

Fuel Price Audit

Audit Outcome Report: FuelCheck TAS
September 2022

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Fuel Price Audit

Summary

- As part of its consumer protection role, Consumer, Building and Occupational Services (CBOS) monitors the performance of fuel retailers to encourage compliance with all relevant Codes of Practice and the Australian Consumer Law. This includes administration of FuelCheck TAS, Tasmania's fuel price reporting app, introduced in line with the Australian Consumer Law (Tasmania) (Code of Practice for Fuel Price Reporting) Regulations 2020 (the Fuel Price Reporting Code of Practice) in 2020.
- The fuel excise is a flat sales tax levied by the Australian Government, placed on every litre of petrol and diesel sold in Australia. In February 2022 the fuel excise was 44.2 cents per litre, plus GST.
- On 29 March 2022, the Australian Government announced a 50 per cent reduction in fuel excise to 22.1 cents per litre for a period of six months, aimed at reducing the cost of living pressures experienced by Australian households and small business. The full excise rate was restored at 12:00 am on 29 September 2022.
- On 14 September 2022, CBOS commenced a proactive snapshot audit of a select number of registered fuel retailers, to monitor fuel prices surrounding the end of the Australian Government's fuel excise cut. The purpose of this audit was to identify whether retailers took advantage of the end of the discounted excise, by increasing fuel prices for consumers by a larger amount than the 22.1 cents mandated by the full excise rate.
- The snapshot audit analysed fuel prices for Unleaded 91 (U91), Diesel (DL) and where available, Premium Diesel (PDL), which are the most-used fuel types by Tasmanian consumers.
- For comparison purposes the audit included statistics for average fuel prices for U91/E10 in capital cities nationally, captured through an online application, PetrolSpy Australia, which is a free service that uses crowdsourced information to supply fuel price data from around Australia.

- The highest increase after monitoring commenced following the restoration of the full excise rate was 34 cents per litre (in Hobart and Launceston) for U91, 50 cents per litre (in the North West) for DL, and 43.2 cents per litre (in Hobart)¹ for PDL.
- The price of fuel remained steady prior to the full excise rate restoration, dropping slightly prior to the increase. After the full excise rate was restored, fuel prices increased incrementally over the following month, and reflected the full rate of the excise at minimum. Based on the data collected, there is no evidence of prices increasing beyond what was expected with the reintroduction of the excise.

Audit Purpose

- The purpose of this audit was to monitor fuel prices, to assess whether they were unreasonably increased following the reimposition of the full rate of the fuel excise.
- The fuel excise is a flat sales tax levied by the Australian Government, placed on every litre of petrol and diesel sold in Australia (in February 2022 the fuel excise was 44.2 cents per litre, plus GST).
- On 29 March 2022, the Australian Government announced a 50 per cent reduction in fuel excise, to 22.1 cents per litre for a period of six months, aimed at reducing the cost of living pressures experienced by Australian households and small business.
- As at September 2022, CBOS had received approximately 243 consumer complaints through the FuelCheck TAS app regarding fuel price mismatching. Price mismatching occurs when a price declared by a retailer via the FuelCheck TAS app, or on a physical pricing board, does not match the amount specified at the bowser. The 243 consumer complaints account for the two year period from FuelCheck TAS's release in September 2020 until September 2022. Averaged across the relevant period, complaints equated to about 10 complaints per month and analysis suggested the number of complaints diminished over time. Where consumers had logged a number of complaints in 2022 regarding specific fuel retailers, those retailers were included in the list of stations audited.

¹ Refer to Annexure I for data analysis.

- Of the fuel retailers included in the audit due to historical consumer complaints, there was no evidence indicating a need for further investigation due to irregular pricing when compared to other retailers included in the audit.

Audit Approach

- As at 17 November 2022, a total of 273 fuel retailers were registered with FuelCheck TAS.
- Forty eight (48) fuel retailers were selected based on their location and history of consumer complaints.
- The audit focused on the major cities of Hobart (15 retailers), Launceston (18 retailers) and the major suburbs of Devonport, Ulverstone and Burnie (15 retailers).
- The temporary fuel excise cut was restored on 29 September 2022, with the full excise rate now amounting to 46.0 cents per litre (plus GST). This was due to automatic price indexation of the full excise rate and the corresponding impact of GST on the higher indexed amount.
- The data collection for the audit commenced on 14 September 2022 and was completed by 31 October 2022. Retailer prices were collected on a daily basis during this period.
- The data was then assessed by comparing prices and pricing changes for the monitored retailers with the prices of the broader Australian market between 14 September and 31 October 2022.

