

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 3-5 June 2008

Question: bet 89

Topic: Fuel Watch – ACCC #1

Hansard Page: E91

Senator Coonan asked:

Senator COONAN—Are you able to give me some idea of when the ACCC was asked to clarify their earlier data?

Mr French—Can you please clarify?

Mr Murphy—The meetings we had with the ACCC.

Mr French—Do you mean when we met with the ACCC following the report?

Senator COONAN—Yes.

Mr French—It was early in this calendar year, but we could take it on notice if you wish.

Senator COONAN—Yes, thank you very much. I am just interested in the progression to the ACCC doing further work or further results, as they describe it, and when Treasury's consultations with the ACCC prompted that work to be undertaken, if I understand you correctly.

Mr Murphy—That is correct.

Senator COONAN—You think that was early this year?

Ms Holdaway—Yes.

Senator COONAN—Could you have a stab at which month?

Mr French—We would have to check our records, so we will take it on notice.

Senator COONAN—At that time were you preparing the cabinet submission?

Mr French—We would have been in discussions with the ACCC prior to that.

Senator COONAN—Forgive me. I am not trying to test your recollection unreasonably, but it is important to understand the sequence and time frame of how this contentious piece of work that has somehow or other jumped your office and superseded every department which normally does this work, how this comes to be the preferred modelling of the government. You can appreciate I am interested in what consultations you had with the ACCC on the shortcomings, if I can put it that way, of their original work.

Mr Murphy—We will give you the dates and the times of our meetings with the ACCC. That is what we did; that is where we were. We did not find any shortcomings in their work. In their initial work we found the methodology that they used was robust and we felt that if you ran further regressions that you could get a better case or justification of what you were trying to do. We did not find fault. We thought if more work was done, then they could get clarification as to the results that will occur through introducing a Fuelwatch scheme. That is all.

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Answer:

On 21 January 2008, the Treasury and the ACCC met to discuss the 2007 *Report of the ACCC inquiry into the price of unleaded petrol*. In February, there were further discussions over the phone and through email on the econometric analysis outlined in the Report.