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Key messages

Retail petrol prices in the five largest cities increased significantly in the June quarter 2019

In the June quarter 2019, average retail petrol prices across the five largest cities (Sydney, Melbourne, Brisbane, Adelaide and Perth) were 145.3 cents per litre (cpl), an increase of 15.0 cpl from the March quarter 2019 (130.3 cpl).\(^1\)

During the June quarter 2019, daily average prices (on a seven-day rolling average basis) varied considerably. After increasing to a high of 154.0 cpl in mid-May 2019, they subsequently trended downwards to a low of 136.4 cpl at the end of the quarter.

Annual average petrol prices in 2018–19 were the highest in four years in real terms

The annual average retail petrol price in the five largest cities in 2018–19 was 141.2 cpl, which was 6.7 cpl higher than in 2017–18 (134.5 cpl). In real terms (i.e. after prices have been adjusted for inflation), this was the highest annual average price in four years (as shown in the following chart). In nominal terms, it was the highest annual average price in five years.

Annual average retail petrol prices in the five largest cities in nominal and real terms: 2000–01 to 2018–19

![Chart showing annual average retail petrol prices in nominal and real terms from 2000–01 to 2018–19.]


Note: Real prices are shown in 2018–19 dollars.

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\(^1\) In this report, references to petrol are to regular unleaded petrol (RULP) unless otherwise specified. From 1 July 2014, the ACCC has used E10 prices instead of RULP prices for Sydney in the average price for the five largest cities. All prices are nominal prices unless otherwise specified.
The main driver of higher retail prices in 2018–19 was the depreciation in the AUD–USD exchange rate

The most significant contributor to the 6.7 cpl increase in the average retail price in the five largest cities in 2018–19 was the depreciation in the AUD–USD exchange rate (which decreased by USD 0.06 to USD 0.72). This was the lowest annual average AUD–USD exchange rate in the last 15 years.

The AUD–USD exchange rate is a significant determinant of Australia’s retail petrol prices because international refined petrol is bought and sold in US dollars in global markets.

Prices at Coles Express and Woolworths retail sites changed marginally following changes in price setters in 2019

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

The ACCC has examined how average retail petrol prices at Coles Express and Woolworths retail sites differed from market average prices in the eight capital cities in the period December 2018 to May 2019, analysing average prices before and after the changes in price setter.

Coles Express retail sites

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

Across the five largest cities, the average price at Coles Express retail sites was on average 0.7 cpl lower when Viva Energy set the price of petrol, compared with when Coles Express set the price. When Coles Express set the price of petrol, the average price at Coles Express retail sites across the five largest cities was on average 3.7 cpl higher than the market average price. It ranged from a high of 6.1 cpl in Sydney, to a low of 1.7 cpl in Adelaide.

When Viva Energy set the price of petrol, the average price at Coles Express retail sites across the five largest cities was on average 3.0 cpl higher than the market average. It ranged from a high of 5.2 cpl in Sydney, to a low of 1.5 cpl in Melbourne.

Woolworths retail sites

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

Across the five largest cities, the average price at Woolworths retail sites was on average 0.2 cpl higher when EG Group set the price of petrol, compared with when Woolworths set the price. When Woolworths set the price of petrol, the average price at Woolworths retail sites across the five largest cities was on average 1.0 cpl lower than the market average price. Woolworths’ prices were below the market average price in all five cities, ranging from 1.6 cpl below the market average in Brisbane, to 0.1 cpl below the market average in Sydney.

When EG Group set the price of petrol, the average price at Woolworths retail sites across the five largest cities was on average 0.8 cpl lower than the market average price. In Sydney, average prices at Woolworths retail sites changed from 0.1 cpl below the market average price when Woolworths set the price of petrol, to 0.7 cpl above the market average price when EG Group set the price.

The change between the two periods was largest in Perth, where prices were a further 1.0 cpl below the market average price when EG Group set the price of petrol. The smallest change was in Adelaide, where prices were 0.2 cpl higher, but still below the market average price.
It should be noted that the period of analysis is relatively short and it is too early to draw any more than preliminary conclusions from this data. The ACCC will continue to monitor prices at Coles Express and Woolworths retail sites over coming months.

Recent petrol prices in Darwin and Canberra have been relatively low

Retail petrol prices in the three smaller capital cities (Canberra, Hobart and Darwin) are typically higher than prices in the five largest cities. However, in the first half of 2019, there were periods when prices in Darwin and Canberra were below average prices in the five largest cities.

Monthly average retail prices in Darwin were lower than in the five largest cities between February and May 2019, and monthly average retail prices in Canberra were lower than in the five largest cities in both April and May 2019. This was the first time monthly average prices in Canberra were below the average price in the five largest cities since April 2012.

In the June quarter 2019, average retail prices in Darwin were 142.9 cpl, which was 2.4 cpl lower than in the five largest cities. Prices in Canberra were 146.4 cpl (1.1 cpl higher).

The ACT Chief Minister recently suggested that scrutiny of petrol prices by the ACT Independent Competition and Regulatory Commission may have been an influence in lowering prices in Canberra.\(^2\) This local scrutiny could have had some impact on retail prices, but the lower prices may also have been influenced by the possibility of greater regulation of the petroleum industry arising from the current ACT Legislative Assembly petrol inquiry.

The situation in Canberra is similar to that in Darwin in 2015, when the decrease in petrol prices coincided with increased local scrutiny of petrol prices by the NT Government (which also included the possibility of greater regulation of the petroleum industry), by the ACCC and the wider community. However, scrutiny of petrol prices does not always lead to lower prices. In other regional locations where the ACCC conducted petrol market studies, such as Armidale and Launceston, a similar impact on prices was not evident.

Movements in average petrol prices in the quarter largely reflected changes in international refined petrol prices

Retail petrol prices in Australia are primarily determined by international refined petrol prices (which in turn are influenced by international crude oil prices) and the AUD–USD exchange rate. The relevant international benchmark for Australia is the price of Singapore Mogas 95 Unleaded (Mogas 95), which is the price of refined petrol in the Asia-Pacific region.

Retail petrol prices in the five largest cities and Mogas 95 prices in Australian cents per litre moved in a broadly similar pattern during the quarter and over the past year (as shown in the following chart).

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Brent crude oil and Mogas 95 prices were higher in the June quarter 2019. Quarterly average Brent crude oil prices were around USD 67 per barrel (an increase of USD 4 per barrel from the previous quarter). Quarterly average Mogas 95 prices were around USD 75 per barrel (an increase of USD 8 per barrel).

In Australian cents per litre, quarterly average Mogas 95 prices were 67.5 cpl, an increase of 8.5 cpl from the previous quarter (59.0 cpl).

Changes in international crude oil and refined petrol prices have been influenced by a number of factors, the major one being the agreements made since late–2016 by the Organisation of Petroleum Exporting Countries (OPEC) cartel, and some other crude oil producing countries (including Russia), to cut production.

Fluctuating prices in the June quarter 2019 were influenced by concerns around future weakening demand in global markets, leading to lower prices, and ongoing supply cuts led by OPEC, which put upward pressure on prices. On 1 July 2019, OPEC announced that it had agreed to extend oil supply cuts until March 2020, citing concerns over a weaker global economy and higher US production.

In 2018–19, annual average Brent crude oil prices increased by USD 5 per barrel—from around USD 64 per barrel in 2017–18, to around USD 69 per barrel in 2018–19. Mogas 95 prices were broadly unchanged, at around USD 75 per barrel in both 2017–18 and 2018–19.

**Gross indicative retail differences increased in the quarter, but were marginally lower in 2018–19**

In the June quarter 2019, average gross indicative retail differences (GIRDS) in the five largest cities were 13.9 cpl, an increase of 4.4 cpl from the previous quarter. This is a reverse from the March quarter 2019, when they decreased by 4.4 cpl from the December quarter 2018.

GIRDS are a broad indicator of gross retail margins. They are calculated by subtracting average wholesale prices (as indicated by published terminal gate prices (TGPs)) from average retail prices. TGPs are the prices at which petrol can be purchased from wholesalers in the spot market and are posted on a regular basis on the websites of the major wholesalers. TGPs vary across brands and cities. TGPs reflect the wholesale price of petrol only, and exclude other retail operating costs (such as freight, branding, 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 five 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 found that profits per retail petrol site could vary considerably between retailers, with some retail sites making substantial profits, while other retail sites make very little.

When TGPs increase by large amounts in a short period (as occurred within the September quarter 2018 and the March quarter 2019), lags between changes in TGPs and changes in retail prices often have the effect of reducing GIRDs. Conversely, when TGPs decrease by large amounts in a short period (which occurred within the December quarter 2018 and the June quarter 2019), these lags often have the effect of increasing GIRDs.

On an annual basis, GiRDs across the five largest cities were 12.0 cpl in 2018–19. In real terms, this was 0.6 cpl lower than the previous year, and the first decrease in real GiRDs in six years. However, they remained 3.5 cpl higher than the real long-term average (8.5 cpl). This is shown in the following chart.

### Annual average GiRDs in the five largest cities in real terms: 2002–03 to 2018–19

![Chart showing annual average GiRDs in the five largest cities in real terms: 2002–03 to 2018–19](chart.png)


**Note:** Real GiRDs are shown in 2018–19 dollars.

Annual average GiRDs in 2018–19 were lower in Sydney, Melbourne, Brisbane and Perth compared with the previous year. They were highest in Brisbane (13.5 cpl) and lowest in Sydney (9.8 cpl). Annual average GiRDs in 2018–19 in Adelaide (11.4 cpl) were higher by 1.0 cpl compared with the previous year, and were the highest in real terms since the ACCC began monitoring them in 2002.

As noted in past ACCC quarterly reports, retailers have advised the ACCC that the higher GiRDs in recent years may partly reflect increasing regulatory and compliance costs, especially in NSW. Although many of these costs may have been one–off expenses, they may need to be recouped over a number of years.

The ACCC is currently working on a petrol industry report that analyses revenues, costs and profits in the downstream petroleum industry, which will be released later in 2019. The analysis will also provide insight into the factors driving the increase in GiRDs in recent years.
Mogas 95 and taxes accounted for over 84 per cent of the price of petrol in 2018-19

The three broad components of the retail price of petrol are: the international price of refined petrol, taxes (excise and GST) and other costs and margins at the wholesale and retail levels.

The following chart shows the change in these components across the five largest cities between 2017–18 and 2018–19. The chart separates the other costs and margins component into two elements: 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 GIRDs).

Changes in the components of average retail petrol prices in the five largest cities: 2017–18 to 2018–19

As noted earlier, the most significant contributor to the 6.7 cpl increase in the average retail price in the five largest cities in 2018–19 was the depreciation in the AUD–USD exchange rate.

Excluding the effect of changes in the AUD–USD exchange rate, Mogas 95 prices would have decreased marginally (by 0.4 cpl) in Australian cents per litre terms in 2018–19. However, the lower AUD–USD exchange rate more than offset the decrease in Mogas 95 prices, increasing prices by 5.0 cpl in Australian cents per litre terms. This resulted in a net increase of 4.6 cpl in Mogas 95 prices in Australian cents per litre terms.

Taxes increased by 1.4 cpl in 2018–19, due to an increase in the GST component as retail prices rose and biannual increases in the rate of excise. Other wholesale costs and margins increased by 1.1 cpl in the year.

The chart shows that the two largest components of the pump price—Mogas 95 and taxes—accounted for over 84 per cent of the price of petrol in 2018–19.

Brisbane petrol prices were higher than other large Australian cities

Retail prices in Brisbane are regularly higher than those in Sydney, Melbourne, Adelaide and Perth. In the June quarter 2019, average retail prices in Brisbane were 148.2 cpl, which was 3.6 cpl higher than...
the other four largest cities in aggregate (144.6 cpl). This was 1.5 cpl higher than the differential in the March quarter 2019 (2.1 cpl).

In 2018–19, Brisbane’s annual average retail price was 143.0 cpl, which was 2.3 cpl higher than the other four largest cities in aggregate (140.7 cpl).

