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PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PETROLEUM RETAIL
LEGISLATION REPEAL BILL 2006

Second Reading

SPEECH

Tuesday, 15 August 2006

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Snowdon, Warren, MP

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Mr SNOWDON (Lingiari) (6.03 pm)—I thank my colleague for his great contribution. It was a stimulating debate, and he has a sense of knowledge about the subject.

Mr Dutton—You weren't listening, were you?

Mr SNOWDON—I listened very closely, and his acumen is to be commended. As we know, the shadow spokesperson on resources, Mr Martin Ferguson, has moved an amendment on the Petroleum Retail Legislation Repeal Bill 2006. This amendment has a number of parts, which I will go through in my contribution. In brief, it goes to six proposals. Firstly, it calls on the government to require the Department of Industry, Tourism and Resources to report to the parliament annually, commencing August 2007, on a number of measures to do with market penetration of ethanol and biodiesel, LPG and CNG; to invest in biofuels, LPG and CNG production and supply infrastructure; and to invest in new alternative transport fuel industries. Secondly, it calls on the government to review in 2009 the proposal to introduce excise on ethanol and biodiesel, and LPG and CNG in 2011, and consider whether or not there is a case for delaying the introduction of the excise, depending on the progress made in a number of areas.

It then criticises the government for its tardiness in moving on petrol retail reform and calls on the government to immediately conduct a feasibility study into gas to liquid fuels in Australia, and I will come to that later. It calls on the government to immediately embrace Labor's fuel blueprint proposal to (1) make alternative fuel vehicles tariff free, cutting up to \$2,000 off the price of current hybrid cars and (2) grant tax rebates for converting petrol cars to LPG. It calls on the government to immediately embrace Labor's fuel blueprint to find more oil and gas by re-examining the depreciation regime for gas production infrastructure and to allow the selective use of flow-through share schemes for smaller operators.

During his contribution to this debate yesterday, my colleague the member for Hotham made mention of the fact:

The government continues to claim credit for freezing petrol excise.

Those of us who were in this parliament when the government first proposed the GST would remember that it was Labor that exposed the government's folly that the GST would lead to cheaper prices. Of course, it never happened, not even before the impact of increasing world fuel prices. The freezing of the petrol excise was forced by public pressure on the government to act following a campaign spearheaded by Labor.

Recall again the back-stepping that occurred just prior to the introduction of the GST. The government's proud boast at the time that fuel would be cheaper under GST was changed to the limp statement that fuel need not increase in price as a result of the GST. As I am sure you will recall, Mr Deputy Speaker Barresi, they said that they would reduce the excise by 7c a litre to compensate for the GST. If it was compensation, why is it that Australian motorists are now paying higher fuel taxes? As my colleague the member for Hotham said, the impact of the GST at the time of its introduction was only zero when petrol was priced at 69 cents per litre. When the GST was introduced, the price of fuel in my own electorate of Lingiari was already over the dollar mark. That was only in the larger populated areas of the electorate; in the more remote parts they were paying considerably more, as is the case today. Motorists in Lingiari and other parts of remote Australia—in the north-west of Western Australia, the far north of South Australia and western Queensland—know very well just how much extra fuel tax they are paying as a result of decisions taken by this government.

This government has never been able to deliver on its guarantee that petrol prices would not rise because of the GST. Not even the introduction of the Fuel Sales Grant Scheme, which was designed to provide savings of up to 3c a litre for consumers in regional areas, gave any relief. Now the Fuel Sales Grant Scheme is gone. To be quite frank, motorists in remoter parts of the electorate of Lingiari would not notice the difference. Indeed, I think that would be true of many parts of regional Australia, especially in some parts of my electorate where

they could be paying \$2.50 or even \$3 a litre for fuel, or even in the main towns, where they are paying up to \$1.70 a litre. As for the revenue saved by scrapping the Fuel Sales Grant Scheme, the government says it will go to roads. Motorists are not holding their breath waiting for the \$810 million saved from the scheme going to roads in rural and regional Australia. Like the great many infrastructure needs in remote parts of Australia, they will believe it when they see it.

