AUSTRALIAN COMPETITION & CONSUMER COMMISSION

Petrol prices vary significantly: report on petrol prices by major retailer in 2018

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Australian Competition and Consumer Commission
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Contents

Key messages

The price of petrol is important to many motorists

Analysis by the Australian Competition and Consumer Commission (ACCC) of average petrol prices of the major retailers in all capital cities shows that prices vary significantly, dispelling the myth held by some consumers that all petrol prices are the same.[1]

The price of petrol is an important factor in a motorist's decision about where to buy petrol. A survey of fuel consumer attitudes in 2017, commissioned by the Australasian Convenience and Petroleum Marketers Association, found that almost 50 per cent of consumers surveyed indicated that price had the biggest influence on their decision about where to buy fuel.

It is important to recognise that there are other reasons why motorists may choose to go to one retail site over another. These include factors such as: location, retail brand, convenience store, food and beverage offering (particularly coffee) and the cleanliness of the retail site (and particularly the bathrooms).

However, for those motorists that are influenced by price in choosing where to buy petrol, information about the petrol prices of the various major retailers can be helpful.

Prices vary significantly between major retailers

The ACCC analysed monthly and annual average retail petrol prices in 2018 to identify the highest and lowest priced major retailers of petrol (on average) in each of the eight capital cities in Australia.[2] Regular unleaded petrol (RULP) prices were analysed in all cities except Sydney, where E10 (i.e. RULP with up to 10 per cent ethanol) prices were analysed.[3]

For the purposes of this analysis, in the five largest cities (i.e. Sydney, Melbourne, Brisbane, Adelaide and Perth) a major retailer is one that determines the retail price of petrol at seven or more retail sites in the city. In the smaller capitals (i.e. Canberra, Hobart and Darwin), a major retailer may have fewer than seven retail sites, as there are a smaller number of retail sites in these cities.

The retail sites of non-major retailers are included in the analysis in the 'small independents' category. BP- and Caltex-branded retail sites at which BP and Caltex set the price (i.e. company-owned and company-operated retail sites and commission agent retail sites) are referred to as COCO sites.

Prices in the five largest cities in 2018

The following charts show the difference between each major retailer's annual average petrol price and the market annual average petrol price in each of the five largest cities in 2018. They also show the proportion of retail sites in the city for each major retailer as at 30 June 2018, which provides an indication of the significance of each major retailer's prices in the market.[4]

The charts indicate that in 2018, across the five cities:

- Independent chains were the lowest priced major retailer in each of the five cities (United in Melbourne and Brisbane, Speedway in Sydney, Liberty in Adelaide and Vibe in Perth).
- Coles Express was the highest priced major retailer in all five cities.

1 In this report, references to petrol are to regular unleaded petrol (RULP) unless otherwise specified.

2 Similar analysis of average prices of the major retailers in the five largest cities in 2017 was presented in the ACCC's report *Petrol prices are not the same: report on petrol prices by major retailer in 2017* (subsequently referred to as the 'ACCC's 2017 price report'), available at: https://www.accc.gov.au/publications/petrol-industry-reports/petrol-prices-are-not-the-same-report-on-petrol-prices-by-major-retailer-in-2017.

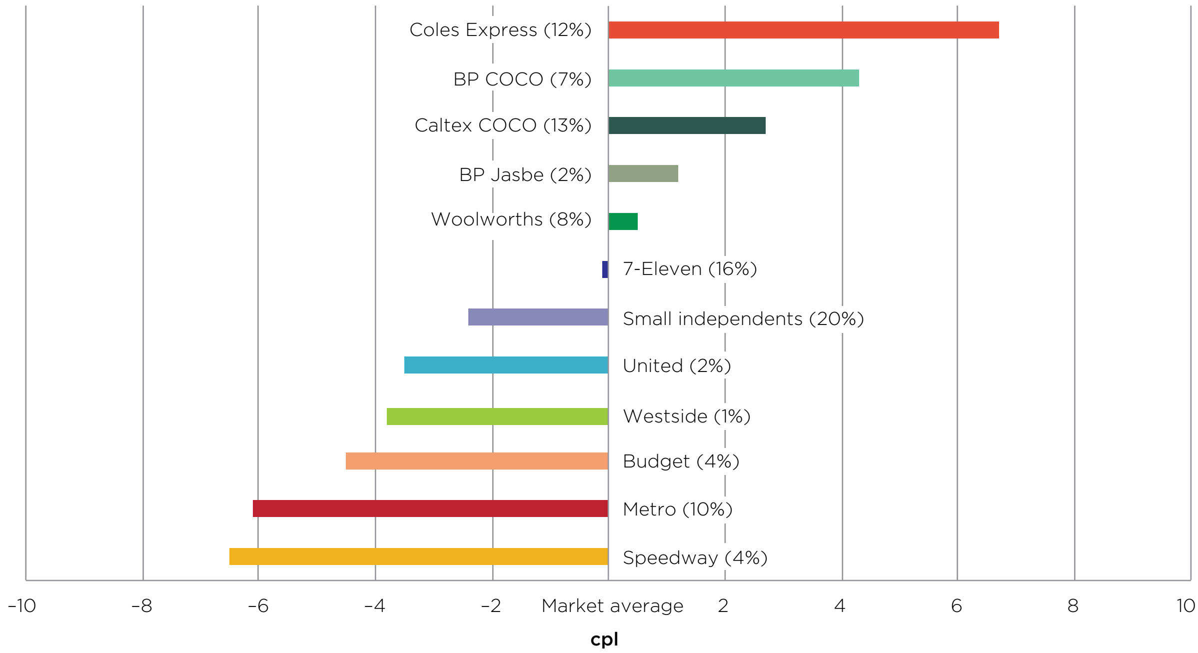
3 This because the latest data available to the ACCC indicates that more E10 is sold in Sydney than RULP.

4 Note that these proportions are indicative only. Retail prices are not available for all retail sites in each city and not all retail sites sell all grades of petrol (for example, some retail sites in Sydney do not sell E10).

- The remaining retailers varied between being generally below the market average price in most cities (Woolworths and 7-Eleven) and generally above it (BP COCO and Caltex COCO).
- There was variation between the highest and lowest average priced major retailer in each city. The average range across the five cities was 8.4 cents per litre (cpl). The largest range was 13.2 cpl (in Sydney) and the lowest was 5.7 cpl (in Melbourne).

These average prices for the major retailers dispel the myth held by some consumers that all petrol prices are the same.

Difference between each major retailer's annual average petrol price and the market annual average petrol price in Sydney in 2018



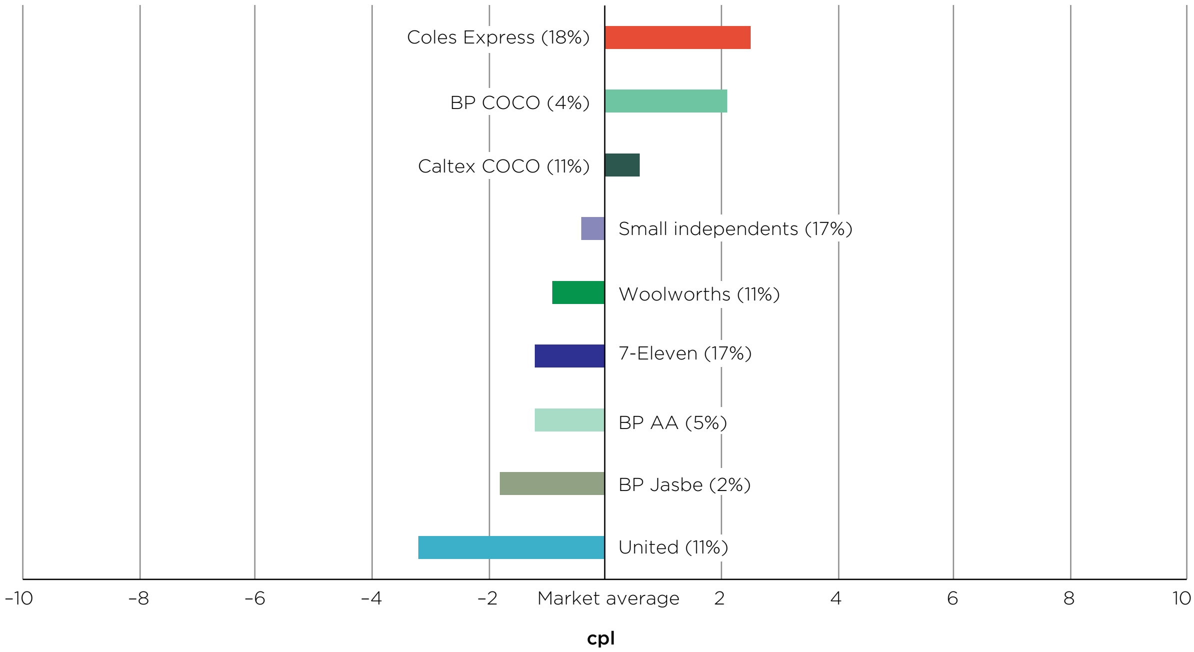
Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: References to petrol in Sydney are to E10.
The numbers in brackets are the proportion of retail sites in Sydney for each major retailer.
The proportions of retail sites shown in the chart do not total 100 per cent due to rounding.
BP Jasbe is a BP-branded independent chain.

The savings available to motorists that shop around can add up. If a motorist in Sydney who bought petrol at the highest priced retailer (i.e. Coles Express) had instead bought it at the lowest priced retailer (i.e. Speedway), they could have saved themselves on average 13.2 cpl each time they filled up, or $343 in 2018.[5]

5 Based on a motorist filling up a 50 litre tank once a week throughout the year. The ability of a motorist to make these savings would have been influenced by the location of the highest and lowest priced retailers, and the willingness of motorists to travel to obtain cheaper prices.

Difference between each major retailer's annual average petrol price and the market annual average petrol price in Melbourne in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

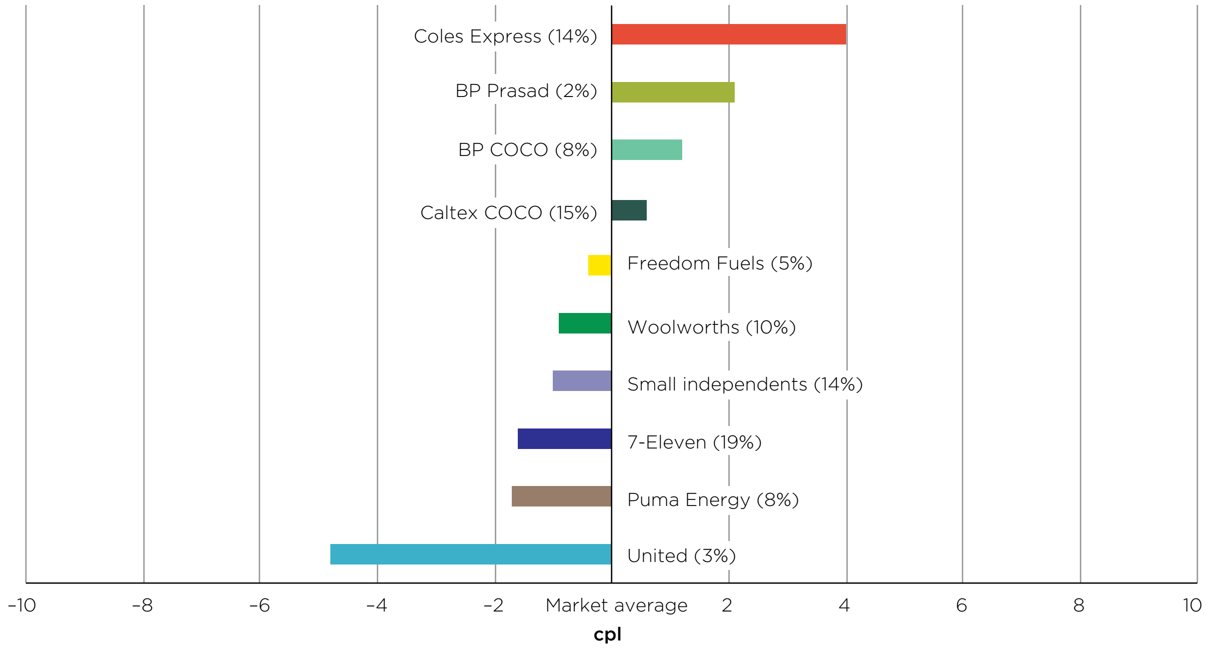
Notes: The numbers in brackets are the proportion of retail sites in Melbourne for each major retailer.

Prices were not available for Liberty and Shell retail sites in Melbourne. Therefore, the proportions of retail sites shown in the chart do not total 100 per cent.

BP AA and BP Jasbe are BP-branded independent chains.

If a motorist in Melbourne who bought petrol at the highest priced retailer (i.e. Coles Express) had instead bought it the lowest priced retailer (i.e. United), they could have saved themselves on average 5.7 cpl each time they filled up, or $148 in 2018.

Difference between each major retailer's annual average petrol price and the market annual average petrol price in Brisbane in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

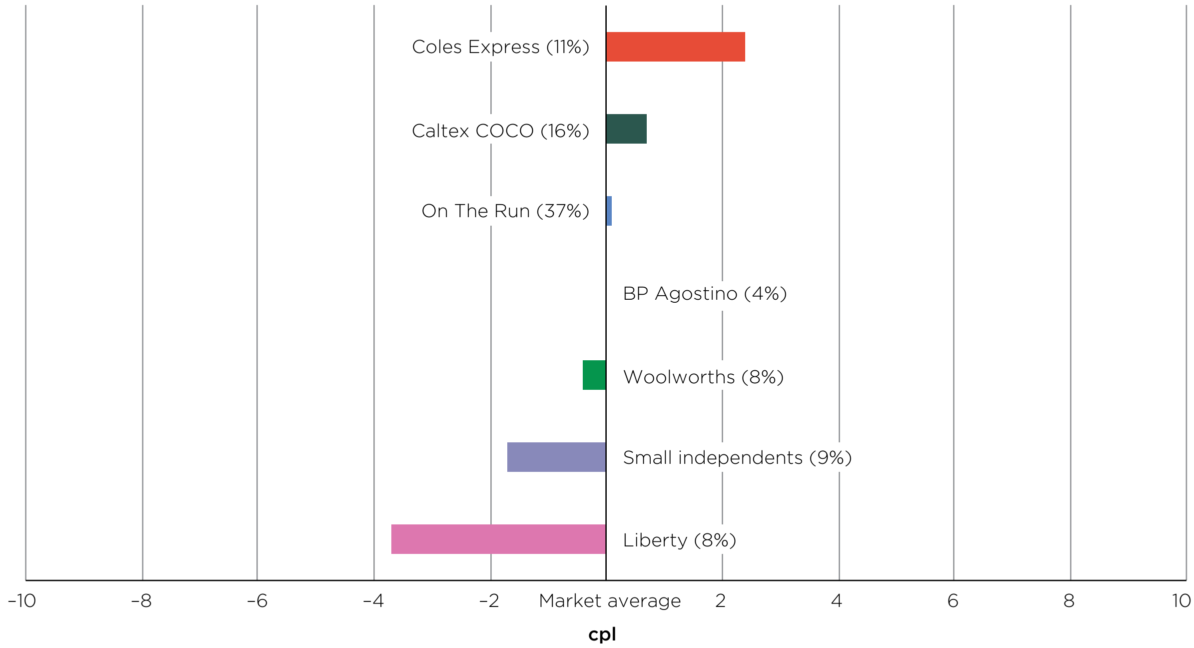
Notes: The numbers in brackets are the proportion of retail sites in Brisbane for each major retailer.

Prices were not available for BP McPhee retail sites in Brisbane. Therefore, the proportions of retail sites shown in the chart do not total 100 per cent.

BP Prasad and BP McPhee are BP-branded independent chains.

If a motorist in Brisbane who bought petrol at the highest priced retailer (i.e. Coles Express) had instead bought it at the lowest priced retailer (i.e. United), they could have saved themselves on average 8.8 cpl each time they filled up, or $229 in 2018.

Difference between each major retailer's annual average petrol price and the market annual average petrol price in Adelaide in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: The numbers in brackets are the proportion of retail sites in Adelaide for each major retailer.

Prices were not available for United and X Convenience retail sites in Adelaide. Therefore, the proportions of retail sites shown in the chart do not total 100 per cent.

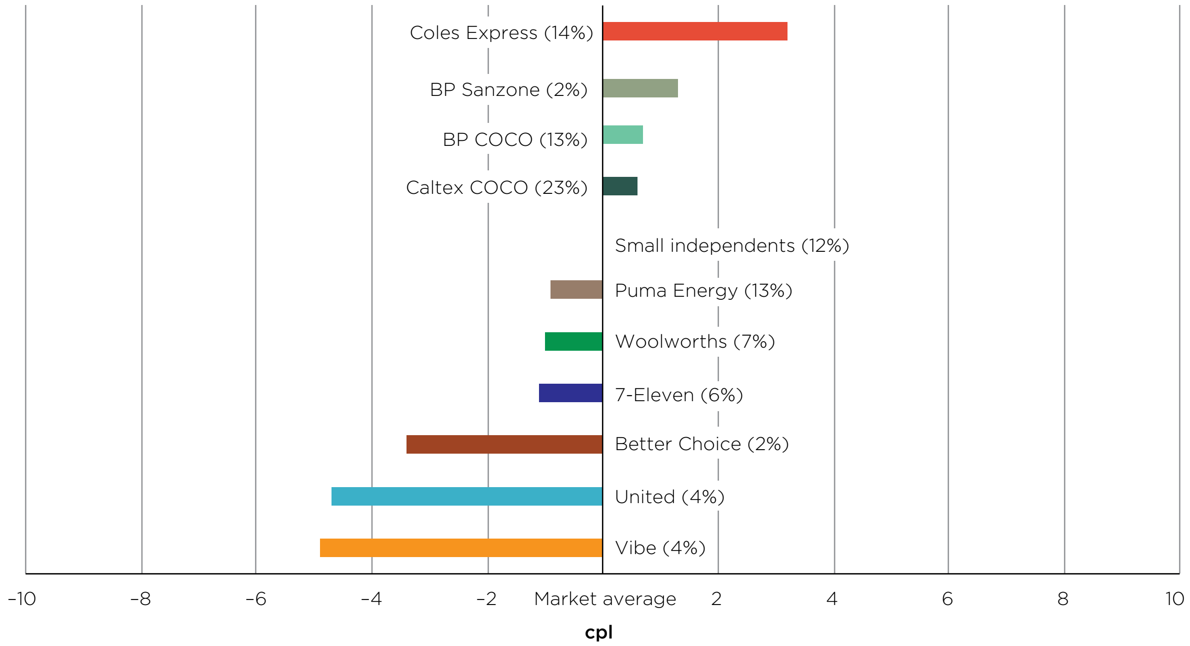
BP Agostino is a BP-branded independent chain.

The small independents category includes the single BP COCO retail site in Adelaide.

The average BP Agostino price was equal to the market average price.

If a motorist in Adelaide who bought petrol at the highest priced retailer (i.e. Coles Express) had instead bought it at the lowest priced retailer (i.e. Liberty), they could have saved themselves on average 6.1 cpl each time they filled up, or $159 in 2018.

Difference between each major retailer's annual average petrol price and the market annual average petrol price in Perth in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: The numbers in brackets are the proportion of retail sites in Perth for each major retailer.
BP Sanzone is a BP-branded independent chain.
The average price for the small independents category was equal to the market average price.

If a motorist in Perth who bought petrol at the highest priced retailer (i.e. Coles Express) had instead bought it at the lowest priced retailer (i.e. Vibe), they could have saved themselves on average 8.1 cpl each time they filled up, or $211 in 2018.

Some caveats about the use of these average prices in this report are described in chapter 1.

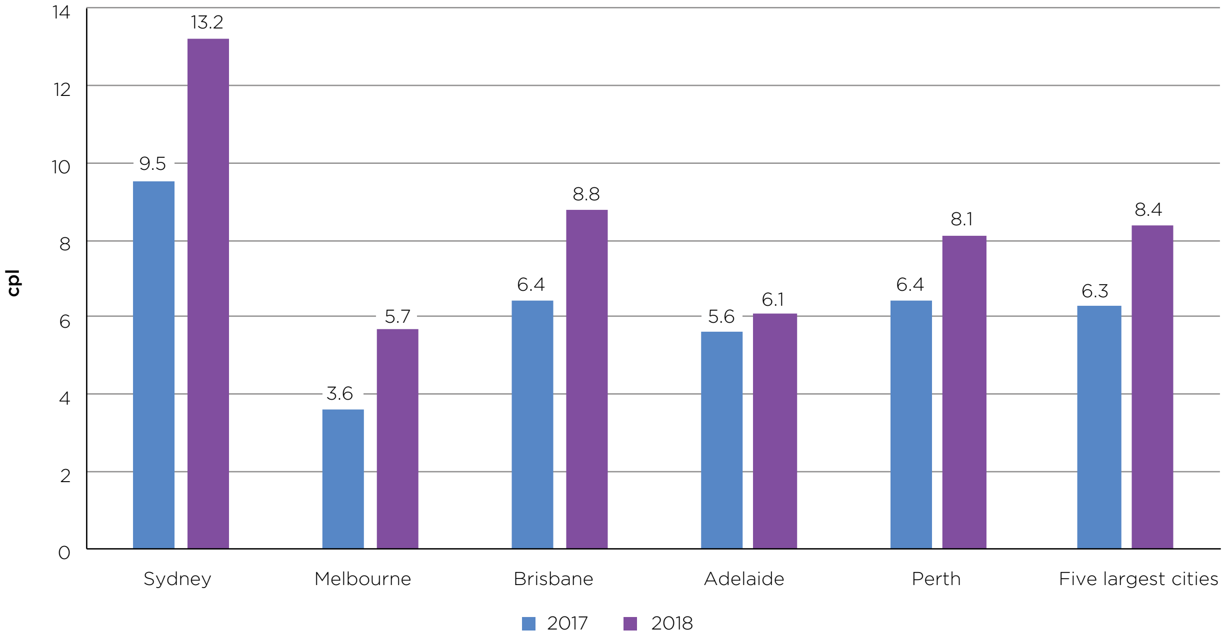
Readily available information about current retail petrol prices, particularly through websites and apps, enables motorists to more easily shop around and purchase petrol at relatively lower priced retail sites. Not only do motorists benefit from those lower prices, but also the availability of petrol price data may promote competitive market behaviour. It will reward those retailers that are prepared to compete actively on price, because their pricing behaviour can be seen, and acted upon, by motorists.

It is also important to note that while a particular retailer may have an annual (or monthly) average price above the market average price, it does not necessarily mean they have higher prices at all times. For example, while a retailer may have a higher price than the market average over a year, at any point in time its price may be below the market average price.

The range between the highest and lowest average prices increased in 2018 in all cities

The range between the highest and lowest priced major retailer increased in each of the five largest cities between 2017 and 2018. This is shown in the following chart.

Difference between the highest and lowest priced major retailer in the five largest cities, 2017 and 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Note: E10 prices are used in Sydney.

The largest increase was in Sydney (where the range increased by 3.7 cpl) and the smallest increase was in Adelaide (0.5 cpl). On average across the five largest cities, the range increased by 2.1 cpl between 2017 and 2018.

A feature of the Sydney fuel retailing market is that there are multiple independent retail chains that compete vigorously on price (such as Speedway, Metro, Budget and Westside). Previous analysis undertaken by the ACCC has shown that these retailers took longer to increase their prices during the price increase phase of the price cycle, and that the average peak price of these retailers was lower than other major retailers. The presence of these retailers in Sydney, and their associated influence on competition, is likely to have contributed to the significant range between the highest and lowest priced major retailers.

A possible influence on the increase in the range in 2018 is that retail petrol prices were more volatile in 2018, reflecting larger movements in the international price of refined petrol in 2018.

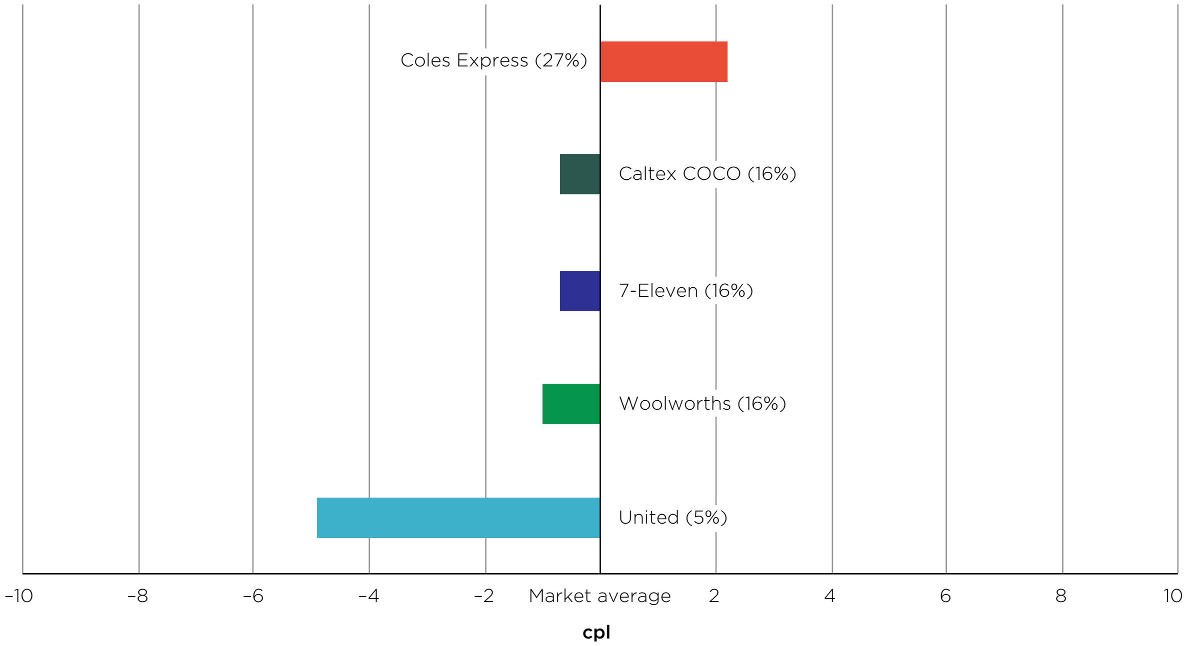
In 2017, daily average petrol prices across the five largest cities varied from a low of 114.7 cpl to a high of 146.4 cpl (i.e. a range of 31.7 cpl). In 2018, daily average petrol prices across the five largest cities varied from a low of 114.5 cpl to a high of 161.3 cpl (i.e. a range of 46.8 cpl). The range of prices in 2018 was around 15 cpl higher than in 2017. Furthermore, there was a large decrease in retail prices in October and November 2018. The larger variation in overall retail prices in 2018 may have resulted in greater disparity between retailer prices throughout the year and therefore influenced retailer's yearly average prices.

The greater range of prices in 2018 suggests that a motorist's decision about where to buy petrol was more important in 2018 than it was in 2017.

Prices in the smaller capitals in 2018

The following charts show the difference between each major retailer's annual average petrol price and the market annual average petrol price in each of the smaller capitals in 2018. They also show the proportion of retail sites in the city for each major retailer as at 30 June 2018.

Difference between each major retailer's annual average petrol price and the market annual average petrol price in Canberra in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

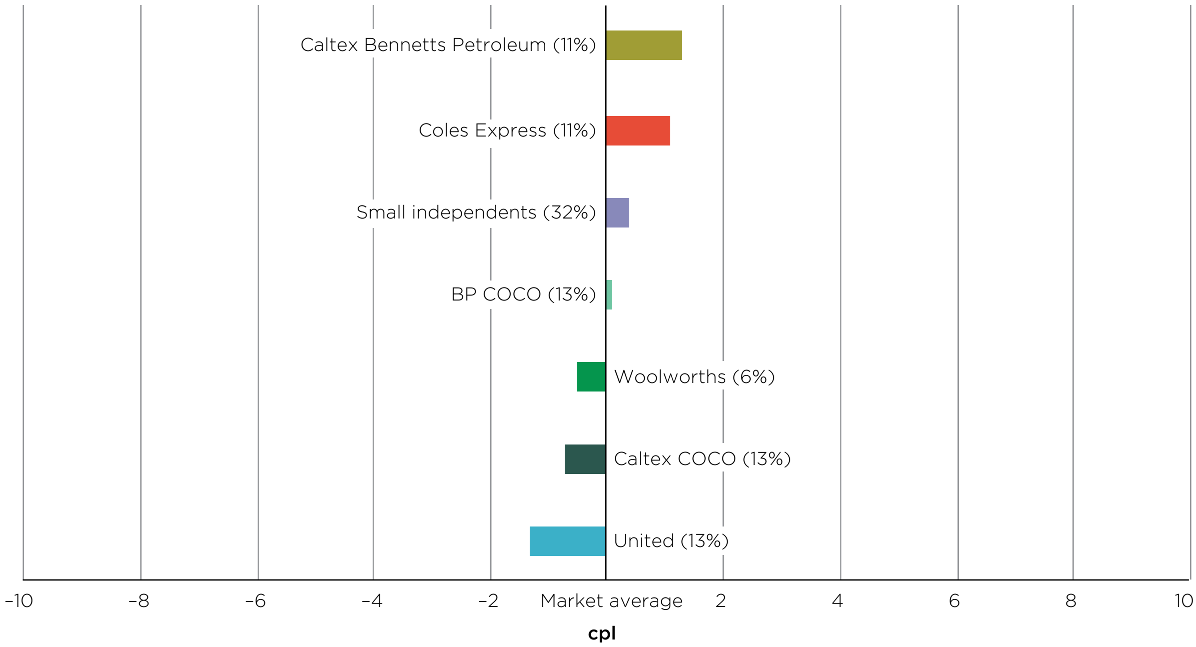
Notes: The numbers in brackets are the proportion of retail sites in Canberra for each major retailer.

Prices were not available for BP-branded retail sites in Canberra, as they generally sell E10 rather than RULP. Prices were also not available for the small independents category. Therefore, the proportions of retail sites shown in the chart do not total 100 per cent.

There were three United retail sites in Canberra.

If a motorist in Canberra who bought petrol at the highest priced retailer (i.e. Coles Express) had instead bought it at the lowest priced retailer (i.e. United), they could have saved themselves on average 7.1 cpl each time they filled up, or $185 in 2018.

Difference between each major retailer's annual average petrol price and the market annual average petrol price in Hobart in 2018

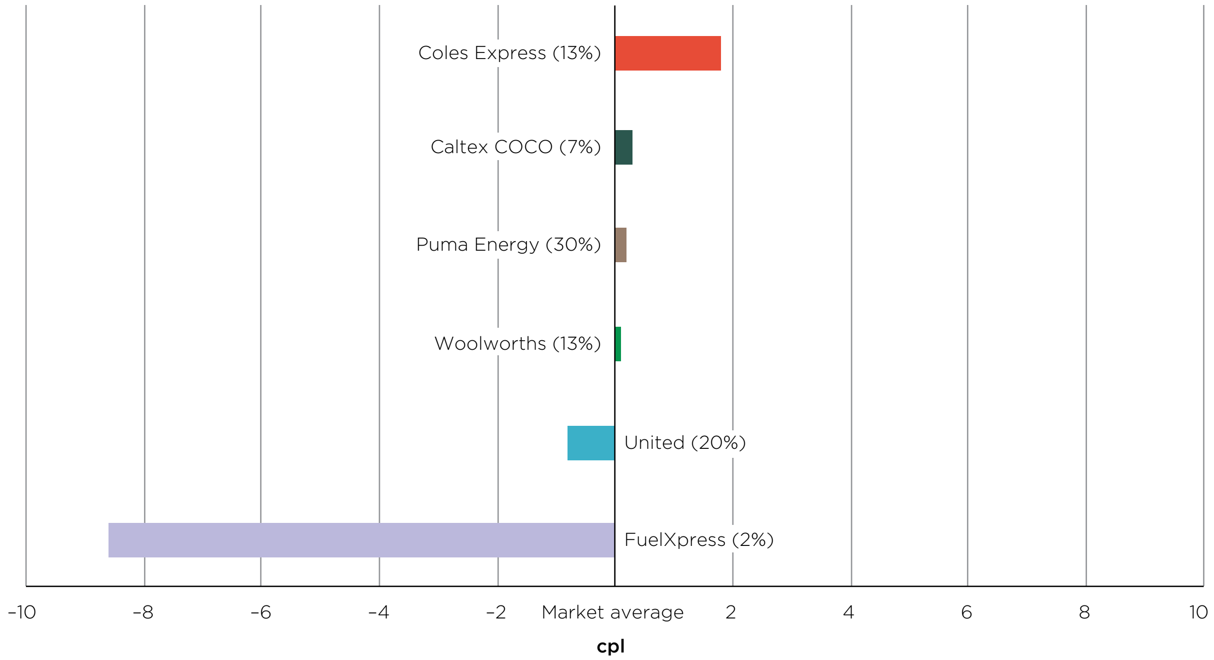


Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: The numbers in brackets are the proportion of retail sites in Hobart for each major retailer.
The proportions of retail sites shown in the chart do not total 100 per cent due to rounding.
There were four Woolworths retail sites in Hobart.
Caltex Bennetts Petroleum is a Caltex-branded independent chain.

If a motorist in Hobart who bought petrol at the highest priced retailer (i.e. Caltex Bennetts Petroleum) had instead bought it at the lowest priced retailer (i.e. United), they could have saved themselves on average 2.6 cpl each time they filled up, or $68 in 2018.

Difference between each major retailer's annual average petrol price and the market annual average petrol price in Darwin in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: The numbers in brackets are the proportion of retail sites in Darwin for each major retailer.

Prices were not available for the small independents category. Therefore, the proportions of retail sites shown in the chart do not total 100 per cent.

There were four Caltex COCO retail sites and one FuelXpress retail site in Darwin.

If a motorist in Darwin who bought petrol at the highest priced retailer (i.e. Coles Express) had instead bought it at the lowest priced retailer (i.e. FuelXpress), they could have saved themselves on average 10.4 cpl each time they filled up, or $270 in 2018.

The charts indicate that in 2018, across the three smaller capitals:

- independent chains were the lowest priced major retailer in each of the three capitals (United in Canberra and Hobart, and FuelXpress in Darwin)
- Coles Express was the highest priced major retailer in Canberra and Darwin
- there was variation between the highest and lowest average priced major retailer in each city. The largest range was 10.4 cpl in Darwin and the smallest was 2.6 cpl in Hobart.

Comparison with 2010

The ACCC calculated annual average prices for most major retailers in the smaller capitals in 2010 (the earliest data available) and 2018.[6]

A major difference was that the range between the highest and lowest priced major retailer increased between the two periods in Canberra and Darwin, but decreased in Hobart.

In 2018, Coles Express was the highest priced retailer in Canberra and Darwin, whereas in 2010 it was not the highest in any city. Average prices for Coles Express in 2010 were above the market average price in Canberra and below the market average price in Hobart and Darwin. In 2010, Caltex was the highest priced retailer in Canberra and Darwin, and BP was the highest priced retailer in in Hobart.

Independent chains/retailers were the lowest priced major retailer in all three smaller capitals in 2018 (United in Canberra and Hobart, and FuelXpress in Darwin). In 2010, Woolworths was the lowest priced retailer in Canberra and Darwin and Shell was the lowest priced retailer in Hobart.

6 A similar historical comparison for the five largest cities between 2007 and 2017 was included in the ACCC's 2017 price report.

Monthly average prices in 2018

Analysis of monthly average prices in 2018 indicates that the relativities between the average prices of the major retailers varied over the months.

For example, while Coles Express was on average the highest priced major retailer in most capitals in 2018, this was not always the case on a monthly basis. There was one month both in Darwin and Adelaide when Coles Express' average prices were not above the market average price. Coles Express had the highest monthly average price every month in only Sydney and Canberra.

Similarly, the lowest priced major retailer in each city on an annual basis did not always have the lowest price every month. For example, in Sydney, Speedway, which had the lowest annual average price, had the lowest monthly average price for 10 months in 2018. Darwin was the only capital where the lowest priced retailer (FuelXpress) was always the lowest on a monthly basis throughout 2018. The analysis also shows that the independent retail chains (such as 7-Eleven and United) generally had monthly average prices that were lower than market average prices.

The change in price setter at Coles Express and Woolworths retail sites in 2019 has not yet had a material effect on prices

In the first half of 2019, the retail price setter changed at Coles Express and Woolworths retail sites. From 1 March 2019, Viva Energy began setting the price of fuel at Coles Express retail sites, with Coles Express becoming a commission agent. On 1 April 2019, Euro Garages (EG) Group completed its purchase of Woolworths' petrol business and commenced setting fuel prices at 540 previously Woolworths-owned retail sites.

