



ACT
Government

Chief Minister, Treasury and
Economic Development

Australian Capital Territory
**Tax Expenditure
Statement
2018-19**

ACT Treasury

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1 SCOPE

Tax expenditures arise from government policies that forgo revenue in order to achieve positive social, community or economic outcomes.

In the ACT context, tax expenditures reduce the tax liabilities of specific groups of taxpayers and activities by way of exemptions, concessions or incentives.

The *ACT Tax Expenditure Statement 2018-19* outlines tax expenditures provided by the ACT Government in 2018-19 based on the taxation policies in that financial year and compares them with those in 2017-18. Historical information for 2015-16 and 2016-17 is also presented in the statement. Further, this statement reports on tax waivers granted by the ACT Government.

It should be noted that the policy settings to which the expenditures relate may be subject to changes by the ACT Government depending on Government strategies and priorities. This will be reflected in future years' *Tax Expenditure Statements*.

This statement does not cover:

- a. Progressive tax scales designed to promote fairness in the tax system. Progressive tax scales, such as those for household general rates, are outside the scope of this statement, as this type of progressivity makes the distribution of tax fairer and more equitable. Such arrangements are not a subsidy for people on the lower end of the tax scale.

However, this is to be distinguished from differing tax rates being used as a price signal. In such cases, the aim is to influence taxpayers' behaviour as a matter of policy. One such example is the Vehicle Emission Reduction Scheme. While the scheme charges a lower duty on low emission cars, it charges more on higher emission cars. By doing this, the scheme can influence buyers' choices. This type of differentiation is within the scope of this statement.

- b. Tax exemptions that result in no real net benefit for the recipient. These measures are typically in place to prevent unintended consequences from broad brush legislation. For example, accommodation allowances paid to reimburse an employee are exempt from payroll tax. The intent of this exemption is to define the coverage of payroll tax, rather than to provide a tax concession. These types of provisions are outside the scope of this statement.
- c. Tax arrangements that are outside the policy control of the ACT Government. For example, the Commonwealth Government's exemptions from ACT taxes¹ are excluded.
- d. The ACT Government General Government Sector's tax exemption. This exemption is excluded from the scope of this statement as any tax on this sector represents an internal transfer of funds of the ACT Government.

However, the ACT Government Business Enterprises are included within the scope of this statement. Any particular exemption provided to these entities would be treated as a tax expenditure.

Tax exemptions provided to the charitable sector to support their community programs and outreach also fall within the scope of this statement.

¹ Commonwealth Government includes its Government Business Enterprises.

Notes

The actual costs of tax expenditures are reported where possible. If an actual amount is not available, an estimated cost is reported. Please note that both actuals and estimates are rounded to the nearest \$1,000 for reporting purposes.

The line items in the tables may not add up to the totals due to rounding.

Tax expenditures may have a nil value presented as one of the followings:

- .. when value is not zero, but rounded to zero.
- 0 when no or negligible amount of tax expenditure has been incurred for the concession scheme.
- when tax expenditures are not applicable to the concession scheme as it did not operate in that financial year.

Terms and definitions

Not-for-profit organisation

Organisations that do not operate for the profit, personal gain or other benefit of particular people.

Charity

A subsector of not-for-profit organisations that are carried on for a religious, educational, benevolent or charitable purpose, and not for securing pecuniary profits to their members, for example:

- religious institutions;
- poverty relief organisations;
- cultural, educational and health promotion organisations; and
- organisations that operate solely to promote the wellbeing and welfare of society.

Charities are eligible for tax concessions and exemptions under ACT tax laws.

Excluded organisation

Entities that cannot receive a charity designation in relation to ACT taxes under ACT tax laws, including:

- political parties;
- industrial organisations (trade unions);
- professional organisations;
- organisations that promote trade, industry or commerce; and

- other organisations prescribed by regulation.

These entities are known as 'excluded organisations'. An excluded organisation may still be eligible for tax concessions under ACT tax laws, provided it has obtained a 'beneficial organisation determination'.

Beneficial organisation determination

Certain excluded organisations may apply to the Commissioner for ACT Revenue for a beneficial organisation determination. If approved, the recipient organisation will be eligible for tax concessions under ACT tax laws in a similar manner to charities.

The following excluded organisations may apply for a beneficial organisation determination:

- professional organisations;
- organisations that promote trade, industry or commerce; and
- other organisations prescribed by regulation.

The charitable sector

For the purpose of this statement, the charitable sector refers to any type of not-for-profit entity that is eligible for tax concessions under ACT tax laws, regardless of it being a charity or a recipient of a beneficial organisation determination. The charitable sector does not include non-government schools or hospitals, which are accounted for separately in this statement.

2 OVERVIEW

The *ACT Tax Expenditure Statement 2018-19* identifies and quantifies tax exemptions, concessions and incentives provided by the ACT Government in 2018-19 and compares them with those in 2017-18.

This statement is prepared in order to:

- provide information on the ACT tax system; and
- inform the ACT Government's policy considerations.

Tax expenditures are important levers for the ACT Government to achieve its economic and social objectives. For example, they may be targeted at community organisations in order to achieve a social goal – such as exemptions provided for private schools on charges like the Fire and Emergency Services Levy; exemptions for vulnerable cohorts within the community to support their wellbeing such as the Pensioner General Rates Rebate; and exemptions for particular groups of businesses to attract or retain their operations such as the payroll tax free threshold provided to small businesses.

The costs of tax expenditures are less visible compared to direct expenditures, as the costs of tax expenditures are revenue that the Government does not receive. Forgone revenue is often not readily observable.

The costings in this statement are based on the revenue forgone approach, which measures the cost of a tax expenditure based on the value of benefits it provides. For a demand driven tax expenditure, its cost is calculated as:

$$\text{Value of tax benefit per recipient} \times \text{Number of recipients}$$

The actual cost of a tax expenditure is reported in this statement if the ACT Government holds all the relevant data about this tax expenditure. Otherwise, costs are estimated using other data sources. Notations are used in the tables to distinguish between the estimated and actual costs.

The estimated costs should be interpreted with care. The reliability of estimates is dependent on the quality and availability of data and the assumptions being used. This differentiates between data collected from people who pay tax and those who do not. These costings are based on the best possible information that is available.

In addition, revenue forgone from a tax expenditure is often not the same as the extra revenue to be expected from the abolition of the associated tax concession or exemption. This is because the latter is subject to behavioural changes by taxpayers. When a tax concession or exemption is abolished, taxpayers will react to the change, which may affect the related revenue outcomes. The revenue forgone approach does not account for such behavioural changes.

Care should also be taken when comparing the ACT's tax expenditures with those reported in other jurisdictions. The scope of tax expenditure statements, as well as the definitions, benchmarks and measurement for tax expenditures may differ across jurisdictions.

The statement also has two attachments. *Attachment A* outlines the waivers on taxes and fees granted. *Attachment B* outlines the targeted social concessions and supports provided by the ACT Government.

3 TOTAL TAX EXPENDITURE

In 2018-19, the ACT Government's total revenue forgone is estimated to have been \$294.8 million, an increase of 14.3 per cent from 2017-18. This is equivalent to 5.0 per cent of the ACT's total direct expenditure², higher than that for 2017-18 (4.7 per cent) and the same as the average percentage share for the four years, 2015-16 to 2018-19. The ACT Government's total direct expenditure through programs and new initiatives increased by 8.0 per cent in 2018-19.

