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SUBMISSION TO THE AUSTRALIAN COMPETITION AND CONSUMER COMMISSION (ACCC) INQUIRY INTO THE PRICE OF UNLEADED PETROL IN AUSTRALIA

SUBMISSION BY
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CONTENTS

Page

1: About HEH Consultancy……………………………………………………. 2

2: Overview……………………………………………………………………… 4

3: Oil Industry Culture in Australia…………………………………………… 5

4: Current Structure of Industry……………………………………………… 9

5: Wholesale & Distribution…………………………………………………. 10

6: Retail…………………………………………………………………….. 12

7: Impact of Reform Package……………………………………………….. 13

8: Extent of Competition ……………………………………………………….. 14

9: The Determination of Prices:
- Wholesale & Distribution……………………………………………… 17

- Retail……………………………………………………………………… 18

10: Current Impediments to Efficient Petrol Pricing………………………… 19

11: Conclusion……………………………………………………………….. 20

12: Attachments – Price Monitor Graphs…………………………………… 21

ABOUT HEH CONSULTANCY:

HEH Australian Petroleum Consultancy Co (HEH) provides downstream consultancy services, business management and market development support, guidance and dispute resolution services to Petroleum Distributors, Service Station Operators, Associations, Biofuels Manufacturers, Oil Company Majors, Governments, ancillary support service entities and the media.

The consultancy also publishes the monthly email newsletter –
AUSTRALIAN PETROLEUM MARKETER NEWS (APMN)
which provides news and commentary on issues of importance for petroleum marketers.

The principal of HEH is **Kevin Hughes** who has been continuously involved in downstream oil in Australia for in excess of (45) years in various management capacities including –

- A senior executive with the Shell Co of Aust Ltd;
- The operation of his own large petroleum distributor/wholesaler company;
- The contract management of a large Mobil wholly owned subsidiary petroleum distributorship;
- CEO of the Service Station Association;
- National President for (3) terms of the Australian Petroleum Agents and Distributors Association (APADA);
- A member of the Federal Government's Trebeck Fuel Tax Inquiry;
- Has undertaken all manner of downstream petroleum consultancy activities since 1988.

he is through his extensive experience, uniquely experienced and qualified to provide informed commentary, observations and recommendations relative to downstream oil activities in Australia.

OVERVIEW:

The Commission will be aware that this will be about the 46th inquiry into petroleum pricing and other related issues. Such inquiries have been motivated by the now all too familiar consumer concerns of escalating petroleum prices, alleged exploitive and predatory pricing of players within the industry, the effects of dominance of market power, diminishing competition, and, more recently, the introduction of the major supermarkets into petrol retailing, which have captured some 65% of the petrol retail market in Australia.

It is also worthy of note that petroleum industry refining and marketing infrastructures in Australia have significantly declined over the years. We have shrunk from (9) major oil companies down to (4), with one of those four giving the appearance of preparing itself to exit the Australian market. A major Australian refinery (Adelaide) has been mothballed in an environment where there is significant under capacity for refining in Australia. The wholesale market (distributors in regional areas) has shrunk from some (4,500) to around (110) across Australia. Service Stations have declined from around (22,000) to around (6,000).

It is not unreasonable to suggest that most of the foregoing infrastructure reduction was necessary due to changing world economics in petroleum pricing and the globally, relatively small Australian market.

However, Service Station Operators and Distributors were and are, part of the small business backbone of Australia and many were and are, being forced from the industry by exploitive and unscrupulous commercial behaviour. Such market force behaviour has the effect, through diminishing numbers, particularly of independents, of reducing effective competition and increasing the concentration of market power in the hands of a very small number of market players. A highly undesirable scenario for the creation of a free and competitive market place.

A key factor in factually determining the behaviour of players within the industry within Australia in recent times has been the development of independent price information providers – such as **Informed Sources and their Motormouth** Internet service, **Fueltrac** – providing wholesale and import parity pricing detail and our own **HEH Petroleum Consultancy,** which reviews and analyses the data provided. These services have enabled greater transparency within the capital city areas and highlighted the pricing trends and margins of the major petroleum marketers.

