

3.1 REVENUE AND FORWARD ESTIMATES

Total ACT General Government Sector (GGS) revenue is estimated to be \$4.0 billion in 2012-13 compared with an original 2012-13 Budget estimate of \$3.952 billion and a 2012-13 Budget Review estimate of \$4.060 billion.

The decrease of \$59.7 million in expected revenue for 2012-13 compared to the 2012-13 Budget Review, is driven by lower than expected conveyance revenue due to a continued softening of the property market, lower than expected sales of goods and services as a result of a change in the flow of funding from NSW for cross border health costs, and lower dividends and income tax equivalents from the Public Trading Enterprises. This is partially offset by higher than expected grants from the Commonwealth.

Total revenue is expected to increase in 2013-14 by \$237 million or 5.9 per cent to \$4.237 billion. This largely reflects growth in Commonwealth grants of 8 per cent and growth in own-source taxation revenue of 5 per cent.

The majority of General Government Sector (GGS) revenue in 2013-14 is from grants from the Commonwealth Government (43 per cent) and own source taxation (31 per cent).

The 2013-14 Budget includes the Government's decision to accelerate abolition of conveyance duty fees under the Government's Tax Reform program. A new threshold will be introduced and take effect from 5 June 2013, which will accelerate the abolition of this inefficient tax. Revenue lost through this reform will be replaced through the General Rates system.

While conveyance revenue has fallen significantly compared with the estimates contained in the 2012-13 Budget, the Government will not seek to recover this loss in revenue which has arisen because of lower activity in the property market. Increases in general rates will only seek to recover impacts from the Tax Reform program.

Aggregate underlying revenue across the budget and forward estimates grows at a compound average annual rate of 5.8 per cent, which is above the original planning parameters of 5.25 per cent.

2013-14 Budget and Forward Estimates Revenues

Figure 3.1.1 provides an overview of the sources of ACT Government revenue.

Figure 3.1.1
Components of 2013-14 General Government Revenue

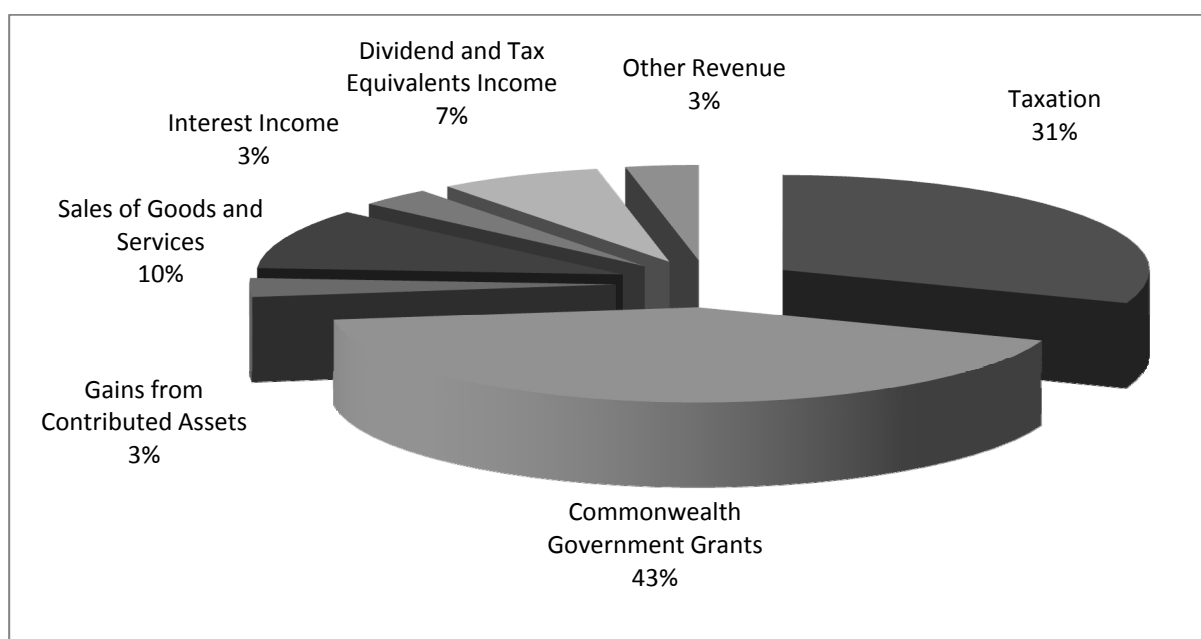


Table 3.1.2 provides a summary of 2012-13 estimated general government revenue, the 2013-14 Budget forecast and forward estimates by revenue source.

Table 3.1.2
General Government Revenue

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Revenue						
1,277,992	Taxation	1,236,406	1,298,688	5	1,383,845	1,470,567	1,564,331
1,568,718	Commonwealth Grants	1,653,501	1,793,539	8	1,931,427	1,990,390	2,110,687
91,681	Gains from Contributed Assets	108,243	135,538	25	126,681	115,652	115,663
472,932	Sales of Goods and Services	419,138	437,792	4	461,237	475,235	488,386
142,775	Interest Income	143,708	135,658	-6	146,001	151,303	155,033
282,858	Dividend and Tax Equivalents Income	321,045	304,637	-5	337,645	450,725	436,508
114,765	Other Revenue	117,812	131,421	12	132,720	134,476	136,185
3,951,721	Total Revenue	3,999,853	4,237,273	6	4,519,556	4,788,348	5,006,793

As can be seen from this table, the majority of GGS revenue is from grants from the Commonwealth Government (43 per cent) and own source taxation (31 per cent).

