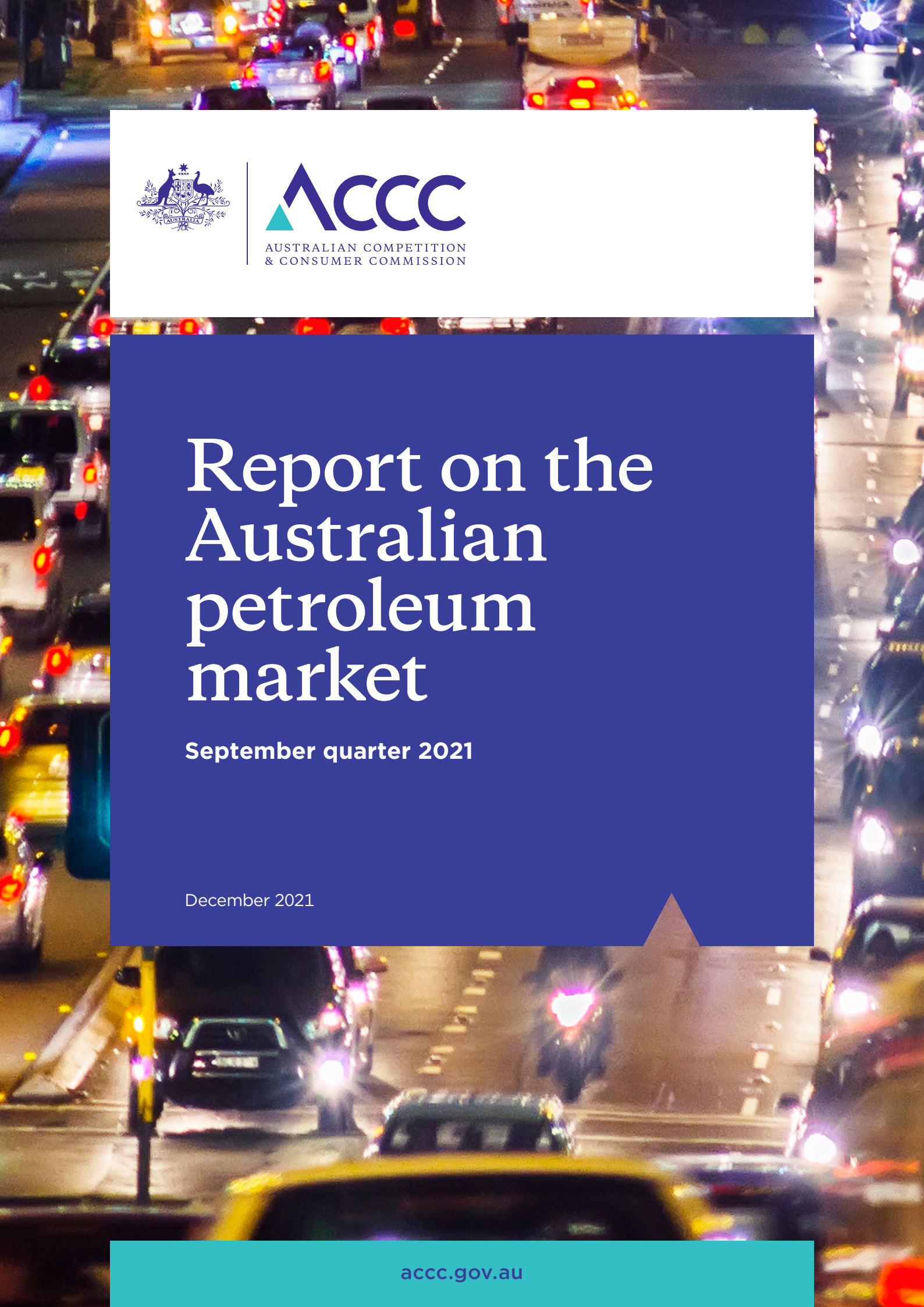

AUSTRALIAN COMPETITION & CONSUMER COMMISSION

Report on the Australian petroleum market

September quarter 2021

December 2021

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Australian Competition and Consumer Commission
23 Marcus Clarke Street, Canberra, Australian Capital Territory, 2601

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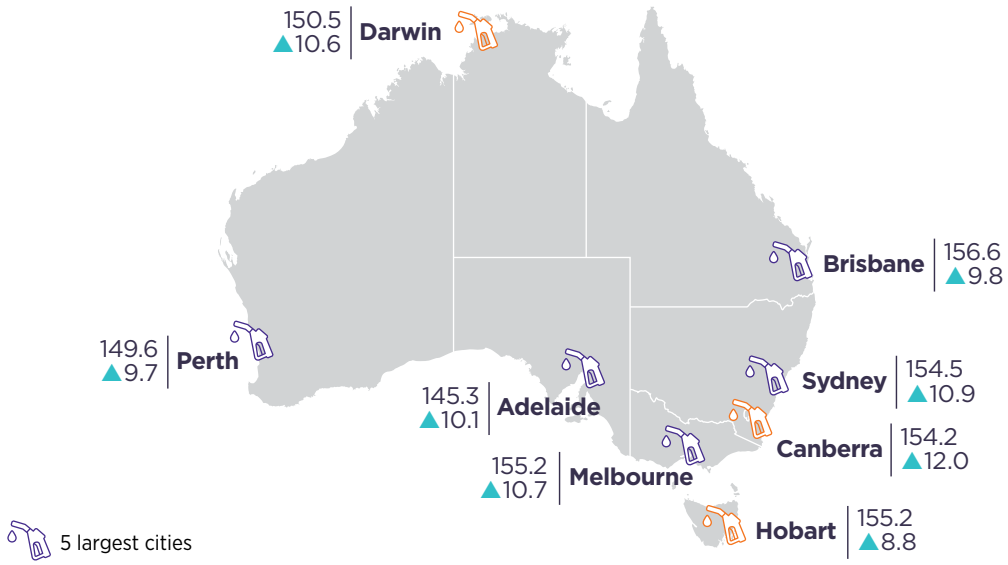
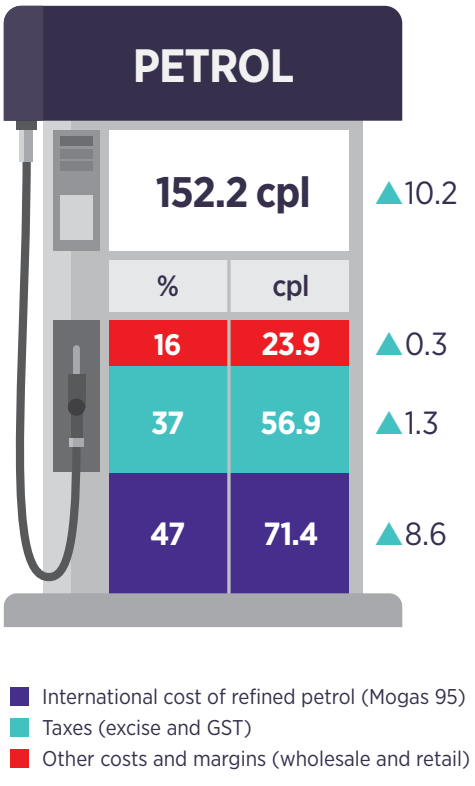


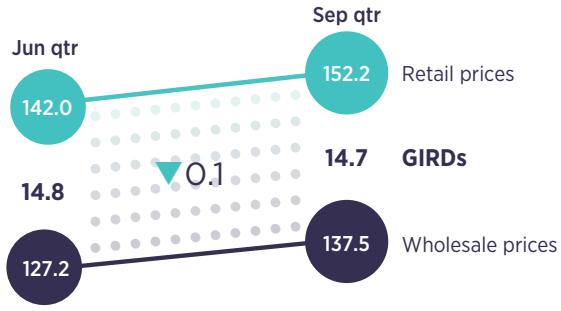
COMPONENTS OF RETAIL PETROL PRICES

Breakdown of average petrol prices in the 5 largest cities.



GROSS INDICATIVE RETAIL DIFFERENCES

GIRDs are the difference between average retail petrol prices and indicative wholesale prices in the 5 largest cities. They are a broad indicator of gross retail margins.



DIFFERENCE BETWEEN REGIONAL AND CITY PRICES

The difference between average retail petrol prices in over 190 regional locations and average prices in the 5 largest cities.

Prices are shown in cents per litre (cpl). ▲▼ cpl change from previous quarter.
'Petrol' means regular unleaded petrol (RULP) in all capital cities except Sydney, where E10 prices (RULP with up to 10% ethanol) are used.

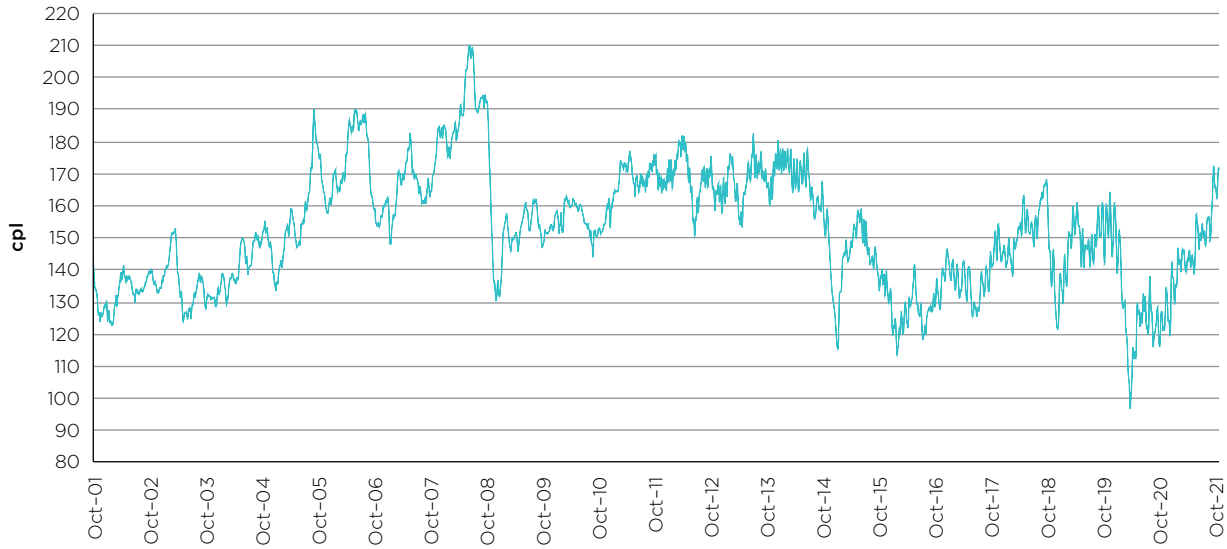
Key messages

Daily average petrol prices in October 2021 were the highest in 7 years in real terms

Seven-day rolling average retail petrol prices in the 5 largest cities (Sydney, Melbourne, Brisbane, Adelaide and Perth) reached a high of 172.4 cents per litre (cpl) on 26 October 2021.[1] This was an increase of 15.0 cpl from the highest 7-day rolling average price in the September quarter 2021 (157.4 cpl on 6 July 2021), and was the highest price in **real** terms in 7 years.[2] Prices were last at this level on 23 July 2014.

The following chart shows that while current daily average retail petrol prices on a 7-day rolling average basis are relatively high, in **real** terms there have been periods of much higher prices over the past 20 years. It also shows that prices have broadly trended upwards since they reached a record low in **real** terms of 96.7 cpl on 29 April 2020.[3]

Seven-day rolling average retail petrol prices in the 5 largest cities in real terms: 1 October 2001 to 30 November 2021



Source: ACCC calculations based on data from Informed Sources, FUELtrac and the Australian Bureau of Statistics, 6401.0 *Consumer Price Index, Australia, September 2021, tables 1 and 2. CPI: All Groups, Index Numbers and Percentage Changes*, at: https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release#data-download, accessed on 16 November 2021.

Note: **Real** prices are adjusted for September quarter 2021 dollars.

1 The scope of the ACCC's quarterly report on the Australian petroleum market is generally based on its monitoring of price movements and developments in the past quarter. While this report largely focuses on the September quarter 2021, the key messages section analyses retail petrol and international refined petrol price movements to the end of November 2021, following significant price increases after the end of the September quarter 2021.
In this report, 'petrol' means regular unleaded petrol (RULP) unless otherwise specified. From 1 July 2014, the ACCC has used E10 prices (i.e. RULP with up to 10% ethanol) instead of RULP prices for Sydney in the average price for the 5 largest cities. All prices in this report are nominal prices unless otherwise specified. **Real** prices are prices adjusted for inflation using the Consumer Price Index.
A 7-day rolling average price is the average of the current day's price and prices on the 6 previous days. Traditionally, the ACCC has used a 7-day rolling average to smooth out the influence of petrol price cycles in the larger cities on price movements. This has been less effective in recent years because the duration of price cycles in most of the larger cities has become substantially greater than 7 days.

2 **Real** prices are adjusted for September quarter 2021 dollars.

3 In **real** terms, this was the lowest recorded 7-day rolling average retail price since the ACCC's predecessor, the Prices Surveillance Authority (PSA) began collecting comprehensive retail prices in all 5 cities in May 1991.

In November 2021 monthly average retail prices in the 5 largest cities were 166.6 cpl, which was the highest monthly average retail price in **real** terms since July 2014 (170.4 cpl).

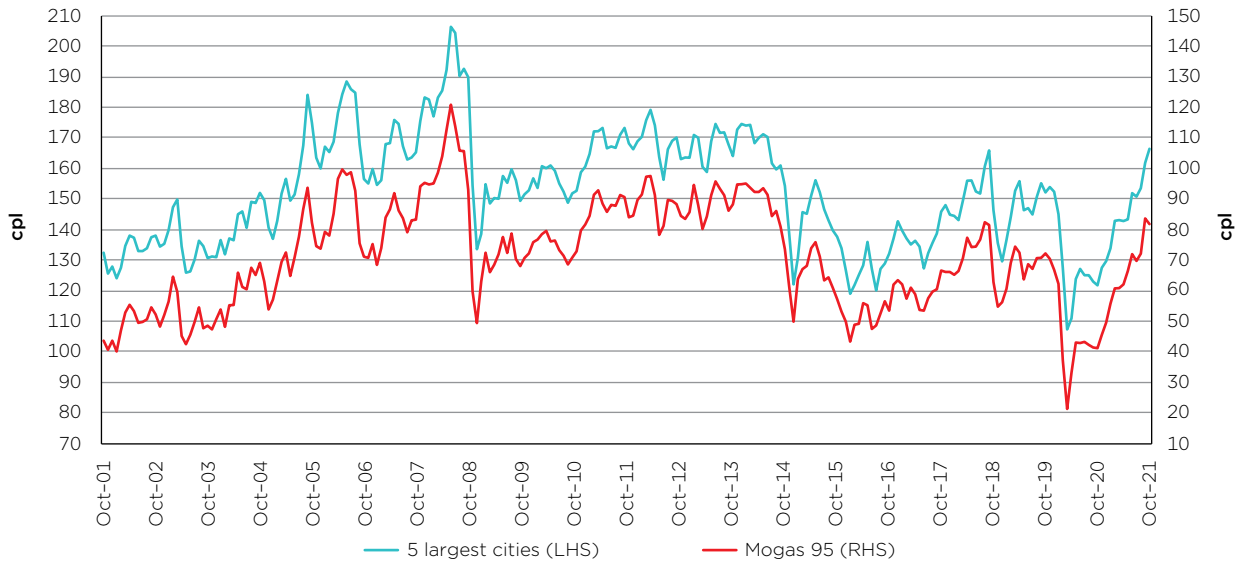
In the September quarter 2021, quarterly average retail petrol prices in the 5 largest cities were 152.2 cpl, an increase of 10.2 cpl from the June quarter 2021 (142.0 cpl), and the third consecutive quarter in which prices increased.

International prices continued to drive retail petrol prices higher

International refined petrol prices (which are driven by international crude oil prices) and the AUD–USD exchange rate, largely determine movements in retail petrol prices in Australia. The price of Singapore Mogas 95 Unleaded (Mogas 95) is the price of refined petrol in the Asia-Pacific region and is the relevant benchmark for petrol prices in Australia.

The following chart shows that movements in monthly average retail petrol prices in the 5 largest cities and Mogas 95 prices in Australian cents per litre have moved in a similar pattern over the past 20 years.

Monthly average retail petrol prices in the 5 largest cities and Mogas 95 prices in real terms: October 2001 to November 2021



Source: ACCC calculations based on data from Informed Sources, FUELtrac, Platts, OPIS, Argus Media, the Reserve Bank of Australia (RBA) and the Australian Bureau of Statistics, 6401.0 *Consumer Price Index, Australia, September 2021, tables 1 and 2. CPI: All Groups, Index Numbers and Percentage Changes*, at: https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release#data-download, accessed on 16 November 2021.

Note: **Real** prices are adjusted for September quarter 2021 dollars.

The chart highlights the significant volatility in Mogas 95 prices. Monthly average Mogas 95 prices in **real** terms ranged from a high of 121.0 cpl in June 2008 (just prior to the Global Financial Crisis) to a low of 21.5 cpl in April 2020 (following the decrease in demand due to the COVID-19 pandemic).

The chart also shows that monthly average Mogas 95 prices and retail petrol prices in the 5 largest cities in **real** terms increased steadily from November 2020.

In October 2021, monthly average Mogas 95 prices were 83.7 cpl, the highest in **real** terms since September 2014 (86.2 cpl).

In the September quarter 2021, quarterly average Mogas 95 prices were 71.4 cpl (an increase of 8.6 cpl from the June quarter 2021).

Higher crude oil prices were influenced by the OPEC cartel's production cuts and recovering global demand

The major influences on crude oil prices in recent years have been agreements by the Organisation of the Petroleum Exporting Countries (OPEC) cartel and other crude oil producing countries (including Russia) to limit supply, and the impact on demand of the COVID-19 pandemic.

In April 2020, the OPEC cartel's significant production cuts led to a steady increase in crude oil prices to the end of June 2020. Crude oil prices were relatively stable until November 2020, when the roll-out of COVID-19 vaccines and a decline in the US dollar pushed prices higher. In early 2021, the ongoing production cuts as well as increasing global demand meant that crude oil prices continued to increase.

In April 2021, OPEC and non-OPEC countries agreed to increase output marginally, by 0.35 million barrels per day in May and June, and 0.4 million barrels per day in July 2021. At a meeting in July 2021, they agreed to increase crude oil production by 0.4 million barrels per day starting in August 2021. However, the impact of Hurricane Ida on crude oil production in the United States adversely affected supply in August 2021.

In the September quarter 2021, demand for crude oil increased as many economies started opening up after COVID-19 restrictions. Crude oil prices towards the end of the quarter and in October 2021 were also influenced by the energy crisis associated with shortages of gas, coal and electricity in some countries in Europe and Asia, which increased demand for crude oil as an alternative source of energy.

These influences led to crude oil prices in weekly average terms more than doubling from around USD 38 per barrel in early November 2020, to around USD 85 per barrel at the end of October 2021.

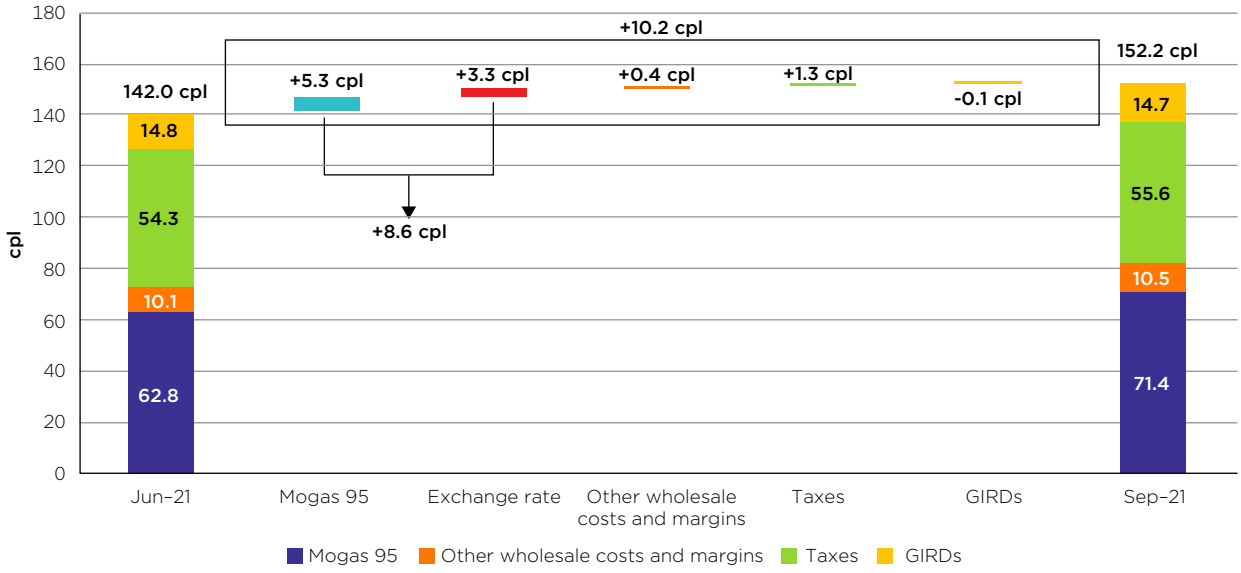
The increase in Mogas 95 prices was the main contributor to higher retail prices in the September quarter

The 3 broad components of the retail price of petrol are: the international price of refined petrol (Mogas 95), taxes (excise and GST) and other costs and margins at the wholesale and retail levels. The 2 largest components of the average retail price – Mogas 95 and taxes – accounted for 84% of the average price of petrol in the September quarter 2021.

The following chart shows the change in the components of petrol across the 5 largest cities between the June quarter 2021 and the September quarter 2021. The chart separates the other costs and margins component into 2 elements: other wholesale costs and margins (which includes international shipping costs and other import costs, and wholesale costs and margins), and retail costs and margins (represented by gross indicative retail differences (GIRDs)).[4]

4 GIRDs are described on page 8.

Changes in the components of average retail petrol prices in the 5 largest cities: June quarter 2021 to September quarter 2021



Source: ACCC calculations based on data from FUELtrac, Argus Media, Ampol, bp, Mobil, Viva Energy, RBA and the Australian Taxation Office (ATO).

Notes: All prices are in Australian cents per litre.

The taxes component includes fuel excise and wholesale GST. The small amount of retail GST is included in GIRDs rather than in taxes, to be consistent with GIRDs reported elsewhere in this report. As a result, the taxes component in this chart is not the same as the taxes component in the bowser in the September quarter 2021 – Petrol snapshot.

The chart shows that the increase in average retail petrol prices in the 5 largest cities in the September quarter 2021 (10.2 cpl) was mainly due to an increase in the price of Mogas 95 and depreciation in the AUD–USD exchange rate.

The AUD–USD exchange rate is a significant determinant of Australia's retail petrol prices because imported oil and international refined petrol (from which domestically refined petrol is priced) is bought and sold in US dollars in global markets. Excluding the effect of changes in the AUD–USD exchange rate (which decreased by US 4 cents in the quarter), Mogas 95 prices would have increased by 5.3 cpl in the quarter. The lower AUD–USD exchange rate compounded the increase in Mogas 95 prices and resulted in Mogas 95 prices increasing by an additional 3.3 cpl in AUD terms. The net effect of movements in Mogas 95 prices and the AUD–USD exchange rate was that Mogas 95 prices in Australian cents per litre increased by 8.6 cpl.

Adelaide had the lowest average retail petrol prices of all capital cities in the quarter

In the September quarter 2021, average retail prices in Adelaide were 145.3 cpl, the lowest of all capital cities. This was the second consecutive quarter in which Adelaide had the lowest average prices.

The introduction of the South Australian fuel price transparency scheme on 20 March 2021, which provides motorists with access to real-time fuel price information, may have had an impact on Adelaide prices. The pattern of petrol price cycles in Adelaide has changed since the scheme commenced, as shown in the following chart.

Daily average retail petrol prices, TGPs and GIRDs in Adelaide: 1 October 2019 to 30 September 2021

Source: ACCC calculations based on data from FUELtrac, Ampol, bp, Mobil and Viva Energy.

Note: The dotted line in the chart indicates when the South Australian fuel price transparency scheme commenced.

