

5.2 2005-06 REVENUE AND FORWARD ESTIMATES

This chapter provides the 2004-05 estimated outcome and the 2005-06 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 Part 4.2, Developments in Commonwealth-State Financial Relations. Specific Purpose Payments from the Commonwealth 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 32% of total general government revenue in 2005-06 will be derived from taxes, fees and fines, with the remainder from grants, other own source revenue, user charges, dividends and interest received.

Figure 5.2.1
Components of General Government Revenue 2005-06

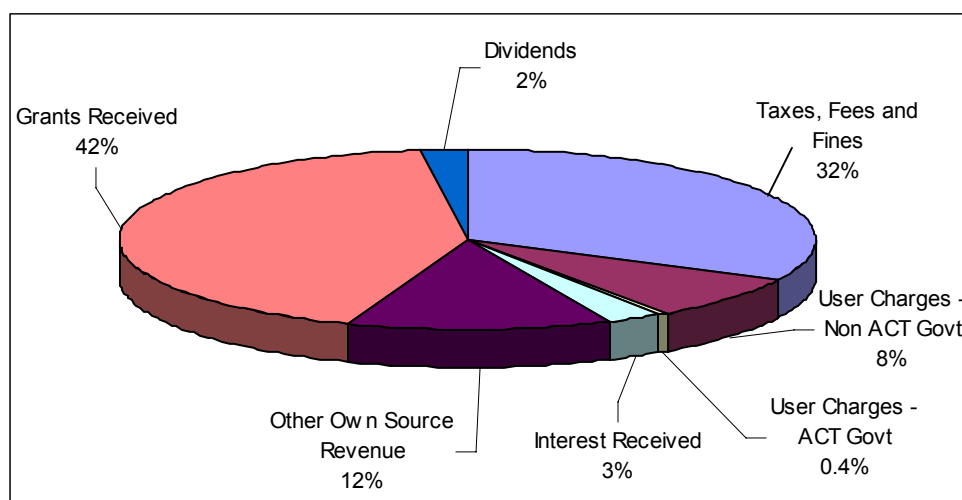


Table 5.2.1 provides a summary of 2004-05 estimated general government revenue, 2005-06 budget forecasts and forward estimates by revenue source.

**Table 5.2.1
General Government Revenue**

	2004-05 Est.Outcome \$'000	2005-06 Budget \$'000	Var %	2006-07 Estimate \$'000	2007-08 Estimate \$'000	2008-09 Estimate \$'000
Revenue and Grants Received						
Taxes, Fees and Fines	835 417	880 670	5	933 437	992 096	1 051 416
User Charges - Non ACT Govt	200 800	216 328	8	230 895	238 147	248 656
User Charges - ACT Govt	12 550	10 812	-14	13 046	13 363	13 672
Interest Received	78 138	69 020	-12	57 566	53 799	55 211
Other Own Source Revenue	396 035	330 639	-17	356 583	381 815	402 091
Grants Received	1 103 222	1 148 171	4	1 182 408	1 236 423	1 288 851
Dividends	93 149	60 318	-35	70 522	76 351	79 297
Total Revenue	2 719 311	2 715 958	..	2 844 457	2 991 994	3 139 194
Revenue from Associates and Joint Ventures	1 040	0	-100	7 000	7 000	7 000

Taxes, Fees and Fines

Revenue from taxes, fees and fines is expected to increase from \$835.417m in 2004-05 to \$880.670m in 2005-06.

Taxes

Table 5.2.2 shows that the increase in taxation revenue expected for 2005-06 is primarily due to an increase in general rates revenue as well as continuing growth of payroll tax, land tax and conveyance revenue. It is anticipated that tax revenue in 2006-07 will exceed that of previous years and continue to grow at a steady rate in the forward years. The assumptions and outlook underpinning the conveyance revenue estimate in 2005-06 are for a marginal increase in turnover, and a small increase in price. Across the forward estimates, activity is assumed to increase by around 4% per annum, while prices are assumed to increase at a rate slightly above the CPI.

The general growth in economic activity and wages will flow through to growth in payroll tax, while the land tax rates have been reduced to cap growth in average land tax bills to CPI, despite the rise in the Average Unimproved Value (AUV) of rented residential and commercial properties.