Table 1 below shows that revenue forgone in 2018-19 was the highest for payroll tax at \$199.7 million, followed by the Lease Variation Charge at \$26.6 million and conveyance duty at \$26.4 million. Payroll tax represents the largest area of tax expenditure because the ACT has the highest tax-free threshold in the country and approximately 90 per cent of local Canberra businesses do not pay any payroll tax.

In 2018-19, most of the tax expenditures were generally in line with those in 2017-18, except for the Lease Variation Charge and conveyance duty.

The Lease Variation Charge expenditures increased by \$17.4 million in 2018-19 due to an increase in the value of applications for the Lease Variation Charge remissions on environmentally sustainable development and adaptable building design.

Conveyance duty tax expenditures increased by \$14.7 million in 2018-19, largely as a result of a significant increase in the number of properties purchased by charitable organisations.

Table 1: Tax expenditures by revenue line¹

	Revenue forgone (\$'000)			
	2015-16	2016-17	2017-18	2018-19
Payroll Tax	188,150	190,660	196,680	199,690
Lease Variation Charge	3,375 ^{a,r}	16,878 ^{a,r}	9,236 ^{a,r}	26,644 ^a
Conveyance Duty	32,614	32,864 ^r	11,738 ^r	26,444
General Rates	17,500	18,318	18,410	18,979
Motor Vehicle Registration	8,973 ^a	9,538 ^a	10,117 ^a	11,500 ^a
Motor Vehicle Duty	7,213	7,894	8,489	8,086
Fire and Emergency Services Levy	2,848	2,752	2,793	2,929
Water Abstraction Charge	397 ^a	352 ^a	550 ^a	536 ^a
Total	261,070^r	279,256^r	258,013^r	294,808

a – Actual costs. Others are estimated costs.

r – Revised. Tax expenditures for the Lease Variation Charge have been revised for the period 2015-16 to 2017-18 (see Table 12: Lease Variation Charge – tax expenditures for details). Tax expenditures for Conveyance Duty have also been revised for 2016-17 and 2017-18 due to inclusion of the Disability Duty Concession Scheme. As a result, total tax expenditures have been revised to reflect these changes.

1. The tax expenditures do not include any waivers or targeted assistance concessions.

² ACT's total direct expenditure was \$5.919 billion in 2018-19 and \$5.482 billion in 2017-18.

Table 2 below lists the ten largest tax expenditures in the ACT in 2018-19.

Table 2: Top ten tax expenditures

		Revenue forgone (\$'000)			
		2015-16	2016-17	2017-18	2018-19
1	Payroll tax – tax free threshold for private sector businesses	145,300	148,000	151,000	154,000
2	Payroll tax – charitable sector exemption ¹	19,100	19,000	20,000	20,000
3	Conveyance duty – charitable sector exemption ¹	200	1,269 ^a	96 ^a	19,187 ^a
4	Payroll tax – non-government schools exemption ¹	17,800	18,000	19,000	19,000
5	Lease Variation Charge – Environmentally sustainable development / Economic stimulus – sustainable or adaptable building design remission	443 ^{a,r}	5,874 ^{a,r}	3,417 ^{a,r}	14,944 ^a
6	Lease Variation Charge – Economic stimulus – extra 25 per cent remission	2,080 ^{a,r}	10,885 ^{a,r}	5,156 ^{a,r}	11,596 ^a
7	Motor vehicle registration – pensioner remission	8,944 ^a	9,439 ^a	9,832 ^a	11,242 ^a
8	General rates – pensioner rebate	9,160 ^a	9,391 ^a	8,953 ^a	8,956 ^a
9	Motor vehicle duty – Vehicle Emission Reduction Scheme	6,343 ^a	6,984 ^a	7,547 ^a	7,064 ^a
10	Payroll tax – private hospital exemption ¹	5,300	5,000	6,000	6,000

a – Actual costs. Others are estimated costs.

r – Revised. Tax Expenditures for *Economic stimulus – extra 25 per cent remission* and *Environmentally sustainable development / Economic stimulus – sustainable or adaptable building design* have been revised for the period 2015-16 to 2017-18 as a result of an adjustment to the calculation process.

1. For the purposes of this statement, the charitable sector does not include non-government schools or hospitals, which are costed as separate categories.

Table 3 below shows categories of beneficiaries by the value of tax benefits received. For 2018-19, small and medium businesses falling below the payroll tax threshold accounted for the largest share of the total benefits, followed by the charitable sector and non-government schools.

Table 3: Beneficiaries by value of tax benefits received

	Revenue forgone (\$'000)			
	2015-16	2016-17	2017-18	2018-19
The business sector	145,300	148,000	151,000	154,000
Payroll tax threshold	145,300	148,000	151,000	154,000
The charitable sector¹	22,840	24,029	24,054	43,363
Payroll tax	19,100	19,000	20,000	20,000
Conveyance duty	200	1,269 ^a	96 ^a	19,187 ^a
General rates	2,950	3,160	3,346	3,547
Fire and Emergency Services Levy	550	560	571	584
Motor Vehicle Duty	40	40	41	45
Non-government schools¹	23,340	23,890	25,203	25,542
Payroll tax	17,800	18,000	19,000	19,000
General rates	4,700	5,030	5,331	5,651
Fire and Emergency Services Levy	840	860	872	891
Pensioners	19,462^a	20,062^a	20,031^a	21,545^a
General rates rebate	9,160 ^a	9,391 ^a	8,953 ^a	8,956 ^a
Fire and Emergency Services Levy rebate	1,358 ^a	1,232 ^a	1,246 ^a	1,347 ^a
Motor vehicle registration	8,944 ^a	9,439 ^a	9,832 ^a	11,242 ^a
Non-government hospitals¹	5,960	5,700	6,739	6,779
Payroll tax	5,300	5,000	6,000	6,000
General rates	560	600	635	673
Fire and Emergency Services Levy	100	100	104	106
Home buyers	16,555^a	13,328^{a,r}	9,882^{a,r}	5,786^a
Home Buyer Concession Scheme	11,742 ^a	9,750 ^a	8,083 ^a	3,701 ^a
Pensioner Duty Concession Scheme	1,677 ^a	1,748 ^a	1,731 ^a	2,005 ^a
Over 60's Home Bonus Scheme ²	3,136 ^a	1,770 ^a	4 ^a	-
Disability Duty Concession Scheme	-	60 ^a	64 ^a	80 ^a
Others³	27,613^r	44,247^r	21,104^r	37,793

a – Actual costs. Others are estimated costs.

r – Revised. "Home buyers" figures for 2016-17 and 2017-18 have been revised due to inclusion of the Disability Duty Concession Scheme. "Others" for 2015-16, 2016-17 and 2017-18 have been revised due to revisions to the Lease Variation Charge.

1. For the purposes of this statement, the charitable sector does not include non-government schools or hospitals, which are accounted for separately.

2. The Over 60's Home Bonus Scheme ended on 31 December 2016.

3. The high values for "Others" in 2016-17 and 2018-19 were largely a result of increases in the Lease Variation Charge of \$13.5 million and \$17.4 million, respectively.

4 TAX EXPENDITURES BY REVENUE LINE

Payroll tax

Payroll tax is a self-assessed State and Territory tax levied on wages an employer pays to its employees. In the ACT, a business is liable for payroll tax if it pays more than \$2 million per year in wages Australia-wide and the tax is calculated based on wages paid or payable in relation to services performed in the ACT. The total taxable wages include wages and salaries, allowances, superannuation, fringe benefits and contractor payments.

