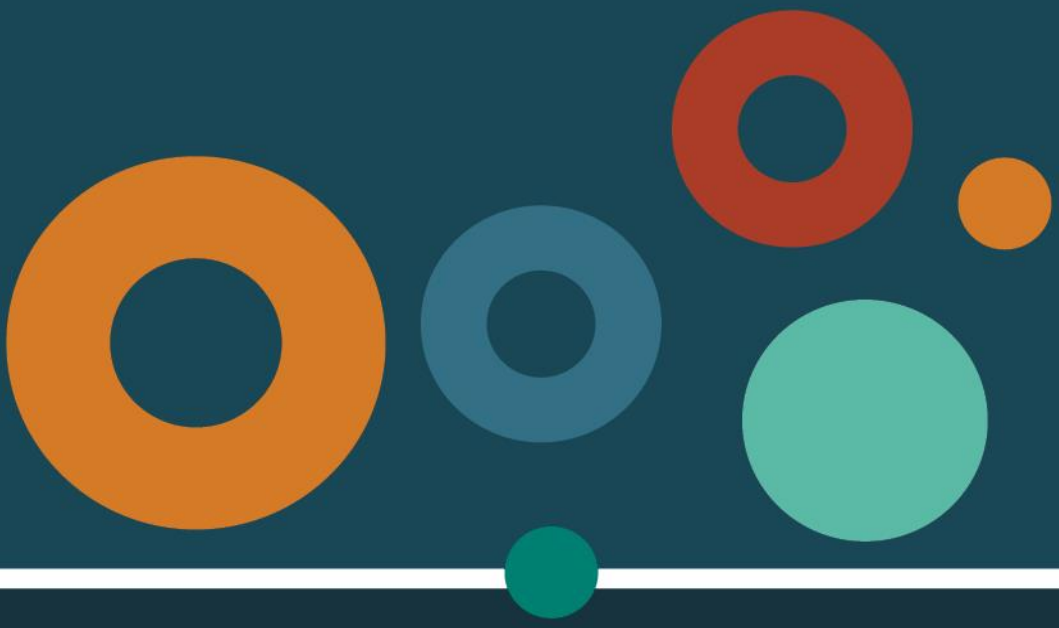
Department of Natural Resources, Mines and Energy

Fuel Price Reporting

Consultation Regulatory Impact Statement

2018



Queensland Government

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Executive Summary

Background

The Queensland Government is very aware of the cost of living pressures faced by Queensland families every day.

Primary responsibility for fuel price monitoring and competition remains with the Australian Government and the Australian Competition and Consumer Commission, (ACCC). However, improved competition is necessary for downward pressure on fuel prices.

The Queensland Government is prepared to take action on fuel price reporting to assist Queensland motorists.

It is estimated that over half of fuel retail sites in Queensland do not currently make their fuel prices available to third party fuel comparison apps and websites. Closing these gaps will enable Queensland motorists to use fuel price comparison apps and websites to find the cheapest fuel in their area.

The current non-regulatory approach for fuel price reporting has led to the patchy provision of data across the market.

The Queensland Government established a working group of industry stakeholders including the RACQ, the Australian Institute of Petroleum (AIP) and the Australasian Convenience and Petroleum Marketers Association (ACAPMA) to assist in developing options for a new fuel price reporting system.

The working group considered the options as outlined in this Consultation Regulatory Impact Statement (RIS). The working group's preferences are consistent with the Queensland Government's preferred option.

A fuel price reporting scheme will require the publication of timely, accurate and complete fuel price information by fuel retailers across the state. This will empower motivated motorists to get the best deal by closing gaps in existing fuel price information and stimulating innovation amongst providers of price comparison services.

Policy Objectives

The implementation of fuel price reporting is intended to close the information gaps for motorists in existing fuel price comparison products, enabling motorists to find the cheapest fuel in their area.

The government applied a number of policy objectives to assist in its consideration of the issues and options for fuel price reporting options to address the problem and objectives of action. These objectives are to:

a) Maximise the potential for motorists to take advantage of the demonstrable difference in market prices between fuel retailers through access to accurate and timely fuel price data
b) Maximise the integrity of the scheme through the provision of accurate and timely fuel price data
c) Not impact adversely on market competition. That is, the implementation and operation of the Fuel Price Reporting must support competitive neutrality
d) Build on learnings from other jurisdictions and recognise Queensland's characteristics
e) Avoid unnecessary red tape and costs being passed onto motorists
f) Be cost effective and efficient for industry

g) Be cost effective and efficient for government.

The government also considers the outcome of fuel price reporting is that consumers will get accurate, timely, comprehensive and easily accessible information.

Fuel price reporting requirements

The government considered how to best close these gaps and looked at:

a) who should report data
b) where should the data be reported
c) what type of data should be reported
d) when the data should be reported
e) how increased fuel price reporting can be achieved.

The government considered whether it would be necessary to impose a regulatory requirement for greater fuel price reporting, or if the desired outcomes could be achieved through voluntary industry action, or an industry code of practice.

After consultation with the working group representing fuel retailers and motorists, the government considers that regulation will be necessary to ensure full market coverage and for accuracy, credibility and enforceability of the requirements.

Impact Assessment of Options

On 25 July 2018, the Minister for Natural Resources, Mines and Energy announced that fuel price reporting would begin in December 2018. The government also announced its preferred option (Option C in this Consultation Regulatory Impact Statement (RIS)) for fuel price reporting. As such, although the four options considered by the working group are described below, the impact analysis undertaken here is focussed on Option A (status quo) and the government's preferred fuel price reporting model (Option C).

The options the working group and government considered for fuel price reporting were:

- **Option A**: status quo (no additional reporting requirement and market response)
- **Option B**: would require retailers to provide their pricing data in a specified format, in a publicly accessible location and would rely on the market to collect data into services for motorists
- **Option C**: would require retailers to provide their pricing data in a specified format. Government would then facilitate aggregation of data for use by commercial service providers but would not itself provide a comparison service
- **Option D**: would require retailers to provide their pricing data in a specified format and government would provide a comparison service as well as a data stream for competing services (similar to NSW model)

The options for the fuel price reporting trial were assessed against the policy objectives. The options were assessed according to the following:

- Achieves policy objective
- Partially meets policy objective
- Does not meet policy objective

Figure 1 – Analysis matrix of options for fuel price reporting trial against policy objectives

	Policy Objectives	Option A	Option B	Option C	Option D
1	Maximise the potential for motorists to take advantage of the demonstrable difference in market prices between fuel retailers through access to accurate and timely fuel price data.				
2	Maximise integrity of the scheme through the provision of accurate and timely fuel price data.				
3	Not impact adversely on market competition. That is, the implementation and operation of the Fuel Price Reporting must support competitive neutrality.				
4	Builds on learnings from other jurisdictions and recognise Queensland's characteristics.	N/A			
5	Avoids unnecessary red tape and costs that are passed onto motorists.				
6	Cost effective and efficient for industry.				
7	Cost effective and efficient for government.				

Achieves policy objective	Partially meets policy objective	Does not meet policy objective

Option C was both the working group's and government's preferred option. This option will drive innovation and the provision of accurate fuel price data to motorists, and will minimise both the regulatory burden on industry and the cost to government.

The government considers the following choices should be available for fuel retailers to report fuel price data under Option C:

(i) **a portal** for fuel retailers to directly input to a data aggregator e.g. this may be suitable for small retailers and individual retail sites;

(ii) **direct bulk data upload** to a data aggregator e.g. this may be suitable for medium to large retailers with multiple sites

(iii) **direct bulk data upload through a third party** data agent for the fuel retailer which accommodates existing fuel industry practices.

(iv) an option to report to the data aggregator where an internet connection is not available (such as by phone).

The aggregator will make fuel prices available to third party publication services.

The ability to report fuel price data in multiple ways (e.g. bulk data, web portal, phone) take into account the different circumstances of each of the fuel retailers and reduce the regulatory burden.

The government estimates the impost for fuel retailers will be on human resources (time), and in developing new processes and systems to advise the government (or its appointed service provider) of their fuel prices.

However, for fuel retailers that are part of a chain it is anticipated the aggregator would be updated directly (or via third party agent) via direct data feed or bulk upload as occurs in other Australian jurisdictions that have implemented fuel price reporting.

Of the about 1400 fuel retail sites in Queensland it is anticipated that approximately half will directly report fuel prices to the aggregator via direct data feed or bulk upload.

Based on experience in other Australian jurisdictions, the rest of the fuel retail sites will input their price data into a web portal operated by the aggregator.

Fuel retailers consulted to date have indicated that in other jurisdictions the requirement to report price changes may take around five minutes of additional staff time per site per change. This estimate has been used to determine the approximate ongoing regulatory burden of this requirement across the industry. The average number of price changes per month per station in metropolitan areas is 30, in regional areas five, and in rural areas only one.

Anticipated time impacts on different types of retailers by region for direct input into a web portal

	Local Government Areas represented*	Number of retail sites*	Approximate total number of changes per month (all fuel types)	Total time per fuel retail site per month (minutes)
Metropolitan	8	700	30	150
Regional	25	500	5	25
Remote	25	200	1	5

*Approximate numbers only

Key attributes of the recommended option

The fuel price reporting trial model represents the key initiative presented in this Consultation RIS. The key elements underlying the Fuel Price Reporting model include:

a) Fuel retailers (or their appointed third party agent) report fuel prices to an aggregation service appointed by the Government.

b) The aggregation service validates the data (by a variety of means).

c) The aggregation service provides fuel price data to the Government (for open data availability), to third party publishers (via an Application Programming Interface (API)) for use by Queensland motorists and to other data users.

d) Third party publishers provide usage data back to the aggregator for collation and reporting to government.

The regulatory requirements of the recommended option include:

a) Mandatory reporting of the change in the price of a fuel to the aggregator within 30 minutes of the price change

b) Specifying the data to be reported, and the format the data is to be reported in

c) Specifying who is responsible for ensuring the requirement to report to the aggregator is met

d) Penalties for non-compliance.

On 25 July 2018, the Queensland Government announced (**Appendix B**) that fuel price reporting would begin in December 2018, and the form fuel price reporting would take. This Consultation RIS analyses the fuel price reporting model (Option C) announced by the Government.

