

A New Tax System (Commonwealth-State Financial Arrangements) Regulations 2003 2003 No. 125

EXPLANATORY STATEMENT

Statutory Rules 2003 No. 125

Issued by the Treasurer

A New Tax System (Commonwealth-State Financial Arrangements) Act 1999

A New Tax System (Commonwealth-State Financial Arrangements) Regulations 2003

Section 23 of the *A New Tax System (Commonwealth-State Financial Arrangements) Act 1999* (the Act) provides that the Governor-General may make regulations prescribing matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

Section 4 of the Act provides that "transitional GST year" means a GST year commencing on or before 1 July 2002 or a later prescribed GST year.

Clause 11 of the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations specifies that if any State or Territory requires transitional assistance after 30 June 2003, the Commonwealth will extend the transitional period by regulation. Transitional assistance, also known as Budget Balancing Assistance, is paid to ensure that the States and Territories are no worse off under the new system of financial arrangements provided for in the Act and under the Intergovernmental Agreement.

The purpose of the Regulations is to extend the transitional period under the Act to include 2003-04, 2004-05 and 2005-06. As the Act currently stands, the transitional period finishes at the end of 2002-03.

As it is expected that at least some States or Territories will require transitional assistance after 30 June 2003, this Regulation will give effect to the Commonwealth's commitment under the Intergovernmental Agreement to continue providing transitional assistance while the States and Territories require it.

The Regulations commence upon Gazettal.