The ACCC examined how average retail petrol prices at Coles Express and Woolworths retail sites differed from market average prices in the eight capital cities in a period with the new price setters (April and May 2019), compared with a period with the previous price setters (January and February 2019).[7]

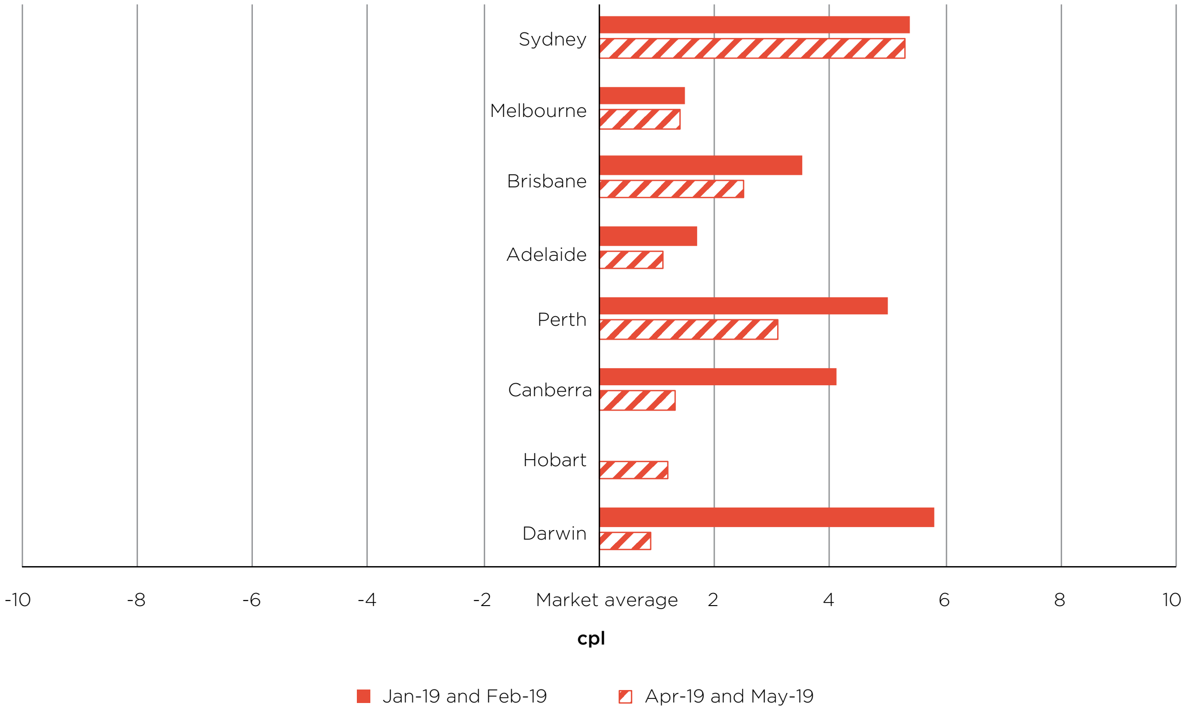
It is important to note that the period of analysis is relatively short and it is too early to draw any more than preliminary conclusions from this data. The ACCC will continue to monitor prices at Coles Express and Woolworths retail sites over coming months.

7 Broadly similar analysis was provided in the ACCC's *Report on the Australian petroleum market June quarter 2019*, pages 28–31, available at: https://www.accc.gov.au/publications/quarterly-reports-on-the-australian-petroleum-industry/quarterly-report-on-the-australian-petroleum-market-june-quarter-2019. However, the periods analysed in that report were different from those analysed in this report.

Coles Express

The following chart shows the difference between the average price of petrol at Coles Express retail sites and the market average petrol price in the eight capital cities for two-month periods prior to, and after, the change in price setter from Coles Express to Viva Energy.[8]

Differences between Coles Express' average petrol price and the market average petrol price in the capital cities prior to, and after, the change in price setter in 2019



Source: ACCC calculations based on Informed Sources data.

Notes: E10 prices are used in Sydney. RULP prices are used in all other cities.
Retail price data was not available for Coles Express in January and February 2019 in Hobart.

At Coles Express retail sites, prices were lower in all capital cities (in which prices were available) after Viva Energy began setting prices. However, they remained above the market average price in all eight capital cities.

Across the five largest cities, the average price at Coles Express retail sites was on average 0.7 cpl lower when Viva Energy set the price of petrol, compared with when Coles Express set the price. When Coles Express set the price of petrol, the average price at Coles Express retail sites across the five largest cities was on average 3.4 cpl higher than the market average price. When Viva Energy set the price of petrol, the average price at Coles Express retail sites across the five largest cities was on average 2.7 cpl higher than the market average price.

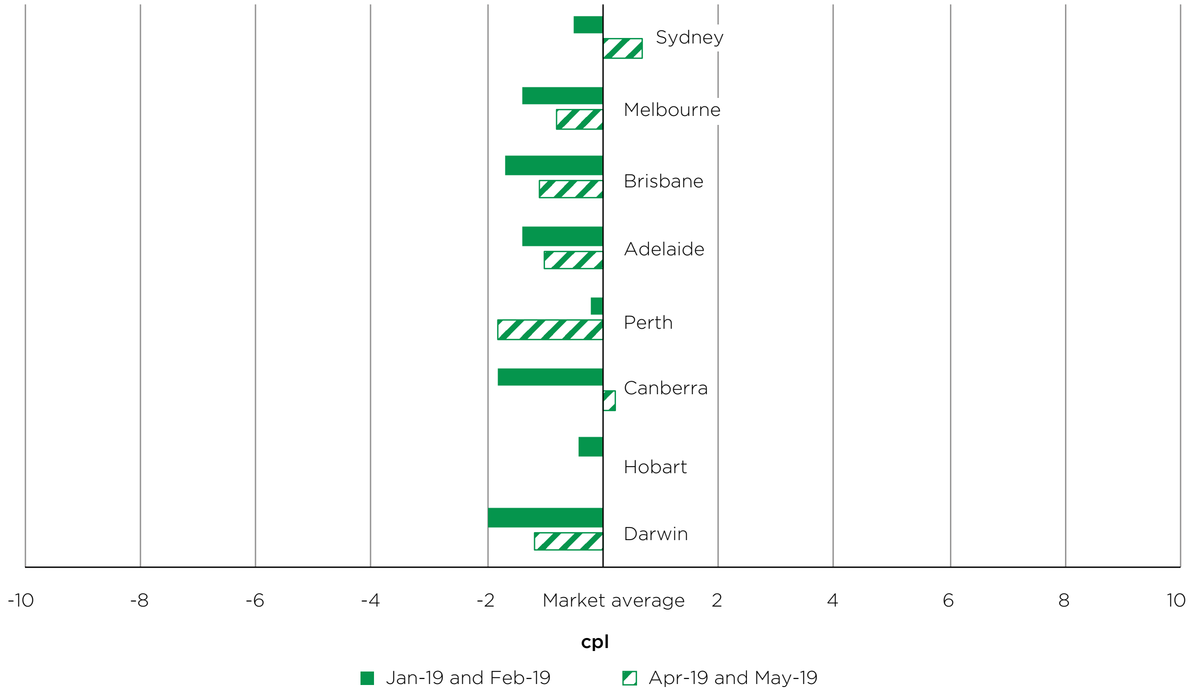
In January and February 2019, prior to the change in price setter, Coles Express had the highest average price in Sydney, Brisbane, Adelaide and Perth, and the second-highest in Melbourne. Following the change in price setter, Coles Express remained the highest priced retailer in Sydney, Brisbane and Perth, and the second-highest in Melbourne. Coles Express had the second-highest average price in Adelaide when Viva Energy set the price.

8 The analysis could not be undertaken for Hobart because Coles Express price data was not available for January and February 2019.

Woolworths

The following chart shows the difference between the average price of petrol at Woolworths retail sites and the market average petrol price in the eight capital cities for two-month periods prior to, and after, the change in price setter from Woolworths to EG Group.

Differences between Woolworths' average petrol price and the market average petrol price in the capital cities prior to, and after, the change in price setter in 2019



Source: ACCC calculations based on Informed Sources data.

Notes: E10 prices are used in Sydney. RULP prices are used in all other cities.
Woolworths' average price was equal to the market average price in Hobart for the period April and May 2019.

At Woolworths retail sites, prices were higher in most capital cities after EG Group took over the retail sites, although in the majority of cities prices were still below the market average price.

Across the five largest cities, the average price at Woolworths retail sites was on average 0.2 cpl higher when EG Group set the price of petrol, compared with when Woolworths set the price. When Woolworths set the price of petrol, the average price at Woolworths retail sites across the five largest cities was on average 1.0 cpl lower than the market average price. Woolworths' prices were below the market average price in all five cities.

When EG Group set the price of petrol, the average price at Woolworths retail sites across the five largest cities was on average 0.8 cpl lower than the market average price. In Sydney, average prices at Woolworths retail sites changed from 0.5 cpl below the market average price when Woolworths set the price of petrol, to 0.7 cpl above the market average price when EG Group set the price.

Woolworths became a slightly more expensive retailer (i.e. its prices were higher compared with other major retailers), in Sydney and Melbourne following the change in price setter. However, Woolworths became a slightly less expensive retailer in Perth. Woolworths remained in the same position, relative to other major retailers, in Brisbane and Adelaide following the change in price setter.

Motorists could have saved around $275 million in 2018 simply by buying petrol at low-priced retailers

Motorists can make savings on petrol if they shop around and purchase it from at lower priced retailers. Even if motorists in the five largest cities made a switch from buying petrol from a high-priced retailer (i.e. those with an average price above the market average price) to a low-priced retailer (i.e. those with an average price below the market average price), in aggregate they could have saved substantial amounts.

ACCC calculations indicate that savings across the five largest cities could have totalled around $275 million in 2018 from motorists switching from high-priced retailers to low-priced retailers. The total potential savings in 2018 could have been around $126 million in Sydney, around $62 million in Melbourne, around $34 million in Brisbane, around $37 million in Perth and around $17 million in Adelaide.[9]

These calculations do not take account of the savings available to motorists who bought petrol from a low-priced retailer who switched to an even lower priced retailer. For example, motorists in Sydney that bought from 7-Eleven (which was 0.1 cpl lower than the market average price) who instead switched to Speedway (which was 6.5 cpl lower than the market average price).

These illustrative savings indicate that motorists who shop around can save money on their petrol purchases.

The ACCC has also noted, in previous analysis, that motorists who time their purchases to avoid the peaks of the price cycles in the five largest cities can make substantial savings on petrol.

Information to help motorists save money is widely available

The information about the relative average prices of the major retailers contained in this report can be used by motorists, in conjunction with other publicly available fuel price information, to help make more informed purchasing decisions.

There are a variety of fuel price websites and apps that provide information to motorists about petrol prices, including:

- the NSW Government FuelCheck scheme, the WA Government FuelWatch scheme and the Northern Territory Government MyFuel NT scheme
- motoring organisations' fuel price websites and apps (such as the NRMA and RACQ schemes)
- commercial services such as the MotorMouth website and app, and apps operated by GasBuddy, 7-Eleven and Woolworths.

While there are a range of fuel price websites and apps available to motorists, the ACCC notes that motorists should be aware that some are more comprehensive and timely than others, and not all of them include prices for the lowest priced retail sites. The government schemes are the most comprehensive and up-to-date, whereas the commercial services (such as MotorMouth and GasBuddy) may not include all of the cheaper retail sites. In jurisdictions where commercial services obtain their data via the government schemes, they can be as comprehensive and timely as the government websites and apps.

9 These estimates are based on the following calculations and assumptions. The ACCC calculated the range between the average price of high-priced retailers and low-priced retailers in the five largest cities and estimated the number of unleaded petrol vehicles in each city using Australian Bureau of Statistics census and vehicle data. The ACCC assumed that: 50 per cent of motorists purchased petrol at high-priced retailers; similar savings were available for all petrol grades; motorists filled up a 50 litre tank; that one-third of motorists filled up once a week, one-third filled up once every two weeks and the remaining third filled up once every month.

Petrol retailers are not the same

At 30 June 2018, there were around 7300 retail fuel sites in Australia, which operate under a range of business models.[10] The variety of business models and ownership structures mean that there are different pricing strategies and offerings among retail sites, as well as different capital structures and cost bases.

For example, some retailers may consider that they have a 'premium brand', an attractive retail site, a good location and/or a superior convenience store, and set their retail prices higher to reflect these features. Other retailers may consider that they need to set prices below those of many of their local competitors to attract customers to their retail site. Some may have competitive prices to attract consumers into their convenience store where margins are often higher than on sales of fuel.

Some retailers may offer discounts to qualifying customers. Examples of these include shopper docket discount arrangements of the supermarket chains, discount arrangements between some major retailers and state motoring organisations, and discounts associated with fuel cards. These offers may also influence a retailer's pricing strategy.

These differences need to be borne in mind when considering the average prices of the major retailers. Consumers should remember, however, that there are minimum standards for RULP that all retailers must adhere to, and RULP sold by an independent retailer is typically supplied by the same refinery or import terminal as that sold by a so called 'premium brand'.

10 According to the Informed Sources Netwatch database.

1. Introduction

1.1 Price is important to many motorists

Information about fuel prices of the various major retailers can assist motorists in deciding where to buy fuel.

The Australasian Convenience and Petroleum Marketers Association (ACAPMA) has previously commissioned surveys into consumer attitudes about fuel.[11] This research has shown that the price of fuel is the most important factor in a consumer's decision about where to buy fuel. The most recent ACAPMA research (in 2017) found that almost 50 per cent of consumers surveyed indicated that price had the biggest influence on their decision about where to buy fuel.[12]

The survey also found that 90 per cent of consumers always purchase from the same, or one of the same few, retail sites.[13] However, when asked whether the price of fuel or the location of the retail site is more important, 61 per cent of consumers indicated that the price of fuel is more important to them.[14]

This suggests that the majority of consumers should be willing to change where they buy fuel according to price.

1.2 Business models and pricing strategies differ between fuel retailers

As at 30 June 2018, there were around 7300 retail fuel sites operating in Australia.[15] These retail sites operate under a range of business models, including:

- Company-owned and company-operated retail sites—these are sites at which the retailer owns the site and sets the retail fuel price.
- Commission agent retail sites—these are sites generally owned by a refiner-marketer or independent chain, and are operated by a third-party that is generally compensated in the form of a commission that is based on the quantity of fuel sold.
- Franchise retail sites—these are sites where franchisees rent a site and source fuel from the franchisor and brand it accordingly. They may set their own price, or act as a commission agent for the franchisor.

Retail sites may be operated by refiner-marketers (BP and Caltex), supermarket chains (Woolworths and Coles Express) and large and small independent retailers (ranging from large chains, such as 7-Eleven and United, to single retail site operators).[16] In addition to selling fuel, many retail sites have a convenience store attached.

The variety of business models and ownership structures mean that there are different pricing strategies and offerings among retail sites, as well as different capital structures and cost bases. For example, some retailers may consider that they have a 'premium brand', an attractive retail site, a good location and a superior convenience store, and set their retail prices higher to reflect these features. Other retailers may consider that they need to set prices below those of many of their local competitors

11 Australasian Convenience and Petroleum Marketers Association, *2017 Monitor of Fuel Consumer Attitudes*, at: http://acapmag.com.au/wp-content/uploads/2017/11/ACAPMA-2017-National-Monitor-of-Fuel-Consumer-Attitudes-Report-V1.0.pdf, accessed on 4 October 2019; and *National Monitor of Fuel Consumer Attitudes, 2015*, at: https://acapmag.com.au/wp-content/uploads/2015/10/2015-National-Monitor-of-Fuel-Consumer-Attitudes-Results.pdf, accessed on 4 October 2019.

12 *2017 Monitor of Fuel Consumer Attitudes*, p. 17.

13 Ibid, p. 6.

14 Ibid, p. 20.

15 According to the Informed Sources Netwatch database.

16 Woolworths and Coles Express retail sites were operated by the supermarkets in 2018, but these arrangements changed in the first half of 2019. See chapter 4.

to attract customers to their retail site. Some may have competitive prices to attract consumers into their convenience store, where margins are often higher than on sales of fuel.

These differences need to borne in mind when considering the average prices of the major retailers.

1.3 Brand does not always mean the same as retailer

While the brand of the retail site will often reflect the owner or fuel price setter of the retail site, this is not always the case.

A refiner-marketer retail site may be owned and operated by the refiner-marketer, and the refiner-marketer sets the retail price. Alternatively, the retail site may be owned and operated by an independent owner that sells fuel of a refiner-marketer under the refiner-marketer brand, but sets the price independently of the refiner-marketer. This independent owner may operate a number of retail sites or just one.

An example of this is BP-branded retail sites in Melbourne. As at 30 June 2018, BP owned and operated 31 retail sites in Melbourne, at which it set the retail price of fuel. An independent chain (BP AA) owned and operated a chain of 48 BP-branded retail sites in Melbourne, at which BP AA set the retail price of fuel. There were also a number of smaller independent owners that sold BP-branded fuel, but which set the retail price independently of BP.

It is generally not possible for consumers to distinguish between these types of retail sites under the same brand, or determine which operator is setting the retail price. The same applies to some retail sites operated by independent chains.

1.4 Price data used in this report

The ACCC obtained monthly and annual average retail prices in 2018 by major retailer for RULP in Melbourne, Brisbane, Adelaide, Perth, Canberra, Hobart and Darwin, and for E10 in Sydney. The ACCC uses E10 prices in Sydney instead of RULP because sales of E10 in Sydney in recent years have been generally higher than sales of RULP.

This data has been analysed to identify the highest and lowest priced major retailer in each of the eight capital cities.

For the purposes of this analysis, in the five largest cities, a major retailer is defined as a retailer that determines the retail price of petrol at seven or more retail sites in the city.[17] In most cases, a major retailer will also own or operate these retail sites. However, this also includes commission agent and franchise retail sites (which are owned and/or operated by another entity, but at which the major retailer determines the retail price). The retail sites of non-major retailers are included in the analysis in the 'small independents' category.

In the three smaller capitals, the requirement of a major retailer having to set the retail price of petrol at seven or more retail sites has been relaxed. This is because it would result in a number of market participants being excluded from the analysis (for example, there were only four Woolworths retail sites in Hobart and only four Caltex COCO sites in Darwin). Excluding these retail sites would not provide a meaningful overview of these markets.

In the case of BP and Caltex retail sites, the ACCC has allocated these into three categories, based on its understanding of the business model of these retail sites from information provided by each company. These three categories are:

- company-owned and company-operated retail sites and commission agent retail sites (subsequently referred to as COCO). BP and Caltex set the price at these retail sites
- BP- and Caltex-branded but independently operated chains. An independent operator sets the price of fuel (rather than BP or Caltex) at seven or more of these BP- or Caltex-branded retail sites

17 This approach is slightly different from the approach taken in the ACCC's 2017 price report, where a major retailer was defined as a retailer that determined the retail price of petrol at 10 or more retail sites in a city.

- Independent BP- and Caltex-branded retail sites. An independent operator sets the price of fuel (rather than BP or Caltex) at less than seven of these BP- or Caltex-branded retail sites. These retail sites are included in the 'small independents' category.

Other methodological issues relating to the compilation of these average prices are described in appendix A.

There are some caveats to be aware of:

- average prices are for many retail sites over time and across a city, and therefore should not be taken to infer the prices at any specific retail site
- for some retail sites prices were not available for all of 2018 or for all individual months
- all prices are board prices and do not take account of the various discount schemes (such as the shopper docket discount arrangements of the supermarket chains and other retailers, discount arrangements between some major retailers and state motoring organisations, and discounts associated with fuel cards).

It is also important to note that while a particular retailer may have a monthly or annual average price above the market average price, it does not mean they will have higher prices at all times. For example, while a retailer may have a higher price than the market average over a year, at any point in time its board price may be below the market average price.

Despite these caveats, average prices presented in this report provide useful information to motorists, which can help them decide where to buy petrol. At a minimum, they dispel the myth held by some consumers that all petrol prices are the same.

This analysis focused on the capital cities because they generally have a larger range of prices, and more retail sites, than regional locations across Australia. As a result, consumers in these cities may benefit most from this information.

2. Annual average petrol prices in the capital cities in 2018

This chapter analyses annual average prices of the major retailers in each of the eight capital cities in 2018.

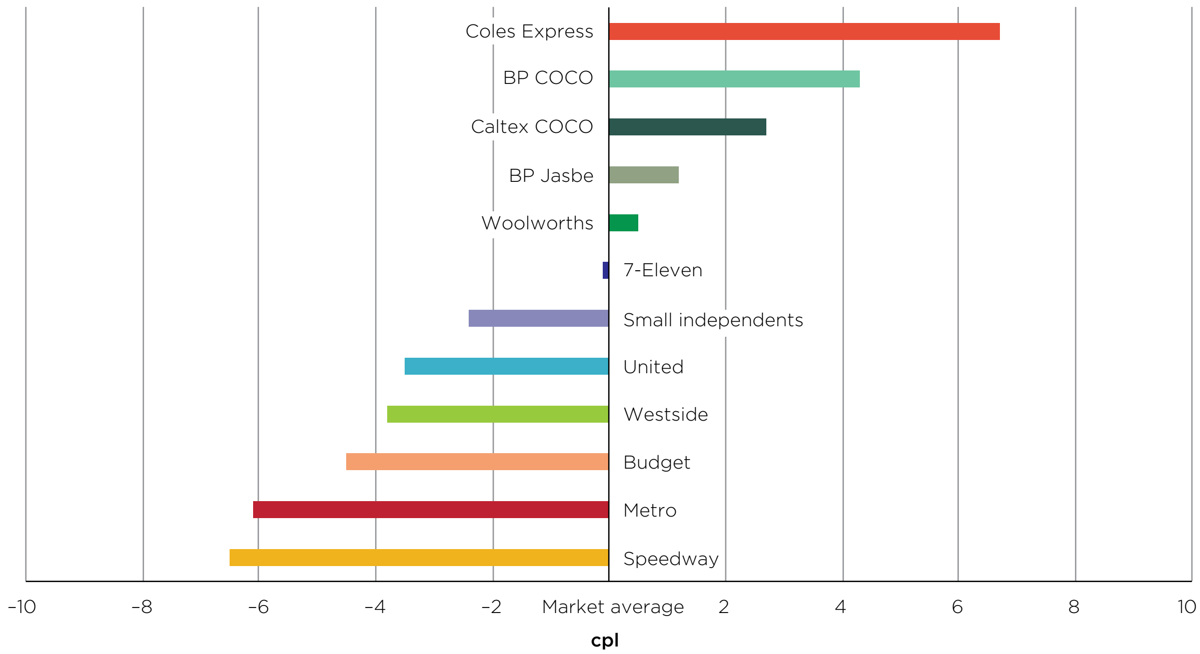
In the five largest cities, it also compares these prices with annual average prices in 2017.

2.1 Sydney

In Sydney, an annual average retail E10 price was calculated for 2018 for the following retailers: BP COCO, BP Jasbe (a BP-branded independent chain), Budget, Caltex COCO, Coles Express, Metro, Speedway, United, Westside, Woolworths, 7-Eleven and a small independents category.[18]

Chart 2.1 shows the difference between each major retailer's annual average E10 price and the market annual average E10 price in Sydney in 2018. As at 30 June 2018, there were 852 retail sites in Sydney selling fuel. Annual average E10 prices were available for 715 retail sites in 2018.[19] Therefore, the price data in chart 2.1 covers around 84 per cent of all retail sites in Sydney.

Chart 2.1: Difference between each major retailer's annual average E10 price and the market annual average E10 price in Sydney in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Note: BP Jasbe is a BP-branded independent chain.

18 The small independents category in all capital cities comprises independently owned BP- and Caltex-branded retail sites and other independent retail sites.

19 Although there is an ethanol mandate in New South Wales, not all retail sites in Sydney sell E10.

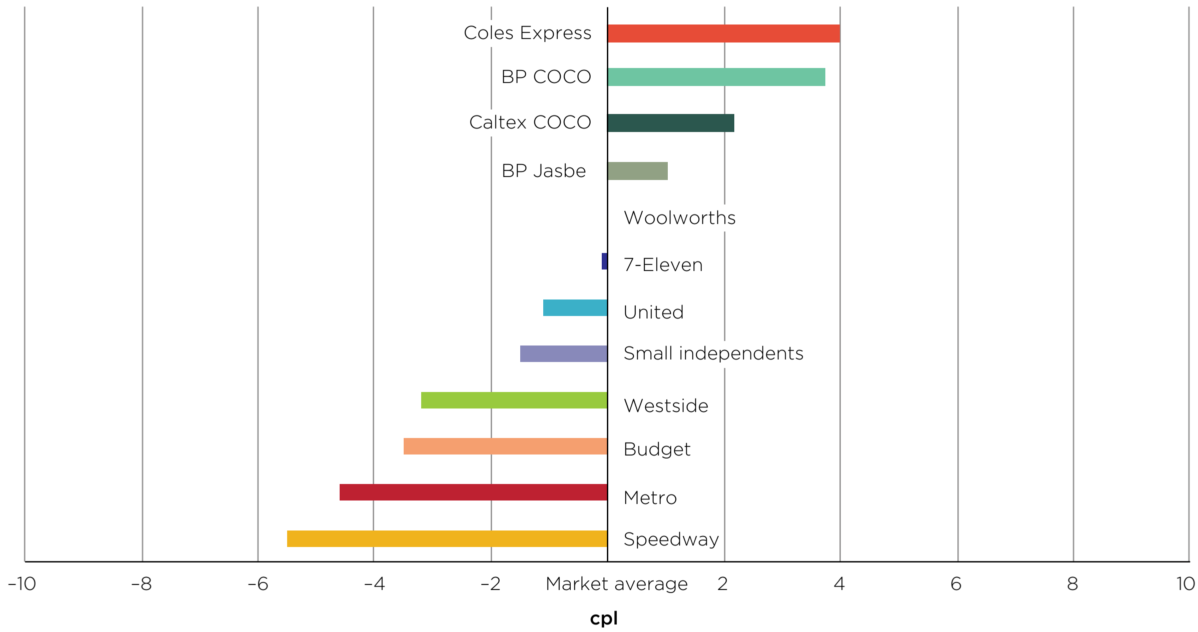
Chart 2.1 shows that in Sydney in 2018 the annual average price for:

- Speedway was the lowest, at 6.5 cpl below the market average price (139.2 cpl)
- Coles Express was the highest, at 6.7 cpl above the market average price
- Speedway, Metro, Budget, Westside, United, 7-Eleven and the small independents category was below the market average price
- Coles Express, BP COCO, Caltex COCO, BP Jasbe and Woolworths was above the market average price.

The chart also shows that there was a range of 13.2 cpl between the lowest and the highest priced retailers.

The ACCC conducted similar analysis of annual average E10 prices in Sydney in 2017, which is shown in chart 2.2.[20]

Chart 2.2: Difference between each major retailer's annual average E10 price and the market annual average E10 price in Sydney in 2017



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: BP Jasbe is a BP-branded independent chain.

The Woolworths price was equal to the market average price.

20 Chart 2.2, and subsequent charts in this chapter showing prices in 2017, originally appeared with a different scale in the ACCC's 2017 price report.

A comparison of 2018 with 2017 shows that:

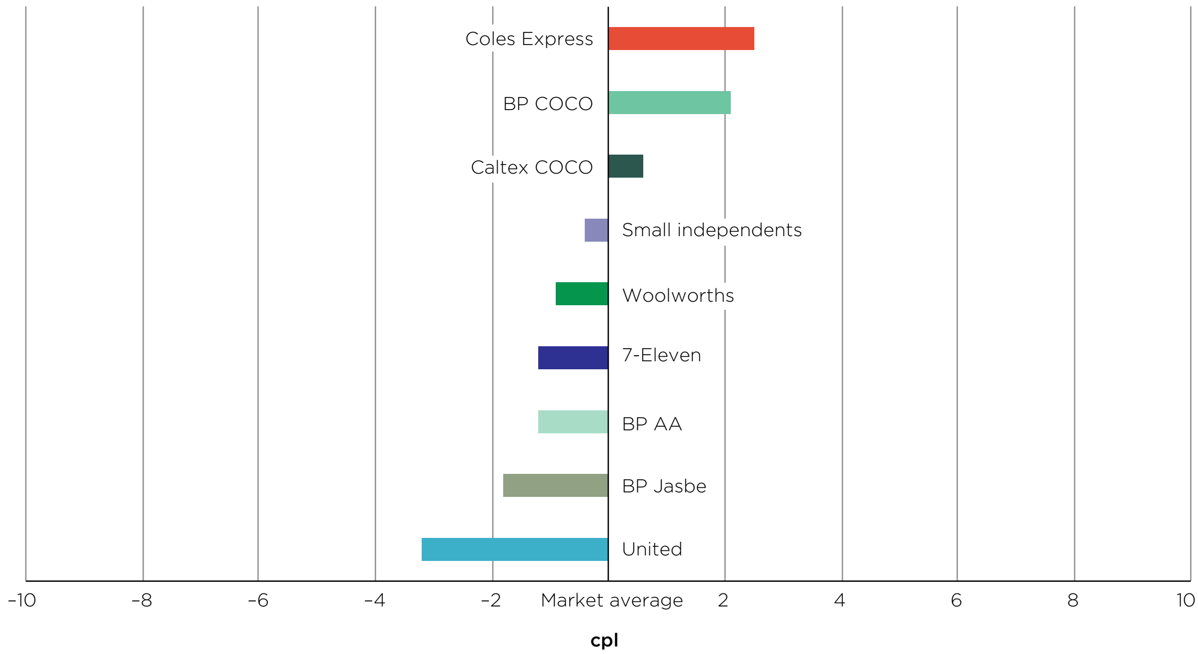
- the range between the highest and lowest priced retailers increased by 3.7 cpl in 2018 (the range was 9.5 cpl in 2017)
- the ranking of retailers (i.e. from highest to lowest) remained almost identical. The exceptions are the small independents category and United, which switched positions
- the average price of three retailers (Coles Express, BP COCO and Caltex COCO) was further above the market average price in 2018
- the average price of five retailers (Speedway, Metro, Budget, Westside and United) and the small independents category was further below the market average price in 2018
- the average price of BP Jasbe was marginally closer to the market average price in 2018 (by 0.1 cpl)
- the average price of Woolworths was above the market average price in 2018 (by 0.5 cpl). It was equal to the market average price in 2017.

2.2 Melbourne

In Melbourne, an annual average retail petrol price was calculated for 2018 for the following retailers: BP AA (a BP-branded independent chain), BP COCO, BP Jasbe (a BP-branded independent chain), Caltex COCO, Coles Express, United, Woolworths, 7-Eleven and a small independents category.

Chart 2.3 shows the difference between each major retailer's annual average petrol price and the market annual average petrol price in Melbourne in 2018. As at 30 June 2018, there were 877 retail sites in Melbourne. Annual average petrol prices were available for 555 retail sites in 2018. Therefore, the price data in chart 2.3 covers around 63 per cent of all retail sites in Melbourne.

Chart 2.3: Difference between each major retailer's annual average petrol price and the market annual average petrol price in Melbourne in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: BP AA and BP Jasbe are BP-branded independent chains.
Prices were not available for Liberty and Shell retail sites.

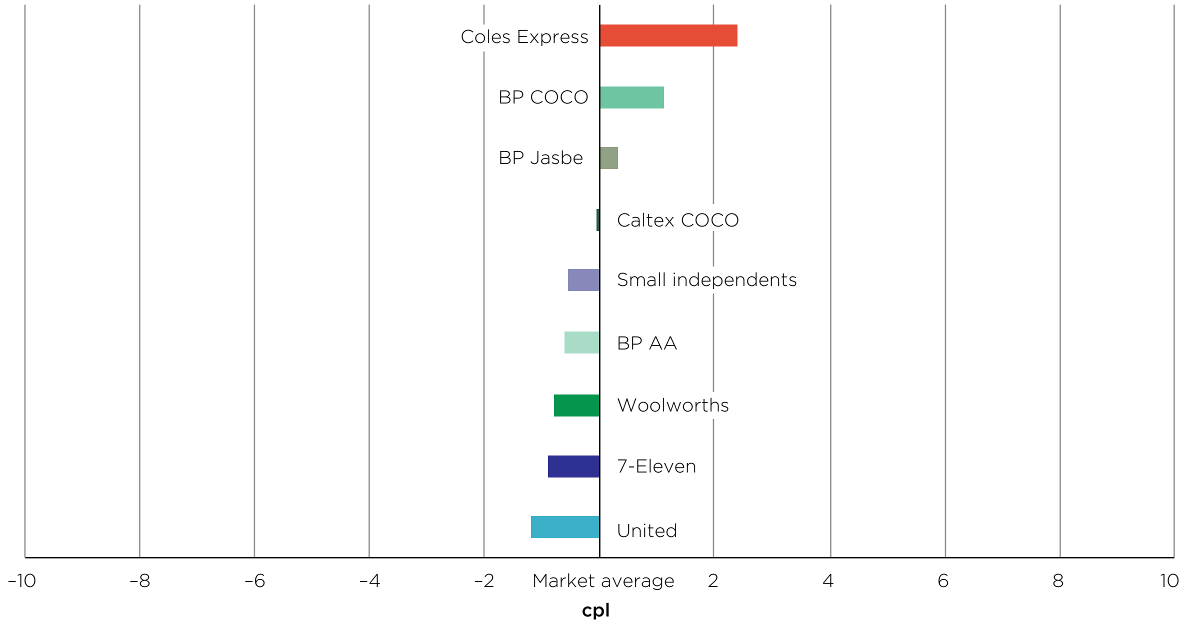
Chart 2.3 shows that in Melbourne in 2018 the annual average price for:

- United was the lowest, at 3.2 cpl below the market average price (143.2 cpl)
- Coles Express was the highest, at 2.5 cpl above the market average price
- United, BP Jasbe, BP AA, 7-Eleven, Woolworths and the small independents category was below the market average price
- Coles Express, BP COCO and Caltex COCO was above the market average price.

The chart also shows that there was a range of 5.7 cpl between the lowest and the highest priced retailers.

The ACCC conducted similar analysis of annual average petrol prices in Melbourne in 2017, which is shown in chart 2.4.

Chart 2.4: Difference between each major retailer's annual average petrol price and the market annual average petrol price in Melbourne in 2017



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Note: BP AA and BP Jasbe are BP-branded independent retail chains.

A comparison of 2018 with 2017 shows that:

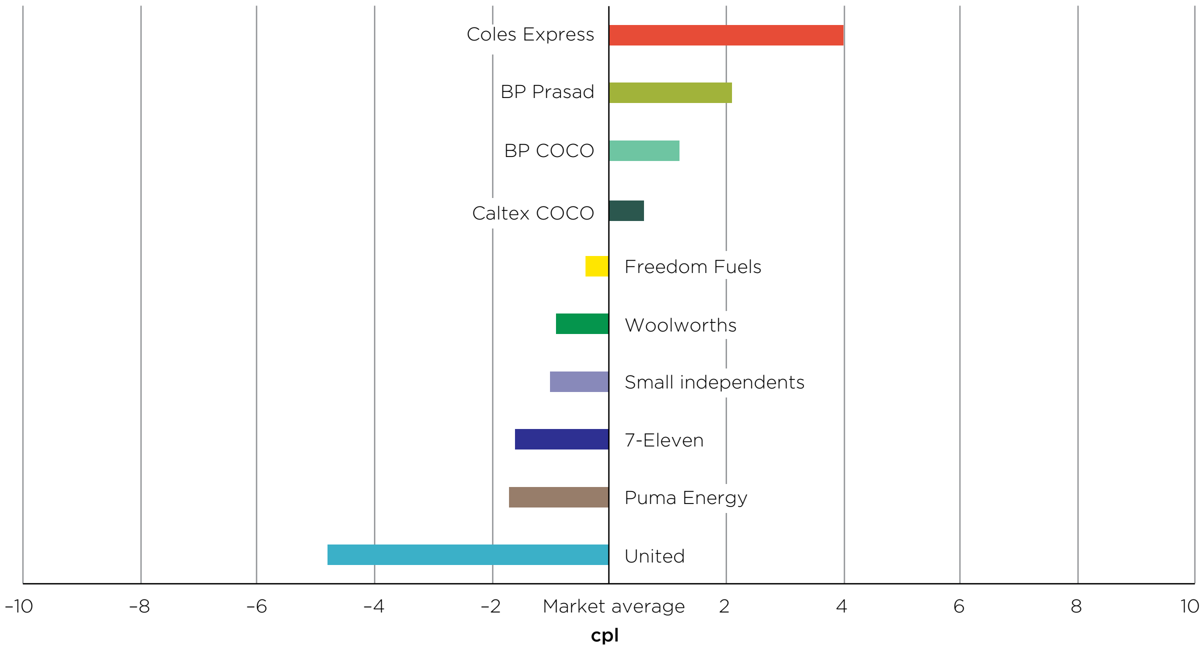
- the range between the highest and lowest priced retailers increased by 2.1 cpl in 2018 (the range was 3.6 cpl in 2017)
- there were changes in the ranking of highest priced to lowest priced retailers, although the highest and lowest remained the same
- the average price for Caltex COCO was 0.6 cpl above the market average price in 2018, compared with 0.1 cpl below in 2017
- the average price for BP Jasbe was 1.8 cpl below the market average price in 2018, compared with 0.3 cpl above in 2017.

2.3 Brisbane

In Brisbane, an annual average retail petrol price was calculated for 2018 for the following retailers: BP COCO, BP Prasad (a BP-branded independent chain), Caltex COCO, Coles Express, Freedom Fuels, Puma Energy, United, Woolworths, 7-Eleven, and a small independents category.

Chart 2.5 shows the difference between each major retailer's annual average petrol price and the market annual average petrol price in Brisbane in 2018. As at 30 June 2018, there were 418 retail sites in Brisbane. Annual average petrol prices were available for 301 retail sites in 2018. Therefore, the price data in chart 2.5 covers around 72 per cent of all retail sites in Brisbane.

Chart 2.5: Difference between each major retailer's annual average petrol price and the market annual average petrol price in Brisbane in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: BP Prasad is a BP-branded independent chain.
Prices were not available for BP McPhee (a BP-branded independent chain).

