



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**THE SENATE**

**NATIONAL FUELWATCH  
(EMPOWERING CONSUMERS) BILL 2008**

**NATIONAL FUELWATCH (EMPOWERING  
CONSUMERS) (CONSEQUENTIAL  
AMENDMENTS) BILL 2008**

**Second Reading**

**SPEECH**

**Wednesday, 12 November 2008**

BY AUTHORITY OF THE SENATE

---

# SPEECH

**Date** Wednesday, 12 November  
2008  
**Page** 6674  
**Questioner**  
**Speaker** Furner, Sen Mark

**Source** Senate  
**Proof No**  
**Responder**  
**Question No.**

**Senator FURNER** (Queensland) (11.21 am)— *The incorporated speech read as follows—*

Our position when it comes to assisting the public is clear. Under Fuelwatch:

The Government firmly believes there is a need for greater competition and transparency in the petrol market.

Motorists should not be left wondering where to find the cheapest fuel and when price hikes are to occur.

The National Fuelwatch Scheme will help motorists buy the cheapest petrol, at the cheapest times.

Under the National Fuelwatch Scheme, petrol stations in metropolitan and major regional centres will be required to:

- Notify the ACCC of their next day's prices by 2pm the day before;
- Maintain this advised price for a 24 hour period; and
- Apply the scheme to unleaded petrol, premium unleaded petrol, LPG, diesel, 98 RON and biodiesel blends.

The petrol price information collected from these petrol stations will be made available to consumers through:

An email and SMS alert service informing subscribed consumers details of the cheapest fuel in their area;

A national toll free number where motorists can locate the cheapest petrol in the area they are looking to purchase fuel; and

A National Fuelwatch website with station by station, day by day and suburb by suburb petrol price information.

On any given day there is roughly a 20 cent difference between the cheapest and most expensive petrol in Australia's capital cities. Fuelwatch can help motorists find the cheapest petrol in their area. A variation of 20 cents per litre is worth \$12 on a 60-litre tank of petrol.

The Government requires the support of the Opposition and the Independents to get Fuelwatch through the senate. If

Fuelwatch is supported in the Senate, the scheme will be up and running by the 15th December this year.

Public hearings were held in Karratha, Perth, Brisbane, Rockhampton, Adelaide, Sydney, Melbourne and Canberra.

The most compelling evidence which has come from the State which has tried and tested a scheme such as Fuelwatch is naturally Western Australia.

It is interesting to note the Liberal WA Government introduced Fuelwatch, inconsistent to the opposing position of the Federal Liberal Opposition.

On the evidence the Economics Committee heard as follows:

Ms Driscoll, Commissioner for Consumer Protection, Department of Consumer and Employment Protection, Western Australia.

Fuelwatch in WA is really about transparency. It has never claimed to be an answer to the worldwide shortage in fuel that we are experiencing at present. It is really about letting consumers know about prices in the next 24 hours, and, if they choose, enabling them to make decisions about where they will purchase their fuel.

On average at the time of the hearing consumers were saving between 13c and 14c for most types of fuel in Perth.

Interestingly data over the last six months in particular, as fuel prices have increased, the attention paid to Fuelwatch has significantly increased. People are increasingly using WA Fuelwatch as a source of information.

Information was provided suggesting that Fuelwatch has not had a detrimental impact on pricing in WA relative to the eastern seaboard over several years. In the month of June evidence suggested that the average price for petrol was 3c cheaper than in Melbourne, 4.2c cheaper than in Brisbane without the subsidy 2.4c cheaper than in Sydney and 2.6c cheaper than in Adelaide.

At the time of the hearing in Perth there was certainly some information that suggested that fuel prices in Perth are more attractive than they are elsewhere.

Even Senator Abetz at the Perth hearings appeared to support the benefits of Fuelwatch. In a question to Mr Rayner of the Department of Consumer and Employment Protection, Western Australia he stated:

**Senator ABETZ**—Hansard Fuelwatch Inquiry

“Mr Rayner, on The 7.30 Report on 29 May 2008 you stated that Fuelwatch saves the consumer the effort of driving

around looking for the cheapest prices. I think that is right, ...”

**Mr Mike MULLINS, General Manager, Gull Petroleum WA**

**Mr Mullins**—I think consumers are best served when there is vigorous competition in the market, - - .

What Fuelwatch has done is provide readily available information into fuel prices and held them constant so that that information can support purchases, and I am sure there is a segment of the market that values that.

Mr Mullins went on to say “somewhere in that mix Fuelwatch has added some value, and others are probably blissfully unaware that it even exists”.

**Mr David MOIR, Executive Manager, Member Advocacy, Royal Automobile Club of Western Australia**

“I guess, unlike a lot of the other people from whom you will be hearing over the course of your inquiry, it is no benefit or loss to the RAC if Fuelwatch is or is not introduced on a national basis, provided of course that we retain the existing scheme in WA.”

The RAC was there in its capacity representing their member base, of 680,000 members in Western Australia.

