



**ACT**  
Government

Chief Minister, Treasury and  
Economic Development

**Australian Capital Territory**  
**Tax Expenditure**  
**Statement**  
**2016-17**

**ACT Treasury**

**February 2019**

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# 1 SCOPE

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Tax expenditures arise from government policies that forego revenue in order to achieve other social, community or economic outcomes.

In the ACT context, tax expenditures reduce a person or entity's tax liability by way of an exemption, a concession or an incentive.

This Statement outlines the Territory's tax expenditures – which were provided as exemptions, concessions and incentives – in 2016-17 and compares them with those in 2015-16. It also reports on tax waivers granted.

This Statement is based on ACT tax policies as of 2016-17, whether or not the time period or the reference to 'ACT' is specifically stated in the text. In considering the descriptions of the tax policy settings that expenditures relate to, it should be noted that these settings may change and that this will be reflected in future years' *Tax Expenditure Statements*.

This Statement does not cover:

- a. Progressive tax scales designed to promote fairness in the tax system. Progressive tax scales, such as those of general rates, are outside the scope of this Statement, as this type of progressivity makes the distribution of tax fairer and more equitable. Such arrangements are not a subsidy for people on the lower end of the tax scale.

However, this is to be distinguished from differing tax rates being used as a price signal. In such cases, the aim is to influence taxpayer behaviour as a matter of policy. One such example is the Vehicle Emission Reduction Scheme. The scheme charges a lower duty on low emission cars, while charging more on higher emission cars, thereby influencing buyer choices. This type of differentiation is within the scope of this Statement.

- b. Tax exemptions that result in no real net benefit for the recipient. These measures are typically in place to prevent unintended consequences from broad brush legislation. For example, accommodation allowances paid to reimburse an employee are exempt from payroll tax. The intent of this exemption is to define the coverage of the tax, rather than to provide a tax concession. These types of provisions are outside of the scope of this Statement.
- c. Tax arrangements that are outside the policy control of the ACT Government, such as the Commonwealth Government's exemption from all ACT taxes,<sup>1</sup> are excluded.
- d. The ACT Government General Government Sector's tax exemption is excluded. This exemption is excluded from the scope of this Statement as any tax on this sector represents an internal transfer of funds within the ACT Government.

However, ACT Government Business Enterprises are included within the scope of this Statement. Any particular exemption provided to these entities would be regarded as a tax expenditure.

Tax exemptions provided to the charitable sector to support their community programs and outreach fall within the scope of this Statement.

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<sup>1</sup> Commonwealth Government includes its Government Business Enterprises.

## Notes

The actual costs of tax expenditures are reported where possible. If an actual amount is not available, an estimated cost is reported. The actual amounts are denoted as such in the tables, to be distinguished from the estimates.

Estimates – rounded to the nearest \$10,000.

Actuals – rounded to the nearest \$1,000.

The line items in the tables may not add up to the totals due to rounding.

Tax expenditures may have a nil reported value due to one of the following:

.. value is not zero, but rounded to zero.

0 zero. The usage of the tax concession is nil or unlikely to have occurred in 2016-17, hence no cost has been incurred.

- Not applicable.

## Terms and definitions

### Not-for-profit organisation

Organisations that do not operate for the profit, personal gain or other benefit of particular people.

### Charity

A subsector of not-for-profit organisations that are carried on for a religious, educational, benevolent or charitable purpose, for example:

- religious institutions;
- poverty relief organisations;
- cultural, educational and health promotion organisations; and
- organisations that operate solely to promote the wellbeing and welfare of society.

Charities are eligible for tax concessions under ACT tax laws.

### Excluded organisation

ACT tax laws specifically state the types of entities that cannot receive a charity designation in relation to ACT taxes:

- a political party;
- an industrial organisation;
- a professional organisation;
- an organisation that promotes trade, industry or commerce; and

- a class of organisation prescribed by regulation.

These entities are known as 'excluded organisations'. An excluded organisation may still be eligible for tax concessions under ACT tax laws, provided it has obtained a 'beneficial organisation determination'.

### **Beneficial organisation determination**

Certain excluded organisations may apply to the Commissioner for ACT Revenue for a beneficial organisation determination. If approved, the recipient organisation will be eligible for tax concessions under ACT tax laws in a similar manner as charities.

The following excluded organisations may apply for a beneficial organisation determination:

- a professional organisation;
- an organisation that promotes trade, industry or commerce; and
- a class of organisation prescribed by regulation.

### **The charitable sector**

For the purpose of this Statement, the charitable sector refers to any type of not-for-profit entity that is eligible for tax concessions under ACT tax laws, either due to being a charity, or being a recipient of a beneficial organisation determination. The charitable sector does not include non-government schools or hospitals, which are accounted for separately in this Statement.

## 2 OVERVIEW

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The ACT Tax Expenditure Statement identifies and quantifies the tax exemptions, concessions and incentives provided by the ACT Government in 2016-17 and compares them with those in 2015-16.

This Statement is prepared to:

- provide information on the ACT tax system; and
- inform ACT Government policy considerations.

Tax expenditures are important levers for the ACT Government to achieve its economic and social objectives. For example, they may be targeted at particular groups of businesses to attract or retain their operations – such as the payroll tax free threshold provided to small businesses; community organisations, to achieve a social goal – such as exemptions provided for private schools on charges like the Fire and Emergency Services Levy; or vulnerable cohorts within the general community to support their wellbeing – such as the Pensioner General Rates Rebate.

The costs of tax expenditures are less visible compared to direct expenditures, as the costs of tax expenditures are revenue that the Government does not receive. Forgone revenue is often not readily observable.

The costings in this Statement are based on the revenue forgone approach, which measures the cost of a tax expenditure by the value of benefits that it provides. For a demand driven tax expenditure, its cost is calculated as:

$$\text{Value of tax benefit per recipient} \quad X \quad \text{Number of recipients}$$

The costing of a tax expenditure will be actual if the ACT Government has all the relevant data about this tax expenditure. Otherwise, costs are estimated using other data sources. Notations are used in the tables to differentiate between the estimated and actual costs.

The estimated costs should be interpreted with care. The reliability of estimates is dependent on the quality and availability of data and also the assumptions being used. This reflects that data are generally collected from people who pay tax, not from those who do not. The costings are based on the best possible information that is available.

Moreover, the revenue forgone from a tax expenditure is often not the same as the extra revenue to be expected from the abolition of the associated tax exemption or waiver. This is because the latter is subject to behavioural changes by taxpayers. When a form of tax expenditure is abolished, taxpayers will react to the change and this may affect the related revenue outcomes. The revenue forgone approach does not make assumptions about such behavioural changes.

Care should also be taken when comparing the ACT's tax expenditures with those reported in other jurisdictions' tax expenditure statements. The scope of the tax expenditure statements, as well as the definitions, benchmark and measurement for tax expenditures may differ across jurisdictions. A comparison may not be like for like.

