I am writing to express my deep concern regarding the persistently high fuel prices across the Territory, particularly in light of the recent sharp declines in world oil prices.

You will recall that in October 2014, I convened a fuel summit in Darwin to address the unacceptably high fuel prices faced by Territorians. At the time, the gap in unleaded petrol price between the Territory and Australia was nearly 30 cents per litre. I acknowledge the action taken by fuel retailers, led by United Petroleum, to lower prices following the fuel summit, which saw the gap in fuel prices drop to as low as 15 cents per litre. While this provided much needed relief, it should not be a temporary response.

I am concerned that the difference in fuel prices between the Territory and Australia is returning to the high levels observed prior to the fuel summit. In recent months, Tapis crude oil prices have declined sharply. However, this has not flowed through to fuel retail prices in the Territory to the same extent as in other jurisdictions and the price gap is now back and larger in some cases. As a result, the gap in fuel prices has returned to about 30 cents per litre in Darwin, even higher at 55 cents per litre in Alice Springs.

Territorians consider these price gaps to be unjustified.

As you may be aware, the Australian Competition and Consumer Commission (ACCC) has been given greater powers to undertake more timely and targeted monitoring of the fuel industry. This includes a closer examination of fuel pricing and margins and the competitive behaviour of fuel retailers in regional markets. I will be writing to the ACCC to ensure that the Territory is a priority area for consideration.

The Territory Government has tabled a draft Fuel Price Disclosure Bill in Parliament in October 2014.

The proposed legislation is aimed at increasing transparency in fuel prices, including fuel costs and profits. The draft Bill includes heavy penalties for failure to comply, as well as wide-ranging powers for the Consumer Affairs Commissioner to force the disclosure of required information. The draft Bill is currently being considered by the Fuel Price Disclosure Bill Scrutiny Committee, which will report to Parliament in April 2015. I am yet to decide if the bill should proceed to legislation.
A copy of this letter has been sent to the retailers who attended the fuel summit. I ask you take immediate action to help alleviate this situation by reducing fuel price margins in the Northern Territory and thereby providing greater parity with other jurisdictions.

Yours sincerely

ADAM GILES