



THE NORTHERN TERRITORY OF AUSTRALIA

1997-98

SOURCES OF FUNDS

BUDGET PAPER No. 3

TABLE OF CONTENTS

Summary Schedules	1
1. Revenue from Territory Sources.....	5
2. Grants from the Commonwealth	29
3. Territory Borrowing and Advances	45
4. Intrasector Receipts.....	55

CHAPTER 1
SUMMARY SCHEDULES

Budget Paper No. 3 - Sources of Funds

Figure CHAPTER 1.1

RECEIPTS			
	1996-97 ESTIMATED ACTUAL	1997-98 BUDGET	VARIATION
	\$000	\$000	\$000
RECEIPTS BY TYPE OF AGENCY	2 646 289	2 679 118	32 829
General Agencies	2 032 741	2 071 594	38 853
Business Divisions	613 548	607 524	- 6 024
RECEIPTS INTO PUBLIC ACCOUNT	2 646 289	2 679 118	32 829
Consolidated Revenue Account	1 361 124	1 444 696	83 572
General Agency Operating Accounts	671 617	626 898	- 44 719
Business Division Operating Accounts	613 548	607 524	- 6 024
RECEIPTS BY SOURCE	2 646 289	2 679 118	32 829
Taxes Fees and Fines	298 312	316 945	18 633
Charges	480 736	514 944	34 208
Miscellaneous Receipts	41 506	39 774	- 1 732
Sale of Land	15 594	20 000	4 406
Capital Receipts	58 059	62 217	4 158
Property Income	36 262	38 348	2 086
Interest Received	51 186	42 049	- 9 137
Advances Received	40 090	35 275	- 4 815
General Purpose Commonwealth Grants	925 298	965 471	40 173
Other Commonwealth Grants	318 269	304 725	- 13 544
Territory Borrowing	56 348	36 167	- 20 181
Intrasector Receipts	324 629	303 203	- 21 426

Figure CHAPTER 1.2

RECEIPTS BY ACCOUNT AND SOURCE			
	1996-97 ESTIMATED ACTUAL	1997-98 BUDGET	VARIATION
	\$000	\$000	\$000
TOTAL RECEIPTS	2 646 289	2 679 118	32 829
CONSOLIDATED REVENUE ACCOUNT RECEIPTS	1 361 124	1 444 696	83 572
Taxes Fees and Fines	271 780	290 279	18 499
Miscellaneous Receipts	86		- 86
Sale of Land	15 594	20 000	4 406
Sale of Other Assets	1 305	30 610	29 305
Property Income	36 262	38 348	2 086
Interest Received	27 011	21 454	- 5 557
Intrasector Receipts	83 788	81 534	- 2 254
Commonwealth Grants			
General Current-Purpose Grants	918 298	955 471	37 173
General Capital-Purpose Grants	7 000	10 000	3 000
Specific Current-Purpose Grants		- 3 000	- 3 000
GENERAL AGENCY OPERATING ACCOUNT RECEIPTS	671 617	626 898	- 44 719
Taxes Fees and Fines	26 532	26 666	134
Charges			
Intrasector Charges	12 615	10 200	- 2 415
Other Charges	61 716	61 652	- 64
Miscellaneous Receipts	25 495	24 389	- 1 106
Capital Receipts			
Recoverable Works - Capital	3 286	135	- 3 151
Sale of Assets	5 447	5 407	- 40
Interest Received	2 697	2 128	- 569
Advances Received	4 004	2 710	- 1 294
Grants direct from Commonwealth	318 269	307 725	- 10 544
Territory Borrowing	56 348	36 167	- 20 181
Intrasector Receipts			
Interest from Business Divisions	62 216	67 692	5 476
Advances from Business Divisions	24 373	16 703	- 7 670
Other Intrasector Receipts	68 619	65 324	- 3 295
BUSINESS DIVISION OPERATING ACCOUNT RECEIPTS	613 548	607 524	- 6 024
Charges			
Intrasector Charges	109 352	126 430	17 078
Other Charges	297 053	316 662	19 609
Miscellaneous Receipts	15 925	15 385	- 540
Capital Receipts			
Recoverable Works- Capital			
Sale of Assets	48 021	26 065	- 21 956
Interest Received	21 478	18 467	- 3 011
Advances Received	36 086	32 565	- 3 521
Intrasector Receipts			
Interest from General Agencies			
Advances from General Agencies	36 620	24 859	- 11 761
Other Intrasector Receipts	49 013	47 091	- 1 922

CHAPTER 2

REVENUE FROM TERRITORY SOURCES

In 1997-98, total receipts are expected to rise by \$33 million to \$2.7 billion. Total receipts includes grants from the Commonwealth, borrowing and advances received. These issues are discussed in later chapters.

The increase in the total revenue raised from Territory sources is the combined result of a higher rate of increase in Territory tax collections and charges and increased land and capital sales. The higher rate of increase in Territory revenue collections is due to the above-average rates of population growth and economic growth experienced in the Territory.

All governments raise revenue from taxes and charges to pay for the services the public requires. Within the legislative powers of each level of government, the amount of revenue raised depends on the size of the revenue base and the rate of tax or charges imposed. In the past, the Territory's tax base has been constrained by the size and stage of development of the economy and, as a result, the level of taxes and charges paid per capita was lower in the Territory than in the States. However, as the Territory economy has grown, this disadvantage has diminished and the Territory's overall revenue collections per capita are comparable with the average of the States.

Revenue from Territory sources discussed in this chapter includes taxes fees and fines, charges, miscellaneous receipts, lands sales, capital receipts, property income and interest received. In 1997-98, receipts from these sources are expected to rise by \$53 million to \$1.034 billion.

In line with the principles of National Competition Policy, inter-agency charging for services provided by Government Business Divisions has been included. This reform promotes businesslike accounting and behaviour by Business Divisions, particularly those operating in contestable markets.

There are constitutional limits on the kind of taxes and charges which can be imposed by any State or Territory. As a consequence, governments have to concentrate on the rate and structure of taxes and charges permitted.

Except for a minor change in the application of stamp duty to transfers of Crown land, there are no new or increased taxes or charges in 1997-98.

Budget Paper No. 3 - Sources of Funds

Figure CHAPTER 2.1

REVENUE FROM TERRITORY SOURCES			
	1996-97 ESTIMATED ACTUAL	1997-98 BUDGET	VARIATION
	\$000	\$000	\$000
TAXES FEES AND FINES	298 312	316 945	18 633
Northern Territory Treasury : Services			
Stamp Duty	52 072	55 344	3 272
Payroll Tax	73 462	78 519	5 057
Petroleum Franchise Fee	34 400	36 008	1 608
Tobacco Franchise Fee	46 299	47 629	1 330
Debit Taxes	7 208	7 604	396
Energy Resources Consumption Levy	524	536	12
Financial Institutions Duty	10 800	11 118	318
Tax Equivalent Regime	760	4 273	3 513
Northern Territory Tourist Commission			
Tourism Marketing Duty	6 430	6 812	382
Department of Transport and Works			
Vehicle Registration Taxes	9 367	9 381	14
Motor Vehicle Licences	3 735	3 700	- 35
Heavy Vehicle Registration	6 400	6 400	
Fees	137	140	3
Office of Courts Administration			
Fees	520	520	
Fines	2 200	2 200	
Territory Health Services			
Alcohol Levy	8 528	8 288	- 240
Fees	400	400	
Liquor Commission			
Liquor Tax	10 300	10 418	118
Racing and Gaming Authority			
Gaming Taxes	10 483	13 361	2 878
Lotteries Tax	11 350	11 350	
Department of Mines and Energy			
Fees	1 265	1 430	165
Other Agencies			
Other	1 672	1 514	- 158
CHARGES	480 736	514 944	34 208
Northern Territory Police, Fire and Emergency Services			
Nhulunbuy Fire Service	292	300	8
Gold Squad	64	68	4
Fisheries Enforcement	172	178	6
Police Service Charges	135	143	8
Other Charges	24	26	2

Continued

REVENUE FROM TERRITORY SOURCES - Continued

	1996-97 ESTIMATED ACTUAL	1997-98 BUDGET	VARIATION
	\$000	\$000	\$000
CHARGES (continued)			
Northern Territory Tourist Commission			
NT Holiday Centre Commissions	546	702	156
Department of Lands, Planning and Environment			
Valuer General	741	741	
Land Administration Products	298	358	60
Land Information Products and Services	920	920	
Other Charges	434	456	22
Darwin Port Authority			
Wharfage	10 516	10 687	171
Marine Industry Support	592	592	
Wharf Precinct	272	272	
Department of Transport and Works			
PAWA Corporate Support Charges	1 628	1 628	
DBS and DPA Corporate Support Charges	689	557	- 132
Kiosk Concessions	10	12	2
Aviation	346	235	- 111
Motor Vehicle Registry Inspections	556	560	4
Motor Vehicle Registry Administration Charges	2 047	2 120	73
Bus Fares and Passes	2 592	2 592	
METAL Fees	75	75	
Marine Charges	23	23	
Transport Charges	25	25	
Road Reserve Permits	5		- 5
BD Corporate Support Charges	4 960	1 651	- 3 309
Department of Transport and Works : Construction Agency			
Project Management Fees for Government Clients	20 524	28 127	7 603
Project Management Fees for Untied Clients	1 347	1 347	
Department of Transport and Works : NT Fleet			
Vehicle Lease Revenue	18 664	20 435	1 771
Unscheduled Maintenance	1 640	1 695	55
Department of Transport and Works : Government Printing Office			
General Printing Sales	6 999	7 161	162
Publication Centre Sales	200	200	
Department of Transport and Works : NCOM			
Intrasector Charges	54 813	61 216	6 403
Department of Transport and Works : Darwin Bus Service			
Charges to Territory Public Transport Services	4 440	5 524	1 084
Charters	11	12	1

Continued

REVENUE FROM TERRITORY SOURCES - Continued

	1996-97 ESTIMATED ACTUAL	1997-98 BUDGET	VARIATION
	\$000	\$000	\$000
CHARGES (continued)			
Parks and Wildlife Commission of the NT			
Park Charges	480	675	195
Crocodile Hatchlings and Product Labels	235		- 235
Promotional Material Charges	70	75	5
Intrasector Charges	246	246	
Other Charges	18	18	
Parks and Wildlife Commission of the NT : Wildlife Parks			
Park Charges	1 111	348	- 763
Department of Asian Relations, Trade and Industry : IPMU			
IPMU Project Income	825	3 518	2 693
Northern Territory Attorney-General's Department			
Land Titles, Births, Deaths and Marriages	2 400	2 370	- 30
Business Names	450	420	- 30
Other Charges	465	575	110
Territory Health Services			
Compensable Patients	2 107	2 160	53
Medicare Bulk Bill	201	206	5
Cross Border/Interstate Patients	8 083	7 010	- 1 073
Private Patients	903	926	23
Staff Accommodation Rent	1 705	1 748	43
Other Charges	2 654	2 646	- 8
Northern Territory University			
Higher Education Contribution Scheme	6 051	6 051	
Department of Education			
Rent	974	998	24
Other Charges	427	634	207
Batchelor College			
Messing and Student Fees	1 773	1 743	- 30
Higher Education Contribution Scheme	955	1 451	496
Service Course Fees	740	940	200
Van Lear Project	111		- 111
Other Charges	299	292	- 7
Centralian College			
Messing and Student Fees	231	227	- 4
Service Course Fees	694	755	61
Other Charges	232	226	- 6
Office of the Commissioner for Public Employment			
Rent Recovery	5 101	5 110	9
Cost Recovery from Management Courses	436	830	394
Disability Employment Program Levy	209	260	51

Continued

REVENUE FROM TERRITORY SOURCES - Continued

	1996-97 ESTIMATED ACTUAL	1997-98 BUDGET	VARIATION
	\$000	\$000	\$000
CHARGES (continued)			
Racing and Gaming Authority			
Bookmakers Turnover	812	812	
Bookmakers Fees	10	10	
Card Machine Levy	70	50	- 20
Department of Mines and Energy			
Petroleum, Exploration and Mining Charges	729	909	180
Power and Water Authority : Commercial Services			
Electricity	200 205	216 942	16 737
Water	24 735	26 000	1 265
Sewerage	15 900	16 000	100
Other Charges	2 141	2 646	505
Power and Water Authority : Aboriginal Essential Services			
Electricity	8 479	8 961	482
Water	400	420	20
Sewerage	150	150	
Museums and Art Galleries Board			
Retail Receipts	582	596	14
Department of Primary Industry and Fisheries			
Oncosts for Externally Funded Programs	1 084	843	- 241
Livestock Export Testing	148	148	
Recoverable Works on Repairs and Maintenance	163		- 163
Other Charges	223	162	- 61
Northern Territory Housing Commission : Housing			
Rent	39 483	38 343	- 1 140
Intrasector Charges	1 987	1 987	
Department of Housing and Local Government			
Library Charges	30	30	
Local Government Rates	260	220	- 40
IHANT Administration Fees	2 996	2 996	
Intrasector Charges		59	59
Other Agencies			
Other	3 363	3 564	201
MISCELLANEOUS RECEIPTS	41 506	39 774	- 1 732
Northern Territory Treasury : Services			
Payroll Deductions	120	120	
Recovery of Audit Fees	300	200	- 100
Unclaimed Cheques	60	60	
Other Revenue	389	243	- 146

Continued

REVENUE FROM TERRITORY SOURCES - Continued

	1996-97 ESTIMATED ACTUAL	1997-98 BUDGET	VARIATION
	\$000	\$000	\$000
MISCELLANEOUS RECEIPTS (continued)			
Northern Territory Treasury : Superannuation Office			
Superannuation Receipts	9 626	9 445	- 181
Department of Transport and Works			
TIO	1 571	1 575	4
Parks and Wildlife Commission of the NT : Wildlife Parks			
Kiosk Receipts	779	782	3
Department of Sport and Recreation			
Honda Masters Games	286	220	- 66
Arafura Games	277	10	- 267
Other	71	56	- 15
Territory Health Services			
Nhulunbuy/Alyangula Service	200	205	5
Other	279	429	150
Northern Territory University			
Overseas Fees	1 978	1 865	- 113
Australian Fees	450	450	
Short Courses	375	375	
Other	1 505	1 495	- 10
Department of Education			
AEP Oncosts	2 097	1 845	- 252
TAB			
Net Turnover of Investments	14 420	14 300	- 120
Department of Primary Industry and Fisheries			
BTEC Destocked Cattle Sales	550	440	- 110
BTEC Industry Contributions	2 677	2 321	- 356
Trading Accounts	656	656	
Other		211	211
Other Agencies			
Other	2 840	2 471	- 369
LAND SALES	15 594	20 000	4 406
Department of Lands, Planning and Environment			
Land Sales	15 594	20 000	4 406
CAPITAL	58 059	62 217	4 158
Northern Territory Police, Fire and Emergency Services			
Sale of Motor Vehicles	3 050	3 150	100
Recoverable Works	135	135	
Other Minor Assets	30	30	

Continued

REVENUE FROM TERRITORY SOURCES - Continued

	1996-97 ESTIMATED ACTUAL	1997-98 BUDGET	VARIATION
	\$000	\$000	\$000
CAPITAL (continued)			
Northern Territory Treasury : Services			
Sale of Assets	5	30 005	30 000
Department of Lands, Planning and Environment			
Recoverable Works	741	741	
Department of Transport and Works			
Recoverable Works for Territory Health Services	3 120		- 3 120
Department of Transport and Works : NT Fleet			
Sale of Vehicles	14 000	14 774	774
Trade Development Zone Authority			
Land and Factory Sales	830	610	- 220
Power and Water Authority : Commercial Services			
Recoverable Works	2 230	2 100	- 130
Sale of Assets	600	100	- 500
Power and Water Authority : Aboriginal Essential Services			
Recoverable Works	1 400	1 400	
Northern Territory Housing Commission : Housing			
Sale of Assets	31 000	9 000	- 22 000
Other Agencies			
Other	918	172	- 746
PROPERTY INCOME	36 262	38 348	2 086
Northern Territory Treasury : Services			
TIO Contribution	1 700	1 700	
Mining Royalties	28 130	30 130	2 000
Income from ARR Corporation	3 402	3 500	98
Land Rent	71	70	- 1
Department of Lands, Planning and Environment			
Land Rent	1 518	1 318	- 200
Department of Mines and Energy			
Petroleum and Mining Rents	1 441	1 630	189
INTEREST RECEIVED	51 186	42 049	- 9 137
Northern Territory Treasury Corporation			
Interest from Investments	26 761	21 454	- 5 307
Interest from Local Government	2 065	1 741	- 324
Power and Water Authority : Commercial Services			
Interest	4 100	2 400	- 1 700
Northern Territory Housing Commission : Lending			
Interest	15 745	14 606	- 1 139
Other Agencies			
Other	2 515	1 848	- 667

Territory Taxes and Charges

The range of taxes and charges imposed in the Northern Territory is constrained by the legislative powers available. As a result the range of taxes and charges imposed by the Territory (and the States) is fairly narrow and at times may not be the most efficient means of raising revenue. Similarly, the Territory is constrained in the rates at which taxes and charges can be levied by the rates adopted in other jurisdictions. Most State tax bases are relatively mobile, and any attempt to raise taxes and charges in particular areas significantly above the rates imposed in other jurisdictions can be counterproductive.

