



Mike Baird MP

NSW Treasurer
Minister for Industrial Relations

MEDIA RELEASE

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NSW WELCOMES COMMONWEALTH AGREEMENT FOR ACTION ON INFRASTRUCTURE AND ONLINE GST

NSW Treasurer Mike Baird today welcomed the Federal Government's agreement to work with the States and provide additional financial incentives to deliver infrastructure, while at the same time progressing work to reduce the low value import threshold for GST.

Following the Standing Council on Federal Financial Relations meeting in Canberra, Mr Baird said the Federal Coalition had responded to two proposals that the NSW Government had put forward to the previous Federal Labor Government last year.

"After years of little to no progress on these important issues, we are very pleased with the constructive discussion that we have had today with Federal Treasurer Joe Hockey," said Mr Baird.

"The NSW Government is facing significant funding challenges as we work to address the \$30 billion infrastructure backlog across the State, and we had been calling on Federal Labor to provide additional support for infrastructure investment in NSW.

"In stark contrast to our conversations with Federal Labor, the State and Territory Treasurers have had a significant step forward today.

"The Federal Coalition has today outlined its plan to work alongside the states to bring forward the delivery of key infrastructure. The proposal - to be finalised between the Federal and State Governments - provides a financial payment to the states that is consistent with the existing 'tax equivalent payments' that would otherwise flow to the Commonwealth.

"Our capacity to address the infrastructure backlog relies heavily on our ability to secure funding. This proposal provides an additional opportunity and incentive for states to put that money into the infrastructure that our communities desperately need.

"The State Treasurers have been united in our push to lower the GST threshold for online purchases, and today we have seen a positive step forward for both the States and Australian retailers.

"Work was started under the former Federal Treasurer Wayne Swan and Joe Hockey has today commissioned a joint working-group of State and Commonwealth Treasuries to finalise proposals for lowering the threshold ahead of a Treasurers meeting in March 2014.

“The fact is the tax treatment of goods bought online from overseas is a relic from the days when few people shopped online. Now it is growing by between 10 per cent and 15 per cent each year and we think it’s time that we bring our tax system into the modern age.”

Mr Baird said the latest ABS estimate is that there is between \$650 million and \$702 million annually the states are not receiving.

“That is almost \$3 billion over four years – enough to build 300 schools across Australia. At the same time, this is about bringing Australia into line with other countries around the world,” said Mr Baird.

“There is still considerable work to do in terms of how this can be administered in the most efficient and cost-effective way, but we are encouraged that the Commonwealth has today committed to a decision in March.

“We look forward to working with Joe Hockey to rectify this leakage in the system, which is in the long term interest of the states, the nation and our struggling retailers,” said Mr Baird.

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