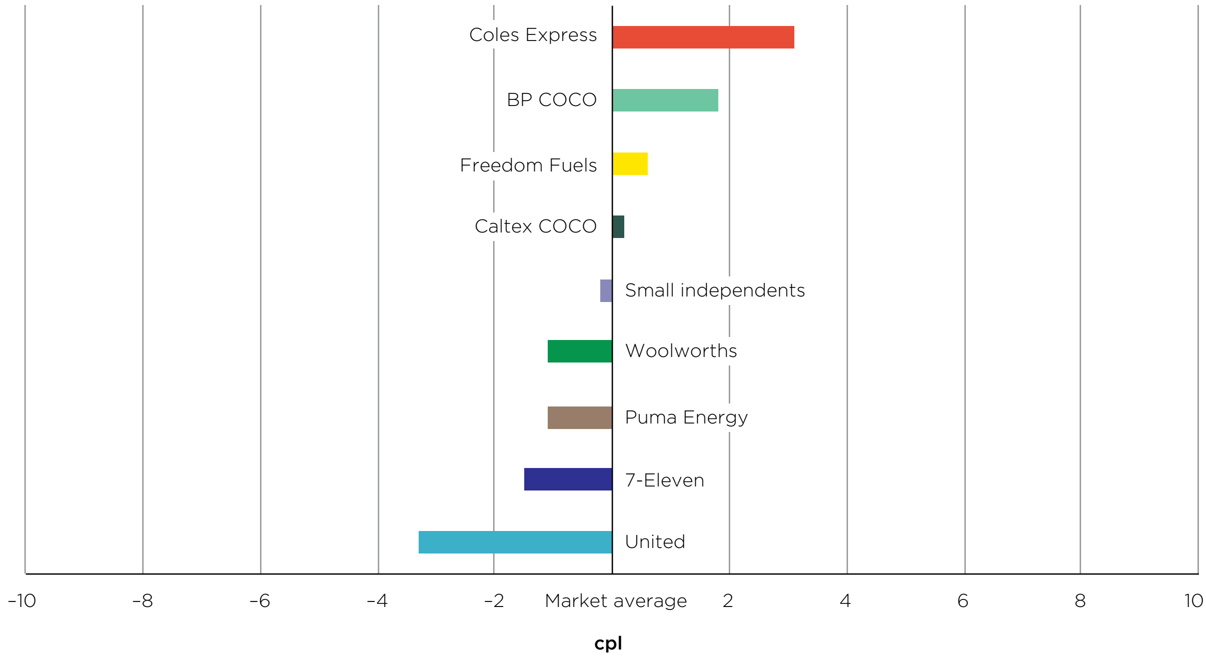
Chart 2.5 shows that in Brisbane in 2018 the annual average price for:

- United was the lowest, at 4.8 cpl below the market average price (144.2 cpl)
- Coles Express was the highest, at 4.0 cpl above the market average price
- United, Puma Energy, 7-Eleven, Woolworths, Freedom Fuels and the small independents category was below the market average price
- Coles Express, BP Prasad, BP COCO and Caltex COCO was above the market average price.

The chart also shows that there was a range of 8.8 cpl between the lowest and the highest priced retailers.

The ACCC conducted similar analysis of annual average petrol prices in Brisbane in 2017, which is shown in chart 2.6. Note that an individual price for BP Prasad was not available for 2017, and its price was included in the small independents category.

Chart 2.6: Difference between each major retailer's annual average petrol price and the market annual average petrol price in Brisbane in 2017



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Note: Individual prices for BP Prasad and BP McPhee (BP-branded independent chains) were not available in 2017, and were included in the small independents category.

A comparison of 2018 with 2017 shows that:

- the range between the highest and lowest priced retailers increased by 2.4 cpl in 2018 (the range was 6.4 cpl in 2017)
- there was minimal movement in the ranking of retailers, and the highest and lowest remained the same
- the average price of United was further below the market average price in 2018
- the average price of Freedom Fuels was 0.4 cpl below the market average price in 2018, compared with 0.6 cpl above in 2017.

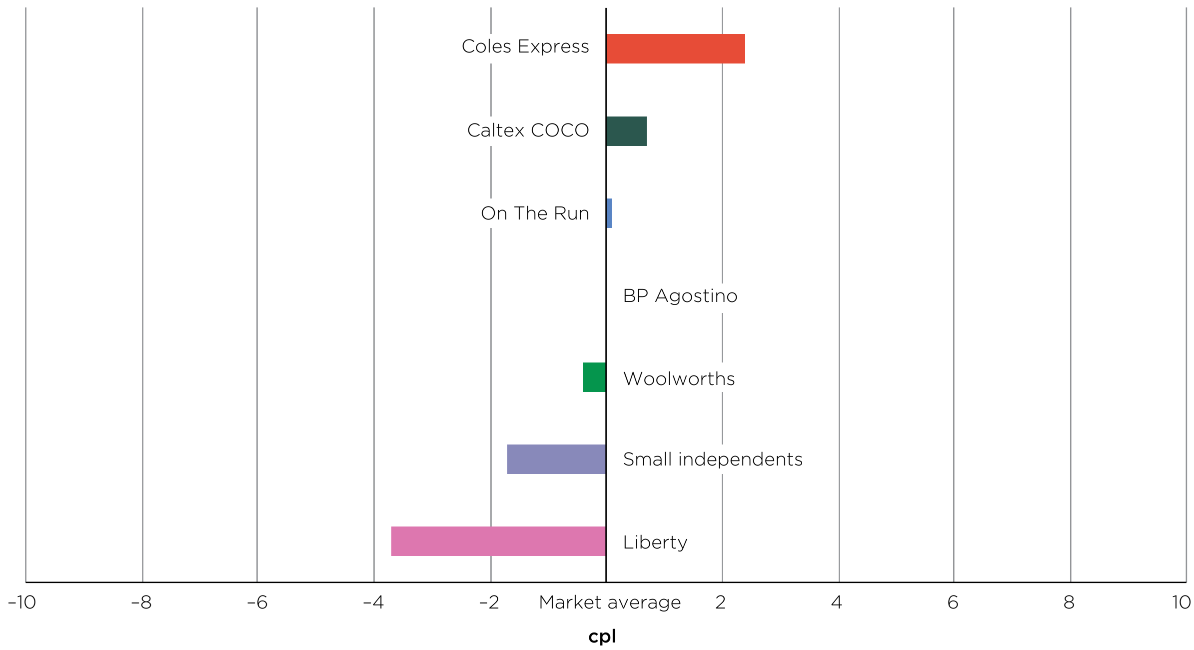
2.4 Adelaide

In Adelaide, an annual average retail petrol price was calculated for 2018 for the following retailers: BP Agostino (a BP-branded independent chain), Caltex COCO, Coles Express, Liberty, On The Run, Woolworths, and a small independents category.

There is only one BP COCO retail site in Adelaide. As it does not meet the seven site threshold for a major retailer, it has been included in the small independents category.

Chart 2.7 shows the difference between each major retailer's annual average petrol price and the market annual average petrol price in Adelaide in 2018. As at 30 June 2018, there were 276 retail sites in Adelaide. Annual average petrol prices were available for 213 retail sites in 2018. Therefore, the price data in chart 2.7 covers around 77 per cent of all retail sites in Adelaide.

Chart 2.7: Difference between each major retailer's annual average petrol price and the market annual average petrol price in Adelaide in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: BP Agostino is a BP-branded independent chain.
The average BP Agostino price was equal to the market average price.
The small independents category includes the single BP COCO retail site in Adelaide.

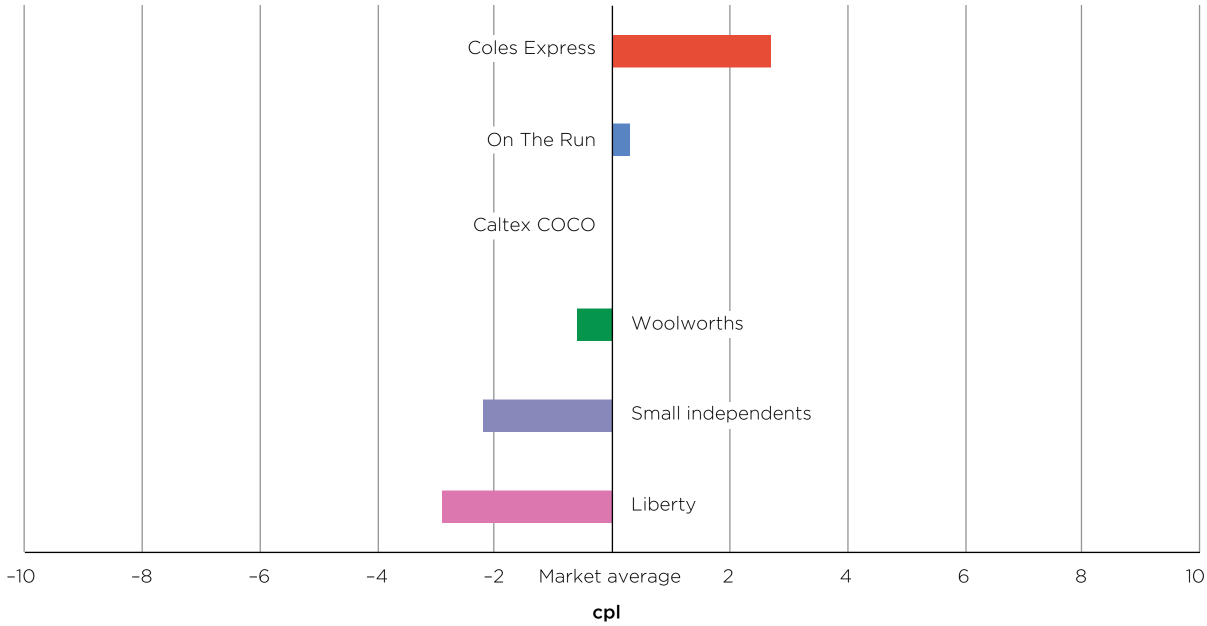
Chart 2.7 shows that in Adelaide in 2018 the annual average price for:

- Liberty was the lowest, at 3.7 cpl below the market average price (140.7 cpl)
- Coles Express was the highest, at 2.4 cpl above the market average price
- Liberty, Woolworths and the small independents category was below the market average price
- BP Agostino was equal to the market average price
- Coles Express, Caltex COCO and On The Run was above the market average price.

The chart also shows that there was a range of 6.1 cpl between the lowest and the highest priced retailers.

The ACCC conducted similar analysis of annual average petrol prices in Adelaide in 2017, which is shown in chart 2.8. Note that an individual price for BP Agostino was not available for 2017, and its price was included in the small independents category.

Chart 2.8: Difference between each major retailer's annual average petrol price and the market annual average petrol price in Adelaide in 2017



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: The average Caltex COCO price was equal to the market average price.

An individual price for BP Agostino (a BP-branded independent chain) was not available in 2017, and is included in the small independents category.

A comparison of 2018 with 2017 shows that:

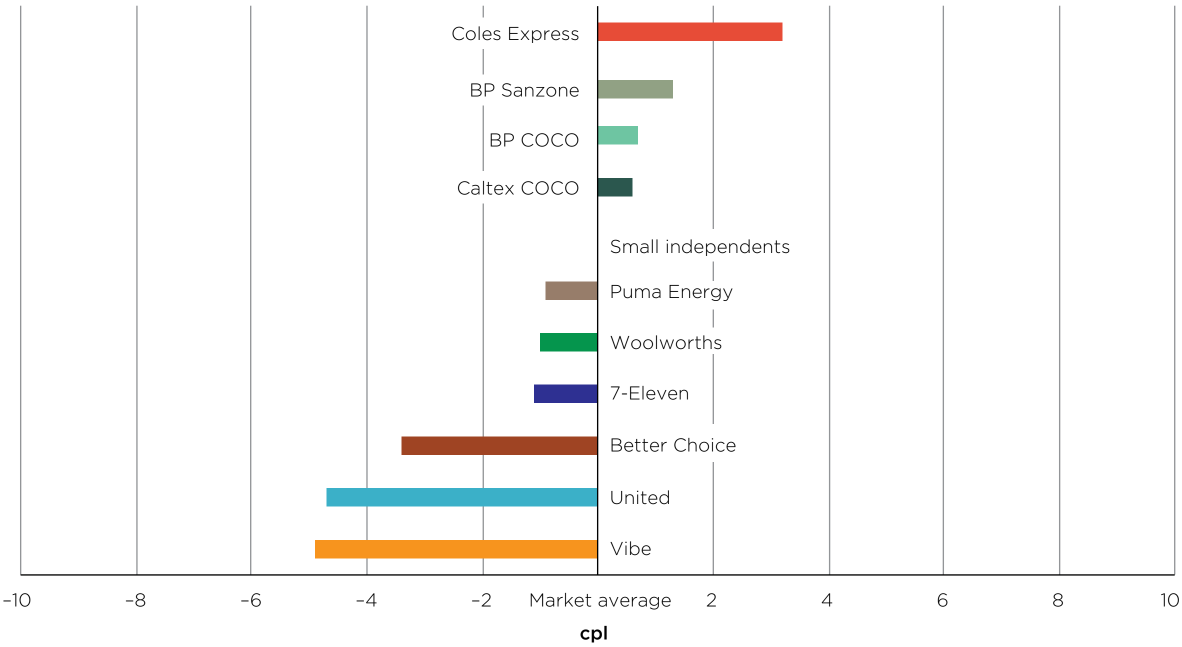
- the range between the highest and lowest priced retailers increased by 0.5 cpl in 2018 (the range was 5.6 cpl in 2017)
- there was minimal movement in the ranking of retailers, and the highest and lowest remained the same
- the average price of Liberty was further below the market average price in 2018
- the average price of Coles Express was slightly lower (by 0.3 cpl) relative to the market average price in 2018 compared with 2017, but remained above the market average price.

2.5 Perth

In Perth, an annual average retail petrol price was calculated for 2018 for the following retailers: Better Choice, BP COCO, BP Sanzone (a BP-branded independent chain), Caltex COCO, Coles Express, Puma Energy, United, Vibe, Woolworths, 7-Eleven and a small independents category.

Chart 2.9 shows the difference between each major retailer's annual average petrol price and the market annual average petrol price in Perth in 2018. As at 30 June 2018, there were 415 retail sites in Perth. Annual average petrol prices were available for 365 retail sites in 2018. Therefore, the price data in chart 2.9 covers around 88 per cent of all retail sites in Perth.

Chart 2.9: Difference between each major retailer's annual average petrol price and the market annual average petrol price in Perth in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: The average price for the small independents category was equal to the market average price.
BP Sanzone is a BP-branded independent chain.

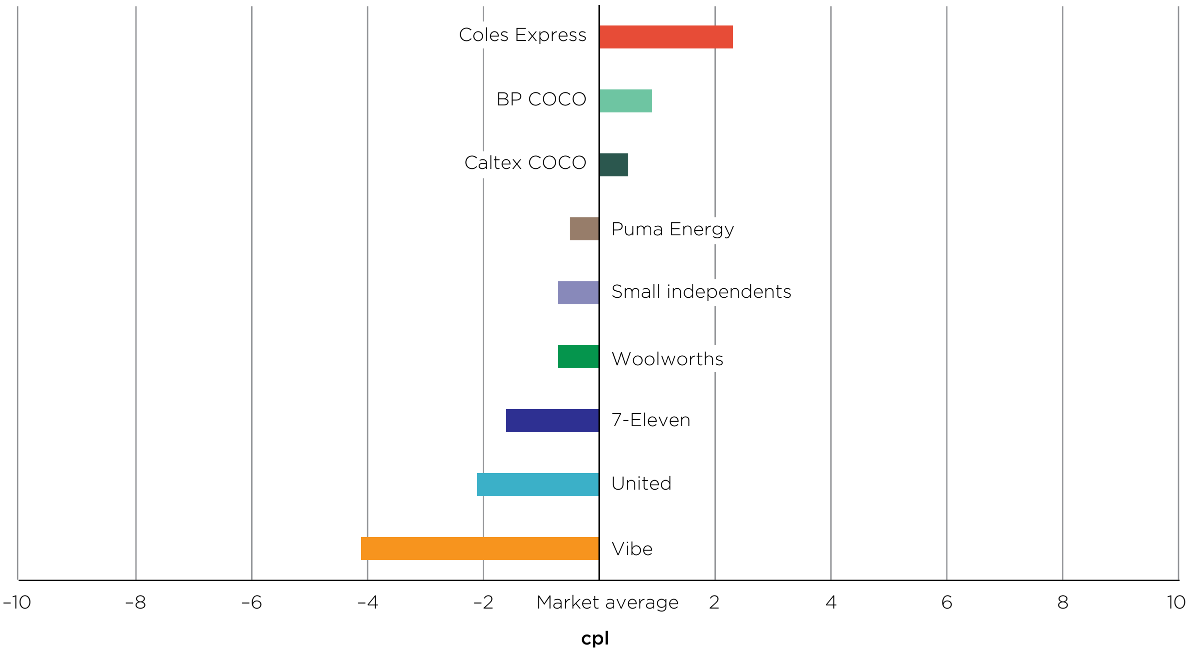
Chart 2.9 shows that in Perth in 2018 the annual average price for:

- Vibe was the lowest, at 4.9 cpl below the market average price (143.1 cpl)
- Coles Express was the highest, at 3.2 cpl above the market average price
- Vibe, United, Better Choice, 7-Eleven, Woolworths and Puma Energy was below the market average price
- Coles Express, BP Sanzone, BP COCO and Caltex COCO was above the market average price
- the small independents category was equal to the market average price.

The chart also shows that there was a range of 8.1 cpl between the lowest and the highest priced retailers.

The ACCC conducted similar analysis of annual average petrol prices in Perth in 2017, which is shown in chart 2.10. Note that individual prices for BP Sanzone and Better Choice were not available for 2017, and were included in the small independents category.

Chart 2.10: Difference between each major retailer's annual average petrol price and the market annual average petrol price in Perth in 2017



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: Individual prices for BP Sanzone (a BP-branded independent chain) and Better Choice were not available in 2017, and are included in the small independents category.

A comparison of 2018 with 2017 shows that:

- the range between the highest and lowest priced retailers increased by 1.7 cpl in 2018 (the range was 6.4 cpl in 2017)
- there was minimal change in the ranking of retailers, and the highest and lowest remained the same
- the average price of United was substantially further below the market average in 2018 (4.7 cpl below) compared with 2017 (2.1 cpl below).

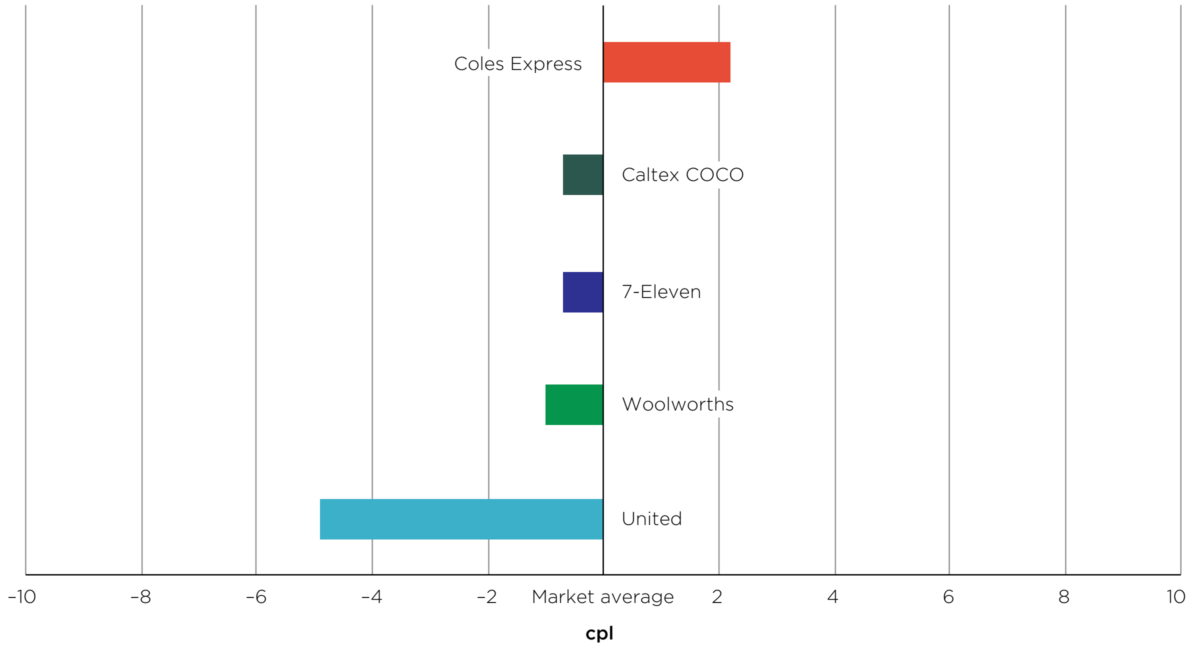
2.6 Canberra

In Canberra, an annual average retail petrol price was calculated for 2018 for the following retailers: Caltex COCO, Coles Express, United, Woolworths and 7-Eleven.

As noted in chapter 1, in the five largest cities, a major retailer is defined as a retailer that determines the retail price of petrol at seven or more retail sites in that city. In Canberra, the requirement of a major retailer having to set the retail price of petrol at seven or more retail sites has been relaxed. This is because it would result in United being excluded from the analysis, which would not provide a meaningful overview of the market.

Chart 2.11 shows the difference between each major retailer's annual average petrol price and the market annual average petrol price in Canberra in 2018. Note that a price was not available for the small independents category. As at 30 June 2018, there were 56 retail sites in Canberra. Annual average petrol prices were available for 44 retail sites in 2018. Therefore, the price data in chart 2.11 covers around 79 per cent of all retail sites in Canberra.

Chart 2.11: Difference between each major retailer's annual average petrol price and the market annual average petrol price in Canberra in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: Prices were not available for BP-branded retail sites, as they generally sell E10 rather than RULP.
Prices were not available for the small independents category.
There were three United retail sites in Canberra.

Chart 2.11 shows that in Canberra in 2018 the annual average price for:

- United was the lowest, at 4.9 cpl below the market average price (153.4 cpl)
- Coles Express was the highest, at 2.2 cpl above the market average price
- United, Woolworths, 7-Eleven and Caltex COCO was below the market average price.

The chart also shows that there was a range of 7.1 cpl between the lowest and the highest priced retailers.

2.7 Hobart

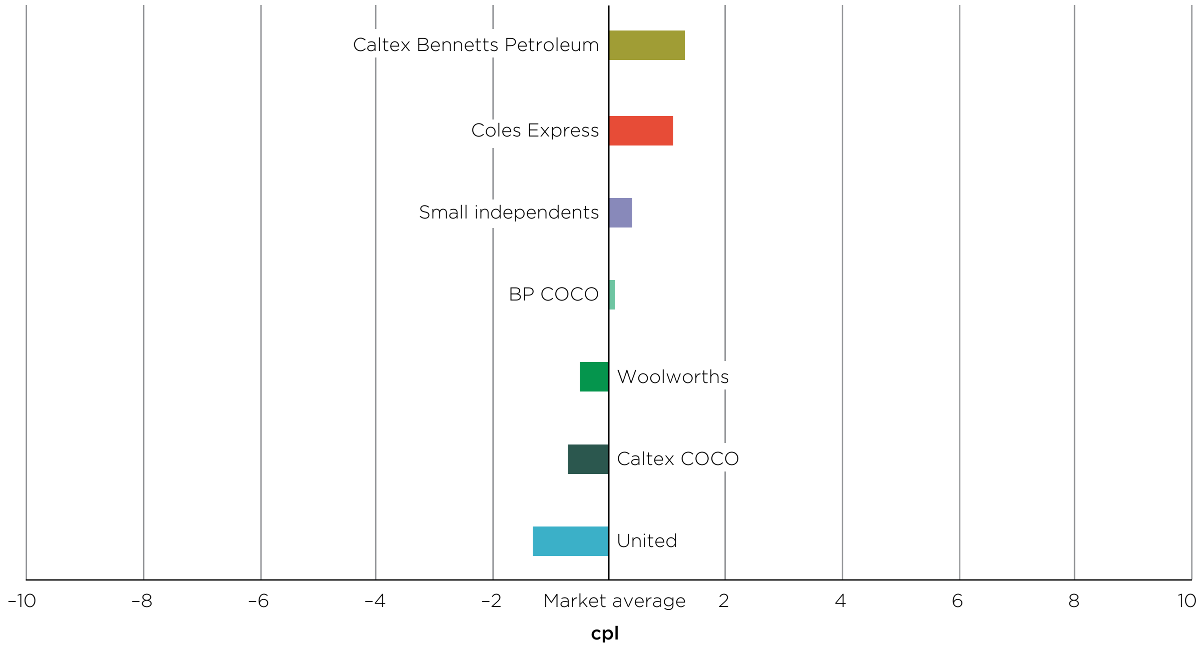
Prices were not available in Hobart for major retailers in every month of 2018. However, for most major retailers, they were available for the six-month period of April to September 2018.

In Hobart, an average retail petrol price was calculated for the six-month period in 2018 for the following retailers: BP COCO, Caltex Bennetts Petroleum (a Caltex-branded independent chain), Caltex COCO, Coles Express, United, Woolworths and a small independents category.

In Hobart, the requirement of a major retailer having to set the retail price of petrol at seven or more retail sites has been relaxed. This is because it would result in Woolworths being excluded from the analysis, which would not provide a meaningful overview of the market.

Chart 2.12 shows the difference between each major retailer's average petrol price and the market average petrol price in Hobart for the six-month period April to September 2018. As at 30 June 2018, there were 62 retail sites in Hobart. Average petrol prices were available for 38 retail sites in 2018. Therefore, the price data in chart 2.12 covers around 61 per cent of all retail sites in Hobart.

Chart 2.12: Difference between each major retailer's average petrol price and the market average petrol price in Hobart in April to September 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: Caltex Bennetts Petroleum is a Caltex-branded independent chain.
There were four Woolworths retail sites in Hobart.

Chart 2.12 shows that in Hobart in the six-month period April to September 2018 the average price for:

- United was the lowest, at 1.3 cpl below the market average price (156.1 cpl)
- Caltex Bennetts Petroleum was the highest, at 1.3 cpl above the market average price
- United, Caltex COCO and Woolworths was below the market average price
- Coles Express, Caltex Bennetts Petroleum, BP COCO and the small independents category was above the market average price.

The chart also shows that there was a range of 2.6 cpl between the lowest and the highest priced retailers.

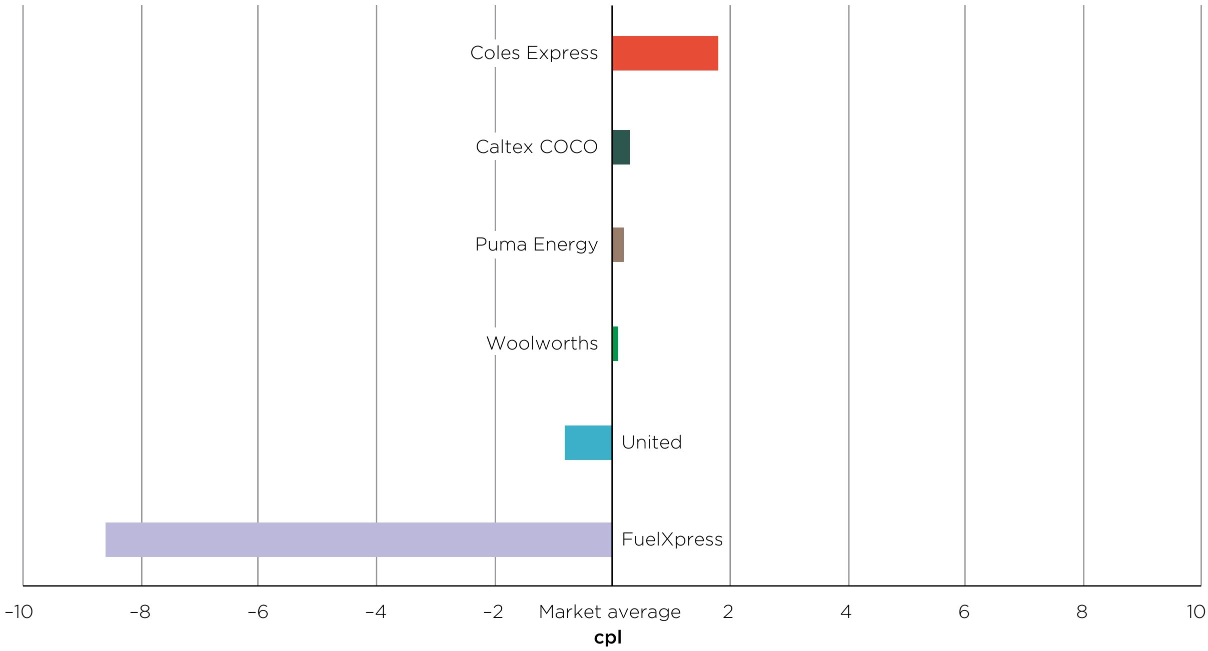
2.8 Darwin

In Darwin, an annual average retail petrol price was calculated for 2018 for the following retailers: Caltex COCO, Coles Express, FuelXpress, Puma Energy, United and Woolworths.

In Darwin, the requirement of a major retailer having to set the retail price of petrol at seven or more retail sites has been relaxed. This is because it would result in Caltex COCO being excluded from the analysis, which would not provide a meaningful overview of the market. While the independent brand FuelXpress operates only one retail site in Darwin, it has been included separately in the analysis as it is often a vigorous competitor in the Darwin market.

Chart 2.13 shows the difference between each major retailer's annual average petrol price and the market annual average petrol price in Darwin in 2018. As at 30 June 2018, there were 56 retail sites in Darwin. Annual average petrol prices were available for 43 retail sites in 2018. Therefore, the price data in chart 2.13 covers around 77 per cent of all retail sites in Darwin.

Chart 2.13: Difference between each major retailer's annual average petrol price and the market annual average petrol price in Darwin in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Note: Prices were not available for the small independents category.
There were four Caltex COCO retail sites and one FuelXpress retail site in Darwin.

Chart 2.13 shows that in Darwin in 2018 the average price for:

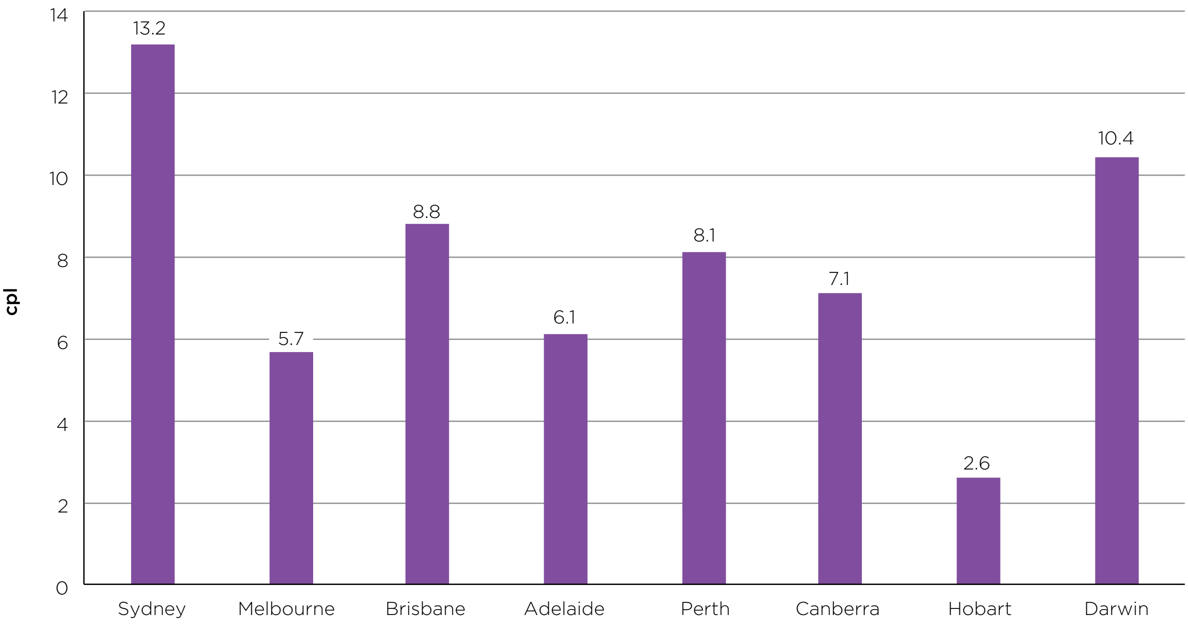
- FuelXpress was the lowest, at 8.6 cpl below the market average price (152.0 cpl)
- Coles Express was the highest, at 1.8 cpl above the market average price
- FuelXpress and United was below the market average price
- Coles Express, Woolworths, Puma Energy and Caltex COCO was above the market average price.

The chart also shows that there was a range of 10.4 cpl between the lowest and the highest priced retailers.

2.9 The range of prices in the capital cities

The range between the highest and lowest priced retailers in each of the capital cities varied substantially in 2018. This is shown in chart 2.14.

Chart 2.14: Range between the highest priced and lowest priced major retailers in the eight capital cities in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Of the five largest cities, Sydney had the largest range between the highest and lowest priced retailers in 2018 (13.2 cpl) and Melbourne had the lowest (5.7 cpl). Of the smaller capitals, Darwin had the largest range between the highest and lowest priced retailers in 2018 (10.4 cpl) and Hobart had the lowest (2.6 cpl).

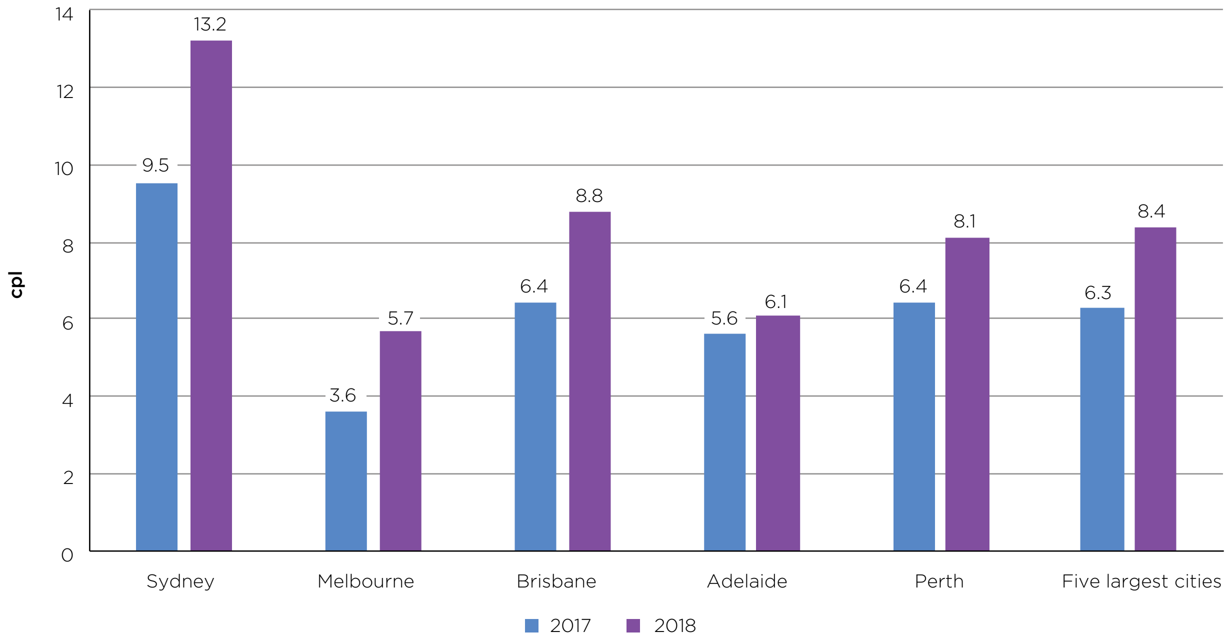
A feature of the Sydney fuel retailing market is that there are multiple independent retail chains that compete vigorously on price (such as Speedway, Metro, Budget and Westside). Previous analysis undertaken by the ACCC has shown that these retailers took longer to increase their prices during the price increase phase of the price cycle, and that the average peak price of these retailers was lower than other major retailers.[21] The presence of these retailers in Sydney, and similarly the presence of FuelXpress in Darwin (which also competes vigorously on price), and their associated influence on competition, is likely to have contributed to the significant range between the highest and lowest priced major retailers in these cities in 2018.

The variation in the range between the highest and lowest priced retailers across the eight capital cities in 2018 demonstrates that not all petrol markets are the same.

The range between the highest and lowest priced major retailer increased in each of the five largest cities between 2017 and 2018. This is shown in chart 2.15.

21 ACCC, *Petrol price cycles in Australia*, December 2018, pages 69–71, available at: https://www.accc.gov.au/publications/petrol-industry-reports/petrol-price-cycles-in-australia.

Chart 2.15: Ranges between the highest priced and lowest priced major retailer in the five largest cities in 2017 and 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Note: E10 prices used in Sydney. RULP prices used for all other cities.

Chart 2.15 shows that the largest increase was in Sydney (where the range increased by 3.7 cpl) and the smallest increase was in Adelaide (0.5 cpl). On average across the five largest cities, the range increased by 2.1 cpl between 2017 and 2018.

The changes between 2017 and 2018 may be a result of several different factors.

