

Ampol still squeezing consumers at the pump with \$1.7 billion profit

Ampol today published an annual profit of \$1.7 billion for the 2023 financial year.

The result is driven by increased margins in aviation, growing volumes of premium fuel and higher gross retail margins.

On February 7, Former ACCC Chairman Professor Allan Fels AO published his report for the ACTU-commissioned Inquiry into Price Gouging and Unfair Pricing Practices, highlighting the automotive fuel sector as one of the worst offenders of the exploitative practice of asymmetric pricing.

Known as 'rockets and feathers pricing,' the practice involves companies extracting profits from consumers by exploiting the asymmetric timing of price rises and price cuts. Fuel prices go up quickly 'like a rocket' but when they fall, prices at the pump fall slowly 'like a feather falling to the ground.' Professor Fels' report states that the rocket and feathers effect applies widely in the economy, especially with petrol prices, which appear to rise more quickly in response to rises in crude oil prices than they fall in response to reductions in crude oil prices.

This phenomenon is noted by Professor Fels as being of "much concern in the current environment especially as inflation is starting to come down."

Over the ten years between December 2009 and December 2019, just before the onset of the pandemic, automotive fuel increased a cumulative 26.4 per cent. Between March 2021 and September 2023, automotive fuel experienced the single largest price jump, increasing by a cumulative 45.4 per cent.

Petrol is an essential item for working families, especially those living in outer suburbs and regions where cars are a necessary means of travelling to and from work. The application of asymmetric pricing therefore places financial strain on families who receive delayed benefits from crude oil price reductions.

Quotes attributable to ACTU Assistant Secretary Joseph Mitchell:

"Ampol's \$1.7 billion profit shows that Australians are still getting squeezed at the bowser. These mega profits are made on the back of working people paying more for petrol, especially in our outer suburbs and regions.

"Billion dollar profits and millions in CEO pay, Ampol and other massive petrol retailers can do their part by rapidly passing on oil price reductions to customers and help with the cost-of-living crisis by giving some relief to ordinary people doing it tough.

"We've had enough of prices rising like rockets and falling like feathers."

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