

# FINANCIAL TRANSACTION TAXES

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- 1 This working paper describes how the Commission estimated the revenue each State would have raised from financial transaction taxes if it made the Australian average effort. The development of the assessment method is in Volume 3 of the 2004 Review Working Papers.

## DESCRIPTION OF CATEGORY

- 2 For the GST relativities, financial transaction taxes included revenue from:
- Stamp duties on mortgages, bonds, covenants, debentures and other loan securities;
  - Stamp duties on leases;
  - Stamp duties on instalment purchase arrangements, credit transactions and rental or hiring agreements; and
  - Miscellaneous taxes and duties, such as the debits duty charged by Tasmania, credit card transaction duty in Queensland, electronic banking duty in Northern Territory and taxes on deeds and settlements.
- 3 Table 1 shows the average revenues raised from financial transaction taxes per capita for the last six financial years used for the 2008 Update. The average revenues in Table 1 reflect the Commission decision in this update, as discussed in detail later, to backcast State revenues to account for the States' decision to abolish some financial transaction taxes. In 2006-07, the average revenue at \$14.44 per capita was 0.53 per cent of total average own-source revenues.

**Table 1 Financial transaction taxes, average revenues, 2001-02 to 2006-07**

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Average revenues (\$pc)	10.83	11.63	12.36	13.00	13.72	14.44
% of total own-source revenues	0.56	0.56	0.55	0.56	0.54	0.53

## Why revenue from financial transaction taxes differ

- 4 Table 2 shows the per capita actual revenues raised by States from financial transaction taxes for the last six financial years. Average revenues in Table 2 differ from those in Table 1 because the revenue data Table 2 do not reflect the effect of backcasting. Actual revenues for each State varied greatly from the average. Revenue collected changed from year to year for

each State depending on the level of business activity and on whether a State had abolished one or more of the financial transaction taxes during this period. Victoria, for instance, had abolished all financial transaction taxes by 2006-07.

**Table 2 Actual revenue collected from financial transaction taxes, 2008 Update**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
2001-02	63.45	47.39	55.89	65.23	43.62	33.54	25.26	41.05	55.11
2002-03	73.86	53.64	65.11	70.34	48.43	22.04	19.62	37.56	62.38
2003-04	79.91	57.35	83.92	77.44	65.90	27.62	22.51	37.76	71.17
2004-05	68.43	13.58	81.26	89.78	59.53	30.81	28.98	38.56	56.94
2005-06	69.47	11.17	87.00	107.19	41.65	33.19	41.34	32.19	58.42
2006-07	76.39	6.64	87.70	75.88	44.94	20.60	38.64	23.86	56.46

- 5 The Commission seeks to understand the reasons for the differences between States. If the reasons were to do with tax provisions, they were differences in revenue raising effort due to policy differences, and had no impact on State shares of the pool. If the reasons were due to circumstances beyond a State's control, they were considered to be revenue raising disabilities and were taken into account in the revenue assessment. They do affect State shares of the pool.

**Box 1: The Commission's concept of average**

The Australian average revenue per capita is not a simple average of the revenue per capita for the eight States. It is a population weighted average, calculated by dividing the total revenues raised by all States by total population of all States. Population weighting gives equal weight to people irrespective of their State of residence. But, since more Australians live in New South Wales, that State carries more weight in the calculation of the average. For example, more than 32 per cent of Australians live in New South Wales, and less than 3 per cent in Tasmania. Population weighting gives the experience of New South Wales (\$69.35 per capita in 2005-06) about 14 times the weight of the experience of Tasmania (\$33.25 per capita). This means that the average revenue per capita is generally closer to the revenue per capita of New South Wales than the revenue per capita for Tasmania.

This concept of average also applies to the average effective tax rate. In calculating the average effort to raise revenue, it divides the total revenue raised by all States by the total revenue bases of all States. This weights the revenue effort of each State according to its share of the total Australian revenue base.

- 6 The reasons for differences in State's actual revenues per capita will include: different actual tax provisions and differences in the level and composition of business activities.

## ASSESSING STATES' CAPACITIES TO RAISE REVENUES

### The equalisation task

- 7 The box below outlines the Commission's framework for measuring the ability of States to raise revenues from their own bases. For each tax, the Commission measured the revenue base available to each State, based on the average State policy of how the tax was levied, not the State's own policy. The assessed revenue base was thus policy neutral.

#### **Box 2: Revenue assessment framework for each category of tax to be assessed**

**Aim:** to measure the revenue base available to each State assuming it applied the average policy for levying the tax<sup>1</sup>.

**Step 1:** Review States' legislation and provisions to establish how the tax is levied — who pays it, on what activities or assets it is levied, and what exclusions from taxable liability are allowed by the States.

**Step 2:** Establish the average policy. The average policy is the policy applied to the majority of the total tax base. Account is also taken of the number of States that follow the policy.

Where policy differences between States are negligible, the actual revenues raised by each State would be an appropriate measure of each State's relative ability to raise revenues from own revenue bases. In this case, it would not be necessary to measure the revenue base itself. It is called the actual per capita (APC) method of assessment. It attributes differences in observed revenues per capita between States entirely to differences in abilities to raise revenues from own revenue bases.

Most often, observed differences in per capita revenues are due to both differences in revenue effort (policy) and to circumstances beyond the direct control of State governments (revenue raising disabilities).

**Step 3:** Determine the best conceptual measure of the revenue base under the average policy. The preference is to measure revenue bases under average policy settings using the number and value of activities, transactions or assets subject to the tax.

A broader measure (such as household disposable income, or total private expenditure) is adopted if:

- the tax itself is broad and its incidence is not easily shifted across State boundaries;
- differences in State policies have large effects on the relative number and value of activities, transactions, or assets that are taxable in each State, and it is not possible to adjust the data to remove the effects of the policy differences — in this case, data from a third party, such as the Australian Bureau of Statistics (ABS), may be used to overcome some of the problems inherent in State-provided data; or
- data on the preferred conceptual measure of the revenue base are not available.

However, broad measures tend to be more distant from the States' actual tax bases, and there is a judgment to be made as to how well they reflect the ability to raise taxes.

Where differences between each State's policy and the average policy are very large, and it is impossible to calculate a representative and policy neutral revenue base with confidence, the Commission uses State mean resident populations as the revenue base. This implies equal ability to raise revenues per capita in each State. This is the equal per capita (EPC) assessment method. It attributes differences in observed per capita revenues between States to policy, and does not cause any redistribution of GST shares.

<sup>1</sup> The aim is to adopt a revenue base that inherently reflects all revenue raising disabilities, without measuring them separately. This approach differs from the approach used for expenses which starts from an assumption of equal costs per capita and makes allowances for individual sources of cost disabilities.