Taxes imposed by the States and Territories are being reviewed in a number of areas, both at the state and national levels. Particular attention is being given to financial taxes and stamp duty.

While initially only apparent in respect of financial taxes, it is now clear that the rapid development of electronic technology will have a significant impact on the administration of all taxes.

In the future there will have to be significant changes to the tax regime to ensure its viability and capacity to meet future revenue needs. This is due to the impact of rapid developments in commercial practice and the globalisation of the commercial arena.

The Territory Tax Equivalent Regime which was introduced to meet the Territory's commitment to the Commonwealth under the *Statement of Policy Intent* signed in 1994, operates in conjunction with similar regimes introduced in other jurisdictions.

Territory trading enterprises will pay tax under the regime with payments to commence in 1997-98. The Territory Insurance Office has been making tax equivalent payments for many years but this was previously included under Property Income. It has been classified as tax equivalent payments in 1996-97.

A minimalist version of the tax equivalent regime will apply to other Business Divisions.

Details of revenue from Territory sources are presented in Figure 2.1, with the subsequent sections providing explanatory information and a comparison of key elements with the States.

Taxes, Fees and Fines

Taxes are compulsory levies imposed by government that are designed largely to raise revenue (although they may have other economic effects.) They are not in payment for goods or services provided.

Fees are usually related to regulatory legislation, the provision of certain services and the issue of licences and permits to carry out otherwise prohibited or restricted activities. They are primarily directed at raising revenue and recouping the regulation costs.

Fines are defined by the Australian Bureau of Statistics as 'civil and criminal penalties imposed on law breakers other than penalties imposed by tax authorities'. Fines are collected primarily by the Office of Courts Administration.

The major increases in 1997-98 receipts from Taxes, Fees and Fines is as a result of:

- the introduction of tax equivalent regimes for Darwin Port Authority, Power and Water Authority; Commercial Services and Housing Commission; Housing, in line with the National Competition Policy;
- the deferral from 1996-97 to 1997-98 of the installation of poker machines in community venues; and
- higher collections in most areas of taxation revenue but particularly payroll tax and stamp duties as a result of growth in the economy and hence the tax base.

Charges

Charges are levied for services rendered and for the direct provision of goods and services by Government agencies. This category of receipts comprises:

- commissions received by agencies for agency work;
- charges raised by Government institutions such as hospitals;
- revenues generated by agencies through the sale of goods and services; and
- intrasector charges from one Government agency to another, for example charges levied by NCOM for computing and communication services provided to all agencies.

Charges comprise 50 per cent of the total Revenue from Territory Sources. The major component of Charges (and recoveries of costs for services provided by the Northern Territory public sector) relates to receipts by the Territory's public enterprises. Electricity, water and sewerage charges by the Power and Water

Authority and Northern Territory Housing Commission rents account for over 60 per cent of total charges.

The seven per cent increase in revenue from Charges in 1997-98 includes:

- increased consultancies for project design and management by the Construction Authority;
- increases in NCOM charges to agencies to reflect a full 12 month billing cycle and increased activity;
- deferment of heavy vehicle fleet lease charges, which will now commence in 1997-98;
- increased revenue from the Darwin Bus Service;
- an increase in the 1997-98 value of aid related projects in the International Project Management Unit of the Department of Asian Relations Trade and Industry; and
- increased consumption of electricity and water.

These increases are partially off set by:

- a change in the treatment of corporate support charges for Business Divisions which were previously paid by the Department of Transport and Works and will now be directly charged; and
- a one-off receipt in 1996-97 resulting from Territory Health Services clearing a backlog of claims relating to inpatients who are residents of other jurisdictions.

Miscellaneous Receipts

Miscellaneous Receipts include:

- contributions from non government sources towards an agency program or program component;
- any remaining balances in clearing accounts;
- refunds of overpayments incurred in previous financial years; and
- unclaimed money.

Capital Receipts and Sale of Land

This category includes receipts from asset disposals as well as revenue from the sale of Crown land and Government property, principally dwellings and vehicles. This class also includes receipts from capital works undertaken by agencies on a cost recovery basis for clients.

The 28 per cent increase in Land Sales can be attributed to the proposed sale of land by the Department of Lands, Planning and Environment.

The seven per cent increase in Capital Receipts has two major components, a nominal amount of \$30 million for the possible sale of Government assets and a partially offsetting one-off sale of housing assets by the Housing Commission Business Division to the Lending Division in 1996-97.

Property Income

Property Income is derived from Territory ownership of assets. Property income includes income transferred from public enterprises by way of dividends, rent and royalties, including those received from mining. Mining royalties are the most significant contributor to this category, but there are also significant contributions by the Power and Water Authority and the Ayers Rock Resort Company Limited.

Property Income is derived from Territory ownership of assets. Property income includes income transferred from public enterprises by way of dividends, rent and royalties, including those received from mining. Mining royalties are the most significant contributor to this category, but there are also significant contributions by the Territory Insurance Office and the Ayers Rock Resort Company Limited.

Increased activity in the mining sector is the primary reason for increases in Property Income.

Interest Received

This comprises interest received on investments, on advances outstanding, such as home loans by the Housing Commission and loans to local government, and on cash balances held in the Public Account. It excludes any interest on loans made to Territory agencies, which is treated as an intrasector receipt. Interest received is projected to decrease in future years as a result of lower cash balances due in the main to the use of balances for the reduction of Territory debt.

Comparisons of Territory and State Rates of Taxes and Charges

The Territory cannot operate in isolation from the other jurisdictions, particularly in respect of commonly imposed taxes.

It must take account of interstate developments which have across border implications - not only to protect its revenue but also to minimise the cost (time and dollars) to taxpayers who operate on a national or global basis. In this respect there is already significant uniformity across Australia. However, jurisdictions may on occasion impose different taxes and charges which reflect the different needs and sources available in that jurisdiction.

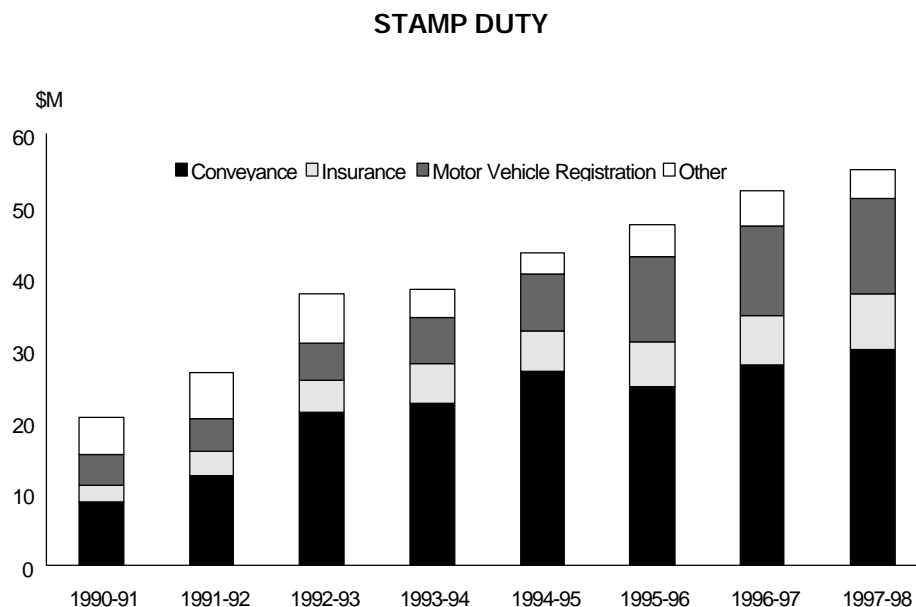
Since Self-Government the Northern Territory has largely adopted the range of tax revenue sources available to the States. There are only a limited number of areas where the Territory does not impose a state tax or charge, with Land Tax and a Fire Services Levy being the major exceptions. Similarly, there are few areas where the Territory imposes a tax or charge that is not imposed in the States, with the most notable example being Tourism Marketing Duty.

However, there are some differences in the rates of taxes and charges between the Territory and the States and the purpose of this section is to highlight these variations. The Appendix contains a more detailed comparison.

Stamp Duty

The main components of Stamp Duty are Conveyance, Insurance and Motor Vehicle Registration duties and these are shown in Figure 2.2.

Figure CHAPTER 2.2



Source: Northern Territory Treasury.

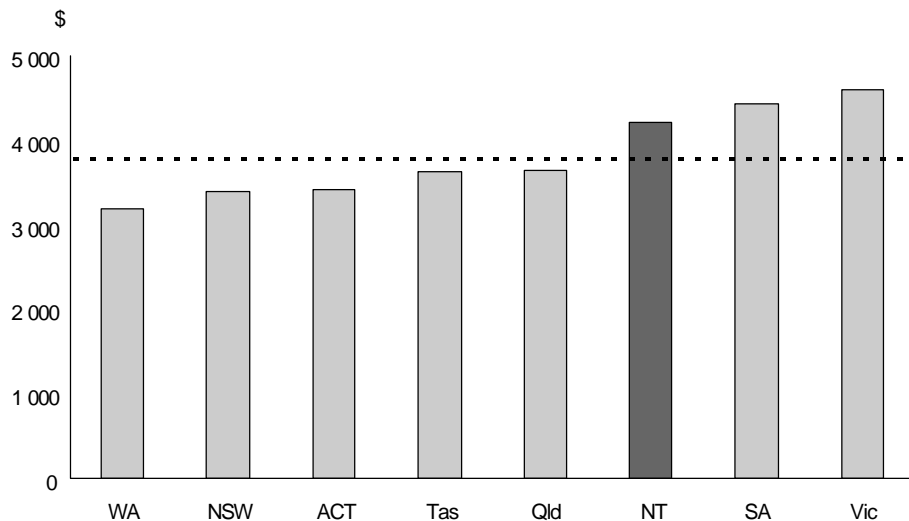
Conveyance Duty

This remains the most significant component of these duties in all jurisdictions. Whilst Figure 2.3 shows the Territory duty as relatively high, it should be noted that the Territory does not impose a land tax. The Territory also continues to offer first home buyers relief from duty on the first \$80 000 of their purchase. The revised rates structure introduced in 1994-95 is fully progressive over the range in which most residential properties fall. This has eliminated the inequity experienced in previous years through rates changing at value levels and has had positive revenue results.

The Budget contains a minor amendment to address an anomaly in the conveyance duty on the purchase of land from the Government.

Figure CHAPTER 2 .3

STAMP DUTY PAYABLE ON PURCHASE OF A HOUSE VALUED AT \$140 000



Source: State Acts and Budget Papers.

Insurance Duty

This is imposed on policy premiums. The rate in the Territory is slightly below the average of the States. In 1997-98 it is anticipated that insurance duty will raise \$7.6 million in revenue.

Motor Vehicle Registration Duty

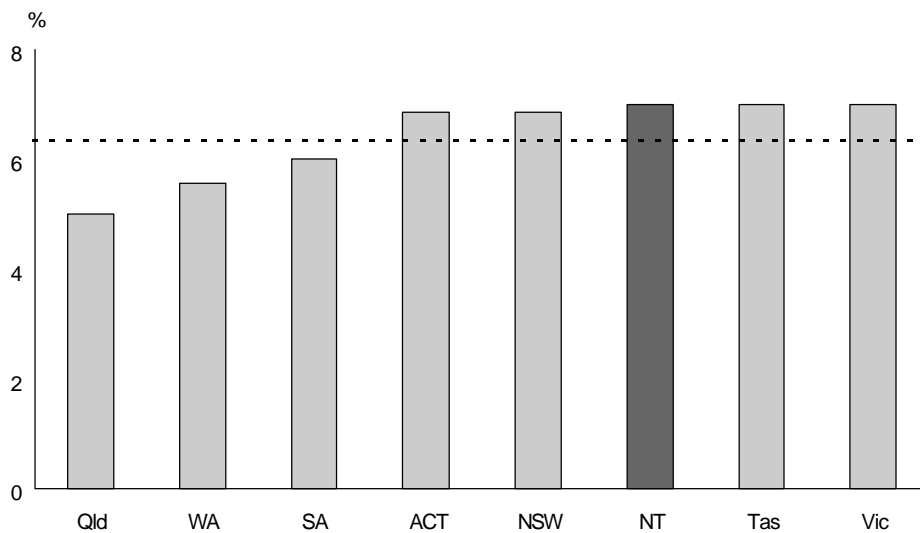
IN the Territory, this duty is marginally above the State average, but in line with the Australian Capital Territory, New South Wales, Tasmania and Western Australia.

Pay-roll Tax

Revenue from pay-roll tax (excluding that raised from the General Government sector) continues to be the Territory's single most significant revenue source.

Figure CHAPTER 2.4

PAY-ROLL TAX - MAXIMUM RATES



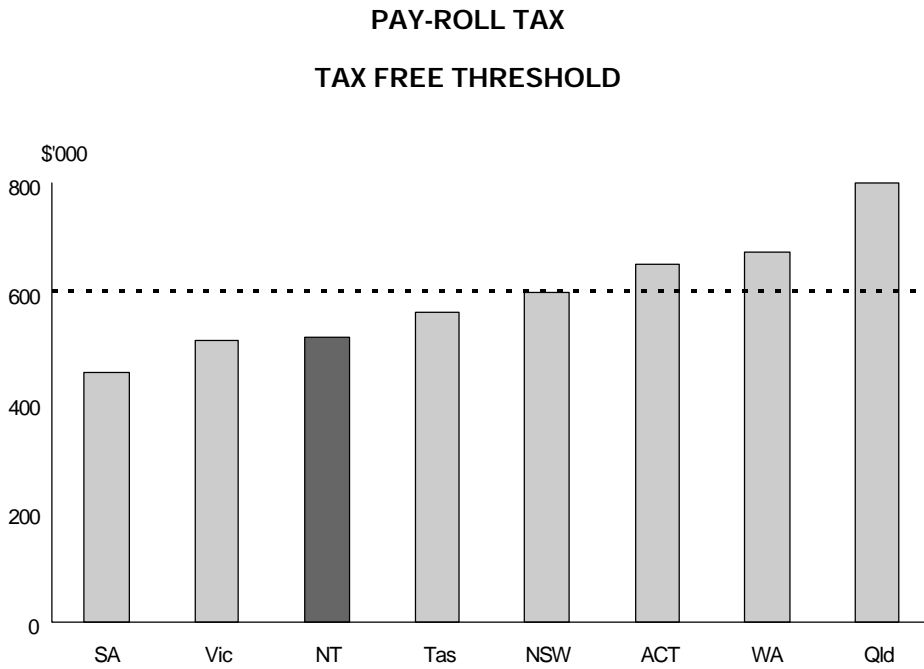
Source: State Acts and Budget Papers.

Whilst it is the most efficient of the Territory taxes, administrative complexity is increasing as the number of businesses operating in more than one jurisdiction increases, pushing up recovery costs.

The top pay-roll tax rate in the Territory is comparable with the upper levels in the States, while the threshold where tax commences in the Territory is below the State average, as shown in Figures 2.4 and 2.5 respectively.

The difference between the States and the Territory results, to some extent, from the varying methods of assessing tax adopted by different jurisdictions.

Figure CHAPTER 2 .5



Source: State Acts and Budget Papers.

