



We're there for you

**Senate Economics Legislation
Committee Inquiry into the Price of Petrol
in Australia
Presentation by RAC to Perth
Hearing
20 September 2006**

RAC Role



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- Consumer advocacy role with State and Federal Governments and industry on fuel issues
- Informing and educating our members on fuel issues

RAC Supports AAA Submission



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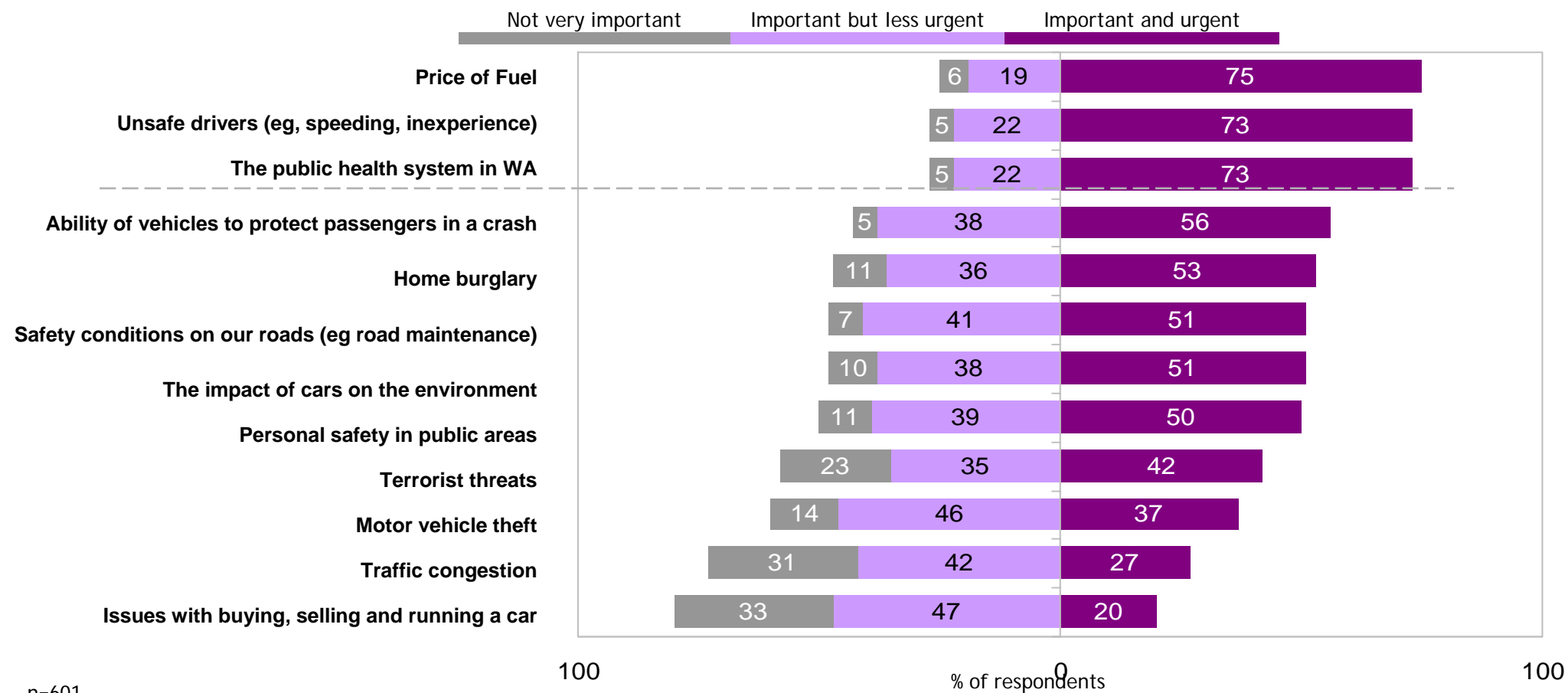
RAC agrees with AAA that :

- The federal government should acknowledge that higher petrol prices are not simply a function of higher oil prices.
- The ACCC should regularly report on the movements of fuel industry prices, costs and profits in all capital cities and regional areas.
- The government should ensure that the ACCC has adequate power under the Trade Practices Act to investigate anomalies and rectify problems in particular regional areas
- The government should use petrol tax revenue to make the road network safer.
- Fuel taxes should be remodelled to provide a more appropriate pricing of road use.

RAC Members are concerned about Fuel Prices



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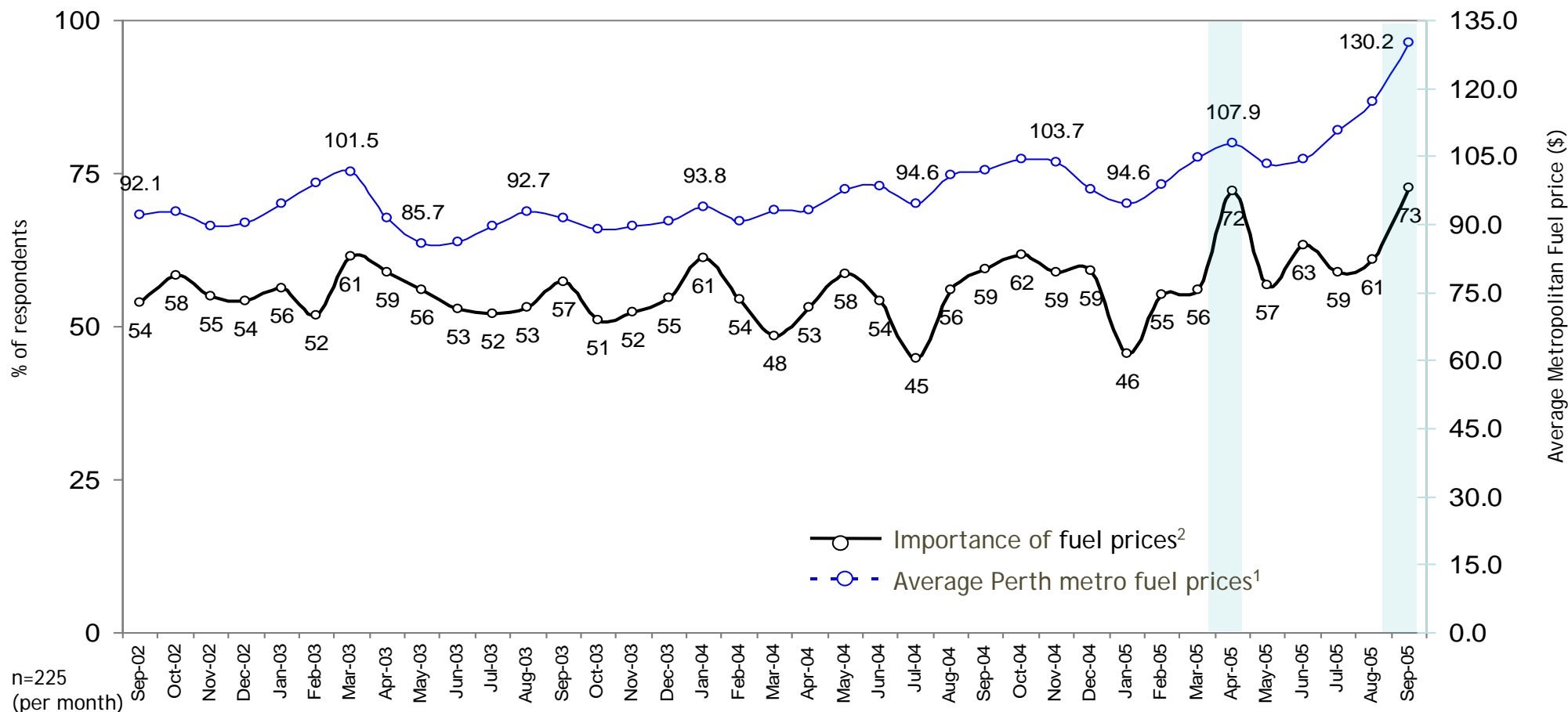


