

PROPERTY TITLES USER CHARGES

INTRODUCTION

- 1 This working paper describes the assessment for property titles user charges, and resultant assessed user charges. Issues to do with the assessment method are in Volume 3 of the 2004 Review Working Papers.

DESCRIPTION OF THE CATEGORY

- 2 The category comprised net collections from fees and charges from registration of property titles. Table 1 shows average user charges revenues for the last six financial years. In 2006-07, the average revenue of \$34.61 per capita was 4.86 per cent of total user charges revenue.

Table 1 Property titles, assessed user charges, 2001-02 to 2006-07

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Average user charges (\$pc)	23.65	27.84	30.66	29.65	31.49	34.61
% of total user charges	4.09	4.52	4.94	4.61	4.59	4.86

ASSESSMENT METHOD

- 3 The capacity to raise revenue from registration of property titles was measured in two components, because charges were raised either as a flat fee per title or as ad valorem charges on the value of property. Capacity to collect fees was measured using the number of conveyance transactions (60 per cent of the category). Capacity to raise ad valorem charges (40 per cent of the category) was measured using the value of conveyance transactions. These weights were adopted at the 2004 Review and were based on a previous review of the evidence on the amount of revenue collected under different charging regimes.

Why revenue from property titles fees differs

- 4 The amount of revenue raised from property title fees for each State varied greatly from the average. It also differed from year to year for each State depending on the level of activity in their property market.

Table 2 Property titles revenue, 2008 Update

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
2000-01	13.94	31.48	25.73	23.97	38.58	21.55	20.91	9.87	23.65
2001-02	14.48	38.18	34.36	25.17	45.87	21.43	21.38	10.35	27.84
2002-03	15.13	37.20	43.73	27.33	54.73	25.46	20.90	12.24	30.66
2003-04	15.32	34.58	40.32	28.55	55.96	25.84	18.35	12.51	29.65
2004-05	15.28	35.39	44.04	33.25	61.55	25.75	18.01	13.44	31.49
2005-06	15.46	37.77	51.62	34.18	71.85	26.41	20.50	13.42	34.61

- 5 The Commission seeks to understand the reasons for the differences between States. If the reasons were to do with the fee structure and the coverage of the transactions covered, they were differences in revenue raising effort due to policy differences, and had no impact on State shares of the pool. If the reasons were due to circumstances beyond a State's control, they were revenue raising disabilities. The Commission takes these disabilities into account in its revenue assessment. They do affect State shares of the pool.
- 6 The reasons for differences in State revenues per capita include:
- policy influences on revenue effort such as:
 - fee structure;
 - conditions, exemptions and concessions; and
 - non-policy influences such as:
 - asset prices (such as land, houses, offices, commercial and industrial properties and farms); and
 - the rate of turnover of properties (since duty is payable only when there is a transfer of title).

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 (\$15.46 per capita in 2006-07) about 14 times the weight of the experience of Tasmania (\$26.41 per capita).

This concept of average also applies to the average effective tax rate. In calculating the average effort to raise revenue, it 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.

ASSESSMENT STRUCTURE

7 Table 3 shows the assessment structure for the 2008 Update.

Table 3 Property titles user charges, Assessment structure for the 2008 Update, 2006–07

Component	Component weight	Factors	Basis of calculation
User charges	100.00	User charges	A weight of 60 per cent was applied to the <i>number</i> of transactions for Stamp Duty on Conveyances, and a weight of 40 per cent to the <i>value</i> of transactions from the conveyances assessment, after adjusting for differences in the coverage of the sample transactions and for the standard policies on the taxing of goodwill, classes of transactions, and unit trusts.

NEW DEVELOPMENTS FOR THE 2008 UPDATE

8 **Actual revenue.** Western Australia removed all revenue received from the sales of maps and publications from the user charges revenue for this category for all assessment years. Revenue from such sales made up between 5 and 10 per cent of the actual revenue previously used.

CALCULATING THE CATEGORY FACTOR

- 9 The capacity factor for Property titles user charges was a combination of two factors based on the number of transactions and the value of transactions.
- For the factor relating to the number of transactions:
 - the number of transactions was divided by the population for each jurisdiction and for Australia; and
 - the number of transactions per capita for each jurisdiction was divided by the Australian per capita figure to derive factors (see Table 4).
 - For the factor relating to the value of transactions:
 - the value of transactions was rescaled for differences in the scope of the sample data and actual revenue collected by the States, and then adjusted for differences in State policies affecting the dutiable values;
 - the adjusted value of transactions was divided by the population for each State and for Australia; and
 - the value of transactions per capita for each State was divided by the Australian per capita figure to derive factors (see Table 5).
 - The overall category factor was calculated by applying a 60 per cent weight to the number of transactions factor and a 40 per cent weight applied to the value of transactions factor (see Table 6).