### **Developments for the 2008 Update**

- 8 Each State reached an agreement with the Australian Government on a timetable for phasing out by 2011-12 ‘business taxes’ — most financial transaction taxes<sup>2</sup>, stamp duties on non-quotable marketable securities and stamp duty on non-residential conveyances other than real property<sup>3</sup>. Table 3 shows the final year of abolition for each tax and each State.
- 9 The Australian Treasury said the current round of abolition of taxes arose from the Intergovernmental Agreement (IGA).
- 10 These developments mean the average tax policies in the application year for the 2008 Update (2008-09) would differ from those in the years used to calculate the relativities (2001-02 to 2006-07). Similar situations would arise in subsequent updates.
- 11 In the 2007 Update, the Commission decided to take account of the phased abolition by backcasting<sup>4</sup> the abolition of taxes into the assessment years on the basis of the average tax policy expected to apply in the year the relativities would be used (2007-08). The average tax policy in 2007-08 was assessed as the average effective rate of tax for the taxes that applied to more than 50 per cent of the all-State aggregate tax base and, as a secondary consideration, applied in four or more States.
- 12 The Commission also decided to apply a similar approach in future updates.

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2 The taxes involved are stamp duty on leases, stamp duty on mortgages, debentures, bonds and other loan securities, stamp duty on credit arrangements, instalment purchase arrangements and rental arrangements; and stamp duty on cheques, bills of exchange and promissory notes.

3 Some States have already abolished, or had never introduced, some of these taxes.

4 Under backcasting, the Commission revises the data for the assessment years to reflect what would have happened if the new policies had applied in the assessment years.

**Table 3** Schedule of full abolition of State business taxes

	2005-06 and earlier	2006-07	2007-08	2008-09	2009-10	2010-11 and beyond
<b>Financial Transaction Taxes</b>						
Stamp duty on leases	Vic, Qld, WA, SA, Tas	NT	NSW		ACT	
Stamp duty on mortgages, bonds, debentures, and other loan securities	Vic, ACT, NT		TAS	Qld, WA	NSW SA	
Stamp duty on credit arrangements, instalment purchase arrangements and rental arrangements	Tas	Vic, Qld, WA	NSW, ACT, NT		SA	
Stamp duty on credit business including loans, discount transactions	All States					
Stamp duty on cheques, bills of exchange, and promissory notes	All States					
<b>Stamp Duties on Unlisted Shares and Marketable Securities</b>						
Stamp duty on non-quotable marketable securities	Vic, WA, Tas	Qld, NT		NSW		SA, ACT
<b>Stamp Duties on Conveyances for non-residential conveyances</b>						
Stamp duty on non-residential conveyances other than real property	Vic	ACT		Tas	NT	NSW, Qld, WA, SA

**Implementing the decision to backcast**

- 13 To calculate the average effective rate of tax in 2008-09 it was necessary to estimate actual revenues and the revenue bases for each State for 2008-09. Estimates of actual revenues for 2007-08 and 2008-09, together with revenues collected in 2005-06 and 2006-07<sup>5</sup> are given in Table 4. The estimates were based on actual revenues in future years provided in 2006-07 State budget papers, and, where not available, on trends in revenue collections taking into account the States' proposed timetable to abolish taxes.

<sup>5</sup> The actual revenues for 2004-05 and 2005-06 are those in Table 2.

**Table 4 Future financial transaction tax revenue**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Actual revenue received 2005-06</b>									
Lease duty	71.3		19.6				10.4	1.9	103.1
Mortgage duty	323.8		297.4	173.4	50.0	16.2			860.7
Rental duty	76.6	56.9	22.0	31.4	15.0		3.3	4.6	209.8
Cheque & other duties			13.4	13.7				0.2	27.3
	471.6	56.9	352.3	218.5	65.0	16.2	13.7	6.7	1200.9
<b>Actual revenue received 2006-07</b>									
Lease duty	95.3		3.5				9.6	0.1	108.6
Mortgage duty	355.2		342.6	120.5	55.9	10.1			884.4
Rental duty	73.2	34.3	15.9	22.8	14.9		3.4	5.0	169.5
Cheque & other duties			0.7	14.7					15.3
	523.7	34.3	362.7	158.0	70.9	10.1	13.0	5.1	1177.8
<b>Actual revenue anticipated in 2007-08</b>									
Lease duty	51.0						7.2		58.2
Mortgage duty	243.0		300.0	108.0	35.0				686.0
Rental duty	7.0			11.0	11.0				29.0
Cheque & other duties				15.0					15.0
	301.0		300.0	134.0	46.0		7.2		788.2
<b>Actual revenue anticipated in 2008-09</b>									
Lease duty							4.7		4.7
Mortgage duty	110.0		170.0	9.0	20.0				309.0
Rental duty				0.0	6.0				6.0
Cheque & other duties				16.5					16.5
	110.0		170.0	25.5	26.0		4.7		336.2

Source: 2006-07 State budget papers and Commission estimates.

- 14 Revenue base estimates for 2008-09 were made for each State using a linear regression fit for each component. Details of this process are given in Attachment A.
- 15 The average effective tax rate for 2008-09 was derived from the estimates of each State's actual revenue and revenue base (see Table 5).
- 16 For each State and assessment year, backcast actual revenues were derived by applying its 2008-09 effective tax rate to its actual revenues for 2001-02 to 2006-07. The backcast actual revenues were then proportionally adjusted to ensure the sum of the State revenues equalled the discounted Australian average revenue. The resultant revenues were used as the backcast budget for the assessment.

- 17 The differences between the revenues collected in the assessment years, 2001-02 to 2006-07 and the adjusted actual revenues were transferred to the ‘Other Revenue’ category, which was assessed equal per capita, and so did not affect the GST redistribution.

## **CALCULATING THE REVENUE BASES**

### **Defining the revenue base**

- 18 The revenue base for this category is total private expenditure — which is the sum of household final consumption and total private capita expenditure — with two adjustments.
- 19 The first adjustment adjusted the published amount of private gross capital formation for a State to exclude capital formation that related to other jurisdictions. This arose from the Commission’s decision in the 2004 Review. This led at the time to a reduction in Northern Territory’s private gross capital to exclude capital expenditure on offshore oil and gas developments. In this update, no adjustments were made for the last two assessment years for Northern Territory because of lack of verifiable data. However, Western Australia has been able to provide data on capital expenditure associated with offshore oil and gas developments for all assessment years.
- 20 The second adjustment was to include a capital market factor which allowed for the differences between States in the size of their capital markets. This was estimated by calculating the proportion of total State factor income relating to the finance, insurance, property and business services sector, relative to the Australian proportion.

### **Calculating the base**

- 21 Table 6 to Table 9 show the assessment data and the calculation of the revenue base.

