

Revenue

Summary

CATEGORY	2004-05 Estimate	2005-06 Budget	Variation
	\$000	\$000	\$000
Taxation Revenue	369 135	373 570	4 435
Grants and Subsidies Revenue	2 114 230	2 196 122	81 892
Sale of Goods and Services Revenue	255 088	245 546	- 9 542
Interest Revenue	226 753	206 550	- 20 203
Royalties, Rents and Dividends Revenue	84 879	88 257	3 378
Other Revenue	15 672	11 921	- 3 751
Profit/Loss on Disposal of Assets	2 933	2 054	- 879
TOTAL	3 068 690	3 124 020	55 330

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 or 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 Australian Government and revenue earned by government business divisions are also classified as agency revenue. Agency revenue is retained by the agency and used to meet 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 on behalf of the Central Holding Authority. Territory revenue is the main source of funds for appropriation provided to agencies. Territory revenue is not able to be used by agencies to meet their operating expenses.

Territory and agency revenue is recorded in the financial statements of each agency included in this Budget Paper. This part of *Budget Paper No. 3* records, for each revenue category, 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 revenue data. 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 Australian Government.

As a government owned corporation, Power and Water Corporation is not included in the Territory's budget sector and charges raised by Power and Water Corporation are not in the following tables. However, tax equivalents and dividends paid by Power and Water Corporation to the Central Holding Authority are recorded in the relevant tables as revenue for the Central Holding Authority. Payments of community service obligations to government owned corporations and government business divisions are outlined in *Budget Paper No. 2* rather than as revenue items in this part.

Taxation Revenue

	2004-05 Estimate	2005-06 Budget	Variation
	\$000	\$000	\$000
GENERAL GOVERNMENT	369 135	373 570	4 435
Northern Territory Treasury	1 448	1 505	57
Community benefit levy	1 448	1 505	57
Central Holding Authority	367 687	372 065	4 378
Payroll tax	153 442	159 701	6 259
Stamp duty	119 606	120 152	546
Debit taxes	6 523	520	- 6 003
Tax equivalents regime	25 961	23 535	- 2 426
Lotteries, gaming and wagering tax	43 055	49 057	6 002
Light vehicle registration	10 704	10 704	
Heavy vehicle registration	8 396	8 396	
TOTAL	369 135	373 570	4 435

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 Australian Government taxes.

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

- increasing the First Home Owners stamp duty concession from a maximum of \$3640 to a maximum of \$6800, representing an increase in the stamp duty exemption threshold from the first \$125 000 of a home's value to the first \$200 000 from 3 May 2005;
- ceasing electronic debit transaction stamp duty from 1 July 2005; and
- legislating a number of stamp duty and payroll tax administrative changes that enhance the administration, efficiency and equity of Territory taxes.

Measures announced in the 2004-05 Budget will also apply for the first time from 1 July 2005. These are:

- increasing the payroll tax general exemption threshold from \$800 000 to \$1 million; and
- ceasing debits tax.

In addition, the Government has announced, as part of national tax reform, its intention to:

- increase the payroll tax general exemption threshold from \$1 million to \$1.25 million from 1 July 2006;
- abolish stamp duty payable on the grant and renewal of leases and franchises and on unquoted marketable securities from 1 July 2006;
- abolish stamp duty on hiring arrangements from 1 July 2007; and
- abolish stamp duty on the conveyance of business property other than land from 1 July 2009.

Overall, taxation revenue collections are forecast to increase by \$4.4 million or around 1.2 per cent, in 2005-06. The major reasons for this change are explained below.

Payroll tax is the most significant component in the taxation revenue category. The forecast for 2005-06 comprises:

- \$109 million forecast collections from private sector businesses, public financial and non financial corporations; and
- \$50 million forecast collections from general government agencies and government business divisions.

The forecast \$6.3 million increase in collections reflects the net impact of:

- employment and wages growth in the Territory economy; and
- the \$3.2 million payroll tax reduction announced in the 2004-05 Budget to increase the payroll tax general exemption threshold to \$1 million, effective from 1 July 2005.

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 \$0.5 million increase in stamp duty collections reflects the net impact of:

- continued strong residential property sales forecast in 2005-06;
- the abolition of electronic debit transaction stamp duty from 1 July 2005 at a cost to the Budget of \$2.4 million; and
- the increase in the first home owner stamp duty concession from 3 May 2005 at a cost to the Budget of \$2.7 million in 2005-06.

Debits tax is being abolished from 1 July 2005 at a cost of \$6.2 million in 2005-06. A small amount of debits tax revenue will be collected in 2005-06 for liabilities arising in June 2005, prior to its abolition. This explains the \$6 million variance in debits tax collections.

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 \$6 million is based on increased turnover projections for existing games and increased casino taxes, due to the cessation from 1 July 2005 of the Community Gaming Rebate for Skycity casino.

