

The Hon Vickie Chapman MP



Government
of South Australia

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21 June 2019

Ms Tara Cheyne MLA
Chair
Select Committee on Fuel Pricing
Legislative Assembly for the Australian Capital Territory

Deputy Premier

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Dear Ms Cheyne

I write in response to your letter of 30 May 2019, regarding the Legislative Assembly Select Committee's Inquiry in relation to fuel pricing.

I note the Committee's terms of reference and will endeavour to provide as much information as possible to assist the Committee in preparing its report, noting that I am unable to disclose information that is Cabinet-in-Confidence.

Consumer and Business Services (CBS) undertook a review of the different schemes introduced in Western Australia, New South Wales, Queensland (QLD) and the Northern Territory (NT), to determine whether it would be appropriate to implement a similar scheme here in South Australia (SA).

In particular, consideration was given to the NT scheme that was introduced in November 2017 and the QLD model that was being proposed following the QLD Government's announcement on 1 May 2018, that it would trial a mandatory reporting scheme for a period of two years. CBS undertook consultation with these jurisdictions to gauge the nature of the costs involved in developing the required IT infrastructure, and to better understand some of the operational issues and resource requirements associated with implementation.

CBS also met with 'Informed Sources' on a number of occasions to discuss fuel price transparency in a broad context, and they had consistently advocated against the introduction of a scheme on the basis that it would not reduce fuel prices, prior to being awarded the contract to manage the QLD scheme at significant cost to Government.

There was potential to develop a system modelled on the NT MyFuel system and discussions were held with the Royal Automobile Association (RAA) to determine their level of interest in managing an adapted version of this. However, despite advocating for the introduction of a fuel pricing scheme in SA for some time, the RAA indicated that it would not be prepared to manage such a database.

The QLD Government commissioned Griffith University to assess what impact the schemes implemented in NSW and NT have had on fuel prices broadly. The report found that the NSW scheme resulted in a small impact on Unleaded Fuel retail prices in metropolitan Sydney, equivalent to a permanent reduction of 1.03 cents per litre, or 0.7 percent. The study suggested this was due to a high level of competition within the Sydney market. However, the study found that in the NT, fuel prices increased by 1.08 cents per litre, or 0.67 percent (noting that this was based on only three months of available data following MyFuel NT's introduction in November 2017).

While the SA Government is focused on reducing cost of living pressures, there is no evidence to suggest that the implementation of a fuel pricing scheme in SA will reduce fuel prices across the board and in fact, the Government is very mindful of the possibility that such a scheme may inadvertently increase prices whilst imposing unnecessary regulatory burden on fuel retailers.

The SA Government will continue discussions with the RAA and other stakeholders to consider other regulatory options that may be available and the impact of the QLD scheme will be closely monitored.

I trust this information is of assistance.

Yours sincerely



VICKIE CHAPMAN MP
DEPUTY PREMIER
ATTORNEY-GENERAL