

Revenue

SUMMARY

Category	2003-04 Estimate	2004-05 Budget	Variation
	\$000	\$000	\$000
Taxation Revenue	335 093	337 760	2 667
Grants and Subsidies Revenue	2 038 824	2 041 336	2 512
Sale of Goods and Services Revenue	235 152	231 642	- 3 510
Interest Revenue	234 784	214 013	- 20 771
Royalties, Rents and Dividends Revenue	78 351	79 127	776
Other Revenue	13 534	11 285	- 2 249
Profit/Loss on Disposal of Assets	1 646	514	- 1 132
Total	2 937 384	2 915 677	- 21 707

Overview

This Part of *Budget Paper No. 3* provides a detailed breakdown of the operating revenue for agencies, government business divisions and the Central Holding Authority. A table is presented for each revenue category, followed by a discussion of the key issues for that category.

Revenue earned by the Northern Territory Government is broadly classified into two types – agency revenue and Territory revenue – and is then further dissected according to the functional categories.

Agency revenue is revenue earned through voluntary, mutual exchange transactions, that is, the revenue tends to be in the nature of a fee paid for a service. Examples of agency revenue are charges for the use of Government facilities, training course fees and map sales. Specific purpose grants from the Commonwealth and revenue earned by government business divisions are also classified as agency revenue. Agency revenue is retained by the agency to be used to meet operating expenses. Output appropriation is calculated on a net basis and takes into account the amount of agency revenue that each agency will have available to apply to meet its operating expenses.

Territory revenue is generally revenue received from compulsory, statutory fees or taxes, and is often not accompanied by a direct or specific service provided in return. Examples of Territory revenue are payroll tax, stamp duty, motor vehicle registration fees, court fees, infringement notices and court fines. Territory revenue is recorded in the Central Holding Authority. In practice, agencies collect and administer Territory revenue and on-pass it to the Central Holding Authority. Territory revenue is incorporated into the Territory's total pool of financial resources from which appropriation funding is provided to agencies according to the Government's funding decisions. Thus Territory revenue is not able to be used by agencies to meet their operating expenses.

This Part records, for each revenue category, all the revenue earned by each agency and government business division, including revenue from external clients and Territory Government entities. Following each table is a description of each revenue category and significant variances (where applicable). *Budget Paper No. 2* also provides a number of revenue tables. However, as the focus in *Budget Paper No. 2* is on the Territory Government as a whole, the revenue figures are consolidated and thus eliminate revenue earned from other Government entities. Accordingly, they

are often lower figures than presented in the comparable tables in this Part. There will also be a difference in the Specific Purpose Payment estimates between *Budget Paper No. 2* and *Budget Paper No. 3* reflecting differences in timing associated with negotiations with the Commonwealth.

As a government owned corporation, PowerWater is not included in the Territory's budget sector and charges raised by PowerWater are not in the following tables. However, tax equivalents and dividends paid by PowerWater to the Central Holding Authority are recorded in the relevant tables as revenue for the Central Holding Authority. Payments of Community Service Obligations are outlined in *Budget Paper No. 2* rather than as revenue items in this Part.

TAXATION REVENUE

	2003-04 Estimate	2004-05 Budget	Variation
	\$000	\$000	\$000
GENERAL GOVERNMENT	335 093	337 760	2 667
Northern Territory Treasury	1 317	1 383	66
Community Benefit Levy	1 317	1 383	66
Central Holding Authority	333 776	336 377	2 601
Payroll Tax	139 737	145 587	5 850
Stamp Duty	105 439	101 556	- 3 883
Debits Tax	6 273	6 273	
Tax Equivalents Regime	25 086	24 750	- 336
Lotteries, Gaming and Wagering Tax	38 913	40 011	1 098
Light Vehicle Registration	10 328	10 200	- 128
Heavy Vehicle Registration	8 000	8 000	
TOTAL	335 093	337 760	2 667

Taxation Revenue

Taxation revenue consists of compulsory levies imposed by Government that are designed to raise revenue that the Government can apply to provide public services to the Territory community. Taxation revenue does not relate to a payment for goods and services provided. Taxation revenue only includes revenue raised from Northern Territory Government levies and does not include Commonwealth taxes.

A number of revenue initiatives have been introduced in this Budget, including:

- increasing the payroll tax general exemption threshold from \$600 000 to \$1.0 million over the next two years. From 1 July 2004, the threshold will increase from \$600 000 to \$800 000 and then to \$1.0 million from 1 July 2005;
- ceasing the HIH levy from workers' compensation policies that expire or are written on or after 18 May 2004;
- ceasing debits tax from 1 July 2005; and
- legislating a range of payroll tax and stamp duty anti-avoidance, administrative and technical changes that enhance the administration, efficiency and equity of Territory taxes.

Overall taxation revenue collections are forecast to increase by \$2.7 million or around 0.8 per cent in 2004-05. The major reasons for this change are explained below.

Payroll tax is the most significant component in the taxation revenue category. The forecast for 2004-05 comprises:

- \$96 million forecast collection from private sector businesses, public financial and non financial corporations; and
- \$49 million forecast collection from general government agencies and government business divisions.

The forecast \$5.8 million increase in collections reflects the net impact of:

- employment and wages growth in the Territory economy;
- the \$4.0 million payroll tax reduction arising from the payroll tax general exemption threshold being increased from \$600 000 to \$800 000 effective from 1 July 2004 as announced in the Budget; and

- one-off refunds and waivers totalling \$4.1 million in 2003-04 arising from the effect of a Supreme Court decision affecting the Land Councils, and the payroll tax waivers provided under the Government's relief package relating to the treatment of contractors.

Stamp duty collections comprise the second largest contributor in this revenue category and consist of stamp duty derived from property conveyances, insurance premiums, hiring arrangements, leases, motor vehicle registration transfers, electronic bank account debits and transfers of unquoted marketable securities. The forecast \$3.88 million reduction in stamp duty collections reflects higher than usual conveyance duty collections received from strong growth in the residential property market in 2003-04, which is not expected to continue at the same level of growth in 2004-05.

