

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 124

Topic: Petrol

Hansard Page: Written

Senator Xenophon asked:

1. Does the ACCC have any concerns regarding the current Singapore benchmark for unleaded known as MOPS95? I understand that ACCC is currently reviewing that Singapore benchmark used as the basis for setting local prices - can the ACCC provide an update on the status of that review?
2. As a result of the ACCC's recommendations for the December 2007 Petrol Report, the ACCC was to review the "buy-sell" wholesale arrangements between the oil companies and report back in the middle of 2008. Can the ACCC advise what has happened in relation to that review?
3. Another ACCC recommendation was to conduct an audit of terminal and storage facilities. Was the ACCC involved in that audit? Can the ACCC advise where that audit is at?
4. A further ACCC recommendation related to a review of the mandatory OilCode. Was the ACCC involved in that review? Can the ACCC advise where that review is at?

Answer:

1. The ACCC's inquiry into the price of unleaded petrol released in December 2007 recommended a review of the Singapore benchmark known as MOPS95. The review is currently underway and when concluded information will be made publicly available.
2. By mid-08 the ACCC formed the view that the buy/sell arrangements individually did not reveal a *per se* contravention of the *Trade Practices Act 1974* (the Act). However, further information was required to determine whether the agreements may otherwise contravene competition provisions of the Act. It was also clear that material being sought under new monitoring powers provided by the government would be relevant to assessing these concerns about the impact of the buy/sell arrangements on competition. This material has now been provided and is currently being assessed.
3. The audit of terminal and storage facilities suitable for importing refined petrol into Australia was undertaken by the Department of Resources, Energy and Tourism (DRET). The ACCC was consulted during the review process. DRET has carriage of this review and is in the best position to comment on its progress.

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4. DRET is the department with the responsibility to review the Oilcode. DRET consulted with the ACCC as part of the Oilcode review process. The ACCC provided information based on enforcement of the Oilcode which covered the areas of tenure, disclosure, dispute resolution and the practical application of the Oilcode. DRET has carriage of this review and is in the best position to comment on its progress.