**Table 5 Financial transaction taxes, backcast actual revenue, 2007 Update**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>A. Actual revenue (2001-02 to 2006-07 from Table 2, 2007-08 and 2008-09 from Table 4)</b>									
2001-02	419.2	229.2	205.2	124.9	66.2	15.8	8.1	8.2	1076.7
2002-03	491.4	262.6	245.3	136.4	73.9	10.5	6.4	7.5	1233.9
2003-04	534.8	284.2	324.1	152.4	101.2	13.3	7.3	7.6	1425.0
2004-05	460.7	68.2	321.5	179.6	92.1	14.9	9.5	7.9	1154.4
2005-06	471.6	56.9	352.3	218.5	65.0	16.2	13.7	6.7	1200.9
2006-07	523.7	34.3	362.7	158.0	70.9	10.1	13.0	5.1	1177.8
2007-08	301.0	0.0	300.0	134.0	46.0	0.0	7.2	0.0	788.2
2008-09	110.0	0.0	170.0	25.5	26.0	0.0	4.7	0.0	336.2
<b>B. Revenue base (2000-01 to 2005-06 from Table 9 2006-07 and 2007-08 from Attachment A)</b>									
2001-02	250 405	160 976	75 120	39 614	32 261	6 211	9 367	3 130	577 083
2002-03	267 172	175 659	84 499	45 000	35 525	6 425	10 066	3 399	627 744
2003-04	285 928	185 280	95 539	49 553	37 850	7 098	10 076	3 730	675 054
2004-05	301 050	200 082	102 574	50 903	41 201	8 082	10 623	4 241	718 755
2005-06	320 058	214 309	111 845	56 016	42 233	8 776	11 442	4 621	769 301
2006-07	329 351	226 483	127 315	68 895	43 933	8 722	11 539	5 289	821 528
2007-08	349 159	239 650	134 434	71 201	47 029	9 595	12 093	5 565	868 726
2008-09	365 411	252 780	144 346	76 547	49 388	10 174	12 552	5 950	917 148
<b>C. Average effective tax rate (= A / B)</b>									
	%	%	%	%	%	%	%	%	%
2008-09	0.030	0.000	0.118	0.033	0.053	0.000	0.037	0.000	0.037
<b>D. Discounted actual revenue<sup>a</sup> (= B * C)</b>									
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2001-02	75.4	0.0	88.5	13.2	17.0	0.0	3.5	0.0	211.5
2002-03	80.4	0.0	99.5	15.0	18.7	0.0	3.8	0.0	230.1
2003-04	86.1	0.0	112.5	16.5	19.9	0.0	3.8	0.0	247.5
2004-05	90.6	0.0	120.8	17.0	21.7	0.0	4.0	0.0	263.5
2005-06	96.3	0.0	131.7	18.7	22.2	0.0	4.3	0.0	282.0
2006-07	99.1	0.0	149.9	23.0	23.1	0.0	4.3	0.0	301.1
<b>E. Discount actual revenue factor (= D<sub>Aust</sub> / A<sub>Aust</sub>)</b>									
2001-02									0.19647
2002-03									0.18650
2003-04									0.17365
2004-05									0.22824
2005-06									0.23482
2006-07									0.25569
<b>F. Backcast actual revenue (= D<sub>State</sub> * (D<sub>Aust</sub> / ∑D<sub>States</sub>))</b>									
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2001-02	80.7	0.0	94.7	14.1	18.2	0.0	3.8	0.0	211.5
2002-03	85.1	0.0	105.3	15.9	19.8	0.0	4.0	0.0	230.1
2003-04	89.2	0.0	116.6	17.1	20.6	0.0	3.9	0.0	247.5
2004-05	94.0	0.0	125.3	17.6	22.5	0.0	4.1	0.0	263.5
2005-06	99.4	0.0	135.9	19.3	22.9	0.0	4.4	0.0	282.0
2006-07	99.7	0.0	150.8	23.1	23.3	0.0	4.3	0.0	301.1

**Table 6** Total private expenditure by State, 2001-02 to 2006-07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
A. Household final consumption expenditure									
2001-02	156 003	111 201	73 789	39 706	31 596	8 791	8 445	4 119	433 650
2002-03	164 125	118 360	79 701	42 053	33 945	9 289	9 110	4 446	461 029
2003-04	173 050	125 633	88 577	45 183	35 833	10 047	9 509	4 850	492 682
2004-05	180 193	133 039	95 246	48 867	37 728	10 809	9 902	5 243	521 027
2005-06	187 228	138 766	102 150	52 254	39 395	11 279	10 657	5 728	547 457
2006-07	198 557	146 350	108 904	57 089	41 305	12 042	11 464	6 163	581 874
B. Private fixed capital formation									
2001-02	45 106	38 090	25 456	16 730	9 058	2 240	2 132	2 341	141 153
2002-03	51 796	43 649	31 484	20 026	11 011	2 348	2 701	2 577	165 592
2003-04	56 489	46 131	36 594	23 096	12 413	2 841	2 653	2 843	183 060
2004-05	60 281	49 497	40 350	24 937	13 216	3 288	2 732	3 082	197 383
2005-06	61 568	53 055	46 863	34 858	13 740	3 696	3 255	3 789	220 824
2006-07	59 960	55 000	54 667	43 396	14 417	3 466	3 746	3 858	238 510
C. Exclusions from private gross fixed capital formation									
2001-02	0	0	0	267	0	0	0	300	567
2002-03	0	0	0	459	0	0	0	400	859
2003-04	0	0	0	615	0	0	0	600	1 215
2004-05	0	0	0	1 303	0	0	0	300	1 603
2005-06	0	0	0	1 387	0	0	0	0	1 387
2006-07	0	0	0	1 811	0	0	0	0	1 811
D. Total private expenditure = A+B-C									
2001-02	201 109	149 291	99 245	56 169	40 654	11 031	10 577	6 160	574 236
2002-03	215 921	162 009	111 185	61 620	44 956	11 637	11 811	6 623	625 762
2003-04	229 539	171 764	125 171	67 664	48 246	12 888	12 162	7 093	674 527
2004-05	240 474	182 536	135 596	72 501	50 944	14 097	12 634	8 025	716 807
2005-06	248 796	191 821	149 013	85 725	53 135	14 975	13 912	9 517	766 894
2006-07	258 517	201 350	163 571	98 674	55 722	15 508	15 210	10 021	818 573

Source: Australian Bureau of Statistics, *Australian National Accounts, State Accounts, 2006-07, 5220.0*, Tables 6, 8, 10, 12, 14, 16, 18, 20, 22 and State data returns.

