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# **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 :**

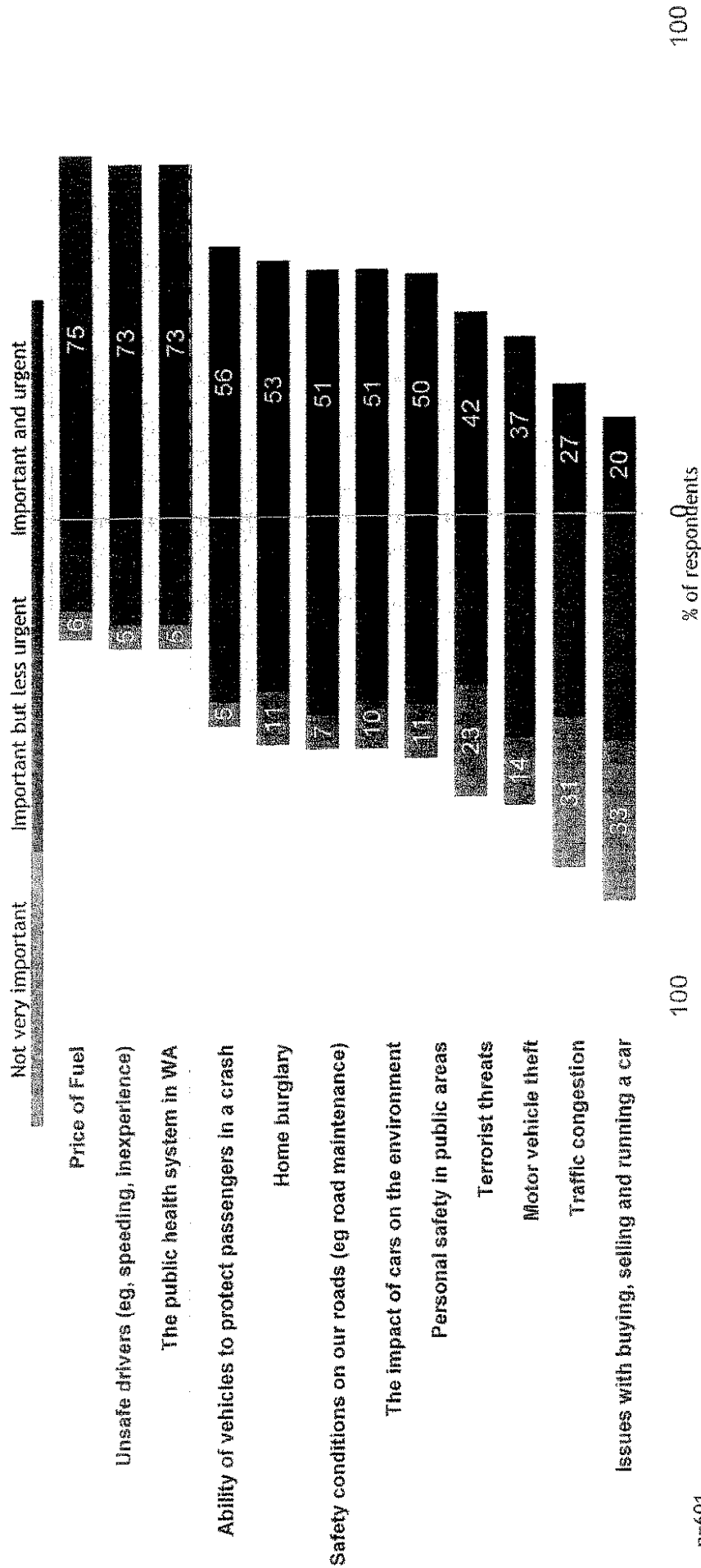
- The federal government should acknowledge that higher petrol prices are not simply a function of higher oil prices.
- The ACCC should regularly report on the movements of fuel industry prices, costs and profits in all capital cities and regional areas.
- The government should ensure that the ACCC has 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.

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# RAC Members are concerned about Fuel Prices



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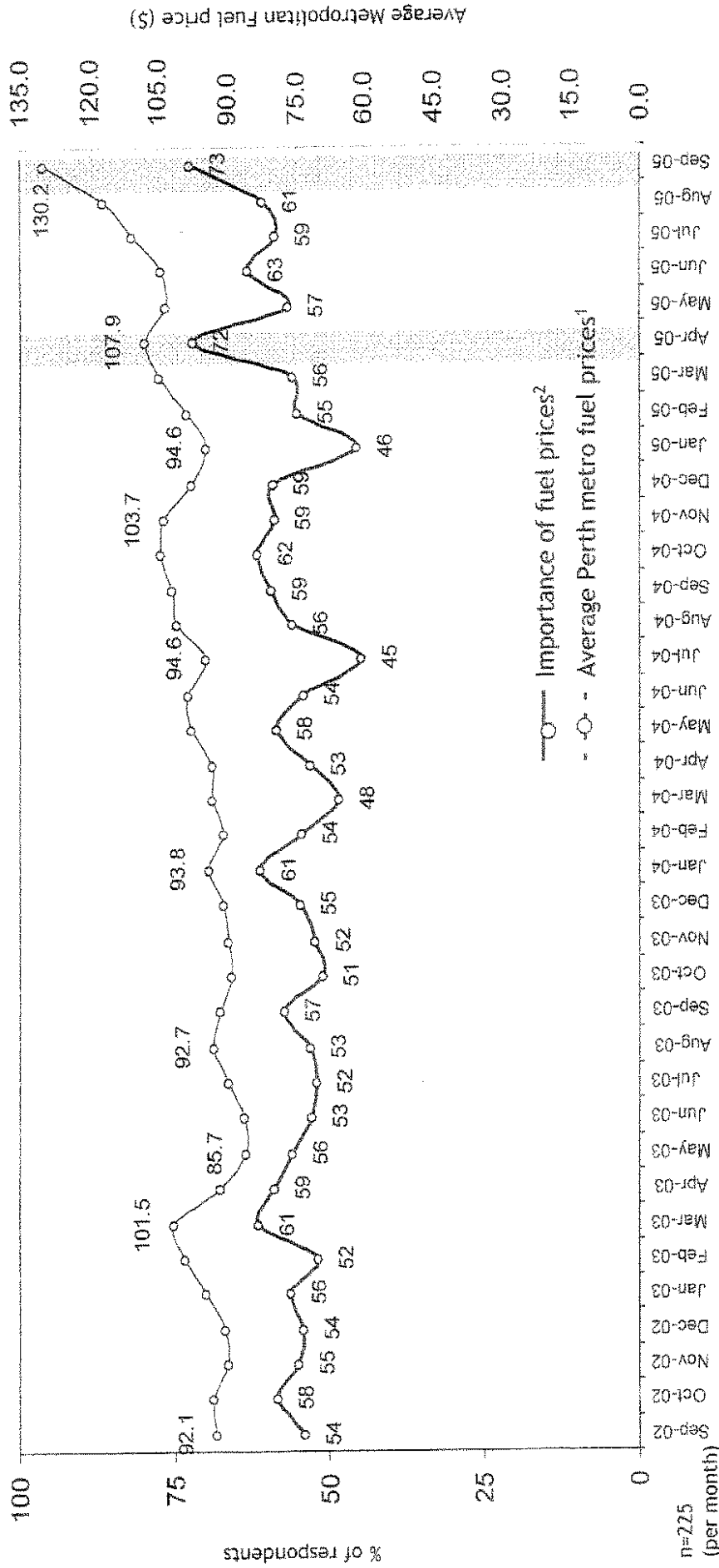
**Q: Please tell me whether you think each issue is important to you personally and whether you feel it requires urgent attention (Survey 16-23 September 2005)**