The fuel price reporting scheme is to apply to fuel retailers across the state to enable the publication of timely, accurate and complete fuel price information. This will empower motivated motorists to get the best deal by closing gaps in existing fuel price information and stimulating innovation amongst providers of price comparison services. Approximately half of fuel retail sites in Queensland do not currently make their fuel prices available to third party fuel comparison apps and websites.

This trial has two elements:

- A regulatory requirement on fuel retailers to publish price information as prices change and at least once per day. The regulatory requirement will, as far as possible, be comparable to existing fuel price reporting obligations in other jurisdictions. It is to be made through a regulation under the *Fair Trading Act 1989*.
- Appointment of an information technology partner whose role would be to aggregate this data, validate it for accuracy and make it available through an application programming interface (API) to consumer-facing comparison services and other users.

The preferred option will drive innovation in the validation and provision of data to motorists. It will also minimise the regulatory burden and cost to industry and government. Validation and data matching will provide safeguards against misleading price advertising, which could otherwise have negative impacts on motorists and market competition. It will also enable an efficient, data-driven approach to compliance necessary to give the scheme credibility and deliver maximum consumer benefit.

As the commitment is for a two year trial, evaluation data will be collected throughout on the impacts of improved price reporting on consumer awareness, consumer behaviour and fuel market dynamics. This will inform future government decisions about whether to continue, amend or end the scheme.

Evidence available to-date indicates that improving price publication is unlikely to lower fuel prices. However, it will empower those consumers who are motivated by price to make savings by shopping around, including across the price cycle.

A number of steps are required to further develop the scheme. These include consideration of the outcomes of this Consultation Regulatory Impact Statement, drafting of a Regulation, Cabinet approvals to prepare the regulatory amendment and procurement of an information technology partner to perform the data aggregation role.

The regulatory regime is proposed to commence in December 2018 and is intended to involve an education-focussed approach to compliance for at least 3 months while fuel retailers adapt to reporting requirements and the aggregator deals with an increasing number of incoming data feeds.

The Consultation Regulatory Impact Statement

This Consultation Regulatory Impact Statement (Consultation RIS) sets out the details of the proposed fuel price reporting trial that will involve fuel retailers (or their appointed third party agent) reporting fuel prices to an aggregation service appointed by the Queensland Government and the aggregation service providing the fuel price data to the Queensland Government (for open data availability), third party publishers (via an Application Programming Interface (API)) for use by Queensland motorists and other data users.

Fuel Price Reporting is an additional regulatory requirement that will be introduced for fuel retailers.

In developing fuel price reporting, the government has sought a system that will not result in increased fuel prices due to increased compliance costs.

The government proposes that fuel price reporting obligations take effect in December 2018. Fuel retailers will have a grace period of three months to enable the establishment of systems and processes to report fuel prices to the aggregator. Enforcement will occur after this grace period.

While this Consultation RIS deals specifically with the implementation of fuel price reporting, it also includes discussion on how compliance activities will be undertaken and how the trial will be evaluated.

Stakeholder feedback on this Consultation RIS will influence the final policy position to be presented in a Decision RIS.

Structure of the RIS

A brief summary of the components of this Consultation RIS is provided below.

- Section 1 – introduction and discusses the issues the Government is seeking to address.
- Section 2 – describes the policy objectives, the need for government action and why.
- Section 3 – describes the requirements for fuel price reporting to address the problem.
- Section 4 – describes options and alternatives for government intervention that could address the problem.
- Section 5 – provides an impact assessment of the options and what are the potential net impacts (costs and benefits) of each option on stakeholders.
- Section 6 – describes consultation undertaken to date and proposed further consultation, which stakeholders have been consulted in the development, analysis, implementation and evaluation of the policy response.
- Section 7 – provides a conclusion and the Government recommended option which most effectively addresses the policy objectives and has the greatest net benefit.
- Section 8 – consistency with policies and legislation.
- Section 9 – transition, implementation, compliance and evaluation strategies.

Lodging a submission

Closing date for submissions: 17 September 2018

The Government invites written submissions from all interested parties and members of the community on the Consultation Regulatory Impact Statement (RIS).

Written comments should be provided by **3 pm, 17 September 2018**. The government will consider all submissions received by the due date.

Responses and submissions should be sent either by email or post:

- fuelprices@dnrme.qld.gov.au with the subject line: Fuel Price Reporting – Consultation RIS – [your name]
- Fuel Price Reporting – Consultation RIS Energy Division, Department of Natural Resources, Mines and Energy PO Box 15456 CITY EAST QLD 4002

As this is a public consultation process, the government is committed to openness in its considerations of public policy. For this reason, written comments and submissions may be published on the Department's website. Please mark clearly any comments or information you wish to be kept confidential.

All submissions made in response to this Consultation RIS may be provided to the Queensland Productivity Commission as part of its assessment of the adequacy of the Decision RIS.

At the closure of the public consultation period, the government will consider the issues raised by stakeholders and the community. Further consultation may occur if there are specific issues raised during the consultation process prior to the release of the Decision RIS.

For more information on this Consultation RIS please contact DNRME using the following email address: fuelprices@dnrme.qld.gov.au.

IMPORTANT NOTE ABOUT CONFIDENTIALITY
In the interests of transparency and to promote informed discussion, the department would prefer submissions to be made publicly available wherever this is reasonable. However, if a person making a submission does not want that submission to be public, that person should clearly note on the front page of the submission that they claim confidentiality in respect of the document.
While the department will endeavour to identify and protect material claimed as confidential as well as exempt information and information disclosure of which would be contrary to the public interest (within the meaning of the *Right to Information Act 2009* (RTI)), it cannot guarantee that submissions will not be made publicly available. There is a possibility that the department may be required to reveal confidential information as a result of a right to information request.

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1. Introduction and issues statement

Background of issue

In Queensland, there are a number of commercial computing and mobile applications (apps) and websites where motorists can check the price of fuel at nearby retailers.

However, not all fuel retailers provide fuel prices to these commercial services and some data can be out-of-date. This limits the ability of price sensitive motorists to access accurate data, which enables them to shop around and find the best price for fuel.

On 1 May 2018, the Minister for Natural Resources, Mines and Energy Dr Anthony Lynham MP announced a two-year trial of fuel price reporting to take effect in Queensland as soon as possible.

Minister Lynham also announced the establishment of a working group comprising the RACQ, the Australian Institute of Petroleum (AIP) and the Australasian Convenience and Petroleum Marketers Association (ACAPMA) to oversee the implementation of the fuel price reporting system.

This intervention is targeted at closing the gaps in existing fuel price reporting products for motorists; while minimising costs and any potential unintended impacts.

Currently, five fuel retailers, representing almost half of fuel retail sites in Queensland, make their fuel prices available to third party fuel comparison apps and websites. This means that approximately half of fuel retail sites do not currently make their fuel prices available to third party fuel comparison apps and websites.

The government considered the working group report in its consideration of the design and implementation of the fuel price reporting trial in Queensland.

On 25 July 2018, the Minister for Natural Resources, Mines and Energy announced that fuel price reporting would begin in December 2018.

Australian and state government responsibilities

The Australian Competition and Consumer Commission (ACCC) monitors retail prices of unleaded petrol, diesel and LPG in all Australian capital cities and in more than 190 regional locations. This enables the ACCC to provide information about fuel prices, including petrol price cycles in the larger cities.

The ACCC has information gathering powers under the *Competition and Consumer Act 2010 (Cth)* and has had a role in petrol price monitoring ever since its establishment in 1995.

While the ACCC does not set fuel prices, it monitors retail fuel prices on a daily basis. Where the ACCC sees issues of concern it will investigate. Where the ACCC finds sufficient evidence, it will take action to protect consumers against misleading and anti-competitive conduct by fuel retailers.

The ACCC prepares quarterly reports on fuel prices. The ACCC has also undertaken detailed market studies into competition in specific petrol markets. It has conducted these studies into the Cairns and Brisbane fuel markets in 2017, as well as studies in Darwin, Launceston and Armidale.

There is no nationally consistent fuel price reporting scheme in Australia. Western Australia, New South Wales and the Northern Territory have each established their own fuel price reporting schemes. Victoria, South Australia, Tasmania, the Australian Capital Territory and Queensland do not have such schemes with the market providing commercial apps and website services for motorists.

It is the Queensland Government's view is that while the primary responsibility for fuel pricing remains with the Australian Government and the ACCC, it is prepared to do what it can to assist Queensland motorists by implementing the two-year trial of fuel price reporting.

Griffith University studies

In determining to proceed with the trial of fuel price reporting the government has studied reports it commissioned from Griffith University on the implementation of fuel price reporting in New South Wales (NSW), the Northern Territory (NT), and the related impact on average fuel prices.

The Griffith University studies on fuel price reporting schemes in NSW and the NT found that the introduction of fuel price reporting had a very limited impact on average fuel prices in metropolitan Sydney, no impact in regional NSW and may have contributed to a small increase in the average price of fuel in Darwin.

The government notes that the Griffith University study found that a similar scheme implemented in Brisbane may have a less significant downward impact on ULP retail prices compared to the observed impact in Sydney. This is because the Sydney fuel market is more competitive than Brisbane, with a greater concentration of independents, both in terms of stores and volume share.

In terms of regional Queensland fuel prices, the government notes the Griffith University study found that results for regional NSW and the NT suggest that such a scheme will have either no or upward impact on the average monthly retail ULP prices. This is because of the difference in retail completion between metropolitan and regional areas.

Identification of problem and case for action

The table below provides a summary of current consumer-facing fuel price comparison services in Queensland:

Figure 1 - Current consumer-facing fuel comparison services in Queensland

Service	Consumer interface	Platform	Price data	Limitations
MotorMouth	Map	Website and app	Website: price bands only App: price bands + up to 30 specific price reveals each week	Incomplete
GasBuddy	Map or list	App	Specific prices	Incomplete
Petrol Spy	Map	Website or app	Specific prices	Incomplete
RACQ Fair Fuel Price	List	Website (mobile optimised website)	Price bands and advice about whether prices are going up or down	Incomplete
RACQ Live	Map	Website	Banded Prices	Incomplete
Compare the Market	Map	Website	Price bands only	Incomplete

The government acknowledges that select fuel retailers (e.g. Woolworths and 7-Eleven) have developed their own innovative fuel apps that provide fuel prices for their own outlets. The retailer fuel apps may also feature non-fuel related offerings. The Australian Institute of Petroleum and the Australian Competition and Consumer Commission also publish a range of fuel market information. However, these are not fuel price comparison services.

