

5 December 2016

Manager
Indirect Taxes and Not-for-Profit Unit
Individuals and Indirect Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/Madam,

Master Electricians Australia is grateful for the opportunity to comment on the exposure draft legislation to apply GST to low value goods imported by consumers.

Master Electricians Australia (MEA) is a national employer association representing the interests of electrical contractors and the broader electrotechnology industry. As one of the longest running organisations of its kind, MEA has established itself as the leading voice of the electrotechnology sector. MEA is recognised by industry, government and the community as the electrical industry's foremost business partner, knowledge source and advocate. The organisation's website is: www.masterelectricians.com.au.

MEA is not opposed to the application of GST to low value goods imported by consumers. However, we do believe that the introduction of this legislation is an opportunity for government to introduce concurrent changes that would facilitate the enforcement of Australian product safety standards to imported electrical goods.

Non-compliant product

The numerous incidences of non-compliant, low value electrical articles entering the Australian market place is an undeniable threat to electrical safety. The list of faulty electrical goods being subject to product safety recalls grows every day. A prominent example came to light in January of this year when a devastating house fire in Melbourne's Northwest was sourced to the overcharging of a battery for an electric balancing scooter, commonly known as a hoverboard. The overseas manufactured product was recalled by the Australian Competition and Consumer Commission (ACCC), followed by a growing list of other brands with the same faulty charger that have been determined to not meet Australian safety standards for electrical products. While the recall process is critical in preventing the continued sale of dangerous products, it is inevitable that not all purchasers of faulty product will have knowledge of a recall, leaving them at risk of property damage, injury or death.

The only definitive way to stop consumers and property being at risk from overseas non-compliant electrical products is to prevent these goods from entering the Australian marketplace in the first place.

Existing safety mechanisms

The Electrical Equipment Safety System (EESS) is an initiative of the Electrical Regulatory Authorities Council (ERAC). The EESS creates nationally harmonised electrical equipment safety requirements, with prescribed electrical equipment needing to possess certification of electrical safety, for goods imported by a responsible supplier.

The EESS classifies in-scope electrical equipment into three risk levels with proportionate requirements for each level, depending upon the potential risk currently identified for the item. Level three is the highest risk classification for in-scope electrical equipment, with any level three prescribed equipment required to go through a certification process which ensures a safe design before they can be ready for the Australian or New Zealand market.

However, as consumers do not fall into the category of a “responsible supplier”, electrical items purchased directly by consumers through an overseas supplier are not subject to the requirements of the EESS. This leaves the door open for non-compliant, unsafe, high risk electrical articles to be sold directly to consumers.

Recommendation

As a result of these changes, government will be receiving additional revenue from consumers via the GST charged on the low value goods they purchase from an overseas supplier. If the government seeks to obtain additional tax funds from consumers through low value imported goods, it places a stronger obligation on government to ensure these goods meet the relevant product safety standards.

When the amendments to the application of GST are passed into law, resources and personnel will need to be directed into enforcement of the new requirements. Education and information for overseas suppliers will also be a necessity to ensure compliance with Australian taxation laws. We propose that if this education and enforcement program is to be utilised to obtain further revenue from Australian consumers, the government is obliged to implement a similar program regarding Australian product safety requirements.

We acknowledge that these additional changes would, of course, require a degree of cooperation between the Australian Taxation Office and Electrical Safety Regulators. However, this kind of preventative measure would go a long way towards curbing the influx of dangerous electrical equipment into Australia, preventing injuries and ultimately saving lives.

Yours sincerely,



Malcolm Richards
CEO