THE SENATE

A NEW TAX SYSTEM (GOODS AND SERVICES TAX) BILL 1998

A NEW TAX SYSTEM (GOODS AND SERVICES TAX IMPOSITION—EXCISE) BILL 1998

A NEW TAX SYSTEM (GOODS AND SERVICES TAX IMPOSITION—CUSTOMS) BILL 1998

A NEW TAX SYSTEM (GOODS AND SERVICES TAX IMPOSITION—GENERAL) BILL 1998
A NEW TAX SYSTEM (GOODS AND SERVICES TAX ADMINISTRATION) BILL 1998

A NEW TAX SYSTEM (GOODS AND SERVICES TAX TRANSITION) BILL 1998

A NEW TAX SYSTEM (AUSTRALIAN BUSINESS NUMBER) BILL 1998

A NEW TAX SYSTEM (AUSTRALIAN BUSINESS NUMBER CONSEQUENTIAL AMENDMENTS) BILL 1998

A NEW TAX SYSTEM (END OF SALES TAX) BILL 1998

A NEW TAX SYSTEM (PERSONAL INCOME TAX CUTS) BILL 1998

A NEW TAX SYSTEM (COMPENSATION MEASURES LEGISLATION AMENDMENT) BILL 1998

A NEW TAX SYSTEM (BONUSES FOR OLDER AUSTRALIANS) BILL 1998

A NEW TAX SYSTEM (INCOME TAX LAWS AMENDMENT) BILL 1998
A NEW TAX SYSTEM (AGED CARE COMPENSATION MEASURES LEGISLATION AMENDMENT) BILL 1998

A NEW TAX SYSTEM (TRADE PRACTICES AMENDMENT) BILL 1998

A NEW TAX SYSTEM (COMMONWEALTH-STATE FINANCIAL ARRANGEMENTS) BILL 1999

A NEW TAX SYSTEM (COMMONWEALTH-STATE FINANCIAL ARRANGEMENTS—CONSEQUENTIAL PROVISIONS) BILL 1999

A NEW TAX SYSTEM (WINE EQUALISATION TAX) BILL 1999

A NEW TAX SYSTEM (WINE EQUALISATION TAX IMPOSITION—GENERAL) BILL 1999

A NEW TAX SYSTEM (WINE EQUALISATION TAX IMPOSITION—CUSTOMS) BILL 1999

A NEW TAX SYSTEM (WINE EQUALISATION TAX IMPOSITION—EXCISE) BILL 1999
A NEW TAX SYSTEM
(LUXURY CAR TAX) BILL 1999

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—GENERAL) BILL 1999

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—CUSTOMS) BILL 1999

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—EXCISE) BILL 1999

A NEW TAX SYSTEM (INDIRECT TAX ADMINISTRATION) BILL 1999

A NEW TAX SYSTEM (WINE EQUALISATION TAX AND LUXURY CAR TAX TRANSITION) BILL 1999

Second Reading

SPEECH

Tuesday, 20 April 1999

BY AUTHORITY OF THE SENATE
Senator CROWLEY (SA) (11.21 am)—I am pleased to rise to speak to A New Tax System (Goods and Services Tax) Bill. I also say 'Hear, hear!' to everything my colleague Senator Faulkner has just put on the record. We are debating today a package of 27 bills. I am advised that this is the first time that anything like that number of bills have been put up for cognate debate. It is important for us to remind ourselves what this means. What it means is that this is an absolutely massive change and people are being asked to vote on it.

One of the things that we found out very clearly during the inquiry of the Community Affairs References Committee was that people did not know what was in one bill, let alone 27 bills. They did not know how those 27 bills might affect one another. Was something in one bill going to have a side effect on another bill? The legislation is extraordinarily complex. Our inquiry was told quite often that some of the legislation is not even currently available to us. We heard, 'Oh, well, if that's not on the list, it's open to the minister—as it says in the legislation—to include that on a list of delegated legislation, for example, or regulations that might be raised to include further things.'