Table 4 below shows that the Territory's tax expenditure on payroll tax was \$199.7 million in 2018-19, a 1.5 per cent increase from the 2017-18 tax expenditure of \$196.7 million. The increase was mainly due to growth in the number of small and medium businesses who were exempt from payroll tax as a result of the ACT's high tax-free threshold.³

Table 4: Payroll tax – tax expenditures

	Revenue forgone (\$'000)			
	2015-16 ^e	2016-17 ^e	2017-18 ^e	2018-19 ^e
Tax-free threshold for small and medium businesses	145,300	148,000	151,000	154,000
Exempt employers				
The charitable sector ¹	19,100	19,000	20,000	20,000
Non-government schools ¹	17,800	18,000	19,000	19,000
Non-government hospitals ¹	5,300	5,000	6,000	6,000
Exempt wages				
Group Training Organisations – trainees and apprentices	430	440	450	460
Long term unemployed	200	200	210	210
Building and construction industry – the portable leave scheme	20	20	20	20
Total	188,150	190,660	196,680	199,690

e – Estimated costs.

1. For the purposes of this statement, the charitable sector does not include non-government schools or hospitals.

Tax-free threshold for small and medium businesses

Businesses with total taxable wages of \$2 million or under are exempt from payroll tax. Businesses with total taxable wages over \$2 million pay payroll tax on the portion of wages that exceed this threshold.

If a business also pays wages in other jurisdictions, the threshold entitlement of the business will be lowered based on the proportion of the business' Australia-wide wages that is paid to the ACT employees.

³ The payroll tax threshold in 2018-19 was \$2 million, unchanged from 2017-18.

The threshold entitlement of a business may also be reduced if the business is part of an employer group. This is because under the grouping rules, payroll tax is calculated based on the total wages of all businesses in the group and only one member of the group is entitled to claim the threshold.

The tax expenditure under this category only relates to private sector businesses. It does not cover any public sector business enterprises, nor does it cover not-for-profit entities (though also part of the private sector) such as non-government schools/hospitals and charities.

The benchmark tax-free threshold is assumed to be zero and the benchmark tax rate is assumed at the normal tax rate of 6.85 per cent (the 2018-19 rate). This means any tax-free threshold represents a concessional treatment and the value of revenue forgone relates to taxable wages both above and below the threshold. These parameters are adopted purely for costing purposes.

The charitable sector

The charitable sector⁴ is exempt from payroll tax. The costing is based on all wages in the sector, including wages below the threshold.

Non-government schools

Independent and Catholic schools up to the secondary level are exempt from payroll tax. The costing is based on all wages in the sector, including wages below the threshold.

Non-government hospitals

Non-government hospitals are exempt from payroll tax. The costing is based on all wages in the sector, including wages below the threshold.

Group Training Organisations – trainees and apprentices

Group Training Organisations (GTOs) arrange work placements for trainees and apprentices with host firms. A GTO is the responsible employer for its trainees and apprentices, including the administration of payroll. The trainees and apprentices' wages are exempt from payroll tax.

Other wage expenses incurred by the GTO, such as those related to corporate staff, are subject to payroll tax as normal, with an entitlement to the tax-free threshold.

Long-term unemployed

This exemption applies where an employer hires an employee who was previously unemployed for 12 months or longer. These employees' wages are exempt from payroll tax for the first 12 months of their employment.

Building and construction industry – portable leave scheme

Employers in the building and construction industry make periodic contributions to the portable long service leave scheme (administered by the ACT Long Service Leave Authority). These contributions are made to fund the employees' leave entitlements, akin to superannuation contributions. However, unlike superannuation which is a component of the taxable payroll, the long service leave contribution is exempt from payroll tax.

Other industrial portable leave schemes are not exempt from payroll tax.

⁴ The charitable sector includes charities as well as organisations that have a beneficial organisation determination approved.

General Rates and Fire and Emergency Services Levy

General Rates and the Fire and Emergency Services Levy are part of the same land-based tax charges levied on residential and commercial properties in the ACT.

For residential properties, General Rates comprise a fixed charge and a variable charge. The variable charge of a residential property is calculated by applying a progressive rating factor to the property's average land value of the past three years (the Average Unimproved Value).

The Fire and Emergency Services Levy is a fixed amount across all residential properties, regardless of their land values.

Similar to residential properties, General Rates for commercial properties also consist of a fixed charge and a variable charge, with the variable charge being calculated based on the Average Unimproved Value of the properties.

However, unlike residential properties, the Fire and Emergency Services Levy for commercial properties only comprises a variable charge, which is imposed on the Average Unimproved Value of the properties using a set of marginal tax rates different from those determined for commercial General Rates.

Table 5 below shows that the Territory's tax expenditure on General Rates concessions was \$19.0 million in 2018-19, an increase of 3.1 per cent from 2017-18.

The ACT's tax expenditure on the Fire and Emergency Services Levy was \$2.9 million in 2018-19, a 4.9 per cent increase from 2017-18.

Table 5: General Rates and Fire and Emergency Services Levy – tax expenditures

	Revenue forgone (\$'000)							
	2015-16		2016-17		2017-18		2018-19	
	Rates	FESL	Rates	FESL	Rates	FESL	Rates	FESL
Residential property								
Pensioner rebate	9,160 ^a	1,358 ^a	9,391 ^a	1,232 ^a	8,953 ^a	1,246 ^a	8,956 ^a	1,347 ^a
Commercial property								
Not-for-profit sector exemption	2,950	550	3,160	560	3,346	571	3,547	584
Non-government schools exemption	4,700	840	5,030	860	5,331	872	5,651	891
Non-government hospitals exemption	560	100	600	100	635	104	673	106
Small clubs fixed charge exemption	130 ^a	-	136 ^a	-	145 ^a	-	153 ^a	-
Total	17,500	2,848	18,317	2,752	18,410	2,793	18,979	2,929

a - Actual costs. Others are estimated costs.

Pensioner rates rebate

A property owner who receives a Commonwealth Government or Department of Veterans' Affairs pension and is entitled to a Pensioner Concession Card or a War Veteran's pension is eligible for the pensioner General Rates rebate. Rebate assistance applies only to the owner's principal place of residence.

Two schemes operated concurrently in 2018-19:

- A 50 per cent rebate with no upper limit (uncapped scheme). This scheme was closed on 1 July 1997 to new entrants, but continued for those already in the scheme under grandfathering provisions.
- A 50 per cent rebate with a cap of \$700 (capped scheme). This scheme is applicable to pensioners who joined the scheme on or after 1 July 1997.

From 1 July 2016, the rebate under the uncapped scheme is frozen at 2015-16 level if it exceeds \$700.

In 2018-19, the Territory's revenue forgone for pensioner rates rebate was largely unchanged compared to 2017-18. This is due to an increase in the uptake of the capped scheme, offset by a decrease in the number of recipients in the uncapped scheme.

Pensioner Fire and Emergency Services Levy rebate

A property owner who is eligible for the pensioner General Rates rebate is also eligible for the pensioner Fire and Emergency Services Levy rebate.

In 2018-19, the Fire and Emergency Services Levy was a fixed amount of \$336 per property⁵ and the rebate was \$98 per property, regardless of the property's land value.

The charitable sector

The charitable sector⁶ is exempt from commercial General Rates and the Fire and Emergency Services Levy for properties they own and use for charitable purposes.

Non-government schools

Independent and Catholic schools up to the secondary level are exempt from General Rates and the Fire and Emergency Services Levy.

Non-government hospitals

Non-government hospitals that do not operate for a profit are exempt from General Rates and the Fire and Emergency Services Levy.

For-profit hospitals and clinics are not exempt.

⁵ See Disallowable Instrument DI2018-172.

⁶ The charitable sector for this purpose includes charities and organisations that have a beneficial organisation determination approved. One exception, though, is the community housing sector, which is subject to General Rates and the Fire and Emergency Services Levy as normal.