The Statement also has two attachments. *Attachment A* outlines the waivers on taxes and fees granted. *Attachment B* outlines the targeted assistance concessions provided by the Government.

### 3 TOTAL TAX EXPENDITURE

In 2016-17, the ACT Government's total tax expenditure is estimated to have been \$278.9 million. This is equivalent to 5.2 per cent of the ACT's total direct expenditure.<sup>2</sup> As a share of the ACT's total direct expenditure, this is comparable with the expenditures for 2015-16.

The ACT Government's total tax expenditure increased by 6.9 per cent in 2016-17.

Table 1 below shows that revenue forgone in 2016-17 is the highest for payroll tax at \$190.7 million, followed by conveyance duty at \$31.7 million and general rates at \$18.3 million.

In 2016-17, most of the tax expenditures are generally in-line with those in 2015-16, except for the Lease Variation Charge and payroll tax. Payroll tax represents the largest area of tax expenditure because the ACT has the highest tax threshold in the country, so approximately 90 per cent of local Canberra businesses do not need to pay payroll tax.

Lease Variation Charge increased by \$14.5 million in 2016-17, as a result of an increase in the uptake of the lease variation charge economic stimulus remission.

The \$2.5 million increase in payroll tax expenditure was due to an increase in the tax free threshold for private sector businesses.

**Table 1: Tax Expenditures by Revenue Line<sup>1</sup>**

	Revenue Forgone (\$'000)	
	2015-16	2016-17
Payroll Tax	188,150	190,660
Conveyance Duty	32,614	31,735
General Rates	17,500	18,318
Lease Variation Charge	3,119 <sup>a</sup>	17,614 <sup>a</sup>
Motor Vehicle Registration	8,973 <sup>a</sup>	9,538 <sup>a</sup>
Motor Vehicle Duty	7,213	7,894
Fire and Emergency Services Levy	2,848	2,752
Water Abstraction Charge	397 <sup>a</sup>	352 <sup>a</sup>
<b>Total</b>	<b>260,813</b>	<b>278,863</b>

a - Actual costs. Others are estimated costs.

1. The tax expenditures do not include any waivers or targeted assistance concessions.

<sup>2</sup> ACT's total direct expenditure was \$5.395 billion in 2016-17 and \$5.107 billion in 2015-16.

Table 2 below lists the 10 largest tax expenditures in the ACT.

**Table 2: The 10 largest tax expenditures**

		Revenue Forgone (\$'000)	
		2015-16	2016-17
1	Payroll tax – tax free threshold for private sector businesses	145,300	148,000
2	Payroll tax – charitable sector exemption <sup>1</sup>	19,100	19,000
3	Payroll tax – non-government schools exemption <sup>1</sup>	17,800	18,000
4	Conveyance duty – Loose Fill Asbestos Insulation Eradication Buyback Concession Scheme	14,020 <sup>a</sup>	15,945 <sup>a</sup>
5	Lease Variation Charge – Economic stimulus - Sustainability or adaptability design	1,038 <sup>a</sup>	14,334 <sup>a</sup>
6	Conveyance duty – Home Buyer Concession Scheme	11,742 <sup>a</sup>	9,750 <sup>a</sup>
7	General rates – pensioner rebate	9,160 <sup>a</sup>	9,391 <sup>a</sup>
8	Motor vehicle registration – pensioner remission	8,944 <sup>a</sup>	9,439 <sup>a</sup>
9	Motor vehicle duty – Vehicle Emission Reduction Scheme	6,343 <sup>a</sup>	6,984 <sup>a</sup>
10	General rates – non-government schools exemption	4,700	5,030

a - Actual costs. Others are estimated costs.

1. For the purposes of this Statement, the charitable sector does not include non-government schools or hospitals, which are costed as separate categories.

Table 3 below shows the beneficiaries by value of tax benefits received. For 2016-17, the business sector accounted for 53 per cent of the total cost; non-government schools 8.6 per cent; and the charitable sector 8.2 per cent.

**Table 3: Beneficiaries by value of tax benefits received**

	Revenue forgone (\$'000)	
	2015-16	2016-17
<b>The business sector</b>	<b>145,300</b>	<b>148,000</b>
Payroll tax threshold	145,300	148,000
<b>Non-government schools<sup>1</sup></b>	<b>23,340</b>	<b>23,890</b>
Payroll tax	17,800	18,000
General rates	4,700	5,030
Fire and Emergency Services Levy	840	860
<b>The charitable sector<sup>1</sup></b>	<b>22,840</b>	<b>22,960</b>
Payroll tax	19,100	19,000
General rates	2,950	3,160
Fire and Emergency Services Levy	550	560
Conveyance duty	200	200
Motor vehicle duty	40	40
<b>Pensioners</b>	<b>19,462<sup>a</sup></b>	<b>20,062<sup>a</sup></b>
General rates rebate	9,160 <sup>a</sup>	9,391 <sup>a</sup>
Fire and Emergency Services Levy rebate	1,358 <sup>a</sup>	1,232 <sup>a</sup>
Motor vehicle registration	8,944 <sup>a</sup>	9,439 <sup>a</sup>
<b>Home buyers</b>	<b>16,555<sup>a</sup></b>	<b>13,268<sup>a</sup></b>
Home Buyer Concession Scheme	11,742 <sup>a</sup>	9,750 <sup>a</sup>
Pensioner Duty Concession Scheme	1,677 <sup>a</sup>	1,748 <sup>a</sup>
Over 60's Home Bonus Scheme	3,136 <sup>a</sup>	1,770 <sup>a</sup>
<b>Non-government hospitals<sup>1</sup></b>	<b>5,960</b>	<b>5,700</b>
Payroll tax	5,300	5,000
General rates	560	600
Fire and Emergency Services Levy	100	100
<b>Others<sup>2</sup></b>	<b>27,357</b>	<b>44,983</b>

a - Actual costs. Others are estimated costs.

1. For the purposes of this Statement, the charitable sector does not include non-government schools or hospitals, which are accounted for separately.
2. The significant increase in "Others" in 2016-17 was largely a result of a \$14.5 million increase in the Lease Variation Charge in 2016-17 compared to 2015-16.

## 4 TAX EXPENDITURES BY REVENUE LINE

### Payroll tax

Payroll tax is calculated as 6.85 per cent of an employer's total taxable wages<sup>3</sup>, and applies to total taxable wages that exceed the tax free threshold (\$2 million in 2016-17). The total taxable wages includes wages and salaries, allowances, superannuation, fringe benefits and contractor payments.

Table 4 below shows that the Territory's tax expenditure on payroll tax was \$190.7 million in 2016-17, a 1.3 per cent increase from the 2015-16 expenditure of \$188.2 million. The increase was mainly due to an increase in revenue forgone from the increase in tax free threshold for private sector businesses<sup>4</sup>.