I have heard my honourable colleagues opposite in government, when in opposition, raging in this place about having to make a decision when they did not have the legislation in front of them. That is the case here. A lot of the delegated legislation has simply not been drawn up. I have said in this place before that it is not a good argument to say, 'Well, you were bad, therefore, we can be bad.' I do not agree with that logic at all, but the point was well made then, and it is certainly well made again, that if we do not even have the full legislation, how can the Senate, let alone the community, fairly decide on this legislation?

This legislation is claimed by the government to have been supported by a mandate at the last election. Any number of people have pointed out that it was not a mandate. Something like nearly 52 per cent of Australians voted against the government and voted against the GST. Recent polling shows that that number is rising rapidly, as the Senate committee's evidence is now available in the community and more and more people are understanding exactly what this package of bills means.

'It is simple', says the Treasurer. That is absolutely untrue. This is an extremely complex piece of legislation. It will be very complex for everybody having to live with it—from small business to charities to individuals. It is supposed to be easy to follow. Indeed, it is not. It is contradictory. I will come back to examples of that shortly. Most importantly, for Labor Party people and for thousands of citizens, it is unfair. This is an unjust piece of legislation. I would ask why anybody would introduce a new tax regulation, a new tax program, that is going to make two million to four million people worse off. Why would you do it? That is what the government is doing and that is what the government knows it is doing.

Senator Faulkner—They don't care about them.

Senator CROWLEY—I think it is more than that, Senator. They passionately believe in the 19th century robber baron Tory kind of approach to the world—fix the top of the town and, by trickle down effect, the poor shall be looked after. This legislation actually has a trickle up effect. The poor people will pay for the tax cuts for the top end of town. That is what this legislation is about. If you are on $75,000, you will get over $80 a week in tax cuts. If you are on a single pension, you will get $2.89 compensation. Where is the fairness in that? There is none.

I have to worry about the government and what is in the government's mind when it could possibly introduce such a totally unfair, unjust package of bills. But let us say, as the government claims, that no-one will be worse off, which I flatly deny—as Senator Faulkner and other colleagues have spelt out, all the evidence shows that that is simply not the case—even then, what this package of bills does is make the people at the top end of town very well off and the people at the bottom end of town no better off, on Mr Costello's script. Why would you introduce legislation that is going to shift the tax benefits massively to the top end of town?
Senator Faulkner—Because that's what they care about.

Senator CROWLEY—Exactly, Senator. They are the people they care about. They do not care to make legislation that will make this fair for all the citizens in this country. Indeed, their claim that people will be no worse off is absolutely wrong. That has been proven beyond any disagreement. In fact, Mr Howard has finally, grudgingly, admitted that that is probably the case.

Senator Ian Campbell—Did you back option C?

Senator CROWLEY—What this government in this package of legislation says is that it is going to introduce tax reforms that will dramatically improve the benefits at the top end of town and make at least two to four million people—

Senator Ian Campbell interjecting—

Senator CROWLEY—That is unparliamentary, Senator Campbell, and I would be pleased if you would withdraw it.

Senator Ian Campbell—You heard that, did you?

Senator CROWLEY—Yes, I did, and I am ignoring the rest of your rotten contribution.

The ACTING DEPUTY PRESIDENT (Senator Reynolds)—Order!

Senator Ian Campbell—I withdraw, Madam Acting Deputy President—

Senator CROWLEY—Thank you very much. Sit down and be quiet.

Senator Ian Campbell—I withdraw my reference to whether she supported Mr Keating's option C.

Senator CROWLEY—Madam Acting Deputy President, I would like to proceed and—

Senator Ian Campbell—Madam Acting Deputy President, do you want me to withdraw?

The ACTING DEPUTY PRESIDENT—Yes.

Senator Ian Campbell—Will the honourable senator be resuming her seat?

The ACTING DEPUTY PRESIDENT—I am sorry, Senator Crowley, could you resume your seat while the parliamentary secretary withdraws the statement.

Senator Ian Campbell—Madam Acting Deputy President, I withdraw the statement seeking from Senator Crowley an answer as to whether she supported Mr Keating's option C tax package and the fact that she is a hypocrite.

