



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

STATEMENTS BY MEMBERS

Goods and Services Tax: Car Industry

SPEECH

Monday, 6 December 1999

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Cox, David, MP

Source House
Proof No
Responder
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Mr COX (Kingston)—Before the election, the Prime Minister told Australia that the GST would reduce the price of a new car by 8.3 per cent. The Treasurer interpreted that for one radio audience as a drop in car prices of \$3,000—a gross exaggeration. On the basis of the promise that the GST would make car prices fall substantially, there is now a buyers' strike which is crippling local car makers. On Friday, the Prime Minister defended his refusal to drop the wholesale sales tax rate on cars to the GST equivalent saying, 'We are not going to be pressured into a premature reduction in sales tax. There is no point in that.' He is still refusing to admit that the four Australian car makers already have a crisis on their hands, and it is a crisis entirely of the government's own making.

But, in light of the Prime Minister's pre-election promises, what got the headlines was his refusal to guarantee that car prices would fall even when the GST came in. He said, 'If it does not come down, it will not be the fault of the government. It will be because the market has so changed that people can demand and receive a higher price.' We have gone from promises of big price cuts enforced by the ACCC with \$10 million penalties to the first admission by the Prime Minister that post-GST you will pay whatever the market will bear. The public will be so appreciative of that that it will be interesting to see whether the Prime Minister will be able to get a job in a car yard after the next election.