Tax equivalents regime collections are derived from a nationally-agreed arrangement that requires government business divisions and public financial and non financial corporations to pay equivalent amounts for income tax and local government rates as if they were private sector entities subject to these tax regimes. The tax equivalents regime ensures public sector entities, which operate with a commercial focus, do not have a competitive advantage over their private sector counterparts.

Gambling taxes mainly comprise lotteries tax, bookmakers' betting tax, casino tax, gaming machine tax and wagering tax. The forecast increase of \$1.1 million is based on increased turnover projections for existing games and increased casino taxes due to the lower Community Gaming Allowance tax offset for MGM Grand casino.

GRANTS AND SUBSIDIES REVENUE

	2003-04 Estimate	2004-05 Budget	Variation
	\$000	\$000	\$000
GENERAL PURPOSE GRANTS	1 690 100	1 700 100	10 000
Central Holding Authority			
GST Revenue	1 684 200	1 692 500	8 300
National Competition Payments	5 900	7 600	1 700
SPECIFIC PURPOSE PAYMENTS	311 405	317 166	5 761
Central Holding Authority	3 614	3 552	- 62
Royalties	2 246	2 200	- 46
Debt Redemption Assistance	1 368	1 352	- 16
Department of Employment, Education and Training	91 022	93 668	2 646
Non-Government Schools	36 376	38 451	2 075
Government Schools	20 700	20 700	
<i>Vocational Education and Training Funding Act</i>	17 602	14 431	- 3 171
Indigenous Education Strategic Initiatives program - Government	8 113	12 182	4 069
Targeted programs - Government Schools and Joint Schools programs	8 104	7 748	- 356
Indigenous Education Strategic Initiatives program - Non-Government	127	156	29
Department of Justice	2 686	2 693	7
Compensation - Companies Regulation	2 200	2 200	
Indigenous Education Strategic Initiatives program - Government	429	436	7
Film and Literature Classifications	57	57	
Department of Health and Community Services	120 568	123 455	2 887
Health Care Grants	91 853	96 102	4 249
Disabilities Services	6 039	5 810	- 229
Home and Community Care	5 058	5 148	90
Supported Accommodation Assistance	4 754	4 835	81
Highly Specialised Drugs	4 614	4 575	- 39
National Public Health	3 457	3 565	108
Essential Vaccines	1 803	1 835	32
Assistance for Bali Victims	1 300		- 1 300
Extension of Fringe Benefits	861	861	
Aged Care Assessment	721	721	
Youth Health Services	106		- 106
Children's Services	2	3	1
Department of Business, Industry and Resource Development	4 127	5 324	1 197
Renewable Remote Power Generation	3 852	5 293	1 441
Skilling Farmers for the Future	248		- 248
Photovoltaic Rebate program	27	31	4
Northern Territory Police, Fire and Emergency Services	1 498	68	- 1 430
Gun Buyback Scheme	1 430		- 1 430
<i>Vocational Education and Training Funding Act</i>	68	68	
Department of Corporate and Information Services	214	539	325
<i>Vocational Education and Training Funding Act</i>	160	484	324
Indigenous Education Strategic Initiatives program - Government	54	55	1

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GRANTS AND SUBSIDIES REVENUE – Continued

	2003-04 Estimate	2004-05 Budget	Variation
	\$000	\$000	\$000
Department of Community Development, Sport and Cultural Affairs	54 864	54 866	2
Commonwealth-State Housing Agreement (CSHA) Block Assistance/Base Funding ¹	13 071	13 071	
Housing Assistance for Indigenous People	19 458	19 458	
Financial Assistance Grants for Local Government - Untied Local Roads Grants	10 904	10 904	
Financial Assistance Grants for Local Government - General Purpose Assistance	10 388	10 390	2
Community Housing ¹	639	639	
Crisis Accommodation Assistance ¹	404	404	
Department of Infrastructure, Planning and Environment	32 812	33 001	189
National Highways (Road Programs)	28 904	29 091	187
Natural Heritage Trust of Australia	2 193	2 195	2
National Landcare Program (NLP)	937	937	
Road Safety Blackspots	672	672	
Interstate Road Transport	106	106	
OTHER GRANTS AND SUBSIDIES FROM THE COMMONWEALTH	34 047	21 878	- 12 169
Department of the Chief Minister	149	147	- 2
NT Freight Working Group	100	100	
Desert Knowledge	17		- 17
Indigenous Cadets	16	31	15
National Youth Week	11	11	
Harmony Day Sponsorship	5	5	
Department of Justice	160		- 160
NPY Major Project	150		- 150
Remote Workforce Development	10		- 10
Department of Health and Community Services	23 603	14 007	- 9 596
Remote Community Initiative	3 427	2 295	- 1 132
Remote Staff Housing	2 694	1 796	- 898
Chronic Disease Programs for Remote Areas	2 500	2 500	
Nguiu new facility	2 074	2 074	
Centre for Disease Control	1 414	72	- 1 342
Remote Health Clinic upgrade	1 289	1 289	
Health Connect	905		- 905
Public Health Care Access Program Service Extension	842	260	- 582
Energy Rebate	750	750	
Specialist Outreach Project Royal Darwin Hospital	558	558	
Childhood Pneumococcal Vaccination Program	505		- 505
Medical Specialist Outreach	452	90	- 362
OATSIH Remote Sexual Health	229	125	- 104
Advanced Specialist Training Post	225	225	
DEWR Indigenous Cadetship	140	140	
Family Coping	110		- 110
Coordinated Care Trial Information System		155	155
Other Grants direct from Commonwealth	5 489	1 678	- 3 811

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GRANTS AND SUBSIDIES REVENUE – Continued

