

LAND TAX

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

LAND TAX

- 2 All States (apart from the Northern Territory) levy land tax.
- 3 The tax, where applicable, is paid by the owner of the land on the value of land. Land tax rates and thresholds at which the tax begins to apply vary significantly across States.

WHY REVENUES RAISED FROM LAND TAX DIFFER FROM STATE TO STATE

- 4 Land tax is an important source of revenue raised by the States, averaging around 6.9 per cent of total own-source revenue raised in recent years (see Table 1).

Table 1 Land tax revenue as share of own source revenue, 2008 Update

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Average revenues (\$pc)	117.84	135.16	154.71	183.54	183.07	216.68
% of total own-source revenues	6.12	6.56	6.94	7.96	7.25	7.93

Source: Data collected by the Commission from the States.

- 5 Table 2 shows that the revenues raised from land tax per person differ greatly for each State and from the Australian average. The Commission seeks to understand the reasons for the differences. If the reasons are to do with land tax provisions, they are differences in revenue raising effort — 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 advantages/disadvantages. The Commission takes these into account in its revenue assessment and they do affect State shares of the pool.

Table 2 Land tax revenues per capita, 2008 Update

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
2001-02	154.41	121.63	62.93	137.64	92.26	55.83	103.37	0.00	117.84
2002-03	170.81	149.95	73.97	153.99	103.12	58.47	125.37	0.00	135.16
2003-04	202.53	167.77	81.14	163.94	128.76	57.02	152.05	0.00	154.71
2004-05	244.52	186.80	105.85	181.30	165.64	89.97	169.59	0.00	183.54
2005-06	253.32	171.65	99.90	179.72	186.57	100.53	176.34	0.00	183.07
2006-07	297.25	209.90	117.35	216.43	210.61	126.04	199.79	0.00	216.68

Source: Data collected by the Commission from the States.

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 (\$297.25 per capita in 2006-07) about 14 times the weight of the experience of Tasmania (\$126.04 per capita). This means that the average revenue per capita is usually 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, the Commission 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 drivers of State revenues per person are likely to include:
- policy influences on revenue effort such as:
 - land tax rates;
 - rate structure — different marginal rates apply in different property value ranges;
 - scope of dutiable land — types of land subject to land tax;
 - conditions for thresholds and exemptions; and
 - non policy influences on taxable land such as:
 - differences in the value of land;
 - the distribution of the value of land (where the land tax rate applicable is progressive); and
 - the proportion of renters.
- 7 Table 3 compares the effective land tax rates for each State. It shows that of the States imposing land tax, Queensland had the lowest rates. Rates were generally higher in South Australia and Tasmania than other States.

Table 3 Land tax rates, 2006-07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT ^(a)
	%	%	%	%	%	%	%	%
Minimum rate	1.7	0.2	0.7	0.15	0.3	0.55	0.89	0
Maximum rate	1.7	3	1.25	2.5	3.7	2.5	1.59	0
Minimum threshold \$	352 000	200 000	500 000	150 000	110 000	25 000	0	na
Maximum threshold \$	352 000	2 700 000	3 000 000	5 000 000	1 000 000	750 000	275 000	na
	\$	\$	\$	\$	\$	\$	\$	\$
Duty payable at property value of								
\$50 000	0	0	0	0	0	188	445	0
\$100 000	0	0	0	0	0	463	890	0
\$150 000	0	0	0		120	738	1 875	0
\$250 000	0	300	0	150	420	738	3 125	0
\$500 000	2 616	800	400	1 185	1 770	4 838	7 951	0
\$1 million	11 116	2 780	2 536	6 360	11 420	14 338	15 901	0
\$5 million	79 116	43 230	62 500	91 560	159 420	94 338	79 501	0
	%	%	%	%	%	%	%	%
Average tax rate on property value of								
\$50 000	0	0	0	0	0	0.38	0.89	0
\$100 000	0	0	0	0	0	0.46	0.89	0
\$150 000	0	0	0	0	0.08	0.49	1.25	0
\$250 000	0	0.12	0	0.06	0.17	0.30	1.25	0
\$500 000	0.52	0.16	0.08	0.24	0.35	0.97	1.59	0
\$1 million	1.11	0.28	0.25	0.64	1.14	1.43	1.59	0
\$5 million	1.58	0.86	1.25	1.83	3.19	1.89	1.59	0

(a) The Northern Territory does not apply land tax.

Source: State tax tables.

8 Table 4 shows some broad indicators of each State's ability to raise land tax revenues. They suggest that New South Wales (for both commercial and industrial and residential land), Victoria (for commercial and industrial land) and the ACT (for residential land) had above average revenue raising ability as a result of their above average land values per capita.

Table 4 Broad indicators of ability to raise land taxes, 2006-07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
(a) General indicators									
Value of commercial and industrial land \$pc	12 308	12 274	10 630	11 914	7 186	4 438	8 767	9 446	11 268
<i>Change 2001-02 to 2006-07 %</i>	62.77	82.61	118.92	92.91	93.31	101.52	107.16	35.88	81.16
Value of residential land \$pc	95 104	77 174	72 311	107 165	58 285	36 492	79 260	22 887	82 190
<i>Change 2001-02 to 2006-07 %</i>	71.07	63.70	139.70	173.06	137.66	191.62	102.56	30.94	91.10
Proportion of renters %	22.8	21.3	24.8	20.2	18.9	16.9	19.4	20.5	21.2
	%	%	%	%	%	%	%	%	%
(b) Ratios^(a)									
Total value of commercial and industrial land	109.22	108.93	94.34	105.73	63.77	39.38	77.80	83.82	100.00
Total value of residential land	115.71	93.90	87.98	130.39	70.92	44.40	96.44	27.85	100.00
Proportion of renters	107.55	100.47	116.98	95.28	89.15	79.72	91.51	96.70	100.00

(a) Calculated by dividing the figure for each State by the Australian average figure.

Sources: Data supplied by the States and ABS, *Household Income and Income Distribution 2005-06*, Catalogue No. 6523.0, Table 16.

