

STAMP DUTY ON MOTOR VEHICLE REGISTRATIONS AND TRANSFERS

- 1 This working paper describes how the Commission calculated the revenue each State would have raised from stamp duty on motor vehicle registrations and transfers if it made the Australian average effort. The development of the assessment method is discussed in Volume 3 of the 2004 Review Working Papers.

STAMP DUTY ON MOTOR VEHICLE REGISTRATIONS AND TRANSFERS

- 2 The category consisted of net collections from stamp duty on motor vehicle new registrations and transfers. Table 1 shows the average revenue for the last six financial years. The category has been gradually declining as a source for the State revenue. In 2006–07, the average revenue of \$95.97 per capita represented 3.5 per cent of total own-source revenues.

Table 1 Stamp duty on motor vehicle registrations and transfers, average revenues, 2001–02 to 2006–07

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Average revenues (\$pc)	76.86	86.08	94.23	94.60	93.47	95.97
% of total own-source revenues	3.99	4.18	4.22	4.10	3.70	3.51

- 3 Duty rates vary across States, with the dutiable value for new vehicles being either the listed market price or the sale price. Table 2 provides details of duty rates that applied during 2006-07 for passenger vehicles. For a vehicle valued at \$30 000, the stamp duty payable in the various States was:

New South Wales	\$1350	Victoria	\$750
Queensland	\$600	Western Australia	\$1275
South Australia	\$1140	Tasmania	\$900
ACT	\$900	Northern Territory	\$900

Table 2 Motor vehicle registration duty rates for passenger vehicles, 2006–07

State	Duty
New South Wales	\$1 350 + \$5 per \$100, or part, of the dutiable value in excess of \$45 000
Victoria	0-\$35 000: \$5 per \$200 or part. \$35 001 - \$45 000: \$8 per \$200 or part Over \$45 000: \$10 per \$200 or part
Queensland	\$2.00 per \$100 or part.
Western Australia	0-\$15 000: 2.75%. \$15 001 - \$40 000: 2.75% - 6.50% Over \$40 000: 6.50% flat
South Australia	\$0-\$1 000: \$1 per \$100 or part. \$1 001 - \$2 000:\$10 + \$2 per \$100 or part of excess. \$2 001 - \$3 000:\$30 + \$3 per \$100 or part of excess Over \$3 000: \$60 + \$4 per \$100 or part of excess.
Tasmania	Under \$600: \$20 \$600 - \$34 999: \$3 per \$100 or part. \$35 000 - \$40 000: \$1 050 + \$11 per \$100 or part in excess of \$35 000 Over \$40 000: \$4 for each \$100 or part of the value of the vehicle.
ACT	Under \$45 000: \$3.00 per \$100 or part. \$45 000 or over: \$1 350 + \$5 for each \$1000 or part in excess of \$45 000
Northern Territory	\$3.00 per \$100 or part

4 Table 3 shows that per capita revenues raised from stamp duty on motor vehicle registrations and transfers differ greatly from the Australian average. Relative to movements in the Australian average, per capita revenue collected in Western Australia increased by 61 per cent, whereas collections in New South Wales declined by 15 per cent.

Table 3 Stamp duty on motor vehicle registrations and transfers revenue per capita, 2008 Update

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
2000-01	75.30	95.05	50.19	94.39	75.48	63.69	63.88	72.86	76.86
2001-02	80.28	102.67	62.16	119.52	82.83	74.80	72.69	73.19	86.08
2002-03	86.82	109.79	70.05	138.73	90.40	82.09	73.87	78.15	94.23
2003-04	84.72	110.69	67.39	151.26	90.14	86.95	72.17	84.99	94.60
2004-05	80.73	107.43	66.34	167.88	85.58	81.58	73.24	86.40	93.47
2005-06	80.78	106.85	69.31	188.57	84.10	78.98	75.54	92.95	95.97

Source: Data collected by the Commission from the States.

5 The Commission seeks to understand the reasons for the differences. If the reasons are to do with tax provisions, they are differences in revenue raising effort due to policy differences and have no impact on State shares of the pool. If the reasons are due to circumstances beyond a State's control, they are revenue raising disabilities and are 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 1 per cent in Northern Territory. Population weighting gives the experience of New South Wales (\$80.78 per capita in 2006–07) about 32 times the weight of the experience of Northern Territory (\$92.95 per capita).