Conclusions

1. An assessment of the data indicated there were increases in fuel costs relative to the fully restored excise rate, however there is no evidence of unreasonable increases in pricing.
2. The price of U91 appeared to increase appropriately in line with fuel retailers buying and refilling their tanks as required and applying the excise when appropriate to do so.
3. The most notable change in fuel prices was both PDL and DL. Diesel increased between 16 and 24.7 cents per litre, additional to the restored fuel excise of 25.3 cents per litre, in comparison to U91, which only increased between 4.7 and 8.7 cents on top of the restored fuel excise.
4. Increases beyond those mandated by a return to the full excise rate are better explained by other factors, such as global prices and supply.

5. The Australian Competition and Consumer Commission (ACCC) indicated that the increase in the price of Diesel was: “... influenced by high international refined diesel prices. These were due to various factors including fewer supplies from Russia influenced by the conflict in Ukraine and higher demand for diesel for heating during the forthcoming Northern Hemisphere winter.”²

Background

- Consumer, Building and Occupational Services (CBOS) is a business unit within the Tasmanian Department of Justice. CBOS incorporates areas of Consumer Affairs, and Building and Occupational Services, including; the Office of Consumer Affairs and Fair Trading (CAFT), Building, Electricity, Plumbing and Gas Standards, and Occupational Licensing.
- The Compliance and Dispute Resolution (CDR) unit within CBOS advise and assist on topics including renting and accommodation, building, shopping and trading. CBOS also license, register and regulate a range of occupations in the building and construction industry, motor vehicle traders, conveyancers, security officers and people working with children or vulnerable adults.
- The Proactive Compliance Team (PACT) undertakes remote and on-site audits to assist and provide support to the CDR unit, to enhance the compliance functions of CBOS using proactive audits as one regulatory tool.
- The ACCC promotes competition and fair trade to benefit consumers, businesses, and the community. It is the ACCC’s primary responsibility to ensure individuals and businesses comply with Australian competition, fair trading, and consumer and protection laws – in particular the *Competition and Consumer Act 2010* (Cth).
- The ACCC is responsible for monitoring Australian fuel prices and reporting on those prices as well as the overseas and local factors that influence those prices. The ACCC may investigate and take further action if they believe a retailer has breached competition or consumer law.

² [Monitoring fuel prices following the excise cut and restoration](#)