**Table 4: Payroll tax – tax expenditures**

	Revenue forgone (\$'000)	
	2015-16 <sup>e</sup>	2016-17 <sup>e</sup>
<b>Tax free threshold for private sector businesses</b>	145,300	148,000
<b>Exempt employers</b>		
The charitable sector <sup>1</sup>	19,100	19,000
Non-government schools <sup>1</sup>	17,800	18,000
Non-government hospitals <sup>1</sup>	5,300	5,000
<b>Exempt wages</b>		
Group Training Organisations – trainees and apprentices	430	440
Long term unemployed	200	200
Building and construction industry – the portable leave scheme	20	20
<b>Total</b>	<b>188,150</b>	<b>190,660</b>

e – Estimated costs.

1. For the purposes of this Statement, the charitable sector does not include non-government schools or hospitals.

### Tax free threshold for private sector businesses

Payroll tax is levied on private sector businesses of a substantial size. Businesses with total taxable wages of \$2 million or under are exempt from payroll tax. Businesses with total taxable wages over \$2 million pay payroll tax on the portion of wages that exceed the threshold.

Should the business also have employees in other jurisdictions, it is the business' Australia-wide total taxable wages that forms the basis of determining whether the business is over the threshold in the ACT.

<sup>3</sup> The employer's Australia-wide total taxable wages.

<sup>4</sup> The payroll tax threshold in 2015-16 was \$1.85 million compared to \$2 million in 2016-17.

Should a business be part of an employer group, the grouping rules will apply, which will typically reduce the threshold entitlement that is available.

This tax expenditure only relates to private sector businesses. It does not cover any public sector business enterprises, nor does it cover not-for-profit entities (though also part of the private sector) such as non-government schools/hospitals and charities.

The benchmark tax free threshold is assumed to be zero, meaning that any amount of tax free threshold represents, hypothetically, a concessional treatment. The benchmark tax rate is assumed at the normal tax rate of 6.85 per cent (the 2016-17 rate). These parameters are adopted purely for costing purposes. The value of revenue forgone relates to wages both above and below the tax free threshold.

### **The charitable sector**

The charitable sector<sup>5</sup> is exempt from payroll tax. The costing is based on all wages in the sector, including wages below the threshold.

### **Non-government schools**

Independent and Catholic schools up to the secondary level are exempt from payroll tax. The costing is based on all wages in the sector, including wages below the threshold.

### **Non-government hospitals**

Non-government hospitals are exempt from payroll tax. The costing is based on all wages in the sector, including wages below the threshold.

### **Group Training Organisations – trainees and apprentices**

Group Training Organisations (GTOs) arrange work placements for trainees and apprentices with host firms. A GTO is the responsible employer for its trainees and apprentices, including the administration of payroll. The trainees and apprentices' wages are exempt from payroll tax.

Other wage expenses a GTO may have, such as those related to corporate staff, are subject to payroll tax as normal, with an entitlement to the tax free threshold.

### **Long term unemployed**

This exemption applies where an employer hires an employee who was previously unemployed for 12 months or longer. These employees' wages are exempt from payroll tax for the first 12 months of their employment.

### **Building and construction industry – portable leave scheme**

Employers in the building and construction industry make periodic contributions to the portable long service leave scheme (administered by the ACT Long Service Leave Authority). These contributions are made to fund the employees' leave entitlements, akin to superannuation contributions. However, unlike superannuation which is a component of the taxable payroll, the long service leave contribution is exempt from payroll tax.

Other industrial portable leave schemes are not exempt from payroll tax.

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<sup>5</sup> The charitable sector includes the charities as well as the organisations that have a beneficial organisation determination approved.

## General Rates and Fire and Emergency Services Levy

General rates and the Fire and Emergency Services Levy (FESL) are part of the same land-based taxes charge levied on residential and commercial properties in the ACT.

For residential properties, rates comprise a fixed charge and a variable charge. The variable charge is calculated on the average land value of the past three years (the Average Unimproved Value).

The Fire and Emergency Services Levy is a fixed amount across all residential properties, regardless of land values.

For commercial properties, both general rates and the Fire and Emergency Services Levy are progressive taxes comprising a fixed charge and a variable charge. The variable charge is calculated on the Average Unimproved Value of the property.

Table 5 below shows that the Territory's tax expenditure on rates was \$18.3 million in 2016-17, an increase of 4.7 per cent from 2015-16. The change was due to an increase in revenue forgone for all categories.

The ACT's tax expenditure on the Fire and Emergency Services Levy was \$2.8 million in 2016-17, a 3.4 per cent decline from 2015-16.

**Table 5: General Rates and Fire and Emergency Services Levy – tax expenditures**

	Revenue forgone (\$'000)			
	2015-16		2016-17	
	Rates	FESL	Rates	FESL
<b>Residential property</b>				
Pensioner rebate	9,160 <sup>a</sup>	1,358 <sup>a</sup>	9,391 <sup>a</sup>	1,232 <sup>a</sup>
<b>Commercial property</b>				
Not-for-profit sector exemption	2,950	550	3,160	560
Non-government schools exemption	4,700	840	5,030	860
Non-government hospitals exemption	560	100	600	100
Small clubs fixed charge exemption	130 <sup>a</sup>	-	136 <sup>a</sup>	-
<b>Total</b>	<b>17,500</b>	<b>2,848</b>	<b>18,317</b>	<b>2,752</b>

a - Actual costs. Others are estimated costs.

### Pensioner rates rebate

A property owner who receives a Commonwealth Government or Department of Veterans' Affairs pension and is entitled to a Pensioner Concession Card or a War Veteran's pension is eligible for the pensioner rates rebate. Rebate assistance applies only to a principal residence.

Two schemes operated concurrently in 2016-17:

- A 50 per cent rebate, no upper limit. This scheme was closed on 1 July 1997 to new entrants, but continued for those already in the scheme under grandfathering provisions.

- A 50 per cent rebate, capped at \$700. This scheme is available to pensioners who joined the scheme after 1 July 1997.

From 1 July 2016, the uncapped scheme is frozen at 2015-16 levels where the rebate exceeds the cap of \$700.

### **Pensioner Fire and Emergency Services Levy rebate**

A property owner who receives a Commonwealth Government or Department of Veterans' Affairs pension and is entitled to a Pensioner Concession Card or a War Veteran's pension is eligible for a rebate on the Fire and Emergency Services Levy, in addition to the rates rebate. Rebate assistance applies only to a principal residence.

In 2016-17, the Fire and Emergency Services Levy was a fixed amount of \$252 per property and the rebate was \$98 per property, regardless of the land value.

### **The charitable sector**

The charitable sector<sup>6</sup> is exempt from commercial rates and the Fire and Emergency Services Levy on properties that they own and use for charitable purposes.