	2003-04 Estimate	2004-05 Budget	Variation
	\$000	\$000	\$000
Department of Business, Industry and Resource Development	1 421	468	- 953
Grape Vine Rust Survey	790	130	- 660
Tuberculosis Freedom Assurance Program	490	270	- 220
Regional Minerals Study	55		- 55
Exotic Fruit Fly Consultancy	42	19	- 23
Aquatic Pest Procedure	23	49	26
East Timor Pest Surveys	21		- 21
Northern Territory Police, Fire and Emergency Services	3 725	3 725	
Juvenile Pre-Court Diversion Program	3 725	3 725	
Department of Community Development, Sport and Cultural Affairs	1 338	705	- 633
Aboriginal Interpreter Services	540	540	
Australian Sports Commission - Indigenous Sport	393		- 393
Regional Arts Fund	244		- 244
Australian Sports Commission - Sport Development	95	165	70
Australia Day Council	50		- 50
ATSIC - Aerodrome Project	16		- 16
Aboriginal Areas Protection Authority	22		- 22
Alkerwelppe site recording	22		- 22
Department of Infrastructure, Planning and Environment	3 492	2 689	- 803
National Heritage Trust Regional Competitive Program	3 300	2 497	- 803
Indigenous Land Corporation	192	192	
Darwin Bus Service	137	137	
Diesel and Alternative Fuels Grant Scheme	137	137	
OTHER GRANTS AND SUBSIDIES^{2,3}	3 272	2 192	- 1 080
Territory Discoveries	2 404	2 118	- 286
Operating Subsidy	2 404	2 118	- 286
Department of Employment, Education and Training	868	74	- 794
Motor Accident Compensation Scheme - driver training	760		- 760
SOCCI	64	50	- 14
Westfield/Gingermax	24	24	
Artists in Schools	20		- 20
TOTAL	2 038 824	2 041 336	2 512

¹ CSHA, Community Housing and Crisis Accommodation Assistance funding is on-passed to Housing Business Services.

² These grants are not from Commonwealth sources.

³ Community Service Obligation revenues received by government business divisions are not included in this category. Community Service Obligation payments are outlined in *Budget Paper No. 2*.

Grants and Subsidies Revenue

Grants and subsidies revenue encompasses revenue received for no direct service or benefit to the organisation paying the grant. The majority of grants and subsidies revenue is received from the Commonwealth as general purpose grants and specific purpose payments. A description of the grants and subsidies categories is provided below followed by a more detailed description of the major grants received by each agency.

General Purpose Grants are untied grants from the Commonwealth, provided to the Territory without restriction as to how the funds can be applied.

Specific Purpose Payments (SPPs) are grants from the Commonwealth that must be applied to designated services or functions. SPPs are often subject to conditions outlined in formal agreements.

There have historically been differences between Commonwealth and Northern Territory budget papers in the scope of grants classified as specific purpose payments. This is similar to the situation in other States and improvements have been possible through the development by the Commonwealth and the States of an SPP database. To improve transparency, payments in the 2004-05 Northern Territory Budget are classified as specific purpose payments only if they are reported as such by the Commonwealth, and are described by their Commonwealth titles.

Differences in Northern Territory and Commonwealth budget estimates remain, for reasons such as differences in growth parameters and the expected take-up of payments based on demand. The Commonwealth also publishes numerous payments made to non-government organisations and off-budget entities as specific purpose payments.

Other Grants and Subsidies from the Commonwealth are tied grants from the Commonwealth which the Commonwealth has not classified as specific purpose payments. Generally, although not always, these tend to be smaller grants and a number are one-off or for a limited period.

Other Grants and Subsidies are grants funds received from organisations other than the Commonwealth. These include sponsorship and donation programs from private sector corporations or non-government research bodies. As advised in the Revenue Overview, revenue from both external sources and Territory Government entities is disclosed in this Part. Thus, this category can include grants and subsidies received by agencies or government business divisions from other Territory entities. This category does not include Community Service Obligations revenue for government business divisions. Details of Community Service Obligations are in *Budget Paper No. 2*.

Commonwealth Grants and Subsidies

Total Commonwealth grants and subsidies to the Territory in 2004-05 are estimated to be \$2 039 million compared with \$2 036 million in 2003-04. Total grants in 2004-05 include an estimated \$1 693 million in goods and services taxation (GST) revenue, \$7.6 million in other general purpose grants and \$317 million in specific purpose payments.

General Purpose Grants

Most Commonwealth funding to the Territory is in the form of untied grants. Untied grants comprise GST revenue and general purpose payments. The total estimate of untied Commonwealth grants to the Territory is \$1 700 million in 2004-05.

The Commonwealth's 2004-05 Budget includes revised GST revenue estimates for the Territory for both 2003-04 and 2004-05. The estimates include the latest GST collection and population data as well as the outcome of the 2004 Commonwealth Grants Commission's review.

GST revenue for the Territory is estimated at \$1 684 million in 2003-04 and \$1 693 million for 2004-05. The estimates for 2003-04 will be finalised in June 2004 when the Commonwealth Treasurer issues his determination in respect of payments to the States and Territories.

In accordance with the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* (Intergovernmental Agreement), the Commonwealth Grants Commission recommends the distribution of GST revenue

collections based on the principles of horizontal fiscal equalisation. The Territory's share of the 2004-05 GST revenue collections, \$1 693 million, is calculated by applying adjusted population shares which incorporate the Commonwealth Grants Commission's recommended relativities.

Under the Intergovernmental Agreement, Budget Balancing Assistance is provided to ensure that States and Territories are no worse off as a result of tax reform. The Territory ceased to be eligible for Budget Balancing Assistance in 2002-03, and given the growth in GST collections, is not expected to require it in the future.

A more detailed discussion on the elements which determine GST revenue is included in *Budget Paper No. 2*.

National Competition Payments

National Competition payments are made in accordance with agreements between the States and the Commonwealth, and are based on the States satisfying requirements set down by the Commonwealth under National Competition Policy guidelines. The payments are indexed for inflation and distributed on a per capita basis.

The National Competition Council's 2004 Assessment Framework was released in February 2003. The Framework outlines the approach adopted by the National Competition Council in assessing the progress of each jurisdiction in implementing National Competition Policy reforms. Compliance with the 2003 Framework will result in the Territory being eligible for an estimated \$7.6 million in national competition payments in 2004-05.

Specific Purpose Payments and Other Direct Grants

Under the Intergovernmental Agreement, the Commonwealth committed to maintaining the aggregate level of specific purpose payments made to the States and Territories. Specific purpose payments are provided subject to conditions, typically in line with Commonwealth policy objectives. In many cases, States and Territories are required to match Commonwealth funding or to maintain existing levels of funding. These conditions reduce flexibility in resource allocation and in some cases, produce less than optimal results.