This concept of average also applies to the average effective tax rate. In calculating the average effort to raise revenue, the total revenue raised by all States is divided 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.

ASSESSING STATES CAPACITIES TO RAISE REVENUE

The equalisation task

- 6 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 measures the revenue base available to each State, based on the average State policy of how the tax is levied, not that State's own policy. The assessed revenue base is 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 tax¹.

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 may also be 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 their 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 their 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 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 mitigate 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 a representative and policy neutral revenue base cannot be calculated 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.

ASSESSING REVENUE FOR STAMP DUTY ON MOTOR VEHICLE REGISTRATIONS AND TRANSFERS

Revenue base

- 7 The revenue base for the 2008 Update was the estimated market value of motor vehicles subject to duty and included new registrations and transfers. These values were calculated by dividing the actual revenues by the legislated rate of duty for those States that imposed a single rate of tax (Queensland and Northern Territory), or by Commission estimates of the overall effective rate of duty for States that had a multi-tiered rate structure.

¹ 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 each individual source of cost disabilities.

- In the cases where it was necessary to calculate an overall effective rate, it was a weighted average of the legislated rates of duty in each value range. The weights were based on data provided by the relevant States on the value of motor vehicles sold or transferred in each value range.
- 8 In the cases of Queensland and South Australia, an extra adjustment was necessary to remove the effects of their policy to levy duty on the list price of motor vehicles, rather than on the lower market price. For those States, the notional values calculated by the above processes were reduced by three per cent.

New developments for the 2008 Update

- 9 There were no major changes in policies or legislation in 2006–07.

Calculating the revenue base

- 10 Table 4 shows the calculation of the revenue base.

Table 4 Stamp duty on motor vehicle registrations and transfers, calculation of the revenue base

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
A. Actual revenue(\$m)									
2000-01	497.4	459.6	184.3	180.7	114.5	30.1	20.5	14.5	1501.6
2001-02	534.1	502.6	234.2	231.7	126.4	35.5	23.6	14.6	1702.7
2002-03	581.0	544.1	270.6	273.0	138.9	39.5	24.1	15.7	1886.9
2003-04	570.4	555.6	266.6	302.5	139.4	42.2	23.7	17.4	1917.8
2004-05	548.1	546.9	268.6	342.2	133.5	39.8	24.3	18.0	1921.6
2005-06	553.8	552.2	286.6	392.6	132.6	38.8	25.4	19.8	2001.8
B. Effective rate of duty (%)									
2000-01	3.19	3.64	2.00	3.66	3.47	3.15	3.06	3.00	
2001-02	3.12	3.61	2.00	4.26	3.49	3.10	3.09	3.00	
2002-03	3.17	3.60	2.00	4.38	3.48	3.26	3.11	3.00	
2003-04	3.15	3.60	2.00	4.33	3.48	3.22	3.10	3.00	
2004-05	3.17	3.60	2.00	4.49	3.46	3.21	3.10	3.00	
2005-06	3.17	3.60	2.00	4.58	3.46	3.21	3.11	3.00	
C. Estimated motor vehicle dutiable values (\$m) = (A/B)									
2000-01	15 617.3	12 632.5	9 215.0	4 940.8	3 298.4	955.4	669.9	482.1	47 811.5
2001-02	17 129.7	13 917.1	11 709.7	5 434.1	3 618.8	1 144.6	762.7	486.5	54 203.1
2002-03	18 321.3	15 102.1	13 528.6	6 232.8	3 987.4	1 209.4	775.2	523.4	59 680.2
2003-04	18 120.5	15 424.3	13 331.8	6 994.6	4 006.5	1 309.6	766.1	578.7	60 532.1
2004-05	17 312.2	15 194.8	13 429.5	7 626.2	3 858.1	1 240.7	786.1	601.1	60 048.9
2005-06	17 442.8	15 339.7	14 331.2	8 580.4	3 830.1	1 209.0	817.1	659.3	62 209.6
D. Listed price/market adjustment									
2000-01	1.00	1.00	0.97	1.00	0.97	1.00	1.00	1.00	
2001-02	1.00	1.00	0.97	1.00	0.97	1.00	1.00	1.00	
2002-03	1.00	1.00	0.97	0.99	0.97	1.00	1.00	1.00	
2003-04	1.00	1.00	0.97	0.97	0.97	1.00	1.00	1.00	
2004-05	1.00	1.00	0.97	0.97	0.97	1.00	1.00	1.00	
2005-06	1.00	1.00	0.97	0.97	0.97	1.00	1.00	1.00	
E. Revenue base (\$m) = (C*D) Adjusted dutiable values of motor vehicles									
2000-01	15 617.3	12 632.5	8 938.6	4 940.8	3 199.4	955.4	669.9	482.1	47 436.1
2001-02	17 129.7	13 917.1	11 358.4	5 434.1	3 510.2	1 144.6	762.7	486.5	53 743.3
2002-03	18 321.3	15 102.1	13 122.7	6 170.5	3 867.8	1 209.4	775.2	523.4	59 092.4
2003-04	18 120.5	15 424.3	12 931.8	6 784.8	3 886.3	1 309.6	766.1	578.7	59 802.1
2004-05	17 312.2	15 194.8	13 026.6	7 397.4	3 742.3	1 240.7	786.1	601.1	59 301.4
2005-06	17 442.8	15 339.7	13 901.2	8 323.0	3 715.2	1 209.0	817.1	659.3	61 407.3