Q: Please tell me whether you think each issue is important to you personally and whether you feel it requires urgent attention (Survey 16-23 September 2005)

High Fuel Prices Provoke Concern (but it is short lived)



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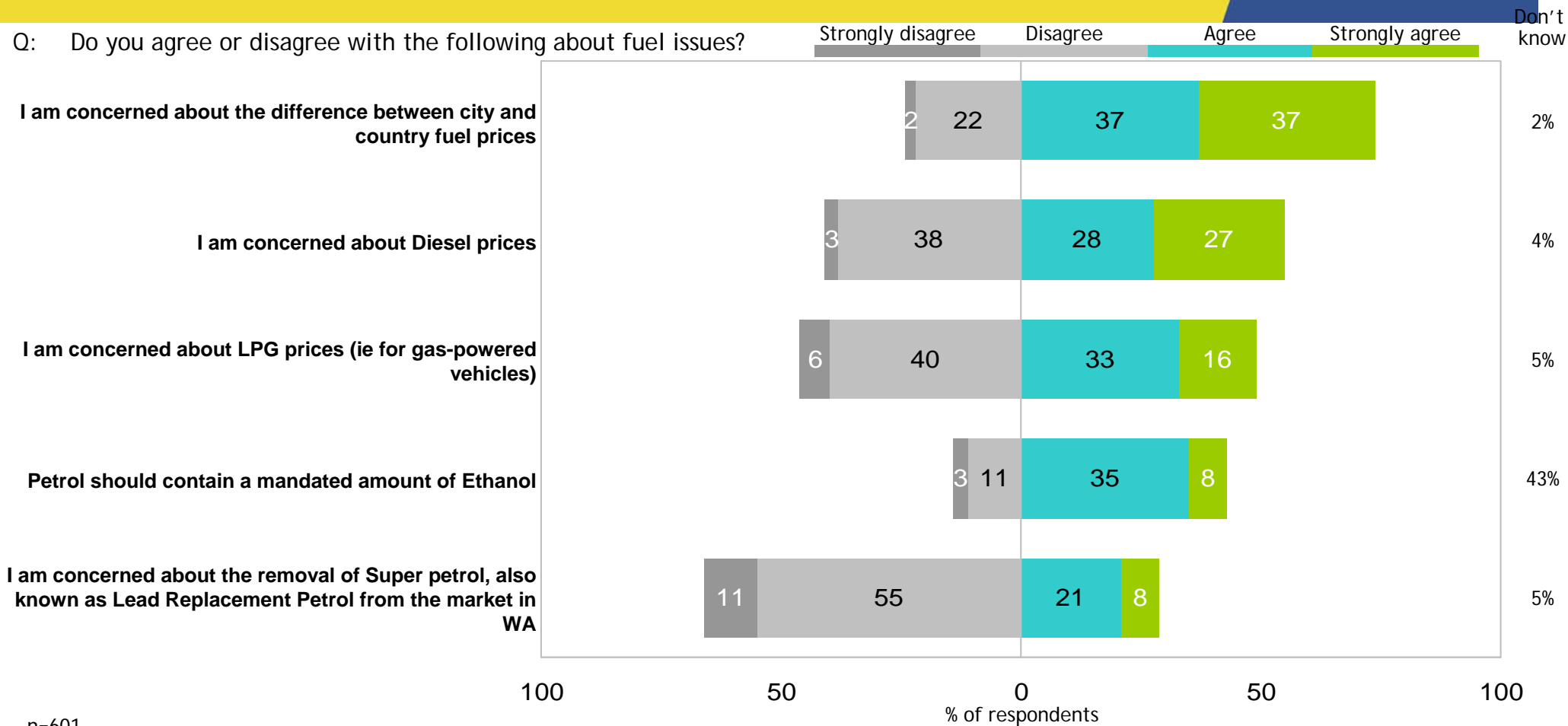


Concerns over fuel prices increased in response to two price spikes in April and September 2005
 (Sources: [1] FuelWatch [2] RAC Brand and Advertising Tracking Study)

The Fuel Issues in WA



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Across a range of prompted fuel issues, the overall community most commonly agreed they are concerned about city and country fuel price differences, particularly amongst residents in regional areas (93% overall agreement) compared to metropolitan areas (67%) (Surveyed 16-23 September 2005)

Term of Reference



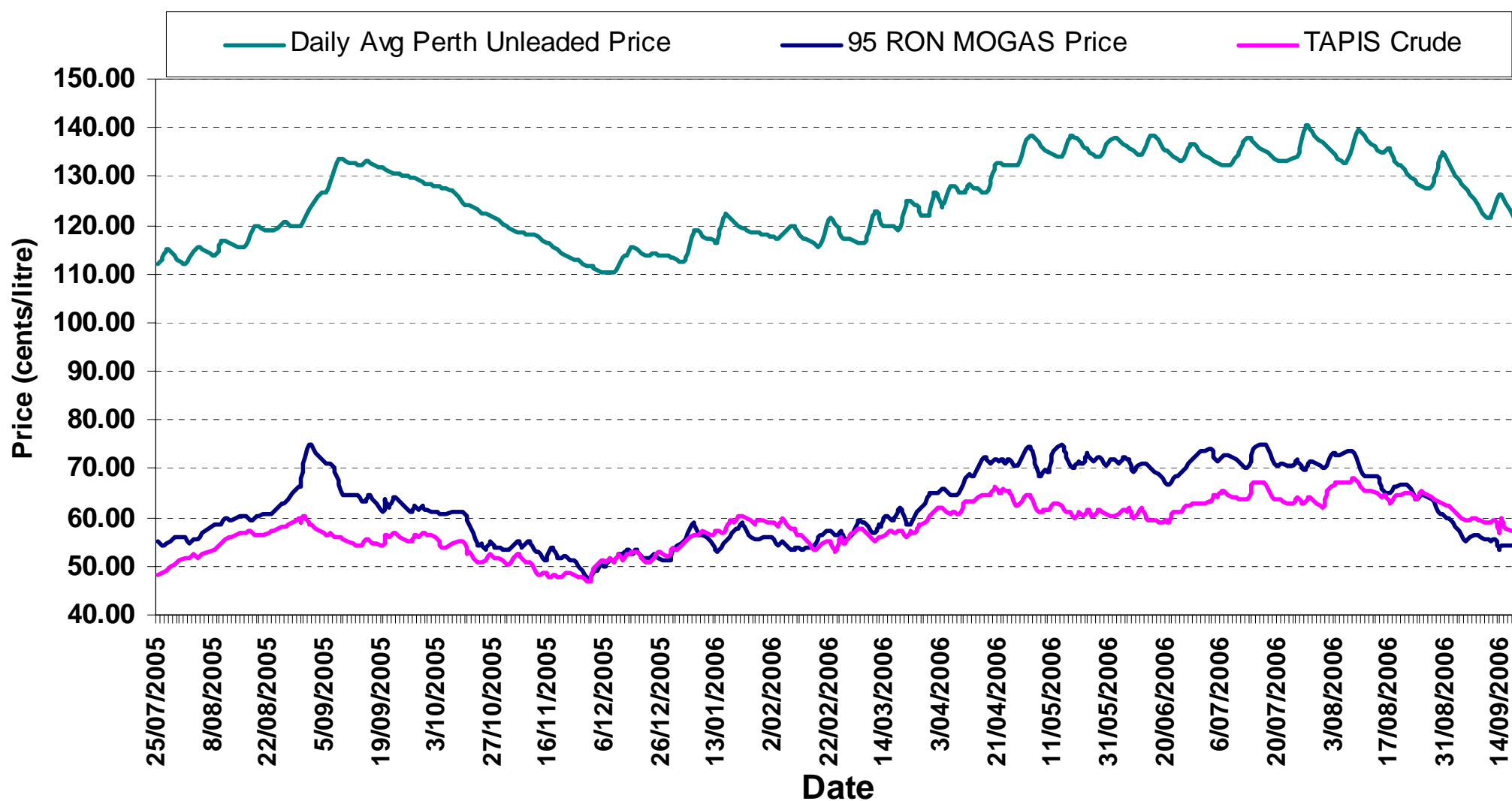
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- a) the relationship between the landed price of crude oil, refining costs, the wholesale price and the retail price of petrol

