

The following article is an example of the brain washing articles that periodically appear in the daily papers. My reply did not see the light of day. If anyone else took up the argument, I am not aware of it.

This article was published 2 months before the Victorian Auditor General, in his report to Parliament of Ministerial portfolios, revealed that Melbourne's Public Transport received a subsidy of \$1,400,000,000.

The 'subsidy' referred to in the article was to allay fears of country people that the GST on petrol would 'go through the roof' because it was to be applied to the freight component and an already substantial premium over the cost of petrol in the cities.

The figures quoted in the article state that an amount of \$500 million could be made available over 4 years. That amounts to \$125 million per annum over the whole of the Commonwealth. Victoria's share may have been 1/5<sup>th</sup> of that or \$25 million. Furthermore, any city motorist that ventured far enough out of the city that refuelling became necessary would also get their share. Why should city motorists have to travel out into the country to get their share? For exactly the same reason that country Victorians have to travel to the city to get their share of the now \$2,145 million handout to city train and tram services.

The Age: The bush and the money tree

Friday 14 April 2000

VOTERS in non-metropolitan Australia deserve some admiration. Their recent expressions of unhappiness and disappointment at their treatment by various governments, including the Howard Government, have borne fruit. Not only were they graced with the Prime Ministerial presence during a summer "listening" tour of country towns - which afforded some of them the opportunity to personally air their grievances with the nation's leader - they have now been handed taxpayer largesse in the shape of a \$500 million petrol subsidy in rural and provincial areas to be paid over a four-year period. Not a bad result for a bit of lobbying over the talkback airwaves and in the letters pages of newspapers. And while it is true technically that the bill for this transfer payment from the government to rural service stations will be met by all taxpayers, the fact that the vast bulk of Australians live in the capital cities means that most of the money will come from residents of metropolitan Australia.

The government argues that the grants scheme is a matter of keeping to a pre-election promise that petrol prices would not rise under its goods and services tax. It also says that some rural motorists might be better off as a result of this scheme. If so, that would mean that under the guise of keeping neutral the GST's impact on rural petrol prices, the government had slipped an extra subsidy to the bush using sleight-of-hand. It all smacks of an ad hoc attempt to placate the rising tide of disaffection in non-metropolitan Australia. There are several problems with the measures announced by the federal Treasurer Peter Costello. There is the equity question. Excise on a basic commodity such as petrol should apply equally throughout the nation. Then there is a query over just how effective the subsidy will be. It will be up to retailers to pass on the government handout. Can they be relied on to do so? State-sponsored schemes aimed at cutting retail petrol prices, which gave money to oil companies, produced no appreciable reductions at the bowser. In practical terms, it is difficult to see how the Australian Competition and Consumer Commission can police the implementation of the latest scheme.

As it is, the effect of the subsidy might end up being negligible. For motorists in provincial areas it will mean a price cut of one cent per litre; in rural areas, two cents; in extremely remote areas, possibly three cents. Non-metropolitan Australians are unlikely to regard the subsidy as a panacea for their broader concerns. Metropolitan Australians could well, in turn, feel resentful. But, then, that is what happens when governments use public money to buy their way out of political trouble.