



EXECUTIVE OFFICE

23 Marcus Clarke Street
Canberra ACT 2601
GPO Box 3131
Canberra ACT 2601
tel: (02) 6243 1111
www.accc.gov.au

12 January 2024

Dr Gordon Reid MP
Member for Robertson
Suite 3.04 & 3.05, Riverside Building
Level 3, 69 Central Coast Highway
WEST GOSFORD NSW 2250

By email: gordon.reid.mp@aph.gov.au

Dear Dr Reid

Fuel prices correspondence regarding the New South Wales Central Coast

I refer to your letter of 15 November 2023, regarding fuel prices on the New South Wales (NSW) Central Coast. I also refer to your letters to ACCC Chair Gina Cass-Gottlieb on 22 November 2023, and on 14 December 2023 regarding fuel prices and LPG availability on the Central Coast.

Thank you for your recent correspondence with the ACCC. We are very conscious of the significant level of community concern about fuel prices, including the impact they can have on the cost of living for consumers and as a business input cost. I apologise for not getting a response to you earlier.

As part of its fuel monitoring responsibilities, the ACCC monitors fuel prices in all capital cities and over 190 regional locations across Australia. This includes more than 60 regional locations in NSW, including the Central Coast.

The ACCC's fuel monitoring role is to assist consumers to navigate this complex market. We promote transparency in the Australian petroleum industry, and publish reports and other information to improve public awareness of the factors that determine retail fuel prices.

Wholesale and retail fuel prices in Australia are determined by market forces. The ACCC does not set or regulate prices in petrol markets and does not have the powers to do so. In the absence of conduct that is in breach of the *Competition and Consumer Act 2010*, such as price agreements between competitors, high petrol prices are not themselves illegal.

This said, the ACCC seeks to empower consumers and promote competition in a number of ways under the roles assigned to it by the Government. ACCC monitoring assists by providing information to consumers and communities and can shine a light and place pressure on less competitive pricing.

Below I respond to the issues in each of your letters, which I hope you and your respective constituents find helpful. Hopefully the information will support your constituents in their fuel purchasing decisions, at a time where many are concerned with cost of living pressures. I would be pleased to arrange a discussion if you would like to know more about our role, our insights from monitoring fuel prices or to hear more from you on your constituents' experience.

Petrol prices on the Central Coast

Your letter dated 15 November 2023 raised concerns about petrol prices in the Central Coast compared with other locations.

Generally, movements in Australian retail petrol prices are largely driven by changes in international refined petrol prices and the AUD–USD exchange rate. This is the case in the capital cities as well as in regional locations. However, in most parts of Australia, retail petrol prices have historically been higher in regional locations than in the 5 largest cities. A number of location-specific factors can contribute to these higher prices, including: a lower level of local competition, lower volumes of fuel sold, distance/location factors and lower convenience store sales. The influence of these factors varies significantly from location to location, meaning that there can be substantial differences in prices between regional locations.

The influence of petrol price cycles (that is, the sudden, sharp increases in the price of petrol, followed by a gradual decline) also affect petrol prices on the Central Coast.

Petrol price cycles are a prominent and longstanding feature of retail petrol price movements in Australia's 5 largest cities, including Sydney. Price cycles do not occur in the smaller capital cities or in most regional locations, however a small number of regional locations in NSW (including the Central Coast and Wollongong) tend to have a petrol price cycle that generally reflects price cycle movements in Sydney, with a delay. Price cycles are the result of pricing decisions made by some petrol retailers. They only occur at the retail level with wholesale prices not exhibiting the same cyclical movements.

The ACCC released a report on petrol price cycles in Australia in December 2018 which contains a range of information about petrol price cycles. It is available on the ACCC website at www.accc.gov.au/publications/petrol-industry-reports/petrol-price-cycles-in-australia.

Short-term comparisons between petrol prices in different locations should be treated with caution. For instance, as petrol price cycles move between high and low points, at particular points in time average petrol prices in the Central Coast can be higher than average prices in Sydney. However, data available to the ACCC shows that at other points in time average prices in the Central Coast have been lower than average prices in Sydney. Similarly, short-term comparisons between locations that have price cycles with other locations that do not, are not always helpful.

Given these considerations, the ACCC considers price comparisons between locations are more appropriate on a longer-term average basis.

On a quarterly average basis, our analysis shows that in the September quarter 2023 there was a difference of 3.3 cents per litre (cpl) between average regular unleaded petrol prices in Sydney and in the Central Coast. The table below shows the ACCC's reported quarterly average regular unleaded petrol prices in Sydney, the Central Coast, and Wollongong.

