

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

2014 - 2015

Department/Agency: ACCC
Question: AET 44
Topic: Price of petrol
Reference: Hansard page no. 121 - 25 February 2015
Senator: Xenophon, Nick

Question:

Senator XENOPHON: Finally, in respect of that, if there was an app that basically all consumers could access as to what the price of petrol was in the last half-hour in their particular community, city or region, you are saying that that almost real-time disclosure would be a bad thing for consumers?

Mr Sims: It is not a bad thing for consumers. Our concern is whether it allows the petrol companies to signal their intentions and quickly get others to follow. Our experience is that the members of informed sources—and these are allegations; this is before the court—would provide information and quickly learn from each other and the price rises quite fast and the reason the price comes down is usually because somebody outside that network lowers the price. So we have serious concerns with the network that exists now. You are asking the hypothetical question: if people put prices on apps in the community—

Senator XENOPHON: You might want to take this on notice. My time is up, but I would be grateful if you could take any further considerations on notice. Thank you.

Answer:

Consumer awareness of prices provides a clear basis for purchasing decisions.

Publishing pricing information to consumers, by itself, does not raise competition issues.

The ACCC would have concerns where retailers use this consumer information in a way that reduces competition in the market. The real-time disclosure of petrol prices on apps can facilitate anti-competitive conduct by giving effect to price information sharing arrangements that could have the effect of substantially lessening competition.