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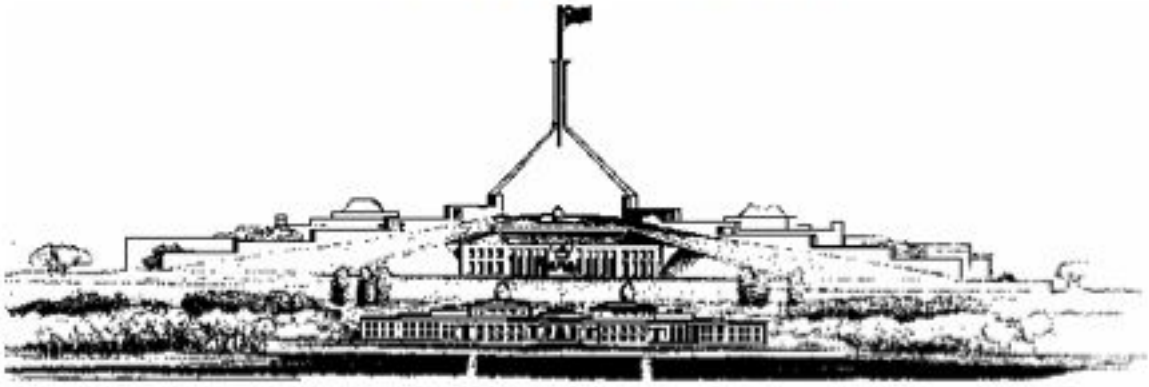

HOUSE OF REPRESENTATIVES

ROADS TO RECOVERY BILL 2000

Second Reading

SPEECH

Monday, 4 December 2000

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Speaker	Fitzgibbon, Joel, MP	**Question No.**	

Mr FITZGIBBON (Hunter) (5.54 pm)—I will attempt to follow the honourable member for Ballarat's lead in keeping my comments short to ensure that all members of this House have an opportunity to speak on what is a very important bill, but I will have some difficulty in following his rhetoric because my views differ somewhat from those of the member for Ballarat with respect to the Roads to Recovery Bill 2000. This bill is about a broken promise. The Prime Minister gave an ironclad guarantee prior to the last election that the GST would not cause petrol prices to rise, and it was a promise that he reaffirmed after the election. This bill is the second of the government's political responses to the fallout it is encountering as a result of that broken election promise.

It is a serious broken election promise and one that affects all people from all walks of life. As many members would be aware, over the last few weeks I have been participating in the federal opposition's fuel inquiry. It is an inquiry that is designed to establish the extent of the Prime Minister's GST induced fuel tax windfall and how best that can be returned to the Australian people. It has been a very interesting exercise because, wherever we go, particularly in regional Australia, we are overwhelmed with people who are keen to share their petrol experiences with us. Not only individuals, families and small business operators but also, indeed, a number of community groups ranging from Meals on Wheels through to community transport are keen to share their story with us, keen to let us know how John Howard's broken election promise is affecting them.

We have had local government bodies before us, as well. The member for Ballarat spent a fair bit of time sharing with us how happy local government is about the Roads to Recovery Program. Many of those local government representatives are with us in the building tonight and we welcome them. We are hearing a different story at the petrol inquiry. We are hearing numerous stories about the manner in which higher fuel prices are affecting the operations of local government. For example, council bodies that have fixed contracts for work they do for state roads bodies are not compensated in terms of those contracts for increases in fuel prices.

So there is a mixed message out there. In particular, owner-driver truckies have approached our inquiry in great numbers, explaining how they are being squeezed at both ends and how they are being asked to pass on fictional embedded wholesale sales tax savings and, at the same time, bear the brunt of higher fuel prices. This is an issue hurting people badly in the regions in particular. It is going to get worse.

Mr Ronaldson—I rise on a point of order, Deputy Madam Speaker. The member for Hunter has been going for four minutes now and has made no reference to the bill at all, let alone its context. I ask that you bring him back to the subject matter of the bill.

Madam DEPUTY SPEAKER (Hon. J.A. Crosio)—As I listened to the Chief Government Whip, I am listening to the member for Hunter. There is no point of order.

Mr FITZGIBBON—Thank you, Madam Deputy Speaker. I will make sure that I get my 20 minutes now. I thank the member for Ballarat. As I was pointing out, this is the government's political response to its failure to keep its election promise on fuel prices. I was about to say before I was rudely interrupted by the Chief Government Whip that the situation for the government is about to get worse. I heard the AAA—the Australian Automobile Association—talking this morning about the prospect, due to maybe an easing in the price of world oil, of petrol prices coming down a bit.

I beg to differ for one particular reason. No-one has considered this yet, but we all know that each year during the Christmas period the major oil companies take the opportunity to exploit the sudden increase in demand for petrol. They exploit the desire of families to travel on holiday. Every year it is the same: surprise, surprise, the price of petrol goes up by between 5c and 10c in late December. There is no solid reason or real explanation for this other than the fact that the major oil companies seize the opportunity to take excessive profits throughout the Christmas period when they know that demand is high and that the purchase of fuel is essential if Australian families want to holiday by car.

Let us consider what will happen this year. When the major oil companies force up petrol prices by five per cent in their attempt to take excessive profits by exploiting the Christmas holiday period, what will happen to the GST? It will also increase. This year there will be a compound effect. We have experienced higher petrol prices throughout the Christmas period for decades, but, because the GST is an ad valorem tax, the situation will be compounded this year. Ten per cent on 95c is less than 10 per cent on one dollar. The government need not kid itself that the political pressure is about to ease; I believe it is about to get even tougher.