**Figure 5.2.2
Components of Taxes 2005-06**

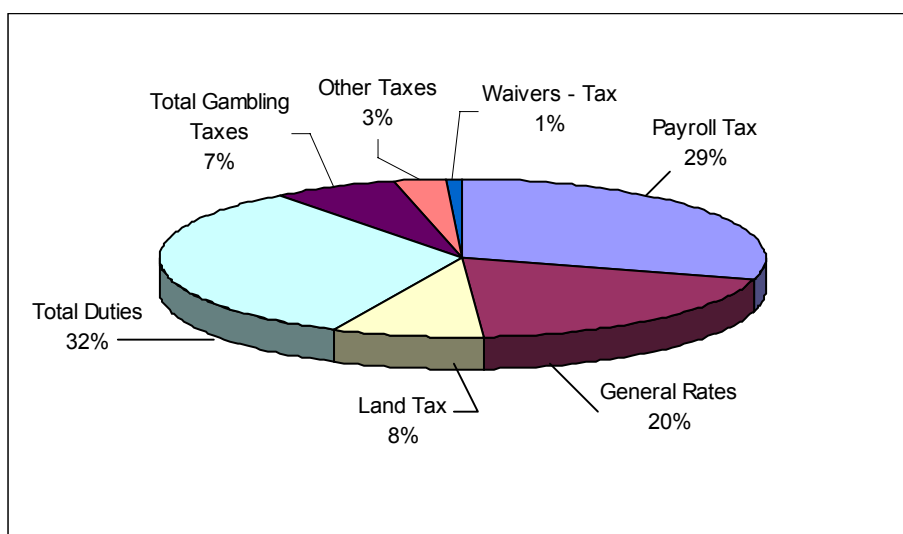


Figure 5.2.2 shows the relative significance of tax components as forecast for 2005-06, with duties and payroll tax the two largest contributors to the Territory's tax base. The next largest revenue source is general rates. Together, these account for 81% of taxation revenue.

Fees and Fines

Fees and fines forecast for 2005-06 broadly reflect the 2004-05 estimate. The largest contributor to fees and fines is motor vehicle registration, forecast to generate 41% of total fees and fines revenue in 2005-06, followed by fees for regulatory services 27%; while the water abstraction and traffic infringement fines together are estimated to recover 19% of total fees and fines. This is consistent with the 2004-05 estimate where motor vehicle registration and fees for regulatory services were 42% and 28% of the total fees and fines revenue respectively.

Other Sources of Government Revenue (Total Revenue less Taxes, Fees and Fines)

Table 5.2.1 shows total revenue from other government revenue sources is expected to decrease from \$1,885m in 2004-05 to \$1,835m in 2005-06.

For 2005-06, increases in revenue include non ACT Government user charges and grants received. This is offset by decreases in revenue relating to interest; dividends from the PTE sector, revenue from associates and joint ventures; and other source revenue, including land revenue and gains in financial investments.

The largest item in other government revenue sources is grants received from the Commonwealth, forecast to generate \$1.148m or 63% of total other government revenue in 2005-06, followed by other own source revenue with 18%. This has decreased from the 2004-05 estimate where other own source revenue was 21% of other government revenue.

Revenue Initiatives

Revenue measures to take effect during 2005-06 include:

- limiting the increase in land tax revenue from existing properties to actual CPI to the December 2004 quarter of 2.4%;
- an additional general rates increase (above CPI increase of 2.4%) equal to an average of \$104 for residential and rural properties and an average of \$312 for commercial properties;
- increasing the general rates rebate cap for post 1 July 1997 pensioners from \$305 to \$365;
- abolition of Debits Tax from 1 July 2005, as agreed under the Intergovernmental Agreement on Tax Reform;
- payroll tax exemption for wages paid by employers as maternity leave;
- simplifying collection of gaming machine tax revenue;
- increasing parking fees from 1 October 2005 to reflect CPI movements since the previous fee review; and
- increasing parking enforcement to ensure that levels of enforcement are maintained to their current standards.

Limit the increase in land tax revenue from existing properties to actual CPI of 2.4%

Land tax rates will be reduced in 2005-06 to limit the increase in land tax revenue from existing properties to the actual CPI to the December 2004 quarter of 2.4%. To achieve this measure in 2005-06, all land tax marginal rates have been reduced and each of the AUV thresholds have been increased to reduce the impact of “bracket creep” for both residential and commercial land taxable properties.

This initiative will reduce the land tax revenue by an estimated \$8.1m compared to applying the existing land tax marginal rates to the updated property AUVs.

Additional General Rates Increase

General rates revenue from existing properties will increase in 2005-06 by an average of \$104 for residential and rural properties and \$312 for commercial properties above the December 2004 CPI of 2.4%.

It is estimated that this measure will generate an additional \$13.8m in rates revenue in 2005-06.

Rates Pensioner Rebate

This initiative increases the rates rebate cap provided for post 1 July 1997 pensioners from \$305 to \$365. The increase maintains the overall level of assistance for this category of pensioners.

Gaming Machine Tax Rates

To simplify the calculation and collection of gaming machine taxation revenue from ACT clubs, taxation rates on gross gaming machine revenue have been reduced to eliminate the GST credit from 2005-06 and beyond. The threshold from which taxation is paid has also been raised from \$8,000 to \$15,000. These changes are designed to be revenue neutral for overall gaming machine taxation collected by the Territory.

Parking Fees

Additional revenue of \$0.6m in 2005-06 and \$0.8m across the forward estimates is anticipated from 1 October 2005. As fees for the Territory ticket car parking areas were last increased in July 2000, this reflects the cumulative impact of movements in the CPI since that time.

Additional Parking Enforcement

Revenue is anticipated to increase by \$0.520m in 2005-06 following an increase in enforcement capacity to ensure that levels of community compliance are maintained.

Future initiatives

The parking space levy, which was announced in the 2003-04 Budget and was scheduled to be implemented in 2005-06, has been replaced with a planned City Heart levy which aims to maintain and improve the amenity of Civic. This initiative is expected to raise \$2.5m annually from 2006-07 onwards.

In 2007-08, there will be an increase in gaming machine tax rates for ACT clubs with gross gaming machine revenue of \$25,000 per month or greater. This will raise additional revenue of \$5.3m per annum from 1 July 2007.

