

STANDARD BUSINESS REPORTING – PAYROLL TAX ARRANGEMENTS

AN AGREEMENT BETWEEN
THE COMMONWEALTH OF AUSTRALIA
AND **THE STATES AND TERRITORIES, BEING:**
THE STATE OF NEW SOUTH WALES
THE STATE OF VICTORIA
THE STATE OF QUEENSLAND
THE STATE OF WESTERN AUSTRALIA
THE STATE OF SOUTH AUSTRALIA
THE STATE OF TASMANIA
THE AUSTRALIAN CAPITAL TERRITORY
THE NORTHERN TERRITORY OF AUSTRALIA

FOR THE INTER-GOVERNMENTAL INPUT TO THE STANDARD BUSINESS REPORTING
PROGRAM WHICH WILL SIMPLIFY AND REDUCE THE BURDEN OF
BUSINESS-TO-GOVERNMENT REPORTING IN RESPECT OF PAYROLL TAXES

PRELIMINARIES

1. Standard Business Reporting is a multi-agency Commonwealth initiative which will simplify business-to-government reporting by:
 - 1.1. making government forms easier to understand;
 - 1.2. using accounting and/or record-keeping software to pre-fill government forms; and
 - 1.3. introducing a single secure way to interact on-line with participating government agencies.
2. As a result, businesses and their intermediaries will have a faster, more efficient reporting mechanism. Key benefits to business will include:
 - 2.1. reduced time and effort in preparing reports for government by businesses, accountants, and book-keepers;
 - 2.2. reduced time and effort spent filing reports for governments; and
 - 2.3. reduced time and effort spent dealing with errors.
3. This Agreement extends the Standard Business Reporting initiative to incorporate the transmission of payroll tax forms to state and territory governments.

PART 1 — FORMALITIES

Parties to this Agreement

4. This agreement (“the Agreement”) is between:

THE COMMONWEALTH OF AUSTRALIA (“the Commonwealth”)

and the States and Territories, being:

THE STATE OF NEW SOUTH WALES

THE STATE OF VICTORIA

THE STATE OF QUEENSLAND

THE STATE OF WESTERN AUSTRALIA

THE STATE OF SOUTH AUSTRALIA

THE STATE OF TASMANIA

THE AUSTRALIAN CAPITAL TERRITORY

THE NORTHERN TERRITORY OF AUSTRALIA

5. In entering this Agreement, the Commonwealth and the States and Territories recognise that they have a mutual interest in improving outcomes in the area of business reporting and need to work together to achieve those outcomes.

Interpretation

6. Unless otherwise specified, the following terms and definitions are used throughout this Agreement:
 - 6.1. "SBR" means the Standard Business Reporting Program led by the Commonwealth Treasury;
 - 6.2. "SRO" means the state revenue office of each State or Territory;
 - 6.3. "Agreement Managers" means the SBR Program Director and the corresponding Commissioner of State Revenue; and
 - 6.4. "Core Services" means the set of common capabilities that the Commonwealth will implement to support electronic interactions between accounting packages and SBR agencies.

Term of the Agreement

7. This agreement will commence as soon as the Commonwealth and one of the other Parties sign and will expire on 30 June 2010, or earlier termination as agreed in writing by the Parties.
8. It is recognised that some States or Territories may have incurred SBR-related expenses prior to the commencement of this agreement. Reimbursement for SBR-related expenditure that occurred in 2007-08 but prior to the commencement date, will also form part of this agreement, subject to the agreed funding envelope (refer to Part 5).

Delegations

9. The Standard Business Reporting Program Director is authorised to agree the Work Plans on behalf of the Commonwealth and certify that payments may be made to the States and Territories on the achievement of performance benchmarks specified in their Work Plan.
10. Agreement Managers are authorised to agree the Work Plan on behalf of their State or Territory and submit invoices for the reimbursement of reasonably incurred SBR-related expenses.

PART 2 — OBJECTIVES AND OUTCOMES OF THE AGREEMENT

11. The objective of this Agreement is to simplify and reduce the burden of business-to-government reporting in respect of payroll tax.
12. The outcome of this Agreement will be to:
 - 12.1. reduce reporting burden for payroll tax through the removal of unnecessary obligations;
 - 12.2. harmonise common reporting requirements for payroll tax; and
 - 12.3. develop a new reporting framework for payroll tax.

