



Speech by

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Hansard 7 December 1999

NEW TAX SYSTEM PRICE EXPLOITATION CODE (QUEENSLAND BILL)

Mr FELDMAN (Caboolture—ONP) (2.30 p.m.): It is with pleasure that I rise to speak to the New Tax System Price Exploitation Code (Queensland) Bill 1999. The implementation of the GST in the year 2000 will create a certain level of upheaval in the retail and services industry. Of that there is certainly no doubt. Already we have seen retailers engage in the GST hype, either by subtle price increases to gain extra profits or by promoting tax-cut sales prior to the GST implementation.

The passage of the New Tax System Price Exploitation Code (Queensland) Bill will see the Australian Consumer and Competition Commission, the ACCC, given new powers to guard against price exploitation while the Commonwealth Government implements its GST. One Nation supports that objective, as it is inevitable that some retail groups may use the new tax system to exploit customers into paying higher prices for products and services. As other speakers have already highlighted, the confusion and suspicion that exist in the marketplace are tremendous. Unscrupulous people will benefit from that confusion.

We would like to express our concerns regarding the effects that this legislation will have on the small business sector and, in particular, in relation to administration costs. In July this year, Alan Fels, Chairman of the ACCC, made a clear statement about the severity of the penalties he would impose on those businesses that attempt to profit from the changeover to the new tax system. What is less clear is what accounting systems will have to be adopted by small business to comply with the requirements set by the ACCC. The concern is: how will those small businesses fund their conformity with the requirements of the ACCC and the GST legislation without passing on any increased costs to the consumer?

Many small businesses manage their own books, because they cannot afford to employ additional staff or accountants to perform that function. More time spent on paperwork is less time spent working their already-under-pressure business. In an interview with the ABC on the 7.30 Report, accountant Max Warlow commented—

"The ACCC is trying to police the pricing policy of 1,473,000 businesses. It really has no hope in doing that."

The whole system is being geared on the assumption that most businesses are on a computer, but if you look at the 1,473,000 businesses which will be registered for GST, around 33 per cent of them are not computerised, so they will become the unpaid bookkeepers of the Tax Office.

Their time spent on their books and records will significantly increase, which means it's a down, lost time, non-productive time spent ..."

As a result, they could lose their businesses.

I will discuss specifically subcontractors. Most subcontractors are small businesspeople who are battling to earn a dollar. They do not have a magic GST button on anything that they own. They will find trouble when they come home from work. Most of their work is done after work. They get up at the crack of dawn, when it is just light. They usually get home when it is late at night. Most of their time in the wee hours will be spent losing sleep, because they will be trying to ensure that they have dotted the

i's and crossed the t's so they will not have someone breathing down their neck and prosecuting them. In the same interview, Business and Economics editor, Alan Kohler stated—

"Business groups agree that the ACCC will have an uphill battle monitoring the price movements of every business."

Mark Paterson from the Australia Confederation of Commerce and Industry also commented—

"If there's an expectation that businesses have to maintain records of the impact of the price changes on 29 July, when the wholesale sales tax rate goes from 32 to 22 per cent, and then again on 1 July next year, when the major changes occur, that's one level of compliance which most businesses, I think, will be able to meet.

The challenge will be if there's an expectation that every price variation that goes on in the market, many cases every day of the week, if there's an expectation of maintaining records of all those price changes, there will be a backlash, without question."

Without question, the Government will have to address small businesses' concerns about the compliance costs. There is a real risk to the small business sector that the costs of administering the GST could outweigh any revenue generated, forcing some small businesses to close due to the losses that they will inevitably incur. Considering that the small business sector employs about one-third of our nation's work force and generates more than half of the Australian gross domestic product, I cannot stress enough how detrimental that could be to rural and regional economies and to the Australian economy as a whole.

One Nation agrees with the ethos of this Bill. It will create a national scheme to prevent price exploitation while the Commonwealth Government implements its new tax system, the GST. While we give tentative support, we hope that there is no devil to be found in the upcoming detail that could send a lot of those small businesses to the wall. That would increase the unemployment in this country and would be detrimental to this country indeed.