Senator CROWLEY—Touchy, aren't they? They are very touchy. The minute the truth lands they have to start slimy little tactics to try to put us off our game. We will not be put off because we know, on all the evidence of this Senate inquiry of four committees, which you ducked and twisted and tried not to have, that it is beyond doubt that this legislation is unjust and unfair. It is complex and contradictory. For example, in our area—the health and social security areas—we were told by those departments that neither department had had any contribution into the modelling and planning by Treasury. What this means is that you get some of the best examples of stupid contradiction.

Apart from the injustice, which I will come back to, you get some shocking examples of how this legislation is really contradictory. For example, the government has a policy of promoting a reduction in the number of people getting skin cancer. So why would you put a GST on sunscreens? It has a policy that says it will help people give up smoking. So why would you put a GST on the lower cost Nicorettes and stop-smoking medications? Because, in fact, the left hand has not been aware of what the right hand has been doing. The government has introduced any number of examples of that kind of policy contradiction—very simple, very basic, very bad legislation. That is one of the problems we have here. It was not until our committees actually had the opportunity to look at the detail of the many bills that we finally began to understand just how bad this package is.
I come back to the claim that the government says that it has a mandate because everybody knew all about this legislation before it went to the election. Well that is absolutely not true, on the government's own words. The first thing it did after it came to government was to establish the Voss committee to have a look at the impact on health, pharmaceuticals, aged care and the charities, for example. The committee had something like two or three weeks in which to do all of this and they simply could not do it in that time.

But the changes proposed by Voss, which the government says—without shame—it accepted, mean that the legislation the people debated in the run-up to the election simply is not the bills that we are now getting. The government has already changed its mind on this legislation as it has become aware of the more ridiculous discrepancies and contradictions within its own legislation. You would have thought that the government, if it was serious about this legislation package, might have welcomed any number of examples of contradictions and difficulties thrown up in our committees of inquiry, and that it would have been pleased to accept an amendment to the legislation.

One I would urge the government to look at was brought to our attention by OPSM in its evidence before our committee. It pointed out that the legislation says that prescription lenses will be GST exempt but spectacles with prescription lenses will have a GST. It took me a while to understand what that meant, but in the second sentence 'spectacles' actually means 'frames'. You would think it might have said that.

It is a small example but it is a very illustrative example of how this legislation has not got it right. What that means actually is that prescription lenses for glasses will be GST exempt and will have a GST! The courts have found that 'spectacles' actually include frames and lenses and, therefore, by their own previous understanding and decisions, spectacles—that is the prescription lenses—will be GST exempt and will have a GST. That is totally contradictory, in its own legislation. You would think the government might say, 'Woops, we had better amend that piece of legislation.' If it stays in, then the farce means that the government is legislating for more work for accountants and lawyers on the decisions of this legislation. It is just a small example, but one that I think illustrates very well the difficulties that you would think the government might be pleased to accept.

We had some other shocking examples. Many of the people in our committee had to cop a fair amount of cynical criticism about whether or not they had read the bill and whether they understood it. Most citizens do not read bills. Most citizens read what is explained to them is in the legislation—what the legislation is about and not what is the detail and the devil in the detail. That is I think a very reasonable and accurate assessment. The citizens expect that parliamentarians and governments will explain the legislation in detail, not as the government has done in this case with a smokescreen, and not as it has done in this case by putting out documents that show everybody will be better off until the committee points out that in fact the people will not be better off. But most people do not look at the detail of legislation and I do not believe that they should be abused or criticised when they come before a committee and say, 'Well no, we have not read it.'

Finally, another point that I think is very important about this mandate is: why would you say the government could be assured that it has a mandate for this legislation, when Senator Knowles and the minority report of our committee spent most of the time explaining how people did not understand the legislation? Quite so, Senator. That is exactly what this committee did. It enabled people for the first time to learn what this package is about. If you have to explain to people what the legislation is about then you cannot at the same time claim that you have a mandate for that legislation, because a mandate means people know what it is that they have been voting for. They clearly do not. And the more the inquiry went on, the more there were the contradictions and confusions that I have alluded to.

Another important point is that when the message of the people was very clear you would get some very interesting little discussions in our committee. For example, I believe it was the Housewives Association who came before our hearing in Tasmania. The Liberal government was represented at that hearing by Senator Abetz. These women said, 'Senator Abetz, do you represent the people of Tasmania?' He said, 'Absolutely, yes.' They said, 'Well then, are you aware that the people of Tasmania voted overwhelmingly to oppose the GST?' He said, 'This is the second time I have lost my seat to the GST.'

