



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**

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**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  
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**A NEW TAX SYSTEM (END  
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**A NEW TAX SYSTEM (PERSONAL  
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**A NEW TAX SYSTEM (COMPENSATION  
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**A NEW TAX SYSTEM (BONUSES FOR  
OLDER AUSTRALIANS) BILL 1998**

**A NEW TAX SYSTEM (INCOME TAX  
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**A NEW TAX SYSTEM (AGED CARE  
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**A NEW TAX SYSTEM (TRADE  
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**A NEW TAX SYSTEM  
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**A NEW TAX SYSTEM (COMMONWEALTH-  
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**A NEW TAX SYSTEM (WINE  
EQUALISATION TAX) BILL 1999**

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

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

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**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, 24 June 1999**

BY AUTHORITY OF THE SENATE

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## SPEECH

**Date** Thursday, 24 June 1999  
**Page** 6272  
**Questioner**  
**Speaker** Murray, Sen Andrew

**Source** Senate  
**Proof** No  
**Responder**  
**Question No.**

**Senator MURRAY** (WA) (11.00 am)—I will leave the technical aspect of that to the government, but I need to respond to some of Senator Conroy's remarks. I will not dwell on them at length. The primary proposition which Senator Conroy puts quite legitimately is that, if you increase compliance costs as a result of making a definition more complex, then that compliance cost will run into the price of products. On the face of it, that would seem to be sensible, but bear in mind that the top figure for the extra compliance cost of making 80 per cent of all food GST-free is \$100 million—we think it is \$40 million.

My memory—perhaps your memory is better than mine, Senator Conroy—is that the Australian Food and Grocery Council said that the total value of their industry is \$42 billion. As an example, if we used \$100 million as a proportion of \$42 billion, it would be a 0.0001 per cent increase in price. That may not be the easiest or the best way to resolve that issue, but the point I am making, which you would clearly understand as somebody who understands economics, is that the figure washes over a very broad and extensive market—\$100 million on billions and billions. Whilst on the surface that price increase looks a possibility, in fact it is likely to have very little effect.

This is the argument used by all the economic rationalists who want food taxed. I have never heard from any of the leaders in the debate—from you, from Mr Beazley, Senator Cook or Senator Sherry—if there is to be a GST or VAT system, whether you want food taxed. I know you do not want a GST. You have made that very plain.

**Senator Conroy**—We are going to get a new tax system.

**Senator MURRAY**—I understand that—you know we are. So the question that is going to be asked of you when we come to the end of the debate is: are you, for the first time in this debate, going to vote against a government amendment? Last time you voted for every government amendment and voted against every crossbench amendment, whether it was from the Greens, from us or from anybody else—it did not matter. If it was to improve the bill, you voted against it. If you are voting against it simply to prevent the GST being improved, I do not think much of that as a tactic, but it is understandable. But if you voted in favour of food being taxed because you believe it should be taxed—which is what I think Mr Beazley believes, until he says otherwise—I think you should fess up. Come out of the closet and say, 'We want food taxed,' as did Jeff Kennett.

That is what I want to know, because that is the policy you should take to the people at the next election. That is my question to you. Fundamentally, at the end of the day, I will ask you: now that you know there is going to be a GST—because you do not have the numbers—do you want food taxed? Will you vote for or against this amendment? That is an important question.

The next thing concerns Mitch Hooke. Unlike Senator Brown, Senator Conroy went to every single hearing.

**Senator Conroy**—I think I missed Kalgoorlie.

**Senator MURRAY**—Yes. You might even have gone to a couple more hearings than I—I missed two or three. I know Senator Brown did not go to one, so that was interesting. I should not distract myself. Mitch Hooke, the Executive Director of the Australian Food and Grocery Council, made it very clear right from the start that he wanted all food taxed. He also said, 'All in or all out.' That was his approach and he has stuck to that. But having heard the result of the deal in the media release, Mitch Hooke put out a press release on 23 June which said the following:

The AFGC encourages parliament to support the passage of this legislation as the first tranche in tax reform. It will pave the way for consideration of the second tranche of tax reform.