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

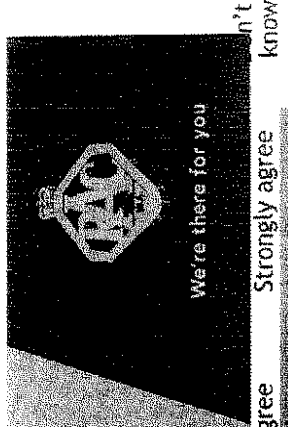


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Concerns over fuel prices increased in response to two price spikes in April and September 2005  
 (Sources: [1] FuelWatch [2] RAC Brand and Advertising Tracking Study)

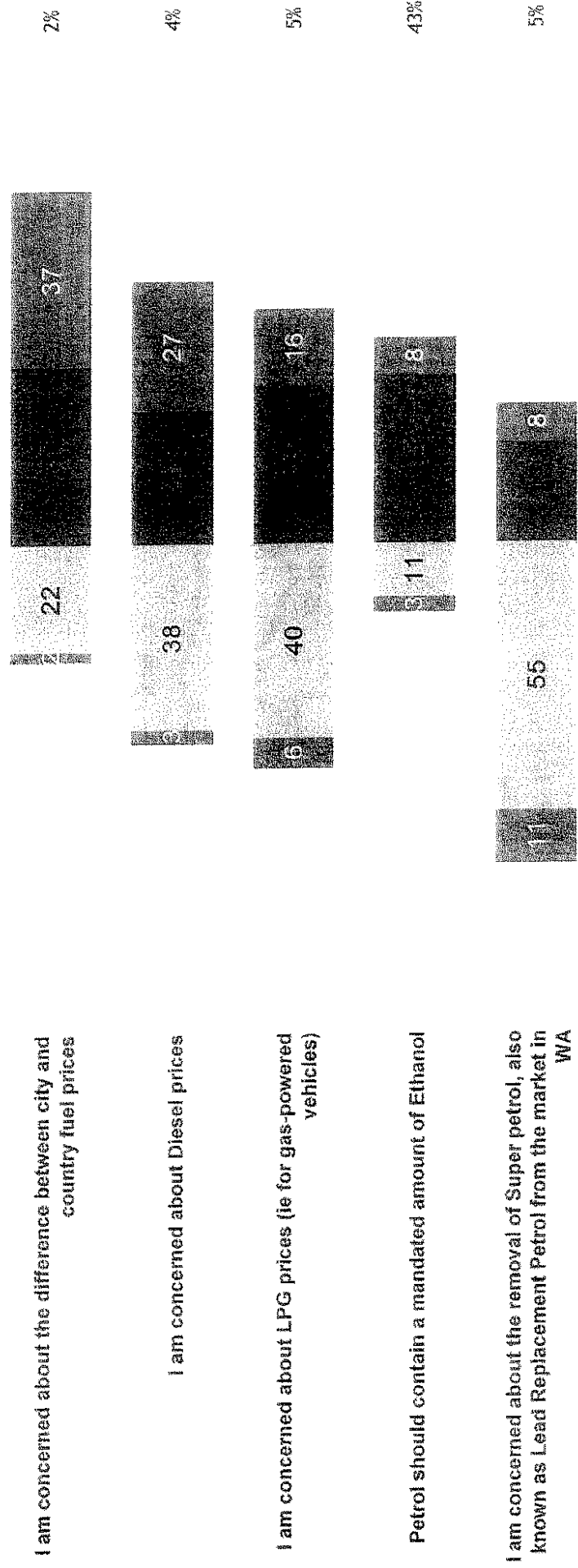
# The Fuel Issues in WA



Don't know

Q: Do you agree or disagree with the following about fuel issues?

Strongly disagree Disagree Agree Strongly agree



n=601 % of respondents 0 50 100

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

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

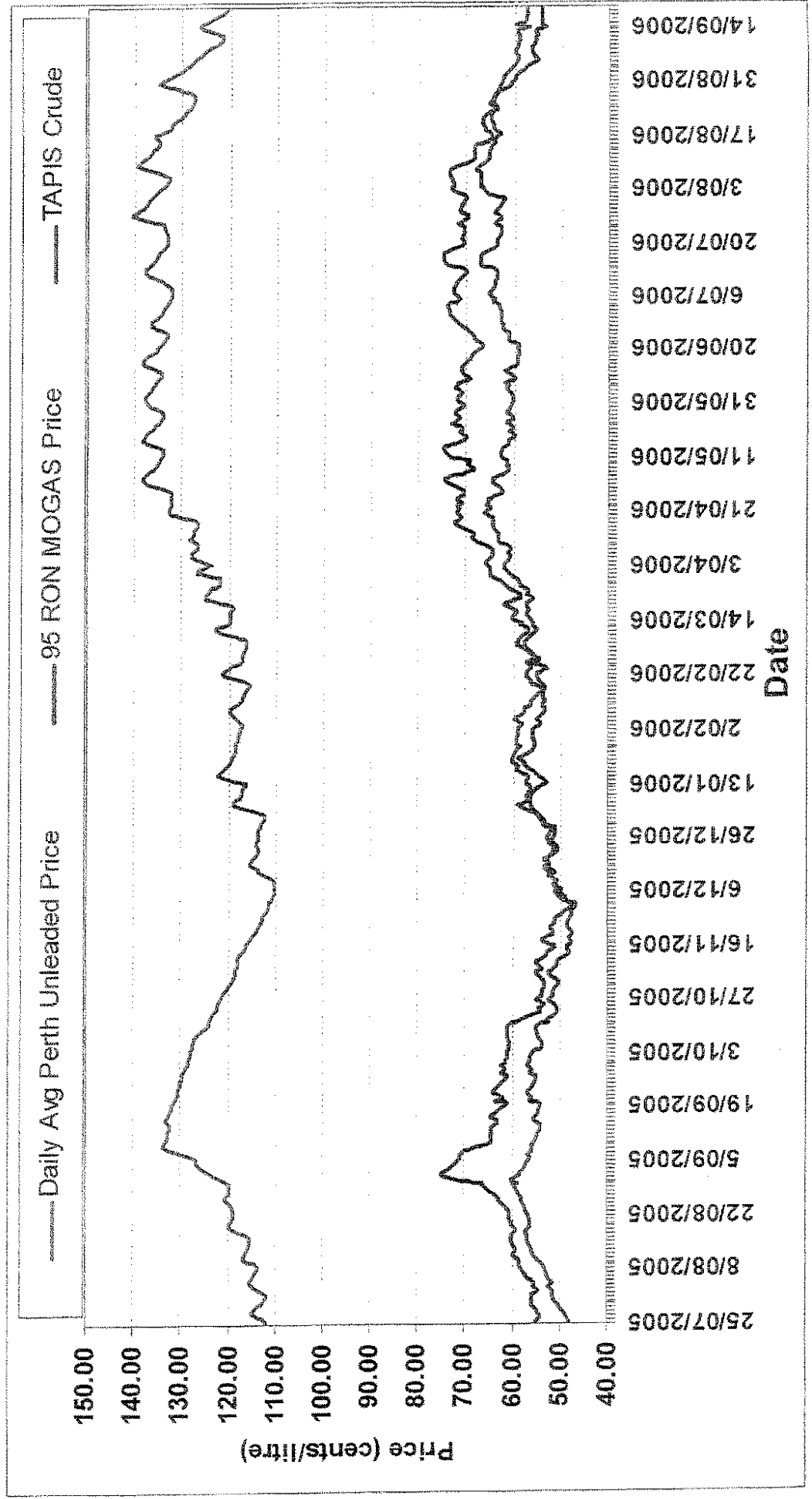


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# Perth ULP Prices follow Singapore Refinery Price of 95 RON Mogas