Consumers are now starting to experience the effects of unchecked ever increasing concentration of market power in the petroleum industry in Australia. The major players within the industry have already, in unison, moved to significantly increase their margins at a time when the refiner marketers have been making record profits from their refiner margins caused by high crude oil prices.

It is our strongly held view, that unless steps are taken by Government to introduce effective monitoring of the industry and change the Trade Practices Laws to protect the consumer and small business from abuse of market power, true competition will be diminished and current consumer anger and suspicion will undoubtedly continue.

OIL INDUSTRY CULTURE IN AUSTRALIA:

To understand the commercial behaviour of the oil industry in Australia one needs to have an appreciation of its culture. We offer the following observations for consideration.

The oil industry in Australia has invested billions of dollars in refineries, terminals, infrastructure, service stations and storage facilities. It quite reasonably expects a reasonable return for that investment. In fact its shareholders demand that they receive a reasonable ROC, failing which there would be no enthusiasm for maintaining investment in what is an essential service industry.

The oil industry and governments are both acutely aware they need each other to provide the community and its commerce, the essential service provision of petroleum products. It is a marriage that is at times not generally understood within the community, or for that matter, neither do the oil companies and governments themselves.

There is inevitably a continual conflict between the marriage partners. The oil company's eternal objective to maximise its profits, at times conflicting with governments that are endeavouring to ensure that prices, facilities and national security considerations, meet community expectations.

The oil industry is a high volume turnover low margin business, which dictates its own unique range of volatility management requirements. A decline in volume sales or loss of market share, causes a chain line reaction on shipping and refinery production, therefore requires particular remedial action. This may be to undertake short term price cutting activity to redeem market share which will in turn lead to accusations of predatory pricing. This may then be followed by a term of higher prices designed to redeem lost margin, which may give rise to accusations of exploitive pricing. In either scenario, governments bear the brunt of consumer complaint.

Those that work in the oil industry, together with those who monitor its behaviour, well understand that it is one of the most volatile and competitively aggressive industries in world. It is a commercial environment in which to succeed you have to maintain focus on margins, costs and all aspects of the business mix and to take advantage of every opportunity that presents itself to improve bottom line performance.

Within this aggressive publicly visible commercial environment, without an effective interactive independent monitor, there can and does develop intermittently, an unfavourable and sometimes unethical culture, which inevitably leads to serious consumer disadvantage.

At this point, the marriage between government and the industry begins to fracture, at which point we seem to have arrived with this inquiry.

There are numerous examples of the oil industry, in its voracious quest to improve bottom line performance, have developed their culture of taking advantage of any opportunity which may at times be considered commercially unethical, damages consumer interest and with some situations being close to, or, illegal.

In spite of the major oil companies publicly stated corporate policy of always acting ethically and within the law, we offer the following examples where dubious practice has occurred.

- **The recently dissolved "Petroleum Retail Franchise" (PRMF) Act.** Some of the majors deliberately implemented strategies to avoid the intent of the law.
  - i) The creation of large franchisee companies who in turn controlled (100) plus sites.
  - ii) Creating separate companies into which entire retail networks were placed to avoid the obligation and intent of the Act which was applicable only to major oil refiner marketers.

- **The recently dissolved "Sites Act"** limiting the number of company operated sites that major oil could operate, was breached by some majors by:-
  - (i) Simply ignoring the mandated site numbers allowed.
  - (ii) By placing sites into separate wholly owned operating companies to avoid the intent of the Act.

- **Temperature Correction:** Prior to the mandating of temperature corrected deliveries to resellers, oil majors over past decades reaped millions of dollars of illicit windfall profits on unpaid Excise redeemed through the sale of "non temperature corrected" deliveries. This opportunity being created by the excise being paid by the refiners to the federal government on a "temperature corrected" basis, whereas consumers were obliged through the wholesale system to pay for "non temperature corrected deliveries". Major oil resisting for decades, having to temperature correct bulk deliveries of its product.

