

Chapter 3:

BUDGET RECEIPTS

3.1 Budget Receipts, 1998-99

3.2 Forward Estimates of Budget Receipts

3.1 BUDGET RECEIPTS, 1998-99

OVERVIEW

Budget receipts for 1998-99 are projected to increase by 2.6 per cent to \$25.0 billion, consisting of a 3.7 per cent increase in current receipts and a 21.1 per cent decrease in capital receipts.

Table 3.1 is a summary of major Budget receipts aggregates from 1995-96 to 1998-99. Over this period, the share of own source receipts has increased from 61.8 to 65.0 per cent, reflecting subdued growth in Commonwealth funding including the requirement to make Fiscal Contribution Payments to assist in reducing the Commonwealth budget deficit.

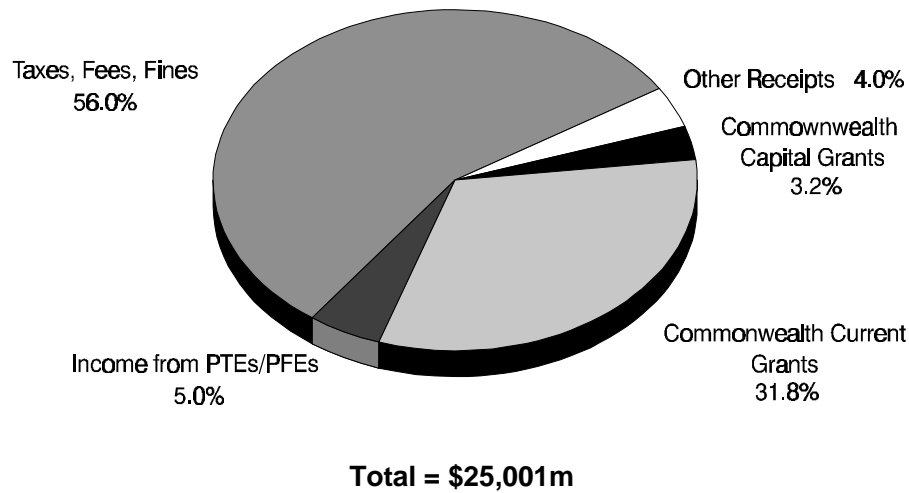
Tables 3.4 to 3.8 provide details of Budget receipts for 1997-98 and 1998-99 and show changes between the current year's projected receipts and the 1998-99 Budget estimates.

Table 3.1: Budget Receipts, 1995-96 to 1998-99

	1995-96		1996-97		1997-98		1998-99	
	\$m	\$m	% change	\$m	% change	\$m	% change	
CURRENT RECEIPTS								
Taxes, Fees and Fines	11,230	12,286	9.4	13,245	7.8	14,000	5.7	
Income from Public Trading and Financial Enterprises	1,075	1,451	35.0	1,428	(-) 1.6	1,250	(-) 12.5	
Commonwealth Grants	7,339	7,489	2.0	7,683	2.6	7,961	3.6	
Other	1,066	1,166	9.4	994	(-) 14.8	992	(-) 0.2	
TOTAL, CURRENT RECEIPTS	20,710	22,392	8.1	23,350	4.3	24,203	3.7	
CAPITAL RECEIPTS								
Commonwealth Grants	919	832	(-) 9.5	784	(-) 5.8	788	0.5	
Other Capital Receipts	17	254	n.a.	227	(-) 10.6	10	n.a.	
TOTAL, CAPITAL RECEIPTS	936	1,086	16.0	1,011	(-) 6.9	798	(-) 21.1	
TOTAL, RECEIPTS	21,646	23,478	8.5	24,361	3.8	25,001	2.6	

An overview of forward estimates of Budget receipts is provided in Section 3.2.

Figure 3.1
Budget Receipts, 1998-99



TAX MEASURES

Measures Introduced Since the 1997-98 Budget

Since the 1997-98 Budget, a number of tax changes have been introduced. These are detailed in the following table.

Table 3.2: Tax Measures Introduced Since the 1997-98 Budget (\$1997-98)

Initiative (a)	Revenue Impact	
	1997-98	Full Year
	\$m	\$m
Reduction in the accommodation levy from 10% to 5% until 31 March 1998 and 7% thereafter until 31 August 1998. Exemption of rooms covered by fixed price contracts up until 31 March 1998	(-)29.0	n.a.

Table 3.2: Tax Measures Introduced Since the 1997-98 Budget (\$1997-98) (cont)

Initiative (a)	Revenue Impact	
	1997-98	Full Year*
	\$m	\$m
Defer the increase in the rate of duty on club gaming machines announced in the 1997-98 Budget from 1 September to 1 February 1998. Reduce rates of duty on club gaming to 20% for annual profits between \$200,000 and \$1 million and to an effective 24.75% for annual profits greater than \$1 million from 1 February 1998	(-)56.0	(-)76.0
Increase Motor Vehicle registration fees from \$41 to \$46 and transfer fees from \$20 to \$40 for individuals (until 30 June 2000) and from \$20 to \$25 for motor dealers (until 30 June 2000) from 1 February 1998	14.5	35.0
Change the basis of taxation for Keno from turnover to player loss from 1 July 1998	...	...
Change the basis of taxation of racing from turnover to player loss. Reduction in effective tax rates (on a player loss basis) from an average of 51.9% for off-course bets and 42.9% for on-course bets, to 28.2% from 1 March 1998	(-)43.0	(-)151.0
Share duty concession for companies incorporated in New Zealand and Papua New Guinea	(-)1.0	(-)3.0

* Full year impacts are expressed in 1997-98 dollars.

Accommodation Levy

The 1997-98 Budget announced the introduction of a 10 per cent levy on accommodation provided by hotels, motels and guest houses etc, in and around the Sydney CBD, effective from 1 September 1997. To assist SOCOG in achieving its hotel bed commitment for the Olympic Games, the Government announced on 15 July 1997, the following concessions from the accommodation levy -

- Establishments that signed contracts with SOCOG by 31 December 1997 to provide rooms over the period of the Sydney Olympics will benefit from the following tax rate concessions: 5 per cent from 1 September 1997 and 7 per cent from 1 April 1998, with the full 10 per cent rate applying from 1 September 1998.
- The levy will be payable quarterly rather than monthly.
- Rooms covered by fixed price contracts for the period up until 31 March 1998 will be exempt from the levy.
- The levy will be limited to the first 28 consecutive days of a stay in an establishment.
- Cruise ships will be exempt from the levy.

In addition, the Government made the decision to exempt backpacker and youth hostel accommodation.

These concessions will cost around \$29 million in 1997-98 and around \$5 million in 1998-99.

Club Gaming Device Duty

On 18 June 1997, the Government announced the deferral of the increase in the club tax rates announced in the 1997-98 Budget from 1 September 1997 to 1 February 1998 at a cost around \$31 million in 1997-98.

On 20 February 1998, the Government announced new tax rates for clubs, replacing those announced in the 1997-98 Budget. The rates shown below took effect from 1 February 1998.

Marginal Tax Rates Applying to Gaming Machines in Clubs

Profit Level (\$)	Rates Prior to 1997-98 Budget	Rates Announced in May 1997 (%)	Rates Effective From February 1998 (%)
up to 100,000	...	...	...
100,001 - 200,000	1.00	1.00	1.00
200,001 – 1,000,000	22.50	22.50	20.00
1,000,001 – 2,500,000	22.50	30.00	26.25
in excess of 2,500,000	24.75	30.00	26.25

While the top marginal tax rate has been set at 26.25 per cent, clubs will be permitted a tax rebate for expenditure on approved community projects which will effectively reduce the tax rate to 24.75 per cent. Imposition of these lower rates will cost around \$25 million in 1997-98 and \$76 million in a full year.

Motor Vehicle Registration and Transfer Fees

In order to meet the gap in 1997-98 safety net revenues for petroleum (which were previously hypothecated to the RTA), the following measures were put in place from 1 February 1998 -

- annual registration fees were increased from \$41 to \$46; and
- transfer fees were increased from \$20 to \$40 for individuals and from \$20 to \$25 for motor dealers.

These surcharges will cease on 1 July 2000.

The increases in fees will raise around \$14.5 million in 1997-98 and \$35 million in a full year.