The fuel price data gaps and other limitations of all of these services, mean that it can be difficult for consumers to accurately and comprehensively compare fuel prices (which enables them to make informed purchases based on accurate data). There can be material differences between the prices at fuel retailers, particularly in cities with price cycles or greater price volatility.

Currently, the following five fuel retailers in Queensland publish and/or make their fuel prices available to third party fuel comparison apps and websites via an agent. The depth of fuel price information available from these retailers varies between fuel price comparison apps and websites depending on the apps and websites business models and commercial arrangements with fuel retailers. For example some fuel price apps and websites may only provide fuel price band information to non-registered users.

These five retailers are:

- BP Australia (Company Owned and Company Operated)
- Caltex Australia (Company Owned and Company Operated)
- Woolworths Group
- 7-Eleven Stores
- Puma Energy (Australia) Fuels.

The above five fuel retailers represent almost half of fuel retail sites in Queensland.

This means that approximately half of fuel retail sites in Queensland do not currently make their fuel prices available to third party fuel comparison apps and websites.

For example, the ACCC's media release accompanying the release of its fuel price report for the quarter to March 2018 indicated that on the day prior to the release of the report:

> *…the available fuel websites and apps indicated that the range between the highest and lowest priced sites was…around 15 cpl in Brisbane…*[1]

Imperfect or asymmetric information is where one party has more information about a transaction than another, or where barriers prevent parties to a transaction from obtaining relevant information about the characteristics of a transaction and/or each other. The incomplete datasets available could be described as a form of fuel price information asymmetry where consumers have imperfect knowledge of their purchase options.

Prices for goods and services are generally determined in the market, with prices rationing supply amongst consumers according to willingness to pay. In a competitive market, efficient prices ensure the goods and services consumers value most will be produced at the lowest cost. However, markets are not always efficient, and the presence of market failures provides a case for government intervention. Price information asymmetry is a market failure.

In its May 2017 Report on the Cairns petrol market[2], the ACCC suggested that if a fuel price reporting scheme were 'introduced in Queensland it could provide greater price transparency to motorists in Cairns and other locations around Queensland'.

[1] ACCC. 2018. *Petrol prices stable to March, but now hitting four-year highs.* Media release issued 5 June 2018. ACCC Report - https://www.accc.gov.au/media-release/petrol-prices-stable-to-march-but-now-hitting-four-year-highs

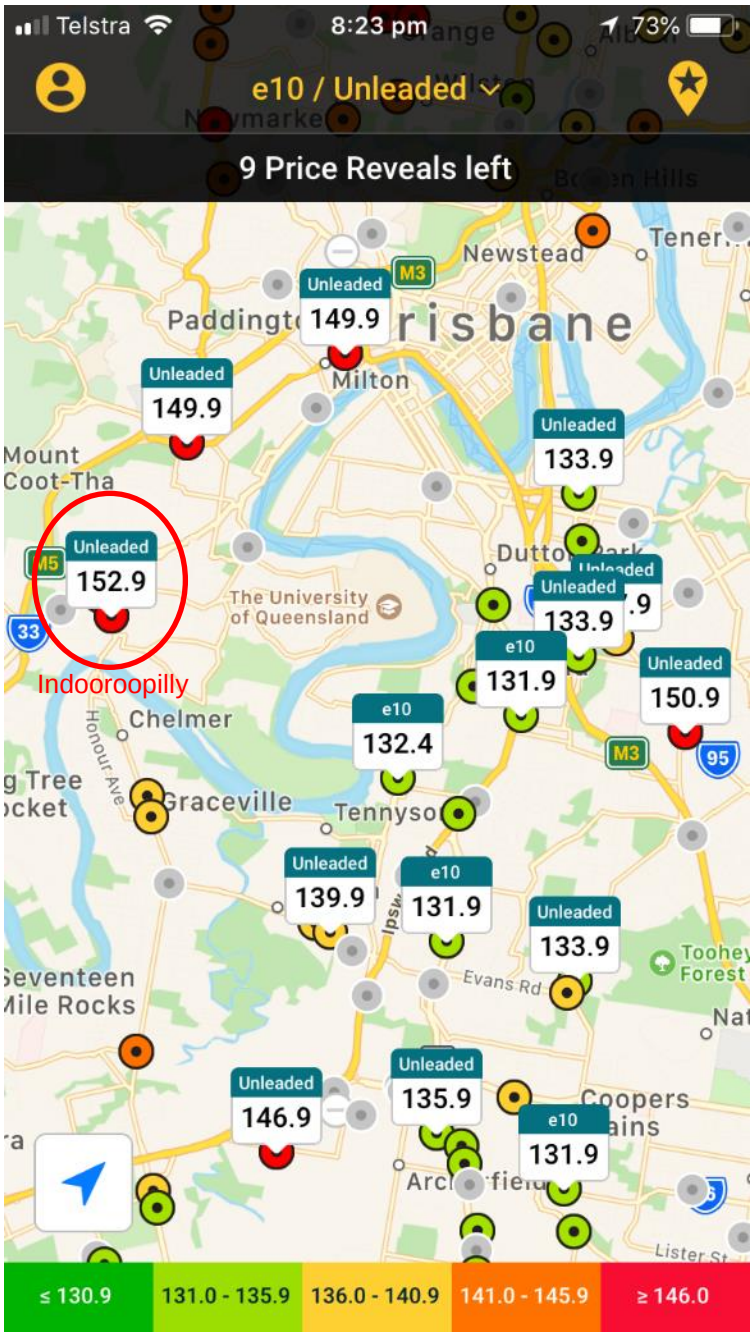
[2] ACCC. 2017. *Report on the Cairns petrol market*. May 2017. P3. ACCC Report - https://www.accc.gov.au/system/files/1203_ACCC%20Petrol%20Report_Cairns_FA.pdf

While existing services may enable consumers to take advantage of, for example, a 15 cents per litre price difference between some retail locations, consumers do not know if they are missing greater or more convenient savings from other fuel retailers whose prices are not available.

This issue was highlighted by ACCC Chair Mr Rod Sims in his speech titled 'Fuel price transparency and retail industry competition' on 13 September 2017 at the Asia Pacific Fuel Industry Forum.

> *"Many consumers appear to be convinced that petrol prices are a rip-off. Indeed, I meet many journalists who are of the same view.*
>
> *The wild fluctuations in prices that occur in the larger cities as a result of the petrol price cycles only reinforce this view. Consumers can see that international petrol prices have not risen; but fuel prices have.*
>
> *In regional areas, large variations in the price of petrol between one town and another also leave some consumers understandably frustrated in the belief that they are getting a raw deal on petrol.*
>
> *These perceptions have been around for many years and remain today.*
>
> *This is why the current focus of the ACCC is to highlight to consumers the ability of technology to help them find where the cheapest petrol prices are, to encourage them to buy where petrol is cheapest, and to reward retailers which have the lowest prices.*
>
> *This takes us from a long-standing arrangement whereby only the major retailers had access to comprehensive information about petrol prices, to consumers now being empowered to make purchasing decisions through a range of fuel price apps and websites.*
>
> *We believe this will, in turn, help drive more competitive markets in petrol retailing."*
>
> ***Rod Sims, ACCC, 13 September 2017***

Figure 2 – MotorMouth app



The above figure is a screenshot of the MotorMouth app in Brisbane (accessed 8:23 pm on Friday, 6 May 2018). The grey circles are fuel retail sites that do not currently make their fuel prices available to third party fuel comparison apps and websites which makes it difficult for motorists to choose the best deal; for example in South Brisbane, Paddington and Rocklea.

The example also shows that motorists in Indooroopilly (with the highest price) cannot see if nearby retailers have lower prices. The proposed scheme will close these gaps by making these prices available to motorists. The price range in this example is 21 cents per litre (cpl) between E10 at Archerfield, Moorooka and Fairfield (131.9 cpl) and regular unleaded petrol in Indooroopilly (152.9 cpl) which is a difference of $12.60 for 60 litres of fuel.

On 1 May 2018, when the Minister for Natural Resources, Mines and Energy issued a Ministerial Media Statement that "the Palaszczuk Government has announced a two-year trial of fuel pricing monitoring to take effect in Queensland as soon as possible" Minister Lynham also announced that a "working group with industry stakeholders, including the RACQ, will be established to oversee the implementation of the fuel pricing monitoring system".

This working group comprising government and representatives from the RACQ, the Australian Institute of Petroleum and the Australian Convenience and Petroleum Marketers Association met on multiple occasions in person and out of session. The purpose of the working group was to develop options for a two-year trial of:

(a) the aggregation of fuel price data to allow Queensland motorists to conveniently obtain near real time fuel prices.
(b) the publication of fuel price data by fuel retailers in Queensland.

The working group, through the Chair, was tasked with providing a report for the government's consideration on:

- a proposed fuel price reporting and data aggregation model that is suitable for:
    - initial implementation as a non-regulatory and two-year trial
    - mandated participation through legislation
    - other models as emerge from working group discussions.

2. Policy objectives

The implementation of fuel price reporting is intended to close the information gaps for motorists in existing fuel price comparison products given not all retailers currently publish their prices online, enabling motorists to use fuel price comparison apps and websites to find the cheapest fuel in their area.

The government utilised a number of policy objectives to assist in its consideration of the issues and options for fuel price reporting options to address the problem and objectives of action. These policy objectives are that, as far as possible, any interventions should:

1. Maximise the potential for motorists to take advantage of the demonstrable difference in market prices between fuel retailers through access to accurate and timely fuel price data.
2. Maximise integrity of the scheme through the provision of accurate and timely fuel price data.
3. Not impact adversely on market competition. That is, the implementation and operation of the Fuel Price Reporting must support competitive neutrality.
4. Build on learnings from other jurisdictions and recognise Queensland's characteristics such as metropolitan, regional and remote markets.
5. Avoid unnecessary red tape and costs that are passed onto motorists.
6. Be cost effective and efficient for industry.
7. Be cost effective and efficient for Queensland.

3. Fuel price reporting requirements

Closing the gaps in the fuel price data that is available to motorists is a key objective of the government. As noted above, there are gaps in existing fuel price reporting products due to different sources and not all fuel retailers make fuel price data available.

The government considered how to best close these gaps in a way that is cost effective and efficient and looked at:

a) who should report data
b) where should the data be reported
c) what type of data should be reported
d) when the data should be reported
e) how increased fuel price reporting can be achieved.

