*Estimates 2023 - QON No. 186

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2023-2024
Mr Mark Parton MLA (Chair), Ms Jo Clay MLA (Deputy Chair),
Mr Michael Pettersson MLA

ANSWER TO QUESTION ON NOTICE

Mr Peter Cain MLA: To ask the Treasurer

Hearing Date: 26/07/2023

In relation to: Taxation

(1) Please provide:

(a) Modelling on the impacts of the low and middle range population growth scenarios on each of the following revenue heads:

(i) Goods and services tax
(ii) Commonwealth grants (non-GST)
(iii) Sales of goods and services from contracts with customers
(iv) Other revenue

(b) Modelling on the impacts of the low and middle range population growth scenarios on each of the following own-source revenue heads:

(i) Payroll tax
(ii) Tax waivers
(iii) General rates
(iv) Land tax
(v) Commercial conveyances
(vi) Residential conveyances

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

Revenue forecasts in the 2023-24 Budget are based on the central case or baseline economic parameters as set out on page 17 of the *2023-24 Budget Outlook*.

Due to uncertainties in the economy, revenue impacts for alternative economic scenarios were also modelled in the 2023-24 Budget and compared against the baseline scenario. These alternative scenarios reflect a range of impacts including inflation and speed at which the interest rate changes impact on the level of household consumption and business and dwelling investment. These scenarios also include upside and downside population projections. Details on these scenarios can be found on pages 32-34 of the *2023-24 Budget Outlook*.

The impact of these alternative economic parameters on payroll tax and residential conveyance duty are shown on pages 233 to 234 of the *Budget Outlook* paper in the 2023-24 Budget. These scenarios do not separately identify the impact of each economic or other parameter but consider the upside and downside scenarios as a whole.

To undertake modelling on each subject of this Question on Notice specifically for population scenarios represent an unreasonable diversion of resources. However, it is possible to directly estimate the effect of the downside population scenario on GST revenues. Using the lower range of the population growth scenarios would cumulatively reduce the ACT's GST revenue grants by $53.2 million by 2026-27. Conversely the upside population growth scenario would cumulatively increase the ACT's GST revenue grants by $55.5 million by 2026-27.

Approved for circulation to the Select Committee on Estimates 2023-2024 Signature: Andrew Barr   Date: 7.8.23 By the Treasurer, Andrew Barr MLA