11 Table 5 shows the per capita revenue bases for the six years to 2006–07. Over this period, the average per capita revenue base increased by 21.2 per cent. The increase between the States was not even. It was highest in Queensland (38.1 per cent), Western Australia (54.9 per cent) and Northern Territory (27.6 per cent).

Table 5 Stamp duty on motor vehicle registrations and transfers, revenue base

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
2001-02	2 364	2 612	2 434	2 581	2 110	2 023	2 087	2 429	2 428
2002-03	2 575	2 843	3 015	2 803	2 300	2 409	2 353	2 440	2 717
2003-04	2 738	3 047	3 397	3 135	2 518	2 516	2 376	2 605	2 951
2004-05	2 691	3 073	3 269	3 392	2 513	2 701	2 332	2 833	2 950
2005-06	2 550	2 985	3 217	3 629	2 398	2 540	2 366	2 880	2 885
2006-07	2 544	2 968	3 361	3 998	2 356	2 459	2 427	3 098	2 944
	%	%	%	%	%	%	%	%	%
5yr Change	7.6	13.6	38.1	54.9	11.7	21.6	16.3	27.6	21.2

Calculating assessed revenues per capita

12 Having derived the revenue base, an average effective rate of tax was calculated for each State by dividing actual revenue by the revenue base. Assessed revenues for each State were then calculated by applying the average Australian effective tax rate for each year to each State's revenue base for that year. Table 6 shows the calculations.

Table 6 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 revenues \$m	554	552	287	393	133	39	25	20	2002
Actual revenues \$pc	80.78	106.85	69.31	188.57	84.10	78.98	75.54	92.95	95.97
Effective tax rate %	3.17	3.60	2.00	4.58	3.46	3.21	3.11	3.00	3.26
Revenue base \$m	17 443	15 340	13 901	8 323	3 715	1 209	817	659	61 407
Revenue base \$pc	2 544	2 968	3 361	3 998	2 356	2 459	2 427	3 098	2 944
Assessed revenues (a) \$m	569	500	453	271	121	39	27	21	2 002
Assessed revenues \$pc	82.94	96.77	109.58	130.32	76.82	80.17	79.11	101.00	95.97
	%	%	%	%	%	%	%	%	%
Assessed revenue raising capacity ratio (b)	86.42	100.83	114.18	135.79	80.04	83.53	82.43	105.24	100.00
Revenue effort ratio (c)	97.39	110.42	63.25	144.70	109.48	98.52	95.49	92.03	100.00

(a) Assessed revenue for each State was calculated by multiplying its revenue base by the average effective tax rate of 3.26%.