- **When COAG Law mandating temperature correction,** was finally introduced a few years ago by the States, there were two of the majors who created devices to avoid having to introduce it. Indeed, there are still two majors who comply with the law at point of sale and create a temperature correction charge after the event.

- **Pricing adopted by the majors for 91 Octane ULP is based on 95 ULP.** When the majors were questioned as to why this practice was adopted (which incurs an additional cost for consumers of around 0.8cpl and an additional profit margin for the same amount by the majors) the response was that it was needed to cover the cost of Australia's quality regulations. However, some companies are already charging in excess of 2.5cpl at the wholesale level as a "quality premium." One has to also wonder how all of the majors arrived at the same pricing policy at the same time.

- **The immediate implementation of Import Parity Pricing (IPP) rises with wholesalers and retailers and the delaying of implementation of price (IPP) falls.** This is clearly illustrated within our attached price monitoring graphs. Regrettably, but in line with the culture, this manipulation of inventory pricing occurred when major oil was enjoying record refiner margins. It is interesting to note that major oil generally generates significant profits through its inventory management on rise and fall pricing. For instance Caltex Australia predicts an inventory gain of $120million after tax for the first half of its accounting year.

The foregoing issues are not raised for the recrimination of past events, but to rather highlight the culture that exists within major oil in Australia today. These and other instances not defined, all add to the profit of major oil at the expense of consumers. Our further view is that all of these cost impositions could have been avoided if there had been an effective, independent, interactive petroleum monitor in place.

Our often publicly expressed view has been that Australia needs a dedicated petroleum industry Ombudsman or Commissioner (whatever they may be called) who will be a petroleum industry interactive person who will have the power to call for information, issue "cease and desist" orders, undertake mediation sessions and to refer breaches of trade practices law to the ACCC for prosecution. Such an office may well be part of the ACCC but distinctly and separately focussed only on oil industry matters. Such an office would through its frequent and regular interaction with the industry, through extensive experience and intimate knowledge and understanding of its workings, be in a position to protect consumer interest and ensure that all stakeholders within the industry are treated equitably.

Our prediction once again is that if such a Petroleum Industry Ombudsman/Commissioner office is not created, still yet another inquiry will be demanded by consumers in the not too distant future, to review allegations of dubious oil industry practices believed to be damaging consumer interest.

ADDRESSING THE ACCC ISSUES PAPER:

We offer the following commentary and recommendations on the ACCC Issues Paper on those elements relative to our experience profile.

The Current Structure of the Industry:

Para 5 & 6:
"What is the current storage capacity available for importers of refined petrol (both in total and by location)? How has this changed over time?"
"Are there sufficient storage and terminal facilities in Australia for refiners and importers? If so, why and if not, why not?"

The availability of adequate storage facilities for independent operators is a key requirement for the protection of competition in the sale of refined products in Australia.

Indeed, it was not until the ACCC intervened in the Caltex/Ampol merger in 1995 that independent storage was made available to independents to import refined product. As a result of this historically important intercession by the ACCC, demanding that surplus storage resulting from the merger be offered to independents, that the community began to experience the benefits of real competition between petroleum marketers.

As a result of the ACCC intervention, independent storage became available in Melbourne, Sydney and Brisbane. However, since that time, independent storage in Australia has diminished.

The ACCC decision to permit Shell to take the independent Vopac Sydney storage to the detriment of the independent operator Trafigura or other independents, was a major blow to the independent markets in New South Wales.

While we are not in a position to provide capacity details for each independent storage facility we are able to provide, to the best of our knowledge, where the independent terminal operations are located.

- Queensland – Brisbane – Operated by Neumann's
- NSW – Port Kembla – Operated by Manildra Park
- Victoria – Western Port – Operated by Trafigura.
- WA – Perth – Operated by Gull Petroleum.

