

From: [Peter Ongley](#)
To: [LA Committee - FP](#)
Subject: Interim report response.
Date: Saturday, 15 June 2019 10:27:58 AM
Attachments: [image1.jpeg](#)

Thanks for sharing the interim report on fuel pricing in the ACT. Firstly, congratulations on the work you have done. The very comprehensive report is a reflection of that and appears to canvas most of the views about fuel pricing I have been aware of. I will be making a further response when I have had an opportunity to more thoroughly read the report.

In the mean time, I will make two initial comments.

Firstly, of all the possible recommendations, the one that I believe should be implemented is that there should be a single, government funded, real time fuel watch program in place similar to that of NSW. I am aware that the NRMA is in favour of this option. This give motorists a one stop, convenient place to go when looking for the best fuel price available.

Secondly, as a matter of further interest I have attached a photograph of me filling my car with diesel fuel at a Caltex service station in Hay, NSW, on the Sturt Highway. As background, I will add that for the past 30 years I have been travelling this road regularly since I was appointed to teach at a small school situated on the Murray River. During all those years the local wisdom was that travellers should avoid buying fuel at Hay because it was some of the most expensive fuel in Australia. This stands to reason due to its isolation and distance from distribution points. Yesterday their diesel fuel price was \$1.46.9 per litre. In the ACT the current Caltex fuel price for exactly the same diesel is \$1.54.9. If transportation costs were a factor in the Hay pricing, how on earth can any fuel company justify an 8c increased difference in ACT? Fuel transportation costs are a baseless argument in my opinion.

Peter Ongley



From: [Peter Ongley](#)
To: [IA Committee - FP](#)
Subject: Interim Report
Date: Tuesday, 25 June 2019 9:25:34 PM

I have already provided one response to the interim report into fuel pricing in the ACT. In that email I pointed out that the diesel fuel price in Hay, a notoriously expensive place to buy fuel, was 8c per litre cheaper than in the ACT. It makes a lie of claims that distance from the distributor and associated transportation costs is a significant reason for high fuel costs. I will add further observations to that comment.

I am currently travelling away from home. When I left the ACT on 13th June, the cost of diesel fuel was generally set at \$1.54.9 per litre. I have observed and noted the following diesel fuel prices as I have crossed the country into South Australia.

Yass, NSW	- \$1.519
Narrandera, NSW	- \$1.499
Hay, NSW	-\$1.479
Balranald, NSW	-\$1.549
Mildura, Vic	- \$1.539
Morgan, SA	- \$1.459
Melrose, SA	-\$1.479
Wilmington, SA	- \$1.419
Port Augusta, SA	- \$1.457
Kimba, SA	- \$1.449

A quick glance at the map will reveal that most of these locations are a very long way from capital cities and certainly fuel distribution depots. Each and every one of these places would attract significant transportation costs. Many of them are also the only service station supplying small towns and rural agricultural regions. This means NIL competition from other outlets, and yet they all are significantly cheaper than in the ACT. I note Willmington, SA, (Southern Flinders Ranges) at 13c/l cheaper. I also note Kimba, SA, the claimed halfway point across Australia at 10c/L cheaper. This is the only fuel outlet in this township on the Eyre Highway with a potentially captive trade of people heading across the Nullarbor, and yet they are so much cheaper.

So, what can one conclude about comparative ACT fuel prices other than there being blatant, uncontrolled price gouging taking place. Obviously distance from large centres is NOT a factor in their pricing. Obviously increased transportation cost is not a significant factor. Obviously a lack of competition is NOT a factor. Obviously the relative size of the marketplace is NOT a factor. Towns like Morgan, Melrose, Willmington and Kimba would be lucky to have populations greater than 400 people. Morgan, Melrose and Wilmington are on B grade highways with much less traffic than other routes.

The solution?

I don't know, but surely the fuel companies must be made to account for their pricing in ACT compared to these remote, rural locations. Distance, transport costs, lack of competition and small market size (with low demand and through put) cannot be allowed as excuses.

My second observation with regard to the interim report relates to the poor utilisation of independent fuel outlets compared to major fuel brands.

I believe a significant factor that doesn't seem to be mentioned in the report, is consumer fear and mistrust about the quality of fuel supplied through cheaper independent outlets. I have several friends and acquaintances who absolutely refuse to use discounted fuel from an independent fuel company for fear that it is inferior in quality or has a higher risk of being contaminated. I must admit to also having similar misgivings every time I fill up at an independent service station. As a driver of a common rail diesel vehicle, I am acutely aware of the need to use clean, high quality fuel, free from contamination such as water, sludge, rust and dirt, in order to avoid extremely costly damage to my fuel system and motor.

I believe this mistrust harks back to a time when independent fuel companies began to enter the Australian market. At the time there were numerous reports of these companies importing cheap, poor quality fuel from

dubious overseas sources. The result of this were reports of dirty, contaminated fuel causing significant mechanical damage to vehicles.

This may no longer be the case, but i believe there are lingering doubts in the minds of consumers that using fuel from independent fuel outlets comes with serious risks of fuel contamination and damage to their vehicles. It might be necessary to convince the doubters that the fuel is indeed clean and free from contaminants. This would have to be evidence based advertising. This might have its difficulties because there are still occasional reports of contaminated fuel coming onto the market through independent fuel companies.

I will conclude with one final observation. Last year a great deal was made of the opening of a United Fuel station in Kamba. At the time of the opening their fuel was significantly cheaper than that of surrounding fuel outlets. It was an attractive alternative. However, I have noted in recent months that their posted prices are now only 2-3 cents per litre cheaper than their competitors. Given that Woolworths Caltex stations offer a standard 4 cent reduction, it is still cheaper to fill up at the Caltex. The apparently cheaper fuel of this independent is really only window dressing giving the illusion of having the cheapest fuel.

What I believe is needed in the ACT is a real time fuel watch system, independent of the fuel companies, so that motorists can easily find the best fuel prices when they need it.

I also believe that there needs to be much greater scrutiny and oversight by government authorities to prevent the blatant price gouging of the major fuel companies, supported by false reasoning and excuses that are ultimately unsupported when compared to pricing in other locations.

Thanks for your great work on the report.

Peter Ongley