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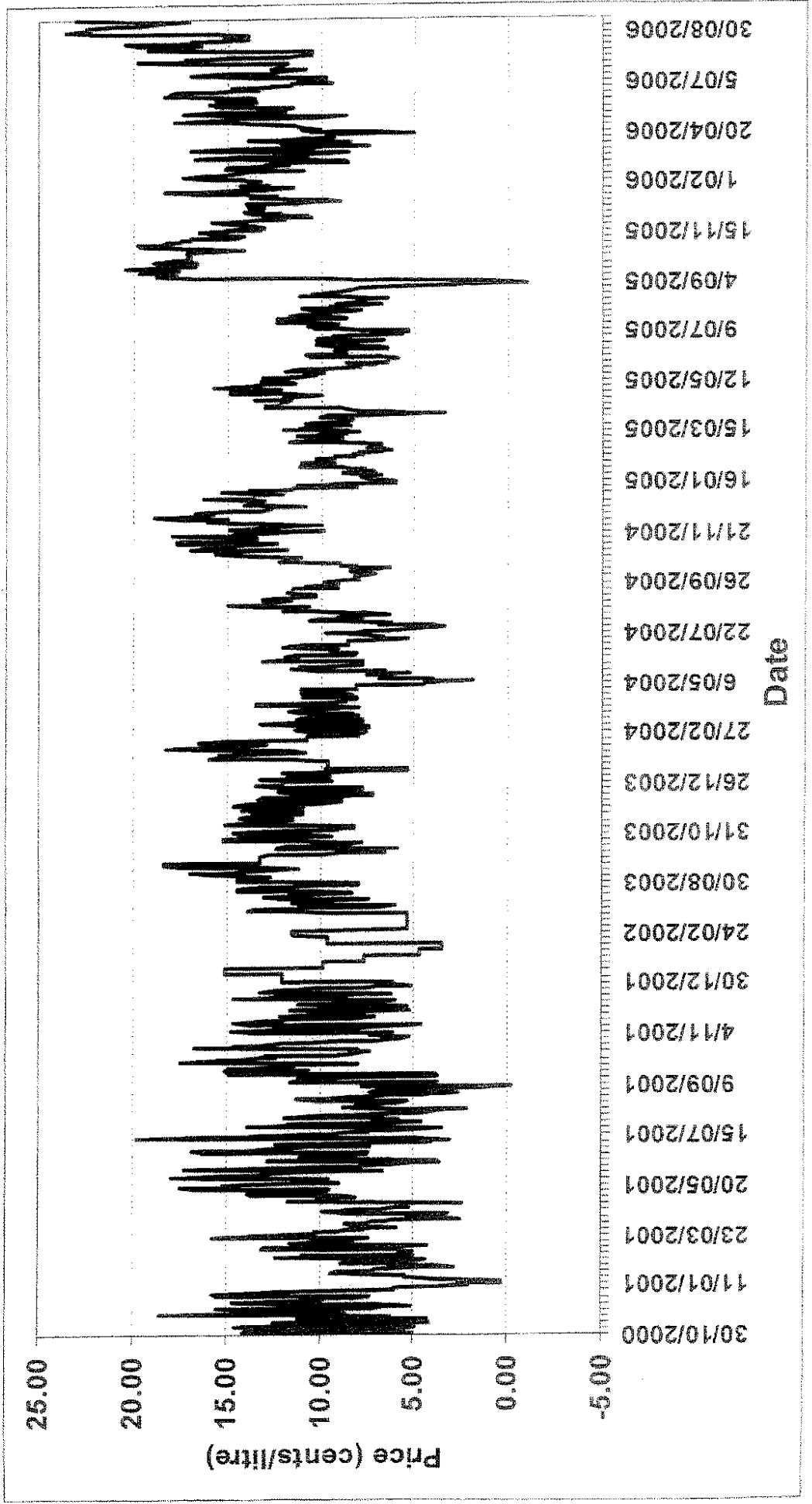


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# However Perth ULP Margins are Increasing