The government also considers that the outcome of fuel price reporting is that consumers get accurate, timely, comprehensive and easily accessible information.

Who is to report fuel price data

The government considers that to achieve the objectives:

a) all fuel retailers must participate in any scheme to report fuel price data;
b) exclusions (if any) should be based on a market catchment area and in response to an identified problem and not based on a class of retailer; and
c) the obligation to report should be on the person, or entity, that determines the retail fuel prices at the retail site.

All fuel retailers must participate, otherwise the objective to close the gaps will not be achieved. Placing different requirements on different fuel retailers is also not consistent with competitive neutrality in the fuel market.

The government's view is that the fuel price reporting scheme could commence with the participation of all Queensland fuel markets and all Queensland fuel retailers. However, consideration will be given to a mechanism to exclude some fuel markets, such as remote or isolated communities, if a clear problem emerges as a consequence of fuel price reporting.

The government recognises that the Australian retail fuel industry has a variety of business models, including:

- company owned and company operated (for example major retailers)
- dealer owned and dealer operated (for example, small to medium retailers who have branding agreements with major fuel suppliers)
- franchisees (for example, small to medium to large retailers who operate under the brand of major fuel suppliers)
- commission agents (who operate a site for a fuel seller without owning the fuel)
- independent fuel retailers.

To enable compliance by the retail fuel industry, the government considers the person or entity that sets the price of the retail fuel prices payable by motorists at the bowser will be obliged to report fuel price data.

Where fuel price data is to be reported

The government in its deliberations considers a scheme where compliance by fuel retailers is available through a number of methods is the best way to limit the imposition of red tape.

This will allow reporting consistent with existing fuel industry practice and to accommodate the wide variety of ownership structures and sizes in the retail fuel industry.

The government considers all of the following choices should be available for fuel retailers to report fuel price data:

a) Fuel retailers (or their appointed third party agent) reporting fuel prices to an aggregation service appointed by the Government.
b) The aggregation service validating the data (by a variety of means).
c) The aggregation service providing fuel price data to the Government (for open data availability), third party publishers (via an Application Programming Interface (API)) for use by Queensland motorists and other data users.
d) Third party publishers providing usage data back to the aggregator for collation and reporting to government.

The requirements to report fuel price data through multiple streams (i.e. phone/web app and API), including any compliance obligations, should take into account the different circumstances of each of these methods.

What fuel price data is to be reported

The government considers that the fuel price reporting objectives are best achieved by making the type of information reported as consistent as practicable with existing industry practice and mandatory requirements in other jurisdictions.

Fuel prices should be reported for all, and only, the types of fuels ordinarily offered for sale at the retail site.

Retailers are to update prices at least once every 24 hours. If a price is not updated, the aggregator will remove the price from its provided dataset. This is consistent with international practice for fuel price publication, where prices expire at midnight or after 24 hours from the last price updated by a retailer.

This is a safeguard against consumers visiting a site on the basis of the price for a fuel which is unavailable and then needing to purchase a different fuel at a higher price.

Only the full fuel prices (and no conditionally discounted prices) should be reported so as to be consistent with the policy objectives and requirement of the *Fair Trading (Fuel Price Board) Regulation 2017* (Qld). Consistent with that regulation, the offer and promotion of conditionally discounted fuels to motorists should continue to be available to fuel retailers.

Data requirements are, where possible, to harmonise with requirements already existing in other Australian jurisdictions that require fuel price reporting. The government recognises that any variations may lead to increased compliance costs for fuel retailers that may place upward pressure on fuel prices in Queensland.

The fuel price and related data to be reported could include:

(i) fuel prices (undiscounted)
(ii) types of fuel offered for sale
(iii) fuel brand (if any)
(iv) name of legal entity which operates the site (or responsible for reporting for the site)
(v) ABN or ACN for the entity which operates the site (same as above)
(vi) trading name for the service station (if any)
(vii) location address including number, street name and suburb for the site
(viii) telephone number for the site
(ix) trading hours for the site

(x) name of the primary contact person for the site
(xi) position or title of the primary contact person
(xii) mobile telephone number for the primary contact person
(xiii) email address for the primary contact person.

When fuel price data is to be reported

The government recognises that when fuel retailers should report fuel price data needs to balance:

(i) the method in which the fuel retailer is reporting the data;
(ii) the practicalities for fuel retailers to achieve compliance at each site (such as coordinating price change instructions from off-site; changing price boards; clearing the forecourt of motorists who have seen a previous price on the board; and changing bowser prices);
(iii) that the data needs to be accurate, timely, comprehensive and easily accessible; and
(iv) that motorists and the fuel market are not misled.

The government has determined that, for the duration of the trial, fuel retailers should report fuel price changes within 30 minutes of the price changing at the bowser.

The government considers that fuel retailers should be considered to have complied with their reporting obligation, when the fuel retailer or their agent has made the update available to the aggregator through the retailer's choice of reporting method.

For example, for smaller retailers using a portal type arrangement, the government considers compliance with this timeframe is met when new fuel price information is submitted to an aggregator through the portal. The aggregator will be required to provide a receipt that the data has been updated for compliance and evaluation purposes.

While industry anticipates that retailers will, in the majority of cases, be able to deliver data more quickly, 30 minutes is a reasonable regulatory timeframe because:

- it is practical for such a diverse industry
- it can be reviewed as part of the trial.

How increased fuel price reporting will be achieved

The government considered whether it would be necessary to impose a regulatory requirement for greater fuel price reporting, or if the desired outcomes could be achieved through voluntary industry action, or an industry code of practice.

After consultation with the working group representing fuel retailers and motorists, the government considers that regulation will be necessary to ensure full market coverage and to close the gaps as intended and for accuracy, credibility and enforceability of the requirements.

Additionally, the government sought the fuel price working group's views on whether fuel price reporting could with voluntary participation by fuel retailers and if that would bring some of the benefits of fuel price reporting, while regulatory changes were made. This may also assist in testing of technical issues for retailers, the aggregator and comparison service providers.

The government accepted advice that to ensure the credibility of fuel price reporting for both industry and motorists, it must be compulsory.

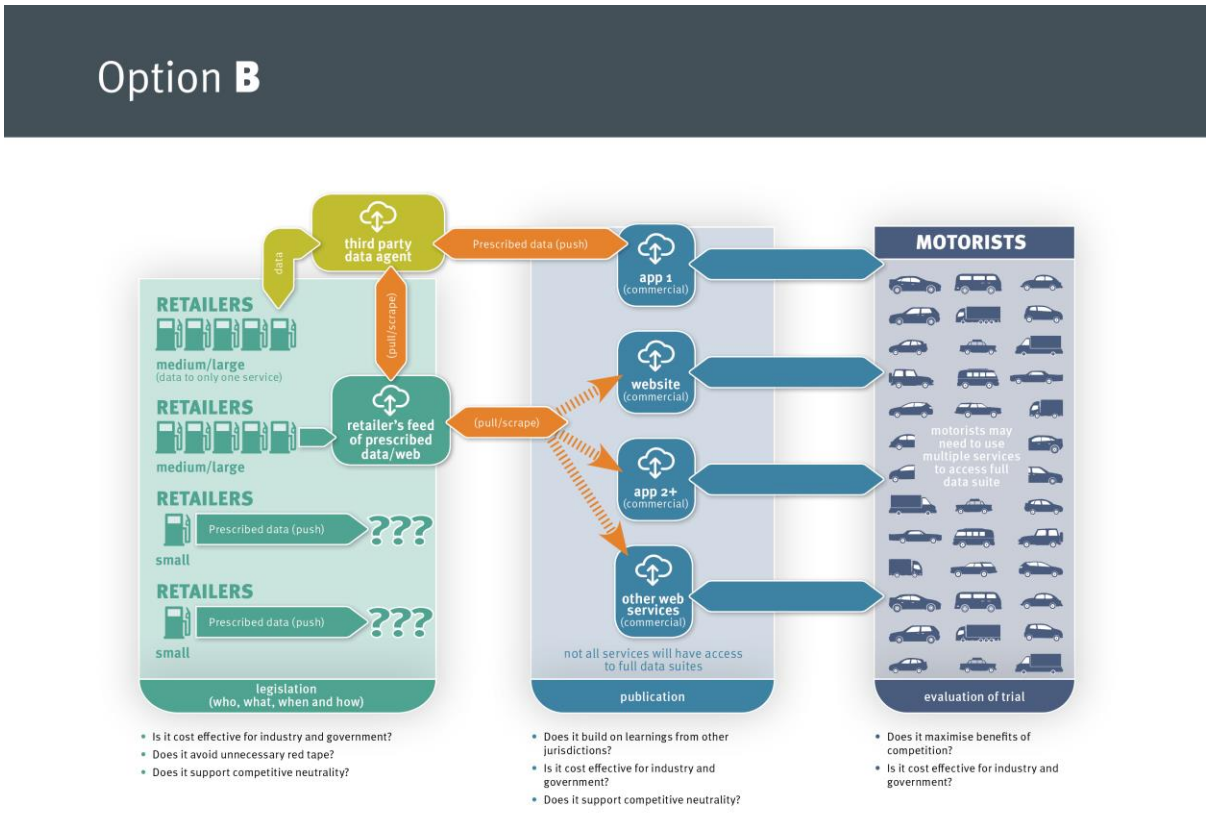
4. Options to facilitate aggregation of data for motorists

The working group report helped inform the government's deliberations regarding fuel price reporting as included in this consultation regulatory impact statement.

The options the working group and government considered for fuel price reporting were:

- **Option A**: status quo (no additional reporting requirement and market response).
- **Option B**: reporting requirements as outlined below and reliance on market to collect data into services for motorists.
- **Option C**: reporting requirements as outlined below and government facilitates aggregation of data for use by commercial service providers but does not itself provide a comparison services.
- **Option D**: reporting requirements as outlined below and government provides a comparison service as well as a data stream for competing services (similar to NSW model).

Figure 3 - Option B for Fuel Price Reporting



Option B: utilises a light touch model where fuel retailers are required to provide their pricing data in an approved format in publicly accessible locations.

