AUSTRALIAN COMPETITION & CONSUMER COMMISSION

Report on the Australian petroleum market

December quarter 2023

March 2024

Acknowledgement of country

The ACCC acknowledges the traditional owners and custodians of Country throughout Australia and recognises their continuing connection to the land, sea and community. We pay our respects to them and their cultures; and to their Elders past, present and future.

Australian Competition and Consumer Commission
Ngunnawal
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ACCC 03/24_24–10

www.accc.gov.au

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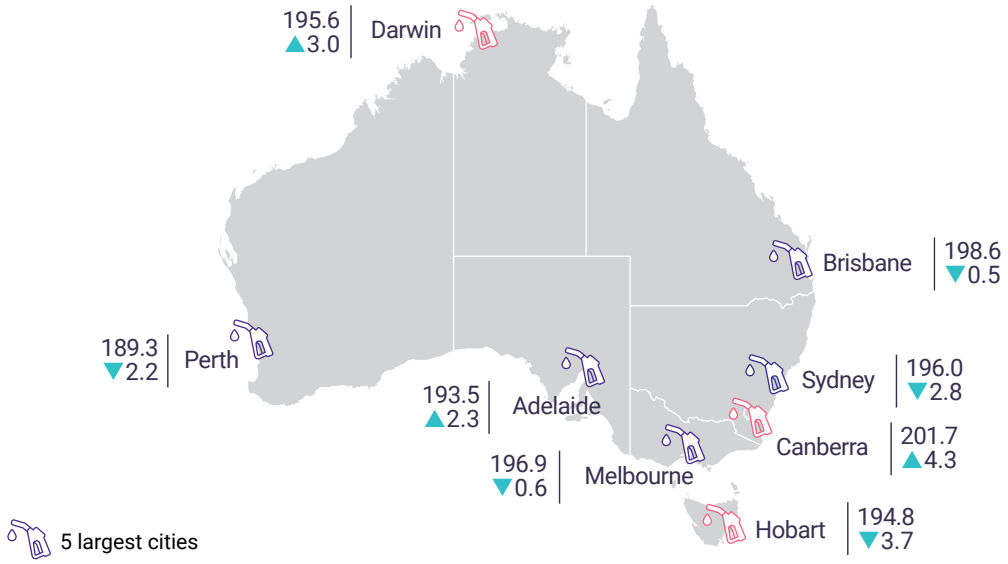
December quarter 2023 – Petrol snapshot

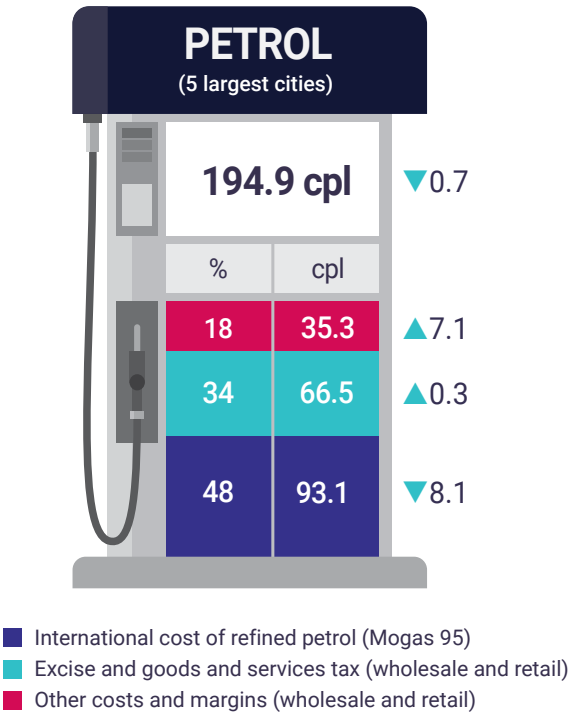
AVERAGE RETAIL PETROL PRICES



RETAIL PETROL PRICES DECREASED DRIVEN BY INTERNATIONAL FACTORS

Lower quarterly average retail petrol prices were largely driven by decreases in international refined petrol prices. Average wholesale and retail costs and margins increased in the quarter.

COMPONENTS OF RETAIL PETROL PRICES

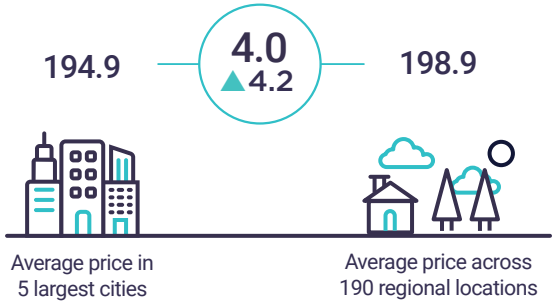


GROSS INDICATIVE RETAIL DIFFERENCES

Gross indicative retail differences are the difference between average retail petrol prices and indicative wholesale prices in the 5 largest cities. They are a broad indicator of gross retail margins (including both retail operating costs and profits).

Over calendar year 2023, *annual* average gross indicative retail differences were 14.2 cpl, which is around pre-pandemic levels in real (inflation adjusted) terms.

DIFFERENCE BETWEEN CITY AND REGIONAL RETAIL PETROL PRICES



Prices are shown in cents per litre (cpl). ▲▼cpl change from the previous quarter.
'Petrol' means regular unleaded petrol in all capital cities.

Key messages

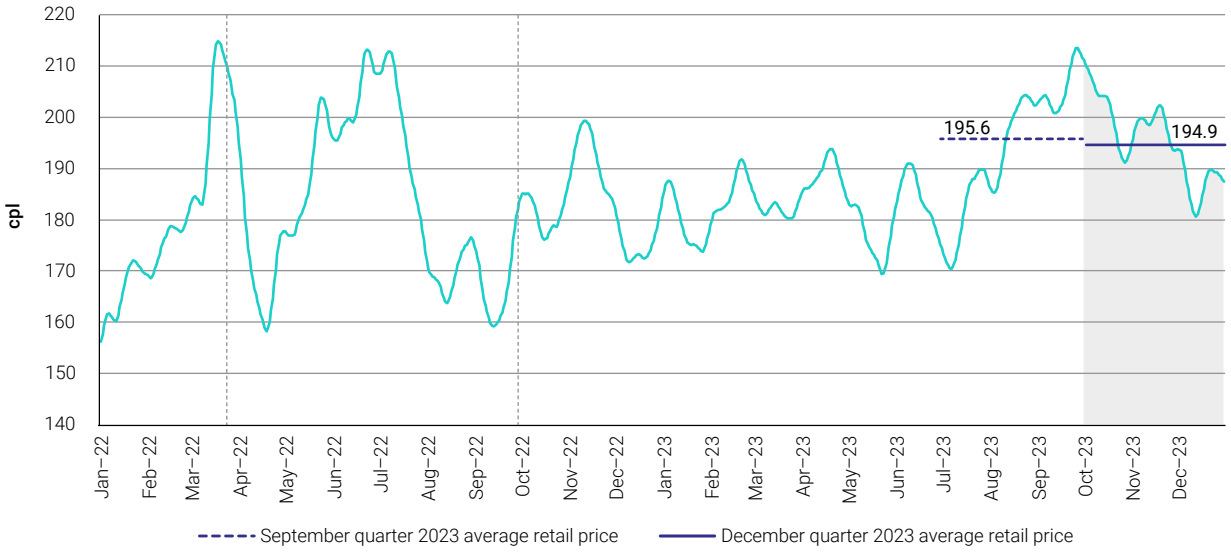
Retail petrol prices were lower on average, as prices trended down during the quarter

In the December quarter 2023, average retail petrol prices in the 5 largest cities (Sydney, Melbourne, Brisbane, Adelaide and Perth) were 194.9 cpl. This was a decrease of 0.7 cpl from the September quarter 2023 (195.6 cpl).

Monthly average retail petrol prices in the 5 largest cities decreased from 206.6 cpl in September 2023 to 186.6 cpl in December 2023 (a decrease of 20.0 cpl or around 10%).

The following chart shows the increase in 7-day rolling average retail petrol prices in the 5 largest cities from January 2022 to December 2023.[1] Prices fluctuated significantly during 2022, influenced by volatile international crude oil and refined petrol prices, the temporary cut in fuel excise in late March 2022 and the restoration of full excise in late September 2022. In the first half of 2023, prices were relatively more stable, and then increased in the September quarter 2023, before decreasing in the December quarter 2023.

Seven-day rolling average retail petrol prices in the 5 largest cities in nominal terms: 1 January 2022 to 31 December 2023– cents per litre (cpl)



Source: ACCC calculations based on data from FUELtrac and Informed Sources.

Notes: The shaded area in the chart represents the December quarter 2023.
The 2 vertical dotted lines indicate the cut in fuel excise from 30 March 2022 and the restoration of full excise from 29 September 2022.
A 7-day rolling average price is the average of the current day's price and prices on the 6 previous days.

Average prices in the 5 largest cities decreased in the quarter, but they were still at relatively high levels after being the highest on record in nominal terms in the September quarter 2023 (195.6 cpl).

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

With petrol prices at relatively high levels, the ACCC continues to encourage motorists to make use of fuel price apps and websites which provide near real-time fuel price information to find lower priced petrol. Observing petrol price cycles in the 5 largest cities can also be a useful strategy for motorists to save on petrol. By referring to price charts on the ACCC website, motorists in the 5 largest cities can stay informed about price movements to help them fill up when prices appear to be around the lowest point in the cycle.[2]

Lower international petrol benchmark prices were the main contributor to lower retail prices

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

The following chart shows changes in various components of average retail petrol prices in the 5 largest cities between the September quarter 2023 and the December quarter 2023. These include:

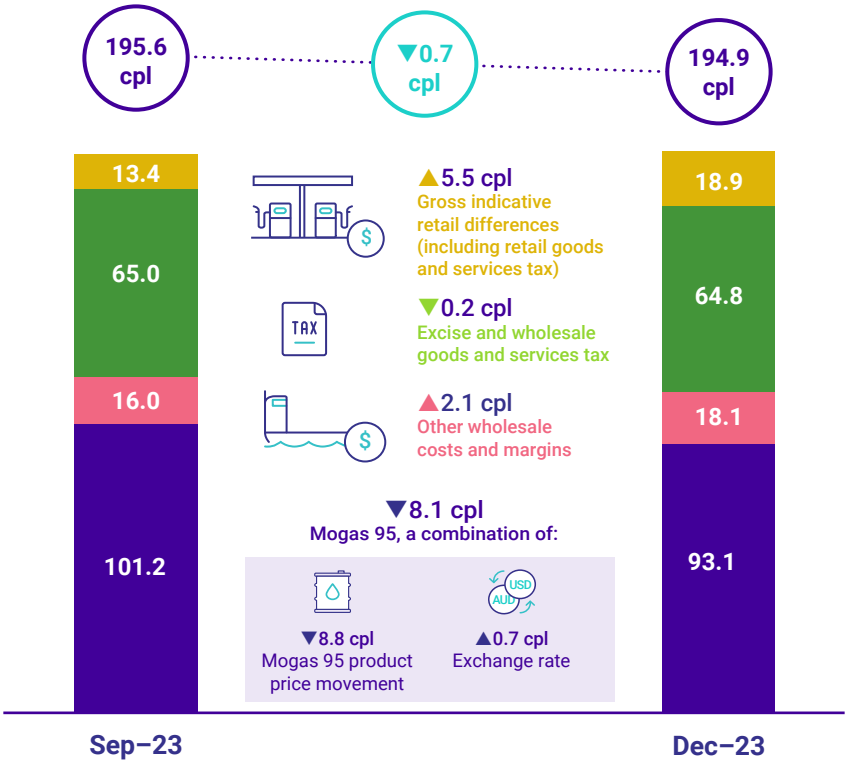
- the international price of refined petrol (Mogas 95)
- the AUD–USD exchange rate (which has a significant influence on Australia's retail petrol prices because international refined petrol is bought and sold in US dollars in global markets)
- excise and wholesale goods and services tax
- other wholesale costs and margins (which includes international shipping costs and other import costs, and wholesale costs and margins)
- retail costs and margins (represented by gross indicative retail differences)[3], which includes a small amount of goods and services tax applying to this component.

The chart shows that the decrease in average retail petrol prices in the 5 largest cities in the December quarter 2023 (0.7 cpl) was driven by lower Mogas 95 prices, partly offset by a lower AUD–USD exchange rate, higher wholesale costs and margins and higher gross indicative retail differences.

2 See the ACCC's Petrol price cycles in major cities website.

3 Gross indicative retail differences are a broad indicator of gross retail margins, and include both retail operating costs and retail profits. Gross indicative retail differences represent the difference between average retail petrol prices and indicative wholesale prices.

Changes in the components of average retail petrol prices in the 5 largest cities: September quarter 2023 to December quarter 2023 – Australian cents per litre (cpl)



Source: ACCC calculations based on data from Informed Sources, Argus Media, Ampol, bp, Mobil, Viva Energy, FuelWatch, the Reserve Bank of Australia and the Australian Taxation Office.

Notes: ▼▲ cpl change from the previous quarter.
The excise and wholesale goods and services tax component in this chart (64.8 cpl) is different to the excise and goods and services tax (wholesale and retail) component in the bowser, shown in the 'December quarter 2023 – Petrol snapshot' and in chart 4.1. This is because a small amount of retail goods and services tax (1.7 cpl) is included in the gross indicative retail differences component in the above chart, for consistency in reporting gross indicative retail difference figures throughout this report.
Total excise and goods and services tax was 66.5 cpl in the December quarter 2023, an increase of 0.3 cpl from the previous quarter.

Excluding the effect of changes in the AUD–USD exchange rate (which decreased by US 0.5 cents on average in the quarter), Mogas 95 prices would have decreased by 8.8 cpl. However, the lower AUD–USD exchange rate partly offset this decrease, resulting in Mogas 95 prices decreasing by 0.7 cpl less in Australian dollar terms. The net effect of movements in Mogas 95 prices and the AUD–USD exchange rate was that Mogas 95 prices in Australian cents per litre decreased by 8.1 cpl.

Crude oil and Mogas 95 prices decreased

In the December quarter 2023, key factors that influenced lower crude oil prices included:

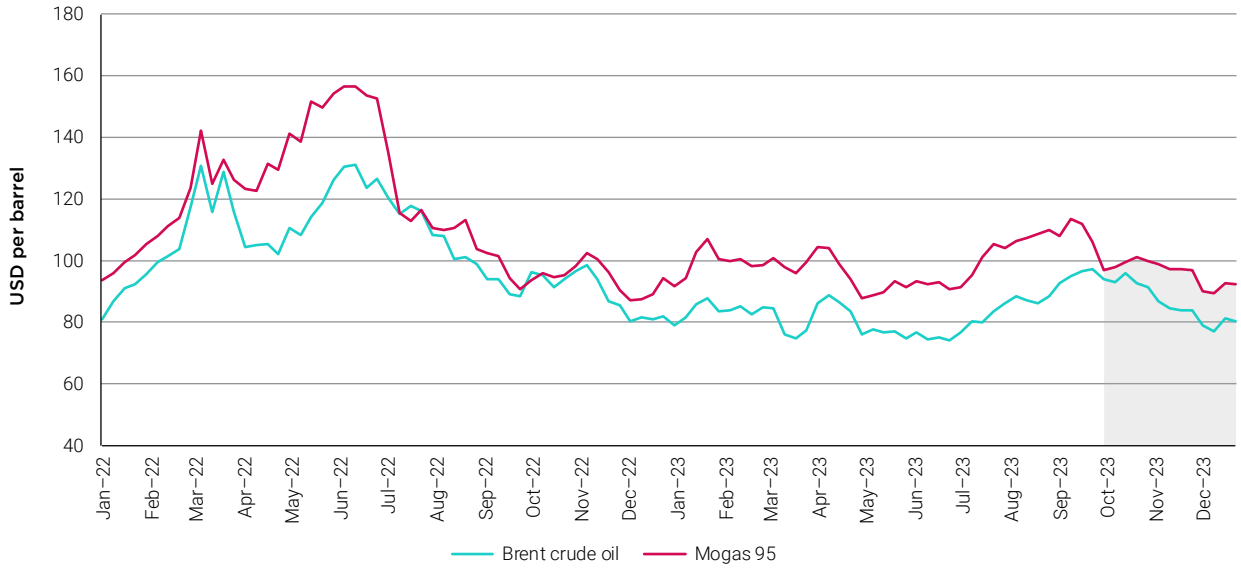
- increased crude oil production from the United States and other sources, countering reduced supply from the Organisation of the Petroleum Exporting Countries (OPEC) cartel, and some other crude oil producing countries including Russia (referred to as OPEC+)[4]
- weaker world oil demand and slowing demand growth in several economies.[5]

4 Reuters, *Oil market comfortably supplied after OPEC+ cuts*, 13 December 2023, accessed on 15 February 2024.

5 International Energy Agency, *Oil Market Report December 2023*, accessed on 15 February 2024.

The following chart shows the movements in international Brent crude oil and Mogas 95 prices from January 2022 to December 2023.

Weekly average Brent crude oil and Mogas 95 prices in nominal terms: January 2022 to December 2023 – USD per barrel



Source: ACCC calculations based on data from Argus Media.
Note: The shaded area in the chart represents the December quarter 2023.

Many international factors, including recent geo-political events, influenced the supply, demand and prices for crude oil and refined fuel in 2023. On Monday 9 October 2023, following the attacks in Israel, daily Brent crude oil prices increased by around 3% and Mogas 95 prices increased by around 5%.

After the initial lift in international crude oil and refined fuel prices, they stabilised and then generally trended downward during the quarter.

Quarterly average gross indicative retail differences increased

Quarterly average gross indicative retail differences increased by 5.5 cpl to 18.9 cpl in the December quarter 2023. Over calendar year 2023, *annual* average gross indicative retail differences were 14.2 cpl, which is around pre-pandemic levels in **real** terms.

Gross indicative retail differences are a broad indicator of gross retail margins (including both retail operating costs and profits).[6] The gross indicative retail differences reported by the ACCC are averages across the 5 largest cities over time.

The level of prices, costs and profits vary significantly between retail operations and not all retail petrol sites will have these gross margins. Some will have higher gross margins, others lower. The

6 The ACCC calculates gross indicative retail differences by subtracting average wholesale prices (as indicated by published terminal gate prices) from average retail petrol prices. Terminal gate prices are prices that wholesalers charge for petrol in the spot market. The major wholesalers post these prices on their websites on a regular basis. Although few wholesale transactions occur at terminal gate prices, they are indicative wholesale prices. Terminal gate prices vary across brands and cities. Terminal gate prices reflect the wholesale price of petrol only and exclude other retail operating costs.

ACCC petrol market studies found that actual profits per retail petrol site could vary considerably between retailers, with some retail sites making substantial profits and others making very little.[7]

When wholesale prices (indicated by terminal gate prices) decrease by large amounts in a short period, lags between changes in terminal gate prices and changes in retail prices often have the effect of increasing gross indicative retail differences in the short term. Lags occur because changes in wholesale prices are generally only reflected in retail prices when fuel is replenished at a petrol station.

Another possible influence on increasing gross indicative retail differences in the quarter is higher retailer business costs which some industry stakeholders have told the ACCC have increased in recent times.

