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Dr Kathleen Dermody  
Committee Secretary  
Senate Economics Legislation Committee  
By email: economics.sen@aph.gov.au

Dear Dr Dermody

Thank you for the opportunity to provide a submission to the Senate Economics Legislation Committee inquiry into the Bills related to the reintroduction of the fuel indexation.

The Territory has a small population that is highly dispersed over a large and remote landmass. Road transport is critical for Territorians to access basic goods and services as well as core government services including education, primary and tertiary health and law and order. In addition, the Territory has a substantially higher reliance on imports from interstate, which results in transportation being a significant input cost for virtually all goods and services consumed in the Territory. As such, fuel price is a significant component of cost of living in the Territory.

The greater reliance on road transport means that Territorians are likely to be disproportionately impacted by the proposal to reintroduce fuel indexation. This is compounded by the fact that Territorians are already paying more for fuel than the rest of Australia. Since mid-2012 the price differential for unleaded petrol between Darwin and Australia has fluctuated around the 20 cent per litre mark.

The proposal to index the fuel tax comes at a time when the Commonwealth is exploring opportunities to increase economic activity and productivity in Northern Australia. The disproportionate impact that indexation of fuel excise will have on the Territory and the rest of Northern Australia is contrary to the Commonwealth's stated objectives of developing Northern Australia and will significantly add to the challenge of encouraging private investment in the region.

For the reasons I have stated above, I recommend that the Senate Committee consider applying an exemption of the fuel indexation for the Northern Territory.

Yours sincerely

DAVID TOLLNER

27 JUN 2014