

## **OTHER REVENUE — FAG RELATIVITIES**

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- 1 This working paper describes the revenue base and the assessed revenues for Other Revenue. Issues to do with the assessment method are discussed in Volume 3 of the 2004 Review Working Papers.

### **DESCRIPTION OF CATEGORY**

- 2 This category comprised taxes, stamp duties, fees and levies not elsewhere classified, including:
- taxes collected to finance specific services, such as control of vermin and noxious weeds;
  - estate, inheritance and gift taxes;
  - agricultural production taxes;
  - broadcast station licences;
  - waste disposal levies, pollution control licences, environment fees and landfill levies;
  - parking space levies and long service levies; and
  - other taxes and stamp duties not elsewhere classified.
- 3 For the FAG relativities, it also included estimates of the revenue that would have been raised if New South Wales and Northern Territory had not abolished their accommodation tax and tourism marketing duty respectively from 1 July 2000.
- 4 Table 1 shows the average revenues for the last six financial years. In 2006-07, the average of \$21.09 per capita represented 0.62 per cent of total own-source revenues used in the FAG assessments.

**Table 1 Other revenue, actual revenues, 2001-02 to 2006-07**

|                                | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
|--------------------------------|---------|---------|---------|---------|---------|---------|
| Average revenues (\$pc)        | 34.87   | 37.64   | 33.83   | 24.83   | 33.37   | 21.09   |
| % of total own-source revenues | 1.39    | 1.41    | 1.19    | 0.84    | 1.05    | 0.62    |

## ASSESSING OTHER REVENUES

### The revenue base

- 5 In the 2004 Review, the Commission decided to assess capacity for this category by the equal per capita (EPC) method, because State policies had a large influence on capacities to raise revenues. It assumed that States had no differential needs.
- 6 The revenue base shown in Table 2 was mean resident population of the States.

**Table 2 Revenue bases for other revenues, 2008 Update**

|         | NSW     | Vic     | Qld     | WA      | SA      | Tas   | ACT   | NT    | Aust     |
|---------|---------|---------|---------|---------|---------|-------|-------|-------|----------|
|         | `000    | `000    | `000    | `000    | `000    | `000  | `000  | `000  | `000     |
| 2000-01 | 6 605.9 | 4 835.4 | 3 672.2 | 1 914.4 | 1 516.5 | 472.3 | 320.9 | 198.5 | 19 536.1 |
| 2001-02 | 6 652.9 | 4 895.4 | 3 767.4 | 1 938.5 | 1 526.3 | 475.0 | 324.1 | 199.4 | 19 779.2 |
| 2002-03 | 6 692.5 | 4 956.1 | 3 862.7 | 1 968.2 | 1 536.3 | 480.7 | 326.2 | 200.9 | 20 023.6 |
| 2003-04 | 6 732.7 | 5 019.4 | 3 956.4 | 2 000.0 | 1 546.6 | 484.8 | 328.5 | 204.3 | 20 272.7 |
| 2004-05 | 6 789.0 | 5 091.0 | 4 048.9 | 2 038.6 | 1 560.5 | 488.5 | 332.2 | 208.7 | 20 557.3 |
| 2005-06 | 6 855.8 | 5 167.5 | 4 135.6 | 2 082.0 | 1 576.6 | 491.6 | 336.7 | 212.8 | 20 858.8 |

## CALCULATING ASSESSED REVENUES PER PERSON

- 7 Table 7 shows the average, actual and assessed revenues for all years of the 2008 Update. Because the assessed capacity for this category is calculated by the equal per capita (EPC) method, assessed revenues per person were equal for all States.
- 8 Table 3 shows, for 2006-07, actual and assessed revenues per capita and revenue capacity and effort ratios.