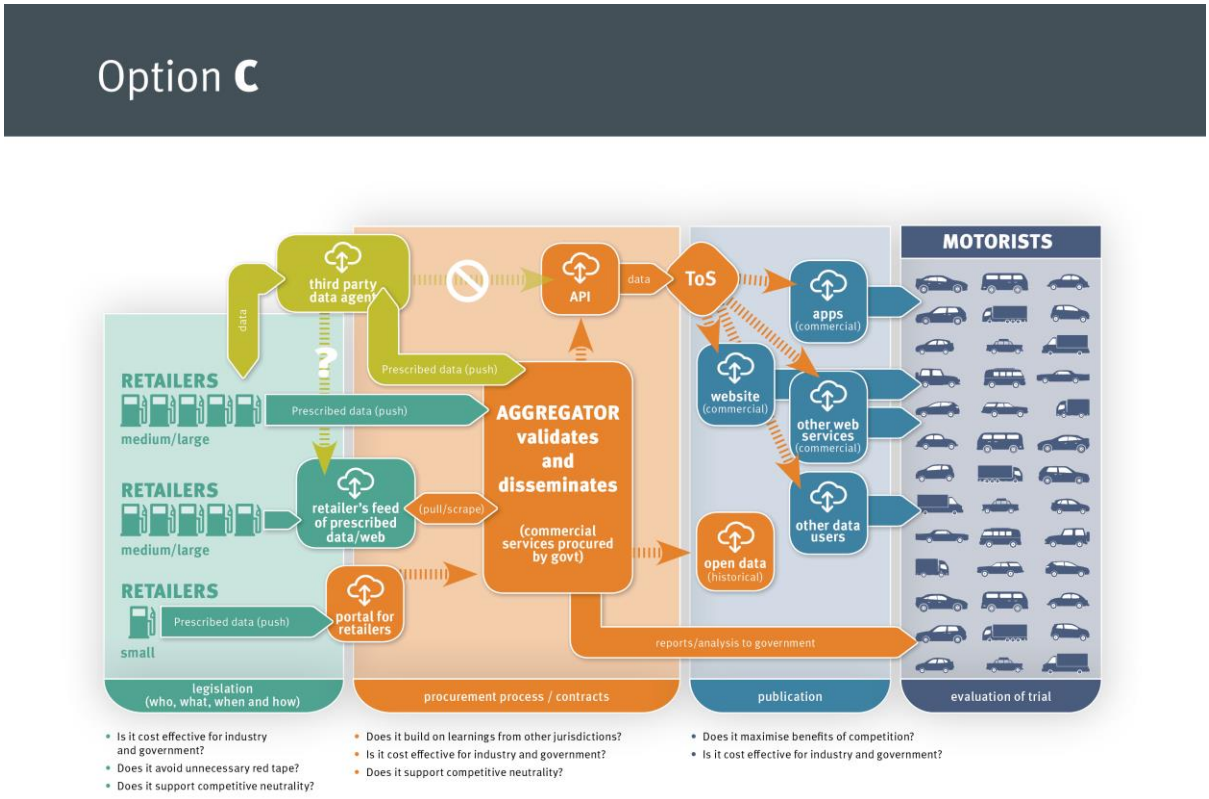
This approach in particular would minimise the regulatory burden particularly for the retailers who currently subscribe to industry services.

However, this model would not provide any assistance to smaller operators who may not have the capability to provide data feeds.

This option may also make it difficult for comparison services to collect the data quickly and easily, potentially reducing the benefits for consumers.

While all fuel retailers would be reporting data, the individual fuel price comparison services would not necessarily be able to access all data sources resulting in services that, individually, still have data gaps.

Figure 4 - Option C for Fuel Price Reporting



Option C: utilises elements of the light touch model (Option B) where fuel retailers are required to provide their pricing data in an approved format and also utilises elements of Option D, whereby the government facilitates an aggregation service that acts as a clearing house for the data to be then made available to publishers.

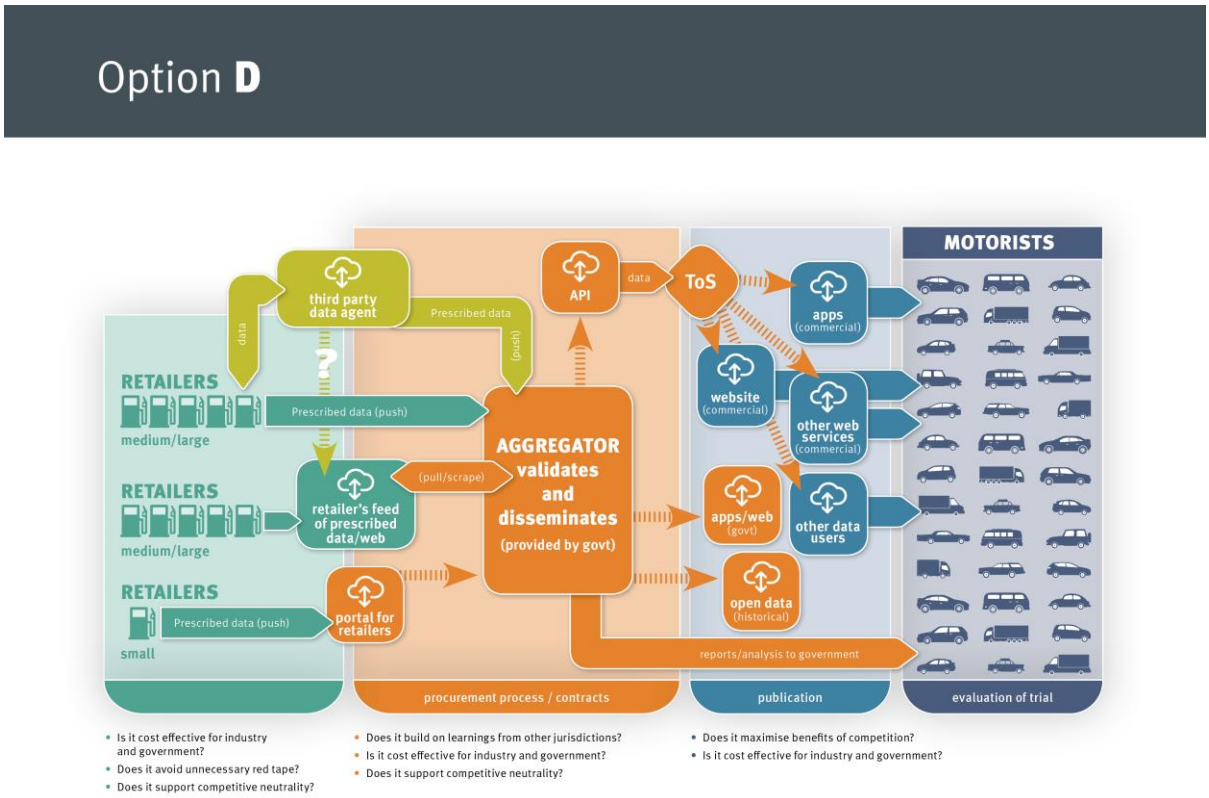
This model involves the government appointing a data aggregator through a competitive process. This model introduces an extra handler of data into the mix and increases costs to the State. However, it is likely to better support both the timely, accurate provision of data and innovation in the comparison service market – a key policy objective for government.

The role of the aggregator would be to collect and validate the data provided by retailers and then push a data feed out to users. This data feed could be drawn upon by any commercial or non-commercial service with an interest in it.

For the purposes of evaluating this intervention, the working group and the government consider that users should be required to agree to provide some usage data back via the aggregator as part of a terms of use. The aggregator would also be required to ensure that any use it made of the data itself would be on the same terms as other users.

This model was considered to be a relatively light touch approach that maximise the benefits for motorists and would drive innovation in the collection and validation of data as well as in the services which make use of the data.

Figure 5 – Option D for Fuel Price Reporting



Option D: is based on the New South Wales fuel price reporting model where the government acts as a participant in the comparison service market, competing with private sector and established publishers. The government is in effect duplicating and diluting existing market offerings.

Option D is similar to Option C as all fuel retail sites will be required to report a change in their fuel prices to a central point. However the aggregation and publishing of the fuel price data would be conducted by the government, instead of by commercial operators.

5. Impact analysis of options

Options to meet the policy objectives were considered by the working group.

The options for the fuel price reporting trial were assessed against the policy objectives identified in Figure 6 below.

The options were assessed according to the following:

- achieves policy objective
- partially meets policy objective
- does not meet policy objective.

Figure 6 - Analysis matrix of options for fuel price reporting trial against policy objectives

	Policy Objectives	Option A	Option B	Option C	Option D
1	Maximise the potential for motorists to take advantage of the demonstrable difference in market prices between fuel retailers through access to accurate and timely fuel price data.				
2	Maximise integrity of the scheme through the provision of accurate and timely fuel price data.				
3	Not impact adversely on market competition. That is, the implementation and operation of the Fuel Price Reporting must support competitive neutrality.				
4	Builds on learnings from other jurisdictions and recognise Queensland's characteristics	N/A			
5	Avoids unnecessary red tape and costs that are passed onto motorists				
6	Cost effective and efficient for industry				
7	Cost effective and efficient for government				

Achieves policy objective	Partially meets policy objective	Does not meet policy objective

Two of the policy objectives (1 and 2) directly contribute to achieving the key objective of closing the gaps in fuel price data available to motorists.

Option A is maintaining the current situation with only about half of fuel retail sites reporting their prices. Option A does not meet policy objectives 1 or 2 because it does not close the gaps in the current fuel price reporting websites or apps and does not provide accurate or timely fuel price data. These are two key policy objectives. Option A does not build on learnings form other jurisdictions as there are not changes from the current situation. Option A achieves the remaining policy objectives, as it does not impact adversely on the current level of market competition, impose any costs on government or impose any costs or red tape on industry.

Option B, would require retailers to provide their pricing data in a specified format, in a publicly accessible location. The location where the information is provided could be through existing third party websites or apps, on their own website or some other way. This model would not impose costs on those retailers that already publish their pricing data.

However those retailers that do not currently publish their fuel price data would potentially have increased costs to publish their fuel prices. Comparison services may also find it difficult to collect the data quickly and easily if at all, potentially maintaining gaps and reducing the potential benefits for consumers. This option potentially will not meet the policy objectives of maximising the potential for motorists to take advantage of difference in market prices between fuel retailers, and maximising

integrity of the scheme through provision of accurate and timely fuel price data. The government rejected this option and was not considered further.

Option C was the option that most closely aligned with the policy objectives that contribute to delivering the fuel price reporting trial. Option C was also the preferred option of the working group comprising fuel retailer industry groups and consumer representatives.