Table 4 **Number of transactions capacity factor**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
A. Number of transactions (a)									
2001-02	274 320	202 153	192 853	53 509	67 869	21 055	15 549	4 838	832 146
2002-03	264 084	189 730	231 701	63 571	66 589	27 139	12 781	5 471	861 066
2003-04	243 305	181 093	224 170	77 757	64 020	27 867	13 397	6 995	838 604
2004-05	179 993	190 140	184 465	82 809	59 580	20 824	11 549	7 217	736 577
2005-06	194 428	167 267	190 743	122 680	59 531	20 071	9 030	7 214	770 964
2006-07	202 775	167 105	190 971	106 221	58 823	21 819	10 470	7 409	765 593
B. Number of transactions per thousand capita (A divided by mean resident population in thousands)									
2001-02	41.53	41.81	52.52	27.95	44.75	44.58	48.45	24.37	42.60
2002-03	39.69	38.76	61.50	32.79	43.63	57.13	39.43	27.43	43.53
2003-04	36.35	36.54	58.03	39.51	41.67	57.97	41.07	34.82	41.88
2004-05	26.73	37.88	46.62	41.40	38.52	42.95	35.15	35.33	36.33
2005-06	28.64	32.86	47.11	60.18	38.15	41.09	27.18	34.56	37.50
2006-07	29.58	32.34	46.18	51.02	37.31	44.38	31.10	34.82	36.70
C. Number of transactions factor (B / B _{Aust})									
2001-02	0.97491	0.98148	1.23294	0.65620	1.05067	1.04662	1.13752	0.57212	1.00000
2002-03	0.91180	0.89027	1.41271	0.75329	1.00213	1.31229	0.90572	0.63013	1.00000
2003-04	0.86805	0.87247	1.38571	0.94331	0.99502	1.38425	0.98061	0.83134	1.00000
2004-05	0.73580	1.04259	1.28324	1.13958	1.06025	1.18219	0.96751	0.97239	1.00000
2005-06	0.76364	0.87607	1.25617	1.60462	1.01723	1.09563	0.72472	0.92160	1.00000
2006-07	0.80584	0.88105	1.25811	1.38999	1.01649	1.20913	0.84724	0.94858	1.00000

Source: State land departments reports for earlier years for some States, and sample data provided by States for later years.

Table 5 Value of transactions capacity factor

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
D. Scaled value of transactions (from Stamp Duty on Conveyances assessment) (\$m)									
2001-02	90 457	42 911	45 428	18 042	10 581	2 492	3 518	988	214 418
2002-03	102 643	44 905	53 216	22 672	11 672	3 319	4 074	1 224	243 726
2003-04	106 110	53 746	69 866	27 239	14 542	4 352	4 540	1 705	282 099
2004-05	83 865	50 301	67 037	30 221	14 348	4 256	3 761	1 959	255 747
2005-06	90 122	58 495	77 484	47 845	15 065	4 519	4 175	2 186	299 892
2006-07	112 394	63 391	90 669	47 219	17 641	5 162	5 356	2 658	344 490
E. Goodwill									
2001-02	1.00000	1.03000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
2002-03	1.00000	1.03000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
2003-04	1.00000	1.03000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
2004-05	1.00000	1.03000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
2005-06	1.00000	1.03000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
2006-07	1.00000	1.03000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
F. Classes of transactions									
2001-02	1.00000	1.07000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
2002-03	1.00000	1.07000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
2003-04	1.00000	1.07000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
2004-05	1.00000	1.07000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
2005-06	1.00000	1.07000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
2006-07	1.00000	1.07000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
G. Unit trust provisions									
2001-02	1.00000	1.00000	0.97000	0.97000	0.97000	1.00000	1.00000	1.00000	1.00000
2002-03	1.00000	1.00000	0.97000	0.97000	0.97000	1.00000	1.00000	1.00000	1.00000
2003-04	1.01000	1.03000	1.00000	1.00000	1.00000	1.03000	1.03000	1.00000	1.00000
2004-05	1.00000	1.00000	1.00000	1.00000	1.00000	1.03000	1.03000	1.00000	1.00000
2005-06	1.00000	1.00000	1.00000	1.00000	1.00000	1.03000	1.03000	1.00000	1.00000
2006-07	1.00000	1.00000	1.00000	1.00000	1.00000	1.03000	1.03000	1.00000	1.00000
H. Combined policy adjustment (E + F + G - 2)									
2001-02	1.00000	1.10000	0.97000	0.97000	0.97000	1.00000	1.00000	1.00000	1.00000
2002-03	1.00000	1.10000	0.97000	0.97000	0.97000	1.00000	1.00000	1.00000	1.00000
2003-04	1.01000	1.13000	1.00000	1.00000	1.00000	1.03000	1.03000	1.00000	1.00000
2004-05	1.00000	1.10000	1.00000	1.00000	1.00000	1.03000	1.03000	1.00000	1.00000
2005-06	1.00000	1.10000	1.00000	1.00000	1.00000	1.03000	1.03000	1.00000	1.00000
2006-07	1.00000	1.10000	1.00000	1.00000	1.00000	1.03000	1.03000	1.00000	1.00000

