

STATEMENT 5 — REVENUE

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STATEMENT 5 — REVENUE

PART I: BUDGET ESTIMATES

Table 1 compares the revised revenue estimates for 1997-98 with the 1997-98 Budget estimates and provides estimates for 1998-99.

Table 1: Revenue Estimates

	1997-98				1998-99		
	Budget Estimate \$m	Revised Estimate \$m	Change on Budget %	Change on 1996-97 %	Estimate \$m	Change on 1997-98 \$m	%
Taxation Revenue							
Income Tax							
Individuals -							
Gross PAYE	62050	61990	-0.1	8.0	67170	5180	8.4
Gross Other Individuals(a)(b)	10540	11040	4.7	-0.6	10950	-90	-0.8
Gross Prescribed Payments System(c)	2430	2380	-2.1	12.8	2570	190	8.0
Medicare Levy	3740	3760	0.5	-9.4	4160	400	10.6
Refunds(d)	9000	9000	0.0	8.2	9960	960	10.7
Total Individuals	69760	70170	0.6	5.6	74890	4720	6.7
Companies(a)(e)	18590	18790	1.1	-2.0	19900	1110	5.9
Superannuation Funds(a)(e)	2490	2960	18.9	14.1	2950	-10	-0.3
Withholding Tax	1230	1160	-5.7	7.4	1190	30	2.6
Petroleum Resource Rent Tax	850	910	7.1	-30.4	960	50	5.5
Fringe Benefits Tax	3150	3200	1.6	1.2	3320	120	3.8
Total Income Tax	96070	97190	1.2	3.6	103210	6020	6.2
Indirect Tax							
Sales Tax	14170	14090	-0.6	5.9	15090	1000	7.1
Excise duty -							
Petroleum Products,							
Crude Oil and LPG	10840	10900	0.6	3.3	11110	210	1.9
Other	2700	2690	-0.4	-1.8	2650	-40	-1.5
Customs Duty(f)	3410	3640	6.7	10.7	3670	30	0.8
Total Indirect Tax	31120	31320	0.6	4.8	32520	1200	3.8
Other Taxes, Fees and Fines	2243	2317	3.3	7.6	2442	125	5.4
Total Taxation Revenue	129433	130827	1.1	4.0	138172	7345	5.6
Non-Tax Revenue							
Interest	999	1011	1.2	-10.3	1100	89	8.8
Dividends and Other(g)	2919	3610	23.7	-11.7	4986	1376	38.1
Total Non-Tax Revenue(g)	3918	4621	17.9	-11.4	6086	1465	31.7
TOTAL REVENUE(g)	133351	135448	1.6	3.4	144258	8810	6.5

(a) Includes tax on realised capital gains.

(b) Includes Child Support Trust Account receipts (\$477 million in 1997-98 and \$518 million in 1998-99).

(c) Includes Reportable Payments System payments by individuals (\$1 million in 1997-98 and \$1 million in 1998-99).

(d) Includes refunds of Child Support Trust Account receipts (\$11 million in 1997-98 and \$12 million in 1998-99).

(e) Includes superannuation contributions surcharge collections.

(f) Customs duty collections include customs duty imposed on imported petroleum products, tobacco, beer and spirits, which is akin to excise duty on these items (\$920 million in 1997-98 and \$930 million in 1998-99).

(g) Includes impact of classification changes except for the 1997-98 Budget estimate.

Total revenue in 1997-98 is now estimated to be 1.6 per cent higher than forecast in the 1997-98 Budget. Taxation revenue is stronger from other individuals, companies, superannuation funds, petroleum resource rent tax, fringe benefits tax and customs duty. A higher dividend from the Reserve Bank also contributes to stronger revenue.

In 1998-99 total revenue is expected to increase by 6.5 per cent over estimated revenue in 1997-98, with the ratio of revenue to GDP increasing to 25.0 per cent from 24.9 per cent in 1997-98. Total tax revenue is expected to grow more strongly in 1998-99 at 5.6 per cent, compared with estimated growth of 4.0 per cent in 1997-98. However, as a share of GDP, taxation revenue is expected to fall marginally to 24.0 per cent. Taxation revenue is expected to increase by 2.6 per cent in real terms. The growth in taxation revenue in 1998-99 reflects ongoing expansion of economic activity.

Revenue measures contained in this Budget add \$51 million in 1998-99 and reduce revenue by \$26 million in 1999-2000, \$386 million in 2000-01 and \$801 million in 2001-02. A list of revenue measures is included in Appendix A and described in full in *Budget Paper No. 2*.

The revenue estimates are influenced by the forecast pace and composition of economic activity. The 1998-99 revenue estimates are based on the following major economic parameter forecasts:

- growth in nominal GDP(I) of around 6 per cent;
- average earnings (national accounts basis excluding superannuation and redundancies) growth of around 4 per cent;
- growth in wage and salary employment of 2 per cent;
- an increase in nominal private consumption of 6½ per cent; and
- growth in 1997-98 company income of 8¼ per cent.

Taxation Revenue

Individuals Income Tax

The revised estimates for 1997-98 and estimates for 1998-99 for the major categories of individuals income tax are shown in Table 1.

Gross Pay-As-You-Earn (PAYE) Instalment Deductions

Wage and salary earners pay income tax on a pay-as-you-earn basis through tax instalment deductions made by their employers.

Gross PAYE collections are expected to rise by 8.4 per cent in 1998-99 in response to forecast growth in average earnings and growth in wage and salary employment.

Gross Other Individuals

The Gross Other Individuals category includes all collections of income tax paid by individuals, other than those made through the PAYE and Prescribed Payments System (PPS) categories. Tax revenue comprises provisional tax payments and debit assessments on income tax returns (ie where PAYE, PPS or provisional tax credits are insufficient to meet the tax assessed on income). Taxpayers in this category derive their income from salary and wages, business, primary production, property and capital gains.