Across the five largest cities, the average price of the highest priced major retailer was generally higher, relative to the market average price, in 2018. Adelaide was the exception, where the highest priced major retailer was marginally lower, relative to the market average price. Similarly, the average price of the lowest priced major retailer was lower, relative to the market average price, in all cities in 2018. The increase in the range of prices across the five largest cities in 2018 is broadly due in equal measure to increases above the market average price and decreases below the market average price. This indicates that major retailers at both ends of the market contributed to the increase in the range of prices in the five largest cities in 2018.

A possible influence on the increase in the range in 2018 is that retail petrol prices were more volatile in 2018, reflecting larger movements in the international price of refined petrol in 2018.

In 2017, daily average petrol prices across the five largest cities varied from a low of 114.7 cpl to a high of 146.4 cpl (a range of 31.7 cpl). In 2018, daily average petrol prices across the five largest cities varied from a low of 114.5 cpl to a high of 161.3 cpl (a range of 46.8 cpl). As such the range of prices in 2018 was over 15 cpl higher than in 2017. Furthermore, there was a large decrease in retail prices in October and November 2018. The larger variation in overall retail prices in 2018 may have resulted in greater disparity between retailer prices throughout the year and therefore influenced retailers' annual average prices.

Another contributing influence may have been the behaviour of certain retailers throughout price cycles in 2018, combined with the greater volatility in overall prices. During the price cycle increase phase, some retailers are quick to increase their prices, while others delay increasing their prices to attract more customers. This can affect the average prices of retailers across the year, contributing to higher average prices for some retailers (i.e. those that are quick to increase their prices) and lower average prices for others (i.e. those that delay the increase).

3. Annual average petrol prices by major retailer and retailer category in 2018

This chapter examines annual average prices of major retailers across the cities in which they operated in 2018. It also compares different major retailers in the same retailer category (i.e. refiner-marketers, supermarkets and large independent retail chains).

3.1 Comparison by major retailer

This section focuses on the major retailers and how their average prices compare across the capital cities in which they operated in 2018. It also compares average prices in 2018 with those in 2017 in the five largest cities.

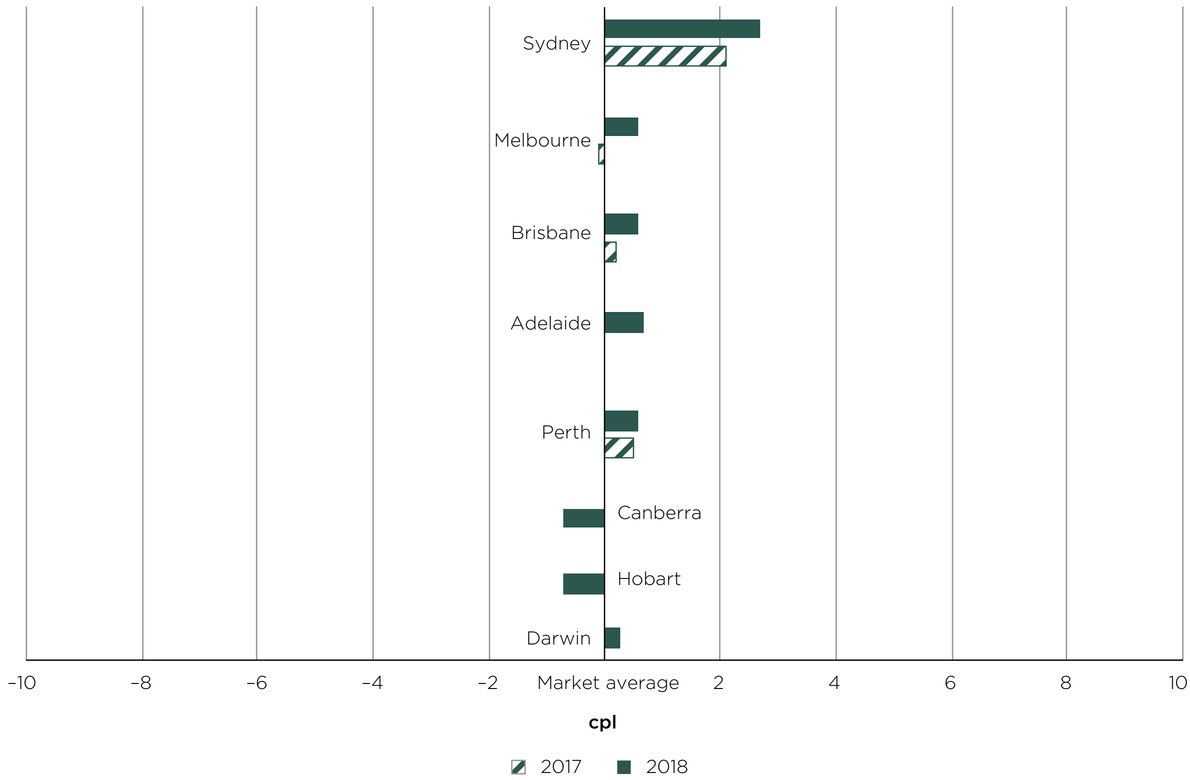
Data is presented for major retailers that operate in five or more of the eight capital cities. These are: Caltex COCO, Coles Express, Woolworths, United, BP COCO and 7-Eleven.[22] Data is also presented for the small independents category for the five largest cities and Hobart.

22 Although there is one BP COCO site in Adelaide, it does not meet the threshold of seven retail sites to be considered a major retailer. There were no BP COCO sites operating in Darwin in 2018 and the BP COCO sites in Canberra sell E10 and not RULP. Prices were not available for United in Adelaide. 7-Eleven does not operate in Adelaide, Hobart or Darwin.

3.1.1 Caltex COCO

Chart 3.1 shows Caltex COCO's annual average prices, relative to market annual average prices, in the eight capital cities in 2018. It also shows similar prices in the five largest cities in 2017.

Chart 3.1: Difference between Caltex COCO's annual average petrol price and the market annual average petrol price in each of the capital cities: 2017 and 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: Hobart prices shown for 2018 are for the six-month period April to September 2018.
The annual average Caltex COCO price in Adelaide in 2017 was equal to the market average price.
Annual average prices for Canberra, Hobart and Darwin in 2017 were not available.

The chart shows that Caltex COCO's average prices were higher than the market average price in all five largest cities in 2018, ranging from a high of 2.7 cpl in Sydney to a low of 0.6 cpl in Melbourne, Brisbane and Perth. Caltex COCO's average prices were 0.7 cpl lower than market average prices in Canberra and Hobart in 2018, and 0.3 cpl above the market average in Darwin.

On average across the eight capital cities, Caltex COCO's average prices were 0.5 cpl higher than market average prices in 2018.

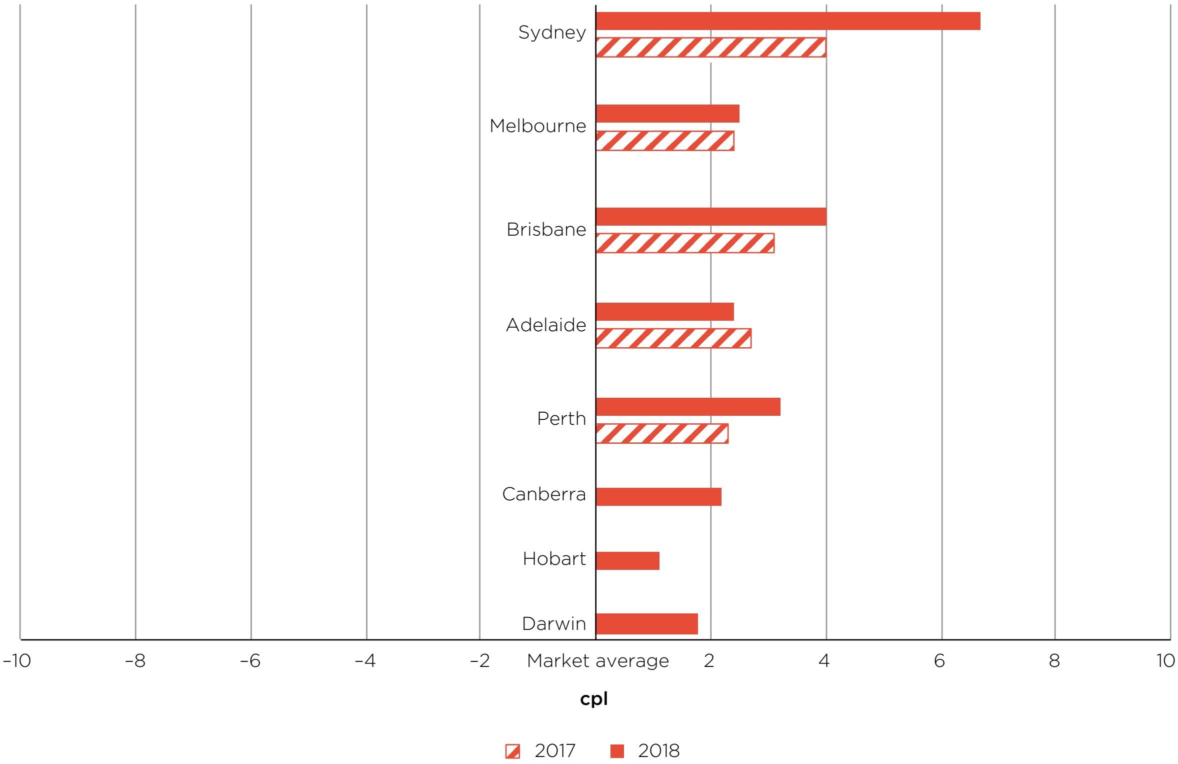
Chart 3.1 also shows that, compared with 2017, Caltex COCO's average prices increased relative to market average prices in all five largest cities in 2018. The largest increase was in Melbourne and Adelaide (0.7 cpl) and the smallest increase was in Perth (0.1 cpl).

On average across the five largest cities, Caltex COCO's average prices were 1.0 cpl higher than market average prices in 2018 (an increase of 0.5 cpl from 2017).

3.1.2 Coles Express

Chart 3.2 shows Coles Express' annual average prices, relative to market average prices, in the eight capital cities in 2018. It also shows similar prices in the five largest cities in 2017.

Chart 3.2: Difference between Coles Express' annual average petrol price and the market annual average petrol price in each of the capital cities: 2017 and 2018



Source: ACCC calculations based on Informed Sources data.

Notes: Hobart prices shown for 2018 are for the six-month period April to September 2018.
Annual average prices for Canberra, Hobart and Darwin in 2017 were not available.

The chart shows that Coles Express' average prices were higher than the market average price in all capital cities in 2018, ranging from a high of 6.7 cpl in Sydney to a low of 1.1 cpl in Hobart. On average across the capital cities, Coles Express' average prices were 3.0 cpl higher than market average prices in 2018.

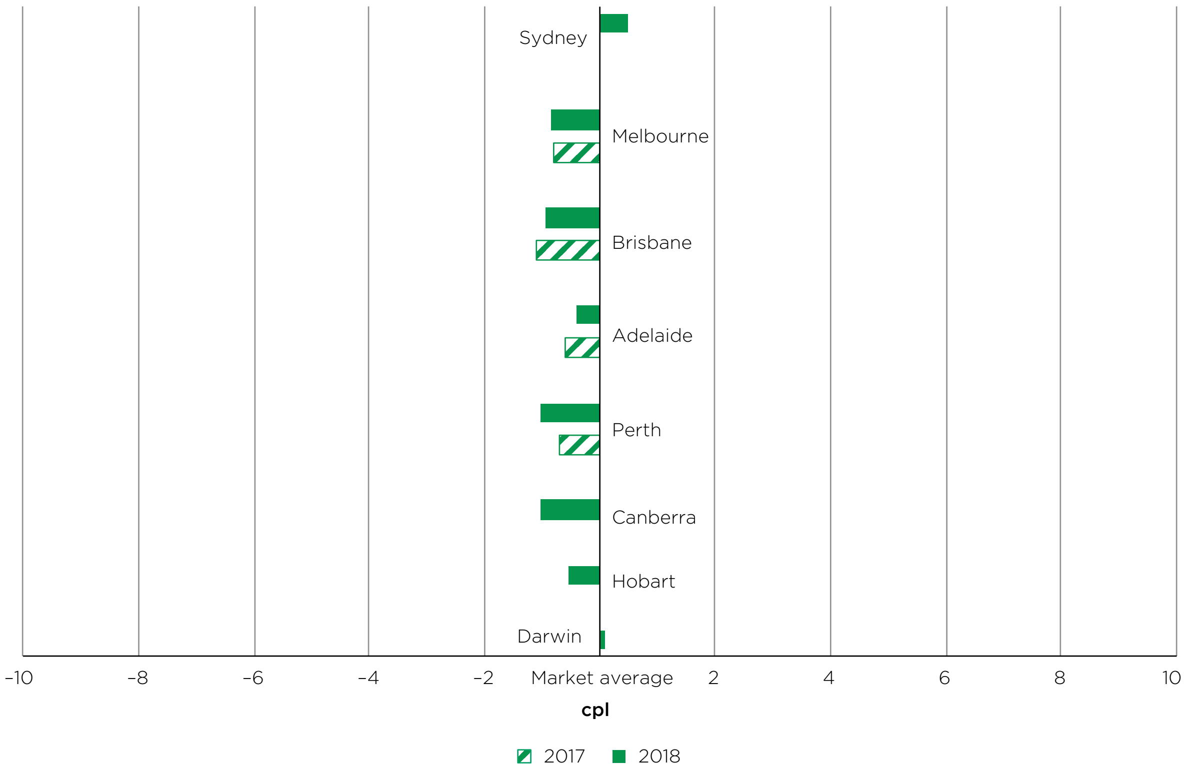
Chart 3.2 also shows that, compared with 2017, Coles Express' average prices increased, relative to market average prices, in four of the five largest cities in 2018. The largest increase was in Sydney (2.7 cpl) and the smallest increase was in Melbourne (0.1 cpl). Coles Express' average price in Adelaide was 0.3 cpl lower in 2018 than in 2017.

On average across the five largest cities, Coles Express' average prices were 3.8 cpl higher than market average prices in 2018 (an increase of 0.9 cpl from 2017).

3.1.3 Woolworths

Chart 3.3 shows Woolworths' annual average prices, relative to market average prices, in the eight capital cities in 2018. It also shows similar prices in the five largest cities in 2017.

Chart 3.3: Difference between Woolworths' annual average petrol price and the market annual average petrol price in each of the capital cities: 2017 and 2018



Source: ACCC calculations based on Informed Sources data.

Notes: Hobart prices shown for 2018 are for the six-month period April to September 2018.
The annual average price in Sydney was equal to the market average price in 2017.
Annual average prices for Canberra, Hobart and Darwin in 2017 were not available.

The chart shows that Woolworths' average prices were lower than market average prices in six cities in 2018, ranging from 0.4 cpl lower in Adelaide to 1.0 cpl lower in Perth and Canberra. In Sydney and Darwin, Woolworths' average price was above the market average price (by 0.5 cpl and 0.1 cpl respectively).

On average across the eight capital cities, Woolworths' average prices were 0.5 cpl lower than market average prices in 2018.

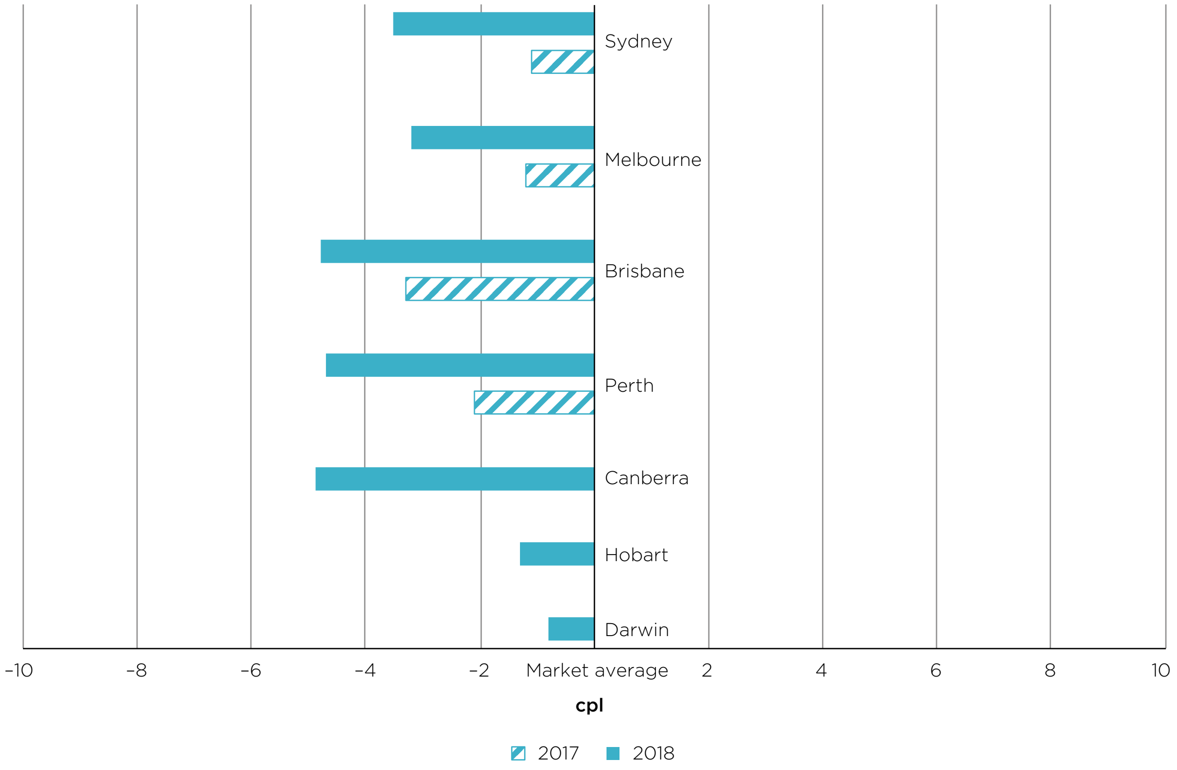
Chart 3.3 also shows that, compared with 2017, Woolworths' average prices increased, relative to market average prices, in Sydney (by 0.5 cpl), Brisbane and Adelaide (both by 0.2 cpl) in 2018. Woolworths' annual average prices decreased, relative to market average prices, in Melbourne and Perth (by 0.1 cpl and 0.3 cpl respectively).

On average across the five largest cities, Woolworths' average prices were 0.5 cpl lower than market average prices in 2018 (compared with 0.6 cpl lower in 2017).

3.1.4 United

Chart 3.4 shows United's annual average prices, relative to market average prices, in Sydney, Melbourne, Brisbane, Perth and the three smaller capitals in 2018. It also shows United's prices in Sydney, Melbourne, Brisbane and Perth in 2017.

Chart 3.4: Difference between United's annual average petrol price and the market annual average petrol price in Sydney, Melbourne, Brisbane, Perth, Canberra, Hobart and Darwin: 2017 and 2018



Source: ACCC calculations based on Informed Sources data.

Notes: Annual average prices for United in Adelaide were not available.
Hobart prices shown for 2018 are for the six-month period April to September 2018.
Annual average prices for Canberra, Hobart and Darwin in 2017 were not available.

The chart shows that United's average prices were lower than market average prices in all seven cities in 2018. United's prices ranged from 0.8 cpl below the market average price (in Darwin) to 4.9 cpl below the market average price (in Canberra) in 2018.

On average across the seven cities, United's average prices were 3.3 cpl lower than market average prices in 2018.

Chart 3.4 also shows that, compared with 2017, United's annual average prices were further below market average prices in Sydney, Melbourne, Brisbane and Perth in 2018.[23] The smallest change was in Brisbane (where United's average price was 1.5 cpl further below the market average price) and the largest was in Perth (where it was 2.6 cpl further below the market average price).

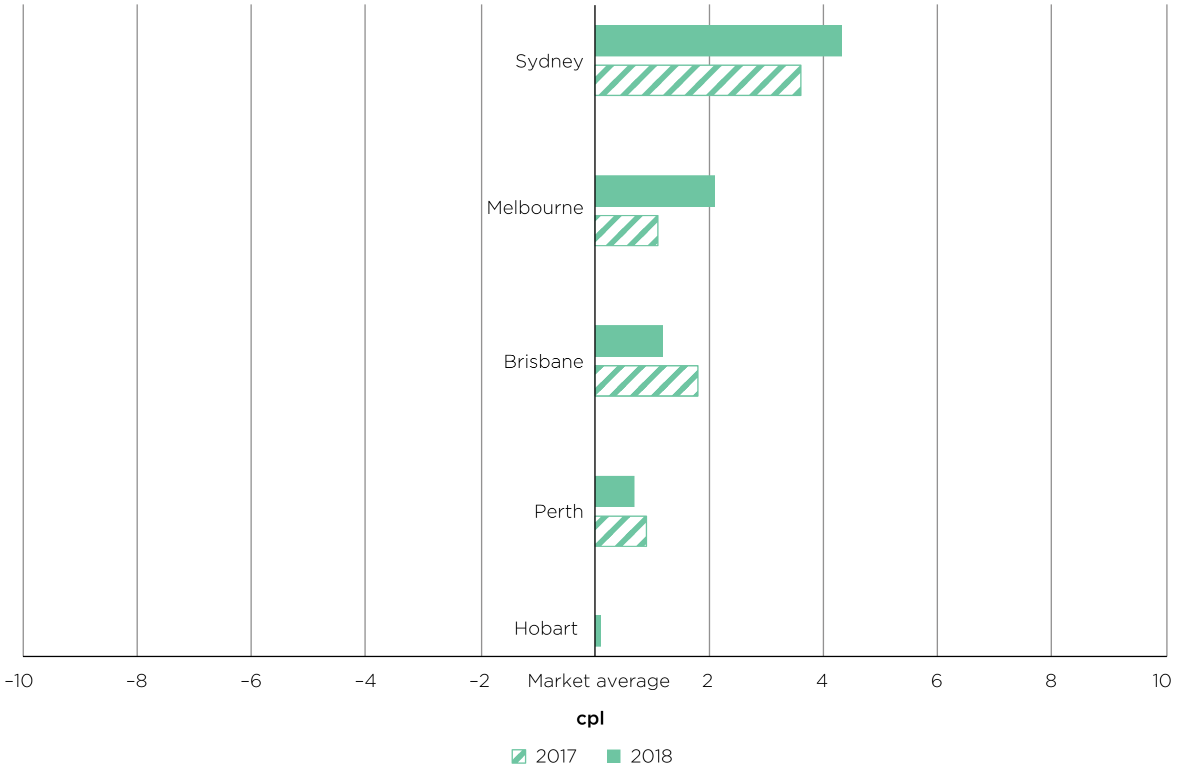
On average across Sydney, Melbourne, Brisbane and Perth, United's average prices were 4.0 cpl below market average prices in 2018 (compared with 1.9 cpl below market average prices in 2017).

23 The method of collection of United retail prices altered in 2018, and this may have had an influence on these relative price changes.

3.1.5 BP COCO

Chart 3.5 shows BP COCO's annual average prices, relative to market average prices, in Sydney, Melbourne, Brisbane, Perth and Hobart in 2018. It also shows similar prices in Sydney, Melbourne, Brisbane and Perth in 2017.

Chart 3.5: Difference between BP COCO's annual average petrol price and the market annual average petrol price in Sydney, Melbourne, Brisbane, Perth, and Hobart: 2017 and 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: BP does not operate COCO sites in Darwin, or sell RULP in Canberra, so these cities have been excluded from the analysis. As BP operates only one COCO site in Adelaide, prices in Adelaide are also not included in this comparison.

Hobart prices shown for 2018 are for the six-month period April to September 2018.

Annual average prices for Hobart in 2017 were not available.

The chart shows that BP COCO's average prices were higher than market average prices in Sydney, Melbourne, Brisbane, Perth and Hobart in 2018. BP COCO's prices ranged from 4.3 cpl above the market average price in Sydney, to 0.1 cpl above the market average in Hobart in 2018.

On average across Sydney, Melbourne, Brisbane, Perth and Hobart, BP COCO's average prices were 1.7 cpl higher than market average prices in 2018.

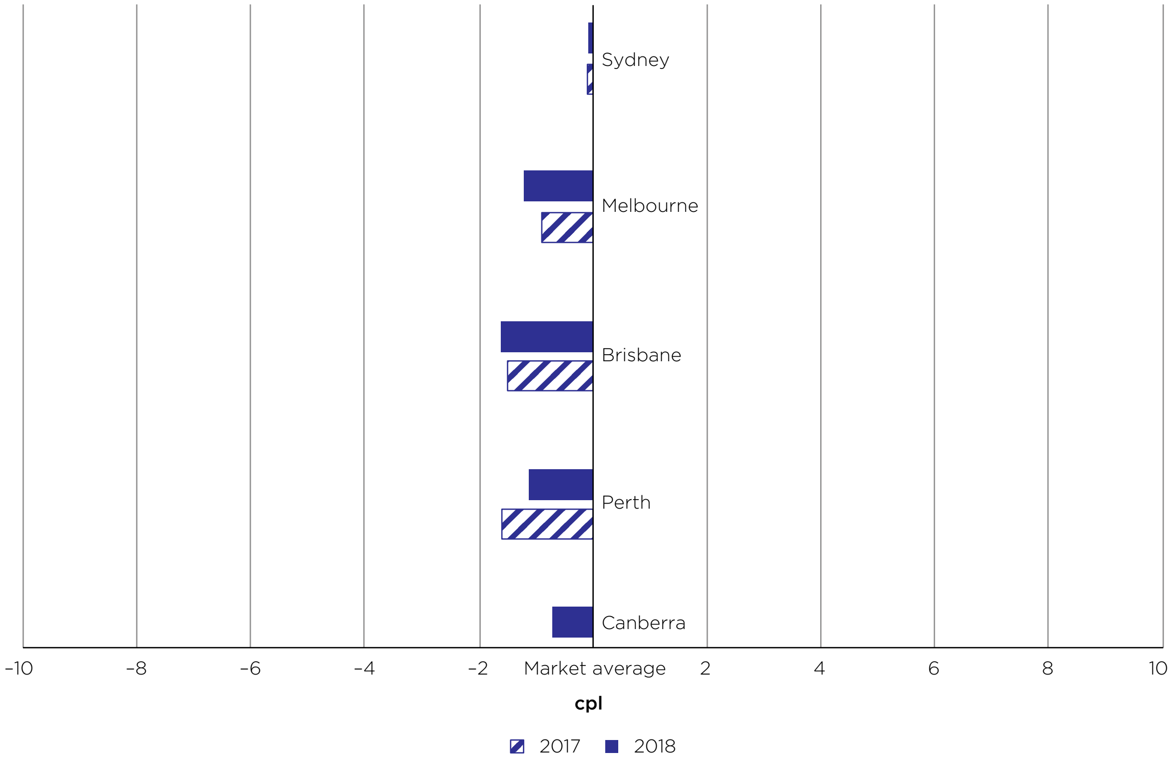
Chart 3.5 also shows that BP COCO's annual average price was further above the market average price in Sydney and Melbourne in 2018, compared with 2017. The largest increase was in Melbourne, where BP COCO's price was 1.0 cpl further above the market average price in 2018. BP COCO's annual average price in Brisbane was 0.6 cpl lower, relative to the market average price, in 2018 compared with 2017. BP COCO's annual average price in Perth was 0.2 cpl lower in 2018.

On average across Sydney, Melbourne, Brisbane and Perth, BP COCO's average prices were 2.1 cpl above market average prices in 2018. This was an increase of 0.2 cpl from 2017.

3.1.6 7-Eleven

Chart 3.6 shows 7-Eleven's annual average prices, relative to market average prices, in Sydney, Melbourne, Brisbane, Perth and Canberra in 2018. It also shows similar prices in Sydney, Melbourne, Brisbane and Perth in 2017.

Chart 3.6: Difference between 7-Eleven's annual average petrol price and the market annual average petrol price in Sydney, Melbourne, Brisbane, Perth and Canberra: 2017 and 2018



Source: ACCC calculations based on Informed Sources data.

Notes: There were no 7-Eleven retail sites operating in Adelaide, Hobart or Darwin.
Annual average prices for Canberra in 2017 were not available.

The chart shows that 7-Eleven's average prices were lower than market average prices in Sydney, Melbourne, Brisbane, Perth and Canberra in 2018. 7-Eleven's prices ranged from 0.1 cpl below the market average price in Sydney, to 1.6 cpl below the market average price in Brisbane in 2018.

On average across the five cities, average prices for 7-Eleven were 0.9 cpl lower than market average prices in 2018.

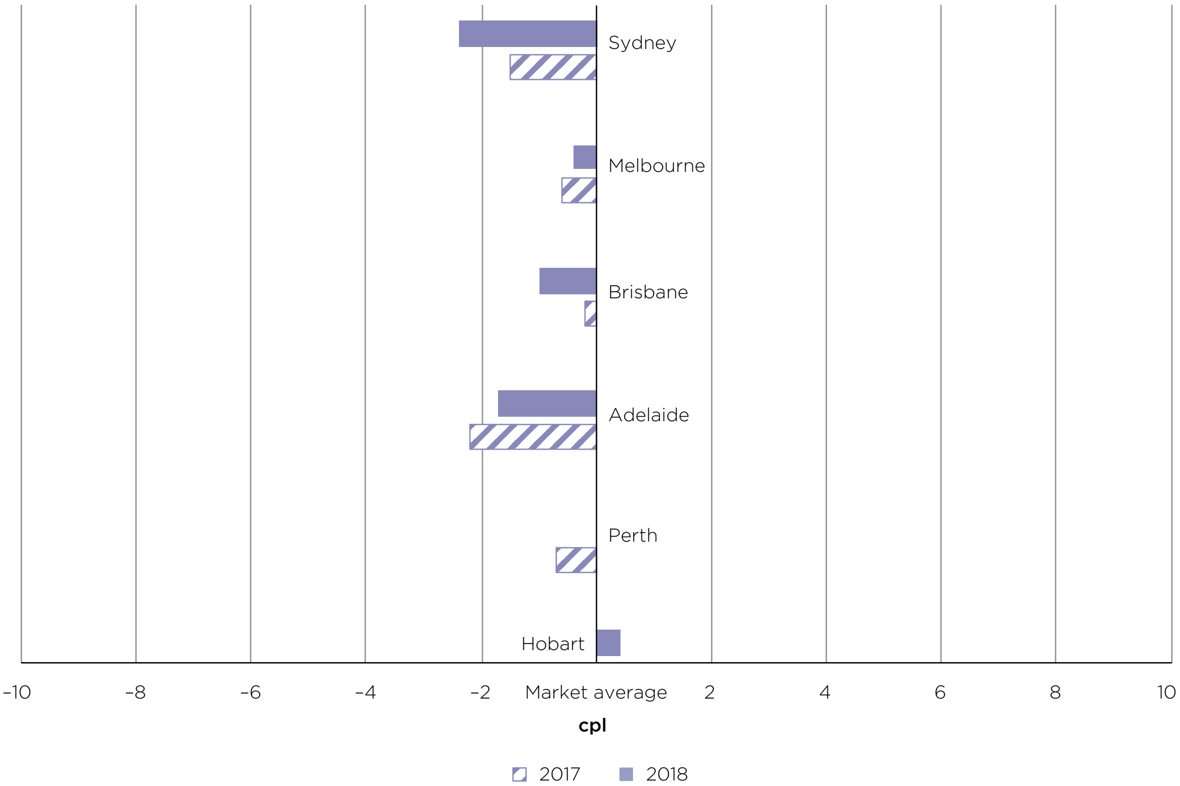
Chart 3.6 also shows that, compared with 2017, 7-Eleven's average price was marginally further below the market average in Melbourne and Brisbane (by 0.3 cpl and 0.1 cpl, respectively) in 2018. 7-Eleven's annual average price was higher, relative to the market average, in Perth in 2018 (by 0.5 cpl). 7-Eleven's annual average price was the same, relative to the market average price, in Sydney in 2017 and 2018 (0.1 cpl below).

On average across Sydney, Melbourne, Brisbane and Perth, 7-Eleven's average prices were 1.0 cpl below market average prices in 2018. This was the same as in 2017.

3.1.7 Small independents

Chart 3.7 shows the small independents category's annual average prices, relative to market average prices, in the five largest cities and Hobart in 2018. It also shows similar prices in the five largest cities in 2017.

Chart 3.7: Difference between the small independents category's annual average petrol price and the market annual average petrol price in Sydney, Melbourne, Brisbane, Adelaide, Perth and Hobart: 2017 and 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: The annual average price in Perth was equal to the market average price in 2018.
Hobart prices shown for 2018 are for the six-month period April to September 2018.
Annual average prices for Hobart in 2017 were not available.
Annual average prices for Canberra and Darwin were not available.

Chart 3.7 shows that average prices for the small independents category were lower than market average prices in Sydney, Melbourne, Brisbane and Adelaide in 2018. They ranged from 0.4 cpl below the market average price in Melbourne, to 2.4 cpl below the market average price in Sydney.

Average prices for the small independents category were equal to the market average price in Perth, and were 0.4 cpl above the market average price in Hobart in 2018.

Chart 3.7 also shows that, compared with 2017, average prices for the small independents category were further below the market average price in Sydney and Brisbane in 2018 (by 0.9 cpl and 0.8 cpl, respectively). In Melbourne, Adelaide and Perth, the average prices for the small independents category were higher (i.e. 0.2 cpl, 0.5 cpl and 0.7 cpl closer to the market average price, respectively) in 2018 compared with 2017.

On average, across the five largest cities, average prices for the small independents category were 1.1 cpl below market average prices in 2011. This was 0.1 cpl further below the market average than in 2017.

It is important to note that the composition of retail sites in the small independents category may be different in some cities in 2017 compared with 2018. Therefore, some of the difference between these years may be related to the retail sites included in the category rather than any change in relative prices.

Furthermore, in Sydney and Adelaide, the small independents category includes Costco retail sites.[24] The average Costco price in 2018 was 12.4 cpl below the market average price in Sydney, and 14.1 cpl below the market average price in Adelaide. To be able to purchase petrol at Costco, consumers must pay an annual membership fee, meaning that these prices are not available to all consumers.

3.2 Comparison by major retailer category

Most major retailers fall into one of three broad categories. These are:

- refiner-marketers—vertically integrated retailers that refine and wholesale petrol, as well as sell petrol under their brand at the retail level (i.e. BP COCO and Caltex COCO)
- supermarket chains—Coles Express and Woolworths
- large independent chains—independent retailers that operate across multiple states (i.e. 7-Eleven and United).

Although retailers in the same category may operate in a similar way, their pricing strategies and retail prices may differ. The analysis below shows how the major retailers' average prices compare in each category in 2018.

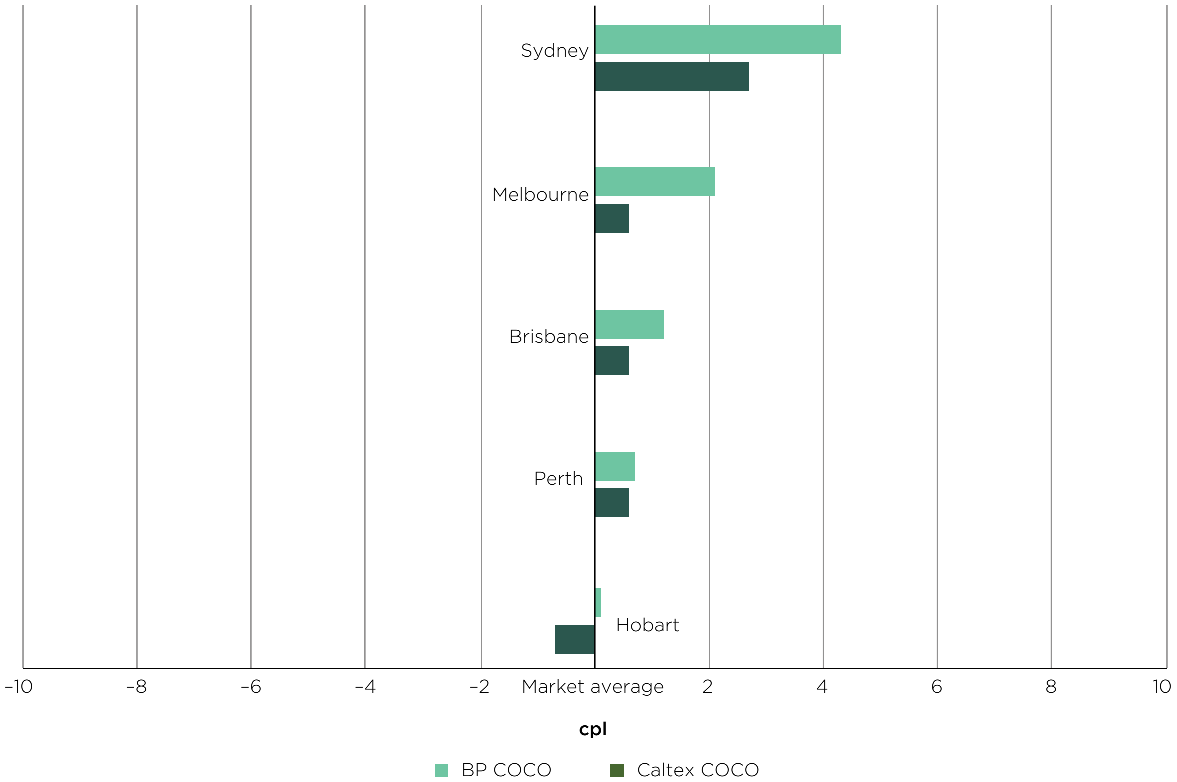
24 There were also Costco retail sites in Melbourne, Brisbane and Canberra, but prices were not available for these retail sites in 2018.