**Table 7 Finance sector proportion by State, 2001-02 to 2006-07**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>E. Factor income- finance and insurance</b>									
2001-02	22 235	13 764	5 551	3 048	2 838	645	502	198	48 781
2002-03	23 493	14 263	5 835	3 300	2 852	665	486	207	51 101
2003-04	25 763	15 477	6 438	3 510	3 088	761	525	228	55 790
2004-05	27 781	17 163	7 377	3 701	3 267	863	631	267	61 050
2005-06	31 080	17 931	8 383	4 036	3 535	914	634	260	66 773
2006-07	32 250	20 214	9 542	5 144	3 699	1 024	691	423	72 987
<b>F. Factor income-property and business services</b>									
2001-02	35 111	22 016	11 117	7 539	4 477	676	1 961	693	83 590
2002-03	37 330	23 814	12 213	8 617	4 864	726	2 131	736	90 431
2003-04	39 537	25 675	13 587	9 307	5 043	792	2 227	787	96 955
2004-05	41 723	26 925	14 761	9 973	5 495	855	2 341	864	102 937
2005-06	44 011	29 582	16 271	10 861	5 645	986	2 458	903	110 717
2006-07	48 954	31 722	19 353	14 069	6 316	1 099	2 485	1 081	125 079
<b>G. Total finance sector factor income = E + F</b>									
2001-02	57 346	35 780	16 668	10 587	7 315	1 321	2 463	891	132 371
2002-03	60 823	38 077	18 048	11 917	7 716	1 391	2 617	943	141 532
2003-04	65 300	41 152	20 025	12 817	8 131	1 553	2 752	1 015	152 745
2004-05	69 504	44 088	22 138	13 674	8 762	1 718	2 972	1 131	163 987
2005-06	75 091	47 513	24 654	14 897	9 180	1 900	3 092	1 163	177 490
2006-07	81 204	51 936	28 895	19 213	10 015	2 123	3 176	1 504	198 066
<b>H. Total State factor income</b>									
2001-02	226 686	163 322	108 385	73 885	45 370	11 547	13 689	8 632	651 516
2002-03	239 266	170 939	115 594	79 431	47 529	12 263	14 946	8 944	688 912
2003-04	254 847	185 465	127 544	85 083	50 385	13 709	16 148	9 382	742 563
2004-05	269 438	195 201	142 026	94 519	52 579	14 543	17 154	10 387	795 847
2005-06	282 829	206 058	159 154	110 462	55 962	15 708	18 216	11 605	859 994
2006-07	300 023	217 336	174 742	129 526	59 791	17 768	19 706	13 412	932 304
<b>I. Finance sector proportion = G/H</b>									
2001-02	0.25298	0.21908	0.15379	0.14329	0.16123	0.11440	0.17993	0.10322	0.20317
2002-03	0.25421	0.22275	0.15613	0.15003	0.16234	0.11343	0.17510	0.10543	0.20544
2003-04	0.25623	0.22189	0.15700	0.15064	0.16138	0.11328	0.17042	0.10819	0.20570
2004-05	0.25796	0.22586	0.15587	0.14467	0.16664	0.11813	0.17325	0.10889	0.20605
2005-06	0.26550	0.23058	0.15491	0.13486	0.16404	0.12096	0.16974	0.10022	0.20639
2006-07	0.27066	0.23897	0.16536	0.14833	0.16750	0.11948	0.16117	0.11214	0.21245

Source: Australian Bureau of Statistics, *Australian National Accounts, State Accounts, 2006-07, 5220.0*, Tables 33 to 41.

**Table 8 Capital market adjustment by State, 2001-02 to 2006-07**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
J. Finance sector proportion =(I from Table 7)									
2001-02	0.25298	0.21908	0.15379	0.14329	0.16123	0.11440	0.17993	0.10322	0.20317
2002-03	0.25421	0.22275	0.15613	0.15003	0.16234	0.11343	0.17510	0.10543	0.20544
2003-04	0.25623	0.22189	0.15700	0.15064	0.16138	0.11328	0.17042	0.10819	0.20570
2004-05	0.25796	0.22586	0.15587	0.14467	0.16664	0.11813	0.17325	0.10889	0.20605
2005-06	0.26550	0.23058	0.15491	0.13486	0.16404	0.12096	0.16974	0.10022	0.20639
2006-07	0.27066	0.23897	0.16536	0.14833	0.16750	0.11948	0.16117	0.11214	0.21245
K. Capital market adjustment factor (without discount) - State proportion divided by Australian proportion									
2001-02	1.24512	1.07827	0.75691	0.70526	0.79356	0.56307	0.88557	0.50804	
2002-03	1.23736	1.08425	0.75998	0.73027	0.79021	0.55213	0.85229	0.51320	
2003-04	1.24566	1.07869	0.76327	0.73234	0.78453	0.55072	0.82851	0.52594	
2004-05	1.25190	1.09612	0.75647	0.70210	0.80874	0.57331	0.84082	0.52844	
2005-06	1.28643	1.11723	0.75057	0.65344	0.79482	0.58608	0.82245	0.48557	
2006-07	1.27400	1.12482	0.77835	0.69821	0.78843	0.56242	0.75863	0.52784	

**Table 9 Financial transaction taxes, revenue base, 2001-02 to 2006-07**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
L. Total private expenditure (D from Table 6) (\$m)									
2001-02	201 109	149 291	99 245	56 169	40 654	11 031	10 577	6 160	574 236
2002-03	215 921	162 009	111 185	61 620	44 956	11 637	11 811	6 623	625 762
2003-04	229 539	171 764	125 171	67 664	48 246	12 888	12 162	7 093	674 527
2004-05	240 474	182 536	135 596	72 501	50 944	14 097	12 634	8 025	716 807
2005-06	248 796	191 821	149 013	85 725	53 135	14 975	13 912	9 517	766 894
2006-07	258 517	201 350	163 571	98 674	55 722	15 508	15 210	10 021	818 573
M. Capital market adjustment factor (K from Table 8)									
2001-02	1.24512	1.07827	0.75691	0.70526	0.79356	0.56307	0.88557	0.50804	
2002-03	1.23736	1.08425	0.75998	0.73027	0.79021	0.55213	0.85229	0.51320	
2003-04	1.24566	1.07869	0.76327	0.73234	0.78453	0.55072	0.82851	0.52594	
2004-05	1.25190	1.09612	0.75647	0.70210	0.80874	0.57331	0.84082	0.52844	
2005-06	1.28643	1.11723	0.75057	0.65344	0.79482	0.58608	0.82245	0.48557	
2006-07	1.27400	1.12482	0.77835	0.69821	0.78843	0.56242	0.75863	0.52784	
Revenue base =L*M (\$m)									
2001-02	250 405	160 976	75 120	39 614	32 261	6 211	9 367	3 130	577 083
2002-03	267 172	175 659	84 499	45 000	35 525	6 425	10 066	3 399	627 744
2003-04	285 928	185 280	95 539	49 553	37 850	7 098	10 076	3 730	675 054
2004-05	301 050	200 082	102 574	50 903	41 201	8 082	10 623	4 241	718 755
2005-06	320 058	214 309	111 845	56 016	42 233	8 776	11 442	4 621	769 301
2006-07	329 351	226 483	127 315	68 895	43 933	8 722	11 539	5 289	821 528

## CALCULATING ASSESSED REVENUES PER CAPITA

- 22 Assessed revenues per capita are calculated by applying the Australian average effective rate of tax to the revenue base of each State and dividing by State population. Table 10 shows the calculations. It should be noted that the average effective tax rate used for these calculations is effective rate of tax for 2008-09 (see Table 5 for the derivation of the tax rate for 2008-09.)