Perth ULP Prices follow Singapore Refinery Price of 95 RON Mogas



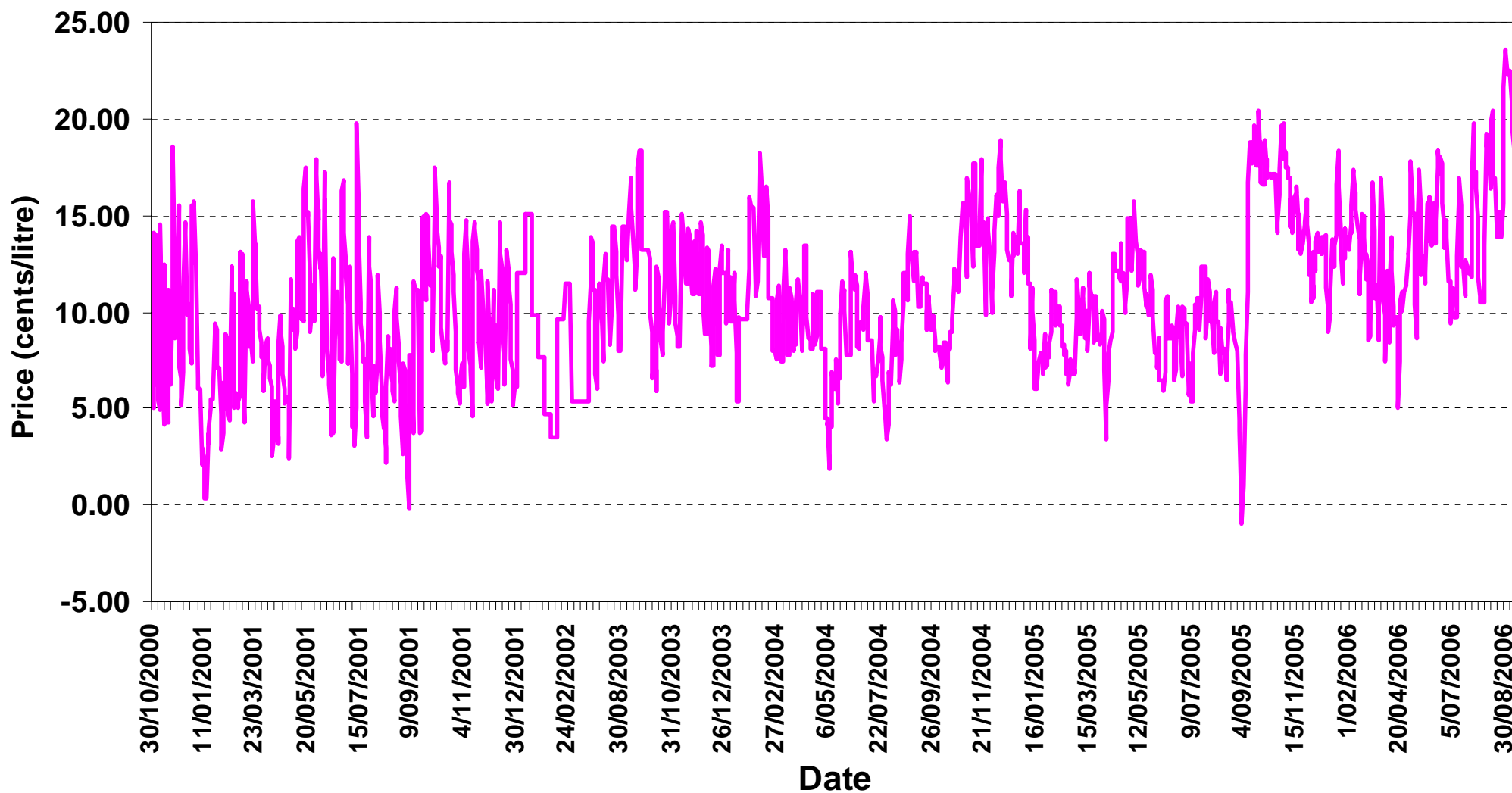
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However Perth ULP Margins are Increasing



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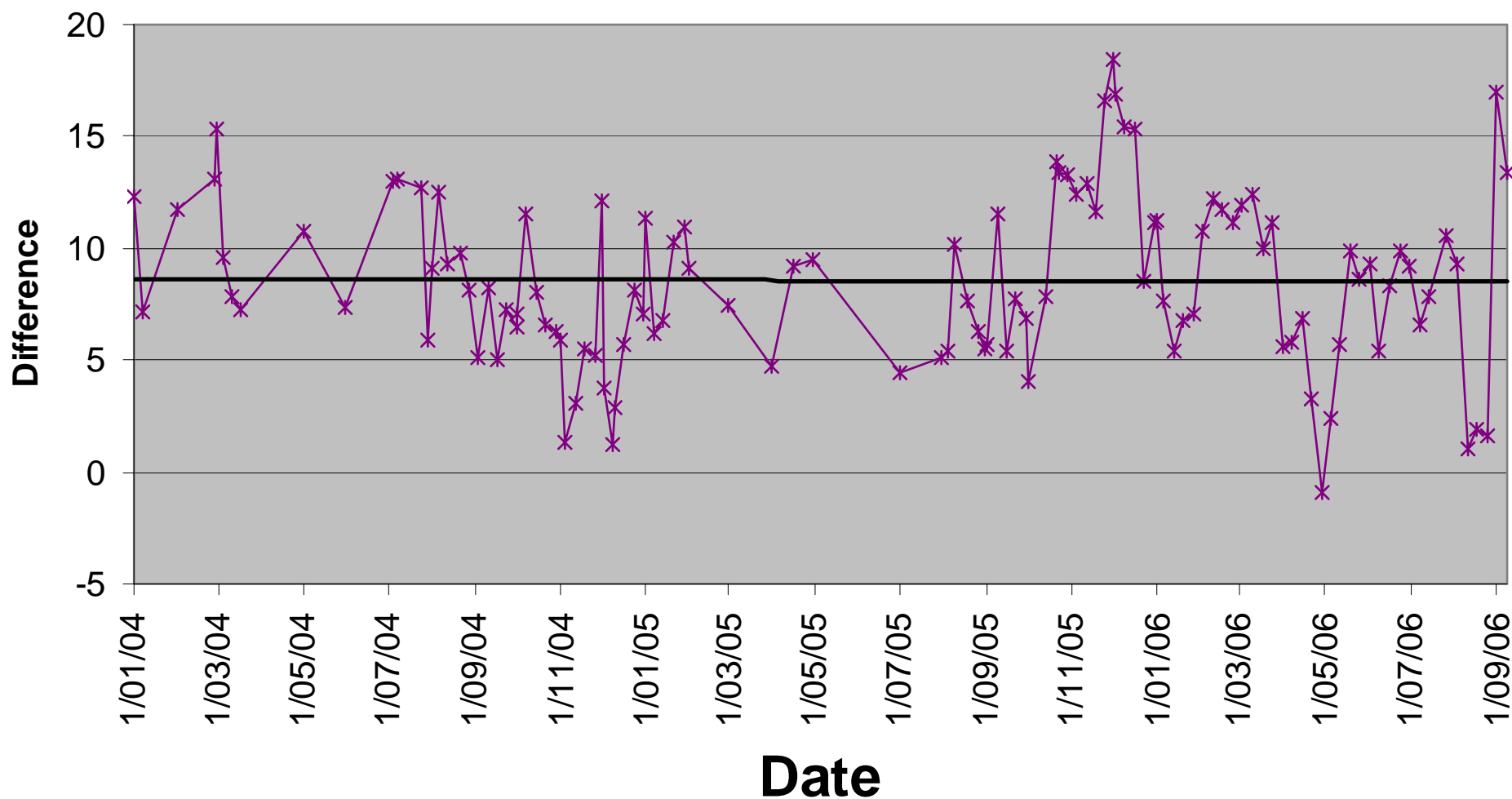
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b) Regional differences in the retail price of petrol