Table 5 Value of transactions capacity factor (continued)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
I. Adjusted value of transactions (\$m) (D * H)									
2001-02	90 457	47 203	44 065	17 501	10 264	2 492	3 518	988	216 487
2002-03	102 643	49 396	51 620	21 991	11 322	3 319	4 074	1 224	245 589
2003-04	107 171	60 733	69 866	27 239	14 542	4 482	4 677	1 705	290 414
2004-05	83 865	55 331	67 037	30 221	14 348	4 383	3 874	1 959	261 018
2005-06	90 122	64 345	77 484	47 845	15 065	4 654	4 300	2 186	306 003
2006-07	112 394	69 730	90 669	47 219	17 641	5 317	5 517	2 658	351 145
J. Adjusted values (\$pc) (I / mean resident population)									
2001-02	13 693	9 762	12 000	9 142	6 768	5 276	10 964	4 976	11 081
2002-03	15 428	10 090	13 702	11 345	7 418	6 986	12 568	6 139	12 417
2003-04	16 013	12 254	18 087	13 840	9 465	9 325	14 336	8 486	14 504
2004-05	12 456	11 023	16 944	15 110	9 277	9 042	11 792	9 589	12 875
2005-06	13 275	12 639	19 137	23 470	9 654	9 529	12 943	10 476	14 885
2006-07	16 394	13 494	21 924	22 679	11 189	10 814	16 386	12 490	16 834
K. Value capacity factor (J / J_{Aust})									
2001-02	1.23571	0.88092	1.08287	0.82497	0.61076	0.47612	0.98939	0.44905	1.00000
2002-03	1.24256	0.81265	1.10349	0.91366	0.59740	0.56267	1.01223	0.49441	1.00000
2003-04	1.10410	0.84491	1.24710	0.95422	0.65263	0.64291	0.98847	0.58513	1.00000
2004-05	0.96746	0.85617	1.31600	1.17360	0.72050	0.70224	0.91585	0.74479	1.00000
2005-06	0.89180	0.84909	1.28565	1.57670	0.64858	0.64014	0.86949	0.70375	1.00000
2006-07	0.97384	0.80157	1.30233	1.34718	0.66466	0.64238	0.97335	0.74190	1.00000

Table 6 Joint category factor based on number and value of transactions

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
L. Number of transactions factor (C from table 4) weighted by 0.6									
2001-02	0.58495	0.58889	0.73976	0.39372	0.63040	0.62797	0.68251	0.34327	0.60000
2002-03	0.54708	0.53416	0.84763	0.45198	0.60128	0.78738	0.54343	0.37808	0.60000
2003-04	0.52083	0.52348	0.83143	0.56598	0.59701	0.83055	0.58837	0.49880	0.60000
2004-05	0.44148	0.62556	0.76994	0.68375	0.63615	0.70931	0.58050	0.58344	0.60000
2005-06	0.45818	0.52564	0.75370	0.96277	0.61034	0.65738	0.43483	0.55296	0.60000
2006-07	0.48350	0.52863	0.75486	0.83399	0.60990	0.72548	0.50834	0.56915	0.60000
M. Value of transactions factor (K from table 5) weighted by 0.4									
2001-02	0.49429	0.35237	0.43315	0.32999	0.24430	0.19045	0.39576	0.17962	0.40000
2002-03	0.49702	0.32506	0.44140	0.36546	0.23896	0.22507	0.40489	0.19776	0.40000
2003-04	0.44164	0.33796	0.49884	0.38169	0.26105	0.25717	0.39539	0.23405	0.40000
2004-05	0.38699	0.34247	0.52640	0.46944	0.28820	0.28090	0.36634	0.29791	0.40000
2005-06	0.35672	0.33964	0.51426	0.63068	0.25943	0.25606	0.34780	0.28150	0.40000
2006-07	0.38954	0.32063	0.52093	0.53887	0.26586	0.25695	0.38934	0.29676	0.40000
N. User charges category factor (L + M)									
2001-02	1.07923	0.94126	1.17291	0.72371	0.87470	0.81842	1.07827	0.52289	1.00000
2002-03	1.04411	0.85922	1.28903	0.81744	0.84024	1.01245	0.94832	0.57584	1.00000
2003-04	0.96247	0.86144	1.33027	0.94767	0.85806	1.08772	0.98376	0.73285	1.00000
2004-05	0.82847	0.96802	1.29635	1.15319	0.92435	0.99021	0.94684	0.88135	1.00000
2005-06	0.81490	0.86528	1.26796	1.59345	0.86977	0.91344	0.78263	0.83446	1.00000
2006-07	0.87304	0.84926	1.27579	1.37287	0.87576	0.98243	0.89769	0.86591	1.00000