A taxpayer's provisional tax liability in a given year is generally determined by increasing the previous year's assessed income by a provisional tax uplift factor (referenced to the year average growth rate of nominal GDP(I) for the preceding calendar year). Taxpayers who expect their income to grow by less than the uplift factor may elect to lodge a provisional tax variation to reduce provisional tax payments. Current year tax payments for other individuals are made up of provisional tax payments, where necessary, together with any balance on assessment from the previous year's tax liability.

Gross revenue from this item is expected to fall by around 0.8 per cent in 1998-99 reflecting the net effect of three main factors. The savings rebate, which first becomes available in 1998-99, and the reduction in the provisional tax uplift factor from 6 per cent in 1997-98 to 5 per cent in 1998-99, are expected to lower revenue. Partly offsetting this is stronger projected growth in provisional taxpayers' incomes in 1997-98.

Gross Prescribed Payments System (PPS)

The PPS is a withholding system for income tax collection which applies to certain payments made under contracts for the performance of work. The PPS operates in certain industries (eg building and construction). A payer who makes a prescribed payment is required to make tax instalment deductions from the payment and remit the amount deducted to the Australian Taxation Office. The payee claims a credit for the amount deducted in his or her tax return. For the PPS to apply, the relationship between the payer and the payee must not be one of common law employment, in which case the PAYE system will operate.

Revenue in 1998-99 is estimated to increase strongly, by 8.0 per cent, mainly reflecting strong growth in the construction industries, viz: forecast growth of 11¾ per cent in the nominal value of both dwelling and non-residential construction. This is partly offset by the introduction of new withholding tax arrangements where a number of businesses under the PPS will be permitted to remit quarterly rather than monthly.

Medicare Levy

Collections in 1998-99 are expected to rise by 10.6 per cent reflecting growth in the tax liability of individuals, and the imposition of the Medicare levy surcharge.

Individuals Income Tax Refunds

A final assessment of tax liability for individual taxpayers is made on the basis of returns lodged after the end of a financial year. Refunds are made where tax payments exceed the final assessment. Where tax credits are insufficient to meet the final tax liability, taxpayers make an additional payment, which is collected under the Other Individuals income tax category.

Refunds in 1998-99 are estimated to grow by 10.7 per cent, up from 8.2 per cent growth in 1997-98, largely on account of ongoing growth in income tax collected from individuals during 1997-98.

Company and Other Income Tax

Table 2 contains revised estimates for 1997-98 and estimates for 1998-99 for company and other income tax items.

Table 2: Company and Other Income Tax

	1997-98 Revised Estimate \$m	1998-99 Estimate \$m	Change on 1997-98 %
Companies(a)(b)	18790	19900	5.9
Superannuation Funds(a)(b)	2960	2950	-0.3
Withholding Tax			
Resident	120	120	0.0
Non-resident			
Interest	520	540	3.8
Dividend	189	169	-10.6
Royalty	330	360	9.1
Mining	1	1	0.0
Total Withholding Tax	1160	1190	2.6
Petroleum Resource Rent Tax	910	960	5.5
Fringe Benefits Tax	3200	3320	3.8
TOTAL	27020	28320	4.8

(a) Includes tax on realised capital gains.

(b) Includes superannuation contributions surcharge collections.

Company Income Tax

The general tax rate for companies is 36 per cent, with concessional rates applying to certain income of life assurance companies, registered organisations, pooled development funds and credit unions.

Companies, other than small companies, are required to make one or two quarterly payments (depending on the size of the company's estimated tax liability) in the year

income is earned, with the remainder paid in the following year (or substituted accounting period). Small companies are required to make a single payment in the financial year (or substituted accounting period) following the year income is earned.

Company income tax is forecast to grow by 5.9 per cent in 1998-99, mainly reflecting the estimated growth in company taxable income in 1997-98.

Superannuation Funds Tax

Superannuation funds are generally taxed at the concessional rate of 15 per cent in relation to investment income and certain contributions received. Payments are made according to the same schedule as applies to company income tax.

Superannuation funds tax is expected to fall slightly in 1998-99 reflecting an estimated fall in earnings of superannuation funds in 1997-98 after a period of exceptionally high growth in earnings combined with high realisations of capital gains. This is partly offset by a rise in contributions to superannuation funds from employers.

Withholding Tax

Withholding tax is levied on:

- income payments to residents who, when making an investment, do not supply the investment body with a tax file number;
- certain interest, dividend and royalty payments to non-residents; and
- payments made to Aboriginal groups for the use of Aboriginal land for mineral exploration and mining.

The estimated increase in withholding tax in 1998-99 of 2.6 per cent is attributable to expected growth in interest and royalties withholding tax, partly offset by a fall in dividend withholding tax due to the receipt of a one-off payment in 1997-98.

Petroleum Resource Rent Tax (PRRT)

Under the Commonwealth's *Petroleum (Submerged Lands) Act 1967*, PRRT applies to offshore areas other than the North West Shelf production licence areas and associated exploration permit areas, which are subject to excise and royalty arrangements. PRRT is levied at the rate of 40 per cent of taxable profit from a petroleum project.

PRRT is expected to increase by 5.5 per cent mainly because of higher crude oil production, partly offset by lower oil prices and higher costs of production.

Fringe Benefits Tax (FBT)

FBT applies to a range of benefits provided by employers to their employees or associates of their employees. FBT is expected to rise by 3.8 per cent, in line with remuneration growth.

Indirect Tax

Table 3 shows revised estimates for 1997-98 and estimates for 1998-99 of various indirect taxes.