Option C achieves policy option 1 and 2 by requiring all fuel retail sites to report their fuel price data within 30 minutes to an aggregator. The aggregator will make this fuel price data available to third party commercial fuel price publishing services such as MotorMouth and GasBuddy, so that motorists can find the cheapest fuel in their area.

However, Option C closes the gaps in the existing fuel price publishing services, without unnecessarily going further and becoming a fuel price publishing service that competes with the existing and potentially new services. Option C also has in built safeguards, including data integrity checks to ensure that the data uploaded by fuel retailers is accurate. This assists in ensuring that Option C maximises integrity of the fuel price data. All fuel retailers are treated equally, maintaining competitive neutrality between the fuel retailers. Option C was developed taking into consideration feedback from industry on the operation of other fuel price reporting systems in Australia, so it builds on learnings from other jurisdictions meeting policy objective 4.

Option C does increase red tape and costs for fuel retailers. However, considering feedback from industry on learnings from other jurisdictions, and having the data in a format similar to other jurisdictions where possible, minimises these costs for retailers, partially meeting policy objectives 5 and 6.

Option C does increase costs to government through the appointment of a data aggregator. However this will likely better support the timely, accurate provision of data and innovation in the comparison service market. It is considered to be a relatively light touch approach, maximising benefits for motorists while driving innovation in the collection ad validation of data.

Option D met the key policy objective of maximising the potential for motorists to take advantage of the difference in prices between retailers. It partially met four objectives (2, 3, and 6), and did not meet two others, avoiding unnecessary red tape and cost effective and efficient for government. Option D only partially meets objective 2 because, being based on the NSW model, it does not have the built-in data integrity checks that are included under Option C (such as data matching). This means Option D has increased risk of non-compliant fuel price information that is inaccurate or not up to date. Option D would require the Queensland Government to set up and run an aggregation service and a website and mobile app for motorists to find the cheapest fuel. This option would be more expensive and less innovative than Option C, duplicating existing market offerings, competing with the private sector, and provide less value for money.

In summary, Option C is preferred as it achieves the best balance of achieving the policy objectives as set out in the analysis matrix in Figure 6 above.

Impact on fuel retailers that do not currently report fuel prices

There are no impacts under Option A for fuel retailers that do not currently report fuel prices.

Under Options B, C and D, fuel retailers that do not currently report their fuel prices are most likely to be impacted with the introduction of fuel price monitoring as this will place an additional regulatory obligation on them.

Option B, would require retailers to provide their pricing data in a specified format, in a publicly accessible location, potentially through existing third party websites or apps, on their own website or some other way. This model may not impose costs on those retailers that already publish their pricing data in a suitable format. However, those retailers that do not currently publish their fuel price data in a suitable format, or do not publish their fuel price data at all, would potentially have increased costs to publish their fuel prices.

Under Options C and D, it is recognised that those fuel retailers that currently report their data to an industry or motorist service will be less impacted by the introduction of fuel price monitoring. This is because the government will enable third party agents to report fuel price data on behalf of fuel retailers and will seek for the reporting and aggregation to have as much consistency with other Australian jurisdiction fuel reporting as practically possible. Option D is based on the NSW FuelCheck scheme, which also allows third party agents to report fuel price data on behalf of fuel retailers. However fuel retailers advised that due to the timing of reporting and the practicalities of compliance, fuel retailers are reporting directly as well as through the third party agent. This increases the time taken by individual retailers to report, and means there are often two reports of price changes occurring on FuelCheck.

The government in its deliberations considers a scheme where compliance by fuel retailers is available through a number of methods is the best way to limit the imposition of red tape.

This will allow reporting consistent with existing fuel industry practice and to accommodate the wide variety of ownership structures and sizes in the retail fuel industry.

The ability to report fuel price data in multiple ways (e.g. phone/web app and API), should take into account the different circumstances of each of the fuel retailers.

The government estimates the impost for fuel retailers will be in human resource time, and developing new processes and systems, to advise the government (or its appointed service provider) of their fuel prices. For fuel retailers however that are part of a chain it is anticipated the aggregator would be advised directly (or via third party agent) via direct data feed or bulk upload as occurs in other Australian jurisdictions that have implemented fuel price reporting. Of the about 1400 fuel retail sites in Queensland it is anticipated that approximately half will directly report fuel prices to the aggregator via direct data feed or bulk upload.

Based on experience in other Australian jurisdictions, the rest of the fuel retail sites will input their price data into a web portal operated by the aggregator.

Based on experience from fuel price reporting in other Australian jurisdictions each price change notification takes approximately five minutes for all fuel types combined per price change. The average number of price changes per month per station in metropolitan areas is 30, in regional areas five and in rural areas only one.

Figure 7 - Anticipated time impacts on different types of retailers by region for direct input into a web portal

	Local Government Areas represented*	Number of retail sites*	Approximate total number of changes per month (all fuel types)	Total time per fuel retail site per month (minutes)
Metropolitan	8	700	30	150
Regional	25	500	5	25
Remote	25	200	1	5

*Approximate numbers only

Fuel retailers with ten or more sites accounts for approximately 75% (of fuel retail sites in Queensland. Based on experience from other jurisdictions we anticipate these retailers may seek to bulk upload their fuel price data rather than individually for each fuel retail site.

In summary, Option B will impose extra costs for those fuel retailers that do not currently publish or report their fuel price data in the appropriate format. Given fuel retailers could publish prices on their website, this may be the lowest cost option for retailers overall, however this option will not meet other key objectives. Option C offers different ways that fuel prices may be reported, potentially limiting the additional costs to fuel retailers. Option D potentially imposes the greatest costs on retailers.

While options B, C and D impose additional costs on retailers, Option C is preferred as it has the best balance of achieving the other policy objectives.

Establishment impact

Feedback from fuel industry groups is that the main impact for fuel retailers during establishment of the fuel price reporting scheme will be establishment of the process to report the fuel price change to the aggregator. To limit this establishment impact, the data requirements will be similar to the data requirements in NSW for FuelCheck and the NT for My FuelNT. Fuel retailers that currently operate in NSW and the NT will have existing reporting processes for those markets that will be able to be adapted with minimal impacts to requirements in Queensland. It is expected that larger fuel retailers with multiple retail sites will follow their approach to fuel price reporting in other jurisdictions and report via direct data upload or direct feed.

This will involve some IT system configuration, and this is one of the largest impacts during establishment. However, the large fuel retailers are able to share these implementation impacts across multiple sites mitigating the implementation impact. Fuel retailers with multiple sites but that do not operate in NSW or the NT may decide to report prices in bulk and will need to configure their IT systems to report prices. However, these impacts will also be distributed across multiple sites mitigating the implementation impact. Smaller fuel retailers with only a single or small number of retail sites choose to report directly and will need to put in place procedures. While there will be some implementation impacts, these are shown above in the table based on whether they are in remote, regional or metropolitan areas.

Reporting impact

There are four ways that data could be reported by fuel retailers to meet their fuel price reporting obligation. These are:

a) **a portal** for fuel retailers to directly input to a data aggregator e.g. this may be suitable for small retailers and individual retail sites;

b) **direct bulk data upload** to a data aggregator e.g. this may be suitable for medium to large retailers with multiple sites

c) **direct bulk data upload through a third party** data agent for the fuel retailer which accommodates existing fuel industry practices.

d) an option to report where an internet connection is not available.

The data aggregator will make fuel prices available to third party publishers.

Analysis on how fuel retailers might report is based on discussion with industry and how Queensland fuel retailers report for the existing biofuels mandate. For the biofuels mandate, the largest 14 fuel retailers currently bulk upload their volumetric data. Based on their practices on other states with fuel reporting requirements, five of these fuel retailers, who operate almost 700 fuel retail sites, are expected to report prices via a third party agent. Providing these retailers with an option to report to the aggregator via their existing third party agent means that the additional ongoing regulatory reporting burden is expected to be small.

The remaining nine large fuel retailers, who control over 350 fuel retail sites, are anticipated to bulk upload their fuel price data to the aggregator. For those retailers that already report fuel prices in other jurisdictions, providing this option means that the additional ongoing regulatory burden is expected to be small.

The remaining fuel retailers, who control approximately 400 fuel retail sites, may choose to input their data directly to the data aggregator through a portal. This is expected to be a new regulatory burden for these retailers, especially those who do not operate and report prices in other jurisdictions. The additional burden will vary depending on how often the retailer changes their fuel prices. Figure 6 above suggests that this new regulatory burden will be small. Some of these fuel retailers that operate multiple fuel retail sites may instead choose to do their own bulk upload if they believe it to be more efficient.

Implications for regional, remote and metropolitan Queensland

Queenslanders in remote and regional Queensland have greater commuting distances than Queenslanders in cities (including Cairns and Townsville). It can therefore be expected that motorists in remote and regional areas have higher fuel costs than motorists in cities.

Motivated motorists in remote and regional Queensland may therefore benefit from being empowered to find the best deal using a fuel price reporting scheme. However, this will be limited by the smaller numbers of competing fuel retailers. It is not possible to quantify these potential impacts, particularly as it depends on motorists in different markets being motivated to search for and choose the best deal.

Fuel price reporting gaps occur across Queensland. The proportion of fuel retail sites that are included in existing commercial fuel reporting websites and apps is relatively consistent across metropolitan and regional Queensland. However, there may be less fuel retail sites in remote areas that are currently included in fuel price reporting websites and apps.

The Queensland Government commissioned Griffith University to study the impacts on average petrol prices after the introduction of the mandatory fuel price reporting schemes in New South Wales in August 2016 (FuelCheck) and the Northern Territory in November 2017 (MyFuelNT).

The studies found a small price reduction of 1.03 cpl in the highly the competitive metropolitan Sydney market. In regional NSW which has less competition, there was no change in prices, and in the less competitive Northern Territory market, there was a small increase in average prices.

The summary of the Griffith University studies can be found in **Appendix C**.

Key findings of the Griffith University New South Wales (NSW) study:

a) Griffith University analysis suggests in Metropolitan Sydney FuelCheck has a small but sustained impact on average monthly Unleaded Petrol (ULP) retail prices, equivalent to a permanent reduction of 1.03 cpl (-0.7% change in total price).

b) In Regional NSW there was no significant impact found.

c) Griffith University analysis suggests that the difference in outcome post-FuelCheck between metropolitan Sydney and regional NSW is due to differences in retail fuel competition. Metropolitan Sydney has a larger proportion of independent fuel retailers, which compete with the more established fuel retailers on price.

d) In Sydney, Griffith University analysis suggests FuelCheck appears to have facilitated greater competition by making it easier for consumers to find the most competitive prices. In regional NSW, the lack of competition, and the greater distances between fuel retailers would dampen the impact of FuelCheck.

