

COMMONWEALTH GRANTS COMMISSION

NEW ISSUES FOR THE 2009 UPDATE

NSW TREASURY COMMENTS

JANUARY 2009

Western Australia's land rich transactions

New South Wales continues to be of the view that Western Australia's land rich provision does not warrant special treatment in the calculation of the relativities.

In its inclination to treat all Western Australia's revenue from land rich transactions involving listed companies as flowing from above average effort, the Commission appears to be jettisoning its former view that Western Australia's land rich legislation, in part, might reflect its unique tax base. New South Wales continues to be of the view that the importance of the mining industry to Western Australia may necessitate legislative requirements that are not required in States where the mining industry is of lesser importance.

New South Wales has noted in its response to the Commission's earlier letter on this issue that New South Wales legislation does not currently include listed companies in the definition of land rich landholders. (Of course, land rich transactions "by a listed company" (the phrase used in the fourth full paragraph of page two of Mr Spasojevic's letter) – that is a listed company acquiring an interest in a land rich landholder as defined in New South Wales legislation – would be captured by New South Wales legislation in the same way that other dutiable acquisitions made by listed companies are captured.)

Treatment of SPPs commenced in 2007-08

New South Wales notes the intention of CGC to treat the Family Violence Partnership payments by inclusion rather than exclusion.

Payments quarantined by the terms of reference

Whilst New South Wales accepts that the terms of reference will determine the treatment of some Commonwealth payments, it continues to question the suggested treatment of selected payments from the Australian Government to the States and territories.

New estimates of Indigenous ERP

New South Wales notes the incorporation of the new (final) ABS estimates of Indigenous Estimated Residential Population (ERP) for all States for the 2006 Census. However, if it is only the revision to Indigenous population estimates that have resulted in small changes to total ERP it is difficult to reconcile Tables 1 and 2 in Attachment A. In Table 1, the Indigenous proportion of New South Wales' ERP rises from 2.17 per cent to 2.24 per cent.

If there were no changes to New South Wales' non-Indigenous ERP this would imply an increase in New South Wales' Indigenous population and consequently an increase in New South Wales' total ERP. Yet in Table 2 New South Wales' total ERP declines.