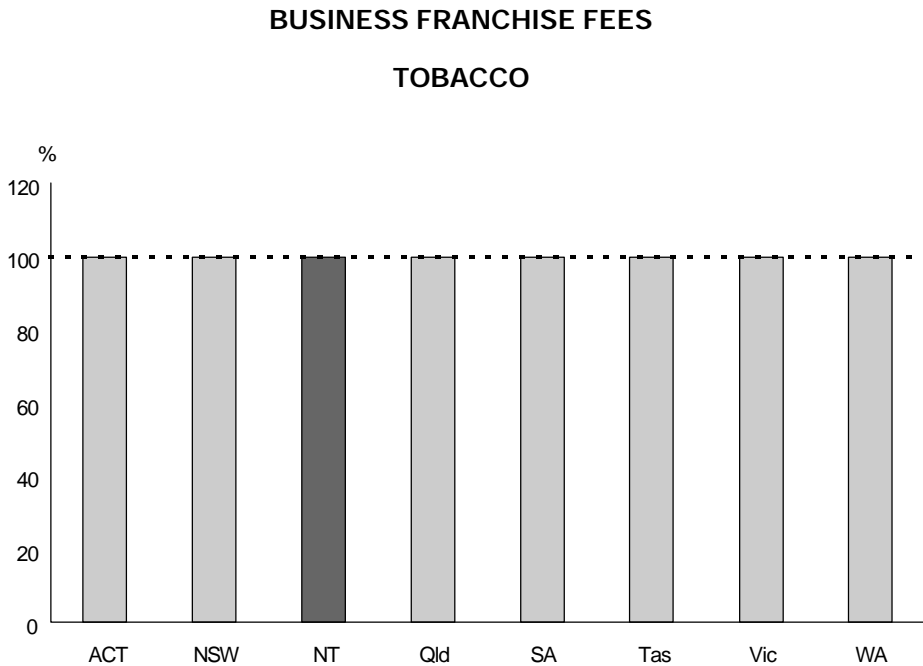
Business Franchise Fees

Business Franchise fees are an important revenue source for all the States and Territories. The High Court is currently considering a challenge to the validity of the business franchise regime of all jurisdictions with potentially significant revenue implications.

Tobacco Licensing Fees

These are a major source of funds in all jurisdictions. They are estimated to contribute \$47.6 million to Territory revenue in 1997-98. This Budget contains no increases in tobacco licensing fees, which remain at 100 per cent of tobacco products purchased for retail sale, as shown in Figure 2.6. The consumption of tobacco in the Territory remains high on a per capita basis compared with other jurisdictions.

Figure CHAPTER 2.6



Source: State Acts and Budget Papers.

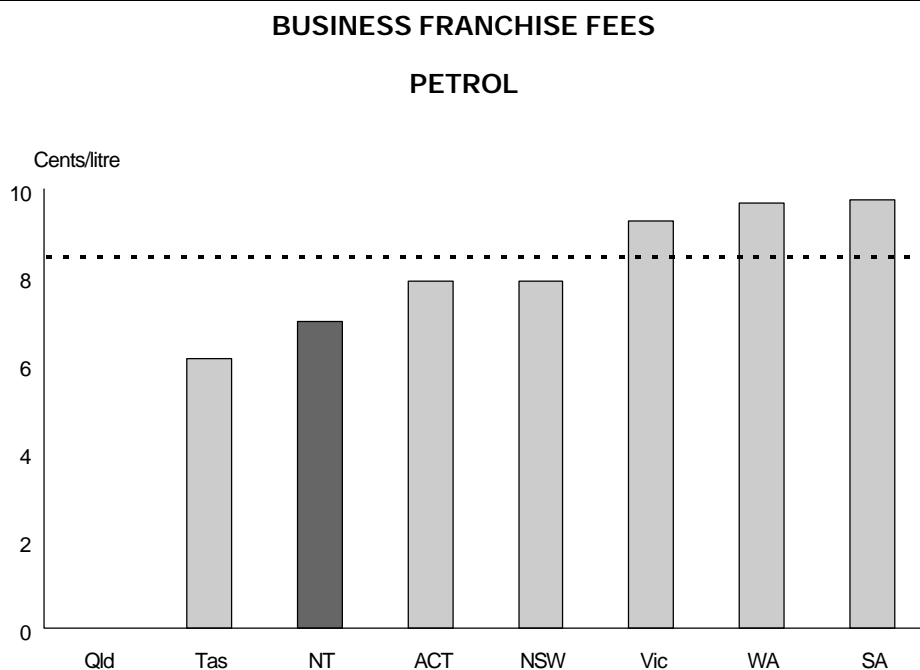
Petroleum Licence Fees

Petroleum Licence Fees are also a major revenue source. These fees are also exposed, should the High Court find Business Franchise fees invalid.

Territory rates have not been increased in this Budget. (Comparative rates are shown in Figure 2.7.) However, there have been some concessions provided to off-shore users in the Gulf and the full revenue effect of these will be reflected in 1997-98.

Across border avoidance has been declining due to audit activity targeting fuel being delivered overland into the Territory and regular information exchange between jurisdictions.

Figure CHAPTER 2.7



Source: State Acts and Budget Papers.

Financial Taxes

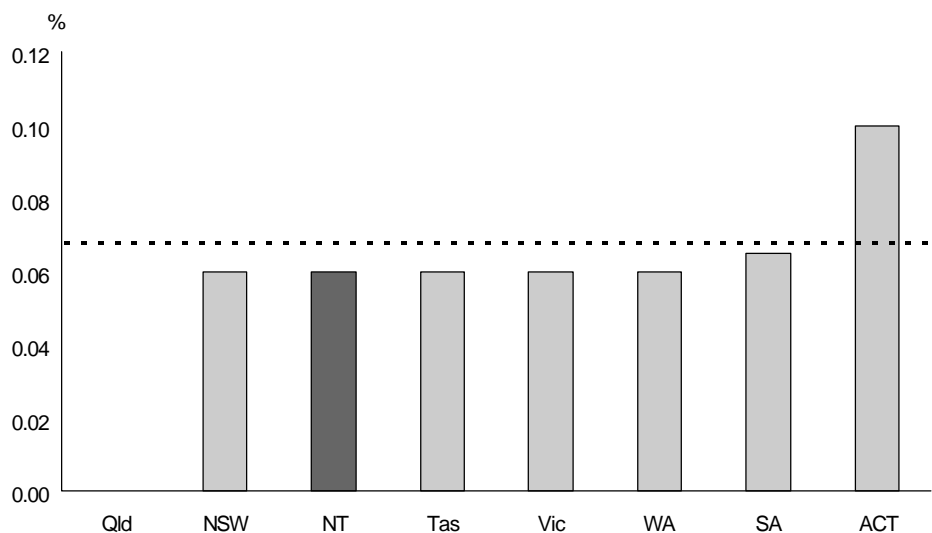
There is continuing pressure on these forms of taxes from developments in the market place in the form of new financial products which are outside the scope of present taxes. Shrinkage of the revenue base is occurring from developments in electronic technology leading to dutiable banking being centralised in larger States or off-shore.

A proposal for the replacement of Financial Institutions Duty (FID) with a revised Debits Tax has been announced at the Leaders Forum and subject to acceptance by all jurisdictions will result in the abolition of FID with the necessary changes being phased in. The Territory rate of duty is below the average of the States (Figure 2.8 refers) but this is offset by a lower level of exemptions in the Territory and minimisation of avoidance through more effective management of exemptions.

Shrinkage of the revenue base and some avenues for avoidance pose significant threats to revenue for all jurisdictions.

Figure CHAPTER 2.8

FINANCIAL INSTITUTIONS DUTY



Source: State Acts and Budget Papers.

Debits Tax

This is imposed on debits to accounts, on which cheques can be drawn, maintained with a financial institution. If a proposal for a revised Debits Tax is accepted by all jurisdictions, the tax base would be expanded to generate revenue lost as a consequence of the abolition of FID.

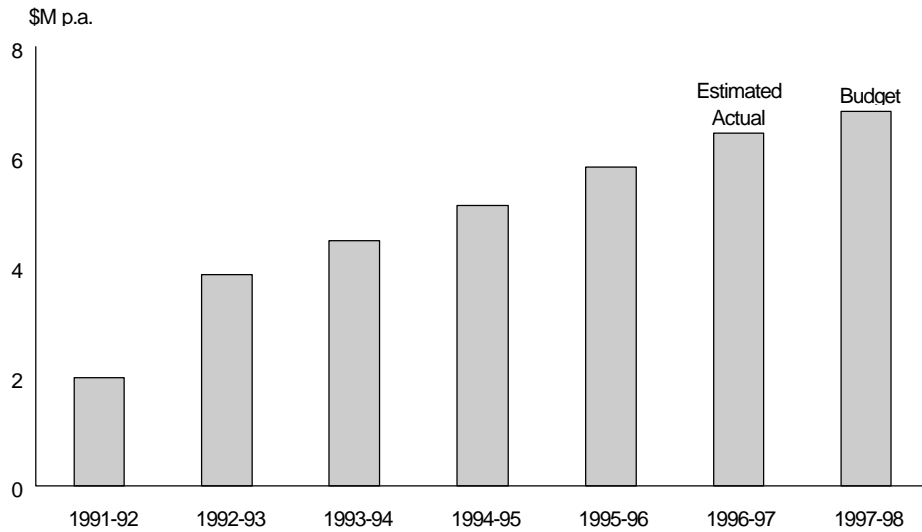
The current Debits Tax base has remained static as developments in electronic commerce offer more sophisticated means of making payments and the use of cheques diminishes.

Tourism Marketing Duty

Tourism Marketing Duty is levied at the rate of five per cent on the cost of accommodation provided by commercial establishments. The Territory is presently the only jurisdiction to impose this duty. All proceeds are paid to the Northern Territory Tourist Commission to finance tourism promotion activities.

Figure CHAPTER 2 .9

TOURISM MARKETING DUTY



Source: State Acts and Budget Papers.

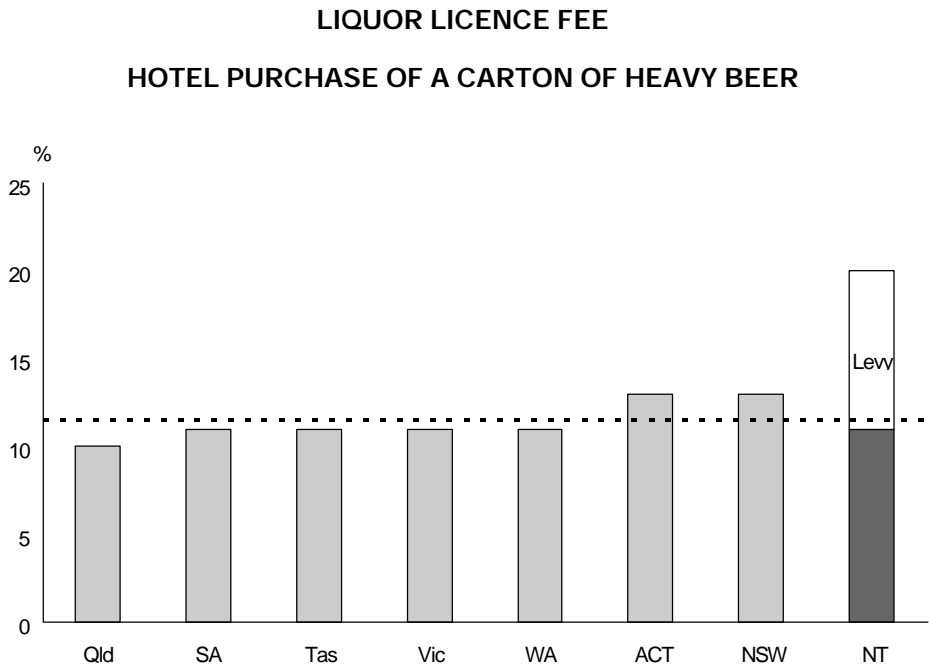
Liquor Licence Fees and Levies

Liquor licence fees are based on the value of the liquor to be sold. All jurisdictions have similar licence fees as shown in Figure 2.10. However, the Territory also imposes a levy based on alcohol content which is used to provide funds for alcohol education and to address alcohol abuse. A levy on wine sold in casks was also imposed with effect from 1995-96.

The levies provide funding for programs including those to combat social problems arising from excessive alcohol consumption, irresponsible drinking and antisocial behaviour and to provide for removal of litter related to alcohol consumption. The programs operate across the Territory and focus largely on addressing unacceptable behaviour in public.

However, as with other forms of Business Franchise fees, the future of liquor levies will be determined in the current High Court challenge to the validity of the business franchise regime. As a consequence, estimates of revenue for 1997-98 are predicated on the High Court finding the imposition of such fees to be within the Territory's legislative power.

Figure CHAPTER 2.10



Source: State Acts and Budget Papers.

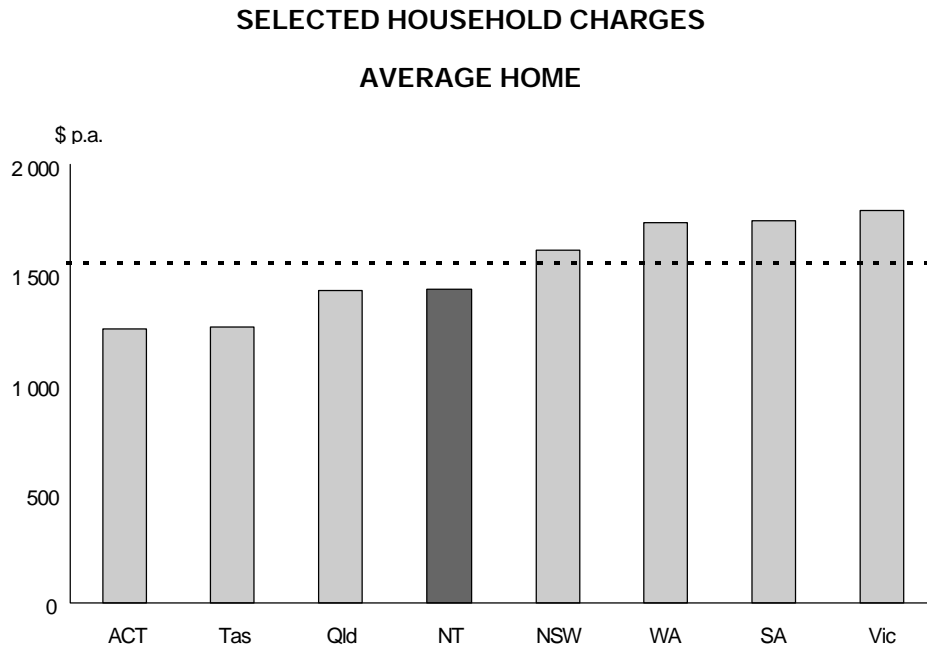
Household Charges

While comparisons between the Territory and the States are affected to some extent by differing definitions as to what should be considered to be a household charge, Figure 2.11 provides a broadly comparable range of basic household costs faced by households in each State and the Territory. This is followed by a comparison of three of the main components of Household Charges.

Sewerage Charges

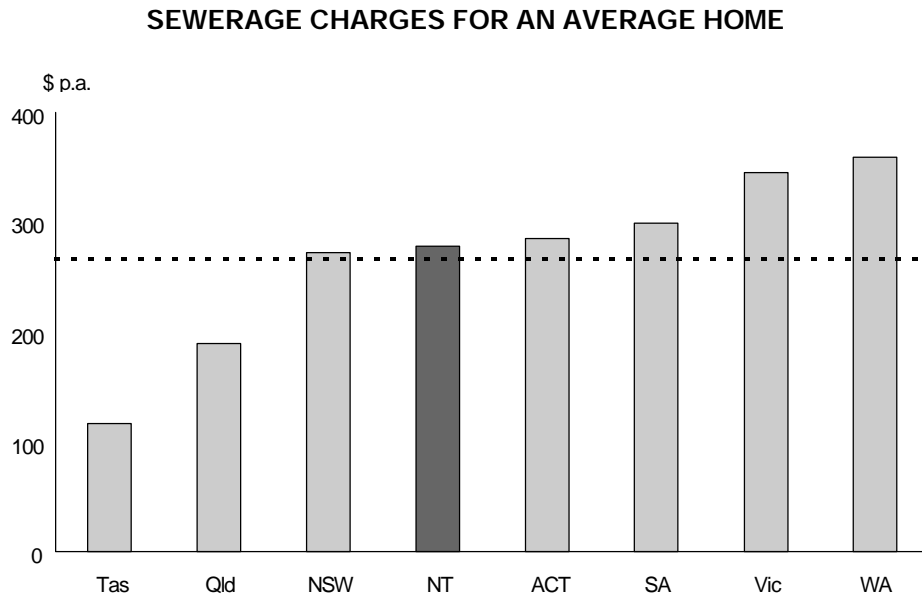
Sewerage charges (Figure 2.12) are slightly above the average of the States, although they are offset by significantly lower water costs.

Figure CHAPTER 2 .11



Source: State Acts and Budget Papers.