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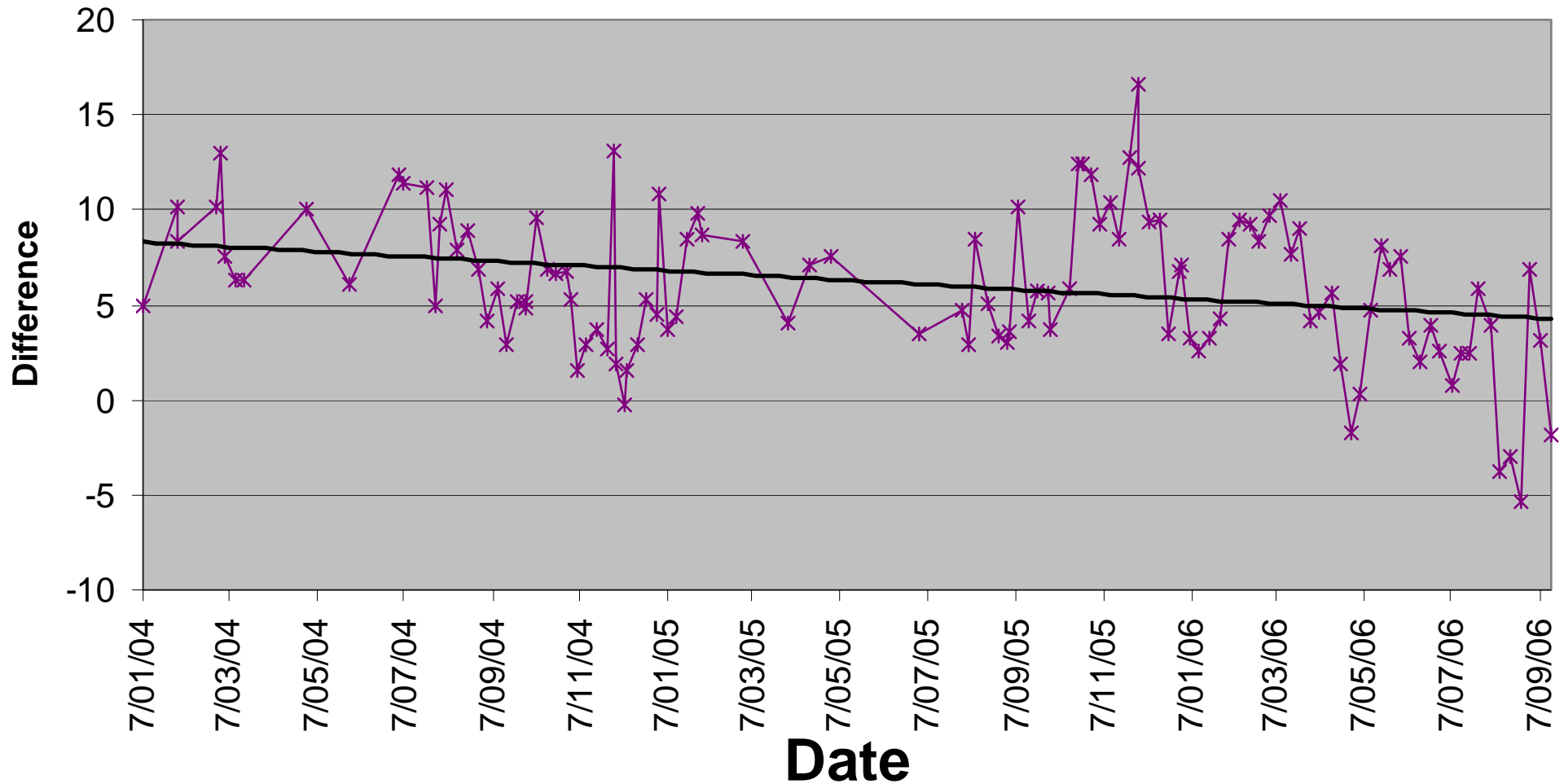
Albany/ Perth difference steady



Bunbury/ Perth Difference Declining



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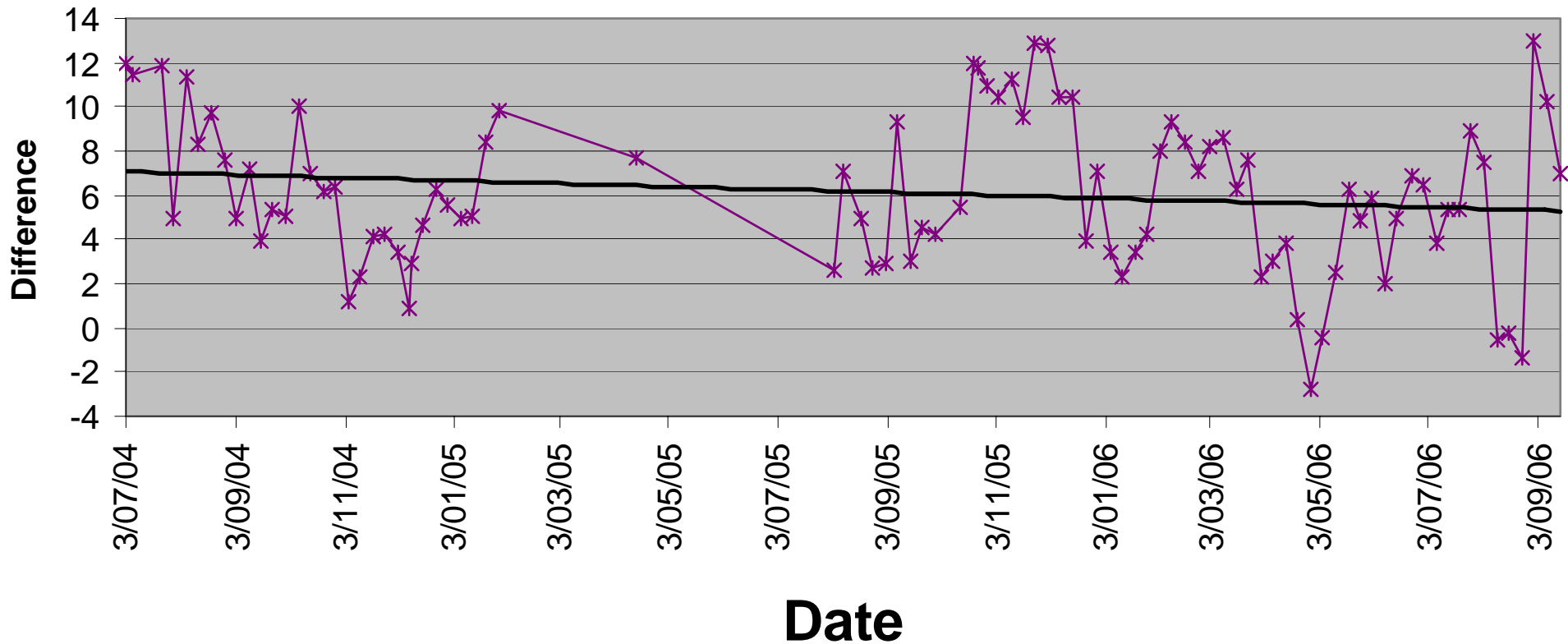


