

2000

**THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

SUBSIDIES (LIQUOR AND DIESEL) REPEAL BILL 2000

EXPLANATORY MEMORANDUM

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Gary Humphries MLA

Subsidies (Liquor and Diesel) Repeal Bill 2000

Summary

This is a Bill to repeal the *Subsidies (Liquor and Diesel) Act 1998*, from 1 July 2000, consequential to the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations (IGA).

As part of the financial reform measures included in the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations (IGA), the temporary arrangements for the collection of taxation of petrol, liquor and tobacco under the Commonwealth's Section 90 safety net arrangements will cease on 1 July. Section 90 safety net funding will be withdrawn with the abolition of wholesale sales tax (WST) and the introduction of the Goods and Services Tax (GST).

Revenue/Cost Implications

There will be a saving to the Territory of approximately \$1m annually from the cessation of the subsidy scheme. There will be a once only Act of Grace payment of \$300 to each eligible pensioner in 2000-01 to offset the costs of using diesel fuel for home heating. This is equivalent to 10 years of average subsidies and will cost approximately \$41,100.

Details of the Bill follow.



Details of the Subsidies (Liquor and Diesel) Repeal Bill 2000

Clauses 1 and 2 are formal requirements. They refer to the title of the Act and the commencement date of the repeal of the Act.

Clause 3 provides for the repeal of the *Subsidies (Liquor and Diesel) Act 1998*.