

**2013**

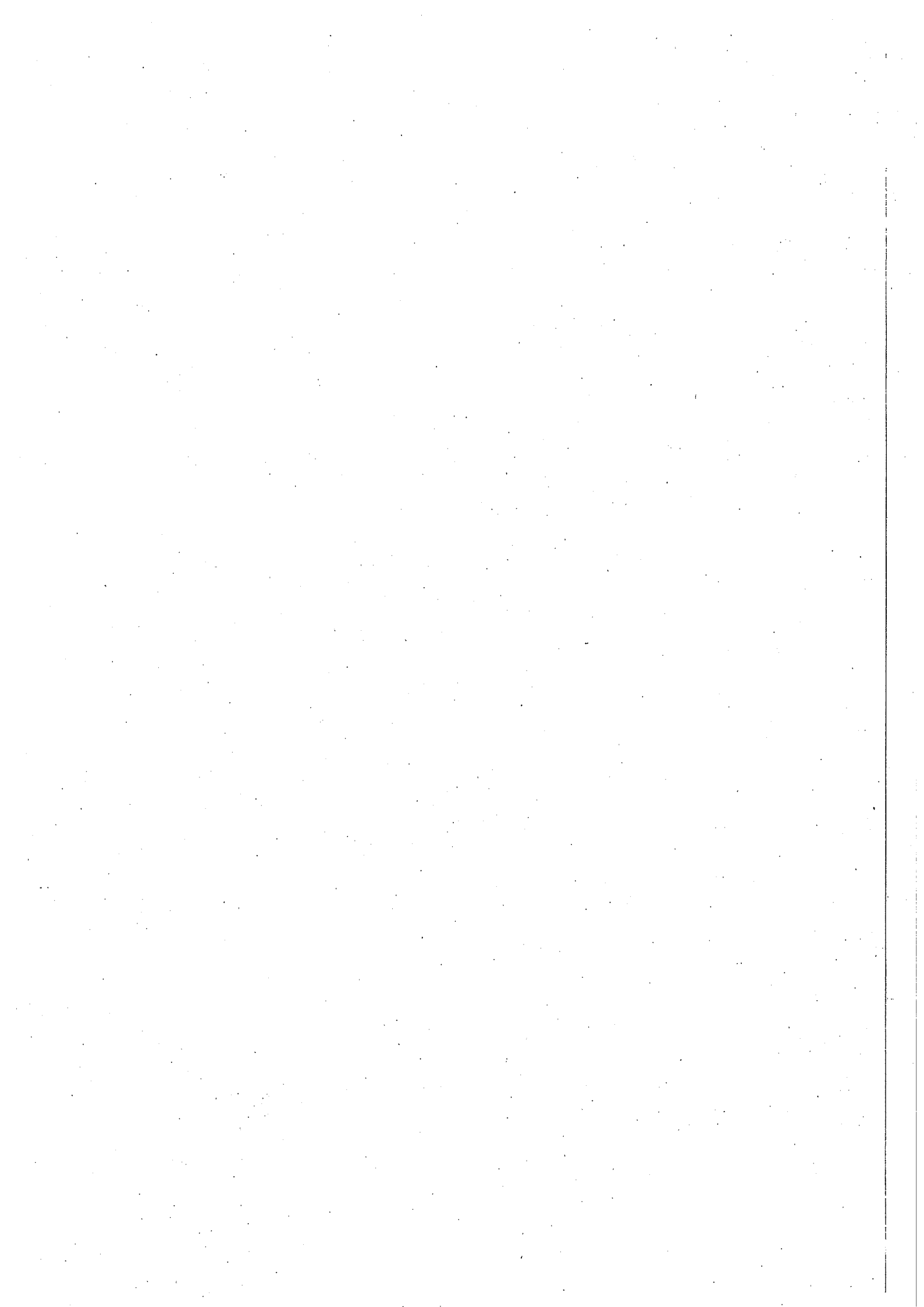
**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**CORRIGENDUM TO**

**ACTEW CORPORATION LIMITED**

**2010-11 ANNUAL REPORT**

**Presented by  
Mr Andrew Barr MLA  
Treasurer**



**CORRIGENDUM TO ACTEW CORPORATION LIMITED 2010-11  
ANNUAL REPORT TO THE ACT GOVERNMENT**

The 2010-11 Annual Report to the ACT Government at page 31 states that short term benefits for Mark Sullivan, Managing Director totalled \$529,617. This is an error and the amount was under reported by \$234,417. The correct amount was \$764,034. This error resulted from information in the human resource management system being incorrectly transferred to a spreadsheet for inclusion in the Annual Report. The correct remuneration is as follows:-

Name and Position	\$ Short term benefits	\$ Post employment benefits superannuation	\$ Other long term benefits	\$ Termination benefits	\$ Total
John Mackay Non Executive Chairman	65,262	5,873	-	-	71,135
Michael Easson Non Executive Director	37,468	3,372	-	-	40,840
Mark Sullivan Managing Director	764,034	91,554	-	-	855,588
Edward (Ted) Mathews Non Executive Director	32,582	2,932	-	-	35,514
Allan Hawke Non Executive Director	31,450	2,831	-	-	34,281
Wendy Caird Non Executive Director	31,450	2,831	-	-	34,281
Rachel Peck Non Executive Director (from 2 May 2011)	4,387	395	-	-	4,782
<b>TOTAL DIRECTORS</b>	966,633	109,788	-	-	1,076,421
Ross Knee Executive Manager Water	377,211	50,799	-	-	428,010
Kerry McIlwraith Chief Financial Officer (until 11 May 2011)	138,668	14,402	-	81,119	234,189
Simon Wallace Chief Financial Officer (from 12 May 2011)	28,626	1,960	-	-	30,586
Michele Norris Company Secretary	196,126	27,156	-	-	223,282
Ian Carmody Director, Water Security Operations	405,640	32,881	-	-	438,521
Kirsten Bartlett Community Engagement Manager	111,920	9,511	-	-	121,431
<b>TOTAL SENIOR MANAGERS</b>	1,258,191	136,709	-	81,119	1,476,019

<b>TOTAL DIRECTORS AND SENIOR MANAGERS</b>	2,224,824	246,497	-	81,119	2,552,440
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2013

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**ACTEW VOTING SHAREHOLDER INFORMATION  
STATEMENT ON THE ENLARGED COTTER DAM**

**Tabling Statement**

**Presented By  
Andrew Barr MLA  
Treasurer**

## **TABLING STATEMENT**

Madam Speaker, I am providing this statement pursuant to parts 2(b) and (c) of the resolution passed by the Assembly on 21 March 2012 concerning the Enlarged Cotter Dam project.

The resolution requires that the Shareholders of ACTEW Corporation provide to the assembly any revised budget and schedule information for completion of the Enlarged Cotter Dam Project within five working days of any changes being approved by the ACTEW Board.

The ACTEW Board approved a resolution on 25 March 2013 to give effect to changes following a review of the project budget and schedule.

As the Assembly was not sitting within the stipulated five days, and in accordance with part 2 (e) of the Assembly Resolution, the Voting Shareholders provided the information in a letter to the Speaker on 28 March 2013.

I now present to the Assembly the Information Statement that was provided to the Speaker.

Madam Speaker, I thank members for taking note of the changes that I have presented here today.

2013

**THE LEGISLATIVE ASSEMBLY  
FOR THE AUSTRALIAN CAPITAL TERRITORY**

**REVENUE LEGISLATION (TAX REFORM) AMENDMENT BILL  
2013**

**PRESENTATION SPEECH**

**Presented by  
Andrew Barr  
Treasurer**

**April 2013**

Madam Speaker, today I wish to present the *Revenue Legislation (Tax Reform) Amendment Bill 2013* to the Assembly.

Madam Speaker, I announced the Government's 20 year taxation reform plan: *A fairer, simpler and more efficient taxation system* in the 2012-13 Budget. This package outlined the Government's plan for the first five years of what will be a 20 year reform process in the Territory.

This 20 year timeframe was chosen to ensure a staged and measured approach allowing the Territory time to adjust to the changes.

This reform is essential to ensure that the Territory has a fairer, simpler and more efficient taxation system, which is sustainable for the long term. This reform will ensure that the Territory has a solid and stable revenue base, upon which it is able to continue to fund essential services such as health and education into the future.

Madam Speaker, all Australian jurisdictions are aware of the importance of taxation reform, however the ACT is the only jurisdiction to implement such important reform, in part due to its unique access to a broad land based tax, such as General Rates.

The Government's reforms will support economic growth, make the Territory's taxes sustainable in the long run and allow the Government to maintain and enhance the high standard of living our community enjoys.

The five year reform plan introduced a raft of measures, including

- abolishing duty on insurance premiums or contracts over five years;
- phasing out conveyance duty over 20 years;
- abolishing commercial land tax from 1 July 2012;
- making general rates more progressive;



- making residential land tax more progressive; and
- reducing Payroll Tax for businesses operating in the ACT.

The Reform also included a range of targeted support measures to help Canberra households, including:

- increasing the General Rates Rebate;
- expanding the Pensioner Duty Concession Scheme;
- increasing the income threshold for the Home Buyer Concession Scheme; expanding the Rates Deferral Scheme; and
- amending the Duty Deferral Scheme.

Madam Speaker, all of the reforms contained in the Government's 5 year plan have either been implemented or commenced. However, this Bill will give legal effect to the following measures introduced as part of the ACT Taxation Reform.

It will abolish all reference to commercial land tax in the *Land Tax Act 2004*.

It will expand the eligibility criteria of the Rates Deferral Scheme, and will make changes to the calculation of general rates, by removing reference to the tax free threshold.

### **Abolishing land tax on commercial properties**

Madam Speaker, this Bill will formally abolish commercial land tax.

This was a recommendation of the ACT Taxation Review, which found that this reform would simplify the tax system and reduce red tape for businesses.

From 1 July 2012, no land tax has been levied on commercial properties, however, this Bill will remove all reference to commercial land tax in the *Land Tax Act 2004*.

### **Expanding the eligibility criteria of the Rates Deferral Scheme**

Madam Speaker, the ACT's Rates Deferral Scheme allows eligible households to defer payments of their General Rates, on which a relatively low rate of simple interest is charged.

As part of the reform, the Rates Deferral Scheme was expanded to include non pensioners, such as self-funded retirees, who satisfy age, asset, income and equity tests.

This Bill is seeking to make relevant changes to the *Rates Act 2004* to allow access for these non pensioners who satisfy the eligibility criteria to access the scheme.

### **Changing the formula for calculating general rates**

Madam Speaker, both the Australia's Future Taxation System (the Henry Review), and the ACT Taxation Review concluded that General Rates is one of the most efficient tax bases.

Under the reforms, the progressivity of the General Rates system has been improved to ensure fairness and equity, similar to income tax. In doing so, the formula for the calculation of General Rates has been updated, removing the tax free threshold from the calculation of general rates.

This Bill is seeking to make amendments to the *Rates Act 2004* to remove all reference to the tax free threshold in the calculation of General Rates and the Fire and Emergency Services Levy.

Madam Speaker, the proposed amendments to the *Land Tax Act 2004* and *Rates Act 2004* will further the Government's tax reform agenda and help to improve the implementation of these important reform measures.

I commend the Bill to the Assembly.



**2013**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**GOVERNMENT RESPONSE TO THE RESOLUTION OF  
THE ASSEMBLY DATED 10 APRIL 2013**

**ACTEW GOVERNANCE**

**Presented by  
Mr Andrew Barr MLA  
Treasurer**

Madam Speaker, I am providing this statement pursuant to part 9(b) of the resolution passed by the Assembly on 10 April 2013 concerning the General Meeting of Members of ACTEW Corporation Limited held on 15 April 2013.

Under that part of the Assembly resolution the Government gave an undertaking to discuss the issues relating to remuneration at the General Meeting with the ACTEW Board and report back on any resolution in this sitting.

The first item of business that was discussed concerned the Managing Director's remuneration. Mr Sullivan was not in attendance during these discussions.

As ACTEW's Voting Shareholders, the Chief Minister and I conveyed to the Board our concern about the level and complexity of the Managing Director's remuneration package.

We also questioned the appropriateness of the bonuses paid to the Managing Director and indicated our disappointment about a lack of transparency in setting the salary package.

We confirmed our view that the Board should set the remuneration for the Managing Director and that this was not a role for the Voting Shareholders.

However, we made it clear that we considered that the remuneration appeared excessive.

We acknowledged that in setting the remuneration package the Board had taken independent and expert advice from Egan and Associates.

However, we made the point that salary needed to be supported by robust independent advice.

We suggested to the Board that they should also consider obtaining advice from the ACT Remuneration Tribunal.

During the course of the discussion the Chairman advised that the Managing Director had offered to reduce his remuneration and accept a less complex salary arrangement.

Madam Speaker, at this point I can advise that the Chairman subsequently wrote to the Chief Minister on 19 April 2013 to confirm that the Board had agreed to Mr Sullivan's offer to enter into a new employment contract.

As a result the Board has approved a new fixed term contract with total remuneration, including superannuation, of \$693,000 per annum. There are no performance, incentive or bonus payments involved in the new contract.

Madam Speaker, I am also able to advise that there were several other matters that were placed on the agenda and discussed at the General Meeting.

