



PRIME MINISTER

STATEMENT BY THE PRIME MINISTER, THE HON P J KEATING MP

GST AND THE LIBERAL LIES

The GST pamphlet distributed today by the Liberal Party is a glossy litany of lies and distortions.

Faced with the growing community concern about this iniquitous and unnecessary tax change, Dr Hewson is now resorting to shameless half truths which make a mockery of his promised "No-Lies" campaign.

The pamphlet distributed today purports to tell Australian families how they will be better off under a Goods and Services Tax.

It makes the following assertions:

"GST will mean the abolition of seven major taxes."

A lie. The coal export duty listed in the pamphlet has already been abolished. Furthermore, Dr Hewson's promise to abolish "customs duties" is really doublespeak for his zero tariff policy which will cost Australian jobs.

"Many of the items you now buy are taxed at anything up to 30 per cent under Labor's current sales tax system. For example...garbage bags..."

A distortion. The wholesale sales tax on garbage bags is ten per cent. Garbage bags would be more expensive under Dr Hewson's 15 per cent GST.

"Food will actually be cheaper under the Coalition."

A lie. Nowhere does Dr Hewson's slick pamphlet tell Australian families that takeaway food and restaurant meals will be taxed under the GST.

The GST will go where no other Australian tax has gone before. Hamburgers, hot dogs, milkshakes and barbecued chicken will all be taxed for the first time in our history. Why won't Dr Hewson tell Australian families the truth?

6545

Furthermore, the photograph in Dr Hewson's pamphlet shows a range of supermarket items, not just basic foods. The dishwashing liquid and tissues would attract the GST.

"The GST makes taxes fairer and simpler."

A lie. If the GST is so simple and fair, why won't Dr Hewson release the Cole Committee report, which contains hundreds of pages of potential problems and iniquities in the GST? And if the GST really is "fairer and simpler", why are so many sporting organisations, such as Tennis Australia and the National Basketball League, confused and concerned about the impact of GST on their sports? Why does the prominent horse racing industry figure Colin Hayes believe it will ruin racing in this country? Why are the building and tourist industries up in arms about the impact of the GST?

The GST will not make taxes simpler. The GST will affect every business with turnover as little as \$50,000 per year. Small businesses, currently uninvolved in the collection of wholesale sales tax or payroll tax, will be drawn into the tax net to collect the GST. How will it help the Australian economy to create about 750,000 new tax collection points.

"There will be no GST on...education."

A lie. Parents should be told that they will have to pay GST on textbooks purchased from bookshops, school uniforms, school shoes, and on public transport for their children to and from school.

"Family allowances will be doubled."

Why doesn't Dr Hewson tell the whole truth? About 100,000 families will be tipped off Family Allowance under Dr Hewson's Fightback policy.

"There will be no GST on...council rates."

A lie. Under Dr Hewson, council rates notices will for the first time in our history carry a 15 per cent tax on the water, sewerage and garbage collection components. Dr Hewson's Local Government spokesman confirmed this on Friday, obviously too late to alter the pamphlet which had already been printed.

"The GST will mean a reduction in income tax."

This does not compute. If the \$24 billion proceeds from the GST are used to abolish existing taxes, there is no money left for income tax cuts. The income tax cuts promised by Dr Hewson would have to be funded through more than \$10 billion worth of cuts to Federal Government services and programs, particularly in the areas of social security and health.

"There will be no GST on...sale of your house."

Why doesn't Dr Hewson's pamphlet tell Australian families that the cost of a house will rise steeply because of the GST on all building materials and land development.

The pamphlet concludes: *"The GST is part of the change that is needed for our children to be able to get jobs in the future."*

This is the biggest lie. Even Dr Hewson's own economic experts admit there are no new jobs in a GST. The GST is a tax on spending, just when we don't need one. It would smother economic growth and disrupt Australian business just when we need it to accelerate.

CANBERRA
21 February 1993