated 2014-15 dividend is 50 per cent below the original 2014-15 Budget. This is to ensure that CIT Solutions has sufficient cashflow reserves over the coming months to meet the cost of design and development work for new major contracts. The dividend returns to normal levels from 2015-16 onwards.

### *Land Development Agency (LDA)*

The LDA's 'nominal' surplus is not fully recognised as revenue in the GGS Net Operating Balance, consistent with the Government Finance Statistics (GFS) accounting principles. In general, LDA's nominal surplus comprises sale of assets (for example, undeveloped commercial land) and profit from development and marketing activities. Proceeds from asset sales (including gains from land rezoning) are treated as capital distributions and only profits from development and marketing activities are recognised as dividend revenue.

The dividend is forecast to decrease by \$21.5 million in 2014-15 and increase by \$46.7 million in 2015-16, due to increased sales activity. Refer to Supply and Release of Land (Chapter 5.2).

### *Dividends from Financial Investments*

This represents dividends from financial investment assets of the Superannuation Provision Account. The decrease of \$3.4 million in the 2014-15 estimated outcome from the original budget is mainly due to the actual share investment holdings over the year and the level of dividend revenue expected to be received.

### *Income Tax Equivalentents*

This represents income tax equivalent payments made by the Public Trading Enterprise sector. The estimated outcome for 2014-15 is \$70.9 million and reflects the performance forecast from the ACT agencies that are subject to the National Tax Equivalent Regime.

The increase of \$8.7 million in 2014-15 from the original budget forecast is primarily due to greater than expected contributions from Icon Water and the Land Development Agency.

Revenue of \$101.9 million is forecast for 2015-16. The increase of \$30.9 million from the 2014-15 estimated outcome reflects significant increased activity in 2015-16 by the Land Development Agency.

## Other Revenue

Table 6.1.15 provides the 2014-15 estimated outcome, the 2015-16 Budget and the forward estimates for other revenue.

The 2014-15 outcome is expected to decrease by \$12.1 million relative to the 2014-15 Budget estimate. Other revenue is expected to increase in 2015-16 by \$15 million to \$137.7 million.

**Table 6.1.15  
Other Revenue**

2014-15 Budget		2014-15 Est. Outcome \$'000	2015-16 Budget \$'000	Var %	2016-17 Estimate \$'000	2017-18 Estimate \$'000	2018-19 Estimate \$'000
22,285	Traffic Infringement Fines	20,400	23,590	16	24,915	26,321	27,809
283	Court Fines	380	380	-	380	380	380
12,392	Parking Fines	10,525	13,625	29	14,442	15,309	16,228
378	Other Fines	491	1,059	116	1,063	1,068	1,072
<b>35,338</b>	<b>Total Fines</b>	<b>31,796</b>	<b>38,654</b>	<b>22</b>	<b>40,800</b>	<b>43,078</b>	<b>45,489</b>
	<b>Other</b>						
14,762	Superannuation Contribution	12,721	12,649	-1	12,070	11,744	11,538
16,191	Rents and Commutation	15,513	16,885	9	17,069	16,611	16,055
18,647	Contributions	19,047	20,047	5	20,047	20,047	20,047
49,907	Other Miscellaneous Revenue	43,683	49,494	12	51,076	51,844	53,169
<b>99,507</b>	<b>Total Other</b>	<b>90,964</b>	<b>99,075</b>	<b>8</b>	<b>100,262</b>	<b>100,246</b>	<b>100,809</b>
<b>134,845</b>	<b>Total Other Revenue</b>	<b>122,760</b>	<b>137,729</b>	<b>11</b>	<b>141,062</b>	<b>143,324</b>	<b>146,298</b>

### *Traffic Infringement Fines*

The estimated revenue from traffic infringement fines in 2014-15 is \$20.4 million, which is \$1.9 million lower than the 2014-15 Budget estimate. This is because of a reduction in the number of traffic fines issued in 2014-15, partly due to the replacement of fixed and mobile speed cameras in 2014. Revenue from traffic infringement fines is expected to increase to \$23.6 million in 2015-16 which assumes the number of traffic fines will return to trend.

### *Parking Fines*

The estimated outcome from parking fines revenue in 2014-15 is \$10.5 million, which is \$1.9 million less than the 2014-15 Budget. This is because of initial technical issues associated with the Parkmobile app which reduced compliance enforcement. The introduction of the National Capital Authority parking has also removed compliance enforcement in the Parliamentary triangle.