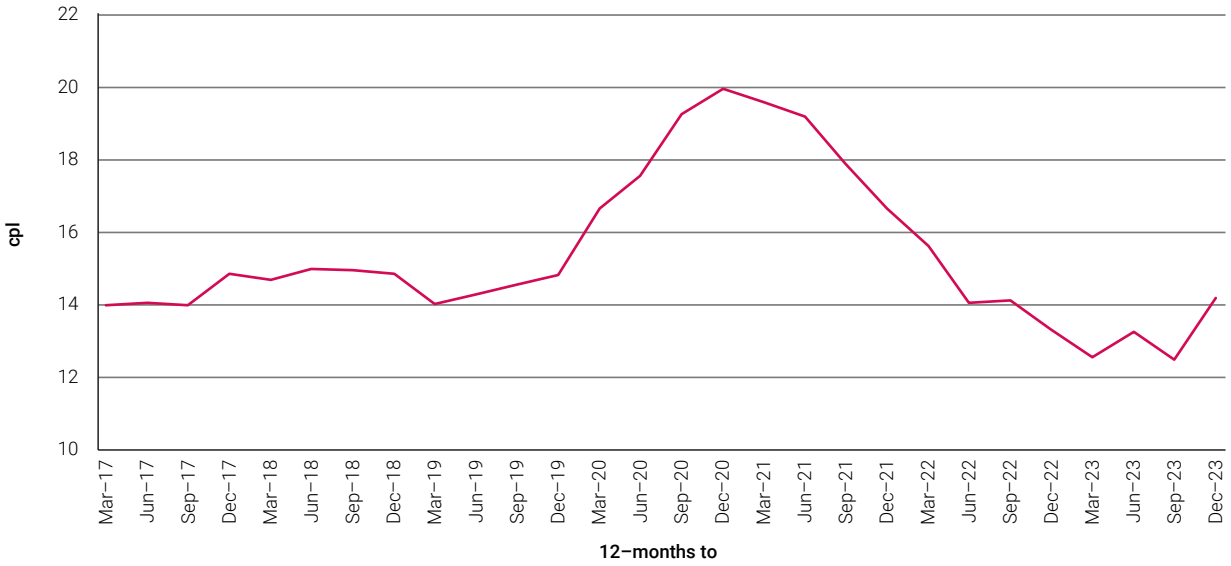
The effects of the lags between changes in terminal gate prices and retail prices, and their impact on gross indicative retail differences, is less prevalent when gross indicative retail differences are considered over a longer period.

Longer term average gross indicative retail differences were around pre-pandemic levels

The following chart shows 12-month average gross indicative retail differences in **real** terms across the 5 largest cities, calculated at the end of each quarter over the past 7 years.

Twelve-month average gross indicative retail differences were 14.2 cpl at the end of the December quarter 2023. Before the pandemic, between March 2017 and December 2019, **real** 12-month average gross indicative retail differences ranged between 14.0 cpl and 15.0 cpl.

Twelve-month average gross indicative retail differences in the 5 largest cities in real terms: March 2017 to December 2023 – cents per litre (cpl)



Source: ACCC calculations based on data from FUELtrac, Informed Sources, Ampol, bp, Mobil, Viva Energy and FuelWatch, and Australian Bureau of Statistics, *6401.0 Consumer Price Index Australia December 2023*, *Tables 1 and 2. CPI: All Groups, Index Numbers and Percentage Changes*, accessed on 15 February 2024.

Note: **Real** values are shown in December 2023 dollars.

7 See the ACCC's petrol market studies.

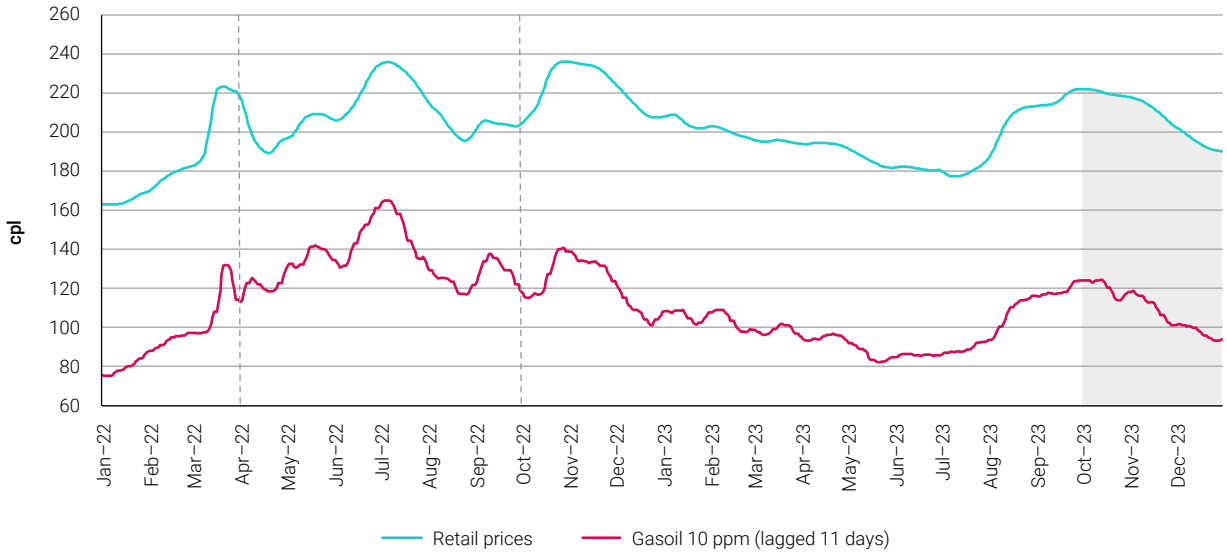
In the year to December 2020, 12-month average gross indicative retail differences reached their highest level on record in both nominal and **real** terms (20.0 cpl), influenced by COVID-19 restrictions and retailers experiencing lower sales volumes.[8]

Average retail diesel prices trended downward as international diesel benchmark prices decreased

The price of Singapore Gasoil with 10 parts per million sulphur content (Gasoil 10 ppm) is the appropriate international benchmark for the wholesale price of diesel in Australia.

The following chart shows that 7-day rolling average retail diesel prices in the 5 largest cities broadly tracked lagged Gasoil 10 ppm prices between 1 January 2022 and 31 December 2023.

Seven-day rolling average retail diesel prices in the 5 largest cities and Gasoil 10 ppm prices in nominal terms: 1 January 2022 to 31 December 2023 – cents per litre (cpl)



Source: ACCC calculations based on data from FUELtrac, Informed Sources, Argus Media and the Reserve Bank of Australia.

Notes: The shaded area in the chart represents the December quarter 2023.
The 2 vertical dotted lines indicate the cut in fuel excise from 30 March 2022 and the restoration of full excise from 29 September 2022.
A 7-day rolling average price is the average of the current day's price and prices on the 6 previous days.
Gasoil 10 ppm prices are lagged by 11 days as there is generally around a one- to 2-week lag between changes in international prices and changes in retail prices in the 5 largest cities.

Seven-day rolling average retail diesel prices trended downward during the December quarter 2023. Prices were 221.9 cpl at the beginning of the quarter, and decreased to 190.2 cpl at the end of the quarter.

In addition to the broader influences on crude oil prices, the decrease in Gasoil 10 ppm prices in the December quarter 2023 was influenced by an easing outlook of a global diesel shortage, with stocks accumulating, and softening demand from a slowdown in manufacturing and construction activity.[9]

8 ACCC, *Quarterly report on the Australian petroleum market – March quarter 2022*, 15 June 2022, pp 42–43.

9 Reuters, *Global diesel shortage eases after summer surge in prices*, 15 December 2023, accessed on 15 February 2024.

Quarterly average retail petrol prices increased in Canberra, Darwin and on average in regional locations

In the December quarter 2023, average retail petrol prices increased in Canberra by 4.3 cpl and Darwin by 3.0 cpl. In contrast, average retail petrol prices decreased in Hobart by 3.7 cpl. Average retail petrol prices in Hobart were below the average retail price across the 5 largest cities, while average prices in Canberra and Darwin were above.

Quarterly average retail petrol prices in Canberra were 201.7 cpl, the highest among the 8 capital cities. The ACCC encourages motorists in Canberra to use the FuelCheck app and website to shop around for lower priced retailers, as there can often be a range of prices available. The Australian Capital Territory government decided to continue real-time retail fuel price reporting after completing a recent review in October 2023.

The ACCC monitors fuel prices in all capital cities and over 190 regional locations across Australia. In the December quarter 2023, average retail petrol prices in regional locations in aggregate (regional prices) were 198.9 cpl, an increase of 3.5 cpl from the September quarter 2023. Regional prices were 4.0 cpl higher than average retail petrol prices in the 5 largest cities.

Key acquisitions in the fuel industry

Viva Energy expects to complete its acquisition of OTR Group in the first half of 2024, subject to the Foreign Investment Review Board's approval.[10] This follows the ACCC's decision to not oppose Viva Energy's proposed acquisition, subject to the ACCC accepting a court-enforceable undertaking from Viva Energy to divest certain retail sites.

7-Eleven Australia announced that 7-Eleven International LLC, a joint venture of 7-Eleven Inc., and Seven-Eleven Japan, Co. Ltd agreed to wholly acquire its network of over 750 stores across Victoria, New South Wales, Australian Capital Territory, Queensland and Western Australia.[11] The proposed acquisition is subject to regulatory approval.

10 Viva Energy, *OTR Group Acquisition Update*, ASX release, 14 December 2023, accessed on 15 February 2024.

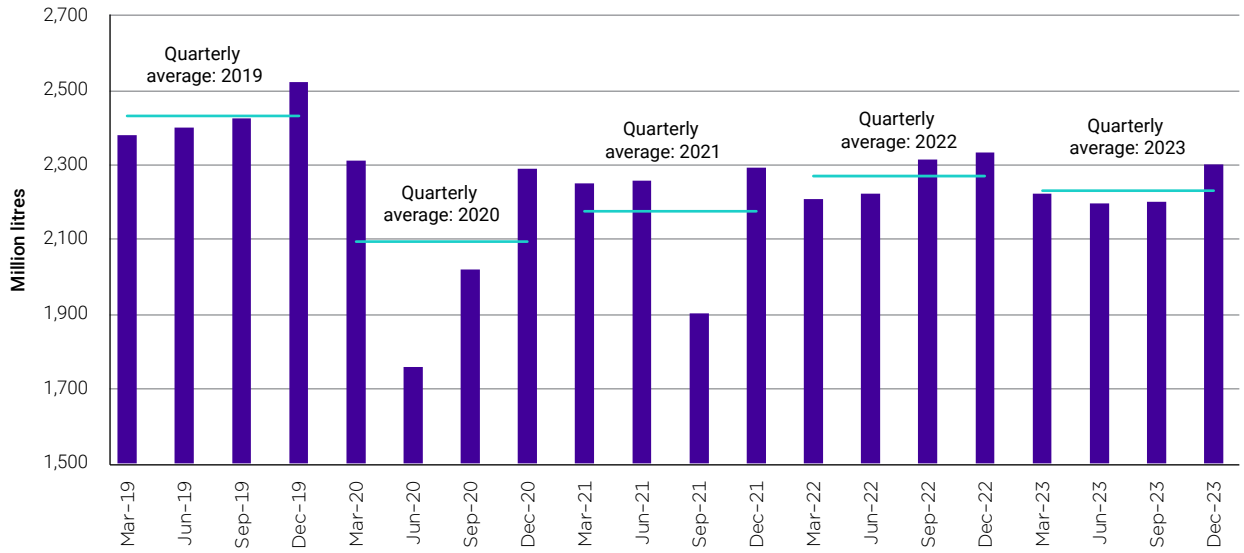
11 7-Eleven Australia, *7-Eleven Australia to transition to new ownership*, press release, 30 November 2023, accessed on 15 February 2024.

1. Developments in the petroleum industry

1.1 Petrol sales volumes increased in the December quarter

Petrol sales volumes across Australia in the December quarter 2023 were 2,300 million litres, an increase of 4.5% from the previous quarter (2,200 million litres).

Chart 1.1: Quarterly sales volumes of regular unleaded petrol in Australia: March quarter 2019 to December quarter 2023 – million litres



Source: Department of Climate Change, Energy, the Environment and Water, *Australian Petroleum Statistics – Data Extract December 2023*, accessed on 15 February 2024.

Chart 1.1 shows that COVID-19 restrictions imposed in mid-March 2020 resulted in average petrol sales volumes in Australia being substantially lower in the June quarter 2020. Petrol sales volumes partially recovered in the 2 subsequent quarters as restrictions in parts of Australia eased. They remained stable in the first 2 quarters of 2021, before decreasing significantly in the September quarter 2021. In the December quarter 2021, sales volumes rebounded.

Quarterly average sales in 2023 (2,229 million litres) were around 2% lower than quarterly average sales in 2022 (2,269 million litres), but around 3% higher than in 2021 (2,175 million litres), and around 6% higher than in 2020 (2,094 million litres). They were around 8% lower than in 2019 (2,430 million litres).

A number of reasons may be influencing why petrol sales volumes have not fully returned to pre-COVID-19 levels. These include increasing hybrid and electric vehicle purchases (as shown in chart 1.2); motorists not purchasing as much petrol as they did in the past due to increasing working from home arrangements; and the continuing trend of vehicles becoming more fuel efficient. Sales volumes may also be affected by relatively high fuel prices and cost of living pressures reducing car usage. Recent surveys found motorists reporting changes in their driving habits, including driving

less, due to higher fuel prices.[12] Viva Energy also noted that its fuel sales in the December quarter 2023 were lower (compared with the December quarter 2022) as elevated fuel prices weighed on mobility.[13]

1.2 Lower fuel prices in the quarter contributed to a lower quarterly change in inflation

In the December quarter 2023, the Consumer Price Index increased by 0.6%, which was 0.6 percentage points lower than the increase in the September quarter 2023 (1.2%).[14] The Consumer Price Index is an indicator of inflation in the Australian economy. It measures the price change of a 'basket' of goods and services purchased by Australian households. According to the *2015–16 Household Expenditure Survey*, Australians spend on average approximately $2,300 on automotive fuel each year. This is reflected in the measurement of the Consumer Price Index with a weight of 3.3% of the basket.[15]

Automotive fuel prices decreased by 0.2% in the quarter, following a significant increase of 7.2% in the September quarter 2023.[16] Over the past 12 months, automotive fuel prices increased by 5.4%, compared with a 4.1% increase in the Consumer Price Index recorded over the same period.[17]

1.3 The Australian Goverment announced the introduction of new fuel quality standards

On 21 December 2023, the Australian Government announced the introduction of new fuel quality and noxious emission standards.[18] The standards aim to increase access to cleaner and more fuel-efficient vehicles in Australia and reduce health and fuel costs.

The 2 fuel quality changes, beginning from December 2025, aim to lower noxious emissions from light vehicles.

The first change reduces the level of aromatic hydrocarbons to a maximum of 35% in premium unleaded petrol 95. The existing regular unleaded petrol 91 and premium unleaded petrol 98 grades (88% of Australia's petrol use) and diesel will be unaffected.

The Government notes that motorists can expect an increase of $8 per year, or 15 cents a week, for an average passenger vehicle running on premium unleaded petrol 95. Light commercial vehicles can expect a $13 yearly increase. The cost is expected to be more than offset by the benefits of this initiative, including the import of more fuel-efficient vehicles and health savings.[19]

12 See, for example: Noemi Hadnagy, *Cost of fuel crippling car usage across Australia*, 5 October 2023, accessed on 27 February 2024; and Climate Council, *Speed up the savings: Majority of Australian rally behind fuel efficiency standards to slash driving costs*, media release, 22 November 2023, accessed 27 February 2024.

13 Viva Energy, *4Q2023 Operating update*, ASX release, 23 January 2024, accessed on 15 February 2024.

14 Australian Bureau of Statistics, *Consumer Price Index, Australia, December quarter 2023*, accessed on 15 February 2024.

15 Australian Bureau of Statistics, *Automotive Fuel in the CPI*, 23 March 2021, accessed on 15 February 2024.

16 Australian Bureau of Statistics, *Consumer Price Index, Australia, December quarter 2023*, accessed on 15 February 2024.

17 Australian Bureau of Statistics, *Consumer Price Index, Australia, December quarter 2023*, accessed on 15 February 2024.

18 The Hon Chris Bowen MP, Minister for Climate Change and Energy, and the Hon Catherine King MP, Minister for Infrastructure, Transport, Regional Development and Local Government, *Cleaner fuel and cars leads to multi-billion dollar health and fuel savings*, joint media release, 21 December 2023, accessed on 15 February 2024.

19 Department of Climate Change, Energy, the Environment and Water, *New fuel quality standards to improve public health*, media release, 21 December 2023, accessed on 15 February 2024.

The second change aligns previously announced reductions of sulfur allowed in all petrol grades (regular unleaded petrol, premium unleaded petrol 95 and premium unleaded petrol 98) with the start date of the new aromatics limit.

The changes will also allow Australia to adopt Euro 6d noxious emissions standards, which work to lower the harmful effects of vehicle emissions. The Euro 6d standards will apply to:

- new light vehicle models introduced to the Australian market from December 2025
- new vehicles from existing lines in 2028.

The Government notes it will work with industry and consumer groups to communicate the changes to motorists before the improved fuel standard comes into effect.

1.4 Viva Energy's proposed acquisition of OTR Group

Viva Energy expects to complete its acquisition of OTR Group in the first half of 2024, subject to the Foreign Investment Review Board's approval.[20]

Viva Energy operates a convenience and fuel network of more than 700 stores across Australia under the Coles Express/Reddy Express brand, and supplies fuel to more than 1,300 retail sites. As part of the proposed acquisition, Viva Energy will acquire 184 OTR retail sites: 153 sites in South Australia (115 of which are in Adelaide), 15 sites in Northern Territory, 8 sites in Western Australia, 11 sites in Victoria and 2 sites in New South Wales.[21]

On 14 December 2023, the ACCC decided to not oppose Viva Energy's proposed acquisition of OTR Group, subject to the ACCC accepting a court-enforceable undertaking from Viva Energy to divest 25 Coles Express retail fuel and convenience sites in South Australia (24 in Adelaide and one in Ceduna) to Chevron Australia.[22]

In exchange for the 25 divestiture sites, Viva Energy will receive 13 Chevron sites located in Queensland, New South Wales and Western Australia.

Viva Energy is a fuel refiner, importer, wholesaler, distributor and retailer, operating a nationwide fuel supply chain with retail sites in each Australian state and territory, including the Coles Express network of convenience sites.

The OTR Group is a fuel and convenience retailer operating predominantly in South Australia with some locations in other states and territories across Australia, including the Northern Territory under the Puma brand. The OTR Group also supplies wholesale fuels and distribution services to small commercial customers and independent retail fuel sites through the Reliable Petroleum, Mogas Regional and Ausfuel businesses.

Viva Energy noted that the acquisition will improve the diversity and attraction of its retail offering and reduce its dependency on traditional fuel sales.[23]

20 Viva Energy, *OTR Group Acquisition Update*, ASX release, 14 December 2023, accessed on 15 February 2024.

21 ACCC, *Viva Energy's proposed acquisition of OTR Group not opposed subject to divestiture*, media release, 14 December 2023, accessed on 15 February 2024.

22 ACCC, *Viva Energy's proposed acquisition of OTR Group not opposed subject to divestiture*, media release, 14 December 2023, accessed on 15 February 2024.

23 Viva Energy, *Viva Energy to acquire OTR Group, transforming Viva Energy's Convenience and Mobility retail business*, media release, 5 April 2023, accessed on 15 February 2024.

1.5 7-Eleven International proposed to acquire 7-Eleven Australia

On 30 November 2023, 7-Eleven Australia announced that 7-Eleven International LLC, a joint venture of 7-Eleven Inc., and Seven-Eleven Japan, Co. Ltd. agreed to wholly acquire its network of over 750 stores across Victoria, New South Wales, Australian Capital Territory, Queensland and Western Australia.[24]

7-Eleven Australia noted that its customers will continue to come first and that it would focus on its total merchandise and fuel offer, convenience food proposition, digital and format innovation and the roll out of new stores.

7-Eleven Australia noted that the proposed acquisition is subject to regulatory approval, with a completion likely to take place in the second quarter of 2024.

1.6 The Australian Capital Territory government decided to continue real-time retail fuel price reporting after review

Motorists in the Australian Capital Territory will continue to be able to access real-time retail fuel pricing, following a successful trial of the FuelCheck scheme in the Australian Capital Territory.