The city–country petrol price differential decreased in the quarter, but was higher in 2018–19

The ACCC monitors fuel prices in all capital cities and over 190 regional locations across Australia. In the June quarter 2019, the differential between average prices in regional locations in aggregate and prices in the five largest cities was 1.5 cpl. This was 5.5 cpl lower than in the March quarter 2019 (7.0 cpl).

In 2018–19, the annual average differential between regional prices and prices in the five largest cities was 6.5 cpl, which was 2.1 cpl higher than in 2017–18 (4.4 cpl).

Analysis of Coffs Harbour petrol prices reveals that there are a range of prices available to motorists if they shop around

The ACCC recently analysed petrol price movements in Coffs Harbour between September and December 2018 to identify trends in price movements across different retail sites. The petrol price data is publicly available as part of the comprehensive pricing information published by the NSW FuelCheck scheme.

The analysis found that, across the four-month period, there were significant differences in prices between the highest and lowest priced retailers. In September and October 2018 (when retail prices were generally increasing), the difference was around 7 cpl to 8 cpl, and in November and December 2018 (when retail prices were generally decreasing) the difference was around 10 cpl to 11 cpl.

A further finding of the analysis was that the lowest priced retail sites in Coffs Harbour were not always located on the main thoroughfare (the Pacific Highway). The lowest priced retail site over the period (BP Park Beach) is located off the Pacific Highway.

This highlights the value in motorists taking advantage of fuel price transparency schemes (such as the FuelCheck website and app in NSW) to easily identify petrol prices at individual retail sites and find the lowest prices.

ACCC regional market study locations

Between 2015 and 2017, the ACCC undertook four regional petrol market studies—in Darwin, Launceston, Armidale and Cairns—and continues to monitor retail prices and GIRDs in those locations.

The following table shows quarterly average retail petrol prices and GIRDs, and a comparison with those in the five largest cities, for each location.
Quarterly average retail petrol prices and GIRDs in Darwin, Launceston, Armidale, Cairns and the five largest cities—June quarter 2019—cpl

<table>
<thead>
<tr>
<th></th>
<th>Darwin</th>
<th>Launceston</th>
<th>Armidale</th>
<th>Cairns</th>
<th>Five largest cities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retail petrol prices</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average price: June quarter 2019</td>
<td>142.9</td>
<td>156.1</td>
<td>144.3</td>
<td>149.5</td>
<td>145.3</td>
</tr>
<tr>
<td>Change from March quarter 2019</td>
<td>12.9</td>
<td>9.7</td>
<td>6.6</td>
<td>18.8</td>
<td>15.0</td>
</tr>
<tr>
<td>Difference from five largest cities: June quarter 2019</td>
<td>-2.4</td>
<td>10.8</td>
<td>-1.0</td>
<td>4.2</td>
<td>-</td>
</tr>
<tr>
<td>Change from March quarter 2019</td>
<td>-2.1</td>
<td>-5.3</td>
<td>-8.4</td>
<td>3.8</td>
<td>-</td>
</tr>
<tr>
<td><strong>GIRDs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average GIRDs: June quarter 2019</td>
<td>7.1</td>
<td>19.3</td>
<td>14.0</td>
<td>14.3</td>
<td>13.9</td>
</tr>
<tr>
<td>Change from March quarter 2019</td>
<td>2.1</td>
<td>-0.5</td>
<td>-4.0</td>
<td>8.2</td>
<td>4.4</td>
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<tr>
<td>Difference from five largest cities: June quarter 2019</td>
<td>-6.8</td>
<td>5.4</td>
<td>0.1</td>
<td>0.4</td>
<td>-</td>
</tr>
<tr>
<td>Change from March quarter 2019</td>
<td>-2.3</td>
<td>-4.9</td>
<td>-8.4</td>
<td>3.8</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: ACCC calculations based on FUELtrac, BP, Caltex, Mobil, Viva Energy and WA FuelWatch data.
Notes: All prices are for RULP, except Armidale (which is E10).

The ACCC has compared actual retail prices in these locations with estimated retail prices calculated on a long-term competitive cost basis. This calculation reflects the fact that costs (such as freight and operating costs on a per litre basis) are higher in these locations, and assumes that retail margins in these locations should be broadly similar to long-term average retail margins in the five largest cities.

This long-term competitive cost-based price provides a benchmark against which to compare current price levels. It is not static and will change as its underlying elements change over time. If retail prices are constantly above this benchmark price for a sustained period, this may be indicative of a less-competitive market in which retailers are earning higher margins at the expense of consumers.

**Darwin petrol prices were around a long-term competitive cost-based price**

As noted earlier, the average petrol price in Darwin in the June quarter 2019 was 2.4 cpl lower than the five largest cities. Quarterly average GIRDs in Darwin in the June quarter 2019 (7.1 cpl) were also lower than the five largest cities (13.9 cpl).

Recent lower prices in Darwin have meant that the differential between actual petrol prices and a long-term competitive cost-based price has decreased significantly. In the June quarter 2019, average petrol prices in Darwin were around a long-term competitive cost-based price.

Motorists in Darwin can use the MyFuel NT website and app to identify the highest and lowest priced retail sites in Darwin. For example, from 15 August to 20 August 2019 it showed that there was a range of 3.4 cpl between the highest priced retail sites in Darwin (138.9 cpl at several Coles Express retail sites) and the lowest (135.5 cpl at FuelXpress Winnellie).

**Launceston petrol prices remained significantly above a long-term competitive cost-based price**

The average petrol price in Launceston in the June quarter 2019 was 156.1 cpl, which was 10.8 cpl higher than the five largest cities. The differential between petrol prices in Launceston and a long-term competitive cost-based price remained significantly high over the June quarter 2019.

Motorists in Launceston can use available fuel price websites and apps, such as MotorMouth and GasBuddy, to find retailers with relatively lower prices. For example, from 15 August to 20 August 2019, using the GasBuddy app, there was an 8.0 cpl range between the highest priced retail sites in Launceston (155.9 cpl at certain BP and Caltex retail sites) and the lowest (147.9 cpl at other BP retail sites and a Woolworths retail site).
Armidale petrol prices remained above a long-term competitive cost-based price, but the difference decreased

The average petrol price in Armidale in the June quarter 2019 was 144.3 cpl, which was 1.0 cpl lower than the five largest cities. The differential between petrol prices in Armidale and a long-term competitive cost-based price decreased slightly in the quarter.

Motorists in Armidale can use the FuelCheck website and app to identify the highest and lowest priced retail sites in Armidale. For example, from 15 August to 20 August 2019, the FuelCheck website showed that there was a 2.9 cpl range between the highest priced RULP retail site in Armidale (143.9 cpl at Caltex Armidale) and the lowest (141.0 cpl at Beardy Street Servo). There was a 1.0 cpl range between the highest priced E10 retail sites (141.9 cpl at three Caltex retail sites and one Coles Express retail site) and the lowest (140.9 cpl at one Woolworths retail site and at Lowes Armidale).

Cairns petrol prices remained above a long-term competitive cost-based price

The average petrol price in Cairns in the June quarter 2019 was 149.5 cpl, which was 4.2 cpl higher than the five largest cities. Petrol prices in Cairns were above a long-term competitive cost-based price in the quarter. However, the difference between petrol prices in Cairns and the long-term competitive cost-based price was significantly lower in 2018 and the first half of 2019 than in 2017. This may have been due to more vigorous competition following the increasing presence of United in the Cairns area since the March quarter 2018.

Motorists in Cairns are able to access site-specific petrol price data made available by websites and app providers under the Queensland fuel price reporting trial to identify the highest and lowest priced retail sites. For example, from 15 August to 20 August 2019, using the MotorMouth website, there was a range from 5.0 cpl to 5.2 cpl between the highest priced retail sites in Cairns (139.9 cpl at several Mobil, Coles Express, Caltex and other retail sites) and the lowest (134.7 cpl at White Rock General Store on 20 August 2019).

Diesel and automotive LPG prices increased

In the June quarter 2019, diesel and automotive LPG prices in the five largest cities both increased:

- average retail diesel prices were 150.5 cpl in the June quarter 2019, an increase of 6.9 cpl from the March quarter 2019 (143.6 cpl)
- average retail automotive LPG prices were 82.4 cpl in the June quarter 2019, an increase of 0.9 cpl from the March quarter 2019 (81.5 cpl).

On an annual basis, in 2018–19:

- the annual average retail price of diesel in the five largest cities was 151.8 cpl, an increase of 14.0 cpl from 2017–18 (137.8 cpl)
- the annual average retail price of automotive LPG in the five largest cities was 84.4 cpl, an increase of 3.7 cpl from 2017–18 (80.7 cpl).
1. **Developments in the petroleum industry**

1.1 **Euro Garages Group completed its acquisition of Woolworths’ retail petrol business**

On 1 April 2019, Euro Garages (EG) Group completed the purchase of Woolworths Group Limited’s (Woolworths) petrol business.³

On 9 November 2018, Woolworths announced that it had entered into a binding agreement to sell its 540 Woolworths-owned fuel sites to EG Group for $1.725 billion. EG Group is a fuel and convenience retailer that operates around 4 700 retail sites across Europe and North America. On 28 February 2019, Woolworths announced that EG Group had received confirmation from the Foreign Investment Review Board that the Commonwealth had no objection to EG Group acquiring these retail sites.

1.2 **ACCC accepted a variation to Coles Group Limited’s shopper docket undertaking**

On 16 April 2019, the ACCC announced that it had accepted a variation to an undertaking provided by Coles Group Limited (Coles) in 2013 relating to its shopper docket fuel discount offers.⁴ The variation changes how Coles can fund the discounts.

Under the 2013 undertaking, Coles fuel discounts linked to supermarket purchases were limited in size and scope. The undertaking required these discounts to be funded only through Coles’ petrol division. Given Viva Energy has taken over fuel retailing and setting the retail price of fuel at Shell/Coles Express sites, the ACCC accepted a variation proposed by Coles to vary the undertaking to remove this requirement and allow Coles to fund discount offers linked to supermarket purchases from outside its petrol division. Of most importance, fuel discount offers linked to supermarket purchases remain limited to 4.0 cpl.

1.3 **The ACT Legislative Assembly Select Committee on Fuel Pricing released an interim report**

On 30 May 2019, the ACT Legislative Assembly Select Committee on Fuel Pricing released an interim report on fuel prices in the ACT.⁵ The report identified nine possible recommendations. These were:

- do nothing
- better educate consumers on what drives fuel prices
- create a fuel prices oversight position or body
- introduce a government-run real-time price monitoring scheme
- require petrol companies to lock in fuel prices for 24 hours, with mandatory price reporting
- set a maximum retail margin for fuel companies


set aside highly visible land in the ACT for numerous service stations
review government rates and taxes charged to service station operators
provide fuel subsidies for low-income families.

The interim report noted that it is difficult to forecast the impact of each of the different measures on fuel prices. The report also noted that while some recommendations are mutually exclusive, a number of recommendations could be employed together. Following the report’s release, the Committee sought views on the possible recommendations. These were due by 30 July 2019.

The Committee was originally required to produce a final report by 6 June 2019. However, on 16 May 2019 the Legislative Assembly extended this deadline to 17 September 2019.

1.4 The ACT Independent Competition and Regulatory Commission released its draft report

On 8 May 2019, the ACT Independent Competition and Regulatory Commission (ICRC) released a draft report on its investigation into petrol prices in the ACT.\(^6\) It noted the following reasons for higher petrol prices in Canberra compared with Sydney:

- delivery costs of fuel are higher in Canberra
- retail operating costs in Canberra appear to be higher
- profit margins of retailers are higher in Canberra than in Sydney and the towns around Canberra.

The ICRC draft report stated that relatively higher profit margins in Canberra likely reflect weaker competition in Canberra. The report said this is due to Canberra having a more concentrated retail petrol market, with a higher proportion of retailers with business models offering a premium product and a lower number of independent retailers with a business strategy to aggressively discount. The report added that this also likely reflects the relatively poor visibility of petrol stations in Canberra, which makes it difficult for consumers to compare competing retailers’ prices.

