

Attachment A – Comments on Fuelwatch

Price Cycles

National Seniors seeks assurances that older Australians will not be disadvantaged by a reduction in the predictability of price cycles, and by the potential for price cycles of smaller amplitude and longer duration.

National Seniors is concerned that the proposed national Fuelwatch scheme may result in less regular price cycles and less predictable pricing patterns by day of the week, which many consumers have come to rely on.

Price variability currently gives the most price sensitive consumers an opportunity to buy at the lowest price of the cycle, often at or near wholesale price. It is noted that the ACCC Report *Petrol Prices and Australian Consumers* (2007) cited both 'the potential for a reduction in the predictability of price cycles for consumers who have adapted to them' and 'the potential for price cycles of smaller amplitude and longer duration' resulting from the introduction of a 24-hour price notification rule. The WA Department of Consumer & Employment Protection submission also found that since 2003 Perth price cycles have on average been longer (14 days) than those in the eastern states capital cities (7 days), and have seen smaller price variance between the highest and lowest price.

Many older Australians out of necessity have become accustomed to knowing the days of the week when prices are likely to be at their lowest and place greater value on organising their purchases by day of the week rules of thumb. The ANOP survey commissioned by the ACCC in November 2007 showed that price consciousness and shopper docket use is higher among older motorists (55+). Motorists in the eastern capital cities are also more likely to be aware of regular price cycles than motorists in Perth. According to the ANOP survey (2007) over 80 per cent of motorists in eastern capital cities are aware of regular price cycles compared with 60 per cent in Perth.

Accessibility

National Seniors seeks assurances that older Australians will not be disadvantaged in accessing the proposed scheme due to their generally lower levels of internet and mobile phone use.

National Seniors is concerned that older Australians may be disadvantaged in accessing the proposed national Fuelwatch scheme due to their generally lower levels of computer and mobile phone use.

In recent years there has been a marked growth in access to a home computer and to the internet across all age groups. However, the proportion of older Australians using the internet remains comparatively low with just over 20 per cent of those aged 65 and over accessing the internet in the last 12 months compared with over 70 per cent of the population as a whole (ABS 2007).

National Seniors welcomes assurances that a toll free phone number will be included as part of a national scheme, and believes that if 'appropriately designed' this may assist older Australians to access information on a daily basis. However it is our experience from a membership service perspective that older Australians who do not have internet access are not likely to pursue details of discounts and concessions via the telephone. Rather they rely on accumulated knowledge and awareness of pricing activity and purchase accordingly. As such the proposed system is unlikely to have the proposed favourable impact on their buying decisions.

Price Rises & Competition

National Seniors seeks assurances that care will be taken to limit the potential for anti-competitive practices, and to ensure that retailer compliance costs will not be disproportionately passed on to the consumer.

National Seniors is concerned about the possible adverse impact of the Fuelwatch scheme on petrol prices, and the disproportionate impact this is likely to have on people with low or fixed incomes.

Older Australians on average spend less on transport compared with other household types however they have a greatly reduced capacity to withstand sudden price increases due to their low levels of discretionary spending (ABS 2007). The Senate Community Affairs Committee Report *A decent quality of life* (2008) has further stated that transport-related costs are a particularly prominent cost pressure for older people living in rural and regional Australia, and have strong implications for community involvement and social interaction.

I note the positive claims made by the ACCC following its most recent econometric analysis of the proposed national Fuelwatch scheme. In particular, its finding that 'there is no evidence the introduction of Fuelwatch in Western Australia led to any increase in fuel prices, and appears to have resulted in a small price decrease overall'. National Seniors believes these latest claims are at odds with the more substantive ACCC Report *Petrol Prices and Australian Consumers* (2007) which identified a number of critical issues requiring further examination. These include 'the great care required in assessing any system in the style of Fuelwatch due to the potential for anti-competitive practices, particularly in rural and regional areas' as well as 'the large administrative costs of such a scheme'.

Appropriate Evaluation

National Seniors seeks assurances that the proposed national Fuelwatch scheme will undergo ongoing evaluation, and will be comprehensively reviewed (by the ACCC) after a period of 12 months.

National Seniors is concerned by the Government's decision to press ahead with a national Fuelwatch scheme despite the ACCC *Petrol Prices and Australian Consumers* Report (2007) clearly stating that its analysis was 'preliminary' and recommending that a more substantive assessment be undertaken.

National Seniors is also aware of the various reports that have questioned the impact of Fuelwatch, including inquiries in both the Northern Territory (2005) and Queensland (2006), as well as the Senate Standing Committee on Economics (2006). Many of the issues raised in these reports were also evident in the ACCC Report *Petrol Prices and Australian Consumers*.