Busselton /Perth Difference Also Declining



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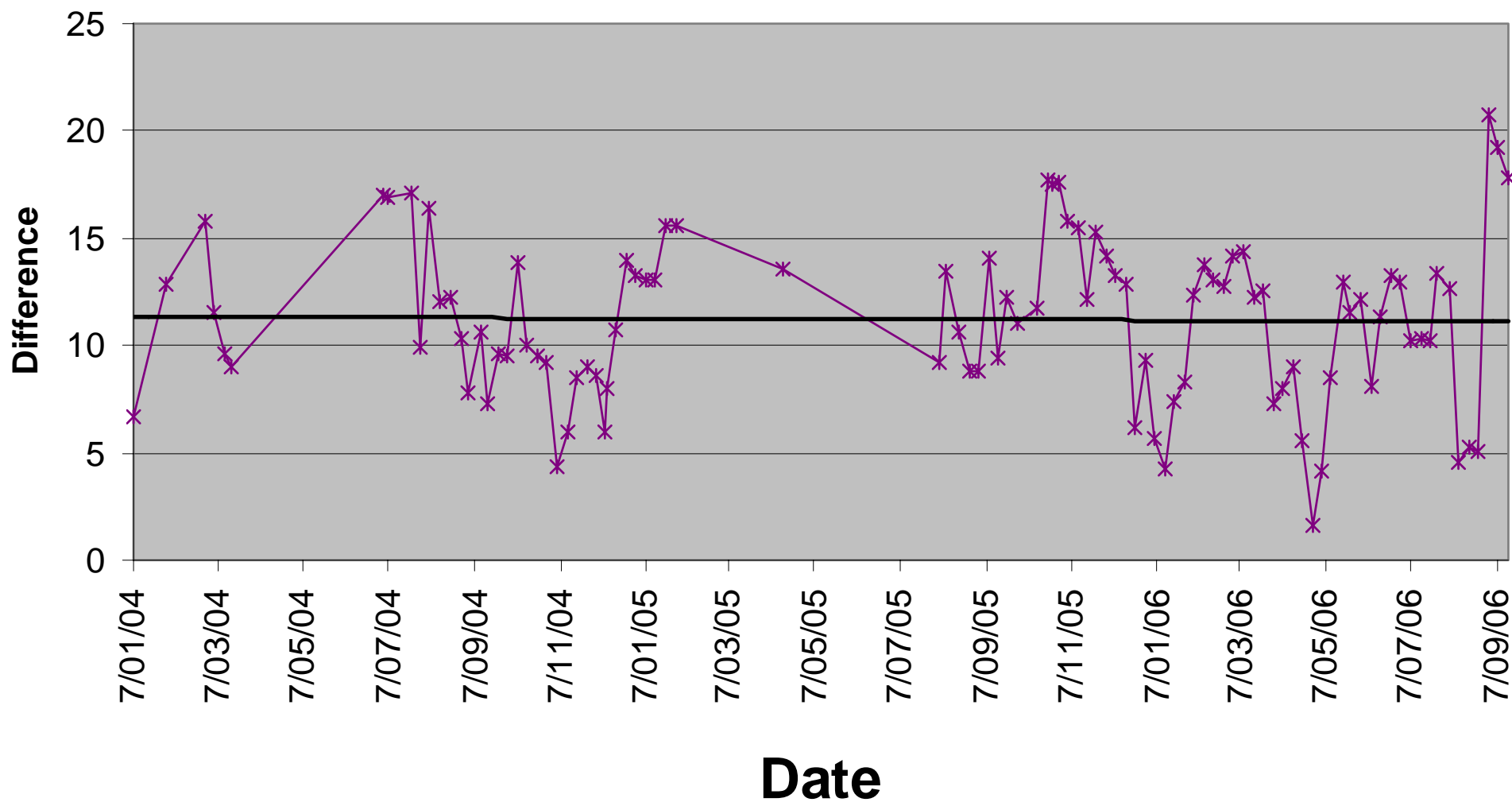
Busselton Price Difference