Parking fine revenue is expected to increase to \$13.6 million in 2015-16 partly due to an increased presence of Parking Operations inspectors.

### *Other Fines*

Revenue from other fines is forecast to increase from \$0.5 million in 2014-15 to \$1.1 million in 2015-16 mostly due to a \$10 increase to the Victims of Crime Assistance Scheme. Refer to Expense Initiatives (Chapter 3.2) for more information on this initiative.

### *Superannuation Contributions*

This item represents the payment of employer superannuation contributions to the Territory Banking Account (TBA) by the Public Trading Enterprise sector and external sector (ActewAGL). The contribution calculations are based on annual actuarially determined employer contribution rates for either the CSS or PSS membership. This item also includes the employee contributions to the TBA by those Members of the Legislative Assembly who are members of the defined benefit superannuation arrangement.

### *Rents and Commutation*

Rents and commutation income is expected to decrease by \$0.7 million in the 2014-15 estimated outcome compared to the original 2014-15 Budget. The 2015-16 Budget forecast shows an increase of \$1.4 million, partly due to higher rental revenue under the land rent scheme.

### *Contributions*

This item includes voluntary contributions, fundraising and excursion funds, and revenue from hire of school buildings, which are collected by schools and the Education and Training Directorate.

### *Other Miscellaneous Revenue*

Other miscellaneous revenue is expected to increase in 2015-16 compared to the 2014-15 estimated outcome by \$5.8 million.

Table 6.1.16 below provides a breakdown of other miscellaneous revenue.

**Table 6.1.16**  
**Breakdown – Other Miscellaneous Revenue**

	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
	<b>Est. Outcome</b>	<b>Budget</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue from Financial Investments	853	688	680	730	785
Donations	1,484	1,518	1,548	1,672	1,714
Other Grants	10,888	18,328	18,763	18,975	19,413
Recoveries	13,492	11,901	12,477	12,847	13,268
Contributions	2,471	1,966	1,923	1,880	1,884
Perpetual Care Trust	1,952	1,525	1,855	1,907	1,987
Problem Gambling Assistance Fund	1,085	1,112	1,140	1,169	1,198
Regulatory Fees	1,364	1,366	1,368	1,368	1,368
Miscellaneous	10,094	11,090	11,322	11,296	11,552
<b>Total Other Miscellaneous Revenue</b>	<b>43,683</b>	<b>49,494</b>	<b>51,076</b>	<b>51,844</b>	<b>53,169</b>

## 6.2 TAXATION REFORM

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The Government is committed to making the Territory's taxation system fairer, simpler and more efficient through with significant reforms to the Territory's taxation system. For the Budget, the Government continues the reform process that it started in the 2012-13 Budget.

The main reform initiative relates to the abolition of inefficient taxes, including conveyance duty (over a twenty year period) and insurance duty (over a five year period). The revenue lost through the abolition of these inefficient taxes will be replaced through the general rates system. This will preserve capacity for the provision of high quality government services and ensure future generations do not bear the economic costs of an unfair and inefficient tax system. In addition, tax reform will result in significant economic gains in the wider economy due to the improvements in efficiency.

### Continuing Taxation Reform

The 2015-16 Budget continues the tax reform agenda first announced in the 2012-13 Budget, to abolish duty on insurance policies and conveyance duty.

#### *Duty on Insurance*

In the 2012-13 Budget, the Government announced the abolition of duty on insurance policies over a five year period. The 2015-16 financial year will be the last year that duty will apply on insurance policies with rates being fully abolished effective on 1 July 2016.

From 1 July 2015, duty rates on general insurance will reduce from four per cent to two per cent. Duty on life insurance will reduce from two per cent to one per cent.

The rates for insurance duty until 2016-17 are shown in Table 6.2.1 below.

**Table 6.2.1: Duty on Insurance Taxes (%)**

	2015-16	2016-17
General insurance	2	0
Life insurance	1	0

From 1 July 2015, an ACT household paying around \$2,500 per year in insurance (home and motor vehicle) will save an additional \$50 in 2015-16 as a result of this reform. The total annual saving from the introduction of these reforms, in 2012-13, will be approximately \$200 in 2015-16.