Quarterly average retail petrol prices in 2023 – Sydney, Central Coast and Wollongong – cents per litre (cpl)

Quarter	Sydney	Central Coast	Wollongong
Mar-23	185.1	187.6	184.8
Jun-23	183.1	186.7	186.7
Sep-23	198.8	202.1	206.0

Sources: ACCC quarterly petrol monitoring reports – available at: www.accc.gov.au/by-industry/petrol-and-fuel/fuel-and-petrol-monitoring

I recognise that petrol price cycles can be frustrating for motorists, especially when prices increase quickly and by significant amounts. However, there are opportunities for motorists to take advantage of them.

It is important to note that not all retail sites increase prices at the same time. Typically, after prices reach a low point of a price cycle, a small number of retail sites increase prices first, and others may increase over the next few days. This provides opportunities for motorists to notice prices beginning to increase, and seek out the lowest prices at other retail sites and fill up.

Fuel price websites and apps

Fuel price websites and apps provide a key tool to help motorists find cheaper fuel prices. There are various state-based government fuel price apps and websites that provide comprehensive fuel price information across Australia: FuelCheck in NSW and the ACT, FuelWatch in WA, MyFuel NT in the Northern Territory and FuelCheck TAS in Tasmania. In Queensland and SA comprehensive information is available through commercial websites and apps. Some commercial fuel price apps and websites (such as MotorMouth and PetrolSpy) also provide Australia-wide information.

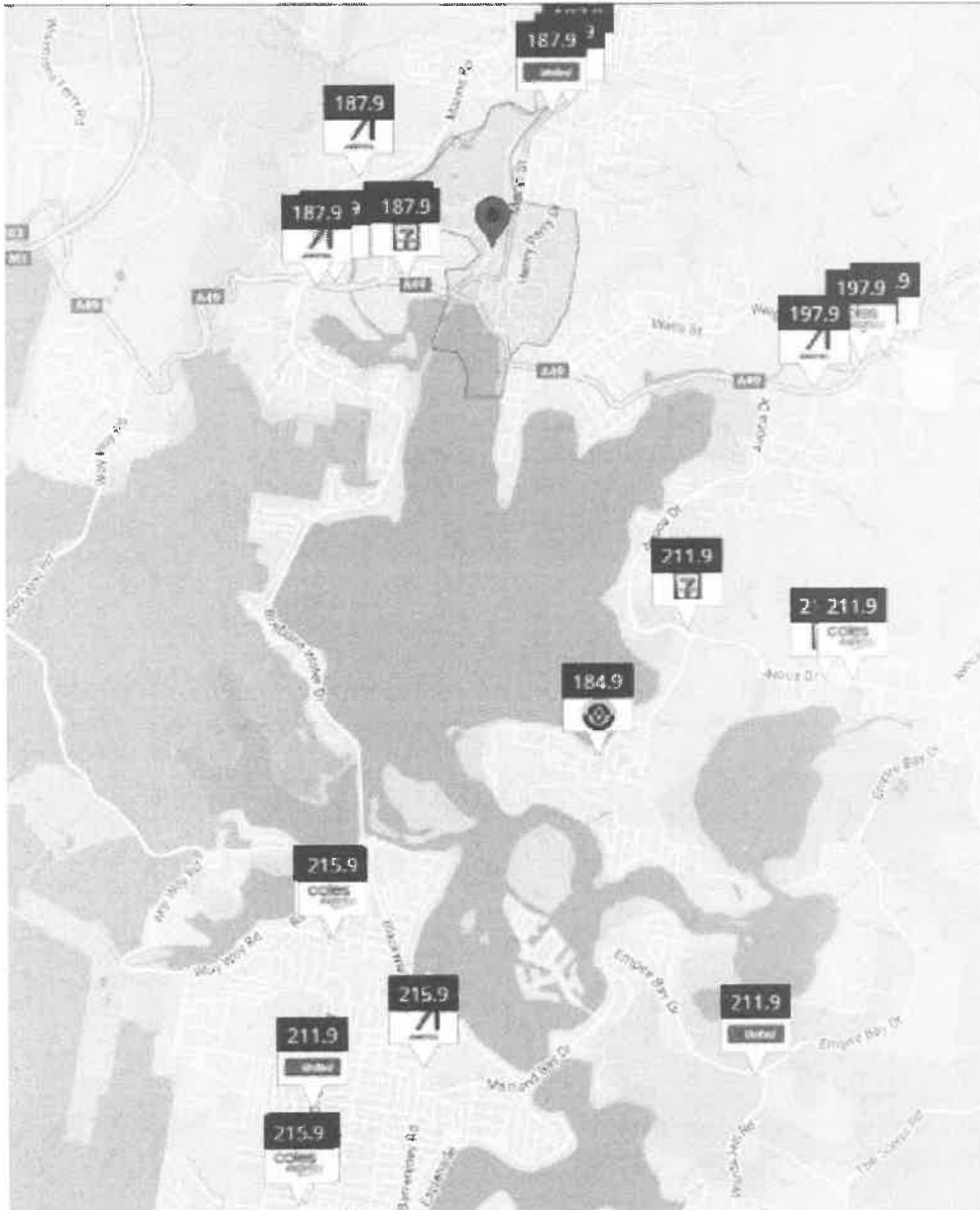
We encourage motorists in NSW to make use of the free near real-time fuel price information from the NSW FuelCheck website and app (<https://www.fuelcheck.nsw.gov.au/App/>), and via a number of other websites and apps. There is usually a range of petrol prices available across retail sites, and these websites and apps can enable motorists to identify individual retail sites with relatively lower petrol prices.

