

2015/11: Should GST be removed from sanitary products?

What they said...

'Well, it probably should, yes. The answer is yes'

Treasurer Joe Hockey, on the ABC's Q&A in answer to a question on whether the GST should be removed from sanitary products

'I understand there's long been a push to take the GST off goods, which are one way or another regarded as health products. It's certainly not something that this Government has a plan to do'

Prime Minister Tony Abbott

The issue at a glance

On May 26, 2015, university student, Subeta Vimalarajah, confronted Treasurer Joe Hockey on the ABC's Q&A program regarding a Change.Org petition she had started calling for the government to repeal the GST on feminine hygiene products.

In answer to her question as to whether the Treasurer considered sanitary products to be essential for women's health, Mr Hockey replied that he thought so and agreed that the GST should not be applied to these products. He then promised to raise the issue with state governments in July.

Less than twenty-four hours after the Treasurer's announcement on Q&A, Prime Minister Tony Abbot responded to the issue by saying that repealing the GST on sanitary products was an issue for state governments and not something that the federal government had any plans to do, despite the Treasurer's call for costings of the revenue that would be lost were the tax to be repealed.

Background

Most of the information found below has been abbreviated from the Wikipedia entry titled 'Goods and Services Tax (Australia)'. The full text of this entry can be accessed at [http://en.wikipedia.org/wiki/Goods_and_Services_Tax_\(Australia\)](http://en.wikipedia.org/wiki/Goods_and_Services_Tax_(Australia))

The Goods and Services Tax (GST) in Australia is a value added tax of 10 percent on most goods and services sales. GST is levied on most transactions in the production process, but is refunded to all parties in the chain of production other than the final consumer.

The tax was introduced by the Howard Government and commenced on 1 July 2000, replacing the previous federal wholesale sales tax system and was designed to phase out a number of various State and Territory Government taxes, duties and levies such as banking taxes and stamp duty.

Some goods and services (notably salaries, wages, fresh food, and real estate) are exempt from GST. Other goods and services (rental income and financial services) are "input-taxed", which means that GST is not charged on the sale, but GST paid by that part of the business is not eligible to be claimed as an input tax credit.

Critics have argued that the GST is a regressive tax, which has a more pronounced effect on lower income earners, meaning that the tax consumes a higher proportion of their income, compared to those earning large incomes. However, due to the corresponding reductions in personal income taxes, state banking taxes, federal wholesale taxes and some fuel taxes that were implemented when the GST was introduced, former Treasurer Peter Costello claimed that people were effectively paying no extra tax.

The preceding months before the GST became active saw a spike in consumption as consumers rushed to purchase goods that they perceived would be substantially more expensive with the GST. Once the tax came into effect, consumer consumption and economic growth declined such that by the first fiscal quarter of 2001, the Australian economy recorded negative economic growth for the first time in more than 10 years. Among the items that were to rise in price were feminine hygiene products, such as pads and tampons, which had previously been tax free items.

Internet information

On May 31, 2015, 2DayFM's Scoopla Life published a piece by Nic Holland titled 'Canada removes Tampon Tax, Australia "needs to be next"'

This piece examines the Canadian decision to remove the GST on tampons and calls for Australia to do the same. The full article can be accessed at <http://www.2dayfm.com.au/scoopla/life/blog/2015/5/canada-removes-tampon-tax-australia-needs-to-be-next/>

On May 29, 2015, ThinkProgress.Org published an article by Tara Culp-Ressler titled 'After Years of Backlash, Canada Ditches the 'Tampon Tax''

The article discusses the Canadian government's recent decision to make tampons and other feminine hygiene products GST-free and considers the impact the decision may have on the issue in other countries such as Australia.

The full text can be accessed at <http://thinkprogress.org/health/2015/05/29/3664080/canada-tampon-tax/>

On May 29, 2015, The Sydney Morning Herald published an article by Judith Ireland titled 'Joe Hockey might have

surprised even himself, but he has put tampons on the national agenda'

The article discusses Joe Hockey's promise to remove the GST from tampons and the ongoing protests on the issue that have been taking place, including the protest on the lawn of parliament house where women dressed up as dancing tampons.