The Australian Capital Territory Government conducted a 6-month review of the FuelCheck scheme's operation in the territory to inform an optimal pathway for its future operation, including whether there is a need to mandate the use of FuelCheck (which is currently voluntary for retailers in the territory). The Government noted that given the success of the FuelCheck pilot, it decided to continue the scheme without industry specific regulation to compel participation by retailers.[25]

Over 95% of Australian Capital Territory petrol stations had signed up to FuelCheck since its expansion to include the Australian Capital Territory in November 2022.[26] FuelCheck is an online tool for motorists in New South Sales and the Australian Capital Territory providing consumers with real-time information about fuel prices at service stations across these jurisdictions.[27]

The Australian Capital Territory Government noted that by shopping around and checking FuelCheck, Canberra motorists can enjoy savings of, on average, 11 cents per litre on regular unleaded, 15 cents per litre on premium unleaded, and 25 cents per litre on diesel. This equates to a motorist who drives an average of 12,100 kilometres per year saving around $140–$200 for a petrol car and $350 for a diesel car, annually.[28]

Since FuelCheck's introduction in the Australian Capital Territory, the FuelCheck app has attracted around 100,000 downloads by residents in the territory.

24 7-Eleven Australia, *7-Eleven Australia to transition to new ownership*, press release, 30 November 2023, accessed on 15 February 2024.

25 Australian Capital Territory Government, *FuelCheck Post Implementation Review Summary Report*, 31 October 2023, accessed on 15 February 2024.

26 Australian Capital Territory Government, *FuelCheck to continue to provide savings to Canberra motorists*, press release, 1 November 2023, accessed on 15 February 2024.

27 FuelCheck, *About FuelCheck*, accessed on 15 February 2024.

28 Australian Capital Territory Government, *FuelCheck to continue to provide savings to Canberra motorists*, press release, 1 November 2023, accessed on 15 February 2024.

1.7 Electric vehicle sales and the charging network increased in 2023

Electric vehicle charging availability continues to grow

Public electric vehicle charging availability continues to grow in Australia. According to Next System's Australian Electric Vehicle Fast Charger Network Report, in 2023 an additional 397 fast charging sites were built, which represents a 90% increase in new sites compared to 2022. The Australian company Chargefox represented more than one third of charging sites, followed by Evie Networks (23%) and Tesla (10%).[29]

This growth in electric vehicle charging availability is also reflected in the sale of electric vehicles. In 2023, 7.2% of new vehicles sold were electric vehicles – more than double the number sold in 2022.[30] Combined, battery electric and plug-in hybrid electric vehicles accounted for 8.5% of new vehicle sales.[31]

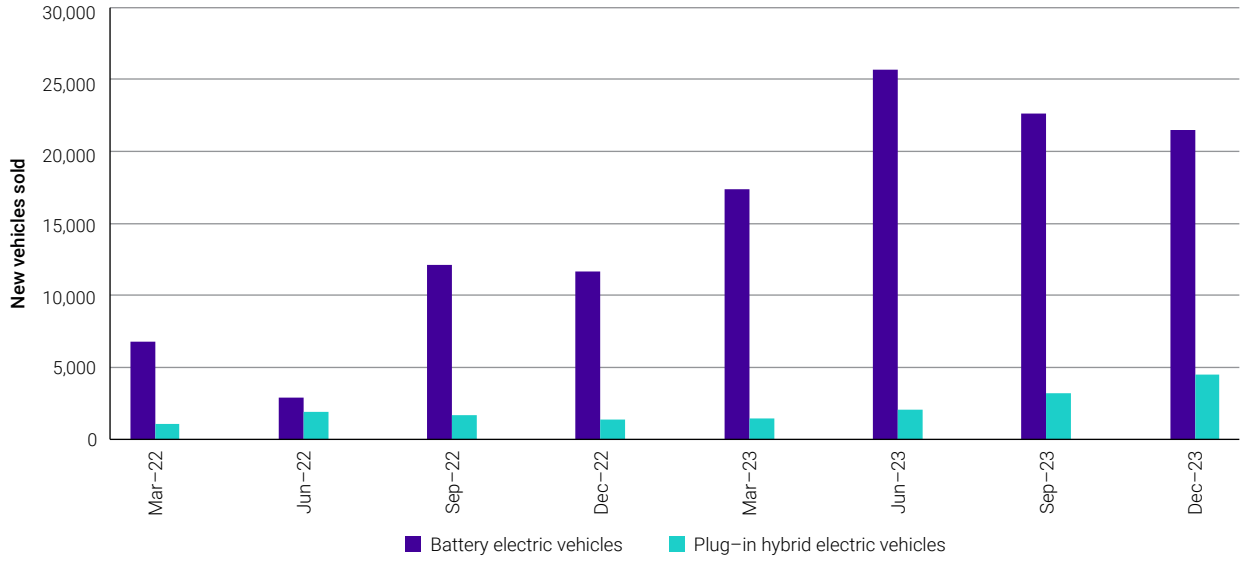
Chart 1.2 shows quarterly sales of new battery electric vehicles and plug-in hybrid electric vehicles from the March quarter 2022 to the December quarter 2023. In the December quarter 2023, there were 21,474 new battery electric vehicles and 4,476 new plug-in hybrid electric vehicles sold.

29 The Guardian, *Electric Vehicles: number of charging sites in Australia projected to double by end of 2024*, 16 January 2024, accessed on 15 February 2024.

30 Federal Chamber of Automotive Industries, *Australia breaks all-time new vehicle sales in 2023*, 4 January 2024, accessed on 15 February 2024.

31 ACCC calculations based on data from the Federal Chamber of Automotive Industries and Australian Automobile Association, accessed on 15 February 2024.

Chart 1.2: Quarterly new battery electric vehicle sales and new plug-in hybrid electric vehicle sales: March quarter 2022 to December quarter 2023



Sources: Federal Chamber of Automotive Industries and Australian Automobile Association.

As at 31 January 2023, the number of registered electric vehicles (including battery-electric and fuel-cell electric vehicles) in Australia increased to 79,700. While this represented a relatively small proportion of registered vehicles (0.4%), in January 2023 there were more registered electric vehicles than the combined number of registered liquified petroleum gas (LPG) only and natural gas only powered vehicles.[32] Table 1.1 shows the number of registered vehicles by motive power/fuel type as at 31 January 2021, 31 January 2022, and 31 January 2023.

Table 1.1: Number of registered motor vehicles in Australia by motive power/fuel type – as at 31 January 2021, 2022, and 2023

	Petrol	Diesel	Dual fuel	Hybrid electric vehicles	Battery-electric and fuel-cell electric vehicles	Other (including LPG)
January 2021	14,427,683	5,399,034	145,774	204,814	19,800	70,727
January 2022	14,481,073	5,691,892	131,867	276,894	39,331	65,990
January 2023	14,547,837	5,995,616	121,004	362,702	79,700	61,603

Source: Bureau of Infrastructure and Transport Research Economics, *Road Vehicles, Australia, January 2023*, Table 4, p 11, 28 June 2023, accessed on 15 February 2024.

Notes: Other includes automotive LPG and natural gas only powered vehicles as well as vehicles where motive power was not specified to the Bureau of Infrastructure and Transport Research Economics.

32 Bureau of Infrastructure and Transport Research Economics, *Road Vehicles, Australia, January 2023*, 28 June 2023, accessed on 15 February 2024.

Electric vehicle charging prices

As at October 2023, public electric vehicle charging prices offered by Chargefox, Evie, AmpCharge, bp pulse, and the National Roads and Motorists' Association (NRMA) ranged from around 45 cents per kilowatt hour to 69 cents per kilowatt hour, depending on type of chargers selected (fast or ultra-fast).[33] Some public charging stations have variable rates throughout the day.[34] Assuming that it takes 18 kilowatt hours to travel 100 kilometres[35], the average cost of using an electric vehicle charger at one of these sites would be around $10.55. This is just under half the estimated cost of travelling the same distance using petrol (around $21.63).[36] If motorists charged their electric vehicles at home or at a free public charging point (for example, shopping centres, train stations) then the difference in refuelling costs would be considerably larger.

The Queensland and New South Wales Governments announced new electric vehicle charging infrastructure

The Queensland Government allocated $42 million towards the installation of 2,500 electric vehicle chargers over the next 3 years, with 2,000 of these being for the use of the Government fleet. The New South Wales Government allocated $20 million in grants to retrofit more than 100 apartment buildings with electric vehicle charging stations.[37]

The Royal Automobile Association of South Australia expanded its electric vehicle charging network

The Royal Automobile Association (RAA) of South Australia expanded its charging network to 104 publicly available charging locations, adding 26 new locations in the month of November 2023. These new locations comprise of a mixture of chargers from 7 kilowatts to 200 kilowatts, and were added in regional locations across the state.[38]

The Western Australia Government opened a second round of grants to co-fund workplace electric vehicle chargers

The second round of the Charge Up Workplace Grants scheme will be open from 4 November 2023 to 3 May 2024. Open to small and medium businesses, local government authorities and not-for-profit organisations, the $12.5 million allocated in grant funding will cover up to 50% of the cost of electric vehicle hardware, software, and installation.[39]

33 Whichcar?, *How much does it cost to charge an electric car?*, 21 October 2023, accessed on 15 February 2024.

34 Drive, *Inside bp's rollout of electric car chargers*, 29 November 2023, accessed on 15 February 2024.

35 Carbar, *What are the actual running costs of an EV?*, 27 April 2022, accessed on 15 February 2024.

36 Based on estimated consumption of 11.1 litres per 100 kilometres (ABS, *Survey of Motor Vehicle Use, Australia 12 Months ended 30 June 2020*, 21 December 2020, accessed on 15 February 2024), and an average petrol price in the 5 capital cities in the December 2022 quarter of 194.9 cpl.

37 Federal Chamber of Automotive Industries, *Investment in EV infrastructure signals major step forward*, 27 October 2023, accessed on 15 February 2024.

38 Royal Automobile Association, *Full Charge Ahead: Raa Charge expands across 26 new locations in November*, 7 December 2023, accessed on 15 February 2024.

39 Government of Western Australia, *Charge Up Workplace EV Charging Grants*, 11 December 2023, accessed on 15 February 2024.

The High Court ruled against the Victorian Government's tax on electric vehicles and low emission vehicles

In October 2023, the High Court ruled against Victoria's levy on electric vehicles, noting that only the federal government could introduce a levy on travelling in an electric vehicle. This levy was implemented in Victoria in 2021.[40]

Evie Networks trialling contactless credit and debit card payment option

In December 2023, Evie Networks became the first public charging company to introduce 'tap & go' payments using a debit or credit card at selected charging sites across New South Wales, Queensland and Victoria.[41] Using this 'tap & go' payment option will cost roughly 5 cents per kilowatt hour more than if motorists pay through the mobile app.

40 Reuters, *Australia's top court rules state tax on EVs unlawful*, 19 October 2023, accessed on 15 February 2024.

41 Car Expert, *Australia's Evie wants to make it easier to pay for an electric car charge*, 4 December 2023, accessed on 15 February 2024.

2. ACCC activities

2.1 The ACCC monitors prices, costs and profits in the petroleum industry

The ACCC is an independent Commonwealth statutory agency that promotes competition, fair trading, and product safety for the benefit of consumers, businesses, and the Australian community. The primary responsibilities of the ACCC are to enforce compliance with the competition, consumer protection, fair trading and product safety provisions of the *Competition and Consumer Act 2010*, regulate national infrastructure and undertake market studies.

In addition to those primary responsibilities, in the petroleum industry the ACCC monitors prices, costs and profits relating to the supply of petroleum products in Australia under a direction from the Treasurer.[42] It is also responsible for administration of the Oil Code.[43]

Market forces determine wholesale and retail petrol prices in Australia. The ACCC does not set prices in petrol markets and does not have the powers to do so. In the absence of anticompetitive conduct that is in breach of the *Competition and Consumer Act 2010* (such as price fixing with competitors), 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. ACCC monitoring can also shine a light on and place pressure on less competitive pricing.

2.2 The ACCC did not oppose Viva Energy's proposed acquisition of OTR Group, subject to divestiture

After commencing a public informal merger review process in July 2023, on 14 December 2023 the ACCC decided to not oppose Viva Energy's proposed acquisition of OTR Group. The decision was subject to the ACCC accepting a court-enforceable undertaking that commits Viva Energy to divest 25 Coles Express sites in South Australia.

The ACCC's review of the proposal focused on areas in which the OTR Group and Viva Energy's operations overlap, predominantly in South Australia and the Northern Territory. The ACCC considered the competition effects at both the retail and wholesale levels.

The ACCC was initially concerned that the proposed acquisition would adversely affect competition and reduce choice for consumers in Adelaide and Ceduna. Viva Energy initially offered to divest 23 of its 32 Coles Express retail sites in Adelaide. The number of sites to be divested increased to 25 (24 in Adelaide and one in Ceduna) in response to the ACCC's concerns.[44]

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42 See the *Competition and Consumer (Price Monitoring—Petroleum Fuels) Direction 2022*.

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

44 ACCC, *Viva Energy's proposed acquisition of OTR Group not opposed, subject to divestiture*, media release, 14 December 2023.

Viva Energy proposed Chevron as the upfront purchaser of the divestiture sites. Following consultation, the ACCC approved Chevron as the purchaser of the 25 Coles Express sites to be divested.[45]

2.3 The ACCC conducted monitoring and stakeholder liaison in the quarter

The ACCC continued its fuel price monitoring role under the current Ministerial Direction, releasing its petrol monitoring report on the September quarter 2023 on 8 December 2023.[46] The ACCC also continued its liaison with a range of industry stakeholders.

Fuel Consultative Committee

In November 2023, the ACCC hosted a meeting of the Fuel Consultative Committee (FCC), which comprises representatives from major fuel retailers, refiner-wholesalers, peak industry associations and motoring organisations. The FCC generally 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 FCC meeting included: ACCC fuel price monitoring activities; international factors and influences on metropolitan and regional fuel prices; industry and business costs; petrol price cycles; retail fuel price competition in larger cities; take-up of fuel price information services by consumers; and developments in electric vehicle charging infrastructure.

45 ACCC, *Viva Energy – OTR Group – ACCC public register*.

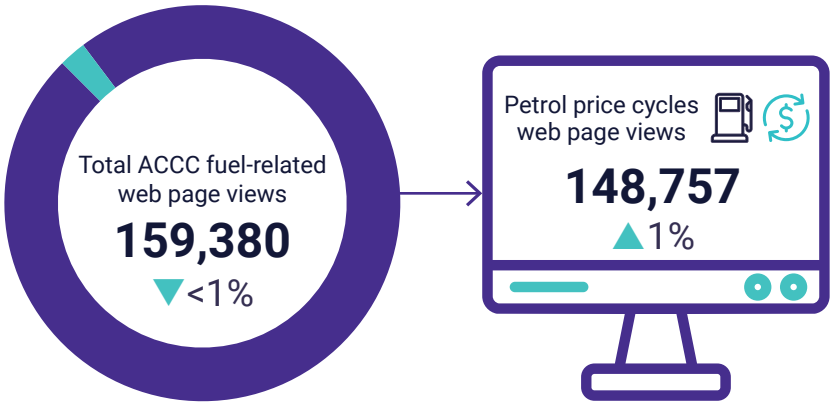
46 ACCC, *Quarterly report on the Australian petroleum market – September 2023*.

Other stakeholder engagement and communications activity

Figure 2.1: Fuel-related inquiries and ACCC web page views – December quarter 2023

Responded to fuel-related correspondence and media enquiries on issues such as retail fuel prices, petrol price cycles, regional fuel prices, fuel price information and competition.

Fuel-related web pages were among the most viewed on the ACCC website.



Source: ACCC data.
Note: ▼▲% change from previous quarter.

3. Retail petrol price movements in the 5 largest cities

This chapter focuses on petrol prices in the 5 largest cities (Sydney, Melbourne, Brisbane, Adelaide, and Perth). Chapter 5 analyses petrol prices in the smaller capital cities (Canberra, Hobart, and Darwin) and regional locations across Australia.[47]

3.1 Retail prices were lower on average, and trended down during the quarter

In the December quarter 2023, average retail petrol prices in the 5 largest cities were 194.9 cpl, a decrease of 0.7 cpl from the September quarter 2023 (195.6 cpl).

Table 3.1 shows quarterly average retail prices in the September quarter 2023 and December quarter 2023, and the change in each of the 5 largest cities.

Table 3.1: Quarterly average retail petrol prices in each of the 5 largest cities: September quarter 2023 and December quarter 2023 – cents per litre (cpl)

Quarter	Sydney	Melbourne	Brisbane	Adelaide	Perth	5 largest cities
Sep–23	198.8	197.5	199.1	191.2	191.5	195.6
Dec–23	196.0	196.9	198.6	193.5	189.3	194.9
Change	**-2.8**	**-0.6**	**-0.5**	**2.3**	**-2.2**	**-0.7**

Source: ACCC calculations based on data from Informed Sources.

Table 3.1 shows that, in the December quarter 2023:

- prices decreased in each of the 5 largest capital cities except Adelaide
- prices decreased the most in Sydney (by 2.8 cpl), with Adelaide prices increasing (by 2.3 cpl)
- Brisbane's average retail petrol prices were the highest (198.6 cpl), as they were in the previous 3 quarters
- Perth's average retail petrol prices were the lowest (189.3 cpl), as they were in the March quarter 2023 and the June quarter 2023.

Chart 3.1 shows 7-day rolling average retail petrol prices in the 5 largest cities over the past 2 years. Prices were at a period low on 1 January 2022 (156.1 cpl) and then trended upwards reaching a period high of 214.9 cpl on 18 March 2022. They fluctuated significantly over the next 9 months, influenced by volatile international crude oil and refined petrol prices, the temporary cut in fuel excise in late March 2022 and the restoration of full excise in late September 2022. In the first half of

47 Compared with other developed countries, Australia's retail petrol prices are relatively low, due to the lower rate of taxation on fuel. Data comparing regular unleaded petrol and premium unleaded petrol prices in Australia with those in other countries in the Organisation for Economic Co-operation and Development is available from the Department of Climate Change, Energy, the Environment and Water website at: *Australian Petroleum Statistics – Data Extract 2023*, and from the Australian Institute of Petroleum's *Weekly Prices Reports*.

2023, 7-day rolling average retail petrol prices fluctuated but were relatively more stable. Prices then increased in the September quarter 2023.

Chart 3.1: Seven-day rolling average retail petrol prices in the 5 largest cities in nominal terms: 1 January 2022 to 31 December 2023 – cents per litre (cpl)

Source: ACCC calculations based on data from FUELtrac and Informed Sources.

Notes: The shaded area in the chart represents the December quarter 2023.
The 2 vertical dotted lines indicate the cut in fuel excise from 30 March 2022 and the restoration of full excise from 29 September 2022.
A 7-day rolling average price is the average of the current day's price and prices on the 6 previous days.

Seven-day rolling average retail petrol prices trended downwards in the December quarter 2023. They were 211.1 cpl (a quarterly high) at the start of the December quarter 2023, and decreased to a quarterly low of 180.6 cpl on 13 December. Prices were 187.4 cpl at the end of the quarter.

3.2 Price cycles in each of the 5 largest cities are different and vary over time

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

In the 5 largest cities, price cycles affect various grades of petrol – regular unleaded petrol, premium unleaded 95, premium unleaded 98 and E10 (regular unleaded petrol with up to 10% ethanol). Diesel prices do not move in cycles.

