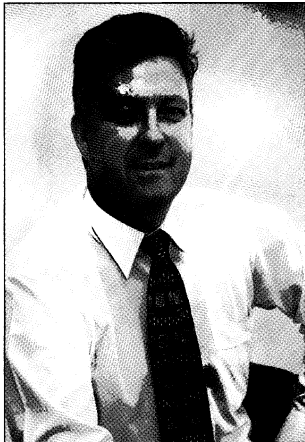

Forum

GST head appointed

John Grant has joined the ACCC to head up the new GST Operations Group. The profile of the Commission's responsibilities, the short timeframe and the amount of work to be done before the proposed legislation is planned to take effect means that John needs to be vigorous in establishing action plans, liaising with the stakeholders and beneficiaries of the proposed new tax arrangements, and ensuring that the Commission is positioned to fulfil its responsibilities.



A key factor is recruiting high calibre staff to participate in new responsibilities arising from the Government's proposed A New Tax System (ANTS) initiatives. The group's basic functions will be to:

- formulate guidelines about when prices for supplies may be regarded as exploitative;
- monitor prices to assess the general effect of the ANTS changes on prices;
- report to the Minister about the Commission's operations (in relation to this part of the Trade Practices Act); and
- foster compliance with, and where necessary enforce, the provisions of the Act.

Draft GST pricing guidelines

On 23 April 1999 the Commission issued preliminary draft pricing GST guidelines for consultation with all interested parties.

The intention of the guidelines is to ensure that consumers benefit fully from reductions in indirect tax, where that is the effect of the tax changes; that consumers are not exposed to greater than necessary price rises; and that consumers are not exploited.

The proposed legislation requires the Commission to formulate guidelines as to when prices may be regarded as being in breach of the price exploitation provisions. Whilst the legislation is yet to be passed, the guidelines need to be developed before 1 July 1999 to ensure the objectives of the legislation are achieved, since tax changes are expected to occur soon after that date.

The draft paper reflects the Commission's current thinking about the key principles that the guidelines should contain.

The Commission considers that it is preferable for the guidelines to be as general and simple as possible, given their broad application across all sectors of the economy to businesses of all sizes and kinds. Additional guidelines may be drafted in relation to issues affecting particular industries or sectors if the need arises.

The Commission will consult with key interested parties on an ongoing basis on the development and implementation of guidelines.

The statutory principle

The proposed new s. 75AU of the Trade Practices Act outlines the broad statutory test in relation to price exploitation during the transition period of the new tax system