



Speech by

Hon. STEVE BREDHAUER

MEMBER FOR COOK

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MINISTERIAL STATEMENT

Goods and Services Tax

Hon. S. D. BREDHAUER (Cook—ALP) (Minister for Transport and Minister for Main Roads) (10.02 a.m.), by leave: Recently, the Australian Council of Social Service—ACOSS—local governments, charities and churches have expressed their concern regarding the Federal Government's proposed goods and services tax. The GST is obviously going to seriously impact on those who can least afford it. The negative impact of the GST will also extend to Queensland's road network, public transport and freight charges. The Federal Government's tax package potentially places thousands of jobs at risk in road construction.

For public transport, the GST means increased fares. For consumers, the GST means higher costs for rail and road freight. I am particularly concerned that the GST will increase the cost of public transport and reverse the trend of public transport improvements that have resulted from a decade of hard work by State and local governments along with public transport operators. Bus and rail fares will rise with a GST. More cars will be forced onto our roads, with a resultant increase in pollution levels in our cities. Increased bus fares will threaten the financial viability of some companies, putting at risk the jobs of those who work for them. Public transport infrastructure projects such as busways and the new proposed light rail will need to be reconsidered in the light of the adverse impact on passenger volumes expected as a result of GST-caused fare increases.

If costs for public transport operators rise, Queensland taxpayers will be asked to provide further funding by way of community service obligation payments, especially to Queensland Rail. Low emission fuels, like LPG and national gas, will lose their competitive advantage, while diesel, which is much worse in terms of air pollution, will decrease in price as excise is slashed. Any incentive for transport operators to switch to cleaner fuels will be removed. The net effect will be a significant deterioration in the air quality in our cities and gridlock on choked roads, especially in south-east Queensland.

Increased car usage will also compound the problems already being faced by local governments trying to fund road improvements. Those who think that the proposed cut in diesel fuel excise will mean cheaper freight charges should think again. The Federal Treasury's own figures predict an increase in both rail and road freight charges. Businesses might be able to claim reimbursement for freight charge increases, but members of the public will pay more—5.8% more for rail freight and 2.6% more for road freight, according to Howard's and Costello's own figures. The increase in freight charges will, of course, have a much greater impact on Queensland's rural and remote communities—communities already hit hard by the Howard Government's policies and now to be hit even harder by a GST.

Perhaps the most insidious effect of the proposed GST will be its impact on employment. Under the Howard tax package, only registered businesses will be exempt from the tax on diesel fuel. It appears that the Department of Main Roads and local governments will not gain the benefit of this exemption. Main Roads and local governments employ thousands of road workers throughout the State, many of whom are in rural and remote areas. The job security of those workers will be placed at risk by Howard's tax package.

Main Roads and local government workers will not be competing on a level playing field for road construction work. They will have to factor the 10% GST into their tender bids, but it seems that they will not gain the benefit of the diesel fuel excise reduction. Unless these work forces are fully corporatised,

they may well prove to be non-viable under a GST regime. Local government and Main Roads workers should not have their jobs placed at risk by the GST.

It is not yet clear what the Federal Government proposes with regard to its funding for roads. John Howard's Government has already seen fit to slash funding to the national highway system by \$620m over four years, despite the increasing demands placed upon it by high growth in Queensland. Tens of millions of dollars are required immediately to address urgent upgrading across the State on roads such as the Ipswich Motorway, and the Warrego, the Bruce and the Barkly Highways. Under the proposed tax reform package, it may be that the Commonwealth in future further reduces its funding grants for specific purposes like roads at a time when there is an obvious need for funding to be increased.

The Commonwealth's tax reform package may also prove to be unattractive for the private road construction industry. While there initially may be some small gains through reduced costs, it is quite likely that fewer dollars will be made available by the Commonwealth for road construction. This would compound the problems being faced by an industry already competing for too few works on our national highway system.

We have all seen the taxpayer funded ads promoting the tax package—political propaganda that tells us that we will all be better off. The only Queenslanders who will be better off under the GST will be those who never catch public transport, those who never have goods freighted to them, those who do not work in road construction, those who do not travel on Federal roads and those who do not breathe the outside air.