As part of the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* (IGA), the Ministerial Council for Commonwealth-State Financial Relations (MinCo) is required to review, by 2005, the retention of stamp duties on the following transactions:

- stamp duty on non-quotable marketable securities;
- stamp duty on leases;
- stamp duty on mortgages, bonds, debentures and other loan securities;
- stamp duty on credit arrangements, instalment purchase arrangements and rental arrangements;
- stamp duty on cheques, bills of exchange and promissory notes; and
- stamp duty on business conveyances.

Most State and Territory Governments, including the ACT, have presented proposed schedules for the removal of certain taxes on business transactions to the Australian Government. A final agreement has not yet been reached on this matter. Further details are provided in Chapter 4.2.

Taxes

Table 5.2.2 provides details on ACT taxes.

**Table 5.2.2
Taxes**

	2004-05 Est.Outcome \$'000	2005-06 Budget \$'000	Var %	2006-07 Estimate \$'000	2007-08 Estimate \$'000	2008-09 Estimate \$'000
General Tax						
Payroll Tax	197 654	213 938	8	231 936	251 196	274 475
General Rates	124 136	142 249	15	148 101	154 088	160 163
Land Tax	54 833	58 098	6	60 584	63 174	65 872
Debit Tax	14 832	0	-100	0	0	0
Total General Tax	391 455	414 285	6	440 621	468 458	500 510
Duties						
Conveyances	149 913	161 442	8	176 659	191 189	206 908
General Insurance	31 332	32 325	3	33 382	34 610	35 918
Hiring Duty	3 236	3 335	3	3 446	3 561	3 676
Leases	5 450	4 385	-20	4 495	4 607	4 722
Life Insurance	675	697	3	719	746	774
Motor Vehicle Rego & Transfers	25 303	26 568	5	27 897	29 292	30 756
Shares & Marketable Securities	7 851	8 330	6	8 838	9 378	9 950
Other Duties	1 700	1 738	2	1 782	1 825	1 871
Total Duties	225 460	238 820	6	257 218	275 208	294 575
ACTTAB Licence Fee	1 360	1 360	-	1 360	1 360	1 360
Gaming Tax	31 500	32 538	3	32 587	37 594	39 501
Casino Tax	2 154	2 208	3	2 263	2 320	2 378
Interstate Lotteries	13 190	13 511	2	13 842	14 180	14 534
Total Gambling Taxes	48 204	49 617	3	50 052	55 454	57 773
Other Taxes						
Ambulance Levy	6 821	6 860	1	6 860	6 860	6 860
TOCTAX	15 368	14 320	-7	16 588	20 185	21 684
Other Taxes	0	0	-	2 500	2 500	2 500
Total Taxes (before waivers)	687 308	723 902	5	773 839	828 665	883 902
Waivers - Tax	5 086	5 087	..	4 602	4 618	4 635
Total Taxes	692 394	728 989	5	778 441	833 283	888 537

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 2004-05 is \$197.654m, and the forecast for 2005-06 is \$213.938m. The expected increase in 2005-06 largely reflects forecast growth in economic activity.

General Rates

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

General rates revenue from existing properties will increase in 2005-06 by an average of \$104 for residential and rural properties and \$312 for commercial properties above the December 2004 CPI of 2.4%.

The additional increase in rates will be imposed for all properties on a 50/50 basis of fixed charge and valuation (AUV) charge.

General rates revenue estimates include expected revenue from both existing and new properties, and represent the net amount after allowing for pensioner rebates and discounts for early payment. The estimated outcome from rates revenue in 2004-05 is \$124.136m and in 2005-06 is estimated to increase to \$142.249m.

The rating system in 2005-06 will have the following features:

- a fixed charge of \$392 for residential properties;
- a fixed charge of \$52 for rural properties;
- a fixed charge of \$496 for commercial properties;
- a valuation based charge on the Average Unimproved Value (AUV for 2003, 2004 and 2005 land values);
- a rate free threshold of \$22,000 applied to the AUV of each property;
- rating factors of;
 - 0.3622% for residential properties;
 - 0.2008% for rural properties;
 - 1.1527% for commercial properties; and
- a pensioner rebate cap for post 1 July 1997 pensioners of \$365.

Land Tax

Land tax applies to all commercial properties and any residential properties that are rented or owned by a corporation or a trustee. Land tax assessments in 2005-06 will be based on the most recent Average Unimproved Value (AUV) that incorporates the 2005 unimproved land value.

The new land tax initiative for 2005-06 will limit the increase in average land tax revenue from existing properties to the actual CPI to the December 2004 quarter of 2.4%. To achieve this measure in 2005-06, all land tax marginal rates have been reduced and each of the AUV thresholds have been increased to reduce the impact of “bracket creep” for both residential and commercial land taxable properties.

The land tax marginal rates that will apply from 1 July 2005 are as shown in table 5.2.3:

**Table 5.2.3
Land Tax Marginal Rates**

AUV	Residential	Commercial
up to \$75 000	0.60%	0.89%
\$75 001 up to \$150 000	0.89%	0.89%
\$150 001 up to \$275 000	1.15%	1.25%
\$275 001 and above	1.40%	1.59%

The estimated outcome from land tax revenue in 2004-05 is \$54.833m and in 2005-06 land tax revenue is estimated to increase to \$58.098m.

