

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

26 February 2014

**Question: AET 1520-1525**

**Topic: Price sharing arrangements in retail petrol industry (ACCC)**

**Written: 6 March 2014**

**Senator XENOPHON asked:**

1520. In relation to the investigation into Price Sharing Arrangements, why can we not simply make the data available to the public providing complete transparency to solve the problem?

1521. Can the ACCC provide detail about any potential concerns about making the data available to the public?

1522. Up until 2007, the ACCC had serious concerns about the functioning of the WA FuelWatch service. I understand that those concerns never went away. So, in addition to investigating the "Price Sharing System" is the ACCC also investigating the impacts of the WA FuelWatch system? If not, why not, as I understand that it is delivering very good profits for those who operate in Western Australia?

1523. Is the investigation about the Price Sharing system itself or is it about the conduct of the users of the system?

1524. Can you confirm that data that is obtained via the Informed Sources system is the basis for the community data feed to:

- a. MotorMouth – web site and smart phone app
- b. To all the motoring clubs – NRMA, RACV, RAA etc.
- c. To comparison web sites like ComparetheMarket.com.au
- d. Even television information services like CommSec on morning television
- e. The very prosecution of Oil Companies right now?

1525. In the event that, as a result of the ACCC investigation, the Price Sharing system is prohibited, what plans do the ACCC have for the provision of data to the Government, the ACCC itself or the motorist?

**Answer:**

1520. The ACCC considers that making public the information which is currently shared by fuel retailers would not address the competition concerns arising from the price sharing arrangements.

It is the very frequent exchange of real time fuel pricing data between fuel retailers which raises competition concerns. This exchange of pricing data has enabled fuel retailers to signal their pricing intentions to each other and to monitor the responses of their competitors. The ACCC is concerned that this has facilitated effective communication and reduced rivalry between competitors in setting their prices.

Making the data available to the public would not solve the resulting reduction in rivalry, which ultimately causes detriment to consumers.

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1521. As outlined in response above to AET 1520, the ACCC does not consider that making data available to the public would resolve the anti-competitive concerns arising from the price information sharing arrangements.

1522. The WA FuelWatch scheme is a regulatory measure adopted by the WA government to improve transparency and competition in the WA retail petrol industry. The scheme was examined in depth by the ACCC in its 2007 inquiry into the price of unleaded petrol.

The inquiry considered the issues involved in adopting on a national basis a price commitment approach such as the WA FuelWatch scheme. It concluded that there were potential benefits and potential costs of adopting a national price commitment arrangement that need to be carefully considered. The issues are outlined in detail in the inquiry report: Petrol prices and Australian consumers – report of the ACCC inquiry into the price of unleaded petrol, December 2007.

Since December 2007, following a direction from the Minister, the ACCC has monitored the prices, costs and profits of unleaded petrol in Australia – including in Western Australia – and produced six annual petrol monitoring reports to the Minister.

The ACCC is not investigating the WA FuelWatch scheme.

1523. The ACCC is investigating the price information sharing arrangements between Informed Sources (Australia) Pty Ltd (Informed Sources) and several fuel retailers which are subscribers to the Oil PriceWatch (OPW) Service. The ACCC is concerned that the OPW Service facilitated effective communication and reduced rivalry between competitors in setting their prices.

1524. MotorMouth Pty Ltd is part of the Informed Sources group of companies. The petrol price data from the OPW Service made available on the Motormouth website is only a small fraction of the data exchanged between petrol retailers which subscribe to the service. The ACCC understands that the information on the Motormouth website is used by a variety of organisations.

The ACCC obtained petrol price data from Informed Sources for use in its current investigation into price information sharing arrangements in the retail petrol industry.

1525. Under the direction of the Minister to monitor prices, costs and profits of unleaded petrol, the ACCC has the power to request information, including retail fuel prices, from the monitored companies. Furthermore, the ACCC will seek data from other providers to assist its understanding of the market.

The ACCC anticipates that if the OPW Service were to close, where consumer demand exists for fuel price information, this information would be made available by petrol companies and other third parties.