### **Non-government schools**

Independent and Catholic schools up to the secondary level are exempt from rates and the Fire and Emergency Services Levy.

### **Non-government hospitals**

Non-government hospitals that do not operate for a profit are exempt from rates and the Fire and Emergency Services Levy.

For-profit hospitals and clinics are not exempt.

### **Small clubs fixed charge exemption**

The ACT Government provides rates relief to some small community clubs by exempting them from the fixed charge part of the rates (\$2,235 per property in 2016-17<sup>7</sup>). These clubs remain liable for the variable charge part of the rates, as well as the Fire and Emergency Services Levy.

This program will be reviewed at the end of 2023-24.

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<sup>6</sup> The charitable sector for this purpose includes charities and organisations that have a beneficial organisation determination approved. One exception, though, is the community housing sector, which is subject to rates and Fire and Emergency Services Levy as normal.

<sup>7</sup> Disallowable Instrument number 2016-110.

## Conveyance Duty

Conveyance duty is levied on the agreement for the sale or transfer of land, a Crown lease or a land use entitlement for residential and commercial properties located in the ACT. The duty rates are generally applied to the transfer value of the property.

Table 6 below shows that the Territory's tax expenditure on conveyance duty was \$31.7 million in 2016-17, compared to \$32.6 million in 2015-16. The 2.7 per cent decrease in conveyance duty tax expenditure was mainly due to a change in the home buyer concession scheme eligibility. The scheme was available for first home buyers who purchased a new or substantially renovated property or a vacant block of land. From 7 June 2017, purchasers of substantially renovated properties are no longer eligible for the home buyer concession scheme.

The cessation of over 60's bonus scheme from 31 December 2016 also contributed to the decline in conveyance duty forgone.

**Table 6: Conveyance Duty – tax expenditures**

	Revenue forgone (\$'000)	
	2015-16	2016-17
<b>Duty exemption</b>		
Community housing	1,839 <sup>a</sup>	2,322 <sup>a</sup>
<b>Duty concessions</b>		
Loose Fill Asbestos Insulation Eradication Buyback Concession Scheme	14,020 <sup>a</sup>	15,945 <sup>a</sup>
The charitable sector	200	200
<b>Home buyer assistance</b>		
Home Buyer Concession Scheme	11,742 <sup>a</sup>	9,750 <sup>a</sup>
Pensioner Duty Concession Scheme	1,677 <sup>a</sup>	1,748 <sup>a</sup>
Over 60's Bonus Scheme	3,136 <sup>a</sup>	1,770 <sup>a</sup>
<b>Total</b>	<b>32,614</b>	<b>31,735</b>

a – Actual costs. Others are estimated costs.

## Community housing

Declared community housing providers<sup>8</sup> are exempt from conveyance duty on purchases of properties that are used for community housing.

## Loose Fill Asbestos Insulation Eradication Buyback Concession Scheme

This scheme forms part of the ACT Government's broader strategies to eradicate loose-fill asbestos in the Territory.

<sup>8</sup> Declared community housing providers include Housing ACT and Community Housing Canberra. Housing ACT is an ACT Government Business Enterprise, which is included in the scope of this Statement.

Mr Fluffy home owners who opted into the voluntary buyback program are eligible for a duty concession on the purchase of a replacement property. The buyback scheme closed on 30 June 2015.

The value of the concession is linked to the value of the property surrendered (the asbestos affected property). If the new purchase is valued at less than the property surrendered (a “downsize”), the duty will be fully offset.

If the purchase is valued at more than the property surrendered, there will be a partial duty payable on the price differential, that is:

- the duty calculated on the new property (the higher amount);  
minus
- the duty credit on the surrendered property (the lower amount).

## The charitable sector

The charitable sector<sup>9</sup> is exempt from duty on transfers of properties.

## Home Buyer Concession Scheme

The Home Buyer Concession Scheme may be available to first home buyers, as well as buyers who have not owned a property in the previous two years.

To be eligible, the applicant must purchase a new or substantially renovated property or a vacant block of land, satisfy the ownership test, income test and residency requirements.

The property value thresholds relating to 2016-17 are below<sup>10</sup>.

**Table 7: Home Buyer Concession Scheme, property value thresholds  
8 June 2016 to 31 December 2016**

	Lower threshold \$20 duty for purchases up to the lower threshold	No concession for purchases over the upper threshold
New home	\$455,000	\$585,000
Vacant land	\$272,200	\$317,600

<sup>9</sup> The charitable sector includes charities and organisations that have a beneficial organisation determination approved.

<sup>10</sup> Notified on 7 June 2016 and 19 December 2016 under Disallowable Instrument numbers 2016-77 and 2016-305, respectively. Transactions from 8 June 2016 to 30 June 2016 were excluded from 2016-17 revenue forgone.

**Table 8: Home Buyer Concession Scheme, property value thresholds****1 January 2017 to 6 June 2017**

	Lower threshold \$20 duty for purchases up to the lower threshold	Upper threshold No concession for purchases over the upper threshold
New home	\$468,000	\$590,000
Vacant land	\$280,000	\$323,300

From 7 June 2017, a purchaser is no longer eligible for the Home Buyer Concession Scheme for purchases of a substantially renovated property<sup>11</sup>. The applicant must meet the household income threshold, and also continuously live in the property for 12 months or more after moving in.

**Table 9: Home Buyer Concession Scheme, property value thresholds****7 June 2017 to 17 September 2017<sup>11</sup>**

	Lower threshold \$20 duty for purchases up to the lower threshold	Upper threshold No concession for purchases over the upper threshold
New home	\$470,000	\$607,000
Vacant land	\$281,000	\$329,500

For a purchase valued less than the lower threshold, a nominal duty of \$20 is applied. From the lower threshold up to the upper threshold, a concessional duty is applied. From the upper threshold onward, no concession is available.

### **Pensioner Duty Concession Scheme and Over 60's Home Bonus Scheme**

The Pensioner Duty Concession Scheme may be available to Centrelink and Department of Veterans' Affairs age pensioners, and disability support pensioners aged 50 and over.

Up until 31 December 2016, the ACT Government also provided the Over 60's Home Bonus Scheme, which was the Pensioner Duty Concession Scheme equivalent for non-pensioners aged 60 and over. The Over 60's Home Bonus Scheme ceased on 31 December 2016.

Under either scheme, the applicant must continuously live in the property for 12 months or more after moving in. The purchase must take place within 12 months of the sale of the person's previous property.

The property value thresholds for the Pensioner Duty Concession Scheme and Over 60's Home Bonus Scheme over the course of 2016-17 are below.

<sup>11</sup> Disallowable Instrument number 2017-81 notified on 6 June 2017. Over the 7 June 2017 to 17 September 2017, transactions that occurred from 6 June 2017 to 30 June 2017 were accounted for as part of 2016-17 revenue forgone.