ASSESSING STATES' CAPACITIES TO RAISE REVENUES

The equalisation task

- 9 The box below outlines the Commission's framework for measuring abilities of States to raise revenues from their own bases. For each kind of tax, the Commission measures the revenue base available to each State, based on the average State policy of how the tax is levied, not the 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 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 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 THE REVENUES FOR LAND TAX

The revenue base

- 10 In assessing capacity to raise revenue from land tax, the aim was to measure a revenue base that reflected the value of land subject to tax in all States, assuming the average policy was applied in all States.
- 11 Differences in State policies were significant, which ruled out the use of the actual per person revenues as a measure of each State's ability to raise revenues.

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.

- 12 The Commission assessed capacity in two separate components, residential and commercial and industrial (C&I) land.
- 13 For each component, the revenue base was the value of the relevant type of land. Data on land values were obtained from the Valuer-General of each State. The Valuers-General were asked to prepare the land values on a consistent basis and to value the land as at the same date.
- 14 Since States exempted the principal place of residence from land tax, the Commission adjusted total residential land value in each State by the proportion of private renters in the State.
- 15 Also, because the average land tax policy is to apply progressive tax rates, the Commission adjusted the value of commercial and industrial land in each State to allow for differences between States in the proportions of high and low valued land — under a tax with progressive rates, States with relatively more highly valued land have a revenue raising advantage.

Calculating the revenue base

- 16 Tables 5 to 7 show the calculation of the revenue base for the years 2001-02 to 2006-07.
- 17 Table 5 shows the calculation of the revenue base for the commercial and industrial land component. The value distribution adjustment for the C&I component was calculated in the following steps.
 - For each value range, calculate the average property value by State.
 - Calculate the land tax payable per property in each State by applying each State's land tax regime to its average property value.
 - Calculate the total land tax payable in each State by multiplying average tax payable by the number of properties. (These steps were necessary because the revenues raised by value range were not available).
 - Calculate the Australian average effective rate of tax by dividing the total land tax payable by the total value of land by value range.
 - Calculate the notional revenues that each State could raise if it applied the Australian average effective tax rate to its land values by range. This is notional revenue at progressive rates.
 - Calculate the notional revenues that each State could raise if it applied the overall Australian effective rate of tax to its total land values. This is notional revenue at a single rate.
 - Divide notional revenues at progressive rates by notional revenue at single rate to derive a value distribution adjustment (VDA).
- 18 These calculations are shown in Attachment A.

Table 5 Calculation of the C&I land revenue bases

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
A. Commercial/Industrial land values (\$b)									
2001-02	49 949.0	32 502.0	17 831.0	11 823.0	5 637.0	1 040.0	1 358.0	1 380.0	121 520.0
2002-03	53 586.0	34 908.5	20 752.6	14 322.1	6 351.2	1 043.0	1 628.8	1 597.8	134 190.0
2003-04	70 796.2	40 975.0	21 989.0	13 957.0	7 679.7	1 062.3	1 709.5	1 806.0	159 974.6
2004-05	70 058.4	54 112.2	29 926.2	15 062.3	8 910.7	1 335.6	1 987.0	1 894.0	183 286.4
2005-06	78 331.4	57 869.2	29 738.4	17 686.5	10 119.4	1 661.4	2 482.6	1 966.8	199 855.6
2006-07	84 378.2	63 427.0	43 962.5	24 805.8	11 329.0	2 181.8	2 951.6	2 010.0	235 045.8
B. Commercial/Industrial land - value distribution adjustment									
2001-02	1.1539	0.8997	0.9606	0.9550	0.6168	0.3988	0.9844	0.7193	1.00000
2002-03	1.1788	0.8715	0.9582	0.9355	0.6246	0.3676	0.9899	0.8465	1.00000
2003-04	1.1948	0.7891	0.9812	0.9330	0.6506	0.3502	1.0330	0.7318	1.00000
2004-05	1.1773	0.8694	0.9748	0.9609	0.6803	0.3759	1.0896	0.7349	1.00000
2005-06	1.1892	0.8227	1.0465	0.9499	0.6396	0.3492	1.1291	0.6709	1.00000
2006-07	1.2188	0.7152	1.0516	1.0789	0.6860	0.4640	1.2126	0.7389	1.00000
C. Adjusted land values = A * B (Revenue base for commercial/industrial land) (\$b)									
2001-02	57 636.3	29 243.2	17 128.3	11 291.3	3 476.8	414.7	1 336.8	992.7	121 520.0
2002-03	63 167.8	30 422.7	19 885.6	13 398.4	3 967.0	383.4	1 612.4	1 352.6	134 190.0
2003-04	84 589.2	32 333.3	21 575.0	13 021.4	4 996.4	372.0	1 765.8	1 321.6	159 974.6
2004-05	82 477.8	47 042.7	29 171.8	14 472.7	6 062.4	502.1	2 165.1	1 392.0	183 286.4
2005-06	93 150.8	47 608.4	31 120.1	16 800.9	6 472.8	580.1	2 803.0	1 319.4	199 855.6
2006-07	102 836.4	45 365.6	46 231.1	26 763.9	7 772.0	1 012.4	3 579.2	1 485.2	235 045.8
D. Actual revenue for the commercial and industrial component (70 per cent of actual revenue) (\$m)									
2001-02	544.92	398.88	302.92	157.92	125.10	38.96	26.47	16.38	1 611.54
2002-03	629.47	463.18	356.46	183.41	144.41	44.95	30.67	18.87	1 871.41
2003-04	724.78	536.73	418.32	213.15	166.37	52.06	35.33	21.76	2 168.48
2004-05	864.99	644.88	508.30	256.95	198.71	62.29	42.21	26.24	2 604.57
2005-06	869.99	652.40	518.85	261.24	199.97	62.60	42.58	26.75	2 634.37
2006-07	1 039.88	783.80	627.28	315.80	239.14	74.57	51.07	32.28	3 163.83
E. Assessed revenue for commercial and industrial component = D * C / CAust (\$m)									
2001-02	764.34	387.81	227.15	149.74	46.11	5.50	17.73	13.16	1 611.54
2002-03	880.94	424.27	277.32	186.85	55.32	5.35	22.49	18.86	1 871.41
2003-04	1 146.62	438.28	292.45	176.51	67.73	5.04	23.94	17.91	2 168.48
2004-05	1 172.04	668.49	414.54	205.66	86.15	7.13	30.77	19.78	2 604.57
2005-06	1 227.86	627.54	410.21	221.46	85.32	7.65	36.95	17.39	2 634.37
2006-07	1 384.23	610.64	622.29	360.25	104.61	13.63	48.18	19.99	3 163.83

Table 6 shows the calculation of the revenue base for the non-principal residential land component. The NPR land tax base is the value of total residential land in each State adjusted by the corresponding proportion of residential properties that are rented privately. Rental data are updated when available.

