



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



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**

In Committee

SPEECH

Thursday, 13 May 1999

BY AUTHORITY OF THE SENATE

SPEECH

Date Thursday, 13 May 1999
Page 4961
Questioner
Speaker Murray, Sen Andrew

Source Senate
Proof No
Responder
Question No.

Senator MURRAY (WA) (11.38 am)—I probably need to be advised by Senator Brown as to where he is coming from, so that I can understand how to respond. As I recall, Senator Brown was a participating member of the Select Committee on A New Tax System. Unfortunately, I had to miss a couple of the hearings, but I attended nearly all of them. I do know that Senator Margetts participated in them, but I cannot recall whether you attended any, Senator Brown, and whether you did your homework as well on this very important question.

I put that to you because at present we have a taxation system which has a series of indirect taxes, including taxes on goods and services and on food consumed by the poor, the disadvantaged and those in the lower income levels—which is what we are trying to attend to. If your philosophical proposition is that you do not believe that there should be any taxes at the indirect level at all, that I could understand. If your suggestion is, however, that some taxes are all right and some are not, I would like to know that. If you are suggesting that all food should not be taxed or that you should move through the range of definitions that we have examined and that are in the reports, then I would like to know where your definition would fall; and you haven't proposed an amendment.

You see, the problem for us all, Senator Brown, is that you do not have the numbers, we do not have the numbers and the Labor Party do not have the numbers. This tax bill could go through opposed by the Democrats, the Australian Greens, the Greens (WA) and the Labor Party. Our purpose in putting through a change is indeed to make this bill better. Really, if you agree with us that food should not be taxed and you are arguing about the limits at which taxation occur, I can understand that. But what we did was to go away and do the research on the various kinds of options and work out the definition, which we drew from international precedent.

If your question is, 'Will there end up being definitional problems?' yes, there will. There are always definitional problems with any kind of tax. We know that; it is just a fact of life. Not everything that emerges in this six-page amendment will clear up every issue.

To return to the nub of your question, we have made a judgment that we can reach somewhere between 83 and 88 per cent of all food purchased by poorer Australians at present. Your question is, 'If their patterns of consumption change, what will happen?' The trend is for a change, but we have not seen any evidence—Senator Cook was the chair, and perhaps his memory may stretch a little further than mine—which extrapolates forward what the Australian expectation is of the prepared food question you have asked. I cannot recall that evidence having been presented.

What was presented to us was what it is at present and what it is in other countries, but I do not know that you can automatically assume that that is what it will become in Australia. My difficulty in answering your question—and I have been very general in answering it—is that I have not got that evidence and I am not therefore able to deal with your question in the important sense that you have phrased it. And you might be right: it might well increase exponentially. 'I do not know,' is the answer. I can only deal with the facts I have before me right now.

Our understanding and estimation of the effect of our amendment is that it will reach between 83 and 88 per cent of the food take at present and make that food GST free. It is true that we have arrived at a narrower definition, but we had to design a definition which might have, in our view, achieved acceptability in any package that the government might have wished to change. We know this is academic. They are going to vote against it, and Labor are going to vote against it because they are voting everything down. It is just not going to get up. It was our best attempt to make the package far fairer and far more progressive and make it meet the needs of poorer, disadvantaged and lower income Australians. If you wish to put up an amendment to widen the definition, obviously that could be considered on its merits.