Table 3: Indirect Tax

	1997-98 Revised Estimate \$m	1998-99 Estimate \$m	Change on 1997-98 %
Wholesale Sales Tax	14090	15090	7.1
Excise Duty			
Petroleum Products			
Leaded Petrol	2063	1818	-11.9
Unleaded Petrol	4275	4586	7.3
Diesel	4378	4494	2.7
Other(a)	142	144	1.2
Total Petroleum Products	10858	11043	1.7
Crude Oil and LPG	42	67	59.5
Other Excise			
Beer	883	883	0.0
Potable Spirits	152	152	0.0
Tobacco Products	1655	1615	-2.4
Total Other Excise	2690	2650	-1.5
Total Excise	13590	13760	1.3
Customs Duty(b)	3640	3670	0.8
TOTAL	31320	32520	3.8

(a) Includes aviation gasoline, aviation turbine fuel, fuel oil, heating oil and kerosene and refunds/drawbacks relating to petroleum products excise.

(b) Customs duty collections include customs duty imposed on imported petroleum products, tobacco, beer and spirits, which is akin to excise duty on these items (\$920 million in 1997-98 and \$930 million in 1998-99).

Wholesale Sales Tax (WST)

WST is imposed on a range of goods destined for consumption in Australia and is levied at the last wholesale or import point on the wholesale sales value of taxable goods. In 1998-99, taxable goods will continue to be variously subject to tax rates of 12, 22, 26, 32 and 45 per cent, depending on the classification of the goods involved. These rates do not include the surcharge rates on alcohol arising from the safety net arrangements implemented following the High Court decision invalidating State and Territory business franchise fees (which are classified as State/Territory taxes).

The estimated increase in WST revenue of around 7.1 per cent in 1998-99 mainly reflects forecast growth in the nominal value of taxable goods. The measure directed at combating sales tax fraud in the computer industry is also expected to contribute to the growth in WST revenue collections.

Excise Duty

Petroleum products excise includes excise on motor spirit (petrol), diesel fuel, aviation gasoline, aviation turbine fuel, fuel oil, heating oil and kerosene. It is imposed at specific rates per litre of product. *Crude oil and LPG excise* includes excise collected from fields in the North West Shelf production license areas not subject to PRRT. The increase in

crude oil and LPG excise in 1998-99 reflects the fact that the Wanaea oil field in the North West Shelf became excisable in April 1998.

Excise revenue from petroleum products is expected to increase by 1.7 per cent in 1998-99 reflecting an expected increase in consumption of diesel fuel and unleaded petrol and the indexation of excise rates. The fall in excise collections from leaded petrol reflects a continuing decline in the number of vehicles that exclusively use leaded petrol.

Other excise is derived from beer, potable spirits and tobacco products. It is imposed at a specific rate per kilogram on tobacco products, on the alcoholic content of beer in excess of 1.15 per cent by volume and on the distilled alcohol in other products such as spirits and mixed drinks. Wine, wine products and other fermented alcohol are exempt from duty.

Excise revenue from these products is expected to fall by 1.5 per cent in 1998-99, reflecting continuing falls in tobacco consumption and no growth in alcohol consumption.

Excise Indexation

The rates of duty for excisable commodities (with the exception of crude oil and LPG) are adjusted each August and February in line with half-yearly CPI movements. If the change in the CPI is negative, the excise rate is not reduced but instead the decline is carried forward to be offset against the next positive CPI movement. Given recent movements in the CPI, excise rates have generally remained unchanged since 1 February 1997 (apart from surcharges applied on behalf of the States and Territories as part of the scheme to replace State and Territory business franchise fee revenue).

All revenue from the excise duty on aviation gasoline and aviation turbine fuel is appropriated to the Civil Aviation Safety Authority (CASA) and Airservices Australia as a contribution to cost recovery. In addition to the changes from indexation described above, the excise rates applying to these fuels are adjusted as necessary according to the funding requirements of those agencies.

Existing excise rates are shown in Table 4.

Table 4: Excise Rates^(a)

Commodity	Rates applying from - 1 February 1998 \$
Petroleum (per litre)	
Leaded Petrol	0.36872
Unleaded Petrol	0.34697
Diesel (gross)	0.34697
Aviation Gasoline(b)	0.17403
Aviation Turbine Fuel	0.01785
Fuel Oil	0.07200
Heating Oil	0.07200
Kerosene	0.07200
Beer (per litre of alcohol over 1.15 per cent)	15.89
Potable Spirits (per litre of alcohol)	
Brandy	31.59
General rate for Other Spirits	36.99
Tobacco Products (per kg)	84.27

(a) These rates refer to the Commonwealth component of excise collections.

(b) The excise rate applying to aviation gasoline was reduced by \$0.006 per litre on 1 July 1997 to \$0.17403 per litre because of reductions in the cost of providing air traffic services and rescue and fire fighting to the general aviation sector.

Customs Duty

Ad valorem tariffs are applied to many categories of imports. Customs duty revenue is affected by the Australian dollar value of imports, the level of the statutory tariff rates applied to imports and the composition of imports between high and low tariff rates. Around 60 per cent of total imports by value enter duty free.

The expected increase in customs duty revenue of around 0.8 per cent in 1998-99 reflects the rise in total value of imports, partly offset by continuing tariff rate reductions.

Other Taxes, Fees and Fines

The revised 1997-98 estimates and the 1998-99 estimates of other taxes, fees and fines are shown in Table 5.

Table 5: Other Taxes, Fees and Fines

	1997-98 Revised Estimate \$m	1998-99 Estimate \$m	Change on 1997-98 %
Primary Industry Charges	111	103	-6.9
Primary Industry Levies	610	568	-6.8
Broadcasting and Television Station Licence Fees	182	193	6.5
Radiocommunications Licence Fees	99	92	-7.0
International Passenger Movement Charge	200	217	8.3
Passport Fees	104	113	8.6
Immigration Fees and Charges	168	215	28.0
Court Fees and Fines	25	28	9.0
Light Dues and Navigation Charges	45	44	-3.0
Superannuation Guarantee Charge	54	60	11.1
Stevedoring Levy	-	25	na
Australian Securities Commission - Regulatory Fees(a)	281	285	1.4
Aircraft Noise Levy	40	44	11.1
Other(b)	399	455	14.1
TOTAL	2317	2442	5.4

(a) The Australian Securities Commission will become the Australian Securities and Investments Commission on 1 July 1998 or as soon as possible thereafter.

