

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

29 May – 31 May 2012

**Question:**           **BET 352-354**

**Topic:**               **Competitive Pressures**

**Hansard Page:**     **Written**

**Senator RHIANNON asked:**

352. Are loyalty cards issued by supermarkets, shopper docket for petrol stations and frequent flyer programmes in the interests of consumers?
353. Or by encouraging customers to buy from only one supplier, do they reduce competitive pressures and so lead to higher prices?
354. If the latter, what if anything is the ACCC doing about it? If you have no power to act, should the law be changed?

**Answer:**

352-354.

There are a number of marketing tools used by businesses to retain customers. These include loyalty cards, shopper docket and frequent flyer programmes.

Fuel shopper docket

The ACCC has previously noted that fuel shopper docket arrangements may give consumers the opportunity to purchase goods and services from participating businesses at a discounted cost or with some other benefit.

This said, the ACCC has also previously noted the potential for concerns to arise with the fuel shopper docket in certain circumstances.

The 2007 report of the ACCC's *Inquiry into the price of unleaded petrol* noted that it would consider developments in the sector as they arise, including changes in the extent of the impact of shopper docket arrangements and their effect on competition.

The ACCC has raised concerns in relation to specific conduct since its 2007 report. For example in October 2009 the ACCC issued a media release and advised Coles that it was not satisfied on the information available that Coles' planned 40 cents per litre shopper docket discount struck the right balance between providing consumers with discounts on the one hand, and on the other offering significant price cuts for a sustained period or repeated offers which might have a deeper impact on competition in the long term. Coles withdrew its plans for the offer.

In recent times, the ACCC has engaged with various representative groups raising concerns about fuel shopper docket and sought further information from their members to facilitate consideration of any concerns. The ACCC is actively considering the competition concerns that may arise from the trend of discounts above 4cpl being offered more often for longer periods.

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The framework for considering the competitive implications of incentives such as shopper docket is the competition provisions of the *Competition and Consumer Act 2010*. This may include the misuse of market power provision which requires evidence of particular types of anti-competitive purpose, or the possible application of the more general provisions in relation to arrangements that have the purpose or effect of substantially lessening competition.

**Other loyalty schemes**

The ACCC would consider concerns raised in relation to other loyalty schemes on a case-by-case basis having regard to the competition provisions of the *Competition and Consumer Act 2010*.