Small clubs fixed charge exemption

The ACT Government provides rates relief to some small community clubs and unit titled car park spaces, by exempting them from the fixed charge component of commercial General Rates (\$2,463 per property in 2018-19⁷). These clubs and owners of car park spaces remain liable for the variable charge component of commercial General Rates, as well as the Fire and Emergency Services Levy.

This program will be reviewed at the end of the 2023-24 financial year⁸.

⁷ See Disallowable Instrument DI2018-172.

⁸ See Notifiable Instrument NI2018-334.

Conveyance Duty

Conveyance duty is levied on the agreement for the sale or transfer of land, a Crown lease or a land use entitlement for residential and commercial properties located in the ACT. The duty rates are generally applied to the transfer value of the property.

Table 6 below shows that the Territory's tax expenditure on conveyance duty was \$26.4 million in 2018-19, more than double that in 2017-18 (\$11.7 million). This significant increase in conveyance duty expenditure was mainly due to increases in the number and value of properties purchased by the charitable sector. Rises in duty exemption for community housing and expenditure on the Pensioner Duty Concession Scheme also contributed to the increase in conveyance duty forgone. The duty exemption for community housing can vary significantly from year to year depending on the development pipeline of community housing providers.

These increases were partially offset by decreases in the expenditure on the Home Buyer Concession Scheme, the Loose-fill Asbestos Insulation Eradication Buyback Concession Scheme, and the Over 60's Bonus Scheme which ceased on 31 December 2016.

The uptake rate of the Loose-fill Asbestos Insulation Eradication Buyback Concession Scheme continued to slow as most of the affected properties have been bought back by the Government and the owners have purchased and settled on new properties.

Table 6: Conveyance Duty – tax expenditures

	Revenue forgone (\$'000)			
	2015-16	2016-17 ^a	2017-18 ^a	2018-19 ^a
Duty exemption				
Community housing	1,839 ^a	2,322	771	1,109
Duty concessions				
The charitable sector	200	1,269	96	19,187
Loose-fill Asbestos Insulation Eradication Buyback Concession Scheme	14,020 ^a	15,945	989	362
Home buyer assistance				
Home Buyer Concession Scheme	11,742 ^a	9,750	8,083	3,701
Pensioner Duty Concession Scheme	1,677 ^a	1,748	1,731	2,005
Over 60's Bonus Scheme	3,136 ^a	1,770	4	-
Disability Duty Concession Scheme	-	60	64	80
Total	32,614	32,864^r	11,738^r	26,444

r – Revised. Total expenditures for Conveyance Duty have been revised for 2016-17 and 2017-18 due to inclusion of the Disability Duty Concession Scheme.

a – Actual costs. Others are estimated costs.

Community housing

Declared community housing providers⁹ are exempt from conveyance duty on purchases of properties that are used for community housing.

Loose-fill Asbestos Insulation Eradication Buyback Concession Scheme

This scheme forms part of the ACT Government's broader strategies to eradicate loose-fill asbestos in the Territory.

Mr Fluffy home owners who opted into the voluntary buyback program are eligible for a duty concession on the purchase of a replacement property. The buyback program closed on 30 June 2015.

The value of the concession is linked to the value of the property surrendered (the asbestos affected property). If the new purchase is valued at less than that of the property surrendered (a "downsize"), duty will be fully offset.

If the purchase is valued more than the property surrendered, there will be a partial duty payable on the price differential, that is:

- duty calculated on the new property (the higher amount);
minus
- duty credit on the surrendered property (the lower amount).

The charitable sector

The charitable sector¹⁰ is exempt from duty on transfers of properties.

Home Buyer Concession Scheme

The Home Buyer Concession Scheme is available to eligible first home buyers, as well as buyers who have not owned a property in the previous two years.

To access the concession, the applicant must purchase a new property or a vacant block of land, satisfy the ownership test, income test and residency requirements. In addition, the applicant must meet the household income threshold, and continuously live in the property for 12 months or more after moving in.

Table 7 and Table 8 show the property value thresholds relating to 2018-19.

⁹ Declared community housing providers include Housing ACT and Community Housing Canberra. Housing ACT is a Public Trading Enterprise reporting as a not-for-profits entity, which is included in the scope of this statement.

¹⁰ The charitable sector includes charities and organisations that have a beneficial organisation determination approved.

Table 7: Home Buyer Concession Scheme, property value thresholds

1 July 2018 to 4 June 2019¹¹

	Lower threshold No duty for purchases up to the lower threshold	Upper threshold No concession for purchases over the upper threshold
New home	\$470,000	\$607,000
Vacant land	\$281,200	\$329,500

Table 8: Home Buyer Concession Scheme, property value thresholds

5 June 2019 to 30 June 2019¹²

	Lower threshold No duty for purchases up to the lower threshold	Upper threshold No concession for purchases over the upper threshold
New home	\$470,000	\$607,000
Vacant land	\$281,200	\$329,500

For purchases valued less than or equal to the lower threshold, no duty is applied. For purchases valued between the lower threshold and the upper threshold, concessional duty is applied. No concession is available for purchases of which the values exceed the upper threshold.

Pensioner Duty Concession Scheme and Over 60's Home Bonus Scheme

The Pensioner Duty Concession Scheme may be available to Centrelink and Department of Veterans' Affairs age pensioners, disability support pensioners aged 50 and over, or a person who has held a Department of Veterans' Affairs' Gold Card for more than one year.

Up until 31 December 2016, the ACT Government also provided the Over 60's Home Bonus Scheme, which was the Pensioner Duty Concession Scheme equivalent for non-pensioners aged 60 and over. The Over 60's Home Bonus Scheme ceased on 31 December 2016.

Under either scheme, the applicant must continuously live in the property for 12 months or more after moving in. The purchase must take place within 12 months of the sale of the applicant's previous property.

Table 9 shows the property value thresholds for the Pensioner Duty Concession over the course of 2018-19.

¹¹ See Disallowable Instrument DI2018-117, which commenced on 6 June 2018 and expired on 4 June 2019.

¹² See Disallowable Instrument DI2019-70, which commenced on 5 June 2019 and expired on 30 June 2019.

**Table 9: Pensioner Duty Concession Scheme, property value thresholds,
1 July 2018 to 30 June 2019¹³**

	Lower threshold No duty for purchases up to the lower threshold	Upper threshold No concession for purchases over the upper threshold
Dwelling	\$680,500	\$895,000
Vacant block	\$361,700	\$434,500

For purchases valued less than or equal to the lower threshold, no duty is applied. For purchases valued between the lower threshold and the upper threshold, concessional duty is applied. No concession is available for purchases where the values exceed the upper threshold.

Disability Duty Concession Scheme¹⁴

The Disability Duty Concession Scheme commenced on 1 July 2016. It is available to individuals with a long-term and permanent disability.

To access the concession, the applicant must qualify for an individual funding package under the National Disability Insurance Scheme, satisfy the ownership test and residency requirements. In addition, the applicant must purchase a home valued at \$750,000 or less and acquire at least 51 per cent interest in the home.

¹³ See Disallowable Instrument DI2018-118, which commenced on 6 June 2018 and expired on 30 June 2019

¹⁴ See Disallowable Instrument DI2017-228

Motor Vehicle Duty

Motor Vehicle Duty is levied on the establishment of a registration or the transfer of a motor vehicle. The duty rate applied to each new vehicle is subject to the environmental performance rating of that vehicle. The rating is assigned according to the motor vehicle emission data published in the Green Vehicle Guide, from Rating A – the most environmentally friendly, to Rating D – the least. All second-hand vehicles are taxed at Rating C.