3.2.1 Refiner-marketers

The two refiner-marketers have retail sites across Australia, including in all capital cities. However, BP does not operate COCO sites in Darwin, and the COCO sites in Canberra sell E10 (rather than RULP), so these cities have been excluded from this analysis. As BP operates only one COCO site in Adelaide, prices in Adelaide are also not included in this comparison.

Chart 3.8 shows that BP COCO's average prices were above market average prices in Sydney, Melbourne, Brisbane, Perth and Hobart, and Caltex COCO's average prices were above market average prices in Sydney, Melbourne, Brisbane and Perth, and below the market average price in Hobart.

Chart 3.8: Difference between BP COCO and Caltex COCO annual average petrol prices and the market annual average petrol price in Sydney, Melbourne, Brisbane, Perth and Hobart in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: Hobart prices shown are for the six-month period April to September 2018.

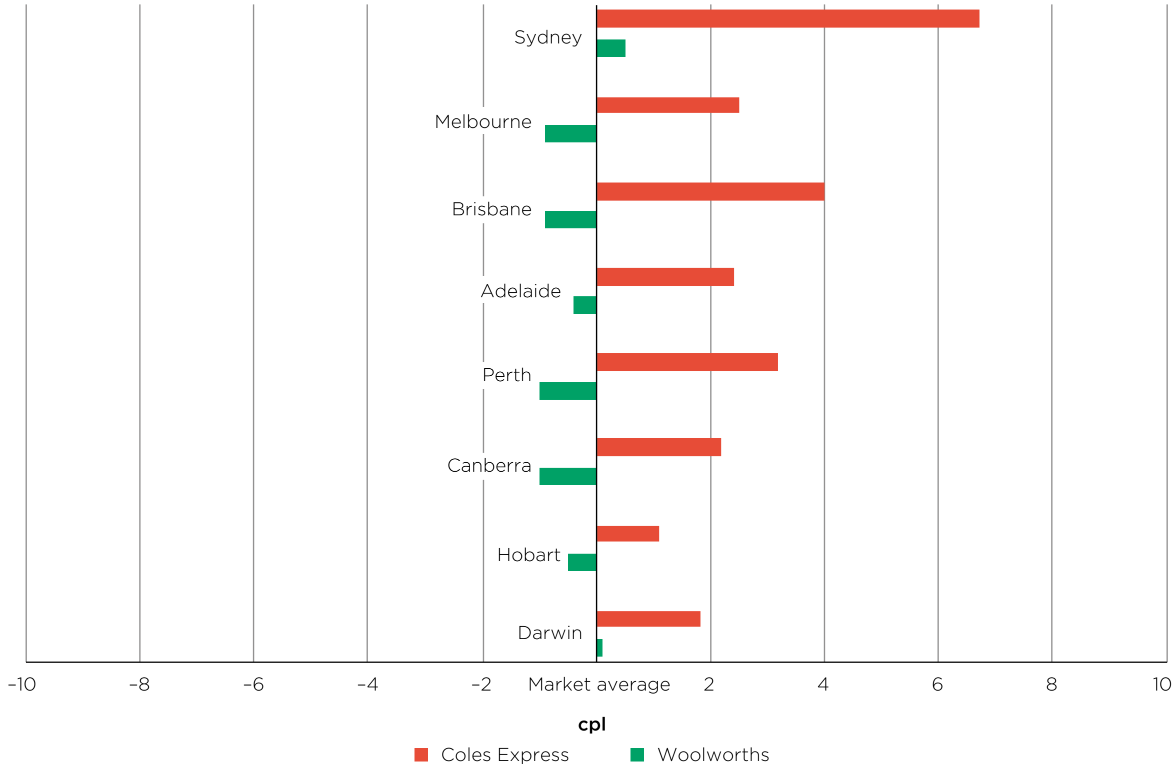
BP does not operate COCO sites in Darwin, and the COCO sites in Canberra only sell E10, so these cities have been excluded from the analysis. As BP operates only one COCO site in Adelaide, prices in Adelaide are also not included in this comparison.

BP COCO's average prices were above Caltex COCO's average prices in all cities, with the largest difference in Sydney (1.6 cpl) and the smallest difference in Perth (0.1 cpl). Across the five cities, the average difference between the two was 0.9 cpl.

3.2.2 Supermarket chains

The two supermarket chains operate on a national basis, with retail sites in all capital cities. Consumers may consider the two supermarket chains as having similar prices, but it is clear from chart 3.9 that they have significantly different petrol prices.

Chart 3.9: Difference between Coles Express and Woolworths annual average petrol prices and the market annual average petrol price in the capital cities in 2018



Source: ACCC calculations based on Informed Sources data.

Note: Hobart prices shown are for the six-month period April to September 2018.

Chart 3.9 shows that Woolworths' average prices were below the market average price in 2018 in all cities except Sydney (where they were 0.5 cpl above the market average price) and Darwin (0.1 cpl above the market average). In contrast, Coles Express' average prices were above the market average price in all capital cities.

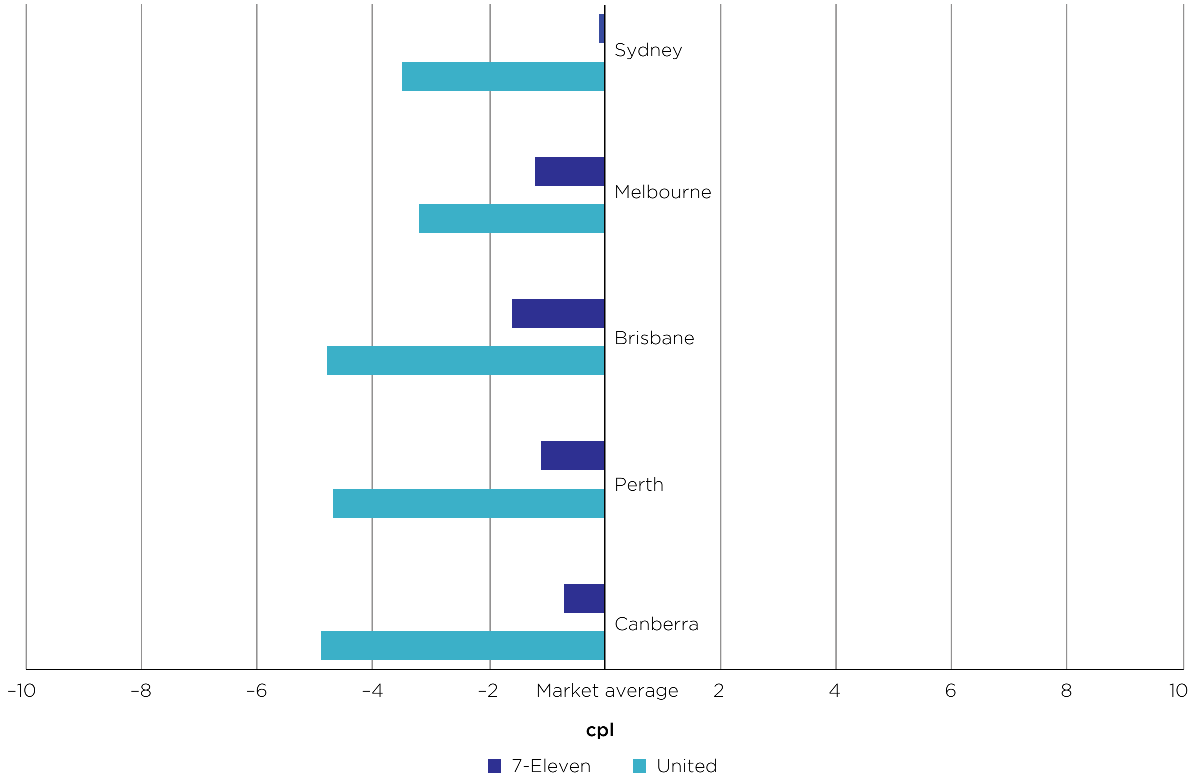
The difference between Woolworths' average prices and Coles Express' average prices was highest in Sydney (6.2 cpl) and lowest in Hobart (1.6 cpl). Across all capital cities, the average difference between the two was 3.5 cpl.

The retail price setter at both Woolworths and Coles Express fuel retail sites changed in the first half of 2019. Chapter 4 provides some preliminary analysis of the impact on retail prices at Woolworths and Coles Express retail sites following the change in price setters.

3.2.3 Larger independent chains

The two largest independent chains that operate across most of Australia are 7-Eleven and United, with both operating retail sites in Sydney, Melbourne, Brisbane, Perth and Canberra.[25] Chart 3.10 shows that both 7-Eleven and United's average prices were below market average prices in all five cities.

Chart 3.10: Difference between 7-Eleven and United annual average petrol prices and the market annual average petrol price in Sydney, Melbourne, Brisbane, Perth and Canberra in 2018



Source: ACCC calculations based on Informed Sources data.

Notes: There were no 7-Eleven retail sites operating in Adelaide, Hobart or Darwin.

United's average prices were below 7-Eleven's average prices in all cities, with the largest difference in Canberra (4.2 cpl) and the smallest difference in Melbourne (2.0 cpl). Across the five cities, the average difference between the two was 3.3 cpl.

25 United also has retail sites in Adelaide, Hobart and Darwin.

4. Prices at Coles Express and Woolworths retail sites following changes in price setter in 2019

The retail price setter at both Coles Express and Woolworths fuel retail sites changed in the first half of 2019.

Coles and Viva Energy announced an extension of, and changes to, their retail alliance on 6 February 2019. As a result, since 1 March 2019, Viva Energy has been setting the retail price of fuel at Coles Express retail sites, with Coles Express becoming a commission agent. Prior to that date, Coles Express determined the retail price at its sites. Coles remains responsible for operating retail stores and providing convenience store offerings.[26]

Woolworths announced in late–2018 that it would sell its 540 Woolworths-owned retail fuel sites to EG Group. The completion of the sale was announced on 1 April 2019. Since then, EG Group has been setting the retail price of fuel at Woolworths retail sites. Prior to that date, Woolworths determined the retail price at these sites.

This chapter provides some preliminary analysis of the impact on retail prices at Coles Express and Woolworths retail sites following the change in price setter. It examines the extent to which the change in price setter has changed average retail petrol prices at Coles Express and Woolworths retail sites in each city, relative to the market average price and to other major retailers.

Data used for this analysis is presented for two periods:

- January and February 2019, which is when Coles and Woolworths were each setting petrol prices
- April and May 2019, which is after the change in price setter when Viva Energy and EG Group respectively were each setting petrol prices.

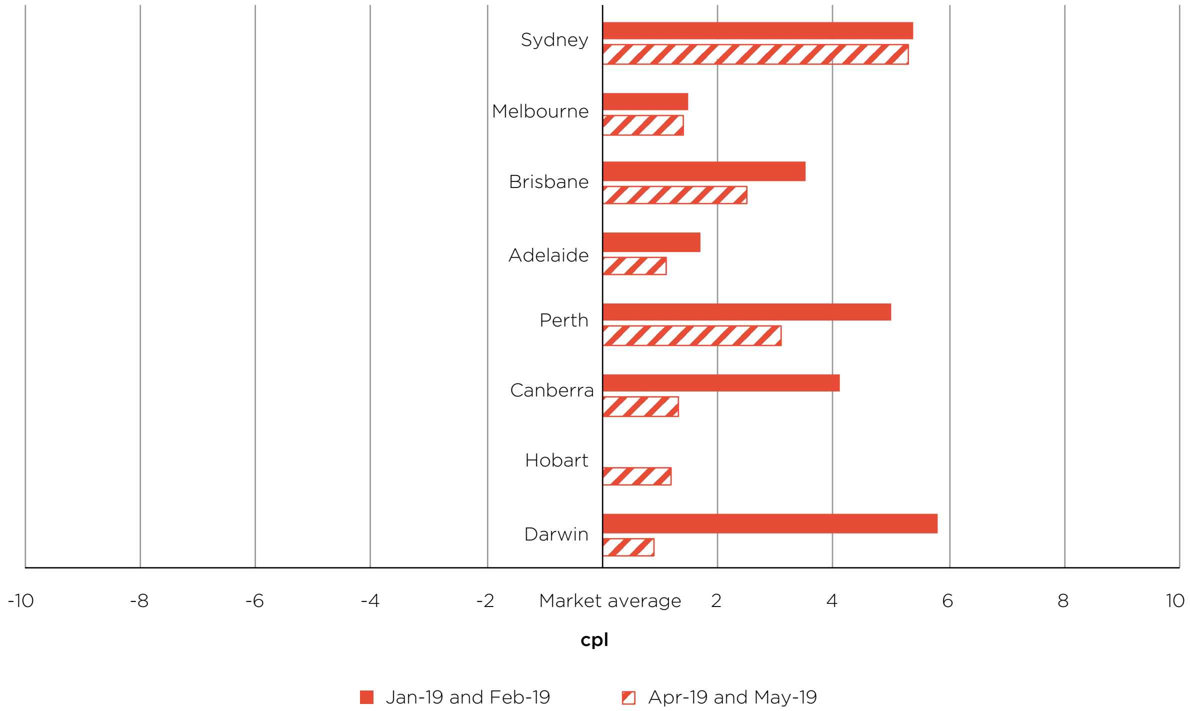
It should be noted that the overall time period of analysis is relatively short and it is too early to draw any more than preliminary conclusions from this data. The ACCC will continue to monitor prices at Coles Express and Woolworths retail sites over the coming months.

4.1 Coles Express prices relative to the market average price

Chart 4.1 shows the difference between the average price of petrol at Coles Express retail sites and the market average petrol price in the eight capital cities for a two-month period prior to (i.e. January and February 2019), and after (i.e. April and May 2019), the change in price setter from Coles to Viva Energy.

26 More information about the changes at Coles Express and Woolworths retail sites is available in the ACCC's March quarter 2019 and June quarter 2019 reports on the Australian petroleum market, at: https://www.accc.gov.au/publications/quarterly-reports-on-the-australian-petroleum-industry.

Chart 4.1: Differences between Coles Express average petrol price and the market average petrol price in the capital cities prior to, and after, the change in price setter in 2019



Source: ACCC calculations based on Informed Sources data.

Notes: E10 prices are used in Sydney. RULP prices are used in all other cities.
Retail price data was not available for Coles Express in January and February 2019 in Hobart.

Chart 4.1 shows that in the two periods considered, prices at Coles Express retail sites were lower in all capital cities (in which prices were available) when Viva Energy was setting petrol prices.[27]

Across the five largest cities, the average price at Coles Express retail sites was on average 0.7 cpl lower when Viva Energy set the price of petrol, compared with when Coles Express set the price.

When Coles Express set the price of petrol, the average price at Coles Express retail sites across the five capital cities was on average 3.4 cpl higher than the market average price. It ranged from a high of 5.4 cpl in Sydney, to a low of 1.5 cpl in Melbourne.

When Viva Energy set the price of petrol, the average price at Coles Express retail sites across the five capital cities was on average 2.7 cpl higher than the market average price. It ranged from a high of 5.3 cpl in Sydney to a low of 1.1 cpl in Adelaide.

The change between the two periods was largest in Perth (1.9 cpl) and smallest in Sydney and Melbourne (0.1 cpl).

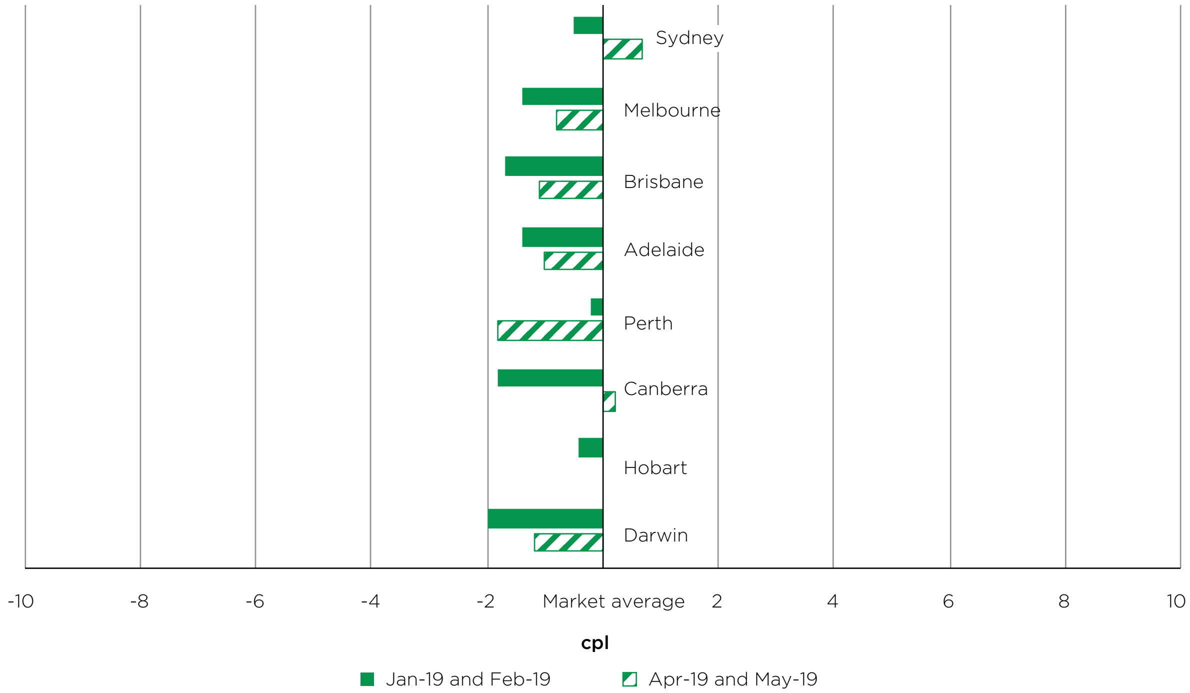
The change was greater in Darwin (4.9 cpl) and Canberra (2.8 cpl) than in the five largest cities.

4.2 Woolworths prices relative to the market average price

Chart 4.2 shows the difference between the average price of petrol at Woolworths retail sites and the market average petrol price in the eight capital cities for a two-month period prior to (i.e. January and February 2019), and after (i.e. April and May 2019), the change in price setter from Woolworths to EG Group.

27 Similar analysis could not be undertaken for Hobart, as Coles Express data was not available for January and February 2019.

Chart 4.2: Differences between Woolworths average petrol price and the market average petrol price in the capital cities prior to, and after, the change in price setter in 2019



Source: ACCC calculations based on Informed Sources data.

Notes: E10 prices are used in Sydney. RULP prices are used in all other cities.
Woolworths' average price was equal to the market average price in Hobart for the period of April and May 2019.

Chart 4.2 shows that in the two periods considered, prices at Woolworths retail sites were higher in all capital cities except Perth, when EG Group was setting petrol prices.

Across the five largest cities, the average price at Woolworths retail sites was on average 0.2 cpl higher when EG Group set the price of petrol, compared with when Woolworths set the price.

When Woolworths set the price of petrol, the average price at Woolworths retail sites across the five capital cities was on average 1.0 cpl lower than the market average price. Woolworths' prices were below the market average price in all five cities, ranging from a high of 1.7 cpl below the market average in Brisbane to 0.2 cpl below the market average in Perth.

When EG Group set the price of petrol, the average price at Woolworths retail sites across the five capital cities was on average 0.8 cpl lower than the market average price.

In Sydney, average prices at Woolworths retail sites changed from 0.5 cpl below the market average price when Woolworths set the price of petrol, to 0.7 cpl above the market average price when EG Group set the price. Woolworths' prices were below the market average price in the other four largest cities, but the magnitude decreased in all cities except Perth (where it increased from 0.2 cpl below to 1.8 cpl below).

Average prices were also higher in the smaller capitals when EG Group set the price of petrol, compared with when Woolworths set the price. In Canberra, the change was 2.0 cpl (from 1.8 cpl below the market average price when Woolworths set the price, to 0.2 cpl above the market average price when EG Group set the price). In Hobart, the change was 0.4 cpl (from 0.4 cpl below the market average price to equal to the market average price). In Darwin, the change was 0.8 cpl (from 2.0 cpl below the market average price to 1.2 cpl below).

4.3 Coles Express and Woolworths prices relative to other major retailers

The ACCC has examined the extent to which average retail petrol prices at Coles Express and Woolworths retail sites compared with other major retailers in the capital cities before and after the changes in price setter.[28]

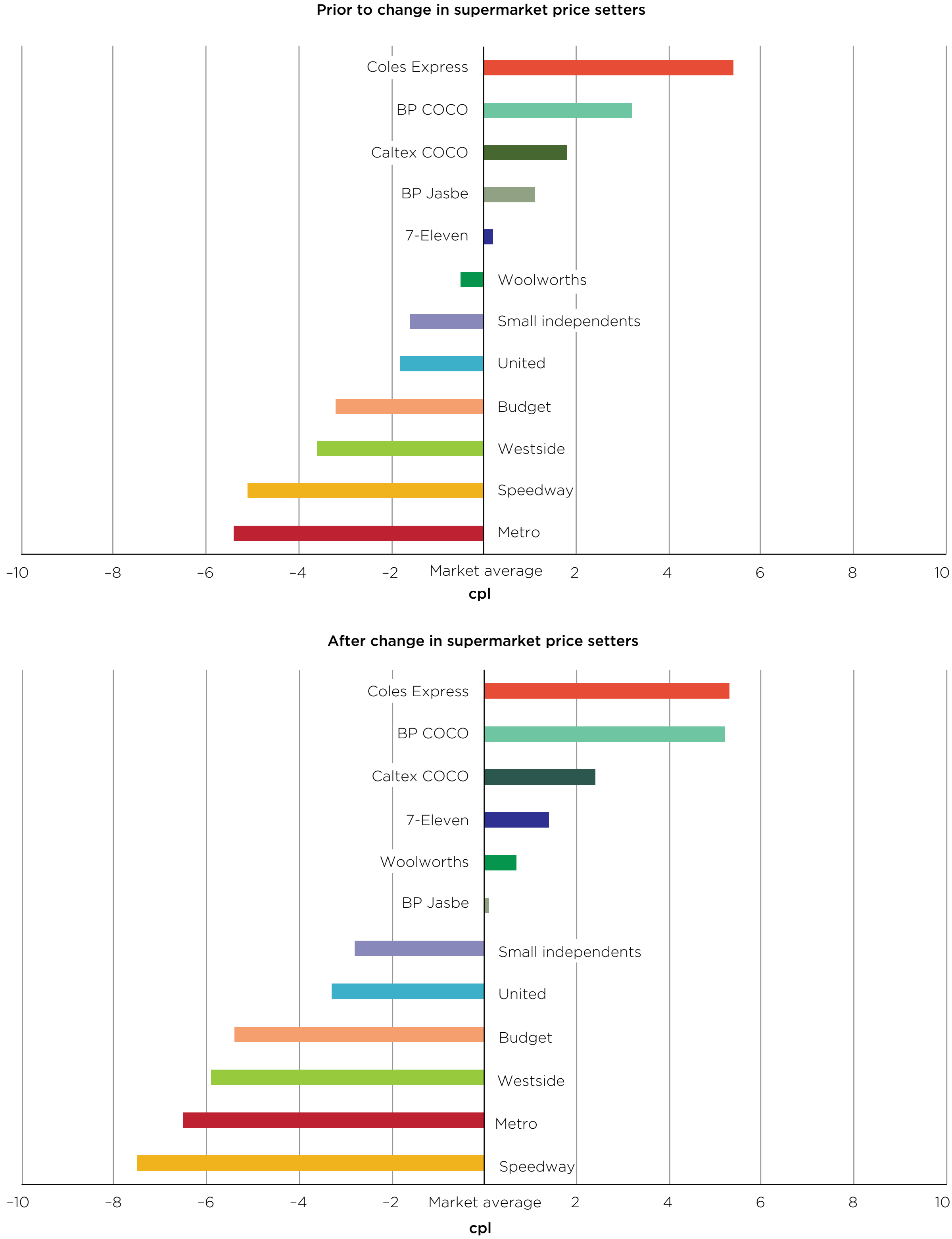
For each city, the differences between each major retailer's price and the market average price are shown for the periods January and February 2019 (i.e. prior to the change in the supermarket price setters) and April and May 2019 (i.e. after the change in the supermarket price setters).

4.3.1 Sydney

Chart 4.3 shows the difference between each major retailer's average E10 price and the market average E10 price prior to, and after, the change in price setter at Coles Express and Woolworths retail sites in Sydney in 2019.

28 Analysis is limited to the five largest cities and Darwin, because of a lack of consistent price data over the two periods in Canberra and Hobart.

Chart 4.3: Difference between each major retailer's average E10 price and the market average E10 price prior to, and after, the change in supermarket price setters in Sydney in 2019



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

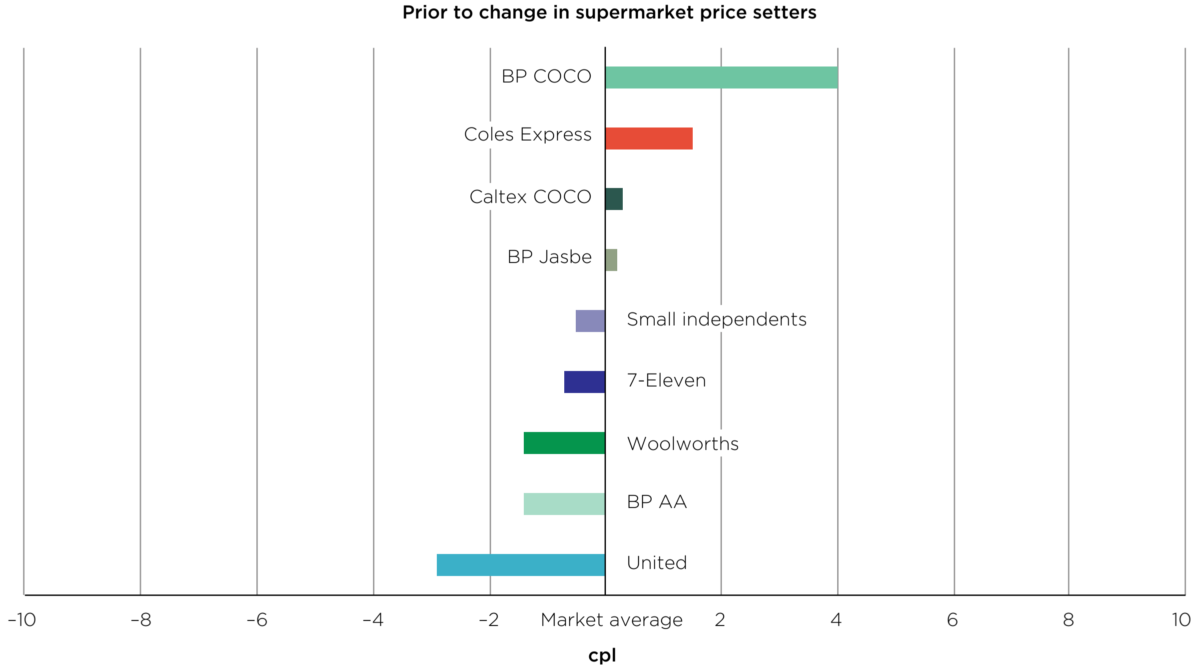
Notes: BP Jasbe is a BP-branded independent chain.
The 'prior to' period is January and February 2019, and the 'after' period is April and May 2019.

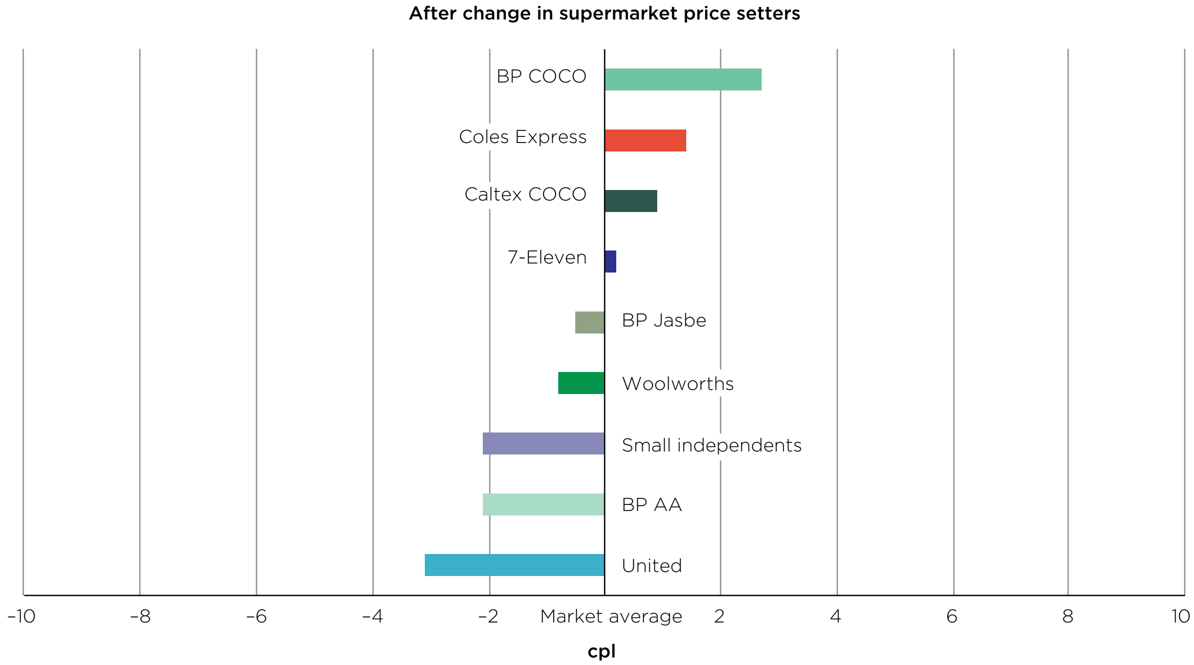
Chart 4.3 shows that Coles Express had the highest average price in Sydney in 2019 both prior to, and after, the change in price setter. Woolworths changed from being below the market average price (when Woolworths set the price) to above the market average price (when EG set the price). Woolworths moved from being the sixth-most expensive major retailer when Woolworths set the price, to the fifth-most expensive when EG Group set the price.

4.3.2 Melbourne

Chart 4.4 shows the difference between each major retailer's average petrol price and the market average petrol price prior to, and after, the change in price setter at Coles Express and Woolworths retail sites in Melbourne in 2019.

Chart 4.4: Difference between each major retailer's average petrol price and the market average petrol price prior to, and after, the change in supermarket price setters in Melbourne in 2019





Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

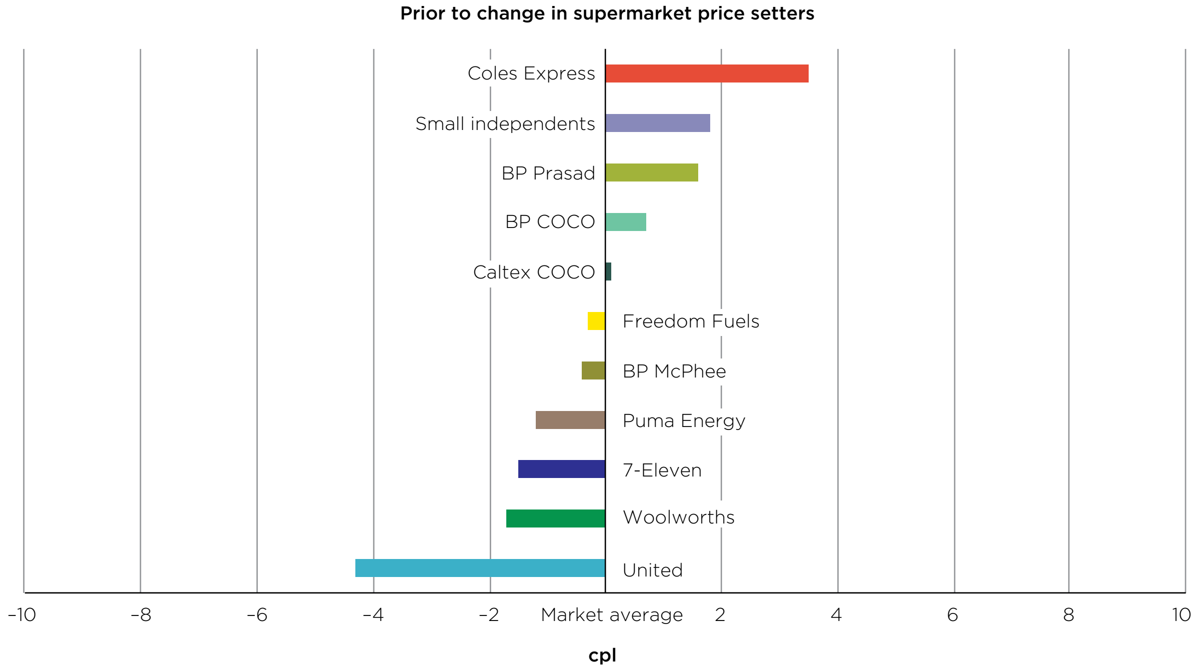
Notes: BP AA and BP Jasbe are BP-branded independent chains.
The 'prior to' period is January and February 2019, and the 'after' period is April and May 2019.

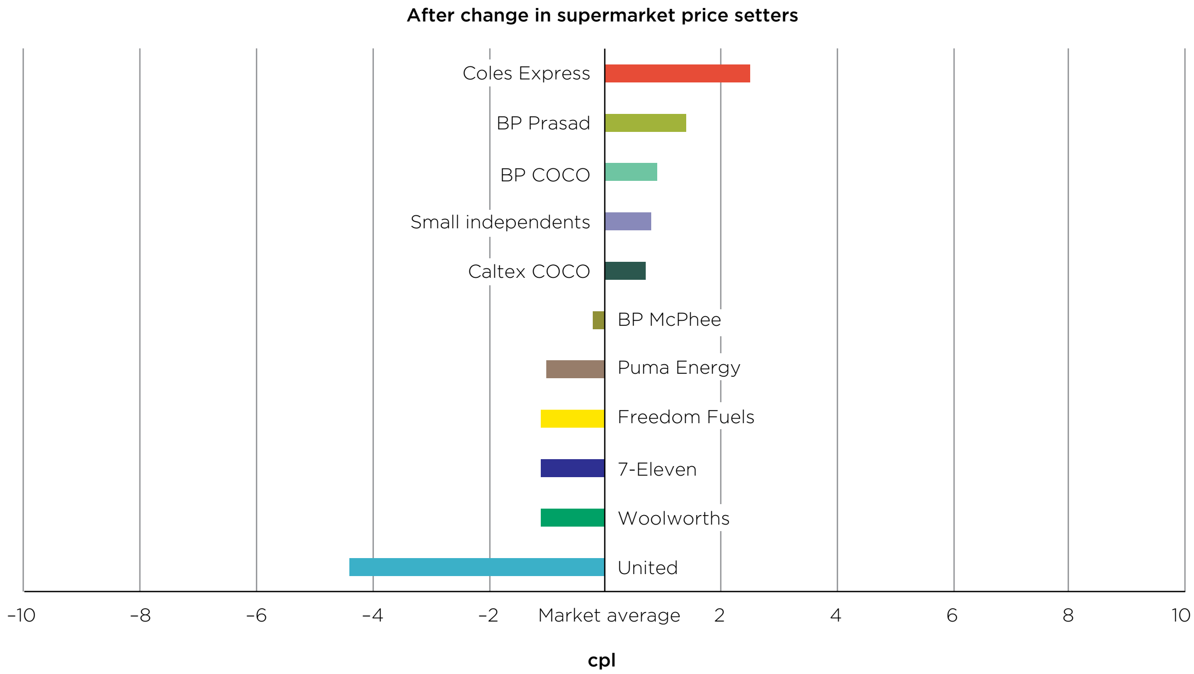
Chart 4.4 shows that Coles Express had the second-highest average price in Melbourne in 2019 both prior to, and after, the change in price setter. This differs from that shown in chapter 2 in 2017 and 2018 when Coles Express was the most expensive in both years. Woolworths moved from being the third-least expensive major retailer when Woolworths set the price, to the fourth-least expensive when EG Group set the price.

4.3.3 Brisbane

Chart 4.5 shows the difference between each major retailer's average petrol price and the market average petrol price prior to, and after, the change in price setter at Coles Express and Woolworths retail sites in Brisbane in 2019.[29]

Chart 4.5: Difference between each major retailer's average petrol price and the market average petrol price prior to, and after, the change in supermarket price setters in Brisbane in 2019





Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: BP Prasad and BP McPhee are BP-branded independent chains.
The 'prior to' period is January and February 2019, and the 'after' period is April and May 2019.