The Territory will receive over 80 specific purpose payments and other direct grants in 2004-05, including those made directly to agencies. It is estimated that a total of \$339 million will be received in this form, representing 17 per cent of Commonwealth funding to the Territory in 2004-05.

A description of major of specific purpose payments is given below.

Central Holding Authority

Royalties

Under the *Northern Territory (Self Government) Act 1978*, the Commonwealth retained ownership of uranium resources. A grant in lieu of uranium royalties, equivalent to 1.25 per cent of sales revenue, is paid to the Territory. It is estimated that the Territory will receive \$2.2 million in 2004-05 under this arrangement.

Debt Redemption Assistance

The Commonwealth provides compensation in relation to the reduced Commonwealth contributions to the Territory Debt Sinking Fund due to accelerated rates of debt redemption. It is estimated that the Territory will receive \$1.35 million compensation in 2004-05.

Department of Employment, Education and Training

Government and Non-Government Schools

Government and non-government schools grants include recurrent and capital components. The recurrent grant component assists schools in meeting the costs of providing educational programs directed toward a number of Commonwealth and State priorities. Recurrent grants are annually adjusted according to changes in the Average Government School Recurrent Cost amount, and are distributed according to audited enrolment data. The capital grants component is provided to improve infrastructure, particularly for the most disadvantaged schools. This component is indexed according to movements in the Building Price Index.

State governments hold primary responsibility for funding government schools, with the Commonwealth providing supplementary assistance to achieve specific objectives, jointly agreed to by the Commonwealth and the States. Commonwealth grants represent approximately 12 per cent of total public spending on government schools, with the balance being provided by State and Territory governments.

The Territory is budgeted to receive \$20.7 million for Government schools in 2004-05.

The Commonwealth provides funding for non-government schools to assist in achieving a number of outcomes. Non-government schools grants are paid to the States for on-passing to private schools. Commonwealth grants represent approximately 70 per cent of total public spending on non-government schools, with the balance being provided by State and Territory governments.

The Territory is budgeted to receive \$38.5 million for on-passing to non-government schools in 2004-05.

Vocational Education and Training

The purpose of Vocational Education and Training funding is to equip the Australian workforce with the appropriate depth and range of skills to increase productivity and international competitiveness.

Commonwealth grants for Vocational Education and Training are made through the Australian National Training Authority (ANTA) direct to each State training authority under the National Vocational Education and Training Agreement. The ANTA Ministerial Council determines the allocation of funds between recurrent, capital and national projects as well as the distribution of funds between jurisdictions. The distribution of recurrent funding is on a per capita basis, with capital funding being allocated according to historical proportions.

Grants from ANTA to the Department of Employment, Education and Training are estimated to total \$14.4 million in 2004-05.

Department of Justice

Compensation – Companies Regulation

Under the terms of the 2002 Corporations Agreement, the Commonwealth compensates the States for revenue foregone through the commencement of a national scheme for the regulation of companies and securities.

The Territory is expected to receive \$2.2 million in 2004-05 under this Agreement.

Department of Health and Community Services

Health Care Grants

Health Care Grants, paid under the Australian Health Care Agreements, are primarily for the purpose of funding public hospital services. Health Care Grants also include

funding for mental health services, palliative care, and the improvement of safety and quality.

The current Australian Health Care Agreements were finalised in August 2003, and expire on 30 June 2008. Health Care Grants are the largest single SPP to the States and Territories and are subject to stringent reporting requirements and financial conditions.

The indexation of Health Care Grants is based on measures of population growth and inflation.

Health Care Grants to the Northern Territory are budgeted at \$96.1 million for 2004-05, however, up to \$13.5 million may be withheld by the Commonwealth for breach of matching funding conditions or reporting requirements.

Disabilities Services

The Disabilities Services payment is governed by the Commonwealth State/Territory Disability Services Agreement (CSTDA). The Agreement funds services aimed at improving the quality of life for those under 65 years of age with severe disabilities.

The main feature of the new CSTDA, negotiated in 2003-04, is the requirement for the States to match growth in Commonwealth funding, including growth in Commonwealth own-purpose expenditure on disability employment programs. Disabilities Services grants are expected to grow at about 3.7 per cent per annum, however, the requirement for growth in State funding is likely to be about 6 per cent per annum.

The Territory is budgeted to receive \$5.8 million in Disabilities Services grants in 2004-05.

Home and Community Care

The Home and Community Care program provides basic maintenance and support services to frail, aged and disabled younger people to enable them to stay in their homes, avoiding premature or unnecessary admission to residential care.

Primarily, the State and Territory governments are responsible for managing the program, approving individual projects and reporting outcomes to the Commonwealth. The Commonwealth has responsibility for the national legislation of the program.

The Commonwealth contributes approximately 60 per cent of program funding, with State and Territory governments providing the remaining 40 per cent. The Territory expects to receive \$5.1 million as part of the Home and Community Care program in 2004-05.

Supported Accommodation Assistance

The Supported Accommodation Assistance program provides transitional supported accommodation and other support services to help people who are homeless or at imminent risk of becoming homeless. The aim of the program is to help these people achieve the maximum possible degree of self-reliance and independence.

The State and Territory governments are responsible for the routine administration and management of the program, with the Commonwealth assuming responsibility for national aspects such as the development of a national strategic plan, evaluation, research and reporting.

Under a five-year funding agreement which expires in 2005, the program is cost shared between the Commonwealth, State and Territory governments. The Commonwealth contributes approximately 60 per cent of funding, with State and

Territory governments providing the remaining 40 per cent. The program is indexed under a wage cost index and is distributed based on historical funding of support services for the homeless as existed at the commencement of the agreement in 1985. It is estimated that the Territory will receive \$4.8 million for this program in 2004-05.

Highly Specialised Drugs

The Highly Specialised Drugs Agreement was established in 1991 and is adjunct to the Pharmaceutical Benefits Scheme. The Agreement ensures community access to highly specialised, high-cost medication. The process of incorporating drugs into the Highly Specialised Drugs program is similar to the process for general benefits listing.

