



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES
MATTERS OF PUBLIC IMPORTANCE
Goods and Services Tax: Petrol Prices
SPEECH

Tuesday, 15 August 2000

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Date Tuesday, 15 August 2000
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Questioner
Speaker Fitzgibbon, Joel, MP

Source House
Proof No
Responder
Question No.

Mr FITZGIBBON (Hunter) (3.33 pm)—During question time today, the Prime Minister and the Treasurer were at their sleight of hand best. I deliberately excluded the Deputy Prime Minister from that statement because his contribution, when asked a question during question time, was not even worth noting. But the Treasurer once again, as he has done on numerous occasions in this place, passed up the opportunity to answer a very simple question. That very simple question went something like this: is the government raising today more revenue from petrol excise and taxes than it was two months ago? Every consumer in this country knows, as we know on this side, the answer to that question is yes. But what did the Treasurer choose to do? He attempted to aggregate revenues from diesel with petrol in a sleight of hand attempt to mislead the Australian people.

Let me turn to the Prime Minister, who I suggest should be the main target in respect of this matter of public importance today. Let us go back to 12 April this year when I asked the Prime Minister a question with regard to petrol. I asked the Prime Minister on that occasion how he expected to meet his pre-election promise that the GST would not force petrol prices to rise and, in particular, I asked him how he planned to meet that promise in Parramatta. While delivering my question on that occasion, I made the point that, on that day at the Mobil service station on the corner of Victoria Road and Macarthur Avenue in North Parramatta, unleaded petrol was 84.9c a litre. I ask members on both sides of the House what they suspect might be the price of petrol today at that same service station in North Parramatta. Would they expect it to be still 84.9c a litre? That is what the Prime Minister would have us believe, according to his answer during question time today. The answer of course is no. Is it 86.9c a litre? No. Is it 90.9c a litre? The answer again is no. The price of unleaded fuel at that same service station—the one I referred to on 12 April this year when petrol was at 84.9c a litre—is today at 94.9c a litre. Yet the Prime Minister wants us to believe that the GST has had no impact on the price of fuel. It is now 10c higher, yet he refuses to answer these simple questions.

In that same question time in response to a later question on the same issue the Prime Minister said, 'Why don't you come back and ask me after 1 July?' Here we are, Prime Minister, well after 1 July and we are putting the simple question to you: how is it you have not been able to meet your election promise? I can only suspect that his answer on that occasion was founded on two things. The first was hope—hope that between that date and 1 July the price of world crude oil would fall enough to make the obvious impact of the GST on petrol prices less obvious. The second was that he had in mind a secret plan—a secret plan that was going to surprise us all, a secret plan that was going to put the critics of his pre-election promise on the canvass.

Before I go to the PM's secret weapon, let me remind the House why he found it necessary to foreshadow a new initiative with respect to the keeping of his pre-election promise. Having promised that the price of petrol would not rise as a result of the GST, the Prime Minister committed to a reduction of 7c a litre in the price of petrol. He had worked out at that time that for prices up to 77c per litre the arithmetic was such that the 7c reduction would have ensured that petrol need not rise as a result of the introduction of the GST. As I indicated, that theory was okay for prices up to 77c per litre. But for prices beyond 77c per litre the arithmetic changed significantly, and the Prime Minister was left with no choice but to concede that a 7c reduction in the excise on fuel would not be sufficient to meet his pre-election promise.

I remember the lead-up to 30 June very well. We were all waiting with great expectation. The great question was: would he lift the ante to 7.5c per litre reduction in petrol excise, would he go to 8c, would he go to 8.5c, would he go to 9c? Expectations were very high. But surprise, surprise! The Treasurer came—no, I will not say that the Treasurer came into this place. He did not do that at all.

Mr Martin Ferguson—He went to Paris.

Mr FITZGIBBON—I think he was in Paris at the time. Instead, at 4 o'clock in the afternoon of Thursday, 22 June, the Minister for Finance and Administration sneaked out into one of the courtyards in the gaze of the media and announced that the reduction, having conceded that a 7c reduction was not sufficient, would not be 9c per litre at all, that it would not be 8.5c, that it would not be 8c, and that it would not even be 7c. The minister for

finance announced that the reduction in fuel excise, to our surprise, would be 6.7c per litre, having conceded that a 7c reduction was not sufficient. You have to ask the question: how could this possibly be? The minister for finance explained on that day that the government had suddenly discovered some embedded wholesale sales tax savings that the major oil companies should be passing on to consumers. They were savings that the ACCC had not identified in its GST pricing guidelines and savings that the major oil companies were quick to denounce, and they produced independent modelling soon after that date that proved inconclusively that there were not significant embedded wholesale sales tax savings to be passed on.

