

From: [John Adam Wilson](#)
To: [LA Committee - FP](#)
Subject: Comment on 'possible recommendations' of the Interim Report on Inquiry into ACT Fuel Pricing.
Date: Wednesday, 12 June 2019 9:01:42 PM

Attention: Committee Secretary, Andrew Snedden

Dear Mr Snedden,

Thank you for providing the community with the opportunity to comment on the interim report. Please find below my views on the possible recommendations outlined in the report. I am happy to be contacted by members of the Committee if they would like to discuss anything in particular.

Sincerely

John Wilson
Macquarie, ACT.

Possible Recommendation 1:

Do nothing. **Not supported.**

Something clearly needs to be done to incentivise better behaviour on the part of petrol retailers. The fact that they have lowered prices while the inquiry has been taking place is not only cynical - it demonstrates contempt for local consumers and the ACT Government itself.

Possible Recommendation 2:

Better education. **Partially-supported.**

Multiple media channels, combined with real-time price reporting (e.g. through apps/website) would be required. However, noting the Committee's finding that consumer petrol purchasing choices are more often based on location convenience than price, spending money on an education campaign is likely to have a limited impact in the absence of greater competition (and better located stations) in the market.

Possible Recommendation 3:

Create fuel prices oversight position or body. **Not supported.**

You may recall the Rudd Government creating a Petrol Commissioner role (embedded within the ACCC) in 2008. After five years and little evidence of any tangible outcomes, the position was abolished.

Unless the position/body has the authority to impose penalties or incentivise better behaviour via other means, it is unlikely this investment will lead to changed behaviour of petrol retailers. The investment in creating such a position/body is therefore questionable.

Monitoring/reporting on prices within the ACT alone would not likely achieve changed retail behaviour. ACT prices would need to be regularly compared to, not only other capital cities, but similar-sized regional cities like Newcastle, Wollongong, Geelong and the Sunshine Coast region. The research could be conducted and published by existing public servant/s working in the economic directorate instead of going to the extreme of creating expensive new bodies or oversight positions. But in the end, if Government is not willing to impose penalties/incentives, it will not likely lead to changed retail behaviour.

Possible Recommendation 4:

Government-run real-time reporting scheme. **Not supported.**

The administration costs associated with this could be prohibitive when taking into account the level of resources (ACT Government, as well as petrol retailers) required to make the system work. If the ACT Government is attracted to this proposal, it should conduct a proper cost-benefit analysis before making any final decision on whether to support the recommendation.

Possible Recommendation 5:

Lock in fuel prices for 24 hours, with mandatory reporting. **Not supported.**

Similar to Recommendation 4, the administration costs and resources required to make the system work well may not be worth it. In a geographical area/ market as small as the ACT, it is unlikely that a scheme such as this will lead to any significant change in the practices of petrol retailers. It may have a perverse outcome of encouraging more price collusion.

Possible Recommendation 6:

Set maximum retail margin. **Not supported.**

Setting a ceiling may simply result in all/most retailers setting their prices at that ceiling. The intervention would not likely create greater levels of competition. Some retailers may choose to leave the market altogether, reducing availability and choice for consumers.

Possible Recommendation 7:

Set aside highly visible land for numerous petrol stations. **Supported.**

This will require the ACT Government to reconsider longstanding practices around the visibility of petrol stations. This may be a good thing, as hiding stations in the middle of suburbs requires consumers to (i) firstly know where the stations are located; and (ii) potentially drive longer distances to reach the stations. However, it would be important to ensure that the major retailers do not continue their monopoly on the market. Incentives for independent retailers may need to be provided.

Placing stations along major arterial/main roads will improve visibility and, it simply makes sense given this is the general practice across the rest of Australia. Moving stations to these locations, will free up valuable land within suburbs for redevelopment.

For example, there are two Shell stations and one Caltex station in Belconnen Town Centre alone. The location of the two Shell stations (within 300 metres of each other, charging the same prices) provides questionable value for the consumer, or the Town Centre itself from a development perspective. Alternative, more visible locations (at least for the Shell stations) could be the large strips of vacant land along Belconnen Way (between Lathlain St and Coulter Drive), vacant land on Coulter Drive at Cook, vacant land on College Street, Haydon Drive or Ginninderra Drive at Bruce.

If a retailer like Costco was allowed/willing to establish a petrol station in any of the above locations in Belconnen, it would likely force the retailers in the surrounding suburbs to reduce prices to compete.

There are many other examples of suitable vacant land along major arterials throughout the city.

Possible Recommendation 8:

Review Government rates/charges. **Supported.**

Any change/reduction in prices with the aim of attracting more retail investment, would likely need to be pursued in combination with other initiatives (e.g. recommendations 2 and 7).

Possible Recommendation 9:

Subsidies for low-income families. **Not supported.**

There are many examples of this type of Government intervention pushing prices higher (e.g. first homebuyer's grant, health insurance, child care fees). These types of subsidies are expensive and very difficult to wind back/cut once introduced.

If any subsidies/incentives are to be considered for motorists within the ACT market, they should be targeted towards lower pollution/ climate change initiatives. For example, lower registration costs and/or partial rates refunds for registering hybrid/ electric vehicles.