Figure CHAPTER 2 .12

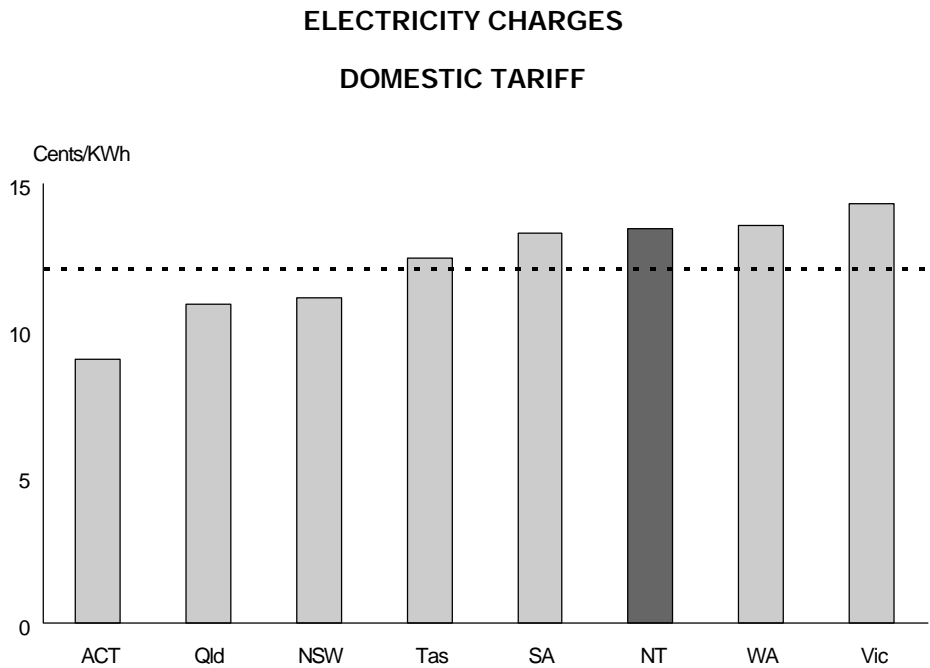


Source: Power and Water Authority.

Electricity Charges

Electricity charges (Figure 2.13) remain high in the Territory compared with most other States. This reflects the high costs associated with the absence of cheap fuel sources and the lack of economies of scale. The bulk of fuel costs in the Territory are fixed costs associated with financing the Amadeus Basin to Darwin gas pipeline.

Figure CHAPTER 2.13

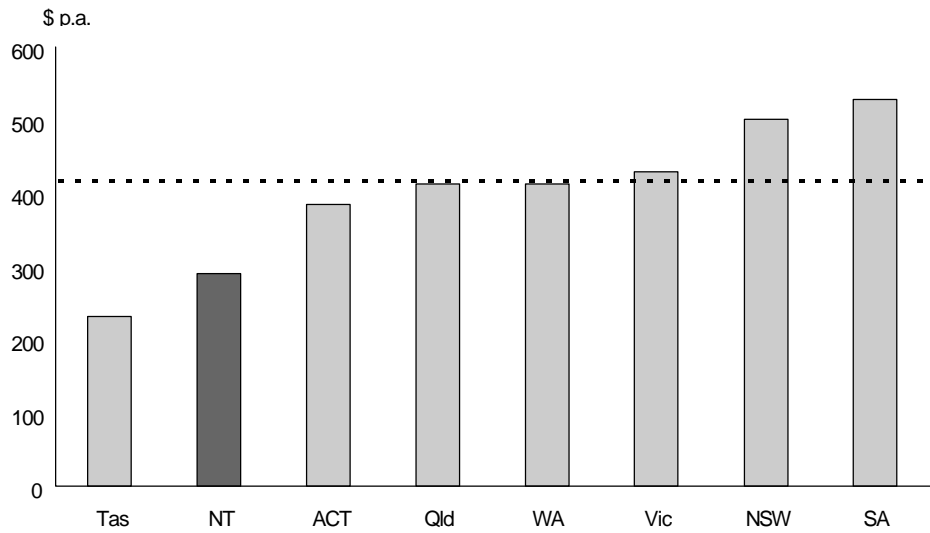


Water Charges

Water charges (Figure 2.14) in the Territory are significantly below the States' average and generally do not recover costs. Water charges have not been increased in this Budget.

Figure CHAPTER 2 .14

**WATER CHARGES FOR AVERAGE HOME
BASED ON ANNUAL CONSUMPTION OF 550 KL**



Source: Power and Water Authority.

CHAPTER 3

GRANTS FROM THE COMMONWEALTH



Grants from the Commonwealth will account for some 73 per cent of total Northern Territory revenue in 1997-98. Total Commonwealth grants are estimated to be \$1 270 million, a nominal increase of \$27 million on 1996-97.

The Territory receives Financial Assistance Grants (FAGs) and specific purpose grants (including those paid direct to agencies). Yearly variations in total grants reflect different rates of population growth, changes in the per capita relativities assessed by the Commonwealth Grants Commission (CGC) and fluctuations in the number and the level of specific purpose grants. As Commonwealth grants comprise a greater proportion of total Territory funding than is the case for other States, changes in the level or nature of Commonwealth grants have a comparatively more marked effect on the Territory's budget.

A major influence on this year's level of general purpose grants to the Territory has been the maintenance of the Financial Assistance Grants pool in real per capita terms and a small increase in the Territory's relativity as assessed by the Commonwealth Grants Commission. The Territory will continue to assist the Commonwealth to reduce its deficit by contributing \$6.2 million in 1997-98.

At the March 1997 Premiers' Conference, the Commonwealth's Offer Document foreshadowed reductions in State and Territory specific purpose grants for 1997-98. During the Conference the Commonwealth announced that further additional increases of up to 1.1 per cent will be announced in the Commonwealth budget (see Chapter 4 of [Budget Paper 5](#)). Significant specific purpose grants are also due for renegotiation in 1997-98.

This chapter outlines the various grants the Territory receives from the Commonwealth, and explains some of the major grants and recent changes to grants. Detailed estimates of Commonwealth grants will not be available until after the Commonwealth Budget is delivered. Information relating to grants from the Commonwealth in this chapter was current as at April 1997. Grant totals are in nominal terms unless otherwise stated.

Budget Paper No. 3 - Sources of Funds

Figure CHAPTER 3.1

COMMONWEALTH GRANTS			
	1996-97 ESTIMATED ACTUAL	1997-98 BUDGET	VARIATION
	\$000	\$000	\$000
GENERAL CURRENT-PURPOSE GRANTS	918 298	955 471	37 173
Northern Territory Treasury : Services			
Financial Assistance Grants	899 550	958 262	58 712
Special Revenue Assistance	9 927		- 9 927
Fiscal Contribution	- 6 074	- 6 243	- 169
Identified Road Funding	13 595		- 13 595
Grant in Lieu of Uranium Royalties	1 300	1 300	
National Competition Payments		2 152	2 152
GENERAL CAPITAL-PURPOSE GRANTS	7 000	10 000	3 000
Northern Territory Treasury : Services			
Capital Grants	2 000		- 2 000
Community Health Infrastructure	5 000	10 000	5 000
SPECIFIC CURRENT-PURPOSE GRANTS	168 266	167 235	- 1 031
Northern Territory Police, Fire and Emergency Services			
Emergency Services Operations	111	121	10
Northern Territory Treasury : Services			
Global Savings (June 1996 Premiers Conference)		- 3 000	- 3 000
Department of Lands, Planning and Environment			
Landcare Program	2 352	2 486	134
Environmental Restoration	145	145	
Water Watch (NT)	58	45	- 13
Monitoring River Health	122		- 122
Department of Transport and Works			
Interstate Road Transport	100	100	
Department of Sport and Recreation			
Youthsport	216	217	1
Vacation Care	167	169	2
ATSIC - Young Persons Sport and Recreation Program	263		- 263
Volunteer Improvement Program	10	10	
Department of Asian Relations, Trade and Industry			
National Industry Extension Service	245	245	
Northern Territory Legal Aid Commission			
Legal Aid	2 625	2 675	50
Northern Territory Attorney-General's Department			
Corporate Affairs Revenue Foregone	1 902	1 940	38
Territory Health Services			
Hospital Funding Grants	56 089	57 407	1 318
Medicare Adjusted Base Grant	26 471	27 703	1 232
National Health Program	896	896	
Funds to Combat AIDS	1 444	1 473	29

Continued

COMMONWEALTH GRANTS - Continued

	1996-97 ESTIMATED ACTUAL	1997-98 BUDGET	VARIATION
	\$000	\$000	\$000
SPECIFIC CURRENT-PURPOSE GRANTS (continued)			
Home and Community Care	2 600	2 635	35
Aged Care Assessment	555	555	
Children's Services	32	32	
Supported Accommodation Assistance	2 780	2 834	54
Blood Transfusion Services	543	551	8
National Drug Strategy	307	313	6
Territory Health Services (continued)			
Innovative Health Services for Homeless Youth	26	26	
National Women's Health	146	78	- 68
Cervical Screening Program	639	589	- 50
National Program for the Early Detection of Breast Cancer	58	58	
Commonwealth/ State Disability Services	2 721	2 771	50
Alternative Birthing Services	96	96	
Highly Specialised Drugs	1 181	1 181	
Pensioner Concession Scheme	679	679	
Commonwealth Dental Scheme	449		- 449
Victim's of Domestic Violence	173		- 173
National Childhood Immunisation Program	200	200	
Ambulatory Care	139		- 139
National Mental Health Strategy	991	989	- 2
Department of Education			
Government Schools	14 327	15 363	1 036
Joint Schools Programs	849	849	
Non-Government Schools	15 761	15 786	25
Aboriginal Education Programs	8 750	7 600	- 1 150
Batchelor College			
Aboriginal Education Programs	1 694	2 144	450
Centralian College			
Aboriginal Education Programs	195	260	65
Department of Primary Industry and Fisheries			
BTEC	1 664	1 778	114
National Landcare	259		- 259
Department of Housing and Local Government			
Mortgage and Rent Assistance Program	297	297	
Local Government - Financial Assistance	8 181	8 181	
Local Government - Identified Roads	8 758	8 758	
SPECIFIC CAPITAL-PURPOSE GRANTS	72 515	68 190	- 4 325
Department of Lands, Planning and Environment			
National Estate Grants Program	288	20	- 268

Continued

COMMONWEALTH GRANTS - Continued

	1996-97 ESTIMATED ACTUAL	1997-98 BUDGET	VARIATION
	\$000	\$000	\$000
SPECIFIC CAPITAL-PURPOSE GRANTS (continued)			
Department of Transport and Works			
Australian Land Transport Development	26 700	26 518	- 182
Territory Health Services			
Blood Transfusion Services	13	13	
Remote Areas Funding Program	320	220	- 100
Department of Education			
Government Schools	6 240	3 147	- 3 093
Non-Government Schools	2 735	2 735	
Aboriginal Education Programs	1 680	1 680	
Department of Housing and Local Government			
Pensioner Housing Grants	523	523	
Housing Assistance for Aborigines	19 458	19 458	
Untied Housing Assistance	13 510	12 828	- 682
Community Housing Program	662	662	
Crisis Accommodation Program	386	386	
GRANTS DIRECT FROM THE COMMONWEALTH	77 488	69 300	- 8 188
Northern Territory Police, Fire and Emergency Services	75		- 75
Northern Territory Treasury: Corporation	5 623	3 903	- 1 720
Aboriginal Areas Protection Authority	24	26	2
Department of Lands, Planning and Environment	310	299	- 11
Department of Transport and Works	560	560	
Northern Territory Railway	400		- 400
Northern Territory Correctional Services	400	400	
Parks and Wildlife Commission of the Northern Territory	1 188	1 300	112
Department of Sport and Recreation	42		- 42
Department of Asian Relations, Trade and Industry	284	291	7
Territory Health Services	10 559	3 495	- 7 064
Northern Territory University			
Higher Education (Current)	29 031	29 496	465
Higher Education (Capital)	2 064	3 574	1 510
Other Commonwealth Grants	582	582	
NT Employment and Training Authority			
ANTA Recurrent	10 096	8 621	- 1 475
ANTA Capital	4 617	6 178	1 561
Other Commonwealth Grants	548	682	134
Department of Education	19	31	12
Batchelor College			
Higher Education (Current)	6 620	6 631	11
Higher Education (Capital)	907	239	- 668
Department of Primary Industry and Fisheries	3 409	2 892	- 517
Office of Aboriginal Development	130	100	- 30

Total Commonwealth Grants

Commonwealth grants in the Territory's Budget in 1997-98 are estimated at \$1 270 million, an increase of \$27 million compared with 1996-97, representing a small increase in real terms. This consists of \$965 million in general purpose grants, an increase of \$40 million, and \$305 million in specific purpose grants and grants paid direct to Agencies, a decrease of \$14 million.

It should be noted that the figures used in this chapter are based on the Territory's best estimates. Different parameters have been used to calculate expected payments from the Commonwealth to those used at the Premiers' Conference and also used in Chapter 4 of *Budget Paper No. 4* which also discusses the Premiers' Conference outcome.

General Current-Purpose Grants

Financial Assistance Grants

The Financial Assistance Grants (FAGs) paid by the Commonwealth to the States and Territories are provided as untied funds to be used at the discretion of each jurisdiction. In 1997-98 the Financial Assistance Grants Pool has been maintained in real per capita terms, honouring the Commonwealth Government's commitment in this regard. The Pool has also been increased by the inclusion of identified road grants.

The Territory's share of the estimated 1997-98 Financial Assistance Grants Pool (excluding Special Revenue Assistance and National Competition Payments) is calculated by applying the per capita relativities for each State and Territory arising from the Commonwealth Grants Commission's *Report on General Revenue Grant Relativities 1997 Update* weighted by estimates of each State's population as at 31 December 1997.

The Territory's Financial Assistance Grants are estimated to be \$958 million in 1997-98 (compared with \$899.4 million in 1996-97), a nominal increase of \$58.5 million compared with 1996-97. This increase represents the combined effects of an increase in the Territory's relativity as assessed by the Commonwealth Grants Commission (an implied \$3.2 million), the maintenance of the FAGs Pool in real per capita terms and the absorption of Identified Roads grants into the Financial Assistance Grants Pool. (The outcome of the Premiers' Conference is described in more detail in *Budget Paper No. 5*).

Special Revenue Assistance

In 1996-97, \$9.9 million was received from the Commonwealth for special revenue assistance. The Territory will not receive any special revenue assistance in 1997-98.

Contribution to Commonwealth Deficit Reduction Program

At the 1996 Premiers' Conference, States and Territories agreed to contribute to the Commonwealth's efforts to reduce its budget deficit. The agreed amounts are \$619 million in 1996-97, \$640 million in 1997-98, and \$300 million in 1998-99 (to be reviewed annually). At the 1997 Premiers' Conference it was agreed that the 1997-98 payment was to be made. Each State and Territory's share is based on an equal amount per capita, with the Territory contributing \$6.2 million in 1997-98.

Identified Road Grants (IRGs)

Identified Road Grants were originally special purpose grants to the States and Territories for roads under the former National Arterial Roads Program. They have been 'untied' and were progressively absorbed into the Financial Assistance Grants Pool over the last three years. For 1997-98, the Identified Road Grants will be completely absorbed into the Financial Assistance Grants Pool, and therefore distributed in accordance with the per capita relativities.

Grant in Lieu of Uranium Royalties

Under the *Northern Territory (Self Government) Act 1978*, ownership of uranium was retained by the Commonwealth. A grant in lieu of uranium royalties equivalent to 1.25 per cent of sales revenue is paid to the Territory. The Ranger mine pays a royalty to the Commonwealth which in turn makes a contribution to the Aboriginal Benefits Trust Account. It is estimated that the Territory will receive \$1.3 million in 1997-98.

National Competition Payment

National Competition payments are expected to be made in accordance with the agreements entered into between the States and the Commonwealth in 1995, based on the States satisfying requirements laid down by the Commonwealth under National Competition Policy guidelines. As the Commonwealth accrues most of the benefits (in the form of extra taxation revenue) from the competition reforms carried out by the States, the Commonwealth distributes 'dividends' to the States to share the benefits of reform. (For more information about Competition Policy reform see Chapter 8 of *Budget Paper No. 5*).

Competition payments are payable to States in three cumulative tranches, commencing with a total pool of \$200 million per annum in 1997-98, rising to \$600 million in 2001-02. The payment pool is indexed for inflation and distributed on a per capita basis. The Territory is to receive its first tranche payment of \$2.2 million in 1997-98.