Under the Agreement, States and Territories provide funding for inpatient usage of highly specialised drugs within public hospitals, with the Commonwealth providing subsidised access for out-patients. The quantum of funding for each State is determined by a demand assessment. The estimated Territory allocation for this program in 2004-05 is \$4.6 million.

Department of Community Development, Sport and Cultural Affairs

CSHA Block Assistance/Base Funding

Untied housing assistance is provided to the Northern Territory under the Commonwealth-State Housing Agreement (CSHA). Base funding is targeted at the provision of public rental housing. CSHA is paid to the Department of Community Development, Sport and Cultural Affairs and is on-passed to Housing Business Services.

The CSHA includes two separate agreements: a multilateral agreement between all States and the Commonwealth setting out funding levels, grant indexation and sanctions; and a bilateral agreement between the Territory and the Commonwealth detailing agreed strategic directions and performance measures. A new five-year multilateral agreement commenced from 1 July 2003. A new bilateral agreement is close to finalisation and is expected to be in place by 30 June 2004.

Features of the CSHA include matching funding conditions, under which States must match 48.95 per cent of Commonwealth base funding, indexation by a composite measure of inflation, and the application of an annual 1 per cent efficiency dividend. The latest Agreement also allows for a 5 per cent reduction in funding if States fail to meet reporting requirements and other conditions, including the attraction of investment in public housing from outside the social housing system.

The Territory expects to receive \$13 million in CSHA base funding in 2004-05.

Other specific purpose payments covered by the CSHA are:

- Community Housing program (\$0.64 million – rental housing for people on low incomes);
- Crisis Accommodation Assistance (\$0.4 million – capital funding for services provided under the Supported Accommodation Assistance program); and
- Housing Assistance for Indigenous People.

Housing Assistance for Indigenous People covers payments under the Aboriginal Rental Housing Program (ARHP). The ARHP is targeted at rural and remote areas where mainstream public housing and private housing are unavailable.

ARHP payments to the Northern Territory are contributed directly to the Indigenous Housing Authority of the Northern Territory, which coordinates the delivery of Indigenous housing using pooled Commonwealth and Territory housing funds.

The ARHP is governed by the Commonwealth-State Housing Agreement, which was renegotiated in 2003-04. A review of the distribution of ARHP funds has been undertaken as required by the new CSHA, however, the results of the review have not been released.

Current ARHP funding of \$19.5 million has been fixed at the same nominal level since 1999-00, notwithstanding an additional grant of \$4.3 million in 2002-03.

Financial Assistance Grants to Local Government

Local Government Financial Assistance Grants are payments through the States to improve the financial capacity of local governments and to ensure that residents are provided with an equitable level of service. The program consists of two separate payments – General Purpose Assistance and Untied Local Roads Grants.

General Purpose Assistance Grants are distributed on a per capita basis between the States, but are required to be shared among the local governing bodies within each State according to a restricted set of horizontal fiscal equalisation principles. The distribution of general purpose grants within each State is based on the recommendations of a statutory Local Government Grants Commission.

Untied Local Roads Grants are distributed among the States according to an historical formula. In the Territory they are distributed to local government authorities by the Local Government Grants Commission according to a formula based on shares of relevant infrastructure, such as road length and sealed pavements.

Both the Untied Local Roads Grants and General Purpose Assistance Grants are indexed to account for population and inflation. There is no requirement for State or local governments to match funding from the Commonwealth or to maintain effort. However, the *Local Government (Financial Assistance) Act 1995* requires that the impact of Commonwealth funding on the revenue raising efforts of local government and the level of assistance provided by the States be reviewed.

In 2004-05 the Territory expects to receive \$10.4 million in General Purpose Assistance Grants for local government, and \$10.9 million in Untied Local Roads Grants.

Department of Infrastructure, Planning and Environment

Road Programs

Road programs, consisting of the National Highways and Roads of National Importance sub-programs, promote regional and national development through the provision of an efficient and reliable road network. The programs also aim to provide safe and reliable access to the community while minimising the cost of the national highway network.

The Commonwealth fully funds the National Highways sub-program, with the Roads of National Importance sub-program being funded under a cost sharing arrangement between the Commonwealth and the States.

Road programs funding is indexed for inflation and is distributed according to a demand assessment. The Territory expects to receive \$29.1 million as part of Road programs in 2004-05.

SALE OF GOODS AND SERVICES REVENUE

	2003-04 Estimate	2004-05 Budget	Variation
	\$000	\$000	\$000
GENERAL GOVERNMENT	175 899	172 358	- 3 541
Auditor-General's Office	148	152	4
Recoverable Audits	148	152	4
Northern Territory Electoral Commission	385		- 385
Recovery of Election Costs	385		- 385
Ombudsman's Office	28	30	2
Commonwealth Ombudsman Service Agreement	28	30	2
Department of the Chief Minister	2 253	1 373	- 880
Recovery of Agency costs	1 721	1 231	- 490
NT Railway	440		- 440
OCPE Apprentices Program	72	72	
TIO Sponsorship for Territory Seniors Card	20	20	
Other		50	50
Department of the Legislative Assembly	37	37	
Room Hire/Hansard Fees	25	25	
OCPE Apprentices Program	12	12	
Northern Territory Tourist Commission	775	730	- 45
Territory Discoveries Service Level Agreement	200	200	
Other Charges	575	530	- 45
Territory Discoveries	2 689	3 026	337
Commissions	1 739	2 076	337
Information Provision Services for Northern Territory Tourist Commission	950	950	
Northern Territory Treasury	180	180	
Fees	30	30	
OCPE Apprentices Program	24	24	
Other Charges	126	126	
Central Holding Authority	11 073	11 309	236
Motor Vehicle Licences and Taxi Leases	4 273	4 581	308
Fees and Charges	1 487	1 498	11
Exploration and Pipeline Licences	1 073	1 051	- 22
Fire Alarm Monitoring Fees	896	908	12
Miscellaneous Receipts	458	466	8
Civil Court Fees	350	350	
Commonwealth Contribution for Construction of Electronic Court	303		- 303
Nitmiluk Gorge Recreational Fees	280	280	
Firearms Licences	278	282	4
Rail Safety	252	252	
Development Assessment - Subdivision/Rezoning/Development Applications	250	250	
Criminal Court Fees	240	240	
Business Affairs Fees	200	200	
Marine Fees	200	200	
Electrical Licencing and Safety Fees	130	130	
Supreme Court Fees	120	120	
Fines Recovery Unit Fees	112	150	38
Work Health Registrations	94	274	180
Kings Canyon Fees	62	62	
Land Administration	15	15	