**Table 10 Calculation of assessed revenue from effective rates of tax, 2006-07**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Population '000	6 856	5 168	4 136	2 082	1 577	492	337	213	20 859
Actual revenue \$m	99.70	0.00	150.77	23.08	23.26	0.00	4.34	0.00	301.15
Actual revenue \$pc	14.54	0.00	36.46	11.08	14.75	0.00	12.90	0.00	14.44
Revenue base \$m	329 351	226 483	127 315	68 895	43 933	8 722	11 539	5 289	821 528
Revenue base \$pc	48 040	43 828	30 785	33 090	27 865	17 740	34 271	24 856	39 385
Effective rate of tax <sup>a</sup> %	0.030	0.000	0.118	0.033	0.053	0.000	0.038	0.000	0.037
Assessed revenue <sup>b</sup> \$m	120.73	83.02	46.67	25.25	16.10	3.20	4.23	1.94	301.15
Assessed revenue \$pc	17.61	16.07	11.28	12.13	10.21	6.50	12.56	9.11	14.44

(a) Calculated for each State by dividing its actual revenue by its revenue base.

(b) Calculated for each State by multiplying its revenue base by the Australian average effective tax rate.

- 23 Assessed revenues per capita can also be calculated by developing a capacity factor from the revenue base by dividing the individual State's per capita revenue base by the average per capita revenue base and applying that factor to the average per capita revenue. Table 11 shows the calculations.

**Table 11 Calculation of assessed revenue from category capacity ratios 2005-06**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Actual revenue \$pc	14.54	0.00	36.46	11.08	14.75	0.00	12.90	0.00	14.44
Revenue base \$pc	48 040	43 828	30 785	33 090	27 865	17 740	34 271	24 856	39 385
Revenue capacity ratio <sup>a</sup>	1.21974	1.11281	0.78164	0.84017	0.70749	0.45043	0.87015	0.63111	1.00000
Assessed revenue <sup>b</sup> \$pc	17.61	16.07	11.28	12.13	10.21	6.50	12.56	9.11	14.44
Revenue effort <sup>c</sup>	82.58	0.00	323.06	91.38	144.41	0.00	102.71	0.00	100.00

(a) State revenue base per capita divided by Australian revenue base per capita.

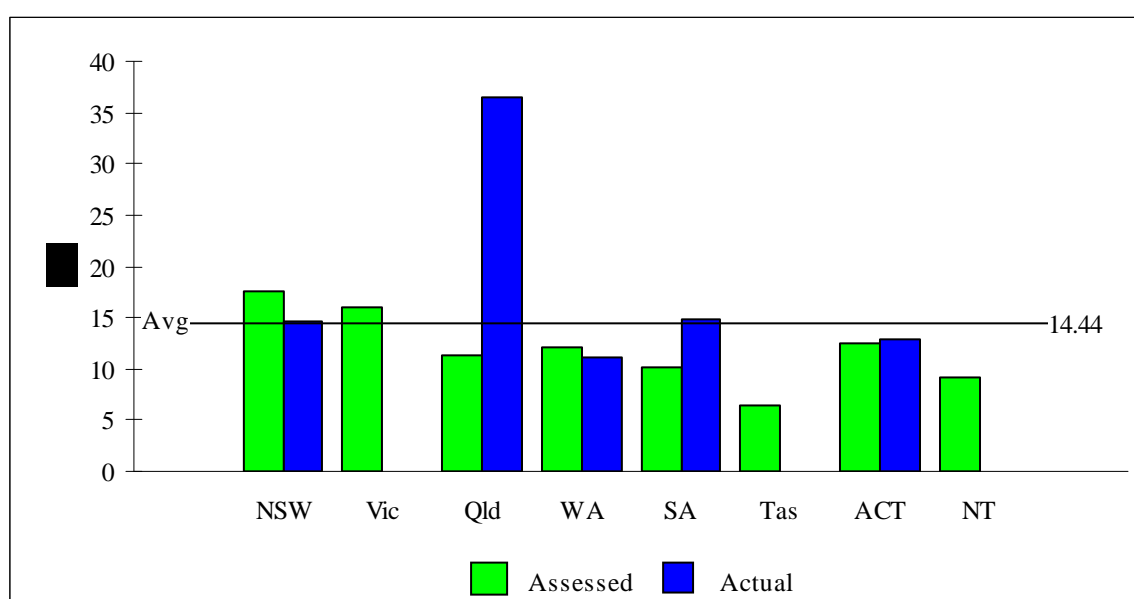
(b) State revenue capacity ratio multiplied by the Australian average actual revenue.

(c) State actual revenue divided by State assessed revenue.

- 24 Table A-6 (at the end of this paper) shows the average, actual and assessed revenues for each State for all years of the 2008 Update.
- 25 Table 12 shows, for 2006-07, average, actual and assessed per capita revenues and revenue capacity and effort ratios.
- 26 Figure 1 shows the average, actual and assessed per capita revenues for Financial Transactions Taxes for 2006-07.

**Table 12 Financial transactions taxes, assessment results, 2006-07**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Avg
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual revenues	14.54	0.00	36.46	11.08	14.75	0.00	12.90	0.00	14.44
Assessed revenues	17.61	16.07	11.28	12.13	10.21	6.50	12.56	9.11	14.44
	%	%	%	%	%	%	%	%	%
Assessed revenue raising capacity ratio	121.97	111.28	78.16	84.02	70.75	45.04	87.01	63.11	100.00
Revenue effort ratio	82.58	0.00	323.06	91.38	144.41	0.00	102.71	0.00	100.00

**Figure 1 Financial transaction taxes revenues per capita — assessed, actual and average, 2005-06, GST relativities**

## REVENUE CAPACITIES

- 27 A State's revenue capacity compares its assessed revenue, which reflects its revenue raising advantages or disadvantages, with average revenue. Table 13 provides the revenue raising capacities for all assessment years
- 28 On the basis of conditions expected to prevail in 2008-09, New South Wales and Victoria were assessed to have an above average capacity in 2006-07. Reflecting the increased capital expenditure in Queensland and Western Australia associated with the resources boom, the revenue raising capacities in these States has increased over the assessment period. Tasmania's capacity was much lower because both private expenditure and capital market activity were low.