Grants and Subsidies Revenue

	2004-05 Estimate	2005-06 Budget	Variation
	\$000	\$000	\$000
GENERAL PURPOSE GRANTS	1 746 700	1 837 100	90 400
Central Holding Authority	1 746 700	1 837 100	90 400
GST revenue	1 739 100	1 829 300	90 200
National Competition payments	7 600	7 800	200
SPECIFIC PURPOSE PAYMENTS	332 250	341 323	9 073
Central Holding Authority	4 552	13 229	8 677
Royalties	3 101	2 403	- 698
Debt Redemption Assistance	1 352	10 574	9 222
Natural Disaster Relief Arrangements	99	252	153
Department of Employment, Education and Training	98 173	100 532	2 359
Non-Government Schools	40 707	40 707	
Non-Government Schools – capital	967	967	
Government Schools	17 704	21 051	3 347
Government Schools – capital	6 172	2 996	- 3 176
<i>Vocational Education and Training Funding Act</i>	11 041	10 801	- 240
<i>Vocational Education and Training Funding Act</i> – capital	5 280	3 768	- 1 512
Indigenous Education Strategic Initiatives Program – government	7 900	12 338	4 438
Targeted programs - government schools and joint schools programs	8 402	7 904	- 498
Department of Justice	2 693	2 644	- 49
Compensation – companies regulation	2 353	2 304	- 49
Indigenous Education Strategic Initiatives Program – government	340	340	
Department of Health and Community Services	125 232	127 877	2 645
Health Care Grants	96 900	102 398	5 498
Disabilities Services	5 927	5 924	- 3
Home and Community Care	5 532	4 725	- 807
Supported Accommodation Assistance	4 929	4 754	- 175
Highly Specialised Drugs	4 575	3 426	- 1 149
National Public Health	3 778	3 956	178
Essential Vaccines	2 006	1 040	- 966
Extension of Fringe Benefits (Pensioner Concessions)	861	930	69
Aged Care Assessment	721	721	
Children's Services	3	3	
Department of Business, Industry and Resource Development	5 324	6 800	1 476
Renewable Remote Power Generation – capital	4 997	6 420	1 423
Renewable Remote Power Generation	295	380	85
Photovoltaic Rebate Program (PVRP)	32		- 32
Northern Territory Police, Fire and Emergency Services	68	68	
<i>Vocational Education and Training Funding Act</i>	68	68	
Department of Corporate and Information Services	539	668	129
<i>Vocational Education and Training Funding Act</i>	484	613	129
Indigenous Education Strategic Initiatives Program – government	55	55	

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Grants and Subsidies Revenue - continued

	2004-05 Estimate	2005-06 Budget	Variation
	\$000	\$000	\$000
Department of Community Development, Sport and Cultural Affairs	60 338	55 376	- 4 962
Housing Assistance for Indigenous People – capital	24 420	19 458	- 4 962
Commonwealth-State Housing Agreement (CSHA) ¹ block assistance/base funding – capital	13 137	13 137	
Financial Assistance Grants for Local Government – untied local roads grants	10 904	10 904	
Financial Assistance Grants for Local Government – general purpose assistance	10 834	10 834	
Community Housing – capital ¹	639	639	
Crisis Accommodation Assistance ¹	404	404	
Department of Infrastructure, Planning and Environment	35 331	34 129	- 1 202
AusLink (National Highways) – capital	15 950	14 628	- 1 322
AusLink (National Highways) – maintenance	15 600	15 720	120
Natural Heritage Trust of Australia	2 066	2 066	
National Landcare Program	937	937	
Road Safety Blackspots - capital	672	672	
Interstate Road Transport	106	106	
OTHER GRANTS AND SUBSIDIES FROM THE AUSTRALIAN GOVERNMENT	32 742	15 295	- 17 447
Department of the Chief Minister	583	1 244	661
Desert Knowledge Business Centre	275	1 045	770
Family Violence Partnership Program	161	152	- 9
NT Freight Working Group	100		- 100
National Indigenous Cadet Program	31	31	
National Youth Week	11	11	
National Harmony Day	5	5	
Northern Territory Treasury	28	42	14
National Indigenous Cadet Program	28	42	14
Department of Justice	45		- 45
Prison Education Program – Deckhand Course	45		- 45

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Grants and Subsidies Revenue - continued

