



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**  
**ACIS ADMINISTRATION BILL 1999**  
**Consideration of Senate Message**  
**SPEECH**

**Wednesday, 13 October 1999**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

**Date** Wednesday, 13 October 1999  
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**Questioner**  
**Speaker** Cox, David, MP

**Source** House  
**Proof** No  
**Responder**  
**Question No.**

**Mr COX** (Kingston) (10.25 am)—Firstly, the car industry in my electorate regards the proposal by the Labor Party to have a review of the ACIS arrangements and tariffs before the tariff freeze finishes, and certainly before the ACIS assistance arrangements cease in 2005, as entirely beneficial to the industry. In the last two days the government has sought to crank up a campaign saying that the opposition, by proposing that review and supporting it, is holding up the provision of assistance arrangements under ACIS to the car industry. That is clearly not the case.

The ACIS Administration Bill 1999 was first debated in this place on 23 June and it went through the consideration in detail stage where our amendment was originally put and lost the following day on 24 June. Now it is 13 October before the government has brought it back here and is asking us to abandon the amendment which, when it was moved again in the Senate, was in fact passed. Because we are not in the business of holding up this important assistance to the car industry, we are not going to press this amendment, even though we believe that it is a very good amendment and a very wise piece of policy.

One has to ask why the government has sought to crank up this campaign in the last two days, because it was pretty obvious that we were going to allow this bill to go through in an unamended form. The reason for that is that the government now realises that it has a very serious problem with the transitional arrangements for the GST on cars and that there has been a buyers' strike. There have already been stand-downs at Ford of 3,500 workers. The Minister for Industry, Science and Resources, Senator Minchin, has been asked questions in the Senate for several days this week and he is giving clear indications, as we saw in the *Financial Review* this morning, that the government is looking at those transitional arrangements and would like to act. It is probably fairly desperate to try and put some of the blame for the problems of the car industry onto the opposition when in fact they are problems entirely of the government's own making. The cost of the buyers' strike to government revenue has been estimated by Martec at \$450 million this year. You would think that there would be some trade-off between that loss of revenue and the cost of an alternative transitional arrangement for the GST which would end the buyers' strike and end the crisis in the car manufacturing industry.

Unfortunately, the cost of reducing the wholesale sales tax to the same retail value level tax as the GST would be about \$1.3 billion for the last nine months of this year. That is obviously a fairly big bite out of the government's surplus so they are reluctant to do that. The government are putting off taking any effective action on the transitional arrangements for the GST on cars because they know that taking effective action would cost them more than \$100 million a month. For every month that they leave the car industry in crisis, the government revenue that will be saved will be more than \$100 million. The Treasurer has got himself into the unenviable situation, because of his miscalculation of the effectiveness of the transitional arrangement that he did put in place, where he has a choice, and his choice is to either wreck the car industry or wreck his budget. (*Extension of time granted*)

The Parliamentary Secretary to the Minister for Industry, Science and Resources, who is at the table, might like to confirm in his response—and I will certainly put out a press release later today asking the Treasurer to do this if I do not get an answer now—Martec's estimate of the loss of revenue from the buyers' strike of \$450 million. I think he will be reluctant to do that. He certainly, if he wished, would be able to tell the House precisely what the revenue cost of reducing the wholesale sales tax to the same equivalent level as the GST would be, either for the whole of the year or on a monthly basis, and I would ask him to do that. I also ask him to tell the House whether the impression that Senator Minchin sought to give the Senate yesterday—that the government was looking at this issue, was intending to act and was prepared to act—is true. I also ask him to tell the House whether any action is imminent or whether, because the cost to revenue of acting will be about \$100 million a month, the situation will be that the plight of the car industry will be left to get worse, month after month. Will we see more plant stand-downs and shut-downs as the industry seeks to reduce its production of passenger motor vehicles in this country because of the declining demand, with all the attendant effects that that will have on component suppliers who supply the vehicle assemblers, and all of the spin-off effects that that will have on

other parts of the economy which are dependent on the wages of all the people in those industries who supply business inputs to the component and vehicle industries?

It is the biggest issue in Australian manufacturing this year, and I think the vehicle industry and the people who work in the vehicle industry are entitled to much clearer answers about the government's attitude to it than they are presently getting from Senator Minchin.