

FUEL, CONSUMER PRICE INDEXATION

114. Mr BLOFFWITCH to the Premier:

What representations has the Premier made to the Federal Government regarding consumer price indexation on the price of fuel?

Mr COURT replied:

I thank the member for some notice of this question.

Last week I had the opportunity to meet both the federal Treasurer and the Prime Minister in Canberra. I wanted to raise two issues about the federal excise: First, the consumer price index increase that occurs twice a year, with the next one due in February; and, secondly, the excise on liquefied petroleum gas. The federal Treasurer gave an assurance that the Government was not proposing to bring in an excise on LPG. However, he said that the Government would continue with the February CPI increase on the fuel excise. I pointed out that there would be a one-off CPI spike as a result of the goods and services tax and it was quite inappropriate to add to that inflationary impact by consumer price indexing this tax. Between now and then I hope two things happen: First, that the Federal Government reverses that decision and, second, that the international price of oil comes down.

I put on the record in this House some facts about the federal fuel excise. In 1983 a Labor Government put in place the automatic CPI mechanism for that fuel excise.

Mr McGowan: World parity pricing.

Mr COURT: Members should listen, because people need to know this. When the Hawke-Keating Government came into power the fuel excise was 6.15¢. When it left government, it was 34¢; that is how much it increased during that term of government. In 1993-94, straight after an election when we were promised tax cuts, the Government increased the price of unleaded fuel by 5¢ and leaded fuel by 10¢. If members opposite want to talk about the record on federal government fuel excises, they would not want to talk about what the Labor Party did.

The second issue is the state fuel franchise fee. The Labor Government spent about 60 per cent of funds raised from the state fuel franchise fee on roads. We are currently spending about 97 per cent of those funds on roads. The fuel tax that was being paid by users was originally intended to improve our roads. The Labor Government was collecting the fuel tax but was not putting it back into the roads.