(b) State revenue base pc divided by the Australian average revenue base pc. This is the same as dividing each State's assessed revenue pc by the Australian average revenue per capita.

(c) For each State, actual revenue pc was divided by assessed revenue per capita.

13 Assessed revenues per capita can also be calculated by developing a capacity factor from the revenue base by dividing the individual State per capita revenue base by the average per capita revenue base and applying that factor to the average per capita revenue. Table 7 shows the calculations.

Table 7 Calculation of assessed revenue from category capacity ratios, 2006–07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Actual revenue \$pc	80.78	106.85	69.31	188.57	84.10	78.98	75.54	92.95	95.97
Revenue base \$pc	2544.24	2968.49	3361.34	3997.52	2356.38	2459.14	2426.74	3098.19	2943.96
Revenue capacity ratio % (a)	86.42	100.83	114.18	135.79	80.04	83.53	82.43	105.24	100.00
Assessed revenue \$pc (b)	82.94	96.77	109.58	130.32	76.82	80.17	79.11	101.00	95.97

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

(b) State revenue capacity ratio (expressed as a proportion) multiplied by the Australian average actual revenue.

14 This approach has the advantage of making explicit the States' relative revenue capacity. Also, by comparing actual revenues per capita with the assessed per capita revenues, a relative effort ratio can be derived.

15 Table 17 at the end of this section shows the average, actual and assessed revenues per capita for each State for all years of the 2007 Update.

16 Table 8 shows the actual and assessed per capita revenues for each State and the average revenue in 2006–07. Figure 1 presents the same information pictorially.

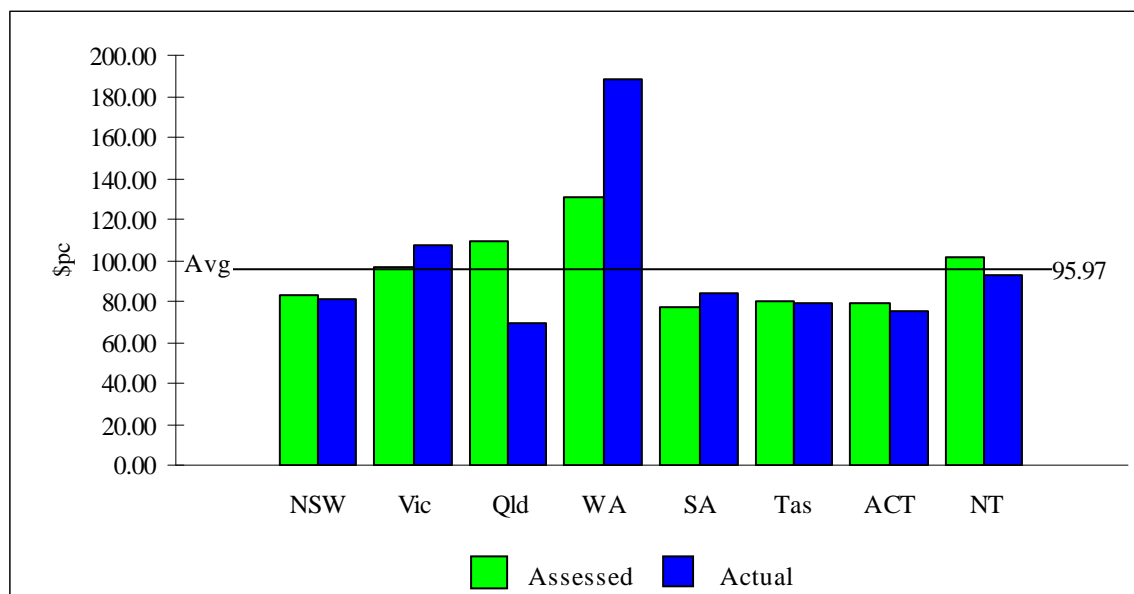
Table 8 Stamp duty on motor vehicle registrations and transfers assessment results, 2006–07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual revenues	80.78	106.85	69.31	188.57	84.10	78.98	75.54	92.95	95.97
Assessed revenues	82.94	96.77	109.58	130.32	76.82	80.17	79.11	101.00	95.97
	%	%	%	%	%	%	%	%	%
Assessed revenue raising capacity ratio (a)	86.42	100.83	114.18	135.79	80.04	83.53	82.43	105.24	100.00
Revenue effort ratio (b)	97.39	110.42	63.25	144.70	109.48	98.52	95.49	92.03	100.00

(a) State revenue base per capita divided by the Australian average revenue base per capita. This is the same as dividing each State's assessed revenue per capita by the Australian average revenue per capita.