So the question then is: where does this leave the petrol consumer? It leaves the petrol consumer the victim of the Prime Minister's broken promise—a promise he now attempts to run away from, a promise he now attempts to amend to 'need not rise' instead of 'will not rise'. The commitment was clear that the GST would not cause petrol prices to rise, and it is a commitment that he has repeated on a number of occasions in this place. Where does that leave the consumer? It leaves the consumer in an electorate like mine paying at best, in the better towns where competition is most fierce, around 97c per litre. But where does it leave other consumers in further flung areas around the country? Where does it leave consumers in Queenstown in the electorate of Lyons, who are paying \$1.04 per litre? Where does it leave consumers in Launceston in the electorate of Bass, who are paying \$1.03 per litre today? How does it affect consumers in Middlesbrough in the electorate of Capricornia, who are paying \$1.09 per litre today? Yes, I can see the adviser noting them down so he can check them later. That is helpful. Where does it leave consumers in Nguiu in the electorate of the Northern Territory, who are paying \$1.20 per litre today?

Mr Snowden—One dollar and sixty cents.

Mr FITZGIBBON—You changed the town and I forgot to change the price. I thank you for your support—\$1.60 per litre. None of those consumers either in my electorate or in the marginal electorates on the other side have any doubt at all why they are paying so much for their fuel. They know that one of the major factors at play here is the impact of the GST on petrol.

What is the GST on petrol? It is a tax on a tax. What has the government done? It has introduced a GST which layers over an existing fuel excise. What does the GST do? The GST causes inflation to rise. What happens when inflation rises? Petrol excise, which is linked to the CPI, also rises. What happens when petrol excise rises? The GST, which lies on top of the petrol excise, also rises. So the GST is a tax on a tax, spiralling upwards. We all know that as the CPI continues to spike and then increase less rapidly petrol excise will continue to rise, as will the impact of the GST. So the Treasurer's answer during question time today should have been a simple yes. The facts are obvious. But instead he sought to attempt to aggregate revenue taken from petrol with revenue taken from diesel excise.

That was not the only announcement that came from the minister for finance on 22 June. The other was some clarification on the government's so-called fuel grants scheme. This is the other initiative taken in a desperate attempt to fulfil the pre-election commitment that petrol prices would not rise. This is the \$500 million scheme that will go to people in certain areas—and there are a number of anomalies concerned with that, which have been highlighted here before—where consumers will get a 1c rebate or in some cases a 2c rebate. But we know, and the evidence is already there, that that \$500 million of taxpayers' money will do no more than line the pockets of the major oil companies.

There is a history of deceit from beginning to end. The government continue to try to run from the questions during question time when they should be conceding that there is a revenue windfall with respect to petrol prices as a result of the introduction of the GST. They should be admitting as much to the Australian consumer, who knows only too well the impact of the GST on petrol. During question time today the Treasurer raised another matter, that is, Labor's commitment to petrol prices. Labor has got a number of commitments to petrol prices. Again, I am happy to concede that history will show that political parties of all persuasions have, at a number of elections over decades now, made commitments to improve not only the fluctuations in the price of petrol but also the differential that exists between city and country prices. Labor still is committed to doing so, in great contrast to the government which is taking this windfall.

Mr Hockey—How?

Mr FITZGIBBON—The minister at the table, the Minister for Financial Services and Regulation, asked me a very simple question: how? Firstly, by taking the exact opposite approach to that taken by those who sit opposite.

The approach by those who sit opposite is to take \$500 million of taxpayers' money and hand it to the major oil companies. The \$500 million fuel grants scheme largely goes straight to the major oil companies because they largely run, whether directly or by commission agency, the service stations in this country. Secondly, the government repeatedly endeavour not to curtail the power of the major oil companies—which is the biggest problem in the petrol market—and wind back their ability to manipulate prices and take excessive profits wherever and whenever they can, but to give them more power by deregulating the petrol industry at the retail level. We take a different approach. Firstly, we start from the foundation that the GST is inherently unfair as it applies to petrol. Secondly, we think that power needs to be curtailed. Thirdly, we think there needs to be greater competition not only at the retail level of the petrol industry but also at the wholesale level where the major oil companies have absolute control. I have got a few views on how that can be done. Firstly, introduce more competition at the wholesale level by giving service station operators the opportunity to shop around for their fuel instead of being tied to an exclusive arrangement with one particular major oil company.

The minister at the table might explain to me why the price of fuel in Muswellbrook in my electorate is consistently lower than it is in Singleton, closer to Newcastle, and Scone, above it, further from Newcastle. It is simply because there is greater competition in Muswellbrook as a result of the entry of Woolworths to the retail market. I suggest to him the best thing he could do is support a proposition to introduce more competition at the wholesale level as well.

Mr FITZGIBBON—No, that is not what you want. You want to take prices surveillance out in readiness for the arrival of the GST and then concoct figures, as the PM did today, to suggest that it is ridiculous—ask any consumer—to suggest that petrol prices have fallen as a result of the GST. No-one will have that. *(Time expired)*