



COMMONWEALTH GRANTS COMMISSION

DRAFT ASSESSMENT PAPER CGC 2003/07

INSURANCE TAXATION

Prepared for the Commission's 2003 Conferences on Draft Assessments

AUGUST 2003

NOTE

Included in this paper are the results of preliminary calculations based on the methods proposed throughout the paper and using the data currently available. Those results are indicative only and should be seen as work in progress. Ongoing changes are being made to standards and factor calculations as new data come to hand. Moreover, the calculations have been done using a prototype assessment system and are subject to ongoing revision as checking processes proceed.

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INTRODUCTION

1. This paper presents a draft assessment for Insurance Taxation for the 2004 Review. It builds on the Commission staff proposals set out in *Discussion Paper CGC 2002/18 Insurance Taxation* and responds to State comments provided in submissions and at the 2002 conferences.

1999 REVIEW ASSESSMENT METHOD

Description of the category

2. In the 1999 Review, the Insurance Taxation category comprised the net collections from stamp duty on general insurance (other than motor vehicle third party insurance) and life insurance. Stamp duty on third party motor vehicle insurance was included in the two Vehicle Registration Fees and Taxes categories.

3. Table 1 shows the revenue standard for Insurance Taxation in dollars per capita and as a percentage of own source revenue in the equalisation budget.

Table 1 REVENUE STANDARD ON INSURANCE TAX

		1997-98	1998-99	1999-2000	2000-01	2001-02
Standard revenue	(\$pc)	52.74	54.43	61.64	69.96	79.60
Percentage of own-source revenues	(%)	2.54	2.30	2.55	2.88	3.20

Source: 2003 Update Working Papers, Volume 2, pages 17 and 22.

The revenue base

4. The revenue base was adjusted premium revenue of the general insurance industry. Adjustments were made to better reflect how States actually levy insurance taxes and to improve policy neutrality. The adjustments were to remove:

- (i) premium revenue from CTP motor vehicle insurance. The revenues from this source were included in the two Vehicle Registration Fees and Taxes categories;
- (ii) premium revenue from employers' liability insurance. Most States either exempt this type of insurance or apply a lower rate;
- (iii) premium revenue from reinsurance. The standard policy is to exempt these policies from duty; and

- (iv) revenue from fire insurance levies. The revenues from this source were included in the Public Safety and Emergency Services user charges category.

5. Data on revenue from fire insurance levies were obtained from the Australian Bureau of Statistics (ABS) publication *Taxation Revenue No. 5506.0*. Other premium data were obtained from the Australian Prudential Regulation Authority (APRA).

6. APRA data were not available for the last year of the assessment period. The Commission estimated the revenue base for the last year by increasing the revenue base of the second last year by the rate of change in actual revenues, after excluding the effect of tax rate changes on actual revenues.

7. Table 2 shows the calculation of the revenue base.

Table 2 CALCULATION OF REVENUE BASE FOR INSURANCE TAXATION

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
A. Premium revenue (excluding CTP motor vehicle and employers' liability insurance)									
1997-98	5 341 717	2 636 303	1 450 960	827 029	622 198	170 603	103 336	56 431	11 208 577
1998-99	5 393 831	2 856 198	1 585 739	998 719	806 229	185 048	110 328	78 061	12 014 153
1999-2000	6 248 525	3 166 157	1 678 289	1 017 832	814 686	179 831	161 387	78 225	13 344 932
2000-01	6 591 658	3 004 739	1 596 723	983 438	767 986	190 801	175 076	69 870	13 380 291
B. Reinsurance									
1997-98	721 200	68 247	5 530	870	994	4 208	0	0	801 050
1998-99	723 204	62 913	4 252	2 385	757	1 763	21	5	795 299
1999-2000	1 523 051	100 828	10 087	3 363	6 724	1 681	35 302	18	1 681 054
2000-01	2 016 805	123 110	11 447	19 363	2 064	5 776	59 942	1 343	2 239 850
C. Fire insurance levy									
1997-98	243 000	169 000	0	54 000	47 000	7 000	0	0	520 000
1998-99	269 000	176 000	0	57 000	55 000	7 000	0	0	564 000
1999-2000	287 000	189 000	0	58 000	0	7 000	0	0	541 000
2000-01	306 000	198 000	0	62 000	0	8 000	0	0	574 000
D. Revenue Base = A – B – C									
1997-98	4 377 516	2 399 056	1 445 430	772 159	574 204	159 396	103 335	56 430	9 887 527
1998-99	4 401 627	2 617 285	1 581 487	939 334	750 472	176 285	110 307	78 056	10 654 854
1999-2000	4 438 474	2 876 329	1 668 202	956 469	807 962	171 150	126 085	78 207	11 122 878
2000-01	4 268 854	2 683 629	1 585 277	902 075	765 921	177 025	115 134	68 527	10 566 441