Keno Licence Fee

The legislation for the game of Keno provides for a review of the game regulations and taxation rates every 3 years. As part of this year's review, the basis of taxation for Keno was changed on a revenue neutral basis from turnover to player loss (i.e. the difference between the amount invested and that returned to players as winnings).

Keno is currently taxed on the basis of turnover at the following rates -

- 4.5 per cent on turnover of \$350 million or less; and
- 6.0 per cent on that part of turnover above \$350 million.

From 1 July 1998, Keno will be taxed on a player loss basis at the following rates -

- 18 per cent on player loss of \$86.5 million or less; and
- 24 per cent on that part of player loss above \$86.5 million.

Racing Totalisator Taxation

The NSW Totalisator Agency Board (TAB) was corporatised on 1 March 1998. From this date, the effective tax rate applying to both the TAB and on-course racing was lowered and the basis of taxation changed from turnover to player loss (i.e. the difference between the amount invested and that returned to punters in the form of dividends).

Prior to corporatisation, legislated taxation and deduction rates applied for each type of totalisator bet. Off-course bets were taxed at an average rate of 8.4 per cent of turnover or around 51.9 per cent of player loss, with on-course bets taxed at an average rate of 7.0 per cent of turnover or around 42.9 per cent of player loss. These rates include revenue from fractions and unclaimed dividends which prior to corporatisation were remitted to the Government in full.

From 1 March 1998 totalisator betting has been taxed at 28.2 per cent of player loss for both off-course and on-course activity and fractions. This change will put the taxation of totalisator betting in New South Wales on an equivalent basis to that operating in Victoria. The TAB now retains revenue from unclaimed dividends.

The changed taxation arrangements will cost around \$43 million in 1997-98 and \$151 million in a full year.

Share Transfer Duty

From 1 March 1998, the rate of stamp duty on stock exchange transactions involving companies incorporated in New Zealand and Papua New Guinea was reduced from 0.15 per cent to 0.0025 per cent. This concessionary rate is equivalent to the rate applied to principal trades by brokers.

This measure should assist in boosting Sydney as a major financial centre and is expected to cost around \$1 million in 1997-98 and \$3 million in a full year.

Business Franchise Fees

On 5 August 1997 the High Court declared NSW State licence fees on tobacco to be unconstitutional. Liquor and petrol franchise fees, which are structured along similar lines, were also considered to be legally vulnerable and consequently, were suspended.

Under a safety net arrangement negotiated by the States and Territories, the Commonwealth Government increased its taxes on liquor, tobacco and petroleum to replace State revenues. Since the Constitution requires Commonwealth taxes to be uniform nationally, the safety net arrangements involved both increases and decreases in the effective rates of tax in each jurisdiction.

The Commonwealth will return to the States and Territories all revenues collected under the safety net excluding administration costs. Any additional revenues in aggregate received by New South Wales above that previously collected will be returned to taxpayers to avoid the need for any price increases to consumers.

Prior to the High Court decision New South Wales provided a tax exemption for off road diesel fuel, low alcohol products and wine sold by vignerons at the cellar door. All these products are now subject to Commonwealth taxes under the safety net arrangements. In order to restore the previous tax position of these sectors, New South Wales provides subsidies on each of these products to offset the additional tax impost.

As part of the safety net, a windfall gains tax of 100 per cent was also introduced by the Commonwealth to protect State and Territory budgets against refund claims on past business franchise fee payments.

The impact of the High Court decision and the safety net arrangements is expected to result in a Budget cost around \$346 million in 1997-98. This cost can be attributed mainly to –

- timing differences in the receipt of revenues from the previously imposed business franchise fees and safety net revenues;
- additional tobacco clearances from bond by cigarette companies immediately prior to and just after the High Court decision; and
- refunding unexpired licence fees to the liquor industry.

It should be noted that revenues shown in Table 3.4 are net of subsidy payments.

1998-99 Budget Tax Measures

The tax measures for the 1998-99 Budget are summarised in Table 3.3.

Table 3.3: 1998-99 Budget Tax Measures

Initiative	Revenue Impact	
	1998-99	Full Year @
	\$m	\$m
Index the land tax threshold for investors to the movement in State-wide property values	(-)14.0	(-)17.0*
Change the basis of indexation of the threshold for owner-occupied residences from CPI to Sydney residential land values	(-)2.0	(-)3.0*
Increase the income and property eligibility thresholds for the first home purchase scheme and the upfront discount from 30% to 50%	(-)13.0	(-)17.0#
Maintain 3% and 5% stamp duty rates on motor vehicle transfers	...	69.0
Phase out the \$43 levy on motor vehicle registrations over 3 years	(-)55.0	(-)126.0^

* Expected cost for the 1999 land tax year only; the cost of indexation of the threshold increases each year.

Full year cost to first impact on revenues in 2002-03.

^ Full year cost to first impact on revenues in 2000-01.

@ Full year impacts are expressed in 1998-99 dollars.

Land Tax

From the 1999 land tax year, the tax threshold for investors will be indexed to the estimated change in State-wide land values for commercial, industrial and residential properties. This is estimated to cost around \$120 million over four years, including \$14 million in 1998-99.

From the 1999 land tax year, the tax threshold for owner occupied residences with a land value of \$1 million or more will be indexed to the estimated change in Sydney residential values instead of the Sydney CPI. This is estimated to cost \$2 million in 1998-99 and \$3 million for the 1999 land tax year.

It is proposed that the Valuer-General will make an annual declaration in September each year of the estimated change in State-wide and Sydney residential land values.

As an added protection for property owners, legislation will be introduced to cap at 0.2 per cent the number of owner occupied residences subject to land tax. In addition, any deferred liability for owner occupied residences will be indexed to the CPI rather than the interest rate specified under the Tax Administration Act for holders of a Commonwealth Pensioner Concession Card or a Seniors Health Card.

First Home Purchase Scheme

Eligible first home buyers are currently given the choice of paying stamp duty in 5 annual instalments or up-front with a 30 per cent discount. In 1996-97, 76 per cent of the 10,551 applicants opted for the up-front discount. For contracts exchanged after 2 June 1998 the up-front discount will be increased from 30 per cent to 50 per cent. The option to defer will be removed from 1 August 1998.

Furthermore it is proposed to increase the current income and property value eligibility thresholds. The income eligibility limits will be increased from \$33,000 to \$39,000 for a single person with no dependants and from \$48,000 to \$57,000 for a single person with dependants and couples. Around eighty per cent of NSW households earn less than \$57,000 per annum. The property thresholds will be increased from \$155,000 to \$170,000 for the Sydney metropolitan area and from \$145,000 to \$150,000 in the rest of the State.

Including the impact upon revenue from Contracts and Conveyances Duty, this is estimated to cost around \$59 million over the first four years (\$13 million in 1998-99 and \$17 million in a full year).

Stamp Duty on Motor Vehicle Transfers

Stamp duty on the transfer of new and used motor vehicles was increased by 0.5 percentage points for the period 1 July 1996 to 30 June 1999. This measure was introduced to fund the State's Fiscal Contribution Payments to the Commonwealth. It is proposed to extend this surcharge beyond 30 June 1999 to fund the reduction in the levy on motor vehicle registrations (discussed below). The current rates of duty will be maintained.

In 1999-2000, revenue from this measure is estimated at \$74 million.

Third Party Motor Vehicle Registration Levy

Concessions relating to the third party motor vehicle registration levy will be expanded in 1998-99 as the first step in a three year program to remove the levy.

Currently, concessions are provided to Pensioner Concession Card (PCC) holders. These cards are issued by the Department of Social Security and the Department of Veterans' Affairs mainly to age pensioners, service pensioners and long term recipients of most social security allowances.

From 1 July 1998, the current concession for Pensioner Concession Card holders will be expanded to include holders of NSW Seniors Cards, Family Allowance recipients and primary producers. This will effectively expand the concession to most self-funded retirees as well as nearly 600,000 families.

From 1 July 1999, the concession will be expanded to all private individuals with the levy being abolished on 1 July 2000.

This measure is estimated to cost \$421 million over four years (\$55 million in 1998-99, \$102 million in 1999-2000 and \$132 million in 2000-01 and 2001-02).

CURRENT RECEIPTS, 1998-99

Estimated current receipts in 1998-99 are \$24,203 million, an increase of \$853 million or 3.7 per cent on 1997-98.