The ICRC sought feedback from stakeholders on the draft findings and any other issues they thought were relevant to the investigation. Submissions were due by 6 June 2019.

The ICRC provided its final report to the Treasurer on 28 June 2019.\(^7\)

1.5 The Queensland Government released a discussion paper on its ethanol mandate

On 23 May 2019, Queensland’s Department of Natural Resources, Mines and Energy released a discussion paper seeking views from industry and the public on how the Queensland Government can increase the uptake of ethanol fuel.\(^8\) Submissions were due by 1 July 2019.

When the ethanol mandate commenced in Queensland in 2017, it required that a minimum of 3 per cent of the total volume of RULP sales be from ethanol-blended petrol. From 1 July 2018, the ethanol mandate increased to 4 per cent. The discussion paper noted that to date consumer demand for E10 in Queensland has not been sufficient to meet the mandate, with reported ethanol volume sales of 2.8 per cent averaged across the state being well below the mandated level of 4 per cent.

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1.6 The Department of the Environment and Energy released an interim report on the liquid fuel security review

On 4 April 2019, the Department of the Environment and Energy released its interim report on the liquid fuel security review.9

The interim report notes that:

_Australia is an outlier in the global community in the way it thinks about liquid fuel security. Many countries see fuel security as part of their strategic capability and take steps to manage fuel security with that in mind. In comparison, Australia has chosen to apply minimal regulation or government intervention in pursuit of an efficient market that delivers fuel to Australians as cheaply as possible._

Some of the interim findings include:

- liquid fuel, particularly diesel and jet fuel, will be an important energy source for Australia beyond 2040
- Australia is heavily reliant on imports of liquid fuels, and this is unlikely to change
- Australia’s domestic refinery capacity has reduced in response to oversupply in the global market and it is questionable whether large new oil refineries in Australia could be economically viable
- Australia may be left behind as the world moves away from oil-based fuels to other forms of transport energy, such as electricity and hydrogen
- disruptions are largely managed by industry, and government intervention is a last resort.

Public consultation on the interim report closed on 3 May 2019. The final report will be provided to Government in the second half of 2019.

1.7 Caltex completed its Kurnell refinery conversion

On 31 May 2019, Caltex Australia announced that it had completed the conversion of its Kurnell refinery into Australia’s largest fuel import terminal.10 The $200 million project, which began in 2014, involved the decommissioning, demolition and conversion of refinery assets.

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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 petrol industry. The ACCC’s activities under the Act include enforcement and compliance, mergers and acquisitions assessments, authorisations and notifications, and administration of the Oilcode.

Wholesale and retail petrol prices in Australia are determined by market forces. The ACCC does not set prices in petrol markets and does not have the powers to do so. In the absence of conduct that is in breach of the Act, high petrol prices are not illegal.

The ACCC’s petrol monitoring role is to assist consumers to 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.

2.2 **Activities during the June quarter 2019**

2.2.1 **Contribution to ACT ICRC inquiry into fuel pricing**

In February 2019, the Chief Minister of the ACT announced two inquiries into petrol pricing in the ACT: one by the ACT Legislative Assembly Select Committee into Fuel Pricing, and the other by the ACT ICRC.

In the March quarter 2019, the ACCC provided a submission to the ACT Legislative Assembly Select Committee inquiry, and senior ACCC staff attended a public hearing in Canberra.\(^\text{11}\)

The ACCC also provided assistance and advice to the inquiry undertaken by the ACT ICRC. This continued in the June quarter 2019.

2.2.2 **Variation to Coles fuel discount undertaking**

On 15 April 2019, the ACCC accepted a variation to an undertaking provided by Coles in 2013 relating to its shopper docket fuel discount offers. The variation changes how Coles can fund the discounts.\(^\text{12}\)

The variation to the undertaking allows Coles to fund shopper docket discounts from outside Coles Express and follows the restructure of the Coles Express and Viva Energy alliance on 1 March 2019.

Under the restructure, Coles Express no longer retails fuel or sets the retail price of fuel. Coles Express continues to operate the site and the convenience store business; however, Coles Express now acts as Viva Energy’s commission agent for the retail sale of fuel at Coles Express sites. Fuel discounts will continue to be offered to Coles’ supermarket customers that are redeemable by purchasing fuel from Viva Energy at Shell/Coles Express sites. The fuel discount offers linked to supermarket purchases remain limited to 4.0 cpl.

In 2013, after an investigation into the escalating shopper docket fuel discount offers, the ACCC accepted undertakings from both Coles and Woolworths to limit the size and scope of fuel discounts linked to supermarket purchases. The Coles undertaking required these discounts to be funded only through Coles Express, which operated as a fuel retailer until the recent restructured arrangements with Viva Energy.


In the March quarter 2019, the ACCC accepted a variation to an undertaking provided by Woolworths relating to its fuel discount arrangements, on a similar basis.\textsuperscript{13}

\subsection*{2.2.3 Proposed acquisition of Liberty Oil by Viva Energy}

Viva Energy Australia Pty Ltd (Viva Energy) currently holds a 50 per cent interest in Liberty Oil Holdings Pty Ltd (Liberty). On 27 February 2019, Viva Energy announced its proposal to acquire the remaining 50 per cent interest in Liberty. As a part of the transaction, the assets of Liberty’s retail business will be transferred to a new company. Viva Energy will hold a 50 per cent interest in the new retail company. Viva Energy’s operations in Australia include refining, importing, wholesale and retail supply of fuel products. Liberty is a wholesaler and retailer of fuel products.

During the June quarter 2019, the ACCC commenced an informal review under the Informal Merger Review Process Guidelines and invited comments from market participants on whether the acquisition is likely to raise competition concerns.

\subsection*{2.2.4 Stakeholder engagement and communications activity}

In the June quarter 2019, the ACCC responded to fuel-related media enquiries on price and competition issues. Responses were also prepared for Ministerial and other correspondence on consumer fuel-related price concerns, including: high fuel prices in the smaller capital cities and a number of regional locations; retail fuel price differentials between regional locations; and fuel price movements in the larger Australian cities.

In May 2019, the ACCC hosted a meeting of the Fuel Consultative Committee (FuelCC), which comprises representatives from major fuel retailers, refiner-wholesalers, peak industry associations and motoring organisations. The FuelCC meets twice a year. The information and views shared at the meeting increase the ACCC’s understanding of fuel industry issues and assist it in undertaking its roles related to competition and consumer protection in the fuel industry.

Topics discussed at the FuelCC meeting included: the quarterly petrol monitoring reports produced by the ACCC and the likely focus of petrol industry reports in 2019; influences on recent wholesale and retail petrol price movements; fuel price transparency arrangements; changes in the retail petrol market by the supermarket chains; and updates on Australian refinery and terminal capital developments.

In the June quarter 2019, the fuel-related pages on the ACCC website received 143 946 page views, an increase of 33 057 page views (around 30 per cent) from the March quarter 2019 (110 889 page views). Of this total, the petrol price cycle webpage received 142 143 page views, an increase of 33 586 page views (around 31 per cent) from the March quarter 2019 (108 557 page views). The petrol price cycle webpage was the most viewed page on the ACCC website in the quarter, as it was in the previous quarter.

In 2018–19, the fuel-related pages on the ACCC website received 591 002 page views, an increase of 140 692 page views (around 31 per cent) from 2017–18 (450 310 page views). Of this total, the petrol price cycle webpage received 575 075 page views, an increase of 148 268 page views (around 35 per cent) from 2017–18 (426 807 page views). The petrol price cycle webpage was the most viewed page on the ACCC website in 2018–19, as it was in 2017–18.

The ACCC receives enquiries and complaints about fuel-related issues through the year, via the ACCC Infocentre, from members of the public, and referrals from other stakeholders. In 2018–19, the ACCC Infocentre received around 880 enquiries and complaints about fuel and fuel price related issues, similar to the totals received in 2016–17 (around 890) and 2017–18 (around 900).

3. Retail petrol price movements in the capital cities

This chapter focuses on petrol prices across the five largest cities (Sydney, Melbourne, Brisbane, Adelaide and Perth). It also examines retail prices in the three smaller capital cities (Canberra, Hobart and Darwin). Petrol prices in regional locations across Australia are discussed in chapter 4.

3.1 Retail prices over the year to June 2019

Chart 3.1 shows that seven-day rolling average retail petrol prices in the five largest cities in the year to June 2019 were rather volatile.\(^\text{14}\)

\begin{figure}
\centering
\includegraphics[width=\textwidth]{chart31.png}
\caption{Seven-day rolling average retail petrol prices in the five largest cities: 1 July 2018 to 30 June 2019}
\end{figure}

Retail prices were 146.4 cpl at the beginning of July 2018 and increased to a high of 159.9 cpl in late-October 2018. This was their highest level since July 2008.\(^\text{15}\) Prices subsequently decreased by around 45 cpl to a low of 115.4 cpl in early-January 2019.\(^\text{16}\) They then increased to 143.5 cpl at the end of the March quarter 2019.

In the June quarter 2019, prices continued to increase, reaching a high of 154.0 cpl in mid-May 2019. Prices subsequently trended downwards and ended the quarter at 136.4 cpl.

Average prices in the June quarter 2019 were 145.3 cpl, an increase of 15.0 cpl from the March quarter 2019 (130.3 cpl). This was the highest quarterly average price since the September quarter 2018 in both nominal (146.7 cpl) and real (148.4 cpl) terms.

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\(^{14}\) A seven-day rolling average price is the average of the current day’s price and prices on the six previous days. Traditionally, the ACCC has used a seven-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 seven days.

\(^{15}\) In real terms, seven-day rolling average prices were their highest since late-July 2014.

\(^{16}\) In real terms, seven-day rolling average prices were their lowest since early-September 2016.
3.2 Annual average prices in 2018–19 in real terms were the highest in four years

The annual average retail petrol price in the five largest cities in 2018–19 was 141.2 cpl, which was 6.7 cpl higher than in 2017–18 (134.5 cpl). In real terms this was the highest annual average price since 2014–15 (when the average annual price was 142.6 cpl, see chart 3.2). In nominal terms, it was the highest annual average price since 2013–14 (150.6 cpl).

Chart 3.2: Annual average retail petrol prices in the five largest cities in nominal and real terms: 2000–01 to 2018–19


Note: Real prices are shown in 2018–19 dollars.

3.3 Retail prices compared with Mogas 95 prices

Retail petrol prices in Australia are primarily determined by international refined petrol prices and the AUD–USD exchange rate. The relevant international benchmark for Australia is the price of Singapore Mogas 95 Unleaded (Mogas 95), which is the price of refined petrol in the Asia-Pacific region.

Chart 3.3 shows that retail petrol prices in the five largest cities and Mogas 95 prices in Australian cents per litre moved in a broadly similar pattern in the year to June 2019. This indicates that, in aggregate, changes in domestic retail prices are predominantly driven by changes in the international price of refined petrol.
In the year to June 2019:

- Monthly average Mogas 95 prices varied by 25.9 cpl, from a high of 78.1 cpl in September 2018 to a low of 52.2 cpl in December 2018.
- Monthly average retail prices in the five largest cities varied by 34.5 cpl, from a high of 157.9 cpl in October 2018 to a low of 123.4 cpl in January 2019.

Quarterly average Mogas 95 prices were 67.5 cpl in the June quarter 2019, an increase of 8.5 cpl from the previous quarter.

More details on movements in Mogas 95 prices are provided in chapter 5.

### 3.4 Gross indicative retail differences

Gross indicative retail differences (GIRDs) are calculated by subtracting average TGPs from average retail petrol prices. TGPs are the prices at which petrol can be purchased from wholesalers in the spot market and are posted on a regular basis on the websites of the major wholesalers. Although few wholesale transactions occur at TGPs, they can be regarded as 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, branding, rent, labour and utility costs).

GIRDs are a broad indicator of gross retail margins, and should not be confused with actual retail profits. The GIRDs reported by the ACCC are averages across the five 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, while other retail sites make very little.