I have spoken on and on in this place about the failure of this government to address the road needs of rural and remote Australia. I have particularly raised my concerns about the failure of this government to provide adequate resources for roads for people who live in remote Aboriginal communities—on land which is not incorporated under any local government scheme—and for roads that link communities that might traverse through cattle properties and are major economic links for many people in the Northern Territory and other parts of Northern Australia. These roads need considerable work. In the case of the Northern Territory, there are between 8,000 and 9,000 kilometres of these roads, none of which are kept up to a standard that you would believe to be appropriate. There are many places in the Northern Territory, as I have said before, where the roads are out for six months of the year.

The promises of this government when they are made are not made or directed towards the people who live in these far-flung regional and remote areas. Generally speaking, the promises made in this place by the government in relation to relief for regional Australia are made to address relief to named National Party electorates and some Liberal Party electorates in regional parts of Queensland and New South Wales.

We know, despite what they say and despite what arguments might be put forward by the Prime Minister or the Treasurer, that the GST is nothing but a tax on a tax in relation to petrol. That is something that this government said—promised, indeed—would not happen. As we all know—a basic understanding of pricing would tell you—the GST gets larger the higher the price. This is true of petrol as it is of anything else. It is a new form of tax indexation. There is no point in seeking virtue by freezing the excise when the GST is a movable feast and moving ever upwards.

Since introduction of the GST in July 2001, the price of fuel in my own home town of Alice Springs has increased by 42 per cent. The total tax on fuel for the corresponding period in Alice Springs has seen a 17 per cent increase. This increase has been due to a reduction in excise but an increase in GST. The Prime Minister gave a summary of this increase in question time yesterday. He admitted that the GST take on fuel had increased over time, but he could not bring himself to say—he conveniently forgot, as members of the government continually forget—that, while the GST has increased for all Australian motorists, it has increased to a greater extent for motorists in regional and remote Australia, because they pay more for fuel. I spoke inside and outside this chamber time and time again prior to the introduction of the GST—and have many times since its introduction—on its impact on rural fuel prices. I will say it again: remote communities in this country pay the highest fuel prices and pay more tax than motorists anywhere else in the country.

During the winter recess I travelled to a number of communities in my electorate. A month ago in Borroloola the price of unleaded fuel was \$1.63 a litre. That equates to extra GST of around 9c. Down the road at Cape Crawford the price was \$1.72 a litre. That equates to extra tax due to GST of around 9½c. I also travelled to Urapuntja—better known to some as Utopia—and paid \$1.75 a litre. That equates to nearly an extra 10c on GST. Even down the spine of the Northern Territory on the Stuart Highway things were not greatly different. In smaller communities like Tennant Creek and Elliott, the price of unleaded is similar to that at Borroloola at around \$1.62 a litre.

We love the grey nomads. They spend a lot of money in the Territory and a lot of money in regional Australia, but travelling up north from down south as they do at this time of year they will no doubt know the impact of the GST as they go to fill up their vehicles to tow their caravans. They will understand, as the government clearly does not, the additional costs that are suffered by people living in remote Australia as opposed to those living in capital cities and will come to the conclusion very quickly that you pay more tax in the bush than you do in the city.

I could go on about this, but remember that all of these increases in total tax factor in that fuel excise has been reduced since 2001 by 7c and that its indexation was abolished early in 2002. So much for the government's claim that the GST would reduce fuel prices. Now the government argues that the total fuel price increase has been primarily due to circumstances beyond its control. Granted, this may well be the case, but it is no excuse for the government to sidestep the increasing tax factor in current fuel prices. It remains to be seen if the regulation of industry conduct through the industry code and the Oilcode, and the repeal of the sites act and franchise act,

will have any substantial benefit to consumers, particularly in remote parts of Australia. I will say, because I know, that in Alice Springs the number of outlets has been reduced over recent years. Three have closed down and one new station has been set up, operated by a major supermarket chain. I fear for the loss of competition and the impact on price competition in the long run.

