



PARLIAMENT OF AUSTRALIA
HOUSE OF REPRESENTATIVES

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Media Release

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Petrol Commissioner says his powers are enough for now - Windsor disagrees

The Petrol Commissioner, Mr Joe Dimasi has told the Independent Member for New England, Tony Windsor that he believes he has sufficient powers under the current Trade Practices legislation to enable him to effectively monitor petrol and diesel prices in Australia to the benefit of consumers.

Mr Dimasi met with Mr Windsor in Canberra today to discuss Mr Windsor's and the concerns of many Australians, the pricing practices of oil companies which has seen fluctuations and differences that appear to be outside the norm.

Mr Windsor said he believed the Petrol Commissioner should have the power under the Trade Practices Act to "formally monitor" the books of oil companies for diesel and LPG as can currently be done with unleaded petrol.

Mr Windsor also made the point to the Commissioner that he should report to the community in lay terms the structure of the fuel market.

In doing so Mr Windsor used as an example how the price of a litre of petrol is arrived at today and should be explained to the consumer.

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| Cost of oil US\$60/barrel (Singapore Mogas 95 import price) equates to | \$0.60/litre at the pump |
| plus fuel excise and GST (Tax) | \$0.50/litre |
| plus domestic retail margin, freight, and other costs | \$0.12/litre |
| TOTAL PRICE | \$1.22/litre |

Mr Windsor believes that there is also confusion over which quoted indicator barrel price for crude oil is used in Australia.

"To many consumers, quoted international oil prices can add to their confusion.

Currently West Texas Crude is trading at US\$36/barrel whereas the Singapore Mogas 95 price on which the Australian market is based is closer to US\$60 per barrel.

Consumers need to be made very aware of which indicator price is used for Australian purposes," Mr Windsor said.

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Mr Windsor also wants to see the impact of exchange rate changes on the price of petrol and diesel at the bowser better explained.

“There is a real need to explain the changes at the bowser that occur when the exchange rate changes.

Mr Dimasi explained that this was the most critical factor currently affecting our petrol and diesel prices.

When oil reached US\$150 per barrel in July last year and our petrol prices were around the \$1.70 per litre, our exchange rate was 95c – nearly one to one but we now have an exchange rate of around 65c – a drop of one third and therefore despite the drop in the oil price to about US\$60 per barrel (Singapore Mogas 95) our petrol and diesel prices have remained relatively high at about \$1.20 per litre,” Mr Windsor said.

Mr Dimasi told Mr Windsor that he was confident that at present he did not need further legislative powers to be able to look at the oil companies’ diesel pricing as he believed that their constant monitoring of prices across Australia in 110 locations, not just in the capital cities, showed that, along with unleaded petrol monitoring and investigative powers, oil companies were doing the right thing however Mr Windsor disagrees.

“The Petrol Commissioner and the ACCC’s role is to oversee fair trading in the Australian petrol and diesel market so that consumers aren’t being ‘ripped off’.

It appears from our discussions that they do have a system in place to achieve this locally for petrol prices however I would like to see the Petrol Commissioner have similar powers with respect to diesel prices.

This would give them the ability to act quickly with regard to diesel prices through being able to access the oil companies’ books not just monitor the fluctuating price,” Mr Windsor said.

Mr Windsor believes that the biggest influence on the price of Australian petrol and diesel is the international price, something the Petrol Commissioner has no control over however he suggests a solution to this is within Australia’s power to implement.

“The Petrol Commissioner does not have any control over the price of oil internationally and this is where the price of our market is unfortunately set.

“Australia is at the mercy of the oil producers who operate to either restrict production out of the ground or the volume refined and whilst international cartels like OPEC exist and our dependency on oil continues, we will remain at their mercy.

“There is a solution to this problem and that is to encourage the use of alternative fuels.

“It makes sense that if someone has you over a barrel on any deal, you look for an alternative.

“Fuel is no different and the sooner we develop and support alternative fuels like bio-diesel and ethanol the better off we will be in terms of the cost of our transport.

“A home grown competitor to petrol and diesel will lessen our dependence on overseas oil and therefore enable us to thumb our noses at those who want to keep us over a barrel.

“A bipartisan approach is needed to developing our alternative fuel industries so it doesn’t matter who is in Government, Australia will have better control over our future than those in far off lands dictating how much we must pay unjustifiably high prices to get around,” Mr Windsor said.