#### 3.4.1 Quarterly average GIRDs

Average GIRDs in the five largest cities were 13.9 cpl in the June quarter 2019, an increase of 4.4 cpl from the previous quarter (see table 3.1).
Table 3.1: Quarterly average retail petrol prices, TGPs and GIRDs in the five largest cities: September quarter 2018 to June quarter 2019—cpl

<table>
<thead>
<tr>
<th>Location</th>
<th>Quarter</th>
<th>Retail prices</th>
<th>TGPs</th>
<th>GIRDs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Five largest cities</td>
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<td>146.7</td>
<td>136.3</td>
<td>10.4</td>
</tr>
<tr>
<td></td>
<td>Dec–18</td>
<td>142.1</td>
<td>128.2</td>
<td>13.9</td>
</tr>
<tr>
<td></td>
<td>Mar–19</td>
<td>130.3</td>
<td>120.8</td>
<td>9.5</td>
</tr>
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<td></td>
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<td>145.3</td>
<td>131.4</td>
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<tr>
<td></td>
<td>2018–19</td>
<td>141.2</td>
<td>129.2</td>
<td>12.0</td>
</tr>
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<td>135.2</td>
<td>10.1</td>
</tr>
<tr>
<td></td>
<td>Dec–18</td>
<td>137.9</td>
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<td></td>
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<td>2018–19</td>
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<td>13.5</td>
</tr>
<tr>
<td>Adelaide</td>
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<tr>
<td></td>
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<td></td>
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<td>Jun–19</td>
<td>145.7</td>
<td>131.7</td>
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<td>2018–19</td>
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<td>11.4</td>
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<tr>
<td>Perth</td>
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<td>Jun–19</td>
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<tr>
<td></td>
<td>2018–19</td>
<td>142.0</td>
<td>129.6</td>
<td>12.4</td>
</tr>
</tbody>
</table>

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

Average GIRDs increased in all five largest cities in the June quarter 2019. They were highest in Brisbane (16.7 cpl) and lowest in Sydney (12.0 cpl). Across the five largest cities GIRDs were 13.9 cpl, equal highest with the December quarter 2018. In real terms, they were their highest since the December quarter 2017 in Brisbane, and the highest on record in Adelaide.

Table 3.1 shows that in the five largest cities quarterly average GIRDs:

- varied significantly over the year and across cities, ranging from a high of 16.7 cpl (in Brisbane in the June quarter 2019) to a low of 6.5 cpl (in Sydney in the March quarter 2019)
- were lowest in Sydney, Melbourne and Brisbane in the March quarter 2019, and lowest in Adelaide and Perth in the September quarter 2018
- were highest in Sydney, Brisbane and Adelaide in the June quarter 2019, and highest in Melbourne and Perth in the December quarter 2018.

When TGPs increase by large amounts in a short period (as occurred within the September quarter 2018 and the March quarter 2019) lags between changes in TGPs and changes in retail prices often have the effect of reducing GIRDs. Conversely, when TGPs decrease by large amounts in a short period (which occurred within the December quarter 2018 and the June quarter 2019) these lags often have the effect of increasing GIRDs.
3.4.2 Annual average GIRDs

Annual average GIRDs across the five largest cities in 2018–19 were 12.0 cpl, which was 0.4 cpl lower than the average GIRDs over the year to June 2018 (12.4 cpl). Annual average GIRDs were the highest in Brisbane (13.5 cpl) and lowest in Sydney (9.8 cpl). Annual average GIRDs in Adelaide increased in 2018–19 by 1.0 cpl to 11.4 cpl.

In real terms, annual average GIRDs in the five largest cities decreased in 2018–19 (down from a record high of 12.6 cpl in 2017–18). However, they remained 3.5 cpl higher than the average over the last 17 years (8.5 cpl). This was the first decrease in annual average GIRDs in real terms, since 2012–13. This is shown in chart 3.4.

![Chart 3.4: Annual average GIRDs in the five largest cities in real terms: 2002–03 to 2018–19](chart)


Note: Real GIRDs are shown in 2018–19 dollars.

Annual average GIRDs in Adelaide were the highest in real terms since the ACCC began monitoring them in 2002.

As noted in earlier ACCC quarterly reports, retailers have previously advised the ACCC that the historically high GIRDs in recent years may partly reflect increasing regulatory and compliance costs, especially in NSW. Although many of these costs may have been one-off expenses, they may need to be recouped over a number of years.

The ACCC is currently working on a petrol industry report that analyses revenues, costs and profits in the downstream petroleum industry, which will be released later in 2019. The analysis will also provide insight into the factors driving the increase in GIRDs in recent years.

3.5 Elements of the price change

There are three broad components of the retail price of petrol: the international price of refined petrol, taxes (excise and GST) and other costs and margins at the wholesale and retail levels.

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17 As noted in the Report on the Australian petroleum market—September quarter 2016 (p. 1), these costs included: clean air regulations; underground petroleum storage systems regulations; the ethanol mandate; FuelCheck; and fuel price board specifications. Retailers also mentioned regulatory costs associated with the Queensland ethanol mandate, other costs associated with capital expenditure to maintain or upgrade sites, and increases in operating costs, freight and litigation at: [https://www.accc.gov.au/system/files/Report%20on%20the%20Australian%20petroleum%20market%20September%20quarter%202016.pdf](https://www.accc.gov.au/system/files/Report%20on%20the%20Australian%20petroleum%20market%20September%20quarter%202016.pdf).
3.5.1  Change in the June quarter 2019

Chart 3.5 shows the change in these components across the five largest cities between the March and June quarters 2019. The chart also separates the other costs and margins component into two 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 GIRDS).

Chart 3.5: Changes in the components of average retail petrol prices in the five largest cities: March quarter 2019 to June quarter 2019

Source: ACCC calculations based on FUELtrac, OPIS, BP, Caltex, Mobil, Viva Energy, WA FuelWatch, RBA and ATO data.
Notes: All prices are in Australian cents per litre.

The increase in the average retail price in the five largest cities by 15.0 cpl in the June quarter 2019 was largely driven by the increase in Mogas 95 prices and GIRDS.

Mogas 95 prices in Australian cents per litre increased because of the increase in international crude oil and refined petrol prices, and also because of a depreciation in the AUD–USD exchange rate (by around USD 0.01 in the quarter). International refined petrol is bought and sold in US dollars in global markets. As a result, a depreciation in the AUD–USD exchange rate increases the price of these international commodities in Australian cents per litre.

Excluding the effect of changes in the AUD–USD exchange rate, Mogas 95 prices would have increased by 7.3 cpl in the quarter. However, the decrease in the AUD–USD exchange rate compounded the increase in Mogas 95 prices by a further 1.2 cpl in Australian cents per litre terms. The net effect of movements in Mogas 95 prices and the exchange rate was that Mogas 95 prices in Australian cents per litre increased by 8.5 cpl.

As noted in section 3.4.1, GIRDS increased by 4.4 cpl. Taxes increased slightly during the June quarter 2019, due to an increase in the GST component as retail prices increased. Other wholesale costs and margins increased by 1.0 cpl in the quarter.

The two largest components of the average retail price—Mogas 95 and taxes—accounted for over 83 per cent of the average price of petrol in the June quarter 2019.

3.5.2  Change in 2018–19

Chart 3.6 shows the annual change in the components of average retail petrol prices between 2017-18 and 2018-19.
In 2018–19, the annual average retail petrol price in the five largest cities increased by 6.7 cpl to 141.2 cpl. The most significant contributor to this increase over the year was the AUD–USD exchange rate, which decreased by USD 0.06 to USD 0.72 in 2018–19. This was the lowest annual average AUD–USD exchange rate since 2003–04.

Excluding the effect of changes in the AUD–USD exchange rate, Mogas 95 prices would have decreased by 0.4 cpl in 2018–19. However, the decrease in the AUD–USD exchange rate offset the decrease in Mogas 95 prices by 5.0 cpl in Australian cents per litre terms. This resulted in a net increase of 4.6 cpl in Mogas 95 prices in Australian cents per litre terms.

Taxes increased by 1.4 cpl in 2018–19, due to an increase in the GST component as retail prices rose and biannual increases in the rate of excise. Other wholesale costs and margins increased by 1.1 cpl in the year.

### 3.6 Retail prices in Brisbane were higher than the other four largest cities in aggregate

Retail prices in Brisbane are regularly higher than those in Sydney, Melbourne, Adelaide and Perth.

Chart 3.7 shows quarterly average retail prices in Brisbane and average prices across Sydney, Melbourne, Adelaide and Perth over the two years to June 2019. Over this period, Brisbane retail prices were on average 3.0 cpl higher than the average across the other four largest cities (ranging from a low of 0.9 cpl in the December quarter 2018 to a high of 4.3 cpl in the December quarter 2017).
In the June quarter 2019, average retail prices in Brisbane (148.2 cpl) were 3.6 cpl higher than the other four largest cities in aggregate (144.6 cpl). This was 1.5 cpl higher than the differential in the March quarter 2019 (2.1 cpl). In 2018–19, Brisbane’s annual average retail price was 143.0 cpl, around 2.3 cpl higher than the other four largest cities in aggregate (140.7 cpl).

The ACCC released its report on the Brisbane petrol market in October 2017. It noted that petrol prices in Brisbane had been significantly higher than those in the other four largest cities for the previous eight years. Between 2009–10 and 2016–17, Brisbane motorists paid on average 3.3 cpl more for petrol than motorists in the other four 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 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 four retailers in this category (7-Eleven, Woolworths, Puma Energy and United), while Sydney had seven (Speedway, Metro, Budget, Westside, United, 7-Eleven and Woolworths).

In December 2018, the Queensland Government announced the commencement of its two-year fuel price reporting trial. Under the trial, all Queensland fuel retailers are required to report their undiscounted fuel prices to a data aggregator, which collates and checks the data and then provides it to app developers and websites. Fuel retailers must report a change in fuel prices within 30 minutes of a price change at the bowser.

A number of websites and apps make the fuel price information available for use by motorists, including MotorMouth, Petrol Spy, the RACQ’s Fair Fuel Finder, Fuel Price Australia, FuelMap, Fuelify, Pumped, Vroom Fuel Price Compare and ServoTrack.

3.7 Price cycles in the five largest cities

Retail petrol prices in the five largest cities in Australia move in cycles. 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 2018–19, in Sydney, Melbourne, Brisbane and Adelaide, there was not an equal number of price cycles per quarter (as there was in Perth).

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sydney</th>
<th>Melbourne</th>
<th>Brisbane</th>
<th>Adelaide</th>
<th>Perth</th>
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<td>12</td>
<td>11</td>
<td>18</td>
<td>52</td>
</tr>
</tbody>
</table>

Source: ACCC calculations based on FUELtrac data.

In the June quarter 2019, the number of price cycles in three of the four eastern capital cities remained unchanged. Adelaide had one less price cycle in the June quarter 2019 compared with the previous quarter. Brisbane had the fewest price cycles over the year, with 11 price cycles. Perth had the most price cycles, with a regular weekly cycle over the year.

Compared with the previous year, in 2018–19 the number of price cycles decreased in Sydney and Brisbane, and increased in Adelaide. There were two less price cycles in Sydney, and one less in Brisbane. In Adelaide, there were two more price cycles in 2018–19. There was no change in the number of price cycles in Melbourne, and Perth continued to have weekly price cycles.

The ACCC released its report on petrol price cycles in Australia in December 2018. 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.21

3.8 Prices in the three smaller capital cities

The differential between retail petrol prices in the three smaller capital cities (Canberra, Hobart and Darwin) and the five largest cities decreased significantly in the June quarter 2019 to 2.2 cpl, compared with the previous quarter (9.1 cpl).

Chart 3.8 shows that in the year to June 2019, monthly average retail prices:

- were highest in Hobart in 11 months, and in Canberra in the remaining month
- in Hobart were always higher than the five largest cities
- in Darwin were lower than the five largest cities between February and May 2019
- in Canberra were lower than the five largest cities in April and May 2019
  - the last time monthly average Canberra prices were lower than the five largest cities was in April 2012.

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In the June quarter 2019, average retail prices in:

- Darwin were 142.9 cpl, which was 2.4 cpl lower than in the five largest cities (145.3 cpl)
- Canberra were 146.4 cpl (1.1 cpl higher)
- Hobart were 153.3 cpl (8.0 cpl higher).

