

# Petrol prices dive but retailers pump profits

Lucille Keen

The competition regulator has urged motorists to shop around for the best priced fuel after it found prices dropped to their lowest levels in 14 years in fiscal 2016 even as retailers reported record profit margins.

The full benefits of lower international crude oil and refined petrol prices were not passed on to motorists, a report by the Australian Competition and Consumer Commission found.

ACCC chairman Rod Sims said he was concerned by the margins achieved by petrol retailers and said it was up to consumers to pressure com-

panies to drive down prices: "Bowser prices for motorists last year were the lowest they've been on average for 14 years, but this report suggests that in order for there to be more competitive pressure on retailers, consumers need to shop around and reward those offering the best-priced fuel."

Gross retail margins, the difference between retail prices and published wholesale prices, rose by 12 cents per litre in the June quarter, and averaged 11.2¢ last financial year, the highest since the ACCC began recording them in 2002.

Prices for crude oil and international refined petrol in 2015-16 were at their

lowest levels for more than a decade due to a weak global economy and oil production exceeding demand.

The average price for petrol in the five major cities - Sydney, Melbourne, Brisbane, Adelaide and Perth - in 2015-16 was 121.7¢ a litre.

Brisbane motorists are paying the most for fuel, up to 5¢ a litre more on average in the June quarter.

"It's a much less competitive market," Mr Sims said.

Service Station Association head Colin Long said: "Small businesses making a reasonable margin for their effort is a good thing," Mr Long said. "Apart from the big players in the

market - Coles and Woolworths - many service stations are small, family-run businesses and these are keeping the big companies honest in the marketing of petrol.

"I think it is interesting that the ACCC is commenting on margins in the petrol industry when it doesn't comment on margins in other industries."

Mr Sims said taxes made up almost the same amount - about 40 per cent - of the per-litre price. The government should ensure that fuel taxes should be set aside for road funding to represent a user charge model.

"Transparency was the key to resolving the issue.

Petrol retailers have been in the ACCC's sights for the past few years, but Mr Sims said the ACCC had done all it could.

After pursuing Federal Court action against Informed Sources, in December the ACCC settled with the online petrol price database that exchanged site-by-site petrol price information every 15 to 30 minutes.

Part of the undertaking meant Informed Sources was required to make the information from retailers including BP Australia, Caltex Australia, Coles Express, Woolworths and 7-Eleven, available publicly to motorists by May.