

November 25, 2005

Mr Rob Hansen
Research Director
Impact of Petrol Pricing Select Committee
Parliament House
BRISBANE QLD 4000

Submission to the Petrol Pricing Select Committee

Dear Committee Members,

As a member of the liquefied petroleum gas industry, I would like to put the following submission to the Inquiry for consideration. I presented a case highlighting the large range of benefits for using LPG to the Queensland parliamentary enquiry panel at Maroochydore on the 25th of November. I hope that any recommendations made to Government include promoting LPG and that any future policies should not impact adversely on the future viability of the LP Gas Industry. This letter includes a cost neutral chart that demonstrates that by offering incentives and rebates the government can profit and our nation can prosper through the substantial benefits LPG can provide as apposed to petrol.

The obvious impact that the price of petrol has had on Queenslanders is that of purchasing power. The petrol or diesel bill is a large household expense. LPG can effectively half the fuel cost of a motor vehicle so the public in turn has more money to spend. In order for the Queensland Government to benefit from people using LP Gas the Cost Neutral Chart has been devised. This has been adopted already by the Western Australian government.

We at Torque gas have also committed a large amount of capital to research and development of equipment for reducing the diesel usage of our nations truck fleets by adding LP gas to diesel trucks.

Automotive LP Gas is the clean alternative fuel that is widely available. To achieve the potential benefits available to Australia from automotive LP Gas, continued Government support in the following areas are vital.

- Long term (5-10 years) commitment to price incentives via a taxation system is essential to maintain confidence and promote investment in technology, manufacturing and infrastructure including the continuing exploration and development of further sources of LPG.

- Retention of price relativity with other transport fuels to encourage conversion to or purchase of LP Gas vehicles.
- Conversion of Government fleets to LP Gas as a significant signal to industry and the public of Government “leading by example”.

Government should continue to promote opportunities for the use of alternative fuels that deliver improved air quality and have lower greenhouse emissions.

Any lessening in Government support for the use of automotive LP Gas would be a major disincentive to the further development of the industry and the ability to achieve Government Greenhouse Targets and result in:

- Significant reduction in auto gas consumption
- Potential destruction of the conversion and equipment manufacturing industry
- Reduction in economic viability of a \$2.5B infrastructure, investment and curtailment of infrastructure development programs.
- Dramatic impact on the major OEM’s investment in dual fuel and dedicated fuel vehicles.
- Increased cost of distribution to domestic and commercial users, particularly in rural areas
- Loss of employment

I trust that you will take into account the issues raised and analyse the potential benefits of promoting LPG in Australia. In order to alleviate pressure of the increased petrol and diesel prices on Queenslanders I urge the committee to commit to pushing forth to raise the awareness and benefits of LP gas by adopting the cost neutral chart.

We at Torquegas are also willing to answer any questions you may have and welcome you enquiry.

Yours sincerely

Ron Flanigan

\$500.00 COST NEUTRAL CHART

A 5 year old family car travelling 30k per year using 12.5 litres per 100km costs the Qld Treasury \$313.10 to subsidise

the sum is $12.5\text{ltr} \times 10 \text{ to equal } 1000\text{kms} \times 30\text{k} = 3750 \text{ ltrs petrol} \times .835 \text{ rebate per ltr} = 313.10$ \$ 313.10

The same family car is expected to use 15% more gas than petrol so $3750 \times 4312.50\text{ltr lpg}$

The state Government receives GST at 4.5cpl winfall on LPGas $\times 4312.5 = 194.00$ \$ 194.00

On the day of conversion the Government receives an average of \$200.00 \$ 200.00

The conversion at 30,000k has made the government \$207.10 **Saving Qld Treasury** \$ 207.10

A taxi on the Sunshine Coast averages 200,000km per year it uses 11.5ltrs per 100km

the sum $11.5 \times 10 \text{ to equal } 1000\text{km} \times 200\text{k} = 23,000\text{ltrs of petrol} \times .835 \text{ rebate} = \1920.50 costing Qld \$ 1,920.50

lets say that taxi is an AU highway cycle using 8.5 ltr per 100kl = 85ltrs per 1000 x 150k = 12,750ltrs

$12,750 \times .835 \text{ petrol rebate} = \$1,064.00$ costing Qld \$1,064.00

The Taxi claims his gst back on his LPG so there is no GST to gain.