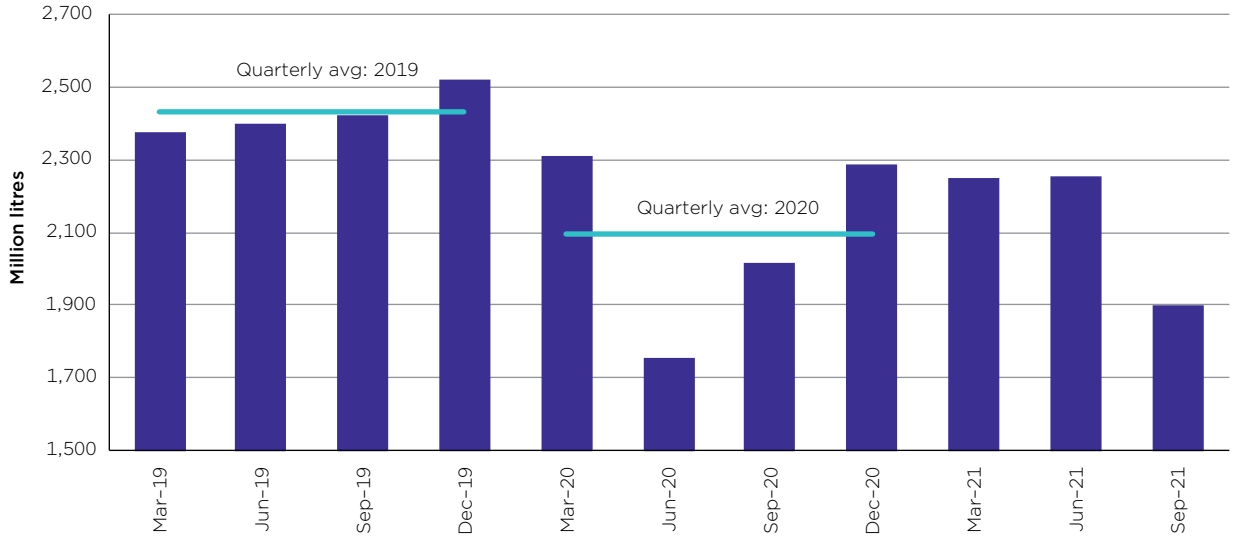
Retail prices at the peak of most price cycles in Adelaide were noticeably lower after the South Australian fuel price transparency scheme commenced in March 2021, compared with the period before. The average increase in prices to the peak of the cycle was 23.3 cpl in the 6 months after the scheme commenced, compared with an average increase of 34.3 cpl in the 6 months prior. This led to average retail petrol prices and GIRDs in Adelaide being relatively low compared with other capital cities.[5]

Demand for petrol declined in the quarter due to COVID-19 restrictions in some states

COVID-19 restrictions on travel and economic activity in some states in the September quarter 2021, particularly in New South Wales and Victoria, meant that there was significantly less petrol purchased from retail sites in Australia. The following chart shows that petrol sales volumes in the quarter (1,901 million litres (ML)) were around 16% lower than in the June quarter 2021.

5 Quarterly average GIRDs in Adelaide in the June quarter 2021 and the September quarter 2021 were almost half what they were in the March quarter 2021.

Quarterly sales volumes of regular unleaded petrol in Australia: March quarter 2019 to September quarter 2021



Source: Department of Industry, Science, Energy and Resources (DISER), *Australian Petroleum Statistics, issue 302*, September 2021, at: https://www.energy.gov.au/publications/australian-petroleum-statistics-2021, accessed on 16 November 2021.

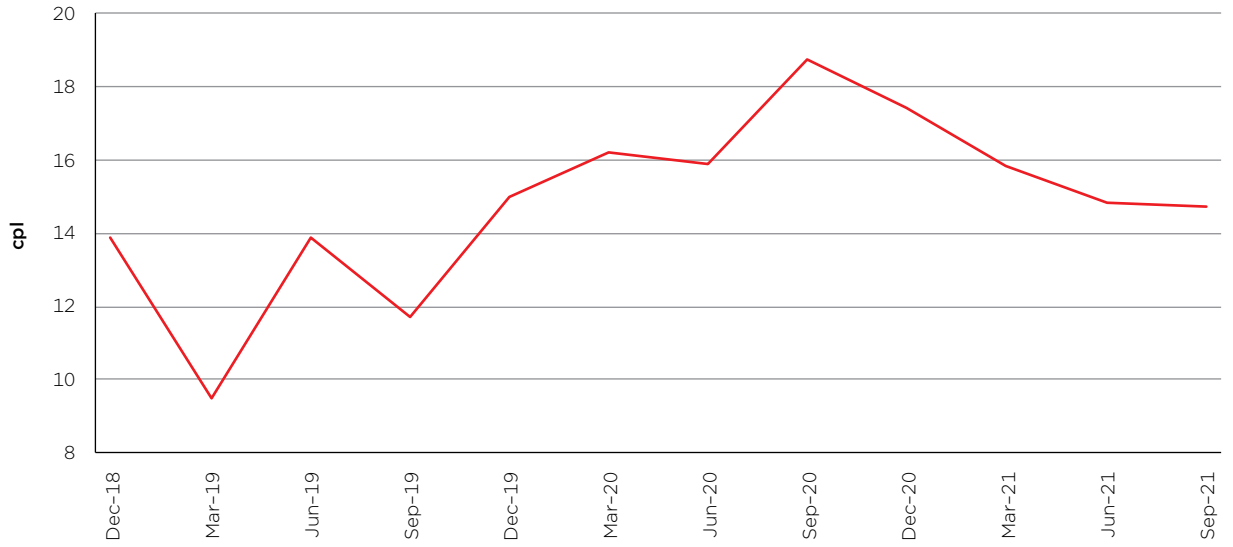
In New South Wales, petrol sales volumes in the September quarter 2021 were around 37% lower than in the June quarter 2021, and in Victoria they were around 21% lower.

Average sales volumes for Australia as a whole in the September quarter 2021 were around 22% lower than quarterly average sales volumes in 2019 and 9% lower than quarterly average sales volumes in 2020.

Gross indicative retail differences decreased for the fourth consecutive quarter

In the September quarter 2021, average GIRDs in the 5 largest cities were 14.7 cpl, a decrease of 0.1 cpl from the previous quarter. This was the fourth consecutive quarter in which GIRDs decreased. Average GIRDs decreased by 4.0 cpl over the past year, following record high GIRDs in the September quarter 2020 (18.7 cpl), and were marginally lower than before the COVID-19 pandemic.

Quarterly average GIRDs in the 5 largest cities: December quarter 2018 to September quarter 2021



Source: ACCC calculations based on data from FUELtrac, Ampol, bp, Mobil, Viva Energy and WA FuelWatch.

GIRDs are a broad indicator of gross retail margins. The ACCC calculates GIRDs by subtracting average wholesale prices (as indicated by published terminal gate prices (TGPs)) from average retail petrol prices. TGPs are prices that wholesalers charge for petrol in the spot market.[6] TGPs reflect the wholesale price of petrol only and exclude other retail operating costs (such as freight, the cost to use a particular brand, rent, labour and utility costs). As GIRDs include these costs, they should not be confused with actual retail profits.

GIRDs reported by the ACCC are averages across the 5 largest cities over time. The level of prices, costs and profits vary significantly between retail operations and not all retail petrol sites will be achieving these gross margins. Some will be achieving higher gross margins, others lower. The ACCC's petrol market studies published between 2015 and 2017 found that profits per retail petrol site could vary considerably between retailers, with some retail sites making substantial profits and others making very little.

Increasing international crude oil, refined petrol and wholesale petrol prices since November 2020 likely contributed to lower average GIRDs in the 5 largest cities in aggregate. When TGPs increase by large amounts in a short period, lags between changes in TGPs and changes in retail prices often have the effect of reducing GIRDs.

While GIRDs decreased in the 5 largest cities in aggregate, they increased in both Sydney and Melbourne in the September quarter 2021. The lower turnover of petrol in New South Wales and Victoria likely influenced GIRDs in these cities. Petrol retailing is a high-volume, low-margin business with many fixed costs (such as rent and the cost to use a particular brand). This means when sales volumes decline, the cost per unit of petrol will increase. To generate revenue to partially cover their fixed costs, some retailers may have been setting retail prices higher than they otherwise would.

Fuel price websites and apps are saving motorists money

In the September quarter 2021, fuel price transparency schemes in Queensland and South Australia were reported as saving consumers money.

Queensland

The Queensland Minister for Energy, Renewables and Hydrogen, the Honourable Mick de Brenni, noted on 22 July 2021 that drivers in Queensland were making savings as a result of the Queensland Government's fuel price reporting scheme. The Queensland scheme was made permanent in December 2020 following a 2-year trial. The Minister referred to analysis of the Queensland fuel price reporting scheme by Griffith University which found that:

- there was a small but statistically significant decline in daily average retail prices of RULP, premium unleaded petrol (PULP) and E10 in most regions across Southeast Queensland and Cairns, which can be attributed to the impact of the scheme
- consumers as a group were estimated to have saved around $9.5 million a year in Brisbane and $12.3 million a year in Southeast Queensland
- there was evidence of a statistically significant increase in the spread of prices in a majority of Southeast Queensland local government areas in 2020
- examining differences between minimum and average fortnightly prices for RULP, motorists in Brisbane who filled up at the minimum price could have saved up to $171 relative to filling up at the average price for calendar year 2020.

6 The major wholesalers post these prices on their websites on a regular basis. Although few wholesale transactions occur at TGPs, they are indicative wholesale prices. TGPs vary across brands and cities.

South Australia

On the same day that the South Australian Government's fuel price transparency scheme commenced (20 March 2021), the Royal Automobile Association of South Australia (RAA) introduced its myRAA app. On 28 July 2021, the RAA reported that a survey of 600 myRAA app users found they were saving an average of $28.10 a month – or $337.20 a year – by comparing prices charged at various service stations before filling up.

All jurisdictions apart from Victoria and the Australian Capital Territory have government-mandated fuel price transparency schemes, which are comprehensive and timely. The ACCC has long been a supporter of such schemes. Real-time price information can help consumers find the lowest prices, encourages them to buy where petrol is cheapest, and rewards price-competitive retailers. For these benefits to be achieved it is essential that such schemes are comprehensive, accurate, timely and readily accessible to consumers.

Regional prices on average were lower than prices in the 5 largest cities for the fifth consecutive quarter

The ACCC monitors fuel prices in all capital cities and over 190 regional locations across Australia.

In the September quarter 2021, average prices in regional locations in aggregate (regional prices) were 151.4 cpl, which was 0.8 cpl lower than average prices in the 5 largest cities (152.2 cpl). In the June quarter 2021, average regional prices were 1.0 cpl lower.

This was the fifth quarter in a row in which average regional prices were lower than average prices in the 5 largest cities. There are 2 factors that may have contributed to this.

- Petrol retailers in the 5 largest cities, faced with a reduction in demand associated with various COVID-19 restrictions and lockdowns, may have been setting retail prices higher to partially cover their fixed costs. As demand may have been more stable in many regional locations, retailers in those locations may not have had the same incentive to increase their retail prices by as much.
- Retail prices in regional locations generally took longer to reflect increasing wholesale prices from November 2020, compared with the 5 largest cities. While retail petrol prices in regional locations generally follow movements in wholesale prices, they often do not respond as quickly – either up or down – relative to prices in the 5 largest cities. The frequency of retail site turnover of fuel influences these lags. They are longer in regional locations where volume turnover is smaller and the degree of competition is often not as intense.

The extent of the influence of these factors is likely to vary between regional locations. Differing levels of COVID-19 restrictions were applied across the country, and the length of lags varies among regional locations.

Darwin prices continued to be lower than prices across the 5 largest cities

In the September quarter 2021, average retail prices in Darwin were 150.5 cpl. This was 1.7 cpl lower than average prices across the 5 largest cities. This was the tenth time in the past 11 quarters when retail prices in Darwin were below those in the 5 largest cities.

Possible factors contributing to the relatively low retail prices in Darwin include the change in price setter from Coles to Viva Energy at Coles Express retail sites in 2019, the opening of a second FuelXpress retail site in 2019, and the opening of a new United retail site in 2020. Motorists in Darwin may have become more aware of changes in pricing behaviour in the Darwin market through information available from the fuel price transparency scheme in the Northern Territory (MyFuel NT), which commenced in November 2017.

Diesel and LPG prices increased

In the September quarter 2021, diesel and liquefied petroleum gas (LPG) prices in the 5 largest cities both increased:[7]

- average retail diesel prices were 147.6 cpl in the quarter, an increase of 10.1 cpl (or around 7%) from the June quarter 2021 (137.5 cpl)
- average retail LPG prices were 93.0 cpl in the quarter, an increase of 2.1 cpl (or around 2%) from the June quarter 2021 (90.9 cpl).[8]

7 References to LPG in this report refer to automotive LPG.

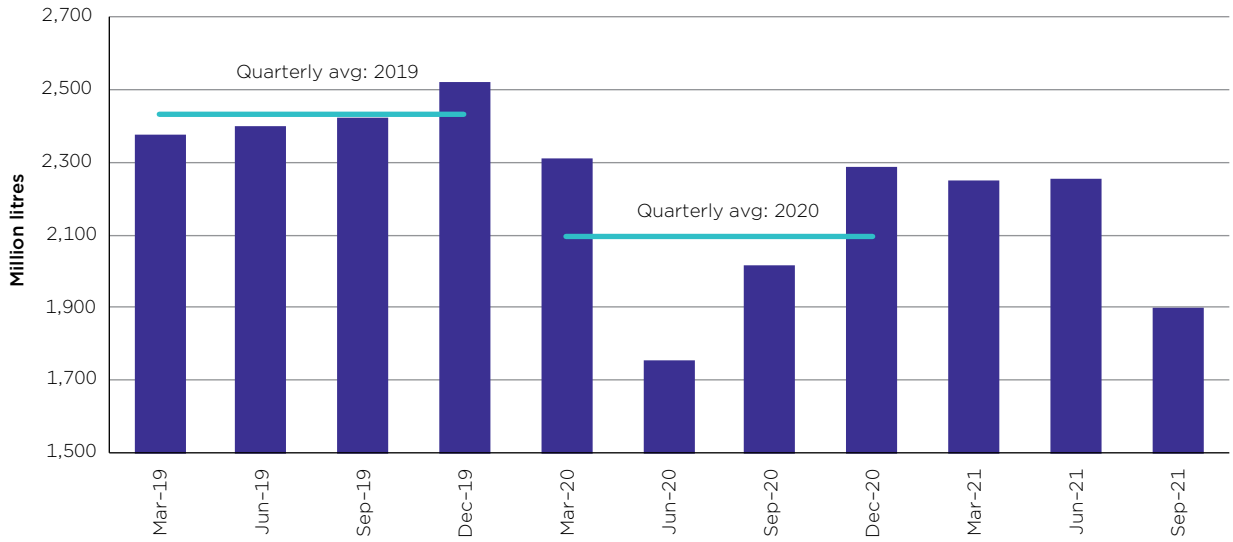
8 For petrol, the percentage change in the September quarter 2021 was an increase of around 7%. When comparing percentage changes it is important to bear in mind that, as noted in chapter 7, different international benchmark prices drive petrol, diesel and LPG prices in Australia and taxes are lower on LPG compared with diesel and petrol.

1. Developments in the petroleum industry

1.1 Demand for petrol declined in the quarter due to COVID-19 restrictions in some states

COVID-19 restrictions on travel and economic activity in some states in the September quarter 2021, particularly in New South Wales and Victoria, meant that there was signigicantly less petrol purchased from retail sites in Australia. Chart 1.1 shows that petrol sales volumes in the quarter (1,901 ML) were around 16% lower than in the previous quarter.

Chart 1.1: Quarterly sales volumes of regular unleaded petrol in Australia: March quarter 2019 to September quarter 2021



Source: DISER, *Australian Petroleum Statistics, issue 302*, September 2021, at: https://www.energy.gov.au/publications/australian-petroleum-statistics-2021, accessed on 16 November 2021.

In New South Wales, petrol sales volumes in the September quarter 2021 were around 37% lower than in the June quarter 2021, and in Victoria they were around 21% lower.

The chart shows that COVID-19 restrictions initially imposed in mid-March 2020 resulted in average petrol sales volumes in Australia being substantially lower in the June quarter 2020. Petrol sales volumes partially recovered in the 2 subsequent quarters as restrictions in parts of Australia eased.

Quarterly average sales in 2020 (2,094 ML) were 14% below quarterly average sales in 2019 (2,430 ML). In the March quarter 2021, sales volumes declined marginally to 2,250 ML (from 2,289 ML in the December quarter 2020) and remained virtually the same in the June quarter 2021 (2,257 ML).

Average sales volumes in the September quarter 2021 were around 22% lower than quarterly average sales volumes in 2019 and 9% lower than quarterly average sales volumes in 2020.

1.2 The Australian Government provided grants to increase diesel storage capacity

On 15 July 2021, the Australian Government announced grants of up to $260 million to expand Australia's diesel storage capacity.[9] The Boosting Australia's Diesel Storage program will assist 10 projects across Australia to support a 40% increase in Australia's diesel stockholdings. The grants will cover up to 50% of total eligible project expenditure. Projects are expected to have commenced construction from mid-2021 and be completed within 3 years.

The projects are:

- Stolthaven Australia (126 ML, Newcastle, New South Wales)
- Coogee Chemicals (100 ML, Kwinana, Western Australia)
- Park (30 ML, Port Kembla, New South Wales)
- Park (30 ML, Newcastle, New South Wales)
- Viva Energy Refining (90 ML, Geelong, Victoria)
- Terminals (80 ML, Outer Harbor, Adelaide, South Australia)
- Qube Holdings (110 ML, Lumsden Point, Port Hedland, Western Australia)
- Qube Holdings (73 ML, Port Kembla, New South Wales)
- Airport Development Group (80 ML, Darwin, Northern Territory)
- Ampol Limited (60 ML, Newport, Victoria).

The Boosting Australia's Diesel Storage program is part of the Government's fuel security package, announced in the 2020–21 Budget.[10] It will assist industry in meeting the new minimum stockholding obligation (MSO), which will require industry to hold petrol, jet fuel, and diesel stocks at or above pre-COVID-19 national average levels from mid-2022. From mid-2024, the MSO will require importers to hold a 40% increase in diesel stocks.

1.3 The Queensland Government announced that its fuel price transparency scheme is providing savings to motorists

On 22 July 2021, the Queensland Minister for Energy, Renewables and Hydrogen, the Honourable Mick de Brenni, said that drivers in Queensland were making savings as a result of the Queensland Government's fuel price reporting scheme.[11] The Queensland fuel price transparency scheme was made permanent in December 2020 following a 2-year trial.[12] The Minister also noted that Queensland drivers were checking petrol prices on comparison apps and websites more than 750,000 times per month, and that there are 15 apps or websites using the Queensland Government data.

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9 The Hon Angus Taylor MP, Minister for Industry, Energy and Emissions Reduction, *Expanding Australia's diesel storage to boost long-term fuel security*, media release, 15 July 2021, at: https://www.minister.industry.gov.au/ministers/taylor/media-releases/expanding-australias-diesel-storage-boost-long-term-fuel-security, accessed on 16 November 2021.

10 Prime Minister of Australia, The Hon Scott Morrison MP, and Minister for Energy and Emissions Reduction, the Hon Angus Taylor MP, *Locking in Australia's fuel security*, joint media release, 17 May 2021, at; https://www.pm.gov.au/media/locking-australias-fuel-security, accessed on 16 November 2021.

11 Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement, the Honourable Mick de Brenni, *Tech-savvy QLD drivers beat the bowser*, media statement, 22 July 2021, at: https://statements.qld.gov.au/statements/92721, accessed on 16 November 2021.

12 Minister for Energy, Renewables and Hydrogen, the Honourable Mick de Brenni, *Queenslanders to save on fuel, permanently*, media statement, 5 December 2020, at: https://statements.qld.gov.au/statements/91110, accessed on 16 November 2021.

Analysis by Griffith University of the fuel price reporting scheme after 2 years of operation found the following:[13]

- There was a small but statistically significant decline in the average daily retail prices of RULP, PULP and E10 in most regions across Southeast Queensland and Cairns, which can be attributed to the impact of the scheme.
  - Consumers as a group were estimated to have saved around $9.5 million a year in Brisbane and $12.3 million a year in Southeast Queensland.
- There was evidence of a statistically significant increase in the spread of prices in a majority of Southeast Queensland local government areas in 2020.
  - Increases in the spread of prices suggests that informed consumers have a greater potential to save if they are able to locate the cheapest available prices in their area.
- Examining differences between minimum and average fortnightly prices for RULP, motorists in Brisbane who filled up at the minimum price could have saved up to $171 relative to filling up at the average price for calendar year 2020.
  - Savings in other locations were: $156 in Ipswich, $145 on the Gold Coast, $93 in the Lockyer Valley, $48 in Cairns, $37 in Rockhampton and $7.50 in Mount Isa.
- The cyclical petrol price increases in the Brisbane local government area are closely correlated with higher numbers of app users, indicating that price alone does not appear to be impacting the number of app user sessions. Instead, consumers seem to be more likely to check the app when they notice a price increase is occurring.
  - This indicates that users are sensitive not just to prices at any given point in time, but also to price variations, as they decide not just on which retail fuel station to use, but also when to fill up at the bowser.

1.4 The RAA reported that motorists are saving money under the South Australian fuel price transparency scheme

On 20 March 2021, the South Australian Government's fuel price transparency scheme commenced, and, on the same day, the RAA introduced its myRAA app.[14]

On 28 July 2021, the RAA reported that a survey of 600 myRAA app users found they were saving an average of $28.10 a month – or $337.20 a year – by comparing prices charged at various service stations before filling up.[15] The RAA also said that:

- The fuel pricing feature on myRAA app had been accessed around 790,000 times by 105,000 users since its launch in March 2021.
- Since real-time fuel pricing information was introduced in South Australia in mid-March 2021, the number of cheap days in the petrol price cycle had almost doubled. In the March quarter 2021 there were 28 cheap days, but that number had increased to 52 in the June quarter 2021.
- Additional features had been added to the myRAA app, including an ability to sort fuel outlets by price or distance, and improvements to the map view.

13 Griffith University, *Final Assessment of the Queensland Fuel Price Reporting Trial, Fourth Biannual Update – March 2021*, at: https://www.epw.qld.gov.au/__data/assets/pdf_file/0016/18340/final-fuel-price-reporting-trial.pdf, accessed on 16 November 2021.

14 Vickie Chapman MP, South Australian Attorney General, *Fuel up! Real-time petrol pricing is here,* media release, 20 March 2021, at: https://www.premier.sa.gov.au/news/media-releases/news/fuel-up!-real-time-petrol-pricing-is-here, accessed on 16 November 2021; and RAA SA, *RAA urges drivers to cash in as real-time fuel pricing app launched*, media release, 20 March 2021, at: https://our.raa.com.au/about-raa/media-releases/1457, accessed on 16 November 2021.

15 RAA SA, *RAA app users cash in on cheap fuel prices*, media release, 28 July 2021, at: https://our.raa.com.au/about-raa/media-releases/1475, accessed on 16 November 2021.

1.5 United Petroleum purchased the Mackay fuel import terminal

On 12 July 2021, United Petroleum announced that it has purchased the Pioneer Mackay fuel import terminal in Mackay, Queensland.[16] The terminal has 3 fully automated 25 ML tanks and received its first import cargo on 9 July 2021.

1.6 Fuel excise increased

On 2 August 2021, excise on petrol and diesel increased by 0.6 cpl to 43.3 cpl. Excise on automotive LPG increased by 0.2 cpl to 14.1 cpl.[17]

In the 2014–15 Budget the Australian Government announced that it would reintroduce biannual indexation, by the Consumer Price Index, of excise and excise-equivalent customs duty for all fuels except aviation fuels.[18] Under these arrangements, which took effect from 10 November 2014, excise is generally increased on 1 February and 1 August each year.

1.7 Ampol announced that it was partnering with ARENA to commence development of a national electric vehicle fast charging network

On 30 July 2021, Ampol Limited (Ampol) announced that it had entered into a funding agreement with the Australian Renewable Energy Agency (ARENA) through the Future Fuels Fund to deliver a national fast charging network to support the uptake of battery electric vehicles in Australia.[19]

Ampol said that it would introduce fast charging bays at over 100 sites across its national retail network, covering the Greater Sydney, Melbourne, Brisbane and Perth regions, as well as Newcastle, Wollongong, Central Coast, Gold Coast, Sunshine Coast and Geelong. ARENA will co-fund with a contribution of $7 million to support Ampol's investment. Ampol said that it would commence work on the network in the second half of 2021.

16 United Petroleum, *United Petroleum purchase Mackay Fuel Import Terminal*, media release, 12 July 2021.

17 Australian Taxation Office, *Excise duty rates for fuel and petroleum products*, at: https://www.ato.gov.au/Business/Excise-on-fuel-and-petroleum-products/Lodging,-paying-and-rates---excisable-fuel/Excise-duty-rates-for-fuel-and-petroleum-products/, accessed on 16 November 2021.

18 Automatic twice-yearly indexation of excise on petrol commenced in 1983–84 and ceased in March 2001.

19 Ampol, *Ampol partners with ARENA to commence development of national electric vehicle fast charging network*, ASX statement, 30 July 2021, at: https://wcsecure.weblink.com.au/pdf/ALD/02401210.pdf, accessed on 16 November 2021.

