



## Impact of Petrol Pricing Select Committee

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*The Impact of Petrol Pricing Select Committee was appointed by the Queensland Parliament on 25 August 2005 to examine a range of issues regarding petrol pricing in Queensland.*

# Media Release

## Findings on Competition

The Queensland Parliament's Impact of Petrol Pricing Select Committee considered competition matters at length in its inquiry and has recommended against the introduction of laws mirroring Western Australia's retail price setting laws.

Fuel retailers in Western Australia are required by 2pm each day to notify the Western Australian Department of Consumer and Employment Protection of their intended fuel retail prices for the next day.

This regime is meant to stop price cycles and see-sawing morning-afternoon prices, the bane of many motorists.

The committee accepted evidence from the RACQ and independent fuel retailers that the scheme had unintended and negative consequences.

The principle problem with the regime is that it locks smaller and independent retailers into a price which may be well above their larger competitors.

As smaller entities, they are not able to sustain the loss of business this creates. Their larger competitors, however, have a greater capacity to sustain such losses should the situation be reversed, and therefore stand to gain from price controls.

The very nature of the fuel retailing industry makes this form of regulation problematic for long term competition, which requires the ongoing existence of independent retailers to drive prices down.

As it stands an independent petrol station in Perth, locked into a price war with a larger competitor, could be fined heavily for dropping their price just to remain competitive.

The committee concluded that this form of regulation while intuitively appealing is bad for competition and bad for consumers.

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*For further information see Chapter 6 of the report of the Impact of Petrol Pricing Select Committee. The report is available at [www.parliament.qld.gov.au/petrol](http://www.parliament.qld.gov.au/petrol)*

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