

Friday, 16 September 2016

ECONOMY LACKS DIVERSITY: GOVERNMENT ARGUES FOR MORE TAXES

A local constituent recently provided the ACT Liberal Democrats an astonishing response from the Directorate of the Chief Minister, Treasury and Economic Development.

The constituent wrote to the responsible portfolio on 3 September 2016 about why the ACT had the highest caravan registration costs in Australia. It cost him \$531 to register his caravan in Canberra. This is 40 per cent more than in NSW (\$363), three times as much as in SA (\$170), and nearly ten times the cost in Victoria (\$55). He was not expecting such an unguarded reply.

*“The ACT has a relatively narrow tax base compared to other jurisdictions”, began Under Treasurer David Nicol in reply to Mr Clinton’s letter (see **attached**). “In particular, we have very little industry and are unable to levy payroll tax on our most significant employer the Commonwealth.”*

The ACT already has the highest rate of business failure in Australia. Local business struggles under the weight of extraordinarily high levels of incidental business taxes. All the while, the ACT Government considers that it does not raise enough tax, and wonders why its tax base is so narrow.

“The most shocking part of this is that the ACT Government bureaucracy considers that the real problem here is that we can’t levy the Commonwealth Government for payroll tax”, said ACT Liberal Democrats candidate for Brindabella. Greg Renet.

“The real solution to these problems is not through raising more tax. It’s through opening up the ACT to business and diversifying the economy. It’s as clear as day that the ACT is justifying hitting residents’ hip pockets for more, simply because the Government doesn’t have an economic plan for Canberra.”

The ACT Liberal Democrats have a positive plan for the ACT economy. We will push for reductions in payroll tax. We will appoint a Commissioner for Red Tape Reduction, and hold a Commission of Audit to review the performance of the ACT bureaucracy.

We call upon ACT Labor to commit to a Commission of Audit as a means of identifying savings to deal with the ACT’s budgetary issues.

Click [here](#) to see our positive plan for boosting and diversifying the local economy.

ACT Liberal Democrats

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act-ldp.org.au



ACT
Government

Chief Minister, Treasury and
Economic Development

Our ref: MIN:2016/004669

Your ref:

[REDACTED]
[REDACTED]

Dear [REDACTED]

Caravan registration

Thank you for your email of 3 September 2016 regarding caravan registration. I note your concerns about the cost of caravan vehicle registration in the ACT compared to other jurisdictions.

The ACT has a relatively narrow tax base compared to other jurisdictions. In particular we have very little industry and are unable to levy payroll tax on our most significant employer the Commonwealth. This means that a higher proportion of revenue needs to be raised from other bases, and has resulted in some ACT taxes and charges being above those in other jurisdictions.

In recognition that caravans may not be used as frequently as other vehicles, the ACT Government has abolished the requirement to pay duty on purchases of non-motorised caravans or camper trailers.

Thank you for contacting me on this matter, I trust this information is of assistance to you.

Yours sincerely

David Nicol
Under Treasurer

14 September 2016