29 BP McPhee is not included separately in other Brisbane charts due to a lack of price data.

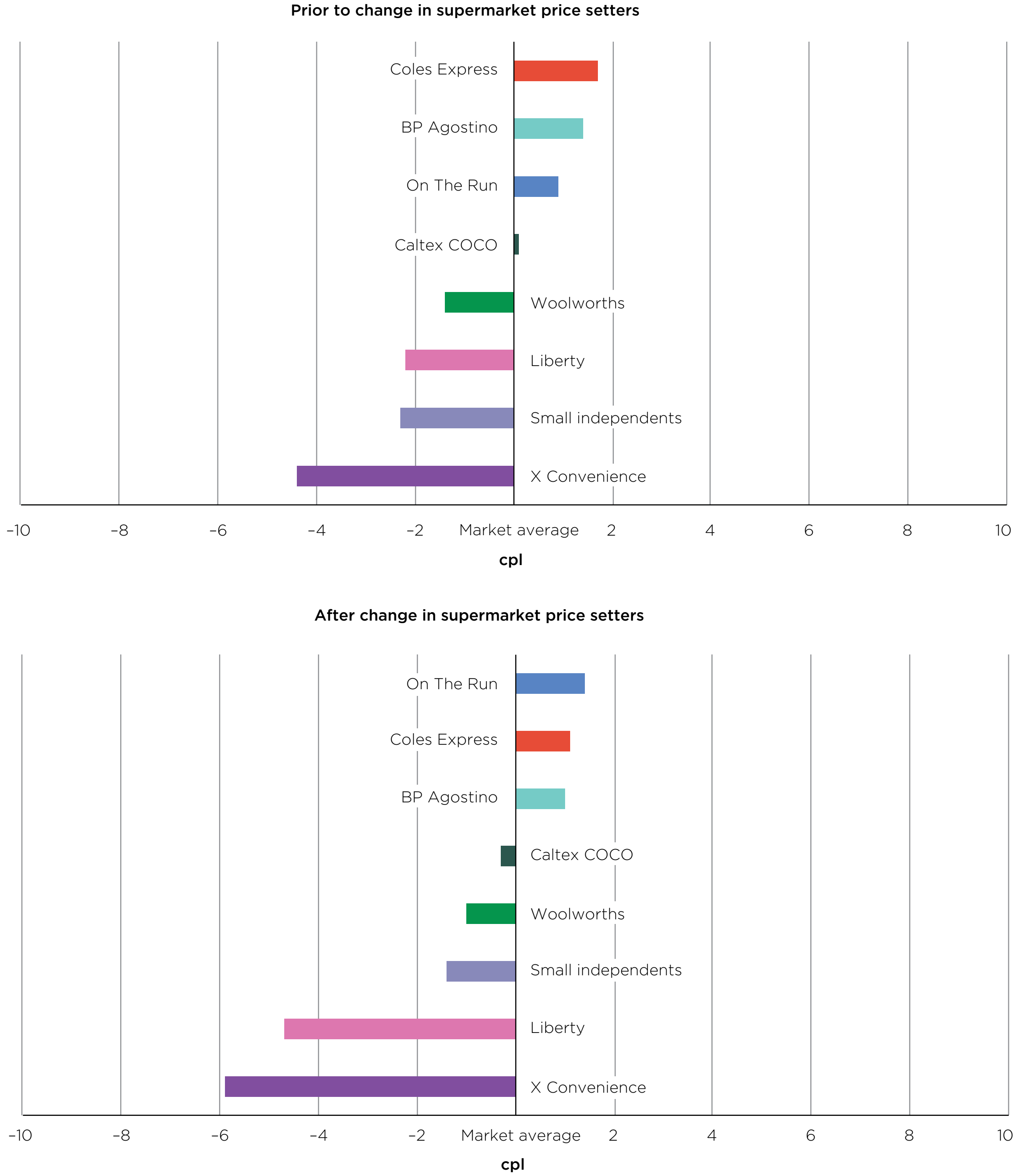
Chart 4.5 shows that Coles Express had the highest average price in Brisbane in 2019 both prior to, and after, the change in price setter. Woolworths remained in the same position relative to the other major retailers (i.e. second-least expensive).

4.3.4 Adelaide

Chart 4.6 shows the difference between each major retailer's average petrol price and the market average petrol price prior to, and after, the change in price setter at Coles Express and Woolworths retail sites in Adelaide in 2019.[30]

30 X Convenience is included in chart 4.6 because price data was available in 2019, whereas it is not included in chart 2.7 as annual average data was not available in 2018.

Chart 4.6: Difference between each major retailer's average petrol price and the market average petrol price prior to, and after, the change in supermarket price setters in Adelaide in 2019



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

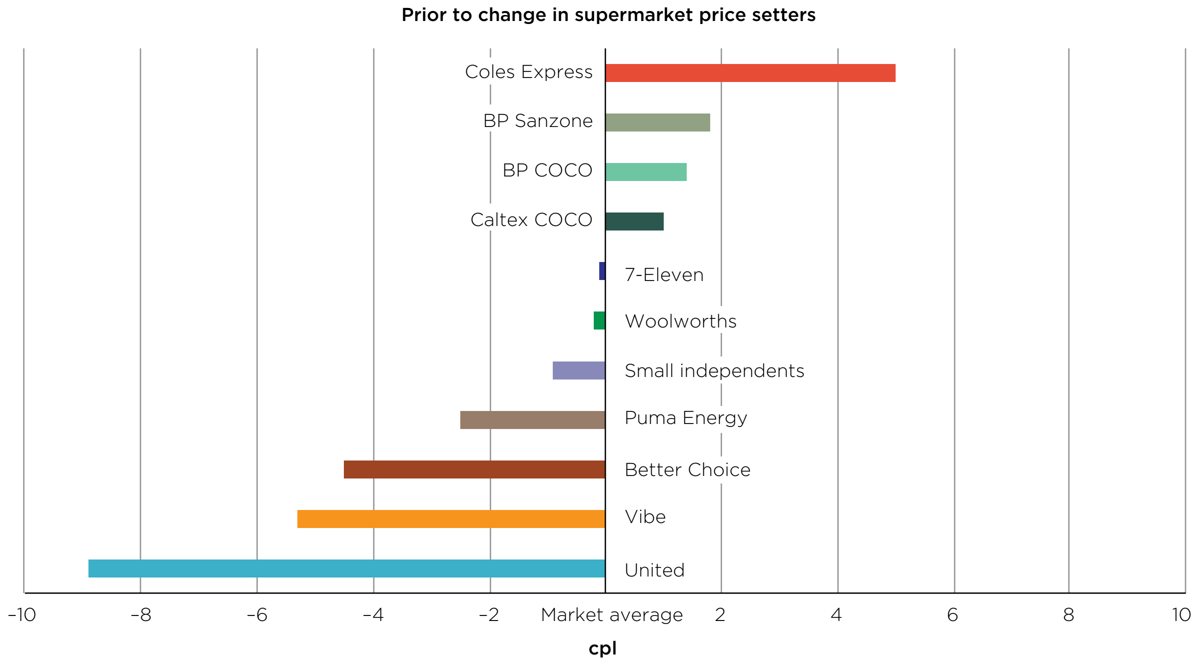
Notes: BP Agostino is a BP-branded independent chain.
The small independents category includes BP COCO's only retail site in Adelaide.
The 'prior to' period is January and February 2019, and the 'after' period is April and May 2019.

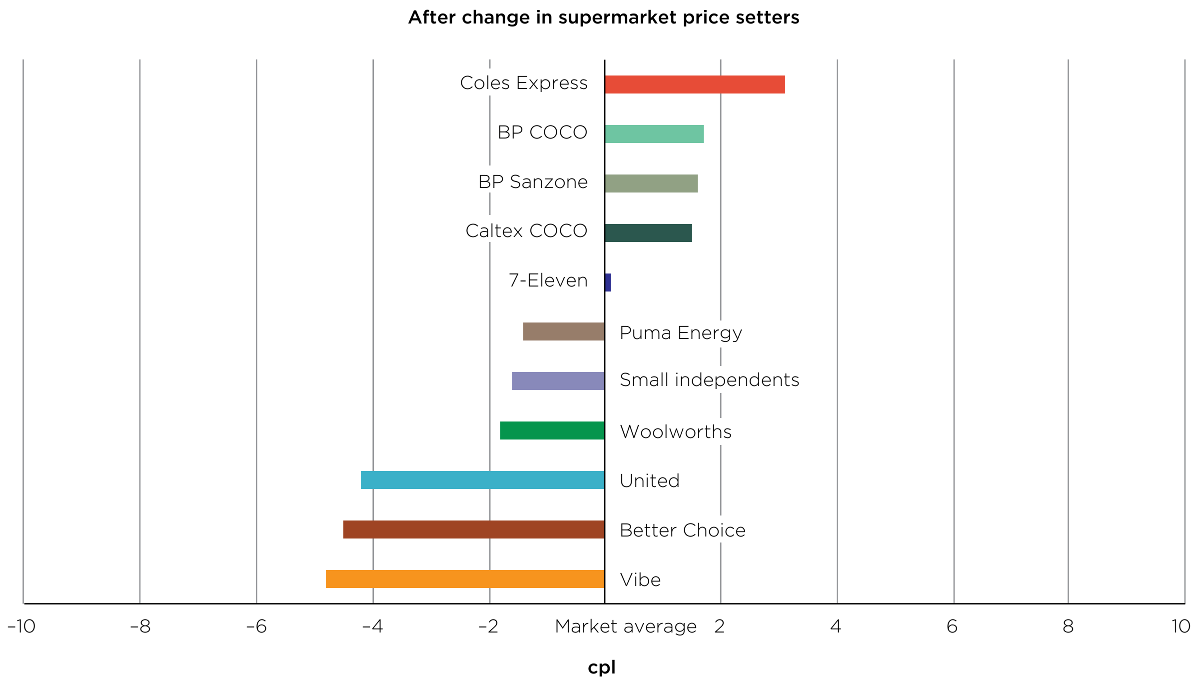
Chart 4.6 shows that Coles Express had the highest average price in Adelaide in 2019 prior to the change in price setter, but had the second-highest average price after the change. Woolworths remained in the same position relative to the other major retailers (i.e. fourth-least expensive).

4.3.5 Perth

Chart 4.7 shows the difference between each major retailer's average petrol price and the market average petrol price prior to, and after, the change in price setter at Coles Express and Woolworths retail sites in Perth in 2019.

Chart 4.7: Difference between each major retailer's average petrol price and the market average petrol price prior to, and after, the change in supermarket price setters in Perth in 2019





Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Notes: BP Sanzone is a BP-branded independent chain.

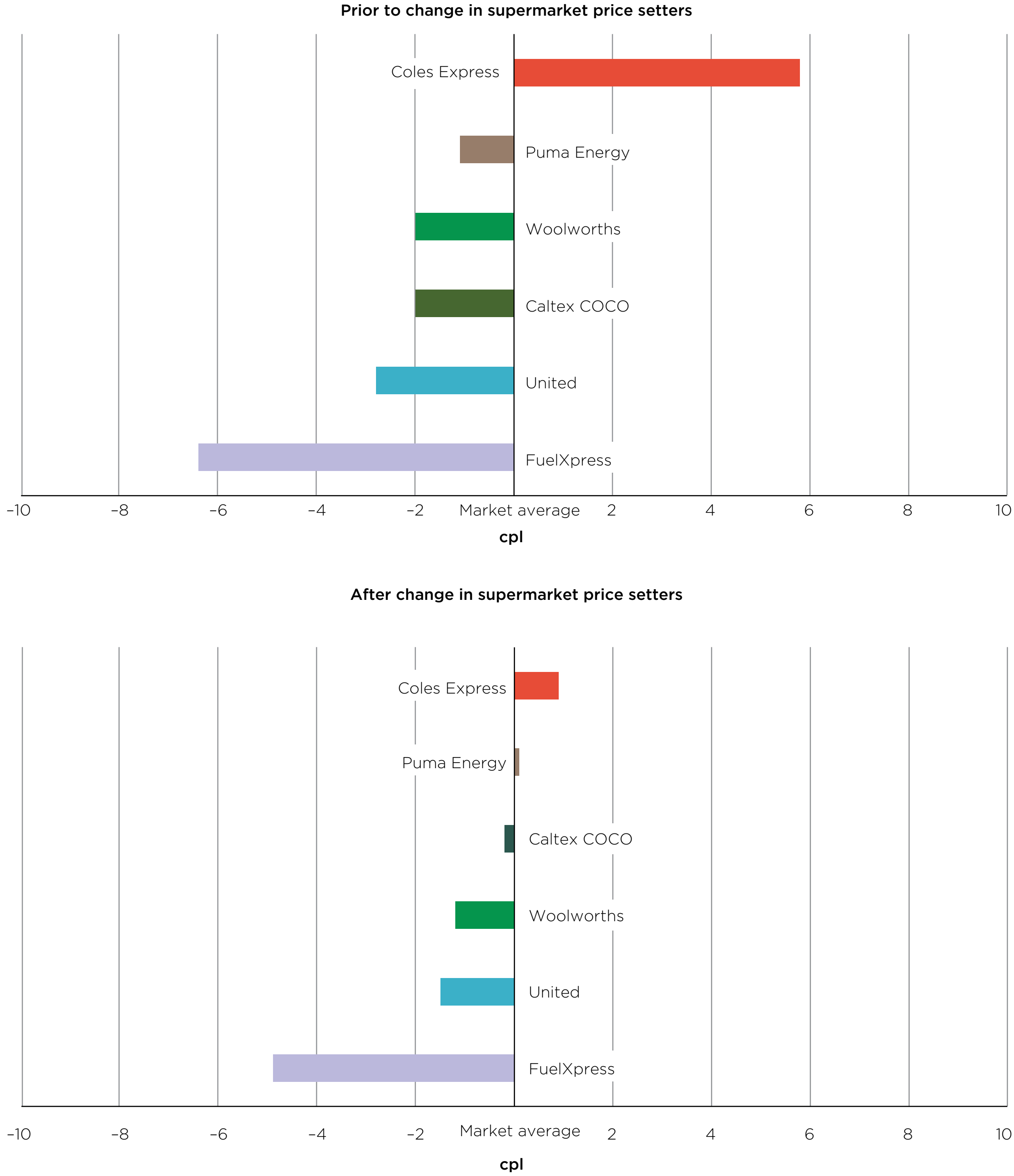
The 'prior to' period is January and February 2019, and the 'after' period is April and May 2019.

Chart 4.7 shows that Coles Express had the highest average price in Perth in 2019 both prior to, and after, the change in price setter. Woolworths moved from being the sixth-least expensive major retailer when Woolworths set the price, to the fourth-least expensive when EG Group set the price.

4.3.6 Darwin

Chart 4.8 shows the difference between each major retailer's average petrol price and the market average petrol price prior to, and after, the change in price setter at Coles Express and Woolworths retail sites in Darwin in 2019.

Chart 4.8: Difference between each major retailer's average petrol price and the market average petrol price prior to, and after, the change in supermarket price setters in Darwin in 2019



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.
Note: The 'prior to' period is January and February 2019, and the 'after' period is April and May 2019. Prices were not available for the small independents category.

Chart 4.8 shows that Coles Express had the highest average price in Darwin in 2019 both prior to, and after, the change in price setter. Woolworths moved from being the fourth-least expensive major retailer when Woolworths set the price, to the third-least expensive when EG Group set the price.

5. Retail site numbers in the capital cities

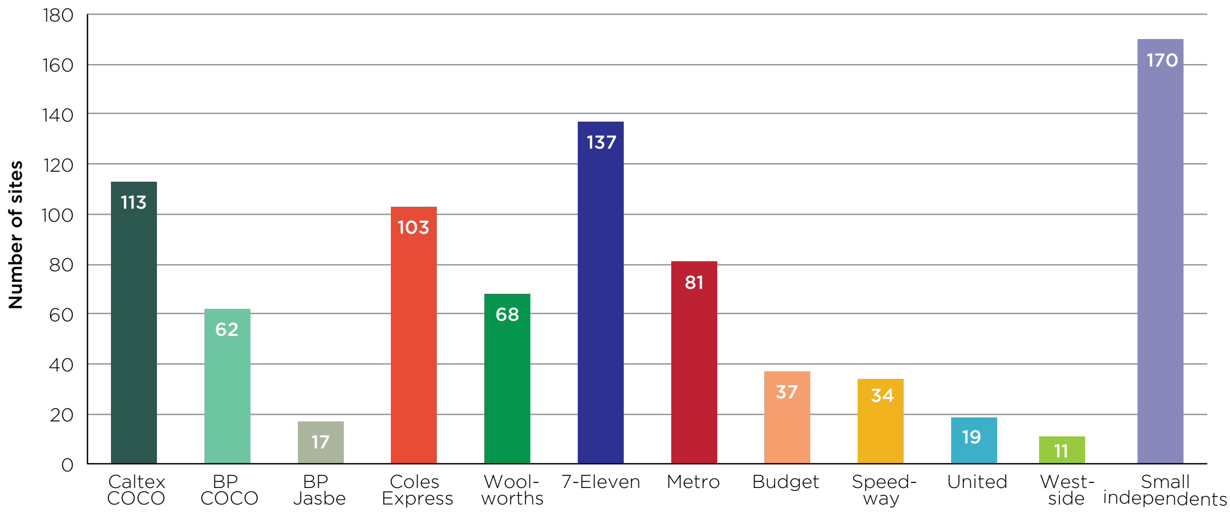
The ACCC has estimated the number of retail sites by major retailer in the eight capital cities as at 30 June 2018, using the Informed Sources Netwatch database of retail sites and information provided to the ACCC by some of the major retailers.

The data in these charts provides an indication of the significance of each major retailer's prices. For example, in Sydney, while Speedway's annual average price was 6.5 cpl below the market average price in 2018, it had only 34 retail sites (around 4 per cent of the total number of retail sites) as at 30 June 2018. In contrast, Coles Express' annual average price was 6.7 cpl above the market average price in 2018, and it had 103 retail sites (around 12 per cent) as at 30 June 2018.

5.1 Sydney

As at 30 June 2018, there were 852 fuel retail sites in Sydney. Chart 5.1 shows the major retailers operating in Sydney. The five largest major retailers (7-Eleven, Caltex COCO, Coles Express, Metro and Woolworths) accounted for around 59 per cent of total retail sites in Sydney.

Chart 5.1: Number of retail sites by major retailer in Sydney as at 30 June 2018

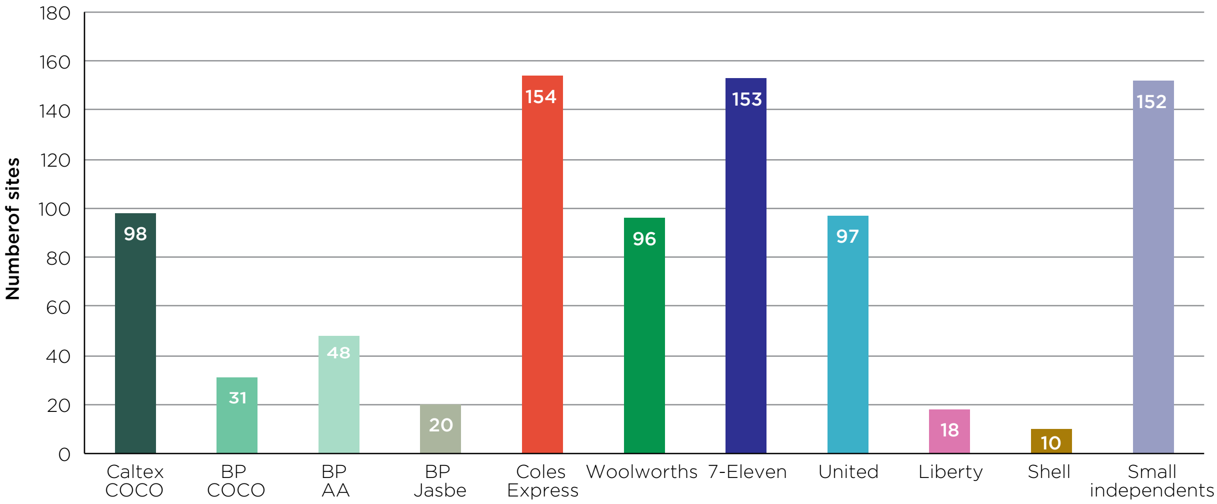


Source: ACCC calculations based on Informed Sources Netwatch data and information provided by some major retailers.

5.2 Melbourne

As at 30 June 2018, there were 877 fuel retail sites in Melbourne. Chart 5.2 shows the major retailers operating in Melbourne. The five largest major retailers (Coles Express, 7-Eleven, Caltex COCO, United and Woolworths) accounted for around 68 per cent of total retail sites in Melbourne.

Chart 5.2: Number of retail sites by major retailer in Melbourne as at 30 June 2018

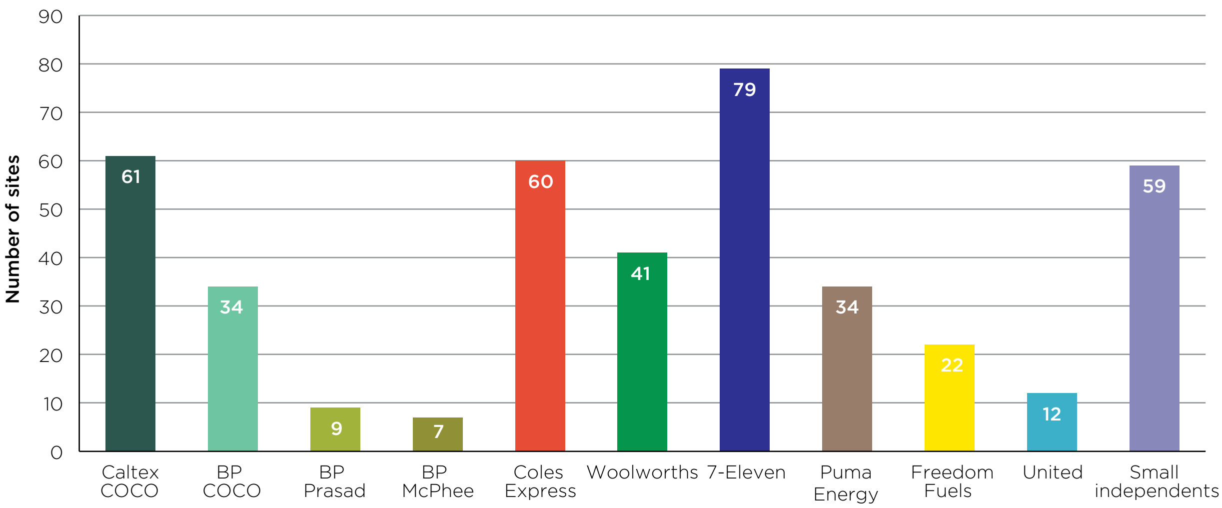


Source: ACCC calculations based on Informed Sources Netwatch data and information provided by some major retailers.

5.3 Brisbane

As at 30 June 2018, there were 418 fuel retail sites in Brisbane. Chart 5.3 shows the major retailers operating in Brisbane. The six largest major retailers (7-Eleven, Caltex COCO, Coles Express, Woolworths, BP COCO and Puma Energy) accounted for around 74 per cent of total retail sites in Brisbane.[31]

Chart 5.3: Number of retail sites by major retailer in Brisbane as at 30 June 2018



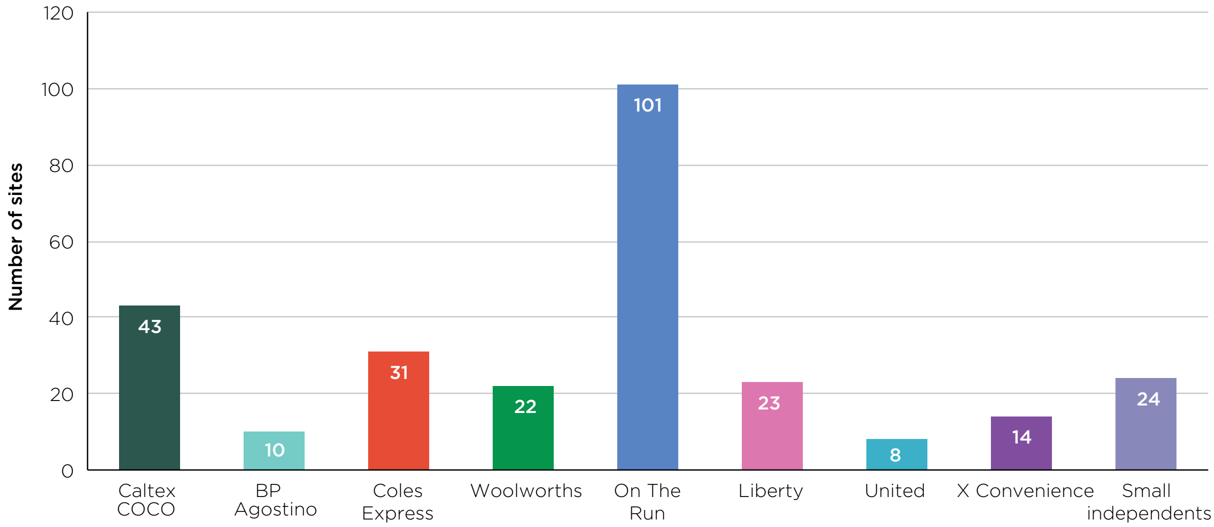
Source: ACCC calculations based on Informed Sources Netwatch data and information provided by some major retailers.

31 The top six retailers are included (instead of five) as BP COCO and Puma Energy each had 34 retail sites.

5.4 Adelaide

As at 30 June 2018, there were 276 fuel retail sites in Adelaide. Chart 5.4 shows the major retailers operating in Adelaide. The five largest major retailers (On The Run, Caltex COCO, Coles Express, Liberty and Woolworths) accounted for around 80 per cent of total retail sites in Adelaide.

Chart 5.4: Number of retail sites by major retailer in Adelaide as at 30 June 2018

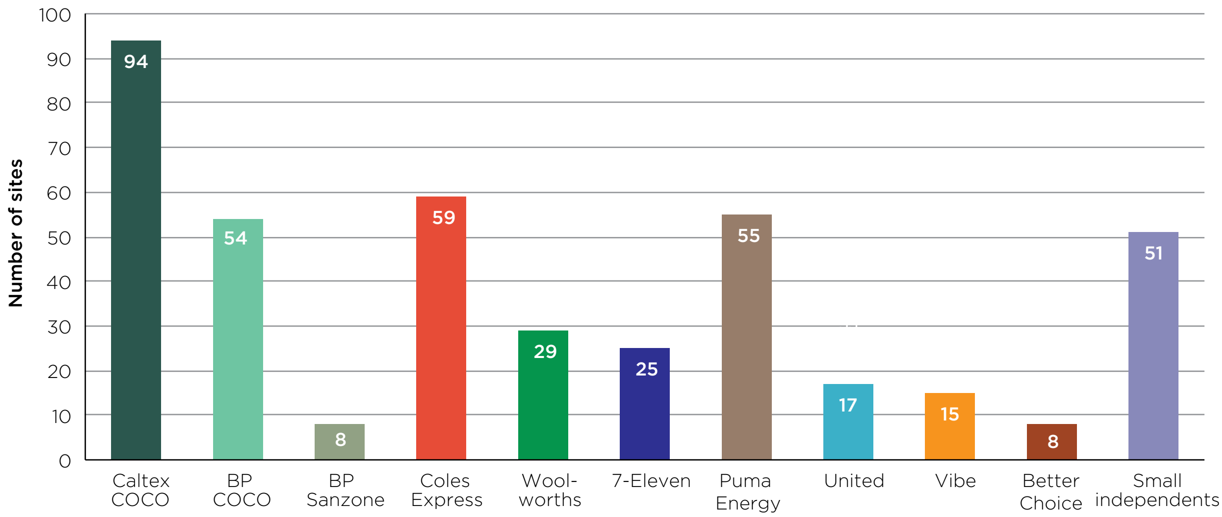


Source: ACCC calculations based on Informed Sources Netwatch data and information provided by some major retailers.

5.5 Perth

As at 30 June 2018, there were 415 fuel retail sites in Perth. Chart 5.5 shows the major retailers operating in Perth. The five largest major retailers (Caltex COCO, Coles Express, Puma Energy, BP COCO and Woolworths) accounted for around 70 per cent of total retail sites in Perth.

Chart 5.5: Number of retail sites by major retailer in Perth as at 30 June 2018

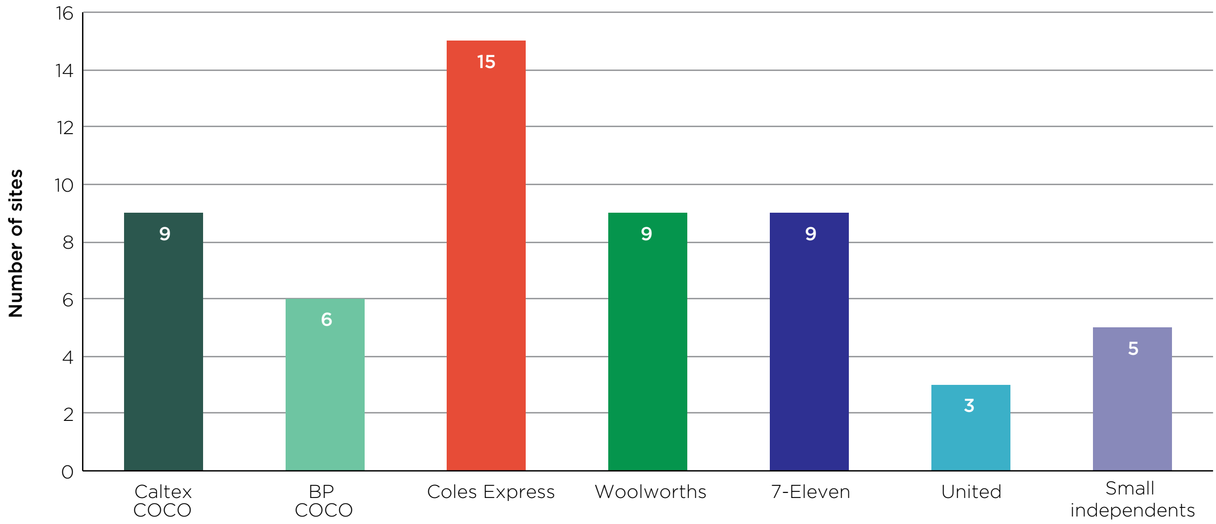


Source: ACCC calculations based on Informed Sources Netwatch data and information provided by some major retailers.

5.6 Canberra

As at 30 June 2018, there were 56 fuel retail sites in Canberra. Chart 5.6 shows the major retailers operating in Canberra. The five largest major retailers (Coles Express, Caltex COCO, 7-Eleven, Woolworths and BP COCO) accounted for around 86 per cent of total retail sites in Canberra.

Chart 5.6: Number of retail sites by major retailer in Canberra as at 30 June 2018

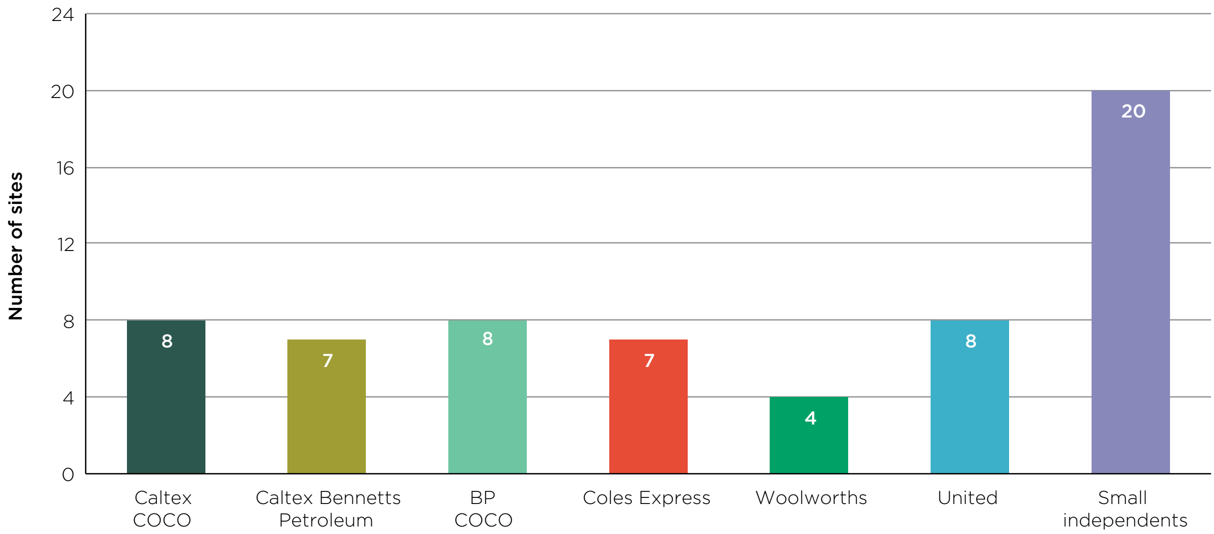


Source: ACCC calculations based on Informed Sources Netwatch data and information provided by some major retailers.

5.7 Hobart

As at 30 June 2018, there were 62 fuel retail sites in Hobart. Chart 5.7 shows the major retailers operating in Hobart. The five largest major retailers (Caltex COCO, BP COCO, United, Caltex Bennetts Petroleum and Coles Express) accounted for around 61 per cent of total retail sites in Hobart.

Chart 5.7: Number of retail sites by major retailer in Hobart as at 30 June 2018

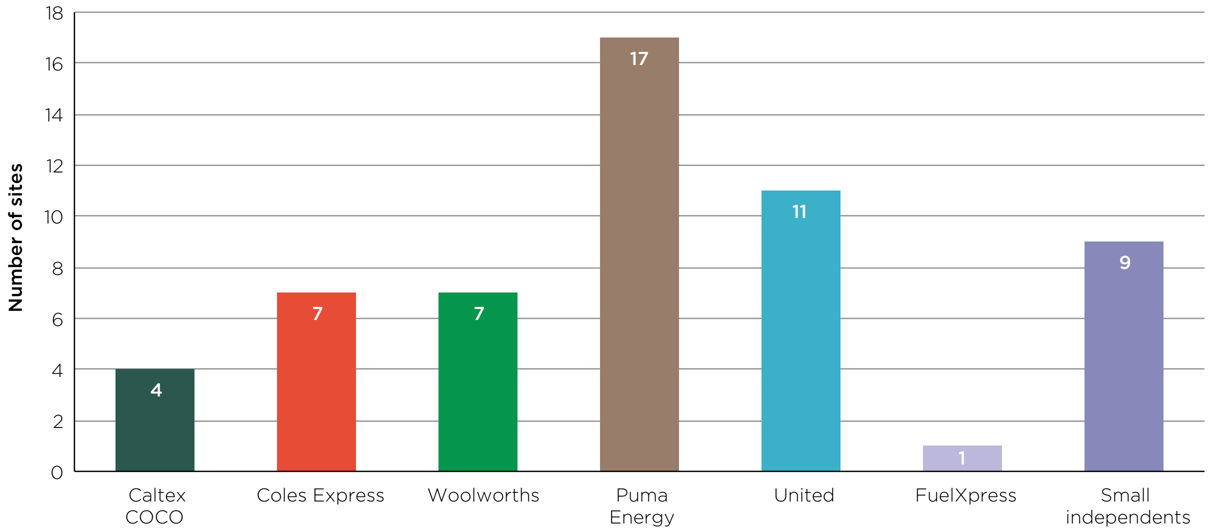


Source: ACCC calculations based on Informed Sources Netwatch data and information provided by some major retailers.

5.8 Darwin

As at 30 June 2018, there were 56 fuel retail sites in Darwin. Chart 5.8 shows the major retailers operating in Darwin. The five largest major retailers (Puma Energy, United, Coles Express, Woolworths and Caltex COCO) accounted for around 82 per cent of total retail sites in Darwin.

Chart 5.8: Number of retail sites by major retailer in Darwin as at 30 June 2018



Source: ACCC calculations based on Informed Sources Netwatch data and information provided by some major retailers.

6. Changes in the three smaller capitals over the last eight years

This chapter examines average differences from market average petrol prices by major retailer in 2010 in the three smaller capitals and compares them with those in 2018.[32] A similar historical comparison for the five largest cities (between 2007 and 2017) was included in the ACCC's 2017 price report.[33]

Significant changes have occurred in the Australian retail petrol market over the last eight years. Some of the factors that would have had an influence on markets in Canberra, Hobart and Darwin include:

- the exit of Mobil from retailing in 2010, and the acquisition of the Mobil retail sites by 7-Eleven and On The Run
- the acquisition of Gull and Peak by Ausfuel in 2010, and the subsequent acquisition of Ausfuel and Neumann by Puma Energy in 2013
- the Fuel Summit in Darwin in 2014, the release of the ACCC's Darwin petrol market study in 2015 and the introduction of MyFuel NT in 2017.[34]

As a result of these and other factors, the number of major retailers and their share of the market in the three smaller capitals changed between 2010 and 2018.

The ACCC calculated annual average prices by major retailer in 2010 in the three smaller capitals and derived their average difference from market average prices. The 2010 prices are nominal prices and are not adjusted for inflation.

There is a methodological point to note with the comparison of 2010 with 2018. Brand data in 2010 for BP and Caltex retail sites could not be disaggregated into the three categories of retail sites (i.e. COCO, branded independent chains and small independents) in the way it was for the price data for 2018. Therefore, to enable a like-for-like comparison, the ACCC calculated annual average prices for all BP- and Caltex-branded retail sites for 2018, and derived the annual average difference from market average prices, so that they can be compared with calculations for BP- and Caltex-branded retail sites in 2010.

This means that while this chapter is largely comparing average differences from market average prices between major retailers, in the case of BP and Caltex, this comparison is between their brand-average differences.

A description of the methodology relating to the compilation of these average prices is provided in appendix A.

6.1 Canberra

In Canberra, an annual average retail petrol price for 2010 was calculated for: BP brand, Caltex brand, Coles Express and Woolworths.[35] As at 30 June 2010, there were 61 retail petrol sites in Canberra, compared with 56 retail sites as at 30 June 2018.[36]

Chart 6.1 shows the difference between each major retailer's annual average petrol price, BP and Caltex brand annual average petrol prices, and the market annual average petrol price in Canberra in 2010 and 2018.