Factors that may lead to relatively higher prices in Canberra, Hobart and Darwin are similar to those factors influencing prices in regional locations (outlined in section 4.1).

Recent movements in Darwin retail prices are discussed further in appendix B.

### 3.9 Retail prices of the main petrol grades

Chart 3.9 shows that retail prices of the main grades of unleaded petrol—RULP, premium unleaded petrol (PULP) 95, PULP 98, and E10—all moved in a broadly similar manner over the year to June 2019.\(^{22}\)

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22 E10 prices are for Sydney and Brisbane only. RULP prices in Sydney are used in this section to calculate average RULP prices in the five largest cities.
In the June quarter 2019, the average differential in the five largest cities between:

- RULP and PULP 95 prices was 13.2 cpl (an increase of 0.4 cpl from the previous quarter)
- RULP and PULP 98 prices was 21.1 cpl (an increase of 0.2 cpl)
- E10 and RULP prices was 1.5 cpl (a decrease of 1.3 cpl).

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 in the international price of crude oil).

However, the price differentials between the various types of petrol vary over time. For example, while retailers will generally set the price of PULP at a fixed premium to RULP, premiums are adjusted from time to time in response to factors such as changes in international benchmark price differentials and local supply and demand conditions.

### 3.10 Components of petrol prices in 2018–19

Chart 3.10 summarises the components of the retail petrol price in 2018–19 shown in section 3.5. It shows that the two largest components of the pump price—Mogas 95 and taxes—accounted for 85 per cent of the price of petrol in 2018–19 (the same as in 2017–18). These components are largely outside the control of the local petrol retailers.

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23 Taxes include petrol excise, and both the wholesale and retail components of the GST.
In 2018–19, as a proportion of the annual average price:

- Mogas 95 increased to 47 per cent, from 46 per cent in 2017–18
- taxes decreased to 38 per cent, from 39 per cent in 2017–18
  - there was an increase in the rate of petrol excise by 0.8 cpl in 2018–19
- other costs and margins remained at 15 per cent.

3.11 Petrol prices in Australia and other OECD countries

Compared with other developed countries, Australia’s retail petrol prices are relatively low. However, a degree of caution needs to be exercised when comparing international petrol prices because fuel quality standards differ among countries, as does the availability and use of fuel types.

Chart 3.11 shows average retail PULP 95 prices—both including and excluding taxes—among 34 countries in the Organisation for Economic Co-operation and Development (OECD) in the March quarter 2019 (the latest data available). It shows that of these countries, Australia had the third-lowest retail PULP 95 prices. Australia historically has had the fourth-lowest prices of the OECD countries.
The main reason for the lower retail petrol prices in Australia is the relatively low rate of taxation on fuel. In the March quarter 2019 taxes made up around 38 per cent of retail PULP 95 prices in Australia. This is much lower than in many OECD countries: the average tax component on PULP 95 prices in the OECD was around 56 per cent in the March quarter 2019. Excluding taxes, PULP 95 prices in Australia were equal ninth-highest of the OECD countries.

Chart 3.12 shows average retail RULP prices—both including and excluding taxes—among 10 OECD countries in the March quarter 2019. In the majority of OECD countries other than Australia, RULP is not sold in significant quantities. The chart shows that Australia had the third-lowest retail RULP prices among these countries. Excluding taxes, RULP prices in Australia were equal fourth-lowest of the OECD countries.
3.12 Prices at Coles Express and Woolworths retail sites following changes in price setter

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

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

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

The ACCC has examined the extent to which average retail petrol prices at Coles Express and Woolworths retail sites differed from market average prices in each of the capital cities in the period from December 2018 to May 2019.

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

3.12.1 Coles Express

Chart 3.13 shows the difference between the average price of petrol at Coles Express retail sites and the market average petrol price in the eight capital cities. The data is presented for two three-month periods:

- December 2018 to February 2019 (i.e. when Coles Express set the price of petrol)

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RULP prices are analysed in all cities except Sydney (where E10 prices are used). The methodology used in this analysis is similar to that used in the ACCC’s report Petrol prices are not the same—report on petrol prices by major retailer in 2017, at: https://www.accc.gov.au/publications/petrol-industry-reports/petrol-prices-are-not-the-same-report-on-petrol-prices-by-major-retailer-in-2017.
March 2019 to May 2019 (i.e. when Viva Energy set the price of petrol).

Chart 3.13: Differences between Coles Express’ average petrol price and the market average petrol price, capital cities: December 2018 to May 2019

Chart 3.13 shows that in the three-month periods considered, prices at Coles Express retail sites were lower in most capital cities when Viva Energy was setting prices.

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

- When Coles Express set the price of petrol, the average price at Coles Express retail sites across the five capital cities was on average 3.7 cpl higher than the market average price. It ranged from a high of 6.1 cpl in Sydney, to a low of 1.7 cpl in Adelaide.

- When Viva Energy set the price of petrol, the average price at Coles Express retail sites across the five capital cities was on average 3.0 cpl higher than the market average. It ranged from a high of 5.2 cpl in Sydney to a low of 2.0 cpl higher than the market average.

The change between the two periods was greatest in Darwin and Canberra than in the five largest capital cities:

- In Darwin, the change was 4.0 cpl (from 5.1 cpl higher than the market average when Coles Express set the price of petrol to 1.1 cpl higher than the market average when Viva Energy set the price).

- In Canberra the change was 2.6 cpl (from 4.6 cpl higher than the market average to 2.0 cpl higher than the market average).

Similar analysis could not be undertaken for Hobart, as Coles Express data was not available for the period from December 2018 to February 2019.
3.12.2 Woolworths

Chart 3.14 shows the difference between the average price of petrol at Woolworths retail sites and the market average petrol price in the eight capital cities. The data is presented for two periods:

- December 2018 to March 2019 (i.e. when Woolworths set the price of petrol)
- April 2019 to May 2019 (i.e. when EG Group set the price of petrol).

Chart 3.14: Differences between Woolworths’ average petrol price and the market average petrol price, capital cities: December 2018 to May 2019

Source: ACCC calculations based on Informed Sources data.
Notes: E10 prices are used for Sydney. RULP prices are used for all other cities. Woolworths’ average price was equal to the market average price in Hobart for the period of April to May 2019.

Chart 3.14 shows that in the periods considered, prices at Woolworths retail sites were higher in most capital cities when prices were being set by EG Group, although in the majority of cities prices remained below the market average price.

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

- When Woolworths set the price of petrol, the average price at Woolworths retail sites across the five capital cities was on average 1.0 cpl lower than the market average price. Woolworths’ prices were below the market average price in all five cities, ranging from 1.6 cpl below the market average in Brisbane to 0.1 cpl below the market average in Sydney.
- When EG Group set the price of petrol, the average price at Woolworths retail sites across the five capital cities was on average 0.8 cpl lower than the market average price.

In Sydney, average prices at Woolworths retail sites changed from 0.1 cpl below the market average price when Woolworths set the price of petrol, to 0.7 cpl above the market average price when EG Group set the price.

Note that, unlike the analysis of Coles Express sites, the two periods are not of equal duration. The period analysed when Woolworths set the price was four months and the period when EG Group set the price was two months.
The change between the two periods was largest in Perth, where prices were a further 1.0 cpl below the market average price when EG Group set the price of petrol. The smallest change was in Adelaide, where prices were 0.2 cpl higher, but still below the market average price when EG Group set the price of petrol.

Average prices were also higher in the smaller capital cities when EG Group set the price of petrol, compared with when Woolworths set the price:

- In Canberra, the change was 2.2 cpl (from 2.0 cpl below the market average when Woolworths set the price to 0.2 cpl above the market average when EG Group set the price).
- In Hobart, the change was 0.7 cpl (from 0.7 cpl below the market average to equal to the market average).
- In Darwin, the change was 0.4 cpl (from 1.6 cpl below the market average to 1.2 cpl below the market average).
4. Retail petrol price movements in regional locations

The ACCC monitors fuel prices in all capital cities and over 190 regional locations across Australia. These locations are identified in appendix A.

4.1 Influences on regional petrol prices

Movements in retail petrol prices in regional locations are largely driven by changes in international refined petrol prices and the AUD–USD exchange rate, as they are in the five largest cities.

However, prices are generally higher in regional locations. 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; and 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.

As in the capital cities, there is often a range of retail prices at retail sites in regional locations. An example of this is illustrated in section 4.4.

4.2 Regional petrol prices in aggregate

In the June quarter 2019, the differential between average prices in regional locations in aggregate (regional prices) and prices in the five largest cities was 1.5 cpl. This was 5.5 cpl lower than in the March quarter 2019 (7.0 cpl).

Chart 4.1 shows that monthly average regional prices increased in April and May 2019, reaching a high of 149.2 cpl. They subsequently decreased by 4.0 cpl in June 2019, to finish the quarter at 145.2 cpl. Between March 2019 and June 2019 prices in regional locations increased by 4.8 cpl. This was greater than the increase in the five capital cities (2.9 cpl).

Chart 4.1: Monthly average retail petrol prices in regional locations in aggregate and the five largest cities: July 2018 to June 2019

Source: ACCC calculations based on FUELtrac data.

The monthly average differential between regional prices and prices in the five largest cities varied substantially between July 2018 and June 2019, ranging from 17.0 cpl above the five largest cities (in
November 2018) to 0.4 cpl below in April 2019. During the June quarter 2019, monthly average regional prices ranged from 0.4 cpl below prices in the five largest cities (in April) to 5.0 cpl above prices in the five largest cities (in June).

In June 2019, average prices in 150 regional locations (representing around 81 per cent of monitored regional locations) were higher than the average price in the five largest cities.

While retail petrol prices in regional locations generally follow movements in the international price of refined petrol, they often do not respond as quickly—either up or down—as prices in the five largest cities. For example, average petrol prices in the five largest cities increased significantly in February 2019 in line with international refined petrol prices, whereas average petrol prices in regional locations remained stable. Conversely, average petrol prices in the five largest cities decreased substantially in May 2019, in line with international refined petrol prices, whereas average petrol prices in regional locations decreased by less.

In 2018–19, the annual average differential between regional prices and prices in the five largest cities was 6.5 cpl, which was 2.1 cpl higher than in 2017–18 (4.4 cpl).

Further information on petrol price movements in all locations monitored by the ACCC is presented in appendix A.

### 4.3 Prices in each of the states and territories

Charts 4.2 to 4.8 show seven-day rolling average retail petrol prices in regional locations in each state and the NT, along with those of the relevant capital city, from 1 July 2018 to 30 June 2019. These charts also show the average differential between prices in regional locations in the state/territory and the respective capital city in the months of March and June 2019, and in 2018–19.

In June 2019, monthly average regional prices were higher than average capital city prices in NSW, Victoria, Queensland, SA, WA, and the NT. The monthly average regional price in Tasmania was lower than the average price in Hobart.

Charts 4.2 to 4.8 show that price comparisons between capital cities and regional locations are significantly influenced by price cycles in a number of the capital cities over the short term. An example is the price differential between Melbourne and Victorian regional locations in March 2019.
Chart 4.2: Seven-day rolling average petrol prices in NSW regional locations and Sydney: 1 July 2018 to 30 June 2019

Source: ACCC calculations based on FUELtrac data.
Notes: E10 prices are used for Sydney and RULP prices are used for all NSW regional locations.
A seven-day rolling average price is the average of the current day’s price and prices on the six previous days.

Chart 4.3: Seven-day rolling average petrol prices in Victorian regional locations and Melbourne: 1 July 2018 to 30 June 2019

Source: ACCC calculations based on FUELtrac data.
Note: A seven-day rolling average price is the average of the current day’s price and prices on the six previous days.
Chart 4.4: Seven-day rolling average petrol prices in Queensland regional locations and Brisbane:
1 July 2018 to 30 June 2019

Source: ACCC calculations based on FUELtrac data.
Note: A seven-day rolling average price is the average of the current day’s price and prices on the six previous days.