Those issues related to the transparency of reporting and communications, the review into governance and integrity which ACTEW

is undertaking at our request, the structural review we will be commissioning and the ICRC draft price determination.

We consider these were positive and useful conversations.

Finally, as has already been announced, the ACTEW Chair, Mr John Mackay, announced his intention to resign on 30 June 2013.

His significant contribution to ACTEW and ActewAGL over the past fifteen years was acknowledged by both the Board and the Voting Shareholders.

The Government will now undertake a public advertising process to find a suitable replacement for Mr Mackay.

Madam Speaker, I thank members for taking note of the information that I have presented here today.





**2013**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**REVENUE LEGISLATION (TAX REFORM) AMENDMENT BILL 2013**

**DEBATE SPEECH**

**Presented by  
Andrew Barr MLA  
Treasurer**

**May 2013**

Madam Speaker, the *Revenue Legislation (Tax Reform) Amendment Bill 2013* formalises arrangements that were administratively implemented as part of the Government's Taxation Reform Plan announced in the 2012-13 Budget.

This Taxation Reform outlined the Government's plan for the first five years of what will be a long-term process in which we will see the Territory's taxation system become fairer, simpler and more efficient.

The plan supports economic growth and makes the Territory's taxes sustainable in the long-run. It also reduces the budget's reliance on inefficient taxes and allows the Government to sustain the high level of services to the community.

The Taxation Reform contained a number of key measures, Madam Speaker, including:

- abolishing duty on general and life insurance premiums;
- abolishing commercial land tax – effective from 1 July 2012;
- phasing out conveyance duty over a 20 year period;
- reducing payroll tax for ACT Businesses; and
- making the General Rates system progressive.

In addition, changes were made to some concession programs delivered by the Government. These concession programs were amended to provide more targeted assistance to households most in need.

Specifically Madam Speaker, this Bill amends the Rates and Land Tax legislation to:

- formally abolish all reference to land tax on commercial properties;
- formally amend the calculation of the general rates and fire & emergency services levy to remove the tax-free threshold; and
- expand the eligibility criteria for the rates deferral scheme to allow self funded retirees access to the scheme.

### **Commercial Land Tax**

Effective from 1 July 2012, the ACT Taxation Reform abolished land tax and combined it with commercial general rates.

This particular aspect of the reform was designed to reduce red tape for ACT businesses and simplify the taxation system.

While no land tax has been levied on commercial properties since 1 July 2012, the *Land Tax Act 2004* currently contains reference to land tax on commercial properties. This Bill is seeking to abolish all reference to commercial land tax in the *Land Tax Act 2004*.

### **Calculation of general rates**

Making general rates progressive improves the efficiency and equity of the Territory's taxation system.

General rates were identified as an efficient and adequate tax by the ACT Taxation Reform, providing an ideal base to replace inefficient taxes such as stamp duty and duty on insurance premiums.

This Bill is proposing to abolish all reference to the tax-free threshold in the calculation of general rates and the fire & emergency services levy in the *Rates Act 2004*.

The abolition of this tax-free threshold, along with the use of tax brackets and progressive rates, makes general rates a stable, efficient and fair source of Government revenue.

### **Rates Deferral Scheme**

The rates deferral scheme allows eligible households to defer payments of their general rates. A relatively low rate of simple interest is charged on any amounts deferred.

Before the Taxation Reform, this scheme was only available to eligible pensioners, property owners suffering substantial hardship and special disability trusts.

This amendment will expand this scheme to allow non-pensioners (for example, self funded retirees) access to defer general rates provided they meet specific criteria, being:

- that at least one of the lessees must be aged 65 years or older;
- the lessees combined income must be below the annual average earnings (updated annually);
- the property's unimproved land value must be higher than the 80<sup>th</sup> percentile value (updated annually); and
- the lessees must have at least 75 per cent equity in their home.

Details of the eligibility criteria will be administered through a Disallowable Instrument.

## **Conclusion**

Madam Speaker, these important reform measures, which have previously been implemented administratively, have already been of benefit our community.

The passage of this Bill will formalise, in a legal sense, these reform measures and further the Government's reform agenda.

Madam Speaker, I commend the *Revenue Legislation (Tax Reform) Amendment Bill 2013* to the Assembly.





**2013**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**FIRST HOME OWNER GRANT AMENDMENT BILL 2013  
PRESENTATION SPEECH**

**Presented by  
Andrew Barr MLA  
Treasurer**

**June 2013**

Madam Speaker, the *First Home Owner Grant Amendment Bill 2013* will give effect to important changes to the Territory's First Home Owner Grant scheme.

As part of last year's Budget, this Government announced a number of important taxation reforms in order to create a fairer, simpler and more efficient taxation system for the residents of the ACT.

This included a range of housing affordability measures, such as the retargeting and expansion of the Home Buyer Concession Scheme, the expansion of the Pensioner Duty Concession Scheme and the phasing out of conveyance duty over a 20 year period.

The ACT's 2013-14 Budget will continue the implementation of significant affordable housing initiatives, which support new home buyers in the Territory, as well as the construction industry in the provision of new housing.

Madam Speaker, this Bill will implement amendments to the *First Home Owner Grant Act 2000*, and will retarget the first home owner grant. This grant was initially introduced in July 2000 to help offset the impact of the GST.

However, since the time the grant was implemented, it has been found to no longer achieve its original intended purpose, and can, in certain circumstances, increase house prices.



To best utilise the grant, and best assist those first home buyers most in need, the grant will be retargeted with this Bill to first home buyers who are purchasing a new or substantially renovated property.

In addition, the grant amount will be increased from \$7,000 to \$12,500 for each eligible application.

Not only will these amendments better align the grant with the ACT's Home Buyer Concession scheme, but also with other jurisdictions which have already announced or implemented similar changes to the grant scheme.

Other jurisdictions, including New South Wales, Victoria and Queensland, will redirect, or have already redirected, the grant to new homes only, and increased the value of the grant payment. Madam Speaker, this Bill will help the ACT become a more attractive marketplace to first home buyers of new homes.

It is anticipated that the provision of the grant to new and substantially renovated properties only will stimulate the Territory's construction industry, and provide an increase in housing supply. This will help create a stronger property market in the ACT.

This Bill also amends the required residency period for the grant. Currently, it is a requirement that at least one applicant for the grant reside in the property for a continuous period of at least 6 months within 1 year of purchasing the property.

With the commencement of this Bill, this residency period will be extended to 1 year. This will help to ensure the integrity of the grant, as it will be more appropriately targeted to first home buyers most in need who are purchasing their principal place of residence.

The extended residency period will also assist the ACT Revenue Office in ensuring applicant compliance with the residency requirements.

Madam Speaker, this Bill provides the required legislative amendments to implement this retargeted grant. For example, the Bill amends the definition of an eligible transaction for the grant, while providing definitions of a 'new' and 'substantially renovated' home. The Bill also clarifies the new residency period of 1 year.

The retargeting of the grant will help ensure its relevance to first home buyers in the market, and assist these purchasers during the exciting time of buying their first home. It will also support the growth and activity of the Territory's construction industry.

Madam Speaker, I commend the *First Home Owner Grant Amendment Bill 2013* to the Assembly.

**2013**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**GOVERNMENT RESPONSE TO THE RESOLUTION  
OF THE ASSEMBLY DATED 10 APRIL 2013**

**ACTEW GOVERNANCE**

**Presented by  
Mr Andrew Barr MLA  
Treasurer**

Madam Speaker, I am providing this statement pursuant to part 9(g) of the resolution passed by the Assembly on 10 April 2013.

Under that part of the resolution the Government indicated it would provide an update on various items relating to the governance of ACTEW.

In relation to the Enlarged Cotter Dam the project is still expected to be completed by July 2013 and there has been no change in the revised budget estimate of \$405 million.

In accordance with part 9(b) of the Assembly resolution I previously provided a statement to the Assembly on 9 May 2013 about the issues discussed at the ACTEW General Meeting on 15 April 2013 relating to the remuneration of the Managing Director.

I would like to further advise that the Government is currently preparing a response to the subsequent report issued by the ACT Auditor-General titled "Executive

Remuneration Disclosed in ACTEW Corporation Limited's 2010-11 Financial Statements and Annual Report 2011".

I can also confirm that at a meeting held on 12 April 2013 senior Government officials briefed the Leader of the Opposition about various matters relating to ACTEW. In a letter dated 6 May 2013 the Chief Minister provided Mr Hanson with certain information that had been requested at the meeting with the Government officials.

The Government is also commissioning a review of ACTEW's institutional governance. The existing arrangements have been in place for some years and this review is the opportunity to examine whether they continue to be appropriate and reflect best practice. This review will look at whether the existing structures and legislative framework can be improved, or remains fit for purpose.

Finally, I am advised representatives from the Auditor-General's Office have had preliminary discussions with various Government agencies concerning the efficiency and effectiveness of the processes for regulating water and sewerage prices. I understand the

performance audit is expected to be completed by  
December 2013.

Madam Speaker, I thank members for taking note of the  
information that I have presented here today.

2013

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**TABLING STATEMENT**

**2013-14 STATEMENTS OF CORPORATE INTENT FOR ACTEW CORPORATION  
AND ACTTAB LIMITED**

**Presented by  
Mr Andrew Barr MLA  
Treasurer**

## TABLING STATEMENT

Madam Speaker, in accordance with Section 19(3) of the *Territory-owned Corporations Act 1990*, I hereby present the 2013-14 Statements of Corporate Intent for ACTEW Corporation Limited and ACTTAB Limited.

The Statements of Corporate Intent outline the key commercial objectives, main undertakings, business and corporate strategies as well as the financial outlook extending from 2013-14 and throughout the forward estimates period.

The ACTEW and ACTTAB Statements of Corporate Intent have been prepared according to the statutory timeframes prescribed in the *Territory-owned Corporations Act 1990*, which must be tabled in the Assembly within 15 sitting days of being received by the Voting Shareholders.

It is relevant to note this timing did not enable ACTEW to incorporate the financial impact of the Independent Competition and Regulatory Commission's final pricing determination for water and wastewater services that was issued on 26 June 2013.

As a consequence ACTEW's statement that I am tabling today includes the financial forecasts identified in the 2013-14 Budget papers which do not take into account the impacts of the recent price determination.

ACTEW is not expected to be able to confirm the final pricing impact until late August 2013.



This matter is highlighted on page 19 of ACTEW's Statement of Corporate Intent where it is noted that the financial measures are subject to material change once the ICRC pricing impacts have been determined.

Therefore it is expected that ACTEW may need to submit a modified Statement of Corporate Intent later in the year as provided for under the Territory-owned Corporations Act.

Section 21 of the Act requires the modified Statement of Corporate Intent to be prepared according to the same prescribed consultation process as the original statement.

This means the directors must consider any comments that are provided by the Voting Shareholders within one month of receiving the draft statement from ACTEW.

The directors then have another month to finalise the modified statement including consulting with the Voting Shareholders about any suggested changes that have been made.

The final modified statement must then be tabled within 15 sitting days.

This process suggests the modified statement may not be tabled until the November sittings at the earliest.

In relation to ACTTAB, Members will be aware that the Government has commissioned a feasibility study into future ownership options. It is expected that report will be shortly considered by the Government.

The Assembly will be advised of the Government's intentions with regard to the future of ACTTAB in due course.

I do not expect at this point that ACTTAB will be required to provide a modified Statement of Corporate Intent.

Madam Speaker, I commend both these documents to the Assembly.

2013

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**TABLING STATEMENT**

**ASSEMBLY RESOLUTION ON 21 MARCH 2012  
ENLARGED COTTER DAM PROJECT**

**Presented by  
Mr Andrew Barr MLA  
Treasurer**

**August 2013**

## ENLARGED COTTER DAM PROJECT

Madam Speaker, I am providing this statement pursuant to the resolution passed by the Assembly on 21 March 2012 concerning the Enlarged Cotter Dam project.

The resolution requires that the Shareholders of ACTEW Corporation provide to the Assembly any revised budget and schedule information for completion of the Enlarged Cotter Dam Project within five working days of any changes being approved by the ACTEW Board.

The ACTEW Board approved a revised completion date for the Enlarged Cotter Dam on 4 July 2013.

As the Assembly was not sitting within the stipulated five days, and in accordance with part 2 (e) of the Assembly Resolution, I provided the information in a letter addressed to you as the Speaker on 9 July 2013.

I now present to the Assembly a copy of that letter and the Information Statement.

Madam Speaker, I thank Members for taking note of the changes that I have presented here today.

The final report and price direction for the provision of water and sewerage services from 1 July 2013 to 30 June 2019 was the result, as I am sure members are aware, of an extensive investigation by the commission, which involved substantial consultation with the community, with ACTEW and with government. The commission has chosen to significantly revise their approach to the regulatory model for setting water and sewerage prices. The new model is based on a six-year regulatory period with biennial adjustments to allow for mid-term reconsideration of key underlying variables such as water consumption forecasts.

The commission has also concluded that in order to implement fully this new regulatory model and provide the appropriate return on equity to the community, a period of transition for prices is appropriate. This will ensure a smooth transition in prices for consumers. As we have discussed ad nauseam, Mr Assistant Speaker, this will see lower returns to government from ACTEW in the early years of the regulatory period, with returns increasing across the period as prices increase. The overall outcome of a decrease in 2013-14 of \$83 in water and sewerage bills for the average household consuming 200 kilolitres of water a year will provide cost of living relief to ACT families and is welcomed by the territory government.