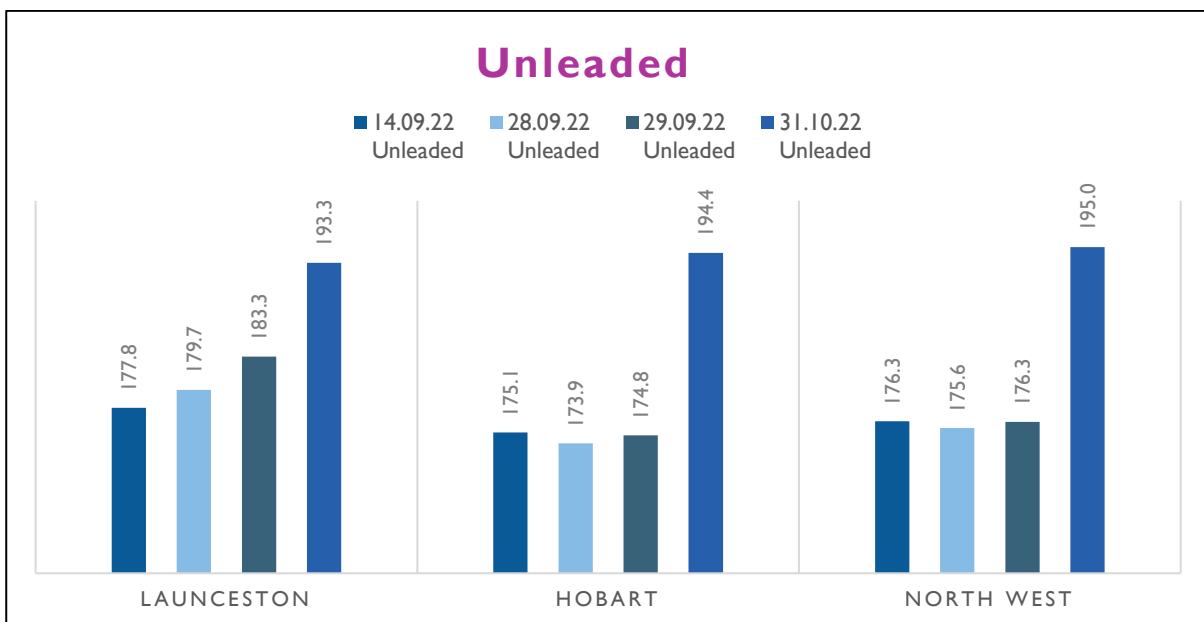
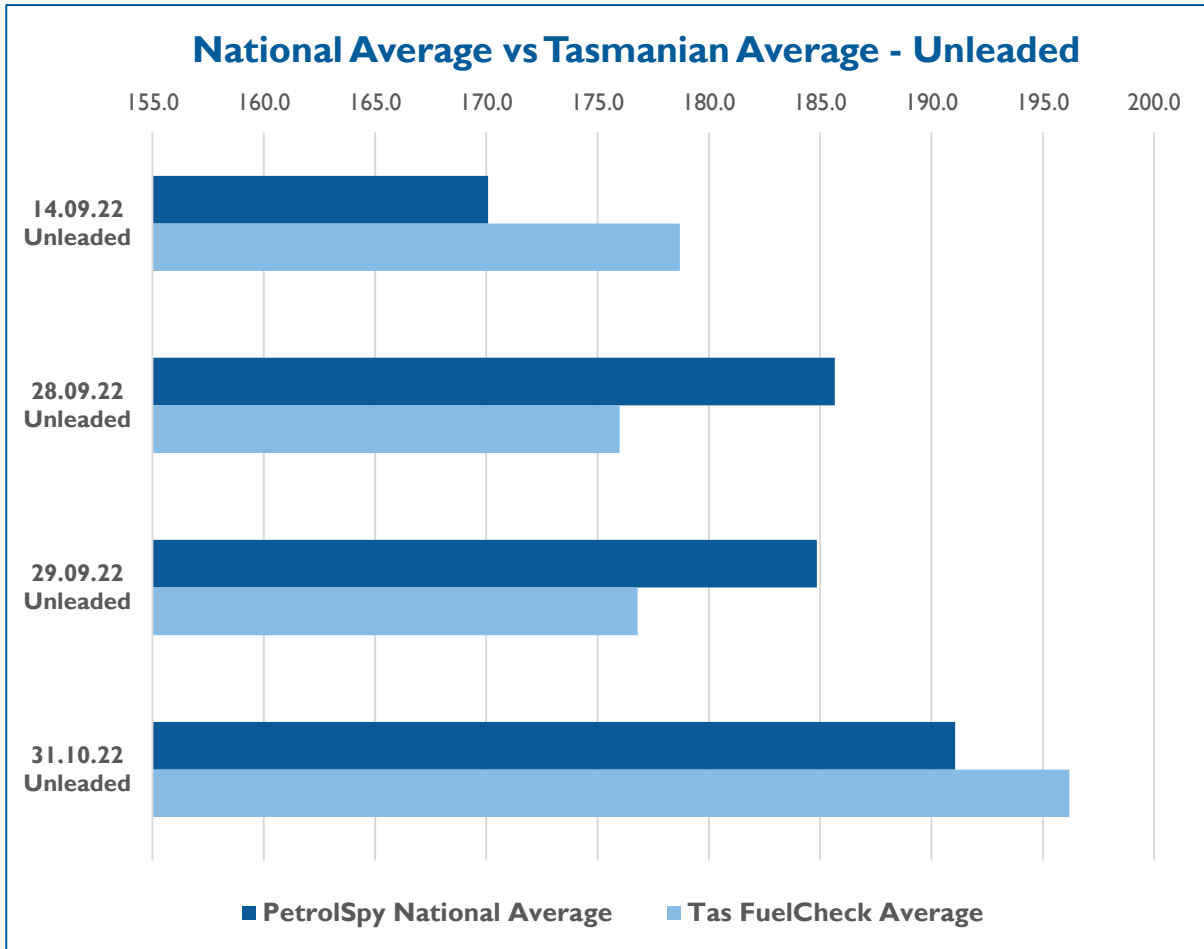
- The ACCC is not responsible for setting or controlling the Australian fuel prices nor do they regulate the fuel industry.
- The ACCC explains the contributing factors that affect Australian fuel prices.³ Fuel prices are influenced by a number of factors such as international benchmark prices, the value of the Australian Dollar, fuel wholesaler and retailer costs, taxes, petrol price cycles, and public holiday prices.

