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Friday 6 May 2011

Customs admits no proof to back up GST threshold advice - Up to \$700 million in Commonwealth revenue down the drain

The Fair Imports Alliance said it received a written admission from the Customs and Border Protection Service on Tuesday that proved Custom's advice to the Government about a lower GST import threshold being economically and administratively unfeasible was baseless.

Customs officers this week stated in an email to the Fair Imports Alliance that **'Customs and Border Protection has not undertaken analysis of which threshold level will be administratively feasible.'**

The Fair Imports Alliance spokesperson Brad Kitschke said the admission proved previous government decisions to maintain the low value import threshold at \$1000 were made without any factual basis.

"The Government, from the Prime Minister down, has said it cannot lower the threshold because it would be economically or administratively unfeasible. It is now clear the Government and industry has been lead down the garden path by the bureaucrats in Customs," Kitschke said.

The issues paper, released by the Productivity Commission last month as part of its review into the structure of the retail industry, determined the Commonwealth is missing out on an estimated \$1.3m per day or \$480 annually in GST income alone, but the Fair Imports Alliance said uncollected Commonwealth revenue could be much higher once Custom duties were considered.

"Custom duties are also charged at the border, with a varying scale of rates, (footwear 5%, and apparel 10%). Once estimated uncollected custom duties are added to the estimated \$480m in lost GST, the uncollected Commonwealth revenue could be as high as \$700m as a conservative estimate.

"It is staggering to think a Government agency like Customs cannot implement an efficient system to collect this revenue and even more impossible to understand how it advised the Government that something is not economically feasible to undertake, when they have never carried out any modelling to prove so." Kitschke said.



AUSTRALIAN BOOKSELLERS ASSOCIATION



Australian Sporting Goods Association Inc



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"We have already seen the first cracks in the arguments put forward by Canberra bureaucrats. Their approach has not been to examine the threshold properly, but to maintain the status quo at all costs. The Productivity Commission's revelation of \$480m in lost GST alone and the most recent admission by Customs proves that decisions have been made in the past in the absence of fact," Kitschke said.

The Fair Imports Alliance wrote to the Minister for Customs, Brendan O'Connor last month seeking answers to a series of 15 specific questions related to research, data and modelling around the Low Value Threshold. It had previously sought answers to these questions at a Custom's run industry forum but answers were not provided. The Fair Imports Alliance says that the correspondence to Minister O'Connor as yet has neither been acknowledged or replied to.

Industry has been left waiting for answers ahead of its 20 May deadline to submit to the Productivity Commission's review. It has now resorted to lodging a series of Freedom of Information requests with various Government agencies in the hope that it might obtain information crucial to it's submission on behalf of the retail industry.

The Fair Imports Alliance comprises the following organisations: Australian Retailers Association (ARA), Australian Sporting Goods Association (ASGA), Bicycle Industries Australia (BIA), Australian Toy Association (ATA), Photo Marketing Association (PMA), Australian Fishing Trade Association (AFTA), Australian Booksellers Association (ABA), Australian Music Association (AMA) and the Retail Cycle Traders Australian (RCTA). For more information visit: www.fairimportsalliance.org.au or email fairimportsalliance@retail.org.au or call 1300 368 041.

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For interviews with Fair Imports Alliance spokesperson Brad Kitschke call 0403 809 630



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