



Speech by

Mrs LIZ CUNNINGHAM

MEMBER FOR GLADSTONE

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NEW TAX SYSTEM PRICE EXPLOITATION CODE (QUEENSLAND) BILL

Mrs LIZ CUNNINGHAM (Gladstone—IND) (12.50 p.m.): This Bill is to address looming problems in relation to the implementation of a new taxation regime. This morning during question time and in other discussions that have been held it has become more and more evident that the GST is going to be complicated and cause a great deal of difficulty. There will be more teeth in the detail than was at first anticipated. Because of the complexity and confusion surrounding the implementation of the GST, during the transition stage people who want to act unscrupulously will have an increased opportunity to do so. When the GST was introduced, it was billed as a simple tax—a fair and equitable revenue raiser. It is my perception—and, I think, the reality—that that is proving to be far from the truth.

The objectives of the Bill state that the ACCC is going to be empowered to monitor prices in order to prevent the possibility of consumer exploitation. From the comments that I have received to date from members of the community, I have to say that many people in the community believe that that is happening already. The previous speaker's contribution and the interjections of the member for Bulimba during that contribution indicate that that is already the case.

I do not think that consumers are silly. When it comes to shopping, they are very astute. Those of us who shop on a weekly basis see the fluctuation in prices. I will cite an example of how easily a GST hike could be camouflaged. Although the increase in the CPI is running at less than 2%, shoppers find that items that they bought a week ago have increased significantly—far more than any increase in the CPI. So it is going to be very difficult, if not impossible, to convince consumers that the price hikes have not occurred already in relation to certain items. If the ACCC is not monitoring those price hikes already, it needs to do so straight away.

I refer to the announcement in the Budget of increased taxes on tobacco. I think that all of us received complaints from consumers that the day after the increase was announced the price of tobacco in the stores had increased. The shopkeepers would have bought that tobacco before the tax hike was announced, yet they applied that increase to the stock that they were holding. The same thing happens with fuel prices. The world price of crude oil might increase on one day, and then the next day the petrol bowser reflects that increase in price. However, the garage owner would have bought that petrol prior to that announcement of an increase in the world price of crude oil.

I think that there is going to be huge scepticism on the part of the community that the Government—and hopefully the Federal Government will carry the can on this one—will police these abuses of the pricing system. Not only does the ACCC need to say that it is going to police price increases; it also needs to do something about it so that it can show consumers something tangible to prove that the GST is not another way for some—and not all—unscrupulous commercial operators to take advantage of consumers.

There are a number of reasons why price exploitation will be easy. One is the complexity of the GST. The GST was going to be a simple tax. However, time has shown that the GST is not going to be a simple tax; it is going to be quite complex. Therefore, those people who want to act unscrupulously will be able to hide their actions within the complexity of the GST. I think the confusion surrounding the implementation of the GST is one of the main reasons why people who want to act illegally will be able to get away with it. I would like to cite an example of that. Page 13 of The New Tax System—Here's

what you need to know—I have not been able to find a printing date for this publication, but it was a little while ago—states—

"How will the changes affect charitable activities and religious services?

The non-commercial activities of charitable institutions, charitable funds or gift deductible entities will be GST-free.

Charities will have access to the Government's \$500 million GST start-up funding.

These organisations can register for GST so they can claim back any GST they pay.

Religious services, such as marriage ceremonies conducted by a religious practitioner, will be GST-free."

Rightly or wrongly, most people have interpreted that to mean that institutions such as schools with P & C fundraising would also be GST free. After all, they are raising funds to benefit their own children—the students at the school—to enhance their educational opportunities.

It has now come to light that schools with over \$100,000 in turnover—not in profit, but in turnover—will be subject to the GST. A lot of the country schools would not turn over \$100,000. However, a large school with 1,200 or 1,400 students which as part of its fundraising has a tuckshop would have a turnover of over \$100,000, although its profit could be quite modest. Suddenly, those schools have to face the spectre of paying tax. That is just one example of the confusion that is being generated with the implementation of the GST. As the ATO rulings are becoming public, it is becoming more and more obvious that somebody who wants to flout the system, somebody who wants to abuse the system and take consumers for a ride financially, will be able to get away with it unless it is monitored stringently by those who have the power to do so.

The other reason why the transition to a GST will make it easy for exploitation to occur is that the information that has been distributed, as evidenced partly from what I have just quoted, is inaccurate. Statements are made and then over time they are modified by the comments of other people who are administering this new tax. So simply because of the complexity, the confusion and the inaccuracies of information about the GST, there are a lot of avenues through which exploitation can be achieved easily.

Everyone in this place says—and I know that we believe it—that representing our community is the most important part of the job that we do. Every single one of us would agree with that. This legislation is intended to give those in our communities who are the most vulnerable some protection. On that basis, I believe that every member of this House would support the legislation without any hesitation. I certainly commend the Bill to the House.