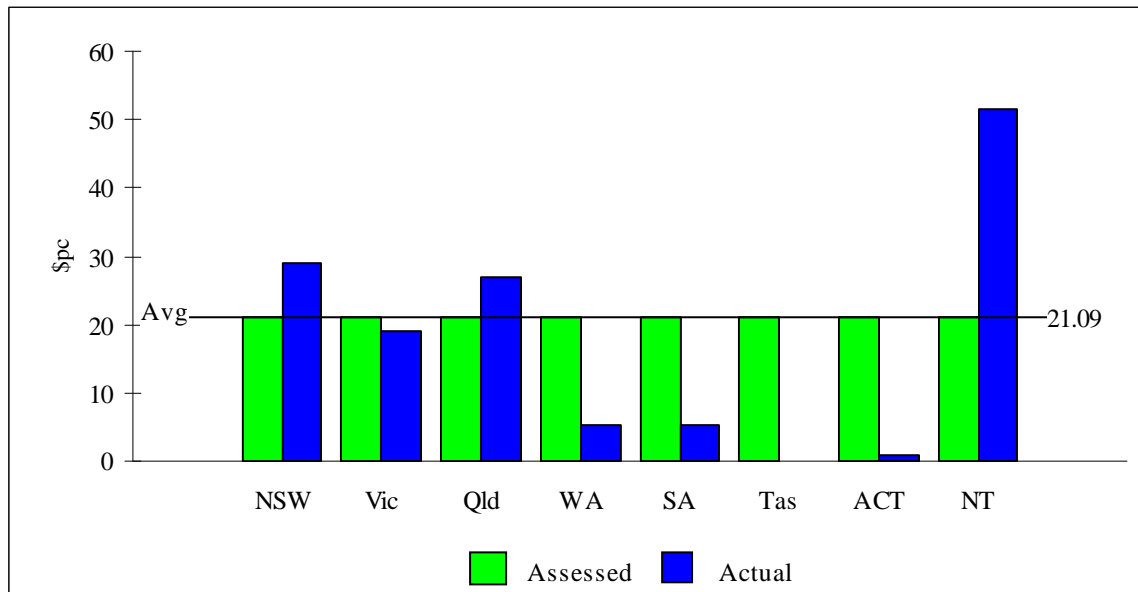
**Table 3 Other revenues, assessment results, 2006-07**

|   | NSW    | Vic    | Qld    | WA     | SA     | Tas    | ACT    | NT     | Avg    |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|   | \$pc   | \$pc   | \$pc   | \$pc   | \$pc   | \$pc   | \$pc   | \$pc   | \$pc   |
| Actual revenues                         | 29.00  | 19.07  | 27.03  | 5.34   | 5.33   | 0.00   | 1.00   | 51.38  | 21.09  |
| Assessed revenues                       | 21.09  | 21.09  | 21.09  | 21.09  | 21.09  | 21.09  | 21.09  | 21.09  | 21.09  |
|   | %      | %      | %      | %      | %      | %      | %      | %      | %      |
| Assessed revenue raising capacity ratio | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Revenue effort ratio (a)                | 137.49 | 90.40  | 128.17 | 25.34  | 25.28  | 0.00   | 4.73   | 243.61 | 100.00 |

(a) Calculated, as percentages, by dividing Actual revenues by Assessed revenues.

- 9 Figure 1 shows graphically the per capita average, actual and assessed revenues for this category.

**Figure 1 Other revenues per capita — average, actual and assessed, 2006–07, FAG relativities**



**Revenue capacities**

10 A State’s revenue capacity compares its assessed revenue, which reflects its revenue raising advantages or disadvantages, with average revenue. The EPC method assumes States’ revenue raising capacities were equal.

**Revenue efforts**

11 A State’s revenue effort compares its actual revenue, which reflects both its revenue raising advantages and/or disadvantages and its policy choices, with its assessed revenue. The EPC method attributes differences between States in actual revenue to effort.

12 The estimated revenues forgone from New South Wales’ accommodation duty and the Northern Territory’s tourism marketing duty since their abolition on 1 July 2000 contribute to the high revenue efforts in New South Wales and the Northern Territory

**FAG REVENUE DISTRIBUTION FOR THE 2008 UPDATE**

13 Table 4 shows that the Other Revenue assessment had no redistributive effect on FAG revenue and health care grants (hereafter described as FAG revenue) because capacities were assessed to be equal.

**Table 4 Other revenue, effect of assessment on FAG revenue distribution, 2008 update**

| NSW | Vic | Qld | WA  | SA  | Tas | ACT | NT  | Total redistributed |
|-----|-----|-----|-----|-----|-----|-----|-----|---------------------|
| \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m                 |
| 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0                 |

## CHANGES IN FAG REVENUE DISTRIBUTION: U2008 UPDATE COMPARED WITH THE 2007 UPDATE

### Effect of assessment on FAG revenue distribution

- 14 Because capacities were equal, no changes to assessment data, equalisation budget data or mean population data, had any effect on FAG revenue distributions for the 2007 and 2008 Updates.
- 15 Table 5 shows the changes to the assessment data for the years common to the 2007 and 2008 Updates, 2001-02 to 2005-06.

**Table 5 Other revenue, 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                              | 70.13  | 14.69  | 18.82  | 10.11  | 3.89   | 3.32   | 6.14   | 65.81  | 32.92  |
| 2008 Update                              | 70.31  | 14.64  | 18.73  | 10.10  | 4.20   | 3.32   | 6.11   | 48.92  | 32.74  |
|  | %      | %      | %      | %      | %      | %      | %      | %      | %      |
| Assessed revenue raising capacity ratios |        |        |        |        |        |        |        |        |        |
| 2007 Update                              | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 2008 Update                              | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

- 16 Table 6 provides the category revenues and implied capacity for 2001-02 and 2006-07 for the 2008 Update.