Table 6 Land revenue, calculation of the NPR revenue bases

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
A. Total residential land values (\$b)									
2001-02	367.2	228.0	110.8	75.1	37.2	5.9	12.6	3.5	840.2
2002-03	434.9	248.7	135.9	89.3	45.3	6.3	18.1	3.6	982.3
2003-04	549.3	296.2	169.6	102.4	57.9	6.9	22.6	3.7	1 208.7
2004-05	618.6	360.1	247.5	122.4	73.1	10.3	25.5	4.1	1 461.6
2005-06	652.1	377.9	259.5	154.8	84.2	15.4	25.4	4.4	1 573.7
2006-07	652.0	398.8	299.1	223.1	91.9	17.9	26.7	4.9	1 714.4
B. Non-principal residential land values – private renter proportion									
2001-02	0.21400	0.17900	0.28200	0.21200	0.14000	0.15700	0.16000	0.28000	0.21000
2002-03	0.23400	0.19900	0.26500	0.20100	0.15500	0.16300	0.20400	0.28200	0.22000
2003-04	0.22400	0.17900	0.25600	0.21900	0.16200	0.16400	0.19800	0.20900	0.21200
2004-05	0.22400	0.17900	0.25600	0.21900	0.16200	0.16400	0.19800	0.20900	0.21200
2005-06	0.22800	0.21300	0.24800	0.20200	0.18900	0.16900	0.19400	0.20500	0.21200
2006-07	0.22800	0.21300	0.24800	0.20200	0.18900	0.16900	0.19400	0.20500	0.21000
C. Adjusted land values = A * B (Revenue base for non-principal residential land) (\$b)									
2001-02	78.6	40.8	31.2	15.9	5.2	0.9	2.0	1.0	175.7
2002-03	101.8	49.5	36.0	17.9	7.0	1.0	3.7	1.0	218.0
2003-04	123.0	53.0	43.4	22.4	9.4	1.1	4.5	0.8	257.7
2004-05	138.6	64.5	63.4	26.8	11.8	1.7	5.1	0.9	312.6
2005-06	148.7	80.5	64.4	31.3	15.9	2.6	4.9	0.9	349.1
2006-07	148.7	84.9	74.2	45.1	17.4	3.0	5.2	1.0	379.4
D. Actual revenue for the non-principal residential component (30 per cent of actual revenue) (\$m)									
2001-02	233.54	170.95	129.82	67.68	53.61	16.70	11.35	7.02	690.66
2002-03	269.77	198.50	152.77	78.61	61.89	19.26	13.14	8.09	802.03
2003-04	310.62	230.03	179.28	91.35	71.30	22.31	15.14	9.32	929.35
2004-05	370.71	276.38	217.84	110.12	85.16	26.69	18.09	11.25	1 116.24
2005-06	372.85	279.60	222.36	111.96	85.70	26.83	18.25	11.46	1 129.02
2006-07	445.66	335.91	268.84	135.34	102.49	31.96	21.89	13.83	1 355.93
E. Assessed revenue for non-principal residential component = D * C / C _{Aust} (\$m)									
2001-02	308.97	160.42	122.82	62.62	20.47	3.65	7.90	3.82	690.66
2002-03	374.42	182.07	132.52	66.03	25.81	3.80	13.61	3.77	802.03
2003-04	443.77	191.20	156.63	80.90	33.85	4.09	16.11	2.81	929.35
2004-05	494.74	230.15	226.23	95.68	42.28	6.04	18.04	3.09	1 116.24
2005-06	480.81	260.26	208.09	101.14	51.49	8.42	15.90	2.91	1 129.02
2006-07	531.27	303.57	265.05	161.07	62.07	10.84	18.50	3.57	1 355.93

19 Table 7 shows the revenue base for all years of the assessment period.

Table 7 Revenue bases for land tax, 2008 Update^(a)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Commercial and Industrial land									
2001-02	57 636	29 243	17 128	11 291	3 477	415	1 337	993	121 520
2002-03	63 168	30 423	19 886	13 398	3 967	383	1 612	1 353	134 190
2003-04	84 589	32 333	21 575	13 021	4 996	372	1 766	1 322	159 975
2004-05	82 478	47 043	29 172	14 473	6 062	502	2 165	1 392	183 286
2005-06	93 151	47 608	31 120	16 801	6 473	580	2 803	1 319	199 856
2006-07	102 836	45 366	46 231	26 764	7 772	1 012	3 579	1 485	235 046
Non-principal land									
2001-02	78 588	40 804	31 240	15 928	5 207	928	2 009	972	175 675
2002-03	101 778	49 492	36 022	17 949	7 016	1 034	3 700	1 025	218 016
2003-04	123 047	53 014	43 429	22 433	9 386	1 134	4 467	778	257 690
2004-05	138 556	64 456	63 358	26 795	11 841	1 693	5 052	864	312 616
2005-06	148 689	80 484	64 350	31 278	15 923	2 602	4 918	900	349 145
2006-07	148 659	84 944	74 165	45 070	17 368	3 032	5 177	998	379 414

Calculating assessed revenues per capita

20 Assessed revenues per person are calculated by applying the Australian average effective rate of tax to the revenue base of each State and dividing by State population. Table 8 shows the calculations.