The ACT's low and declining insurance duty rates compare favourably to other jurisdictions. The rate of duty on general insurance in NSW and Queensland is nine per cent, 10 per cent in Victoria and 11 per cent in South Australia.

#### *Conveyance Duty*

In 2012-13, the Government announced the abolition of conveyance duty over a twenty year period. This timeframe was set to ensure the reform was undertaken in a staged approach, and to allow households and businesses time to plan and make decisions with certainty as to the reform program.

In the 2013-14 Budget, the Government established a flat rate of conveyance duty for large properties. The Government will further reduce the flat rate in this budget to 5.17 per cent in 2015-16 for all properties (residential and commercial) with a sale value above \$1.455 million. Table 6.2.2 shows the conveyance duty rate scale.

**Table 6.2.2: Conveyance Duty Rates**

Threshold	2014-15 %	2015-16 %	2016-17 %	2017-18 %
Up to \$200,000	2.0	1.8	1.48	1.47
\$200,001 to \$300,000	3.5	3.0	2.5	2.49
\$300,001 to \$500,000	4.15	4.0	4.0	3.99
\$500,001 to \$750,000	5.0	5.0	5.0	4.8
\$750,001 to \$1,000,000	6.5	6.5	6.5	6
\$1,000,001 to \$1,454,999	7.0	7.0	7.0	6.75
\$1,455,000 and above*	5.25	5.17	5.09	4.89

**Note:**\* The \$1,455,000 and above rate is a flat rate.

Table 6.2.3 below shows the reduction in conveyance duty payable since the commencement of the reform program in 2012-13 for a range of different property values. For example, as a result of taxation reform:

- for a property valued at \$300,000, the saving is \$2,900;
- for a property valued at \$500,000, the saving is \$5,900;
- for a property valued at \$750,000, the saving is \$7,775; and
- for a property valued at \$2,000,000 the saving is \$13,350.

**Table 6.2.3: Conveyance Duty by Threshold**

Property value (\$)	Duty Payable (pre reform) 2011-12 (\$)	Duty Payable 2015-16 (\$)	Total savings in 2015-16 (\$)
<b>200,000</b>	5,500	3,600	1,900
<b>300,000</b>	9,500	6,600	2,900
<b>500,000</b>	20,500	14,600	5,900
<b>750,000</b>	34,875	27,100	7,775
<b>2,000,000</b>	116,750	103,400	13,350

The Government's reforms to conveyance duty continue to provide significant savings on higher value properties, which in the ACT are almost exclusively confined to the commercial sector. Table 6.2.4 below shows the reduction in conveyance duty payable for high value properties since the commencement of the reform program in 2012-13. For example:

- for a property valued at \$5 million, the additional saving in 2015-16 is \$4,000 with a total saving of \$60,750 since taxation reform commenced;
- for a property valued at \$10 million, the additional saving in 2015-16 is \$8,000 with a total saving of \$139,750 since taxation reform commenced; and
- for a property valued at \$20 million, the additional saving in 2015-16 is \$16,000 with a total saving of \$297,750 since taxation reform commenced.

**Table 6.2.4: Conveyance Duty by Threshold – High Value Properties**

Property value	Duty Payable (pre reform) 2011-12	Duty Payable 2015-16	Total savings in 2015-16
(\$)	(\$)	(\$)	(\$)
<b>5,000,000</b>	319,250	258,500	60,750
<b>10,000,000</b>	656,750	517,000	139,750
<b>20,000,000</b>	1,331,750	1,034,000	297,750
<b>30,000,000</b>	2,006,750	1,551,000	455,750

Under this reform, conveyance duty in the ACT will be lower for all property values compared with Victoria. Properties valued up to \$850,000 will incur less conveyance duty in the ACT compared with NSW.

### **General Rates**

On average, general rates on residential and commercial properties will increase by around nine per cent in 2015-16, continuing the tax reform program by replacing inefficient taxes on conveyances and insurance premiums with an efficient land based tax.

This is lower than the 10 per cent rate foreshadowed in the 2014-15 Budget due to lower levels of general inflation. The 2015-16 Budget assumes that general rates will increase by nine per cent in 2015-16, 8.75 per cent in 2016-17, 8.5 per cent in 2017-18 and 8.25 per cent in 2018-19. These rate increases are part of the Government's reforms to move our tax base away from inefficient transaction based taxes to a more efficient land tax system.