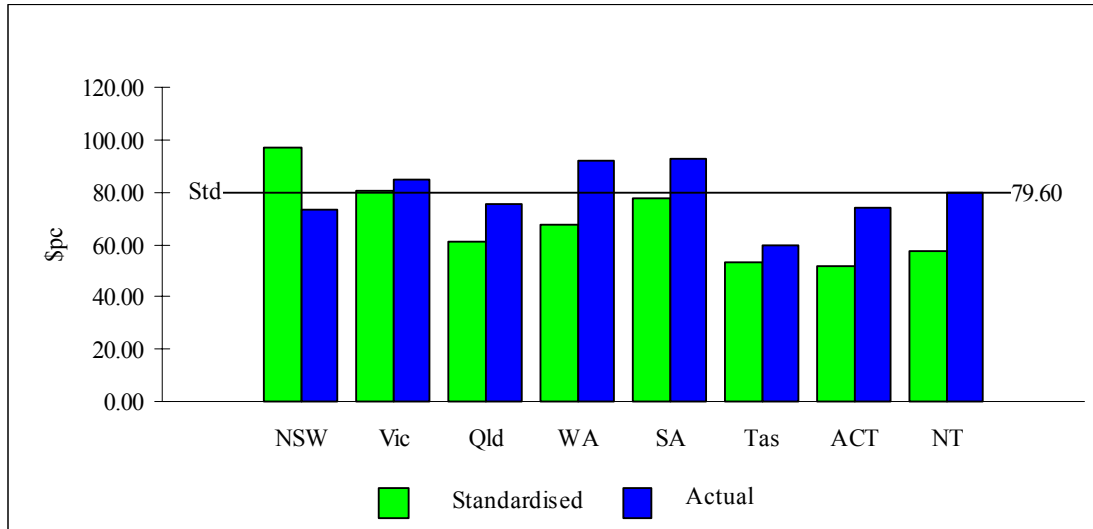
Sources: (a) APRA, *Selected Statistics on the General Insurance Industry for the year ended June 2001*, Direct Underwriters Table 10 and Public Sector Table 3.

(b) Unpublished APRA data for 2000-01.

(c) ABS Catalogue No 5506.0, *Taxation Revenue 2000-01*, Table 9.

8. Figure 1 shows the assessment for 2001-02 in the 2003 Update.

Figure 1 STANDARDISED, ACTUAL AND STANDARD REVENUES PER CAPITA, 2001-02, 2003 UPDATE FAG RELATIVITIES



Importance of the category

9. Table 3 shows the grant share effects for Insurance Taxation assessment in the 2003 Update. Compared with an equal per capita distribution, the assessment redistributed \$111.1 million.

Table 3 GRANT DISTRIBUTIONS OF INSURANCE TAXATION COMPARED WITH EPC DISTRIBUTION, GST RELATIVITIES

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total redistributed
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Change in grant	-106.5	-4.6	55.4	19.7	11.3	11.8	8.1	4.9	111.1

MAJOR DEVELOPMENTS SINCE THE 1999 REVIEW

10. **Collapse of the HIH group of companies.** Most States introduced additional revenue raising measures in response to the collapse of the HIH insurance group of companies.

- (i) New South Wales introduced an Insurance Protection Tax on general insurance premiums from 1 July 2001. Between 15 March and 15 June 2001, policies taken out to replace policies with HIH were exempted from stamp duty.

- (ii) Victoria introduced a special levy on domestic (residential) building permits to partly fund a rescue package for homeowners who were victims of the HIH collapse.
- (iii) Queensland increased the Nominal Defendant levy by \$5 per vehicle from 1 October 2001.
- (iv) Western Australia increased its levy on workers' compensation premiums by three per cent.
- (v) South Australia provided an assistance package for builders' indemnity insurance that was partly funded by a surcharge on building contractor and tradesperson licence fees from September 2001.
- (vi) Tasmania imposed a levy on workers' compensation insurance and exempted replacement policies from stamp duty.
- (vii) The Northern Territory introduced a four per cent levy on workers' compensation insurance premiums from 1 July 2002.