32 The year 2010 is the earliest year for which the ACCC has annual brand-specific price data for the three smaller capitals.

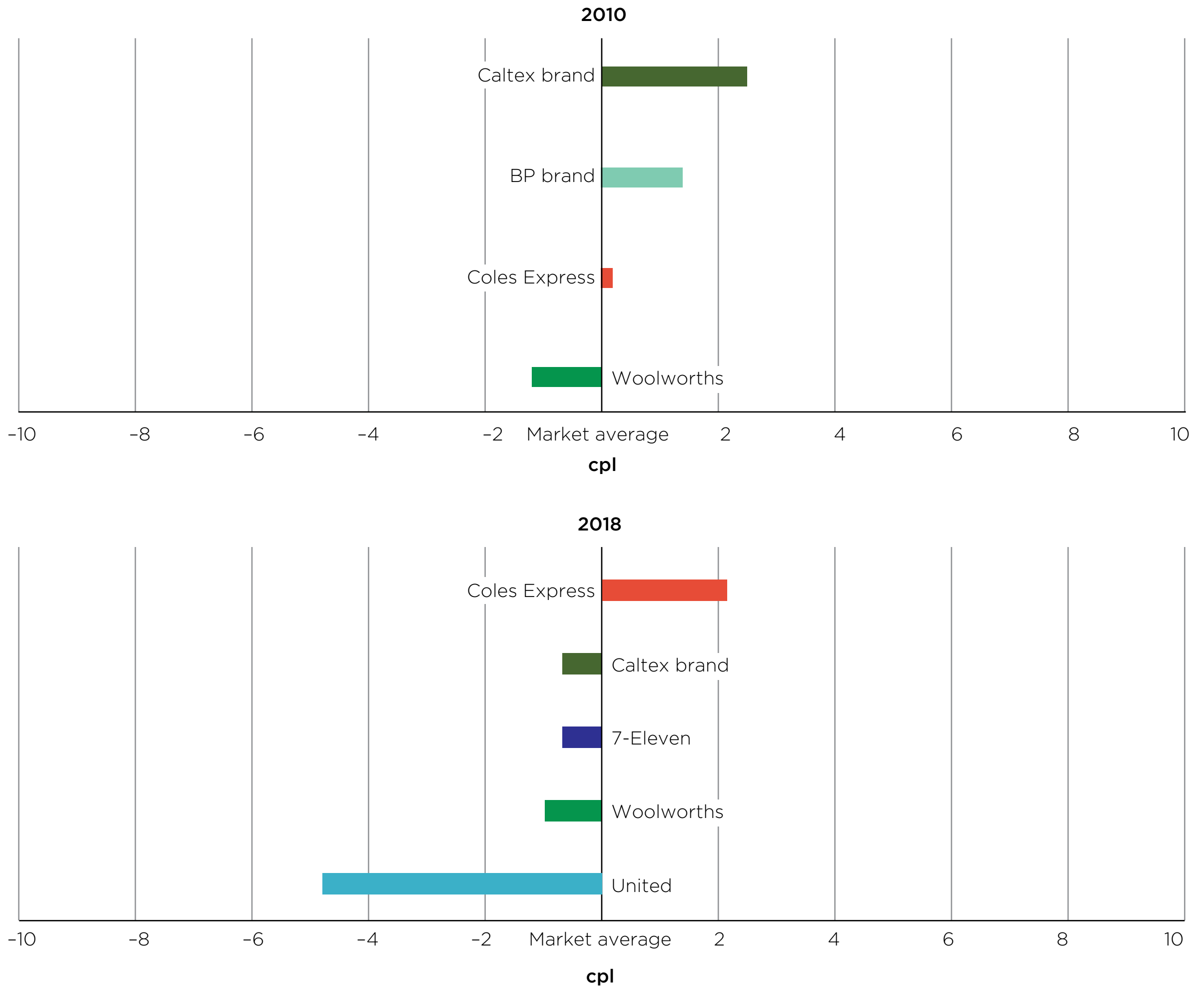
33 See chapter 5.

34 The ACCC's 2015 Darwin petrol market study is available at: https://www.accc.gov.au/publications/petrol-market-studies/report-on-the-darwin-petrol-market.

35 Prices were only available for these brands.

36 According to the Informed Sources Netwatch database.

Chart 6.1: Difference between each major retailer's annual average petrol price, BP and Caltex brand annual average petrol prices, and the market annual average petrol price in Canberra in 2010 and 2018



Source: ACCC calculations based on Informed Sources data.

Notes: Prices were not available for BP branded retail sites in 2018 as they generally sell E10 rather than RULP.
There were three United retail sites in 2018.
The market average price in 2018 was 153.4 cpl and the nominal market annual average price in 2010 was 127.2 cpl.

Chart 6.1 shows that in 2010 in Canberra, the annual average price for:

- Woolworths was the lowest (at 1.2 cpl below the market average price of 127.2 cpl)
- Caltex brand was the highest (at 2.5 cpl above the market average price)
- Woolworths was below the market average price
- BP and Caltex brands and Coles Express were above the market average price.

There was a range of 3.7 cpl between the lowest and the highest average prices.

A comparison of 2018 with 2010 shows that:

- the range between the highest and lowest average prices in 2018 (7.1 cpl) was almost twice the range in 2010 (3.7 cpl)
- in 2018, United had the lowest average price, whereas in 2010 Woolworths had the lowest average price
- in 2018, Coles Express had the highest average price, whereas in 2010 Caltex brand had the highest average price

- the average Woolworths price was below the market average price in both 2018 and 2010 (but it was marginally closer to the market average price in 2018)
- the average Coles Express price was above the market average price in both 2018 and 2010 (but it was further above the market average price in 2018)
- the average Caltex brand price moved from being above the market average price in 2010 to below the market average price in 2018.

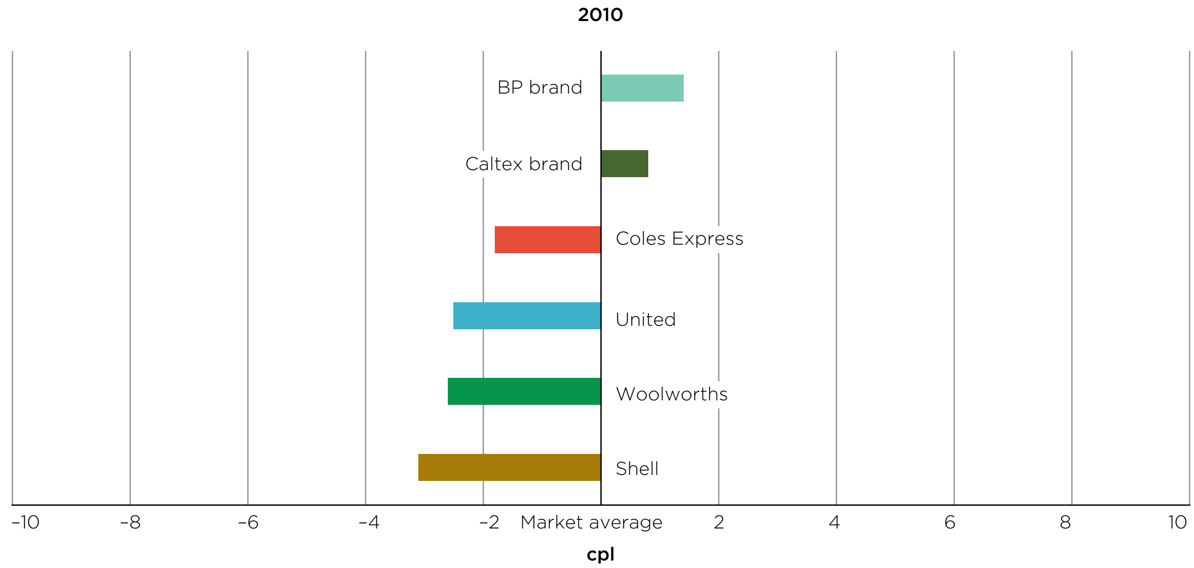
6.2 Hobart

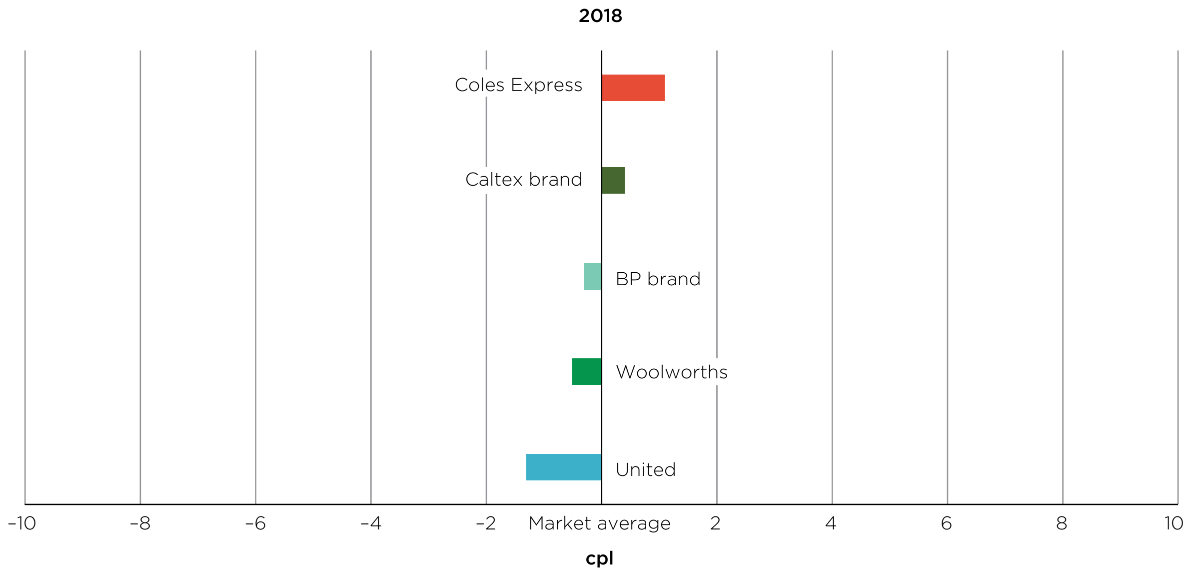
In Hobart, an average retail petrol price for 2010 was calculated for: BP brand, Caltex brand, Coles Express, Shell, United and Woolworths.[37] As at 30 June 2010, there were 57 retail petrol sites in Hobart, compared with 62 retail sites as at 30 June 2018.

Chart 6.2 shows the difference between each major retailer's annual average price, BP and Caltex brand annual average prices, and the market annual average price in Hobart in 2010 and 2018. Note that the data for Hobart in 2018 is for the period April to September 2018 only, as prices in the other months in 2018 were not available.

37 Prices were only available for these brands.

Chart 6.2: Difference between each major retailer's annual average petrol price, BP and Caltex brand annual average prices, and the market annual average petrol price in Hobart in 2010 and 2018





Source: ACCC calculations based on Informed Sources data.

Note: Data for Hobart in 2018 is for the period April to September 2018 only as prices in the other months in 2018 were not available.

The market average price in 2018 was 156.1 cpl and the nominal market average price in 2010 was 132.0 cpl.

Chart 6.2 shows that in 2010 in Hobart the annual average price for:

- Shell was the lowest (at 3.1 cpl below the market average price of 132.0 cpl)
- BP brand was the highest (at 1.4 cpl above the market average price)
- Coles Express, Shell, United and Woolworths were below the market average price
- BP and Caltex brands were above the market average price.

There was a range of 4.5 cpl between the lowest and highest average prices.

A comparison of 2018 with 2010 shows that:

- the range between the lowest and the highest average prices in 2018 (2.4 cpl) was almost half the range in 2010 (4.5 cpl)
- in 2018, United had the lowest average price, whereas in 2010 Shell had the lowest average price

- in 2018, Coles Express had the highest average price, whereas in 2010 the BP brand had the highest average price
- the average prices of Woolworths and United were below the market average price in both 2018 and 2010 (but they were both closer to the market average price in 2018)
- the average Coles Express price moved from below the market average price in 2010 to above the market average price in 2018
- the average Caltex brand prices was above the market average price in both 2018 and 2010 (but it was closer to the market average price in 2018)
- the average BP brand price moved from above the market average price in 2010 to below the market average price in 2018.

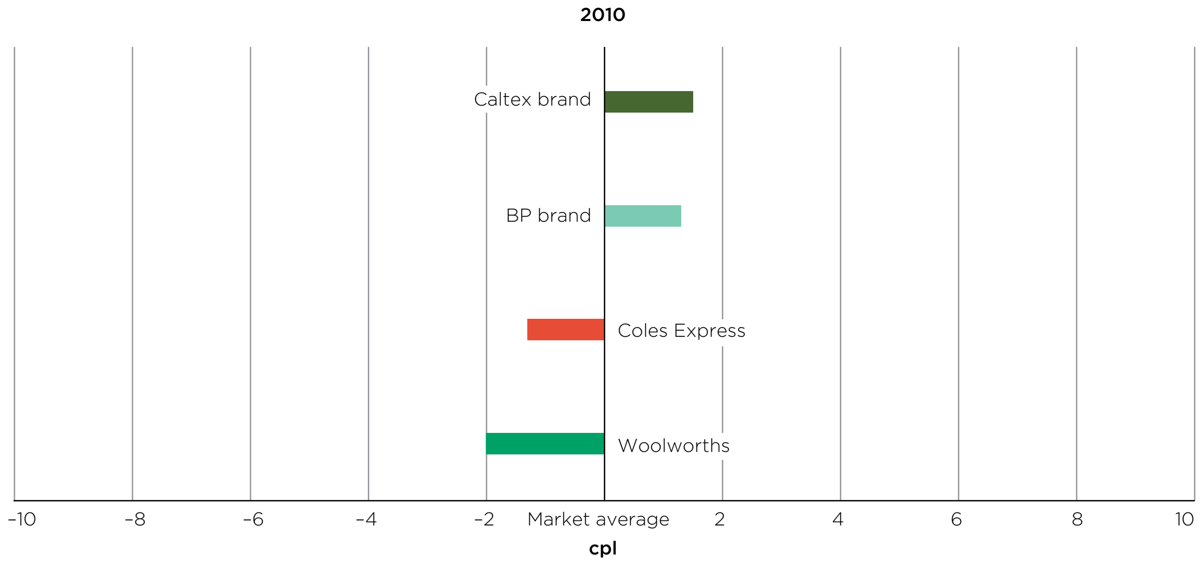
6.3 Darwin

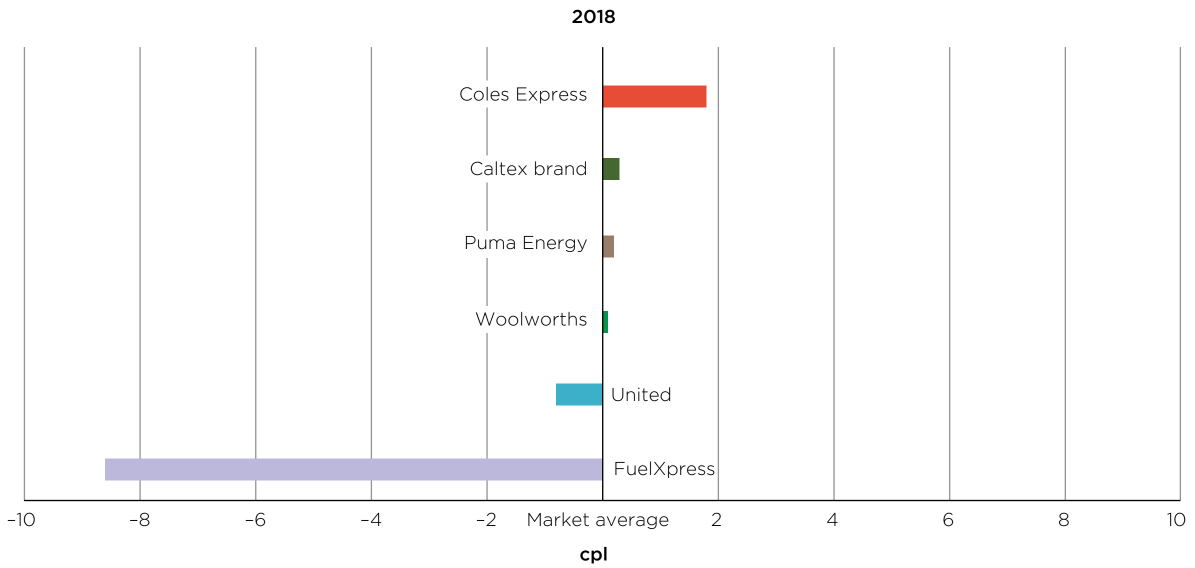
In Darwin, an average retail petrol price for 2010 was calculated for: BP brand, Caltex brand, Coles Express and Woolworths.[38] As at 30 June 2010, there were 43 retail petrol sites in Darwin, compared with 56 retail sites as at 30 June 2018.

Chart 6.3 shows the difference between each major retailer's annual average petrol price, BP and Caltex brand annual average prices, and the market annual average petrol price in Darwin in 2010 and 2018.

38 Prices were only available for these brands.

Chart 6.3: Difference between each major retailer's annual average petrol price, BP and Caltex brand average annual prices, and the market annual average petrol price in Darwin in 2010 and 2018





Source: ACCC calculations based on Informed Sources data.

Notes: There was one FuelXpress retail site in Darwin in 2018.
The market average price in 2018 was 152.0 cpl and the nominal market average price in 2010 was 132.3 cpl.

Chart 6.3 shows that in 2010 in Darwin the annual average price for:

- Woolworths was the lowest (at 2.0 cpl below the market average price of 132.3 cpl)
- Caltex brand was the highest (at 1.5 cpl above the market average price)
- Coles Express and Woolworths were below the market average price
- BP and Caltex brands were above the market average price.

There was a range of 3.5 cpl between the lowest and the highest average prices.

A comparison of 2018 with 2010 shows that:

- the range between the lowest and highest average prices in 2018 (10.4 cpl) was almost three times the range in 2010 (3.5 cpl)
- in 2018, FuelXpress had the lowest average price, whereas in 2010 Woolworths had the lowest average price

- in 2018, Coles Express had the highest average price, whereas in 2010 Caltex brand had the highest average price
- Coles Express and Woolworths moved from below the market average price in 2010 to above the market average price in 2018
- the average Caltex brand price was above the market average price in both 2018 and 2010.

6.4 Comparison between 2010 and 2018

A number of changes occurred between 2010 and 2018 across the three smaller capitals.

The range between the lowest and the highest average prices was larger in Canberra and Darwin in 2018, compared with 2010. In Hobart, it was the reverse.

In 2018, Coles Express was the highest priced retailer in two of the three smaller capitals, whereas in 2010 it was not the highest in any city. In 2010, Coles Express' annual average prices were above the market average price in Canberra and below the market average price in Hobart and Darwin.

The average prices of BP and Caltex brands were above the market average price in all three of the smaller capitals in 2010. In 2018, the average Caltex brand price was above the market average price in Hobart and Darwin and below the market average price in Canberra. The average BP brand price was below the market average price in Hobart in 2018. A RULP price was not available for BP brand in Canberra and Darwin in 2018.

Independent chains/retailers were the lowest priced retailers in all of the smaller capitals in 2018 (United in Canberra and Hobart, and FuelXpress in Darwin). In 2010, Woolworths was the lowest priced retailer in Canberra and Darwin, and Shell was the lowest priced retailer in Hobart.

In 2018, Woolworths' average price was below the market average price in Canberra and Hobart and marginally above the market average price in Darwin. In 2010, its average price was below the market average price in all three smaller capitals.

6.5 Comparison of the changes in the three smaller capitals with changes in the five largest cities

In the three smaller capitals, the range between the highest and lowest annual average price increased in Canberra and Darwin between 2010 and 2018. This also occurred in the five largest cities between 2007 and 2017.

In 2018, the average range across the three smaller capitals was 6.6 cpl, which was 2.7 cpl higher than the average range in 2010 (3.9 cpl). Similarly, the average range across the five largest cities in 2017 was 6.3 cpl, compared with an average range in 2007 of 2.4 cpl.

In 2018, Coles Express was the highest priced retailer in two of the smaller capitals, whereas in 2010 it was not the highest in any of them. Similarly, in 2017, Coles Express was the highest priced retailer in each of the five largest cities, whereas in 2007 it was not the highest in any city.

In 2018, independent chains/retailers were the lowest priced retailers in all three smaller capitals, whereas in 2010, Woolworths was the lowest priced retailer in Canberra and Darwin and Shell was the lowest in Hobart. Similarly, in 2017, independent chains in all five largest cities were the lowest priced retailers. In 2007, independent chains had the lowest average price in Sydney, Brisbane and Perth (with Woolworths the lowest in Melbourne and Adelaide).

7. Monthly average petrol prices in the capital cities in 2018

This chapter breaks down the annual average prices by major retailer in chapter 2 into monthly average prices over 2018 to demonstrate how the relativities between the major retailer's prices change over the year.

While the pricing policies of the major retailers have a significant influence on how their prices compare against the monthly market average price, their prices may also be affected by other factors. These include possible changes in the number of retail sites included in the monthly averages (for instance, some retail sites may be closed for maintenance or new retail sites may enter a market during the year) and the timing of price cycles in the five largest cities.

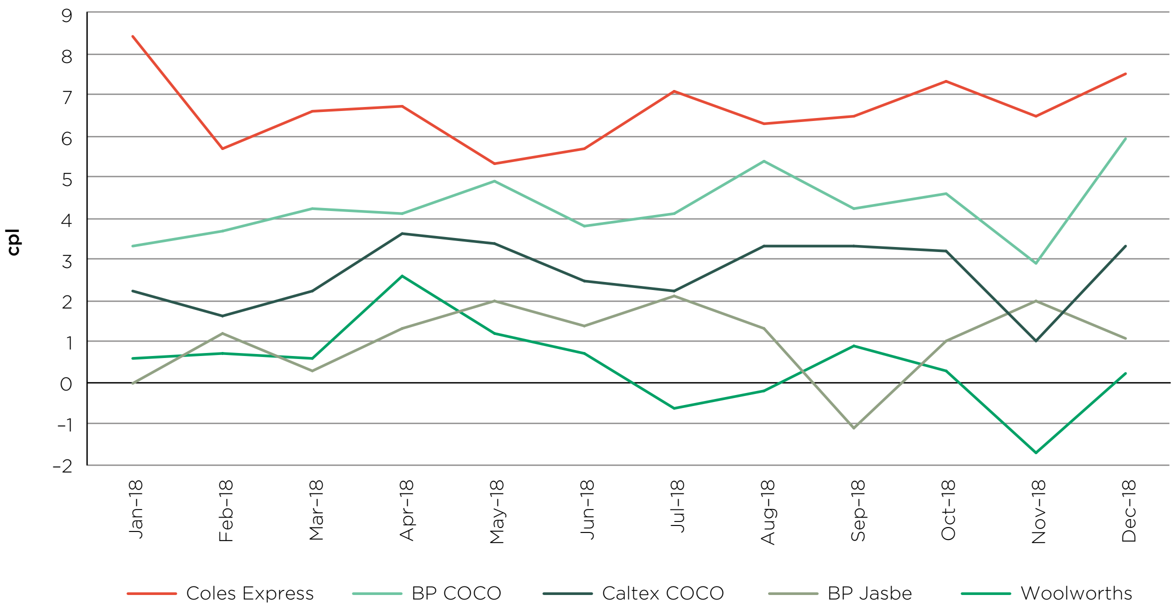
For clarity, the monthly price data for each city is presented in two charts.

7.1 Sydney

Chart 7.1 shows the monthly average difference from the market average price for those major retailers that had an annual average price above the market average price in Sydney in 2018.

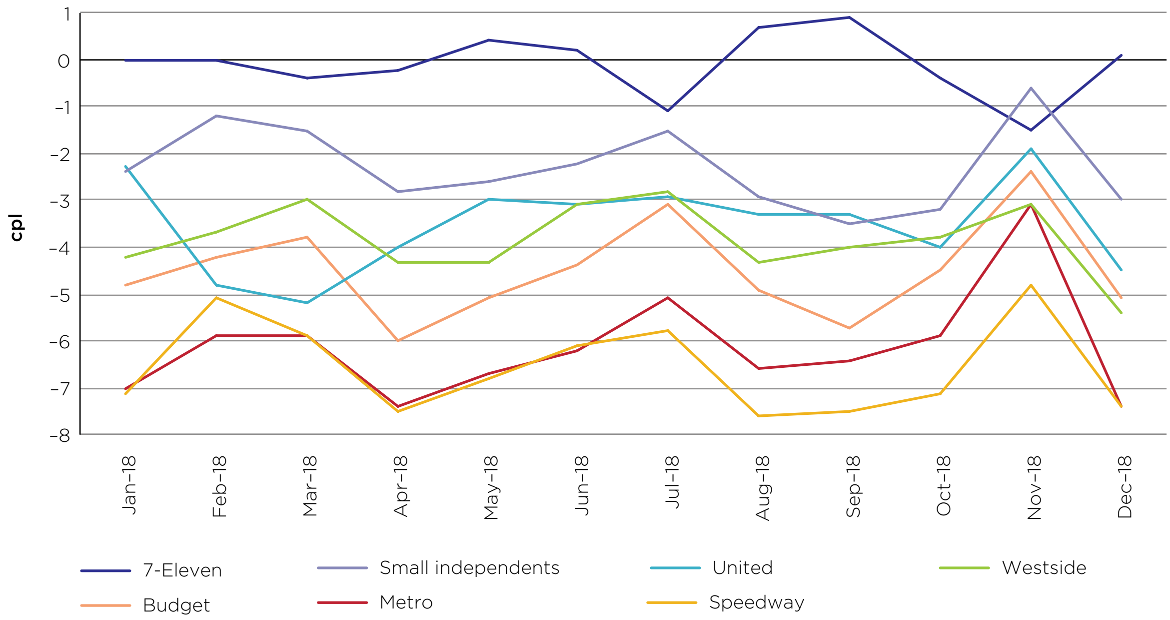
Chart 7.2 shows the monthly average difference from the market average price for those major retailers that had an annual average price equal to or below or the market average price in Sydney in 2018.

Chart 7.1: Monthly average difference from the market average price for retailers that had an annual average price above the market average price in Sydney in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.
Note: BP Jasbe is a BP-branded independent chain.

Chart 7.2: Monthly average difference from the market average price for retailers that had an annual average price equal to or below the market average price in Sydney in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

The charts show that in Sydney in 2018 monthly average prices for:

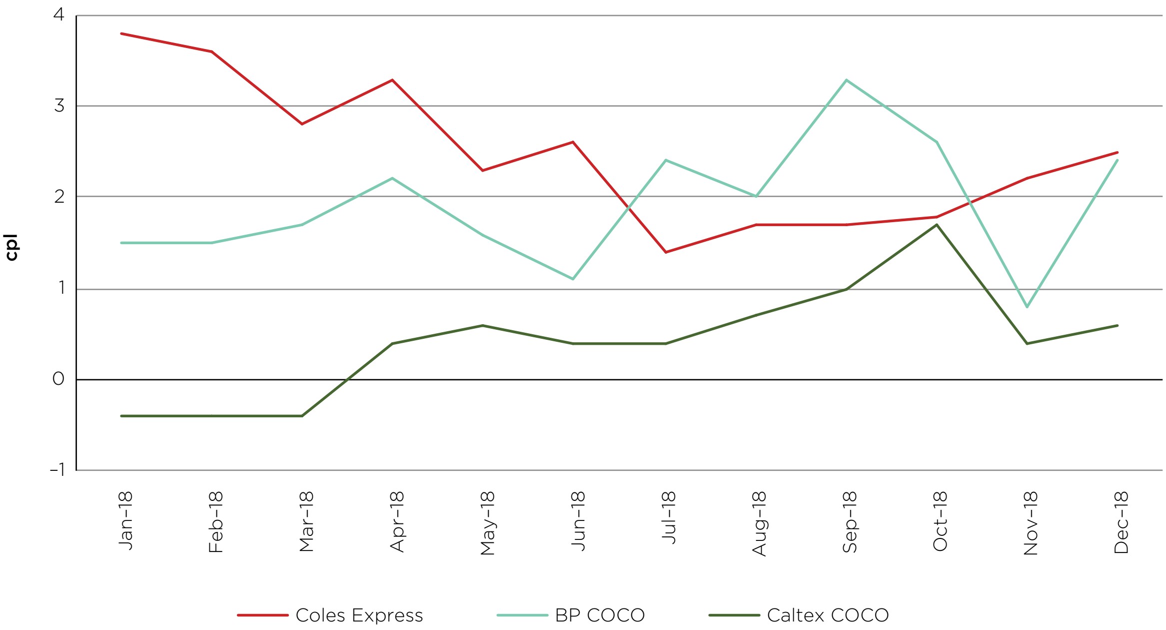
- Coles Express were the highest every month
- Coles Express, BP COCO and Caltex COCO were above the market average price every month
- BP Jasbe were above the market average price in 10 months
- Woolworths were above the market average price in nine months
- Speedway were the lowest in 10 months
- Metro were the lowest in four months
  - Speedway and Metro had the equal lowest price in two months
- Speedway, Metro, Budget, Westside, United and the small independents category were below the market average price every month
- 7-Eleven were below the market average price in five months, above the market average price in five months and equal to the monthly average price in two months.

7.2 Melbourne

Chart 7.3 shows the monthly average difference from the market average price for those major retailers that had an annual average price above the market average price in Melbourne in 2018.

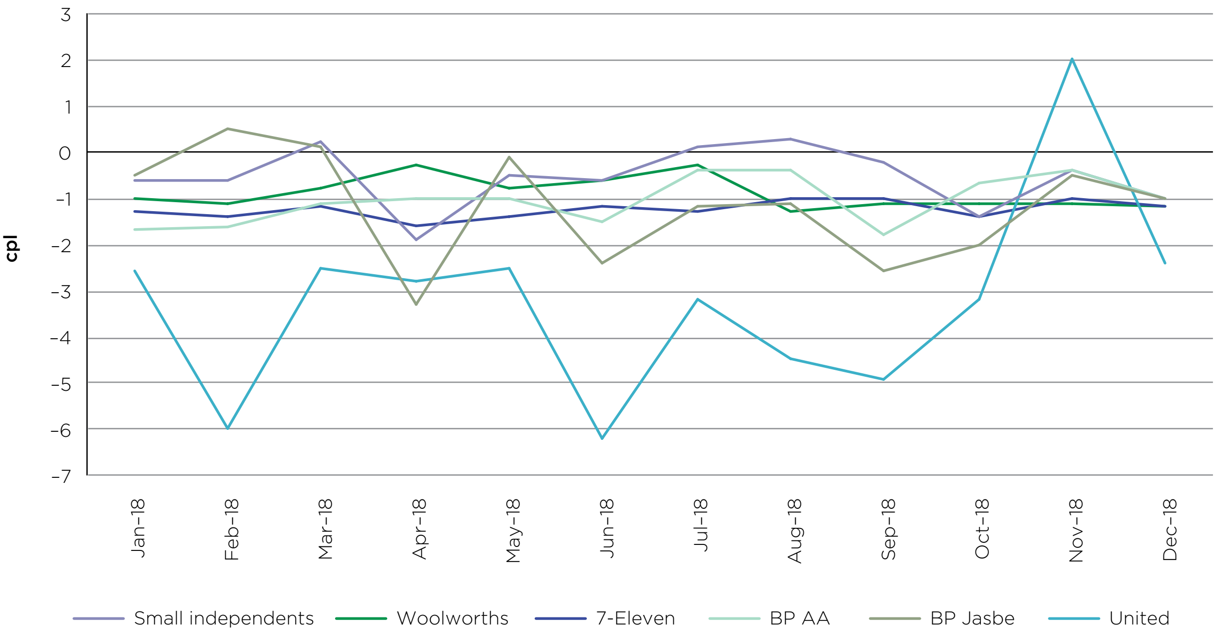
Chart 7.4 shows the monthly average difference from the market average price for those major retailers that had an annual average price equal to or below the market average price in Melbourne in 2018.

Chart 7.3: Monthly average difference from the market average price for retailers that had an annual average price above the market average price in Melbourne in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Chart 7.4: Monthly average difference from the market average price for retailers that had an annual average price equal to or below the market average price in Melbourne in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.
Note: BP AA and BP Jasbe are BP-branded independent chains.

The charts show that in Melbourne in 2018 monthly average prices for:

- Coles Express were the highest in eight months
- BP COCO were the highest in four months
- Coles Express and BP COCO were above the market average price every month
- Caltex COCO were above the market average price in nine months
- United were the lowest in 10 months, and were below the market average price in 11 months

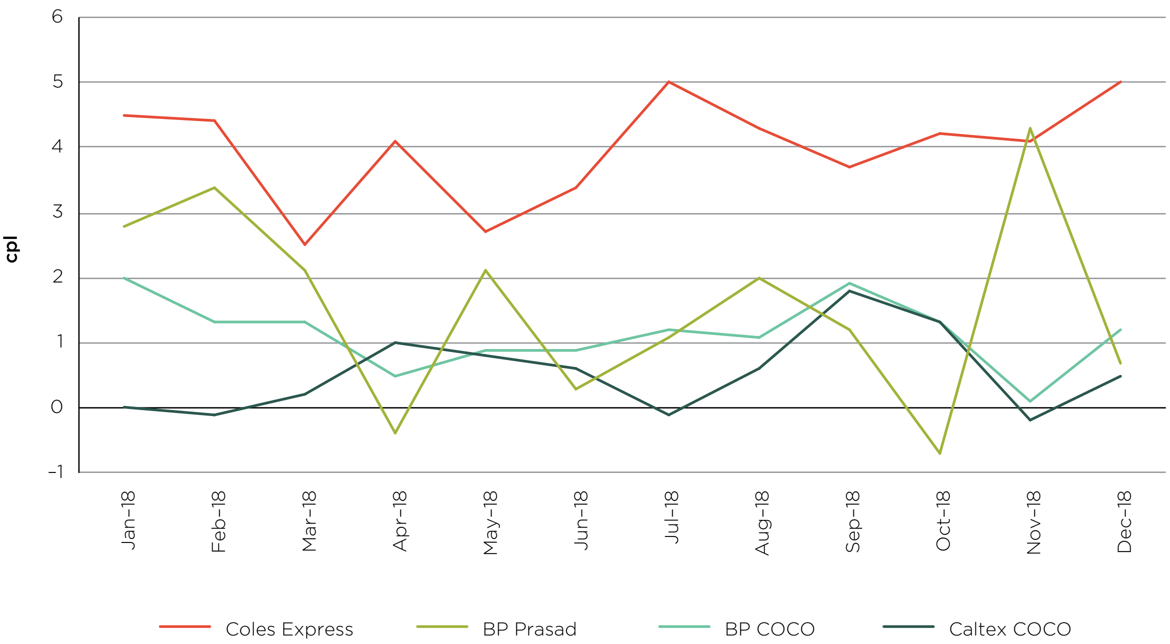
- BP Jasbe and Woolworths were the lowest in one month each
- Woolworths, 7-Eleven and BP AA were below the market average price every month
- BP Jasbe were below the market average price in 10 months
- the small independents category were below the market average price in nine months.

7.3 Brisbane

Chart 7.5 shows the monthly average difference from the market average price for those major retailers that had an annual average price above the market average price in Brisbane in 2018.

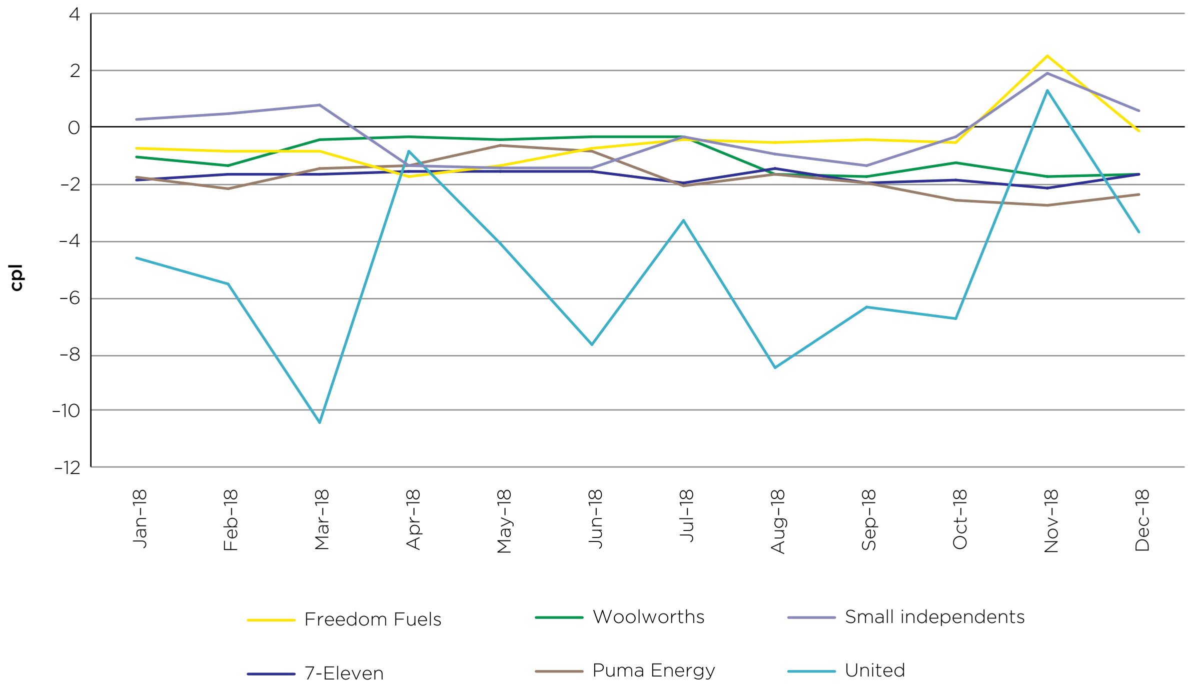
Chart 7.6 shows the monthly average difference from the market average price for those major retailers that had an annual average price equal to or below the market average price in Brisbane in 2018.