(b) Includes Telecommunications Act Carrier Licence Fees, Telecommunications Act Numbering Fees, Telecommunications Levy, Cost Recovery for Trade Related Services, Coal Mining Industry Levy and the Interstate Road Transport Charge.

International Passenger Movement Charge

The 1998-99 estimate reflects a forecast increase in the number of international passengers together with an increase in the charge from \$27 to \$30 with effect from 1 January 1999. The level of the Passenger Movement Charge has previously been set to recover the costs of customs, immigration and quarantine border processing of international travellers and the costs of issuing short-term visas. The additional revenue will help meet the additional costs arising from the movement of people and games related equipment across Australia's borders at the time of the Sydney 2000 Olympic Games. See also the outlays measure entitled 'Tourism package - Increased funding for tourism promotion and development' described in *Budget Paper No. 2*.

Passport Fees

The increase in passport fee revenue reflects an increase in passport renewals, ongoing growth in demand and increases in issue fees flowing from decisions in previous budgets.

Immigration Fees and Charges

Revenue from immigration fees is expected to rise in 1998-99 largely as a result of the introduction of a \$50 application charge for non-Electronic Travel Authority visitor visas. For further details of this measure refer to entry in *Budget Paper No. 2*.

Superannuation Guarantee Charge

The increase in the estimate for Superannuation Guarantee Charge relates to increases in the number of employee notifications expected to be processed by the Australian Taxation Office.

Non-Taxation Revenue

The revised estimates of non-tax revenue for 1997-98 and estimates for 1998-99 are shown in Table 6.

Table 6: Non-Taxation Revenue

	1997-98 Revised Estimate \$m	1998-99 Estimate \$m	Change on 1997-98 %
Interest			
States, NT and ACT	688	601	-12.6
Non-budget Authorities:			
Federal Airports Corporation	11	11	0.7
Snowy Mountains Hydro-Electric Authority	68	61	-9.8
Income on Financial Assets	124	338	173.3
Other	121	89	-26.2
Total Interest	1011	1100	8.8
Dividends and Other			
GBEs and Reserve Bank of Australia(a)	3174	4554	43.5
Royal Australian Mint	46	68	47.9
Petroleum Royalties	338	295	-12.8
Other	52	70	32.9
Total Dividends and Other	3610	4986	38.1
TOTAL	4621	6086	31.7

(a) Comprises Telstra Corporation, Australian Postal Corporation, Federal Airports Corporation, Airservices Australia, Export Finance and Insurance Corporation, Housing Loans Insurance Corporation, Australian Industry Development Corporation, Australian Defence Industries Ltd, Defence Housing Authority and Employment National.

Interest Revenue

Interest Revenue from the States, NT and ACT

This item comprises interest revenue from the States and Territories on General Purpose and Specific Purpose Borrowings.

The Commonwealth receives interest payments from the States in respect of borrowings made on behalf of the States under the State Governments' Loan Council Programme and from the Northern Territory in respect of advances made under similar general purpose capital assistance arrangements. Payments relating to these advances are made in turn by the Commonwealth to bondholders.

Interest from the States on General Purpose Borrowings is declining as a result of the June 1990 Loan Council decision that the States make additional payments to the Debt Retirement Reserve Trust Account (with analogous payments from the Territories) each year, to facilitate the redemption of all maturing Commonwealth securities issued on their behalf. The reduction in interest received from the States and Territories is matched by a reduction in public debt interest outlays. Interest will be lower in 1998-99 compared to 1997-98 reflecting repayments of outstanding debt to the Commonwealth in 1997-98.

The Commonwealth also receives interest on advances made under Commonwealth-State Housing Agreements, States (Works and Housing) Assistance Acts, Northern Territory Housing Advances and from the Australian Capital Territory on debts assumed upon

self-government. Interest from the States on Specific Purpose Borrowings will be lower in 1998-99 compared to 1997-98 reflecting repayments of advances to the Commonwealth in 1997-98.

Snowy Mountains Hydro-Electric Authority

The 9.8 per cent fall in interest revenue in 1998-99 reflects the scheduled rollover of Commonwealth advances to the Authority at current interest rates.

Income on Financial Assets

This item includes interest income on Commonwealth cash balances and on other financial assets held from time to time as a component of debt management operations; the increase in 1998-99 reflects an assumed increase in these latter holdings.

Dividends and Other

Government Business Enterprises (GBE) and Reserve Bank of Australia (RBA)

GBE and RBA dividends are expected to rise by 43.5 per cent in 1998-99. Higher dividend receipts are expected from some GBEs but the increase largely reflects an estimated sizeable increase in receipts from the RBA. The income and hence dividend payments of the RBA are affected by movements in interest rates and the exchange rate over the course of the financial year and hence can be volatile; the RBA dividend in 1997-98 was somewhat below average while that currently estimated for 1998-99 is somewhat above average.

Royal Australian Mint (RAM)

Revenue from the RAM includes seigniorage from circulating coin production, royalties from numismatic coin sales and annual dividends from the profits the Mint makes as the manufacturer of these products. The estimated increase in revenue in 1998-99 mainly reflects anticipated increases in circulating coin sales and higher numismatic royalties and profits associated with growth in the Sydney 2000 Olympic Coin Programme.

Petroleum Royalties

The decline in receipts from 1997-98 is based on lower production forecasts beyond 1997-98 by the North West Shelf project operator, and lower Australian Bureau of Agricultural and Resource Economics forecast crude oil prices.

PART II: FORWARD ESTIMATES OF REVENUE

Estimates of the major categories of revenue, for 1998-99 to 2001-02, are shown in Table 7.