PART 3 — ROLES AND RESPONSIBILITIES OF EACH PARTY

13. The objectives and outcomes of this Agreement will be achieved by the Commonwealth assisting the States and Territories to undertake the changes necessary to support the inclusion of payroll tax in the SBR Program.
14. All of the Parties will work together in partnership to realise the objectives and commitments made in this Agreement.
15. The Commonwealth will have responsibility to provide SROs with the Core Services infrastructure, information, communication and support they need to successfully participate in the SBR program. This will include to:
 - 15.1. provide leadership in the development of SBR;
 - 15.2. develop the Core Services infrastructure;
 - 15.3. lead the development of the capability to support General Ledger related reporting; and
 - 15.4. provide necessary support to enable software developers to engage, participate, and develop software that supports the outcomes of SBR.
16. The States and Territories will have responsibility to:
 - 16.1. provide an appropriate quantity and quality of business and technical resources to support the outcomes of the SBR Program;
 - 16.2. provide documentation of business processes for transactions within scope of SBR Program; and
 - 16.3. develop and implement agreed system and business changes to allow interaction with the core services infrastructure.

PART 4 — PERFORMANCE BENCHMARKS AND REPORTING

Performance benchmarks and indicators

17. Subject to the provision of adequate funding by the Commonwealth, the States and Territories are to meet the following performance benchmarks:
 - 17.1. delivery of the State Revenue Office contributions to a harmonised reporting taxonomy that represents the requirements of all General Ledger cluster stakeholders including business, software vendors, intermediaries and government agencies; and
 - 17.2. enabling the receipt and processing of electronic reports and feedback via SBR.
18. Achievement of these performance benchmarks will be assessed for each State and Territory by SBR Program Director with reference to the following performance indicators:
 - 18.1. development of an agreed specific business model that shows how payroll tax would work in the context of SBR;
 - 18.2. input and review of the agreed core services design and authentication requirements;-

- 18.3. preparation of agreed detailed work plans and estimates;
- 18.4. implementation of the agreed detailed work plans; and
- 18.5. agreed changes to systems and processes to enable receipt and processing of information and feedback via SBR.

Work Plan

19. Each of the Agreement Managers and the SBR Program Director will agree a Work Plan, to achieve the deliverables which will be reviewed by the Parties on a bi-annual basis.
 - 19.1. The Work Plan will be maintained by the Commonwealth.
 - 19.2. The Work Plan will include the timelines for achieving the performance benchmarks, including phased achievement of performance benchmarks where appropriate.
 - 19.3. Amendments to the Work Plan can be requested by a State or Territory at any time, to accommodate emerging issues. These amendments, including related funding requirements, will be agreed with the Commonwealth.

Reporting

20. The States and Territories will each provide a detailed report on a quarterly basis to the Commonwealth against the performance indicators and timelines, as detailed in the Work Plan. The reports will be provided within 30 days of the end of the relevant period, or as otherwise specified in the agreed Work Plan. Progress against planned deliverables will be monitored by short form monthly reports to the Commonwealth and through regular project status meetings and discussions.

PART 5 — FINANCIAL ARRANGEMENTS

Funding

21. The Commonwealth will provide funding on the basis of actual effort expended, as agreed in the Work Plan, in achieving the agreed outcomes. The maximum funding available to each State or Territory will equate to the amount of funding divided by eight. However, this distribution may be varied by consensus of the Agreement Managers.
22. The maximum amount of funding available to the States and Territories in total will be:
 - 2007-08 — \$3.24 million;
 - 2008-09 — \$7.12 million; and
 - 2009-10 — \$2.97 million.
23. Within the maximum amount, and where necessary, the Commonwealth will seek to re-phase this funding between financial years to ensure that funding is aligned to financial requirements of the agreed work plans.

Payment Schedule

24. The States and Territories will issue an invoice to the Commonwealth on a quarterly basis for work undertaken within the previous period. Upon certification by the SBR Program Director

of satisfactory progress of each State or Territory against the Work Plan and performance benchmarks, the payment will be made by the Commonwealth.

PART 6 — GOVERNANCE ARRANGEMENTS

25. This Agreement will be administered as follows:

25.1. all work in relation to this Agreement will be agreed in advance with the SBR Program Director, including agreement of the quantum of funding to be provided by the Commonwealth for the achievement of performance benchmarks;

25.2. the States and Territories will be represented by the Executive Director, Queensland Office of State Revenue on the SBR Program Board and by the Executive Director, NSW Office of State Revenue on the SBR Program Steering Group.

DISPUTE RESOLUTION

26. Any Party may give notice to other Parties of a dispute under this Agreement.

27. The relevant Agreement Manager will attempt to resolve any dispute with the SBR Program Director, in the first instance.