(b) Actual revenues per capita divided by assessed revenues per capita.

Figure 1 Stamp duty on motor vehicle registrations and transfers revenue per capita — assessed, actual and average, 2006–07



Relative abilities to raise revenues

17 A State's revenue capacity compares its assessed revenue (which reflects its disabilities) with the average revenue (see Table 9). A capacity above 100 per cent means that a State has an above average capacity to raise revenue.

Table 9 Stamp duty on motor vehicle registrations and transfers, revenue capacity, 2008 Update

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	%	%	%	%	%	%	%	%	%
2001-02	97.37	107.59	100.25	106.29	86.89	83.32	85.97	100.02	100.00
2002-03	94.76	104.63	110.96	103.17	84.64	88.67	86.60	89.78	100.00
2003-04	92.76	103.25	115.12	106.23	85.31	85.26	80.53	88.27	100.00
2004-05	91.24	104.17	110.80	115.00	85.18	91.58	79.05	96.04	100.00
2005-06	88.40	103.47	111.53	125.79	83.14	88.05	82.02	99.84	100.00
2006-07	86.42	100.83	114.18	135.79	80.04	83.53	82.43	105.24	100.00

18 Revenue capacities in Victoria, Queensland and Western Australia have been consistently above average — although that for Victoria has steadily declined. The revenue capacity for New South Wales has fallen further below the average over the five years since 2001-02.

19 While new vehicles are only a part of the total number of vehicle transfers, the pattern in Table 9 is generally reflected in new motor vehicle sales figures (see Table 10). Above average growth in the per capita new car sales over the five years since 2001-02 has been recorded in Queensland, Western Australia, Tasmania and Northern Territory.

Table 10 New vehicle sales per capita

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Avg
	no.pc	no.pc	no.pc	no.pc	no.pc	no.pc	no.pc	no.pc	no.pc
2001-02	0.0424	0.0457	0.0393	0.0376	0.0335	0.0313	0.0427	0.0378	0.0412
2002-03	0.0436	0.0480	0.0437	0.0396	0.0371	0.0324	0.0446	0.0388	0.0435
2003-04	0.0461	0.0498	0.0500	0.0441	0.0411	0.0391	0.0455	0.0418	0.0470
2004-05	0.0459	0.0511	0.0538	0.0476	0.0415	0.0425	0.0449	0.0455	0.0484
2005-06	0.0437	0.0491	0.0526	0.0517	0.0400	0.0401	0.0444	0.0445	0.0473
2006-07	0.0446	0.0489	0.0540	0.0563	0.0386	0.0383	0.0463	0.0455	0.0481
Change	%	%	%	%	%	%	%	%	%
2001-02 to 2006-07	5.2	6.8	37.4	49.7	15.3	22.4	8.4	20.4	16.8
2005-06 to 2006-07	2.0	-0.6	2.8	8.9	-3.5	-4.5	4.4	2.1	1.9

Source: ABS, *Australian Economic Indicators*, 1350.0, December 2007 (and earlier issues), Table 9.6.

Revenue efforts

- 20 Revenue effort compares each State's actual revenue (which reflects both disabilities and policy choices) with its assessed revenue.
- 21 Victoria, Western Australia and South Australia made above average efforts (Table 8). As shown in Table 6, the effective rate of tax in these States was above the Australian average.
- 22 Queensland's actual revenues were comparatively low because its rate of duty of 2 per cent was well below that of all other States. New South Wales, the ACT and Northern Territory also had below average effective rates of tax.

