

**GOVERNMENT AMENDMENT TO THE PRIVATE MEMBER'S
FINANCIAL MANAGEMENT (COST OF LIVING) AMENDMENT
BILL 2012**

SUPPLEMENTARY EXPLANATORY STATEMENT

**Treasurer, Andrew Barr MLA
May 2012**

PROPOSED AMENDMENT TO THE FINANCIAL MANAGEMENT (COST OF LIVING) AMENDMENT BILL 2012

The Private Member's *Financial Management (Cost of Living) Amendment Bill 2012* proposes to introduce a new Section 11 (1) (f) in the *Financial Management Act 1996* which requires a statement in the Budget papers which provides an analysis of the impact of the proposed budget on the cost of living of ACT residents'.

The Government proposes an amendment to the Bill as follows.

Overview of the proposed amendment to the Bill

The Government amendment to the Bill deletes the new Section 11(1) (f) and replaces it with a statement about the effect of the following on an ACT household:

- i. Territory taxes and fees that have a direct effect on the household; and
- ii. Territory concessions available to offset these taxes and fees.

Detailed Requirements

The statement will detail the Government taxes and fees that impact directly on an ACT household. These include:

- General Rates;
- the Fire and Emergency Services Levy;
- utility fees including electricity, sewerage and water costs;
- motor vehicle registrations;
- driving licences; and
- public transport costs.

Indirect taxes such as land tax, payroll tax, and conveyance duty are excluded from the statement proposed under the Government amendment. These taxes do not apply legally or directly to households.

The economic incidence of taxation is dependent on a range of factors such as market conditions, and the availability of similar or alternative goods and services. As a result, it is difficult to estimate with certainty the amount of such a tax that is incurred by households. Estimating the amount incurred by a household for these taxes is likely to misrepresent or inflate their cost of living impacts.

Public transport costs could be included in the proposed Government statement as many households rely on bus services.

The Government amendment will include information on the concessions that offset the taxes and fees detailed above. These concessions include those provided for:

- rates;
- the Fire and Emergency Services Levy;
- electricity;
- water;
- sewerage;
- driver's licences;
- vehicle registration;
- student fares; and
- adult fares.

All assumptions used to calculate the impact of these taxes and fees on a hypothetical household will be transparently detailed in the Budget papers and updated annually. These assumptions will be based on available demographic data, average usage and other consumption information.

The statement will evolve over time, incorporating new taxes and fees that impact directly on an ACT household as appropriate.