

PREFACE

The 2000-01 Budget

The 2000-01 Budget reflects a number of key changes, including the impact of National Tax Reform and subsequent restructuring of Commonwealth-State funding arrangements.

Implications of the Goods and Services Tax

The 2000-01 Budget reflects the implementation of the Goods and Services Tax (GST), which has been accounted for in accordance with guidance provided by the Australian Accounting Research Foundation's Urgent Issues Group. This requires that:

1. amounts disclosed in the cash flow statement must be inclusive of the GST, as must receivables and payables disclosed in the statement of financial position; and
2. revenues and expenses disclosed in the operating statement are net of GST, as amounts relating to the tax do not represent income or expenses of an entity.

Implementation of the GST has resulted in:

1. the abolition of a number of Territory taxes, this revenue stream being replaced by a combination of GST and Commonwealth Grant Revenues; and
2. savings in the order of \$8.5m in the long term being made to agencies' budgets, which relate to the reduction in the cost of goods and services that agencies themselves purchase, as a result of the removal of embedded wholesale sales tax.

Further information on the GST is provided in Budget Paper 3, at Part 4.4 Goods and Services Tax.

Commonwealth Revenue Estimates

The estimates for Commonwealth revenue used in the 2000-01 Budget reflect the Statement of Estimated Payments (SOEP) approved by the Ministerial Council for Commonwealth-State Financial Relations in March 2000. The Council replaces the annual Premiers' Conference as the forum for Commonwealth-State financial matters. The SOEP outlines estimated Commonwealth payments to States and Territories following implementation of the new financial arrangements related to the implementation of the Goods and Services Tax.

Further information on Commonwealth estimates is detailed in Budget Paper 3, at Part 4.3 Revenue 2000-01 and Forward Estimates and Part 6.2 Developments in Commonwealth/State Financial Relations.

