



PARLIAMENT OF AUSTRALIA  
HOUSE OF REPRESENTATIVES

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## MEDIA RELEASE

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# Government CAN do more on petrol price

The claim by the Prime Minister Kevin Rudd that the Government had done all it could to ease petrol prices is being questioned by the Independent Member for New England Tony Windsor.

Mr Windsor has long held the belief that petrol pricing could be a lot cheaper if the Government reviewed the tax placed on it and he is again calling for the Government to amend the way it taxes petrol.

“In 2006 with reports indicating petrol prices could rise to over \$2 per litre, I called on the Government of the day to review the tax system on petrol so rather than looking at how much money could be raised from petrol, how it could stimulate the economy.

Back then, the Government continued to say it could do nothing to stop it.

It was incorrect then and it is incorrect now,” Mr Windsor said.

Mr Windsor explained that the Government adds an excise (tax) of 38c per litre which raises about \$13 Billion per year.

Of this approximately \$2 Billion or 15% finds its way back onto our roads with the rest going to consolidated revenue for other purposes.

Add to that the GST which is about 15 cents per litre and it means that over 50 cents per litre is currently Australian tax and has nothing to do with global oil prices.

In theory then at least, Mr Windsor says that the government has the capacity to reduce the petrol prices from \$1.60 to \$1.10 per litre but says the government does not appear to have the will.

Mr Windsor is calling for the Government to expand its review of the Australian Taxation system to now include the GST and poses a question to those doing the review.

“In reviewing the Australian tax system, the Government really needs to take into account skyrocketing petrol prices which effectively has a 33% GST on it.

The Government needs to ask whether it would be better to increase the GST and remove the current 33% “GST” on fossil fuels – petrol and diesel.

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Whilst I am not advocating a rise in the GST without proper review, it may be better to do this as it is the skyrocketing of petrol and diesel prices that starts to eat into the family disposable income for other items and the cost of other items increases as the increasing price of petrol and diesel is passed on to the consumer and is part of the causes of inflation – public enemy number one,” Mr Windsor said.

Mr Windsor says that country people are particularly discriminated against by petrol price rises.

“Country people pay more for their petrol with additional freight costs and then pay GST on top of that extra amount too.

Add to that, country people don’t have access to public transport, have longer distances to travel and really must have a car to lead a semi normal life.

At the time the GST was introduced, the Government also introduced the Fuel Sales Grant Scheme (FSGS) – a \$270m program or 1-3 cents per litre compensation for the higher GST - so that country people would not pay more as a direct result of the introduction of the GST but that was removed at the first opportunity thanks to the National Party rolling over to the Liberals.

So country people now pay more for their petrol as a direct result of the GST,” Mr Windsor said.

Mr Windsor is also calling on the Government to pursue the renewable fuel options with more urgency.

“Whilst the Government has allocated funding to develop cellulosic ethanol, rather than food grain produced ethanol, this program needs to be accelerated so that our dependence on petrol is lessened.

The Government further needs to review its taxation of renewable fuels which will attract excise from 2011 until paying the same amount as petrol by 2015.

This is hardly an encouragement to grow a renewable more environmentally friendly form of energy,” Mr Windsor said.

Mr Windsor believes however that with a bit of vision, the tax system could be used to actually stimulate the economy.

“Australians are constantly being told that we have to be globally competitive and yet our governments continue to tax energy sources such as fuel to the hilt, hence our nation loses its comparative advantage.

Many of our international competitors exploit their comparative advantage of lower wage costs whilst we continue to tax our comparative advantage of energy costs such as petrol and diesel.

I call on this Australian Government as I did with the previous Government, to look at what our tax system can do to stimulate our economy rather than what our tax system can do for the Australian Government.

If we are to reform our tax system, let’s make it work for us and our future generations,” Mr Windsor said.