Key findings of the Griffith University Northern Territory (NT) study:

a) Griffith University analysis suggests that the introduction of MyFuelNT coincided with an increase in monthly ULP prices of 1.08 cents per litre (+0.67% change in total price). The increase in ULP prices was territory-wide. Significant upward increases were found in Alice Springs (+1.10 cents), Darwin (+1.05 cents) and Katherine (+1.05 cents).

b) The Griffith University study noted the results for the NT should be treated with caution and as preliminary.

c) This preliminary finding in ULP retail prices could possibly be due to the low levels of competition in NT (compared to NSW). With low levels of retail competition, the MyFuelNT scheme potentially enables tacit collusion among fuel retailers, where fuel retailers do not directly collude on fuel prices, but use retail fuel price information to not only avoid competing on price, but to keep prices high.

Griffith University analysis suggests there is no conclusive evidence that a mandatory fuel price reporting scheme will have any downward impact on fuel prices. The Griffith University study found that remote and regional Queensland fuel markets are even less likely than capital city markets to have downward pressure on fuel prices.

In contrast, the Griffith University study cautioned that there is a risk of upwards pressure on fuel prices in regional Queensland. This is due to the findings of increases in prices of fuel in the Northern Territory following the introduction of fuel price monitoring, and the similar lower levels of competition in regional Queensland. This risk demonstrates the importance of the evaluation of the two year trial scheme.

The Griffith University studies were not a cost benefit analysis of the fuel price reporting policy, and could not consider other possible benefits to consumers, including:

- Increased understanding of fuel pricing practices by, and empowerment of motorists
- Savings for motorists as a result of switching the time and/or location of their fuel purchase.

The ACCC found in its quarterly reports into the Australian petrol market and its Brisbane petrol market report that average petrol prices in Brisbane are approximately three cents per litre more than the four other large capital cities due to a lack of competition. Given the lower levels of competition, a mandatory real-time fuel price reporting scheme is unlikely to put downward pressure on petrol prices in Queensland.

The implementation of fuel price reporting will close the information gaps for motorists in existing fuel price comparison products given not all retailers currently publish their prices online, enabling motivated motorists to save by using fuel price comparison apps and websites to find the cheapest fuel in their area.

Government funding to deliver fuel price reporting

Government resourcing for the fuel price reporting will be required for a period of three years to design and implement the scheme in the current financial year, undertake a two year trial, and to ensure the scheme continues while the government considers and implements any future adjustments informed by the outcomes of evaluation of the two year trial.

Government resourcing varies between the different options. Option A will require no further funding. Option B requires minimal government funding for compliance measures and evaluation of the trial. Option C requires a larger amount of resources for provision of an aggregator, project management and implementation, compliance measures and evaluation (see below for detail of resourcing necessary for Option C). Option D requires the largest amount of resourcing. Resourcing for Option D is similar to Option C, except it also includes the operation of an aggregator, website and mobile app to publish fuel pricing for motorists.

Government resourcing to implement Option C over three years will be necessary to develop, implement, enforce and evaluate the trial of a fuel price reporting scheme, including:

(a) resourcing for the procurement of a capable and innovative information technology partner (the aggregator) to design, build and operate a solution over three years that includes the following:

  (i) collect fuel price data reported by fuel retailers in compliance with regulatory requirements and in multiple ways that minimise the reporting burden on those fuel retailers;

  (ii) aggregate the fuel price data collected;

  (iii) make the fuel price data available through a suitable API to third party publishers, such as existing commercial website and app providers, and potential new innovative publishers, to enable motivated motorists to find the best deal;

  (iv) conduct data matching checks and balances to build data integrity, identify potential non-compliance and inform targeted compliance investigations;

  (v) ensure appropriate information security;

  (vi) publish suitable open data, such as historical fuel prices, consistent with the Queensland Government Open Data Policy Statement;

  (vii) obtain data, including customer usage statistics, from users of the API to inform government's evaluation of the trial.

(b) resourcing for the evaluation of the trial, including:

(i) the procurement of suitable baseline data prior to the trial;

(ii) regular expert statistical analysis of pricing trends, building on the work undertaken to date by Griffith University

(iii) engagement of suitable expertise to design and scope the evaluation methodology before the trial and to provide analysis and findings following the trial.

(c) resourcing for project development and implementation;

(d) resourcing for compliance and enforcement activities for the over 1400 retail fuel sites and over 320 retail fuel entities that operate in Queensland.

Government resource impacts will include the Department of Natural Resources, Mines and Energy and the Department of Justice and the Attorney-General.

6. Consultation

In May 2018, the Minister for Natural Resources, Mines and Energy established a working group to assist the development and implementation of a fuel price reporting scheme for Queensland. The working group included consumer representation through the RACQ and industry consultation through the Australian Institute of Petroleum and the Australasian Convenience and Petroleum Marketers Association. The working group produced a report for the Minister. The working group considered that Option C was the preferred model for fuel price reporting by fuel retailers.

Community consultation is also undertaken via this Consultation RIS.

7. Conclusion and recommended option

The government will require a fuel price reporting scheme that publishes timely, accurate and complete fuel price information by fuel retailers across the state. This will empower motivated motorists to get the best deal by closing gaps in existing fuel price information and stimulating innovation amongst providers of price comparison services.

The working group's preferred approach is consistent with the government's preferred Option C. This scheme will have two elements:

- A regulatory requirement on fuel retailers to publish price information as prices change and at least once per day. The regulatory requirement will, as far as possible, be comparable to existing fuel price reporting obligations in other jurisdictions. It is to be made through a regulation under the *Fair Trading Act 1989*.
- Appointment of an information technology partner whose role would be to aggregate this data, validate it for accuracy and make it available through an application programming interface (API) to consumer-facing comparison services and other users.

This approach will drive innovation in the validation and provision of data to motorists. It will also minimise the regulatory burden and cost to government. The validation requirement provides safeguards against misleading price advertising which could otherwise have negative impacts on motorists and market competition. It will also enable an efficient, data-driven approach to compliance necessary to give the scheme credibility and deliver maximum consumer benefit.

The estimated ongoing costs to fuel retailers will be about an extra five minutes of staff time for every fuel price change to upload data to the aggregator. This time period is regardless how many fuel types a fuel retailer has at a fuel retail site. There will also be additional costs to fuel retailers to

initially establish systems and processes to comply with the new requirements and to report fuel prices to the aggregator.

As the commitment is for a two year trial, data will be collected throughout on the impacts of increased price reporting on consumer awareness, consumer behaviour and fuel market dynamics. This will inform future government decisions about whether to continue, amend or end the scheme.

8. Consistency with policies and legislation

The Office of Best Practice Regulation (OBPR), following consultation on the proposed regulation determined that there is the potential for significant adverse impacts. There are more than 1400 retail fuel sites in Queensland owned and operated by at least 320 entities. The regulation will impose reporting requirements on these businesses, which may increase business costs and will require additional government resources.

9. Implementation, safeguard, compliance, enforcement, and evaluation strategies

Transition and Implementation strategies

A number of steps are required to further develop the scheme. These include consideration of the outcomes of this Consultation Regulatory Impact Statement, drafting of a Regulation, Cabinet approvals to prepare the regulatory amendment and procurement of an information technology partner to perform the data aggregation role.

The regulatory regime is proposed to commence in December 2018 and is intended to involve an education-focussed approach to compliance for retailers for at least 3 months while fuel retailers adapt to reporting requirements and the aggregator deals with an increasing number of incoming data feeds. The benefits of fuel price reporting will start to be seen by Queenslanders from December, with retailers having three months to fully implement processes to report price changes to the aggregator.

Safeguard strategies

The proposed scheme includes safeguards against a number of risks to consumers and market competition.

First, the aggregator will be required to perform some level of data validation to ensure that retailers are not misleading consumers or their competitors by publishing false information. Inaccurate fuel prices have the potential to either mislead motorists (if the reported price is less than the price payable at the pump) or to manipulate the fuel price market by sending false price signals to competitors. The aggregator may draw on other data sources, such as commercially-available fleet card data, or other innovative methods to be determined through the procurement process.

Second, the working group considered it would be important to ensure there is sufficient resources to respond to complaints or concerns about compliance or unintended impacts of the reporting requirements. A data-driven compliance strategy, drawing on data validation and analytical skills of the aggregator, will support this, enabling a targeted, efficient regulatory response.

Thirdly, the requirement for retailers to report or validate prices at least once a day safeguards against motorists being lured to a site by out of date information (e.g. advertising cheap regular petrol or E10 when the product is out of stock so the motorist is faced with the choice of a more expensive grade or driving to another site).

Finally, concerns have been raised internationally and in academic literature that price transparency enables "tacit collusion" amongst retailers. However, in Queensland, major fuel retailers already have access to competitor's fuel prices through the use of existing services and local price "spotters". Option C will empower motorists with more timely, accurate and complete fuel price information through innovative fuel price products.

> *"We believe that in Australia, where large retailers had been able to see each other's fuel prices for many years, giving that information to consumers empowers them to search for lower prices, rewards lower priced retailers and drives competition in the market."*
>
> ***Rod Sims, ACCC, 13 September 2017***

> *"The ACCC has not endorsed one type of system of fuel price transparency, or made a judgement on whether it should be privately run or government run.*
>
> *But while we believe that having many website and app providers can be a good thing, the timeliness and completeness of the price data is very important.*
>
> ***It is important that not only the major players are covered by these websites and apps, but also that smaller independents are also included**, as they often provide competitive tension that is so important in these markets. This was an issue we found in our regional market studies, which I will talk about in a moment. (emphasis added)*
>
> *In our quarterly reports we have reported on the increased take-up of fuel price apps and websites in recent years. And while we would like to see more consumers using them, the early results have been encouraging."*
>
> ***Rod Sims, ACCC, 13 September 2017***

Compliance and enforcement strategies

This government recognises that public confidence in the trial will be based on the quality of the data published. The service should be accurate, timely, comprehensive and easily accessible.