Table 7: Revenue Estimates

	1998-99		1999-00		2000-01		2001-02	
	Estimate \$b	Change on 1997-98 per cent	Estimate \$b	Change on 1998-99 per cent	Estimate \$b	Change on 1999-00 per cent	Estimate \$b	Change on 2000-01 per cent
Individuals Tax	74.9	6.7	79.7	6.4	85.1	6.8	91.5	7.4
<i>Per cent of GDP</i>	13.0		13.0		13.1		13.3	
Other Income Tax	28.3	4.8	30.1	6.4	32.2	6.9	34.1	6.0
<i>Per cent of GDP</i>	4.9		4.9		5.0		5.0	
Total Income Tax	103.2	6.2	109.8	6.4	117.3	6.9	125.6	7.0
<i>Per cent of GDP</i>	17.9		18.0		18.1		18.3	
Other Tax	35.0	3.9	36.6	4.6	38.3	4.6	40.4	5.5
<i>Per cent of GDP</i>	6.1		6.0		5.9		5.9	
Total Tax	138.2	5.6	146.4	5.9	155.6	6.3	166.0	6.7
<i>Per cent of GDP</i>	24.0		23.9		24.0		24.1	
Non-tax	6.1	31.7	4.9	-19.0	4.6	-6.5	5.1	11.6
<i>Per cent of GDP</i>	1.1		0.8		0.7		0.7	
Total Revenue	144.3	6.5	151.3	4.9	160.2	5.9	171.1	6.8
<i>Per cent of GDP</i>	25.0		24.7		24.7		24.9	

The revenue projections have been made on the conventional assumption of no change in current policy. Therefore, the forward estimates of revenue are principally affected by projected growth in economic parameters and policy measures contained in this and previous budgets.

Taxation revenue generally mirrors economic activity during periods of fairly steady economic growth (as depicted by the economic projections in this Budget), but tends to swing more sharply during periods of economic contraction and expansion and more sharply than nominal GDP(I) growth. The forward revenue estimates are also particularly susceptible to changes in the extent of tax minimisation and avoidance action by taxpayers.

The forward estimates include the effect of measures taken in this Budget, which add \$51 million in 1998-99 and reduce revenue by \$26 million in 1999-2000 and \$386 million and \$801 million in 2000-01 and 2001-02 respectively. Over the forward estimates, total revenue is estimated to remain just below 25 per cent of GDP.

Taxation reform will assist in maintaining the balance of tax bases as the economy grows and in ensuring that total revenue capacity keeps pace with economic activity. With respect to the indirect tax base in particular, taxation reform will remove the need for continual ad hoc increases in sales tax rates and base broadening measures.

APPENDIX A: REVENUE MEASURES

Table A1: Revenue Measures

	Estimated Change in Revenue(a)			
	1998-99 \$m	1999-00 \$m	2000-01 \$m	2001-02 \$m
Measures introduced in the 1998-99 Budget				
<i>Income Tax</i>				
High Wealth Individuals Taskforce	100	100	-	-
Year 2000 compliance expenditure and taxation of software	-30	-205	-295	-520
Development of a generic tax framework for the demutualisation of non-insurance organisations	*	*	*	*
New tax penalty arrangements	*	*	*	*
Provisional tax uplift factor	-75	-	-	-
Medicare levy low income thresholds — 1998-99	-	-	-	-
Dependant rebates — 1998-99	..	..	..	..
Access to the beneficiary tax rebate for CDEP participants	-7	-7	-7	-7
Extension of Prescribed Payments System	-	-	-	-
<i>Superannuation and Savings</i>				
Supervision and funding arrangements for self-managed superannuation funds	-	-19	-19	-19
Changes to superannuation regulation	-	-	-	-
Access to superannuation for housing	-	-	-	-
<i>Wholesale Sales Tax</i>				
CPI adjustment of WST quarterly remitter threshold	..	..	..	..
<i>Capital Gains Tax</i>				
Capital gains tax — Section 160ZZS	..	..	..	5
<i>Fringe Benefits Tax</i>				
Fringe benefits tax — car parking benefits threshold	..	..	..	..
<i>Customs and Excise Duty</i>				
Automotive Competitiveness and Investment Scheme	-	-	-200	-400
Tariff reductions on information industry inputs	-52	-28	-5	-5
<i>Other Measures</i>				
1998-99 Migration Programme — visa application charges	2	9	13	13
Changes to visa application charges for non-Electronic Travel Authority visitor visas	40	38	42	47
Increase in the Passenger Movement Charge	10	21	23	24
Increased charges to carriage service providers for the purchase of certain telecommunications numbers	30	30	30	30
Stevedoring levy	25	25	25	25
Reduced warehouse licence fees administered by the Australian Customs Service under the Customs Act 1901	-2	-2	-2	-2
Industry contribution for Australia's contributions to international telecommunications organisations	..	..	..	..
Industry contribution for consumer representations in areas of telecommunications regulations	1	1	1	1
Industry contribution for the Australian Communications Authority's (ACA) contract management of the National Relay Service	-	..	..	..
Industry contribution for the ACA's administration of electromagnetic compatibility standards	-	..	..	..
Industry contribution for the ACA's monitoring of a regulatory framework for electromagnetic radiation exposure	-	1	1	1
Industry contribution for the ACA for functions related to telecommunications interceptability	-	..	..	..