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## **Term of reference**

b) Regional differences in the retail price of petrol

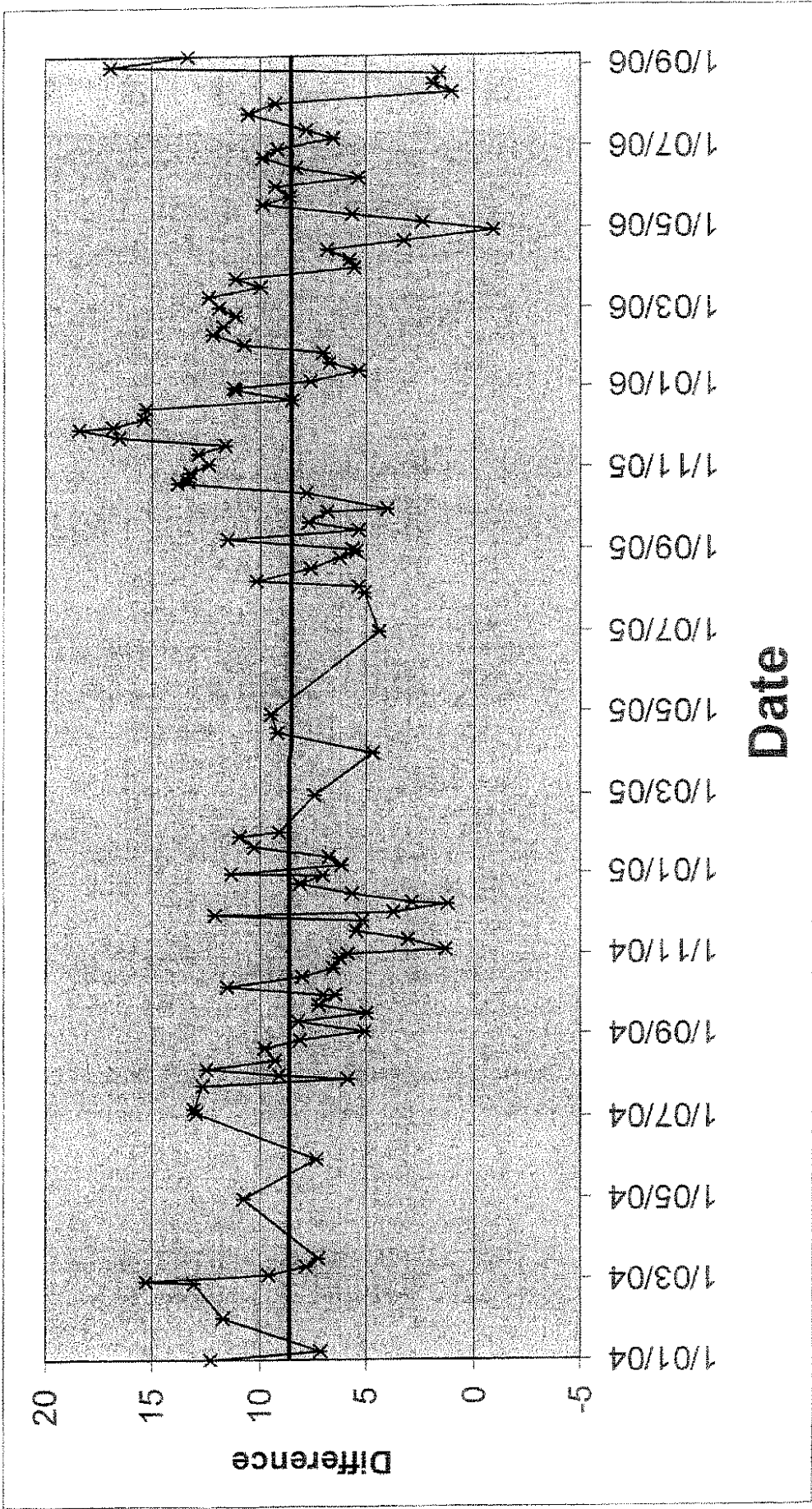


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# Albany/ Perth difference steady

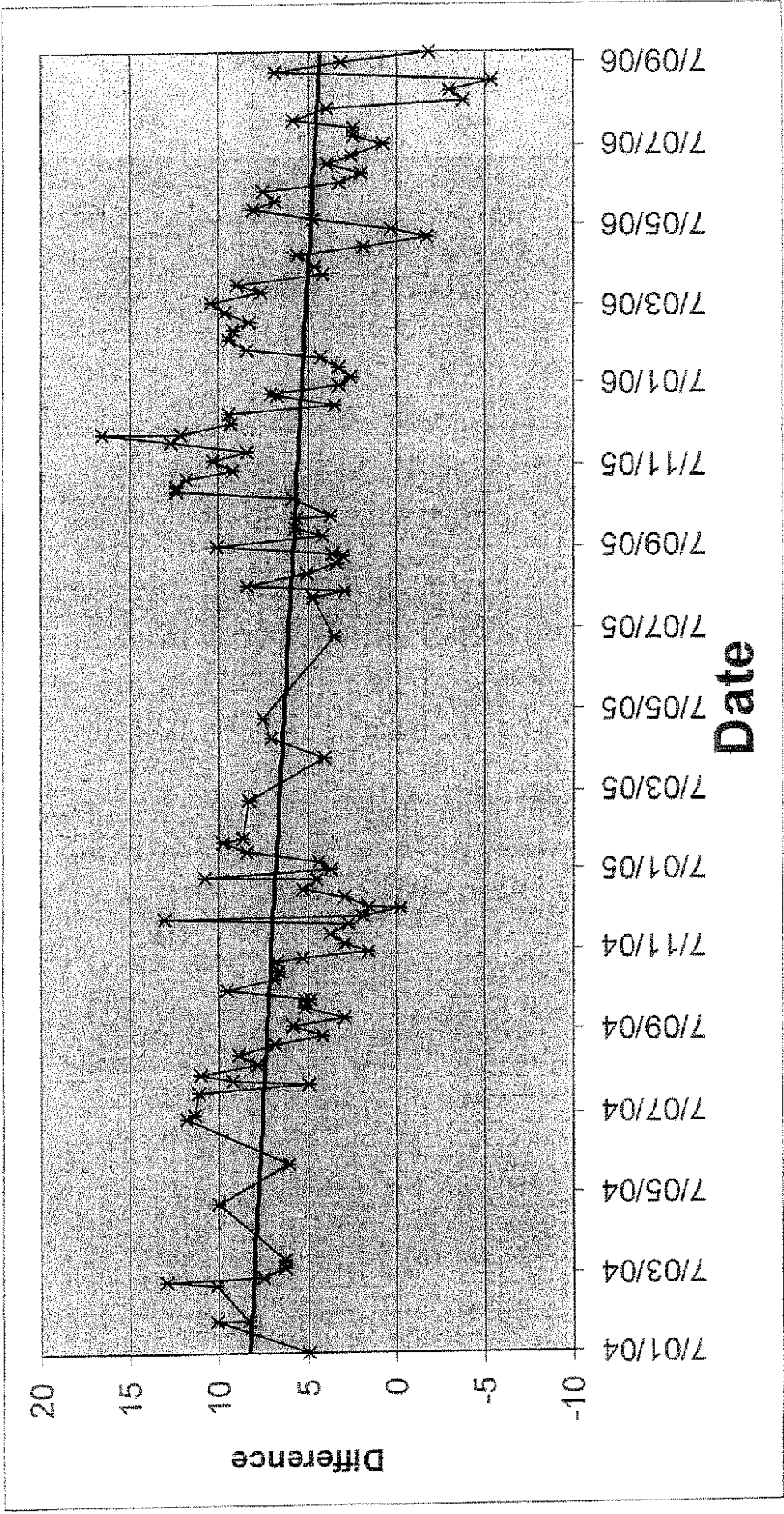
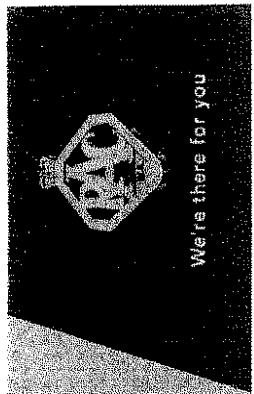


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# Bunbury/ Perth Difference Declining



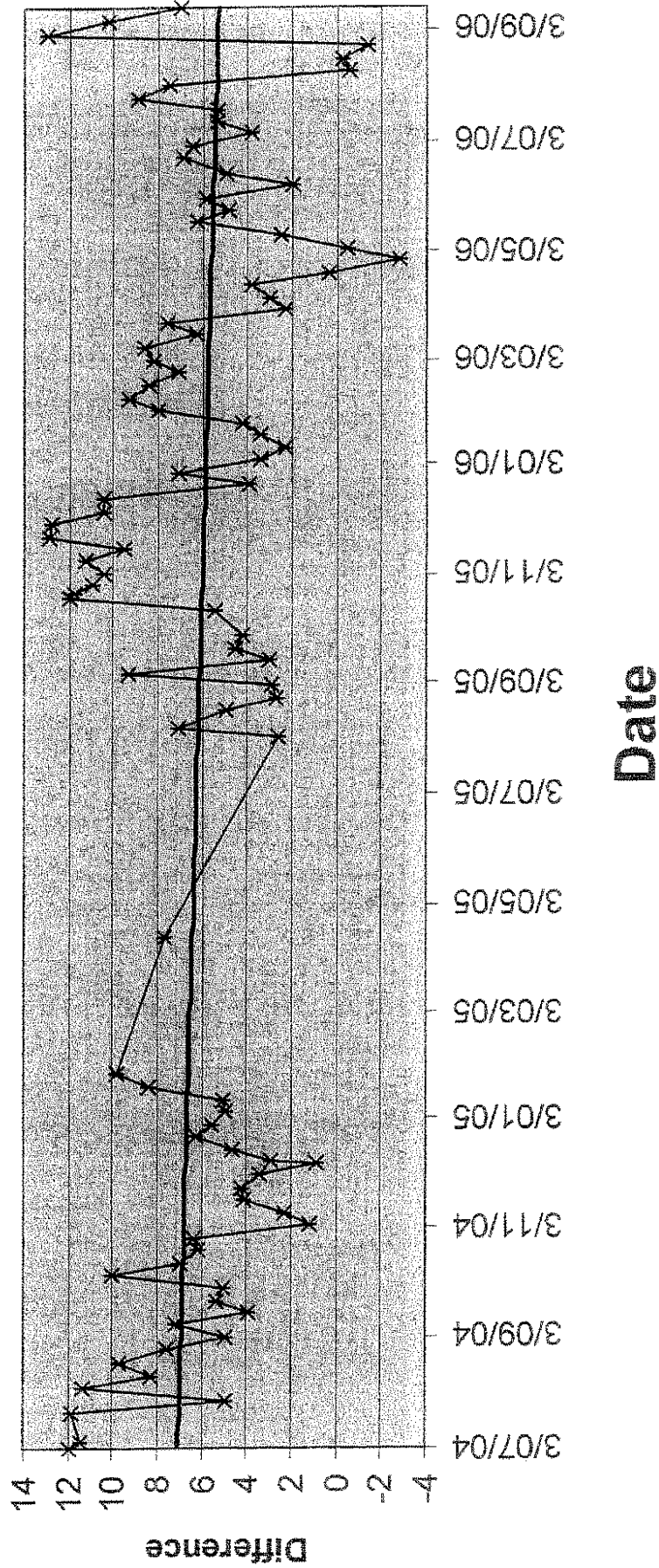
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# Busselton /Perth Difference Also Declining