Mr Assistant Speaker, the commission's final report for retail prices for franchise electricity customers 2012 to 2014 increased prices in 2012-13 by 17.74 per cent, again as we have discussed at length in this place. This, of course, is linked to the introduction of the national carbon price which was responsible for 80 per cent of that increase. The recent pricing adjustment by the commission for the 2013-14 fiscal year increased regulated prices by a much more modest 3.47 per cent, mainly due to increased network costs and the costs of the ACT energy efficiency improvement scheme. However, these increases were partially offset by a slight decrease in energy purchase costs.

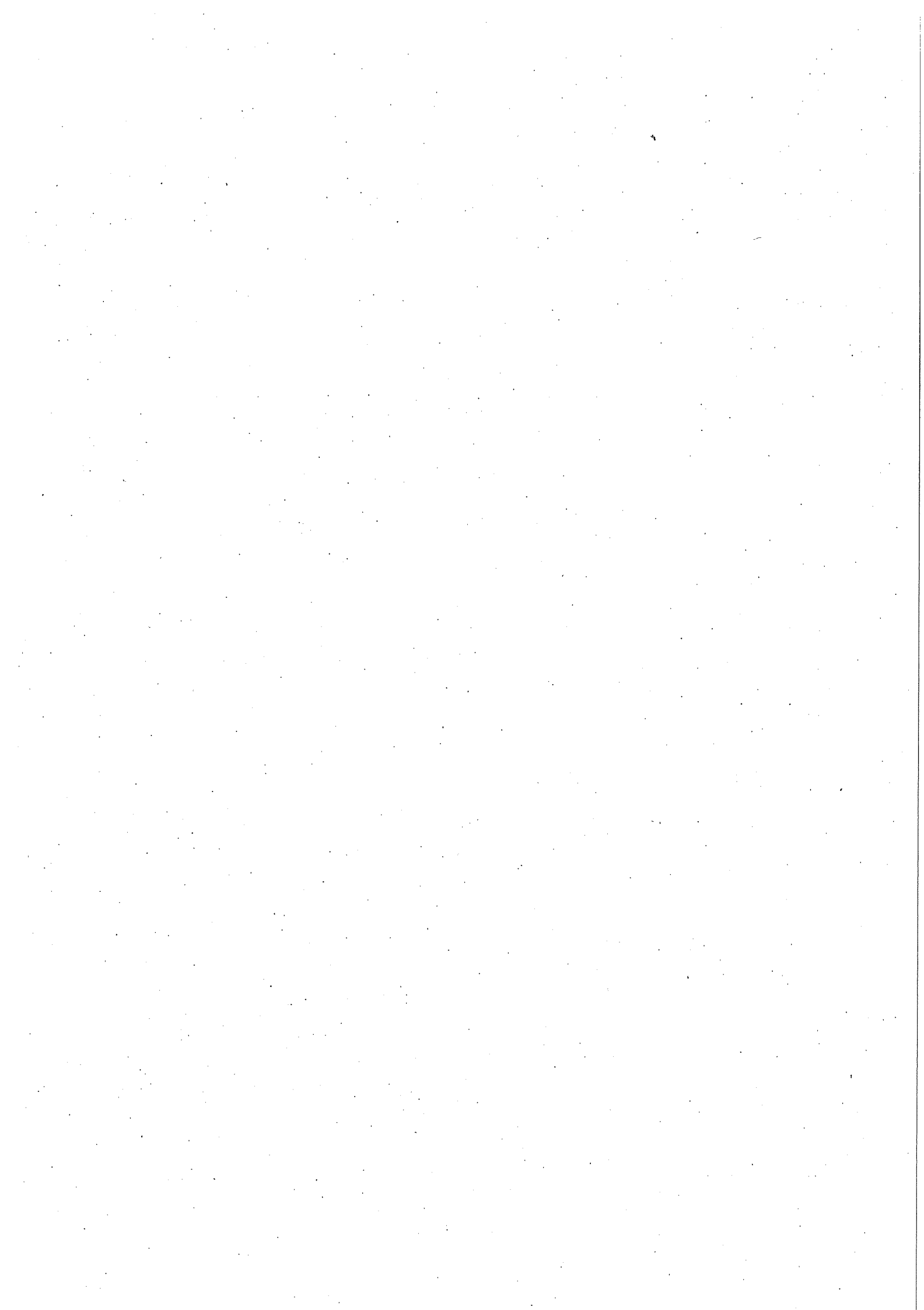
I regret that the tabling of this report to the Assembly has been delayed. I do note, of course, that the pricing outcome was publically announced in 2012 and has been discussed on numerous occasions. In fact, I think it has been the subject of dozens of questions in the Assembly, in annual reports hearings, in estimates and the like. I commend these reports to the Assembly.

### **Cotter Dam—enlargement Paper and statement by minister**

**MR BARR** (Molonglo—Deputy Chief Minister, Treasurer, Minister for Economic Development, Minister for Sport and Recreation, Minister for Tourism and Events and Minister for Community Services): I present the following paper, which was circulated to members when the Assembly was not sitting:

Enlarged Cotter Dam Project—ACTEW Voting Shareholder Information—  
Statement on the Enlarged Cotter Dam, dated 9 July 2013, pursuant to the  
resolution of the Assembly of 21 March 2012.

I seek leave to make a statement on the paper.



Leave granted.

**MR BARR:** I am providing this statement this afternoon pursuant to the resolution passed by the Assembly back in March of last year concerning the enlarged Cotter Dam project. The resolution requires that the shareholders of the ACTEW Corporation provide to the Assembly any revised budget and schedule information for completion of the enlarged Cotter Dam project within five working days of any changes being approved by the ACTEW board.

The ACTEW board approved a revised completion date for the enlarged Cotter Dam on 4 July 2013. As the Assembly was not sitting within the stipulated five days, and in accordance with part 2(e) of the Assembly resolution, I provided the information in a letter addressed to Madam Speaker on 9 July 2013. I understand Madam Speaker may have been on leave at that time and the Deputy Speaker would have received the letter.

I now present to the Assembly a copy of that letter and the information statement. I thank members for taking note of the changes that have been presented this afternoon.

## Papers

Mr Corbell presented the following papers:

Road Safety Report Card 2012, compiled by Justice Planning and Safety Programs, Justice and Community Safety Directorate.

National Classification Code—Amendments, dated 11 September 2012.

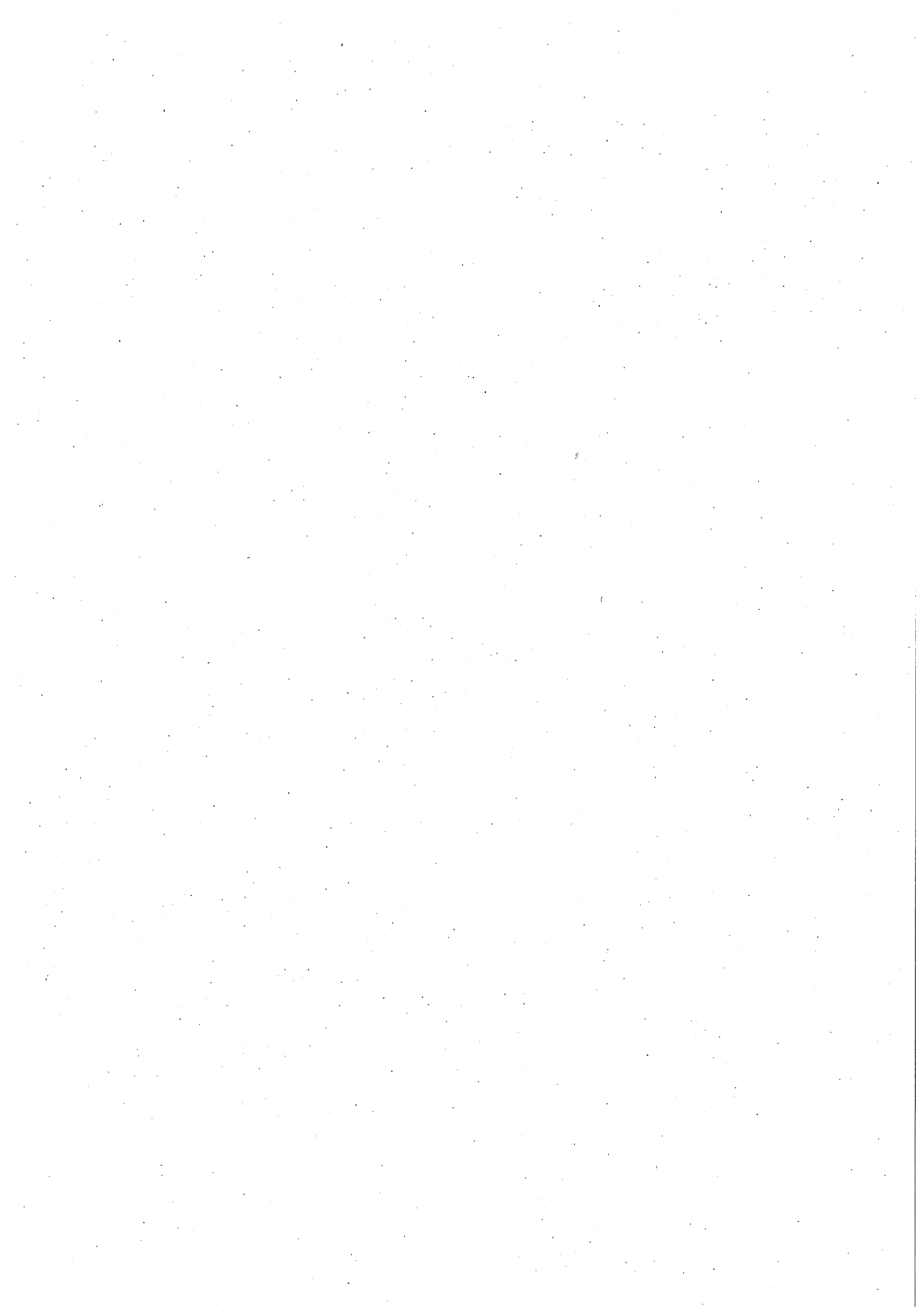
Classification of Computer Games—Guidelines 2012, dated 11 September 2012.

Classification of Films—Guidelines 2012, dated 10 December 2012.

## Getting home safely report Ministerial statement

**MR CORBELL** (Molonglo—Attorney-General, Minister for Police and Emergency Services, Minister for Workplace Safety and Industrial Relations and Minister for the Environment and Sustainable Development) (4.08), by leave: When I announced the government response to the *Getting home safely* report, I committed the government to providing six-monthly updates on the implementation of its recommendations. This is the first of those updates. Before I proceed, recently we saw the 12-month anniversary of the death of Mr Ben Catanzariti. The service that was held in his memory was just another stark reminder of the tragedy of workplace deaths and serious injuries and the impact those incidents have not just on the workers themselves and their families, but on the broader community.

However, despite all of this—the government's acceptance of the report *Getting home safely*, all of the associated publicity, all the information sessions provided by the Work Safety Commissioner—I am concerned to see that some in the construction sector still believe that it is okay to put people's lives in danger.







**2013**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**DUTIES (DUTY DEFERRAL) AMENDMENT BILL 2013  
PRESENTATION SPEECH**

**Presented by  
Andrew Barr MLA  
Treasurer**

**August 2013**

Madam Speaker, the *Duties (Duty Deferral) Amendment Bill 2013* makes a minor yet important amendment to the *Duties Act 1999*.

This Government's reform to taxation has implemented and improved a number of targeted assistance measures available to the ACT community, including expansion of the Home Buyer and Pensioner Duty Concession Schemes, an increase to the General Rates rebate for pensioners, and expansion of the Rates Deferral Scheme.

As part of the 2013-14 Budget, the Government announced the retargeting of the First Home Owner Grant to new and substantially renovated properties only, effective from 1 September 2013.

This retargeting will also increase the First Home Owner Grant value to \$12,500, a significant increase from the current \$7,000 available on each eligible application.

Madam Speaker, eligible first home buyers in the Territory also have the option to enter the Duty Deferral Scheme, a scheme provided for by the Duties Act and administered by the ACT Revenue Office. This Bill ensures that access to deferred duty is maintained with the retargeting of the Grant.

The Duty Deferral Scheme currently allows the deferral of payment of conveyance duty to those first home buyers who are eligible applicants, for a period of no more than ten years.

To be eligible to defer duty, an applicant must be eligible for either the Home Buyer Concession Scheme or the First Home Owner Grant, and

they must be purchasing a property with a value that is not more than the upper property threshold for the Home Buyer Concession Scheme at the time.

The First Home Owner Grant is being redirected and will no longer apply to the purchase of an established property; therefore, those applicants wishing to defer their conveyance duty on the purchase of an established property, via the Grant, are no longer able to do so.

Madam Speaker, with this Bill, the Government will ensure that targeted assistance to first home buyers of established properties is continued.

This Bill provides a minor legislative amendment to the Duties Act, and broadens the definition of an 'eligible person' to ensure that the Duty Deferral Scheme is available to those first home purchasers who would otherwise be eligible for the First Home Owner Grant, if not for the fact that the property purchased is an established property.