Wholesale & Distribution:
Para 10,11,12
"Who are the major wholesalers and distributors in terms of numbers and market shares by volume? Please address this on a State by State basis, and for both metropolitan and country areas."
"How have these changed over time and why?"
"Who are the significant non-refiner/marketer wholesalers and from whom do they obtain their fuel?"

We estimate there are about (110) distributors located across Australia

The **major** wholesaler distributors, (excluding those owned by major oil) by their volume size are:-

Victoria:-
Scotts Petroleum – (multi State operation) - Headquartered in Mt Gambier. (Shell & Mobil supply)
Tasco Petroleum – Headquartered in Mildura. (Mobil supply)
United Petroleum – (Multi State operation) – Headquartered in Melbourne. (Shell & Mobil supply)
7-Eleven – A non-distributor independent retail network – Headquartered in Mebourne with a multi-State operation. (Shell supply)
NSW:-
Metro Petroleum – Headquartered in Sydney. (Mobil supply)
Trafigura – Headquartered in Sydney. (Multi State operation) (Their own importation (Melbourne) and Mobil supply)
Queensland:-
Neumann Petroleum – Headquartered in Brisbane (Their own importation & BP Supply)
Freedom Fuels – (Multi State Operation) – Headquartered in Brisbane. (Neumann & Caltex supply)
Lowes Petroleum – (Multi State Operation) Headquartered in Goondiwindi. (Mobil Supply)
Matilda Petroleum –Headquartered in Brisbane (Shell supply)
WA:-
Gull Petroleum – Headquartered in Perth (their own importation and BP supply)
Northern Territory:-
Ausfuel – Headquartered in Darwin. (Multi State Operation) BP; Caltex; Shell supply.

All of the foregoing distributorships have extensive retail networks – largely regionally based.

Major Oil Owned Distributorships:

BP and Caltex have been actively acquiring equity, (mainly 100%) in their distributorship networks. Those networks are now quite large and hold dominance in regional markets. Those networks also have extensive retail networks within them.

Shell until recently has been managing its distributorship/wholesale business on a direct basis. However, they have now contracted out most of their distributorship business to other major distributors, maintaining supply rights.

Mobil who had equity arrangements within their distributorship network have now exited from that strategy and have sold their equity interests to their distributors, maintaining supply with most of them.

Information as to distributor numbers, their volumes, and the percentage share of the market held by major oil within regional and other markets will need to be provided by each of the major oil companies or the distributors companies.

Over the years – the distributor networks have been consolidating into larger much more viable business units. In the early 1970's there were around 4,000 Distributors or Agents as they were then called, diminishing in number to around 110 to date. Those that do remain are quite large business units (multi million dollar turnovers & profits) and are in fact mini-oil companies. Their major evolving feature, following consolidation, is that they each have an extensive network of retail outlets with a predominance of second tier sites.

Retail:

As the ACCC is no doubt aware, there has been a significant decline in overall service station numbers over the immediate past decades. With numbers around 24,000 in the 1970''s declining to around 6,000 today. The decline in numeric numbers for all sites continues, with the principle causes for the decline being the increased competition being created by the - supermarket alliances, small sites without adequate convenience store support becoming unviable, regional small outlets closing and selective sites being geographically incorrectly positioned to receive market support.

There is no doubt that rationalisation of the service station industry was necessary. Australia's petroleum market in relative terms is quite small and was unable to support the number of service stations that major oil introduced to the community. In the sixties and seventies service station shop areas were quite small and many sites were supported by mechanical workshops. It was not until the mid to late eighties that the industry finally recognised that they were not taking advantage of the huge customer base that crossed its doors.