**Table 6 Other revenue, 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 revenues                          |        |        |        |        |        |        |        |        |        |
| 2001-02                                  | 74.57  | 19.66  | 9.92   | 19.38  | 2.12   | 16.60  | -0.48  | 45.81  | 34.87  |
| 2006-07                                  | 29.00  | 19.07  | 27.03  | 5.34   | 5.33   | 0.00   | 1.00   | 51.38  | 21.09  |
| Assessed revenues                        |        |        |        |        |        |        |        |        |        |
| 2001-02                                  | 34.87  | 34.87  | 34.87  | 34.87  | 34.87  | 34.87  | 34.87  | 34.87  | 34.87  |
| 2006-07                                  | 21.09  | 21.09  | 21.09  | 21.09  | 21.09  | 21.09  | 21.09  | 21.09  | 21.09  |
|  | %      | %      | %      | %      | %      | %      | %      | %      | %      |
| Assessed revenue raising capacity ratios |        |        |        |        |        |        |        |        |        |
| 2001-02                                  | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 2006-07                                  | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

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](mailto:lintong.feng@cgc.gov.au).

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**Table 7 Assessment of revenue, Other 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     | \$         |
| <b>Average Revenue</b>       |         | 37.64      |         | 33.83      |         | 24.83      |         | 32.56      |         | 21.09      |
| New South Wales              |         |            |         |            |         |            |         |            |         |            |
| Assessed difference          | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       |
| Revenue - Assessed           | 250.407 | 37.64      | 226.437 | 33.83      | 167.144 | 24.83      | 221.023 | 32.56      | 144.598 | 21.09      |
| Actual                       | 549.577 | 82.61      | 500.161 | 74.73      | 332.031 | 49.32      | 477.304 | 70.31      | 198.802 | 29.00      |
| Victoria                     |         |            |         |            |         |            |         |            |         |            |
| Assessed difference          | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       |
| Revenue - Assessed           | 184.255 | 37.64      | 167.685 | 33.83      | 124.610 | 24.83      | 165.742 | 32.56      | 108.989 | 21.09      |
| Actual                       | 54.097  | 11.05      | 67.278  | 13.57      | 74.844  | 14.91      | 71.233  | 13.99      | 98.530  | 19.07      |
| Queensland                   |         |            |         |            |         |            |         |            |         |            |
| Assessed difference          | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       |
| Revenue - Assessed           | 141.801 | 37.64      | 130.691 | 33.83      | 98.220  | 24.83      | 131.815 | 32.56      | 87.225  | 21.09      |
| Actual                       | 85.386  | 22.66      | 77.730  | 20.12      | 73.767  | 18.64      | 90.231  | 22.29      | 111.801 | 27.03      |
| Western Australia            |         |            |         |            |         |            |         |            |         |            |
| Assessed difference          | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       |
| Revenue - Assessed           | 72.963  | 37.64      | 66.593  | 33.83      | 49.651  | 24.83      | 66.369  | 32.56      | 43.913  | 21.09      |
| Actual                       | 33.031  | 17.04      | 10.507  | 5.34       | 8.974   | 4.49       | 8.682   | 4.26       | 11.128  | 5.34       |
| South Australia              |         |            |         |            |         |            |         |            |         |            |
| Assessed difference          | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       |
| Revenue - Assessed           | 57.449  | 37.64      | 51.979  | 33.83      | 38.396  | 24.83      | 50.803  | 32.56      | 33.253  | 21.09      |
| Actual                       | 4.057   | 2.66       | 10.484  | 6.82       | 3.397   | 2.20       | 11.251  | 7.21       | 8.407   | 5.33       |
| Tasmania                     |         |            |         |            |         |            |         |            |         |            |
| Assessed difference          | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       |
| Revenue - Assessed           | 17.880  | 37.64      | 16.264  | 33.83      | 12.036  | 24.83      | 15.903  | 32.56      | 10.369  | 21.09      |
| Actual                       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       |
| Australian Capital Territory |         |            |         |            |         |            |         |            |         |            |
| Assessed difference          | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       |
| Revenue - Assessed           | 12.200  | 37.64      | 11.037  | 33.83      | 8.156   | 24.83      | 10.816  | 32.56      | 7.101   | 21.09      |
| Actual                       | 7.192   | 22.19      | 1.814   | 5.56       | 0.548   | 1.67       | 0.529   | 1.59       | 0.336   | 1.00       |
| Northern Territory           |         |            |         |            |         |            |         |            |         |            |
| Assessed difference          | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       | 0.000   | 0.00       |
| Revenue - Assessed           | 7.507   | 37.64      | 6.798   | 33.83      | 5.071   | 24.83      | 6.795   | 32.56      | 4.488   | 21.09      |
| Actual                       | 11.122  | 55.77      | 9.510   | 47.34      | 9.724   | 47.60      | 10.036  | 48.08      | 10.934  | 51.38      |