28. If a dispute cannot be resolved between the relevant Agreement Manager and the SBR Program Director, it may be escalated to relevant Head of Treasury and Commonwealth Head of Treasury for consideration, and if necessary to the collective Heads of Treasuries.

29. If a dispute cannot be resolved by Heads of Treasuries, it may be referred by a Party to the Ministerial Council for Commonwealth-State Financial Relations for consideration.

REVIEW OF THE AGREEMENT

30. The Agreement will be reviewed in October 2009 with regard to progress made by the Parties in respect of the agreed outcomes and in relation to the adequacy of the initial overall funding level. This review will include ongoing maintenance and enhancement costs and also assess these costs and benefits in the context of a viable business case going forward. The review should also examine and report on governance arrangements going forward including the feasibility of establishing service level agreements between the Commonwealth and SROs.

31. Where the forecast costs for States and Territories to implement this agreement exceed the total available funds, the Agreement Managers will seek to revise the scope of work to fit within the available funds.

VARIATION OF THE AGREEMENT

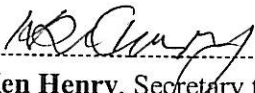
32. Any proposed variations will be notified to the Agreement Managers, and variations to the Agreement may be made with the collective written agreement of all Agreement Managers.

33. The agreement may be terminated at any time by agreement in writing by all the Parties and under terms and conditions as agreed by all the Parties.

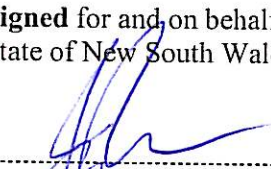
34. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying all the other Parties in writing.

35. The Parties have executed this Agreement as follows:

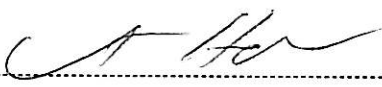
Signed for and on behalf of the
Commonwealth of Australia by


.....
Dr Ken Henry, Secretary to the Treasury
This 19th day of June 2008


Signed for and on behalf of the
State of New South Wales by


.....
Mr John Pierce, Secretary, New South Wales
Treasury
This 25th day of June 2008

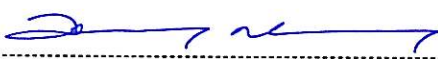
Signed for and on behalf of the
State of Victoria by


.....
Mr Grant Hehir, Secretary, Victorian Dept. of
Treasury and Finance
This 17th day of June 2008


Signed for and on behalf of the
State of Queensland by


.....
Mr Gerard Bradley, Under Treasurer,
Queensland Treasury
This 19th day of JUNE 2008

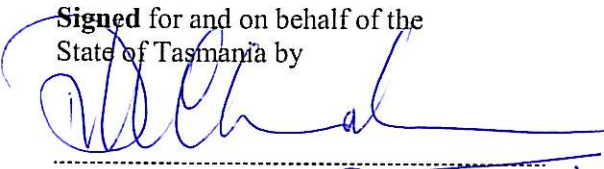
Signed for and on behalf of the
State of Western Australia by


.....
Mr Timothy Marney, Under Treasurer,
Western Australian Dept. of Treasury and Finance
This 19th day of JUNE 2008

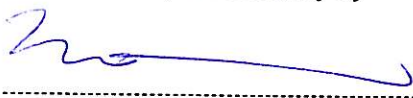
Signed for and on behalf of the
State of South Australia by


.....
Mr Jim Wright, Under Treasurer, South
Australian Dept. of Treasury and Finance
This 19th day of June 2008

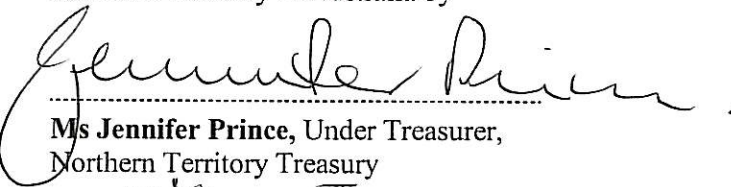
Signed for and on behalf of the
State of Tasmania by


.....
Mr Don Challen, Secretary, Tasmanian Dept.
of Treasury and Finance
This 19th day of June 2008

Signed for and on behalf of the
Australian Capital Territory by


.....
Ms Megan Smithies, Under Treasurer,
Australian Capital Territory Dept. of Treasury
This 19th day of June 2008

Signed for and on behalf of the
Northern Territory of Australia by


.....
Ms Jennifer Prince, Under Treasurer,
Northern Territory Treasury
This 19th day of June 2008