He now supports the final outcome; he accepts it.

**Senator Conroy**—I think you have verballed him there.

**Senator MURRAY**—He has verballed me a bit, so here is my opportunity. We then move to your real proposition. You would rather food is taxed because you say that adding the compliance cost of not making food taxed will make food more expensive than if all foods were taxed. Is that what you said?

**Senator Conroy**—I do not think so. I think moving from 70,000 collectors to 1.5 million adds its own compliance costs.

**Senator MURRAY**—So you would rather put a 10 per cent GST on all food than have a \$100 million compensation cost for differentially taxing food. I really do not understand that.

The other thing I should bring your attention to is Access Economics. As you know, they advised a number of people who made submissions to us. They are advisers to the AFGC and do not support our position of food not being taxed. However, they produced a remodelling of the new revised package and came out with a view that the food price will fall two to three per cent. So you are wrong.

**Senator Conroy**—What do they say about the inflation rate?

**Senator MURRAY**—They have said that the overall price of food will fall by two to three per cent. So your proposition is wrong.

With the indulgence of the Temporary Chairman, I should respond to the repartee on democracy and the Democrats. What we should establish here is that I cannot find anywhere one Democrat party member who wants food taxed; not one.

*Senator Conroy interjecting—*

**Senator MURRAY**—Let me respond because I heard you in silence, although we did exchange some laughter. Let me put it to you this way: it is true that there are Democrat party members who oppose a GST. It is also true that there are Labor Party members and senators who support the GST.

**Senator Sherry**—Not too many.

**Senator MURRAY**—But it is true that they exist. Even the polls that are quoted show, I think, that 20 per cent of Labor supporters and voters support a GST. It is true that there are members of the Liberal and National parties, including members and senators, who do not support the GST—I am sure of that. The fact is that our party is out in the open about it. You talk about what is the popular support. You can quote polls and so can I. The polls show that a GST with food out is acceptable to the Australia people.

**Senator Conroy**—It does not.

**Senator MURRAY**—Yes it does. We can produce the results of those polls in due course. Then, Senator Conroy, you made some remarks about Democrat party members and I really do not think we should describe them as stupid, but perhaps that was just a slip of the tongue. The Democrat party members who are opposed to this agreement wanted to put a stop-work order on the senators. Not only is that against the law—it is against the Parliamentary Privileges Act 1987 and other things—but it does not make much sense. We have got some 20 bills to deal with today. Imagine us trotting back to all the members and saying, 'Hi members, tell us what you think about each of these bills!' No party member out there can say that we did not have an 18-month tax ballot, that we did not put out a 40-page tax policy in September 1998, that we did not go to the election with this policy and that we did not produce all our amendments based on it.

The problem is that a lot of the people involved in this have other agendas. Some of them are the usual suspects, whatever the issue—you know the kind—but others are genuinely dedicated to the cause of opposing a GST. Frankly, Senator Conroy, coming from a division in Victoria—I mean I know your hands are absolutely clean—which was criticised for exercising democracy through the practice of branch stacking, I do think that you should not start pointing fingers. The Democrats are more than happy for dissent to be public. We are convinced that we have the numbers in the party room, which is seven to nine; we have got three-quarters of the vote in the national executive; and we will have the numbers in the members.

**Senator Conroy**—I thought it was two-thirds; it keeps going up.

**Senator MURRAY**—It is dependent on the motion. It was between 65 per cent and 75 per cent. The point is that we knew we had the numbers and our process has always been—and, as you know, the Democrats have a history of senators voting independently—to allow for—

**Senator Sherry**—Once in nine years!

**Senator MURRAY**—I cannot speak for them, but I can certainly speak all the way back through to Chipp. I may be in the minority in this chamber, but I am one of those who have an exceptionally high regard for many members of the opposition in this chamber. I think there are some astonishingly capable people, but I cannot imagine one of them actually crossing the floor on a point of principle because you have iron discipline when it comes to voting. That is one of the virtues of your system. One of the virtues of our system is that we allow a dissenting vote.

**The TEMPORARY CHAIRMAN (Senator Murphy)**—I call Senator Conroy.