RESULTS FOR 2006-07

- 10 Table 12 at the end of the section summarises the average, actual and assessed user charges for each State for all years of the 2008 Update.
- 11 Table 7 shows, for 2006-07, average, actual and assessed user charges per capita for each State and their revenue raising capacity ratios.
- 12 Figure 1 shows the per capita average, actual and assessed property titles user charges revenue for each State for 2006-07.

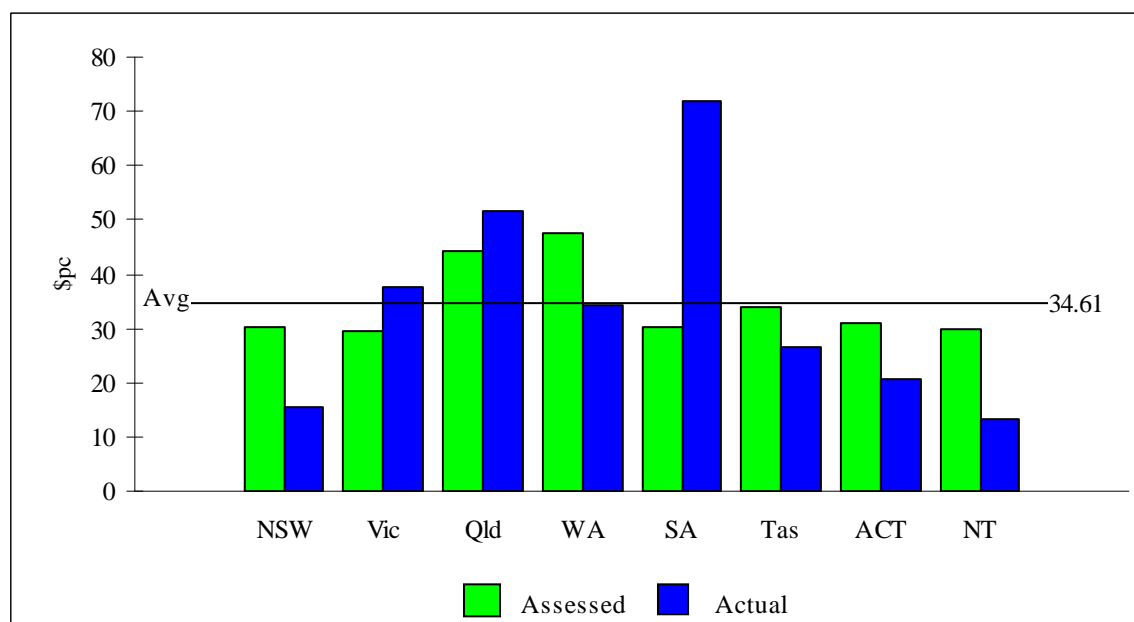
Table 7 Property titles user charges, Assessment results, 2006-07

	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 user charges \$m	106.0	195.2	213.5	71.2	113.3	13.0	6.9	2.9	721.9
Actual user charges \$pc	15.46	37.77	51.62	34.18	71.85	26.41	20.50	13.42	34.61
User charges factor ^a	0.8730	0.8493	1.2758	1.3729	0.8758	0.9824	0.8977	0.8659	1.0000
Assessed user charges \$m ^b	207.1	151.9	182.6	98.9	47.8	16.7	10.5	6.4	721.9
Assessed user charges \$pc	30.21	29.39	44.15	47.51	30.31	34.00	31.07	29.97	34.61
	%	%	%	%	%	%	%	%	%
Assessed revenue raising capacity ratio ^c	87.30	84.93	127.58	137.29	87.58	98.24	89.77	86.59	100.00

(a) From Table 6.

(b) Calculated for each State by multiplying the average user charge (\$34.61) by the State's user charges factor and its population.

(c) Same as user charges factor expressed as a percentage.

Figure 1 Property titles, user charges per capita— average, actual and assessed, 2006-07, GST relativities

Revenue capacities

- 13 A State's revenue raising capacity ratio compares its assessed user charges, which reflects its revenue raising advantages or disadvantages, with average user charges.
- 14 In 2006-07, Queensland and Western Australia were assessed to have an above average capacity largely because they had above average numbers of transactions per capita and also above average (adjusted) value of transactions per capita. The slow recovery in housing markets since the downturn in 2004-05 was reflected in a decline in the revenue capacity in New South Wales and Victoria in 2006-07.

