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8 April 2021

Cr Kathy Majdlik  
Mayor  
City of Melton  
P.O. Box 21  
MELTON VIC 3337

By email: [kathy.majdlik@melton.vic.gov.au](mailto:kathy.majdlik@melton.vic.gov.au)

Dear Cr Majdlik

#### **Fuel prices in Melton**

Thank you for your letter of 16 March 2021 to the Chair of the Australian Competition and Consumer Commission (ACCC), Mr Rod Sims, regarding fuel prices in Melton, Victoria.

The ACCC understands the level of community concern about fuel prices, particularly in areas such as Melton, and is paying close attention to pricing and other fuel-related competition and consumer issues.

As part of its petrol monitoring responsibilities, the ACCC monitors fuel prices in all capital cities and over 190 regional locations across Australia. The ACCC uses its petrol monitoring reports to inform consumers about the petrol market and the drivers of fuel prices.

Market forces determine wholesale and retail fuel prices in Australia. The ACCC is aware that retail fuel prices are higher in Melton than in surrounding areas but is not able to set prices.

High fuel prices, while causing concern for motorists, are not illegal unless there is evidence of behaviour such as collusion in setting prices. Retail petrol prices being higher in some areas or only varying by small amounts is not in itself evidence of illegal anti-competitive conduct.

In most large metropolitan areas, there will be some suburbs that have higher prices than do others. ACCC analysis of the fuel-retailing sector has indicated that the presence of independent fuel retail sites that vigorously compete is an important influence on the level of price competition.

While there are nine retail sites around Melton, the level of competition appears low. In comparison, Bacchus Marsh has an independent retail site known to vigorously compete (APCO), which may be a factor influencing their relatively lower prices.

There is no easy way to encourage markets to become more competitive. However, the ACCC encourages motorists to view free fuel price information via websites and apps—

Item 8.1 Parliamentarian and Departmental Letters received by the Mayor

Appendix 1 Letter from Matthew Schroder – General Manager, Infrastructure & Transport – Access & Pricing at Australian Competition & Consumer Commission - Fuel prices in Melton - dated 8 April 2021

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including MotorMouth, EzySt and PetrolSpy—to help them decide when and where to buy fuel at a relatively competitive price.

Many motorists in Melton are likely to travel to other areas of Melbourne for work and leisure activities. If instead of purchasing fuel from relatively high-priced retailers in Melton, they buy it from cheaper retailers in other areas, they will send a strong message to the retailers in Melton that if they have high prices they risk losing business.

Thank you again for bringing your concerns to our attention. While I realise you may not be happy with this response I hope it provides some explanation of the market and the ACCC's role.

Yours sincerely



Matthew Schroder  
General Manager, Infrastructure & Transport – Access & Pricing