General Capital-Purpose Grants

Building Better Cities

In 1996-97, \$2.0 million was received under the Commonwealth's *Building Better Cities* program. The Commonwealth has not yet made it clear if this program will continue in 1997-98 and subsequent years.

Northern Territory Indigenous Health Infrastructure

Following the 1995 Premiers' Conference, the Commonwealth agreed to make an additional grant to the Territory of \$5 million per annum over three years for remote community infrastructure to improve health conditions on Aboriginal communities. The grant was originally called 'Community Health Infrastructure' and was classified as a general purpose grant, allowing the funds to be used for the broad function of improving remote communities' health infrastructure needs without the usual degree of joint approval normally associated with special purpose payments.

Another grant of \$5.2 million per annum to upgrade identified 'Strategic Roads on Aboriginal Lands' commenced in 1995-96 and was to continue to 1997-98. The Commonwealth revoked the grant in 1996-97 and only the first year of funding was received in 1995-96.

The Commonwealth has advised that the Territory can use the health infrastructure funds for strategic road upgrades. However, no supplementary Commonwealth funding has been received to substitute for the loss of funding from the cancellation of the 'Strategic Roads on Aboriginal Lands' grant. The remaining commitment for the health infrastructure grant (\$10 million) will be paid in 1997-98.

Specific Purpose Grants

Grants made in this form generally relate to agreements between the Commonwealth and Territory Governments under which the Commonwealth provides funds on the condition that the Territory applies the grant moneys to specific purposes. Examples are the Commonwealth-State Housing Agreement, agreements under the *States Grants (Primary and Secondary Education Assistance) Act* and the Medicare Agreement.

Agreements may specify the performance by the Territory of various policy and administrative functions relating to whole programs, in addition to directions on the types of expenditure that are to be undertaken. They may also contain 'matching requirements' whereby States and Territories make financial

contributions to the program. Specific Purpose Grants can therefore impose constraints on the Territory's broader overall, as well as detailed, budget decision-making processes; for this reason, they are also termed 'tied' grants.

Figure 3.1 (at the start of this chapter) lists over 70 specific purpose grants for 1997-98 (including those made direct to agencies). The estimated total of \$304.7 million to be received in this form represents 24 per cent of all Commonwealth funding for the Territory in 1997-98.

The decline in 1997-98 compared with 1996-97, of an estimated \$13.5 million (or 4.4 per cent), includes a \$3 million provision (called Global Savings) for further cuts likely to be made in the Commonwealth budget in addition to those outlined at the Premiers' Conference.

Explanations of the major Specific Purpose Grants and the changes occurring to some of the individual grants listed in Figure 3.1 are given in the following sections. The estimates of grants to be received in 1997-98 are indicative only; the final amounts for particular programs will not be known until after the Commonwealth Budget is delivered.

As can be seen from the details below, Specific Purpose Grants arrangements can be extremely complex. It is the Territory's view that the administrative burden, duplication, overlap, and intrusion into State/Territory areas of responsibility means that this area of funding should be urgently reformed.

Specific Current-Purpose Grants

Education

For 1997-98, the total amount of specific current-purpose grants for Education from the Commonwealth to the Territory is estimated to be \$42 million, an increase of 1 per cent from \$41.6 million in 1996-97.

School Education

In accordance with the National Objectives for Schooling, the Commonwealth provides specific purpose funding to address access and equity issues for targeted school students. Commonwealth programs for schools may contain a government element, a non-government element or a joint element. The Northern Territory Department of Education receives payments for non-government organisations and transfers them accordingly. Estimated receipts from this source in 1997-98 are \$31.1 million, up \$1.1 million from 1996-97.

In the 1996-97 Commonwealth Budget, changes were made to the distribution of funding for government and non-government schools. As a result, funding for government schools is now based on a new system of national benchmarks. The Commonwealth also announced its intention to introduce additional funding for non-government schools, and there is an expectation that student numbers in government schools will decline. The Commonwealth has proposed that it should share in the savings that will accrue to the States from a shift in the proportion of students studying in public to private schools. As the proportion of students in private schools in the Territory is considerably lower than the national average, the Commonwealth's proposal for sharing in the savings arising from a redistribution effectively disadvantages the Territory relative to the States. Negotiations are proceeding with the Commonwealth.

Aboriginal Education Programs

Funds are paid through the Department of Education and are forwarded to the Batchelor and Centralian Colleges for programs involving Post-School Aboriginal Education. In 1997-98, estimated receipts are \$2.4 million, compared to \$1.9 million in 1996-97.

Similarly, funds are also provided for Aboriginal Education Programs in Primary and Secondary Schools. For 1997-98, receipts are expected to be \$7.6 million, down from an estimated \$8.8 million received in 1996-97. Part of this fall in funding may be offset by increased funding direct from the Commonwealth to the Department of Education for Aboriginal Educational Programs in schools.

Health

For 1997-98, the total amount of specific current-purpose grants for health from the Commonwealth to the Territory is estimated to be \$101.1 million, an increase of 1 per cent from \$99.2 million in 1996-97.

Hospital Funding Grants and Medicare Base Grant

The present Medicare Agreements came into effect on 1 July 1993 and are intended to remain in place until 30 June 1998. In 1997-98, the Territory will receive an estimated total of \$85.1 million from the Commonwealth under the Medicare Agreement.

Under the terms of the Agreement, there is a component called the Annual Adjustment Pool (Bonus Pool B) grant. This section of each State and Territory's total grant may be either positive or negative, depending on the level of public

provision in the relevant grant year, compared to the level of public provision before the commencement of the Agreement.

As specified under the Agreement, a national 2 per cent fall in private health insurance requires reconsideration of the provisions of the Agreement relating to the Annual Adjustment (Bonus Pool B) grants, in recognition of the subsequent additional cost burden this places on public hospitals. Since the last such review in September 1995, private health insurance coverage rates have fallen further, triggering another review.

At the March 1997 meeting of Commonwealth, State and Territory health officials to negotiate changes to the provision, the Commonwealth proposed that the marginal costs of extra patients provided a reasonable basis for calculating the additional cost burden faced by the States and Territories. However, the States and Territories argued that the decline in private health insurance has been so marked that it is impacting at average rather than marginal rates, as little or no excess capacity exists in the public hospital system. Consequently, no changes have yet been introduced; however, Health Ministers are to meet again in May 1997 to renegotiate provisions based on updated data provided by the States and Territories.

The Commonwealth also provides Incentive Packages to the States and Territories to improve public hospital services. Other grants are provided in support of projects to encourage innovation and accelerate mental health reform. Annual grants, such as 'Funds to Combat AIDS', instituted prior to the current Medicare Agreement have continued, while some others are proposed to be broad banded.

Other Health and Community Services Related Grants

Home and Community Care: This program provides support to enable frail aged and disabled persons at risk of institutionalisation to remain at home. While the Commonwealth has reviewed the provisions under this grant and is currently implementing a number of the recommendations arising from the review, the extent to which funding under this grant will be affected is not yet clear. For 1997-98, funding is estimated to be \$2.6 million, a slight increase on the previous year.

Supported Accommodation Assistance Program: This program provides accommodation and support services for homeless people and people in crisis. For 1997-98, funding is estimated to be \$2.8 million, up slightly on the previous year.

Commonwealth/State Disability Services: This program provides a framework between the Commonwealth and the States for the provision of services to people with disabilities. The present Commonwealth State Disability Agreement is due to expire on 30 June 1997.

The Commonwealth has proposed to reform the program to provide a greater focus on outputs and the effectiveness of measures. To this end, it has proposed to enter into separate agreements with each State, and a joint agreement between all States. While to some extent, matching funding from States will be a requirement of such agreements, the extent of any changes to Commonwealth funding under the program is not yet clear. Funding in 1997-98 to the Territory is expected to be \$2.8 million, up slightly on the previous year.

Law and Order

Legal Aid

Legal Aid Commissions are established under State and Territory law in a form agreed with the Commonwealth. Previously, the cost-sharing arrangement for Northern Territory Legal Aid involved Commonwealth base funding assistance decreasing by 5 per cent each year until 1995-96 when the Commonwealth contribution fell to 60 per cent. Over the same period the Territory contribution increased by 5 per cent each year to reach 40 per cent.

The Commonwealth has now sought to go beyond this initial arrangement to further reduce the total pool of funding available to State Legal Aid Commissions. The Territory has managed to secure an agreement for funding for 1997-98 of an estimated \$2.7 million, similar to the previous year's funding. However, the Commonwealth is likely to make the payment subject to greater accountability than previously, while possibly restricting its use to legal aid cases under Commonwealth law.

Environment and Primary Industry

National Landcare

The National Landcare Program aims to achieve efficient, sustainable and equitable management of natural resources in Australia. The Department of Lands, Planning and Environment, the Power and Water Authority and the Department of Primary Industry and Fisheries all receive funds under this Program. For 1997-98, it is estimated that the Territory will receive \$2.5 million, down from \$2.6 million in 1996-97.

Bovine Brucellosis and Tuberculosis Eradication

From 1 December 1992 this program changed from an eradication program to a monitoring program. Funding is shared between governments and industry, with the Commonwealth contributing 20 per cent (\$1.8 million in 1997-98), the Territory Government contributing 30 per cent, and industry contributing 50 per cent. The program also has a component of funding that goes direct to the Department of Primary Industry and Fisheries. Funding is diminishing progressively over the five year monitoring phase.

Local Government

Financial Assistance and Identified Roads funding

The Territory will receive approximately \$8.2 million in Commonwealth Financial Assistance funding for onpassing to local government authorities in 1997-98. The current per capita distribution among States and Territories of these funds disadvantages local governments in the Territory as it does not take into account the high relative cost disabilities faced by this sector, when compared to other States. A further amount of \$8.8 million is to be received under the Local Government-Identified Roads program. The amounts expected to be received for 1997-98 under both grants are the same as for 1996-97.

Other Categories

Corporate Affairs Revenue Foregone

Under the *Heads of Agreement on Corporate Regulation*, the Commonwealth agreed to reimburse the States and Northern Territory for revenue foregone on the takeover of corporate regulation by the Commonwealth. The original pool in 1989-90 of \$102 million has been increased each year in line with CPI increases. The Territory's share of this pool is estimated to be \$1.9 million in 1997-98.

Specific Capital-Purpose Grants

School Education

Capital grants for government and non-government schools are provided under two streams - general capital, and capital grants under the Aboriginal Education Program; the latter aims to enhance quality and access to education and hence improve the learning outcomes of Aboriginal students. Capital grants for Aboriginal Education Programs in 1997-98 are estimated to be \$1.7 million.

Figure 3.1 shows that capital funding for government schools fell from \$6.2 million in 1996-97 to an estimated \$3.2 million for 1997-98. This large variance is due to the Commonwealth capital funding in this area for calendar year 1995 being held over to 1996, effectively increasing the standard level of grants received from the Commonwealth for the period 1996-97.

Housing

Housing Assistance for Aborigines

This grant provides funds towards the provision of housing and infrastructure in Aboriginal communities. These funds (\$19.5 million) have been fixed at the same level in nominal dollars for several years. The funds are now paid over to the Aboriginal Housing Corporation, established in 1995, which pools funds from the Territory and Commonwealth sources to better coordinate the delivery of housing to Aboriginal communities.

Untied Housing Assistance

In accordance with the Commonwealth-State Housing Agreement, funds are provided by the Commonwealth to assist with capital expenditure on public rental housing throughout the Territory. Funding to the States and Territories in past years has been fixed at the same level in nominal dollars and distributed to States on a per capita basis. The Council of Australian Governments has considered revised arrangements for housing but it is still unclear what changes are likely to be made. However, as the Commonwealth is currently providing notification of funding levels on a six monthly basis, housing planning under this grant is being hindered. The Territory currently receives \$13.5 million per annum.

Australian Land Transport Development

From 1 January 1994, the Commonwealth ceased to have direct funding responsibility for all roads, other than the National Highway system. As mentioned under General Current-Purpose Grants, \$350 million in road grants previously provided to States as part of the Commonwealth Roads Program has been progressively absorbed into the untied FAGs pool.

The Post-1993 Commonwealth Road Program (Australia Land Transport Development Program) runs for three years and has an annual budget of \$820 million. The Program covers a national network of roads comprising the National Highway system and urban roads linking the current points of termination of the National Highway system. The Territory will receive

\$26.5 million under the program in 1997-98, down from \$26.7 million the previous year.

Specific Grants Direct to the Territory

The significance of this category which distinguishes it from other grants is the level of Commonwealth responsibility involved. For example, in respect of higher education, the Commonwealth carries the prime responsibility although the Northern Territory has continued to provide a high level of commitment in this area. However, the arrangements for debt redemption assistance recognise that this was a Commonwealth responsibility which was transferred to the States.

Territory Health Services

In 1996-97, one-off funding of \$5.97 million was provided by the Commonwealth through Territory Health Services for capital infrastructure of a health clinic in Maningrida, staff housing for Aboriginal health workers throughout the Territory, and a haemodialysis unit at Nguiu. This funding followed an ATSIC sponsored study of health services at three Aboriginal communities, which identified these particular health needs. It is not clear whether similar funding will be provided to other communities in 1997-98, and as a result, budget estimates for Territory Health Service grants received direct from the Commonwealth for 1997-98 show a considerable drop (see Figure 3.1).

Northern Territory University: Higher Education

The Commonwealth provides current funding to universities on a rolling triennium basis which is reviewed and adjusted each year. Funding is a function of an agreed student load and indexation. Funds for capital purposes were previously provided on a project by project basis. While a proportion of funds will continue to be allocated on this basis over the next few years, funding is gradually moving towards the allocation of a capital grant based on student load. Total capital funding in 1997-98 is currently estimated to be \$3.6 million, up from \$2.1 million in 1996-97, while recurrent funding is up slightly from \$29 million in 1996-97 to \$29.5 million in 1997-98.

Northern Territory Employment and Training Authority

On 1 January 1994 the *States Grants (TAFE Assistance) Act* was replaced by the *Vocational Education and Training Funding Act 1992*. In accordance with this Act, Commonwealth grants for vocational education and training are made, through the Australian National Training Authority (ANTA), direct to each

State/Territory Training Authority under the *National Vocational Education and Training Agreement*.

The distribution of ANTA recurrent grants to the States and Territories is based on a historical amount derived from cumulative growth funds calculated on a per-capita basis and an amount earmarked for Vocational Education and Training activities in schools.

Since 1994, Capital Development Plans have replaced project by project approval of Commonwealth grants for ANTA capital purposes. These plans link decisions on capital works to industry and other State and Territory priorities.

Grants in 1997-98 are currently estimated to be \$15.5 million, slightly higher than in 1996-97.

Batchelor College

A payment is made directly to Batchelor College for Post School Education and Training of Aborigines. The grant comprises funding for current and capital purposes, and is expected to be \$6.9 million in 1997-98, down from \$7.5 million the previous year.

Northern Territory Treasury Corporation: Debt Redemption Assistance

The Commonwealth provides compensation payments, based on a spread of 1.1 per cent between interest rates incurred by the Territory on its borrowings to replace debt previously issued by the Commonwealth, as compared to rates which would have applied to raisings by the Commonwealth on the Territory's behalf. Compensation is also provided in relation to the reduced Commonwealth contributions to the Territory Debt Sinking Fund due to the accelerated rate of debt redemption.

The Northern Territory Treasury Corporation has responsibility for the Territory's public sector borrowings and investments. These payments were previously classified as specific current-purpose grants. Since the Corporation's establishment on 1 July 1994, the payments have been treated as a grant direct from the Commonwealth to the Corporation. The Corporation will receive an estimated \$3.9 million in 1997-98, down from the \$5.6 million received the previous year. This drop reflects the reduction in borrowings maturing in 1997-98, compared to 1996-97.

CHAPTER 4

TERRITORY BORROWING AND ADVANCES

Debt is an important source of funding for capital assets and infrastructure which increases the productive capacity and income of a State or Territory and promotes social well-being.

The Territory raises its debt through the Northern Territory Treasury Corporation which issues inscribed stock and other debt securities to domestic and off-shore financial institutions and to the Australian public.

Gross debt is projected to fall by \$80 million in 1996-97 and by a further \$50 million in 1997-98. The reductions in gross debt will be financed through the use of cash balances.

Territory Advances paid to the private sector are principally Northern Territory Housing Commission loans through the Lending Business Division. Whilst lending for housing will remain at a similar level this year, it is anticipated that repayments from existing borrowers will continue to be greater than the value of new loans.

Borrowings, advances and cash balances are the key components of net debt. The 1997-98 Budget projects that Territory net debt at 30 June 1998 will be \$1361 million, unchanged from 30 June 1997.