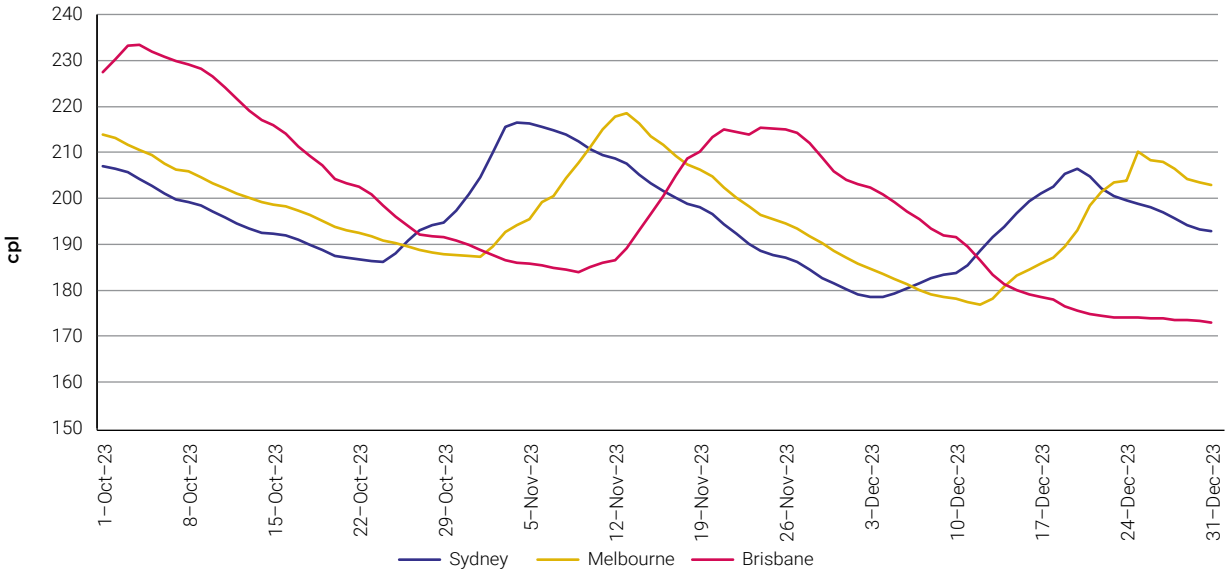
The ACCC released a report on petrol price cycles in Australia in December 2018.[48] The report noted that while motorists find price cycles frustrating, they could use price cycles to their advantage to make substantial savings across the year. Observing price cycles in the 5 largest cities can be a useful strategy for motorists to save on petrol. By referring to price charts on the ACCC website, motorists can stay informed about price movements to help them fill up when prices appear to be around the lowest point in the cycle.

48 ACCC, *Petrol price cycles in Australia*, 6 December 2018.

While the increase in the duration of price cycles in some cities since the 2018 report was published can make it more difficult for motorists to time their purchases, the increased availability of fuel price apps and websites can assist. Where possible, we encourage motorists to use the available fuel price apps and websites to shop around because there are usually a range of petrol prices available across retail sites.

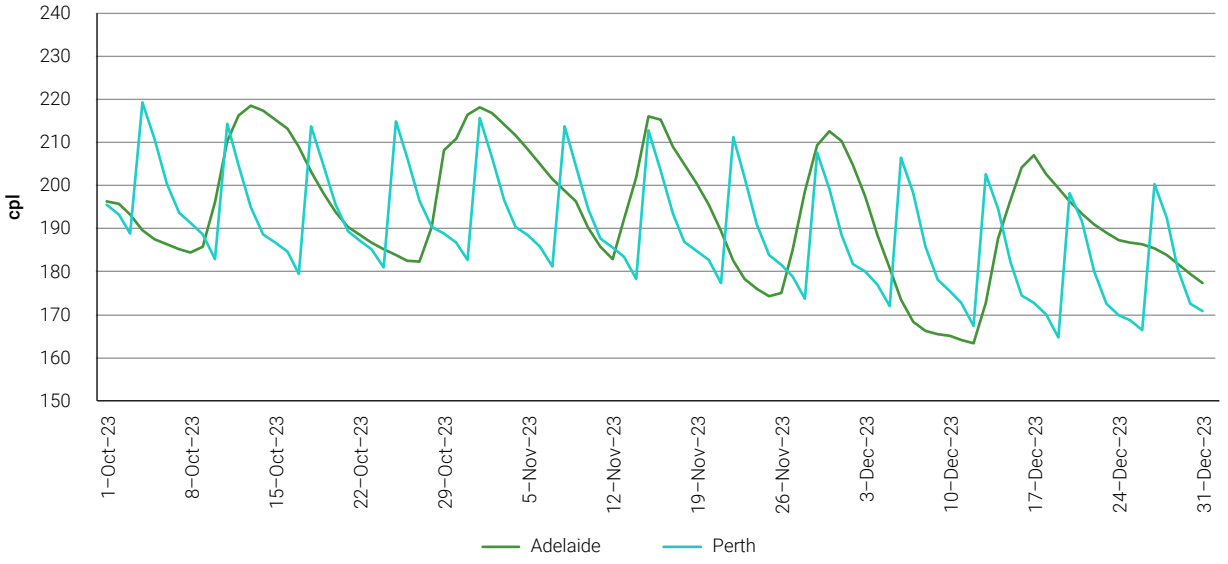
Chart 3.2 shows petrol price cycles in Sydney, Melbourne and Brisbane in the December quarter 2023. Chart 3.3 shows petrol price cycles in Adelaide and Perth.

Chart 3.2: Daily average retail petrol prices in Sydney, Melbourne and Brisbane: 1 October to 31 December 2023 – cents per litre (cpl)



Source: ACCC calculations based on data from Informed Sources.

Chart 3.3: Daily average retail petrol prices in Adelaide and Perth: 1 October to 31 December 2023 – cents per litre (cpl)



Source: ACCC calculations based on data from Informed Sources.

As shown in charts 3.2 and 3.3, petrol price cycles vary among the 5 largest cities. They are also not static and change over time. In Adelaide and Perth, price cycles are shorter and more frequent than in Sydney, Melbourne and Brisbane. Table 3.2 shows the change in the number of price cycles in calendar year 2023.

Table 3.2: Number of price cycles per quarter in the 5 largest cities: March quarter 2023 to December quarter 2023

Quarter	Sydney	Melbourne	Brisbane	Adelaide	Perth
Mar–23	2	2	2	6	13
Jun–23	1	2	2	6	13
Sep–23	3	3	2	5	13
Dec–23	2	2	2	5	13
2023	**8**	**9**	**8**	**22**	**52**

Source: ACCC calculations based on data from FUELtrac and Informed Sources.
Note: A price cycle occurs in a quarter if the peak of a price cycle takes place in that quarter.

In the December quarter 2023, Melbourne and Sydney each had 2 price cycles, 1 less than the previous quarter. Brisbane had 2 price cycles and Adelaide had 5 price cycles (both the same as in the previous quarter).

Weekly price cycles continued in Perth. In October 2021, price cycles in Perth changed from weekly to fortnightly. Then from late July 2022, they moved back to weekly price cycles. This change appeared to be driven by changes in retail pricing at Coles Express sites (at which Viva Energy sets retail prices).[49]

In calendar year 2023, the average duration of price cycles was around 6 weeks in Sydney and Melbourne, around 7 weeks in Brisbane, and around 2 weeks in Adelaide.

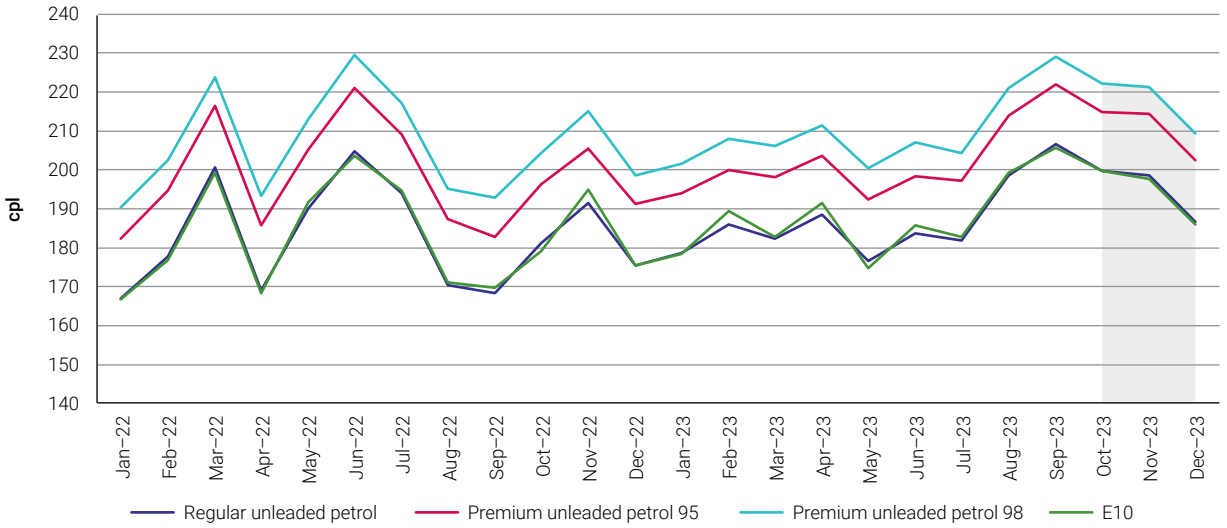
3.3 The price differential between premium unleaded petrol and regular unleaded petrol increased marginally

Chart 3.4 shows that retail prices of the main grades of unleaded petrol—regular unleaded petrol, premium unleaded petrol 95, premium unleaded petrol 98, and E10 (regular unleaded petrol with up to 10% ethanol)—all move in a similar manner.[50]

49 This was analysed in detail in Appendix D in the *Report on the Australian petroleum market, September quarter 2022*, 13 December 2022.

50 E10 (regular unleaded petrol with up to 10% ethanol) prices are for Sydney, Melbourne and Brisbane only.

Chart 3.4: Monthly average retail prices of regular unleaded petrol, premium unleaded petrol 95 and 98 and E10 in the 5 largest cities in nominal terms: January 2022 to December 2023 – cents per litre (cpl)



Source: ACCC calculations based on data from FUELtrac and Informed Sources.
Note: The shaded area in the chart represents the December quarter 2023.

In the December quarter 2023, the average differential in the 5 largest cities between:

- regular unleaded petrol and premium unleaded petrol 95 prices was 15.7 cpl (an increase of 0.4 cpl from the previous quarter)
- regular unleaded petrol and premium unleaded petrol 98 prices was 22.7 cpl (an increase of 0.2 cpl)
- regular unleaded petrol and E10 prices was -0.4 cpl (a decrease of 0.7 cpl).[51]

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).

Premium unleaded petrol 95 and premium unleaded petrol 98 have become more expensive relative to the retail price of regular unleaded petrol over time, and premium unleaded petrol is significantly more profitable than other petrol products.[52]

Between 2009–10 and 2022–23, the annual average price differential in **real** terms (in 2022–23 dollars) between regular unleaded petrol and premium unleaded petrol 95 increased from 12.7 cpl to 15.1 cpl, an increase of 2.4 cpl. The annual average price differential between regular unleaded petrol and premium unleaded petrol 98 in **real** terms increased from 19.4 cpl to 23.4 cpl, an increase of 4.0 cpl.

51 Historically, E10 (regular unleaded petrol with up to 10% ethanol) prices have generally been lower than regular unleaded petrol prices.
In the previous 5 quarters, average E10 prices (across Sydney, Melbourne and Brisbane) were higher than average regular unleaded petrol prices (across all 5 largest cities). Average regular unleaded petrol prices in Adelaide and Perth were generally lower than those in the other largest cities, which had the effect of reducing average regular unleaded petrol prices across the 5 largest cities to levels below average E10 prices across only Sydney, Melbourne and Brisbane.

52 ACCC, *Financial performance of the Australian downstream petroleum industry 2002 to 2018*, 22 April 2020, pp 3–4.

In both cases, the price differential in **real** terms decreased in 2022–23 from the previous year, after increasing in most other years since 2009–10.

A variety of factors influence higher average prices for premium unleaded petrol, relative to regular unleaded petrol, including adjustments to specific international benchmarks and changes in the quality of premium unleaded petrol products. Higher prices for premium unleaded petrol prices may also be translating, at least in part, to higher profits on these products.

4. Components of petrol prices in the 5 largest cities

There are 3 broad components of average retail petrol prices:

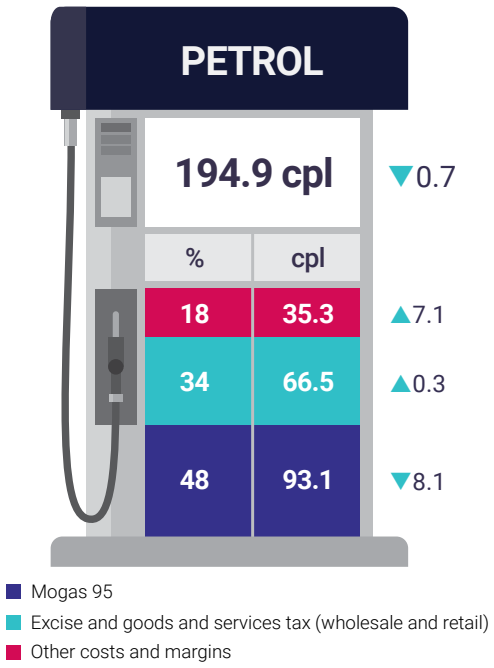
- the international price of refined petrol (Mogas 95)
- excise and the goods and services tax
- other costs and margins, at the wholesale and retail levels.

This chapter analyses these components in the December quarter 2023 and how they have changed over time.

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

Chart 4.1 shows the components of average retail petrol prices in the 5 largest cities in the December quarter 2023.

Chart 4.1: Components of average retail petrol prices in the 5 largest cities in the December quarter 2023 – in percentage and cents per litre (cpl) terms



Source: ACCC calculations based on data from Informed Sources, Argus Media, the Reserve Bank of Australia and the Australian Taxation Office.

Note: ▼▲ cpl change from the previous quarter.

The chart shows that the price of Mogas 95 was the largest component of average petrol prices in the December quarter 2023 (48%). The 2 largest components – Mogas 95 and taxes – accounted for 82% of average petrol prices. These components are largely outside the control of local petrol retailers.

4.2 Lower Mogas 95 prices drove lower retail prices

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

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

Chart 4.2 shows monthly average Mogas 95 prices in Australian cents per litre, and monthly average retail petrol prices in the 5 largest cities, from January 2022 to December 2023. It shows that Mogas 95 prices and retail petrol prices in the 5 largest cities moved in a similar pattern over this period (apart from the decrease in retail prices in April 2022 reflecting the temporarily cut in fuel excise and the increase in October 2022 reflecting the restoration of the full rate of excise). This indicates that changes in the international price of refined petrol generally drive changes in domestic retail prices.

Chart 4.2: Monthly average retail petrol prices in the 5 largest cities and Mogas 95 prices in nominal terms: January 2022 to December 2023 – cents per litre (cpl)

Source: ACCC calculations based on data from FUELtrac, Informed Sources, Argus Media and the Reserve Bank of Australia.
Note: The shaded area in the chart represents the December quarter 2023.

In the December quarter 2023:

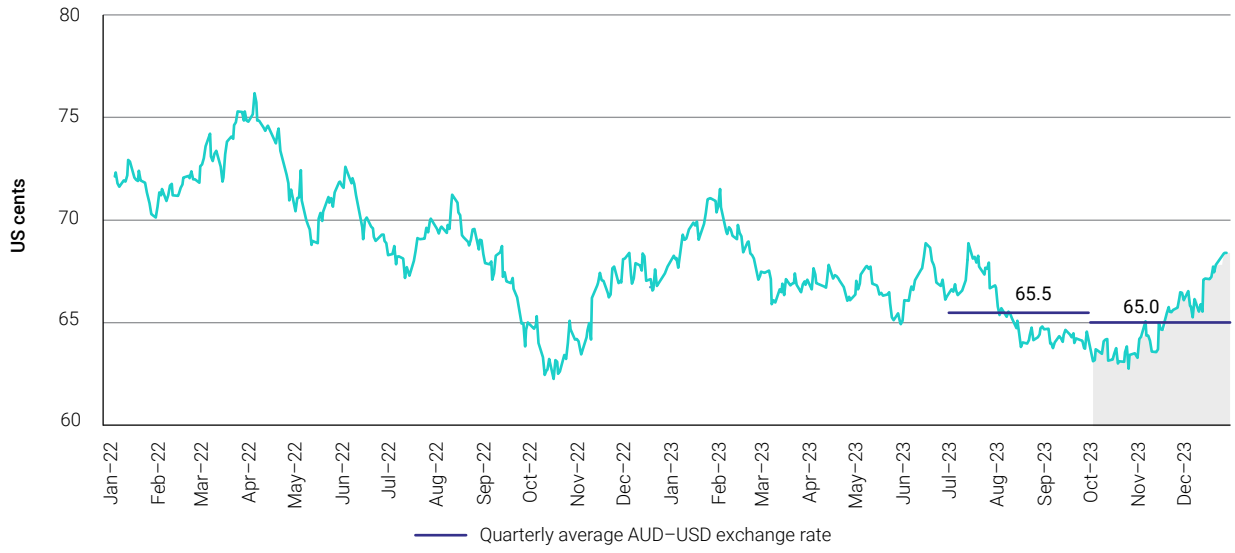
- quarterly average Mogas 95 prices were 93.1 cpl (a decrease of 8.1 cpl from the September quarter 2023)
- quarterly average retail petrol prices in the 5 largest cities were 194.9 cpl (a decrease of 0.7 cpl)
- monthly average Mogas 95 prices decreased from 107.6 cpl in September 2023 to 85.8 cpl in December 2023 (a decrease of 21.8 cpl or around 20%)
- monthly average retail petrol prices in the 5 largest cities decreased from 206.6 cpl in September 2023 to 186.6 cpl in December 2023 (a decrease of 20.0 cpl or around 10%).

4.3 A lower quarterly average AUD–USD exchange rate put upward pressure on average retail prices

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

Chart 4.3 shows that the daily AUD–USD exchange rate varied over the past 2 years, but has largely trended downwards since January 2022. At the start of January 2022, AUD–USD exchange rate was around US 72 cents. It reached a period high of US 76 cents in early April 2022 and then decreased to a period low of US 62 cents in mid-October 2022.

Chart 4.3: Daily AUD–USD exchange rates in nominal terms: 3 January 2022 to 29 December 2023 – US cents



Source: The Reserve Bank of Australia.
Notes: Exchange rates are the daily Reserve Bank of Australia 4.00 pm closing rates.
The shaded area in the chart represents the December quarter 2023.

Over the December quarter 2023, the AUD–USD exchange rate generally trended upwards, appreciating from US 63 cents at the beginning of the quarter, to US 68 cents at the end of the quarter.

However, the quarterly average AUD–USD exchange rate was US 65.0 cents, an average decrease of US 0.5 cents from the September quarter 2023. A lower AUD–USD exchange rate puts upward

pressure on domestic retail petrol prices because refined petrol sold on international markets becomes relatively more expensive in AUD terms.

If the AUD–USD exchange rate for the quarter had remained at the period high of US 76 cents in early April 2022, average retail petrol prices in Australia in the December quarter 2023 would have been around 15.0 cpl lower (everything else being equal). Conversely, if the AUD–USD exchange rate had been at the period low of US 62 cents in mid-October 2022, average retail petrol prices in Australia in the December quarter 2023 would have been around 4.4 cpl higher.

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

4.4 Quarterly average gross indicative retail differences increased

Average gross indicative retail differences in the 5 largest cities (in aggregate) were 18.9 cpl in the December quarter 2023. This was 5.5 cpl higher than the previous quarter (13.4 cpl).

Gross indicative retail differences are a broad indicator of gross retail margins (including both retail operating costs and profits). The ACCC calculates gross indicative retail differences by subtracting average wholesale prices (as indicated by published terminal gate prices) from average retail petrol prices. Terminal gate prices are prices that wholesalers charge for petrol in the spot market. The major wholesalers post these prices on their websites on a regular basis. Although few wholesale transactions occur at terminal gate prices, they are indicative wholesale prices. Terminal gate prices vary across brands and cities. Terminal gate prices reflect the wholesale price of petrol only and exclude other retail operating costs.

The gross indicative retail differences reported by the ACCC are averages across the 5 largest cities over time. The level of prices, costs and profits vary significantly between retail operations and not all retail petrol sites will have these gross margins. Some will have higher gross margins, others lower. The ACCC petrol market studies found that actual profits per retail petrol site could vary considerably between retailers, with some retail sites making substantial profits and others making very little.[53]

Table 4.1 shows quarterly average gross indicative retail differences in each of the 5 largest cities in calendar year 2023.

