

FACT SHEET

Proposed National FuelWatch Scheme

What is FuelWatch?

Under FuelWatch, service stations would have to inform the Federal government at 2:00pm each day of their fuel prices for the whole of the next day. FuelWatch is operating in Western Australia, but is planned to start as a national program in December 2008. It would include all retail fuels and apply to south-east Queensland service stations and possibly other regional centres.

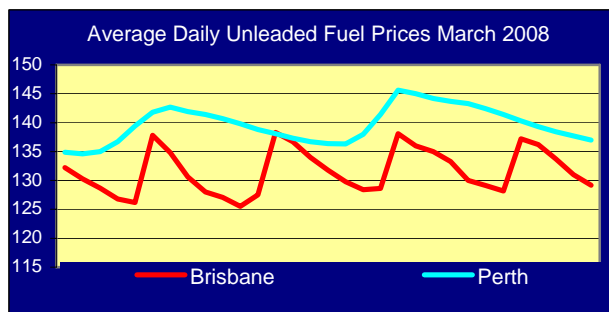
The benefits of FuelWatch

FuelWatch would stop retail fuel prices from changing during the day. This would make it easier to find out which service stations have the cheapest petrol. Prices for all outlets would be published on a website, where motorists could compare petrol prices. Alternatively, they would be able to receive the information by email, text message or other media.

Would FuelWatch Reduce Petrol Prices?

No. Under FuelWatch, Perth does not have lower average petrol prices than other Australian capital cities. Introducing FuelWatch is likely to increase the weekly fuel bill, because:

1. FuelWatch would make it harder for independent service stations to compete with the large oil company and supermarket chains. While the large chains would be able to discount prices at a few of their sites and make sure their brand was always shown on fuel price lists as the cheapest, small independent retailers would not be able to compete by lowering their prices during the day. This could force some independent retailers to close, thereby reducing the competitive market pressure that keeps price margins reasonable.
2. If the pattern that has emerged in Perth under Fuelwatch is repeated, Brisbane's weekly petrol price cycle might shift to a two-week cycle. At the moment, many motorists get a chance to fill up at the bottom of the petrol cycle every week, on 'cheap Tuesday'. With a two-week cycle, 'cheap Tuesday' would occur only every second week. This is what currently happens in Perth. The graph on the left shows that in March 2008, for example, Brisbane motorists had five opportunities to buy petrol at the lowest possible price, while Perth motorists had only three.



Brisbane prices include an 8.4 cent fuel subsidy

The RACQ believes FuelWatch would disadvantage price-sensitive motorists, who would lose the opportunity to purchase petrol at the low point of a price cycle every week. A modified FuelWatch scheme, which does not have 24-hour fixed prices, would allow retailers to reduce their prices during the day and be of greater benefit to motorists.

The RACQ believes FuelWatch would disadvantage price-sensitive motorists, who would lose the opportunity to purchase petrol at the low point of a price cycle every week. A modified FuelWatch scheme, which does not have 24-hour fixed prices, would allow retailers to reduce their prices during the day and be of greater benefit to motorists.

For more information on fuel prices and FuelWatch, click on RACQ Voice at racq.com.

Contact: **Name:** **Public Policy Department**
Ph: **07 3872 8920**