Hopefully, the introduction of the Oilcode will ensure all participants, including independents, are subject to the same regulatory requirements, including a nationally consistent approach to terminal gate pricing. However, the reality for many in my electorate is that they have no choice at all. They are at the mercy of the one pump in their community, most often provided by the community store, not a one-stop service station for all your fuel and motoring needs. These community stores do not have the turnover to buy substantial quantities of fuel and to pay to have it delivered the long distances. Consumers then pay the highest taxes on a litre of fuel of any Australians, and in most circumstances these are the poorest of Australians. I am disappointed that the Prime Minister did not mention that yesterday when he acknowledged that the GST had led to higher fuel taxes than those that existed at the time his government introduced the GST.

On the issue of the government's response to soaring oil prices—to provide tax-free grants to motorists to convert their vehicles to LPG—I would like to make a couple of comments. It is not often I agree with a radio commentator, particularly John Laws, because I make certain I do not listen to him, but I have listened to him in the last day or so. I think he was right when he pointed out today that subsidising conversions discriminated against people with older and cheaper cars, as they do not see the point in paying the difference of the conversion costs. Many people in my electorate, who are, as I say, the poorest of all Australians, buy the cheapest motor vehicles because they do not have the financial resources to buy new cars or even quality second-hand cars.

I did a quick search of the motor fuel outlets on major roads and found 3,200 LPG outlets in regional Australia. In my electorate I looked at 29 service stations; only 17 had LPG. If you happen to live in Borroloola, forget it—there is no LPG. At Nhulunbuy, a town of 4,000 people, there is no LPG. If you drive up and down the Stuart Highway you find that there are many roadhouses that do not have access to LPG. I am not quite sure what the Prime Minister was proposing in trying to promote these new service stations providing LPG, but I can say that currently in large areas of the Northern Territory you just cannot access that fuel.

Forty per cent or thereabouts of my electorate live in remote communities. If they are lucky they have a community store that operates a petrol bowser. We know that, by and large, they do not have any access to LPG. Of course, my point here is that the government policy to reduce reliance on diminishing petrol and diesel by encouraging conversion to LPG faces a snag—access for motorists who live in remote areas. As there are limited LPG suppliers there is no incentive to convert vehicles. The lure of a subsidy for a new or used car conversion means, by and large, absolutely nothing. In responding to Mr Laws, the Prime Minister claimed that, while grants were not the complete solution for people feeling pain at the pump, it was offering some relief. He said:

It is doing something at the margins to help, I suspect, a reasonably large number of people.

The Prime Minister must know—and his ministers and members must know—that, once again, it is rural and remote Australia that will wear the burden of ever-increasing fuel prices due to the lack of access to the cheaper LPG. Not satisfied with fuel taxes for regional and remote Australians increasing to levels higher than those that exist in the cities, the Prime Minister has now turned his back on the bush by offering assistance to a reasonably large number of people and forgetting those at the margin, where fuel prices are highest.

My colleague the member for Hotham said yesterday:

What can be done to ease the price differential between city and regional areas and ease the burden on regional motorists?

He pointed out that the Prime Minister says that the solution is through direct tax cuts. But the member for Hotham was right on the money when he said:

The trouble with this response is that the government has increased the price of petrol in regional Australia ... with no compensation in tax cuts for people living in those areas.

As I have said time and time again, and I repeat it here today, there needs to be an understanding in this place—and I do not think there is; in fact, I am sure there is no understanding—of the costs that people who live in remote and rural Australia are asked to bear. They are paying more in indirect tax on petrol, and they do not get any more than metropolitan areas in tax cuts. It is about time we had a targeted tax rebate for regional Australia.

We could do that with a bit of creativity and inventiveness and if this government came down with proposals which address the needs and concerns of people who live in the bush, as it should do, and not just those people who live in the Prime Minister's electorate.