Table 8 Calculation of assessed revenue from effective rates of tax, 2006-07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Commercial/industrial component									
Actual revenue \$m	1 426	759	340	315	232	43	47	0	3 164
Actual revenue \$pc	208.07	146.93	82.15	151.50	147.43	88.23	139.85	0.00	151.68
Revenue base \$m	102 836	45 366	46 231	26 764	7 772	1 012	3 579	1 485	235 046
Revenue base \$pc	15 000	8 779	11 179	12 855	4 929	2 059	10 631	6 979	11 268
Effective rate of tax %	1.39	1.67	0.73	1.18	2.99	4.28	1.32	0.00	1.35
Assessed revenue \$m ^(a)	1 384	611	622	360	105	14	48	20	3 164
Assessed revenue \$pc	201.91	118.17	150.47	173.03	66.35	27.72	143.09	93.94	151.68
Non-principal residential component									
Actual revenue \$m	611	325	146	135	100	19	20	0	1 356
Actual revenue \$pc	89.17	62.97	35.21	64.93	63.18	37.81	59.94	0.00	65.01
Revenue base \$m	148 659	84 944	74 165	45 070	17 368	3 032	5 177	998	379 414
Revenue base \$pc	21 684	16 438	17 933	21 647	11 016	6 167	15 376	4 692	18 190
Effective rate of tax %	0.41	0.38	0.20	0.30	0.57	0.61	0.39	0.00	0.36
Assessed revenue \$m ^(a)	531	304	265	161	62	11	19	4	1 356
Assessed revenue \$pc	77.49	58.75	64.09	77.36	39.37	22.04	54.95	16.77	65.01
Total category									
Actual revenue \$m	2 038	1 085	485	451	332	62	67	0	4 520
Assessed revenue \$m ^(a)	1 915	914	887	521	167	24	67	24	4 520
Assessed revenue \$pc	279.40	176.91	214.56	250.39	105.72	49.76	198.04	110.71	216.68

(a) Calculated by multiplying the revenue base by the Australian average tax rate.

21 Assessed revenues per person can also be calculated by calculating a category capacity factor from the revenue base and applying that to the average per person revenue. Table 9 shows the calculations.

Table 9 Calculation of assessed revenue from category capacity ratios, 2006-07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Commercial/industrial component									
Actual revenue \$pc	208.07	146.93	82.15	151.50	147.43	88.23	139.85	0.00	151.68
Revenue base \$pc	15 000	8 779	11 179	12 855	4 929	2 059	10 631	6 979	11 268
Revenue capacity ratio ^(a)	1.33114	0.77908	0.99204	1.14076	0.43746	0.18275	0.94339	0.61934	1.00000
Assessed revenue \$pc	201.91	118.17	150.47	173.03	66.35	27.72	143.09	93.94	151.68
Non-principal residential component									
Actual revenue \$pc	89.17	62.97	35.21	64.93	63.18	37.81	59.94	0.00	65.01
Revenue base \$pc	21 684	16 438	17 933	21 647	11 016	6 167	15 376	4 692	18 190
Revenue capacity ratio ^(a)	1.19209	0.90370	0.98590	1.19009	0.60561	0.33904	0.84534	0.25794	1.00000
Assessed revenue \$pc	77.49	58.75	64.09	77.36	39.37	22.04	54.95	16.77	65.01
Total category									
Actual revenue \$pc	297.25	209.90	117.35	216.43	210.61	126.04	199.79	0.00	216.68
Assessed revenue \$pc	279.40	176.91	214.56	250.39	105.72	49.76	198.04	110.71	216.68

(a) State revenue base pc divided by Australian revenue base pc.

22 This approach has the advantage of making explicit the relative revenue capacity ratios. Also, by comparing actual revenues per person with the assessed per person revenues, a relative effort ratio can be derived.

23 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 2008 Update.

24 Table 10 shows the actual and assessed revenues for 2006-07. Figure 1 shows them pictorially.

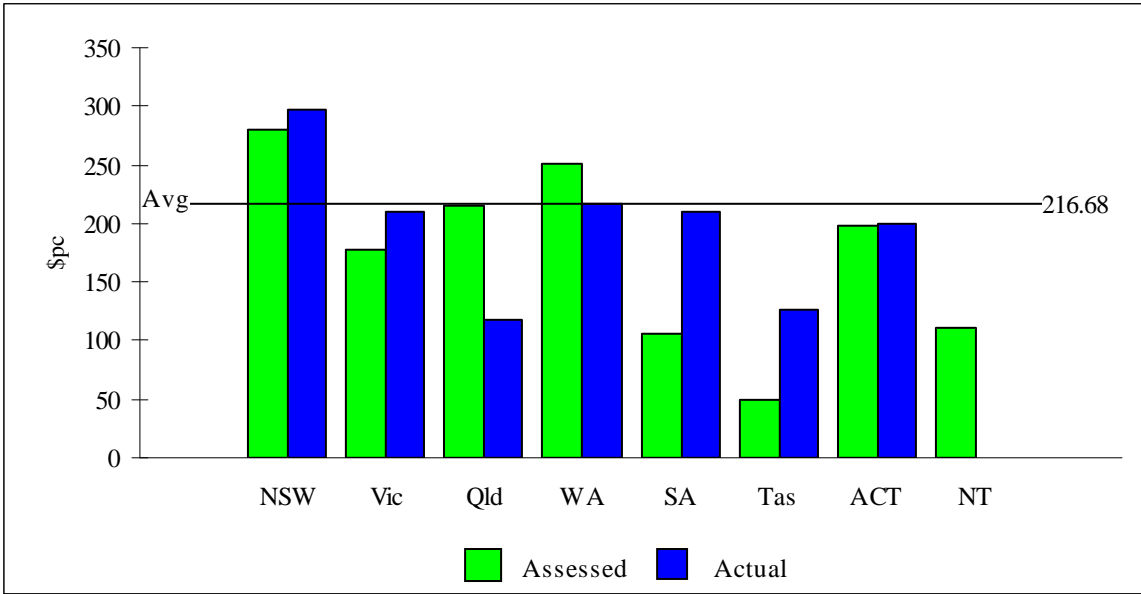
Table 10 Land tax assessment results, 2006-07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Average
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual revenues	297.25	209.90	117.35	216.43	210.61	126.04	199.79	0.00	216.68
Assessed revenues	279.40	176.91	214.56	250.39	105.72	49.76	198.04	110.71	216.68
	%	%	%	%	%	%	%	%	%
Revenue capacity ratio ^(a)	128.94	81.65	99.02	115.56	48.79	22.96	91.40	51.09	100.00
Revenue effort ratio ^(b)	106.39	118.65	54.69	86.44	199.21	253.31	100.88	0.00	100.00

(a) State revenue base pc divided by Australian revenue base pc.

