



RACHEL NOLAN MP

Member for Ipswich

Booval Professional Centre
125 Brisbane Rd BOOVAL

PO Box 98
BOOVAL Q 4304

Ph: 3202 3452
Fax: 3202 4778

Email:
ipswich@parliament.qld.gov.au

16 August 2005

BUY A SMALL CAR – PETROL PRICES ARE ONLY GOING TO GET HIGHER

Member for Ipswich Rachel Nolan today warned local people to buy a small car for their next vehicle, saying there was nothing to suggest that petrol prices would do anything but get higher in the months and years ahead.

“Our economic growth is fuelled by petrol prices which are cheaper than those of many other countries and we are hugely reliant on having our own – often big – car.

“In the ten years to 1993 the number of cars on Australian roads increased 25% to 13.2 million vehicles. At the same we’ve had a love affair with four wheel drives with the proportion of 4WD sales increasing from 12% of the market to 17%.

“The problem with that is no new major oil fields have been found for 35 years,” Ms Nolan said.

“While petrol prices will fluctuate in the short term, the price overall is a simple function of supply and demand and what we do know is that international demand is growing and that there’s insufficient new supply coming on line to meet that demand.

“That means that petrol prices will go up. In the last two years the world oil price has climbed from US\$25 a barrel to the current record US\$65 a barrel it reached on Monday. Just a couple of months ago, international financiers Goldman Sachs predicted it would soon rise to US\$105 a barrel.

“This is hard stuff to say in politics because nobody wants to hear it but the fact is that the world oil price is not going to come down in the long term. The only way for people to save money is to buy smaller fuel-efficient cars.

“Australia is one of the world’s most urbanised countries which means that for most of the people most of the time a four wheel drive is complete overkill. We can afford that overkill when petrol is 75cents a litre but it’s much harder when it’s \$1.50.

“It’s no good calling on governments to fix the price. The Queensland Government already subsidises fuel to the tune of 8.3cents a litre – something we are committed to continuing. The Federal Government could reduce its fuel excise but the underlying world price would still keep going up.

“The only way to deal with the hike in fuel prices is to use less fuel and we will all have to get used to that by using smaller cars and driving fewer miles.”