



Speech by

Hon. D. HAMILL

MEMBER FOR IPSWICH

Hansard 22 August 2000

FUEL PRICES

Hon. D. J. HAMILL (Ipswich—ALP) (Treasurer) (6.20 p.m.): I second the amendment moved by the Premier. I think it is important that all members understand just how serious the economic circumstances are in relation to the spiralling cost of fuel. It was around 25 years ago that we saw similar circumstances with respect to fuel prices. Twenty-five years ago the oil crisis occurred. The consequence of that was a significant boost to inflation and, at the same time, a significant impact on economic growth, not only in Australia but also around the world. The result was serious stagflation—inflationary impacts coupled with an effective recession in economic activity. It took quite a long time for that impact to wash through the economy.

This development, which is causing such concern in the community, is shaping up to provide a repeat performance of those economic conditions. The spiralling fuel cost is effectively a tax on the community, one which will impact to further reduce the level of economic activity in the community. At the same time, the prices are forcing up inflationary pressure generally in the community.

There are two other factors adding to that. They are factors which are fairly under the control of the Commonwealth Government. One is the Commonwealth's excise and the indexation of excise on fuel, which is continuing to push up the price of fuel. The other, of course, is the GST impact. I refer to the 10c a litre impact on fuel costs over the last month. Twenty per cent of that is directly attributable to the impact of the GST. The double whammy, of course, is the GST impact which flows directly into the inflation rate, which in turn delivers the next round of Commonwealth excise increases on fuel. What we have now is a vicious circle, and the ones who are caught in the middle are the ordinary Queensland and Australian motorists. They are paying through the nose as a result of a deliberate policy which is exacerbating the cost of fuel and the negative impacts on individual household budgets and the economy generally.

I come to the very point about why a national inquiry is necessary. The Queensland Government cannot alter the Howard Government's policy on indexation of excise. The Queensland Government does not have the power to change the rate of the GST or the base over which the GST is levied. Only the Commonwealth Government has that power. Consequently, this is an issue of national concern and one about which the Commonwealth Government has to face its responsibilities to the nation as a whole, including Queensland. It needs to look at the impact of Federal Government policies in respect of tax on the cost of fuel and also look at other impacts, such as world parity pricing and so on, and how they are affecting the price of fuel domestically.

In some other aspects I happen to agree with the Leader of the Opposition. He said that the oil companies have a lot of explaining to do. Indeed, they do have a lot of explaining to do. They should be explaining to the people of Australia as a whole.

In some respects we are on the treadmill again. I noticed yesterday that the price of fuel in Brisbane was not 8.354c a litre lower than the price in Sydney. Here we go again. The discounting stops. The oil companies start playing around with our pricing again. What we find, of course, is that the Queensland motorist is not getting the full value of the subsidy we pay on fuel.

We have a Prime Minister who promised no GST impact on fuel. Those words have now been shown to be the poor April Fools' Day gag that they were. What we need is a national inquiry. What we need is some national leadership. The Prime Minister ought to be out there promising a moratorium on

the further indexation of fuel excise, particularly given that the underlying costs of fuel are escalating at such a rapid rate. The Prime Minister and the Australian Government should not be exacerbating the effects of the fuel cost crisis on the Australian people. A national inquiry is the way to take the lid off this very sad and sorry plight of the Australian motorist.