The two major sources of taxation are payroll tax and stamp duties, together contributing more than half of the State's tax collections. While payroll tax is a relatively stable tax, total stamp duty revenue varies significantly from year to year as its components are affected differently by the business and property cycles.

Taxes, Fees and Fines

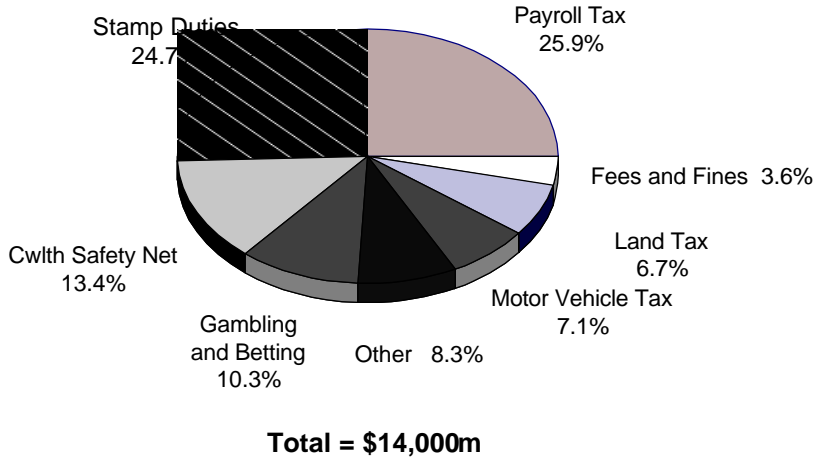
Table 3.4: Taxes, Fees and Fines

Category	1997-98		1998-99	
	Budget \$000	Revised \$000	Budget \$000	Increase %
Stamp Duties				
Contracts and Conveyances	1,575,000	1,800,000	1,530,000	(-) 15.0
First Home Purchase Scheme	22,000	20,500	27,000	31.7
Insurance	337,000	320,000	338,000	5.6
Loan Securities	142,000	162,000	156,000	(-) 3.7
Share Transfers	245,000	280,000	293,000	4.6
Motor Vehicle Registration Certificates	401,000	423,000	425,000	0.5
Financial Institutions Duty	534,000	555,000	567,000	2.2
Hiring Arrangements	59,000	62,000	64,000	3.2
Leases	35,000	36,000	37,000	2.8
Deeds Agreements	9,000	9,000	9,400	4.4
Adhesive Stamps	4,000	4,000	4,200	5.0
Other Stamp Duties	9,500	8,000	8,400	5.0
	3,372,500	3,679,500	3,459,000	(-) 6.0
Payroll Tax	3,326,499	3,392,342	3,621,403	6.8
Land Tax	786,000	839,321	945,214	12.6
Debits Tax	322,000	322,751	325,752	0.9
Taxes on Motor Vehicle Ownership and Operation				
Weight Tax	673,000	672,000	686,000	2.1
Driver's Licence Fees etc.	49,600	46,700	70,700	51.4
Vehicle Registration and Transfer Fees	180,200	195,400	217,800	11.5
Other Motor Vehicle Taxes	27,400	26,700	23,500	(-) 12.0
	930,200	940,800	998,000	6.1
Health Insurance Levy	63,000	56,500	58,000	2.7
Fire Brigades Levy	184,604	192,327	217,012	12.8
Accommodation Levy	48,000	13,000	48,000	269.2

Table 3.4: Taxes, Fees and Fines (cont)

Category	1997-98		1998-99	
	Budget \$000	Revised \$000	Budget \$000	Increase %
Gambling and Betting				
Racing	339,029	265,625	190,702	(-) 28.2
Club Gaming Devices	560,000	520,000	549,000	5.6
Keno	16,900	17,800	19,300	8.4
Lotteries and Lotto	270,100	271,400	274,000	1.0
Footytab Commission	1,630	1,500	600	(-) 60.0
Casino	135,450	108,207	129,300	19.5
Hotel Gaming Devices	69,000	152,000	277,000	82.2
	1,392,109	1,336,532	1,439,902	7.7
Licences				
Petroleum	579,000	45,996	...	n.a.
Tobacco	950,000	77,634	...	n.a.
Liquor	310,050	(-) 121,030	4,510	n.a.
Electricity	100,000	93,200	100,000	7.3
Pollution Control	34,321	34,321	25,294	(-) 26.3
Other Licences	12,359	13,902	27,111	95.0
Safety Net Revenues (Net of Subsidies)				
Petroleum	...	461,000	599,000	29.9
Tobacco	...	795,000	977,000	22.9
Liquor	...	235,000	297,000	26.4
	1,985,730	1,635,023	2,029,915	24.2
Fees				
Motor Dealers	1,030	1,000	1,000	...
Firearms and Dangerous Weapons	786	786	852	8.4
Corporate Affairs	12,360	14,000	14,000	...
Environment Protection Authority	876	885	1,139	28.7
Weights and Measures	1,236	1,400	1,400	...
Third Party Insurance Levy	...	121,000	68,686	(-) 43.2
Land Title Registration and Search Fees	...	72,400	73,286	1.2
Other Fees	53,549	117,827	129,142	9.6
	69,837	329,298	289,505	(-) 12.1
Fines	226,012	187,340	210,623	12.4
Other				
Government Guarantee of Debt	8,769	17,729	30,664	73.0
Bush Fire Services Levy	51,400	51,400	50,784	(-) 1.2
Parking Space Levy	15,600	16,300	16,500	1.2
Court Fees	49,434	51,441	52,805	2.7
Waste Disposal Levy	27,500	29,000	51,769	78.5
Gas Industry Contributions	6,150	6,150	3,420	(-) 44.4
Private Transport Operators Levy	5,400	4,802	6,350	32.2
Port Cargo Access Charges	11,566	11,566	12,177	5.3
WorkCover Levy on Insurers	...	109,856	116,182	5.8
Other Taxes, Fees and Fines	2,901	22,085	16,900	(-) 23.5
	178,720	320,329	357,551	11.6
TOTAL, TAXES, FEES AND FINES	12,885,211	13,245,063	13,999,877	5.7

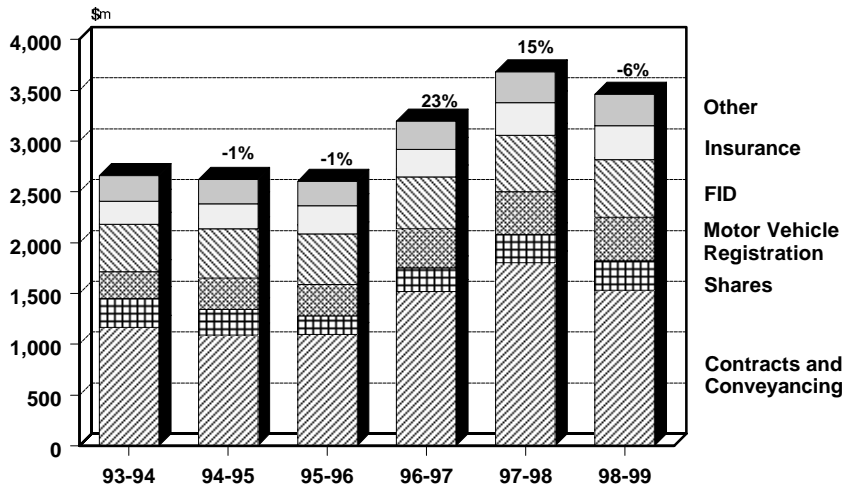
Figure 3.2
State Tax Receipts, 1998-99



Stamp Duties

As shown in Figure 3.3, the major sources of stamp duty receipts are contracts and conveyances, financial institutions duty and motor vehicle registrations.

Figure 3.3
Stamp Duty Receipts, 1998-99



- **Contracts and Conveyances Duty**

Figure 3.4 shows monthly revenue from contracts and conveyances duty in trend terms since July 1977. The peaks in the property market in the early and mid 1980s are somewhat dampened due to the revenues being expressed in nominal dollars.