The full text can be accessed at <http://www.smh.com.au/federal-politics/political-opinion/joe-hockey-might-have-surprised-even-himself-but-he-has-put-tampons-on-the-national-agenda-20150529-ghbuv2.html>

On May 28, 2015, The Sydney Morning Herald published an opinion piece by Jessica Irvine titled 'We should be paying GST on tampons: removing it is a tokenistic distraction'

The article explores whether removing the GST from tampons is a good idea or whether Australian consumers should pay GST on more goods and services. The article concludes that while the GST needs to be reviewed, removing GST from tampons is poor policy and a distraction from larger issues.

The full text can be accessed at <http://www.smh.com.au/comment/we-should-be-paying-gst-on-tampons-removing-it-is-a-tokenistic-distraction-20150528-ghbpmz.html>

On May 28, 2015, Daily Life published a comment titled 'Tony Abbott has a tampon problem on his hands'

The article discusses Treasurer Joe Hockey and Prime Minister Tony Abbott's reactions to the suggestion of removing GST from tampons as well as the reactions of previous politicians when the issue has arisen in the past.

The full text can be accessed at <http://www.dailylife.com.au/news-and-views/news-features/tony-abbott-has-a-tampon-problem-on-his-hands-20150528-ghauqz>

On May 28, 2015, SBS published a news report by Stephanie Anderson titled 'Tampon tax protesters gather at Parliament House'

The story reports on protesters against the GST on tampons gathering on the lawn of Parliament House, dressed as giant tampons and lobbying politicians for their support. This page also includes video.

The full text can be accessed at <http://www.sbs.com.au/news/article/2015/05/28/tampon-tax-protesters-gather-parliament-house>

On May 27, 2015, ABC News published a 'fact check' titled, 'Fact check: How can the GST on tampons be scrapped?'

The report looks into the claim that the federal government needs the approval of the states to remove the GST from tampons and comes to the verdict that there is no legal barrier to the federal government changing the GST without state and territory support.

The full text can be accessed at <http://www.abc.net.au/news/2015-05-27/how-does-scrapping-the-gst-on-tampons-work/6500774>

On May 27, 2015, The Sydney Morning Herald published a news report by Judith Ireland and Gareth Hutchens titled 'Most states back scrapping GST on tampons'

The article discusses the stance of the various Australian states and territories on removing the GST from tampons, including who supports the proposal, who opposes it and who supports it with certain conditions.

The full text can be accessed at <http://www.smh.com.au/federal-politics/political-news/most-states-back-scrapping-gst-on-tampons-20150526-gh9xxy.html>

On May 27, 2015, ABC News posted a report by Emma Griffiths titled 'Tampon tax: Tony Abbott says removing GST on sanitary items "certainly not something Government plans to do"'

The article discusses Tony Abbott's statement that the Australian federal government currently has no plans to make changes to the GST and that the matter is one for the state governments.

The full text can be accessed at <http://www.abc.net.au/news/2015-05-26/tampon-tax-tony-abbottsays-no-federal-push-removing-gst/6498230>

On May 26, 2015, BBC News published a story titled "'Tampon tax" paid around the world'

The article discusses Treasurer Joe Hockey's promise to cost the removal of the GST on tampons and gives an overview of the world situation, indicating the extent to which female hygiene products are taxed in various countries including the USA and Canada.

The full text can be accessed at <http://www.bbc.com/news/world-32883153>

On May 25, 2015, ABC's Q&A televised 'Joe Hockey on the Tradies vs Ladies Budget'

Among other issues surrounding the latest federal budget, Treasurer Joe Hockey was questioned by a young activist on whether or not he considered tampons to be essential products and his views on removing the GST from them.

A full transcript can be accessed at <http://www.abc.net.au/tv/qanda/txt/s4219741.htm>

A Safe World for Women published a opinion piece by Emily Rudling titled 'Sanitary Pads - Still a 'Luxury Item' in Australia!'

This article argues that sanitary pads are a necessary health item on a comparable level to condoms and sun block. The article also gives a detailed history of the issue.