(b) Calculated as actual revenue divided by the revenue base.

Figure 1 Land tax, assessed revenue per person, actual revenues per person and average revenue per person, 2006-07



Relative abilities to raise revenues

- 25 A State’s revenue capacity compares its assessed revenue (which reflects its disabilities) with the average revenue. A capacity above 100 per cent means that a State has an above average capacity to raise revenue. In 2006-07, as in previous years, New South Wales had above average ability to raise land tax. The State had above average value of land per person for both C&I and NPR land. Western Australia also had above average ability to raise land tax, with above average value of land per person for both C&I and NPR land in 2006-07, although the value of C&I land per capita in Western Australia was still substantially below that in New South Wales.
- 26 All the other States had below average ability to raise revenue because the value of assessed C&I and NPR land per person was below the Australian average. While the value of assessed C&I land per person in Victoria and NPR land per person in Queensland, were greater than average, the overall value of assessed land in total was less than average.

Revenue efforts

- 27 Revenue effort compares each State’s actual revenue (which reflects both disabilities and policy choices) with its assessed revenue. In 2006-07, South Australia and Tasmania were assessed to make well above average efforts. They imposed generally higher rates of tax and/or had low thresholds (see Table 3).
- 28 Queensland was assessed to make well below average efforts. They imposed lower rates of tax. The Northern Territory did not impose land tax.

29 Table 11 shows the assessed differences from average for 2006-07, which provides an indication of the impact of the land revenue assessment on GST revenue shares. The difference is calculated by:

- subtracting each State's assessed revenue per person from the average revenue per person; and
- multiplying the difference by each State's population.

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

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Assessed revenues \$pc	279.40	176.91	214.56	250.39	105.72	49.76	198.04	110.71	216.68
Difference from average \$pc	62.71	-39.77	-2.12	33.71	-110.96	-166.93	-18.64	-105.97	0.00
Population (million)	6.86	5.17	4.14	2.08	1.58	0.49	0.34	0.21	20.86
Difference from average \$m	429.95	-205.51	-8.78	70.18	-174.95	-82.07	-6.28	-22.55	455.11 ^(a)

(a) Extent of difference from equal per person (sum of negatives, or positives).

30 Table 12 shows the assessed difference from average in \$ millions. The average of these amounts over the assessment period provides an indication of the impact of the assessment on GST revenue shares.

Table 12 Assessed revenues, difference from average, 2008 Update

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2001-02	294.85	-21.60	-82.78	-13.24	-112.13	-46.51	-12.19	-6.41	294.85
2002-03	356.12	-55.33	-99.38	-9.13	-125.17	-55.06	-7.71	-4.32	356.12
2003-04	554.99	-137.27	-148.51	-47.09	-136.10	-65.23	-10.42	-10.36	554.99
2004-05	431.07	-22.61	-85.38	-65.73	-155.44	-75.80	-11.49	-14.63	431.07
2005-06	465.82	-44.19	-122.92	-50.60	-148.86	-73.36	-7.97	-17.91	465.82
2006-07	429.95	-205.51	-8.78	70.18	-174.95	-82.07	-6.28	-22.55	500.13
Average	422.13	-81.09	-91.29	-19.27	-142.11	-66.34	-9.34	-12.70	433.83

(a) Extent of difference from equal per person (sum of negatives or positives).

Table 13 Land tax contribution to the distribution of the pool, 2008 Update^(a)

NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total redistributed b
\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
-527.7	106.2	115.5	26.2	172.0	81.4	10.3	16.1	527.7

(a) All distributions are calculated using the 2007-08 GST revenue pool and December 2007 populations.

(b) This is the cumulative difference of either the positive or negative numbers. It provides an indication of the relative importance of each effect.

- 31 The Commission estimated that New South Wales, which had above average assessed revenue per person required a reduced distribution from the pool totalling \$527.7 million to provide the average level of service. Western Australia also had above average assessed revenue per person but this was only in 2006-07 (see Table 12). Western Australia, together with the other States (Victoria, Queensland, South Australia, Tasmania, the ACT and the Northern Territory), which had below average assessed revenues per person in all years of the assessment period, needed additional assistance totalling \$527.7 million.
- 32 New South Wales has historically been the centre of finance and industry, with large commercial and industrial sectors, a high proportion of head offices, and hence high commercial and industrial land values. Similarly, high levels of urbanisation and intensive use of land kept residential land values well above average.

CHANGES IN DISTRIBUTION OF THE POOL: 2008 UPDATE COMPARED WITH THE 2007 UPDATE

- 33 Table 14 shows:
- the impact of the 2007 Update assessment on shares of the pool;
 - the impact of the 2008 Update assessment on shares of the pool; and
 - the difference.
- 34 The table also breaks the difference into smaller parts.

Table 14 Comparison of the 2008 Update and 2007 Update assessments^(a)

	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)									
	-516.7	70.6	134.4	42.1	167.5	77.1	12.2	12.8	516.7
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	-8.2	-2.0	5.3	2.9	0.5	0.6	0.4	0.5	10.2
Interactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	-8.2	-2.0	5.3	2.9	0.5	0.6	0.4	0.5	10.2
Effect of replacing 2001-02 category averages and revenue bases with those for 2006-07									
Category averages	-32.0	2.1	9.5	1.4	12.0	5.0	1.3	0.7	32.0
Revenue bases	21.4	26.0	-24.8	-14.7	-5.8	-1.0	-2.6	1.6	49.0
Interactions	7.8	9.5	-9.0	-5.4	-2.1	-0.4	-1.0	0.6	17.8
Total	-2.8	37.6	-24.3	-18.7	4.0	3.6	-2.3	2.8	48.0
Redistribution from EPC resulting from the 2008 Update assessment (a)									
	-527.7	106.2	115.5	26.2	172.0	81.4	10.3	16.1	527.7
Total effect of revisions and updating (b)									
	-11.0	35.6	-18.9	-15.9	4.5	4.2	-1.9	3.3	47.7

(a) All distributions are calculated using the 2007-08 GST and HCG pool and the December 2007 populations.