**Table 13 Revenue raising capacities, 2001-02 to 2006-07**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	%	%	%	%	%	%	%	%	%
2001-02	128.32	112.70	69.25	70.05	72.02	44.52	98.81	53.37	100.00
2002-03	126.53	113.06	70.67	73.14	73.33	42.62	97.85	53.70	100.00
2003-04	126.73	110.89	73.37	74.68	73.08	43.80	91.62	55.08	100.00
2004-05	126.12	112.43	73.13	71.79	75.14	47.02	91.20	58.55	100.00
2005-06	125.98	112.49	73.82	73.43	72.32	48.01	92.03	59.16	100.00
2006-07	121.97	111.28	78.16	84.02	70.75	45.04	87.01	63.11	100.00

**REVENUE EFFORTS**

- 29 A State's revenue effort compares its actual revenue (which reflects both disabilities and policy choices) with its assessed revenue. Because of the Commission's decision to backcast the abolition of business taxes up to 2008-09 into the assessment years, revenue efforts for this category reflect the average tax policy expected to apply in 2008-09.
- 30 The revenue efforts of Victoria, Tasmania and Northern Territory were zero. This was because of their commitment to fully abolish business taxes by 2008-09 (see Table 3). For example, Victoria abolished Mortgage Duty from July 2004. Northern Territory did not levy mortgage duty. Tasmania plans to abolish it in 2007-08, compared with Queensland and Western Australia in 2008-09, South Australia and New South Wales in 2009-10.
- 31 Apart from general comments on States' timetables on the abolition of business taxes, it is difficult to provide precise explanations for each State's revenue effort because of the broad nature of the sub-global assessment, the variety of taxes included in the category, and the different tax regimes that applied in the States.

**CONTRIBUTIONS TO DISTRIBUTION OF THE POOL**

- 32 Table 14 shows that compared with an equal per capita (EPC) assessment, the assessment of Financial Transaction Taxes redistributed \$35.9 million of GST and health care grants (hereafter described as GST revenue) from New South Wales and Victoria to the other States in the 2008 Update.

**Table 14** Financial transaction taxes, effect of assessment on the distribution of the pool, 2007 Update <sup>a</sup>

NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total redistributed
\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
-26.4	-9.5	16.2	7.6	6.3	4.0	0.4	1.3	35.9

(a) All distributions were calculated using the 2007-08 pool and December 2007 population.

Note: The Total redistributed is the sum of negatives or positives.

## DIFFERENCES FROM AN EQUAL PER CAPITA DISTRIBUTION

33 State capacities to raise revenue differed from EPC assessments because of differences between States in the levels and types of taxable financial transactions, for which private final expenditure and a measure of capital market activities were used as a proxy. The capacity was assessed as higher in New South Wales and Victoria. This was because, over the five years of the assessment period, they had above average level of private expenditure and larger capital market activities.

## CHANGES SINCE THE 2007 UPDATE

### Effect of assessment on GST revenue distribution

34 Table 15 shows changes in the redistribution of GST revenue between the 2007 and 2008 Updates attributable to financial transaction taxes. It also shows the sources of changes.

35 The table shows that in the 2008 Update, Financial transactions taxes redistributed \$35.9 million of the pool relative to an equal per capita distribution. This was \$53.8 million less than in the 2007 Update. This was primarily because the phasing out of the taxes resulted in the differences between States in their capacity to raise this tax becoming less important.

36 The change arose because the Commission:

- used revised data for actual revenues (including the Commission decision to backcast the abolition of taxes into the assessment years on the basis of the average tax policy expected to apply in 2008-09) and for revenue base calculations for the years 2001-02 to 2005-06; and
- replaced 2001-02 actual revenue and revenue bases data with those of 2006-07 to move forward the five-year average on which GST revenue distributions were based. (Moving the five-year average forward in this way ensures the assessments reflect recent trends in States' revenue mix and recent trends in State demographic and economic circumstances on the relative capacity to raise those revenues.)

**Table 15** Financial transaction taxes, effect of assessment on GST revenue distributions, 2007 Update to 2008 Update<sup>(a)</sup>

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total redist'd
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Redistribution from EPC resulting from the 2007 Update assessment (a)</b>									
	-63.9	-25.8	43.1	18.1	15.1	9.5	0.7	3.1	89.7
<b>Effect of revising category averages and revenue bases for 2001-02 to 2005-06</b>									
Category averages	37.2	15.0	-25.1	-10.5	-8.8	-5.5	-0.4	-1.8	52.2
Revenue bases	-2.7	2.2	-1.7	2.2	-0.2	0.1	-0.1	0.2	4.7
Interactions	1.6	-1.3	1.0	-1.3	0.1	0.0	0.1	-0.1	2.8
Total	36.0	15.9	-25.8	-9.6	-8.9	-5.5	-0.5	-1.7	51.9
<b>Effect of replacing 2001-02 category averages and revenue bases with those for 2006-07</b>									
Category averages	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Revenue bases	1.5	0.3	-1.1	-0.9	0.1	0.0	0.1	-0.1	2.0
Interactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	1.5	0.3	-1.1	-0.9	0.1	0.0	0.1	-0.1	2.0
<b>Redistribution from EPC resulting from the 2008 Update assessment (a)</b>									
	-26.4	-9.5	16.2	7.6	6.3	4.0	0.4	1.3	35.9
<b>Total effect of revisions and updating (b)</b>									
	37.5	16.2	-26.9	-10.5	-8.8	-5.5	-0.3	-1.8	53.8

(a) All distributions are calculated using 2007-08 GST revenue pool and population as at 31 December 2007. The category revenue and revenue bases interact. The combined effect of changing both variables can be different from the sum of the effects of changing each separately. The difference is referred to as interactions.

(b) This figure shows the change in the amount redistributed among the States between the 2007 Update and the 2008 Update. It does not necessarily equal the difference in the total redistribution from EPC between the two inquiries.

### Changes due to revising revenue data and revenue bases for 2001-02 to 2005-06

37 **Revisions of revenue data.** As described earlier, the Commission 'backcast' into the assessment years the average tax policies expected to apply in 2008-09 for those 'business taxes' that are to be phased out under agreements between the Australian Government and each State. The adjusted budget figures for 2001-02 to 2005-06 were revised downwards to reflect that (see Table 5). This reduced the importance of the category by about 70 per cent, and reduced the redistributions away from New South Wales and Victoria, the States with the highest assessed capacities, by \$52.2 million.

- 38 **Changes in revenue capacity.** The ABS revised the data for past years for industry factor incomes, household final consumption expenditure and private fixed capital expenditure. However, the revisions were small.
- 39 In addition, there were small adjustments to the yearly populations, with there being small increases in the populations in all States except New South Wales. While populations for Western Australia and Tasmania were revised upwards, the percentage increase in the population in these States was below the overall average percentage adjustments. In the absence of any other changes to revenue base calculations, the population revisions act to increase the revenue raising capacity of New South Wales, Western Australia and Tasmania relative to other States.
- 40 Table 16 shows overall changes. The assessed revenue raising capacity of Victoria, Western Australia, Tasmania and Northern Territory fell marginally in the 2007 Update, while the assessed capacity for all other States rose.