2. ACCC Activities

2.1 ACCC and the petrol industry

The main role of the ACCC is to enforce the *Competition and Consumer Act 2010* (the Act) across the Australian economy, including the fuel industry. The ACCC's activities under the Act include enforcement and compliance, mergers and acquisitions assessments, authorisations and notifications, and administration of the Oil Code.[20]

Market forces determine wholesale and retail petrol prices in Australia. The ACCC does not set prices in petrol markets and does not have the powers to do so. In the absence of anticompetitive conduct that is in breach of the Act (such as price fixing with competitors), high petrol prices are not illegal.

The ACCC's petrol monitoring role is to assist consumers to better understand and navigate this complex industry. Through its petrol monitoring reports, industry reports and other information channels, the ACCC promotes transparency in the Australian petroleum industry and improved public awareness of the factors that determine retail petrol prices. ACCC monitoring can also shine a light on and place pressure on less competitive pricing.

2.2 Activities in the quarter

2.2.1 7-Eleven was granted authorisation to continue trading hours arrangements until 30 June 2022

On 11 March 2021, 7-Eleven Stores Pty Limited (7-Eleven) sought authorisation to continue arrangements that had been authorised by the ACCC in 2020.[21] Under these arrangements, 7-Eleven may approach some of its franchisees, and if they agree, enter into arrangements with them to either temporarily close or reduce the trading hours of certain stores. This may include stores operated by franchisees, and stores operated by 7-Eleven. The purpose of the conduct is to assist 7-Eleven and its franchisees to respond to and endure the COVID-19 pandemic in a cost-efficient manner, while supporting 7-Eleven's customers. On 28 July 2021, the ACCC issued a final determination authorising the conduct with the same reporting conditions as previously, until 30 June 2022.

2.2.2 7-Eleven was granted authorisation to participate in Velocity's loyalty program as a retail partner

On 24 March 2021, the ACCC received an application for authorisation from 7-Eleven on behalf of itself, its franchisees and Velocity Frequent Flyer Pty Ltd (Velocity) for 7-Eleven to participate as a retail partner of Velocity's loyalty program.[22] The Applicants were also considering the potential appointment of 7-Eleven by Velocity as a redemption partner. On 28 July 2021, the ACCC issued a final determination granting authorisation until 19 August 2026.

20 The Oil Code is a prescribed mandatory industry code of conduct, the purpose of which is to regulate the conduct of suppliers, distributors and retailers in the downstream petroleum industry.

21 See: https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/7-eleven-stores-pty-limited-0.

22 See: https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/7-eleven-stores-pty-limited-and-velocity-frequent-flyer-pty-ltd.

2.2.3 Stakeholder engagement and communications activity

In the September quarter 2021, the ACCC responded to fuel-related media enquiries and correspondence on retail fuel prices, petrol price cycles, fuel price information and competition issues.

In the September quarter 2021, the fuel-related pages on the ACCC website received 129,059 page views, a decrease of 3,189 page views (around 2%) from the previous quarter. Of this total, the petrol price cycles web page received 126,083 page views, an increase of 4,450 (around 4%) from the previous quarter. This was the second most viewed page on the ACCC website in the quarter.

3. Retail petrol price movements in the 5 largest cities

This chapter focuses on petrol prices in the 5 largest cities (Sydney, Melbourne, Brisbane, Adelaide and Perth). Chapter 5 analyses petrol prices in the smaller capital cities (Canberra, Hobart and Darwin) and regional locations across Australia.

3.1 Retail prices in the 5 largest cities continued to increase

In the September quarter 2021, average retail petrol prices in the 5 largest cities were 152.2 cpl. This was an increase of 10.2 cpl from the June quarter 2021 (142.0 cpl), and the third consecutive quarter in which prices increased.

Table 3.1 shows quarterly average retail prices in the September quarter 2021, the June quarter 2021 and the change in each of the 5 largest cities.

Table 3.1: Quarterly average retail petrol prices in each of the 5 largest cities: June quarter 2021 and September quarter 2021 – cpl

Quarter	Sydney[23]	Melbourne	Brisbane	Adelaide	Perth	5 largest cities
Jun-21	143.6	144.5	146.8	135.2	139.9	**142.0**
Sep-21	154.5	155.2	156.6	145.3	149.6	**152.2**
Change	**10.9**	**10.7**	**9.8**	**10.1**	**9.7**	**10.2**

Source: ACCC calculations based on FUELtrac data.

Table 3.1 shows that prices increased in all cities in the September quarter 2021, and that:

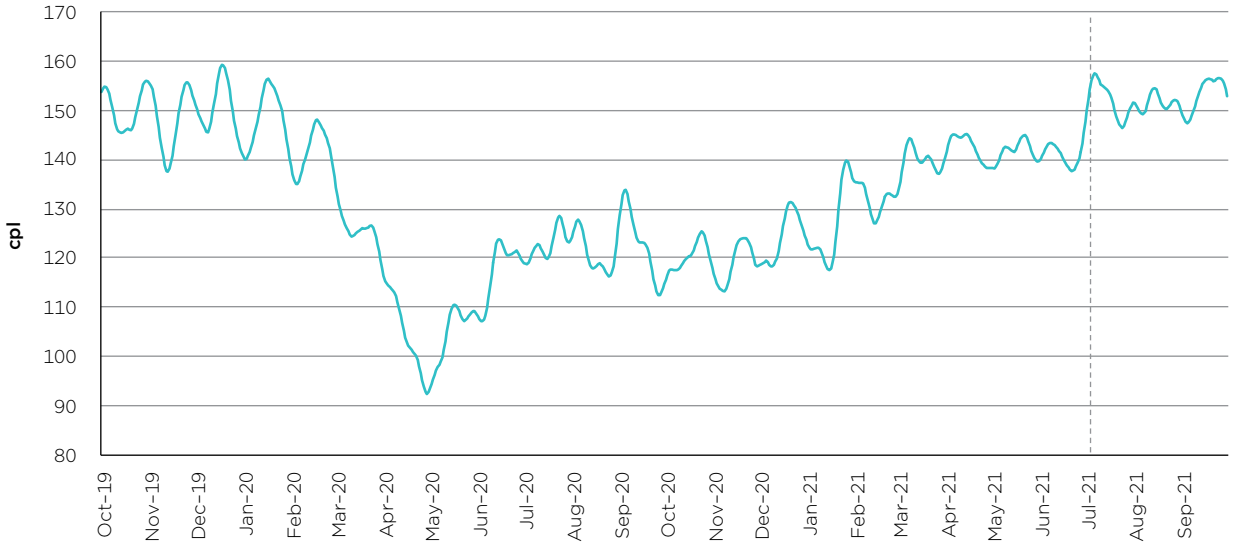
- Brisbane's average retail prices were the highest (156.6 cpl). This was the second consecutive quarter in which Brisbane had the highest prices.
- Adelaide's average retail prices were the lowest (145.3 cpl). This was the second consecutive quarter in which Adelaide had the lowest prices.
- Prices increased the most in Sydney (by 10.9 cpl) and the least in Perth (by 9.7 cpl).

Chart 3.1 shows that 7-day rolling average retail petrol prices in the 5 largest cities were reasonably volatile between October 2019 and February 2020 before decreasing substantially to record low prices on 29 April 2020 (92.4 cpl).[24] In **real** terms, they were the lowest recorded since the PSA began collecting comprehensive retail prices in all 5 cities in May 1991. Prices subsequently increased in May and June 2020. In the 6 months between July and December 2020, 7-day rolling average retail petrol prices were relatively stable within a 21.4 cpl band between 112.4 cpl and 133.8 cpl. Prices trended upwards in the March quarter 2021 and were relatively stable in the June quarter 2021.

23 The Sydney prices in this table are for E10. For comparison purposes, quarterly average RULP prices in Sydney were 156.0 cpl in the September quarter 2021 and 145.1 cpl in the June quarter 2021.

24 Charts in chapter 5 show 7-day rolling average retail petrol prices in each of the 5 largest cities over the 2 years to 30 September 2021.

Chart 3.1: Seven-day rolling average retail petrol prices in the 5 largest cities: 1 October 2019 to 30 September 2021



Source: ACCC calculations based on data from FUELtrac.

Notes: The area to the right of the dotted vertical line in this and subsequent charts represents the September quarter 2021.

A 7-day rolling average price is the average of the current day's price and prices on the 6 previous days. Traditionally, the ACCC has used a 7-day rolling average to smooth out the influence of petrol price cycles in the larger cities on price movements. This has been less effective in recent years because the duration of price cycles in most of the larger cities has become substantially greater than 7 days.

In the September quarter 2021, 7-day rolling average retail petrol prices increased to a high of 157.4 cpl on 6 July 2021. The last time 7-day rolling average retail petrol prices were at this level was on 21 December 2019 when prices were 157.5 cpl. Prices were subsequently relatively stable within a 10.9 cpl band for the rest of the quarter.

3.2 The number and nature of price cycles in each city varied

Price cycles (i.e. the sudden, sharp increases in the price of petrol, followed by a gradual decline) are a prominent and longstanding feature of retail petrol prices in Australia's 5 largest cities. These price cycles do not occur in the smaller capital cities or in most regional locations. Price cycles are the result of pricing decisions made by petrol retailers aiming to maximise profits. They only occur at the retail level; wholesale prices do not exhibit similar cyclical movements.

Table 3.2 shows that in the year to September 2021 the number of price cycles varied in the 5 largest cities.

Table 3.2: Number of price cycles per quarter in the 5 largest cities: December quarter 2020 to September quarter 2021

Quarter	Sydney	Melbourne	Brisbane	Adelaide	Perth
Dec-20	3	2	3	4	13
Mar-21	2	2	3	7	13
Jun-21	3	2	2	7	13
Sep-21	1	3	3	6	13
Year to Sep-21	**9**	**9**	**11**	**24**	**52**

Source: ACCC calculations based on data from FUELtrac.

Note: A price cycle occurs in a quarter if the peak of a price cycle takes place in that quarter.

In the September quarter 2021, Sydney had only one price cycle, compared with 3 price cycles in the June quarter 2021. Adelaide had one less price cycle, while Brisbane and Melbourne each had one more price cycle.

In 2020 and the first half of 2021, the average duration of price cycles in Sydney, Melbourne and Brisbane was around 5 to 6 weeks. Price cycles in Adelaide occurred more regularly, with an average duration of around 2 weeks. This largely continued in the September quarter 2021. The past 2 price cycles in Sydney (at the end of the June quarter 2021 and in the September quarter 2021) were longer in duration at around 7 to 8 weeks. The COVID-19 related lockdown in Sydney may have influenced the duration of these price cycles.

Perth had the most price cycles, with price cycles having occurred on a weekly basis since 2011. The WA FuelWatch scheme, which has been operating since 2001, may be influencing the consistency of price cycles in Perth.

The ACCC released a report on petrol price cycles in Australia in December 2018.[25] The report noted that while motorists find price cycles frustrating, they could use price cycles to their advantage to make substantial savings across the year. The report analysed petrol price cycles between 2007 and 2017. The ACCC is extending the analysis to cover more recent years and intends to release another report on petrol price cycles in 2022.

3.3 Petrol price cycles have been influenced by the impact of COVID-19

The impact of COVID-19 on retail petrol prices since March 2020 has led to changes in the price cycles in each of the 5 largest cities. This is reflected in changes in the shape of the price cycles and in daily average GIRDs.[26]

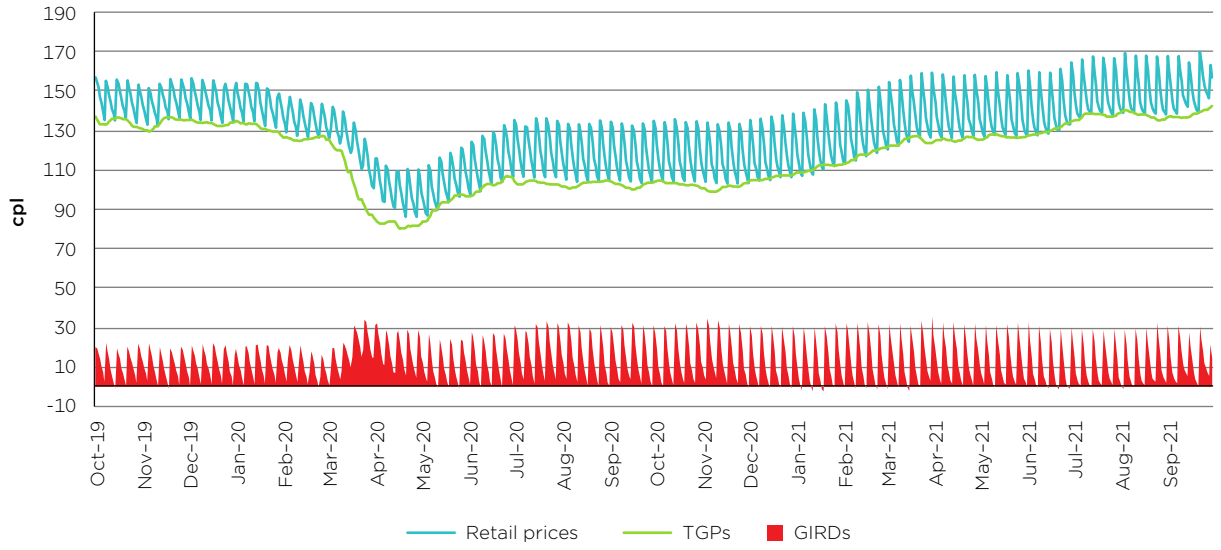
GIRDs are a broad indicator of gross retail margins. The ACCC calculates GIRDs by subtracting average TGPs from average retail petrol prices. TGPs are prices that wholesalers charge for petrol in the spot market. The major wholesalers post these prices on their websites on a regular basis. Although few wholesale transactions occur at TGPs, they are indicative wholesale prices. TGPs, which vary across brands and cities, reflect the wholesale price of petrol only, and exclude other retail operating costs (such as freight, the cost of using a particular brand and other costs of doing business including rent, wages and utility costs). As GIRDs are a broad indicator of gross retail margins, they should not be confused with actual retail profits, which are more closely related to net margins. Chapter 4 discusses GIRDs in the 5 largest cities in more detail.

Charts 3.2 to 3.6 illustrate the changes in the shape of the price cycles and daily average GIRDs in each of the 5 largest cities in the period from 1 October 2019 to 30 September 2021. The charts show daily average retail petrol prices, TGPs and GIRDs.

25 ACCC, *Petrol price cycles in Australia*, 6 December 2018, at: https://www.accc.gov.au/publications/petrol-industry-reports/petrol-price-cycles-in-australia.

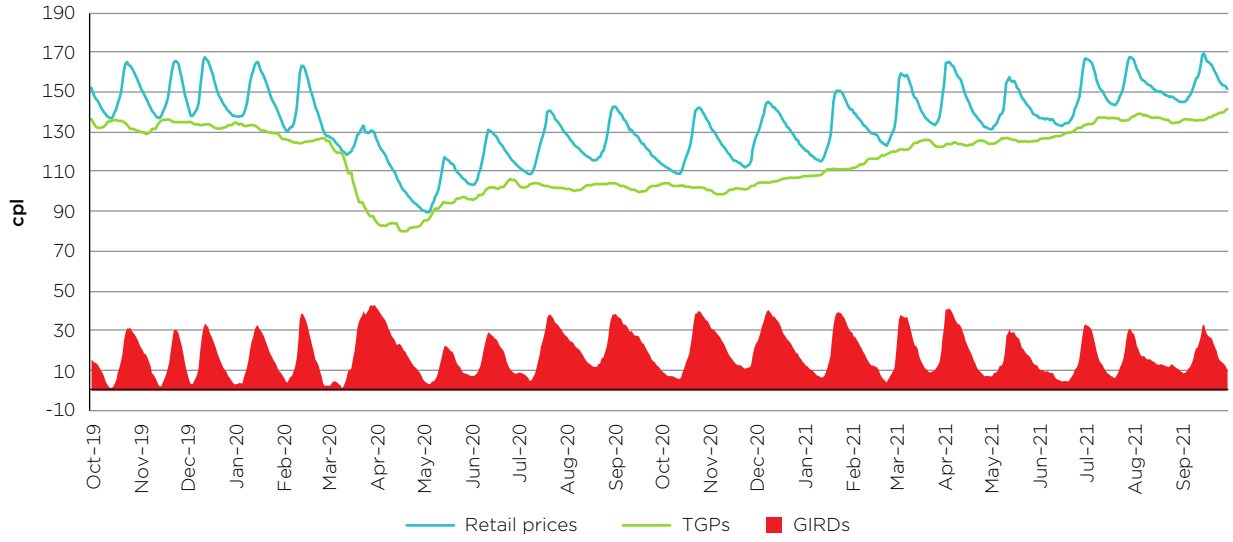
26 Petrol price cycles in the 5 largest cities are not static and change over time.

Chart 3.2: Daily average retail petrol prices, TGPs and GIRDs in Perth: 1 October 2019 to 30 September 2021



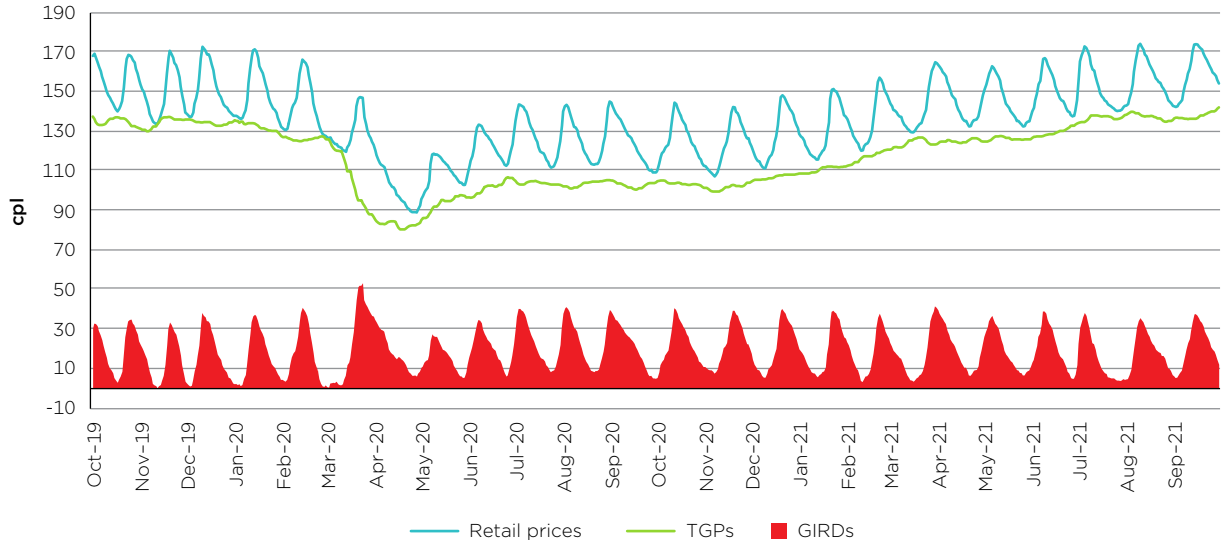
Source: ACCC calculations based on data from FUELtrac, Ampol, bp, Mobil, Viva Energy and WA FuelWatch.

Chart 3.3: Daily average retail petrol prices, TGPs and GIRDs in Melbourne: 1 October 2019 to 30 September 2021



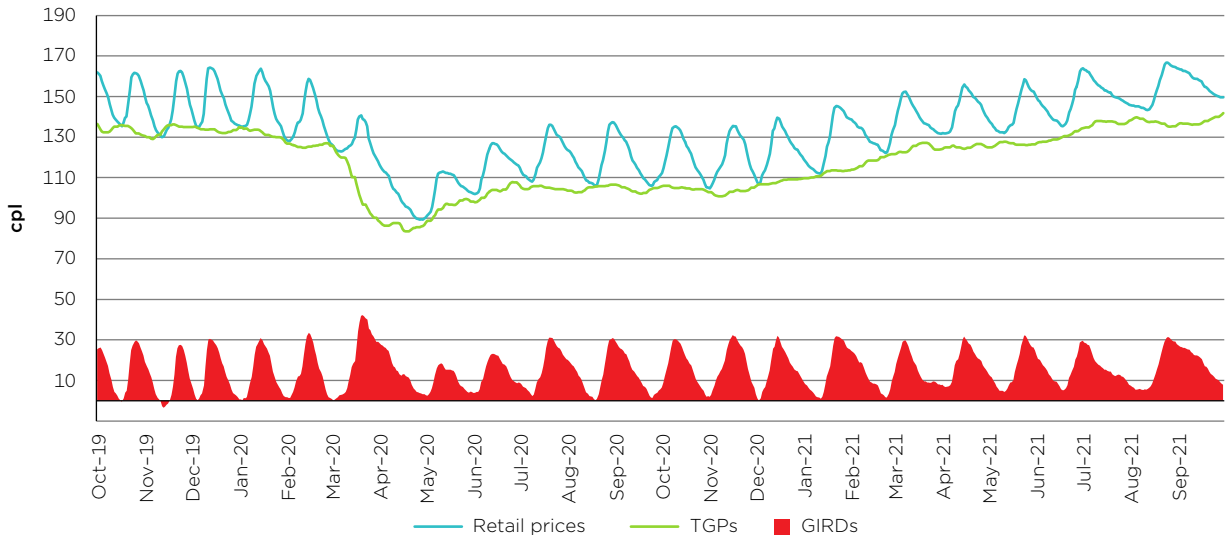
Source: ACCC calculations based on data from FUELtrac, Ampol, bp, Mobil and Viva Energy.

Chart 3.4: Daily average retail petrol prices, TGPs and GIRDs in Brisbane: 1 October 2019 to 30 September 2021



Source: ACCC calculations based on data from FUELtrac, Ampol, bp, Mobil and Viva Energy.

Chart 3.5: Daily average retail petrol prices, TGPs and GIRDs in Sydney: 1 October 2019 to 30 September 2021



Source: ACCC calculations based on data from FUELtrac, Ampol, bp, Mobil and Viva Energy.

Chart 3.6: Daily average retail petrol prices, TGPs and GIRDs in Adelaide: 1 October 2019 to 30 September 2021

Source: ACCC calculations based on data from FUELtrac, Ampol, bp, Mobil and Viva Energy.

Changes in the shape of the price cycles were different across the cities:

- Regular weekly price cycles continued in **Perth** throughout the period. However, following the initial impact of COVID-19 in March 2020 retail prices at the peak of the price cycle increased and have remained higher.
- Following the initial impact of COVID-19, retail prices in **Melbourne** were higher at both the peak and the trough of the price cycle. Average retail prices also took longer to reach the trough price of the price cycle. In the September quarter 2021, retail prices were not as high at the peak price, however they were higher at the trough price. This may have been influenced by the lockdown restrictions in Melbourne in the quarter.
- The shape of the price cycle in **Brisbane** over the past 2 years has been largely similar to that in Melbourne (apart from the changes in Melbourne in the September quarter 2021). In Brisbane, there was little change to the price cycle in the September quarter 2021.
- Average retail prices in **Sydney** took longer to reach the trough price following the initial impact of COVID-19. In the past 2 quarters, retail prices were higher at the trough price compared with earlier quarters. This may have been influenced by the lockdown restrictions in Sydney during this time.
- There was a different trend for **Adelaide**. After the initial impact of COVID-19, prices generally decreased to being either very close to, or below, TGPs in the second half of 2020. In the last 2 quarters, retail prices at the peak of the price cycle were noticeably lower than in earlier quarters. The introduction of the fuel price transparency scheme in Adelaide from 20 March 2021, which provides motorists with access to real-time fuel price information, may have been an influence on the smaller price cycle increases.
  - From the start of the scheme to the end of September 2021, the average increase in prices to the peak of the price cycle was 23.3 cpl. This compares with an average increase of 34.3 cpl in the 6 months prior to the start of the scheme.
  - The average duration of price cycles since October 2019 has remained relatively consistent at around 2 weeks.

3.4 Retail prices in Brisbane were higher than each of the other 4 largest cities for the second consecutive quarter

Retail prices in Brisbane are generally the highest among the 5 largest cities. In the September quarter 2021, Brisbane had the highest prices for the second consecutive quarter.

Chart 3.7 shows quarterly average retail prices in Brisbane and average prices in the other 4 largest cities (Sydney, Melbourne, Adelaide and Perth) over the 2 years to the September quarter 2021. Over this period, Brisbane retail prices were on average 4.3 cpl higher than the average in the other 4 largest cities, ranging from a low of 2.0 cpl in the June quarter 2020 to a high of 6.0 cpl in the June quarter 2021.

Chart 3.7: Quarterly average retail prices in Brisbane and the other 4 largest cities in aggregate: December quarter 2019 to September quarter 2021

Source: ACCC calculations based on data from FUELtrac.

In the September quarter 2021, average retail prices in Brisbane (156.6 cpl) were 5.5 cpl higher than the other 4 largest cities in aggregate (151.1 cpl). This was 0.5 cpl lower than the differential in the June quarter 2021 (6.0 cpl).

In the year to September 2021, Brisbane retail prices were on average 5.1 cpl higher than the average across the other 4 largest cities. This was slightly higher than the differential in the year to June 2021 (4.9 cpl).