As the market introduced "self serve" and commenced to understand and experience the huge potential that existed for the sale of convenience store goods through service stations, the profit profile of sites also began to rapidly change. Interestingly, the minimum volume criteria to build a new tier one site also changed. In the eighties a new site would generally not be built unless it could achieve around a minimum of 3million litres per annum, to a minimum of 5 million litres in the 90's and a minimum of around 12million litres today.

Shop sales also developed, with shop sales in the eighties generally representing around 10% of gross profit, with today being around 40% - 80 % + of gross profit.

With the considerable narrowing of petroleum fuels profit margins, service stations now implicitly rely on shop sales for viability. The margins per litre being achieved in the metro areas vary from around 1cpl to 7cpl, while in regional areas the margins are around 7 – 12 cpl.

It is also interesting to note that the marketing philosophy of some of the independent operators is to retain petroleum fuel margins at the lowest possible level, around 1-3cpl, to maintain customer traffic to support their shop sales.

Para 19:
"what has been the impact to date of the downstream petroleum reform package. (ie repeal of the Sites Act and Franchise Act and introduction of the Oilcode) on the structure of the retail sector.

Sites Act:
As anticipated, the repeal of this act has caused the hastening of vertical integration of the petroleum retail industry.

Shell:
Have placed all of their tier one sites within their Coles alliance. No new sites are being built by Shell outside of that alliance.
Caltex:
Have placed a large percentage of their retail network within their Woolworths alliance and continue to maintain a franchise network within the reminder of their tier one sites.
BP:
Have moved to company operate their tier one retail network through a wholly owned subsidiary.
Mobil:
Have placed most of their tier one sites within their Mobil/Quix operation and have sold off the balance to their distributor network.

Our observation has been that the repeal of the Sites Act has not had any effect on the petroleum retail market place. However, it has provided a degree of operating certainty and market confidence for future investment for major oil.

Franchise Act:

Whereas "Oilcode" was constructed to provide replacement of the protection provided by the Act for Franchisees, it is unfortunate that the small number of franchisees remaining, are still unaware of the protection available to them. While the ACCC has done an excellent job in producing promotional booklets/CD's, the benefits of Oilcode have still not penetrated those that could rely on its protection.

Otherwise, it has been our observation that the repeal of the Franchise Act has not had any effect on the petroleum retail market place.

Oilcode:

Our experience with Oilcode so far, has revealed that it has had little or no influence in the petroleum market place.

It has no influence on pricing other than in the area of Terminal Gate Price access. We have been made aware that some of the majors are ignoring the requirement for access to published TGP prices plus freight and selling to some resellers above their published TGP's outside of Oilcode requirements.

Our observation is that Oilcode has had little or no influence on the petroleum market place and is an ineffective instrument.

As expressed earlier in this submission, we believe Oilcode should be replaced by the appointment of an industry "Ombudsman or Commissioner".

B. THE Extent of competition at the refinery, wholesale and retail levels, including the role of imports

1: "Comment on the level of competition at the refining and importing level"

At the present time, because of limited storage availability for independents, there is very restricted ability for independents to import. This is having the effect of diminishing competition. Our understanding is that there is currently no importation of petrol by those independent operators who have the ability to do so. However, it is fair to say, that the ability of those independents that have capacity to import gives cause to major oil to provide them with pricing at around import parity levels.

The current independent operators who have the ability to import are:-

- Neumann Petroleum – Brisbane
- Manildra-Park – Port Kembla
- Trafigura – Melbourne
- Gull Petroleum - Perth

Our observation is that there is insufficient independent storage available for those independents who may wish to import. Competition would be enhanced if additional independent storage were made available to independent networks and groups.

Wholesale & Distribution:

As detailed earlier in this submission Caltex and BP are developing a fully integrated vertical approach to wholesale regional distributor marketing as they consolidate and acquire their distributor networks. As they continue with this development model these two companies will have the potential of further reducing competition within regional areas.

Our observation and experience with the significantly reduced numbers in the distributor area has caused a concentration of market power within the above two named companies in both the regional wholesale and retail areas.