The applicants will still be required to meet all other eligibility criteria for the First Home Owner Grant, including residency, citizenship, age and previous property ownership requirements.

Madam Speaker, with the enactment of this Bill, the Duty Deferral Scheme will continue to allow first home buyers wishing to defer their duty on an existing property to do so, and provides targeted financial assistance to first home purchasers in the Territory. This Bill highlights the Government's commitment to make affordable housing initiatives available to its residents.

Madam Speaker, I commend the *Duties (Duty Deferral) Amendment Bill 2013* to the Assembly.

## 2013-14 Budget Debate Commerce and Works

- Commerce and Works was established in 2012 with the Administrative changes announced in November. This year's appropriation provides the Directorate with its first full year's funding.
- The new Directorate has three main business functions: the Shared Services Centre, the ACT Revenue Office and the ACT Insurance Authority (ACTIA). The Directorate also provides policy advice in respect of government business enterprises.

Some of the areas of our focus for 2013-14 will include:

- continuing implementation of taxation reforms to deliver a fairer, simpler and more efficient taxation system.
  - Increasing tax compliance will be a focus for the Revenue Office. The initiative aims to encourage more tax compliant behaviour through education and more targeted taxpayer communication, and to undertake tax compliance activities that will uphold the integrity of the tax system.
  - The government is also retargeting the First Home Owner Grant to new and substantially renovated properties from 1 September 2013. The value of the grant will be increased from \$7,000 to \$12,500. The current First Home Owner Grant will continue until 31 August 2013, to allow households already in the market to purchase an existing dwelling to have access to the grant.
- implementing the Active Certification Policy and introducing Safety as a weighted criterion for construction contracts. The Active Certification Policy is aimed at improving work health and safety practices on sites where ACT Government construction projects are being delivered. The Active Certification Policy commenced on 1 July 2013. The ACT Government will only prequalify construction contractors where they demonstrate they have in place and implement comprehensive work health and safety systems.
  - The Active Certification Policy provides an audit process by approved auditors with appropriate expertise, to provide assurance that contractors working on its projects are implementing their safety management systems.
  - The Government will also give a significant weighting to work health and safety outcomes in construction tender evaluation criteria. Organisations with a good work health and safety record will be rewarded for their safety culture through an increased likelihood of winning Government tenders;
- introducing a procurement policy aimed at encouraging the participation of local small to medium enterprises (SMEs) in the delivery of goods and services. To recognise the importance of local Small firms, the ACT Government has introduced from 1 July a new evaluation criterion for goods and services tenders that gives a weighting to tenderers that are regional SMEs or that subcontract work to regional SMEs;
- enhancing the Territory's ICT data management capability, by developing cloud strategies and server virtualisation policies; and by migrating from the current aged Callam Data Centre to a newly leased modern, energy efficient and highly scalable data centre facility;

- significant funding will also be available to ensure that a program continues to replace ageing hardware components that support the ACT Government computer network, and contribute to maintaining effective and robust services across all government agencies;
- The 2013-14 Budget includes a number of savings and productivity related initiatives for CWD:
  - **Procurement Whole of Government Savings.** Enhanced goods and services procurement processes will be developed and pursued to achieve better value for money and reduce spending across agencies, including opportunities to increase the number of whole of government contracts, bundling of goods across agencies, and better examination of current spending patterns and demand analysis. Savings of \$5 million for 2014-15, rising to \$15 million by 2016-17 have been targeted.
  - **Service Reprofiling savings – increase electronic processing of invoices.** This initiative facilitates electronic processing for all types of invoicing with or without purchase orders. Savings for Shared Services Finance of \$0.482 million for 2015-16 and \$0.497 million for 2016-17 have been estimated.
  - **Extending the Useful life of ICT Equipment.** This savings initiative was announced in the 2012-13 budget to commence from 1 July 2013 and is expected to deliver savings of \$1.6 million per annum and will require no staff reductions. The aim of this initiative is to reduce operating cost and environmental impact of equipment, particularly desktop computers, laptops and monitors through better life cycle management and extending the operating life of existing equipment - Desktops from 4 to 5 years, laptops from 3 to 4 years and monitors to be replaced when redundant.



**2013**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**LAND RENT AMENDMENT BILL 2013  
PRESENTATION SPEECH**

**Presented by  
Andrew Barr MLA  
Treasurer**

**August 2013**

Madam Speaker, the *Land Rent Amendment Bill 2013* will implement important changes to retarget the Land Rent Scheme.

The Land Rent Scheme is an important affordable housing initiative in the ACT, allowing lessees to rent land from the Government instead of purchasing the land outright. This assists purchasers in entering the housing market by reducing the upfront financial obligations associated with buying property.

As part of the Government's affordable housing reform measures, and as announced in the recent Budget, amendments are being made to the *Land Rent Act 2008*. These amendments will ensure that the Land Rent Scheme is best targeted to those most in need.

Madam Speaker, these amendments will only apply to land rent leases entered into on or after 1 October 2013, and will restrict entrance to the Land Rent Scheme to only those applicants who are eligible for the discount land rent rate of 2 per cent.

The scheme requires annual payment of land rent and currently has two bases for participation. Lessees who meet the required eligibility criteria for a discount rate of rent are charged 2 per cent of the unimproved value of the land. Those lessees who are ineligible for the discount rate pay a standard rate of 4 per cent.

To be eligible for the discount rate, lessees must reside in the property once construction of a residence of the block is complete, and cannot own any other real property. In addition, the income of the lessees must not exceed an annually determined threshold amount.



While the 2 per cent rate is subject to these criteria, the standard 4 per cent rate is available without restriction. This has resulted in a large take-up of land rent leases by builders and developers, thereby reducing availability of land rent blocks to low and middle income earners.

To ensure that the scheme is more appropriately retargeted to those potential participants who will most benefit from it, the Land Rent Scheme will only be available to those new entrants who are eligible for the discount land rent rate of 2 per cent. This will apply to all land rent leases entered into on or after 1 October 2013.

Madam Speaker, it is important to note that these amendments to the Land Rent Scheme will not affect those lessees who are already participating in the scheme, at either the 2 per cent or the 4 per cent rate. This Bill makes it clear that the amendments will only affect those new lessees who are entering the scheme on or after 1 October 2013.

In addition to restricting entrance to the scheme, a number of other retargeting measures are being introduced, which will ensure that the Land Rent Scheme continues to be accessed by genuine low to middle income applicants.

In the current Land Rent Scheme, income is assessed based on lessee income only. For new entrants, the income threshold will be increased and will be assessed on a household income basis. This approach will be more reflective of applicant income and will ensure that the scheme is retargeted to appropriate households.

The income threshold will be increased to \$160,000 and will align the Land Rent Scheme with the Home Buyer Concession Scheme.

Madam Speaker, for those lessees who enter the Land Rent Scheme after 1 October this year, it is essential that they remain eligible for the discount 2 per cent rate of land rent. Lessees who become ineligible for the discount rate will be obligated to transition out of the scheme, and will be provided with a two-year period in which to do so.

Lessees will have the option of converting their land rent lease to a nominal Crown Lease, or of transferring their block to another eligible land rent applicant. Should a lessee return to discount eligibility in this two-year period, they may be able to remain in the scheme.

Those lessees already participating in the Land Rent Scheme prior to October this year will have continued access to both the 2 and the 4 per cent rate should their circumstances change.

Should a lessee who enters the scheme after 1 October this year wish to transfer their land rent block, they must do so to an eligible applicant, being a lessee who is also eligible for the discount rate of rent. This will ensure that the Land Rent Scheme continues to be appropriately accessed by genuine applicants and low and moderate income households.

However, Madam Speaker, this Bill does allow the Commissioner for ACT Revenue to approve a transfer to a non-eligible applicant in appropriate circumstances. This will assist with the proper

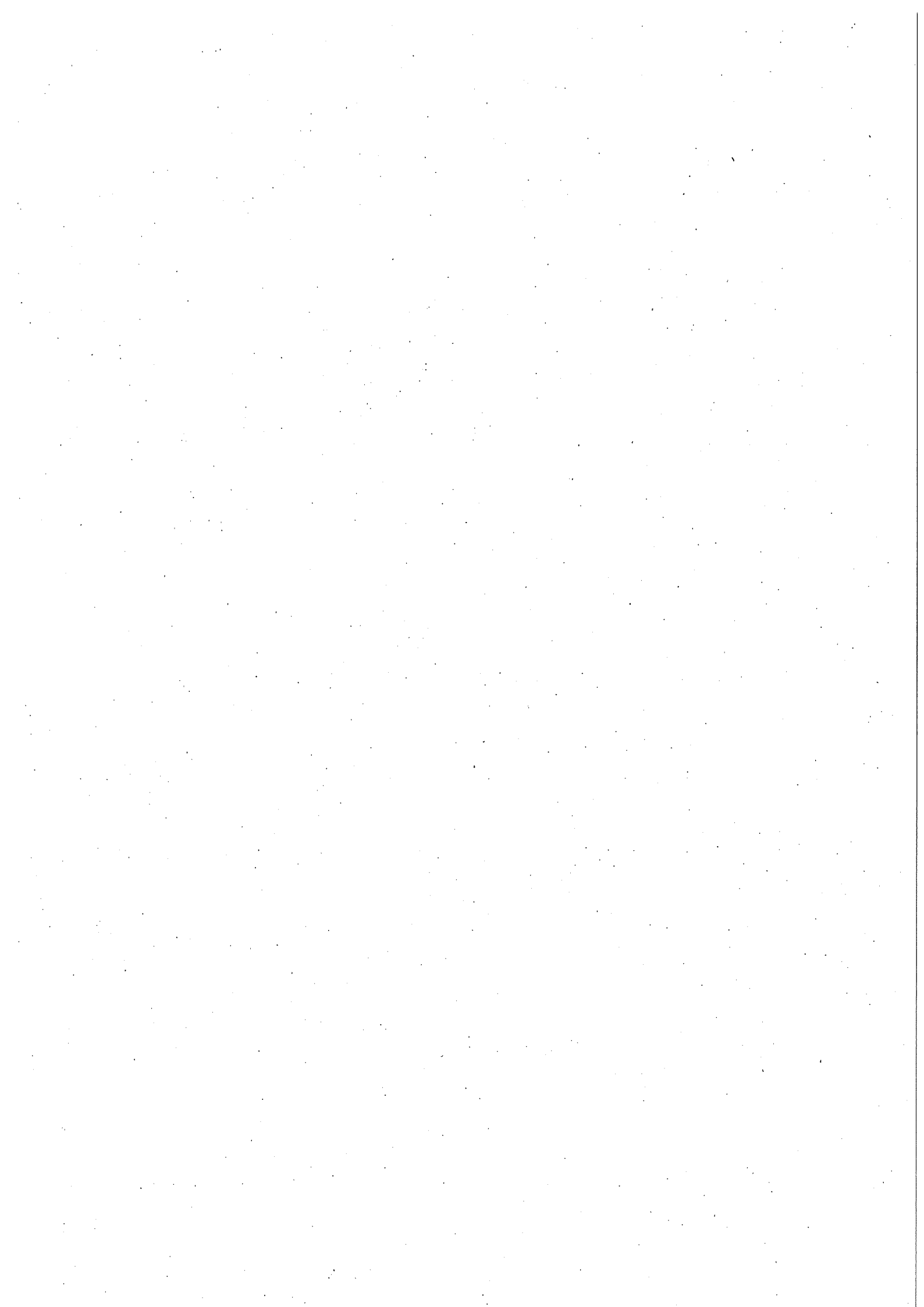
administration of the retargeted scheme and help with any anomalous situations that may result from a restricted transfer.

This Bill also introduces a number of minor amendments to improve the administration of land rent. The definition of an owner is clarified, to ensure that potential land rent participants do not have either a legal or beneficial interest in other real property in a company name or under a trust. This will assist in limiting the scheme to genuine applicants looking to enter the housing market.

In addition, the definition of land rent is amended to ensure that the charging of interest for overdue land rent aligns with that of both general rates and land tax.

The various amendments implemented by this Bill will all work together to make sure the Land Rent Scheme is available to those low to middle income earners who are genuinely looking to enter the housing market. These measures will ensure that land rent continues to play a vital role in the Government's affordable housing initiatives.

Madam Speaker, I commend the *Land Rent Amendment Bill 2013* to the Assembly.





2013

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**FIRST HOME OWNER GRANT AMENDMENT BILL 2013**

**DEBATE SPEECH**

**Presented by  
Andrew Barr MLA  
Treasurer**

**August 2013**

Madam Speaker, the *First Home Owner Grant Amendment Bill 2013* will implement important changes to the Territory's First Home Owner Grant scheme.

This Government is committed to assisting first home buyers in the ACT. The delivery of important taxation reforms in recent years has provided targeted and appropriate support to those who need it.

Measures such as phasing out conveyance duty over the next 20 years, and expanding eligibility for the Home Buyer Concession, Rates Deferral and Pensioner Duty Concession Schemes, all contribute to benefitting the Territory community.

The implementation and delivery of a fairer, simpler and more efficient taxation system will support economic growth in the ACT. This economic growth will be supported by this Bill, which retargets the First Home Owner Grant to new and substantially renovated properties.

Madam Speaker, the First Home Owner Grant was initially introduced in July 2000 as a measure to offset the introduction of the GST.