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## Busselton Price Difference

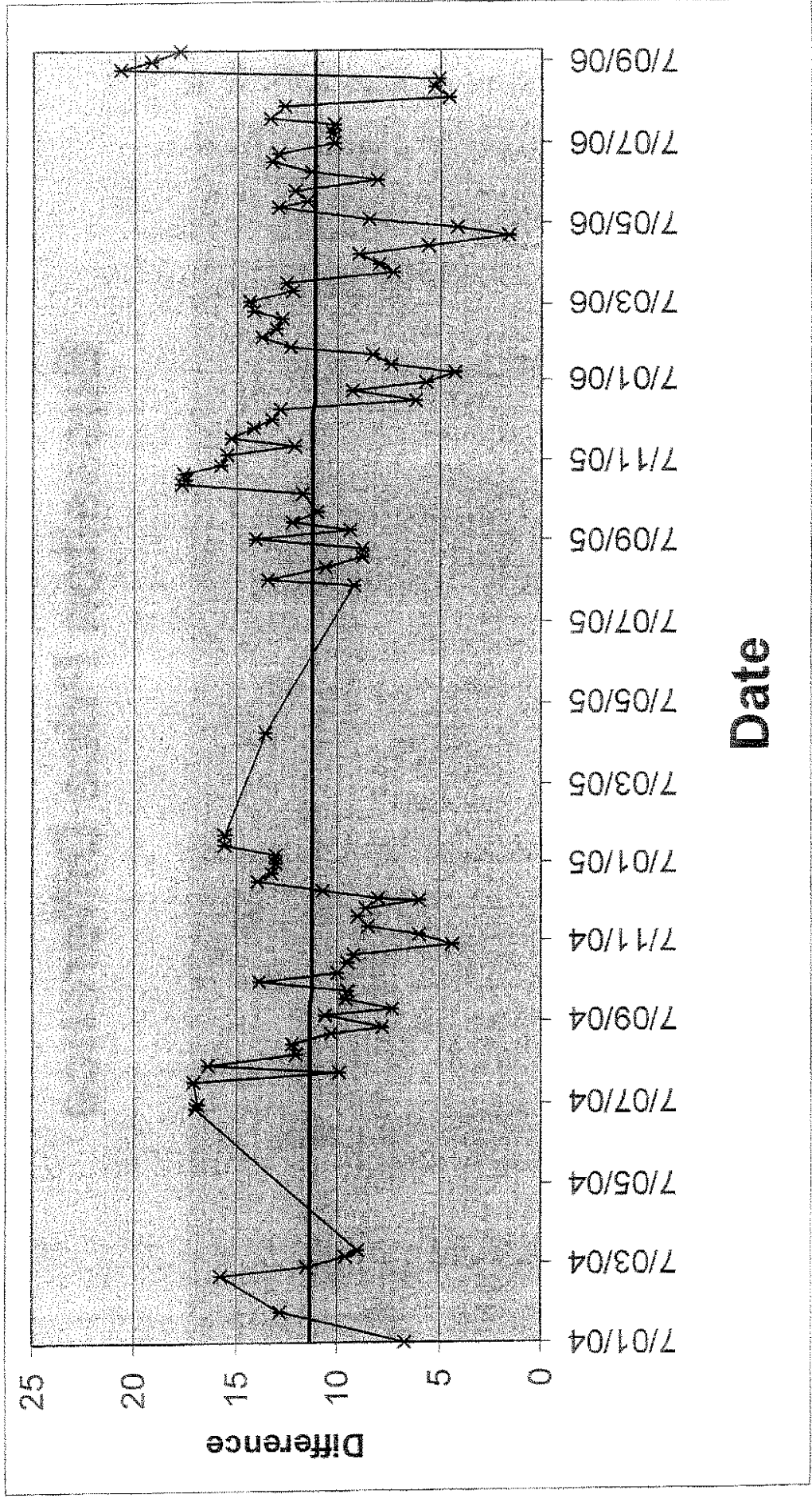


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# Geraldton/ Perth Difference Steady



