

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 30 May – 1 June 2006

Question: bet 63

Topic: Fuel Sales Grants Scheme

Hansard Page: E22

Senator SHERRY asked:

This is the last question on this issue: you referred to what you believed were inefficiencies in the \$257 million. Was a study done on the efficiency or otherwise of the impact of the \$257 million Fuel Sales Grants Scheme? You referred to alleged inefficiencies. You may or may not know.

Senator Minchin—I am not sure whether a formal study was done.

Senator SHERRY—Was a study done?

Senator Minchin—The decision would have been made by way of a cabinet decision based on the submission.

Senator SHERRY—You referred to an alleged inefficiency. I do not know whether or not that is true. What I am asking is a matter of fact: was a study done? Given there is an announcement to get rid of it, presumably there would have been some study done as to the efficiency and effectiveness of this measure.

Senator Minchin—We regularly review the effectiveness and efficiency of all programs, and I am sure that would have been the case with this.

Senator SHERRY—What I am seeking—and I am not expecting you to say yes or no now—is whether there was a specific study analysis done of this program in respect of its effectiveness. You can take that on notice.

Senator Minchin—We will see whether we can get an answer to that. I think it is reasonable to presume one was done, but I will get you an answer.

Answer:

Information regarding the Government's decision to wind up the FSGS is set out in the joint media statement by then Minister for Transport and Regional Services, the Hon John Anderson and then Minister for Local Government, Territories and Roads, Senator the Hon Ian Campbell of 22 January 2004.

A review of the FSGS by the Fuel Taxation Inquiry in 2002 found that it was difficult to identify the benefits of the scheme to consumers in rural and remote areas, and recommended the discontinuation of the FSGS. The Inquiry reported that it was not clear that any benefits accruing to regional Australians were proportional to the level of public expenditure, nor that the FSGS was the best use of funding. It also identified anomalies arising from the scheme's boundaries and concluded that these anomalies were likely to have an adverse effect on resource allocation and competition.