Duty on Conveyances

Duty is levied on the agreement for sale or transfer of land, a Crown lease or a land use entitlement located in the ACT. The current rates payable (with effect from 30 June 2002) range from \$2 - \$6.75 per \$100 or part thereof and are generally applied to the transfer value of the property. A concessional rate applies for persons qualifying under the ACT Home Buyer Concession Scheme.

The estimated outcome for 2004-05 is \$149.913m, reflecting the fall in number of residential conveyance transactions and a strong take-up rate of the ACT Home Buyer Concession Scheme. A revenue increase to \$161.442m is forecast for 2005-06 due to an anticipated slight increase in the volume of residential property sales and gradual increase of property prices.

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 2004-05 is \$31.332m and the forecast for 2005-06 is \$32.325m. There has been an overall growth in general insurance premiums following the January 2003 bushfire and the premiums are likely to remain high in the future years.

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 2004-05 is \$3.236m and the forecast for 2005-06 is \$3.335m, representing an increase in line with CPI and population growth.

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 2004-05 is \$5.450m and the forecast for 2005-06 is \$4.385m.

Duty on Life Insurance

For life insurance, duty is payable on:

- the sum insured, \$1 on first \$2,000 + \$0.20/\$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 2004-05 is \$0.675m and the forecast for 2005-06 is \$0.697m. 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.

The estimated outcome for 2004-05 is \$25.303m and the forecast for 2005-06 is \$26.568m.

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 2004-05 is \$7.851m and the forecast for 2005-06 is \$8.330m. Revenue in 2004-05 was significantly greater than the published budget for 2004-05 due to several large one-off transactions. This is a volatile revenue line and the 6% increase is a reflection of long-term trends.

Other Duties

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

The estimated outcome for 2004-05 is \$1.7m. The forecast for 2005-06 is \$1.738m.

ACTTAB Licence Fee

ACTTAB pays a fixed licence fee. In addition, a dividend and a tax equivalent payment are made to the General Government Sector.

Revenue from the licence fee for 2004-05 and 2005-06 is estimated at \$1.360m.

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 2004-05 is \$31.5m and the forecast for 2005-06 is \$32.538m. The increase in revenue is due to CPI increases, together with a small forecast adjustment.

Casino Tax

The tax applying to the Canberra Casino is 20% of gross profit from general gaming operations. Estimated revenue for 2004-05 is \$2.154m and in 2005-06 is \$2.208m.

Interstate Lotteries

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

Revenue from this source is estimated at \$13.190m for 2004-05 and the forecast for 2005-06 is \$13.511m.

Ambulance Levy

The ambulance levy is imposed under the *Emergency Management Act 1999* on health benefits organisations to pay a monthly levy in respect of each person or family insured by that organisation. The levy assists in raising funds to maintain and continue emergency services. The full amount required to operate the emergency services are appropriated through the normal budget process.

The estimated revenue outcome for 2004-05 is \$6.821m, while 2005-06 and beyond are projected as \$6.860m per annum.

Income Tax Equivalent Payments (TOCTAX)

These represent tax equivalent payments made by ACT Public Trading Enterprises. The estimate of total revenue for 2004-05 is \$15.368m and the forecast for 2005-06 is \$14.320m.

Other Taxes

A parking space levy was announced for development in 2003-04, but its anticipated implementation in 2005-06 has been removed and replaced with a planned City Heart levy which aims to maintain and improve the amenity of Civic. The levy will raise \$2.5m per annum. The details of this levy will be developed over the coming year in consultation with the relevant stakeholders.

Tax Waivers

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

The estimated waiver revenue for 2004-05 is \$5.086m which includes relief provided to individuals and other entities affected by the January 2003 bushfire. The forecast for 2005-06 is \$5.087m.

ACT Taxes Compared to NSW

As a result of the ACT's unique location, the Government endeavours to maintain taxation rates in line with NSW wherever appropriate. Table 5.2.4 shows the comparative tax rates between the ACT and NSW for major taxation items as at April 2005. The initiatives to be introduced in the 2005-06 ACT Budget have been included in the table.

