

CONTRIBUTIONS BY TRADING ENTERPRISES

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

DESCRIPTION OF THE CATEGORY

- 2 The category comprised dividends, tax equivalent payments and other tax-like payments from government-owned trading enterprises. The major contributions came from electricity and gas enterprises and water supply and sewerage authorities. The category also included contributions from freight, non-urban passenger transport, forestry, ports and harbours, and marketing authorities. Any profits arising from the general government sector activities were included.
- 3 Table 1 shows the assessed revenues for the last six financial years. In 2006-07, average revenue at \$288.85 per capita comprised 10.56 per cent of total own-source revenues.

Table 1 Contributions by trading enterprises, average revenues, 2001-02 to 2006-07

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Average revenues (\$pc)	235.87	227.06	243.67	255.08	291.40	288.85
% of total own-source revenues	12.25	11.02	10.92	11.06	11.54	10.56

ASSESSING CONTRIBUTIONS BY TRADING ENTERPRISES

The revenue base

- 4 In the 2004 Review, the Commission decided to assess capacity for this category by the equal per capita (EPC) method because it considered interstate differences in revenue collected arose predominantly from differences in State policies rather than differences in underlying revenue capacities. States can influence revenue collections through:
 - their policies on the privatisation of trading enterprises;
 - the level of their investment in trading enterprises and their capital structure;
 - the enterprises' policies on charging for their services;

- the level of government subsidy or community service obligations; and
- the level of tax equivalent payment and dividends required from their trading enterprises.

5 The revenue base was mean resident population of the States. Table 2 shows the revenue base.

Table 2 Revenue bases for Contributions by trading enterprises, 2008 Update

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	000	000	000	000	000	000	000	000	000
2001-02	6 605.9	4 835.4	3 672.2	1 914.4	1 516.5	472.3	320.9	198.5	19 536.1
2002-03	6 652.9	4 895.4	3 767.4	1 938.5	1 526.3	475.0	324.1	199.4	19 779.2
2003-04	6 692.5	4 956.1	3 862.7	1 968.2	1 536.3	480.7	326.2	200.9	20 023.6
2004-05	6 732.7	5 019.4	3 956.4	2 000.0	1 546.6	484.8	328.5	204.3	20 272.7
2005-06	6 789.0	5 091.0	4 048.9	2 038.6	1 560.5	488.5	332.2	208.7	20 557.3
2006-07	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

6 Table 7 summarises the average, actual and assessed revenues for each State 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 are equal for all States.

7 Table 3 shows, for 2006-07, actual and assessed revenues per capita and revenue capacity and effort ratios.

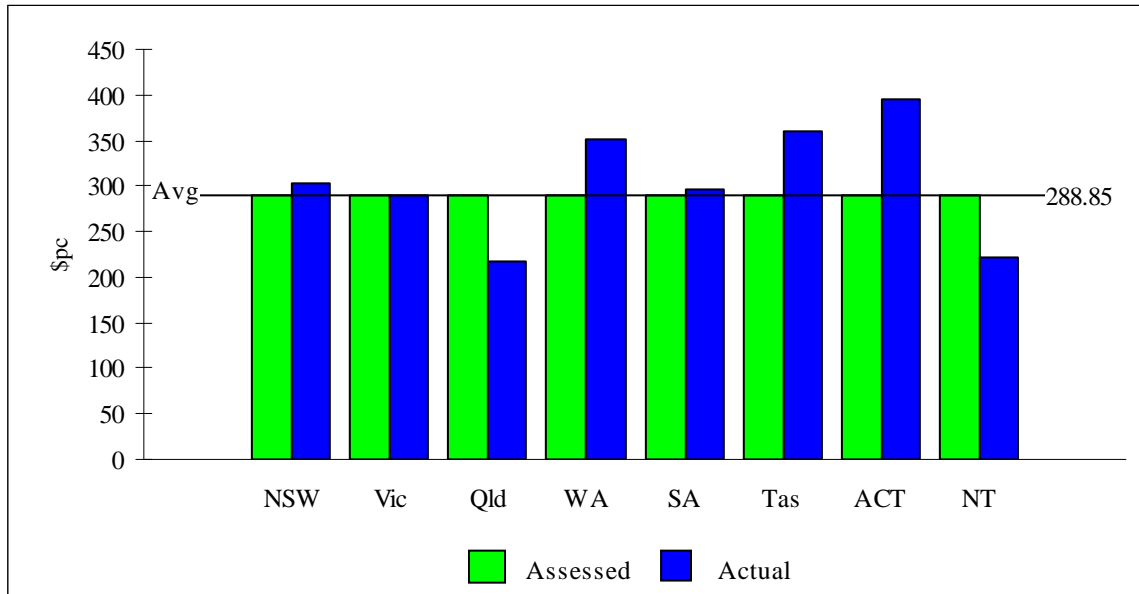
Table 3 Contributions by trading enterprises, assessment results, 2006-07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Avg
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual revenues	302.51	290.03	216.44	351.90	296.34	359.71	395.36	222.60	288.85
Assessed revenues	288.85	288.85	288.85	288.85	288.85	288.85	288.85	288.85	288.85
	%	%	%	%	%	%	%	%	%
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	104.73	100.41	74.93	121.83	102.59	124.53	136.87	77.06	100.00

(a) Calculated as a percentage by dividing Actual revenue by Assessed revenue.

