



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  
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**

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**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**

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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** 6277  
**Questioner**  
**Speaker** Murray, Sen Andrew

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

**Senator MURRAY (WA)** (11.26 am)—There are three questions to deal with before us. The first is the tax mix question, if I can call it that; and I think it is appropriate that the government do that because you have to have the tax advice as to exactly how that will happen. So we will ask the government to answer that.

Your second question concerned the high roller matter. What I should advise you is this: on the record, both publicly and within this chamber, the Democrats—and I, in particular—have constantly said that we want to hear the government's explanations for it and that we would respond once we had heard them. As you know, there are two sets of high-roller amendments, one of which has gone through and one of which is still to come on. On the first set, there was a very lively and entertaining debate and, having heard it, both you and we decided to give the government the benefit of the doubt and so we voted with them. So, on the first set of high-roller amendments, you and we voted with the government. For the second set, we will wait to hear what their response is. Turning to the question put to me by Senator Ferguson, the Australian Democrats—

**Senator Conroy**—That was not the highroller amendment, but go on.

**Senator MURRAY**—This is really germane to the amendment before us. Senator Ferguson has asked what the effect is on low income persons.

**Senator Conroy**—Are you voting for it or not?

**Senator MURRAY**—I have answered the question. The question from Senator Ferguson was what the effect was on low income earners. As everyone in the chamber knows, we have been arguing for 10 months that on equity grounds we believed that it was appropriate for 80 per cent of the food basket to be tax free. We have argued that on the basis that 24 per cent of low income expenditure is on food.

The Access Economics group—who are advisers to the Australian Food and Grocery Council, amongst others—published a modelling exercise that they did on the new package in the *Sydney Morning Herald*, and this is what they have said. On the expenditure group 'farm produce'—which includes, for example, eggs, fresh fruit and vegetables—the percentage change in price to consumers will be minus 1.5 per cent. That is the final price to consumers. As for all this stuff about compliance costs adding to price, Access Economics took that into account and it is just not true.

On the expenditure group fish, which includes fresh fish and seafood, Access Economics modelling says that the percentage change in price to consumers will be minus 1.4 per cent. On the meat products expenditure group, which includes meat, poultry and ham, the percentage change in price to consumers is minus 1.3 per cent. On the dairy products expenditure group, which includes milk, cream, butter and ice-cream, the percentage change in price to consumers is minus 2.6 per cent. The fruit and vegetable products group, which includes things like canned, bottled and frozen fruit and vegetables, will be minus 2.6 per cent. Even with the soft drinks, cordials and syrups expenditure group, which are going to be taxed, the effect of the tax package on soft drinks, mineral water and diluted fruit juices is minus 0.4 per cent.

This is what we have consistently been saying: that the consequence of taking out wholesale sales taxes from food and replacing it with a GST on some food, in terms of our package, will result in a price drop of between two and three per cent. That is what Access Economics say. So we are actually delivering lower prices, particularly, because 24 per cent of low income expenditure is on food, to low income households. Whether—and this is for Senator Ferguson—they are in the social security net or the income tax net or whether they fall outside of them, whoever they are out there, because of the Democrats insistence on this on grounds of equity, we will deliver lower food prices to Australia. I do not know of one Australian anywhere in that group who will not say, 'Thank you for giving us lower food prices.'