



## Impact of Petrol Pricing Select Committee

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*The Impact of Petrol Pricing Select Committee was appointed by the Queensland Parliament on 25 August 2005 to examine a range of issues regarding petrol pricing in Queensland.*

# Media Release

## Coles and Woollies Aren't in the Business of Giving Away Fuel

The Impact of Petrol Pricing Select Committee has concluded that the entry of Coles and Woolworths into the retail fuel market has potentially harmful consequences for long-term competition.

Their entry has radically changed the retail fuel market in Australia, and they now command more than half the retail petrol market (55% according to evidence before the Inquiry).

Each week, around three million shopper dockets are exchange for fuel discounts. The committee heard that nearly 3 out of 4 people (73%) use shopper dockets in Australia.

When pressed about an ultimate profit motive in providing petrol discounts, Woolworths Petrol Division General Manager, Mr Ramnik Narsey said in evidence:

*We are dead set not silly.*

The Managing Director of Coles Express, Mr Mick McMahon, told the committee:

*We certainly do not seek to lose money on fuel; we want to make money on fuel.*

Evidence before the committee by Coles and Woolworths confirmed that petrol retailing had benefited their supermarket businesses.

Each company vehemently denied claims put to the committee by the RACQ, the MTAA and others that grocery prices were cross-subsiding fuel activities. Proving or disproving this claim was beyond the powers of the inquiry.

As Coles and Woollies aggressively seek market share to boost profitability of their businesses, it is likely that other competitors will be squeezed out.

The committee concluded that in the long term the continued growth of Coles and Woolworths could result in reduced competition in the retail fuel market. In the long run, the prospects of an effective duopoly in fuel retailing are real.

The committee believes the ACCC's approach to the issue does not sufficiently recognise the vital role of the continued presence of independents in stimulating competition.

**ENDS**

*For further information see Chapter 6 of the report of the Impact of Petrol Pricing Select Committee. The report is available at [www.parliament.qld.gov.au/petrol](http://www.parliament.qld.gov.au/petrol)*

**For interviews:**

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