



Speech by

Hon. STEVE BREDHAUER

MEMBER FOR COOK

Hansard 19 July 2000

DIESEL REBATE SCHEME

Hon. S. D. BREDHAUER (Cook—ALP) (Minister for Transport and Minister for Main Roads) (6.15 p.m.): I second the amendment moved by the Treasurer. As part of the Federal Government's tax reform package in the Intergovernmental Agreement with the States, the Federal Government undertook to provide an off-road diesel rebate scheme which would reduce the cost of diesel fuel for off-road users. As the Treasurer said, the Howard Government took back \$175m of funds previously provided to Queensland to provide a subsidy for off-road diesel users. Queensland taxpayers are now entitled to ask: where is the \$175m going? Until 30 June 2000 the Queensland Government's Fuel Subsidy Scheme provided a rebate to fuel wholesalers and distributors of 8.354c per litre for diesel fuel, including all off-road use. These cost savings flowed to all industries, such as the civil construction industry, and local government agencies.

Prior to 1 July 2000 the Federal Government had in place a diesel fuel rebate scheme which provided a rebate for part of the customs and excise duty paid on diesel fuel consumed in certain eligible off-road uses. These eligible activities included electricity generation for agriculture, mining, fishing, nursing homes, aged persons homes and hospitals, and some private residences. The scheme adopted on 1 July 2000 by the Federal Government extended the former diesel fuel rebate scheme to rail but not to other industries such as civil construction. Consequently, significant categories of off-road users of diesel fuel do not have access to the benefit of the former Queensland scheme and are not eligible for the Federal scheme. In other words, the Federal Government has failed to live up to its part of the bargain. It said that there would be a reduction in the cost of off-road diesel; in fact, for the civil construction industry, there is not.

The Federal Government's reduction of fuel excises of 6.7c per litre is based on the assumption that the oil companies will also pass on industry savings of 1.5c per litre. These industry savings were estimated by modelling undertaken for the Federal Government and are considered unrealistic by the oil companies. Consequently, increases in fuel costs will eventuate if these industry savings are not realised. The Federal Government has not lived up to its end of the bargain. There are no savings for industries such as civil construction and, in all likelihood, their costs will increase. It will also mean tighter margins in the construction industry, which is already very competitive, or, more likely, higher construction costs.

As the Treasurer has already indicated, when we take into account the fact that the civil construction industry and local government are the major builders of infrastructure in south-east Queensland and throughout this State in the form of roads, rail, transport infrastructure and a host of other areas, we realise that not only will the civil construction industry, local governments and other people who have been ripped off by the Federal Government be the losers, but every taxpayer in Queensland will be the loser with less value per dollar from the State Government for transport, rail and road construction initiatives. This is one issue for which the Federal Government should be held accountable.

There is confusion about the scheme, even from the coalition ranks of the Federal Government. There were claims by farmers that they would be slugged an extra 1.8c per litre on diesel fuel arising from the Federal Government's off-road diesel fuel policy. Federal Trade Minister Mark Vaile said on ABC rural news on 7 July that he did not believe that slug would occur "straight off". He went on to say—

"... you know, the NFF has come up with the advice and said this is what's going to happen to some people. We want the people within the department, within Treasury, to have a look at that to see if that's justifiable because there's conflicting views on it."

There are no conflicting views; it is a fact. Mark Vaile is just going to have to deal with the reality that the Federal Government is ripping off Queensland taxpayers and is seriously affecting the civil construction industry, local government and a host of small businesspeople.

In response to Mr Vaile's claims, the National Farmers Federation has estimated an impost on agricultural industries of \$25m. However, other national estimates have put the cost of the rip-off as high as \$60m. Confusion and uncertainty surround the Federal Government's scheme, and that confusion and uncertainty is exacerbated whenever it turns its attention to diesel fuel. The Government has also created a farce in developing the diesel and alternative fuel grants scheme. I have previously raised in this House the uncertainty created by the diesel and alternative fuel grants scheme for public transport and the transport industry. The anomalous situation of the same bus journey attracting different rebates depending on the ultimate origin or destination of the bus service has led to a pricing headache for nearly all of south-east Queensland's bus operators. The reality is: the Federal Government has stuffed it up and it is its responsibility to fix it up.