53 See the ACCC's petrol market studies.

Table 4.1: Quarterly average retail petrol prices, terminal gate prices and gross indicative retail differences in the 5 largest cities: March quarter 2023 to December quarter 2023 – cents per litre (cpl)

Location	Quarter	Retail prices (cpl)	Terminal gate prices (cpl)	Gross indicative retail differences (cpl)
5 largest cities	Mar–23	182.2	170.8	11.4
	Jun–23	182.9	170.2	12.7
	Sep–23	195.6	182.2	13.4
	Dec–23	194.9	176.0	18.9
	2023	**189.0**	**174.8**	**14.2**
Sydney	Mar–23	185.1	171.3	13.8
	Jun–23	183.1	170.8	12.3
	Sep–23	198.8	182.4	16.4
	Dec–23	196.0	176.0	20.0
	2023	**190.8**	**175.2**	**15.6**
Melbourne	Mar–23	184.3	170.3	14.0
	Jun–23	185.0	170.1	14.9
	Sep–23	197.5	182.0	15.5
	Dec–23	196.9	175.9	21.0
	2023	**191.0**	**174.6**	**16.4**
Brisbane	Mar–23	186.4	170.7	15.7
	Jun–23	188.1	170.3	17.8
	Sep–23	199.1	181.9	17.2
	Dec–23	198.6	175.8	22.8
	2023	**193.1**	**174.7**	**18.4**
Adelaide	Mar–23	178.6	172.2	6.4
	Jun–23	180.2	171.1	9.1
	Sep–23	191.2	183.3	7.9
	Dec–23	193.5	177.1	16.4
	2023	**186.0**	**176.0**	**10.0**
Perth	Mar–23	176.6	169.7	6.9
	Jun–23	178.3	168.6	9.7
	Sep–23	191.5	181.3	10.2
	Dec–23	189.3	175.1	14.2
	2023	**184.0**	**173.7**	**10.3**

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

The table shows that in calendar year 2023, quarterly average gross indicative retail differences:

- varied significantly over time and across cities, ranging from a high of 22.8 cpl (in Brisbane in the December quarter 2023) to a low of 6.4 cpl (in Adelaide in the March quarter 2023)
- were lowest in Melbourne, Brisbane, Adelaide, and Perth in the March quarter 2023, and lowest in Sydney in the June quarter 2023
- were highest in each of the 5 largest cities in the December quarter 2023
- were consistently lower in Adelaide and Perth compared with average gross indicative retail differences across the 5 largest cities, and generally higher in Melbourne and Brisbane.

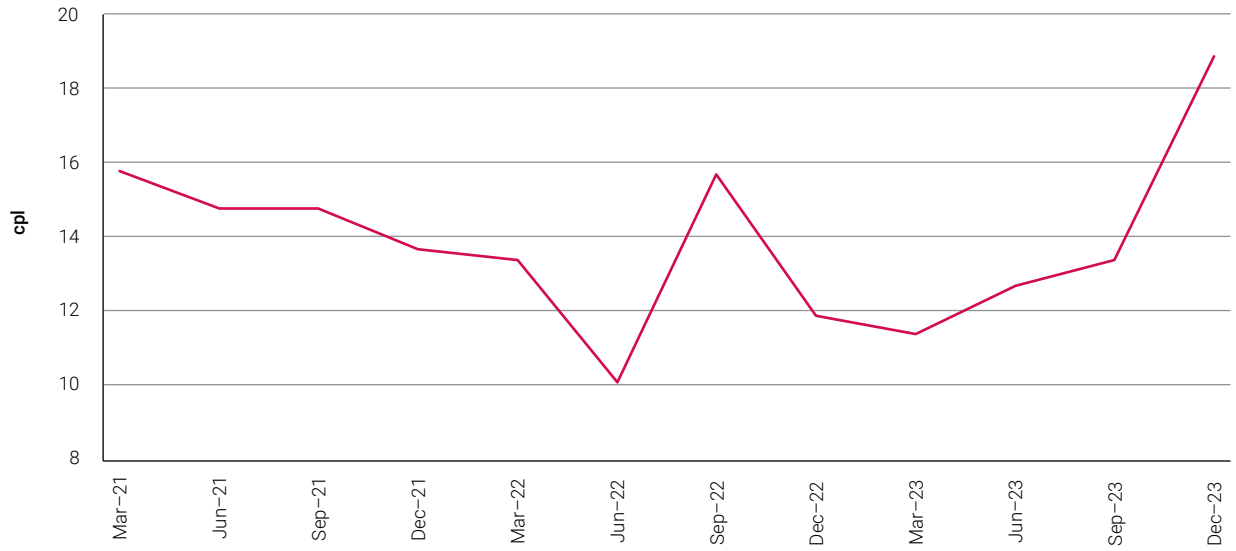
In the December quarter 2023, quarterly gross indicative retail differences were lowest in Perth (14.2 cpl) and highest in Brisbane (22.8 cpl). Over the calendar year 2023, *annual* average gross indicative retail differences were lowest in Adelaide (10.0 cpl) and highest in Brisbane (18.4 cpl).

As average terminal gate prices vary by a relatively small amount between the 5 largest cities, the comparatively lower gross indicative retail differences in Adelaide reflect relatively lower retail petrol prices. Lower petrol prices in Adelaide may have been influenced by greater fuel price transparency following the commencement of the South Australian Government's fuel price transparency scheme in March 2021.

The comparatively higher gross indicative retail differences in Brisbane are the result of relatively higher retail petrol prices. Previous ACCC research found that between 2009–10 and 2016–17, Brisbane motorists paid on average 3.3 cpl more for petrol than motorists in the other 4 largest cities.[54]

Chart 4.4 shows quarterly average gross indicative retail differences in the 5 largest cities (in aggregate) in nominal terms over the past 3 years.

Chart 4.4: Quarterly average gross indicative retail differences in the 5 largest cities in nominal terms: March quarter 2021 to December quarter 2023 – cents per litre (cpl)



Source: ACCC calculations based on data from FUELtrac, Informed Sources, the Australian Institute of Petroleum, Ampol, bp, Mobil, Viva Energy and FuelWatch.

54 ACCC, *Report on the Brisbane petrol market*, 9 October 2017. The report found that the main factor influencing the higher prices in Brisbane was higher retail margins on petrol, which contributed to profits in Brisbane being significantly higher than the average across Australia. It also found that, compared with Sydney, retail pricing was less competitive in Brisbane, with retailers setting prices higher at the top and bottom of the price cycle than retailers in Sydney. Furthermore, Brisbane had fewer retail chains (4) that were effective and vigorous price competitors, while Sydney had 7.

Chart 4.4 shows that quarterly average gross indicative retail differences in the 5 largest cities increased in the December quarter 2023, as they did in the previous 2 quarters.

The chart also shows that gross indicative retail differences can be volatile on a quarterly basis. When terminal gate prices decrease by large amounts in a short period, lags between changes in terminal gate prices and changes in retail prices often have the effect of increasing gross indicative retail differences in the short term.[55] This occurred in the December quarter 2023, when average terminal gate prices decreased by 6.2 cpl, and average retail prices decreased by 0.7 cpl.

This is largely because changes in wholesale prices are generally only reflected in retail prices when fuel is replenished at a petrol station. These lags between lower terminal gate prices and changes in retail prices can result in increasing gross indicative retail differences. Viva Energy noted in its Operating Update for the December quarter 2023 that falling refined product prices had bolstered retail fuel margins in the quarter.[56]

Another possible influence on increasing gross indicative retail differences in the quarter is higher retailer business costs which some industry stakeholders have told the ACCC have increased in recent times.

The effects of the lags between changes in terminal gate prices and retail prices, and their impact on gross indicative retail differences, is less prevalent when gross indicative retail differences are considered over a longer period.

4.5 Longer term average gross indicative retail differences were around pre-pandemic levels

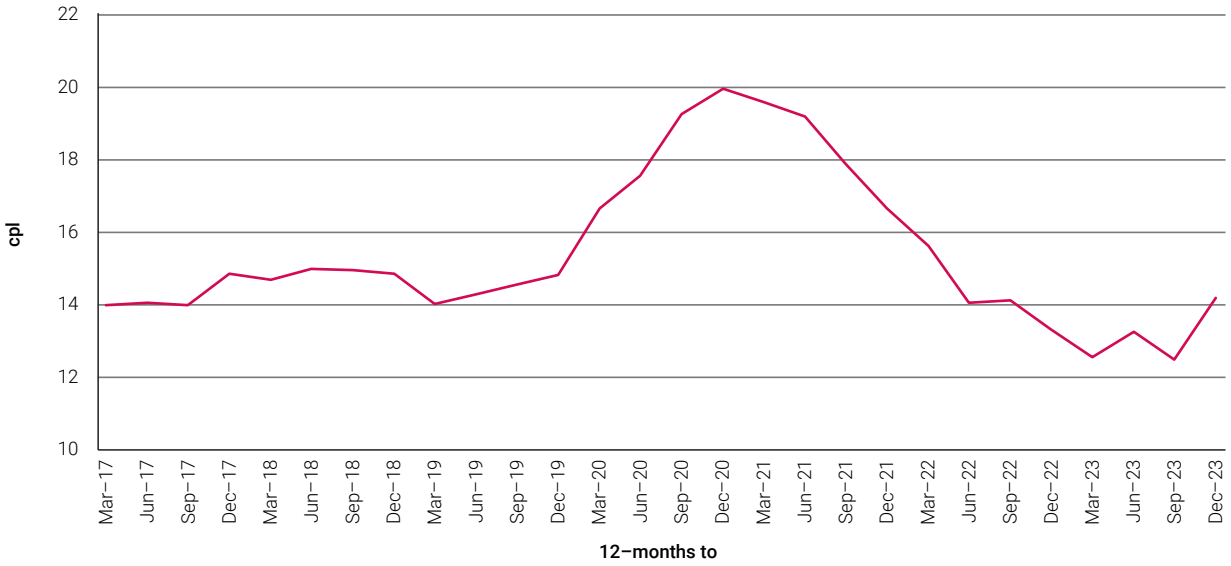
Chart 4.5 shows 12-month average gross indicative retail differences in **real** terms across the 5 largest cities, calculated at the end of each quarter over the past 7 years.[57]

55 Conversely, when terminal gate prices increase by large amounts in a short period, these lags often have the effect of decreasing gross indicative retail differences.

56 Viva Energy, *4Q2023 Operating update*, ASX release, 23 January 2024, accessed on 15 February 2024.

57 This calculation uses average retail prices and average terminal gate prices over 12-month periods to the end of each quarter.

Chart 4.5: Twelve-month average gross indicative retail differences in the 5 largest cities in real terms: March 2017 to December 2023 – cents per litre (cpl)



Source: ACCC calculations based on data from FUELtrac, Informed Sources, Ampol, bp, Mobil, Viva Energy and FuelWatch, and Australian Bureau of Statistics, *6401.0 Consumer Price Index Australia December 2023*, Tables 1 and 2. CPI: All Groups, Index Numbers and Percentage Changes, accessed on 15 February 2024.

Note: **Real** values are shown in December 2023 dollars.

Chart 4.5 shows that across the 5 largest cities there was a substantial increase in **real** 12-month average gross indicative retail differences between December 2019 and December 2020 (of 5.1 cpl). In the year to December 2020, 12-month average gross indicative retail differences reached their highest level on record in both nominal and **real** terms (20.0 cpl), influenced by COVID-19 restrictions and retailers experiencing lower sales volumes.[58]

Petrol retailing is a high-volume low-margin business with many fixed costs (such as rent and branding). This means that when sales volumes decline, the cost per unit of petrol will increase. The opposite effect will occur as sales volumes increase, where fixed costs decrease per unit of petrol. This was likely a factor influencing reductions in longer term gross indicative retail differences, as restrictions eased and sales volumes recovered.

Since December 2020, 12-month average gross indicative retail differences have decreased by 5.8 cpl in **real** terms, and were 14.2 cpl at the end of the December quarter 2023. This is similar to pre-pandemic levels, on a **real** terms basis. The chart shows that before the pandemic, between March 2017 and December 2019, **real** 12-month average gross indicative retail differences ranged between 14.0 cpl and 15.0 cpl.

The ACCC analysed financial data provided by petrol companies on retail gross profits (that is, retail operating costs and net profits) from 2005–06 to 2017–18 to better understand the reasons for higher gross indicative retail differences over that period.[59] The analysis found that both retail operating costs and net profits on regular unleaded petrol increased during the period, and particularly between 2013–14 and 2016–17, suggesting that higher gross indicative retail differences had been influenced by increases in both operating costs and profits.[60]

58 ACCC, *Quarterly report on the Australian petroleum market – March quarter 2022*, 15 June 2022, pp 42–43.

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

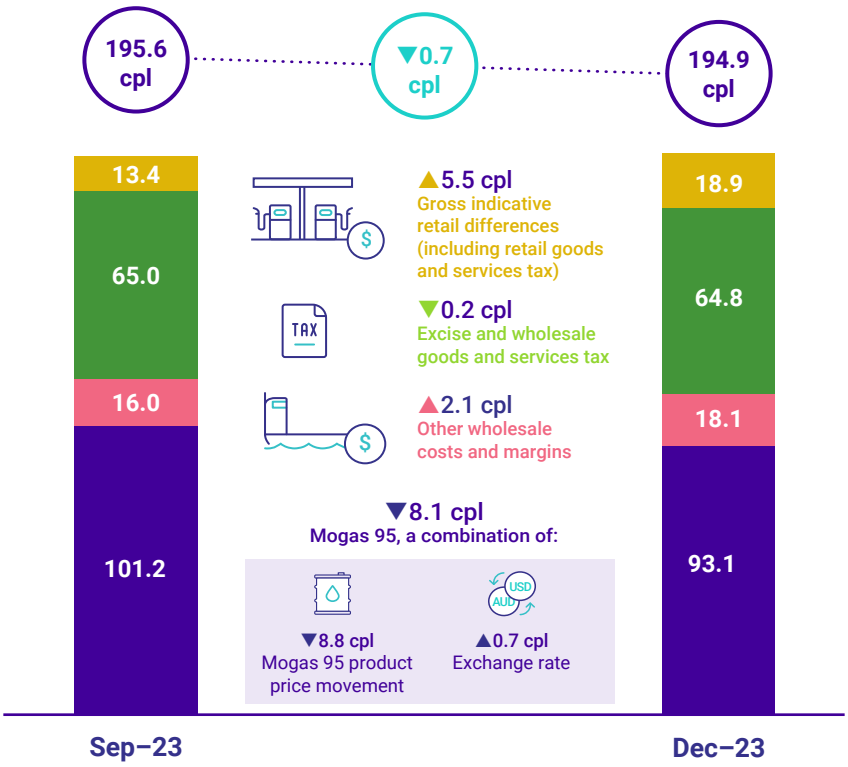
60 The analysis compared gross indicative retail differences (which are based on price data) with retail gross profit financial results on regular unleaded petrol (which are based on financial data). Both measures, although not directly comparable, showed a broadly similar upward trend over the longer term.

4.6 Lower Mogas 95 prices were the main contributor to lower retail prices

Chart 4.6 shows changes in various components of average retail petrol prices in the 5 largest cities between the September quarter 2023 and December quarter 2023. The chart separates the other costs and margins component into:

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

Chart 4.6: Changes in the components of average retail petrol prices in the 5 largest cities: September quarter 2023 to December quarter 2023 – cents per litre (cpl)



Source: ACCC calculations based on data from Informed Sources, Argus Media, Ampol, bp, Mobil, Viva Energy, FuelWatch, the Reserve Bank of Australia and the Australian Taxation Office.

Notes: ▼▲ cpl change from the previous quarter.

The excise and wholesale goods and services tax component in this chart (64.8 cpl) is different to the excise and goods and services tax (wholesale and retail) component in the bowser, shown in the 'December quarter 2023 – Petrol snapshot' and in chart 4.1. This is because a small amount of retail goods and services tax (1.7 cpl) is included in the gross indicative retail differences component in the above chart, for consistency in reporting gross indicative retail difference figures throughout this report.

Total excise and goods and services tax was 66.5 cpl in the December quarter 2023, an increase of 0.3 cpl from the previous quarter.

The chart shows that the decrease in average retail petrol prices in the 5 largest cities in the December quarter 2023 (0.7 cpl) was driven by lower Mogas 95 prices, partly offset by a lower AUD–USD exchange rate, higher wholesale costs and margins and higher gross indicative retail differences.

The AUD–USD exchange rate is a significant determinant of Australia's retail petrol prices because imported crude oil and international refined petrol (from which domestically refined petrol is priced) is bought and sold in US dollars in global markets. Excluding the effect of changes in the AUD–USD exchange rate (which decreased by US 0.5 cents on average in the quarter), Mogas 95 prices would have decreased by 8.8 cpl in the quarter. However, the lower AUD–USD exchange rate partly offset this decrease, resulting in Mogas 95 prices decreasing by 0.7 cpl less in Australian dollar terms. The net effect of movements in Mogas 95 prices and the AUD–USD exchange rate was that Mogas 95 prices in Australian cents per litre decreased by 8.1 cpl.

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

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

5.1 Average retail petrol prices increased in Canberra and Darwin and decreased in Hobart

Table 5.1 shows quarterly average retail petrol prices in the September quarter 2023 and December quarter 2023 in Canberra, Hobart and Darwin and across the 5 largest cities. The table also shows the differential between quarterly average retail petrol prices in each of the smaller capitals and the 5 largest cities.

In the December quarter 2023, average retail petrol prices increased in Canberra by 4.3 cpl and in Darwin by 3.0 cpl, while prices decreased in Hobart by 3.7 cpl. Average retail petrol prices in Canberra and Darwin were above average prices across the 5 largest cities. Average retail petrol prices in Hobart were marginally below average prices across the 5 largest cities.

Table 5.1: Quarterly average retail petrol prices in Canberra, Hobart and Darwin and in the 5 largest cities: September quarter 2023 and December quarter 2023 – cents per litre (cpl)

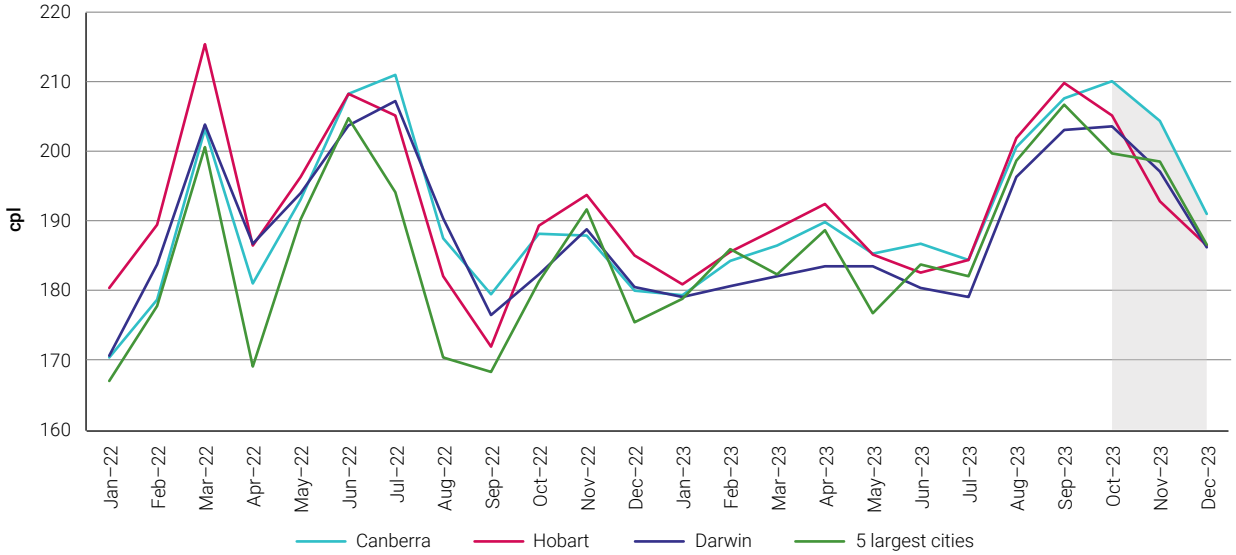
	Canberra	Hobart	Darwin	5 largest cities	Differential		
					Canberra	Hobart	Darwin
Sep–23	197.4	198.5	192.6	195.6	1.8	2.9	-3.0
Dec–23	201.7	194.8	195.6	194.9	6.8	-0.1	0.7
Change	**4.3**	**-3.7**	**3.0**	**-0.7**	**5.0**	**-3.0**	**3.7**

Source: ACCC calculations based on data from Informed Sources.

