

27 January 2011

Committee Secretary
House Standing Committee on Economics
Australian Parliament House
CANBERRA ACT 2600

Re: Inquiry into the Competition and Consumer (Price Signalling) Amendment Bill 2010

The RACQ welcomes the opportunity to provide a submission to the committee on the proposed amendments to the Competition and Consumer Act 2010.

RACQ is the premier motoring club within Queensland. We support a membership of in excess of 1.2 million individual motorists across both metropolitan and regional Queensland. The RACQ is also a member of the Australian Automobile Association (AAA) and has supported the submission put forward by the AAA.

The RACQ has an interest in this issue in so far as the amendments proposed may well extend to include the activity of fuel retailers and the pricing of petrol. Our organisation works closely with constituent clubs throughout Australia to maintain a strong awareness and understanding about the dynamics of the retail market for petrol throughout Australia.

We engage with the ACCC on these issues both formally as an invited member of the ACCC Fuel Consultation Committee and informally through regular dialogue.

The specific position on this issue to date is somewhat conflicting. Both the statement by the Treasurer (No. 191) and the Explanatory Material released by Treasury indicate the proposed reforms are limited to and focus specifically on the banking sector. Despite this, and in the absence of specific comment by the banking sector prior to Christmas 2010, media and other commentary indicated strongly that the reforms would not be limited to a single industry sector and would be extended to include sectors such as petrol retailing (*Australian Financial Review* 9/11/2010 and 10/11/2010).

The basic fundamentals of a finite supply of crude oil and ever increasing worldwide demand for fuel serve as major drivers for an increasing oil price. The RACQ is concerned by the *prospect* that coordinated conduct by oil companies has led to an artificial inflation in the retail price of petrol. The RACQ is also concerned about the disparity between major capital city markets in the price of petrol, with Brisbane usually higher priced.

Having said this, RACQ is yet to be convinced that such outcomes are evidenced by coordinated conduct by petrol retailers, facilitated largely through the availability of a commercial database of retail petrol prices.



Further it is the opinion of our organisation that motorists are generally supportive of a variable weekly price cycle and would not advocate for legislative reform which served to curtail the daily movement of retail prices.

Much has been made of the existence of a commercial data service providing real time data on petrol prices. The RACQ is on balance supportive of both the collection and widespread distribution of real time data on petrol prices. This information flow, both directly and through intermediary's (including the RACQ which makes information available daily on our website and as part of our external affairs advocacy), assists motorists to make well informed decisions about the price of petrol.

In an age of advancing technology, greater ease of access to data and wider transparency, RACQ believes that it is inappropriate for government to be seeking to limit these information exchanges. Rather the RACQ would support greater consultation through forums such as the ACCC Fuel Consultative Committee in which the issue of information exchange and support for the wider release of pricing data can be addressed.

Our club continues to be supportive of efforts to improve consumer law and have proposed a number of important reforms to the ACCC in the area of petrol pricing that we would like to see progressed. We are interested to both understand and discuss the intended consequence of any reform proposed by government and its impact on the Australian retail market for petrol.

Sincerely yours

A handwritten signature in black ink, appearing to read "Paul Turner". The signature is fluid and cursive, with a long horizontal stroke at the end.

Paul Turner
General Manager External Relations