



Speech by

MIKE KAISER

MEMBER FOR WOODRIDGE

Hansard 19 October 2000

FUEL SUBSIDY AMENDMENT BILL

Mr KAISER (Woodridge—ALP) (9.40 p.m.): The Fuel Subsidy Amendment Bill demonstrates that this Beattie Labor Government is prepared to do what it can to ease the burden on motorists and fuel users in this State. And it is a considerable burden. According to figures I have from Informed Sources, the price of unleaded fuel in Brisbane in September this year was, on average, 85.5c per litre. Compared with 12 months ago, when the price was 69.8c per litre, it is clear that motorists in and around Brisbane are now paying about 15.7c a litre more for unleaded fuel. If a family uses about 50 litres a week—that would not be at all unusual in a place such as the one I represent—that change translates into an annual increase of about \$408. That is placing an inordinate burden on motorists and fuel users in this State.

People are not prepared to accept that there is nothing Government can do. They are not prepared to accept, as the Prime Minister asserts, that there is nothing politicians can do. They do not believe John Howard when he says that there is nothing he can do about fuel prices. They believe that politicians have a responsibility to do something, and this Labor Government here in Queensland is doing what it can.

The in excess of 27,000 people who willingly signed the petition which the Premier tabled this morning clearly believe that there is something the Federal Government can do and they are appreciative of the fact that the Labor Government here in Queensland is trying to do something. They may not have liked the first proposal we came up with, but they give us credit for trying. They know that this Labor Government, unlike the Government in Canberra supported by members opposite, is prepared to do what it can to ease the burden on motorists. People do not accept for a minute that there is nothing the Federal Government can do. They certainly do not believe the Prime Minister's arrogant assertion that there is nothing he can do about fuel prices.

In the context of this speech I would like to thank those, from both sides of the House, who participated in circulating that petition and attracting signatures. I thank those who participated in offering Queenslanders the opportunity to express their outrage at a Federal Government that is not prepared to do what it is able to do.

The subsidy scheme that this Government inherited was fatally flawed. It was fatally flawed in a number of ways. Some we could do something about. Others we could do nothing about. One significant flaw we could do nothing about was the hopeless deal those opposite made when in 1997 they negotiated a per capita arrangement instead of a per fuel usage arrangement. The former Treasurer and former Premier went to Canberra and negotiated a deal for our rural and regional State—a State which is regionalised to a much greater extent than any other State. They were stupid enough to negotiate a per capita arrangement rather than a per usage arrangement. That is one of the fatal flaws in this scheme that we are not able to address.

The other fatal flaw, which we are able to address, was that their scheme was based on subsidising fuel at a wholesale level. This led to a situation—

Dr Watson: Find any tankers?

Mr KAISER: Yes, and there have been prosecutions. Their flawed scheme led to a situation where large quantities of wholesale fuel—

Honourable members interjected.

Madam DEPUTY SPEAKER (Ms Nelson-Carr): Order! Could we have a little bit of peace in the Chamber? I cannot hear what the member is saying.

Mr KAISER: This scheme led to a situation where there were large quantities of wholesale fuel and fuel in bulk end users' tanks which had already been subsidised. The existence of large volumes of subsidised fuel in the system meant that people could rip the system off. That already subsidised wholesale fuel and fuel in bulk end users' tanks could be transported to southern States, but the taxpayers' money was not returned to Queensland motorists but was delivered instead to New South Wales and Victorian motorists. That was a fatal flaw that we could do something about, and with this legislation we do something about it.

This scheme will deliver subsidised fuel at the bowser. It will eliminate the existence in the market of large quantities of already subsidised fuel. It will be very difficult to rot this system. People would have to pull up to their local BP or Shell service station in a tanker, fill the tanker up at the bowser and take the tanker interstate. Under the scheme introduced by those opposite, those tankers had already-subsidised fuel which they could transport straight down over the border at considerable profit to them, to those operators and to New South Wales and Victorian motorists.

The Opposition has raised the point about bulk end users having to claim what they used and not getting the subsidy in advance. The obvious reason for that is that we want to eliminate the flaw in the system of having large volumes of fuel which has already been subsidised sitting out there in tanks. Under this scheme, bulk end users are able to claim the money back from the Office of State Revenue for the fuel that they use in the appropriate way.

Mr Johnson: When? Three months!

Mr KAISER: And the reason for that is obvious. The alternative is to fill their tanks with already-subsidised fuel which can then be used in inappropriate ways or which can then be used—

Honourable members interjected.

Mr Johnson interjected.