EFFECT ON DISTRIBUTION OF THE POOL: 2008 UPDATE

- 23 States capacities to raise stamp duty on motor vehicle registrations and transfers were not equal because of differences in the per capita value of sales of motor vehicles (new and used), which are influenced by the geography and physical sizes of the States, the pattern of settlement, and demographic and economic circumstances.
- 24 Table 11 shows the assessed differences from average by State for 2006–07. These assessed differences cause the State equalisation shares of the pool to differ from equal per capita shares. The difference is calculated by:
- subtracting each State's assessed revenue per capita from the average revenue per capita; and
 - multiplying by each State's population.

Table 11 Assessed revenues, difference from average, 2006–07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Assessed reveues \$pc	82.94	96.77	109.58	130.32	76.82	80.17	79.11	101.00	95.97
Difference from average \$pc	-13.03	0.80	13.61	34.35	-19.15	-15.80	-16.86	5.03	0.00
Population million	6.856	5.168	4.136	2.082	1.577	0.492	0.337	0.213	20.859
Difference from average \$m	-89.3	4.1	56.3	71.5	-30.2	-7.8	-5.7	1.1	133.0

25 The assessed differences from average for each of the assessment years are presented in Table 12. The average of these amounts over the Update period provides an indication of the impact of the assessment on the distribution of the pool.

Table 12 Assessed revenues, difference from average, 2008 Update^a

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2000-01	-13.4	28.2	0.7	9.3	-15.3	-6.1	-3.5	0.0	38.2
2001-02	-30.0	19.5	35.5	5.3	-20.2	-4.6	-3.7	-1.8	60.3
2002-03	-45.6	15.2	55.0	11.6	-21.3	-6.7	-6.0	-2.2	81.8
2003-04	-55.8	19.8	40.4	28.4	-21.7	-3.9	-6.5	-0.8	88.6
2004-05	-73.6	16.5	43.6	49.1	-24.6	-5.5	-5.6	0.0	109.3
2005-06	-89.3	4.1	56.3	71.5	-30.2	-7.8	-5.7	1.1	133.0
Average	-51.3	17.2	38.6	29.2	-22.2	-5.7	-5.2	-0.6	85.0

(a) The differences do not take into account the size of the pool and Average is a simple average of the six years.

26 Table 13 shows the effect of the assessed revenue differences on the distribution of the pool.

Table 13 Stamp duty on motor vehicle registration and transfers, Contribution to distribution of the pool, 2008 Update^a

NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total redistributed
\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
68.4	-17.6	-55.4	-37.3	27.7	6.7	6.5	1.0	110.3

a All distributions were calculated using the estimated 2007–08 GST revenue pool and December 2007 population. Note: The Total redistributed is the sum of negatives or positives.

27 The assessments imply the States with above average assessed revenue per capita — Victoria, Queensland and Western Australia — required a total of \$110.3 million less than an EPC distribution to provide the average level of service. The other States — New South Wales, South Australia, Tasmania, the ACT and Northern Territory — had below average assessed revenues per capita and needed revenue from the pool totalling the same amount.

CHANGES IN DISTRIBUTION OF THE POOL BETWEEN 2007 AND 2008 UPDATES

28 Table 14 shows:

- the impact of the 2007 Update assessment on State shares of the pool;

- the impact of the 2008 Update assessment on State shares of the pool; and
- the difference.

29 The table also breaks the difference into smaller parts.

Table 14 Comparison of the 2008 Update and 2007 Update assessments

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total redist'd
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Redistribution from EPC resulting from the 2007 Update assessment (a)	55.9	-26.0	-44.7	-24.9	25.5	6.9	6.2	1.1	95.6
Effect of revising category averages and revenue bases for 2001-02 to 2005-06									
Category averages	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue bases	-2.4	0.8	1.1	-0.1	0.3	-0.1	0.2	0.2	2.5
Interactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	-2.4	0.8	1.1	-0.1	0.3	-0.1	0.2	0.2	2.5
Effect of replacing 2001-02 category averages and revenue bases with those for 2006-07									
Category averages	-0.3	0.6	0.0	0.2	-0.3	-0.1	-0.1	0.0	0.8
Revenue bases	16.3	7.6	-12.7	-13.5	2.3	0.0	0.3	-0.2	26.5
Interactions	-1.2	-0.6	0.9	1.0	-0.2	0.0	0.0	0.0	1.9
Total	14.8	7.7	-11.8	-12.3	1.8	-0.2	0.2	-0.2	24.5
Redistribution from EPC resulting from the 2008 Update assessment (a)	68.4	-17.6	-55.4	-37.3	27.7	6.7	6.5	1.0	110.3
Total effect of revisions and updating (b)	12.4	8.4	-10.6	-12.4	2.1	-0.2	0.3	-0.1	23.3

(a) Using the same pool and populations that were used to calculate the 2008 Update redistribution.