Interest paid as a ratio of total revenue will fall from 11.4 per cent in 1996-97 to 11.2 per cent in 1997-98, compared to the latest available States' average (1996-97) of 11.5 per cent.

Introduction

The Northern Territory's traditional budget presentation treats borrowings and advances as receipts, while repayments of borrowings and new lendings to Territory Government agencies and Business Divisions are recorded as expenditure.

In contrast, the budget presentation in the Economic Transactions Framework, shows both borrowings and advances in net terms as financing transactions which is the more appropriate treatment for most purposes.

All financing transactions affect measures of the Territory's net debt, which is equal to gross debt less financial assets. Additional borrowing by the Territory increases gross debt while repayment of borrowings reduces gross debt. Similarly, new lending by the Territory increases the Territory's financial assets while repayment of advances to the Territory reduces financial assets.

The first section following shows the impact of changes in borrowings and advances on the Territory's gross debt and net debt in the traditional budget presentation. The second section analyses the change in the Territory's gross and net debt on an Australian Bureau of Statistics' Economic Transaction Framework basis to facilitate comparisons with the States.

Budget Presentation

Territory Borrowing includes borrowing for infrastructure projects as well as for the refinancing of maturing Commonwealth advances (also known as general capital-purpose advances) with borrowings undertaken in the Territory's own name. Maturing Territory debt which is refinanced has no net effect on Territory borrowings. The Territory will refinance \$36.2 million of Commonwealth advances and \$55.7 million of Territory borrowings in 1997-98, compared with \$56.3 million and \$34.3 million respectively in 1996-97.

All borrowings other than those for refinancing maturing debt in the Territory's name is treated as a receipt in the Budget presentation of Gross Outlays and Receipts. As the Territory is reducing the level of borrowings in its own name in 1996-97 and 1997-98, total Territory Borrowings is equal to the refinancing of maturing Commonwealth advances.

Territory Advances Repaid includes all repayments of loan or advance principal to the Territory Government and its agencies. The largest component is the repayment of Housing Commission loans by home buyers. Territory Advances Repaid also includes small amounts for repayments of borrowings by local government authorities (\$2.5 million in 1997-98) and by borrowers under various

Territory Government industry assistance schemes. Advances repaid by Territory Government agencies to Northern Territory Treasury Corporation are treated as intrasector receipts.

Repayments are projected to decline by \$4.8 million in 1997-98 mainly as a result of an anticipated reduction in home loan mortgage discharges. This is consistent with recent trends.

Commonwealth Advances Repaid relates primarily to maturing Commonwealth advances. Under a process approved at the 1990 Loan Council Meeting, existing debt to the Commonwealth is being progressively converted on maturity to Territory debt.

In 1997-98 a total of \$41.3 million of Commonwealth debt will be repaid, \$36.2 million of which represents maturing Commonwealth advances which will be refinanced by the Territory. The remainder of Commonwealth Advances Repaid consists of the Territory's contribution to the National Debt Sinking Fund (\$1.3 million in 1997-98) and repayment of debt assigned to the Territory by the Commonwealth at Self-Government (\$3.8 million in 1997-98). Repayments to the Commonwealth will continue to diminish in significance while Commonwealth payments to the States and Territories remain restricted to grants.

Territory Borrowings Repaid refers to the repayment of borrowings issued in the Territory's name, excluding borrowings which are refinanced on maturity through the issue of replacement debt. In 1997-98, \$44.9 million of Territory borrowings will be repaid (\$74.5 million is expected to be repaid in 1996-97). These transactions are treated as an expenditure in the Budget.

Territory Borrowings Repaid have been set at a sufficient level to allow the Territory's gross debt to reduce by \$80 million in 1996-97 and \$50 million in 1997-98 as part of the Government's overall strategy of reducing gross debt below \$2 billion by the end of 1998-99.

Territory Advances Paid includes expenditure by Territory Government agencies to individuals for home loans (the most significant component at \$22.8 million in 1997-98), local government authorities for the provision of infrastructure, and Territory businesses for economic development.

Net Borrowing and Advances will reduce by \$55.8 million and \$42.5 million in 1996-97 and 1997-98, mainly as a result of the decision to reduce gross debt by \$80 million and \$50 million respectively, in these years.

Figure CHAPTER 4.1

TERRITORY BORROWING AND ADVANCES			
	1996-97 ESTIMATED ACTUAL	1997-98 BUDGET	VARIATION
	\$000	\$000	\$000
TERRITORY BORROWING	56 348	36 167	- 20 181
Northern Territory Treasury Corporation			
Refinancing of Commonwealth Advances	56 348	36 167	- 20 181
Refinancing of Territory Debt	34 342	55 660	21 318
<i>less Territory Debt Maturing</i>	<i>34 342</i>	<i>55 660</i>	<i>21 318</i>
TERRITORY ADVANCES REPAID	40 090	35 275	- 4 815
Northern Territory Treasury Corporation	2 734	2 518	- 216
Department of Lands, Planning and Environment	2	2	
Department of Asian Relations, Trade and Industry	40	40	
Department of Primary Industry and Fisheries	1 228	150	- 1 078
Northern Territory Housing Commission : Lending	35 096	31 465	- 3 631
Power and Water Authority : Commercial Services	990	1 100	110
<i>less</i>			
COMMONWEALTH ADVANCES REPAID (a)	61 799	41 280	- 20 519
Northern Territory Treasury Corporation	61 799	41 280	- 20 519
TERRITORY BORROWINGS REPAID (a)	74 549	44 887	- 29 662
Northern Territory Treasury Corporation	74 549	44 887	- 29 662
TERRITORY ADVANCES PAID (a)	15 874	27 736	11 862
Department of Asian Relations, Trade and Industry	297	306	9
Department of Primary Industry and Fisheries	1 208	1 039	- 169
Department of Housing and Local Government	2 537	3 000	463
Darwin Port Authority	490	549	59
Northern Territory Housing Commission : Lending	7 142	22 842	15 700
Power and Water Authority : Commercial Services	4 200		- 4 200
<i>equals</i>			
NET BORROWING AND ADVANCES	- 55 784	- 42 461	13 323

(a) Recorded on Outlays side of Budget

Impact on Territory Public Sector Debt

At 30 June 1996, the Northern Territory public sector had a gross debt of \$2 148 million, offset by financial assets of \$797 million, leaving net debt of \$1 351 million.

It is expected that, at 30 June 1997, Northern Territory gross debt will have declined to \$2 068 million, offset by financial assets of \$707 million, leaving net debt of \$1 361 million.

By 30 June 1998, Territory gross debt is expected to be \$2 018 million, offset by financial assets of \$657 million, leaving net debt unchanged at \$1361 million.

The reduction in gross debt is a result of a Government decision to reduce total gross debt below \$2 billion by the end of 1998-99. This decision has been taken in the light of the relatively high levels of cash balances and the fact that interest earned on these cash balances is less than the interest paid on the borrowings.

This Government debt data is tabulated in Figure 4.2.

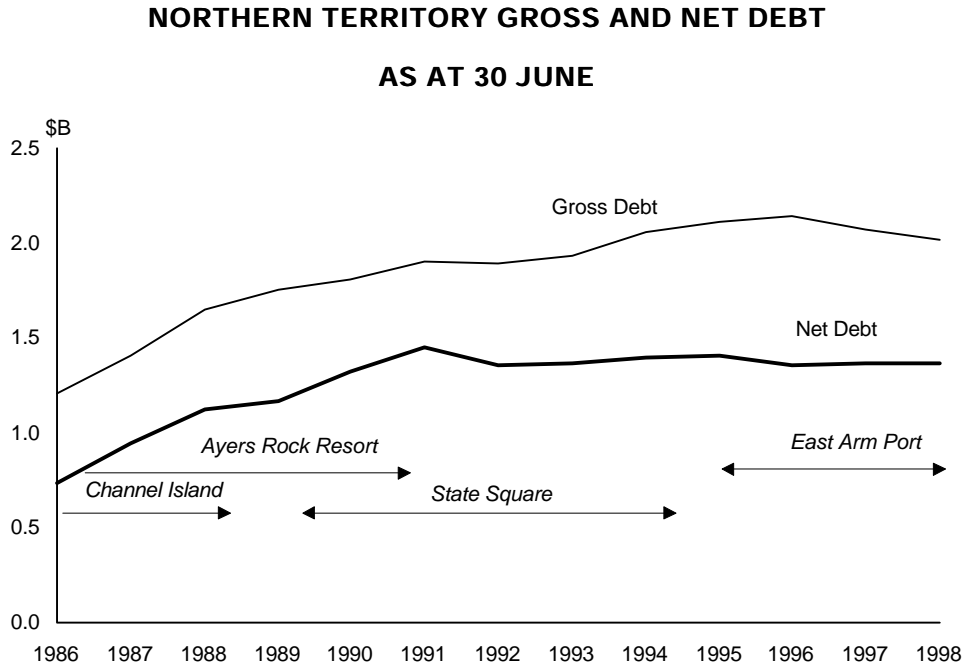
Figure CHAPTER 4.2

NORTHERN TERRITORY GOVERNMENT DEBT			
	GROSS DEBT	FINANCIAL ASSETS	NET DEBT
	\$M	\$M	\$M
<i>As at 30 June 1996</i>			
Consolidated Total	2 148	797	1 351
<i>As at 30 June 1997 (est)</i>			
Consolidated Total	2 068	707	1 361
<i>As at 30 June 1998 (est)</i>			
Consolidated Total	2 018	657	1 361

Source: Public Sector Financial Assets and Liabilities, ABS Cat. No. 5513.0; and Budget Paper No. 5 1997-98.

Figure 4.3 shows the long term direction of Northern Territory gross and net debt. It shows the growth associated with major projects such as the construction of Channel Island power station, the State Square project, Ayers Rock Resort, the provision of infrastructure at East Arm Port and the decision to reduce gross debt in 1996-97 and 1997-98.

Figure CHAPTER 4.3



Source: 1986 to 1987: Northern Territory Treasury;
1988 to 1991: *Public Sector Debt, Australia*, ABS Cat. No.5513.0;
1992 to 1995: *Public Sector Financial Assets and Liabilities*, ABS Cat. No. 5513.0; and
1996 to 1998: Northern Territory Treasury.

Interstate Comparisons

The 1997-98 Budget will change the Territory's gross and net debt position relative to the States. A number of comparisons are possible and three are included here.

The **composition of public sector budgets** varies from State to State. As shown in Figure 4.4, the structure of the Northern Territory budget is not dramatically different from that of the average of the States except for the ratio of Commonwealth grants to own-source revenue, where the Territory has a much higher reliance on Commonwealth revenue, due to its expenditure disability.

Figure 1.4

COMPARATIVE BUDGET STRUCTURES			
	NORTHERN TERRITORY		SIX STATE AVERAGE
	1996-97	1997-98	1996-97
	per cent	per cent	per cent
Total Expenditure	100.0	100.0	100.0
Current Expenditure	86.3	87.2	83.7
Capital Expenditure	13.7	12.8	16.3
less			
Total Revenue	96.7	97.3	95.4
Territory Revenue	26.4	26.7	53.7
Commonwealth Grants	70.2	70.6	41.7
equals			
Total Financing	3.3	2.7	4.6
Increase in Debt	-4.5	-2.8	-3.2
Decrease in Financial Assets	5.1	2.7	3.0
Use of Provisions	2.8	2.8	4.8

Note: Financial estimates are based on the standard ABS presentation.

Source: Government Financial Estimates, Australia, ABS Cat. No.5501.0; and Budget Paper No. 5 1997-98.

There is considerable diversity among jurisdictions in the ratio of **net debt to total revenue**. As at 30 June 1996, these ratios ranged from -17 per cent in Queensland, up to 140 per cent in Tasmania. The Northern Territory, at 82 per cent, was above the weighted average for the Six States (at 72 per cent). At 30 June 1997, the Territory's ratio is expected to fall to 80 per cent.

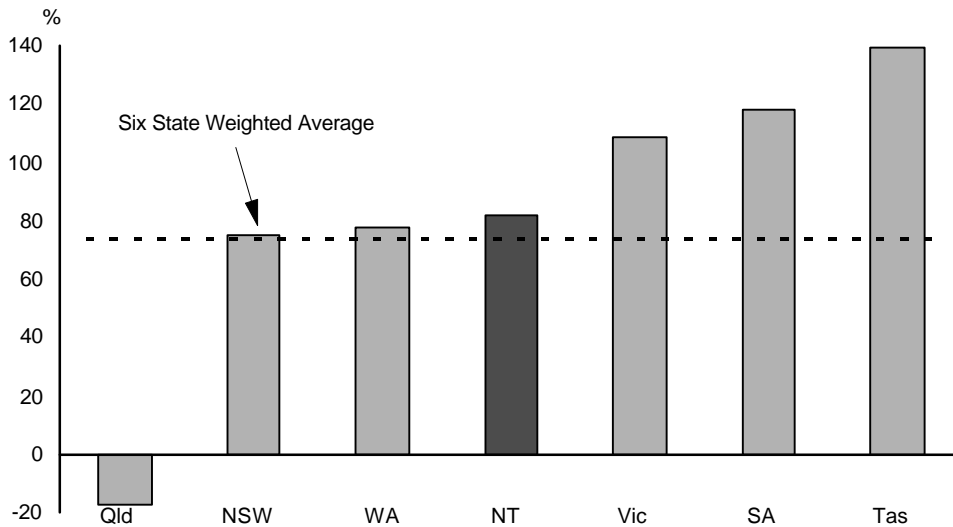
There is considerable movement in the net debt position of some States as a consequence of the active debt reduction policies. At 30 June 1995, Victoria's net debt as a proportion of total revenue was 173 per cent the highest of all jurisdictions, but at 30 June 1996 this had fallen dramatically to 108 per cent. This change alone had a significant effect on the six State weighted average which has decreased from 95 per cent at 30 June 1995 to 70 per cent at 30 June 1996.

The Territory has reduced its net debt as a proportion of total revenue from 93 per cent at 30 June 1995 to 82 per cent at 30 June 1996. However in 1995 the Territory was slightly below the six State weighted average whereas in 1996, it has moved to being slightly above average. This demonstrates the influence of a

large State like Victoria on interstate comparisons, and the difficulty which arises when considering interstate comparisons in isolation.

Figure CHAPTER 4.5

NET DEBT AS A PROPORTION OF TOTAL REVENUE
30 JUNE 1996



Note: Financial estimates are based on the standard ABS presentation.
Source: Government Financial Estimates, Australia, ABS Cat. No. 5501.0.

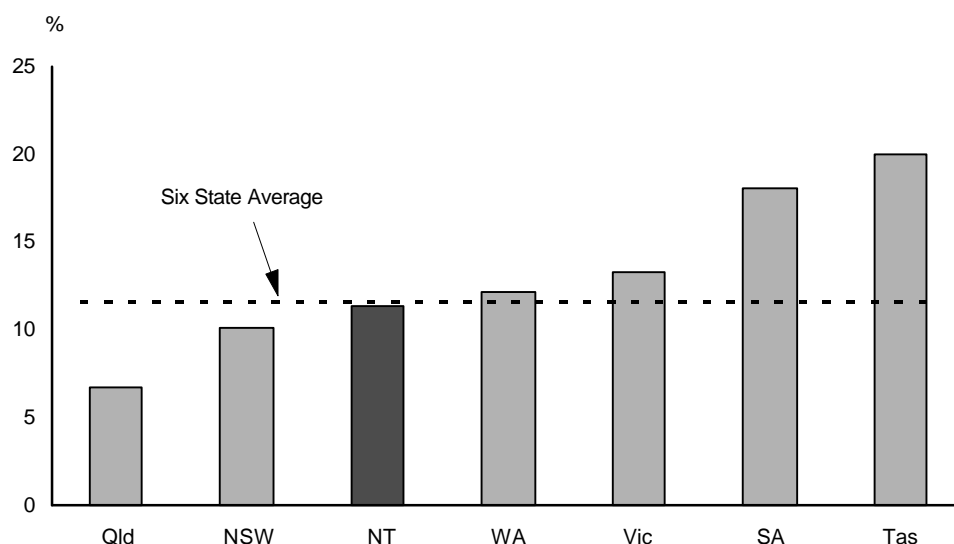
A similar picture emerges when interest as a proportion of total revenue is compared. At 30 June 1997, the Territory ratio of interest to total revenue is forecast to be 11.4 per cent, compared to the estimated Six State weighted average of 11.5 per cent. At 30 June 1998, the Territory ratio is forecast to fall to 11.2 per cent. Again, although the Territory's proportion of interest payments to total revenue has fallen (from 12.5 per cent in 1995-96), so too has the average from 14.6 per cent in 1995-96 to 11.5 per cent in 1996-97. This reduction, is due to the significant decrease in Victoria's interest payments and further highlights deficiencies of interstate comparisons.