To ensure that the First Home Owner Grant continues to provide a greater form of assistance to those people most in need, this Bill will retarget the grant to only apply to the purchase of a new or substantially renovated property.

The grant amount is also being increased from the current \$7,000 to \$12,500 on each eligible application.

These measures will support and stimulate the construction industry in the Territory, and create a strengthened property market, in turn reflecting this Government's commitment to a strong and growing economy.

To ensure the integrity of this retargeted grant, the required residency period to be eligible for the grant is being extended from 6 months to 1 year. Currently, applicants who receive the grant must reside in the purchased property continuously for 6 months, starting within 1 year of settlement or completion of the transaction.

Extending the residency period with this Bill will ensure that the assistance of the grant is targeted to those home buyers most in need, and who are going through the exciting time of purchasing their first home in the ACT.

In addition, the extended residency period will allow the ACT Revenue Office to better assess applicant compliance with the residency requirements.

Madam Speaker, the amendments in this Bill will better align the grant with the ACT's Home Buyer Concession Scheme, which is available on the purchase of a new or substantially renovated home.

Furthermore, the majority of other jurisdictions have already announced or implemented similar changes to their respective grants, with increases to the grant value and retargeting the grant so that it will no longer apply to the purchase of an established property. Victoria has also amended the residency period to 1 year.

This Bill will see the ACT align with the direction already taken by other jurisdictions, and make the Territory a more appealing marketplace to those looking to purchase their first home.

This Bill provides the required legislative amendments to implement this retargeted grant. It amends the definition of an eligible transaction for the grant, while providing definitions of a 'new' and 'substantially renovated' home. The Bill also clarifies the new residency period of 1 year.

The retargeting of the grant will continue to assist Canberrans in achieving their dream of owning their first home; it will support and stimulate the Territory's construction industry in the provision of new housing, and continue to provide economic growth and benefits throughout the Territory.

Madam Speaker, I commend the *First Home Owner Grant Amendment Bill 2013* to the Assembly.





**2013**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**DUTIES (DUTY DEFERRAL) AMENDMENT BILL 2013**

**DEBATE SPEECH**

**Presented by  
Andrew Barr MLA  
Treasurer**

**September 2013**

Madam Speaker, the Duty Deferral Scheme currently allows the deferral of payment of conveyance duty to those first home buyers who are eligible applicants, for a period of no more than ten years.

The current eligibility criteria for the Duty Deferral Scheme requires that an applicant must be eligible for either the Home Buyer Concession Scheme, or the First Home Owner Grant, and they must be purchasing a property with a value that is not more than the upper property threshold for the Home Buyer Concession Scheme at the time.

As part of the 2013-14 Budget, the Government announced that the First Home Owner Grant would be retargeted towards new and substantially renovated properties only, effective from 1 September 2013.

This retargeting will also increase the First Home Owner Grant value to \$12,500, a significant increase from the current \$7,000 available on each eligible application.

With the enactment of this Bill, the government will ensure that the Duty Deferral Scheme remains available to first home buyers of established properties.

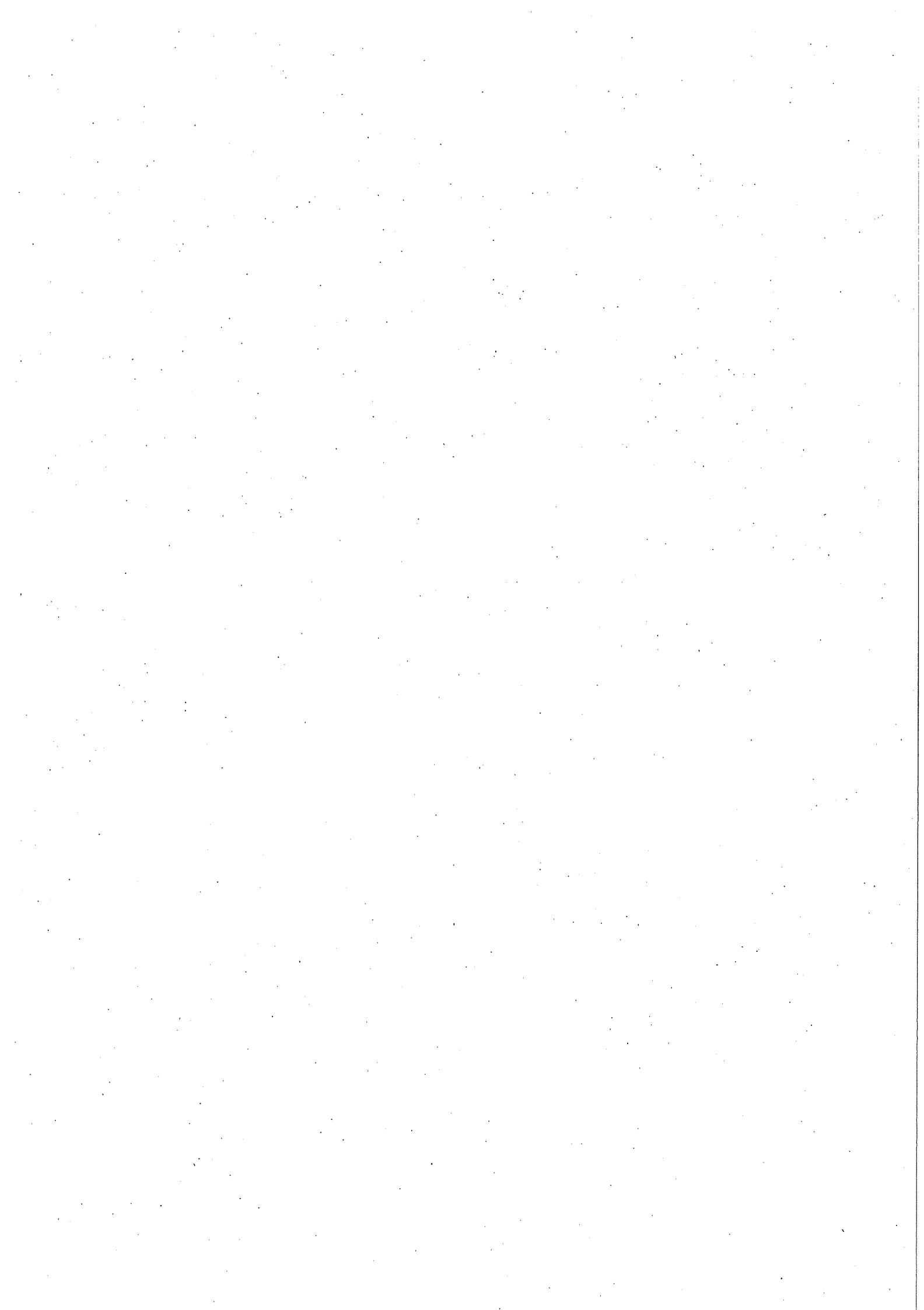
This Bill will provide a minor legislative amendment to the *Duties Act 1999*, and broadens the definition of an 'eligible person' to ensure that the Duty Deferral Scheme is available to those first home purchasers who would otherwise be eligible for the First Home Owner Grant, if not for the fact that the property purchased is an established property.

Applicants for the Duty Deferral Scheme will still be required to meet all other eligibility criteria for the First Home Owner Grant, including residency, citizenship, age and previous property ownership requirements.

Madam Speaker, with the enactment of this Bill, the Duty Deferral Scheme will continue to allow first home buyers wishing to defer their duty on an existing property to do so, and provides targeted financial assistance to first home purchasers in the Territory.

This Bill once again highlights the Government's commitment to making affordable housing initiatives available to its residents.

Madam Speaker, I commend the *Duties (Duty Deferral) Amendment Bill 2013* to the Assembly.





**2013**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**LAND RENT AMENDMENT BILL 2013  
DEBATE SPEECH**

**Presented by  
Andrew Barr MLA  
Treasurer**

**September 2013**

Madam Speaker, the *Land Rent Amendment Bill 2013* will retarget the Land Rent Scheme to ensure this scheme is only available to applicants who will receive the greatest benefit.

The Land Rent Scheme is a vital affordable housing initiative which provides a valuable service to first home buyers in the Territory. It allows lessees to rent land from the Government instead of purchasing the land outright. This allows purchasers who may not otherwise be able to enter the property market to do so by significantly reducing the upfront financial obligations.

Madam Speaker, these amendments implement changes to the scheme announced as part of the 2013-2014 Budget. These changes will only apply to land rent leases entered into on or after 1 October 2013, and will restrict entrance to the Land Rent Scheme to only those applicants who are eligible for the discounted land rent rate of 2 per cent.

Eligibility for the discounted rate is currently determined by several factors. Lessees must reside in the subject property once the subject residence is completed, and cannot own any other real property. In addition, the income of the lessees must not exceed an annually determined threshold amount.

The scheme requires annual payment of land rent and currently has two bases for participation. Lessees who meet the required eligibility criteria for a discount rate of rent are charged 2 per cent of the unimproved value of the land. Those lessees who do not qualify for the discount rate pay at a standard rate of 4 per cent.

As the discounted 2 per cent rate requires lessees to meet eligibility criteria, the standard 4 per cent rate is currently available without restriction. This has resulted in a large take-up of land rent leases by builders and developers. This has reduced the availability of land rent blocks to the intended recipients of the scheme, these being low and middle income earners.

From 1 October 2013 applicants wishing to enter the scheme must be eligible for the discounted rate. In addition to restricting entrance to the scheme, a number of other retargeting measures are being introduced. This will ensure that the Land Rent Scheme continues to be accessed by genuine low to middle income applicants.

Madam Speaker, lessees who enter the Land Rent Scheme from 1 October 2013 must remain eligible for the discounted 2 per cent land rent rate. Lessees who become ineligible for the discounted rate will be obligated to transition out of the scheme, and will be provided with a two-year period in which to do so.

Lessees who are transitioning out of the scheme will have the option of converting their Land Rent Lease to a nominal Crown Lease, or of transferring their block to another eligible land rent applicant. Should a lessee return to the discounted eligibility within this two-year period, they may be able to remain in the scheme.

However, lessees already participating in the Land Rent Scheme prior to 1 October 2013 will have continued access to both rates should their circumstances change.

Madam Speaker, this Bill also ensures that from 1 October 2013 new applicant lessees who wish to transfer their lease must do so to an eligible applicant. This measure will ensure that the scheme is continually accessed by genuine applicants.

However, Madam Speaker, this Bill does allow the Commissioner for ACT Revenue to approve a transfer to a non-eligible applicant in appropriate circumstances. This will assist with the proper administration of the retargeted scheme and deal with any anomalous situations that may arise from a restricted transfer.

This Bill also introduces minor amendments to definitions to improve the administration of the scheme. The definition of land rent is amended to ensure that the charging of interest aligns with that of both general rates and land tax.

The definition of an owner is also clarified, to ensure that potential land rent participants do not have either a legal or beneficial interest in other real property in a company name or under a trust. This will assist in limiting the scheme to genuine applicants looking to gain an affordable first home.

In the current Land Rent Scheme, income is assessed according to lessee income only. From 1 October 2013 for new applicants, income will be assessed on a household basis. This approach will be more reflective of applicant income and will ensure that the scheme is accurately targeting low to middle income households. The income threshold for a household will be \$160,000, which will align the Land Rent Scheme with the Home Buyer Concession Scheme.



Madam Speaker, it is critical to note that these amendments to the Land Rent Scheme will not affect those lessees who are already participating in the scheme, at either the 2 per cent or the 4 per cent rate. This Bill makes it clear that the amendments will only affect those new lessees who enter the scheme on or after 1 October 2013.

Once enacted, these amendments will ensure that the Land Rent Scheme continues to play a vital role in the Government's affordable housing initiatives.

Madam Speaker, I commend the *Land Rent Amendment Bill 2013* to the Assembly.





**2013**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**PAYROLL TAX AMENDMENT BILL 2013 (No 2)**

**PRESENTATION SPEECH**

**Presented by  
Andrew Barr MLA  
Treasurer**

**October 2013**

Madam Speaker, the Payroll Tax Amendment Bill 2013 (No 2) implements the Government's election commitment to provide a payroll tax concession, of up to \$4,000, to businesses who hire a recent school leaver with disability.

This initiative will provide a greater opportunity for young people with disabilities to participate in employment, by providing an incentive for large businesses to hire them.

This concession is another way in which this Government is delivering more to Canberrans with a disability, their families, and their carers.

The concession is aimed at large businesses in the Territory who are liable for payroll tax. In the ACT, a business is required to pay payroll tax once its annual Australia-wide wages exceed \$1.75 million. If a business in the ACT is liable for and paying payroll tax, they may be eligible for the concession.

The concession will apply where employment commences on or after 1 July 2013 and will continue to be available for 2 years. Employment must commence prior to 1 July 2015.

Madam Speaker, to claim the concession, businesses must hire an eligible person. An eligible employee must be aged 17 to 24 years old, and must be employed for at least 8 hours a week. The employee must also have a qualifying disability. In this Bill, the definition of disability used is that of the ACT's *Disability Services Act 1991*.

This definition aligns with that used by the Commonwealth Disability Employment Services programs, which includes the Employment Support Service. This Service assists people with a permanent disability who require long-term, regular and on-going support in the workplace. This is the target group for eligibility for this concession.

The Bill provides these criteria, to help to ensure that the concession is not open to abuse and that vulnerable members of the community are protected in their employment.