(b) This is the cumulative difference of either the positive or negative numbers. It provides an indication of the relative importance of each effect.

(c) The category revenue and revenue bases interact. The combined effect of changing both variables can be different to the sum of the effects of changing each separately. The difference is referred to as interactions.

WHAT HAS CHANGED?

- 35 Table 14 indicates that in the 2008 Update, land revenue redistributed \$527.7 million of the pool relative to an equal per capita distribution. This was \$11.0 million more than in the 2007 Update. Changes in land revenue create a small divergence in the financial capacities of the States.
- 36 Changes in the land revenue assessment between the 2007 and 2008 Updates also changed the distribution of \$47.7 million of the pool among the States. This change was primarily due to changes in the relative capacity of the States to raise revenue from land tax between 2001-02

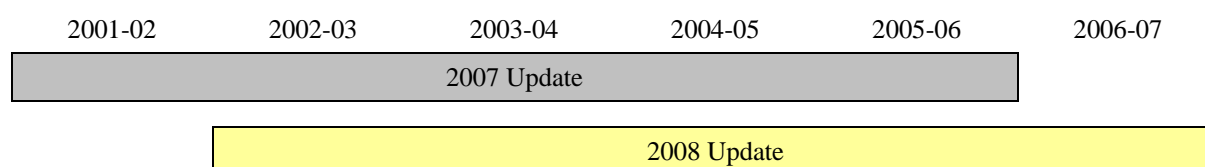
and 2006-07 — the relative capacities of New South Wales, Victoria and the Northern Territory to raise land revenue all fell while those of the other States rose.

37 These changes can be explained 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.

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

Figure 2 Advancing the reference period, 2008 Update



39 The effect of revisions is estimated by replacing 2007 Update data with 2008 Update data for the years 2001-2002 to 2005-06. The effect of advancing the reference period one year is estimated by comparing the data of the year entering the reference period (2006-07) with the financial and assessment data of the year dropping out (2001-2002). In both cases, the Commission considers the impact of replacing financial data (actual 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

40 *Changes due to revisions of revenue data.* There were revisions to the adjusted budget figures and hence to the Australian average land revenue per person, but they had only a minimal effect on the distribution of the pool.

41 *Changes due to revisions in the revenue bases.* There were also revisions to the land value data for the States (particularly for Queensland) for 2003-04 and 2004-05, with a small effect on the measures of the revenue bases, and hence on the distribution of the pool.

42 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 act to increase the revenue raising capacity of New South Wales, Western Australia and Tasmania relative to other States.

43 Table 15 summarises the changes between the 2007 Update and the 2008 Update in the average revenues and the relative capacities.

Table 15 Land tax 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	204.83	160.16	85.18	163.65	135.94	72.45	146.68	0.00	155.22
2008 Update	205.12	159.56	84.76	163.32	135.27	72.36	145.34	0.00	154.86
	%	%	%	%	%	%	%	%	%
Assessed revenue raising capacity ratios									
2007 Update	140.00	92.32	82.21	89.36	42.62	15.74	80.01	68.50	100.00
2008 Update	140.69	92.55	81.63	88.74	42.49	15.15	79.47	67.47	100.00

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

- 44 Table 16 shows that the actual and assessed revenues and revenue base ratios for 2006–07 were different from 2001–2002.
- 45 **Replacing revenue data.** The average revenue per person increased by 60.7 per cent, more than the increase in the GST revenue pool of 34.8 per cent. The category became more important resulting in a larger redistribution of the GST revenue, away from New South Wales, the State with consistently above average revenue base per person, to the other States.
- 46 **Replacing revenue base data.** The key changes in State circumstances between 2001–2002 and 2006–07 to affect the distribution of GST revenue between the States were different rates of growth in the value of both commercial and industrial, and residential land between States.
- 47 As shown in Table 4, the value of both commercial and industrial and residential land per capita rose in Queensland (118.92 and 139.70 per cent), Western Australia (92.91 and 173.06 per cent), South Australia (93.31 and 137.66 per cent), Tasmania (101.52 and 191.62 per cent) and the ACT (89.20 and 131.78 per cent) by significantly more than average (68.62 and 94.22 per cent) between 2001–02 and 2006–07.
- 48 In Victoria, the value of residential land grew between 2001–02 and 2006–07 at 63.70 per cent, which was less than average. This was partly offset by an increase of 82.61 per cent in the value of commercial and industrial land, which was greater than the average.
- 49 By contrast, both commercial and industrial land and residential land values grew by less than the average in New South Wales (62.77 and 71.07 per cent) and the Northern Territory (35.88 and 30.94 per cent).
- 50 As a result, there was a distribution of GST revenue away mainly from Queensland, Western Australia, South Australia, Tasmania and the ACT to New South Wales, Victoria and the Northern Territory.

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 16 Land revenue assessment data 2001–02 and 2006-07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Avg
Commercial/industrial component									
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual revenues									
2001-02	108.09	85.14	44.05	96.35	64.58	39.08	72.36	0.00	82.49
2006-07	208.07	146.93	82.15	151.50	147.43	88.23	139.85	0.00	151.68
Assessed revenues									
2001-02	115.71	80.20	61.86	78.22	30.40	11.64	55.24	66.31	82.49
2006-07	201.91	118.17	150.47	173.03	66.35	27.72	143.09	93.94	151.68
	%	%	%	%	%	%	%	%	%
Assessed revenue raising capacity ratios									
2001-02	140.27	97.23	74.99	94.82	36.86	14.12	66.97	80.39	100.00
2006-07	133.11	77.91	99.20	114.08	43.75	18.27	94.34	61.93	100.00
Non-principal residential component									
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual revenues									
2001-02	46.32	36.49	18.88	41.29	27.68	16.75	31.01	0.00	35.35
2006-07	89.17	62.97	35.21	64.93	63.18	37.81	59.94	0.00	65.01
Assessed revenues									
2001-02	46.77	33.18	33.45	32.71	13.50	7.72	24.61	19.24	35.35
2006-07	77.49	58.75	64.09	77.36	39.37	22.04	54.95	16.77	65.01
	%	%	%	%	%	%	%	%	%
Assessed revenue raising capacity ratios									
2001-02	132.30	93.84	94.61	92.52	38.18	21.85	69.62	54.42	100.00
2006-07	119.21	90.37	98.59	119.01	60.56	33.90	84.53	25.79	100.00
Total category									
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual revenues									
2001-02	154.41	121.63	62.93	137.64	92.26	55.83	103.37	0.00	117.84
2006-07	297.25	209.90	117.35	216.43	210.61	126.04	199.79	0.00	216.68
Assessed revenues									
2001-02	162.48	113.38	95.30	110.93	43.90	19.37	79.86	85.55	117.84
2006-07	279.40	176.91	214.56	250.39	105.72	49.76	198.04	110.71	216.68
	%	%	%	%	%	%	%	%	%
Assessed revenue raising capacity ratios									
2001-02	137.88	96.21	80.87	94.13	37.25	16.44	67.76	72.60	100.00
2006-07	128.94	81.65	99.02	115.56	48.79	22.96	91.40	51.09	100.00

