

Fuel: The Mass Debate

Or How to Knock About 50c a Litre Off the Price Of Fuel

First and foremost this debate should be centred on **Diesel** NOT Unleaded. Why? You may ask. Just look at the increase in supermarket prices for your answer. While it may cost you \$5 or \$10 extra to fill your tank everything that is transported (which is everything) rises as Diesel rises. My average basket at the supermarket per week has increased on average \$30 and that's for one person. Australia's whole economy is tied to Diesel and therefore it should be afforded the same priority and status as water i.e. an essential commodity.

I own a small transport company and I have had to significantly raise my prices twice in the past year just to maintain profit margins. This cost you money too.

I am compelled to write this letter because I am sick of all the namby-pamby pussyfooting around everyone seems to be doing about the current fuel debate. I have spent considerable time researching this area because it affects my income. Contained herein is the **WHOLE** truth about the debate, the **WHOLE** big picture, if you will. **NO-ONE** till now has had the testicular fortitude to stick their necks out and present the **WHOLE** argument about just how much we are being **RIPPED OFF**. If you want the truth and the **WHOLE** truth read on.

DON'T – Listen to spin doctors from the oil companies. **THEY HAVE A VESTED INTREST TO KEEP FUEL PRICES HIGH.**

DON'T – Listen to the government – state or federal. **THEY HAVE A VESTED INTREST TO KEEP FUEL PRICES HIGH.**

DON'T – pay too much attention to news or current affairs programs. **THEY HAVE THEIR OWN AGENDAS.**

So here we go, how to make fuel cheaper!

FIRSTLY – DISBAND FUEL PARITY

Parity, for those that don't know, is government sanctioned price fixing (simple as that). Parity allows fuel companies to sell their products for the highest current price they find in the Asia Pacific region. It completely disregards supply and demand economics and eliminates any need for competition amongst themselves.

Don't believe me? Just look at the price of Diesel. If you remember growing up when Diesel was always 10-15c p/l cheaper than Petrol you might understand this more.

How can a product that costs far less to produce (partially a by-product of producing Unleaded as well) and a product that Australia uses more of than any other fuel be **MORE EXPENSIVE** than Unleaded? Simple, ring Singapore, where they don't use a lot of Diesel and import all their fuel, find out how much it's selling for there and charge the same here – sound fair? **NOT!**

Any other industry who tried this one would be hauled of to the High Court quick smart and prosecuted for price fixing! Oh but hang on, our government ALLOWS them to do this

NUMBER TWO – BARRELL PRICE

That price the news loves to show us each night is the PREMIUM GRADE crude oil price. Australian oil companies DO NOT buy PREMIUM GRADE crude oil! In fact Australia produces around 70% of its own oil and imports about 30%. The cost of production per litre produced here is cheaper than that of imported fuel, but in no way is this factored into the pump price, because they don't need to (SEE PARITY ABOVE) we pay a pump price based on PREMIUM GRADE crude oil price the same as if we imported all of it, say somewhere like Singapore! Starting to get the picture?

NUMBER THREE – LEVIES

Everyone knows that both State and Federal Governments take a large slice of the cost of a litre of fuel. This equates in total to about 46% of the price per litre. This money is used for infrastructure, road trauma etc. etc. so fair enough right? WRONG!

What is wrong is that it is a PERCENTAGE! Look at this. If a litre of fuel costs \$1.00 then the Government gets 46c p/l, right? A week later fuel rises to \$1.10 p/l; the Government gets 50.6c p/l, bingo! Something tells me that in one week, their costs, IN NO WAY have gone up 9%!

As I stated previously – THE GOVERNMENT HAS A VESTED INTEREST TO KEEP FUEL PRICES HIGH. THEY MAKE LOTS MORE FREE MONEY! Why else do they allow fuel companies to maintain PARITY?

If they changed the tax (sorry, levy) to a flat rate tied to the GDP then the fuel price would drop drastically and immediately!

NUMBER FOUR – GST - THE DOUBLE DIPP

Now this one is outright “THIEVERY” and also applies to cigarettes and alcohol. GST = Goods and Services Tax, correct? 46% or 46c in every dollar in the price of a litre of fuel is TAX (sorry; again, LEVY). What part of LEVY is a good or a service? YOU CANNOT TAX, TAX RIGHT? WRONG!

You do the math.

Say fuel costs \$1.00 p/l – the GST component = 9c

But hang on a minute 46% or 46c of this is TAX!

i.e., 4.14c of the GST is ILLEGALLY CHARGED ON THE TAX COMPONENT!

Not much you say?

FOR EVERY LITRE SOLD IN AUSTRALIA EVERY DAY!

That equates to millions of free dollars for the Government! I'll say it one more time - THE GOVERNMENT HAS A VESTED INTEREST TO KEEP FUEL PRICES HIGH. THEY MAKE LOTS MORE FREE MONEY!

The GST on fuel should be 5.4% not 10%. At \$1.75 p/l this would drop the current price by around 8c p/l.

Feeling a little annoyed? You should be!

Even without disbanding parity and introducing real competition among fuel companies, you should be paying about 40c less per litre!

My name is Graeme Stempel, (gusto1@arach.net.au) and I run a small transport business, I happily welcome anyone, Government and fuel companies included to prove me wrong.

If you feel strongly about this issue then pass this missive on to everyone in your address book. Eventually someone might take notice.