LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

QON No. 46

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
ANSWER TO QUESTION ON NOTICE

Asked by MR COE MLA:

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

In relation to Territory Operating Statements:

1. Please provide a summary of the drivers of the increases in Territory taxation and Commonwealth grants in the 2016/17 Annual Financial Statements.
2. What led to a 3% increase in expenses from the 2015/16 financial year to the 2016/17 financial year?
3. What has led to an increase in sales of non-financial assets from $105 million in 2015/16 to $354 million 2016/17?

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

1. Total own source taxation revenue increased by 8.1 per cent between 2015-16 and 2016-17, which is in line with long term trends.

   - Payroll tax – increased by $26.2 million due to improved compliance activity and growth in employment. This increase is in line with the long-term trend for payroll tax collections.
   - Conveyance duty – residential conveyance duty increased by $18.9 million primarily due to increased housing market transactions and property prices. Commerical conveyance duty increased by $10.9 million mainly due to a high number of large commercial property transactions.
   - General rates – increased by $29.1 million in line with taxation reform. However, this increase was set at an amount to fund decreases in revenue from inefficient taxes, including significant reductions in conveyance duty rates and the abolition of insurance duties (around $13 million in 2015-16). The insurance duty rate was zero in 2016-17, revenue from insurance duty without tax reform would have been in the order of $65 million.

   Major drivers for the increase in Commonwealth grants revenue between 2015-16 and 2016-17 include:

   - higher GST revenue due to an increase in the ACT's revenue sharing relativity; and
   - the bringing forward of finance assistance grants payments from 2017-18.

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2. The increase in expenses between 2015-16 and 2016-17 is mainly due to:
   - the increased cost of delivering health, education, transport and other government services in line with increases in general prices and wages;
   - increased superannuation expenses due to the annual discount rate used to estimate the present value of the superannuation liability increasing to 3.51 per cent from 2.69 per cent;
   - the transfer of the Constitution Avenue upgrade works from the Territory to the National Capital Authority; and
   - higher grants and purchased services relating to the growth in services for intensive and critical care, emergency department, trauma and stroke services, and the Dhulwa Mental Health Unit. This increase is also due to higher National Disability Scheme payments, and an increase in the number of children in Out-of-Home Care.
3. The increase in sales of non-financial assets between 2015-16 and 2016-17 is mainly due to:
   - the sale of land under the Loose-fill Asbestos Insulation Eradication Scheme; and
   - the sale of water licences under the Tantangara Transfer project.

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

Signature: Andrew Barr   Date: 12.12.17

By the Treasurer, Andrew Barr MLA