11. ***Public liability and professional indemnity insurance.*** Other problems have occurred in the insurance industry in relation to public liability and professional indemnity insurance. State responses to these difficulties are still maturing. The following actions have been taken or are planned:

- (i) New South Wales reduced stamp duty on general insurance (including public liability insurance) from 10 per cent of premiums to 5 per cent from 1 August 2002.
- (ii) Tasmania abolished stamp duty on public liability insurance during 2002-03.
- (iii) The ACT introduced stamp duty relief for community, non-profit and sporting groups during 2002-03.

12. ***Implications of tax rate changes for the Commission's assessment.*** Because of timing problems with APRA data, it is likely the revenue base for 2002-03 will have to be estimated. The estimate will be based on the revenue base for 2001-02 and rate of change in actual revenues between 2001-02 and 2002-03, adjusted for the effect of any tax rate changes. This estimate will be affected by State responses to these new developments. Their responses will affect the assessment if they change rates of duty or introduce new measures.

13. The revenue base is measured from general insurance premiums. APRA has advised its premium data excludes State taxes. Thus, changes in tax rates arising from these new developments will not have a direct impact on the revenue base. However, if these difficulties lead individual insurance companies to vary their premiums, those effects will impact on the revenue base.

MAIN ISSUES FOR THE REVIEW

14. The main issues for the 2004 Review included:
 - (i) whether to include stamp duty on compulsory third party (CTP) insurance in the category standard;
 - (ii) how to treat levies on insurance companies for fire services;
 - (iii) the impact of the collapse of HIH on the assessment;
 - (iv) the impact of changes in insurance attributable to developments in public liability and professional indemnity insurance on the assessment; and
 - (v) the quality and consistency of the APRA data.

The definition of the category

15. **Preliminary proposal.** In *Discussion Paper CGC 2002/12 Scope and Structure of the Standard Budget*, Commission staff proposed relocating revenue from CTP motor vehicle insurance from the two Vehicle Registration Fees and Taxes categories to the Insurance Taxation category. Staff thought this change would more closely reflect how most States imposed the tax (on the value of premiums paid) and would result in a better assessment of States' capacities to raise revenue from CTP motor vehicle insurance than the use of weighted number of vehicles.

16. In *Discussion Paper CGC 2002/18 Insurance Taxation*, Commission staff noted that effective rates of tax for CTP motor vehicle insurance were about half those for general and life insurance. Staff said it would be inappropriate just to include CTP premiums in the revenue base. Staff proposed assessing the revenue base as:

- (i) two components — a general and life insurance component and a CTP insurance component — using the relevant premium revenue data; or
- (ii) a single category using premium revenue data. A discount would be applied to CTP premiums to reflect their lower effective rate of tax. The CTP premiums would be discounted to 46 per cent because the effective rate of tax on CTP premiums was about 46 per cent of the effective rate of tax on general and life insurance premiums.

17. **State views.** *Queensland* supported including CTP insurance duty in the Insurance Taxation category. It said CTP insurance duty was an annual charge, whereas motor vehicle taxes were transaction taxes. It said the approach of adjusting the differences in average policies between the CTP and general and life insurance had merit, but it preferred the greater transparency provided by separate components.

18. *Western Australia* supported including CTP in the category because premium revenue collections were a better measure of capacity than numbers of motor vehicles.

19. *South Australia* supported the proposal to change the definition of the category provided the Commission was satisfied with the accuracy and consistency of the APRA data.

20. The *Northern Territory* supported the proposal to include CTP in the category. It preferred assessing the category in two components.

21. *Analysis and evaluation.* States generally support including CTP insurance in the insurance category. Being an annual charge rather than a transaction tax, CTP insurance is closer to the range of taxes included in the insurance category than those in the Vehicle Registration Fees and Taxes categories. Also, the Insurance Taxation category is assessed using value of premiums paid and this is closer to the way States levy CTP insurance duty than weighted vehicle numbers (the basis of the assessment in the Vehicle Registration Fees and Taxes categories).

22. Table 4 shows the two proposed assessment approaches produce similar results, the differences shown are due to rounding within the calculations. However, the approach based on two components — a general and life insurance component and a CTP component — is a simpler calculation and is more transparent. It also has greater State support.