- 15 Western Australia's and Queensland's high capacities were attributable to the buoyant state of their property markets, especially in terms of high numbers of transactions per capita (turnover) and were fuelled by the economic growth in these States.

CONTRIBUTION TO DISTRIBUTION OF THE POOL

- 16 Table 8 shows the category's contribution to the distribution of GST revenue and Health Care Grants (hereafter described as GST revenue) implied by the 2008 Update. Compared with an equal per capita (EPC) assessment, the Property Titles User Charges assessment redistributed \$56.1 million from Queensland and Western Australia largely because of the high level of activity in the property market in those States.

Table 8 Property titles user charges, effect on GST revenue distribution, 2008 Update^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 2008 Update assessment	23.4	22.5	-43.0	-12.8	7.2	0.1	1.1	1.7	55.9

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

Note: The Total redistributed is the sum of negatives or positives.

Differences from an equal per capita assessment

- 17 The capacity to raise revenue is related to the number and value of titles being registered each year. In turn, these depend on asset prices and the rate of property turnover. Because these were different across States, the States were assessed to have different capacity to raise revenue from this source and hence there was redistribution across States.

CHANGES SINCE 2007 UPDATE

Effect of assessment on GST revenue

- 18 Table 9 shows the distribution of GST revenue resulting from the Property Title User Charges assessments in the 2007 Update and the 2008 Update, and the reasons for changes. These changes were brought about because the Commission:
- used revised financial data in the category standards and other revised data in factor calculations for the years 2001-02 to 2005-06 used in the 2007 Update; and
 - replaced 2001-02 category standards and factors with those of 2006-07 to move the five-year average on which GST revenue shares were based. (Moving the five-year average forward in this way ensures the assessments reflect recent trends in State priorities on user charges and recent trends in State demographic, and economic circumstances on the relative level of activity on which charges are levied.)

Table 9 Comparison of the 2007 Update and 2008 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)	13.4	18.4	-39.5	-2.1	6.9	0.6	0.3	2.0	41.6
Effect of revising category averages and factors for 2001- 02 to 2005-06									
Category average	0.7	0.3	-0.4	-0.7	0.1	0.0	0.0	0.0	1.1
Revenue bases	-0.8	0.2	0.4	-0.4	0.1	0.0	0.3	0.1	1.2
Interactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	-0.1	0.5	0.0	-1.1	0.2	0.0	0.4	0.1	1.2
Effect of replacing 2001-02 category averages and factors with those for 2006-07									
Category average	-0.3	0.2	-0.4	0.3	0.1	0.1	0.0	0.1	0.7
Revenue bases	9.5	3.2	-2.9	-9.2	0.0	-0.5	0.4	-0.5	13.1
Interactions	0.8	0.3	-0.2	-0.8	0.0	0.0	0.0	0.0	1.1
Total	10.0	3.7	-3.6	-9.6	0.1	-0.5	0.4	-0.5	14.2
Redistribution from EPC resulting from the 2008 Update assessment (a)	23.4	22.5	-43.0	-12.8	7.2	0.1	1.1	1.7	55.9
Total effect of revisions and updating (b)	9.9	4.1	-3.5	-10.7	0.3	-0.5	0.8	-0.3	15.1

a) All distributions are calculated using the same revenue pool and a constant population.

b) 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.

CHANGES DUE TO REVISING CATEGORY STANDARDS AND FACTORS FOR YEARS 2001-02 TO 2005-06

19 The main reasons for the changes in GST revenue distribution were as follows.

20 *Changes due to revisions of revenue data.* In the 2007 Update, the Commission estimated the revenue raised for 2005-06. These estimates have now been replaced by actual State revenue received in 2005-06. In most cases, the Commission underestimated the revenue received from registering property titles. Western Australia also removed revenue raised from the sale of maps and publications from revenue raised for this category. As already noted, revenue from such sales made up around 5 to 10 per cent of the previous actual revenue data.

21 As a result of these changes, actual per capita user charges in this category increased by 1 per cent over 2001-02 to 2005-06, the common years in the 2007 and 2008 Updates. Therefore, States with above average capacity in this period, Queensland and Western Australia, had their

GST revenue shares reduced by \$1.1 million, with States with below average capacity over this period, principally New South Wales and Victoria, increasing their shares.

