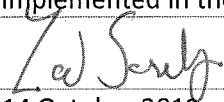


Request for Costing an Election Commitment

| | | | | | |
|--|--|----------------|----------------|----------------|---------------|
| Name of election commitment: | <i>Repeal ACT Labor's Plan to Triple Rates</i> | | | | |
| Person and party requesting costing: | Zed Seselja MLA, Leader of the Opposition | | | | |
| Date of public release of election commitment, including source: | 3 September 2012, media release 'Libs won't triple your rates' | | | | |
| Summary of election commitment: | Repeal ACT Labor's Tax Reform | | | | |
| Intention of election commitment: | Repeal ACT Labor's Tax Reform that was implemented in the 2012-13 Budget | | | | |
| Signature of person requesting costing: |  | | | | |
| Date of request for costing: | 14 October 2012 | | | | |
| What are the key assumptions that have been made in the election commitment? | | | | | |
| - This will be revenue neutral as per Budget Paper 3, page 54 | | | | | |
| Where relevant, is the funding for the policy to be demand driven or a capped amount? n/a | | | | | |
| Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the election commitment? n/a | | | | | |
| Will funding/the cost require indexation? n/a | | | | | |
| What are the estimated revenue and operating costs each year (if available) and what are the capital requirements for this election commitment and estimated costs each year (if available)? | | | | | |
| | 2012-13 | 2013-14 | 2014-15 | 2015-16 | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue ^(a) | 0 | 0 | 0 | 0 | 0 |
| Expenses ^(a) | 0 | 0 | 0 | 0 | 0 |
| Capital | | | | | |
| (a) A negative number indicates a decrease in revenue or an increase in expenses. | | | | | |
| What is the likely take up? n/a | | | | | |
| Any other assumptions? No costing is requested to be undertaken for 2016-17, in line with the Canberra Liberals stated approach to use the standard of the current published budget and forward estimates period of 2012-13 to 2015-16. | | | | | |

| <i>Administration of the election commitment</i> | |
|--|--|
| How will the election commitment be administered? | In line with existing administrative arrangements for taxation changes |
| Who will administer the election commitment? | Treasury |
| Has an allowance been made for expenses necessary to support the implementation of this election commitment? | Administering this policy is considered business as usual by Treasury |
| What is the intended implementation date of the election commitment? | 1 July 2013 |
| Are there transitional arrangements associated with election commitment implementation? | n/a |
| Are there any other assumptions that need to be considered? | n/a |
| When is the election commitment expected to be fully operational? | 1 July 2013 |
| Will the election commitment cease and if so when? | This is commitment is ongoing |

Repeal Tax Reform – Costing Justification

The Government identified on page 54 of Budget Paper 3 that the tax reform will have no net budget impact; therefore repealing the entire package as at 1 July 2013 will result in no net budget impact over the forward estimates.

All other tax changes have been costed and explained in separate policy pieces.

**Table 3.2.7
Taxation Reform**

| | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|--|---------------|---------------|----------------|----------------|
| | \$'m | \$'m | \$'m | \$'m |
| Revenue Foregone | | | | |
| Abolish Duty on General Insurance | -9.29 | -19.33 | -30.17 | -41.84 |
| Abolish Duty on Life Insurance | -0.43 | -0.9 | -1.4 | -1.94 |
| Phase Out Duty on Conveyances | | | | |
| <i>Residential Sector</i> | -5.2 | -6.54 | -12.12 | -18.15 |
| <i>Commercial Sector</i> | -2.46 | -2.98 | -4.86 | -6.49 |
| Extend Payroll Tax Threshold | -6.81 | -7.27 | -7.75 | -8.27 |
| Abolish Commercial Land Tax | -54.58 | -56.66 | -58.78 | -60.95 |
| Total Revenue Foregone | -78.77 | -93.67 | -115.07 | -137.65 |
| Revenue Replacement | | | | |
| Adjust Utilities Network Facilities Tax Rate | 3.16 | 3.32 | 3.49 | 3.67 |
| Increase General Rates | 75.62 | 90.35 | 111.58 | 133.98 |
| Total Revenue Replacement Impact | 78.77 | 93.67 | 115.07 | 137.65 |
| Net Budget Impact | 0 | 0 | 0 | 0 |

Legislative Measures

Land Rent Scheme

Recent legislative amendments to the Land Rent Scheme will help improve its operation and further reduce barriers to entry in the ACT residential property market.

Community Housing Canberra will now be able to access the scheme at the 2 per cent discount rate.

Households whose circumstances change will be able to immediately move from the 4 per cent to the 2 per cent rate.

Other changes will help streamline existing processes and reduce the administrative burden on the ACT Revenue Office.

Legislative changes to the *Duties Act 1999* clarify that the dutiable value of a land rent lease is the same as a normal crown lease.

This will ensure that the leases are treated in the same manner as other crown leases and attract the appropriate duty as intended under the scheme.

Short-term Subleases

Duty will not be payable on transfers of subleases with a term less than 30 years.

This will remove a nuisance tax on the ACT business community and streamline the asset transfer process and reduce regulatory and compliance burdens on ACT businesses.