	2004-05 Estimate	2005-06 Budget	Variation
	\$000	\$000	\$000
Department of Health and Community Services	22 977	11 841	- 11 136
Public health outcomes access program – service extension	3 231	2 211	- 1 020
Remote Community Initiative	2 129	2 219	90
Health Connect	2 087		- 2 087
Tiwi Islands Directorate	1 927		- 1 927
Remote staff housing – capital	1 596		- 1 596
Chronic Disease Programs for Remote Areas	1 200		- 1 200
Diversions Program	1 200	1 200	
Other acute care grants	1 023		- 1 023
Aedes Aegypti (Mosquito) Eradication Project	1 000		- 1 000
Section 100 drugs	897		- 897
Energy rebate	698	750	52
Behaviour intervention	600	600	
Medicare project supplementary grant	600	300	- 300
Specialist Outreach Project – Royal Darwin Hospital	580	558	- 22
Medical specialist outreach	529	612	83
Nguiu new facility – capital	208		- 208
Advanced specialist training post	188	123	- 65
Coordinated Care Trial Information System	155		- 155
National Indigenous Cadet Program	140	140	
OATSIH Remote Sexual Health	125	125	
Centre for Disease Control	72		- 72
Remote health clinic upgrade – capital		2 002	2 002
Other grants direct from Australian Government	2 792	1 001	- 1 791
Department of Business, Industry and Resource Development	1 224	568	- 656
State cost sharing agreement (grape vine rust survey)	500	68	- 432
FarmBis	300	300	
Tuberculosis Freedom Assurance Program	292	146	- 146
Regional minerals study	78		- 78
East Timor pest survey	35	35	
Exotic fruit fly consultancy	19	19	
Northern Territory Police, Fire and Emergency Services	3 518	118	- 3 400
Juvenile Pre-Court Diversion Program	3 400		- 3 400
Illicit drug diversion	118	118	
Department of Community Development, Sport and Cultural Affairs	1 678	1 290	- 388
Aboriginal Interpreter Service	611	940	329
Australian Sports Commission – Indigenous sport	416		- 416
Regional arts	345	350	5
Australian Sports Commission – sport development	165		- 165
Other Australian Government grants	141		- 141
Department of Infrastructure, Planning and Environment	2 689	192	- 2 497
Natural Heritage Trust Regional Competitive Program	2 497		- 2 497
Indigenous Land Corporation – weeds management	192	192	

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Grants and Subsidies Revenue - continued

	2004-05 Estimate	2005-06 Budget	Variation
	\$000	\$000	\$000
OTHER GRANTS AND SUBSIDIES^{2,3}	2 538	2 404	- 134
Territory Discoveries	2 118	2 265	147
Operating subsidy	2 118	2 265	147
Department of Employment, Education and Training	94	74	- 20
SOCCI	50	50	
Westfield/Gingermax	24	24	
Artists in Schools	20		- 20
Department of Community Development, Sport and Cultural Affairs	326	65	- 261
Museum and Art Gallery of the Northern Territory	104		- 104
Alice Springs Cultural Precinct	80	65	- 15
Telstra sponsorship	70		- 70
Athletes as Role Models Tour	39		- 39
Alice Springs cultural database and Findlayson Collection	28		- 28
National Library of Australia	5		- 5
TOTAL	2 114 230	2 196 122	81 892

1 CSHA, Community Housing and Crisis Accommodation Assistance funding is on-passed to Territory Housing

2 These grants are not from Australian Government sources

3 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 general and specific purposes. The majority of grants and subsidies revenue is received from the Australian Government. 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.

The figures reported are Territory Government estimates.

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

Specific Purpose Payments (SPPs) are grants from the Australian Government 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 Australian Government 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 of an SPP database by the Australian Government and the states. To improve transparency, payments in the 2005-06 Northern Territory Budget are classified as specific purpose payments only if they are expected to be reported as such by the Australian Government, and are described by their Australian Government titles.

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

Other Grants and Subsidies from the Australian Government are tied grants from the Australian Government which it 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 Australian Government. These include sponsorship and donation programs from private sector corporations or non-government research bodies. As advised in the overview section of this part, revenue from both external sources and Territory Government entities is presented 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 and government owned corporations. Details of community service obligations are in *Budget Paper No. 2*.

Australian Government Grants and Subsidies

Total Australian Government grants and subsidies to the Territory in 2005-06 are estimated to be \$2194 million compared with \$2112 million in 2004-05. Total grants in 2005-06 include an estimated \$1829 million in goods and services taxation (GST) revenue, \$7.8 million in other general purpose grants and \$340 million in specific purpose payments.

General Purpose Grants

Most Australian Government 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 Australian Government grants to the Territory is \$1837 million in 2005-06.

The Australian Government's 2005-06 Budget will include revised GST revenue estimates for the Territory for both 2004-05 and 2005-06. The estimates will include the latest GST collection and population data as well as the outcome of the 2005 Commonwealth Grants Commission Update. Due to the timing of the Australian Government's 2005-06 Budget, the figures provided in the Territory's Budget are estimates and will be updated on the release of the Australian Government's Budget figures. The estimates for 2004-05 will be finalised in June 2005, when the Australian Treasurer issues his determination in respect of payments to the states. GST revenue for the Territory is estimated at \$1739 million in 2004-05 and \$1829 million for 2005-06.

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 principle of horizontal fiscal equalisation. The Territory's estimate of its share of the 2005-06 GST revenue collections, \$1829 million, is calculated by applying adjusted population shares which incorporate the Commonwealth Grants Commission's recommended relativities.

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 Australian Government, and are based on the states satisfying

reform requirements set down under National Competition Policy framework. The payments are indexed for inflation and distributed on a per capita basis.

The National Competition Council (NCC) is responsible for assessing the progress of each jurisdiction in implementing National Competition Policy reforms and making recommendations to the Australian Government regarding state and territory eligibility for national competition payments. Compliance with National Competition Policy reform commitments, as assessed by the NCC, will result in the Territory being eligible for an estimated \$7.8 million in national competition payments in 2005-06. The Australian Government has advised that it will not continue National Competition Policy payments beyond 2005-06.

