

Petrol prices jump 20c a litre or more in some areas



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Drivers in some areas face petrol price rises of 20c to 30c a litre. "It will look to them like a massive increase and will hit some motorists hard in the pocket," AA analyst Mark Stockdale said.

Petrol price war instigator Gull says it was forced to increase prices after deep discounts in some areas became unsustainable.

Drivers are facing massive price increases of 20c a litre in some parts of the North Island as the petrol discount war seems to have suddenly died.

Big petrol discounts in some areas, from Auckland to Wairarapa, have all but vanished. There are unconfirmed reports of rises of close to 30c a litre in some areas as a result.

Gull New Zealand general manager David Bodger said the depth of discounts became unsustainable for the company, driving an increase in price at Gull stations on Monday.

The company's discounts created a phenomenon the industry coined the "Gull effect", where Gull's prices forced rival retailers to drop their own prices in areas where there was a Gull station in order to stay competitive.

That effect has appeared to have worn off, but not for the first time.

Bodger said Gull had increased prices before when they became unsustainable, but that had not happened "for at least a couple of years".

Despite the increase, Bodger said Gull prices, which rose to nearly \$2.05c for manned stations and \$2.02 at unmanned stations, were still about 6c cheaper than its competitors.

At the Gull station in Hastings the price had increased to nearly \$2.05, up 40c from nearly \$1.65c a litre a fortnight ago, according to a local driver.

Hastings had been reputed to be one of the cheapest stations in the central North Island.

At the same time, national prices have been trimmed 2c a litre to the benefit of drivers in places like Wellington, New Plymouth and the South Island.

Woodville man Daniel Quinn said he was "furious" to find that prices at the BP in Palmerston North had suddenly jumped 20 cents a litre from nearly \$1.85c to nearly \$2.05 for 91 octane. Diesel had gone up to \$1.31 a litre, from \$1.11.

And nearby Mobil move prices up to match BP and prices were the same "all over".

Quinn said he had no idea why prices had jumped so much.

"It is the biggest rise I have ever seen, apart from the first Gulf War," he said.

"I'm usually a pretty easy-going guy, but I was just furious," he said. He had tried contacting the petrol companies and his local MP about the rise.

The petrol price was starting to put a tight belt on finances, he said, with the latest increase costing him an extra \$12 a tank to fill up.

Prices in Masterton had also risen from previously large discounts to about \$2.05 a litre.

Z Energy on Tuesday said it had cut 91 octane nationally to about \$2.08 and diesel was down to \$1.34.

At the most, fuel companies were offering discounts ranging up to 34c a litre in places such as Auckland, Waikato, Bay of Plenty, and through to smaller centres such as Masterton and Levin and Hastings.

Z spokesman Jonathan Hill said there had been large price rises kicked off by other petrol companies in some regions this week, which meant prices had "significantly closed up" the discount gap between prices in the upper North Island and elsewhere.

Z had since lifted its prices in those areas to match rival companies in the past 24 hours. In the past, the heavy discounting in some regions was costing Z up to 4c a litre on average, but it was "very unevenly applied".

Z believed the past level of discounting had been "unsustainable" so the price increase were not surprising, Hill said.

Asked what may have sparked the end of big discounts Hill said: "I have absolutely no idea, nor why it was happening in the first place".

"But where there was regional discounting, we matched it to keep our market share," Hill said.

Hundreds of thousands of people have benefited from the large discounts, with Z recently saying up to 40 per cent of its fuel was sold with discounts of some level.

AA analyst Mark Stockdale said the discounts of up to 34c a litre were "huge" and were well below the landed costs of imported fuel, and tax.

"That's clearly not sustainable" he said. That was being recovered by charging higher prices elsewhere as other drivers cross-subsidised those discounts.

The discounts had been large for more than a year. But now prices had risen by 20c a litre and as much as 30c a litre in some areas according to unconfirmed reports he said.

"But that's going to be quite a shock to motorists used to paying well below the national price," Stockdale said. Those drivers had not seen prices up above \$2 a litre for a long period- up to 12 months.

"It will look to them like a massive increase and will hit some motorists hard in the pocket," he said, especially in poorer areas.

"That's a real concern."