

TPB:gyj (182886)

Terry Brennan

File No. 213/06

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

Dear Sir/Madam

I refer to the enquiry that has been established by the State Government to examine a range of issues associated with the impact of petrol pricing. The Stanthorpe Shire Council would like to make a brief submission in relation to issues associated with the economic and financial consequences of the current petrol prices.

The town of Stanthorpe is located approx 220 kilometres south west of Brisbane on the New England Highway and is in close proximity to the state border with New South Wales. Stanthorpe and surrounding areas do not have access to regular rail or air services and therefore we are highly dependent on road transport to connect with major service centres and to move freight and produce into and out of the area.

The two major industry sectors supporting economic activity in the Shire are agriculture and tourism. Both of these industries are highly exposed to impacts from increased petrol prices because all agricultural inputs and produce must be transported by road transport into and out of the area, whilst visitors to the area must travel by road.

The significant increase in petrol prices is having a negative impact on profitability in the farming sector as fuel is a major input into on-farm costs, possibly accounting for up to 10 per cent of on-farm costs. Increased freight costs are also having a major impact on farm production costs due to the heavy reliance on road transport to move product on and off farm. With farm profitability being eroded, indirect impacts are being felt in other business sectors given that Stanthorpe is the major retail and service centre for all agricultural activity in the shire.

The economic base of the shire has become more diversified in recent years as a result of the benefits associated with tourism. Stanthorpe and the Granite Belt is a popular tourist destination, particularly for people living in the south east corner of Queensland, with the largest market segment for visitation to the region. The impact of increased petrol prices is having a dampening effect on the tourism sector given the total reliance on road transport, either by private car or coach, to visit the region and the reduction in discretionary income that people have available for leisure activities due to the need to devote a larger portion of their household budget towards increased fuel expenses.

According to ABS statistics, the average income of shire residents is well below the state average and increased petrol prices is therefore taking a larger percentage of household budgets. Public transport options in the shire are extremely limited and focused on inter city and school bus services, which results in a heavy reliance on private motor vehicles in the local community.

The Council urges the State Government to take whatever steps it can to reduce the impacts of increased petrol prices, as it believes the current situation is having an adverse economic impact on the shire for the reasons outlined above. With Queensland being such a large and decentralised state, the impacts are magnified given the distance between population centres and the heavy reliance on road transport.

Thank you for the opportunity to provide a written submission to the enquiry.

Yours sincerely

Terry Brennan
Chief Executive Officer