Madam DEPUTY SPEAKER: Order! The member for Gregory! Could I ask that we all respect the Chair? I cannot hear what is going on. I would ask that members on both sides just settle down.

Mr KAISER: The system put in place in terms of bulk end users allows for a subsidy to be paid for the fuel that is appropriately used. That can be claimed after the fuel has been used—once they know the proportions of bulk end fuel they have used in those appropriate ways.

A task force was established to look into all of these matters. On that task force were organisations—the union mates of those opposite—such as the Queensland Farmers Federation and the Canegrowers association. They sat there and they did not raise objections to this proposal. The reason they did not raise objections to this, and the reason they were prepared to tick off on that task force report and the recommendations that are being enacted here tonight, is that they understood it. Those opposite might want to misrepresent the situation to their constituents for political gain—just like they are misrepresenting the situation to their constituents in terms of off-road diesel subsidies—but their union mates in the Queensland Farmers Federation and Canegrowers understood what we were about. They understood it and they ticked off on what is being enacted here tonight as a result of the task force report they were party to.

In a scheme which involves retailers rather than wholesalers there will be a concern raised in respect of the administrative burdens and costs on those retailers. That has been taken into account in several ways. The Motor Trades Association of Queensland, which represents those retailers and service station owners, was prepared to give us credit for the measures we have put in place to ease the financial and administrative burdens on retailers. I reiterate those measures. The subsidy will be paid in advance to service station operators. Like bulk end users, they will receive 8.4c a litre but will be required to pass on only 8.354c per litre to the people they on-sell fuel to. And there will be a one-off payment of \$200 to cover any capital costs of upgrading computer systems and the like. These are all measures for which the service station operators' association, the MTAQ, has praised this Government. They also were prepared to tick off on the task force report.

Earlier tonight we had a debate about off-road diesel in this Parliament. During that debate we saw the lengths to which the Opposition will go to try to shift the blame for that issue on to Federal Labor, despite the fact that I think that debate clearly illustrated the reasons why Federal Labor, given that it is in Opposition federally, cannot be held responsible for the fact that much of the money is now not finding its way into off-road diesel users' pockets in the way that it used to.

I urge the Treasurer to redouble his efforts to communicate that message to off-road diesel users throughout this State, because my experience, having travelled through some regional parts of this State in my capacity as the State Government's Petrol Price Watch Committee chairperson, is that off-road diesel users are confused, and they are confused particularly because this mob are prepared to misrepresent the situation because they know the extent to which this can hurt them electorally. I

urge the Treasurer to redouble his efforts to communicate where the responsibility lies for this bungle in off-road diesel subsidies, particularly in regional areas.

I have no doubt that members opposite will try to continue to misrepresent the situation. I have no doubt that they will continue to try to blame Federal Labor. But as I showed tonight, the people they are trying to confuse are not confused. I know through the correspondence they have written to the Queensland Treasurer that they know where the responsibility lies, because they are prepared to talk about the burden that the Federal Government's decisions places on them. They know where the burden lies. The arguments of members opposite cut no mustard with them because they understand where the responsibility lies for the bungling in the off-road diesel rebates.

I am being generous to the Federal Government in describing it as a bungle. Much more likely is the situation that it is skimming some of the \$175m that it now withholds from the Queensland Government to further boost its surplus to now record levels of \$13 billion—a surplus which it ought to be using, at least in part, to ease the burden on Queensland motorists, the farm sector and primary producers. But the Federal Government is not prepared to do that; it is prepared to continue to skim money which it now withholds from the Queensland Government in order to boost the surplus to obscene levels.

I said earlier in this debate that this Government is doing what it can to ease the burden on motorists and fuel users. People will give us credit for doing what we can, because they refuse to believe that there is nothing politicians can do. They particularly refuse to believe John Howard's arrogant assertion that there is nothing the Prime Minister can do. Of course there are things the Prime Minister can do about the cost of fuel in this country. He would like to suggest that it is all the fault of world oil markets. He would like to suggest that there is nothing he can do because the price is set overseas. While that is true to an extent, it is not the whole story. It is not the whole explanation as to why prices are as high as they are in this country today.

Part of the explanation is that John Howard has not kept to his promise to reduce the excise by the full equivalent amount of the GST. That is one reason. He has not kept that promise. That is something he could change tomorrow. He could abide by his promise and deliver a not insignificant cut in the amount that people are paying for fuel in this country, simply by keeping to his promise. Yet he has the arrogance to say that there is nothing he can do, when all he needs to do to ease the burden—

Mr Seeney: How much?

