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Australian Capital Territory

2000-01 BUDGET

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NO NEW TAXES, BUT REVENUE CONTINUES GROWTH

The 2000-01 Budget contains no new taxes, but the change to Commonwealth-State Financial Relations means the ACT's tax revenue will decrease in the coming year, Treasurer, Gary Humphries, said today.

Mr Humphries said the ACT's tax revenue would reduce from estimates of \$609m in 1999-2000, to \$474m in 2000-01, entirely because of the GST and the fact that a number of taxes and charges, presently shown as own-source, will be captured by the Guaranteed Minimum Amount of GST funding.

"These arrangements between the Commonwealth and the ACT reflects this Government's commitment to national tax reform initiatives. Under these new arrangements:

- Tax revenue currently received from Section 90 receipts (petroleum, liquor and tobacco), will be accounted for under the Guaranteed Minimum Amount to be paid to the Territory by the Commonwealth under new GST arrangements;
- Gambling taxes will decrease from 1 July 2000 to offset the GST impact on gambling operators; and
- Sales tax equivalent payments from Government Business Enterprises will be abolished from 1 July 2000.

"In addition, revenue forecasts for conveyance duty will decrease in 2000-01. This reflects the removal of a one-off GST related impact as a consequence of people bringing forward sales activity into the current financial year that would otherwise be expected in 2000-01.

"The Budget continues to project conservative growth in the ACT economy, which will lead to revenue growth in key areas, including payroll tax. As announced earlier this month, the total rates receipts will only rise by forecast underlying CPI (that is, without GST).

Mr Humphries said that underlying increases in fees and charges would be generally limited to CPI indexation.

“For fees and charges that are subject to GST, an additional 10% will be imposed on top of the underlying amount and remitted to the ATO.

“This situation arises because of a decision by the Federal Government to claw back the embedded savings which result from the abolition of wholesale sales tax.

“These savings would otherwise be available to pass on in the form of reduced charges, just as they are in the private sector. Unfortunately this option is not available to the Government, nor to any other State or Territory government,” Mr Humphries said.

Details of increases for individual fees and fines in 2000-01 are being announced today by the relevant portfolio Ministers. Overall, net revenue from fees and fines is estimated to increase in 2000-01, mainly reflecting population growth and the CPI indexation.

Statement Ends