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

The Territory has a moderate private employment base in the education, small scale manufacturing sectors and wholesale trade. Employment in 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, 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 see the replacement of conveyance duty with general rates revenue over a 20 year period. In the 2013-14 Budget, the Government reaffirms the conveyance rate cuts announced in the 2012-13 Budget. In addition, the Government confirms its commitment to abolish insurance taxes over a five year period.

The Government has decided to accelerate the rate of reduction of conveyance duty. From 5 June 2013, the rate applying to sales of properties above \$1.650 million will be determined at a flat rate of 5.5 per cent. To offset the loss in revenue, the Government will increase general rates, in particular on large commercial properties, the sector which will benefit most from the conveyance duty reduction. These rates are outlined in this chapter.

Taxation

The estimated outcome for taxation revenue in 2012-13 is \$1.2 billion, which is \$41.6 million (3.3 per cent) lower than the original budget. A significant portion of the decrease is due to a softening in the housing market resulting in lower than expected conveyance duty.

For 2013-14, taxation revenue is forecast to increase by \$62.3 million (5 per cent) in the 2013-14 Budget. This is due to growth in payroll tax, general rates, land tax and Fire and Emergency Service Levy (FESL).

Beyond 2013-14, moderate increases are forecast for most revenue lines. The forecast for payroll tax growth reflects expectations of growth in employment and wages in relevant sectors of the ACT economy. General rates are forecast to increase in line with rises in the Wage Price Index (WPI) plus new property growth and taxation reforms. Duties on general insurance and life insurance will be abolished by 2016-17.

Table 3.1.3
Taxation

2012-13 Budget \$'000	2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
General Tax						
324,524	325,322	347,417	7	372,771	400,352	429,548
315	1,948	161	-92	165	169	172
297,051	291,974	338,377	16	376,262	417,300	461,805
66,488	69,549	72,888	5	76,268	79,731	83,281
688,378	688,793	758,843	10	825,466	897,552	974,806
Duties						
272,609	225,653	216,493	-4	231,908	242,975	259,846
37,158	44,927	35,381	-21	24,767	13,002	-
1,726	2,140	1,653	-23	1,147	596	-
31,152	29,079	29,079	-	30,068	31,090	32,147
342,645	301,799	282,606	-6	287,890	287,663	291,993
Gambling Taxes						
1,548	1,728	1,859	8	1,882	1,907	1,956
34,925	34,925	35,711	2	36,604	37,519	38,457
2,166	1,900	1,943	2	1,992	2,041	2,092
12,761	15,000	13,825	-8	14,151	14,486	14,829
51,400	53,553	53,338	..	54,629	55,953	57,334
Other Taxes						
98,659	100,637	105,141	4	110,661	116,518	122,626
16,380	17,404	18,275	5	19,188	20,148	21,156
23,484	17,674	17,674	-	18,469	19,300	20,169
23,429	23,429	24,402	4	25,418	26,475	27,387
29,526	29,026	34,407	19	38,163	42,987	44,877
1,971	1,971	1,882	-5	1,788	1,744	1,700
2,120	2,120	2,120	-	2,173	2,227	2,283
195,569	192,261	203,901	6	215,860	229,399	240,198
1,277,992	1,236,406	1,298,688	5	1,383,845	1,470,567	1,564,331

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 exceed the ACT threshold of \$1.75 million per annum.

The 2012-13 estimated outcome is \$325.3 million and the forecast for 2013-14 is \$347.4 million. The expected \$22.1 million increase in 2013-14 and further in the forward years reflects forecast growth in employment and wages in relevant sectors of the ACT economy.

Tax Waivers

Tax waivers represent the amount of revenue that has been waived. The revenue forgone generally relates to payroll tax, general rates and duties. The estimated value of waivers is also reflected in expenses. The grossing up of revenue and expenses enables tax treatments to be transparent.

The estimated outcome for 2012-13 is \$1.9 million which is \$1.6 million higher than the original budget mainly due to a large one-off waiver. The forecast for 2013-14 is \$0.2 million.

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 2012-13 estimated outcome for rates revenue is \$292 million. This is expected to increase to \$338.4 million in 2013-14. General rates revenue from existing properties will increase in 2013-14 by WPI and revenue replacement from taxation reforms. This will result in an average annual general rates increase of around 10 per cent or \$139 for residential properties and around 20 per cent or \$3,388 for commercial properties.

General rates revenue estimates include expected revenue from both existing and new properties, less amounts for pensioner rebates and discounts for early payment. The rating system in 2013-14 will have the following elements:

- a fixed charge of:
 - \$626 for residential properties;
 - \$139 for rural properties; and
 - \$1,749 for commercial properties.
- a valuation based charge on the AUV for 2011, 2012 and 2013 land values;
- marginal rating factors applied to the AUV of residential properties (table 3.1.4):

**Table 3.1.4
General Rates Marginal Rates**

AUV	Residential
\$1 to \$150,000	0.2306%
\$150,001 up to \$300,000	0.3241%
\$300,001 up to \$450,000	0.3876%
\$450,001 and above	0.4312%

- marginal rating factors applied to the AUV of commercial properties (table 3.1.5):

**Table 3.1.5
General Rates Marginal Rates**

AUV	Commercial
\$1 to \$150,000	2.2069%
\$150,001 up to \$275,000	2.6429%
\$275,001 and above	3.5369%

- a rating factor of 0.1524 per cent applied to the AUV of rural properties; and
- a pensioner rebate cap for post 1 July 1997 applicants of \$622.