Specific Purpose Payments and Other Direct Grants

Under the intergovernmental agreement, the Australian Government has committed to maintaining the aggregate level of specific purpose payments made to the states. Specific purpose payments are provided subject to conditions, typically in line with Australian Government policy objectives. In many cases, states are required to match Australian Government 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 more than 60 specific purpose payments and other direct grants in 2005-06, including those made directly to agencies. It is estimated that a total of \$356.6 million will be received in this form, representing 15.6 per cent of Australian Government funding to the Territory in 2005-06.

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

Central Holding Authority

Royalties

Under the *Northern Territory (Self Government) Act 1978*, the Australian Government 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 \$2.4 million in 2005-06 under this arrangement.

Debt Redemption Assistance

The Australian Government provides compensation in relation to its contributions to the Territory Debt Sinking Fund due to accelerated rates of debt redemption. It is estimated that the Territory will receive \$10.6 million compensation in 2005-06.

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 Australian Government 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 Australian Government providing supplementary assistance to achieve specific

objectives, jointly agreed by the Australian Government and the states. Australian Government grants represent approximately 5.7 per cent of the total public spending on Government schools in the Territory, with the balance being provided by the Territory Government.

The Territory is budgeted to receive \$24 million for Government schools in 2005-06.

The Australian Government 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. Australian Government grants represent approximately 54 per cent of total public spending on non-government schools in the Territory, with the balance being provided by the Territory Government.

The Territory is budgeted to receive \$41.7 million for on-passing to non-government schools in 2005-06.

Vocational Education and Training

The purpose of vocational education and training (VET) funding is to equip the Australian workforce with the appropriate depth and range of skills to increase productivity and international competitiveness.

Formerly, Australian Government grants for VET were made through the Australian National Training Authority (ANTA) direct to each state training authority under the National VET Agreement. With the abolition of ANTA effective from 1 July 2005, any grants made under the new agreement will be made by the Department of Education, Science and Training (DEST).

The proposed new agreement involves a matched increase in funding from the Australian Government and the states, with part of the funds being allocated to a National Strategic Initiatives Fund. The proposed agreement also involves increased reporting and audit burden for the states.

Grants from DEST to the Department of Employment, Education and Training for VET are estimated to total \$14.6 million in 2005-06, however, the level of future VET funding remains uncertain until the new agreement is finalised.

Department of Justice

Compensation – Companies Regulation

Under the terms of the 2002 Corporations Agreement, the Australian Government compensates the states for revenue forgone through the commencement of a national scheme for the regulation of companies and securities.

The Territory is expected to receive \$2.3 million in 2005-06 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 specific purpose payment to the states 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 \$102.4 million for 2005-06, however, up to \$4 million may be withheld by the Australian Government for a technical breach of performance 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 people under the age of 65 with severe disabilities.

The main feature of the new CSTDA, negotiated in 2003-04, is the requirement for the states to broadly match growth in Australian Government funding, including growth in Australian Government own-purpose expenditure on disability employment programs.

The Territory is budgeted to receive \$5.9 million in Disabilities Services grants in 2005-06.

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 governments are responsible for managing the program, approving individual projects and reporting outcomes to the Australian Government. The Australian Government has responsibility for the national legislation of the program.

The Australian Government contributes approximately 60 per cent of program funding, with state governments providing the remaining 40 per cent. The Territory expects to receive \$4.7 million as part of the Home and Community Care program in 2005-06.

Supported Accommodation Assistance

The Supported Accommodation Assistance program (SAAP) 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.

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

Negotiations for a new SAAP agreement, to replace the current agreement which expires on 30 June 2005, have been ongoing at officer level. It is anticipated that a new agreement will commence on 1 July 2005. It is currently estimated that the Territory will receive \$4.8 million for this program in 2005-06.

Highly Specialised Drugs

The Highly Specialised Drugs Agreement was established in 1991 and is an 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 provide funding for inpatient usage of highly specialised drugs within public hospitals, with the Australian Government 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 2005-06 is \$3.4 million.

Department of Community Development, Sport and Cultural Affairs

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 Australian Government and Territory Housing funds.

The ARHP is governed by the Commonwealth-State Housing Agreement (CSHA), 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.

Additional grants from the Australian Government provided another \$4.7 million in 2004-05 for this program. Additional assistance to Indigenous housing expires in the 2004-05 year. ARHP funding has been indexed from 2003-04 by a composite measure of inflation.

CSHA Block Assistance/Base Funding

Untied housing assistance is provided to the Northern Territory under the Commonwealth-State Housing Agreement. 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 Territory Housing.

The CSHA includes two separate agreements: a multilateral agreement between all states and the Australian Government setting out funding levels, grant indexation and sanctions; and a bilateral agreement between the Territory and the Australian Government detailing agreed strategic directions and performance measures.

Features of the CSHA include matching funding conditions, under which states must match 48.95 per cent of Australian Government 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 five 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 2005-06.

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 (\$19.5 million – funding delivered under the Aboriginal Rental Housing Program discussed above).