**Table 5.2.4
ACT Taxes (with proposed new initiatives) compared with NSW as at April 2005**

Tax type	ACT	NSW
Payroll Tax	6.85% 1st \$1,250,000 exempt	6.0% from 1 July 2002 1st \$600,000 exempt
Land Tax	<p>Imposed quarterly on rolling three-year average unimproved land value (AUV).</p> <p>With effect from 2005-06 period, residential - imposed only on rateable properties that are rented or owned by a trust or a company (excluding land owned by a building or development company) as follows:</p> <ul style="list-style-type: none"> • AUV up to \$75,000 – 0.60% • AUV \$75,001 – \$150,000 – 0.89% • AUV \$150,001 – 275,000 – 1.15% • AUV \$275,001 and above 1.40% <p>Commercial - imposed on all properties at the following rates from 1 July 2005:</p> <ul style="list-style-type: none"> • AUV up to \$150,000 – 0.89% • AUV \$150,001 - \$275,000 – 1.25% • AUV \$275,001 and above – 1.59% 	<p>Imposed annually on aggregated unimproved land value of property that is not the principal place of residence.</p> <p>Effective from the 2005 land tax year, the current single marginal rate of 1.7% will be replaced with the following marginal rate scale:</p> <ul style="list-style-type: none"> • A land value of less than \$400,000 will pay a land tax rate of 0.4%. • A land value of between \$400,001 and \$500,000 will pay a land tax rate of \$1,600 plus 0.6% on the value of land above \$400,000. • A land value above \$500,000 will pay a land tax rate of \$2,200 plus 1.4% on the value of land above \$500,000. • If land is owned by a trustee of a special trust, or is owned by a company classified as a non-concessional company, land tax will be charged at the rate of 1.4% for the taxable value.
Duty on Conveyances	<p>The greater of \$20 or the amount resulting from applying the rates of \$2.00 - \$6.75 per \$100 or part thereof</p> <p>Home Buyers Concession Scheme, effective from 1 January 2005:</p> <ul style="list-style-type: none"> • income threshold of \$100,000 (plus further allowance for children) • concession for house and land value of up to \$386,000 • concession for vacant land value of up to \$185,000 <p>The property value thresholds are determined in July and January of each year, taking into account movements in the market.</p>	<p>The greater of \$2.00 or the amount resulting from applying the rates of \$1.25 - \$5.50 per \$100 or part thereof.</p> <p>For residential properties above \$3m, the duty payable is \$150,490 plus the rate of \$7.00 per \$100 or part thereof that exceeds \$3m.</p> <p>From 1 June 2004, apply 2.25% upon value of property when sold, except for principal place of residence, farming properties, capital loss etc.</p> <p>First Home Buyers will not pay stamp duty for house and land properties up to \$500,000 with phase out concession up to property value of \$600,000. With respect to vacant land, no duty for value up to \$300,000 and phasing out at \$450,000.</p>
Vendor Duty	Not applicable in ACT	From 1 June 2004, vendors or transferors of land-related property in NSW are required to pay a vendor duty of 2.25% of the dutiable value of the property.
Mortgages and Loan Security Duty	Not imposed in ACT	\$0 - \$16,000 - \$5.00 above \$16,000 - \$4.00 per \$1,000 or part thereof in excess

Duty on Motor Vehicle Registrations	Under \$45,000 = \$3 per \$100 Over \$45,000 = \$1,350+\$5 per \$100 or part thereof over \$45,000	Under \$45,000 = \$3 per \$100 Over \$45,000 = \$1,350+\$5 per \$100 or part thereof over \$45,000
Duty on General Insurance	10%	2.5% to 5%
Duty on Life Insurance	\$0 to \$2,000 - \$1 Over \$2,000 - \$1 plus 20c per \$200 or part thereof in excess of \$2,000	\$0 to \$2,000 - \$1 Over \$2,000 - \$1 plus 20c per \$200 or part thereof in excess of \$2,000
Gambling Tax – Casino	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 \$271m p.a. at 1% per each \$6.4m to a maximum of 35.91% 13.41% of gross revenue from slot machines
Gambling Tax – Clubs	As from July 2005: For gross monthly gaming machine revenue of less than \$15,000: 0% \$15,000 - \$25,000: 15% \$25,000 - \$50,000: 16% >\$50,000: 18%	As at April 2005: For gross monthly gaming machine revenue of up to \$200,000: 0.0% \$200,001 - \$1m: 10.8% \$1m - \$5m: 18.3% \$5m - \$10m: 19.7% >\$10m: 20.4%
Gambling Tax – Hotels	25.9% of gross monthly gaming machine revenue	Where annual profit: Up to \$25,000: 5.8% \$25,001-\$200,000: 15.8% \$200,001-\$400,000: 17.2% \$400,001 - \$1m: 26.5% \$1m - \$5m: 31.5% >\$5m: 33.6%

Fees and Fines

Details of fees and fines are provided in Table 5.2.5.

**Table 5.2.5
Fees and Fines**

	2004-05 Est.Outcome \$'000	2005-06 Budget \$'000	Var %	2006-07 Estimate \$'000	2007-08 Estimate \$'000	2008-09 Estimate \$'000
Fees						
Motor Vehicle Registration	60 486	61 977	2	63 517	65 104	66 732
Casino Licence Fees	698	716	3	734	752	771
Drivers Licences	6 108	6 260	2	6 417	6 577	6 741
Change of Use Charge	4 111	4 212	2	4 318	4 425	4 536
Fees for Regulatory Services	39 536	40 348	2	41 174	42 208	43 418
Water Abstraction Charge	10 970	15 030	37	15 181	15 560	15 949
Total Fees	121 909	128 543	5	131 341	134 626	138 147
Fines						
Traffic Infringement Fines	11 981	13 769	15	14 058	14 356	14 661
Court Fines	250	250	-	250	250	250
Parking Fines	8 587	8 852	3	9 073	9 300	9 533
Other Fines	296	267	-10	274	281	288
Total Fines	21 114	23 138	10	23 655	24 187	24 732

Fees

Motor Vehicle Registration Fees

The estimated revenue from motor vehicle registrations in 2004-05 is \$60.486m and the forecast for 2005-06 is \$61.977m. This increase reflects movement in the CPI and the continued alignment of registration charges with those of NSW.

Casino Licence Fees

The casino licence holder pays the casino licence fee to the ACT Gambling and Racing Commission. The Gambling and Racing Commission also collects casino employees' licence fees for licensing staff employed by the casino. The 2004-05 total estimate for casino licence fees of \$0.698m is expected to increase to \$0.716m in 2005-06.