That is what the evidence was before our committee when Senator Abetz was asked whether he would represent this view and vote against the GST. He said, 'Sometimes we have to vote for the greater good of the country.' I am quite sure that Senator Abetz will not like me to remember that quote when he actually gets up on states' rights or some other issues. If he were serious he would have taken the argument to the government in his own
party room meetings and said, ‘Tasmania is adamant. They are very, very opposed to the GST.’ And so they should be because, as our committee found out, the cost of food, which is already much higher in Tasmania, will be much worse under the GST. As for the jobs that are supposed to be promised to Tasmania, there are now estimated to be at least 1,000 that will be gone under the GST.

The Tasmanian Housewives Association could read the play very well. Their challenge to their Liberal colleagues in the Senate is, I think, a very fair challenge: will you or will you not take what the people of Tasmania have said, and that is, understand exactly the mandate from the people of Tasmania to oppose the GST and this package of legislation?

The point that I now want to move to is about charities. This is the first time ever that the charities in this country will actually be ‘enjoying’ a tax, as the saying goes. They came before the committee and were loud in their unhappiness about the GST, first of all because they know what the impact will be on the people they care for. St Vincent de Paul pointed out to us that, over the last three years, there has been a 16 per cent cut in government funding for their organisation and at the same time a 30 per cent increase in the number of people asking for assistance in the whole variety of ways that they help people.

They also now know that, because of the changes in this package of 27 bills, the charities will have to, for the first time ever, keep records and pay back tax on items for which they will have to pay tax. The so-called compliance costs will be very expensive for them. They are also going to appreciate that they will have to pay a GST on some of the things they do—for example, for any of the clothes that are sent off to be made into rags. Essentially, this means that the fundraising by St Vincent de Paul, and by all other charities, will not go as far because of the tax burden they will have for the first time ever. The compliance costs and the GST they will have to pay on some of their fundraising mean that they will now have even fewer precious dollars to assist the people who are going to be so badly hit by the impact of this legislation.

Life is not easy on the bottom end of the income scale in this country. Low income families, pensioners and so on will be worse off under this legislation—they will have fewer services to assist them; they will have a greater need to call on charities and the charities will be hit for six with changes in the tax legislation that, for the first time ever, imposes a taxation effect on them.

It is an extraordinary situation. The Vos report actually said that, essentially, charities had to appreciate that they would need to come under competition policy and that in many areas, if they were doing the same thing as commercial non-charitable organisations, they must just compete on the same kinds of grounds. That has never been the understanding in this country of what charities are about, and I am quite sure that the growing antagonism to this government and its legislation from all those charitable and not-for-profit organisations will only continue.

The day our report was released, a very large number of organisations were also in Canberra making a statement totally opposed to the GST, particularly in the light of what they had discovered in preparing their submissions for our committee of inquiry and bringing forward that evidence and defending it. They are now wholeheartedly opposed to the GST, as are many not-for-profit organisations in our community—like the surf lifesavers, the Boy Scouts, the Girl Guides, the St John Ambulance, and so on—who, for the first time, are going to be much worse off. Lest anybody should think that these people got it wrong or misread the legislation, the scouting organisation told us that they had had Treasury advice on which they had made their submission. As to the understanding that bob-a-job would have a GST applied, Treasury has since said, or at least Senator Kemp has since said, ’No, we never meant that; that won't continue to happen.’ But the Scouts have not been given an absolutely clear understanding that the bob-a-job GST is gone, nor is there a clear understanding as to whether the GST will apply to the sale of Girl Guide biscuits or the lamingtons at the Anglicare street stalls. You could almost say that all of these things make a farce of what this legislation is about.

Most importantly, on the evidence before the committee, on everything I can read and understand, I oppose this legislation because it will divide Australia into the haves and the have-nots and it will enshrine that division forever in law. The top end of town will get generous tax cuts and low income families will have paltry compensation at the very best—but most of them will be worse off. It is a trickle up effect—the poor shall pay for the tax cuts for the rich. (Time expired)