**Table 10: Pensioner Duty Concession Scheme and Over 60's Home Bonus Scheme, property value thresholds, 8 June 2016 to 31 December 2016<sup>12</sup>**

	Lower threshold \$20 duty for purchases up to the lower threshold	Upper threshold No concession for purchases over the upper threshold
Dwelling	\$660,000	\$865,000
Vacant block	\$350,800	\$419,900

**Table 11: Pensioner Duty Concession Scheme, property value thresholds,  
1 January 2017 to 7 June 2017**

As at 30 June 2017	Lower threshold \$20 duty for purchases up to the lower threshold	Upper threshold No concession for purchases over the upper threshold
Dwelling	\$661,000	\$860,000
Vacant block	\$351,300	\$417,500

**Table 12: Pensioner Duty Concession Scheme, property value thresholds,  
7 June 2017 – 17 September 2017<sup>13</sup>**

	Lower threshold \$20 duty for purchases up to the lower threshold	Upper threshold No concession for purchases over the upper threshold
Dwelling	\$680,500	\$895,000
Vacant block	\$361,700	\$434,500

For purchases valued under the lower threshold, a nominal duty of \$20 is applied. From the lower threshold up to the upper threshold, a concessional duty is applied. From the upper threshold onwards, no concession is available.

<sup>12</sup> Disallowable Instrument number 2016-75 notified on 7 June 2016. Transactions from 8 June 2016 to 30 June 2016 were excluded from 2016-17 revenue forgone. These were accounted for in 2015-16 tax expenditure.

<sup>13</sup> Disallowable Instrument number 2017-82 notified on 6 June 2017. Only transactions from 7 June 2017 to 30 June 2017 were accounted for as part of 2016-17 revenue forgone.

## Motor Vehicle Duty

Motor vehicle duty is levied on the establishment of a registration and on the transfer of a motor vehicle. The duty rates for each new vehicle are dependent on the environmental performance rating of that model, from Rating A – the most environmentally friendly, to Rating D – the least. The rating is assigned according to the motor vehicle emission data published in the Green Vehicle Guide. All second hand vehicles are taxed at Rating C.

Table 13 below shows that the Territory’s tax expenditure on motor vehicle duty is estimated at \$7.9 million in 2016-17, an increase of 9.4 per cent from the 2015-16 estimate of \$7.2 million. The increase was a result of an increase in the number of green rated vehicles that received a duty concession.

**Table 13: Motor Vehicle Duty – tax expenditures**

	Revenue forgone (\$'000)	
	2015-16	2016-17
<b>Duty exemption</b>		
People with certain disabilities	40	40
The charitable sector	40	40
Vintage vehicles	10	10
Caravans and camp trailers	780	820
<b>Duty concession</b>		
Vehicle Emission Reduction Scheme	6,343 <sup>a</sup>	6,984 <sup>a</sup>
<b>Total</b>	<b>7,213</b>	<b>7,894</b>

a - Actual costs. Others are estimated costs.

### People with certain disabilities

People with certain disabilities are eligible for a duty concession on purchases of disability modified vehicles. The value of the modification is exempt from duty. Veterans with certain disabilities are eligible for a full exemption.

### The charitable sector

The charitable sector<sup>14</sup> is exempt from duty on purchases of motor vehicles.

### Vintage vehicles

Vintage vehicles affiliated to car clubs may be exempt from motor vehicle duty. This recognises that these vehicles are used as a hobby, on a limited basis.

### Caravans and camp trailers

<sup>14</sup> The charitable sector includes charities and organisations that have a beneficial organisation determination approved.

Non-motorised caravans and camp trailers are exempt from duty.

## **Vehicle Emission Reduction Scheme**

The scheme establishes the duty rates for motor vehicles, from Rating A to Rating D according to the model's level of emissions.

Generally, Rating A is applied to electric and hybrid cars.

Rating B is applied to compact cars and new motorcycles.

Rating C is applied to medium and large cars, as well as to second-hand and non-rated vehicles including motorcycles.

Rating D is related to high powered cars, large four wheel drives and some commercial vehicles.

In terms of the duty rate, Rating A is duty free, while Rating B, C and D are taxed at increasing rates. Second-hand and non-rated vehicles are taxed at Rating C.

This tax expenditure reflects that greener vehicles pay either no duty (Rating A) or a low duty (Rating B), compared to the benchmark Rating C as is applied to a majority of vehicles. Being the benchmark rate, Rating C is assumed to be the standard tax rate that would have applied to all vehicles, had the concessional rates, hypothetically, not existed.

Note that though Rating C's tax rates are lower than Rating D's, Rating D is not an appropriate benchmark tax rate. This is because Rating D is effectively a surcharge that discourages the purchases of higher emission cars.

The value of duty forgone from the Vehicle Emission Reduction Scheme is calculated as the total of:

- duty forgone on A-rated vehicles relative to Rating C; and
- duty forgone on B-rated vehicles relative to Rating C.

## Motor Vehicle Registration Fees

Motor vehicle registration fees are payable upon the renewal of a registration. They are calculated based on the tare weight of the vehicle and the length of the registration with owners able to register for 3, 6 or 12 months.

Table 14 below shows that the Territory's tax expenditure on motor vehicle registration fees was \$9.5 million in 2016-17, compared to \$9.0 million in 2015-16. The 6.3 per cent increase in revenue forgone for motor vehicle registration fees was predominantly due to an increase in exemptions to pensioners and the number of gas and electric vehicles that received a concession.

**Table 14: Motor Vehicle Registration Fee – tax expenditures**

	Revenue forgone (\$'000)	
	2015-16 <sup>a</sup>	2016-17 <sup>a</sup>
<b>Exemption</b>		
Pensioners	8,944	9,439
<b>Concessions</b>		
Gas and electric vehicles	13	85
Primary producers	16	14
<b>Total</b>	<b>8,973</b>	<b>9,538</b>

a - Actual costs.

### Pensioners

Holders of a current Centerlink pensioner concession card; or Department of Veterans' Affairs pensioner concession card; or Repatriation Health Card ('gold card') issued by the Department of Veteran's Affairs (where the card does not indicate that the card holder is a dependant) are eligible for 100 per cent concession for the registration of 1 vehicle only.

Holders of a Seniors Card are eligible for a 10 per cent concession for the registration of 1 vehicle only.

### Gas and electric vehicles

Holders of a Seniors Card who are the registered operator of a gas/electric/plug-in hybrid electric/hydrogen (fuel cell) powered vehicle are eligible for 28 per cent concession for the registration of 1 vehicle only.

### Primary production

Motor vehicles used in primary production receive a 45 per cent remission on the motor vehicle registration fee for 2 goods carrying vehicles, 1 trailer and 1 tractor.