The full comment can be accessed at <http://www.asafeworldforwomen.org/global-news/australasia/australia/4744-luxury-item.html>

Arguments in favour of removing the GST from sanitary products

1. As an item essential for health and hygiene, tampons should be GST-free

One of the key arguments offered in support of removing the GST from feminine hygiene products is that these items are essential for women's health and physical wellbeing. According to the Australian Taxation Office (ATO) many essential items, including a range of health-related goods and services, are GST-exempt. These include most basic food; some education courses, course materials and related excursions or field trips; some medical, health and care services; some medical aids and appliances and some medicines.

When the GST was introduced in 2000, sanitary items like tampons, pads and moon cups were classified by then Health Minister Michael Wooldridge as 'personal hygiene products' rather than health goods, and thus were not tax-exempt. They were considered a luxury item, a view that has been long-disputed.

In an article for the Safe World for Women organisation, student writer Emily Rudling states that 'Sanitary items enable ovulating women to maintain a standard of health and hygiene during menstruation. Involving blood and personal discomfort, menstruation is a health issue, which can be physically debilitating for many women.'

In a 2013 WA Today article, Australian Medical Association WA president Richard Choong supported this view and was quoted as saying, 'To consider something a luxury, there has to be a more basic alternative; there is none in this case, so I'm very happy to say that women's sanitary products are not a luxury item and should not have GST paid on them'.

Treasurer Joe Hockey has also recently agreed that sanitary products were essential items and should not be taxed during a live Q&A broadcast on the ABC on Tuesday 26 May, 2015. In a special post-budget episode of Q&A, Ms Vimalarajah asked the federal Treasurer, 'Mr Hockey, do you think that sanitary products are an essential health good for half the population?'

Mr Hockey replied, 'Do I think sanitary products are essential? I think so, I think so.' When pushed as to whether a product such as tampons should be GST-exempt, the Treasurer stated, 'It probably should, yes, the answer's yes.'

Ms Vimalarajah has further stated, 'Menstruation is a health issue, and sanitation also happens to be a human right - a legal entitlement, and not a commodity. Tampons allow us to live uninterrupted lives, grant us some control over our bodies, and keep us from publicly bleeding for one week of every month.'

2. The tax on tampons is inequitable and sexist as similar products not used exclusively by women are GST-free

It has been argued that there is a basic injustice or inequality in applying the GST to tampons, a product used exclusively by women, when other similar products used by men and women are not taxed in this manner.

Federal Treasurer Joe Hockey indicated to 3AW's Neil Mitchell on May 27, 2015, 'It does sound unfair that GST applies in that area [feminine hygiene products] but does not apply to condoms and a range of other, not dissimilar products.'

The prime example of a similar but untaxed product is incontinence pads and pants for men and women which are exempted from the GST. Absorbent pads for beds and chairs are similarly exempted. These products serve very much the same function as sanitary pads and tampons. Why, critics ask, are both sets of products not removed from the GST schedule?

There are those who have suggested that exempting one of these products and not the other is an example of either deliberate or unintentional sexism. A product that is used exclusively by women is taxed while a similar product used by both men and women is not. It has been noted that condoms, a product related to sexual health and function, but used exclusively by men, are GST-exempt. Again, there have been accusations made about sexual bias.

In 2013, Sophie Liley, the then women's officer at the University of Western Australia, stated that it was 'fundamentally sexist' that tampons were labelled 'luxury items', making them liable for GST.

On May 25, 2015, Sex Party President Fiona Patten was reported as claiming, 'It is a tax on sex and gender and I encourage all women to vote against it.'

On June 9, 2015, the Camden-Narellan Advertiser quoted Marbecc Webb, ethics co-ordinator at Camden South Public School, stating, 'Tampons are solely female products and it shows how this country values women because a period is a bodily function and women don't have a choice.'

On February 18, 2015, Canadian activist Jill Piebiak, stated, 'These products are essential to normal public life in Canada for women with their periods. It's not something that we choose to use, so we recognize that it's a gender-based tax and that this tax is unfair and discriminatory...It puts an unfair tax burden on people with a particular biological characteristic.'

3. Most states support the removal of the GST from sanitary products

State governments' anticipated opposition to removing the GST from sanitary products has been offered as a reason why the change is unlikely to occur.

