

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 30 May – 1 June 2006

Question: bet 83

Topic: Customs and revenue

Hansard Page: E17

Senator LUDWIG asked:

It would be interesting to understand that process. I do not think it did come back to you or, if it did, then no-one seems to be able to tell me. If it did, perhaps there is also some modelling or an explanation of how you then arrived at also concluding it was revenue neutral. There are interest issues involved and some guesstimates as to how many importers, how many processing transactions per month and the like there are. Also, in the process there was a charge under the system—in other words, the accredited client program. The normal import processing charge was \$40 to \$50. Instead, the accredited client program will mean that they will pay a monthly fee of \$1,275 and a fee per consignment of \$9.40, which means that instead of paying per transaction they pay a flat monthly rate plus a smaller fee per transaction. Did that model have to go to Treasury as well to see whether it would have an effect on the revenue of the government and, if not, why not?

When I look at it—granted, it is probably the first time I have been in this area—for a company like a major retailer, where Customs informed us that there would be between 4,000 and 10,000 consignments per month, there would be, as you calculate it out, a loss of revenue due to lower fees in the order of \$1.5 million to \$3.7 million per year as a hypothetical calculation. These are their figures: they picked a major retailer and said the costing was done on a \$4,000 to \$10,000 basis per consignment using 200 participants each with a basket of goods. So there is a fair bit of averaging going on, somewhere in the order of 350 per month. The yearly cost would be almost \$23 million over four years. It would amount back to the \$89 million, strangely. I was interested to see whether Treasury would have or did have an interest in that, or whether the Australian Customs Service would be required to refer it to Treasury for their costing. I refer you to page 44 of the transcript of the Senate Legal and Constitutional Legislation Committee for 25 May 2006. You might recognise a couple of names there, but about three-quarters of the way down the page Mr Buckpit says: I am not sure which figure you are referring to, Senator. My recollection is that, if you were to look at the \$89 million figure, it was roughly \$20 million per year that was being pushed from June to July, and when you total that you end up with the \$89 million figure. That is the basic concept of what they were using. I am sure you can get back to the committee with clarification, and I am only too happy to help.

Mr Tune—We will take all that on notice and get back to you as soon as we can.

Answer:

Refer to answer to bet 82.