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

What has changed?

30 The changes were caused by:

- revisions to the financial and assessment data that were used in the 2007 Update; and
- advancing the reference period one year — a new year comes into the reference period and the oldest year drops out.

31 Figure 2 shows the reference periods for the two inquiries.

Figure 2 Advancing the reference period, 2008 Update

2001–02	2002–03	2003–04	2004–05	2005–06	2006–07
2007 Update					
2008 Update					

32 The effect of revisions was calculated by replacing 2007 Update data with 2008 Update data for the years 2001–02 to 2005–06. The effect of advancing the reference period one year was assessed by comparing the data for the year entering the reference period (2006–07) with the financial and assessment data of the year dropping out (2001–02). In both cases, the Commission considered the impact of replacing financial data (average revenues) separately from the effect of replacing assessment data (revenue bases).

Changes due to revising revenue data and revenue bases for years 2001–02 to 2005–06

- 33 **Revising revenue data.** There were no revisions to the adjusted budget data.
- 34 **Revising revenue base data.** There were small adjustments to the yearly populations, with small increases in the populations in all States except New South Wales. While populations for Western Australia and Tasmania were revised upwards, the percentage increases were below the overall average percentage adjustments. In the absence of any other changes to revenue base calculations, the population revisions would increase the revenue raising capacity of New South Wales, Western Australia and Tasmania relative to other States. There were no revisions to other revenue base data.
- 35 All the changes in average revenues and revenue raising capacities for the years 2001–02 to 2005–06 shown in Table 15 were due to those population changes. As a result of the changes to State population data, a total of \$2.5 million was redistributed away from New South Wales and, to a lesser extent, Western Australia and Tasmania.

Table 15 Stamp duty on motor vehicle registrations and transfers assessment data, 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	81.46	105.51	63.52	134.64	85.26	77.91	71.77	79.93	89.24
2008 Update	81.57	105.12	63.23	134.36	84.89	77.82	71.17	79.12	89.05
	%	%	%	%	%	%	%	%	%
Assessed revenue raising capacity ratios									
2007 Update	92.60	104.77	110.00	111.28	85.22	87.28	83.34	95.53	100.00
2008 Update	92.91	104.62	109.73	111.30	85.03	87.38	82.83	94.79	100.00

Changes in State circumstance — the effects of replacing 2001–02 revenue data and revenue base data with those for 2006–07

36 The main cause of change in the distribution of the pool was the substitution of 2006–07 data for 2001–02 data. It redistributed \$24.5 million in total. Table 16 shows the actual and assessed revenues and implied capacities for 2001–02 and 2006–07 for the 2008 Update.

Table 16 Stamp duty on motor vehicle registrations and transfers assessment data, 2000–01 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	75.30	95.05	50.19	94.39	75.48	63.69	63.88	72.86	76.86
2006-07	80.78	106.85	69.31	188.57	84.10	78.98	75.54	92.95	95.97
Assessed revenues									
2001-02	74.84	82.70	77.05	81.70	66.78	64.04	66.08	76.87	76.86
2006-07	82.94	96.77	109.58	130.32	76.82	80.17	79.11	101.00	95.97
	%	%	%	%	%	%	%	%	%
Assessed revenue raising capacity ratios									
2001-02	97.37	107.59	100.25	106.29	86.89	83.32	85.97	100.02	100.00
2006-07	86.42	100.83	114.18	135.79	80.04	83.53	82.43	105.24	100.00

37 **Replacing revenue data.** The average per capita revenues increased by 24.9 per cent, less than the increase in the pool of 34.8 per cent. The category was therefore less important in 2006–07 than in 2001–02 resulting in a smaller redistribution of the pool, totalling \$0.8 million, towards New South Wales, South Australia, Tasmania and the ACT, States whose revenue raising capacity were below average in 2001–02.