The ACCC released its report on the Brisbane petrol market in October 2017.[27] It noted that petrol prices in Brisbane had been significantly higher than those in the other 4 largest cities in the period 2009–10 to 2016–17. Over those 8 years, Brisbane motorists paid on average 3.3 cpl more for petrol than motorists in the other 4 largest cities.

The report found that the main factor influencing the higher prices in Brisbane was higher retail margins on petrol, which contributed to profits in Brisbane being significantly higher than the average across Australia. It also found that, compared with Sydney, retail pricing was less competitive in Brisbane, with retailers setting prices higher at the top and bottom of the price cycle than retailers in Sydney. Furthermore, Brisbane had fewer retail chains that were effective and vigorous price competitors. Brisbane had only 4 retailers in this category (7-Eleven, Woolworths, Puma Energy and United), while Sydney had 7 (Speedway, Metro, Budget, Westside, United, 7-Eleven and Woolworths).

27 ACCC, *Report on the Brisbane petrol market*, 9 October 2017, at: https://www.accc.gov.au/publications/petrol-market-studies/report-on-the-brisbane-petrol-market.

The ACCC's 2021 report on petrol prices by major retailer in 2019 and 2020 identified that motorists in Brisbane could make savings by shopping around. The report concluded that in 2020 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 6.7 cpl each time they filled up, or $174.[28]

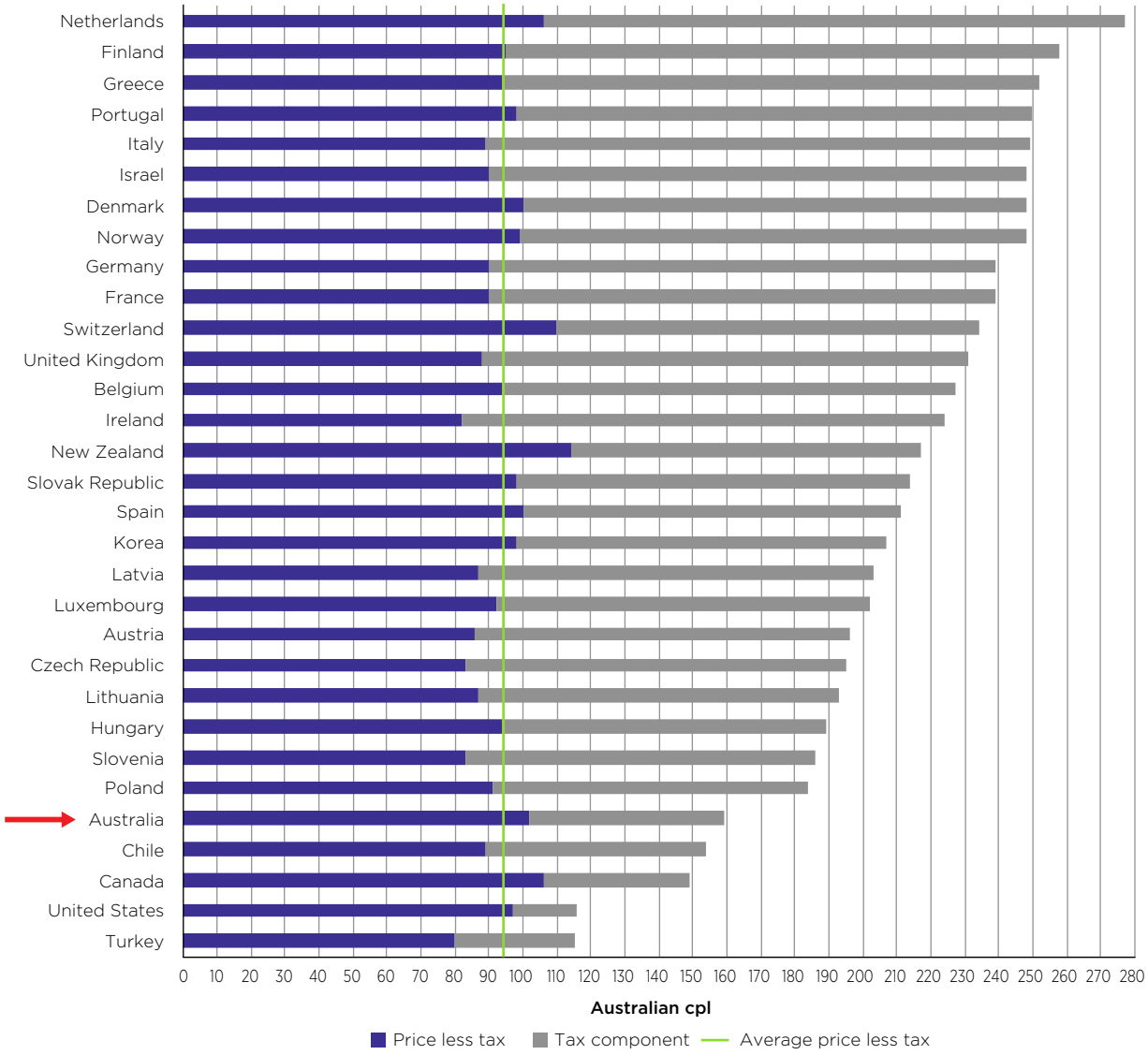
3.5 Retail petrol prices in Australia were lower than in most OECD countries due to lower taxes

Compared with other developed countries, Australia's retail petrol prices are relatively low. Chart 3.8 shows average retail PULP 95 prices – both including and excluding taxes – among 31 countries in the Organisation for Economic Co-operation and Development (OECD) in the June quarter 2021 (the latest data available).

A degree of caution needs to be exercised when comparing international petrol prices, because fuel quality standards and taxation rates differ among countries, as does the availability and use of fuel types.

28 ACCC, *Independent chains generally have the lowest prices – report on petrol prices by major retailer in 2019 and 2020*, 8 June 2021, p. 5, at: https://www.accc.gov.au/system/files/Independent%20chains%20generally%20have%20the%20lowest%20prices%20-%20report%20on%20petrol%20prices%20by%20major%20retailer%20in%202019%20and%202020.pdf.

Chart 3.8: Average retail PULP 95 prices and taxes in OECD countries: Australian cpl, June quarter 2021



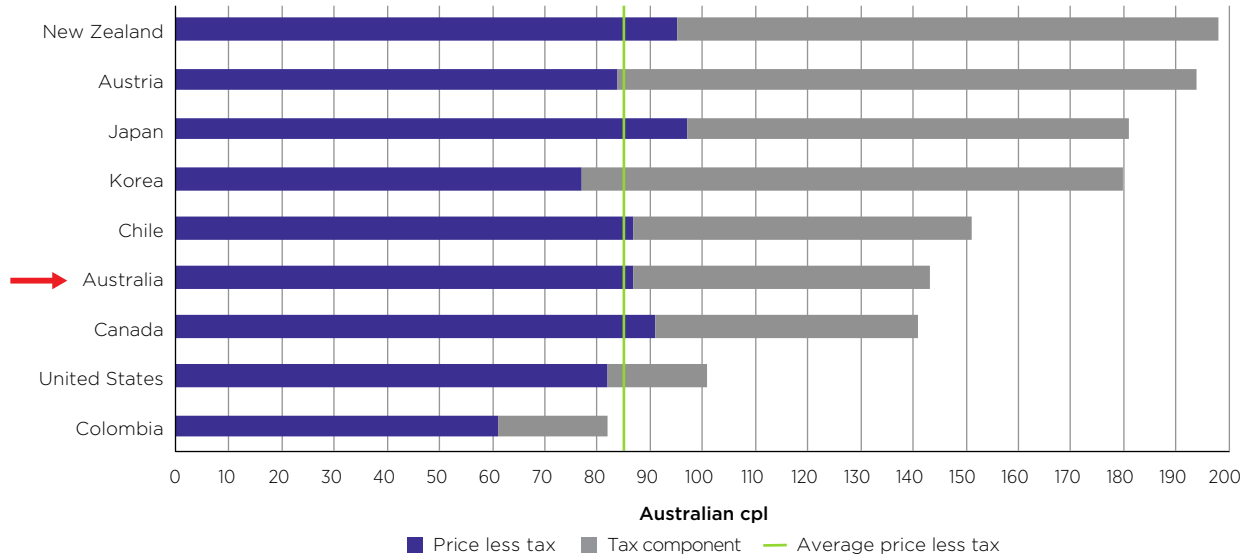
Source: DISER, *Australian Petroleum Statistics, issue 302, September 2021*, at: https://www.energy.gov.au/publications/australian-petroleum-statistics-2021, accessed on 16 November 2021.

Note: All international prices shown are for PULP 95 RON, except for New Zealand (96 RON).

The chart shows that Australia had the fifth-lowest retail PULP 95 prices among OECD countries. However, the main reason for the lower retail petrol prices in Australia is the relatively low rate of taxation on fuel. In the June quarter 2021, taxes made up around 36% of the retail PULP 95 price in Australia. This was much lower than in many other OECD countries – the average tax component on PULP 95 prices in the OECD was around 55% in the June quarter 2021. Excluding taxes, PULP 95 prices in Australia were the fifth-highest among OECD countries.

Chart 3.9 shows average retail RULP prices – both including and excluding taxes – among 9 OECD countries in the June quarter 2021. In the majority of OECD countries, RULP is not sold in significant quantities. The chart shows that Australia had the fourth-lowest retail RULP prices among these countries. Excluding taxes, RULP prices in Australia were the equal fourth-highest among OECD countries.

Chart 3.9: Average retail RULP prices and taxes in OECD countries: Australian cpl, June quarter 2021

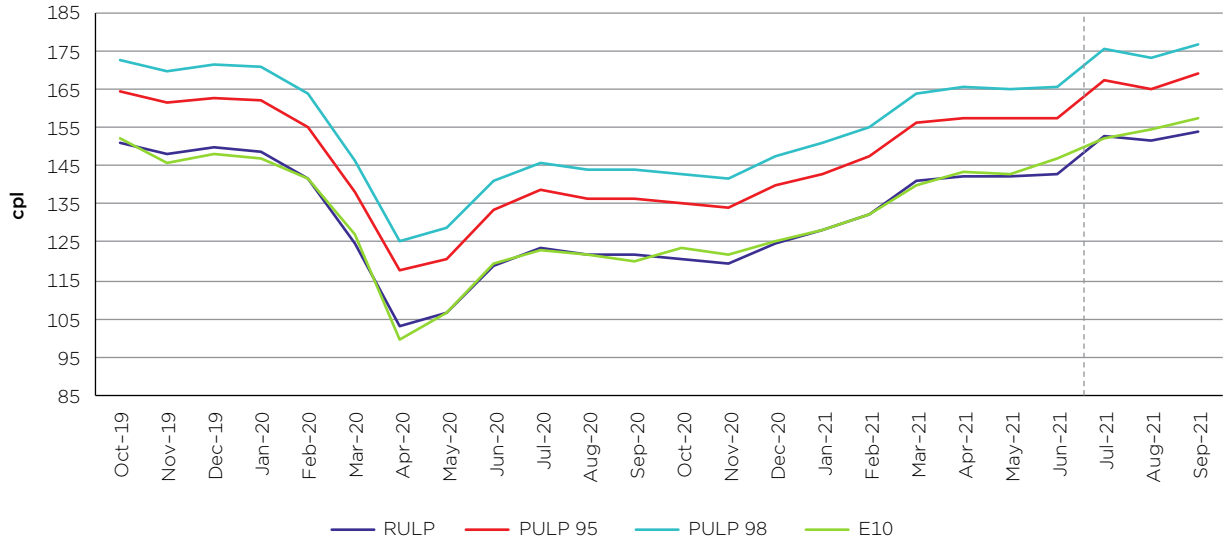


Source: DISER, *Australian Petroleum Statistics, issue 302, September 2021*, at: https://www.energy.gov.au/publications/australian-petroleum-statistics-2021, accessed on 16 November 2021.

3.6 The price differential between premium and regular unleaded petrol decreased marginally

Chart 3.10 shows that retail prices of the main grades of unleaded petrol – RULP, PULP 95, PULP 98, and E10 – all moved in a similar manner over the 2 years to September 2021.[29]

Chart 3.10: Monthly average retail prices of RULP, PULP 95, PULP 98 and E10 in the 5 largest cities: October 2019 to September 2021



Source: ACCC calculations based on data from FUELtrac.

In the September quarter 2021, the average differential in the 5 largest cities between:

- RULP and PULP 95 prices was 14.6 cpl (a decrease of 0.4 cpl from the previous quarter)
- RULP and PULP 98 prices was 22.4 cpl (a decrease of 0.6 cpl)

29 E10 prices are for Sydney and Brisbane only. RULP prices in Sydney are used in this section to calculate average RULP prices in the 5 largest cities.

- RULP and E10 was 2.1 cpl (no change from the previous quarter).[30]

Retail prices of the main grades of petrol move in a similar manner because they are all influenced by international refined petrol benchmark prices (which, in turn, predominantly move in line with changes international prices of crude oil).

The ACCC noted in its 2020 industry report on the financial performance of the downstream petroleum industry that PULP 95 and PULP 98 had become more expensive relative to the retail price of RULP over time, and that PULP was significantly more profitable than other petrol products.[31]

Between 2009–10 and 2020–21, the annual average price differential in **real** terms between RULP and PULP 95 increased from 11.4 cpl to 15.2 cpl, an increase of 3.8 cpl. The annual average price differential between RULP and PULP 98 similarly increased from 17.4 cpl to 22.8 cpl, an increase of 5.4 cpl.

A variety of factors influence higher average prices for PULP, relative to RULP, including adjustments to specific international benchmarks and potentially changes in the quality of PULP products. However, the increases in PULP prices in recent years may be translating, at least in part, to higher profits on PULP.

30 Historically, E10 prices have generally been lower than RULP prices. E10 remained higher than RULP for the second consecutive quarter after they were 0.2 cpl lower than average RULP prices in the March quarter 2021.

31 ACCC, *Financial performance of the Australian downstream petroleum industry 2002 to 2018*, 22 April 2020, pp. 3–4, at: https://www.accc.gov.au/publications/petrol-industry-reports/financial-performance-of-the-australian-downstream-petroleum-industry-2002-to-2018.

4. Components of petrol prices in the 5 largest cities

There are 3 broad components of average retail petrol prices:

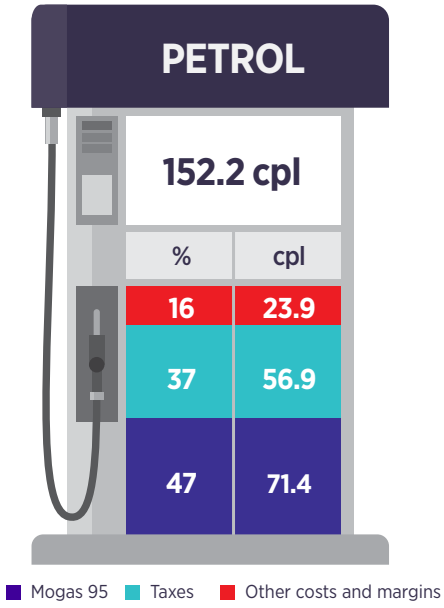
- the international price of refined petrol (Mogas 95)
- taxes (excise and GST)
- other costs and margins, at the wholesale and retail levels.

This chapter analyses these components in the September quarter 2021 and how they have changed over time.

4.1 Mogas 95 was the largest component of average retail petrol prices

Chart 4.1 shows the components of average retail petrol prices in the 5 largest cities in the September quarter 2021.[32]

Chart 4.1: Components of average retail petrol prices in the 5 largest cities in the September quarter 2021



Source: ACCC calculations based on data from FUELtrac, Argus Media, RBA and ATO.

The chart shows that the price of Mogas 95 was the largest component of average petrol prices in the September quarter 2021 (47%). The 2 largest components – Mogas 95 and taxes – accounted for 84% of average petrol prices. These components are largely outside the control of the local petrol retailers.

In the September quarter 2021, as a proportion of average retail petrol prices:

- Mogas 95 increased by 3 percentage points from the June quarter 2021
- taxes decreased by 2 percentage points[33]
- other costs and margins decreased by 1 percentage point.

32 Taxes include fuel excise, and both the wholesale and retail components of GST.

33 Taxes increased by 1.3 cpl in the quarter. This included an increase in excise by 0.6 cpl to 43.3 cpl (effective from 2 August 2021).

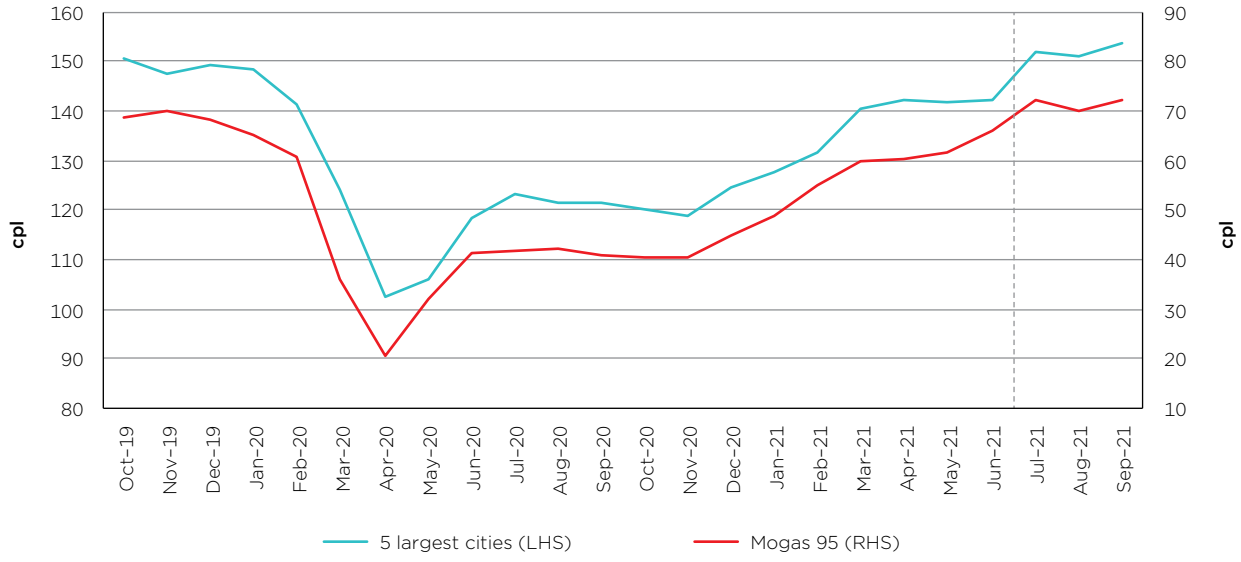
4.2 Changes in Mogas 95 prices continued to drive retail prices higher

As Australia's local refining capacity cannot produce all of Australia's fuel needs, refined petrol is imported to Australia from international markets. The price of refined petrol in the Asia-Pacific region is the relevant international benchmark price for the wholesale price of petrol in Australia. For RULP, it is the price of Singapore Mogas 95 Unleaded (Mogas 95). This benchmark is used for pricing petrol in Australia due to Australia's proximity to Singapore, which is one of the world's most important trading and refining centres.

The price of Mogas 95 is linked to the price of crude oil as crude oil is the major input into the production of refined petrol. Crude oil is an internationally traded commodity, and its price is determined by global demand and supply factors. When the world price of crude oil changes it generally flows through into the price of refined petrol and then into retail petrol prices in Australia. Chapter 6 provides more details on movements in international crude oil and Mogas 95 prices.

Chart 4.2 shows monthly average Mogas 95 prices in Australian cents per litre, and monthly average retail petrol prices in the 5 largest cities, in the 2 years to September 2021. It shows that Mogas 95 prices and retail petrol prices in the 5 largest cities moved in a similar pattern over the past 2 years. This indicates that changes in the international price of refined petrol generally drive changes in domestic retail prices.

Chart 4.2: Monthly average retail petrol prices in the 5 largest cities and Mogas 95 prices: October 2019 to September 2021



Source: ACCC calculations based on data from FUELtrac, Argus Media and RBA.

In the 2 years to September 2021:

- monthly average Mogas 95 prices varied by 51.7 cpl (from a low of 20.5 cpl in April 2020 to a high of 72.2 cpl in September 2021)
- monthly average retail petrol prices in the 5 largest cities varied by 51.1 cpl (from a low of 102.6 cpl in April 2020 to 153.7 cpl in September 2021).

In the September quarter 2021:

- monthly average Mogas 95 prices increased from 66.1 cpl in June 2021 to 72.2 cpl in September 2021 (an increase of 6.1 cpl), and monthly average retail prices in the 5 largest cities increased from 142.3 cpl in June 2021, to 153.7 cpl in September 2021 (an increase of 11.4 cpl)
- quarterly average Mogas 95 prices were 71.4 cpl (an increase of 8.6 cpl from the June quarter 2021), and quarterly average retail petrol prices in the 5 largest cities were 152.2 cpl (an increase of 10.2 cpl).

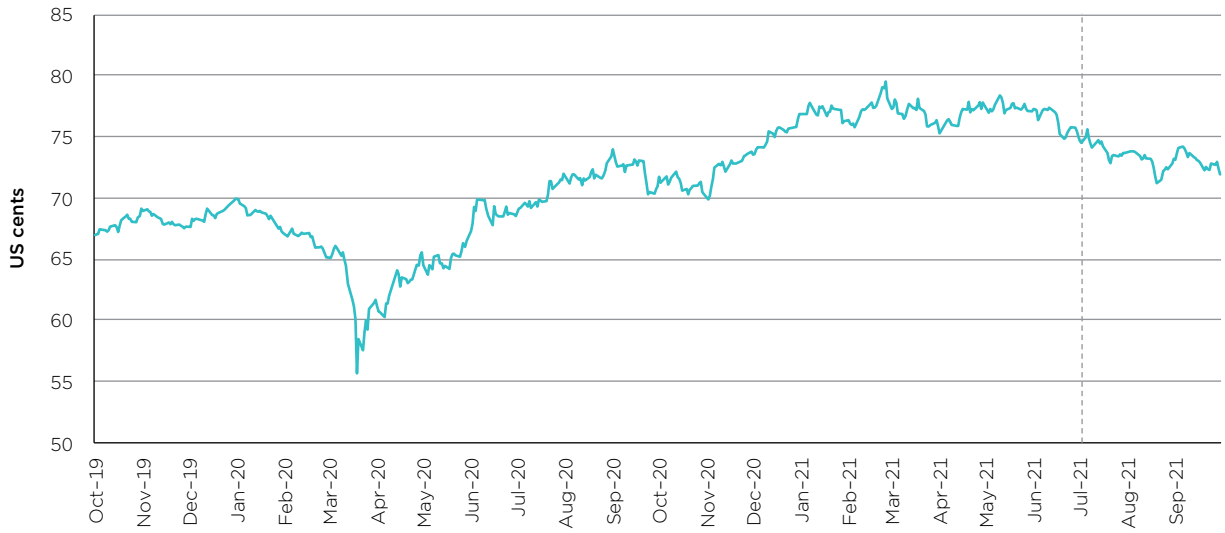
In the September quarter 2021 average Mogas 95 prices were the highest in 3 years (since the September quarter 2018).

4.3 The AUD–USD exchange rate was lower

The AUD–USD exchange rate has a significant influence on Australia's retail petrol prices because international refined petrol is bought and sold in US dollars in global markets.

Chart 4.3 shows that the daily AUD–USD exchange rate varied significantly over the 2 years to 30 September 2021. It ranged from a low of US 56 cents in late March 2020 to a high of US 80 cents in late February 2021.

Chart 4.3: Daily AUD–USD exchange rates: 1 October 2019 to 30 September 2021



Source: RBA.

Note: Exchange rates are the daily RBA 4.00 pm closing rates. See: http://www.rba.gov.au/statistics/frequency/exchange-rates.html.

In the September quarter 2021, the AUD–USD exchange rate trended downwards. The quarterly average AUD–USD exchange rate was US 73 cents, which was US 4 cents lower than the June quarter 2021 (US 77 cents).

When the AUD depreciates against the USD, it puts upward pressure on domestic retail petrol prices because refined petrol sold on international markets in US dollars becomes more expensive in AUD terms.

If the AUD–USD exchange rate had remained at the 2-year high of US 80 cents in late February 2021, average retail petrol prices in Australia in the September quarter 2021 would have been around 6.1 cpl lower (everything else being equal).

Conversely, if the AUD–USD exchange rate had been at the 2-year low of US 56 cents in late March 2020, average retail petrol prices in Australia in the September quarter 2021 would have been around 25 cpl higher (everything else being equal).

This indicates the significant impact that changes in the AUD–USD exchange rate have on Australian retail petrol prices.

4.4 Average GIRDs in the 5 largest cities were marginally lower in the quarter

Average GIRDs in the 5 largest cities (in aggregate) were 14.7 cpl in the September quarter 2021. This was 0.1 cpl lower than the previous quarter (14.8 cpl). This was the fourth consecutive quarter in which GIRDs decreased.