Quarterly average retail petrol prices in Canberra were 201.7 cpl, the highest among the 8 capital cities. The ACCC encourages motorists in Canberra to use the FuelCheck app and website to shop around for lower priced retailers, as there can often be a range of prices available. The Australian Capital Territory government decided to continue real-time retail fuel price reporting after completing a recent review in October 2023.

Chart 5.1 shows monthly average retail petrol prices in Canberra, Hobart, Darwin and the 5 largest cities from January 2022 to December 2023.

Chart 5.1: Monthly average retail petrol prices in Canberra, Hobart, Darwin and the 5 largest cities in nominal terms: January 2022 to December 2023 – cents per litre (cpl)



Source: ACCC calculations based on data from FUELtrac and Informed Sources.
Note: The shaded area in the chart represents the December quarter 2023.

In calendar year 2023, compared with average retail petrol prices in the 5 largest cities, monthly average retail petrol prices were:

- higher in Canberra in all months except February 2023
- higher in Hobart in all months except February, June, November and December 2023
- lower in Darwin in all months except January, May and October 2023.

5.2 Average regional retail petrol prices were higher than prices in the 5 largest cities

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

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

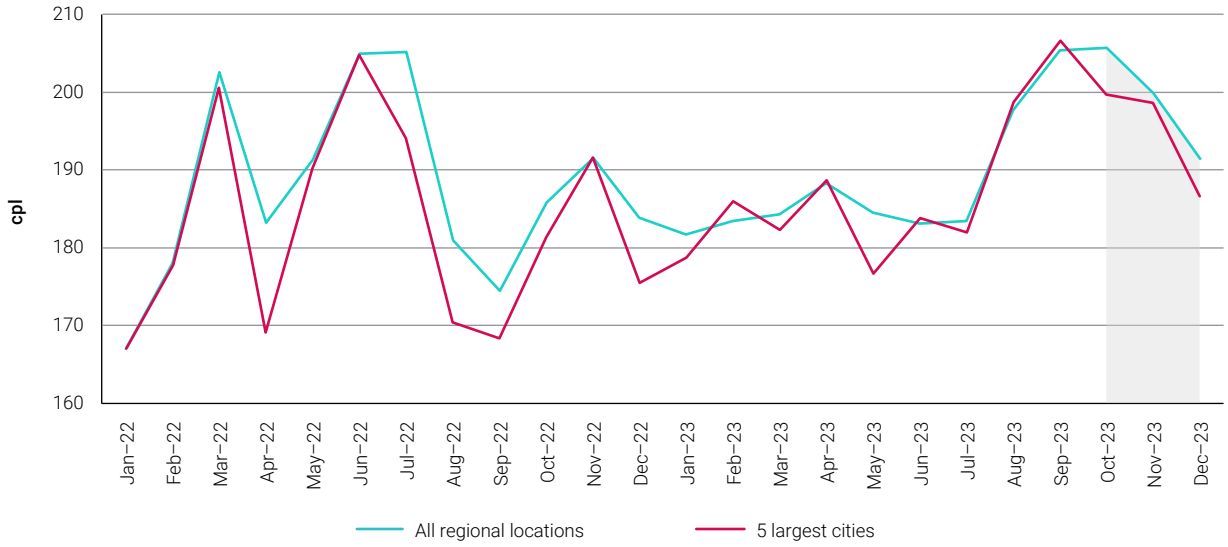
The influence of these factors varies significantly from location to location. This means that there may be substantial differences in retail petrol prices between specific regional locations.

Average retail petrol prices in regional locations in aggregate (regional prices) were 198.9 cpl in the December quarter 2023, 4.0 cpl higher than average retail petrol prices in the 5 largest cities (194.9 cpl). In the September quarter 2023 average regional petrol prices were 0.2 cpl lower than prices in the 5 largest cities.

Average regional petrol prices increased by 3.5 cpl from the September quarter 2023, while average prices in the 5 largest cities decreased by 0.7 cpl.

Chart 5.2 shows that in calendar year 2023, monthly average regional petrol prices were higher than monthly average prices in the 5 largest cities in 7 of the months. Average regional petrol prices were lower in February, April, June, August and September 2023.

Chart 5.2: Monthly average retail petrol prices in regional locations in aggregate and the 5 largest cities in nominal terms: January 2022 to December 2023 – cents per litre (cpl)



Source: ACCC calculations based on data from FUELtrac and Informed Sources.
Note: The shaded area in the chart represents the December quarter 2023.

In the December quarter 2023, average retail petrol prices in 121 regional locations (representing around 64% of monitored locations) were higher than average prices in the 5 largest cities. In comparison, in the September quarter 2023, average regional petrol prices in around 34% of regional locations were higher.

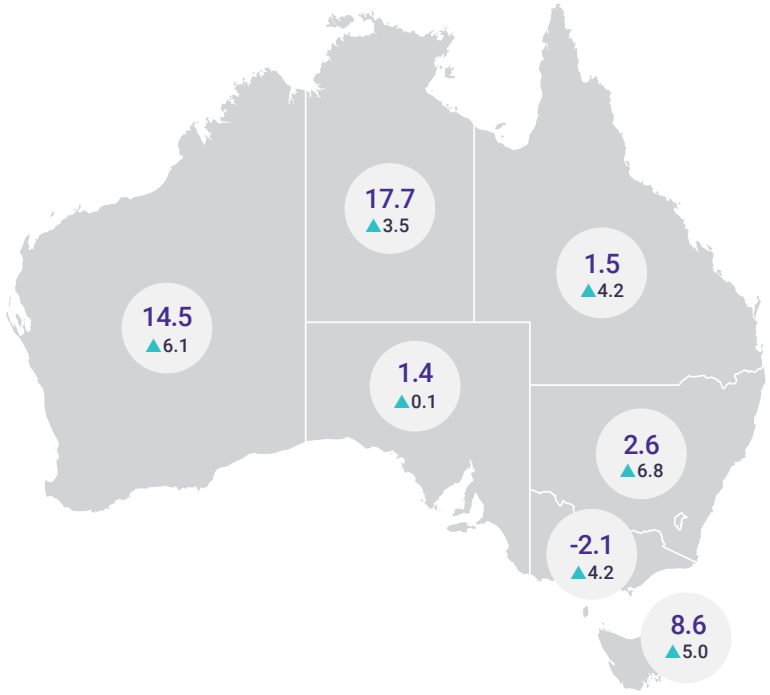
Appendix A has further information on retail petrol price movements in recent quarters and in calendar year 2023 in all locations the ACCC monitors.

5.3 Quarterly average regional retail petrol prices were higher than their respective capital city in all jurisdictions except Victoria

Figure 5.1 shows the average differential between retail petrol prices in regional locations in each state and the Northern Territory, and their respective capital city in the December quarter 2023 and the change from the previous quarter.

The Australian Capital Territory is not shown because there are no retail petrol prices available for locations in the Australian Capital Territory other than Canberra.

Figure 5.1: Quarterly average differential between retail petrol prices in regional locations in the states and the Northern Territory and their respective capital city: December quarter 2023 – cents per litre (cpl)



Source: ACCC calculations based on data from Informed Sources.

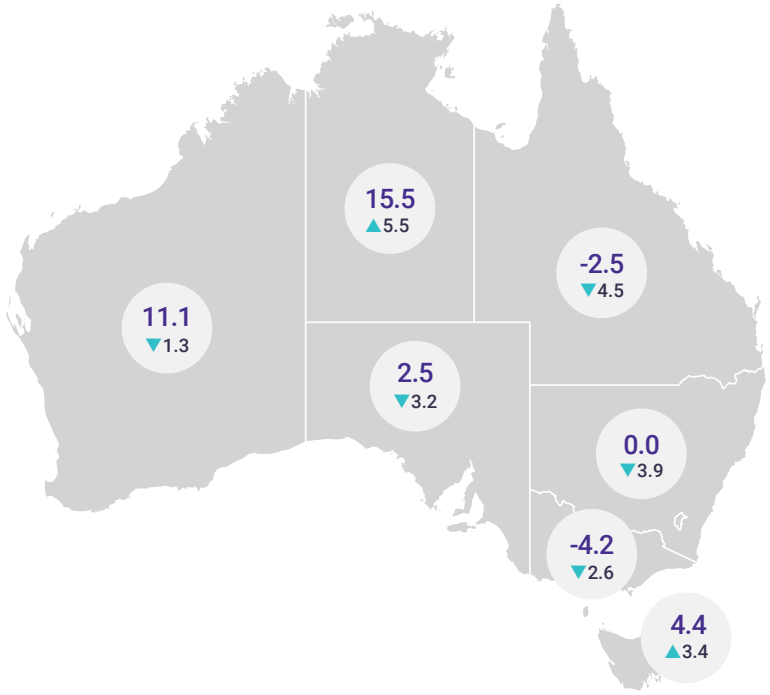
Notes: A positive number means that average regional petrol prices were higher than average capital city retail petrol prices and a negative number means that average regional petrol prices were lower than average capital city retail petrol prices.
There are no retail petrol prices available for locations in the Australian Capital Territory other than Canberra.
▼▲ cpl change from previous quarter.

Figure 5.1 shows that in the December quarter 2023, average regional retail petrol prices were higher than their respective capital city prices in all jurisdictions except Victoria.

Figure 5.2 shows the average differential between retail petrol prices in regional locations in each state and the Northern Territory, and their respective capital city in calendar year 2023 and the change from calendar year 2022.

The Australian Capital Territory is not shown because there are no retail petrol prices available for locations in the Australian Capital Territory other than Canberra.

Figure 5.2: Annual average differential between retail petrol prices in regional locations in the states and the Northern Territory and their respective capital city: calendar year 2023 – cents per litre (cpl)



Source: ACCC calculations based on data from FUELtrac and Informed Sources.

Notes: A positive number means that average regional petrol prices were higher than average capital city retail petrol prices and a negative number means that average regional petrol prices were lower than average capital city retail petrol prices. There are no retail petrol prices available for locations in the Australian Capital Territory other than Canberra.
▼▲ cpl change from previous year.

Figure 5.2 shows that in calendar year 2023, average regional retail petrol prices were:

- higher than their respective capital city prices in South Australia, Western Australia, Tasmania and the Northern Territory
- lower than their respective capital city prices in Victoria and Queensland
- in New South Wales, average regional prices were the same as average prices in Sydney.

Compared with calendar year 2022, average retail petrol prices in regional locations were relatively lower compared with their respective capital city in all jurisdictions except Tasmania and the Northern Territory.

6. Crude oil and refined petrol price movements

Movements in retail petrol prices in Australia are largely determined by movements in international refined petrol prices and the AUD–USD exchange rate. Chapter 4 analysed movements in the AUD–USD exchange rate.

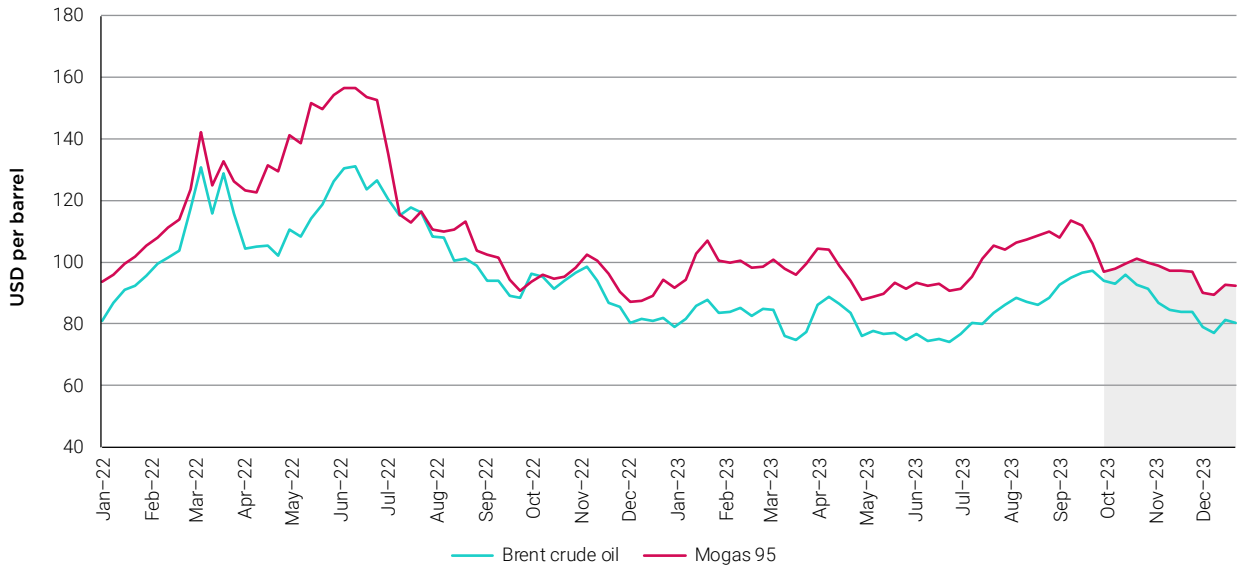
Crude oil prices are an important influence on movements in refined petrol prices around the world. There are several international benchmarks used for pricing crude oil (such as Brent, Tapis, Dubai and West Texas Intermediate). Brent crude oil is the most widely used benchmark in global markets.

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

6.1 Crude oil and refined petrol prices decreased

Chart 6.1 shows movements in weekly average Brent crude oil and Mogas 95 prices between January 2022 and December 2023.

Chart 6.1: Weekly average Brent crude oil and Mogas 95 prices in nominal terms: January 2022 to December 2023 – USD per barrel



Source: ACCC calculations based on data from Argus Media.
Note: The shaded area in the chart represents the December quarter 2023.

Weekly average Brent crude oil prices were around USD 81 per barrel at the beginning of January 2022 and subsequently trended upwards, reaching around USD 131 per barrel in mid-June 2022. Weekly average Brent crude oil prices then trended downwards to around USD 80 per barrel in December 2022. Prices then fluctuated but generally trended downwards to around USD 74 per barrel at the end of June 2023, before increasing to around USD 97 per barrel at the end of September 2023.

At the beginning of the December quarter 2023, weekly average Brent crude oil prices were around USD 94 per barrel. Prices generally decreased throughout the quarter and were around USD 80 per barrel at the end of December 2023.

Weekly average Mogas 95 prices moved in a similar manner to Brent crude oil prices. At the beginning of January 2022, weekly average Mogas 95 prices were around USD 94 per barrel, and broadly trended upwards to around USD 157 per barrel in mid-June 2022. Weekly average Mogas 95 prices then decreased substantially to around USD 87 per barrel in mid-December 2022, before increasing to around USD 107 per barrel in late January 2023. Prices fluctuated and generally trended downwards through the remaining first half of 2023 and were around USD 91 per barrel at the end of June 2023, before increasing to around USD 114 per barrel in mid-September 2023.

At the beginning of the December quarter 2023, average weekly Mogas 95 prices were around USD 97 per barrel. They generally trended downward throughout the quarter and finished the quarter at around USD 92 per barrel.

Quarterly average Brent crude oil prices and Mogas 95 prices were lower in the December quarter 2023 compared with the September quarter 2023:

- quarterly average Brent crude oil prices were around USD 87 per barrel (a decrease of USD 1 per barrel, or around 1%)
- quarterly average Mogas 95 prices were around USD 96 per barrel (a decrease of USD 9 per barrel, or around 9%).

6.2 Refiner margins decreased

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

In the December quarter 2023, the average refiner margin was USD 9.6 per barrel (around 9.3 cpl in Australian dollar terms), a decrease of USD 8.1 per barrel from the previous quarter. Lower refiner margins were influenced by lower demand for refined petrol in the United States and other jurisdictions.[61]

The average refiner margin in the December quarter 2023 was lower than the 10-year **real** average refiner margin (USD 13.4 per barrel, or AUD 11.2 cpl).

This refiner margin is a notional number calculated by subtracting one international benchmark price from another and does not represent the actual refiner margin at each refinery. Refiner margins at specific refineries are influenced by factors such as the mix of products produced, how efficiently they are produced and effects from refinery outages.

In the December quarter 2023, refineries in Australia reported mixed refiner margins. Ampol announced a refiner margin at its Lytton refinery of USD 10.52 per barrel. This was a significant decrease from the September quarter 2023 (USD 19.69 per barrel) as crude premiums rose and product crack spreads reduced compared with the previous quarter.[62] Viva Energy announced a refiner margin at its Geelong refinery of USD 8.80 per barrel, a slight increase from the September quarter 2023 (USD 8.50 per barrel). Viva Energy noted that while it was a period of weaker regional refining margins, its refinery returned to normal operations following extended maintenance.[63]

61 United States Energy Information Administration, *Global gasoline crack spreads fall amid lower U.S. demand and the switch to winter-grade fuel*, release, 18 October 2023, accessed on 15 February 2024.

62 Ampol, *4Q 2023 Trading update*, ASX Announcements, 18 January 2024, accessed on 15 February 2024.

63 Viva Energy, *4Q2023 Operating update*, ASX release, 23 January 2024, accessed on 15 February 2024.

6.3 Various international factors have influenced crude oil prices

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

- agreements made by the Organisation of the Petroleum Exporting Countries (OPEC) cartel, and some other crude oil producing countries including Russia (referred to as OPEC+), to decrease or increase production
- COVID-19 impacts on demand, and subsequent demand recovery
- geo-political events including the Russian invasion of Ukraine and conflict in the Middle East
- periods of reduced demand following central banks' interest rate increases around the world to combat higher inflation.

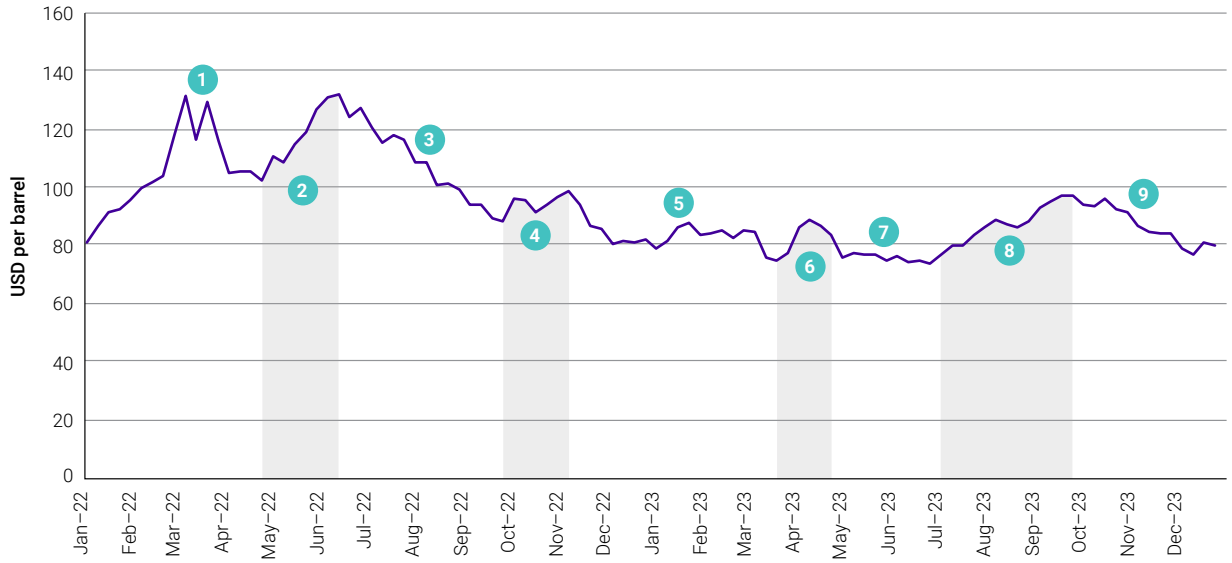
In the December quarter 2023, key factors that influenced lower crude oil prices included:

- increased crude oil production from the United States and other sources, countering reduced OPEC+ supply[64]
- weaker world oil demand and slowing demand growth in several economies.[65]

64 Reuters, *Oil market comfortably supplied after OPEC+ cuts*, 13 December 2023, accessed on 15 February 2024.

65 International Energy Agency, *Oil Market Report December 2023*, accessed on 15 February 2024.

Figure 6.1: Key influences on crude oil prices since January 2022 – USD per barrel



1 Late March 2022

Decreases in crude oil prices were influenced by the possibility of weakening demand due to rising COVID-19 cases and lockdowns in some parts of China. Additionally, the International Energy Agency and the United States announced oil supply to be released from their stockpiles.