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SALE OF GOODS AND SERVICES REVENUE – Continued

	2003-04 Estimate	2004-05 Budget	Variation
	\$000	\$000	\$000
Department of Employment, Education and Training	1 438	1 448	10
Teacher Accommodation Rent	552	562	10
Centre of Appropriate Technology	330	330	
International Services	173	173	
Regional Training Centres	140	140	
Callistemon House	128	128	
OCPE Apprentices Program	60	60	
Other Charges	55	55	
Office of the Commissioner for Public Employment	1 451	1 609	158
Professional Programs	1 113	1 289	176
Project Employment	314	320	6
Careers Expo	12		- 12
Indigenous Employment Forum	12		- 12
Department of Justice	4 968	5 137	169
Land Title and Mortgage Lodgement Fees	2 348	2 428	80
Land Title Searches	835	863	28
Public Trustee Commissions	419	433	14
Public Trustee/Registrar General Applications	258	267	9
Number Plate Sales	215	222	7
Custody Recoveries	106	110	4
Court Transcript Fees	62	64	2
Other Charges	725	750	25
Department of Health and Community Services	22 039	20 179	- 1 860
Cross Border Charges	7 521	7 521	
Compensable Patients (TIO)	2 192	2 446	254
Staff Accommodation Rent	2 098	2 098	
Stock Recoveries	1 806	1 731	- 75
Compensable Patients (non-TIO)	897	897	
Private Patients	709	709	
DMO Medicare Bulk Billing	663	663	
Ineligible Patients	555	555	
Offshore Aerial Medical Evacuation Service	357	357	
Rights to Private Practice Facility Fees	349	349	
Additional Services (Katherine West Health Board)	307	307	
Electricity Recoveries	291	291	
Additional Services (Umbakumba)	217	217	
Palmerston Health Precinct Lease	184	184	
Rental of Departmental Facilities	181	181	
OCPE Apprentices Program	108	108	
Service Recoveries Darwin Private Hospital	105	105	
Tri-State Arrangement		120	120
Other Charges	3 499	1 340	- 2 159

(Continued)

Sale of Goods and Services Revenue

SALE OF GOODS AND SERVICES REVENUE – Continued

	2003-04 Estimate	2004-05 Budget	Variation
	\$000	\$000	\$000
Department of Business, Industry and Resource Development	7 181	5 797	- 1 384
Australian Quarantine Service	1 411		- 1 411
Research Farms Trading Accounts	1 100	1 100	
Water Analysis Testing	970	940	- 30
Off-shore Petroleum Rents	736	699	- 37
Pivot Aquaculture - Sale of Fingerlings	700	700	
Australian Fisheries Management Authority	525	570	45
Fisheries Licence Fees	350	360	10
Application, Advertising and Dealing Fees (Licences/Titles)	216	190	- 26
Australian Quarantine Inspection Service	195	310	115
Livestock Export and Diagnostic Testing	160	100	- 60
Technologies for Environmental Advancement of Mining in the NT	150		- 150
Disease Risk Assessment	120	120	
OCPE Apprentices Program	82	52	- 30
Employee Housing Rentals	46	46	
Veterinary Fees	17	17	
Sale of Produce	6	5	- 1
Interstate Certification Audits	4	4	
Integrated Business Services Channel		353	353
Other Charges	393	231	- 162
Northern Territory Police, Fire and Emergency Services	2 970	3 102	132
Fire Protection Commonwealth Government Properties	1 000	1 023	23
Security for US Naval Vessels	545	545	
Nhulunbuy Corporation Receipts	252	252	
Emergency Management	194	224	30
Ayers Rock Resort Corporation Receipts	163	163	
Australian Fisheries Management Authority	143	143	
Other Charges	673	752	79
Department of Corporate and Information Services	10 806	10 615	- 191
Business Division Corporate Management Charges	5 320	5 250	- 70
Rent Recovery	4 630	4 630	
Short Courses	540	450	- 90
Salary Sacrifice Administrative Fee	134	135	1
OCPE Apprentices Program	107	150	43
Remote Workforce Strategy	75		- 75
Data Centre Services	18 688	16 000	- 2 688
Data Centre Management	18 688	16 000	- 2 688
Government Printing Office	5 773	5 870	97
Sales and Charges	5 773	5 870	97
NT Fleet	27 300	28 500	1 200
Vehicle Lease Revenue	27 300	28 500	1 200

(Continued)