Drivers' Licences

The revenue from drivers' licences in 2004-05 is estimated at \$6.108m and the forecast for 2005-06 is \$6.260m. This increase reflects movement in the CPI and the continued alignment of driver's licence fees with those of NSW.

Change of Use Charge

A Change of Use Charge is payable on the increased value of a block of land arising from a development application and is calculated at 75% 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 2004-05 outcome is estimated at \$4.111m and the forecast for 2005-06 is \$4.212m.

Fees for Regulatory Services

The 2004-05 total estimate for fees for regulatory services of \$39.536m is expected to increase to \$40.348m in 2005-06. This reflects the removal of the planned auction of taxi licences which has been offset by the anticipated release of an additional 30 new hire car licences and an increase in revenue from commercial tip fees.

The planned auctioning of taxi licenses did not proceed following the passage of the amendments to the *Road Transport (Public Passenger Services) Amendment Bill*. Consequently, the estimated revenue of \$1.184m in 2005-06 and forward years will be forgone.

The Government's decision to proceed with the buy-back of hire car licences will, however, result in additional revenues of \$0.150m, with the anticipated release of 30 new hire car leased licenses to accredited operators in 2005-06.

Water Abstraction

The revenue from the Water Abstraction Charge in 2004-05 is estimated at \$10.970m and the forecast for 2005-06 is \$15.030m. The estimated revenue for 2005-06 will depend on the amount of rainfall and the likely imposition of water restrictions, which will lower the amount of water being consumed. The forecast increase in 2005-06 largely reflects a 25% increase in Water Abstraction Charge from (20 cents to 25 cents per kilolitre) and a projected higher level of consumption.

Fines

Traffic infringement fines are expected to increase from \$11.981m in 2004-05 to \$13.769m in 2005-06 and parking fines are expected to increase from \$8.587m in 2004-05 to \$8.852m in 2005-06. These increases reflect the Government's continued commitment to road safety measures by acquiring three additional speed cameras and implementing additional parking enforcement measures to ensure community compliance with parking requirements.

User Charges

Details of non ACT Government and ACT Government user charges are provided in Table 5.2.6.

**Table 5.2.6
User Charges**

	2004-05 Est.Outcome \$'000	2005-06 Budget \$'000	Var %	2006-07 Estimate \$'000	2007-08 Estimate \$'000	2008-09 Estimate \$'000
User Charges - Non ACT Government						
Parking Fees	13 121	14 980	14	15 519	15 875	16 232
Inpatient Fees	16 775	17 206	3	17 573	17 949	18 249
Non-Inpatient fees	1 470	1 225	-17	1 257	1 291	1 323
Cross Border Health Receipts	48 782	52 816	8	55 350	55 218	55 479
Sales	12 988	13 009	..	13 519	10 451	10 466
Service Receipts	92 765	101 329	9	111 644	121 050	130 296
Miscellaneous	14 899	15 763	6	16 033	16 313	16 611
Total User Charges	200 800	216 328	8	230 895	238 147	248 656
User Charges - ACT Government						
User Charges -ACT Government Revenue	12 550	10 812	-14	13 046	13 363	13 672
Total User Charges - ACT Government	12 550	10 812	-14	13 046	13 363	13 672

Parking Fees

The estimated revenue from parking fees in 2004-05 is \$13.121m and the forecast for 2005-06 is \$14.980m. This increase reflects the cumulative impact of movements in the consumer price index (CPI) since the last parking fee increase in the year 2000.

Patient Fees

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

The 2004-05 estimated outcome for inpatient fees is \$16.775m and \$1.470m for non-inpatient fees. The 2005-06 Budget estimates are \$17.206m and \$1.225m for inpatient and non-inpatient fees 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 2004-05 is \$48.782m, while the 2005-06 budget anticipates revenue of \$52.816m.

Sales

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

The 2004-05 estimated outcome is \$12.988m and the 2005-06 estimate is \$13.009m.

Service Receipts

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

The 2004-05 estimate is \$92.765m and 2005-06 estimate is \$101.329m. The increase of \$8.564m in the 2005-06 Budget from the 2004-05 estimated outcome can be largely attributed to the increase in Rhodium's non ACT Government service receipts, reflecting the effect of its planned growth strategy.

Miscellaneous

Miscellaneous revenue is estimated at \$14.899m for 2004-05 and the 2005-06 forecast is \$15.763m.

Interest Received

Table 5.2.7 provides a summary of interest received.

Table 5.2.7
Interest Received

	2004-05 Est.Outcome \$'000	2005-06 Budget \$'000	Var %	2006-07 Estimate \$'000	2007-08 Estimate \$'000	2008-09 Estimate \$'000
Interest Received						
Interest Received from Banks	52 324	42 999	-18	32 437	28 962	31 267
Interest Received on Agency Advances and Loans	20 735	21 660	4	21 034	20 945	20 191
Interest Received - Other	4 084	3 611	-12	3 345	3 142	3 003
Interest Received - ACT Law Society	995	750	-25	750	750	750
Total Interest Received	78 138	69 020	-12	57 566	53 799	55 211

Interest Received from Banks

This item represents the interest received by the Central Financing Unit for general government investments and by the Superannuation Unit for investments made in respect of the Superannuation Provision Account (SPA). Interest received from banks is interest earnings on cash, short-term securities and fixed interest assets. The decrease in the 2005-06 Budget from the 2004-05 estimated outcome is due to a lower amount of general government funds under investment.