Table 17 Assessment of revenue, Land revenue

	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		135.16		154.71		183.54		183.07		216.68
New South Wales										
Assessed difference	- 356.119	- 53.53	- 554.990	- 82.93	- 431.074	- 64.03	- 465.821	- 68.61	- 429.953	- 62.71
Revenue - Assessed	1 255.357	188.69	1 590.385	237.64	1 666.778	247.56	1 708.667	251.68	1 915.495	279.40
Actual	1 136.369	170.81	1 355.432	202.53	1 646.287	244.52	1 719.809	253.32	2 037.856	297.25
Victoria										
Assessed difference	55.334	11.30	137.273	27.70	22.606	4.50	44.194	8.68	205.507	39.77
Revenue - Assessed	606.346	123.86	629.478	127.01	898.645	179.03	887.802	174.39	914.209	176.91
Actual	734.066	149.95	831.477	167.77	937.611	186.80	873.882	171.65	1 084.670	209.90
Queensland										
Assessed difference	99.383	26.38	148.515	38.45	85.377	21.58	122.922	30.36	8.782	2.12
Revenue - Assessed	409.841	108.78	449.079	116.26	640.773	161.96	618.294	152.71	887.339	214.56
Actual	278.690	73.97	313.434	81.14	418.801	105.85	404.490	99.90	485.326	117.35
Western Australia										
Assessed difference	9.132	4.71	47.090	23.93	65.735	32.87	50.602	24.82	- 70.180	- 33.71
Revenue - Assessed	252.885	130.45	257.410	130.78	301.339	150.67	322.601	158.25	521.325	250.39
Actual	298.507	153.99	322.663	163.94	362.599	181.30	366.373	179.72	450.611	216.43
South Australia										
Assessed difference	125.173	82.01	136.099	88.59	155.436	100.50	148.863	95.40	174.949	110.96
Revenue - Assessed	81.134	53.16	101.578	66.12	128.431	83.04	136.811	87.67	166.684	105.72
Actual	157.397	103.12	197.815	128.76	256.187	165.64	291.144	186.57	332.056	210.61
Tasmania										
Assessed difference	55.058	115.90	65.233	135.71	75.802	156.35	73.361	150.19	82.069	166.93
Revenue - Assessed	9.151	19.26	9.134	19.00	13.179	27.18	16.062	32.88	24.463	49.76
Actual	27.777	58.47	27.411	57.02	43.616	89.97	49.104	100.53	61.969	126.04
Australian Capital Territory										
Assessed difference	7.714	23.80	10.420	31.94	11.493	34.98	7.971	23.99	6.276	18.64
Revenue - Assessed	36.099	111.37	40.047	122.77	48.806	148.56	52.851	159.08	66.679	198.04
Actual	40.639	125.37	49.600	152.05	55.715	169.59	58.588	176.34	67.266	199.79
Northern Territory										
Assessed difference	4.324	21.68	10.361	51.57	14.625	71.60	17.908	85.80	22.552	105.97
Revenue - Assessed	22.633	113.48	20.721	103.14	22.866	111.94	20.302	97.27	23.559	110.71
Actual	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00

ATTACHMENT A

COMMERCIAL AND INDUSTRIAL LAND COMPONENT — VALUE DISTRIBUTION ADJUSTMENT

Table A-1 Calculation of value distribution adjustment, 2006-07

Value ranges	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
A. Values									
\$0 to \$0.05m	262	1 805	424	118	138	99	3	68	2 917
\$0.05m plus to \$0.15m	1 698	8 540	1 922	468	944	441	21	174	14 208
\$0.15m plus to \$0.25m	3 038	6 922	2 650	940	1 443	319	40	244	15 596
\$0.25m plus to \$1.0m	22 874	22 455	13 552	8 318	4 785	843	803	659	74 289
\$1.0m plus to \$3.0m	20 047	12 246	10 640	6 989	2 498	339	981	588	54 328
\$3.0m plus to \$10.0m	18 727	7 580	8 608	4 963	1 039	116	733	260	42 026
\$10.0m plus to \$50.0m	13 870	3 158	5 418	2 772	483	26	370	16	26 114
\$50.0m plus to \$100m	3 223	457	618	237	0	0	0	0	4 534
\$100.0m plus	639	264	131	0	0	0	0	0	1 034
Total	84 378	63 427	43 962	24 806	11 329	2 182	2 952	2 010	235 046
B. Number of properties									
\$0 to \$0.05m	10 832	68 508	9 842	11 469	6 957	4 296	96	2 385	114 385
\$0.05m plus to \$0.15m	16 888	93 287	13 703	4 756	9 481	4 756	223	1 801	144 895
\$0.15m plus to \$0.25m	15 248	35 338	9 077	4 612	7 376	1 640	203	1 233	74 727
\$0.25m plus to \$1.0m	45 212	48 723	18 053	15 955	10 381	1 927	1 420	1 403	143 074
\$1.0m plus to \$3.0m	12 197	7 694	4 204	4 349	1 618	218	609	623	31 512
\$3.0m plus to \$10.0m	3 729	1 571	1 078	1 021	223	24	150	65	7 861
\$10.0m plus to \$50.0m	788	207	180	154	24	2	17	1	1 373
\$50.0m plus to \$100m	48	7	7	3	0	0	0	0	65
\$100.0m plus	5	2	1	0	0	0	0	0	8
Total	104 947	255 337	56 145	42 319	36 060	12 863	2 718	7 511	517 900