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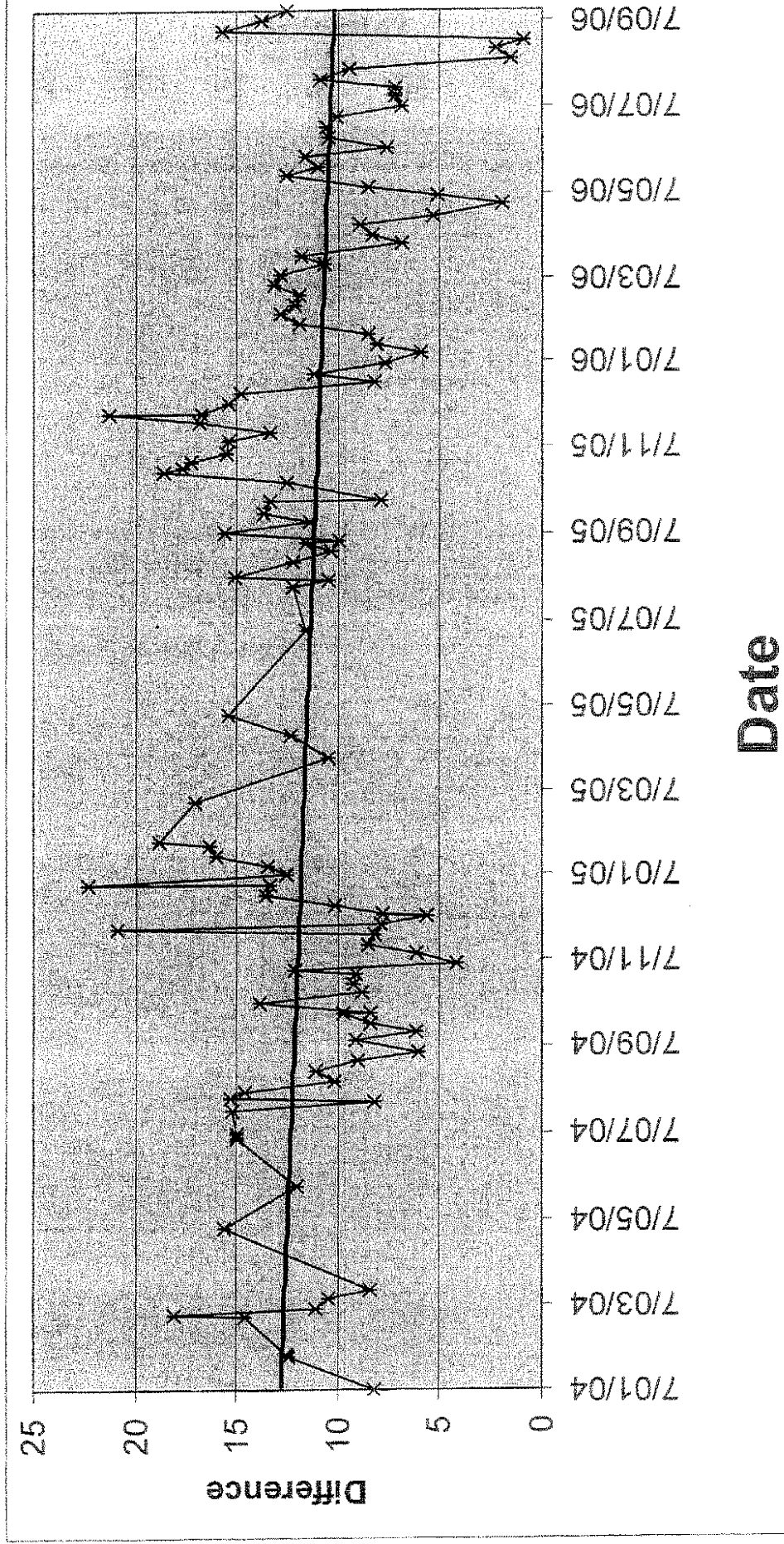


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# Kalgoorlie/ Perth Difference is Declining



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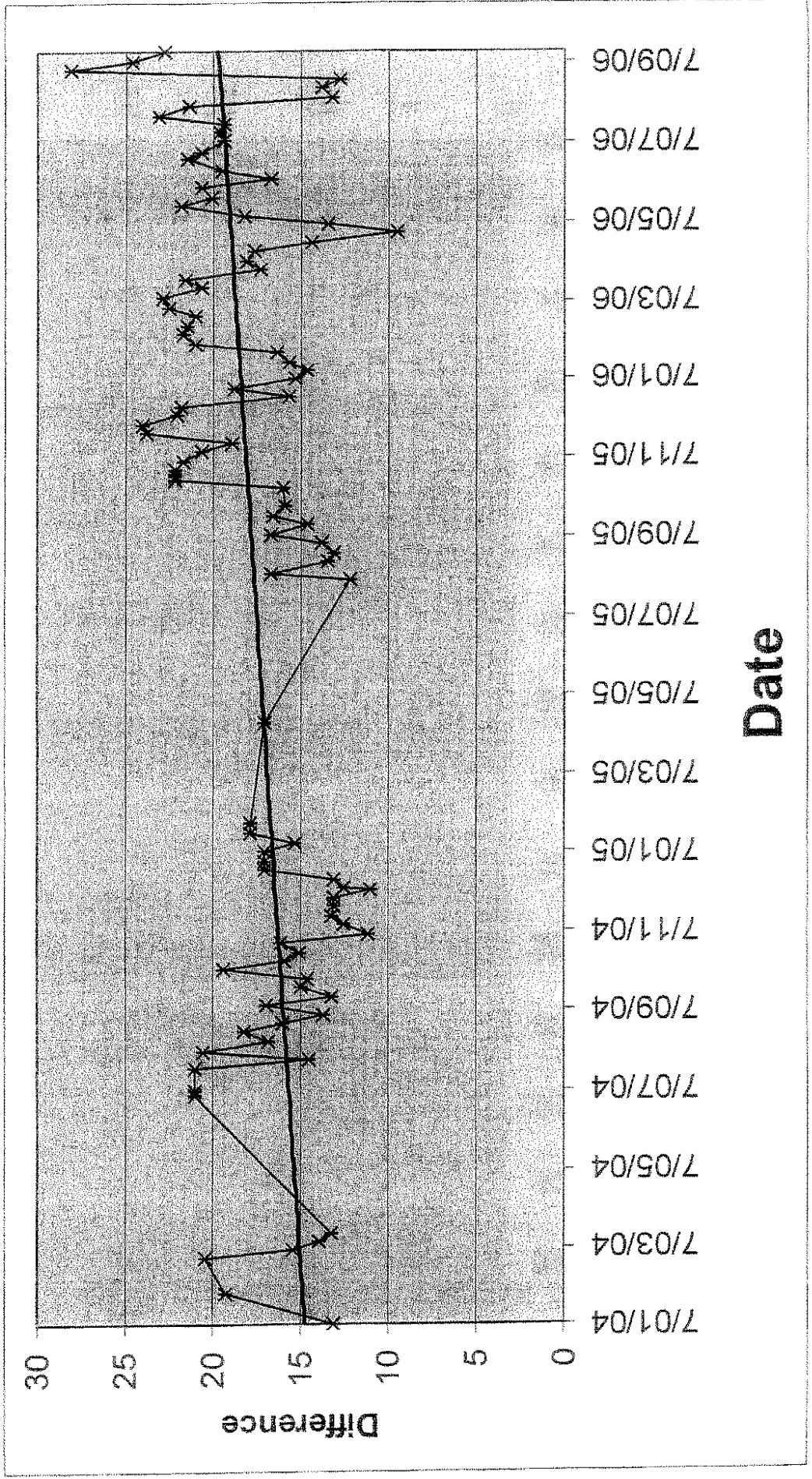


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# Port Hedland/Perth Difference is Increasing



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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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## **Term of reference**