**Table 16 Financial transaction taxes, changes to assessed capacities since the 2006 Update, average of 2001-02 to 2005-06**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Avg
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual revenues									
2007 Update	49.04	0.00	35.83	40.00	25.58	0.00	12.23	3.40	29.47
2008 Update	13.39	0.00	29.84	8.50	13.53	0.00	12.37	0.00	12.31
	%	%	%	%	%	%	%	%	%
Assessed revenue raising capacity ratios									
2007 Update	125.59	113.44	70.84	75.54	72.83	45.64	93.45	59.07	100.00
2008 Update	126.74	112.31	72.05	72.62	73.18	45.19	94.30	55.97	100.00

#### **Changes in State circumstances – replacing 2001-02 data with 2006-07 data**

- 41 The effect on GST distribution of replacing 2001-02 data with 2006-07 data was relatively small. This was partly due to the use of a common average effective rate over all of the assessment years to calculate the assessed revenues arising from the decision to backcast.
- 42 **Replacing revenue data.** The average backcast revenue per capita increased by 33.3 per cent only slightly less than the increase in the per capita GST revenue pool of 34.8 per cent. With the category less important, there was less redistribution of GST revenues away from New South Wales and Victoria, but the changes were small.
- 43 **Replacing assessment data.** The higher levels of economic activity in the resource rich States of Queensland, Western Australia and Northern territory are reflected in their higher growth in capital expenditure, and hence their assessed capacity increased by more than the average.

- 44 By contrast, New South Wales experienced a slower pace of growth of household final consumption expenditure, and hence a reduction in its revenue capacity.
- 45 Table 17 shows actual and assessed revenues and revenue capacity ratios for 2001-02, the year which went out of the assessment, and 2006-07, the year which has come in. It also shows percentage changes between 2001-02 and 2006-07 in a number of indicators of business activity in the States such as private expenditure and the capital market adjustment factor.

**Table 17 Financial transaction taxes, assessment data, 2000-2001 and 2005-06**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Avg
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual revenues									
2001-02	12.22	0.00	25.80	7.38	11.99	0.00	11.70	0.00	10.83
2006-07	14.54	0.00	36.46	11.08	14.75	0.00	12.90	0.00	14.44
Assessed revenues									
2001-02	13.90	12.20	7.50	7.59	7.80	4.82	10.70	5.78	10.83
2006-07	17.61	16.07	11.28	12.13	10.21	6.50	12.56	9.11	14.44
	%	%	%	%	%	%	%	%	%
Assessed revenue raising capacity ratios									
2001-02	128.32	112.70	69.25	70.05	72.02	44.52	98.81	53.37	100.00
2006-07	121.97	111.28	78.16	84.02	70.75	45.04	87.01	63.11	100.00
<b>Change from 2001-02 to 2006-07 data</b>									
	%	%	%	%	%	%	%	%	%
Household consumption \$pc									
	22.6	23.2	31.0	32.2	25.7	31.6	29.4	39.6	25.7
Private capital formation \$pc									
	28.1	35.1	90.7	138.5	53.1	48.6	67.5	53.7	58.3
Total private expenditure \$pc									
	23.9	26.2	46.3	61.5	31.8	35.0	37.1	51.8	33.5

This chapter was prepared by the Revenue section of the Commonwealth Grants Commission. If you have any questions about its content please contact Lintong Feng on (02) 6229 8833 or [lintong.feng@cgc.gov.au](mailto:lintong.feng@cgc.gov.au).



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# ATTACHMENT A

## ESTIMATING REVENUE BASE FOR 2007-08

**Table A1 Factor incomes**

		NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>A</b>	<b>Finance and insurance sector</b>									
2000-01	1	22 235	13 764	5 551	3 048	2 838	645	502	198	48 781
2001-02	2	23 493	14 263	5 835	3 300	2 852	665	486	207	51 101
2002-03	3	25 763	15 477	6 438	3 510	3 088	761	525	228	55 790
2003-04	4	27 781	17 163	7 377	3 701	3 267	863	631	267	61 050
2004-05	5	31 080	17 931	8 383	4 036	3 535	914	634	260	66 773
2005-06	6	32 250	20 214	9 542	5 144	3 699	1 024	691	423	72 987
2006-07	7	34 586	20 963	10 041	5 078	3 866	1 086	728	396	76 744
2007-08	8	36 724	22 247	10 857	5 446	4 053	1 165	770	434	81 696

### Estimates from regression over time by State

Slope	2 139	1 284	815	368	187	78	43	38
Intercept	19 615	11 975	4 334	2 502	2 560	538	429	132

### B Property and business services

2000-01	1	35 111	22 016	11 117	7 539	4 477	676	1 961	693	83 590
2001-02	2	37 330	23 814	12 213	8 617	4 864	726	2 131	736	90 431
2002-03	3	39 537	25 675	13 587	9 307	5 043	792	2 227	787	96 955
2003-04	4	41 723	26 925	14 761	9 973	5 495	855	2 341	864	102 937
2004-05	5	44 011	29 582	16 271	10 861	5 645	986	2 458	903	110 717
2005-06	6	48 954	31 722	19 353	14 069	6 316	1 099	2 485	1 081	125 079
2006-07	7	50 255	20 963	10 041	5 078	3 866	1 086	728	396	92 414
2007-08	8	52 868	22 247	10 857	5 446	4 053	1 165	770	434	97 840

### Estimates from regression over time by State

Slope	2 613	1 917	1 558	1 144	343	85	106	72
Intercept	31 967	19 914	9 098	6 056	4 108	560	1 896	592

**Table A1** Factor incomes (cont.)

		NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>B</b>	<b>Total factor income</b>									
2000-01	1	226 686	163 322	108 385	73 885	45 370	11 547	13 689	8 632	651 516
2001-02	2	239 266	170 939	115 594	79 431	47 529	12 263	14 946	8 944	688 912
2002-03	3	254 847	185 465	127 544	85 083	50 385	13 709	16 148	9 382	742 563
2003-04	4	269 438	195 201	142 026	94 519	52 579	14 543	17 154	10 387	795 847
2004-05	5	282 829	206 058	159 154	110 462	55 962	15 708	18 216	11 605	859 994
2005-06	6	300 023	217 336	174 742	129 526	59 791	17 768	19 706	13 412	932 304
2006-07	7	313 378	228 236	185 602	133 558	61 896	18 484	20 733	13 682	975 570
2007-08	8	328 006	239 241	199 229	144 436	64 741	19 692	21 902	14 622	1 031 869