GIRDs were defined in section 3.3. The GIRDs reported by the ACCC are averages across the 5 largest cities over time. The level of prices, costs and profits vary significantly between retail operations and not all retail petrol sites will be achieving these gross margins. Some will be achieving higher gross margins, others lower. The ACCC petrol market studies found that profits per retail petrol site could vary considerably between retailers, with some retail sites making substantial profits and others making very little.

Table 4.1 shows quarterly average GIRDs in each of the 5 largest cities in the year to September 2021.

Table 4.1: Quarterly average retail petrol prices, TGPs and GIRDs in the 5 largest cities: December quarter 2020 to September quarter 2021 – cpl

Location	Quarter	Retail prices cpl	TGPs cpl	GIRDs cpl
5 largest cities	Dec–20	121.4	104.0	17.4
	Mar–21	133.4	117.6	15.8
	Jun–21	142.0	127.2	14.8
	Sep–21	152.2	137.5	14.7
	Year to Sep–21	**137.3**	**121.6**	**15.7**
Sydney	Dec–20	122.4	105.2	17.2
	Mar–21	132.8	118.2	14.6
	Jun–21	143.6	127.2	16.4
	Sep–21	154.5	137.3	17.2
	Year to Sep–21	**138.4**	**122.0**	**16.4**
Melbourne	Dec–20	126.3	103.6	22.7
	Mar–21	136.2	117.1	19.1
	Jun–21	144.5	126.9	17.6
	Sep–21	155.2	137.4	17.8
	Year to Sep–21	**140.6**	**121.2**	**19.4**
Brisbane	Dec–20	126.0	104.1	21.9
	Mar–21	135.6	117.4	18.2
	Jun–21	146.8	127.1	19.7
	Sep–21	156.6	137.4	19.2
	Year to Sep–21	**141.3**	**121.5**	**19.8**
Adelaide	Dec–20	114.1	103.9	10.2
	Mar–21	132.1	117.5	14.6
	Jun–21	135.2	127.3	7.9
	Sep–21	145.3	137.7	7.6
	Year to Sep–21	**131.7**	**121.6**	**10.1**
Perth	Dec–20	117.8	103.3	14.5
	Mar–21	130.3	117.6	12.7
	Jun–21	139.9	127.5	12.4
	Sep–21	149.6	137.8	11.8
	Year to Sep–21	**134.4**	**121.6**	**12.8**

Source: ACCC calculations based on data from FUELtrac, Ampol, bp, Mobil, Viva Energy and WA FuelWatch.
Note: Retail prices, TGPs and GIRDs in Sydney are for E10.

The table shows that quarterly average GIRDs:

- varied significantly over time and across cities, ranging from a high of 22.7 cpl (in Melbourne in the December quarter 2020) to a low of 7.6 cpl (in Adelaide in the September quarter 2021)
- were lowest in Sydney and Brisbane in the March quarter 2021, Melbourne in the June quarter 2021 and Adelaide and Perth in the September quarter 2021

- were equal highest in Sydney in the December quarter 2020 and the September quarter 2021, highest in Melbourne, Brisbane and Perth in the December quarter 2020 and Adelaide in the March quarter 2021.

The table also shows that GIRDs in Adelaide were consistently lower and GIRDs in Brisbane and Melbourne were consistently higher:

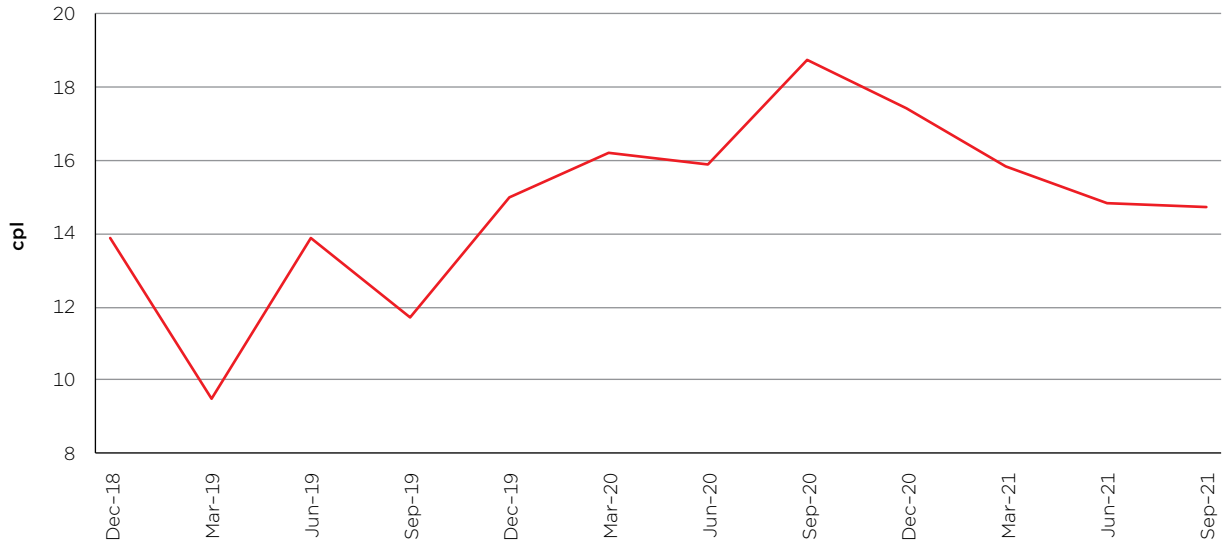
- in the September quarter 2021, GIRDs were 7.6 cpl in Adelaide and 11.8 cpl in Perth, while GIRDs in Brisbane, Melbourne and Sydney were significantly higher at 19.2 cpl, 17.8 cpl and 17.2 cpl respectively
- in the year to September 2021, annual average GIRDs were 10.1 cpl in Adelaide and 12.8 cpl in Perth, whereas in Brisbane, Melbourne and Sydney they were 19.8 cpl, 19.4 cpl and 16.4 cpl respectively.

The comparatively lower GIRDs in Adelaide are the result of relatively lower retail petrol prices. These may have been influenced by greater fuel price transparency following the commencement of the South Australian Government's fuel price transparency scheme in March 2021.

4.5 Average GIRDs in the 5 largest cities decreased over the past year

Chart 4.4 shows quarterly average GIRDs in the 5 largest cities (in aggregate) over the past 3 years from the December quarter 2018 to the September quarter 2021.

Chart 4.4: Quarterly average GIRDs in the 5 largest cities: December quarter 2018 to September quarter 2021



Source: ACCC calculations based on data from FUELtrac, Ampol, bp, Mobil, Viva Energy and WA FuelWatch.

The chart shows that quarterly average GIRDs in the 5 largest cities trended down in the 4 quarters following the record high GIRDs in the September quarter 2020 (18.7 cpl). Average GIRDs decreased by 4.0 cpl over the past year, to 14.7 cpl in the September quarter 2021, which is marginally lower than levels before the COVID-19 pandemic.[34]

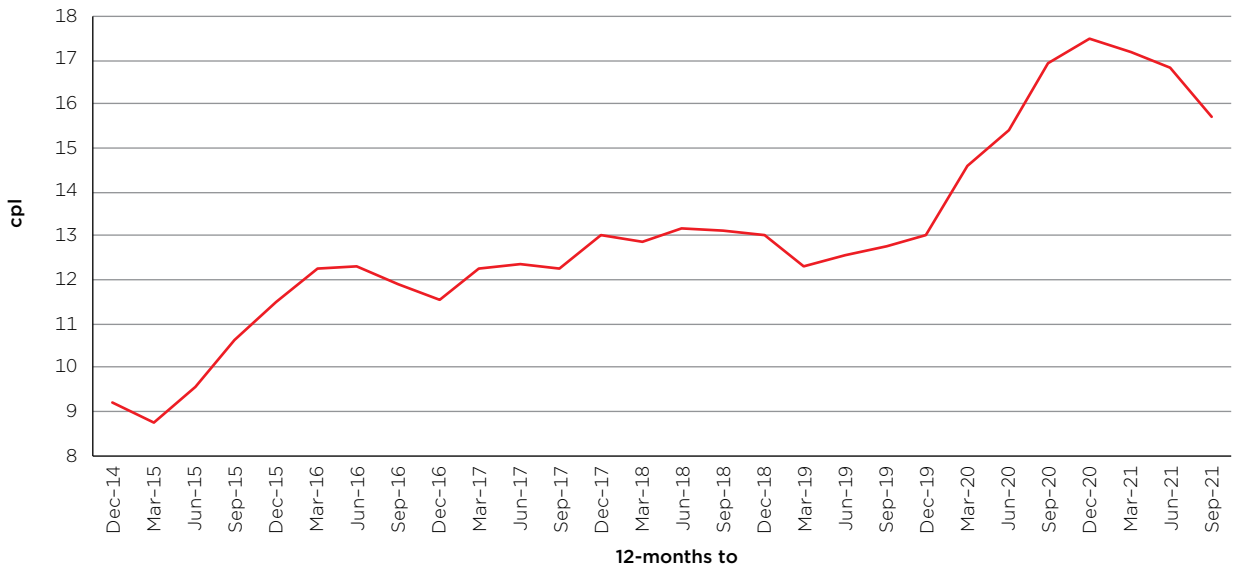
The chart also shows that GIRDs can be volatile on a quarterly basis. When TGPs increase by large amounts in a short period, lags between changes in TGPs and changes in retail prices often have the effect of reducing GIRDs in the short term. Conversely, when TGPs decrease by large amounts in a short period these lags often have the effect of increasing GIRDs.

The effects of the lags between changes in TGPs and retail prices, and their impact on GIRDs, is less prevalent when GIRDs are considered over a longer period.

34 Quarterly average GIRDs in December 2019 were 15.0 cpl.

Chart 4.5 shows 12-month average GIRDs in **real** terms across the 5 largest cities, calculated at the end of each quarter over the past 7 years.[35]

Chart 4.5: Twelve-month average GIRDs in the 5 largest cities in real terms: December 2014 to September 2021



Source: ACCC calculations based on data from FUELtrac, Informed Sources, Ampol, bp, Mobil, Viva Energy and WA FuelWatch, and Australian Bureau of Statistics, 6401.0 *Consumer Price Index, Australia, September 2021, tab*les 1 and *2. CPI: All Groups, Index Numbers and Percentage Changes*, at: https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release#data-download, accessed on 16 November 2021.

Note: **Real** prices are shown in September 2021 dollars.

The chart shows that across the 5 largest cities there was a substantial increase in **real** 12-month average GIRDs between December 2019 and December 2020 (of 4.5 cpl). In the year to December 2020, 12-month average GIRDs reached their highest level on record and **real** terms (17.5 cpl). Twelve-month average GIRDs have decreased by 1.8 cpl since then but remain higher than pre-pandemic levels.

The chart also shows that:

- there was a substantial increase in 12-month average GIRDs between March 2015 and March 2016 (of 3.6 cpl)
- between March 2016 and December 2019, 12-month average GIRDs were in a 1.7 cpl band between 11.5 cpl and 13.2 cpl.

The ACCC analysed financial data provided by petrol companies on retail gross profits (i.e. retail operating costs and net profits) from 2005–06 to 2017–18 to further understand the reasons for the higher GIRDs over time.[36] The analysis found that both retail operating costs and net profits on RULP increased during the period, and particularly between 2013–14 and 2016–17, suggesting that higher GIRDs had been influenced by increases in both operating costs and profits.[37]

35 I.e. using average retail prices and average TGPs over 12-month periods to the end of each quarter.

36 ACCC, *Financial performance of the Australian downstream petroleum industry 2002 to 2018*, 22 April 2020, pp. 34–36.

37 The analysis compared GIRDs (which are based on price data) with retail gross profit financial results on RULP (which are based on financial data). Both measures, although not directly comparable, showed a broadly similar upward trend over the longer term.

4.6 Two main factors have influenced changes in GIRDs in the 5 largest cities

There are 2 main factors that have influenced changes in GIRDs in the 5 largest cities over the past 5 quarters.

4.6.1 Lower turnover of petrol in the quarter likely continued to influence higher GIRDs in some locations

Petrol sales volumes have been significantly affected since early 2020 by COVID-19 restrictions, and retailers experiencing lower sales may have been keeping retail prices higher to cover their fixed costs. These effects from COVID-19 on petrol demand likely contributed to the high GIRDs in 2020–21.

Petrol retailing is a high-volume low-margin business with many fixed costs (such as rent and the cost of using a particular brand). This means that when sales volumes decline, the cost per unit of petrol will increase. To generate revenue to partially cover their fixed costs, some retailers may have been setting retail prices higher than they otherwise would.

In the September quarter 2021, lower sales volumes in some jurisdictions likely continued to affect GIRDs in those areas. Average GIRDs increased in both Sydney and Melbourne in the quarter at a time when petrol sales volumes in New South Wales were around 37% lower than in the June quarter 2021, and petrol sales volumes in Victoria were around 21% lower.

In other jurisdictions, where there were less COVID-19 restrictions, average sales volumes in the quarter were closer to, or around pre-pandemic levels. However, the prolonged period of lower sales may continue to be having a financial impact on some retailers.

4.6.2 Increasing wholesale prices likely contributed to average GIRDs decreasing over the past 4 quarters

Increasing international crude oil, refined petrol and wholesale petrol prices since November 2020 likely contributed to lower average GIRDs in the 5 largest cities (in aggregate). As noted above, when TGPs increase by large amounts in a short period, lags between changes in TGPs and changes in retail prices often have the effect of reducing GIRDs.

Viva Energy noted in its 2021 Half Year Results Presentation in August 2021 that increases in oil prices influenced lower retail fuel margins in the first half of 2021.[38] Viva Energy further noted that in the September quarter 2021 its retail fuel margins were negatively impacted by consistently rising oil prices through the period and the normal lag associated with reflecting these increased costs in retail pump prices.[39]

38 Viva Energy, *2021 Half Year Results Presentation*, ASX release, 24 August 2021, p. 14, at: https://investor.vivaenergy.com.au/investor-centre/?page=asx-announcements, accessed on 16 November 2021.

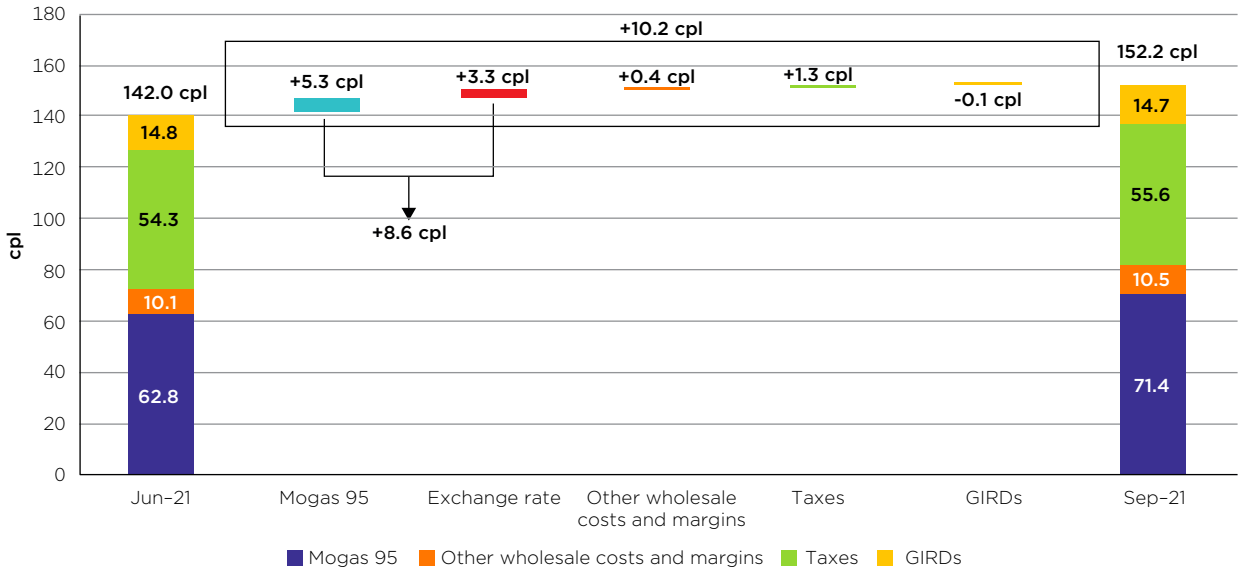
39 Viva Energy, *Third Quarter Operational and Trading Update*, ASX release, 25 October 2021, p. 1, at: https://investor.vivaenergy.com.au/investor-centre/?page=asx-announcements, accessed on 16 November 2021.

4.7 The increase in Mogas 95 prices was the main contributor to higher retail prices in the quarter

Chart 4.6 shows the change in the components of average retail petrol prices in the 5 largest cities between the June quarter 2021 and September quarter 2021. The chart separates the other costs and margins component into:

- the retail component (represented by GIRDs)
- the other wholesale costs and margins component (which includes international shipping costs and import costs).

Chart 4.6: Changes in the components of average retail petrol prices in the 5 largest cities: June quarter 2021 to September quarter 2021



Source: ACCC calculations based on data from FUELtrac, Argus Media, Ampol, bp, Mobil, Viva Energy, WA FuelWatch, RBA and ATO.

Notes: All prices are in Australian cents per litre.

The taxes component includes fuel excise and wholesale GST. The small amount of retail GST is included in GIRDs rather than in taxes, to be consistent with GIRDs reported elsewhere in this report. As a result, the taxes component in this chart is not the same as the taxes component in chart 4.1.

The chart shows that the increase in average retail petrol prices in the 5 largest cities in the September quarter 2021 (10.2 cpl) was mainly due to the increase in the price of Mogas 95 and depreciation in the AUD–USD exchange rate.

The AUD–USD exchange rate is a significant determinant of Australia's retail petrol prices because imported crude oil and international refined petrol (from which domestically refined petrol is priced) is bought and sold in US dollars in global markets. Excluding the effect of changes in the AUD–USD exchange rate (which decreased by US 4 cents in the quarter), Mogas 95 prices would have increased by 5.3 cpl in the quarter. The lower AUD–USD exchange rate however compounded the increase in Mogas 95 prices and resulted in Mogas 95 prices increasing by an additional 3.3 cpl in AUD terms. The net effect of movements in Mogas 95 prices and the AUD–USD exchange rate was that Mogas 95 prices in Australian cents per litre increased by 8.6 cpl.

Higher taxes were a result of a 0.6 cpl increase in excise in August 2021 as well as the effect of the GST on higher wholesale prices.

5. Retail petrol price movements in the smaller capital cities and in regional locations

This chapter analyses petrol prices in the 3 smaller capital cities (Canberra, Hobart and Darwin) and in regional locations. The ACCC monitors fuel prices in over 190 regional locations across Australia. Appendix A lists these locations.

5.1 Retail prices in Darwin remained below prices across the 5 largest cities

In the September quarter 2021, average retail prices increased in all 3 smaller capital cities: Canberra by 12.0 cpl, Darwin by 10.6 cpl and Hobart by 8.8 cpl.[40] However, average retail prices in Darwin remained below prices across the 5 largest cities.

Table 5.1 shows quarterly average retail prices in the June and September quarters 2021 in each of the 3 smaller capital cities and across the 5 largest cities. The table shows the differential between quarterly average prices in each of the smaller capitals and the 5 largest cities.

Table 5.1: Quarterly and annual average retail petrol prices in each of the smaller capital cities and the 5 largest cities: June and September quarters 2021 – cpl

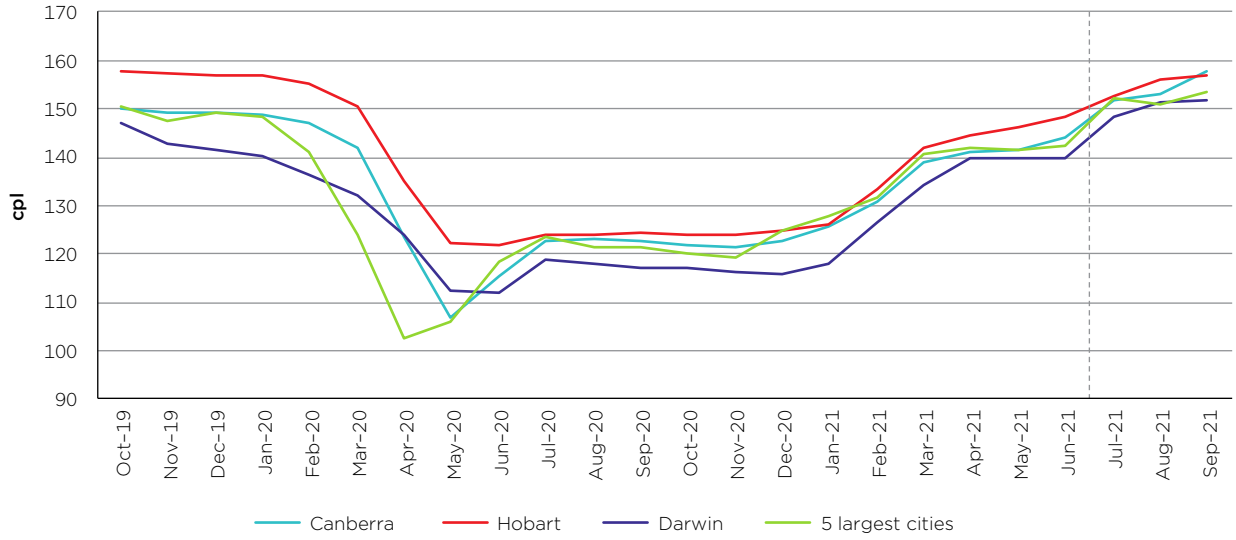
	Canberra	Hobart	Darwin	5 largest cities	Differential		
					Canberra	Hobart	Darwin
Jun-21	142.2	146.4	139.9	142.0	0.2	4.4	-2.1
Sep-21	154.2	155.2	150.5	152.2	2.0	3.0	-1.7
Change	**12.0**	**8.8**	**10.6**	**10.2**	**1.8**	**-1.4**	**0.4**

Source: ACCC calculations based on data from FUELtrac.

Chart 5.1 shows monthly average prices in each of the smaller capital cities and the 5 largest cities in the 2 years to September 2021.

40 Charts 5.8 to 5.10 show 7-day rolling average retail petrol prices in each of the 3 smaller capital cities over the 2 years to 30 September 2021.

Chart 5.1: Monthly average retail petrol prices in Canberra, Hobart, Darwin and the 5 largest cities: October 2019 to September 2021



Source: ACCC calculations based on data from FUELtrac.

The chart shows that in the year to September 2021, monthly average retail prices were:

- lower in Darwin than in the 5 largest cities in all months except August 2021
- lower in Canberra than in the 5 largest cities in 7 out of 12 months
- higher in Hobart than in the 5 largest cities in all months except January 2021.

5.2 Average regional prices were again lower than prices in the 5 largest cities

In most parts of Australia retail petrol prices have historically been higher in regional locations than in the 5 largest cities. A number of factors may contribute to these higher prices, including:

- a lower level of local competition
- lower volumes of fuel sold
- distance/location factors
- lower convenience store sales.

The influence of these factors varies significantly from location to location. This means that there may be substantial differences in prices between specific regional locations.

Despite these factors, average prices in regional locations in aggregate (regional prices) were lower than average prices in the 5 largest cities in every quarter in the year to September 2021.

In the September quarter 2021, average regional prices were 151.4 cpl, which was 0.8 cpl lower than average prices in the 5 largest cities (152.2 cpl). In the June quarter 2021, average regional prices were 1.0 cpl lower. This was the fifth quarter in a row in which average regional prices were lower than average prices in the 5 largest cities.

Chart 5.2 shows that in the year to September 2021, monthly average regional prices were lower than prices in the 5 largest cities in all months except June and August 2021.

Chart 5.2: Monthly average retail petrol prices in regional locations in aggregate and the 5 largest cities: October 2019 to September 2021

Source: ACCC calculations based on data from FUELtrac.

Regional prices increased over the September quarter 2021. In July 2021, monthly average regional prices were 149.2 cpl, an increase of 6.6 cpl from June 2021 (142.6 cpl). They increased to 152.1 cpl in August 2021 and increased again to 152.9 cpl in September 2021. Between June 2021 and September 2021, monthly average regional prices increased by 10.3 cpl, which was 1.1 cpl lower than the increase in the 5 largest cities over the same period (11.4 cpl).

In the September quarter 2021, average prices in 118 regional locations (representing around 64% of monitored locations) were lower than average prices in the 5 largest cities.

Appendix A has further information on petrol price movements in recent quarters in all locations the ACCC monitors.

5.3 Relatively lower regional prices may reflect more stable petrol demand in regional locations, and lag effects from increasing wholesale prices

There are 2 factors that may have contributed to retail prices in regional locations being lower than prices in the 5 largest cities in recent quarters.

5.3.1 Less frequent COVID-19 restrictions and lockdowns occurred in regional locations than in the 5 largest cities

Petrol retailers in the 5 largest cities, faced with a reduction in demand associated with various COVID-19 restrictions and lockdowns, may have been setting retail prices higher to partially cover their fixed costs.

