

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

4 – 6 June 2013

Question: BET 25

Topic: Fuel Discount Vouchers

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Senator XENOPHON asked:

Senator XENOPHON: Finally, on this point—because I want to ask you about my favourite topic at the moment, Qantas and Emirates—will you look into whether a company cross-subsidises: whether Coles or Woolworths are edging up their prices in their supermarkets in order to subsidise their fuel discount vouchers?

Mr Sims: Essentially, the fuel discount vouchers are being paid for by the supermarkets; as to whether that involves higher prices and otherwise, I am not sure if that is really part of what we are looking at. That is a trickier question.

Senator XENOPHON: Isn't that a relevant issue?

Mr Sims: Our concern is the fuel market. As the people you have been talking to—

Senator XENOPHON: But the two are intertwined, aren't they?

Mr Sims: Absolutely. All we need to be concerned about, for the fuel market, is that the money that is underpinning these vouchers is coming from the supermarkets and, therefore, some companies in the fuel market are getting a subsidy from their supermarkets to lower the price of petrol in ways that others cannot compete with.

Senator XENOPHON: I need to move on. Could you take this on notice: do you consider the interaction between prices going up in the supermarkets—

Mr Sims: We will take it on notice.

Answer:

The ACCC is currently investigating the competition impact of fuel discount vouchers on fuel markets. We are not in a position to comment on particular evidence gathered during the course of the investigation to date. The extent to which fuel discounts are funded through supermarket sales is a relevant factor to our consideration.