SALE OF GOODS AND SERVICES REVENUE – Continued

	2003-04 Estimate	2004-05 Budget	Variation
	\$000	\$000	\$000
Department of Community Development, Sport and Cultural Affairs	6 138	6 940	802
IHANT Administration Fees	2 075	2 057	- 18
Interpreter Fees	445	445	
Museum Shop Sales	430	430	
Admissions	310		- 310
Exhibitions	250		- 250
<i>Darwin Rates Act</i>	242	242	
Rent	175		- 175
Nhulunbuy Rent	22		- 22
Other Charges	2 189	3 766	1 577
Aboriginal Areas Protection Authority	250	250	
Fees and Charges	250	250	
Department of Infrastructure, Planning and Environment	14 211	13 538	- 673
Motor Vehicle Registry Administration Charges	2 934	3 411	477
Bus Fares and Passes	2 400	2 650	250
Recoverable Works - Recurrent	1 520		- 1 520
Business Division Support Charges	1 414	1 414	
Rent Charges on Government Owned Buildings	1 150	1 173	23
Sale of Products, Maps and Valuations	1 023	1 023	
School Bus Passes	900	900	
Pensioner Concession Bus Passes	600	600	
Government Owned Corporations and Private Trading Enterprises Support Charges	488	465	- 23
Registry Charges to Other Agencies	249	249	
OCPE Apprentices Program	96	96	
Special Bus Services for Arafura Games		130	130
External and Other Charges	1 437	1 427	- 10
Construction Division	33 144	34 512	1 368
Project Management Fees	33 144	34 512	1 368
Territory Wildlife Parks	1 800	1 846	46
Fees and Charges	1 800	1 846	46
Land Development Corporation	174	178	4
Fees and Charges	174	178	4
PUBLIC NON FINANCIAL CORPORATIONS	58 991	59 022	31
Housing Business Services	40 688	40 587	- 101
Rent and Tenant Charges	40 688	40 587	- 101
Darwin Bus Service	6 272	6 272	
Charges to Territory Public Transport Charters	6 212	6 212	
	60	60	
Darwin Port Corporation	12 031	12 163	132
Commercial Wharves	8 551	8 642	91
Pilotage	1 185	1 007	- 178
Navigation and Safety	999	697	- 302
Corporate Support and Marketing	613	1 011	398
Small Craft Services	433	483	50
Tourism and Real Estate	200	180	- 20
Cruise and Defence	50	143	93

(Continued)

SALE OF GOODS AND SERVICES REVENUE – Continued

	2003-04 Estimate	2004-05 Budget	Variation
	\$000	\$000	\$000
PUBLIC FINANCIAL CORPORATIONS	262	262	
Northern Territory Treasury Corporation	262	262	
Investment Management Fees	262	262	
TOTAL	235 152	231 642	- 3 510

Sale of Goods and Services Revenue

The sale of goods and services revenue category includes fees and charges levied on regulatory functions, the provision of certain services, and the issue of licences and permits to carry out otherwise prohibited or restricted activities. Goods and services revenue collection by Government is primarily to recoup costs, particularly regulation costs.

Overall the sale of goods and services revenue comprises 8 per cent of the total revenue from Territory sources.

This category also includes charges paid by one agency or government business division to another, with the main charges being:

- Data Centre Services – computing and communication services \$16 million;
- NT Fleet – provision and management of Government vehicles \$28.5 million; and
- Construction Division – capital works project management costs \$34.5 million.

There is no substantial estimated change in the collection of goods and services revenue in the 2004-05 Budget, with most estimates remaining relatively static. The more significant variations are described below.

The Department of Health and Community Services provided a one-off service in 2003-04 resulting in Other Charges declining by \$2.1 million.

The Department of Business, Industry and Resource Development provided the Australian Quarantine Service in the Territory but this Service was transferred to the Commonwealth in 2003, resulting in no goods and services revenue for 2004-05. A new arrangement by the Department to provide quarantine inspection services commenced in November 2003.

Expected reduction of \$2.7 million for Data Centre Services reflects a reduction in agency systems using the mainframe, predominantly PowerWater.

Increase of \$1.2 million for NT Fleet reflects an increase in the size of the light vehicle fleet in 2004-05.

Rent, Exhibitions and Admissions revenue for the Department of Community Development, Sports and Cultural Affairs are segregated in 2003-04 and are classified in Other Charges in 2004-05, which accounts for \$0.74 million of the total \$1.57 million variance for this item. The remaining \$0.84 million is attributed to a change in administrative arrangements with Housing Business Services.

Recoverable works (recurrent) for the Department of Infrastructure, Planning and Environment has been reclassified as a liability to comply with Australian Accounting Standards resulting in a decrease of \$1.5 million in 2004-05.

Project management fees increase of \$1.4 million for Construction Division reflects an expected increase in the construction projects to be managed.

INTEREST REVENUE

	2003-04 Estimate	2004-05 Budget	Variation
	\$000	\$000	\$000
GENERAL GOVERNMENT	33 573	26 236	- 7 337
Northern Territory Treasury	2 246	2 390	144
Interest	2 246	2 390	144
Central Holding Authority	30 714	23 264	- 7 450
Interest	30 714	23 264	- 7 450
Department of Business, Industry and Resource Development	140	136	- 4
Katherine Regional Flood Loans	100	96	- 4
Business Loans	30	30	
Rural Adjustment Scheme Loans	10	10	
Data Centre Services	78	60	- 18
Interest on Cash Balances	78	60	- 18
Government Printing Office	50	65	15
Interest on Cash Balances	50	65	15
NT Fleet	180	183	3
Interest on Cash Balances	180	183	3
Construction Division	25	120	95
Interest on Cash Balances	25	120	95
Territory Wildlife Parks	140	18	- 122
Interest on Cash Balances	140	18	- 122
PUBLIC NON FINANCIAL CORPORATIONS	13 938	12 321	- 1 617
Housing Business Services	13 280	11 652	- 1 628
Interest on Loans	10 780	11 000	220
Interest on Cash Balances	2 500	652	- 1 848
Darwin Bus Service	90	90	
Interest on Cash Balances	90	90	
Darwin Port Corporation	568	579	11
Interest on Cash Balances	568	579	11
PUBLIC FINANCIAL CORPORATIONS	187 273	175 456	- 11 817
Northern Territory Treasury Corporation	187 273	175 456	- 11 817
Interest from:			
General Government	135 330	124 742	- 10 588
Public Non Financial Corporations	51 563	50 391	- 1 172
Charles Darwin University	137	99	- 38
Local Government	43	24	- 19
Borrowing Revenue	200	200	
TOTAL	234 784	214 013	- 20 771

Interest Revenue

Interest Revenue

This revenue category comprises interest earned on:

- investments of surplus cash balances;
- advances outstanding, such as home loans by Housing Business Services;
- loans to local government bodies; and
- cash balances held by the Central Holding Authority and government business divisions.

The variation in estimates from 2003-04 to the 2004-05 Budget of \$20.8 million is the result of:

- a decline in interest revenue of \$1.85 million on cash balances for Housing Business Services;
- a decline in interest by \$10.6 million paid by and on behalf of general government agencies to Northern Territory Treasury Corporation due to a general reduction in the interest rates, as high cost debt is replaced with low cost debt; and
- the decrease in interest revenue of \$7.5 million for the Central Holding Authority is related to an one-off revaluation of the Conditions of Service Reserve in 2003-04.