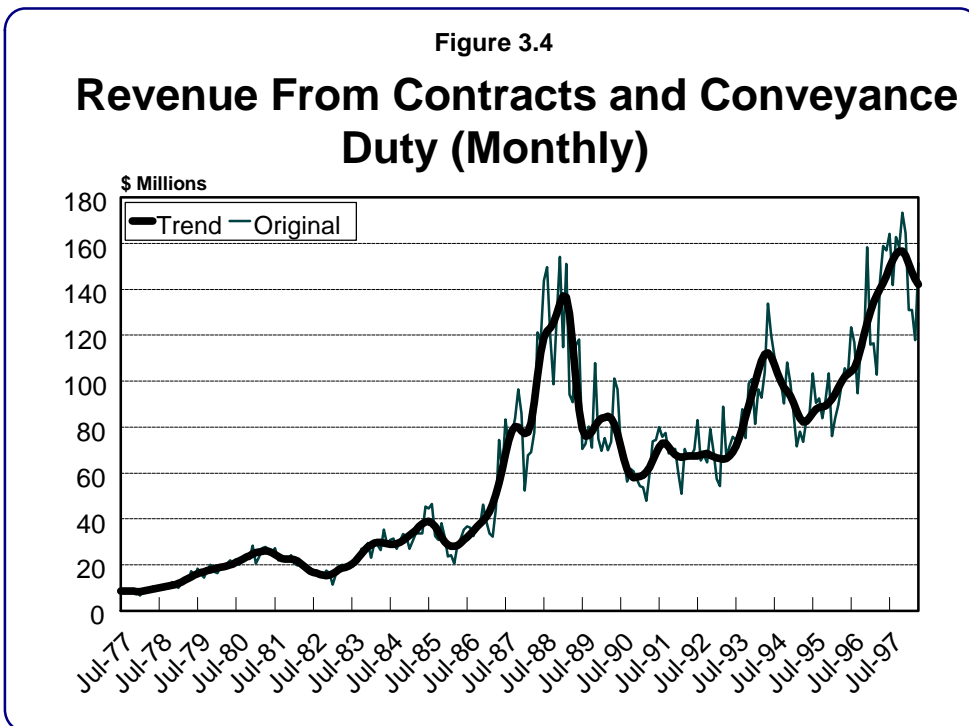
During the current cycle, the value of transactions appears to peak around December 1997 after increasing for some two years. This upturn was driven by both volume and price growth in the residential and commercial property markets. The residential boom was largely driven by the increased turnover of properties in higher priced areas and the increased supply of new units. Changes in the composition of turnover also had the effect of artificially inflating the increase in 'average' reported prices.

After the boom in property transactions in 1997-98, Treasury expects the level of residential transactions to decline from the current peak.

A moderate decline in the value of commercial property transactions is also expected over this period following the relatively high levels seen in 1997.

Changes to the first home purchase scheme are expected to decrease revenue from contracts and conveyances duty by around \$20 million in 1998-99.

These assumptions imply that revenue will decline from an estimated \$1,800 million in 1997-98 to around \$1,530 million in 1998-99, a decrease of 15.0 per cent.



- **Insurance Duty**

Insurance stamp duty continues to grow broadly in line with nominal Gross State Product and the increase in the value of the stock of motor vehicles. Competition in the fire and special risks segments of the market in 1997-98 is expected to continue into 1998-99 depressing the level of premiums and State revenue. Total insurance stamp duty revenue for 1998-99 is expected to be around \$338 million.

- **Loan Security Duty**

Loan security duty revenue is expected to fall in 1998-99 due to the slowdown in the property market, which should more than offset the impact of the growth in credit. Total revenue for 1998-99 is expected to be \$156 million, a 3.7 per cent decrease on 1997-98.

- **Share Transfer Duty**

It is expected that revenue will increase broadly in line with the nominal value of economic output. Share transfer duty for 1998-99 is expected to increase by 4.6 per cent on 1997-98 to \$293 million.

- **Motor Vehicle Registration Duty**

The growth in revenue from this source is determined by changes in vehicle prices and the volume of new and used car sales. Prices are anticipated to grow in line with general price inflation while volumes are expected to fall by around 1 per cent in 1998-99 after strong growth in the current financial year of around 12 per cent. Revenue in 1998-99 is expected to reach \$425 million, up 0.5 per cent on 1997-98.

- **Financial Institutions Duty**

Underlying revenue is expected to grow slower than economic output due to advances in technology and continuing tax minimisation strategies. Revenue in 1998-99 is expected to reach \$567 million, up 2.2 per cent on 1997-98.

Payroll Tax

Payroll tax receipts are expected to benefit from moderate growth in wages and employment in 1998-99. The increase in the superannuation guarantee levy from 6 per cent to 7 per cent on 31 December 1997 will also boost receipts. In 1998-99, revenue of \$3,621.4 million is expected to be collected, representing a growth of 6.8 per cent.

Land Tax

Land tax is assessed on a calendar year basis. Therefore land tax collections for any one financial year are derived from a number of consecutive land tax years.

Normally, 85 per cent of the revenue from a land tax year is collected in the first 6 months with 13 per cent being collected in the following 12 months and the balance thereafter. However, higher than average late payments for the 1998 land tax year will mean that this pattern is unlikely to occur this year. Instead, it is expected that only 82 per cent of 1998 tax liabilities will be collected in 1997-98 with around 16 per cent of the 1998 liabilities being collected in 1998-99.

Collections from 1998 land tax liabilities on owner occupied residences are also expected to be delayed, with only 50 per cent of 1998 land tax liabilities being collected in 1997-98. In future years, it is expected that 75 per cent of revenue from a land tax year will be collected in the first six months of a year.

The delay in collecting 1998 land tax liabilities accounts for about half of the expected increase in land tax collections in 1998-99.

Growth in 1998-99 revenue collections will be partly offset by the introduction of indexation of the investor threshold to State-wide movements in land values and changing the basis of indexing the owner occupied threshold from the CPI to Sydney residential land values. In total these measures are expected to cost \$16 million in 1998-99.

Debits Tax

Revenue is expected to grow by 0.9 per cent in 1998-99 to \$325.8 million. The growth of this revenue source is constrained by its regressive rate scale and changes in banking practices.

Taxes on Motor Vehicle Ownership and Operation

The major items in this category are motor vehicle weight tax and vehicle registration fees. Estimates for these revenues reflect growth in the stock of motor vehicles and the indexation of fees.

The forecasts are based on a vehicle stock growth of 1.6 per cent for 1998-99 and CPI indexation.

Weight tax revenues are expected to increase by 2.1 per cent to \$686 million. Vehicle registration fees are estimated to grow by 8.1 per cent to \$173 million in 1998-99. Vehicle transfer fees are estimated to raise \$44.8 million in 1998-99, an increase of 26.6 percent. The strong growth in revenue from registration and transfer fees is due to the full year effect of increases in fees which came into effect in February 1998.

Revenue from driver's and rider's licence fees is expected to increase in 1998-99 by 51.4 per cent to \$70.7 million as a result of the renewal pattern of three and five year licences.

Accommodation Levy

Revenue for 1998-99 is expected to be \$48 million reflecting the final stage of the phasing-in of the levy as well as the impact of the Asian economic situation on the hotel industry.

Gambling and Betting

Latest ABS data indicates that NSW reliance on gambling as a source of tax revenue (8.4 per cent) is less than Victoria (11.0 per cent), Queensland (9.6 per cent), South Australia (10.1 per cent) and less than the average of all States (9.2 per cent).

- **Racing**

The various racing taxes are expected to yield \$190.7 million in 1998-99 representing a fall of 28.2 per cent compared to 1997-98 (excluding the effect of the changed arrangements concerning unclaimed dividends). This is due to the full year effect of the lower tax structure associated with the corporatisation/ privatisation of the TAB.

- **Club Gaming Device Duty**

In recent years, growth in revenue has been significantly higher than household disposable income due to improved marketing by clubs and technological advancements in machines resulting in greater betting options. However, 1998-99 revenue growth is likely to be more in line with longer term historical patterns. The introduction of Statewide links and metered profits will also impact positively on revenues.

- **Hotel Gaming Device Duty**

Revenue is expected to increase by 82.2 per cent to \$277 million in 1998-99. This increase is due mainly to the full year effect of the introduction of poker machines in hotels (\$104 million in 1997-98, with an additional \$58 million in 1998-99), the removal of the coupling arrangements between poker machines and approved amusement devices and additional revenue flowing from permits for an additional 2,300 machines. Overall, decoupling and the additional 2,300 machines is expected to increase revenues by \$68.4 million in 1998-99 and around \$120 million in a full year. These estimates do not include expected revenue from the sale of these permits.

