

AUSTRALIA'S FUTURE TAX SYSTEM

MEMBERS OF THE PANEL:

Hopefully this brief submission will be within the Terms of Reference for the Review.

I am an LPG user, having had my motor vehicle converted 18 months ago, when it was only 6 months old. I am an enthusiastic convert to this fuel. Who wouldn't be, when I pay an average of sixty two cents a litre, compared to petrol and diesel being roughly a dollar more? In recent years there have been many innovations to the design of LPG systems, and these have overcome what some saw as shortcomings in performance. I cannot detect any difference whatsoever in the performance of my car. I mention this merely to contrast this with the very much less than viable performance being reported of other alternative fuels that are being researched.

The reason that LPG has enjoyed such a price advantage since its inception about thirty years ago, is that it is a significantly cleaner burning fuel. This has been further recognised by the federal government with the provision of an installation subsidy, currently of \$2000.

My motivation in making this submission relates to an item in the Discussion Paper preceding this Review, in which it states that "LPG is scheduled to begin incurring fuel tax from 1 July 2011" The paper goes on to state that this was the policy of the previous government and as at the time of the last Federal election, enabling legislation had not been enacted. The matter was again referred to on Budget night, when it was stated that a final decision on this matter had not been reached.

I'm sure I speak for an overwhelming majority of the 500 000 LPG users throughout the country when I say that any recommendation for the introduction of a new tax on a motor fuel, which has hitherto been exempt for sound environmental reasons, would be flying in the face of everything the government has been advocating over the past several months.

We are being told on an almost daily basis that some form of carbon tax is to be introduced by 2011. As we know, the exact form this tax will take it is still to be decided, but what is clear is the strong push among motor vehicle manufacturers and related research and development arms of government, to find viable alternatives to the present reliance on fossil fuels.

While LPG is a derivative of a fossil fuel, it is considerably more environmentally friendly. To illustrate this, I enlist the aid of a quote from the "Choice " magazine website, in which it lists the advantages of LPG in motor vehicles. It reads as follows:

- 15-20% less greenhouse gases.
- 30-40% less volatile organic compounds and oxides of nitrogen.
- 50-60% less carbon monoxide.
- 80% less toxic air pollutants such as benzene and sulphur oxides.

These are compelling statistics, and when coupled with the fact that the infrastructure is already in place, there are even strong arguments for greater encouragement for this fuel over some of the so-called "hybrid" options, which (in the case of electric) will require enormous development and infrastructure costs, as well as ongoing reliance on the electricity grid (hence fossil fuels).

Against this background, this is not a time to contemplate a disincentive, in the form of a tax, on a *proven* low emission fuel option, for which the infrastructure is in place, and one which has shown over many years is a viable alternative to petrol and diesel.

My final point is that we are acutely aware of the precarious state of the country's and the world's economy at the moment. It seems hardly necessary to point out in these uncertain times therefore, that this is hardly the time to give the remotest consideration to the imposition of a further cost, however slight, on household budgets.

Gary Matthews