The Prime Minister, Tony Abbott, has essentially sidestepped the issue by suggesting the decision resides with states and territories rather than his government. After Treasurer Hockey's announcement supporting the removal of the tax, Mr Abbott stated that the question was a matter for the states'. Mr Abbott noted, 'The point I'm making is that we cannot change the GST without the states and territories.'

However, a number of state leaders have indicated that they either support or are not opposed to removing the GST from

sanitary products.

Queensland's Deputy Premier, Jackie Trad, has been quoted as saying that her Government would 'of course' support moves to remove the GST on pads and tampons.

Jackie Trad was further quoted as saying, 'This is the first time you'll hear me agree with Joe Hockey. I think it should be lifted.'

Victorian Treasurer, Tim Pallas, has said his state government had supported the removal of GST on sanitary products for a long time.

Mr Pallas stated, 'We look forward to Mr Hockey now putting his proposal to the states and territories, and allowing them the opportunity to back it in.'

South Australian Labor Treasurer, Tom Koutsantonis, said he would back the move when the treasurers were scheduled to next meet in July.

Mr Koutsantonis stated, 'They should absolutely be exempt. I look forward to discussing the issue with my interstate counterparts at the next treasurers' meeting.'

ACT Chief Minister and Treasurer, Andrew Barr, was somewhat more guarded in his response to the call to remove the GST from pads and tampons; however, he did say the territory would support removing the tax so long as the shortfall in revenue was made up elsewhere, and suggested applying the GST to digital downloads and overseas products purchased online.

Mr Barr stated, 'You would more than make up for any lost revenue from removing the GST from sanitary products...I think common sense here says that this is a change that should be made now.'

Though not opposing the change, Western Australian Treasurer, Mike Nahan, has stated, 'Any change to, or removal of, exemptions from the GST process should be part of broader GST reform.' Mr Nahan has further argued, 'Western Australia considers broader reform of the GST distribution process, a process that currently results in Western Australia receiving an unacceptably low share of the national GST pool, to be our main priority.'

It has further been noted that state opposition would not be an absolute obstacle to the removal of the GST. The federal government would still be able to pass federal legislation that would allow it to override state objections.

4. Other countries have either no tax on sanitary products or tax these items at a lower rate

It has been noted that other countries do not tax sanitary products in the way Australia does. They either tax these items at a lower rate or do not tax them at all.

On the 28th of May, 2015 Canadian news service, CBC News, revealed that the Canadian federal government had announced that from July 1, the GST would no longer apply to tampons, sanitary napkins, sanitary belts and menstrual cups. The move received a 'Go Canada' from radio station 2Day FM which congratulated the country for being 'the first country to get rid of GST on tampons as a result of public pressure' while calling for Australia to follow Canada's example and do the same with the GST.

SBS also spoke out on the Canadian government's decision, pointing out that, 'these products earned the government around \$40,000 in tax revenue -- with each item taxed at approximately five per cent' and that the decision received all party backing, following a 'growing global push for governments to end taxing on menstrual products'.

After the United Kingdom joined the Common Market in 1973, a 17.5% Value Added Tax (VAT) was introduced on sanitary products. In 2000, after lobbying by Labour MP, Dawn Primarolo, the tax was reduced to 5%. Ms Primarolo explained the reduction was 'about fairness, and doing what we can to lower the cost of a necessity'.

Sanitary towels, tampons and panty liners are zero-rated for VAT in Ireland, as the rate was in place prior to European Union legislation imposing minimum rates.

In the United States, the position regarding the placing of a tax on sanitary products varies between states. States where feminine hygiene products are exempt include Maine, Pennsylvania and New Jersey.

5. The GST on feminine hygiene products creates minimal revenue

Another argument against applying the GST to feminine hygiene products is that doing so produces so little revenue as to be of no real consequence. According to a Seven News report in May, 2015, each year, the GST from tampons and pads brings in less than 0.05% of the sixty billion dollars the total GST on all goods and services creates annually.

Deloitte Access Economics has estimated that state governments would lose about \$30 million a year in foregone revenue combined if feminine hygiene products were excluded from the GST. Independent costings done by the Parliamentary Budget Office have indicated that removing the GST on sanitary products will see a revenue loss of some \$35 million in 2017-18 - the earliest likely date it would be scrapped.

