

## Informed Sources Presentation and discussions on 31<sup>st</sup> March 2008

Gentlemen,

Thank you for the time for our discussions yesterday. The presentation slides are attached and I have modified the slide as correctly indicated by Graeme during our discussions.

During our meeting there were a couple of topics that I would like to address further here after having had time to properly consider an appropriate answer.

### Holding the introduction of FuelWatch as a "threat"

The point I was trying to make, but obviously did not do it successfully was:

The FuelWatch programme in WA consists of two parts – the transparency of prices and the 24 hour rule. We see these as separate steps that can (and probably should) be taken one at a time. If, as we suspect, the significant benefits of increased transparency can be delivered quickly and effectively then the added step of government forced/managed notification and the 24-hour rule can be held in "reserve" – perhaps a better word than "threat".

**Phase 1** A "free market" solution of price notification is established. Petrol re-sellers display their prices onto the web site and simultaneously this information is made available to the ACCC. This closely emulates the move already underway by the in-car SatNav and mobile phone companies to offer a mix of traffic and fuel information to motorists. It also leaves the costly government notification process in reserve and avoids any of the 24-hour rule consequences (2 weekly cycles etc). The need for oil retailers to provide prices in advance will be deferred with this step being reviewed no later than 30<sup>th</sup> June 2009.

Should this not achieve the desired responses from the market, a further series of phased steps could be taken:

**Phase 2** would see the need for compulsory 24 hour notification of price rises. Price falls would be allowed as the consumer would only ever be in a better position with any price falls. This would encourage motorists to the web site to get the latest prices and furthermore encourage any reticent petrol resellers to post their prices (and other offers such as C-Store/ Car Wash etc).

**Phase 3** would see the full implementation of the existing WA model.

### Why would the petrol retailers not want FuelWatch

We have posed these questions to ourselves and in discussions with some resellers and certainly we do not have any clear answers to this but offer the following:

- a) The Administration cost, I mentioned yesterday is not just in providing prices to Fuelwatch. It is about an oil retailer managing their total network to ensure console operators/site managers get the pricing right. For some, the possibility/probability of getting a price wrong (up or down), being charged and the potential damage to brand image is high. Administratively, the nature of the employees making the changes would suggest that they may be prone to making mistakes particularly at the critical next day/6.00 am time.
- b) Dealing with adverse publicity for their supply brand when a non-company owned site (Dealer or Franchisee) gets it wrong and the retailers brand is tarred by "brand association" even though they may not have direct control over the advertised price.
- c) Are the oil co's making more money in Perth and secretly want Fuelwatch! Are they trying to apply some reverse psychology? If oil companies come out and say Fuelwatch is a good thing, then everyone will think they are making more money!!

Senate Standing Committee on Economics  
Budget Estimates 2008-09  
2-5 June 2008

Tabled Document No 8

By: MR GRAEME SAMUEL, CHAIRMAN, ACCC

Time/Date: 11:20AM 5 JUNE 2008

- d) Tactics to entice “come to work” as distinct from “go home” motorists can not be played out – this point is acknowledging the importance of C-store profitability to overall site profitability.
- e) The ability to manage wet stock and C-store perishable inventories and staff rosters if you pitch either too high or too low in the market on a particular day. We have recently seen the brand image problems associated with stock-outs caused prior to Easter.

### **Legal position.**

During discussions yesterday, we touched briefly on the topic of legality of similar services to Informed Sources. I mentioned that we had visited with and had discussions with a firm of attorneys in Washington – WilmerHale. The advice we received was that they believed that our service would be considered legal under the US statutes.

Their consideration took into account the services provided by the likes of A C Nielson in the retail supermarket scanned data arena and other informational brokerage services.

Certainly, we see the move to improve motorist visibility of prices a corner-stone of any expansion plans in other countries and would be pleased to bring this to life here in Australia first.

### **Further discussions.**

We would welcome the opportunity to outline some more detailed implementation steps in further discussions with the Commission at the appropriate stage.

Alan Cadd  
1<sup>st</sup> April 2008.