Table 4 GRANT SHARE EFFECT OF THE TWO PROPOSED APPROACHES

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Redistri b'n
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Two components approach	-123.2	0.6	64.2	21.5	13.5	12.4	7.0	4.1	123.2
Approach using discounted CTP premiums	-122.8	0	64.3	21.4	13.4	12.5	7.2	4.1	122.9
Grant share effect	-0.4	0.6	-0.1	0.1	0.1	-0.1	-0.2	0.0	0.8

23. *Commission decision.* The Commission accepts that the conceptual case has been established for relocating stamp duty on compulsory third party insurance to the Insurance Taxation category. Assessing duty on CTP insurance using premium revenue as the measure of the revenue base reflects how States impose the tax. The Commission is therefore satisfied that equalisation would be improved by reclassifying the stamp duties. The Commission has decided, therefore, to:

- (i) include the revenue from CTP insurance in the Insurance Taxation category;
- (ii) assess the category in two components:

- a general and life insurance component assessed using adjusted premium revenue of the general insurance industry, and
- a CTP insurance component assessed using CTP premium revenue.

Levies on insurance companies for fire services

24. New South Wales, Victoria, Western Australia, South Australia and Tasmania charge insurance companies a fire insurance levy. In *Discussion Paper CGC 2001/12 Scope and Structure of the Standard Budget*, Commission staff proposed continuing to treat revenue raised from fire insurance levies as a user charge in the Public Safety category.

25. APRA data on insurance premiums include fire insurance premiums for those States that have a fire insurance levy. In the 1999 Review, the Commission excluded the amounts of fire insurance levies from the APRA data using information from ABS *Taxation Revenue No. 5506.0*. This treatment was consistent with treating the fire insurance levies as a user charge rather than as insurance tax.

26. ***State views. Victoria*** said States such as Queensland and South Australia fund fire services from a tax on property, which is collected by local governing bodies. It proposed that the Commission introduce an adjustment to the assessment to take account of these policy differences.

27. ***Preliminary proposal.*** In *Discussion Paper CGC 2002/18 Insurance Taxation*, Commission staff proposed no change to the current adjustment. They said the expenses and revenues of local governing bodies were not part of the equalisation budget and were not included in assessments.

28. ***Further State views. Queensland and Western Australia*** supported the 1999 Review approach of excluding revenue from fire insurance levies from the Insurance Taxation revenue base.

29. ***Analysis and evaluation.*** Fire insurance levies are included in premium data in some States but not others. These levies should be treated consistently, either by including them in this category (this would mean including missing premium data for some States) or by relocating them to another category (and removing the premium data from the insurance category). The Commission has previously relocated them to the Public Safety category because that was the category where it classified the related expenses and the data were available to do so.

30. Fire levies which are raised as local government revenue are out of scope and should not be included in the equalisation budget.

31. ***Commission decision.*** The Commission accepts that a conceptual case has been established for treating fire insurance levies consistently. The Commission considers that equalisation would be improved by treating these revenues consistently and applying the same assessment to them. For this reason, the Commission has decided to continue to classify fire insurance levies to the Public Safety user charges category. In addition,

treating the revenue as Public Safety charges better reflects what States do. The revenue is made available to fund fire services and it is usually levied on the basis of the value of the property insured (not the insurance premiums).

32. The Commission does not accept that a conceptual case has been established for including local government revenue in the equalisation budget. Local government expenditures and revenues are out of scope. The Commission does not consider that equalisation would be improved by including them in the equalisation budget and assessing needs for them. The Commission therefore has decided to treat fire insurance levies raised by local governments as out of scope.

State revenue responses to the collapse of HIH

33. In *Discussion Paper CGC 2002/18 Insurance Taxation*, Commission staff proposed that, pending further discussion, all revenues from levies or surcharges introduced to fund responses to the collapse of HIH be assessed by the equal per capita method. Commission staff proposed this approach because of the difficulty of establishing a common or standard policy. For simplicity, they proposed classifying these revenues to the Other Revenue category, which is assessed on an equal per capita basis.

34. ***State views. Queensland*** said the impact of the collapse of HIH should be assessed equal per capita. Provisions should be made to adjust this method, if required, as more information becomes available on State impacts.