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 2013-14 will be based on the most recent Average Unimproved Land Values that incorporates the 2013 unimproved land value.

Table 3.1.6 shows the land tax marginal rates that will apply to residential properties in 2013-14.

**Table 3.1.6
Land Tax Marginal Rates**

AUV	Residential
up to \$75,000	0.60%
\$75,001 up to \$150,000	0.70%
\$150,001 up to \$275,000	0.89%
\$275,001 and above	1.80%

The estimated outcome from land tax revenue is \$69.6 million in 2012-13 and is estimated to increase to \$72.9 million in 2013-14 due to an increase in property AUV and new property growth.

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 conveyance rates up until 4 June 2013 range from \$2.40 to \$7.25 per \$100, or part thereof. From 5 June 2013, the conveyance duty thresholds and rates will change. Table 3.1.7 outlines the new duty thresholds and rates.

**Table 3.1.7
Conveyance Duty Thresholds and Rates**

Thresholds	2013-14	2014-15	2015-16	2016-17
Up to \$200,000	2.20%	2.00%	1.80%	1.48%
\$200,001 to \$300,000	3.70%	3.50%	3.00%	2.50%
\$300,001 to \$500,000	4.50%	4.15%	4.00%	4.00%
\$500,001 to \$750,000	5.00%	5.00%	5.00%	5.00%
\$750,001 to \$1,000,000	6.50%	6.50%	6.50%	6.50%
\$1,000,001 to \$1,649,999	7.00%	7.00%	7.00%	7.00%
\$1,650,000 and above	5.5%*	5.5%*	5.5%*	5.5%*

* **Note:** the 5.5% rate is a flat rate.

A new threshold of \$1.650 million will be introduced, effective 5 June 2013. Properties valued at and above \$1.650 million will have duty determined at a flat rate of 5.5 per cent. The progressive rate scale will continue to apply to properties below \$1.650 million.

With this change, the ACT will go from having the highest top rate for large properties in Australia to an effective rate aligned to other jurisdictions. This will ensure the Territory is competitive with other jurisdictions.

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 and for pensioners qualifying under the ACT Pensioner Duty Concession Scheme. For changes to the Home Buyer Concession Scheme, see Chapter 3.3.

The estimated outcome for 2012-13 has decreased from the original budget of \$272.6 million by \$47 million to \$225.7 million which reflects a softening in the property market.

Since the 2012-13 Budget Review expected revenue in 2012-13 has decreased by \$59.7 million. This variance is mainly driven by a forecast decrease in conveyance revenue of \$47 million. This is due to continued softness in the property market and implementation of the new flat rate of 5.5 per cent on transactions above \$1.650 million. The Government is not seeking to recover the loss in revenue which has arisen because of current conditions in the property market. Future increases in conveyance revenue are anticipated as turnover in the property market increases in response to the duty cuts and as market conditions improve more generally.

Duty on General Insurance

From 1 October 2012, general insurance premiums incur duty at the rate of 8 per cent of the net premiums received. The duty rate will reduce to 6 per cent from 1 July 2013. The estimated outcome for 2012-13 is \$44.9 million and the forecast for 2013-14 is \$35.4 million.

Duty on Life Insurance

Duty on life insurance contracts (including term, temporary or insurance rider policies) will be calculated until 30 June 2013 at the rate of 4 per cent of the first year's premium. The duty rate will reduce to 3 per cent from 1 July 2013.

Duty on all other life insurance contracts will be calculated until 30 June 2013 at the rate of 0.08 per cent of the total sum insured where the sum insured is greater than \$2,000, and \$0.80 for each contract where the sum insured is \$2,000 or less.

From 1 July 2013 duty on all other life insurance contracts will reduce to 0.06 per cent of the total sum insured where the sum insured is greater than \$2,000, and \$0.60 for each contract where the sum insured is \$2,000 or less. Life insurance annuities are exempt from duty.

The estimated outcome for 2012-13 is \$2.1 million with \$1.7 million forecast for 2013-14.

Duty on Motor Vehicle Registrations and Transfers

Duty is payable on an application to register a motor vehicle or to transfer its registration.

The 2012-13 estimated outcome is \$29.1 million, a decrease of \$2.1 million from the original budget reflecting a softening in vehicle sales, with the 2013-14 Budget expecting to remain stable.

ACTTAB Licence Fee

ACTTAB pays a licence fee for its totalisator and sports betting licences. Revenue from the licence fees for 2012-13 is estimated at \$1.7 million and the forecast for 2013-14 is \$1.9 million.

Gaming Tax

Gaming tax revenue incorporates gaming machine taxes and interactive gaming taxes. Gaming machines are taxed on the basis of monthly gross revenue, which is defined as monthly gaming machine revenue less amounts paid out in prize money. Estimated total gaming tax revenue for 2012-13 is \$34.9 million and the forecast for 2013-14 is \$35.7 million.