Table 10 below shows that the Territory’s tax expenditure on Motor Vehicle Duty is estimated at \$8.1 million in 2018-19, a decrease of 4.7 per cent from 2017-18. The decrease was a result of a decline in the number of green rated vehicles that received a duty concession.

Table 10: Motor Vehicle Duty – tax expenditures

	Revenue forgone (\$'000)			
	2015-16	2016-17	2017-18	2018-19
Duty exemption				
People with certain disabilities	40	40	41	44
The charitable sector	40	40	41	46
Veteran, vintage and historic vehicles	10	10	10	26
Caravans and camp trailers	780	820	850	906
Duty concession				
Vehicle Emission Reduction Scheme	6,343 ^a	6,984 ^a	7,547 ^a	7,064 ^a
Total	7,213	7,894	8,489	8,086

a – Actual costs. Others are estimated costs.

People with disabilities

People with certain disabilities are eligible for a partial duty exemption on purchases of disability modified vehicles. The value of the modification is exempt from duty. Veterans with certain disabilities are eligible for a full exemption.

The charitable sector

The charitable sector¹⁵ is exempt from duty on purchases of motor vehicles.

Veteran, vintage and historic vehicles

Veteran, vintage or historic vehicles are exempt from Motor Vehicle Duty.

A veteran vehicle is a motor vehicle built before 1919 and a vintage vehicle is a motor vehicle built between 1918 and 1931. A historic vehicle is a motor vehicle other than a veteran vehicle or a vintage vehicle and built more than 30 years before it was registered.

¹⁵ The charitable sector includes charities and organisations that have a beneficial organisation determination approved.

Vintage vehicles are often affiliated to car clubs. The Government exempts these vehicles from duty to recognise that they are used purely as a hobby and on a limited basis.

Caravans and camp trailers

Non-motorised caravans and camp trailers are exempt from duty.

Vehicle Emission Reduction Scheme

This scheme establishes the marginal rates of Motor Vehicle Duty based on the vehicle's performance rating, which is applied according to the vehicle's emission level. There are four ratings:

- Rating A, which is applied to electric and hybrid cars;
- Rating B, which is applied to compact cars and new motorcycles;
- Rating C, which is applied to medium and large cars, as well as to second-hand and non-rated vehicles including motorcycles; and
- Rating D, which is applied to high powered cars, large four-wheel drives and some commercial vehicles.

In terms of the duty rate, A-rated vehicles are duty free, while vehicles rated B, C and D are taxed at increasing rates.

Costing of this tax expenditure has been undertaken using Rating C as the benchmark given this rating applies to most vehicles. The tax rates applied to C-rated vehicles have been used as the standard tax rates for calculating the duty forgone from greener vehicles (i.e. vehicles with Rating A or Rating B) that pay concessional duties.

It should be noted that while the tax rates of Rating D are higher than Rating C, Rating D is not considered an appropriate benchmark as tax rates of this rating are effectively a surcharge that discourages purchases of higher emission cars.

The value of duty forgone from the Vehicle Emission Reduction Scheme is calculated as the total of:

- duty forgone on A-rated vehicles relative to Rating C; and
- duty forgone on B-rated vehicles relative to Rating C.

Motor vehicle registration fees

Motor vehicle registration fees are payable upon the renewal of a registration. They are calculated based on the tare weight of the vehicle and the length of the registration. Vehicle owners are able to register for 3, 6 or 12 months.

Table 11 below shows that the Territory's tax expenditure on motor vehicle registration fees was \$11.5 million in 2018-19, an increase of 13.7 per cent from 2017-18 (\$10.1 million). This increase in revenue forgone for motor vehicle registration fees was due to an increase in exemptions for pensioners, partially offset by a decrease in the number of gas and electric vehicles that received a concession.

Table 11: Motor vehicle registration fee – tax expenditures

	Revenue forgone (\$'000)			
	2015-16 ^a	2016-17 ^a	2017-18 ^a	2018-19 ^a
Exemption				
Pensioners	8,944	9,439	9,832	11,242
Concessions				
Gas and electric vehicles	13	85	273	245
Primary producers	16	14	13	13
Total	8,973	9,538	10,117	11,500

a - Actual costs.

Pensioners

Holders of a current Centrelink pensioner concession card; a Department of Veterans' Affairs pensioner concession card; or a Repatriation Health Card ('gold card') issued by the Department of Veteran's Affairs (where the card does not indicate that the card holder is a dependant) are eligible for a 100 per cent discount on the registration of one vehicle in the card holder's name.

Holders of a Seniors Card are eligible for 10 per cent discount on the registration of one vehicle in the card holder's name.

Gas and electric vehicles

Gas, electric, plug-in hybrid or hydrogen fuel cell powered vehicles are entitled to 20 per cent discount on the registration. Where such a vehicle is owned by a Senior Card holder, a 28 per cent discount applies.

Primary producers

Motor vehicles used in primary production receive a 45 per cent discount on the motor vehicle registration fee. The concession can only be applied to two goods carrying vehicles, one goods carrying or fixed load trailer and one vehicle with a body type of 'tractor'.

If the vehicle is gas, electric, plug-in hybrid or hydrogen fuel cell powered, it receives a 55 per cent discount on the motor vehicle registration fee.

Lease Variation Charge

The value of a lease associated with a block of land is likely to increase when the lease holder seeks to vary the permitted use of the lease to allow new or additional development. The Lease Variation Charge is levied on this value uplift to capture any increase in development rights. The charge is assessed as part of the development approval process.

There are two types of chargeable variations:

- Section 276E – codified lease variation. The Lease Variation Charge for a variety of variations is set under a fee schedule. The set charge represents the value uplift to be expected from the particular variation given the type and location of proposed development.
- Section 277 – non-codified lease variation. These variations apply to more complex developments such as mixed residential and commercial developments. For a section 277 variation, the Lease Variation Charge is levied based on 75 per cent of the value uplift that has been determined by valuations assessed before and after the proposed variation.

Since the Lease Variation Charge was introduced in 2011, the ACT Government has offered a range of remissions and exemptions to achieve positive development and economic outcomes. From 4 March 2014, the ACT Government provided additional remissions for several types of lease variations through an economic stimulus package. The package was designed to support the building and construction industry and keep the wider economy growing during a period of economic uncertainty. While the package ceased on 6 March 2018, the ACT Government has extended the application period of one remission in the package – the remission for environmentally sustainable developments.

The concessions offered on the Lease Variation Charge are tax expenditures. Table 12 below shows that the Territory's tax expenditure on the Lease Variation Charge was \$26.6 million in 2018-19, which was almost a threefold increase from 2017-18. This increase was mainly due to an increase in the remissions granted for environmentally sustainable development and adaptable building design in 2018-19. More remissions were granted under these policies as a result of a significant increase in the uptake rate in 2018-19.

Table 12: Lease Variation Charge – tax expenditures

	Revenue forgone (\$'000)			
	2015-16 ^a	2016-17 ^a	2017-18 ^a	2018-19 ^a
S276E – Codified variation				
Economic stimulus – residential – extra 30 per cent remission	16	117	0	94
Housing assistance – extra 25 per cent remission ¹	11	2	112	10
S277 – Non-codified variation				
Economic stimulus – extra 25 per cent remission	2,080 ^r	10,885 ^r	5,156 ^r	11,596
Environmentally sustainable development / Economic stimulus – sustainable or adaptable building design ²	443 ^r	5,874 ^r	3,417 ^r	14,944
Environmental remediation of former service station	525	0	551	0
Childcare centres – exemption	300	0	0	0
Total	3,375^r	16,878^r	9,236^r	26,644

a – Actual costs.

r – Revised. Tax Expenditures for *Economic stimulus – sustainable or adaptable building design* have been revised for the period 2015-16 to 2017-18 as a result of an adjustment to the calculation process.