- 22 ***Changes due to revisions in the revenue base.*** Western Australia, the ACT and Northern Territory took the opportunity to revise previous years' value of transactions data. The Northern Territory revision arose because of a successful appeal against a very large assessment issued in 2005-06. For the other two States, the revisions were small and had no material impact on the GST distribution.
- 23 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 increase in the population in these States was below the overall average percentage adjustment. 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.
- 24 Table 10 shows the changes to the category averages and the resultant revenue raising capacity ratios flowing from the changes in actual revenue for the common years. Changes to the average revenues between the 2007 Update and the 2008 Update were minor, resulting in a redistribution of \$1.1 million. The revisions to the State populations and value and numbers of transaction data primarily resulted in a redistribution totalling \$1.2 million largely away from New South Wales and to a much lesser extent from Western Australia and Tasmania

Table 10 Property titles, 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	14.87	34.71	36.27	29.57	50.45	24.11	19.57	11.54	28.35
2008 Update	14.83	35.37	37.64	27.65	51.34	24.01	19.91	11.68	28.66
Assessed revenues									
2007 Update	26.65	25.45	36.16	29.88	24.78	27.53	27.51	20.79	28.35
2008 Update	26.86	25.71	36.55	30.66	25.04	27.80	26.96	20.65	28.66
	%	%	%	%	%	%	%	%	%
Assessed revenue raising capacity ratios									
2007 Update	94.57	89.90	127.12	104.19	87.37	96.45	97.35	72.42	100.00
2008 Update	94.58	89.90	127.13	104.71	87.34	96.44	94.80	70.95	100.00

CHANGES IN STATE CIRCUMSTANCES – THE EFFECTS OF REPLACING 2001-02 REVENUE DATA AND REVENUE BASE DATA WITH THOSE OF 2006-07 DATA

- 25 Table 11 shows the actual user charges and implied capacity to raise revenue for 2001-02, the year that drops out of the assessment period, and 2006-07, the year that comes in for the 2008 Update assessment.

Table 11 Property titles user charges, assessment data, 2001–02 and 2006-07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Avg
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual user charges									
2001-02	13.94	31.48	25.73	23.97	38.58	21.55	20.91	9.87	23.65
2006-07	15.46	37.77	51.62	34.18	71.85	26.41	20.50	13.42	34.61
Assessed user charges									
2001-02	25.52	22.26	27.74	17.11	20.69	19.35	25.50	12.37	23.65
2006-07	30.21	29.39	44.15	47.51	30.31	34.00	31.07	29.97	34.61
	%	%	%	%	%	%	%	%	%
Assessed revenue raising capacity ratios									
2001-02	107.92	94.13	117.29	72.37	87.47	81.84	107.83	52.29	100.00
2006-07	87.30	84.93	127.58	137.29	87.58	98.24	89.77	86.59	100.00

- 26 **Replacing revenue data.** Since 2001-02, revenue raised from registering property titles has risen by 46.3 per cent, more than the per capita growth in the GST pool (34.8 per cent). Replacing the 2000-01 user charges revenues with 2006-07 user charges revenues has led to an increase in the importance of the category in determining overall GST distribution.
- 27 As a result, there is a slight decrease in GST distribution of \$0.7 million to those States with a revenue raising capacity greater than 1 in 2001-02, principally New South Wales (\$0.3 million) and Queensland (\$0.4 million) and an increase in the GST distribution to the other States.
- 28 **Replacing category factors.** Figure 2 and Figure 3 show the changes in the per capita number of transactions and per capita value of transactions over the assessment period.
- 29 Between 2001-02 and 2006-07, the number of conveyance transactions per capita declined overall (down 18 per cent), but increased in Western Australia (24 per cent), Tasmania (less than 1 per cent) and Northern Territory (43 per cent).
- 30 The value of conveyance transactions increased in all States over the period by an average 46 per cent. The larger increases occurred in Queensland (77 per cent), Western Australia (up 141 per cent), Tasmania (99 per cent) and Northern Territory (151 per cent). In contrast, the value of transactions in New South Wales rose by only 9 per cent. The decline in conveyance transactions in 2004-05 coincided with the introduction of the vendor sales tax.
- 31 The different patterns exhibited by the States arise because the housing markets in the States were in different phases of the housing cycle. At one extreme, the housing market in New South Wales is now starting to recover from the slump in 2004-05. At the other end, is the housing market of Western Australia where the strong growth in economic activity associated with the resources 'boom' has resulted in a growth in housing market activity.
- 32 As a result, replacing the 2001-02 factors with 2006-07 factors increased the GST grants distribution by \$13.1 million with the increased distributions going to New South Wales (up \$9.5 million) and Victoria (\$3.2 million). Reflecting the state of their housing markets,

distributions to Western Australia and Queensland declined by \$9.2 million and \$2.9 million respectively.