Casino Tax

The tax applying to Casino Canberra is 10.9 per cent of gross profit from general gaming operations. Estimated revenue for 2012-13 and 2013-14 is \$1.9 million.

Interstate Lotteries

The ACT receives revenue based on the value of NSW and Victorian Lotteries tickets purchased in the ACT. Estimated revenue for 2012-13 is \$15 million and the forecast for 2013-14 is \$13.8 million.

Motor Vehicle Registration Fees

The estimated revenue from motor vehicle registrations in 2012-13 is \$100.6 million and the forecast for 2013-14 is \$105.1 million. The increase largely reflects annual indexation and population growth.

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 funding for ambulance services is appropriated through the normal Budget process.

The estimated revenue for 2012-13 is \$17.4 million. The forecast for the 2013-14 Budget is \$18.3 million in 2012-13.

Lease Variation Charge

The 2012-13 outcome is estimated at \$17.7 million, which is lower than the original budget of \$23.5 million. In 2013-14, this is forecast to remain stable at \$17.7 million, reflecting expected activity levels in the residential and commercial redevelopment sectors.

Utilities (Network Facilities) Tax

The Utilities (Network Facilities) Tax applies to the owner of a utility network facility that is installed on or under land in the ACT. The tax rate for 2012-13 is \$921 per kilometre of network route length, indexed to WPI in future years. The 2012-13 estimated outcome is \$23.4 million, with \$24.4 million forecast in 2013-14 rising slightly across the forward estimates.

Fire and Emergency Services Levy

A FESL is charged on all rateable properties in the ACT. Revenue from the levy provides funding to offset the cost of providing fire and emergency services in the Territory. FESL revenue from existing properties will increase in 2013-14 from 2012-13 levels by the WPI growth of 4.27 per cent (over the year to the December quarter 2012). In addition, FESL in 2013-14 will be subject to a general increase of approximately 10 per cent. This will result in an annual increase of \$15.2 in the fixed charge for residential and rural properties and an average increase of \$357.60 for commercial properties.

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 \$29 million in 2012-13, which is expected to increase to \$34.4 million in 2013-14.

The FESL in 2013-14 will have the following elements:

- a fixed charge of \$120 for residential and rural properties;
- a pensioner rebate of 50 per cent; and
- a valuation-based charge for commercial properties with a rating factor of 0.5041 per cent applied to the average of the 2010, 2011 and 2012 unimproved land values.

City Centre Marketing and Improvements Levy (CCMIL)

The revenue collected from the CCMIL is used to promote, maintain and improve the amenities of the City Centre area. The estimated outcome for 2012-13 is \$2 million and the forecast for 2013-14 is \$1.9 million.

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.

Energy Industry Levy

An Energy Industry Levy was introduced in 2007-08 via amendments to the *Utilities Act 2000* to fund:

- 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.

Introduction of the levy anticipated the transfer, over time, of agreed regulatory responsibilities for energy sector distribution and retail utilities to the Australian Energy Regulator commencing in 2007-08. From that year, agencies providing local regulatory services (the Independent Competition and Regulatory Commission (ICRC), the ACT Planning and Land Authority, and the ACT Civil and Administrative Tribunal) have received budget funding for regulatory costs. The levy was first determined for national regulatory obligations and costs in 2007-08 and for local regulatory costs in 2008-09. Until 2008-09, these activities were funded through the collection of annual utility licence fees by the ICRC. The estimated outcome and the forecast for 2013-14 is \$2.1 million.

ACT Taxes Compared to NSW

Table 3.1.8 shows the comparative rates of tax between the ACT and NSW for major taxation items. Please note that NSW Budget on 18 June may change the information below.

**Table 3.1.8
Major ACT Taxes compared with NSW**

Tax Type	ACT	NSW (as of 24 May 2013)
Payroll Tax	6.85 per cent From 1 July 2013, first \$1,750,000 exempt.	5.45 per cent from 1 July 2012. From 1 July 2012, first \$689,000 exempt
Land Tax	<p>Applied quarterly on three year Average Unimproved Value (AUV).</p> <p>Residential – applied on rateable properties that are rented, or owned by a trust or a corporation even if they are not rented (excluding land owned by a building or development company).</p> <p>From 1 July 2013, the marginal rates are as follows:</p> <ul style="list-style-type: none"> • AUV up to \$75,000 – 0.60% • AUV \$75,001 – \$150,000 – 0.70% • AUV \$150,001 – \$275,000 – 0.89% • AUV \$275,001 and above – 1.80% <p>Commercial – Effective 1 July 2012, commercial properties will not be subject to land tax due to the ACT Government’s Taxation Reforms.</p> <p>Land used for primary production is exempt from land tax.</p>	<p>Applied annually on aggregated unimproved land value of all property except the principal place of residence or land used for primary production.</p> <p>Rate is \$100 plus 1.6 per cent of the land value between the threshold \$406,000 (three year average) and the premium rate threshold of \$2,482,000. A further premium rate of 2 per cent applies if the land value is above \$2,482,000.</p> <p>For land owned by a trustee of a special trust, flat rate of 1.6 per cent without any land value threshold applies; then 2 per cent after the premium threshold.</p> <p>For land owned by a company, 1.6 per cent of the land value between the threshold \$406,000 and the premium rate threshold \$2,482,000; then 2 per cent in excess of the premium threshold.</p>
Duty on Conveyances	<p>Residential Conveyance</p> <p>The greater of \$20 or the amount resulting from applying the rates of \$2.40 - \$7.25 per \$100 or part thereof for transactions dated from 6 June 2012 to 4 June 2013.</p> <p>The greater of \$20 or the amount resulting from applying the rates of \$2.20 - \$7.00 per \$100 or part thereof for transactions dated from 5 June 2013.</p> <p>New Flat Rate</p> <p>The new rate will be effective 5 June 2013. Properties valued at and above \$1.650 million will have duty determined at a flat rate of 5.5 per cent while properties valued below \$1.650 million will continue to use the progressive rates system as indicated in residential conveyance.</p>	<p>The greater of \$10 or the amount resulting from applying the rates of \$1.25 - \$5.50 per \$100 or part thereof.</p> <p>For residential properties above \$3,000,000, the duty payable is \$150,490 plus the rate of \$7.00 per \$100 or part thereof that exceeds \$3,000,000.</p>

