

18<sup>th</sup> July 2008

The Secretary  
Senate Standing Committee on Economics  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Re: Inquiry into National Fuelwatch Scheme

Dear Sir,

Thankyou for the opportunity to make this submission.

**Background**

My background in the fuel industry is as a franchisee in one of Victoria's independent fuel networks; APCO Service Stations.

I have been an APCO franchisee for 18 years in regional Victoria with two Bendigo locations at either side of town.

**I am a commission agent, in that regardless of the retail margin of the fuel my commission remains fixed at a per litre rate.**

Due to the competitive nature of the fuel industry I am constantly monitoring my competitors retail fuel prices and adjusting (mostly lowering) prices accordingly, sometimes up to three times per day.

My issue is with the anti competitive nature of this scheme and the impact that will have on my fuel volumes. Also as a direct result of the loss of competition within the market place the ensuing economic impact this will have on my business. I strongly depend on being able to remain competitive on the fuel price to increase the number of customers entering my store increasing the opportunity to grow shop sales.

Currently the only way I can make my business competitive against the powerful supermarket duopoly is to gain some price advantage over them by regularly monitoring their price and then adjusting APCO's. I do this by driving around Bendigo usually three times per day to ensure that no competitor is selling fuel cheaper than APCO.

Under the present format the only way that the Major companies can find out my price is for them to drive past my sites to see the price board. As all of these sites are obviously company operated with a manager in place, these managers do not have the same incentive to monitor fuel prices as I do.

The proposed Fuelwatch scheme will not only hand over my prices to my competitors each day but I will not be able to match or undercut my competitors until the next day. Please explain how this is anything but anti competitive!!!!

Currently my business operates at a disadvantage to the two supermarket chains. If the ACCC and Government is serious about leveling the playing field then as part of this inquiry they should also be removing the ability for the Supermarkets to cross promote between fuel and grocery as all informed sources are aware cross promotion must be funded from either a higher margin in the grocery aisle or a higher margin on the fuel price. Remove the Supermarket discount cross promotion docket and fuel prices to the consumer will fall.

It must be acutely disturbing to the inquiry that the major retailers do not appear to be opposing the Fuelwatch scheme; one can only assume this is because it will remove the competition from the fuel market that independent retailers such as my self provide and allow for higher margins with more easily managed retail prices than what the current system provides. Once higher margins are achieved then the discount offer can be increased to further strengthen the supermarket offer.

I implore the Senate Committee to make our industry more competitive not less. Remove the ability for cross promotion and do not introduce a Fuelwatch scheme that will see the demise of small business such as mine.

I understand that I am a small employer with 35 staff at present however, without business such as mine the retail price of fuel will only increase not decrease.

I would welcome the opportunity to speak before the committee.

Yours Sincerely,

**Damian Carew**  
**Franchise Owner**  
**APCO Service Station & Easy Shops**