- **Lotteries and Lotto**

Revenue growth is dominated by the size and timing of jackpots, marketing and new product innovation. However, this form of gambling is becoming less popular with increasing competition. Revenue is comprised of two components: a licence fee and a general duty. Revenue of \$274.0 million is expected in 1998-99, an increase of 1.0 per cent on 1997-98.

- **Casino Duty**

Revenue is expected to increase by 19.5 per cent to \$129.3 million in 1998-99 compared to \$108.2 million in 1997-98. Most of this growth represents the full year impact of the operation of the permanent casino. During 1998-99, underlying tax revenue is expected to grow in line with household disposable income and international tourist numbers. Revenue will also benefit from the progressive tax structure applied to casino revenue from table games.

Licences

- **Electricity Distributors' Levy**

The Electricity Distributors' Levy will be extended to include TransGrid. This is a revenue protection measure, addressing the possibility of very large consumers of electricity bypassing their local distributor and connecting directly to the transmission network to avoid an increase in their network service charge.

In 1997-98, customers who became eligible to buy their power from the retail supplier of their choice had to pay an additional 0.55 cents per kilowatt hour on their network charges. For 1998-99, the additional network charge will be capped at a maximum of 0.55 cents per kilowatt hour although the charge applied in 1998-99 will be reduced to 0.52 cents per kilowatt hour. Forecast revenue remains unchanged at \$100 million.

From 1 July 1998, approximately 11,000 additional customers in New South Wales will be able to competitively buy their electricity from the retail supplier of their choice. The additional network charges will be applied once those customers actually become non-franchise customers. In negotiating their electricity prices, these non-franchise customers have the opportunity to offset the effect of the additional network charge.

Safety Net Revenues

- **Petroleum**

Forecasts of petrol safety net revenues are dependent on consumption growth (assumed to be slightly less than half of GDP growth) and indexation of the excise rates to the national CPI. Net revenue in 1998-99 is expected to be \$599 million, after allowing for subsidy payments for off-road diesel and border concessions.

- **Tobacco**

After allowing for transitional impacts associated with the introduction of the safety net arrangements, underlying revenue from tobacco is expected to decline due to reduced demand for tobacco products partly offset by any increase in prices. In 1998-99, \$977 million is expected to be received in tobacco safety net revenues.

- **Liquor**

Both liquor safety net payments and liquor subsidies are forecast to grow in line with household disposable income. Liquor subsidies are paid on cellar door sales by vignerons and on low alcohol sales. In 1998-99, revenues (net of subsidy payments) are expected to total \$297 million.

Fees

A result of the Budget coverage being expanded to include all General Government bodies, the level of fees in 1997-98 has increased substantially from the level shown in last year's Budget. Major items included for the first time are the third party motor vehicle registration levy (which meets claims under the former insurance arrangements) and search and registration fees for Land Titles.

Total fee collections in 1998-99 are estimated to fall 12.1 per cent relative to 1997-98 levels, principally as a result of concessions relating to the third party motor vehicle registration levy as the first step in a three year program to remove the levy. (More details are provided in the 1998-99 Budget tax measures detailed earlier in this Chapter).

Fines

The main receipts under this heading relate to fines under the Motor Traffic Act. The bulk of these are collected by the Police Service through on-the-spot infringement notices issued by Police and Parking Patrol Officers.

These fines are also collected through Local Courts for the more serious offences and through the Roads and Traffic Authority which has the authority to cancel motor vehicle registrations or drivers and riders licences unless unpaid on-the-spot infringement notices are paid.

Other

Relative to 1997-98, budgeted levels other taxes, fees and fines have increased by \$141.6 million principally as a result of the move to General Government coverage of the Budget, with the inclusion of the WorkCover Authority comprising \$110 million of the increase.

In 1998-99, other taxes fees and fines are projected to increase by \$37.2 million or 11.6 per cent on 1997-98 levels. This is principally a result of an estimated increase of \$23 million in waste disposal levies and \$13 million in debt guarantee fees paid by Public Trading Enterprises on their borrowings.

Income from Public Trading and Financial Enterprises

Table 3.5: Income from Public Trading and Financial Enterprises ^(a)

Category	1997-98		1998-99	
	Budget \$000	Revised \$000	Budget \$000	Increase %
Dividends				
Advance Energy	11,400	19,206	31,970	66.5
Australian Inland Energy	1,486	3,048	1,912	(-) 37.3
Darling Harbour Authority	1,222	1,029	...	(-) 100.0
energyAustralia	222,000	187,390	172,200	(-) 8.1
FreightRail	16,700	52,902	33,326	(-) 37.0
Generation Sector (c)	205,464	299,239	50,864	(-) 83.0
Great Southern Energy	14,203	26,664	44,281	66.1
Hunter Water Corporation	28,700	35,500	39,000	9.9
Integral Energy	91,011	91,858	92,066	0.2
Landcom	21,620	8,775	21,590	146.0
Newcastle Port Corporation	3,009	9,000	10,000	11.1
NorthPower	11,803	15,955	44,500	178.9
NSW Lotteries Corporation	15,372	8,946	12,955	44.8
Port Kembla Port Corporation	4,906	17,727	6,434	(-) 63.7
Rail Access Corporation	40,000	41,167	16,640	(-) 59.6
State Forests	12,089	6,666	12,105	81.6
State Transit Authority	497	...	...	n.a.
Sydney Ports Corporation	11,639	14,609	11,284	(-) 22.8
Sydney Water Corporation	33,000	147,046	169,000	14.9
TransGrid	46,900	54,963	54,300	(-) 1.2
NSW Treasury Corporation	20,100	21,200	18,500	(-) 12.7
Waste Service of NSW	6,320	5,477	5,480	0.1
Other Dividends	34,943	8,388	8,171	(-) 2.6
	854,384	1,076,755	856,578	(-) 20.5

Table 3.5: Income from Public Trading and Financial Enterprises (cont)

Category	1997-98		1998-99	
	Budget \$000	Revised \$000	Budget \$000	Increase %
Tax Equivalent Payments				
Advance Energy	5,870	600	582	(-) 3.0
Australian Inland Energy	1,693	2,552	2,063	(-) 19.2
Darling Harbour Authority	725	1,299	1,000	(-) 23.0
energyAustralia	71,000	72,583	102,800	41.6
FreightRail	32,000	10,100	2,700	(-) 73.3
Generation Sector (c)	128,100	11,246	3,264	(-) 71.0
Great Southern Energy	10,640	10,462	19,433	85.8
Hunter Water Corporation	10,100	15,200	16,600	9.2
Integral Energy	3,099	7,873	14,635	85.9
Landcom	18,106	9,516	6,639	(-) 30.2
Newcastle Port Corporation	3,192	3,667	3,836	4.6
NorthPower	13,830	8,346	11,989	43.7
NSW Lotteries Corporation	...	12,139	11,547	(-) 4.9
Port Kembla Port Corporation	5,113	6,108	6,289	3.0
Rail Access Corporation	...	26,602	20,595	(-) 22.6
State Forests	1,440	1,202	1,500	24.8
State Transit Authority	6,705	4,882	5,146	5.4
Sydney Market Authority	2,208	1,698	...	(-) 100.0
Sydney Ports Corporation	12,812	11,811	13,797	16.8
Sydney Water Corporation	92,500	102,706	109,800	6.9
TransGrid	15,100	6,991	17,800	154.6
NSW Treasury Corporation	7,200	15,061	10,700	(-) 29.0
Waste Service of NSW	7,170	5,931	6,660	12.3
Other	7,763	(-) 21,792	4,367	n.a.
	456,366	326,783	393,742	20.5
Dividend and Tax Equivalent Payments	1,310,750	1,403,538	1,250,320	(-) 10.9
Other Income	24,000	24,000	...	(-) 100.0
Total	1,334,750	1,427,538	1,250,320	(-) 12.4

(a) As the 1998-99 Budget is prepared on General Government basis, dividends and taxes from commercial agencies within the General Government Sector are not shown in the table above.

(b) Comprises, Delta Electricity, Macquarie Generation and Pacific Power.