Mr KAISER: About 2c a litre, simply by keeping his promise. He can further ease the burden on Australian motorists and fuel users by agreeing to freeze the CPI indexation of excise next February and again whenever it is after that.

An Opposition member: August.

Mr KAISER: February and August; I thank the member. Mr Howard ought to agree to that. He ought to agree to the calls that are coming from his own backbench to do that. Those backbench members of the coalition who were quashed in their own party room do deserve some credit. They deserve some credit for their calls on the Prime Minister to freeze the excise. But, of course, their voices were raised in vain, because they were quashed in their own party room by an arrogant Prime Minister who is not prepared to lift a finger to ease the burden on Australian motorists.

Mr Hamill: At least they spoke up, unlike the National Party in the Senate.

Mr KAISER: Indeed; at least they spoke up, instead of merely going along with issues like the GST in a deal with the Democrats, with issues like this off-road diesel rebate in the Senate, like the Nationals did, doing a deal with the Democrats. Earlier tonight we heard members opposite say that nothing good ever came of the Democrats. They did the deal with them to introduce the GST. That is not a good thing, but they did the deal with them to introduce it. They did the deal with them on the off-road diesel rebate. We are supposedly held responsible by those opposite for not opposing the legislation. If we had opposed the legislation it would have made no difference, because the deal had been done.

So there are things that this arrogant Prime Minister can do. He can keep his promise on the excise, as I said. He can heed calls from his own side of politics, including some very close friends of members opposite, to freeze the excise rise next February and next August. But there are other issues. Even if this arrogant Prime Minister does not want to touch the excise—

Mr Seeney: What about you?

Mr KAISER: We are doing what we can, and Queenslanders I talk to give us credit for doing what we can. We are doing what we can by fixing the flawed subsidy scheme that members opposite introduced in Queensland.

Mr Hamill: We're delivering an 8.354c a litre subsidy and they're going to vote against it.

Mr KAISER: That's right. As the Treasurer said, we are delivering a subsidy for the first time direct into motorists' pockets, and the vote later tonight will reveal that the Opposition is prepared to vote against it.

Even if this Prime Minister is not prepared to freeze the excise or to keep his promise in relation to lowering excise to the full extent of the burden of the GST, there are industry issues which this Prime Minister and this Federal Government ought to pursue—issues of competition. Members opposite all know how hell-bent this Federal Government is on introducing competition into all kinds of areas of the economy. In every area of the economy—local government, the taxi industry, newsagents, pharmacies—the Federal Government is driving a competition agenda. But when it comes to the oil industry, they do not want a bar of it. They are not prepared to lift a finger to introduce competition at a wholesale and retail level into this industry, and there are things that they can do. They can, for example, take the lead from some States of the United States, which have banned oil companies from having further retail outlets. That great bastion of free enterprise, the US, has seen fit to ban oil companies in many States from having further retail outlets. That would introduce some degree of competition at a retail level, and that is something the Prime Minister could do through the Retail Sites Act.

Another thing the Prime Minister could do is reverse the absurd situation in which the Trade Practices Act prevents service stations which may be branded, for example, as a BP service station from selling any other brand of fuel. If they were to try to source wholesale fuel at the best possible price, and if they sold, for example, Shell fuel through a BP bowser, the ACCC would prosecute them for passing it off. The ACCC is prepared to prosecute mum and dad service station operators for passing it off in that situation, for trying to get the best wholesale price for their fuel, but it is not prepared to prosecute oil companies which are ripping off the system and cannot explain their margins in terms of wholesale and retail sales in this country.

Dr Watson: So how are you going to guarantee that the 8.3c gets through?

Mr KAISER: By paying it at the retail level instead of paying it at the wholesale level and not allowing large quantities of fuel to be out there which are already subsidised and which can easily be transported across State boundaries—that is the way! By shifting from a wholesale system to a retail system, we eliminate that rort.

The other thing the Prime Minister can do is abide by the commitment that he made in 1998 when he removed the ACCC's role to oversee pricing in this industry. He ought to keep the promise he made at that time to introduce an oil code, to negotiate an oil code, which was to be an industry code and which Costello and Howard promised would lower fuel prices in this country. After two years, they announced the end of negotiations to try to bring about the oil code, but after those negotiations collapsed through a lack of leadership by the Federal Government, they then failed to reintroduce ACCC price surveillance. They used the development of an oil code as the excuse for removing ACCC price surveillance, but then did not restore it when the oil code negotiations collapsed under a lack of leadership.

Time expired.
