

**From:** Roy Murray-Prior  
**Sent:** Wednesday, 30 August 2006 7:03 PM  
**To:** Economics, Committee (SEN)  
**Subject:** Fw: Submission on price of petrol

Committee Secretary  
Senate Economics Committee

We wish to raise the issue of petrol pricing in Northam. The issue is the predatory pricing policies of Woolworths in the Northam area.

About 4-5 years ago Northam had approximately 5 service stations selling petrol. At that time the discount price petrol was available from a Gull service station. Prices in Northam were equivalent to the cheapest prices available on the road into Perth, which were at Sawyers Valley and Stone House. When Woolworths first opened their station in Northam their petrol price (without discount) was equivalent to the Gull station. Initially they then offered a 6 cents/litre discount with the Woolworths discount docket. At one stage they lowered this to 4 cents/litre but raised it to 6 cents/litre again until Gull closed down. Subsequently a Shell station has close down.

Since then prices in Northam have begun to rise above the prices available at Sawyers Valley & Stone House. Currently there are 3 service stations including Woolworths selling petrol in Northam. Woolworths offers a 4 cents/litre discount. However the price of Unleaded is now well above prices in Perth and at the cheap outlets at Sawyers Valley and Stone House. For example on 24/8/06 the Unleaded prices (before discounts) were:

Woolworths Northam 139.9 cents/litre  
Stone House 126.9 cents/litre  
Sawyers Valley 125.9 cents/litre

On 7/7/06 prices were:

Woolworths Northam 140.9 cents/litre  
Stone House 131.5 cents/litre  
Sawyers Valley 131.5 cents/litre

It has been our observation that since they were able to drive out the independent Gull service station the prices for Woolworths Unleaded petrol (without discount) are at best 4 cents/litre higher than prices at Sawyers Valley and at worst 14-15 cents above. It appears that the difference is increasing over time, although we have not kept records to prove this.

One mitigating factor is that Northam is no longer on the highway since the bypass was built, which will have decreased demand, however, the initial differences began to occur before the highway bypass was completed and after Gull had been forced out of the market.

We hope you will look more closely at the prices charged by Woolworths over time from their stations where they develop a monopoly or oligopoly situation in rural towns.

Cheers  
**Roy**