As noted in chapter 4, lower petrol demand may have influenced higher GIRDs (and therefore higher retail prices) in the 5 largest cities in 2020–21.

Demand may have been more stable in many regional locations, and therefore retailers in those locations may not have had the same incentive to increase their retail prices by as much.

5.3.2 Retail prices in regional locations generally took longer to reflect increasing wholesale prices from November 2020, compared with the 5 largest cities

While retail petrol prices in regional locations generally follow movements in wholesale prices, they often do not respond as quickly – either up or down – relative to prices in the 5 largest cities. The frequency of retail site turnover of fuel influences these lags. They are longer in regional locations where volume turnover is smaller and the degree of competition is often not as intense.

Both of these influences may have contributed to average retail prices in regional locations being relatively lower in recent quarters compared with the 5 largest cities. The extent of their influence is likely to vary between regional locations. Differing levels of COVID-19 restrictions were applied across the country, and the length of lags varies among regional locations.

5.4 The difference between regional and city prices varied between jurisdictions

Table 5.2 shows the average differential between prices in regional locations in the states and Northern Territory and their respective capital city in the June quarter 2021, the September quarter 2021 and the year to 30 September 2021.

Table 5.2: Average differential between prices in regional locations in the states and the Northern Territory and their respective capital city: June quarter 2021, September quarter 2021 and year to 30 September 2021 – cpl

	NSW regions – Sydney	Vic regions – Melbourne	Qld regions – Brisbane	SA regions – Adelaide	WA regions – Perth	Tas regions – Hobart	NT regions – Darwin
Jun–21	-2.1	-6.1	-6.8	3.6	4.6	-1.5	10.7
Sep–21	-2.3	-6.4	-6.2	3.7	4.3	0.4	12.5
Year to 30 Sep–21	-2.6	-7.5	-6.4	1.7	4.3	-0.4	11.0

Source: ACCC calculations based on data from FUELtrac.

Note: A negative number means that average regional prices were lower than average capital city prices.

The table shows that:

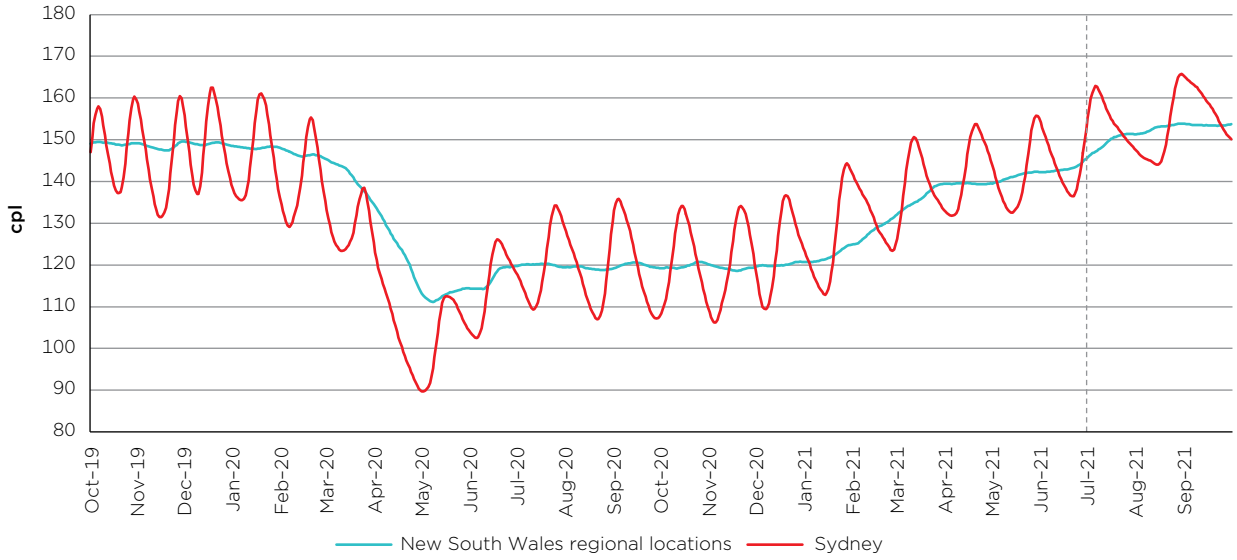
- in the September quarter 2021, average regional prices were lower than average capital city prices in New South Wales, Victoria and Queensland, and higher in South Australia, Western Australia, Tasmania and the Northern Territory
- this differential ranged from regional prices being 6.4 cpl lower in Victoria to being 12.5 cpl higher in the Northern Territory.

In Western Australia, while regional prices remained higher than Perth prices, the differential reduced significantly in the year to September 2021. It decreased from 11.3 cpl in the year to September 2020 to 4.3 cpl in the year to September 2021.

Charts 5.3 to 5.9 show 7-day rolling average retail petrol prices in regional locations in each state and the Northern Territory, along with those of the relevant capital city, from 1 October 2019 to 30 September 2021. They indicate that the pattern of price movements varies between the states and the Northern Territory.

Price cycles in a number of the capital cities significantly influence price comparisons between capital cities and regional locations over the short term. An example is the price differential between Sydney and regional locations in New South Wales in May 2020.

Chart 5.3: Seven-day rolling average petrol prices in New South Wales regional locations and Sydney: 1 October 2019 to 30 September 2021



Source: ACCC calculations based on data from FUELtrac.

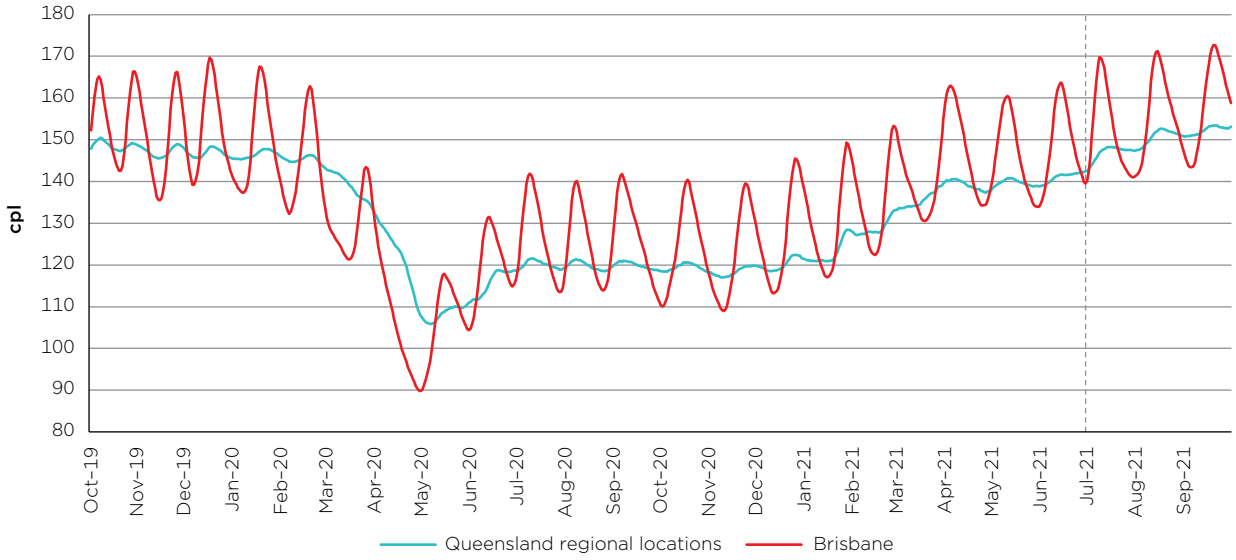
Notes: E10 prices are used for Sydney and RULP prices are used for all New South Wales regional locations.
A 7-day rolling average price is the average of the current day's price and prices on the 6 previous days.

Chart 5.4: Seven-day rolling average petrol prices in Victorian regional locations and Melbourne: 1 October 2019 to 30 September 2021

Source: ACCC calculations based on data from FUELtrac.

Note: A 7-day rolling average price is the average of the current day's price and prices on the 6 previous days.

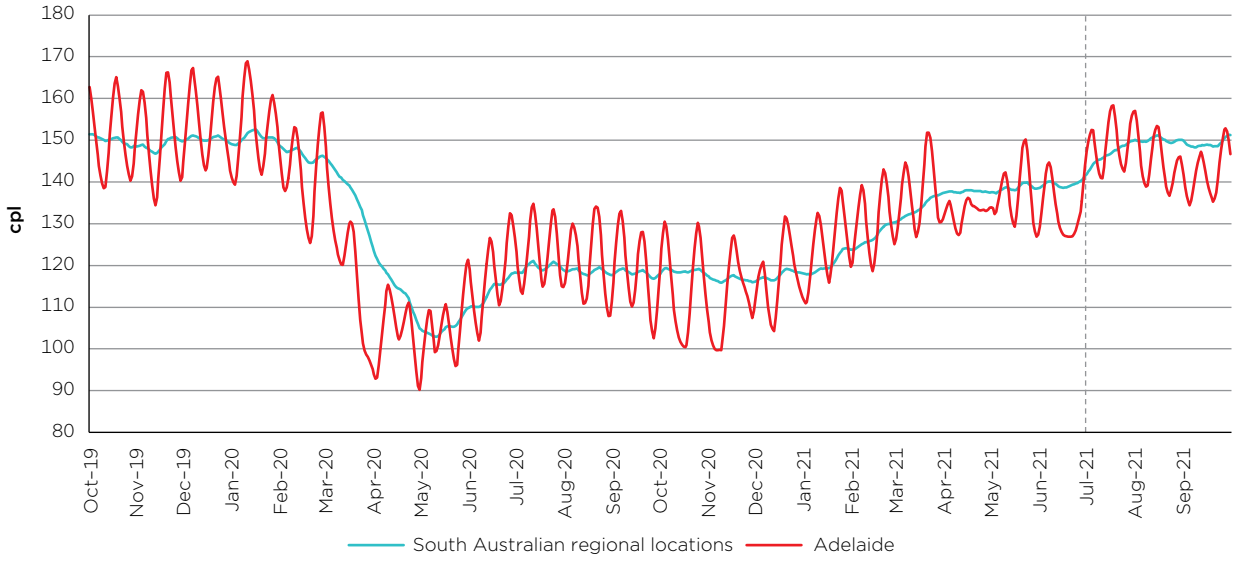
Chart 5.5: Seven-day rolling average petrol prices in Queensland regional locations and Brisbane: 1 October 2019 to 30 September 2021



Source: ACCC calculations based on data from FUELtrac.

Note: A 7-day rolling average price is the average of the current day's price and prices on the 6 previous days.

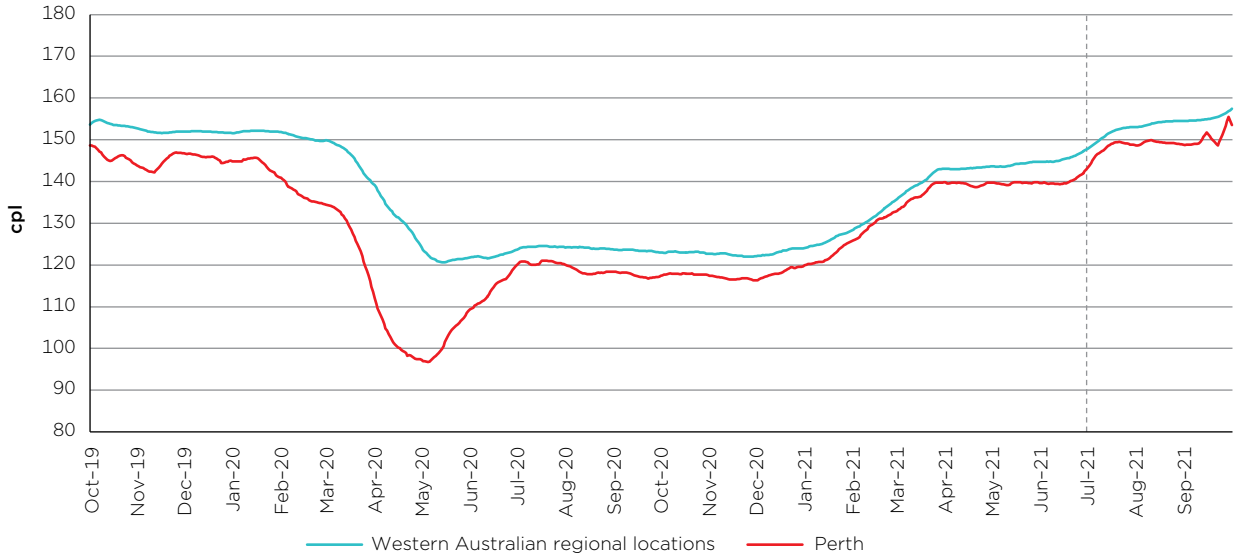
Chart 5.6: Seven-day rolling average petrol prices in South Australian regional locations and Adelaide: 1 October 2019 to 30 September 2021



Source: ACCC calculations based on data from FUELtrac.

Note: A 7-day rolling average price is the average of the current day's price and prices on the 6 previous days.

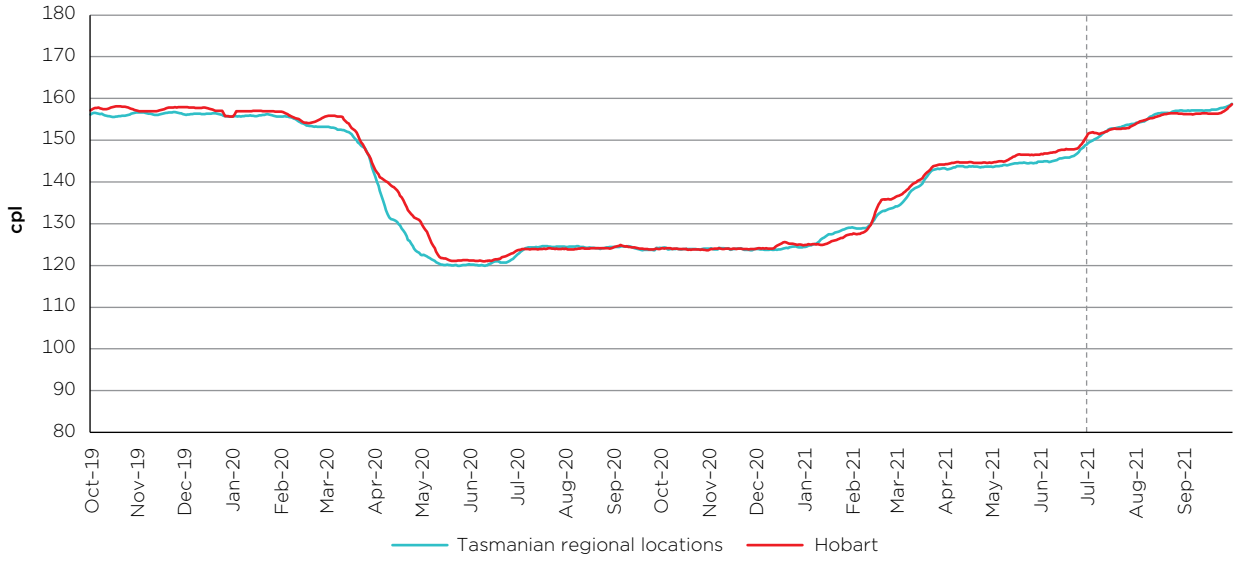
Chart 5.7: Seven-day rolling average petrol prices in Western Australian regional locations and Perth: 1 October 2019 to 30 September 2021



Source: ACCC calculations based on data from FUELtrac.

Note: A 7-day rolling average price is the average of the current day's price and prices on the 6 previous days.

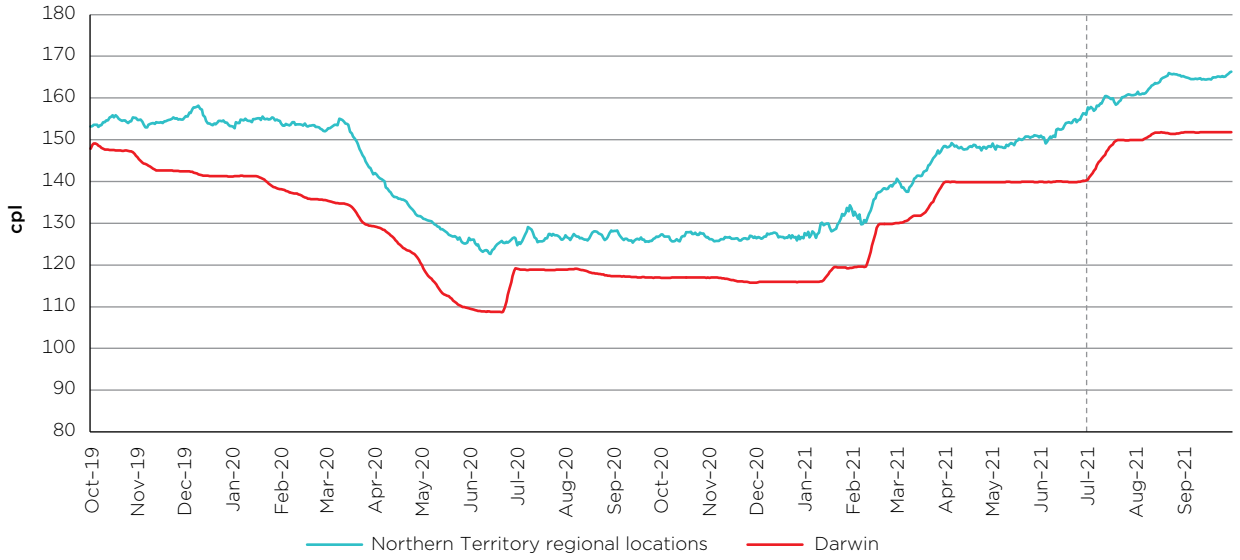
Chart 5.8: Seven-day rolling average petrol prices in Tasmanian regional locations and Hobart: 1 October 2019 to 30 September 2021



Source: ACCC calculations based on data from FUELtrac.

Note: A 7-day rolling average price is the average of the current day's price and prices on the 6 previous days.

Chart 5.9: Seven-day rolling average petrol prices in Northern Territory regional locations and Darwin: 1 October 2019 to 30 September 2021

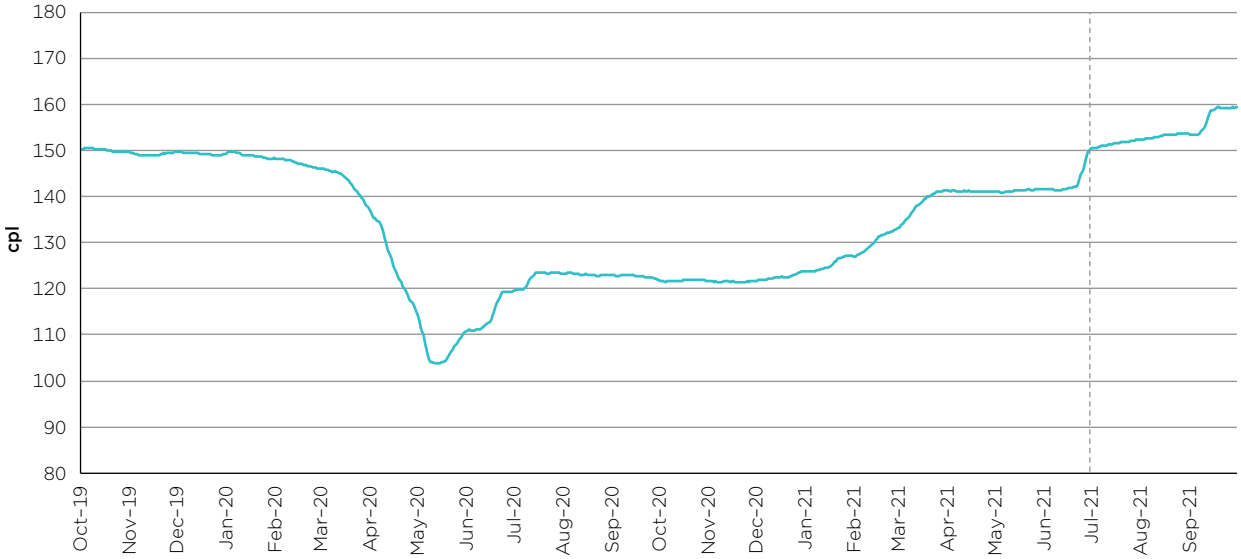


Source: ACCC calculations based on data from FUELtrac.

Note: A 7-day rolling average price is the average of the current day's price and prices on the 6 previous days.

Chart 5.10 shows 7-day rolling average retail petrol prices in Canberra from 1 October 2019 to 30 September 2021. There are no prices available for locations in the Australian Capital Territory other than Canberra.

Chart 5.10: Seven-day rolling average petrol prices in Canberra: 1 October 2019 to 30 September 2021



Source: ACCC calculations based on data from FUELtrac.

Note: A 7-day rolling average price is the average of the current day's price and prices on the 6 previous days.

The ACCC undertook 4 regional petrol market studies between 2015 and 2017. These studies examined petrol markets in Darwin, Launceston, Armidale and Cairns. The ACCC has continued to monitor and report on petrol prices and GIRDs in these locations. Appendix B shows data on average retail petrol prices and GIRDs in each location.

6. Crude oil and refined petrol price movements

International refined petrol prices (which are influenced by international crude oil prices) and the AUD–USD exchange rate, largely determine movements in retail petrol prices in Australia.

Crude oil prices are an important influence on movements in refined petrol prices around the world. There are a number of international benchmarks used for pricing crude oil, including West Texas Intermediate (WTI), Brent, Tapis and Dubai. The most widely used benchmark in global markets is Brent crude oil.

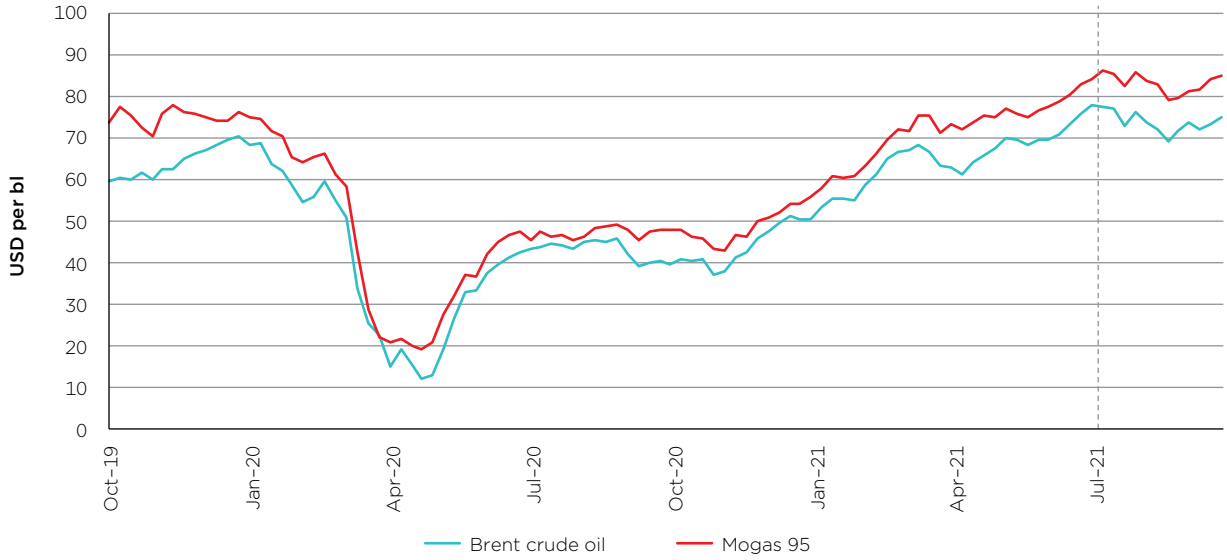
The price of Singapore Mogas 95 Unleaded (Mogas 95) is the relevant international benchmark price for determining RULP prices in Australia. This benchmark is used due to Australia's proximity to Singapore, which is one of the world's most important petroleum trading and refining centres.

Chapter 4 analysed movements in the AUD–USD exchange rate.

6.1 Crude oil and refined petrol prices increased to their highest levels in over 2 years

Chart 6.1 shows movements in weekly average Brent crude oil and Mogas 95 prices in the 2 years to September 2021.

Chart 6.1: Weekly average Brent crude oil and Mogas 95 prices: October 2019 to September 2021



Source: ACCC calculations based on data from Argus Media.

From October to December 2019 weekly average Brent crude oil prices were within a USD 10 per barrel band between around USD 60 and USD 70 per barrel. In early 2020 prices began trending downwards before decreasing sharply to around USD 12 per barrel in late April 2020.[41] They then increased in May and June 2020 and remained relatively stable from July to November 2020, in a USD 9 per barrel band between around USD 37 and USD 46 per barrel. They increased from December 2020 reaching a peak of around USD 68 per barrel in mid-March 2021, before decreasing to around USD 63 per barrel at the end of March 2021. From then, prices increased to around USD 76 per barrel at the end of June 2021.