Chart 4.5: Seven-day rolling average petrol prices in SA regional locations and Adelaide: 1 July 2018 to
30 June 2019

Source: ACCC calculations based on FUELtrac data.
Note: A seven-day rolling average price is the average of the current day’s price and prices on the six previous days.
Chart 4.6: Seven-day rolling average petrol prices in WA regional locations and Perth: 1 July 2018 to 30 June 2019

Source: ACCC calculations based on FUELtrac data.
Note: A seven-day rolling average price is the average of the current day’s price and prices on the six previous days.

Chart 4.7: Seven-day rolling average petrol prices in Tasmanian regional locations and Hobart: 1 July 2018 to 30 June 2019

Source: ACCC calculations based on FUELtrac data.
Note: A seven-day rolling average price is the average of the current day’s price and prices on the six previous days.
Chart 4.8: Seven-day rolling average petrol prices in NT regional locations and Darwin: 1 July 2018 to 30 June 2019

Source: ACCC calculations based on FUELtrac data.
Note: A seven-day rolling average price is the average of the current day’s price and prices on the six previous days.

Chart 4.9 shows seven-day rolling average retail petrol prices in Canberra from 1 July 2018 to 30 June 2019. There are no prices available for locations in the ACT other than Canberra.

Chart 4.9: Seven-day rolling average petrol prices in Canberra: 1 July 2018 to 30 June 2019

Source: ACCC calculations based on FUELtrac data.
Note: A seven-day rolling average price is the average of the current day’s price and prices on the six previous days.
4.4 Case study: petrol price movements in Coffs Harbour

The ACCC recently analysed petrol price movements in Coffs Harbour between September and December 2018 to identify trends in price movements across different retail sites. The petrol price data is publicly available as part of the comprehensive pricing information published by the NSW FuelCheck scheme.26

In addition to the major benefit of assisting motorists to identify lower priced petrol retail sites on a real-time basis, fuel price transparency schemes enable detailed analysis of pricing over time through the use of historical data, such as that published by FuelCheck.

4.4.1 Coffs Harbour petrol retail sites

Coffs Harbour is a city of around 70 000 people on the mid-north coast of NSW. It is 540 kilometres north of Sydney, and 390 kilometres south of Brisbane.

According to NSW FuelCheck, as at 18 March 2019, there were 10 retail petrol sites in the suburbs of Coffs Harbour and Coffs Central (collectively referred to as Coffs Harbour). Nine of these sites sold RULP. The locations of these nine sites are shown in figure 4.1. It shows that Coffs Harbour retail petrol sites are located within relatively close proximity to each other (broadly within a six kilometre radius). Most of these sites are located along the Pacific Highway.

Figure 4.1: Petrol retail sites in Coffs Harbour—18 March 2019

Note: Only retail sites selling RULP are shown.

26 FuelCheck is the NSW government’s fuel price monitoring scheme that requires all fuel retailers in NSW to notify FuelCheck of any change in retail prices, and publishes these fuel prices in almost real time. NSW retailers are free to change their prices at any time, meaning that there can be multiple price changes in one day. The historical data is available from the following website: https://data.nsw.gov.au/data/dataset/fuel-check.
4.4.2 Petrol price movements between September and December 2018

Charts 4.10 and 4.11 show RULP price movements for the nine retail sites in Coffs Harbour between 1 September and 31 December 2018.\textsuperscript{27}

Chart 4.10 shows the period when prices were generally increasing (September and October 2018) and chart 4.11 shows the period when prices were generally decreasing (November and December 2018).

\textsuperscript{27} Prices are shown on a six-hourly basis. This means that not every price movement is shown in the charts (i.e. if there was more than one price change within a six hour interval).
Chart 4.10: RULP price movements for retail sites in Coffs Harbour: 1 September to 31 October 2018

Source: ACCC calculations based on FuelCheck data.
Note: Data in the chart shows changes in prices on a six hourly basis.
Chart 4.11: RULP price movements for retail sites in Coffs Harbour: 1 November to 31 December 2018

United Petroleum Coffs Central, 165 Pacific Highway
Coles Express Coffs Harbour, 208–212 Pacific Highway North
United Petroleum Coffs Harbour, 316 Harbour Drive
Liberty Coffs Harbour, 150 Pacific Highway
Woolworths Park Beach Plaza, Pacific Highway
BP Coffs Harbour, 380 Pacific Highway
BP Park Beach, 33 Ocean Parade
Caltex Coffs Harbour, 157 Orlando St
Caltex Coffs Harbour, Cnr Pacific Highway & Hall’s Rd

Source: ACCC calculations based on FuelCheck data.

Note: Data in the chart shows changes in prices on a six hourly basis.
Analysis of the retail prices over time indicates that:

- The overall movements in prices in Coffs Harbour from September to December 2018 broadly reflected changes in TGPs, with a time lag.\(^\text{28}\) This is relatively common in regional locations.
  - The relatively higher prices in Coffs Harbour in mid- to late-October 2018 appear to reflect the relatively higher TGPs around this time.
  - The subsequent decrease in TGPs from mid-October 2018 appears to have been gradually reflected in retail petrol prices, which declined steadily from around early-November 2018.

- When overall prices were both increasing and decreasing there was a range of prices across retail sites in Coffs Harbour. Over the four-month period, retail sites changed their prices at varying rates and at different times.
  - Coles Express’ prices were generally the highest of all retail sites.
  - The two BP-branded retail sites had quite different price levels and movements. BP Park Beach’s prices were generally the lowest of all sites.
  - The two United retail sites followed similar price movements and generally had lower prices than the majority of retail sites.
  - The two Caltex branded retail sites, at times, moved prices in a similar way.

- Importantly for consumers, across this four-month period, there were significant differences in prices between the highest and lowest priced retailers.
  - In September and October 2018 the difference was around 7 cpl to 8 cpl, and in November and December 2018 the difference was around 10 cpl to 11 cpl.

- These differences highlight the opportunities for motorists to make savings by shopping around to find lower priced retail sites in Coffs Harbour.
  - There may not always be such differences in prices between retail sites in Coffs Harbour. For instance, the period considered in the above analysis (where overall prices were increasing and then decreasing significantly) may be a factor in the range of prices, as retail sites may have been more often adjusting their prices than they would during periods of relatively stable market conditions.

A further finding of the analysis is that the lowest priced retail sites in Coffs Harbour were not always located on the main thoroughfare (the Pacific Highway). The lowest priced retail site over the period (BP Park Beach) is located off the Pacific Highway, as is one of the two United retail sites.

This highlights the value in motorists taking advantage of fuel price transparency schemes, (such as the FuelCheck website and app in NSW) to easily identify petrol prices at individual retail sites and find the lowest prices.

5. International price movements

The main influences on movements in retail petrol prices in Australia are the international price of refined petrol (which, in turn, is influenced by the price of crude oil) and the AUD–USD exchange rate.

5.1 Crude oil and refined petrol

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 relevant international benchmark price for petrol in Australia is the price of refined petrol in the Asia-Pacific region. For RULP it is 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.

5.1.1 Price movements over the last two years

Chart 5.1 shows movements in Brent crude oil and Mogas 95 prices in the two years to June 2019.

Weekly average Brent crude oil prices were at a low of around USD 47 per barrel in July 2017. They then trended upwards throughout the second-half of 2017 and the first nine months of 2018, reaching a high of around USD 84 per barrel in early-October 2018 (an increase of nearly 80 per cent). Weekly average Brent crude oil prices then decreased sharply, to around USD 52 per barrel by the end of December 2018, before trending upwards in early 2019, to be around USD 67 per barrel at the end of March 2019.

In the June quarter 2019, weekly average Brent crude oil prices increased further to around USD 73 per barrel in late-April 2019 and then decreased to around USD 60 per barrel in early-June 2019. At the end of June 2019, prices were around USD 64 per barrel.

Weekly average Mogas 95 prices moved in a similar manner to Brent crude oil prices over the two-year period. They reached a peak in October 2018 (at around USD 94 per barrel), decreased sharply to around USD 55 per barrel at the end of December 2018, and then trended upwards to around USD 76 per barrel at the end of March 2019.
In the June quarter 2019, weekly average Mogas 95 prices increased to around USD 83 per barrel by late-April 2019, then decreased to around USD 65 per barrel in early-June 2019, before ending the quarter higher at around USD 71 per barrel.

Overall, Brent crude oil and Mogas 95 prices were higher in the June quarter 2019:

- quarterly average Brent crude oil prices were around USD 67 per barrel (an increase of USD 4 per barrel from the previous quarter)
- quarterly average Mogas 95 prices were USD 75 per barrel (an increase of USD 8 per barrel).

Increases in crude oil prices in 2017 and the first nine-months of 2018 were largely influenced by agreements made by the OPEC cartel, and some other crude oil producing countries (including Russia), since late-2016 to cut production. This was compounded by concerns about international crude oil supplies arising from US sanctions against Iran, the political and economic crisis in Venezuela and a decrease in US crude oil inventories.\(^\text{29}\)

The sharp fall in crude oil prices from early-October 2018 was due to concerns over a global trade war (with worries that it would reduce economic activity and subsequently demand for crude oil) and increasing US shale oil production.\(^\text{30}\) Increasing crude oil prices in early-2019 were due to increasing compliance with production cuts among OPEC countries and Russia.\(^\text{31}\)

Fluctuating prices in the June quarter 2019 were influenced by further concerns around future weakening demand in global markets, leading to lower prices, and ongoing supply cuts led by OPEC, which put upward pressure on prices.\(^\text{32}\) On 1 July 2019, OPEC announced that it had agreed to extend oil supply cuts until March 2020, citing concerns over a weaker global economy and higher US production.\(^\text{33}\)

On an annual average basis:

- Brent crude oil prices increased from around USD 64 per barrel in 2017–18 to around USD 69 per barrel in 2018–19 (an increase of around 8 per cent)
- Mogas 95 prices were almost unchanged at around USD 75 per barrel in both 2017–18 and 2018–19.

### 5.1.2 Refiner margin

The difference between the price of refined petrol and the price of crude oil is referred to as the refiner margin.

In the June quarter 2019, the average refiner margin increased to USD 7.9 per barrel, an increase of USD 4 per barrel from the previous quarter (USD 3.9 per barrel).

In 2018–19, the annual average refiner margin was USD 6.6 per barrel, a decrease of USD 5.3 per barrel from 2017–18 (USD 11.9 per barrel). This was the lowest annual average refiner margin in 10 years.

The decrease in the refiner margin during 2018–19 was influenced by increased supply of refined petrol (from China and South Korea) and concerns about an economic slowdown in the Asian region.\(^\text{34}\)

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5.1.3 Crude oil prices in the long term

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, prices are driven by supply and demand factors, 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 growth in demand is not met by supply.

Chart 5.2 shows that, over the 40 years to June 2019, WTI crude oil prices in real terms were on average around USD 62 per barrel. Over the last 10 years, prices were historically high, with the average around USD 80 per barrel. In the June quarter 2019, real WTI crude oil prices were on average around USD 60 per barrel, which was USD 4 per barrel higher than the March quarter 2019 (USD 56 per barrel) and USD 2 per barrel lower than the 40-year average.

Chart 5.2: Monthly average real WTI crude oil prices: July 1979 to June 2019


Note: Real prices are shown in June 2019 dollars.

5.2 AUD–USD exchange rate

The AUD–USD exchange rate is a significant determinant of Australia’s retail petrol prices, because international refined petrol is bought and sold in United States dollars in global markets.

Chart 5.3 shows that in the two years to June 2019, the AUD–USD exchange rate fluctuated, but generally trended downwards. It decreased from a high of USD 0.81 in September 2017 to a low of USD 0.68 in June 2019. The average AUD–USD exchange rate during the two-year period was USD 0.75.
In the June quarter 2019, the average AUD–USD exchange rate was USD 0.70, which was around USD 0.01 lower than the March quarter 2019. On a quarterly average basis, the AUD–USD exchange rate in the June quarter 2019 was the lowest in over 10 years (since the March quarter 2009).