Gas/electric/plug-in hybrid electric/hydrogen (fuel cell) powered motor vehicles used in primary production receive a 55 per cent remission on the motor vehicle registration fee for 2 goods carrying vehicles, 1 trailer and 1 tractor.

## Lease Variation Charge

The value of the lease associated with any block of land is closely linked to the permitted use of that land. For example, the valuation of a lease may increase significantly if its permitted use is varied to allow development. This reflects the value of development potential created by such a change.

The Lease Variation Charge (LVC) captures the value uplift resulting from the ACT Government granting increased development rights to a given lease over a block of land. The charge is assessed as part of the development approval process. There are two types of lease variation:

- Section 276E – codified lease variation. The Lease Variation Charge payable is listed in the fee schedules. The fee schedules cover a variety of lease variations. The amount payable depends on the type and location of the proposed development, and represents the value uplift to be expected from such a lease variation.
- Section 277 – non-codified lease variation. Section 277 lease variations are those that fall outside of the section 276E fee schedules. Without a set fee, the value uplift is instead calculated on a case by case basis, based on the assessed lease values before and after the proposed lease variation. The Lease Variation Charge tax rate is 75 per cent of the value uplift.

From 6 March 2014, the ACT Government provided extra remissions for several types of section 276E and section 277 lease variations through its economic stimulus package. These measures were designed to support the building and construction industry and keep the wider economy growing during a period of economic uncertainty. The economic stimulus package was available throughout 2016-17 and expired on 6 March 2018.

The concessions offered as part of this economic stimulus package are tax expenditures. Table 15 below shows that the Territory's tax expenditure on Lease Variation Charge was \$17.6 million in 2016-17, a significant increase from the \$3.1 million recorded in 2015-16. This increase was largely due to a significant increase in applications for the economic stimulus remission for sustainable or adaptable building design in 2016-17.

**Table 15: Lease Variation Charge – tax expenditures**

	Revenue forgone (\$'000)	
	2015-16 <sup>a</sup>	2016-17 <sup>a</sup>
<b>S276E – Codified variation</b>		
Economic stimulus – residential – extra 30 per cent remission	16	117
Public housing – extra 25 per cent remission <sup>1</sup>	11	2
<b>S277 – Non-codified variation</b>		
Economic stimulus - extra 25 per cent remission	1,229	3,161
Economic stimulus - sustainable or adaptable building design	1,038	14,334
Remediation of former service station – extra 75 per cent remission	525	0
Childcare centres – exemption	300	0
<b>Total</b>	<b>3,119</b>	<b>17,614</b>

a - Actual costs.

1. Public housing lease variations can also fall under section 277. In 2016-17, there was no instance of section 277 public housing lease variations, and all such lease variations related to section 276E.

## **Economic stimulus – residential lease variations – extra 30 per cent remission<sup>15</sup>**

Under the ACT Government’s economic stimulus, a section 276E residential lease variation was eligible for an extra 30 per cent remission on the Lease Variation Charge, should such a lease variation seek to increase the number of dwellings permitted on the block.

## **Public housing – extra 25 per cent remission**

Housing ACT’s public housing developments<sup>16</sup> may be eligible for an extra 25 per cent remission on the Lease Variation Charge.

## **Economic stimulus – extra 25 per cent remission<sup>15</sup>**

Under the ACT Government’s economic stimulus, a section 277 lease variation may be eligible for an extra 25 per cent remission on the Lease Variation Charge, provided there is a development approval, and that the development approval relates to the construction of a building on the land.

## **Economic stimulus - sustainable or adaptable building design<sup>15,17</sup>**

Under the ACT Government’s economic stimulus, a section 277 lease variation may be eligible for extra remissions up to 25 per cent on the Lease Variation Charge, if such a lease variation incorporates sustainability or adaptability building designs, or both.

Sustainable design is one that is able to be certified for a Green Star rating of 5 or above, alternatively a Nationwide House Energy Rating Scheme (‘NatHERS’) rating of 6.5 or above.

Adaptable design relates to residential developments. It makes provisions for future modifications that will meet the useability and mobility needs of seniors or people with disabilities.

## **Remediation of former service stations**

A lease variation involving the rehabilitation of the site of a former service station receive a full Lease Variation Charge exemption.

## **Childcare centres**

Lease variations associated with childcare centres received a full Lease Variation Charge exemption.

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<sup>15</sup> Planning and Development (Remission of Lease Variation Charges - Economic Stimulus and Sustainability) Determination 2014 (No. 1) notified via Disallowable Instrument number 2014-48 on 31 March 2014 and expired on 6 March 2016. This stimulus measures were extended via Disallowable Instrument number 2016-28 on 7 March 2016 and expired on 6 March 2018.

<sup>16</sup> Housing ACT is an ACT Government Business Enterprise, which is included in the scope of this Statement.

<sup>17</sup> A new environmental sustainability remission for the lease variation charge commenced on 7 March 2018 under Planning and Development (Remission of Lease Variation Charges - Environmental Sustainability) Determination 2018 (No. 1), Disallowable Instruments 2018-40 and 2018-89, and will expire on 30 June 2019. This does not form part of the economic stimulus remissions.

## Water Abstraction Charge

The Water Abstraction Charge (WAC) is paid by users who are licensed to take water in the ACT. The charge reflects the value of water as a scarce resource, as well as the Territory's costs incurred in relation to water catchment management and environmental protection.

For 2016-17, the Water Abstraction Charge rate for non-potable water (surface and ground water) was \$0.27 per kilolitre of water. The tax expenditures reflect the ACT Government's concession schemes in relation to the extraction of non-potable water.

Table 16 below shows that the Territory's tax expenditure on the Water Abstraction Charge was \$352,000 in 2016-17, a slight decline from \$397,000 recorded in 2015-16. The decline in golf club Water Abstraction Charge was due to a decrease in the volume of water usage by the golf clubs, while water usage increased for agricultural purposes.

**Table 16: Water Abstraction Charge – tax expenditures**

	Revenue forgone (\$'000)	
	2015-16 <sup>a</sup>	2016-17 <sup>a</sup>
Golf Clubs - Market Equity Scheme	152	98
Golf Clubs - Infrastructure Offset Scheme	150	100
Agriculture - Competition Equalisation Payment Scheme	95	154
<b>Total</b>	<b>397</b>	<b>352</b>

a - Actual costs.

### Golf Clubs - Market Equity Scheme

Under the scheme, ACT golf clubs receive a 50 per cent discount on Water Abstraction Charge incurred in relation to the extraction of non-potable water for the maintenance of golf courses.

This discount brings the cost of non-potable water for ACT golf clubs down to a level that is comparable to that of the NSW golf clubs operating in the surrounding region.