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 Assistance 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 Australian Government funding or to maintain effort.

In 2005-06, the Territory expects to receive \$10.8 million in General Purpose Assistance Grants for local government, and \$10.9 million in Untied Local Roads Grants.

Department of Infrastructure, Planning and Environment

AusLink

AusLink is intended to promote regional and national development through the development of an efficient and reliable network of roads. The AusLink National Network is based on national, regional and urban transport corridors, links to ports and airports, and interconnections between road and rail. The AusLink agreement, which was released in 2004, absorbed the National Highways and Roads of National Importance sub-programs.

The Australian Government provides funding for projects falling within the AusLink National Network. States are required to bid for funding, which is provided on a cost-sharing basis. Under the AusLink program, states assume the risk of budget over-runs.

Although funding arrangements are not yet finalised, it is expected that the Territory will receive \$30.3 million for capital and maintenance purposes under the AusLink program in 2005-06.

Sale of Goods and Services Revenue

	2004-05 Estimate	2005-06 Budget	Variation
	\$000	\$000	\$000
GENERAL GOVERNMENT	192 892	184 814	- 8 078
Auditor-General's Office	152	156	4
Recoverable audits	152	156	4
Northern Territory Electoral Commission	20		- 20
Miscellaneous	20		- 20
Ombudsman's Office	45	29	- 16
Commonwealth Ombudsman Service Agreement	45	29	- 16
Department of the Chief Minister	2 413	2 224	- 189
Recovery of agency costs	2 230	2 070	- 160
OCPE Apprentices Program	101	72	- 29
TIO sponsorship for Territory Seniors Card	20	20	
Other	62	62	
Department of the Legislative Assembly	37	37	
Room hire/Hansard fees	25	25	
OCPE Apprentices Program	12	12	
Northern Territory Tourist Commission	784	627	- 157
Territory Discoveries service level agreement	200	200	
Other charges	584	427	- 157
Territory Discoveries	3 085	3 449	364
Information provision services for Northern Territory Tourist Commission	1 250	1 265	15
Commissions	1 835	2 184	349
Northern Territory Treasury	180	180	
OCPE Apprentices Program	54	54	
Other charges	126	126	
Central Holding Authority	11 276	11 077	- 199
Fees and charges	1 939	1 983	44
Motor vehicle licences and taxi leases	4 581	4 728	147
Exploration and pipeline licences	1 051	1 050	- 1
Fire alarm monitoring fees	908	908	
Civil Court fees	350	350	
Firearms licences	282	299	17
Nitmiluk Gorge recreational fees	280		- 280
Development assessment – subdivision/rezoning/development applications	250	250	
Criminal Court fees	240	281	41
Business Affairs fees	200	200	
Teachers Registration Board fees	326	180	- 146
Marine fees	152	152	
Fines Recovery Unit fees	150	150	
Electrical Licencing and Safety fees	130	130	
Supreme Court fees	120	120	
Rail safety fees	100	100	
Work Health registrations	115	94	- 21
Kings Canyon fees	62	62	
Miscellaneous receipts	40	40	

(continued)

Sale of Goods and Services Revenue - continued

	2004-05 Estimate	2005-06 Budget	Variation
	\$000	\$000	\$000
Department of Employment, Education and Training	1 295	1 269	- 26
Teacher accommodation rent	660	589	- 71
Regional training centres	100	100	
Centre for Appropriate Technology	164	164	
Callistemon House	128	128	
International services	128	173	45
OCPE Apprentices Program	60	60	
Other charges	55	55	
Office of the Commissioner for Public Employment	1 726	1 785	59
Professional programs	1 390	1 503	113
Project employment	323	282	- 41
Public sector conference – Promotion Appeal			
Board and Grievances	11		- 11
OCPE Apprentices Program	2		- 2
Department of Justice	5 327	5 344	17
Land title and mortgage lodgment fees	2 428	2 428	
Land title searches	863	863	
Public Trustee commissions	433	433	
Public Trustee/Registrar-General applications	267	267	
Number plate sales	222	222	
Custody recoveries	110	110	
Court transcript fees	64	64	
Other charges	940	957	17
Department of Health and Community Services	24 805	21 629	- 3 176
Cross border charges	7 521	7 521	
Compensable patients (Territory Insurance Office)	2 761	2 507	- 254
Veterans' Affairs	2 051	938	- 1 113
Staff accommodation rent	1 582	2 357	775
District Medical Officer medical bulk billing	911	853	- 58
Ineligible patients	844	569	- 275
Compensable patients (non TIO)	804	919	115
Salaries recoveries	772	283	- 489
Private patients	540	727	187
Stock recoveries	536	536	
Workers compensation	500	500	
Medicare dental services – recoveries	475		- 475
Additional services (Katherine West Health Board)	445	353	- 92
Tiwi Health Board - Nguiu	440		- 440
Offshore aerial medical evacuation service	357	361	4
Rights to private practice facility fees	350		- 350
Electricity recoveries	336	30	- 306
Additional services (Umbakumba)	217	217	
Palmerston Health Precinct lease	184	184	
Rental of departmental facilities	158	539	381
Tri-State arrangement	120	120	
Service recoveries – Darwin Private Hospital	108	105	- 3
OCPE Apprentices Program	15		- 15
Other charges	2 778	2 010	- 768

