



ACT Government

2003-2004 BUDGET

BUDGET REVENUE MEASURES PROVIDE BASIS FOR ADDRESSING COMMUNITY NEED

Treasurer Ted Quinlan today announced a range of 2003-04 budget revenue measures designed to provide supplementary funding for key areas of community need.

Mr Quinlan said the budget had been a challenging one, but the Government was continuing its commitment to maintaining services and delivering a surplus over the next four years.

“Maintaining a responsible financial position is a core commitment of the Stanhope Government, and we are determined to do this despite external fiscal challenges,” he said.

“Lower than expected returns on superannuation investments, the January bushfires and an unexpected reduction in Commonwealth grants have put pressures on the budget, and the Government has had a good hard look at our tax base in response.

“Our tax base is decidedly narrow. However, the Commonwealth Grants Commission’s assessment indicates the ACT has additional capacity in revenue generation via gambling taxes and financial transaction taxes.

“We have assessed the capacity of various sectors to contribute to government revenue, and as a result we are introducing a number of new revenue measures that will deliver the initiatives and services to build our city and our community.”

Mr Quinlan said a two-year ‘fire reconstruction levy’ is being introduced to help cover some of the bushfire recovery costs. The levy, to be charged to land owners through the rates database, will raise \$5 million a year over the next two years.

“The levy will go a small part of the way towards funding the rebuilding of community assets and regeneration of the environment, as well as the costs of the Bushfire Recovery Taskforce, the Recovery Centre and various inquiries,” he said.

“The levy will be a fixed rate based on the average unimproved value of each rateable property in the ACT. Pensioners will receive a 100 per cent rebate on their portion of property ownership, and all ACT Housing Trust properties will be exempt.

“We have also increased the water abstraction charge, which will lead to higher water bills. The charge will rise from 10 cents to 20 cents per kilolitre from 1 January 2004 and by a further five cents in 2005-06.

“The increase is consistent with the Council of Australian Government water reform requirements, which require that the full economic cost of obtaining water, including the cost of externalities such as catchment management, be charged. The current severe drought highlights the need for charges to reflect the true value of water.”

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Mr Quinlan said that an update of the Home Buyer Concession Scheme will assist those on low incomes to purchase homes and improve housing affordability in the ACT.

“The current scheme will be updated to better reflect current property prices and income levels. The new scheme will provide up to \$4,780 reduction in conveyance duty per property for eligible applicants,” he said.

The Treasurer said that for the most part, increases to fees and fines are in line with CPI. However, several transport-related revenue initiatives will see increases to the cost of motor vehicle registration, driver licence fees and parking and traffic penalties, many bringing ACT fees into line with those of New South Wales. Pay parking will also be introduced in Barton, reflecting the true cost of being based near the city centre.

“This parking measure is consistent with user pays principles, supports the Government’s sustainable transport strategy and will make parking arrangements in Barton consistent with other major centres in the ACT,” he said.

“In a future initiative, the Government will be developing a parking space levy in 2003-04 with anticipated implementation in 2004-05. The levy will apply to all commercially owned private car parks in Civic, Woden, Belconnen and Tuggeranong. Details of the charge will be finalised as part of the development process.

Further ACT revenue initiatives for 2003-04 include:

- replacement of the current corporate reconstruction exemption with a 95 percent concession. This is consistent with a number of jurisdictions, which charge varying duty for corporate reconstruction. It is estimated that this measure will raise an additional \$1.1 million in 2003-04;
- application of a rate of duty equal to the conveyance rate on the transfer of business assets where the value of the total transfer is \$1 million or more, consistent with a number of jurisdictions. The ACT will have a threshold designed to minimise the adverse impact of this initiative on small business in the ACT. It is estimated that this measure will raise an additional \$1.7 million in 2003-04;
- introduction of a loan security duty for commercial borrowers on loans of \$1 million or more, bringing the ACT into line with the rest of Australia, albeit at a lower rate and a higher threshold. It is estimated that this measure will raise an additional \$500,000 in 2003-04; and
- an increase from 25 per cent to 27 per cent to the top marginal tax rate for Gross Gaming Machine Revenue greater than \$50,000 per month, unamended since 1999. It is estimated that gaming tax revenue will increase by \$3 million. It is not anticipated that the increase will adversely affect smaller or less profitable clubs.

“I think the budget’s revenue measures are fair because they distribute the tax burden equitably across the community,” the Treasurer concluded.

Statement ends.