1. Public housing lease variations can also fall under section 277. In 2018-19, there was no instance of section 277 public housing lease variations, and all such lease variations related to section 276E.

2. For 2015-16, 2016-17 and 2017-18, the revenue forgone figures contain remissions provided for the *Economic stimulus – sustainable or adaptable building design* only, while for 2018-19, the revenue forgone includes remissions provided for both *Environmentally sustainable development* and *Economic stimulus – sustainable or adaptable building design*.

Economic stimulus – residential lease variations – extra 30 per cent remission¹⁶

As part of the ACT Government's economic stimulus package, a section 276E residential lease variation was eligible for an extra 30 per cent remission on the Lease Variation Charge, should such a lease variation seek to increase the number of dwellings permitted on the block.

Housing assistance – extra 25 per cent remission¹⁷

The ACT Government provides an additional 25 per cent remission where the purpose of the lease variation is for the provision of housing assistance. The remission applies if the lease was granted to the housing commissioner for a term beginning prior to 17 December 1987 and the housing commissioner is the lessee.

Economic stimulus – extra 25 per cent remission¹⁸

As part of the ACT Government's economic stimulus package, a section 277 variation may be eligible for a 25 per cent remission on the Lease Variation Charge, provided there is a development approval, and that the development approval relates to the construction of a building on the land.

¹⁶ This stimulus measure took effect through Disallowable Instrument DI2014-201 on 1 July 2015. It was extended to 30 June 2018 via Disallowable Instrument DI2017-208.

¹⁷ See Disallowable Instruments DI2011-318 and DI2018-93.

¹⁸ This stimulus measure took effect through Disallowable Instrument DI2014-48 on 6 March 2014. It was extended via Disallowable Instrument DI2016-28 which expired on 6 March 2018.

Environmentally sustainable development¹⁹ / Economic stimulus – sustainable or adaptable building design²⁰

The Lease Variation Charge levied on a section 277 variation may be eligible for a remission of up to 25 per cent, provided that the building development to which the variation relates complies with the requirements for energy efficiency of:

- A Green Star rating of 5 or 6 for the commercial sector; or
- A Nationwide House Energy Rating Scheme (NatHERS) rating of 6.5 or more for the residential sector.

The objective of this policy was to support high-level environmentally sustainable outcomes for the ACT by encouraging developers to deliver higher sustainability outcomes above the industry norm.

Essentially, this policy was a continuation of the environmental sustainability remission component of the *Economic stimulus – sustainable or adaptable building design*, which provided an additional remission of up to 25 per cent to buildings that comply with either the abovementioned energy efficiency requirements (i.e. the environmental sustainability remission component) or the Australian standard for adaptable housing.

Environmental remediation of former service stations

A lease variation involving rehabilitation of the site of a former service station receives a full Lease Variation Charge exemption.

Childcare centres

Lease variations associated with childcare centres receive a full Lease Variation Charge exemption.

¹⁹ This environmental sustainability remission for the lease variation charge was introduced by the Planning and Development (Remission of Lease Variation Charges - Environmental Sustainability) Determination 2018 (No. 1) (DI2018-40) on 7 March 2018. It was later extended by Disallowable Instrument DI2018-89 which expired on 30 June 2019.

²⁰ This stimulus measure was announced along with the *Economic stimulus – 25 per cent remission*, and ceased on 6 March 2018.

Water Abstraction Charge

The Water Abstraction Charge is paid by users who are licensed to take water in the ACT. The charge reflects the value of water as a scarce resource, as well as the Territory's costs incurred in relation to water catchment management and environmental protection.

For 2018-19, the Water Abstraction Charge rate for non-potable water (surface and ground water) was \$0.287 per kilolitre of water. The tax expenditures reflect the ACT Government's concession schemes in relation to the extraction of non-potable water.

Table 13 below shows that the Territory's tax expenditure on the Water Abstraction Charge was \$536,000 in 2018-19, a decrease of 2.5 per cent from 2017-18. The decrease in Water Abstraction Charge was due to a decrease in the volume of water usage for agricultural purposes.

Table 13: Water Abstraction Charge – tax expenditures

	Revenue forgone (\$'000)			
	2015-16 ^a	2016-17 ^a	2017-18 ^a	2018-19 ^a
Golf Clubs - Market Equity Scheme	152	98	193	193
Golf Clubs - Infrastructure Offset Scheme	150	100	190	190
Agriculture - Competition Equalisation Payment Scheme	95	154	167	152
Total	397	352	550	536

a - Actual costs.

Golf Clubs - Market Equity Scheme

Under the scheme, ACT golf clubs receive a 50 per cent discount on the Water Abstraction Charge incurred in relation to the extraction of non-potable water for the maintenance of golf courses.

This discount brings the cost of non-potable water for ACT golf clubs down to a level that is comparable to that of the NSW golf clubs operating in the surrounding region.

Golf Clubs – Infrastructure Offset Scheme

Under the scheme, ACT golf clubs are able to claim an offset until the end of 2020 on their Water Abstraction Charge liabilities for eligible capital expenditure invested into water saving infrastructure during the period 2002 to 2015.

If the available offset amount for a golf club is greater than its Water Abstraction Charge bill, the liability will be fully offset, with no charge payable.

Under the scheme golf clubs were required to demonstrate to the ACT Government how their capital spending was linked to improved water efficiency outcomes.

Agriculture – Competition Equalisation Payment Scheme

Under the scheme, eligible ACT irrigators receive a rebate on Water Abstraction Charge incurred in relation to the extraction of non-potable water used in primary production. This rebate reduces the cost of non-potable water for ACT irrigators to a level that is no more than that of the NSW irrigators operating in the surrounding region.

ATTACHMENT A – WAIVERS

Section 131 of the *Financial Management Act 1996* (FMA) allows the Treasurer or his delegate to waive a debt owed to the Territory. A tax waiver releases a taxpayer from the obligation of paying a tax liability. Waivers are not tax expenditures. They are administrative actions taken on a case-by-case basis, whereas tax expenditures are government policies that are applied across taxpayers. The FMA does not specify criteria for assessing waiver requests; the power to provide waivers is discretionary in nature.

The annual financial statements of individual Directorates contain more information on tax waivers.²¹

In 2018-19, 15 tax waivers were granted under section 131 of the FMA, totalling around \$2.2 million (Table A1 below).

Table A1: Tax waivers by revenue line¹

	2015-16		2016-17		2017-18		2018-19		Notes
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	
Payroll Tax	5	2,164	4	1,716	3	1,500	4	1,820	The waivers were part of the ACT Government's wider measures to facilitate more investment and job creation in the Territory.
Conveyance Duty	0	0	2	93	1	8	0	0	These waivers were provided to rectify administrative errors or on community interest grounds.
Land Tax ²	5	19	3	42	0	0	7	235	

²¹ As of 2018-19, two Directorates had tax administration responsibilities: the Environment and Planning Directorate was responsible for the administration of the Lease Variation Charge, and the Chief Minister, Treasury and Economic Development Directorate (ACT Revenue Office and Access Canberra) was responsible for the administration of all other taxes.