Had the AUD–USD exchange rate remained at the September 2017 high of USD 0.81, average retail petrol prices in the June quarter 2019 in Australia would have been 10.2 cpl lower (everything else being equal).

As noted in chapter 3, the effect of the AUD–USD exchange rate on retail petrol prices was significant in 2018–19. The annual average AUD–USD exchange rate in 2018–19 was USD 0.72, which was around USD 0.06 lower than in 2017–18, and was the lowest annual average exchange rate in 15 years (since 2003–04).
6. Diesel and automotive LPG prices

6.1 Diesel price movements

Quarterly average retail diesel prices in the five largest cities increased to 150.5 cpl in the June quarter 2019, an increase of 6.9 cpl from the March quarter 2019 (143.6 cpl).

The appropriate international benchmark price for diesel is the price of Singapore Gasoil with 10 parts per million sulphur content (Gasoil 10 ppm). 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 tend to broadly follow similar movements over the long term.

Chart 6.1 shows that seven-day rolling average retail diesel prices in the five largest cities broadly tracked Gasoil 10 ppm prices over the past year, however retail prices decreased by less than Gasoil 10 ppm prices in June 2019.

Seven-day rolling average retail diesel prices were 149.5 cpl at the beginning of the June quarter 2019. They gradually increased to a high of 152.1 cpl in mid-May, before slowly decreasing throughout the majority of June, to end the quarter at a low of 147.8 cpl. Gasoil 10 ppm prices in Australian cents per litre were 72.0 cpl at the beginning of the quarter. They increased to a high of 77.2 cpl in early-June, before decreasing sharply to a low of 66.4 cpl near the end of the quarter. Gasoil 10 ppm prices ended the quarter at 67.1 cpl.

Unlike petrol prices, diesel prices in the five largest cities do not move in cycles. This may be because a large proportion of diesel sales are to commercial users who purchase it on a contractual basis. According to the Australian Institute of Petroleum, only around 25 per cent 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.\footnote{Australian Institute of Petroleum, Facts about diesel prices & the Australian fuel market, at: \url{https://www.aip.com.au/resources/facts-about-diesel-prices-and-australian-fuel-market}, accessed on 12 August 2019.}

### 6.2 Components of diesel prices in 2018–19

In 2018–19, the annual average retail price of diesel in the five largest cities was 151.8 cpl, an increase of 14.0 cpl from 2017–18 (137.8 cpl).

Chart 6.2 shows that the international price of refined diesel (Gasoil 10ppm) accounted for 48 per cent of the average pump price of diesel in 2018–19. This was three percentage points higher than in 2017–18 (45 per cent). The proportion of the average pump price represented by other costs and margins in 2018–19 (16 per cent) was lower than in 2017–18 (17 per cent).

The rate of excise on diesel increased by 0.8 cpl in 2018–19. Taxes accounted for an average of 36 per cent of the diesel pump price in 2018–19, two percentage points lower than in 2017–18 (38 per cent).

![Chart 6.2: Components of the annual average retail diesel price in the five largest cities in 2018–19](image)

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

### 6.3 Automotive LPG price movements

Quarterly average retail automotive LPG prices in the five largest cities in the June quarter 2019 were 82.4 cpl, an increase of 0.9 cpl from the March quarter 2019 (81.5 cpl).

The appropriate international benchmarks for automotive LPG are the Saudi Aramco Contract Prices for propane and butane (Saudi CP). 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.

Seven-day rolling average retail automotive LPG prices were 81.1 cpl at the beginning of the June quarter 2019 (see chart 6.3). They increased marginally during the quarter, to a high of 83.3 cpl in early-June, before ending the quarter at 81.3 cpl. The Saudi CP benchmarks remained the same, in Australian cents per litre, in April and May (40.5 cpl). They subsequently decreased by 7.4 cpl in June, to 33.1 cpl.
Chart 6.3: Seven-day rolling average retail automotive LPG prices in the five largest cities and monthly Saudi CP benchmarks: 1 July 2018 to 30 June 2019

Retail prices (LHS)  |  Saudi CP (RHS)
---|---
Jul–18 | 85
Aug–18 | 85
Sep–18 | 85
Oct–18 | 85
Nov–18 | 85
Dec–18 | 85
Jan–19 | 85
Feb–19 | 85
Mar–19 | 85
Apr–19 | 85
May–19 | 85
Jun–19 | 85

Source: ACCC calculations based on FUELtrac, RBA, Gas Energy Australia and Reuters data.
Notes: Retail automotive LPG prices are seven-day rolling average prices, which is the average of the current day’s price and prices on the six previous days. Saudi CP prices are monthly prices. These prices only change once a month, at the start of each month.

Chart 6.3 shows that average retail automotive LPG prices were not as responsive, both up and down, to movements in Saudi CP benchmark prices in the year to 30 June 2019.

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 automotive LPG is different from petrol and diesel. Furthermore, international LPG prices are influenced by non-transport factors, such as demand for heating, particularly in the Northern Hemisphere.

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

6.4 Components of automotive LPG prices in 2018–19

In 2018–19, the annual average retail price of automotive LPG in the five largest cities was 84.4 cpl, an increase of 3.7 cpl from 2017–18 (80.7 cpl).

Chart 6.4 shows that the Saudi CP benchmarks accounted for 47 per cent of the pump price of automotive LPG in 2018–19. This was two percentage points higher than in 2017–18 (45 per cent). Other costs and margins accounted for 28 per cent of the average pump price in 2018–19, which was two percentage points lower than in 2017–18 (30 per cent). Other costs and margins make up a relatively large proportion of the retail price for automotive LPG compared with those for petrol and diesel, because of the higher transportation and storage costs for automotive LPG, and the lower rate of excise.

The rate of excise on automotive LPG increased by 0.3 cpl in 2018–19. Taxes accounted for 25 per cent of the average pump price of automotive LPG in 2018–19, which was unchanged from 2017–18.
Chart 6.4: Components of the annual average retail automotive LPG price in the five largest cities in 2018-19

Source: ACCC calculations based on FUELtrac, RBA, ATO, Gas Energy Australia and Reuters data.
Appendix A: Petrol price data for monitored locations

The ACCC monitors fuel prices in all capital cities and over 190 regional locations across Australia. Monthly average retail petrol prices for March and June 2019, and the change between the two, are shown in table A1. For a price to be included in the table there had to be a price observation on at least 75 per cent of days in the month/year. Seven locations—Blackall, Coober Pedy, Corryong, Goondiwindi, Normanton, Oberon and Weipa—did not have sufficient data for March and/or June 2019. E10 prices instead of RULP prices are reported in Sydney, Bulahdelah, Coonabarabran, Cowra, Gilgandra, Gunnedah, Lithgow, Ulladulla and Wellington. The source for all prices in this appendix is ACCC calculations based on FUELtrac data.

Table A1: Monthly average petrol prices in March and June 2019, and city-country differentials in the month of June 2019 and 2018–19—cpl

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36 For a price to be included in the table there had to be a price observation on at least 75 per cent of days in the month/year. Seven locations—Blackall, Coober Pedy, Corryong, Goondiwindi, Normanton, Oberon and Weipa—did not have sufficient data for March and/or June 2019. E10 prices instead of RULP prices are reported in Sydney, Bulahdelah, Coonabarabran, Cowra, Gilgandra, Gunnedah, Lithgow, Ulladulla and Wellington.

37 The source for all prices in this appendix is ACCC calculations based on FUELtrac data.
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Appendix B: Update on regional market studies

Under the previous monitoring Direction, the ACCC undertook regional petrol market studies between 2015 and 2017 in Darwin, Launceston, Armidale and Cairns. The ACCC continues to monitor prices and GIRDs in those locations.

Darwin

The ACCC’s report on the Darwin petrol market was released in November 2015.\(^\text{38}\) It found that the increase in retail petrol margins in Darwin in 2012–13 and 2013–14 had imposed a significant cost on motorists. The report noted that higher prices and profits in Darwin were the result of weak retail competition.

Darwin petrol prices increased significantly in the June quarter 2019

Chart B1 shows quarterly average retail petrol prices in Darwin and the five largest cities from the September quarter 2016 to the June quarter 2019.

![Chart B1: Quarterly average retail petrol prices in Darwin and the five largest cities: September quarter 2016 to June quarter 2019](chart)

Source: ACCC calculations based on FUELtrac data.

In the June quarter 2019, average retail prices in Darwin were 142.9 cpl, an increase of 12.9 cpl from the March quarter 2019 (130.0 cpl). This was less than the increase in the five largest cities (15.0 cpl).

In the June quarter 2019, the quarterly average price in Darwin was 2.4 cpl lower than the five largest cities, a decrease of 2.1 cpl in the differential between the two from the March quarter 2019 (when Darwin prices were 0.3 cpl lower).

The market study noted that the average differential between prices in Darwin and the five largest cities in 2012–13 and 2013–14 was over 19.0 cpl. Since then it has decreased significantly.

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In 2018–19, the annual average retail price in Darwin was 145.4 cpl, an increase of 3.3 cpl from 2017–18 (142.1 cpl). The annual average differential between Darwin prices and prices in the five largest cities was 4.2 cpl in 2018–19, which was 3.4 cpl lower than in 2017–18 (7.6 cpl).

**Darwin prices were around a long-term competitive cost-based price**

The ACCC’s 2015 Darwin report noted that motorists were paying around 10 cpl more than they should have been in a competitive market. This was based on a comparison of GIRDs in Darwin with those in the larger capital cities.

Chart B2 shows Darwin petrol prices on a rolling annual average basis from 1 January 2015 to 30 June 2019. Each daily price in the chart is the average of that day’s price and prices on the previous 364 days. Analysis of prices over the long-term enables short-term influences (such as lags in regional price movements) to be smoothed out.

The chart also shows estimated Darwin prices calculated on a long-term cost basis. This calculation reflects the fact that costs (such as freight and operating costs per litre) are higher in Darwin, and assumes that retail margins in Darwin should be broadly similar to long-term average retail margins in the five largest cities. This long-term competitive cost-based price provides a benchmark against which to compare current price levels. It is not static and will change as its underlying elements change over time. If retail prices are constantly above this benchmark price for a sustained period this may be indicative of a less-competitive market, in which retailers are earning higher margins at the expense of consumers.

**Chart B2: Rolling annual average retail prices and a long-term competitive cost-based price in Darwin, and the difference: 1 January 2015 to 30 June 2019**

Source: ACCC calculations based on data from Informed Sources, FUELtrac and the companies that participated in the Darwin market study.

Notes: A rolling annual average price is the average of that day’s price and prices on the previous 364 days.
A long-term competitive cost-based price assumes that retail margins in Darwin should be broadly similar to long-term average retail margins in the five largest cities.

The chart indicates that for most of the June quarter 2019, average quarterly petrol prices in Darwin reflected a long-term competitive cost-based price.

**Darwin GIRDs increased in the June quarter 2019**

Chart B3 shows quarterly average GIRDs in Darwin and the five largest cities over a three-year period from the September quarter 2016 to the June quarter 2019. GIRDs in Darwin have decreased in recent years since the peak of 30.6 cpl in the September quarter 2014.
In the June quarter 2019, Darwin GIRDs were 7.1 cpl, an increase of 2.1 cpl from the March quarter 2019 (5.0 cpl). Darwin GIRDs in the June quarter 2019 were 6.8 cpl lower than GIRDs in the five largest cities (13.9 cpl).

In 2018–19, annual average GIRDs in Darwin were 11.6 cpl, a decrease of 3.7 cpl from 2017–18 (15.3 cpl). Darwin annual average GIRDs were 0.4 cpl lower than GIRDs in the five largest cities (12.0 cpl).

Darwin retail prices since the introduction of MyFuel NT

The MyFuel NT scheme commenced on 1 November 2017. It is a territory-wide real-time mandatory retail fuel price reporting scheme, which gives consumers access (via website or mobile app) to real-time price data from every fuel retailer in the NT. MyFuel NT is similar to the FuelCheck scheme in NSW.