### Golf Clubs – Infrastructure Offset Scheme

Under the scheme, ACT golf clubs are able to claim an offset until the end of 2020 on their Water Abstraction Charge liabilities for eligible capital expenditure invested into water saving infrastructure during the period of 2002 to 2015.

If the available offset amount for a golf club is greater than its Water Abstraction Charge bill, the liability will be fully offset, with no charge payable.

Golf clubs under the scheme were required to demonstrate to the ACT Government how their capital spending is linked to improved water efficiency outcomes.

### Agriculture – Competition Equalisation Payment Scheme

Under the scheme, eligible ACT irrigators receive a rebate on Water Abstraction Charge incurred in relation to the extraction of non-potable water used in primary production. This rebate reduces the cost of non-potable water for ACT irrigators to a level that is no more than that of the NSW irrigators operating in the surrounding region.

## ATTACHMENT A – WAIVERS

A tax waiver releases a taxpayer from the obligation of paying their liability owed to the ACT Government. Waivers are not tax expenditures. They are administrative actions taken on a case by case basis, whereas tax expenditures are government policies that are applied across taxpayers.

The annual financial statements of individual Directorates contain more information on tax waivers.<sup>18</sup>

In 2016-17, the Government granted 12 waivers under section 131 of the *Financial Management Act 1996*, totalling around \$1.9 million (Table A1 below).

**Table A1: Tax waivers by revenue head<sup>1</sup>**

	2015-16		2016-17		Notes
	Number of waivers	\$'000	Number of waivers	\$'000	
Payroll Tax	5	2,164	4	1,716	The waivers were part of the ACT Government's wider measures to facilitate more investment and job creation in the Territory.
Conveyance duty	0	0	2	93	These waivers were provided to rectify administrative errors or on community interest grounds.
Land tax	5	19	3	42	These waivers were provided in exceptional circumstances to achieve beneficial policy outcomes.
General rates	9	22	2	28	These waivers were provided in exceptional circumstances to facilitate the surrender and transfer of leases.
Land Rent	0	0	1	12	Waiver provided in exceptional circumstances to achieve a positive outcome.
<b>Total</b>	<b>19</b>	<b>2,205</b>	<b>12</b>	<b>1,891</b>	

All above figures are as per ACT Government data.

**Notes:**

1. There were no waivers for other taxes in 2016-17, for example, the Lease Variation Charge.

<sup>18</sup> As of 2016-17, there were two Directorates with tax administration responsibilities: the Environment and Planning Directorate for the Lease Variation Charge, and the Chief Minister, Treasury and Economic Development Directorate (ACT Revenue Office and Access Canberra) for all other taxes.

## Waivers of fees and charges

Additionally, Tables A2 and A3 below show the waivers of major fees and charges that were granted in 2016-17, under section 131 of the *Financial Management Act 1996*.

Table A4 below shows the waivers of court fees under section 15 of the *Courts Procedures Act 2004*. Waivers, fees and charges are not counted towards tax expenditures.

**Table A2: Chief Minister, Treasury and Economic Development Directorate (Access Canberra) – fee waivers**

	2015-16		2016-17		Notes
	Number	\$'000	Number	\$'000	
Extension of Time fee <sup>1</sup>	3	33	8	132	Waivers were provided in exceptional circumstances to achieve a positive outcome.
<b>Total</b>	<b>3</b>	<b>33</b>	<b>8</b>	<b>132</b>	

1. In the Territory, lessees are required to build on their blocks within a prescribed timeframe. Payment of Extension of Time fees allows lessees extra time to build on a block.

**Table A3: Environment, Planning and Sustainable Development Directorate – fee waivers**

	2015-16		2016-17		Notes
	Number	\$'000	Number	\$'000	
Licence application fee	0	0	1	1	A fee waiver was provided to achieve a positive outcome in exceptional circumstances.
De-concessionalisation of lease fee	1	1,660	0	0	A fee waiver was provided to Hockey ACT <sup>19</sup> in 2015-16 to enable the organisation to become self-sustaining in the future, as well as facilitating a development that will benefit the wider community.
Development application fee	4	604	0	0	Fee waivers were provided to achieve a positive outcome in exceptional circumstances.
<b>Total</b>	<b>5</b>	<b>2,264</b>	<b>1</b>	<b>1</b>	

<sup>19</sup> The Hockey ACT de-concessionalisation fee waiver was reported in the Canberra Times on 23 December 2015.

**Table A4: Justice and Community Safety Directorate – fee waivers**

	2015-16		2016-17		Notes
	Number <sup>1</sup>	\$'000	Number <sup>1</sup>	\$'000	
Court transcript fees	68	13	80	30	Waivers are provided by the Registrars of the Courts and the ACT Civil and Administrative Tribunal on a case by case basis, depending on the circumstances, under section 15 of the <i>Courts Procedures Act 2004</i> .
Court registration fees <sup>2</sup>	119	313	406	315	
<b>Total</b>	<b>187</b>	<b>326</b>	<b>486</b>	<b>345</b>	

1. Cases of Court transcript fee waivers and court registration fee waivers may be related to the same applicant.
2. Waivers for Court Fees include waivers of ACT Civil and Administrative Tribunal fees.

## ATTACHMENT B – SOCIAL CONCESSIONS AND SUPPORTS

The ACT Government provides a range of social concessions and supports to households in need, as well as to community groups. These policy measures are outside of the tax system and are not tax expenditures.

Table B1 below outlines the social concessions and supports that result in revenue forgone, at a cost of \$195.2 million in 2016-17 compared to \$194.1 million in 2015-16.

Table B2 below outlines the social concessions and supports that were provided by way of direct expenditure, at a cost of \$18.9 million in 2016-17.

The total cost of social concessions and supports was \$214.1 million<sup>20</sup> in 2016-17 compared to \$212.2 million in 2015-16.

**Table B1. ACT Government Social Concessions and Supports – revenue forgone<sup>1</sup>**

Social Concessions and Supports	Revenue forgone \$'000				Notes
	2015-16		2016-17		
	Number	\$'000	Number	\$'000	
<i>Concessional rent for community groups</i>					
ACT Property Group properties	195	15,840	211	15,972	The ACT Government, through the ACT Property Group, leases Territory owned premises to community groups and not-for-profit childcare centres, either free of charge (often involving a nominal rent such as 5 cents a year) or under concessional rental arrangement. In 2016-17, 135 concessional leases and 76 peppercorn (free) leases were provided to the community sector.

<sup>20</sup> Care should be taken when interpreting the total cost of \$214.1 million. The cost of concessions that involve revenue forgone (\$195.2 million) is estimated, while the cost of concessions that involve direct expenditures is an actual statistic (\$18.6 million). They are two different measures and may not be like for like.