This consolidation in overall regional distributor numbers was a progressive and necessary outcome to maintain viability of all of the respective networks – including major oil and the independents.

Our view is that the reduction in Distributor numbers has not detrimentally influenced regional pricing, although the increase in vertical integration by two of the majors has the potential to do so.

As previously indicated herein, all of the regional wholesale distributors control large networks of retail outlets and therefore heavily influence the price to consumers in regional areas.

In the interests of consumer protection our recommendation is that there should be expanded price monitoring, similar to that prevailing within the capital cities, in all major regional centres across Australia.

Retail:
The invasion of the supermarkets into the retail petrol industry has certainly had a profound effect on consumer pricing and competition. The alliances, now controlling 65%+ of the retail market must be a cause for concern for consumers, the ACCC and the petroleum industry itself.

Such dominance of market power, (which is increasing) without any consideration of possible collusion between the two alliances, because of the weight of that dominance, causes market prices to move in whatever direction they, (the alliances) choose to move them. Clear evidence of their control over price movements is revealed in the manner in which the price cycles have been manipulated.

There is no doubt that the entry of the supermarkets into petrol retailing has caused a significant number of tier one and tier two sites to close. Such closures have been forced on not only the independents but on the retail outlets of the other two majors who do not have a supermarket alliance.

The potential for manipulation of the market has been particularly evident of recent times and is the prime reason why this inquiry is being conducted. The failure of the alliances, immediately followed by the other two majors, to align pricing with the falling import parity price caused, quite correctly, the ACCC to intercede. Indeed, earlier intercessions by the ACCC had similar effect on the market causing a temporary stall in cycle pricing. At the present time, because of the ACCC intercession, at the time of writing this submission, the price cycles have once again been stalled. For how long the cycles cease to exist remains to be seen.

Our consultancy monitors petrol pricing within the Sydney area on a daily basis, providing trend line graphs for our clients and APMN newsletter readers, of comparison with retail, TGP and import parity pricing. Sydney being chosen as the benchmark State because it’s pricing is not influenced by State subsidies. Reference to the graphs attached – clearly indicate the trends and the effect of ACCC intercession.

It needs to be remembered that all petrol sold in Australia emanates from the (4) Australian major oil companies. Independents are not importing petrol. Therefore, total wholesale pricing is controlled by them. As a result, when oil company majors erroneously say they are only reacting to competition, it is competition which they implicitly control.

There are two key elements required for the protection of competition in Australia – they are

a) to ensure that the independent market remains viable and are not damaged by predatory pricing;

b) there is sufficient wharf side storage to enable independents to import.

C: The determination of prices at the refinery, wholesale and retail levels.

Wholesale and distribution:

12: "How closely do movements in terminal gate prices (TGP's) follow movements in Singapore Mogas 95 Unleaded prices?"

Reference to the attached graphs daily monitoring of prices indicate that the TGP's do follow import parity pricing.

However, TGP is now largely irrelevant in determining wholesale prices. To explain:-

- Wholesale pricing for the supermarket alliances is based on an import parity model;
- The major independent chains are also be priced on an import parity model;
- Distributors, who supply the regional retail networks are generally based on an import parity model;
- Franchisees are not generally supplied on TGP but on a separate model designed for their purpose, which also includes "price support" mechanisms.
- Shell's retail network is now predominantly within their Coles alliance, with the small number of sites remaining being priced on TGP, with a number receiving a rebate below TGP.
- Mobil's network now is largely within its Quix chain, with the rest of its network being operated by distributors
- BP's network is now largely company operated and will have their own internal pricing mechanism.
- Caltex sites which are not within their alliance with Woolworths, or their distributor networks or their company operated sites, would be priced at TGP.
- BP who seem to operate a disciplined pricing system linked to TGP – outside of the areas above, do supply at TGP, which in many instances attracts a rebate.

In summary, TGP is no longer representative of the majority of the wholesale petroleum market and is largely an ineffective instrument to gauge wholesale pricing in Australia.

