

Secretary
Senate Economics Legislation Committee
Suite SG, 64 Parliament House
Canberra ACT 2600

Wednesday, 9 August 2006

SENATE ECONOMIC ENQUIRY ON FUEL PRICES

While watching Sky News Agenda programme on Thursday 3rd August 2006, discussion came up in regards to Petrol Prices, including statements by the president of the NRMA, the head of the ACCC and Sky News political reporter Davis Spears. I didn't expect public utterances like this to happen.

The head of the ACCC said he could not see how two oil companies quoting the same prices at the same time could be construed as collusion. He was quite sure it was pure coincidence.

Please note the following:

Mid-2005 crude oil price per barrel was \$60 US.

Mid-2006 crude oil price per barrel is \$76 US.

In other words an increase of 26%.

Mid 2005 Petrol pump prices for unleaded petrol was approximately \$0.83 per litre (depending on the day of purchase).

Mid-2006 petrol pump prices for unleaded petrol is approximately \$1.47 per litre (depending on day of purchase)

In other words – petrol pump price has risen to 77%.

However, if we do a slightly more careful calculation, we find a different picture:

	2005	2006
PUMP PRICE	\$0.83	\$1.47

Made up of the following

EXCISE	0.38	0.38
GST	0.08	0.15
RETAIL MARGIN	0.08	0.08
ACTUAL COST PER LITRE	0.29	0.86

Real % increase in the actual petrol price is 296.5%, which does not seem even slightly realistic against the 26% crude oil increase.

ACCC sees two oil companies having the same price at the same time as a coincidence, how about five oil companies, all carrying a 296.5% increase over 12 months earlier, could this be a coincidence?

Brian Gray Stockton



CC:

Senator Andrew Bartlett

Senator Lyn Allison