



Speech by

**Hon. D. HAMILL**

**MEMBER FOR IPSWICH**

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Hansard 14 November 2000

### **FUEL PRICES**

**Hon. D. J. HAMILL** (Ipswich—ALP) (Treasurer) (6.18 p.m.): There is nothing more confusing to the motoring public than the price of fuel and trying to understand why the prices move about so regularly, indeed so frequently, and sometimes even across but a few hours.

It is important that we try to disaggregate the price of fuel and try to understand what forces are at play in delivering what have been record fuel prices in this country. Obviously, we have the world oil price playing a critical role in final fuel prices. We do not have any control over that and, frankly, nor does the Federal Government. We have the impact of the Australian dollar which has, of course, depreciated dramatically against the US dollar over recent months. We do not have any control over that. The extent to which the Federal Government could influence the outcome of the dollar remains to be seen.

We have the interplay of excise, and there is certainly plenty of excise which is levied at the bowser, and the Federal Government has total control over the amount of excise which is imposed on the price of fuel. We have the goods and services tax. The goods and services tax is a Federal tax. It would be unconstitutional for any State Government to try to impose a goods and services tax. The reality is that only the Federal Government can impose or vary a goods and services tax under the Constitution.

We have the margins that are imposed by the oil companies and by the retailers. We do not have any control over those. I know that the margins for the retailers are very slender indeed. There are a lot of retailers who feel just as victimised as the motoring public as a result of the capricious pricing policies that are pursued by the major oil companies.

We have the subsidies. The Commonwealth provides certain rebates to certain classes of vehicle users in relation to diesel and in relation to certain localities. Obviously, the Federal Government has control over the size of those rebates and the levels of subsidy provided. The Queensland Government provides subsidies. Yes, we have control over that, and we have made sure that those subsidies are in place to try to reduce the impact of spiralling fuel prices on Queensland fuel consumers.

So, in terms of some seven separate factors that are interplaying with respect to fuel prices, the Federal Government has control over three of them and the Queensland Government has control over one. We have exercised our influence to the fullest extent. What has happened? The Federal Government promised no increase in fuel prices as a result of the imposition of the GST; yet, in the very material which has been produced by the Commonwealth Parliamentary Library and distributed by the member for Dawson we saw in black and white the Federal Parliamentary Library's analysis showing that the reduction in excise that the Federal Government put in place in terms of putting on the GST was insufficient. The reduction in excise was not sufficient to deliver a zero impact to fuel users in the country. Broken promise No. 1!

The Prime Minister said, "Oh, the fuel price issue is just a short-term difficulty." His short-term difficulty is generating an extra \$600m for his Government—\$600m straight out of the pockets of Australian motorists and Australian businesses. It is the Federal Government that can act to stop the spiral. It is the Federal Government that can reduce its excise take. It is the Federal Government that

has control over three of the seven elements that deliver fuel prices. The onus is on the Federal Government to deliver.

Let us quickly deal with two other issues. It is the Federal Government's GST that is producing the inflation spike which is going to further increase excise in February. At the very least, the Federal Government should sanitise the excise for the GST and not allow the GST inflationary impact to fall heavily on Australian motorists.

The other big lie in this is the claim by the Federal Government that, "Oh, well, all this GST money is coming back to the States." That is not so. It is not the truth. The Federal Government knows that no State can be better off until 2002-2003. It is the Federal Government that benefits from the windfall.

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