In implementing fuel price reporting, the government will implement a data-driven compliance strategy, drawing on data validation and analytical skills of the aggregator, enabling a targeted, efficient regulatory response. This will include data matching checks and balances to build data integrity, identify potential non-compliance and inform targeted compliance investigations.

This will facilitate the provision of resources to respond to complaints or concerns about compliance or unintended impacts of the reporting requirements.

To ensure the quality of the published data, the compliance and enforcement strategy will include penalties for not meeting the regulatory obligation to correctly report each price change of the price of a fuel within 30 minutes of a change. The maximum penalty that can be applied by a regulation under the *Fair Trading Act 1989* is 20 penalty units. A penalty unit in Queensland is currently $130.55. The total maximum penalty that will apply for each breach of an obligation will be $2,611.

Evaluation strategies

The Ministers announcement is for an initial two year trial. The government will establish an evaluation steering committee, including members representing fuel retailers and motorists to help scope and oversee research into the impacts of the trial.

The purpose of this evaluation would be to understand the impacts of greater fuel price reporting on consumer awareness, consumer behaviour and fuel market dynamics. The evaluation will measure:

a) use of fuel price comparison apps and other third party services, particularly by consumers;
b) consumer behaviour and decision making as a result of using apps (potentially via market research led by RACQ)
c) analysis of the impacts on fuel prices, continuing the analysis begun by Griffith University
d) analysis on the impact of retail margins and market competitiveness (via ACCC quarterly reports into Brisbane).

The government considers the evaluation will be critical to ensuring the scheme delivers maximum benefits at minimum cost and will inform deliberations on whether the government would continue the scheme, at least in some form, after the end of the trial.

The future of the scheme after the trial, any related resourcing implication, and the compiling or release of any evaluation report, will be considered by the government at that time.

Appendices

Appendix A – Ministerial statement of 1 May 2018 on fuel price reporting

Media Statements

Minister for Natural Resources, Mines and Energy

The Honourable Dr Anthony Lynham

Tuesday, May 01, 2018

Palaszczuk Government to tackle fuel prices

The Palaszczuk Government has announced a two-year trial of fuel pricing monitoring to take effect in Queensland as soon as possible.

A working group with industry stakeholders, including the RACQ, will be established to oversee the implementation of the fuel pricing monitoring system.

“We know Queensland motorists are rightly concerned about high fuel prices,’’ Energy Minister Dr Anthony Lynham said today.

“While the primary responsibility for fuel pricing remains with the Federal Government and ACCC, the Palaszczuk Government is prepared to do whatever it can to assist Queensland motorists.’’

Dr Lynham said the government had studied reports from Griffith University and the RACQ on fuel price monitoring.

“While the reports provide differing views, we have determined that a two-year trial of fuel pricing monitoring should take effect in Queensland as soon as possible.

“I would like to thank RACQ, Griffith University and industry representatives for the constructive input they have provided.’’

Dr Lynham said the two-year trial would ensure that more current data is available to motorists and will not disadvantage small independent retailers.

“All fuel retailers will be required to collate and publish their latest prices online, on their own websites and their own apps, within 15 minutes of any change.

“The system will be required to have in-built safeguards against retailers’ price fixing and not inflict unnecessary red tape.

“We have very real concerns about the LNP proposal. Their proposal, which has only surfaced of late after years of inactivity, including when they were in government, is an expensive, airy-fairy scheme based on limited information.

“Our proposal is supported by a Griffith University study of the petrol prices monitoring schemes in NSW and the Northern Territory.

“Despite a $20 million price tag for the NSW scheme, the study reports a very limited impact in metropolitan Sydney, no impact in regional New South Wales and an actual increase in the price of fuel in Darwin.

“For Metropolitan Queensland, the report says: ‘a similar scheme implemented in Brisbane may have a less significant downward impact on ULP retail prices compared to the observed impact in Sydney.’

“In regional Queensland, the study says: ‘results for NSW and regional Northern Territory suggest that such a scheme will have either negative or upward impact on the average monthly retail ULP prices’.’’

Dr Lynham said the study said what the government has been saying all along - that the key to lowering the price of fuel is increasing competition.

“It is crucial though that the Federal Government plays the primary role. We cannot do this alone – a fact conveniently overlooked by the LNP.

“A streamlined national approach is necessary.

“A federal excise of 38 cents per litre is a significant percentage of the price of petrol which could be addressed as soon as next week in the Federal Budget.

Dr Lynham said the Palaszczuk Government would continue to examine options of how we can increase competition in the fuel market and ensure that motorists are not ripped off by the big players in the petroleum industry.

“We are prepared to stand up for Queensland motorists. It is time the Federal Government did their bit too.’’

Media Statement - http://statements.qld.gov.au/Statement/2018/5/1/palaszczuk-government-to-tackle-fuel-prices

Appendix B – Ministerial statement of 26 July 2018 on fuel price reporting

Minister for Natural Resources, Mines and Energy, The Honourable Dr Anthony Lynham

Wednesday, July 25, 2018

Where's the cheapest servo in town?

Queensland motorists will be able to find the cheapest fuel in town on their smartphone from December.

Energy Minister Dr Anthony Lynham today announced the government would kick off its two-year fuel price reporting trial in December.

"From December, Queenslanders will start to see price changes on their smartphones within 30 minutes of a price change at the bowser," Dr Lynham said.

"The goal is for Queensland motorists to be able to identify the best deal, and use their buying power to support retailers who are doing the right thing," he said.

"This trial seeks to put the power into customer's hands.

"Retailers will have three months' grace to get their houses in order and by the Easter holidays, offenders will face fines if they do not report their fuel prices accurately and on time."

The two-year trial will see fuel prices published on existing smartphone apps and websites such as Motormouth, GasBuddy, PetrolSpy, RACQ and Compare the Market.

The trial comes on top of the *what you see is what you pay* laws that require retailers to display full prices, rather than conditionally discounted offers, on their fuel boards.

Dr Lynham said the system would have in-built safeguards against inaccurate or misleading pricing and not inflict unnecessary red tape. The government will evaluate the trial's performance in 2020.

"The Palaszczuk Government has always been focussed on developing a model that doesn't create so much red tape that it is unworkable and pushes prices up," he said.

"In contrast to the LNP's proposed scheme, this system will be cost effective and will not compete against commercial providers with its own fuel price app or website.

"We will not slug taxpayers with a price tag of up to $20 million and we will not punish fuel retailers with additional red tape that drives up the price of petrol.

"The Australian Consumer and Competition Commission has found the extent to which motorists are being ripped off.

"The most effective way to fix this national issue would be for the Turnbull Government to give the ACCC the powers to act on its findings."

http://statements.qld.gov.au/Statement/2018/7/25/wheres-the-cheapest-servo-in-town

Appendix C – Griffith University

Final Summary – DNRME 18018

An empirical study of the impact of petrol price monitoring schemes in New South Wales and the Northern Territory

Department of Natural Resources, Mines and Energy

Attention: [redacted]

Director, Analytics



Know more. Do more.

Nathan campus Griffith University
170 Kessels Road
Nathan

1. **Objective** This study examined how ULP price monitoring schemes introduced in New South Wales (NSW) and the Northern Territory (NT) impacted average monthly ULP prices in those areas.

    a. FuelCheck was introduced in NSW in August 2016.

    b. MyFuelNT was introduced in the NT on 1 November 2017.

2. **Metropolitan Sydney** Our analysis indicates this program has a small but significant and sustained negative impact on average monthly ULP retail prices, equivalent to a permanent reduction of 1.03 cents per litre (-0.7% change in total price).

    a. The estimated 1.03 cent decline in average monthly ULP price is equivalent to a saving of $11.33 a year per passenger vehicle in Sydney. This amounts to a total gain in consumer surplus of $28 million per year.

    b. The model controlled for a range of explanatory variables, including international oil prices.

3. **Regional NSW** No significant impact was found in regional NSW.

    a. We suspect that the difference in outcome post-FuelCheck between metropolitan Sydney and regional NSW is due differences in retail fuel competition. Metropolitan Sydney has a larger proportion of independent fuel retailers, which compete with the more established fuel retailers on price.

        i. In Sydney, FuelCheck appears to have facilitate greater competition by making it easier for consumers find the most competitive prices. In regional NSW however, the lack of competition, and indeed the greater distances between fuel retailers would dampen the impact of FuelCheck

4. **Northern Territory** Our analysis suggests that the introduction of MyFuelNT coincided with an increase in monthly ULP prices of 1.08 cents per litre (+0.67% change in total price). The increase in ULP prices was territory-wide. Significant upward increases were found in: Alice Springs (+1.10 cents), Darwin (+1.05 cents) and Katherine (+1.05 cents).

    a. The estimated increase in average monthly ULP price is equivalent to a loss of $11.80 a year per passenger vehicle in Darwin and $13.40 in the NT. This amounts to a total annual loss in consumer surplus of approximately $0.73 million in Darwin and $1.18 million across the NT.

    b. Results for the NT should be treated with caution and as preliminary. There currently exist a low number of observations after the introduction of MyFuelNT. A full understanding of the impact could be assessed in 1224 months time.

5. This preliminary finding in ULP retail prices could possibly be due to the low levels of competition in NT (compared to NSW). With low levels of retail competition exist, the MyFuelNT scheme potentially enables tacit collusion among fuel retailers.

    a. The OECD have previously identified similar instances behind retail fuel price rises in Chile, Germany and Perth. Anecdotal evidence suggests that the fuel watch scheme in Western Australia has increased profit margins among some fuel retailers (ACAPMAg, 2017; Parliament of Victoria, 2018).

Implications for Queensland

It is uncertain whether any fuel watch scheme in Queensland would lower ULP prices.

- **Metropolitan Brisbane** The Sydney retail fuel market is more competitive than Brisbane, with a greater concentration of independents, both in terms of stores and volume share in the former (ACCC 2017, 2017a). This suggests that a similar scheme implemented in Brisbane may have a less significant downward impact on ULP retail prices, compared to the observed impact in Sydney.

- **Regional Queensland** The results for regional NSW and regional NT suggest that such a scheme will either have negligible or upward impact on average monthly retail ULP prices.

6. Our results suggest that for a fuel price monitoring scheme to be effective, it is essentially to ensure sufficient levels of competition in the retail ULP market prior to the introduction of such a scheme. Policymakers may wish to consider steps that could increase the number of independent retailers in regional areas prior to implementing a fuel watch scheme.