



## Encouraging Drinking And Driving

Posted by [Big Gav](#) on May 16, 2008 - 7:26am in [The Oil Drum: Australia/New Zealand](#)

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I wasn't particularly impressed with the Rudd/Swan budget but temporary opposition leader Brendan Nelson managed to come up with an [even worse alternative](#), pandering to teenage drinkers and myopic petrol consumers alike.

Crikey has a fairly thorough savaging of Dr Nelson's strange [imitation of McCain and Hillary's "gas tax holiday" proposals](#), noting that one day we will start running short of oil, and that the appropriate policy response isn't to encourage more consumption. Nor is it fiscally responsible for that matter. There is a great [cartoon](#) summing up these policies at the link.

The SMH was just as critical, declaring "[Nelson's populist petrol gambit is a foolish gimmick](#)".

Before last night's budget reply, Liberal leader Brendan Nelson was a dead man walking. He won't be called that any more -- it would be too insulting to the deceased. For all the ridiculous political and financial measures seen in recent years, Nelson's cloning of John McCain and Hillary Clinton's fuel excise reduction would rate amongst the most financially impotent, myopic and morally insulting policies seen in decades.

Instead of taking the populist approach and suggesting an irrelevant 5-cent reduction in the fuel excise, Nelson could have made a brave pitch for the future and announced a Liberal policy against fossil fuels and in favour of wholly renewable energies. Instead of reducing the cost of petrol, a brave opposition leader would have proposed an increase to fund the commercialisation of alternatives to a rapidly depleting energy source.

In recent days, oil prices have spiked to record levels of around \$US126 per barrel. While the crude price is believed to be inflated by speculators who have run out of other asset classes to gamble (sorry, invest) in, the underlying rationale for the speculation appears sound. That is, oil is a finite resource and in the next 50 years (or perhaps even the next 25 years), we are going to start running short.

Australian government, business and individuals need to urgently adjust their lives to ensure that oil is less important to the way the economy operates. Australian companies have a commercial opportunity to potentially profit from what will be a global shortage of the economy's lubricant. If not to profit, at least to survive in a peak oil world (Australia is a net importer of oil by the way). That isn't going to be achieved by reducing tax charges on petrol.

There is also one other important point – Nelson's \$1.8 billion excise reduction will take a mere 5-cents per litre off petrol price. The five cent reduction would be completely

absorbed as soon as a Nigerian pipeline is attacked or Chinese consumption increases. The excise cut will be quickly forgotten, but the \$1.8 billion cost wouldn't be.

Traditionally, the Liberal Party has been a party of business and responsible government, while the Labor party, true to its name, has represented the working classes. John Howard's spendthrift ways dented the Liberal Party's economic credibility, while Brendan Nelson's excise cutting lunacy has all but destroyed the remaining shreds of fiscal respectability in the party room.

Instead of developing long-sighted, sustainable energy policy which could propel Australia to a market leader in renewable energy, Nelson has sold out the Liberal party with a populist vote grab which will have no lasting benefit, but stunt Australia's development in the decades to come.



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