(continued)

Sale of Goods and Services Revenue - continued

	2004-05 Estimate	2005-06 Budget	Variation
	\$000	\$000	\$000
Department of Business, Industry and Resource	8 512	5 845	- 2 667
Development			
Application, advertising and dealing fees (licences/titles)	1 659	224	- 1 435
Research farms trading accounts	1 100	1 100	
Offshore petroleum rents	1 050	642	- 408
Water analysis testing	1 010	940	- 70
Australian Fisheries Management Authority	1 000	570	- 430
Pivot Aquaculture – sale of fingerlings	900	900	
Fisheries licence fees	380	370	- 10
Australian Quarantine and Inspection Service	310	310	
Livestock export and diagnostic testing	223	250	27
Disease risk assessment	125	130	5
OCPE Apprentices Program	101	52	- 49
Tanami Exploration Agreement	100	60	
Employee housing rentals	46	52	6
Integrated Business Services Channel	40		- 40
Veterinary fees	17	17	
Sale of produce	5	5	
Interstate certification audits	4	4	
Other charges	442	219	- 223
Northern Territory Police, Fire and Emergency	3 619	3 900	281
Services			
Fire protection – Australian Government properties	1 423	1 423	
Security for United States naval vessels	500	500	
Nhulunbuy Corporation receipts	252	260	8
Emergency management	199	205	6
Ayers Rock Resort Corporation receipts	205	250	45
Australian Fisheries Management Authority	143	143	
Other charges	897	1 119	222
Department of Corporate and Information Services	10 995	10 768	- 227
Business division corporate management charges	5 220	5 243	23
Rent recovery	4 790	4 790	
Short courses	700	450	- 250
OCPE Apprentices Program	150	150	
Salary sacrifice administrative fee	135	135	
Data Centre Services	16 350	16 542	192
Data Centre management	16 350	16 542	192
Government Printing Office	6 061	6 301	240
Sales and charges	6 061	6 301	240
NT Fleet	28 900	29 800	900
Vehicle lease revenue	28 900	29 800	900

(continued)

Sale of Goods and Services Revenue – continued

	2004-05 Estimate	2005-06 Budget	Variation
	\$000	\$000	\$000
Department of Community Development, Sport and Cultural Affairs	9 065	6 716	- 2 349
IHANT administration fees	3 482	2 057	- 1 425
Territory Housing administration fees	2 000	2 000	
Aboriginal Interpreter Service fees	445	445	
Museum Shop sales	430	430	
<i>Darwin Rates Act</i>	242	251	9
Admissions	220	220	
Exhibitions	36	36	
Nhulunbuy rent	22	22	
Other charges	2 188	1 255	- 933
Aboriginal Areas Protection Authority	300	250	- 50
Fees and charges	300	250	- 50
Department of Infrastructure, Planning and Environment	14 465	14 144	- 321
Motor Vehicle Registry administration charges	3 992	4 088	96
Bus fares and passes	2 469	2 366	- 103
External and other charges	1 525	1 543	18
Recoverable works - recurrent	1 520	1 520	
Rent charges on government owned buildings	1 150	1 150	
School bus passes	900	900	
Business division support charges	810	810	
Sale of products, maps and valuations	736	736	
Pensioner concession bus passes	600	600	
OCPE Apprentices Program	309	107	- 202
Registry charges to other agencies	249	249	
Special bus services for the Arafura Games	130		- 130
Government owned corporations and private trading enterprises support charges	75	75	
Construction Division	41 111	40 099	- 1 012
Project management fees	41 111	40 099	- 1 012
Territory Wildlife Parks	2 174	2 070	- 104
Fees and charges	2 174	2 070	- 104
Land Development Corporation	195	573	378
Fees and charges	195	573	378

(continued)

Sale of Goods and Services Revenue – continued

	2004-05 Estimate	2005-06 Budget	Variation
	\$000	\$000	\$000
PUBLIC NON FINANCIAL CORPORATIONS	61 934	60 470	- 1 464
Territory Housing	42 007	41 858	- 149
Rent and tenant charges	42 007	41 858	- 149
Darwin Bus Service	6 432	6 509	77
Charges to Territory public transport	6 432	6 509	77
Darwin Port Corporation	13 495	12 103	- 1 392
Commercial shipping - wharfage and berthage	9 933	8 321	- 1 612
Pilotage	1 082	1 157	75
Property rental	1 011	1 011	
Port dues	663	679	16
Mooring Basin charges	483	542	59
Wharf Precinct - shop rentals	180	250	70
Cruise and defence berthage and facility hire	143	143	
PUBLIC FINANCIAL CORPORATIONS	262	262	
Northern Territory Treasury Corporation	262	262	
Investment management fees	262	262	

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.

The sale of goods and services revenue comprises 8 per cent of total revenue.