Table A-1 Calculation of value distribution adjustment, 2006-07(continued)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
C. Average value									
\$0 to \$0.05m	24	26	43	10	20	23	27	29	25
\$0.05m plus to \$0.15m	101	92	140	98	100	93	96	97	98
\$0.15m plus to \$0.25m	199	196	292	204	196	194	199	198	209
\$0.25m plus to \$1.0m	506	461	751	521	461	437	566	470	519
\$1.0m plus to \$3.0m	1 644	1 592	2 531	1 607	1 544	1 557	1 611	943	1 724
\$3.0m plus to \$10.0m	5 022	4 825	7 985	4 861	4 658	4 843	4 884	4 005	5 346
\$10.0m plus to \$50.0m	17 602	15 255	30 099	18 003	20 117	12 961	21 787	16 000	19 019
\$50.0m plus to \$100m	67 136	65 287	88 337	78 867	0	0	0	0	69 761
\$100.0m plus	127 800	131 950	130 764	0	0	0	0	0	129 208
D. Tax payable on the average value									
\$0 to \$0.05m	0	0	0	0	0	0	0	0	0
\$0.05m plus to \$0.15m	0	0	0	0	0	0	1	0	0
\$0.15m plus to \$0.25m	0	0	0	0	0	1	2	0	0
\$0.25m plus to \$1.0m	3	1	2	1	1	4	9	0	0
\$1.0m plus to \$3.0m	22	10	30	14	32	30	26	0	0
\$3.0m plus to \$10.0m	79	93	100	87	147	112	78	0	0
\$10.0m plus to \$50.0m	293	406	376	415	719	315	346	0	0
\$50.0m plus to \$100m	1 135	1 907	1 104	1 936	0	0	0	0	0
\$100.0m plus	2 167	3 907	1 635	0	0	0	0	0	0
E. Total tax payable									
\$0 to \$0.05m	0	0	0	0	0	0	0	0	0
\$0.05m plus to \$0.15m	0	0	0	0	0	2	0	0	2
\$0.15m plus to \$0.25m	0	0	0	0	2	2	1	0	4
\$0.25m plus to \$1.0m	123	35	41	15	16	7	13	0	249
\$1.0m plus to \$3.0m	269	76	125	63	51	7	16	0	605
\$3.0m plus to \$10.0m	296	147	108	88	33	3	12	0	686
\$10.0m plus to \$50.0m	231	84	68	64	17	1	6	0	471
\$50.0m plus to \$100m	55	13	8	6	0	0	0	0	81
\$100.0m plus	11	8	2	0	0	0	0	0	20
Total	985	363	350	236	118	20	47	0	2 119

Table A-1 Calculation of value distribution adjustment, 2006-07 (continued)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
F. Effective tax rate (ETR) = E/A (%)									
\$0 to \$0.05m	0.00	0.00	0.00	0.00	0.00	0.00	0.89	0.00	0.00
\$0.05m plus to \$0.15m	0.00	0.00	0.00	0.00	0.00	0.46	0.89	0.00	0.02
\$0.15m plus to \$0.25m	0.00	0.00	0.00	0.04	0.13	0.50	1.25	0.00	0.03
\$0.25m plus to \$1.0m	0.54	0.16	0.30	0.18	0.32	0.82	1.59	0.00	0.34
\$1.0m plus to \$3.0m	1.34	0.62	1.17	0.90	2.04	1.93	1.59	0.00	1.11
\$3.0m plus to \$10.0m	1.58	1.93	1.25	1.78	3.15	2.32	1.59	0.00	1.63
\$10.0m plus to \$50.0m	1.67	2.66	1.25	2.30	3.57	2.43	1.59	0.00	1.80
\$50.0m plus to \$100m	1.69	2.92	1.25	2.46	0.00	0.00	0.00	0.00	1.79
\$100.0m plus	1.70	2.96	1.25	0.00	0.00	0.00	0.00	0.00	1.96
Total	1.17	0.57	0.80	0.95	1.05	0.93	1.58	0.00	0.90
G. Notional revenues using standard ETRs for relevant value range = A * F _{Aust}									
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
\$0 to \$0.05m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
\$0.05m plus to \$0.15m	0.3	1.3	0.3	0.1	0.1	0.1	0.0	0.0	2.2
\$0.15m plus to \$0.25m	0.9	1.9	0.7	0.3	0.4	0.1	0.0	0.1	4.4
\$0.25m plus to \$1.0m	76.7	75.3	45.5	27.9	16.0	2.8	2.7	2.2	249.2
\$1.0m plus to \$3.0m	223.3	136.4	118.5	77.8	27.8	3.8	10.9	6.5	605.0
\$3.0m plus to \$10.0m	305.7	123.8	140.5	81.0	17.0	1.9	12.0	4.2	686.1
\$10.0m plus to \$50.0m	250.0	56.9	97.6	50.0	8.7	0.5	6.7	0.3	470.6
\$50.0m plus to \$100m	57.8	8.2	11.1	4.2	0.0	0.0	0.0	0.0	81.4
\$100.0m plus	12.5	5.2	2.6	0.0	0.0	0.0	0.0	0.0	20.3
Total	927.2	409.0	416.8	241.3	70.1	9.1	32.3	13.4	2119.2
H. Notional revenues using single standard ETR = A _{Total} * F _{Total Aust}									
	760.8	571.9	396.4	223.7	102.1	19.7	26.6	18.1	2 119.2
I. Adjustment factor = G _{Total} / H									
	1.2188	0.7152	1.0516	1.0789	0.6860	0.4640	1.2126	0.7389	1.0000

Note: The total Effective Tax Rate (ETR) for each State is its ETR by range weighted by the proportions of its values in each range. The standard ETR for each range is the States ETRs weighted by the proportion of land values in each State.