The biggest value that Fuelwatch does provide is as a community or consumer education tool. In other words, it encourages good competition by feeding that element of economic theory, which is buyer information and seller information.

At the moment, without some scheme such as Fuelwatch, which provides locked in proactive information about the range of prices available on any given day, consumers are largely in the dark about what price they should be paying.

On question in relation to changing the price of fuel within the 24 hour period, Mr Moir stated:

“The other concern we have about giving retailers the opportunity to change within the 24-hour cycle is that it takes away the rigour that they have to go through at the moment in setting a price.”

They can, if they wish, set a fairly high price and then just wait and see what their nearby competitors do and then, if they choose, drop the price.

This is what happens in other states and there is nothing inherently wrong with that in a purely unregulated market, but if you are going to have a Fuelwatch system that is intended to inform consumers, you need to have some certainty that, having told them what the price is, they can actually go and buy it at that price.

**Independents**

On the impact of independents, In WA we heard Mr Moir from the RAC of WA state “We have not seen any evidence

that Fuelwatch has been a detriment to independent retailers in Western Australia”

WA Fuelwatch has been in place for seven to eight years. If they were struggling before Fuelwatch came in and if Fuelwatch imposed unreasonable demands or costs on independents that made it difficult for them to survive, you would imagine that in the seven to eight years that Fuelwatch has been operating a significant number would have left the industry. There was no evidence presented that made us aware of that the proportion of independents in WA is any different or the rate of decline of independents post-Fuelwatch is any different from the rate of decline of independents pre-Fuelwatch.

In fact, we understand from the Department of Consumer and Employment Protection that in fact the number of independents may have increased slightly during that time.

Ms. Driscoll, Commissioner for Consumer Protection, Department of Consumer and Employment Protection, Western Australia position was:

“Of course, one of the key criticisms and allegations about Fuelwatch has been that it impacts on the composition of the marketplace in terms of retailers. That has not been our experience in WA. The sole operators or independents have increased in proportion in WA. Previously they were in the order of two per cent of the marketplace and are now six per cent of the marketplace. Independent chains have continued to be approximately 13 per cent of the retail marketplace. I think, importantly, it is also relevant to point out that the independent chains have continued to have extremely competitive prices, often the cheapest, and as a consequence have maintained their market position while also being very competitive in that field”.

**Mr Samuel from the ACCC in Melbourne hearings** said on the Effect of Independents: - - - “If you want that assurance let me say that the experience in Perth, as it has been elsewhere, is that the smaller independents have tended to consolidate into larger groups, be they the larger retail groups like the United’s, the Gulls, the Neumann Petroleum’s, or the larger groups supplied by wholesalers such as the Liberty group and the like.

He stated that Fuelwatch had an adverse impact? The answer to that is no.

Independents have been smart entrepreneurs in developing their businesses in a manner where they are able to use initiatives such as expansion of groceries, food items and more importantly mechanical repair work.

**Mr Stephen MARSHALL, State News Director, WIN Television Rockhampton, Queensland**

Introduced a fuel-watch segment, which was basically designed to just inform people about fuel prices during the day.

Every day in the markets of Far North Queensland—which is Cairns, Townsville, Rockhampton, the Sunshine Coast and Toowoomba—our crews, who are out all day, are basically

collating prices from petrol stations in their region during the day and, of an evening.

**Mr Samuel—Chairman, Australian Competition and Consumer Commission comment at the Melbourne Inquiry on Fuelwatch:**

Mr. Samuel Chairman of the ACCC reported on the econometric modeling of Fuelwatch. The econometric modelling was designed to do one thing: it was designed to compare the pricing of petrol in Perth before and after the introduction of Fuelwatch with the pricing of petrol in the eastern seaboard states, including South Australia, before and after the introduction of Fuelwatch. It does just that.

The purpose of the econometric modelling was to see whether or not Fuelwatch's introduction in Perth had done any damage to consumers. It concluded it had not. That is the purpose of the econometric modelling. It is what the data demonstrate.

To dispel the myths on the econometric view Professor Harding presented in hearings, it was the observation of Dr. King from the ACCC indication that Professor Harding violates the first law of statistical inference, or the first law of econometrics, in his second submission he picks and chooses his data. That means that his second submission has no statistical validity. Every test he does in there is, from a statistical perspective, wrong.

Furthermore, Dr. King's observation of Professor Harding's bias submissions was, he looked at the east coast data and he said, 'Well, I don't like Adelaide. Adelaide appears to verify Fuelwatch.

In terms of relative prices, the price in Adelaide—the relative petrol price in Adelaide—goes up relative to Perth around the time of Fuelwatch. I'll throw that out.' He then turns to Melbourne. He says, 'Oh gosh, the relative price of petrol in Melbourne goes up compared to Perth around the time of Fuelwatch's introduction. I will throw that out.' He then turns to Sydney and he then says, 'Ah, Sydney seems', and to quote him, 'more stable. There is a stable relationship.' In other words, that is what he is looking for, and he then runs his tests on that.

It means that every test Professor Harding carried out from that moment had no legitimacy as a matter of statistics.