41 Weekly average Brent crude oil prices were last at this level in early March 1999 (in nominal terms).

In the September quarter 2021, weekly average Brent crude oil prices increased to a peak of around USD 78 per barrel in early July. The last time weekly average Brent crude oil prices were at this level was in October 2018. They subsequently remained relatively stable in a USD 9 per barrel band between around USD 69 and USD 78 per barrel.

Weekly average Mogas 95 prices moved in a similar manner to Brent crude oil prices over the 2-year period. They were within a USD 7 per barrel band between around USD 71 and USD 78 per barrel from October to December 2019. Mogas 95 prices similarly decreased sharply to around USD 19 per barrel in late April 2020.[42] They then increased in May and June 2020 and remained relatively stable from July to November 2020, in a USD 7 per barrel band between around USD 43 and USD 50 per barrel. They increased from December 2020 reaching a peak of around USD 75 per barrel in mid-March 2021, before decreasing to around USD 71 per barrel at the end of March 2021. From then prices increased to around USD 83 per barrel at the end of June 2021.

In the September quarter 2021, weekly average Mogas 95 prices increased to a peak of around USD 86 per barrel in early July. The last time weekly average Mogas 95 prices were at this level was in April 2019. They subsequently remained relatively stable in a USD 7 per barrel band between around USD 79 and USD 86 per barrel.

Quarterly average Brent crude oil and Mogas 95 prices were higher in the September quarter 2021, compared with the June quarter 2021:

- quarterly average Brent crude oil prices were around USD 74 per barrel (an increase of USD 5 per barrel, or around 7%)
- quarterly average Mogas 95 prices were around USD 83 per barrel (an increase of USD 6 per barrel, or around 8%).

6.2 The OPEC cartel and COVID-19 were the main factors influencing crude oil prices

Two factors largely influenced movements in crude oil prices over the past 2 years:

- agreements (and, at times, disagreements) made by the Organisation of the Petroleum Exporting Countries (OPEC) cartel, and some other crude oil producing countries (including Russia), to cut production
- the influence of the COVID-19 pandemic on demand.

OPEC and some other crude oil producing countries continued previous crude oil production cuts throughout 2019, and into early 2020.[43] In December 2019, they agreed to an increase in production cuts until 31 March 2020, increasing the agreed cuts from 1.2 million barrels per day to 1.7 million barrels per day.[44]

From mid-January 2020 news coming out of China about the COVID-19 outbreak, and its impact on Chinese economic activity, led to a fall in crude oil prices. On 30 January 2020, the World Health Organisation declared the virus a Public Health Emergency of International Concern.[45] As countries imposed restrictions on travel and economic activity, demand for crude oil and refined petrol products decreased significantly.

The inability of the OPEC cartel and other crude oil producing countries to agree on further production cuts at their meeting on 5 March 2020 compounded this decrease in demand. In March 2020, Saudi

42 Weekly average Mogas 95 prices were last at this level in mid-June 1999 (in nominal terms).

43 Reuters, *OPEC extends oil cut to prop up prices as economy weakens*, 1 July 2019, at: https://www.reuters.com/article/usoil-opec/opec-extends-oil-cut-to-prop-up-prices-as-economy-weakens-idUSKCN1TW1LF, accessed on 16 November 2021.

44 OPEC, *The 7th OPEC and non-OPEC Ministerial Meeting concludes*, media release, 6 December 2019, at: https://www.opec.org/opec_web/en/press_room/5797.htm, accessed on 16 November 2021.

45 World Health Organisation, *Statement on the second meeting of the International Health Regulations (2005) Emergency Committee regarding the outbreak of novel coronavirus (2019-nCoV)*, 30 January 2020, at: https://www.who.int/news/item/30-01-2020-statement-on-the-second-meeting-of-the-international-health-regulations-(2005)-emergency-committee-regarding-the-outbreak-of-novel-coronavirus-(2019-ncov), accessed on 16 November 2021.

Arabia (the world's largest oil exporter) boosted production to its full capacity (12.3 million barrels per day) and announced discounts of almost 20% in key markets. The result was an immediate drop of more than 30% in crude oil prices.[46]

In April 2020, OPEC and other crude oil producing countries agreed to cuts in output of 9.7 million barrels per day in May and June 2020.[47] The agreement came as crude oil prices continued to decrease due to falling worldwide consumption resulting from COVID-19 and a 13-month high in OPEC's oil output in April 2020.[48] These production cuts ultimately led to a steady increase in crude oil prices to the end of June 2020.

In July and August 2020, crude oil prices remained relatively stable, but prices fell in September 2020 due to an increase in the supply of crude oil from OPEC countries and concerns of another demand shock due to rising cases of COVID-19 globally.[49] In November 2020, crude oil prices increased in response to news of the roll-out of COVID-19 vaccines and a decline in the US dollar.[50] On 3 December 2020, OPEC and other crude oil producing countries agreed to increase output by 0.5 million barrels per day from 1 January 2021.[51]

Production cuts and increasing global demand meant crude oil prices continued to increase in the March quarter 2021. In January 2021, Saudi Arabia announced it would voluntarily cut its own production by an additional 1.0 million barrels per day in February and March 2021.[52] Demand for crude oil was also influenced by cold weather in northern Asia, Europe and the United States.[53] In March 2021, the OPEC cartel was withholding around 8.0 million barrels per day (including the voluntary cuts by Saudi Arabia). At the OPEC and non-OPEC Ministerial Meeting on 4 March 2021, the members agreed to extend most existing production cuts into April 2021.[54]

On 1 April 2021, OPEC and non-OPEC countries agreed to increase output by 0.35 million barrels per day in May and June, and 0.4 million barrels per day in July.[55] In response to this news, crude oil prices decreased by around 5% in early April.[56] Throughout the remainder of April and into May 2021, crude oil prices increased as strong US economic data, a weaker US dollar and an expected recovery in demand outweighed concerns about higher COVID-19 cases in Brazil and India.[57] In June 2021, recovering demand and falling US stockpiles led to crude oil prices rising further.[58]

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46 The World Bank, *Coping with a Dual Shock: COVID-19 and Oil Prices*, Brief, 14 April 2020, at: https://www.worldbank.org/en/region/mena/brief/coping-with-a-dual-shock-coronavirus-covid-19-and-oil-prices, accessed on 16 November 2021.

47 Reuters, *Oil mixed as demand worries offset gains from output cut deal*, 13 April 2020, at: https://www.reuters.com/article/us-global-oil/oil-futures-little-changed-despite-record-output-cut-by-opec-idUSKCN21U0WQ?feedType=mktg&feedName=ousivMolt&WT.mc_id=Partner-Google, accessed on 16 November 2021.

48 Reuters, *OPEC April oil output surges to 13-month high before new cut deal,* 1 May 2020, at: https://www.reuters.com/article/oil-opec-survey-idUSL8N2CI8JG, accessed on 16 November 2021.

49 Reuters, *OPEC September oil output rises for third month on Libya restart, Iran*, 1 October 2020, at: https://www.reuters.com/article/us-oil-opec-survey-idUSKBN26L2XU, accessed on 16 November 2021.

50 Reuters, *Oil settles up, marking seventh straight weekly gain*, 18 December 2020, at: https://www.reuters.com/article/usglobal-oil/oil-settles-up-marking-seventh-straight-weekly-gain-idUSKBN28S09Q, accessed on 16 November 2021.

51 OPEC, *13th OPEC and non-OPEC Ministerial Meeting concludes*, press release, 5 January 2021, at: https://www.opec.org/opec_web/en/press_room/6310.htm, accessed on 16 November 2021.

52 Reuters, *Saudi voluntary oil cut to help with low demand in first quarter, OPEC chief says*, 14 January 2021, at: https://www.reuters.com/article/us-global-oil-opec-idUSKBN29I20C, accessed on 16 November 2021.

53 International Energy Agency, *Oil Market Report – March 2021*, at: https://www.iea.org/reports/oil-market-report-march-2021, accessed on 16 November 2021.

54 Reuters, *OPEC+ extends most oil output cuts into April, Saudi keeps voluntary curb*, 4 March 2021, at: https://www.reuters.com/article/oil-opec-cuts-int-idUSKBN2AW0WA, accessed on 16 November 2021; and OPEC, *14th OPEC and non-OPEC Ministerial Meeting*, press release, 4 March 2021, at: https://www.opec.org/opec_web/en/press_room/6375.htm, accessed on 16 November 2021.

55 Reuters, *Oil rises as OPEC+ decides on production policy*, 1 April 2021, at: https://www.reuters.com/article/idUSKBN2BO5X6, accessed on 16 November 2021.

56 Reuters, *Oil down 5% as rising OPEC+, Iranian output weighs*, 5 April 2021, at: https://www.reuters.com/article/idUSKBN2BS0T4, accessed on 16 November 2021.

57 Reuters, *Oil climbs to fresh 6-week high on bullish demand*, 29 April 2021, at: https://www.reuters.com/world/middle-east/oil-prices-extend-gains-demand-outlook-offsets-india-concerns-2021-04-29/, accessed on 16 November 2021.

58 Reuters, *Oil rises on lower U.S. stockpiles, demand recovery*, 30 June 2021, at: https://www.reuters.com/business/energy/oil-prices-climb-second-day-after-us-stockpiles-fall-2021-06-30/, accessed on 16 November 2021.

On 18 July 2021, OPEC and non-OPEC countries agreed to adjust upward their overall crude oil production by 0.4 million barrels per day on a monthly basis from August 2021.[59] They noted the ongoing strengthening of market fundamentals, with oil demand showing clear signs of improvement and OECD stocks falling, as the economic recovery continued in most parts of the world associated with accelerating vaccination programmes.

In August 2021, crude oil supply was adversely affected as refineries in the United States ceased production following the impact of Hurricane Ida. Crude oil prices towards the end of the quarter were also influenced by the energy crisis associated with shortages of gas, coal and electricity in some countries in Europe and Asia, which increased demand for crude oil as an alternative source of energy.[60]

6.3 Refiner margins increased but remained below the 10-year average

The refiner margin is the difference between the price of refined petrol and the price of crude oil. In the September quarter 2021, the average refiner margin was USD 9.4 per barrel (around 8.0 cpl in Australian cents per litre terms), an increase of USD 1.6 per barrel (AUD 1.6 cpl) from the previous quarter (USD 7.8 per barrel or AUD 6.4 cpl).

The average refiner margin in the September quarter 2021 was lower than the 10-year **real** average refiner margin (USD 12.0 per barrel, or AUD 9.1 cpl).

6.4 Crude oil prices were above the long-term average

As with many commodities, crude oil prices fluctuate greatly. In the short term, market sentiment about economic conditions and geo-political events can drive rapid movements in crude oil prices. Over the medium to longer term, supply and demand factors drive prices, with periods of high or low prices lasting several years.

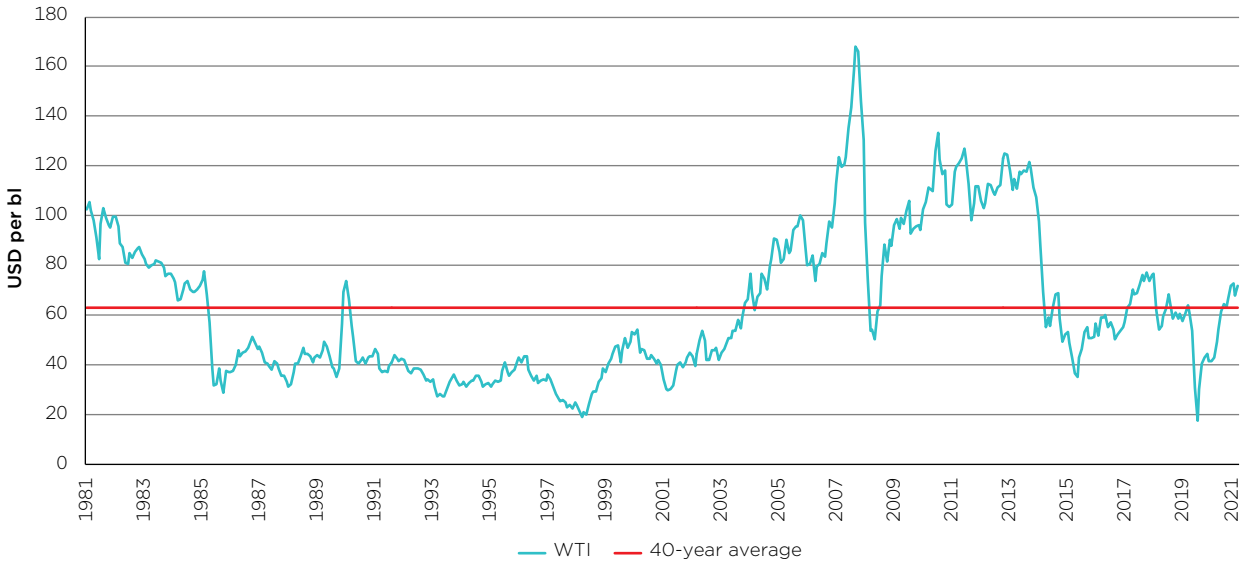
Extended periods of high crude oil prices provide an incentive for producers to invest in exploration and expansion. This leads to an increase in supply, which in turn puts downward pressure on prices. Conversely, when crude oil prices are low, producers tend not to invest, which puts upward pressure on prices, as supply is insufficient to meet the growth in demand.

Chart 6.2 shows that, over the 40 years to September 2021, WTI crude oil prices in **real** terms were on average around USD 63 per barrel. In the September quarter 2021, **real** WTI crude oil prices were on average around USD 71 per barrel, which was USD 4 per barrel higher than the June quarter 2021 (USD 67 per barrel) and USD 8 per barrel higher than the 40-year average.

59 OPEC, *19th OPEC and non-OPEC Ministerial Meeting concludes*, press release, 18 July 2021, at: https://www.opec.org/opec_web/en/press_room/6512.htm, accessed on 16 November 2021.

60 International Energy Agency, *Oil Market Report – October 2021*, at: https://www.iea.org/reports/oil-market-report-october-2021, accessed on 16 November 2021.

Chart 6.2: Monthly average real WTI crude oil prices: October 1981 to September 2021



Source: ACCC calculations based on data used with permission from *The Wall Street Journal*, WSJ.com, Copyright 2015 Dow Jones & Company, Inc. All rights reserved, Reuters and U.S. Department of Labor, Bureau of Labor Statistics, *Consumer Price Index for all urban consumers*, at: https://beta.bls.gov/dataViewer/view/timeseries/CUUR0000SA0, accessed on 16 November 2021.

Note: **Real** prices are shown in September 2021 dollars.

7. Diesel and LPG prices

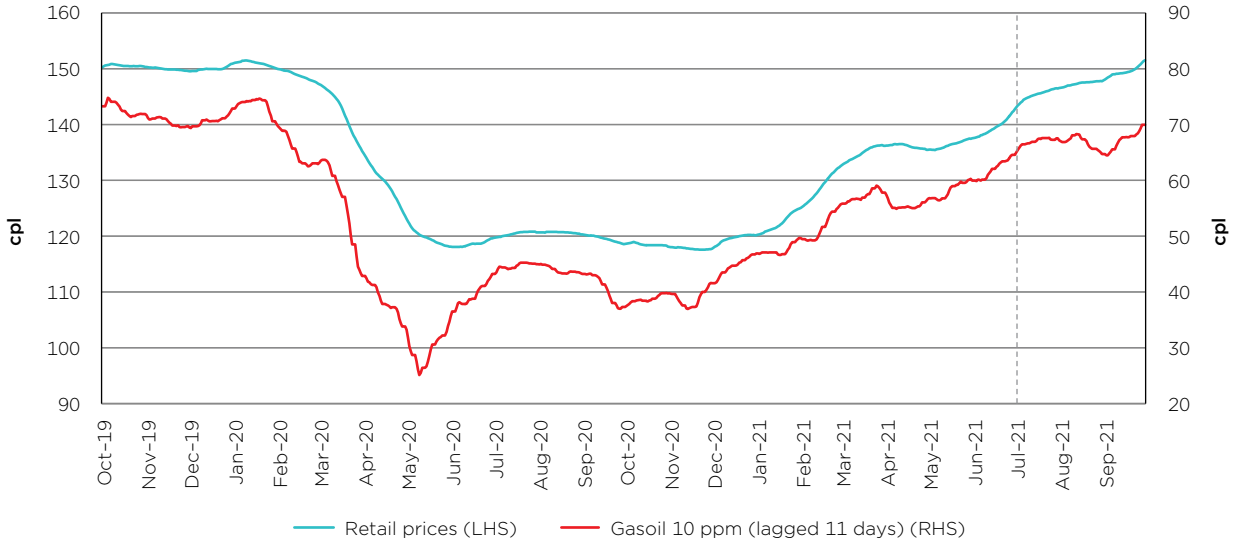
7.1 Retail diesel prices increased

Quarterly average retail diesel prices in the 5 largest cities were 147.6 cpl in the September quarter 2021, an increase of 10.1 cpl from the June quarter 2021 (137.5 cpl).

The price of Singapore Gasoil with 10 parts per million sulphur content (Gasoil 10 ppm) is the appropriate international benchmark for the wholesale price of diesel. International demand for diesel is different from that for petrol, in part because of diesel's off-road, industrial and electricity generation uses. However, both petrol and diesel are refined from crude oil and their prices broadly tend to follow similar movements over the long term.

Chart 7.1 shows that 7-day rolling average retail diesel prices in the 5 largest cities broadly tracked Gasoil 10 ppm prices over the 2 years to 30 September 2021.

Chart 7.1: Seven-day rolling average retail diesel prices in the 5 largest cities and Gasoil 10 ppm prices: 1 October 2019 to 30 September 2021



Source: ACCC calculations based on data from FUELtrac, Argus Media and RBA.

Notes: A 7-day rolling average price is the average of the current day's price and prices on the 6 previous days.

Gasoil 10 ppm prices are lagged by 11 days as there is generally around a one- to 2-week lag between changes in international prices and changes in retail prices in the 5 largest cities.

Seven-day rolling average retail diesel prices increased over the September quarter 2021. Prices were 142.8 cpl at the beginning of the quarter and increased to 151.5 cpl at the end of the quarter. Seven-day rolling average Gasoil 10 ppm prices in Australian cents per litre terms were 64.6 cpl at the beginning of the quarter and increased to 70.0 cpl at the end of the quarter.

Quarterly average Gasoil 10 ppm prices in the September quarter 2021 in Australian cents per litre were 68.3 cpl, an increase of 7.9 cpl from the June quarter 2021 (60.4 cpl).

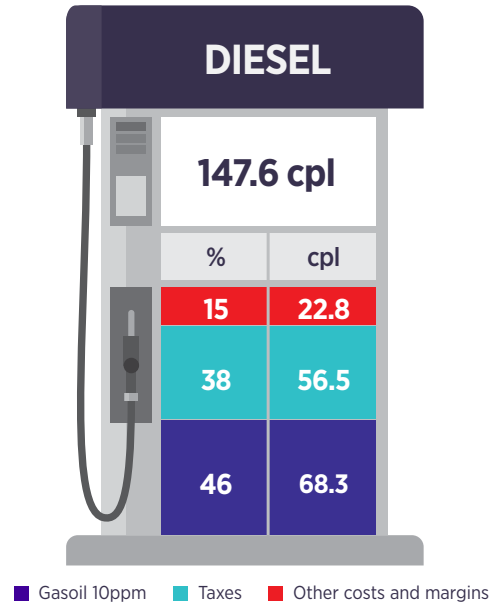
Unlike petrol prices, diesel prices in the 5 largest cities do not move in cycles. Diesel prices may not have price cycles because a large proportion of sales are to commercial users who purchase diesel on a contractual basis. According to the Australian Institute of Petroleum, only around 25% of the diesel used in Australia is sold through retail outlets, and much of that is sold to account customers with very little sold to private customers.[61]

61 Australian Institute of Petroleum, *Facts about diesel prices & the Australian fuel market*, at: https://www.aip.com.au/sites/default/files/download-files/2020-02/Facts%20about%20Diesel%20Prices%20and%20the%20Australian%20Fuel%20Market.pdf, accessed on 16 November 2021.

7.2 Gasoil 10 ppm was the largest component of average diesel prices

Chart 7.2 shows the 3 broad components of average retail diesel prices in the 5 largest cities in the September quarter 2021.

Chart 7.2: Components of average retail diesel prices in the 5 largest cities in the September quarter 2021



Source: ACCC calculations based on data from FUELtrac, Argus Media, RBA and ATO.
Note: Percentages in the chart do not total 100% due to rounding.

The chart shows that in the September quarter 2021:

- Gasoil 10 ppm accounted for 46% of average diesel prices, an increase of 2 percentage points from the June quarter 2021
- taxes accounted for 38% of average diesel prices, a decrease of 2 percentage points[62]
- other costs and margins accounted for 15% of average diesel prices, a decrease of 1 percentage point.[63]

As with average retail petrol prices in the September quarter 2021, the international benchmark price accounted for the largest component of average retail diesel prices in the quarter.

7.3 Retail LPG prices increased

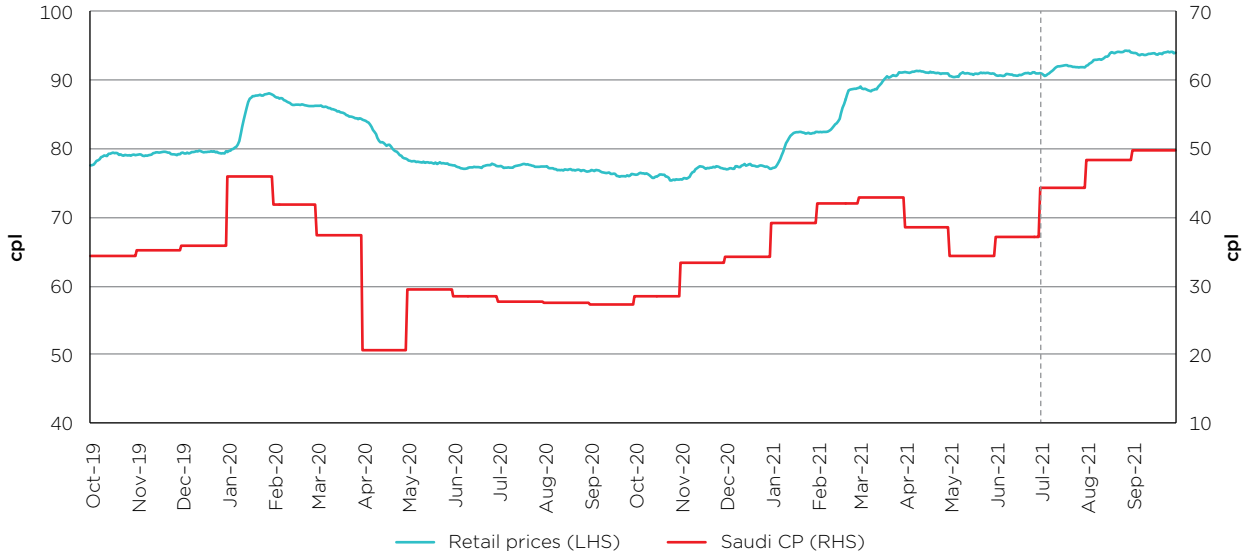
Quarterly average retail LPG prices in the 5 largest cities in the September quarter 2021 were 93.0 cpl, an increase of 2.1 cpl from the June quarter 2021 (90.9 cpl).[64]

The Saudi Aramco Contract Prices for propane and butane (Saudi CP) are the appropriate international benchmarks for wholesale LPG prices. These prices only change once a month, at the start of each month. International LPG prices loosely move in line with international refined petrol and diesel prices.

Chart 7.3 shows that movements in retail LPG prices over the 2 years to 30 September 2021 were less responsive, both up and down, to movements in international benchmark prices.

62 On 2 August 2021, excise on diesel increased by 0.6 cpl to 43.3 cpl.
63 The percentage changes in the quarter do not sum to zero due to rounding.
64 References to LPG refer to automotive liquefied petroleum gas.

Chart 7.3: Seven-day rolling average retail LPG prices in the 5 largest cities and monthly Saudi CP benchmarks: 1 October 2019 to 30 September 2021



Source: ACCC calculations based on data from FUELtrac, Reuters and RBA.

Note: A 7-day rolling average price is the average of the current day's price and prices on the 6 previous days.

Seven-day rolling average retail LPG prices increased marginally in the September quarter 2021. Prices were 91.0 cpl at the beginning of the quarter and increased to 93.9 cpl at the end of the quarter. However, the Saudi CP benchmarks in Australian cents per litre increased by 12.6 cpl from the end of June 2021. The benchmark price was 37.1 cpl in June 2021 and 49.7 cpl in September 2021.

Quarterly average Saudi CP benchmarks in the September quarter 2021 were 47.4 cpl, an increase of 10.8 cpl from the June quarter 2021 (36.6 cpl).

