



Speech by

**Hon. D. HAMILL**

**MEMBER FOR IPSWICH**

Hansard 20 June 2000

**FUEL SUBSIDY SCHEME**

**Hon. D. J. HAMILL** (Ipswich—ALP) (Treasurer) (6.13 p.m.): I move the following amendment—

"Delete all words after "House" and insert the following

'(a) applauds the establishment by the Government of a Fuel Subsidy Taskforce comprising key representatives of—

the Royal Automobile Club of Queensland;  
Motor Trades Association of Queensland;  
Road Transport Association of Queensland;  
Boating Industry Association;  
Taxi Council of Queensland;  
Local Government Association of Queensland;  
Agforce;  
Queensland Farmers Federation; and  
Queensland Chamber of Commerce and Industry

in order to discuss specific proposals for the reform of Queensland's fuel subsidy scheme with three central objectives:

- (i) the establishment of a retail-based subsidy scheme;
  - (ii) the prevention of illegal cross border trade which results in Queensland taxpayers subsidising interstate fuel prices; and
  - (iii) ensuring that the full 8.354 cents-per-litre subsidy is received by Queensland motorists and intended recipients.
- (b) notes that the Borbidge Government identified the rorts that were going on, including the cross-border loss of \$104 million a year in subsidies, but was unable to prevent the losses;
- (c) further notes that because of the effect of Section 92 of the Australian Constitution and other practical compliance issues, the Commissioner of Stamp Duties has only been able to recover \$16.8 million of more than \$200 million of subsidy which has gone interstate as a consequence of the cross border fuel trade despite pursuing 167 investigations since January 1998.
- (d) calls upon the Government to ensure that the full 8.354 cents per litre fuel subsidy is delivered to Queensland motorists and
- (c) takes appropriate action to establish a robust fuel subsidy scheme which is enforceable by the Commissioner of Stamp Duties."

This is a detailed amendment and it canvasses a number of the key issues that are at the heart of this debate. My amendment recognises—in fact, applauds—the establishment of the Fuel Subsidy Task Force. I want to thank the organisations represented on that task force from the various user groups such as the road industry groups, the Chamber of Commerce and Industry, the Road Transport Association, the Boating Industry Association and others for their commitment to the three key principles which lie at the heart of what this Government is seeking to achieve.

Firstly, we are seeking to achieve the establishment of a retail based subsidy scheme. The people of Queensland told us in unequivocal terms that they wanted a retail based subsidy scheme for fuel in Queensland. Secondly, the people of Queensland are demanding that we stop the rort. The biggest rort in town is the one across the border, the one that goes through the member for Warwick's electorate. He should know all about it. Thirdly, and I make this point very clearly: the Government has always been committed to the fuel subsidy scheme. That is why we introduced legislation which was passed in this House two weeks ago.

That legislation said that if we were not convinced that Queenslanders were receiving the full value—not a half, not a third, not 4c out of 8c but the full 8.3c a litre—of the fuel subsidy, then we would look at another way of delivering that subsidy to the people of Queensland. We came up with an idea. We put it forward. The people of Queensland did not like it. They want a subsidy at the bowser. We have been prepared to go back for a rethink to deliver that. That is why we enlisted industry representatives to assist us.

There are problems with the scheme. Indeed, the Borbidge Government which introduced the scheme knew that there were problems right from the outset. There is no more eloquent indictment of the scheme than the correspondence that I received on 5 June from the Australian Institute of Petroleum. I will table that correspondence for the information of the House. That correspondence states—

"AIP has consistently argued that SFS arrangements are not an appropriate means of delivering benefits to consumers, as they are open to rorting"—

their words, not mine—

"are costly to administer and act as marketplace distortions.

In particular, the structure of the Queensland SFS has led to significant cross-border difficulties, with relatively cheaper Queensland fuel sold into New South Wales and as far south as northern Victoria."

This is what the industry is telling us. The letter goes on—

"This is an ongoing issue and costs the Queensland Treasury around \$60m a year in net terms."

They go on to say—

"The diversion of subsidised on-road diesel to off-road use may occur through either honest mistakes on behalf of purchasers, or through conscious rorting."

There is that word again—rorting. The letter continues—

"While it is not possible to be definitive, if the amount involved represented one quarter of annual potential diesel consumption in Queensland, the cost would be \$72 million a year."

I table that correspondence for the information of the House.

The industry is saying that there is a rort going on out there. We have heard it three times over from the Australian Institute of Petroleum, from the Road Transport Association only yesterday and from the oil companies a few weeks ago. They all say the same thing, that is, that millions of dollars are being rorted across the border. Why do the members opposite think that that is a good thing? Why do they say there is no rort when every industry association says that there is a rort? Of course they know there is a rort. They actually crafted a scheme around the rort.

Let me quote from Hansard, as I did this morning. In relation to the Fuel Subsidy Bill on 30 October 1997, I said the following—

"... if we are going to effectively subsidise the wholesale price of fuel in Queensland, there would be a very real incentive for operators to come across the border, fill up the tank here in Queensland and then distribute it along the Newell Highway and down the New England Highway into service stations in both New South Wales and Victoria."

At the time I said that obviously the then Minister for Transport did not tender that advice. The Minister for Transport of the day, the honourable member for Gregory, said, "Yes, I did." The then Minister for Transport told me that he did tender the advice. I said at the time that I did not take any notice of it. He knew that there was a rort going on. They all knew that there was a rort going on. The trouble was that they had never been prepared to act on it.

The Courier-Mail reports that service station proprietors such as Kayleen Reynolds are happy to have a subsidy scheme at the petrol pump. There is nothing to fear from that. Mr Hadley from Kuranda says that a pump scheme is fine. This is nothing more than what those opposite required of us regarding the GST. It is the same degree of accountability. Those opposite ought to support a subsidy at the pump.