



Speech by

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GOODS AND SERVICES TAX

Mr PITT (Mulgrave—ALP) (11.05 p.m.): The Queensland Labor Government remains firmly opposed to the introduction of a goods and services tax. The GST is a regressive tax. It will seriously affect low income earners, pensioners and any other number of people because it does not take into consideration differing circumstances. This is particularly the case in a decentralised State such as Queensland, where a high percentage of the population is located a considerable distance from the metropolitan area.

Despite all the debate about the GST leading up to the 1998 Federal election, very little was said about the effects of the GST on the cost of living in the outback. If people choose to live in a remote area, they do so knowing that most of the things that they have to buy will be more expensive due to the higher cost of freight, electricity, plant repairs, etc. that have to be borne by retailers operating in remote locations. However, it seems unfair that they should also pay more goods and services tax than city dwellers.

When the Prime Minister, John Howard, revived the GST as part of the Federal Government's plan for a new tax system, it was apparent to me that the new tax would disadvantage people living in remote and rural areas. It is inherent in a tax levied on the final retail price of goods and services that people living in the outback, where the cost of living is unavoidably higher than in the cities, will pay additional tax. In the preamble to the Government's publication, the Howard Government's Plan for a New Tax System, Treasurer Peter Costello stated that the new tax system needs to be fair and non-discriminatory between different sectors of the economy and that there should be appropriate compensation for those deserving of special consideration. Noble words indeed, yet in the entire document there was no mention of the special circumstances of the bush, of families on cattle stations, of remote Aboriginal communities, of the islands of the Torres Strait or of outback towns. Not a word has been written about measures which would compensate country people for the extra GST that they will pay. They have been forgotten by the Howard Government.

Raising a family in the bush is hard and getting harder, even without the added burden of an unfair and discriminatory retail and service tax. Living in a remote town or community is less expensive in some ways than living in the cities. House prices and rentals may be substantially lower, as is housing quality, and there are fewer opportunities to spend on entertainment or luxuries, such as takeaway food. However, the great majority of the things that people have to buy are substantially more expensive due largely to freight costs but due even more to the higher cost of operating a retail business in a remote location. Telephones cost more to install and to use; electricity and water costs substantially more to supply, especially if one has to have a generator or pump and tanks; and equipment repairs and building maintenance all cost more because of the distance that tradesmen have to travel.

The small scale of remote enterprises rules out the high staff productivity and low service cost per item achieved by large supermarkets. I have not encountered profiteering by storekeepers or other abuses of their positions as sole or primary providers of those basic supplies. In fact, some stores mark up luxury or non-essential items or those things likely to be favoured by tourists as a means of minimising the mark-up on basic foodstuff sold to residents. Furthermore, most remote stores also extend credit to regular customers in times of financial hardship. Children are not left unfed just because their parents have run out of money.

The Federal Government plans to abolish wholesale sales tax as one of the ways to compensate us for the introduction of the GST. If a grocery store in a remote location and a similar store in Brisbane buy from the same Brisbane wholesaler, as they do, both stores pay the same amount of sales tax. Wholesale sales tax is levied before the additional costs of the remote store are added to the cost of the item. So the removal of sales tax will reduce the base price by the same amount, regardless of the location of the store. The GST, however, is calculated on the final retail price. So while the shop in the bush is compensated by the same amount by the removal of the sales tax, the GST paid as a replacement will be substantially higher than that paid by the city resident.

The Howard Government also plans to reduce income tax and increase pensions as other ways of compensating us for the introduction of the GST. The size of the tax cut will depend on how much a person earns, wherever they live, but the GST paid by regional residents will be higher. Pensions will increase by the same amount, regardless of where a person lives, but again a GST paid by outback residents will be higher. It has been traditionally a priority of Australian Governments to ensure that remote and rural communities are protected as far as is possible from the higher cost and other disadvantages resulting from the tyranny of distance.

Those who live in the city understand that basic services, such as roads, schools, hospitals, telephones, electricity, banking and postal services all cost much more to deliver to those who live in the outback and are content that such services should be cross-subsidised. In contrast, the GST is discriminatory against rural residents, as we shall pay more tax on the same goods than folk in the cities. Furthermore, the compensatory measures of the sales tax removal, income tax cuts and pension increase will assist families in the cities to a greater extent than families in the bush. The GST will directly, substantially and unfairly penalise those people living in the outback.