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

Interest Received on Advances and Loans

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

Other Interest Received

This includes interest revenue received by the Department of Justice and Community Safety, the Home Loan Portfolio, the Canberra Cemeteries Trust and the Workers Compensation Supplementation Fund on various statutory schemes under their administration.

Other Own Source Revenue

Total other own source revenue (including dividends from Public Trading Enterprises' (PTE's) and revenue of associates and joint ventures) is expected to decrease by \$99.267m or 20% in 2005-06. Table 5.2.8 provides a summary of other own source revenue in 2004-05 and the forward estimates.

Table 5.2.8
Other Own Source Revenue

	2004-05 Est.Outcome \$'000	2005-06 Budget \$'000	Var %	2006-07 Estimate \$'000	2007-08 Estimate \$'000	2008-09 Estimate \$'000
Dividends						
ACTEW	89 386	57 306	-36	69 440	75 627	78 470
ACTTAB	3 563	2 794	-22	864	506	609
CIT Solutions	200	218	9	218	218	218
Total Dividends	93 149	60 318	-35	70 522	76 351	79 297
Other						
Superannuation contribution	11 940	12 358	4	12 450	12 606	12 754
MLA members	30	30	-	30	30	30
Gain on disposal of assets	325	190	-42	190	190	190
Increments arising from revaluation of assets	18 523	0	-100	0	0	0
Other	167 819	123 870	-26	149 279	165 030	181 572
Lease Sales	75 859	63 800	-16	38 000	35 000	34 000
Government Land Development Sales	101 330	110 182	9	136 425	148 750	153 250
Rents and Commutation	3 450	3 450	-	3 450	3 450	3 536
Contributions	16 759	16 759	-	16 759	16 759	16 759
Total Other	396 035	330 639	-17	356 583	381 815	402 091
Revenue from Associates and Joint Ventures	1 040	0	-100	7 000	7 000	7 000

Dividends

ACTEW

ACTEW's dividend amount of \$89.386m in 2004-05 comprises of ACTEW's 2004-05 operating result of \$57.589m, the deferred 2003-04 dividend of \$12.176m and ACTEW's retained profits of \$19.622m. The decrease of \$5.985m in the 2005-06 Budget from the 2004-05 estimated outcome largely reflects a decrease in water sales, as a result of water restrictions, and gifted assets, offset by lower tax expense, higher joint venture income and sewerage revenue.

ACTTAB

The payment of a special dividend of \$2.345m has been included in the estimated outcome for 2004-05. ACTTAB pays a dividend representing 50% of after tax profits, therefore any increases or decreases in the dividend are as a result of profit movements, special dividends aside. As ACTTAB will pay its 2003-04 dividend in 2004-05, it has made a provision for this dividend in 2004-05. Similarly, ACTTAB has included a provision for its 2004-05 dividend in 2005-06.

CIT Solutions

The increase of \$0.018m in the 2005-06 Budget from 2004-05 estimated outcome is due to increased activity resulting from the securing of new contract work.

Other

Superannuation Contributions

This item represents the payment of employer superannuation contributions to the Superannuation Unit by the PTE sector and external sector (ActewAGL). The contribution calculations are based on annual actuarially determined employer contribution rates for either the CSS or PSS membership.

Gains on financial investments

Superannuation investment earnings comprise interest from banks, dividends and increments arising from the revaluation of assets. The gains on financial investments represent the net unrealised change in the market value of assets under investment and achieved realised gains. Given a significant allocation to equity investments, large annual changes in market values are expected.

Other

This item includes dividends earned on equity, property investments and market gains made by the Superannuation Provision Account, ACT Health, Urban Services and CIT Solutions.

Lease Sales and Government Land Development Sales

Land revenue from lease sales is budgeted to decrease by \$3.207m from \$177.189m in 2004-05 to \$173.982m in 2005-06. The decrease results from the assumption of a continuation of softer property market conditions into 2005-06 and the impact of the recognised over-supply of product that currently exists in some parts of the residential market, particularly in the multi-unit segment.

Contributions

This item includes voluntary contributions, fundraising and excursion funds, and revenue from hire of school buildings, which are collected by the Department of Education and Training. Budget estimates are consistent with the projected outcome for 2004-05.

Revenue of Associates and Joint Ventures

The decrease of \$1.040m in the 2005-06 Budget from the 2004-05 estimated outcome for net revenue from associates and joint ventures is a result of the completion during 2004-05 of the 'The Gateway' joint venture development at Kingston Foreshore. New joint venture projects will commence in 2005-06 which will provide revenue streams in 2006-07 and subsequent financial years.

Australian Government Grants Estimates

Total revenue from grants received is expected to increase by \$44.9m from the 2004-05 estimated outcome of \$1,103.2m to the 2005-06 budget estimate of \$1,148.2m. This increase comprises a rise in General Revenue Assistance (GRA) of \$38.4m and an increase in Specific Purpose Payments (SPPs) of \$9.2m, offset by a reduction in other Australian Government payments of \$2.7m.

Table 5.2.9 provides a summary of Australian Government Grants Estimates.