Geraldton/ Perth Difference Steady



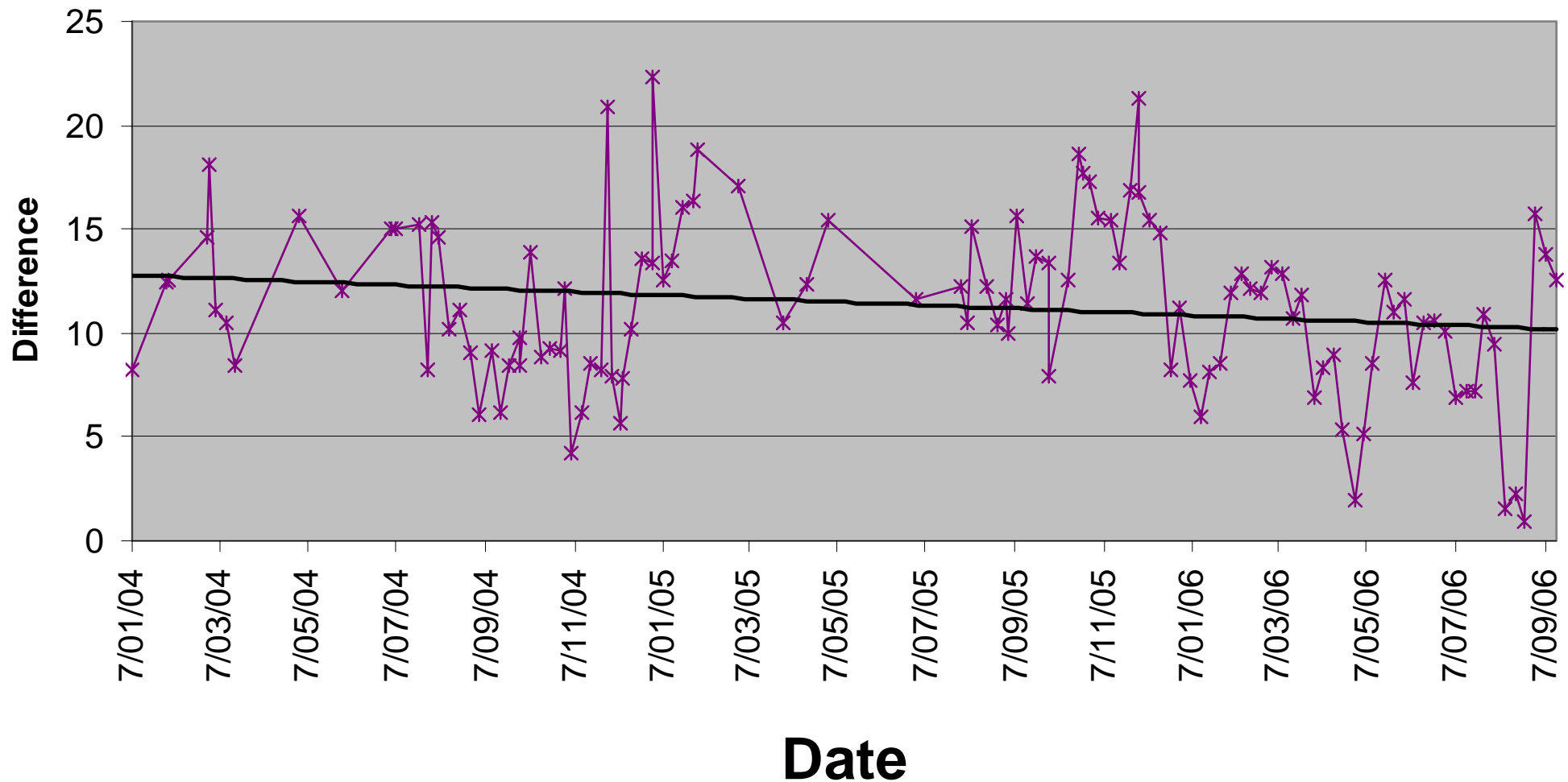
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Kalgoorlie/ Perth Difference is Declining



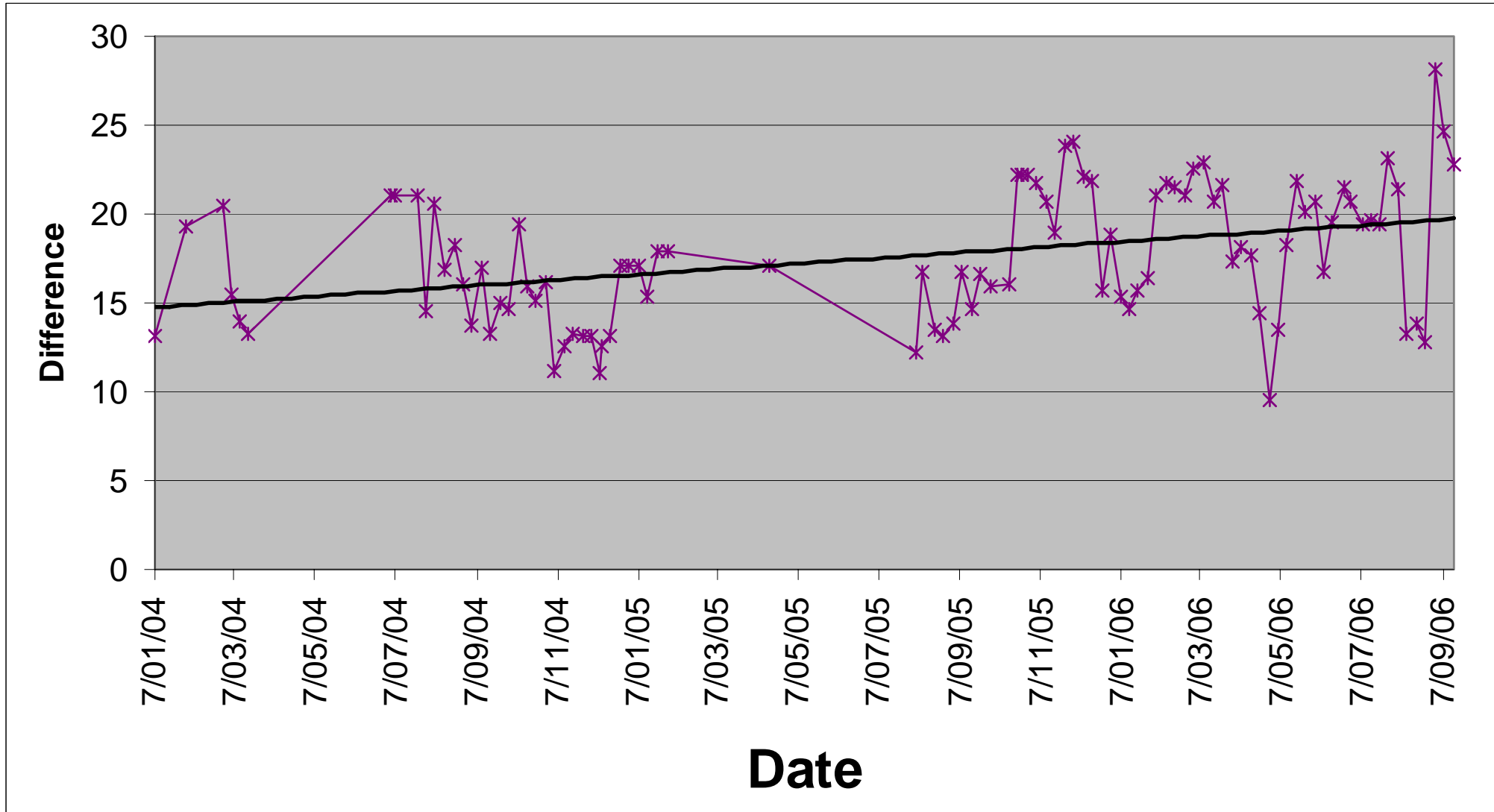
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Port Hedland/Perth Difference is Increasing



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RAC Findings on Regional ULP Prices



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- **Each region behaves differently and needs to be considered separately**
- **The differences are highly variable and need to be analysed over a long period to determine the trend**