Tax Type	ACT	NSW (as of 24 May 2013)
Duty on Conveyances cont.	<p>Home Buyers Concession Scheme</p> <p>Existing properties The Home Buyers Concession Scheme ceased for existing properties from 1 September 2012.</p> <p>New or substantially renovated properties The Home Buyers Concession Scheme only applies to new or substantially renovated properties and vacant blocks for transactions dated on or after 5 June 2013.</p> <ul style="list-style-type: none"> • income threshold of \$160,000 (plus further allowance for children); • concession for house and land value up to \$525,000; and • concession for vacant land value of up to \$290,000. <p>The property value thresholds are determined biannually of each year, taking into account movements in the market.</p> <p>Pensioner Duty Concession Scheme:</p> <p>For transactions dated from 1 July 2013:</p> <ul style="list-style-type: none"> • concession for house and land value up to \$733,000. • concession for vacant land value up to \$350,000. <p>The property value thresholds are determined biannually of each year, taking into account movements in the market.</p>	<p>First Home – New Home Scheme</p> <p>The First Home – New Home Scheme provides exemptions on the transfer of new homes valued at or below \$550,000 and concessions on the transfer of new homes valued between \$550,000 and \$650,000 from 1 July 2012. With respect to vacant land, no duty for value up to \$350,000 and concessions on the transfer of vacant land valued between \$350,000 and \$450,000 from 1 July 2012.</p>
Mortgages and Loan Security Duty	<p>Not applied in the ACT.</p>	<p>\$0 - \$16,000: \$5.00 above \$16,000: \$5.00 plus \$4.00 per \$1,000 or part thereof in excess of \$16,000 Not chargeable on advances made to natural persons for owner occupied housing or investment housing. Mortgage Duty will be abolished on 1 July 2013.</p>

Tax Type	ACT	NSW (as of 24 May 2013)
Duty on Motor Vehicle Registrations	<p>No green vehicle rating Valued at \$45,000 or less \$3 per \$100</p> <p>Valued at more than \$45,000 \$1,350+\$5 per \$100 or part thereof over \$45,000</p> <p>Green vehicle rating Applies to new motor vehicles not previously registered. Rates depend on green vehicle rating (environmental performance score) and value.</p> <p>Valued at \$45,000 or less A rated (16 or more) = nil B rated (14 or more but < 16) = \$2 per \$100 C rated (9.5 or more but < 14) = \$3 per \$100 D rated (less than 9.5) = \$4 per \$100</p> <p>Valued at more than \$45,000 A rated (16 or more) = nil B rated (14 or more but < 16) = \$900 plus \$4 per \$100 above \$45,000 C rated (9.5 or more but < 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>	<p>Under \$45,000 = \$3 per \$100 Over \$45,000 = \$1,350+\$5 per \$100 or part thereof over \$45,000</p>
Duty on General Insurance	6 per cent of value of premium from 1 July 2013.	2.5 per cent to 9 per cent of the premium, depending on the type of insurance.
Duty on Life Insurance	<p>Term, temporary or insurance rider policies 3 per cent of the first year's premium from 1 July 2013.</p> <p>All other From 1 July 2013: Sum insured \$0 to \$2,000 - \$0.60 Sum insured Over \$2,000 - \$0.60 plus \$0.12 per \$200 or part thereof in excess of \$2,000.</p>	<p>Term, temporary or insurance rider policies 5 per cent of the first year's premium</p> <p>Trauma or disability policies 5% of the premium paid</p> <p>All other 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 received from Commonwealth Government Grants is forecast to increase by \$84.8 million from the 2012-13 Budget estimate of \$1.569 billion to the estimated outcome of \$1.654 billion, and increase again by \$140 million to the 2013-14 Budget estimate of \$1.794 billion. This is largely attributable to the increase in GST revenue and Commonwealth funding for the Majura Parkway as reflected in the 2012-13 Budget. Further information on funding from the Commonwealth Government can be found in Chapter 4.1, Federal Financial Relations.

