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CUT PETROL EXCISE BY 10 CENTS

The Federal Government should use its bumper budget surplus to provide tax relief to families and businesses by cutting the fuel excise by 10 cents per litre.

The Treasurer recently announced that the surplus is \$4.4 billion higher than expected, at \$13.6 billion. He also said that "... high petrol prices are good for nobody ... petrol prices are bad for consumers, bad for the economy ..."

The Prime Minister might say he cannot do anything, but he can.

For example, when the price of unleaded petrol is \$1.20 a litre, the Federal Government is collecting 38 cents a litre and state governments are collecting up to 11 cents in GST.

In other words 41 per cent of the price at the bowser goes in tax.

It seems that while both the Federal Government and the Labor Party believe an income tax rate of 47 per cent on high income earners is unacceptable, a tax of 41 per cent on petrol is okay.

I can understand why politicians, senior public servants and many executives might not give the same priority to doing something about high fuel prices as ordinary Australians do.

We have government cars or company cars and do not have to put our hands in our pockets to pay for fuel all that often.

Mr Howard can reduce the tax burden on Australian families and businesses by cutting fuel excise as well as income tax.

A tax cut of \$3.8 billion can be delivered to Australian families by cutting petrol and diesel excise by 10 cents per litre. Petrol prices in Melbourne are around \$1.27 per litre. So if the unexpected surplus is given back to Australian families by cuts in excise, petrol prices will be closer to \$1.17 per litre.

Excises are unfair taxes that hit families on lower incomes harder, because they have to spend more of their limited income on petrol than other families.

It doesn't matter whether you are a retiree or a millionaire or whether you live in the inner suburbs and travel short distances or in the outer suburbs or regions where you have greater distances to travel and having a car is a necessity. Everybody pays the same rate of tax on petrol.

Petrol taxes hit families the hardest. It is virtually impossible to take the children to music lessons, to soccer on a Saturday morning or to visit grandparents without a car.

The fact that European countries impose exorbitant taxes on fuel is no reason for Australia to do likewise.

Comparing Australia with Europe is not a fair comparison. European countries are small and distances travelled are smaller.

A better comparison is with countries like the United States which is large and where the population is widely spread. The price of petrol in the US is about US\$0.75 a litre.

Businesses, especially small businesses, would also benefit.

They are the ones which suffer as people cut their spending on other items to pay for bigger fuel bills. Businesses also have to cover the increased cost of running their cars, vans and other commercial vehicles.

Regional tourism has been hit hard, according to Tourism and Transport Forum head Christopher Brown.

Taxing petrol and diesel particularly punishes rural and regional Australia where longer travelling times and higher transport costs are common.

That's why, for at least 20 years, the Productivity Commission has urged the removal of fuel excise and why the Coalition adopted this policy in 1991.

Cutting fuel excise would be a win for Australian families, a win for Australian businesses and a boost for the economy and employment.

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