Should a business employ a person who meets the determined criteria, and for whom taxable wages are paid, a concession will be applied by the ACT Revenue Office to the eligible business at the time of the annual payroll tax reconciliation process. This will take place at the end of both the 2013-14 and 2014-15 financial years.

Those businesses not paying payroll tax will not be able to access the concession. This includes entities that are not liable for payroll tax, such as charities and some government agencies.

The concession amount will be determined by the length of time the eligible person has been employed. For employment of more than 13 weeks but less than 26 weeks, a concession of \$2,000 will apply. For employment of more than 26 weeks, the concession amount will be \$4,000.

This Government believes it is important to support the vulnerable members of our community and assist those who need it, when they need it and where it is required.

Increased employment opportunities for people with disability in the ACT can help them achieve a better standard of living, and more social inclusion, independence and financial control.

Madam Speaker, this concession will assist in giving young people living with disability the opportunity and support to achieve their full potential, and be valued as equal participants in the ACT community.

I commend the Payroll Tax Amendment Bill 2013 (No 2) to the Assembly.



**2013**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**PAYROLL TAX AMENDMENT BILL 2013 (No 2)**

**DEBATE SPEECH**

**Presented by  
Andrew Barr MLA  
Treasurer**

**November 2013**

Madam Speaker, the Payroll Tax Amendment Bill 2013 (No 2) delivers on another of the Government's election commitments, providing a payroll tax concession, of up to \$4,000 to businesses who hire a recent school leaver with disability.

There are a number of barriers for people with disability to participating in employment. This initiative will assist in providing increased opportunities for youth living with disability to gain sustainable employment.

It will also see this Government continue to deliver on our Post School Options strategy, to assist school leavers with disability in making the sometimes difficult transition from the school to employment environment.

This concession is targeted toward large businesses in the Territory who pay payroll tax. These large businesses will benefit from the qualities that disabled youth in the ACT can bring to the workplace.

In the ACT, a business is required to pay payroll tax once its annual Australia-wide wages exceed \$1.75 million. If a business in the ACT is liable for and paying payroll tax, they may be eligible to receive the concession.

Madam Speaker, the concession will be available where employment commences on or after 1 July 2013 and will continue for 2 years. Employment must commence prior to 1 July 2015.



In order to claim the concession, businesses must hire an eligible employee, who has a qualifying disability. In this Bill, the definition of disability used is that of the ACT's *Disability Services Act 1991*.

This definition aligns with that used by the Commonwealth Disability Employment Services programs, such as the Employment Support Service. This Service assists people with a permanent disability who require long-term, regular and on-going support in the workplace. This is the target group for eligibility for this concession.

An eligible employee must be aged 17 to 24 years old, and must be employed for at least 8 hours per week.

Businesses that are liable for payroll tax are required to complete an annual payroll tax reconciliation. The ACT Revenue Office will apply the concession to an eligible business at that time, with the amount of the concession determined by the length of time the eligible person has been employed.

For employment of more than 13 weeks but less than 26 weeks, the concession amount is \$2,000. For employment of more than 26 weeks, the concessional amount will be capped at \$4,000.

Madam Speaker, the criteria for this concession have been developed with the employee in mind, as well as large ACT businesses. The criteria help to protect vulnerable members of our community in employment while providing a benefit to the large organisations who employ them.

Access to this concession will be limited to entities that are paying payroll tax; entities excluded from accessing this concession will include charities, some government agencies, and educational institutions that are exempt from paying payroll tax.

There are numerous benefits to providing increased employment opportunities to youth living with disability in the ACT. Vulnerable members of our community can achieve greater levels of personal and financial independence, social inclusion, self-esteem and a greater quality of life by having increased opportunities for rewarding employment.

The Territory's biggest businesses will also benefit from the talents and skills these individuals can bring to the workplace.

Madam Speaker, this concession is designed to reduce some of the barriers that youth with disability face in achieving employment outcomes, and it encourages businesses to utilise the valuable skills and abilities of school leavers with disability.

I commend the Payroll Tax Amendment Bill 2013 (No 2) to the Assembly.

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**2013**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**TABLING STATEMENT**

**2013-14 MODIFIED STATEMENT OF CORPORATE INTENT FOR ACTEW  
CORPORATION**

**Presented by  
Mr Andrew Barr MLA  
Treasurer**

## TABLING STATEMENT

Madam Speaker, in accordance with Section 21 of the *Territory-owned Corporations Act 1990*, I hereby present the modified 2013-14 Statement of Corporate Intent for ACTEW Corporation Limited.

Members may recall when I tabled the original statement of corporate intent in the Assembly on 6 August this year, I foreshadowed ACTEW would provide a modified statement to reflect the impact of the final pricing determination for water and wastewater services.

I also indicated that the modified statement of corporate intent was likely to be tabled in November.

The original 2013-14 Statement of Corporate Intent was prepared before the release of the Independent Competition and Regulatory Commission's pricing determination for water and wastewater services that was issued on 26 June 2013.

As a consequence the original statement of corporate intent stated that the financial measures would be subject to material change once the ICRC pricing impacts had been properly evaluated.

The financial projections that were included in ACTEW's original statement of corporate intent were identical to those that appeared in the 2013-14 Budget.

However, we now know that according to the revised financial projections contained in the modified statement of corporate intent that over the forward years there will be a reduction in ACTEW's dividend payments to the Government of \$121 million together with \$54 million in foregone tax payments.

The estimated financial impact in 2013-14 is a dividend reduction of \$22.4 million and \$10.1 million less in tax payments.

In 2014-15 reduction in the dividend has been estimated at \$28.4 million and tax payments will be reduced by \$12.8.

In 2015-16 the dividend is forecast to be reduced by \$32.9 million and the corresponding reduction in tax payments is expected to be \$14.8 million.

Finally in 2016-17 the estimated dividend payment has been reduced by \$37.0 million and the tax payments reduced by a further \$16.6 million.

These financial impacts will be reflected in the budget midyear review that is expected to be released in early 2014.

Madam Speaker, I now commend ACTEW's modified statement of corporate intent to the Assembly.



2013

**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

**RESOLUTION TO DISPOSE OF THE SHARES OR THE  
MAIN UNDERTAKINGS OF ACTTAB LIMITED**

**DEBATE SPEECH**

**Andrew Barr MLA**  
**Treasurer**

Madam Speaker, on 22 November 2013 the Government announced that it intends to pursue the sale of ACTTAB Limited.

I now seek the support of this Assembly to the resolution, which provides for the sale of ACTTAB, either through the disposal of ACTTAB's main undertakings or the sale of the shares in ACTTAB.

Part 1(a) of the Resolution relates to a share sale. In order to enable the shares of ACTTAB to be sold it will be necessary to amend the *Territory-owned Corporations Act 1990* to remove ACTTAB from Schedule 1 of the Act. A Bill to give effect to the required legislative change will be introduced into the Assembly during the implementation of the sale when more is known about the preferred form of sale for the successful buyer.

Part 1(b) concerns the sale of ACTTAB's main undertakings. This is in accordance with Section 16 (4) (a) of the *Territory-owned Corporations Act* which prevents a disposal of the main undertakings unless approved by the Legislative Assembly.

Part 2 of the Resolution reflects the need to also amend the Constitution of ACTTAB in the event of a share sale. This is in keeping with Clause 4 of the Constitution which prevents any changes that are inconsistent with the *Territory-owned Corporations Act 1990* unless a resolution has been passed by the Legislative Assembly.



The changes to the Constitution would be determined during final negotiations about the terms of the share sale and would take effect from the sale completion date.

Madam Speaker there are strong grounds to support the Government's decision to sell ACTTAB.

The ACTTAB Future Options Feasibility Study that was undertaken by PricewaterhouseCoopers found that the best option for the Territory taxpayers would be to sell the business.

There are serious risks to the Government in continuing to own ACTTAB which are likely to increase in the current market environment.

As a standalone entity ACTTAB is finding it increasingly difficult to remain competitive due to a range of factors including relatively high operating costs and limited technology.

Due to a lack of scale and Government funding limitations, ACTTAB's competitive position will continue to erode as it struggles to overcome more and more customers choosing to access wagering products online.

It is obvious that a sale would remove the significant commercial risks that would otherwise fall on the taxpayers.

Selling ACTTAB also provides the opportunity for the Government to receive a higher upfront return compared to retaining ownership.

This is because the new owner would be able to better manage the risks by achieving economies of scale and scope, and is likely to pay a premium to acquire ACTTAB's exclusive licence and existing customer base.

The Government is also intent on reinvesting the sale proceeds for the benefit of the community.

Rather than stipulating the type of sale up front, we have chosen to let potential purchasers present their best offering, irrespective of whether that involves buying the shares to acquire the company outright or selectively purchasing the main undertakings such as the exclusive licence.

As the preferences for each purchaser may differ and in order to maximise the sale offer, the resolution has been prepared to enable the Government to adopt either form of sale depending on the responses received from potential buyers.

The sale will also be conducted through an open competitive process so as to maximise the number of bidders.

This approach should ensure the best outcome for the Territory.

The sale process would seek initial expressions of interest subject to certain selection criteria including demonstrated experience and credentials to manage ACTTAB successfully.

Potential bidders will need to demonstrate they have the appropriate experience and capacity to operate a wagering business including satisfying the necessary probity requirements to operate ACTTAB's exclusive wagering licence.

The ACTTAB Board, the United Services Union and the local racing industry have all been consulted about the sale.

The Government will ensure that staff are treated fairly and equitably, and that the local racing industry is not negatively affected.

As part of the sale process, potential purchasers will be asked to provide details about their planned staffing arrangements and their support of the local racing industry.

The sale should be undertaken as quickly as possible to minimise the risk of destabilising the operations of the company.

It is for this reason that today I am seeking the support of the Assembly to the resolution to enable the Government to sell either the shares or the main undertakings of ACTTAB.

This will assure the market that the Government is able to conduct a sale which could otherwise discourage potential purchasers from committing time and resources to the process.

Madam Speaker, I commend to the Members of this Assembly the resolution in my name seeking agreement to allow for the disposal of any of ACTTAB's main undertakings or the shares in ACTTAB as the opportunity arises.



28.11.13

**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL  
TERRITORY**

**MOTION**

**DISPOSAL OF THE SHARES OR THE MAIN UNDERTAKINGS OF  
ACTTAB LIMITED**

Mr Barr: I move that this Assembly:

- (1) Approves the disposal of the Territory's interest in ACTTAB Limited::
  - a. subject to the passing of an amendment by the Assembly to the *Territory-owned Corporations Act 1990* to remove ACTTAB Limited from Schedule 1 to the *Territory-owned Corporations Act 1990*, by way of a sale of the ACTTAB Limited shares held by the Territory; or
  - b. in accordance with section 16(4) of the *Territory-owned Corporations Act 1990*, by way of a sale of the main undertakings of ACTTAB Limited ;
  
- (2) Approve the Voting Shareholders making amendments to the Constitution of ACTTAB Limited in the event of a share sale in order to replace provisions relating to Ministers, the Voting Shareholders, the Auditor –General and specific obligations relating to the *Territory-owned Corporations Act 1990*. This would ensure the ACTTAB constitution is then suitable for a private company.

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Andrew Barr MLA

**Treasurer**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**TABLING STATEMENT**

**EXECUTIVE CONTRACTS**

Tabled by Katy Gallagher MLA  
Chief Minister  
February 2014

Madam Speaker, I present another set of Executive contracts.

These documents are tabled in accordance with Sections 31A and 79 of the *Public Sector Management Act*, which require the tabling of all Director-General and Executive contracts and contract variations.

Today I present thirteen long-term contracts, thirty-seven short-term contracts and twenty-seven contract variations

The details of the contracts will be circulated to Members.

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**2014**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**DUTIES (COMMERCIAL LEASES) AMENDMENT BILL 2014**

**PRESENTATION SPEECH**

**Presented by  
Andrew Barr MLA  
Treasurer**

**March 2014**

Madam Speaker, the *Duties (Commercial Leases) Amendment Bill 2014* brings forward important changes to duty legislation, which will have a positive impact on longstanding businesses in the ACT. The amendments introduce simpler and more effective anti-avoidance provisions in relation to commercial leasing arrangements.

The Bill I present to the Assembly today will repeal the provisions in the *Duties Act 1999* that impose conveyance duty on commercial leasing arrangements, merely due to having a term of thirty years or greater.

The current lease provisions are intended as an anti-avoidance measure, levying duty on long-term commercial leasing arrangements that could be a de facto transfer of commercial property. From recent representations to the ACT Revenue Office and myself, it has now become evident that a number of long-term commercial leasing arrangements may become liable for duty under these provisions, despite no intent of property transfer, or avoiding conveyance duty.

Madam Speaker, the Territory's existing approach to lease duty is unique, in that it imposes conveyance duty on commercial leasing arrangements based simply on the duration of the lease. All other jurisdictions apply duty based on a premium associated with commercial leasing arrangements, or any amount other than rent reserved paid for the lease.

These amendments will align the ACT with other jurisdictions by imposing duty on the premium component that is paid on the grant, or transfer of a commercial lease. A substantial premium paid above market rent on the grant, or transfer of a commercial lease is one

primary characteristic of an underlying transfer of the land. A premium paid above market rent will not incur duty until a determined threshold is exceeded. However, once the threshold is exceeded the entire premium component will become liable for duty. In this way, the appropriate duty is paid for the de facto transfer of commercial property.

