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Committee Secretary  
Senate Economics Legislation Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Committee Secretary,

**SUBMISSION TO INQUIRY INTO FUEL INDEXATION (ROAD FUNDING) BILL 2014  
AND 3 RELATED BILLS**

Thank you for the opportunity to lodge a submission to the Inquiry into four Bills relating to fuel indexation.

The National Growth Areas Alliance (NGAA) comprises of 25 local governments on the outskirts of the capital cities nationally. These and other similar areas house over 4m people and are growing at double the national rate.

Typically they are areas with relatively high car ownership, high expenditure on fuel, high mortgage costs and low incomes. There are less jobs and services available close to home and poorer public transport options. This means that vulnerability to fuel price rises is higher than for other parts of our capital cities.

The spatial impact of fuel costs on households has been well documented. One eminent example is Dodson and Sipe<sup>1</sup> from Griffith University, whose model for assessing oil and mortgage vulnerability (VAMPIRE Index) is now extremely well known and often quoted. It clearly demonstrates high levels of vulnerability on the outskirts of capital cities.

Fishman and Brennan<sup>2</sup>, drawing on Victorian Government travel survey data<sup>3</sup> and ABS data, have developed an oil vulnerability index for Melbourne. They have reached similar conclusions. They found that there is a clear correlation between fuel use and

<sup>1</sup> Dodson J., Sipe N., 2008 *Unsettling Suburbia: The new landscape of oil and mortgage vulnerability in Australian cities*, Urban Research Program Research Paper No. 17.

<sup>2</sup> Elliot Fishman, Institute for Sensible Transport. Tim Brennan, Monash University and Intern, Institute for Sensible Transport, *Oil Vulnerability in Melbourne*, November 2009

<sup>3</sup> Victorian Department of Transport's Victorian Integrated Survey of Travel and Activity (VISTA)

location with fuel use increasing with distance from the CBD. This pattern mirrors the patterns of income and public transport supply, both of which decrease with distance from the CBD. They conclude that Melbourne's outer suburbs are extremely vulnerable to oil price increases.

Residents in outer suburbs already pay a high price for living there. Even higher fuel prices, to still sit for hours on congested roads, will add to their burden as they do not have the available choices that others enjoy to use their cars less.

The cost of living will increase without improving its quality unless there is action to bring jobs closer to home and provide a range of transport options. If fuel indexation as countenanced is introduced, the proceeds should be spent where the impacts will affect large numbers of households. The disproportionate impacts on the outer suburbs should result in significant resources returning to those areas to contribute to providing the suite of transport solutions these areas sorely need.

Yours sincerely

**RUTH SPIELMAN  
EXECUTIVE OFFICER**