Chart B4 shows daily average petrol prices and TGPs (lagged by five days) in Darwin over the period 1 September 2017 to 30 June 2019.
Retail prices increased significantly prior to the introduction of MyFuel NT, following an increase in TGPs. However, the increase in retail prices (around 11.0 cpl) was larger than the increase in TGPs (around 8.0 cpl) and occurred immediately. Retail prices increased in mid-November 2017 by 5.0 cpl, and again in early-December 2017 by a further 4.0 cpl to around 149.0 cpl.

Retail petrol prices in Darwin fluctuated during the June quarter 2019, ranging from a low of 136.5 cpl in late-May to a high of 147.1 cpl in early-June. Similarly, TGPs also fluctuated during the June quarter 2019, ranging from a high of 142.3 cpl in early-May to a low of 126.5 cpl in mid-June. The short-term fluctuations in daily average prices in Darwin in the June quarter 2019 likely reflect local market dynamics and changes in retail prices by certain retailers.

Motorists in Darwin can use the MyFuel NT website and app to identify the highest and lowest priced retail sites in Darwin. For example, from 15 August to 20 August 2019 it showed that there was a range of 3.4 cpl between the highest priced retail sites in Darwin (138.9 cpl at several Coles Express retail sites) and the lowest (135.5 cpl at FuelXpress Winnellie).

Launceston

The ACCC report on the Launceston petrol market was released in July 2016. It found that between 2012–13 and the first half of 2015–16, Launceston motorists paid on average around 12 cpl more for petrol than motorists in the five largest cities. The report noted that if the Launceston market was more competitive, motorists could expect savings of 4–5 cpl on a sustainable basis. The three main factors causing higher prices in Launceston were higher transport costs, higher wholesale operating costs and margins, and higher retail operating costs and margins.

Launceston petrol prices increased significantly in the June quarter 2019

In the June quarter 2019, average retail petrol prices in Launceston were 156.1 cpl, an increase of 9.7 cpl from the March quarter 2019 (146.4 cpl) (see chart B5). The average differential between prices in Launceston and the five largest cities was 10.8 cpl, a decreased of 5.3 cpl from the March quarter 2019 (16.1 cpl).

In 2018–19, the annual average retail petrol price in Launceston was 156.2 cpl, an increase of 9.7 cpl from 2017–18 (146.5 cpl). The annual average differential between Launceston prices and prices in the five largest cities was 15.0 cpl in 2018–19, which was 3.0 cpl higher than in 2017–18 (12.0 cpl).

**Launceston petrol prices remained substantially above a long-term competitive cost-based price**

Chart B6 shows Launceston petrol prices on a rolling annual average basis and estimated Launceston prices calculated on a long-term competitive cost basis from 1 January 2015 to 30 June 2019. These prices have been calculated on the same basis as outlined for Darwin. The chart shows that the differential between rolling annual average petrol prices in Launceston and a rolling long-term competitive cost-based price remained largely unchanged in the June quarter 2019. The differential remains significantly high, which may reflect the absence of vigorous and effective competition in Launceston.
Chart B6: Rolling annual average retail prices and a long-term competitive cost-based price in Launceston, and the difference: 1 January 2015 to 30 June 2019

Source: ACCC calculations based on data from Informed Sources, FUELtrac and the companies that participated in the Launceston market study.

Notes: A rolling annual average price is the average of that day’s price and prices on the previous 364 days. A long-term competitive cost-based price assumes that retail margins in Launceston should be broadly similar to long-term average retail margins in the five largest cities.

Motorists in Launceston can use available fuel price websites and apps, such as MotorMouth and GasBuddy, to find retailers with relatively lower prices. For example, from 15 August to 20 August 2019, using the GasBuddy app, there was an 8.0 cpl range between the highest priced retail sites in Launceston (155.9 cpl at certain BP and Caltex retail sites) and the lowest (147.9 cpl at other BP retail sites and a Woolworths retail site).

Launceston GIRDs decreased marginally in the June quarter 2019

Chart B7 shows quarterly average GIRDs in Launceston and the five largest cities over the three-year period from the September quarter 2016 to the June quarter 2019.
In the June quarter 2019, Launceston GIRDs were 19.3 cpl, a decrease of 0.5 cpl from the March quarter 2019 (19.8 cpl). Launceston GIRDs in the June quarter 2019 were 5.4 cpl higher than in the five largest cities (13.9 cpl).

In 2018–19, annual average GIRDs in Launceston were 21.4 cpl, an increase of 2.5 cpl from 2017–18 (18.9 cpl). Launceston annual average GIRDs were 9.4 cpl higher than GIRDs in the five largest cities (12.0 cpl).

Armidale

The ACCC report on the Armidale petrol market was released in November 2016. It found that relatively weak retail competition in Armidale, reflected by a lack of price discounting, contributed to E10 prices in Armidale being on average 8.0 cpl higher than RULP prices in the five largest cities between 2012–13 and 2014–15.

Armidale petrol prices increased in the June quarter 2019

Chart B8 shows quarterly average retail petrol prices in Armidale and the five largest cities from the September quarter 2016 to the June quarter 2019.

In the June quarter 2019, average retail petrol prices in Armidale were 144.3 cpl, an increase of 6.6 cpl from the March quarter 2019 (137.7 cpl). Armidale average prices were 1.0 cpl lower than the five largest cities in the June quarter 2019 (145.3 cpl), a decrease of 8.4 cpl from the previous quarter (when prices in Armidale were 7.4 cpl higher than the five largest cities).

In 2018–19, the annual average retail petrol price in Armidale was 147.5 cpl, an increase of 10.2 cpl from 2017–18 (137.3 cpl). The annual average differential between Armidale prices and prices in the five largest cities was 6.3 cpl in 2018–19, which was 3.5 cpl higher than in 2017–18 (2.8 cpl).

**Armidale petrol prices were above a long-term competitive cost-based price, but the difference decreased**

Chart B9 shows Armidale petrol prices on a rolling annual average basis and estimated Armidale prices calculated on a long-term competitive cost basis from 1 January 2015 to 30 June 2019. These prices have been calculated on the same basis as outlined for Darwin. The chart indicates that in the June quarter 2019, rolling annual average petrol prices in Armidale were above a rolling long-term competitive cost-based price. However, the difference decreased during the quarter.
Chart B9: Rolling annual average retail prices and a long-term competitive cost-based price in Armidale, and the difference: 1 January 2015 to 30 June 2019

Source: ACCC calculations based on data from Informed Sources, FUELtrac and the companies that participated in the Armidale market study.

Notes: A rolling annual average price is the average of that day’s price and prices on the previous 364 days.
A long-term competitive cost-based price assumes that retail margins in Armidale should be broadly similar to long-term average retail margins in the five largest cities.

Motorists in Armidale can use the FuelCheck website and app to identify the highest and lowest priced retail sites in Armidale. For example, from 15 August to 20 August 2019, the FuelCheck website showed that there was a 2.9 cpl range between the highest priced RULP retail site in Armidale (143.9 cpl at Caltex Armidale) and the lowest (141.0 cpl at Beardy Street Servo). There was a 1.0 cpl range between the highest priced E10 retail sites (141.9 cpl at three Caltex retail sites and one Coles Express retail site) and the lowest (140.9 cpl at one Woolworths retail site and at Lowes Armidale).

Armidale GIRDs decreased in the June quarter 2019

Chart B10 shows quarterly average GIRDs in Armidale and the five largest cities over the three-year period from the September quarter 2016 to the June quarter 2019.
**Cairns**

The ACCC report on the Cairns petrol market was released in May 2017. It found that between 2012–13 and the first half of 2016–17, the average differential between prices in Cairns and the five largest cities was around 11.0 cpl. It concluded that a lack of vigorous and effective retail price competition in Cairns contributed to the increase in retail margins and profits in recent years.

**Cairns petrol prices increased significantly in the June quarter 2019**

Chart B11 shows quarterly average retail petrol prices in Cairns and the five largest cities from the September quarter 2016 to the June quarter 2019.

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In the June quarter 2019, the average retail petrol price in Cairns was 149.5 cpl, an increase of 18.8 cpl from the March quarter 2019 (130.7 cpl). The average differential between prices in Cairns and the five largest cities was 4.2 cpl in the June quarter 2019, an increase of 3.8 cpl from the March quarter 2019 (0.4 cpl).

In 2018–19, the annual average retail price in Cairns was 148.1 cpl, an increase of 7.7 cpl from 2017–18 (140.4 cpl). The annual average differential between Cairns prices and prices in the five largest cities was 6.9 cpl in 2018–19, which was 1.0 cpl higher than in 2017–18 (5.9 cpl).

Cairns petrol prices were above a long-term competitive cost-based price

Chart B12 shows Cairns petrol prices on a rolling annual average basis and estimated Cairns prices calculated on a long-term competitive cost basis from 1 January 2015 to 30 June 2019. These prices have been calculated on the same basis as outlined for Darwin.
Chart B12: Rolling annual average retail prices and a long-term competitive cost-based price in Cairns, and the difference: 1 January 2015 to 30 June 2019

Source: ACCC calculations based on data from Informed Sources, FUELtrac and the companies that participated in the Cairns market study.

Notes: A rolling annual average price is the average of that day’s price and prices on the previous 364 days.
A long-term competitive cost-based price assumes that retail margins in Cairns should be broadly similar to long-term average retail margins in the five largest cities.

The chart indicates that rolling annual average petrol prices in Cairns were above a rolling long-term competitive cost-based price.

The difference between petrol prices in Cairns and the long-term competitive cost-based price was significantly lower in 2018 and the first half of 2019 than in 2017. This may have been due to more vigorous competition following the increasing presence of United in the Cairns area since the March quarter 2018. However, in the June quarter 2019, quarterly average petrol prices in Cairns were still above a long-term competitive cost-based price.

**Cairns GIRDs increased in the June quarter 2019**

Chart B13 shows quarterly average GIRDs in Cairns and the five largest cities over the three-year period from the September quarter 2016 to the June quarter 2019.
In the June quarter 2019, average GIRDs in Cairns were 14.3 cpl, an increase of 8.2 cpl from the March quarter 2019 (6.1 cpl). Cairns GIRDs in the June quarter 2019 were 0.4 cpl higher than in the five largest cities (13.9 cpl).

In 2018–19, annual average GIRDs in Cairns were 15.1 cpl, an increase of 0.3 cpl from 2017–18 (14.8 cpl). Cairns annual average GIRDs were 3.1 cpl higher than GIRDs in the five largest cities (12.0 cpl).

**Cairns retail prices since the introduction of the Queensland fuel price reporting trial**

The Queensland fuel price reporting trial commenced on 3 December 2018. The two-year trial requires all Queensland fuel retailers to report their undiscounted fuel prices to a data aggregator, and gives consumers access to the price data via apps and websites.

Chart B14 shows daily average petrol prices and TGPs (lagged by five days) in Cairns for the period 1 July 2018 to 30 June 2019.
Retail prices in Cairns started to decrease prior to the introduction of the Queensland fuel price reporting trial. They reached a high of 167.1 cpl in mid-November 2018, and subsequently decreased by 42.2 cpl to 124.9 cpl in early-February 2019. This followed similar movements in TGPs, which reached a high of 150.8 cpl in mid-October 2018 and subsequently decreased by 35.4 cpl to a low of 115.4 cpl in early-January 2019.

At the beginning of the June quarter 2019, retail prices in Cairns were 146.1 cpl. They increased to a high of 153.1 cpl in late-May, before decreasing to a low of 138.2 cpl near the end of the quarter. TGPs were 135.1 cpl at the start of the June quarter 2019. They moved in a similar manner to retail prices, increasing to a high of 141.8 cpl in early-May, before decreasing to a low of 125.8 cpl in mid-June. They ended the quarter at 127.5 cpl.

Motorists in Cairns are able to access site-specific petrol price data made available by websites and app providers under the Queensland fuel price reporting trial to identify the highest and lowest priced retail sites. For example, from 15 August to 20 August 2019, using the MotorMouth website, there was a range from 5.0 cpl to 5.2 cpl between the highest priced retail sites in Cairns (139.9 cpl at several Mobil, Coles Express, Caltex and other retail sites) and the lowest (134.7 cpl at White Rock General Store on 20 August 2019).