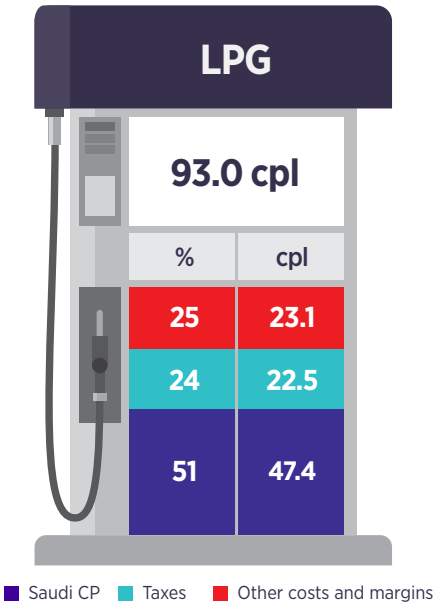
As the Saudi CP benchmarks only change at the start of each month, the relationship between movements in the international benchmark prices and retail prices for LPG is different from petrol and diesel. Furthermore, non-transport factors, such as demand for heating (particularly in the Northern Hemisphere) also influence international LPG prices.

Like diesel prices, retail LPG prices tend to be less volatile than petrol prices and do not move in cycles. LPG usage in Australia is significantly less than petrol and diesel usage, and there are fewer retailers of LPG, particularly outside Victoria (where around half of Australia's LPG is sold).

7.4 Saudi CP were the largest component of average LPG prices

Chart 7.4 shows the 3 broad components of average retail LPG prices in the 5 largest cities in the September quarter 2021.

Chart 7.4: Components of average retail LPG prices in the 5 largest cities in the September quarter 2021



Source: ACCC calculations based on data from FUELtrac, Reuters, RBA and ATO.

The chart shows that in the September quarter 2021:

- the Saudi CP international benchmarks accounted for 51% of average retail LPG prices, an increase of 11 percentage points from the June quarter 2021
- taxes accounted for 24% of average retail LPG prices, the same as in the June quarter 2021[65]
- other costs and margins accounted for 25% of average retail LPG prices, a decrease of 10 percentage points.[66]

Other costs and margins make up a relatively large proportion of the retail price for LPG compared with those for petrol and diesel because of the higher transportation and storage costs for LPG, and the lower rate of excise.

65 On 2 August 2021, excise on automotive LPG increased by 0.2 cpl to 14.1 cpl.

66 The percentage changes in the quarter do not sum to zero due to rounding.

Appendix A: Petrol price data for monitored locations

The ACCC monitors fuel prices in all capital cities and over 190 regional locations across Australia. Table A1 shows quarterly average retail petrol prices in the June quarter 2021 and the September quarter 2021, and the change between the 2 quarters, in these locations.[67] It also shows the differential between average prices in each location and average prices across the 5 largest cities, and the location's capital city, in the September quarter 2021 and in the year to 30 September 2021.[68]

Table A1: Quarterly average petrol prices in the June quarter 2021 and the September quarter 2021, and differentials in the September quarter 2021 and the year to September 2021 – cpl

Location	June 2021	Sep 2021	Change	Differential Sep 2021		Differential Year to Sep 2021	
			June to Sep 2021	5 largest cities	Capital city	5 largest cities	Capital city
Sydney	143.6	154.5	10.9				
Melbourne	144.5	155.2	10.7				
Brisbane	146.8	156.6	9.8				
Adelaide	135.2	145.3	10.1				
Perth	139.9	149.6	9.7				
5 largest cities	**142.0**	**152.2**	**10.2**				
Hobart	146.4	155.2	8.8	3.0		2.6	
Canberra	142.2	154.2	12.0	2.0		0.3	
Darwin	139.9	150.5	10.6	-1.7		-4.0	
New South Wales							
Albury	137.2	150.4	13.2	-1.8	-5.6	-4.8	-7.3
Armidale	138.0	149.3	11.3	-2.9	-6.7	-3.9	-6.4
Ballina	146.3	156.4	10.1	4.2	0.4	2.6	0.1
Batemans Bay	146.9	155.6	8.7	3.4	-0.4	2.0	-0.5
Bathurst	138.8	150.4	11.6	-1.8	-5.6	-4.2	-6.7
Bega	140.6	154.9	14.3	2.7	-1.1	2.4	-0.1
Broken Hill	148.2	159.5	11.3	7.3	3.5	4.7	2.2
Bulahdelah	133.4	147.8	14.4	-4.4	-6.7	-7.9	-9.0
Casino	142.0	147.8	5.8	-4.4	-8.2	-2.8	-5.3

67 The source for all prices in this appendix is ACCC calculations based on data from FUELtrac. For prices to be included in the table there had to be price observations on at least 75% of days in the quarter/year. Eleven locations – Buronga, Gundagai, Oberon, Blackall, Charleville, Cunnamulla, Mt Isa, Normanton, Weipa, Coober Pedy and Orbost – did not have sufficient data for the June or September quarters 2021. E10 prices instead of RULP prices are reported in Sydney, Bulahdelah, Coonabarabran, Cowra, Gilgandra, Gunnedah, Murwillumbah, Narrabri, Wellington, West Wyalong and Yass.

68 In most New South Wales locations, the table reports RULP prices. To calculate the differential with prices in Sydney, the differential between these prices and Sydney RULP prices are calculated. In the September quarter 2021, average RULP prices in Sydney were 156.0 cpl and in the year to September 2021 they were 139.8 cpl. Where the table reports E10 prices, the differential between these prices and Sydney E10 prices are calculated. Average prices in the year to September 2021 across the 5 largest cities were 137.3 cpl. Average prices in each capital city were: Sydney (E10) – 138.4 cpl, Melbourne – 140.6 cpl, Brisbane – 141.3 cpl, Adelaide – 131.7 cpl, Perth – 134.4 cpl, Darwin – 133.3 cpl, Hobart – 139.9 cpl, and Canberra – 137.6 cpl.

Location	June 2021	Sep 2021	Change	Differential Sep 2021		Differential Year to Sep 2021	
			June to Sep 2021	5 largest cities	Capital city	5 largest cities	Capital city
Central Coast	145.6	157.5	11.9	5.3	1.5	4.1	1.6
Coffs Harbour	146.3	155.0	8.7	2.8	-1.0	0.4	-2.1
Cooma	145.1	155.8	10.7	3.6	-0.2	2.2	-0.3
Coonabarabran	146.6	155.3	8.7	3.1	0.8	0.1	-1.0
Cootamundra	138.2	149.1	10.9	-3.1	-6.9	-3.4	-5.9
Cowra	144.4	158.7	14.3	6.5	4.2	2.4	1.3
Deniliquin	141.8	152.5	10.7	0.3	-3.5	0.8	-1.7
Dubbo	144.5	156.2	11.7	4.0	0.2	-0.7	-3.2
Forbes	144.3	158.2	13.9	6.0	2.2	2.5	0.0
Forster	143.3	153.7	10.4	1.5	-2.3	-1.2	-3.7
Gilgandra	141.7	152.7	11.0	0.5	-1.8	-2.0	-3.1
Glen Innes	138.3	148.6	10.3	-3.6	-7.4	-3.0	-5.5
Goulburn	138.9	147.6	8.7	-4.6	-8.4	-4.7	-7.2
Grafton	149.2	156.0	6.8	3.8	0.0	2.0	-0.5
Griffith	136.5	145.6	9.1	-6.6	-10.4	-6.6	-9.1
Gunnedah	134.2	144.0	9.8	-8.2	-10.5	-9.5	-10.6
Hay	138.4	149.8	11.4	-2.4	-6.2	-4.3	-6.8
Inverell	139.9	150.5	10.6	-1.7	-5.5	-3.8	-6.3
Jerilderie	136.8	150.2	13.4	-2.0	-5.8	-4.1	-6.6
Kempsey	138.2	152.0	13.8	-0.2	-4.0	-4.9	-7.4
Leeton	139.3	149.7	10.4	-2.5	-6.3	-3.0	-5.5
Lismore	142.7	149.4	6.7	-2.8	-6.6	-3.1	-5.6
Lithgow	137.8	152.8	15.0	0.6	-3.2	-2.8	-5.3
Merimbula	141.4	154.9	13.5	2.7	-1.1	-1.3	-3.8
Mittagong	141.0	147.7	6.7	-4.5	-8.3	-3.4	-5.9
Moama	141.5	149.2	7.7	-3.0	-6.8	-3.1	-5.6
Moree	142.0	151.6	9.6	-0.6	-4.4	-2.3	-4.8
Moruya	134.0	145.7	11.7	-6.5	-10.3	-7.9	-10.4
Moss Vale	143.0	149.1	6.1	-3.1	-6.9	-1.0	-3.5
Mudgee	147.3	157.8	10.5	5.6	1.8	2.3	-0.2
Murwillumbah	147.1	154.3	7.2	2.1	-0.2	4.4	3.3
Muswellbrook	131.6	144.5	12.9	-7.7	-11.5	-11.3	-13.8
Narrabri	141.5	152.4	10.9	0.2	-2.1	-2.6	-3.7
Newcastle	141.7	155.1	13.4	2.9	-0.9	1.9	-0.6
Nowra	138.5	149.3	10.8	-2.9	-6.7	-5.6	-8.1

Location	June 2021	Sep 2021	Change	Differential Sep 2021		Differential Year to Sep 2021	
			June to Sep 2021	5 largest cities	Capital city	5 largest cities	Capital city
Nyngan	137.7	147.6	9.9	-4.6	-8.4	-5.2	-7.7
Orange	138.7	152.6	13.9	0.4	-3.4	-3.2	-5.7
Parkes	145.1	160.0	14.9	7.8	4.0	4.7	2.2
Port Macquarie	137.5	148.3	10.8	-3.9	-7.7	-4.1	-6.6
Queanbeyan	140.1	152.0	11.9	-0.2	-4.0	-2.7	-5.2
Singleton	143.6	148.2	4.6	-4.0	-7.8	-2.3	-4.8
Tamworth	141.0	151.7	10.7	-0.5	-4.3	-3.5	-6.0
Taree	146.4	152.2	5.8	0.0	-3.8	-0.3	-2.8
Temora	137.0	147.9	10.9	-4.3	-8.1	-3.2	-5.7
Tumut	142.3	152.7	10.4	0.5	-3.3	-0.4	-2.9
Tweed Heads South	149.1	166.6	17.5	14.4	10.6	8.9	6.4
Ulladulla	141.6	149.3	7.7	-2.9	-6.7	-1.9	-4.4
Wagga Wagga	142.1	154.2	12.1	2.0	-1.8	-1.0	-3.5
Wauchope	139.5	151.9	12.4	-0.3	-4.1	-2.8	-5.3
Wellington	137.0	150.8	13.8	-1.4	-3.7	-4.6	-5.7
West Wyalong	138.6	n/a	n/a	n/a	n/a	-5.8	-6.9
Wollongong	145.0	155.7	10.7	3.5	-0.3	6.0	3.5
Woolgoolga	149.6	161.5	11.9	9.3	5.5	4.1	1.6
Yass	142.2	150.7	8.5	-1.5	-3.8	-1.3	-2.4
Northern Territory							
Alice Springs	150.7	158.7	8.0	6.5	8.2	7.0	11.0
Katherine	144.1	161.9	17.8	9.7	11.4	0.4	4.4
Tennant Creek	158.4	170.5	12.1	18.3	20.0	15.8	19.8
Queensland							
Atherton	140.2	150.5	10.3	-1.7	-6.1	-2.3	-6.3
Ayr	135.6	146.5	10.9	-5.7	-10.1	-7.7	-11.7
Biloela	135.8	146.3	10.5	-5.9	-10.3	-5.8	-9.8
Blackwater	138.9	149.1	10.2	-3.1	-7.5	-3.3	-7.3
Bowen	136.6	149.8	13.2	-2.4	-6.8	-4.8	-8.8
Bundaberg	133.1	145.6	12.5	-6.6	-11.0	-9.4	-13.4
Caboolture	147.1	157.0	9.9	4.8	0.4	3.9	-0.1
Cairns	139.7	150.0	10.3	-2.2	-6.6	-2.6	-6.6
Charters Towers	143.0	151.0	8.0	-1.2	-5.6	-0.3	-4.3
Childers	139.7	149.9	10.2	-2.3	-6.7	-3.4	-7.4
Cloncurry	151.9	163.0	11.1	10.8	6.4	10.9	6.9

Location	June 2021	Sep 2021	Change	Differential Sep 2021		Differential Year to Sep 2021	
			June to Sep 2021	5 largest cities	Capital city	5 largest cities	Capital city
Dalby	141.9	149.7	7.8	-2.5	-6.9	-1.4	-5.4
Emerald	145.9	152.7	6.8	0.5	-3.9	5.2	1.2
Gladstone	137.0	148.0	11.0	-4.2	-8.6	-7.2	-11.2
Gold Coast	147.0	156.6	9.6	4.4	0.0	3.4	-0.6
Goondiwindi	138.9	151.3	12.4	-0.9	-5.3	-5.7	-9.7
Gympie	137.4	146.5	9.1	-5.7	-10.1	-5.7	-9.7
Hervey Bay	138.6	146.4	7.8	-5.8	-10.2	-5.3	-9.3
Ingham	135.9	146.4	10.5	-5.8	-10.2	-4.6	-8.6
Innisfail	141.7	149.7	8.0	-2.5	-6.9	-1.4	-5.4
Ipswich	151.0	161.0	10.0	8.8	4.4	6.1	2.1
Kingaroy	135.3	145.2	9.9	-7.0	-11.4	-7.6	-11.6
Longreach	147.5	160.3	12.8	8.1	3.7	6.8	2.8
Mackay	142.4	150.1	7.7	-2.1	-6.5	-2.0	-6.0
Mareeba	143.1	151.5	8.4	-0.7	-5.1	0.2	-3.8
Maryborough	133.6	144.3	10.7	-7.9	-12.3	-8.6	-12.6
Miles	130.7	144.5	13.8	-7.7	-12.1	-9.6	-13.6
Moranbah	136.5	149.9	13.4	-2.3	-6.7	-5.2	-9.2
Rockhampton	138.3	149.4	11.1	-2.8	-7.2	-4.1	-8.1
Roma	132.3	142.2	9.9	-10.0	-14.4	-7.5	-11.5
Sunshine Coast	139.9	149.7	9.8	-2.5	-6.9	-2.5	-6.5
Toowoomba	143.8	154.5	10.7	2.3	-2.1	3.1	-0.9
Townsville	140.7	146.7	6.0	-5.5	-9.9	-4.8	-8.8
Tully	140.4	151.1	10.7	-1.1	-5.5	-1.8	-5.8
Warwick	135.9	145.5	9.6	-6.7	-11.1	-5.2	-9.2
Whitsunday	134.8	145.0	10.2	-7.2	-11.6	-9.0	-13.0
Yeppoon	139.4	149.7	10.3	-2.5	-6.9	-3.2	-7.2
South Australia							
Bordertown	137.6	149.3	11.7	-2.9	4.0	-3.8	1.8
Ceduna	141.1	151.0	9.9	-1.2	5.7	-2.4	3.2
Clare	137.3	148.0	10.7	-4.2	2.7	-6.4	-0.8
Gawler	136.2	145.7	9.5	-6.5	0.4	-4.7	0.9
Kadina	139.7	148.4	8.7	-3.8	3.1	-3.9	1.7
Keith	138.1	147.5	9.4	-4.7	2.2	-4.1	1.5
Loxton	137.7	147.3	9.6	-4.9	2.0	-4.9	0.7
Mt Gambier	132.9	144.1	11.2	-8.1	-1.2	-8.3	-2.7

Location	June 2021	Sep 2021	Change	Differential Sep 2021		Differential Year to Sep 2021	
			June to Sep 2021	5 largest cities	Capital city	5 largest cities	Capital city
Murray Bridge	131.5	142.2	10.7	-10.0	-3.1	-11.8	-6.2
Naracoorte	140.5	151.2	10.7	-1.0	5.9	-2.1	3.5
Port Augusta	140.1	151.0	10.9	-1.2	5.7	-2.6	3.0
Port Lincoln	143.5	149.2	5.7	-3.0	3.9	-1.4	4.2
Port Pirie	136.5	146.6	10.1	-5.6	1.3	-5.9	-0.3
Renmark	141.1	150.8	9.7	-1.4	5.5	-2.7	2.9
Tailem Bend	136.1	147.4	11.3	-4.8	2.1	-4.9	0.7
Victor Harbour	141.0	151.7	10.7	-0.5	6.4	-0.8	4.8
Whyalla	141.8	152.6	10.8	0.4	7.3	-1.2	4.4
Tasmania							
Burnie	143.4	154.1	10.7	1.9	-1.1	0.5	-2.1
Campbell Town	147.0	157.6	10.6	5.4	2.4	3.9	1.3
Devonport	145.8	156.7	10.9	4.5	1.5	4.6	2.0
Huonville	144.8	155.4	10.6	3.2	0.2	1.5	-1.1
Launceston	144.3	155.8	11.5	3.6	0.6	2.4	-0.2
New Norfolk	147.4	157.1	9.7	4.9	1.9	4.1	1.5
Queenstown	149.1	159.7	10.6	7.5	4.5	6.3	3.7
Smithton	143.6	153.2	9.6	1.0	-2.0	0.5	-2.1
Sorell	138.9	151.5	12.6	-0.7	-3.7	-1.8	-4.4
Ulverstone	147.1	157.5	10.4	5.3	2.3	3.8	1.2
Wynyard	143.0	153.6	10.6	1.4	-1.6	0.3	-2.3
Victoria							
Ararat	141.5	149.7	8.2	-2.5	-5.5	-2.2	-5.5
Bairnsdale	136.5	146.1	9.6	-6.1	-9.1	-6.9	-10.2
Ballarat	134.5	145.0	10.5	-7.2	-10.2	-8.2	-11.5
Benalla	134.6	146.5	11.9	-5.7	-8.7	-6.8	-10.1
Bendigo	135.3	144.6	9.3	-7.6	-10.6	-7.7	-11.0
Cobram	140.4	153.0	12.6	0.8	-2.2	-2.1	-5.4
Colac	141.1	146.1	5.0	-6.1	-9.1	-5.3	-8.6
Corryong	146.6	156.3	9.7	4.1	1.1	3.0	-0.3
Echuca	139.0	148.4	9.4	-3.8	-6.8	-4.2	-7.5
Euroa	142.6	149.2	6.6	-3.0	-6.0	-2.0	-5.3
Geelong	131.7	142.0	10.3	-10.2	-13.2	-9.7	-13.0
Hamilton	134.5	144.9	10.4	-7.3	-10.3	-8.1	-11.4
Horsham	142.6	149.9	7.3	-2.3	-5.3	-2.0	-5.3

Location	June 2021	Sep 2021	Change	Differential Sep 2021		Differential Year to Sep 2021	
			June to Sep 2021	5 largest cities	Capital city	5 largest cities	Capital city
Koo Wee Rup	147.0	159.5	12.5	7.3	4.3	6.1	2.8
Kyabram	138.2	149.0	10.8	-3.2	-6.2	-4.2	-7.5
Lakes Entrance	136.2	145.8	9.6	-6.4	-9.4	-6.1	-9.4
Leongatha	135.4	149.1	13.7	-3.1	-6.1	-7.1	-10.4
Mansfield	141.7	155.5	13.8	3.3	0.3	-0.4	-3.7
Mildura	134.6	145.0	10.4	-7.2	-10.2	-7.0	-10.3
Moe	135.7	145.4	9.7	-6.8	-9.8	-7.3	-10.6
Morwell	134.8	145.2	10.4	-7.0	-10.0	-7.7	-11.0
Portland	132.4	144.6	12.2	-7.6	-10.6	-8.5	-11.8
Sale	135.9	147.2	11.3	-5.0	-8.0	-5.1	-8.4
Seymour	144.9	160.1	15.2	7.9	4.9	5.1	1.8
Shepparton	137.5	149.2	11.7	-3.0	-6.0	-4.4	-7.7
Swan Hill	136.3	147.1	10.8	-5.1	-8.1	-6.3	-9.6
Traralgon	135.4	146.2	10.8	-6.0	-9.0	-6.9	-10.2
Wallan	146.1	157.2	11.1	5.0	2.0	3.9	0.6
Wangaratta	139.6	146.5	6.9	-5.7	-8.7	-4.5	-7.8
Warrnambool	132.7	141.8	9.1	-10.4	-13.4	-10.3	-13.6
Wodonga	139.0	148.7	9.7	-3.5	-6.5	-3.9	-7.2
Wonthaggi	139.1	151.3	12.2	-0.9	-3.9	-3.4	-6.7
Yarrawonga	144.9	151.6	6.7	-0.6	-3.6	-0.5	-3.8
Western Australia							
Albany	137.3	148.1	10.8	-4.1	-1.5	-6.3	-3.4
Boulder	139.4	149.6	10.2	-2.6	0.0	-2.4	0.5
Bridgetown	140.1	148.0	7.9	-4.2	-1.6	-3.0	-0.1
Broome	158.8	165.8	7.0	13.6	16.2	13.9	16.8
Bunbury	139.4	148.6	9.2	-3.6	-1.0	-3.7	-0.8
Busselton	136.4	146.2	9.8	-6.0	-3.4	-5.9	-3.0
Carnarvon	150.1	157.8	7.7	5.6	8.2	5.4	8.3
Collie	135.5	147.4	11.9	-4.8	-2.2	-6.7	-3.8
Dongara	144.5	153.6	9.1	1.4	4.0	3.2	6.1
Esperance	148.6	160.1	11.5	7.9	10.5	4.9	7.8
Eucla	161.9	170.8	8.9	18.6	21.2	18.8	21.7
Geraldton	141.5	150.4	8.9	-1.8	0.8	-0.6	2.3
Kalgoorlie	138.8	148.4	9.6	-3.8	-1.2	-3.5	-0.6
Karratha	157.0	166.3	9.3	14.1	16.7	14.1	17.0

Location	June 2021	Sep 2021	Change	Differential Sep 2021		Differential Year to Sep 2021	
			June to Sep 2021	5 largest cities	Capital city	5 largest cities	Capital city
Manjimup	139.6	149.9	10.3	-2.3	0.3	-3.1	-0.2
Mount Barker	138.7	148.6	9.9	-3.6	-1.0	-6.1	-3.2
Port Hedland	152.1	160.8	8.7	8.6	11.2	10.3	13.2
Waroona	141.5	149.5	8.0	-2.7	-0.1	-3.4	-0.5

Appendix B: Petrol prices and GIRDs in regional market study locations

The ACCC undertook 4 regional petrol market studies between 2015 and 2017. These studies examined petrol markets in Darwin, Launceston, Armidale and Cairns. The ACCC has continued to monitor and report on petrol prices and GIRDs in these locations.

Table B1 shows average retail petrol prices and GIRDs for each location, and a comparison with those in the 5 largest cities, in the September quarter 2021 as well as the change from the June quarter 2021.

Table B1: Quarterly average retail petrol prices and GIRDs in Darwin, Launceston, Armidale, Cairns and the 5 largest cities – September quarter 2021 – cpl

	Darwin	Launceston	Armidale	Cairns	5 largest cities
Retail prices					
Average prices: September quarter 2021	150.5	155.8	148.5	150.0	152.2
Change from June quarter 2021	10.6	11.5	11.2	10.3	10.2
Difference from 5 largest cities: September quarter 2021	-1.7	3.6	-3.7	-2.2	-
Change from June quarter 2021	0.4	1.3	1.0	0.1	-
GIRDs					
Average GIRDs: September quarter 2021	7.9	13.0	11.4	9.4	14.7
Change from June quarter 2021	0.1	0.9	1.1	-0.3	-0.1
Difference from 5 largest cities: September quarter 2021	-6.8	-1.7	-3.3	-5.3	-
Change from June quarter 2021	0.2	1.0	1.2	-0.2	-

Source: ACCC calculations based on data from FUELtrac, Ampol, bp, Mobil, Viva Energy and WA FuelWatch.

Notes: All prices are for RULP except Armidale (which is E10).
Hobart TGPs are used as a proxy for TGPs in Launceston.
Sydney and Brisbane E10 TGPs are used as a proxy for Armidale TGPs.

In the September quarter 2021:

- average retail prices in Darwin, Armidale and Cairns were lower than average prices in the 5 largest cities for the fifth consecutive quarter
- average retail prices in Launceston were higher than average prices in the 5 largest cities, however the difference (3.6 cpl) remained relatively small compared with historical levels[69]
- average GIRDs in all locations were lower than average GIRDs in the 5 largest cities.

Motorists in these locations can use the fuel price transparency schemes in each jurisdiction to identify the highest and lowest priced retail sites. Motorists in:

- Darwin can use the MyFuel NT website and app
- Launceston can use the FuelCheck TAS website and app
- Armidale can use the FuelCheck NSW website and app
- Cairns can access site-specific petrol price data made available by commercial websites and app providers under the Queensland fuel price reporting scheme.

69 In 2020–21 the annual average differential between Launceston prices and prices in the 5 largest cities was 2.7 cpl, which was 11.3 cpl lower than in 2019–20 (14.0 cpl) and the lowest annual average differential that the ACCC recorded.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