

30 August, 2006

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

Dear Sir/Madam,

I see that this committee is a potentially a last hope for the consumers of Australian to have there say on what is a particularly aggravating exploitation by the oil companies. My particular aggravation comes from the continuing disparity at the retail service stations between the retail price of Un-leaded fuel (petrol) and the price of diesel. As @ today's date I have seen Un-leaded being sold with a retail price of as low as \$1.29 per litre and Diesel being sold at \$1.45 per litre.

Why if the price of petrol can fluctuate with the price of oil why does the price of diesel remain basically static?

This continuing disparity is never mentioned via the press, nor discussed by motoring groups, which I find very surprising.

I have over the last five years attempted to determine as to the rationale behind the discrepancy between the two types of fuel, this determination has led me to the oil companies who as always are reticent to give any plausible reason. It has led me to the State Government whose response is typical "It is a Federal Issue". I have contacted my local Federal Member who has basically given information, with the bottom line that it is "Supply and Demand" that drives the cost of Diesel.

I totally disagree with this position and believe that it is a form of Price Gouging by the oil companies.

I have travelled overseas and in Europe diesel is always listed as a cheaper commodity than Petrol. During a trip to North America last year, the same was observed, yet in this country the position is reversed.

I strongly believe that the significant reason for this within Australia lies with the 18.5 cent tax rebate given to a significant number of users of this type of fuel, only leaving the small number of retail users left to pay a higher price. I assume that this additional cost also some how allows the government to offset the rebate in either higher excise and or tax return back to them.

It is widely understood that the price of oil for both Petrol and Diesel are both based on the Singapore spot price. It is also widely understood that the cost of refining diesel is a cheaper process than that for petrol, so in reality the price to the public should be less. Why is this then not the case?

A number of years ago during the phase out of leaded fuels, it was determined that the price of leaded fuel would be “pegged” at I believe \$0.03 dearer than that of Un-leaded, hence a precedent has been set for pegging one type of fuel to another. Why is that not done between Diesel and Unleaded?

It may be a perception by the general public, but it is a very strong perception, that the oil companies hold the public to ransom, and no-one inclusive of the government are capable of controlling them. I would also suggest that the continuing changing of the displayed price at service stations is just another ploy by the oil companies to keep the general public in a complete state of confusion.

One particular method of removing some of this confusion would be to make it mandatory for the service stations to have to display what is the current recommended retail price of a litre of fuel. Hence you would at least have an understanding of the amount of discounting etc that is taking place.

I know of not one person that currently would know what is the actual recommended retail price of a litre of fuel whether it be Un-leaded or Diesel, and we the public just see the price fluctuations on the service station price boards on a daily basis.

It may be obvious that I am a disgruntled owner of a diesel vehicle, but my reasoning I believe to move to this type of fuel was sincere and based on logic. I believed that with the new diesel engines available that the amount of emissions and hence detrimental effect on the atmosphere was less, and as the fuel economy of a diesel engine was greater than the use of fossil fuel it was also reducing dependency on the resource. Yet under the present conditions I would see that private buyers of this commodity are actually being discriminated against.

Sincerely,

Ted Summerson