Table A1: Revenue Measures (continued)

	Estimated Change in Revenue(a)			
	1998-99 \$m	1999-00 \$m	2000-01 \$m	2001-02 \$m
Compensation for Societe Internationale Telecommunications Aeronautique (SITA)	1	1	1	1
Increased cost recovery at Phase 2 airports	3	3	3	3
Cost recovery of motor vehicle compliance plates	2	2	2	2
Corporate law reform — managed investments	3	3	1	-
	51	-26	-386	-801
Measures introduced up to the 1998-99 Budget				
Income Tax				
Deductibility of donations to political parties and independents	-	-18	-12	-15
Medicare levy — extension of Gold Card	-	-9	-7	-7
Taxation treatment of spectrum licences	-8	-8	-8	-8
Deductibility of gifts	*	*	*	*
Company Law Review Bill — taxation response	†	†	†	†
Provisional tax exemption for pensioners	-1	-	-	-
Superannuation and Savings				
Reforms to early release of superannuation benefits	2	2	2	2
Choice of superannuation fund	-	-	-	-
Wholesale Sales Tax				
Amendment to Item 192 of the Sales Tax (Exemptions and Classifications) Act 1992	50	50	50	50
Other Measures				
Establishment of the Australian Prudential Regulation Authority	4	39	29	30
Establishment of the Australian Securities and Investments Commission	8	14	14	14
Reducing fees for coasting trade permits	..	..	..	..
	55	70	68	66
Measures included in the Mid-Year Economic and Fiscal Outlook 1997-98(b)				
Income Tax				
Exemption of income derived by bona fide prospectors	-2	-	-	-
Trust distributions to superannuation funds	15	15	15	15
Extension of Offshore Banking Unit concession	-9	-16	-16	-16
Foreign bank subsidiaries — thin capitalisation 'loan back' rules	..	..	..	..
Foreign Investment Fund (FIF) rules — exemption for United States FIFs	-2	-3	-3	-3
Film Licensed Investment Companies	*	*	-	-
Withholding Tax				
Extension of Interest Withholding Tax exemption	-3	-3	-3	-3
Capital Gains Tax				
Capital Gains Tax (extension of rollover relief through shares)	*	*	*	*
Capital Gains Tax (cost base provisions: transitional measure)	-60	-70	-	-
Capital Gains Tax — non-residents' foreign source gains	..	..	..	..
Customs and Excise Duty				
TRADEX	-15	-30	-30	-30
Manufacturing In Bond	*	*	*	*

Table A1: Revenue Measures (continued)

	Estimated Change in Revenue(a)			
	1998-99 \$m	1999-00 \$m	2000-01 \$m	2001-02 \$m
Other Measures				
Commonwealth safety net arrangements for Business Franchise Fees	-	-	-	-
Changes to the Migration Programme — increased focus on skills	-7	-7	-7	-8
Resolution of residence status for certain persons in Australia	10	1	..	..
Changes to fees for the review of immigration decisions	..	..	..	..
Abolition of non-callable deposits	-	-	-200	-200
	-73	-113	-244	-244
TOTAL IMPACT OF ALL REVENUE MEASURES(c)	34	-69	-562	-979

.. Not zero, but rounded to zero.

* The nature of the measure is such that a reliable estimate cannot be provided.

† The measure will protect the revenue base used for the forward estimates by removing opportunities for significant future expansion of tax minimisation practices. In the absence of the measure, to the extent that the revenue base would not be protected, there would be significant revenue loss compared to the forward estimates.

(a) A minus sign before an estimate indicates a reduction in revenue; no sign before an estimate indicates a gain to revenue.

(b) Descriptions of these measures are provided in the *Mid-Year Economic and Fiscal Outlook 1997-98*.

(c) Measures may not sum due to rounding.

APPENDIX B: REVENUE STATISTICS 1987-88 TO 1998-99

Table BI: Commonwealth Government Budget Revenue (\$m)^(a)

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98(b)	1998-99(c)
TAXATION REVENUE												
Income Tax												
Individuals												
Gross PAYE	33359	39106	41322	41704	41388	43035	44451	48078	53302	57401	61990	67170
Gross Other	9426	9666	9958	10932	8865	7905	8217	8971	9538	11110	11040	10950
Gross Prescribed Payments System	1065	1440	1912	1693	1563	1589	1781	2049	2059	2110	2380	2570
Medicare Levy(d)	2080	2320	2545	2480	2385	2415	2870	3030	3350	4150	3760	4160
Refunds	4056	4984	5672	6546	7516	7433	6743	7481	7835	8318	9000	9960
Total Income Tax on Individuals	41875	47548	50065	50263	46685	47511	50575	54647	60414	66453	70170	74890
Companies	8801	10265	12926	14166	13419	13071	12700	15588	18252	19173	18790	19900
Superannuation	11	7	376	1053	1139	1522	1191	1913	1634	2595	2960	2950
Withholding Tax	667	737	915	901	941	764	877	903	1349	1080	1160	1190
Petroleum Resource Rent Tax	-	-	42	293	876	1389	1072	865	791	1308	910	960
Fringe Benefits Tax	881	990	1168	1262	1327	1344	1417	2740	3031	3163	3200	3320
Total Income Tax	52234	59547	65493	67938	64387	65602	67833	76656	85470	93773	97190	103210
Sales Tax	7547	9402	10132	9365	9113	9252	10414	11624	12955	13308	14090	15090
Excise Duty												
Crude Oil and LPG	2056	1188	1232	1354	64	116	62	27	13	9	42	67
Petroleum Products	5426	5828	6416	6642	7093	7200	8499	9406	10224	10543	10858	11043
Other Excise Duty	2778	2252	2239	2364	2324	2361	2253	2567	2612	2739	2690	2650
Total Excise Duty	10261	9268	9888	10360	9482	9677	10814	12001	12849	13291	13590	13760
Customs Duty	3632	3752	3954	3319	3299	3331	3226	3474	3124	3289	3640	3670
Total Indirect Tax	21440	22422	23974	23044	21893	22260	24455	27099	28928	29888	31320	32520

Table BI: Commonwealth Government Budget Revenue (\$m)^(a) – continued

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98(b)	1998-99(c)
TAXATION REVENUE (continued)												
Other Taxes, Fees and Fines	1792	1928	1876	2243	1690	1572	1736	1933	1988	2154	2317	2442
TOTAL TAXATION REVENUE	75465	83897	91343	93225	87970	89434	94024	105687	116386	125815	130827	138172
NON-TAXATION REVENUE												
Interest Received	3621	3755	3473	3309	2976	2477	2051	1790	1403	1126	1011	1100
Dividends and Other	2471	1144	1178	1558	2563	3150	4671	2952	3899	4089	3610	4986
TOTAL NON-TAX REVENUE	6093	4899	4651	4867	5539	5627	6722	4743	5302	5216	4621	6086
TOTAL REVENUE	81558	88796	95995	98093	93509	95062	100747	110430	121688	131031	135448	144258

(a) Figures for all past years have been revised for classification changes.

