



Parliament of Australia
House of Representatives

IAN MACFARLANE MP
Federal Member for Groom
Shadow Minister for Energy and Resources

11 October, 2010

Mr Geoff Lake,
President,
Australian Local Government Association,
8 Geils Court,
Deakin ACT 2600.

Dear Mr Lake, *Geoff*

Thank you for your letter of 1 October advising me of the outcomes of your recent National General Assembly. You sought the Federal Opposition's position on two resolutions and I advise as follows:

Use of CNG

The Opposition believes there is real potential for the expanded use of CNG as a vehicle fuel. In the short to medium term however, logistic constraints relating to bulk gas transportation and storage and vehicle tank requirements will seriously limit this fuel's application to the broader domestic market. Its real and immediate application is with major heavy vehicle fleets operating from or between major depots, eg. the Brisbane City Council's and NSW State Transit's bus fleets. Australia's reserves of natural gas are immense and so the Opposition foresees no difficulty arising in Australia meeting growing domestic requirements and the continuing expansion of Australia's LNG export industry.

Peak Oil

There is little doubt that the availability of low cost conventional oil will decline over time. This is one reason why the production of or research and development into a wide range of alternative fuels (eg shale oil and gas, synthetics such as methanol, conventional gas and liquid fuels derived from gas) as well as fundamentally different approaches such as electric or fuel cell powered vehicles is underway across the world. The Opposition is confident that given the world's dependence on all forms of transport, market forces will ensure the development of appropriate technical solutions that also address the world's environmental requirements. The Opposition believes that an approach that encourages these parallel R&D streams without attempting to "pick winners" or otherwise skew the market with too narrowly targeted incentives, is the most appropriate one. It is also a simple reality that most of this R&D will be conducted overseas and that, as a medium- sized economy, Australia will be more of a follower than a leader in this field. We also await with interest the Gillard Government's Energy White Paper setting out its policies on this and associated matters, that was due for release in 2009.

Yours sincerely,

Ian Macfarlane MP
Shadow Minister for Energy & Resources

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