

Business Partner Group

Secretariat: Level 8, Barrack House
16-20 Barrack Street
SYDNEY NSW 2000
Tel: +61 2 9262 5822
Fax: +61 2 9262 5833
Email: mmilne@mildunk.com.au

Accredited Client Program - Duty Deferral Cost Calculations Summary of Assumptions

We have assumed that all potential applicants will fall within the population of importers who lodge over 1500 Nature 10 entries per year. In this population there are 199 such companies who pay a total of \$1.05b in duty annually.

The BPG is of the opinion that that 1500 entries is the quantity of transactions that provides cost recovery savings after amortising a conservative cost of \$30000 to establish eligibility for ACP over 4 years. On average any company in the top 200 duty payers lodging less than 1500 is unlikely to join ACP and pay additional cost recovery charges.

The other assumptions in the figures are:

- No excise is included as excise is excluded from ACP
- No N20/N30's are included as warehousing is excluded from ACP
- No GST is included as GST can be deferred by other mechanisms

In addition to these assumptions the real figures will be less than those calculated due to:

- Duty phasing on 1 Jan 2005 for TCF and PMV
- AUSFTA & AUSTHAI FTA

It is the opinion of the BPG that the take up rate of the population of potential applicants will be a maximum of 60% after four years.

There will be companies that do not take up ACP due to:

- Cost of application process
- Inability to be compliant
- Inadequate systems to report
- AQIS permits
- Other projects taking priority
- Being unaware of program

The figures calculated show both the cost of interest foregone and cash deferred. The BPG maintains that the cost of interest foregone is the real cost of duty deferral. We believe, when using accrual accounting methodology, it is not valid to calculate the cost to the budget to be the full amount of duty deferred when the entitlement to the revenue still accruals at the time of lodgment of the RCR which is the same time that an entry would otherwise be lodged. The Government P&L for the initial year will remain unchanged, only the cash account will be reduced.

BPG Secretariat on behalf of the following members:

Pilot partners

Coles Myer Group
Colorado Group Ltd
Du Pont Australia Limited
Ericsson Australia Pty Ltd
Kodak (Australasia) Pty Ltd
Komatsu Australia Pty Ltd
Nortel Networks Australia Pty Ltd
Panasonic Australia Pty Limited
Hewlett-Packard (Australasia) Ltd

Service Providers

BAX Global (Aust) Pty Ltd
Danzas AEI Pty Limited
Dunkley International Pty Ltd
Exel (Australia) Logistics Pty Ltd
Patrick International Freight
Schenker Australia Pty Ltd
TCF Services Pty Ltd