

Sent: Tuesday, 22 August 2006 9:22 PM
To: RRAT, Committee (SEN)
Subject: Fuel submission

Dear Sir/Madam

Please refer to my comments below regarding the cost of fuel.

Regards

Neville Pitt

Whenever the media reports about fuel prices it is always about petrol. This is misleading. I ask that this be changed to FUEL.

Liquid Petroleum Gas (LPG) is among the cleanest burning and least polluting fuel. It is sourced from both Australian wells and as a bi- product of refining crude oil. It is sold from Australia in volumes beyond our comprehension to world markets in long-term contracts for less than ten cents/litre. Liquid natural gas (LNG) is sold on an even greater scale for less.

For twenty years, I have safely and most importantly economically used LPG/petrol (almost solely LPG) on my 6-cylinder Ford Falcon (non fuel-injected, tuned impeccably) and towed on annual leave a medium-sized caravan over much of the country. Today I drive a fuel-efficient diesel 4WD automatic, which I often tow with.

My wife runs a 2000 Hyundai automatic which is extremely fuel efficient, but my two tonne diesel uses about 15% more fuel overall. The bulk of the Australian adult population are motorists and we are taxed from both state and federal governments at never-reducing exorbitant levels. We detest the current prices of all fuel - LPG, petrol and diesel. To exacerbate this, many politicians (both state and federal) have vested interests, with significant shareholdings in mining, natural resource and oil companies, whilst some are even board members of these companies.

Within Australia, LPG is grossly overpriced and under-utilised. There should hardly be a motor vehicle (including diesels) not using it. In Australia we already have a highly competitive efficient LPG tank manufacturing industry. These should be directed (with monetary incentives) to develop more and better-shaped LPG tanks of realistic capacity to efficiently fit a range of vehicles. The LPG tanks would not infringe on the existing boot volume of sedans or wagons. Ford is currently the only local carmaker using a version of more compact LPG tanks, but more needs to be done - especially considering the spare wheel location in sedan boots. Their engines are upgraded, efficiency-wise, to be close to their petrol counterparts, but more needs to be done. The new more varied, shaped and sized LPG tanks would be invaluable to our large fully accredited LPG installation industry. This would promote more employment and extra growth.

In South Australia, Global Fuel Solutions (1800 805 993 or 08 8340 2366) has developed and installed LPG into diesel engines. This uses 15% to 20% LPG which saves 20% to 25% of diesel usage. This doubles engine oil life and extends the life of the engine. The emissions are greatly reduced, power is up marginally and fuel costs are also reduced. Monetary incentives to convert diesel engines to a proportion of LPG should also be offered as with petrol to LPG conversions. Our road transport industry could benefit greatly.

More competition, incentives and development is needed. At some stage almost all goods are transported by road. We all pay for this with everything we buy. These costs are compounded many times, which is highly inflationary and counter-productive.

Within Australia, the overall use by volume of petrol and diesel is almost identical. Unfortunately with diesel, huge mining, shipping and transport companies buy diesel in bulk. The price and competition is not reflected at the local bowser. With cleaner diesel fuel now available and continually improving, many car makers are selling very clean burning and highly efficient diesel vehicles, at premium prices over petrol equivalents, with more to come. In Europe, many countries have more than 50% diesel vehicles actively used - mostly efficient modern types. In Melbourne this year it is common to see diesel fuel priced 15 cents/litre above petrol. If you venture 50km away from the city and beyond in regional Victoria, add another 10 - 15 cents per litre. Both metropolitan residents venturing into the country, and country people often traveling greater distances (through necessity), the exorbitant cost of fuels is demoralizing. Fuel discounting is almost non-existent in country areas.

LPG bottled gas (used in country areas for cooking and heating) is almost prohibitive - being exorbitantly priced, over-and-above expensive vehicle LPG.

In May 2006 I traveled to Alice Springs in the Northern Territory. For diesel, I paid \$1.45/litre; 200kms south at Erldunda, \$1.77/litre; 500kms west at Kintore \$1.97/litre. Currently petrol in Melbourne, as with diesel, is 50% more per litre cost-wise that one year ago. LPG is currently 80% more expensive than a year ago.

LPG by government regulation is geared to adopt excise of 12.5cents per litre by 2015. This is counter-productive, cost-prohibitive and environmentally unsound. Petrol GST should be abolished and excise reduced to the same as the rebate of large transport companies. This will reflect a bowser price substantially below that of petrol.