What was the government's first reaction to its failed election promise? Its first response was the so-called Fuel Sales Grants Scheme designed to ensure that motorists in rural and regional Australia received a rebate of between 1c and 2c. It was a desperate attempt by the government to deliver on its pre-election GST petrol promise, but that initiative has failed. Throughout the short history of this scheme, a number of anomalies have indicated that it is flawed. The first triggered an ACCC inquiry—the results of which are still pending—into suggestions that the fuel grants scheme is not being passed on to those for whom it is intended—the motorists of rural and regional Australia.

In the mid-year budget review, we learnt that the cost of the fuel grants scheme had blown out considerably. It appears that, rather than costing the government $500 million over four years, it will now cost more like $1 billion. The question is: why has the fuel grants scheme blown out so extensively? The government's response is that Treasury simply underestimated the number of retail outlets that were likely to be eligible for the scheme. That is absolute rubbish. A simple five-minute telephone call to the Motor Traders Association would have given Treasury the information that it required to assess the number of service stations adequately and to do a by-volume assessment of the cost of the scheme. I suggest that there is a little more to this than meets the eye and that some in the regions who are not eligible for it are claiming that grant. I question also how much of the money is going to bodies not originally considered by the government—such as mining companies operating in regional areas that might have a number of related entities that retail fuel to each other. Of course the fuel grants scheme covers not only petrol but also diesel.

I intend today to put some questions on the *Notice Paper* for the Treasurer. They include: how many large corporations other than the major oil companies have received money under the fuel grants scheme in the first three months? I hope I get a better answer than I did to my question of 30 August when I asked the Treasurer what proportion of the fuel grants scheme had gone to the major oil companies—BP, Shell, Caltex and Mobil—in its first three months of operation. Despite the major oil companies' claim that they cannot pocket the grants scheme money because it has to go to the retailers, the fact is that they are the retailers and they have an enormous share by volume of retail petrol. If those companies run service stations, they are retailers; if they deal with a service station proprietor on a commission agency basis and the ownership of the fuel does not change hands, they are retailers. If people purchase their fuel with a Shell card or a BP card, the ownership of that fuel reverts to the major oil companies. Under all those circumstances, the fuel grants scheme money goes straight to the major oil companies.

How much do you suspect the major oil companies have received under the fuel grants scheme? It has been suggested to me that they have each received about $5 million, three months in advance. Yet when I asked the Treasurer to confirm that figure, what answer did I get? The answer reads:

> This information is not available due to the privacy restrictions of Section 47 of the Product Grants and Benefits Administration Act 2000.

That is a non-answer. What is section 47 designed to do? It is designed to protect commercial-in-confidence information that agents of the Commonwealth gather when auditing the fuel grants scheme. To audit the scheme properly, they must have an in-depth knowledge of the operations of the retailer involved, and of course they should not return to Canberra and share that commercially sensitive information. But section 47 is not designed to deny the Australian taxpayer information about what taxpayer-funded grants are going to private corporations in this country. That is not what that section is about. That is the most outrageous answer to a question on notice that I have ever seen, and we must ask: what has the Treasurer got to hide? Why does the Treasurer not want the general public to know how much of their money is being forked out to large, private corporations in this country under the fuel grants scheme? What has he got to hide?

That was the government's first response to the political crisis that flowed from John Howard's broken election promise. This bill, the Roads to Recovery Bill 2000, is its second response. I must say that I agree with the member for Ballarat on this point: all government bodies around this country will welcome the money allocated

to them under this particular program. I was on the Cessnock Council for eight years. I know, as well as anyone in this place, the challenge faced by local government in terms of meeting the demands placed upon them by local roads programs; they are always behind, always struggling with that situation. In my own electorate, some of my councils did relatively quite well: Cessnock, $2.6 million; Singleton, $1.8 million; Muswellbrook, $1.4 million—and the list goes on.

But the question has to be asked: should all Australian motorists continue to bear the brunt of high petrol prices and petrol taxes so that the few who live in that relatively small number of streets can benefit? To put it another way: having identified or acknowledged a shortfall in local roads funding, shouldn't the government just have funded it anyway, without resorting to this conditional approach? That harks back to the old sale of Telstra: Natural Heritage Trust money, but only if you agree with the sale of Telstra. That is unacceptable, totally unacceptable. The government needs, first, now to acknowledge its broken promise and to move to reduce the petrol tax burden on the Australian motorists.

I have one quick point before I close. We are talking tonight about $1.2 billion under the Roads to Recovery Program. But what about the other $400 million? The government claims that the $1.2 billion we are talking about tonight will be shared equitably amongst councils. There is some question about that, but we will just accept that for a moment. What about the balance, the $400 million that the government says will be spent on the national highway and roads of national significance? How will those priorities be determined? If the government is fair dinkum about this, it will set a proper list of priorities and address the problems that have been caused by years of funding cutbacks to the national highway system. It will fund projects like the Kurri Kurri Corridor, a very important road project in the Hunter that would link the F3 freeway to the New England Highway north of Branxton; it will fund the Muswellbrook bypass; and it will fund the intersection where Weakley's Drive meets the New England Highway. It will fund other important projects that promote economic growth, such as local roads projects in Hunter wine country, in the Pokolbin area. It will fund projects that will create economic growth in high-growth tourism areas. If the government is fair dinkum about that balance of $400 million, it will set proper priorities and fund projects like the ones I have just mentioned.