

14 Other own-source revenue bases

- Significant revenue is also provided from various other own-source revenue bases including a wide range of fees and charges, pastoral lease rents, and mineral and petroleum title rents.
- Fees and charges could be reviewed to ensure they better reflect cost recovery principles, except where subsidies are preferred.
- Consideration could also be given to whether Territorians are receiving an appropriate return from leasing land for pastoral and mining purposes.

14.1 Other revenue sources overview

Although taxes and royalties are the main own-source revenue base for the Territory, the Territory also raises revenue through fees and charges, rent and tenancy income (such as mineral tenements or pastoral lease rent), interest and dividend income, and profit and loss on the disposal of government assets.

In 2016-17, the Territory general government sector raised about \$452 million from own-source revenue other than taxes and mineral and petroleum royalties, with about \$333 million of that from goods and services revenue, \$33 million from regulatory fees and charges, \$18 million from fines, \$14 million from rental income, and \$4.7 million from petroleum and mining rents.

14.2 Fees and charges

The Territory raises about \$33 million from regulatory fees and charges. Most fees and charges are expressed in revenue units, which are indexed to the Darwin consumer price index (CPI). This means over time the fees raise as the costs of delivering those regulatory services increase.

However, CPI may not be the best basis for indexing fees and charges because the cost of delivering services tends to increase with wage costs and other costs that increase differently to CPI.

Ideally, regulatory fees and charges should reflect the cost of delivering the regulatory service and should reflect similar fees in other states and territories.

14.3 Pastoral lease rents

Pastoral leases are a title to land issued for the lease of an area of Crown land to use for the purposes of grazing stock and associated activities. Pastoral leases are issued for these pastoral purposes, including some supplementary or ancillary uses.

Pastoral lease rents are currently set on the basis of the unimproved capital value of the pastoral lease land, and raise about \$5 million per annum. Government has consulted with industry about moving to a process of assessing pastoral leases based on the estimated carrying capacity of the land, which is the number of cattle that can graze on that land given its natural features such as climate, land types, plant species and water sources.

Under recent changes to the *Pastoral Land Act*, lessees can now apply for non-pastoral use diversification permits, allowing other activities on pastoral leases such as horticulture, aquaculture, tourism and forestry activities, allowing pastoralists to diversify their income. These permits are subject to modest annual fees.

14.4 Mineral and petroleum title rents

Mineral and petroleum titles are licences and leases of land that allow for the exploration for and extraction of mineral and petroleum resources in the Territory. In 2011, a new *Mineral Titles Act* commenced with the aim of introducing a scheme to encourage active exploration, land turn over, and the active development of mineral deposits.

Mineral titles are subject to annual rent and administration fees that must be paid for the title to remain valid. The fees and rent depend on the nature of the title, such as exploration licences, mineral leases, extractive mineral permits or licences. These fees and rent are expressed in revenue units and are detailed at nt.gov.au/industry/mining-and-petroleum/mineral-titles/mineral-title-fees-and-rents. Currently, the Territory receives about \$4.7 million per annum from mineral and petroleum title rents and fees.

Discussion questions

- Q14.1 Are the current broad policy settings for fees and charges correct? Should fees and charges be reviewed to better reflect cost recovery principles?
- Q14.2 Does the Territory receive appropriate returns from leasing land for pastoral and mining purposes?