QON No. 29

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM
JEREMY HANSON MLA (CHAIR), MICHAEL PETTERSSON MLA (DEPUTY CHAIR), MARK PARTON MLA, SUZANNE ORR MLA

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Inquiry into referred 2016–17 Annual and Financial Reports
QUESTION ON NOTICE

Alistair Coe MLA: To ask the Treasurer

Chief Minister, Treasury and Economic Development Directorate 2016/17 Annual Report, Economic Management, Output 4.1

In relation to: Tax Reform Agenda

1. In regards to the implementation of the Governments tax reform agenda, have there been any areas where modelling has differed from the actual outcome?
    a. If so, please outline these instances.

2. Stamp duty is still bringing in more than $300 million dollars, when will it be fully abolished?

3. Has the Governments tax reform agenda been revenue neutral?
    a. If not, will there be efforts in the future to ensure if it is revenue neutral?

Mr Barr MLA - The answer to the Member's question is as follows:–

1. The Government has modelled tax revenue for general rates and conveyance duty to ensure the tax reform program is broadly revenue neutral. Conveyance duty, however, is a highly volatile tax. So while the Government's initial tax reform settings were based on a revenue neutral tax switch, actual tax collections from rates, conveyance duties and general insurance taxes in the period from 2012-13 to 2014-15 were lower than the forward budget estimates developed in 2011-12 prior to the commencement of the tax reform program.

    The actual revenue was also less than later estimates that were prepared post tax reform for the 2012-13 Budget.

    Long term revenue estimates take into account the best available information at the time but may vary from actual outcomes due to changes in the economy. For example, economic and population growth have been stronger than previously estimated. While these are positive outcomes reflecting the strength of the ACT economy, it means modelling will not always be aligned on a yearly basis. Commercial conveyance duty receipts, for example, can vary significantly as a result of one or two large transactions. This occurred in 2016-17 in particular, which saw an increase in conveyance duty from commercial property transactions.

2. Conveyance duty will be phased out over a 20 year period.

3. The tax reform program is designed to be broadly revenue neutral in the aggregate. While tax revenues can vary significantly year to year according to broader economic conditions, the Government's tax reform program has been broadly revenue neutral.

Approved for circulation to the Standing Committee on Economic Development and Tourism

Signature: Andrew Barr Date: 5-12-17

By the Treasurer, Andrew Barr MLA