NEW TAX SYSTEM PRICE EXPLOITATION CODE (QUEENSLAND) BILL

Hon. D. J. HAMILL (Ipswich—ALP) (Treasurer) (12.51 p.m.): I move—

"That the Bill be now read a second time."

The object of this Bill is to create a national scheme to prevent price exploitation while the Commonwealth Government implements its new tax system. A key part of this tax experiment will be the introduction of the Commonwealth's GST. As the GST, and other tax changes, will trigger a series of unprecedented overnight price changes throughout the economy, there is a realistic chance of price exploitation in the midst of the price confusion caused by the GST.

The Commonwealth has inserted a new Part VB into the Trade Practices Act 1974 to give the Australian Consumer and Competition Commission—ACCC—new powers to guard against price exploitation. It also created a schedule version of Part VB, which was modified to refer to "persons" rather than "corporations". The purpose of these amendments is to prevent suppliers from profiteering either by failing to pass on to consumers the benefits of lower taxes on goods and services, or by unjustified price increases. The schedule version of Part VB, together with other relevant provisions of the Trade Practices Act, form the basis the New Tax System Price Exploitation Code.

Under the code, price exploitation will be prohibited where a corporation or person supplies a good or service at a price that is unreasonably high, taking into account a number of factors. A key factor will be the various tax changes—including the implementation of the GST and the removal and reduction of various Commonwealth, State and Territory taxes—scheduled to take place over the next few years. The Code empowers the ACCC to—

publish guidelines indicating when prices will be unreasonable;

issue notices that specify the maximum price that should be charged for a particular product;

prosecute suppliers guilty of price exploitation and seek fines of up to $10m for bodies corporate and $500,000 for individuals;

obtain injunctions against suppliers who engage in price exploitation; and

obtain orders to cap prices and require refunds.

However, the Commonwealth legislation cannot provide full coverage for price monitoring and the prohibition of price exploitation. State and Territory legislation is required to ensure that the Code applies to all suppliers. All State and Territory Governments have agreed to introduce legislation to ensure the Code applies across the entire economy. The Commonwealth Act, with complementary State and Territory legislation, will establish a national scheme for the administration and enforcement of the Codes of the various jurisdictions, as if they were a single law.

The Queensland legislation is timely. It has been proposed by the Commonwealth that a national scheme be in place by early December this year. Although the GST and other tax changes will not commence until July 2000 or later, the ACCC needs to monitor prices now in order to set benchmarks for prices. This Bill will provide the ACCC with the power to compel the provision of information by businesses, which would otherwise be outside the legislative power of the Commonwealth.

The prohibition on price exploitation applies to transactions for two years after the introduction of the GST. After a period of adjustment, competition and consumer choice will ensure that tax changes are appropriately reflected in prices. However, during the transition period prices will not always adjust instantaneously and regulation is necessary. The Commonwealth and State Governments have agreed that legislation is warranted on this occasion in order to provide an extra level of protection.

The Queensland Bill, in conjunction with the Commonwealth Act, will ensure that tax induced price reductions are passed on to all Queensland consumers and businesses. In other words, the same rules will apply to all businesses and equal protection will be provided for all citizens. I commend the Bill to the House.

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