

TRANSCRIPT

ECONOMIC, EDUCATION, JOBS AND SKILLS COMMITTEE

Inquiry into fuel prices in regional Victoria

Melbourne — 13 November 2017

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Mr Eric Siegers, Economic Development Coordinator, Rural City of Wangaratta.

The CHAIR — Good afternoon, Eric. Allow me to read the formality before we start. Welcome to the public hearing for the Economic, Education, Jobs and Skills Committee’s Inquiry into fuel prices in regional Victoria. All evidence taken at this hearing is protected by parliamentary privilege. Any comments you make outside the hearing are not afforded such privilege. Hansard is recording today’s proceedings. We will provide a proof version of the Hansard transcript so you can correct any typographical errors. Eric, before you make your statement, can you please state your name for the Hansard record and then give us some time so we can ask some questions? Welcome.

Mr SIEGERS — Thank you very much. My name is Eric Siegers. I am the Economic Development Coordinator for the Rural City of Wangaratta. At this point in time we would just welcome any questions from the Committee.

The CHAIR — Your submission mentions that high fuel prices affect access to education in your region. What other services and opportunities for residents are affected?

Mr SIEGERS — That is actually a fairly difficult question, given the environment in which we find ourselves at the moment. Other services that are affected are obviously things like health services for many of the residents in a rural city, where they have to travel distances to the city to receive that service, whether it be for specialist services or things like that. They do in actual fact have to pay a lot for fuel to actually arrive at that location, but that is not necessarily something that is tied specifically to the cost of the fuel. That is more symptomatic of the fact that the services are generally not available. So it is difficult to sort of now tease out what is purely a fuel price factor versus an availability of service factor. That has been a very difficult facet in our response to the inquiry, because while we do see that there are some differences between regional and metropolitan pricing, at the end of the day many of the issues are tied up with availability of services within the region versus the availability within a metropolitan region, which in actual fact ties the two together.

As far as when the education is within the region, because the public transport is not available for students to take a bus, say across to Shepparton to do some specific studies in health care or to go to Wodonga to the college there for some of the construction training, they do have higher costs of fuel to get to their education. For someone on a student income it is difficult to actually afford that. The higher prices obviously are again symptomatic of the fact that the lack of availability of services is as much an issue as is the price of the fuel itself.

The CHAIR — Have the high fuel prices in Wangaratta affected local businesses and employment?

Mr SIEGERS — Since we put in the submission we have had the opportunity to talk to more of the local businesses. High fuel prices on their own, probably not, because the issue with regards to fuel prices has started to become sort of a normalised process now where people have accepted the higher prices, whereas when the prices were around a dollar everyone was merging up, going, ‘Oh, my goodness. What are we going to do? A dollar. It’s moving to \$1.10’. And now it is status quo and it is \$1.30. People have moved on and relatively quickly and sort of gone, ‘Okay, this is part of doing business’. It makes it more expensive and less competitive for the businesses and makes it harder for some of the businesses—for instance, those that are shipping materials back into Melbourne and there I am thinking of the truss plants, people who do construction materials back into Melbourne.

But having said that, for them the issue at the moment is making sure that they are time competitive. While fuel is one of the cost factors, the other issue is then time. The challenge that we have when we are looking at fuel prices now—and this is the feedback that we are getting from businesses—is: does the fuel price actually not hinder but make it less likely that they will get their products to market in a timely manner? And it seems that that has reached a new plateau for the moment. Since this investigation began probably in June–July, there has been an apparent normalisation of acceptance of the higher prices because people want to get on with the business. Hopefully I have answered the question there.

Mr CRISP — Eric, I am going to talk around the mandatory fuel price reporting and some of the various apps and websites. I note from your submission that you have noted that fuel price apps and websites are not very useful for regional residents because there is often too little price difference between retailers in the same town, it is not always viable for residents to go to another town, and also you have some limited internet access issues as well. Can you talk a little more about that, because there are a number of apps out there but their usefulness in the country versus the city is something I would appreciate your thoughts on.

Mr SIEGERS — The app in the city is a great idea, because you have got any number of retail outlets just down the road. For someone living in Melbourne going 10 kilometres, we have opened up an opportunity of at least 20 to 30 stations being in that radius. You do not have that here in the city of Wangaratta, for instance. In the city of Wangaratta we have got, I think, four petrol stations and probably not another one until you get to Myrtleford, which is outside the rural city. Then I do not think there is actually one down in Moyhu, and then you get across to Benalla. So an app that tells you prices are cheaper in Benalla, unless it is, you know, a dollar cheaper, probably will not actually trigger any sort of interest because for, you know, 10 cents, I will use that up in the petrol driving over there and then back. So there is no true value in chasing a lower price for a couple of cents unless it is a significant cost saving. We have got such a low density of retail outlets in the regional areas, you just do not have that price competition opportunity as you do within the city, because 10 kilometres in the city carries a number of different outlets versus the 10 kilometres in, say, Wangaratta, where you have got three versus probably 15 to 20 in the city. People are travelling anyway, so the app will not give them any better indication of a cheaper price just down the road.

That said, I think one of the things that people are definitely confused about is: what is the value of the pricing? Do they get value out of having high prices? Does it contribute to either road surfaces or health care? A question that we often get is: if the prices are high, is that fed back into the economy? That raises a whole different question, which is: do you want to share that information about whether the tax that is charged on fuel benefits the community in some way, shape or form? That is one of the questions that we have been getting, but I think that is one of those ‘nice to have’ rather than ‘need to have’ types of pieces of feedback that the community would expect.

Mr CRISP — Building on that, do you notice in your community that they are aware of all the factors that influence regional fuel prices, and what do you think could be done to improve the public’s understanding of fuel prices?

Mr SIEGERS — A lot of people in the country have their own businesses and a lot of them have got farming businesses. Just in the council itself many people have a farm and then supplement their farm income with the salary from their daytime job. They are very aware of pricing effect and the impact it has on their farm to run generators; to keep the milk cool, for those that do milking; and to pump water. Some of them have energy costs that are quite high. If they are using combustion engines, they use diesel. There is quite a high recognition of the pricing structures for fuel in the country because most people tend to be multidisciplined in both their both lifestyle and also work style.

As far as them not understanding the value of pricing or what goes into the pricing, most of them do, primarily because they have accountants who help them charge that back through their taxation accounts at the end of the year. I would hazard a guess that they would probably have a better understanding than most of their metropolitan counterparts, who just fill the tank and drive and forget. Pretty broad statement there, I guess, but the message there is that because so many people do have that external business, because they are in a rural community and they do have that outside business opportunity, they do have an awareness of the effects fuel has on their individual small businesses.

The CHAIR — Thank you, Eric. Is there anything you would like to add to the Committee?

Mr SIEGERS — Not that I can think of at the moment.

The CHAIR — What is the petrol price today then? How much a litre?

Mr SIEGERS — I filled up today at \$1.36 for 98. It is \$1.36 at the moment. It is \$1.34 at one of the other stations for 95. Diesel, I do not know.

The CHAIR — Eric, on behalf of the Committee, I would like to thank you for your time and contribution. Thank you very much.

Mr SIEGERS — You are more than welcome. Thank you for the opportunity.

Committee adjourned.