



PRIME MINISTER

STATEMENT BY THE PRIME MINISTER, THE HON P.J. KEATING MP GST CONFUSION - HEWSON MUST RELEASE COLE COMMITTEE REPORT

For the past three days the Opposition Leader and his frontbench have failed in spectacular fashion trying to explain how the GST will work.

They have confirmed the community's doubts about the GST and highlighted even more anomalies in the system.

Dr Hewson has said he will spend 18 months after the election explaining the GST to the community. This is not good enough. People have a right to know before they vote how the GST will affect them personally and how it will affect small business.

I want Dr Hewson to be heard. I want Australians to hear him in total silence. I want Australians to hear him try to explain the unexplainable and make sense of the senseless.

I want to hear him say why a 15 per cent tax slug is good for them. Why abolishing Medicare is good for them. Why the labour of youth is worth \$3 an hour.

Dr Hewson wants to look people in the eye and tell them bad is good.

Dr Hewson is fond of saying he will look people in the eye.

I now call upon him to truly look the Australian people in the eye by releasing the Cole Committee recommendations and the submissions put to that committee.

If he doesn't people will be right in concluding that Dr Hewson wants to hide the full story of the GST.

If he doesn't release the report and the submissions made to the Committee it will be because it shows the GST to be not only unfair, but absurd.

Nowhere is this better illustrated than with food.

Since Fightback Mark II, the Opposition has been proposing to zero rate certain food for home consumption other than takeaway food.

What does that mean for something like the Australian pie?

In Canada if you buy a cold meat pie, it's not taxed. But if you buy a hot meat pie, it's taxed. The same is true for the UK.

So if you buy a cold meat pie and take it home and heat it up, you only pay GST on the electricity or gas to heat it. But if you buy a hot meat pie and take it home and re-heat it, you pay tax on the pie as well as the electricity or gas.

What about an apple pie? In Canada, it depends on whether it is hot or cold. If it is hot, then it is taxable. If it is cold, then it depends how big it is and how many you buy. If you buy one individual cold apple pie, you pay GST. If you buy five individual cold apple pies, you pay GST on them. But if you buy six or more at once, then they will be GST free. If you buy a family size cold apple pie and take it home, then it is GST free.

In the United Kingdom, it depends on where you intend to eat the cold apple pie. If you sit down at a table at the bakery, then you pay tax on the pie. If you intend to take it home then it is tax free.

Dr Hewson hasn't told us exactly how he intends to tax pies, but the Canadian and British examples provide a good guide on the ludicrous nature of his tax.

Dr Hewson's GST is an absurdity for small business, particularly small business in the takeaway food industry. These small businesses will not only carry the fully compliance cost of this tax, they will also have to carry the additional burden of dividing their sales into food and takeaway food items.

On top of that a 15 per cent GST on what they sell will depress sales.

Far from strengthening small business as Dr Hewson claims, his GST will force small business to lay off staff to cope with the higher costs and lower demand.

Dr Hewson ignores the takeaway food industry. In fact in Australia, more than 25 per cent of household expenditure on food is on takeaway and restaurant food and more than half of this is on takeaways. It is therefore totally misleading to claim as the Opposition does that Dr Hewson's GST exempts food.

Food is but one area of massive confusion over the GST. If Dr Hewson does not release the Cole Committee report the Australian people will be right in concluding that there are many more.

NOWRA
March 4, 1993