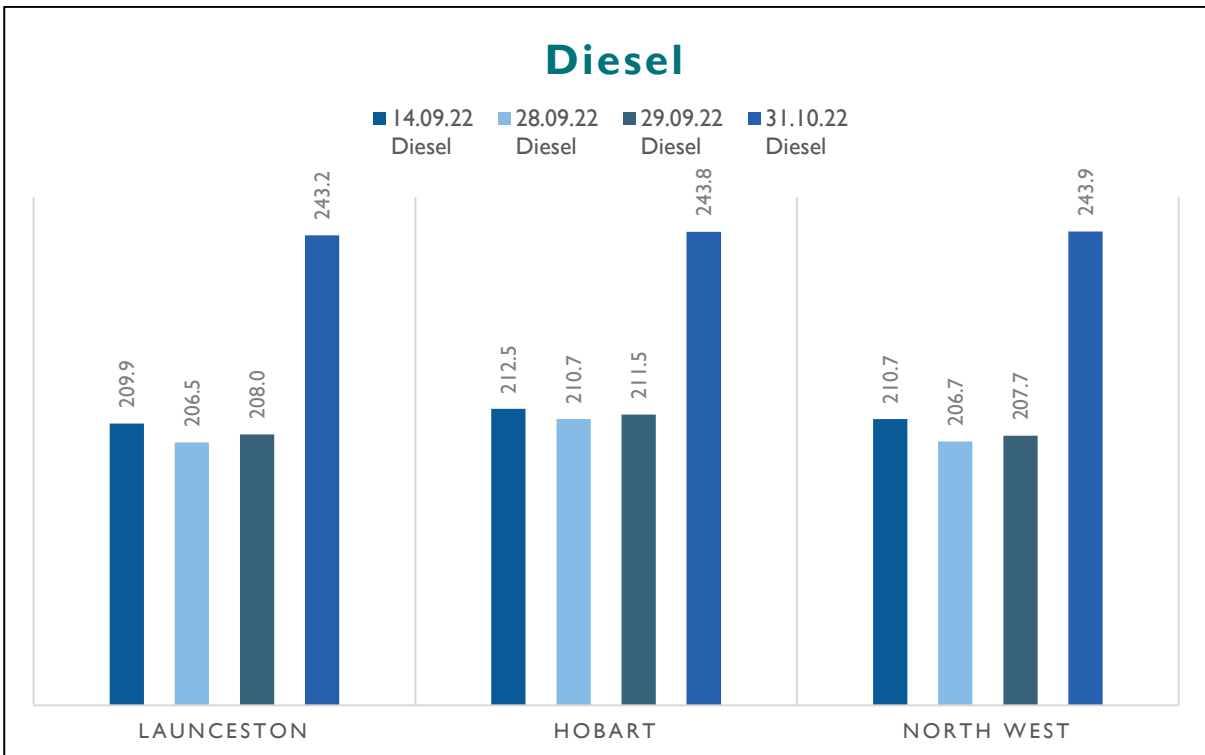
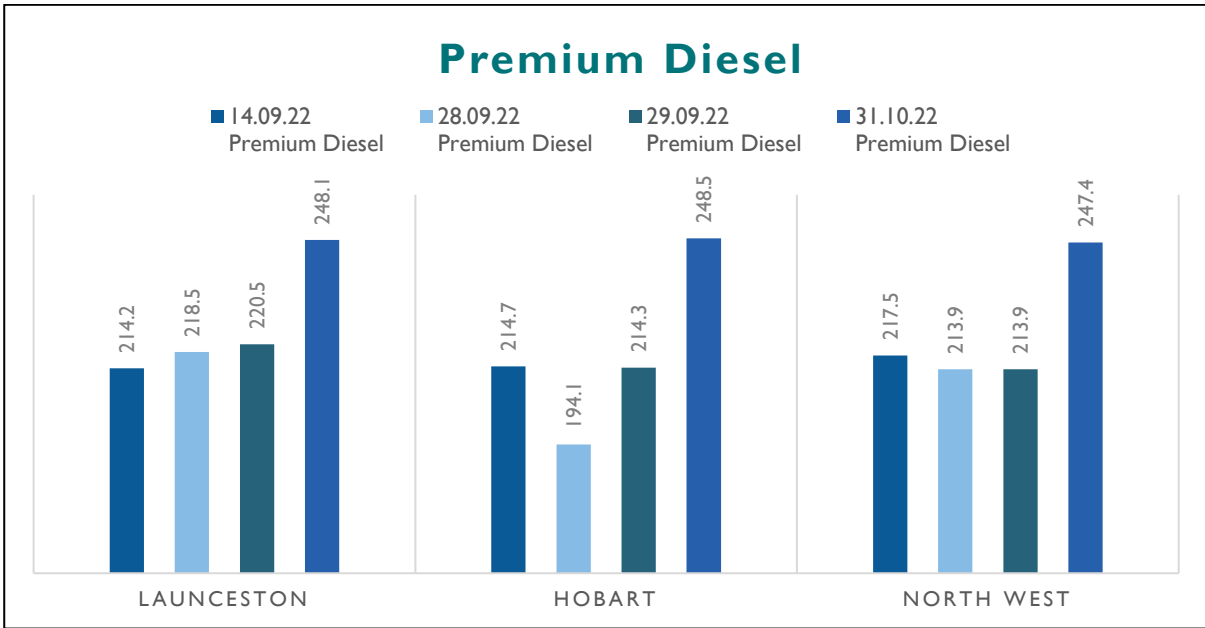
Jurisdiction

- Monitoring is conducted in accordance with the requirements of the *Australian Consumer Law (Tasmania) Act 2010* and the *Consumer Affairs Act 1988*.

³ [What affects fuel prices | ACCC](#)

Annexure I







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