

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 30 May – 1 June 2006

Question: bet 167

Topic: \$89 million costing of the original Accredited Client Program and states agreement to changes impacting GST

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Senator LUDWIG asked:

1. Please provide an explanation of how Treasury derived its \$89 million costing of the original Accredited Client Program (i.e. proposal that included full duty deferral).
2. Please provide an explanation of the formal process whereby the states' agreement to changes that would impact on GST is sought.

Answer:

1. The Government's decision on Customs accredited client programme was reported in the 2005-06 Budget (Budget Paper No. 2, Part 1, page 9).
2. The A New Tax System (Commonwealth-State Financial Arrangements) Act 1999 and the Intergovernmental Agreement on the Reform of Commonwealth-State Relations provide that the GST base and the GST rate cannot be varied unless each State and Territory agrees.

For the purposes of managing the GST base, a change to the A New Tax System (Goods and Services Tax) Act 1999 or the A New Tax System (Goods and Services Tax Transition) Act 1999 and subsidiary legislation that results in a change to the net GST collections is a change for which State and Territory agreement is required.

In the event that State and Territory agreement is required, the Treasurer or the Minister for Revenue and Assistant Treasurer would write to State and Territory Treasurers to seek their agreement.