
From: Mark Minnis
Sent: Sunday, 13 July 2008 7:07 PM
To: Committee, Fuel Energy (SEN)

Senate Select Committee
The Senate
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Mark Minnis

Sunday, 13 July 2008

Attention: Senate Select Committee - Fuel and Energy

The petrol companies lie and say the price of petrol is set by the market. The lie is that, there is NO economic forces in the setting of petrol prices only 'market force'.

In Sydney on a Tuesday, an average of 10 million litres of fuel is sold and on a Friday only 5 million litres is sold. In Sydney, like many cities, petrol is at its cheapest on a Tuesday and at its most expensive on a Friday. Simply when the most petrol is sold is when it is cheapest and when less is sold is when it is most expensive. The simple question is, why does the pricing of petrol work differently to other commodities?

During the holidays, when hotels and resorts are busiest, is when prices are most expensive and during winter when hotels and resorts are quietest the prices are cheaper. When retailers are quiet they offer specials or finance and when retailers are busy they charge full price. When Mitsubishi wasn't selling enough 380's they dropped the price but with the Toyota Prius in short supply the price is high. When bananas are in plentiful supply they are cheap and when bananas are scarce they as dear as poison.

Every economist will say when demand is high, prices are high and prices are lowered to increase demand. Why does petrol pricing work in the opposite way to normal market forces? How is it that the petrol companies can do what other businesses can't? What special power does the petrol industry have that other industries don't?

Since the introduction of the Goods and Services Tax (GST) the government has had a vested interest in inflation. This isn't some 'X-File' conspiracy theory, just a simple fact that with every ten cents prices go up, the government gets another one cent. No tax bills, no acts of parliament and no budget night announcements, just reap more revenue as prices go up.

When the price of petrol was 60 cents a litre the GST was 6 cents, then when it was \$1.00 a litre the GST was 10 cents and now it is 15 cents and rising. When the price of petrol goes up the government gets more revenue and when the soaring price of petrol causes inflation, the government gets more GST from the increased prices.

By all accounts there is nothing Australia can do, to halt the increasing price of petrol. However the Australian government can slow the rate at which petrol prices (and hence inflation) are increasing. If the government didn't get, one more cent from the GST on fuel, it would still get millions from the GST on increasing food prices, airfares, electricity and everything else. The government needs to freeze the GST on petrol (and diesel) at 10 cents per litre or 10 percent whichever is lower.

10 cents per litre, on every litre of petrol and diesel, for the government and a reduction of over 5 cents per litre, for all of us. Plenty of money for the government and relief for business and individuals all over Australia.

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Thanks

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