



LONGREACH SHIRE COUNCIL

96A Eagle Street
Longreach Qld 4730
PO Box 472
ABN 81 148 340 932

Telephone: 07 4658 4111
Facsimile: 07 4658 4116
Email: ceo@longreach.qld.gov.au

RECEIVED

05 DEC 2005

**IMPACT OF PETROL PRICING
SELECT COMMITTEE**

Enquiries: Fred de Waard
Telephone: 4658 4115
Our Ref: G4 FDW:jb 47434
Your Ref:

29 November 2005

Mr. Rob Hansen
Research Director
Impact of Petrol Pricing Select Committee
Queensland Parliamentary Service
Cnr George and Alice Streets
BRISBANE QLD 4000

Dear Mr Hansen,

Re: Submission to Select Committee for the Impact of Petrol Pricing

Council has considered the brief of the above committee and directed that you be advised of Council's position as follows:-

Terms of Reference No. 1 – Consider the extent to which current petrol price increases the competitiveness of alternative fuels such as E-10.

Longreach Shire Council is an inland Western Queensland local government and alternative fuel sources such as E10 would be welcome as a blend to fuels providing it was economically viable and there was a guaranteed supply. It is understood that storage tanks must be thoroughly cleaned before accepting blended E10 fuel and contamination in storage tanks may be an ongoing issue. Additionally it has been said that diesel engines require certain modification before diesahol can be safely used.

Council would benefit more if it was able to purchase diesel fuel direct from Cadapan, south west of Windorah rather than such diesel fuel having to be trucked from Cadapan through Longreach to Emerald and then transported back to Longreach as Council can only currently purchase its diesel fuel from Emerald. The fuel presently is transported some 1,440 kms whereas that could be reduced to only 580kms. This should be encouraged for the obvious reasons of savings to Council, and less wear and tear to roads.

The alternative fuel source of Thermal Hot Rock Energy, whilst not proposed for motor vehicles, has enormous potential for power generation and would provide major savings wherever it replaced oil fired power stations. These issues along with Solar Power, Hydrogen, LPG and electric vehicles require a push and funding from Government to ensure research and development.

Terms of Reference No. 2 – Identify the economic and financial consequences of current fuel prices, with a particular emphasis on regional Queensland and outer metropolitan areas.

Total fuel usage in Longreach Shire for the 2004/05 year was in excess of 450,000 litres for a total cost of \$454,500.00 (450,000 litres @ \$1.01/litre).

The price paid for diesel from 1st July 2005 to 27th November 2005 has ranged between \$1.27 - \$1.33 litre or an average of \$1.30/litre.

Based on the usage of 450,000 litres during 2004/05, this Council can expect to pay an additional \$130,500.00 during 2005/06 (450,000 litres @ 0.29/litre – being the difference between \$1.30 and \$1.01).

Councils total rate revenue is some \$3.5 Million (Net) therefore a 3.7% increase would be needed to just meet the extra fuel cost. The 2005/06 overall rate increase for Council rates and Charges (roughly the Consumer Price Index rise) certainly was not able to pick up the shortfall generated by the increase in fuel prices. The result is a reduced service delivery capacity for Council.

Whilst the one vote, one value rule might apply in certain situations, the enormous areas and travel distances to contend with in western Queensland can not be avoided with many people in the Longreach community regularly travelling around 40,000 kms each year. The wealth created in western and north/north west Queensland through agriculture, livestock and mining represents over 50% of the State governments revenue. If the same per capita rule applied to this scenario, as does the distribution of funding for roads, health, education etc., then people in rural Queensland would receive a far greater share of Government funding.

Terms of Reference No. 3 – Identify practical ways that consumers can reduce their petrol bills, including through considering whether existing information on the fuel efficiency of different makes of motor vehicles is sufficient.

An intending buyer of any motor vehicle ought to inform themselves of the economy of the vehicle before purchase, if indeed such is of concern. It is recognised that a reduction in travel speed from 100kph to 90kph will generally save 5% - 10% in fuel. In this region however, when trips are often of duration of over several hours, reductions in speed lengthens those trips and can lead to increased fatigue and resultant increases in accidents.

Terms of Reference No. 4 – Consider the extent to which recent fuel increases could be moderated through enhanced domestic competition, including how the Australian Competition and Consumer Commission powers could be strengthened to deliver enhanced competition.

No comment

Terms of Reference No. 5 – Examine whether Queensland receives its fair share of road funding.

Given the variables in road length, road conditions, traffic volumes (and population to a lesser degree), the general population perceives that Queensland, or more particularly those areas outside of the highly populated south east corner, does not receive a fair share of funding. As one of the more highly decentralised states in Australia greater road lengths are required to be maintained and a proportionally higher level of road funding is required.

Terms of Reference No. 6 – Identify the capacity and benefits of the Federal Government reducing fuel excise to ameliorate the impact of high fuel prices on families and business.

Unless the Federal Government is prepared to reduce the fuel excise by say 30 – 40 cents per litre, the effect is rather meaningless. An average family driving an average 25,000 kms per annum at say 9kms/litre would save between \$833.00 - \$1,111.00 (2,777 litres @ 30c – 40c) in addition to other indirect costs.

Terms of Reference No. 7 – Identify whether Queensland motorists are receiving the full benefit of the 8.354 cents per litre subsidy and examine the efficiency of administration for the bulk end users scheme.

Council does have a fairly large administrative task in claiming the fuel rebate however no comment is made in relation to benefits to Queensland motorists.

In closing I apologise for the Mayor and Relieving Chief Executive Officer who both had intended to take part in the public inquiry in Longreach on 14th November 2005 however both were out of town and unfortunately were delayed well beyond the inquiry.

Further information or enquiries can be directed to the undersigned.

Yours faithfully,



Fred de Waard

Chief Executive Officer