38 **Replacing revenue base data.** The key changes in State circumstances between 2001–02 and 2006–07 that affected the redistribution of the pool between the States were the different patterns of new car ownership and vehicle transfers.

39 As shown in Table 10, growth in new vehicle sales between 2001–02 and 2006–07 was below the Australia average in New South Wales, Victoria, South Australia and the ACT. The revenue raising capacities of these States declined between 2001–02 and 2006–07 and increased the distribution of the pool to these States by \$26.5 million. By contrast, high growth of new vehicle sales in per capita terms in Queensland and Western Australia led to increases in their revenue capacities in recent years, which reduced their shares of the pool.

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.

A handwritten signature in black ink, appearing to be 'LF' followed by a stylized flourish.

Date: 29 February 2008

Table 17 Assessment of revenue, Stamp Duty on Motor Vehicle Registrations and Transfers

	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	\$
Average Revenue		86.08		94.23		94.60		93.47		95.97
New South Wales										
Assessed difference	30.015	4.51	45.639	6.82	55.803	8.29	73.616	10.84	89.335	13.03
Revenue - Assessed	542.695	81.57	585.023	87.41	581.108	86.31	560.976	82.63	568.622	82.94
Actual	534.080	80.28	581.023	86.82	570.414	84.72	548.068	80.73	553.809	80.78
Victoria										
Assessed difference	- 19.501	- 3.98	- 15.200	- 3.07	- 19.807	- 3.95	- 16.492	- 3.24	- 4.133	- 0.80
Revenue - Assessed	440.915	90.07	482.230	97.30	494.642	98.55	492.366	96.71	500.063	96.77
Actual	502.589	102.67	544.124	109.79	555.586	110.69	546.912	107.43	552.150	106.85
Queensland										
Assessed difference	- 35.536	- 9.43	- 55.029	- 14.25	- 40.436	- 10.22	- 43.646	- 10.78	- 56.271	- 13.61
Revenue - Assessed	359.853	95.52	419.025	108.48	414.710	104.82	422.108	104.25	453.169	109.58
Actual	234.194	62.16	270.571	70.05	266.635	67.39	268.590	66.34	286.623	69.31
Western Australia										
Assessed difference	- 5.287	- 2.73	- 11.560	- 5.87	- 28.383	- 14.19	- 49.147	- 24.11	- 71.508	- 34.35
Revenue - Assessed	172.161	88.81	197.032	100.11	217.582	108.79	239.703	117.58	271.323	130.32
Actual	231.685	119.52	273.042	138.73	302.525	151.26	342.244	167.88	392.613	188.57
South Australia										
Assessed difference	20.184	13.22	21.265	13.84	21.682	14.02	24.600	15.76	30.200	19.15
Revenue - Assessed	111.210	72.86	123.504	80.39	124.629	80.58	121.264	77.71	121.112	76.82
Actual	126.434	82.83	138.879	90.40	139.410	90.14	133.546	85.58	132.590	84.10
Tasmania										
Assessed difference	4.632	9.75	6.678	13.89	3.864	7.97	5.455	11.17	7.770	15.80
Revenue - Assessed	36.262	76.33	38.619	80.34	41.999	86.63	40.204	82.31	39.414	80.17
Actual	35.533	74.80	39.460	82.09	42.152	86.95	39.847	81.58	38.832	78.98
Australian Capital Territory										
Assessed difference	3.740	11.54	5.986	18.35	6.512	19.82	5.582	16.80	5.677	16.86
Revenue - Assessed	24.164	74.55	24.754	75.88	24.567	74.78	25.473	76.67	26.636	79.11
Actual	23.563	72.69	24.098	73.87	23.712	72.17	24.332	73.24	25.435	75.54
Northern Territory										
Assessed difference	1.754	8.80	2.220	11.05	0.765	3.74	0.031	0.15	- 1.070	- 5.03
Revenue - Assessed	15.414	77.29	16.712	83.18	18.559	90.86	19.479	93.32	21.493	101.00
Actual	14.596	73.19	15.701	78.15	17.362	84.99	18.034	86.40	19.779	92.95