An indication of the relative insignificance of the revenue gleaned by the tax has been given by the retail sector. In 2009, Coles Supermarket decided that, following market research showing that three out of four women considered the GST on tampons was unfair, they would lower the price of tampons and pads by 10%, effectively paying the GST for their customers.

This policy was introduced under the banner, 'You shouldn't be taxed for being a woman' and effectively returned tampons and pads to their previous tax free status for Coles customers. When interviewed, Coles marketing director Joe Blundell said the GST impost on feminine hygiene products should be reviewed and added that, 'We've made an ongoing commitment to reduce the price of all feminine hygiene products sold in our stores by about 10 per cent, effectively removing the cost burden of the GST from our customers.' A Herald Sun article on the 2009 decision by Coles Supermarket claimed that the decision would save customers an estimated \$6.5 million a year.

Critics have claimed that if a profit-driven corporate entity such as Coles is able to forego the revenue gained by taxing

sanitary products, then Australian governments should be able to do the same.

Arguments against removing the GST from sanitary products

1. Menstruation is not a medical condition

It has been claimed that menstruation is not a medical condition in the same way as various conditions and diseases for which preventative products are GST-exempted.

Items such as condoms and nicotine patches are GST-free because they prevent medical conditions that would be a greater drain on our economy and health system, such as sexually transmitted diseases, unplanned pregnancies and cancer of the lungs.

A senior writer for The Sydney Morning Herald, Jessica Irvine, has stated, 'As for it being unfair that the GST applies to tampons, but not to condoms, this is also a furphy. People seem to think condoms are for men and tampons are for women. But condoms are to the benefit of both sexes, preventing, as they do, the very real medical condition of pregnancy. Periods are not an illness, but unfortunately, a matter of life.'

Former health minister, Michael Wooldridge, shared a similar statement in a 2000 interview when he told a reporter, "Well, condoms prevent illness. I wasn't aware that menstruation was an illness." Though tampons are needed for hygienic purposes, they do not prevent illnesses in the same way as items such as condoms and sunscreen do.

Recent research reported on by the ABC states that Australia is falling behind in preventing the spread of HIV. 'The number of newly diagnosed cases of HIV infection in Australia continues to rise, having increased by 10 per cent in 2012'. According to the Better Health Channel, condoms are 'the most effective way to reduce your risk of contracting a sexually transmissible infection'. This suggests that keeping the cost of condoms down through tax exemptions and therefore removing one possible barrier to their use is an important step towards improving the health of the nation. Sunscreen is also sometimes condemned as an item no more worthy of tax exemption than tampons. However, sunscreen is another important item for the health of the nation. According to the Cancer Council of Australia, 'Melanoma (skin cancer) is the sixth most common cause of cancer death in Australian men and tenth most common in Australian women,' with 1544 Australians dying of melanoma in 2011 alone. Sunscreen is widely recognised as being a first line of defence against sunburn and melanoma; however, it is often overlooked. Therefore, making the product more available by keeping it tax free and less expensive helps prevent deaths and protects the health of the nation as a whole. The same argument does not apply to removing the GST from tampons.

2. The GST is an efficient tax whose base should be expanded not reduced

Goods and services taxes (often referred to as GSTs) are favoured by governments because they are efficient. From the point of government, this means they are relatively easy to collect and difficult to avoid. According to the 2010 Henry Tax Review, 'the introduction of the GST made Australia's consumption tax base more efficient because it replaced a range of narrowly based Commonwealth and State taxes'.

The GST in Australia covers less than 60 percent of goods, prompting many people to question the wisdom of granting more exemptions rather than increasing the number of goods to which the GST applies. Currently, Australia's GST applies to only 47 percent of all spending, whereas across the advanced world, the average is 55 per cent. New Zealand has almost no exemptions and collects GST on 96 per cent of consumption.

Cameron Cooper, journalist for In The Black, acknowledges the GST as 'one of Australia's most effective taxes', but suggests that it needs to be tweaked to 'reflect modern Australia and shore up revenue for state governments' due to changing economic circumstances and social behaviour.