35. ***Western Australia*** supported the proposal to assess needs equal per capita because, it said, any net financial impact in a State was a reflection of the various policy choices.

36. The ***Northern Territory*** supported the Commission's proposal to classify revenues raised in response to the HIH collapse to the Other Revenue category.

37. ***Analysis and evaluation.*** It is difficult to know how the Commission might devise a differential assessment that was policy neutral and had no grant design inefficiencies in this area, given the disparate nature of the impact of the collapse of HIH on State expenditures, and their policy responses. Some States have responded by raising insurance taxes, but most have responded in different ways. States have not provided much discussion of the conceptual and practical issues of how the HIH collapse affects equalisation assessments. They generally support the preliminary proposal to assess revenues raised on an equal per capita basis.

38. The Commission does not consider that there is a conceptual basis for applying a differential assessment to State revenues raised in response to the HIH collapse. States have chosen a variety of revenue measures and there is no common approach (or revenue base). Insurance related levies or surcharges relating to the collapse of HIH should be assessed equal per capita.

39. ***Commission decision.*** The Commission accepts that a conceptual case has been established for treating revenues related to HIH measures by the equal per capita

method. The evidence suggests that the revenues raised reflect State policy choices. The Commission has therefore decided to classify them to the Other Revenue category.

Public liability and professional indemnity insurance

40. ***Preliminary proposal.*** In *Discussion paper CGC 2002/18 Insurance Taxation*, Commission staff said insufficient information was currently available on the full range of reactions to developments in the markets for public liability and professional indemnity insurance. Commission staff proposed treating the State responses as variations in the revenue raising effort for general insurance taxation.

41. ***Further State views. Northern Territory*** said it was too early to adjust for policy changes due to public liability and professional indemnity insurance issues.

42. ***Analysis and evaluation.*** There is insufficient information on States' reactions to developments in public liability and professional indemnity insurance. Changes in States' rates of duty will affect actual revenue and insurance premiums and, therefore, the States' effective rates of tax. There is insufficient information to enable the Commission to remove these effects from State revenues or from insurance premiums.

43. ***Commission decision.*** While there may be a case for assessing disabilities for State responses to developments in public liability and professional indemnity insurance, there is insufficient information to allow the Commission to consider whether additional disabilities are warranted. Until such time as sufficient information is available, the Commission proposes not to make any adjustments to:

- (i) actual revenues; or
- (ii) premium revenues.

The quality and consistency of APRA data

44. ***State views. South Australia*** raised doubts about the quality and consistency of the APRA data on CTP insurance premiums.

45. ***Preliminary proposal.*** In *Discussion Paper CGC 2002/18*, Commission staff noted that APRA had confirmed that the scope and coverage of its data were consistent across States. APRA also said it had more control over the quality of data provided by private insurers. It did not have the same control over data provided by the public sector.

46. ***Further State views. Queensland and Western Australia*** said, in the absence of more relevant data, APRA data were the most appropriate measure of the revenue base.

47. ***South Australia*** continued to doubt the accuracy and consistency of APRA data across the States.

48. ***Analysis and evaluation.*** The Commission's preference is to base its assessments on data which are comparable and consistent and sourced from independent bodies (such as the ABS). Commission staff consider APRA data to be the best source of independent data for this assessment.

49. The decision to assess a separate CTP component will allow the Commission and States to consider whether the CTP data are sufficiently comparable to allow them to be used as the basis of the assessment of that component.

50. ***Commission decision.*** The Commission has decided to continue to use APRA as the source of data for this category.

PROPOSED ASSESSMENT METHOD FOR THE 2004 REVIEW

51. The assessment method for the 2004 Review will be different from that used in the 1999 Review. The revenue base will be assessed in two components:

- (i) the CTP component will be assessed using CTP premium revenue; and
- (ii) the general and life insurance component will be assessed using revenue from general and life insurance premiums; less:
 - premium revenue from employers' liability insurance;
 - premium revenue from reinsurance; and
 - revenue from fire insurance levies.

Calculation of the revenue base

52. Attachment A presents the calculation of the revenue base for the 2004 Review draft assessment.

2004 REVIEW DRAFT CALCULATIONS

Grant share effects

53. Table 5 shows the proposed assessment redistributes \$123.2 million compared with an equal per capita assessment. This level of redistribution is larger than that produced by the 2003 Update assessment. The difference is due to the inclusion of CTP insurance revenues in the category.

