



Queensland Treasury Response to Commonwealth Grants Commission Draft Report Attachment 8

Other Revenue

September 2009

Contact Officer:

Peter Johnson
Inter-Governmental Relations Branch
Queensland Treasury
(07) 3225 8261
peter.johnson@treasury.qld.gov.au

SUMMARY OF QUEENSLAND'S POSITION

Queensland recognises the need for an assessment category comprising the minor revenues and that aggregation of these revenues should be, for the most part, a presentational exercise.

Queensland's Position on Key Issues

The Other Revenue category to be finalised as proposed in the Draft Report.

PROPOSED METHODOLOGY

The Commission have proposed an Other Revenue category comprising revenues it has decided should not influence States' GST shares, including:

- Revenues for which a reliable and material assessment could not be developed;
- Revenues collected from taxes not part of the average revenue raising policies, such as the taxes on business that are being phased out but which remain in some States; and
- A balancing item to ensure the total revenues included in the Commission's assessments equal those in the government finance statistics (GFS).

The Other Revenue category will include business taxes that are to be abolished under the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations (IGA); gambling revenue; fees and fines; property title and public safety user charges; contributions by trading enterprises; and interest and dividend income.

The Commission have proposed assessing the entire category on an EPC basis. This reflects that for some of these revenues no reliable assessment could be developed and for others the Commission deems there are no differences between states that need to be accounted for.

ASSESSMENT APPROACH

General

Queensland supports the proposals to:

- assess business taxes that are to be abolished under the IGA; fees and fines; property title user charges; contributions by trading enterprises; and interest and dividend income on an EPC basis; and
- include of a balancing item made up of the residual between the GFS revenue and the Commission's assessed revenue categories.

Gambling Revenue

Queensland considers a conceptual case exists for a differential assessment of gambling revenue. An assessment for gambling revenue developed and presented to the Commission. The 2004 Review approach utilising household disposable income represents the next best option and that, if adopted a discount could be made. However, given that there is already a discount applied, Queensland acknowledges that a further discount is likely to result in the assessment not meeting the materiality guidelines.

Fire Services Levy

Queensland believes that the Commission's proposal to assess the FSL on an EPC basis will not account for significant differences in revenue raising capacity. However, it is recognised that no robust measure of FSL is available at this point in time.