Social Concessions and Supports	Revenue forgone \$'000				Notes
	2015-16		2016-17		
	Number	\$'000	Number	\$'000	
<b>Public housing</b>					
Public housing rental rebate <sup>2</sup>	11,250	142,226	11,314	142,151	In 2016-17, the Government, through Housing ACT, provided about 10,640 public housing tenancies to Canberrans in need. Additionally, the Government provided 674 subsidised dwellings to the community housing sector, which are in turn on-leased at concessional rates to low income households.
Public housing water consumption costs	-	6,838	-	6,719	The Government does not pass on water consumption costs to public housing tenants. These costs are absorbed by Government. This is in contrast to private landlords in the ACT, who are able to recover water usage charges from their tenants, if separately metered.
<b>Targeted assistance Concessions</b>					
Water and sewage rebate	59,970	11,157	58,670	11,051	The Government provide a water and sewage rebate to eligible households, and to community organisations as part of its Community Service Obligations <sup>3</sup> . In 2016-17, households accounted for 49 per cent of the cost, and the community sector concessions accounted for 51 per cent. In 2016-17, this rebate benefited about 58,300 eligible households <sup>4</sup> , at a cost of \$5.4 million. These eligible households received a rebate for up to 68 per cent of the supply charge (\$425 a year in 2016-17). The rebate also benefited about 370 community organisations, at a cost of \$5.6 million <sup>5</sup> . From 2017-18, the water and sewage rebate was combined with the energy and utility rebate to form one concession.

ACTION bus concession <sup>6</sup>	8,400,000	8,245	6,600,000	9,039	The Government provides concessional or free bus travel to eligible Canberrans <sup>7</sup> . In 2016-17, the Government provided about 6.6 million concessional or free bus trips.
Special Needs Transport Program	400	5,804	476	6,214	In 2016-17, the Government provided special needs transport services to about 476 eligible students who have a disability.
Driver licence fee concession	3,700	503	2,548	314	In 2016-17, the Government provided a driver licence fee concession to about 2,548 eligible Canberrans <sup>8</sup> .
Good Driver Discount	22,817	744	23,683	1,004	In 2016-17, the Government provided a good driver discount to 23,683 eligible Canberrans <sup>9</sup> .
Ambulance transport fee exemption	3,200	2,696	3,327	2,728	An ambulance transport fee exemption is provided to eligible Canberrans <sup>10</sup> by the Government. The Government provided 3,327 exempt ambulance trips in 2016-17.
<b>Cost of social concessions and supports - revenue forgone</b>		<b>194,053</b>		<b>195,192</b>	

**Notes:**

1. Revenue forgone is measured on a total Territory basis, taking into account transactions between the General Government Sector and the Public Trading Enterprises (such as Housing ACT and Icon Water).
2. Rent rebate is also reported in the Community Service Directorate Annual Report 2016-17.
3. Community Service Obligation (CSO) water concession applies to schools and hospitals. CSO sewage concession applies to churches, hospitals and benevolent and charitable institutions.
4. Water and sewerage rebate – eligibility criteria: pensioners; Centrelink Low Income Health Care Card holders; Veterans Affairs Gold Card holders; or asylum seekers.
5. Community organisations pay a lower rate for water consumption (depending on the seasonal weather and other factors). These organisations also pay a reduced sewerage charge, based on the number of flushing units installed.
6. ACTION bus concessions are reported in Transport Canberra and City Services Directorate annual reports.
7. ACTION bus – eligibility criteria for free travel: Children under 5; seniors over 70; Veterans Affairs Gold Card holders (totally and permanently disabled); passengers with a visual impairment or senior and concession MyWay card holders (excluding students and tertiary card holders) travelling off-peak period as part of a trial which started 14 January 2017. Eligibility for concessional travel: students; pensioners; Centrelink Health Care Card holders; or Veterans Affairs Gold Card holders.
8. Driver licence fee concession – eligibility criteria: pensioners; Veterans Affairs Gold Card holders; and Centrelink Health Care Card holders who are unemployed.
9. ACT residents are eligible to receive a 30% discount on their ACT driver licence renewals if they have no relevant traffic offences recorded in the previous 5 years.
10. Ambulance transport fee exemption – eligibility criteria: school students; pensioners; and people who are injured in certain circumstances, e.g. motor vehicle accidents.

Table B2 below shows the social concessions and supports funded by way of direct expenditure. The Government pays the respective service providers for the delivery of these programs.

**Table B2. ACT Government Social Concessions and Supports – direct expenditures<sup>1</sup>**

Direct Expenditures	Costs (\$'000)				Notes
	2015-16		2016-17		
	Number	\$'000	Number	\$'000	
Energy and utility rebate	28,700	13,892	31,500	14,595	The Government provide a rebate on electricity bills (of up to \$426 a year) to eligible households to assist them with their cost of living. This rebate benefited about 31,500 eligible households in 2016-17 <sup>2</sup> . From 2017-18, the energy and utility rebate will be combined with the water and sewerage rebate to become one concession.
Life support rebate	9,400	285	9,576	291	The Government provided a rebate on electricity bills (up to \$122 a year) to about 9,576 eligible Canberrans in 2016-17. This rebate is to support Canberrans who require extra electricity usage for life support equipment at home.
Taxi Subsidy Scheme	91,000	1,851	95,183	1,604	The Government subsidises taxi travel for eligible Canberrans who have severe activity limitations. The percentage of subsidy depends on the type of disability, capped to a maximum amount (\$37 per trip in 2016-17). In 2016-17, the Government subsidised about 95,183 taxi trips.
Funeral Assistance Program	52	248	47	253	The Government subsidises the costs of funerals for households who are in a financial hardship. This program allows families to have simple dignified funerals. In 2016-17, the Government financially contributed to 47 funerals.
Spectacles subsidy <sup>3</sup>	11,500	1,803	10,057	2,135	In 2016-17, the Government provided subsidies to about 10,057 eligible Canberrans for the costs of their spectacles. <sup>4</sup>

<b>Cost of concessions and supports - direct expenditures</b>	<b>18,079</b>	<b>18,878</b>
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**Notes:**

1. Direct expenditures do not include the costs to the Government to run these programs, such as staffing and overheads.
2. Energy and utility concessions are available to pensioners and Centrelink Low Income Health Care Card holders. The usage rate may not capture people who receive both the life support rebate and the energy and utility rebate.
3. Spectacle subsidy includes: the ACT Spectacles Subsidy Scheme, the ACT Senior Spectacles Scheme, and the Low Vision Aids Scheme. The ACT Seniors Spectacle Scheme was abolished from 1 July 2018.
4. The ACT Spectacles Subsidy Scheme is available to pensioners and Centrelink Healthcare Card holders. The ACT Senior Spectacles Scheme is available to Seniors Card holders. The Low Vision Aids Scheme is available to Canberrans with degenerative eye conditions.



**ACT**  
Government

Chief Minister, Treasury and  
Economic Development

ACT Treasury

February 2019