**Mr Samuel** went on to assert:

Fuelwatch is designed to give motorists all that information, to tell them where they can save not 2c, not 2.6c, not 1.9c, but where potentially they can save the difference between \$1.34 and \$1.61, or at least get below that average of \$1.43, rather than pay the \$1.61 and then having frustration, confusion and anger at the fact that they feel they have been ripped off because they had not realised that around the corner or elsewhere down the highway there was another service

station selling at potentially 25c less than the one at which they bought their fuel.

**Mr. RENOUF, Director, Policy and Campaigns, Choice Magazine**

Choice has long supported the idea of a Fuelwatch scheme. We called for it and we are pleased that the government has adopted it. I guess the point is to talk about why we support it.

In addition to the evidence, which suggests that there is likely to be some modest price benefit to consumers most of them, but perhaps not all—the important thing about Fuelwatch, or some similar scheme, is that it promotes transparency in the market, gives consumers certainty, and reduces the search costs that they currently face in trying to work out where to find the cheapest petrol. Those costs include not just time; they also include money in the form of petrol driving to places that they did not want to be.

There is a lot of evidence to suggest consumers do not like intraday price changes and that they want to know where they can go on their way home to get petrol at a price that they expect and anticipate.

**Supporters of Fuelwatch:**

**NSW Liberal Leader of the Opposition Barry O'Farrell,**  
March 30th —Media Release

'Fuel Watch will put motorists —not the oil companies — back in charge.

'It will also ease some of the wild fluctuations in weekly pricing which frustrate motorists so much. This will ease the burden on families and pensioners by helping drive down petrol prices. This is about putting the interests of motorists' wallets ahead of oil company profits.

It will put an end the common frustration for motorists of driving past a petrol station only to find when they return hours later the price has jumped by ten cents a litre.

**The Western Australian Liberal Government**

The Western Australian Government web site promotes their Fuelwatch as, providing prices for all types of fuel from most WA retailers and from 2:30pm each day we give you tomorrow's fuel prices! This means you can always find

the best price for fuel in most areas potentially saving you hundreds of dollars each year.

### Fuelwatch WA Survey Results

Year 2007 and contemporary survey figures and comments from consumers in WA as conducted by the Department of Consumer and Employment Protection showed:

- In 2007 73% of those surveyed reported they used Fuelwatch, of these 65% satisfied;
- Comment, “stick with issues that affect Tasmania and those that you have some competent knowledge about”;
- Comment, “please consider your statements more carefully into the future”;
- Comment, “In spite of negative comments, I believe the Fuelwatch service is invaluable”;
- Comment, “I was appalled to hear on the radio yesterday some Senator saying that the WA Fuelwatch system had not done anything to reduce petrol prices. As is the case with many of these people who think they know but do not, there is more to the apple than meets the eye.

When it comes to choices the Rudd Government is transparent. We on this side of the chamber have no issue

in allowing people to make choices, in particular working families who are making ends meet in tough times.

Choices on whether or not they purchase their fuel on the way to work or on the way home, without having to worry of the extreme fluctuations in prices at the pump.

Choices on which petrol station they can purchase the cheapest fuel at the cheapest time.

When it comes to choices the sceptics on the other side of the chamber only know of one and that is Workchoices.

Do they need to be reminded that Workchoices put them out of Government.

Do they need to be reminded that Workchoices was overwhelmingly rejected by the majority of Australians.

Under the past Governments position the only choices they were able to offer were Workchoices.

Insidious legislation from a past era which provided only one choice the “take it our leave” position.

Like Workchoices the opposition is now trying to deny people the right to have choices in purchasing fuel at times and locations of their choice.

### In Summary

Under Fuelwatch rather than guessing the best time and the best place to buy petrol consumers will know where and when to buy the cheapest petrol in town.

Motorists will be able to map out their trip—for example, from work to home—and see the prices being charged by all of the petrol stations along that route.

Motorists will also have a warning of pending price hikes and be able to plan their petrol purchases accordingly.

With the Fuelwatch scheme, motorists will be able to access information on petrol prices through:

- An email and SMS alert service informing subscribed consumers details of the cheapest fuel in their area;
- A national toll free number where motorists can locate the cheapest petrol in the area they are looking to purchase fuel: and
- A National Fuelwatch website with station by station, day by day and suburb by suburb petrol price information.
- Fuelwatch ensures that motorists will be able to make an informed decision about where to buy the cheapest petrol, at the cheapest petrol stations, at the cheapest times. No longer will a motorist drive past a petrol station in the morning

only to return in the afternoon to find a ten cent per litre jump in the price of petrol.

- The government is committed to delivering responsible economic management. Fuelwatch will only provide further stimulus to the economy to assist working families in making informed decisions where to purchase fuel at cheaper prices.
- Those opposite really do need to decide. Are they going to continue to be economic vandals or are they going to get behind Labor's economic packages, like Fuelwatch so that it can protect those who need it in these difficult times?

I thank the witnesses, in particular those who appeared before the Economics Committee Inquiry into the introduction of a National Fuelwatch Scheme and provided valuable information.