

Chapter 1

Introduction and conduct of the inquiry

Introduction

1.1 Fuelwatch is one of a number of recent initiatives aiming to help consumers reduce their costs and sharpen competitive pressures in markets by reducing information asymmetries.¹ It does this by empowering consumers to shop around effectively. As Fuelwatch gives them access to useful information about today's and tomorrow's petrol prices (not just yesterday's), consumers can save money by buying petrol where it is cheapest. In so doing, they reward the vendors who offer low prices and so encourage lower prices for all customers.

1.2 The new Fuelwatch scheme will cover unleaded petrol, premium unleaded petrol, LPG, Diesel, 98 RON and biodiesel blends. It will cover metropolitan and major regional areas. The minister will have power to alter the areas covered, in light of submissions by relevant local governments. The scheme requires petrol retailers to notify the Australian Competition and Consumer Commission (ACCC) by 2 pm of their price for the next day (if it is changing) and this price must be maintained for 24 hours from 6 am. The ACCC will publish this information on a website by 4 pm. Penalties will apply to retailers who deviate from their stated prices, although some discretion will be given to the ACCC in the case of inadvertent breaches.

Background

1.3 Following receipt of a report by the ACCC (2007), the Prime Minister and the Minister for Competition Policy and Consumer Affairs announced on 15 April 2008 that a national version of the FuelWatch scheme currently operating in Western Australia would be introduced with the aim of improving price transparency for consumers in the retail petrol market. Fuelwatch is proposed to commence operating nationally on 15 December 2008. Its effectiveness will be reviewed a year later.²

1.4 On 17 June 2008 the Senate referred the National Fuelwatch (Empowering Consumers) Bill 2008 and the National Fuelwatch (Empowering Consumers) (Consequential Amendments) Bill 2008³ to the committee.

1 Other initiatives include reforms to trade practices legislation, the establishment of the GROCERYchoice website and requiring unit pricing in supermarkets.

2 Prime Minister and Assistant Treasurer; joint press release, 15 April 2008.

3 The latter bill amends the *Trade Practices Act 1974* so that it covers Fuelwatch.

1.5 The committee advertised the inquiry in the national press and invited written submissions by 7 July 2008. Details of the inquiry were placed on the committee's website and the committee also wrote to a number of organisations and stakeholder groups inviting written submissions.

1.6 The committee received 38 submissions. These are listed in Appendix 1.

1.7 Public hearings were held in Karratha (14 July 2008), Perth (16 July), Brisbane (17 July), Rockhampton (18 July), Adelaide (21 July), Sydney (1 August), Melbourne (7 August) and Canberra (11 August). No submissions were received from Tasmania or the Northern Territory but evidence was heard from Hobart and Darwin by teleconference. Witnesses appearing at these hearings are listed in Appendix 2.

1.8 The committee thanks those who participated in this inquiry. In particular, the committee appreciates the assistance of Informed Sources in providing data.

1.9 Unusually, rather than setting a date by which the report was required, the reference to the committee delayed the final report being tabled by requiring it '*not before 29 September 2008*'. Given the public interest in the topic and substantial discussion in the media, the majority of the committee believed it would be useful after the public hearings had been concluded to release an interim report to inform the public debate. Accordingly, an Interim Report was released on 27 August 2008.

1.10 This final report starts by discussing the economic arguments underlying Fuelwatch and the objections that have been raised. The experience with Fuelwatch in Western Australia is analysed in Chapter 3. As the impact on independents has been a particular concern, this is then accorded a chapter. Chapter 5 looks at some legal aspects and conclusions are presented in Chapter 6.