**Table 3.1.9
Commonwealth Government Grants**

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Current Grants							
938,130	GST Revenue Grant	970,600	1,021,800	5	1,078,900	1,144,600	1,208,500
36,832	ACT Municipal Services	36,832	37,495	2	38,208	38,934	39,634
485,183	National Specific Purpose Payments (SPPs)	505,742	463,140	-8	389,715	434,509	483,461
23,597	Financial Assistance Grants to Local Government	46,940	24,225	-48	50,540	52,829	55,170
46,023	National Partnership Payments (NPP) – Current	53,719	173,229	222	275,141	274,953	294,516
10,592	Other Commonwealth Government Payments – Current	14,808	7,429	-50	12,471	13,025	14,185
1,540,357	Total Current Grants	1,628,641	1,727,318	6	1,844,975	1,958,850	2,095,466
Capital Grants							
28,361	National Partnership Payments (NPPs) – Capital	24,860	66,221	166	86,452	31,540	15,221
28,361	Total Capital Grants	24,860	66,221	166	86,452	31,540	15,221
1,568,718	Total Commonwealth Government Funding	1,653,501	1,793,539	8	1,931,427	1,990,390	2,110,687

Contributed Assets

Table 3.1.10 provides a summary of contributed assets. Contributed assets largely relate to land development infrastructure assets transferred to the GGS from the Land Development Agency (LDA) and private developers.

The variations between the 2012-13 estimated outcome, the 2013-14 Budget and across the forward estimates are mainly attributable to revisions in the timing of asset transfers from the LDA to the GGS as a result of changes to the Indicative Land Release Program and revisions in the asset completion and subsequent transfer dates.

**Table 3.1.10
Contributed Assets**

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Contributed Assets						
91,062	Gains from Contributed Assets	107,984	135,281	25	126,425	115,387	115,387
619	Resources Received Free of Charge	259	257	-1	256	265	276
91,681	Total Contributed Assets	108,243	135,538	25	126,681	115,652	115,663

Sale of Goods and Services

The sale of goods and services is estimated to decrease by \$53.8 million from the original budget of \$472.9 million. This is largely attributable to a change in the flow of funds of cross border health receipts (a portion of these funds are now received as part of the National Healthcare SPP from the Commonwealth).

The 2013-14 forecast for sales of goods and services is expected to increase by \$18.7 million from the 2012-13 estimated outcome. The largest contributors to sale of goods and services are service receipts, cross border health receipts and fees for regulatory services. Details of sale of goods and services are provided in Table 3.1.11.

**Table 3.1.11
Sale of Goods and Services**

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Regulatory Fees						
846	Casino Licence Fees	832	850	2	872	894	916
9,941	Drivers Licences	9,941	9,430	-5	9,934	10,328	10,736
2,932	Taxi Licences	2,340	2,411	3	2,501	2,594	2,691
67,896	Fees for Regulatory Services	69,382	70,994	2	74,530	77,076	79,360
26,344	Water Abstraction Charge	26,344	26,802	2	27,218	27,607	27,607
107,959	Total Regulatory Fees	108,839	110,487	2	115,055	118,499	121,310
	Other						
18,564	Parking Fees	16,184	19,394	20	20,122	20,876	21,659
31,138	Patient Fees	32,638	32,838	1	33,618	34,417	35,206
4,939	Non-Patient Fees	4,850	5,088	5	5,176	5,374	5,569
3,703	Meals and Accommodation	3,703	3,783	2	3,873	3,973	4,023
120,000	Cross Border Health Receipts	66,302	76,750	16	79,249	81,053	82,896
17,935	Sales	26,194	27,762	6	27,818	28,453	28,816
121,085	Service Receipts (Non ACT Government)	104,440	105,942	1	119,706	124,718	129,915
7,099	Rent from Tenants	13,831	14,176	2	14,211	14,423	14,462
20,114	Miscellaneous	20,046	20,640	3	21,009	21,512	22,034
20,396	User Charges - ACT Government	22,111	20,932	-5	21,400	21,937	22,496
364,973	Total Other	310,299	327,305	5	346,182	356,736	367,076
472,932	Total Sale of Goods and Services	419,138	437,792	4	461,237	475,235	488,386

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 forecast for 2013-14 for the combined total of all casino licence fees is \$0.850 million.

Drivers Licences

The revenue from drivers licences in 2012-13 is estimated at \$9.9 million and the forecast for 2013-14 is \$9.4 million. The decrease from 2012-13 mainly reflects the Government's commitment to reward safer driving, aligning with the ACT Road Safety Strategy.

Taxi Licences

The revenue from taxi licences in 2012-13 is estimated at \$2.3 million and the forecast for 2013-14 is \$2.4 million.

Fees for Regulatory Services

The 2012-13 estimated outcome for fees for regulatory services is \$69.4 million and is expected to increase to \$71 million in 2013-14.

Water Abstraction Charge

The water abstraction charge in 2012-13 is estimated to be \$26.3 million and is expected to increase to \$26.8 million in 2013-14.

Parking Fees

The estimated revenue from parking fees in 2012-13 is \$16.2 million and the forecast for 2013-14 is \$19.4 million. This mainly reflects increases of car parking fees announced in the 2010-11 Budget as part of the Government's integrated approach to achieving a more sustainable transport system for Canberra and the region.

Patient Fees

Patient fees and non-patient 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-patient fees are primarily for accident and emergency services, specifically the ambulance service.