(b) Revised estimate.

(c) Revised estimate.

(d) The Medicare levy was increased from 1.5 to 1.7 per cent for the period from 1 July 1996 to 30 June 1997 to fund the guns buy-back scheme.

Table BII: Real Rate of Change in Commonwealth Government Budget Revenue Items (per cent)^{(a)(b)}

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98(c)	1998-99(d)
TAXATION REVENUE												
Income Tax												
Individuals												
Gross PAYE	1.4	7.9	-0.8	-3.3	-2.6	2.6	2.3	7.1	7.8	5.1	6.5	5.2
Gross Other	4.8	-5.6	-3.3	5.1	-20.4	-12.0	3.0	8.1	3.4	13.7	-2.0	-3.7
Gross Prescribed Payments System	18.0	24.4	24.7	-15.2	-9.4	0.3	11.1	13.9	-2.3	0.0	11.3	4.9
Medicare Levy(e)	13.0	2.6	3.0	-6.7	-5.6	-0.1	17.7	4.5	7.5	20.9	-10.6	7.4
Refunds	7.0	13.1	6.9	10.5	12.7	-2.4	-10.1	9.8	1.9	3.6	6.7	7.5
Total Income Tax on Individuals	2.5	4.5	-1.1	-3.8	-8.9	0.4	5.5	7.0	7.5	7.3	4.2	3.6
Companies	22.1	7.3	18.2	5.0	-7.1	-3.9	-3.7	21.5	13.9	2.5	-3.3	2.8
Superannuation	-23.9	-36.1	4641.7	168.3	6.1	31.9	-22.5	59.0	-16.9	55.0	12.5	-3.2
Withholding Tax	-2.8	1.7	16.7	-5.7	2.5	-19.8	13.7	2.0	45.3	-21.9	5.9	-0.4
Petroleum Resource Rent Tax	-	-	na	567.2	193.8	56.6	-23.5	-20.1	-11.1	61.5	-31.4	2.4
Fringe Benefits Tax	53.3	3.4	10.9	3.4	3.2	0.0	4.5	91.4	7.6	1.9	-0.2	0.7
Total Income Tax	5.9	4.9	3.3	-0.6	-7.0	0.6	2.4	11.9	8.4	7.1	2.2	3.1
Sales Tax	10.8	14.6	1.2	-11.5	-4.5	0.2	11.5	10.5	8.4	0.2	4.4	4.0
Excise Duty	-2.8	-16.9	0.2	0.4	-10.2	0.7	10.7	9.9	4.1	0.9	0.9	-1.7
Customs Duty	4.5	-4.9	-1.1	-19.6	-2.5	-0.3	-4.0	6.6	-12.5	2.7	9.2	-2.1
Total Indirect Tax	2.9	-3.8	0.4	-7.9	-6.8	0.4	8.9	9.7	3.8	0.8	3.4	0.8

Table BII: Real Rate of Change in Commonwealth Government Budget Revenue Items (per cent) – continued

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98(c)	1998-99(d)
TAXATION REVENUE (continued)												
Other Taxes, Fees and Fines	11.4	-1.0	-8.6	14.5	-26.1	-8.2	9.4	10.2	0.0	5.7	6.1	2.3
TOTAL TAXATION REVENUE	5.1	2.3	2.2	-2.2	-7.4	0.3	4.2	11.3	7.1	5.5	2.6	2.6
NON-TAXATION REVENUE												
Interest Received	-5.6	-4.6	-13.1	-8.7	-11.8	-17.9	-17.9	-13.6	-23.8	-21.7	-11.5	5.7
Dividends and Other	-25.7	-57.4	-3.3	26.7	61.4	21.3	46.9	-37.4	28.4	2.4	-12.9	34.1
TOTAL NON-TAX REVENUE	-14.9	-26.0	-10.8	0.2	11.7	0.3	18.4	-30.2	8.7	-4.0	-12.6	27.9
TOTAL REVENUE	3.3	0.2	1.5	-2.1	-6.5	0.3	5.0	8.5	7.2	5.1	2.0	3.4

(a) Nominal increases deflated by movements in non-farm GDP deflator.

(b) na denotes change from zero to positive value.

(c) Revised estimate.

(d) Budget estimate.

(e) The Medicare levy was increased from 1.5 to 1.7 per cent for the period from 1 July 1996 to 30 June 1997 to fund the guns buy-back scheme.

Table BIII: Major Categories of Revenue as a Proportion of Gross Domestic Product (per cent)