The Territory's interest payments have been declining over recent years due to the combined influences of low levels of new borrowings, and the refinancing of maturing debt at lower rates of interest. In 1997-98, the Territory's interest payments are estimated to be \$195 million, the same as 1996-97. Despite lower

gross debt, interest payments on the McArthur River gas pipeline project will cease being capitalised in 1997-98 keeping interest payments unchanged.

Figure CHAPTER 4.6

GROSS INTEREST PAYMENTS TO TOTAL REVENUE 1996-97



Source: Government Financial Estimates, ABS Cat. No. 5501.0; and Budget Paper No. 5 1997-98.

Loan Council Allocation

Under a 1993-94 Loan Council agreement, the Loan Council Allocation (LCA) for a jurisdiction is the difference between expected outlays and revenue, after adjustments for items considered by Loan Council to be analogous to borrowings. In 1996-97 the expected LCA outcome is \$13 million, compared to the budget time estimate of -\$6 million. In 1997-98 the LCA nomination was \$16 million. That has reduced to \$4 million. Both these changes are with the allowed tolerance limit of 2 per cent which allows for changes in economic circumstances and fiscal policies, as well as timing problems.

Figure CHAPTER 4.7

LOAN COUNCIL ALLOCATION

	<i>NOMINATION</i> \$M	<i>BUDGET TIME ESTIMATE</i> \$M	<i>EXPECTED OUTCOME</i> \$M
1996-97	30	-6	13
1997-98	16	4	

CHAPTER 5

INTRASECTOR RECEIPTS

To varying degrees, all governments adopt the practice of charging for goods and services provided by one agency of government to another agency within the public sector. Such a movement of funds is described here as an 'intrasector' transaction.

For example, in the Northern Territory, pay-roll tax is paid by Government agencies to a central agency, dividends are paid by Business Divisions to Treasury, and a number of agencies distribute grant funds to other agencies.

These payments and receipts are isolated in the Budget to provide an undistorted picture of the net effect of Government operations on the private sector.

In addition to identification of intrasector receipts for overall budget analysis, the application of intergovernment charging facilitates accountability and control over agency funding.

Charging for services provided by Business Divisions is one means of ensuring that those agencies purchasing services recognise the cost of the services they utilise, and hence are able to make informed decisions regarding the management of resources under their control. This is an important element of microeconomic reform. However, because agency payments to Business Divisions are treated in the same manner as payments to the private sector, these are not classified as intrasector receipts.

In other cases, where charging for the resource is not the prime motivation, there remains the issue of control of resources which requires proper management and accountability by all agencies involved.

The major intrasector payments made by one Northern Territory Government agency to another are summarised in Figure 5.1. They are recorded here as a separate item in order to better isolate and identify the net impact of the Territory Government Budget on parties outside the public sector.

Intrasector transactions are counted twice in the Budget, once as an outlay by the agency making the payment to another Territory agency and again as an outlay by the receiving agency when it spends the money. This budget treatment ensures that the agency making the payment identifies it as a cost that it must manage, but unless the more significant transactions are identified, incorrect conclusions can be drawn about trends in the public sector as a whole. Explanation of each of the major intrasector receipts categories follows.

Dividends and statutory payments relate to the distribution of surplus funds from TAB, Racing and Gaming Authority, Power and Water Authority, Northern Territory Treasury Corporation and Darwin Port Authority in accordance with the relevant legislation or Treasurer's Direction.

Pay-roll tax paid by General Agencies identifies the contribution by the non-commercial public sector to total Pay-roll tax collections. Pay-roll tax paid by Business Divisions is not classified as an intrasector transfer, but is effectively treated as a payment from outside the public sector.

Stamp duty equivalent payments made by the Housing Commission to Treasury reflect stamp duty exemptions made to first home buyers in the Territory.

Interest and advances include all repayments of principal and interest from Territory agencies that have borrowed from the Northern Territory Treasury Corporation (or, prior to July 1994, from the Territory Government). The major borrowers have been the Power and Water Authority, the Darwin Port Authority and the Housing Commission.

Working capital **Advances from Northern Territory Treasury Corporation** were made to Business Divisions in 1996-97 and these entities will also be receiving **Community Service Obligation payments** (CSO), in recognition of their non-commercial service obligations. The cost of providing support for Arafura Games activities undertaken by Business Divisions has similarly been acknowledged as a CSO.

The **Sports and Recreational Development Fund** reflects the transfer from the Lotteries Fund to the Department of Sport and Recreation. The revenue is collected by the Racing and Gaming Authority, but the expenditure of this hypothecated revenue is undertaken by the Department of Sport and Recreation. To properly account for these flows the funds are shown as a receipt and expenditure in both functions.

Vocational Education and Training (VET) funding involves a transfer of Commonwealth funds from the Northern Territory Employment and Training Authority to the Northern Territory University, the Department of Education and the colleges.

The central agency costs relating to the **Aboriginal Education Program (AEP)** conducted by the Northern Territory on behalf of the Commonwealth are recorded as intrasector receipts to identify the total costs of delivery of the programs within the education sector.

Corporate Costs are recouped from PAWA : Aboriginal Essential Services by PAWA : Commercial Services, which performs corporate management duties on an agency basis.

Northern Territory Treasury Corporation **Advances** for capital expenditure are received by the Northern Territory University for the new Commercial Building, by Darwin Port Authority for the East Arm Port Development, and by PAWA for the Palm Valley gas field and the McArthur River Mine projects.

The Department of Housing and Local Government on-passes **Commonwealth-State Housing Agreement (CSHA) funds** to the Housing Commission. As the Housing Commission is a corporation sole, the Department of Housing and Local Government charges the Commission for administering its programs.

Budget Paper No. 3 - Sources of Funds

Figure CHAPTER 5.1

INTRASECTOR RECEIPTS			
	1996-97 ESTIMATED ACTUAL	1997-98 BUDGET	VARIATION
	\$000	\$000	\$000
INTRASECTOR RECEIPTS	324 629	303 203	- 21 426
Department of the Chief Minister			
Living With Alcohol Funding	453	553	100
Heritage Register	18		- 18
Northern Territory Treasury : Services			
TAB Distribution	2 534	2 713	179
Stamp Duty Equivalent from NTHC : Lending	3 416	3 550	134
Dividend from NTHC : Lending	4 296	8 679	4 383
Payroll Tax Paid by General Agencies	36 637	38 178	1 541
Distribution Received from Lotteries	990	1 000	10
Dividend from NT Treasury Corporation	11 569	10 000	- 1 569
Dividend from PAWA : Commercial Services	22 264	14 319	- 7 945
Dividend from Transport and Works : Darwin Port Authority	1 031	2 089	1 058
Dividend from Transport and Works : Darwin Bus Service	87	87	
Dividend from NTHC : Housing	594	594	
Northern Territory Treasury : Superannuation Office			
Superannuation Contributions from NTU and LAC	2 191	2 085	- 106
Northern Territory Treasury Corporation			
Interest from Business Divisions	62 216	67 692	5 476
Advances from Business Divisions	24 373	16 703	- 7 670
Other	1 995	2 138	143
Darwin Port Authority			
Advance from NT Treasury Corporation	23 244	24 628	1 384
Community Service Payment	1 881	4 227	2 346
Promotion of Darwin as a Cruise Ship Destination	84	474	390
Department of Transport and Works			
Special Bus Services for the Arafura Games	115		- 115
Drink Driving Campaign	50		- 50
School Bus Passes	618	627	9
Department of Transport and Works : Construction Agency			
Advance from NT Treasury Corporation	2 970		- 2 970
Department of Transport and Works : NT Fleet			
Advance from NT Treasury Corporation	3 137	231	- 2 906
Community Service Payment	384	388	4
Parks and Wildlife Commission of the NT : Wildlife Parks			
Community Service Payment	2 574	2 647	73
Department of Sport and Recreation			
Sports and Recreational Development Fund	9 271	6 945	- 2 326
Northern Territory University			
VET receipts from NTETA	23 593	26 643	3 050
8 Top FM funding received from DARTI	30		- 30
Advance from NT Treasury Corporation	3 630		- 3 630

Continued

INTRASECTOR RECEIPTS - Continued

	1996-97 ESTIMATED ACTUAL	1997-98 BUDGET	VARIATION
	\$000	\$000	\$000
INTRASECTOR RECEIPTS (continued)			
Department of Education			
VET Receipts from NTETA	648	864	216
AEP Costs	767	781	14
Transfer from Territory Health Services	262	212	- 50
Batchelor College			
VET Receipts from NTETA	5 275	4 449	- 826
SPP Oncosts	335	300	- 35
Centralian College			
VET Receipts from NTETA	5 300	5 238	- 62
Department of Education Receipts for Secondary Education	2 089	2 089	
SPP Oncosts	35	25	- 10
Northern Territory Rural College			
VET Receipts from NTETA	2 722	2 590	- 132
Department of Education Receipts for Secondary Education	241	242	1
Racing and Gaming Authority			
TAB Statutory Funds	3 316	3 545	229
Power and Water Authority : Commercial Services			
Corporate Costs Recouped from PAWA : AES	5 024	5 227	203
Advance from NT Treasury Corporation	7 269		- 7 269
Community Service Payment	15 897	11 626	- 4 271
Northern Territory Housing Commission : Housing			
Commonwealth Housing Funds	14 370	13 688	- 682
Northern Territory Housing Commission : Lending			
Community Service Payment	8 592	8 679	87
Department of Housing and Local Government			
Housing Commission Administration Charges	5 488	5 488	
Other Agencies			
Other	754	970	216



THE NORTHERN TERRITORY OF AUSTRALIA

1997-98

SOURCES OF FUNDS

BUDGET PAPER No. 3

NORTHERN TERRITORY TAX RATES COMPARED WITH STATES

AS AT 18 APRIL 1997

TAX/DUTY FEE	NT	NSW	VIC	QLD	SA	WA	TAS	ACT
BILLS OF EXCHANGE	Nil	Nil	Nil	10c if payable on demand, at sight, etc	Nil	10c	Nil	Nil
CHEQUE	Nil	Nil	Nil	Nil	10c	10c Duty on interstate cheque abolished 1/1/94	Nil	Nil
CONVEYANCE	To 500000 Duty in \$ calculated as $0.065 V^2 + 21V$ where V = the value of transfer in \$000. Over 500000 5.4% First \$80000 of first home is exempt Property transfers between spouses married or de-facto exempt where consideration is nil	To 14000 1.25% Next 16000 1.5% Next 50000 1.75% Next 220000 3.5% Next 700000 4.5% Over 1000000 5.5% on excess First home buyer is subject to the Stamp Duty Deferred Payments Scheme up to an amount of \$155000 Property transfers between spouses married or de-facto exempt	To 20000 1.4% Next 80000 2.4% Next 660000 6.0% Over 760000 5.5% on total Exemption for first home up to \$100000 Exemption phases out at a limit of \$150000. Relief subject to meeting certain eligibility criteria Eligible Pensioner exemption to \$70000. Phasing out at \$100000	To 20000 1.5% Next 30000 2.25% Next 50000 2.75% Next 150000 3.25% Next 250000 3.5% Over 500000 3.75% on excess For first homes: Below \$80000: Nil \$80001 - \$150000: 1% less \$500 \$150001 - \$155000: 1% less \$300 \$155001 - \$160000: 1% less \$200 1% on principal place of residence for first \$250000 plus scheduled conveyancing duty on the excess	To 12000 1.0% Next 18000 2.0% Next 20000 3.0% Next 50000 3.5% Next 90000 4% Over 1000000 4.5% on excess First \$80000 of first owned and occupied home is exempt Partial exemption between \$80000 & \$130000	To 80000 1.75% Next 20000 2.5% Next 150000 3.25% Next 250000 4.0% Over 500000 4.25% on excess Transfer of property between spouses from single to joint ownership - exempt First home owner below 26 parallel to \$85000 above 26 parallel to \$127500 rebate. Maximum \$500	0-1300 \$20 Next 8700 1.5% Next 20000 2.0% Next 45000 2.5% Next 75000 3.0% Next 75000 3.5% Over 225000 4.0% on excess First home to \$120000 interest free loan for any duty on purchase price and any mortgage repayable over 2 years	To \$14000 1.25% or \$20 Next \$16000 1.5% Next \$30000 2.0% Next \$40000 2.5% Next \$200000 3.5% Next \$700000 4.5% Over \$1000000 5.5% on excess First home buyer exempt up to \$116000 phasing out at \$140000
ORAL CONTRACTS (CLAYTONS)	Documentation now required	Statement now required	Documentation now required	Documentation now required	Legislated for Sec. 71e	Legislated for Sec. 31B	Statement required	Statement required
LEASES	50c/\$100 total rent \$1/\$100 of one year's rent if indefinite term Exempt: Principal place of residence (natural persons)	35c/\$100 total rent Residential leases exempt Exempt: where rent is less than \$3000 Exempt: Nursing home leases	60c/\$100 definite term \$1.20/\$100 on one year's rent if indefinite term Exempt: Residential tenancies	35c/\$100 of total rental Exempt: Private dwelling-house	\$1/\$100 or part thereof of yearly rent Exempt: Residential leases	35c/\$100 definite term 70c/\$100 yearly rent if indefinite term Exempt: Residential tenancies to \$125 p.w.	Exempt: Residential Commercial:\$5 minimum. If < 12 months 1% of total rent payable or \$5 whichever the greater. If > 12 months 1% of equivalent of yearly rental or \$5 whichever the greater	50c/\$100 total rent or \$20 whichever greater 50c/\$100 commercial leases Exempt: Residential

NORTHERN TERRITORY TAX RATES COMPARED WITH STATES

AS AT 18 APRIL 1997

TAX/DUTY FEE	NT	NSW	VIC	QLD	SA	WA	TAS	ACT
HIRING ARRANGEMENT (RENTAL DUTY)	1.5% or \$7500 whichever is the lesser Threshold \$12000 p.a.	From 1/10/96 0.75% of rental value or \$2 whichever is the greater for commercial leasing and commercial hire purchase 1.5% - short term consumer hire and other non-financial rentals. \$10000 maximum duty Exempt: First \$6000 for each month	From 1/1/97 0.75% of rental value (subject to a maximum of \$4000 duty on special rental agreements) payable only on rent in excess of \$6000 per month Commercial hire of \$35000 or > dutiable with major exemptions in farming, machinery, transport vehicles for commercial use	0.43% on total amount of rental over \$100000	1.8% of total value Threshold \$24000 p.a.	1.8% of rental value Threshold \$25000 p.a.	2% on rent in excess of \$4000 per month External rental agreement \$20	From 1/10/96 0.75% of hiring charges in respect of equipment finance arrangements 1.5% for all other types of hiring arrangements Subject to maximum \$10000 duty for single arrangement Exempt: First \$6000 per month
HIRE PURCHASE (INSTALLMENT PURCHASE)	Nil	See Hiring Arrangements Duty	See Hiring Arrangements Duty	To \$20 - Nil > \$20 - 0.43%	Nil	Nil	2% purchase of payments price or \$4000 whichever lesser	See Hiring Arrangements Duty
LOAN SECURITY & MORTGAGE DUTY	Nil	\$0 - \$500 Nil \$500 - \$16,000 \$5 >\$16,000 \$5 plus \$4/\$1000 on excess Exempt: First home From 1/6/96: Exempt: Refinancing of all loans	0 to \$10000 : \$4 > \$10000 : \$4 plus 80c/\$200 or part thereof on excess Exempt: First home From 1/4/96: Exempt: Refinancing of all business loans	40c/\$100 Exempt: Principal place of residence on first \$100000 for first home owners and on the first \$70000 for others	\$400-\$4000 : \$10 >\$4000 to \$10000 : \$10+25c/\$100 or part of excess. >\$10000 \$25+35c/\$100 on excess	To \$35000 : 25c/\$100 or part. >\$35000 : \$87.50 + 40c/\$100 or part of excess	<\$8000 : \$20 >\$8000 to \$10000 : \$20 + 25c/\$100 or part of excess. >\$10000 : \$25 + 35c/\$100 or part of excess	Nil
MORTGAGE TRANSFER	Nil	Nil	Nil	\$5	Nil	\$10	\$20	Nil

