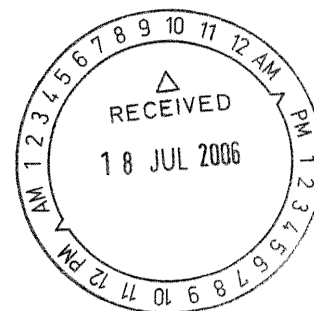


The Senate Economics Legislation Committee,
The Senate,
P.O. Box 6100,
Parliament House,
Canberra,
ACT, 2600



Re: PETROL PRICING

I wish to submit the following under category [e] of the Senate Enquiry- "Any other related matters".

My particular concerns are the price of DIESEL compared with Petrol and the effects of inflated Diesel prices on rural and isolated communities. For many years the price of Diesel was lower than Petrol, the reason given by the fuel companies being that it was cheaper to refine. Diesel motors being more efficient, (although slower and more expensive) many people, particularly in remote areas, had diesels as their preferred transport.

My two points are:

1. About two years ago, the price of diesel at the pumps leapt above the price of petrol by about the same amount as it was previously below it.

My enquiries through the RACQ brought the spurious response (from Shell, I think) that less people buy diesel than petrol but the operators still had to store it and so had to price it more highly.

As a publican, if I tried to apply the same policy, my customers would desert me, but then, I don't control the market.

I believe that the real reason for the price hike in diesel was the comparatively recent development in Europe of more efficient and powerful (quicker) Diesel motor cars. The Oil Companies foresaw a potential drop in revenue when the vehicles arrive in Australia and so inflated the diesel price early to ensure that we would become accustomed to it being more expensive than petrol.

Incidentally, but importantly, Diesel in Europe is CHEAPER than Petrol. I also wonder whether the development of Bio- Diesel and Ethanol fuels has contributed to this decision by the Oil Companies.

2. People living and working in rural and remote areas already pay higher prices for fuel than urban dwellers without having the luxury of public transport, of waiting for low points in price fluctuations or choice of outlet.

Additionally, these people have to cope with inferior roads, long distances (to the doctor, shopping, repairs and such). Many of them require a robust vehicle, reliable and capable of carrying loads. This means that utility vehicles, Station wagons and 4WDs with Diesel motors are almost mandatory for many.

Primary Producers, I believe, receive a Diesel rebate because it is considered essential for them to derive an income. But many others don't have this opportunity.

Many of the owners of Diesel vehicles in remote and rural areas are workers and very small business owners who are suffering a double blow due to the increase in the Diesel price. As well as the increased Diesel costs, they face a dramatic reduction in the value of their vehicle. Maybe the drivers of "Toorak Tractors" can afford such a loss but many of these rural people earn little more than a basic wage. To them, it is a huge blow.

I know that the Fuel Companies don't care and I suspect that our Federal and State Governments don't either. Maybe the Senate does. I thank you for the opportunity to make this submission, which in essence is to request that you investigate:

Why the price of diesel took a sudden leap above petrol, especially since it is cheaper than petrol in other countries.

What should the relationship between Diesel and Petrol prices be in Australia.
Should people working and living in remote areas be entitled to a Diesel Rebate

Terry Willshire
