

Second Reading Speech

Revenue Measures Bill 2012

Mr Speaker

The 2012-13 State Budget has been a particularly challenging one, and the Government has had to make many tough decisions.

The 2012-13 Budget contains changes to the rates of taxation in four areas where Tasmania's rates are below those in other states and territories. These revenue raising measures are expected to generate \$28.7 million in additional revenue in 2012-13, and \$39.4 million in 2013-14.

The Revenue Measures Bill 2012 implements the Government's 2012-13 State Budget revenue raising measures by amending the *Duties Act 2001* and the *Vehicle and Traffic Act 1999*.

Conveyance duty

Mr Speaker, conveyance duty rates and thresholds are out of step with contemporary property prices and the duty regimes of other states. Tasmania's top marginal rate of 4.0 per cent currently commences at \$225 000, when the average home in Hobart is valued at around \$360 000.

The Government has announced revised conveyance duty rates and thresholds that will generate a modest amount of additional revenue, while ensuring that our rates remain highly competitive.

The new top marginal tax rate of 4.5 per cent remains low compared to other states, where the average top marginal tax rate is 5.5 per cent. The top rate does not apply until the property value exceeds \$725 000.

Mr Speaker, the liability for conveyance duty arises when a transfer of title is executed. Provided that property buyers who have already entered an agreement to purchase a property complete their purchase before 1 October 2012, they will be subject to the old rates of duty. They will not be worse off. Those whose transfers are executed on or after 1 October 2012 will be subject to the new rates of duty.

This measure is estimated to generate an additional \$5.6 million in 2012-13 and \$7.5 million in the first full year of operation.

Insurance duty

Mr Speaker, Tasmania's current rate of duty on contracts of general insurance, at 8 per cent of the premium paid, is low compared to other states and territories.

The Government has announced that the rate of duty on contracts of general insurance will be increased to 10 per cent, bringing it into line with the majority of the other states and territories, which also charge 10 per cent.

The increased rate will apply to new contracts of insurance where the premium is paid from 1 October 2012, as well as existing contracts where the policy holder pays periodically.

This measure is estimated to generate an additional \$9.4 million in 2012-13 and \$13.1 million in the first full year of operation.

Motor Accident Insurance Board premium duty

Mr Speaker, duty on Motor Accident Insurance Board premiums has not been increased for many years and is relatively low.

The duty on Motor Accident Insurance Board premiums will be increased from \$6 per registration to \$20 per registration.

This measure is estimated to generate an additional \$6.6 million in 2012-13, and \$8.8 million in the first full year of operation.

Motor tax

Mr Speaker, Tasmania's taxes on motor vehicles are the second lowest of the states and territories as assessed by the Commonwealth Grants Commission.

From 1 October 2012, rates of motor tax on light vehicles will be increased by 20 per cent. However, Tasmania's taxes on motor vehicles are expected to remain highly competitive.

The rate of motor tax on a four cylinder motor car will increase by \$22 per annum.

This measure is estimated to generate an additional \$7.1 million in 2012-13 and \$10.0 million in the first full year of operation.

Conclusion

Mr Speaker, the amendments contained in this Bill implement the Government's taxation related Budget initiatives. They will assist the Government to manage the impact of falling GST revenue on the State Budget.

However, by targeting areas where our taxes are significantly below those of the other states, Tasmania can continue to offer a highly competitive taxation environment.

Mr Speaker, I commend the Bill to the House.