CHRISTIAN KERR

FuelWatch is the sort of stunt only a state government can try.

Why is petrol so politically potent? It might not just be because of price.

There seems to be a whole psychology of purchasing petrol that gets ignored.

If you read the *IPA Review*, it probably means you believe in freedom of choice. But how much choice do we get with petrol?

For weeks now, my local service station has been like the Monty Python cheese shop. The premium mix hasn't been available. There's been no ethanol blend. It's been the same right round the country.

We don't seem to get much product choice when we buy essentials. Gas? No. Water? No. Electricity? Maybe a green power option, but that's it.

Still, we're only really aware of these purchases when the quarterly bill arrives.

Petrol is different. Purchasing petrol is a regular chore. It's a pretty basic chore; it's not a very demanding chore, but it's still a chore.

And it's not as if we have much to choose from when we make our purchase. Oils ain't oils, the old Castrol ads used to say. Well, petrol is petrol. Water is a fundamental of life, but think of all the different ways that water is packaged up. All we really get

with petrol is the same product under a few different brands. We might treasure our car, but there's no fun in filling it up.

Purchasing petrol involves a certain degree of petty frustration well before the cost comes into the equation—and well before politicians get involved.

Last year Kevin Rudd was silly enough to suggest he could do something about the price of petrol.

He can't—unless he wants to reduce his own tax take from the stuff.

Instead, he proposes to establish a national fuel watch scheme that will steer consumers towards the cheapest petrol available.

To guarantee that price, service stations will be forced to fix their rates for 24 hours. The scheme is fiercely anti-competitive. And that's even before we check through the political spin and the economic modelling to see if it delivers tangible benefits to consumers.

In an attempt to add an air of bipartisanship to the program, Labor has told us its inspiration comes from the FuelWatch scheme launched by Richard Court's Liberal government in Western Australia in 2001.

Rudd has been at pains not to mention the Ministerial Petrol Price Watch Task Force established by Labor in his home state of Queensland the previous year.

He accused Liberal leader Brendan Nelson of populism for promising to cut fuel excise by five

cents a litre. The Queensland Ministerial Petrol Price Watch Task Force was launched on a spectacular wave of populism, with then-premier Peter Beattie threatening to call a Royal Commission into the oil companies.

It was the sort of stunt a state government can try. Rudd should have learned that prime ministers can't try these kinds of tricks—unless, of course, he wants to suggest that he isn't actually in charge.

He should know by now that anger over petrol prices is only exacerbated by politicians pretending they can do something about it.

If you read the *IPA Review*, it means you believe in smaller government. It means you probably remember many of the details of John Hewson's *Fightback* package from 1991.

Its centrepiece, of course, was a 15 per cent goods and services tax on virtually everything. This was to be balanced up with big cuts in other taxes—including the abolition of fuel excise.

The petrol promise was one of *Fightback's* biggest selling points.

In 1991, it was estimated the measure would save consumers up to 19 cents a litre. That's much, much bigger than anything that has been discussed by the current generation of politicians of late.

Even back then, the proposal was condemned on environmental grounds. That charge might not stick. The economists tell us demand for petrol is relatively inelastic. It stays much the same when prices rise. Why should it suddenly leap if prices were to fall? If politicians want to do something genuine about fuel prices, we know the path to follow.

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