**Table A2** Household total final consumption expenditure

		NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2000-01	1	156 003	111 201	73 789	39 706	31 596	8 791	8 445	4 119	433 650
2001-02	2	164 125	118 360	79 701	42 053	33 945	9 289	9 110	4 446	461 029
2002-03	3	173 050	125 633	88 577	45 183	35 833	10 047	9 509	4 850	492 682
2003-04	4	180 193	133 039	95 246	48 867	37 728	10 809	9 902	5 243	521 027
2004-05	5	187 228	138 766	102 150	52 254	39 395	11 279	10 657	5 728	547 457
2005-06	6	198 557	146 350	108 904	57 089	41 305	12 042	11 464	6 163	581 874
2006-07	7	205 448	153 328	116 354	59 646	43 313	12 675	11 861	6 537	609 161
2007-08	8	213 712	160 310	123 485	63 108	45 221	13 332	12 436	6 951	638 554

**Estimates from regression over time by State**

Slope	8 263	6 982	7 131	3 463	1 908	657	575	413
Intercept	147 604	104 455	66 435	35 405	29 955	8 077	7 835	3 646

**Table A3 Total private gross fixed capital formation**

		NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2000-01	1	45 106	38 090	25 456	16 730	9 058	2 240	2 132	2 341	141 153
2001-02	2	51 796	43 649	31 484	20 026	11 011	2 348	2 701	2 577	165 592
2002-03	3	56 489	46 131	36 594	23 096	12 413	2 841	2 653	2 843	183 060
2003-04	4	60 281	49 497	40 350	24 937	13 216	3 288	2 732	3 082	197 383
2004-05	5	61 568	53 055	46 863	34 858	13 740	3 696	3 255	3 789	220 824
2005-06	6	59 960	55 000	54 667	43 396	14 417	3 466	3 746	3 858	238 510
2006-07	7	66 604	59 184	58 830	45 141	15 888	4 042	3 851	4 228	257 767
2007-08	8	69 672	62 502	64 429	50 274	16 910	4 345	4 131	4 555	276 819

**Estimates from regression over time by State**

Slope	3 068	3 318	5 599	5 133	1 022	303	280	327
Intercept	45 129	35 957	19 641	9 207	8 731	1 918	1 889	1 936

**Table A4 Private gross fixed capital formation relating to Commonwealth projects**

		NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2000-01	1	0	0	0	267	0	0	0	300	567
2001-02	2	0	0	0	459	0	0	0	400	859
2002-03	3	0	0	0	615	0	0	0	600	1 215
2003-04	4	0	0	0	1 303	0	0	0	300	1 603
2004-05	5	0	0	0	1 387	0	0	0	0	1 387
2005-06	6	0	0	0	1 811	0	0	0	0	1 811
2006-07	7	0	0	0	0	0	0	0	0	0
2007-08	8	0	0	0	0	0	0	0	0	0

**Table A5** Total private expenditure<sup>(a)</sup>

		NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2000-01	1	201 109	149 291	99 245	56 169	40 654	11 031	10 577	6 160	574 236
2001-02	2	215 921	162 009	111 185	61 620	44 956	11 637	11 811	6 623	625 762
2002-03	3	229 539	171 764	125 171	67 664	48 246	12 888	12 162	7 093	674 527
2003-04	4	240 474	182 536	135 596	72 501	50 944	14 097	12 634	8 025	716 807
2004-05	5	248 796	191 821	149 013	85 725	53 135	14 975	13 912	9 517	766 894
2005-06	6	258 517	201 350	163 571	98 674	55 722	15 508	15 210	10 021	818 573
2006-07	7	272 053	212 512	175 184	104 786	59 200	16 717	15 712	10 765	866 929
2007-08	8	283 384	222 812	187 914	113 382	62 131	17 677	16 567	11 506	915 373

a. Total private capital expenditure = Household total final consumption expenditure + Total private gross fixed capital formation - Private gross fixed capital formation relating to Commonwealth projects

**Table A-6 Assessment of revenue, Financial transactions taxes**

	2002-03		2003-04		2004-05		2005-06		2006-07	
	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita
	\$m	\$	\$m	\$	\$m	\$	\$m	\$	\$m	\$
<b>Average Revenue</b>		11.63		12.36		13.00		13.72		14.44
New South Wales										
Assessed difference	- 20.537	- 3.09	- 22.105	- 3.30	- 22.855	- 3.39	- 24.193	- 3.56	- 21.750	- 3.17
Revenue - Assessed	97.938	14.72	104.813	15.66	110.356	16.39	117.324	17.28	120.731	17.61
Actual	85.128	12.80	89.194	13.33	93.986	13.96	99.435	14.65	99.695	14.54
Victoria										
Assessed difference	- 7.438	- 1.52	- 6.670	- 1.35	- 8.109	- 1.62	- 8.722	- 1.71	- 8.416	- 1.63
Revenue - Assessed	64.391	13.15	67.918	13.70	73.344	14.61	78.560	15.43	83.022	16.07
Actual	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Queensland										
Assessed difference	12.856	3.41	12.714	3.29	13.819	3.49	14.543	3.59	13.038	3.15
Revenue - Assessed	30.975	8.22	35.022	9.07	37.601	9.50	40.999	10.13	46.670	11.28
Actual	105.333	27.96	116.598	30.19	125.284	31.67	135.943	33.58	150.774	36.46
Western Australia										
Assessed difference	6.057	3.12	6.159	3.13	7.333	3.67	7.431	3.65	4.804	2.31
Revenue - Assessed	16.496	8.51	18.165	9.23	18.659	9.33	20.534	10.07	25.255	12.13
Actual	15.867	8.19	17.106	8.69	17.586	8.79	19.259	9.45	23.078	11.08
South Australia										
Assessed difference	4.735	3.10	5.111	3.33	4.998	3.23	5.925	3.80	6.658	4.22
Revenue - Assessed	13.022	8.53	13.875	9.03	15.103	9.77	15.481	9.92	16.105	10.21
Actual	19.795	12.97	20.648	13.44	22.494	14.54	22.946	14.70	23.256	14.75
Tasmania										
Assessed difference	3.171	6.68	3.339	6.95	3.338	6.89	3.484	7.13	3.901	7.93
Revenue - Assessed	2.355	4.96	2.602	5.41	2.963	6.11	3.217	6.59	3.197	6.50
Actual	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Australian Capital Territory										
Assessed difference	0.081	0.25	0.338	1.04	0.376	1.14	0.363	1.09	0.631	1.87
Revenue - Assessed	3.690	11.38	3.694	11.32	3.894	11.85	4.194	12.62	4.230	12.56
Actual	3.989	12.31	3.910	11.98	4.125	12.56	4.421	13.31	4.344	12.90
Northern Territory										
Assessed difference	1.074	5.39	1.115	5.55	1.100	5.39	1.169	5.60	1.133	5.33
Revenue - Assessed	1.246	6.25	1.367	6.81	1.555	7.61	1.694	8.12	1.939	9.11
Actual	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00