

2020 Election Commitment – Canberra Liberals

Name of Commitment:	Cost of Living - Cutting private vehicle registration	Reference Number: LIB045
Request Submitted by:	Alistair Coe MLA, Canberra Liberals	
Date Request Received:	13-Oct-20	
Additional Information Requested (details and date)	Clarification was sought about the proposed level that ACT registration fees would be reduced to from 1 January 2021 (14-Oct-20).	
Additional Information Received (details and date)	Clarification was not received prior to finalising the costing.	

Financial Implications					
Impact On:	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	TOTAL \$'000
Revenues ^(a)	-12,256.1	-25,745.4	-27,160.3	-28,449.6	-93,611.4
- Other Revenue	0.0	0.0	0.0	0.0	0.0
- Revenue Forgone	-12,256.1	-25,745.4	-27,160.3	-28,449.6	-93,611.4
Expenses ^{(a)(b)}	0.0	0.0	0.0	0.0	0.0
- Employee Expenses	0.0	0.0	0.0	0.0	0.0
- Other Expenses	0.0	0.0	0.0	0.0	0.0
- Cost of Financing	0.0	0.0	0.0	0.0	0.0
Depreciation	0.0	0.0	0.0	0.0	0.0
Net Operating Balance	-12,256.1	-25,745.4	-27,160.3	-28,449.6	-93,611.4
Capital Requirement	0.0	0.0	0.0	0.0	0.0
Cash Surplus/Deficit	-12,256.1	-25,745.4	-27,160.3	-28,449.6	-93,611.4

(a) A negative number indicates a decrease in revenue or an increase in expenses.
(b) Excludes depreciation

Other Information
Costing Methodology Used:
- Costing Technique:
The costing has been completed using a price by quantity methodology, using current Access Canberra data for the number of eligible privately registered vehicles combined with the parameters outlined in the proposal.
- Proposal Parameters:
<ul style="list-style-type: none"> The proposal would commence 1 January 2021, and would apply to all privately registered passenger and goods carrying vehicles. The ACT registration fee would be reduced to a level equal to the motor vehicle tax component of NSW Government registration fees consistent with the costing provided, noting that there is also a \$67 per vehicle registration fee in NSW that forms part of total registration fees. Administrative costs associated with the proposal would be absorbed by relevant agencies. Indexation of registration fees in future years would be by the change in the Consumer Price Index (CPI), in line with the current approach adopted in NSW, rather than by the change in the Wage Price Index (WPI) as is currently the case.
Caveats or qualifications to the costing:
<ul style="list-style-type: none"> The 2020-21 estimated impact is based on 50 per cent of the estimated full year impact, given the proposal would commence 1 January 2021. The actual impact for 2020-21 will vary depending on the actual distribution of new registrations and registration renewals across the year.
Other Comments:
<ul style="list-style-type: none"> Treasury's costing differs from that submitted primarily as a result of the use of actual registered vehicle numbers as at 14 October 2020 rather than ABS Motor Vehicle census data. The cost of the proposal has been based on the reductions in ACT government registration charges outlined in the submitted costing. As these do not take into account the fixed registration charge of \$67 in NSW, ACT government registration charges would be \$67 lower than total government registration charges in NSW.
- Statistical Data Used:
Access Canberra Vehicle Registration Data. CPI and WPI growth estimates as per the August 2020 Economic and Fiscal Update.



David Nicol
Under Treasurer
15 October 2020