Figure 2 Changes in the per capita number of conveyance transactions, 2001-02 to 2006-07

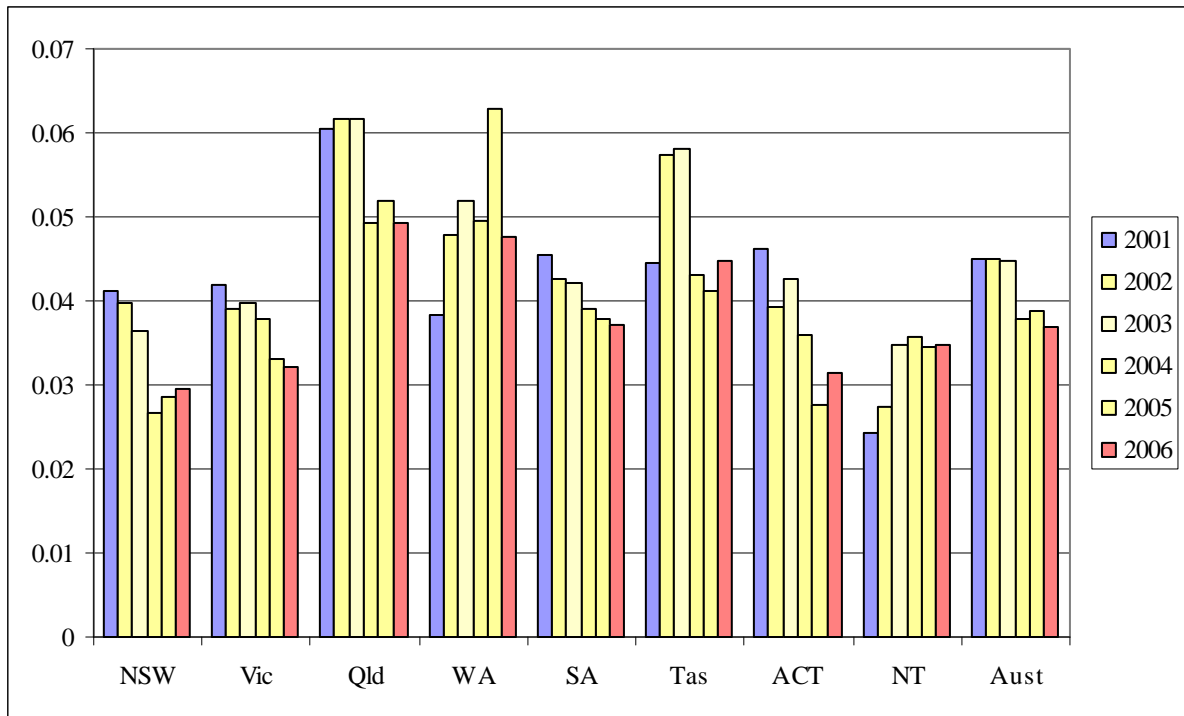
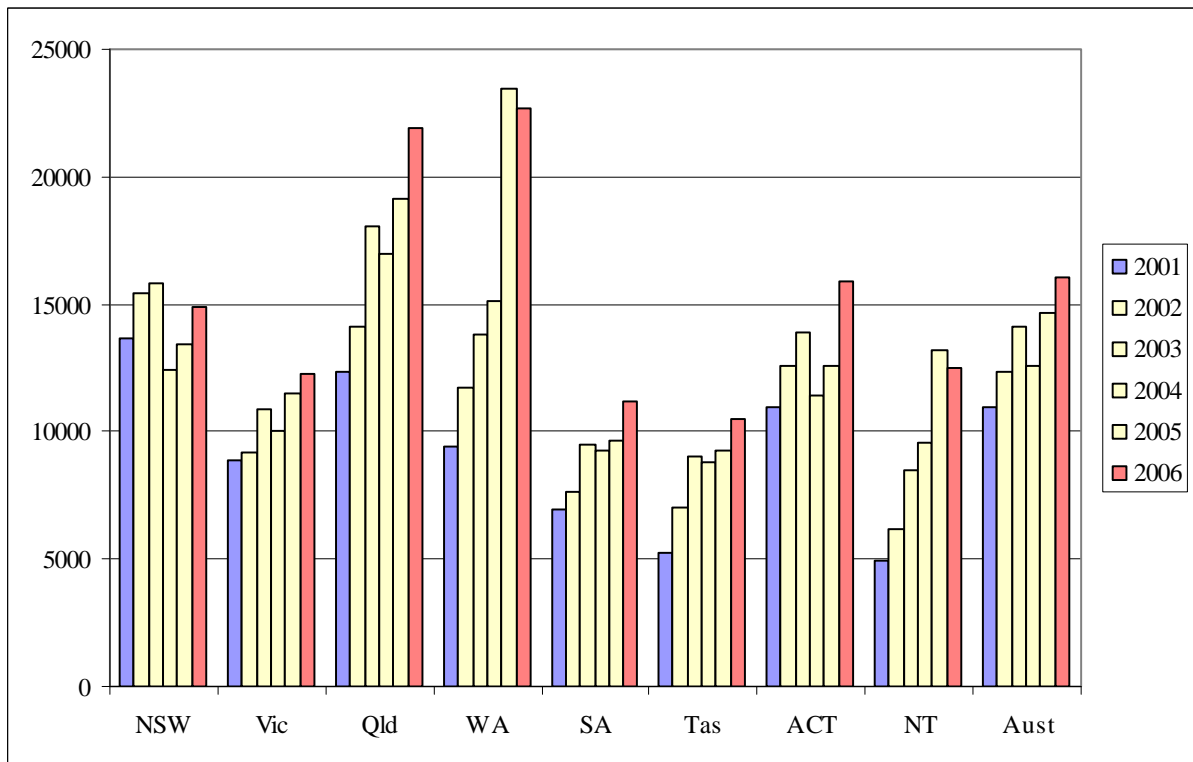
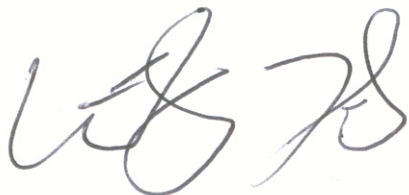