	Taxation Revenue															Non-Taxation Revenue			Total Revenue	
	Income Tax								Other Taxation Revenue							Total Tax Revenue	Interest	Dividends and Other	Total Non-Tax Revenue	
	Individuals								Excises			Total Other								
	Gross PAYE (a)	Gross Other (a)	Gross PPS (a)	Total (b)	Companies	Superannuation Funds	FBT	Total (c)	Petroleum Products (d)	Other (e)	Total Excises	Sales Tax	Customs Duty	Tax (f)						
1987-88	11.8	3.3	0.4	14.0	2.9	..	0.3	17.4	2.5	0.9	3.4	2.5	1.2	7.8	25.2	1.2	0.8	2.0	27.2	
1988-89	12.1	2.9	0.4	14.0	3.0	..	0.3	17.5	2.1	0.7	2.7	2.8	1.1	7.2	24.7	1.1	0.3	1.4	26.1	
1989-90	11.8	2.8	0.5	13.5	3.5	0.1	0.3	17.6	2.1	0.6	2.7	2.7	1.1	7.0	24.6	0.9	0.3	1.3	25.8	
1990-91	11.6	3.0	0.4	13.2	3.7	0.3	0.3	17.8	2.1	0.6	2.7	2.5	0.9	6.6	24.5	0.9	0.4	1.3	25.8	
1991-92	11.2	2.4	0.4	12.0	3.4	0.3	0.3	16.5	1.8	0.6	2.4	2.3	0.8	6.1	22.6	0.8	0.7	1.4	24.0	
1992-93	11.1	2.0	0.4	11.6	3.2	0.4	0.3	16.1	1.8	0.6	2.4	2.3	0.8	5.8	21.9	0.6	0.8	1.4	23.3	
1993-94	10.9	2.0	0.4	11.7	2.9	0.3	0.3	15.7	2.0	0.5	2.5	2.4	0.7	6.1	21.7	0.5	1.1	1.6	23.3	
1994-95	11.1	2.1	0.5	11.9	3.4	0.4	0.6	16.7	2.0	0.6	2.6	2.5	0.8	6.3	23.0	0.4	0.6	1.0	24.0	
1995-96	11.5	2.0	0.4	12.3	3.7	0.3	0.6	17.4	2.1	0.5	2.6	2.6	0.6	6.3	23.7	0.3	0.8	1.1	24.7	
1996-97	11.9	2.3	0.4	12.9	3.7	0.5	0.6	18.2	2.0	0.5	2.6	2.6	0.6	6.2	24.4	0.2	0.8	1.0	25.4	
1997-98(g)	12.1	2.1	0.5	12.9	3.5	0.5	0.6	17.9	2.0	0.5	2.5	2.6	0.7	6.2	24.1	0.2	0.7	0.9	24.9	
1998-99(h)	12.3	2.0	0.5	13.0	3.5	0.5	0.6	17.9	1.9	0.5	2.4	2.6	0.6	6.1	24.0	0.2	0.9	1.1	25.0	

(a) The totals for these categories include Medicare levy collections.

(b) The total for the individuals category includes Medicare levy collections and refunds.

(c) The total for the income tax category also includes refunds, Medicare levy collections, PRRT and withholding tax.

(d) Petroleum products excise includes crude oil and LPG excise.

(e) The 'other' category comprises excise from beer, potable spirits and tobacco.

(f) As well as excises, sales tax and customs duty, 'other taxation revenue' includes other taxes, fees and fines.

(g) Revised estimate.

(h) Budget estimate.

Table BIV: Major Categories of Revenue as a Proportion of Total Revenue (per cent)

	Taxation Revenue															Non-Taxation Revenue				
	Income Tax								Other Taxation Revenue							Total Other Tax (f)	Total Tax Revenue	Interest	Dividends and Other	Total Non-Tax Revenue
	Individuals				Companies	Superannuation Funds	FBT	Total (c)	Petroleum Products (d)	Other (e)	Total Excises	Sales Tax	Customs Duty							
	Gross PAYE (a)	Gross Other (a)	Gross PPS (a)	Total (b)																
1987-88	43.2	12.0	1.3	51.3	10.8	..	1.1	64.0	9.2	3.4	12.6	9.3	4.5	28.5	92.5	4.4	3.0	7.5		
1988-89	46.5	11.3	1.6	53.5	11.6	..	1.1	67.1	7.9	2.5	10.4	10.6	4.2	27.4	94.5	4.2	1.3	5.5		
1989-90	45.5	10.8	2.0	52.2	13.5	0.4	1.2	68.2	8.0	2.3	10.3	10.6	4.1	26.9	95.2	3.6	1.2	4.8		
1990-91	44.8	11.6	1.7	51.2	14.4	1.1	1.3	69.3	8.2	2.4	10.6	9.5	3.4	25.8	95.0	3.4	1.6	5.0		
1991-92	46.8	9.8	1.7	49.9	14.4	1.2	1.4	68.9	7.7	2.5	10.1	9.7	3.5	25.2	94.1	3.2	2.7	5.9		
1992-93	47.7	8.8	1.8	50.0	13.7	1.6	1.4	69.0	7.7	2.5	10.2	9.7	3.5	25.1	94.1	2.6	3.3	5.9		
1993-94	46.8	8.6	1.9	50.2	12.6	1.2	1.4	67.3	8.5	2.2	10.7	10.3	3.2	26.0	93.3	2.0	4.6	6.7		
1994-95	46.1	8.6	2.0	49.5	14.1	1.7	2.5	69.4	8.5	2.3	10.9	10.5	3.1	26.3	95.7	1.6	2.7	4.3		
1995-96	46.4	8.3	1.8	49.6	15.0	1.3	2.5	70.2	8.4	2.1	10.6	10.6	2.6	25.4	95.6	1.2	3.2	4.4		
1996-97	46.7	9.0	1.7	50.7	14.6	2.0	2.4	71.6	8.1	2.1	10.1	10.2	2.5	24.5	96.0	0.9	3.1	4.0		
1997-98(g)	48.4	8.6	1.9	51.8	13.9	2.2	2.4	71.8	8.0	2.0	10.0	10.4	2.7	24.8	96.6	0.7	2.7	3.4		
1998-99(h)	49.2	8.0	1.9	51.9	13.8	2.0	2.3	71.5	7.7	1.8	9.5	10.5	2.5	24.2	95.8	0.8	3.5	4.2		

(a) The totals for these categories include Medicare levy collections.

(b) The total for the individuals category includes Medicare levy collections and refunds.

(c) The total for the income tax category also includes refunds, Medicare levy collections, PRRT and withholding tax.

(d) Petroleum products excise includes crude oil and LPG excise.

(e) The 'other' category comprises excise from beer, potable spirits and tobacco.

(f) As well as excises, sales tax and customs duty, 'other taxation revenue' includes other taxes, fees and fines.

(g) Revised estimate.

(h) Budget estimate.