



Speech by

Hon. D. WELLS

MEMBER FOR MURRUMBA

Hansard 27 October 1999

MINISTERIAL STATEMENT

Impact of GST on Education

Hon. D. M. WELLS (Murrumba—ALP) (Minister for Education) (10.02 a.m.), by leave: Last week every State school in Queensland should have received a video and information package from my department on the impact of the GST, which is probably better called the Federal "Government schools tax". That is the Federal coalition Government's schools tax. Information packs such as the one I have here contain in a factual way what is so far known about the effect of the GST on schools. At this time it is extremely difficult to determine the exact impact of the Federal Government's schools tax, but it puts an end to free education in Australia.

Implementing the GST in schools in Queensland will cost the Education Department, schools, parents and children millions of dollars. Schools will become tax collectors and existing decentralised accounting systems will need to be reconfigured.

The video was produced as part of the National Financial Directors Forum as a joint venture between all States. It has been distributed to schools across the nation as part of an Australia-wide attempt to provide information to people who are concerned about the extent to which they are hit by the tax. The GST legislation is technical and not fully formulated. We need to explain what we so far know about the GST to people who do not have a technical taxation background but who will be impacted upon by the implementation of the GST.

Education Queensland has had to expend scarce resources forming a GST project team. It will work full time on the implementation of the GST. It will be required to advise on Education Queensland policy changes where required; deliver systems, process and procedural changes; and deliver training to all Education Queensland personnel affected by the GST implementation.

Amazingly, the Australian Taxation Office is still to provide rulings on matters relevant to education and the GST. Incredibly, we are still waiting for the Australian Taxation Office to provide a legislative definition of "education".

This is what we do know about this odious impost. It appears that food and drinks sold to students from tuckshops will attract a GST, as will school bus services, school uniforms, excursions not directly related to curriculum, fees charged for equipment hire such as musical instruments, and the sales of goods and services for many fundraising efforts such as school fetes run by school P & Cs.

In general, the GST will not be a direct cost to the department as most of the resources consumed by the department in delivering education are generally regarded as either GST free or as taxable supplies. The department will generally be entitled to a full refund of the GST paid to its suppliers. However, the department estimates that it will cost millions of dollars to become GST compliant. The whole structure of the schools' administrations will need to be reconfigured in order to enable the schools to become the Federal coalition Government's tax collectors. Further, as the department is currently not subject to wholesale sales tax but will be subject to the GST, it will face timing costs in relation to funding the cost of the GST on all purchases, as well as change management issues, including the training and education of staff throughout the department.

However, until the Federal coalition Government comes clean and makes firm decisions on the GST, the Queensland Government cannot provide schools with information as to the full extent of the damage that the GST will do to education in Queensland.