When the GST was introduced in Australia 15 years ago, 56 per cent of consumption was taxed. That figure has fallen by nearly 10 percent because Australian consumers now spend more of their incomes on products such as education, which are GST-exempted.

Cassie McGannon, public policy specialist at the Grattan Institute, agrees that reforms are needed and suggests that, rather than exempting items from the GST, the tax should be expanded to include more items, such as 'fresh food and private spending on health, education, child care and water'. These reforms, according to Cassie McGannon, are necessary in order to avoid the nation facing a decade of deficits of 'up to 4 per cent of gross domestic product, or A\$60 billion a year in today's terms, by 2023'.

Sydney Morning Herald senior writer, Jessica Irvine, also supports increasing the number of goods and services that are taxed under the GST. Irvine states, 'Rather than more tax cuts, we should, as a community, be facing some harder questions about what other things we could apply the GST to.'

3. Removing items from the GST schedule creates anomalies and leads to demands that even more items be made exempt

It has been argued that removing items from the GST would lead to further demands for exemptions and create further inequalities in the way the tax is applied.

In 2000, when the issue of removing the GST from tampons was put to former Prime Minister John Howard, he replied, 'I mean, of course if you look at tampons in isolation - just as you look at something else in isolation - you can mount an argument to take the tax off it. I could mount an argument to take the tax off children's clothes. I could mount an argument to take the tax off old people's clothes; I could mount an argument for a whole lot of things. But we've had that argument and if you start doing that, you will have no GST in the end, and the whole system will begin to unravel.'

Similarly, hours after federal Treasurer Joe Hockey agreed to look into removing the GST on feminine hygiene products, Prime Minister Tony Abbott came forward to say his government was not planning to make changes to the GST. 'I

understand that there has long been a push to take the GST off goods which are one way or another regarded as health products. It's certainly not something that this government has plans to do,' Mr Abbott told reporters.

On June 1, 2015, Phillip Hunter, a commentator for The Australian, referred to some of the other items that various pressure groups had demanded be GST-free. These included 'funerals, caravan parks, electricity and gas bills, textbooks and nappies'. Supporters of the GST see such demands as proof of John Howard's prediction that granting exemptions only leads to more exemptions.

A 2015 Treasury discussion paper claims that creating further exemptions within the GST would make the tax more complex and difficult for consumers to understand. It would also create further instances of perceived unfairness.

The Treasury report cited the example of pizza rolls. Generally, food is GST-free unless it is on the schedule. However, a pizza is subject to GST, as is a pizza pocket and a pizza sub. On the other hand, a pizza roll is generally GST-free, unless it can have additional filling added, has thicker topping or can be cut. Critics claim it is exemptions which create these complications and apparent inconsistencies.

4. Gender inequality is not seriously addressed by removing the GST from tampons

It has been claimed that the problem of gender inequality in Australian society cannot be solved simply by removing the GST from tampons and other hygiene products and that this issue is in fact a distraction from the larger issues of gender-based inequity.

The Sydney Morning Herald's senior writer, Jessica Irvine, claims that the money saved by women if GST was removed from tampons and pads is 'but a drop in the ocean compared to the billions women have just missed out on by [the government's decision not to lift] parental leave towards the international best practice.'

Furthermore, Jessica Irvine claims that, 'Removing the GST from tampons doesn't do nearly enough to help women overcome the structural inequalities they face'. According to this argument, continuing inequalities in the workplace are of far greater significance to women than removing a tax on tampons as these workplace inequalities have a far greater impact on people's lives.

The Guardian's Eleanor Robertson agrees with Jessica Irvine's argument. 'The "tampon tax" debate is a furphy. There are better ways to help women.' Robertson goes on to argue, 'The idea that menstrual GST is just straight-up sexist seems pretty clear, but it's not really' and explains that if the issue is really about the idea that woman should not be charged for a biological function, then they should be lobbying for tampons and pads to be totally free rather than simply wanting a tax removed. Irvine has asked, 'Why is GST, a public revenue collection measure, conceived of as unnecessary, but the profits of the tampon industry are necessary?'