Table 5 GRANT SHARE EFFECT OF THE PROPOSED METHOD OF ASSESSMENT, GST RELATIVITIES

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT Redistrib'n	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2003 Update	-106.5	-4.6	55.4	19.7	11.3	11.8	8.1	4.9	111.1
2004 Review draft	-123.2	0.6	64.2	21.5	13.5	12.4	7.0	4.1	123.2
Difference	-16.6	5.1	8.7	1.8	2.2	0.6	-1.1	-0.8	18.5

Revenue raising capacity ratios

54. Table 6 shows the revenue raising capacity ratios for the 2004 Review draft assessment and the 2003 Update assessment.

Table 6 REVENUE RAISING CAPACITY RATIOS, 2001-02

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2003 Update	1.2190	1.0136	0.7646	0.8454	0.9774	0.6704	0.6458	0.7258	1.0000
2004 Review Draft	1.2066	1.0153	0.7609	0.8553	0.9847	0.7113	0.7280	0.7821	1.0000

Standardised revenue

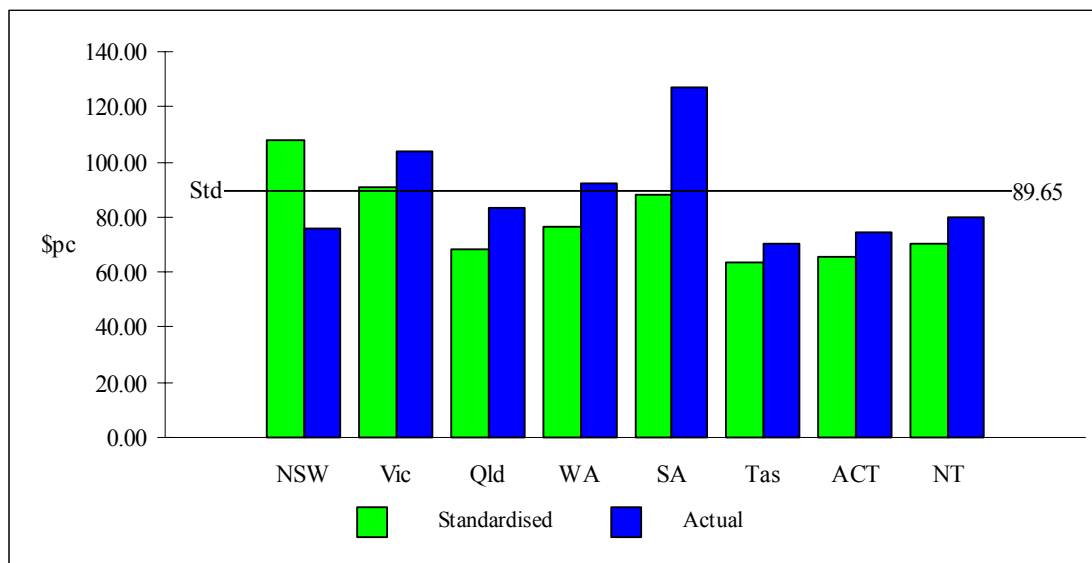
55. Table 7 compares the actual and standardised revenues for the 2003 Update with the draft 2004 Review assessment for 2001-02. The increase in the standard is due to the inclusion of CTP insurance revenue. The revision to the CTP insurance premium data also had a small effect. The actual revenues used in the 2003 Update and 2004 Review draft assessments differ because of the reclassification of duty on CTP insurance from the two Vehicle Registration Fees and Taxes categories to this category.

Table 7 INSURANCE TAXATION ACTUAL AND STANDARDISED REVENUE, 2001-02

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Standard
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual revenue									
2003 Update	73.29	85.05	75.16	91.86	92.36	59.54	74.23	79.87	79.60
2004 Review draft	76.05	103.73	83.33	91.86	127.21	70.11	74.23	79.87	89.65
Standardised revenue									
2003 Update	97.03	80.68	60.86	67.29	77.80	53.36	51.40	57.77	79.60
2004 Review draft	108.17	91.02	68.22	76.68	88.28	63.77	65.27	70.12	89.65

56. Figure 2 shows the standardised, actual and standard per capita revenue for the Insurance Taxation draft 2004 Review assessment for 2001-02.