	2015-16		2016-17		2017-18		2018-19		Notes
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	
General Rates	9	22	2	28	0	0	3	89	These waivers were provided in exceptional circumstances to facilitate the surrender and transfer of leases.
Land Rent	0	0	1	12	0	0	1	45	
Lease Variation Charge	0	0	0	0	1	394	0	0	
Total	19	2,205	12	1,891	5	1,902	15	2,189	

Source: ACT Government

Notes:

1. There were no waivers for Conveyance Duty and the Lease Variation Charge in 2018-19.
2. The number for land tax waivers represents the number of signed waiver instruments, not the number of taxpayers being granted the waiver.

Waivers of fees and charges

Additionally, Tables A2 and A3 below show the waivers granted under section 131 of the FMA for major fees and charges in 2018-19.

Table A4 below shows the waivers granted under section 15 of the Courts Procedures Act 2004 for court fees. Waivers for fees and charges are not counted towards tax expenditures.

In 2018-19, the ACT Government provided 204 waivers of fees and charges in total, at the cost of \$201,000.

Table A2: Chief Minister, Treasury and Economic Development Directorate (Access Canberra) – fee waivers

	2015-16		2016-17		2017-18		2018-19	
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000
Extension of Time fee ¹	3	33	8	132	1	9	5	17
Waiver for Application fee to register and withdraw a Homes for Homes caveat ²	0	0	0	0	405	106	40	6
Total	3	33	8	132	406	115	45	23

1. In the Territory, lessees are required to build on their blocks within a prescribed timeframe. Payment of Extension of Time fees allows lessees extra time to build on a block.
2. This waiver is provided to support the Homes for Homes scheme operations in the Territory. Participants under the scheme are able to contact Homes for Homes to remove the caveat put on the purchased property when they become the registered proprietor. Withdrawal of caveat fees are waived in this case to minimise barriers for participants who wish to exit the scheme. In 2018-19, fewer waivers were provided for Homes for Homes caveat withdrawals as most participating residential developments in Denman Prospect were sold in 2017-18.

Table A3: Environment, Planning and Sustainable Development Directorate – fee waivers

	2015-16		2016-17		2017-18		2018-19	
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000
Licence application fee	0	0	1	1	0	0	0	0
De-concessionalisation of lease fee ³	1	1,660	0	0	0	0	0	0
Development application fee	4	604	0	0	0	0	0	0
Total	5	2,264	1	1	0	0	0	0

3. A fee waiver was provided to HockeyACT in 2015-16 to enable the organisation to become self-sustaining in the future, as well as facilitating a development that will benefit the wider community.

Table A4: Justice and Community Safety Directorate – fee waivers

	2015-16		2016-17		2017-18		2018-19	
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000
Courts and Tribunal transcript fees ⁴	68	13	63	25	80	30	63	23
Courts and Tribunal fees ⁴	119	313	115	120	97 ^r	116 ^r	96	155
Total	187	326	178	145	177^r	146^r	159	178

r – Revised.

4. Waivers were provided by the Registrars of the Courts and the ACT Civil and Administrative Tribunal on a case by case basis, depending on the circumstances, under section 15 of the Court Procedures Act 2004. Cases of Courts and Tribunal transcript fee waivers and other Courts and Tribunal fee waivers may be related to the same applicant.

ATTACHMENT B – SOCIAL CONCESSIONS AND SUPPORTS

The ACT Government provides a range of social concessions and supports to individuals and households in need, as well as to community groups. These policy measures provide direct financial assistance to their beneficiaries, reducing the amount they would otherwise have to pay for an essential, non-tax related expense.

It should be noted that Government funded assistance schemes or programs that offer free-of-charge services to eligible individuals, households or community groups are excluded from this section. For example, the bulky waste collections scheme currently commissioned and funded by the ACT Government is not included as part of the social concessions and supports. This is because while the scheme provides free bulky waste collection services to eligible ACT residents, it does not reduce any of their financial liabilities.

These policy measures do not fall under the tax system and are not tax expenditures.

Table B1 below outlines the social concessions and supports that result in revenue forgone, at a cost of \$190.4 million in 2018-19.

Table B2 below further details the social concessions and supports that were provided by way of direct expenditure, at a cost of \$33.1 million in 2018-19.

The total cost of social concessions and supports was \$223.6 million in 2018-19, a decrease of \$2.2 million from 2017-18 (\$225.7 million)²².

²² Care should be taken when interpreting the total cost of \$223.6 million. The cost of concessions that involve revenue forgone (\$190.4 million) is estimated, while the cost of concessions that involve direct expenditures is an actual figure (\$33.1 million). They are two different measures and may not be like for like.

Table B1. ACT Government social concessions and supports – revenue forgone¹

Social Concessions and Supports	2015-16		2016-17		2017-18		2018-19		Notes
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	
<i>Concessional rent for community groups</i>									
ACT Property Group properties	195	15,840	211	15,972	211	15,972	204	13,718	<p>The ACT Government, through the ACT Property Group, leases Territory owned premises to community groups and not-for-profit childcare centres, either free of charge (often involving a nominal rent such as 5 cents a year) or under concessional rental arrangements.</p> <p>In 2018-19, 135 concessional leases and 69 peppercorn (nominal cost) leases were provided to the community sector.</p>
<i>Public housing</i>									
Public housing rental rebate ²	11,250	142,226	11,314	142,151	11,279	144,847	11,188	144,297	<p>In 2018-19, the Government through Housing ACT, provided about 10,542 public housing tenancies to Canberrans in need.</p>

Social Concessions and Supports	2015-16		2016-17		2017-18		2018-19		Notes
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	
									Additionally, the Government provided 646 subsidised dwellings to the community housing sector, which are in turn leased at concessional rates to low income households.
Public housing water consumption costs	-	6,838	-	6,719	-	7,303	-	7,102	The Government does not pass on water consumption costs to public housing tenants. These costs are absorbed by Government. This contrasts with private landlords in the ACT, who are able to recover water usage charges from their tenants, if separately metered.
Targeted assistance concessions									
Water and sewage rebate ³	5,691	11,157	5,435	11,051	-	-	-	-	From 2017-18, the water and sewage rebate was combined with the energy and utility rebate to form one concession known as <i>Utilities</i>

Social Concessions and Supports	2015-16		2016-17		2017-18		2018-19		Notes
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	
									<i>concession.</i> See Table B2 below.
ACTION bus concession ⁴	8,400,000	8,245	6,600,000	9,039	7,200,000	10,245	7,144,500	11,078 ⁶	
Light rail concession ^{4,5}	-	-	-	-	-	-	285,759	443 ⁶	
Special Needs Transport Program	400	5,804	476	6,214	394	5,991	353	5,874	In 2018-19, the Government provided special needs transport services to about 353 eligible students who have a disability.
Driver licence fee concession ⁷	8,065 ^r	1,085 ^r	8,280 ^r	1,183 ^r	8,132 ^r	1,736 ^r	8,418	1,993	
Good Driver Discount ⁸	22,817	744	23,683	1,004	24,746	1,322	27,104	1,905	
Ambulance transport fee exemption ⁹	3,200	2,696	3,327	2,728	4,295	3,522	3,816	3,227	An ambulance transport fee exemption is provided to eligible Canberrans by the Government. The Government provided 3,816 exempt ambulance trips in 2018-19, of which 3,690 exemptions were provided to Canberrans and 126 exemptions were provided to

Social Concessions and Supports	2015-16		2016-17		2017-18		2018-19		Notes
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	
									patients from other jurisdictions.
Green Waste Bin Concession ¹⁰	-	-	4,888	244	4,279	214	15,882	794	
Cost of social concessions and supports - revenue forgone¹¹		194,635		196,305		191,152		190,431	

r – Revised.

