



PARLIAMENT OF AUSTRALIA  
HOUSE OF REPRESENTATIVES

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## Media Release

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### Windsor to meet Petrol Commissioner on fuel pricing

Transparency of fuel pricing will be high on the list of points for discussion when the Independent Member for New England, Tony Windsor and his fellow Independents Bob Katter (Kennedy) and Rob Oakeshott (Lyne) meet with the Petrol Commissioner, Mr Joe Dimasi, in Canberra next week.

Mr Windsor has been very critical of the disparity of prices between petrol and diesel prices and the lack of transparency over diesel fuel prices asking the question, why diesel is dearer than petrol when it costs less to produce?

Mr Windsor has written to the Australian Competition and Consumer Commission on numerous occasions seeking an answer to this simple question.

Speaking in Parliament last week, Mr Windsor told the Assistant Treasurer who was in the Chamber at the time, "... In some country towns it (diesel) is 20c per litre dearer than unleaded petrol. Here again we have a difficulty that government policy is going to have to deal with. A lot of people have been encouraged into more efficient diesel engines; in fact, there were certain incentives to do it in some cases. A lot of people were encouraged to go into LPG. A lot of people are being encouraged by the current government to move into more fuel-efficient vehicles and renewable energy sources—to look at solar energy and a whole range of other technologies. Then the market plays this odd game in which a fuel that is cheaper to produce costs more to buy—a fuel that governments in the past encouraged people to move into because it was more fuel-efficient and the economy was better. But, if you are running at 20c per litre dearer at the bowser, the economics start to kick in. Even though the economy of the engine might be better, the economy of the pocket is quite dramatically affected.

When you write to the ACCC and ask: how is all that happening—as a constituent of mine came in and asked: why is that happening—the answer you get is that it is happening because it can happen, because the fuel companies can charge what they like. They are in a competitive market and they can charge what they like. Competition in that sense means they can bid the price up whereas most of us would think—and this was the case when most of the deregulation took place before neoliberalism died in recent weeks—competition was about bidding price down. What we see now is that where there are fewer and fewer players in the market—and I am talking about the fuel market now but this applies to other areas in the energy business—they are bidding the price up. We saw this in the Japanese coal market some years back where everybody used to go to compete on the price of coal.

So I would say to the minister on these issues that, even though there is no allegation of cartel behaviour there, there are allegations, and I think quite strong ones, of market collusion and the capacity for a relatively small number of players—whether it be in the retail sector or in the fuel sector—to actually drive the price to where they want it rather than where it delivers a reasonable profit to the seller. I think it is a fairly weak answer from the ACCC to say to the people of Australia that the price of diesel is 20c a litre more than the price of unleaded petrol because it can be. As I said earlier, in a relatively large land area and with a relatively small population, we need diesel to transport our goods and services around the nation. So I would suggest to the minister that, maybe in his monitoring process, he has a closer look at what is happening in the fuel business in terms of the way in which international conglomerates seem to dominate that particular market. We have had a slump in the global price. We are told that there is a slump in demand in China and India for almost everything but the price of diesel is still reflecting a very buoyant global economy. I think there are some questions that do need to be answered there."

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