Figure 2 INSURANCE TAXATION: STANDARDISED, ACTUAL AND STANDARD REVENUES PER CAPITA, 2001-02



Updateability

57. The proposed method of assessment will continue to use general, life and CTP insurance premium data from APRA and the fire insurance levy data from the ABS. For every update, if APRA data are not available for the last year of the assessment period, the revenue base for that year will be estimated using the revenue base for the second last year adjusted in proportion to the change in actual revenue (after excluding the effect of any changes in tax rates). This estimation requires the States to provide details of rate changes, dates of effect, and revenue effects of the change.

Reality check

58. In recent years, New South Wales has been reducing its insurance taxes, from 11.5 per cent to 10 per cent in October 2000, and to five per cent from August 2002. New South Wales also collects relatively little revenue from CTP insurance. (States impose taxes on CTP at different rates and in a variety of ways, mostly based on the value of premiums paid but some as flat fees, or not at all.)

59. Victoria and South Australia collect relatively large amounts of revenue from CTP insurance, the other States not much at all. This partly explains their above average actual revenues and their above average revenue efforts. South Australia also has the highest rate of duty on general insurance of 10 per cent.

ATTACHMENT A

REVENUE BASE CALCULATION

Table A-1 DRAFT REVENUE BASE FOR GENERAL AND LIFE COMPONENT OF INSURANCE TAXATION, 1997-98 TO 2000-01

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
A. Premium revenue General Insurance, Life Insurance excluding CTP and employers' liability insurance									
1997-98	5 337 350	2 545 277	1 404 520	869 660	568 819	157 887	104 452	78 332	11 066 297
1998-99	5 393 831	2 856 198	1 585 739	998 719	806 229	185 048	110 328	78 061	12 014 153
1999-2000	6 248 525	3 166 157	1 678 289	1 017 832	814 686	179 831	161 387	78 225	13 344 932
2000-01	6 591 658	3 004 739	1 596 723	983 438	767 986	190 801	175 076	69 870	13 380 291
B. Reinsurance									
1997-98	721 200	68 247	5 530	870	994	4 208	0	0	801 050
1998-99	723 204	62 913	4 252	2 385	757	1 763	21	5	795 299
1999-2000	1 523 051	100 828	10 087	3 363	6 724	1 681	35 302	18	1 681 054
2000-01	2 016 805	123 110	11 447	19 363	2 064	5 776	59 942	1 343	2 239 850
C. Fire insurance levy									
1997-98	243 000	169 000	0	54 000	47 000	7 000	0	0	520 000
1998-99	269 000	176 000	0	57 000	55 000	7 000	0	0	564 000
1999-2000	287 000	189 000	0	58 000	0	7 000	0	0	541 000
2000-01	306 000	198 000	0	62 000	0	8 000	0	0	574 000
D. Revenue base = A – B – C									
1997-98	4 373 150	2 308 030	1 398 990	814 790	520 825	146 679	104 452	78 332	9 745 247
1998-99	4 401 627	2 617 285	1 581 487	939 334	750 472	176 285	110 307	78 056	10 654 854
1999-2000	4 438 474	2 876 329	1 668 202	956 469	807 962	171 150	126 085	78 207	11 122 878
2000-01	4 268 854	2 683 629	1 585 277	902 075	765 921	177 025	115 134	68 527	10 566 441
2001-02 ^a	5 089 368	3 093 757	1 764 316	1 019 535	933 174	199 444	131 000	91 228	12 321 822

Table A-1 DRAFT REVENUE BASE FOR GENERAL AND LIFE COMPONENT OF INSURANCE TAXATION, 1997-98 TO 2000-01 (continued)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Standardised revenue									
1997-98	441 273	232 892	141 165	82 216	52 554	14 801	10 540	7 904	983 345
1998-99	424 385	252 347	152 480	90 566	72 357	16 997	10 635	7 526	1 027 294
1999-2000	469 985	304 571	176 644	101 279	85 554	18 123	13 351	8 281	1 177 789
2000-01	547 115	343 946	203 176	115 614	98 164	22 688	14 756	8 783	1 354 242
2001-02 ^(a)	644 344	391 688	223 373	129 079	118 145	25 251	16 585	11 550	1 560 014
Revenue raising capacity, %									
1997-98	132.32	95.46	78.13	86.06	67.05	59.31	64.51	79.24	100.00
1998-99	121.79	99.13	80.47	90.34	88.91	66.11	62.59	71.81	100.00
1999-2000	117.65	104.43	80.96	87.94	92.30	62.26	68.67	68.62	100.00
2000-01	119.09	102.58	80.61	87.26	92.87	68.65	66.05	63.20	100.00
2001-02	121.90	101.36	76.46	84.54	97.74	67.04	64.58	72.58	100.00

(a) See Table A-3 for the calculation of the estimated revenue base for 2001-02.