Further to this, it has been suggested by a range of commentators that there are some life-threatening issues related to gender inequality that require more urgent government attention. Key among these is taking action against domestic violence.

Critics have noted that the federal government has failed to fund services supporting women who are the victims of domestic violence. On February 2, 2015, Rosemary Batty, one of the founding members of a new national advisory panel on domestic violence, criticised reductions in the number of support workers to assist abused women. 'It is a double standard; it is contradictory and totally undervaluing the part that these workers play in our front line services.'

5. The tampon tax has a minimal impact on household budgets

Those who believe the GST should be retained on tampons and other sanitary products argue that removing it would save families and individual women very little.

It has been estimated that the total GST paid on feminine hygiene products in the average Australian household is around \$10 to \$15 dollars a year and therefore has little impact. The New Daily writer, Jason Murphy, states, 'A 16-pack of brand-name tampons costs \$4 at Coles. Let's estimate a woman spends \$10 a month. GST on that adds up to \$12 a year. The number of people who can't afford tampons because of GST is therefore negligible.'

Uthinki.com also agrees that the cost of the GST on tampons is not a burden on a household. After comparing the cost of tampons and pads from both Coles and Woolworths, Uthinki.com comes to the conclusion that, 'the average amount of GST paid per year on tampons is somewhere around \$22. This does not seem that excessive as far as money and taxes are concerned in Australia.' Uthink.com also points out that the 'GST also applies to other sanitary products which many would also consider essential. This includes GST being applicable on both soap and toilet paper.'

Further implications

According to The Age's national political reporter, Judith Ireland, the Labor party will support Treasurer Joe Hockey 'on his mission to convince the states to remove the GST on tampons and other women's sanitary products'. In her article, 'Labor backs Joe Hockey's bid to remove GST on tampons', Judith Ireland quotes shadow treasurer Chris Bowen as saying, 'the party would support the move, if the government had a way of sorting out the change with the states and territories.'

In light of this and of the fact that so many of the states have already stated their support for the idea, it seems likely that Labor will remove the GST from tampons and other feminine hygiene products if they returned to government. It is also likely that Labor would replace the money lost by this move with a GST on digital downloads, as Opposition leader Bill Shorten has called for the current liberal government to do.

It is also problematic that state governments will be as good as their word and support the removal of the GST from feminine hygiene products if a federal government ever actually agree to this. Currently the federal government can claim that the issue is in the hands of the states and thus, not one it can act on. At the same time, state and territory

governments can safely support the removal of the tax, given that the current federal government appears unlikely to attempt to do so. The proof of states' genuine commitment to this issue will be tested later in the year at the next meeting of state treasurers. A couple of treasurers have pledged that they will use this occasion to declare their support for the removal of the tax. It will be significant if they do not do so.

Further, should a Labor government grant this exemption to the GST, it may well find itself facing more calls for exemptions on other items, such as nappies and toilet paper. A removal of the tax from any item is also likely to result in any efforts to boost government revenue by increasing the GST or expanding the range of items it covers being met with even greater public hostility.

Taxes are not popular and there are always reasons to oppose them. Given the growth in Australia's budget, it seems likely that at some time in the future there will be proposals to increase the various tax rates in this country, for both direct and indirect tax. Such proposals may well be even more strongly resisted than taxes on feminine hygiene products. The current debate reveals that a tax increase will only be accepted if it can be shown to be equitable.

Newspaper items used in the compilation of this issue outline

AUST, May 27, 2015, page 2, news item by David Crowe, 'Leaders at odds as Hockey acts on Tampon tax'.

<http://www.theaustralian.com.au/national-affairs/treasury/leaders-at-odds-as-joe-hockey-acts-on-tampon-gst/story-fn59nsif-1227370452659>

AGE, June 8, 2015, page 8, news item (ref to GST on sanitary products) by Judith Ireland, 'Tampon tax cut to cost \$480m in lost revenue over a decade'.

<http://www.smh.com.au/federal-politics/political-news/tampon-tax-to--cost-480-million-in-lost-revenue-over-a-decade-20150607-ghii7o.html>

(More newspaper items can be found and linked to in the **Internet Information** section of this document.)