

From: Paulette Neilsen
To: Committees
Cc: [REDACTED]
Subject: Submission to the Inquiry into Fuel Prices in the ACT
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Committee Members

With reference to item 1(b) of the terms of reference for this inquiry I wish to submit comments about the lack of competition in the ACT market and note the positive effect of the large retailer Costco on the characteristics of the ACT fuel market.

In her Facebook post of 19 February, Tara Cheyne MLA asks how fuel prices have impacted our family and whether our behaviours have changed as a result. I would like to share with you some characteristics of our household and how the introduction of Costco fuel has changed our behaviours.

We live in Kingston and operate two relatively fuel efficient well-maintained vehicles amongst a family of three drivers.

We joined Costco in 2012 to take advantage of their food retailing business. So, while it is not the case that we joined the retailer when they later introduced their fuel business, since they opened the fuel business we have deliberately manage the fuel in our two cars and to coincide with other retail activity. For example, we routinely buy eggs from Majura, go to the hardware store, Big W and other retailers at Majura Park, including purchasing household items and food at Costco.

In the ACT we pay too much for fuel because there is a lack of competition. We are motivated to manage the potential inconvenience of travelling to Majura Park to take advantage of prices that are typically between 10 and 20 cents/ litre cheaper than the other major outlets. The long lines outside the Costco bowsers tell the story.

The effect of Costco on competition is limited by its geographic location. With only one outlet away from the suburbs the discount appears to have a localised impact, as this image posted by Otto Wooduck on 19 February to Ms Cheyne's Facebook post (as referenced above) clearly illustrates.



There are only two circumstances where we would buy fuel somewhere other than from Costco. Costco fuel is not open for the same extended trading hours as the other major outlets. If we have unplanned consumption, we will use another retailer. We only use Caltex. Caltex offers us other avenues to ‘cheaper’ fuel through loyalty programs. This is because we have a loyalty card discount through membership of a supermarket loyalty program which will attract a cents per litre discount if we have enough points. Ironically, since Costco opened our custom with Woolworths and Coles has declined considerably such that we do not always have enough points to obtain a discount. We also have a points program through one of our credit cards that allows points to be redeemed for, amongst others, Caltex fuel cards.

In my view, the ACT Labor Government has been very successful in achieving greater diversity in the ACT retail market.

While Costco does not operate a business model that would see their expansion into other areas of Canberra, their entry to the market has been welcomed by those of us who can afford to access their improved fuel prices.

In closing, I would also like to note that our household will be replacing one of our petrol vehicles with an electric car when the Tesla Corporation successfully begins the export of their Model 3 cars to Australia. We are on the waiting list. We are delighted to see the continued growth of charging points supported by the ACT Government, the NRMA and Westfield. Electric vehicles are not yet sufficiently accessible to prove a solution to higher fuel changes but in my view, they must continue to form part of the conversation.

Incentives, such as the charging points and stamp duty concession encouraged us to buy into this technology.

Thank you for the opportunity to submit to this inquiry.

Kind regards

Paulette Neilsen
Kingston, ACT