The category also includes charges paid by one agency or government business division to another, with the main charges for 2005-06 being:

- Data Centre Services – computing and communication services of \$16.5 million;
- NT Fleet – provision and management of Government vehicles of \$29.8 million; and
- Construction Division – capital works project management costs of \$40.1 million.

There is no substantial estimated change in the collection of goods and services revenue in the 2005-06 Budget, with most estimates remaining consistent with 2004-05. The more significant variations are described below.

The Department of Health and Community Services goods and services revenue is expected to decline, due mainly to a reduction of \$1.1 million from the Department of Veterans' Affairs and the inclusion of several one-off receipts in 2004-05 in the other charges category (\$0.8 million).

The \$2.7 million decline in goods and services revenue in 2005-06 for the Department of Business, Industry and Resource Development relates to several one-off events in 2004-05. These include:

- a \$1.4 million one-off dealing fee in 2004-05 for application, advertising and dealing fees (licences/titles) category relating to the sale of a production licence in the area adjacent to the Ashmore Cartier reef;
- a \$0.4 million one-off increase in offshore petroleum rents in 2004-05; and

- a \$0.4 million increase in 2004-05 of revenue from the Australian Quarantine and Inspection Service due to an increase in the number of incursions by Indonesian fishermen into Australian waters.

An increase of \$0.9 million in 2005-06 for NT Fleet revenue reflects a planned increase in the size of the light vehicle fleet in 2005-06.

The Department of Community Development, Sport and Cultural Affairs shows a decline due to a one-off additional administration fee in 2004-05 of \$1.4 million for functions undertaken for the Indigenous Housing Authority of the Northern Territory and a \$0.9 million decrease in other charges as a result of many small one-off projects undertaken in 2004-05.

Construction Division's project management fees decline by \$1 million in 2005-06 reflecting a restructuring within the division, with some functions moving to the Department of Infrastructure, Planning and Environment.

The \$1.3 million decline for the Darwin Port Corporation is expected as a result of higher oil company wharfage rebates, offset by increasing liquefied natural gas cargo and the estimated cargo requirements for the Alcan expansion at Gove and the Bootu Creek Mine in the Barkly Region.

Interest Revenue

	2004-05 Estimate	2005-06 Budget	Variation
	\$000	\$000	\$000
GENERAL GOVERNMENT	38 627	27 367	- 11 260
Northern Territory Treasury	1 916	1 733	- 183
Interest	1 916	1 733	- 183
Central Holding Authority	36 077	24 916	- 11 161
Interest	15 977	13 814	- 2 163
Conditions of service reserve	20 100	11 102	- 8 998
Territory Discoveries	132	165	33
Interest on cash balances	132	165	33
Department of Business, Industry and Resource Development	59	55	- 4
Katherine region flood loans	38	35	- 3
Business loans	21	20	- 1
Department of Corporate and Information Services	20		- 20
Interest	20		- 20
Data Centre Services	60	60	
Interest on cash balances	60	60	
Government Printing Office	65	65	
Interest on cash balances	65	65	
NT Fleet	108	183	75
Interest on cash balances	108	183	75
Construction Division	120	120	
Interest on cash balances	120	120	
Territory Wildlife Parks	70	70	
Interest on cash balances	70	70	
PUBLIC NON FINANCIAL CORPORATIONS	13 765	12 892	- 873
Territory Housing	12 743	12 552	- 191
Interest on loans	11 000	11 900	900
Interest on cash balances	1 743	652	- 1 091
Darwin Bus Service	130	90	- 40
Interest on cash balances	130	90	- 40
Darwin Port Corporation	892	250	- 642
Interest on cash balances	892	250	- 642
PUBLIC FINANCIAL CORPORATIONS	174 361	166 291	- 8 070
Northern Territory Treasury Corporation	174 361	166 291	- 8 070
Interest from general government	123 429	114 756	- 8 673
Interest from public non financial corporations	50 570	51 199	629
Interest from Charles Darwin University	99	75	- 24
Interest from local government	63	61	- 2
Borrowing revenue	200	200	
TOTAL	226 753	206 550	- 20 203

Interest Revenue

This revenue category comprises interest earned on:

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

The variation in estimates from 2004-05 to the 2005-06 budget of \$20.2 million is the result of:

- the decline in interest revenue of \$11.2 million for the Central Holding Authority as a result of higher market yields in 2004-05 for the Conditions of Service Reserve (\$9.0 million) and a decline in interest revenue on cash balances (\$2.2 million);
- a decline in interest revenue of \$0.64 million and \$1.1 million on cash balances for Darwin Port Corporation and Territory Housing respectively; and
- a decline in interest of \$8.1 million paid by and on behalf of general government agencies and public non financial corporations to Northern Territory Treasury Corporation due to the refinancing of maturing high interest rate loans with lower interest rates.