Figure 3 Changes in the per capita value of conveyance transactions, 2001-02 to 2006-07



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, consisting of stylized, cursive letters and numbers, likely representing the name 'Lintong Feng'.

Date: 29 February 2008

Table 12 Assessment of user charges, Property titles

	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		27.84		30.66		29.65		31.49		34.61
New South Wales										
Assessed difference	- 8.170	- 1.23	7.700	1.15	34.237	5.09	39.577	5.83	30.124	4.39
Revenue - Assessed	193.401	29.07	197.479	29.51	165.356	24.56	174.240	25.67	207.145	30.21
Actual	96.359	14.48	101.235	15.13	103.124	15.32	103.762	15.28	106.013	15.46
Victoria										
Assessed difference	19.187	3.92	21.053	4.25	4.758	0.95	21.601	4.24	26.959	5.22
Revenue - Assessed	117.110	23.92	130.890	26.41	144.043	28.70	138.739	27.25	151.881	29.39
Actual	186.910	38.18	184.349	37.20	173.560	34.58	180.168	35.39	195.200	37.77
Queensland										
Assessed difference	- 30.317	- 8.05	- 39.111	- 10.13	- 34.758	- 8.79	- 34.170	- 8.44	- 39.474	- 9.54
Revenue - Assessed	135.210	35.89	157.533	40.78	152.046	38.43	161.688	39.93	182.601	44.15
Actual	129.454	34.36	168.906	43.73	159.539	40.32	178.311	44.04	213.501	51.62
Western Australia										
Assessed difference	9.853	5.08	3.158	1.60	- 9.083	- 4.54	- 38.103	- 18.69	- 26.867	- 12.90
Revenue - Assessed	44.119	22.76	57.184	29.05	68.373	34.19	102.308	50.19	98.924	47.51
Actual	48.791	25.17	53.788	27.33	57.099	28.55	67.786	33.25	71.154	34.18
South Australia										
Assessed difference	6.789	4.45	6.685	4.35	3.469	2.24	6.400	4.10	6.779	4.30
Revenue - Assessed	35.707	23.39	40.414	26.31	42.382	27.40	42.747	27.39	47.786	30.31
Actual	70.007	45.87	84.087	54.73	86.557	55.96	96.052	61.55	113.281	71.85
Tasmania										
Assessed difference	- 0.165	- 0.35	- 1.293	- 2.69	0.141	0.29	1.332	2.73	0.299	0.61
Revenue - Assessed	13.391	28.19	16.029	33.35	14.232	29.36	14.053	28.77	16.716	34.00
Actual	10.180	21.43	12.240	25.46	12.527	25.84	12.579	25.75	12.984	26.41
Australian Capital Territory										
Assessed difference	0.466	1.44	0.162	0.50	0.518	1.58	2.275	6.85	1.192	3.54
Revenue - Assessed	8.559	26.40	9.838	30.16	9.222	28.07	8.189	24.65	10.460	31.07
Actual	6.929	21.38	6.817	20.90	6.028	18.35	5.985	18.01	6.902	20.50
Northern Territory										
Assessed difference	2.355	11.81	1.645	8.19	0.719	3.52	1.088	5.21	0.988	4.64
Revenue - Assessed	3.198	16.03	4.514	22.47	5.337	26.13	5.485	26.28	6.377	29.97
Actual	2.064	10.35	2.460	12.24	2.556	12.51	2.806	13.44	2.855	13.42