Retail:

Refer our price monitoring graphs attached.

28: What are the causes of price cycles in the major metropolitan retail markets?

Our view of the market over a long period of time has revealed that the price cycles are a device that is controlled by major oil and in particular by the supermarket alliances. Price cycles assist in concealing margin achievement and at times have enabled margins to be increased through the delay of implementing rise and fall on import parity and to intermittently raise the peaks and troughs of the cycles from time to time.

Media questioning of petrol pricing, particularly prior to the holiday seasons, receives the response from major oil that rises are purely a price cycle phenomenon, failing to indicate that the cycles themselves have nothing to do with import parity but are a device maintained by major oil.

Major oil regularly claims that they are only responding to competition. This is a fallacy and is not supported by the facts. In any industry, if you control 65% + (supermarkets) of the market, your pricing policies within the market place will become the benchmark. Price cycles often create an impression that collusion is taking place. We have no evidence of any such activity. However, to state the obvious, when the supermarket alliances move their prices, seemingly in unison, the Mobil and BP sites immediately follow. With the outcome that use of that immense market power of around 85%, (the four majors and their alliances) immediately gives the impression to consumers of collusion.

We make the observation that market dominance in the hands of such a small group is in effect a form of collusion.

D: Current impediments to efficient petrol pricing and possible methods to address them.

Our view is that the major impediments to equitable pricing for consumers in Australia can be appeased by protecting the following principle elements:-

- there is maintained a transparent pricing system within Australia to ensure that both exploitation and predatory conduct does not occur. At the present time, that transparency has become blurred;
- that independent retailers are afforded all necessary protection from predatory conduct to ensure they remain the true essence of protecting competition;
- that the provision of additional independent wharf side storage be encouraged in the interests of protecting competition. This could be achieved by government support and independent co-operatives being established to support and operate them;
- that increased price monitoring (retail versus import parity) be undertaken in all Australian major regional centres;
- the absolute need to appoint an interactive petroleum industry monitor in the form of an Ombudsman or Commissioner, to protect the interest of consumers and all stakeholders within the industry.

CONCLUSION:

In our presentation of this submission we note there is nothing new in any of our presented material. It has all been said before and will no doubt already be well known by the ACCC. However, we hope that with a more focussed review on the issues as provided in this inquiry, hopefully, positive and beneficial outcomes for consumers and industry stakeholders will be achieved.

It is worthy to again note that nothing angers consumers more than the "on again off again" nature of cyclical pricing. Its effective use by the industry to confuse pricing issues and to disguise margin achievement and to give the impression to the public they are a natural phenomenon of petroleum pricing, would seem to indicate they should be abandoned. Perhaps they already inadvertently have, through ACCC intervention with this inquiry.

Our final point, made numerously throughout this and earlier submissions to governments, that unless a dedicated interactive petroleum industry Ombudsman or Commissioner, with appropriate and adequate powers, is appointed to monitor the industry, we will all once again be back here presenting to the 47th inquiry into petroleum in Australia in the very near future

Kevin Hughes JP; FAIM; FAICD.
Principal
HEH AUSTRALIAN PETROLEUM CONSULTANCY CO
27TH July 2007.

ATTACHMENT DATA SOURCE:

AVERAGE TERMINAL GATE PRICE
AND
IMPORT PARITY INDICATOR PRICE
FROM
FUELTRAC
AVERAGE SYDNEY ULP RETAIL BOARD PRICES
FROM
MOTORMOUTH

ATTACHMENTS
(1)

PRICE MONITORING
3RD QUARTER 2007

- ULP PRICE COMPARISONS -
SYDNEY vs IMPORT PARITY INDICATOR PRICE

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Import Parity Indicator
Average Retail Price
Terminal Gate Price

Graph Copyright - HEH Australian Petroleum Consultancy Co

ATTACHMENT
(2)

PRICE MONITORING
2ND QUARTER 2007