



11 November 2005

The Research Director
Impact of Petrol Pricing Select Committee
Parliament House
George Street
BRISBANE QLD 4000

Dear Director

Submission – Impact of Petrol Pricing

The Warwick Shire Council has resolved to respond to the request by the Select Committee regarding the impact of fuel pricing on Council. This response focuses on part (b) of the terms of reference – *“Identify the economic and financial consequences of current fuel prices with a particular emphasis on regional Queensland and outer metropolitan areas”*.

Council officers have carried out an investigation into the impact of recent increases in fuel prices on Council’s finances. The price Council pays for unleaded has increased by 23 cents and diesel by 20 cents per litre over the past seven months. This increase along with an estimated 2% flow-on increase in the cost of other materials will result in a budget overspend of approximately \$295,000 for the 2005/06 financial year.

The fuel prices used in these calculations are the September 2005 prices and this overspend equates to 4.1% of the total general rates levied in 2005/06. Further investigations reveal that for each additional 5 cents per litre that fuel prices increase above the September price, the general rate will need to be increased by a further 0.9% to cover additional costs.

This investigation has revealed that these increases will have a significant effect on Council’s operations this financial year and into the future. Should you require any further information regarding this matter please contact John Murphy on 4661 0303.

Yours sincerely

Alan Balloch
Director Corporate Services & Finance