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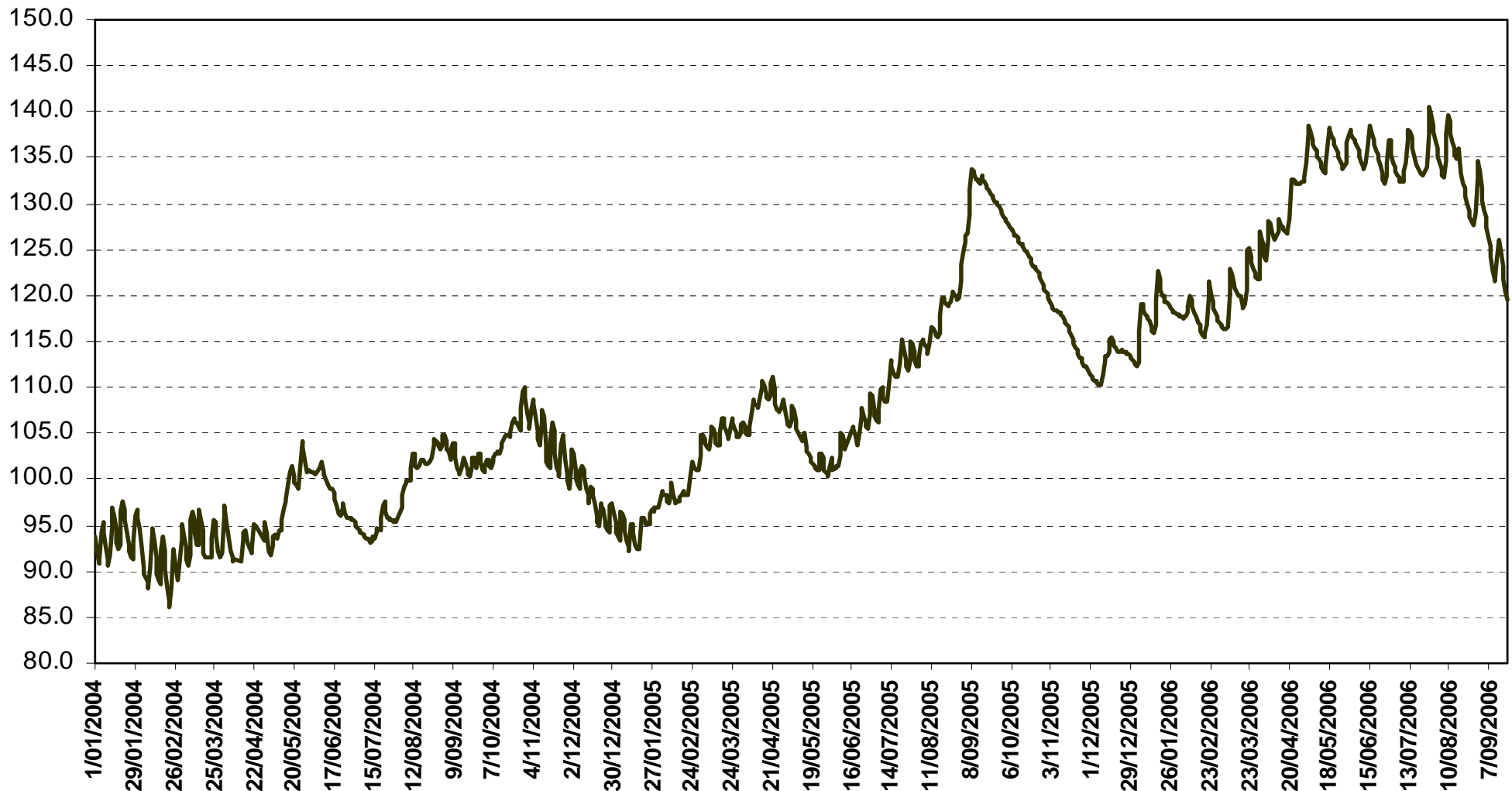
c) Variations in the retail price of petrol at particular times

Perth ULP Price is Volatile

(Data Jan 2004 to Sept 2006)



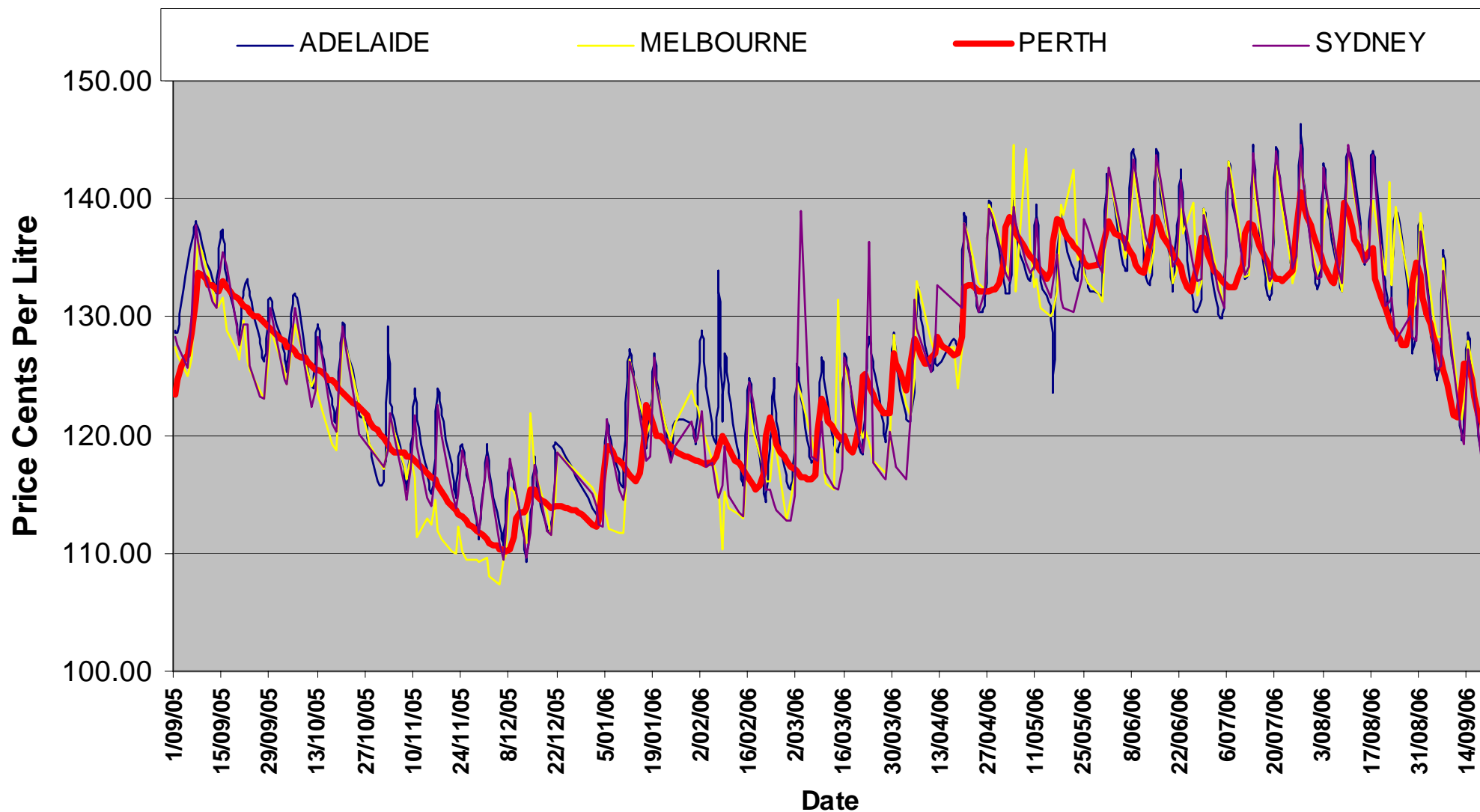
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Perth ULP Prices Varies in line with Other Mainland Capitals