The map on the following page shows the range of regular unleaded petrol prices available across the Central Coast on the afternoon of 8 January 2024, according to the NSW FuelCheck website. There was a difference of 31 cents per litre between the lowest priced retail site (184.9 cpl at Metro Petroleum Saratoga) and the highest priced sites (215.9 cpl at Ampol Woy Woy, Coles Express Woy Woy, Coles Express Umina).

In the current economic climate, it is important now more than ever for motorists to direct their fuel purchases to retail outlets that are pricing competitively, as it sends a strong message to those that have high prices that they will lose business. Motorists in regional locations who travel longer distances can use these websites and apps to provide them with information about prices on those journeys.

In saying this, I appreciate that it can be more difficult for those constrained to the local area market, but even here it can be important to support more competitively priced businesses. Encouraging your constituents to use apps and websites like NSW FuelCheck would be a great way to help motorists at this time and as highlighted above help direct fuel purchases in your area to the more competitive retail sites.

Regular unleaded petrol prices on the afternoon of 8 January 2024



Source: NSW FuelCheck website

Petrol prices across Gosford, Woy Woy and Umina

Your letter of 22 November 2023, on behalf of [redacted] of Umina, NSW, noted petrol price differences between Woy Woy, Umina and Gosford.

As the influence of location-specific factors (including the level of local competition) varies from location to location, there will usually be some suburbs across large metropolitan or regional areas that have higher fuel prices than others do.

Past ACCC analysis of the fuel-retailing sector has indicated that the presence of independent fuel retail sites that vigorously compete is an important influence on the level of price competition. Gosford has one such independent retailer known to vigorously compete

on price (Metro Petroleum), which may be a factor influencing different prices to some other parts of the Central Coast.

There is no easy way to encourage petrol markets to become more competitive. However, motorists that choose to buy fuel at other locations offering relatively competitive prices can help to incentivise other retail sites to price more competitively or risk losing business.

Motorists living in Woy Woy and Umina may travel to other areas of the Central Coast for work and leisure activities. We encourage travelling motorists to use the NSW FuelCheck website and app or other websites to provide them with information about available fuel prices on their journeys.

I also recognise that there may be other reasons why motorists may choose to go to one retail site instead of another. These include factors such as location, type of fuel sold, the ability to redeem discount vouchers or use a loyalty card, retail brand, convenience store, food and beverage offerings and the cleanliness of the retail site.

Automotive LPG availability

Your letter of 14 December 2023, on behalf of Mr [redacted] of Davistown, NSW, noted the availability of automotive LPG on the Central Coast of NSW, and across Australia.

As part of its petrol monitoring responsibilities, the ACCC monitors prices of unleaded petrol, diesel and automotive LPG across Australia, including the Central Coast.

LPG availability can vary from location to location and from brand to brand. A decision to supply LPG at a particular site is a commercial matter for each fuel retailer.

As noted earlier, motorists can use various fuel price apps and websites to find retailers of certain fuels, including LPG, and to compare prices. The NSW FuelCheck website indicates a number of LPG retailers around Davistown in locations of Erina, Gosford, Empire Bay and Wyoming. As per our advice on petrol prices, we encourage motorists to use these information services for all fuel purchases, including LPG.

Publicly accessible bathrooms

In relation to [redacted] interest in information about accessible public toilets for motorists, I note the availability of the National public toilet map maintained by the Australian Government's Department of Health and Aged Care. Information is available online at: <https://toiletmap.gov.au/>.

ACCC monitoring will continue

The ACCC will continue to provide information to motorists as part of its fuel monitoring role, including in its price monitoring reports, industry reports and other information channels such as the ACCC website.

Thank you again for passing on your concerns and those of your constituents. I hope that the above information helps to clarify the ACCC's fuel price monitoring role, recent average retail petrol prices in the Central Coast, the influences on petrol prices and the benefits of using free fuel price websites and apps.

We welcome your engagement in supporting your constituents to find the best prices for fuel and supporting local competitive operators. Using apps and websites like NSW FuelCheck is a great way to do this.

As already suggested, I would be pleased to arrange a discussion with you to clarify any information in this letter and the ACCC's role monitoring fuel prices.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Gregson', with a long horizontal flourish extending to the right.

Scott Gregson
Chief Executive Officer