

SUBMISSION 6

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25 January 2011

Committee Secretary,
House Standing Committee on Economics
Australian Parliament House
CANBERRA ACT 2600

Dear Sir/Madam,

The Australian Automobile Association (AAA) represents all motoring clubs in Australia, regarding issues of national importance and as a consequence over 6 million members. The clubs in each state represent the interest of their members and in particular are the principal advocates for motorists on a broad range of transport issues. The clubs are often called upon by their members to advocate and provide comment on a wide range of fuel related issues, including pricing.

As an interested party in issues relating to petrol pricing, AAA welcomes the opportunity to comment on the *Competition and Consumer (Price Signalling) Amendment Bill 2010*, with a key focus on its effect on the petroleum industry, and consequently, Australian motorists.

AAA understands the intention of the bill is to make amendments to the *Trade Practices Act 1974* (to be referred to as the *Competition and Consumer Act 2010* from 1 January 2011) in order to allow for the Australian Competition and Consumer Commission (ACCC) to more readily prosecute companies that participate in anti-competitive behaviour.

The anti-competitive behaviour that the new laws will target is price signalling and information disclosures between competitors that can lead to a lessening of competition and negative effects for consumers. The petroleum industry will be affected by this bill, as it is understood that currently there are significant, private, price related information disclosures within this industry.

The price of fuel in each state is of great interest to our members and to the general public. To assist our members in making more informed decisions about when and where to purchase fuel, clubs currently provide information about fuel prices via their websites and AAA also features reports on this information across Australia on the AAA website. This information is valuable to our members and enables the clubs to advise members of the most likely days to get the cheapest prices. Were it not for the clubs' vigilance in monitoring pricing practices and weekly price cycles, motorists may not have access to information about the petrol weekly price cycle and, for example, may not be aware of when the price-hiking part of the cycle occurs.



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Constituent Members



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It is quite apparent to the AAA and the clubs that our members prefer to receive as much information about fuel prices as possible to aid them in making decisions about when to purchase fuel. However, AAA is aware that substantially more information is collected on behalf of oil companies and retailers as real time data. It has long been a policy of the AAA to seek greater transparency in fuel pricing in an attempt to create a level playing field between oil companies, fuel retailers and consumers. AAA considers that increased transparency could be achieved by allowing consumers to access all of the price related information that oil companies receive.

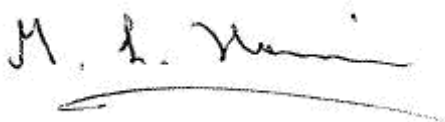
Our members are constantly seeking substantially more information about fuel pricing than they are currently receiving. For this reason we do not support any legislation that could lead to a reduction in the information available to our members. AAA believes that the possible anti-competitive effect of existing information disclosures between oil companies could be negated by allowing for public access to this information.

AAA considers that the current situation where oil companies are able to receive real time fuel pricing information potentially gives opportunities for price signalling. This ability for competitors to immediately find out about other company's price changes likely leads to the petrol price cycle that is in operation in most capital cities of Australia. The removal of this real time information would most likely lead to a temporary disruption in the price cycle. However, the ability for a fuel retailer to freely view their competitors' pricing via a fuel price board means that oil companies will effectively collect fuel price information in another way and the price cycle will resume.

The current price cycle, which was more stable prior to 2010, allows the clubs to actively follow the price of fuel and advise motorists of the days when the cheapest price is available. However, the constant changes in the cheapest day over the last six to nine months has made it more difficult for consumers to choose the best time to buy. AAA considers that the provision of the real time fuel pricing data currently collected on behalf of oil companies and retailers to the consumer would provide a greater ability to track these fluctuations. If this information is considered commercially sensitive then perhaps it could be made available to the public delayed by a short period of time. This would give greater transparency in fuel pricing and allow for oil companies to be accountable over their fuel pricing strategies.

The provision of this price data is critical to keep motorists informed of daily price movements. Any dilution of this process will hinder the ability of the motoring clubs in serving the interests of their members. We welcome increased transparency in the provision of price data, thereby allowing motorists to search and purchase petrol at the lowest price possible.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Harris', with a horizontal line drawn underneath it.

Mike Harris
Chief Executive