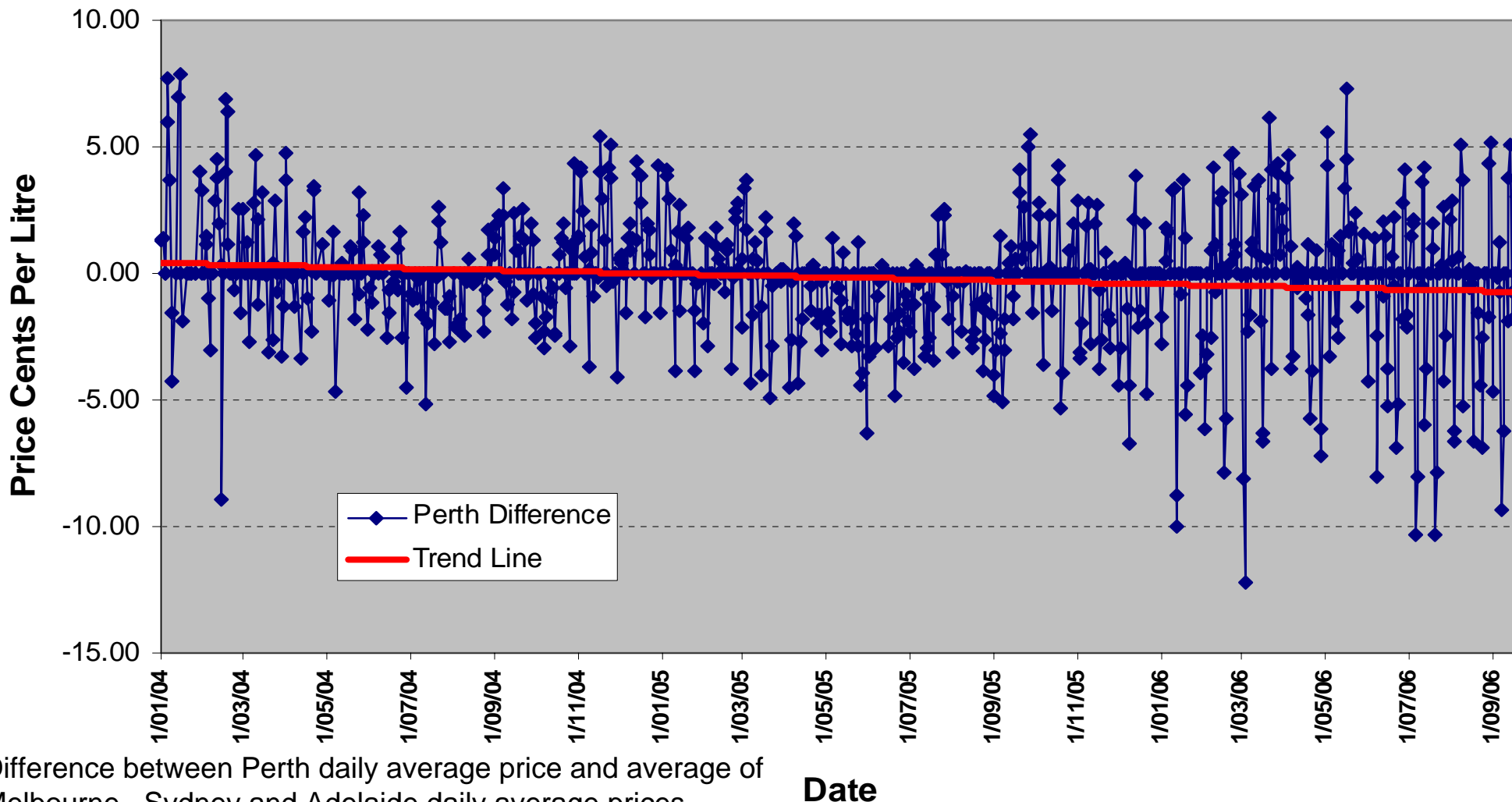
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Perth ULP Price is Little different to Sydney Melbourne or Adelaide



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Difference between Perth daily average price and average of Melbourne , Sydney and Adelaide daily average prices

Date

Term of reference



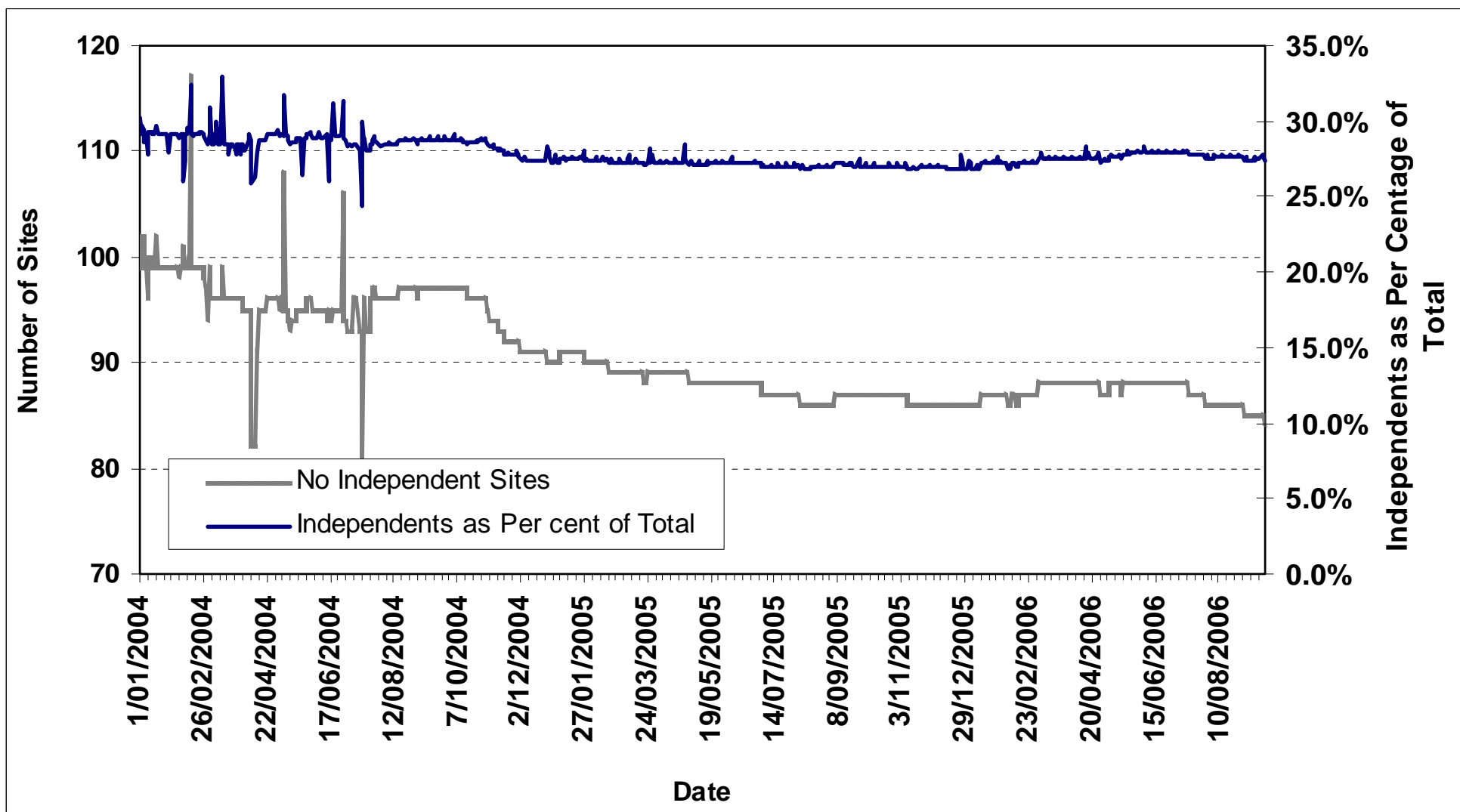
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d) The industry's integrated structure



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Independents are not Declining



Questions for the Oil Industry to Answer



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- **Why is Wholesale Margin increasing?**
- **Why are some regional price differences increasing?**



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RAC WA's Recommendations

- **ACCC should monitor retail and wholesale margins**
- **ACCC should monitor prices in regional centres separately (do not aggregate)**
- **ACCC should report on price anomalies**
- **ACC should act on anti-competitive behaviour**