The 2012-13 estimated outcome for patient fees is \$32.6 million, and \$4.9 million for non-patient fees. The 2013-14 Budget estimates are \$32.9 million and \$5.1 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 2012-13 is \$66.3 million, a \$53.7 million decrease from the 2012-13 Budget of \$120 million. The forecast for 2013-14 is \$76.8 million. The decrease is due to a change in the flow of funding from NSW for cross border health costs. The Commonwealth proportion of cross border activity is now paid through the *National Healthcare Agreement SPP*. The increase of \$10.5 million in the 2013-14 Budget from the 2012-13 estimated outcome relates to growth in activity for treatment of interstate patients.

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 2012-13 is \$26.2 million which is an increase of \$8.3 million from the 2012-13 Budget. This is associated with additional large events at Canberra Stadium, as well as the Centenary Cricket Matches at Manuka Oval. The 2013-14 Budget is estimated to remain relatively stable at \$27.8 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 2012-13 estimated outcome has fallen to \$104.4 million, \$16.7 million lower than the 2012-13 Budget estimate of \$121.1 million. This is mainly due to reclassification of the Commonwealth contribution to the ACT Government's emergency service funding. The 2013-14 Budget forecast is \$105.9 million, which will now be provided by appropriation to the Justice and Community Safety Directorate.

Miscellaneous

Miscellaneous revenue is estimated at \$20.1 million for 2012-13 and the 2013-14 Budget forecast is \$20.6 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 (PTE) sector. The 2012-13 estimated outcome is \$1.7 million higher than the 2012-13 Budget at \$22.1 million, decreasing to \$20.9 million in the 2013-14 financial year. This is mainly due to the five year water pricing review undertaken by the Independent Competition and Regulatory Commission.

Interest Income

Table 3.1.12 provides a summary of interest received.

**Table 3.1.12
Interest Income**

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Interest Received						
31,922	Interest Received from Banks	47,098	28,569	-39	26,942	29,816	28,330
72,400	Interest Received on Advances and Loans to Agencies	75,030	75,983	1	79,627	83,995	87,834
-	Interest Received from Private Sector	444	2,798	530	5,275	3,865	3,651
9,935	Interest Received – Other	7,536	9,734	29	12,697	10,593	10,491
28,518	Interest from Financial Investments	13,600	18,574	37	21,460	23,034	24,727
142,775	Total Interest Received	143,708	135,658	-6	146,001	151,303	155,033

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 surplus balances of the Territory Banking Account and investments made on behalf of government directorates and some Territory Authorities.

The increase of \$15.2 million in the 2012-13 estimated outcome from the original budget is due mainly to higher levels of investment balances held during the year.

The decrease of \$18.5 million in the 2013-14 Budget from the 2012-13 estimated outcome reflects a decrease in investment earnings due to a lower level of funds to be held on investments during the year and lower estimated investment returns.

Interest Received on Advances and Loans to Agencies

The increase of \$2.6 million in the 2012-13 estimated outcome from the original budget is mainly due to higher interest received from ACTEW Corporation in relation to inflation linked bonds and increased levels of borrowings in 2012-13.

The increase of \$1 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to increased levels of borrowings offset by lower interest costs in relation to inflation linked bonds.

Other Interest Income

Other interest income includes income mainly recognised by the Home Loan Portfolio, the Chief Minister and Treasury Directorate, the Territory and Municipal Services Directorate and the Environment and Sustainable Development Directorate.

Other interest income will decrease by \$2.4 million from the original budget of \$9.9 million to the 2012-13 estimated outcome of \$7.5 million, however is expected to increase in the 2013-14 Budget by \$2.2 million to \$9.7 million. This is mainly due to variations in land held by the LDA for future sale.

Interest from Financial Investments

This item represents the interest income recognised by the Superannuation Provision Account for the investment assets set aside to fund the defined benefit superannuation liability. Interest from financial investments is interest earnings on short term money market securities and fixed interest assets.

The decrease of \$14.9 million in the 2012-13 estimated outcome from the original budget is due to a component of earnings from the inflation-linked debt securities being classified as capital gains, and the timing of income distributions.

The increase of \$5 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to the timing of the receipt of the unit trust income distribution from 2012-13.

Dividends and Tax Equivalents

The estimated outcome for total dividends and tax equivalents is expected to increase by \$38.2 million above the original 2012-13 Budget. This is followed by an estimated decrease of \$16.4 million in 2013-14. Table 3.1.13 provides a summary of dividends and tax equivalents in 2012-13, the 2013-14 Budget and the forward estimates.

**Table 3.1.13
Dividends and Tax Equivalents**

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Dividends						
85,169	Dividends – ACTEW	88,144	99,403	13	107,086	111,054	118,682
2,866	Dividends – ACTTAB	1,540	1,582	3	1,437	1,288	849
800	Dividends – CIT Solutions	250	500	100	500	500	500
60,084	Dividends – Land Development Agency	86,714	40,868	-53	59,776	132,282	109,301
66,393	Dividends from Financial Investments	66,037	83,526	26	88,259	95,014	101,801
215,312	Total Dividends	242,685	225,879	-7	257,058	340,138	331,133
	Tax Equivalents						
67,546	Income Tax Equivalent	78,360	78,758	1	80,587	110,587	105,375
67,546	Total Tax Equivalents	78,360	78,758	1	80,587	110,587	105,375
282,858	Total Dividend and Tax Equivalents	321,045	304,637	-5	337,645	450,725	436,508

ACTEW

ACTEW's estimated 2012-13 dividend of \$88.1 million is \$3 million above the original 2012-13 Budget. This is due to increased revenue associated with joint ventures with ActewAGL, partially offset by lower than anticipated water consumption.