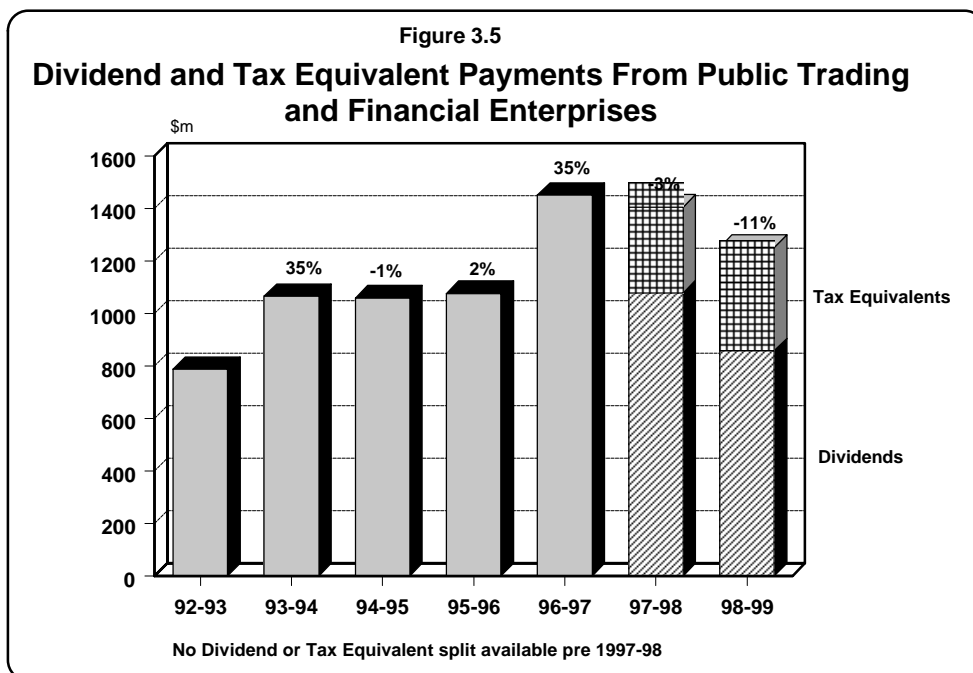
Dividend and Tax Equivalent Payments

Dividends represent a return on State Government equity and, combined with tax equivalents, are a key element in the Government's policy of creating a commercial environment for Government businesses.

In accordance with an agreement reached with the Council of Australian Governments (COAG), the NSW Government has developed a tax equivalent regime under which tax equivalent payments mirror as closely as possible those taxes which would apply were the Government businesses owned by the private sector, i.e. Commonwealth corporate income and sales taxes.

Dividend and tax equivalent payments from Public Trading and Financial Enterprises increased significantly since 1992-93, as shown in Figure 3.5. In 1992-93, these payments were \$786 million, or 4.2 per cent of total Budget receipts, while in 1998-99, they are expected to total \$1,250 million or 5.0 per cent of total Budget receipts.

A significant factor underlying the higher level of distributions has been the increase in the number of Public Trading Enterprises covered by the Government's financial distribution policy and the tax equivalent regime. Increased distributions from the electricity sector relating to the restructure of the industry accounted for a large component of the increase in 1996-97. Decreases in distributions between 1997-98 and 1998-99 are primarily due to decreased dividends from the electricity generation sector as a result of the introduction of competition.



- Financial Distributions**

In 1997-98, total income from dividend and tax equivalent payments is expected to increase from the 1997-98 Budget forecast of \$1,311 million to \$1,404 million, an increase of \$93 million or 7.1 per cent.

The revised figures for 1997-98 compared to the 1997-98 State Budget forecast are higher mainly due to increases in distributions from the water corporations, Rail Access Corporation, FreightRail Corporation, Port Kembla Port Corporation, Great Southern Energy and NSW Treasury Corporation. These increases are expected to be partially offset by reduced distributions mainly from the generation sector, energyAustralia, Landcom and refunds of overpayments of 1996-97 tax equivalents.

In 1998-99, total dividend and tax payments are expected to decline by 10.9 per cent, from the revised 1997-98 forecast of \$1,404 million to \$1,250 million. This is despite distributions from most New South Wales electricity distributors, Sydney Water Corporation, Landcom and Transgrid being greater than to the 1997-98 revised forecast. The overall decline is mainly due to lower distributions from the electricity generation sector, Freight Rail Corporation, Rail Access Corporation, Treasury Corporation and Port Kembla Port Corporation.

Total distributions from the electricity sector for 1998-99 are, on an overall basis, forecast to fall by approximately 20 per cent. The dominant cause is the fall in generation sector dividends as a result of considerable falls in the wholesale price of electricity due to the introduction of competition.

Conversely, overall distributions from network businesses are forecast to increase in 1998-99, reflecting their improved performance in 1997-98 following management initiatives to increase productivity. Network businesses have, conversely to generators, benefited from lower wholesale prices of electricity, although to a significant extent these benefits have been passed through to contestable customers.

Sydney Water's financial distribution will increase by \$29 million or 11.6 per cent between 1997-98 and 1998-99. This mainly reflects improved profitability and a higher payout from profits based on the Corporation's review of its cash balances. In the case of Landcom, distributions are forecast to be higher in 1998-99 due to a buoyant property market and a higher payout ratio.

During 1997-98, Freight Rail Corporation is expected to incur large restructuring costs with a consequent deterioration in profits for 1997-98. This in turn will reduce the financial distribution for 1998-99. In the case of the Rail Access Corporation, financial distributions for 1998-99 reflect a return to a normal level of financial distributions following the receipt of delayed 1996-97 distributions in 1997-98.

Treasury Corporation's performance forecast for 1997-98 is based on normal operating conditions compared to the favourable conditions experienced during 1996-97. Accordingly distributions for 1998-99 are anticipated to be lower than 1997-98 levels.

The 1998-99 distributions for Port Kembla Port Corporation are lower because it does not include the higher dividend payout which applied to the 1997-98 distribution.

Commonwealth Grants¹

General Purpose Payments

Commonwealth General Purpose Payments consist of monies paid as Financial Assistance Grants (FAGs), special revenue assistance and competition payments. These are expected to increase by 0.3 per cent in 1998-99 over 1997-98 in nominal terms. This equates to a fall of 1.1 per cent in real terms.

After including the impact of State Fiscal Contribution Payments to the Commonwealth, the nominal increase is 2.9 per cent from 1997-98 to 1998-99.

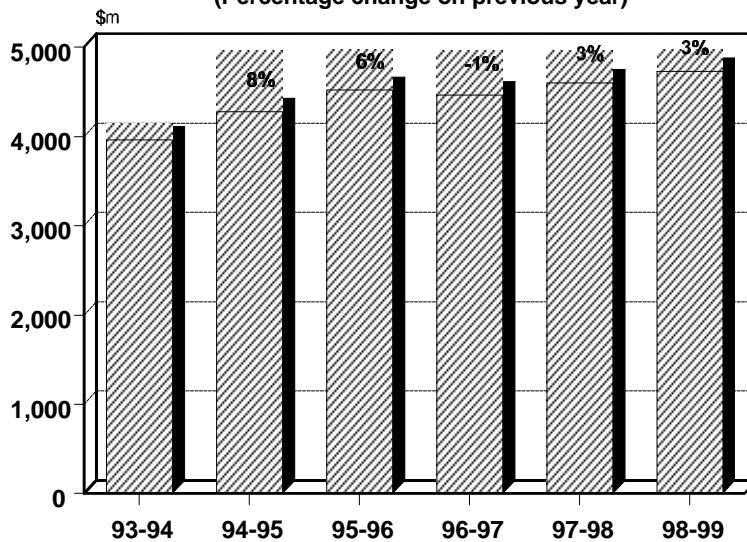
1. Growth rates may differ from those in Chapter 5 because of differences in scope and timing of receipt of Commonwealth monies between the Commonwealth and the State.

In 1998-99, New South Wales is required to make a Fiscal Contribution Payment of \$101.3 million to assist in reducing the Commonwealth budget deficit and will receive \$73.5 million in National Competition Payments.

