



**Australian Government**  

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**Commonwealth Grants Commission**

**2020 REVIEW**

**OTHER REVENUE**

**STAFF DRAFT ASSESSMENT PAPER**  
**CGC 2018-01/09-S**

**APRIL 2018**

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## OTHER REVENUE

- 1 This paper provides the Commission staff proposals for the assessment of Other revenue for the 2020 Review.

### 2015 REVIEW APPROACH

- 2 The Other revenue category is a residual category, made up of revenues not assessed elsewhere. Revenues in this category are assessed equal per capita (EPC), which means redistributions do not arise and there is no further effect on States' GST distributions.
- 3 The Commission assesses revenues equal per capita when:
  - it decides the States have the same per capita capacity to raise revenue from that source
  - either the method or the data are not sufficiently reliable to support an assessment
  - a differential assessment would not be material.
- 4 In the 2015 Review, the Other revenue category comprises revenue from:
  - gambling revenue
  - fees and fines
  - user charges (such as property titles user charges and public safety user charges) but not those associated with admitted patients, housing and functions usually performed by public trading enterprises
  - contributions by trading enterprises
  - interest and dividend income
  - other revenue, including other taxes and other income not elsewhere classified.
- 5 Table 1 shows that States raised over \$44 billion from other revenues in 2016-17. Excluding 'other', the largest individual items in the category were user charges (24.8%) and interest and dividend income (22.5%).

**Table 1** Category revenue by component, 2016-17

Component	Revenue	Proportion of total revenue
	\$m	%
Gambling revenue	5 537	12.5
Fees and fines	1 881	4.2
User charges	11 007	24.8
Contributions by trading enterprises	2 451	5.5
Interest and dividend income	9 993	22.5
Other (a)	13 481	30.4
<b>Total</b>	<b>44 350</b>	<b>100.0</b>

(a) Other includes other taxes, such as stamp duties on financial transactions and government borrowing guarantee levies, and other income, such as assets acquired below fair value and current revenue not elsewhere classified.

Source: ABS Government Finance Statistics.

## How was revenue capacity assessed?

6 Revenues in the Other revenue category were assessed EPC.

## GST redistribution

7 The EPC assessment means the category does not affect States' GST distributions.

## ISSUES AND ANALYSIS

8 There are no major issues in this assessment. The only possible change that staff are exploring for the 2020 Review is whether a differential assessment of gambling revenue can be made. This issue is examined in Staff Draft Assessment Paper *CGC 2018-01/07-S, Gambling taxes*.

## Other issues considered

9 ***Treatment of user charges.*** We are proposing to continue the user charge treatments used in the 2015 Review.

- A net assessment of user charges. This treatment applies if the drivers of user charges are the same as drivers of use of the related service or if we have drivers of net cost.
  - This treatment is implemented by netting the user charges from the expenses of the relevant expense category. It is the treatment applied to user charges in Post-secondary education, Health, Services to communities and Transport categories.

- A gross assessment of user charges. This treatment applies if the drivers of user charges are different from the drivers of use of the related service and when a separate assessment of user charges would be material.
    - This treatment is implemented undertaking the gross assessment and offsetting it against the relevant expense assessment. This is the treatment applied to user charges in the Housing category.
  - An EPC assessment of user charges. To reduce the number of components on the expense categories, these user charges are gathered together and assessed in the Other revenue category.
- 10 Gathering the EPC user charges together and assessing them in the Other revenue category means the Other revenue category comprises more than State revenues that are not differentially assessed.
- 11 Further details on the proposed treatment of user charges are provided in the draft assessment paper of the relevant expense category.

## Proposed assessment structure

- 12 Staff propose that the following revenues are assessed as EPC in the Other revenue category:
- fees and fines
  - user charges (except for those differentially assessed in expense categories)
  - contributions by trading enterprises
  - interest and dividend income
  - other.