The increase of \$11.3 million in the 2013-14 Budget from the estimated outcome reflects a forecast revenue increase and a one off gain of ActewAGL's water and sewage business in the previous year.

ACTTAB

ACTTAB's estimated 2012-13 dividend of \$1.5 million is \$1.3 million below the original 2012-13 Budget primarily due to a decline in retail turnover.

Land Development Agency

The LDA's 'nominal' surplus is not fully recognised as revenue in the General Government Sector Net Operating Balance, consistent with the 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 re-zoning) are treated as capital distributions and only profits from development and marketing activities are recognised as dividend revenue.

The increase in the dividend of \$26.6 million in the 2012-13 estimated outcome compared to the original budget is mainly due to improved profitability of land releases. This is partially offset by a decrease in the market gain component due to reduced commercial sales.

In 2013-14, the forecast dividend is \$40.9 million, which is \$45.9 million lower than the 2012-13 estimated outcome. This is largely due to decreased land sales and an increase in the market gain component due to increased commercial sales.

Dividends from Financial Investments

Estimated dividends of \$66 million in the 2012-13 estimated outcome is in line with the original budget of \$66.4 million.

The 2013-14 Budget increases by \$17.5 million from the 2012-13 estimated outcome. This is mainly due to the anticipated receipt of a distribution from the Territory's currency-hedged international share investments, as well as growth in dividend receipts from an expanding portfolio of share investments.

Income Tax Equivalent

This represents income tax equivalent payments made by the PTE sector. The estimated outcome for 2012-13 of \$78.4 million reflects the performance forecast from the ACT agencies that are subject to the National Tax Equivalent Regime.

The increase of \$10.8 million in the 2012-13 estimated outcome from the original budget reflects additional land revenue from GST refunds related to prior year land sales and a higher share of operating results from Joint Ventures partially offset by lower than anticipated land settlements.

Other Revenue

Table 3.1.14 provides the 2012-13 estimated outcome, the 2013-14 Budget and the forward estimates for other revenue. The 2012-13 outcome is expected to be broadly in-line with the original budget. Other revenue is expected to increase by 8 per cent to \$96.4 million in 2013-14.

**Table 3.1.14
Other Revenue**

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Fines						
18,484	Traffic Infringement Fines	18,402	23,530	28	23,898	24,016	24,179
308	Court Fines	202	615	204	638	640	643
9,175	Parking Fines	9,758	10,444	7	10,498	10,551	10,606
399	Other Fines	399	410	3	417	428	436
28,366	Total Fines	28,761	34,999	22	35,451	35,635	35,864
	Other						
16,832	Superannuation Contribution	14,836	14,224	-4	13,541	12,893	12,317
10,043	Rents and Commutation	12,384	14,339	16	15,665	16,537	16,813
18,693	Contributions	18,693	18,670	..	18,647	18,647	18,647
40,831	Other Miscellaneous Revenue	43,138	49,189	14	49,416	50,764	52,544
86,399	Total Other	89,051	96,422	8	97,269	98,841	100,321
114,765	Total Other Revenue	117,812	131,421	12	132,720	134,476	136,185

Traffic Infringement Fines

The estimated revenue from traffic infringement fines in 2012-13 is \$18.4 million and the forecast for 2013-14 is \$23.5 million. The increase of \$5.1 million mainly reflects initiatives, indexation and an increase in penalty units applied.

Parking Fines

Parking fine revenue is expected to increase slightly from \$9.8 million in 2012-13 to \$10.4 million in 2013-14.

Superannuation Contributions

This item represents the payment of employer superannuation contributions to the Territory Banking Account (TBA) 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. 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 increase by \$2.3 million in the estimated outcome from the original budget and increase by \$2 million in the 2013-14 Budget from the estimated outcome. The increases are due to higher rental revenue received 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 will increase from \$43.1 million in the 2012-13 estimated outcome to \$49.2 million in the 2013-14 Budget. The increase is mainly due to legal recoveries and investment fee rebates.

**Table 3.1.15
Breakdown – Other Miscellaneous Revenue**

	2012-13	2013-14	2014-15	2015-16	2016-17
	Est. Outcome	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
Public Monies	1,100	-	-	-	-
Revenue from Financial Investments	2,343	4,024	4,265	4,581	4,921
Donations	1,064	1,064	1,084	1,104	1,124
Sponsorships	193	198	203	203	203
Other Grants	22,546	23,104	23,801	24,470	25,170
Recoveries	7,271	12,407	12,171	12,411	13,062
Salary Packaging	1,674	1,693	1,716	1,740	1,764
Contributions	1,164	1,500	1,035	1,126	1,124
Perpetual Care Trust	1,712	1,904	1,952	2,001	2,081
Problem Gambling Assistance Fund and Racefield Payments	1,162	1,111	1,139	1,168	1,197
Regulatory Fees	1,355	1,363	1,364	1,366	1,368
Unclaimed Monies	30	31	32	32	33
Miscellaneous	1,524	790	654	562	497
Total Other Miscellaneous Revenue	43,138	49,189	49,416	50,764	52,544