Table A-2 DRAFT REVENUE BASE FOR CTP COMPONENT OF INSURANCE TAXATION, 1997-98 TO 2000-01

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
A. Premium of CTP on motor vehicle									
1997-98	1 451 837	734 089	494 443	241 206	213 364	69 225	83 546	33 030	3 320 740
1998-99	1 596 937	764 737	520 849	267 563	237 222	75 592	67 087	34 521	3 564 508
1999-2000	1 610 406	772 477	593 579	276 229	257 681	78 934	70 016	39 974	3 699 296
2000-01	1 170 568	768 613	436 283	290 693	252 561	79 500	72 260	39 874	3 110 352
Revenue base (CTP)									
1997-98	1 451 837	734 089	494 443	241 206	213 364	69 225	83 546	33 030	3 320 740
1998-99	1 596 937	764 737	520 849	267 563	237 222	75 592	67 087	34 521	3 564 508
1999-2000	1 610 406	772 477	593 579	276 229	257 681	78 934	70 016	39 974	3 699 296
2000-01	1 170 568	768 613	436 283	290 693	252 561	79 500	72 260	39 874	3 110 352
2001-02 ^(a)	1 195 085	810 681	436 283	290 693	257 088	79 500	72 260	39 874	3 181 464
Revenue raising capacity, %									
1997-98	128.91	89.10	81.03	74.77	80.60	82.14	151.42	98.06	100.00
1998-99	132.08	86.58	79.22	76.92	84.01	84.74	113.79	94.94	100.00
1999-2000	128.35	84.33	86.62	76.36	88.51	86.34	114.66	105.45	100.00
2000-01	110.93	99.81	75.36	95.53	104.03	104.73	140.83	124.93	100.00
2001-02	110.86	102.87	73.22	93.36	104.29	103.50	137.96	122.86	100.00

(a) See Table A-4 for the calculation of the estimated revenue base for 2001-02.

Table A-3 CALCULATION OF THE GENERAL AND LIFE INSURANCE COMPONENT REVENUE BASE, 2001-02

	2000-01 Revenue Base	2000-01 Revenue	2001-02 Adjusted Revenue ^(a)	Adjustment Factor	2001-02 Revenue Base
	(a)	(b)	(c)	(d)=(c)/(b)	(e)=(a)*(d)
	\$'000	\$'000	\$'000		\$'000
New South Wales	4 268 854	419 126	499 686	1.1922	5 089 368
Victoria	2 683 629	358 172	412 910	1.1528	3 093 757
Queensland	1 585 277	247 869	275 863	1.1129	1 764 316
Western Australia	902 075	155 900	176 200	1.1302	1 019 535
South Australia	765 921	115 120	140 258	1.2184	933 174
Tasmania	177 025	25 008	28 175	1.1266	199 444
ACT	115 134	21 051	23 952	1.1378	131 000
Northern Territory	68 527	11 996	15 970	1.3313	91 228

(a) New South Wales reduced its rate in 2000-01 at a cost to actual revenue of \$13 million for the 2001-02.

Table A-4 CALCULATION OF THE CTP COMPONENT REVENUE BASE, 2001-02

	2000-01 Revenue Base	2000-01 Revenue	2001-02 Adjusted Revenue	Adjustment Factor	2001-02 Revenue Base
	(a)	(b)	(c)	(d)=(c)/(b)	(e)=(a)*(d)
	\$'000	\$'000	\$'000		\$'000
New South Wales	1 170 568	18 000	18 377	1.0209	1 195 085
Victoria	768 613	86 000	90 707	1.0547	810 681
Queensland	436 283	30 000	30 000	1.0000	436 283
Western Australia	290 693	0	0	1.0000	290 693
South Australia	252 561	52 000	52 932	1.0179	257 088
Tasmania	79 500	50 00	5 000	1.0000	79 500
ACT	72 260	0	0	1.0000	72 260
Northern Territory	39 874	0	0	1.0000	39 874