**Table 5.2.9
Australian Government Grants Estimates**

	2004-05 Est.Outcome \$'000	2005-06 Budget \$'000	Var %	2006-07 Estimate \$'000	2007-08 Estimate \$'000	2008-09 Estimate \$'000
General Purpose Funding						
Competition Payments	13 600	12 600	-7	0	0	0
Total General Purpose Funding	13 600	12 600	-7	0	0	0
GST Revenue Grants						
GST Revenue Grant	682 000	721 400	6	754 300	790 600	830 100
Total GST Revenue Grants	682 000	721 400	6	754 300	790 600	830 100
Total General Revenue Assistance	695 600	734 000	6	754 300	790 600	830 100
<u>Specific Purpose Payments</u>						
Health (Includes Health Care Grants)						
Australian Health Care Agreement	102 059	107 479	5	113 303	119 445	119 445
Youth Health Services	54	57	6	58	59	60
High Cost Drugs	6 876	6 500	-5	6 670	6 844	6 969
Australian Immunisation Agreement	2 976	1 435	-52	1 445	1 457	1 457
National Public Health Outcomes Agreement - PHOFA	3 334	3 397	2	3 462	3 531	3 601
COAG Illicit Drug Diversion Package	257	1 260	390	1 264	0	0
Total Health (Includes Health Care Grants)	115 556	120 128	4	126 202	131 336	131 532
Social Security and Welfare						
Aged Care Assessment Team	482	492	2	502	512	522
Home and Community Care	9 329	10 215	9	10 470	10 732	11 000
Supported Accommodation Program - Current	5 891	6 015	2	6 015	6 015	6 015
C'wlth States Disability Agreement	7 936	8 441	6	8 744	8 756	8 372
Total Social Security and Welfare	23 638	25 163	6	25 731	26 015	25 909
Public Order and Safety						
Legal Aid	3 170	3 170	-	3 170	3 170	3 170
Total Public Order and Safety	3 170	3 170	-	3 170	3 170	3 170

	2004-05 Est.Outcome \$'000	2005-06 Budget \$'000	Var %	2006-07 Estimate \$'000	2007-08 Estimate \$'000	2008-09 Estimate \$'000
Education						
Government Schools - General	25 731	27 106	5	28 554	30 080	31 687
Non Government Schools	91 290	102 563	12	110 464	118 611	127 418
Government Schools - Other						
Commonwealth	4 022	4 123	3	4 226	4 332	4 440
Other Schools Payments - Non Gov't	2 737	2 817	3	2 975	3 190	3 125
Aboriginal Education (IESIP)	374	381	2	391	401	401
Government Schools - Capital Grant	4 076	4 076	-	4 076	4 076	4 076
Non-Government Schools - Capital Grant	2 931	4 020	37	4 304	4 208	4 208
Total Education	131 161	145 086	11	154 990	164 898	175 355
Housing						
CSHA Block Assistance for Housing	18 591	18 785	1	18 962	19 142	19 320
Total Housing	18 591	18 785	1	18 962	19 142	19 320
Local Government						
Finance Assis - Local Government						
Functions	32 654	33 942	4	34 729	35 722	36 771
National Cap Influences - Local						
Government Functions	22 508	23 004	2	23 509	24 003	24 521
Total Local Government	55 162	56 946	3	58 238	59 725	61 292
Other						
Assistance for Water and Sewerage	9 051	9 250	2	9 453	9 653	9 861
Interstate Road Transport	200	200	-	200	200	200
National Highway System - Current	600	600	-	600	600	600
National Safety Black Spots Program	600	600	-	600	600	600
National Highway System - Capital	4 120	5 332	29	3 250	3 250	3 250
Total Other	14 571	15 982	10	14 103	14 303	14 511
Special Revenue Assistance						
Special Revenue Assistance	14 200	0	-100	0	0	0
Total Special Revenue Assistance	14 200	0	-100	0	0	0
Total Specific Purpose Payments	376 049	385 260	2	401 396	418 589	431 089

	2004-05 Est.Outcome \$'000	2005-06 Budget \$'000	Var %	2006-07 Estimate \$'000	2007-08 Estimate \$'000	2008-09 Estimate \$'000
<u>Other C'wlth Payments</u>						
Vocational Education and Training						
Payment for ANTA C'wlth Funding	17 983	18 407	2	18 842	19 287	19 742
ANTA TAFE Capital Infrastructure	2 720	2 720	-	2 720	2 720	2 720
Total Vocational Education and Training	20 703	21 127	2	21 562	22 007	22 462
Other						
Concession Funding	1 346	1 393	3	1 393	1 393	1 393
Sport Participation Development	158	158	-	158	158	158
ANTA Contracts	2 012	279	-86	279	279	279
Other Miscellaneous Commonwealth Payments	6 205	5 954	-4	3 320	3 397	3 370
Natural Disaster Relief Arrangements (NDRA)	1 149	0	-100	0	0	0
Total Other	10 870	7 784	-28	5 150	5 227	5 200
Total Other C'wlth Payments	31 573	28 911	-8	26 712	27 234	27 662
Total SPP and Other C'wlth Payments	407 622	414 171	2	428 108	445 823	458 751
Total Commonwealth Grants Received	1 103 222	1 148 171	4	1 182 408	1 236 423	1 288 851