



Speech by

Dr DAVID WATSON

MEMBER FOR MOGGILL

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NEW TAX SYSTEM PRICE EXPLOITATION CODE (QUEENSLAND) BILL

Dr WATSON (Moggill—LP) (Leader of the Liberal Party) (12.44 p.m.): I rise to support the New Tax System Price Exploitation Code (Queensland) Bill. This Bill is obviously designed to support the Commonwealth Government's introduction of the goods and services tax. It is quite obvious that the new taxation scheme, which is being introduced in Australia from 1 July 2000, imposes a tax on a range of goods and services.

A critical part of the introduction of a new taxation system is the elimination of a whole series of other taxes, including the wholesale sales tax, which is a major component of the production of goods processed in Australia. As the transition period continues, a range of State taxes will be affected.

Theoretically, in a competitive market, a reduction in taxes which impact on the production process—namely the wholesale sales tax and a number of State taxes—should result in lower costs of production and thus lower prices for consumers. The problem is that in any economy there are always some impediments to a smooth change in the pricing system. Under those circumstances, it is possible—because of such things as time delays—that there could be potential in the short term for price exploitation.

All members of this Parliament and the Commonwealth Parliament are interested in seeing the introduction of a system of taxation which makes Australia more productive and gives us a more competitive environment. This will aid us in competing in a rapidly changing world. I am sure that no parliamentarian wants to see businesses indulging in opportunistic behaviour and overcharging consumers. This legislation will help to ensure that that does not occur.

This Bill gives the Australian Consumer and Competition Commission the power to guard against price exploitation. The commission will do this through the application of the Trade Practices Act.

Mr Purcell: Have they started yet?

Dr WATSON: What?

Mr Purcell: Checking prices yet?

Dr WATSON: The member would have to refer that to the Chairman of the ACCC, but I believe that he appeared on television a while ago and suggested that the mechanism had already been set up. I have had discussions with a number of people involved with the ACCC in regional areas and I am told that the monitoring process has already started.

In answer to the member's question, I might say this: with the earlier drop in the wholesale sales tax we noticed a significant reduction in the price of television receivers. The process was well advertised by the ACCC. Consumers were certainly paying lower prices—

Mr Purcell: Find out where they are now. They will go straight up.

Dr WATSON: All I can say to the member is that there were a lot of advertisements concerning that particular issue. The drop in the wholesale sales tax was apparent in the price of television receivers. Honourable members will recall that demand for such goods spiked. There was a lay-off for a couple of weeks because people knew that prices were going to be reduced. I cannot answer for the ACCC as to what it is doing now, but I know that it was monitoring—

Mr Purcell: How about interest for the Howard Government?

Dr WATSON: The member would have to go to the Commonwealth Parliament to receive an answer to that question. I am only responsible for what goes on in this House.

The idea is for the Trade Practices Act to have new powers to ensure that price exploitation does not take place. As is well known to people in this House, under our Constitution, the Trade Practices Act can operate only at the Commonwealth level with respect to corporations and, for non-incorporated entities and persons, it needs to be applied at the State level. Essentially, this Bill gives the ACCC the right to apply those powers that it has at the Commonwealth level to the State level. This is to ensure that no-one is disadvantaged in the same way as corporations are not disadvantaged at the Commonwealth level. This Bill also ensures that consumers know that anybody with whom they are dealing, whether they be an incorporated body, an unincorporated body or a person, is subject to the same regulatory regime and that they have confidence in that.

This Bill is an essential part of a series of Bills that will be introduced to change Australia's taxation system. I think that everybody in this place should support it, because it is an attempt to ensure that there is no price exploitation during the transition period to a new taxation system.