The determined threshold will ensure that small premiums paid do not become dutiable where there are factors such as restrictive market forces, or where demand exceeds supply. The premium threshold will be set via disallowable instrument. This allows for simple adjustment in reaction to market trends and to ensure this threshold only captures as dutiable its intended target.

This Bill has been developed through extensive consultation with key industry stakeholders. This has resulted in provisions that are simple and minimise any administrative burdens to all parties involved.

Madam Speaker, this Bill will amend an inequitable tax from the *Duties Act* and replace it with provisions that further contribute to the implementation of a fairer, simpler and more efficient taxation system. These measures are fair to local businesses and will still protect the Territory's revenue base during the abolition of conveyance duty.

The provisions in this Bill allow longstanding businesses to thrive in the Territory, while still providing a comprehensive anti-avoidance mechanism to capture leases that are in fact a de facto transfer of commercial property.

Madam Speaker, I commend the *Duties (Commercial Leases)*  
*Amendment Bill 2014* to the Assembly.

**2014**

**THE LEGISLATIVE ASSEMBLY FOR  
THE AUSTRALIAN CAPITAL TERRITORY**

**TERRITORY-OWNED CORPORATIONS AMENDMENT BILL  
2014**

**Presentation Speech**

**Presented by  
Mr Andrew Barr MLA  
Treasurer  
March 2014**

Madam Speaker, today I am tabling the Territory-owned Corporations Amendment Bill 2014 that provides for ACTTAB Limited to be excluded from the application of the *Territory-owned Corporations Act 1990*, commonly referred to the TOC Act.

This Bill will enable ACTTAB to be sold as previously agreed by a resolution passed in this Assembly on 28 November 2013.

The proposed amendments are relatively straightforward. The consequence of these changes is simply to either remove any references to ACTTAB in the TOC Act or certain provisions that specifically relate to ACTTAB.

The Bill also allows the Treasurer to notify the effective date. Until then the TOC Act will continue to apply to ACTTAB.

The commencement date for the legislative changes will depend on the nature of the sale transaction.

In the event that there is to be an exchange of shares then the commencement date will be determined upon completion of the sale agreement.

On the other hand, if there is an exchange of assets, then the commencement date will be determined when the company is in a position to be wound up. The timing for this to occur will depend upon resolving any residual assets and liabilities still belonging to ACTTAB.

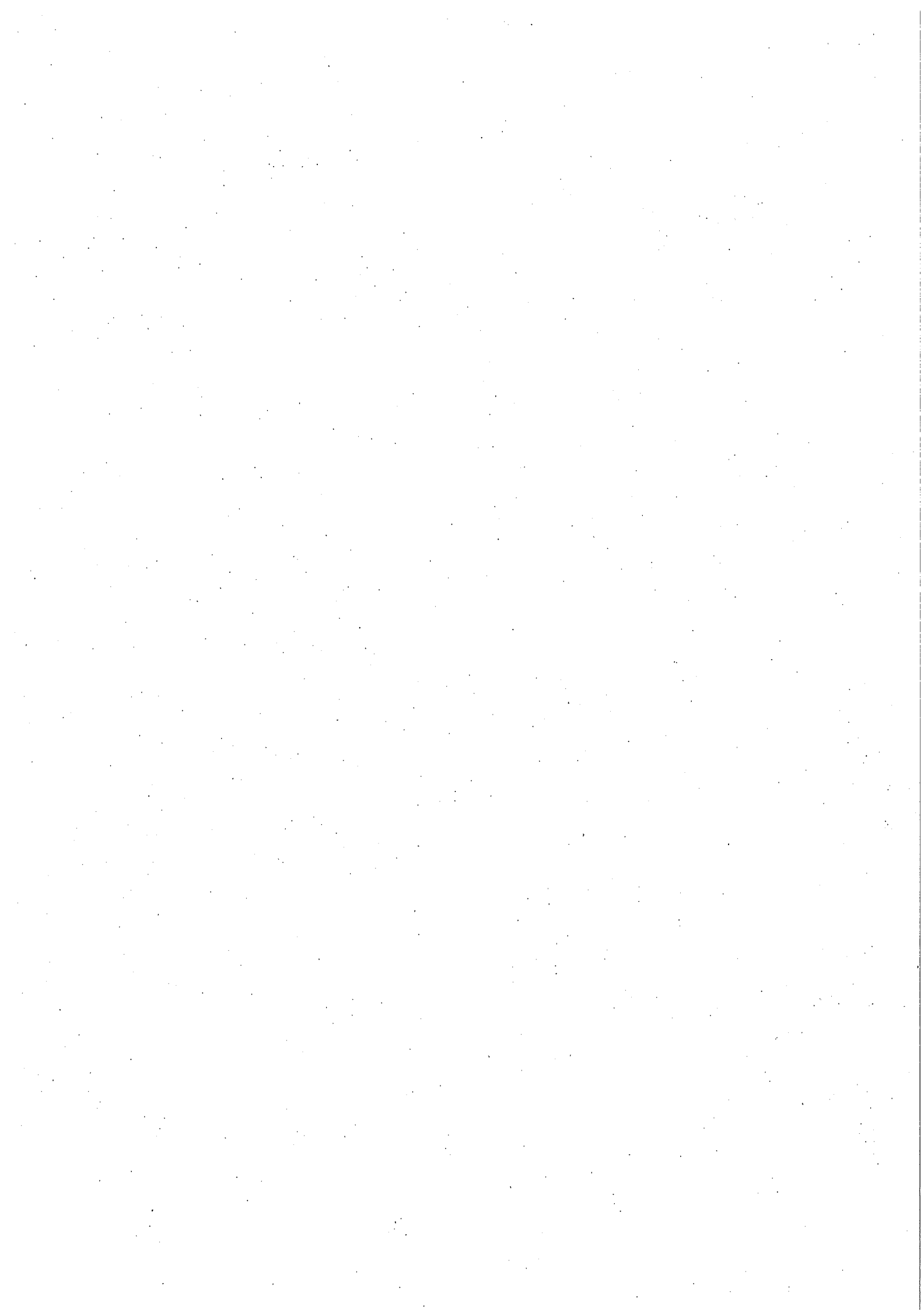
Additionally the Bill provides for consequential amendments to the *Taxation (Government Business Enterprises) Regulations 2003*, which ensures that ACTTAB is no longer subject to this particular legislation as it ceases to be a government business enterprise.

Madam Speaker, an open call for expressions of interests in purchasing ACTTAB was recently advertised in the Financial Review and the Weekend Australian. The short listing of applicants who responded to the advertisements has since been completed. The next stage involves seeking non binding indicative offers from the short listed applicants. These will then be assessed before proceeding to the final binding bid and execution stage.

Madam Speaker, the Government is intending to complete the sale by 30 June 2014.

It is important therefore for this Bill to be passed at an early stage to facilitate an effective sale process by providing improved certainty to bidders as to when the actual sale may be accomplished.

Madam Speaker, I commend this Bill to the Assembly.





**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**TABLING STATEMENT**

**EXECUTIVE CONTRACTS**

Tabled by Katy Gallagher MLA  
Chief Minister  
March 2014

Madam Speaker, I present another set of Executive contracts.

These documents are tabled in accordance with Sections 31A and 79 of the *Public Sector Management Act*, which require the tabling of all Director-General and Executive contracts and contract variations.

Today I present two long-term contracts, eight short-term contracts and four contract variations.

In tabling these contracts I note that one includes an amount of remuneration above the relevant Remuneration Tribunal Determination, set in accordance with section 629 of the Public Sector Management Standards 2006.

As members are aware, in mid 2013 the Public Sector Management Standards 2006 were amended to update the ACTPS executive contract framework, and to extend the capacity to pay an amount above Remuneration Tribunal determinations in prescribed circumstances to include more than just directors-general.

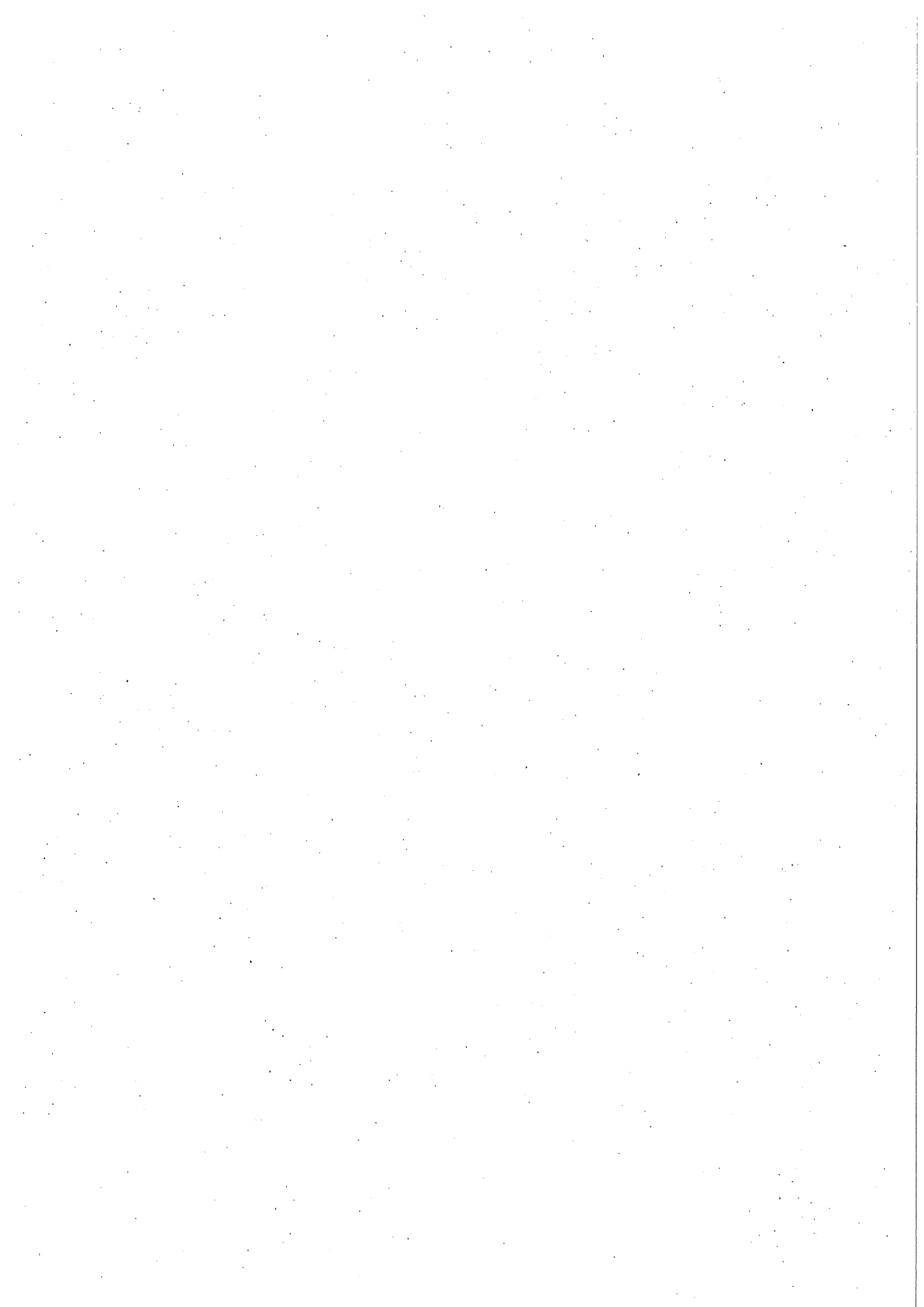
As part of that process, the standard form contract was rewritten, and a decision was taken to include all elements of an executive's remuneration (including any amounts above the Remuneration Tribunal amount) in the relevant contract. As a result, from 2013 these additional payments were included in the information tabled in the

Assembly. This change from previous practice was done on our initiative in the interests of transparency.

Members would also be aware that the current arrangements for executive contracts are cumbersome, and are under review as work continues on reform of public sector employment frameworks more generally.

The details of the contracts will be circulated to Members.

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2014

**THE LEGISLATIVE ASSEMBLY FOR  
THE AUSTRALIAN CAPITAL TERRITORY**

**TERRITORY-OWNED CORPORATIONS AMENDMENT BILL  
2014**

**Debate Speech**

**Presented by  
Mr Andrew Barr MLA  
Treasurer  
April 2014**

Madam Speaker, I recently tabled the Territory-owned Corporations Amendment Bill 2014.

This Bill seeks to exclude ACTTAB Limited from the application of the *Territory-owned Corporations Act 1990*, which would either take effect when the shares are to be sold or after any residual assets and liabilities have been settled to allow the company to be wound up.

In committing their time and resources to the sale, potential bidders require certainty that the sale can be finalised quickly.

As I indicated in my presentation speech, arranging for the legislative amendments to be passed at an early stage will facilitate a more efficient sale process by removing any bidder uncertainty about when the Bill, and hence the sale transfer, can take effect.

Although the Territory-owned Corporations Amendment Bill will allow ACTTAB to be sold after it has been enacted, the government will only agree to a sale if it is in the best interests of the Territory.