2 May to mid-June 2022

Crude oil prices increased as Libya's crude oil output fell (due to escalating political unrest) and further tightened global supply after buyers avoided Russian oil. In addition the European Union imposed a ban on seaborne deliveries of Russian crude oil, phased in over 6 months.

3 Late June to September 2022

Crude oil prices decreased significantly as higher interest rates led to concerns about a global recession and lower demand. OPEC+ crude oil supply increased, including recovered production from Libya.

4 October to mid-November 2022

Crude oil prices increased, influenced by a weaker USD, reduction in global crude oil stocks and optimism over demand recovery in China.

5 Late November 2022 to March 2023

Crude oil prices trended downward after central banks in Europe and North America raised interest rates, or signalled further increases in interest rates, to combat inflation.

6 Late March to mid-April 2023

Crude oil prices increased following OPEC+ announced production cuts and a decline in oil inventories in the United States.

7 Mid-April to June 2023

Crude oil prices trended downwards as many central banks raised interest rates, or signalled further interest rate increases, and the outlook for China's oil demand weakened.

8 July to September 2023

Higher crude oil prices were influenced by reduced OPEC+ supply and increased demand due to strong summer air travel and increased demand from China.

9 October to December 2023

After an initial uptick in crude oil prices influenced by the conflict in the Middle East, crude oil prices trended downward. This was influenced by increased crude production by firms in the United States and other sources, together with weaker oil demand across several economies, offsetting the effects of reduced OPEC+ oil supply.

The information in figure 6.1 is derived from the following sources.[66]

Late March 2022

Reuters, *Oil prices edge lower in early trading*, 11 April 2022.

Reuters, *Oil falls, posts nearly 5% weekly loss on growth concerns*, 22 April 2022.

May to mid-June 2022

Reuters, *Global stocks fall, U.S. yields rise as oil prices reach new highs*, 31 May 2022.

Reuters, *Oil rises on tight supplies; trade choppy on demand worries*, 14 June 2022.

Reuters, *Oil falls around 3% as investors eye U.S. Fed rate hikes*, 23 June 2022.

Late June to September 2022

Reuters, *Analysis: Lower oil prices defy robust forecasts for global demand*, 16 September 2022.

Reuters, *OPEC oil output in Sept hits highest since 2020 – survey*, 30 September 2022.

October to mid-November 2022

Reuters, *Oil settles up $2 on tighter supply; OPEC+ talks limit gains*, 30 November 2022.

International Energy Agency, *Oil Market Report – November 2022*.

Late November 2022 to March 2023

Reuters, *Oil drops by over $2 per barrel, dogged by recession fears*, 16 December 2022.

Reuters, *Oil slumps nearly 5% to lowest in more than a year as banking fears mount*, 16 March 2023.

Late March 2023 to mid-April 2023

Reuters, *Oil steady, notches 3rd weekly gain after shock OPEC+ cuts*, 7 April 2023.

Reuters, *Oil rises, logs weekly gains after IEA predicts record demand*, 15 April 2023.

Mid-April to June 2023

Reuters, *Oil prices ease on weaker Chinese demand picture*, 21 June 2023.

Reuters, *Oil prices drop over 2% on interest rate hike worries*, 28 June 2023.

July to September 2023

Reuters, *Saudi Arabia, Russia deepen oil cuts, sending prices higher*, 4 July 2023.

International Energy Agency, *Oil Market Report – August 2023*.

October to December 2023

Reuters, *Oil drops over 2% as diplomatic moves in Gaza war ease supply concerns*, 24 October 2023.

Reuters, *Oil drops to 6-month low on weak economic outlook, high U.S. supply*, 8 December 2023.

Reuters, *Oil market comfortably supplied after OPEC+ cuts*, 13 December 2023.

66 All sources were accessed on 15 February 2024.

7. Retail diesel price movements in the 5 largest cities

This chapter discusses retail diesel prices in the 5 largest cities, and analyses movements in retail diesel prices in the quarter.

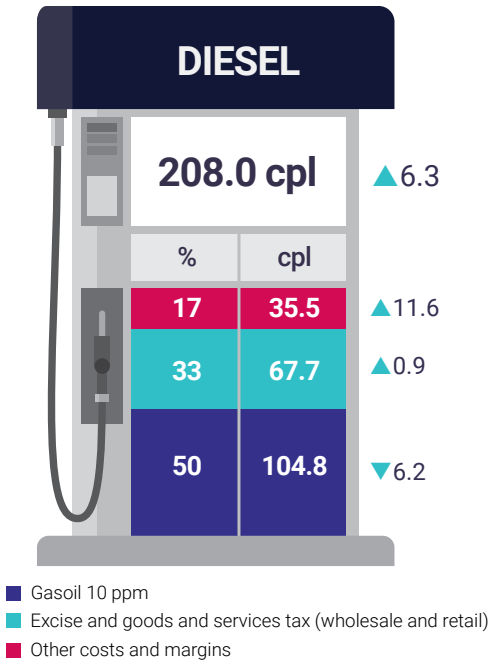
There are 3 broad components of average retail diesel prices:

- the international price of refined diesel – that is, the price of Singapore Gasoil with 10 parts per million sulphur content (Gasoil 10 ppm)
- excise and the goods and services tax
- other costs and margins, at the wholesale and retail levels.

7.1 Gasoil 10 ppm was the largest component of average retail diesel prices

Chart 7.1 shows the 3 broad components of average retail diesel prices in the 5 largest cities in the December quarter 2023.

Chart 7.1: Components of average retail diesel prices in the 5 largest cities in the December quarter 2023 – in percentage and cents per litre (cpl) terms



Source: ACCC calculations based on data from Informed Sources, Argus Media, the Reserve Bank of Australia, and the Australian Taxation Office.
▼▲ cpl change from the previous quarter.

Quarterly average retail diesel prices in the 5 largest cities were 208.0 cpl in the December quarter 2023, an increase of 6.3 cpl from the September quarter 2023 (201.7 cpl).

As with average retail petrol prices in the December quarter 2023, the international benchmark price of diesel, Gasoil 10 ppm, accounted for the largest component of average retail diesel prices.

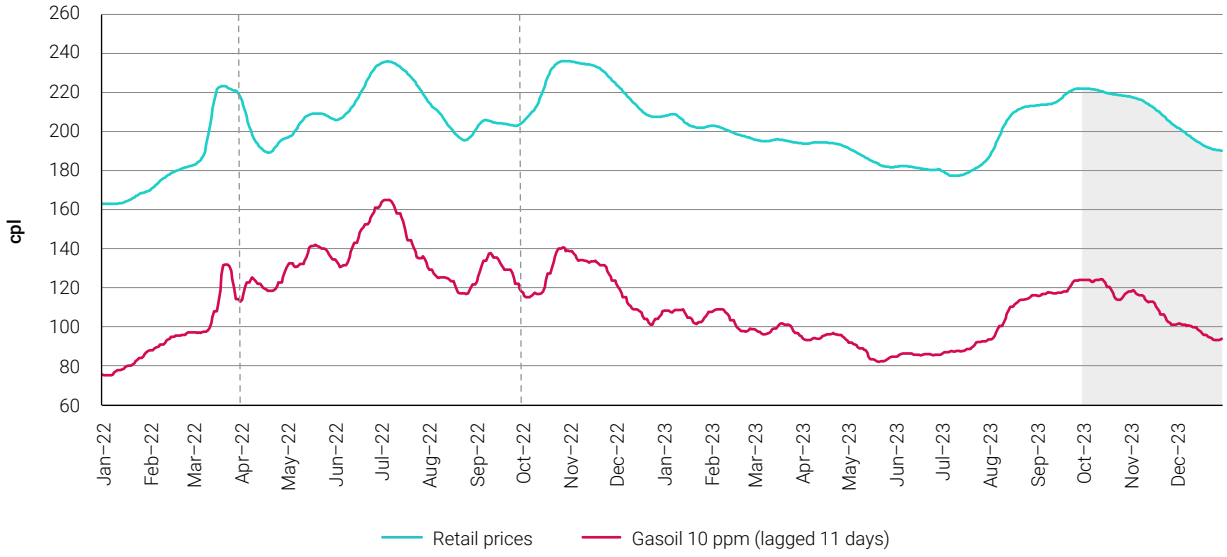
Other costs and margins increased in the December quarter 2023. This increase may have been influenced by lags in changes in retail prices following decreases in the Gasoil 10ppm international benchmark during the quarter. There is generally around a one- to 2-week lag between changes in international prices and changes in retail prices in the 5 largest cities.

7.2 Average retail diesel prices trended down in the quarter as international benchmark prices decreased

The price of Gasoil 10 ppm is the appropriate international benchmark for the wholesale price of diesel in Australia. International demand for diesel is different from that for petrol, in part because of diesel's off-road, industrial and electricity generation uses. Both petrol and diesel are refined from crude oil and their prices generally tend to follow similar movements over the long term. However, as noted in section 7.3, movements in diesel and petrol benchmark prices can diverge at times.

Chart 7.2 shows that 7-day rolling average retail diesel prices in the 5 largest cities broadly tracked lagged movements in Gasoil 10 ppm prices between 1 January 2022 and 31 December 2023.

Chart 7.2: Seven-day rolling average retail diesel prices in the 5 largest cities and Gasoil 10 ppm prices in nominal terms: 1 January 2022 to 31 December 2023 – cents per litre (cpl)



Source: ACCC calculations based on data from FUELtrac, Informed Sources, Argus Media and the Reserve Bank of Australia.

Notes: The shaded area in the chart represents the December quarter 2023.
The 2 vertical dotted lines indicate the cut in fuel excise from 30 March 2022 and the restoration of full excise from 29 September 2022.
A 7-day rolling average price is the average of the current day's price and prices on the 6 previous days.
Gasoil 10 ppm prices are lagged by 11 days as there is generally around a one- to 2-week lag between changes in international prices and changes in retail prices in the 5 largest cities.

Seven-day rolling average retail diesel prices trended downward during the December quarter 2023. Prices were 221.9 cpl at the beginning of the quarter, and decreased to 190.2 cpl at the end of the quarter. Seven-day rolling average Gasoil 10 ppm prices in Australian cents per litre terms also decreased. Prices were 123.9 cpl at the beginning of the quarter and decreased to 93.6 cpl at the end of the quarter.

Quarterly average Gasoil 10 ppm prices in the December quarter 2023 in Australian cents per litre were 104.8 cpl, a decrease of 6.2 cpl from the September quarter 2023 (111.0 cpl).

Retail diesel prices in the 5 largest cities, unlike petrol prices, do not move in cycles. Diesel prices may not have price cycles because a large proportion of sales are to commercial users who purchase diesel on a contractual basis. According to the Australian Institute of Petroleum, only around 25% of the diesel used in Australia is sold through retail outlets, and much of that is sold to account customers with very little sold to private customers.[67]

7.3 Average retail diesel prices were higher than average petrol prices

Quarterly average retail diesel prices in the December quarter 2023, were 13.1 cpl higher than average retail petrol prices. This was 7.0 cpl higher than the difference in the September quarter 2023 (6.1 cpl) and 9.4 cpl higher than the difference in the June quarter 2023 (3.7 cpl).

As indicated in chart 7.3 (which shows monthly average retail diesel and petrol prices in the 5 largest cities between January 2022 and December 2023), the differential between average retail diesel and petrol prices decreased at the end of the quarter.

Chart 7.3: Monthly average retail diesel prices and retail petrol prices in the 5 largest cities in nominal terms: January 2022 to December 2023 – cents per litre (cpl)

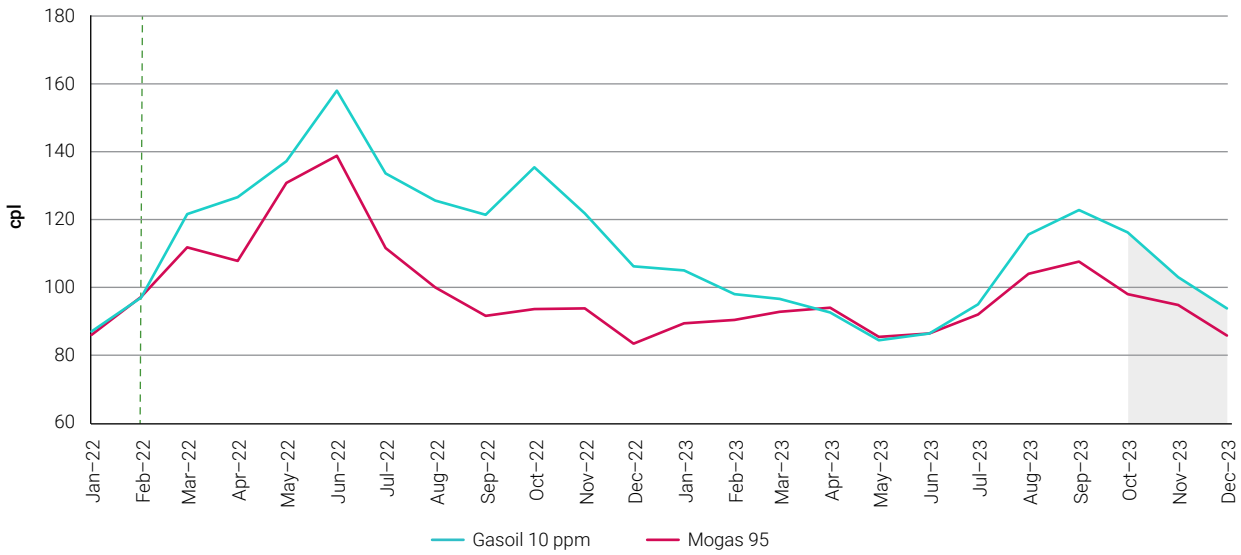
Source: ACCC calculations based on data from FUELtrac and Informed Sources.
Notes: The shaded area in the chart represents the December quarter 2023.
The green dotted line indicates when the Russian invasion of Ukraine began (24 February 2022).

67 Australian Institute of Petroleum, *Facts about diesel prices & the Australian fuel market*, 9 October 2023, p 3, accessed on 15 February 2024.

Different international benchmark prices drive retail diesel and petrol prices, and these benchmarks can be influenced by various factors. Gasoil 10 ppm is the relevant international benchmark for the wholesale price of diesel in Australia while the price of Singapore Mogas 95 Unleaded (Mogas 95) is the relevant international benchmark for the wholesale price of petrol.

Chart 7.4 shows monthly average Gasoil 10 ppm prices and monthly average Mogas 95 prices in Australian cents per litre over the past 2 years.

Chart 7.4: Monthly average Gasoil 10 ppm and Mogas 95 prices in nominal terms: January 2022 to December 2023 – cents per litre (cpl)



Source: ACCC calculations based on data from Argus Media and the Reserve Bank of Australia.
Notes: The shaded area in the chart represents the December quarter 2023.
The green dotted line indicates when the Russian invasion of Ukraine began (24 February 2022).
Gasoil 10 ppm is the international diesel benchmark and Mogas 95 is the international petrol benchmark.

Chart 7.4 shows that after the Russian invasion of Ukraine on 24 February 2022, Gasoil 10 ppm prices moved significantly higher than Mogas 95 prices.

Russia is a leading global producer and exporter of crude oil and refined fuel products, including diesel. Ongoing sanctions on Russia's petroleum industry in response to the conflict in Ukraine meant the global supply of refined diesel decreased. At the time, this was compounded by existing low global stocks of diesel and reduced exports from China. Diesel also has a broader use in industrial activity and electricity generation, which affects demand for diesel.

Gasoil 10 ppm prices generally decreased in the first half of 2023. In the September quarter 2023 increases in Gasoil 10 ppm prices were influenced by a global shortage of diesel stocks, driven by both crude production cuts announced by the OPEC cartel and shortages of refining capacity around the world.

In the December quarter 2023, Gasoil 10 ppm prices trended down, influenced by an easing outlook of a global diesel shortage, with stocks accumulating, and softening demand from a slowdown in manufacturing and construction activity.[68]

Table 7.1 shows quarterly average Gasoil 10 ppm and Mogas 95 prices in Australian cents per litre, and the difference between them over time.

68 Reuters, *Global diesel shortage eases after summer surge in prices*, 15 December 2023, accessed on 15 February 2024.

Table 7.1: Quarterly average Gasoil 10 ppm and Mogas 95 prices in nominal terms – Australian cents per litre (cpl)

Quarter	Average Gasoil 10 ppm price (cpl)	Average Mogas 95 price (cpl)	Difference (cpl)
Dec–21 (prior to the Russian invasion)	78.5	80.9	-2.4
Dec–22	121.2	90.3	30.9
Mar–23	99.6	91.0	8.6
Jun–23	87.6	88.4	-0.8
Sep–23	111.0	101.2	9.8
Dec–23	104.8	93.1	11.7

Source: ACCC calculations based on data from Argus Media and the Reserve Bank of Australia.

Appendix A: Petrol price data for monitored locations

The ACCC monitors fuel prices in all capital cities and over 190 regional locations across Australia. Table A.1 shows quarterly average retail petrol prices in the September quarter 2023 and the December quarter 2023, and the change between the 2 quarters, in these locations.[69] It also shows the differential between average prices in each location and average prices across the 5 largest cities, and the location's capital city in the December quarter 2023, and in calendar year 2023.[70]

Table A.1: Quarterly average retail petrol prices in the September quarter 2023 and the December quarter 2023, and differentials in the December quarter 2023 and calendar year 2023 – cents per litre (cpl)

Location	Sep–23	Dec–23	Change	Differential Dec–23		Differential 2023	
			Sep–23 to Dec–23	5 largest cities	Capital city	5 largest cities	Capital city
Sydney	198.8	196.0	-2.8				
Melbourne	197.5	196.9	-0.6				
Brisbane	199.1	198.6	-0.5				
Adelaide	191.2	193.5	2.3				
Perth	191.5	189.3	-2.2				
5 largest cities	195.6	194.9	-0.7				
Canberra	197.4	201.7	4.3	6.8		3.5	
Hobart	198.5	194.8	-3.7	-0.1		2.3	
Darwin	192.6	195.6	3.0	0.7		-1.1	
New South Wales							
Albury	193.3	193.7	0.4	-1.2	-2.3	-0.1	-1.9
Armidale	196.8	198.7	1.9	3.8	2.7	2.7	0.9
Ballina	197.3	202.6	5.3	7.7	6.6	6.0	4.2
Batemans Bay	196.7	201.1	4.4	6.2	5.1	10.3	8.5
Bathurst	186.1	185.9	-0.2	-9.0	-10.1	-7.8	-9.6
Bega	198.3	202.7	4.4	7.8	6.7	6.4	4.6
Broken Hill	199.1	202.0	2.9	7.1	6.0	5.0	3.2
Bulahdelah	193.9	198.5	4.6	3.6	2.5	3.3	1.5
Buronga	191.8	195.1	3.3	0.2	-0.9	n/a	n/a

69 The source for all prices in this appendix is ACCC calculations based on data from FUELtrac and Informed Sources. For prices to be included in the table, there had to be price observations on at least 75% of days in the quarter/year. Two locations did not have sufficient data for the September and December quarters 2023 – Corryong and Orbost.