Royalties, Rents and Dividends Revenue

	2004-05 Estimate	2005-06 Budget	Variation
	\$000	\$000	\$000
GENERAL GOVERNMENT	84 879	88 257	3 378
Central Holding Authority	84 879	88 257	3 378
Mining and petroleum royalties	41 500	48 100	6 600
Mining and petroleum rents	1 346	1 346	
Land rents	3 476	3 476	
Dividends from:			
Power and Water Corporation	18 080	15 097	- 2 983
Northern Territory Treasury Corporation	16 688	16 271	- 417
NT Fleet	2 886	3 125	239
Data Centre Services	599	561	- 38
Government Printing Office	269	227	- 42
Darwin Bus Service	35	54	19

Royalties, Rents and Dividends Revenue

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

The \$6.6 million increase in mining and petroleum royalties is based on mining company financial projections.

Land rents relate primarily to 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 Power and Water Corporation.

The Power and Water Corporation dividend is expected to decline due to higher operating costs not matched by revenue growth.

Other Revenue

	2004-05 Estimate	2005-06 Budget	Variation
	\$000	\$000	\$000
GENERAL GOVERNMENT	14 229	10 422	- 3 807
Department of the Chief Minister	45	45	
Miscellaneous	45	45	
Department of the Legislative Assembly	9	5	- 4
Building recoveries	5	5	
Miscellaneous	4		- 4
Northern Territory Treasury	150	150	
Miscellaneous	150	150	
Central Holding Authority	4 924	4 769	- 155
Criminal infringement and other fines	4 468	4 457	- 11
Miscellaneous revenue	456	312	- 144
Department of Employment, Education and Training	423	153	- 270
Miscellaneous	423	153	- 270
Office of the Commissioner for Public Employment	2	2	
Miscellaneous	2	2	
Department of Justice	1 340	1 340	
Miscellaneous	1 340	1 340	
Department of Health and Community Services	522	56	- 466
Miscellaneous	522	56	- 466
Department of Business, Industry and Resource Development	2 555	1 325	- 1 230
Private research and development corporations/organisations	2 240	1 206	- 1 034
General provisions	315	119	- 196
Northern Territory Police, Fire and Emergency Services	1 923	812	- 1 111
Community program receipts	18	18	
Miscellaneous	1 905	794	- 1 111
Department of Corporate and Information Services	70	70	
Miscellaneous	70	70	
Government Printing Office	15	15	
Miscellaneous	15	15	

(continued)

Other Revenue – continued

	2004-05 Estimate	2005-06 Budget	Variation
	\$000	\$000	\$000
Department of Community Development, Sport and Cultural Affairs	822	383	- 439
Miscellaneous	822	383	- 439
Department of Infrastructure, Planning and Environment	1 414	1 297	- 117
Territory Insurance Office – road safety	950	886	- 64
Territory Insurance Office – motorcyclist training	300	247	
Miscellaneous	164	164	
Territory Wildlife Parks	15		- 15
Miscellaneous	15		- 15
PUBLIC NON FINANCIAL CORPORATIONS	1 443	1 499	56
Territory Housing	4	4	
Miscellaneous	4	4	
Darwin Bus Service	195	195	
Diesel and Alternative Fuels Grants Scheme	137	137	
Miscellaneous	58	58	
Darwin Port Corporation	1 244	1 300	56
Miscellaneous	1 244	1 300	56
TOTAL	15 672	11 921	- 3 751

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 \$3.7 million in 2005-06, consisting of minor decreases across many agencies. The more significant variations are described below.

The Department of Business, Industry and Resource Development expects a \$1 million decline in private research and development corporations and organisations revenue as a result of project completions in 2004-05.

Northern Territory Police, Fire and Emergency Services expects a \$1.1 million decline in miscellaneous revenue due to a range of one-off revenue items in 2004-05, such as counter-terrorism training undertaken in 2004-05.

Profit/Loss on Disposal of Assets

	2004-05	2005-06	
	Estimate	Budget	Variation
	\$000	\$000	\$000
GENERAL GOVERNMENT	2 938	2 040	- 898
Territory Discoveries	38		- 38
Profit on sale of asset	38		- 38
Department of Health and Community Services	476		- 476
Profit on sale of land	476		- 476
Department of Business, Industry and Resource Development	72		- 72
Profit on sale of equipment	72		- 72
Northern Territory Police, Fire and Emergency Services		520	520
Profit on sale of asset		520	520
Government Printing Office		20	20
Profit on sale of asset		20	20
NT Fleet	1 830	1 500	- 330
Profit on sale of vehicles	1 830	1 500	- 330
Department of Infrastructure, Planning and Environment	486		- 486
Profit on sale of assets	486		- 486
Land Development Corporation	36		- 36
Profit on sale of building	36		- 36
PUBLIC NON FINANCIAL CORPORATIONS	- 5	14	19
Darwin Bus Service	- 5	14	19
Profit on sale of buses	- 5	14	19
TOTAL	2 933	2 054	- 879

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

Although some assets will be sold by Government agencies in 2005-06, specific allowances for profit or loss on their disposal not generally made. This is for two main reasons: first, because reliably estimating profit or loss is exceptionally difficult due to the disposal process being subject to many variable factors (for instance timing, method and market conditions); and second, 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.

The increases or decreases across the agencies are reflective of the disposal of assets generally being one-off in nature.