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



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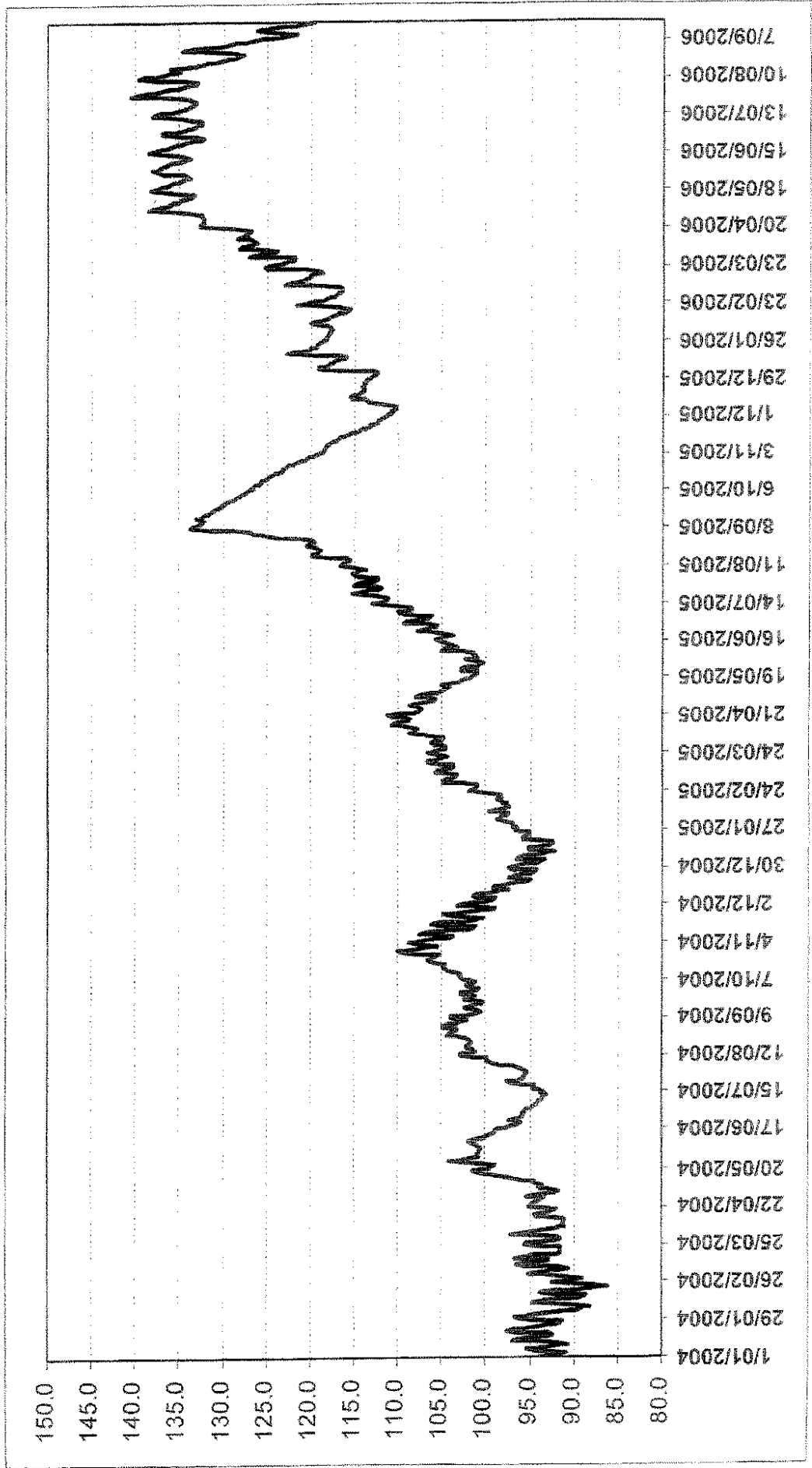
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# Perth ULP Price is Volatile

(Data Jan 2004 to Sept 2006)



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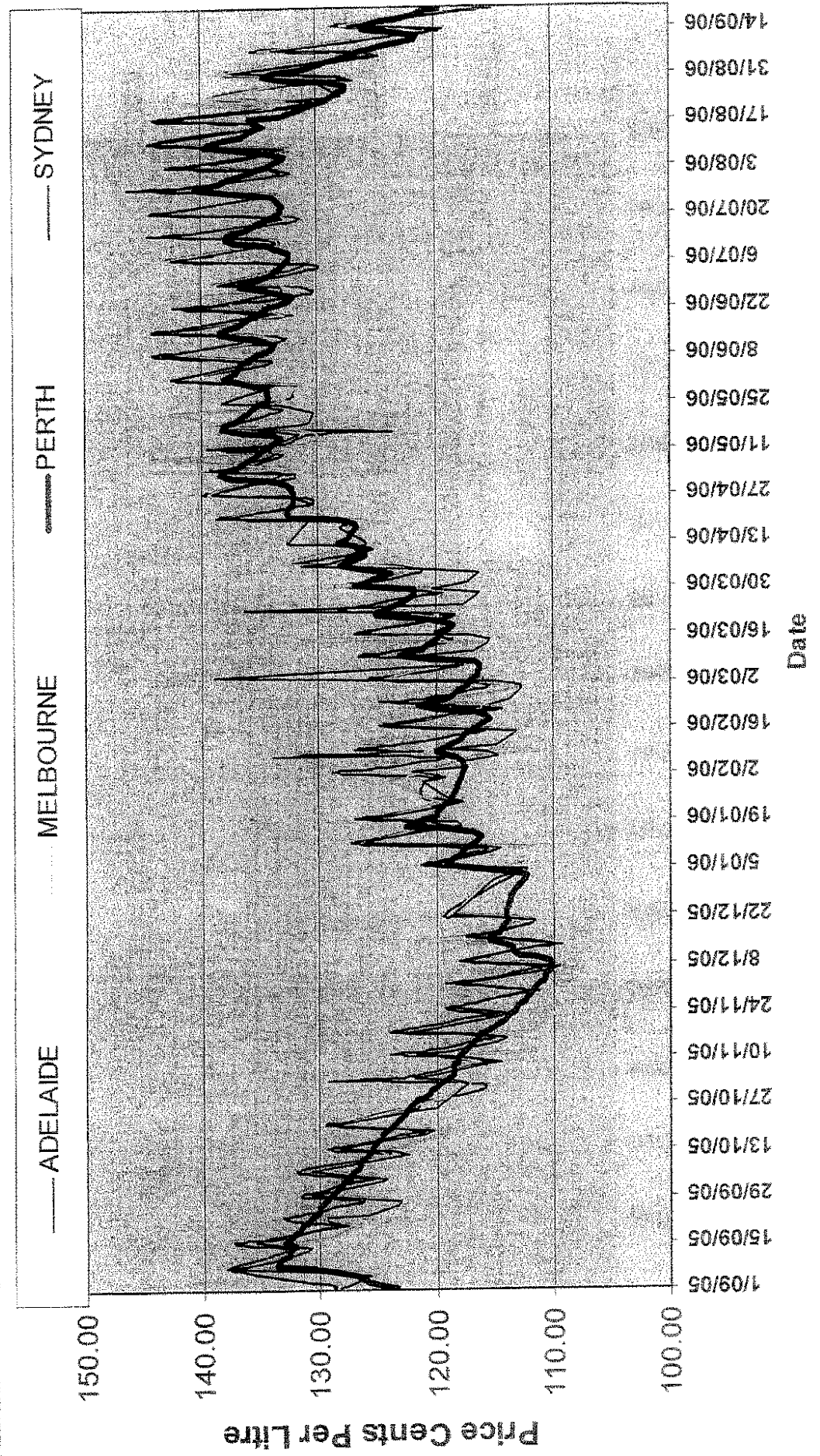


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# Perth ULP Prices Varies in line with Other Mainland Capitals