Table 3.6: Commonwealth Grants

Category	1997-98		1998-99	
	Budget \$000	Revised \$000	Budget \$000	Increase %
Commonwealth General Purpose Payments	4,900,100	4,815,800	4,832,300	0.3
Less:				
State Fiscal Contribution	216,300	216,300	101,300	(-) 53.2
General Purpose Payments net of State Fiscal Contribution	4,683,800	4,599,500	4,731,000	2.9
Commonwealth Specific Purpose Payments and Grants				
Companies Regulation	44,907	44,907	44,907	...
Legal Aid	45,198	...	...	n.a.
Gun Buy-back Scheme	70,000	70,000	...	(-) 100.0
Technical and Further Education	207,342	213,307	213,307	...
AMES Restructuring	...	19,700	...	(-) 100.0
Schools	420,725	447,702	463,173	3.5
Highly Specialised Drugs	63,860	77,117	85,900	11.4
Medical Speciality Centres	10,286	4,764	4,840	1.6
Other Health Care Access	3,671	239	243	1.7
Hospital Funding Grant	1,560,128	1,599,452	1,775,700	11.0
Drug Education Campaigns	9,474	9,375	8,473	(-) 9.6
Essential Vaccines	4,937	6,288	6,389	1.6
Magnetic Resonance Imaging	5,795	5,490	5,588	1.8
Breast Cancer	15,051	12,522	12,722	1.6
Artificial Limb Scheme	2,091	4,999	4,967	(-) 0.6
Funds to Combat AIDS	13,081	12,930	13,137	1.6
Pathology Labs	9,415	9,534	6,500	(-) 31.8
Geriatric Assessment	13,298	12,950	12,459	(-) 3.8
Home and Community Care	151,176	150,187	155,572	3.6
Supported Accommodation Assistance	42,933	42,933	43,920	2.3
Assistance to Disabled	104,565	104,565	109,373	4.6
Pensioner Concessions	49,767	50,467	51,061	1.2
Rural Adjustment Scheme	29,980	23,197	14,288	(-) 38.4
Debt Redemption Assistance	25,391	25,391	61,873	143.7
Natural Disaster Relief	1,900	1,900	2,000	5.3
Interstate Road Transport	8,900	8,900	9,100	2.3
Aboriginal Advancement	10,970	17,104	14,070	(-) 17.7
Blood Transfusion Services	16,058	17,775	18,592	4.6
Forestry Development	12,500	10,000	10,082	0.8
National Land Care	20,962	32,262	43,965	36.3
Other	34,450	67,209	58,912	(-) 12.4
Total, Commonwealth Specific Purpose Payments and Grants	3,008,811	3,103,166	3,251,113	4.8
Less				
State share of higher education superannuation	19,800	19,206	20,800	8.3
TOTAL, COMMONWEALTH GRANTS	7,672,811	7,683,460	7,961,313	3.6

Figure 3.6
Commonwealth General Revenue Grants
 (Percentage change on previous year)



Data shown net of State Fiscal Contribution Payments

Commonwealth Payments for Specific Current Purposes

Payments to the States by the Commonwealth are made under Section 96 of the Australian Constitution. Specific purpose payments are made under terms and conditions essentially determined by the Commonwealth. The range of payments made has varied over time, reflecting the Commonwealth's priorities and/or funding policies.

Payments for which the State acts as a paying agent (e.g. assistance to local government and private schools) are not passed through the State Budget.

The principal current specific purpose payments relate to health, education and community services. Health and education payments in aggregate are expected to increase in 1998-99. Substantial cuts are expected in programs to be wound down (e.g. the Rural Adjustment Scheme) or terminated (e.g. the Gun Buyback Scheme and the AMES restructuring - with the Commonwealth transferring some AMES services to the private sector).

Legal Aid

Commonwealth funding is now shown as a user charge instead of a specific purpose payment. In 1997-98 \$31.1 million is anticipated to be received from the Commonwealth. The same level of funding is expected in 1998-99.

Debt Redemption Assistance

Debt redemption assistance is anticipated to increase by \$36.5 million to \$61.9 million as a result of early redemption of high coupon rate Commonwealth Financial Agreement loans.

Other Current Receipts

Table 3.7: Other Current Receipts

Category	1997-98		1998-99	
	Budget \$000	Revised \$000	Budget \$000	Increase %
Leases	29,504	29,838	37,085	24.3
Royalties	181,610	197,150	194,618	(-) 1.3
Fire Brigades Levy on Local Government	30,809	32,098	36,217	12.8
Grants Received	112,433	61,573	86,814	41.0
Donations and Industry Contributions	102,063	109,779	110,594	0.7
Interest	221,841	413,093	389,467	(-) 5.7
Other	146,747	150,030	136,749	(-) 8.9
TOTAL, OTHER RECEIPTS	825,007	993,561	991,544	(-) 0.2

Leases

The Department of Land and Water Conservation collects annual instalments relating to the purchase of Crown Land and generates revenue from leases, licences and permissive occupancies on Crown land. (Sales of Crown land are now treated as asset sale proceeds.)

Royalties

The forecast increase in royalties is mainly attributable to an anticipated increase in coal sales. No increase is forecast for other royalty payments.

Interest

Interest earnings principally relate to the Insurance Ministerial Corporation, Home Purchase Authority, Rental Bond Board, Building Industry Long Service Leave Payments Corporation, Department of Health and the Crown Transactions entity (which maintains the pool of funds for many General Government agencies).

With the move to a General Government coverage of the Budget, many of these high interest earning agencies are included in the 1998-99 Budget for the first time. While the 1997-98 revised earnings includes these agencies, the 1997-98 budget did not, making comparison between budgeted and revised earnings invalid. Reduced earnings in 1998-99 reflect the full year impact of low interest rates.

CAPITAL RECEIPTS, 1998-99

Estimated capital receipts in 1998-99 are \$798.1 million – a decline of 21.1 per cent on 1997-98.

Table 3.8: Capital Receipts

Category	1997-98		1998-99	
	Budget \$000	Revised \$000	Budget \$000	Increase %
COMMONWEALTH GRANTS				
Schools	72,000	72,000	72,000	...
Technical and Further Education	65,950	63,460	65,105	2.6
Public Housing	277,875	255,640	255,640	...
Housing Assistance for Aborigines	17,777	17,777	17,777	...
Australian Land Transport Development	381,420	330,490	322,950	(-) 2.3
Housing	36,148	37,104	37,104	...
Flemington Grade Separation Junction	...	...	15,500	n.a.
Other	2,375	7,258	2,416	(-) 66.7
TOTAL, COMMONWEALTH GRANTS	853,545	783,729	788,492	0.6
OTHER CAPITAL RECEIPTS				
Aquatic and Athletic Centre Contribution	218,817	218,817	...	(-) 100.0
Other	1,245	8,783	9,649	9.9
TOTAL, CAPITAL RECEIPTS	1,073,607	1,011,329	798,141	(-) 21.1

Commonwealth Capital Grants

In total, Commonwealth capital grants will increase in 1998-99 by 0.6 per cent.

Road grants under the Australian Land Transport Development Program will decline by 2.3 per cent from \$330 million in 1997-98 to \$323 million in 1998-99.

Technical and Further Education will receive an increase of 2.6 per cent in capital funding in 1998-99, while the Commonwealth will provide \$15.5 million for the Flemington Grade Separation Junction to improve the interstate rail system, especially freight services.

Other Capital Receipts

The principal item included in this category in 1997-98 is the payment of \$219 million by SOCOG as a construction reimbursement towards the cost of the aquatic and athletic centres.

3.2 FORWARD ESTIMATES OF BUDGET RECEIPTS

INTRODUCTION

This section provides estimates of Budget receipts for the period 1997-98 to 2001-02 by major receipt category. This information has been provided to give an appreciation of the factors impacting on the future receipts.

Overall, for the four year period 1998-99 to 2001-02, Budget receipts are projected to increase by 9.8 per cent, a real increase of 0.1 per cent.

Table 3.9 provides details of receipts for the period 1997-98 to 2001-02. The Table is supported by the following comments on the major receipt categories.

CURRENT RECEIPTS

Taxes, Fees and Fines

Contracts and Conveyances Duty

Following the downturn expected between the end of 1997 and the middle of 1999, the property market is expected to stabilise in 1999-2000. Based on moderate growth in revenues during the course of 1999-2000, revenues are still expected to be some 9.8 per cent lower in 1999-2000 than in the previous year. For the years 2000-01 and 2001-02, growth of around 3.5 per cent is expected. These assumptions also impact on loan security duty.

Motor Vehicle Transfer Duty

Revenue will continue to benefit from price growth although little growth is expected in the number of vehicles transferred in line with the cyclical nature of the motor vehicle market.