70 In calendar year 2023, average regular unleaded petrol prices across the 5 largest cities were 189.0 cpl. Average prices in each capital city were: Sydney – 190.8 cpl, Melbourne – 191.0 cpl, Brisbane – 193.1 cpl, Adelaide – 186.0 cpl, Perth – 184.0 cpl, Canberra – 192.5 cpl, Hobart – 191.3 cpl and Darwin – 187.9 cpl.

Location	Sep–23	Dec–23	Change	Differential Dec–23		Differential 2023	
			Sep–23 to Dec–23	5 largest cities	Capital city	5 largest cities	Capital city
Casino	192.8	199.4	6.6	4.5	3.4	0.5	-1.3
Central Coast	202.1	201.9	-0.2	7.0	5.9	5.6	3.8
Coffs Harbour	189.2	192.9	3.7	-2.0	-3.1	-3.9	-5.7
Cooma	198.9	197.8	-1.1	2.9	1.8	4.7	2.9
Coonabarabran	193.8	200.5	6.7	5.6	4.5	3.0	1.2
Cootamundra	192.0	197.7	5.7	2.8	1.7	0.0	-1.8
Cowra	199.3	203.8	4.5	8.9	7.8	n/a	n/a
Deniliquin	193.4	203.7	10.3	8.8	7.7	3.0	1.2
Dubbo	194.3	189.7	-4.6	-5.2	-6.3	-1.8	-3.6
Forbes	203.6	208.4	4.8	13.5	12.4	13.2	11.4
Forster	189.2	198.3	9.1	3.4	2.3	-2.5	-4.3
Gilgandra	195.6	201.4	5.8	6.5	5.4	n/a	n/a
Glen Innes	196.8	200.7	3.9	5.8	4.7	-0.4	-2.2
Goulburn	195.1	196.0	0.9	1.1	0.0	1.5	-0.3
Grafton	194.4	199.3	4.9	4.4	3.3	2.5	0.7
Griffith	188.3	193.3	5.0	-1.6	-2.7	-3.2	-5.0
Gundagai	194.7	198.9	4.2	4.0	2.9	2.0	0.2
Gunnedah	189.2	190.1	0.9	-4.8	-5.9	-3.3	-5.1
Hay	193.9	205.8	11.9	10.9	9.8	4.2	2.4
Inverell	194.2	200.0	5.8	5.1	4.0	0.7	-1.1
Jerilderie	192.8	202.1	9.3	7.2	6.1	3.5	1.7
Kempsey	190.7	198.7	8.0	3.8	2.7	-2.7	-4.5
Leeton	192.6	197.4	4.8	2.5	1.4	-0.8	-2.6
Lismore	198.4	206.9	8.5	12.0	10.9	6.4	4.6
Lithgow	188.7	195.4	6.7	0.5	-0.6	0.4	-1.4
Merimbula	192.0	197.6	5.6	2.7	1.6	1.0	-0.8
Mittagong	193.0	194.7	1.7	-0.2	-1.3	-0.5	-2.3
Moama	191.7	200.3	8.6	5.4	4.3	-0.3	-2.1
Moree	196.5	200.6	4.1	5.7	4.6	3.3	1.5
Moruya	192.5	195.3	2.8	0.4	-0.7	-1.5	-3.3
Moss Vale	192.3	192.7	0.4	-2.2	-3.3	-1.4	-3.2
Mudgee	199.2	212.3	13.1	17.4	16.3	9.3	7.5
Murwillumbah	201.2	207.6	6.4	12.7	11.6	11.7	9.9
Muswellbrook	186.1	194.0	7.9	-0.9	-2.0	-3.4	-5.2

Location	Sep–23	Dec–23	Change	Differential Dec–23		Differential 2023	
			Sep–23 to Dec–23	5 largest cities	Capital city	5 largest cities	Capital city
Narrabri	200.2	201.5	1.3	6.6	5.5	8.4	6.6
Newcastle	196.6	191.3	-5.3	-3.6	-4.7	0.8	-1.0
Nowra	190.8	184.0	-6.8	-10.9	-12.0	-4.8	-6.6
Nyngan	193.5	194.7	1.2	-0.2	-1.3	-0.6	-2.4
Oberon	182.3	189.5	7.2	-5.4	-6.5	n/a	n/a
Orange	193.6	202.4	8.8	7.5	6.4	0.3	-1.5
Parkes	201.8	204.3	2.5	9.4	8.3	9.0	7.2
Port Macquarie	188.9	192.2	3.3	-2.7	-3.8	-3.7	-5.5
Queanbeyan	194.7	192.6	-2.1	-2.3	-3.4	-1.1	-2.9
Singleton	204.0	198.5	-5.5	3.6	2.5	3.8	2.0
Tamworth	192.7	193.2	0.5	-1.7	-2.8	-1.1	-2.9
Taree	194.0	197.3	3.3	2.4	1.3	0.4	-1.4
Temora	192.9	199.1	6.2	4.2	3.1	0.7	-1.1
Tumut	192.8	199.9	7.1	5.0	3.9	0.0	-1.8
Tweed Heads South	208.1	216.2	8.1	21.3	20.2	12.4	10.6
Ulladulla	198.5	202.1	3.6	7.2	6.1	6.6	4.8
Wagga Wagga	188.2	191.2	3.0	-3.7	-4.8	-4.2	-6.0
Wauchope	190.5	193.2	2.7	-1.7	-2.8	0.3	-1.5
Wellington	195.5	199.9	4.4	5.0	3.9	4.0	2.2
West Wyalong	193.8	202.1	8.3	7.2	6.1	4.2	2.4
Wollongong	206.0	203.3	-2.7	8.4	7.3	6.3	4.5
Woolgoolga	197.7	201.5	3.8	6.6	5.5	6.3	4.5
Yass	197.1	200.0	2.9	5.1	4.0	n/a	n/a
Northern Territory							
Alice Springs	209.5	217.0	7.5	22.1	21.4	14.6	15.7
Katherine	194.5	203.8	9.3	8.9	8.2	8.8	9.9
Tennant Creek	216.3	219.1	2.8	24.2	23.5	20.7	21.8
Queensland							
Atherton	194.7	197.3	2.6	2.4	-1.3	0.2	-3.9
Ayr	192.7	195.0	2.3	0.1	-3.6	-3.8	-7.9
Biloela	191.9	196.4	4.5	1.5	-2.2	-1.0	-5.1
Blackall	212.1	222.4	10.3	27.5	23.8	n/a	n/a
Blackwater	195.8	201.3	5.5	6.4	2.7	9.5	5.4
Bowen	190.2	192.8	2.6	-2.1	-5.8	-4.5	-8.6

Location	Sep–23	Dec–23	Change	Differential Dec–23		Differential 2023	
			Sep–23 to Dec–23	5 largest cities	Capital city	5 largest cities	Capital city
Bundaberg	186.0	183.5	-2.5	-11.4	-15.1	-9.4	-13.5
Caboolture	200.8	203.9	3.1	9.0	5.3	5.3	1.2
Cairns	188.9	184.9	-4.0	-10.0	-13.7	-7.5	-11.6
Charleville	206.8	209.6	2.8	14.7	11.0	10.6	6.5
Charters Towers	194.5	203.0	8.5	8.1	4.4	3.8	-0.3
Childers	196.2	201.2	5.0	6.3	2.6	1.5	-2.6
Cloncurry	211.4	216.6	5.2	21.7	18.0	24.6	20.5
Cunnamulla	211.0	219.7	8.7	24.8	21.1	n/a	n/a
Dalby	187.0	182.2	-4.8	-12.7	-16.4	-10.0	-14.1
Emerald	204.8	217.0	12.2	22.1	18.4	12.2	8.1
Gladstone	191.6	186.9	-4.7	-8.0	-11.7	-5.8	-9.9
Gold Coast	196.2	195.0	-1.2	0.1	-3.6	1.3	-2.8
Goondiwindi	186.4	193.2	6.8	-1.7	-5.4	-6.5	-10.6
Gympie	189.7	189.9	0.2	-5.0	-8.7	-4.1	-8.2
Hervey Bay	189.5	194.1	4.6	-0.8	-4.5	-4.6	-8.7
Ingham	193.7	201.0	7.3	6.1	2.4	0.4	-3.7
Innisfail	191.2	198.9	7.7	4.0	0.3	-1.6	-5.7
Ipswich	198.3	202.1	3.8	7.2	3.5	5.2	1.1
Kingaroy	186.4	190.8	4.4	-4.1	-7.8	-7.1	-11.2
Longreach	211.4	224.8	13.4	29.9	26.2	23.7	19.6
Mackay	187.9	190.4	2.5	-4.5	-8.2	-4.0	-8.1
Mareeba	193.6	197.7	4.1	2.8	-0.9	1.4	-2.7
Maryborough	187.9	194.1	6.2	-0.8	-4.5	-5.3	-9.4
Miles	192.1	181.3	-10.8	-13.6	-17.3	-8.3	-12.4
Moranbah	191.3	203.8	12.5	8.9	5.2	-0.4	-4.5
Mt Isa	219.1	228.1	9.0	33.2	29.5	26.0	21.9
Normanton	208.4	218.7	10.3	23.8	20.1	n/a	n/a
Rockhampton	193.1	192.4	-0.7	-2.5	-6.2	-3.5	-7.6
Roma	189.9	199.3	9.4	4.4	0.7	-1.1	-5.2
Sunshine Coast	194.9	195.5	0.6	0.6	-3.1	-1.0	-5.1
Toowoomba	195.0	197.3	2.3	2.4	-1.3	-0.8	-4.9
Townsville	185.7	186.5	0.8	-8.4	-12.1	-9.0	-13.1
Tully	196.0	200.5	4.5	5.6	1.9	3.3	-0.8
Warwick	191.7	193.7	2.0	-1.2	-4.9	-4.3	-8.4

Location	Sep–23	Dec–23	Change	Differential Dec–23		Differential 2023	
			Sep–23 to Dec–23	5 largest cities	Capital city	5 largest cities	Capital city
Weipa	243.1	246.8	3.7	51.9	48.2	n/a	n/a
Whitsunday	185.1	185.6	0.5	-9.3	-13.0	-10.3	-14.4
Yeppoon	191.5	193.1	1.6	-1.8	-5.5	-3.5	-7.6
South Australia							
Bordertown	188.0	190.0	2.0	-4.9	-3.5	-3.4	-0.4
Ceduna	196.6	201.6	5.0	6.7	8.1	2.7	5.7
Clare	191.2	192.6	1.4	-2.3	-0.9	-1.9	1.1
Coober Pedy	205.8	220.9	15.1	26.0	27.4	20.6	23.6
Gawler	192.0	193.0	1.0	-1.9	-0.5	-0.8	2.2
Kadina	191.7	193.4	1.7	-1.5	-0.1	-1.4	1.6
Keith	190.6	193.5	2.9	-1.4	0.0	-2.1	0.9
Loxton	192.8	193.7	0.9	-1.2	0.2	-1.3	1.7
Mt Gambier	188.9	185.0	-3.9	-9.9	-8.5	-6.8	-3.8
Murray Bridge	187.8	194.5	6.7	-0.4	1.0	-5.0	-2.0
Naracoorte	193.8	197.4	3.6	2.5	3.9	1.4	4.4
Port Augusta	196.0	198.3	2.3	3.4	4.8	1.2	4.2
Port Lincoln	192.6	191.4	-1.2	-3.5	-2.1	-1.9	1.1
Port Pirie	191.8	193.2	1.4	-1.7	-0.3	-1.7	1.3
Renmark	193.2	197.6	4.4	2.7	4.1	0.9	3.9
Tailem Bend	190.6	196.6	6.0	1.7	3.1	-1.3	1.7
Victor Harbour	188.2	181.9	-6.3	-13.0	-11.6	-7.2	-4.2
Whyalla	192.8	194.4	1.6	-0.5	0.9	0.2	3.2
Tasmania							
Burnie	199.1	202.9	3.8	8.0	8.1	4.9	2.6
Campbell Town	206.0	209.9	3.9	15.0	15.1	10.1	7.8
Devonport	201.9	202.3	0.4	7.4	7.5	6.6	4.3
Huonville	202.8	199.5	-3.3	4.6	4.7	3.9	1.6
Launceston	200.4	199.1	-1.3	4.2	4.3	4.6	2.3
New Norfolk	202.1	203.2	1.1	8.3	8.4	6.1	3.8
Queenstown	210.0	213.2	3.2	18.3	18.4	18.9	16.6
Smithton	199.9	199.0	-0.9	4.1	4.2	4.4	2.1
Sorell	198.2	198.7	0.5	3.8	3.9	3.1	0.8
Ulverstone	203.5	205.2	1.7	10.3	10.4	8.4	6.1
Wynyard	199.6	204.1	4.5	9.2	9.3	4.8	2.5

Location	Sep–23	Dec–23	Change	Differential Dec–23		Differential 2023	
			Sep–23 to Dec–23	5 largest cities	Capital city	5 largest cities	Capital city
Victoria							
Ararat	194.8	201.0	6.2	6.1	4.1	0.4	-1.6
Bairnsdale	186.0	193.0	7.0	-1.9	-3.9	-6.5	-8.5
Ballarat	188.4	191.7	3.3	-3.2	-5.2	-4.7	-6.7
Benalla	188.8	195.0	6.2	0.1	-1.9	-4.0	-6.0
Bendigo	193.3	192.6	-0.7	-2.3	-4.3	-2.0	-4.0
Cobram	192.9	197.1	4.2	2.2	0.2	1.3	-0.7
Colac	191.1	197.2	6.1	2.3	0.3	-3.2	-5.2
Echuca	190.9	199.8	8.9	4.9	2.9	-1.4	-3.4
Euroa	194.8	194.3	-0.5	-0.6	-2.6	1.1	-0.9
Geelong	189.6	191.1	1.5	-3.8	-5.8	-5.0	-7.0
Hamilton	186.7	183.5	-3.2	-11.4	-13.4	-9.4	-11.4
Horsham	191.9	193.6	1.7	-1.3	-3.3	-2.1	-4.1
Koo Wee Rup	197.1	201.5	4.4	6.6	4.6	3.6	1.6
Kyabram	193.1	197.9	4.8	3.0	1.0	-0.2	-2.2
Lakes Entrance	187.0	195.5	8.5	0.6	-1.4	-4.8	-6.8
Leongatha	193.7	197.8	4.1	2.9	0.9	-0.3	-2.3
Mansfield	195.4	200.3	4.9	5.4	3.4	3.3	1.3
Mildura	190.4	188.7	-1.7	-6.2	-8.2	-4.3	-6.3
Moe	188.7	192.7	4.0	-2.2	-4.2	-4.0	-6.0
Morwell	186.6	192.8	6.2	-2.1	-4.1	-6.4	-8.4
Portland	187.7	184.4	-3.3	-10.5	-12.5	-8.7	-10.7
Sale	188.7	200.3	11.6	5.4	3.4	-2.0	-4.0
Seymour	190.6	194.4	3.8	-0.5	-2.5	-2.0	-4.0
Shepparton	192.5	190.4	-2.1	-4.5	-6.5	-2.9	-4.9
Swan Hill	192.9	194.0	1.1	-0.9	-2.9	-1.2	-3.2
Traralgon	188.8	193.1	4.3	-1.8	-3.8	-5.1	-7.1
Wallan	191.4	191.6	0.2	-3.3	-5.3	-0.8	-2.8
Wangaratta	194.1	198.6	4.5	3.7	1.7	1.7	-0.3
Warrnambool	186.3	191.2	4.9	-3.7	-5.7	-6.7	-8.7
Wodonga	188.9	189.8	0.9	-5.1	-7.1	-5.2	-7.2
Wonthaggi	193.1	200.2	7.1	5.3	3.3	1.0	-1.0
Yarrawonga	193.2	203.1	9.9	8.2	6.2	2.0	0.0

Location	Sep–23	Dec–23	Change	Differential Dec–23		Differential 2023	
			Sep–23 to Dec–23	5 largest cities	Capital city	5 largest cities	Capital city
Western Australia							
Albany	191.5	190.7	-0.8	-4.2	1.4	-5.1	-0.1
Boulder	194.9	203.3	8.4	8.4	14.0	1.6	6.6
Bridgetown	194.2	199.0	4.8	4.1	9.7	0.0	5.0
Broome	234.8	244.5	9.7	49.6	55.2	45.7	50.7
Bunbury	188.4	189.6	1.2	-5.3	0.3	-5.1	-0.1
Busselton	193.2	196.5	3.3	1.6	7.2	-0.9	4.1
Carnarvon	199.1	207.3	8.2	12.4	18.0	8.7	13.7
Collie	200.7	201.7	1.0	6.8	12.4	4.9	9.9
Dongara	196.4	197.5	1.1	2.6	8.2	1.8	6.8
Esperance	202.8	210.1	7.3	15.2	20.8	11.0	16.0
Geraldton	197.4	197.3	-0.1	2.4	8.0	0.8	5.8
Kalgoorlie	192.8	201.9	9.1	7.0	12.6	-1.3	3.7
Karratha	206.1	216.3	10.2	21.4	27.0	12.6	17.6
Manjimup	194.0	197.5	3.5	2.6	8.2	-0.3	4.7
Mount Barker	194.3	193.3	-1.0	-1.6	4.0	-1.0	4.0
Port Hedland	215.4	219.9	4.5	25.0	30.6	21.7	26.7
Waroona	189.5	189.6	0.1	-5.3	0.3	-3.9	1.1

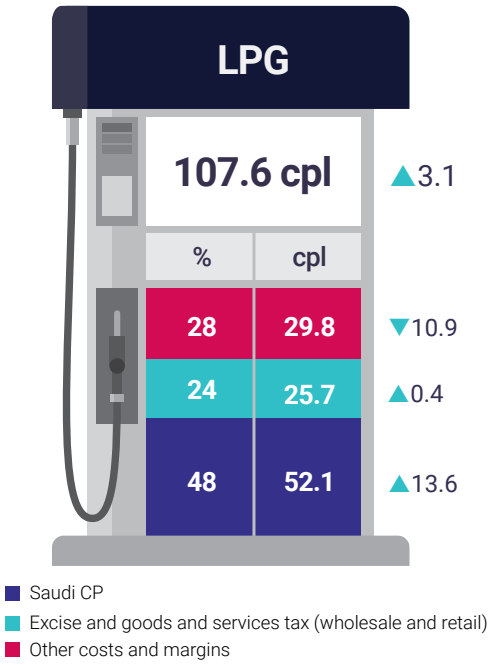
Appendix B: Components of automotive liquefied petroleum gas (LPG) prices

Quarterly average retail automotive liquefied petroleum gas (LPG) prices in the 5 largest cities in the December quarter 2023 were 107.6 cpl, an increase of 3.1 cpl from the September quarter 2023 (104.5 cpl).

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

Chart B.1 shows the 3 broad components of average retail LPG prices in the 5 largest cities in the December quarter 2023.[71]

Chart B.1: Components of average retail liquefied petroleum gas (LPG) prices in the 5 largest cities in the December quarter 2023 – in percentage and cents per litre (cpl) terms



Source: ACCC calculations based on data from Informed Sources, Reuters, the Reserve Bank of Australia and the Australian Taxation Office.

Notes: ▼▲ cpl change from the previous quarter.

71 As at 31 January 2023, LPG and 'dual fuel' powered vehicles represented less than 1% of all registered vehicles in Australia, based on ACCC calculations using data from the Bureau of Infrastructure and Transport Research Economics, *Road Vehicles, Australia, January 2023*, 28 June 2023, accessed on 15 February 2024.

In the December quarter 2023, the Saudi CP international benchmarks increased at the start of October 2023, reportedly due to rising crude oil prices and global LPG demand.[72]

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

72 Reuters, *Sonatrach, Saudi Aramco raise OSPs for LPG by 4-10% in Oct from Sept*, 2 October 2023, accessed on 15 February 2024.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