Notes:

1. Revenue forgone is measured on a total Territory basis, taking into account transactions between the General Government Sector and the Public Trading Enterprises (such as Housing ACT and Icon Water).
2. Rent rebate is also reported in the Community Service Directorate Annual Report 2018-19.
3. Water and sewerage rebate – eligibility criteria: pensioners; Centrelink Low Income Health Care Card holders; Veterans Affairs Gold Card holders; or asylum seekers. From 2017-18, the energy and utility rebate has been combined with the water and sewerage rebate to become one concession known as Utilities Concession. As such no data is available for 2017-18 and 2018-19. See Table B2 below for this new concession.
4. ACTION bus and light rail – eligibility criteria for free travel: Children under 5; seniors over 70; Veterans Affairs Gold Card holders (totally and permanently disabled); passengers with a visual impairment or senior and concession MyWay card holders (excluding students and tertiary card holders) travelling off-peak period as part of a trial which started 14 January 2017. Eligibility for concessional travel: students; pensioners; Centrelink Health Care Card holders; or Veterans Affairs Gold Card holders. ACTION bus and light rail concessions are reported in Transport Canberra and City Services Directorate annual reports.
5. Light rail services commenced on 20 April 2019, with a free month of travel in both light rail and ACTION buses.
6. The revenue forgone figures for concessions provided for bus and light rail trips are estimated based on the corresponding share of trips, given concessions are provided per eligibility, not transport form.
7. Driver licence fee concession – eligibility criteria: pensioners; Veterans Affairs Gold Card holders; and Centrelink Health Care Card holders who are unemployed. Driver licence fee concession numbers and values for the period 2015-16 to 2017-18 have been upwardly revised as a result of better data availability.
8. ACT residents are eligible to receive a 30 per cent discount on their ACT driver licence renewals if they have no relevant traffic offences recorded in the previous 5 years.
9. Ambulance transport fee exemption – eligibility criteria: school students; pensioners; and people who are injured in certain circumstances, e.g. motor vehicle accidents.
10. Under the Green Waste Bin Concession scheme, eligible Canberrans are exempt from the green waste bin registration fee. ACT residents holding one of the following concession cards would be eligible for the Green Waste Bin Concession: ACTION Gold Card; Department of Veterans' Affairs Gold Card; Centrelink Pensioner Concession Card; MyWay Seniors Card (for people who are aged 70 years and above); or Department of Veterans' Affairs Pension Card. Pilot program for Green Waste Bin collection was launched in December 2016 and rolled out to Tuggeranong only. The program was extended to Belconnen in 2017-18 and to whole of Canberra in 2018-19.
11. Total cost of social concession and supports from revenue forgone for the period 2015-16 to 2017-18 have been upwardly revised due to the revision for Driver licence fee concession and inclusion of the Green Waste Bin Concession.

Table B2 below shows the social concessions and supports funded by way of direct expenditure. The Government pays the respective service providers for the delivery of these programs.

Table B2. ACT Government social concessions and supports – direct expenditures¹

Social Concessions and Supports	2015-16		2016-17		2017-18		2018-19		Notes
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	
Energy and Utilities Rebate ²	28,700	13,892	31,500	14,595	-	-	-	-	The Government provided a rebate on electricity bills (of up to \$426 a year) to eligible households to assist them with their cost of living. From 2017-18, the <i>energy and utility rebate</i> was combined with the <i>water and sewerage rebate</i> to become one concession known as the <i>Utilities concession</i> , reported below.
Utilities Concession ³	-	-	-	-	29,932	27,117	29,809	26,338	The Government provides a Utilities concession (water and sewerage rebate and energy and utility rebate) to eligible households, and to community organisations as part of our Community Service

Social Concessions and Supports	2015-16		2016-17		2017-18		2018-19		Notes
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	
									Obligations to assist them with their cost of living. This rebate benefited about 29,809 eligible households in 2018-19.
Life Support Rebate	2,342	285	2,394	291	2,714	330	2,911	354	The Government provided a rebate on electricity bills (up to \$122 a year) to about 2,911 eligible Canberrans in 2018-19. This rebate supports Canberrans who require extra electricity usage for life support equipment at home.
Home Haemodialysis Rebate	75	21	69	19	64	18	61	18	The Government provides financial assistance to eligible patients accessing home haemodialysis with their water costs for up to \$1,200 per annum. In 2018-19, the rebate benefited 15 eligible patients with 61 claims in total.
Taxi Subsidy Scheme	91,000	1,851	95,183	1,604	101,196	2,383	104,532	2,214	The Government subsidises taxi travel for

Social Concessions and Supports	2015-16		2016-17		2017-18		2018-19		Notes
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	
									eligible Canberrans who have severe activity limitations. In 2018-19, the Government subsidised about 104,532 taxi trips.
Funeral Assistance Program	52	248	47	253	34	272	33	162	The Government subsidises the costs of funerals for households who are in a financial hardship. This program allows families to have simple dignified funerals.
Spectacles subsidy ⁴	11,500	1,803	10,057	2,135	13,252	2,465	10,838	2,088	
ACT Secondary Bursary Scheme ⁵	907	681	868	649	795	676	838	619	
Solar for Low Income Program ⁶	-	-	-	-	221	658	228	634	The Solar for Low Income Program enables low income households to invest in the installation of rooftop solar panels to help reduce energy costs.
Interstate Patient Travel Assistance Scheme	2211	620	2305	628	2414	659	2477	719	The Government provides financial assistance towards travel and accommodation costs to Canberrans who are required to travel

Social Concessions and Supports	2015-16		2016-17		2017-18		2018-19		Notes
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	
									interstate for specialist medical and dental treatment that is not currently available in the ACT. In 2018-19, the Government provided assistance to 2477 eligible claims. ⁷
Cost of concessions and supports - direct expenditures⁸		19,401		20,174		34,578		33,146	

Notes:

1. Direct expenditures do not include the costs to the Government to run these programs, such as staffing and overheads.
2. Energy and utility concessions are available to pensioners and Centrelink Low Income Health Care Card holders. The usage rate may not capture people who receive both the life support rebate and the energy and utility rebate.
3. From 2017-18, the energy and utility rebate has been combined with the water and sewerage rebate to become one concession known as *Utilities concession*.
4. Spectacle subsidy includes: the ACT Spectacles Subsidy Scheme, the ACT Senior Spectacles Scheme, and the Low Vision Aids Scheme. The ACT Spectacles Subsidy Scheme is available to pensioners and Centrelink Healthcare Card holders. The ACT Senior Spectacles Scheme is available to Seniors Card holders. The Low Vision Aids Scheme is available to Canberrans with degenerative eye conditions. The ACT Seniors Spectacle Scheme was abolished from 1 July 2018.
5. The ACT Secondary Bursary Scheme provides financial assistance to low income families for education expenses of students in years 7-10. The students must be living with the applicant and be financially dependent upon the applicant, or in special government care that is paid for by the applicant.
6. The Solar for Low Income Program commenced in 2017-18 and will cease on 30 June 2020. The Program requires the participants to hold an Australian Government Pensioner Concession Card and be a homeowner in the ACT to be eligible for the program.
7. It should be noted that the number of claims is not equal to the number of patients.
8. Total cost of concessions and supports from direct expenditures for the period 2015-16 to 2017-18 have been upwardly revised due to additional schemes being included under this category, including Home Haemodialysis Rebate, ACT Secondary Bursary Scheme, Solar for Low Income Program and Interstate Patient Travel Assistance Scheme.



ACT
Government

Chief Minister, Treasury and
Economic Development

ACT Treasury

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