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From: Alex Tay

Sent: Tuesday, 13 January 2009 4:57 PM

To: secretary_email

Subject: New Issues for the 2009 Update

John,

In response to your letter that Narelle emailed on 19 December, there is little that Tasmania can add to what we have already advised in relation to WA's land rich provisions and what other states do. Our advice can be summarised as follows:

Current Tasmanian Treatment

Chapter 3 of the Duties Act 2001 applies only to private corporations. ie, a company or private unit trust scheme that is not limited by shares and whose shares are not listed on the Australian Stock Exchange or a recognised stock exchange. Chapter 3 does not apply to companies or unit trust schemes that are listed on a stock exchange.

Tasmania does not currently capture any duty on the transfer of shares in listed corporations or unit trusts, whether those corporations are potentially land rich or not.

Previously Tasmania previously captured duty (up until the early 2000s) on the transfer of shares in listed corporations or unit trusts at a rate of 30 cents per \$100 of consideration/value (eg marketable securities duty).

Even if the listed corporations were potentially land rich, conveyance duty was not charged.

In relation to the other New Issues:

Tasmania notes the Commission's intention not to make an adjustment for Tasmania's different treatment of corporate reconstructions (and also notes the consultants report for the 2010R). We confirm that we do not have capacity to identify these transactions in our data.

Abolition of state financial taxes - Tasmania agrees that the Commission should review recent decisions by some states to push back the timetable for the abolition of some financial taxes and, if these measures mean that it is average policy to impose financial taxes in 2009-10, include an assessment in the 2009 Update.

Changes arising from the IGA - Tasmania notes that a discussion paper will be provided to outline how CW payments to states will be treated in the 2010 Review. Tasmania considers that National Partnership payments, in particular, will require close attention. While the 'default position' for NP facilitation payments is to exclude the payments from the CGC's assessments, the IGA allows the CGC to use its discretion to treat these payments on a case-by-case basis differently. Tasmania considers that there will be legitimate reasons for the CGC to exercise this discretion, particularly where NPs closely resemble SPPs. Tasmania looks forward to seeing the discussion paper and is interested in providing the Commission with input to ensure that the provision of CW payments does not subvert the equalisation process, without a justified rationale for doing so.

Regards

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