

SENATE ECONOMICS COMMITTEE INQUIRY INTO THE PRICE OF PETROL IN AUSTRALIA

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Recommendations and Government responses

Recommendation

Recommendation 1

The Australian Competition and Consumer Commission (ACCC) should review the information on its website and in other publications to ensure this material provides simple, straightforward and concise information, including what individuals can do to reduce personal fuel consumption.

The ACCC should conduct spot checks and reporting on a wider range of locations across Australia to provide confidence to a wider range of consumers, particularly people in regional, rural and remote locations.

Recommendation 2

The State and Territory Governments should review the level of subsidies they provide to ensure they focus on consumers in markets where prices are high because of distance and a small number of retailers.

Government response

The Government agrees with this recommendation.

The ACCC is currently undertaking a review of the structure, content and design of its whole website to ensure that the information provided continues to be relevant, useful and informative to consumers.

The review is scheduled to be completed by June 2007 and will include reviewing the information on petrol price cycles and other petrol-related issues which are currently included on the ACCC website.

The ACCC currently monitors petrol, diesel and automotive LPG prices in the five largest metropolitan cities (ie, Sydney, Melbourne, Brisbane, Adelaide and Perth). The ACCC also monitors these prices in Canberra, Hobart and Darwin, and around 110 country towns across Australia and conducts various spot checks on these prices.

The ACCC will review the information it provides on its monitoring of country prices as part of its broader review of the information it provides on its web-site, as outlined above.

This recommendation is a matter for State and Territory governments to consider.

In 1999, Australian Government, State and Territory leaders signed an *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* which provides that all goods and services tax (GST) revenue is paid to the States and Territories (the States).

Following the introduction of the GST, the excise rate applied to petrol was reduced to compensate for the additional tax that would be imposed under the GST.

All GST is returned to the States to spend according to their own budget priorities, and this includes the collections of GST revenue from fuel. The GST revenue is spent according to the States' own priorities such as health and education, and this includes the option to provide for the subsidisation of fuel.