



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party
Date Referred: 21/01/2019

Proposal No: A279
Date Published: 18/03/2019

Proposal Title: Stamp Duty - Extend to Boats Valued at \$200,000 or more

Cluster: Treasury

General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	-	-	-	-
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	31,000	32,000	33,000	96,000
Net Operating Balance:	-	31,000	32,000	33,000	96,000

Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing):	-	31,000	32,000	33,000	96,000
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Total State Sector Impacts

Net Lending/(Borrowing):	-	31,000	32,000	33,000	96,000
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Notes and costing assumptions

Policy

Establish, from 1 July 2019, stamp duty on boats valued at \$200,000 or more that are designed and fitted out mainly for private recreational pursuits or hobbies. The applicable duty would be:

- \$7,600 plus \$9 for every \$100 or part thereof over \$200,000
- \$16,000 plus \$12 for every \$100 or part thereof over \$300,000.

Policy details should be consistent with those of motor vehicle stamp duty. New recreational boats exported from Australia within 12 months would be exempt from the levy.

Background

In NSW, motor vehicle duty is payable when:

- registering a new vehicle for the first time
- transferring a vehicle's registration to another person
- registering an imported second-hand vehicle in NSW for the first time.

The duty is distinct from registration fees and vehicle weight tax, which are charged annually for vehicle registration. Roads and Maritime Services (RMS) collects motor vehicle duty for Revenue NSW.

Notes and costing assumptions continued:

Assumptions

We have assumed that, like motor vehicle duty, stamp duty on high-valued recreational boats would be levied when registering a new boat for the first time, when transferring a boat's registration from one person to another or when registering for the first time an imported second-hand boat. It would be distinct from annual boat registration fees currently collected by RMS.

The costing of this policy is uncertain as there is no available data on the number of registered boats in NSW disaggregated by value. Annual registration fees in NSW are based on boat length rather than the value of the boat. We used new and transferred boat registration data sourced from RMS for the years 2015-16, 2016-17 and 2017-18 which specified the number of new and transferred registrations per type of boat and category of length.

We used collated sale price data from various buy/sell websites for new and used boats, with a sample size of approximately 300. The websites specify the type of boat, the length and sales price, so price data was able to be categorised into type of boat (e.g. catamaran, motor cruiser, yacht etc.) per category of length, to match the registration data provided by RMS. An average price was then calculated for each type of boat per category of length. Those boat categories which had an average price of \$200,000 or greater were factored into the revenue costing, based on the two thresholds specified above.

The sampling process suggests a duty on boats valued above \$200,000 is likely to apply to less than 3% of new and transferred boat registrations each year. RMS registration data indicated new boat registrations and used boat registration transfers in NSW totalled around 41,000 in 2017-18. Of these, around 36,500 related to boats likely to be valued less than \$100,000, such as runabouts, personal water craft, small punts, inflatables and 'other/unknown'. Of the remainder, the sampling process suggests around 3,500 were valued below \$200,000.

Boat registrations for 2018-19 and the forward estimates were projected using an annual growth rate of 0.4%, based on the calculated average annual fleet growth rate over 8 years, from 2009 to 2017.

The growth rate applied to the number of transactions over the forward estimates does not take into consideration the effect the proposed duty may have on new vessel registrations and used vessel registration transfers. Data on the price elasticity of recreational vessel demand is not readily available.

We used NSW Treasury forecasts/projections of changes in the Sydney CPI (2018-19 NSW Pre-Election Budget Update, p. 35) to index the average price of boats: 2019-20, 1.75%; 2020-21, 2.0%; and 2021-22, 2.25%.

Currently, only boats to be used in NSW navigable waters are required to be registered. We have assumed the registration data sourced excludes any boats intended for export. We also have assumed that the number of boats initially registered intended for use in NSW navigable waters then exported overseas would be minimal and so not materially affect the revenue estimates.

We have excluded administration costs for Revenue NSW or RMS for collecting the duty. Though there would be some, given those agencies' current roles in collecting motor vehicle duty and annual boat registration fees, we have assumed administration costs would not significantly offset the revenue raised.