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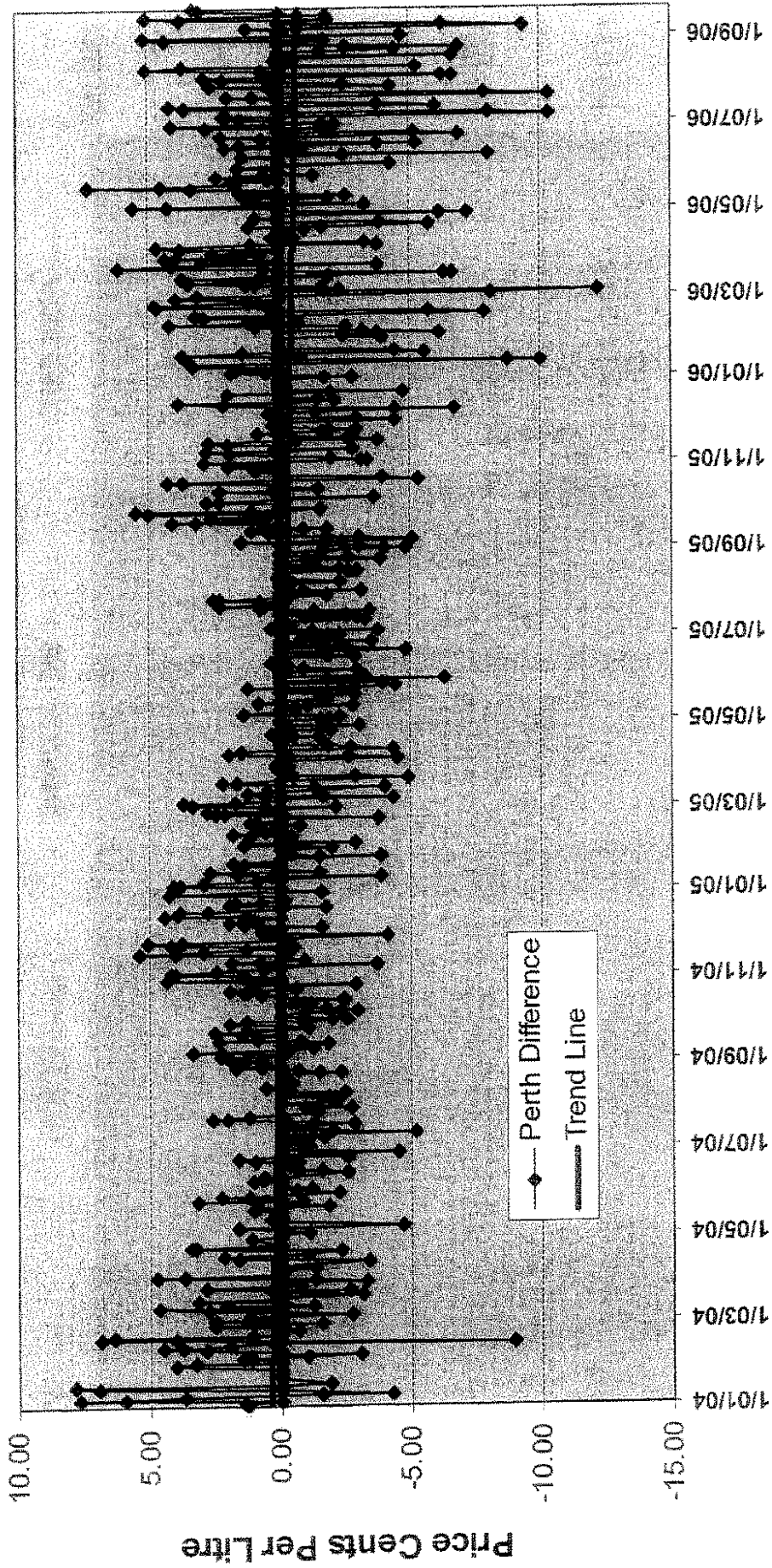


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# Perth ULP Price is Little different to Sydney Melbourne or Adelaide



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

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## Term of reference

d) The industry's integrated structure



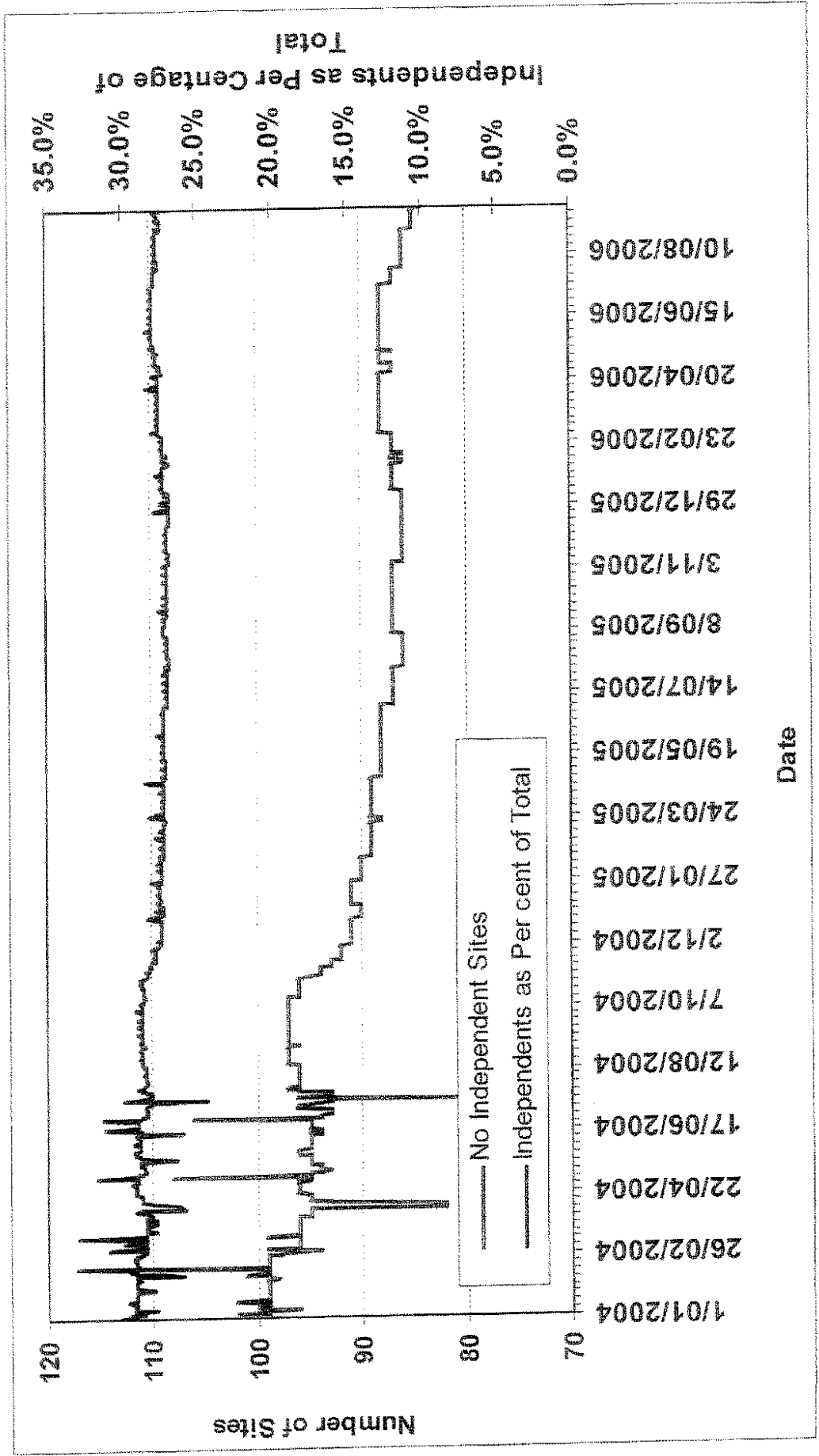
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# Independents are not Declining



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# Questions for the Oil Industry to Answer



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

## RAC WA's Recommendations



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- **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**