

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 2012

15 – 17 February 2012

Question: AET 1226

Topic: Appointment of Petrol Commissioner

Hansard Page: 15 Feb 2012, pg 126

Senator XENOPHON asked:

Senator XENOPHON: When the Hon. Mr Rudd as Prime Minister announced the appointment of the petrol commissioner, there was a lot of hope. No guarantee that it would bring prices down, but there would be an active watchdog. Motoring associations say that the petrol commissioner is very much the invisible man. Is that what the government had in mind? The petrol commissioner's office is on about \$300,000 and something a year, as I understand it. If I am wrong, please correct me. Where are motorists of Australia getting value for money or feeling that there is a watchdog that is looking after their interests? I am happy for you to take it on notice. It is issue that has been put to me by many.

Senator Arbib: I am happy to refer it off to—this is not my—

Senator XENOPHON: Yes, sure. I understand that.

Senator Arbib: I am happy to talk to Parliamentary Secretary Bradbury; that is his area.

Answer:

The Government is committed to promoting competition and transparency in Australia's fuel market for the benefit of Australian consumers.

The Government appointed a Commissioner within the Australian Competition and Consumer Commission (ACCC), Mr Joe Dimasi, with a particular responsibility for fuel related issues. Mr Dimasi is one of six ACCC commissioners and serves in relation to all ACCC decisions, not just fuel related issues, like his fellow commissioners. The remuneration arrangements for ACCC office holders are determined and published by the independent Remuneration Tribunal.

In the 2011-12 Budget, the Government provided \$2.0 million over two years to continue the formal monitoring of petrol prices under Part VIIA of the *Competition and Consumer Act 2010* (the Act). Funding was originally provided until December 2010 in the 2008-09 Budget and continued until December 2011 in the 2010-11 Budget.

The Government has directed the ACCC under section 95ZE of the Act to monitor the prices, costs and profits relating to the supply of unleaded petroleum products in the petroleum industry in Australia. In addition to monitoring petrol prices, the ACCC reviews diesel and automotive LPG prices. The ACCC collects fuel prices in all capital cities and around 150 regional centres and country towns.

As part of his overall responsibilities, Commissioner Dimasi also oversees the ACCC's fuel monitoring activities. The ACCC released its fourth monitoring report, *Monitoring of the Australian petroleum industry — Report of the ACCC into the prices, costs and profits of unleaded petrol in Australia*, in December 2011. The report is available at <http://www.accc.gov.au/fuel>.

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 2012

15 – 17 February 2012

The ACCC has undertaken substantial enforcement work on fuel issues in relation to assessing mergers and acquisitions and authorisations and notifications. In 2010-11, the ACCC considered around 1,000 complaints and inquiries about fuel issues. One of the key fuel-related enforcement outcomes during 2010–11 was the issuing of two infringement notices and accepting a court enforceable undertaking to restrain conduct in the fuel industry that was likely to breach the consumer protection provisions of the Act. The ACCC is also actively engaged with stakeholders to identify opportunities to improve compliance with the Act and held two Fuel Consultative Committee meetings in 2010-11.

This enforcement work assists in creating a deterrent to anti-competitive practices in the market, which could otherwise cause substantial harm to consumers given the amount across Australia that is spent on fuel.

The ACCC has a role in informing the public about the petrol industry. In 2010-11, the ACCC sought to improve consumer understanding about fuel issues by distributing fact sheets and other publications, providing information on its website and providing informed comment to the media.

The ACCC has no role in setting fuel prices. Australian fuel prices are not regulated by the Government and companies are free to set prices in the market. The ACCC's 2011 monitoring report shows that during 2010-11 Australian petrol prices closely followed international benchmark prices for refined petrol and continue to be amongst the lowest in countries in the OECD.