Chart 7.5: Monthly average difference from the market average price for retailers that had an annual average price above the market average price in Brisbane in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.
Note: BP Prasad is a BP-branded independent chain.

Chart 7.6: Monthly average difference from the market average price for retailers that had an annual average price equal to or below the market average price in Brisbane in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

The charts show that in Brisbane in 2018 monthly average prices for:

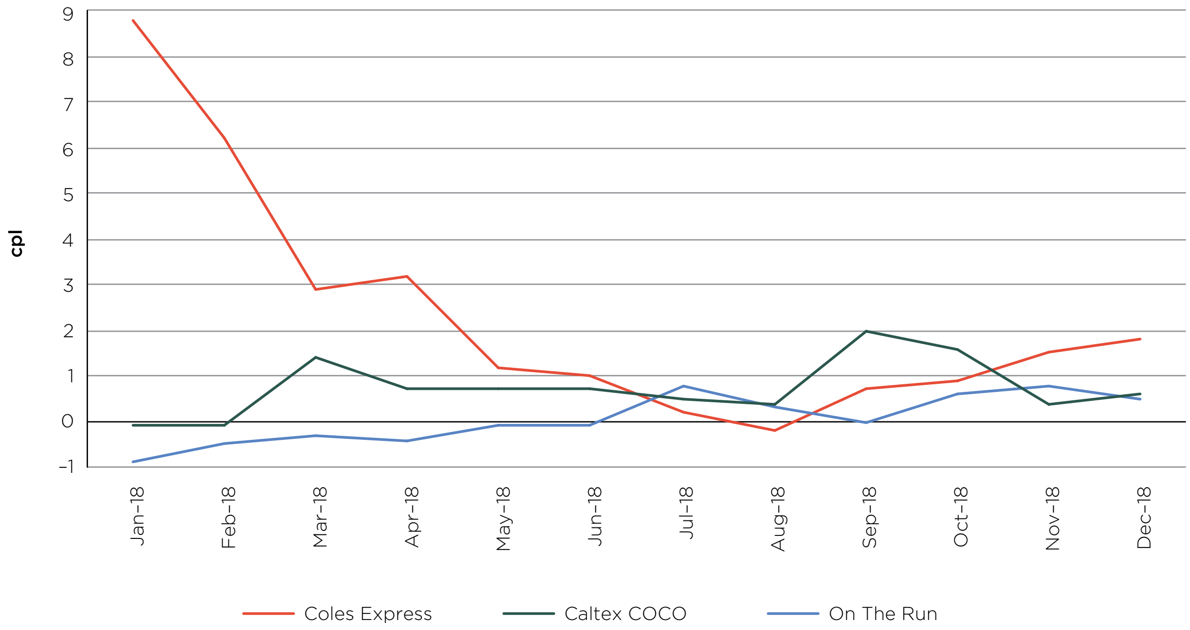
- Coles Express were the highest in 11 months
- BP Prasad were the highest in one month
- Coles Express and BP COCO were above the market average price every month
- BP Prasad were above the market average price in 10 months
- Caltex COCO were above the market average price in eight months
- United were the lowest in 10 months, and were below the market average price in 11 months
- Freedom Fuels and Puma Energy were the lowest in one month each
- 7-Eleven, Puma Energy and Woolworth were below the market average price every month
- Freedom Fuels were below the market average price in 10 months.

7.4 Adelaide

Chart 7.7 shows the monthly average difference from the market average price for those major retailers that had an annual average price above the market average price in Adelaide in 2018.

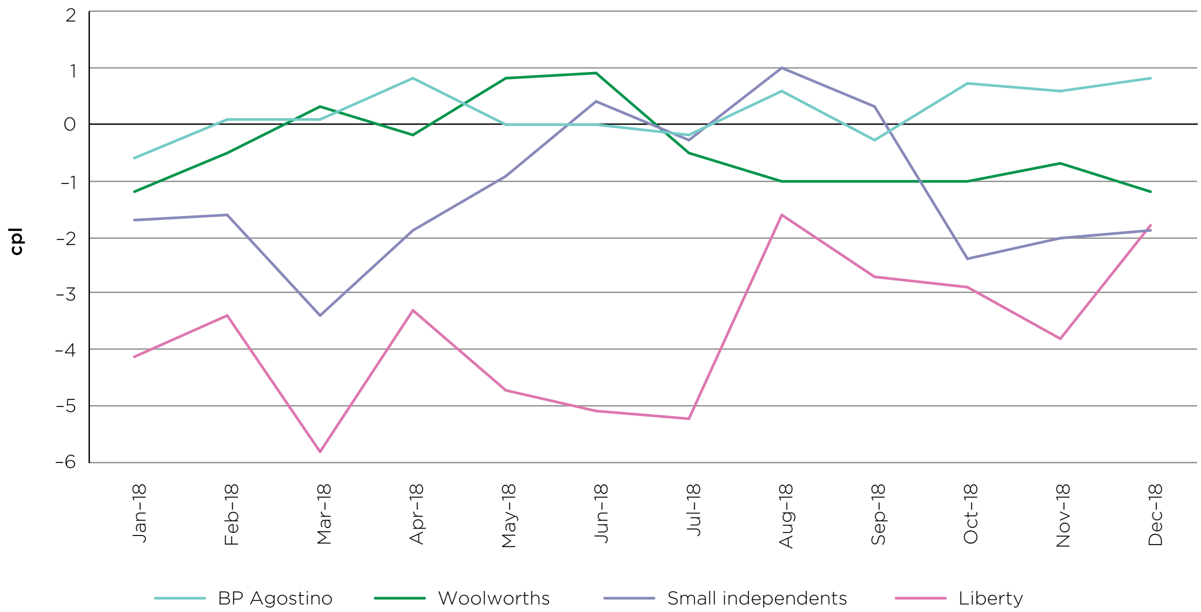
Chart 7.8 shows the monthly average difference from the market average price for those major retailers that had an annual average price equal to or below the market average price in Adelaide in 2018.

Chart 7.7: Monthly average difference from the market average price for retailers that had an annual average price above the market average price in Adelaide in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Chart 7.8: Monthly average difference from the market average price for retailers that had an annual average price equal to or below the market average price in Adelaide in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.
Note: BP Agostino is a BP-branded independent chain.

The charts show that in Adelaide in 2018 monthly average prices for:

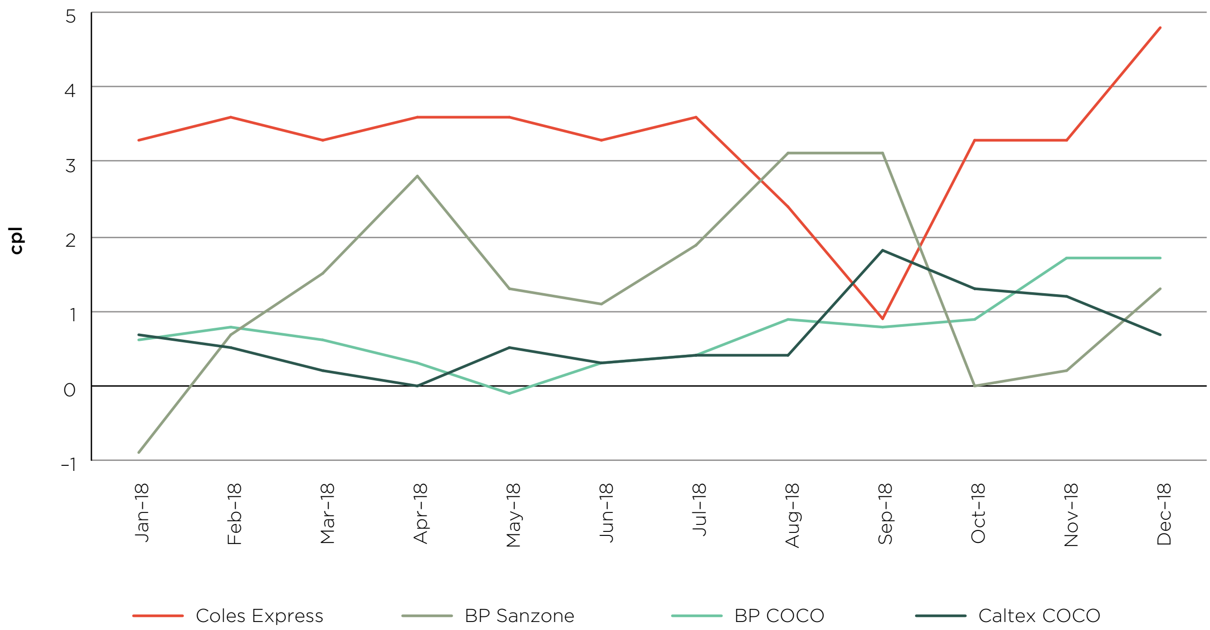
- Coles Express were the highest in eight months, and were above the market average price in 11 months
- Caltex COCO were the highest in two months, and were above the market average in 10 months
- On the Run and the small independents category were the highest in one month each
- Liberty were the lowest in 11 months, and were below the market average price every month
- the small independents category were the lowest in one month
- Woolworths and small independents were below the market average price in nine months
- On the Run were below the market average price in the six months, above the market average price in five months, and equal to the market average price in one month
- BP Agostino were above the market average price in seven months, below the market average price in three months and equal to the market average price in two months.

7.5 Perth

Chart 7.9 shows the monthly average difference from the market average price for those major retailers that had an annual average price above the market average price in Perth in 2018.

Chart 7.10 shows the monthly average difference from the market average price for those major retailers that had an annual average price equal to or below the market average price in Perth in 2018.

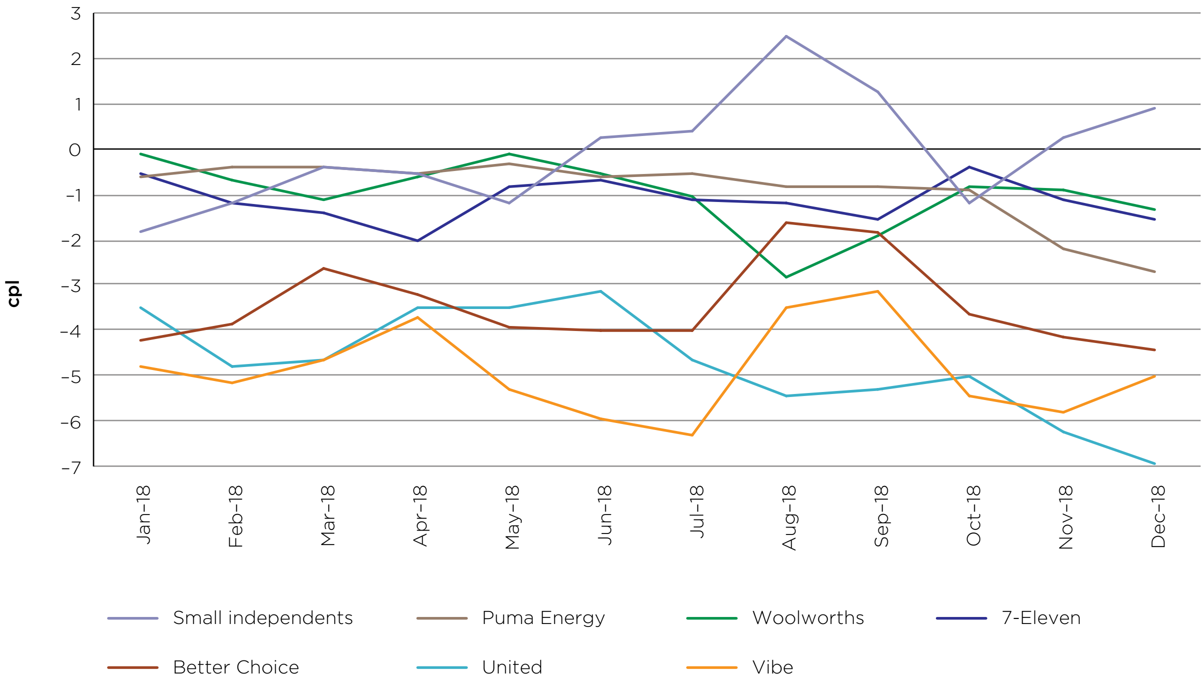
Chart 7.9: Monthly average difference from the market average price for retailers that had an annual average price above the market average price in Perth in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Note: BP Sanzone is a BP-branded independent chain.

Chart 7.10: Monthly average difference from the market average price for retailers that had an annual average price equal to or below the market average price in Perth in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

The charts show that in Perth in 2018 monthly average prices for:

- Coles Express were the highest in 10 months, and were above the market average price every month
- BP Sanzone were the highest in two months, and were above the market average price in 10 months
- BP COCO and Caltex COCO were above the market average price in 11 months
- Vibe were the lowest in eight months and United were the lowest in five months
  - United and Vibe were equal lowest in one month
- Better Choice, 7-Eleven, Puma Energy, Vibe, United and Woolworths were below the market average price every month
- the small independents category were below the market average price in six months and above the market average price in six months.

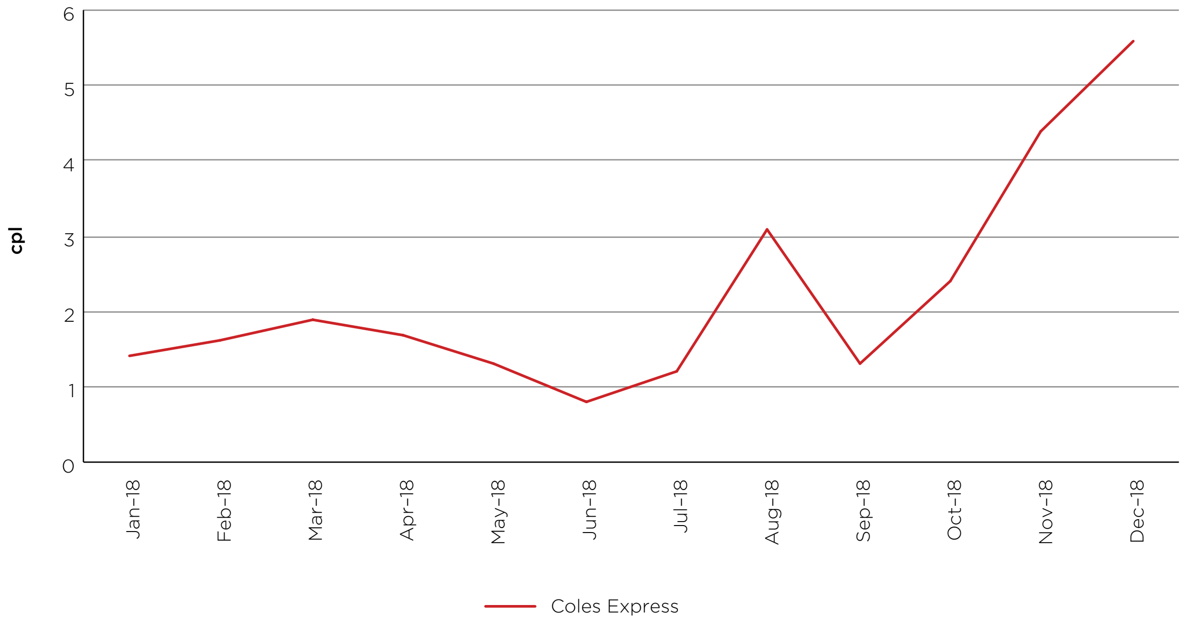
7.6 Canberra

Chart 7.11 shows the monthly average difference from the market average price for those major retailers that had an annual average price above the market average price in Canberra in 2018.

Chart 7.12 shows the monthly average difference from the market average price for those major retailers that had an annual average price equal to or below the market average price in Canberra in 2018.

Prices were not available for the small independents category in Canberra in 2018.

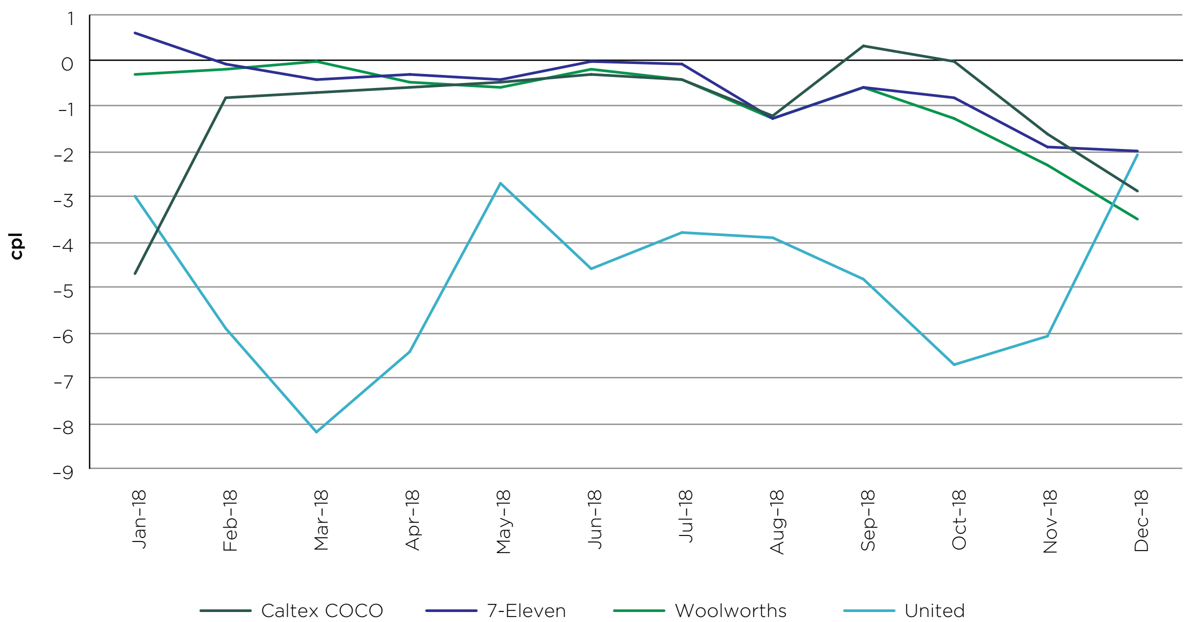
Chart 7.11: Monthly average difference from the market average price for retailers that had an annual average price above the market average price in Canberra in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Note: Prices were not available for the small independents category in Canberra in 2018.

Chart 7.12: Monthly average difference from the market average price for retailers that had an annual average price equal to or below the market average price in Canberra in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Note: Prices were not available for the small independents category in Canberra in 2018.

The charts show that in Canberra in 2018 monthly average prices for:

- Coles Express were the highest every month, and were above the market average price every month
- United were the lowest in 10 months, and were below the market average price every month
- Caltex COCO and Woolworths were the lowest in one month each
- Woolworths were below the market average price in 11 months
- 7-Eleven and Caltex COCO were below the market average price in 10 months.

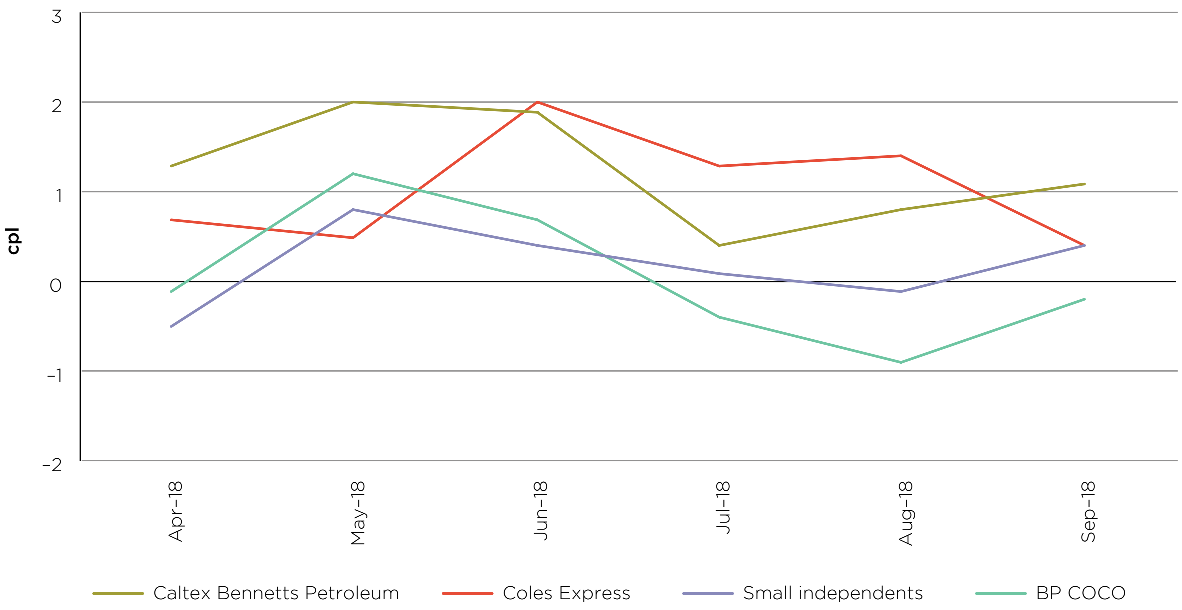
7.7 Hobart

Prices were not available in Hobart for major retailers in every month of 2018. However, they were available for major retailers for the six-month period April to September 2018.

Chart 7.13 shows the monthly average difference from the market average price for those major retailers that had an average price above the market average price in Hobart in the six-month period.

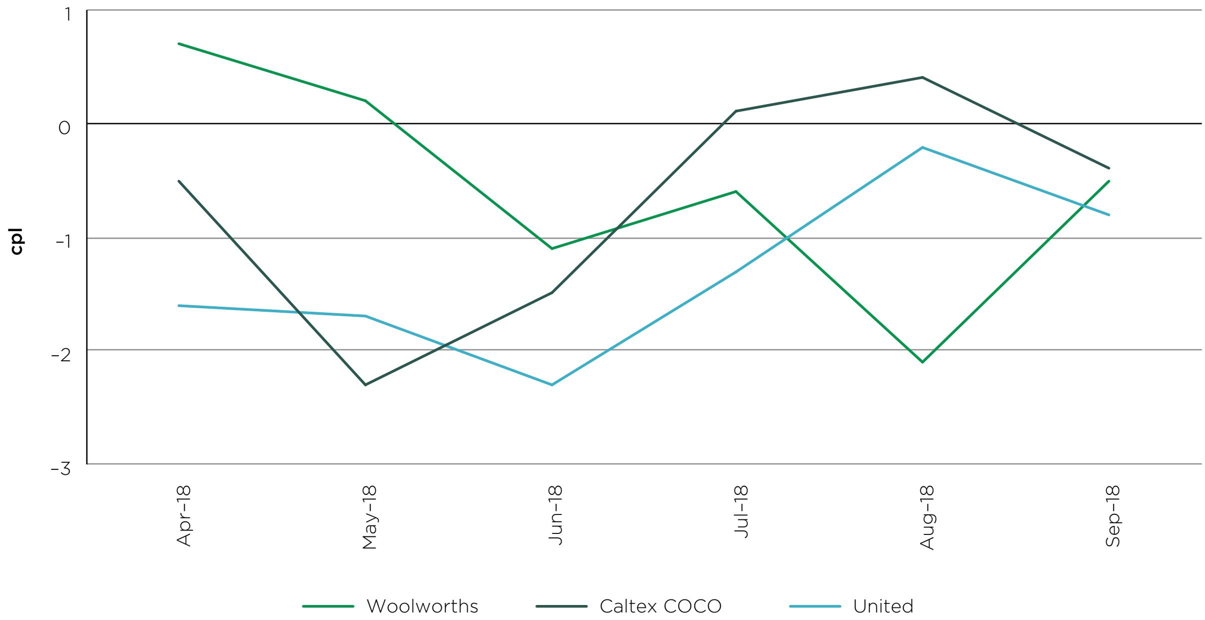
Chart 7.14 shows the monthly average difference from the market average price for those major retailers that had an average price equal to or below the market average price in Hobart in the six-month period.

Chart 7.13: Monthly average difference from the market average price for retailers that had an average price above the market average price in Hobart in the six-month period April to September 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.
Note: Caltex Bennetts Petroleum is a Caltex-branded independent chain.

Chart 7.14: Monthly average difference from the market average price for retailers that had an average price equal to or below the market average price in Hobart in the six-month period April to September 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

The charts show that in Hobart in the six-month period in 2018 monthly average prices for:

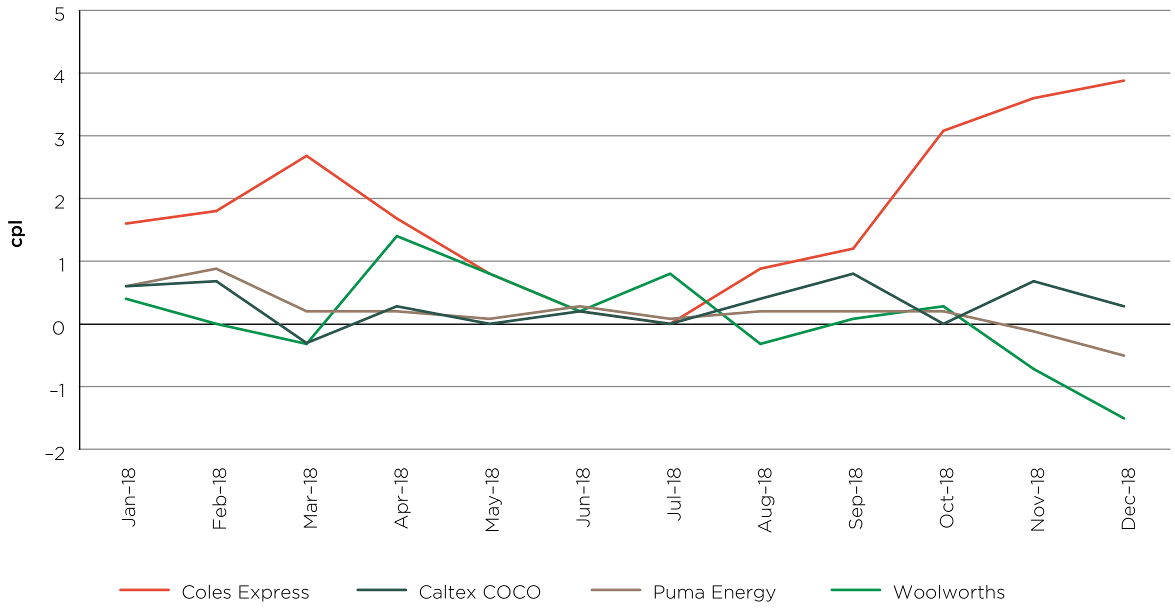
- Coles Express and Caltex Bennetts Petroleum were the highest in three months each
- Coles Express and Caltex Bennetts Petroleum were above the market average price every month
- the small independents category were above the market average price in four months and below the market average price in two months
- United were the lowest in four months, and were below the market average price every month
- Woolworths and Caltex COCO were the lowest in one month each
- BP COCO, Caltex COCO and Woolworths were below the market average price in four months, and above the market average in two months.

7.8 Darwin

Chart 7.15 shows the monthly average difference from the market average price for those major retailers that had an annual average price above the market average price in Darwin in 2018.

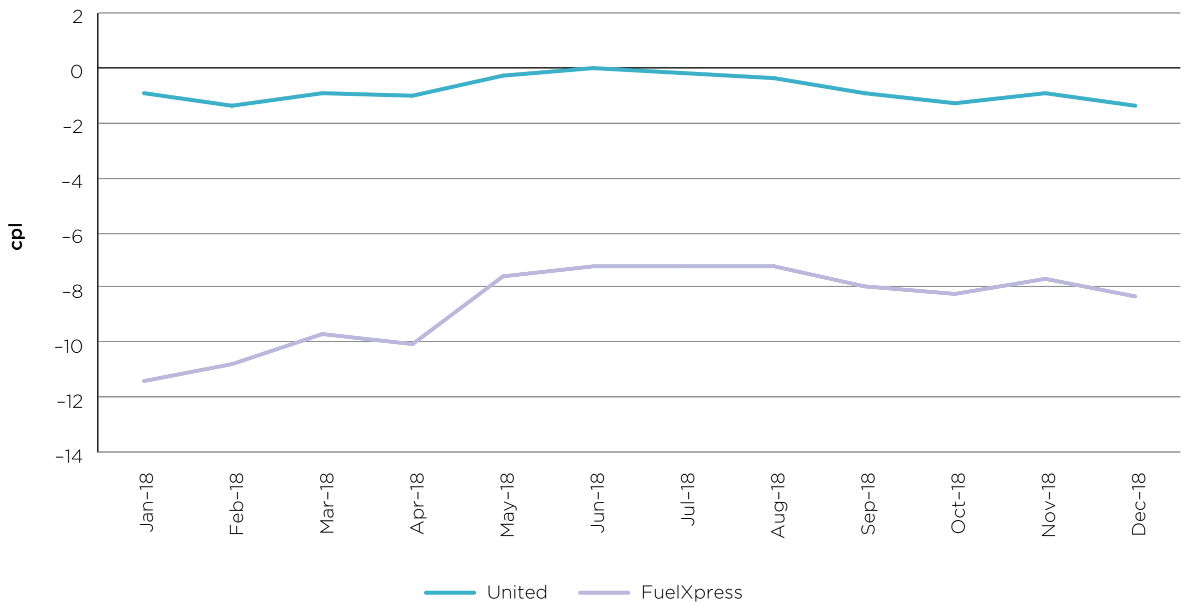
Chart 7.16 shows the monthly average difference from the market average price for those major retailers that had an annual average price equal to or below the market average price in Darwin in 2018.

Chart 7.15: Monthly average difference from the market average price for retailers that had an annual average price above the market average price in Darwin in 2018



Source: ACCC calculations based on Informed Sources data and information provided by some major retailers.

Chart 7.16: Monthly average difference from the market average price for retailers that had an annual average price equal to or below the market average price in Darwin in 2018



Source: ACCC calculations based on Informed Sources data.

Note: FuelXpress is an independent retailer with one site in Winnellie.

The charts show that in Darwin in 2018 monthly average prices for:

- Coles Express were the highest in ten months, and were above the market average price in 11 months
- FuelXpress were the lowest every month, and below the market average price every month
- United were below the market average price in every month except one
- Woolworths were below the market average prices in four months, equal to the market in one month and above the market average price in seven months
- Puma Energy were above the market average price in 10 months.

7.9 Summary of monthly price analysis

Analysis of monthly average prices in 2018 indicates that the relativities between the average prices of the major retailers varies over time.

For example, while Coles Express was on average the highest priced major retailer in most capitals in 2018, this was not always the case on a monthly basis. There was one month both in Darwin and Adelaide when Coles Express' average prices were not above the market average price. Coles Express had the highest monthly average price every month in only Sydney and Canberra.

Similarly, the lowest priced major retailer in each city on an annual basis did not always have the lowest price every month. For example, in Sydney Speedway had the lowest annual average price, but it was the lowest monthly average price for only 10 months in 2018. Darwin was the only capital where the lowest annual average priced retailer (FuelXpress) was always the lowest on a monthly basis throughout 2018. The analysis also shows that the independent retail chains (such as 7-Eleven and United) generally had monthly average prices that were lower than market average prices.

Appendix A: Background and Methodology

Background to ACCC monitoring

On 20 December 2017, the then Treasurer, the Hon Scott Morrison MP, issued a Direction to the ACCC to monitor the prices, costs and profits relating to the supply of petroleum products and related services in the petroleum industry in Australia. The Direction, issued under section 95ZE of the *Competition and Consumer Act 2010* (Cth), lasts for two years.

The ACCC's role is to assist consumers to navigate this complex industry. Under the Direction, the ACCC produces quarterly petrol monitoring reports focusing on price movements in the capital cities and over 190 regional locations across Australia. It also produces industry reports that focus on particular aspects of consumer interest in the fuel market in relation to prices, costs and profits. This is the fourth industry report under the Direction.

Methodology

This appendix outlines the methodology used to compile the average retail petrol price data for 2018 and 2019 in all capital cities, and for 2010 in the three smaller capitals.

The source for prices in this report is ACCC calculations based on Informed Sources data and information provided by some of the major retailers.

All prices are board prices and do not take account of the various discount schemes (such as the shopper docket discount arrangements of the supermarket chains and other retailers, discount arrangements between some major retailers and state motoring organisations, and discounts associated with fuel cards).

2018 price data

The ACCC obtained from Informed Sources monthly and annual average retail petrol prices by major brand in the eight capital cities for 2018. Prices were also obtained for other retail sites that had a price available, and these were included in a small independents category:

- Data was for RULP in all cities except Sydney, where E10 data was obtained.
- Data for Hobart for many major retailers was only available for the months April to September 2018.

Informed Sources calculated prices as follows:

- daily average prices for each retail site were calculated
- these prices were used to calculate monthly and annual averages for each retail site
- these prices were then averaged to calculate an average price for each major brand.

For a retail site to be included in the monthly and annual averages, it generally had to have a price available for 85 per cent of days during each month or across the year.

Informed Sources obtains site-specific price data by various means, the main methods being:

- electronic transfer from specific retailers that participate in the Oil Price Watch service
- manual collection of prices by drivers
- collection of publicly available data from FuelWatch in Western Australia, FuelCheck in New South Wales, MyFuel NT in the Northern Territory and the fuel price transparency scheme in Queensland.
- crowd sourcing.

Coles Express electronic pricing data was unavailable to Informed Sources between April 2016 and March 2019.

BP and Caltex retail sites

In the case of BP and Caltex retail sites, the ACCC obtained site-specific monthly and annual average prices for each retail site and then, based on its understanding of the operation of these retail sites from information provided by the companies, allocated them into three categories:

- company owned and operated retail sites and commission agent retail sites
  - these are retail sites at which BP and Caltex set the retail price
  - these are referred to as COCO retail sites in the report
- BP- and Caltex-branded but independently operated chains (i.e. that operate seven or more retail sites and set the price)
  - these include BP Jasbe in Sydney and Melbourne, BP AA in Melbourne, BP Prasad and BP McPhee in Brisbane, BP Agostino in Adelaide, BP Sanzone in Perth and Caltex Bennetts Petroleum in Hobart
- the remaining BP- and Caltex-branded retail sites were included in the small independents category in each city.

Major retailer

In the five largest cities, a major retailer is defined as a retailer that determines the retail price of petrol at seven or more retail sites in that city. In most cases, a major retailer will also own or operate these retail sites. However, this also includes commission agent and franchise retail sites (which are owned and/or operated by another entity, but at which the major retailer determines the retail price). The retail sites of non-major retailers are included in the analysis in the small independents category.

This approach is slightly different from the approach taken in the ACCC's 2017 price report, where a major retailer was defined as one that determines the retail price of petrol at 10 or more retail sites in a city.

In the three smaller capital cities, the requirement of a major retailer having to set the retail price of petrol at seven or more retail sites has been relaxed. This is because it would result in a number of retailers being excluded from the analysis (for example, there were only four Woolworths retail sites in Hobart and only four Caltex COCO sites in Darwin). Excluding these retail sites would not provide a meaningful overview of these markets.

2017 price data

The methodology used to compile the average retail petrol price data for 2017 was similar to that used for the 2018 data, and is outlined in appendix A of the ACCC's 2017 price report.

Apart from the change to the definition of major retailer noted above, the only other difference relates to Caltex COCO sites in Melbourne, where the calculation of the Caltex COCO annual average price was slightly different to the approach outlined above, to account for Caltex's acquisition of Milemaker retail sites in mid-May 2017.

The ACCC created monthly average prices for Caltex COCO retail sites in 2017, excluding Milemaker retail sites in the first five months and including them thereafter. The annual average price for Caltex COCO retail sites is an average of the 12 monthly average figures.

2019 price data

The ACCC obtained from Informed Sources monthly average retail petrol prices by major retailer in the eight largest cities for the period January to May 2019.

This data was calculated on a similar basis by Informed Sources to the 2018 price data.

Data used for this analysis is presented for two periods:

- January and February 2019, which is when Coles Express and Woolworths were each setting the price of petrol
- April and May 2019, which is after the change in price setter when Viva Energy and EG Group respectively were each setting the price of petrol.

2010 price data in the smaller capitals

The ACCC received monthly average prices by brand for the smaller capitals as part of its petrol monitoring arrangements from July 2009.

These monthly average prices were used to calculate annual average prices in 2010 for the major retailers in the smaller capitals.

The 2010 annual average prices for BP brand and Caltex brand included all three categories of retail sites for these refiner-marketer brands noted above. To facilitate a like-for-like comparison, the ACCC calculated average prices for all BP- and Caltex-branded retail sites in 2018 in the smaller capitals, so that the average prices, and the average difference from the market average, could be compared with the 2010 calculations.

2018 retail site data

Retail site data as at 30 June 2018 was derived using information from the Informed Sources Netwatch database. This was supplemented by information provided to the ACCC by BP and Caltex about price setters at their respective branded retail sites in 2018.

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