The sale price is expected to yield a net financial benefit to the Territory as the successful purchaser is likely to pay a premium to acquire ACTTAB's totalisator licence and its retail betting network.

Ultimately the sale price will be determined by the competitive tender process and the added value that potential bidders could realise by acquiring ACTTAB.

Madam Speaker, as the smallest TAB in the country, ACTTAB is becoming increasingly vulnerable to increased competition.

ACTTAB does not provide any core government services but it is exposed to significant commercial risks in a highly competitive wagering market and faces an uncertain future as a standalone entity.

As it stands ACTTAB lacks sufficient scale to compete effectively to protect its revenue base.

The ACTTAB Future Options Feasibility Study conducted by PricewaterhouseCoopers concluded that the best option for the Territory would be to sell the business.

It is evident that the wagering market has changed dramatically.

Before the Victorian TAB was privatised in 1994, the TABs were all government owned. Now there are only two that remain in government hands, one is ACTTAB and the other is in Western Australia.

There are currently three large totalisator pools controlled by two diverse gaming and gambling companies, Tattersall's and Tabcorp. Although these two companies clearly dominate the domestic market, in recent years the wagering industry has undergone further consolidation of the corporate bookmakers driven by the entry of several major overseas firms who are keen to establish and expand their operations in Australia.

The existing ACTTAB business model has served the Territory well for many years.

We must however, now move with the times to avoid the significant commercial risks of an increasingly competitive and dynamic market.

Madam Speaker, the formal sale process is well underway. Deloitte has been appointed as the government's specialist sale adviser, expressions of interest were sought from interested parties, and preferred bidders selected.

The Government expects to finalise the sale by the end of this financial year.

Madam Speaker, I move that this Bill be agreed in principle.

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**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**TABLING STATEMENT**

**EXECUTIVE CONTRACTS**

Tabled by Andrew Barr MLA  
Acting Chief Minister  
April 2014

Madam Speaker, I present a set of Executive contracts.

These documents are tabled in accordance with Sections 31A and 79 of the *Public Sector Management Act*, which require the tabling of all Director-General and Executive contracts and contract variations.

Today I present one long-term contract, six short-term contracts and two contract variations.

The details of the contracts will be circulated to Members.

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**2014**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**DUTIES (COMMERCIAL LEASES) AMENDMENT BILL 2014**

**DEBATE SPEECH**

**Presented by  
Andrew Barr MLA  
Treasurer**

**April 2014**

Madam Speaker, the *Duties (Commercial Leases) Amendment Bill 2014* replaces existing provisions in the *Duties Act 1999* that impose conveyance duty on long-term leases, with fairer, simpler and more effective premium based provisions.

The long-term lease provisions in the Duties Act impose duty on a commercial lease with a term of thirty years or greater. This can be arrived at by a single term lease, or over multiple terms. These provisions function as anti-avoidance mechanisms that capture commercial leasing arrangements which are being used in lieu of a conveyance transfer.

The existing provisions can hinder the development and sustainability of legitimate commercial arrangements by imposing a substantial duty liability on a business. For example, a business that has completed two 10 year leases and entered a 15 year lease that will bring the total term to 35 years would incur a duty liability. This is despite having no intent of gaining any ownership rights to the property or attempting to avoid conveyance duty.

The provisions that I have brought forward will impose duty on a lease that has a substantial premium paid for the grant or transfer of the lease. A premium is defined as any consideration (being monetary or non-monetary) that is paid, or agreed to be paid in relation to the lease, other than rent reserved. A lease with a considerable upfront premium is a primary characteristic of a commercial lease established to avoid conveyance duty.

The premium paid only becomes liable to duty once the premium exceeds the determined threshold of 25 per cent above market rent over the term of the lease. Once the premium component exceeds this threshold, the entire premium component becomes liable for duty. The premium threshold will be set by disallowable instrument once the legislation has been passed.

It is important to note Madam Speaker, that the Bill and the determined threshold have been developed in consultation with industry experts. The amendments provide positive outcomes for both the ACT Revenue Office and external stakeholders, such as local businesses.

Other jurisdictions have provisions which prevent the avoidance of conveyance duty by taxing commercial leases which have a premium paid on the grant or transfer of the lease. This Bill aligns the Territory with other jurisdictions that have successfully implemented a premium based method for imposing duty on commercial leasing arrangements, being used in lieu of a conveyance.

The long-term lease provisions in the Duties Act are now overly burdensome and ineffective in achieving the desired outcome. These legislative changes are necessary for ensuring the Territory still retains provisions to capture commercial leasing arrangements that are intended as a de facto transfer of land.

The amendments I have proposed will bring forward stronger, more effective anti-avoidance provisions for commercial leasing arrangements, which will no longer be a detriment to the long-term

sustainability of local businesses in the Territory. This Bill removes market distortions and inequities resulting from the existing provisions.

The implementation of more appropriate duty provisions will improve the economic environment for local businesses, and businesses looking to invest in the Territory. More investment may also result in positive commercial competition within the Territory's economy.

Madam Speaker, I commend the Duties (Commercial Leases) Amendment Bill 2014 to the Assembly.

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**TABLING STATEMENT**

**EXECUTIVE CONTRACTS**

Tabled by Katy Gallagher MLA  
Chief Minister  
May 2014

Madam Speaker, I present a set of Executive contracts.

These documents are tabled in accordance with Sections 31A and 79 of the *Public Sector Management Act*, which require the tabling of all Director-General and Executive contracts and contract variations.

Today I present three long-term contracts, seven short-term contracts and ten contract variations.

The details of the contracts will be circulated to Members.

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**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**TABLING STATEMENT**

**EXECUTIVE CONTRACTS**

Tabled by Katy Gallagher MLA  
Chief Minister  
May 2014

Madam Speaker, I present a set of Executive contracts.

These documents are tabled in accordance with Sections 31A and 79 of the *Public Sector Management Act*, which require the tabling of all Director-General and Executive contracts and contract variations.

Today I present no long-term contracts, three short-term contracts and three contract variations.

The details of the contracts will be circulated to Members.

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**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**TABLING STATEMENT**

**EXECUTIVE CONTRACTS**

Tabled by Katy Gallagher MLA  
Chief Minister  
June 2014

Madam Speaker, I present a set of Executive contracts.

These documents are tabled in accordance with Sections 31A and 79 of the *Public Sector Management Act*, which require the tabling of all Director-General and Executive contracts and contract variations.

Today I present two long-term contracts, twelve short-term contracts and five contract variations.

The details of the contracts will be circulated to Members.

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2014

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**TABLING STATEMENT**

**2014-15 STATEMENTS OF CORPORATE INTENT FOR ACTEW CORPORATION  
AND ACTTAB LIMITED**

**Presented by  
Mr Andrew Barr MLA  
Treasurer**

## TABLING STATEMENT

Madam Speaker, in accordance with Section 19(3) of the *Territory-owned Corporations Act 1990*, I hereby present the 2014-15 Statements of Corporate Intent for ACTEW Corporation Limited and ACTTAB Limited.

For ACTEW the Statement of Corporate Intent outlines the key commercial objectives, main undertakings, business and corporate strategies as well as the financial outlook extending from 2014-15 and throughout the forward estimates period.

As the Assembly is aware ACTTAB is going through a sale process and the financial estimates presented in the Statement of Corporate Intent are predicated on the Government's intention to execute a contract for the sale of ACTTAB by 30 June 2014.

As it is expected that there will be a transition period during 2014-15 estimates are provided only for the 2014-15 financial year with no forecasts in the later years beyond 2014-15.

The Government is unable to predict the financial outcome nor the actual completion date of the sale as the evaluation and negotiation processes are ongoing at the time of preparation of the Budget papers and the Statement of Corporate Intent.

Madam Speaker, I commend the documents to the Assembly.



**2014**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**PAYROLL TAX AMENDMENT BILL 2014  
PRESENTATION SPEECH**

**Presented by  
Andrew Barr MLA  
Treasurer**

**June 2014**

Madam Speaker, the *Payroll Tax Amendment Bill 2014* introduces an important change to the Territory's payroll tax legislation, and will have a positive long-term impact on competition and equity within the subcontracting labour market.

Like all other jurisdictions in Australia, the ACT collects payroll tax on wages paid by employment agents to subcontractors. Schedule 2 of the *Payroll Tax Act 2011* provides payroll tax relief for employment agents in certain circumstances.

The ACT is the only jurisdiction where a 'genuine employer' exemption exists in the calculation of payroll tax for employment agents. Under current legislation, the criteria for establishing a 'genuine employer' for this purpose are not clear, which has made the tax legislation complex and difficult to interpret in this respect.

The Payroll Tax Act will be amended to remove the 'genuine employer' exemption to bring the ACT more into line with other jurisdictions. The ACT will continue to offer six other exemption categories that employment agents may claim. This amendment will provide more certainty to Canberra employment agents and to the contractor community with regards to their payroll tax liabilities.

Recent evidence suggests that some, but not all, employment agents and subcontractors have been aggressively taking advantage of the exemption being repealed by this Bill. The exemption in its current form allows single-person companies to be considered genuine employers, and for the employment agent contracting with them to exempt their wages from payroll taxation. This exploitation of the current regime



results in an unequal playing field for employment agents competing for subcontractors.

Furthermore, repealing the provision brings into alignment the treatment of wages paid to some subcontractors who aggressively utilise the provision, with those subcontractors who do not.

Madam Speaker, the Bill I present to the Assembly today will ensure that the taxation environment is the same for all employment agents and subcontractors, regardless of the industry they operate in or how they are structured. This will result in subcontractors' wages being treated the same way as other contractors for payroll tax purposes. The Bill will also ensure that the Territory's approach to employment agent exemptions is more consistent with that of other Australian jurisdictions.

This amendment will provide certainty to the Canberran employment agent and subcontractor communities with regards to their payroll tax liability. Repealing the 'genuine employer' exemption provision will remove confusion around the exemption of wages under the Act, increasing certainty of the Territory's taxation regime and promoting economic growth.

The Act will continue to provide six exemptions, in the appropriate circumstances, for employment agents paying wages to subcontractors. Where a subcontractor is a body corporate, partnership, or sole trader, and has at least two persons working on a contract, one of whom is an employee of the business, a payroll tax exemption is provided under the remaining *bona fide* employer provisions. Wages paid by employment

agents to subcontracting single-person companies will no longer be eligible for a payroll tax exemption under these provisions.

This is a very important amendment for the Territory. It will reduce inequality in the payroll tax environment, promote competition, and also improve the sustainability of the payroll tax system. It will bring the Territory closer into line with other jurisdictions and thus reduce red tape for those businesses operating across state borders.

Madam Speaker, I commend the *Payroll Tax Amendment Bill 2014* to the Assembly.



**2014**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**LAND TAX AMENDMENT BILL 2014  
PRESENTATION SPEECH**

**Presented by  
Andrew Barr MLA  
Treasurer**

**June 2014**

Madam Speaker, as announced in the 2014-15 Budget, the ACT Government will continue its commitment to taxation reform. The *Land Tax Amendment Bill 2014* is another step this Government is taking to provide a fairer, simpler and more efficient taxation system for the people of the Territory.

The Bill I present to the Assembly today removes an issue of inequity that currently exists in the calculation of land tax. Generally, land tax applies to all residential properties that are rented, and properties owned by a corporation or trustee.

Land tax in the Territory is currently calculated based on the average unimproved value of the property, and a marginal rate. Multi unit properties generally have a lower average unimproved value than standard residential properties, and thus a lower marginal rating factor applies. This approach has resulted in a disproportionately low amount of land tax contributions from multi unit property owners.

Madam speaker, in 2013-14 approximately 35,500 properties were subject to land tax in the Territory. 44 per cent of these properties were standard residential houses, while the remaining 55 per cent of properties were either units or townhouses. However, standard residential houses contributed 78 per cent of land tax revenue, compared to 22 per cent from multi unit and townhouse properties.

To create an even distribution of land tax this Bill imposes a fixed charge in the calculation of land tax. The fixed charge will be determined at \$900. It is estimated that the fixed charge will make up roughly 40 per cent of revenue raised from land tax once the amendments have been

implemented. This measure has synergies with the general rates framework, where 40 per cent of general rates revenue is also generated through a fixed charge.

Sections 15 and 16 of the Land Tax Act allows land tax to be charged on only that portion of a property that is liable for land tax, if the whole parcel is not land taxable. Amendments to these sections with this Bill ensure that the fixed charge will not be applied in full when only a portion of a property is liable for land tax.

The fixed charge will be levied on all land taxable properties from 1 July this year. Until successful passage of this Bill, the fixed charge will be implemented via disallowable instrument. Effective from 1 October, this Bill will include the fixed charge component of land tax into the Land Tax Act.

The marginal rates of land tax, determined via disallowable instrument, will be decreased as a result of the introduction of the fixed charge. This will ensure land tax liabilities are distributed more equally across all taxable property types.

The introduction of the fixed charge will remove a distortion in the way land tax is levied. Once effective, land tax will be more evenly distributed over the taxpayer base in the Territory, removing any land tax advantages that certain types of property ownership have over another.

These amendments create a more equitable way of imposing land tax in the Territory and are congruent with the principles of taxation reform.

Providing a fairer, simpler and more efficient taxation system that is sustainable for the long term is a commitment of this Government.

Madam Speaker, I commend the *Land Tax Amendment Bill 2014* to the Assembly.