Insurance Stamp Duty

For 1999-2000 and 2000-01, growth in insurance stamp duty is expected to be higher than general economic activity following anticipated increases in the level of premiums for industrial special risks and fire categories of insurance following heavy discounting in recent years. Premium levels in these categories were driven down in 1997-98 due to strong competitive pressures.

Other Stamp Duties

Other stamp duty items are expected to grow moderately between 1999-2000 and 2001-02 in line with general economic activity.

Payroll Tax

Underlying payroll tax revenue is expected to benefit from the gradual increase in wages and employment and from a further increase in the superannuation guarantee levy in 2000-01. The tax rate decrease from 6.85 per cent to 6.7 per cent on 1 July 1999 will have a negative impact on revenue in 1999-2000.

Land Tax

Tax receipts in 1999-2000 are expected to decline due to the rate reduction from 1.85 per cent to 1.7 per cent from 31 December 1999. Only moderate growth in land tax is expected for 2000-01 and 2001-02 in line with expectations regarding the property market cycle.

Taxes on Motor Vehicle Ownership and Operation

Underlying growth in revenue from motor vehicle weight tax and vehicle registration fees is expected to benefit from continued economic growth and indexation.

Growth in 2000-01 and 2001-02 will be negatively affected by the decrease in registration and transfer fees from 1 July 2000 and a decline in revenue from driver's licence fees due to the renewal cycle for three and five year licences.

Safety Net Taxes

Net petroleum safety net revenues are expected to grow moderately in the forward years in line with indexation of excise rates and from increases in consumption.

Revenue from the tobacco safety net is expected to decrease in the forward years due to the decline in consumption more than offsetting any positive effect from the increase in prices.

Growth in household disposable income will have a positive impact on revenue from the liquor wholesale sales tax surcharge.

The large increase in revenues in 1998-99 represents the full year operation of the safety net taxes.

Gambling and Betting

Moderate underlying growth is forecast for most of the gambling taxes consistent with the projected trend for household disposable income. Revenue in 1998-99 and 1999-2000 will also benefit from changes to hotel gaming restrictions.

Table 3.9: Budget Receipts, 1997-98 to 2001-02

	1997-98		1998-99		1999-00		2000-01		2001-02	
	\$m		\$m	% change	\$m	% change	\$m	% change	\$m	% change
CURRENT RECEIPTS										
TAXES, FEES AND FINES										
Stamp Duties										
Contracts and Conveyances	1,800	1,530	(-) 15.0	1,380	(-) 9.8	1,430	3.6	1,480	3.5	
Insurance	320	338	5.6	365	8.0	397	8.8	417	5.0	
Loan Securities	162	156	(-) 3.7	158	1.3	171	8.2	180	5.3	
Share Transfers	280	293	4.6	311	6.1	333	7.1	350	5.1	
Motor Vehicle Registration	423	425	0.5	447	5.2	466	4.3	466	...	
Financial Institutions Duty	555	567	2.2	594	4.8	627	5.6	655	4.5	
Other	140	149	6.4	156	4.7	161	3.2	162	0.6	
Payroll Tax	3,392	3,621	6.8	3,863	6.7	4,213	9.1	4,424	5.0	
Land Tax	839	945	12.6	899	(-) 4.9	921	2.4	949	3.0	
Debits Tax	323	326	0.9	329	0.9	333	1.2	336	0.9	
Taxes on Motor Vehicle										
Ownership and Operation	941	998	6.1	1,070	7.2	1,081	1.0	1,091	0.9	
Gambling and Betting	1,337	1,440	7.7	1,578	9.6	1,682	6.6	1,749	4.0	
Licences	144	157	9.0	155	(-) 1.3	168	8.4	168	...	
Safety Net Taxes	1,491	1,873	25.6	1,909	1.9	1,965	2.9	2,003	1.9	
Other	1,098	1,182	7.7	1,161	(-) 1.8	1,160	(-) 0.1	1,156	(-) 0.3	
Total, Taxes, Fees and Fines	13,245	14,000	5.7	14,375	2.7	15,108	5.1	15,586	3.2	
INCOME FROM PUBLIC TRADING AND FINANCIAL ENTERPRISES										
Dividends	1,077	857	(-) 20.5	792	(-) 7.6	665	(-) 16.0	615	(-) 7.5	
Tax Equivalent Payments	327	394	20.5	438	11.3	486	11.0	525	7.9	
Other Income	24	...	(-) 100.0	...	n.a.	...	n.a.	...	n.a.	
Total Income from Public Trading and Financial Enterprises	1,428	1,250	(-) 12.4	1,230	(-) 1.6	1,151	(-) 6.4	1,140	(-) 1.0	
COMMONWEALTH GRANTS										
General Revenue Grants	4,816	4,832	0.3	4,996	3.4	5,150	3.1	5,344	3.8	
Commonwealth Specific Purpose Payments	3,103	3,251	4.8	3,308	1.8	3,413	3.2	3,530	3.4	
Less: State Fiscal Contribution	216	101	(-) 53.2	...	(-) 100.0	...	n.a.	...	n.a.	
State share of higher education superannuation	19	21	10.5	22	4.8	23	4.5	24	4.3	
TOTAL, Commonwealth Grants	7,683	7,961	3.6	8,283	4.0	8,540	3.1	8,851	3.6	
OTHER RECEIPTS	994	992	(-) 0.2	994	0.2	1,030	3.6	1,047	1.7	
TOTAL, CURRENT RECEIPTS	23,350	24,203	3.7	24,882	2.8	25,829	3.8	26,624	3.1	

Table 3.9: Budget Receipts, 1997-98 to 2001-02 (cont)

	1997-98		1998-99		1999-00		2000-01		2001-02	
	\$m		\$m	% change	\$m	% change	\$m	% change	\$m	% change
CAPITAL RECEIPTS										
Commonwealth Grants	784		789	0.6	780 (-)	1.1	824	5.6	817 (-)	0.8
Other Capital Receipts	228		10 (-)	95.8	48	n.a.	38 (-)	21.7	1 (-)	96.4
TOTAL, CAPITAL RECEIPTS	1,011		798 (-)	21.1	828	3.8	862	4.1	819 (-)	5.0
TOTAL, RECEIPTS	24,361	25,001	2.6	25,710	2.8	26,691	3.8	27,443	2.8	

Other State Receipts

Income from Public Trading and Financial Enterprises

In 1998-99, total income is expected to reduce by 12.4 per cent, with further declines of 1.6 per cent in 1999-2000, 6.4 per cent in 2000-2001 and 1.0 per cent in 2001-02.

Decreases beyond 1998-99 partly reflect variability in the distributions from the electricity sector, due to increasing retail and wholesale competition in the national electricity market and reduced distributions from Sydney Water Corporation. These decreases are partly offset by increased distributions from other agencies, particularly in the transport sector, due to projected improvements in profitability.

Commonwealth Grants

General Revenue Grants

General Revenue Grants (inclusive of payments for untied road grants and national competition policy payments and after deducting Fiscal Contribution Payments to the Commonwealth) are projected to increase in nominal terms by 3.4 per cent in 1999-2000, 3.1 per cent in 2000-01 and 3.8 per cent in 2001-02. This represents the impact of a combination of factors: maintenance in real per capita terms of Financial Assistance Grants in line with the decisions of the Premiers' Conference in 1994 and the Council of Australian Governments (COAG) meeting in 1995, the last Fiscal Contribution Payment in 1998-99 and the continuation of National Competition Policy payments from the Commonwealth to New South Wales.

Specific Purpose Payments

For the most part, funding for specific purpose payments for the forward years will be determined by the relevant Commonwealth-State agreement, subject to the review or renegotiation of major specific purpose payments such as public housing, disability services and health.

Where medium-term Commonwealth - State agreements have not yet been signed, the forward estimates assume either the amounts in the Commonwealth funding offer or the roll-over of existing arrangements.

The forward estimates for Specific Purpose Payments in the Health portfolio assume that existing funding levels will be maintained with 3 per cent indexation in future years.

CAPITAL RECEIPTS

Commonwealth Grants

Specific purpose capital grants from the Commonwealth are expected to increase in 2000-01 due mainly to an increase in road grants.

Forward estimates will depend on changes in major specific purpose payment programs which may be introduced by the Federal Government and on amounts estimated to be payable under individual agreements. Where forward information is not available, amounts have been indexed in line with existing agreements.