8 Figure 1 shows graphically the per capita average, actual and assessed revenues for Contributions by trading enterprises.

Figure 1 Contributions by trading enterprises per capita — average, actual and assessed, 2006–07, GST relativities



Revenue capacities

9 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 are equal.

Revenue efforts

- 10 A State’s revenue effort ratio compares its actual revenue, which reflects both its revenue raising advantages and/or disadvantages and its policy choices, with its assessed revenue.
- 11 The EPC assessment attributed differences in actual revenues between States to revenue effort. State efforts to raise revenue from trading enterprises differ because of many differences in State policies in the areas noted in paragraph 4.

EFFECT ON THE DISTRIBUTION OF THE POOL: 2008 UPDATE

12 Table 4 shows the assessment had no redistributive effect on State shares of GST revenue and health care grants (hereafter described as GST revenue) because capacities were assessed to be equal.

Table 4 Contributions by trading enterprises, effect of assessment on GST 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 GST REVENUE DISTRIBUTION: 2008 UPDATE COMPARED TO 2007 UPDATE

- 13 Because capacities were equal, changes to assessment data, whether due to revisions to equalisation budget data or to mean population data, had no effect on GST revenue distributions, because revenue distributions were zero for both the 2006 Update and 2007 Update.
- 14 Table 5 shows changes to the data for the assessment years that are common to the 2007 and 2008 Updates, 2001-02 to 2005-06.

Table 5 Contributions by trading enterprises, 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	252.31	164.93	292.40	371.70	198.97	357.79	237.02	270.65	248.46
2008 Update	251.82	164.29	291.13	370.96	235.37	366.11	232.17	264.63	250.61
	%	%	%	%	%	%	%	%	%
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

- 15 Table 6 shows the category revenues and implied capacities for 2001-02 and 2006-07 for the 2008 Update.

Table 6 Contributions by trading enterprises, 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	250.43	126.62	319.23	343.67	194.41	296.04	146.11	149.53	235.87
2006-07	302.51	290.03	216.44	351.90	296.34	359.71	395.36	222.60	288.85
Assessed revenues									
2001-02	235.87	235.87	235.87	235.87	235.87	235.87	235.87	235.87	235.87
2006-07	288.85	288.85	288.85	288.85	288.85	288.85	288.85	288.85	288.85
	%	%	%	%	%	%	%	%	%
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.

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Table 7 Assessment of revenue, Contributions by trading enterprises

	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		227.06		243.67		255.08		291.40		288.85
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	1 510.615	227.06	1 630.773	243.67	1 717.352	255.08	1 978.302	291.40	1 980.286	288.85
Actual	1 409.095	211.80	1 771.195	264.65	1 647.159	244.65	1 952.366	287.58	2 073.951	302.51
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	1 111.544	227.06	1 207.652	243.67	1 280.333	255.08	1 483.507	291.40	1 492.626	288.85
Actual	780.396	159.41	607.750	122.63	1 004.410	200.11	1 082.668	212.66	1 498.720	290.03
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	855.436	227.06	941.224	243.67	1 009.185	255.08	1 179.832	291.40	1 194.565	288.85
Actual	1 095.759	290.85	1 121.675	290.39	1 088.752	275.19	1 133.692	280.00	895.127	216.44
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	440.157	227.06	479.596	243.67	510.150	255.08	594.047	291.40	601.393	288.85
Actual	638.994	329.63	758.488	385.37	770.588	385.30	837.560	410.85	732.662	351.90
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	346.570	227.06	374.346	243.67	394.511	255.08	454.722	291.40	455.410	288.85
Actual	284.815	186.60	336.594	219.10	303.322	196.12	593.923	380.60	467.218	296.34
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	107.864	227.06	117.129	243.67	123.663	255.08	142.339	291.40	142.011	288.85
Actual	178.434	375.61	186.751	388.51	182.728	376.91	192.203	393.48	176.852	359.71
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	73.601	227.06	79.488	243.67	83.802	255.08	96.814	291.40	97.252	288.85
Actual	47.700	147.15	28.631	87.77	100.913	307.16	157.044	472.69	133.113	395.36
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	45.285	227.06	48.955	243.67	52.105	255.08	60.821	291.40	61.467	288.85
Actual	55.879	280.18	68.078	338.85	73.228	358.48	40.928	196.09	47.369	222.60