ROYALTIES, RENTS AND DIVIDENDS REVENUE

	2003-04 Estimate	2004-05 Budget	Variation
	\$000	\$000	\$000
GENERAL GOVERNMENT	78 351	79 127	776
Central Holding Authority	78 351	79 127	776
Mining and Petroleum Royalties	37 100	38 500	1 400
Mining and Petroleum Rents	1 346	1 346	
Land Rents	3 476	3 476	
Dividends from:			
Northern Territory Treasury Corporation	14 335	13 495	- 840
Data Centre Services	1 177	245	- 932
NT Fleet	2 282	2 380	98
Darwin Bus Service	41	4	- 37
PowerWater	18 594	19 681	1 087
TOTAL	78 351	79 127	776

Royalties, Rents and Dividends Revenue

Mining and petroleum royalties receivable from mining operations are the most significant contributor for this revenue category.

The \$1.4 million increase in mining and petroleum royalties is based on mining company financial projections.

Land rents relate primarily to land rents paid under certain land holding arrangements, for example, pastoral lease rents and mining lease rents.

The dividends component of this revenue category records dividends returned to the Central Holding Authority from the surplus results of government business divisions and PowerWater.

The decreased dividend of \$0.9 million from Data Centre Services in 2004-05 reflects a lower operating performance due primarily to the loss of a large client, PowerWater.

OTHER REVENUE

	2003-04 Estimate	2004-05 Budget	Variation
	\$000	\$000	\$000
GENERAL GOVERNMENT	12 532	10 335	- 2 197
Department of the Chief Minister	45	45	
Miscellaneous	45	45	
Department of the Legislative Assembly	13	17	4
Building Recoveries	5	5	
Miscellaneous	8	12	4
Northern Territory Treasury	120	150	30
Miscellaneous	120	150	30
Central Holding Authority	4 696	4 696	
Criminal Infringement and Other Fines	4 197	4 197	
Work Health Court Costs	38	38	
Miscellaneous Revenue	461	461	
Department of Employment, Education and Training	173	153	- 20
Miscellaneous	173	153	- 20
Office of the Commissioner for Public Employment	2	2	
Miscellaneous	2	2	
Department of Justice	1 115	600	- 515
Miscellaneous	1 115	600	- 515
Department of Health and Community Services	549	631	82
Miscellaneous	549	631	82
Department of Business, Industry and Resource Development	2 543	1 893	- 650
Private Research and Development Corporations/Organisations	2 189	1 691	- 498
General Provisions	354	202	- 152
Northern Territory Police, Fire and Emergency Services	607	200	- 407
Community Program Receipts	78	78	
Miscellaneous	529	122	- 407
Department of Corporate and Information Services	170	174	4
Miscellaneous	170	174	4
Government Printing Office	13	15	2
Miscellaneous	13	15	2
NT Fleet	8		- 8
Miscellaneous	8		- 8
Department of Community Development, Sport and Cultural Affairs	724	447	- 277
Miscellaneous	724	447	- 277

(Continued)

OTHER REVENUE – Continued

	2003-04 Estimate	2004-05 Budget	Variation
	\$000	\$000	\$000
Department of Infrastructure, Planning and Environment	1 609	1 297	- 312
Territory Insurance Office - Road Safety	886	886	
Territory Insurance Office - motorcyclist training	247	247	
Victoria River District Pest Control Program	215		- 215
Conservation Management	33	33	
Miscellaneous	131	131	
Landcare Conference	97		
Construction Division	130		- 130
Miscellaneous	130		- 130
Territory Wildlife Parks	15	15	
Miscellaneous	15	15	
PUBLIC NON FINANCIAL CORPORATIONS	1 002	950	- 52
Housing Business Services	4	4	
Miscellaneous	4	4	
Darwin Port Corporation	998	946	- 52
Miscellaneous	998	946	- 52
TOTAL	13 534	11 285	- 2 249

Other Revenue

The other revenue category includes:

- fines, defined by the Australian Bureau of Statistics as 'civil and criminal penalties imposed on law breakers other than penalties imposed by tax authorities';
- contributions from non-government sources towards an agency program or program component;
- any balances in clearing accounts;
- refunds of overpayments incurred in previous financial years; and
- unclaimed money.

Overall, other revenue is expected to decline by \$2.2 million in 2004-05, consisting of minor increases and decreases across all agencies.

PROFIT/LOSS ON DISPOSAL OF ASSETS

	2003-04 Estimate	2004-05 Budget	Variation
	\$000	\$000	\$000
GENERAL GOVERNMENT	1 621	500	- 1 121
Department of Business, Industry and Resource Development	121		- 121
Profit on Sale of Assets	121		- 121
NT Fleet	1 500	500	- 1 000
Profit on Sale of Vehicles	1 500	500	- 1 000
PUBLIC NON FINANCIAL CORPORATIONS	25	14	- 11
Housing Business Services	11		- 11
Profit on Sale of Assets	11		- 11
Darwin Bus Service	14	14	
Profit on Sale of Buses	14	14	
TOTAL	1 646	514	- 1 132

Profit/Loss on Disposal of Assets

This category includes profits and losses from asset disposals, including from the sale of Crown land and Government property, principally dwellings and vehicles.

Profit/Loss is an accrual concept and does not reflect the cash received on sale of the asset, but rather the difference between the asset's written down book value and the sale price.

While some assets will be sold across Government in 2004-05, specific allowances for profit or loss on their disposal has not been made. This is for two main reasons: firstly, because reliably estimating profit/loss is exceptionally difficult due to the disposal process being subject to many variable factors (for instance timing, method and market condition); and secondly, the Territory Government has adopted a current valuation methodology for most asset classes, in accordance with Australian Accounting Standards. Therefore, the book value of assets would often approximate market value, resulting in a minimal profit or loss arising on disposal.

Specifically, NT Fleet's planned reduction of \$1.0 million in profits on disposal of vehicles at auction is due to improved estimation of residual values.