

**From:** [David Jones](#)  
**To:** [LA Committee - FP](#)  
**Subject:** SELECT COMMITTEE ON FUEL PRICING - Interim Report Response  
**Date:** Thursday, 13 June 2019 1:11:03 PM  
**Importance:** High

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My comments on each of the Possible Recommendations:

1. DO NOTHING – This achieves nothing less than assigning this committee to a waste of Public money and reflects the expected outcome from the Labor Government who has continuously refused request to investigate the high cost of fuel in the ACT.
  
2. BETTER EDUCATION – We know what is driving fuel prices in the ACT – PROFIT. Apps and Websites provide some reporting of price but are not guaranteed to be time accurate. Shell appears to be the consistently most expensive so other retailers only have to match or discount by one or two cents and that is still higher than the surrounding centres. Companies have no incentive to undercut the most expensive fuel outlets by any meaningful margin. The exception is COSTCO.
  
3. CREATE A FUEL PRICES OVERSIGHT POSITION OR BODY - Another toothless tiger in the mix that would just have the major providers claiming additional franchising cost to the parent to justify higher costs. Others would just follow.
  
4. INTRODUCE A GOVERNMENT-RUN REAL-TIME PRICE MONITORING SCHEME – Most people do not have the time to visit these sites to get the best price for fuel on the way home from work. A Government run site is unlikely to value add to the existing sites.
  
5. PETROL COMPANIES REQUIRED TO LOCK IN FUEL PRICES FOR 24 HOURS, WITH MANDATORY REPORTING – Might work at reducing prices or encouraging price cycles. Could be good for independents by providing free advertising and encouraging customer support.
  
6. SET MAXIMUM RETAIL MARGIN FOR FUEL COMPANIES – Back to the good old days when everyone was the same and fuel prices were artificially inflated by the fuel wholesalers in the first place. (Look back to the 70's when the ACTU opened outlets in Victoria and started discount fuel supply because they could undercut the major retailers.) The Government shut down the rail link for fuel supply into the ACT so companies are forced to use road transport and delivery costs have increased.
  
7. SET ASIDE HIGHLY VISIBLE LAND IN THE ACT FOR NUMEROUS SERVICE STATIONS – Sounds good but you have already been told the Independents cannot compete for the rare supply of sites!! ACT Government strangles the supply of new sites to maximise their profits from land sales and taxes. If a site is offered to independents only then the caveat on that site is it cannot be sold to a company.
  
8. REVIEW THE GOVERNMENT RATES AND TAXES CHARGES TO SERVICE STATION

OPERATORS - ACT Government strangles the supply of new sites to maximise their profits from land sales and taxes. You already have submissions that rates, taxes and rental costs are higher in the ACT than surrounding areas. The ACT Government is about maximising their income and would claim 'Commercial-in-Confidence' any costs they charge for individual sites lest their backroom deals with favoured operators be discoverable.

9. SUBSIDIES FOR LOW-INCOME FAMILIES – More welfare to be rorted and no incentive to reduce fuel costs. Any Government subsidy is quickly eaten up by providers.

Canberra is an isolated country town, subject to the myth that everyone here is a high paid public servant. Short of setting a maximum daily fuel price or reducing the cost to transport fuel to the ACT by re-opening the fuel rail depot and transport bulk fuel by rail, there is little chance fuel prices here will fall.

COSTCO are able to provide quality fuel and a very competitive price but low income households struggle to see the advantage or have the opportunity to pay the \$60 joining fee. If that fee was covered by the Government for low income families, they may benefit from the cheaper prices.

The early urban model for the ACT was to have a local service station supplying the suburb but that appears to have been scrapped after the Weston Creek fires and that reduced competition. The observation now is the ACT Government is only concerned with maximising income by restricting release of land for fuel outlets in the first place.

An alternate suggestion is that the Government set up a fuel outlet in competition to the big fuel companies and mirror the price at the MOGO outlet or COSTCO but we know that will never happen. It was effective in the 70's when the ACTU set up outlets in Victoria and started the whole petrol discount war.

I wish you well in your endeavours and caution that if fuel prices are not reduced as a result of this committee, the public will perceive it as a intentional failure of the Labor Government.

David Jones  
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