NORTHERN TERRITORY TAX RATES COMPARED WITH STATES

AS AT 18 APRIL 1997

TAX/DUTY FEE	NT	NSW	VIC	QLD	SA	WA	TAS	ACT
MOTOR VEHICLE CERTIFICATES OF REGISTRATION	\$3 per \$100 or part	\$3 per \$100 or part From 30/6/99 \$2.50 per \$100 or part	New: \$5/\$200 or part thereof up to \$35000 >\$35000 to \$45000 : \$8/\$200 or part >\$45000: \$10/\$200 or part Transfers: \$8/\$200 or part thereof	\$2 per \$100 or part	Up to \$1000: \$1/\$100 (minimum \$5) or part \$1001 - \$2000: \$10 + \$2/\$100 or part of excess \$2001 - \$3000: \$30 + \$3/\$100 or part of excess >\$3000: \$60 + \$4/\$100 or part of excess Commercial vehicles and trailers where the trailer is not a heavy vehicle) \$60+\$3/\$100 or part thereof	\$3 per \$100 or part.	Passenger vehicles: <\$600: \$20 \$600-\$34999: \$3/\$100 or part \$35000-\$39999: \$1050+\$11/\$100 or part in excess of \$35000 \$40000 or over: \$4/\$100 on excess All other vehicles: <\$600: \$20 >\$600: \$3/\$100 or part	\$3 per \$100 or part
LIFE INSURANCE	10c/\$100 Sum insured Temporary/term policy 5% of first years premium	To \$100 Nil \$100 to \$2000: 10c/\$200 > \$2000: \$1 + 20c/\$200 Term/rider 5% of first years premium Exempt: Annuities	To \$200 Nil \$200 to \$2000: 12c/\$200 >\$2000: \$1.20 + 24c/\$200 Term/riders 5% of first years premium	To \$100 Nil \$100 to \$200: 10c/\$200 \$201 to \$2000: 5c/\$100 Over \$2000: \$1 + 10c/\$100 Temporary/term: 5% of first year premium Exempt: Annuities	\$1.50/\$100 of net premiums Annual licence fee	\$100 to \$2000: 5c/\$100 > \$2000: \$1 + 10c/\$100 of sum insured Exempt: Annuities Temporary or Term 5% of first years premium	To \$2000: 10c/\$200 >\$2000: \$1 + 20c/\$200 on excess Term insurance: 5% of first years premium Temporary: 2% of premium on policy	\$100 to \$2000: 10c/\$200 or part thereof >\$2000: \$1 + 20c/\$200 or part thereof Term insurance 5% of premium
GENERAL INSURANCE	8% of premium plus \$5 for third party liability Exempt: Insurance on transport of goods, marine hulls & Workers Compensation	11.5% of premium 2.5% special classes motor vehicle, aviation, disability, income, occupational idemnity Exempt: Commercial marine hull, premium on goods carried by sea, land or air, premium on property outside N.S.W.	10% of premium Exempt: Commercial marine hull, workers compensation (with conditions) and premiums on goods carried by sea, land or air	8.5% of premium Workers Compensation, motor vehicle, professional indemnity insurance 5% of net premium Exempt: Hull of vessel & premium on goods carried by sea, land or air	\$8/\$100 of net premium monthly licence Exempt: Workers Compensation for people <25 Exempt: Commercial marine hull & transport of goods by sea, land or air	5% of premiums Workers Compensation 3% of net premium Exempt: Commercial marine hulls & premium on goods carried by sea, land or air	8% of premiums Exempt: Marine hull & aircraft used for international trade. Transport of goods in international trade	10% of gross premium Exempt: Premium on goods carried in international trade

NORTHERN TERRITORY TAX RATES COMPARED WITH STATES

AS AT 18 APRIL 1997

TAX/DUTY FEE	NT	NSW	VIC	QLD	SA	WA	TAS	ACT
ELECTRONIC BANKING	10c per debit transaction	Nil	Nil	Nil	Nil	Nil	Nil	Nil
TOURISM MARKETING	Hotels/Motels etc. 5% maximum 14 nights	Nil	Nil	Nil	Nil	Nil	Nil	Nil
PAY-ROLL TAX Exemption taper scale (in '000s)	Up to \$520- Nil \$520 to \$1250 \$1250 to \$10000 >\$10000	Up to \$600 - Nil >\$600	Up to \$515 - Nil >\$515	01/01/97 Up to \$800 - Nil \$800 to \$3200	Up to \$456 - Nil > \$456	Up to \$625 - Nil \$625 - \$2500 \$2500 - \$4167 \$4167 - \$5208 >\$5208 From 1/7/97 Up to \$675 - Nil \$675 - \$2700 \$2700 - \$4500 \$4500 - \$5625 >\$5625	Up to \$565 - Nil \$565 to \$1412 Taper >\$1412 - \$376,667 exempt	01/01/97 Up to \$700 - Nil >\$700 01/01/98 Up to \$800 - Nil >\$800
Rate	5% 6% 7% Taper Exempt: Trainees under Australian Traineeship System	6.85% From 30/06/99: 6.7% Exempt: Trainees under Australian Traineeship System	7%	5%	6% Exempt: Trainees under Australian Traineeship System	5.27% of excess \$98,750 + 6.45% of excess \$206,250 + 10.2% of excess 6% Flat From 1/7/97 0.00 - 3.65% 3.65% - 4.60% 4.60% - 5.56% 5.56%	7% Deduction system will be removed in 1997/98	6.85%
BUSINESS FRANCHISE - TOBACCO	100%	100%	100%	100%	100%	100%	100%	100%
BUSINESS FRANCHISE - PETROLEUM Motor Spirit - unleaded	7.0 cpl	7.88 cpl See NOTE below	9.28 cpl	Nil	Zone 1 - 9.77 cpl Zone 2 - 7.22 cpl Zone 3 - 4.73 cpl	9.67 cpl	6.15 cpl	7.88 cpl
Distillate	7.0 cpl	7.93 cpl See NOTE below	11.39 cpl	Nil	Zone 1 - 11.14 cpl Zone 2 - 8.66 cpl Zone 3 - 6.11 cpl	7.45 cpl	6.11 cpl	7.93 cpl
LAND TAX On Residential owner occupied land	Nil	Exempt	Liabe (concession for pensioners)	Exempt with conditions	Exempt	Exempt	Exempt	Exempt

NORTHERN TERRITORY TAX RATES COMPARED WITH STATES

AS AT 18 APRIL 1997

TAX/DUTY FEE	NT	NSW	VIC	QLD	SA	WA	TAS	ACT
On land used for primary production	Nil	Exempt	Exempt with conditions	Exempt with conditions. \$160,000 for all natural people	Exempt	Exempt	Exempt	Exempt
Rate	Nil	See attachment	See attachment	See attachment	See attachment	See attachment	See attachment	See attachment
LIQUOR LICENCE FEES	Roadside Inns with water etc. 7% without water \$200 p.a. On licence 11% Off licence 11% Clubs to 9% 4% low alcohol	13% Full Strength Low alcohol exempt	11% Full Strength Low alcohol exempt	10% 10% Low alcohol	11% Low alcohol exempt	11% 7% Low alcohol	11% 5% Low alcohol	General licence fees: \$150 or 13% whichever is the greater Other licences: \$125 or 13% whichever is the greater Low alcohol exempt
DEEDS	\$5	\$10	\$10	Nil	\$10	\$5	\$20	Nil
DEEDS CREATING TRUST/ DECLARATION OF TRUST	\$50	\$200 minimum	\$200	As for Conveyances Appointment of new trustee - \$4	Nil	\$5	As for Conveyances	Nil
DEBITS TAX								Nil (1996/97) From 1/7/97: 30 cents 70 cents \$1.50 \$3.00 \$4.00
>\$1 but <\$100 \$100 but <\$500 \$500 but <\$5000 \$5000 but <\$10000 \$10000 or more	15 cents 70 cents \$1.50 \$3.00 \$4.00	30 cents 70 cents \$1.50 \$3.00 \$4.00	30 cents 70 cents \$1.50 \$3.00 \$4.00	30 cents 70 cents \$1.50 \$3.00 \$4.00	30 cents 70 cents \$1.50 \$3.00 \$4.00	15 cents 35 cents 75 cents \$1.50 \$2.00 From 1/7/97 30 cents 70 cents \$1.50 \$3.00 \$4.00	15 cents 35 cents 75 cents \$1.50 \$2.00	30 cents 70 cents \$1.50 \$3.00 \$4.00
MINING AGREEMENTS	\$50	Under hand \$2 Under seal \$10	Under hand - Nil Under seal - \$10	Duty depends on nature of instrument	Duty depends on nature of instrument	Duty depends on nature of instrument	\$20 minimum Duty depends on nature of instrument	Nil
FORECLOSURE	As for Conveyances	As for Conveyances	Nil	As for Conveyances	Nil	As for Conveyances	Nil	Nil
TRUSTEE APPOINTMENT	\$5	\$10	Under hand - Nil Under seal - \$10	\$4	\$2 fixed	\$5	\$20	Nil

NORTHERN TERRITORY TAX RATES COMPARED WITH STATES

AS AT 18 APRIL 1997

TAX/DUTY FEE	NT	NSW	VIC	QLD	SA	WA	TAS	ACT
POWER OF ATTORNEY for receiving dividend or money -other	\$5 \$5 \$10	Nil	Nil	Nil	Nil	Nil	\$20	Nil
SHARE TRANSFERS On Market: Both buyers and seller are liable to duty Off Market: The purchaser is liable for duty	15c/\$100 or part thereof Listed Companies 30c/\$100 or part thereof Unlisted Companies 60c/\$100 or part thereof	15c/\$100 or part thereof Listed Companies 30c/\$100 or part thereof Unlisted Companies 60c/\$100 or part thereof	Up to \$100: 3.5c/\$25 or part thereof. Over \$100: 15c/\$100 or part thereof Listed Companies Up to \$100: 7c/\$25 or part thereof >\$100: 30c/\$100 or part thereof Unlisted Companies Up to \$100: 14c/\$25 or part thereof. Over \$100: 60c/\$100 or part thereof	Listed Shares <i>Brokers:</i> 15c/\$100 or part thereof, of the sale price and the purchase price as the case may be. <i>Other:</i> 30c/\$100 or part thereof Listed Shares <i>Brokers:</i> 15c/\$100 or part thereof, of the sale price and the purchase price as the case may be <i>Other:</i> 30c/\$100 or part thereof Unlisted Shares <i>Brokers:</i> 30c/\$100 or part thereof, of the sale price and the purchase price as the case may be <i>Other:</i> 60c/\$100 or part thereof	15c/\$100 or part thereof Listed Companies 30c/\$100 or part thereof Unlisted Companies 60c/\$100 or part thereof	15c/\$100 or part on thereof Listed Trades 30c/\$100 or part thereof Unlisted Trades 60c/\$100 or part thereof	15c/\$100 or part thereof Listed Companies 30c/\$100 or part thereof Unlisted Companies 60c/\$100 or part thereof	<i>Brokers:</i> Up to 100: 4c/\$25 or part thereof. Over \$100: 15c/\$100 or part thereof <i>Other:</i> Off Market 30c/\$100 or part thereof Unlisted Companies 60c/\$100 or part thereof (minimum \$20)
CHANGE CONTROL OF LAND OWNING CORPS/UNIT TRUSTS	As for Conveyances	As for Conveyances	As for Conveyances	As for Conveyances	As for Conveyances	As for Conveyances	As for Conveyances	As for Conveyances
CREDIT CARDS	Nil	Nil	Nil	10c per transaction less 10c per account period	Nil	Nil	15c per transaction	Nil
DUPLICATES/COPIES/ COUNTERPARTS	\$5 fixed. If original not stamped copy to be charged as original	\$2	Nil	Nil	Nil	\$2 or same as original if less than \$2	\$20 first counterpart \$1 each thereafter	Nil

NORTHERN TERRITORY TAX RATES COMPARED WITH STATES

AS AT 18 APRIL 1997

TAX/DUTY FEE	NT	NSW	VIC	QLD	SA	WA	TAS	ACT
FINANCIAL INSTITUTIONS DUTY	0.06% Maximum \$1500 per receipt Exempt: Social Security deposits, charitable and religious organisations	0.06% Maximum \$1200 per receipt	0.06% Maximum \$1200 per receipt	Nil	0.065% including Local Government levy Maximum \$1200 per receipt Exempt: Pension cheques Rebate for FID paid on export revenue	0.06% Maximum \$1200 per receipt Exempt: Pension cheques.	0.06% Maximum \$1200 per receipt Exempt: Pension cheques	0.1% Maximum \$1200 per receipt From 1/7/97: 0.06%
Short term dealers rate	0.005%	0.005%	0.005%	Nil	0.005%	0.005%	0.005%	0.005%
CONSUMPTION LEVY FUEL OIL	\$1/1000 litres>10m litres	Nil	Nil	Nil	Nil	Nil	Nil	Nil

NOTE: NSW Business Franchise Fee Petroleum - The NSW Government has introduced an Act known as the Road Improvement (Special Funding) Act 1989 effective from 1/7/1989 and has increased the rate at which the petroleum product licence fees are payable for the next three years to 1992. It was announced in the 1991/1992 budget that this was to continue for a further 3 years from August 1992. Extended to 31 August 1999.

The rate is an additional 3.20 cpl applicable to both petroleum and distillate.
Northern Territory Position incorporates Territory Budget variation.

NORTHERN TERRITORY TAX RATES COMPARED WITH STATES

AS AT 18 APRIL 1997

TAX/DUTY FEE	NT	NSW	VIC	QLD	SA	WA	TAS	ACT
LAND TAX	Not imposed	Below \$160,000: Nil	Below \$200,000: Nil	Up to \$3,999: 0.20%	\$0-\$50,000: Nil	Below \$10,000: Nil	0-\$1,000: Nil	Up to \$100,000:
Tax Scale:		Above \$160,000: \$100+ 1.65% of excess	\$200,000 - \$539,999: \$60 + 0.2% of excess.	\$4,000-\$5,999: \$8+0.36%	\$50,001-\$300,000: 0.35% of excess.	\$10,000 - \$70,000: \$15 + \$0.15%	\$1,001-15,000: \$25.00	1% flat.
		From 31/12/98 1.5%	\$540,000- \$2,699,999: \$740 + 3% of excess.	\$6,000-\$9,999: \$15.20+0.52%	\$300,001-\$1m: \$875+1.65% of excess.	\$70,000 - \$130,000: \$105 + 0.25%	\$15,001-\$40,000: \$25.00+0.75% of excess.	1.25% flat.
			Above \$2,700,000: \$65,540 + 5% of excess (with effect from the 1994 tax year)	\$10,000-\$29,999: \$36+0.70%	Over \$1m: \$12,425+3.7% of excess	\$130,000 - \$190,000: \$255 + 0.45%	\$40,001-\$68,750: \$212.50+1% of excess.	Above 200,000: 1.5% flat. (Upon unimproved value)
				\$30,000-\$49,999: \$176+0.87%		\$190,000 - \$260,000: \$525 + 0.8%	\$68,751-\$100,000: \$500.00	
				\$50,000-\$199,999: \$350+1.03%		\$260,000 - \$600,000: \$1,085 + 1.2%	\$100,001-\$125,000: \$500.00+1.25%	
				\$200,000-\$349,999: \$1,895+1.20%		\$600,000 - \$1,100,000: \$5,165 + 1.6%	\$125,001-\$170,000: \$812.50+1.5%	
				\$350,000-\$499,999: \$3,695+1.37%		Over \$1,100,000: \$13,165 + 2%	\$170,001-\$210,000: \$1,487.50+	
				\$500,000-\$649,999: \$5,750+1.54%			1.75% excess	
				\$650,000-\$799,999: \$8,060+1.71%			\$210,001-\$250,000: \$2,187.50+2%	
				\$800,000-\$949,999: \$10,625+1.89%			excess.	
				\$950,000- \$1,099,999: \$13,460+2.01%			\$250,001-\$500,000: \$2,987.50+2.25%	
				\$1,100,000- \$1,249,999: \$16,475+2.23%			excess.	
				\$1,250,000- \$1,299,999: \$19,820+2.44%			Exceeding \$500,000: \$8,612.50+2.5%	
				\$1,300,000- \$1,349,999: \$21,040+2.66%			excess	
				\$1,350,000- \$1,399,999: \$22,370+2.87%				
				\$1,400,000- \$1,449,999: \$23,805+3.09%				
				\$1,450,000- \$1,499,999: \$25,350+3.30%				
				\$1,500,000 and over: 1.8% Flat				